SKILL NEEDS IN ALBANIA

2017

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

UNDP

Empowered lives.
Resilient nations.

Table of Contents

Lead Authors

Dr Lindita Rama

Dr Ylli Cabiri

Experts

Elena Polo

Juna Miluka

Statistical Team

Eriksela Shuli

Liljana Fusha, INSTAT

Pranvera Elezi, INSTAT

Elsa Dhuli, INSTAT

Flutura Rama, INSTAT

With the invaluable contribution of National Employment Service and Regional Employment Office staff in implementation of SNA 2017, led by:

Brikena Nallbani, Deputy General Director, NES

Etleva Gjelaj, Head of the Statistical and Information Department, NES

The SNA 2017 methodology is based on the methodological guidelines designed in the framework of SNA 2014 by **Farhad Merham,** International Expert, ILO.

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC

Empowered lives.
Resilient nations.

EXECUTIVE SUMMARY

Background

After being granted EU candidate status in 2014, Albania has made increased efforts to move towards opening accession negotiations. Essential progress to fulfil the five key priorities the Union has set in this regard, particularly implementation of the judicial reform package that was passed last year, is crucial. In the last few years, a comprehensive process of cooperation and interaction among Balkan countries has been undertaken. Six of these countries—Albania, Serbia, Montenegro, Macedonia, Kosovo, Bosnia and Herzegovina—are developing a regional agenda that is fully complementary with the EU integration agenda and aims at increasing the capacities of these countries to build a much larger market than the current small individual ones while preparing the region to join the common European market. Such cooperation has been kick-started and draws upon the so-called Berlin Process, a diplomatic initiative undertaken to revitalise the multilateral ties between the Western Balkans and selected EU member states, and improve regional cooperation.

An upward trend in GDP growth during 2015 and 2016 has been noted, with real GDP growth rates in 2015 reaching 2.2 percent and increasing further to 3.5 percent in 2016, the largest over the past five years. Projections for Albania's economic growth are 3.5 percent for both 2017 and 2018, and 3.8 percent for 2019. Medium-term growth is expected to generate the largest number of jobs, as the most labour-intensive sectors of production are expected to perform better than the others. The number of active enterprises has increased in the last three years, while FDIs have regained an upward trend after 2012 and are concentrated mainly in the oil sector. Large energy projects and Public–Private Partnerships have sustained FDI, remaining strong in their contribution to GDP. There was an upward trend registered in the employment rate from 2014–2016. Nevertheless, unemployment is still high, at 15.6 percent in 2016. Meanwhile, the estimated rates for unemployment hide gender differences, due to the high level of inactivity of women in the market and unpaid household work, while, as with other labour market indicators, youth unemployment rates are the highest in the population.

The Vocational and Education Training (VET) System in Albania is undergoing a comprehensive reform and is focused on its access, quality and linkages with the labour market. Harmonising the skills offered by the VET system and labour market needs, as well as motivating the private sector to become close partners, are considered the biggest and most difficult challenges. In order to help reach this goal, a Skills Needs Analysis has, since 2008, been periodically conducted, highlighting the skills necessary to improve employee performance based upon the labour market needs.

SNA 2017

The main aim of SNA 2017 is to provide a snapshot of skills needs and skills shortages, as well as their dynamics in the country, as reported by enterprises and employers. The specific objectives of SNA 2017 are to identify shortages of skills and employee profiles in the labour market, occupations for which current employees lack the required skills or profile, those for which recruitment of new employees is difficult, extent of training provision in enterprises, and types of training needs by occupation, as well as the degree of relationship between enterprises and relevant state institutions.

SNA 2017 is the third in a series of SNA surveys for Albania and follows the same methodology. The sampling Frame for SNA 2017 comprises all active enterprises that fall in the scope of the survey and with at least one employee, thus excluding enterprises without employees such as family shops. SNA 2017 uses four regions of Albania as reporting domains, as defined by INSTAT for statistical purposes: North (Shkodra, Kukes, Lezha, Diber), Central (Tirana, Durres), South-east (Elbasan, Berat and Korca), and South-west (Fier, Vlora and Gjirokastra). These regions are approved by the European Commission for the compilation of regional data on the country, in line with regional data of other countries. The sample size was designed on the basis of explicit stratification by region, branch of economic activity, and size of enterprise.

The SNA 2017 questionnaire was designed to meet the specific objectives of the survey and uses occupation as the basic unit of measurement. It also provides information on the number of women employees engaged in each enterprise and the number of young adults, up to 29 years of age, allowing extraction of results on gender and youth composition of employees by the same stratification: region, branch of economic activity, and size of enterprise, but also extent and nature of skills and personal profile shortages in female and youth-dominated enterprises compared to other enterprises, as well as differences in methods of recruitment, training participation and needs, relationship with state institutions in female and youth-dominated enterprises, compared to other enterprises. The questionnaire provides information on employment of persons with disability and of foreigners.

The fieldwork covered 2,560 businesses and was conducted by trained staff from the National Employment Services (NES) and the Local Employment Offices. Data entry was carried out by trained operators from NES with an insignificant level of error. Coding by Statistical classification of economic activities in the European Community (NACE) and International Standard Classification of Occupations (ISCO) was initially performed by INSTAT staff, based upon a common agreement, and a second round of a check-and-repair procedure was performed by Human Development Promotion Center (HDPC) experts. Sample weighting permitted extrapolation of national and regional estimates. Calculation of sampling weights was based upon the design weights, adjustment of non-response, and calibration. Data processing and analysis was realised while considering all specific objectives of the survey and benefiting from all possibilities offered by data collection according to the drafted questionnaire.

Main Conclusions

The Albanian economy is dominated by the wholesale and retail trade sector, accommodation and food services, and manufacturing. Construction has continued to lose its relative share. At present, micro and small businesses dominate the economy and comprise 64.3 percent electricity, gas, steam and hot water supply sector, 62.1 percent manufacturing, 60.4 percent financial and insurance, 77.8 percent construction, and 64.3 percent mining and quarrying. Medium-size, and in particular large, companies are mainly present in the Central region.

The largest share of employment is engaged in manufacturing, followed by wholesale and retail trade. The Central region is the largest employer, followed by the South-west. Nearly all (97%) of employees work full-time, confirming a very slight interest of companies in part-time employees (PTEs). At present, call centres are the largest PTE employers.

The presence in Albania of businesses with foreign ownership is still relatively low, comprising 5.5 percent of all businesses and 20.4 percent of total employment, and these are predominantly situated

in the Central region. Enterprises that are branches of foreign companies or have foreign shareholding are on average four times larger (34 vs. 8 employees) than average enterprises with full Albanian ownership. Most foreign and joint enterprises operate in wholesale and retail trade and manufacturing. They have a relatively strong presence also in electricity and gas and in financial and insurance activities. Foreign nationals constitute 0.9 percent of employees. The majority of foreign-owned companies have no foreigner employed.

Most enterprises sampled declared no change in turnover, employment or investment during the period July 2016–July 2017. The Central region performed best in terms of share of enterprises with a stable or increased turnover and number of employees during the last twelve months. Most of the micro-size businesses performed badly in terms of employment and turnover, though most medium-size and large businesses performed well, contributing to an increased overall figure of employment last year.

The best growing sector based upon the three indicators employed in the present survey was information and communication, with mining and quarrying the second-best performing sector. The worst performing sector, based upon all three indicators, was construction, though an improvement in the situation was last year noticed for this sector, which seems to have entered a recovery phase.

Female employees comprise 40.7 percent of the total number of employees in Albania. Employment in the manufacturing and financial and insurance activity is predominantly female, with the Central region having the highest percentage of female employees. However, a man has double the chances that a woman has to get a job in all regions of the country outside of the Tirana–Durres area. Youth employment is estimated to be 30.5 percent, a high figure compared to the EU average of 18 percent. The Central region has the highest percentage of youth employment, and in other regions youth employment is at a lower level but one similar to each other. Micro-enterprises are the least attractive for young employees. The total employment of Persons with Disabilities (PWD) is reported at around 900, the lowest level reported in the SNAs.

Unsuitable qualification and work culture are the most recurring concerns for employers. The situation appears generally similar to that in SNA 2014, apart from concern with unsuitable workforce qualifications, which has increased to become the biggest worry of businesses with regard to employment. This is linked to the need of businesses both for new recruits and to be successful in a market that has an increased competitiveness.

Unsuitable workforce qualifications is of particular concern for the mining and quarrying sector, while low wages seem to be a concern for 41 percent of enterprises in the water supply, sewerage and waste sectors. An education system that fails to meet the needs of the economy is a real problem for mining and quarrying, and electricity, gas and steam supply. Non-preferred professions is a concern for mining and gambling and betting shops, while work culture is of particular concern for the information and communication and financial and insurance sectors.

Unsuitable qualification of the labour force, and the work culture, as well as an education system that fails to meet the needs of the economy are greater concerns for businesses with foreign ownership than they are to domestically owned enterprises.

All regions have similar patterns of employment-related concerns. However, the South-west region has higher concerns than have others when it comes to attitude and work culture of the jobseekers, and with employees leaving the company after being trained.

Skills shortages among existing staff have doubled since SNA 2014. Water supply, sewerage and waste, and mining and quarrying are the sectors suffering the most from a lack of relevant skills among current employees. Employers in bars, restaurants and hotels in the country seem to be mostly unhappy with the skills of their personnel, i.e. waiters, bartenders and cooks. The largest number of enterprises that are dissatisfied with the skills of their employees is concentrated in the North and South-west, while 60 percent of the workforce in these businesses are male. In addition to the shortage in professional skills, ability to learn (41.2%) and communication skills (30.2%) are seen also as concerns for businesses. Staff replacement is the main action taken by enterprises to address the lack of skills of existing staff, followed by reorganisation within the business.

The estimated total number of new recruits for the next twelve months in the Frame is 44,397 employees, or 10.8 percent of the current working force. This number is not adjusted for different staff replacement scenarios or staff leaving the company. Manufacturing is the leading sector with regard to the number of new recruits, the major part of which is in the fashion and garment industry. Information and communication is the sector with the highest recruitment rate, followed by administrative and support services. Meanwhile, large businesses expect to have the highest number of new recruits over the next twelve months, a total of 14,710 people. Call centres are leaders in this respect; three of them alone plan to recruit 950 youngsters.

Sewing and assembly in the *fason* industry is the main occupation driving the employment market in Albania. More than 7,100 new recruits are anticipated for this sector in the coming year, including more than 3,800 sewing machine operators and 2,500 shoemakers. Call centre operators is the second most needed occupation for the next twelve months, anticipating nearly 4,554 new recruits. Waitering ranks in third place with 3,891 new recruits, building frame workers (bricklayers, house builders, concrete finishers, joiners, etc.) are anticipated to have 2,115 new recruits during the next twelve months, remaining a profession in high demand in the employment market.

Employers declare that the most difficult skills or criteria to find are professional skills, work experience, correctness or integrity and interest or motivation for the kind of job. At the level of occupations required reading and official writing skills are difficult to find for 72.7 percent of job positions for journalists and translators, and computer skills for 55.9 percent of ICT expert job positions. A preferred age is difficult to find for 92.6 percent of job positions for printing workers, and 80 percent of forestry workers. Inadequate salary in a company is a barrier for 40.8 percent of job positions for scientists, geologists and agronomists and 38.6 percent of directors or senior managers, and uninteresting working conditions appear to be a barrier for recruitment for printing workers (92.6%) and cleaners (30.4%).

It is easier to find new recruits in the Central region than in the other three regions of Albania, though sewing machine operators and tailors are difficult to find in North, Central and South-East regions, where many garment and shoes plants operate.

On-the-job training provided by experienced company staff is the key type of training employed by businesses, though, in general, the percentage of businesses financing training by the company has decreased compared to 2014. The company itself is the main funder of training for all groups of occupations, and there are 5–9 times more businesses that have financed training for employees than there are businesses that have used other training means.

Lack of training funds is the main barrier for staff training, followed by frequent mobility of the labour force (20.6%), related also to training funds. Businesses are afraid to invest in training of temporary staff because of the risk of having multiple expenditures for the same job position.

Mining and quarrying has suffered more than any other sector from barriers to staff training. Apart from a lack of training funds, businesses in the mining sector complain most about a lack of training courses and of suitable instructors, followed by water supply, sewerage, waste, and electricity, gas, steam. The North region faces large barriers with staff training due to a lack of funds and of courses and suitable instructors.

A very low level of information and collaboration was reported by businesses with regard to the activities of the vocational schools and vocational training centres, and only 21.1 percent of businesses declared they have had cooperation with employment offices regarding staff recruitment. Relations with respect to on-the-job staff training barely exist.

The SNA 2017 results provide a solid basis for building discussions and drafting measures to translate the survey findings into concrete steps to minimise labour market skills mismatching and shortages. Experience with the previous SNA studies indicate that follow-up measures to address the findings and recommendations have been sporadic, which is one of the reasons why the situation in many respects either remains the same or is deteriorating. At present, there is a clear commitment by VET policy makers and VET institutions to take actions to address the findings and conclusions of the SNA 2017 report.

ACRONYMS

BR	Business Register
DCM	Decision of the Council of Ministers
EC	European Commission
ETF	European Training Foundation
EU	European Union
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
ILO	International Labour Organisation
ISCO	International Standard Classification of Occupations
LFS	Labour Force Survey
MFC	Multi-Functional Centre
MoES	Ministry of Education and Sports
MoFEE	Ministry of Finance and Economy
MoSWY	Ministry of Social Welfare and Youth
NACE	Statistical classification of economic activities in the European Community (*Nomenclature statistique des activités économiques dans la Communauté européenne*)
NAVETQ	National Agency for Vocational Education, Training and Qualification
NES	National Employment Service
NUTS	Nomenclature of Territorial Units for Statistics
PTE	Part-Time Employees
RED	Regional Employment Department
SME	Small and Medium-size Enterprise
SNA	Skills Needs Analysis
VET	Vocational Education and Training
VTC	Vocational Training Centre

1. BACKGROUND INFORMATION

European Integration

In 2014, Albania was granted European Union (EU) candidate status, taking the relationship with the EU to a higher level and, from an economic perspective, encouraging foreign investments and job creation.

The country is now moving towards opening accession talks, which, in technical terms, implies making essential progress to fulfilling the five key priorities the Union has set in this respect, namely: i) the fight against corruption, ii) organised crime, iii) strengthening of the judiciary, iv) public administration reform, and v) protection of human rights, including for Roma, anti-discrimination policies and implementation of property rights. Negotiations with the EU and the membership process itself will depend greatly on Albania's determination to change and modernise itself, so that it ultimately has a true rule of law, social security and care for everyone, and an economy that generates employment opportunities for all those who wish to work. In November 2016, Albania received a European Commission (EC) recommendation to open EU accession negotiations conditioned primarily upon implementation of the judicial reform package passed earlier that same year. Considerable efforts are in place to meet the settled criteria.

Regional Developments

Over the last few years, important steps have been taken as part of a comprehensive process of cooperation and interaction among the countries of the Balkans. As a result, six countries—Albania, Serbia, Montenegro, Macedonia, Kosovo, and Bosnia and Herzegovina—are developing a regional agenda that is fully complementary with the EU integration agenda and aims at increasing the capacities of these countries to build a much larger market than the small individual ones, boost exports and imports within the region by removing tariff barriers and build capacities in terms of preparing the region to join the common European market.

This cooperation has been kick-started and draws upon the so-called Berlin Process,[1] a diplomatic initiative undertaken to consolidate and preserve the momentum of the EU-integration process linked to the future enlargement of the Union. It aims at revitalizing the multilateral ties that exist between the Western Balkans and selected EU member states, and at improving cooperation in the region over issues of infrastructure and economic development.

The last Summit, which took place in 2017 in Trieste, introduced concrete actions under the Berlin Process. One of the initiatives it supported was on the establishment of a Regional Economic Area to make the Balkans, home to 20 million people, more attractive to investors and creating new jobs and opportunities. The related action plan has been already agreed upon.

Objectives to be reached over the next few years include development of digital markets, smart growth, mobility of skilled workers and mutual recognition of professional qualifications in the region. The EC will support implementation of this initiative with a package of €7 million for improvement of

[1] The Berlin Process was initiated by Angela Merkel, and began with the 2014 Conference of Western Balkan States held in Berlin, followed by the 2015 Vienna Summit, 2016 Paris Summit and 2017 Trieste Summit.

the investment climate, smart specialisation strategies and the Western Balkans Chamber Investment Forum.

In support of the private sector, the Commission announced €48 million of additional EU funding for the Western Balkans Enterprise Development and Innovation Facility, which is expected to leverage some €250 million for companies in the region.

Albania has been one of the most active countries in this process, ranking second regarding applications for and absorption of funds allocated by the Western Balkans instrument (36%), and first in the latest call supporting preparation with technical assistance of four country projects and a regional project.

The regional and European integration Agenda requires Albania to be prepared. The EC progress report for 2016 acknowledges the progress made, but highlights a number of economic challenges, such as firms' access to formal financing, especially in the start-up phase, cumbersome regulatory environment to be faced by the enterprises, deficiencies in the enforcement of the rule of law, and high unemployment, especially among young people. Another set of challenges relates to the education and skill formation of the labour force, including increased cooperation between education institutions and the business sector, modernisation of the Vocational Education System (VET), private sector involvement in designing and implementing labour market and VET policies, and employment and VET outreach services in rural areas and to the most vulnerable groups.

Over the past ten years, trade between the Western Balkans and the EU has more than doubled, reaching Euro 44 billion in 2016, with exports from the Balkans more than doubling, from Euro 7 to 18 billion.

Moreover, the trade is already highly liberalised and progressive alignment of rules and standards will create a level playing field for all investors.

Foreign Direct Investments from the EU were roughly 50 percent of the total stock in 2015, and the trend is growing. For Serbia, the figure is above 60 percent.

More and more European companies are including the Western Balkans in their value chains, in a kind of business integration that helped create wealth and jobs when the countries of central and eastern Europe—most notably Poland and Slovakia—were about to join the EU.

One important investment being pursued involves physically connecting the region with the rest of Europe, under the so-called Connectivity Agenda. Already, Euro 1.3 billion worth of grants have been allocated, with a target to leverage up to Euro 13.5 billion in investments from the public and private sectors in key energy, environment and transport investments by 2020.

Public investment is only one component of the total investment, and what really matters is private investment, which is still lagging behind in the Western Balkans, especially cross-border investment, which is four times less than the average in the EU.

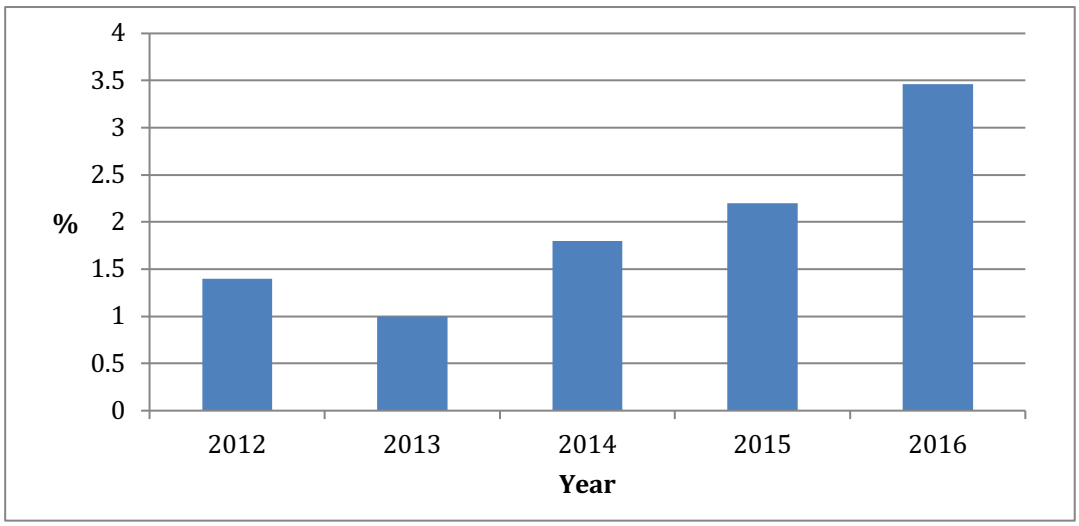
Johannes Hahn opening speech at the Belgrade Conference Towards a better investment climate in the Western Balkans, June 2017

Main Economic Developments

The global economic crisis of 2008 impacted the Albanian economy relatively late, but when it struck it caused real growth to decline rapidly, with poverty reduction coming to a halt, and income convergence with the EU stalling (World Bank, 2015b). Consequently, real Gross Domestic Product (GDP) growth reached its lowest level, at one percent, in 2013, though picking up, to 1.8 percent, in 2014, and following an upward trend during 2015 and 2016 (Figure 1.1). Real GDP growth rates in 2015 reached 2.2 percent and further increased to 3.5 percent in 2016, the largest over the past five years. The economic rebound is believed to be the result of the fiscal consolidation that started in 2014, along with important structural reforms in areas such as public financial management, energy,

pensions, and the rebuilding and boosting of business confidence and domestic demand (World Bank, 2016).

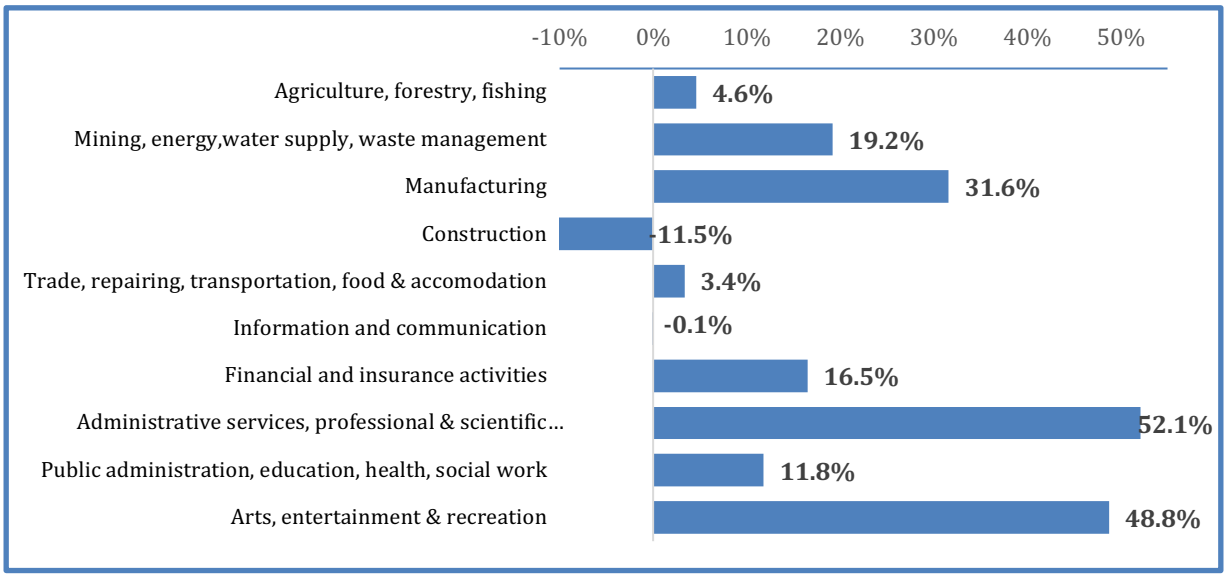
Figure 1.1: Annual real GDP growth rates, 2012–2016



Source: INSTAT, 2017

The breakdown by sector during the economic rebound of the period 2013–2016 (Figure 1.2), reveals that it was driven by administrative services (52.1% growth) and manufacturing (31.6%), supported well by mining and energy (19.2%) and financial services (16.5%). Art, entertainment and recreation also grew very quickly (48.8%), though this sector still had the smallest share of GDP. The two largest contributors to GDP—agriculture, and trade, transport, food and accommodation—experienced a very modest growth, or even stagnation.

Figure 1.2: Annual real GDP growth by economic sector, 2012–2016



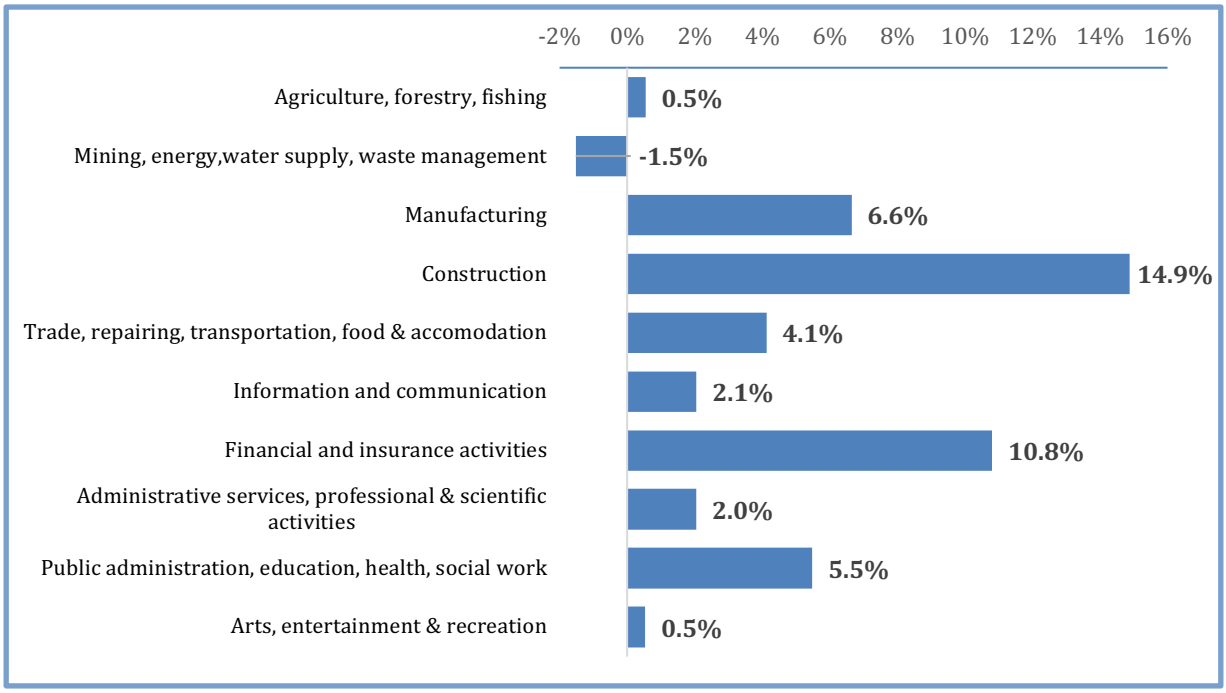
Source: INSTAT, statistical database

Only two economic sectors suffered acutely during the four-year period from 2013–2016: construction (-11.5%), and information and communication (-0.1%), the former due to the territorial–administrative reform of 2013–2015, where planning applications were put on hold, and the latter

due to saturation of, and a slight decrease in, the mobile telephony market, which dominates that sector (Figure 1.3).

The strong economic growth continued in the first three-quarters of 2017, at 3.9 percent higher than for the same period of 2016 (source INSTAT). The largest growth (14.9%) came in the construction sector, revived following completion of the territorial–administrative reform and approval of urban plans for the reorganised municipalities. Financial and insurance activities (10.8%) and manufacturing (6.6%) were the other two sectors that continued to grow at a fast rate. On the other hand, the prolonged drought of 2017 contributed to negative growth of the entire sector of mining, energy and water, with the country having to import large quantities of electricity.

Figure 1.3: Growth rates by economic sector, Q1–Q3 2016 to Q1–Q3 2017



Source: INSTAT, statistical database

Projections for Albania's economy are of growth of 3.5 percent for both 2017 and 2018, and 3.8 percent in 2019.[2] Medium-term growth is expected to generate a large number of jobs, as the most labour-intensive sectors of production are expected to perform better than the others, with agriculture, the textile and footwear industry, and tourism-related services expected to be the best performers.[3]

Despite such positive figures, volatility is still present in the Albanian economy, and can be seen in the annual real GDP growth rate changes. Fluctuations in all sectors indicate that sustainable economic growth has yet to be achieved. Nonetheless, most of the sectors have picked up in the last few years, recording consecutive positive growth rates.

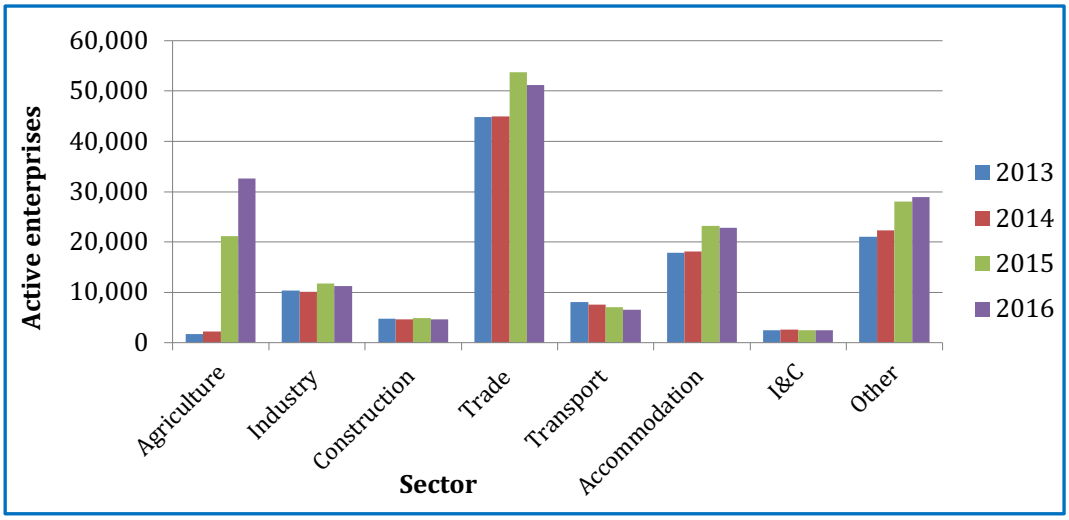
In terms of foreign trade, the volume of imports exceeds more than double the volume of exports. Italy is Albania's main trading partner, with 70 percent of exports and 49.6 percent of imports. In terms of exports, Spain is next with 6.1 percent, followed by Greece (5.8%), Germany (4.1%) and

[2] June 2017 Global Economic Prospects report.
[3] Government of Albania, Economic Reform Programme, January 2017.

Austria (1%). Apart from Italy, imports mainly come from Greece (11.6%), Germany (11.6%), Spain (3.6%) and Austria (1.5%). Other EU countries provide 21 percent of Albania's imports[4].

The number of active enterprises in some sectors has increased in the last few years (Figure 1.4). An unprecedented increase was recorded in agricultural enterprises, ranked second, with 32,659 enterprises in 2016. This is an increase of 54 percent compared to 2015, and 1,832 percent compared to 2013, when only 1,690 active enterprises were recorded in this sector. Such a spurt in growth is the result of efforts to formalise the economy and register all active farmers in order to for them to become eligible for subsidies from state programmes.[5] Other sectors recorded a slight increase, a slight decrease or stagnation.

Figure 1.4: Active enterprises, by sector, 2013–2016



Source: INSTAT statistical database

By far the largest number of active enterprises have between one and four employees. Industry has the largest number of active enterprises with more than 50 employees, followed by trade and construction.

The Albanian government intends to transform its economy from an import-dependent and consumption-led economy to a more sustainable productive and export-driven model fostering employment. Moving along this path, Albania has made significant economic progress. Thus, in 2017 S&P affirmed Albania's long-term rating as B+, and B in the short-term, based upon expectations of high economic growth rates and further fiscal consolidation. Meanwhile, Moody's confirmed the country's long-term credit rating as a foreign- and local-currency issuer at B1 with stable outlook. Good ratings by these agencies are critically important for the country to gain the trust of foreign investors and international markets.

[4] INSTAT: Foreign Trade in Goods, May 2017: http://www.instat.gov.al/media/2895/foreign-trade-may-2017.pdf

[5] Farmers who sell their products are registered with the tax authority and provided with a Tax Identification Number (TIN), thus acquiring a legal status (INSTAT, 2017c).

Foreign Direct Investment

Increasing Foreign Direct Investment (FDI) has been a constant effort of the Albanian government over the years, and the country maintains a liberal foreign investment regime designed to encourage FDI.[6] The new laws adopted on Strategic Investments, on Foreign Investments, on Tourism, and on Introduction of Technological and Economic Development Areas, as investment incentives, have augmented foreign investor opportunities, stimuli and guarantees.

Since 2012, FDIs in Albania have moved into positive territory, to Euro 893 million in 2013 from 647 million a year earlier, peaking at Euro 1,149 million in 2014. A downward trend in 2015, at Euro 991 million, saw a reversal in 2016, to Euro 1,087 million. Over the period 2014–2016, net inflows from FDI as a percentage of GDP have risen from 8.69 percent in 2014 to 8.70 percent in 2015 and 9.12 percent in 2016.

FDIs are mainly concentrated in the oil sector and partly explains the slow-down of 2015 as a result of the fall in the world market prices of crude oil (IMF, 2016). Large energy projects such as the Trans-Adriatic Pipeline and Statkraft–Devoll hydropower have sustained FDI as a part of Albania's GDP. Meanwhile, Public–Private Partnerships have also played an important role in increasing the FDI.

In 2015, the FDI stock in Albania stood at Euro 5,005 million, with the following distribution by country: Greece (25%), Holland (14%), Canada (13%), Italy (11%), Turkey (9%) and Austria (8%). Distribution by economic sector was: Information and communication (25%), energy and gas (12%), and mining (12%). Albania attracted 8.9 percent of FDI in the region, ranking second after Montenegro. Mining and energy, transport, electronic communication infrastructure, urban waste industry, tourism, agriculture (large farms) and fishing, economic zones, and Development Priority Areas are defined by government as strategic sectors. Investments in strategic sectors may benefit the status of Assisted Procedure and Special Procedure, based on the level of investment, which varies from Euro 1–100 million, depending on the sector.[7] Energy and power, water supply and sewerage, road and rail, mining, and information communication technology represent the best prospects for FDI in Albania over the next several years.[8]

Labour Market Developments

According to official data, Albania's labour force comprises some 1.1 million people. The estimated unemployment rate was 15 percent in October 2016, with unemployment among young people, of age 15–29 years, at 27 percent. Approximately, 46 percent of the labour force was self-employed in the agriculture sector. Informality is widespread in the Albanian labour market. A 2013 Labour Force Survey conducted by the International Labour Organisation (ILO) suggested that 43 percent of non-farm jobs were in informal employment. But the situation is even more serious in the farming sector, where 88 percent of employment is informal or undocumented. Nevertheless, conditions have improved in recent years: informal employment dropped to 31.9 percent in 2016 and there were

[6] Bureau of Economic and Business Affairs, *Investment Climate Statement*, 2017.
[7] The deadline to apply for the status of strategic investment or investor is December 2018. The legal framework that governs strategic investments can be found on the AIDA website, at http://aida.gov.al/pages/strategic-investments.
[8] The Law on Strategic Investments stipulates that AIDA, as the Secretariat of the Strategic Investment Council, serves as a one-stop shop for foreign investors, from filing of the application form to the granting of the strategic investment or investor status.

157,000 people registered in the pension system. It was mostly unskilled people, in both farm and non-farm sectors, who were working informally.

Whereas some people in the labour force are highly skilled, many work in low-skill industries or have out-dated skills. The education level of the workforce is relatively low, limiting economic prospects and access to quality jobs. According to the Institute of Statistics, in 2015, about 43 percent of working-age persons in Albania had primary education or less, while only 19 percent had tertiary education. Government provides fiscal incentives for training of the labour force in the inward processing industry, which, in Albania, includes the footwear and textile sectors. A majority of young Albanians speak English and Italian as second languages, while other foreign languages are commonly spoken as well. Albania has a strong secondary education system, though vocational schools are less prevalent: in 2014, just eight percent of high school pupils were enrolled in vocational schools. However, the current government has shifted focus on the promotion of vocational education, leading to an increase in enrolment figures in the last five years.

Labour force participation rates increased after 2013 (Table 1.1). The following year, the rate for 15–64 year-olds increased to 61.5 percent and has been increasing since, to 64.2 percent in 2015 and 66.2 percent in 2016. Participation rates also improved for older men and women after 2013, though differences between the genders are significant. In 2016, men's labour force participation among 15–64 year-olds was 74.1 percent, compared with 58.3 percent for women of that age-group. Women have much lower labour participation and employment rates, while high participation in unpaid family work is indicated.

The youth labour force participation rate is the lowest among all age groups, even though, between 2014 and 2016, figures improved, peaking in 2016 at 45.7 percent. Within this group, young women have the lowest rates: their participation rate in 2016 was 38.8 percent, compared with 51.7 percent for young men. Figures indicate that participation of young women in the labour force did not exceed 40 percent between 2014 and 2016, while for young men it was more than 50 percent.

Table 1.1: Labour Force Participation Rate

Age group	2012	2013	2014	2015	2016
Albania					
15–29	46.6	38.7	41.9	44.5	45.7
30–64	73.8	71.1	72.3	74.5	76.1
15–64	64.9	59.6	61.5	64.2	66.2
≥ 15	57.3	52.4	53.7	55.7	57.5
Male					
15–29	54.1	47.9	51.2	52.8	51.7
30–64	84.2	82.9	84.5	85.2	85.8
15–64	73.4	70.2	72.2	73.4	74.1
≥ 15	65.5	61.7	63.5	64.3	65.0
Female					
15–29	37.7	30.1	32.0	35.4	38.8
30–64	64.4	60.7	61.2	64.6	66.8
15–64	56.4	50.1	51.3	55.1	58.3
≥ 15	49.2	44.0	44.4	47.2	49.9

Source: INSTAT statistical database

Equally, the employment rate (Table 1.2) has shown a persistent pattern, with an increase in employment among 15–64-year-olds between 2014 and 2016, from 50.5 percent in 2014, 52.9

percent in 2015, to 55.9 percent in 2016. Employment figures in 2016 were considerably higher for men of age 15–64 years, at 61.9 percent, compared with 49.7 percent for women of the same age-group. Young women have by far the lowest levels of employment, at 28 percent in 2016, compared to 36.3 percent for young men.

Table 1.2: Employment Rate

Age group	2012	2013	2014	2015	2016
Albania					
15–29	34.5	28.2	28.2	29.8	32.4
30–64	66.4	61.8	62.7	65.2	67.2
15–64	55.9	49.9	50.5	52.9	55.9
≥ 15	49.6	44.1	44.3	46.2	48.7
Male					
15–29	38.8	33.7	33.0	35.8	36.3
30–64	75.4	70.8	72.7	74.8	75.4
15–64	62.2	57.3	58.0	60.5	61.9
≥ 15	55.9	50.7	51.4	53.3	54.7
Female					
15–29	29.4	23.0	23.3	23.1	28.0
30–64	58.3	53.9	53.6	56.3	59.3
15–64	49.6	43.1	43.4	45.5	49.7
≥ 15	43.5	38.0	37.6	39.2	42.8

Meanwhile, unemployment rates (Table 1.3) for the age-group of 15–64 years have also increased, from 13.8 percent in 2012 to 17.5 percent in 2015, though subsequently falling to 15.6 percent in 2016. As they stand, with the current labour market definition, the estimated rates for unemployment hide gender differences, due to the high level of inactivity and unpaid household work undertaken by women. As with the other labour market indicators, youth unemployment rates are the highest in the population, and have increased from 26 percent in 2012, to a high of 33.2 percent in 2015, before falling to 28.9 percent in 2016.

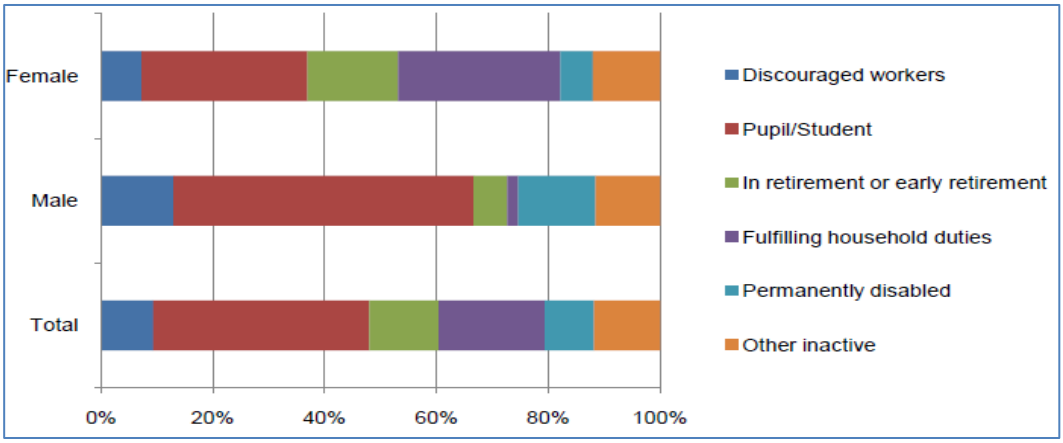
Table 1.3: Unemployment Rate

Age group	2012	2013	2014	2015	2016
Albania					
15–29	26.0	27.2	32.5	33.2	28.9
30–64	10.0	13.1	13.3	12.5	11.8
15–64	13.8	16.4	17.9	17.5	15.6
≥ 15	13.4	15.9	17.5	17.1	15.2
Male					
15–29	28.4	29.7	35.6	32.3	29.7
30–64	10.4	14.6	14.0	12.2	12.2
15–64	15.2	18.3	19.7	17.5	16.4
≥ 15	14.6	17.8	19.2	17.1	15.9
Female					
15–29	22.0	23.6	27.4	34.7	27.8
30–64	9.5	11.2	12.3	12.9	11.2
15–64	12.0	13.8	15.5	17.4	14.6
≥ 15	11.7	13.5	15.2	17.1	14.4

Annual data from the 2015 Labour Force Survey show that the agriculture sector is the largest provider of employment for the working population of age 15 years and above, at 41.3 percent, followed by services, at 22.9 percent, non-market services (including health and education), at 17 percent. Industry is the smallest employer, with 9.3 percent in manufacturing, 6.9 percent in construction and 2.4 percent in other industries.

In the first quarter of 2017, 29 percent of the economically inactive population of age 15–64 years was occupied with household duties (Figure 1.5), with 12.4 percent in retirement and 8.9 percent permanently disabled. Of the population of age 30–64 years, 12.5 percent are discouraged workers. There are two striking differences between women and men in in their levels of economic inactivity. Economic inactivity of men as a result of being in education or training is almost double that of women, with inactivity of the latter largely a result of them occupied with household duties. Economic inactivity of men due to fulfilling household duties is almost negligible.

Figure 1.5: Structure of economically inactive population, by gender, 15 years of age and above



Source: INSTAT statistical database

Vocational Education and Training

The VET system in Albania is undergoing a comprehensive reform focused on access, quality and links with the labour market, based upon the National Employment and Skills Strategy and Action Plan, 2014–2020. Shifting the responsibilities of the VET system from the Ministry of Education to the Ministry of Labour, Social Welfare and Youth was considered critical to strengthening the links between skills and employment. Several institutions are responsible for VET in Albania. Since September 2017, the main regulatory and supervisory institution has been the Ministry of Finance, Economy and Employment (MoFEE). The National Agency of Vocational Education and Training and Qualifications (NAVETQ) is a subordinate agency, which supports VET development and qualifications, including their national and international recognition. The National Employment Service (NES) is another institution under the ministry in charge of implementing active labour market policies.

