

The Difficulties that Exist for Start-Up and Managing an Agricultural Business in Albania

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Abstract: Founding new businesses in agricultural sector in Albania has a number of advantages for the country's economy. However, for the founders of new businesses (start-ups) in Albania there are a number of difficulties, the identification and outline of minimisation ways which is a relevant study subject in terms of the positive effect of the elimination of such difficulties both for business owners and for the country's economy as a whole. Thus, the study purpose is to outline the problems of start-ups in the agricultural sector of Albania and to suggest ways to solve these problems at the state level and at the level of individual businesses in the terms of determining the most promising development directions. During the study, the following methods were used: analysis and synthesis, economics and statistics analysis, the method of establishing cause-and-effect relationships and graphic methods. As a result of the conducted study, the main characteristics of the start-ups ecosystem both in general and in Albania in particular are outlined. The main problems connected with the access of budding entrepreneurs to financing were identified. The main statistical characteristics of start-ups in Albania were revealed. The importance of the country's agricultural sector for its economic development and the main difficulties connected with its functioning are determined. In the study conclusion, a generalisation of the main problems and promising development directions of start-ups in Albania is provided.

Keywords: Entrepreneurship Ecosystem; Innovation; Investors; Financing; Bank Credit; Organic Products.

JEL Codes: Q1, Q14, M2.

1. INTRODUCTION

A newly created business or a project that has just begun to implement its ideas into life is often defined as a "start-up" in scientific and reference literature. Start-ups are a promising direction in the economy, because they provide a significant part of the gross domestic product (GDP) in both developed and developing economies and also create new jobs. In addition, start-ups are the source of many innovations and new ideas and are more flexible and adaptable than large companies (Honjo et al., 2022). Such well-known organisations such as Amazon, Facebook, Microsoft, Apple, and Google that which without exaggeration have changed and continue to change the world, and were founded just like start-ups (Musta and Meka, 2021; Bakirov et al., 2021).

However, founding a new business is always a high-risk business, the success of which depends on numerous factors of both internal and external origin. The risks and various barriers to founding and managing start-ups are significant in both developed and developing countries. However, in the latter, the list of difficulties can be expanded due to the imperfection of state policy regarding business support, the inefficiency of tax and credit policy, unregulated competition, high level of legal offenses and corruption,

inaccessibility of innovative technologies for certain regions, insufficient education level, etc. (Cherednichenko and Bal-Prylypko, 2019; Kisiolek et al., 2022)

Albania as a country at the stage of development, to one degree or another is characterised by the mentioned barriers to establishing and managing a new business. However, along with some difficulties in development, the country also has significant advantages. One of the most important ones is the presence in Albania of a large part of the young population that is best adapted to rapid changes, ready to accept innovations and has the potential to produce and implement new ideas, in particular in the entrepreneurship area (Kruja and Kadiasi, 2020; Ginters et al., 2010). Most start-ups in Albania are created in the area of ICT, education, as well as e-commerce. Such more traditional areas of operation as the agro-industrial sector are less popular among young entrepreneurs (Boshnjaku and Caro, 2020). At the same time, the agro-industrial complex of Albania in general has a high potential: it provides a significant part of GDP and creates jobs for almost half of the working population (Kosta et al., 2022), plays an important role in the export of certain products types, its development is facilitated by climatic and geographical conditions (Kostruba and Kulynych, 2020; Medvedkov et al., 2021).

Taking into account the importance of Albania's agro-industrial sector for the growth of the country's economy and the great potential of start-ups in economic development, the study that combines these two aspects is important and mod-

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ern. Albanian start-ups in the agriculture area have both great potential due to the large part of youth in the country and the industry's prospects, as well as a number of difficulties, mostly connected with insufficiently effective state policies. Therefore, it is important and relevant to study the content and causes of such problems, as well as to determine ways to reduce or eliminate them.

Most researchers focus on the problems of the imperfect legal framework (Kacollja et al., 2021), as well as limited access to financing from investors and bank credits (Konomi, 2022; Begzhan et al., 2021). However, the list of real problems is much wider (Gjoka and Duka, 2021), and their solution is not only in changes in state policy but also may depend on the founders of the business themselves, because the success of start-ups largely depends on the availability of ideas and talent among its managers (Aizstrauts et al., 2013; Tashpulatov et al., 2018). It follows from this that the solution to existing problems is among other things, in the correct choice and justification of promising directions for the development of start-ups in the agricultural sector. A successful choice of direction can not only be a key success factor of the start-up idea itself but also solve the financing problem by getting potential investors interested in a detailed disclosure of the developed strategy (Imbiri et al., 2021; Yudina et al., 2022).

Thus, the purpose of the study is to outline the problems of start-ups in the agricultural sector of Albania and to suggest ways to solve these problems the level of the state and at the level of individual businesses in terms of determining the most promising development directions.

2. MATERIALS AND METHODS

In the course of the study, the following scientific methods were used: analysis and synthesis, to study of theoretical and legislative aspects of the problem; economics and statistical analysis, to determine the structure and dynamics of the studied indicators; the method of establishing cause-and-effect relationships, when determining problems connected with the founding and management of a start-up in the agro-industrial sector, their causes and promising development directions of start-ups; graphic methods, for visualisation of the obtained results.

The complex nature of the study requires its division into several interrelated stages. At the first stage, the main characteristics of the start-up's ecosystem in its general understanding, as well as the key features of the start-up ecosystem of Albania, were studied. The main constituent elements that should be present in any start-up system, the components of such system in terms of the list of the main participants of the system, as well as the main characteristics that should be characteristic of starting businesses, were determined. The features of Albanian start-ups in the agricultural sector were noted.

The second stage outlines the access of Albanian start-ups to financing. The problems and limitations connected with the access of budding entrepreneurs to financial resources were identified. The main investors types who may wish to invest in the new business's development were outlined. The statis-

tical characteristics of financing sources for new businesses in Albania were determined.

At the third stage, the legislative aspects of start-ups in Albania were outlined. The main state steps, measures, and draft laws adopted in the recent period with the aim of improving the business climate in the country were characterised.

