

SKILLS SHORTAGES/ GENDER ISSUES ANALYSIS
IN
ALBANIA, BULGARIA, BOSNIA & HERZEGOVINA, MACEDONIA, SERBIA AND
KOSOVO

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1. INTRODUCTION

The questionnaire included 114 enterprises and 13 institutions from the following countries:

- Albania – 20 companies and 2 institutions
- Bulgaria – 31 companies and 3 institutions
- Bosnia and Herzegovina – 11 companies and 4 institutions
- Macedonia – 20 companies
- Serbia – 12 companies and 3 institutions and Kosovo – 20 companies and 1 institution

The survey was conducted as part of the South-East Europe Textile Associations Project, funded by GIZ and managed by SEQUA. The companies surveyed were members of the textile associations supported by the project, which are:-

Albania – Chamber of Facon (CFA)

Bosnia – Textiles and Footwear Association (UTOK)

Bulgaria – Bulgarian Association of Textile Producers and Exporters (BAPIOT)

Kosovo – K-Text

Macedonia – Textile Trade Association/Cluster (TTA/TTC)

Serbia – Cluster FACTS

2. ANALYSIS OF SURVEY OF COMPANIES

2.1. Effects of skills shortages

Most of surveyed enterprises in all countries consider that **a problem of skills shortage is very important** (Chart 1).

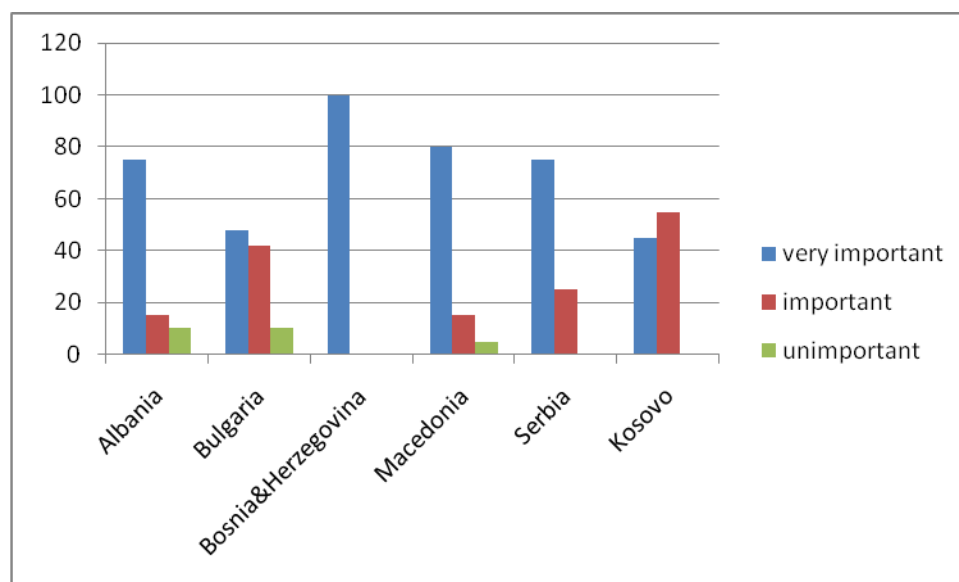


Chart 1: The answers on the question: 'How important a problem for your company is skills shortages?'

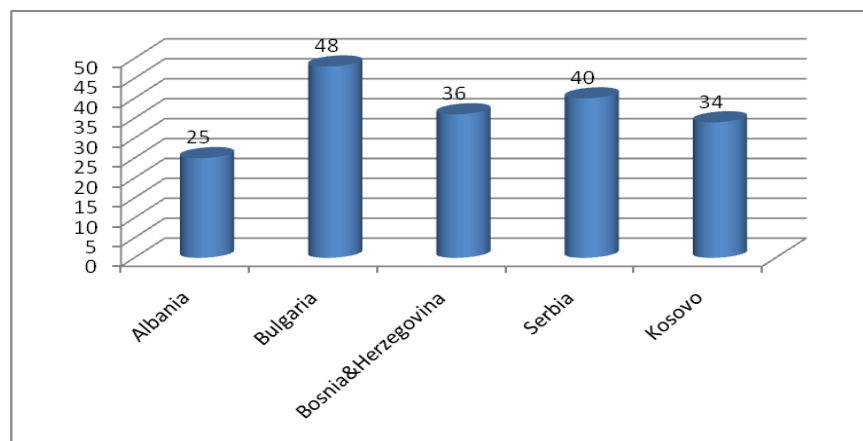


Chart 2: Average age of operational staff

Average age of operational staff varies from 25 (in Albania) to 48 (in Bulgaria) (Chart 2).

