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# ENTREPRENEURSHIP AND SELF-EMPLOYMENT OF YOUTH IN THE BORDER AREA OF ALBANIA AND MONTENEGRO:

*current conditions, perspective,  
and cross border cooperation*

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## FINAL REPORT 2 0 2 1



**PARTNERS**ALBANIA  
FOR CHANGE AND DEVELOPMENT



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# EXECUTIVE SUMMARY



This study is conducted in the frame of the Work4Youth project, implemented in the frame of the IPA Cross-Border Programme Albania Montenegro and funded by the European Union. The targeted areas are Shkodra Region in Albania and Municipalities of Bar, Tuzi, and Podgorica in Montenegro. The aim of the research is to explore the existing situation and the opportunities for improvements in the environment that enables youth employment and self-employment in target areas.

Main findings from this research show that the areas of the Shkodër region in Albania and the municipalities of Bar, Podgorica and Tuzi in Montenegro represent untapped potential for cooperation. Areas traditionally characterized by greater exchange of goods and services, similar cultural matrix that for centuries surpassed sometimes even official state hostilities today are facing the same problems both systemically and in terms of involvement of young people as insufficiently valorised resource in overcoming economic, social, and social problems.

High corruption, nepotism, the gap between older and younger, are just some of the problems that are at the root of this problem. Also, large migrations, both intra-national and between countries affect this area and threaten its further perspective. Torn between incomplete or exceeding institutional solutions, these spaces are desperate for a policy that would find a good measure between supply and demand. Although local governments recognize the importance of the problem, the perspective of young people is often weak because of the powerlessness of institutions to solve this problem because of the modest budgets.

High youth unemployment and inactivity remain among the most imminent challenges, limiting prospects for further labour market developments. The labour market is dominated by small and medium enterprises, which despite having a substantial contribution in terms of both economic growth and employment, have limited potential for job creation. Further, substantial levels of informality create labour market distortions and impede future job creation. Youngsters mainly remain outside the labour force because of barriers to participation, such as lack of jobs, mismatch between skill level and jobs offered, low wages and bad working conditions. This creates a much worse problem in for the long-term unemployment, which creates waves of discouraged youth who abandon the labour market and training or upskilling, and often tend to migrate.

One important issue concerning labour market is also the matching between supply and demand. The majority of youth look for a job through seeking assistance from friends and relatives, while other, and somewhat more formal channels are practically out of the radar. The channels included are theoretically all types of intermediaries between the supply and demand for labour. Labour market intermediaries play an important role in building networks and reducing transaction costs, in influencing and minimising mismatches on the part of both jobseekers and employers, and in encouraging disengaged individuals to enter the labour market. Being absent suggest a very fragile link between the labour supply and demand in the region.

Unemployment is also related to educational system. Education policies also approach this problem in an incomplete and non-strategic way. Excessive enrolment quotas, regional “concentration” of educational institutions and “educational extinction” of certain regions are just some of the problems in this sector. Despite holding a degree, many young people remain unemployed due to lack of practical skills or that their skills do not match the labour market demands. In general, university curricula are outdated and theoretical. Hence, university curricula should be adapted to market needs and universities should work more closely with private sector to calibrate their curricula. The problem could be solved with better practical classes, but also with experience that would come from the older generations, both in terms of organization and realization of work and starting an independent business. This would fill the generation gap, and from that cooperation, both categories could be supplemented in relation to the weaknesses they have.

Youth entrepreneurship in the region is still dormant, but there are initiatives and indications of change that can go in a more positive direction. Entrepreneurial activity is mainly focused on micro and small business activities with several long-term successes. The current pandemic has indicated business trends that some companies have used to prepare for the coming period. However, despite the existence of more opportunities, it is necessary to create an innovative business environment for further growth prospects. Major challenges to the youth entrepreneurship environment include unfavourable business environment, lack of vision and access to finance. Youngsters are usually uncertain about the taxing and legal framework, while it appears complicated and discouraging. Further, although there is a general narrative about strategic development sectors (such as tourism, agriculture, or ICT), there is no significant orientation on what the specific possibilities in these areas are, while youth remain lost in their search for opportunities. Access to finance is clearly a major challenge to youth entrepreneurship in the area, for early-stage ventures. Although there are increasingly opportunities to grants, financed from international donors and in cooperation with the government, those financial supports are too small or there is no continuity in financial assistance, so the work of newly formed businesses is short-term. Also, this issue is mainly not properly accompanied with the right mentoring and monitoring schemes, letting start-ups either fail on their own, or consider the grant as profit and close the activity.



A larger perspective would certainly require networking of all actors dealing with the problem of youth employment and entrepreneurship because research findings show that even at the national level, networking and a multi-sectoral approach have largely failed and are lacking. This would overcome the problem of market placement of products as well as the problem of transparency and access to information needed for the implementation of self-employment processes. Existing structures, such as chambers of commerce and other business networks should be a focal point in supporting the development of youth entrepreneurship. Business networks can be valuable to young entrepreneurs to grow and expand. They have the experience, the know-how and the operating network, which can be essential for entrepreneurs in their start-up phase and through their whole life cycle.

Also, considering the common ideological heritage of the past, the countries participating in this project should pay much more attention to the promotion of youth entrepreneurship and their mobilization, which would create preconditions for changing the cultural background and greater dispersion of the idea of entrepreneurship among young people. Despite the desire of a certain number of young people to start their own business, general awareness of the opportunities of entrepreneurship is low across both countries. Organizations that specialise in supporting young entrepreneurs have an important role to play in disseminating the potential benefits of starting a business and the prospective areas to do so.

Cooperation at the local level between the local communities of the two countries is a good precondition and untapped potential for improving self-employment and entrepreneurship of youth people in this region which would affect the problem of unemployment. Thus, this region, which is affected by the high youth unemployment rate, would be encouraged to prosper in the economic sense through mutual dynamics and networking.



# EU & WESTERN BALKANS<sup>[1]</sup>

One of the greatest policy challenges of the past decade for many European Union (EU) Member States (and non-EU OECD countries) has been the youth unemployment crisis. In the EU, the youth unemployment rate peaked in 2013 at 23.7%, but it reached much higher levels in several Member States such as Greece (58.3%), Spain (55.5%) and Croatia (50.0%). In Italy, the youth unemployment rate peaked a year later at 42.7%. At the same time, the number of youths who were not in employment, education or training (i.e. NEETs) was also increasing rapidly (OECD, 2019).

When we thought we were starting to get rid of the crisis, a new crisis arose caused by the COVID-19 pandemic. This crisis leads to emergence of so-called "lockdown generation", and hits young people's job prospects (News European Parliament, 2020). According to the International Labour Organization (ILO, 2020) the pandemic is having a "devastating and disproportionate" impact on youth employment, while the most recent figures show that young people face major obstacles in continuing training and education, moving between jobs and entering the labour market. Before the pandemic, EU youth unemployment (15-24) was 14.9%, down from its peak of 24.4% in 2013. In August 2020, it stood at 17.6% and is expected to continue rising (News European Parliament, 2020).

Exploring the nature of the work they do as well as the new perspectives that can be observed by following the trends that emerged during this crisis can be a good basis for new perspectives on youth employment. For example, numerous studies suggest that people starting a business often do so at a later stage in life and after having acquired valuable professional experience. Namely, older rather than younger individuals are more likely to be self-employed, and men are more likely to be self-employed than women (OECD, 2012). This result is fully confirmed by Eurostat data which show that the relative presence of self-employed among working young people increases with age, in particular, just 4.2% of young employed workers aged 15-24 are self-employed, while this figure increases to 8.3% among those aged 25-29 and to 11.8% among those aged 30-34 (Mascherini & Bisello, 2015). In that direction valuable are Eurostat data of the nature of business that young people start. Mostly those are small-scale businesses and are less likely to work with employees than older self-employed adults (OECD, 2013). Eurostat data confirm this and show that the businesses of young European entrepreneurs are less likely to have employees than those of other age groups. This genealogical gap is most often the result of weaker communication conditioned by different generational discourse, mainly caused by differences in skills, knowledge, and views on entrepreneurship. However, it will turn out that the technological progress that a small group of people is taking with them in a progressive direction leaves behind a majority that does not know how to fit their acquired knowledge into the new environment and business culture.

European union national state level analysis confirms this and has shown that young people are enthusiastic about starting businesses, but only few of them actually start it. Main barriers affecting youth entrepreneurship include inconvenient skills, networks and financing (Halabisky, 2012). As a solution, it is based on previous experience that in a period of crisis public policies and programs for entrepreneurship can play a role in addressing these challenges. Youth entrepreneurship is not a panacea for solving the youth unemployment problem but it does have a role to play in facilitating a route into the labour market for a limited group of young people with the ambition and wherewithal to become entrepreneurs. But the environment on the EU level in relation to national state policies still needs to evolve in its coverage and comprehensiveness and the quality (Halabisky, 2012).

So, for example, report prepared by a group of authors examining entrepreneurial learning at the level of EU countries has provided worrying insight that almost no countries have in place a broad strategic framework for the advancement of entrepreneurial learning regardless of where the learning takes place. Instead, many countries have specific strategies, often addressing entrepreneurial learning in formal education. Their implementation is sometimes sporadic, and on the 'shop floor' — in schools, universities, vocational education and training centres, youth clubs and youth centres — different stakeholders hold very varied ideas about which learning objectives should be pursued to improve entrepreneurial competences, and how to assess the learning outcomes. With no consensus about the most suitable methods for achieving these objectives, this area slides into an unknown future that can only be hopeless in such a framework (Andersen, Frøhlich Hougaard, Nindl, & Hill-Dixon, 2017).

Since that only a few EU member states have a strategy for entrepreneurship education embedded at all levels of their education systems, and even fewer have national strategies which recognize that entrepreneurial learning may take place in non-formal and informal settings, including youth work the European Union has provided a number of documents with strategic visions on youth employment and entrepreneurship on the supranational level. Europe 2020 growth and jobs strategy, Youth Guarantee, Council Recommendation from April 2013, investing in Europe Youth from 2016, A Quality Framework for Traineeships and so on, represent only a small part of the EU's efforts to improve the position of young people in entrepreneurship. All these documents have in common to: address the concerns of young people in employment strategies, invest in the skills employers look for, develop career guidance and counselling services, promote opportunities to work and train abroad, support quality internships/apprenticeships, improve childcare and shared family responsibilities, encourage entrepreneurship

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[1] This section was written as part of the study from Montenegro



(European Union, 2021). Entrepreneurship, unemployment, prevention of social exclusion and innovation among young people are often synonyms aimed at young people and their better perspective.

When it comes to Western Balkans findings from report of World Bank and the Vienna Institute for International Economic Studies (World Bank Group, 2019) that the labor market performances was improving, albeit at a slower pace than in previous years and despite strong economic growth in the region. This was mainly result of the new jobs created, which has followed by GDP growth in the region increased from 2.5% in 2017 to 3.9% in 2018. By this research Albania and Montenegro recorded the highest employment growth in the region, at 3.3 per cent, followed by Northern Macedonia at 2.1 per cent. Most new jobs have been created in industry and services. Women remained underrepresented in the Western Balkans labor markets, but more than half of the employment increase affected them. However, unemployment remains a significant challenge in the Western Balkans, as rates are two to three times higher than in EU countries (World Bank Group, 2019).

This idyllic growth has been marred by the economic crisis caused by the COVID-19 pandemic and has significantly affected that already fragile Balkan economies receive a dose of shock from which they will have to emerge with more innovative and creative economic strategies. In 2020, unemployment among the population aged 15-24 was 35.1% in Western Balkans, the lowest was in Albania (26.5%) and the highest in Kosovo (49.1%). The European average in this case when it comes to youth unemployment is 16.9% (Raičević, 2020).

Current findings on these topics suggests that main obstacles and limitations for youth starting business are: securing the start-up capital, lack of support in their immediate surroundings, complex administrative procedures, inadequate access to professional support and mentorship, limited duration of programs run by the government and non-government organizations (NGOs), lack of education on entrepreneurship, lack of business contacts among youth (Rovčanin, 2019). One of the biggest limitations of the region are social norms, as a component of any entrepreneurial environment, can either encourage or hinder new business ventures. Still, there is a small amount of data on this issue, so any investigation of attitude of the society towards entrepreneurship, and the status of entrepreneurs in the society, viability of career choices for youth can be important to understand this complex issue (Raičević, 2020).

When it comes to strategic frameworks in the Western Balkans on the issue of youth unemployment, certain steps have been taken forward in a strategic sense. There are also numerous initiatives and project activities of the countries in the region in that direction, but the most common problem that most often affects all project activities is discontinuity. Also, this space is characterized by an often-complex bureaucratic procedure that can be crucial when starting a business. Young entrepreneurs are struggling because of the lack of information about registering a business and legislation that regulates their operations. What is conducive to starting a business is that infrastructure is often not a problem of operation but a lack of space where to develop activities. Also, administrative support would play a key role due to the lack of knowledge about certain procedures, but also mentoring support for better training due to monitoring business trends.

Also, another of the biggest obstacles to independent business in the Western Balkans is the lack of funds and difficulties in securing funding. They mostly relay on friends and family support. So, for example in Bosnia and Hercegovina the majority of young people (21-34 years old) who launched their own business were helped by their families, relatives (Rovčanin, 2019). Then, according to the ILO report only one in ten self-employer persons used a loan to launch a business, and almost half (46.8%) of the respondents stated that they borrowed money from family or friends, one fourth (24.4%) had their own savings, and 19.5% said they didn't need money (ILO, 2016). All Western Balkans countries have many commercial banks and microloan organizations. Similar data are repeated in most Western Balkan countries and what is paradoxical in this situation is that most countries have a large number of microcredit possibilities but the loans that they offer mostly do not include any special conditions and facilities for youth starting their first business.

# PART I: STUDY FROM ALBANIA

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Background

The aim of the analysis in Albania is to explore the existing situation and the opportunities for improvements in the environment that enables youth employment and self-employment in project target areas, which focuses in the Shkodra region. Initially we provide a short background of the labour market in the region.

During 2016 – 2019 there is a positive trend in both key labour market indicators for Shkodra region. The labour force participation rate increased from 58.3% to 63.0% (4.7 pp), while the unemployment rate has significantly dropped from 12.8% to 9.4% (3.4 pp).

FIGURE 1: LABOUR FORCE PARTICIPATION RATE IN SHKODRA REGION 2016 - 2019 [% OF +15 Y.O. POPULATION]

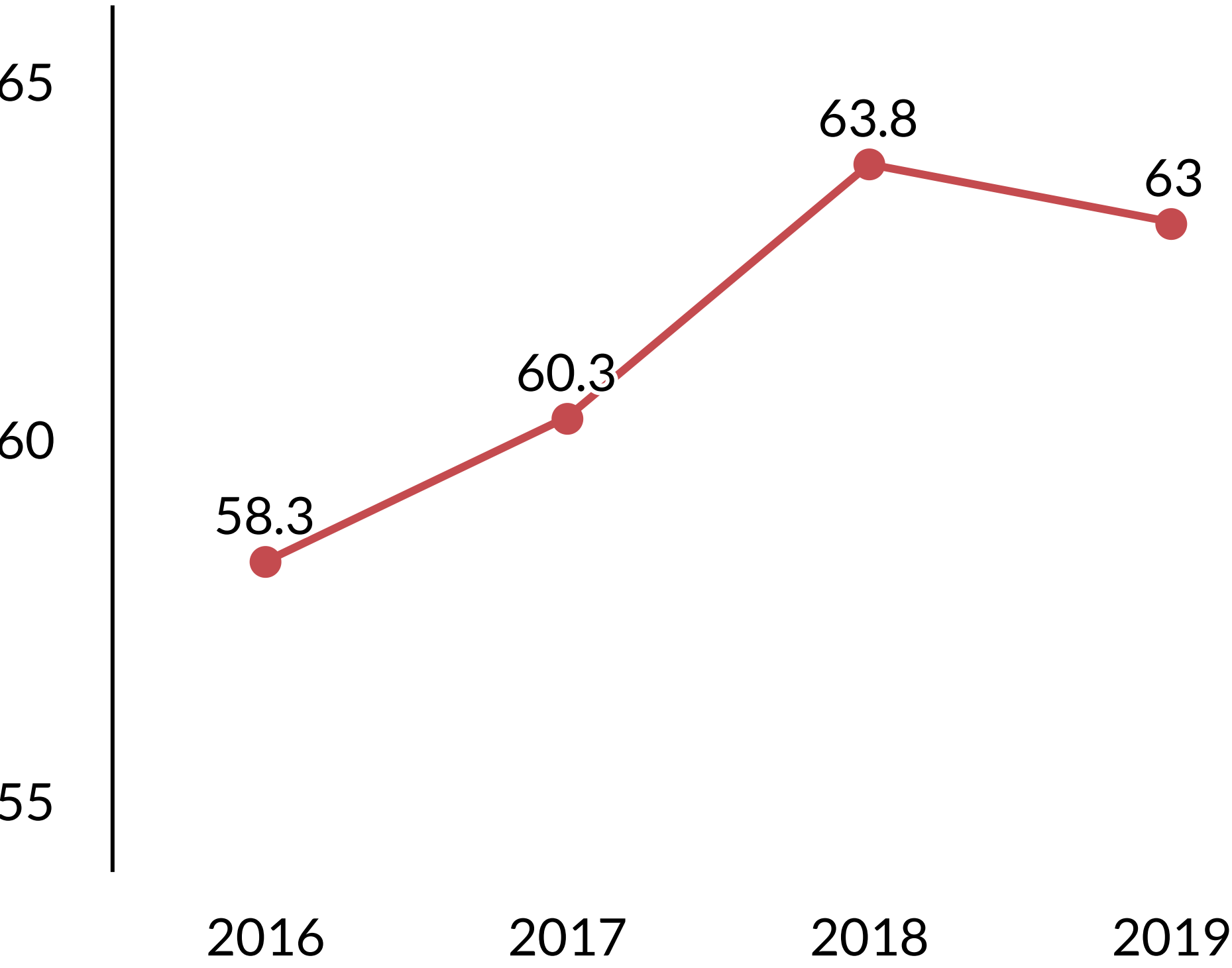
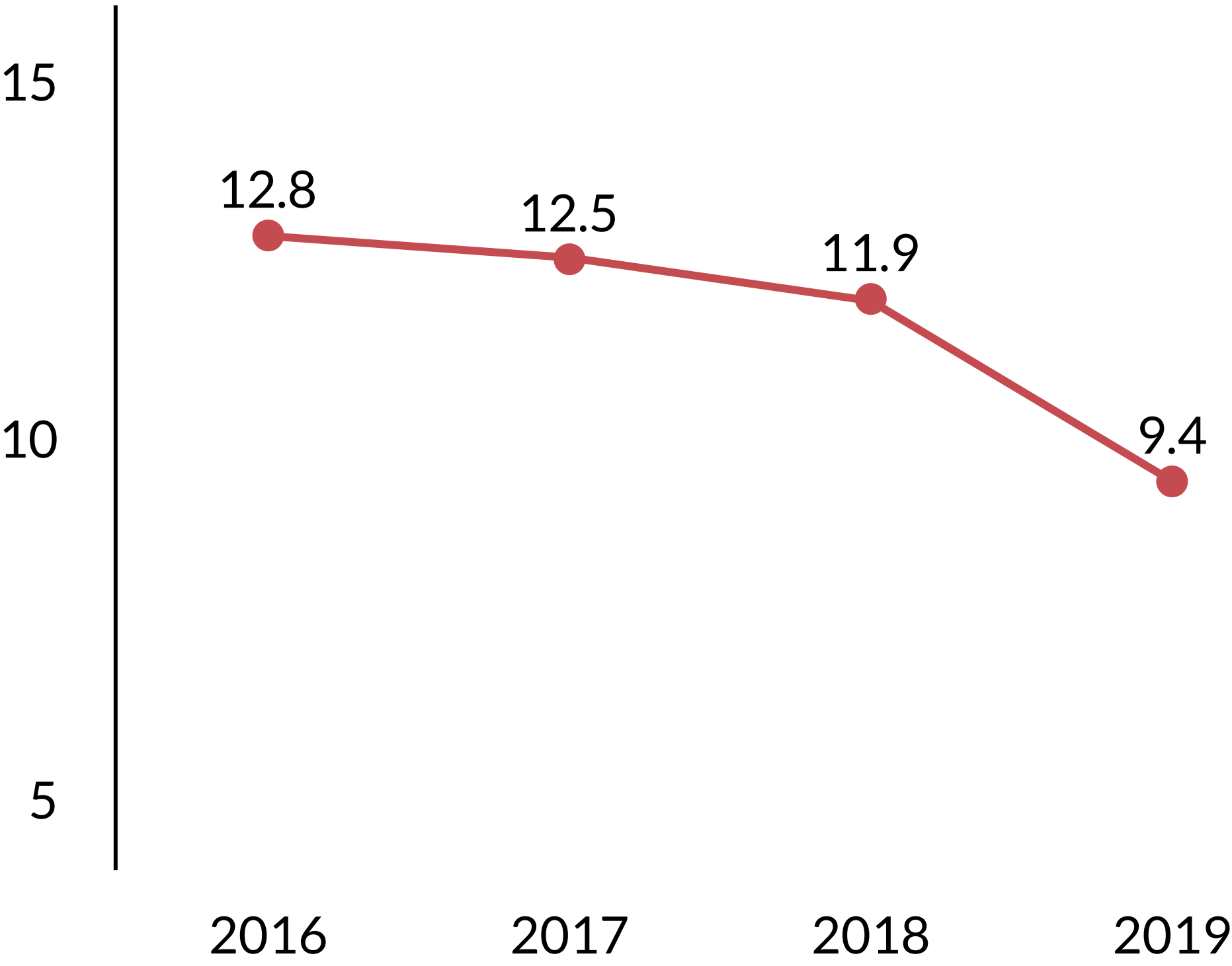


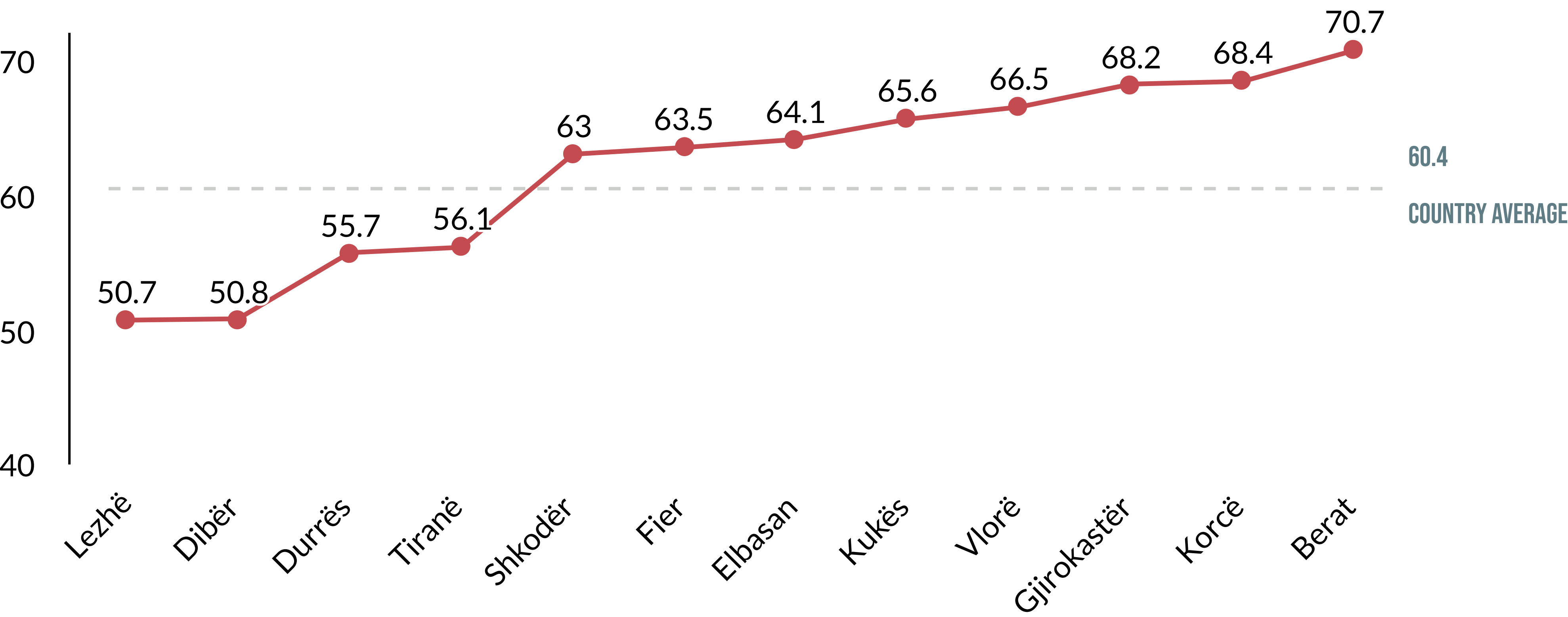
FIGURE 2: UNEMPLOYMENT RATE IN SHKODRA REGION 2016 - 2019 [%]



SOURCE: INSTAT, LABOUR FORCE SURVEY DATA, 2021  
NOTE: ANNUAL DATA FOR 2020 ARE NOT YET AVAILABLE BY INSTAT

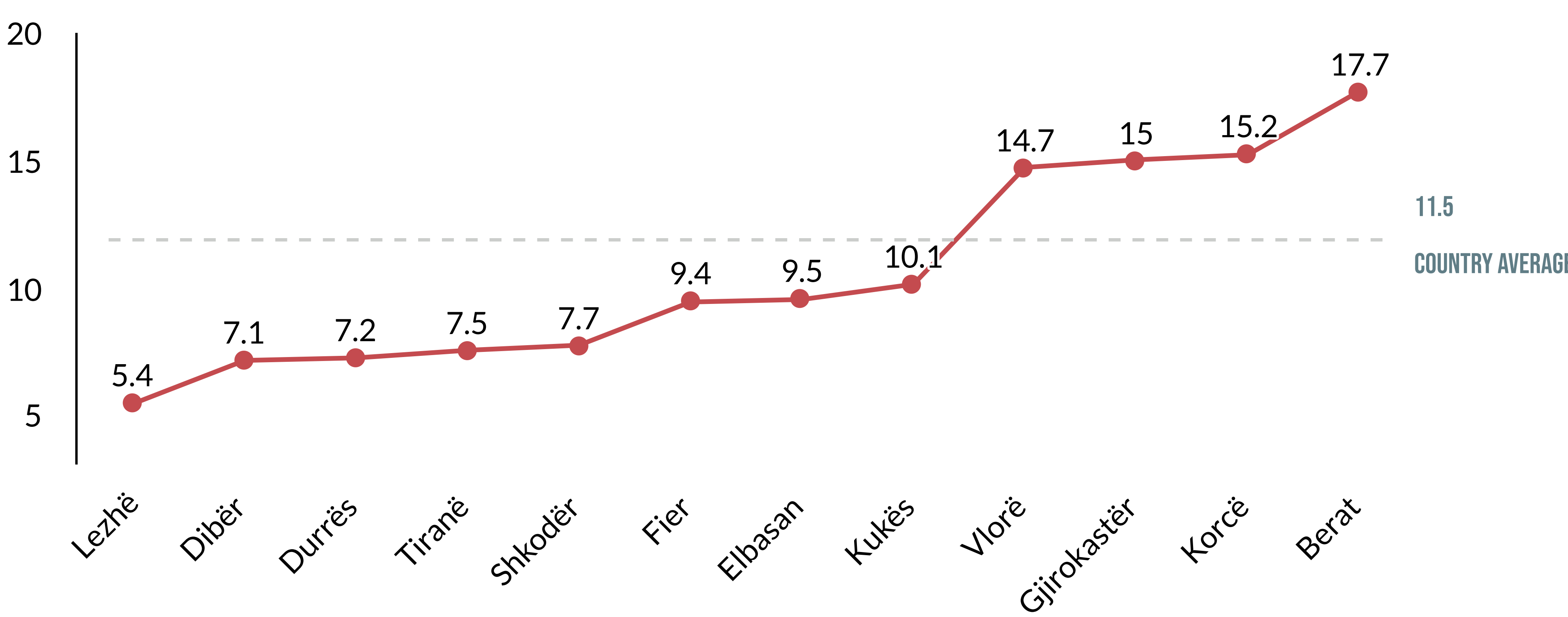
Comparatively, the labour force participation rate is slightly above the country’s average, while there are several regions outperforming Shkodra region in this aspect (Figure 3). The unemployment rate is below the country’s average and the comparison with the other regions suggest a competitive labour market (Figure 4).

FIGURE 3: LABOUR FORCE PARTICIPATION RATE IN 2019 (IN % OF +15 Y.O. POPULATION)



SOURCE: INSTAT, LABOUR FORCE SURVEY DATA, 2021  
NOTE: ANNUAL DATA FOR 2020 ARE NOT YET AVAILABLE BY INSTAT

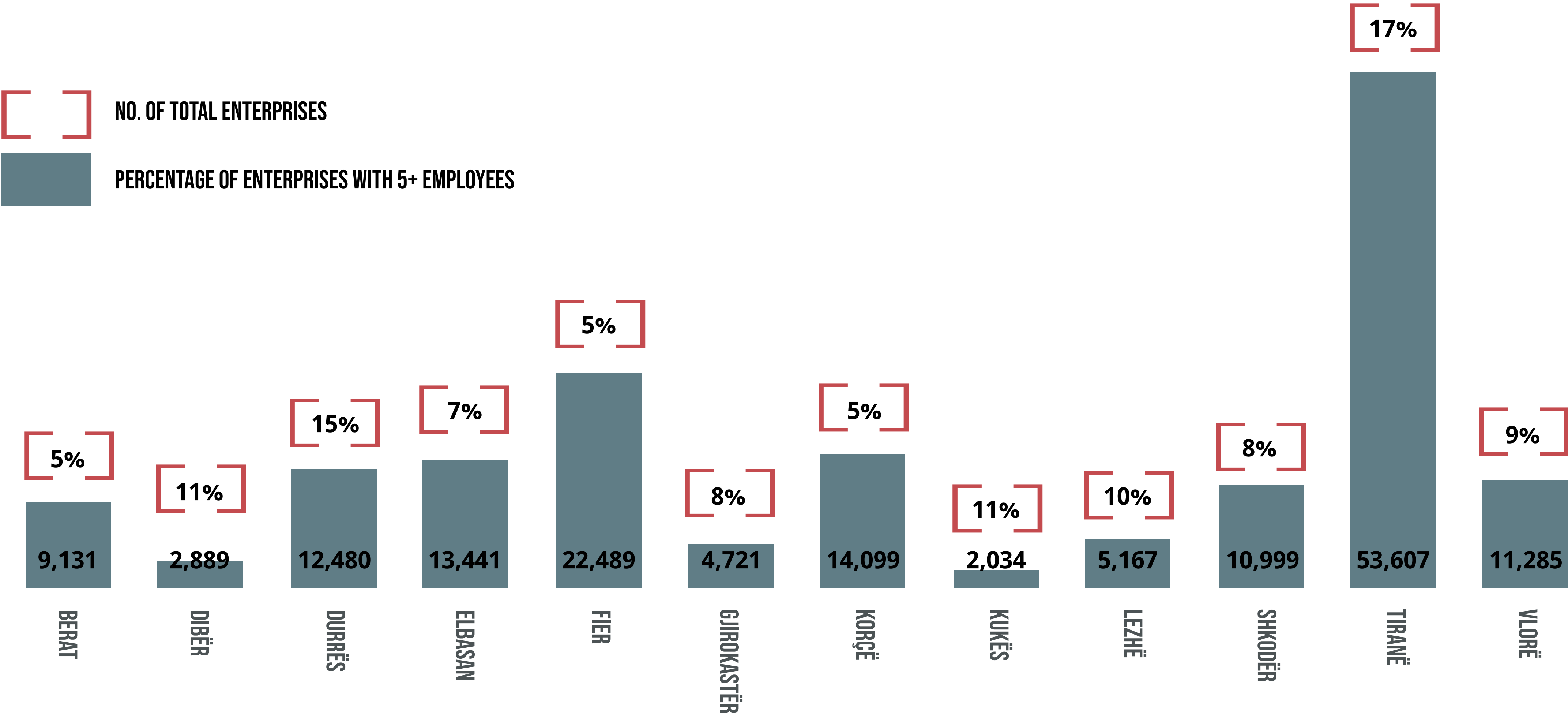
FIGURE 4: UNEMPLOYMENT RATE 2019 BY REGION (%)



SOURCE: INSTAT, LABOUR FORCE SURVEY DATA, 2021  
NOTE: ANNUAL DATA FOR 2020 ARE NOT YET AVAILABLE BY INSTAT

In 2019, in Shkodra region were 10,999 active enterprises, 8% of which were enterprises with 5+ employees (serving as a proxy for larger enterprises), suggesting a structure dominated by small enterprises.

