

The Requirements of Businesses from Professional Schools in Relation to Applicative Knowledge

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Abstract: This study identifies the opinion of the businesses about the professional preparation of the students when they enter the labour market based on the point of view of businesses. This is done by surveying small and medium businesses in Kosovo. It is anticipated that majority of employees in small and medium companies are qualified only with a high school diploma while the number of those with higher degree such as Masters or PhD is negligible.

Regardless of that, majority of businesses do have the opinion that the new employees are well prepared for their new tasks in the labour market, while small proportion of businesses believes that the new entrants lack practical knowledge, however this is gained over time. In addition to this, about 1/3 of the businesses believes that new employees lack both, practical and elementary knowledge for labour market. For this reason, many of the businesses have been engaged in training of their employees in different professional fields. The data about the past trainings and future planned trainings are telling that businesses are shifting into more well planned business making. This is because the businesses are paying enough attention to marketing, business plan making and production which is an indication that the economy is slowly going towards more productive sectors which would generate domestic production which is very low.

There is a general opinion among the business people that the educational institutions are not well

prepared for teaching the potential labour market entrants. In addition to this, there have been only few contacts between business and schools in order to address the needs of businesses and to increase the performance of new employees.

Businesses in general agree that more attention should be paid by educational institutions in offering practical and stimulated methods of teaching about how the new entrants should deal in labour market. Stimulations are among the most preferred form of preparation followed by case studies and group seminars while lecturing is seen as the least important way of teaching the potential entrants for the labour market.

Keywords: educational institutions, businesses, Kosovo

1. General Characteristics of the Economy of Kosovo

Kosovo is among the poorest countries in Europe with a GDP per capita of around 1800 Euros. Among the main characteristics is the high level of unemployment as well as low domestic production. These developments have had an implication on the growth level of the country. The economy is largely based on imports while the exports are very low. However, the main challenge is the unemployment in the country.

Having an unemployment level of around 43 percent, the competition for a job is very strong. The pressure on the labour market mainly comes from young generation since every year it is estimated that more than 20 thousand young Kosovars enter the labour market, while the number of new jobs generated barely reaches 8 thousand.

In the post-war period, government was the main generator of the new jobs, dominated by the new jobs opened for civil servants. However, in recent years (last 3-4 years) the main generator of the jobs is the private sector dominated by small and medium companies. More than 90 percent of the companies in the country are small and medium companies. The share of the private sector in generating new jobs has increased from 30 percent as it was in post-war period to more than 70 percent in the recent years. These jobs are

mainly generated by companies working in trade and services while a production is still not performing well.

