
Labour Market and Human Resources Development: An Analysis of Findings from the Albania Survey of Human Resources Development

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Abstract:

The Human Resources Development Survey (HRDS), which was carried out in the region of Korca (Albania), documented changes of the labour market demand and the occupational distribution of employees. This paper, based on the findings of the HRDS, reveals the broad trends in labour market developments at the enterprise level, current human resource development (HRD) practices and needs within enterprises, and suggests areas in which allocating resources to HRD would be most effective. The main findings in relation to four major questions are presented. The paper concludes with a summary of the findings in relation with the challenges of HRD.

Keywords: human resources development; labour market; enterprises, employment, challenges.

JEL Classification: J50, J20.

1. Introduction

A broad perspective that links human resources development closely to labour market and other socio-economic developments has three main sets of related implications.

Firstly, it implies that an analysis of the human resources development challenges and response measures should be based on a realistic assessment of the labour market situation.

Secondly, emphasizing the importance of the “enabling environment” means that additional measures are needed to support an effective human resources development programme which would encourage enterprises to provide training to workers, the labour market information requirements to better match the supply and demand for labour, etc.

Thirdly, it means that to be effective human resources development should focus not only on reform of the educational and vocational and skills training systems, but it should include effective labour market policies and programmes, an

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efficient system of labour market information, measures to enhance entrepreneurship development, etc.

This paper focuses on how human resources development practices facilitate or hinder adjustment to the emerging challenges confronting Albanian businesses.

2. The aim of the research

The aim of this research is the use of the human potentials through their employment: Through micro and macro policies we will aim at employing of the unemployed people.

3. Research methodology

This paper, based on the findings of the human resources development survey, was carried out in the region of Korca (Albania). In this survey are included 1700 active enterprises, located mainly in the Korce Prefecture. As far as the model is concerned, instead of the traditional model based on the stratification, it was decided to be used a random selection.. The advantage of this model is that the survey covers a sufficient number of enterprises, according to their own activities; starting from the smallest up to the largest, taking into consideration their comparison. For the management of the data it was adopted a qualitative and quantitative analysis for identification of the problems.

The survey served three purposes:

First, it allowed to identify where training does not take place, and to analyse whether its absence constrains establishment productivity and growth.

Second, it provided sufficient detail of information on firms which to provide training to permit analysis of the effectiveness of existing private and public training programmes.

Third, it collected data on the specific types of skills sought by particular types of establishments.

Research questions:

1. How effective are labour market adjustments and business training practices in enabling them to respond to external challenges?
2. How extensive is business participation in existing training programmes?
3. How do they evaluate their relevance and effectiveness and what do they identify as priorities for public policy in the area of human resources development?
4. What types of government support would be most effective to improve human resources development and thereby both encourage and enable establishments to provide more good jobs?

4. The Albania survey of human resources development

The results of the survey, in connection with the practices and the needs of development of human resources, have been analyzed according to the size of the enterprises. The actual practices and those in perspective are analysed in order to

issue some recommendations , bearing in mind, their special needs according to every enterprise situation.

Box 1:

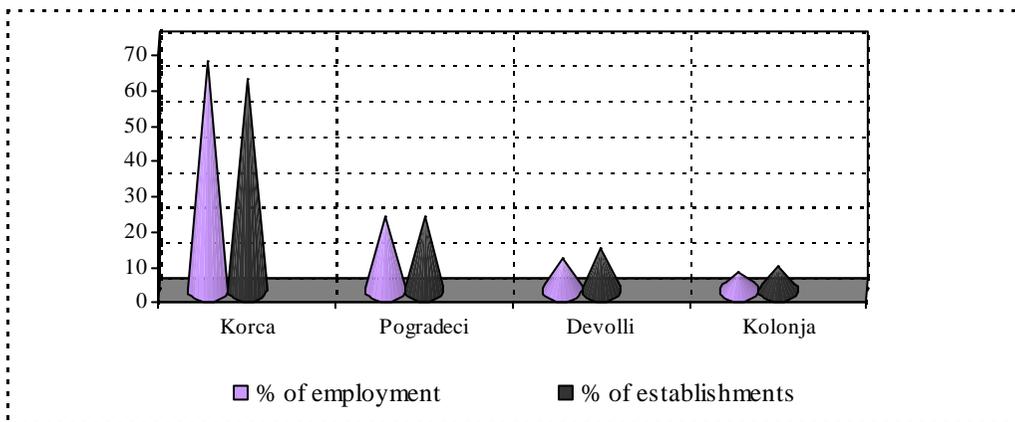
The Prefecture of Korçe, includes the districts of Korçe, Pogradec, Devoll and Kolonje. Here in this area there operate about 6320 enterprises, out of which 2519 have been created until 2000, and 3801 have been established during the period: 2001-2006. The distribution of the enterprises according to their economic activity and the number of their employees are as it appears bellow:

