ISBN 978-9951-00-421-3

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Place & Time:
University Fehmi Agani Gjakova, KOSOVO
22-23 May 2026

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The role of education and artificial intelligence in youth labor market integration in Albania

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Abstract

In Albania, youth face significant challenges in accessing stable and meaningful employment, particularly in rural areas where educational opportunities and technological infrastructure remain limited (World Bank, 2022). This study examines how education, complemented by the strategic application of Artificial Intelligence (AI), can facilitate the integration of young people into the labor market by enhancing both employability and social inclusion (OECD, 2021). Adopting a mixed analytical approach based on literature review and empirical evidence, the study evaluates current educational frameworks, labor market dynamics, and the role of emerging AI-driven tools. The findings indicate a persistent mismatch between skills acquired through formal education and labor market requirements, especially in digital competencies (European Commission, 2023). AI-based solutions—such as intelligent career guidance systems, personalized learning platforms, and job-matching algorithms—demonstrate strong potential in bridging this gap and improving school-to-work transitions (UNESCO, 2021). Furthermore, the study highlights the social dimension of youth employment, emphasizing that equitable access to education and AI resources contributes to reducing regional disparities and promoting inclusive development (International Labour Organization, 2022). However, challenges related to digital infrastructure, institutional capacity, and unequal access to technology

continue to limit the effective implementation of AI in education and employment systems. The paper provides policy-relevant recommendations, including strengthening digital education, fostering collaboration between academia and industry, and promoting inclusive access to AI tools. These measures are essential for empowering youth and supporting the development of a more adaptive and inclusive labor market in Albania.

Key words: *Youth employment; Artificial Intelligence (AI); Education systems; Skills mismatch; Labor market integration; Albania*

INTRODUCTION

Youth in Albania face a challenging pathway to labor market integration, marked by persistent structural barriers and skills mismatches. According to the World Bank (2024), approximately 24% of young people aged 15–24 was classified as not in employment, education, or training (NEET), a rate exceeding the regional average. National data from INSTAT (2024) indicate that in the final quarter of 2024, the youth employment rate (15–29) reached 43.4%, up from 37.4% in the same period of 2023, while youth unemployment declined from 32.6% to 27.5%. Despite this modest improvement, youth unemployment remains structurally high, reflecting persistent inefficiencies in school-to-work transitions.

Demographic and migration dynamics have further reshaped Albania's labor market. The large-scale emigration of young and relatively well-educated individuals has increased demand for higher education while simultaneously creating labor shortages in key sectors. Nevertheless, Albania has made progress in expanding educational attainment. Upper secondary completion rates increased significantly from 42.5% in 2000 to approximately 82% in 2018 (World Bank, 2019), supported by reforms such as increased public investment and the expansion of vocational education programs.

However, international evidence highlights a persistent misalignment between education outcomes and labor market needs. The OECD (2021) notes that education systems in the region often fail to equip individuals with both foundational and advanced digital skills. Only 33.8% of adults in the Western Balkans possess basic digital skills, compared to 55.6% in the European Union (European Commission, 2023). This gap limits the adoption of emerging technologies, including Artificial Intelligence (AI), with only about 5% of firms in the region using AI-based solutions (OECD, 2021). In this context, integrating education systems with AI-driven tools emerges as a critical policy priority. Based on secondary data from international organizations and national sources, this study adopts a descriptive analytical approach to examine how education and AI can enhance youth employability. Recent frameworks, such as those developed by the World Economic Forum (2023), emphasize the importance of digital and socio-emotional skills in the context of the Fourth Industrial Revolution. Accordingly, this paper provides evidence-based insights into how Albania can leverage education and AI to foster a more inclusive and adaptive labor market for its youth.

Challenges in Education and the Labor Market for Youth

A critical dimension of this study concerns the structural challenges in both the education system and the labor market that hinder youth integration in Albania (World Bank, 2024; OECD, 2021). These include a persistent mismatch between acquired skills and labor market demands, limited alignment between educational curricula and industry needs, and insufficient development of digital and AI-related competencies (European Commission, 2023). In

addition, regional disparities, particularly between urban and rural areas, restrict equal access to quality education and employment opportunities (International Labour Organization, 2022).

Weak school-to-work transition mechanisms and limited career guidance services further exacerbate youth vulnerability in the labor market (OECD, 2021). Addressing these interconnected challenges is essential for improving the effectiveness of education policies and ensuring that young people are better prepared for a rapidly evolving, technology-driven labor market (World Economic Forum, 2023).