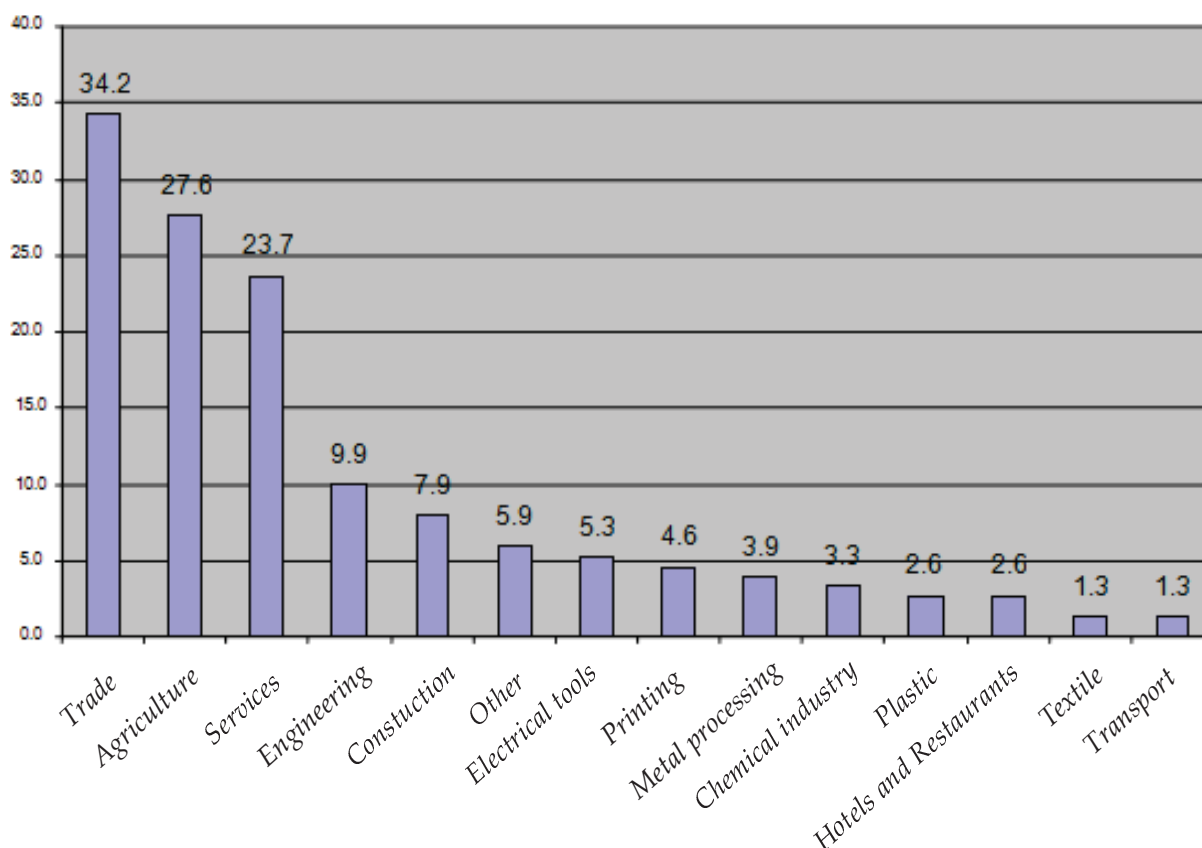
Having in mind these developments in labour market, the idea of this study is to identify the needs of small and medium businesses in order to increase the capability of new labour market entrants to match their jobs better.

2, General Characteristics of Companies Surveyed

This survey covered the main characteristics of 200 companies of different industries. As shown in the chart below (Chart 1) a variety of sectors where these companies operate have been covered by this survey.

Majority of companies in this survey are companies whose main business is trade (34.2 percent of total companies). Trade is also among the largest components of the GDP in Kosovo, only imports representing more than 50% of GDP (CBK 2008). This is because Kosovo's economy is largely dependent on imports as its production sector does not perform very well. As the second most represented sector within companies are those who deal mainly with agriculture related business. Kosovo's economy has for very long time been agriculture oriented economy, however, in recent years it has shifted to trade more than agriculture. Their share to

Chart 1. Sectors in which companies from this survey operate



total companies of this survey is 27.6 percent.

Based on this survey, we observed that a large number of companies are dealing with services (23.7 percent). Service sector is continuously increasing especially in recent years. In addition to those who deal with general services, there are additional companies who offer specific services such as engineering services (9.9 percent of total companies) and others who offer construction services (7.9 percent of total companies). This large share of engineering and construction companies reflects the needs of Kosovo's infrastructure developments. In addition, after the war of 1999 Kosovo experienced a large scale of re-construction process as it has been largely damaged by the war. Moreover, 4.6 percent of surveyed companies offer printing and publishing services.

As part of re-construction process,

companies working with electrical tools also had a relatively large share to total companies. They represent 5.3 percent of total companies surveyed in this sample.

Among others, metal processing industry has been developing after the war in Kosovo. Kosovo was well known previously for its metal production from the mines in Trepça, however, the current metal processing and production is not related to the mines, but contrary it is mainly scrap metal which is being re-used for production. The industry for chemical products represents 3.3 percent of total companies of our sample and this industry is followed by plastic production, hotels and restaurants and finally companies dealing with textile.

