

QUALIFIED WORKFORCE – AN OPPORTUNITY FOR INVESTMENTS

SECTOR OF BUSINESS PROCESS OUTSOURCING (BPO)

MEETING OF INVESTMENT COUNCIL

Tirana, 13 February 2017

CONTENT

I.OBJECT – METHODOLOGY

II. CONTEXT

- MACRO
- SECTORIAL
- LABOUR MARKET

III. FINDINGS – RECOMMENDATIONS

I. STATEMENTS MADE BY STAKEHOLDERS, ON THE SECTOR

- ☐ *Informality disrupts the market, and lowers the standard of sector*
- ☐ *The Model of “the quality on service delivery” is missing, and requires training on career development*
- ☐ *Cheap labour cost is not the only advantage, but the work eagerness and motivation is higher, especially in certain professions*
- ☐ *We stand ready to contribute for a Local Web Digital Academy/campus in cooperation with Google, or Software House for establishing a “talent pool”*
- ☐ *Albania has the potential to become a data warehouse in the sector, investments on internet provision are already in place*
- ☐ *In Albania there is workforce, but it is difficult to find “professional skill” as “soft skills” are missing*
- ☐ *Albanians are very dynamic, eager to acquire new skills, motivated, but education in universities does not corresponds to the necessities of the market.*



I. OBJECT OF THE ANALYSIS

Object of the Analysis

Is there a potential for development of investments in the sector with more added value services?..and if yes, do we have the quality that the labor market needs?

- To promote and structure the debate as an “exploratory” step due to the lack of previous studies in the sector; to consider the business concerns; to present pillars for interventions.

1. METHODOLOGY

Desk research

- Strategy, laws/ bylaws,
- Studies of OECD, Swisscontact, Shtetiweb, EU, RisiAlbania, ILO, SE 2002, Models of countries in the region;
- INSTAT data

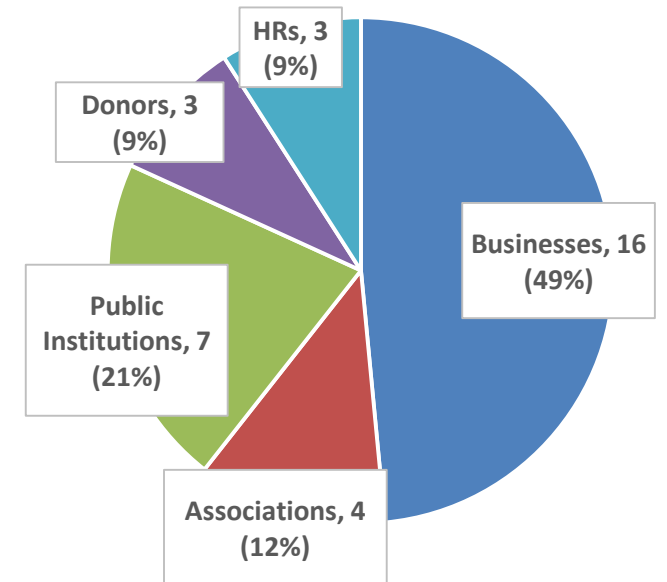
33 interviews

- Officials from National Employment Service, Labour Inspectorate, Tirana Municipality, AIDA
- Representatives of Business Associations such as AOA, AITA, FIAA, CCI, Protik
- Meetings with BPO businesses and experts on labour skills and BPO sector

Survey

- Semi-structured questionnaire
- Online: 16 January – 5 February 2017
- Interviews with senior management representatives of 17 BPO companies which have employed around 9,000 people.

Meetings with Stakeholders



I. CONTEXT – MACRO DATA

46.1%

Participation in workforce for
age 15 – 29 years

INSTAT

146,756

Enrolled students for the
school year 2015/2016,
public and private - INSTAT

In public universities: 121,638,
Polytechnic University: 14,254,
while University of Tirana:
30,471).

