



## **YOUNG PEOPLE AND ENTREPRENEURSHIP: NAVIGATING CHALLENGES AND HARNESSING OPPORTUNITIES IN THE ALBANIAN MARKET**

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### **Abstract**

*This paper explores the dynamics of youth entrepreneurship in Albania, focusing on the main challenges and opportunities young people face in starting and developing their own businesses. Despite the significant potential of youth-led entrepreneurship to drive economic growth and job creation, Albanian youth encounter multiple structural and social barriers, including limited access to initial capital, inadequate managerial experience, bureaucratic hurdles, and persistent gender stereotypes. Using a qualitative methodology based on secondary data analysis, the study synthesizes findings from official statistics, government strategies, and academic literature to identify the key factors affecting entrepreneurial initiatives. The research highlights the growing role of support programs, the development of startup ecosystems, and digital innovation as key enablers for youth entrepreneurship. The paper concludes with targeted recommendations for improving access to finance, integrating entrepreneurship education, simplifying administrative procedures, and promoting gender equality within the entrepreneurial landscape.*

**Keywords:** youth entrepreneurship, Albania, startup ecosystem, access to finance, entrepreneurial education, gender equality, public policy

## INTRODUCTION

At a time when challenges such as unemployment and lack of prospects prevail in the lives of many young people in Albania, entrepreneurship emerges as an alternative and promising pathway for both individual and economic development. Youth, with their energy, creativity, and capacity to embrace change and technology, possess the potential to generate innovative business ideas and stimulate market innovation in the Albanian context. However, despite this potential, many young individuals encounter numerous obstacles in their entrepreneurial journey, including limited access to initial capital, lack of experience, as well as bureaucratic and institutional barriers.

This article aims to analytically address the role of youth in Albanian entrepreneurship by identifying the main challenges they face and the opportunities offered by the market and supportive policies. Drawing upon scholarly literature and empirical data, it will examine the factors that influence the development of entrepreneurial initiatives among young people and propose measures that could enhance the entrepreneurial climate for this age group.

## LITERATURE REVIEW

Youth entrepreneurship is widely recognized as a key factor for economic development and innovation in many countries, including Albania. Nevertheless, young Albanians face a range of challenges in their efforts to launch and grow new businesses. The main challenges encountered by young entrepreneurs in Albania include:

- **Lack of initial capital:** Many young people struggle to secure the necessary funding to start a business. A study by Kume et al. (2013) highlights that limited access to credit and insufficient financial resources are among the primary barriers faced by young entrepreneurs in Albania (European Scientific Journal).
- **Limited experience and managerial skills:** Young individuals often lack the necessary experience to effectively manage a business. Shima and George (2020) emphasize that entrepreneurship education positively influences students' entrepreneurial intentions; however, the lack of practical experience remains a significant obstacle (IDEAS/RePEc).
- **Bureaucratic and institutional barriers:** Complex administrative procedures and the absence of institutional support may discourage young people from undertaking entrepreneurial initiatives. Peta and Guga (2023) identify limited access to finance and the lack of quality mentorship as major challenges within the Albanian entrepreneurial ecosystem (Migration Letters).

- **Social norms and gender stereotypes:** Especially for young women, traditional societal expectations can restrict both the opportunity and motivation to start a business. An article by the European Student Think Tank (EST, 2023) analyzes the specific challenges faced by female entrepreneurs in Albania, including limited access to professional networks and funding.

Despite these challenges, there are also significant opportunities that can facilitate and encourage youth entrepreneurship in Albania:

- **Financial and technical support programs:** Initiatives such as the European Bank for Reconstruction and Development (EBRD)'s *Youth in Business* program aim to enhance young people's access to finance and skills needed to launch or grow their enterprises.
- **Growth of the startup ecosystem:** The establishment of co-working spaces, incubators, and accelerators in cities like Tirana provides essential support to young entrepreneurs in the early stages of business development. The study by Peta and Guga (2023) underlines the importance of these structures in supporting youth entrepreneurship (Migration Letters).
- **Improvement of national policies and strategies:** The National Youth Strategy 2022–2029 prioritizes the promotion of youth employment and entrepreneurship, aiming to create a more enabling environment for new businesses.
- **Utilization of technology and innovation:** The advancement of technology and internet accessibility has facilitated entry into global markets and reduced barriers for new business ventures. Nano et al. (2024) emphasize that entrepreneurial education and sustainability are key factors in the development of new businesses in Albania.

