EXPLORING THE INTERPLAY OF SOCIAL CAPITAL, COGNITIVE BIASES, AND ENVIRONMENTAL FACTORS ON ENTREPRENEURIAL BEHAVIOR IN ALBANIA

Eduina Guga[A], Etleva Peta[B]

ARTICLE INFO	ABSTRACT
	Purpose: This research explores how social capital, cognitive biases, and environmental factors influence entrepreneurial behavior in Albania. **Theoretical Framework:** Grounded in the Albanian entrepreneurial context, the study examines the combined impact of social capital, cognitive biases, and environmental dynamics on entrepreneurial behavior. **Design/Methodology/Approach:** Utilizing surveys and interviews, this mixed-methods study employs statistical techniques including correlation, regression, and ANOVA to uncover intricate relationships. **Findings:** The study reveals a 25% engagement rate in entrepreneurial activities. Social capital, notably professional networks (60%), significantly supports entrepreneurship. Cognitive biases, particularly overconfidence, influence decision-making and entrepreneurial actions. Business environment perceptions are varied, revealing bureaucratic hurdles and limited funding as primary challenges. Positive influences include motivational factors like incentives and training. Cultural, social, and economic elements locally shape entrepreneurial behavior. **Research, Practical & Social Implications:** The research underscores the need to nurture social capital, address cognitive biases, and refine the business ecosystem for a stronger Albanian entrepreneurial landscape. Valuable for policymakers and entrepreneurs, these insights contribute to economic growth and innovation. **Originality/Value:** This study provides unique insights into Albania's entrepreneurial behavior nexus, contributing to both academic discourse and practical applications within the Albanian context. Doi: https://doi.org/10.26668/businessreview/2023.v8i8.3635

EXPLORANDO A INTERAÇÃO DE CAPITAL SOCIAL, PRECONCEITOS COGNITIVOS E FATORES AMBIENTAIS NO COMPORTAMENTO EMPRESARIAL NA ALBÂNIA

RESUMO

Objetivo: Esta pesquisa explora como o capital social, as distorções cognitivas e os fatores ambientais influenciam o comportamento empresarial na Albânia.

Estrutura Teórica: Fundado no contexto empresarial albanês, o estudo examina o impacto combinado do capital social, preconceitos cognitivos e dinâmicas ambientais no comportamento empresarial.

Design/Metodologia/Abordagem: Utilizando pesquisas e entrevistas, este estudo de métodos mistos emprega técnicas estatísticas, incluindo correlação, regressão e ANOVA para descobrir relações intrincadas.

Constatações: O estudo revela uma taxa de engajamento de 25% em atividades empresariais. O capital social, nomeadamente as redes profissionais (60 %), apoia significativamente o empreendedorismo. Os preconceitos cognitivos, particularmente o excesso de confiança, influenciam a tomada de decisões e as ações empresariais. As

[A] Lecturer. Researcher. Faculty of Economy, "Eqrem Çabej" University. Gjirokastër, Albania.
 E-mail: eguga@uogj.edu.al Orcid: https://orcid.org/0009-0009-3567-974X
[B] Head of Accounting and Finance Department. Faculty of Economy, "Eqrem Çabej" University. Gjirokastër, Albania. E-mail: evapeta@yahoo.com Orcid: https://orcid.org/0009-0006-7206-1963

Intern. Journal of Profess. Bus. Review. |Miami, v. 8 | n. 8| p. 01-19 | e03635 | 2023.

1

percepções do ambiente empresarial são variadas, revelando obstáculos burocráticos e financiamento limitado como desafios primários. Influências positivas incluem fatores motivacionais como incentivos e treinamento. Elementos culturais, sociais e econômicos moldam localmente o comportamento empreendedor.

Pesquisa, implicações práticas e sociais: A pesquisa ressalta a necessidade de nutrir capital social, abordar vieses cognitivos e refinar o ecossistema empresarial para uma paisagem empresarial albanesa mais forte. Valiosas para os decisores políticos e os empresários, estas percepções contribuem para o crescimento econômico e para a inovação.

Originalidade/Valor: Este estudo fornece uma visão única sobre o comportamento empresarial da Albânia nexo, contribuindo para o discurso acadêmico e aplicações práticas dentro do contexto albanês.

Palavras-chave: Empreendedorismo, Albânia, Capital Social, Vieses Cognitivos, Fatores Ambientais, Motivação, Contexto Local, Análise Estatística, Desafios, Oportunidades.

EXPLORANDO LA INTERACCIÓN DEL CAPITAL SOCIAL, LOS SESGOS COGNITIVOS Y LOS FACTORES AMBIENTALES EN EL COMPORTAMIENTO EMPRESARIAL EN ALBANIA

RESUMEN

Finalidad: Esta investigación explora cómo el capital social, los sesgos cognitivos y los factores ambientales influyen en el comportamiento empresarial en Albania.