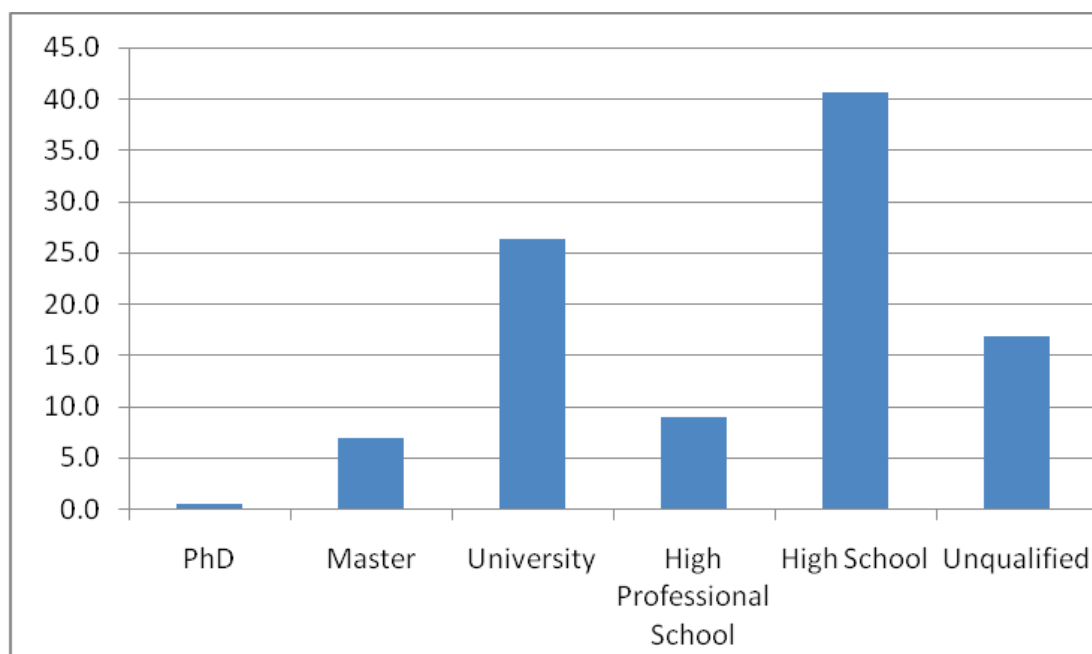
Companies in Kosovo are mostly of small and medium size. This is shown in our data set as well knowing that the average

number of employees working in these companies is 4.6 employees per company. There are companies in this sample which employ more than 100 employees; the lowest number of employees is one employee in a company.

Regarding the qualification of the employees of these companies, as shown in Chart 2 below, almost half of them are

employees with high school. As the second largest group within the employees of companies are those who completed university. This reflects the needs of combination of university qualified with others which are not highly qualified (such as high school and unqualified which represent 16.9 percent).

Chart 2. Qualification of employees in companies



As the number of high professional schools is not largely spread within companies, this is reflected by the employees with such qualification in employment, where they have a share of 8.9 percent. Highly qualified employees are not very highly required by businesses. This is shown by the share of employees who have a master degree and those who have a PhD degree. They represent the lowest share to total employees, that is, 6.8 percent with master degree and 0.4% PhD. As for the gender of the employees, it is observed that Males have much larger share in employment compared to their counterparts,

females. Males are represented by 61.9 percent of total employees while females take a share of 38.1 percent of total employees. Kosovo's labor market has this specific that males are those who enter labor market at a larger rate. This figure of males' higher participation in employment in our survey represents the structure of labor market force, which is mainly composed of males.