Operational skills are considered as very important in all countries, as they have a crucial impact on company's performance. In regard to the operational skills, interviewed companies have stated that they are facing various problems: sewing, cutting and pattern making, design, , machinery maintenance, textile engineering, finishing and dyeing. Considering results in each of the analyzed countries, the most common are the following problems (Chart 3 and Chart 4):

- In Albania: the greatest number of companies, 80% of interviewed, face the problem of **sewing**, 65% of interviewed have the problem in **cutting/pattern making**, 60% in **design**
- In Bulgaria: 68% of surveyed enterprises consider that they have the problem with **sewing**, 61% with **cutting/pattern making**, 52% with **machinery maintenance** and 52% with **textile engineering**
- In Bosnia and Herzegovina: 100% of interviewed companies have the problem with **cutting/pattern making**, 64% of interviewed with **design** and 45% with **machinery**

maintenance

- In Macedonia: 60% of surveyed companies consider that they have the problem with **sewing** and **design**, 50% of interviewed in **textile engineering**
- In Serbia: 100% of interviewed enterprises have the problem with cutting/**pattern making**, 58% with **sewing** and 50% with **machinery maintenance**
- In Kosovo: 80% of surveyed companies have the problem with **sewing**, 65% of surveyed with **cutting/pattern making** and 60% with **design**

