

# THE ENTREPRENEURIAL ECOSYSTEM OF KOSOVO

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A FIELD STUDY OF LOCAL STARTUP ENTREPRENEURS

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# **The Entrepreneurial Ecosystem of Kosovo: A Field Study of Local Startup Entrepreneurs**

## **Abstract:**

I explore the entrepreneurial ecosystem of Kosovo by analyzing the experiences and mindsets of 16 local startup entrepreneurs. Using semi-structured interviews and thematic analysis based on Braun & Clarke's (2006) qualitative framework, I identify five key themes: structural barriers to entrepreneurship, cultural and psychological challenges, the global spread of Kosovo's diaspora, innovation in adversity, and entrepreneurial mindset and values. The findings highlight crucial external and internal challenges, such as an underdeveloped infrastructure and a cultural risk aversion, as well as intrinsic advantageous traits across the subjects, such as creativity and resilience. The themes are deeply interconnected, and suggest applications in the form of specific policy decisions and programs aimed at altering cultural perceptions. However, the findings are preliminary in the field and highlight the need for more extensive and targeted research.

## **Keywords:**

Kosovo, Entrepreneurship, Entrepreneurial Ecosystem, Startups, Economic Development

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# 1 Introduction

In this paper I investigate the characteristics of the entrepreneurial climate of the country of Kosovo. Entrepreneurship and entrepreneurial activities are widely considered a cornerstone for a country's sustained financial and economic growth; and innovativeness, creativity, and motivation among entrepreneurs are crucial for driving this growth. The research basis for this concept is strong. Multiple prominent research papers (Andrews, Chatterji, Lerner, & Stern, 2022; Doran, McCarthy, O'Connor, & Nsiah, 2018; Gautam, & Lal, 2021; Valliere, & Peterson, 2010; & Galindo-Martín, Méndez-Picazo, & Castaño-Martínez, 2020) showcase studies that find correlations between innovation, entrepreneurship, and economic growth. Gautam & Lal (2021) find the correlation between entrepreneurship and economic growth to be significantly positive, while Galindo-Martín et al. (2020) find a similar relationship between innovation and economic growth. Andrews et al. (2022) presents a volume of studies breaking down these contributions by sector. For developing countries, the positive effects of entrepreneurial activities are more often hindered by a variety of systemic inefficiencies. Doran et al. (2018) and Valliere & Peterson (2010) find either an absence of or a negative relationship between entrepreneurship and economic growth for low-income countries, but positive ones for developed countries, indicating frictions preventing the entrepreneurial benefits to translate to economic growth.

Modern research within development economics also stresses the importance of tailoring decision-making and policies to the targeted country's specific economic, financial, and cultural context, and that "one-size-fits-all approaches" often fall short. A variety of influential and critically acclaimed studies support this perspective. Acemoglu & Robinson's (2012) book "Why Nations Fail" investigates the importance of institutions to sustained economic growth, and highlights how country-specific factors should be prioritized over universal models. El-Erian & Spence (2008) examines some challenges that developing countries face in reaching sustained growth, specifically targeting the cases of China and India, and how they have tailored their growth strategies to their unique situations. Diwan (2010) discusses the more specific meanings and applications of country-specific solutions as a preferred measure over simplistic economic theory. Khuong (2013) compares economic growth paths of Asian countries, emphasizing open-mindedness and the hunger for learning to a successful growth strategy, as well as taking account of the local context. Delechat, Melina, Newiak, Papageorgiou, & Spatafora (2024) elaborates the discussion with case studies of developing countries showcasing a correlation between economic diversification and a variety of economic improvements like faster economic growth and higher incomes per capita. The increased entrepreneurial frictions in developing economies, combined with the concept of context-dependent decision-making, forms the idea of mainly focusing on data from one specific developing country which the goal is to understand more about.

Kosovo is a young nation relative to the rest of the world. Its formal declaration of independence was conducted in 2008, and 102 out of 193 United Nations member states currently recognize Kosovo. It fulfills most of the fundamental criteria for statehood that were originally set out in the 1933 Montevideo Convention, including a settled population, a defined territory, a

functioning government, and an ability to enter into foreign relations. Kosovo is currently a member of the International Monetary Fund and the World Bank, but the government has pushed for more international recognition since its independence. Despite diplomatic support from most of the European Union, the United Kingdom, and the United States, resistance from powerful non-recognizers like Russia and China has blocked the country from entering important international organizations like the United Nations. The relationship to its border country Serbia has been complicated and tense for decades, and is deeply rooted in ethnic and political conflicts. Since Kosovo's independence, Serbia has not only refused to recognize it, but has also actively lobbied against and blocked Kosovo from establishing itself internationally.

These difficulties and tensions have played a major role in Kosovo's financial and economic situation. Since its independence, economic growth has been moderate, with GDP averaging at around 4% annually (World Bank Group, 2023), and the economy showing high resilience against global shocks like the pandemic and Russia's invasion of Ukraine (United States Department of State, 2024). However, the country's GDP/capita, which is around \$6 000 in current US dollars (World Bank Group, 2023), is currently the second-lowest in Europe, only higher than Ukraine which is in the midst of war. Additionally, there are significant underlying problems to the economy that have raised concerns both domestically and internationally. Firstly, Kosovo's unemployment rate is one of the highest in Europe, and it is especially severe for the younger generations of the workforce, averaging at above 20% in the last ten years for the entire workforce and around 50% for the youth unemployment rate (Trading Economics, 2023). Secondly, the country has a large informal sector estimated to account for about 35% of GDP (Cojocar, 2017), and corruption is widespread throughout the government and various institutions (United States Department of State, 2024). Thirdly, the country is heavily dependent on foreign aid, and a disproportionate size of its GDP comes from remittances from abroad (United States Department of State, 2024). These factors play into Kosovo being a developing country with about 23% of the population living below the poverty line (UNICEF Kosovo Programme, 2022).

Kosovo is in strong need for an increased academic focus, especially from a financial and development economic standpoint. The country's entrepreneurial climate is a relatively underexplored field academically. The need for urgent action is also highlighted by the idea of path dependency for nations (Leithner & Libby, 2017), underlining how the quality of initial choices can have magnified implications for the future situation of the country, where those implications can either increase or restrict future choice options (Greener, 2025). An increased understanding of a country's unique situation and problems can be essential for gaining an initial understanding on how to solve them. For Kosovo, understanding the entrepreneurial ecosystem can improve the understanding about issues like the high unemployment rate, since job opportunities are partially dependent on whether companies are able to flourish in their industry. As for the high remittance reliance and the large informal sector, these problems tend to decrease in a well-functioning job market and a generally effective formal economic system, making them indirectly relevant as well.

Multiple notable entrepreneurial studies have been performed in other countries than Kosovo. Mainly, prominent and extensive research projects have been conducted in both developing and developed economies, or major cities within those, about the entrepreneurial ecosystem and country policies. Examples of countries having been placed under the lens are Kenya (Holm & Ankarkrona, 2016), Indonesia (Qoriawan & Apriliyanti, 2022), Israel (Senor & Singer, 2009), Poland (OECD, 2014 & 2019), India (Pathak & Mukherjee, 2020), China (Zhao, Xu, Vasa, & Shahzad, 2023), and Ireland (OECD, 2019). The majority of these kinds of studies use a qualitative-based methodology, either fully or to a large extent. Many of them base their conclusions on some variant of interviews, most often semi-structured, showing the scientific strength of this kind of data collection form in terms of extensiveness and possibility to reach novel conclusions. Additionally, many studies specifically interviewed individuals connected to the startup scene, although some provided nuance by also interviewing other groups of people connected to e.g., support organizations, government officials, historians, venture investors, etc. Some articles also provided methodological triangulation through combining the qualitative data with existing quantitative documents.

In Kosovo specifically, some studies have been performed as well, but the more insightful studies focusing on other countries are generally more prominent and scientifically rigorous. Papers focusing on the Kosovo entrepreneurial climate in particular include Avdiaj, Berisha, Krasniqi, & Ramadani (2024), Sopjani (2019), Saranda, Florin, & Besnik (2019), Sahiti (2021), Mustafa, Pula-Shiroka, Krasniqi, Ramadani, & Kryeziu (2023), Stojčetović (2022), and Hima (2024). While Mustafa et al. (2023), Stojčetović (2022), and Hima (2024) collect data through surveys, Sopjani (2019), Saranda et al. (2019), and Sahiti (2021) instead review existing documents. Only Avdiaj et al. (2024) base their study on semi-structured interviews, and those are with representatives of incubators. However, qualitative studies involving interviews are crucial for improving the general understanding within fields highly characterized by people, attitudes, and relationships, just like national entrepreneurship climates. The notable studies in other countries mentioned in the above paragraph are ideal examples of qualitative field studies yielding insightful results, including Qoriawan & Apriliyanti (2022), Senor & Singer (2009), and Zhao et al. (2023). Additionally, a crucial group that is underrepresented within such qualitative Kosovar studies are entrepreneurs themselves, not just incubator personnel. Hence, there is a clear gap in the literature within the Kosovar entrepreneurial ecosystem.

