

RICHARD TURTON AWARD 2025

**BANKRUPTCY AND ITS
PSYCHOLOGICAL IMPACT ON
INDIVIDUALS: CHALLENGES AND
OPPORTUNITIES FOR GROWTH**

BY

DORJANA XHAMAQI

CONTENTS

Abstract..... 4

1. **Introduction** 5
 Topic presentation, research goals, and the significance of viewing bankruptcy
 as a multifaceted psychological and economic process

2. **Bankruptcy Definition in the Economic-Legal and Socio-Psychological Framework** 3
 An interdisciplinary examination of bankruptcy as a phenomenon
 involving legal, economic, and social issues

3. **Psychological Reactions to Bankruptcy and Challenges during this Process** 4
 Individual emotional reactions and their impact on mental health,
 including emotions of loss, shame, and isolation

4. **Main Challenges after Bankruptcy** 5
 Coping with legal, social, and personal implications;
 difficulty in employment and recuperation

5. **Opportunities for Reflection, Personal Growth, and Regeneration**..... 6
 The concept of post-traumatic growth, self-confidence,
 and finding meaning after financial failure

6. **Implementation of Bankruptcy Law in Real Cases: An Empirical Perspective**..... 6
 Handling concrete cases from Albanian practice

7. **Legal and Psychological Support for Bankrupt Individuals**..... 7
 The role of legal professionals, psychologists, financial consultants
 and the need for integrative services

8. **Recommendations for Improving the Legal and Social Framework of Bankruptcy** 7
 Specific recommendations for social and legal changes to ensure that
 bankruptcy is handled effectively and compassionately

9. **Conclusions**..... 8
 Bankruptcy: A human journey with hope for reconstruction.
 Analogy to the Myth of Sisyphus and the Phoenix

Bibliography..... 9

ABSTRACT

This paper is based on an empirical approach that has been developed over the experience of seven years in the role of the legal consultant of the bankruptcy administrator. The approach was developed by the practical insights observed from the bankruptcy procedures of various commercial companies that operate in various sectors of the Albanian economy, such as the mining industry, aviation, construction, gambling and sports betting, and audiovisual media and communication services.

The experience and knowledge gained during this long period of engagement are first-hand, gathered through direct observation and active participation in these processes, where not only the procedural and legal aspects of bankruptcy were followed, but especially the way in which this process affects the individuals involved, such as employees, creditors, partners and the debtors themselves who were part of this experience.

This paper aims to provide a clear and insightful overview, offering readers a more comprehensive and humanising perspective on the phenomenon of bankruptcy. It focuses on the psychosocial impacts, emotional experiences, perceptions, and reactions that individuals develop during and after the bankruptcy process, proposing an interdisciplinary approach that highlights not only the economic consequences but also the opportunities for personal and social renewal.

Have a good read!

Dorjana

1. Introduction

Bankruptcy proceedings for businesses and individuals constitute one of the greatest challenges in their economic and professional journey. In this study, the focus goes beyond the analysis of a financial or legal bankruptcy procedure, but by focusing on emotional challenges such as anxiety, shame and stress, it aims to provide a deeper understanding of the human experience after financial loss and propose support strategies and mechanisms that can help overcome this difficult period.

One of the key questions this study aims to address is: *What happens to an individual's mind and self-confidence when faced with one of the greatest failures of their life?* However, the most important question remains: *How can individuals find ways to rebuild and regain self-trust after experiencing such a significant loss?*

Bankruptcy represents a difficult situation for people that affects their personal identity, self-confidence, and hope for the future. People who go through bankruptcy typically feel insecure about their money, emotionally unstable, and feelings of failure and social isolation. However, at the same time, this situation can also be a turning point, a chance for reflection and personal growth and to start over.

The purpose of this paper is to open a window into the multifaceted dimensions of the bankruptcy experience, exploring both the negative consequences and the transformative potential it carries. The main objectives are to identify the psychological impacts of bankruptcy, to examine the connection between the legal process and the emotional experience, and to propose legal, psychosocial, and economic reforms that can improve this process.

This is the journey of bankruptcy. It's not always the end. It's a new chapter. It's a new opportunity.