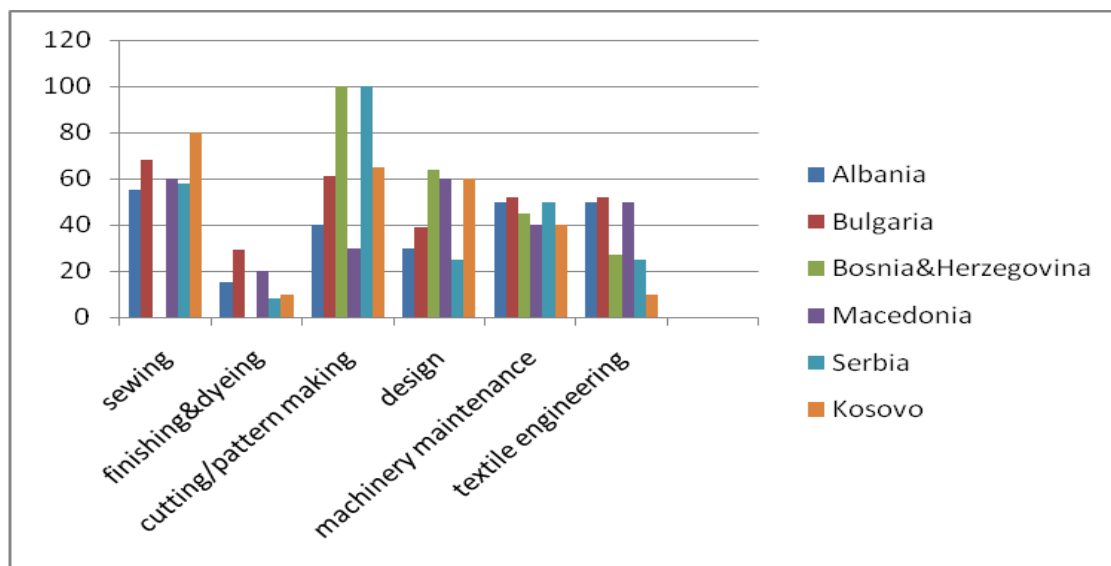


Chart 3: Problems with shortages of operational skills

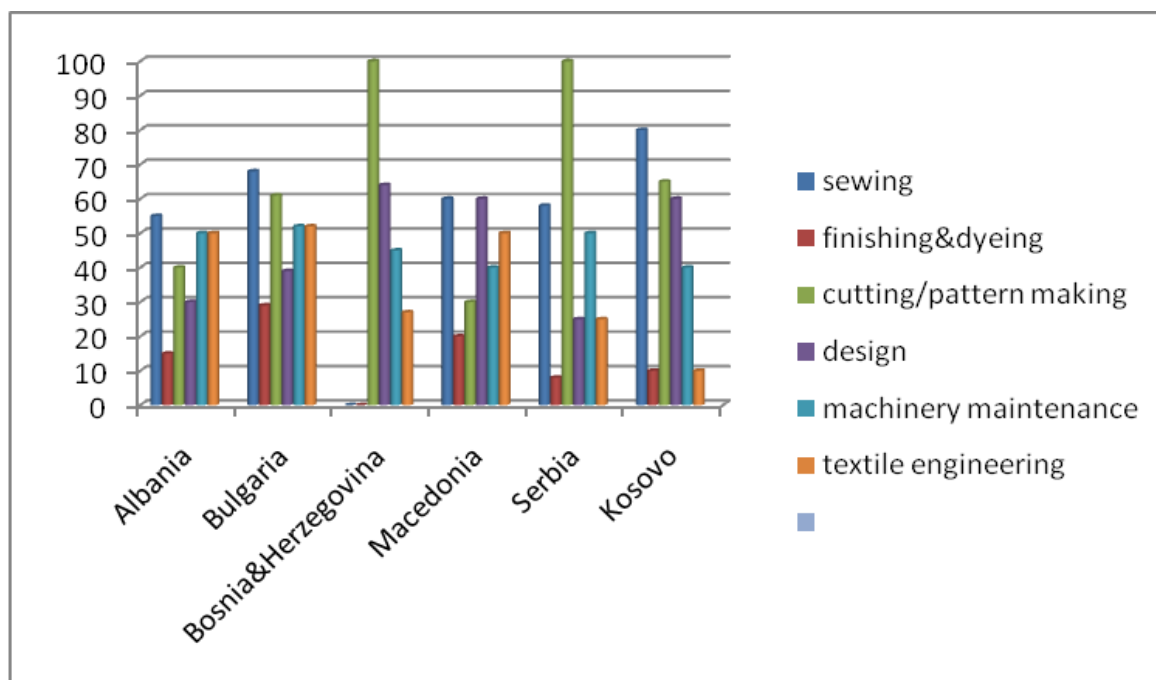


Chart 4: Problems with shortages of operational skills by countries

In regard to the skills which are related to the management and administration, surveyed enterprises have listed the following skills shortages as the most problematic (Chart 5 and Chart 6):

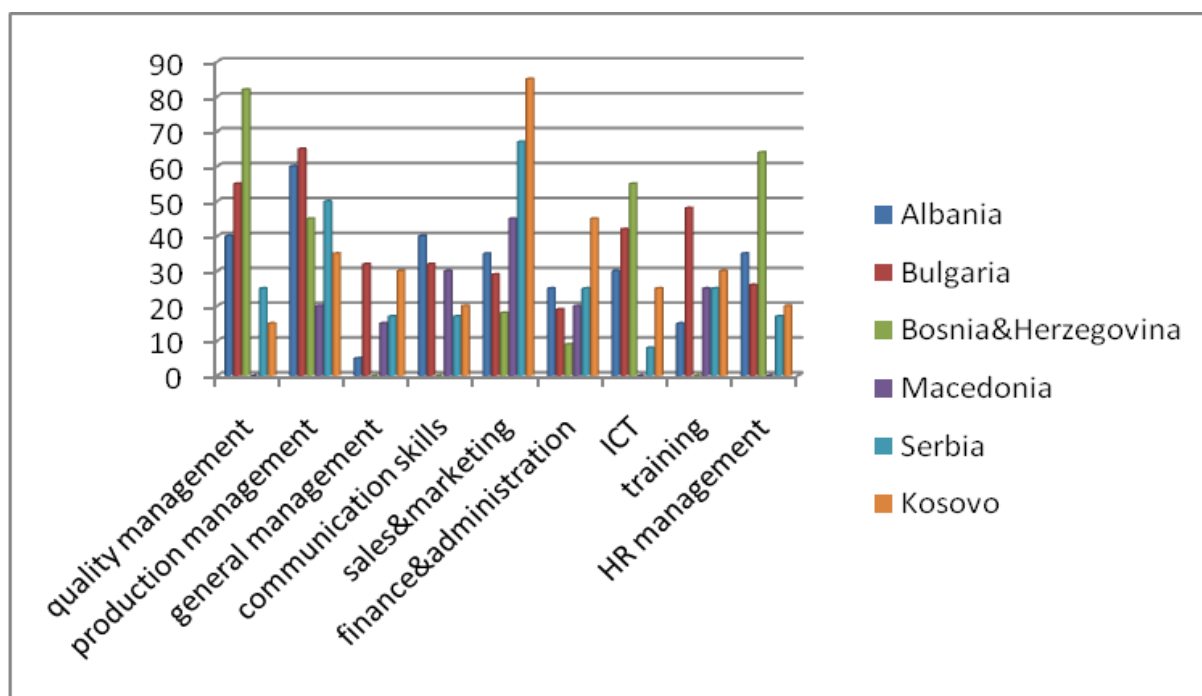


Chart 5: Problems with shortages of management and administration skills

- In Albania: the greatest number of enterprises, 60% of interviewed, have stated **production management**, 40% of interviewed- **quality management** and 40% - **communication skills**
- In Bosnia and Herzegovina: 82% of interviewed companies face the problem of **quality**

management, 64% of interviewed - **HR management**, 55% - ICT

- In Bulgaria: 65% of surveyed enterprises have the problem with **production management**, 55% with **quality management**, 48% - with training
- In Macedonia: 45% of interviewed companies have stated that they have the problem with **sales and marketing**
- In Serbia: the greatest number of enterprises, 67% of surveyed, have stated **sales and marketing** as the problem, 50% of surveyed have the problem of production management
- In Kosovo: 85% of interviewed companies face the problem of **sales and marketing**, 45% of surveyed – **finance and administration**