804

Registered companies as
Call Center – INSTAT

(17 companies with more
than 250 employees).
According to ShtetiWeb in the
list of 100 companies with
more employees there are 12
call centers with a total of
9,500 employees

**1,273 USD - PPP in
2013**

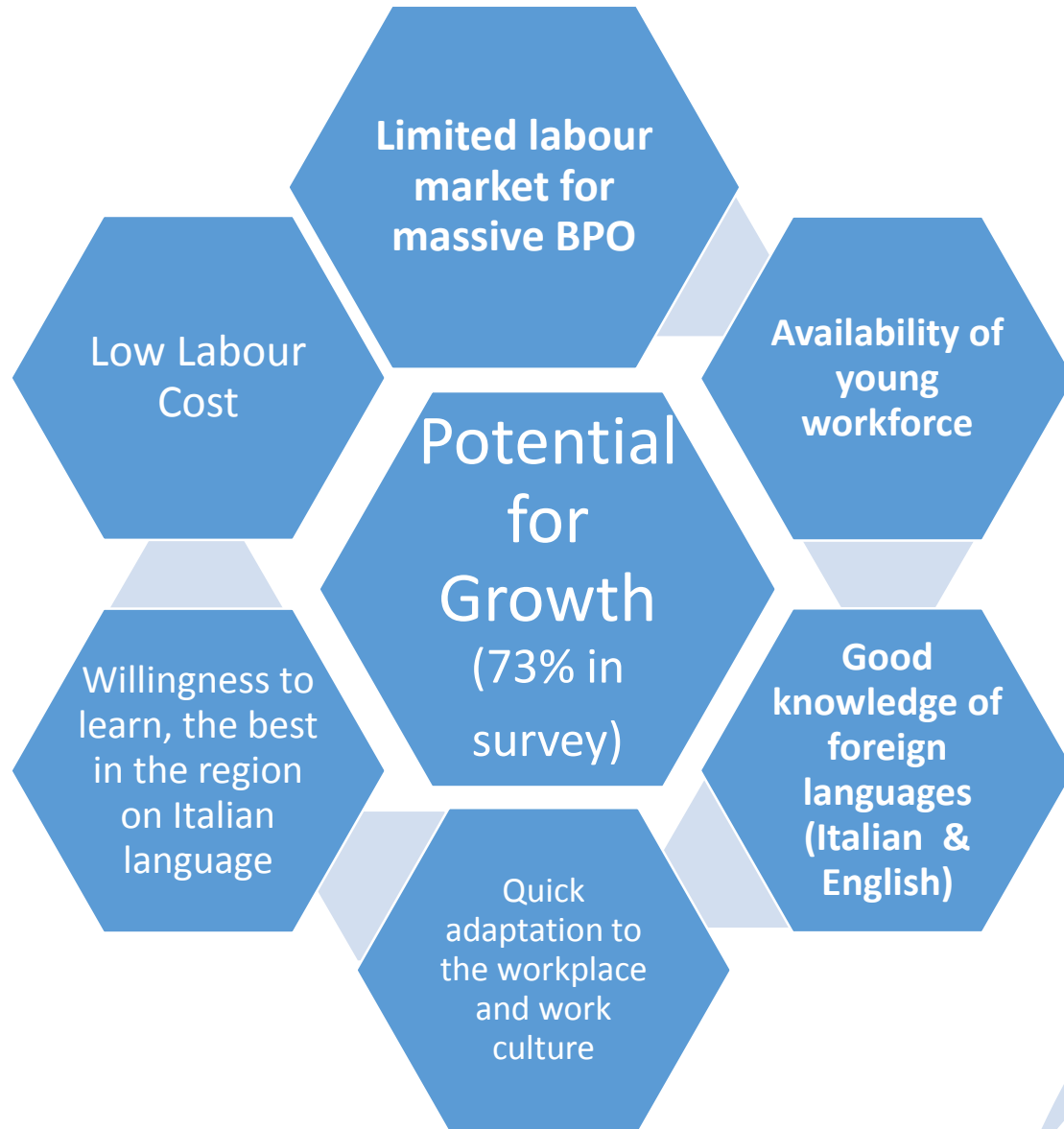
The public
expenditures per
tertiary students –
WB

(5,130 USD-PPP in
Serbia for 2012)

25,000 – 30,000

considered the
number of
employees in the
BPO sector,
meanwhile there
are requests for
perhaps 50,000.