To bridge these research gaps, I examine the entrepreneurial climate of Kosovo using self-conducted and semi-structured interviews with Kosovar entrepreneurs. To decrease survivorship bias, I specifically target startup entrepreneurs. The research is descriptive, and the main objective is to widen the general understanding of the Kosovar entrepreneurial ecosystem, as well as to understand the primary factors influencing entrepreneurial success or failure. The data collection involves 16 interviews and a separate survey filled in by 15 of those subjects. The interviews are the main data source for the analysis, while the survey is brief and serves the purpose of bringing background information and improving the overall analysis. Most of the interviews are done face-to-face, but some are performed online. All of the interviews are video recorded. The aim is

for every interview to be as rich of information as possible. Therefore, all of them are 30-50 minutes long. Although the questions prepared for the interviews are standardized, they are also open-ended to allow the participants to share their own experiences freely. Data is collected about a variety of aspects regarding the subjects' professional experiences, lives, and mentalities. Instead of creating a formal setting, the data collection depends on free-flowing conversations where the discussion can smoothly go from topic to topic naturally.

Based on the in-depth qualitative data about experiences, values, and mindsets, thematic analysis is applied to identify the most broad and recurring trends across the transcripts. Braun & Clarke's (2006) prominent paper about thematic analysis serves as a benchmark for the data analysis. An open and exploratory approach is maintained throughout the entire process to attempt to catch novel, subtle, and perhaps unexpected insights. Although qualitative research always is characterized by some inevitable subjectivity, it is vital to avoid unnecessary rigidity by limiting the data collection and analysis to any one aspect, for example the financial system or the economic stage of the country. Keeping an open mind is ideal for providing a strong overall investigation of the entrepreneurial climate. The exploratory nature of the study implies a necessity to avoid excessive expectations or predefined factors or themes. The thematic analysis also allows for a distinction between individual differences and collective struggles, whether they be based on psychological issues or practical ones. The findings and conclusions emphasize the need for future research within the area and country.

The findings comprise of five themes, which are all different yet interconnected: structural barriers to entrepreneurship, cultural and psychological challenges, the global spread of Kosovo's diaspora, innovation in adversity, and entrepreneurial mindset and values. The first three themes encompass different kinds of external and internal challenges to entrepreneurs within the ecosystem, while the remaining two themes instead focus on internal and adaptive strengths observed among the entrepreneurs, increasing their chances of success and combating the difficulties. These five themes, although having individual meanings, together depict a complex and interconnected entrepreneurial ecosystem that is constituted by individual mindsets and actions, as well as systemic limitations and inefficiencies.

The first theme identifies a variety of external challenges, mostly connected to systemic constraints. The main areas of this theme are an underdeveloped infrastructure, limited access to funding and customers, as well as weak institutional systems and governmental inefficiency. These factors are regularly described as the main challenges that are actively hindering entrepreneurial success. On the other hand, the second theme focuses on challenges that stem from psychological challenges and cultural values. Entrepreneurs depict a local culture that views failure as shameful, and discourages entrepreneurial risk-taking. Also, they describe a widespread distrust in institutions and the government, likely a result of the inefficiencies from the first theme. The third theme focuses on a specific external challenge that is especially prevalent across the interviews, which is the global spread of the Kosovar diaspora. This global status is a double-edged sword. On the one hand, it leads to a large loss of resources and human capital for Kosovo. On the other

hand, it serves as a useful network and community for the individual entrepreneurs, with a global access to resources and knowledge. The last two themes focus on different identified traits among the entrepreneurs that are advantageous for their entrepreneurial success in different ways. The fourth theme specifically focuses on innovativeness and creativity, a trait enabling entrepreneurs to overcome tough challenges such as those related to the first three themes. Entrepreneurship in Kosovo often involves having the odds stacked against you, but high creativity enables entrepreneurs to solve difficult situations involving severe barriers and minimal resources. The final theme instead focuses on other prevalent traits, mainly resilience, ambition, and national pride, which together substantially help the subjects in enduring entrepreneurial hardships, especially considering how entrepreneurs rarely succeed with their first venture. Creativeness is hence often not enough. Resilience and ambition are also crucial traits to increase the chances of enduring the systemic and psychological challenges.

The findings suggest that specific policy decisions and a generally increased awareness among specific stakeholder groups can be beneficial to foster a more supportive startup climate. Targeted infrastructure and institutional reforms, leveraging untapped diaspora resources, and adjusted educational programs are some concrete practical applications. However, the limitations of the study, mainly a limited sample size and scope, stress the need for more extensive studies to better understand the situation regarding entrepreneurs and other stakeholder groups.

The methodology and findings of this paper extend from the existing Kosovar entrepreneurship literature by providing a more extensive qualitative foundation for its findings, as opposed to mainly relying on surveys and previous studies like Mustafa et al. (2023) and Stojčević (2022). They also extend the literature from the qualitative study by Avdiaj et al. (2024) by mainly focusing on startup entrepreneurs and hence incorporating the perspectives of the stakeholder group most directly affected by the factors of the entrepreneurial climate.

The rest of the paper is organized as follows. Section 2 describes the data and the methodological details, including practical details and the research design. Section 3 provides a brief overview of the five themes that constitute the results, and Section 4 includes the analysis of these themes. Section 5 discusses limitations and practical applications of the findings, as well as future studies. Finally, Section 6 concludes the thesis, summarizing the research objective, the key findings, and their implications.

## **2 Data & Methodology**

### **2.1 Contacts & Details**

I carried out the study as a part of a bachelor thesis project for the Stockholm School of Economics, through the Department of Finance. The field study itself was mainly based in the city of Pristina, which is the capital of Kosovo. The research was made possible due to the project plan being awarded the “Minor Field Studies” grant, which is given out by the public Swedish institution Styrelsen för Internationellt Utvecklingssamarbete (SIDA) to bachelor and master thesis projects to be carried out in developing countries. The time spent in Kosovo was two months, between mid-February and mid-April 2025, where the data was collected. The data analysis and report writing was done in April and May 2025.

For the project I had multiple points of contact for guidance and assistance. In Kosovo, the on-site supervisor was Henrik Riby, who is the Head of Development Cooperation at the embassy of Sweden in Pristina. He was my main point of contact throughout the study, and assisted the project in case of any potential issues faced. The supervisor in Sweden was Karin Fernler, who is the Program Director of the BSc in Business and Economics at the Stockholm School of Economics. The study itself was carried out in full cooperation with the Innovation Centre Kosovo (ICK), which is a business incubator and Kosovo’s leading integrator of startups and innovative businesses. They aim to aid startups with growth and employment (Innovation Centre Kosovo, 2024). The organization fully assisted the research, and their office in Pristina served as the main point of work. Additionally, they also provided interview rooms with flexible booking possibilities, as well as connected the project to the relevant startup entrepreneurs that were used in the research. Specifically, Managing Director Dorina Grezda and Project Officer Jeta Zhaveli were my main contacts from ICK. Lastly, associate professor Ye Zhang and professor Ramin Baghai from the Department of Finance in the Stockholm School of Economics aided the research project with scientific feedback and logistical help regarding the university’s requirements.

### **2.2 Research Design**

#### **2.2.1 Research Objectives**

The project is a field study, and hence belongs to the category of descriptive research. The study seeks to broaden the understanding of the entrepreneurial climate of Kosovo. More specifically, it examines the possibilities of entrepreneurial success in the country, and seeks to understand what factors are causing the present situation. It ultimately suggests tangible factors that need to change in order to improve the situation, although it does not analyze how these

factors should change. The findings are a stepping stone for future research about Kosovo's development.

### **2.2.2 Data Collection**

The data collection mainly takes the form of semi-structured interviews with startup entrepreneurs, and a digital multiple choice questionnaire sent out to them. The study is mainly qualitative, meaning that the interviews are the data source with the primary focus for the analysis, while the quantitative data from the survey are brief and hence not statistically significant on its own. The survey data is instead used to improve the overall analysis.

Participants in the study are selected through purposive sampling, meaning that only startup entrepreneurs with direct involvement in the startup ecosystem are included in the sample. One-on-one interviews are carried out with all the entrepreneurs chosen for the study, except for one pair of individuals who participate in the interview together. The interviews are done face-to-face to the extent that the participants are available to meet. Most times, the on-site location is an interview room at the office of ICK. Another possible location is at the office of the participant's company. If the only possible meet-up location is in another city in Kosovo than Pristina, travel for the project is necessary. Nevertheless, some individuals are only able to conduct the meeting online within the time frame of the study, either due to tight schedules to meet in person or because they work from abroad. For those that are only available online, the digital meeting platforms Google Meet and WhatsApp are used instead. However, some kind of call is required to include the participants in the study. Entrepreneurs that only have the option to write down and send their answers via email are not included. After getting verbal consent from the participants, all of the interviews are video recorded for the later data analysis stage. Anonymity is also ensured prior to the interview, and it is emphasized that no individual or company names will be released in the final paper. The survey takes the form of a digital questionnaire, which is filled out on a computer by the on-site participants in connection to the interview, and sent out digitally to the online participants before or after the interview.