Region	Agriculture	Industry	Contruction	Transport	Trade	Services
All						
Korçë	50	800	155	825	3116	1374
6320						

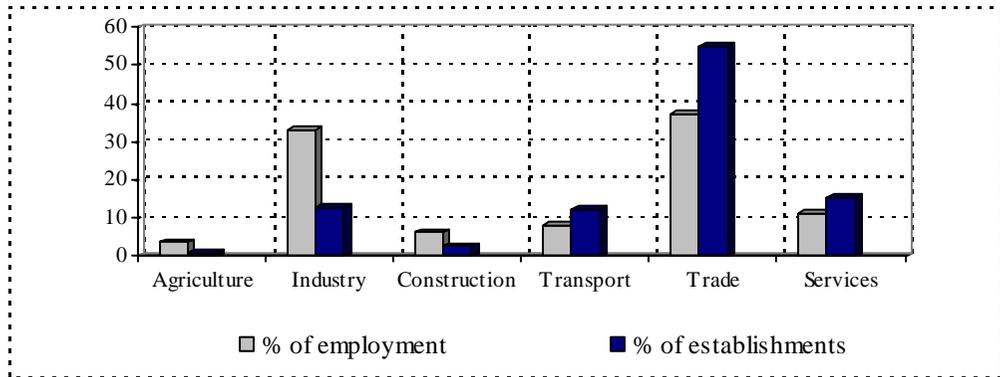
Characteristics of the surveyed establishments

Just over half of the establishments were part of Korca region, but they accounted for 65 per cent of the 8758 employees covered by the survey (figure1).

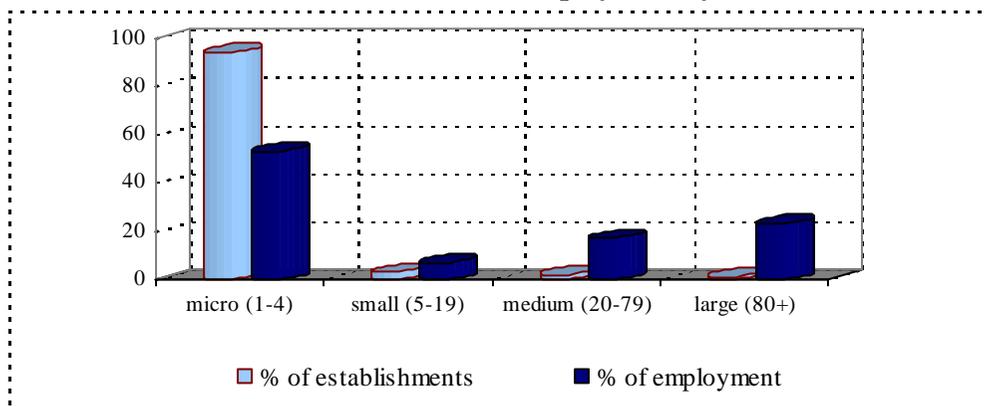
FIGURE 1. Establishment and employment by the district



For easy contrast, surveyed establishments have been grouped into six sectors. The largest single sectors, in terms of employment were trade (37 per cent) and industry (33 per cent). The largest single sector, in terms of number of establishments was trade (55 per cent) (figure 2).

FIGURE 2: Establishments and employments by economic activity

The majority of the establishments surveyed would be classified as micro (figure 3).

