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## **Achieving competitive advantage of Albanians in the Balkan region**

Dr. Enriko CEKO  
Universiteti Planetar i Tiranës  
enrikoceko@yahoo.co.uk

### **Abstract**

Competitive advantage is defined as the strategic advantage one business entity has over its rival entities within its competitive industry. Achieving competitive advantage strengthens and positions a business better within the business environment. As a matter of the fact, Albanian firms from all regions of Balkan habited by Albanians don't have any strong competitive advantage, this because several reasons.

### **Aim of paper:**

To find for Albanian firms from all regions of Balkan habited by Albanians, ways, products, market segments able penetrate with competitive products and services in Balkan region and beyond.

### **Material and working methodologies**

Method of the study is data, figures and information collection from different sources, their processing, writing the discussion and under that basis drawing conclusions and further formulation of recommendations.

### **Results and main conclusions**

Albanians in Balkan region should work together for achieving competitive advantage. Main issues to be focused are Cost Leadership Strategy, Differentiation Strategy, Innovation Strategy, Operational Effectiveness Strategy, Customer-Oriented Strategy, etc.

**Key words:** competitive advantage, Albanians, Balkan region

### **Introduction**

Modern geopolitics, globalization, integration & economic cooperation, gaining competitive advantage, etc, remain the main objective of countries that have entered into a development path, especially when these countries and their population have close historical, cultural, management way of natural resources, used for a fruitful cooperation. This cooperation, in addition, has to do with business contacts, joint public and private projects & programs, cooperation of SME in all sectors, etc. There is a growing collaboration of Balkan' nations and the Albanians in the region too, on the basis of comparative and competitive advantage. This causes a fall of tension & conflict in a considerable level into the region, and mostly it has been observed in areas populated by Albanians. This is a major contribution of the Albanian nation in modern times, through the development of economy, trade & business, bringing a new spirit of cooperation and mutual trust in the region and beyond, affecting in a very positive way today's geopolitical developments and doing business in a wider Europe (1, 2, 3).

### **Discussion**

- 1. Relations between competitive advantage and geopolitics**
- 2. Trade policies and economic advantages**
- 3. Economic opportunities of the Albanians in the Balkans**
- 4. Example of economic cooperation between Albania and Kosovo**

#### **1. Relations between competitive advantage and geopolitics**

Competitive advantage is strongly related to geopolitics, especially in such a cases when people in both sides of the border have common values, close historical, cultural and heritage issues, similar management way of natural resources, etc, which should be used for a fruitful cooperation. Competitive advantage is the strategic advantage one business entity has over its rival entities within its competitive industry. Achieving competitive advantage strengthens and positions a business better

within the business environment. Geopolitics refers to the relationship between politics & territory & international political behavior of countries and nations not only in terms of classical variables that are: (a) the geographical position and the territorial space, (b) natural resources, (c) climate, (d) sufficient population to protect the territory, (e) entrepreneurial skills, (f) government influence to dominate the sea, etc, but even a combination with its modern dimensions, which are: (g) social and health issues, (h) internal policies, (i) the economy, (j) the environment, (k) science and human potential, (l) security and military issues, (m) international diplomacy, etc, which at the end, if used in a proper way, are main tools for gain competitive advantage. The capacity of a modern geopolitics looks at the demographics, ethnicities, level of peace and social cohesion, the health of the population within a state, the internal political situation of the country and economic power, which nowadays is the most important aspect of geopolitics (1, 2, 3, 5). Access to energy and other natural resources, the way environmental issues are managed, human potential, capable and reliable work forces, investment in research, military power, ability to deal with national security challenges, the impact on the diplomatic front, etc., show the strength of a state in the international arena, but these depend on the economy, and abilities of private sector to gain competitive advantages. Geopolitical developments have an impact on the international economy and vice versa, because the international economy has to do with the effects of economic activity in different countries in productive resources, customer preferences and institutions associated with them. Goods between two countries traded based on the advantages that they compared with each other. The advantage is an attribute that gives the chance to make something better than elsewhere, is one or more elements that, if it used in a good way, brings more opportunities, is one or several features that, if used carefully, create the conditions to be above others in one or more specific aspects, is a kind of skill that helps to have good results. No country nowadays has an absolute advantage, because everything depends on the opportunity costs. All countries can and should take advantage of specialization for products/services with the lowest cost opportunity. From commercial activity benefits both parties doing business, but this doesn't not exclude the possibility that this trade also generated benefits to other parties who are not involved in the trade.