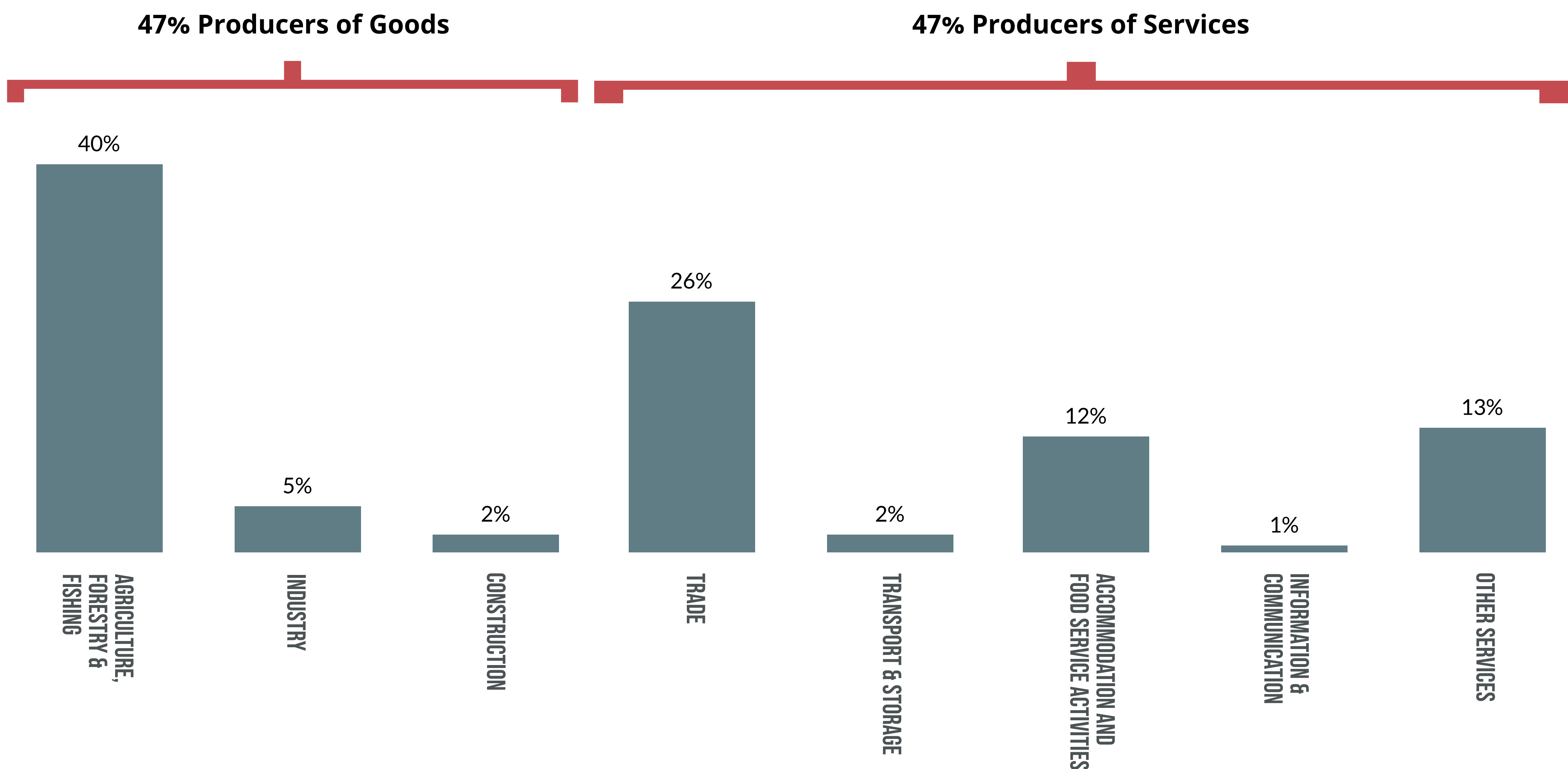
FIGURE 5: NUMBER OF ENTERPRISES AND PERCENTAGE OF ENTERPRISES WITH 5+ EMPLOYEES BY REGION, 2019



SOURCE: INSTAT - STATISTICAL BUSINESS REGISTER DATABASE, 2021

While concerning economic activity, there is an apparent balance between producers of goods and services. Within this structure, agriculture, forestry & fishing stands out, as 40% of enterprises pertain to this category (mostly inflated by ‘agricultural enterprises’ with one employee, which from 2015 constitutes almost entirely of farmers registered with Tax ID Number), followed by trade with 26% of enterprises, other services 13% and accommodation and food service activities 12%.

FIGURE 6: ACTIVE ENTERPRISES BY ECONOMIC ACTIVITY, 2019



SOURCE: INSTAT - STATISTICAL BUSINESS REGISTER DATABASE, 2021

NOTE: TOTAL = 10,999



# Study Methodology

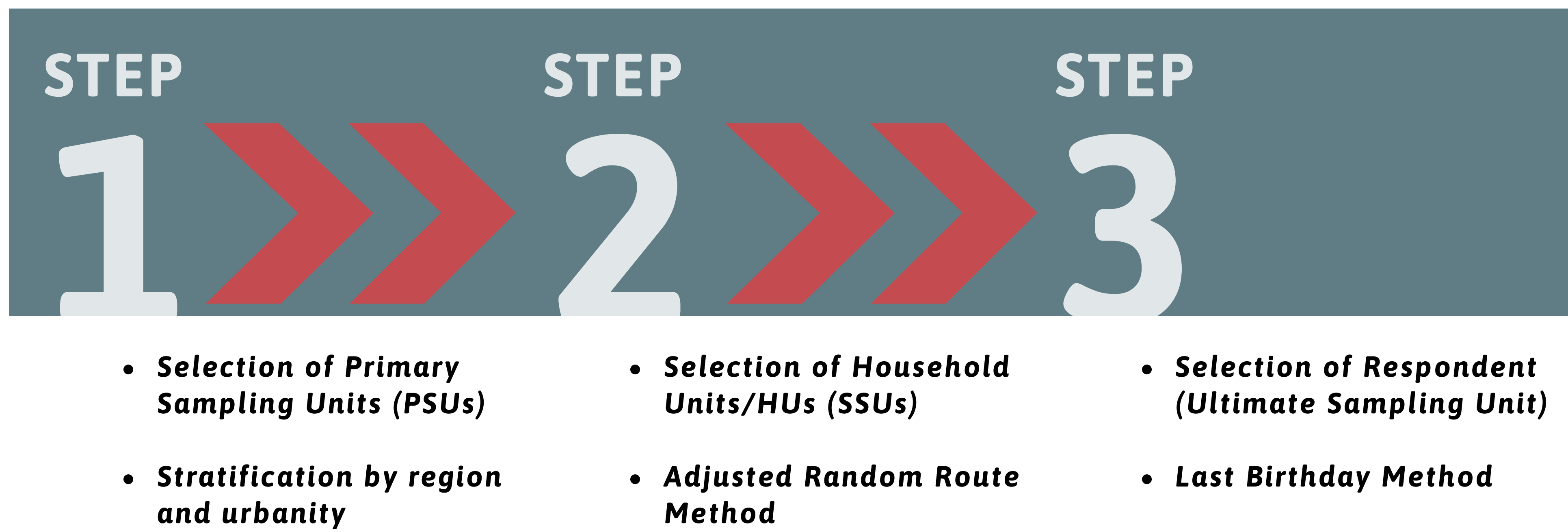
## Quantitative Component

Through the quantitative approach we conducted 200 interviews with the youth population (18 – 30) resident in the Shkodra region. The questionnaire was designed to gather general information – personal, family and household information and education, activity history and aspirations and then information relevant to the respondent’s current economic activity, intentions, previous engagements etc. The aim of the questionnaire is to present an analysis of employed and unemployed youths. From the perspective of the unemployed the analysis relates to the details of the job search (length and means) and the young person’s perception of the obstacles s/he faces in finding work. Here specific modules are envisioned to capture especially the obstacles they face in the job market. From the perspective of the employed, we explore their current condition on the job (self-fulfilment, satisfaction, economic conditions) and their perceptions about the job market.

The questionnaire aims to assess the skills of all youngsters and analyse market opportunities with the level of skills.

## Sampling, Methodology and Approach

The methodology that is used is multistage cluster sampling with stratification. There are certain stages to follow:



Below are explained in detail each stage.

### Stage one: Selection of the Primary Sampling Units

The primary sampling unit (PSU) will be Enumeration Areas (EAs)[2] as defined by the Population and Housing Census. The unit of analysis (screening) are households in selected EAs. For the purposes of sampling, we use as Primary Sampling Units (PSUs) the geographic areas defined by polling/voting centers. These areas specifically defined in the map will serve as geographical cluster of the sampling. Since a Voting Center (VC) identifies a polling area, for ease of expression, throughout this methodology, “VCs” or “EA” is used to denote polling areas.

IDRA possesses the database of the VCs from the Albanian Central Election of 2017. The geographical areas represented by VCs are exhaustive and mutually exclusive.

The Central Election Commission of Albania (CEC-AL) has also made public the maps of the area covered by each VC. Each VC cannot have less than 150 registered voters and no more than 1000 registered voters.

The study will employ a two-stage stratified probability proportional to size (PPS) cluster randomized sampling methodology to arrive at a representative sample. The first stage consists of a stratification by regions, and urban and rural within each region, for instance a total 24 strata for Albania. The second stage will employ a PPS methodology according to the number of households in the strata, in order to select EAs which cover anywhere from 70-150 households in municipal districts. Within EAs, clusters of 10 households will be chosen by simple random sampling.

[2] An **Enumeration Area (EA)** is the smallest geographical statistical unit created for a housing and population census. For example, an EA can be a city block, a village or part of a village, or a group of small villages. The EA has well-defined boundaries identified on a map.



- We stratified the selection units by the following order:
1. *Stratification by municipality* – each municipality is considered as a separate stratum. The designed number of EAs is randomly selected for each stratum.
  2. *Stratification by urban-rural division* – selected EAs for each region is divided proportionally to the number of households located in urban and rural enumeration areas for that specific region. Percentages on urbanity is cross-checked with available data on population for each region[3].

**Probability Proportional to Size**

For selection of the EAs is used the Complex Sample Module of IBM SPSS 25. This module of SPSS allows cross-sectional stratification such as by region and by urbanity. First stage inclusion probabilities and first stage sampling weights will be calculated.

The algorithm used for selecting the enumeration areas is PPS-Systematic (WOR[4]). The population number is used as MOS (Measure of Size). This algorithm gives a higher chance of selection to those EAs that have more population. Said differently, higher populated areas have a bigger probability of being selected. EAs with a small number of inhabitants have a chance of selection too, but smaller than the ‘denser’ EAs.

PPS procedure is preferred to other techniques of selection such as “from the pot” or as known in statistical community, Simple Random Sampling. SRS gives each PSU an equal probability of selection, which means that small clusters have also a ‘considerate’ chance of being selected.

We kept a proportional distribution of interviews, meaning that in each municipality the number of interviews will be proportional with the share of the population of the respective municipality. Please note that one PSU comprises 7 interviews.

In order to reach a sample size of 200 individuals, the sample distribution is calculated based the following distribution:

Population Distribution

Municipality	Urban	Rural	Total
Fushë - Arrëz	1.4%	2.1%	3.4%
Malësi e Madhe	3.2%	13.2%	16.4%
Pukë	1.5%	3.1%	4.7%
Shkodër	35.0%	26.0%	61.0%
Vau i Dejës	0.7%	13.7%	14.4%
Total	41.9%	58.1%	100.0%

[3] Census data are considered, but other sources will be consulted as well.

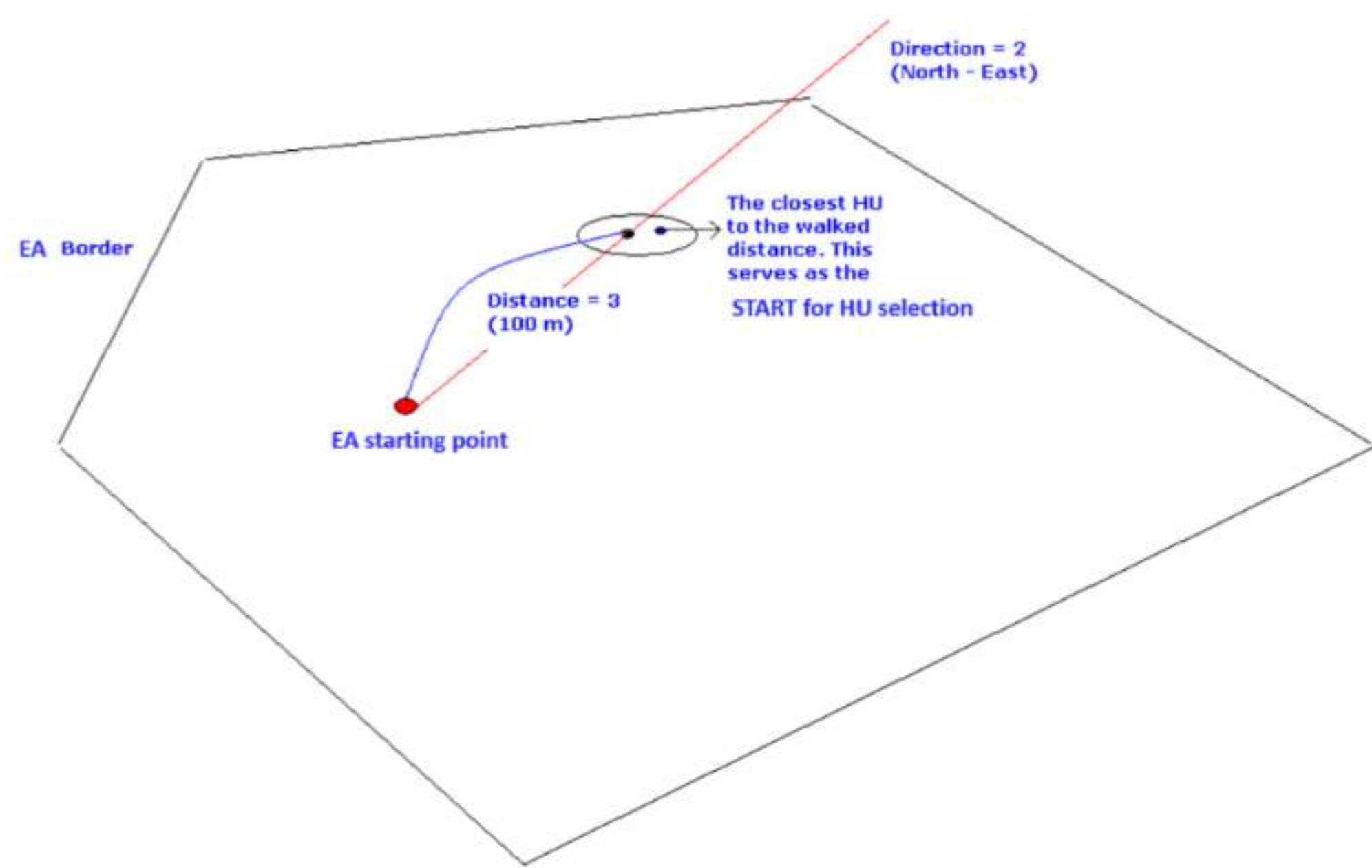
[4] Without Replacement. This means an EA cannot be selected twice.

Stage two: Selection of the Households

After the selection of the EAs is done, the selection of the housing units follows. For each of the selected EAs, we get the maps (electronic and hard copy) and determine a starting point – a building that is easily distinguishable and accessible. To each of the selected starting points we add a randomly selected distance and direction. This is done by adding two variables the database of selected EAs, Direction and Distance.

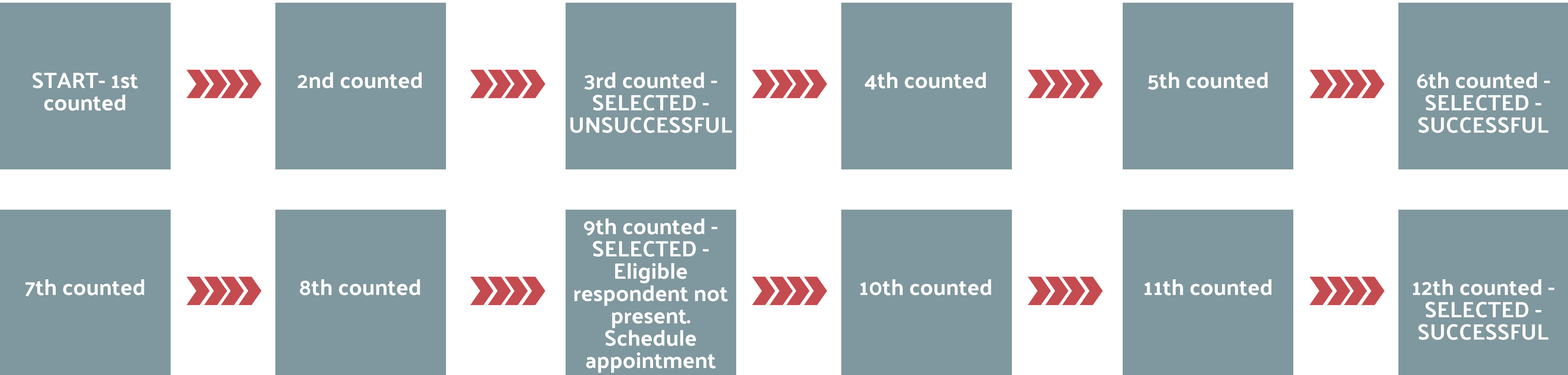
The variable Distance is also created using the RV. UNIFORM random function in SPSS SYNTAX (the SEED is set as random and Mersenne Twister number generator is used) function in SPSS SYNTAX. This variable takes value ranging from 1 to 6 which are labeled 1 = 0 meters, 2 = 50 meters, 3 = 100 meters, 4 = 150 meters, 5 = 200 meters and 6 = 250 meters. The distance will be calculated by also taking into consideration the boundaries of the Enumeration Area.

The enumerator/interviewer[5] is given map of the EA, the starting point, the direction and the distance. Once the enumerator locates the starting, s/he finds the given direction and walks the instructed distance. After walking the instructed distance in the given direction, the enumerator locates the nearest HU to that point. This is considered as the START for the selection of the HUs. (Please see the picture below).



Once the START is reached the enumerator starts counting the household units. The enumerator knocks on every K-th[6] door s/he encounters till s/he computes the assigned number of screener interviews in the voting center. The enumerator tries to approach the respondent only in the selected HU, i.e., in every nth door.

- a) If the enumerator contacts the eligible member of the HU the enumerator presents her/himself and the purpose of the study and asks the respondent to participate.
- b) If the enumerator contacts a member of the HU other than the one that is eligible for the interview, the enumerator does a listing of household members to be interviewed and leaves an appointment. The enumerator tries to contact the eligible respondent two other times. If no contact is made after the third attempt the household is considered as unsuccessful. This method is called the Random Route Method. (For a visual example please see flow chart below; interval of selection K=3).
- c) If there is no response from the HU on the first attempt the enumerator writes down the address of the HU and tries to contact a member of the HU two other times.



[5] These terms will be used interchangeably and they both refer to the employee conducting the screening  
[6] The interval of selection will be in correlation with the number of households located in the geographical area of the EAs



### Stage three: Selection of the respondent

When the HU is selected the enumerator lists all the members of the household aged 18 to 30 years on their birthday and gender. The listing of all family members aged between 18 to 30 offers the possibility to apply the method of respondent selection. The enumerator selects the member of the household who had celebrated the last birthday from the day of the interview. Enumerator cannot interview more than one respondent per household.

### Data Collection Approach (CAPI)

IDRA employs the Electronic Data Capturing technology for the data-gathering process: all interviews of both Screener Survey and of Main Surveys were conducted via CAPI (Computer Assisted Personal Interviewing). IDRA possesses all necessary means, equipment and capacity to conduct interviews via EDC.

The scripts defining the entry form automatically perform logical controls and consistency checks and immediately notify interviewers of potential issues.

During and post the data entry phase, questionnaire data is subject to five kinds of checks:

- a) Range checks,
- b) Checks against reference data,
- c) Skip checks,
- d) Consistency checks and,
- e) Typographic checks

**a. Range checks** are intended to ensure that every variable in the survey contains only data within a limited domain of valid values. Categorical variables can have only one of the values predefined for them on the questionnaire (for example, gender can be coded only as 1 for males or 2 for females); chronological variables should contain valid dates, and numerical variables should lie within prescribed minimum and maximum values (such as 0 to 95 years for age.)

**b.** A special case of range checking occurs when the data from two or more closely related fields can be **checked against external reference** tables such as the case of *Consistency of geographical regions*, for example.

**c. Skip checks.** These verify whether the skip patterns have been followed appropriately. Depending on his or her age and gender, each respondent is supposed to answer (or skip) specific sections of the questionnaire.

**d. Consistency checks.** These checks verify that values from one question are consistent with values from another question. A simple check occurs when both values are from the same statistical unit, for example, the date of birth and age of a given individual.

**e. Typographical checks.** Control totals and check digits procedures are followed when possible

The use of tablets has also other data quality assurance. It allows an increase in the quality and speed of the work process with conveniences, among others, such as:

- Automatic recording in the system of the time and date of the interview.
- Geo-location function allows the recording and tracking of the location of the interview and by bringing a graphical representation of each questionnaire in the fieldwork (checking also whether the interviews are conducting in the specified primary sampling unit).
- Managing the duration of the interview (no questions can be skipped without being answered to).

Due to COVID-19 pandemic situation the face-to-face interviews for main and boost sample might result not feasible, IDRA is able to apply CATI (Computer Assisted Telephone Interviewing) approach instead. IDRA has the necessary capacities (logistics and practical sources: CATI platform and staff) to implement the project via CATI, meaning that the interviews will be collected via telephone interviewing. Nonetheless, IDRA prefers to use the CAPI approach for this study. CATI will be used only if the pandemic situation makes the face-to-face interviewing an impossible option.

### Qualitative Component

To further explore the dynamics of the employment environment amongst youth, qualitative research provides substantial insights. Hence, we conducted:

- **2 Focus Groups (FG)** - Youth representatives. Through the two FG we intend to explore the market dynamics through young entrepreneurs and aspiring entrepreneurs. Keeping this division brings valuable insights on both perspectives, as on one side we explore the perception of the employment dynamics from youths already in the job market, and on the other hand from youth outside of the job market.

- **12 In Depth Interviews (IDI)** – business representatives, chamber of commerce, local government, youth organizations. We conducted 12 IDIs on the perception on the supply side or relevant market actors. The focus of the interviews is on their insights on the development of the job market, specifically for the youth, through exploring various industry potential and what is lacking in the development of this industries as prominent key employment sectors, and entrepreneurship.

See **Annex 5**, **Annex 6** and **Annex 7** for more details on participants.

## *Methodology for Qualitative Component*

### **Focus Groups (FGs)**

Our experience with the previous studies showed that many of the results obtained from the quantitative survey needed more in-depth explanations in order to be viewed and understood correctly.

The specific attributes or characteristics of the Focus Groups will be decided in close cooperation with the client. Relevant factors for different groups are, for example, age & gender, education & employment status.

### **In-Depth Interviews (IDI)**

There are issues which need further exploration and deeper understanding to grasp the full picture, hence IDRA plans to conduct In-Depth Interviews with beneficiaries as well. In-depth interviews are a qualitative data collection method that involves direct, one-on-one engagement with individual participants. In these interviews participants are encouraged and prompted to talk in depth about the topic under investigation without the researcher's use of predetermined, focused, short-answer questions. Using IDI there is a higher quality of sampling compared to some other data collection methods. Furthermore, in-depth interviews can potentially be so insightful, it is possible to identify highly valuable finding very quickly. Other advantages, in IDI the researcher:

- can establish rapport with participants to make them feel more comfortable and at-ease, which can generate more insightful responses – especially regarding sensitive topics.
- have much more opportunity to ask follow-up questions, probe for additional information, and circle back to key questions later on in the interview to generate a rich understanding of attitudes, perceptions, motivations, etc.
- can monitor changes to tone and word choice to get a deeper understanding (researchers can also focus on body language).



# STUDY RESULTS

## Profile, Education and Skills

Based on the displayed survey methodology on the distribution of interviews proportional to the municipality size, **Table 1** displays the number of interviews (and percentage) in each of the municipalities of Shkodra region.

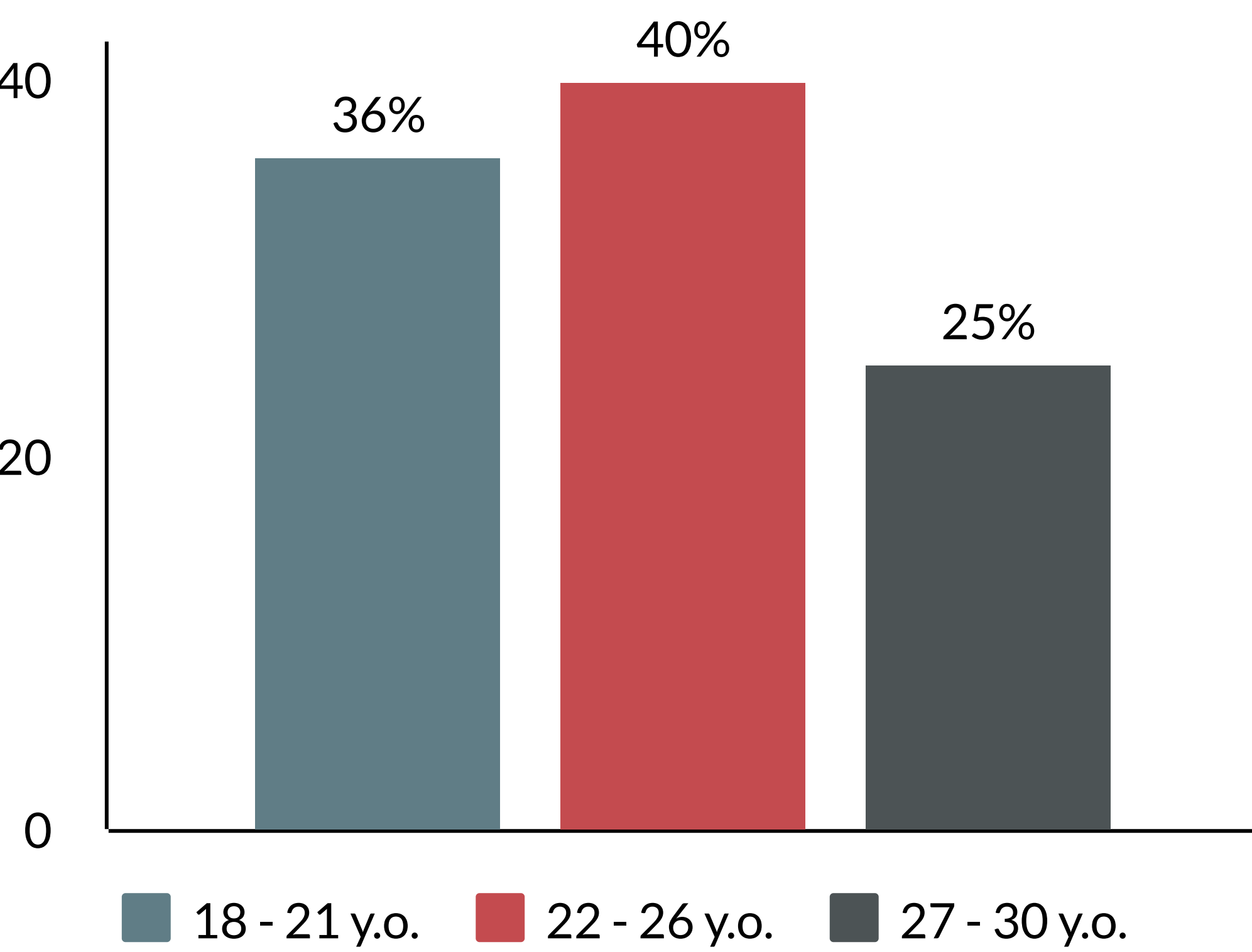
TABLE 1: DISTRIBUTION OF INTERVIEWS

Municipality	No. of interviews	Percentage of interviews
Shkodër	109	55%
Pukë	20	10%
Fushë – Arrez	14	7%
Malësi e Madhe	28	14%
Vau i Dejës	29	15%
Total	200	100%

SOURCE: IDRA ANALYSIS

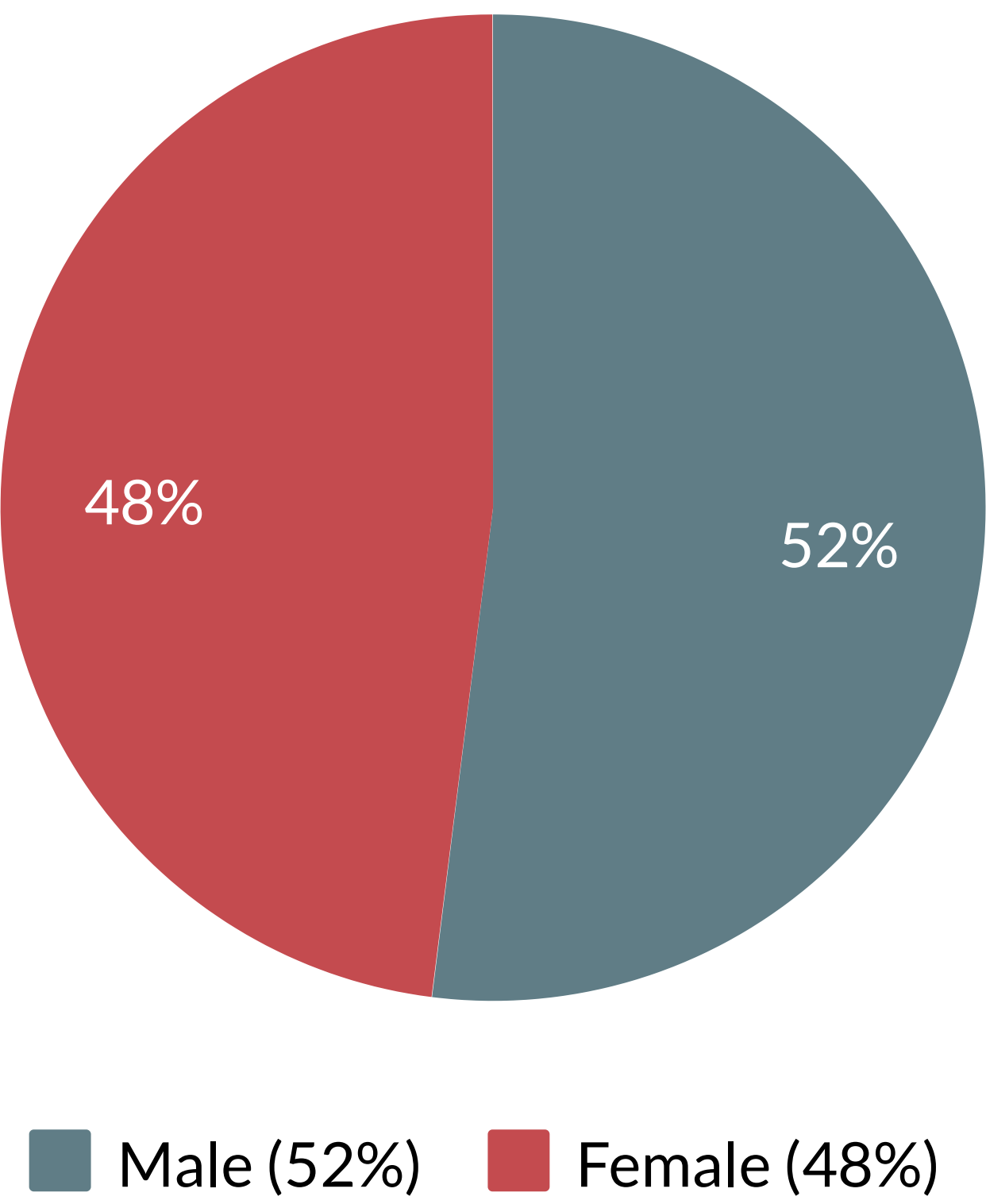
Considering the random sample of youth population, the distribution of age and gender has been monitored to ensure the appropriate representation of all age groups from 18 to 30 y.o. and an equitable representation of gender as well. Based on this, in Figure 7 we group age in three categories to use in our further analysis, while Figure 8 displays the distribution of respondents by gender.