In total, 16 startup entrepreneurs are interviewed, and 15 of those have filled out the survey. The aim is to include as many participants as possible in the study, but there are some constraints limiting this number. Firstly, the time frame is only two months, and the interviews are time-consuming to conduct since they involve reaching out, discussing, planning, booking a room, executing, and ultimately transferring the video file to a hard drive. Secondly, not all entrepreneurs respond to the emails and messages, despite multiple reminders. Lastly, the whole study is a one-man project, and there are practical constraints. Nevertheless, the aim for the sample size is 12 or more, which can be a suitable number for qualitative research when the individual items are rich in information (Vasileiou, Barnett, Thorpe, & Young, 2018). A multitude of factors are put into place to ensure richness in information for each data item, described further down.

The survey is created and sent out through Google Forms and consists of 10 simple multiple-choice questions. The purpose of the survey is to gather standardized background information about the participant, in order to have a

fundamental analytical basis in case some background is not covered during the interview. The list of survey questions are displayed in Figure 1 below.

- 
1. *What's your **age group** (age ranges)?*
- a. <18
  - b. 18-24
  - c. 25-34
  - d. 35-44
  - e. 45-54
  - f. 55-64
  - g. >65
2. *What is your **gender**?*
- a. Male
  - b. Female
  - c. Prefer not to say
3. *What is your highest level of **education**?*
- a. High school or below
  - b. Bachelor's degree
  - c. Master's degree
  - d. Doctorate or higher
  - e. Other education (please specify)
4. *How long has your startup been in operation?*
- a. Less than 1 year
  - b. 1-3 years
  - c. 3-5 years
  - d. More than 5 years
5. *What **industry** does your startup belong to?*
- a. Technology
  - b. Finance
  - c. Retail/Commerce
  - d. Manufacturing
  - e. Education
  - f. Healthcare
  - g. Other industry (please specify)
6. *How many **employees** does your startup currently have (including yourself)?*
- a. Just myself (solo entrepreneur)
  - b. 2-5 employees
  - c. 6-10 employees
  - d. 11-20 employees
  - e. More than 20 employees
7. *What is your main source of startup **funding**?*
- a. Personal savings
  - b. Family/friends
  - c. Bank loans
  - d. Venture capital/investors
  - e. Government grants
  - f. Other source (please specify)
8. *Do you have access to **mentorship** or **business networks**?*
- a. Yes, I have a mentor/network that actively supports me
  - b. Somewhat, I have informal support from peers or acquaintances
  - c. No, I do not have access to mentorship or networks
  - d. Other/I am not sure (please specify)
9. *Have you founded **more than one** startup?*
- a. Yes
  - b. No
10. *What is your **primary motivation** for starting a business (select the most important one)?*
- a. Financial independence
  - b. Market opportunity
  - c. Solving a social problem
  - d. Personal passion
  - e. Lack of other job opportunities
  - f. Other people wanted me to
  - g. Other reason (please specify)

**Figure 1: The Survey Questions Used for the Field Study**

The ten survey questions are standardized and used for background information of the entrepreneurs. All subjects are asked to fill it in at some point in connection to their interview.

In order for the data analysis to be scientifically well-founded with the given sample size, it is vital that the individual interview items are as rich of information as possible. This is attempted through having longer interviews and allowing the discussion to be free-flowing. The interviews vary in length depending on participant availability, but are all in the span of 30-50 minutes long. The questions prepared for the interviews are standardized and open-ended in order to avoid rigidity and allow the participants to share their own experience freely. The list of predetermined interview questions are displayed in Figure 2 below. They are phrased to account for different aspects of the participants'

### Introduction

- a. Thank the participant for their time and briefly introduce yourself
- b. Explain the purpose of the research
- c. Explain the structure of the interview
- d. Notify them about the audio recording, but assure anonymity and confidentiality
- e. Get verbal consent for participation & recording

### Warm-up Questions

- a. Can you tell me a little bit generally about *how you started your startup*
- b. What motivated you to *become an entrepreneur*?

### Internal Factors

- a. How would you describe your personal *strengths and weaknesses* as an entrepreneur?
- b. Are you content with your *general mindset* regarding your startup? Is there any attitude that you think you could improve?
- c. When faced with *challenges* in your business, how confident are you in your ability to overcome them? What do you think in those scenarios? Can you give an example?
- d. How do you handle setbacks or *failures*? How does failing make you feel? Can you share an example?
- e. Have you ever *doubted* your ability to succeed as an entrepreneur? How did you feel at that point? What factors contributed to those doubts?
- f. What specific *skills* or experiences have helped you feel more capable as an entrepreneur? Why do you think these are important to you?

### External Aspects

- a. What are the *largest external factors* that have affected your confidence in succeeding with your startup the most, either improving or lowering your confidence?
- b. How has your *personal network* (friends, family, and other acquaintances) affected your confidence as an entrepreneur? Do you feel like they are making you mentally stronger, weaker, or neutral? Why do you think that is?
- c. How do *government policies, financial institutions, or incubators* like ICK affect your belief in your ability to succeed? Why do you think that is?
- d. Have you received any *formal training, mentorship, or financial support*? If so, how has that influenced your confidence in running a business? Why do you think that is?
- e. How does the *local business culture* in Kosovo influence your mindset as an entrepreneur? Does it help you or bring you down?

### Reflection & Closing Questions

- a. If you could choose *one thing to improve* in your life in order to increase your confidence of succeeding with your startup, what would that be? It could be anything, both internal and external!
- b. What *advice* would you give to a new entrepreneur in Kosovo who is struggling with confidence in succeeding?
- c. Is there *anything you would like to add* regarding your entrepreneurial mindset and belief in succeeding with your startup?

### Extra Questions (In Case of Extra Time)

- a. Do you think entrepreneurs in Kosovo have a different level of confidence compared to entrepreneurs *in other countries*? Why or why not?
- b. Can you describe a moment when you *realized you had the ability* to succeed as an entrepreneur?

### ***Figure 2: The Interview Questions Used for the Field Study***

The interview questions are used as a general structure of what to aim to cover each interview, keeping an open-ended nature to allow for new perspectives.

professional experiences, lives, and mentalities. Additionally, the predetermined questions mainly work as a structure for the interview, and they are not followed word-by-word, nor are they answered in the same order for every interview. Instead, the aim is to make the participants view the interview more as a discussion than a formal setting, and to let the conversational flow of the discussion go from topic to topic naturally. The purpose of this aim is for the participants to feel more comfortable sharing their genuine thoughts and for the interview to be more smooth and effective. As long as the conversation stays within some boundaries of the overall subject, it also further allows the participants to share their experience on their own terms, and for each interview to be richer in context-relevant information, as opposed to forcing every participant to focus on questions that they may not have much to talk about. Moreover, more complex, contextual, and probing follow-up questions are asked during the discussion in order to get a better understanding of the respondent's mentality and

views. The questions require explanation, justification, and examples of previous statements, and give the respondents chances to elaborate on how and why they feel the way they do. It is therefore vital that the interviews are semi-structured, as opposed to structured.

The interviews are the main data source of the project, and hence more focus is put into phrasing the qualitative open-ended questions, as well as perfecting the interview technique. The quantitative close-ended survey questions, although useful as a complimentary data source, do not have as much focus throughout the study.

The resources available were vital for the study. Mainly, the grant provided prior to the field study gave the financial opportunity to make the project happen in the first place. Apart from that, the contacts both in Sweden and Kosovo were useful resources, both for their advice and for the tangible benefits provided, most notably ICK's contact lists of entrepreneurs, as well as their office used for the interviews and other work. Apart from that, the main resources used were a personal computer, phone, and an external hard drive for storing the video recordings of the interviews.

### **2.2.3 Data Analysis**

The survey data is standardized and is hence used to create simple statistical measures for comparison purposes. It is displayed as ten simple pie charts, one for each question in the survey. The survey pie charts are found in the appendix (Figures A1-A10).

The main analysis tool used for the qualitative interview data is thematic analysis. It is defined as a method for identifying, analysing and reporting patterns within data (Braun & Clarke, 2006). Relative to other qualitative data analysis methods, it is a simple and flexible technique that still provides robustness. It can give the data rich and intuitive meaning, which can help gaining novel insights from complex and extensive datasets. The prominent paper "Using thematic analysis in psychology" by Braun & Clarke (2006) is used as a benchmark for the data analysis. The techniques and framework outlined in the paper are widely regarded as a common practice for conducting thematic analysis for qualitative data sources, and the paper is the most cited qualitative framework paper, as well as the third-most-cited article published this century overall. The general framework for the thematic analysis can be summarized as the following:

1. Transcribing the data & familiarizing oneself with it
2. Generating initial codes
3. Searching for themes
4. Reviewing themes
5. Defining and naming themes
6. Producing the report and presenting the data

The term "codes" above is referring to features of the data that appear interesting to the analyst (Braun & Clarke, 2006), and coding is a method of simplifying and shortening the data down to more meaningful constituents. "Themes" hence refers to patterns of coded material that can be interpreted in a meaningful way with reference to the research topic. Based on the themes

identified from the coded material, further analysis of them is applied before the ultimate report is compiled (Braun & Clarke, 2006). This framework has been used extensively among large qualitative studies in the last decades from a wide range of research areas (e.g., Sovacool, Iskandarova, & Hall, 2023; Aslam & Rana, 2022; & Doherty & Stavropoulou, 2012).