The fourth stage is devoted to a detailed study of the start-up's statistical characteristics. The general start-ups characteristics in Albania were disclosed in terms of the part of men and women in the total number of start-up founders, their age, the period of business operation, registered businesses, etc. It is specified separately for how many years existing start-ups have been operating in the country. The distribution of start-ups is provided in the context of the question of what new each specific business brings to the economic system. The study of the start-ups industry affiliation, and determination of the industries shares in which the number of start-ups is the largest deserves special attention. It is also important to outline the main difficulties faced by start-ups in Albania.

The fifth stage outlines the statistical data and problems of the agro-industrial sector in Albania. Statistical data were given on the production of field crops in Albania, cereals grown in the country by species, fruit tree production in 2004-2021. Information on the production of organic products in Albania in 2019-2021, as well as the area of cultivation of organic plants, is disclosed. In addition, data on the number of agricultural machinery in the country in 1998-2021 were provided. The problems of the agro-industrial sector were characterised in terms of the absence of proper state support for the sector.

The sixth stage defines barriers and prospects for start-ups in the agricultural sector. At this stage, the analysis conducted in the article is generalised and summarised, and the key problems of establishing and managing a new business in the agricultural sector, in the author's opinion, were identified. Prospective directions and advantages for such business development were also outlined. The obtained results were analysed in comparison with the studies of other authors, and other problems and prospects of start-ups in the agricultural sector were outlined.

3. RESULTS

3.1. The Start-ups Ecosystem in Albania

A start-up can be considered as any newly created project or business (Musta and Meka, 2021) or a company that has just started working (Honjo et al., 2022). The innovative direction and flexibility of start-ups contribute to their adaptability to the current rapid changes in the economic environment. Despite the associated risks that are characteristic for new businesses, start-ups play an important role in economic growth (Ker and Biden, 2021).

The new world economy is characterised by the widespread emergence of so-called start-up ecosystems. The level of their success as a whole, as well as the level of success of individual units of the ecosystem, is different, and their

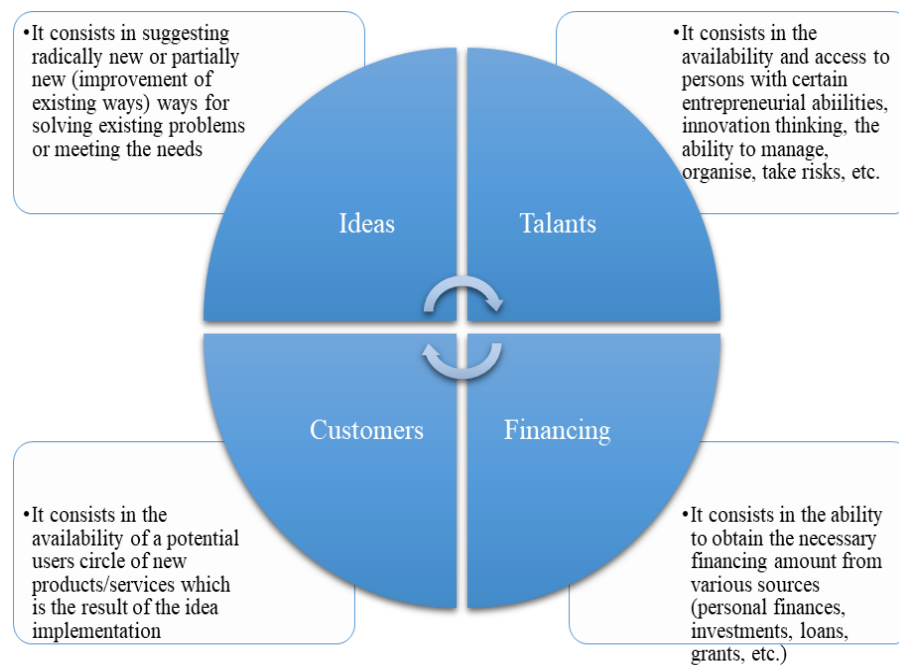


Fig. (1). The Main Components of the Start-Up Ecosystem (Prepared by the Author According to Musta and Meka (2021)).

generation of economic value is steadily increasing every year (How to Build..., 2019). Scientists distinguish various links and components of start-ups ecosystem, but the key components of such system are the elements presented in Fig. (1).

In addition, the start-up ecosystem can be considered in terms of separate components within which the elements defined in Figure 1 are generated. Such components can include:

- incubators – specially created programs, the purpose of which is to find and nurture talents and generate ideas;
- entrepreneurs – a category of people who have the necessary skills, abilities and talents (strategic, analytical, administrative, organisational, marketing, innovative, communication, etc.) to create a start-up;
- mentors – individuals with leadership abilities, as well with the necessary knowledge that they can pass on to entrepreneurs that aiming to create a start-up. Such knowledge should direct future start-up leaders by adjusting their strategy and providing recommendations to prevent common mistakes;
- investors – at each stage of development, the business needs financing, which can be provided both by external investors, loans, grants, etc., and by the entrepreneurs themselves by investing their own or family funds;
- universities – the main purpose of education should not be providing ready-made solutions in business, but developing an entrepreneurial thinking in future specialists with consolidation of the necessary theoretical knowledge regarding fundamental concepts and processes in the economy;

- corporations – they can use start-ups to find non-trivial solutions to traditional problems, thereby providing them with additional chances for development;
- events and associations – certain events during which start-ups are presented and promoted. The purpose is to find interested investors;
- government – it plays an important role in the development of the start-up system through the adoption of laws, programs, grants favourable to the opening and operation of new businesses (Musta and Meka, 2021).

