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# EMPLOYMENT POTENTIAL OF THE CIRCULAR ECONOMY IN ALBANIA: OPPORTUNITIES, SKILLS DEMAND, AND STRUCTURAL CHALLENGES

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## Abstract

*The transition to a circular economy is increasingly recognized as an opportunity to promote sustainable economic development while also creating new jobs. For economies like ours, the application of the circular economy represents an opportunity that does not allow environmental degradation or market weakness. These are opportunities to develop while also supporting the environment, as recommended by the European Union. In this article, we will examine the opportunities that the circular economy offers us in creating new jobs and opening new specialties along with new sectors. Looking at the developments in the country for the application of the circular economy, the investments that have been made and the benefits they provide, it turns out that Albania is in its infancy for the application and benefit of the circular economy. However, we should see it as an important source for creating new jobs, sustainable employment and economic development.*

*Keywords: Circular economy, green jobs, Albania, labor market, sustainable development, waste management*



## INTRODUCTION

The circular economy represents a shift in concept and application how the economy can go from linear systems of production and consumption towards regenerative economic models that prioritize resource efficiency, waste minimization, and product life cycle extension (Kirchherr, Reike, & Hekkert, 2017). In addition to environmental benefits, the implementation of the circular economy is an incentive for the creation of new jobs. Even according to the European Commission, innovation and circular economy strategies promote the creation of new job opportunities.

In addition, in Albania, problems with undeclared work in the labor market continue and according to World Bank statistics (2022), restructuring and reforms are necessary. This is also shown by the need for changes in inefficient processes, such as waste recycling, waste management, etc. The circular economy emerges as a sustainable strategy, with many opportunities for economic development. THIS paper shows how the implementation of the circular economy in Albania affects employment models, and assesses the readiness of the labor market to create new jobs and new professions.

The impact of the circular economy on employment is based on the transformation of the employment structure, sustainability, change in the chains that bring about the demand for labour, new business models based on services and new technological innovation (ILO, 2018). Circular economy activities tend to be more active in employment than in the linear economy, especially in sectors related to R development strategies, such as repair, remanufacturing, recycling and refurbishment (European Commission, 2020).

Examples taken through studies of European countries show that circular economy policies can contribute to changes in employment levels and even to net employment growth, by shifting labour demand from extractive activities towards local sectors based on the provision of services and the recovery of materials (OECD, 2020). However, the employment effect also depends on policy design, skills availability and the capacity of the investment to be made. In developing and transition economies, the circular economy also offers opportunities for registering informal waste sector activities and improving working conditions (UNEP, 2019).

The purpose of this study is to find ways to create new jobs in the circular economy and how to design development policies in the context of achieving the benefits of the circular economy and sustainable development.

## CURRENT STATUS OF CIRCULAR ECONOMY DEVELOPMENT IN ALBANIA

If we want to compare Albania with other countries in implementing the circular economy, our country has just started implementing it. We have a more developed waste

management system industry, which is heavily dependent on landfills, with recycling rates much lower than EU averages (OECD, 2024). However, recent policy developments indicate a growing institutional commitment. To achieve this in Albania, regulatory reform, expanded producer responsibility schemes, new investment in infrastructure and engagement of private sector in needed areas (OECD 2024).

EU integration requirements have further accelerated the alignment with environmental standards, including waste directives and resource efficiency frameworks in general. These steps are expected to stimulate demand for new professional developments related to environmental management, performance monitoring and innovation in businesses that implement or want to implement the circular economy.

Albania is working hard to transform its system towards a circular economy driven by EU directives and economic development strategies. A key strategic document is the National Strategy and Action Plan for Waste Management 2020–2035. This plan expands the coverage of waste collection, increases recycling and will set reuse targets for specific waste or materials. The plan proposes long-term outcome targets, which are linked to a recycling rate of around 40% for total waste and a reuse rate of 70% for packaging waste by 2035.