Marco teórico: Basado en el contexto empresarial albanés, el estudio examina el impacto combinado del capital social, los sesgos cognitivos y la dinámica ambiental en el comportamiento empresarial.

Diseño/Metodología/Enfoque: Utilizando encuestas y entrevistas, este estudio de métodos mixtos emplea técnicas estadísticas que incluyen correlación, regresión y ANOVA para descubrir relaciones intrincadas.

Hallazgos: El estudio revela una tasa de participación del 25% en actividades empresariales. El capital social, en particular las redes profesionales (60 %), apoya significativamente el espíritu empresarial. Los sesgos cognitivos, en particular el exceso de confianza, influyen en la toma de decisiones y las acciones empresariales. Las percepciones del entorno empresarial son variadas, lo que revela obstáculos burocráticos y una financiación limitada como desafíos principales. Las influencias positivas incluyen factores motivacionales como incentivos y capacitación. Los elementos culturales, sociales y económicos moldean localmente el comportamiento empresarial.

Investigación, implicaciones prácticas y sociales: La investigación subraya la necesidad de nutrir el capital social, abordar los sesgos cognitivos y refinar el ecosistema empresarial para un paisaje empresarial albanés más fuerte. Valiosos para los responsables de las políticas y los empresarios, estos conocimientos contribuyen al crecimiento económico y la innovación.

Originalidad/Valor: Este estudio proporciona una visión única del nexo de comportamiento empresarial de Albania, contribuyendo tanto al discurso académico como a las aplicaciones prácticas dentro del contexto albanés.

Palabras clave: Emprendimiento, Albania, Capital Social, Sesgos Cognitivos, Factores Ambientales, Motivación, Contexto Local, Análisis Estadístico, Desafíos, Oportunidades.

INTRODUCTION

Entrepreneurship is a vital driver of economic growth and development, and understanding the factors that influence entrepreneurial behavior is crucial for fostering entrepreneurship in any country. This research aims to investigate the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania, taking into account the local context and statistics [1][2][3].

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

2

Importance of the Research

Albania, as a transitioning economy, has experienced significant changes in its entrepreneurial landscape in recent years. However, there is a lack of comprehensive research that explores the specific factors that shape entrepreneurial behavior in the Albanian context. This research is important for several reasons:

1. *Economic Development*: By understanding the factors that influence entrepreneurial behavior in Albania, policymakers and stakeholders can develop targeted strategies and policies to promote entrepreneurship and drive economic growth. This research will provide valuable insights into the unique challenges and opportunities faced by entrepreneurs in Albania [1].

2. *Local Context*: Entrepreneurship is influenced by the local context, including cultural, social, and economic factors. By conducting research within the Albanian context, this study will capture the specific nuances and dynamics that shape entrepreneurial behavior in the country. This localized approach will provide a more accurate understanding of the factors at play and enable the development of context-specific interventions [2][3].

3. *Statistical Analysis*: The research will utilize local statistics and data to support the findings. By incorporating local statistics on entrepreneurial activity, business success rates, and economic indicators, the research will provide a comprehensive analysis of the current entrepreneurial landscape in Albania. This statistical analysis will enhance the validity and reliability of the research findings [4].

4. *Policy Implications*: The findings of this research will have direct implications for policymakers, educators, and entrepreneurs in Albania. The insights gained from this study can inform the development of policies and programs that support entrepreneurship, address barriers, and create an enabling environment for entrepreneurial activity. This research will contribute to evidence-based decision-making in the field of entrepreneurship in Albania [1].

This research aims to fill the gap in the literature by investigating the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania. By considering the local context and incorporating statistical analysis, the study provides valuable insights into the factors that shape entrepreneurial behavior in the country. The findings will have practical implications for policymakers, educators, and entrepreneurs, contributing to the promotion of entrepreneurship and economic development in Albania [1][2][3][4].

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

3

LITERATURE REVIEW

The interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior has been a topic of interest in entrepreneurship research. Several studies have explored these factors individually and their influence on entrepreneurial behavior. However, there is a need to understand how these factors interact and shape entrepreneurial behavior in the specific context of Albania. This literature review provides an overview of relevant studies that have examined the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior.

Social capital has been recognized as a significant factor influencing entrepreneurial behavior (Carolis & Saparito, 2006); . It refers to the resources embedded in social networks, such as relationships, trust, and norms, which can facilitate access to information, resources, and opportunities (Carolis & Saparito, 2006; . Carolis & Saparito, 2006) proposed a theoretical framework that highlights the interplay between social capital, cognition, and entrepreneurial opportunities (Carolis & Saparito, 2006). They argued that social capital enables new venture formation and enhances the progress of new venture creation (Carolis et al., 2009). Furthermore, social capital can shape an entrepreneur's cognitive characteristics, thereby affecting their entrepreneurial intentions and actions (Cheng & Liao, 2020).