In addition to the listed components of the start-up ecosystem, it is advisable to distinguish the main characteristics of a start-up itself, which ideally should be characteristic of new businesses. The availability in itself of these characteristics is not yet a guarantee of success, which depends on many factors, but their experienced and talented application contributes to increasing the vital operation of new companies. In the opposite case, these characteristics can generate a number of challenges, an inappropriate response to which threatens losses or even the termination of the start-up's operation. Thus, the necessary characteristics of a start-up include:

- innovativeness – the ability to offer new solutions or improve existing ones to increase the efficiency of certain products/processes, meet the needs of modern users;
- the ability to accept risk – it consists in the readiness to accept potential and existing risks, which includes a thorough analysis of risks, the search for opportunities to prevent or mitigate them, the elimination of the risk's consequences that was realised, recovery after the realisation of the risk and any

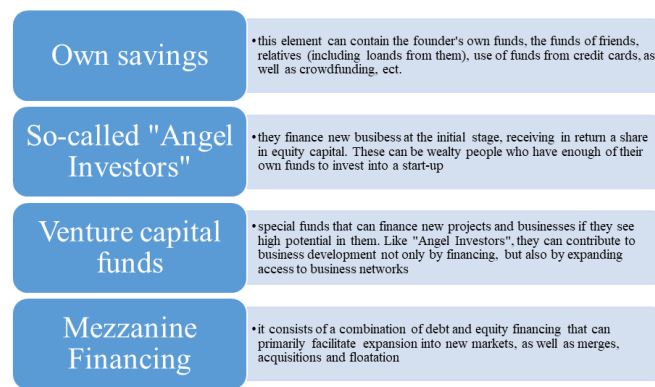


Fig. (2). The Main Types of Investors in Start-Ups (Summarised by the Author According to Musta and Meka (2021)).

other measures and procedures that contribute to the effective functioning of business in conditions of constant threat of risks;

- **proactivity** – unlike reactive ones, proactive business not only reacts to changes, but also makes adjustments to the internal and external environment. In particular, a proactive business is characterised by the desire and readiness to compete on the market, not only in response to the competitors actions, but by getting ahead of them through the new ideas introduction, etc.;
- **autonomy** – the ability to work independently, which applies both to the business as a whole and to its individual employees;
- **competitive aggressiveness** – it can refer to both reactive and proactive business operation, however, both of them are aimed at gaining an advantage over competitors, in particular, in providing innovative or higher-quality services or manufactured goods than competitors, in managing more effective service, optimisation internal procedures in the company and communication with employees, etc.;
- **cooperation** – it consists in establishing relationships with educational institutions, the government, competitors in the industry, which ensures an effective exchange of knowledge and talent, opens up new opportunities for business, for example, regarding financing or taking advantage of government programs, etc. (Kruja, 2020a; Kisiolek et al., 2021).

Studying the start-up ecosystem of Albania, it can be noted that it has the mentioned components and characteristics. The main factors for the development of the Albanian ecosystem are a successful idea and appropriate financing. As for good ideas, they are mostly generated in the area of technology start-ups, which is due to the relative ease of ideas implementation in this area, as well as lower risks. However, this cannot be said about the agricultural sector: even with a good idea, its implementation can be associated with greater difficulties, risks and, in case of failure, more tangible losses for the company (Katsikouli et al., 2021). Regarding financing, it can be stated that this issue is the most problematic for Albanian start-ups. There is a lack of investors that leads to difficulties in attracting adequate financing (Musta and Meka, 2021; Konomi, 2022). In the next study subsection, the

problems and ways of financing for Albanian start-ups are discussed in detail.

3.2. Access to Financing

Starting a new business is always a risky business not only for its founders, but also for individuals and institutions that are its potential investors. Success chances depend on numerous factors that are difficult to calculate, therefore, most often start-ups are financed by investing the founders' own funds, their family or friends. The practice of using second-lien mortgage loan on property is also common. At the initial stage, start-ups rarely attract the attention of venture capital investor, and therefore the founders' main hopes are focused on receiving government grants or financing from other special programs. At the development stage, such barriers as lack of founders' experience, inability to accurately assess prospects, low income, etc. also do not play in favour of investing in a start-up. Founders often do not have access to long-term crediting, so at this stage they tend to use credit alternatives such as leasing, factoring, various financial platforms, etc. Only after the company has built a track record and at the same time, increased its operation transparency, it can receive a long-term credit (Kacollja et al., 2021; Akbarov et al., 2018).

When a start-up has the opportunity to attract the attention of venture capital investors or private equity funds, the way to obtaining financing is simplified and shortened. However, for this it is necessary that, firstly, such investors are present and active in a specific start-up ecosystem, and, secondly, the start-up should have a well-thought-out and promising business plan or strategy that could interest venture capital investors, make them to believe in the long-term growth of new business (Kostruba, 2021; Shaikh et al., 2022). In general, the presence of venture capital investors in the ecosystem plays a positive role in the development of new businesses and stimulates entrepreneurship. An important player in the ecosystem is the state, which by providing grants and stimulating entrepreneurship through the adoption of favourable laws, also has a significant impact on the development of start-ups, which, in turn, positively affects growth and innovation in the economy (Musta and Meka, 2021; Isatayev et al., 1980).

Summarising the abovementioned, the following main types of investors can be identified (Fig. 2).

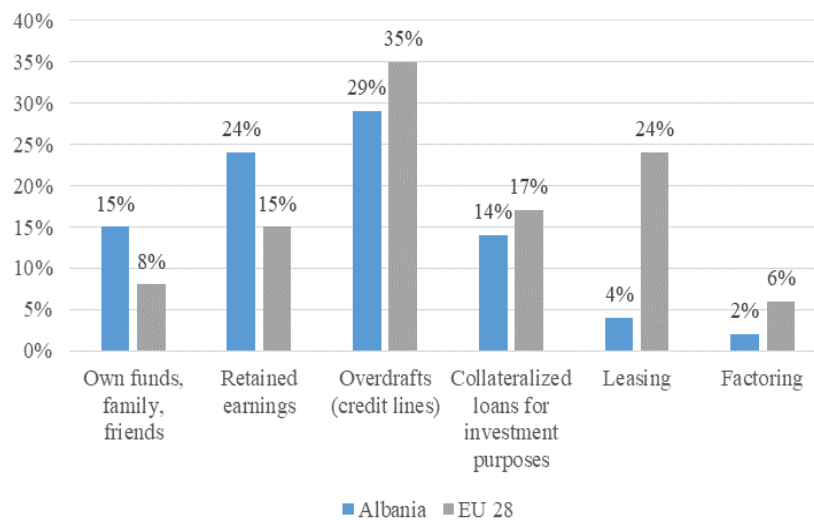


Fig. (3). Main Financing Sources for Albanian Start-Ups (Prepared by the Author According to Kacollja et al. (2021)).