## 2. Trade policies and economic advantages

Factors affecting to trade are: (a) cost, (b) supply and demand, (c) factors' availability, (d) the size of the country, (e) the terms of trade, (f) the effectiveness of productivity, etc. This requires government policies related to the regulation of trade with other countries, tariffs, subsidies, import quotas, export restrictions, conditions of doing business in the country and the conditions of foreign businesses entry in the country, the rules of the trade of products/services, etc. In relation to (a) fees, (b) import

quotas, (c) administrative barriers, (d) "anti-dumping" legislation, (e) direct subsidies, (f) export subsidies, (g) exchange rate manipulation rates, (h) the international patent system, etc, Albania and Kosovo have the lowest levels among countries in the region. All countries in the world, to improve the economy & to increase trade volume, according to the specialized factors of production, strive for a more free flow of goods and services. In this case, the factors of production for each separate Albanian territories are scarce, Albanian firms in the region do not have much access to information and resources available for the long term, therefore, to achieve/display the competitive advantages, they should view their situation as a single market, a unique space with production based factors (land, capital, human resources and technology) available, to be managed together for a renewing competitive advantage. Besides the profits that Albanians in the region will have because of their economic cooperation, three other nations or populations that would benefit mostly are Slavs, Greeks and Italians, who in this case will become the largest trading partners Albanians, that in a single market will produce more, with higher quality, lower prices and lower transportation costs (4).

## 3. Economic opportunities of the Albanians in the Balkans

Albanian space is more than 64,000 km<sup>2</sup>, comparable to some countries that are at the top of the world trade economy, because of unified natural resources. This space has rich water resources, which can be used for agriculture and energy. Kosovo and Albania forest estate (about 50% of the territory) is the chance for the development of many industries. This diversifies the economy - reduce risk. Kosovo's arable land creates conditions for agribusiness' development. Kosovo has the second largest source of coal in Europe, while Albania has many mineral resources, chromium, nickel, copper etc. If these are offered in the international market as a single package for research, exploitation, processing and marketing, there is a chance for long-term advantage. Coastline of about 362 km length, combined with mountain tourism and culture, are an incalculable chance to increase the number of domestic and foreign visitors. The use of port facilities in the territory of Albania is quite normal for businesses of the region. But, the core remains efficient/effective strategic management of natural/human resources at the firm and at the economy level, as the Slav/Serbian academics of various fields trying to argue that the Albanians, especially those in Kosovo, "have no ability to manage natural resources and therefore should be under the auspices" (10, 11, 12). In the Albanian case, ultimately, competitive advantage is achieving by relying on economic theory which is also used by other nations for the development and prosperity they enjoy today. There is no ramp and no change of economic & international trade experience and no manipulation of international treaties/agreements, so no one in the region and beyond has the right to prevent Albanians, trying to

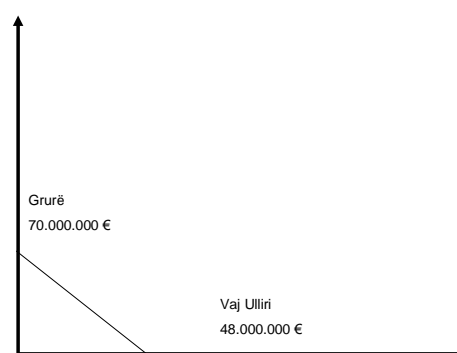
develop a sustainable democracy, create a unique market space with long-term sustainable features, that ultimately is the right of Albanians, which historically has been denied, a right which creates conditions in the region to establish an appropriate balance and stability among regional nations/countries. Currently, international community has realized that the Albanian factor in the region is just ready to find/show their competitive advantages on the basis of a thought's unity and actions mainly in economy and trade, which is on the same wavelength with the European single market, which requires more and more unique, diversified and competitive goods/services. This is totally in contrary with the false nationalism, which has been characteristic of the region and of leaders who wanted to rule under this principle (13, 14). Trade/businesses climate is the opposite of false nationalism, since protection of national interests is protecting business interests. Protecting Albanian interests in the region is related with improving business contacts, makes them stronger and equal in front of other countries in the region and it makes even more business and reduce conflicts. This improves the geopolitical situation in the region. This makes us Balkan Albanians an important factor for maintaining the political, economic, social, military, etc balance in the region and beyond (4).