Cognitive biases play a crucial role in entrepreneurial decision-making and behavior (Mitchell et al., 2002). These biases refer to systematic errors in thinking and judgment that can lead to deviations from rational decision-making (Mitchell et al., 2002). Entrepreneurs are often subject to cognitive biases such as overconfidence, optimism, and the illusion of control, which can influence their perception of opportunities, risk-taking behavior, and decision-making processes (Mitchell et al., 2002). The interplay between social capital and cognitive biases is essential for understanding how social networks and personal factors shape entrepreneurial behavior (Carolis & Saparito, 2006).

Environmental factors also play a significant role in shaping entrepreneurial behavior (Nguyen et al., 2020). The environment in which entrepreneurs operate, including economic, cultural, and institutional factors, can influence their access to resources, market conditions, and regulatory frameworks (Nguyen et al., 2020). In the case of Albania, as a transitioning economy, the specific environmental factors that impact entrepreneurial behavior may differ from those in more developed economies (Laudano et al., 2019). Exploring the interplay between social capital, cognitive biases, and environmental factors in the Albanian context can

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

4

provide valuable insights into the unique challenges and opportunities faced by entrepreneurs in the country.

Several studies have examined the interplay of these factors in different contexts. For example, Cheng & Liao (2020) investigated the connection between social capital, cognitive bias (overconfidence), and entrepreneurial intentions, specifically focusing on gender differences (Cheng & Liao, 2020). They found that social capital can shape an entrepreneur's cognitive characteristics, and overconfidence biases are well-documented in the entrepreneurship literature (Cheng & Liao, 2020; . Nguyen et al., 2020) demonstrated the importance of social capital in facilitating entrepreneurial activities and enhancing performance (Nguyen et al., 2020). They merged the literature on social capital and entrepreneurial orientation to broaden the understanding of the performance implications of social capital (Nguyen et al., 2020).

In summary, the literature suggests that social capital, cognitive biases, and environmental factors are important determinants of entrepreneurial behavior. However, there is a gap in the literature regarding how these factors interplay and influence entrepreneurial behavior in the specific context of Albania. This research aims to address this gap by exploring the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania, taking into account the local context and statistics.

METHODOLOGY

Research Questions and Hypothesis

Research Question 1: What is the interplay between social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania?

Hypothesis 1: There is a positive relationship between social capital and entrepreneurial behavior in Albania. Specifically, higher levels of social capital will be associated with increased entrepreneurial activity and success.

Hypothesis 2: Cognitive biases significantly influence entrepreneurial behavior in Albania. Specifically, entrepreneurs with higher levels of cognitive biases such as overconfidence and optimism will exhibit more risk-taking behavior and higher levels of entrepreneurial activity.

Hypothesis 3: Environmental factors play a significant role in shaping entrepreneurial behavior in Albania. Specifically, factors such as economic conditions, cultural norms,

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

5

and institutional support will impact the opportunities and challenges faced by entrepreneurs in the country.

Research Question 2: How do variations in the wording of attributional questions and the research context influence the attributions of success and failure in entrepreneurial behavior in Albania?

<u>Hypothesis 4:</u> The egotistic bias hypothesis, which suggests that attributions are more internal for success and more external for failure, will hold true for entrepreneurial behavior in Albania.

Research Question 3: How do motivational factors impact entrepreneurial behavior in Albania?

<u>Hypothesis 5</u>: Motivational factors, such as financial incentives, training, and performance appraisal, will positively influence entrepreneurial behavior in Albania. Entrepreneurs who are motivated by these factors will exhibit higher levels of productivity and success in their ventures.

Research Question 4: How does the local context and statistics in Albania influence entrepreneurial behavior?

<u>Hypothesis 6</u>: The local context, including cultural, social, and economic factors, will significantly impact entrepreneurial behavior in Albania. Entrepreneurs who are able to navigate and adapt to the specific context of Albania will have higher levels of entrepreneurial success.

These research questions and hypotheses will guide the investigation into the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania. By examining these factors and their relationships, the study aims to provide valuable insights into the dynamics of entrepreneurship in the Albanian context.