3. New Employees in 2008

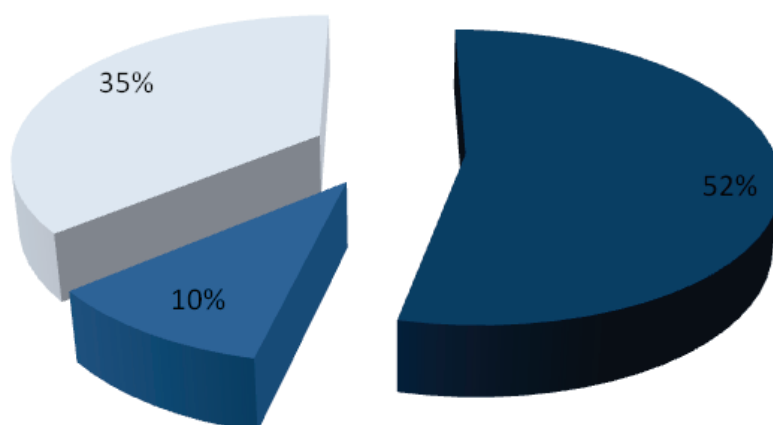
Among others, in this survey was investigated whether the company has hired new

employees during 2008, and it resulted that 64 percent of companies hired new employees, while the remaining 36 percent did not. The total number of new employees hired within these companies reached 142 new employees, of which majority (71 percent) were qualified only with high school. Similarly with the qualification of previous employees, the second largest category of new employees hired based on education level is that with university degree. Employees hired

with university degree composed 22.5 percent. Unqualified employees composed 5 percent of total employees while the remaining (less than 2 percent) were employees with Master and PhD. This reflects that in general, companies in the market of Kosovo still do business which is not related highly to skills obtained in schools, it is rather related to skills which may be gained while working (on the job-training).

Chart 3. The opinion of businesses about their new employees

■ Well prepared ■ Lack of practical knowledge ■ Lack elementary knowledge



This is also supported by the response of the company regarding the satisfaction of the company with the new employees hired. Only about 10 percent of the companies responded that they think that new employees lack the elementary qualifications for the job that they start to do. This also can be caused due to mismatch on the job for the new employees. On the other hand, around 38 percent of the companies do think that new employees lack practical knowledge for their new tasks on the job. This is a temporary phenomenon since it is expected that over time

the new employees will get used to their new jobs. Right after going out from academic institutions (i.e. schools) it rarely happens that employees are familiar with their new environments. On the other hand, 52 percent of the companies are satisfied with the qualifications of the new employees hired. This should not be seen as a very positive fact since this may easily reflect the low-skill jobs in the labor market of Kosovo. However, at this stage, it is observed that more than half of the new employees do good in their new jobs in the beginning.

4. Cooperation of Businesses with Educational Institutions

As the main goal of this survey has been in identifying the needs of businesses by educational institutions, questions to identify these needs have also been designed. For instance, businesses were asked whether they have ever been contacted by educational institutions in order to address their needs.

As the importance of addressing the needs of businesses by the educational institution may be considered as high, based on the responses of the companies it may be suggested that relatively few companies have been contacted by these institutions. In this question, only 18 percent of the companies have reported that they had contacts with educational institutions about their needs, while the remaining 82 percent have never been in contact with educational institutions. However, the interest of cooperation should be expressed by the companies as well. The reason why companies may be reluctant in contacting the educational institutions may be that majority of companies employs low-skilled staff, as shown in the previous chapters. We have seen that companies usually employ employees who only finished high school (40.7 percent of current employees have only a high school diploma, while 71 percent of new employees have been recruited in 2008 with only high school diploma).

In addition to low-skilled jobs on the companies, additional reason for the lack of communication by companies and business may be the satisfaction of employers with the current professional preparation of high school workers (see chart 3 where 52 percent of companies declare that they are satisfied with the preparation of new employees).