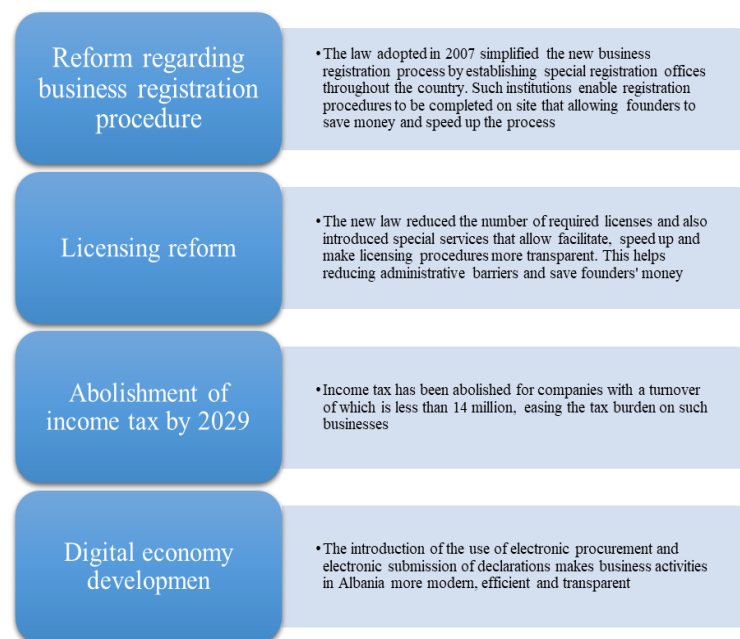


Fig. (4). Key Reforms of the Albanian Government Regarding the Business Climate Improvement in the Country (Summarised by the Author According to Gjoka and Duka (2021)).

For start-ups in Albania difficult access to financing is one of the most important barriers to growth and development (Kacollja et al., 2021). Fig. (3) shows the main financing sources for start-ups in Albania. For comparison, Fig. (3) also shows data for the 28 countries of the European Union (EU) as a whole (average value).

As it can be seen from the figure, the main financing source for Albanian start-ups is overdrafts, second is undivided profits, and third is own savings. In addition, the number of start-ups using their own savings for financing in Albania is almost twice as high as this indicator in the EU. The same applies to the use of undivided profits, in Albania this financing type is used 9% more often than in the EU. A significant difference is also noted in the use of leasing, it is used in the EU six times more often than in Albania (24% and 4%

of start-ups use leasing in Albania and the EU, respectively). Such results confirm the availability of more limited access of Albanian start-ups to external financing compared to EU countries.

3.3. Legislative Aspects of Start-ups

As it was defined above, one of the key players in the start-up ecosystem both in the world countries and in Albania in particular, is the state. Over the past fifteen years, the Albanian government has taken a number of steps to improve the business climate. Measures have been taken to reduce administrative barriers, as well the implementation of the European Charter of Local Self-Government has begun (Gjoka and Duka, 2021; Cungu and Swinnen, 2018). Key reforms are provided in Fig. (4).

The reforms shown in Fig. (4) are important steps for the the start-up ecosystem development in Albania, but currently it is still imperfect and requires additional government decisions to stimulate the establishment and development of new businesses, in particular to improve their access to financing.

3.4. Start-ups Statistical Characteristics

Determining the main characteristics of start-up ecosystems allows moving to the actual data study on Albanian start-ups, in particular to the statistical information. Thus, Fig. (5) shows the percentage of start-ups based on their most general characteristics.

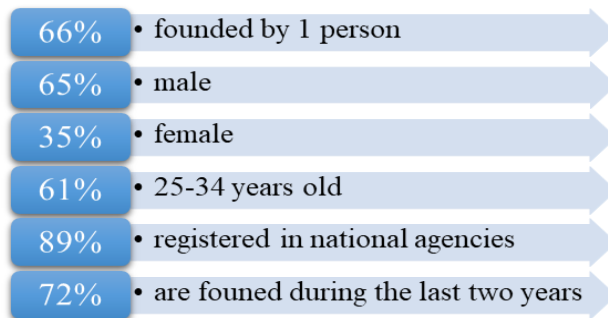


Fig. (5). General Start-Ups Characteristics in Albania (Prepared by the Author According to Boshnjaku and Caro (2020)).

Therefore, most start-ups in Albania are founded by individuals. The majority of founders are men, which updates the study on barriers to establishing new businesses for women (Gjoka and Duka, 2021; Moldagozhieva et al., 2017). Most of the founders are young people aged from 25 to 34. A big part of start-ups is registered in national agencies. The fact that more than 70% of new businesses were founded within the last two years attracts special attention. This may indicate that a large number of start-ups were unsuccessful and could not sustain their operation for a longer period of time. The study by A. Kruja and A. Kadiasi (2020), in which 30 respondents among start-up entrepreneurs were interviewed, also proves that only 10% of businesses manage to survive on the market for more than three years (Fig. 6).

Also, in the work of A. Kruja and A. Kadiasi (2020), the respondents' answers to the question of what is new in their

business are provided. Entrepreneurs were given four possible answers: innovative idea, problem solution, new way of doing something, and the technology used. Researchers have found that most new businesses implement new ideas in the market that simultaneously solve certain problems using new technologies.