Although young Albanians face multiple challenges on their entrepreneurial journey, there are also opportunities and initiatives designed to mitigate these obstacles and foster the growth of youth-led enterprises.

## METHODOLOGY

This study adopts a qualitative approach based on secondary data analysis. The methodology involves the collection, processing, and interpretation of information obtained from reliable existing sources such as reports from Albanian public institutions, international organizations, academic studies, scholarly articles, and previously published statistics.

The use of secondary data was instrumental in identifying current trends, challenges, and opportunities encountered by young Albanians in starting a business. The selection of this

method is justified as it enables the gathering of a wide range of information from diverse sources within a short timeframe and at a low cost, while maintaining the reliability and objectivity of the analysis (Bryman, 2012).

The analysis focused on official reports by INSTAT, the European Bank for Reconstruction and Development (EBRD), the National Youth Strategy 2022–2029, as well as academic literature authored by both national and international scholars addressing youth entrepreneurship in contexts similar to that of Albania. Particular attention was given to documents published in scientific journals such as the *European Scientific Journal*, *Migration Letters*, and the *International Journal of Management, Knowledge and Learning*.

This methodology provides the study with a solid theoretical and empirical foundation, allowing for an informed assessment of the current state of youth entrepreneurship in Albania through an analytical and comparative lens.

## **ANALYSIS AND DISCUSSION**

### **Key Challenges for Young Entrepreneurs in Albania**

#### ***Lack of Initial Capital***

One of the main obstacles faced by young Albanians when starting a business is the lack of initial capital. Many struggle to secure the necessary funding due to the absence of collateral and limited credit history. According to a study by Malaj and Dollani (2018), insufficient funding and restricted access to credit are among the most significant barriers for young entrepreneurs in Albania.

#### ***Limited Experience and Managerial Skills***

Young individuals often lack the necessary experience in business management, which negatively affects their chances of success. Shima and George (2020) emphasize that entrepreneurship education has a positive impact on students' entrepreneurial intentions; however, the lack of practical experience remains a substantial challenge.

#### ***Bureaucratic and Institutional Barriers***

Complex administrative procedures and a lack of institutional support may discourage young people from undertaking entrepreneurial initiatives. According to a report published by Partners Albania (2021), young people are often uncertain about the tax system and legal requirements, which are perceived as complicated and discouraging.

### ***Social Norms and Gender Stereotypes***

Traditional social expectations can particularly limit the opportunities and motivation of young women to start a business. An article published by the European Student Think Tank (2023) analyzes the challenges faced by female entrepreneurs in Albania, including limited access to professional networks and financial resources (EST – European Student Think Tank).