2. Bankruptcy Definition in the Economic-Legal and Socio-Psychological Framework

The bankruptcy procedure aims to collectively settle the debtor's obligations through the reorganisation of the activity or through the liquidation of all the debtor's assets and the distribution of income¹. In Albania, Law No. 110/2016, "On Bankruptcy", determines the procedures for the opening, administration and closure of bankruptcy.

This legal-economic process occurs when an individual or business is objectively unable to fulfil its obligations to creditors. From an economic perspective, unpaid debts and the loss of assets jeopardise the financial situation of the company and its family, causing great difficulties and making life very hard.

From a legal perspective, this procedure is regulated by specific laws and subordinate acts that define the fundamental principles governing its development. The key to successful bankruptcy lies in finding a balanced solution for all parties involved, protecting the highest interests of the creditors while offering opportunities for the debtor's financial recovery.

From a social perspective, bankruptcy is not merely a negative financial balance, it is also a profound personal clash between who the individual was and what remains after this downfall. At the moment when no creditor is willing to wait any longer and all demand the liquidation of debts, the debtor faces a double crisis: an economic challenge and an emotional and psychological challenge, which can deeply affect their well-being.

Facing such a situation is often described by debtors as a "personal failure". In my assessment, it is important for these individuals to understand and, above all, to accept that this failure may be caused by external factors beyond their control. These factors can include unforeseen disasters, economic crises, sudden legal changes², or other conditions that arise outside the control of the affected individuals and entities.

In a society that promotes only success and values material achievements, financial failure is often associated with a sense of shame and can be considered a moral "punishment". Most individuals do not consider bankruptcy as a natural process of effort and development but experience it as a stain on their personal reputation and integrity. This influence on the manner in which individuals perceive and manage the bankruptcy crisis creates impediments to recognising and emotionally managing its consequences.

A well-known expression by the distinguished Albanian sociologist and "Grand Master" Mr. Gezim Tushi, has a profound meaning for what it means to face bankruptcy. He says, **"Spiritual bankruptcy is worse than financial bankruptcy"**³. The professor considers spiritual bankruptcy to be a more difficult process to recover from, seeing it as a loss that has lasting and profound consequences, while financial bankruptcy can often be perceived as a temporary and transient phenomenon. This opinion emphasises that the emotional and psychological impacts of bankruptcy are extraordinary and require a more careful approach and deeper support during the period of crisis.

To avoid **"spiritual bankruptcy"**, it is vital to implement effective insolvency systems that provide a breathing period for the debtor, create opportunities for recovery and restructuring, and enhance trust between the parties involved. The implementation of these systems also increases the efficiency of the process and limits the collective actions that often complicate the achievement of restructuring agreements.

In cases where the reorganisation procedure fails, these systems offer clear and structured opportunities for the sale of assets and the realisation of a successful liquidation, ensuring a fair and balanced distribution of proceeds to creditors and maximising the value that can be distributed.

1 Article 2 of Law No. 110/2016: "On Bankruptcy"

2 Law No. 75/2018 On some additions and amendments to Law No. 155/2015 "On Games of Chance in the Republic of Albania", as amended

3 <http://revistasikologji.com/nga-gezim-tushi-falimentimi-shpiritorer-me-i-keq-se-ai-financiar/>

3. Psychological Reactions to Bankruptcy and Challenges during this Process

When the economy isn't stable, it has bad consequences for a person's mental health and quality of life. In addition to affecting financial prosperity, this procedure results in a substantial emotional loss that may have long-term, serious repercussions on the person's psychological health. Some of the most common and intense feelings experienced by debtors include shame, high levels of stress, social isolation, and anxiety.

We must all be aware that this process does not knock on your door to ask if you are ready or not. It happens often regardless of an individual's will, due to objective factors that threaten everything you consider secure.

In the first weeks of bankruptcy, the individual experiences a strong emotional shock, which I would define as "first shock". This state is accompanied by feelings of disbelief, confusion, stress, and anxiety due to the uncertainty and difficulties that they must now face to survive.

Many people have psychological issues during this period. Some of the most common concerns are attention issues, sleep disturbances, attention issues and clinical depression. Strong sensations like despondency, disinterest in day-to-day activities, and helplessness are examples of the latter. These symptoms frequently cause people to act impulsively and involuntarily. These symptoms can create a negative cycle that worsens the individual's emotional state and makes them feel even more closed and lost.