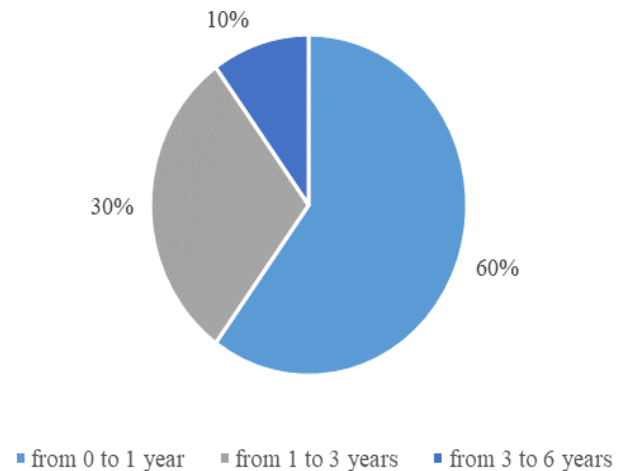


Fig. (6). Years Of Start-Ups Operation on the Market (Prepared by the Author According to Kruja and Kadiasi (2020)).

Regarding the start-ups distribution by industry direction the following statistical characteristics were found (Fig. 8).

Therefore, the majority of start-ups operate in the information and communication technologies (ICT) area, in second place new solutions in the education area, in third place e-commerce. As it was mentioned above, start-ups connected with information technologies are the most widespread and promising in terms of relative simplicity of idea implementation, greater cost savings, as well as the relevance of information technologies due to the modern environment requirements (Vinichenko et al., 2021; Zhansagimova et al., 2022). In the context of the study topic regarding agricultural business start-ups, it is appropriate to note that their popularity is significantly lower (4.7%) compared to ICT start-ups (18%). It may be due to the difficulty of promoting new ideas in such a traditional area as agriculture, as well as the need for greater financial investment in equipment, premises, etc.

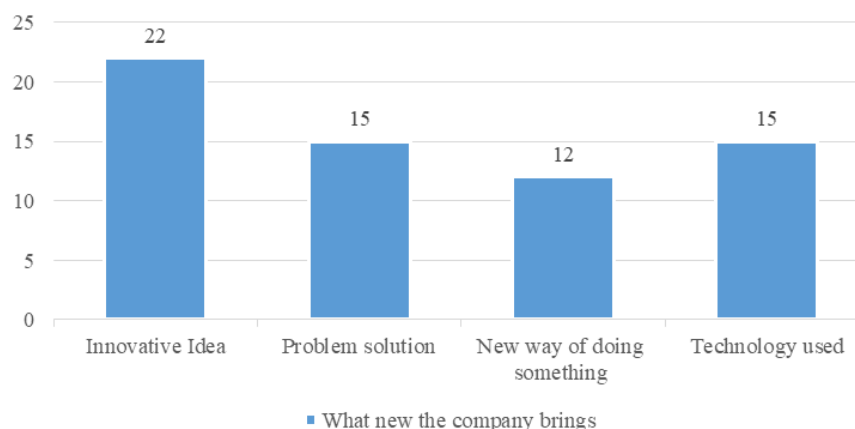


Fig. (7). What is New Business Brings (Prepared by the Author According to Kruja and Kadiasi (2020)).

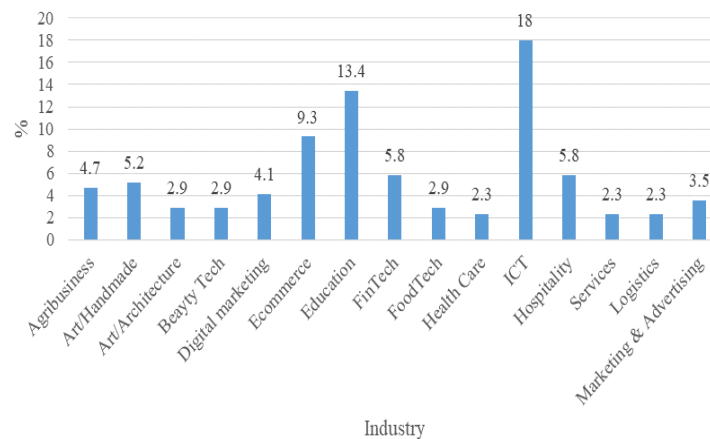


Fig. (8). Distribution of Start-Up by Industry (Prepared by the Author According to Boshnjaku and Caro (2020)).

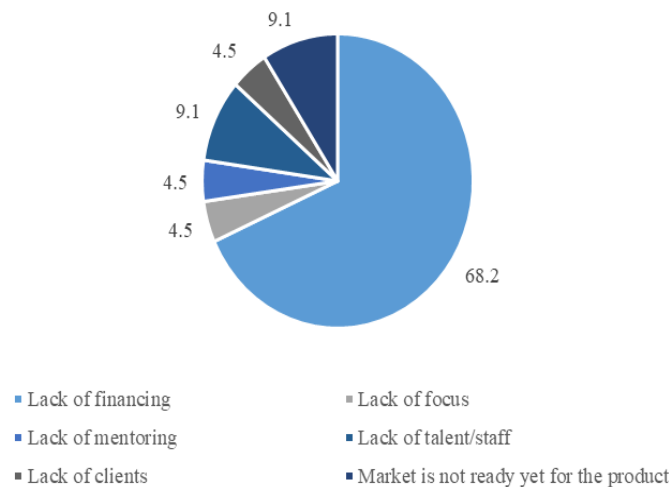


Fig. (9). The Main Problems Faced by Start-Ups in Albania (Prepared by the Author According to Boshnjaku and Caro (2020)).

Fig. (9) shows the main difficulties faced by start-ups in Albania.

The information provided in Fig. (9) confirms the previous results that the main problem of start-ups in Albania is the lack of financing. The next most significant difficulties are lack of talent or staff and market unreadiness for the offered product.

Despite all the existing problems, Albania's ecosystem is quite promising in the innovation area. It ranks 20th place in the regional ranking among start-ups in Eastern Europe and 75th place in the world (Albania Startup Ecosystem Overview, 2022).

3.5. Statistical Data and Problems of the Agricultural Industry of Albania

Determining the aspects connected with start-ups in Albania as a whole allows moving to the study of the specifics and problems of establishing new business in the agricultural sector. First of all, it is advisable to determine the main characteristics of the agro-industrial sector of Albania to identify problems and promising directions for start-ups in it.