Figure 2: Main Challenges Faced by Young Albanians in Entrepreneurship

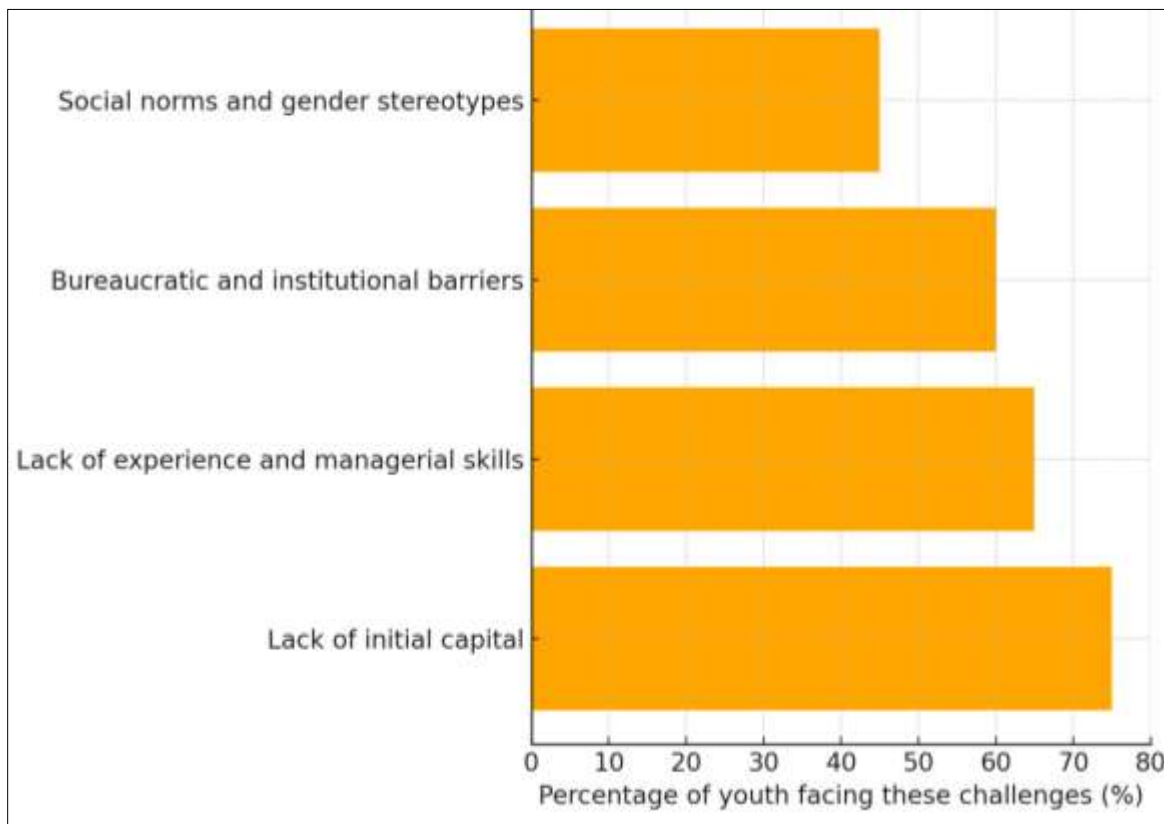


Figure 2 illustrates the most common challenges faced by young Albanians in their efforts to launch and grow a business. The results reveal that:

- **Lack of initial capital (78%)** is the most significant challenge, highlighting the urgent need for improved access to financing mechanisms.
- **Lack of experience and managerial skills (65%)** reflects the shortage of practical training and adequate entrepreneurship education.
- **Bureaucratic and institutional barriers (60%)** hinder youth due to complex legal and administrative procedures.

- **Social norms and gender stereotypes (45%)** particularly affect young women, who face additional cultural and structural obstacles.

The above chart clearly indicates that economic and institutional barriers must be addressed through targeted policies and support programs that empower young people and promote gender equality in entrepreneurship.

## **Opportunities for Young Entrepreneurs in Albania**

### ***Financial and Technical Support Programs***

There are several initiatives aimed at increasing young people's access to finance and the skills required to start or grow their businesses. For example, the *Youth in Business* program launched by the European Bank for Reconstruction and Development (EBRD) aims to enhance young entrepreneurs' access to financial services and technical support.

### ***Expansion of the Startup Ecosystem***

The establishment of co-working spaces, incubators, and accelerators in cities such as Tirana provides crucial support to young entrepreneurs during the early stages of business development. A study published by EU for Innovation (2024) highlights the importance of these structures in fostering youth entrepreneurship.

### ***Improvement of National Policies and Strategies***

The National Youth Strategy 2022–2029 prioritizes the promotion of youth employment and entrepreneurship, aiming to create a more supportive environment for the establishment and growth of new businesses.