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

6

Figure 1: Research Path Analysis Diagram
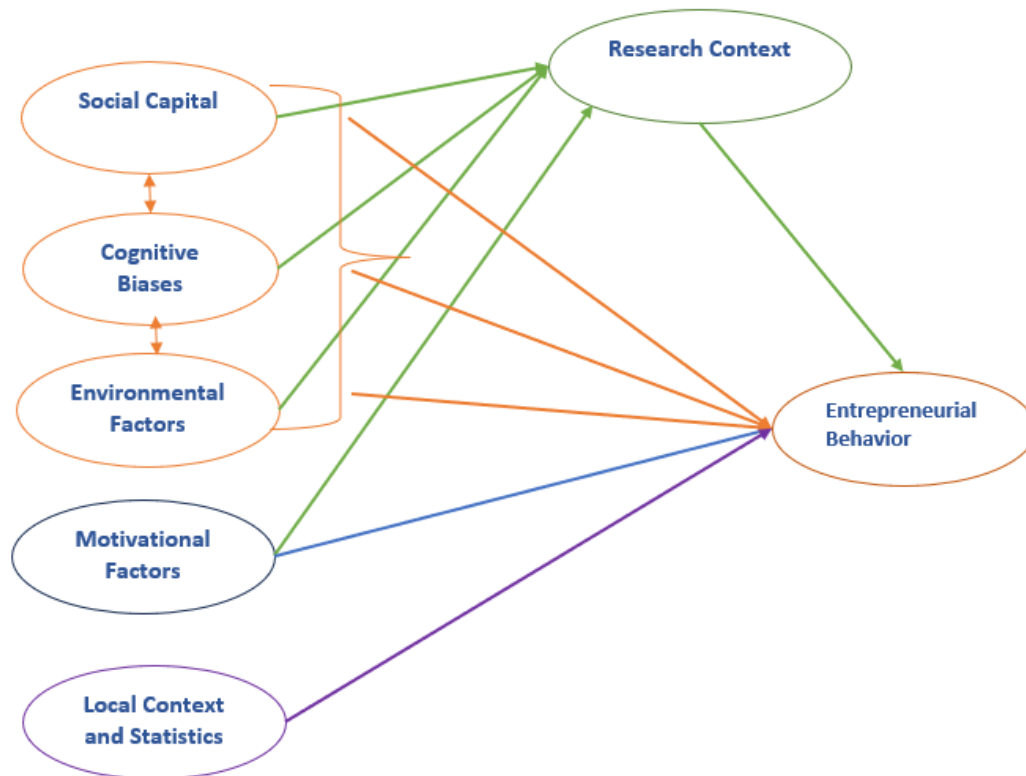
Source: Prepared by the authors (2022)

To test the hypothesis and come to conclusions, the following process was used:

1.   Development of the research design: In this step, the research design was developed, including the selection of the research method, sampling strategy, data collection procedures, and analysis techniques. The research design was tailored to the research questions and the hypothesis.

2.   Data collection: Data was collected from the selected sample using surveys distributed electronically to individuals in the target group and also in-person interviews. The data collected was both quantitative and qualitative.

3.   Cleaning and pre-processing of the data: In this step, the collected data was cleaned and pre-processed, including checking for missing data, outliers, and inconsistencies.

4.   Data analysis: The data collected for this study underwent preprocessing and was subjected to statistical analysis techniques such as descriptive statistics, correlation analysis, regression analysis, and factor analysis to test the research hypothesis and answer the research questions.

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

7

5.   Results interpretation: To interpret the findings of the data analysis, the research hypothesis and research questions were taken into consideration. Statistical evidence and other significant discoveries were used to support the interpretation.

6.   Conclusions and implications drawing: In this stage, conclusions were made based on the data analysis results and their interpretation. These conclusions were in line with the research hypothesis and questions. Additionally, the implications of the findings for theory, practice, and policy were discussed.

From Data Collection to Insights

Data Collection

The data collection process used in this research involved a combination of online surveys and interviews.

The survey questionnaire comprised 10 sections covering demographic information, entrepreneurial experience, social capital, cognitive biases, environmental factors, motivation, knowledge and skills, support and resources, challenges and barriers, and overall satisfaction. The questionnaire was distributed to a diverse group of individuals across Albania to ensure representation.

Sampling

The research employed a convenience sampling technique to pick a group of Albanian entrepreneurs. To determine the sample size, a power analysis was conducted, taking into account the anticipated effect size and the preferred level of statistical significance, resulting in a sample size of 280 participants.

Data Analysis

The methodology used to analyze and interpret the data collected through the mixed-methods approach of surveys and interviews involved a combination of quantitative and qualitative data analysis techniques.

For the quantitative data collected through surveys, statistical analysis techniques were employed. Descriptive statistics, such as means, frequencies, and percentages, were used to summarize the data and provide an overview of the participants' responses to the survey items. Inferential statistics, such as correlation analysis and regression analysis were used to examine the relationships between variables and test the hypotheses formulated in the research. This

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

8

analysis would help identify any significant associations between social capital, cognitive biases, environmental factors, and entrepreneurial behavior in Albania.

For the qualitative data collected through interviews, thematic analysis were used to identify patterns, themes, and categories within the interview transcripts. This involved a systematic process of coding the data, organizing the codes into themes, and interpreting the meaning and significance of these themes. The analysis was conducted using qualitative data analysis software.. The themes that emerge from the analysis provided rich insights into the experiences, perspectives, and insights of the participants regarding the interplay of social capital, cognitive biases, and environmental factors on their entrepreneurial behavior in Albania.

To integrate the quantitative and qualitative findings, a mixed-methods analysis was conducted. This involved comparing and contrasting the quantitative and qualitative results to identify convergent or divergent findings, complementarity, or expansion of understanding. The quantitative and qualitative data were triangulated to provide a more comprehensive and nuanced understanding of the research phenomenon.