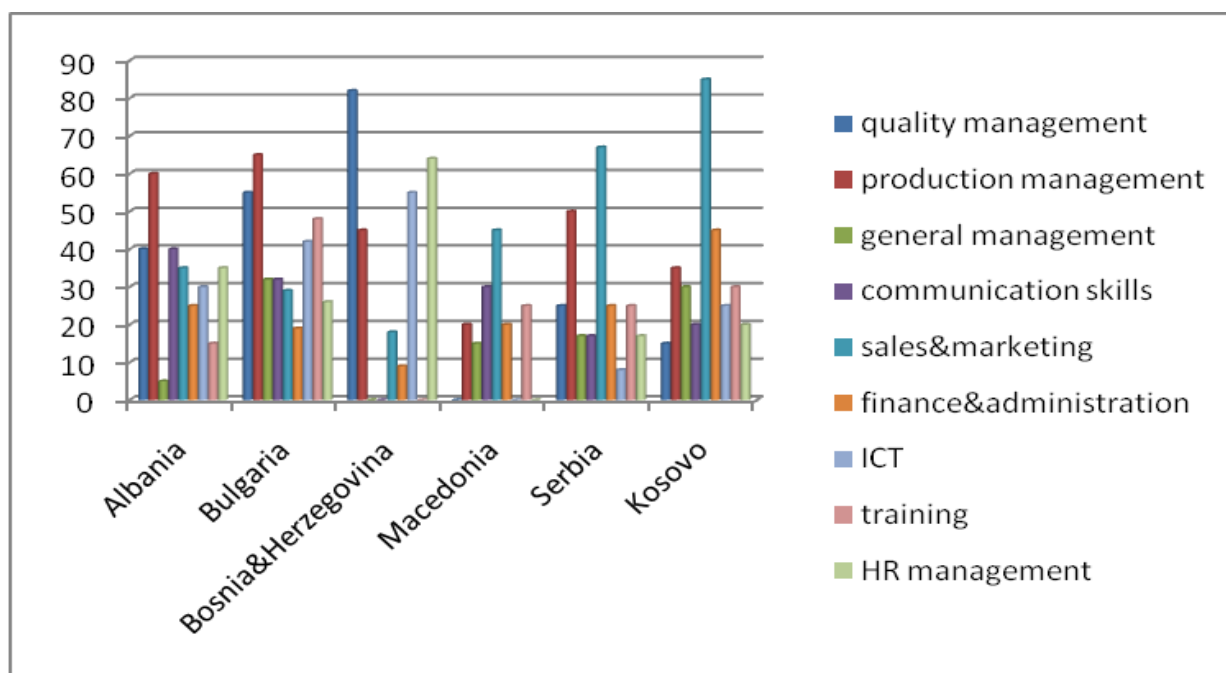


Chart 6: Problems with shortages of management and administration skills by countries

Skills shortages in operational, management and administration activities have negative consequences in the overall performance of the surveyed companies. The majority of the interviewed companies consider that negative effects impose **decrease of enterprise competitiveness** related to the following segments of the business:

- **Production** – Many companies have identified a negative impact on the production process as a result of the skills gap. Issues in the production process are the main reason for high unproductiveness. Main issues related to production are the following:
 - Inefficiency of production process
 - Low level of production management
 - Low productivity
 - Lack of efficiency
 - Increased time of the production cycle
 - Low quality of products

- Increase of the production costs
 - Insufficient knowledge and introduction of new technologies
 - Inability to identify and solve the problems in production process
 - Instability of the production line
- **Marketing and sales** – Many companies have identified a negative impact on sales due to their quality. Issues related to sales are the following:
 - Companies can't meet the demand of customers
 - Not being adapted to new business requirements
 - Delivery delay (Delays in orders)
 - Returns of products and penalties
 - Lack of communication with customers
 - Losing the clients
 - Decreasing the sales
 - Creating the bad image of company
 - Slow reaction to market changes
 - Loss of market share
 - Difficulties in entering new markets
- **Research and development** – companies experience negative effects on R&D and in general the companies responses relate to :
 - Slow enterprise development
 - Slow development of new products
 - Slow development of collection
 - Delayed use of advanced technology in the production process
- **Human resource development** - companies experience negative effects in the HR development sector and they stated following effects:
 - Lack of introduction of modern theoretical and practical knowledge to existing employees as well to new employees
 - Time needed for a training of new staff is usually longer than necessary
 - High costs of training for employees
 - Their existing workforce was insufficient to meet the demand. Hiring skilled employees in a short interval was not possible.
 - Employees are not capable of handling complex duties

2.2. Companies' response to skills shortages

Many companies have taken steps to deal with the skills shortages.