The VET system consists of 32 public vocational schools offering 2 + 2 or 2 + 3 years of education for youths aged between 15 and 18 years, and ten public vocational training centres (VTCs) that offer short-term vocational courses, of 3–9 months duration. In addition, there are 493 licensed private providers offering vocational courses, mostly in foreign languages and hairdressing. Only 1.7 percent of the courses offered by private providers are for electricians, bricklayers, etc. The number of students enrolled in VET schools has increased considerably in recent years. In 2016, enrolments were 50 percent higher than in 2012.[9] Meanwhile, many public schools are being reconstructed with laboratories and teaching methodology installed, and a twinning plan put in place for each VET school

[9] MoSWY, *Statistical Yearly Report*, 2016.

with the best VET schools in Europe (19 out of 42 schools are already twinned). The intention is to transform them into schools of excellence.

Motivating the private sector to become close partners with the VET system is considered one of the biggest and most difficult challenges. The new VET law has envisaged that work-based learning has increased, in some cases up to 50 percent. With greater autonomy, every school will have a Development Unit responsible for learning through work and teacher training. The Development Units have not yet been introduced into the schools, but the preparatory groundwork has started.

Optimising the VET system by the establishment of Multi-Functional Centres (MFCs) that will enable the use of VET premises and workshops for both youth and adult education and training is another ongoing effort being undertaken in Shkodra, Fier, Tirana and Elbasan, in addition to one in Kamza. NAVETQ has drafted a Roadmap for Apprenticeship Schemes within the framework of its project Apprenticeship Schemes for Youth Employability in Albania. This roadmap defines the steps necessary for implementation of an internship scheme, in a scheme being piloted for careers in hospitality and catering, in cooperation with the hospitality and tourism schools in Tirana and Kamza, as well as the Albanian Tourism Association.

A specific law 'On Crafts' was adopted in June 2016, modelled on a German law. Implementation, however, has not begun as a result of confusion or divergence of opinion among the main actors over the terminology and definitions of crafts and the dual system to be introduced, important for the establishment and operability of a National Chamber of Crafts.

Employment Services

NES is the autonomous public entity responsible for implementation and administration of state employment programmes and projects provided by law, including labour force development through skills investment, self-employment initiatives, labour mobility and competitive skills. Services are provided across the country through 36 employment offices, including 24 local and twelve regional offices. Employment promotion programmes were introduced in Albania in 1999 as an instrument to subsidise employment and training, whether on-the-job training, vocational training or internships.

Following an evaluation of the employment services and programmes carried out in 2014,[10] initiatives were taken to improve efficiency in targeting groups and facilitating procedures for development of an enhanced information programme, a transparent allocation of employment promotion funds, increased visibility of programmes, and a more up-to-date application of procedures with a shorter response time. The priority areas for the employment promotion programmes for 2014 included manufacturing, activities related to agriculture and farming, tourism, information technology and industries related to the sea. As a result, funds for these programmes tripled that year, and increased further in 2015 and 2016.

In 2016, there were 94,000 unemployed jobseekers registered with the Employment Offices.[11] These offices served 5,000 jobseekers with paid unemployment benefit, and about 6,000 jobseekers engaged in employment promotion programmes through implementation of more than 500 projects annually. Better targeting of the needs of companies and jobseekers through Employment Promotion Programme diversification or with additional programmes remains an important challenge for NES.

[10] An assessment of quality in the formulation and implementation of processes, 2008–2014.
[11] NES, *Statistical Yearbook*, 2016.

Such programmes should be supply driven and be adapted to match the emerging needs and characteristics of the jobseekers.

2. INTRODUCTION TO SKILLS NEEDS ANALYSIS

International Context of Skills Needs Analysis

In recent years, a better understanding of matching skills with labour market needs has featured high on the policy agenda of many countries, driven by both rapid technological advancement and global competition. Skills matching can help reduce unemployment, particularly among youth. The EU places great emphasis on anticipation of skills and better matching. The Europe 2020 Strategy, and particularly the action plan for new skills and jobs, recognises that anticipation and matching approaches and methods can help develop a skilled workforce with an appropriate mix of skills in response to labour market needs, in a way that promotes job quality and lifelong learning. Achievement of perfect matching between skills demand and supply is neither feasible nor necessary, but it is important for policy makers to be aware of the importance of reducing the risk of creating large skills gaps that undermine the employability of individuals and impede the productivity of enterprises and the growth of economies.

International experience suggests that a comprehensive labour market information system is the backbone of any education and employment strategy, but no single methodology can generate sufficient knowledge of labour markets to avoid or minimise skills mismatch. A correct mix and complementarity of different methods is essential for a reliable and comprehensive overview of skills demand and matching. Given particular socio-economic conditions, weak institutions and capacities and governance system, limited labour market information makes more complex skills matching and anticipation in transition economies. To respond to these challenges, a methodological guide has been developed for anticipating and matching skills supply and demand.[12] The guide consists of six complementary volumes on how to use labour market information, how to develop skills foresights, scenarios and skills forecasts, what works at the sectoral level, the role of employment service providers, how to develop and run and establish skills surveys, and how to carry out tracer studies. The six guides serve as reference material to explain the scope, added value and limitations of diverse methodologies.

European Skills and Jobs Survey

- 25% of highly qualified young adults are overqualified for their job.
- 42% of employees have few opportunities to find a job that matches their skills and qualification.
- 53% of employees have faced more varied tasks since starting their job.
- 22% of employees have not developed skills since starting their job.
- 40% of employees have completed education and training involving work-based learning.
- 62% of employees in professional, scientific or technical services have completed studies with no work-based learning.
- 33% of employees need only basic ICT skills or no ICT skills to do their job.
- 27% of employees are involved in dead-end jobs with skills higher than needed to do their job and limited potential to grow.

In most developed countries emphasis on the area of skills anticipation and matching has changed. Previously, the focus was on direct intervention to influence the pattern of skills produced from the top down. Increasingly, the focus is on improving the information available for the various actors to make the best possible informed decisions and choices from the bottom up. Apart from a European Training Foundation (ETF) initiative for a sector-based Skills Needs Analysis (SNA), no other study has been conducted in this area. In fact, sectors matter, since they have very different needs for skills based on the particular economic activity and on the technology they use. As such, a narrow and focused analysis at the sectoral level is critical to skills anticipation and matching. As a first step in this respect, the Action Plan for implementing the National for Employment and Skills Strategy, 2014–

[12] The methodological guide is drafted with the joint expertise of the European Training Foundation, the European Centre for the Development of VET (CEDEFOP), and the International labour Office (ILO).

2020, envisages the establishment of sector-based skills forecast mechanisms and design of a skills forecasting methodology.

The European labour market faces several challenges. A study on future skills needs in Europe[13] following critical labour force trends concluded with two scenarios. The baseline scenario confirmed the persistence of long-term trends, with future employment growth across the EU concentrated in the services sectors and high-level occupations. However, due to large replacement needs there will be job opportunities across all sectors and occupations. The concentration of occupations and qualification levels across different economic sectors confirmed the importance of VET in providing a labour force with adequate skills. The alternative labour supply scenario confirmed that demographic trends are an essential driver and difficult to divert by activation of migration policies. This scenario proves the limited ability of countries to efficiently absorb migrants—whether from EU member states or from outside the EU—without the creation of additional social tension.

SNA in Albania

SNA is used as an important tool to collect information on the present needs for skills in the economy and to improve VET by aligning profiles and curricula with labour market demands. Four SNAs have been conducted by NES, in 2008, 2010, 2012 and 2014. The National Employment and Skills Strategy and Action Plan, 2014–2020, provides for the employment of SNAs as a measure to improve labour market information, in order to reflect the relevant findings of work to reorganise the network of VET providers, and design gender-sensitive VET profiles to be offered at the national and local levels.

The first SNA conducted in Albania[14] was aimed at the identification of the skills and training needs of enterprises as an important factor at the core of employment counselling, career guidance and vocational training services. The analysis was useful in developing knowledge of work organisations, educations and training processes and the impact of human resources development practices. The survey comprised 1,000 businesses extracted from the enterprise databases at the local employment offices. The selection methodology was considered weak and the findings not representative of all enterprises in the economy.

For SNA 2010 the same methodology that NES applies for its own human resources was used.[15] Some main findings were that i) sales and services and craftsmen, artisans and related jobs were the main professions that businesses would need for future employment, ii) both being young and having some experience was the preferred profile for new recruits, while being recommended by family and friends constituted the main recruitment method, iii) 56 percent of vacancies were reported as difficult to fill due to challenges in finding appropriate applicants, and iv) 24 percent of enterprises reported having provided training for their current employees, with most being on-the-job training provided by the company itself.

SNA 2012[16] set clearer goals and improved the methodology, the questionnaire and SNA-related capacities of NES staff at the central and local offices. The survey covered 988 selected business entities with a stratified sampling method, based on three requirements: main activity, size of company (micro, small, medium, or large) and locality (12 counties of Albania). The sample selection methodology was developed by NES and the procedure realised by the National Institute of Statistics

[13] CEDEFOP, *Matching skills and jobs in Europe—Insights from CEDEFOP's European skills and jobs survey*, 2015.
[14] Undertaken in the framework of the ILO Project *Assistance to strengthen employment and training system of the NES of Albania*, financed by Italian Cooperation.
[15] Financial support was provided by the ILO–IOM Joint UN Programme on *Youth Employment and Migration*, funded by UN MDG Achievement Fund to cover the trainings, conference for dissemination of results and publication of the report.
[16] Carried out with assistance of the ILO–UNDP project *Addressing social inclusion through vocational education and training (VET)*, funded by the Austrian Development Agency, ADA.

(INSTAT) using the information recorded in its Business Register (BR), which contained about 92,000 active enterprises for 2011. The majority of these businesses had one employee and were categorised as natural persons. This subgroup was excluded from the sample as of no interest for the objectives of the survey. The remainder of about 37,400 enterprises was used as a population database to design and draw the sample. The questionnaire was improved in terms of its focus and practical use in the field work.

The main findings of the SNA 2012 survey were as follows:

i) Unsuitable qualification of the labour force. The attitude of jobseekers, the work culture and the high fiscal burden of employment were given as the main problems for businesses.

ii) Unsuitable qualification of the labour force seemed to be a major problem for most businesses operating in the agriculture sector, processing and extraction industry, energy industry, and the health sector.

iii) Medium and large enterprises suffered from a skills shortage among existing employees. Occupations for which skills shortages were identified included sales and services, assembly, maintenance and machinery, and those of technicians and specialists.

iv) The most frequent actions taken by companies over skills shortages included increasing the number of trainings, improvement in recruitment procedures and staff replacement.

v) The most commonly used channel for recruitment of new staff was acquaintances, relatives and friends.

vi) Professional skills and correct conduct and integrity were assessed by businesses as extremely important recruitment criteria.

vii) Among the most difficult-to-find skills and criteria were professional skills and work experience. Skills difficult to find among managers and high-level professionals were creativity and organisational skills.

viii) The processing industry was the most active with regard to offering training. On-the-job training was given as the most frequently used modality. Almost all types of training were very short-term. Cooperation was poor between companies that provide training to employees and with the VET system.

SNA 2014[17] included significant methodological improvements over the previous SNAs, as follows: i) a significant increase in the sample size, to 2,056 businesses from 988; ii) a new sampling methodology ensuring a representative sample geographically and by type of economic activity; iii) three standard regions (areas) used as reporting domains, as defined by INSTAT; iv) a sample size designed on the basis of explicit stratification by region, type of economic activity and size of enterprise; v) occupation was used as a key variable to identify the skills needs instead of the professional categories of previous surveys; vi) results were applicable to both the sample and the overall economy; vii) the gender dimension was included in the analysis through the use of a new variable, female-owned or -managed companies; and viii) formal cooperation between NES and INSTAT added implications for the reliability of the data and use of data from the BR.

The main findings of the SNA 2014 survey were as follows:

i) Poor work culture and unsuitable qualifications were the two most recurrent major concerns, particularly for businesses with foreign ownership and joint ventures. Work culture was the biggest concern for administrative and support services, while unsuitable qualification of the labour force was the main concern for mining, electricity, gas, and real estate sectors.

ii) Loss of professional skills due to long-term unemployment was a strong issue for the electricity, gas, and real estate sectors, with low wages of major concern for the water supply, sewage and waste sector.

[17] Assisted by the EU–IPA 2010 project *Human Resources Development in Albania*, implemented by ILO in cooperation with MoSWY, MoES and their implementing agencies.

iii) There were more concerns over work culture in companies based in the Central and South regions than in the North. The high fiscal burden of employment seemed to be a concern for a large share of businesses operating in the South, where the issue of low wages was three times stronger than in the Central region.

iv) Skills shortage existed among waiters, building workers and salespersons, over which businesses in the South seemed the most concerned. Waiters, bartenders, cooks and hostesses in most cases lacked communication skills, while sales workers lacked the ability to work in a team, while workers in construction and related trades (excluding electricians) had insufficient work experience.

v) Sewing machine operators and call centre operators were the two main professions driving the employment market in Albania, with waiters ranked third. Acquaintances, relatives and friends were the first method used to find new recruits.

These SNA results presented valuable information on skills gaps and skills dynamics and thus served to improve education, training and employment policies. Efficient implementation of SNA results involved primarily the Ministry of Social Welfare and Youth (MoSWY) [18] and its subordinate institutions NES and NAVETQ. However, a range of recommendations were linked to the policies and practices of other government bodies, such as the Ministry of Economy, Ministry of Finance, Albanian Investments and Development Agency, and INSTAT. The review process to assess the status of implementation of the recommendations provided by SNA 2014 highlighted that regardless of the benefit the SNA findings offered to MoSWY and its subordinate institutions in terms of improving their policies, there was no concrete output, time-bound action plan or relevant coordination plan between the institutional actors and businesses on these matters. Consequently, implementation of the SNA 2014 recommendations has been sporadic and not properly evidenced. In the framework of the present report, a state of play of the recommendations issued under SNA 2014 has been prepared. The review was carried out in order to provide a guiding tool for a follow-up action plan to be drafted for implementation of the recommendations coming out from SNA 2017, with clear tasks, time frame and institutional responsibilities.

SNA Actors

Ministry of Finance, Economy and Employment (MoFEE) is the institution responsible for developing policies, setting priorities for employment and VET and tracking their proper implementation. *MoFEE* also grants licences for private VET providers.

Ministry of Education and Science (MoES) shares responsibilities with *MoFE* over VE. It is in charge generally of the VE curricula, and teacher occupational standards. Additionally, *MoES* administers the State Matura.

NES is an executing and independent agency under *MoFE* responsible for implementation of active employment policies and vocational training. *NES* manages the public VTCs and issues licences to private VT providers. The agency is responsible for labour market analysis, including SNA, which is an important instrument for them to collect feedback from businesses on the skills in demand, in order to improve VTCs. Employment Offices operate under *NES* and, established in each county, provide support with information on labour market vacancies, and offer job mediation and career and professional guidance for jobseekers. At present, the EU IPA 2013 VET project is working to complete the definition of *NES* functions for the management of the VET schools that have already been transferred from *MoES* to *MoFEE*, in order to better align VET with the labour market. Given this important change a new organisational structure is under preparation for *NES*.

[18] MoSWY was in charge of VET and employment policies until September 2017.

NAVETQ is among the most important actors of the VET policy in Albania. The agency aims to integrate education, training and employment, and is in charge of assurance of VET standards, curricula, qualifications, accreditations, assessment and establishment of standards for pre-service and in-service training for teachers and trainers for teacher training. To support *NAVETQ* activity and ensure a better participation of the private sector, with the initiative of the SDC-funded RISI Albania Project, skills committees are expected to be created in each sector, with a wide participation of employers and the private sector, aiming to offer a realistic picture of skills needs in each sector, and the occupational profiles and qualifications required to fill these gaps.

INSTAT is an independent institution under the authority of the *Council of Ministers*. Its mission is to provide transparent, neutral and timely statistics that help users assess the country's developments. *INSTAT* is the major source of statistical information, providing decision makers, researchers and education institutions in Albania, as well as the international community, with relevant, reliable and comparable statistical information. *INSTAT* accommodates the BR that serves various statistical purposes, including that of the selection of the sample for SNA purposes.

It is currently considered that the main VET shortcoming in Albania is very poor links of the VET curricula with the labour market needs. *MoFEE* is the main government institution in charge of the establishment of a competitive labour market. As such, it is very important that the other lines of the ministry, such as that in charge of economic development and finance, be involved in VET issues in order to react quickly and in the right direction for each of the recommended measures for VET system reinforcement.

Regional Employment Departments (REDs), of which at present, there are twelve. However, in the new institutional structure developed by the EU IPA 2013 VET project there are foreseen to be only four REDs, together with 57 *Municipality Employment Offices (MEOs)*. Both *REDs* and *MEOs* will be responsible for MFCs in their administrative territories.

VET public providers are composed of ten VTCs and 32 VE schools distributed across the country as the overall VET providers network. The main responsibility of the VET providers is to deliver vocational education and short-term vocational training in line with the needs and demands of the labour market. The VET providers network is currently under the process of reorganisation supported by EU assistance, including efforts to establish MFCs, aiming at its rationalisation and optimisation.

VET private providers, which until now are the only providers of skills training. The only relationship that they have with the existing system is that they are licensed by *MoFEE*.

Local enterprises. As a more active involvement of local enterprises is needed, they are invited to participate on MFC boards, the decision-making structure. This will create the conditions for the VET curricula to be better adapted to the needs of local business.

Business associations are, nationally, part of the consultative structures under *MoFEE*. Their efficiency is very important, particularly when local businesses are directly involved in VET and employment.

International partners, of which the EU is the main international partner supporting VET in Albania, with other partners including GiZ, Swiss Cooperation, ETF, among others.

International actors have played a crucial role in the development of all aspects of VET, starting from policy recommendations and strategic guidance contributions, to interventions at the level of VET providers. Their financial support has been indispensable for Albania's under-funded VET system. International actors continue to contribute also by introducing successful VET models adjusted to the Albanian context. Donors involved in the VET sector are voluntarily coordinated through regular meetings under the so-called DACH+ group (based upon assistance from Germany, Austria and

Switzerland). This has helped to avoid overlaps and coordinate interventions in the VET and employment system.

SNA 2017—Objectives and Methodology

The main aim of SNA 2017 is to provide a snapshot of skills needs, skills shortages and their dynamics for Albania, as reported by enterprises or employers through a nationwide business survey. As with SNA 2014, the specific objectives of the SNA 2017 are to identify: (i) shortages of skills and employee profiles in the labour market; (ii) occupations for which current employees lack the required skills or profile; (iii) occupations for which recruitment of new employees is difficult; (iv) extent of training provision in enterprises; (v) types of training needs by occupation; and (vi) degree of relationship between enterprises and relevant state institutions.

SNA 2017 includes two new objectives that make a substantial difference when compared to the previously implemented SNAs: (i) assessment of how SNA 2014 results have influenced decision making in relation to VET, and (ii), after dissemination of the SNA 2017 results, technical support for MoFEE, NES and NAVETQ to translate the survey findings into concrete steps to minimise labour market skills mismatching or shortages. Technical support actions are required to scrutinise the critical role that different institutions can play, to address not only the skills gaps of their workforce at the present, but also those that might arise in the future due to skills obsolescence. Other tasks are to recommend measures that improve the efficiency of matching high levels of unemployment with a large number of unfilled vacancies, and actions to tackle skills shortages that go beyond the reforms required in the VET system, including measures for private sector enterprises to engage more meaningfully in the skills formation process.

SNA 2017 will be the third in a series of such surveys that follow the same methodology. As in the earlier surveys of 2012 and 2014, the main objectives for SNA 2017 are the collection of data from enterprises on: (i) the skills profiling of their employees, (ii) any shortages or barriers, (iii) the level and types of vacancies, and the required applicant profile in terms of skills and other qualities, and (iv) the current training situation and future training needs.

The sampling design is described below and provides information on the scope of the survey and the corresponding sampling Frame, regions as reporting domains, determination of the sample size and sample allocation among strata, sample selection, and the final composition.

The scope of the survey covers all active enterprises in the INSTAT business register with at least one employee that operate in the economy, apart from agriculture, forestry and hunting (NACE Rev 2 Section A), public administration, defence and compulsory social security (Section O), education (Section P), human health and social work activities (Section Q), activities of households as employers, undifferentiated goods-and-services-producing activities of households for own use (Section T), activities of extra-territorial organisations and bodies (Section U), and activities of membership organisations (Division 94 within Section S). These activities were not excluded in SNA 2014. They cover activities of business, employers and professional membership organisations, activities of trade unions, and activities of other membership organisations such as religious organisations or political organisations.

The sampling Frame for SNA 2017 comprised all active enterprises that fall in the scope of the survey, thus excluding enterprises without employees. The final sampling Frame contained 55,098 active enterprises recorded in the INSTAT BR, most of which are involved in wholesale and retail trade, repairs (39.4%), accommodation and food service (18.1%) and manufacturing (11.6%). The distribution of the sampling Frame, by size of enterprise, as measured by number of employees, indicates that 49.1 percent have one employee, 16.7 percent have two employees and 23.9 percent have 3–9 employees.

SNA 2017 uses four regions as reporting domains, as defined by INSTAT for statistical purposes: North (Shkodra, Kukes, Lezha, Diber), Central (Tirana, Durres), South-east (Elbasan, Berat and Korca), and South-west (Fier, Vlora and Gjirokastra). These regions are approved by the EC for the compilation of regional data on Albania, in line with regional data of other countries.

The sample size of SNA 2017 was based upon three main dimensions: (i) explicit stratification by region and within regions by prefecture; (ii) implicit stratification by type of economic activity, by sorting the sampling Frame according to the 4-digit code of NACE rev 2 within each region; (iii) stratification by size of enterprise measured in terms of number of employees. In the final stage of sample design, selection was carried out by application of systematic probability proportional to size after sorting the enterprises according to their 4-digit NACE code.

The sample was allocated by square-root among the regions, leading to the following distribution of sample enterprises:

Region 1: North (Shkodra, Kukes, Lezha, Diber)	456 enterprises
Region 2: Central (Tirana, Durres)	1,057 enterprises
Region 3: South-east (Elbasan, Berat and Korca)	494 enterprises
Region 4: South-west (Fier, Vlora and Gjirokastra)	553 enterprises
Total sample	2,560 enterprises

The square-root allocation is a compromise between equal and proportional allocations, avoiding the allocation of an excessive share of the sample to the largest region (in the present case, Central), given its considerably larger number of enterprises, and an insufficient number of businesses to regions 1, 3 and 4 as a result of them having a smaller number of enterprises.

The SNA 2017 questionnaire was designed to meet the specific objectives of the survey (see Annex 2). A major feature of the questionnaire is the introduction of occupation as the basic unit of measurement. Given that the survey aims at identifying skills, competences and qualifications needed in the workplace, from the perspective of employers, its main focus is upon working tasks performed at the workplace, their change in importance and the preparedness of the workforce to cope with tasks that are becoming more important. Occupation is accordingly the natural unit of data collection. It is also the proper unit for policy intervention at the national and regional levels. In line with the above considerations, the questionnaire consisted in five parts: (i) general information on the sample enterprise; (ii) abilities and skills of existing staff; (iii) recruitment for new vacancies; (iv) training; and (v) miscellaneous information on the relationship of companies with NES, status of the enterprise, the position of the respondent and the response indicator.

Important features of SNA 2017 are the dimensions of gender and youth with focus on the number of female (women) employees and youngsters up to 29 years of age engaged in the enterprises. Such inclusion allows extraction of results on gender and youth composition of employees in enterprises, by region, branch of activity and size of enterprise, the extent and nature of skills and personal profile shortages in female-headed and youth-dominated enterprises compared to other enterprises, and differences in methods of recruitment, training participation and needs, relationship with state institutions in female-headed and youth-dominated enterprises, compared to other enterprises.

As with SNA 2014, it is possible to identify female-headed enterprises from the business register. The variable was constructed by INSTAT on the basis of the name of the owner or manager of the enterprise, as recorded in the business register (female or male name). The transfer of this gender variable into the sampling Frame and the sample database provides the opportunity to obtain a new range of gender-based results, including number of female-headed enterprises, their perceptions on employment and the economic trends of their enterprise, the extent and nature of skills and personal profile shortages in female-headed enterprises compared to male-headed enterprises, differences in

methods of recruitment, training participation and needs, and relationship with state institutions in female-headed enterprises compared to male-headed enterprises.

The fieldwork for this survey was conducted from May to July 2017 by trained NES staff at the Local Employment Offices under the supervision of the heads of REDs and NES headquarters. Data entry was carried out by trained NES operators with a negligible margin of error. In addition, data integrity and enhanced data quality control was performed for identification of data entry errors, missing values and outliers.

Coding with NACE and International Standard Classification of Occupations (ISCO) was performed by INSTAT staff. The NACE coding procedure was performed with a high quality because of its direct impact upon the weighted (extrapolated) results and the calculations of statistical errors.

The sampling weights permit the extrapolation of national and regional estimates based on the sample results. The calculation of the sampling weights procedure involved three major steps:

1. Design weights. The sample results were used to extrapolate to the total population of the enterprises and, therefore, to compensate for the fact that the observations were made on sample enterprises rather than on all the population units.
2. Adjustment of non-response. The overall response rate (i.e. the ratio of the number of responding enterprises to the number selected in the sample design) was about 91 percent, while the ratio of active to responding enterprises was 79 percent, higher than the 70 percent response rate envisaged in the sample design. For this reason, the design weights were adjusted for non-responses by inflating the weights by the inverse of the response rate within each region.
3. Calibration. The adjusted sampling weights were further adjusted to conform to known results on auxiliary variables. Calibration was carried out at two levels, to match the total number of enterprises in the Frame and to ensure that the estimated average size of enterprises based on the sample was equal to the average size of the enterprises in the sampling Frame.

Data processing and analysis was undertaken considering all specific objectives of the survey and benefiting from all possibilities offered by data collection according to the drafted questionnaire.

3. ENTERPRISES SURVEYED

Sample Selection

This survey included all active enterprises in the INSTAT Business Register, BR, that have at least one registered employee. The survey excluded enterprises engaged in economic activities considered as irrelevant to the context of this study (Table 3.1).[19]

At the time the sample was selected, the BR included a total of 160,773 active enterprises, covering a wide range of economic sectors and company sizes. The final probabilistic sampling Frame counted 55,098 active enterprises.

Table 3.1: Composition of enterprises excluded from SNA 2017, by type of organisation

Type of organisation excluded	Frame	
	Enterprises	%
Individual (*Person fizik*) with no employees	69,311	65.6
Limited liability (*Sh.P.K.*) outside the scope of the study	1,051	1.0
State-owned (*Shteterore*)	1,514	1.4
Non-profit organisations (*O.J.F.*)	2,258	2.1
Agriculture farms, individuals	31,357	29.7
Others	184	0.2
Total	**105,675**	**100.0**

Sampling was undertaken by three main categories: by region, type of economic activity and company size. The total sample consisted of 2,560 enterprises distributed across different regions of the country, with 11.1 percent of companies operating in the North, 59.6 percent in Central Albania, 13 percent in the South-east and 16.3 percent in the South-west. Fieldwork was conducted between May and July 2017 and data were successfully received from 91.4 percent of the companies. Through statistical adjustments and extrapolation (see Annex 1) an updated number of active enterprises in the scope of SNA 2017 was calculated (Table 3.2).

Table 3.2: Estimates of active and non-active enterprises in the initial sample

Updated status of enterprises in the scope of SNA 2017	Frame	
	Companies	%
Active enterprises	**44,174**	80.2
Activity not yet started, or the new main activity falls outside the scope	598	1.1
Inactive, suspended or definitively closed	10,326	18.7
Total	**55,098**	**100.0**

Data received from 2,013 active enterprises (see Table 3.3) was used to calculate the updated Frame that consists of 44,174 active enterprises (see Annex 1). The SNA 2017 statistical tables refer to this population of enterprises (simply called the Frame).

[19] See notes on methodology for more information on the excluded sectors.

The Albanian economy is dominated by the wholesale and retail trade sector (41.8%), accommodation and food services (19.3%) and manufacturing (13.3%), while construction continues to lose relative weight, representing only 3.8 percent of the total number of businesses.

Table 3.3: Active sample and Frame enterprises, by economic sector

Economic sector		Sample		Frame	
		Enterprises	%	Enterprises	%
B	Mining and quarrying	61	3.0	272	0.6
C	Manufacturing	502	24.9	5,873	**13.3**
D	Electricity, gas, steam and hot water supply*	22	1.1	314	0.7
E	Water supply, sewerage, waste management and remediation activities^	48	2.4	382	0.9
F	Construction	230	11.4	1,664	3.8
G	Wholesale and retail trade; repair of motor vehicles and motorcycles¶	494	24.5	18,458	**41.8**
H	Transportation and storage	83	4.1	1,618	3.7
I	Accommodation and food service	210	10.4	8,541	**19.3**
J	Information and communication	47	2.3	591	1.3
K	Financial and insurance activities	39	1.9	892	2.0
L	Real estate activities	6	0.3	288	0.7
M	Professional, scientific and technical	52	2.6	1,777	4.0
N	Administrative and support service	155	7.7	1,273	2.9
R	Arts, entertainment and recreation	36	1.8	436	1.0
S	Other service activities	28	1.4	1,795	4.1
Total		**2,013**	**100.0**	**44,174**	**100.0**

*, *in the present document referred to subsequently as Electricity, gas, steam*
^, *in the present document referred to subsequently as Water supply, sewerage, waste*
¶, *in the present document referred to subsequently as Wholesale and retail trade, repair*

More than half of the enterprises in the Frame (53.2%) are located in the Central region (Table 3.4), which includes Tirana and Durres. The rest of the enterprises are almost equally distributed among the three other regions.

Table 3.4: Number of sample and Frame enterprises, by region

Region	Sample		Frame	
	Enterprises	%	Enterprises	%
North (Shkodra, Kukes, Lezha, Diber)	392	19.5	5,884	13.3
Central (Tirana, Durres)	811	40.3	23,487	53.2
South-east (Elbasan, Berat and Korca)	393	19.5	6,925	15.7
South-west (Fier, Vlora and Gjirokastra)	417	20.7	7,878	17.8
Total	**2,013**	**100.0**	**44,174**	**100.0**

Characteristics of Regions

The survey results indicate that certain economic sectors predominate compared to other sectors across regions (Table 3.5). The North is characterised by an economy with a very strong representation of mining and energy production. This situation is due to the fact that the main mineral and energy resources are located in the northern part of the country.

The South-east region has a strong representation of enterprises in industrial sectors such as mining, manufacturing, water supply and energy, though it is modest with regard to the trade, transport, accommodation and food sectors. The South-east stands out as having a very poor representation of enterprises in industry, but strong sectors of transportation and construction. Both southern regions combined comprise about 60 percent of enterprises operating in arts, entertainment and recreation, linked with the concentration of a significant part of the country's cultural heritage in south Albania.

The Central region has the largest concentration of companies operating in financial, professional and administrative sectors, ICT and real estate. This might be mainly the result of two factors, namely the highly skilled human resources demanded by these sectors, and the presence of a market for such products and services, considering that the region is inhabited by around 40 percent of the population of the country,[20] with the biggest concentration of the economic and institutional activity.

The sectors related to daily needs and services (wholesale, retail trade and repair, accommodation and food service) appear in a normal distribution in the three regions simply because of the cross-cutting nature of these sectors.

Table 3.5: Enterprises in the Frame, by economic sector and region

Sector	Number of enterprises					%				
	North	Central	SE	SW	Total	North	Central	SE	SW	Total
B Mining and quarrying	147	31	77	16	272	**54.0**	11.6	**28.4**	6.0	100
C Manufacturing	926	2,504	1,638	805	5,873	15.8	42.6	**27.9**	13.7	100
D Electricity, gas, steam	117	112	69	16	314	**37.1**	35.7	22.1	5.1	100
E Water supply, sewerage, waste	91	164	96	30	382	23.8	43.0	25.3	8.0	100
F Construction	236	824	180	424	1,664	14.2	49.5	10.8	**25.5**	100
G Wholesale and retail trade, repair	2,193	10,199	2,697	3,369	18,458	11.9	55.3	14.6	18.3	100
H Transportation and storage	251	682	218	467	1,618	15.5	42.2	13.5	**28.8**	100
I Accommodation and food service	1,474	3,801	1,366	1,900	8,541	17.3	44.5	16.0	22.2	100
J Information and communication	36	475	46	34	591	6.1	**80.3**	7.8	5.8	100
K Financial and insurance activities	37	634	119	102	892	4.1	**71.1**	13.4	11.4	100
L Real estate activities	9	254	10	14	288	3.1	**88.4**	3.5	5.0	100
M Professional, scientific, technical	68	1,383	52	273	1,777	3.9	**77.8**	2.9	15.4	100
N Administrative, support service	91	950	114	118	1,273	7.1	**74.7**	8.9	9.3	100
R Arts, entertainment, recreation	24	153	155	104	436	5.5	35.1	**35.6**	23.9	100
S Other service activities	185	1,320	87	204	1,795	10.3	**73.5**	4.8	11.4	100
Total	**5,884**	**23,487**	**6,925**	**7,878**	**44,174**	**13.3**	**53.2**	**15.7**	**17.8**	**100**

[20] INSTAT, *Annual Statistical Book of the Regions 2012–2016*, September 2017.

Size and Composition of Enterprises

The Albanian economy is dominated by very small enterprises with 1–4 staff (70.9%), and small enterprises with 5–19 staff (22.4%; Table 3.6).

> In all EU countries the vast majority of SMEs are micro enterprises with fewer than ten employees, with such very small enterprises accounting for almost 93% of all enterprises in the non–financial business sector. However, what matters in the SME analysis is the trend noticed regarding the number of SMEs, the performance in terms of value added, the level of generated employment, as well as their performance in terms of internationalisation of SMEs, high technology manufacturing and knowledge-intense service. Thus, in 2015, 23 million SMEs employed 90 million people. They accounted for two-thirds of EU28 employment and three-fifths of EU28 value added in the non-financial business sector. The five most important SME sectors in terms of employment in EU28 were wholesale and retail trade (22%), manufacture (20%), business services (14%), construction (11%), and accommodation and food (4%).
>
> *Source: Annual Report on European SMEs 2015 / 2016:*
> *https://ec.europa.eu/jrc/sites/jrcsh/files/annual_report_-_eu_smes_2015-16.pdf*

Table 3.6: Number of companies in sample and Frame, by size (no. of employees)

Size	Sample		Frame	
	Enterprises	%	Enterprises	%
Micro [1–4]	413	20.5	31,300	70.9
Small [5–19]	544	27.0	9,876	22.4
Medium [20–79]	543	27.0	2,272	5.1
Large [≥ 80]	513	25.5	726	1.6
Total	**2,013**	**100.0**	**44,174**	**100.0**

Figures on the sector-based composition of enterprises by size (Table 3.7) indicate that:

- 64.3% of enterprises in the electricity, gas and steam supply sector are micro-sized. The government considers the sector as a development priority, though the contribution to employment is modest since it is technology-intensive: for example, the small hydropower plants in operation or under construction (via sub-contractors) have around 2–4 employees each.
- 62.1% of the manufacturing sector is composed of micro-sized enterprises. This is due to the large number of enterprises falling under the group of bakery and farinaceous production, with 2–4 employees.
- 60.4% of the financial and insurance sector is composed of micro-sized enterprises, including exchange offices and insurance agents.
- 77.8% of the construction sector is composed of micro- and small-sized enterprises, a result of the outsourcing system for most of the works that comprise a construction project.
- 64.3% of the mining and quarrying sector is composed of micro and small enterprises. There are several factors that can explain this situation. Activity in this area is known to be highly fragmented, with poor productivity rates, and lagging behind desired standards. It has very low processing capacities and a large number of informal workers.

The information and communication sector is the only one dominated by medium and large companies (61.9%), with only a minimum presence of micro-sized enterprises (3.1%).

Table 3.7: Enterprises in the Frame, by economic sector and size

Sector	Number of enterprises					%				
	Micro	Small	Medium	Large	Total	Micro	Small	Med.	Large	Total
B Mining and quarrying	33	142	79	18	272	12.1	52.2	29.0	6.7	100
C Manufacturing	3,647	1,430	547	249	5,873	62.1	24.3	9.3	4.2	100
D Electricity, gas, steam	202	88	16	9	314	64.3	27.9	5.0	2.7	100
E Water supply, sewerage, waste	255	71	35	22	382	66.7	18.5	9.2	5.6	100
F Construction	738	556	267	103	1,664	44.4	33.4	16.1	6.2	100
G Wholesale and retail trade, repair	14,115	3,929	345	70	18,458	76.5	21.3	1.9	0.4	100
H Transportation and storage	964	524	100	29	1,618	59.6	32.4	6.2	1.8	100
I Accommodation and food service	6,456	1,931	139	15	8,541	75.6	22.6	1.6	0.2	100
J Information and communication	18	207	333	33	591	3.1	35.0	56.4	5.5	100
K Financial and insurance activities	538	179	126	49	892	60.4	20.0	14.1	5.5	100
L Real estate activities	244	9	35		288	84.7	3.1	12.2	0.0	100
M Professional, scientific, technical	1,449	272	35	21	1,777	81.5	15.3	2.0	1.2	100
N Administrative, support service	789	269	123	92	1,273	62.0	21.2	9.6	7.2	100
R Arts, entertainment, recreation	321	17	88	11	436	73.6	3.9	20.1	2.4	100
S Other service activities	1,530	253	4	7	1,795	85.2	14.1	0.2	0.4	100
Total	**31,300**	**9,876**	**2,272**	**726**	**44,174**	**70.9**	**22.4**	**5.1**	**1.6**	**100**

Distribution of micro and small enterprises by economic activity follows the overall SME distribution described above, with wholesale, retail trade and repair and accommodation and food services being the dominant activities (Table 3.8).

Large companies are more frequent in manufacturing (34.3%), construction (14.1%) and administrative and support services (12.7%), due to call centres and security enterprises being part of this economic sector.

The garment and footwear (*fason*)[21] industry and call centre services are the biggest employers within the large business group, and thus the country. Recent developments show that there is increased attention on this industry, which is attractive for investors thanks to a labour force that is cheaper in Albania than in other economies.

Fason companies in Albania export most of their goods to countries such as Italy and Greece, which were affected significantly by the world financial crisis. Additionally, there are about 100 call centres operating in Albania, with more than 15,000 employees. Very low requirements for initial investments and the Italian language skills of Albanians have created fertile grounds for the growth of call centres during the years of the global economic crisis. According to market operators, the initial investment starts at Euro 60,000–70,000 for a company with 100 employees, while the return on the investment is guaranteed where the company has a contract with a powerful client abroad. According to the operators, the labour cost can be more than three times less in Albania than in Italy, including other infrastructural costs (mainly Internet-providing service). The average monthly salary in Albania ranges from Euro 300–350, compared to Euro 900–1,000 in Italy.

[21] *Fason* is the term used, mostly in the garment and leather industry, to describe a customised or commissioned work for others without the provision of raw material.

Table 3.8: Enterprises in the Frame, by size and economic sector

Sector	Number of enterprises					%				
	Micro	Small	Medium	Large	Total	Micro	Small	Med.	Large	Total
B Mining and quarrying	33	142	79	18	272	0.1	1.4	3.5	2.5	0.1
C Manufacturing	3,647	1,430	547	249	5,873	11.7	14.5	24.1	**34.3**	11.7
D Electricity, gas, steam	202	88	16	9	314	0.6	0.9	0.7	1.2	0.6
E Water supply, sewerage, waste	255	71	35	22	382	0.8	0.7	1.5	3.0	0.8
F Construction	738	556	267	103	1,664	2.4	5.6	11.8	**14.1**	2.4
G Wholesale and retail trade, repair	14,115	3,929	345	70	18,458	45.1	39.8	15.2	9.6	45.1
H Transportation and storage	964	524	100	29	1,618	3.1	5.3	4.4	3.9	3.1
I Accommodation and food service	6,456	1,931	139	15	8,541	20.6	19.5	6.1	2.1	20.6
J Information and communication	18	207	333	33	591	0.1	2.1	14.7	4.5	0.1
K Financial and insurance activities	538	179	126	49	892	1.7	1.8	5.5	6.8	1.7
L Real estate activities	244	9	35		288	0.8	0.1	1.5	0.0	0.8
M Professional, scientific, technical	1,449	272	35	21	1,777	4.6	2.8	1.6	2.9	4.6
N Administrative, support service	789	269	123	92	1,273	2.5	2.7	5.4	**12.7**	2.5
R Arts, entertainment, recreation	321	17	88	11	436	1.0	0.2	3.9	1.5	1.0
S Other service activities	1,530	253	4	7	1,795	4.9	2.6	0.2	1.0	4.9
Total	**31,300**	**9,876**	**2,272**	**726**	**44,174**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

The *fason* industry in Albania employs around 100 thousand people, mainly women and girls. Its production is for export mainly to EU countries. The long experience of companies working with *fason* in the shoe and garment industry has created the premises to apply a closed production cycle, increasing in this way considerably the value added and the turnover, as well the sustainability of the businesses in the market. Important challenges will be faced by the traditional *fason* industry with regard to maintaining competitiveness under the conditions of increased production costs, need for renovated technology and labour skills. In 2014, the Albanian government approved a supporting package of measures for businesses involved in *fason* manufacturing consisting of VAT exception for machinery and equipment designated for the industry, VAT reimbursement and labour market active programmes.

In recent years, the *fason* industry has been diversifying its activity towards new productions that could bring more revenues for the businesses and the economy, and higher wages for employees. Foreign companies have shown increased interest in the assembly process for the production of electronic, electrical and industrial equipment in Albania. The favourable geographic position that facilitates lower transportation costs, as well as the lower employment salaries, is an attractive factor for the investors. Albania competes with other countries in the region, mainly Serbia and Macedonia, which have more aggressive promotion and support policies for companies that invest in those countries. The quality of skills, particularly among mechanics and electricians, is very important for investors. Currently, Albania offers cheap, but not well-qualified labour. It is essential for the education system to support the preparation of skills for these occupations.

The regional distribution of micro and small enterprises appears to be similar to the overall distribution at the country level. Medium-size and, in particular, large companies are mainly present in the Central region, at 63.8 percent and 73.9 percent, respectively. In addition to several advantages the Central region has in terms of infrastructure, qualification of employees, etc., one other important factor is that when a company operates in three or four regions simultaneously it still prefers to have the headquarters in Tirana and, consequently, declare the capital as the main location of their activity.