As emphasized by Braun & Clarke (2006), a crucial element to thematic analysis involves having an reflexive dialogue from the perspective of the researcher and its role in the analytical process. Thematic analysis is hence more than just identifying patterns in qualitative data, but also to acknowledge one's own strengths and shortcomings. This also applies to other steps of the project, for example the data collection. With this in mind, I hereby certify that I was inevitably shaped by my own background, mindset, and assumptions, in all stages of the process ranging from designing the interview questions to constructing the themes. The fact that I am an outsider to Kosovo's entrepreneurial ecosystem brought a perspective of objectivity informed by academic knowledge and secondary sources in the form of interviewing individuals who experienced the targeted phenomena firsthand. However, it also posed a limitation since it limited my capacity in fully capturing nuanced cultural meanings in the transcripts, as well as during the interviews themselves.

## **3 Results**

### **3.1 Survey Results**

The results from the ten survey questions are shown as pie charts in the appendix of this paper, numbered A1-A10. The main takeaways from the survey results are summarized in this section. Most of the subjects are young, almost 90% of them are between 18-44 years of age. Around two thirds of them are males. Almost all of them have either a bachelor's or master's degree as their highest level of education. All of their startups have been going on for at least a year, with many of them for over three years. Around 75% of the participants' startups are in the technology industry. Most of them have a team of 2-5 employees in total, and none of them are fully working by themselves. Personal savings is the main source of startup funding. Most entrepreneurs have some kind of mentor or support network to rely on. Almost every entrepreneur has previously founded another startup. Most of the subjects founded their current venture to attempt to solve a social issue or to satisfy a personal passion, while financial independence is a less important motive.

### **3.2 Interview Results**

Below is a list of the five main themes identified through the thematic analysis, explained briefly. These themes are further described and motivated in the next section, with reference to the research question.

#### **3.2.1 Theme 1: Structural Barriers to Entrepreneurship**

This theme includes a variety of structural barriers categorizing an underdeveloped startup ecosystem, as described by the entrepreneurs. Some examples of barriers are limited access to funding, poor infrastructure, slow and inefficient systems within institutions, and minimal governmental support. Almost every single entrepreneur interviewed discusses external problems that make their business harder to start and manage, and that decreases their chances of success. Based on the sample interviewed, this topic is a wide and crucial area for understanding the Kosovo entrepreneurial climate, and hence a main theme in this analysis.

#### **3.2.2 Theme 2: Cultural and Psychological Challenges**

The second section includes various cultural and psychological factors mentioned repeatedly throughout the interviews. For example, it appears as though cultural norms discourage entrepreneurial risk-taking, viewing failure as shameful. Additionally, there is a distrust in formal institutions, leading to a preference for informal actions in the business environment. These challenges are also aspects that are regularly mentioned by many entrepreneurs. Cultural and psychological challenges, although different concepts, are closely interrelated and

influential to each other, hence why they are bundled into the same theme. This section covers mostly internal challenges as a result of mindsets, beliefs, and fears, that can be both individual or as a result of culture or history.

### **3.2.3 Theme 3: The Global Spread of Kosovo's Diaspora**

The third theme includes a more specific aspect: the Kosovar diaspora dispersion. The characteristics of the diaspora are ones of a double-edged sword. On the one hand, the diaspora is a tight-knit community helping each other out and providing essential support like knowledge, funding, and networks. The global spread increases the width of assistance that can be provided to users of the network. On the other hand, the diaspora appears to be too concentrated outside the country borders, as many talented individuals prefer staying abroad after education. The outward migration of Kosovo's human capital is ongoing. Entrepreneurs repeatedly talk about family, colleagues, or friends moving abroad to work or base their business in. They also mention how this phenomenon can drain the country of local talent and potential that could contribute to its development. This theme is a unique category that stems mainly from external factors of the diaspora situation.

### **3.2.4 Theme 4: Innovation in Adversity**

This section concerns itself solely with a specific internal aspect of the entrepreneurial climate, which is the individuals' ability to think creatively and overcome challenges, especially those mentioned in the first theme. Kosovar entrepreneurs seem to often innovate creatively with minimal resources, relying on the informal economy and self-made solutions to navigate systemic constraints. Despite often severe practical obstacles, for example the structural barriers brought up above, their creativity often allows them to still find success despite seemingly low odds. The interviews reveal a pattern of creativity and adaptation to difficult and sometimes rapidly changing circumstances, for example building product prototypes without a lab, selling in informal ways, or finding self-made innovations.

### **3.2.5 Theme 5: Entrepreneurial Mindset and Values**

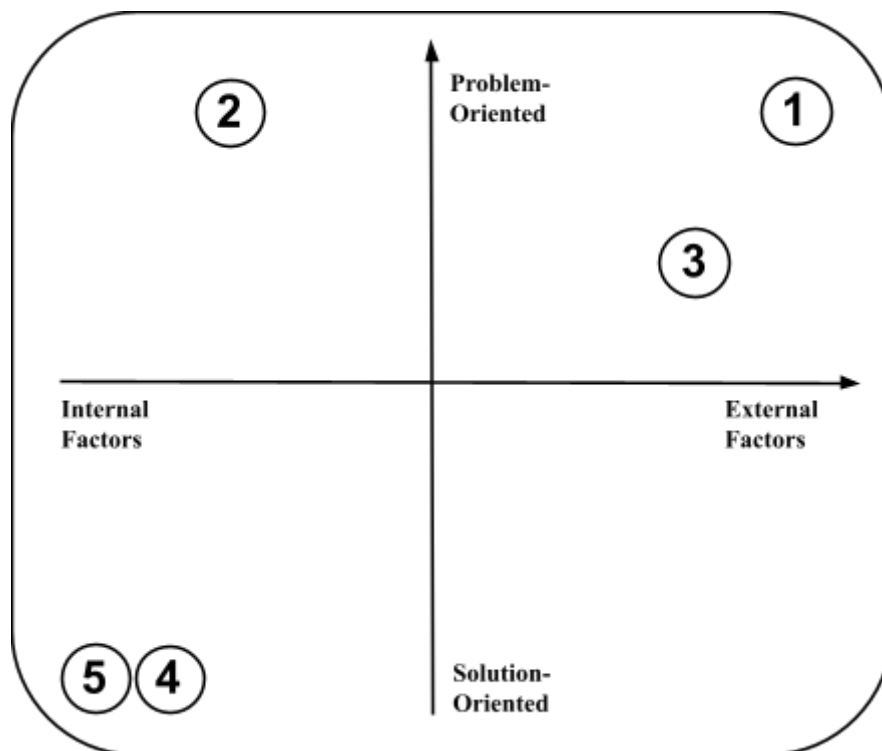
The last theme is about internal aspects that act to the advantage for the entrepreneurs and their chances of startup success. While the second theme covers the challenges, this theme covers other identified characteristics such as resilience, ambition, pride, as well as a desire to improve their society and create value. The entrepreneurs in the sample repeatedly exhibit these traits, which have helped them endure practical hardships and personal struggles, as well as giving them the strive and motivation to start the business ventures in the first place. This force is often mentioned as a positive force to improve Kosovo's social and economic development, and discussed as a way to persist even when the odds are against oneself.

## 4 Theme Analysis

### 4.1 Dissecting the Themes

This section concerns itself with a deeper analysis of each theme, carefully dissecting the five areas in a coherent and logical manner as described by Braun & Clarke (2006). Sufficient data extracts are provided to demonstrate the validity of the themes identified. Due to anonymity reasons, the entrepreneurs will be referred to as a number from one to 16, in the order they were interviewed (e.g., “*Entrepreneur 1*”).

Figure 3 below is comparing the themes based on two dimensions. The first one is the degree that the circumstances surrounding the theme are based on *external factors* (e.g., societal problems) and *internal factors* (e.g., individual



**Figure 3: The Themes Mapped Based on Two Dimensions (Internal-External & Problem-Solution Oriented)**

Themes 2, 4, & 5 are mainly internal ones, while Themes 1 & 3 are mainly external. Theme 2 have some degree of external aspects to it, since the cultural challenges mentioned can become an external struggle as well. On the other hand, Theme 3 have some internal characteristics, since the diaspora's traits, although an external challenge, are also based on cultural values. Theme 1 & 2 are problem-oriented, and Theme 4 & 5 are solution oriented.

Theme 3 is mostly problem-oriented, but have some solution-oriented aspects to it.

mindsets, values, traits, and psychological challenges). The general idea is that internal factors stem from within a specific subject's mind, while external ones stem from the outside and are generally outside the subject's control. The term “culture” is in this context ambivalent and context-dependent, which is a widely recognized concept in organizational studies and is explained in prominent papers such as Hudson (2022). In this comparison, I deem cultural factors external if it is not a part of the subject's mindset, or influencing it in a major way. If a cultural

aspect is a cornerstone to some part of the subject's mindset, it is an internal factor. However, sometimes this is hard to determine, and both sides might have some degree of truth to them.