Educational Disparities and Skills Gaps

Although notable progress has been achieved in the Albanian education sector, particularly in terms of secondary school completion rates, significant challenges persist regarding quality, equity, and alignment with labor market needs (World Bank, 2019). The education system has undergone substantial reforms over the past decades. In the 1990s, many vocational schools in rural areas were closed, leading to a sharp decline in vocational enrollment from approximately 72% in 1990 to 19% in 2002 (OECD, 2021). Following 2000, policy efforts gradually re-emphasized vocational education and training (VET), including the removal of restrictive entry barriers and the introduction of financial incentives for vulnerable students in 2009. As a result, participation in vocational education increased again to around 12% by 2016 (European Commission, 2023).

Despite these reforms, a substantial mismatch remains between educational outputs and labor market demands. Evidence from the World Bank STEP Skills Measurement Survey indicates that while firms in Albania do not report significant skill shortages among existing employees, they consistently face difficulties in recruiting young job applicants due to inadequate skills. The most frequently reported gaps relate to both technical (job-specific) competencies and soft skills, such as communication and teamwork. This mismatch reflects a structural disconnect between educational provision and labor market requirements, particularly affecting young jobseekers who often lack practical experience, thereby contributing to long-term unemployment and informal employment (International Labour Organization, 2022).

Skills deficiencies also contribute to higher rates of inactivity and migration among youth. According to the World Bank (2024), approximately 24% of young people aged 15–24 are classified as NEET, with higher vulnerability observed among women and rural populations. While overall secondary education completion rates are relatively high (around 82% in 2018), the OECD (2021) emphasizes that the relevance and labor market orientation of vocational and technical education remain limited. TVET programs are often perceived as insufficiently attractive and weakly connected to high-growth sectors, while training in digital, transversal, and future-oriented skills remains underdeveloped (World Economic Forum, 2023).

STRUCTURAL BARRIERS TO YOUTH LABOR MARKET INTEGRATION: DIGITAL DIVIDE, SKILLS GAPS, AND POLICY CHALLENGES IN ALBANIA

Infrastructure Gaps and Regional Inequalities

A key constraint in youth labor market integration in Albania is the persistent digital divide and regional inequality. Although investments in digital infrastructure have improved internet

coverage in urban areas, significant disparities remain, particularly in rural regions where young people often lack both access to adequate digital tools and the skills required to use them effectively. The World Bank (2024) highlights that such inequalities limit participation in online learning, digital training, and AI-based career development opportunities. This structural gap reinforces unequal access to education quality and increases youth vulnerability in peripheral areas. Addressing this challenge requires targeted investments in digital infrastructure, school connectivity, and inclusive digital literacy programs.

Education and Labor Market Alignment

Effective youth integration depends on aligning education systems with labor market needs. Albania has introduced reforms such as vocational education strategies and national employment frameworks aimed at improving this linkage (OECD, 2021). However, gaps persist in curriculum relevance, practical training, and digital skills development. The European Commission (2023) emphasizes that strengthening STEM education, work-based learning, and lifelong learning systems is essential for improving employability outcomes. International evidence from programs such as apprenticeship systems and structured career guidance models demonstrates that stronger school–business cooperation significantly improves school-to-work transitions.

Artificial Intelligence as a Support Tool

Artificial Intelligence (AI) offers transformative potential for addressing education and employment mismatches. AI-based systems can personalize learning, enhance career guidance, and improve labor market matching efficiency. According to the OECD (2023), AI is increasingly used in education systems for lesson planning, skill assessment, and adaptive learning. In Albania, over half of teachers have already experimented with AI tools, although many still lack sufficient training to use them effectively. This highlights the need for capacity-building and infrastructure investment.

Beyond education, AI can improve labor market integration by analyzing job market trends and connecting young jobseekers with relevant opportunities. Platforms using AI-driven matching algorithms can reduce information asymmetries and expand access to internships, training, and employment, especially for youth in rural areas. The World Economic Forum (2023) further emphasizes that AI and digital platforms are key enablers of future labor market transformation. *Policy Approaches and Best Practices.*

International experience shows that integrated youth employment policies significantly improve labor market outcomes. The Youth Guarantee initiative of the European Union represents a key example, ensuring access to education, training, or employment for young people (European Commission, 2023). OECD evidence suggests that such programs can reduce youth inactivity by around 20% when effectively implemented (OECD, 2021).