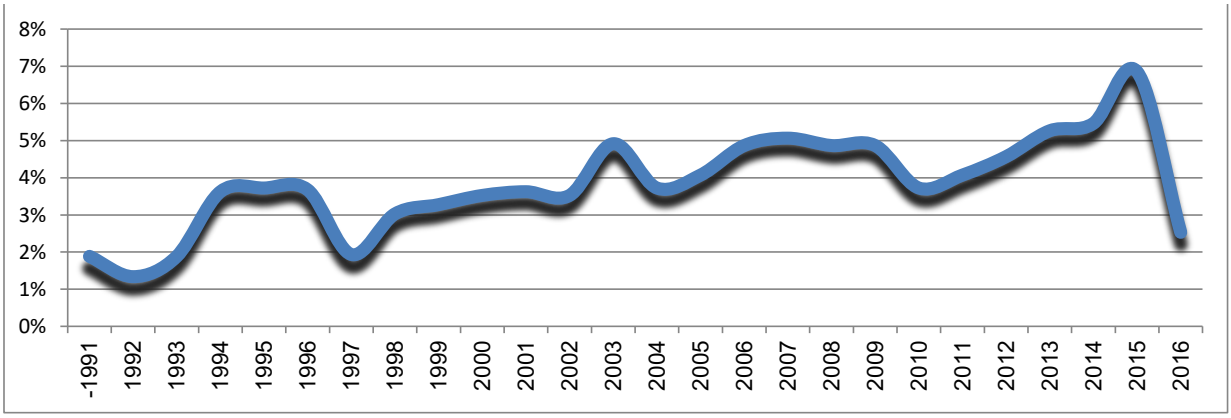
Table 3.9: Enterprises in the Frame, by size and region

Size	Number of enterprises					% by row				
	North	Central	SE	SW	Total	North	Central	SE	SW	Total
Micro [1–4]	4,232	16,209	5,289	5,571	31,300	13.5	51.8	16.9	17.8	100
Small [5–19]	1,356	5,290	1,343	1,888	9,876	13.7	53.6	13.6	19.1	100
Medium [20–79]	232	1,451	239	350	2,272	10.2	63.9	10.5	15.4	100
Large [≥ 80]	65	537	55	69	726	8.9	74.0	7.6	9.5	100
Total	**5,884**	**23,487**	**6,925**	**7,878**	**44,174**	**13.3**	**53.2**	**15.7**	**17.8**	**100**

Ownership Profile of Enterprises

The number of newly established enterprises (5 years or less) exceeds 25 percent of the total number of active business entities, a reasonable figure given that this statistic in developed and developing countries is expected to be between 20 and 30 percent. The share of enterprises created in 2016 is larger than that presented in Figure 3.1 as some were not fully operational at the time of interview and some others had yet to be registered in the INSTAT BR.

Figure 3.1: Distribution of enterprises in the Frame, by year of start of activity (%)



Joint ventures have a minimum presence in the Albanian economy (2.2%) among all active enterprises (Table 3.10). The large majority (94.5%) of enterprises in the country have full Albanian ownership and most employees (79.9%) work in Albanian-owned enterprises, with the rest mainly working in branches of foreign companies (13.8%) rather than in joint ventures of Albanian–foreign ownership (6.5%).

Table 3.10: Number of companies and employees, by ownership

Ownership	Sample		Frame			
	Enterprises	%	Enterprises	%	Employees	%
100% Albanian-owned	1,763	87.6	41,765	94.5	326,480	79.7
Joint venture	86	4.3	988	2.2	26,368	6.5
Foreign branch or foreign-owned company	164	8.1	1,421	3.3	56,622	13.8
Total	**2,013**	**100.0**	**44,174**	**100.0**	**409,470**	**100.0**

In the following tables and analysis the two subgroups foreign company or branch and joint venture will be merged and analysed together, as foreign and joint. The main reasons for this approach are the following:

- Business behaviours in the two groups are very similar.

- Only about 1% of all enterprises are joint ventures with an Albanian majority shareholding.
- Both subgroups are statistically too small to produce good quality analysis. Merging them will eliminate the risk of biased figures and decrease the margin of error in the respective statistics.

Analysis of the distribution of enterprises by sector and ownership (Table 3.11) indicates that most foreign and joint enterprises operate in wholesale and retail trade (28.8%) and manufacturing (20.3%).

Comparing Albanian-owned with foreign and joint enterprises by sector indicates a strong foreign presence in the electricity and gas sector (54.5%) and to a lesser extent financial and insurance activities (27.1%).

Table 3.11: Distribution of enterprises in the Frame, by ownership and by sector

Economic sector	Ownership					
	% by column			% by row		
	100% Albanian owned	Foreign and joint	Total	100% Albanian owned	Foreign and joint	Total
B Mining and quarrying	0.6	1.0	0.6	91.4	8.6	100.0
C Manufacturing	12.9	20.3	13.3	91.7	8.3	100.0
D Electricity, gas, steam	0.3	7.1	0.7	45.5	**54.5**	100.0
E Water supply, sewerage, waste	0.9	0.6	0.9	96.2	3.8	100.0
F Construction	3.9	1.5	3.8	97.8	2.2	100.0
G Wholesale and retail trade, repair	42.5	28.8	41.8	96.2	3.8	100.0
H Transportation and storage	3.8	0.6	3.7	99.1	0.9	100.0
I Accommodation and food service	19.8	11.1	19.3	96.9	3.1	100.0
J Information and communication	1.4	1.1	1.3	95.4	4.6	100.0
K Financial and insurance activities	1.6	10.0	2.0	72.9	**27.1**	100.0
L Real estate activities	0.6	0.8	0.7	93.3	6.7	100.0
M Professional, scientific and technical	4.1	3.0	4.0	95.9	4.1	100.0
N Administrative and support service	2.9	2.2	2.9	95.8	4.2	100.0
R Arts, entertainment and recreation	1.0	0.5	1.0	97.0	3.0	100.0
S Other service activities	3.6	11.3	4.1	84.8	15.2	100.0
Total	**100.0**	**100.0**	**100.0**	**94.5**	**5.5**	**100.0**

Foreign branches are predominantly situated in the Central region of Albania (77.6%; Table 3.12). Apart from the fact that this region offers better conditions for business, such as better infrastructure and people skills, and proximity to institutions, it is usual for companies operating in more than one region to have their headquarters in the capital city.

Table 3.12: Distribution of enterprises in the Frame, by ownership and by region

Region	Ownership					
	% by column			% by row		
	100% Albanian-owned	Foreign and joint	Total	100% Albanian-owned	Foreign and joint	Total
North	13.6	8.8	13.3	96.4	3.6	100.0
Central	51.8	77.6	53.2	92.0	8.0	100.0
South-east	16.1	8.7	15.7	97.0	3.0	100.0
South-west	18.6	5.0	17.8	98.5	1.5	100.0
Total	**100.0**	**100.0**	**100.0**	**94.5**	**5.5**	**100.0**

The larger the size of the enterprise, the higher the presence of foreign and joint enterprises within the group (Table 3.13). Thus, 13.7 percent and 31 percent, respectively, of enterprises in the medium and large category are foreign and joint.

Table 3.13: Distribution of enterprises in the Frame, by ownership and by group size

Size of the business	Ownership					
	% by column			% by row		
	100% Albanian-owned	Foreign and joint	Total	100% Albanian-owned	Foreign and joint	Total
Micro [1–4]	71.5	59.0	70.9	95.5	4.5	100.0
Small [5–19]	22.6	18.7	22.4	95.4	4.6	100.0
Medium [20–79]	4.7	12.9	5.1	86.3	13.7	100.0
Large [≥ 80]	1.2	9.3	1.6	69.0	31.0	100.0
Total	**100.0**	**100.0**	**100.0**	**94.5**	**5.5**	**100.0**

Of all the enterprises in the Frame, 0.5 percent are state-owned (Table 3.14). Between them they employ 7.5 percent of all employees in the Frame.

There is a small group of former state-owned companies (fewer than 20) in which the government owns a small share. The most important of these is ALBTELEKOM, which employs 800 people. At least 17 percent of the shares of this company are state-owned through the representation of the Ministry of Economy. In addition to the ownership structure, practice shows that the state does not play a role in the management of these companies. Thus, for the purpose of this study, they will be considered as privately owned enterprises.

Table 3.14: Number of enterprises and employees in privately owned and state-owned companies

Ownership	Sample		Frame			
	Enterprises	%	Enterprises	%	Employees	%
State-owned	105	5.2	218	0.5	30,524	7.5
Privately owned	1,908	94.8	43,956	99.5	378,946	92.5
Total	**2,013**	**100.0**	**44,174**	**100.0**	**409,470**	**100.0**

There are two sectors in Albania with a meaningful presence of state-owned companies (Table 3.15): water supply, sewerage and waste, and arts, entertainment and recreation (mostly cultural heritage institutions and sports clubs), with 15.4 percent and 15.1 percent, respectively. State-owned companies operating in the area of electricity, gas, steam and hot water supply constitute 3.5 percent

of the total number of enterprises in the sector, but since they are among the largest companies in Albania they are predominant in the sector.

Table 3.15: Distribution of state-owned enterprises in the Frame, by economic sector

Economic sector	Ownership					
	% by column			% by row		
	State-owned	Privately owned	Total	State-owned	Privately owned	Total
B Mining and quarrying	0.5	0.6	0.6	0.4	99.6	100.0
C Manufacturing	2.6	13.3	13.3	0.1	99.9	100.0
D Electricity, gas, steam	5.1	0.7	0.7	3.5	96.5	100.0
E Water supply, sewerage, waste	27.1	0.7	0.9	**15.4**	84.6	100.0
F Construction	4.1	3.8	3.8	0.5	99.5	100.0
G Wholesale and retail trade, repair	0.5	42.0	41.8	0.0	100.0	100.0
H Transportation and storage	2.6	3.7	3.7	0.4	99.6	100.0
I Accommodation and food service	2.3	19.4	19.3	0.1	99.9	100.0
J Information and communication	0.4	1.3	1.3	0.2	99.8	100.0
K Financial and insurance activities	0.0	2.0	2.0	0.0	100.0	100.0
L Real estate activities	4.1	0.6	0.7	3.1	96.9	100.0
M Professional, scientific and technical	12.4	4.0	4.0	1.5	98.5	100.0
N Administrative and support service	7.1	2.9	2.9	1.2	98.8	100.0
R Arts, entertainment and recreation	30.3	0.8	1.0	**15.1**	84.9	100.0
S Other service activities	0.8	4.1	4.1	0.1	99.9	100.0
Total	**100.0**	**100.0**	**100.0**	**0.5**	**99.5**	**100.0**

State-owned enterprises are mainly medium- and large-sized (Table 3.16). Their most significant presence is in the large company group, where they constitute 8.4 percent of all large businesses.

Table 3.16: Distribution of state-owned companies in the Frame, by size of business

Size of business	Ownership					
	% by column			% by row		
	State-owned	Privately owned	Total	State-owned	Privately owned	Total
Micro [1–4]	0.0	71.2	70.9	0.0	100.0	100.0
Small [5–19]	17.8	22.4	22.4	0.4	99.6	100.0
Medium [20–79]	53.7	4.9	5.1	5.1	94.9	100.0
Large [≥ 80]	28.5	1.5	1.6	8.4	91.6	100.0
Total	**100.0**	**100.0**	**100.0**	**0.5**	**99.5**	**100.0**

Characteristics of Employees

The enterprises surveyed responded to questions about the number of employees and related characteristics, such as gender, whether with disability, part-time or full-time. The data indicate that nearly all (97%) employees in the Frame work on a full-time basis. Typically such workers are individuals who are interested in pursuing a career or have a need to earn a regular income and benefits to support themselves and their families. In contrast, part-time workers are often retirees who are looking to supplement retirement incomes, students, parents who wish to earn money while

still having time to look after children at home, or people willing to start part-time work in the hope of eventually progressing to a full-time position.[22] In fact, hiring part-time workers is economically attractive for business owners wanting to keep costs to a minimum. However, part-time workers may not be as committed to a job or company as those engaged full time. Sectors that offer unskilled labour positions, such as retail, rely heavily on a part-time workforce. Industries that require more specialised skills and knowledge tend to hire full-time workers.

The present study found that the total number of people employed in the Frame was 409,470 (Table 3.17) with an approximate 2:3 female:male ratio, or 41 percent female and 59 percent male.

The sampling methodology guaranteed that with a probability close to 1 all large enterprises in the Frame were included in the sample, meaning that maximum values in the sample correspond to the maximum values in the Frame.

The largest business in Albania in terms of number of employees is the public Electricity Distribution Operator (OSHEE), with 5,983 employees.

The biggest employer of part-time employees (PTEs) is Alba Call, with 1,637 people, followed by three other call centres. This shows that the large PTE presence is almost an exclusivity of call centres. Call centre operators are again leading the list of biggest youth employers (29 years of age and less).

Foreign nationals constitute 0.9 percent of employees in the Frame. The majority are technicians and workers originally from Turkey and Asia.

It is estimated that there are 900 employees with disabilities in the Frame. The state-owned Albanian Post is the leading employer of people with disabilities (30 people) and of female employees (1,600 females).

Call centre activity has flourished in Albania in these last ten years. Official records indicate there is a total of 800 such companies with around 25,000 employees. Six or seven companies have together the largest market share with 10,000 employees. A cheap labour force, strong Italian language skills of the young people, and minimum job creation costs (Euro 500–700) are among the reasons why this business is thriving in this country.

On 1 April 1, 2017, a new law entered into force in Italy on the delocalisation of call centres, restricting the rules applicable for the displacement of this activity from the country to other non-EU members. For implementation of the law the Italian government has sought cooperation from thirteen companies—Eni, Enel, Sky, Mediaset, Tim, Vodafone, Wind Tre, Fastweb, Intesa SanPaolo, Unicredit, Poste Italiane, Ntv, Trenitalia—with an agreement whereby 95% of their direct activities will re-enter Italy within six months from the signing of the agreement, and for the new contracts, at least 80% of outsourcing will be done within Italian territory. The above-mentioned companies realise around 65% of the turnover of the sector. Five of these companies have contracts with Albanian-based call centre operators. Consequently, some of the companies are being relocated to Romania or Bulgaria (for the applicable 20% of the volume), while others have started insolvency procedures and some are being diversified into web marketing.

Additionally, many of the call centres are today operating as forex centres. The Financial Supervisory Authority (FSA) affirmed this is the case and acknowledged the challenge to trace the companies properly due to the ambiguous description of their economic activity with the NRC, financial services that are foreigner-oriented and financial transactions that are performed outside of the country. In legal terms, the challenge is related to globalization, where one state sells products in a second state using a third state such as Albania for promotional purposes. Notwithstanding, FSA has taken a series of actions, including inspection of the online-based investment companies and is cooperating with the institutions to trace their financial activity and raise public awareness against investing in unlicensed companies.

[22] Chris Joseph, *Part-time employees vs. full time employees* http://smallbusiness.chron.com/part-time-employee-vs-full-time-employee-2585.html

Table 3.17: Descriptive analysis for part-time, female and male employees and people with disabilities working in enterprises in the sample, and total number of employees in the Frame

Employees	Sample					Frame	
	Enterprises with ≥ 1 employee	Mean	Median	Std. Dev.	Max.	No. of employees	%
Total no.	**2,013**	**84.8**	**23**	**226.7**	**5,983**	409,470	100.0
Part-time	413	2.8	0	39.8	**1,637**	12,842	3.1
Female	1,744	37.9	4	108.0	**1,600**	166,536	40.7
Male	1,953	47.0	10	159.2	**4,819**	242,934	59.3
Foreign	258	0.5	0	4.1	**140**	3,786	0.9
18–29 years of age	1,534	28.0	4	88.7	**1,640**	124,991	30.5
With disabilities	187	0.3	0	1.5	**30**	898	0.2

The largest share of employment is engaged in the manufacturing sector, followed by wholesale and retail trade (Table 3.18). These two sectors account for 44.2 percent of the total number of employees in enterprises in the Frame. The largest employer is OSHEE.

Table 3.18: Number of employees in the Frame, by economic sector

Economic sector	No. of enterprises	Employees			
		Mean	Maximum	Total	%
B Mining and quarrying	272	40	2,433	10,935	2.7
C Manufacturing	5,873	16	2,045	94,481	23.1
D Electricity, gas, steam	314	33	5,983	10,515	2.6
E Water supply, sewerage, waste	382	22	1,220	8,306	2.0
F Construction	1,664	22	980	36,400	8.9
G Wholesale and retail trade, repair	18,458	5	764	86,254	21.1
H Transportation and storage	1,618	10	2,352	16,904	4.1
I Accommodation and food service	8,541	4	406	37,490	9.2
J Information and communication	591	36	952	21,325	5.2
K Financial and insurance activities	892	29	1,286	25,777	6.3
L Real estate activities	288	6	49	1,708	0.4
M Professional, scientific and technical	1,777	6	825	11,031	2.7
N Administrative and support service	1,273	26	2,380	32,515	7.9
R Arts, entertainment and recreation	436	23	2,477	10,006	2.4
S Other service activities	1,795	3	186	5,823	1.4
Total	**44,174**	**9**	**5,983**	**409,470**	**100.0**

Two-thirds (66.6%) of employees work in companies operating in the Central region (Table 3.19). The second largest populated region in terms of share of employment is the South-west. The North and South-east have a similar share of employment.

Table 3.19: Number of employees in the Frame, by region

Region	No. of enterprises	Employees			
		Mean	Maximum	Total	%
North	5,884	7	1,103	39,493	9.6
Central	23,487	12	5,983	272,804	66.6
South-east	6,925	6	722	40,164	9.8
South-west	7,878	7	2,433	57,009	13.9
Total	**44,174**	**9**	**5,983**	**409,470**	**100.0**

The largest share of employment (42.1% of employees in the Frame) is among large enterprises (Table 3.20).

Table 3.20: Number of employees in the Frame, by size of enterprise

Size	No. of enterprises	Employees			
		Mean	Maximum	Total	%
Micro [1–4]	31,300	2	4	66,139	16.2
Small [5–19]	9,876	9	19	84,234	20.6
Medium [20–79]	2,272	38	79	86,554	21.1
Large [≥ 80]	726	238	5,983	172,543	42.1
Total	**44,174**	**9**	**5,983**	**409,470**	**100.0**

Enterprises that are branches of foreign companies or have foreign shareholding are on average four times larger (34 vs. 8 employees; Table 3.21) than enterprises with full Albanian ownership. Foreign and joint enterprises employ 20.3 percent of the total number of employees.

Table 3.21: Number of employees in the Frame, by ownership

Ownership	No. of enterprises	Employees			
		Mean	Maximum	Total	%
100% Albanian owned	41,765	8	5,983	326,480	79.7
Foreign and joint	2,409	34	2,380	82,990	20.3
Total	**44,174**	**9**	**5,983**	**409,470**	**100.0**

The average size of state-owned companies is markedly larger than that of privately owned companies (141 vs. 9 employees; Table 3.22), mainly as a result of the strategic activity that state-owned companies pursue. When comparing enterprises by their ownership and share of employment, we find that the number of employees in the largest state-owned company (OSHEE) is double that of the largest privately owned company (5,983 vs. 2,477).

Table 3.22: Number of employees in the Frame, by ownership

Company ownership	Enterprises	Employees			
	N	Mean	Maximum	Total	%
State-owned	214	141	5,983	30,337	7.4
Privately owned	43,960	9	2,477	379,133	92.6
Total	**44,174**	**9**	**5,983**	**409,470**	**100.0**

Part-Time Employees

There is a total of 12,842 PTEs working in nine percent of the enterprises in the Frame (Table 3.23). Administrative and support services account for a large proportion of PTEs (15.2%), and call centres operating in this sector are the largest PTE employers, as mentioned above.

Table 3.23: Statistics on PTEs in the Frame, by economic sector

Economic sector	Enterprises with at least 1 PTE		Number of PTEs in enterprises			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
B Mining and quarrying	24	9.0	0.7	155	202	**1.8**
C Manufacturing	558	9.5	0.2	105	1,079	**1.1**
D Electricity, gas, steam	46	14.8	0.2	3	68	**0.6**
E Water supply, sewerage, waste	60	15.6	0.3	12	113	**1.4**
F Construction	170	10.2	0.6	85	1,018	**2.8**
G Wholesale and retail trade, repair	1,253	6.8	0.1	121	2,213	**2.6**
H Transportation and storage	89	5.5	0.2	197	325	**1.9**
I Accommodation and food service	749	8.8	0.2	20	1,410	**3.8**
J Information and communication	84	14.2	0.4	25	241	**1.1**
K Financial and insurance activities	99	11.1	0.4	15	389	**1.5**
L Real estate activities	33	11.6	0.1	1	33	**2.0**
M Professional, scientific and technical	131	7.4	0.2	23	376	**3.4**
N Administrative and support service	482	37.8	3.9	1,637	4,938	**15.2**
R Arts, entertainment and recreation	9	2.0	0.4	62	153	**1.5**
S Other service activities	183	10.2	0.2	100	284	**4.9**[23]
Total	**3,971**	**9.0**	**0.3**	**1,637**	**12,842**	**3.1**

The larger the size of the enterprise, the greater the chance of hiring PTEs. The data reported in Table 3.24 confirm that only 4.7 percent of micro-sized enterprises have employed PTEs, while for large companies the proportion is 35.3 percent.

Table 3.24: Statistics on PTEs in the Frame, by group size

Size	Enterprises with at least 1 PTE		Number of PTEs in enterprises			
	Number	% of size group	Mean (incl. 0)	Maximum	Total	% of size group
Micro [1–4]	1,480	4.7	0.1	2	1,722	2.6
Small [5–19]	1,652	16.7	0.3	15	3,026	3.6
Medium [20–79]	583	25.7	1.0	100	2,348	2.7
Large [≥ 80]	256	35.3	7.9	1,637	5,745	3.3
Total	**3,971**	**9.0**	**0.3**	**1,637**	**12,842**	**3.1**

Table 3.24 also indicates that there is almost no correlation between the size of a company and its number of PTEs; all subgroup scores are close to the overall mean of 3.1 percent.

[23] In SNA 2014, the category other service activities included 24.2% of PTEs employed among the total number of employees. It has since dropped to 4.9%, because it was decided that SNA 2017 would exclude religious, and some other, not-for-profit organisations from the target group.

Analysis by location found that the probability of hiring PTEs in a randomly chosen business is related only to the sector in which the business operates and to the internal business processes of the company.

The explanation of the low presence of PTEs in enterprises of all sizes might be related to the fact that usually enterprises fulfil their additional needs by requesting more work from their full-time employees.

Private companies owned by foreign branches or investors have on average the highest proportion of employment of PTEs (5.6%; Table 3.25), while Albanian public enterprises have the lowest level (2.1%). Several factors can explain this situation with one of the most decisive being related to the rigid HR policies followed in state-owned companies.

Table 3.25: Statistics on PTEs in the Frame, by ownership

Ownership	Enterprises with at least 1 PTE		Number of PTEs in enterprises			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian owned	3,212	7.7	0.2	197	8,230	**2.5**
Foreign and joint	760	31.5	1.9	1,637	4,613	**5.6**
State-owned	36	16.6	3.0	197	650	**2.1**
Privately owned	3,935	9.0	0.3	1,637	12,192	**3.2**
Total	**3,971**	**9.0**	**0.3**	**1,637**	**12,842**	**3.1**

Gender Dimension

Female employees comprise 40.7 percent of the total number of employees in Albania (Table 3.26). However, only two economic sectors, manufacturing (60.2%), and financial and insurance activity (62%), are those with predominantly female employment. The female-dominated employment in manufacturing is linked with the *fason* industry, serving as export-oriented production subsidiaries to parent companies located in developed European countries. The number of people employed by these companies is large, due to the particular manual work processes.[24]

[24] ETF, *Sector Skills Analysis in Albania*, 2012.

Table 3.26: Statistics on female employees in the Frame, by economic sector

Economic sector	Enterprises employing females		Number of females			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
B Mining and quarrying	166	61.1	5.1	480	1,382	**12.6**
C Manufacturing	3,530	60.1	9.7	1,534	56,884	**60.2**
D Electricity, gas, steam	184	58.5	6.1	1,164	1,916	**18.2**
E Water supply, sewerage, waste	270	70.8	4.8	362	1,828	**22.0**
F Construction	889	53.4	3.3	192	5,441	**14.9**
G Wholesale and retail trade, repair	11,983	64.9	1.7	274	31,821	**36.9**
H Transportation and storage	505	31.2	2.4	1,600	3,865	**22.9**
I Accommodation and food service	6,304	73.8	1.7	238	14,360	**38.3**
J Information and communication	562	95.0	14.9	461	8,808	**41.3**
K Financial and insurance activities	628	70.4	17.9	973	15,993	**62.0**
L Real estate activities	288	100.0	2.6	21	746	**43.6**
M Professional, scientific and technical	1,355	76.3	2.9	410	5,231	**47.4**
N Administrative and support service	890	70.0	11.0	1,455	14,004	**43.1**
R Arts, entertainment and recreation	286	65.4	5.1	118	2,231	**22.3**
S Other service activities	743	41.4	1.1	171	2,026	**34.8**
Total	**28,583**	**64.7**	**3.8**	**1,600**	**166,536**	**40.7**

The Central region (Tirana and Durres prefectures) has the highest percentage of female employees (43.8%; Table 3.27), though it still lags behind by 12.4 percent when compared to male employment in the region (56.2–43.8%).

In the three other regions of Albania, female employees comprise about one-third of the total number of workers in the region. Thus, a man has double the chances of those of a woman of getting a job in all regions of Albania outside of the Tirana–Durres area.

Table 3.27: Statistics on female employees in the Frame, by region

Region	Enterprises employing females		Number of females			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
North	3,514	59.7	2.3	434	13,742	**34.8**
Central	15,883	67.6	5.1	1,600	119,425	**43.8**
South-east	3,874	55.9	1.9	550	13,361	**33.3**
South-west	5,312	67.4	2.5	480	20,009	**35.1**
Total	**28,583**	**64.7**	**3.8**	**1,600**	**166,536**	**40.7**

Large enterprises employ 48 percent, or 12–14 percent more, females than the other subgroups (Table 3.28). This is because of the clear preference of employers for female workers in the garment and footwear industry and in call centres, which together employ 15 percent of the total number of employees in the country and close to 48,000 female workers, or 29 percent of the total number of female employees.

45.1 percent of micro-sized enterprises have no female employees.

Table 3.28: Statistics on female employees in the Frame, by group size

Size	Enterprises employing females		Number of females			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
Micro [1–4]	17,196	54.9	0.7	4	23,342	**35.3**
Small [5–19]	8,447	85.5	2.9	17	28,902	**34.3**
Medium [20–79]	2,216	97.5	13.9	77	31,500	**36.4**
Large [≥ 80]	724	99.7	114.0	1,600	82,793	**48.0**
Total	**28,583**	**64.7**	**3.8**	**1,600**	**166,536**	**40.7**

Companies with foreign ownership have a larger representation of women (58%) than do Albanian-owned enterprises (36.3%; Table 3.29). This figure is a size- and product-related effect, as well as conditioned by the business ownership. Foreign companies are mostly large in size and their demand for female employment is higher (call centres, *fason* and banking sector), except for state-owned companies, which are mostly large but also have a high demand for male employment (power production and distribution, water and sewerage utilities).

Table 3.29: Statistics on female employees in the Frame, by ownership

Ownership	Enterprises employing females		Number of females			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian-owned	26,827	64.2	2.8	1,600	118,426	36.3
Foreign and joint	1,756	72.9	20.0	1,534	48,110	58.0
State-owned	218	100.0	40.3	1,600	8,774	28.9
Privately owned	28,365	64.5	3.6	1,534	157,762	41.6
Total	**28,583**	**64.7**	**3.8**	**1,600**	**166,536**	**40.7**

In Albania, 49 percent of enterprises, employing 11.6 percent of the total working force, are single-gender companies (Table 3.30). Male-only enterprises are significantly more common than female-only enterprises, by both the number of enterprises (35.3% vs. 13.7%) and the number of employees (36,825 vs. 10,776).

Table 3.30 Number of enterprises and employees in the Frame, by gender

Gender composition of workforce	Enterprises	%	Employees	%
100% female employees	6,038	13.7	10,776	2.6
Females are majority (number of males > 0)	10,708	10.6	147,840	33.5
Female employees are equal in number to males	6,672	15.1	17,813	4.4
Males are majority (number of females > 0)	26,793	25.4	243,817	50.6
100% male employees	15,591	35.3	36,825	9.0
Total	**44,174**	**100.0**	**409,470**	**100.0**

Foreign Employees

Only 4.1 percent of companies in Albania hire foreign nationals (Table 3.31). Foreign employees in the SNA 2017 Frame are estimated to number 3,786 people, 0.9 percent of the total number of employees. The overwhelming majority of these operate in the Central region.

Table 3.31: Statistics on foreign employees in the Frame, by region

Region	Enterprises employing foreign nationals		Number of foreign employees			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
North	142	2.4	0.0	29	235	**0.6**
Central	1,353	5.8	0.1	140	2,985	**1.1**
South-east	209	3.0	0.0	31	276	**0.7**
South-west	86	1.1	0.0	59	292	**0.5**
Total	**1,790**	**4.1**	**0.1**	**140**	**3,786**	**0.9**

The larger the company, the higher the chances of hiring at least one foreign national for its needs. In the group of large enterprises, 30.5 percent have at least one foreign employee (Table 3.32).

Table 3.32: Statistics on foreign employees in the Frame, by group size

Size	Enterprises employing foreign nationals		Number of foreign employees			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
Micro [1–4]	756	2.4	0.0	3	1,152	**1.7**
Small [5–19]	273	2.8	0.1	12	686	**0.8**
Medium [20–79]	538	23.7	0.4	20	842	**1.0**
Large [≥ 80]	222	30.5	1.5	140	1,106	**0.6**
Total	**1,790**	**4.1**	**0.1**	**140**	**3,786**	**0.9**

The majority of foreign and joint companies (56.2%) do not have foreigners on their staff (Table 3.33), meaning that they are engaging only Albanians in their business management and operations.

Table 3.33: Statistics on foreign employees in the Frame, by ownership

Ownership	Enterprises employing foreign nationals		Number of foreign employees			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian-owned	735	1.8	0.0	29	1,482	0.5
Foreign and joint	1,055	43.8	1.0	140	2,304	2.8
State-owned	8	3.5	0.1	10	23	0.1
Privately owned	1,782	4.1	0.1	140	3,763	1.0
Total	**1,790**	**4.1**	**1,790**	**4.1**	**1,790**	**4.1**

Youth Employment

For SNA 2017 young employees are those who at the time of interview were within the age group 15–29 years.

The share of youth employment in enterprises in the Frame is estimated to be 30.5 percent (Table 3.34), a relatively high figure compared to the United States (23%), EU (18%), or even Balkan countries (15–28%).[25]

[25] Sources: Eurostat, and US Bureau of Labor Statistics.

The sector with the highest number of youths employed is manufacturing, with 27,887 persons. In terms of the relative weight inside the sector, the information and communication sector leads, with 49.8 percent of employees younger than 29 years. Almost every enterprise (97.3%) in this sector has hired young employees.

An interesting finding from the analysis by NACE codes concerns youth employment in administrative and support services. Two large employers—call centres and security—record a large difference in their level of youth employment. Young employees in call centres constitute about 75 percent of total employment in the industry, while they comprise only 20 percent in security.

Table 3.34: Statistics on youth employment in the Frame, by economic sector

Economic sector	Enterprises employing young people		Number of young people (15–29 years of age)			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
B Mining and quarrying	191	70.2	10.5	729	2,851	26.1
C Manufacturing	2,652	45.1	4.7	660	27,887	29.5
D Electricity, gas, steam	152	48.4	5.8	839	1,823	17.3
E Water supply, sewerage, waste	291	76.1	3.6	336	1,391	16.7
F Construction	710	42.7	5.7	270	9,425	25.9
G Wholesale and retail trade, repair	7,620	41.3	1.3	300	23,722	27.5
H Transportation and storage	396	24.5	2.1	588	3,325	19.7
I Accommodation and food service	3,814	44.7	1.3	142	11,447	30.5
J Information and communication	575	97.3	18.0	92	10,627	49.8
K Financial and insurance activities	280	31.4	6.7	609	6,010	23.3
L Real estate activities	44	15.3	1.3	16	368	21.5
M Professional, scientific and technical	797	44.9	2.6	500	4,655	42.2
N Administrative and support service	519	40.8	12.1	1,640	15,456	47.5
R Arts, entertainment and recreation	199	45.5	9.9	1,205	4,322	43.2
S Other service activities	757	42.2	0.9	27	1,684	28.9
Total	**18,997**	**43.0**	**2.8**	**1,640**	**124,991**	**30.5**

The Central region (Tirana and Durres) has the highest percentage of youth employment (33.8%), while outside this region, youth employment is about a quarter of the total (Table 3.35).

Table 3.35: Statistics on youth employment in the Frame, by region

Region	Enterprises employing young people		Number of young people (15–29 years of age)			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
North	2,070	35.2	1.7	450	9,814	**24.9**
Central	11,261	47.9	3.9	1,640	92,163	**33.8**
South-east	2,928	42.3	1.4	270	9,785	**24.4**
South-west	2,738	34.8	1.7	729	13,229	**23.2**
Total	**18,997**	**43.0**	**2.8**	**1,640**	**124,991**	**30.5**

Micro enterprises are the least likely type of business to employ young staff (Table 3.36). While 30.5 percent of enterprises have employed young people, those micro feature the youth employment rate at 19.3 percent.

Table 3.36: Statistics on youth employment in the Frame, by group size

Size	Enterprises employing young people		Number of young people (15–29 years of age)			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
Micro [1–4]	9,423	30.1	0.4	4	12,745	**19.3**
Small [5–19]	6,877	69.6	2.5	55	24,807	**29.4**
Medium [20–79]	1,984	87.3	13.4	67	30,524	**35.3**
Large [≥ 80]	713	98.2	78.4	1,640	56,915	**33.0**
Total	**18,997**	**43.0**	**2.8**	**1,640**	**124,991**	**30.5**

Companies with foreign ownership have the highest rate of youth employment (34.6%; Table 3.37), while state-owned companies have the lowest proportion of youth employees (18.1%).

Table 3.37: Statistics on young employees in the Frame, by ownership

Ownership	Enterprises employing young people		Number of young people (15-29 years of age)			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian-owned	17,637	42.2	2.3	1,205	96,289	**29.5**
Foreign and joint	1,359	56.4	11.9	1,640	28,702	**34.6**
State-owned	190	87.3	25.2	839	5,483	**18.1**
Privately owned	18,806	42.8	2.7	1,640	119,508	**31.5**
Total	**18,997**	**43.0**	**2.8**	**1,640**	**124,991**	**30.5**

Employment of People with Disabilities

Improving the situation for people with disabilities has been a priority for Albanian governments and, in this context, offering employment opportunities is one of the measures stipulated in the law 'On Employment Promotion'.[26] However, the enterprises surveyed report employing 898 people with disabilities. Only 1.3 percent of enterprises report having hired at least one Person with Disabilities (PWD). The total number of employed PWDs comprises only 0.2 percent of the total number of employees of enterprises in the Frame.

PWDs are frequently not considered potential members of the workforce. Perception, fear, myth and prejudice continue to limit understanding and acceptance of disability in workplaces everywhere. Myths abound, including that people with disabilities are unable to work and that accommodating a person with a disability in the workplace is expensive. Contrary to these notions, many companies have found that people with disabilities are more than capable.

There is no significant finding from the distribution of this small percentage by either economic sector or location.

Typically, medium and large enterprises are those that have employed PWDs. The law stipulation for the employment of one PWD for every 25 employees might be the main reason why medium and large companies are the only ones employing PWDs. Currently, 6.1 percent and 25.3 percent of medium and large enterprises, respectively, have employed PWDs (Table 3.38). Additionally, 118 micro-sized enterprises have employed PWDs, though this figure is insignificant given the number of the micro-enterprises in the Frame.

[26] Articles 14, 15 and 16, Part IV of Law 7995, amended.

Table 3.38: Number of people with disabilities employed in the Frame, by group size

Size	Companies employing PWDs		Number of employees with disabilities			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
Micro [1–4]	118	0.4	0.0	1	118	0.2
Small [5–19]	138	1.4	0.0	1	138	0.2
Medium [20–79]	138	6.1	0.1	16	206	0.2
Large [≥ 80]	183	25.3	0.6	30	436	0.3
Total	**578**	**1.3**	**0.0**	**30**	**898**	**0.2**

Foreign-owned enterprises are more active in employing PWDs. A higher level of sensitivity because of their culture of origin might be the main reason for this.

State-owned companies are several times ahead (by percentage of companies and employees in the group, as well as by the mean number) of private enterprises when it comes to PWD employment (Table 3.39).

Table 3.39: Number of people with disabilities employed in the Frame, by ownership

Ownership	Companies employing people with disabilities		Number of employees with disabilities			
	Number	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian-owned	458	1.1	0.0	30	711	0.2
Foreign and joint	119	5.0	0.1	7	187	0.2
State-owned	42	19.5	0.9	30	193	0.6
Privately owned	535	1.2	0.0	7	705	0.2
Total	**578**	**1.3**	**0.0**	**30**	**898**	**0.2**

General Comparison Between Employment Data of SNA 2017 and SNA 2014

A general comparison between SNA 2017 and SNA 2014 (Table 3.40) shows growth over the three years in the number of active businesses (23.3%), as well as in the total number of the employees (28.1%). Meanwhile, preference for PTEs is decreasing (-22%), in sharp contrast to the positive growth (30.8%) for full-time employees.

Table 3.40: Employment comparison: SNA 2017 vs. SNA 2014

Economic sector	2017	2014	Growth (%)
Active enterprises in the Frame	44,174	35,816	23.3
Total number of employees	409,470	319,739	28.1
full-time	396,628	303,272	30.8
part-time	12,842	16,467	-22.0
female	166,536	128,662	29.4
male	242,934	191,077	27.1
Percentage of female employees	40.7	40.2	1.2
Number of disabled employees	898	867	3.6

The number of female employees has grown at a slightly faster rate than the number of male employees (29.4% vs. 27.1%). Nevertheless, this growth has not been enough to improve the share of females in the overall employment figures, which continues to be stable in the interval 40–41 percent of people employed in the Frame.

Employment-related Concerns of Enterprises

Surveyed enterprises were asked about the major concerns they face with regard to their employees. It is estimated that 84.8 percent of enterprises in the Frame have at least one major employment-related concern (Table 3.41). These are discussed below.

Unsuitable qualifications and work culture are the most recurring concerns, in 43.8 percent and 39 percent of enterprises, respectively.

The attitude of jobseekers or the work culture identified in the survey was used to describe the behaviours of employees in terms of work regulations, ethics and rules, relations with other employees, managers, supervisors, etc. This issue covers both enterprise employees and job applicants. Studies have shown a strong relationship between employee attitudes and morale and workplace productivity,[27] and therefore it is important that such concerns are addressed properly.

Table 3.41: Frequency of the major employment-related concerns of enterprises

Employment concern	2017		2014	
	Firms	%	Firms	%
Unsuitable workforce qualification	19,103	**43.2**	11,831	33.0
Low wages	7,714	**17.5**	6,584	18.4
Education system that fails to meet economic demands for skills	4,152	**9.4**	4,372	12.2
Non-preferred occupations or jobs	6,333	**14.3**		
Attitude of jobseekers or the work culture	17,242	**39.0**	14,270	39.8
High fiscal burden on employment	8,884	**20.1**	10,121	28.3
Employees leave the company after being trained	7,200	**16.3**		
Total number of enterprises with at least one concern	**37,467**	**84.8**	**30,543**	**85.3**

***Note**: Percentages in this table are over the total number of enterprises respectively in the Frame*

There are some similarities in the two SNAs. The share of businesses with at least one concern has remained roughly constant at 85 percent. Concerns over work culture, low wages and the education system have remained at a similar level. However, high fiscal burden of employment has fallen, from 28.3 percent down to 20.1 percent, while the only significant difference is an increase in the unsuitability of workforce qualifications, from 33 percent to 43.2 percent, becoming the biggest business worry over employment.

There are two main arguments as to why concern over unsuitable workforce qualification has been increasing: (i) a growth of about 30 percent in full-time employees during the last three years has been achieved by hiring from the former unemployed contingent, in other words most probably the less qualified people, and (ii) Albanian companies are becoming more competitive both inside and outside the Albanian market, meaning that they are in need of an increased level of qualification among recruited employees.

By examining the concerns of enterprises by sector (Table 3.42) the following emerges:

- Unsuitable workforce qualification is a concern for almost all sectors of the economy, but is particularly strong for the mining and quarrying sector.
- Low wages are not a real concern for most sectors, but they seem to be a concern for 41 percent of enterprises in the water supply, sewerage and waste sector. It is important to mention that many of these companies are under the ownership of local government units with lower wages than in the surveyed private companies.

[27] Saari L., Judge T., *Employee Attitude and Job Satisfaction*, 2004.

- An education system that fails to meet the needs of the economy is a genuine problem for only two sectors: mining and quarrying, and electricity, gas and steam supply. Companies operating in these sectors lack engineering professionals and engineering science graduates in the fields of mining, oil and gas, electrical, hydrology and geology. Young people are not following such profiles at university or vocational school.
- Non-preferred professions or jobs are a concern only for a small group of subsectors and in particular in mining and gambling and betting shops.
- Work culture is a concern for almost all sectors of the economy, but is particularly strong in the information and communication and financial and insurance sector.

Table 3.42: Major employment-related concerns faced by enterprises, by economic sector (%)

Employment concern	B	C	D	E	F	G	H	I	J	K	L	M	N	R	S	Total
Unsuitable workforce qualification	**74**	64	51	35	46	31	51	51	34	50	8	17	61	43	65	43
Low wages	8	17	**33**	**41**	19	17	12	20	7	3	3	12	29	24	15	17
Education system that fails to meet economic demands	**33**	13	**32**	6	11	6	6	11	16	12	0	7	24	1	13	9
Non-preferred occupations or jobs	**38**	17	5	23	21	15	11	14	9	1	3	1	16	26	10	14
Attitude of jobseekers or work culture	29	40	49	30	32	37	35	44	**78**	**53**	8	37	36	47	26	39
High fiscal burden of employment	15	16	26	30	14	26	26	18	12	2	0	15	20	17	0	20
Employees leave the company after being trained	24	16	3	5	18	16	7	19	11	3	0	14	24	21	29	16
Total no. of enterprises with at least one concern	**91**	**94**	**99**	**99**	**68**	**80**	**93**	**92**	**97**	**85**	12	**69**	**89**	**92**	**90**	**85**

***Notes**: 1. All figures are given as percentages calculated across the total number of enterprises in the sector*

2. B, Mining and quarrying
C, Manufacturing
D, Electricity, gas, steam
E, Water supply, sewerage, waste
F, Construction
G, Wholesale and retail trade, repair
H, Transportation and storage
I, Accommodation and food service
J, Information and communication
K, Financial and insurance activities
L, Real estate activities
M, Professional, scientific and technical
N, Administrative and support service
R, Arts, entertainment and recreation
S, Other service activities

Generally speaking, all regions have similar patterns of employment-related concerns, with very few differences between them. However, the more economically developed the region is, the smaller the number of companies concerned about the fiscal burden of employment.

The South-west region has more concerns than other regions when it comes to the attitude or work culture of jobseekers (54%; Table 3.43) and employees leaving the company after being trained (31%).

Table 3.43: Major employment-related concerns faced by enterprises, by region (%)

Employment concern	North	Central	South-east	South-west	Total
Unsuitable workforce qualification	42	40	47	51	43
Low wages	22	14	22	20	17
Education system that fails to meet economic demands	9	8	7	18	9
Non-preferred occupations or jobs	19	14	13	14	14
Attitude of jobseekers or work culture	31	39	29	54	39
High fiscal burden of employment	34	16	26	17	20
Employees leave the company after being trained	19	13	9	31	16
Total number of enterprises with at least one concern	**93**	**81**	**83**	**90**	**85**

***Note**: All figures are calculated as percentages over the total number of enterprises in the respective region*

The two main concerns of all enterprises—unsuitable qualifications and the work culture—are more present in the larger companies than in micro-sized enterprises (Table 3.44).

The opposite situation is found for the fiscal burden on employment, which is a higher concern for micro-enterprises. The reason for this opinion might be linked with the poor economic performance of micro enterprises.