FIGURE 7: DISTRIBUTION OF RESPONDENTS BY AGE



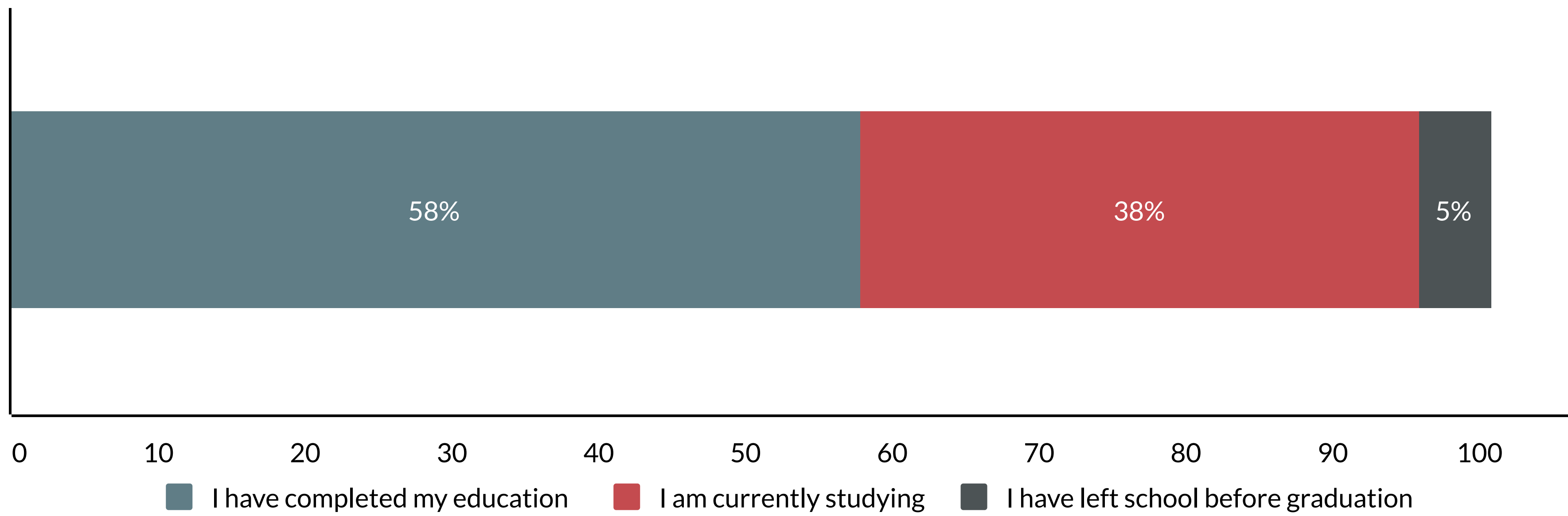
SOURCE: IDRA ANALYSIS

FIGURE 8: DISTRIBUTION OF RESPONDENTS BY GENDER



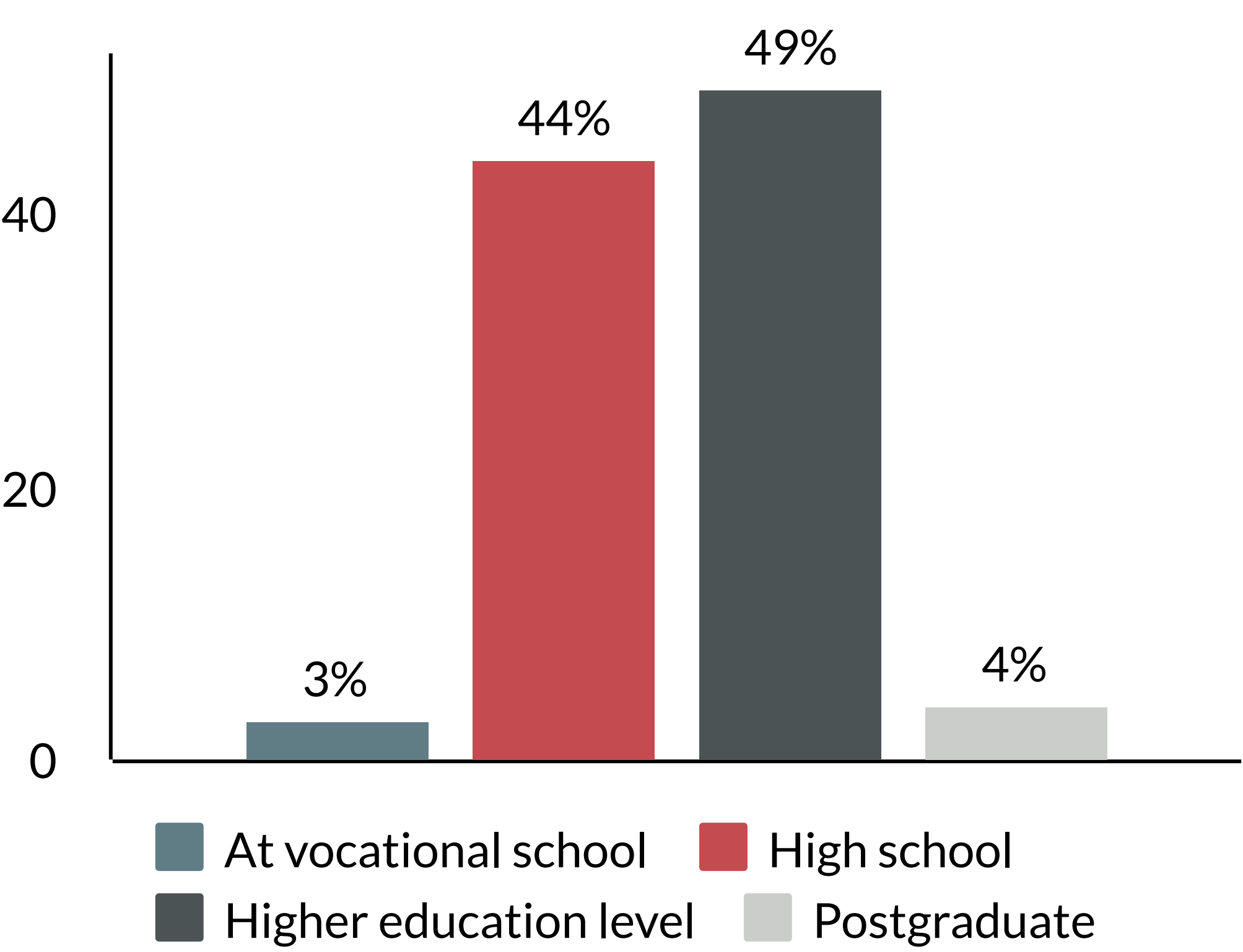
Asked on their recent educational activity, the majority of the youth declared to have completed their education (58%), while 38% of them are currently studying, while the drop – out level is relatively low at 5%. Based on this information, Figure 9 and Figure 10 display the distribution of youth by level of education, based on their completion of education level (even if they dropped out) or if they are currently attending.

FIGURE 9: RECENT EDUCATIONAL ACTIVITY



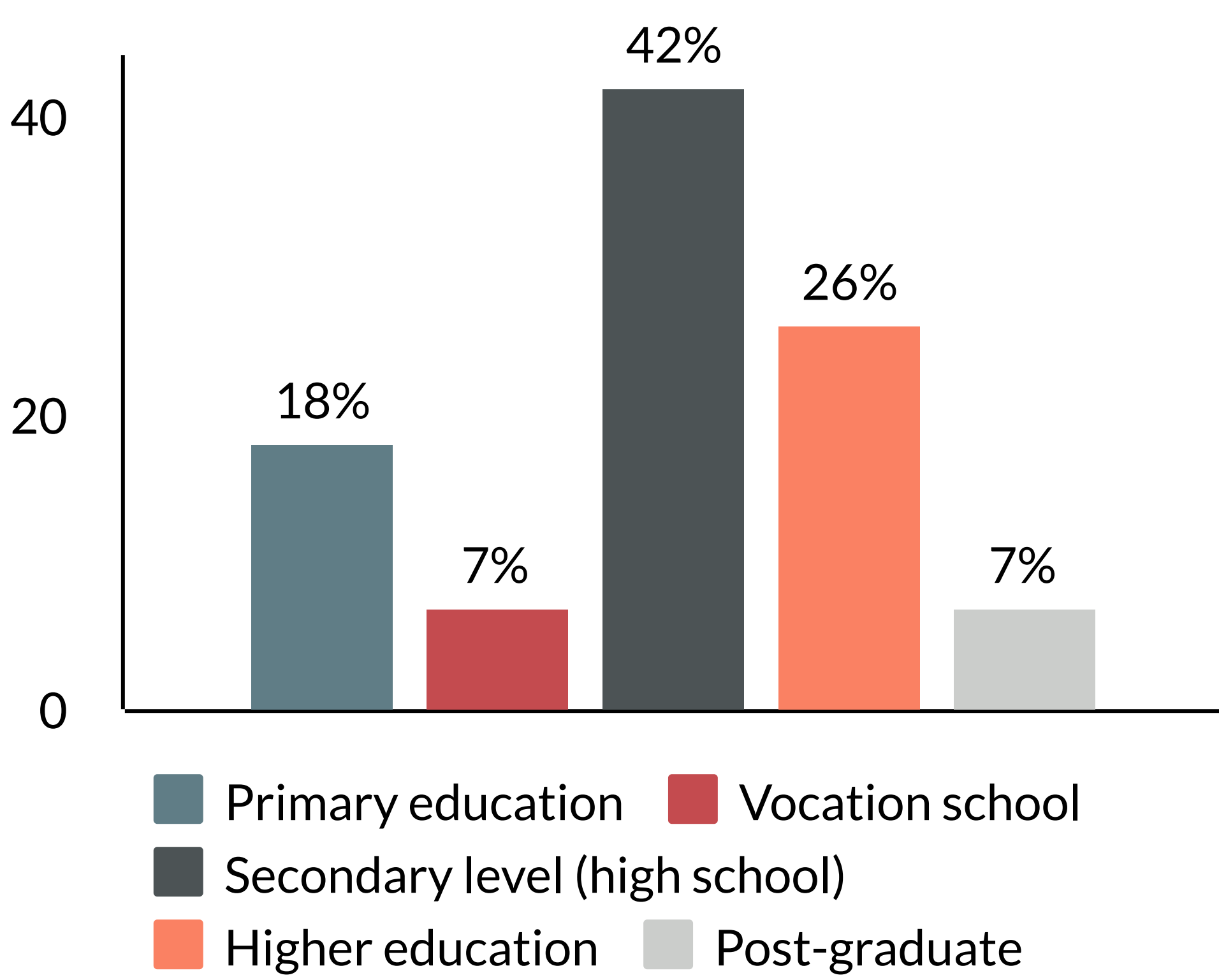
SOURCE: IDRA ANALYSIS

FIGURE 10: CURRENTLY STUDYING – DISTRIBUTION OF LEVEL OF EDUCATION (N=75)



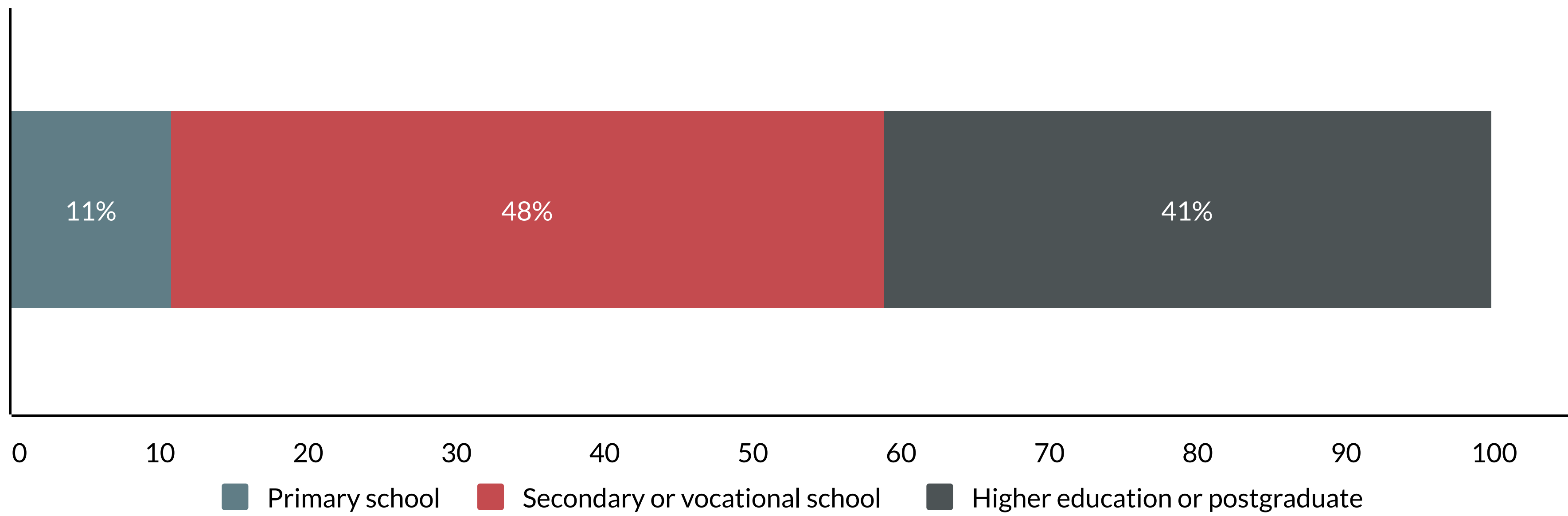
SOURCE: IDRA ANALYSIS

FIGURE 11: COMPLETED OR LEFT EDUCATION – DISTRIBUTION OF LEVEL OF EDUCATION (N=125)



Considering both distributions, Figure 12 displays the overall distribution of the sample by education. The majority of sample is composed by youth who have completed (or are attending) a secondary or vocational school (48%), followed by youth who have completed (or are attending) higher education or postgraduate studies (41%), and a small proportion who have completed primary school (11%).

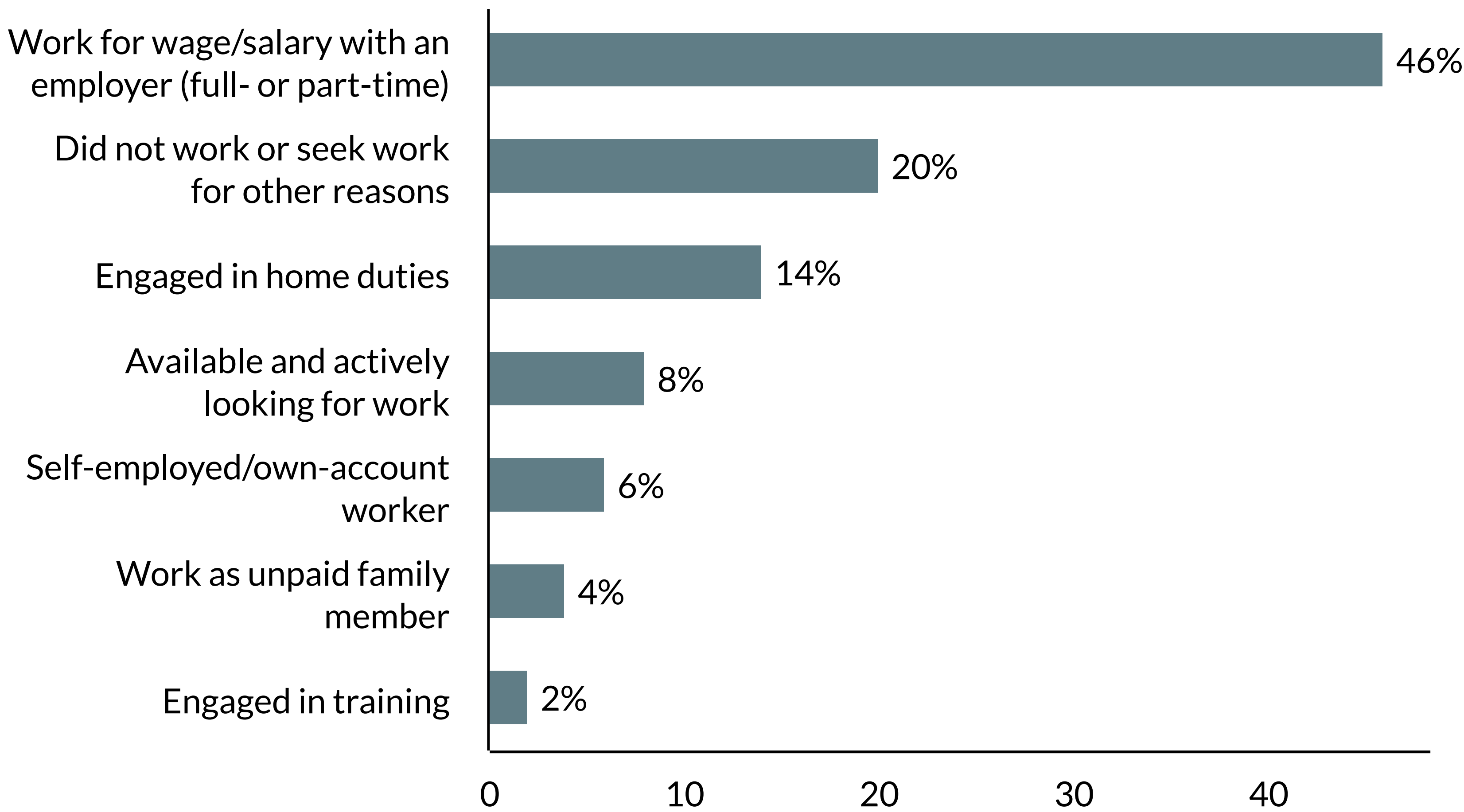
FIGURE 12: DISTRIBUTION OF RESPONDENTS BY EDUCATION



SOURCE: IDRA ANALYSIS

Results show that almost half of the youth who have completed their education, have immediately started a job (46%) – while the higher the level of education completed, the larger the figure, particularly 60% for those who have completed higher education or postgraduate studies, 44% for those who have completed secondary education or vocational school and only 27% for those who have completed primary education (see Annex 1). *Further, only 6% have immediately started their own business immediately after completing their education, suggesting that the transition from school to entrepreneurship is significantly difficult in this area.*

FIGURE 13: WHICH OF THE FOLLOWING ACTIVITIES BEST CORRESPONDS TO WHAT YOU WERE DOING IMMEDIATELY FOLLOWING THE COMPLETION OF YOUR EDUCATION LEVEL?



SOURCE: IDRA ANALYSIS

NOTE: ONLY THOSE WHO HAVE COMPLETED THEIR EDUCATION - N=125

The rate of youth who work during their studies is quite low, as only 1 in 5 did (or do) so, while 90% of them were paid for their work. This is specifically important, as the transition from school to work or entrepreneurship is strongly determined by the exposure of students to work.

FIGURE 14: PERCENTAGE OF YOUTH WHO HAVE WORKED (OR CURRENTLY WORK) DURING THEIR STUDIES

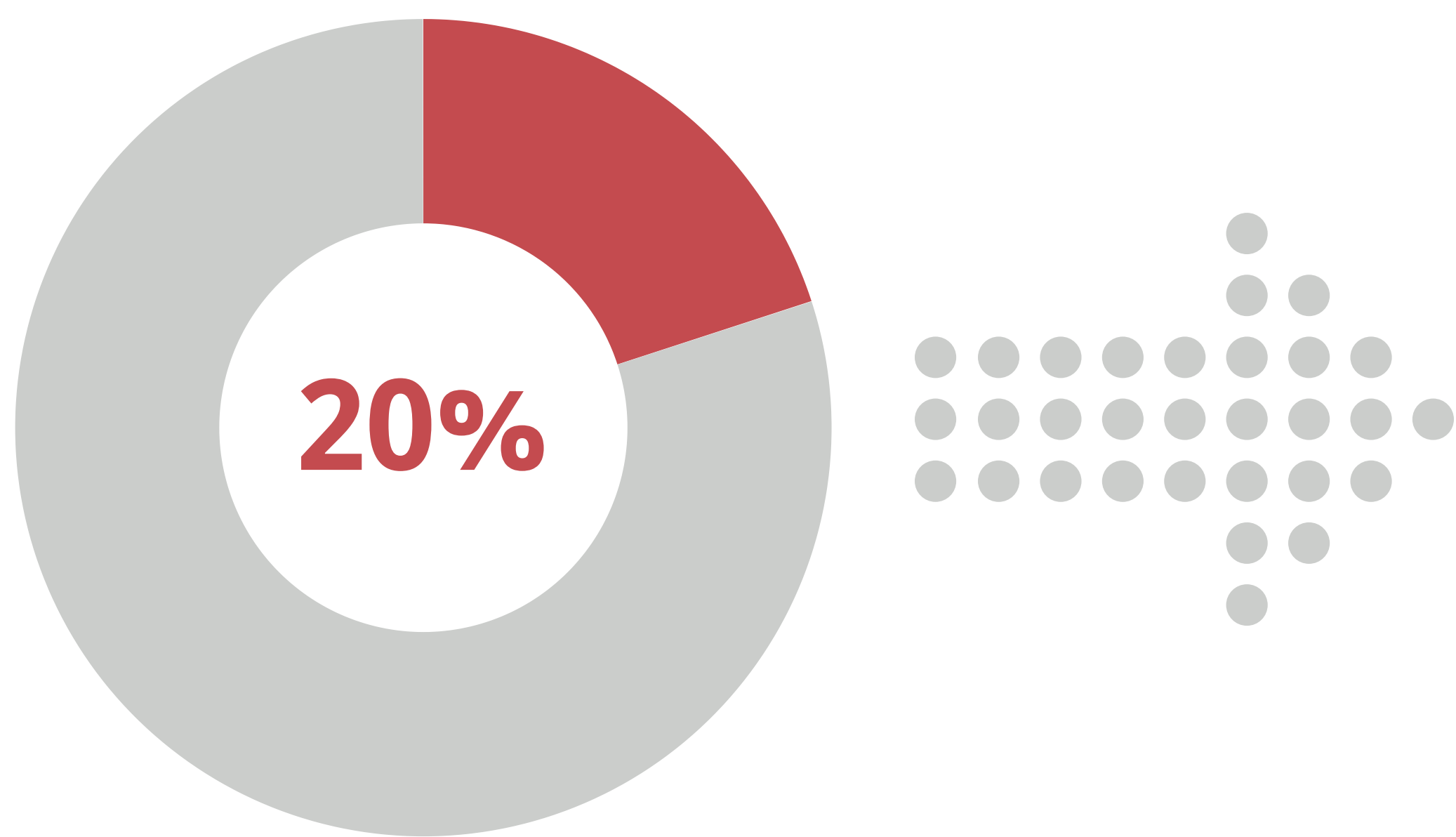
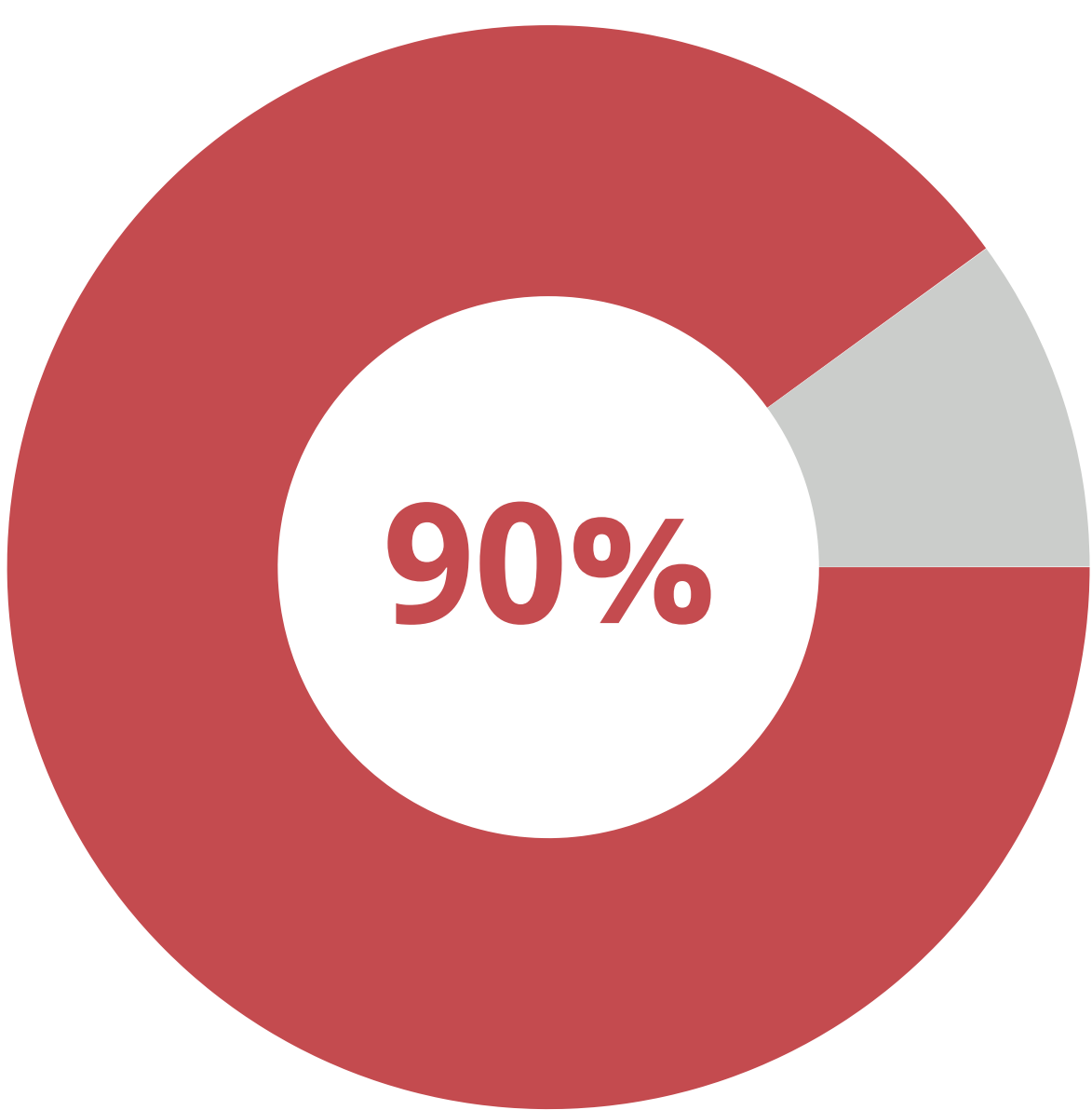


FIGURE 15: PERCENTAGE OF WORKING STUDENTS WHO WERE OR ARE PAID FOR THEIR WORK



SOURCE: IDRA ANALYSIS

Regardless of current level of education, there is a perception that a high school education is sufficient for getting a decent job, while only those who have completed a higher education or postgraduate studies mostly think that is the level needed to get a decent job. However, each category may have a different perception of a decent job.

TABLE 2: PERCEPTION ON THE LEVEL OF EDUCATION/TRAINING NEEDED TO GET A DECENT JOB THESE DAYS – BY CURRENT EDUCATION LEVEL

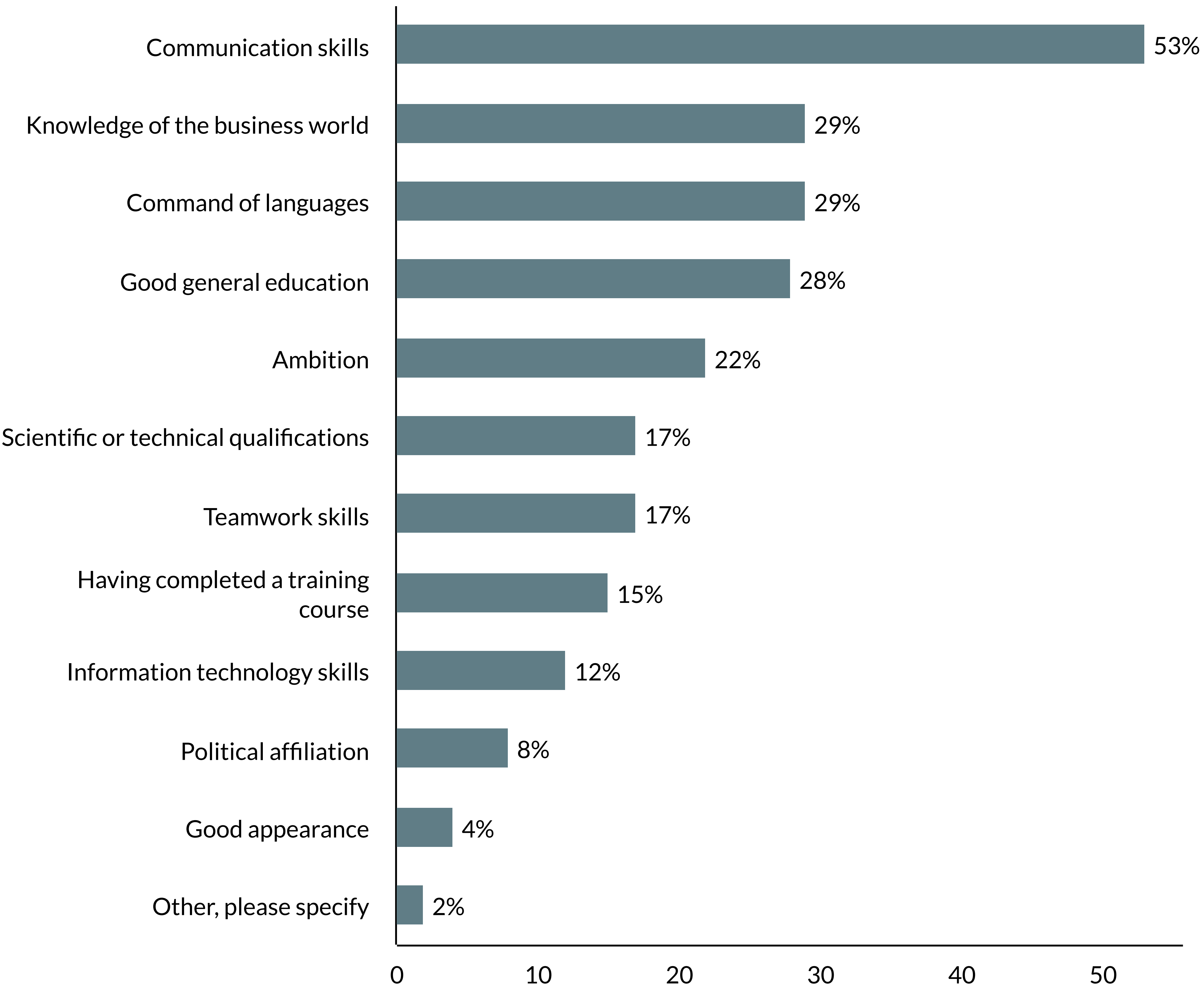
Current level of education					
		Primary school	Secondary or vocational school	Higher education or postgraduate	Total
Level of education/training needed to get a decent job these days	Primary school	36%	23%	7%	18%
	Vocation school	5%	7%	1%	5%
	High school	36%	38%	7%	35%
	Higher education	23%	28%	14%	35%
	Post-graduate	0%	4%	15%	8%

SOURCE: IDRA ANALYSIS



Survey results suggest that youth in Shkodra region actually think that soft skills are much more important to find a job. As Figure 16 shows, youth think that communication skills, knowledge of the business world, command of languages, a good general education, and ambition are most important to find a good job. On the other hand, scientific or technical qualifications and ICT skills are largely disregarded.

FIGURE 16: WHICH OF THE FOLLOWING QUALITIES DO YOU THINK IS THE MOST USEFUL IN FINDING A GOOD JOB?