The other dimension measures the nature of the theme in terms of whether it focuses on problems and challenges (*problem-oriented*) or solutions and advantageous circumstances (*solution-oriented*).

#### **4.1.1 Structural Barriers to Entrepreneurship**

External obstacles in the form of systemic inefficiencies are a dominant and recurring theme across the interview transcripts. Entrepreneurs repeatedly describe how their ventures are constantly hindered by these challenges. Not only are there a substantial prevalence of these challenges, but they are also often mentioned in connection to each other, and as multiple causes to the same main problem. This indicates that these external barriers may not be isolated difficulties, but should instead be seen as correlated and interconnected ones. It also paints a picture of Kosovo's entrepreneurial climate as insufficient, and shows a lack of well-developed local startup ecosystems in a turbulent environment, despite the help of useful business incubators like ICK. Below are the most commonly mentioned societal problems.

##### ***a) Underdeveloped Infrastructure***

A generally underdeveloped infrastructure is one of the most common trends identified throughout the entire study. It is such a general area, in fact, that the following sub- themes can be seen as more specific categories of this one. This category includes the general remarks and trends that represent the overall theme broadly. Some notable data extracts (from now on referred to as DEs) from the interviews that efficiently defines this problem are shown below.

##### **DE1: Entrepreneur 1**

*"We lacked the development infrastructure. We had universities, but not so much money on technology, not so much money on infrastructure. [...] We didn't succeed because we didn't have a lot of support and to make such a product come to life, it's something really interesting. And that product was really something innovative."*

The above quotation brings up general infrastructure issues, and highlights how these constraints end up preventing a seemingly innovative product from reaching the market. This phenomenon is not uncommon with developing economies, and often results in a waste of time and potential, ultimately to the detriment of consumers.

##### **DE3: Entrepreneur 13**

*"I think we are in 2000-2003, in that sense, in technology."*

[Talking about the transitioning to Software as a Service (SaaS) in Kosovo compared to in the US]

#### **DE4: Entrepreneur 6**

*“Usually, most of the time the machines that are in Kosovo compared to Europe are a little bit older because we don't have the market. [...] So they [some companies] opt to go to a used machine that most of the time is not adaptable or communicates with the software.”*

DE3 and DE4 emphasize lacking infrastructure in the sense of outdated technology, products, and inputs that affect the whole business environment in the sense that it makes it less efficient compared to countries like the US and Western European nations.

#### **b) Limited Access to Funding & Customers**

A specific aspect of Kosovo's infrastructure that is particularly emphasized is the difficulties getting access to funding. The entrepreneurs depict a disproportionately high struggle of passing the bar for funding from banks, angel investors, venture capitalists, or even friends and family. Additionally, the lacking infrastructure appears to have resulted in a large mistrust in startups, not only from investors but also from customers, who are heavily reluctant into committing to any business only based on the company size. This can be seen in Figure A7 in the appendix, showing how a large proportion of funding comes from personal savings. It is also illustrated in the below DEs.

#### **DE5: Entrepreneur 14**

*“I had potential customers early on tell me: ‘We like what you're doing. This is interesting. We know it would help us, but we don't work with startups. We work with Microsoft, Google, and other big companies. So we will work with you once you are outside the startup phase. We know startups fail, so call us back in five years. If you're still around, we will talk again.’”*

#### **DE6: Entrepreneur 1**

*“You need money. You are coming from Kosovo. Nobody's trusting you to give you an investment, even if it's 50,000 euros. Nobody's willing to invest.”*

#### **DE7: Entrepreneur 3**

*“These two grants [that they won] were the first and only sources of investment that we got. So the app was mostly active between this year, so 2017 and 2019. And then we had a stopping point...”*

Customer and investor distrust are main features of the above quotations, showing the struggles that entrepreneurs face in scaling their startup, both in acquiring financing and attracting customers. Apart from an inefficient infrastructure, originating from Kosovo is a disadvantage in itself since it discourages both domestic and international investors from committing to a project, even though they might like the idea and the person. They seem to generally view Kosovo startups as too risky, which the interviews indicate is a hard barrier to overcome.

c) **Weak institutional systems & Governmental Inefficiency**

Lastly, institutions and the government are recurring topics when it comes to Kosovo's infrastructure. The government is often described as bureaucratic and stagnant, and institutions as inefficient. Moreover, the institutional and governmental processes seem not only ineffective, but also slow to change, often due to red tape regulations and corrupt individuals in power. For institutions specifically, the educational sector is mentioned as a main cause of entrepreneurial struggles, through a lack of knowledge about the financial system and other important subjects, as depicted in the first subtheme. Other areas, such as business registration, product testing, and taxes, are also repeatedly described as inefficient.

**DE8: Entrepreneur 3**

*"Some of these [business] procedures have taken a lot of time, for example, from business registration to just any changes with taxes. And so I can say that in the past months that took us a lot of time."*

**DE9: Entrepreneur 1**

*"Another problem we had was that they were not so flexible. So just imagine doing a basic testing for your product, we had to wait a month or 45 days."*

**DE10: Entrepreneur 4**

*"They started [with the implementation of a law on tourism], but it was in the parliament for two years. The implementation started six months after they voted. They should have started with the implementation earlier, but they didn't."*

Multiple entrepreneurs interviewed are struggling from the inefficient institutional and governmental systems, and that they affect their business profitability by wasting valuable time to complete different processes fundamental to their startups.

Ultimately, the relevant DEs indicate that interconnected structural barriers together pose a huge external threat against emerging startups that are otherwise promising. These barriers come in the form of an underdeveloped infrastructure, characterized by funding challenges, customer distrust, inefficient institutions, and bureaucratic governmental systems. It is clear that the current nature of Kosovo's economy provides insufficient support for the startup ecosystem, and that local entrepreneurs operate within a state that has not yet evolved the support systems common in Western countries.

#### **4.1.2 Cultural and Psychological Challenges**

Although external obstacles are a major challenge, the importance of certain internal and cultural challenges should not be overlooked. Many of the interview subjects heavily emphasize internal and cultural factors that have posed major complications for their entrepreneurial visions. Mainly, they depict a local culture that views failure as shameful, and that hence discourages any kind of entrepreneurial risk-taking. Additionally, another common thread is a widespread distrust in institutions and the government, which both appears to be a

psychological and cultural phenomenon, likely a consequence of the systemic inefficiencies described in the first theme. Lastly, this section also includes individual internal challenges that appear to be unique to only one subject, or just are not observed on a wider scale. Below are some DEs that symbolize the issues related to this theme.

**DE11: Entrepreneur 9**

*“We were raised in a way that failure is not an option because you have no other backups, you have nothing. So you have to fight not to fail.”*

**DE12: Entrepreneur 1**

*“It’s not easy because we [Kosovo] have a lot of political problems, I would say. And when you have internal problems, you are not able to think longer term.”*

**DE13: Entrepreneur 16**

*“I struggle to keep consistent. I just have this issue, whenever something goes too good, I just start to become complacent.”*

These DEs refer to the three subcategories mentioned above. DE11 refers to the cultural fear of failure, DE12 to institutional distrust, and DE13 is an example of an individual issue that was not identified to be a clear trend throughout the data. Together, they are meant to clarify the psychological trends that emerge from the study, and to establish that the internal challenges of the second theme is also a relevant aspect alongside the external ones, and that both need to be acknowledged in order to get a good grasp around the issues that the entrepreneurs face.

#### **4.1.3 The Global Spread of Kosovo's Diaspora**

This theme constitutes a specific aspect of external barriers, and is purposefully not brought up when discussing the first theme. Additionally, this theme also includes positive aspects, not only the negative consequences of the circumstances surrounding Kosovo’s diaspora. The Kosovar diaspora, on the one hand, is heavily spread outside the country borders, with many talented individuals living and working abroad. This includes the entrepreneurial ecosystem, with many Kosovars moving to the US or Western Europe to pursue their entrepreneurial visions, which is a large loss of resources and human capital for Kosovo. Many entrepreneurs interviewed are based, or have previously been based, in other countries, for example Austria, the US, the UK, and Germany. On the other hand, the global nature of the diaspora makes it more useful as a network and community for the individual entrepreneurs, as it includes a larger proportion of international knowledge, funding, and tools than it otherwise would have. This lays the foundation for a more widespread network where individuals can get help with specific questions about other countries’ systems. The global spread of the diaspora may be disadvantageous for the country, but beneficial for individual entrepreneurs using the network.

#### **DE14: Entrepreneur 1**

*“People from our diaspora, so mainly in the United States, in Switzerland, In Germany. So they were successful there, and started companies there. [...] I would say the diaspora contributed a lot. [...] And usually smart people move to advanced countries.”*

#### **DE15: Entrepreneur 11**

*“I feel like most of the people from my generation kind of follow the same path and end up working in an international context, for companies either in Germany or Austria or some of these German speaking countries, where most of the availability is.”*

DE14 and DE15 mentions the lucrative nature of international establishment for Kosovars, as opposed to locally in Kosovo. DE14 also brings up the power of the network due to its global presence, but also emphasizes the problem of draining Kosovo of its human capital. This indicates that the diaspora is a double-edged sword due to its global characteristics, having some good consequences but ultimately functioning to the detriment of Kosovo and its developmental future.

