



stay & thrive

Retaining Youth Through Business and Culture

This report is produced by Dr. Aidan Hehir and Jeta Zagragja and funded by the Open Society Foundations - Western Balkans. Views and opinions expressed are those of the authors only and do not necessarily reflect those of the Open Society Foundations—Western Balkans.

Introduction

Outward youth migration is one of the most significant challenges facing Kosovo. While increased external investment is necessary to redress this, there is untapped potential within Kosovo to build thriving domestic industries. Encouraging and supporting local business entrepreneurs is essential to creating sustainable jobs and prosperity.

Enhancing cultural opportunities also plays a crucial role in retaining Kosovo's youth. A dynamic cultural scene encourages people to stay and creates employment; externally, it boosts tourism and **enhances the country's "soft power" internationally.**

Fostering growth and preventing outward migration thus requires a dual approach: the government must focus on supporting both economic and cultural entrepreneurs to retain young talent and grow Kosovo's economy. Our project was designed to identify innovative strategies to achieve both.

The Cost of Migration

Kosovo's net migration has been negative for the past ten years and in 2024 Kosovo ranked second amongst the "Western Balkan Six" (WB6)¹ for both numbers of migrants (22,178) and migrants as a percentage of the population (1.3%). Estimates suggest that **nearly 800,000 Kosovars live abroad**; including second generation migrants the figure is nearly **950,000**, making Kosovo **one of the top five origin countries with the highest emigration rates in the world.**

Outward migration can help to alleviate pressure on the labour market, and those who have moved abroad also learn new skills, gain valuable professional experience, and create new business networks. However, "brain drain" also imposes significant economic costs; every employable individual emigrating from Kosovo takes an average of almost **€17,000** a year in future potential annual GDP. **Emigration has also created labour market distortions and skill shortages**, especially in sectors such as healthcare, education, information and communication technology, construction, retail, hospitality, agriculture and rural development.

Why do People Leave?

Low wages and limited job prospects are cited as the primary reasons for Kosovo's outward migration trend. Average gross wages in Croatia are more than twice that in Kosovo and they are seven times higher in Germany and Austria. Additionally, many countries within the EU are experiencing a rapidly aging population and this has led to an increased demand for foreign workers; both Austria and Germany passed new legislation creating opportunities for labour migration from Kosovo.

Kosovo's Economy

Despite a very challenging international context, Kosovo's economy is performing well and boasts a wide range of thriving and exciting entrepreneurial initiatives in both business and culture. Kosovo has outperformed other members of the WB6 in **GDP growth, fiscal balance, tax revenues and inflation.**

Significant challenges remain however. Kosovo's poverty rate is very high and there is an over reliance on remittances. **Kosovo's labour market continues to suffer from very low participation, high unemployment (especially among the young), and large gender gaps.** Externally, both the World Bank and the IMF have warned that Kosovo faces external challenges fueled by a likely slowdown in major European economies, higher trade barriers and disruption caused by geopolitical conflicts. These will disrupt external financing flows, commodity markets, tourism, supply chains, and Foreign Direct Investment and likely result in tighter financial conditions and higher inflation. Should Kosovo's economy falter this will inevitably lead to an increase in outward migration.

Findings

Our survey² of final year university students in Kosovo highlighted significant attachment to Kosovo; 50% agreed/strongly agreed that Kosovo provides a good work/life balance; 55% agreed/strongly agreed that there was a 'strong sense of community and belonging' in Kosovo; 56% had 'a strong emotional attachment to Kosovo' and **60% said they felt 'a sense of responsibility to contribute to the development of Kosovo'.**

¹ Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, and Serbia.

² In February 2025 UBO Consulting were commissioned to carry out a survey of 250 final-year university students from The University of Prishtina, The University of Prizren, The International Business College Mitrovica and The Rochester Institute of Technology). Interviews were conducted between March and May 2025 with business and culture entrepreneurs and two workshops with business and culture entrepreneurs were held in Pristina in May 2025.