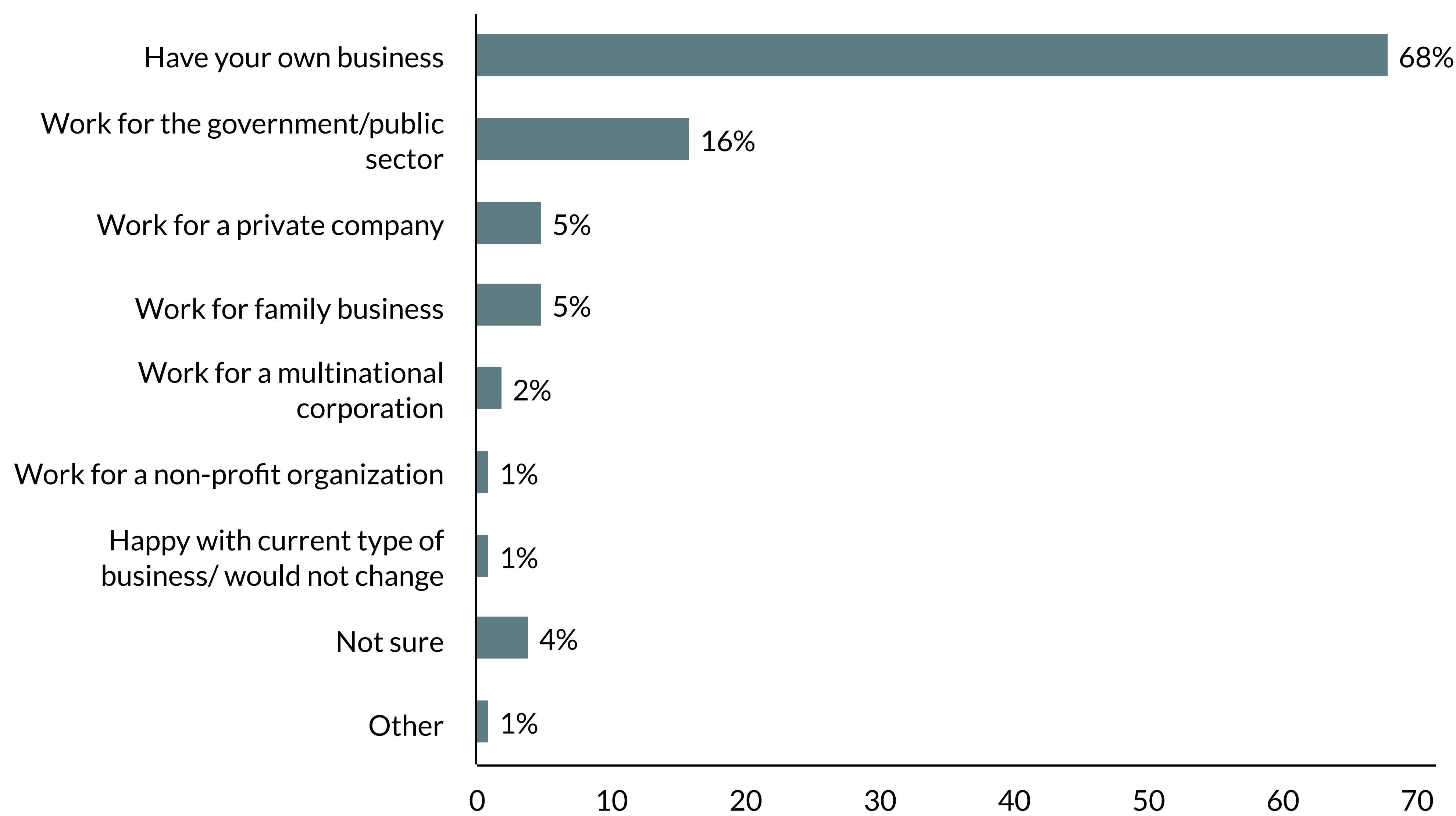


SOURCE: IDRA ANALYSIS

NOTE: MULTIPLE QUESTION WITH UP TO THREE ANSWERS

The preference patterns of youth in Shkodra region strongly suggest an entrepreneurial desire, as 68% of them choose to have their own business as the most preferred type of work. This is only followed by 16% who ideally prefer to work for the government or the public sector.

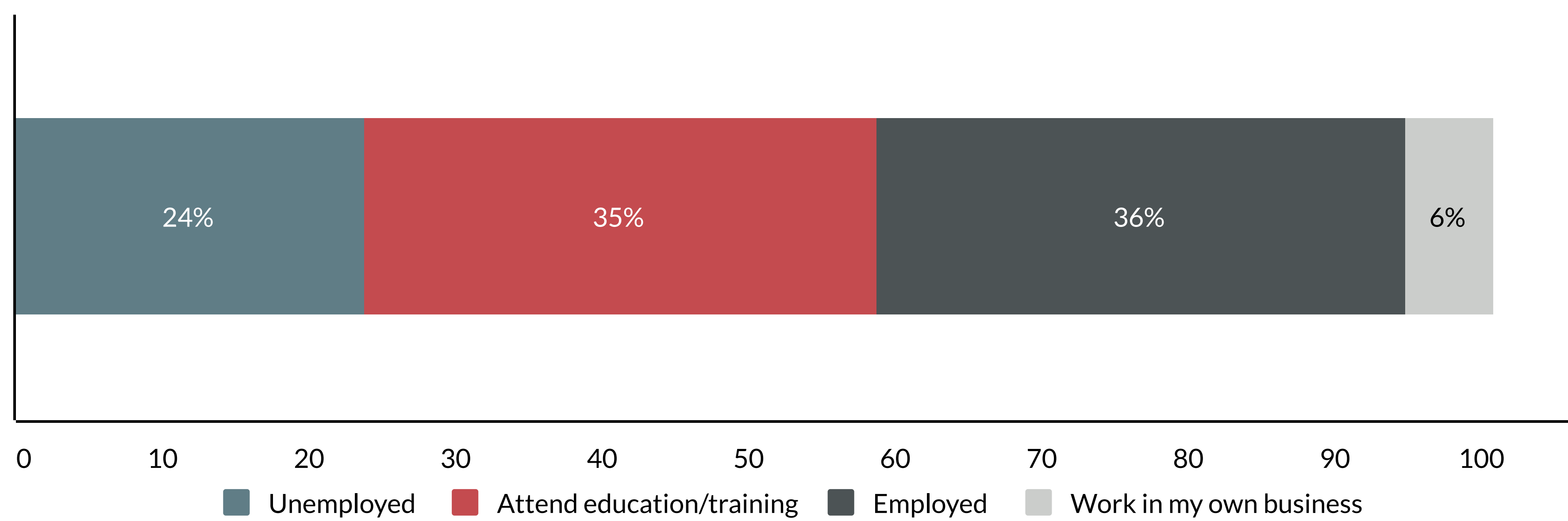
FIGURE 17: IDEALLY, WHICH OF THE FOLLOWING TYPES OF WORK WOULD YOU PREFER?



SOURCE: IDRA ANALYSIS

Figure 18 shows the results for the current activity of the youth in Shkodra region. 24% of the sample are unemployed, 35% are currently attending education and/or training, 36% are employed and only 6% are self-employed. Based on these data we will further analyse each of the categories during the following sections.

FIGURE 18: IN THE LAST WEEK, WHAT WAS YOUR MAIN ACTIVITY?

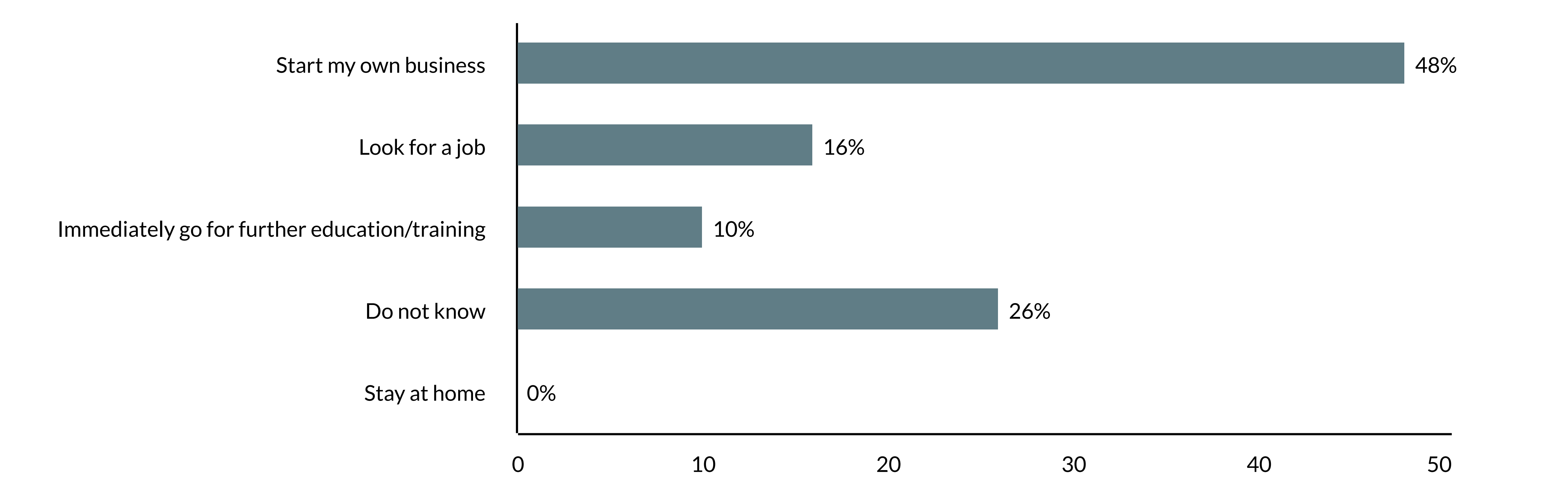


SOURCE: IDRA ANALYSIS

# Youth in Education

This section provides an analysis of the situation and aspirations of the youth who are currently attending education, or 35% of the overall sample (N=69). Considering the plans of the youth in education, the self-employment aspiration stands out, as 48% of them want to start their own business. Following, 26% are not sure of their plans, 16% will look for a job and 10% will immediately further their education. Annex 1 presents the differences between youngsters who are attending secondary education and higher education. While youth in higher education is more inclined to start their business, look for a job, or even further their education, youth in secondary education are less sure about their plans (36% do not know).

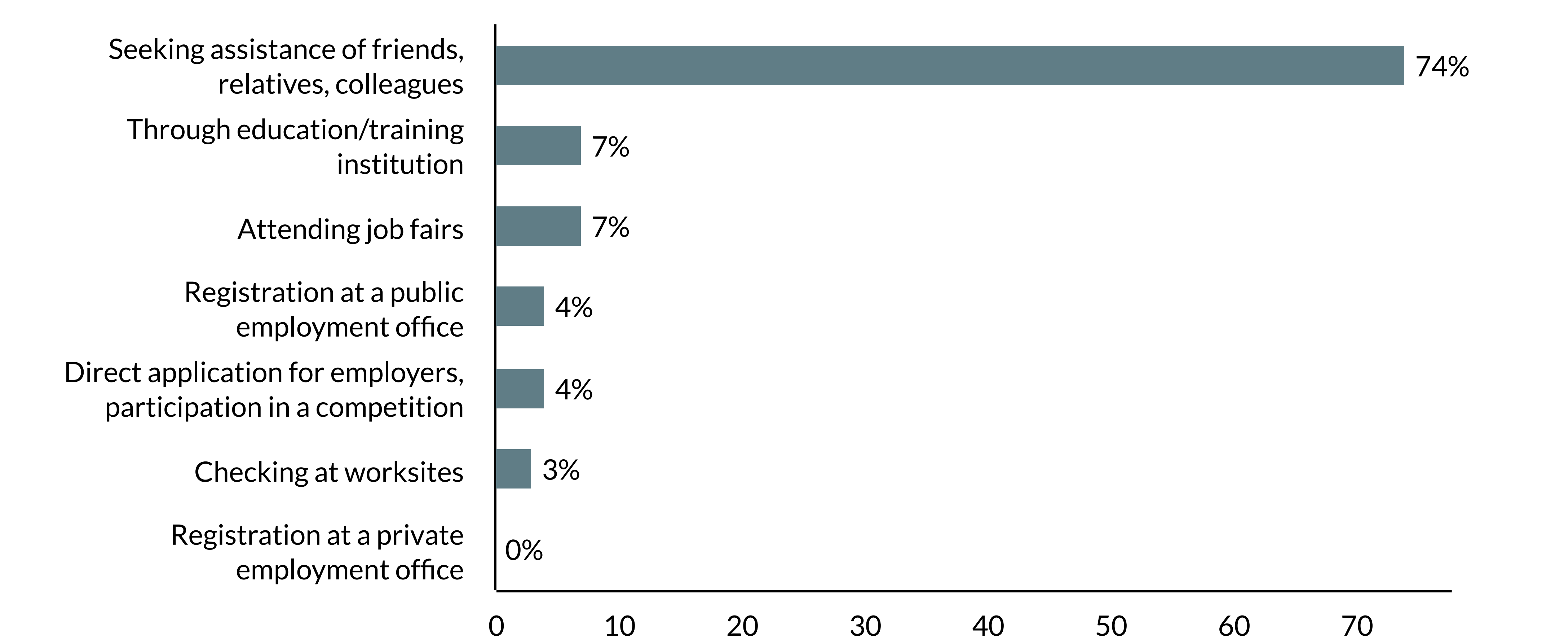
FIGURE 19: WHAT DO YOU PLAN TO DO AFTER COMPLETING YOUR CURRENT EDUCATION/TRAINING PROGRAMME?



SOURCE: IDRA ANALYSIS

The approach to finding a job presents a quite striking, but much relevant finding. The vast majority (74%) of the youth in education intends to look for a job through seeking assistance from friends, relatives, or colleagues. This shows that other, and somewhat more formal channels are practically out of the radar. The channels included are theoretically all types of intermediaries between the supply and demand for labour. Labour market intermediaries play an important role in building networks and reducing transaction costs, in influencing and minimising mismatches on the part of both jobseekers and employers, and in encouraging disengaged individuals to enter the labour market. Not being in the youth radar, suggest a very fragile link between the labour supply and demand in the region.

FIGURE 20: HOW DO YOU INTEND TO LOOK FOR A JOB?

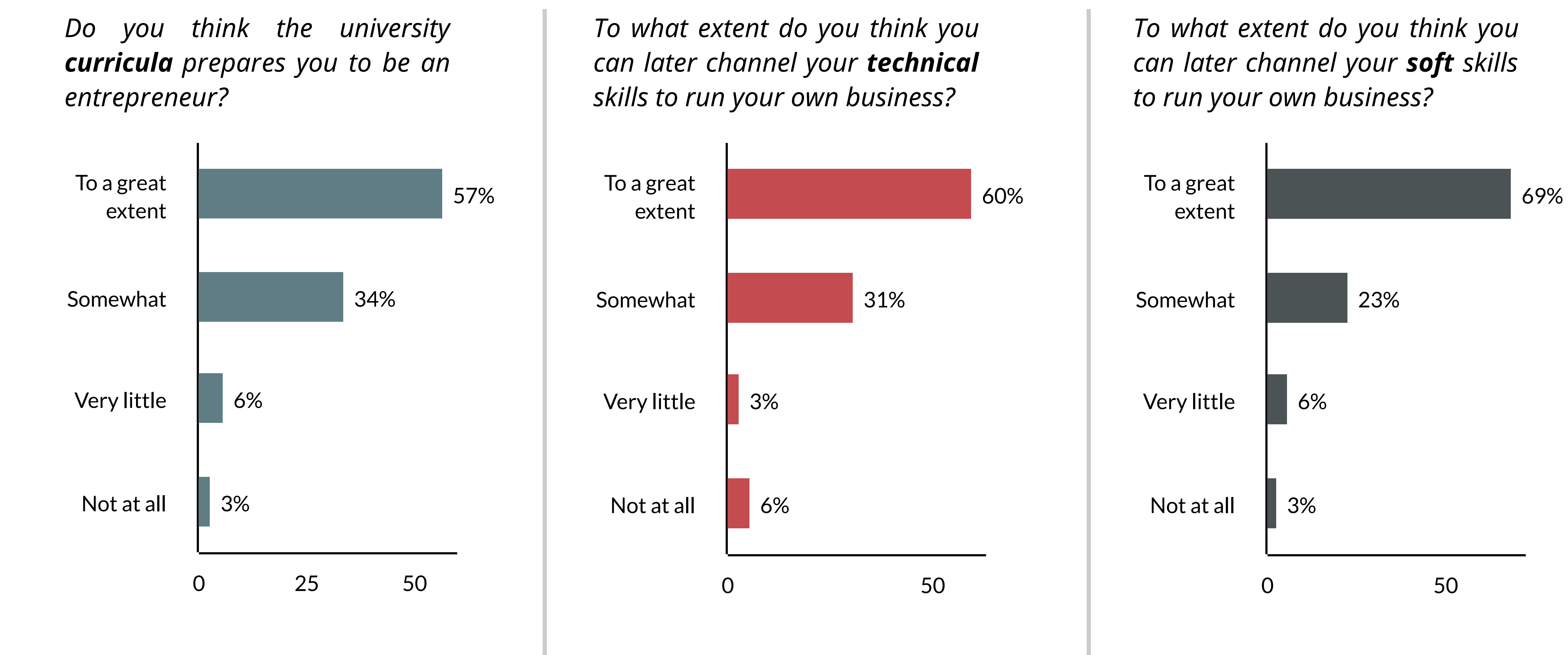


SOURCE: IDRA ANALYSIS



Further, youth in education were asked to evaluate the employability of their skill set in entrepreneurship. About 57% of them think the university **curricula** prepares them to a great extent to be an entrepreneur, while 34% have some doubts on that (somewhat prepared). This result is somewhat controversial, considering the highly theoretical and outdated curricula in Albania. About 60% of youth think they can later channel to a great extent their **technical** skills to run their own business, while 31% have some doubts. Further, 69% of youth think they can later channel to a great extent their **soft** skills to run their own business, while 23% have some doubts. The results suggest high levels of confidence in the employability of their skill set in entrepreneurship.

FIGURE 21: YOUTH IN EDUCATION PERCEPTIONS ON THE EMPLOYABILITY OF THEIR SKILLS IN ENTREPRENEURSHIP



SOURCE: IDRA ANALYSIS

NOTE: ONLY YOUTH WHO ARE CURRENTLY IN HIGHER EDUCATION (N=35).

# Unemployed Youth

This section provides an analysis of the situation and aspirations of the youth who are currently unemployed, or 24% of the overall sample (N=48). Results show that 25% of youth are actively looking for work, while 8% are trying to establish their own business. On the other hand, 67% are doing neither of those.

FIGURE 22: WHAT BEST DESCRIBES YOUR POSITION?

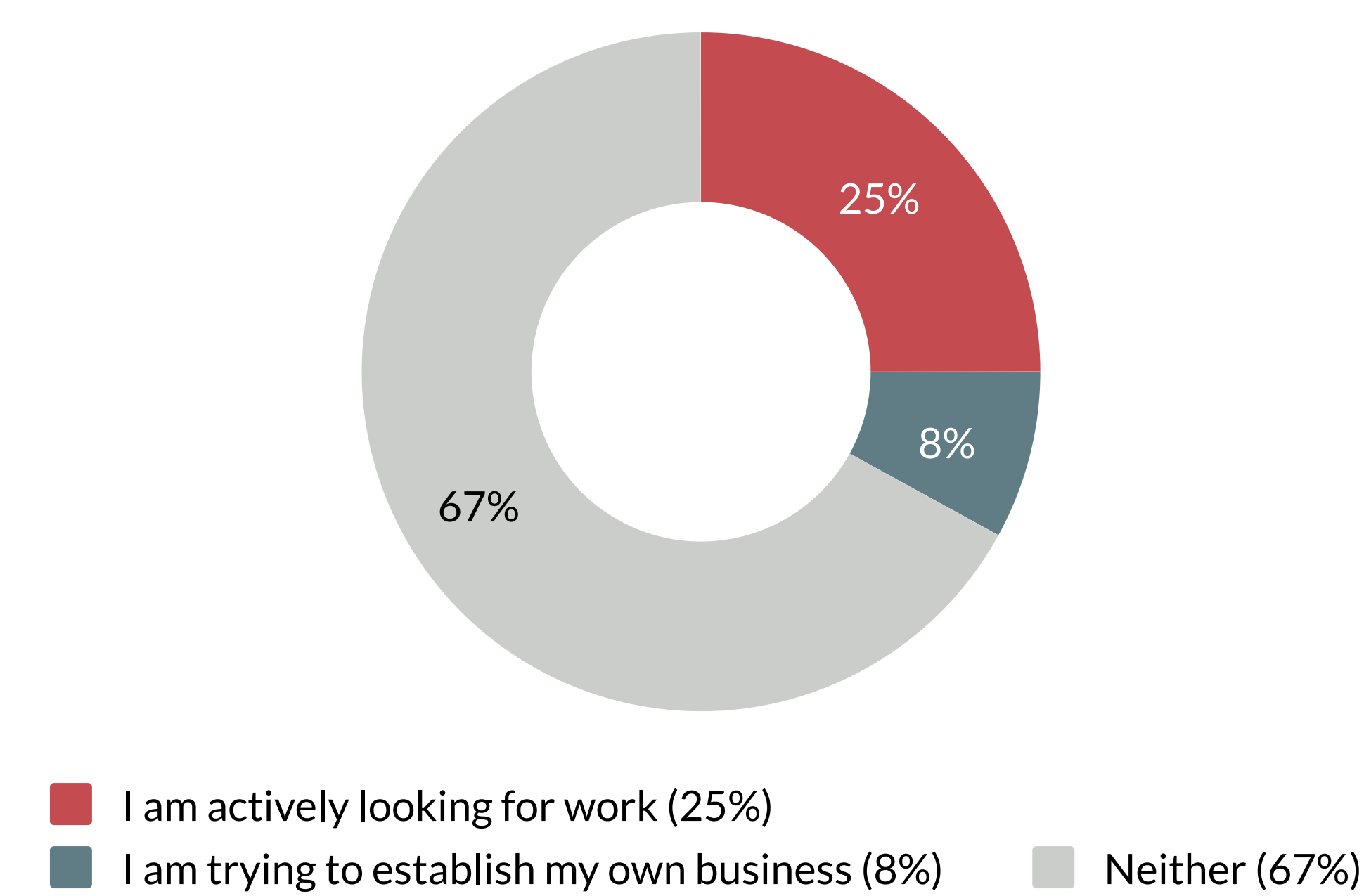
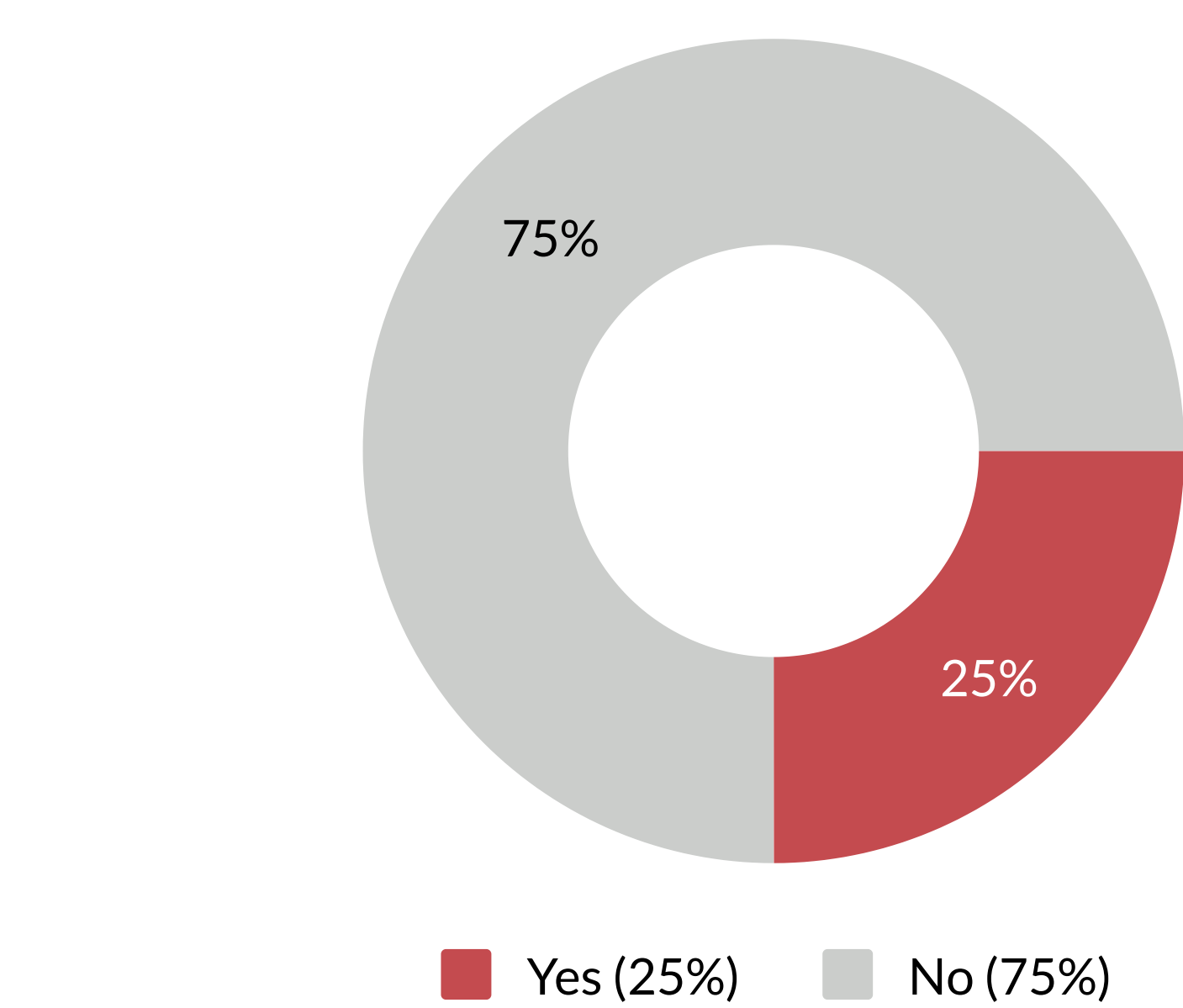


FIGURE 23: DURING THE LAST FOUR WEEKS, HAVE YOU TAKEN ANY STEPS TO FIND WORK OR TO ESTABLISH YOUR OWN BUSINESS?



SOURCE: IDRA ANALYSIS

Out of those who did take steps to seek work, seeking assistance from friends and relatives prevails (again), supporting the case for a fragile link between the labour supply and demand in the region. On the other hand, those who did not take steps to find work, did it mainly because of personal/family responsibilities or will start later to seek work.

FIGURE 24: WHAT STEPS DID YOU TAKE TO SEEK WORK DURING THE PAST FOUR WEEKS?

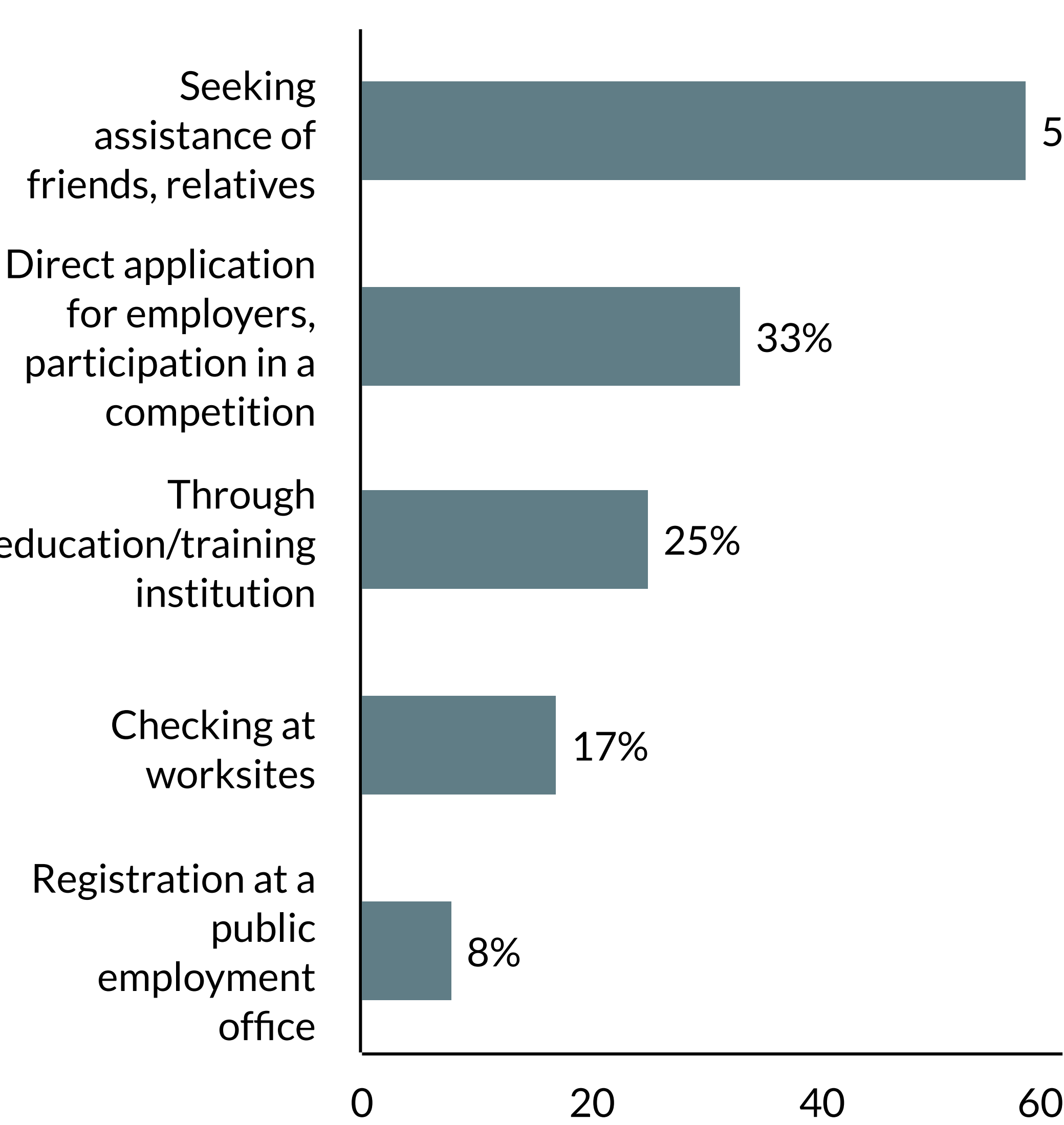
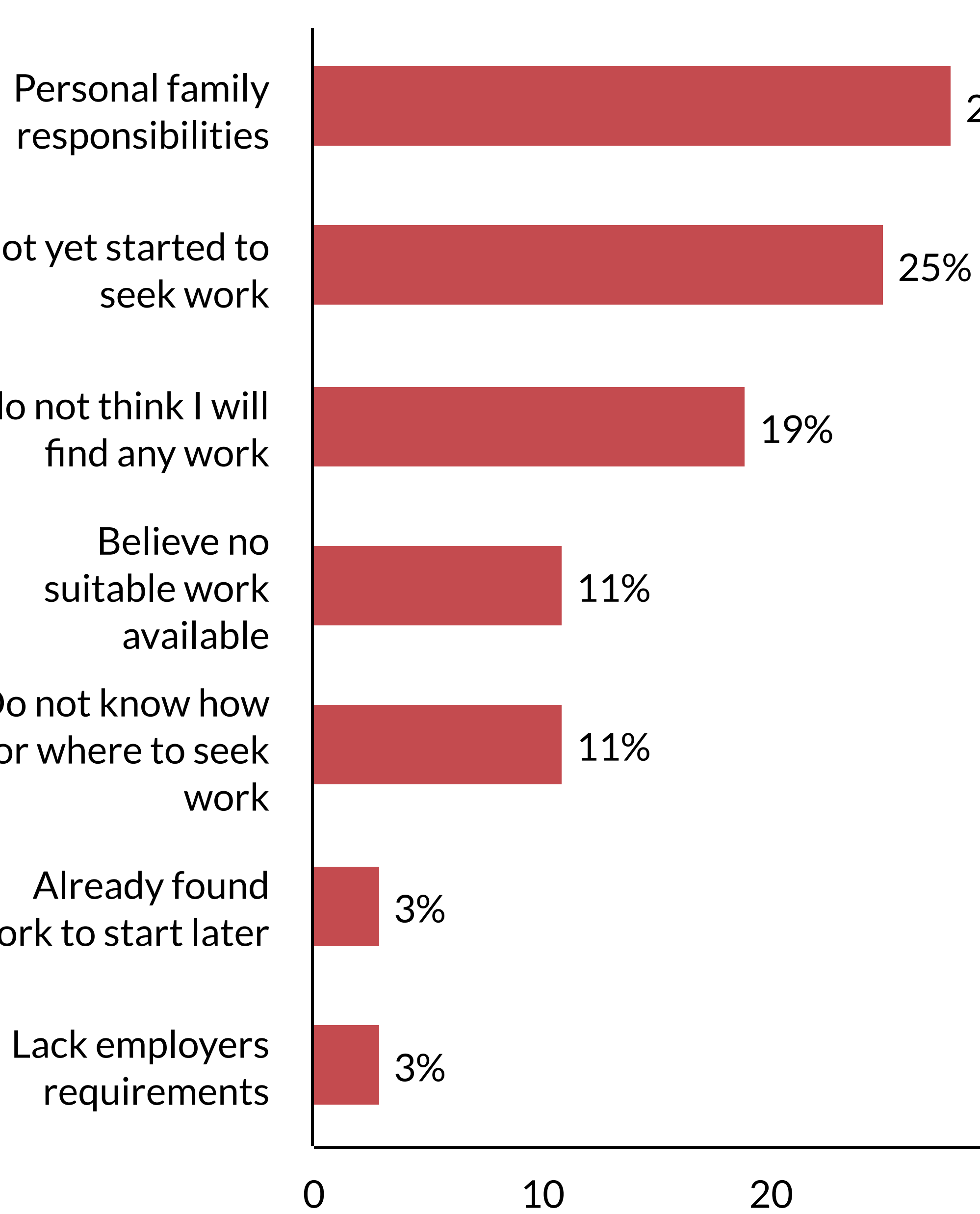


FIGURE 25: WHAT IS THE MAIN REASON YOU DID NOT SEEK WORK DURING THE LAST FOUR WEEKS?