Agriculture is one of the most important industries in Albania. This industry provides one fifth of the country's GDP

and approximately 50% of employment. The area of agricultural land is more than 40% of the land. A third of the country is washed by two seas, which makes it possible to use the coastal regions for growing vegetables, fruit trees and other products in favourable conditions on fertile land. The Alpine part of the country is suitable for growing medicinal and aromatic plants (Kruja, 2020b).

The total area of agricultural land in Albania is 687.6 square kilometers for 2020. This is about 23.92% of the total country area. There is some decrease in the agricultural area compared to 1998 (24.31%) (INSTAT, 2022). Fig. (10) shows the production of field crops for the period from 2004 to 2021 in tons.

As can be seen from Fig. (10), the largest volumes and growth over a certain period are characteristic of feed production. There was also a noticeable increase in the production of cereals. Fig. (11) shows the composition of cereals grown in Albania by species.

Among the cereals grown in Albania, corn has the largest volume and growth. Much lower volume values are characteristic of wheat and oats. The cultivation of fruit trees also plays an important role in the agriculture of Albania (Fig. 12).

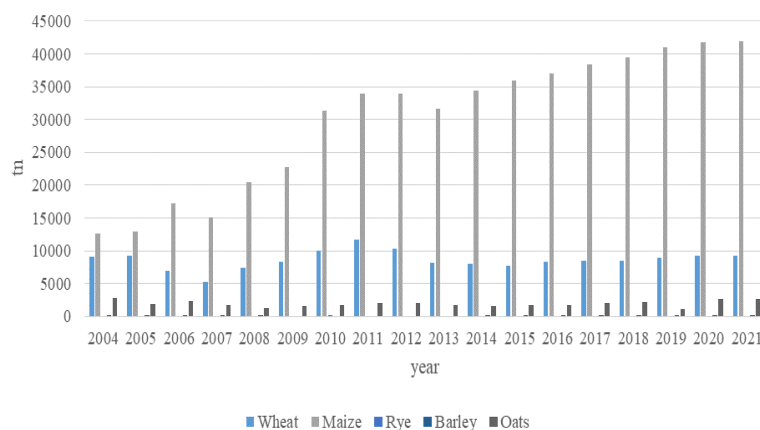


Fig. (11). Cereals Grown in Albania by Species in 2004-2021 (Tons) (Prepared by the Author According to (INSTAT, 2022)).

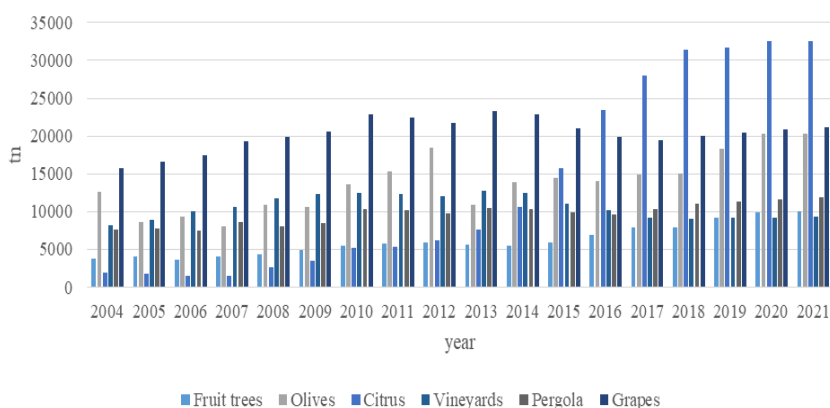


Fig. (12). Production of Fruit Trees in Albania in 2004-2021 (Tonnes) (Prepared by the Author According to (INSTAT, 2022)).

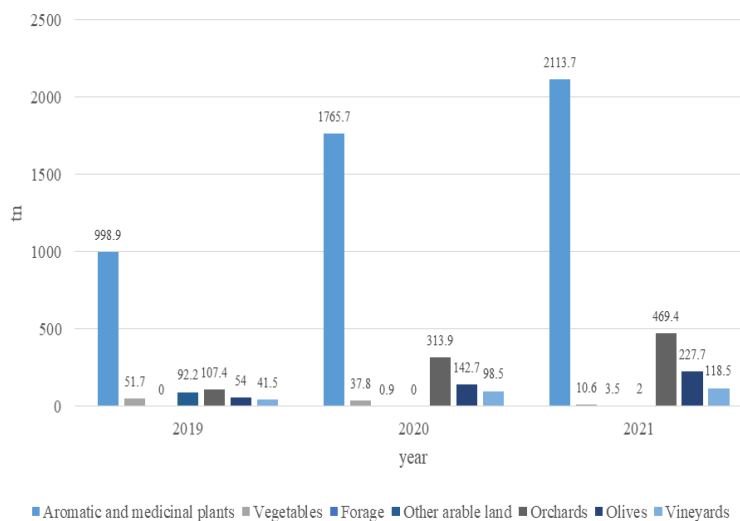


Fig. (13). Organic Products in Albania in 2019-2021 (Tons) (Prepared by the Author According to (INSTAT, 2022)).

As it can be seen from Fig. (12), the largest volumes of fruit trees production were characteristic of grapes until 2015, and since 2016 the priority belongs to citrus trees. The volume of oil production is also increased significantly.

Over the past years (2019-2021), there has been a trend towards growth in the cultivation of organic products (Fig. 13).