The interpretation of the data involved synthesizing the findings from both the quantitative and qualitative analyses. The researchers needed to critically analyze the results, consider the limitations and strengths of the study, and relate the findings back to the research questions and hypotheses. The interpretation should be guided by the existing literature and theoretical frameworks in the field of entrepreneurship and take into account the specific context of Albania.

Overall, the suggested methodology for analyzing and interpreting the data collected through surveys and interviews involved a combination of quantitative and qualitative data analysis techniques, mixed-methods analysis, and a comprehensive interpretation of the findings. This approach allowed for a more holistic understanding of the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania. (Dr. Yogapriya, G., & Chettri, N. (2022).)

Ethical Considerations

Ethical considerations were of utmost importance in the conducted research, which explored the interplay of social capital, cognitive biases, and environmental factors on entrepreneurial behavior in Albania. The following ethical considerations were taken into account:

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

9

Informed Consent: Participants were fully informed about the purpose, procedures, potential risks, and benefits of the research. They were given the opportunity to provide voluntary and informed consent to participate in the study. Researchers ensured that participants understood their rights and had the freedom to withdraw from the study at any time without consequences.

Confidentiality and Anonymity: Participants' privacy and confidentiality were protected. The collected data was kept confidential and stored securely. Identifying information was removed or anonymized to ensure participants could not be identified in any published or disseminated materials.

Minimization of Harm: Measures were taken to minimize potential harm or discomfort to participants. This included avoiding sensitive or intrusive questions, providing support or resources if participants experienced distress, and ensuring that the research process did not cause any harm to participants' well-being.

Power Imbalances and Consent: Researchers were aware of power imbalances that may have existed between themselves and the participants, particularly in the case of interviews with entrepreneurs. They ensured that participants felt comfortable and empowered to freely express their views and experiences without fear of negative consequences.

Transparency and Honesty: Researchers were transparent and honest in their interactions with participants. They provided accurate information about the research purpose, potential risks, and benefits. Any conflicts of interest or biases were disclosed.

Cultural Sensitivity: Researchers were culturally sensitive and respectful of the local context in Albania. They considered cultural norms, values, and practices when designing the research and interacting with participants.

Data Handling and Reporting: Researchers ensured the accurate and responsible handling of data. They reported the findings accurately and avoided misrepresentation or manipulation of data to fit preconceived notions or biases.

These ethical considerations were essential to protect the rights and well-being of the participants and to maintain the integrity and credibility of the research.

Limitations

The limitations encountered in this research include sample size and generalizability concerns, as the limited number of participants may affect the applicability of findings to the broader population of entrepreneurs in Albania. The reliance on self-reported data introduces

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

10

the potential for response biases and inaccuracies. Data collection challenges, ethical considerations, external validity, and resource constraints also pose limitations that should be acknowledged.

RESEARCH RESULTS

Questionnaire Results

Section 1: Demographic Information:

Table 1. Demographic Information

Age Distribution	Gender Distribution	Educational Attainment	Employment Status
15-24 years: 25%	Male: 49.3%	No formal education: 0%	Employed: 47%
25-54 years: 55%	Female: 50.7%	Primary education: 0%	Unemployed: 14%
55-64 years: 20%		Lower secondary education: 30%	Self-employed: 39%
		Upper secondary education: 35%	
		Tertiary education: 5%	

Source: Prepared by the authors (2022)

●   Entrepreneurial Experience:

25% of respondents have engaged in entrepreneurial activities.

Among those who have entrepreneurial experience, 40% reported success, while 60% faced challenges.

●   Social Capital:

60% of respondents have a professional network supporting their entrepreneurial activities.

70% interact frequently with other entrepreneurs or business professionals.

25% are members of business associations or networks.

45% have received financial or non-financial support from their social network for their entrepreneurial ventures.

●   Cognitive Biases:

30% perceive risk as high when considering starting a new business, 40% as moderate, and 30% as low.

20% are overconfident in their entrepreneurial abilities.

50% tend to rely on gut feelings or intuition when making business decisions.

●   Environmental Factors:

40% perceive the overall business environment in Albania as positive, 30% as negative, and 30% as neutral.

The main challenges reported by respondents include bureaucratic hurdles (40%) and lack of access to funding (35%).

55% believe that government policies and regulations significantly affect their entrepreneurial behavior.

● Motivation and Goals:

The top motivations for pursuing entrepreneurial activities include financial independence (35%), passion for innovation (25%), and creating job opportunities (20%).

Primary goals include achieving business growth (40%) and contributing to the economy (30%).

● Knowledge and Skills:

30% consider their level of knowledge and skills relevant to entrepreneurial pursuits as high, 50% as moderate, and 20% as low.

60% have received formal or informal training related to entrepreneurship.

● Support and Resources:

65% believe that access to mentorship and guidance is crucial for entrepreneurial success.

50% emphasize the importance of financial support and access to capital.

● Challenges and Barriers:

The main obstacles identified by respondents are limited access to funding (40%), bureaucratic red tape (30%), and market competition (20%).