Of those companies who have been

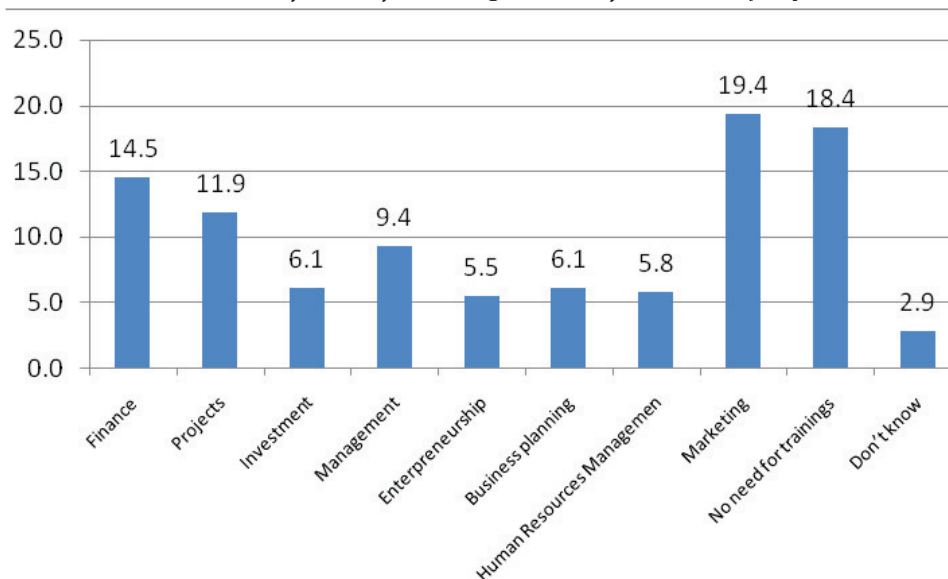
contacted by educational institutions, 56 percent of them responded that they have been contacted by high schools, 46 percent of them have been contacted by the university while only 3 percent have declared that they have been contacted by the local directorate for education.

In line with the previous comment that companies are satisfied with the current preparation of the employees is the response which views from the company side the need of communication. About 60 percent of companies believe that there is no need to have a communication line between educational institutions with businesses, while the remaining 40 percent believes that this communication is necessary.

Those companies who believe that their new employees are not prepared enough for their jobs were additionally asked whether they see the need for additional trainings and courses for their employees. About 71 percent of these companies say that there is a need for additional trainings and courses in order to get their employees prepared for their new jobs, while the remaining 29 percent says that there is no need for such trainings and courses, reflecting the approach in some companies that the new employees will learn-by-doing.

As reflected in the chart above (Chart 4), most of the employees have been trained in marketing, while there are also a large number of employers who never sent their employees in trainings since they believe that there is not a need for such trainings. The second largest category is the financial related trainings and courses. Managing projects and the overall management are the fields where additional trainings were provided to employees and this has been identified as the

Chart 4. The fields of trainings needed for new employees



fourth and fifth most important field of training. Investment and business planning have not been seen as very relevant to offer training to their employees by companies. It is a general culture in Kosovo that decisions are made only by the owners of the companies and hence this brings the explanation why employees see no reason to provide additional trainings to their employees.

When companies were asked about the professional preparation of the staff of educational institutions, majority of them believes that educational institutions staff is not

very well prepared, that is 60 percent believe that they are not well prepared, while 40 percent say that the educational institution staff are prepared enough to provide education to the potential labour market participants. Of those who believe that educational institutions staff is not well prepared, majority of them believes that the main reason behind their non-professional approach is the lack of practical knowledge (31 percent) while there is a large number of companies that believe that teachers do not have incentive to have a professional engagement.