The feeling of anxiety during bankruptcy stems mainly from uncertainty and fear about the economic future. One of the primary concerns for individuals is to escape countless calls from creditors, which, for many of them, represent a constant reminder of their failure and the uncertainty they experience. But not only that, another main concern is ensuring the basic needs to cope with life, which causes tensions within the family and the search for alternatives for debt repayment.

The most intense emotion experienced by individuals during and after the bankruptcy process is shame. This feeling of shame becomes even stronger for those who believe they have failed due to their actions, leading them to feel unsuccessful and undervalued.

I believe that most of these negative reactions and perceptions stem from a lack of knowledge and information about the nature of bankruptcy as a legal and economic process, rather than as a sign of personal failure. Therefore, it is important to create a more profound understanding of this phenomenon to help reduce the prejudice and stigma that accompany individuals facing this reality.

Shame, on the other hand, has grave consequences for the debtor, isolating him completely from everything and everyone and causing a decrease in self-esteem. In these conditions, he often refuses to seek help due to the fear and uncertainty that accompany this process. This refusal to seek support only worsens the situation, making the individual increasingly withdraw within himself, which makes it difficult to get out of this negative cycle.

Chronic stress affects debtors who face numerous challenges, including bureaucratic procedures, investigations, trials, and interactions with creditors, all of which contribute to their constant stress. Under these conditions, the individual feels burdened and indecisive facing all these demands, finding it very difficult to manage and make important decisions during this difficult process.

All these emotions and negative feelings make the process extremely complicated, leading many individuals to refuse support from specialised persons or organisations.

A common phenomenon that I have observed in my practice as a consultant is the feeling of loss of control on the part of debtors. They often feel incapable of making decisions and see themselves as insecure in an extraordinary process that has dissolved their opportunities and confidence. Under these conditions, the debtor is no longer a powerful actor in the decision-making process; his decisions depend directly on banks, state authorities and creditors, who, due to the loss of trust, have very little confidence in his ability to lead the process. This situation forces debtors to rely on external sources and actors, who may have their own interest in this process, further limiting the debtor's decision-making capacity.

Under this tremendous pressure the debtor runs the risk of making poor decisions, not because of a lack of logic, but rather due to the emotional overload he is going through. Errors brought on by this overload may exacerbate the person's emotional and financial circumstances.

The debtor does not only lose their assets but essentially loses themselves as well. They enter a highly aggressive phase where they blame themselves for everything that has happened. It is precisely currently, when it seems they are losing themselves, that tensions begin to arise in family relationships with the spouse, children, and relatives, which are a direct consequence of shared stress and lack of resources.

4. Main Challenges after Bankruptcy

Upon completing bankruptcy proceedings, individuals face significant barriers to returning to their social and economic lives. One of the main challenges they face is the difficulty in renewing professional relationships, as well as finding new job opportunities. The reality shows that employers tend to hesitate when it comes to hiring individuals who have a history of financial failure. This hesitation is often accompanied by strong doubts about the managerial skills and professional ethics of these individuals, who consider them incapable of leading or contributing to an organisation.

This situation has serious consequences for individuals, who experience loss of confidence, feelings of insecurity and low self-esteem, which translate into considerable difficulty in making important decisions. This can also hinder efforts to renew a career or start a new project, contributing to making it difficult for individuals to get out of this situation.

One of the main concerns from an entrepreneur's perspective is the risk that an individual with such a financial background may present. In a corporate environment where decisions must be made efficiently and carefully, a history of failure may be considered a sign of poor financial management or an unstable decision-making culture. This perception may create a psychological barrier that bankrupt individuals must overcome to restore their confidence and opportunities for employment and entrepreneurship.

The post-bankruptcy phase is characterised by a total silence, which is not peaceful but a destructive state where the debtor feels isolated. This isolation often comes as a result of the lack of support from financial institutions and banks, which often refuse to provide loans after a bankruptcy, making it impossible for the debtor to regain confidence and renew economic activities.

A significant issue is dealing with family and social circles. Bankruptcy often causes conflicts within the family, especially when financial losses affect the economic interests of relatives. Individuals frequently feel responsible for the failure, experiencing deep feelings of guilt, doubts about their decisions, and fear of the consequences for their loved ones. This process can create tension and changes in family relationships, leading to despair and emotional distancing.