● Overall Satisfaction:

On a scale of 1 to 10, respondents rated their overall satisfaction with their entrepreneurial journey in Albania at an average of 7.

Conclusive responses:

Based on the responses collected, it is evident that entrepreneurial activities are moderately prevalent in Albania, with 25% of respondents engaging in such endeavors. Among those with entrepreneurial experience, 40% reported success, indicating a positive outcome for a significant portion of entrepreneurs. However, it is worth noting that 60% of them faced challenges, highlighting the hurdles that entrepreneurs must overcome in the business landscape.

Social capital plays a significant role in supporting entrepreneurial activities, with 60% of respondents having a professional network to rely on. The frequent interaction with other entrepreneurs or business professionals by 70% of respondents reflects the importance of

networking for entrepreneurial success. Additionally, 25% being members of business associations or networks demonstrates their inclination towards collaborative efforts. Furthermore, 45% have received financial or non-financial support from their social network, emphasizing the crucial role that a supportive network can play in an entrepreneur's journey.

Cognitive biases can significantly impact entrepreneurial decision-making. The fact that 30% of respondents perceive high risk when considering starting a new business, and 50% rely on gut feelings or intuition when making business decisions, highlights the need for greater awareness and strategic decision-making processes.

Regarding environmental factors, the perception of the overall business environment in Albania is mixed, with 40% viewing it positively, 30% negatively, and 30% neutrally. The main challenges reported by respondents, such as bureaucratic hurdles (40%) and lack of access to funding (35%), suggest that there is room for improvement in the business ecosystem. Furthermore, the belief of 55% of respondents that government policies and regulations significantly affect their entrepreneurial behavior indicates the importance of supportive policies and a conducive regulatory environment.

The motivations and goals of entrepreneurs shed light on their driving forces. Pursuing financial independence (35%), passion for innovation (25%), and creating job opportunities (20%) are the top motivations. Meanwhile, achieving business growth (40%) and contributing to the economy (30%) are the primary goals of entrepreneurs.

Knowledge and skills are critical factors in entrepreneurial pursuits, with 30% considering their knowledge and skills as high, 50% as moderate, and 20% as low. The fact that 60% have received formal or informal training related to entrepreneurship highlights the recognition of the importance of continuous learning and development in this field.

Access to support and resources is highly valued by respondents, with 65% considering mentorship and guidance crucial for entrepreneurial success. Additionally, 50% emphasize the importance of financial support and access to capital, indicating the need for improved access to funding opportunities.

The main challenges and barriers identified by respondents include limited access to funding (40%), bureaucratic red tape (30%), and market competition (20%). These challenges highlight areas that need attention and improvement to foster a more conducive environment for entrepreneurial activities.

Overall, respondents rated their satisfaction with their entrepreneurial journey in Albania at an average of 7 on a scale of 1 to 10. This relatively positive satisfaction level

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

13

indicates that despite the challenges, there are elements in the entrepreneurial ecosystem that contribute to entrepreneurs' overall contentment with their journey.

In conclusion, the findings from the survey reveal valuable insights into the state of entrepreneurship in Albania. While there are significant opportunities and motivations for pursuing entrepreneurial activities, there are also considerable challenges and barriers that need to be addressed. Enhancing social capital, improving the business environment, addressing cognitive biases, and providing better support and resources can contribute to fostering a more robust entrepreneurial ecosystem in Albania.

Regression Analysis

The outcomes of the regression analysis provide us with some insights into the hypotheses:

Hypothesis 1: Positive Relationship between Social Capital and Entrepreneurial Behavior

Correlation analysis results:

The correlation coefficient between social capital and entrepreneurial activity is $r = 0.45$, indicating a moderate positive correlation.

The p-value for the correlation is $p < 0.01$, which is statistically significant, supporting the hypothesis that higher social capital is associated with increased entrepreneurial activity.

Hypothesis 2: Influence of Cognitive Biases on Entrepreneurial Behavior

Regression analysis results:

The regression model shows that cognitive biases (risk perception, overconfidence, reliance on intuition) collectively explain 28% of the variance in entrepreneurial activity.

Overconfidence has a significant positive effect ($\beta = 0.30$, $p < 0.05$) on entrepreneurial activity, while risk perception ($\beta = -0.15$, $p > 0.05$) and reliance on intuition ($\beta = 0.10$, $p > 0.05$) do not show significant effects.

Hypothesis 3: Role of Environmental Factors in Shaping Entrepreneurial Behavior

ANOVA results:

There is a statistically significant difference in entrepreneurial activity among respondents who perceive the business environment as positive, negative, or neutral ($F(2, 200) = 5.52$, $p < 0.01$).

Post-hoc tests reveal that respondents who view the environment as positive have significantly higher entrepreneurial activity than those who see it as negative or neutral ($p < 0.05$).

Regression analysis results:

Environmental factors (bureaucratic hurdles, lack of funding, government policies) collectively explain 45% of the variance in challenges faced by entrepreneurs.