FIGURE 3: Establishments and employment by size of establishment

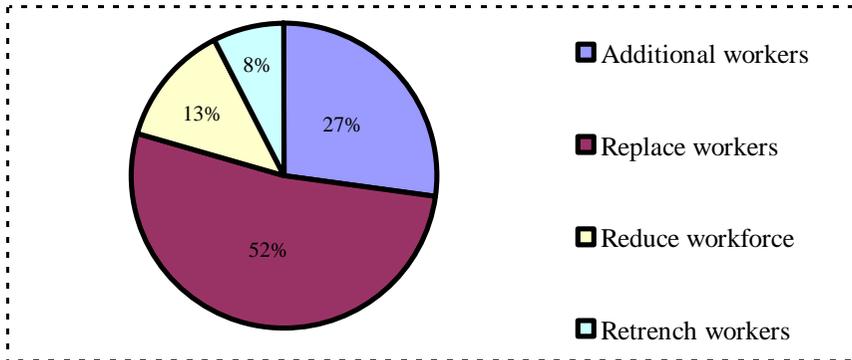
5. Analysis of findings of the survey in relation to the challenges to human resources development

It is important to emphasize, however, that careful judgement should be exercised in extending the policy implications drawn from the survey to the national context. The findings are reflective of broad trends in labour market developments at the enterprise level, and it is from this perspective that the human resources development options can be considered.

The Employment:

⇒ In the twelve months prior to the survey, there was a decline in overall employment, with exits exceeding recruitments. Even taking into account reported vacancies and future recruitment plans, employment growth appeared limited. The challenge of job creation is obviously a major one in Korca region (figure 4);

FIGURE 4: Expected changes in employment over the next twelve months



⇒ The establishments that had adopted new technology clearly had the largest potential for employment creation. Although much of the new technology was in automation, it did not reduce and, in fact, increased the demand for labour;

⇒ The small establishments also tended to show better employment creation potential than the large establishments. There are important policy implications for supporting the growth of small and medium size establishments because they will most likely be the source of future employment growth.

Is there a Mismatch between Labour Demand and Supply?

⇒ The labour market mismatch was especially serious for skilled workers. Seven out of ten establishments reported finding, recruiting or retaining skilled workers as their most serious personnel problem. Employment changes suggested that the establishments did not have much success in hiring or replacing such workers. But most of the establishments were not providing upgrade training to improve the skills of the current workforce;

⇒ Small establishments indicated a higher preference for workers with previous on-the-job training or apprenticeship training. The finding suggests that the level of skills demanded was not high, especially since the establishments themselves were generally not providing upgrade training;

The Small and Medium Business

⇒ 97 per cent of all establishments are small businesses in terms of having 19 or fewer workers, but they accounted for 60 per cent of total employment;

⇒ The predominance of the informal sector and the very small size of establishments are obviously constraints to productivity enhancement. But efforts aimed at entrepreneurship development, a review of the taxation system (since taxation was the most serious complaint of the small establishments), and supports such as market opportunity identification, could all help to improve the competitiveness and employment creation potential of the small establishments;

⇒ The predominance of the informal sector also has implications for human resources development in terms of, for example, the need to emphasize entrepreneurship development and not just skills development for workers; the types of training delivery systems that would be appropriate and the types of skills that workers in such establishments require;

⇒ Workers in the small establishments were entitled to fewer social benefits than those in large firms.

The New Technology:

⇒ About 20 per cent of all establishments had adopted new technology and they were mainly large, located in urban areas and fairly evenly distributed across manufacturing sectors. The main reason for automation or the adoption of computer technology was to increase product quality or output;

⇒ What is particularly worth noting is that establishments that had adopted new technology accounted for over 80 per cent of total recruitment and almost two-thirds of all job vacancies. The type of technology that is being adopted is creating, rather than reducing, employment opportunities and it can therefore be expected that should the rate of adoption of new technology increase, jobs would also grow;

⇒ As would be expected, the establishments that had adopted new technology were concerned about the recruitment of management and professional staff and technicians who had received formal certification from educational and training institutions;

⇒ In addition, establishments that had adopted new technology were much more likely to train their newly-hired and longer-term workers than those that had not modernized.