#### **4.1.4 Innovation in Adversity**

The challenges central to the first three themes lay the foundation for the remaining two ones, which are more solution-focused, rather than problem-focused. These final themes are also both mainly internally-originated. This theme focuses specifically on an innovative trait that was a common element of the conversations. Many entrepreneurs show an ability to think creatively and overcome tough challenges, often those difficulties connected to a developing country brought up in the first theme, as well as a rapidly changing business landscape. This includes facing situations involving severe barriers, for example minimal resources, forcing some to rely on the informal economy and their own innovative solutions. This wide imagination for solutions is a fundamental factor for many finding success despite having the odds stacked against them. Examples of specific actions are included in the DEs below.

#### **DE16: Entrepreneur 5**

*“I found the tire, I carried the tire, I washed the tire, taking all the stones from the tire and then, trying to figure out what works. [...] A lot of people didn't really help to be honest. [...] So I went to one store and then I found this woman and she was selling some materials. [...] So I bought one and I took it with me and used it as the seat. [...] I didn't know how to use the staplers but had to learn. I made a lot of mistakes along the way, but then at the end I finished it.”*

[Talking about the innovative solutions the entrepreneur had to come up with to produce furniture by tires and raw materials, all by herself]

#### **DE17: Entrepreneur 13**

*“The first problem is how to do the hardware, how to produce and mass produce it. It's unreliable and complex. After that, the problem was to make this product*

*into a business, and make money out of it. [...] But we noticed that in some countries like Kosovo, waste is not separated here, and everyone is just thrown together. We saw that it could be a really cool product, but we also sensed that it might not be scalable. [...] The biggest problem was that it was more a product for business to government. [...] What we tried to do is we placed ads and made a really cool design of the smart bin. It had LEDs and cool shapes. In the end, we did deals with Coca-Cola and other big brands..."*

[Talking about a variety of struggles that the entrepreneur managed to overcome to implement a business idea about Kosovo's waste management systems]

#### **DE18: Entrepreneur 11**

*"My grandfather in Yugoslavia made jeans to young students and just sold them at masses, kind of building a business out of it and just making sure that his family was provided for and we had enough to survive."*

The above DEs reflect the innovativeness described about this theme, and illustrate the importance of such a trait for succeeding with their goals and visions. DE16 and DE17 tell detailed stories of specific struggles and how they were ultimately overcome. DE18 emphasizes creativity when it comes to selling the product, and how that is crucial for surviving in times of extreme hardship.

#### **4.1.5 Entrepreneurial Mindset and Values**

The last theme is, like the previous, internal and solution-focused. It covers identified entrepreneurial characteristics, other than innovativeness, that appear to be highly advantageous for success chances. The most prevalent ones in this study are resilience, ambition, national pride, as well as an altruistic desire to improve their society by creating value. Many of these traits come across as being fundamental to their values, and a substantial part of their overall mindset, not just regarding their business but also towards their personal life. Additionally, these attitudes help the subjects endure entrepreneurial hardships related to the first few themes. It might also be a root cause enabling the innovative mindset from the fourth theme to be utilized, for example through high resilience and ambition despite failures, ultimately enabling them to find the right solution. Oftentimes, despite creativity, it does not seem like success comes on the first try for almost any entrepreneur, but instead these attitudes make them keep going. This is visible in Figure A9 in the appendix, showing how 80% of the subjects have previously funded a startup. This phenomenon, combined with apparent national pride and altruistic desires, is often mentioned as a positive drive for Kosovo's development, as is described by some of the DEs below.

#### **DE19: Entrepreneur 12**

*"That's why I always say that not all of these people [other entrepreneurs in question] could be leaders. That's what it's like being a leader, even if it's a failure, you should have the power to get up again and to motivate others. So if you go down, then who will do it for you?"*

### **DE20: Entrepreneur 8**

*“Well, before blaming others, I always try to find the root cause of the project because that's the approach. It also applies in projects.”*

### **DE21: Entrepreneur 5**

*“One year it took me, for one hundred times I ruined it and destroyed it.”*

[Discussing the entrepreneur's process in producing a prototype for a product]

DE19 and DE21 emphasize resilience and ambition, with DE19 also focusing on leadership. DE20 also focuses on endurance but in a context of keeping yourself calm and collected when facing adversity.

### **DE22: Entrepreneur 1**

*“When you go out, talk with people, they ask a lot about how successful you are, what you have done your last year, or how things are going. So it's also about how to be successful and that drives people to become more and more entrepreneurial. [...] They [Kosovars abroad] later opened a branch in Kosovo with developers there.*

[Referring to a national drive to succeed, not primarily for personal gain but instead for the sake of the nation]

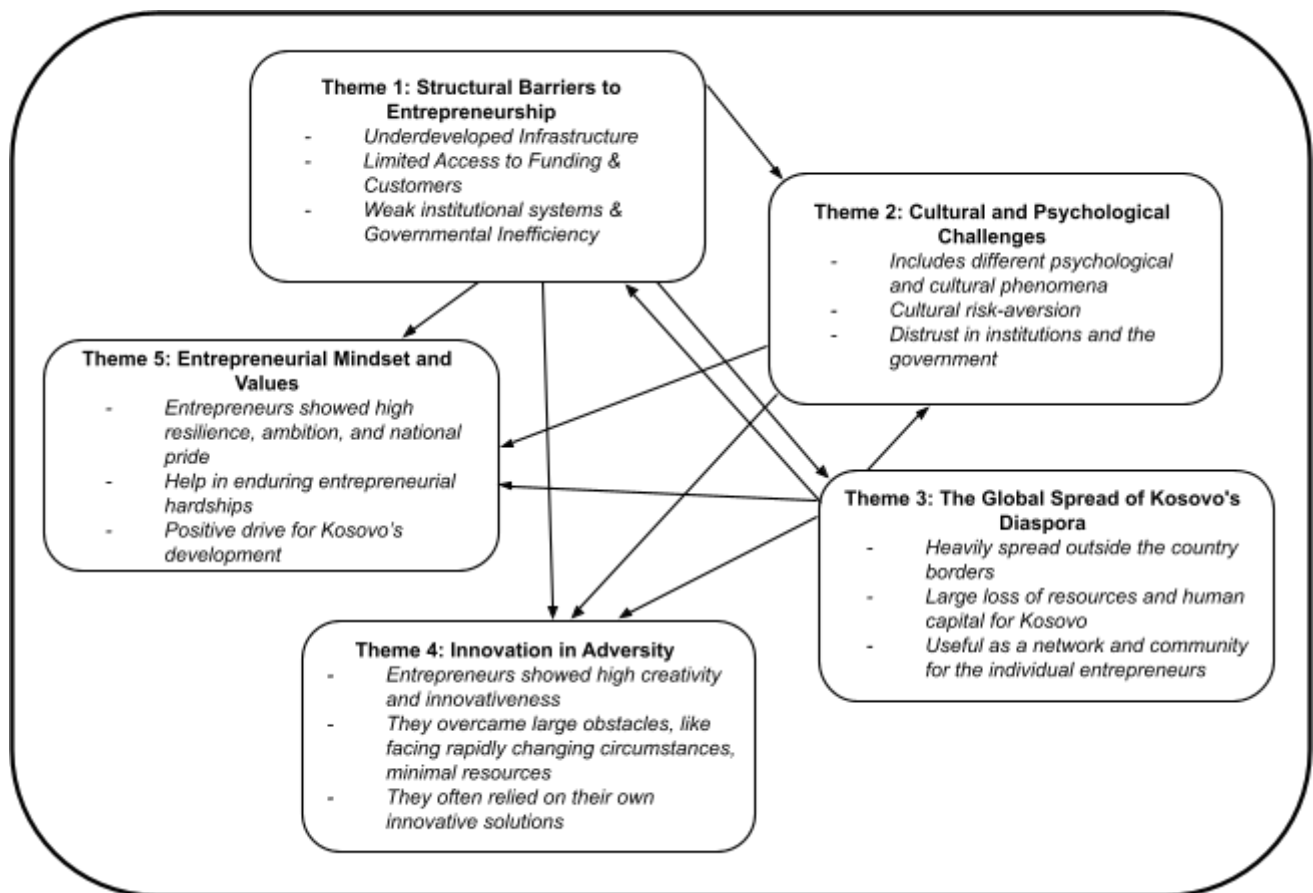
Here, DE22 refers to the traits of national pride and desires to improve their society. It can also be seen in Figure A10 in the appendix, where around half of all the subjects primarily have had a social problem in mind when initiating their venture. This part goes to some extent against the third theme which underlines the global diaspora and loss of human capital. However, both can be true at once, as evident by the last part emphasizing that although some Kosovars moved abroad for personal gain, some of them gave back to the local business by opening branches back home, even though this is far less profitable than other business opportunities. In other words, while there is a clear tension related to the global diaspora, the national loyalty still returns some of the resources back to Kosovo again. Lastly, in line with Kosovo's population being relatively young, a majority of the startup entrepreneurs included in the study are below the age of 35, as can be seen in Figure A1 in the appendix. This paints a picture of Kosovo's younger generations being the resilient and ambitious force that the hope in the country's future primarily lies on. All in all, this theme's DEs embody the general mindset of many of the subjects included in the study, and concludes the last, but not least, theme of the analysis.