It seems that the situation in **Bosnia and Herzegovina** is very good. All eleven surveyed companies have stated that they organize training programmes for their staff regularly by themselves. Sometimes they engage external experts in the necessary fields.

83% of surveyed companies in **Serbia** have done something regarding the issue, having different approaches:

- Some of trainings have been organized individually
- Some of trainings have been organized “in house”, with external trainers
- Employees have attended trainings/seminars which have been externally organized.

Three Serbian companies (Jasmil, Ivkovic and Eminent) appear to approach this problem in a systematic manner, i.e. they plan trainings delivery. In two cases it is about regular trainings dedicated to the staff in sales sector and in one case it is about regular trainings for programmers. Other enterprises organize trainings based on *ad hoc* expressed either as a response to a problem which has currently appeared in the business operation or by identifying suitable offers by training providers or programmes/projects which provides subventions for subsidised training.

All enterprises organize some kind of trainings for newly employed individuals in production. The enterprise Ivkovic has pointed out they have engaged an individual who is responsible for trainings of newly employed. This training includes not only induction into the job, but also training for operations in production where mainly newly employed do not have experience. All enterprises regularly send employees who work with finance and administration (legal activities and etc.) to seminars and training in order to get familiar with new legislation, new regulations and etc. And all enterprises regularly send their designers to fairs and exhibitions abroad. One of the enterprises (Luna) states that their employees undertook training in all business sectors. This training has been organized “in house”, but externally as well (for more different clients). TFY was using experts’ services through the TAM and BAS programme and through direct work with a consultant. Employees have had the opportunity to gain new knowledge and experience in the field of production, sales and finance. TFY has also organized training for learning foreign languages and computer skills for their employees. Garman has experienced organization of trainings for the unemployed from the non-textile sector who are interested in employment in the textile sector.

81% of interviewed companies in **Bulgaria** have organized trainings in company, especially for newly employed individual in production. Some of these trainings have been delivered by employees, for other ones external experts have been engaged. Two companies have stated that they used services of SES experts. 12 of surveyed companies have sent their employees, particularly management staff, to different external seminars, trainings, courses. The Company Pirin-Tex reported that they have their own Centre for professional education. The project consultant visited the centre for professional education on 27 November and conducted interviews with the owner and with staff – the case study below describes the activities of the centre.

Case Study – Training Centre at Pirin-Tex

Pirin-Tex is one of the largest clothing manufacturers in the Balkans with over 2000 employees and is the main employer in Gotse Delchev where its factory is located. It makes menswear mainly for the German market but also sells its own collection on the Bulgarian market. The company has established a training centre which provides full-time training for the 15 – 22 year age group. The training is fully funded by Pirin-Tex. The reason for establishing the centre is to train young people to replace the ageing

workforce in the centre, and also to provide more practical training than is normally offered in vocational high schools.

The programme started in 2011 and is planned to last three years. Currently training is offered in basic sewing skills and a second course will be added in 2013 for electricians and technicians. There are 13 students (out of 25) who started in the first year and 20 in the second year. The course targets high school dropouts and most of the students are from ethnic/religious minority groups.

The trainees receive a training wage and are guaranteed jobs at the end of the course – at a 10% higher rate than other new employees on the grounds that they are trained. Trainees are not however obliged to take a job with Pirin-Tex.

General education is provided by teachers from the local high school and practical training by 3 full-time trainers employed by the company. The Head of the School also has other responsibilities within the company. Each trainer also has a mentor, who is an employee of Pirin-Tex. 70% of the time is spent on practical training and 30% on general education. The school has been approved by the Ministry of Education and is in effect a kind of private technical high school.

The centre is the initiative of the managing director, Bertram Rollman believes that young people are inadequately prepared for working life – another motivation for establishing the centre is as a demonstration project as part of a process of lobbying the Bulgarian government to develop a vocational training system more like that in Germany. In Germany, there is strong emphasis on training meeting the needs of employers and this process is managed by the chambers of commerce (which are well resourced because membership is compulsory for businesses). Mr Rollman would like the Bulgarian business associations to follow the same route and is lobbying the Bulgarian government (he is Vice-President of BAPIOT) to introduce a system similar to that in Germany. He is optimistic that such a system will be introduced soon, but this will require legislation to reform the curriculum (as well as increased expenditure) and introduce compulsory membership of business associations. This would be a major culture change for a country which currently has an ineffective and under-funded vocational education/training system.