The survey also showed that 54% agree/strongly agree that more business entrepreneurship opportunities, and 43% that more cultural entrepreneurship opportunities, would encourage them to stay. 52% of students said 'more cultural events' and 50% that 'more business entrepreneurship opportunities' would encourage them to stay. 49% believe that Kosovo 'needs to do more to promote its successful entrepreneurs' while only 35% believe there are enough opportunities for entrepreneurs in Kosovo, just slightly higher than the 32% that don't. **These results demonstrate that investing in, and supporting, Kosovo's business and cultural entrepreneurs will encourage young people to stay.**

During our interviews and workshops with business and cultural entrepreneurs it was widely noted that Kosovo has a uniquely innovative entrepreneurial culture characterized by **resilience, initiative, and independence**. There was also, however, widespread consensus that the government has not done enough to support entrepreneurs; as a result, many feel unsupported and consider leaving. Additionally, too often decision makers within government – at both the municipal and national level – are not sufficiently attuned to the needs of entrepreneurs and create needless bureaucratic obstacles which impede entrepreneurship.

The government's efforts to promote Kosovo's economic and cultural achievements and opportunities were widely criticized; there was a broad consensus that there is an urgent need for both more political recognition locally, so people in Kosovo are inspired to engage with business and cultural opportunities, and international promotion to attract tourists and foreign investment.

Recommendations

The Deputy Manager of the World Bank for Kosovo advised that Kosovo must **'transition to a model of competitive economic growth that creates more and higher quality jobs for all the people of Kosovo'**. The IMF and the OECD likewise recommended that Kosovo invest in human capital and improve the business environment to stimulate entrepreneurship and attract external investment for job creation.

Encouraging entrepreneurship is, therefore, clearly recognized as central to protecting Kosovo from both future economic decline and increased outward migration. Our research demonstrates that significantly more needs to be done to support and encourage entrepreneurs in Kosovo.

To achieve this, we advance the following recommendations:

Education

- **The school curriculum** should be significantly **revised and updated** to ensure young people learn the knowledge and skills necessary to compete in the modern workplace.
- **Schools and universities** should include a more practical dimension in the curriculum so that young people can learn **specific skills through education and internships to prepare them for employment** and encourage entrepreneurship.
- **Gaps relating to specific industry skills should be addressed.**

Societal Attitudes

- The government should encourage entrepreneurship across society, **challenge negative attitudes** – especially within the banking sector – towards both **innovation and risk-taking**, and foster a more vibrant investment culture.
- The people of Kosovo should adopt a different approach to employment and entrepreneurship, one which encourages ambition and innovation.
- The government should counter the perception that working abroad ensures better wages and career prospects by highlighting the negative aspects of migration – especially the higher cost of living abroad – and the better opportunities for career progression available in Kosovo.

Government Support

- The government **must focus less on political infighting** and **more on supporting entrepreneurs** for the betterment of Kosovo and encourage the national media to do the same.
- The government should **undertake a study to identify best practice principles** applied in other countries and work to implement similar measures in Kosovo.
- The government should provide **more financial support to cultural and business entrepreneurs** – such as **tax exemptions, funding schemes, and low-interest loans** – and also do more to promote existing schemes.
- The government should **initiate financial reform** – in consultation with business leaders – aimed at supporting businesses; these should focus on redressing high taxation, high bank interest rates for investment loans, VAT collection at the time of import prior to product sales, complicated employment laws, and a lack of energy infrastructure.
- Government **funding schemes for both cultural and business entrepreneurs** should be made less bureaucratic, more streamlined and involve much greater active engagement with entrepreneurs to better understand their needs and working conditions.
- The government should allocate **more funding for training and mentorship schemes** for entrepreneurs, create more dedicated innovation parks, and work towards developing an ecosystem within Kosovo that supports entrepreneurs.
- The government should provide **more spaces – rooms, buildings etc.** – for cultural entrepreneurs to hold exhibitions, host workshops, rehearse and perform, create a specialized funding pool for spaces, and establish a studio residency scheme for artists.
- The government should enhance efforts **to secure foreign investment in Kosovo**, simplify the process of setting up businesses in Kosovo, and make it easier for Kosovo's diaspora to invest in entrepreneurship in Kosovo.

Promotion

- Kosovo's cultural and business **entrepreneurial achievements and opportunities should be promoted in schools** to inspire the youth to stay in Kosovo.
- The government should invest significantly **more time and money to promote Kosovo's** cultural and business entrepreneurial achievements and opportunities internationally to increase foreign investment and boost Kosovo's international reputation.
- The government should do more to **establish exchange residencies for cultural and business entrepreneurs** to improve international engagement with Kosovo and enable Kosovo's entrepreneurs to gain valuable skills and experiences abroad.

If Kosovo is to maintain healthy economic growth and reduce youth migration, it must support entrepreneurship; we believe the implementation of these recommendations will achieve this goal.



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