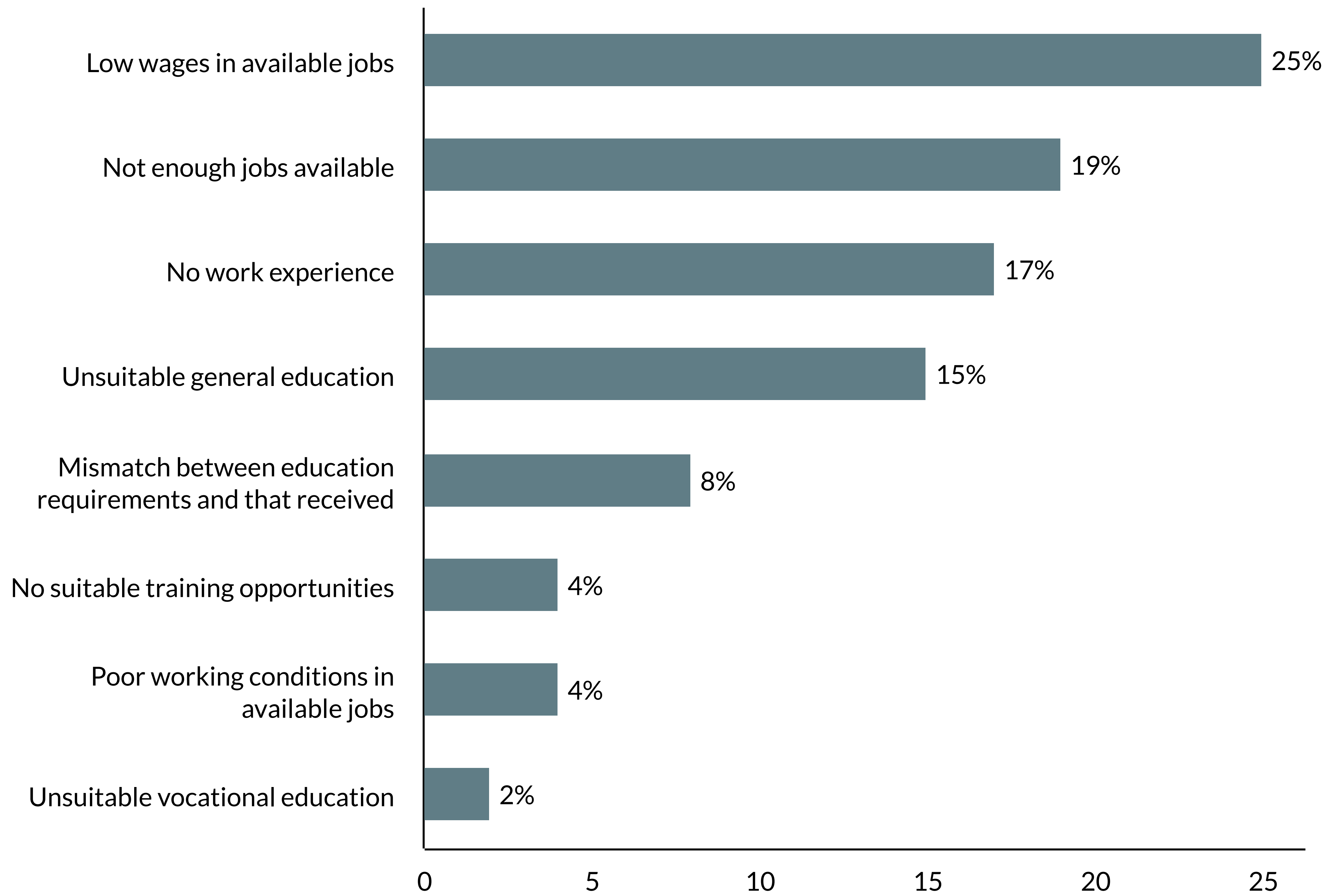
NOTE: MULTIPLE ANSWERS UP TO THREE CHOICES; ONLY THOSE TAKEN ANY STEPS TO FIND WORK

NOTE: ONLY THOSE WHO HAVE NOT TAKEN ANY STEPS TO FIND WORK

SOURCE: IDRA ANALYSIS

Considering the main obstacles in finding a good job, respondents choose low wages in available jobs as the prevalent reason (25%), followed by not enough jobs (19%) on the demand side. While on the supply side no work experience (17%) and unsuitable general education (15%) stand out as main reason. However, perceived obstacles on the demand side of the labour market are more apparent than obstacles on the supply side.

FIGURE 26: WHAT HAS BEEN THE MAIN OBSTACLE IN FINDING A GOOD JOB?



SOURCE: IDRA ANALYSIS

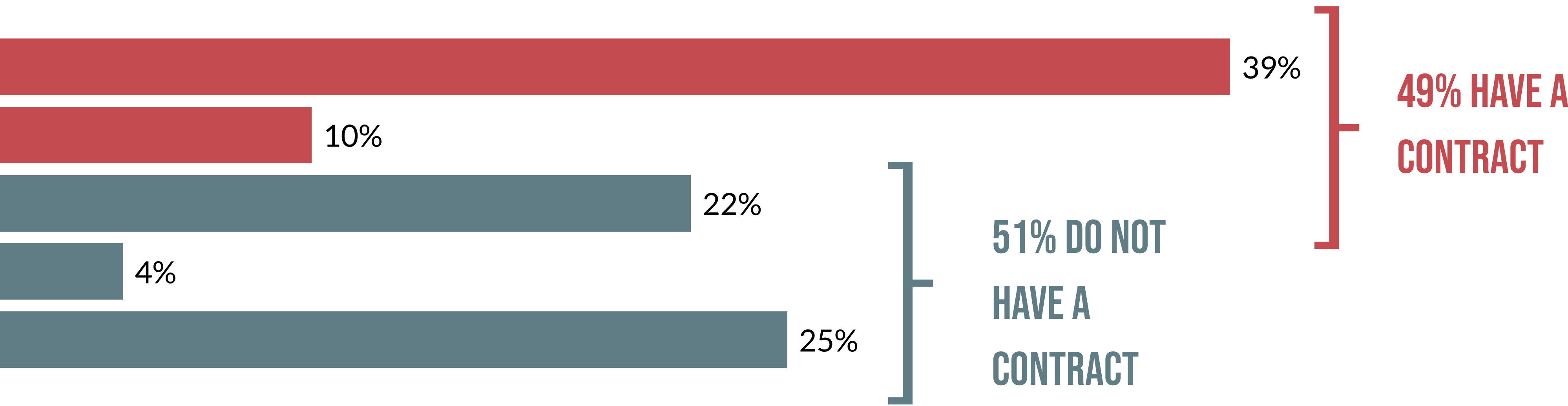


# Employed Youth

This section provides an analysis of the situation and aspirations of the youth who are currently employed, or 36% of the overall sample (N=72). What clearly stands out is the confirmation of the informality in the employment sector. Only 49% of the youth have a formal contract, while 51% do not have one – have an oral contract or do not have any at all. The informal economy workers often face a greater range of risks, which largely reflect their working and living conditions. Work in the informal economy is often characterized by poor working conditions, low levels of skills and productivity, low or irregular incomes, long working hours, and lack of access to information, markets, finance, training and technology. Thus, high levels of informality present large distortions in the labour market.

Moreover, the high levels of informality have a huge impact on the labour market policies. As an intervention will target employment, gains from informality prevent the workforce from benefiting from them. Considering policies targeting self-employment, competition with informality discourages and distorts initiatives taken under this environment.

FIGURE 27: EMPLOYMENT CONTRACT SITUATION

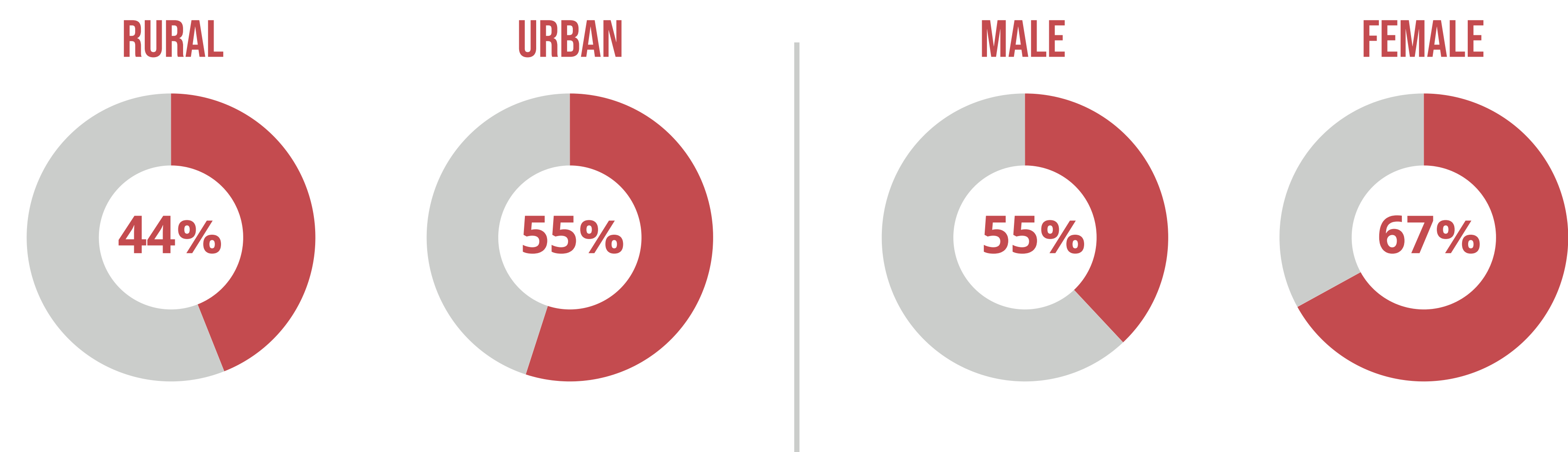


- I have a written contract of long (of 12 months or more) or unlimited duration (permanent)
- I have a written contract of limited duration under 12 months
- I have an oral contract of long (of 12 months or more) or unlimited duration (permanent)
- I have an oral contract of limited duration under 12 months
- I do not have one

SOURCE: IDRA ANALYSIS

Considering differences between groups, informality is much severe in rural areas, as only 44% of youth have a formal contract, 11 pp less than in urban areas. Further, informality is much worse in male than in female youth, as only 38% of males have a formal contract, or 29 pp less that female youth.

FIGURE 28: PERCENTAGE OF YOUTH HAVING A FORMAL EMPLOYMENT CONTRACT - BY URBANITY AND GENDER

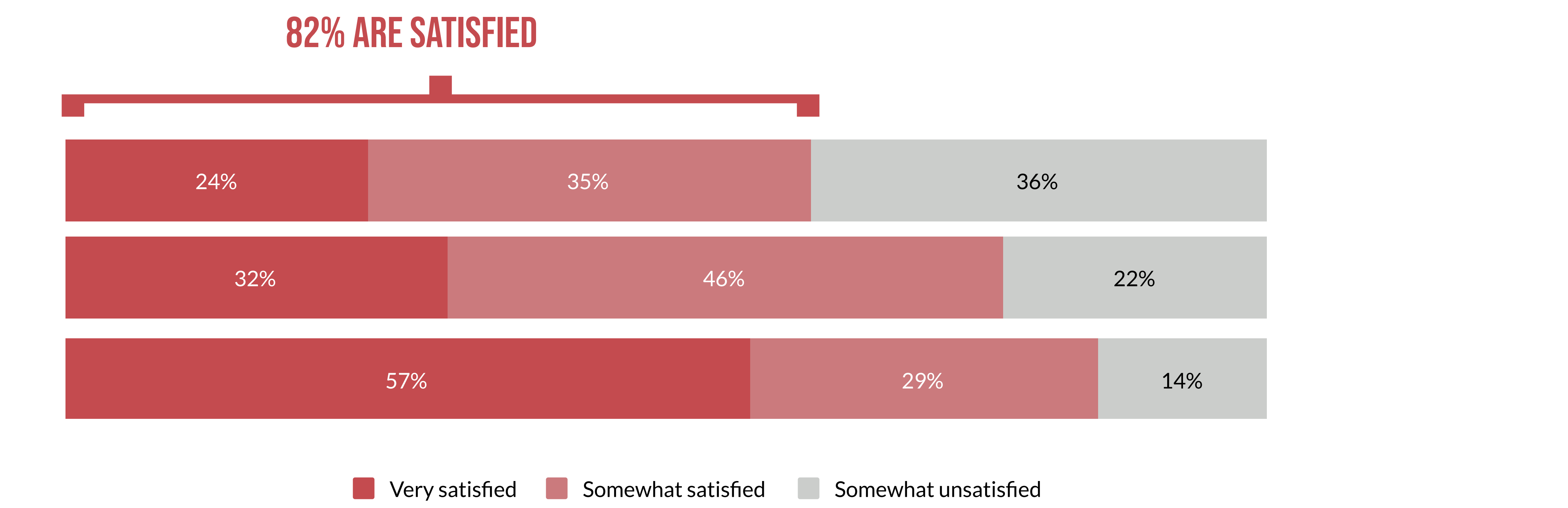


SOURCE: IDRA ANALYSIS



About 82% of employed youth are satisfied with their current job – 44% of whom are very satisfied and 38% are somewhat satisfied. Considering workers who have a contract and those who do not, the differences are relatively small. Out of workers who do not have a contract 78% are satisfied, while out of workers who have a contract 86% are satisfied. However, there are significant differences when considering nuances in satisfaction, as out of workers without a contract only 32% are very satisfied, while on the other hand 57% of workers having a contract are very satisfied.

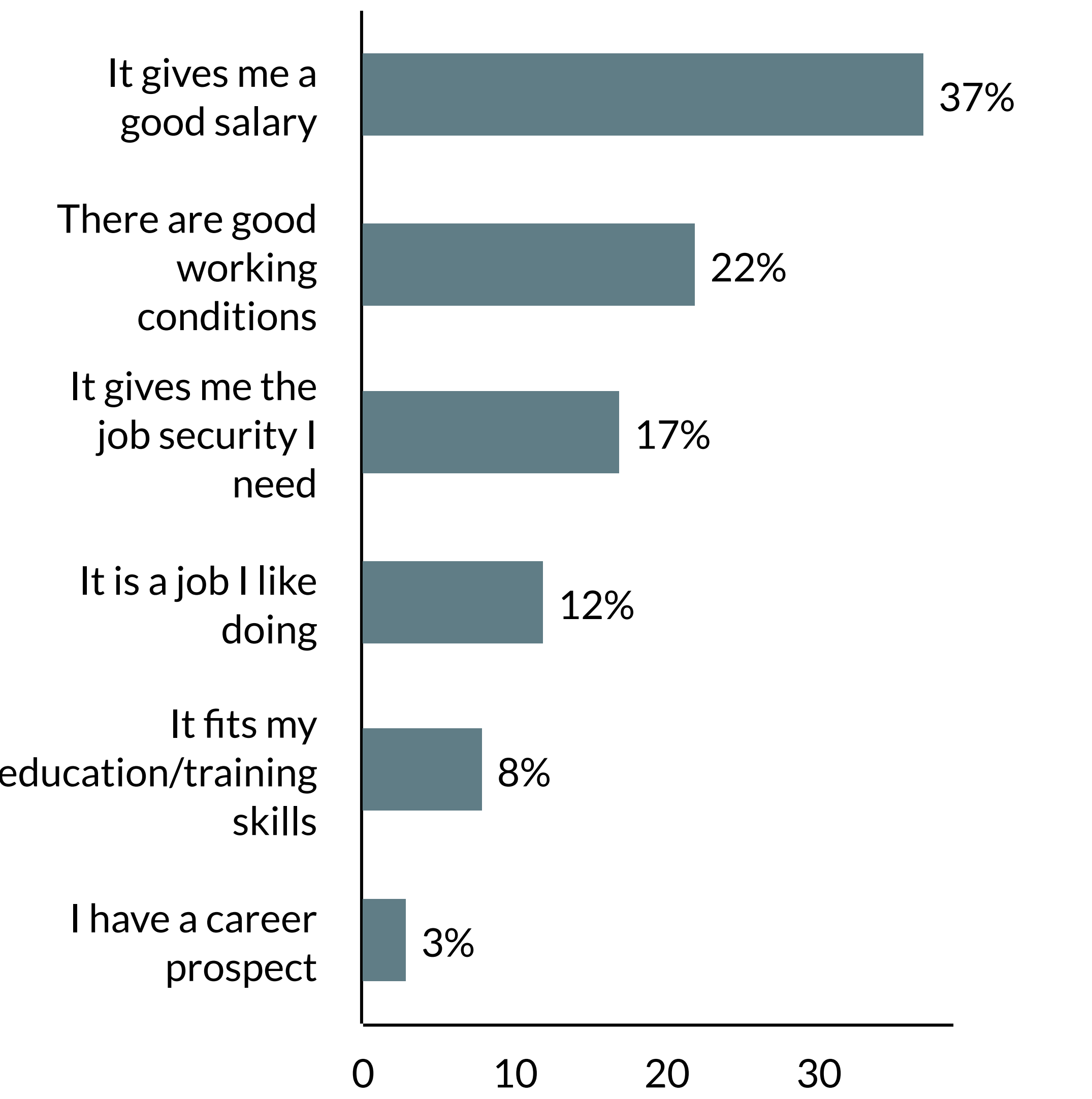
FIGURE 29: LEVEL OF SATISFACTION WITH THE CURRENT JOB – DISAGGREGATED BY FORMALITY OF CONTRACT



SOURCE: IDRA ANALYSIS

Both the reasons for being satisfied or unsatisfied with their current job is linked to the salary. In the case of youth who are satisfied with their job, 37% state the salary as the reason, while 22% state good working conditions and 17% the job security. On the other hand, 46% of youth who are not satisfied with their job state the low salary as a reason while 23% state bad working conditions and 15% the lack of a career prospect.

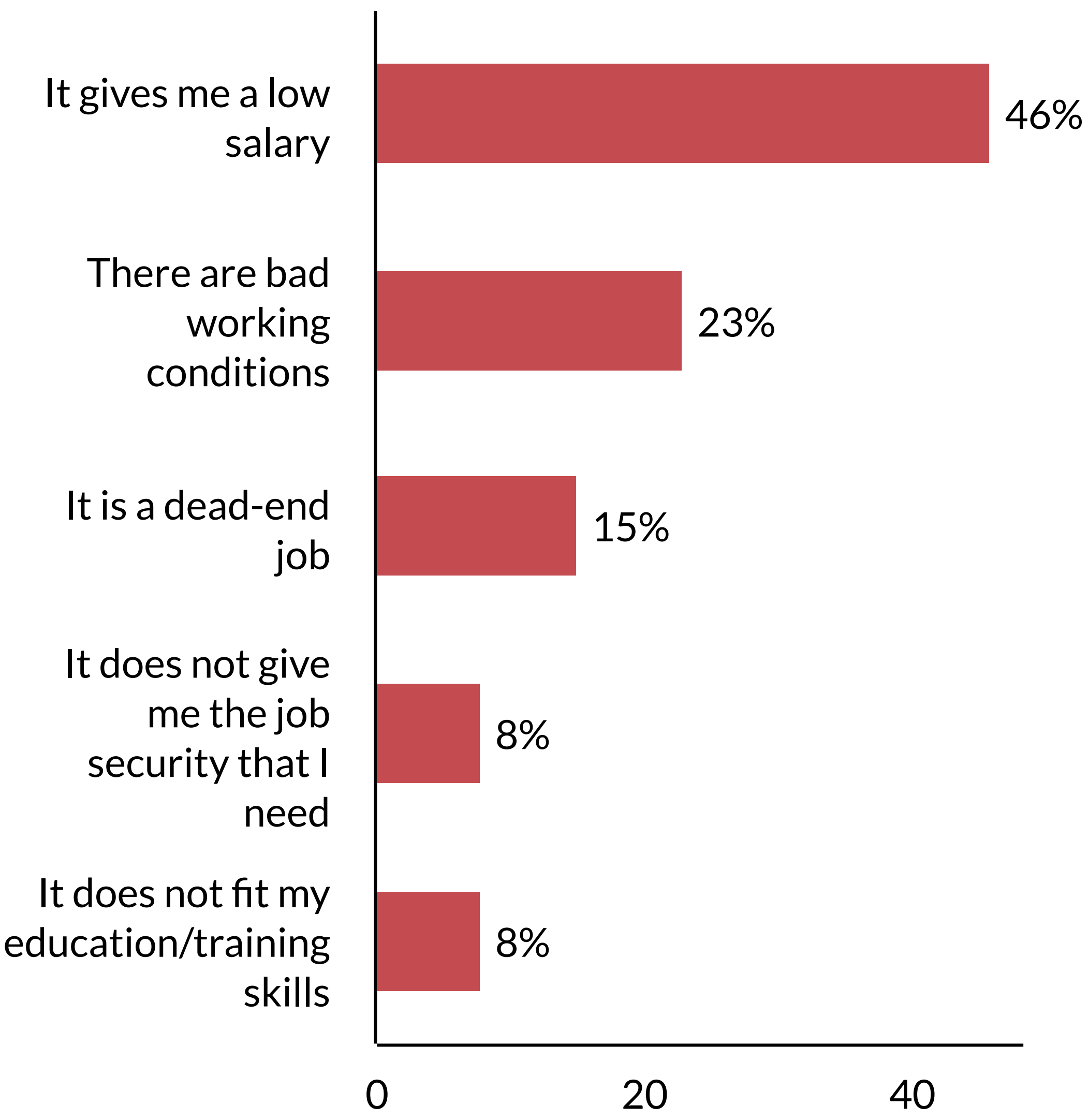
FIGURE 30: REASONS FOR BEING SATISFIED WITH THE CURRENT JOB



NOTE: MULTIPLE ANSWERS UP TO THREE CHOICES; ONLY THOSE TAKEN ANY STEPS TO FIND WORK

SOURCE: IDRA ANALYSIS

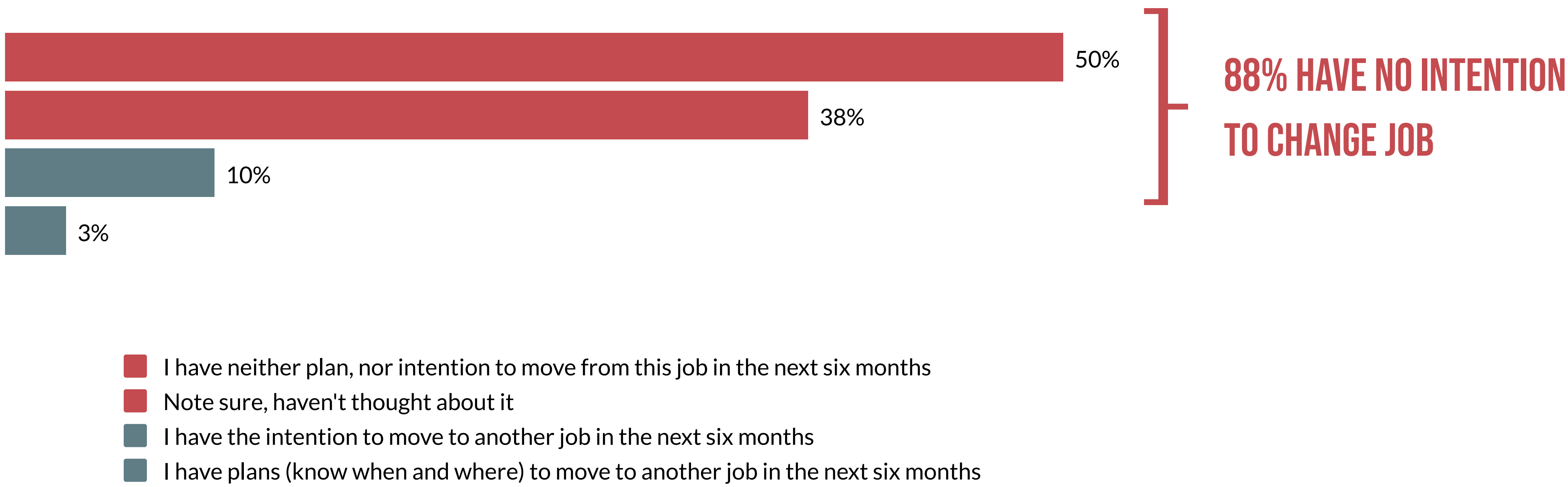
FIGURE 31: REASONS FOR BEING UNSATISFIED WITH THE CURRENT JOB



NOTE: ONLY THOSE WHO HAVE NOT TAKEN ANY STEPS TO FIND WORK

About 88% of the employed youth have no intention to change job in the near future, suggesting a high level of stability in the jobs. On the other hand, only 10% have the intention to move to another job, while only 3% have made plans to do so. Further disaggregation display that there is a relation between the level of satisfaction and the intention to change job, as those who are less satisfied are more willing to change job (see Annex 3).

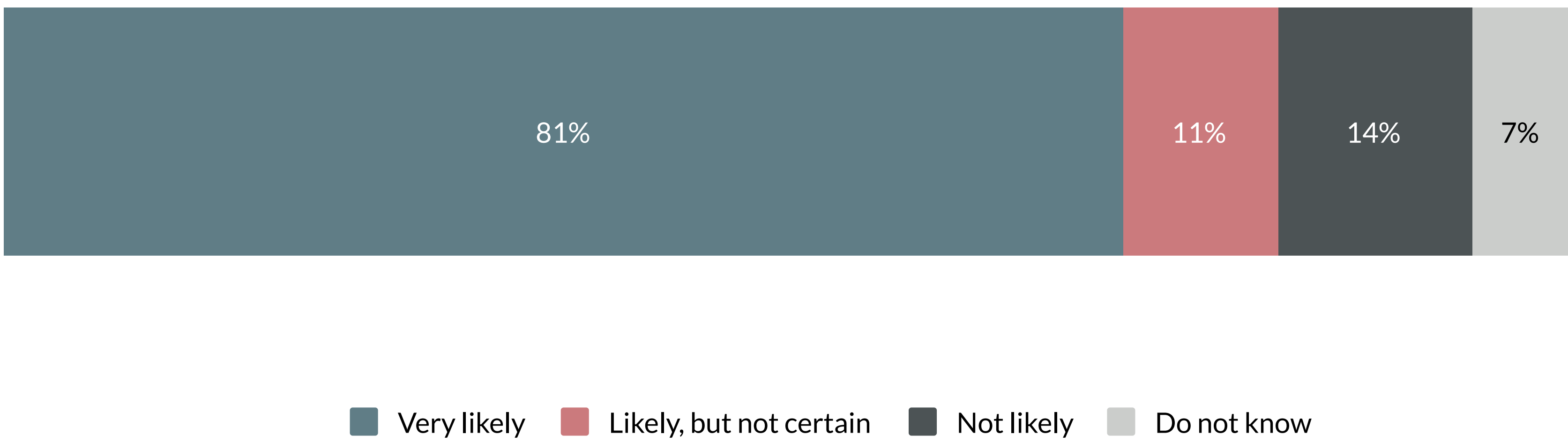
FIGURE 32: INTENTION TO CHANGE JOB



SOURCE: IDRA ANALYSIS

On the other hand, employed youth are confident on the stability of their job. Precisely, 81% think that they are able to keep their job in the next 12 months, while 11% think it is likely but not certain. Only 1% think it is unlikely to keep their job in the next 12 months. These results support the stability of jobs in the region.

FIGURE 33: THINKING ABOUT THE NEXT 12 MONTHS, HOW LIKELY DO YOU BELIEVE IT IS THAT YOU WILL BE ABLE TO KEEP YOUR MAIN JOB IF YOU WANT TO?



SOURCE: IDRA ANALYSIS

# Young Entrepreneurs and Aspiring Entrepreneurs

We base the findings for the self-employed youth on the qualitative research component of our methodology. Two focus groups were conducted with youth who are self-employed and consider to be self-employed. The first FG includes self-employed youth while the second includes youth who aspire entrepreneurship (*see Annex 5 and Annex 6*).

## Young Entrepreneurs

Entrepreneurs have the initiative and effort to explore new business opportunities, invent and commercialize new goods, and offer innovative services and production methods. Selves assume the risk of combining knowledge, capital, and resources to create a venture which will hopefully return earnings. However, entrepreneurship isn't whole light and brightness, but it is worth it if you embrace the journey of starting a business.

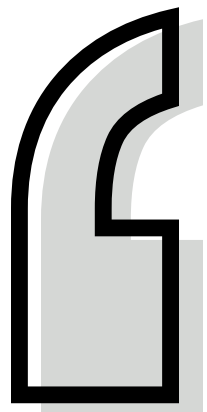
Furthermore, the path to entrepreneurship is filled with many challenges as plans that do not work out, funds that will not come through immediately, and clients that need time to materialize. In this regard, it could be hard to establish a business. Although, despite these difficulties, according to the participants, a large number of entrepreneurs embark on this journey to create their vision. They originate from start-up's, begin enterprises to or design a product or service. **Besides, before running their own business, all the group participants have work experience and being paid employees, and see this as the only path to successful entrepreneurship** Admittedly, this group is quite feasible to have been engaged full-time before beginning in business.



*Workplace experience complements the academic studies by providing another way of learning outside the classroom, providing crucial knowledge, experiences, and personal qualities that companies look for.*

Architecture Studio, Shkodër, Albania.

Furthermore, business's nature for those enterprises of the participants varies from ICT sector, touristic agency, agro-tourism. Additionally, most enterprises are family-owned businesses in which two or a maximum of four family members are involved, and the majority of ownership or control lies within a family. The majority of those participants considered the business to be their primary source of income—those who did not think their business to be their primary source of income work in another post. **In the ICT field and architecture, professionals’ participants in these fields who are employed full-time elsewhere offer services as experts in sole entrepreneurship – so in order to maintain financial stability and reduce risk they start try to set up the business while being employed elsewhere.** Except for the latter, everyone else in the group is committed to their established business, and the industry is a primary source of income.

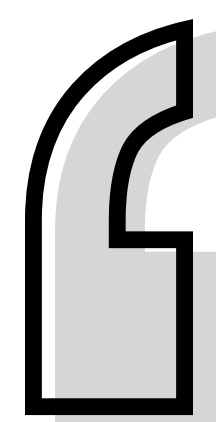


*I worked in a travel agency, but due to being underpaid and working over contracted hours without pay, I decided to use my savings to initiate a touristic agency. I already offer services for over six years in the market, where most of my customers receiving the services online.*

Touristic Agency, Shkodër, Albania.



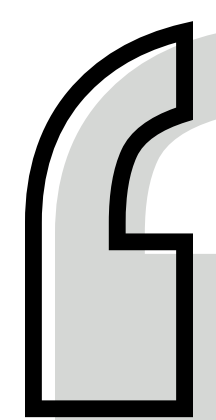
Participants claim that it is crucial for the aspiring entrepreneurs to have a clear view of the product and service they will offer in the regional context. And it is precisely the context which can alter the path of the business – as all participants claim that their initial idea of their business changed during the way.



*I have worked for years in a foreign country, in different restaurants, so I had clear ideas about my own business offering traditional cuisine. With almost 15 years in the market, the company already has 15 full-time employees and interacts with 200 farmers in the region of Shkodër from whom it receives food products such as meat, dairy products, etc.*

Bar Restaurant, Shkodër, Albania.

However, no one of the participants did early market research before opening the business. But on the other hand, some of them were aware of the market's needs, indicators that they had received from their daily contacts at work.