#### 4. Example of economic cooperation between Albania and Kosovo

Albania consumes about 800,000 t/year of wheat, produces about 350,000 t/year of wheat and imports about 550,000 t/year of wheat. Wheat price internationally is around 200 Euro. So, about 70,000,000 Euros from the production of wheat. Daily consumption of wheat in Albania is about 700 gr/day/capita, or about 200 kg / year / capita. About 80,000 ha are planted with wheat. Yield is about 40 q/ha. Small farms do not allow the cultivation of wheat because it requires agricultural mechanics and larger farms. Albania produces about 8000 t/year olive oil. The price of olive oil is about 2000 Euro/t. So, about 16,000,000 Euro/year from olives oil production. Olive oil consumption is about 3.4 kg/capita/year. In Albania there are about 4.3 million olive trees, with an average yield of 8 – 16 kg/tree, while 20 kga/year/tree can be taken. In total Albania can have about 86,000,000 Euro/year from wheat and olive oil. If Albania specializes in the production of olive oil and supply Kosovo with this product too, then it must be produced around 240000 tons/year x 2000 Euro/ton = 48,000,000 Euro. This makes a total for Albania about 118 million Euro (15).

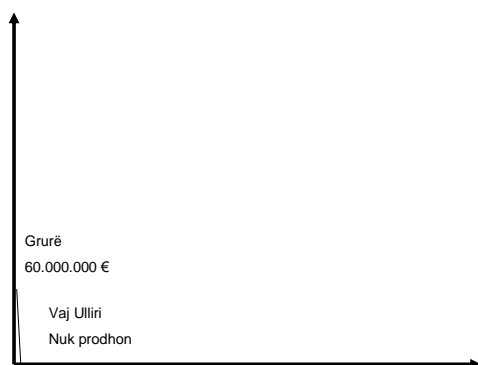


**hic 1.** Production of wheat and olive oil in Albania only for Albania

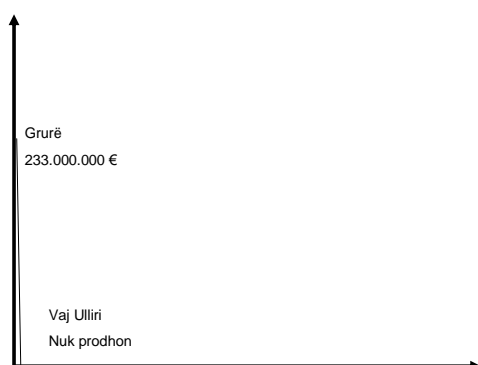


**Graphic 2.** Production of wheat and olive oil in Albania for Albania and Kosovo

Kosovo plants about 83,000 ha/year wheat. Wheat consumption is about 140 kg/year/capita with an average of about 300,000 tons/year. Average grain yield is 32.6 q/ha and there are about 70,000 farms involved in wheat production, or nearly half of the arable land. So, in total Kosovo has about 60,000,000 Euro from wheat. In fact, Kosovo consumes whole grain itself produces. If Kosovo increases wheat yields by using more agricultural mechanics and chemical fertilizers to supply Albania, then it will have 223,000,000 Euro from this specialization, which is an increase of about 160,000,000 Euro in trade volume (15).

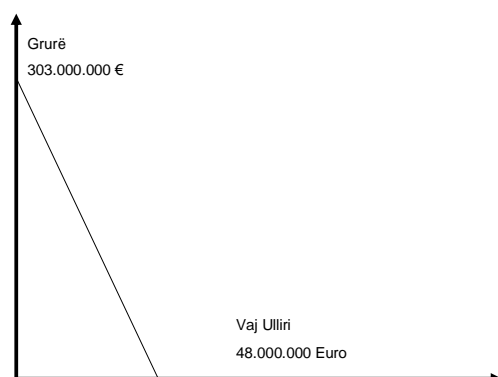


**Graphic 3.** Wheat production in Kosovo only for Kosovo (Kosovo doesn't produce olive oil)



**Graphic 4.** Wheat production in Kosovo for Kosovo and Albania

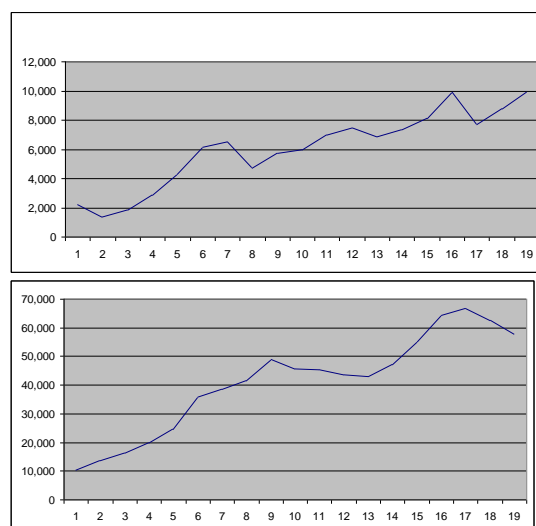
Together, Albania and Kosovo could have only for wheat and olive oil a trade volume of about 300,000,000 Euro, an increase of about 200 million euros just because of specialization and if this money goes to investment, brings employment, consumption, increase of products and services, which improves quality and creates conditions for new products and services (15).