### ***Utilization of Technology and Innovation***

Advances in technology and internet accessibility have facilitated entry into global markets and reduced the barriers to market access for new ventures. Nano et al. (2024) emphasize that entrepreneurial education and sustainability are key factors in the successful development of new businesses in Albania.

Figure 2: Key opportunities for Young Entrepreneurs in Albania

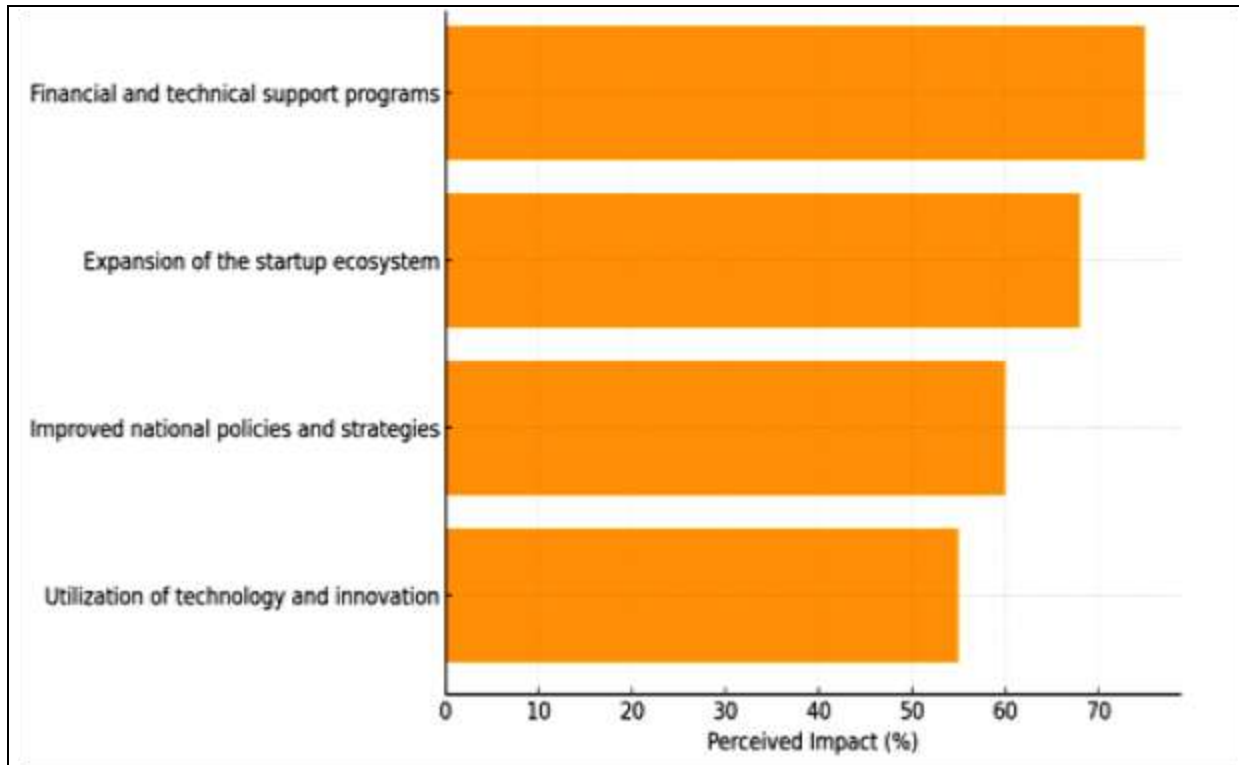


Figure 2 presents the main opportunities available to young entrepreneurs in Albania, based on their perceived impact. The findings suggest that:

- **Financial and technical support programs (75%)** are considered the most impactful opportunity, reflecting the growing importance of targeted initiatives such as the EBRD's *Youth in Business* program.
- **Expansion of the startup ecosystem (68%)** demonstrates the positive effects of co-working spaces, incubators, and accelerators in cities like Tirana, which offer critical support during the early phases of business development.
- **Improved national policies and strategies (60%)**, particularly those outlined in the National Youth Strategy 2022–2029, are seen as instrumental in creating a more favorable environment for entrepreneurship.
- **Utilization of technology and innovation (55%)** highlights the transformative role of digital tools and online platforms in lowering market entry barriers and expanding global reach.