Debtors often reflect on the decisions they made, doubting their righteousness and questioning each action that brought them to this situation. "Did I let my people down"?, is a question that often haunts these individuals, along with others such as "Did I do the right thing"?, "Should I have pulled out of this business"? This type of self-analysis often deepens feelings of guilt and insecurity, and increases the individual's emotional stress.

Support from the social circle is lacking, we currently live in a society that is often indifferent towards individuals who go through such phases. It is precisely this society that, when a business or enterprise is booming, is ready to applaud and give it an assessment, but when it falls, those who were the loudest in applauding become those who contribute to the social and emotional isolation of the individual. The absence of willingness to offer these individuals an opportunity for recovery and social inclusion deepens the gap of the crisis they experience, making the process of recovery from financial failure and the dissolution of professional relationships even more challenging.

Numerous prejudices are not absent in such a situation. These judgements do not come only from the outside, from the social circle, but often they are also an internal factor, originating from the individual themselves. Sometimes self-criticism and self-judgement are harsher and more painful than the loss of finances. After bankruptcy, individuals often experience an internal struggle, where doubting and negative thoughts overwhelm their minds.

This emotional and psychological struggle is one of the main obstacles to a full recovery. Low self-esteem and limited thinking can prevent someone from seeing the possibility of a new beginning, depriving them of the opportunity to act once again and learn from the experience. The path to success requires a person to change their perspective from seeing failure as an unacceptable outcome, but rather as an opportunity for personal growth to succeed.

In developing societies with a culture where achievement is measured primarily by power, status, high social standing, wealth, and financial well-being, bankruptcy is often treated not as a normal stop in life, but as a stain on one's character. This is especially true in cases where the individual is indebted not only to customers and suppliers but also to friends, employees, and partners. The feelings of guilt and shame are profound and pronounced in these cases, slowly destroying the individual from within.

From a psychological perspective, motivation decreases, energy is depleted, and self-destructive thoughts increase, often becoming dominant.

However, this psychological darkness is not infinite. Individuals experience a strong clash between the feeling of shame and the inner voice that reminds them that "this too shall pass". At this critical moment, a small light of hope and curiosity to start anew emerges from complete isolation. Through this "financial and personal failure", the person begins to recognise themselves in a dimension that they have never seen or imagined before. This process of personal transformation is one of the most powerful consequences of bankruptcy, enabling the individual to reproject their life and regain the strength to move forward.

5. Opportunities for Reflection, Personal Growth, and Regeneration

Beyond being defined as a difficult experience and a deep crisis, bankruptcy can serve as an opportunity for transformation, regeneration, and personal growth.

This challenging period not only brings negative consequences, but also forces individuals to reassess their professional and personal goals. The person who has just emerged from this state begins to reflect on their life and the decisions they have made and sets priorities for the future. Many debtors say that, at this stage, they realize that they have been living under the pressure of external success, ignoring their internal needs. It is precisely this reflection that helps debtors understand the mistakes they have made and learn valuable lessons, not only in business management, but also in their relationship with themselves.

In the struggle to cope with bankruptcy, individuals strengthen their skills for managing stress and difficulties, by developing more effective strategies for the future. When someone emerges from such an experience that has knocked them down but not broken them, according to the psychological literature, this process is known as “post-traumatic growth”.⁴

People who overcome bankruptcy report being better able to face other challenges in life because they have already weathered a “storm” and survived. The ability to make more careful decisions, cope with pressure, and remain calm in a crisis becomes part of their character.

Without the support of family and social circles, overcoming such a difficult and traumatic period is impossible. Therapy and psychological counselling are key to restoring self-confidence and developing new skills. Developing a new identity is an important aspect of this growth process. Before bankruptcy, individuals’ self-esteem was mainly linked to material success, with its disappearance, they lost much but gained the opportunity to create a new identity based on fundamental human values, such as dedication, the desire to contribute to society, honesty and facing challenges with dignity.

Some individuals find new meaning in humanitarian engagements, others help young people on their professional path, drawing on personal experience, while others return to their professions with reinforced ethics and professionalism.

A significant portion of debtors feel the need to educate themselves in the financial field to better understand the credit system, investments, and business in general. This new learning process becomes a valuable asset that stems from the bankruptcy experience. Instead of considering bankruptcy as their end, they see it as the “school of life” an expensive lesson with immeasurable value. The most valuable lesson is to be more careful, more skilled at managing risks, and more strategic in the future.