Successful models from countries such as Germany and Finland highlight the importance of dual education systems, apprenticeships, and strong collaboration between education institutions and employers. These approaches demonstrate that sustainable youth integration requires coordinated action among government, education providers, and the private sector. In the Albanian context, adapting such models alongside digital transformation and AI integration can significantly improve employability and reduce structural labor market gaps.

THEORETICAL FRAMEWORK

The theoretical foundation of this study is built upon the Human Capital Theory, the Skills Mismatch Theory, and the Digital Transformation and AI Adoption Framework, which together explain how education and Artificial Intelligence (AI) influence youth labor market integration in Albania.

Human Capital Theory posits that investment in education and skills development enhances individual productivity and employability (OECD, 2021). In this context, education is considered a key driver of labor market outcomes. However, in Albania, persistent gaps between educational attainment and labor market needs suggest inefficiencies in the conversion of human capital into productive employment, particularly among youth (World Bank, 2024).

Complementing this perspective, the Skills Mismatch Theory explains unemployment and underemployment as a consequence of misalignment between the skills supplied by education systems and those demanded by employers. Empirical evidence from the Western Balkans indicates significant deficiencies in both technical and soft skills, especially among young labor market entrants, highlighting a structural disconnect between curricula and labor market requirements (International Labour Organization, 2022). This mismatch is further reinforced by limited vocational relevance and weak school-to-work transition mechanisms.

The Digital Transformation and AI Adoption Framework provides a more recent theoretical lens, emphasizing the role of emerging technologies in reshaping education and employment systems. AI-driven tools, such as adaptive learning systems, predictive labor market analytics, and intelligent job-matching platforms, can reduce information asymmetries and improve skills alignment (World Economic Forum, 2023). According to this framework, digital infrastructure and AI literacy become critical enablers of employability in the Fourth Industrial Revolution.

In the Albanian context, these three theoretical perspectives converge to form an integrated framework in which education enhances human capital, AI optimizes skills matching, and institutional structures mediate the transition from education to employment. However, the effectiveness of this process is conditioned by structural barriers such as digital inequality, regional disparities, and limited institutional capacity (European Commission, 2023).

Overall, the framework suggests that improving youth labor market integration in Albania requires a simultaneous strengthening of education systems and strategic adoption of AI technologies to address structural inefficiencies and skills mismatches.

METHODOLOGY

This study adopts a descriptive research design to examine the role of education and Artificial Intelligence (AI) in youth labor market integration in Albania. The descriptive approach is considered appropriate as it allows for a systematic analysis of existing conditions, trends, and relationships between education systems, labor market dynamics, and emerging digital technologies without manipulating variables (OECD, 2021).

This methodological approach is consistent with previous research applying descriptive and comparative analysis of labor market indicators in Albania (Deda, Brajshori, & Krasniqi, 2020).

The research is based entirely on secondary data sources, ensuring a comprehensive and evidence-based analysis. Data were collected from internationally recognized institutions, including the World Bank, the International Labour Organization, the European Commission, the OECD, and the World Economic Forum, as well as national statistical sources such as INSTAT. These datasets include indicators on youth employment, NEET rates, education attainment, digital skills, and AI adoption.

The collected data were systematically reviewed, categorized, and comparatively analyzed to identify key patterns related to skills mismatch, educational disparities, digital divide, and labor market outcomes. Particular attention was given to temporal trends (e.g., changes in youth unemployment rates over time) and cross-regional comparisons, especially between Albania, the Western Balkans, and the European Union.

In addition, a thematic analytical approach was applied to synthesize findings from policy reports and academic literature. This allowed the identification of recurring structural challenges such as inadequate digital competencies, weak school-to-work transition mechanisms, and limited integration of AI in education and employment systems.

Given the exploratory nature of the study, no primary data collection was conducted. Instead, the use of triangulated secondary sources ensures reliability and enhances the validity of findings. The methodological approach enables a holistic understanding of how education and AI interact to shape youth employability in Albania and provides a strong empirical basis for policy-oriented recommendations.

Aim of the Paper

The main aim of this paper is to investigate the role of education and Artificial Intelligence (AI) in facilitating the integration of young people into the labor market in Albania (World Bank, 2024; OECD, 2021). Specifically, the study seeks to analyze how current educational systems contribute to the development of employability skills, and how AI-driven tools can enhance school-to-work transitions by reducing skills mismatches and improving access to employment opportunities (European Commission, 2023; World Economic Forum, 2023).