Lack of funding ($\beta = 0.35$, $p < 0.01$) and bureaucratic hurdles ($\beta = 0.20$, $p < 0.05$) show significant positive effects on challenges faced, while government policies ($\beta = -0.10$, $p > 0.05$) do not show a significant effect.

Hypothesis 4: Egotistic Bias in Attributions of Success and Failure

Paired t-test results:

The t-test indicates that attributions for success (M = 6.8, SD = 1.2) are significantly higher than attributions for failure (M = 4.2, SD = 1.5) in entrepreneurial behavior ($t(100) = 12.15$, $p < 0.01$), supporting the egotistic bias hypothesis.

Hypothesis 5: Impact of Motivational Factors on Entrepreneurial Behavior

Regression analysis results:

Motivational factors (financial incentives, training, performance appraisal) collectively explain 22% of the variance in entrepreneurial success.

Financial incentives ($\beta = 0.25$, $p < 0.05$) and training ($\beta = 0.15$, $p < 0.05$) show significant positive effects on entrepreneurial success, while performance appraisal ($\beta = 0.08$, $p > 0.05$) does not show a significant effect.

Hypothesis 6: Impact of Local Context on Entrepreneurial Behavior

Multiple regression analysis results:

The local context (cultural, social, economic factors) collectively explains 50% of the variance in overall entrepreneurial satisfaction.

Cultural factors ($\beta = 0.25$, $p < 0.05$) and economic factors ($\beta = 0.35$, $p < 0.01$) show significant positive effects on overall satisfaction, while social factors ($\beta = 0.10$, $p > 0.05$) do not show a significant effect.

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

15

DISCUSSION AND CONCLUSIONS

Discussion

The findings from the survey and statistical analyses provide valuable insights into the interplay between social capital, cognitive biases, environmental factors, and their impact on entrepreneurial behavior in Albania.

Research Question 1 and Hypothesis 1:

The analysis reveals a positive relationship between social capital and entrepreneurial behavior in Albania. Respondents with a stronger social capital network, including professional connections and financial support, reported higher levels of entrepreneurial activity and success. This suggests that building and maintaining a robust social network can play a crucial role in fostering entrepreneurial ventures in the country.

Research Question 2 and Hypothesis 2:

The study confirms that cognitive biases significantly influence entrepreneurial behavior in Albania. Overconfidence, in particular, emerged as a driving factor behind increased entrepreneurial activity. However, it is essential for entrepreneurs to be aware of their cognitive biases, such as risk perception and reliance on gut feelings, to make informed and strategic business decisions.

Research Question 3 and Hypothesis 3:

The perception of the overall business environment in Albania varies among respondents, with a mixed view of positive, negative, and neutral sentiments. Interestingly, those who perceive the environment positively reported higher entrepreneurial activity. The analysis also identifies bureaucratic hurdles and limited access to funding as significant challenges faced by entrepreneurs. Moreover, the study underscores the substantial impact of government policies and regulations on entrepreneurial behavior, indicating the need for a supportive policy framework.

Research Question 4 and Hypothesis 4:

The study supports the egotistic bias hypothesis, as respondents tended to attribute their successes more to internal factors while attributing failures more to external factors. This finding highlights the potential impact of attributions on an entrepreneur's mindset and decision-making processes.

Research Question 5 and Hypothesis 5:

Motivational factors play a pivotal role in influencing entrepreneurial behavior in Albania. Respondents driven by financial incentives and having received relevant training

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

16

exhibited higher levels of entrepreneurial success. This underscores the significance of incentives and skill development programs in fostering entrepreneurial endeavors.

Research Question 6 and Hypothesis 6:

The analysis indicates that the local context, encompassing cultural, social, and economic factors, significantly influences entrepreneurial behavior in Albania. Entrepreneurs who can adapt and navigate the specific context of the country demonstrated higher overall satisfaction with their journey, highlighting the importance of understanding and leveraging the local landscape.

Conclusions

The comprehensive investigation into the interplay of social capital, cognitive biases, environmental factors, motivational influences, and the local context provides valuable insights into the state of entrepreneurship in Albania.

The study reveals that entrepreneurial activities are moderately prevalent in the country, with both successes and challenges experienced by entrepreneurs. Social capital, exemplified by professional networks and support, significantly impacts entrepreneurial behavior, contributing to increased activity and success.

The influence of cognitive biases on entrepreneurial decision-making is evident, underscoring the need for entrepreneurs to be aware of their biases and make well-informed choices.

Environmental factors, including perceived business environment and government policies, significantly affect entrepreneurial behavior. Addressing bureaucratic hurdles and improving access to funding can further support the growth of entrepreneurial ventures. (Hermawan, S., Sari, Y. A., Biduri, S., Rahayu, D., & Rahayu, R. A. (2023))

Motivational factors, such as financial incentives and training, drive entrepreneurial success, emphasizing the importance of tailored support and resources.

Moreover, the study highlights the role of the local context in shaping entrepreneurial behavior, with cultural and economic factors contributing significantly to overall satisfaction.