As it can be seen from Fig. (13), the cultivation of aromatic and medicinal plants has more than doubled over the past three years and is the leader among cultivated organic products. There are also significant growth trends in organic fruit trees, olives and vineyards. According to statistical data, the area of arable lands intended for the cultivation of all men-

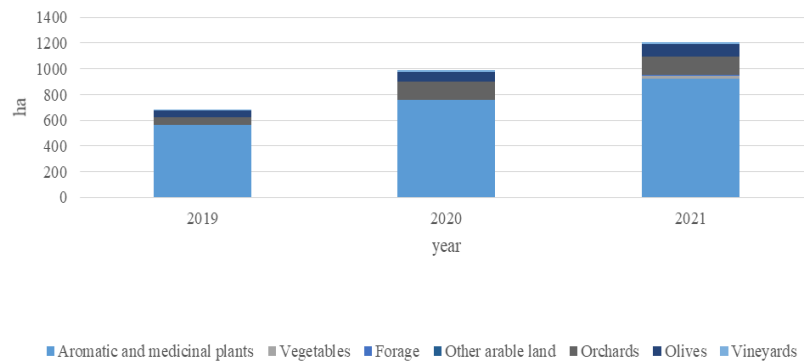


Fig. (14). The Area of Cultivation of Organic Products in Albania in 2019-2021 (Ha) (Prepared by the Author According to (INSTAT, 2022)).

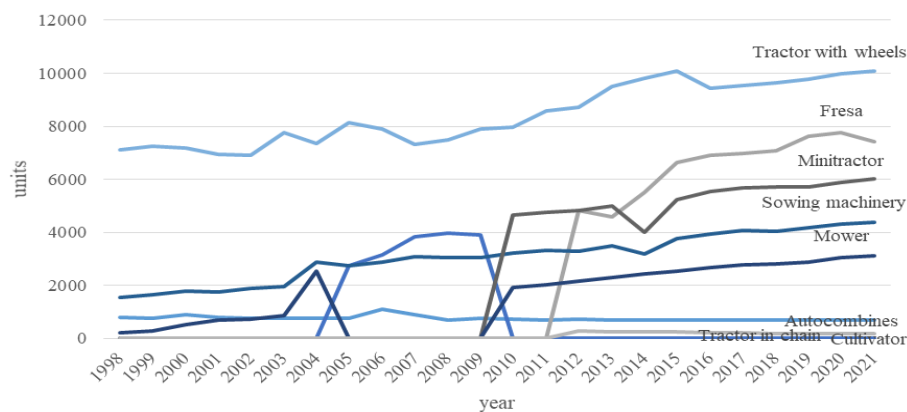


Fig. (15). The Number of Agricultural Machinery in Albania in 1998-2021 (Units) (Prepared by the Author According to (INSTAT, 2022)).

tioned organic products has also almost doubled over the past three years, from 677.6 ha in 2019 to 1207.5 ha in 2021 (Fig. 14).

Among the machinery used in the agro-industrial complex of Albania, autocombindes, fresa, cultivators, sowing machinery, minitractors, mowers, tractors with wheels and tractors in chains are most often used (Fig. 15).

It should also be noted that Albania has good export potential. The country's agricultural exports continue to grow and reach 365 million dollars by 2022. This indicator shows a 10% increase compared to 2019 (Albania – Country Commercial Guide..., 2021).

However, despite the high importance of the agro-industrial complex for the country's economy, state support for manufacturers is extremely low. Budget support reporting is characterised by low transparency, also the agricultural policy is also inherent by low planning quality. Subsidies for manufacturers are inadequately provided, which reduces the competitiveness of agriculture in Albania in domestic and foreign markets (Kruja, 2020b; Gecaj et al., 2018).

4. DISCUSSION

Analysing the abovementioned in terms of making a decision to start and manage a new business in the agricultural sector, it is possible to draw the following conclusions regarding possible problems that accompanying such decision (Stadnyk et al., 2021):

- limited access to financing in the absence of own funds to start a new business;
- low interest of investors in investing into new businesses, insufficient incentives for investment;
- the difficulty of promoting new ideas in such traditional area as agricultural business and the higher cost of such promotion compared to such areas as, for example, ICT;
- the need to purchase expensive agricultural equipment and land lease;
- lack of state support;
- lack of qualified personnel and relevant skills among employees.
- However, the conducted analysis also allows making conclusion that start-ups in the agricultural business area are a promising direction of operation. Prospective directions for opening a start-up in the agricultural sector include:
 - the agro-industrial complex in Albania is an important sector of the economy, and the country's government continues to take steps to stimulate its development;
 - the country's climate is favourable for growing many types of plants that should attract the attention of investors to this area;

Table 1. Barriers Rating of Business Operation in Albania.

Barrier	Rating
High level of taxes	1
Limited access to financing	2
Difficulties in obtaining credits, high credit rates	3
Bureaucratic complexity	4
The need for social insurance contribution	5
Insufficient efficiency of state administration and judicial proceeding	6
Substandard infrastructure	7
Increased pressure on business	8
High energy carriers prices	9
Insufficient stimulation	10
Big number of necessary licenses	11
Unfair competition	12
Lack of cooperation between the government and the private sector	13
Foreign competitors	14
Customs difficulties	15
Restricted access to emerging markets	16
Corruption and offenses in the area	17

Source: (Gjoka and Duka, 2021).

- there is a free niche for start-up businesses in the agricultural sector, because the existing production volumes do not satisfy all the country's domestic needs, causing the need for significant volumes of imports. New businesses can use this opportunity until large foreign manufacturers enter the country's domestic market;
- organic agriculture is developing rapidly in the country. This innovative direction can be interesting for new businesses due to the ever more increasing demand for organic products (Ismayilov et al., 2021);

Albania has significant export potential. Its products, such as medicinal and aromatic plants, animal feed, etc., are in high demand in the world.

It can be concluded that starting a new business in the agricultural business area in Albania has both its risks and a number of advantages. In general, the advantages are significant and in the author's opinion, outweigh the disadvantages, because they contain such necessary characteristics for successful business in the agriculture area as a favourable climate, unoccupied niches in the area, importance for the country's economy. It is possible to reduce the identified difficulties by implementing a more effective state policy in the development area of the agro-industrial sector and providing support to entrepreneurs.