*I am an IT provider, who works at a public institution, but also I offer services as a freelancer on the weekend or in my free time. I decided to open this business because I noticed that the market demands IT services and programming. I was clear about the steps I had to follow and the clients I had to serve in this process, so the process was not stressful.*

IT programmer Participant 1,  
Shkodër, Albania.



*I am an IT data business analyst with 13 years of experience in public institutions. Together with a colleague, we also offer services as a private business for over one year. IT services are in demand in the market, so the opening of the business came after we noticed a need to provide such services.*

IT programmer Participant 9,  
Shkodër, Albania.

Moreover, when it comes to financing schemes, financing methods are different: starting from using their savings and parent’s assistance, some were also beneficiaries of grant schemes. In any case, building a company takes money, and it needs to put together some plan to acquire these funds. One option is to get a loan from a lending institution to cover most of your expenses or work with an enterprise investor or supporter investor, depending on the type of business you’re starting. Furthermore, another option is crowdfunding or **seeking help from friends and family members**. As a complement to these approaches, or possibly as the exclusive funding model, it may also consider tapping into the savings and investing the capital, mostly of the participant mentioned that they have used their savings when starting up and occurred, hence, less concerned about start-up financing expenses.



*The business has been set up with my savings, as I worked elsewhere before opening my travel agency, where now I have three employees. Besides, this month I will open a dual agency.*

Touristic Agency, Shkodër, Albania.



*We offer long-sleeved works for silkworm craft for three years now, five full-time employees, and five part-time employees. To purchase machinery that had a considerable value, we have been the beneficiary of a grant provided by EU for Innovation Funds. The aim is to expand the business's trade by exposing the products and services to a broader attendance. Besides, increasing the customer base will help convert more customers and improve sales, leading to higher earnings. Further, we offer innovative products: where we have planted 500 seedlings. We are also training young people from 6 high schools in Vau i Dejës in this field.*

Silkworm Craft Industry,  
Shkodër, Albania.



*I am a beneficiary of the grant scheme for BIO products. However, there is still a need for additional funding as there are production costs, demand is low, creating a suitable BIO market, and high competition with non-bio products.*

Vineyard, Shkodër, Albania.

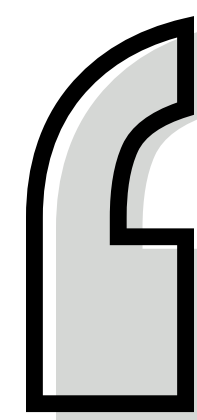


*We offer organic plants on the market where fruits such as apples are dried, which are traded only in the region of Shkodër. An Italian association has financed us with grants. The support was good and fulfilled our requirements, and we have appreciated starting the business in a shorter period. However, the support is not enough for a prolonged duration as we aim for the consolidation.*

Organic Farm, Shkodër, Albania.



Finding ways to finance, regardless of financial opportunities to set up the business with their funds or grants offered, all participants were motivated to have their business in their dynamic field. The principal or **primary motive for beginning a business is constantly to be independent**. Throughout the discussion, the participants mentioned to work independently in one's way is the immediate impulse to start a venture. The business owners expressed that they are very dedicated to building those businesses. They have never considered closing their business, even as different technologies produce challenges, they may not have anticipated when starting their businesses. Moreover, according to the participant's activity, they looked for a new productive experience and a unique opportunity.



*Our winery has been operating in the production sector for 20 years now. We have 2-3 seasonal workers in the vineyard working season, while four family members are employed full-time. The family is all involved in this family business; they have also influenced my desire to consolidate it further. Additionally, we potentially plan to offer wine to restaurants that Albanian emigrants are running abroad. The market in Kosovo is also targeted. Besides, we intended to expand the business with guesthouses/hotel services in addition to wine production.*

Wine Canteen Agro-tourism, Shkodër, Albania.

Furthermore, it was mentioned that **all were influenced by any relevant experience they had to decide to start in business. However, as stated by the participants sometimes bureaucracy discourages the command to run the business, meaning more facilities regarding taxes and better staff stand while dealing with new start-ups**. In the continuation of this discussion, one participant overcame the estimate that health contributions are very high when you are self-employed.

**Throughout all discussion prevailed positive feelings and thoughts towards their business future.** During this discussion, the participants mentioned aiming to expand their activity in the market by showing utmost dedication to the business. They unanimously agreed to focus on the business progress, and no one was even thinking or wanted to close the business or reduce its size.

An interesting finding of this focus group was **investments in partnerships, helping young entrepreneurs, dealing with them, offering new products or services in the market, and intending the extension and growth in performance**. One participant said that the businessmen's in the agro-tourism area should be making efforts in collaboration with each other. Further, they need to have a clear business plan for all those who want to start a partnership.



*Agro-processors have no interest in buying products with 6% VAT when they sell to the consumer at 20%. To support entrepreneurs, maximize tax savings and develop permanent resources, economic incentives should be applied. The firm cooperates with local agricultural farmers to obtain crops that become ingredients. It provides regional financial revitalization by presenting whole-production-purchase agreements and actively getting various products to maintain the rotational orderliness. Besides, the companies can increase the share of full-time employees to work with motive over a lengthy period while further contributing to regional employment.*

Bar Restaurant, Shkodër, Albania.



*I have long-term goals: to further elaborate business in the region of Shkodër, and then I aim at the global market as I already had experience with the projects in the German market.*

Architecture Studio, Shkodër, Albania.



### **Aspiring Entrepreneurs**

The analysis further identifies and understands the drivers and obstacles that influence young entrepreneurs considering setting up or who have concrete plans to start a business to produce an accurate segmentation record to challenge and notify co-operation performance. The purpose was to understand young entrepreneurs' needs and broaden the perception of youth entrepreneurship partners and supporters, help guides, and role patterns succeeding in this region.

Additionally, referring to the participants, some of them are employed full-time or part-time employees. Just half of those who associate in the group were students or recently graduated and did not have any work experience. **The basic idea to which all the group concurred is the consideration of entrepreneurship due to lack of employment possibilities or on the other hand of low salaries in the existing jobs.** So, those who study do not see much employment possibilities after graduation and see entrepreneurship as a subtle plan to a proper future. And those who work think there are better income opportunities in entrepreneurship rather than in the current employment. A more mixed view conveys whether running a business offers an excellent work-life balance, starting a business due to the lack of good quality, well-paid employment obtainable, and challenges sourcing a position earlier in the market.



***I am currently studying architecture; after graduation, I intend to shortly get a job in the industry being and then, in the future, initiate my architecture studio.***

**Architecture Student, Shkodër, Albania.**



***I am studying in the branch of Biochemistry. Since it is challenging to find a job in Shkoder, I intend to open a medical laboratory upon graduation.***

**Student of Biology-Chemistry, Shkodër, Albania.**



***I studied nursing, and I have two and a half years since I finished my studies, but I could not be employed in the profession. I intend to open a physical clothing store during the summer so I will be engaged in work.***

**Organic Farm, Shkodër, Albania.**

**The motivation to start up a business is mostly financial. They perceive that having a business will provide them with more income than any other job.** But to get there, there is a substantial risk. The first risk is the cost of opening the business, which due to lack of available funds is heavy burden. Further there is the concern of having a regular income, particularly in the first steps of the business.



*One of the main advantages of a start-up is financial independence: I may realize the dream of economic freedom, higher income, and taking the opportunities that the market demand. Moreover, I am trying to open a travel agency, and even now, I have started organizing the team. Also, considering the decision to return to self-employment is to do tasks my plan and operate in a broader original and flexible conditions.*

Employed as an economist, Shkodër, Albania.



*I am a part-time worker, and in the meantime, I am also working in handicrafts for over two years after I did a professional course, and mainly clients are well-known individuals. The most significant disadvantage in starting a business is the opening costs and the occurring costs until there is stable income. Creating a firm from scratch carries is riskier than acquiring a current company generating a cash flow and making a profit.*

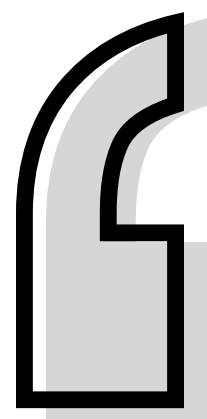
Part-time employee in garment factory, Shkodër, Albania.

Besides, **the participants consider themselves as not prepared in starting and running a business.** They think that running a business, requires multidimensional skills and knowledge relating to the supply chain, financial management, market outreach, etc. They feel that what they would feel much comfortable and motivated if they had advisory support on setting up and running a business. **Further, they absolutely agreed that they will plan to open a business if they were aware of financing and granting schemes.** Hence the biggest concerns amongst participants, as they stated, were the lack of financial resources in starting the business. Throughout all consideration predominated concrete thoughts towards their business future. Into this discussion, the participants mentioned aiming to be dedicated to the business, not just considering it an experiential initiative.



*I have studied psychology and currently work for an NGO. I intend to open a business that offers catering service as I have noticed that more and more delivery service is required after the pandemic. I have not taken this step so far due to a lack of funds. With the business I intend to open, I will be involved full-time and have approximately 7-8 employees. I am interested in support grant schemes to achieve my goal.*

Employed in an NGO, Shkodër, Albania.



*I currently have two years working in the profession as an architect, but I plan to open my studio in the future, a realistic medium-term plan (after three years). I am very motivated for this, so I dedicate most of my time to mastering the profession.*

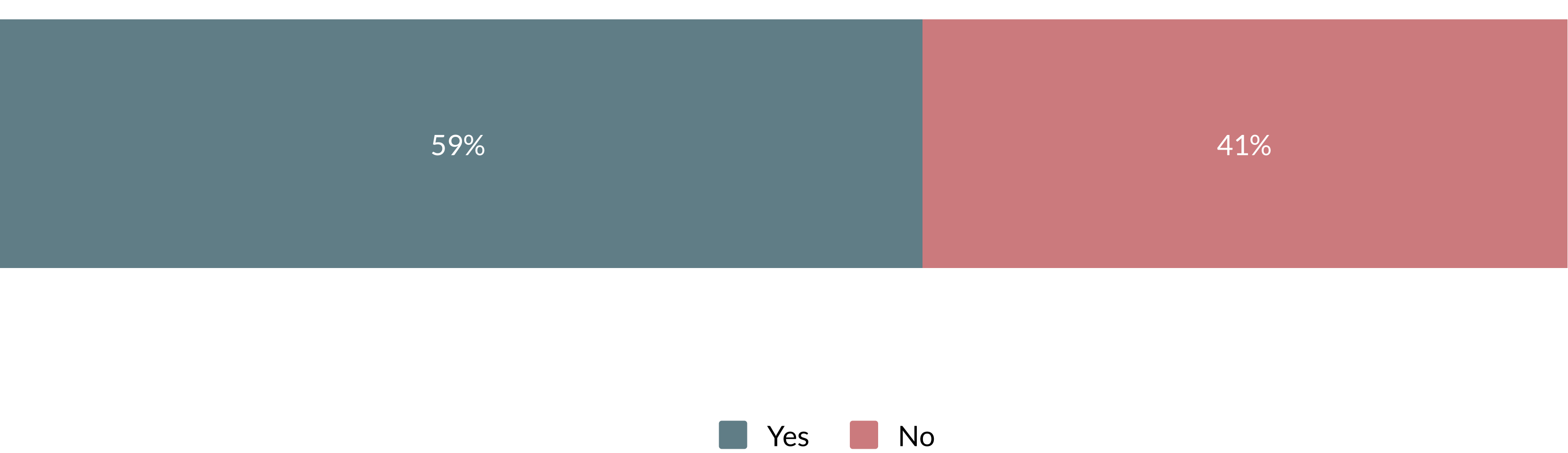
Employed as an architect,  
Shkodër, Albania.



# Entrepreneurial Environment

Considering all the youth included in the survey, about 59% of them consider becoming entrepreneurs. Entrepreneurial intention precedes the action and directs attention towards the goal of establishing a new business, thus provides an important foundation to the entrepreneurial environment in the region.

FIGURE 34: HAVE YOU EVER CONSIDERED BECOMING AN ENTREPRENEUR?

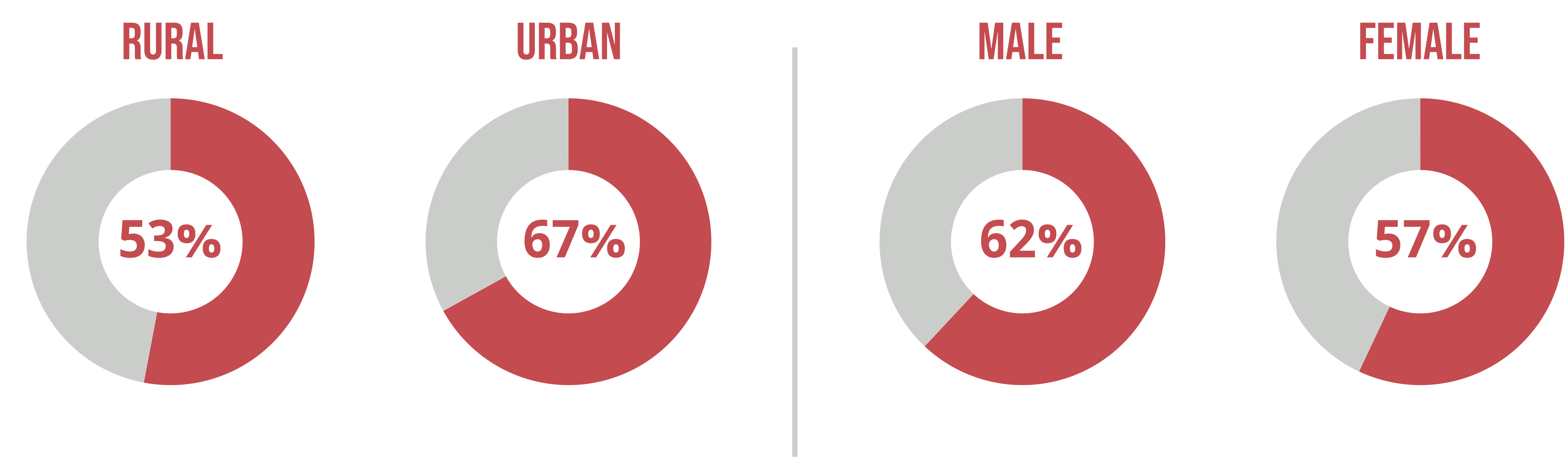


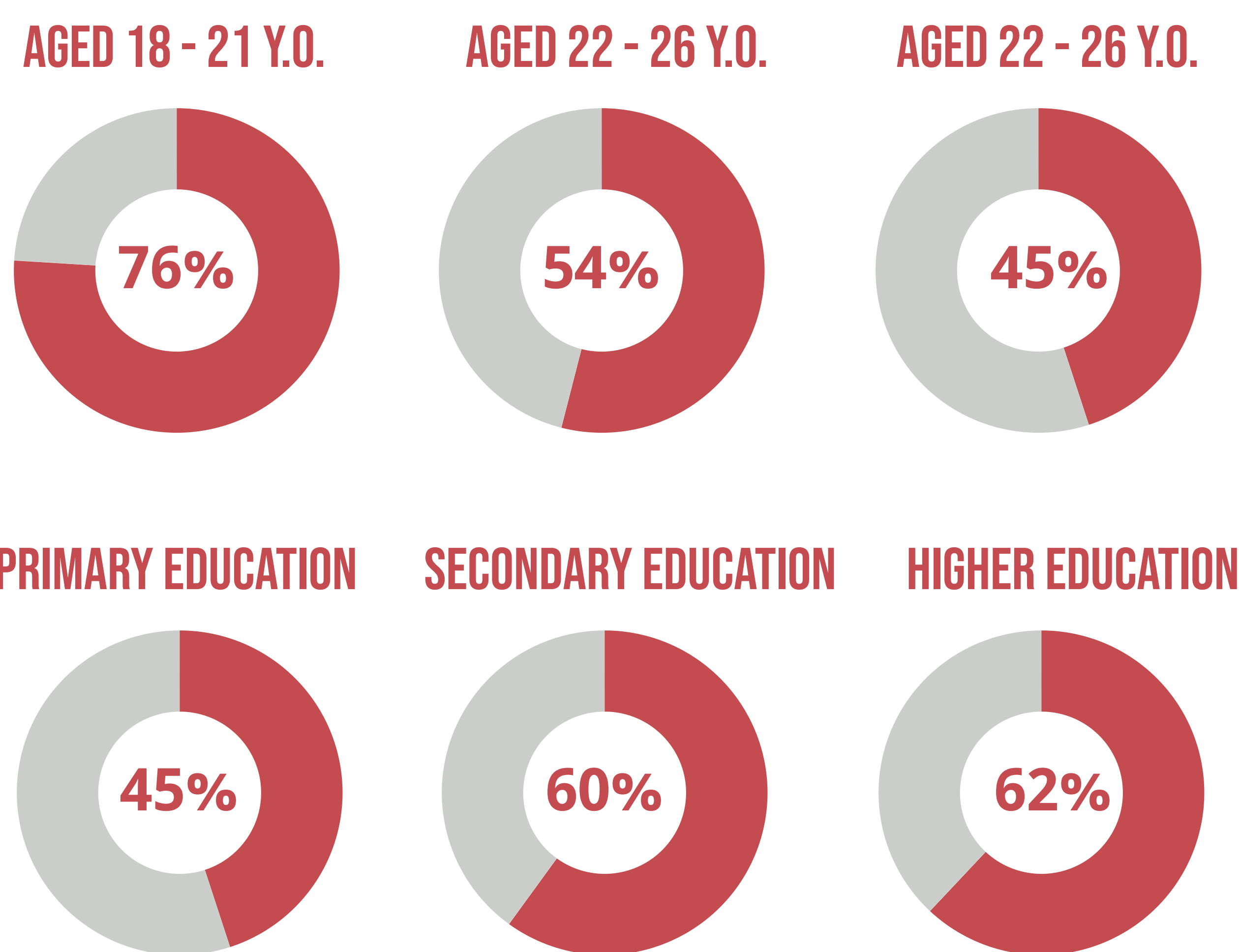
SOURCE: IDRA ANALYSIS

Further disaggregation provides some interesting nuances. Entrepreneurial intentions are much more evident in youth residing in urban areas, as 67% of them consider becoming entrepreneurs compared to 53% in rural areas. Gender differences are slight, with 62% of male youth considering becoming entrepreneur vs 57% female youth.

The most striking difference can be observed when disaggregating by age group. About 76% of youth aged 18-21 y.o. consider becoming entrepreneurs, followed by 54% of youth aged 22-26 y.o. and 45% of youth aged 27-30 y.o. Presented differences show a higher intention in younger ages. Considering differences by education, there is a jump from the youth having a primary education to those in secondary and higher education, but the differences between youth having secondary and higher education are insignificant.

FIGURE 35: PERCENTAGE OF YOUTH WHO CONSIDER BECOMING ENTREPRENEURS – BY URBANITY, GENDER, AGE GROUP AND EDUCATION

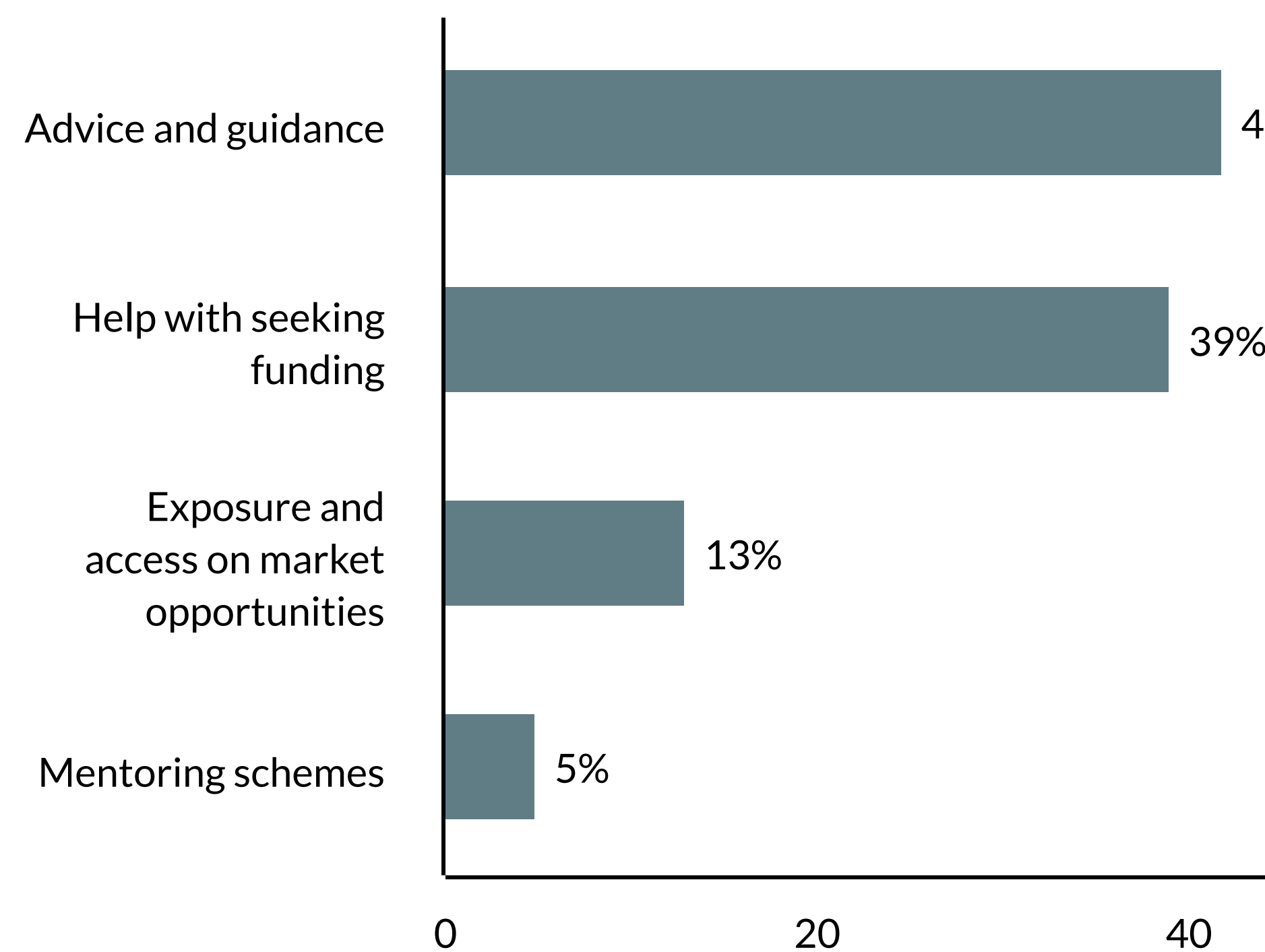




SOURCE: IDRA ANALYSIS

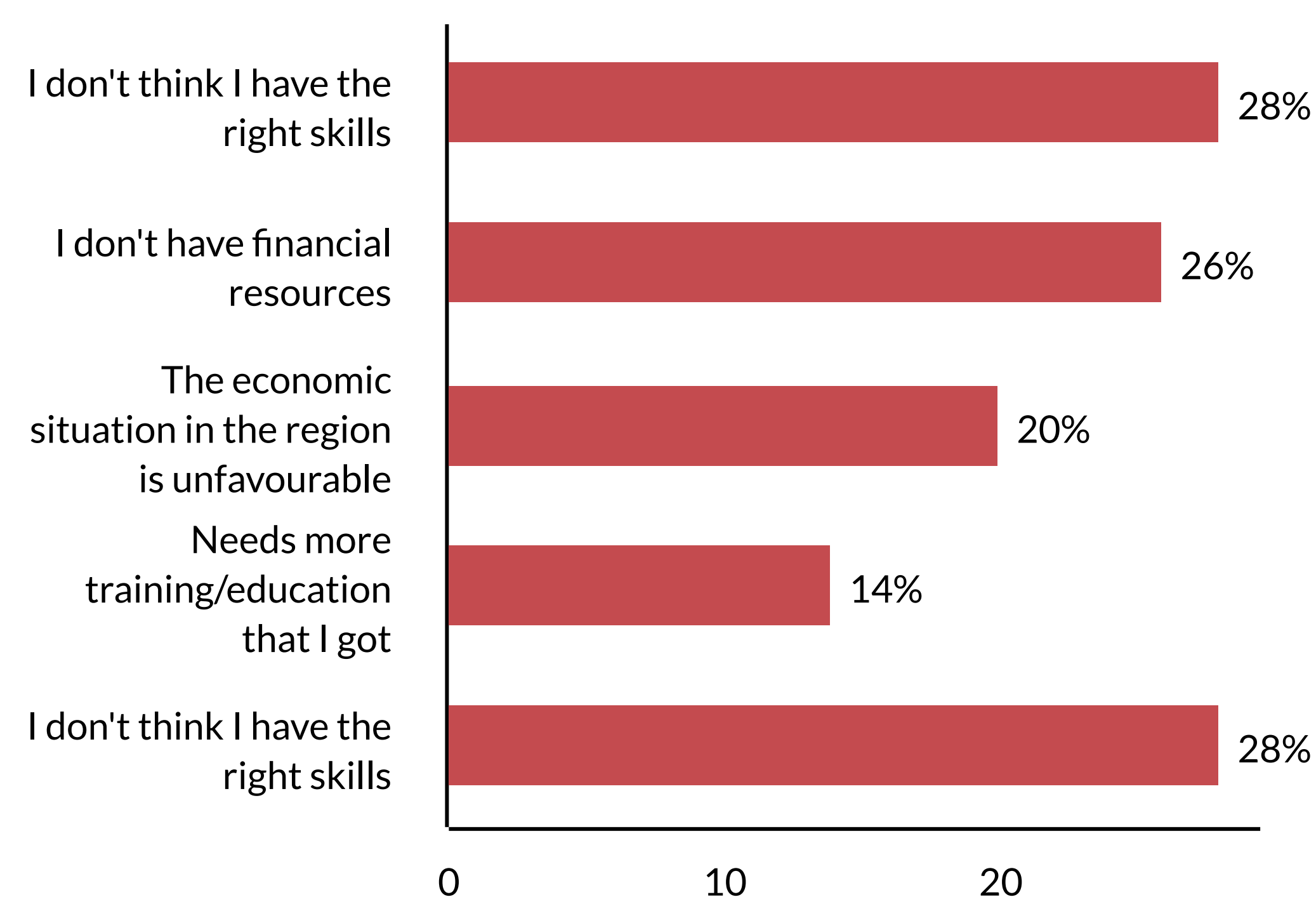
Out of the youth who had entrepreneurial intentions, 42% think advice and guidance would help them achieve their entrepreneurial considerations, followed by 39% who think assistance with seeking funding would help. Hence, these two stand out as possible interventions to improve the entrepreneurial environment, by channelling the entrepreneurial intention to action. On the other hand, youth who do not have entrepreneurial intentions, do not consider it for various reasons. Mainly, 28% do not think they have the right skills, followed by 26% who don't think they have the financial resources. This highlights the availability of financial resources as a major intervention to promote entrepreneurship in the region.

FIGURE 36: WHAT DO YOU THINK WOULD HELP YOU ACHIEVE YOUR ENTREPRENEURIAL CONSIDERATION?



NOTE: ONLY THOSE WHO CONSIDER ENTREPRENEURSHIP

FIGURE 37: WHY DO YOU NOT CONSIDER BECOMING AN ENTREPRENEUR?



NOTE: ONLY THOSE WHO DO NOT CONSIDER ENTREPRENEURSHIP

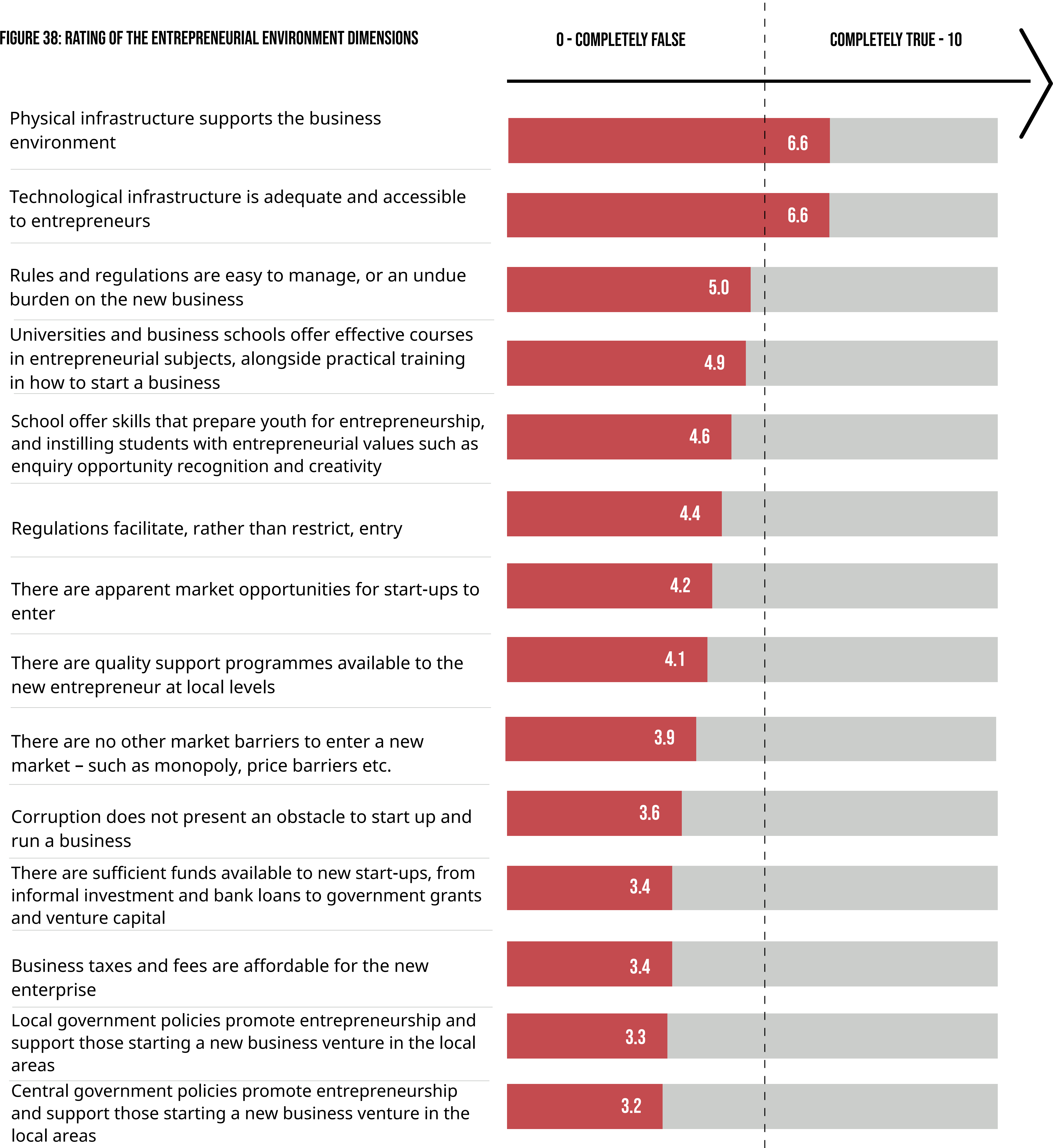
SOURCE: IDRA ANALYSIS

We lastly test the perception of the youth about the entrepreneurial environment in the region based on multiple dimensions. A set of statements were made available and respondents were asked to evaluate them on a scale of 0 to 10, 0 being completely false and 10 being completely true. Statements include multiple dimension such as the: infrastructural; regulative; financial; educational; and policy environment.

Results are presented in Figure 38, and a line is drawn at 5 separating false and true statements. Statements presented are positive, hence the higher the evaluation the better the result for the entrepreneurial environment. Initially, out of 14 statements provided, only two score more than 5 – falling in the supportive factor zone, while the majority present restrictions. So, only the physical and technological infrastructure[7] are relatively supportive to the entrepreneurial environment in the region. Other factors, including regulative, financial, educational, and policy incentives present restriction for the youth entrepreneurial environment in the region. The two lowest evaluated are central and local government policies in supporting entrepreneurship. Further, no significant differences are observed when disaggregating evaluations by groups (see Annex 4).

It should be noted that these evaluations are conducted by the youth and are based on their perceptions of the situation. While their perception might be based on asymmetrical information, if there are supportive factors to the entrepreneurial environment, these factors should be properly disseminated. Any initiative to support (financially or non-financially) youth entrepreneurship in the region should be properly disseminated to create the proper outreach and influence the entrepreneurial intention.