Table 3.44: Main employment-related concerns of enterprises, by group size (%)

Employment concern	Micro	Small	Medium	Large	Total
Unsuitable workforce qualification	38	55	56	65	43
Low wages	16	22	13	13	17
Education system that fails to meet economic demands	7	16	11	14	9
Non-preferred occupations or jobs	12	22	16	18	14
Attitude of jobseekers or work culture	32	56	59	58	39
High fiscal burden of employment	23	11	15	11	20
Employees leave the company after being trained	14	21	21	33	16
Total number of enterprises with at least one concern	**80**	**95**	**96**	**96**	**85**

Note: *All figures are calculated as percentages over the total number of enterprises in the respective group size*

A larger share of enterprises with foreign ownership and joint ventures (72%) are concerned with the unsuitable qualification of the labour force and the work culture than are domestically owned enterprises (Table 3.45). Additionally, an education system that fails to meet the needs of the economy is a notable concern for foreign enterprises (32%), while this is the least concern for domestically owned companies. Both these differences, which are interrelated, emphasise the gap in professional requirements between foreign-owned and domestically owned enterprises.

Regarding the concerns, there are two notable differences between state- and privately owned companies. Low wages appear to be a modest concern for the privately owned enterprises (17%), but are the highest concern for state-owned companies (46%), probably related to the salary level in companies managed by local governments (for water, sewerage, waste and cleaning).

An education system that fails to meet economic demands is a big concern for state-owned enterprises. It seems privately owned enterprises do not have this concern, unless they are foreign-owned. State-owned companies include public utilities, electricity, petroleum, among others. The SNA 2014 survey[28] reached the same conclusion on this issue: the companies increasingly lack technical specialists, such as electricians or plumbers, which are not career choices of the youngsters. The average age of employees in such professions is high and soon many older technicians will be retiring, leaving a gap.

Table 3.45: Major employment-related concerns faced by enterprises, by ownership (%)

Employment concern	100% Albanian-owned	Foreign and joint	State-owned company	Privately owned company	Total
Unsuitable workforce qualification	42	72	40	43	43
Low wages	17	20	46	17	17
Education system fails to meet economic demands	8	32	27	9	9
Non-preferred occupations or jobs	15	9	14	14	14
Attitude of jobseekers or work culture	39	40	36	39	39
High fiscal burden of employment	21	12	4	20	20
Employees leave the company after being trained	16	17	9	16	16
Total percentage of enterprises with at least one concern	84	94	88	85	**85**

[28] Skills Needs Analysis 2014: http://www.kerkojpune.gov.al/wp-content/uploads/2015/02/SKILL-NEEDS-ANALYSES-2014-survey_Final-Report.pdf

***Note**: All figures are calculated as percentages over the total number of enterprises in the respective ownership group*

Prospects for the Enterprises

As in the previous SNA surveys, most enterprises in the Frame declared no changes in their turnover, employment and investment level.

Over the last twelve months, the percentage of companies that increased their number of employees is 12.9 percent, while 17.3 percent decreased their level of employment (Table 3.46). The picture is identical when it comes to the level of investments made by enterprises. Meanwhile, 16.3 percent of enterprises declared an increased turnover, and 28.7 percent, a decrease. However, the speed and magnitude of the change in enterprises that declared an increase seems to be greater than in those that declared a decline. This is mirrored in the fact that the overall economy is growing, according to official figures, and the number of employees has increased.

By comparing data taken from INSTAT to draw a sample with information updated from the interviews, we find that the total growth in employee numbers for the group declaring an increase in staff is more than double the total decline in the number of employees for the group declaring cuts in staff.

Table 3.46: The trend of main economic indicators in the last twelve months

Economic indicator	Sample			Frame		
	Increasing	Decreasing	Unchanged	Increasing	Decreasing	Unchanged
Turnover	733	455	825	7,198	12,700	24,277
No. of workers	709	318	986	5,686	7,663	30,825
Investments	632	257	1,124	5,724	7,839	30,612
% turnover	36.4	22.6	41.0	16.3	28.7	55.0
% workers	35.2	15.8	49.0	12.9	17.3	69.8
% investments	31.4	12.8	55.8	13.0	17.7	69.3

***Note**: All percentages are calculated across the total number of enterprises in Albania*

The information and communication sector experienced the highest increase as measured by the three indicators of percentage changes in turnover, workers and investments (Table 3.47). One reason for this finding might be the implementation of an ambitious strategy by government regarding digitalisation of public services.

Mining and quarrying was the second best performing sector over the last twelve months. The recent recovery in global markets in the respective industries might be the reason for that increase.

Other sectors that seem stable in terms of the three indicators include financial and insurance services, administrative and support services, electricity, gas, and steam supply (in terms of employment and investments), as well as water supply, sewerage and waste and real estate activities.

The worst-performing sector in SNA 2014 for all three indicators was construction. Table 3.47 reports that the situation in the sector has notably improved since then and appears to have entered a recovery phase.

Table 3.47: Trend in main economic indicators for enterprises in the Frame over the last 12 months, by sector

Economic sector	Turnover (%)			Workers (%)			Investments (%)		
	Increase	Decrease	Unchanged	Increase	Decrease	Unchanged	Increase	Decrease	Unchanged
B Mining and quarrying	**40.1**	**25.6**	**34.3**	**40.9**	**12.4**	**46.7**	**27.1**	**9.3**	**63.6**
C Manufacturing	21.9	29.3	48.8	18.6	18.4	63.1	22.1	20.5	57.5
D Electricity, gas, steam	7.8	5.7	86.5	11.1	6.0	82.9	36.2	6.1	57.7
E Water supply, sewerage, etc.	17.8	38.9	43.3	17.8	21.2	61.0	12.5	20.1	67.4
F Construction	26.2	49.2	24.6	25.9	42.6	31.5	23.7	37.1	39.2
G Wholesale, retail, repair	15.9	27.9	56.2	10.3	15.5	74.2	8.9	16.5	74.5
H Transportation and storage	14.6	18.3	67.0	10.5	17.1	72.3	14.6	15.0	70.4
I Accommodation, food	10.8	36.2	53.1	10.5	22.2	67.2	12.3	23.3	64.3
J Information, communication	**57.7**	**16.6**	**25.7**	**59.7**	**3.0**	**37.2**	**61.7**	**3.5**	**34.8**
K Financial, insurance	20.2	10.4	69.4	19.6	1.4	79.0	18.8	0.7	80.5
L Real estate activities	6.7	2.0	91.3	5.0	2.0	93.0	5.0	1.7	93.3
M Professional, scientific, tech.	12.2	24.2	63.6	13.4	8.5	78.1	5.3	7.9	86.7
N Administrative, support	14.5	13.5	72.0	10.6	13.8	75.5	8.5	13.1	78.4
R Arts, entertainment	15.5	22.7	61.8	7.5	6.0	86.5	7.7	4.4	87.9
S Other service activities	10.1	27.1	62.8	1.4	17.7	80.8	4.2	14.0	81.7
Total	16.3	28.7	55.0	12.9	17.3	69.8	13.0	17.7	69.3

***Note**: All percentages are calculated across the total number of enterprises in Albania*

Disaggregating the survey results by region (Table 3.48) shows that, as in SNA 2014, the Central region performed better in terms of share of enterprises with stable or increased turnover and number of employees over the last twelve months.

Table 3.48: Trend in main economic indicators for enterprises in the Frame over the last 12 months, by region

Region	Turnover (%)			Workers (%)			Investments (%)		
	Increase	Decrease	Unchanged	Increase	Decrease	Unchanged	Increase	Decrease	Unchanged
North	15.7	37.9	46.4	9.9	22.9	67.2	16.2	18.5	65.4
Central	**17.4**	**20.3**	**62.3**	**14.0**	**12.8**	**73.2**	**12.9**	**13.2**	**73.9**
South-east	14.9	45.1	40.0	10.7	23.3	66.0	10.8	26.4	62.8
South-west	14.6	32.7	52.7	13.6	21.6	64.9	12.7	23.2	64.1
Total	**16.3**	**28.7**	**55.0**	**12.9**	**17.3**	**69.8**	**13.0**	**17.7**	**69.3**

***Note**: All percentages are calculated across the total number of enterprises in Albania*

Analysis of the main economic indicators by size of business (Table 3.49) reveals a very interesting picture and explains better some of the questions emerging from Table 3.46.

Micro size

The number of companies with decreases in turnover and in employees over the last twelve months is much larger than the number with increases. In 31.7 percent of micro-sized companies business is shrinking, with half of them 1–5 years of age. However, it is well known that the major part of businesses fail in their first five years of life. This group includes businesses reducing from small size to micro size.

Small size

The number of small companies with increasing turnover and increasing number of employees over the last twelve months is slightly larger than the number that is decreasing.

Medium or large size

About 55 percent of medium-size and about 63 percent of large-size companies have increased their turnover and number of employees over the last twelve months, while in a very small proportion these numbers have decreased. These are important figures, demonstrating that the large growth in employment in the last three years is generated by increases in turnover and investments in medium- and large-size companies.

Table 3.49: Trend in main economic indicators for enterprises in the Frame over the last 12 months, by size of business

Economic sector	Turnover (%)			Workers (%)			Investments (%)		
	Increase	Decrease	Unchanged	Increase	Decrease	Unchanged	Increase	Decrease	Unchanged
Micro [1–4]	8.9	31.7	59.4	4.7	19.7	75.6	6.0	20.4	73.6
Small [5–19]	27.8	24.4	47.8	25.3	12.3	62.4	24.3	12.8	62.9
Medium [20–79]	54.0	13.5	32.5	55.4	9.1	35.5	46.7	7.4	45.9
Large [≥ 80]	62.4	8.1	29.5	63.6	7.7	28.6	52.7	4.6	42.7
Total	**16.3**	**28.7**	**55.0**	**12.9**	**17.3**	**69.8**	**13.0**	**17.7**	**69.3**

***Note**: All percentages are calculated across the total number of enterprises in Albania*

4. ABILITIES AND SKILLS OF EXISTING STAFF

Enterprises were asked whether their current employees had the skills required to fulfil their duties. The majority of enterprises in the sample (39.9% of enterprises in the Frame; Table 4.1) stated that their existing staff lacked skills.

This figure is more than double the proportion reported in SNA 2014 (39.9% vs. 14.9%) and can be explained by the presence of two factors mentioned above: (i) an increase in the last three years by 28 percent in the total number of employees in the Frame, some of whom might not have had all the skills required by the employers, and (ii) an increase in skills requirements of enterprises as a result of enhanced competition in the economy.

Table 4.1: Number of enterprises with employees without relevant skills

Options	Sample		Frame	
	Enterprises	%	Enterprises	%
Yes, there is a lack of skills	1,131	56.2	17,624	39.9
No, everyone has the right skills	882	43.8	26,550	60.1
Total	**2,013**	**100.0**	**44,174**	**100.0**

Water supply, sewerage, waste and mining and quarrying are the sectors suffering the most from a lack of relevant skills among current employees (Table 4.2), respectively 71 percent and 66.6 percent of companies in the sector.

The sectors of information and communication, arts and entertainment, real estate activities, and professional, scientific and technical, which are specific and require greater professional and technical skills, are those where relatively few enterprises declared having staff lacking relevant skills to perform job assignments.

Table 4.2: Number of enterprises with employees lacking relevant skills in the Frame, by sector

Economic sector	Enterprises	% in the sector
B Mining and quarrying	181	**66.6**
C Manufacturing	2,713	46.2
D Electricity, gas, steam	88	28.0
E Water supply, sewerage, waste	271	**71.0**
F Construction	678	40.8
G Wholesale and retail trade, repair	7,251	39.3
H Transportation and storage	575	35.6
I Accommodation and food service	3,752	43.9
J Information and communication	119	20.1
K Financial and insurance activities	379	42.5
L Real estate activities	33	11.6
M Professional, scientific and technical	453	25.5
N Administrative and support service	420	33.0
R Arts, entertainment and recreation	59	13.5
S Other service activities	662	36.9
Total	**17,634**	**39.9**

Considering that there is a strong correlation between size of enterprise and the presence of at least one job filled by an employee who lacks skills, the figure is particularly high for small-sized enterprises (53%; Table 4.3). Most prevalent are skills shortages among waiters and bartenders, with more than

70 percent of bars and restaurants, representing more than thirteen percent of small enterprises in Albania, not content with the skills of their waiters and bartenders.

Table 4.3: Number of enterprises with employees lacking relevant skills in the Frame, by size

Size	Enterprises	% in the group
Micro [1–4]	10,569	33.8
Small [5–19]	5,238	53.0
Medium [20–79]	1,332	58.6
Large [≥ 80]	495	68.2
Total	**17,634**	**39.9**

The largest number of enterprises dissatisfied with the skills of their employees is concentrated in the North and South-west (respectively, 63.1% and 55.5%; Table 4.4). In contrast, the South-east has very few enterprises dissatisfied with the skills of their employees, at only 9.7 percent.

Table 4.4: Number of enterprises with employees lacking relevant skills in the Frame, by region

Region	Enterprises	% in the region
North	3,711	63.1
Central	8,881	37.8
South-east	671	9.7
South-west	4,371	55.5
Total	**17,634**	**39.9**

Foreign enterprises and state-owned enterprises more frequently have concerns about the lack of relevant skills among their employees (Table 4.5).

Table 4.5: Number of enterprises with employees lacking relevant skills in the Frame, by ownership

Region	Enterprises	%
100% Albanian-owned	16,260	38.9
Foreign and joint	1,374	57.1
State-owned	119	54.6
Privately owned	17,515	39.8
Total	**17,634**	**39.9**

Figures from the survey confirm that there is a large number of bars, restaurants and hotels in Albania. Mostly, the managers seem to be unhappy with the skills of their personnel, their waiters, bartenders and cooks. Interestingly, 60 percent of the workforce in the enterprises concerned with the poor skills of waiters and bartenders, are male.

There is a similar shortage of skills among sales workers and shopkeepers to that among waiters and bartenders (Table 4.6).

Among medium and large enterprises skills shortages among sewing machine operators and tailors top the list. The steady expansion of the fashion and garment industry in Albania has created a significant demand for this profession. Due to the size of these enterprises there is a continuous need for staff replacement, or addition, or both. Among enterprises looking for sewing machine operators with better skills 87 percent of the staff are female.

Table 4.6: Top 20 professions in the Frame sorted by decreasing number of skills shortages, by business size category

Rank	Albania		Micro and small businesses		Medium and large businesses	
	Profession	Cases	Profession	Cases	Profession	Cases
1	Waiters, bartenders	4,066	Waiters, bartenders	3,903	Sewing machine operators, tailors	187
2	Sales workers, shopkeepers	3,940	Sales workers, shopkeepers	3,814	Engineering technicians	174
3	Mechanics, repairers	1,197	Mechanics, repairers	1,082	Waiters, bartenders	163
4	Bakers, pastry cooks	1,115	Bakers, pastry cooks	1,078	Wood workers, cabinet makers	130
5	Building frame workers	894	Building frame workers	781	Sales workers, shopkeepers	127
6	Wood workers, cabinet makers	755	Drivers	669	Engineers (excluding ICT)	119
7	Drivers	731	Wood workers, cabinet makers	625	Mechanics, repairers	115
8	Engineering technicians	588	Receptionists, contact centre operators	530	Building frame workers	113
9	Receptionists, contact centre operators	580	Cooks	522	Shoemaking	111
10	Cooks	544	Cleaners, helpers	421	Mobile plant operators	99
11	Cleaners, helpers	482	Engineering technicians	414	Electricians	97
12	Directors, senior managers	411	Directors, senior managers	352	Credit, risk officers	94
13	Production, services managers	386	Production, services managers	339	Accountants, economists	91
14	Accountants, economists	372	Scientists, geologists, agronomists	336	Metal related workers	87
15	Scientists, geologists, agronomists	351	Pharmacists	307	Building finishers (plumber, roofer, etc.)	76
16	Electricians	328	Kitchen helpers	305	Architects, planners, designers	65
17	Kitchen helpers	320	Accountants, economists	281	Call centre operators	64
18	Pharmacists	308	ICT expert	246	Sales, business services agents	62
19	Metal related workers	307	Hairdressers, beauticians	242	Drivers	62
20	ICT experts	287	Electricians	231	Cleaners, helpers	61
	Total	**17,634**	**Total**	**15,807**	**Total**	**1,827**

***Note**: Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession.*

The enterprises were asked about their staff skills shortages by occupation, and also whether lack of skills is an age-related issue (Table 4.7). The results indicate that the skills situation in certain occupations, such as secretary, office clerk, lawyer and finance, seems to be highly age-related.

Table 4.7: Most problematic professions for unskilled young people

Professions in which staff lacks skills	% by row		
	Young people, 15–29 years of age	All ages	Total
1. Secretaries, office clerks	98.0	2.0	100.0
2. Lawyers	97.7	2.3	100.0
3. Finance	91.6	8.4	100.0
4. Artisans	83.5	16.5	100.0
5. Artists	80.6	19.4	100.0
6. Gardeners	72.3	27.7	100.0
7. Upholsterers	72.0	28.0	100.0
8. Sales, business services agents	64.3	35.7	100.0
9. Sales, marketing	62.8	37.2	100.0
10. Bakers, pastry cooks	55.2	44.8	100.0
Total	**98.0**	**2.0**	**100.0**

Generally, occupations perceived as having a relatively large number of employees inside the sector are those companies also claiming skills shortages among staff (Table 4.8).

Table 4.8: Skills shortages and number of such cases in enterprises in the Frame, by profession and by sector

	Sector and profession	Cases
B	**Mining and quarrying**	**355**
	Miners, well drillers	102
	Engineering technicians	57
	Building frame workers	52
C	**Manufacturing**	**3,847**
	Bakers, pastry cooks	964
	Wood workers, cabinet makers	524
	Building frame workers	341
	Sewing machine operators, tailors	230
	Metal related workers	126
D	**Electricity, gas, steam**	**235**
	Engineering technicians	107
	Control technicians, supervisors	49
E	**Water supply, sewerage, waste**	**304**
	Refuse workers	152
	Mechanics, repairers	38
F	**Construction**	**1,185**
	Building frame workers	353
	Engineering technicians	245
	Building finishers (plumber, roofer, etc.)	177
	Metal related workers	65
	Mobile plant operators	54
G	**Wholesale and retail trade, repair**	**8,264**
	Sales workers, shopkeepers	3,728
	Mechanics, repairers	1,005
	Waiters, bartenders	363
	Pharmacists	307
	Doctors, veterinarians	217
H	**Transportation and storage**	**671**
	Drivers (vehicles, buses, trucks and lorries)	486
	Meter readers	34

I	**Accommodation and food service**	**5,574**
	Waiters, bartenders	3,617
	Receptionists, contact centre operators	527
	Cooks	446
	Cleaners, helpers	257
	Kitchen helpers	235
J	**Information and communication**	**235**
	ICT, media technicians	58
	ICT experts and engineers	40
	Engineering technicians	22
K	**Financial and insurance activities**	**544**
	Accountants, economists	260
	Directors, senior managers	134
	Credit, risk officers	94
	Tellers	39
L	**Real estate activities**	**Few data**
M	**Professional, scientific and technical**	**549**
	Lawyers	162
	Finance professionals	111
	Secretaries, office clerks	88
N	**Administrative and support service**	**534**
	Security guards	195
	Call centre operators	78
R	**Arts, entertainment and recreation**	**104**
	Football players	13
S	**Other services activities**	**695**
	Hairdressers, beauticians	242
	Electricians	132
	Wood workers, cabinet makers	132
	Cleaners, helpers	104
	Total number of cases:	**23,121**

***Note**: Each company could select from 0–5 professions. Therefore a minority will be represented with more than one profession in the aggregate figure, 1 case = 1 enterprise x 1 profession.*

More than half of the cases of skill shortages (12,634 out of 23,121) were reported by small enterprises (Table 4.9). In addition to the skills shortage among waiters, described above, this could be an indicator of small enterprises (5–19 employees) having greater difficulties with regard to human resources (HR). An enterprise of such a size cannot afford an HR specialist, but it is not small enough not to have one. In such a case, intermediary institutions, such as NES employment offices or private recruitment companies might provide assistance with the recruitment needs.

Table 4.9: Skills shortages and number of such cases in enterprises in the Frame, by profession and by business size

Business size and profession	Cases
Micro	**12,634**
Sales workers, shopkeepers	2,815
Waiters, bartenders	2,570
Mechanics, repairers	915
Bakers, pastry cooks	801
Drivers	472
Building frame workers	448
Wood workers, cabinet makers	425
Cleaners, helpers	345
Cooks	295
Pharmacists	273

Small		**7,367**
	Waiters, bartenders	1,333
	Sales workers, shopkeepers	999
	Receptionists, contact centre operators	419
	Building frame workers	333
	Bakers, pastry cooks	277
	Cooks	227
	Engineering technicians	205
Medium		**2,199**
	Waiters, bartenders	155
	Engineering technicians	119
	Sales workers, shopkeepers	112
	Wood workers, cabinet makers	101
	Sewing machine operators, tailors	100
Large		**921**
	Sewing machine operators, tailors	87
	Shoemaking	84
	Engineering technicians	56
	Engineers (excluding ICT)	43
	Total number of cases:	**23,121**

***Note**: Each company could select from 0–5 professions. Therefore a minority will be represented with more than one profession in the aggregate figure, 1 case = 1 enterprise x 1 profession.*

There are no significant differences among the four regions in the pattern of distribution of skills shortages (Table 4.10). Rather, any existing differences are related more to the occupations in the dominant sectors of the different regions.

Table 4.10: Skills shortages and number of such cases in enterprises in the Frame, by region

Region and profession	Cases
North	**4,627**
Waiters, bartenders	1,267
Sales workers, shopkeepers	894
Cleaners, helpers	165
Drivers	157
Production, services managers	153
Building frame workers	150
Metal related workers	143
Wood workers, cabinet makers	142
Central	**11,788**
Sales workers, shopkeepers	1,952
Waiters, bartenders	1,224
Mechanics, repairers	959
Bakers, pastry cooks	750
Wood workers, cabinet makers	526
Receptionists, contact centre operators	457
Engineering technicians	333
Building frame workers	327
Directors, senior managers	290
ICT expert	247
South-east	**945**
Waiters, bartenders	216
Building frame workers	81
Building finishers (plumber, roofer, etc.)	63
Kitchen helpers	55
Sales workers, shopkeepers	49
Miners, well drillers	41

South-west		**5,761**
	Waiters, bartenders	1,358
	Sales workers, shopkeepers	1,045
	Drivers	471
	Building frame workers	335
	Cooks	258
	Bakers, pastry cooks	210
	Engineering technicians	124
	Butchers, fishmongers	118
	Total number of cases:	**23,121**

***Note**: Each company could select from 0–5 professions. Therefore a minority will be represented with more than one profession in the aggregate figure, 1 case = 1 enterprise x 1 profession.*

Insufficient knowledge at the time of recruitment is the main reason (61.9% of cases) given for skills shortages as identified by enterprises, followed by lack of experience or recently recruited (37.5%), with lack of, or insufficient, job training (9.7%) and incorrect recruitment (17.2%) less often reported reasons. This indicates that the quality of new recruits is key for the enterprises. As mentioned above, in the last three years, there has been a significant increase in the workforce in enterprises in the Frame, but the relatively large number of new recruits has led to a growing number of enterprises having concerns about the skills of the newly recruited.

In conclusion, for approximately 40 percent of enterprises in Albania the main reason for them to be facing skills shortages in their staff is that the labour market cannot provide candidates with sufficient knowledge and skills. The main professions with skills mismatch are waiters, shop salespersons and mechanics.

While the number and share of businesses facing skills shortages nearly trebled from 2014 to 2017, the relative distribution of reasons for such shortages has remained very similar (Table 4.11). The most notable change is lack of job training and incorrect recruitment, which became even less important reasons in 2017 than they were in 2014.

Table 4.11: Main reasons for cases of skills shortage in SNA 2017 and SNA 2014 (%)

Reason for lack of skills	SNA 2017	SNA 2014
Insufficient knowledge at time of recruitment	61.9	61.8
Lack of, or insufficient, job training	9.7	18.0
Incorrect recruitment	17.2	25.5
Frequent change of jobs	33.0	35.8
Insufficient capacity to learn	25.6	29.9
Lack of experience, or recently recruited	37.5	37.1
Lack of motivation	23.8	29.9
Total	**100.0**	**100.0**
Total number of cases (or 100%)	**23,121**	**7,995**

All business sizes have a similar pattern of reasons for the skills shortages among staff (Table 4.12), and from analysis by economic sector it appears that the skills shortages are barely influenced by either business size or sector.

Table 4.12: Main reasons for cases of skills shortage in enterprises in the Frame, by size (%)

Reason for lack of skills	Percentage of enterprises				
	Micro	Small	Medium	Large	Total
Insufficient knowledge at time of recruitment	59.0	66.1	61.6	68.8	**61.9**
Lack of, or insufficient, job training	11.0	8.4	7.7	6.8	**9.7**
Incorrect recruitment	13.7	24.2	15.7	13.2	**17.2**
Frequent change of jobs	34.7	31.8	28.9	29.5	**33.0**
Insufficient capacity to learn	19.9	34.7	26.5	28.5	**25.6**
Lack of experience, or recently recruited	35.4	42.5	30.4	43.3	**37.5**
Lack of motivation	24.7	21.6	22.9	30.7	**23.8**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total number of cases (or 100%)	**12,634**	**7,367**	**2,199**	**921**	**23,121**

***Note**: Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession.*

There are similar patterns in the different regions of reasons given for skills shortages among staff (Table 4.13). The most significant differences reported are frequent change of jobs in enterprises operating in southern Albania. In the South-east, 50.5 percent of enterprises identify frequent change of jobs for skills shortage, while the figure is 25.9 percent in the Central region.

Table 4.13: Main reasons for cases of skills shortage in enterprises in the Frame, by region (%)

Reason for lack of skills	Percentage of enterprises				
	North	Central	South-east	South-west	Total
Insufficient knowledge at time of recruitment	59.3	59.5	58.2	69.3	**61.9**
Lack of, or insufficient, job training	14.0	10.7	1.8	5.5	**9.7**
Incorrect recruitment	12.2	17.9	9.1	21.1	**17.2**
Frequent change of jobs	27.1	25.9	43.8	50.5	**33.0**
Insufficient capacity to learn	14.9	27.9	14.9	31.2	**25.6**
Lack of experience, or recently recruited	33.3	40.8	36.1	34.3	**37.5**
Lack of motivation	28.0	23.2	13.1	23.3	**23.8**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total number of cases (or 100%)	**4,627**	**11,788**	**945**	**5,761**	**23,121**

***Note**: Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession.*

The reasons for skills shortages are strongly related to the occupations themselves and have little to do with the company profile. Table 4.14 reports each potential reason for skills shortage and the occupations with the highest percentage for that reason among the total number of enterprises claiming skills shortages for that particular occupation.

Table 4.14: Professions with highest occurrences of different reasons for skills shortage

Reasons for skills shortage Professions with the highest rate of valid cases	Cases (%)
Insufficient knowledge at time of recruitment	**61.9**
Paper, plastic product workers	100.0
Upholsterers	100.0
Fast food preparers	100.0
Artists	99.1
Artisans	99.0
Tellers	97.9
Gardeners	97.8
Doctors, veterinarians	97.3
Credit, risk officers	96.0
Mechanics, repairers	95.6
Printing workers	94.7
Hand packers	92.8
Receptionists, contact centre operators	92.1
Lack of, or insufficient, job training	**9.7**
Building caretakers	93.1
Secretaries, office clerks	91.5
Food products machine operators	58.5
Stock, transport clerks	47.9
Bakers, pastry cooks	44.4
Incorrect recruitment	**17.2**
Receptionists, contact centre operators	77.5
Freight handlers	53.1
Mechanics, repairers	45.6
Architects, planners, designers	36.4
Production, services managers	32.0
Frequent change of jobs	**33.0**
Lawyers	79.7
Call centre operators	77.1
Gardeners	70.2
Shelf fillers	64.3
Waiters, bartenders	63.0
Insufficient capacity to learn	**25.6**
Secretaries, office clerks	94.5
Butchers, fishmongers	87.2
Doctors, veterinarians	81.5
Sales, marketing professionals	76.4
Hairdressers, beauticians	63.6
Scientists, geologists, agronomists	59.6
Sewing machine operators, tailors	57.5
ICT, media technicians	53.3
Lack of experience, or recently recruited	**37.5**
Doctors, veterinarians	97.3
Finance professionals	95.4
Artisans	91.1
Scientists, geologists, agronomists	87.9
Travel guides	84.0
ICT experts and engineers	81.2
Sales, marketing professionals	72.4
Lack of motivation	**23.8**
Building caretakers	93.1
Tellers	75.2
Shelf fillers	72.1

As expected, a shortage of professional skills is the most frequently expressed concern for most of the occupation groups individually, as well as for the total pool of cases (67.5%) for which companies

claim skills shortages (Table 4.15). Also, an inability to learn (41.2%) and poor communication skills (30.2%) are noticeable concerns reported for the enterprises.

Table 4.15: Frequency of skills shortages and other requirements that are lacking among the five most selected professional groups with skills shortages

Missing skills	Cases	%
Professional	15,379	67.5
Reading, official writing	976	4.3
Communication	6,873	30.2
Creativity	4,014	17.6
Computer	1,465	6.4
Organisational	2,816	12.4
Ability to work in a team	5,791	25.4
Ability to learn	9,390	41.2
Knowledge of foreign languages	2,410	10.6
Total number of cases	**22,770**	**100.0**

Note: *Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession.*

The skills lacking in the various occupations are related to the professions themselves. In addition to the general concerns of employers about the lack of professional and communication skills among their employees, receptionists and contact centre operators lack organisational and language skills, while gardeners lack creativity, security guards lack an ability to work in a team and lawyers lack the ability to learn (Table 4.16).

Table 4.16: Professions with highest occurrences of missing skills and other requirements

Skills and other requirements that are lacking Professions with highest % of cases	Cases (%)
Professional	**67.5**
Hairdressers, beauticians	100.0
Credit, risk officers	100.0
Artisans	100.0
Tellers	100.0
Paper, plastic product workers	100.0
Upholsterers	100.0
Finance professionals	99.2
Gardeners	99.1
Mechanics, repairers	99.1
Doctors, veterinarians	97.3
Reading and official writing	**4..3**
Electricians	43.7
Production, services managers	25.1
Receptionists, contact centre operators	17.2
Architects, planners, designers	17.1
Wood workers, cabinet makers	12.2
Communication	**30.2**
Receptionists, contact centre operators	86.5
Sales workers, shopkeepers	63.6
Waiters, bartenders	54.1
Security guards	48.9
Refuse workers	47.5

Creativity and innovation	**17.6**
Gardeners	98.3
Building caretakers	93.1
Electricians	59.0
Artists	54.4
Architects, planners, designers	50.8
Computer	**6.4**
ICT experts and engineers	73.8
Stock, transport clerks	56.6
Accountants, economists	39.3
Pharmacists	28.6
Mechanics, repairers	22.3
Organisational	**12.4**
Receptionists, contact centre operators	77.0
Shelf fillers	67.0
Sales, business services agents	49.0
Directors, senior managers	45.0
Architects, planners, designers	38.2
Cooks	35.2
Ability to work in a team	**25.4**
Security guards	66.1
Cleaners, helpers	58.9
Shoemaking	56.2
Sewing machine operators, tailors	53.5
Kitchen helpers	52.4
Ability to learn	**41.2**
Lawyers	94.6
Butchers, fishmongers	90.5
Sales, marketing professionals	85.5
Doctors, veterinarians	84.5
Artisans	82.5
Stock, transport clerks	76.6
Pharmacists	75.7
Knowledge of foreign languages	**10.6**
Receptionists, contact centre operators	59.0
Call centre operators	57.5
Electricians	45.3
ICT, media technicians	33.0

Almost all companies (96.9%) declaring skills shortage among existing employees take at least one action to address them (Table 4.17). Staff replacement (63.5%) is the main action taken, followed by reorganisation within the company (42.7%).

Outsourcing of services and application of a state employment scheme are rarely used by companies to address the various shortages.

Table 4.17: Number and percentage of actions taken by enterprises in the sample and in the Frame to address skills shortages among existing staff

Action to address skills shortage	Sample		Frame	
	Enterprises	%	Enterprises	%
Staff replacement	610	53.9	11,200	63.5
Outsource services to specialised experts or companies	118	10.4	925	5.2
Improvement of recruitment procedures	448	39.6	6,084	34.5
Increase trainings	399	35.3	2,691	15.3
Certification and licensing programmes	84	7.4	416	2.4
Company in-house solution (reorganisation)	559	49.4	7,517	42.7
Application of a state employment or training scheme	114	10.1	784	4.4
Recruitment of foreign employees	32	2.8	164	0.9
Total number of enterprises with at least one action taken	**1,114**	**98.5**	**17,083**	**96.9**

***Note**: Percentages are across the total number of enterprises lacking relevant skills*

Whereas staff replacement is the action most often taken for micro businesses (66.3%), increased training (45.5%) and in-house solutions (48.7%) are those most often used for large enterprises (Table 4.18).

Table 4.18: Percentage of enterprises taking actions to address staff skill shortage by group size

Actions to address skill shortage	Micro	Small	Medium	Large	Total
Staff replacement	66.3	63.4	49.7	41.4	63.5
Outsource services to specialised experts or companies	3.4	6.5	11.5	14.7	5.2
Improvement of recruitment procedures	30.2	43.5	30.9	41.2	34.5
Increase trainings	11.1	15.8	35.0	45.5	15.3
Certification and licensing programmes	1.2	2.2	6.8	17.4	2.4
Company in-house solution (reorganisation)	37.5	52.0	44.1	48.7	42.6
Application of a state employment or training scheme	2.9	6.1	7.1	13.8	4.4
Recruitment of foreign employees	0.5	0.9	3.2	4.2	0.9
Total number of enterprises with at least one action taken	**96.9**	**97.6**	**93.2**	**98.3**	**96.9**
Number of enterprises with employees lacking relevant skills (or 100%)	**10,569**	**5,238**	**1,332**	**495**	**17,634**

***Note**: Percentages are across the total number of enterprises with employees lacking relevant skills in each size of enterprise*

5. RECRUITMENT FOR NATIONAL EMPLOYMENT SERVICE VACANCIES

Filling Vacancies

Businesses often complain of difficulties in finding skilled workers, and filling a job can take months of hunting.[29] The methods employed by businesses to fill their vacancies vary widely and range from announcements in the newspapers to promoting existing workers. The results reported in Table 5.1 indicate that, in Albania, acquaintances, relatives and friends remain the preferred method used by businesses for filling vacancies, with 77.6 percent of all businesses in the Frame selecting this method, and 53.9 percent using it as their first choice. Most other methods, except for announcements in newspapers, job portals, etc., with 17.2 of businesses, were rarely mentioned as a first choice, while recruitment from public employment offices was used to some extent by businesses as first choice (8.6%). However, this last method was the most commonly used means as a second or third choice (26.2% combined).

Table 5.1: Occurrence of different methods used by businesses in the Frame to fill vacancies

Methods to use for filling vacancies	1st choice		2nd choice		3rd choice		All choices	
	Firms	%	Firms	%	Firms	%	Firms	%
Announcements in newspapers, job portals, company website, etc.	7,609	17.2	4,546	10.3	3,889	8.8	16,043	36.3
From education or training institutions	483	1.1	658	1.5	733	1.7	1,874	4.2
From public employment offices or state agencies	3,778	8.6	6,748	15.3	4,815	10.9	15,341	34.7
Acquaintances, relatives and friends	23,805	53.9	7,282	16.5	3,185	7.2	34,272	77.6
Promoting existing workers in the enterprise	1,485	3.4	6,333	14.3	5,159	11.7	12,977	29.4
Through private head-hunting agencies	152	0.3	457	1.0	1,648	3.7	2,256	5.1
Participation in job fairs	71	0.2	67	0.2	455	1.0	593	1.3
Announcement at the company premises and self-presenting to the company	1,334	3.0	222	0.5	352	0.8	1,909	4.3
Total answering	**38,718**	**87.6**	**26,314**	**59.6**	**20,238**	**45.8**		

***Note**: All percentages are calculated across the total number of firms in the Frame*

A negative correlation was found between the size of business and percentage occurrence of the first method to fill a vacancy (see Table 5.2). As expected acquaintances, relatives and friends was the predominant method of recruitment for micro businesses (58%). With increasing size of business the use of this recruitment method declined, to a modest 16.3 percent for large companies.

Most of the other methods for filling vacancies showed a positive correlation with business size. Announcements in newspapers, job portals, company website was the most often used recruitment method for both medium-size and large companies (46.4% and 51%, respectively).

[29] Cappelli, *Why Companies Aren't Getting the Employees They Need*, 2011.

Table 5.2: Distribution of method of first choice used by businesses in the Frame to fill vacancies, by size of business (%)

First choice methods used for filling vacancies	Micro	Small	Medium	Large	Total
Announcements in newspapers, job portals, company website, etc.	10.8	28.5	**46.4**	**51.0**	**17.2**
From education or training institutions	0.9	1.4	2.1	1.0	**1.1**
From public employment offices or state agencies	6.5	13.4	12.7	17.0	**8.6**
Acquaintances, relatives and friends	**58.0**	**49.1**	29.2	16.3	**53.9**
Promoting existing workers in the enterprise	3.0	2.9	7.1	12.4	**3.4**
Through private head-hunting agencies	0.4	0.1	0.6	1.0	**0.3**
Participation in job fairs	0.0	0.5	0.0	0.3	**0.2**
Announcement at the company premises and self-presenting to the company	3.9	0.9	0.9	0.3	**3.0**
Total answering	**83.6**	**97.0**	**99.0**	**99.3**	**87.6**

***Note**: Percentages are across the total number of firms in the Frame in each size group*

The Central region used announcements in newspapers as a recruitment method the most (Table 5.3) among the different regions, while the other three regions had similar distributions and occurrences of the different methods used for filling vacancies.

Table 5.3: Distribution of first choice method used by businesses in the Frame to fill vacancies, by region (%)

First choice methods used for filling vacancies	North	Central	South-east	South-west	Total
Announcements in newspapers, job portals, company website, etc.	11.7	22.5	5.7	15.8	**17.2**
From education or training institutions	0.3	0.8	1.4	2.3	**1.1**
From public employment offices or state agencies	11.3	5.1	15.7	10.5	**8.6**
Acquaintances, relatives and friends	64.2	52.1	52.6	52.6	**53.9**
Promoting existing workers in the enterprise	3.6	1.8	5.0	6.4	**3.4**
Through private head-hunting agencies	0.0	1.8	0.2	0.0	**0.3**
Participation in job fairs	0.1	0.2	0.0	0.3	**0.2**
Announcement at the company premises and self-presenting to the company	4.8	1.1	5.6	5.3	**3.0**
Total answering	**97.8**	**83.7**	**85.9**	**95.1**	**87.6**

***Note**: Percentages are across the total number of firms in the Frame in each region*

Importance of Skills

The survey collected information on the expectations of employers of skills among new recruits. Six categories of professions, based upon the National List of Occupations drafted by NAVETQ, were chosen for this purpose (Table 5.4). Only a few businesses had employees in more than two categories. Sales and services employees was the most common category.

Table 5.4: Number and percentage of responses in the Frame to the question of how important the listed skills were when recruiting a new employee

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
	Senior specialists and administrators with high education	Implementation technicians and specialists	Sales and services employees	Craftsmen, artisans and related professions	Assembly, maintenance and machinery workers	Workers in elementary jobs
N	16,379	7,558	23,793	7,301	5,931	10,286
% of total	37.1	17.1	53.9	16.5	13.4	23.3

With regard to the level of importance of skills and personal criteria for occupation Group 1—senior specialists and administrators with high education (Table 5.5)—the following findings were recorded:

- *Very important*. Generally, all skills and personal criteria, though four were particularly important (occurrence > 80%). Mode and median scored: 4, very important, with mean above important (i.e. > 3.0) scoring 3.4 or more.
- *Important*. Knowledge of foreign languages was assessed as important.
- *Somewhat important*. Appearance and age were classified as somewhat important (mean score of 2.4 and 2.2, respectively), with mode and median of 2, somewhat important.
- *Barely important*. Gender seemed to be of little importance for these professions. Mode scored: 1, unimportant, with mean of 1.9, less than somewhat important (i.e. < 2.0).

Table 5.5: Importance of skills and personal profile criteria when recruiting a new employee, Group 1

Senior specialists and administrators with high education								
	Skills and personal profile criteria	Percentage occurrence				Descriptive statistics		
		unimportant or NA [1]	somewhat important [2]	important [3]	very important [4]	mean	median	mode
1	Professional	1.8	0.4	5.9	91.9	**3.9**	4	4
2	Reading, official writing	3.8	1.1	14.8	80.4	**3.7**	4	4
3	Communication	2.8	0.6	14.9	81.7	**3.8**	4	4
4	Creativity	5.0	6.6	29.3	59.0	**3.4**	4	4
5	Computer	3.0	2.4	22.5	72.1	**3.6**	4	4
6	Organisational	3.1	2.4	24.4	70.2	**3.6**	4	4
7	Ability to work in a team	4.1	2.5	22.9	70.5	**3.6**	4	4
8	Ability to learn	3.7	2.9	22.5	70.9	**3.6**	4	4
9	Knowledge of foreign languages	7.2	14.0	36.5	42.3	**3.1**	3	4
10	Formal education	2.9	1.3	13.5	82.4	**3.8**	4	4
11	Work experience	2.8	3.3	26.4	67.5	**3.6**	4	4
12	Correctness or integrity	3.0	0.8	13.2	82.9	**3.8**	4	4
13	Appearance	22.3	31.4	34.3	12.1	**2.4**	2	3
14	Age	23.7	38.4	31.1	6.8	**2.2**	2	2
15	Gender	41.7	33.5	19.4	5.4	**1.9**	2	1

With regard to the level of importance of skills and personal criteria for occupation Group 2—implementation technicians and specialists (Table 5.6)—the following findings were recorded:

- *Very important*. Professional skills, communication skills, ability to work in a team and ability to learn are the only skills or criteria for which both mode and median scored 4, very important, with mean above important (i.e. > 3.0) scoring 3.4 or more.
- *Somewhat important*. Knowledge of foreign languages was scored as somewhat important (average and median = 2.5), as were appearance and age and gender.
- *Important*. All seven other skills and personal profiles were scored as important.

Table 5.6: Importance of skills and personal profile criteria when recruiting a new employee, Group 2

Implementation technicians and specialists								
	Skills and personal profile criteria	Percentage occurrence				Descriptive statistics		
		unimportant or NA [1]	somewhat important [2]	Important [3]	very important [4]	mean	median	mode
1	Professional	2.6	1.1	11.2	85.0	**3.8**	4	4
2	Reading, official writing	5.8	8.2	39.8	46.1	**3.3**	3	4
3	Communication	4.8	5.4	37.8	52.1	**3.4**	4	4
4	Creativity	8.5	13.8	39.1	38.6	**3.1**	3	3
5	Computer	11.2	18.1	36.7	34.0	**2.9**	3	3
6	Organisational	7.4	8.5	41.6	42.5	**3.2**	3	4
7	Ability to work in a team	5.0	4.7	33.3	57.0	**3.4**	4	4
8	Ability to learn	5.3	4.0	35.8	55.0	**3.4**	4	4
9	Knowledge of foreign languages	22.3	27.7	32.0	18.0	**2.5**	2.5	3
10	Formal education	5.3	7.9	41.3	45.5	**3.3**	3	4
11	Work experience	3.9	2.4	32.0	61.7	**3.5**	4	4
12	Correctness or integrity	4.3	1.9	21.5	72.2	**3.6**	4	4
13	Appearance	28.0	38.6	27.3	6.1	**2.1**	2	2
14	Age	23.0	40.3	31.9	4.8	**2.2**	2	2
15	Gender	33.6	34.7	24.6	7.1	**2.1**	2	2

With regard to the level of importance of skills and personal criteria for occupation Group 3—sales and service employees (Table 5.7)—the following findings were recorded:

- *Very important*. Correctness or integrity, communication skills, professional skills and ability to learn were the only skills or criteria scored as very important by businesses. Mode and median scored: 4, very important, with mean above important (i.e. > 3.0) scoring 3.4 or more.
- *Important*. Most of the other skills or criteria, except gender and age, were assessed as important. The median and mode scores were at least three and the means were in the interval 2.5–3.1.
- *Somewhat important*. Gender and age were the only skills or criteria scored as somewhat important.