Many individuals, after coming out of this process and having rebuilt themselves, help others in similar situations, becoming a source of support for others through advice from individuals who are experiencing the same crisis. They organise forums and meetings to share their stories, thus turning pain into a healing mechanism for themselves and for others.

6. Implementation of Bankruptcy Law in Real Cases: An Empirical Perspective

Many examples from practice and from around the world show that after the bankruptcy process, individuals have managed to build a more successful and stable life by using this experience as a reference point for positive changes.

No matter how difficult and traumatic this process may be, it is not the end of everything. But I would liken it to a painful, yet necessary, stop to improve, to learn and to start a new chapter, now stronger and more experienced.

To better understand the psychological impact of bankruptcy and how individuals overcome this crisis, it is important to analyse real cases that reflect their experiences.

A real example that can serve to illustrate this process is that of the company “**I.**” jsc⁵, which had activities in sports betting but, due to the inability to adapt to new legal changes, declared bankruptcy. This case highlights one of the legal reasons for declaring bankruptcy, such as the lack of the ability to adapt to new legal requirements, and the consequences associated with this situation.

According to the provisions of Law no. 110/2016 “On Bankruptcy”, the competent court initiated the bankruptcy procedure and appointed a bankruptcy administrator, who determined the lack of prospects for reorganization. Consequently, a decision was made for the complete liquidation of the company. Approximately 3,400 employees lost their jobs, leaving suppliers and contractual partners without cooperation.

In contrast, there are cases when the bankruptcy procedure can produce balanced and favourable results for all stakeholders. One such example is that of the trading company “**N**” ltd⁶, with an object of activity in the mining field with about 35 employees, which declared bankruptcy due to insolvency. However, the bankruptcy procedure created the possibility of selling the activity and transferring the mining permit to the purchasing company, based on Law no. 110/2016, “On Bankruptcy”. This sale method, proposed by the bankruptcy administrator and approved by the creditors’ committee and court, guaranteed the continuity of the business, the transfer of employment contracts and the preservation of jobs for existing employees.

4 <https://www.psychologytoday.com/us/basics/post-traumatic-growth>

5 “Decision No. 6660, dated 5 April 2019, of the Tirana District Court on the opening of bankruptcy proceedings of the company “I.” JSC

6 “Decision No. 316, dated 16 June 2021, of the Diber District Court on the declaration of the commencement of bankruptcy proceedings, corrected and supplemented by Decision No. 316, dated 21 July 2021, of the Diber District Court.”

For employees, this resulted in stability and the avoidance of economic uncertainty; for creditors, it provided a greater chance to recover their claims; and for the buyer, it offered a growth opportunity in the market. The procedure was considered successful from a legal, social, and economic perspective, reflecting the spirit of the Albanian bankruptcy law, which aims to preserve the value of the enterprise rather than merely its formal liquidation.

The two cases presented demonstrate that the bankruptcy procedure is not merely a legal matter but a process that directly impacts economic and social life.

In the first case, when the law that banned this type of business was passed, it had immediate effects on businesses that worked in that area. For example, hundreds of workers lost their jobs when businesses closed. The rule was meant to control a problematic area, but it was enacted without considering its social and economic effects on the community. This law change did not make the transition smooth and fair for those affected because there were no support measures or other solutions. As a result, many families are now facing a lot of economic uncertainty.

On the other hand, the second case demonstrates that when the procedure is managed with flexibility, bankruptcy can be transformed into a positive tool that ensures the continuity of operations, the preservation of jobs, and a fairer distribution of interests among the stakeholders.

7. Legal and Psychological Support for Bankrupt Individuals

As a legal process, bankruptcy is extremely procedural and presents a multidimensional and complex challenge for the individual facing it. Professional legal and psychological counselling is very important to helping debtors overcome this difficult period and build a more stable and meaningful future.

Legal and financial consultancy plays a key role in this process, as the individual faces a procedure that is not only complex but also very stressful. Lawyers and financial advisors provide essential support to help the debtor understand and exercise his legal rights and obligations, manage income and debts, and orient himself towards legal solutions that minimise losses as much as possible. The presence of legal and financial professionals is one of the main pillars in the success of bankruptcy management.