## **4.2 Integrating the Themes**

There is an increasing urgency to use systems thinking when conducting any kind of analysis, especially those within the area of business and development. This is for example depicted by Vargo, Koskela-Huotari, Baron, Edvardsson, Reynoso, & Colurcio (2017), and their application of systems thinking on markets. One important aspect of this is to look at multiple parts of a

larger system as a whole, and try to analyze how they are influencing each other, as well as the overall system. With this framework in mind, it is essential to look at the themes simultaneously, from an overall perspective of the Kosovo startup ecosystem.

While each theme has emerged independently, they are also deeply interconnected. The themes and their causal relationships are summarized in Figure 4 below. The structural barriers identified in the first theme are likely a root cause to the other four themes, either directly or indirectly. Mainly, the



**Figure 4: The Themes and Their Main Points, & The Causal Relationships**

This figure summarizes the five themes and their main points. It also shows the identified causal relationships between them, as described above. It clearly displays the connected system of Kosovo's entrepreneurial climate.

common psychological responses characterizing the second theme can be seen as a direct effect of the barriers, instead of as long-standing and fundamental cultural attitudes. For example, the institutional and governmental distrust is a clear consequence of the inefficient institutional and governmental systems. The risk aversion is indicated in the data to be substantially caused by the poor infrastructure in general, since a poor infrastructure increases probability of failure, which in turn reinforces the fear of taking such risks. The high odds of failure is indicated by, for example, DE5 and DE6, which explicitly states the unnecessary hardship that is faced although the entrepreneurs may have done

everything they can do to provide a high-quality product and a sustainable business strategy. The structural barriers are also likely a major cause of the diaspora's global spread, as illustrated in the third theme. Although other more economic factors such as higher wages and more demand are also likely causes behind this outward migration, it is undeniable that the systemic problems are also a driving force. The structural barriers may very well be another blockade from the profitability of Kosovo's business environment catching up with the West, indicating that these two categories of causes have a reciprocal relationship. Additionally, the diaspora's global traits are also indicated to have an impact on the second theme's risk aversion, as suggested by DE14 and DE15. The fact that the diaspora already is highly international can be a reinforcing factor to the fear of failure domestically, as many entrepreneurial role models pave the path of moving abroad for succeeding with their career goals. The outwardly migrating human capital can also be one cause of the structural barriers, as the loss of valuable resources slows down the development of the country that is needed to surpass those barriers.

When analysing causal relationships, the fourth and fifth themes have similar positions. They both show that adversity does not necessarily imply passivity. On the contrary, a common response is with domestically advantageous character traits such as creativity, resilience, and national pride. It is not clear to what extent these traits are culturally embedded, and if so, how far back they would date. Either way, DE18 and DE19 suggest that these traits are a response to generational hardships, and that they are brought out when an individual has no other choice. The traits themselves may to some extent be genetically passed on, and to some extent be brought out by the environment. What is evident, however, is that difficulties that Kosovar entrepreneurs face can bring out these strong behaviors, whether the attitudes existed before or not. Hence, the external and internal challenges from the first three themes can be thought of as causing these behaviors to become particularly significant, forcing the entrepreneurs to adapt their mindset if they want to succeed. One good example of this is DE22, which depicts a determined mentality to succeed domestically despite the constraints faced. DE21 and DE19 also reinforces this view, and illustrates a resilient mindset where entrepreneurs just keep going no matter how much it takes.

Taken together, the themes form a complex ecosystem involving external and internal forces, both obstacles and responses. In accordance with the systems thinking framework, this emphasizes the need to understand Kosovo's entrepreneurial climate not as a series of isolated factors, but instead as a connected system of a multitude of aspects, and as a platform where individual characteristics, societal structures, and cultural attitudes constantly interact.

## 5 Discussion

### 5.1 Limitations

The findings of this study, although interesting, should be used with caution with respect to some methodological limitations. Firstly, the sample has a relatively small size and scope compared to other qualitative studies. In total, 16 subjects are used, and although this sample size should be enough for studies like this when the data items are rich in information (Vasileiou et al., 2018), a sample size around 50 and above would provide a significantly more nuanced image. Additionally, all of the subjects are accessed through ICK, or through friends of previous subjects, limiting the scope of the study to a specific network within the Kosovar entrepreneurial ecosystem. Although the importance of ICK's work likely means that the network has a broad reach, some groups of startups and entrepreneurs might be underrepresented, especially those located in more rural regions and those who for some reason are unaffiliated with ICK. While the data collection process itself has been rich and in-depth, both of these factors limit the generalizability of the findings. The study's time and resource constraints are the main reasons for the limitations to the size and scope of the sample. Also, since the ecosystem is highly informal, contacting startup entrepreneurs without an established network would likely be significantly more difficult, and a longer presence in the country would be needed, as well as knowledge of the language, to rely on word-of-mouth recommendations to reach these groups.

Another limitation is the possibility for sampling biases. The purposive sampling technique through ICK indicated that there may be a risk of survivorship bias, where mainly the active and flourishing startups are brought to light. This risk also increases due to voluntary participation through online contact methods. The potential underrepresentation of failed or struggling startups may lead to an underestimation in the results of the severity of external and internal challenges entrepreneurs face, as well as an overestimation of their levels of innovativeness, resilience, and ambition. Application of the findings should hence be used with awareness of the sample selected.

Lastly, as noted in the reflexive dialogue in the methodology section, the qualitative process always has its limitations due to the researchers' own bias. No matter the level of precaution, everyone has some degree of subjectivity due to their background, mindset, and values, which inevitably will affect the research process. I acknowledge this subjectivity. Furthermore, the fact that I am not native to the country of Kosovo, do not speak their official language, nor have visited the country before, pose limitations in interpreting more subtle cultural nuances within the interview data. Although it brings a perspective of objectivity to the analysis, it is possible that some more embedded attitudes or values of the entrepreneurs are not fully captured, or misinterpreted, for this reason.

## **5.2 Practical applications**

Despite the exploratory and descriptive nature of the research, the findings of this study provides valuable insights into the entrepreneurial ecosystem of Kosovo, an otherwise underexplored but nevertheless crucial factor for the nation's development. With the limitations in mind, the findings can provide local politicians, incubators, and other agencies looking to foster a more supportive startup system with an increased awareness. For example, they can be informed about the urgent need for improved infrastructure and formal access to capital, institutional reforms to decrease bureaucratic processes and gain public trust, as well as more formal diaspora initiatives to leverage the global network of mentors, funding, and knowledge. Additionally, educational programs can aim at reducing the fear of risk, not just in an entrepreneurial context, by fostering a more balanced and sound attitude to failure. Nevertheless, this research is descriptive and has limitations, and serves to initiate a preliminary understanding about the Kosovar startup climate. Therefore, practical responses should also be grounded by more extensive studies, highlighting the need for continuing research within the field, which is discussed in the next section.

## **5.3 Future studies**

The need for future research targeting the Kosovar entrepreneurial ecosystem is high, both for more extensive studies and more specific ones. This poorly understood yet important field can benefit from a variety of research designs. Firstly, given this study's limited sample size and scope, future research with larger sample sizes and broader scopes, but otherwise similar methodological processes, are needed to validate these findings. For example, future studies can benefit from targeting entrepreneurs not directly connected to any main entrepreneurial network like ICK, for example rural businesses, which can increase representation of an otherwise hidden group in a partly informal economy like Kosovo. It can also be beneficial to include other stakeholder groups in future qualitative studies for a more nuanced perspective, for example politicians, investors, incubator staff, or more entrepreneurs from the global diaspora. Additionally, future research should be more targeted into the specific themes that appear prevalent surrounding the entrepreneurial ecosystem, for example specifically measuring the mechanisms of the structural and psychological challenges identified, as well as investigating the characteristic traits of Kosovar entrepreneurs while minimizing survivorship bias through a broader entrepreneurial representation as described above.

Moreover, using different methodologies can provide a more robust scientific foundation, for example using a fully quantitative procedure, or using methodological triangulation in a more balanced sense. Quantitative studies can also give more concrete results that can have more direct applications, although the research procedure may be more complex in this context. One type of more resource-extensive research that can be done are longitudinal studies ranging over longer periods of time to more deeply enhance the understanding of the ecosystem's more embedded mechanisms. Lastly, comparative research using

Kosovo and other countries, with the exact same procedure for all subjects, can more clearly reveal how Kosovars are unique, and how practical applications can be fine-tuned to encompass their culture to the largest extent possible.

## **6 Conclusion**

The main objective of this field study is to widen the general understanding of the Kosovar entrepreneurial ecosystem and to understand the primary factors influencing entrepreneurial success or failure. The research is fundamentally motivated by Kosovo's status as a young, developing, and conflict-affected nation with limited previous research concerning itself with the entrepreneurial climate.