65% of surveyed companies in **Macedonia** have stated that they did something to reduce the problem of skills shortages. They have organized trainings in company. Some of these trainings have been delivered by employees, while for other training, external experts have been engaged. Three companies have stated that they participated in TTA trainings (organized by GIZ). 10% of surveyed companies have sent their employees, particularly management staff, to different external seminars, trainings, courses.

It seems that the situation in **Kosovo** is the worst. Although all companies have stated that they are facing the problem of skills shortage, 90% of surveyed enterprises have not taken any noticeable step to improve the skill of their current employees, while 10% of them have contracted external individual experts to either provide consultancy services to the company or to train the staff mostly for operational skills.

2.3. Gender Issues

Apart from the steps taken to improve the overall skills of the workforce, the companies in **Kosovo** have identified some kind of support that they provide to the women population in the workforce, which is mostly noticeable in the form of flexible work timetable and priority in the recruiting process.

Some of the companies in **Albania** have established a normal workplace regarding light conditions, temperature, canteen, very good ventilation, sanitation system, fire alarm system, nursery, maternity leaves and have applied motivation scheme through extra salaries. But, some of the companies still need to work to create a normal workplace for their employees in order to improve the working conditions for their employees.

75% of surveyed companies in **Serbia** consider they work a lot on the improvement of working conditions. They stated that they have introduced flexible working time, but it mainly relates to “meeting” individual requests of female workers like changing shift, utilization of days off etc.

77% of surveyed companies in **Bulgaria** consider they ensure good working conditions. Six of them provide flexible working time as well as additional space for the pause (restaurant, restroom for the women etc.). Company “Markam” has the restroom for the women, organizes regular medical check-ups for employees and has the kindergarten during the summer. All premises have air-conditioning. Company “Martex” organizes the transport to the work for the employees as well as regular medical check-ups. The working conditions are being regularly controlled (noise, light, dust). Company “Piros” organizes regular medical check-ups. Company “Rollmann” (Pirin-TEX) has kindergarten and organizes the transport for employees.

Surveyed companies in **Bosnia & Herzegovina** consider that the workspace in their companies is fully adapted to female workforce. Six of them have pointed out that there is restaurant as well as café bar within the enterprise. 55% of them consider that they have flexible attitude in terms of working time (especially in terms of absence of female workers who are the mothers). Company “Alma Ros”, Olovo has stated that their workspace is fully adapted to female workforce. There is a modern restaurant, coffee bar and shopping centre for workers. They also organize transport and have flexible attitude in terms of workers’ absences. Company “Kula”, Gradacac has stated the following: In accordance with the possibilities, they support women workers who are parents when it comes to necessary absences from work. Within the company, there is a landscaped park with a mini zoo (ostriches, peacocks, birds, deer, rabbits, etc) where workers can rest comfortably during the breaks, and it is also allowed to bring the children on a tour through the park during off-hours.

50% of surveyed companies in **Macedonia** consider they have undertaken particular measures related to support to female workers in production sector, i. e. for employed women. They consider they ensured good working conditions, provide flexible working time. Few of them (20% of surveyed) organize bus transport for the employees. 10% of interviewed companies have kindergarten, 10% of companies provide loans for the employees without interest rate /with 0% of the interest rate.

3. ANALYSIS OF THE SURVEY OF TRAINING INSTITUTIONS

All surveyed institutions in Bulgaria emphasize they have regular contacts with representatives of clothing/ textile industry. They cooperate with companies and their associations as well as with other institutions such as: ministries, universities, agencies. All three surveyed find that one of the reasons for skills shortages in industry is - lack of finance for training. Two of them consider that the main reason is that skilled workers are reaching retiring age and it is a consequence of two other reasons as well: Companies are unwilling to train; People are unwilling to work in the industry. All three surveyed institutions consider that their institutions are directly addressing skills shortage in the industry in the following way:

- Two of them provide trainings directly to companies
- Two of them try to put students in work placements in companies

- Two of them undertake funded projects to address the issue-
- All three of them are engaged in dialogue with the representatives of the industry in order to ensure that institution's trainings are designed according needs of the industry

All surveyed institutions in **Serbia** emphasizes they have regular contacts with representatives of clothing/textile industry. Representatives of educational institutions consider that clothing/textile industry in Serbia is lacking skills for performance of the following work activities:

- **Engineering activities** in the enterprise, as they are: technical preparation of production, management of tailoring technology, sewing and finishing – based on the opinion of one surveyed individual
- **R&D:** development of new products, introduction of new technologies
- **Management of production costs**
- **Sales**