Table 5.7: Importance of skills and personal profile criteria when recruiting a new employee, Group 3

Sales and service employees								
	Skills and personal profile criteria	Percentage occurrence				Descriptive statistics		
		unimportant or NA [1]	somewhat important [2]	Important [3]	very important [4]	mean	median	mode
1	Professional	2.6	3.0	27.7	66.8	**3.6**	4	4
2	Reading, official writing	4.6	11.9	43.0	40.6	**3.2**	3	3
3	Communication	2.7	2.1	26.3	68.9	**3.6**	4	4
4	Creativity	13.0	21.1	36.9	29.0	**2.8**	3	3
5	Computer	12.2	25.8	39.1	22.8	**2.7**	3	3
6	Organisational	9.8	18.4	42.1	29.7	**2.9**	3	3
7	Ability to work in a team	4.9	9.3	36.1	49.7	**3.3**	3	4
8	Ability to learn	4.2	5.8	39.7	50.3	**3.4**	4	4
9	Knowledge of foreign languages	20.5	28.0	31.5	20.0	**2.5**	3	3
10	Formal education	5.3	20.3	55.0	19.4	**2.9**	3	3
11	Work experience	3.5	8.0	45.1	43.3	**3.3**	3	3
12	Correctness or integrity	2.9	2.3	24.4	70.4	**3.6**	4	4
13	Appearance	18.0	30.6	38.6	12.9	**2.5**	3	3
14	Age	17.1	35.6	41.5	5.8	**2.4**	2	3
15	Gender	31.6	31.1	31.0	6.3	**2.1**	2	1

With regard to the level of importance of skills and personal criteria for occupation Group 4—craftsmen, artisans and related professions (Table 5.8)—the following findings were recorded:

- *Very important*. Professional skills and correctness and integrity were the only skills or criteria scored as very important by businesses in this group. The mode and median scores were 4, very important, with mean above important (i.e. ≥ 3.3).
- *Important*. Most (10) of the other skills or criteria, apart from foreign languages, computer skills and appearance, were assessed as important.
- *Barely important*. Foreign languages, computer skills and appearance seem to be unimportant or somewhat important for this group of professions.

Table 5.8: Importance of skills and personal profile criteria when recruiting a new employee, Group 4

Craftsmen, artisans and related professions								
	Skills and personal profile criteria	Percentage occurrence				Descriptive statistics		
		unimportant or NA [1]	somewhat important [2]	Important [3]	very important [4]	mean	median	mode
1	Professional	7.7	3.2	20.2	68.9	**3.5**	4	4
2	Reading, official writing	12.5	26.9	45.5	15.0	**2.6**	3	3
3	Communication	8.7	14.3	46.9	30.1	**3.0**	3	3
4	Creativity	17.8	22.8	35.4	24.0	**2.7**	3	3
5	Computer	37.4	38.4	20.4	3.8	**1.9**	2	2
6	Organisational	17.6	24.6	42.6	15.2	**2.6**	3	3
7	Ability to work in a team	10.7	9.5	43.2	36.6	**3.1**	3	3
8	Ability to learn	9.5	9.1	39.8	41.6	**3.1**	3	4
9	Knowledge of foreign languages	52.7	34.1	11.7	1.6	**1.6**	1	1
10	Formal education	14.7	31.7	46.1	7.5	**2.5**	3	3
11	Work experience	9.1	7.9	40.2	42.8	**3.2**	3	4
12	Correctness or integrity	9.5	5.7	29.5	55.2	**3.3**	4	4
13	Appearance	32.9	46.7	16.6	3.8	**1.9**	2	2
14	Age	21.6	42.4	31.7	4.4	**2.2**	2	2
15	Gender	29.1	31.5	29.3	10.1	**2.2**	2	2

With regard to the level of importance of skills and personal criteria for occupation Group 5—assembly, maintenance and machinery workers (Table 5.9)—the following findings were recorded:

- *Very important*. Professional skills and correctness and integrity were the only skills or criteria scored as very important by businesses in this group. The mode and median scores were 4, very important, with mean above important (i.e. ≥ 3.3).
- *Important*. Most (10) of the other skills or criteria, apart from appearance, and computer skills, were assessed as important.
- *Barely important*. Appearance, and computer skills seem to be unimportant for this group of professions.

Table 5.9: Importance of skills and personal profile criteria when recruiting a new employee, Group 5

Assembly, maintenance and machinery workers								
	Skills and personal profile criteria	Percentage occurrence				Descriptive statistics		
		unimportant or NA [1]	somewhat important [2]	Important [3]	very important [4]	mean	median	mode
1	Professional	3.8	6.5	25.0	64.7	**3.5**	4	4
2	Reading, official writing	10.8	34.1	41.5	13.6	**2.6**	3	3
3	Communication	6.0	18.2	52.2	23.7	**2.9**	3	3
4	Creativity	24.5	31.9	32.3	11.3	**2.3**	2	3
5	Computer	46.5	34.4	14.8	4.3	**1.8**	2	1
6	Organisational	19.1	30.8	38.7	11.4	**2.4**	3	3
7	Ability to work in a team	5.9	11.0	47.1	36.0	**3.1**	3	3
8	Ability to learn	7.3	12.7	43.4	36.6	**3.1**	3	3
9	Knowledge of foreign languages	57.8	29.4	10.3	2.5	**1.6**	1	1
10	Formal education	15.2	43.1	34.9	6.8	**2.3**	2	2
11	Work experience	6.8	13.9	42.7	36.6	**3.1**	3	3
12	Correctness or integrity	5.9	5.5	29.5	59.2	**3.4**	4	4
13	Appearance	36.8	44.9	15.6	2.7	**1.8**	2	2
14	Age	20.2	42.3	34.0	3.5	**2.2**	2	2
15	Gender	26.2	32.5	31.7	9.7	**2.2**	2	2

With regard to the level of importance of skills and personal criteria for occupation Group 6—workers with elementary jobs (Table 5.10)—the following findings were recorded:

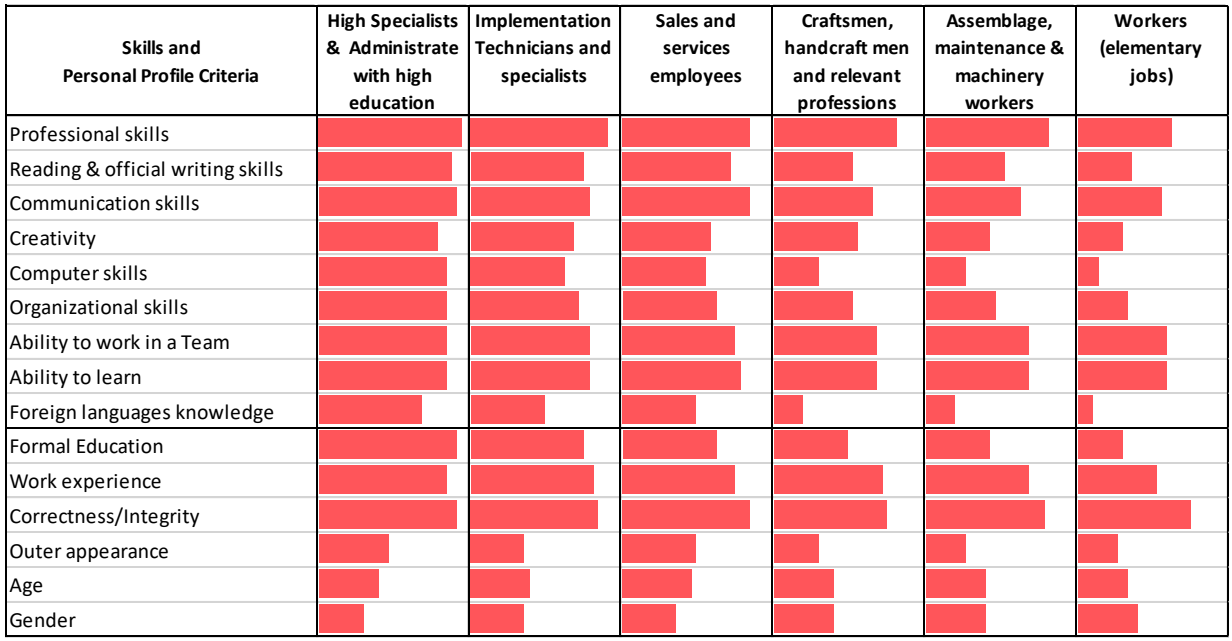
- *Very important*. No skills or criteria scored were regarded as very important by businesses in this group.
- *Barely important*. Foreign languages and computer skills were unimportant for this group of professions, with a mean less than 1.5, and a mode and median of 1.

Table 5.10: Importance of skills and personal profile criteria when recruiting a new employee, Group 6

Workers with elementary jobs								
	Skills and personal profile criteria	Percentage occurrence				Descriptive statistics		
		unimportant or NA [1]	somewhat important [2]	Important [3]	very important [4]	mean	median	mode
1	Professional	9.6	26.6	31.2	32.6	**2.9**	3	4
2	Reading, official writing	21.9	49.7	22.0	6.4	**2.1**	2	2
3	Communication	8.0	30.0	42.5	19.5	**2.7**	3	3
4	Creativity	39.6	35.9	19.9	4.6	**1.9**	2	1
5	Computer	68.4	22.9	6.1	2.5	**1.4**	1	1
6	Organisational	33.9	35.3	22.9	7.9	**2.0**	2	2
7	Ability to work in a team	10.1	24.2	39.5	26.1	**2.8**	3	3
8	Ability to learn	10.5	27.1	38.3	24.1	**2.8**	3	3
9	Knowledge of foreign languages	76.6	17.1	4.9	1.5	**1.3**	1	1
10	Formal education	30.1	52.1	15.1	2.6	**1.9**	2	2
11	Work experience	11.5	32.2	38.9	17.4	**2.6**	3	3
12	Correctness or integrity	5.9	10.1	34.0	50.0	**3.3**	3	4
13	Appearance	41.8	42.1	12.9	3.2	**1.8**	2	2
14	Age	25.6	47.1	24.2	3.1	**2.0**	2	2
15	Gender	29.2	34.8	26.7	9.3	**2.2**	2	2

Tables 5.5 to 5.10 and the accompanying analysis on the level of importance of various skills and personal profiles for businesses when recruiting new employees are summarised in Figure 5.1, which presents a clear overall picture.

Figure 5.1: Mean importance of skills and personal profile criteria when recruiting a new employee, across all groups of professions



***Note**: A full bar in the picture means very important, an empty bar means unimportant*

With the exceptions of gender and age, the level of importance of skills and personal criteria decreases with level of education, or qualifications, required in each group.

Correctness or integrity is the only criterion that consistently scored above 3, more than important irrespective of group of professions. Age is another criterion that was assessed with the same level of importance (somewhat important) by all groups.

Skills or Criteria Difficult to Find

Businesses often face difficulties to find applicants with the appropriate skills or criteria. Most often (see Table 5.11) such difficulties are encountered with the level of professional skills (40.1% of businesses), work experience (30.7%) and correctness or integrity (28.1%).

Table 5.11: Frequency of applicant skills and personal profile criteria difficult to find by businesses

	Skills and personal profile criteria	Sample		Frame	
		Firms	%	Firms	%
1	Professional	1,076	53.5	17,699	**40.1**
2	Reading, official writing	57	2.8	979	2.2
3	Communication	411	20.4	8,930	20.2
4	Creativity	220	10.9	2,674	6.1
5	Computer	113	5.6	1,877	4.2
6	Organisational	170	8.4	2,943	6.7
7	Ability to work in a team	461	22.9	6,167	14.0
8	Ability to learn	512	25.4	8,495	19.2
9	Knowledge of foreign languages	151	7.5	2,454	5.6
10	Education	145	7.2	2,035	4.6
11	Work experience	794	39.4	13,583	**30.7**
12	Correctness or integrity	674	33.5	12,402	**28.1**
13	Appearance	27	1.3	308	0.7
14	Age	106	5.3	1,882	4.3
15	Gender	57	2.8	747	1.7

***Note**: All figures are shown as percentages of the total number of firms in the sample and the Frame*

Reading and official writings skills, computer skills, and criteria for education, appearance, gender and age are usually found relatively easily.

The businesses that selected professional skills as difficult to find among applicants were asked to specify the occupations for which this difficulty is encountered. Similar patterns and ranking were observed with the findings reported in Tables 4.6, 4.8, 4.9 and 4.10, with some slight differences in terms of absolute figures simply because of the larger number of responses to questions in Section B: Abilities and skills of existing staff.

There is a very clear correlation between the absence of skills of the current staff in the job positions and the difficulty in finding skills among the applicants for the same job positions.

Disaggregation of the data by sector (Table 5.12) identifies a different pattern of occurrences of difficulties in finding skills or criteria in the applicants; each economic sector has its own fingerprint, and there is wide variation around the mean percentages inside a sector.

For example, in the mining and quarrying sector professional skills are claimed to be difficult to find for about 67 percent of businesses, while correctness and integrity is difficult to find for only 23 percent of such businesses. This situation is reversed among arts, entertainment and recreation businesses, where correctness and integrity are difficult to find for 61 percent of businesses, while professional skills are difficult to find for 38 percent of them.

Financial and insurance activities, and real estate activities are two sectors that have less difficulty in finding skilled applicants, while arts, entertainment and recreation, followed by transportation and

storage businesses, most often face difficulties in finding appropriate skills among applicants for job vacancies.

Table 5.12: Applicant skills and criteria difficult to find among businesses in the Frame, by economic sector (%)

	Applicant skills and criteria	B	C	D	E	F	G	H	I	J	K	L	M	N	R	S	Total
1	Professionalism	67	54	54	47	50	32	61	41	28	18	10	31	52	38	57	**40**
2	Reading, official writing		3		7	1	3	5	2	1			1		3		**2**
3	Communication		10	21	9	12	22	11	30	12	9	5	10	36	47	16	**20**
4	Creativity	1	11	2	2	10	4	3	4	53	4		9	8	6	4	**6**
5	Computer	4	4		3	3	6		3	7	6		4	1	24	2	**4**
6	Organisational	5	4	31	4	9	4	22	8	8	8	5	1	5	53	13	**7**
7	Ability to work in a team	23	14	38	51	26	8	7	25	12	1	5	8	5	60	13	**14**
8	Ability to learn	15	26	10	27	21	17	32	20	3	10	3	6	42	22	14	**19**
9	Knowledge of foreign languages	8	2	12	6	1	4	4	11	9	2		4	21	3		**6**
10	Education	5	5	5	6	6	4		4	9	1		2	6	1	13	**5**
11	Work experience	40	48	14	12	38	27	37	29	18	27	8	16	18	59	36	**31**
12	Correctness, integrity	23	22	33	22	39	29	48	30	9	10	7	21	18	61	26	**28**
13	Appearance	2			4		1		1	5			2	1			**1**
14	Age	6	6		24	4	3	6	5					7	17		**4**
15	Gender	2	3		2	6	1	2						8		7	**2**

***Notes**: 1. All figures are shown as percentages of the total number of firms in the sector subgroup*

2 B, Mining and quarrying
C, Manufacturing
D, Electricity, gas, steam
E, Water supply, sewerage, waste
F, Construction
G, Wholesale and retail trade, repair
H, Transportation and storage
I, Accommodation and food service
J, Information and communication
K, Financial and insurance activities
L, Real estate activities
M, Professional, scientific and technical
N, Administrative and support service
R, Arts, entertainment and recreation
S, Other service activities

Apart from some very slight variation, the occurrence of applicant skills or criteria that are difficult to find are generally distributed with a similar pattern among the different sized businesses (Table 5.13).

Micro businesses face fewer difficulties with finding skilled applicants than do the other three subgroups, with large businesses facing such difficulties the most. The declarations of small- and medium-size businesses on having difficulty with finding skills in job applicants fall between those of micro and large businesses.

Table 5.13: Applicant skills and criteria difficult to find among businesses in the Frame, by size group (%)

Applicant skills and criteria	Micro	Small	Medium	Large	Total
Professionalism	36.6	48.0	46.6	61.8	**40.1**
Reading, official writing	1.5	4.5	3.1	1.3	**2.2**
Communication	18.0	27.7	18.0	20.3	**20.2**
Creativity	4.2	7.5	22.4	17.0	**6.1**
Computer	4.1	3.8	7.4	5.4	**4.2**
Organisational	6.0	7.3	12.4	10.5	**6.7**
Ability to work in a team	11.2	20.8	19.5	24.2	**14.0**
Ability to learn	17.1	24.5	23.9	25.7	**19.2**
Knowledge of foreign languages	4.2	8.6	8.7	10.8	**5.6**
Education	2.7	9.9	7.0	7.9	**4.6**
Work experience	28.9	34.8	33.8	46.3	**30.7**
Correctness, integrity	24.8	37.7	30.5	30.1	**28.1**
Appearance	0.4	1.4	0.8	1.1	**0.7**
Age	4.0	5.4	3.1	4.1	**4.3**
Gender	1.4	2.4	1.6	4.0	**1.7**

***Note**: All figures are shown as percentages of the total number of firms in the size subgroup*

The pattern of difficulty in finding skills or criteria among job applicants is different in the four regions (Table 5.14). Businesses operating in the South-east face fewer difficulties in finding the right skills among applicants than do those in the other three regions, while businesses operating in the South-west face greater difficulties. In particular the difference in finding professional skills is important, where 60.3 percent of businesses in the South-west cannot find professional skills for vacant job places, while this is a problem for only 17.5 percent of businesses in the South-west, and 37.1 percent of businesses in the Central region.

Table 5.14: Applicant skills and criteria difficult to find among businesses in the Frame, by region (%)

Applicant skills and criteria	North	Central	South-east	South-west	Total
Professionalism	51.5	37.1	17.5	60.3	40.1
Reading, official writing	2.1	2.1	2.0	2.9	2.2
Communication	30.9	17.7	15.8	23.6	20.2
Creativity	4.3	6.0	8.0	5.7	6.1
Computer	3.7	3.7	6.8	3.9	4.2
Organisational	6.4	6.9	5.1	7.4	6.7
Ability to work in a team	12.2	10.4	16.3	23.7	14.0
Ability to learn	21.9	16.2	12.6	32.1	19.2
Knowledge of foreign languages	5.2	5.0	6.6	6.7	5.6
Education	3.9	5.9	3.3	2.5	4.6
Work experience	21.6	30.6	38.7	30.9	30.7
Correctness, integrity	33.8	24.3	24.5	38.4	28.1
Appearance	0.9	0.6	0.3	1.2	0.7
Age	5.8	3.3	7.0	3.5	4.3
Gender	2.1	1.9	0.7	1.6	1.7

***Note**: All figures are shown as percentages of the total number of firms in the region subgroups*

Plans for New Products and New Investments

In Albania, 20.9 percent of businesses plan to introduce new products and services over the next twelve months (Table 5.15), while 25.2 percent of businesses have not yet decided what to do in this regard. Meanwhile, some 16.5 percent of all businesses plan to introduce new technologies, new products or support for current products.

Table 5.15: Number and percentage of businesses planning to introduce new products, services and technologies in the next 12 months

Plan	Number of answers				%			
	Yes	No	DK	Total	Yes	No	DK	Total
New products or services	8,698	22,363	10,485	**41,546**	20.9	53.8	25.2	**100.0**
New technologies	4,888	24,942	11,717	**41,546**	11.8	60.0	28.2	**100.0**

The sectors with the highest percentages of companies planning to introduce new products, services, or new technologies (Table 5.16) are administrative and support services (37.3% of businesses) and electricity, gas, and steam supply businesses (32.7%). The latter sector has also a high percentage of businesses planning to invest in new technologies (37.6%), though slightly lower than for mining and quarrying (40.6%). The reason for these results might be due to specific factors for each sector.

Table 5.16: Businesses in the Frame planning to introduce new products, services or technologies in the next 12 months, by economic sector (%)

Economic sector	New products or services			New technologies		
	Yes	No	DK	Yes	No	DK
B Mining and quarrying	**25.0**	42.1	32.9	**40.6**	34.1	25.3
C Manufacturing	**20.2**	43.8	36.1	**12.9**	48.4	38.7
D Electricity, gas, steam	**32.7**	40.1	27.2	**37.6**	34.9	27.5
E Water supply, sewerage, waste	**15.8**	55.2	29.0	**5.7**	57.7	36.6
F Construction	**30.6**	40.4	29.0	**23.3**	46.6	30.1
G Wholesale and retail trade, repair	**18.6**	60.0	21.4	**8.5**	66.4	25.1
H Transportation and storage	**29.6**	47.6	22.8	**25.5**	51.3	23.2
I Accommodation and food service	**22.4**	57.3	20.3	**10.6**	64.8	24.6
J Information and communication	**27.3**	16.1	56.6	**24.6**	20.3	55.1
K Financial and insurance activities	**23.8**	55.5	20.7	**7.5**	67.9	24.6
L Real estate activities	**3.5**	86.4	10.1	**2.0**	88.2	9.8
M Professional, scientific and technical	**5.0**	62.3	32.7	**4.2**	63.7	32.1
N Administrative and support service	**37.3**	23.2	39.6	**20.3**	23.7	56.1
R Arts, entertainment and recreation	**24.8**	50.3	24.9	**6.9**	66.6	26.6
S Other services activities	**24.4**	51.2	24.4	**18.2**	67.3	14.5
TOTAL	**20.9**	**53.8**	**25.2**	**11.8**	**60.0**	**28.2**

As expected, there is a good correlation between the size of business and the percentage of businesses introducing new products and new technologies (Table 5.17). More medium and large businesses declared they have plans to introduce new products (38.7% and 49.8%, respectively) and new technologies (25.9% and 39.7%) than did small and micro enterprises.

Table 5.17: Businesses in the Frame planning to introduce new products or new technologies in the next 12 months, by size (%)

Size group	New products or services			New technologies		
	Yes	No	DK	Yes	No	DK
Micro [1–4]	**15.6**	61.7	22.7	**8.1**	67.8	24.1
Small [5–19]	**30.5**	39.3	30.1	**17.4**	45.7	37.0
Medium [20–79]	**38.7**	23.7	37.6	**25.9**	32.0	42.1
Large [≥ 80]	**49.8**	27.3	22.8	**39.7**	29.7	30.7
TOTAL	**20.9**	53.8	25.2	**11.8**	60.0	28.2

There were no significant differences between regions in the occurrence of businesses planning to introduce new products or technologies in the next twelve months (Table 5.18), though the Central region has slightly more of such businesses than have the other three regions.

Table 5.18: Businesses in the Frame planning to introduce new products or new technologies in the next 12 months, by region (%)

Region	New products or services			New Technologies		
	Yes	No	DK	Yes	No	DK
North	**19.6**	50.4	30.1	**11.0**	55.4	33.5
Central	**22.2**	55.7	22.2	**13.3**	60.7	26.0
South-east	**18.8**	59.9	21.2	**7.4**	71.6	21.0
South-west	**20.0**	46.1	33.9	**11.3**	52.1	36.6
TOTAL	**20.9**	**53.8**	**25.2**	**11.8**	**60.0**	**28.2**

Just under half (43.8%) of businesses with a presence of foreign capital (foreign branches or joint ventures) plan to introduce new products and one–third (32.5%) plan to introduce new technologies (Table 5.19). State-owned companies are ahead of private-owned companies in this regard.

These findings are the result of the size of the business, with both foreign companies and publicly owned enterprises being mostly large businesses.

Table 5.19: Businesses in the Frame planning to introduce new products or new technologies in the next 12 months, by ownership (%)

Ownership	New products or services			New Technologies		
	Yes	No	DK	Yes	No	DK
100% Albanian-owned	**19.5**	55.2	25.2	**10.5**	61.1	28.4
Foreign and joint	**43.8**	30.8	25.3	**32.5**	43.2	24.2
State-owned	**26.1**	42.8	31.1	**24.6**	40.2	35.1
Privately owned	**20.9**	53.9	25.2	**11.7**	60.1	28.2
TOTAL	**20.9**	**53.8**	**25.2**	**11.8**	**60.0**	**28.2**

Plans for New Recruits

An estimated 7,475 companies in the Frame, or 16.9 percent of the total number of businesses, foresee recruiting new staff in the coming twelve months (Table 5.20). This is a smaller figure than the 25.8 percent reported in SNA 2014, and can be explained by two main factors:

1. According to INSTAT, the country's population growth rate has recently been close to zero. Meanwhile, job creation is heavily dependent upon an increase in the labour force participation, which has become limited. The results of SNA 2017 indicate that there has been a relatively large increase in the number of employees compared with SNA 2014 and thus a slow-down in the rate of increase is expected.
2. The number of businesses in the Frame of SNA 2017 has increased by 23.3% since SNA 2014 (44,174 vs. 35,816, respectively), changing the number of companies with plans for new recruits as a proportion of the total number of companies.

The second reason has a greater influence than the first. Later in this study, it is shown that the Global Recruitment Rate in SNA 2017 (i.e. total number of recruits/total number of employees) has not changed significantly since SNA 2014, indicating that there is the possibility that the total number of employees in the Frame will increase in 2018.

Table 5.20: Number and percentage of businesses that foresee recruitment of new staff in the coming 12 months

Option	Sample		Frame	
	Firms	%	Firms	%
Yes, new recruitment	787	39.1	7,475	**16.9**
No recruitment	1,226	60.9	36,699	**83.1**
Total	**2,013**	**100.0**	**44,174**	**100.0**

Of the 7,475 companies that plan to undertake new recruitment, 55.4 percent intend to introduce new products (Table 5.21), while 29 percent have not yet decided. Meanwhile, 36.9 percent of the same group plan new investments in the coming twelve months, though 35.8 percent are still in doubt.

Table 5.21: Percentage of businesses that foresee recruitment of new staff in the coming 12 months, by their plan for new products and new investments over that period

Option	New products or services			New technologies		
	Yes	No	DK	Yes	No	DK
Yes, new recruitment	55.4	15.6	29.0	36.9	27.3	35.8
No recruitment	13.4	62.2	24.4	6.3	67.2	26.5
TOTAL	**20.9**	**53.8**	**25.2**	**11.8**	**60.0**	**28.2**

At 68.8 percent, a much larger proportion of information and communication businesses are planning new recruitment in the coming twelve months than are companies in other sectors (Table 5.22). Naturally, while it is very good that this sector is growing quickly, there is a sensitive situation regarding employment, which has two specific factors compared to other sectors. New recruits need to have a high level of education and advanced qualifications, while there are many individuals deciding to emigrate. Thus, it is essential to increase now the number and quality of ICT graduates emerging from the country's educational institutions.

At 39 percent, mining and quarrying ranks second among businesses planning to hire new recruits, reflecting the recent improvement in the global market for mining products. Meanwhile, it is important to consider that, in Albania, mines are located in areas where the population has been steadily falling and the young labour force decreasing even more quickly.

Administrative and support services follow (36.1%), indicating that this sector is still dynamic, with its two pillar subsectors: call centres and security firms.

It is interesting to note that the sector electricity, gas, and steam is at the bottom end of the ranking (6.5%), while in SNA 2014 it had the highest percentage (63%) of companies planning new recruitment. The large projects Trans-Adriatic Pipeline (TAP), Devoll Hydropower and the various power plant projects across the country are now maturing, and employment in those projects is decreasing.

Table 5.22: Businesses in the Frame that foresee recruitment of new staff in the coming 12 months, by sector

Economic sector	Firms	% of the sector
B Mining and quarrying	106	39.0
C Manufacturing	1,195	20.4
D Electricity, gas, steam	20	6.5
E Water supply, sewerage, waste	68	17.7
F Construction	499	30.0
G Wholesale and retail trade, repair	2,201	11.9
H Transportation and storage	178	11.0
I Accommodation and food service	1,539	18.0
J Information and communication	407	68.8
K Financial and insurance activities	314	35.2
L Real estate activities	35	12.2
M Professional, scientific and technical	177	10.0
N Administrative and support service	459	36.1
R Arts, entertainment and recreation	31	7.0
S Other services activities	247	13.8
Total	**7,475**	**16.9**

Table 5.23 reports the number and percentage of businesses that foresee recruitment of new staff in the coming twelve months. There is a clear positive correlation between the size of company and the intention to have at least one new recruit in the next twelve months. Among micro-size businesses, 10.7 percent expect to have new recruitment, while for other subgroups the number of recruits is more important than whether or not they will have new recruits (see analysis below).

Table 5.23: Businesses in the Frame that foresee recruitment of new staff in the coming 12 months, by size

Size	Firms	% of the size group
Micro [1–4]	3,343	10.7
Small [5–19]	2,429	24.6
Medium [20–79]	1,214	53.4
Large [≥ 80]	489	67.3
Total	**7,475**	**16.9**

Table 5.24 reports that the South-east region is expected to be less active than other regions in the labour market in the next twelve months.

Table 5.24: Businesses in the Frame that foresee recruitment of new staff in the coming 12 months, by region

Region	Firms	% of the region
North	1,229	20.9
Central	4,216	18.0
South-east	674	9.7
South-west	1,355	17.2
Total	**7,475**	**16.9**

Statistical analysis indicates that there will be about 44,397 new recruits in the Frame over the next twelve months, or 10.8 percent of the current working force (Table 5.25). However, the real number may be lower than this estimate due to staff replacement in companies as a result of firing of staff or where staff leave the company for personal reasons, for example to emigrate, for health reasons, or simply to find a better job.

The average number of new recruits, including businesses with no recruitment drive, works out at one employee per business. Recruitment rates in both the sample and the Frame in SNA 2017 are very close to those of SNA 2014. Thus, there is a high probability that the total number of employees will continue to increase over the next twelve months.

Table 5.25: Descriptive statistics on the total number of recruits anticipated over the next 12 months for the sample and Frame

Measure	Number of new recruits	
	Sample	Frame
Mean	7.9	1.0
Median	0	0
Mode	0	0
Std. Deviation	24.9	6.2
Maximum	400	400
Sum = total new recruits	**15,832**	**44,397**
Recruitment rate (% of total employees)	9.3	10.8

The manufacturing sector will employ more new recruits (13,190 persons) than any other sector (Table 5.26); more than double. Within the sector, most new recruits will be in the fashion and garment industry, still a dynamic employer in the Albanian labour market. In percentage terms, the information and communication sector will have the highest recruitment rate (18.8%), supporting the above-mentioned finding that this is the fastest growing sector. These sectors are followed by administrative and support services, with 5,716 new recruits and a recruitment rate of 17.6 percent.

Table 5.26 Anticipated recruitment over the next 12 months in the Frame, by sector

Economic sector	New recruits			
	Mean	Maximum	Total	Recruitment rate (%)
B Mining and quarrying	4.9	60	1,338	**12.2**
C Manufacturing	2.2	400	13,190	**14.0**
D Electricity, gas, steam	0.8	50	250	**2.4**
E Water supply, sewerage, waste	0.5	20	204	**2.5**
F Construction	3.2	200	5,352	**14.7**
G Wholesale and retail trade, repair	0.3	150	5,512	**6.4**
H Transportation and storage	0.6	200	979	**5.8**
I Accommodation and food service	0.6	30	4,864	**13.0**
J Information and communication	6.78	30	4,011	**18.8**
K Financial and insurance activities	1.5	110	1,309	**5.1**
L Real estate activities	0.7	10	193	**11.3**
M Professional, scientific and technical	0.4	50	791	**7.2**
N Administrative and support service	4.5	400	5,716	**17.6**
R Arts, entertainment and recreation	0.6	80	283	**2.8**
S Other services activities	0.2	30	405	**6.9**
Total	**1.0**	**400**	**44,397**	**10.8**

Large businesses expect to have the largest number of new recruits over the next twelve months, a total of 14,710 people (Table 5.27). Call centres are leaders in this respect, with just three of them alone planning to recruit 950 youngsters. Given their size the recruitment rate of large businesses is the lowest (8.5%), while the mean and maximum far exceed those of other business sizes.

Table 5.27 Anticipated recruitment over the next twelve months in the Frame, by size

Economic sector	New recruits			
	Mean	Maximum	Total	Recruitment rate (%)
Micro [1–4]	0.2	20	6,968	**10.5**
Small [5–19]	1.1	60	10,708	**12.7**
Medium [20–79]	5.3	120	12,012	**13.9**
Large [≥ 80]	20.3	400	14,710	**8.5**
Total	**1.0**	**400**	**44,397**	**10.8**

A total of 29,717 persons are foreseen to be recruited in the Central region over the next twelve months (Table 5.28). It is interesting to note than in the South-east region one company (a paper and canvas bag manufacturing factory in Berat city) is planning to recruit more than ten percent of the new recruits across the whole region.

Table 5.28 Anticipated recruitment over the next 12 months in the Frame, by region

Economic sector	New recruits			
	Mean	Maximum	Total	Recruitment rate (%)
North	0.8	120	4,926	12.5
Central	1.3	400	29,717	10.9
South-east	0.5	400	3,550	8.8
South-west	0.8	120	6,203	10.9
Total	**1.0**	**400**	**44,397**	**10.8**

The aggregate recruitment rate for the next twelve months is not correlated with the nationality of the businesses owners (Table 5.29), since both Albanian and foreign-owned companies are exposing themselves on average to the same level of new recruitment (10.8 and 10.9%, respectively). However, the situation is very different with regard to state-owned and privately owned companies. The new recruitment rate of the former is expected to be very modest, at 1.9 percent, compared with more than ten percent for privately owned businesses.

Table 5.29 Anticipated recruitment over the next 12 months in the Frame, by ownership

Economic sector	New recruits			
	Mean	Maximum	Total	Recruitment rate (%)
100% Albanian-owned	0.8	300	35,453	10.9
Foreign and joint	3.7	400	8,944	10.8
State-owned	2.6	200	574	1.9
Privately owned	1.0	400	43,823	11.6
Total	**1.0**	**400**	**44,397**	**10.8**

In terms of occupations, sewing and assembly workers employed in *fason* manufacturing is the occupation driving the employment market in Albania (Table 5.30). More than 7,100 new recruits are anticipated in this sector during the coming year, including 3,800 sewing machine operators and more than 2,500 shoemakers, among others. It should be emphasised that the new recruitment rate (16%) for the *fason* industry in the next twelve months exceeds the current employment rate of this industry in the Frame (11%) meaning that its relative employment weight in Albania will grow, at least for the coming year.

Call centre operators is the second-most sought after occupation for the next twelve months, anticipating nearly 4,554 new recruits. Waiters rank third, with 3,891 new recruits, due to the relatively large number of bar–restaurants in the country and also because of the skills shortages in this group. Meanwhile, building frame workers (bricklayers, house builders, concrete finishers, joiners, etc.) are anticipated to have 2,115 new recruits during the next twelve months, remaining a profession in high demand.

Subgroup analysis made the following findings:

- Sales workers and shopkeepers, jobs recorded above as the most deficient in skills, are not among the top five recruiting occupations for the coming year, for any size group of business. This might be the result of businesses preferring to use other means to address the skills shortages in these positions.
- Driving is one of the top three occupations in the micro- and small-size group of businesses, though this job ranked much lower in SNA 2014. This finding reflects an increased need for transport in small businesses.

- ICT experts are in the top 20 occupations in all size groups of businesses, though ranking very low in SNA 2014, reflecting that ICT is becoming very important for businesses regardless of size and sector.

Table 5.30: Top 20 professions sorted by anticipated recruitment for all businesses in the Frame

Rank	Albania		Micro and small		Medium and large	
	Profession	Recruits	Profession	Recruits	Profession	Recruits
1	Call centre operators	4,554	Waiters, bartenders	2,987	Call centre operators	4,117
2	Sewing machine operators, tailors	4,368	Building frame workers	1,561	Sewing machine operators, tailors	3,972
3	Waiters, bartenders	3,891	Drivers	1,032	Shoemaking workers	2,569
4	Shoemaking workers	2,569	Metal related workers	903	Mining, construction workers	1,044
5	Building frame workers	2,115	Cleaners, helpers	674	Security guards	979
6	Mining, construction workers	1,446	Sales workers, shopkeepers	614	Waiters, bartenders	904
7	Drivers	1,372	Cooks	592	Food products machine operators	782
8	Cleaners, helpers	1,221	Engineering technicians	548	Sales, business services agents	576
9	Sales workers, shopkeepers	1,074	Mechanics, repairers	462	Building frame workers	553
10	Security guards	1,049	Lawyers	457	Cleaners, helpers	546
11	Metal related workers	1,042	Accountants, economists	440	ICT experts	521
12	Engineering technicians	896	Call centre operators	437	Butchers, fishmongers	486
13	ICT experts	804	Engineers (excluding ICT)	403	Sales workers, shopkeepers	459
14	Food products machine operators	794	Mining, construction workers	402	Tellers, croupiers	420
15	Sales, business services agents	775	Sewing machine operators, tailors	395	Paper, plastic product workers	387
16	Accountants, economists	772	Building finishers (plumber, roofer, etc.)	394	Engineering technicians	349
17	Engineers (excluding ICT)	692	Wood workers, cabinet makers	324	Drivers	340
18	Mechanics, repairers	686	Food preparation assistants	301	Accountants, economists	332
19	Cooks	664	ICT experts	283	Engineers (excluding ICT)	288
20	Wood workers, cabinet makers	572	Mobile plant operators	267	Electricians, electro-mechanics	274

Other service activities (Group S; Table 5.31), information and communication (J), and professional, scientific and technical (M) sectors expect to more often face difficulties in successfully completing new recruitment procedures in the coming year. Nearly all respondents (95%, 91% and 78%, respectively) declared that it was hard for them to find appropriate applicants for their vacancies.

Table 5.31: Professions with the highest estimated number of new recruits and cases for firms in the Frame, by sector and the difficulty firms have to find them

Economic sector	Recruits		Difficulty in finding (% of firms)		
Profession	People	Cases	Yes	No	DK
B Mining and quarrying	**1,338**	**224**	**61**	**7**	**31**
Miners, well drillers	188	62	51	15	34
Cleaners, helpers	111	2	0	0	100
C Manufacturing	**13,190**	**1,954**	**68**	**28**	**4**
Sewing machine operators, tailors	4,363	241	89	6	4
Shoemaking workers	2,522	124	77	16	6
Metal related workers	795	71	95	0	5
Paper, plastic product workers	501	65	4	92	3

Economic sector / Profession	Recruits		Difficulty in finding (% of firms)		
	People	Cases	Yes	No	DK
Wood workers, cabinet makers	451	226	40	39	21
Butchers, fishmongers	411	17	100	0	0
D Electricity, gas, steam	**250**	**70**	**72**	**28**	**0**
Mobile plant operators	62	16	0	100	0
Building frame workers	62	31	100	0	0
E Water supply, sewerage, waste	**204**	**95**	**73**	**18**	**9**
Refuse workers	43	14	100	0	0
Mechanics, repairers	38	38	100	0	0
F Construction	**5,352**	**1,199**	**46**	**42**	**12**
Building frame workers	1,618	299	47	40	13
Mining construction workers	1,127	131	28	70	2
Building finishers (plumber, roofer, etc.)	468	122	25	53	22
Engineers (excluding ICT)	369	101	70	24	6
Engineering technicians	311	84	47	49	4
Mobile plant operators	265	38	49	48	3
G Wholesale and retail trade, repair	**5,512**	**2,941**	**43**	**44**	**14**
Sales workers, shopkeepers	881	339	45	47	8
Drivers	469	316	43	22	35
Mechanics, repairers	421	241	77	18	5
Call centre operators	395	266	0	100	0
Engineering technicians	369	130	30	65	5
Sales, business services agents	360	145	40	55	5
H Transportation and storage	**979**	**235**	**63**	**22**	**15**
Drivers	453	139	77	10	12
Meter readers	108	11	77	23	0
I Accommodation and food service	**4,864**	**2,629**	**48**	**38**	**14**
Waiters, bartenders	3,292	1,732	49	35	16
Cooks	486	316	26	56	18
Food preparation assistants	352	266	38	62	0
J Information and communication	**4,011**	**405**	**91**	**9**	**0**
Support operators in call centre	1,590	179	100	0	0
ICT experts	93	56	100	0	0
K Financial and insurance activities	**1,309**	**375**	**36**	**26**	**38**
Accountants, economists	448	200	10	23	67
Credit, risk officers	248	80	99	1	0
L Real estate activities	**193**	**95**	**11**	**59**	**30**
M Professional, scientific and technical	**791**	**241**	**78**	**19**	**3**
ICT experts	213	33	84	16	0
Engineers (excluding ICT)	147	52	100	0	0
Architects, planners, designers	120	60	100	0	0
Call centre operators	104	5	0	100	0
N Administrative and support services	**5,716**	**837**	**37**	**61**	**2**
Call centre telemarketing operators	2,462	66	74	19	6
Security guards	990	54	59	30	11
Cleaners, helpers	554	195	3	97	0

Economic sector Profession	Recruits People	 Cases	Difficulty in finding (% of firms) Yes	 No	 DK
Lawyers	396	132	0	100	0
Office, job supervisors	336	137	3	97	0
R Arts, entertainment and recreation	**283**	**44**	**41**	**30**	**29**
Tellers, croupiers	206	17	55	45	0
S Other services activities	**405**	**319**	**95**	**0**	**5**
Hairdressers, beauticians	132	132	100	0	0
Drivers	109	54	100	0	0

Notes: *1. Rate is number of new recruits as percentage of total number of current employees in the sector*

2. Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession

It is easier to find new recruits in the Central region than in the other three regions of Albania (Table 5.32). Some 44 percent of businesses in the Central region and 67 percent of businesses in the South-west declared difficulties in taking on new recruits.

Some job positions are more difficult to fill with skilled people in one region compared to another. Thus, sewing machine operators and tailors are difficult to find in North, Central and South-east Albania (88%, 92% and 88% of cases, respectively), where many garment and shoe plants are operating, while in the South-west the number of businesses facing this challenge is 58 percent.