This legal framework will be in approach with EU environmental law on waste management and resource efficiency, as part of Chapter 27. Albania is trying to move towards the implementation of a circular economy based on policies and plans harmonized with the EU and other international projects. While it is trying to recycle waste and set up plants, the problem remains the connection with institutions and the change of consumer and government opinions regarding the circular economy. Setting priorities and changing mentality, lead to increased investment capacities, financing and public engagement which are essential to realize the benefits of the circular economy.

## **METHODOLOGY**

This research adopted a descriptive design. This research uses and analyses data from national statistical agencies (INSTAT), OECD assessments and independent environmental studies to build a comprehensive picture of the waste sector in Albania and its relationship with employment pathways. While specific employment figures for circular economy jobs in Albania are not yet systematically measured, proxies such as recycling activity, waste management infrastructure and green investment trends provide an insight into potential job creation.

## EMPLOYMENT OPPORTUNITIES IN ALBANIA'S CIRCULAR ECONOMY

The theory of employment in the circular economy suggests that innovations in recovery, reuse, recycling and services in products generate jobs at both low- and high-skill levels.

Recycling activities involve manual labor that requires workers to place waste in the process and follow the process precisely. At the same time, the implementation of new technology in business models for the circular economy opens up the need for jobs as professional technicians, or as logistics specialists.

In our country, the labor market still faces structural challenges related to the share of informal unemployment, as well as the lack of formal employment. In Albania, the composition of the labor market still reflects structural challenges, including high informality and the concentration of the labor force in certain sectors or areas.

Table 1. Employment Structure and Informality in Albania

| Labor Market Indicator              | Value                          | Source              |
|-------------------------------------|--------------------------------|---------------------|
| Total Employed Persons              | ~1,177,245 persons             | INSTAT labor report |
| Informal/Unpaid Work Share          | ~40% of employed persons       | Labor report        |
| Share of Unpaid Work in Agriculture | High (dominant in rural labor) | Labor report        |

### Waste Management and Resource Recovery

Waste management represents the first source of application of the circular economy in Albania. Activities such as waste sorting, recycling operations, composting and logistics are sources of new job creation in all municipal services and private operators. If we refer to the examples of foreign countries, the implementation of the circular economy brings many new jobs, since the need for workers increases 10 times even if only 1 ton of waste is added. But new jobs also open up for the needs of the waste recycling process, especially in urban areas where there is even more quantity and there is more need for the separation of the material found in the processes. Furthermore, the formalization of waste collection activities can improve occupational safety and working conditions, while increasing material recovery rates

### Green Entrepreneurship and Circular Business Models

Small and medium-sized enterprises dominate the economic structure of Albania and are at the forefront of implementing and implementing the circular economy. There are also many other business models, including repair services, reuse platforms, product-as-a-service models and eco-design-based manufacturing, that create opportunities for entrepreneurship and self-employment (OECD, 2020).

If we start looking at Albanian examples, we are starting with Recycling Albania, which has the activity of collecting old equipment, such as household appliances or furniture, and with them either repairs and resells them, trying to extend the life of the product. In this way, a good part of the waste is not left unused.

The second company is Reuse Tirana, which has an activity related to the reuse of household appliances, which helps with the reuse of equipment by giving people the opportunity to resell it.

The third company is AZ Group, which has a portfolio of companies that transform natural resources and by-products with new value for pets through stabilized, circular processes, but with a closed circuit that minimizes waste.

Circular economy applications and related innovation aim to develop businesses and promote job creation for the sustainable development of the process and the circular economy as a whole. These activities are particularly important for youth employment and urban innovation ecosystems

### Policy, Governance, and Project-Based Employment

The expansion of circular economy governance frameworks has increased the demand for environmental policy specialists, project managers, monitoring experts and sustainability consultants. EU-funded environmental programs and development cooperation projects require administrative and technical staff with expertise in compliance, data management and coordination of stakeholders according to the rules.

Such positions contribute to the professionalization of Albania's environmental sector and increase the institutional capacity to implement EU-harmonized circular economy standards.