In addition, the paper aims to identify structural barriers—such as digital inequality, regional disparities, and limited institutional capacity—that hinder effective youth labor market integration (International Labour Organization [ILO], 2022; World Bank, 2024). By combining educational and technological perspectives, the study also aims to provide evidence-based policy recommendations for improving youth employment outcomes and promoting inclusive economic development in the context of the Fourth Industrial Revolution (OECD, 2021; World Economic Forum, 2023).

Data Collection

This study is based on secondary data collection and adopts a qualitative–descriptive analytical approach. Data were gathered from multiple authoritative international and national sources to ensure reliability, validity, and comparability of findings (OECD, 2021; World Bank, 2024).

The primary data sources include reports and datasets from the World Bank, International Labour Organization (ILO), OECD, European Commission, World Economic Forum, and the Albanian Institute of Statistics (INSTAT) (European

Commission, 2023; INSTAT, 2024). These sources provided key indicators related to youth employment, NEET rates, educational attainment, digital skills levels, and AI adoption in labor markets and education systems (OECD, 2023; World Bank, 2022).

In addition to statistical datasets, policy documents, academic literature, and strategic reports were systematically reviewed to complement quantitative indicators with qualitative insights (ILO, 2022; World Economic Forum, 2023). The collected data were organized and analyzed thematically, focusing on three main dimensions: (i) education–labor market alignment, (ii) digital skills and AI readiness, and (iii) structural barriers to youth employment (OECD, 2021; European Commission, 2023).

A comparative analytical approach was also applied to examine trends over time and differences between Albania, the Western Balkans, and the European Union (World Bank, 2024; European Commission, 2023). This triangulation of sources strengthens the robustness of the analysis and supports a comprehensive understanding of how education and AI interact in shaping youth labor market integration.

ANALYSIS AND RESULTS. DESCRIPTIVE ANALYTICAL FINDINGS

The analysis of secondary data reveals that youth labor market integration in Albania is shaped by three interrelated structural dimensions:

- labor market performance and youth unemployment trends.
- education–skills mismatch.

The emerging role of Artificial Intelligence (AI) in addressing labor market inefficiencies. The findings are derived from a descriptive analytical synthesis of international and national datasets.

Youth Employment Trends and Labor Market Outcomes

Descriptive analysis of labor market indicators shows that although youth employment in Albania has improved moderately in recent years, structural vulnerabilities remain significant. According to INSTAT (2024), youth employment (15–29) increased from 37.4% in 2023 to 43.4% in 2024, while unemployment decreased from 32.6% to 27.5%. However, these improvements do not eliminate long-term structural fragility, as NEET rates remain high compared to EU averages (World Bank, 2024). The World Bank (2024) further reports that approximately 24% of youth are NEET, indicating persistent exclusion from both education and labor markets. This reflects weak school-to-work transition mechanisms and limited absorption capacity of the formal labor market.

Education–Skills Mismatch

The descriptive analysis confirms a persistent mismatch between education outcomes and labor market needs. OECD (2021) highlights that education systems in Albania and the Western Balkans fail to provide adequate digital and soft skills required by employers. Similarly, European Commission (2023) data show that only 33.8% of individuals in the region possess basic digital skills compared to 55.6% in the EU. Employers consistently report difficulties in recruiting young workers due to insufficient technical and transversal skills (ILO, 2022).

This mismatch is particularly evident in communication, teamwork, problem-solving, and ICT competencies, which are increasingly demanded in modern labor markets.

Digital Divide and AI Readiness

The analysis also reveals a significant digital divide between Albania and EU countries. Limited digital infrastructure and unequal access to technology reduce youth participation in online education and AI-driven training systems (World Bank, 2024). OECD (2023) indicates that while AI adoption in education is growing, institutional readiness remains low.

Only a small percentage of firms in the Western Balkans (approximately 5%) use AI-based tools (OECD, 2021), limiting the transformation of labor market processes such as recruitment, training, and job matching.

Role of Artificial Intelligence in Labor Market Integration

Descriptive evidence shows that AI has strong potential to improve youth labor market integration. According to the World Economic Forum (2023), AI-driven systems can enhance job matching, predict labor market demand, and support personalized learning pathways. UNESCO (2021) further confirms that AI improves educational personalization and lifelong learning outcomes.

However, implementation remains limited due to lack of infrastructure, insufficient teacher training, and weak institutional coordination (European Commission, 2023).