FIGURE 38: RATING OF THE ENTREPRENEURIAL ENVIRONMENT DIMENSIONS



SOURCE: IDRA ANALYSIS

[7] Technological infrastructure such as internet access, speed, telecommunication etc. and physical infrastructure such as roads etc.



**To provide a more comprehensive analysis about the entrepreneurial environment in Shkodra region we have conducted 12 In Depth Interviews with business representatives, local NGOs, representatives from the Regional Employment Office, Chamber of Commerce, Municipality and “Luigj Gurakuqi” University.[8]**

**For the local actors, youth entrepreneurship in Shkodra region is still dormant.** Thus, entrepreneurial activity is mostly focused on micro and small-scale business activity in areas such as tourism, agriculture, and artisanship. Internal migration of the highly skilled youth has been a major component in contributing to the entrepreneurship environment in Shkodra region, as skilled youth either pursue opportunities in Tirana or abroad. Further, there is a lack of awareness about local opportunities amongst the youth living there, also considering the lack of comprehension of opportunities due to low skills acquired through low quality education or lack of exposure to entrepreneurship activities.

Despite the opportunities the Shkodra region is offering, especially in tourism and agriculture, **all interviewed stakeholders state that there are no significant innovative (or just traditional for that matter) business ideas from youngsters to grow into scalable business models – there are only neglectable start-ups with little growth perspective.** Further, there is a general narrative about Shkodra being one of the pilot regions for ICT start-ups, but this is way far from being achieved.

The tourism sector is perceived as the main sector which can accommodate new ventures in the short term, consisting in investment possibilities including urban tourism, mountainous tourism, coastal tourism, and lake tourism. On one hand, these initiatives do not require high skills, but rather practical skills, and on the other much of have low initial investment cost (i.e., a touristic guide). Touristic initiatives can also be boosted by the language skills of the youngsters, mainly in Italian and English, which could prove to be important assets in the success of touristic enterprises.

**Concurring with the focus groups findings, even interviewed stakeholders claim that the two majors to the youth entrepreneurship environment include unfavourable business environment and access to finance.**

The most profitable business is perceived as linked to political power or created by money channelled through illegal activity, and success stories of scalable or stable businesses created from scratch are very few. Further there have been little incentives such as tax breaks or government funds and programmes to start a business. Even youngsters who are considering opening a business are uncertain about the tax system and demands, while interviewed business representatives claim that the taxing system is indeed complicated and concurrent changes makes it difficult to focus on things that matter.

Access to finance is clearly a major challenge to youth entrepreneurship in the area, for early-stage ventures. But this is more complex than just lack of available funds. There are increasingly opportunities to grants, financed from international donors and in cooperation with the government, but the amounts are too small to provide a significant impact. Further, grants are not properly accompanied with the right mentoring and monitoring schemes, letting start-ups either fail on their own, or consider the grant as profit and close. However, larger grants are not easy to get. Start-ups do not provide the growth perspectives that large grantees need to fund them. Some do so by lack of proper paperwork, other by lack of vision, but it all boils down to lack of business skills.

**Further the lack of entrepreneurial activity is also related to the current situation in the labour market.** Most prominent and sustainable start up ideas come from youngster who have prior work experience and have some degree of knowledge of the market and/or have some financial resources to undertake the risk. But low wages and unemployment does not make this possible. And start-up activities can be classified as necessity driven: The Regional Director of the Employment Agency in Shkodra confirmed that a recent start-up event included only unemployed applicants.

**Lack of regional role models is also apparent.** The few success stories are perceived as vague and consist of a clear path for the youth to follow. This especially when considering small scale start-up which have turned into relatively large ventures.

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[8] See **Annex 7** for the detailed list of participants.



# CONCLUSIONS

Promoting productive and decent employment and entrepreneurial opportunities in the region will present a complex task, and much more so when considering a specific age group. However, this study aims to provide a comprehensive analysis that addresses the need for a deeper understanding of regional specific challenges and opportunities for the youth.

Quantitative results show that youth in Shkodra region have a relatively good level of education, also considering the presence of a university in the region. About 41% of interviewed youth have completed (or are attending) higher education or postgraduate studies, while 48% have completed (or are attending) a secondary or vocational school, and 11% have completed only the primary school. Results show that 46% of the youth who have completed their education have immediately started a job, while the figure stands at 60% for higher education graduates. This presents some confirmatory evidence on the weak link between universities and the labour market.

Survey results show that youth in Shkodra region think that soft skills are much more important to find a job. Specifically, they think that communication skills, knowledge of the business world, command of languages, a good general education, and ambition are the most important to find a good job. On the other hand, scientific or technical qualifications and ICT skills are largely disregarded. Although there is no doubt about the importance of soft skills in the labour market, the fundamentals are the job-specific abilities and knowledge.

Regarding the current situation of the youth in Shkodra region, survey data show that 35% are currently attending education and/or training, 36% are employed, 24% are unemployed and 6% are self-employed.

When asked about their approach to the labour market the vast majority (74%) of the youth currently in education intend to look for a job through seeking assistance from friends, relatives, or colleagues. Further, out of the unemployed youngsters who did seek work, seeking assistance from friends and relatives prevailed again as the main approach (58%). This shows that other, and somewhat more formal and more effective channels are practically out of the radar. Labour market intermediaries play an important role in building networks and reducing transaction costs, in influencing and minimising mismatches on the part of both jobseekers and employers, and in encouraging disengaged individuals to enter the labour market. Not being in the youth radar, indicates a weak link between the labour supply and demand in the region.

Considering the main obstacles in finding a good job, unemployed youth choose low wages in available jobs as the prevalent reason (25%), followed by not enough available jobs (19%). Qualitative finding confirms this situation, which also proves as a motivation to self-employment aspirations – as there are not enough jobs (or good jobs) available, or wages in the existing ones are low, youngsters think of self-employment as an opportunity to earn a living. Hence, self-employment is mostly a necessity driven activity.

Distortions in the labour market are apparent when looking at the informality of this sector. Only 49% of the employed youth have a work contract, while 51% do not have one – have an oral contract or do not have any at all. The informal economy workers often face a greater range of risks, which largely reflect their working and living conditions. Work in the informal economy is often characterized by poor working conditions, low levels of skills and productivity, low or irregular incomes, long working hours, and lack of access to information, markets, finance, training, and technology. On the other hand, labour market interventions tend to be less effective in this context. As they will target employment, gains from informality prevent the workforce from benefiting from them. Considering policies targeting self-employment, competition with informality discourages and distorts initiatives taken under this environment.

Employed youth appear generally satisfied with their job. About 82% of employed youth are satisfied with their current job – 44% of whom are very satisfied and 38% are somewhat satisfied. Further, there are minor differences in the general satisfaction level between youngsters having a contract and not having one, but there are significant differences when considering nuances in satisfaction, as out of workers without a contract only 32% are very satisfied, while on the other hand 57% of workers having a contract are very satisfied. Main reason for both satisfaction and dissatisfaction appears to be the salary, confirming the basic state of the labour market. However, employed youth have a stable perception about the future, as 88% have no intention to change the job, while 81% think that they are able to keep their job in the next 12 months if they want to.

Entrepreneurship is much aspired by the youth in the region. About 59% of them aspire being entrepreneurs. However, they have a negative perception about the entrepreneurial environment in the region. To them, the environment presents many restrictions, including regulative, financial, educational, and policy initiatives. While their perception might be based on asymmetrical information, if there are supportive factors to the entrepreneurial environment, these factors should be properly disseminated. Any initiative to support (financially or non-financially) youth entrepreneurship in the region should be properly disseminated to create the proper outreach and influence the entrepreneurial intention.



For the local stakeholders, youth entrepreneurship in Shkodra region is still dormant. Entrepreneurial activity in is mostly focused on micro and small-scale business activities in areas such as tourism, agriculture, and artisanship. Internal migration of the highly skilled youth has been a major component in contributing to the entrepreneurship environment in Shkodra region, as skilled youth either pursue opportunities in Tirana or abroad. Despite there being some opportunities, all local stakeholders state that there are no significant innovative (or just traditional for that matter) business ideas from youngsters to grow into scalable business models – there are only neglectable start-ups with little growth perspective.

Concurring with the focus groups findings, even local stakeholders claim that the two major challenges to the youth entrepreneurship environment include unfavourable business environment and access to finance. Youngsters are usually uncertain about the taxing and legal framework, while it appears complicated and discouraging. Access to finance is clearly a major challenge to youth entrepreneurship in the area, for early-stage ventures. Although there are increasingly opportunities to grants, financed from international donors and in cooperation with the government, but the grants amount is too small to provide a significant impact, and not properly accompanied with the right mentoring and monitoring schemes, letting start-ups either fail on their own, or consider the grant as profit and close the activity.



# RECOMMENDATIONS

Based on this analysis, we offer some broad recommendations on the development of youth entrepreneurship and employment in Shkodra region.

- Youth Entrepreneurship development need a more comprehensive approach, rather than specific activities that deal with certain aspects of the problem. The problem youth entrepreneurship in Shkodra is facing is multidimensional. There are several problems that need to be tackled through local and central government policies, universities, and civil society. I.e. creating financing opportunities without a stable business environment will not lead to successful enterprises.
- Simplify, or else provide continuous orientation on the business regulations. Young people face considerable barriers within the business environment, that impede them from starting and growing their businesses, including complex regulatory system and perceived high registration and maintenance cost.
- Focus on methods that promote entrepreneurship among young people through development of competencies. There are several market niches that can be explored by youngsters as entrepreneurial opportunities. However, there is a need for a combination of technical and soft skills to identify and seize the opportunity. University curricula should be adapted to market needs and universities should work more closely with private sector to calibrate their curricula. In addition, there is need for strengthening the capacity of vocational training and apprenticeship systems to equip young people with the skills to pursue entrepreneurship and self-employment.
- Provide guidance not only on the ways to become an entrepreneur, but also on the potential development sector to pursue. Many youngsters are overwhelmed with information on the steps to become an entrepreneur (such as making a business plan etc.), however there is much confusion about what to pursue. There are sectors such as tourism or agriculture, or more prominently ICT, that offer potential opportunities for self-employment and entrepreneurship. Nevertheless, there is a need for a detailed assessment and elaboration of these opportunities and a dissemination plan as well.
- Existing structures, such as chambers of commerce and other business networks should be a focal point in supporting the development of youth entrepreneurship. Business networks can be valuable to young entrepreneurs to grow and expand. They have the experience, the know-how and the operating network, which can be essential for entrepreneurs in their start-up phase and through their whole life cycle.
- Provision of sizeable financing opportunities together with effective mentoring and rigorous monitoring. Access to finance is a binding constraint for young people that want to start or grow a business. Although there are increasingly opportunities to grants, grants are relatively small to provide a solid financing base and mostly they are not properly accompanied with the right mentoring and monitoring schemes, letting start-ups either fail on their own, or consider the grant as profit and close the activity.

# PART II: STUDY FROM MONTENEGRO

AUTHORS:

PAVLE PAVLOVIĆ  
ANA MARJANOVIĆ

# INTRODUCTION

The labor market is a space that is directly affected by the development of the economy, the development of innovations, new technologies, investments, economic and social development. Employment policy as one of the key drivers of this space serves as a basis for action within and between countries. Its position is reflected in the creation of a balance on the labor market through various interventions, which regulate the gap between supply and demand as well as the problems of certain groups of the population, which are in a worse position on the labor market. In the last two years, entrepreneurship has been especially recognized and supported at both the local and national level as one of the main strategic goals of the surrounding countries. Lack of jobs as well as uneven regional development have influenced policymakers to see the problem beyond the "invisible hand" and to approach it strategically and action-wise. Yet the region of the Western Balkans, which shares largely the same cultural matrix, suffers from transitional problems recognized in nepotism, corruption, and poor systemic coordination.

In this general climate of dissatisfaction, the problem of youth unemployment, apart from being a global problem, is one of the biggest challenges that Montenegro faces in its socio-economic development. This is a problem that, in addition to the Government of Montenegro, is recognized by international organizations as one of the key segments of future action — according to the UNDP report from 2017, the youth unemployment rate is at a high level between 35-40%.

In the research, we tried to examine the perspective of young people in the process of self-employment. We have identified this as one of the important problems because all previous research suggests that the problem of self-employment and youth entrepreneurship is trapped between activity and passivity, between nepotism and need, and between tradition and the digital age. The research was realized within the project "Work4Youth", which was created in response to the high percentage of youth unemployment in the cross-border region of Montenegro - Albania. The research report was prepared based on the analysis of the situation and needs in the target area, and focused on the youth population in three municipalities in project region in Montenegro: Podgorica, Tuzi and Bar, with the intention of greater integration and inclusion of the labor market and people, services and goods who create it.



# YOUTH EMPLOYMENT AND ENTREPRENEURSHIP — definition and used methodology

World economic crises can be, and often are the best, initiator of new policies and directions of development in economic matters. Thus, for example, the economic crisis of 2008-2009 triggered a wave of action in political circles that aimed to overcome the consequences of that crisis on the wave of perceived shortcomings. The assumption is that the current pandemic crisis will produce similar effects, because it has already been noticed that certain occupations have greater persistence and resilience in relation to the consequences of doing business during a pandemic. New conditions and a new environment in entrepreneurial business represent a good basis for research activities that would capture the moment and provide a basis for better work in this area.

There are many different definitions of entrepreneurship in the literature. Because 'entrepreneurship' is a generic term that encompasses many elements, these definitions often overlap and conflict generating some confusion and disagreement among researchers and practitioners about what entrepreneurship is (Parker, 2004). In general, the definition of entrepreneurship depends on the disciplinary approach of the researcher defining it. As Mascherini & Bisello (2015) point for Eurofound report that present heterogeneity of different definition, definitions of entrepreneurship can be clustered among four different dimensions: task-centric, looking at what an entrepreneur does; psychological traits and attitudes, that is how an entrepreneur thinks; business-centric, focusing on the characteristics of the firm; or as a multidimensional concept encompassing all of the above. Following the seminal work of Chigunta (2002) we will define youth entrepreneurship as the practical application of enterprising qualities, such as initiative, innovation, creativity and risk taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture. This definition assumes that by making the decision to initiate a business young people are developing and making full use of their own abilities, alone or in groups; young people are defining their own problems, identifying solutions and finding resources to realize their vision; and young people are realizing their own potential and vision, growing in confidence and taking active roles in their own communities (Chigunta, 2002).

This research will examine the entrepreneurial climate for young people to enter business, self-employment procedures and general mood of young people in terms of entrepreneurship in Bar, Podgorica and Tuzi. The topics are the product of project activities aimed at creating conditions for better self-employment of young people in the area of three local governments in Montenegro and the Shkodra region in Albania. The two reports are the result of research activities of two different methodologies that are the same in terms of subject and research objectives. The Montenegrin side approached qualitative analysis through individual interviews and the implementation of focus groups in the area of three local self-governments, the municipalities of Podgorica, Tuzi and Bar. These analyses were preceded by an analysis of the strategic and legal framework, but also by an analysis of secondary data on both national and local levels.



# STUDY OF SELF-EMPLOYMENT, YOUTH AND ENTREPRENEURSHIP IN MONTENEGRO

## Research question derived from previous analysis

Based on previous insight and literature review it is important to highlight questions that we consider central when it comes to the topic of self-employment and entrepreneurship of youth. By this research we will try to get insights in following questions: Position of youth in society? Description of entrepreneurial climate for young people to enter or start business — Prospects for further business or start-up of new business? What is missing from the young staff (lack of abilities, initiatives, some characteristic skills)? Attitude towards innovation (i.e. How much space is there for digital advancement, the creative industry.)? Development of Freelancing in researched area - product development through start-ups (Do young people see themselves in these jobs? Development of outsourcing)? Self-employment procedures and general mood of young people for it? Desirable, promising, and unpromising jobs? Generation gap between younger and older generations in terms of entrepreneurship? Institutional support and barriers for Youth people when it comes to entrepreneurship? Local community support? Support of educational system on national and local level? Clusters and cooperation - creation of chains in production? Which products are imported and could be point of connection between regions? Shkodra Region – Place for cooperation in entrepreneurship (missing occupational profiles, willingness of employers and young people to exchange between two regions)?

Answers will be based on legislative and strategic framework analysis, secondary data analysis and experience and knowledge of respondents, either of the young entrepreneurs and those who are in that process or of the stakeholders, based on their everyday life and gathered insight from personal perspective.

## Legislative and strategic framework on national level

The review of the Montenegrin strategic and legislative framework in the field of education and entrepreneurship of young people gives the impression of the legislator's efforts to create policies aimed at a better perspective of young people in Montenegro in relation to the employment process. Key national framework that we found relevant on this topic is situated in following documents: Strategy for lifelong entrepreneurial learning 2015-2019, Youth Strategy 2017-2021 with Action Plan for 2017, Vocational Education Development Strategy 2015-2020, Development Strategy for Micro, Small and Medium Sized Enterprises in Montenegro 2018-2022, Youth Law, Economic reform program for Montenegro 2021-2023, Development directions for Montenegro 2015-2018.

The youth policy based on the Law on Youth of Montenegro is implemented by: Government of Montenegro, state administration bodies and other administrative bodies responsible for certain areas of importance for young people, Municipality, Capital, non - governmental organizations and other entities involved in the planning, implementation and improvement of youth policy (Parliament of Montenegro, 2019). At the national level, the most important institution in the field of youth policy is the Directorate for Youth and Sports, which adopts the annual plan implementation of the Youth Strategy and conducts research on the needs and position of young people at least once in five years. Also, the Law on Youth stipulates that in order to encourage and improve the development of youth policy, monitoring and evaluation of its implementation, as well as the improvement of the position of young people, the state administration body responsible for Education is formed by the Youth Council, as a professional and advisory body. Thus, the institutional framework for young people is summarized in two institutions whose scope goes from sports to education.

The Youth Strategy of Montenegro 2017-2021 (Ministry of Education of Montenegro, 2017) identifies certain areas that are crucial when it comes to youth entrepreneurship and self-employment. According to this strategy, the key outcomes would imply that young people achieve economic and social security through easier access to the labor market and employment, as well as through the process of quality education. In this regard, when it comes to youth employment, the strategy proposes measures aimed at improving trust in the employment process, greater support for young people in entrepreneurship development, career counselling and support services and increase activities among young people. On the other side, education must support idea aimed at promoting of non-formal education and its verification from state authorities.

The Adult Education Entrepreneurial Strategy of Montenegro 2015-2025 (Ministry of Economy, 2019) have strategically improved an environment for the inclusion of citizens in the process of lifelong learning in order to develop a competitive market economy, reduce unemployment and social exclusion. The focus on lifelong learning should enable the creation of conditions for mobility and competitiveness in the process of European integration. And this strategy proposes measures in entrepreneurship education at all levels of formal education and continuous training of teachers on key competencies for entrepreneurship in



order to include all teachers at all levels of education. The strategy also promotes the harmonization of educational enrolment policy with the needs of the labor market as well as the development of entrepreneurial competencies, knowledge and skills through the organization of training modules for various target groups including young, potential entrepreneurs, start-ups. In the end, the strategy emphasizes the importance of the campaign in order to promote entrepreneurship among young people as well as how to use the available programs in order to financially support youth entrepreneurship.

On a similar path and with similar principles, the strategy for the development of vocational education sets its principles according to the needs of the labor market, so the Montenegrin educational system has moved from content-oriented educational programs to goal-oriented educational programs. This initiated the process of adapting educational programs to the needs of the labor market, whose goals are harmonized for the needs of the economy (Ministry of Education, Science, Culture and Sports, 2015). Also, this strategy emphasizes the importance of promoting entrepreneurial learning, which was introduced in 2002 in Montenegrin vocational schools, but also the need to expand the scope of the subject and beyond the economic and trade direction, which would give the subject a more binding character. Here, it is important to mention the Law on National Professional Qualifications (Ministry of Education, Science, Culture and Sports, 2018), which paved the way for the recognition of informally acquired knowledge and connection with it and enable adults, without formal education, with appropriate knowledge, to be able to prove this knowledge and acquire a publicly valid document on national professional qualification.

In addition to the educational breakthrough of various strategies, it is important to mention strategic framework of Montenegro that relates to economic development. In this part, the contents of the Strategy for the Development of Micro, Small and Medium Enterprises 2018-2022, as well as the Program of Economic Reforms for Montenegro 2021-2023 are unavoidable.

The importance of micro and medium-sized enterprise strategies comes from the fact that it is based on real needs because this sector in Montenegro accounts for about 99 percent of enterprises and employs 75 percent of employees, thus significantly contributing to social product growth, job creation and unemployment reduction. Micro, medium and small enterprises are a source of innovation and increased competitiveness in the domestic market with a strong influence and role in more balanced regional development. For that reason, the mentioned strategy is making great efforts to create conditions for improving the business environment of the recommendations within the "Guillotine of Regulations", which was aimed at facilitating the business of MSM. For example, the registration of a company is simplified and performed in one place (One stop shop), with online submission of applications for company registration, through the eGovernment Portal (Government of Montenegro, 2018). Also, one of the strategic goals of this strategy is to improve access to finance and access to credit and to strengthen the capacity of MSMs to improve finances. In that direction, the Investment and Development Fund of Montenegro has from year to year improved credit support for SMEs and entrepreneurs, with special emphasis on young people, women in business and beginners, agricultural producers, for projects in the field of infrastructure, energy and environmental protection. Finally, when it comes to this strategy, it is important to mention that one of the strategic goals is to help young people start a business, so for these needs, in addition to financial, infrastructure support is provided with special emphasis on regional activities, for example in north of the country.

Montenegrin Government made through a program of economic an analysis of projection of macroeconomic indicators for the period 2021-2023. This analysis assumes a partial recovery of economic activity as well as a return to pre-crisis levels and further economic growth based on expectations that in the first half of 2021 the threat of pandemic will be significantly reduced, while at the same time acquired some collective immunity, with a large number of vaccinations. The basis of this provides the basis for faster recovery and growth in 2021, and in the years to come. Some of the key measures proposed by this strategy are based on strengthening the competitiveness of micro small and medium-sized enterprises as well as their access to new markets. According to the SBA report for 2019 (OECD, 2019), more serious strategic framework positions Montenegro above the average of the Western Balkans and Turkey in areas such as entrepreneurial learning, women's entrepreneurship, establishing an institutional and regulatory framework for implementing development policy, providing services for MSM. However, as the program of economic reforms points out, it is necessary to record better results in other dimensions as well. Below average are areas such as skills for MSM, innovation and export promotion. In that direction, entering new markets would be a key factor in overcoming the problems of a small market (Government of Montenegro, 2021).



# Local level policy analysis in Podgorica, Tuzi and Bar

When it comes to local self-government, they also create and implement local youth policy. Their main instruments are Municipal Youth Strategies or Local Action Plans for Youth. According to the Law on Youth (Parliament of Montenegro, 2019), in addition to the national strategy, Municipal Youth Strategies are adopted for the implementation of youth policy. Also, for the purpose of coordination, planning and implementation of youth policy, cooperation of competent municipal bodies with other subjects of youth policy, municipalities within their bodies or services may organize a special organizational unit for youth (Youth Office) and Local Council for Youth as an independent and advisory body formed by the competent body of the municipality, in order to encourage and improve the development of youth policy, monitoring and evaluation of the municipal strategy (Parliament of Montenegro, 2019). Table 1. present institutional content of local level of three municipalities — Bar, Podgorica, Tuzi.

From the table it can be seen that all municipalities that were the subject of our analysis have Local Action Plans for Youth - Podgorica has longer experience in this, while Tuzi and Bar have one only since 2020. Also, no municipality has a Youth office, but they are indirectly realized through other municipal bodies. Interestingly, none of the municipalities we analysed has a Youth Council, in fact there is formally in Podgorica (Parliament of Podgorica, 2020) but we have not found traces of its activities, while in Bar and Tuzi, the Local Action Plan for Youth provides for the formation of a Youth Council in following period (Municipality of Bar, 2019).

TABLE 3: INSTITUTIONAL CONTENT OF MUNICIPALITIES BAR, PODGORICA AND TUZI

	Local Youth Action Plan	Youth Office	Youth Council	Local Youth Council	Youth Club or Center
Bar	2020-2021	<i>Secretariat for Social Activities</i>	NO	NO	NO
Podgorica	2020-2021	<i>within the Secretariat for Entrepreneurship</i>	YES	YES	YES
Tuzi	2020-2021	<i>Secretariat for Local Self-Government</i>	NO	NO	NO

According to the research conducted by the local self-government of the municipality of Podgorica for the needs of the Action plan for young people, a certain passivity of young people is noticeable because 23% indicated that they do not think about employment and 25% think sometimes (Municipality of Podgorica, 2019). They identified that the main sources of this problem are lack of information. For that reason, the municipality of Podgorica has intensified activities in the field of self-employment and they are carried out by the Secretariat for Entrepreneurship, while within the Mayor's Office there is a Bureau for Support of the Business Community. Annually, 100,000 euros are allocated from the city budget for lending to projects in the field of agriculture and entrepreneurship. In the past three years, about 250 people have used the services of the Business Counselling Center for Women and Youth, organized by the Business Community Support Bureau in partnership with the Association of Business Women of Montenegro. What is encouraging when it comes to data at the level of the municipality of Podgorica is that 54% of respondents through the survey see their future in their own business. In that direction, the municipality of Podgorica provided free accounting services for thirty newly established companies in the first year of operation, as well as reimbursement of establishment costs. Also, it is possible to get a free business plan according to the methodology of the Investment and Development Fund or the Employment Bureau. It is important to mention that the Capital City of Podgorica and the Union of Employers of Montenegro have established a Competence Center (Municipality of Podgorica, 2019).

When it comes to the Municipality of Bar, the local self-government has also conducted a survey for the needs of the Action Plan for Youth, and it shows that, for example, a large percentage of young people (60%) are not satisfied with their prospects in this municipality and state that they do not have enough opportunities for development and education as key reasons for that condition (Municipality of Bar, 2019). Also, a large percentage of respondents, 80%, believe that they will not find a job in the near future, and as a solution to overcome this situation, young people suggest improving the transparency of institutions, access to information and entrepreneurship development (Municipality of Bar, 2019). Within the municipality of Bar, for the needs of realization of employment problems, there is a regional unit of the Employment Bureau of Montenegro-Labor Bureau



Bar, which includes the Center for Information and Professional Counselling. In addition to ZZCG, the topic of economic empowerment and promotion of entrepreneurial thought is also dealt with by educational institutions, so the Entrepreneurship Center is active within the Secondary School of Economics, as a special model of educational and motivational support to young people to strengthen their potential for private business development. However, stronger institutional and financial support, as at the level of the municipality of Podgorica, is lacking as well as the level of youth deprivation.

In the municipality of Tuzi, for the needs of the implementation of the local action plan for young people, a survey was also conducted but we did not find data because they were not part of the available action plan. When it comes to the area of entrepreneurship, the local action plan, in accordance with the possibilities of the municipality, envisages modest financial resources for the outcome in terms of entrepreneurship. For example, measures are proposed for organizing visits to employment fairs, supporting entrepreneurship in schools, organizing trainings on the topic of entrepreneurship. The total budget of the Tuzi municipality for this part of the action plan is 1000 euros (Municipality of Tuzi, 2019). The very structure of unemployment in the municipality is grieving according to data from 2011 (census of Montenegro) indicates that the most inactive group of unemployed is housewives. A big problem of quantitative indicators on this municipality when it comes to entrepreneurship is that a significant part of companies has not changed the data in their applications and statistical monitoring of the number of employees for newly formed municipalities has not yet been established (Municipality of Tuzi, 2021). It was noticed that in the structure of unemployed persons according to the length of job search, short-term unemployment makes 45.4%, while long-term unemployment (persons who are actively looking for a job over 12 months) makes 54.6% of the unemployed. One of the important conclusions of the analysis made by the municipality of Tuzi is that by increasing the duration of unemployment, the probability of finding a job decreases, since knowledge and skills usually gradually become obsolete over time (Municipality of Tuzi, 2021).

## Secondary data analysis - observed trends and perspectives

Youth Entrepreneurship in Montenegro and the process of self-employment are characterized by numerous challenges, which in an environment changed by the current pandemic has significantly exposed all its shortcomings, but also pointed to certain future trends. Thus, the cultural and creative industries, as well as the digital industries, have just proved to be one of the most resilient branches of the economy, capturing all the advantages of working from home and shopping over the Internet. This works on a new generation of young people who do not acquire their business skills officially, but on trainings, through business experience, etc. It can serve as a new impetus for economic development that in a much more particular and efficient way can cope with all post-transition economic adversities without involving greater commitment of the state partner as the bearer of these projects.

However, by reviewing research in this area, an insight we into a two-sided problem was gained. Namely, on the one hand, young people portray their unemployment as a result of certain objective factors, such as systemic shortcomings in the labor market, rather than as a result of their own shortcomings in terms of motivation, because only 5.4% of young people indicated that they do not want to work. So, in relation to that data it is not in their unwillingness to work, but in something else, and only 4.6% believe that the reason for their unemployment is that they lack the appropriate skills or qualifications (Forum MNE, 2020). On the other side, when it comes to the opinion of employers, their opinion is that the main obstacle to employment for young people is precisely the lack of skills, knowledge and experience they don't have or they didn't get through their professional carrier and educational process (CGO, 2017).

The problem of the mentioned generational gap, noticeable on the basis of the perception of two generations, can be a great challenge in overcoming the problem of youth employment, especially considering the sociological characteristics of Montenegrin society — anonymity, youth vanity, and persistence of traditional patterns. Also, the propensity for polarization can be an additional factor that should not be left out in future strategic activities in this area.

When it comes to youth education, in Montenegro this has been a subject of numerous studies so far. Thus, for example, one of the researches done in this area indicates that the so-called cultural capital plays a big role in the process of education. This means that a person is more likely to be more educated as the members of the family in which he grows up are educated (Đukanović, 2019). That means that overall environment of socialization of young people greatly influences their further career development and family surroundings play vital (but not the only) role in further life professional achievements.

Another interesting finding when it comes to the studies of young people and their employment preferences is the preference for the so-called "state jobs". Namely, more than half of Montenegrin citizens (total population) believe that young people



prefer a state job (60%) while only 16% believe that they should be self-employed and run their own business (CGO, 2017). This attitude is even more pronounced among young people, because research on youth on this issue (subsample of youth population) indicates that as many as 71.5% of them prefer to work in the public sector (CGO, 2017). This data is even more surprising because research on representative samples shows that only a small number of young citizens (12.6%) have permanent employment (Đukanović, 2019). This situation can be caused on the one hand by post-transition habits created by the transmission of work patterns from one generation to another or as a way out of the employment crisis by creating a job with a more secure perspective. Certainly, this fear of permanent unemployment is justified and dominant solution of “state jobs” justified because over 50.0% of respondents in the survey have been unemployed for more than a year or have never worked (Forum MNE, 2020).

An important characteristic of a society with a high unemployment rate most often affects the problem of de-professionalization, and it most often implies accepting jobs for which those persons were not educated, and this most often entails the degradation of occupations (Đukanović, 2019). This problem is accompanied by pronounced corruption and nepotism in the realization of the employment process, which is becoming not only desirable but also a frequent strategy in it.

The way out of this problem should certainly be seen in alternative solutions, and as one of the possible ones, it is certainly imposed in the direction of independence and starting one's own business. Precisely such a solution could provide an alternative to the dominant pattern, but it would also require constant progress in the process of further training and education. This situation is noticeable in the research conducted by the Center for Civic Education (2017), where the largest number of citizens pointed out that the further perspective of young people when it comes to employment is to create better conditions for entrepreneurs, better credit and banking support and business environment.

All indicators before the current crisis and even trends during its duration indicate that digital skills will be extremely valorised in the labor market. This must include a readiness for coming digitalization and all the changes it brings. Education must follow this trend, and the UNDP report on the digital future for all points to the need to change school curricula, which would aim to develop critical thinking, as well as the necessary knowledge and skills based on the achievements of science, technology and society (UNDP, 2020). This should also be accompanied by the harmonization of the labor market and the supply of faculties as well as secondary schools. For example, occupations in the field of tourism, which are one of the most prosperous and most frequent occupations in Montenegro, as well as occupations in public administration due to the large automation of work tasks will require less and less human labor — for example, in 2019, the entire supply of higher education in Montenegro was 2.9 times higher than the demand (UNDP, 2020). This should be a warning to all policy makers in the field of youth employment, because every year the number of young people enrolling in faculties whose later professional orientation goes towards tourism or public administration is far above what is needed.