Table 2. Key Indicators of Waste Management and Circular Activities in Albania (2022–2024)

| Indicator                                 | Value                      | Source             |
|---|----------------------------|--------------------|
| <b>Total Urban Waste Managed (2024)</b>   | 862,241 tons               | INSTAT data        |
| <b>Waste Generation per Capita (2024)</b> | 360 kg/person/year         | INSTAT data        |
| <b>Organic Waste Share</b>                | 57.3% of total urban waste | National reporting |
| <b>Plastics Share of Waste</b>            | ≈9.2%                      | OECD               |
| <b>Recycling Rate (2024)</b>              | 18.8%–18.9%                | Official reporting |
| <b>Landfilling Share</b>                  | 76.3%                      | Official reporting |
| <b>Recycling Rate (2019)</b>              | ~6%                        | Waste sector study |
| <b>Municipal Recycling Rate (2022)</b>    | ~17%                       | OECD reports       |

## **SKILLS REQUIREMENTS AND WORKFORCE TRANSFORMATION**

The transition to a circular economy requires technical skills and a change in mindset. Technical skills include waste processing technologies, environmental engineering, materials science and life cycle assessment. At the same time, this change is also related to elements such as; project management, digital literacy, regulatory knowledge and sustainability reporting which are increasingly important (ILO, 2018).

The process of vocational training has begun in the country and has begun to integrate environmental modules, but there are obstacles in terms of the skills to be understood and acted upon by individuals. This means that there is a need for more extensive processes than training. This shows that there is a need to establish information on the circular economy in the pre-university education system and to create more branches of study that are related to the circular economy, not only from the economic side but also from the side of its implementation in machinery, equipment, computerized systems, etc. This is where new professions are born along with qualified professionals.

The circular economy for our country represents a development strategy that aligns environmental sustainability and labor market development. Our country is still in a period of transition and government policies under EU directives can also help the circular economy process. If the private sector felt stimulated by government policies, then more new jobs would be created. Businesses would be inclined to create new investments, increase labor skills and contribute to economic and social sustainability.

## **SWOT ANALYSIS**

We see the circular economy as a sustainable development strategy for the country's economy and the opening of new employment opportunities. In the country, there are many pressures on the labor market, which are also joined by the conditions of EU integration, and these make the circular economy an opportunity, but also a social and political challenge. A SWOT analysis offers through its points the assessment of internal and external factors and the formation of potentials in the circular economy.

### **Strengths**

1. Precision in policies according to the EU environmental frameworks.

Albania's attempts and preparations to join the EU have accelerated the harmonization of laws related to the environment and waste management through resource efficiency.

This adaptation requires environmental professionals, officials who know what they need to do and a range of projects related to the circular economy. If all of these converge, then the confidence of new investors will also increase.

## 2. Promotion of funding programs from the EU, or GIZ or other donors.

Donors from the EU and from the area of agricultural and rural development funds have supported circular economy initiatives in recycling, waste management, environmental protection, etc.

These opportunities lead to new jobs through these projects, but at the same time they also open up new ideas for jobs, such as consultancy in the design and implementation of projects as development strategies.

## 3. Types of activities

Activities such as recycling, repair, renovation, require more labor than waste management. For our country, these are extremely important processes because they directly create new jobs and make markets competitive.

## 4. Awareness

Awareness is related to changing the mindset about the circular economy. This has been growing in the country thanks to NGOs and educational institutions. Pre-university and university education is trying to encourage the population towards the circular economy.

## **Weaknesses**

### 1. Limited infrastructure and industry.

The recycling and recovery sector remains underdeveloped and this does not bring about maximum use of resources and does not open as many jobs as possible. Thus, only small projects remain in implementation.

### 2. Lack of professional harmonization

The labor market lacks specialists who can calculate waste and recycling opportunities. Specific professional training is needed to better adapt to the labor market and harmonize market needs.

### 3. Informality

Informality remains high, especially in livestock and agriculture. This appears as an obstacle to the circular economy because individuals are accustomed to not being declared and benefiting from it and therefore find it difficult to give up that process and accept another one.

### 4. Institutional Coordination

When it comes to policy implementation, both local and central government are needed and when this is not achieved, it creates other obstacles for the circular economy.