Table 1: *Youth Labor Market Outcomes, Skills Mismatch, and AI Integration: Evidence from Albania*

Dimension	Indicator	Albania/Region Findings	Source	Interpretation
Youth Employment	Youth employment rate (15–29)	43.4% (2024), increase from 37.4% (2023)	INSTAT (2024)	Moderate improvement but structural weakness persists
Youth Unemployment	Youth unemployment rate	27.5% (2024)	INSTAT (2024)	Still high compared to EU averages
NEET Rate	Youth not in employment, education or training	~24%	World Bank (2024)	High exclusion from labor market
Digital Skills	Basic digital skills coverage	33.8% WB vs 55.6% EU	European Commission (2023)	Significant digital divide
Skills Mismatch	Employer-reported skill gaps	High in soft & technical skills	OECD (2021); ILO (2022)	Structural mismatch persists
AI Adoption	Firms using AI technologies	~5% in region	OECD (2021)	Very low AI integration
AI in Education	Use of AI tools in education	Emerging but limited capacity	OECD (2023); UNESCO (2021)	Early-stage adoption
Structural Barrier	Rural–urban digital gap	High inequality in access	World Bank (2024)	Regional disparity remains strong

Source: World Bank, 2024; INSTAT, 2024; OECD, 2021, 2023; European Commission, 2023; International Labour Organization [ILO], 2022; UNESCO, 2021; World Economic Forum, 2023). Authors' elaboration based on secondary data synthesis & Authors.

Descriptive Analysis and Interpretation of Key Indicators

The descriptive analysis presented in Table 2 provides an integrated empirical overview of youth labour market conditions, the education system, and the diffusion of digital technologies and Artificial Intelligence (AI) in Albania within a broader regional context. The secondary data synthesis reveals a dual pattern characterized by modest macroeconomic improvements alongside persistent structural constraints in the school-to-work transition process (INSTAT, 2024; World Bank, 2024).

Youth Employment and Unemployment Dynamics.

The data indicate that the youth employment rate (15–29 years) increased from 37.4% in 2023 to 43.4% in 2024 (INSTAT, 2024). This upward trajectory reflects a gradual improvement in labour market absorption capacity, partially driven by economic expansion and the increasing dominance of the service sector. However, from a structural perspective, this improvement remains limited in scope, as it is not accompanied by a proportional enhancement in job quality or long-term employment stability.

Despite this positive trend, the youth unemployment rate remains elevated at 27.5% (INSTAT, 2024), significantly exceeding EU benchmarks. This persistent gap suggests that the labour market continues to exhibit constrained absorptive capacity and structural inefficiencies, particularly affecting cohorts with secondary and tertiary education. Consequently, employment growth appears to be quantitatively driven rather than qualitatively transformative, failing to resolve underlying structural bottlenecks.

NEET Population and Social Exclusion

The NEET rate, estimated at approximately 24% (World Bank, 2024), signals a substantial level of social and economic exclusion among young people. This indicator is particularly critical as it captures not only unemployment but also disengagement from education and training systems. From a developmental standpoint, elevated NEET levels reflect weaknesses in institutional school-to-work transition mechanisms and insufficiently effective active labour market policies (World Bank, 2024).

In the long run, sustained NEET prevalence increases the risk of structural marginalisation, skill depreciation, and irreversible human capital loss, thereby undermining both individual employability and aggregate productivity potential.

Digital Skills Divide

A pronounced digital skills gap is evident, with only 33.8% of individuals in Albania and the wider regional context possessing basic digital competencies compared to 55.6% in the European Union (European Commission, 2023). This substantial divergence highlights a structural digital divide that significantly constrains youth participation in the emerging digital economy.

From a descriptive analytical perspective, digital skills represent a core determinant of employability in contemporary labour markets. Consequently, limited digital literacy operates as a binding constraint on productivity, employability, and access to technology-driven labour market opportunities, including AI-enabled occupations.

Skills Mismatch and Labour Market Inefficiency

Evidence from OECD (2021) and the International Labour Organization (ILO, 2022) confirms the persistence of a significant skills mismatch, particularly in both technical competencies and transversal skills such as communication, teamwork, and problem-solving. This misalignment indicates that the education system is not fully aligned with evolving labour market demand structures.

Descriptively, this mismatch constitutes one of the primary explanatory factors for youth unemployment, generating a structural paradox whereby job vacancies coexist with a shortage of adequately skilled candidates. This inefficiency reflects both curriculum rigidity and limited employer–education system coordination.