Table 5.32: Professions with the highest estimated number of new recruits and cases for firms in the Frame, by region and the difficulty firms have to find them

Region Profession	Recruitment People	 Cases	Difficulty in finding (% of firms) Yes	 No	 DK
North	**4,926**	**2,174**	**59**	**22**	**19**
Waiters, bartenders	807	598	50	10	40
Shoemaking workers	462	16	62	38	0
Drivers	361	133	77	10	13
Sewing machine operators, tailors	340	24	88	12	0
Cooks	334	253	17	61	22
Butchers, fishmongers	261	10	100	0	0
Cleaners, helpers	157	122	85	3	12
Building frame workers	155	50	73	9	18
Miners, well drillers	142	42	42	7	50
Mining construction workers	139	16	47	53	0
Central	**29,717**	**6,220**	**44**	**48**	**8**
Call centre operators	4,287	508	43	56	1
Sewing machine operators, tailors	3,020	165	92	6	1
Waiters, bartenders	1,508	635	19	80	2
Shoemaking workers	1,505	79	76	14	10
Building frame workers	1,097	137	18	73	9
Metal related workers	826	104	36	26	39
Cleaners, helpers	815	242	13	87	0
ICT experts	766	287	27	72	0
Mining construction workers	761	83	18	73	9
Sales, business services agents	709	192	41	50	9

Region Profession	Recruitment		Difficulty in finding (% of firms)		
	People	Cases	Yes	No	DK
Food products machine operators	674	39	76	7	18
Sales workers, shopkeepers	647	240	36	58	6
Security guards	647	25	41	48	11
Accountants, economists	635	304	12	19	68
Engineers (excluding ICT)	625	176	84	12	3
Engineering technicians	577	161	31	68	1
South-east	**3,550**	**1,087**	**62**	**26**	**12**
Sewing machine operators, tailors	770	35	88	3	9
Paper, plastic product workers	387	8	34	41	25
Building frame workers	314	76	4	62	33
Drivers	258	124	93	7	0
Waiters, bartenders	239	169	77	18	5
Mining construction workers	170	110	5	28	67
Engineering technicians	130	84	75	19	6
South-west	**6,203**	**2,182**	**67**	**21**	**12**
Waiters, bartenders	1,337	562	63	10	27
Building frame workers	548	236	82	9	10
Shoemaking workers	502	24	87	13	0
Mining construction workers	377	48	40	60	0
Building finishers (plumber, roofer, etc.)	348	95	40	37	23
Drivers	274	155	82	3	14
Sewing machine operators, tailors	238	19	58	17	25
Sales workers, shopkeepers	226	114	75	17	8
Cleaners, helpers	198	77	86	7	7
Security guards	189	13	39	53	8

Notes: *1. Rate is number of new recruits as percentage of total number of current employees in the sector*

2. Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession

The businesses planning to employ new recruits in the next twelve months were asked to identify, for each occupation, the skills and criteria that are difficult to find in applicants for that particular position (Table 5.33). The skills or criteria most often selected were professional skills (67.1% of cases), work experience (56.7%), correctness or integrity (44.7%), and lack of interest or motivation for the kind of job (38.5%).

Different skills appear much more problematic for certain occupations. Differences are more notable for skills or criteria that, in general, are not difficult for the vast majority of businesses to find. The most significant findings were the following:

- Required reading and official writing skills (2.9% of the total) were difficult to find for 72.7% job positions as authors, journalists or translators.
- Required computer skills (7.1% of the total) were difficult to find for 55.9% of ICT expert job positions.
- A preferred age (8.7% of the total) was difficult to find for 92.6% of printing worker and 80% of forestry worker job positions.
- Insufficient salary at the company (5.6% of the total) was a barrier for 40.8% of scientist, geologist and agronomist job positions and 38.6% of director or senior manager positions.

- Uninteresting working conditions (2.6% of the total) were a barrier for recruitment for job positions related to printing (92.6%) and cleaning (30.4%).

Table 5.33: Professions with highest occurrence of skills and criteria hard to find in applicants for vacancies

Skills and other requirements lacking Professions with highest % of cases	**Cases**
Professional	**67.1**
Authors, journalists, translators	100.0
Doctors, veterinarians	100.0
Forestry workers	100.0
Printing workers	100.0
Upholsterers	100.0
Metal related workers	99.8
Sewing machine operators, tailors	98.7
Hairdressers, beauticians	97.2
Wood workers, cabinet makers	96.8
Production, services managers	95.9
Scientists, geologists, agronomists	95.5
Mechanics, repairers	93.3
Food products machine operators	92.3
Cooks	91.2
Reading and official writing	**2.9**
Authors, journalists, translators	72.7
Refuse workers	30.9
Production, services managers	16.4
ICT, media technicians	15.4
Communication	**23.7**
Meter readers, payment collectors	78.1
Paper, plastic product workers	69.0
Directors, senior managers	60.2
Secretaries, office clerks	58.5
Sales workers, shopkeepers	57.8
Tellers, croupiers	56.8
Refuse workers	54.7
Waiters, bartenders	53.2
Creativity and innovation	**10.4**
Hairdressers, beauticians	64.9
Production, services managers	51.7
Cooks	37.5
Refuse workers	30.9
Computer	**7.1**
ICT experts	55.9
Sales, marketing, PR professionals	30.3
Other elementary workers	30.3
Stock, transport clerks	28.2
Organisational	**13.0**
Credit, risk officers	52.7
Sales, business services agents	48.7
Building frame workers	48.3
Directors, senior managers	43.4
Freight handlers, shelf fillers	38.5
Ability to work in a team	**31.8**
Printing workers	100.0
Refuse workers	90.2
Food products machine operators	86.6
Forestry workers	80.0
Hand packers	76.5
Miners, well drillers	64.4

Ability to learn	**33.9**
Upholsterers	94.5
Printing workers	92.6
Food products machine operators	88.1
Metal related workers	76.1
Garment or leather manual cutters	73.8
Mechanics, repairers	71.3
Painters	69.0
Knowledge of foreign languages	**16.1**
Finance professionals	88.7
Waiters, bartenders	56.7
Printing workers	46.3
General office clerks	41.6
Formal education	**17.4**
Production, services managers	80.9
Food products machine operators	77.8
Metal related workers	68.2
Meter readers, payment collectors	58.0
Doctors, veterinarians	45.4
Accountants, economists	43.7
Work experience	**56.7**
Printing workers	100.0
Forestry workers	100.0
Paper, plastic product workers	99.7
Bakers, pastry cooks	98.2
Hairdressers, beauticians	97.2
Metal related workers	95.7
Upholsterers	93.7
Food products machine operators	91.2
Correctness or integrity	**44.7**
Refuse workers	100.0
Printing workers	100.0
Finance professionals	88.7
Forestry workers	80.0
Meter readers, payment collectors	78.1
Secretaries, office clerks	77.3
Credit, risk officers	76.7
Tellers, croupiers	74.6
Appearance	**6.1**
Directors, senior managers	41.4
Refuse workers	40.6
Other elementary workers	28.9
Authors, journalists, translators	26.1
Waiters, bartenders	22.6
Age	**8.7**
Printing workers	92.6
Forestry workers	80.0
Garment or leather manual cutters	70.3
Butchers, fishmongers	42.8
Electricians, electro-mechanics	35.0
Gender	**6.6**
Forestry workers	80.0
Butchers, fishmongers	42.8
Cleaners, helpers	31.5
Refuse workers	30.9

Lack of interest or motivation for the kind of job	**38.5**
Printing workers	100.0
Food products machine operators	86.1
Paper, plastic product workers	75.1
Butchers, fishmongers	73.0
Shoemaking workers	71.8
Waiters, bartenders	61.2
Sewing machine operators, tailors	61.2
Freight handlers, shelf fillers	61.0
Secretaries, office clerks	60.3
Insufficient salary at the company	**5.6**
Scientists, geologists, agronomists	40.8
Directors, senior managers	38.6
Other elementary workers	32.3
ICT, media technicians	23.6
Credit, risk officers	20.4
Uninteresting working conditions	**2.6**
Printing workers	92.6
Cleaners, helpers	30.4
Hand packers	15.7
Lack of career development perspective	**19.3**
Painters	54.8
Building frame workers	45.9
Building finishers (plumber, roofer, etc.)	45.6
Production, services managers	44.3
General office clerks	43.7
Call centre operators	41.8
Directors, senior managers	38.5
Low education level or qualification	**19.4**
Food products machine operators	78.6
Building frame workers	67.0
Upholsterers	65.1
Printing workers	46.3
Doctors, veterinarians	39.3
Authors, journalists, translators	34.8
Butchers, fishmongers	31.5
Waiters, bartenders	30.3

Notes: *1. Rate is number of new recruits as percentage of total number of current employees in the sector*

2. Each company could select 0–5 professions. Therefore a minority is represented with more than one profession in the aggregate figure; 1 case = 1 enterprise x 1 profession

Enhancement of recruitment procedures or means (57.5%) was the main action taken by businesses to address vacancies that cannot be filled with new applicants (Table 5.34), followed by an increase in salary and benefits to make the job more attractive (29.5%). Outsourcing to other experts or companies to undertake the job (a good option under the circumstances of recruitment failure) was rarely used (9.5% of cases).

Table 5.34: Occurrence of actions taken by firms in the sample and the Frame to address recruitment process failure

Action taken	Sample		Frame	
	Firms	%	Firms	%
Invest in training of existing staff by hiring private training providers	259	32.9	1,681	22.5
Increase salary and benefits to make the job more attractive	259	32.9	2,201	29.5
Outsourcing for other experts or companies to undertake the job	81	10.3	713	9.5
Invest in technology	119	15.1	500	6.7
Enhancement of recruitment procedures or means	448	56.9	4,301	57.5
Application to a state employment or training scheme	188	23.9	1,366	18.3
Total number of businesses with at least one action taken	**754**	**95.8**	**6,795**	**90.9**

***Note**: Percentages are calculated across the total number of firms planning to take on new recruits in the next twelve months*

Table 5.35: Percentage of firms in the Frame taking actions to address recruitment failure, by size

Action taken	Micro	Small	Medium	Large	Total
Invest in training of existing staff by hiring private training providers	18.0	27.5	20.4	33.5	22.5
Increase salary and benefits to make the job more attractive	27.7	33.8	25.5	29.3	29.5
Outsourcing for other experts or companies to undertake the job	11.2	9.0	5.6	10.9	9.5
Invest in technology	2.6	9.0	8.7	18.1	6.7
Enhancement of recruitment procedures or means	50.3	59.8	70.6	62.9	57.5
Application to a state employment or training scheme	14.1	25.8	12.6	23.9	18.3
Total number of businesses with at least one action taken	**86.1**	**93.2**	**98.2**	**94.6**	**90.9**
Number of firms planning new recruits in the coming 12 months	**3,343**	**2,429**	**1,214**	**489**	**7,475**

***Note**: Percentages are calculated across the total number of firms planning to take on new recruits in the next twelve months*

6. TRAINING NEEDS

Trainings to Improve Skills

Various types of training can be used by businesses for their employees to improve their skills, as well as to cover their needs for qualifications within the enterprise. Such training depends on the resources available for training, the type of company and the priority that it places on training. Picking the best method for training employees is always a challenge for business owners.

The forms of training used by businesses operating in Albania are reported in Table 6.1, for which businesses were asked about the level of importance of each. The results indicate that on-the-job training provided by experienced company staff was the key type of training employed by businesses, with about 60.6 percent of businesses assessing it as very important.

Other forms of training were rarely used, with at least 90 percent of businesses responding to each of those as either non-applicable or unimportant. Compared to SNA 2014 the percentage of businesses declaring training methods as irrelevant has increased, for every single training method. It seems that more businesses, estimated to be about ten percent of the total, can be added to those who have no interest or have lost belief in staff training.

Table 6.1: Forms of training and their importance for businesses in the Frame

Form of training	Percentage (by row)			
	not important	somewhat important	very important	N/A
On-the-job training from experienced company staff	5.1	5.7	60.6	28.6
Training from the supplier of technology	2.1	2.7	7.8	87.4
Training, inside Albania, from private training experts or institutions	1.0	3.0	5.6	90.3
Training in vocational schools or centres contracted by the company	0.8	3.0	3.4	92.8
Training from a public training institution	1.0	2.7	4.0	92.3
Training abroad (other than from the supplier)	0.8	1.3	3.7	94.2
World brand professional certification	1.0	1.3	5.8	91.8

Most companies themselves provide the funding for the training, for all groups of occupations (Table 6.2). Between five and nine times as many businesses finance such training than those that used other means.

Table 6.2: Source of finance for training for groups of professions as a percentage of the total number of businesses in the Frame

Potential financer of training	Senior specialists and administrators with high education	Implementation technicians and specialists	Sales and services employees	Craftsmen, artisans and related professions	Assembly, maintenance and machinery workers	Workers in elementary jobs
Enterprise	15.7	8.9	29.7	8.1	5.3	8.7
Employees	2.1	1.3	2.1	0.7	0.3	0.7
Suppliers	0.1	0.1	0.3	0.0	0.1	0.0
Government	0.6	0.1	0.5	0.0	0.1	0.1
Donors	0.3	0.1	0.3	0.0	0.2	0.1

The sales and services group of employees has the largest number of companies delivering training financed by the company itself, at nearly 30 percent, followed by the group of senior specialists and

administrators with a high level of education.

Meanwhile, the number of businesses that have trained technicians, and craftsmen and workers is about 3.5 times smaller than the number that have trained sales and services employees.

In general, the percentage of businesses financing training by the company itself has decreased from the SNA of 2014, in line with the above-mentioned suggestion that some businesses have lost belief in training their staff (perhaps due to frequent changes in staff) and judge that spending money on staff training has no positive return for the company.

Near half of businesses (48.3%) face no real barriers to continuous training of their staff (Table 6.3) in order to have a team of skilled employees. Lack of training funds (26.4%) was declared as the main such barrier, followed by frequent mobility of the labour force (20.6%), which is of course also related to training funds, with businesses afraid to invest in training an unstable workforce, because of the risk of multiple expenses for the same job position.

In comparison with SNA 2014, an increase in the occurrence of lack of courses and of suitable instructors as a barrier is to be noted, from 7.3 percent in 2014 to 11.7 percent in 2017. Although the change is not particularly large, it is an indicator that the offer of training in Albania is not matching the demand.

Table 6.3: Occurrence of barriers hindering staff training

Barrier	Firms		Employees in these firms	
	Number	%	Number	%
Lack of training funds	11,677	26.4	106,390	26.0
Lack of courses and of suitable instructors	5,161	11.7	65,333	16.0
Lack of staff motivation regarding training	2,841	6.4	27,921	6.8
Frequent mobility of labour force	9,101	20.6	120,222	29.4
Lack of time for training	6,735	15.2	80,378	19.6
There are no barriers	21,353	48.3	159,869	39.0
Total	**44,174**	**100.0**	**409,470**	**100.0**

Mining and quarrying is clearly the sector suffering more than any other sector from barriers to staff training (Table 6.4), with 72 percent of such businesses reporting such barriers. In addition to a lack of training funds, the main barrier for the majority of sectors, in mining there is a lack of courses and of suitable instructors for 45 percent of businesses in the sector.

Other sectors where training is considerably affected by a lack of courses and of suitable instructors are water supply, sewerage, waste, and electricity, gas, steam, at 37 and 38 percent, respectively, of businesses in their sectors.

Table 6.4: Barriers to training of staff for each economic sector (%)

Barrier	B	C	D	E	F	G	H	I	J	K	L	M	N	R	S	Total
Lack of training funds	40	29	36	28	29	26	41	28	21	1	3	16	38	45	19	**26**
Lack of courses and of suitable instructors	45	17	38	37	18	8	15	12	4	17	-	6	17	5	11	**12**
Lack of staff motivation regarding training	12	10	5	13	8	4	7	8	2	1	-	5	2	-	13	**6**
Frequent mobility of labour force	36	24	8	8	26	19	4	32	7	5	-	8	27	21	9	**21**
Lack of time for training	6	16	6	1	17	13	25	12	17	3	-	18	33	25	36	**15**
There are no barriers	28	43	55	36	40	52	42	41	68	74	97	64	33	32	49	**48**

***Notes**: 1. All figures are shown as percentages of the total number of firms in the sector subgroup*

2. B, Mining and quarrying
C, Manufacturing
D, Electricity, gas, steam
E, Water supply, sewerage, waste
F, Construction
G, Wholesale and retail trade, repair
H, Transportation and storage
I, Accommodation and food service
J, Information and communication
K, Financial and insurance activities
L, Real estate activities
M, Professional, scientific and technical
N, Administrative and support service
R, Arts, entertainment and recreation
S, Other service activities

Frequent mobility of the labour force seems to be a relatively more important barrier for large businesses (39%) than it is for businesses of other sizes (Table 6.5), particularly micro businesses (17.4%), for whom it does not appear to be a barrier. No other barriers to training are identified by businesses in relation to their size.

Table 6.5: Barriers to staff training, by size (%)

Barrier	Micro	Small	Medium	Large	Total
Lack of training funds	26.5	26.6	25.7	25.7	**26.4**
Lack of courses and of suitable instructors	10.5	14.7	13.1	16.3	**11.7**
Lack of staff motivation regarding training	5.8	8.5	5.9	7.6	**6.4**
Frequent mobility of labour force	17.4	28.1	26.6	39.0	**20.6**
Lack of time for training	14.8	15.9	17.9	18.6	**15.2**
There are no barriers	50.9	41.4	48.0	33.1	**48.3**

***Note**: Percentages are of the total number of firms in the Frame for each size group*

The North is a very unfriendly region with regard to staff training (Table 6.6), where 81.1 percent of businesses in the region declare they face barriers to staff training, while the South-east is the most friendly region, at 31.1 percent. Lack of training funds (58.5%) and lack of courses and of suitable instructors (29.4%) are the largest training issues in the North. Meanwhile, lack of time for training is 2–4 times more frequent in the Central region, where the intensity of life and doing business impacts the time available for training.

Table 6.6: Barriers to staff training, by region (%)

Barrier	North	Central	South-east	South-west	Total
Lack of training funds	58.5	21.9	15.1	26.1	**26.4**
Lack of courses and of suitable instructors	29.4	7.7	8.9	12.9	**11.7**
Lack of staff motivation regarding training	8.0	4.3	2.6	14.8	**6.4**
Frequent mobility of labour force	24.6	17.1	15.5	32.4	**20.6**
Lack of time for training	10.1	21.4	5.5	9.4	**15.2**
There are no barriers	18.9	50.8	68.9	44.9	**48.3**

***Note**: Percentages are of the total number of firms in the Frame for each region*

Only 14.1 percent of businesses in Albania (employing 47.7% of employees) have a training structure as part of their organisational chart (Table 6.7), and only 5.7 percent (employing 25.8% of employees) have a separate training budget.

Compared to SNA 2014 there has been a decrease in the share of businesses having a dedicated training structure inside the company, even though the share of employees in those companies has remained the same. This combination of figures indicates that, overall, the increase in the total number of employees in the group of businesses with a training structure, or training budget, or both, is bigger than in those without a training structure inside the company.

Table 6.7: Existence of training structure and budget within businesses

Training support	Sample		Frame			
	Firms	%	Firms	%	Employees	%
Training structure	804	39.9	6,214	14.1	195,277	47.7
Separate training budget	356	17.7	2,513	5.7	105,750	25.8
Both training structure and separate budget	311	15.4	2,166	4.9	95,315	23.3
Total numbers in Albania	**2,013**	**100.0**	**44,174**	**100.0**	**409,470**	**100.0**

Electricity, gas, steam (47.3%), and mining and quarrying (33%) are the sectors in which there is the highest proportion of businesses with formal training structures or budget, or both (Table 6.8). In terms of budget, electricity, gas, and steam top the list again (36.8%), followed by administrative and support services (24.8%).

Table 6.8: Existence of training structure and budget within businesses in the Frame, by Sector

Sector	Training structure		Training budget	
	Firms	% in the sector	Firms	% in the sector
B Mining and quarrying	90	33.0	47	17.4
C Manufacturing	1,004	17.1	328	5.6
D Electricity, gas, steam	149	47.3	116	36.8
E Water supply, sewerage, waste	32	8.4	16	4.3
F Construction	374	22.5	95	5.7
G Wholesale and retail trade, repair	1,833	9.9	1,193	6.5
H Transportation and storage	205	12.6	86	5.3
I Accommodation and food service	1,077	12.6	60	0.7
J Information and communication	134	22.6	73	12.3
K Financial and insurance activities	268	30.0	174	19.6
L Real estate activities	24	8.5	10	3.5
M Professional, scientific and technical	385	21.7	30	1.7
N Administrative and support service	350	27.5	315	24.8
R Arts, entertainment and recreation	126	28.8	20	4.5
S Other services activities	166	9.2	5	0.3
Total	**6,214**	**14.1**	**2,570**	**5.8**

***Note**: Percentages are of the total number of firms in the Frame for each sector*

The majority of large companies have a training structure and more than one-third have a separate training budget (Table 6.9). A training structure exists also in 8.2 percent of micro businesses, and by cross analysis of three questions it emerges that nearly all of these 2,573 businesses have declared that they use on-the-job training by experienced company staff and assess this as very important for them. Clearly, experienced staff are perceived as the training structure.

Table 6.9: Frequencies of existence of training structure and budget within businesses in the Frame, by size

Size	Training structure		Training budget	
	Firms	% in the size group	Firms	% in the size group
Micro [1–4]	2,573	8.2	783	2.5
Small [5–19]	2,254	22.8	1,103	11.2
Medium [20–79]	856	37.7	408	17.9
Large [≥ 80]	532	73.3	276	38.1
Total	**6,214**	**14.1**	**2,570**	**5.8**

***Note**: Percentages are of the total number of firms in the Frame for each size group*

The South-east is the region in which a training structure and training budget are missing the most (Table 6.10). Considering that businesses in this region have fewer barriers to training (see Table 6.6) it seems that these businesses take an indifferent approach to training. In the South-west there is a relatively high percentage of companies with a training structure but a low proportion of companies with a training budget.

Table 6.10: Existence of training structure and budget within businesses in the Frame, by region

Region	Training structure		Training budget	
	Firms	% in the region	Firms	% in the region
North	1,390	23.6	252	4.3
Central	2,615	11.1	1,637	7.0
South-east	419	6.0	144	2.1
South-west	1,791	22.7	538	6.8
Total	**6,214**	**14.1**	**2,570**	**5.8**

***Note**: Percentages are of the total number of firms in the Frame for each region*

Since the percentage of businesses with a training structure or training budget, or both, is strongly correlated with size of the business, it is expected that foreign and joint companies and state-owned companies, which are dominated by medium and large businesses, are more likely to have a training structure and budget than those with other forms of ownership. The percentages reported in Table 6.11 confirm this view.

Table 6.11: Existence of training structure and budget within businesses in the Frame, by ownership

Ownership	Training structure		Training budget	
	Firms	% in the group	Firms	% in the group
100% Albanian-owned	5,552	13.3	2,194	5.3
Foreign and joint	662	27.5	376	15.6
State-owned	68	31.3	49	22.6
Privately owned	6,146	14.0	2,520	5.7
Total	**6,214**	**14.1**	**2,570**	**5.8**

***Note**: Percentages are of the total number of firms in the Frame for each type of ownership*

Trainees and Professions that Receive Training

Some 73,021 employees in the Frame (17.8% of the current work force) were in a training programme at the time of the survey or had undergone training in the previous twelve months (Table 6.12). The average number of employees that had been trained was 1.7 per company, including those from businesses without any training during the last twelve months.

Table 6.12: Descriptive statistics on employees that received training in the last twelve months

Measure	Sample	Frame
Mean (per company)	17.6	1.7
Median	0	0
Mode	0	0
Std. Deviation	71.5	18.7
Maximum	1,045	1,045
Sum = total trained staff	**35,459**	**73,021**
Weighted training rate (% trained employees)	*20.8*	*17.8*

As in SNA 2014, administrative and support services was the most active sector for training provision in the last twelve months, with 45.3 percent of companies and 32.8 percent of employees receiving training (Table 6.13). Since this sector has anticipated 17.6 percent new recruits (among the highest) in the coming twelve months it is expected that such levels of training will continue. In absolute

figures it is estimated that about 10,673 employees in the sector have received training, ranking second after mining and quarrying, with 11,851 employees trained in the last twelve months.

Table 6.13: Employees that received training in the last 12 months, by sector

Sector	Firms		Trained employees			
	Count	% of sector	Mean (incl. 0)	Maximum	Total	% of sector
B Mining and quarrying	77	28.2	5.4	320	1,462	13.4
C Manufacturing	1,019	17.3	2.0	300	11,851	12.5
D Electricity, gas, steam	57	18.2	6.4	730	1,997	19.0
E Water supply, sewerage, waste	29	7.6	2.4	610	934	11.2
F Construction	298	17.9	2.8	280	4,591	12.6
G Wholesale and retail trade, repair	2,335	12.6	0.5	382	9,275	10.8
H Transportation and storage	237	14.7	1.4	1,045	2,239	13.2
I Accommodation and food service	1,257	14.7	0.4	170	3,502	9.3
J Information and communication	409	69.1	8.6	400	5,075	23.8
K Financial and insurance activities	123	13.8	9.7	1,100	8,681	33.7
L Real estate activities	10	3.5	0.9	26	261	15.3
M Professional, scientific and technical	457	25.7	1.3	168	2,278	20.7
N Administrative and support service	576	45.3	8.4	907	10,673	32.8
R Arts, entertainment and recreation	48	11.0	4.5	500	1,943	19.4
S Other services activities	567	31.6	0.4	30	785	13.5
Total	**7,498**	**17.0**	**1.5**	**1,100**	**65,547**	**16.0**

***Note**: Percentages are of the total number of firms and employees in the Frame for each sector*

The largest proportion of staff (33.7%) trained last year work in the financial and insurance sector. This might be related to the nature of the work but also to the much greater availability of funds for training than in the other sectors. The large numbers of trainees nearly all work in large businesses—banks and insurance companies—which often organise trainings for their entire work forces. Small and medium businesses such as customs clearance agencies and money exchange offices provide barely any training.

The information and communication sector has a much higher proportion of businesses (69.1%) with employees that received training compared to other sectors. Not surprisingly, this is because of the nature of the skills and knowledge required in that sector.

An estimated number of 38,841 employees from 73.9 percent of the large companies in Albania were trained during the last twelve months (Table 6.14), with far larger numbers than for the other sizes of business. In contrast, the numbers for the micro-size businesses are very small, with only 6.9 percent of their employees being trained.

Table 6.14: Employees that received training in the last 12 months, by size group

Size	Firms		Number of trained employees			
	Count	% in size group	Mean (incl. 0)	Maximum	Total	% in size group
Micro [1–4]	3,193	10.2	0.1	39	4,576	6.9
Small [5–19]	2,648	26.8	0.9	100	9,007	10.7
Medium [20–79]	1,120	49.3	5.8	200	13,123	15.2
Large [≥ 80]	536	73.9	53.5	1,100	38,841	22.5
Total	**7,498**	**17.0**	**1.5**	**1,100**	**65,547**	**16.0**

***Note**: Percentages are of the total number of firms and employees in the Frame for each size group*

The Central region is characterised by large numbers of staff that have received training, with about one-fifth of employees trained in at least one subject in the last twelve months (Table 6.15). In contrast, the South-east has a very low level of training activity with only 4.2 percent of all employees trained in the last year, confirming the above-mentioned conclusion (see discussion on Table 6.10) that the South-east takes an indifferent approach to training.

Table 6.15: Employees that received training in the last 12 months, by region

Region	Firms		Number of trained employees			
	Count	% in group	Mean (incl. 0)	Maximum	Total	% in group
North	901	15.3	0.7	200	4,304	10.9
Central	5,195	22.1	2.2	1,100	52,678	19.3
South-east	366	5.3	0.2	106	1,697	4.2
South-west	1,036	13.2	0.9	527	6,869	12.0
Total	**7,498**	**17.0**	**1.5**	**1,100**	**65,547**	**16.0**

***Note**: Percentages are of the total number of firms and employees in the Frame for each region*

Companies with foreign ownership and businesses that are publicly owned have a higher proportion of provision of training to their employees than have Albanian- and state-owned businesses (Table 6.16). This is because foreign-owned and publicly owned businesses are generally medium or large in size. However, although the number of state-owned companies that provide training to their employees is 2.6 times larger (44.2% vs. 16.8%) than the number of such businesses that are privately owned, the proportion of trainees is in favour of the latter (16.2% vs. 13.6%). This finding is because, except for Albanian Post, which trained 1,045 employees, the other state-owned companies have focused on training mainly for qualified job positions.

Table 6.16: Employees that received training in the last twelve months, by ownership

Ownership status	Firms		Number of trained employees			
	Count	% in group	Mean (incl. 0)	Maximum	Total	% in group
100% Albanian-owned	6,786	16.2	1.0	1,045	42,955	13.2
Foreign and joint	712	29.6	9.4	1,100	22,593	27.2
State-owned	96	44.2	19.0	1,045	4,142	13.6
Privately owned	7,401	16.8	1.4	1,100	61,406	16.2
Total	**7,498**	**17.0**	**1.5**	**1,100**	**65,547**	**16.0**

***Note**: Percentages are of the total number of firms and employees in the Frame for each ownership group*

Businesses were asked to list the fields of training delivered to employees in the last twelve months. There were 15,210 cases of training in Albania provided for businesses in the Frame (Table 6.17). A training case is defined as one course given to one or more employees in one company on one or more occasions over the previous twelve months.

There were 2,192 cases (14.4% of all cases) of businesses training their sales staff and shop personnel, followed by 1,833 cases (12.1%) of training for waiters and bartenders. This finding supports the above-mentioned conclusion (see discussion on Table 4.6) that waiters, bartenders and shopkeepers are professions with the highest level of skills shortages and are anticipated to top the list of jobs that businesses have trained.

Directors and senior managers are in third place, receiving 1,165 cases of training, some 7.7 percent of the total number of cases.

Among medium and large businesses most trainings were received by call centre operators (608 cases, 15.3% of the group), followed by sewing machine operators and tailors (260 cases, 6.5%). It is important to emphasise that an average case of training in these two groups includes tens of trainees.

Table 6.17: Professions sorted by estimated number of cases in the Frame for which training was provided during the last 12 months

Rank	Profession group	Cases in the Frame		Cases in micro and small firms		Cases in medium and large firms	
		Count	%	Count	%	Count	%
1	Sales workers, shopkeepers	2,192	14.4	2,060	18.3	132	3.3
2	Waiters, bartenders	1,833	12.1	1,756	15.6	78	2.0
3	Directors, senior managers	1,165	7.7	1,053	9.4	112	2.8
4	Call centre operators	657	4.3	49	0.4	608	15.3
5	Freight handlers, shelf fillers	594	3.9	567	5.0	27	0.7
6	ICT experts	571	3.8	480	4.3	91	2.3
7	Hairdressers, beauticians	571	3.8	571	5.1	-	-
8	Accountants, economists	551	3.6	292	2.6	259	6.5
9	Building frame workers	482	3.2	355	3.2	126	3.2
10	Mobile plant operators	447	2.9	390	3.5	58	1.5
11	Sewing machine operators, tailors	425	2.8	165	1.5	260	6.5
12	Engineering technicians	408	2.7	244	2.2	164	4.1
13	Mechanics, repairers	331	2.2	289	2.6	43	1.1
14	Sales, business services agents	314	2.1	124	1.1	190	4.8
15	Engineers (excluding ICT)	221	1.5	148	1.3	73	1.8
16	Stock, transport clerks	220	1.4	189	1.7	31	0.8
17	Building finishers (plumber, roofer, etc.)	212	1.4	126	1.1	85	2.1
18	Garment or leather manual cutters	198	1.3	175	1.6	23	0.6
19	Metal related workers	196	1.3	139	1.2	57	1.4
20	Food preparation assistants	183	1.2	168	1.5	15	0.4
21	Receptionists, contact centre operators	168	1.1	89	0.8	79	2.0
22	Cooks	164	1.1	143	1.3	21	0.5
23	Sales, marketing, PR professionals	152	1.0	121	1.1	31	0.8
24	Cleaners, helpers	145	1.0	87	0.8	59	1.5
--	Others (57 profession groups)	2,889	19.0	1,513	13.5	1,376	34.6
	Total	**15,210**	**100.0**	**11,239**	**100.0**	**3,972**	**100.0**

1 case = 1 firm x 1 profession x 1 training field; for example, a firm that delivered training for three professions in each of two different fields would have six cases

Businesses seem to have different training priorities in the different regions (Table 6.18). Trainings that ranked in the top two places for the Central region are not in the top ten in the North.

It is interesting that directors and senior managers rank second in the Central region with 1,092 cases of training (10.2% of cases), while in the other regions they are not part of the top occupations that received trainings. This might be a result of different mentalities in the different regions but might also be a consequence of a difference in availability or accessibility of training courses for management in these regions.

In the Central region and South-West occupations with the highest occurrence of training are sales staff and shopkeepers, while in the other two regions occupations in bar–restaurants, such as waiters and bartenders and cooks, received the most training.

Table 6.18: Professions sorted by estimated number of firms where training was delivered in the last twelve months, by region

Region Profession	Training cases Number	 %
North	**1,874**	**100.0**
Waiters, bartenders	597	31.9
Building frame workers	156	8.3
Mechanics, repairers	140	7.5
Food preparation assistants	77	4.1
Hairdressers, beauticians	74	3.9
Accountants, economists	58	3.1
Food products machine operators	55	2.9
Others (44 profession groups)	772	41.2
Central	**10,694**	**100.0**
Sales workers, shopkeepers	1,860	17.4
Directors, senior managers	1,092	10.2
Waiters, bartenders	1,030	9.6
Call centre operators	617	5.8
Freight handlers, shelf fillers	544	5.1
Hairdressers, beauticians	449	4.2
Mobile plant operators	414	3.9
Accountants, economists	382	3.6
ICT experts	377	3.5
Sewing machine operators, tailors	327	3.1
Engineering technicians	316	3.0
Sales, business services agents	288	2.7
Engineers (excluding ICT)	188	1.8
Stock, transport clerks	185	1.7
Metal related workers	153	1.4
Building frame workers	150	1.4
Others (55 profession groups)	2,389	22.3
South-east	**624**	**100.0**
Cooks	93	14.8
Waiters, bartenders	53	8.5
Engineering technicians	53	8.5
Hairdressers, beauticians	48	7.8
Sales, marketing, PR professionals	38	6.1
Others (38 profession groups)	339	54.3
South-west	**2,018**	**100.0**
Sales workers, shopkeepers	289	14.3
Garment or leather manual cutters	176	8.7
Building frame workers	155	7.7
Waiters, bartenders	153	7.6
ICT experts	118	5.8
Upholsterers	109	5.4
Accountants, economists	95	4.7
Building finishers (plumber, roofer, etc.)	88	4.4
Others (50 profession groups)	836	40.8

1 case = 1 firm x 1 profession x 1 training field; for example, a firm that delivered training for three professions in each of two different fields would have six cases

The most common field of training over the last twelve months was in professional skills (Table 6.19), with 4,514 cases (29.7%) declared, followed by communication skills, company and professional ethics, with 1,940 cases (12.8%). In SNA 2014 these two training fields were in the same top two

positions, though professional skills were divided among some other sub-categories and were not immediately identified as the most common field of training.

There was a relatively high ranking of training provided for software users and programmers, with 1,265 cases: computer applications, 910; accounting software, 188; computer languages, 168.

Compared to SNA 2014 there are two fields of training that have achieved a remarkable increase in both numbers and percentages: client care and relationships and customer service, and HSE regulations and practices and first-aid guide, respectively ranked third and fourth in SNA 2017. This is a very good sign of businesses becoming more responsible towards clients and employees, as well as a sign of markets becoming more competitive.

Another interesting observation is the presence for the first time of the group apprenticeship programme (based on Council of Ministers Decision, DCM, numbers 47 and 48, of 16.01.2008, amended in 2014 and 2016, 'On the Promotion of Employment Programmes') through on-the-job training. Since companies that are using the government's programme of subsidies are mainly large businesses involved in garment and footwear manufacturing, and in construction, the number of new employees, hired and trained through promotion of employment programmes, is considerable.

Table 6.19: Training fields in last 12 months ranked by number of cases in the Frame, by size of business

Rank	Training field	Cases in the Frame		Cases in micro and small firms		Cases in medium and large firms	
		Count	%	Count	%	Count	%
1	Professional skills	4,514	**29.7**	3,462	30.8	1,052	26.5
2	Communication skills, company or professional ethics	1,940	**12.8**	1,537	13.7	403	10.2
3	Client care and relationship, customer service	1,482	**9.7**	1,411	12.6	71	1.8
4	HSE regulations, practices, first aid guide	1,120	**7.4**	765	6.8	355	8.9
5	Daily work processes	940	**6.2**	730	6.5	210	5.3
6	Computer applications	910	**6.0**	731	6.5	178	4.5
7	Use of machinery	766	**5.0**	447	4.0	319	8.0
8	Good knowledge of the products of the company	431	**2.8**	188	1.7	242	6.1
9	Managing and organising skills	408	**2.7**	294	2.6	114	2.9
10	Promotion and sales methods and skills	298	**2.0**	161	1.4	137	3.5
11	Accounting standards, audit, IFRS	229	**1.5**	179	1.6	50	1.3
12	Training in technology used	215	**1.4**	156	1.4	59	1.5
13	HR management	197	**1.3**	185	1.6	13	0.3
14	Internal control policies and procedures	188	**1.2**	169	1.5	20	0.5
15	Accounting Software (Finance 5, Alfa, etc.)	188	**1.2**	123	1.1	65	1.6
16	Computer programming language	168	**1.1**	113	1.0	55	1.4
17	Learning about new technologies and materials	143	**0.9**	91	0.8	52	1.3
18	Legislation related to sector or activity	141	**0.9**	35	0.3	106	2.7
19	Marketing skills and strategy	124	**0.8**	80	0.7	44	1.1
20	Banking related services	108	**0.7**	-	0.0	108	2.7
21	Fiscal legislation	94	**0.6**	53	0.5	40	1.0
22	Apprenticeship programme based on DCM no. 47	86	**0.6**	6	0.1	79	2.0
--	Others (20 training fields)	520	**3.4**	321	2.9	199	5.0
	Total	**15,210**	**100.0**	**11,239**	**100.0**	**3,972**	**100.0**

1 case = 1 firm x 1 profession x 1 training field; for example, a firm that delivered training for three professions in each of two different fields would have six cases

Table 6.20 reports a detailed picture of the professions that were more interested in each training field in which there have been more than 50 cases of training for at least one group of professions in the last twelve months.

The most notable combinations of profession and training field were:

- Sales workers and shopkeepers trained in client care and relationships, customer service (705 cases)
- Waiters and bartenders trained in communication skills, company and professional ethics (634 cases)
- Hairdressers and beauticians trained in professional skills (571 cases).

Table 6.20: Cases of training fields, by profession, in last 12 months sorted by number of cases; only professions with > 50 cases are shown

Training field / Profession	Training cases Number	%
Professional skills	**4,514**	**100.0**
Hairdressers, beauticians	571	12.6
Waiters, bartenders	440	9.7
Building frame workers	290	6.4
Freight handlers, shelf fillers	283	6.3
Mechanics, repairers	260	5.8
Engineering technicians	256	5.7
Mobile plant operators	224	5.0
Sales workers, shopkeepers	198	4.4
Call centre operators	172	3.8
Building finishers (plumber, roofer, etc.)	156	3.5
Cooks	147	3.3
Food preparation assistants	126	2.8
Sewing machine operators, tailors	114	2.5
ICT experts	110	2.4
Bakers, pastry cooks	97	2.1
Metal related workers	91	2.0
Upholsterers	81	1.8
Electricians, electro-mechanics	75	1.7
Wood workers, cabinet makers	66	1.5
Drivers	62	1.4
Communication skills, company and professional ethics	**1,940**	**100.0**
Waiters, bartenders	634	32.7
Sales workers, shopkeepers	535	27.6
Call centre operators	205	10.6
Directors, senior managers	193	10.0
Receptionists, contact centre operators	95	4.9
Sales, business services agents	69	3.6
Client care and relationship, customer service	**1,482**	**100.0**
Sales workers, shopkeepers	705	47.6
Waiters, bartenders	463	31.2
Freight handlers, shelf fillers	266	18.0
HSE regulations, practices, first aid guide	**1,120**	**100.0**
Mobile plant operators	207	18.5
Directors, senior managers	189	16.9
Engineering technicians	81	7.2
Ship, aircraft controllers	57	5.1
Mining, construction workers	54	4.8
Metal related workers	53	4.7
Drivers	52	4.6
Engineers (excluding ICT)	50	4.5
Daily work processes	**940**	**100.0**
Sales workers, shopkeepers	309	32.9
Artisans	87	9.2
Stock, transport clerks	85	9.1
Directors, senior managers	69	7.3
Food preparation assistants	51	5.4
Computer applications	**910**	**100.0**
ICT experts	194	21.3

Training field Profession	Training cases Number	 %
Directors, senior managers	190	20.9
Sales workers, shopkeepers	113	12.4
Waiters, bartenders	103	11.3
Architects, planners, designers	88	9.7
Accountants, economists	61	6.7
Engineers (excluding ICT)	52	5.8
Use of machinery	**766**	**100.0**
Sewing machine operators, tailors	225	29.4
Garment or leather manual cutters	180	23.5
Building frame workers	115	15.0
Shoemaking workers	72	9.3
Paper, plastic product workers	51	6.7
Good knowledge of the products and services of the company	**431**	**100.0**
Call centre operators	167	38.8
Sales workers, shopkeepers	90	21.0
Sales, business services agents	87	20.3
Managing and organising skills	**408**	**100.0**
Directors, senior managers	273	66.8
Promotion and sales methods and skills	**298**	**100.0**
Sales workers, shopkeepers	94	31.5
Sales, business services agents	69	23.2
Accounting standards, audit, IFRS	**229**	**100.0**
Accountants, economists	157	68.5
Finance professionals	58	25.3
Training in technology used	**215**	**100.0**
Printing workers	88	40.9
HR management	**197**	**100.0**
Directors, senior managers	192	89.0
Internal control policies and procedures	**188**	**100.0**
Sales workers, shopkeepers	52	27.8
Accounting software (Finance 5, Alfa, etc.)	**188**	**100.0**
Accountants, economists	152	81.3
Computer programming language	**168**	**100.0**
ICT experts	153	91.0
Legislation related to the sector or activity	**141**	**100.0**
Accountants, economists	51	36.5
Marketing skills and strategy	**124**	**100.0**
Sales, marketing, PR professionals	74	59.6
Fiscal legislation	**94**	**100.0**
Stock, transport clerks	57	60.8
Special subject training	**70**	**100.0**
ICT experts	58	83.2
Protective security training, use of guns	**67**	**100.0**
Security guards	59	88.7

1 case = 1 firm x 1 profession x 1 training field; for example, a firm that delivered training for three professions in each of two different fields would have six cases

Businesses were asked about the level of information they have on the activities of vocational schools and vocational training centres (Table 6.21). Very little information was declared by businesses, about four or five percent of them were very much informed, and another ten percent were somewhat informed.

Table 6.21: Percentage of businesses informed about vocational education or training institutions

Institution	Level of being informed			
	Not informed	Little informed	Somewhat informed	Wholly informed
Vocational schools	27.9	57.6	10.6	3.9
Vocational training centres	30.5	53.7	10.4	5.4

Businesses that were most informed about vocational schools and VTCs (for at least one of the two groups) are in the Central region (Table 6.22), though still at very low levels.

Table 6.22: Businesses informed about vocational education or training institutions, by region

Region	Level of being informed			
	Not informed	Little informed	Somewhat informed	Wholly informed
North	33.0	54.1	9.9	2.9
Central	24.1	53.3	15.3	7.3
South-east	30.8	60.2	5.7	3.3
South-west	29.3	57.7	8.0	5.0
Total	**27.3**	**55.3**	**11.8**	**5.7**

The study indicates that there is very poor collaboration of vocational education system and universities (both less than 8%) with businesses (Table 6.23). The level of cooperation with the VTCs has improved since SNA 2014 (4.9%), but is still at a low level, of 11.9 percent. A considerable number of those that have begun collaboration with the system remain disappointed and are unwilling to have further cooperation. The level of disappointment with secondary vocational schools was 21 percent, 31 percent with the VTCs, and 36 percent with instructors in vocational schools.

The proportion of businesses wishing to try collaboration with the VET system is much higher than the proportion of those who have collaborated, but still less than 50 percent for each type of cooperation. As a result the number of those that have no interest in cooperation drops meaningfully from 73.7 percent to 40.1 percent.