Two surveyed faculties consider that their institutions are directly addressing skills shortage in the industry, in the following way:

- **Providing training directly to companies** – they have teacher teams and associates trained for implementation of numerous programmes for professional trainings of employees and engineers. Cooperation has been mainly initiated by enterprises which were putting their requests and then, they jointly work on training programmes development. Apart from trainings delivered directly in enterprises, the trainings are organised in the faculties for representatives of various enterprises. These are, for example, the trainings in: CAD systems for constructional preparation and product design, design sector, technology and management.
- **Putting students in work placements in companies** - Study programmes on both faculties have practical work as obligatory.
- **Undertaking funded projects to address the issue-** both faculties participate or have participated in different projects which are related to the skills shortage in the industry. One of the faculties implemented trainings and formed machinery for production of protection clothes; one of the faculties was involved in organisation of summer fashion camp etc.
- **Engaging in dialogue with the representatives of the industry** in order to ensure that institution' trainings are designed according needs of the industry – the faculties made efforts to establish direct cooperation with companies in order to meet their requirements in the best possible manner. Also their involvement in the work of the Cluster FACTS is one of indicators of that approach.

All three faculties find that one of the reasons for skills shortages in industry is - Lack of finance for training. One of them considers that the main reason for skills shortages in industry is that companies are unwilling to take part in training. Another thinks that the main problem lies in the lack of continuous exchange of knowledge between educational institutions and enterprises. The third surveyed finds that educational institutions do not take seriously into consideration industry needs and do not « produce » required human resources. The project consultant visited the one of the training institutions, the College of Textile Design, Technology and Management in Belgrade on 30 November 2012 and the case study below is a result of that visit.

Case Study – College of Design, Technology and Management and FACTS

The college is one of three Serbian vocational/training institutions that are members of FACTS, the Serbian Textile Cluster. It is a member in order to try to make its training more attractive to industry and also to increase the number of work placements for its students. While FACTS charges high membership fees to its members, the training institutions pay much less as the companies see the benefit of the co-operation, in terms of access to training and potential employees.

The college provides post-high school training to a total of 350 students. There are three basic 3-year programmes in design, textile engineering and textile management and two specialist programme, one in fashion management and one in textile engineering. The college is located in old, cramped premises and most of the equipment is old. There are 7 members of teaching staff.

Only 30% of graduates are employed in the textile industry – the rest are either unemployed, go abroad or work in other areas. Work in textile production is unattractive as wages are well below average and the industry has a bad image in the media.

All students are obliged to have two weeks work placement in industry – both the college and FACTS agree that this is inadequate. The Manager of FACTS thinks that 6 months is the minimum that companies would like to offer, as that would give enough time to make the student employable, and companies would prefer to employ students who had been on placement rather than seek employees on the market, but the current curricula and ministry requirements make it difficult for the work experience to exceed two weeks.

The college also offers training (not part of its normal curricula) on a commercial basis to companies, but there is not much demand. The Manager of FACTS believes that the staff running these courses need to visit the companies in order to make the training relevant – companies would be prepared to pay market rates for training and the college staff should promote themselves as consultants to the industry. At the moment most of this work is done by international consultants, funded by donor projects. The Manager of FACTS suggests that the college should itself apply for project funding to develop and provide training to businesses. It should also meet the board of FACTS in order to make companies aware of what it can offer.

Clearly there is mutual benefit for FACTS and its members and the college developing a closer relationship – the companies could benefit by using the work placement process to recruit staff which have the right skills (although this would need a change in the curriculum to allow more time for work placement) and also by having access to technical training at reasonable prices, while the college would benefit by generating commercial income from training and by ensuring that more of its students are employed in the textile industry.

Countrywide in **Kosovo**, there are eight vocational schools. However, only one of the eight schools located in Mitrovica provides training of skills required by textile companies. Its teaching program includes modules in cutting, sewing, finishing, dying and other demanded skills. After completion of the program, it provides certificates of accomplishment. They claim that they have connections with companies and are aware of their needs and difficulties.

Surveyed companies claimed that they hire new employees without actually having any evaluation criteria for employing them. Certificates of accomplishment from the regional vocational school in Mitrovica or alike credible certificates would help companies in hiring the right employees. In the

absence of such certificate or other documents that recognize the completed modules, companies are pushed to put into practice in-job training.

In-job training creates huge difficulties for the surveyed companies. Evaluation or training period lasts between three to six months. If the selected employee turns out not to be adequate for the company or has not gained the required skill, companies will be forced to return to the beginning and search for other potential employees. This situation has negative effects on both financial and operational activities of the companies.