The Rural Establishments:

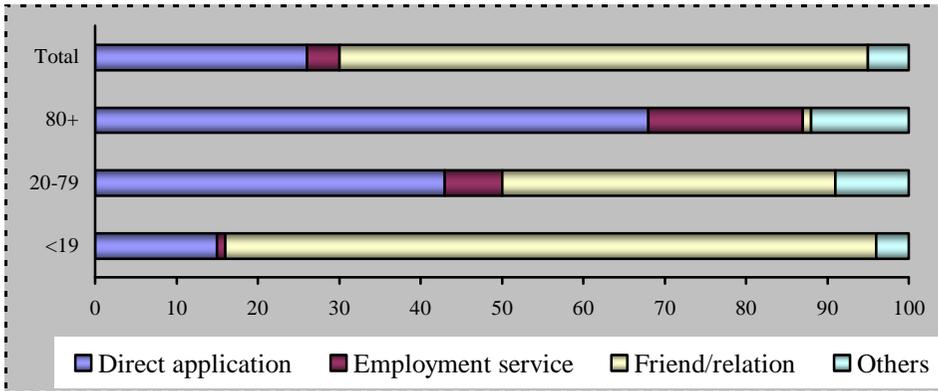
⇒ Very few workers included in the survey, had access to training through their employers; less than five per cent of employers in this region offered training to their workers;

⇒ Because the far majority of establishments in this region are small, informal businesses, the findings highlighted above for the informal sector apply as well to questions of upgrading skills and improving employment in rural areas.

The Labour Market Information:

⇒ Less than 5 per cent of all establishments surveyed recruited their workers through employment services; and more than three-quarters did not report vacancies to the employment services (figure 5);

FIGURE 5: Establishments by size and recruitment method



The main reasons given for not recruiting workers through employment exchanges were that they did not provide suitable workers, the quality of workers they sent was poor, the service they provided was slow, there was no local service available;

⇒ The main reasons given for not reporting vacancies was that there was no necessity to do so and the quality of services was not suitable;

⇒ The policy implication is clearly that both the quality and coverage of employment services will have to be improved if they are to play a role in helping to match labour supply and demand.

The Vulnerable Groups:

⇒ The survey did not pick up evidence of any significant use of child labour, although some 17 per cent of the establishments indicated a preference for production and service workers below 19 years of age;

⇒ However, there was clear evidence of gender discrimination. Women accounted for only 30 per cent of the total workforce. Where they were being employed, they tended on average to have equivalent or higher levels of education and skills as men, but they are disadvantaged in the first place in terms of access to education and skills;

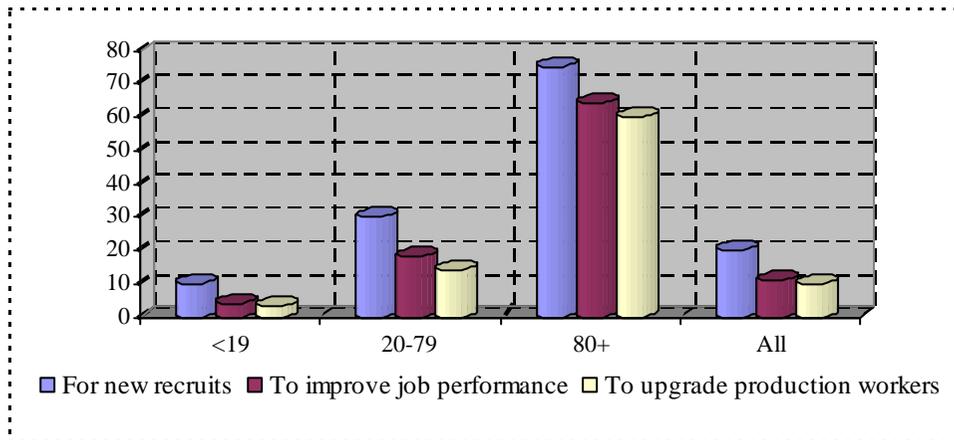
⇒ Only 13 per cent of establishments indicated a preference for women workers and less than one-fifth had no gender preference in recruitment;

⇒ The survey revealed a gender pay differential of about 20 per cent, which is not high by international standards,

⇒ It is obvious that human resources development policies and programmes should give particular attention to redressing these various dimensions of gender discrimination.