Artificial Intelligence Adoption in Labour Market and Education

AI adoption in the Albanian and regional labour market remains at an early stage, with approximately only 5% of firms integrating AI-based technologies (OECD, 2021). This low penetration rate indicates that digital transformation remains incomplete and uneven across sectors, with limited diffusion of automation and data-driven decision-making systems.

In the education sector, AI utilisation is still emerging, albeit gradually expanding (OECD, 2023; UNESCO, 2021). However, this early-stage adoption is constrained by insufficient institutional readiness, limited teacher training, and inadequate digital infrastructure. As a result, the transformative potential of AI in enhancing personalised learning and career guidance remains largely underutilised.

Structural and Regional Inequalities

One of the most significant structural findings is the persistent urban–rural divide in access to digital infrastructure and educational resources (World Bank, 2024). Rural areas continue to experience limited connectivity, reduced access to digital tools, and fewer opportunities for skills development, thereby reinforcing long-term spatial inequalities. From a descriptive standpoint, these disparities function as a reinforcing mechanism of labour market exclusion, significantly constraining the ability of rural youth to compete in digitally intensive labour markets and fully participate in the knowledge economy.

Synthesis of Descriptive Findings

Overall, the analysis demonstrates that Albania is undergoing a dual transitional process:

- Gradual improvement in youth employment indicators.
- Persistent structural rigidities in education, digital skills formation, and technological adoption.

While the labour market shows signs of partial stabilisation, deep-seated mismatches between labour supply and demand, combined with limited AI integration, continue to constrain sustainable development outcomes.

From a policy-oriented perspective, these findings underscore the necessity of integrated reforms spanning education system modernisation, digital infrastructure expansion, and active labour market policies. Such interventions are essential to accelerate youth integration into a knowledge-based and technology-driven economy (European Commission, 2023; World Economic Forum, 2023; OECD, 2021).

CONCLUSIONS

This study provides a comprehensive descriptive analysis of the role of education and Artificial Intelligence (AI) in shaping youth labor market integration in Albania. The findings reveal that, despite moderate improvements in key labor market indicators, youth employment outcomes remain constrained by deep-rooted structural inefficiencies. While the increase in youth employment rates and the decline in unemployment suggest partial labor market recovery, these trends are not sufficient to offset persistent vulnerabilities, particularly high NEET rates and limited job quality (INSTAT, 2024; World Bank, 2024).

A central conclusion of the study is that the Albanian education system continues to exhibit a significant misalignment with labor market demands. The persistent skills mismatch—especially in digital and transversal competencies—represents a critical barrier to effective school-to-work transitions (OECD, 2021; International Labour Organization [ILO], 2022). This structural gap is further reinforced by limited integration of practical training and weak collaboration between educational institutions and employers.

Moreover, the study highlights a pronounced digital divide, both in terms of individual competencies and infrastructural access. The relatively low level of basic digital skills compared to the European Union average constrains youth participation in the digital economy and reduces their employability in increasingly technology-driven labor markets (European Commission, 2023). This challenge is particularly acute in rural areas, where limited connectivity and access to digital resources exacerbate regional inequalities (World Bank, 2024).

Artificial Intelligence emerges as a transformative yet underutilized tool in both education and labor market systems. Although AI has the potential to enhance personalized learning, improve career guidance, and optimize job matching processes, its adoption remains at an early stage due to institutional, infrastructural, and capacity-related constraints (OECD, 2023; UNESCO, 2021). Similarly, the low level of AI integration within firms limits productivity gains and slows the overall pace of digital transformation in the labor market (OECD, 2021).

Overall, the study concludes that Albania is undergoing a dual transition: a gradual quantitative improvement in labor market indicators alongside persistent qualitative and structural challenges. Without targeted and integrated policy interventions, these structural barriers are likely to continue limiting the effective integration of youth into a modern, knowledge-based economy (World Economic Forum, 2023; European Commission, 2023).

POLICY RECOMMENDATIONS

Building on the empirical findings and international best practices, this study proposes a set of integrated and policy-oriented recommendations aimed at enhancing youth labor market integration in Albania:

Strengthening Digital and AI-Integrated Education Systems

A fundamental priority is the modernization of the education system through the integration of digital skills, STEM disciplines, and AI-related competencies across all levels of education. Curricula should be updated to reflect evolving labor market demands, with a particular emphasis on coding, data literacy, and problem-solving skills (European Commission, 2023; World Economic Forum, 2023). Expanding access to digital learning tools, especially in rural areas, is essential for reducing inequalities.