The findings encompass different kinds of external and internal challenges and advantages to entrepreneurs within the ecosystem. Notable challenges include an underdeveloped infrastructure, limited funding options, low customer trust, inefficient institutions, cultural risk aversion, and an ongoing outward migration of human capital. Advantages come in the form of characteristic traits like innovativeness, resilience, and national pride. Although having individual meanings, these aspects together depict a complex and interconnected entrepreneurial ecosystem that is constituted by individual mindsets and actions, as well as systemic limitations and inefficiencies.

The findings serve as an initial extension of the underexplored entrepreneurial landscape, and attempt to encourage an increased academic focus on the Kosovar context. They suggest that specific policy decisions and a generally increased awareness among specific stakeholder groups can be beneficial to foster a more supportive startup climate. Targeted infrastructure and institutional reforms, leveraging untapped diaspora resources, and adjusted educational programs are some concrete practical applications. However, the restricted sample size and scope, the risk of sampling biases, and thematic subjectivity are some limitations emphasizing the need for future studies within the field for more well-grounded decision-making. There is a need for more extensive studies, both broader and more narrow ones, to better understand the situation regarding entrepreneurs and other stakeholder groups. Additionally, different research designs, like using quantitative data analysis, could provide additional nuance.

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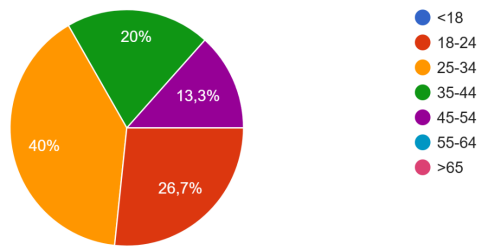
## **8 Appendix**

### **8.1 AI Disclaimer**

This paper incorporates the use of AI for certain aspects of the process. ChatGPT version 4o is utilized for some assistance with the research design process, specifically interview and survey construction, data analysis, structure of the document, and questions regarding academic writing. However, the use of AI is never the sole base of any part of the project, and is only used for gaining a better understanding of the subject. It is always used with caution and critical thinking.

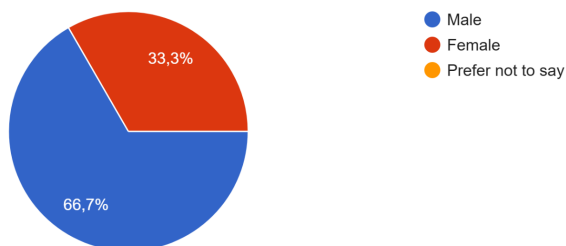
## 8.2 Survey Pie Charts

What's your age group?  
15 svar



**Figure A1: Pie chart showing the age groups of the entrepreneurs**  
*The majority of the entrepreneurs belong to either of the two youngest age groups, and no one is among the two oldest age groups.*

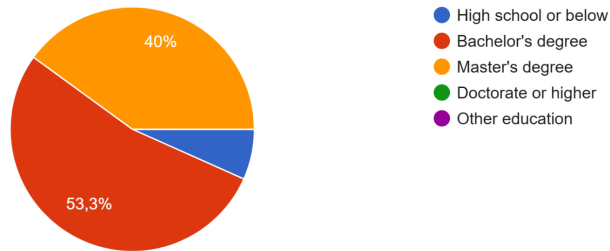
What is your gender?  
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**Figure A2: Pie chart showing the genders of the entrepreneurs**  
*About two thirds of the entrepreneurs interviewed are men.*

What is your highest level of education?

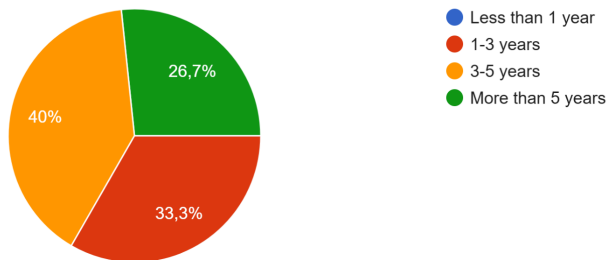
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*Figure A3: Pie chart showing the level of education of the entrepreneurs  
A bachelor's or master's degree are by far the most common options, and no entrepreneur are more highly educated than that.*

How long has your startup been in operation?

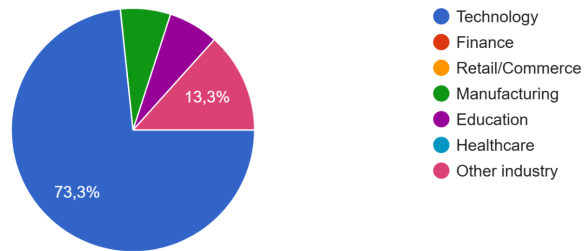
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*Figure A4: Pie chart showing the length of time the current startup project has been in operation for each entrepreneur  
All of them have been going on for over a year, although the variance in length appear to be high for a startup scale.*

What industry does your startup belong to?

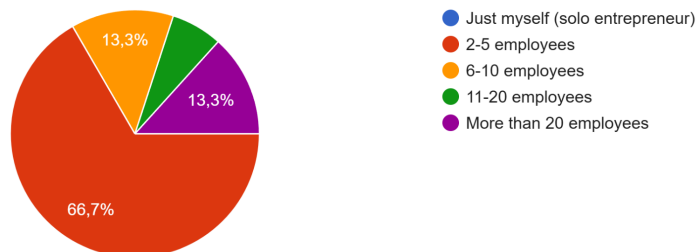
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**Figure A5: Pie chart showing the industry each entrepreneur is mainly working within**  
*A large majority of the entrepreneurs are tech-focused, with only a few exceptions.*

How many employees does your startup currently have (including yourself)?

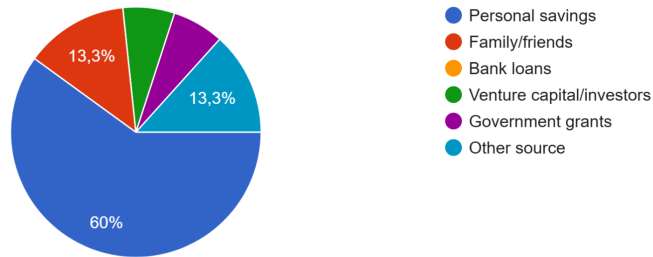
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**Figure A6: Pie chart showing the number of employees working for each entrepreneur's main company**  
*Most entrepreneurs have a few employees working by their side, but some of them have scaled their projects further. No one is working completely alone.*

What is your main source of startup funding?

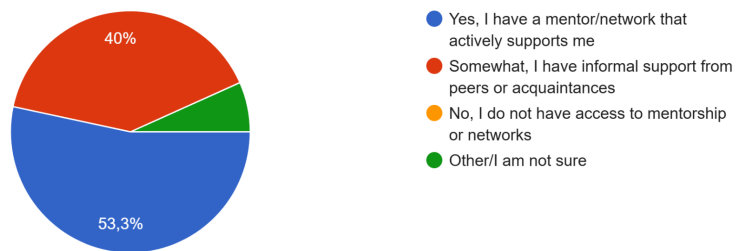
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**Figure A7: Pie chart showing the main source of funding for the entrepreneurs**  
*The majority of the entrepreneurs have their main source of funding come from their own personal savings, with only a few finding other methods.*

Do you have access to mentorship or business networks?

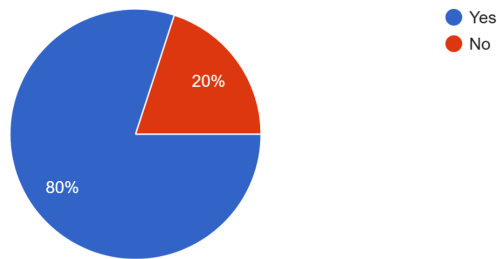
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**Figure A8: Pie chart showing the entrepreneurs' access to mentorship and networks**  
*Most entrepreneurs have some degree of mentorship, or a network, that have helped them on their entrepreneurial journey, although this degree appears to vary.*

Have you founded more than one startup?

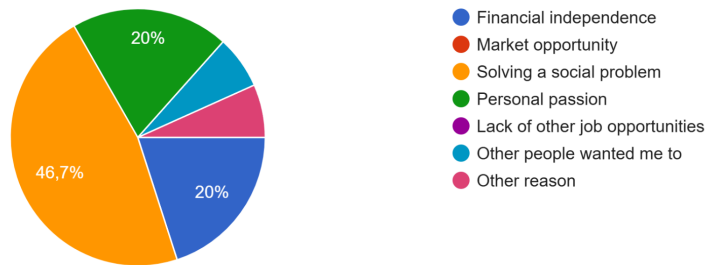
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**Figure A9: Pie chart showing whether the entrepreneurs have founded more than one startup or not**  
*Most entrepreneurs have previous experience of starting and managing a business venture.*

What is your primary motivation for starting a business (select the most important one)?

15 svar



**Figure A10: Pie chart showing the entrepreneurs' primary motivation for starting a business**  
*Although there appears to be some level of variety, about half of the entrepreneurs have a social problem as their main motivation of starting a business venture.*