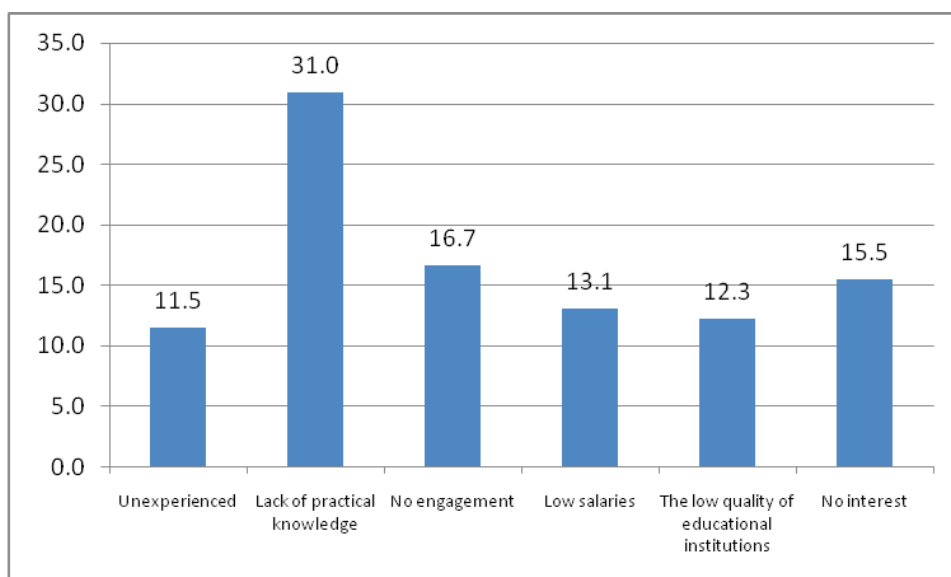
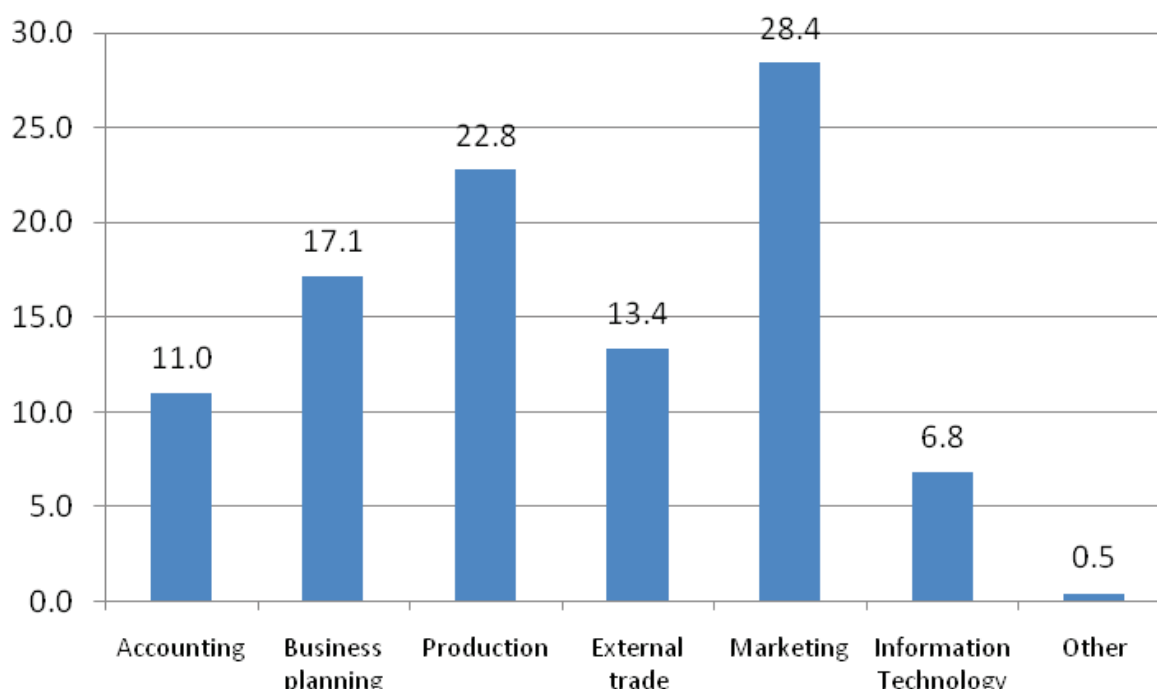


Chart 5. Perceptions of business about the educational staff

Chart 6. The identified needs by the businesses about future trainings



In order to assess the needs of businesses through this survey, another question about the training of employees was addressed. That is the opinion about the business about the future training needs of businesses. When asked in which field the business needs to train in the future their employees, the opinion was that priority should be given for the fields as shown in chart 6.