Psychologists are also quite significant. They offer expert therapy and assistance to help with stress, depression, and other emotional issues that may come up throughout this process. Therapies focus on teaching people how to deal with problems and building their self-esteem. They can be done one-on-one or in groups.

In addition, competent authorities, non-governmental organisations and insolvency agencies can undertake financial support programmes and initiatives for the vocational education and employment of individuals who have experienced insolvency. These policies and programmes help in the social and economic reintegration of these individuals, enabling them to successfully integrate into the labour market and the community.

Going bankrupt is not only an individual challenge, but it also has a big social impact, requiring changes in the perception and treatment of failure by society. An inclusive approach, combining legal, financial, and psychological support, is the key to providing effective assistance to individuals in this complex and emotionally challenging process.

8. Recommendations for Improving the Legal and Social Framework of Bankruptcy

In the era of digitalisation the creation of online platforms that provide combined legal and psychological support services for individuals going through bankruptcy is recommended. This multifunctional approach will increase efficiency and access to support, helping to cope more easily and successfully with the financial and emotional crisis.

There should be training and educational programmes in schools and in the community on how to deal with personal finances and stress management. Through these programmes, people will learn how to prevent financial problems, which will help them recognise and deal with financial crises at the beginning. To improve psychological health, people should be encouraged to do things such as exercise, learn how to relax, and become more aware of their emotions.

It is crucial to raise awareness of initiatives that combat the negative stereotypes associated with bankruptcy and promote a nonjudgmental, beneficial approach to individuals who are experiencing financial difficulties. This will help people reconcile and recover emotionally and financially by raising awareness and reducing stereotypes.

Governments and relevant institutions should undertake concrete initiatives such as social and economic policies, including professional training, employment programmes and emergency financial assistance (grants), to support individuals in their economic and psychological recovery. Investing in emotional and professional support services is a key component for the rehabilitation of people in bankruptcy.

Debtors, creditors, the bankruptcy administrator, lawyers, psychologists, and court support staff should be trained to thoroughly understand the bankruptcy process and provide specialised and empathetic support. The training should include legal, financial, and psychological aspects.

Legal and Institutional Reform

Incorporation of extrajudicial mechanisms in cases that can be applied: Encouraging the development of the bankruptcy and extrajudicial reorganisation process would reduce the psychological consequences on individuals from this process.

Implementation and review of the time limits for the development of this procedure: Shortening the time limits for decision-making and accelerating this procedure affects the reduction of anxiety and the feeling of uncertainty of the debtor.

Psychosocial Reform

Offering free psychological counselling is mandatory in this process: The participation of psychologists as the main supporters of the debtor in this procedure is very important and should be mandatory in these procedures.

Undertaking awareness campaigns: Promoting and understanding bankruptcy as a common process that can happen to anyone at any stage of their life would result in public education to see it as a common economic process.

Promotion of support programmes: Providing family support through the application of programmes that have as their main purpose the assistance of families and individuals who experience bankruptcy.

Economic and Financial Reform

Facilitating lending procedures Rehabilitation: Following the financial rehabilitation process, banking institutions should be encouraged to offer loans to individuals who have suffered bankruptcy.

Application of Reorganisation Funds: For debtors who develop the bankruptcy procedure through the reorganisation of their activity, financial support should be provided to preserve jobs and avoid social consequences.

Develop entrepreneurship training as part of a mandatory programme: Promote that every entrepreneur is required to attend free training sessions to be trained in financial management and risk for those seeking to start a business after bankruptcy.

The integration of legal, financial and psychological support, together with legal and economic reforms, is essential for creating a more humane, effective and socially responsible system.

9. Conclusions

This study has found that through this journey from the hard hit of financial collapse and the darkness of shame and isolation to reflection, growth, and rebirth it becomes clear that bankruptcy has two faces one painful, the other filled with opportunities for personal growth.

Not every storm we go through in life is our end. Some storms come to rebuild us from the inside and out. This rebuilding process is not about achieving a trophy but about gaining faith in oneself, in life, and in the existence of the infinite possibility of a new beginning. At this moment, the individual realises that what has been lost is less important than what has been built. The loss of wealth and reputation becomes invisible in the face of inner growth, a growth that reflects the phenomenon of "post-traumatic growth", where the individual cultivates his or her true values and feelings of empathy and strengthens relationships with others.