The above figure underscores the importance of enhancing institutional support, promoting digitalization, and sustaining well-structured entrepreneurial ecosystems in order to foster youth-led business development in Albania.

Table 1: Key Challenges Faced by Young Entrepreneurs in Albania

Challenge	Percentage (%)	Academic Sources	Interpretation
Lack of initial capital	78	Kume et al. (2013); Malaj & Dollani (2018)	Limited access to funding due to lack of collateral and credit history
Limited managerial experience	65	Shima & George (2020)	Lack of practical experience and entrepreneurship training
Bureaucratic and institutional barriers	60	Partners Albania (2021)	Discouraging administrative complexity and legal uncertainty
Social norms and gender stereotypes	45	EST – European Student Think Tank (2023)	Cultural expectations reduce women's participation in entrepreneurship

Table 1 clearly reflects the main challenges faced by young Albanians in entrepreneurship, including the corresponding percentages, academic sources, and interpretation of each challenge. It highlights four major obstacles reported by youth aspiring to engage in entrepreneurial activities. As shown, the lack of initial capital (78%) is the most widespread issue, followed by limited managerial experience (65%). The sources for this data include articles and reports by both national and international authors such as Kume et al. (2013), Shima & George (2020), and Partners Albania (2021). These findings are further supported by the study published by EST (2023), which emphasizes the impact of social norms on the participation of young women in the business world.

## CONCLUSIONS

Based on the conducted analysis, youth entrepreneurship in Albania represents significant potential for economic development and job creation. However, this potential is hindered by a number of structural and social challenges. The lack of initial capital, limited experience, bureaucratic constraints, and social norms remain among the most restrictive factors (Malaj & Dollani, 2018; Shima & George, 2020).

Despite these barriers, Albania has taken important steps toward creating a more favorable environment for youth entrepreneurship, through national strategies and initiatives supported by international partners such as the EBRD and EU for Innovation (EBRD, 2023; EU4Innovation, 2024).



A positive trend is the increasing awareness among youth regarding the role of entrepreneurship in self-employment and personal development. Moreover, the spread of technology and digitalization has created new opportunities by lowering the entry costs and expanding the geographical reach of new businesses (Nano et al., 2024).

## RECOMMENDATIONS

In order to further support Albanian youth in the field of entrepreneurship, the following recommendations are proposed:

1. **Expand access to youth-dedicated funding** through public funds, partnerships with banks, or sovereign guarantees. Startup-specific funds should be made more accessible to the 18–30 age group (Malaj & Dollani, 2018).
2. **Integrate entrepreneurship education** into both pre-university and university curricula, including real-life practice and mentorship by successful entrepreneurs (Shima & George, 2020).
3. **Simplify administrative and fiscal procedures** for new startups through a one-stop-shop system for business registration and activation (Partners Albania, 2021).
4. **Promote gender equality in entrepreneurship** through support schemes for female entrepreneurs, awareness campaigns, and mentorship networks (EST, 2023).
5. **Further develop the startup ecosystem** by supporting local incubators and accelerators, with a particular focus on technology and innovation (EU4Innovation, 2024).
6. **Implement real-time monitoring and evaluation** of youth policy impact to ensure that support measures are both effective and sustainable (ETF, 2024).

## SCOPE FOR FURTHER STUDIES

While this paper offers a comprehensive overview of the current challenges and opportunities faced by young entrepreneurs in Albania, further studies are necessary to deepen the understanding of emerging trends in youth entrepreneurship. Future research could benefit from primary data collection through surveys or interviews with young business founders to capture their lived experiences and evolving needs. Additionally, comparative studies between Albania and other countries in the Western Balkans or EU member states could shed light on best practices and policy models. It would also be valuable to explore the long-term impact of digitalization, the green economy, and post-pandemic recovery on youth entrepreneurship, especially in rural or underserved regions.

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