## Opportunities

### 1. Expansion of Recycling-Related Systems

The establishment of collection and recycling systems creates jobs in logistics and various plants that evaluate and classify.

### 2. Development of Small and Medium Enterprises (SMEs) with a circular economy

Circular economy models in businesses such as repair or reuse services create opportunities for individuals to create small businesses by repurposing them, becoming self-employed. In our country, this business format is well positioned.

### 3. Integration in tourism and agriculture

The circular economy can be easily integrated into these two sectors, through waste reduction, agro-food recycling, waste recycling and sustainable supply chains. Thus, new jobs are also generated in these sectors through the new processes that open up.

### 4. Retraining and Skills Development Programs

The transition to the circular economy creates the need for specific training, qualifications and thus not only improves the education of young people but also gives them employment opportunities.

## Threats

### 1. Insufficient financing

Weak capital markets are what create problems in the circular economy. Investors shy away because they see fixed costs as high and thus limit their investment.

### 2. Policy implementation risk

This is related to the fact of policy implementation. Even when the policy exists, it depends on how it is followed up for implementation step by step and perhaps the wrong follow-up takes the result away from the implementation deadlines for the circular economy.

### 3. Economic disruption and external shocks

Our country's economy is also sensitive to external influences and price volatility, especially for energy and other input prices, as well as the effects of inflation and regional instability.

These fluctuations can also lead to a reduction in funds towards the circular economy because they need to stabilize the situation.

### 4. Social Resistance

Low public participation in waste separation and recycling limits demand for circular services. Without behavioral and mindset changes at household and business levels, the potential for job creation remains underutilized.

Table 3. SWOT Matrix

| <b>Strengths</b>                    | <b>Weaknesses</b>                |
|-------------------------------------|----------------------------------|
| EU policy alignment                 | Limited recycling infrastructure |
| International funding availability  | Skills gaps in green sectors     |
| Labor-intensive circular activities | High informality                 |
| Rising environmental awareness      | Institutional fragmentation      |
| <b>Opportunities</b>                | <b>Threats</b>                   |
| Recycling system expansion          | Financing constraints            |
| Green entrepreneurship growth       | Weak policy enforcement          |
| Tourism and agriculture integration | Economic volatility              |
| Workforce reskilling programs       | Low public participation         |

### Policy Implications

The SWOT analysis conducted for Albania shows that our country possesses a strong institutional capacity and external support for the creation of new jobs through the implementation of the circular economy. Structural weaknesses, especially deficits in infrastructure and mismatches in the labor market, will lead to deficits and perhaps even a slight increase in structural unemployment if timely action is not taken and an appropriate incentive policy is not implemented. Strategic investments in recycling also require reforms in education related to specific qualifications for recycling processes. If this were also achieved, then we would have visible results from the implementation, which would increase even more if long-term financing policies were adopted by the government solely for the development of the circular economy and its implementation in certain sectors.

### CONCLUSION

The transition of our country from a linear economy to a circular economy is in progress, as evidenced by the low recycling rates and the linear activity that continues to work by extracting waste that is not used. However, the encouragement from EU policies, together with the development part for waste treatment, and environmental modernization will create new jobs that will bring development and acceptance of the new process. By investing strategically in infrastructure, it is possible to develop skills for new opportunities, both from the point of view of real employment and from the decision to create incentive policies for implementation. This process has costs starting from the creation and drafting of the strategy and up to its implementation, but there are also benefits that will continue to increase generation after generation, bringing development to the markets and especially to the labor market.

## RECOMMENDATIONS

Draw the integration of circular economy principles into the national employment strategy and industrial strategies, as well as the drafting of a circular action plan related to the objectives of EU membership and the European Green Deal.

Also developing a legal basis with rules and incentives for industries that use the circular economy would help.

Inclusion of circular economy principles in vocational schools, universities and training centers, as well as interdisciplinary learning by combining engineering, business and environmental studies. It is important to promote the advantages of the circular economy at all levels of society and for this, highlighting local examples of successful circular economy can help to encourage public and business involvement. Promote understanding of circular economy benefits across all levels of society.

Highlight successful local circular economy examples to inspire business and public participation.

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