All these factors must be viewed as a warning because it is important to create conditions and preconditions for a better entrepreneurial climate in Montenegro. The latest research of the Union of Free Trade Unions indicates the unenviable position of young people in Montenegro, in which the current situation is clearly visible and some future trends can be sensed. Namely, the data from this research indicate that 67.3% of young people plan to leave Montenegro at a later time in search of a better job. Also, this survey gives a clear picture of the situation in Montenegro where 33.8% of employees are seriously planning to leave Montenegro for work and living abroad due to higher wages and decent working conditions, and another 15% are just thinking about it, 51.2% of employees has fixed-term contracts or for occasional and temporary jobs, while 40.9% of employees do not receive compensation for overtime work, 30.3% are registered for less than the actual salary, employees in Montenegro have an average annual leave of seven days shorter than the legal minimum, shows a cross-section of the survey results (Kapor, 2021).

## **Analysis of data gathered through interviews and focus groups analysis**

Below we will summarize the findings obtained by collecting data through interviews and focus groups. When it comes to interviews, 12 participants from institutions, local self-government, education system took part, and we realized two focus groups that had a total of 10 participants - one with young entrepreneurs and the other with unemployed young people. Qualitative data collection was realized in the period between June 7 and July 5, 2021 in three municipalities of Podgorica, Tuzi and Bar.

Based on the obtained data and systematization of information into clusters, the findings from this part of the research will be summarized in four parts.



### ***The position of youth in society***

The aforementioned data from the secondary analysis as well as the data obtained through local action plans speak of the polarization of young people when it comes to their position and awareness. On the one hand, there are those who can be classified as passive and who often do not exercise the right to work but acquire it later. This category is close to those young people who are either waiting for a job in public administration, because it brings a certain type of security, or they usually exercise that right "through a connection". Milena Gaćina, a representative of the self-government from the municipality of Bar, pointed out that the socialist legacy is a great burden, which has shrouded the individual in systemic solutions that were of better quality than today, so through a certain nostalgia the need for such a systemic approach is idealized today. On the other hand, there is a group of young people who are quite active in the employment process, and that group includes a large number of those who have achieved through their own business or are trying to achieve. For example, representatives from the Union of Employers, Marina Jovanović and Danilo Kaluđerović, point out that the awareness of young people is changing significantly and that their experience from the field confirms the thesis that young people get rid of that ballast of the past and boldly embark on some initiatives; they state encouraging data from the conducted research "50% of young people take responsibility for failure, i.e. they see it in some personal reason, which is a good indicator of self-awareness" (Jovanović, Kaluđerović, 2021).

The current pandemic crisis has exposed systemic deficiencies and pointed to certain trends in business. Thus, the participants of the focus groups pointed out that for a number of them, the business "flourished" in that period, the conditions created by the pandemic situations were suitable for placing products on the market, and the greater share of digital communications exceeded quarantine conditions. On the other hand, those engaged in service industries suffered the greatest blow, especially in the tourism sector.

Recently, the interlocutors point out, a major institutional problem that arises is that a large number of young people are not in the education system, training or employment office, as much as 30% according to Danijela Vujošević from the Ministry of Education, Science, Culture and Sports — mainly all data from national state reflect the situation on local level. And if we add to that the percentage that young people make up a share of about 22% in the total amount of unemployed people, then the current situation is more than worrying (Jovanović, Kaluđerović, 2021). For this reason, it is important first of all to change the assumption and primarily put youth into function, and that is all the knowledge and skills that young people possess. Most of the interlocutors agree that action is a big problem of our system because we do not recognize the potential of young people, but from the beginning we start with a systemic assumption about weakness that is not related to young people but to the system and immediately generalizes to the entire youth population.

First of all, it is important that the values acquired in education get their full potential, but also a better basis in the school system. It is important to build and maintain the entrepreneurial spirit and enthusiasm of young people until the end of school and beyond. In this process, the role of teachers in schools and subsequent mentoring support after and during schooling by employers are crucial. It is important that teachers build the potential of young people because, as the interlocutors point out, it is quite challenging to maintain everyone's interest in entrepreneurship because, for example, in one class only a few students are interested in that area (Vlahović, 2021). But the measure that not everyone can engage in entrepreneurship should also be considered, focus group participants agree. In that direction, a big problem is the lack of data on the number of university graduates who have started their own businesses, which would be a good incentive for others to start similar ventures based on their experience. Aleksandar Šipčić, student commissioner from FPN, points out that even the new study model does not envisage professional training for graduates: "At the very least, it is questionable what can be expected from the first generation that completes the reformed study model when it enters the labor market. It is questionable what can be expected from the second and each subsequent generation, because it is clear that three years of basic studies and practice acquired in the reformed model of studies cannot be a quality and comprehensive preparation for the labor market" (Šipčić, 2021). He further, points out that it is important to establish a student service that would have the role of an intermediary between students, i.e. students (who are executors of certain jobs) and employers and other users who have an interest in such a service. He also cites the positive example of the Student Service from Slovenia, through which students have a salary of between 300 and 500 euros per month, which fully covers the costs of the dormitory, groceries, transportation and even travel to neighbouring countries. Thus, young people would gain the necessary experience through practical classes, and a personal model should be provided for high school graduates, which would put all, mostly theoretical knowledge, in the function of work and thus it would gain a practical character. Focus group participants who had similar professional experiences in countries where they were on student exchanges exercised the right to work which did not jeopardize their faculty obligations. A number of them have tried a similar path when they got back in Montenegro but they encountered an employer's misunderstanding when it comes to their faculty obligation — namely, it is almost impossible to find an employer who would, for example, hire a student to work part-time.

However, apart from education and the burden of the past, one of the big problems are poor working conditions. Salaries that are usually insufficient, a large number of young people living with their parents and not planning to achieve independence outside the family/parental home, then poor situation in the north of the country, nepotism, corruption, are just some of the



problems that make the situation of young people unfavourable. Almost all focus group participants indicated that they personally know someone who got a job "through a relationship or acquaintance with another person." The fear of a new wave of emigration from Montenegro due to the search for better working and living conditions is also of great concern. The pandemic has only stopped the inevitable and the question is how much the new authorities will manage to cope with the challenges in the post-pandemic period.

It is important to stimulate young people, and create a stimulating environment for them to work and live. In that direction, the role of the older generations is also important, because it is not uncommon for entrepreneurial ideas to be inherited. Here, all that is lacking in both could be supplemented. On the one hand, there are young people who possess digital skills and knowledge of foreign languages, which on the other hand is mostly an obstacle for older entrepreneurs in some of their work. This synergy would imply the transfer of knowledge and experience of older people to younger people, especially when it comes to the labor market, but also overcoming administrative barriers as one of the main obstacles to young people's self-employment.

### ***Labor market and institutional support***

The labor market in Montenegro and the region indicates that young people are finding it increasingly difficult to find employment, so it is necessary to find a solution for new jobs, investments and the basis for self-employment as one of the ways out of this situation. For example, it all starts with the education system and the problem of supply and demand. For years, there has been talk in Montenegro about enrolment quotas in higher education and the hyper production of diplomas, which creates only a larger number of unemployed. Aleksandar Šipčić conveys the situation from higher education: "Young people are encouraged to enrol in faculties, but not primarily because of training and obtaining a certain qualification, but in order to in most cases divert the topic from unemployment and buy three or four years' social peace" (Šipčić, 2021). The enrolment policy does not seem to take sufficient account of the unemployment rate between graduates of different disciplines and the need for highly educated staff, which results in inadequate enrolment planning and the creation of a surplus of non-productive staff in the labor market. Education policy that is not designed to regulate, in accordance with the needs of the labor market, the number and types of qualifications of future generations of students, results in the creation of a long-term unemployment problem.

However, even when an individual realizes himself in his own business, it is not a rare problem of product placement, but also of unfair competition. The Union of Employers clearly conveys the current situation: "This problem arises only because there is a monopoly in the trade from those who buy goods, because they come with a price below the nominal market, but he will be forced to sell it after all. it would not be in a bigger minus" (Jovanović, Kaluđerović, 2021). One of the activities of the Union of Employers is that through the recently created service, Competence net, which they launched in Podgorica in cooperation with the Capital and provide assistance to all interested young entrepreneurs; for example, a daily visit to the service exceeded initial expectations, which is a good indicator of young people's awareness.

In that process, the role of the trade union should certainly be emphasized, but also more valorised. In an interview, Marko Subotić and Jasna Radak from the Union of Free Trade Unions pointed out to us that the role of trade unions must be greater in the issue of youth employment. So far, young people have not recognized the role of trade unions and that must change. The union should be seen as a social partner between employers and the government. This might find a good mode for the problem of incentives, because as Jovan Kostić from the Employment Service of Montenegro points out: "too much stimulus can be counterproductive to affect the passivity of users" (Kostić, 2021). He points out his experience in the work that entrepreneurship is not created but born and that a measure should be found in support because it can both act against and be a source of passivity. When it comes to the support provided by the Employment Bureau, our interlocutor from this institution points out that the procedure for institutional grants are too long and that sometimes more than half a year passes before the applicant receives funds for the realization of his or her business idea.

A big problem until recently was the institutional "blockade" that happened due to the delayed systematization and later adoption of the budget, which affected the lack of staff in institutions, so everything was lagging behind, Danijela Vujošević points out. Her general impression is that the institutions have recovered a bit and are moving in a better direction, especially in terms of their openness and transparency: "Through my position, I have greater and better access to decision makers and even better communication than I had" (Vujošević, 2021). Namely, the transparency of information has been a big problem so far. Almost all interlocutors pointed out to us that the problem of publicly available information, its visibility, the visibility of official websites, was only a brake on the more serious development of entrepreneurship. In this direction, the digitalization of public administration can solve the problem and facilitate the availability of information so that users do not wander from ministry to ministry from institution to institution.

All this suggests that any institutional solution that concerns young people requires a multidisciplinary approach. Necessary synergy of all and continuous system support and not ad hoc solutions. All pointed out that administrative barriers are the most difficult because the procedures are often too complex - if the education system prepares young people for work, the institutions of the system must provide mentoring support as well as various employers' associations, the interlocutors agreed.



In that direction, one of the potentials that has been insufficiently used is professional practice and seasonal employment. The interlocutors point out that an even bigger problem is the fact that the application of the legally obligatory professional practice, which is defined in the percentage of 25% as a mandatory part of the study program, is insufficiently monitored. That practice must be essential, not just formal. Students should acquire practical knowledge and specific skills through these practical classes. On the other hand, seasonal employment, which has been criticized for years because of the level of income, would have to find an economic model that is more favourable than the one that is currently in force.

The vocational training program applied in Montenegro for a long time, must include a certain type of evaluation because, as Aleksandar Šipčić points out, the question is how outdated that program is and whether it is necessary to create changes in the direction of its greater efficiency.

### ***Self-employment and youth entrepreneurship***

In the focus groups that we realized with young people everyone agreed that they would rather be ready to start their own business than to get a job like the others. For them, the job in the state administration, which is mostly preferable job from general population, is too static and insufficiently stimulating and mostly poorly paid with inflexible working hours. In their opinion, self-entrepreneurship bears much greater responsibility than work in the state administration, but the dynamics of work, independence and higher financial inflows motivate them to continue in their work.

It seems important that even institutional direction move toward greater support of young entrepreneurs. So, for example, institutional representatives like Danijela Vujošević provide us an institutional insight that self-employment is gaining also more and more momentum in the public debate, both in society and in institutions. This trend points to a positive practice that represents a change from previous narratives. It should be added that today a large number of NGOs have recognized and acted in the direction of promoting entrepreneurship, all with the aim of creating a certain culture and pattern that would bring not only a change in the entrepreneurial paradigm but also a change at the institutional level. Jelena Vujošević from the municipality of Bar shares her experience in working with young people: "For these three years, I would just like to add that we have supported hundreds of business ideas in total, from 2019 to 2021, every year there were more and more supported businesses. In 2019, there were 64 applications and 13 businesses were supported. In 2020, 42 businesses were supported, which is a big difference. This year, 32 ideas were supported and additional 13 business ideas for women's entrepreneurship (Vujošević, 2021). Good business ideas always survive and survives the toughest challenges. Edin Desić from the Ministry of Economic Development points out to us that all companies that applied for IPA support positioned themselves on the market during Covid crisis and survived, developed and those were business ideas that had a good business plan.

The key problems highlighted by our interlocutors in the self-employment process are: lack of institutional support, lack of finances, lack of space, lack of knowledge in the field of finance and support, unfair competition, lack of knowledge when starting a business, administrative barriers and lack of pay pal services in Montenegro.

The Union of Employers points out that the financial problem is related not only to the lack of finances, but also to the lack of knowledge when managing finances. In order for someone to start a business, he needs financial resources, and it is very difficult to get them from commercial banks because he needs business creditworthiness or you need to have some real estate with you, which again conditions young people not to decide to do so. Then the procedures themselves involve too many administrative requirements that take time and often require a lot of money. In the end, all this means that just for a start, financially, a person has to lose a lot of time without even starting the realization of a business idea. All other ideas are waiting for the financial outcome. This period also implies often complicated administrative procedures in institutions that are often not sufficiently networked, which requires repeating the same thing several times. Even when the entrepreneurial idea is realized and the realization of the project begins, its duration is usually determined by modest financial resources and in the short term. All interlocutors agreed that the issue of sustainability of young people's entrepreneurship is something that should be a precondition for any support.

Also, Montenegro does not introduce the Pay Pal service system, which is a big problem for all freelancers because they cannot collect their receivables from abroad through. Danijela Vujošević points out that according to her information, a large number of young people gave up doing business in Montenegro because they could not charge for their services outside the country.

However, there are some institutional changes in the direction of self-employment and entrepreneurship. Networking at the level of institutions is already being implemented and the Union of Employers told us that there is a group for lifelong entrepreneurial learning as an important resource for all entrepreneurial activities and it brings together a partnership of about 20 institutions, organizations, NGOs.

In this regard, it would be important to use examples of good practice that can only serve as a good basis for future activities in this area. One of them is the Fair of Young Entrepreneurs as the best indicator that there are a lot of good ideas and that young people are interested for entrepreneurship. Here you can see the optimism of those who present their ideas, but also the



motivation that needs to be maintained during the implementation of projects and ideas. Networking and exchange of ideas are key in the synergetic action of as many actors as possible, so business incubators are desirable in the realization of the aforementioned. All new trends are trying to overcome the existing saturation of the market with the dominance of economic activity in the sectors of services and tourism, and our interlocutors agree that the state must turn more to agriculture and production. However, there are areas where certain branches of the economy have not been valorised in the right way, for example in Podgorica, tourism has not been valorised despite its geographical potential. In addition to the valorisation of certain economic activities, the importance of certain business strategies should be emphasized, such as training in marketing and online product placement, which would enable all future entrepreneurs to create better communication channels.

### ***Local self-government and regional support***

All local governments in their strategies and action plans recognize youth employment as one of the big issues, but in addition to recognizing the problem, it is necessary to make a lot of efforts to solve it. Danijela Vujošević points out that the municipalities, on the one hand, do not have enough money and funds to do any major sustainable projects regarding the development of youth entrepreneurship. There, local governments are torn between the relevant institutions that support all activities aimed at young people, but also the inability to support these activities with financial resources that are usually modest at the municipal level. Local and regional differences are also a big problem, so the situation in Podgorica, for example, is as progressive as it is regressive in Tuzi. All state policies have neglected the problem of uneven regional development for years, which significantly affects both intra-state and beyond-state migration.

A major problem affecting local governments also is the problem of wider mobilization of young people for the process of self-employment. Namely, the experience of the representatives of local self-governments that we interviewed says that mostly the same young people apply for local government projects. This means that a high number of young people are passive and uninvolved in local community activities. In this direction, it would be important to create campaigns that would attract as many young people as possible, which would give local governments wider support and a basis for their activities. This mobilization could include not only people from the area of local self-government or national level, but also wider from some regional level. The experience of the Union of Employers that participated in regional networking indicates that the most common barrier is that networking is usually related to similar activities and is therefore one-sided. It would be necessary to create a wider network of entrepreneurs with as many different but related activities as possible, which would create a certain mechanism of self-sustainability.

When it comes to the municipality of Bar, all entrepreneurial activities are promoted through the Secretariat for Economy. In 2021, when there was the last call for entrepreneurship, 32 business ideas were supported, 10 of which were businesses of young people up to 32 years of age. The Municipality of Bar implements the youth employment program through financial support but also mentoring support in cooperation with the Business Center in Bar. Milena Gaćin points out that everyone who was interested could go through the training of making a business plan. She also praised the activities of the municipality in the direction of the development of agriculture, tourism and transport, which are the key development potentials of this municipality. In that direction, programs of support for the development of agriculture for young farmers have been implemented, a program of incentives for the development of crafts, but she praised that the municipality of Bar has quality educational programs within secondary vocational schools created according to strategic needs in this area. In order for these educational potentials to be realized in their full capacity, the training of young people is necessary, and this requires trained and qualified educational staff ready for all modern market challenges. Digital skills seem to be especially important from the aspect of education because young people need to transfer knowledge in the form of soft skills, which would make knowledge in the field of informatics adapted to a large number of users.

Recently, great importance has been attached to international cooperation. For example, the Municipality of Bar, as Jelena Vlahović points out, in cooperation with the Chamber of Commerce and the Italian partner Uniser, organised an exchange program for young people within that partnership so that they could gain practical experience.

On the other hand, the municipality of Podgorica, as the local self-government with the largest budget in Montenegro, has greater resources for youth employment and self-employment programs. Vladimir Pavićević from local self-government points out to us that a lot has been done on education and training of young people, but also on the organization of events, entrepreneurship fairs, but the main problem after all is that even more money is needed to invest in entrepreneurial ideas. One of the problems is that a lot of support is required in these competitions, so too much is expected from a modest business plan, which includes a modest budget. In his opinion, what should be re-examined are the success of the implementation of projects supported by the municipality "because mostly all indicators of evaluation of a project are met and then in the end you have that only 3 out of 10 ideas survived a longer period of implementation" (Pavićević, 2021). He further points out that it is important in Podgorica to focus on projects related to production because all business ideas follow the trail of services and sales. Also, the valorisation of agricultural and tourist potentials must be more serious and have greater support from local self-government.

When it comes to cooperation with the Shkodra region, the representative of the local self-government of the municipality of Podgorica points out that this cooperation is expected and necessary but for its revivification it is expected greater interest from entrepreneurs on both sides.



Finally, when it comes to activities in the municipality of Tuzi, due to the smaller municipal budget, most activities are at a lower level than is the case, for example, with the municipality of Podgorica. Katrina Berisha, shares her experience from the education sector in this municipality. In Tuzi, entrepreneurship subject used to exist within the gymnasium curriculum, but for some time now, classes on that subject have not been realized due to lack of interest. Nevertheless, our interlocutor pointed out that her experience in working with children is that they possess an entrepreneurial spirit but it needs to be nurtured and expanded. Proof of that is that the University of Donja Gorica organized an entrepreneurial competition in which students from Tuzi gladly participated. What is a common trend in the choice of elective courses, where entrepreneurship is offered, is that it most often serves to supplement the graduation standard and to increase the average in grades. A small number of elective courses really serve to acquire quality knowledge.

Also, one of the main problems faced by this municipality when it comes to young people is the large emigration due to work abroad - there are usually two opportunities for young people when it comes to entrepreneurship in this municipality, or to continue a family business or go to abroad, says our interlocutor.

Nevertheless, the local government cooperates with the education system. Katrina points out, for example, a memorandum of cooperation that even includes a project related to adult education in order to be able to start their own business, which is often one of the conditions for adult entrepreneurship. However, the overall situation when it comes to young people and the process of self-employment in the municipality of Tuzi does not indicate some positive trends due to the weaker financial situation in this municipality, but also the problem of migration at the state and non-state level.



# RECOMMENDATIONS

After conducting the research and collecting quantitative and qualitative data and their analysis, in this section we will summarize the most important recommendations that were noticed both by our insight into the problem and recommendations by interlocutors in interviews and focus groups. All recommendations extend to the scope of activities in institutions or companies.

- Research has shown that all entrepreneurial activities require administrative assistance in establishing a company. In this direction, it is important to draw experience from organizations that operate successfully, but also institutions that must develop mechanisms for more transparent action. This activity would be the most successful if it would involve the networked activities of a large number of actors who could contribute to overcoming the mentioned problem;
- The research showed that there is a significant mismatch between the needs of the community and the creation of a need at the local level that would respond to that need. For that reason, it is necessary to create a basis that will go in the direction of first determining that need and an adequate response to it. This would involve research that would address this topic as a prerequisite for the perspective of any business idea.
- Also, the results of the research showed a significant discrepancy between the measured indicators at the local level and the success of further projects. One local official pointed out to us that a much more efficient evaluation of project results by the municipality is needed, which requires the research of alternatives to more efficient evaluation processes.
- Networking must be encouraged at the entrepreneurial level because our interlocutors pointed out that for the sustainability of small businesses it is important to create a network of actors where the entrepreneurial offer would expand significantly by connecting similar or different activities which would make business sustainability more obvious;
- Institutions must work to promote youth self-employment and entrepreneurship, which would create a business and business culture different from the currently dominant one and thus encourage the activity of young entrepreneurs;
- At the state and local levels, it is necessary to make an analysis of needs, but also a more serious strategy of product diversification, which would be the basis for expanding economic activities in sectors beyond those that currently dominate;
- Institutions and the NGO sector can work together to increase digital skills and spread this knowledge to a wider population. Education in the field of digital marketing seems to be especially important in this direction;
- In order to more efficient student and high school practice, it is necessary to examine the modalities of its implementation on the basis of best examples and practices that would create better conditions for its implementation;
- In cooperation with trade unions, promote the membership of young people in these organizations;
- All activities in the field of youth entrepreneurship must go in the direction of multisector cooperation and the widest possible number of actors, which would eliminate potential shortcomings, because the research showed that only a multisector approach works holistically;
- Organizing a common space for work where younger and more experienced entrepreneurs could exchange their experience, knowledge and services. This would significantly overcome the generation gap, but also work on complementing the skills and knowledge of both;
- Local governments need to find better mechanisms for mobilizing young people in the activities they implement because research findings have shown that mostly the same number of young people apply for competitions implemented by local governments;
- Develop channels of regional cooperation and exchange of people, goods and services in border areas;



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**ANNEX**



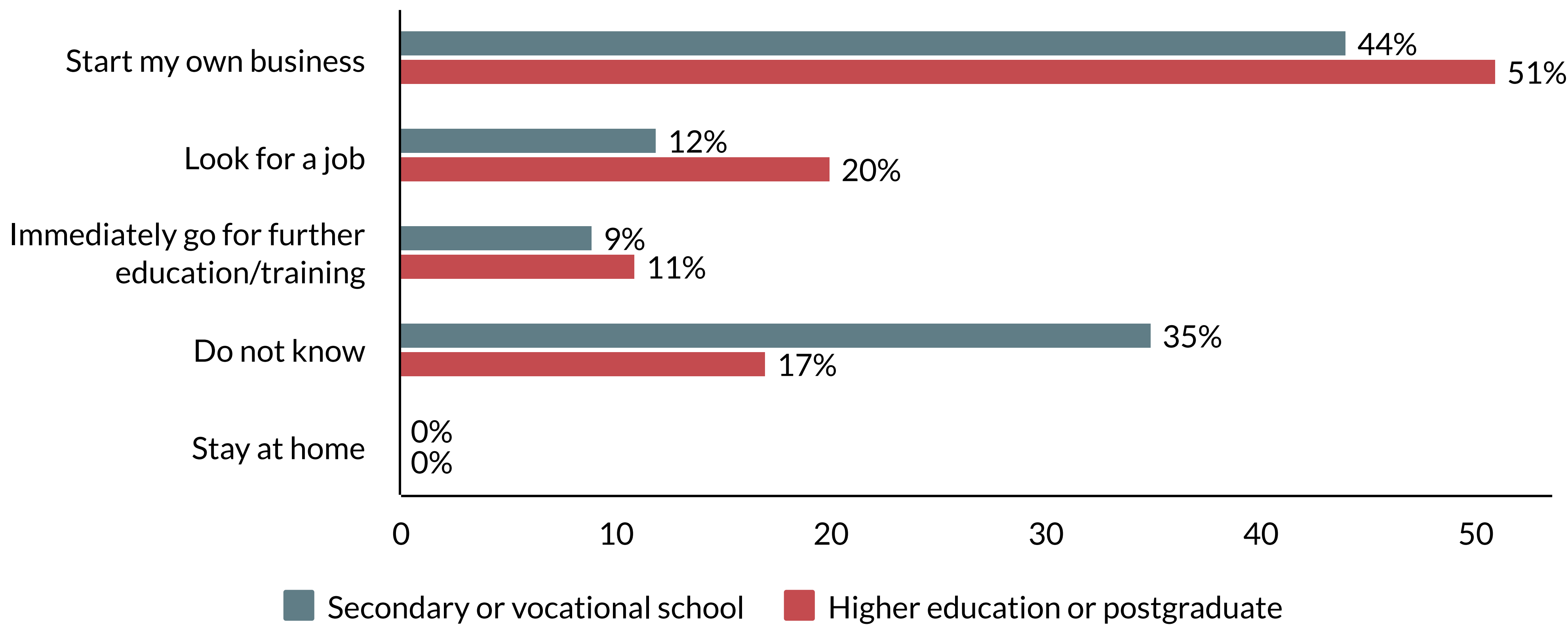
# Annex 1:

Which of the following activities best corresponds to what you were doing immediately following the completion of your education level? – by current completed education level (Survey in Albania)

Current completed education level			
	Primary school	Secondary or vocational school	Higher education or postgraduate
Work for wage/salary with an employer (full- or part-time)	27%	44%	60%
Self-employed/own-account worker	0%	8%	5%
Work as unpaid family member (work for family gain)	0%	5%	5%
Available and actively looking for work	0%	15%	2%
Engaged in training	5%	2%	2%
Engaged in home duties	36%	11%	5%
Did not work or seek work for other reasons (disability, etc.)	32%	15%	21%

# Annex 2:

What do you plan to do after completing your current education/training programme? – By current education (Survey in Albania)



SOURCE: IDRA ANALYSIS

# Annex 3:

Intention to change job disaggregated by the level of satisfaction with current job (Survey in Albania)

	Very satisfied	Somewhat satisfied	Somewhat unsatisfied
I have the intention to move to another job in the next six months	0%	11%	31%
I have plans (know when and where) to move to another job in the next six months	0%	7%	0%
I have neither plan, nor intention to move from this job in the next six months	53%	48%	46%
Note sure, have not thought about it	47%	33%	23%

SOURCE: IDRA ANALYSIS

NOTE: THERE ARE NO CASES FOR “VERY UNSATISFIED”



Annex 4:

Rating of the entrepreneurial environment dimensions – by age and education (Survey in Albania)

	18 - 21 y.o.	22 - 26 y.o.	27 - 30 y.o.	Primary	Secondary	Higher	Total
Physical infrastructure such as roads etc. supports the business environment	6.8	6.7	6.4	6.2	6.5	6.9	6.6
Technological infrastructure is adequate and accessible to entrepreneurs	6.4	6.9	6.5	5.9	6.4	7.1	6.6
Rules and regulations are easy to manage, or an undue burden on the new business	4.9	5.4	4.5	4.5	4.9	5.2	5.0
Universities and business schools offer effective courses in entrepreneurial subjects, alongside practical training in how to start a business	4.5	5.1	5.0	6.0	4.4	5.0	4.9
School offer sk that prepare youth for entrepreneurship and instilling students with entrepreneurial values such as enquiry, opportunity recognition and creativity	4.4	4.6	4.8	5.4	4.3	4.6	4.6
Regulations facilitate, rather than restrict, entry	4.7	4.1	4.4	3.7	4.3	4.7	4.4
There are apparent market opportunities for start-ups to enter	4.5	4.3	3.7	3.7	3.9	4.8	4.2

	18 - 21 y.o.	22 - 26 y.o.	27 - 30 y.o.	Primary	Secondary	Higher	Total
There are quality support programmes available to the new entrepreneur at local levels.	4.4	3.9	4.1	4.0	3.8	4.6	4.1
There are no other market barriers to enter a new market	3.9	3.9	3.8	3.5	3.6	4.3	3.9
Corruption does not present an obstacle to start up and run a business.	3.7	3.6	3.5	3.0	3.4	4.1	3.6
There are sufficient funds available to new start-ups, from informal investment and bank loans to government grants and venture capital	3.3	3.5	3.4	3.4	2.8	4.1	3.4
Business taxes and fees are affordable for the new enterprise	3.9	3.3	2.7	3.2	3.3	3.5	3.4
Local government policies promote entrepreneurs and support those starting a new business venture in the local areas	3.0	3.6	3.1	3.0	2.9	3.8	3.3
Central government policies promote entrepreneurs and support those starting a new business venture in the local areas	2.9	3.5	3.0	3.2	2.6	3.8	3.2



# Annex 5:

Focus Group 1 participants’ profile in Shkodër Region, Albania

Participant No	Type of Business
Participant 1	IT programmer
Participant 2	Organic farm: apple cider, vinegar, packing.
Participant 3	Silkworm craft Industry
Participant 4	Architecture Studio
Participant 5	Touristic Agency
Participant 6	Bar Restaurant
Participant 7	Vineyard, sale of organic grapes at “Mrizi i Zanave Agrotourism”
Participant 8	Wine Canteen & Agrotourism
Participant 9	IT programmer / data analyst
Participant 10	Touristic Agency

# Annex 6:

Focus Group 2 participants’ profile in Shkodër Region, Albania

Participant No	Type of Business
Participant 1	He has studied psychology, is currently working at an NGO, and he is planning to run a business offering catering services.
Participant 2	She has studied nursing and is planning to open a clothing shop.
Participant 3	Student of Physiotherapy
Participant 4	Student of Architecture
Participant 5	Student of Biology-Chemistry
Participant 6	He is working as an economist and intends to open a touristic agency.
Participant 7	She offers handicraft services, aims to open a business in this field.
Participant 8	She has studied architecture, working and is planning to open her studio
Participant 9	Student of Business Administration



# Annex 7:

Participants in IDIs in Shkodër Region, Albania

Sector/ Typology	Name	Description
Business representatives	Drini Xhafa	Tourist guide on the Drin river with canoes
Business representatives	Përparim Laçi	Përparim Laçi Guesthouse (Hani Përparim Laçi)
Business representatives	Nensi Kastrati	Kinaj Dairy Products
Business representatives	Dod Gjerka	Kelmendi Hotel
NGOs	Aurora Piroviq	Well Point.Org
NGOs	Marjan Lukani	IPSIA - Patronato ACLI in Albana
NGOs	Eltjana Shkreli	GO2Innovation
Local government -Municipality of Shkoder	Jasmin Cekaj	Head of the sector of the business and market improvement
Local government -Municipality of Shkoder	Joana Mjekaj	Head of the sector for planning and statistics
The Regional Employment Office Shkodra	Rozafa Zmijani	Director of the Regional Employment Office Shkodra
Chamber of commerce	Arben Haveri	Member, Chamber of commerce
Luigj Gurakuqi University	Florian Bjanku	Professor of Law at the Faculty of Law at the University of Shkodra "Luigj Gurakuqi"

# Annex 8:

## List of realized interviews (Study in Montenegro)

- 1. Marko Subotić and Jasna Radak, representative of Union of Free Trade Unions, conducted on June 7;
- 2. Edina Desić, representative of Ministry of Economic Development, conducted on June 10;
- 3. Jelena Vlahović, representative of the secondary school of economics and catering in Bar, conducted on June 15;
- 4. Vladimir Pavićević, representative of local self-government in Podgorica, conducted on June 15;
- 5. Marina Jovanović and Danilo Kaluđerović, representatives from the Union of Employers, conducted on June 18;
- 6. Jovan Kostić, representative of Employment Service of Montenegro, conducted on June 24;
- 7. Danijela Vujošević, representative of the Ministry of Science, Education, Culture and Sports, conducted on June 28;
- 8. Katrina Berišaj, representative of the high school Tuzi, conducted on June 28;
- 9. Milena Gaćina, representative of the municipality of Bar, conducted on July 1;
- 10. Aleksandar Šipčić, student entrusted to FPN, conducted on July 5.

## Information on structure of focus groups discussion participants (Study from Montenegro):

For the needs of the research, two online focus groups were realized through the Zoom application with a total of 10 participants. The first focus group was realized on June 22 with young people with a business idea who were between 18 and 27 years old from the area of the three municipalities of Podgorica, Bar and Tuzi. The second focus group was realized with young entrepreneurs who were between 18 and 30 years old on June 25, also via Zoom application. Focus groups lasted about an hour and a half.



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