Table 6.23: Experience of businesses that collaborated with VET system, the training collaborator and those still wishing to collaborate

Training collaborator	Experience with collaboration (%)		
	Had before (a)	Had before, but do not wish to have again	Wish to have
Secondary vocational schools (with practice undertaken in the firm)	7.3	1.5 (21% of a)	39.6
Vocational training centres	11.9	3.7 (31% of a)	46.2
Instructors in vocational schools or centres	3.3	1.2 (36% of a)	21.0
Experienced company staff engaged at vocational schools or centres	8.5	3.3 (39% of a)	15.4
Universities	7.6	2.1 (27% of a)	14.9
No cooperation	73.7	N/A	40.1

The very low level of knowledge of the VET system, and even lower level of successful collaboration, has resulted in very few businesses suggesting jobs for which they would like to expand the training in the current system.

Cooperation with Employment Services

About two-thirds (67.2%) of companies in the Frame have relations with the Employment Office (Table 6.24). The survey data, disaggregated by the four dimensions of sector, size, region and ownership, demonstrate some slight variation among the subgroups.

The largest such observation concerns the size of businesses for whom the percentage having relations with the Employment Office is correlated with size, in a normal experience of doing business in Albania.

Table 6.24: Businesses in sample and in Frame having relations with the Employment Office

Option	Sample		Frame	
	Firms	%	Firms	%
Yes, has relations with the Employment Office	1,744	86.6	29,681	67.2
No relations	269	13.4	14,493	32.8
Total	**2,013**	**100.0**	**44,174**	**100.0**

There is a legal obligation for businesses to declare their employees. This explains why most businesses have had recent relations with the Employment Office. The majority of such relations (59.2%) are to do with this declaration (Table 6.25). Indeed this number would be higher if a periodical declaration were compulsory; however for many businesses this is a routine online procedure that barely constitutes a relationship.

About one-fifth (21.1%) of businesses cooperate with the Business Office for recruitment of new staff. Relations over staff training barely exist, and are therefore excluded from the cross analysis. Meanwhile, declaration of employees is excluded from further analysis for which it is irrelevant.

Table 6.25: Matters for relations with the Employment Office

Matter	Businesses	
	Number	%
Recruitment of new staff	9,310	21.1
Staff training	427	1.0
Participation in employment promotion programmes	2,007	4.5
Labour market information	6,996	15.8
Declaration of employees	26,131	59.2
Total businesses of Albania	**44,174**	**100.0**

The sector most likely to use the Employment Office is mining and quarrying, with 37.6 percent of businesses in this sector using it for recruitment of new staff, 22.3 percent for participation in employment promotion programmes, and 44.2 percent for labour market information (Table 6.26).

Table 6.26: Matters for relations with the Employment Office, by sector

Sector	Matter (% of firms)		
	Recruitment of new staff	Participation in employment promotion programme	Labour market information
B Mining and quarrying	37.6	22.3	44.2
C Manufacturing	31.7	8.0	19.1
D Electricity, gas, steam	0.9	10.5	21.2
E Water supply, sewerage, waste	5.8	1.2	25.8
F Construction	30.3	11.0	21.9
G Wholesale and retail trade, repair	17.2	2.6	14.3
H Transportation and storage	25.9	0.8	22.8
I Accommodation and food service	21.4	6.2	18.0
J Information and communication	27.0	2.5	12.1
K Financial and insurance activities	14.4	2.3	13.6
L Real estate activities	10.5	3.5	12.2
M Professional, scientific and technical	8.0	5.9	7.7
N Administrative and support service	38.9	4.2	7.5
R Arts, entertainment and recreation	37.8	5.5	3.3
S Other services activities	15.2	0.0	11.2
Total	**21.1**	**4.5**	**15.8**

The larger the size of the company, the bigger the chances that it will have relations with the Employment Office (Table 6.27). More than two-thirds (68.8%) of large companies cooperate with the Employment Office over the recruitment of new staff, and 26.1 percent for participation in employment promotion programmes.

Table 6.27: Matters for relations with the Employment Office, by size

Size group	Matter (% of firms)		
	Recruitment of new staff	Participation in employment promotion programme	Labour market information
Micro [1–4]	14.1	3.2	12.9
Small [5–19]	34.2	5.2	22.7
Medium [20–79]	44.4	13.7	22.6
Large [≥ 80]	68.8	26.1	28.8
Total	**21.1**	**4.5**	**15.8**

The South-west and the North are the two regions that most frequently maintain relations with the Employment Office (Table 6.28), while the Central region is the most indifferent.

A business selected at random in the South-west will have 2–4 times more chance of having relations with the Employment Office than one selected from the Central region for each of the matter categories (34.7% vs. 15.0%; 8.5% vs. 1.5%; 24.5% vs. 5.7%).

Table 6.28: Matters for relations with the Employment Office, by region

Region	Matter (% of firms)		
	Recruitment of new staff	Participation in employment promotion programme	Labour market information
North	21.4	10.6	38.7
Central	15.0	1.5	5.7
South-east	25.8	5.3	21.1
South-west	34.7	8.5	24.5
Total	**21.1**	**4.5**	**15.8**

Foreign and joint companies are the most frequent users of the Employment Office on matters of staff recruitment (Table 6.29), though they are the most indifferent for other matters. State-owned companies have the most contact over participation in employment promotion programmes, and for labour market information.

Table 6.29: Matters for relations with the Employment Office, by ownership

Ownership	Firms (% of total number in subgroup)		
	Recruitment of new staff	Participation in employment promotion programme	Labour market information
100% Albanian-owned	20.6	4.7	16.3
Foreign and joint	30.0	2.4	7.9
State-owned	22.3	15.1	22.8
Privately owned	21.1	4.5	15.8
Total	**21.1**	**4.5**	**15.8**

Some 4,695 companies in the Frame (10.6%) are missing information on the Employment Office (Table 6.30). Nevertheless, there are few concerns with the quality of services delivered by the office. Meanwhile, 24.3 percent of businesses in Albania, or 74.1 percent of those that do not have relations with the Employment Office, claim they do not have need for the services offered by the Employment Office.

Table 6.30: Occurrence of reasons for businesses in the Frame not to have relations with the Employment Office

Reason	Businesses		
	Count	% of valid answers	% of total number of businesses
Missing information on the office	4,695	32.4	10.6
Lack of quality services delivered by the office	725	5.0	1.6
Lack of need for services offered by the office	10,745	74.1	24.3

7. CONCLUSIONS

Business and Employment

7.1 The Albanian economy is dominated by the sectors of wholesale and retail trade, accommodation and food services, and manufacturing, while construction continues to lose its share. At present micro and small businesses dominate the economy, 64.3 percent of which are in the electricity, gas, and steam supply sector, 62.1 percent in manufacturing, 60.4 percent in the financial and insurance sector, 77.8 percent in construction, and 64.3 percent in mining and quarrying. Medium-size and, in particular, large companies are present mainly in the Central region.

7.2 Currently, the largest share of employment is engaged in the manufacturing sector, followed by wholesale and retail trade. The Central region is the largest employer followed by the South-west. Nearly all employees (97%) work on a full-time basis, confirming very little interest of companies in PTE. Call centres are the largest employers of part-time staff.

7.3 The presence of businesses with foreign ownership in Albania is still low, consisting of 5.5 percent of all businesses and 20.4 percent of total employment, and predominantly situated in the Central region. Enterprises that are branches of foreign companies or have foreign shareholding are on average four times larger than enterprises with full Albanian ownership (34 vs. 8 employees, respectively). Most foreign and joint enterprises operate in wholesale and retail trade, and manufacturing. They also have a relatively strong presence in the electricity and gas sector, and financial and insurance activities. Foreign nationals constitute 0.9 percent of employees, though the majority of foreign-owned companies employ no foreigners.

7.4 Most enterprises in the Frame declared no changes in turnover, employment or investment level over the period July 2016–July 2017. More companies have decreased their number of employees (17.3%) than have increased the number (12.9%). Over the past twelve months, the Central region had the highest proportion of enterprises with stable or increased turnover and number of employees. Most micro businesses performed badly in terms of employment and turnover, while most medium and large businesses performed well, contributing thus to an increased overall figure of employment.

7.5 The best performing sector as measured by three indicators (% changes in turnover, workers and investments) was information and communication, followed by mining and quarrying, while the worst performing sector was construction. Nevertheless, an improvement in the situation was noticed last year for this sector, which seems to have entered a recovery.

Gender Dimension

7.6 Female employees comprise 40.7 percent of the total number of employees in Albania. Manufacturing (60.2%) and the financial and insurance sector (62%) have predominantly female employment. Companies with foreign ownership have a larger employment level of women than have Albanian-owned enterprises. There are significantly more male-only than female-only businesses, and these have more employees.

7.7 The Central region has the highest proportion of female employees (43.8%), though it still lags by 12.4 percent the level of male employment in the region. A man has double the chances of a woman getting a job in all regions of Albania outside the Tirana–Durres area. Nearly half (45.1%) of micro enterprises have no female employees, while large enterprises employ 48 percent females, 12–14 percent more than businesses of other size.

Youth Employment

7.8 Youth employment is estimated to be 30.5 percent, a relatively high figure compared to the EU youth employment average of 18 percent. The sector with the highest youth employment is manufacturing, while in terms of the relative weight inside a sector, information and communication is the leading sector, with 49.8 percent of employees younger than 29 years. The Central region has the highest percentage of youth employment (33.8%), while in other regions youth employment is at a lower level but one similar to each other. Micro enterprises are the least attractive for young employees.

People with Disabilities

7.9 Only 1.3 percent of enterprises report having hired at least one person with disabilities. Employment of PWDs is declared at about 900, the lowest level reported in the SNA series. State-owned companies employ several times more PWDs than do private enterprises, while foreign-owned enterprises are more proactive in this area.

Employers Concerns

7.10 Unsuitable qualification and work culture are the most recurrent concerns for employers. Compared with SNA 2014, worries over work culture, low wages and the education system remain at a similar level. There is an improvement with regard to the high fiscal burden of employment, while the only significant difference is an increase in concern over unsuitable workforce qualifications, from 33 percent to 43.2 percent, to become the biggest worry businesses have over employment and linked with the needs of businesses both for new recruits and to be successful in a market with increased competitiveness.

7.11 Unsuitable workforce qualification is particularly a strong concern for mining and quarrying, while low wages seem to be of concern for 41 percent of enterprises in the water supply, sewerage and waste sector. An education system that fails to meet the needs of the economy is a genuine problem for mining and quarrying, and the electricity, gas and steam supply sector. Non-preferred professions or jobs are a concern for mining, and gambling and betting shops, while work culture is particularly a strong concern for the information and communication, and financial and insurance sectors.

7.12 Unsuitable qualification of the labour force and work culture, as well as an education system that fails to meet the needs of the economy, are greater concerns for businesses with foreign ownership than for domestically owned enterprises. Meanwhile, low wages and the education system are notable concerns for public enterprises.

7.13 All regions have similar patterns of employment-related concerns, though the South-west has greater concerns then the others when it comes to the attitude or work culture of jobseekers (54%), and employees leaving the company after being trained (31%).

Skills Shortages

7.14 More than one-third (39.9%) of enterprises stated that their existing staff lacked skills, a figure more than double that reported in SNA 2014. Water supply, sewerage and waste, and mining and quarrying are the sectors suffering the most from a lack of relevant skills among current employees. The predominant reason reported for businesses facing skills shortages is the labour market unable to offer candidates with sufficient knowledge and skills. Professions with skills mismatch include waiters, shop salespersons and mechanics.

7.15 Considering that there is a strong correlation between size of enterprise and the occurrence of at least one position with an employee lacking skills, the level is particularly high (53%) for small enterprises. The deficiency is prevalent most among waiters and bartenders, with more than 70 percent of bars and restaurants—representing more than thirteen percent of small enterprises in Albania—unhappy with the skills of their waiters and bartenders.

7.16 The largest number of enterprises dissatisfied with the skills of their employees is concentrated in the North and South-west of the country, with very few such businesses in the South-east. Enterprises operating in southern Albania (both SE and SW) are concerned with a frequent change of jobs among employees.

7.17 Employers in bars, restaurants and hotels in Albania seem to be mostly unhappy with the skills of their personnel, the waiters, bartenders and cooks. Nearly two-thirds (60%) of the workforce in businesses concerned with poor skills of waiters and bartenders is male. Sales staff and shopkeepers have a similar occurrence as waiters and bartenders with skills shortages, while the situation in certain occupations—secretaries, office clerks, lawyers and finance—seems to be highly related to age of the staff.

7.18 Insufficient knowledge at the time of recruitment is the main reason for skills shortages for most businesses, followed by lack of experience or recently recruited, indicating that quality of the new recruits is key for the enterprises.

7.19 Shortage of professional skills in most occupation groups is the most commonly reported concern. Also, an ability to learn (41.2%) and poor communication skills (30.2%) are noted as important concerns for businesses. Employers are concerned about a lack of professional and communication skills in employees, with receptionists and contact centre operators lacking organisational and language skills, preventing them from performing well. Further, gardeners lack creativity, security guards lack ability to work in a team and lawyers lack an ability to learn.

7.20 Staff replacement is the main action taken by enterprises to address the lack of skills of their existing staff, followed by reorganisation within the business. The former is most commonly used by micro businesses, while increased training and company in-house solutions are the most common remedy for large businesses.

New Recruitment

7.21 The estimated total number of new recruits in the Frame for the following twelve months is some 44,397 employees, or 10.8 percent of the current work force. The number is not adjusted for scenarios of staff replacement or staff leaving the company. A total of 29,717 persons are foreseen for recruitment in the Central region over the next twelve months. Information and communication

is well above all other sectors in terms of share of businesses planning new recruits, followed by mining and quarrying, and administrative and support services.

7.22 Manufacturing has the largest number of new recruits with the major part in the fashion and garment industry. Information and communication has the highest recruitment rate, followed by administrative and support services. Large businesses expect to have the largest number of new recruits over the next twelve months, some 14,710 people, with call centres leading this group, with three of them alone planning to recruit 950 youngsters.

7.23 Sewing and assembly workers employed in the *fason* industry are a major force behind the employment market in Albania. More than 7,100 new recruits are anticipated for this sector for the coming year, including more than 3,800 sewing machine operators and 2,500 shoemakers. Call centre operators are the second most needed occupation for the next twelve months, with 4,554 new recruits anticipated. Waiters ranks in third place with 3,891 new recruits, while building frame workers anticipated to have 2,115 new recruits over the next twelve months, remaining professions in high demand in the employment market.

7.24 Employers declared that they expect difficulties in successfully completing new recruitment procedures in the coming year for occupations falling under the 'other services activities', and for information and communication, and professional, scientific and technical employees.

7.25 It is easier to obtain new recruits in the Central region than in the other three regions of Albania, though with sewing machine operators and tailors difficult to find in this region, as well as in the North and South-East, where many garment and shoes plants operate.

7.26 Employers declared that the skills or criteria most difficult to find are professional skills, work experience, correctness or integrity and interest or motivation for the kind of job. Reading and official writing skills are difficult to find for 72.7 percent of job positions among journalists and translators, and required computer skills for 55.9 percent of ICT experts, while a preferred age is difficult to find for 92.6 percent of printing workers and 80 percent of forestry workers. Insufficient salary is a barrier for 40.8 percent of scientists, geologists and agronomists, and for 38.6 percent of directors and senior managers, while uninteresting work conditions appear a barrier for recruitment for job positions as printing workers (92.6%) and cleaners (30.4%).

Training Needs and Barriers to Training

7.27 On-the-job training provided by experienced company staff is a key means of training employed by businesses. In general, the percentage of businesses financing training by themselves has decreased since 2014. About ten percent of businesses have joined the group of those who have no interest, or have lost belief, in staff training.

7.28 The companies themselves are the main funder of training for all occupational groups, with from 5–9 times more businesses financing the training compared to the numbers that have used other means of training.

7.29 Sales and services employees have received most of the training funded by their companies (30%), followed by senior specialists and administrators with high education, while the number of businesses that have trained technicians, craftsmen and workers is about 3.5 times smaller than those that have trained sales and services employees.

7.30 Lack of training funds is the main barrier to staff training, followed by frequent mobility of the labour force (20.6%), which itself is related to training funds, with businesses afraid to invest in training of unstable staff, because of the risk having multiple spending for the same job position.

7.31 Mining and quarrying is clearly the sector suffering the most (72%) from barriers to staff training. Apart from lack of training funds businesses in the mining sector complained the most about lack of courses and of suitable instructors, followed by the sectors of water supply, sewerage, and waste, and electricity, gas and steam supply.

7.32 The North faced the biggest barriers to staff training, with training funds (58.5%) and courses and suitable instructors (29.4%) the biggest deficiencies. Lack of time for training is 2–4 times more common in the Central region, where intensity of life and doing business is at the expense of time spent on training.

7.33 A separate training structure was a reality for only 14.1 percent, and a separate training budget for only 5.7 percent, of businesses in Albania. However, these companies employ 47.7 percent and 25.8 percent, respectively, of employees in the Frame. The study shows that companies that have a dedicated training structure have experienced employment growth since 2014. The majority of large companies have a training structure and more than one-third, a separate training budget.

7.34 Regionally, the South-east is lacking a training structure and training budget the most. Given that businesses in this region have fewer barriers to training (see Table 6.6) it seems that these businesses are indifferent to the training. In the South as a whole a relatively high percentage of companies have a training structure but a low percentage have a training budget.

7.35 Administrative and support services was the most active sector for provision of training over the last twelve months. Since this sector anticipated 17.6 percent new recruits in the coming twelve months, there would be some 10,673 employees who could receive training, ranking second after mining and quarrying, which had 11,851 trained employees in the last twelve months. Financial and insurance activities have the largest share of staff (33.7%) trained last year, while the information and communication sector had a much higher share (69.1%) of businesses with employees who received training compared to other sectors.

7.36 More employees in large companies than in companies of other sizes have been trained in the last twelve months. An estimated 38,841 employees from 73.9 percent of the large companies of the country were trained in the last twelve months. In contrast, the proportion of trainees from micro businesses remained very low (6.9%).

7.37 The Central region experienced a high level of training, with one-fifth of employees trained in at least one subject over the last twelve months. The South-east had a very low level of training activity (4.2% of all employees trained during the last year), confirming the conclusion that this region is indifferent to training.

7.38 Sales staff and shopkeeper personnel, followed by waiters and bartenders, received more training than did other occupations in the last twelve months. Given the findings of the present study that these are professions with the highest level of skills shortage, it is anticipated that these occupations will remain at the top of the list of trainings.

7.39 Businesses in different regions seem to have different training priorities. The trainings ranking in the first two places for the Central region are not in the top ten for the North. It is interesting that directors and senior managers rank second for training in the Central region, while in the other regions they do not appear on the list of occupations that received most training. This might be result

of a common mentality but also the availability or accessibility of training courses for management in these regions.

7.40 Professional skills, followed by communication skills, and company and professional ethics, are the fields of training delivered most during the past twelve months. Other common trainings were software use and programming. Compared to SNA 2014 two groups of training fields achieved a remarkable increase in numbers and percentages: client care and relationships and customer service, and HSE regulations and practices and first aid guide, ranking in third and fourth place, respectively, in SNA 2017. This is a very good sign of businesses becoming more responsible towards clients and employees, as well as a sign of markets becoming more competitive.

7.41 A very low level of information and collaboration over the activities of the vocational schools and vocational training centres was reported by businesses. A considerable part of those that have tried collaboration remain disappointed and are unwilling to have further cooperation. Nevertheless, the number of businesses that have interest in trying collaboration with the vocational system is high and should be seriously considered by the VET system.

7.42 One-fifth (21.1%) of businesses reported cooperation with Employment Offices over staff recruitment. There were virtually no relations with the offices for on-the-job staff training. The larger the size of the company, the more relations there were with the Employment Office. The South-west and the North reported the most frequent relations with the office, while for the Central region such cooperation was very weak. Foreign and joint companies were the most frequent users of the Employment Office on matters of staff recruitment.

ANNEX 1: Matrices of Highlights by:

- **Economic Sector**
- **Region**
- **Business Size**
- **Business Ownership**

SNA 2017 Highlights for Each Economic Sector

Economic Sector	Best and worst performers from 2014–2017		Females and youth. Trend in economic indicators			Skills of current staff and of new applicants				Recruitment in next 12 months			Trai
	Firms	Employees	Female employees and PTEs	Youth	Trend in main economic indicators	Major employment-related concerns	Employees lacking relevant skills	Professions with most skills shortages (number of cases)	Skills or criteria difficult to find in job applicants	Companies that foresee new recruits in coming 12 months	Occupations with highest estimated number of new recruits (number of cases)	Difficulties to find new recruits	Barriers that hinder training of staff
B Mining and quarrying					Second best performing sector over last 12 months	Unsuitable workforce qualification; Non-preferred occupations or jobs; Education system fails to meet economic demands	Sector suffering second most from lack of relevant skills of current employees; 67% of companies in sector	Miners, well drillers (102); Engineering technicians (57); Building frame workers (52)	Professional skills; Work experience; Ability to work in a team	106 companies (39%); In total 1,338 recruits; Recruitment ratio 12%	Miners, well drillers (188); Cleaners, helpers (111)	High	Lack of courses and of suitable instructors (45%); Lack of training funds (40%); Frequent mobility of labour force (36%)
C Manufacturing			Only manufacturing (60%) and financial, insurance activity (62%) are sectors with a predominantly female employment	Highest level of youth employment: 27,887 persons		Unsuitable workforce qualification; Work culture		Bakers, pastry cooks (964); Wood workers, cabinet makers (524); Building frame workers (341); Sewing machine operators, tailors (230); Metal related workers (126)	Professional skills; Work experience; Ability to learn	1,195 companies (20%); In total 13,190 recruits; Recruitment ratio 14%	Sewing machine operators, tailors (4,363); Shoemaking workers (2,522); Metal related workers (795); Paper, plastic product workers (501); Wood workers, cabinet makers (451); Butchers, fishmongers (411)	High	Lack of training funds (29%)
D Electricity, gas, steam, etc.						Unsuitable workforce qualification; Low wages; Education system fails to meet economic demands		Engineering technicians (107); Control technicians, supervisors (49)	Professional skills; Work experience; Ability to learn	Small recruitment ratio	Mobile plant operators (62); Building frame workers (62)	High	Lack of courses and of suitable instructors (38%); Lack of training funds (36%)
E Water supply, sewerage, etc.						Low wages	Sector suffering most from lack of relevant skills among current employees; 71% of companies in sector	Refuse workers (152); Mechanics, repairers (38)	Ability to work in a team; Professional skills	Small recruitment ratio	Refuse workers (43); Mechanics, repairers (38)	High	Lack of courses and of suitable instructors (37%); Lack of training funds (28%)
F Construction						Unsuitable workforce qualification		Building frame workers (353); Engineering technicians (245); Building finishers (plumber, roofer etc.) (177); Metal related workers (65); Mobile plant operators (54)	Professional skills; Correctness, Integrity	499 companies (30%); In total 5,352 recruits; Recruitment ratio 15%	Building frame workers (1,618); Mining, construction workers (1,127); Building finishers (plumber, roofer, etc.) (468); Engineers (excl. ICT) (369); Engineering		Lack of training funds (29%); Frequent mobility of labour force (26%)

SNA 2017 Highlights for Each Economic Sector

Economic Sector	Best and worst performers from 2014–2017		Females and youth. Trend in economic indicators			Skills of current staff and of new applicants				Recruitment in next 12 months			Trai
	Firms	Employees	Female employees and PTEs	Youth	Trend in main economic indicators	Major employment-related concerns	Employees lacking relevant skills	Professions with most skills shortages (number of cases)	Skills or criteria difficult to find in job applicants	Companies that foresee new recruits in coming 12 months	Occupations with highest estimated number of new recruits (number of cases)	Difficulties to find new recruits	Barriers that hinder training of staff
H Transportation and storage	153%	58%				Unsuitable workforce qualification		Drivers (vehicles, buses, trucks and lorries) (486); Meter readers (34)	Professional skills; Correctness, Integrity; Ability to learn	Small recruitment ratio	Drivers (453); Meter readers (108)	High	Lack of training funds (41%); Lack of time for training (25%)
I Accommodation and food						Unsuitable workforce qualification.		Waiters, bartenders (3,617); Receptionists, contact centre operators (527); Cooks (446); Cleaners, helpers (257); Kitchen helpers (235)	Professional skills; Communication skills	1,539 companies (18%); In total 4,864 recruits; Recruitment ratio 13%	Waiters, bartenders (3,292); Cooks (486); Food preparation assistants (352)		Frequent mobility of labour force (32%); Lack of training funds (28%)
J Information and communication	-25%	156%		This sector leads with 50% of employees under 29 years of age. Almost every enterprise (97%) in sector has hired young employees	Sector with highest increase in growth for the three indicators	Work culture	Few companies reported having staff lacking relevant skills to perform job assignments	ICT, media technicians (58); ICT experts and engineers (40); Engineering technicians (22)	Creativity	407 companies (69%); In total 4,011 recruits; Recruitment ratio 19%	Support operators in call centre (1,590); ICT experts (93)	Very high	
K Financial and insurance	81%	111%	Only financial, insurance activity (62%) and manufacturing are sectors with predominantly female employment			Work culture		Accountants, economists (260); Directors, senior managers (134); Credit, risk officers (94); Tellers (39)		Small recruitment ratio	Accountants, economists (448); Credit, risk officers (248)		
L Real estate activities							Few companies reported having staff lacking relevant skills to perform job assignments						
M Professional, scientific, technical	-23%	-16%						Lawyers (162); Finance professionals (111); Secretaries, office clerks (88)	Professional skills	Small recruitment ratio	ICT experts (213); Engineers (excl. ICT) (147); Architects, planners, designers (120); Call centre operators (104)	High	
N Administrative and support	59%	43%	Call centres subsector is largest PTE employer by far, with major part female	Young employees in call centres constitute about 75% of their total employment,		Unsuitable workforce qualification		Security guards (195); Call centre operators (78)	Professional skills; Ability to learn; Communication skills	459 companies (36%); In total 5,716 recruits; Recruitment	Call centre telemarketing operators (2,462); Security guards (990); Cleaners, helpers		Lack of training funds (38%); Lack of time for training (33%); Frequent

SNA 2017 Highlights for Each Economic Sector

Economic Sector	Best and worst performers from 2014–2017		Females and youth. Trend in economic indicators			Skills of current staff and of new applicants				Recruitment in next 12 months			Trai
	Firms	Employees	Female employees and PTEs	Youth	Trend in main economic indicators	Major employment-related concerns	Employees lacking relevant skills	Professions with most skills shortages (number of cases)	Skills or criteria difficult to find in job applicants	Companies that foresee new recruits in coming 12 months	Occupations with highest estimated number of new recruits (number of cases)	Difficulties to find new recruits	Barriers that hinder training of staff
S Other services activities						Unsuitable workforce qualification; Employees leave company after being trained		Hairdressers, beauticians (242); Electricians (132); Wood workers, cabinet makers (132); Cleaners, helpers (104)	Professional skills	Small recruitment ratio	Hairdressers, beauticians (132); Drivers (109)	High	Lack of time for training (36%)

SNA 2017 Highlights for Each Region of Albania

Region	Best and worst performers from 2014–2017		Females and Youth. Trend in economic indicators			Skills of current staff and of new applicants					Recruitment in next 12 months			Tra	
	Firms	Employees	Female employees and PTEs	Youth	Trend in main economic indicators	Major employment-related concerns	Employees lacking relevant skills	Professions with most skills shortages (number of cases)	Main reasons for skills shortages	Skills or criteria difficult to find in job applicants	Companies that foresee new recruits in coming 12 months	Occupations with highest estimated number of new recruits (number of cases)	Difficulties to find new recruits	Barriers that hinder training of staff	Having structu con Having bu
North	41%	11%		Nearly a quarter of employees are 15–29 years of age		Unsuitable workforce qualification (42%) and high fiscal burden of employment (34%)	Highest share of companies dissatisfied with skills of employees (63%)	Waiters, bartenders (1,267); Sales workers, shopkeepers (894); Cleaners, helpers (165); Drivers (157); Production, services managers (153); Building frame workers (150)	Insufficient knowledge at time of recruitment (59%); Lack of motivation (28%)	Professional skills; Correctness, Integrity; Communication skills	1,229 companies (21%); In total 4,926 recruits; Recruitment ratio 12.5%	Waiters, bartenders (807); Shoemaking workers (462); Drivers (361); Sewing machine op., tailors (340); Cooks (334); Butchers, fishmongers (261); Cleaners, helpers (157); Building frame workers (155); Miners, well drillers (142); Mining, construction workers (139)	Mostly high	Lack of training funds (59%); Lack of courses and of suitable instructors (29%); Frequent mobility of labour force (25%)	24% hav structur training, 4% have budget
Central	13%	29%	Highest percentage of female employees (44%), but still lags behind by 12% level of male employment	Highest percentage of youth employment (34%)	As in SNA 2014, Central region has highest share of companies with stable or increased turnover and number of employees for last 12 months	Unsuitable workforce qualification (40%) and attitude or work culture of jobseekers (39%)		Sales workers, shopkeepers (1,952); Waiters, bartenders (1,224); Mechanics, repairers (959); Bakers, pastry cooks (750); Wood workers, cabinet makers (526); Receptionists, contact centre operators (457); Engineering technicians (333); Building frame workers (327); Directors, senior managers (290); ICT experts (247)	Insufficient knowledge at time of recruitment (60%)	Professional skills; Work experience; Communication skills	4,216 companies (18%); In total 29,717 recruits; Recruitment ratio 11%	Call centre op. (4,287); Sewing machine op., tailors (3,020); Waiters, bartenders (1,508); Shoemaking workers (1,505); Building frame workers (1,097); Metal related workers (826); Cleaners, helpers (815); ICT experts (766); Mining, construction workers (761); Sales, business services agents (709); Food products machine op. (674); Sales workers, shopkeepers (647); Security guards (647); Accountants, economists (635)	Mostly moderate	Lack of training funds (22%); Lack of time for training (21%)	Only 11' formal s training, 7% have budget
South-east			Only one-third of employees are females	Nearly a quarter of employees are 15–29 years of age	Region with highest shares of companies with decreasing turnover and number of employees	Unsuitable workforce qualification (47%) and attitude or work culture of jobseekers (29%)	Very low share of companies dissatisfied with skills of employees (only 10%)	Waiters, bartenders (216); Building frame workers (81); Building finishers (plumber, roofer, etc.); (63); Kitchen helpers (55)	Insufficient knowledge at time of recruitment (58%); Frequent change of jobs (44%)	Work experience; Correctness, Integrity	674 companies (10%); In total 3,550 recruits; Recruitment ratio 9%	Sewing machine op., tailors (770); Paper, plastic product workers (387); Building frame workers (314); Drivers (258); Waiters, bartenders (239); Mining, construction workers (170); Engineering technicians (130)	Mostly high	There are no barriers (69%); Frequent mobility of labour force (16%)	Almost structur training
South-west				Nearly a quarter of employees are 15–29 years of		Region with highest level of concerns. In particular, attitude or work culture of	A high share of companies dissatisfied with skills of employees	Waiters, bartenders (1,358); Sales workers, shopkeepers (1,045); Drivers (471); Building	Insufficient knowledge at time of recruitment (60%);	Professional skills; Correctness, Integrity; Communication skills; Ability to	1,355 companies (17%); In total 6,203 recruits; Recruitment ratio 11%	Waiters, bartenders (1,337); Building frame workers (548); Shoemaking workers (502); Mining	High	Frequent mobility of labour force (32%); Lack of	23% hav structur training, 7% have budget

SNA 2017 Highlights for Each Business Size Group

Business size	Top increasers and fallers from 2014–2017		Females and Youth. Trend in economic indicators			Skills of current staff and of new applicants					Recruitment in next 12 months			Train	
	Firms	Employees	Female employees and PTEs	Youth	Trend in main economic indicators	Major employment-related concerns	Employees lacking relevant skills	Professions with most skills shortages (number of cases)	Main reasons for skills shortages	Skills or criteria difficult to find in job applicants	Companies that foresee new recruitment in coming 12 months	Occupations with highest estimated number of new recruits (number of cases)	Difficulties to find new recruits	Barriers that hinder training of the staff	Having a tra structure in company Having a tra budget
Micro	33%	33% more employees than in 2014	Micro to medium have same pattern: 35–36% female; 3–4% PTE	Lowest percentage of youth employment (19%)	Number of companies with decreasing turnover and employees in last 12 months is much bigger than the number increasing. For 32% of micro companies business is shrinking, half of them 1–5 years of age	High fiscal burden of employment (23%), higher than in other groups; All other concerns less than in other groups; Unsuitable workforce qualification (38%)	Lowest share of companies dissatisfied with skills of employees (34%)	**Micro and Small:** Waiters, bartenders (3,903); Sales workers, shopkeepers (3,814); Mechanics, repairers (1,082); Bakers, pastry cooks (1,078); Building frame workers (781); Drivers (669); Wood workers, cabinet makers (625); Receptionists, contact centre op. (530); Cooks (522); Cleaners, helpers (421); Engineering technicians (414); Directors, senior managers (352); Production, services managers (339); Scientists, geologists, agronomists (336); Pharmacists (307); Kitchen helpers (305); Accountants, economists (281); ICT experts (246); Hairdressers, beauticians (242); Electricians (231)	All group sizes show the same pattern with reasons for skills shortages among staff. Therefore data for all Albania are shown as reference below: Insufficient knowledge at time of recruitment (62%); Lack of experience, or recently recruited (38%); Frequent change of jobs (33%); Insufficient capacity to learn (26%); Lack of motivation (24%); Incorrect recruitment (17%); Lack of, or insufficient, job training (10%)	Professional skills; Work experience; Correctness or integrity	3,343 companies (11%); In total 6,968 recruits; Recruitment ratio 10.5%	**Micro and Small:** Waiters, bartenders (2,987); Building frame workers (1,561); Drivers (1,032); Metal related workers (903); Cleaners, helpers (674); Sales workers, shopkeepers (614); Cooks (592); Engineering technicians (548); Mechanics, repairers (462); Lawyers (457); Accountants, economists (440); Call centre op. (437); Engineers excl. ICT (403); Mining construction workers (402); Sewing machine op., tailors (395); Building finishers (394); Wood workers, cabinet makers (324); Food preparation assistants (301); ICT experts (283); Mobile plant op. (267)	Mostly high	There are no barriers (51%); Lack of training funds (27%); Frequent mobility of labour force (17%)	Almost no tra structure or training budg
Small		Very modest growth	Micro to medium have same pattern: 35–36% female; 3–4% PTE	29% of employees are 15–29 years of age	Number of companies with increasing turnover and employees in last 12 months is bigger than the number decreasing	Unsuitable workforce qualification (55%) and attitude or work culture of jobseekers (56%); Fiscal burden of employment (11%) is the least concern				Professional skills; Correctness or integrity; Work experience; Communication skills	2,429 companies (25%); In total 10,708 recruits; Recruitment ratio 13%		Mostly moderate	There are no barriers (41%); Frequent mobility of labour force (28%); Lack of training funds (27%)	23% have a fo structure for training, but o 11% have trai budget
Medium		Very modest growth	Micro to medium have same pattern: 35–36% female; 3–4% PTE	Nearly one-third of employees are 15–29 years of age	About 55% of businesses with increased turnover and number of employees in last 12 months	Unsuitable workforce qualification (56%) and attitude or work culture of jobseekers (59%)		**Medium & Large:** Sewing machine op., tailors (187); Engineering technicians (174); Waiters, bartenders (163); Wood workers (130); Sales workers, shopkeepers (127); Engineers excluding ICT (119); Mechanics, repairers (115); Building frame workers (113); Shoemaking (111); Mobile plant op. (99); Electricians (97); Credit, risk officers (94); Accountants,		Professional skills; Work experience; Correctness, Integrity	1,214 companies (53%); In total 12,012 recruits; Recruitment ratio 14%	**Medium & Large:** Call centre op. (4,117); Sewing machine op., tailors (3,972); Shoemaking workers (2,569); Mining construction workers (1,044); Security guards (979); Waiters, bartenders (904); Food products machine op. (782); Sales, business services agents (576); Building frame workers (553); Cleaners, helpers	Mostly high	There are no barriers (48%); Frequent mobility of labour force (28%); Lack of training funds (27%)	38% have a fo structure for training, and have training budget
Large	53%	59%, equal to 64,000 more employees than in 2014	Highest percentage of female employees (48%); 3% PTE	Near one third of employees are 15–29 years of age	About 63% of businesses with increased turnover and number of employees in	Unsuitable workforce qualification (65%) and attitude or work culture of	Highest share of companies dissatisfied with skills of employees			Professional skills; Work experience; Correctness, Integrity; Ability to learn	489 companies (67%); In total 14,710 recruits; Recruitment ratio 8.5%		High	Frequent mobility of labour force (39%); Lack of training funds (26%);	73% have a fo structure for training, and have training budget

SNA 2017 Highlights by Business Ownership

Ownership	Top increasers and fallers from 2014–2017		Females and Youth		Skills of current staff and of new applicants		New products and technology. Recruitment in next 12 months		Training and relations with Em	
	Firms	Employees	Female employees and PTEs	Youth	Major employment-related concerns	Employees lacking relevant skills	Companies planning to introduce new products or new technologies in next 12 months	Companies that foresee new recruits in coming 12 months	Having a training structure inside company. Having a training budget	Number of employees trained in months
Albanian	24%	24%	36% female employees; 2.5% are PTE	30% of employees are 15–29 years of age	Unsuitable workforce qualification (42%); Attitude or work culture of jobseekers (39%)	Albanian	New products: 20%; New investments: 11%	In total 35,453 recruits; Recruitment ratio 11%	13% have a formal structure for training, but only 5% have training budget	13% of employees, equivalent to 42 people, were trained; 16% of compa at least one employee trained
Foreign and joint venture	9%	48%	58% female employees, Much higher ratio than in Albanian companies; 5.6% are PTE, double that of Albanian companies	35% of employees are 15–29 years of age; Highest percentage of youth employment	Unsuitable workforce qualification (42%); Attitude or work culture of jobseekers (39%); Education system fails to meet economic demands (32%)	High share of companies dissatisfied with skills of employees (57%)	New products: 44%; New investments: 33%; More than double that of Albanian-owned businesses	In total 8,944 recruits; Recruitment ratio 11%	28% have a formal structure for training, and 16% have training budget	27% of employees, equivalent to 22 people, were trained; 30% of compa at least one employee trained; Com that are foreign-owned have double training provision for employees co Albanian-owned companies
State-owned			29% female employees; Much lower ratio than in privately owned companies	18% of employees are 15–29 years of age; Lowest percentage of youth employment	Low wages (46%); Unsuitable workforce qualification (40%); Attitude or work culture of jobseekers (36%)	High share of companies dissatisfied with skills of employees (55%)	New products: 26%; New investments: 25%	In total 574 recruits; Recruitment ratio 2%, a very low ratio	31% have a formal structure for training, and 23% have training budget	14% of employees, equivalent to 4,1 people, were trained; 44% of compa at least one employee trained; Altho number of state-owned companies provided training is 2.6 times higher (44%/17%) than privately owned on ratio is in favour of the latter group 16%), because state-owned compan focused training mainly on qualified positions
Privately owned			42% female employees	32% of employees are 15–29 years of age	Unsuitable workforce qualification (43%); Attitude or work culture of jobseekers (39%)	40% of companies dissatisfied with skills of employees	New products: 21%; New investments: 12%	In total 43,823 recruits; Recruitment ratio 12%	14% have a formal structure for training, but only 6% have training budget	16% of employees, equivalent to 61 people, were trained; 17% of compa at least one employee trained

ANNEX 2: Methodology

1. Introduction

The SNA 2017 sampling and questionnaire were designed through a series of consultations that took into account the experience gained from the previous SNA surveys and the comments received from reviewers of the results of SNA 2014 and users of SNA data in Albania.

The present survey is the third in the series and follows the methodology of SNA 2014. As with the earlier surveys, the main objectives of SNA 2017 were the collection of data from enterprises on the skills profile of their employees, any shortages or barriers, the extent and nature of their vacancies, and the required profile of applicants in terms of skills and other qualities, as well as the current training situation and their future training needs.

The SNA 2017 survey was based on a probability sample of 2,560 enterprises with at least one employee, representing all regions of Albania and covering all branches of economic activity in the country with a few exceptions.

2. Sampling Design

The sampling design is described below and provides information on the scope of the survey and the corresponding sampling Frame, the regions as reporting domains, determination of the sample size, and sample allocation among different strata, and the sample selection and the final composition.

2.1 Scope of the Survey

The scope of the survey is all active enterprises in INSTAT's BR with at least one employee and engaged in all branches of economic activity in the country, apart from agriculture, forestry and hunting (NACE Rev 2 Section A), public administration, defence and compulsory social security (Section O), education (Section P), human health and social work activities (Section Q), activities of households as employers, undifferentiated goods-and-services-producing activities of households for own use (Section T), and activities of extra-territorial organisations and bodies (Section U). All such activities were excluded also from SNA 2014, while the scope of the survey also omitted the activities of membership organisations (Division 94 within Section S) that were not excluded from SNA 2014. These cover activities of business, employers and professional membership organisations, activities of trade unions and of other membership organisations such as religious or political organisations.

2.2 Sampling Frame

INSTAT's BR is constructed on the basis of a combination of administrative sources, the main ones of which are the General Directory of Taxation (GDT) and the National Registration Centre of businesses (NRC). The business register is updated annually based upon a variety of sources, including GDT and NRC, as well as Value-Added Tax files, published or released annual accounts of enterprises, and statistical sources such as ongoing surveys of newly created enterprises, annual structure surveys, quarterly surveys of establishments, production price surveys and other surveys and establishment censuses.

The basic unit of the register is an enterprise defined as the smallest combination of legal units that is an organisational unit producing goods or services that benefits from a certain degree of autonomy

in decision making. An enterprise carries out one or more activities at one or more locations (local units). In practice, an enterprise in the BR corresponds either to a legal unit or a combination of legal units. For the purpose of the survey, enterprises with multiple local units were classified according to the region in which most employees were engaged.

The enterprises in the BR are classified according to their current status: active, closed, closed without liquidation, inactive or dormant, suspended, under liquidation, or under bankruptcy proceedings. The sampling Frame for SNA 2017 comprised all active enterprises within the scope of the survey, with at least one employee, thus excluding enterprises without employees.

For this purpose, the number of employees was calculated with the following formula:

- Number of employees = Number of employed persons, - 1 if the legal form is a physical person, otherwise
- Number of employees = Number of employed persons if the legal form is other than a physical person.

The sampling Frame in its final form contained 55,098 active enterprises from the INSTAT Business Register. The distribution of enterprises by branch of economic activity is reported in Table 1, with the distribution of the sampling Frame by size of enterprise, measured in terms of number of employees, reported in Table 2.

Table 1: Sampling Frame, by sector (NACE Rev. 2)

Section code and description	Enterprises	%
B Mining and quarrying	627	1.1
C Manufacturing	6,365	11.6
D Electricity, gas, steam	440	0.8
E Water supply, sewerage, waste management	288	0.5
F Construction	3,755	6.8
G Wholesale and retail trade, repair	21,732	39.4
H Transportation and storage	1,598	2.9
I Accommodation and food service activities	9,984	18.1
J Information and communication	1,331	2.4
K Financial and insurance activities	860	1.6
L Real estate activities	450	0.8
M Professional, scientific and technical activities	2,811	5.1
N Administrative and support service activities	1,922	3.5
R Arts, entertainment and recreation	692	1.3
S Other service activities	2,243	4.1
Total	**55,098**	**100.0**

Table 2: Sampling Frame, by size of enterprise

Size of enterprise	Number of enterprises	%
1 employee	27,034	49.1
2 employees	9,197	16.7
3 employees	4,734	8.6
4 employees	2,804	5.1
5–9 employees	5,615	10.2
10–19 employees	2,816	5.1
20–49 employees	1,757	3.2
50–99 employees	599	1.1
≥ 100 employees (max., 4,472 employees)	542	1.0
Total	**55,098**	**100.0**

Regions as Reporting Domains

The domains of a survey are the elements for which data with sufficient precision should be reported. For SNA 2017, the reporting domains are the sub-national geographical breakdown of the country. It was decided to use four regions as reporting domains as defined by INSTAT for statistical purposes: North, Central, South-east and South-west. These regions have been approved by the EC for compilation of regional data on Albania in line with regional data of other countries. The count of the enterprises by the four region classification shows a balanced distribution outside the Central region (Tirana, Durres) as reported in Table 3.