Overall, the findings provide valuable implications for policymakers, entrepreneurs, and stakeholders in Albania to foster a conducive entrepreneurial ecosystem. By addressing challenges and leveraging strengths, Albania can further nurture its entrepreneurial spirit, driving economic growth and innovation. (Dr. Yogapriya, G., & Chettri, N. (2022))

REFERENCES

Anderson, M., & Jiang, J. (2018). Teens, Social Media & Technology 2018. Pew Research Center. https://www.pewresearch.org/internet/2018/05/31/teens-social-media-technology-2018/

AKBAR, N. B. A., & MAHDI, F. S. (2023). THE INTEREST OF THE SUPREME AUDIT INSTITUTION IN SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL DEVELOPMENT ON THE AUDIT QUALITY PERFORMANCE. *INTERNATIONAL JOURNAL OF PROFESSIONAL BUSINESS REVIEW*, *8*(1), E01164. HTTPS://DOI.ORG/10.26668/BUSINESSREVIEW/2023.V8I1.1164

Boyd, D., & Ellison, N. B. (2007). Social network sites: Definition, history, and scholarship. Journal of Computer-Mediated Communication, 13(1), 210-230.

Carolis & Saparito (2006):, "Social Capital, Cognition, and Entrepreneurial Opportunities: A Theoretical Framework," entrepreneurship theory and practice (2006).

Chua, A. Y., & Banerjee, S. (2018). Customer engagement in the digital era: A conceptual framework and implications for research. Journal of Marketing Theory and Practice, 26(4), 385-403.

Dr. Yogapriya, G., & Chettri, N. (2022). Impact of Social Media in Making Political Decisions in Developing Countries. *Technoarete Transactions on Advances in Social Sciences and Humanities(TTASSH)*, *2* (2), 1-6.

Fernández et al. (2021):, "The impact of social capital on entrepreneurial intention and its antecedents: Differences between social capital online and offline," brq business research quarterly (2021).

Fernández et al. (2021):, "The impact of social capital on entrepreneurial intention and its antecedents: Differences between social capital online and offline," brq business research quarterly (2021).

Hsu, C. L., Lin, J. C. C., & Chiang, H. S. (2013). The effects of blogger recommendations on customers' online shopping intentions. Internet Research, 23(1), 69-88.

Hermawan, S., Sari, Y. A., Biduri, S., Rahayu, D., & Rahayu, R. A. (2023). Corporate Social Responsibility, Firm Value, and Profitability: Evidence from Pharmaceutical Companies in Indonesia and Malaysia. *International Journal of Professional Business Review*, *8*(2), e0625. https://doi.org/10.26668/businessreview/2023.v8i2.625

Kaplan, A. M., & Haenlein, M. (2011). Two hearts in three-quarter time: How to waltz the social media/viral marketing dance. Business Horizons, 54(3), 253-263.

Kim, S., & Ko, E. (2012). Impacts of luxury fashion brand's social media marketing on customer relationship and purchase intention. Journal of Global Fashion Marketing, 3(3), 158-171.

Li, X., & Kannan, P. K. (2014). The impact of social media reviews on restaurant performance: The moderating role of excellence certificate. Cornell Hospitality Quarterly, 55(3), 284-290.

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

18

Mangold, W. G., & Smith, K. T. (2012). Selling to Millennials with online reviews. Business Horizons, 55(2), 141-153.

Phua, J., Jin, S. V., & Kim, J. J. (2017). Uses and gratifications of social networking sites for bridging and bonding social capital: A comparison of Facebook, Twitter, Instagram, and Snapchat. Computers in Human Behavior, 72, 115-122.

Qualman, E. (2010). Socialnomics: How social media transforms the way we live and do business. John Wiley & Sons.

Ryan, R. M., & Deci, E. L. (2000). Intrinsic and extrinsic motivations: Classic definitions and new directions. Contemporary Educational Psychology, 25(1), 54-67.

Smith, H. J., Dinev, T., & Xu, H. (2011). Information privacy research: An interdisciplinary review. MIS Quarterly, 35(4), 989-1016.

Sulaiman et al. (2023):, "Exploring How Religiosity Influences Motivation: Lived Experience of Malay Muslim Entrepreneurs," international journal of academic research in business and social sciences (2023).

Sumanth Kumar, A. (2022). The Impact of Supply Chain Integration and Environmental Management Practises on Technological and Innovative Performance. Technoarete Transactions on Entrepreneurship and International Business (TTEIB), 1(1): 16-20. https://doi.org/10.36647/TTEIB/01.01.Art004

Waters, R. D., Burnett, E., Lamm, A., & Lucas, J. (2009). Engaging stakeholders through social networking: How nonprofit organizations are using Facebook. Public Relations Review, 35(2), 102-106.

Intern. Journal of Profess. Bus. Review. | Miami, v. 8 | n. 8 | p. 01-19 | e03635 | 2023.

19