The author's conclusions are confirmed by the studies of other academic economists. Thus, I. Konomi (2022) notes that the legal framework regarding start-ups in Albania is imperfect, because the very concept of "start-up" is absent in it. In addition, the relationships between the government, the science sector and the private sector are not established. As the main disadvantage, the researcher distinguish the absence of a clear strategy of Albanian start-ups, but also notes their potential, given that start-ups can give a lot to the Albanian market before foreign giants enter it. As improvement measures of the business climate in Albania, the scientist recommends increasing support for businesses from the state, easing crediting procedures by banks, and also creating favourable conditions for Angel Investors, for example, through fiscal incentives.

E. Gjoka and R. Duka (2021) also note the high potential of Albanian business in the agricultural sector, which, however, is not fully used. The reasons are the strategy imperfection, structural disadvantages, insufficient amount of know-how in business. Among other things, the researchers distinguish insufficient financial literacy of the population and education of workers in the area, the presence of an informal sector, an inefficient transport system and corrupt practices as disadvantages. These factors especially affect small businesses in the agricultural sector. Summarising the abovementioned, scientists provide a barriers rating of business operation in Albania, presented in Table 1.

As it can be seen from Table 1, the most significant difficulties to business operation identified in the article – limited access to financing and credits – rank second and third places in the scientists' ranking. High level of taxes takes first place – a barrier that was not considered in the study. The taxation problem in the agricultural sector is also considered in the work of F. Guri et al. (2020) where it is stated that taxation in the agricultural sector is generally used to improve agricultural productivity in the country and help small and fragmented farmers. Such help should be implemented, in particular, through the provision of tax benefits to certain businesses categories.

A. Kacollja et al. (2021) specify the problems connected with legislation. Researchers note that there are differences between the definition of small and medium-sized businesses in the legislation and the way they are defined by banks based on existing risks. This fact complicates the collection and analysis of information on businesses crediting. Agro-industrial sector of Albania is dominated by small and medium-sized businesses, which, despite their strong contribution to the economy, increases the informality level. And even though there is a tendency to increase the number of registered businesses in the country, many of them still do not declare taxes. But as it was noted in the article, the number of registered businesses reached 89% in 2020, so it can be confirmed that there is a generally positive trend in this area.

In this article, the export issue of agro-industrial products of Albania as a promising direction in the country's economy was clarified. However, in separate studies, the difficulties that exist on the way to exports development are also distinguished. Thus, E. Muça et al. (2018) also note an increase in the share of agro-industrial exports and note that manufacturers in Albania face certain constraints due to small farm areas, the availability of the informal sector, and state policies. Small size and fragmentation are identified by researchers as the main barriers to the development and improvement of the productivity of the agro-industrial sector (Pimon-ratanakan, 2022; Shahini et al., 2022).

A. Kruja (2020b) provides the following recommendations for overcoming problems in the agricultural sector, especially for small businesses: the state should ensure the development of transport infrastructure, access to main utilities, stimulate the introduction of ICT, develop a network of special laboratories for testing of products, ensure compliance of products with international and national standards. In addition, cooperation between the scientific sector, students, companies, the private sector, and the state is necessary.

K. Schwab (2018) summarises recommendations for improving the efficiency of the agro-industrial complex of Albania with the following statement: Albania's policy for increasing competitiveness should include improving of the manufacturing process at the same time as improving product quality, as well as stimulating investment in business development and increasing innovation activity.

In this article, innovation was considered as a factor, the availability of which is necessary and obvious when it comes to start-ups (even in such traditional area as agriculture). However, in some studies, the need to introduce innovations in business is considered as a separate problem, because the

innovations success depends on numerous factors (Aitkazina, 2013; Tatenov, 1984). Thus, J. Mulliri et al. (2021) note that in recent years digitalisation has reached a significant level in agriculture area, but in Albania there is a so-called "digital divide": in low income areas as well as in villages, new technologies may not be available. To spread their use in such territories, it is necessary to develop infrastructure and local institutions, and improve access to the Internet and special platforms.

5. CONCLUSIONS

As a result of studying the theoretical frameworks of start-up ecosystems, their main components and key components were identified, as well as the start-ups characteristics necessary for effective work were identified. It was determined that the determining factors for the development of start-ups in Albania are the idea and proper financing. Most often, good ideas are generated in the information technology sector, while in the agro-industrial sector, it is much more difficult to promote a new idea. In addition, Albania has problems with the access of young entrepreneurs to financing.

The article determined that the main problems connected with the access of budding entrepreneurs to financing include: the unwillingness of venture capital investors to finance start-ups at the initial stage due to uncertain business prospects, insufficient number and activity of venture capital investors in the start-up ecosystem, limited access of young entrepreneurs to long-term financing. Thus, the main sources of financing for Albanian start-ups include overdrafts, undivided profits and own savings. Most often, at the initial stages of operation, the founders work only at the expense of their own funds or loans from relatives or friends.

The study of the state policy regarding start-ups and Albanian legislation in this area allows stating that the state has taken a number of steps to improve the business climate in the country. However, the state policy regarding support of start-up businesses still needs to be improved, in particular with regard to improving access to financing, as well as ensuring cooperation between the state, scientific institutions, and private business.

The study of the statistical characteristics of start-ups in Albania, among other things, allowed establishment that more than 70% of start-ups were founded during the last two years. This may indicate that a big part of start-ups did not succeed and could not survive longer than this term. The largest share of start-ups work in the area of ICT, education, and e-commerce. Only 4.7% of start-ups operate in the agricultural business area.

According to the study results of the agro-industrial sector of Albania, it was determined that the sector plays an important role in the country's economy, provides a significant share of the GDP and provides about half of the population with jobs. During the study of start-ups operating in the agricultural sector, it was established that the main difficulties to starting and managing a startup in this area can be: the difficulty of promoting new ideas in the such traditional area as agriculture; high cost of equipment, the need to pay rent; lack of state support; insufficient qualification of personnel; limited access to financing. Promising directions for the develop-

ment of start-ups in the agricultural sector are: the prospects of the agro-industrial sector of the country as a whole; favourable climate; availability of a free niche in the sector; development of organic agriculture; country export potential.

A promising direction of further studies is to determine the potential of founding a new business in the organic agriculture area, outline the strategy and evaluate the prospects.

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