Table 3: Sampling Frame, by region

	Region	Enterprises	%
1	North (Shkodra, Kukes, Lezha, Diber)	6,119	11.1
2	Central (Tirana, Durres)	32,814	59.6
3	South-east (Elbasan, Berat and Korca)	7,171	13.0
4	South-west (Fier, Vlora and Gjirokastra)	8,994	16.3
	Total	**55,098**	**100.0**

Note: Regions are defined according to their prefecture level classifications

In SNA 2014, only three domains were used: North, Central and South. It is important to emphasise that regions of SNA 2014 do not match exactly those of SNA 2017: the most important differences is the transfer of Durres County from North in 2014 to Central in 2017, and Elbasan from Central to South-east.

2.3 Sample Size

As in SNA 2014, the sample size requirement was calculated on the basis of the minimum number of observations required per geographic domain (4 domains), branch of economic activity (8 consolidated branches) and size group of enterprises (micro–small and medium–large).

The required sample size was calculated for SNA 2017 as

$$1920 = 4 \times 8 \times 2 \times 30$$

where 30 is the average number of observations considered necessary for providing sufficiently accurate estimates per reporting cell. In this scheme, it was assumed that small branches of economic activity will be merged to form sufficiently large branches of economic activity for sampling and reporting purposes. Allowing for the possibility of 25 percent non-response, non-contact, passive and out-of-scope enterprises the effective sample size was calculated as

$$2560 = \frac{1920}{(1-0.25)}$$

Stratification

There are three main dimensions among which the sample was stratified:

- Explicit stratification by region and within regions by prefecture.
- Implicit stratification by branch of economic activity by sorting the sampling Frame according to the 4-digit code of NACE Rev 2 within each region.
- Stratification by size of enterprise, resulting from the method of sampling, namely, systematic probability proportional to size measured in terms of number of employees.

The sample size was allocated by their square-root among the regions, leading to the following distribution of enterprises in the sample:

Region 1: North (Shkoder, Kukes, Lezha, Diber)	456 enterprises
Region 2: Central (Tirana, Durres)	1,057 enterprises
Region 3: South-east (Elbasan, Berat and Korca)	494 enterprises
Region 4: South-west (Fier, Vlora and Gjirokastra)	553 enterprises
Total sample	2,560 enterprises

The square-root allocation is a compromise between equal and proportional allocations, avoiding the allocation of an excessive share of the sample to the largest region (2), given its considerably larger number of enterprises, and an insufficient number of businesses to regions 1, 3 and 4 as a result of them having a smaller number of enterprises.

2.4 Sample Selection

Sample selection was carried out within strata by systematic probability proportional to size (PPS, x_k = number of employees in enterprise k) after sorting enterprises by their 4-digit industry code NACE Rev. 2. The procedure used was as follows:

- Start with a negative random number between -1 and 0, $e_0 = -rand()$
- Sequentially add the random number to the probability of selection of each enterprise (π_k) in the sorted file $e_k = e_{k-1} + \pi_k$
- Sample enterprise k is selected if the integer parts of e_k and e_{k-1} differ, i.e., $Int(e_k) \neq Int(e_{k-1})$.[30]

[30] Yves Tillé, *Sampling Algorithm*, Springer Series in Statistics, 2006.

There was a total of 415 large self-representing units. These were k enterprises whose size measure x_k exceeded the sampling interval so that the implied probability of selection π_k exceeded 1. These enterprises were selected with probability 1 and taken out of the sampling Frame. The other enterprises were then sub-sampled from the remaining sampling Frame. The final sample of 2,560 enterprises with their corresponding contact information (NIPs) sorted by county and questionnaire number (NP) stored in an Access file at INSTAT.

3. Sample Composition

The composition of the final national sample by branch of economic activity and by size group of enterprises is reported in Table 4.

Table 4: Composition of national sample of businesses included in survey

NACE Rev 2	Size group of enterprises (number of employees)						
	1–4	5–9	10–19	20–49	50–99	≥ 100	Total
B Mining and quarrying	5	6	15	25	15	13	**79**
C Manufacturing	89	43	53	111	102	170	**568**
D Electricity, gas, steam	4	2	5	1	4	9	**25**
E Water supply, sewerage, waste	1	1	9	20	13	30	**74**
F Construction	35	24	55	84	59	55	**312**
G Wholesale and retail trade, repair	284	103	107	95	34	43	**666**
H Transportation and storage	18	17	7	25	12	13	**92**
I Accommodation food service	141	66	28	21	10	9	**275**
J Information and communication	10	10	9	12	8	16	**65**
K Financial and insurance activities	13	4	1	3	3	23	**47**
L Real estate activities	2	3	3	3	1	1	**13**
M Professional, scientific and technical	23	12	6	11	10	10	**72**
N Administrative and support services	13	13	11	42	48	66	**193**
R Arts, entertainment and recreation	6	2	3	18	3	10	**42**
S Other service activities (exclude 94)	27	4	2	1	1	2	**37**
Total	**671**	**310**	**314**	**472**	**323**	**470**	**2,560**

As expected the sample over-represents large and medium-size enterprises with ten and more employees and under-represents small and micro-enterprises with 1–4 employees. Enterprises with 5–9 employees are almost proportionally represented in the sample. In terms of branch of economic activity, the main sections with over-represented enterprises in the sample are manufacturing and construction, while the main sections with under-represented enterprises are wholesale and retail trade and accommodation and food service activities.

Similar analysis may be carried out for the four geographical regions using Tables 4a, 4b, 4c and 4d.

Table 4a: Composition of regional sample (Region 1, North)

NACE Rev 2	Size group of enterprises (number of employees)						
	1–4	5–9	10–19	20–49	50–99	≥ 100	Total
B Mining and quarrying	1	4	12	13	10	3	**43**
C Manufacturing	20	3	5	22	17	30	**97**
D Electricity, gas, steam			3		2	4	**9**
E Water supply, sewerage, waste			2	8	2	3	**15**
F Construction	6	6	13	23	12	7	**67**
G Wholesale and retail trade, repair	50	21	16	19	2		**108**
H Transportation and storage	4	4	2	2		1	**13**
I Accommodation food service	30	8	7	3			**48**
J Information and communication		4	1	1			**6**
K Financial and insurance activities	2			1			**3**
L Real estate activities		1					**1**
M Professional, scientific and technical	2	1	1	1			**5**
N Administrative and support services	2	1	6	10	5	5	**29**
R Arts, entertainment and recreation		1	1	3	1		**6**
S Other service activities (exclude 94)	4	1		1			**6**
Total	**121**	**55**	**69**	**107**	**51**	**53**	**456**

Table 4b: Composition of regional sample (Region 2, Central)

NACE Rev 2	Size group of enterprises (number of employees)						
	1–4	5–9	10–19	20–49	50–99	≥ 100	Total
B Mining and quarrying				5	1	2	8
C Manufacturing	18	13	18	34	45	95	223
D Electricity, gas, steam	3			1		2	6
E Water supply, sewerage, waste	1	1	1	1	2	10	16
F Construction	12	6	16	24	24	35	117
G Wholesale and retail trade, repair	91	36	38	38	15	39	257
H Transportation and storage	4	5	1	9	8	9	36
I Accommodation food service	36	32	14	8	9	9	108
J Information and communication	4	5	5	9	6	15	44
K Financial and insurance activities	4	2	1	1	3	21	32
L Real estate activities	1	2		2	1	1	7
M Professional, scientific and technical	14	7	4	8	10	10	53
N Administrative and support services	8	7	2	16	30	48	111
R Arts, entertainment and recreation	2	1		5	2	10	20
S Other service activities (exclude 94)	13	2	1		1	2	19
Total	**211**	**119**	**101**	**161**	**157**	**308**	**1,057**

Table 4c: Composition of regional sample (Region 3, South-east)

NACE Rev 2	Size group of enterprises (number of employees)						
	1–4	5–9	10–19	20–49	50–99	≥ 100	Total
B Mining and quarrying	2	2	2	4	2		12
C Manufacturing	30	15	14	30	19	30	138
D Electricity, gas, steam	1	2	1				4
E Water supply, sewerage, waste			1	8	6	6	21
F Construction	5	6	8	17	10	4	50
G Wholesale and retail trade, repair	65	26	20	20	8	1	140
H Transportation and storage	3	3	3	7	1	1	18
I Accommodation food service	32	15	4	4			55
J Information and communication	3	1	2	1			7
K Financial and insurance activities	3	1		1			5
L Real estate activities	1		2				3
M Professional, scientific and technical	2	2	1	1			6
N Administrative and support services	2	1	2	4	11	3	23
R Arts, entertainment and recreation	2		1	4			7
S Other service activities (exclude 94)	4	1					5
Total	**155**	**75**	**61**	**101**	**57**	**45**	**494**

Table 4d: Composition of regional sample (Region 4, South-west)

NACE Rev 2	Size group of enterprises (number of employees)						
	1–4	5–9	10–19	20–49	50–99	≥ 100	Total
B Mining and quarrying	2		1	3	2	8	**16**
C Manufacturing	21	12	16	25	21	15	**110**
D Electricity, gas, steam			1		2	3	**6**
E Water supply, sewerage, waste			5	3	3	11	**22**
F Construction	12	6	18	20	13	9	**78**
G Wholesale and retail trade, repair	78	20	33	18	9	3	**161**
H Transportation and storage	7	5	1	7	3	2	**25**
I Accommodation food service	43	11	3	6	1		**64**
J Information and communication	3		1	1	2	1	**8**
K Financial and insurance activities	4	1				2	**7**
L Real estate activities			1	1			**2**
M Professional, scientific and technical	5	2		1			**8**
N Administrative and support services	1	4	1	12	2	10	**30**
R Arts, entertainment and recreation	2		1	6			**9**
S Other service activities (exclude 94)	6		1				**7**
Total	**184**	**61**	**83**	**103**	**58**	**64**	**553**

4. Enterprises Outside the Scope of the Survey

A total of 105,675 enterprises were excluded from the scope of the survey as a result of their particular branch of economic activity or absence of employees determined on the basis of the information in the sampling Frame. Table 5 reports the distribution of the enterprises excluded as a result of their branch of economic activity. More than two-thirds of these comprise enterprises in agriculture, forestry and hunting (69.9%). Data on the number of employees in the different divisions of Section A show that the average number of employees in agriculture was 1.1, in forestry 7.2 and in fisheries 1.6. These results suggest that forestry may be considered for inclusion in the scope of future SNA surveys.

Table 5: Enterprises excluded from the scope of SNA 2017 due to branch of economic activity

Section code and description (NACE Rev. 2)		Enterprises	%
Total		**46,725**	**100.0**
A	Agriculture, forestry and hunting	32,644	69.9
1.	Agriculture	(31,993)	(68.5%)
2.	Forestry	(153)	(0.3%)
3.	Fishing	(498)	(1.1%)
O	Public administration, defence and compulsory social security	924	2.0
P	Education	1,370	2.9
Q	Human health and social work activities	3,253	7.0
S	Division 94; activities of membership organisations	8,395	18.0
T	Activities of households as employers; undifferentiated goods-and-services-producing activities of households for own use	51	0.1
U	Activities of extraterritorial organisations and bodies	88	0.2

Table 5 reports that the next largest exclusions are membership organisations (18%), though this figure is inflated as it includes enterprises in Section S (Other service activities) that operate without employees and thus ought to be reported in the last line of Table 6.

Table 6 reports the composition of enterprises excluded from the scope of the survey because of lack of employees engaged in the enterprise. These enterprises are typically operated with own-account workers engaging no regular employees. They are mostly wholesale or retail trade shops (50.2%) or hotels and restaurants engaged in accommodation and food service activities (21.7%). It should be noted that data for the last row of Table 6 are missing as they refer to Other service activities except division 94 that are presently reported as Section S in Table 5.

Table 6: Enterprises excluded from the scope of SNA 2017 due to absence of employees

Section code and description (NACE Rev. 2)		Enterprises	%
Total		**58,950**	**100.0**
B	Mining and quarrying	36	0.1
C	Manufacturing	3,464	5.9
D	Electricity, gas, steam	5	0.0
E	Water supply, sewerage, waste	87	0.1
F	Construction	886	1.5
G	Wholesale and retail trade, repair	29,597	50.2
H	Transportation and storage	4,952	8.4
I	Accommodation food service	12,800	21.7
J	Information and communication	1,210	2.1
K	Financial and insurance activities	269	0.5
L	Real estate activities	247	0.4
M	Professional, scientific and technical	3,266	5.5
N	Administrative and support services	1,186	2.0
R	Arts, entertainment and recreation	945	1.6
S	Other service activities (exclude 94)	-	-

Finally, Table 7 reports the composition of enterprises excluded by type of organisation. As expected, the bulk of the excluded enterprises are individual businesses (65.6%) followed by farms, with INSTAT code 19 (29.7%).

Table 7: Enterprises excluded from the scope of SNA 2017, by type of organisation

Type of organisation (INSTAT code)	Enterprises	%
Total	**105,675**	**100.0**
Individual business (*Person fizik*)	69,311	65.6
Limited liability (*Sh.P.K.*)	1,051	1.0
Public enterprises (*Shteterore*)	1,514	1.4
Non-profit organizations (*O.J.F.*)	2,258	2.1
Farm	31,357	29.7
Other	184	0.2

5. Questionnaire Design

The SNA 2017 questionnaire was designed to meet the specific objectives of the survey, to identify the following:

- Skills and employee profile shortages in the labour market
- Occupations for which current employees lack necessary skills or profile
- Occupations for which recruitment of new employees is found to be difficult
- Extent of training provision in enterprises
- Nature of training needs by occupation
- Extent of relationship between enterprises and relevant state institutions.

Questionnaire content. In line with the above measurement objectives, the final questionnaire contained, after field testing, 39 questions organised into five parts: Part A requesting general information on the enterprise (9 questions); Part B, on abilities and skills of existing staff (4 questions); Part C, on recruitment for new vacancies (9 questions); Part D, on training (11 questions); Part E, on miscellaneous information on relationships with the National Employment Office, status of the enterprise, the position of the respondent and the response indicator (6 questions). A specimen of the English version of the questionnaire is reproduced in Annex 3 of the present report.

Occupation as the basic unit of measurement. A major feature of the questionnaire is the introduction of occupation as the basic unit of measurement. Given that the survey aims at identifying skills, competences and qualifications needed at the workplace, from the perspective of employers, its main focus must be on working tasks performed at the workplace, their change in importance and the preparedness of the workforce to cope with tasks that are becoming more important. Occupation is accordingly the natural unit of data collection. It is also the proper unit for policy intervention at the national and regional levels. NES has been insistent on the importance of occupation as the unit both of data collection and of analysis and policy formulation. Occupation and occupational group is also a key feature of the recommendations in the European guidelines on skills needs surveys. The focus on occupations, as opposed to professional categories, implies additional survey operations, as interviewers are asked to record occupation titles manually for subsequent coding in the office.

Gender dimension. Another feature of SNA 2017 is the introduction of a question on the number of female employees engaged in an enterprise. This change permits the derivation of additional gender-based results, including gender composition of employees in enterprises, by region, branch of economic activity and size of enterprise, extent and nature of skills and personal profile shortages in female-dominated enterprises, compared to other enterprises, differences in methods of

recruitment and training participation and needs, and relationship with state institutions in female-dominated enterprises compared to other enterprises.

6. Fieldwork and Data Processing Operations

The fieldwork for this survey was conducted between May and end-July 2017 by trained NES staff at the Local Employment Offices under the supervision of the heads of REDs and NES headquarters. Data entry was carried out by trained NES operators with a negligible margin of error. In addition, data integrity and enhanced data quality control were performed for identification of data entry errors, missing values and outliers.

Fieldwork. The interviewers were trained in regional groups following the questionnaire guidelines, distributed to them as a reference during the fieldwork. In order to facilitate the work of interviewers in affording long distances to reach the businesses, they were advised to contact the interviewees in advance by phone in order to fix an appointment, while the questionnaire was sent by e-mail in order for the owners or administrators to be prepared for the interview. Sometimes interviewers had difficulty with making the interview and the NES expert team provided guidance on how to resolve each case, when:

- Businesses refused to contact the team or respond. No further effort was made by the interviewer.
- Businesses appeared to be in other locations. NES headquarters requested the relevant RED or Local Employment Office to complete the interview.
- Lack of, incorrect or out-dated information on the companies in the INSTAT database. Alternative means were employed to obtain the correct information, such as from the company's website, Facebook page, NRC, Tax Directorates. NES headquarters facilitated the institutional communication in this respect.
- The businesses were closed during the fieldwork. No further action was taken by the interviewer.
- The general managers or owners had no time, willingness or interest in providing information on their company. No further action was taken by the interviewer.
- State-owned companies requested an official letter. NES prepared such a letter for the directors of state-owned companies.

Prior to the start of interviews INSTAT produced for each sampled business a sticky label containing the name, address, president, sector, and the Tax ID (*NIPT*) in order to facilitate completion of general information on the questionnaire, and also to guarantee correspondence between the questionnaire codes and those used for gathering the sample.

Data entry and survey validation fieldwork. Data were entered by NES operators trained by Human Development Promotion Center (HDPC) experts. Following data entry, data from five percent of the questionnaires, randomly selected and arranged into three batches of 35 each, were re-entered to check the original data entry (keying) accuracy. Once batches had been keyed by the verifier (a second person), the data were compared with the original. The level of error was small (0.3–0.5% of cells) and the majority of detected keying errors were considered detectable by the last level of data control. Data entry was undertaken at the NES offices under the supervision of HDPC experts. Performing the data entry by NES staff was important for them to better understand the process in the view of future surveys. It also made it faster and easier for them to perform visual checks.

Visual and casual checks. Trained controllers checked the technical quality of the submitted questionnaires, including the identification of missing data, incorrectly filled-in data, and obvious illogical data, and verified the status of the companies on the sample list, eliminating a few duplicated questionnaires and any that were not in the sample. One important step in this phase, which may appear as a minor manual task but which was very important for the efficiency of the steps prior to data processing, was the manual sorting of the questionnaires by their questionnaire code.

In parallel and following the first quality control, eight percent of the interviewed businesses were contacted by phone, or their online National Commercial Registry records consulted, to check the quality and accuracy of the work of the interviewers, and to complete any missing information, including the businesses contacted for data integrity control.

Data integrity control. Trained persons went through the questionnaire in order to check that the information in different sections was coherent and integral. A few cases were identified with problems with integrity of the data for which the questionnaire was returned for resolution, or the businesses phoned for further clarification. For some missing values for the year of start of business activity, or the economic sector, data from the National Registration Centre were used.

Enhanced data quality control. This was the longest and the most complicated phase of data control, realised through filters, pivot tables and descriptive statistics, separately and combined, across all fields of the questionnaire. The result of this phase was further identification of data entry errors, missing values and outliers.

NACE and ISCO coding. The coding was done with two levels of control. Coding was initially performed by INSTAT staff, and a second round of check-and-repair procedures was performed by the ILO–IPA 2010 local experts. The quality of NACE and ISCO coding affects significantly the quality of the statistics. In particular NACE impacts directly the weighted (extrapolated) results and the rate of statistical error calculated. A high rate of errors observed from the first round of coding emphasises the necessity for employing experienced people and careful work during both rounds of the coding process.

7. Sampling Weights

The sampling weights permit the derivation of national and regional estimates based on the sample results. The calculation of the sampling weights involved three major steps: the design weights, adjustment of non-response, and calibration to known values.

Design weights. The design weights are applied to extrapolate the sample results to the total population of enterprises and, therefore, to compensate for the fact that the observations were made on sample enterprises rather than on all the population units. The design weights are the inverse of the probability of selection. Thus, the sampling weight of sample enterprise k is

$$DesignWeight = w_k = \frac{1}{\pi_k}$$

Where π_k is the probability of selection of enterprise k in the sample.

The average design weight was 22 (rounded up from 21.5), indicating that, on average, a sample enterprise represents about 22 enterprises in the target population. The minimum design weight was

1 and the maximum, 202. There were 415 enterprises with design weight 1. These are mostly very large enterprises with probability 1 in the sample.

Adjustment for non-response. From the total of 2,560 sample enterprises, data were successfully obtained for 2,013 active and responding enterprises. Some 83 active enterprises refused to participate in the survey. There were also 138 enterprises for which no information could be obtained.

Table 8 reports the activity status and response status of the sample enterprises obtained from questionnaire question E5. The data show that the overall response rate (ratio of the number of active and responding enterprises to the number selected in the sample design) was 78.6 percent, slightly higher than the 75 percent response rate envisaged in the sample design.

Table 8: Activity status and response status of sample enterprises

Activity status, and response status	Enterprises	%
Active, and completed the questionnaire	2,013	78.6
Active, and refused to answer	83	3.2
Could not be contacted, or did not exist	138	5.4
Activity not yet started	4	0.2
Passive, sleeping, or suspended	193	7.5
Closed	112	4.4
Current activity is outside the scope of the survey	17	0.7
Total	**2,560**	**100.0**

The design weights were adjusted for 221 non-responses (refusals and non-contacted) by inflating the weights with the inverse of the response rate within each region,

$$Non-response\_adjustment\_factor = \frac{1}{r_h}$$

where r_h is the response rate for region h.

In line with the methodology on sampling in establishment surveys,[31] r_h was calculated differently for enterprises selected with probability less than 1 than it was for those selected with probability 1. For the former, r_h was calculated as the ratio of the number of responding active enterprises in region h to the total number of enterprises selected in the sample in that region. For the latter (very large enterprises), r_h was calculated as the ratio of the total number of employees in the responding and active enterprises in each region h to the total number of employees in the selected enterprises in the sample in the corresponding region. From the 415 enterprises selected with probability 1, 373 (90%) were active and responded in the survey.

Calibration. The adjusted sampling weights were further adjusted to conform to known results on auxiliary variables. Calibration means using calibrated weights such that the application of these weights to the auxiliary variables will give estimates precisely equal to the known aggregate values of the auxiliary variables.[32]

[31] Verma, Vijay, *Sampling Methods*, Manual for Statistical Trainers Number 2 Revised, Statistical Institute for Asia and the Pacific, Tokyo, June 2002, Chapter 13 Sampling in establishment surveys, pp. 135.
[32] Särndal, Carl-Erik, and Jean-Claude Deville, Calibration Estimators in Survey Sampling, *Journal of the American Statistical Association*, June 1992, Vol. 87, No. 48, pp. 376–382.

Here calibration was carried out at two levels. First, the design weights were calibrated to match the total number of enterprises in the sample. Accordingly, the design weights were adjusted by a uniform factor so that their sum equalled 55,098, the total number of enterprises within the scope of the survey. The unadjusted design weights totalled 59,309. Thus, the uniform adjustment factor was 55,098/59,309, or 0.929.

The second level of calibration was adjustment of the final weights to ensure that the estimated average size of enterprises, based on the sample, was equal to the average size of the enterprises in the sample. The auxiliary variable applied was, therefore, 1 - αx_k, where α denotes the average size of the enterprises (number of persons engaged). To avoid negative weights, calibrated weights less than 1 were replaced by a scaled value of their original design weights. The scaled value was determined such that the targeted average size of enterprises was maintained.

The distribution of the resulting final weights indicated that the average final weight was 21.9, very slightly higher than the average design weight of 21.5 to compensate for non-response and other sample distortions. The minimum value was 0.83 and the maximum, 264. The final weights were used for extrapolations of the survey results.

8. Sampling Errors

As in all sample surveys, the results of the SNA survey are subject to sampling errors, which arise because a survey does not include all enterprises, but only a selected portion. The sampling error of an estimate is based on the difference between the estimate and the value that would have been obtained on the basis of a complete count of enterprises under otherwise identical conditions.

Information on sampling errors is used for interpreting survey results, and provides an assessment of the precision of the estimates and on the degree of confidence that may be attached to them. In the same vein, it allows decisions on the degree of detail with which the survey data may be meaningfully tabulated and analysed. Information on sampling errors can also be used for determining whether the survey estimates of change over time, or of differences between two or more subgroups, are statistically significant. Finally, information on sampling errors may be used for future sample design. Rational decisions on the choice of sample size, sample allocation among strata, clustering and estimation procedures, can only be made on the basis of detail knowledge of their effect on the magnitude of sampling errors in the resulting statistics obtained from the survey.

The calculation of the sampling errors of SNA 2017 was based on the approximate variance estimators for balanced sampling in the form[33]

$$\mathrm{var}(y) = \sum_{k \in s} c_k \frac{(y_k - x_k' b)^2}{\pi_k}$$

where y is the total value of the variable of interest, y_k is the observed value for enterprise k in the sample s, π_k is the probability of selection of enterprise k, x_k is the vector of balancing variables $x_k = (\delta_{1k}, \delta_{2k}, \delta_{3k}, x_k)$, where $\delta_{hk} = 1$, if enterprise k is in region h and $\delta_{hk} = 0$, otherwise, and x_k is the size of the enterprise. The approximate coefficients c_k are given by

$$c_k = \frac{n}{(n-p)}(1 - \pi_k)$$

[33] Deville, Jean-Claude and Yves Tillé, Variance approximation under balanced sampling, *Journal of Statistical Planning and Inference* 128 (2005), pp. 569–591.

where n is the sample size and p is the number of balancing variables (here p = 4), and finally the vector b is given by the matrix formulae

$$b = (\sum_{k \in s} c_k \frac{x_k x_k^{'}}{\pi_k})^{-1} \sum_{k \in s} c_k \frac{x_k y_k}{\pi_k}$$

In the present context, the probability π_k is the implied probability of selection calculated as the inverse of the final weight of enterprise k. For the variable y = estimated total number of employed persons in the enterprises within the scope of the survey, the regional estimates and their corresponding sampling errors expressed in terms of standard errors are reported in Table 9.

Table 9: Standard errors of estimates of number of employed persons, by region

Region	Estimate	Standard error	Relative standard error (%)
Total	**409,470**	**18,137**	**4.4**
North	39,493	1,811	4.6
Central	272,804	16,945	6.2
South-east	40,164	1,654	4.1
South-west	57,009	3,441	6.0

Thus, the estimate of the total number of persons employed in enterprises within the scope of the survey was 409,470, with standard error 18,137. The relative standard error of the estimate was 4.4 percent. The estimate of the total number of employed persons was relatively more precise in the South-east (relative standard error, 4.1%) than it was in the Central region (6.2%).

Another use of standard errors is for calculation of confidence intervals. Under certain broad assumptions, it can be stated that the true value of a variable of interest lies in between the survey estimate and a multiple of the standard error, with a certain degree of probability. In a normal distribution, the 95 percent confidence interval lies between μ - 2SE and μ + 2SE. Thus—referring to the results reported in Table 9—it can be seen that, for example, the true value of the total number of employed persons in the Central region is within the interval

$$272{,}804 - 2 \times 16{,}945 \leq \theta \leq 272{,}804 - 2 \times 16{,}945$$

$$238{,}914 \leq \theta \leq 306{,}694$$

Table 10 reports the standard errors of estimates of the number of enterprises, by region.

Table 10: Standard errors of estimates of number of enterprises, by region

Region	Estimate	Standard error	Relative standard error (%)
Total	**44,174**	**1,834**	**4.2**
North	5,884	465	7.9
Central	23,487	1,527	6.5
South-east	6,925	492	7.1
South-west	7,878	551	7.0

Table 11 reports the standard errors of the estimates of the number of employed persons, by branch of economic activity.

Table 11: Standard errors of estimates of total number of employees, by economic sector

Branch of economic activity	Estimate	Standard error	Relative standard error (%)
Total	**409,470**	**18,137**	**4.4**
B Mining and quarrying	10,935	1,640	15.0
C Manufacturing	94,481	4,204	4.5
D Electricity, gas, steam	10,515	1,272	12.1
E Water supply, sewerage, waste	8,306	1,267	15.3
F Construction	36,400	2,661	7.3
G Wholesale and retail trade, repair	86,254	4,458	5.2
I Accommodation and food services	16,904	2,470	14.6
H Transportation and storage	37,490	3,655	9.8
J Information and communication	21,325	3,305	15.5
K Financial and insurance activities	25,777	7,655	29.7
L Real estate activities	1,708	429	25.1
M Professional, scientific and technical	11,031	1,088	9.9
N Administrative and support services	32,515	3,303	10.2
R Arts, entertainment and recreation	10,006	2,589	25.9
S Other service activities	5,823	784	13.5

In addition to the standard errors for the specific variables by region (Table 9) and branch of economic activity (Table 11), approximate standard errors were calculated for general variables. These generalised variances are reported in Tables 12 and 13, for estimates of number of enterprises and of employed persons, respectively.

The standard errors for estimates reported in Tables 12 and 13 are calculated using the generalised variance equation:

$$\frac{\mathrm{var}(y)}{y^2} = a + \frac{b}{y}$$

where a and b are the regression parameters estimated for number of employed persons (Table 11) and the number of enterprises (Table 10), respectively.

Table 12: Generalised variance estimates of standard errors of number of enterprises

Number of enterprises	Standard error	Relative standard error (%)
30,000	1,916	6.4
20,000	1,316	6.6
10,000	716	7.2
7,500	566	7.5
5,000	416	8.3
2,500	266	10.6
1,000	176	17.6
750	161	21.5

500	146	29.2

Table 13: Generalised variance estimates of standard errors of number of employed persons

Number of employed persons	Standard error	Relative standard error (%)
300,000	16,940	5.6
200,000	11,489	5.7
100,000	6,037	6.0
75,000	4,675	6.2
50,000	3,312	6.6
25,000	1,949	7.8
10,000	1,131	11.3
7,500	995	13.3
5,000	859	17.2

The use of the generalised standard errors is illustrated with a few numerical examples. Thus, as reported in Table 12, an estimated value of about 30,000 enterprises of any type has an approximate standard error of 1,916, corresponding to a relative standard error of about 6.4 percent. Meanwhile, an estimated value of about 10,000 enterprises has a relative standard error of about 7.2 percent. For small cells with estimates of approximately 500 enterprises, the approximate standard error is about 146, corresponding to a very high relative standard error of about 29.2 percent.

The generalised variance estimates of standard errors reported in Tables 12 and 13 indicate that any estimate of the number of enterprises below 1,000 and any estimate of number of employed persons below 5,000 do not enjoy a sufficient degree of precision, as their relative standard errors reach a threshold level of 20 percent.

ANNEX 3: Skills Needs Analysis Questionnaire, 2017

Labour force skills needs survey from the viewpoint of enterprises

Company Name _____ Tel: _____

Location _____ Region: _____

Q. Code | | | | |

Section A General Information

A1. Describe in a few words the main activity or economic sector of your company?

_____

NACE | | | | |

A2. When did the activity of your company start (specify the year)? _____

A3. What is the share of ownership of each group of owners in your business?

1. Albanian shareholders: _____ %
2. Foreign company or citizen shareholders: _____ %
3. Private-owned: _____ %
4. State-owned: _____ %

A4. How many people are employed in your company? (at the moment of the interview):

	TOTAL	Female	Foreign	Young, 15–29 years
1. Total number of employees, including part-time				
2. Part-time employees				

A5. How many disabled people are employed in your company? _____

A6. In your general opinion, which of the following are the main employment concerns in the economic sector in which your company operates? **(Choose up to 3.)**

Unsuitable qualification level of labour force	1
Low salaries in the company	2
The education system does not provide the skills needs for the economy	3
Non-preferred professions or job descriptions	4
Attitude of jobseekers or work culture	5
High fiscal burden of employment	6
People leave after being training	7
Others (please specify)	8

A7. What has been the economic trend in your enterprise in the last 12 months?

	Increasing	Decreasing	Unchanged
Turnover	1	2	3
No. of workers	1	2	3
Investments	1	2	3

Section B: Abilities and skills of existing staff

This section analyses the abilities and skills shortages of your current employees in the profession and their passion for their work.

B1. Please list the type of professions in which the skills shortages are more noticeable for your company.

Nr.	Type of profession or occupation *ISCO Code*	Only among young, up to 29 years	All ages
1	| | | |		
2	| | | |		
3	| | | |		
4	| | | |		
5	| | | |		

B2 Regarding the professions you labelled above as having skills shortages, what are the leading causes for your staff to be insufficiently qualified carry out their job? **(Keep the same order of professions as in B1.)**

		Profession 1	Profession 2	Profession 3	Profession 4	Profession 5
1.	Insufficient knowledge at the time of recruitment	1	1	1	1	1
2.	Lack of, or insufficient, job training	2	2	2	2	2
3.	Incorrect recruitment	3	3	3	3	3
4.	Frequent change of jobs	4	4	4	4	4
5.	Insufficient capacity to learn	5	5	5	5	5
6.	Lack of experience, or recently recruited	6	6	6	6	6
7.	Lack of motivation	7	7	7	7	7
8.	Other (specify)	8	8	8	8	8

B3. Which skills and other requirements do you think are lacking? **(Same order of professions as in B2.)**

No.	Skills	Profession 1	Profession 2	Profession 3	Profession 4	Profession 5
1	Professional	1	1	1	1	1
2	Reading and official writing	2	2	2	2	2
3	Communication	3	3	3	3	3
4	Creativity and innovation	4	4	4	4	4
5	Computer	5	5	5	5	5
6	Organisational	6	6	6	6	6
7	Ability to work in a team	7	7	7	7	7
8	Ability to learn at the job place	8	8	8	8	8
9	Knowledge of foreign languages	9	9	9	9	9

B4. What actions do you take to address skills shortage among existing staff? **(You may choose up to 3.)**

Staff replacement	1
Outsource services to specialised experts or companies	2
Improvement of recruitment procedures	3
Increase trainings	4
Certification or licensing programmes	5
Find a solution within the enterprise (new organisation)	6
Application of a state employment or training scheme	7
Hiring foreign employees	8
Others (please specify)	9

Section C: Recruitment for new vacancies

C1. How are vacancies usually filled in your business? **(You may choose up to 3.)**

Method	**First**	**Second**	**Third**
Announcements in newspapers, job portals, company website, etc.	1	1	1
From education or training institutions	2	2	2
From public employment offices or state agencies	3	3	3
Acquaintances, relatives and friends	4	4	4
Promoting existing workers in the enterprise	5	5	5
Through private head-hunting agencies	6	6	6
Participation in job fairs	7	7	7
Other, please specify _____	8	8	8

C2. When recruiting a new employee, how important are the following skills and personal profile criteria?
1, unimportant; 2, somewhat important; 3, important; 4, very important

No.	Skills and Personal Profile Criteria	Senior specialists and administrators with high education level				Implementation technicians and specialists				Sales and services employees				Craftsmen, artisans and related professions				Assembly, maintenance and machinery workers				Workers in elementary jobs			
		1	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
1	Professional	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
2	Reading, official writing	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
3	Communication	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
4	Creativity and innovation	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
5	Computer	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
6	Organisational	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
7	Ability to work in a team	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
8	Ability to learn at the work place	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
9	Knowledge of foreign languages	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
10	Formal education	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
11	Work experience	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
12	Correctness or integrity	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
13	Appearance	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
14	Age	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
15	Gender	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4

C3. From your experience, in general, which specific skills and criteria are difficult to find in applicants? **(Choose more than one.)**

1	Professional skills	1
2	Reading, official writing skills	2
3	Communication skills	3
4	Creativity and innovation	4
5	Computer skills	5
6	Organisational skills	6
7	Ability to work in a team	7
8	Ability to learn at the work place	8
9	Knowledge of foreign languages	9
10	Formal education	10
11	Work experience	11
12	Correctness or integrity	12
13	Appearance	13
14	Age	14
15	Gender	15

If option 1 is selected, in which professions are these skills missing?

Type of profession or occupation	*ISCO Code*
a.	
b.	
c.	
d	

C4. Do you plan to introduce the following in the next 12 months?

	Yes	**No**	**Don't know**
New products	1	2	9
New services	1	2	9
New technologies	1	2	9

C5. Do you foresee recruitment of new staff in the coming 12 months?

YES ☐

NO ☐ → **MOVE TO QUESTION D1**

C6. If answer to C5 is YES, how many new recruits do you forecast for the next 12 months? _____

C7. For which professions do you anticipate recruitment in the next 12 months? What is the expected number of employees for each of them? Is it difficult, in your experience, to find appropriate people to fill that specific job vacancy?

No.	**Type of Profession** *ISCO code*	**Number of recruits**	**Are they difficult to find?** *1*	*2*	*3*
1			*Yes*	*No*	*D/K*
2			*Yes*	*No*	*D/K*
3			*Yes*	*No*	*D/K*
4			*Yes*	*No*	*D/K*
5			*Yes*	*No*	*D/K*
6			*Yes*	*No*	*D/K*
7			*Yes*	*No*	*D/K*

C8. Based on your expectations, which specific skills and criteria are difficult to find in job applicants for each type of profession listed in the previous question? **(Order of professions as in C7; choose more than one.)**

No.	Skills, Profile Criteria, Challenges	Profess. 1	Profess. 2	Profess. 3	Profess. 4	Profess. 5
Skills						
1	Professional	1	1	1	1	1
2	Reading and official writing	2	2	2	2	2
3	Communication	3	3	3	3	3
4	Creativity and innovation	4	4	4	4	4
5	Computer	5	5	5	5	5
6	Organisational	6	6	6	6	6
7	Ability to work in a team	7	7	7	7	7
8	Ability to learn at the job place	8	8	8	8	8
9	Knowledge of foreign languages	9	9	9	9	9
Personal Profile Criteria						
10	Appropriate level of education	10	10	10	10	10
11	Work experience	11	11	11	11	11
12	Correctness, integrity or temperament	12	12	12	12	12
13	Appearance	13	13	13	13	13
14	Age	14	14	14	14	14
15	Gender	15	15	15	15	15
Other challenges to finding appropriate people						
16	Lack of interest or motivation for the kind of job	16	16	16	16	16
17	Insufficient salary at the company	17	17	17	17	17
18	Uninteresting working conditions	18	18	18	18	18
19	Lack of career development perspective	19	19	19	19	19
20	Low education level or qualification	20	20	20	20	20
21	Other, please specify _____	21	21	21	21	21

C9. If vacancies cannot be filled with new applicants, what approach is followed by your company to address this issue? **(You may choose more than one answer.)**

Possible solutions	
Invest in training of existing staff by hiring private training providers	1
Increase salary and benefits to make the job more attractive	2
Outsourcing for other experts or companies to undertake the job	3
Investment in technology	4
Enhancement of recruitment procedures and means	5
Application to a state employment or training scheme	6
Others, please specify _____	7

SECTION D: TRAINING

D1. Generally speaking, which kind of training is provided and how important is it for your company?

Type of training	Training importance or relevance			Not offered
	1	2	3	
On-the-job training from experienced staff of the company	1	2	3	9
Training from the supplier of technology	1	2	3	9
Training from private training experts or institutions in Albania	1	2	3	9
Training, inside Albania, in vocational schools or centres contracted by the company	1	2	3	9
Training from a public training institution	1	2	3	9
Training abroad (other than from supplier)	1	2	3	9
International standards or brand certification programmes	1	2	3	9
Other trainings, specify_____	1	2	3	9

D2. Who is paying for training?

No.	Who is financing?	Senior specialists and administrators with high level of education	Implementation technicians and specialists	Sales and services employees	Craftsmen, handcrafts and relevant professions	Assembly, maintenance and machinery workers	Workers in elementary jobs
1	Enterprise	1	1	1	1	1	1
2	Employees	2	2	2	2	2	2
3	Suppliers	3	3	3	3	3	3
4	Government	4	4	4	4	4	4
5	Others, please specify _____	6	6	6	6	6	6

D3. What barriers do you think exist that hinder the continuous training of your staff in order to have a team of skilled employees in the future? **(You may choose more than one option.)**

Lack of training funds	1
Lack of courses and of suitable instructors	2
Lack of staff motivation regarding training	3
Frequent mobility of labour force	4
Lack of time for training	5
Others (please specify) _____	6
There are no barriers	7

D4. Is there a training structure within your enterprise?

1, Yes	2, No

D5. Do you have a separate item (fund) in your budget regarding training?

1, Yes	2, No

D6. How many employees in your company have undergone training (formal or non-formal) **during the last 12 months? _____ (If 0, move on to question E1.)**

D7. List the trainings that have been delivered to the employees of your company **in the last 12 months**?

No.	**Type of profession** *ISCO code*	**Field of training**
1		a. b. c.
2		a. b. c.
3		a. b. c.
4		a. b. c.
5		a. b. c.

D8. What kind of specific training is mainly needed by your employees in terms of the main professions?

No.	**Type of profession** *ISCO code*	**Field of training**
1		a. b. c.
2		a. b. c.
3		a. b. c.
4		a. b. c.
5		a. b. c.

D9. How well informed are you regarding the vocational schools and vocational training centres operating in Albania?

1, not informed; 2, little informed; 3, informed; 4, very informed

Institutions	**Level of information**			
	1	**2**	**3**	**4**
Vocational schools	1	2	3	4
Vocational training centres	1	2	3	4

D10. Has your business collaborated with either the vocational education system or the vocational training system? Which of them would you like to cooperate with in the future? **(You may choose more than one.)**

Form of cooperation	Have you had?		Do you wish to have?	
	Yes	No	Yes	No
1. With secondary vocational schools (practice exercised in the enterprises)	1	2	1	2
2. Vocational training centres	1	2	1	2
3. Instructors of vocational schools or centres invited for training in the enterprise	1	2	1	2
4. Experienced staff of the company engaged in vocational schools and centres	1	2	1	2
5. With universities	1	2	1	2
6. Others, please specify _____	1	2		
7. No cooperation at all with any of them	1	2		

D11. Please list the professions related to your business for which you would like an increase in the number of students in the vocational education institutions in order to satisfy the market needs.

Nr.	*ISCO Code*
1	
2	
3	

SECTION E: FINAL

E1. Do you have relations with the Employment office?

YES ☐

NO ☐ → **MOVE ON TO QUESTION E3**

E2. Why do you contact the Employment Office? **(You may choose more than one.)**

For recruitment of new staff	1
For staff training	2
For participation in employment promotion programmes	3
For labour market information	4
Declaration of employees	5
Other, specify_____	5

E3. Why have you no relations with the Employment Office? **(You may choose more than one of the following options.)**

Missing information on it	1
Lack of quality services delivered by the office	2
Lack of needs for the services they offer	3
Others, please specify _____	4

E4. Interviewee _____ Position: _____

E5. Status of the company, and status of the answer

Active, and completed the questionnaire	1
Active, but refused to answer	2
Could not be contacted, or did not exist	3
Activity not yet started	4
Sleeping (passive)	5
Closed	6
Current activity is outside the scope of the survey	7

Interviewer	_____ Name and surname _____ Telephone number
Interview date Number of visits Time to reach the place Time at the start of interview Time at the end of interview	_____ / _____ / _____ _____ _____ _____

THANK THE INTERVIEWEE AND CLOSE THE INTERVIEW