The Training:

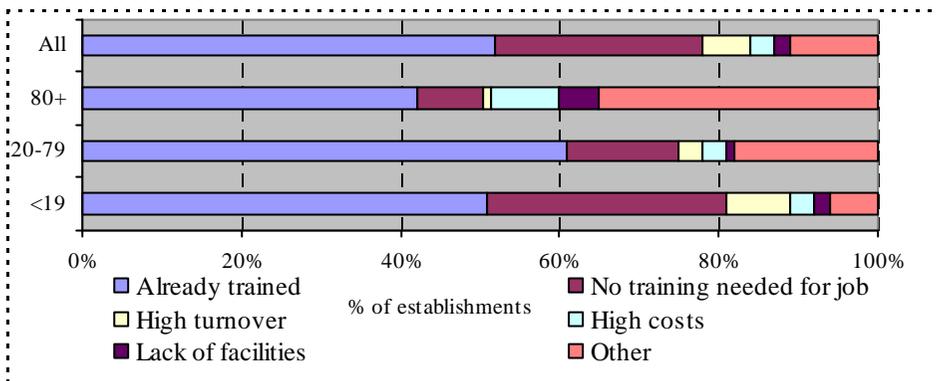
⇒ The incidence of training increases with size of establishment: while fewer than ten per cent of the smallest establishments provided any type of training, over 70 per cent of the largest establishments trained new recruits (figure 6);

FIGURE 6: Types of training provided, by size of establishment

⇒ Current training activities emphasized training newly-recruited employees and labour market entrants. There was significantly less training to upgrade workers skills or improve their productivity, which is the type of training that will be needed most to prepare mid-career workers?

⇒ The survey found that training costs and lack of training facilities were not major deterrents to increasing training activities;

⇒ Among small establishments, the nature of the jobs themselves limited training, with one third of respondents saying that no training was needed for the jobs available (figure 7);

FIGURE 7: Explanations for not training recruits, by size of establishment

⇒ Among large establishments, managers indicated preference to compete to hire skilled workers rather than provide training;

⇒ The findings that current training activities are predominately in-house and that employers placed higher value on applicants' capabilities learned through previous work experience than on institutional credentials implies that new human resources development policies should place emphasis on hands-on, practical training in realistic work settings;

⇒ Employers have low motivation to provide training in general skills due to the probability that these employees will be bid away by other employers;

⇒ The best way to ensure that the curriculum of vocational and technical training institutes meets employers' needs is to create direct linkages between area industries and the training institutions. Understanding supply and demand for skills and occupations must be based on continuous communication between trainers, employers, and workers. Currently, the labour market information system is too poorly developed to facilitate the collection and dissemination of such information or to put the different "actors" in touch with each other;

6. Conclusions

⇒ *The main problem remains at the greater number of the labour forces in the labour market.*

⇒ *The demand for labour forces is smaller than the offer.*

⇒ *The opening of the new labour places has been slow, however, the employment is due to non-agricultural private sector*

⇒ *We can't consider the public sector to be the main sector for future massive employment.*

⇒ *Opening of the new labour places in the private sector will remain the main challenge for the future employment in Albania*

⇒ *The development of the business is the most effective means which will generate sustainable economic growth, good employment and decrease of poverty.*

⇒ *The suitable position of the labour forces is a problem which is in need of quick solution. It is necessary to promote the abilities and the stimulus in order to promote better skills, suitability and greater employment.*

⇒ *The active policy of the labour market may play an important role in the decrease of the unemployment and the increase of the employment.*

⇒ *The labour market institutions must do every effort to train a greater number of unemployed in order that they might have better access to obtain proper skills for special jobs.*

⇒ *The needs for information about the labour market, a better evaluation of the demand and offer, and the adjustment of the labour market, are always necessary for the Albanian economy.*

7. Recommendations

From the point of view of the practical aspect we would like to recommend:

a. The identification and application of national human resources development and education and training policies, which are consistent with, and complementary,

to other economic and social policies, based on social dialogue, and which reflect the different roles of government and the social partners.

- b. The identification of human resources development and training policies, which:
- ⇒ facilitate lifelong learning and employability and are part of a range of policy measures designed to achieve quality and safe jobs as well as sustainable economic and social development,
 - ⇒ stress the importance of innovation, competitiveness, productivity and growth of the economy, considering that innovation creates new employment opportunities and also requires new approaches to education and training to meet the demand for new skills,
 - ⇒ address the challenge of transforming activities in the informal economy into decent work fully integrated into mainstream economic life,
 - ⇒ promote and sustain public and private investment in the infrastructure needed for the use of information and communication technology in education and training,
 - ⇒ Reduce inequalities in the participation of adults in education and training.

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