Apart from the training institutions, there were other initiatives for increasing the supply of skilled employees, such as the programme of small grants, which were grants that were given to tailors so that they provide training for the interested applicants. Such strategy was evaluated as inadequate because it did not deliver the expected results. Trainings provided were very vague and poor, whereas training period was relatively short. This is just an additional fact that stresses the need for more vocational schools. In contrast to trainings of tailors or small textile enterprises, vocational schools are consisted of professional group of trainers that are aware of the skills gaps and implement teaching programmes that help overcome such gaps.

All surveyed institutions in **Bosnia and Herzegovina** emphasized they do not have regular contacts with representatives of clothing/ textile industry. All of them consider that the companies have the problems in operational skills, especially in terms of: cutting, design and machine maintenance. They also think that companies have the problems in management and organisation, especially in: quality management (3 of them have stated this) and ICT (3 of them have stated this). All four surveyed find that the reasons of skills shortages in industry are - Lack of finance for training and that skilled workers are reaching retiring age. They also think that the unwillingness of people to work in the industry is partially the reason for skills shortages in the industry. All surveyed consider that their institutions are not directly addressing skills shortage in the industry. They don't provide training directly to companies. They also don't undertake the funded projects. Sometimes they put their students in work placements in companies and sometimes are engaged in dialogue with the representatives of the industry.

4. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the questionnaire and analysis of such results, the following conclusions could be drawn:

- 1. Skills shortages are an important underestimated issue for the textile industry.** Companies and training institutions are aware of such an issue. They are willing to solve it.
- 2. There is a difference between the identified shortages of operational skills in different countries.** The greatest number of enterprises in Albania, Bulgaria, Macedonia and Kosovo have identified skills gaps in sewing. Surveyed companies in Serbia have stated pattern making as the biggest problem and all interviewed enterprises in Bosnia and Herzegovina have stated the cutting as the problem of shortage skills.
- 3. The main identified gaps in the management and administration skills are: production management** (in Albania and Bulgaria), **sales and marketing** (in Serbia, Kosovo and Macedonia) and **quality management** in Bosnia and Herzegovina.
- 4. The impact on companies from employee skills shortages is reflected in the decrease of enterprise competitiveness.** Unable to acquire the desirable employee skills, companies are not in a position to increase their production in times when demand increases and are unable to provide qualitative products if the market requires so. The skills shortages cause problems in almost all segments of

business in companies: in production, sales and marketing, research and development, human resource development.

5. Companies in Bosnia and Herzegovina, Bulgaria, Serbia and Macedonia have made efforts to improve the skills of their employees. They have organized trainings in company, especially for newly employed individuals in production. Some of these trainings have been delivered by employees, for other ones, external experts have been engaged. Many of surveyed companies have sent their employees, particularly management staff, to different external seminars, trainings, courses.

6. Companies provide support to the women workforce. The majority of companies in all countries consider that they have ensured the good working conditions. They provide flexible working time for women as well as additional place for the pause. Some of the companies provide transport; some of them have the kindergarten, etc.

7. Many of surveyed training institutions actively cooperate with industry: they provide training directly to companies and put the students in work placements in companies. Some of them have undertaken funded projects to address the issue. A few of them have been engaged in dialogue with the representatives of industry in order to ensure that institution' trainings are designed according needs of the industry. The training institutions consider that **a lack of finance for training** is one of the main reasons for skills shortages in industry.

In order to reduce the problems caused by skills shortages, it is necessary to work with different target groups:

- National level – relevant Ministries
- Universities – educational institutions
- Existing companies providing trainings
- Enterprises

1. It is proposed that government agencies for training are encouraged to establish a voucher system (or some other way to subsidise training), so the companies could use training and consulting services at lower prices than market prices. That would provide services for workforce capacity building much more accessible to the companies.

2. It is necessary to support Faculties in developing new programmes adjusted to the needs of the industry. They should also be supported in focusing on the economy and developing research and development services needed by companies.

3. The existing training institutions should be supported in development of new courses, training programmes designed to meet the needs of the economy.

4. It is necessary to assist Enterprises in identifying their needs for workforce development in the medium and long term. They should also be encouraged to develop a better system for selection and recruitment, as well as for introducing new employees in job.

In some countries (Serbia and Kosovo, Albania), it is necessary to consider feasibility of setting up new training institutions (such as: Regional Vocational Training Centres) - in partnership of public, private and civil sector (companies, universities, associations etc...). The training centre in Pirin-Tex in Bulgaria is an example of how such centres might develop, but this is exceptional in that it is wholly funded by the

company. The development of such centres will require investment both by businesses and the state – probably with donor support.

Generally, in all mentioned countries it is necessary to work as much as possible on encouraging the cooperation between economy, training institutions, ministries and other actors and their networking.