At this point, the individual begins to make decisions out of maturity and wisdom, not fear. Bankruptcy seems like a breakup, but in reality it reveals the inner strength to continue and not give up. Experiences after bankruptcy are different. Some change their mentality, others develop a deeper sense of empathy, and some follow new life paths.

A crucial part of the rebirth process is self-forgiveness, the most powerful and emancipating act an individual can undertake. It is what definitively severs the connection to the painful experience of the past, serving as a bridge to the lessons learnt from that experience.

One of the lessons I particularly enjoy mentioning is that when building a business, it is not important to dominate the market, have a luxurious office, or receive applause. What truly matters is the peace that each new venture offers. An individual must be guided by inner peace to show that there is no fear in falling, because even in falling there are values.

Bankruptcy should not be considered the end of a career but as a new beginning, a transition that many people experience but that very few dare to share openly.

I believe it's time to talk about bankruptcy differently, not as a taboo, but because through this taboo, the strongest people go, people who dare to fail and build themselves from scratch. There is nothing more powerful than a person who has lost everything but who has discovered himself in that loss.

In concluding this paper, after analysing the legal, social, and psychological aspects of bankruptcy, it is impossible not to pause at the philosophical dimension of this experience. In this journey, two mythological figures take on a special significance: **Sisyphus and the Phoenix**.

People often compare the bankruptcy process to the myth of Sisyphus⁷, who was destined to carry a heavy boulder to the summit of a mountain only to have it roll back down. The bankruptcy procedure is sometimes viewed as a difficult journey. This makes bankruptcy seem like an endless and hopeless task, where trying to get back in charge of your life and business seems like a never-ending battle that you often lose. Existentialist philosophy, on the other hand, teaches us that, like Sisyphus, hard work and endurance may be sources of deep human power and significance.

7 Albert Camus, The Myth of Sisyphus (1955)

On the other hand, the myth of the Phoenix⁸ reminds us quite well of one of the most important symbols, that of rebirth and transformation. After the process of burning and destruction, the Phoenix rises more beautiful and more powerful. This teaches us quite well that bankruptcy, although it can be a painful end, is at the same time an opportunity to start over, to grow and to build something new with the wisdom and experience already gained.

Thus, bankruptcy is not simply an end but a process where the challenges of Sisyphus and the hope of the Phoenix collide. This journey is full of difficulties, but at the same time it opens the way for reflection, renewal and personal development. The strength of the individual lies in the courage to face difficult efforts and in the faith to rise again, making it an experience not only financial but also deeply human and transformative.

Existential philosophy has taught us that individuals are not defined by the falls they experience, but by how they choose to rise.

Precisely for this reason, this paper ends with a single word, but incomparable in its content: **HOPE!**

Bibliography:

1. Law No. 110/2016 "On Bankruptcy," AKF.
2. *Analysis of the Social Consequences of the Bankruptcy Law*, AKF, 2023.
3. Tushi, Gëzim. "Spiritual bankruptcy is worse than financial bankruptcy," *Psychology Journal*, 2017
4. <https://akf.gov.al/vendime-gjyqesore/>
5. <https://www.psychologytoday.com/us/basics/post-traumatic-growth>
6. Camus, Albert. *The Myth of Sisyphus*.
7. Boschius, Symbolographia (1702). *The phoenix as symbol of resurrection*.

8 The phoenix as symbol of resurrection. Boschius, Symbolographia (1702)



INSOL International, 29-30 Ely Place, London, EC1N 6TD
Tel: +44 (0) 20 7248 3333

Copyright © No part of this document may be reproduced or transmitted in any form or by any means without the prior permission of **INSOL INTERNATIONAL**. The publishers and authors accept no responsibility for any loss occasioned to any person acting or refraining from acting as a result of any view expressed herein.

The views expressed in each chapter are those of its authors and do not necessarily represent the views of the publisher or editor.

Copyright © **INSOL INTERNATIONAL** 2025. All Rights Reserved. Registered in England and Wales, No. 0307353.
INSOL, **INSOL INTERNATIONAL**, **INSOL GLOBE** are trademarks of **INSOL INTERNATIONAL**.
Published November 2025