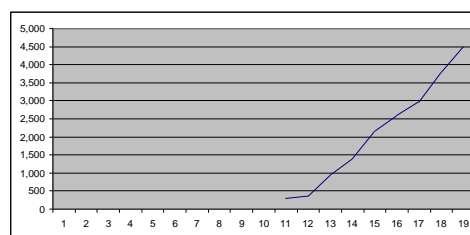
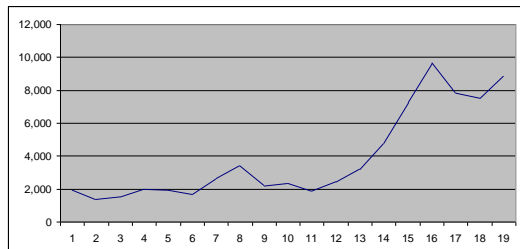
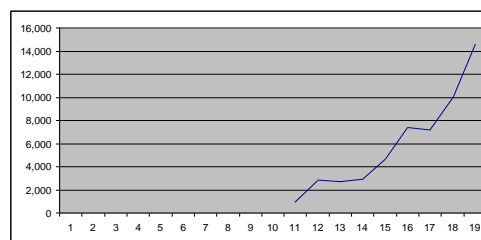
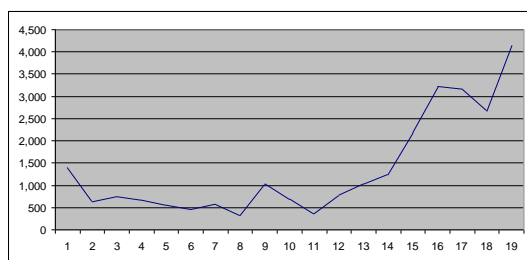
**Graphic 5.** Wheat and olive oil production from Albania and Kosovo for both markets

This brings even more business contacts. Adding business contacts creates the conditions for finding products and services that can be exchanged between the Albanians in the region and it improves the political, economic and cultural climate/life in the region. This makes the borders between Albania and other neighboring countries more quiet and non confliction ones. Protection of national and regional interests is protecting business interests and the protection of Albanian interests in the region and the interests of the peoples of the region on their land, by adding business contacts/activity makes these countries stronger and more equal between them, reducing conflicts. This improves the geopolitical situation in the region and this makes us a Balkan Albanians even more important factor for maintaining the political, economic, social, military, etc balance in the region and beyond. In fact, it is undeniable that there is a growing demand for stronger economic cooperation between Albanians in five surrounding Balkan countries. As a result, Albanians need to find/use their competitive advantages and areas of specialization, for a better political, economic, social and cultural climate and rights in the Balkan region. As a result, the economic cooperation between Albanians in the region has a very positive impact on regional development, including political, economic, social and cultural climate/rights in the Balkans (6, 7, 8, 9, 15).

## Appendixes

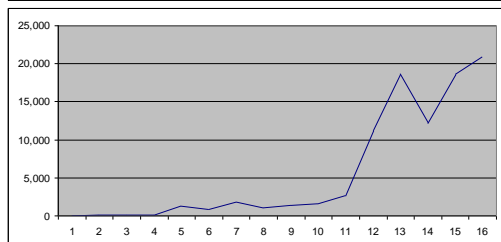
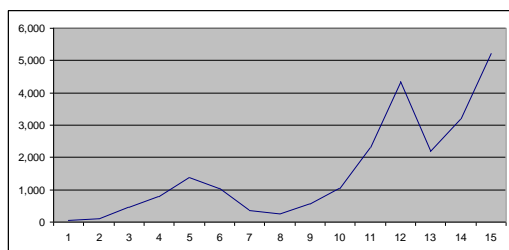


Export - import with Greece 1993 - 2010



Export – import FYROM 1993 - 2010

Export – Import with Kosovo 1993 - 2010



Export – Import with Serbia - Montenegro 1993 - 2010

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