Similarly as in the previous question when businesses were asked where they trained mainly their employees, in the second question about the needs for additional training, they think that marketing should be the priority of their business. However, as the second most important field for additional training by business perspective has been identified the training for production process followed by business planning.

The figure of production and business planning are encouraging since this reflects the shifting of the companies to, first, more

production and second, to more well planned business. In the after war period businesses did not really have a reliable business plan if any. However, this reflects that the approach to doing business is slowly changing into more well planned business which in future will surely lead to better performance of the companies. Another fact that supports our above mentioned argument is the requirements of the business to have trainings for their employees for the external trade. This shows that Kosovar businesses are shifting more into international trade which leads to better performance of the companies due to the exchange of experiences with international companies. Accounting also has been another important field in which companies need additional trainings, while information technology, namely the use of computer, is not a wide spread problem. This may be due to two main reasons; the first is that the nature of the business may not require the

use of computer (due to low skilled jobs requirements), while the second reason is that Kosovo is well known in the region for a very wide and well use of computer by young generations.

5. Teaching methods

In order to address more specifically and to get a broader opinion on the needs of businesses, we asked them also to give their opinion on teaching methods in both, professional high schools as well as faculties.

Regarding the first one, that is professional high schools we asked the businesses to give their opinion on the weight of each of the following methods of teaching: Lecturing, group seminars, stimulation of events, case studies, or any other method if they had to recommend.

Based on the observed results, we have identified that businesses mainly would require using case stimulations for students by high schools that is 31 percent of businesses require case stimulations. Same percentage of businesses prefer having case studies by students which then would lead to better assessment by students for their new labour markets. Group seminars are the third most important way of teaching method as viewed by businesses, that is, 22 percent of businesses believe that group seminars would lead to better performance in labour market by the new employees. As the least important method of teaching was identified the lecturing (this is the main method used to date in schools). Schools in Kosovo use this method in preparing the students for the labour market. However, this is seen as the least effective way for preparation by students. This opinion of businesses may be due

to the current performance of employees going from schools into the labour market.

With regard to the faculties and the methods to be used in faculties, businesses opinion on this is that faculties also should give the largest weight to the case stimulations (33 percent), while the second most important way of preparing the faculty students for the labour market is case studies (by 24.5 percent). Furthermore, lecturing takes 22.5 percent of weight based on the opinion of businesses about the methods to be used in faculties, while the least weighted form of teaching in faculties is group seminars.

6. . Conclusions and Implications of the Findings

This project has covered an important side of businesses especially that of new employees who join the market for first time. Among others, it identified the needs for more practical and more business oriented approach by educational institutions. However, it is noticed that there is a lack of cooperation by both, businesses and educational institutions. This is one of the main implications of this study since it is evident that many companies do offer additional training to their employees. The implication here would be that schools could do this instead of other training institutions since the training is mostly required to fields which schools can cover such as marketing, business planning as well as accounting. Another issue that worth mentioning here is that majority of businesses believe that there is no need for business-school cooperation. This approach by businesses should be changed by using the identified fields and show that schools can play an important role for businesses.

Another factor identified by businesses is that they believe that staff of schools is not doing best to teach the potential labour market entrants. This viewpoint of businesses should be taken into account seriously and increase the performance academic staff. However, at this stage, majority of businesses are satisfied with their new employees. As stated earlier, this is due to low-skills required business. However, it can be suggested that the sphere of interest by businesses has changed into

more professional field, knowing that businesses are requiring trainings related to marketing and business planning. Despite the low interest for cooperation by businesses, the educational institutions should be those taking the first step towards identifying the needs of businesses and offering education programs which would be beneficial for both, businesses as well as for the new potential entrants in the market.