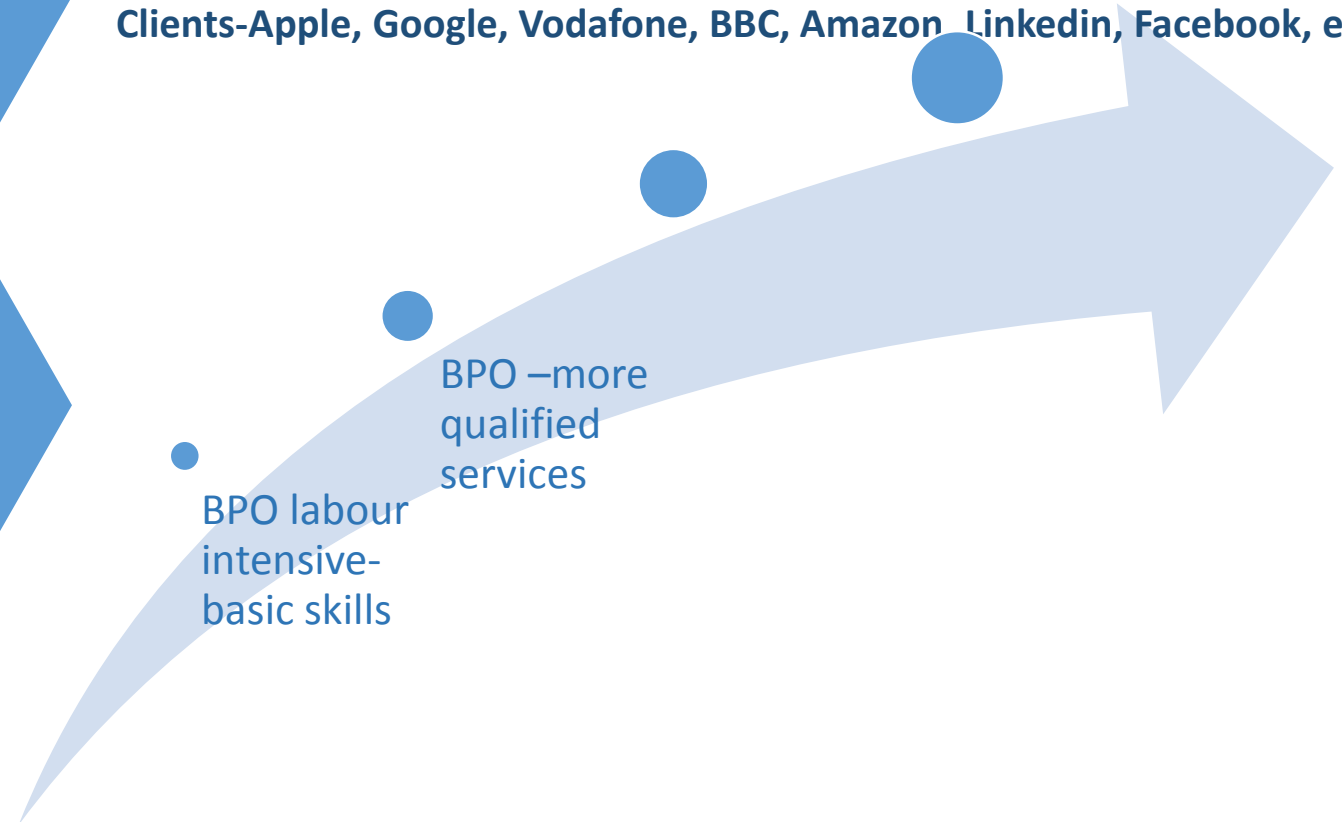
2.2 PROFILE AND DYNAMICS OF SECTOR



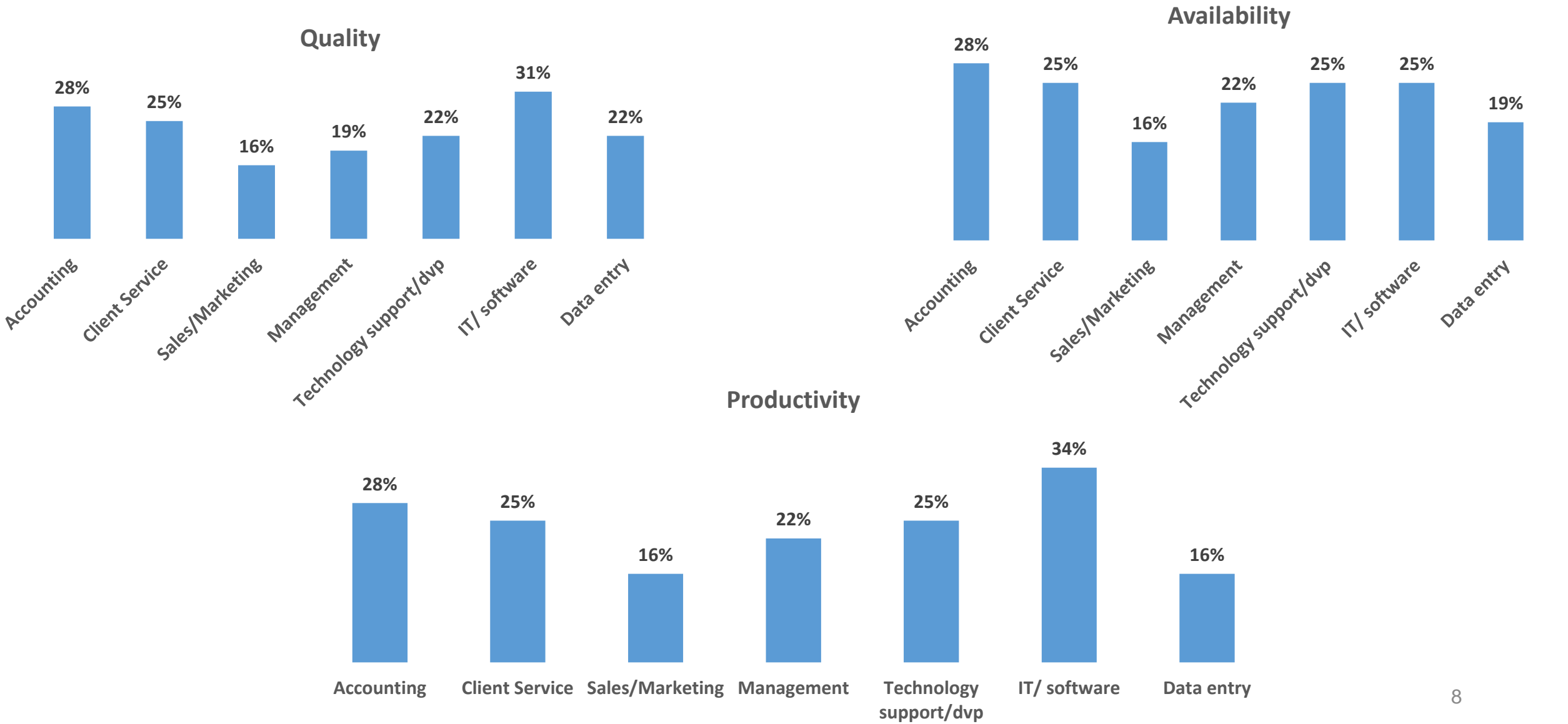
The origin of foreign investments and potential investments in sector :

- **Italy:** There are existing investments focussed on call center, but due to the uncertainty of legal changes in Italy there is a momentum of stagnations/shrinking
- **Germany:** There is interest shown in the IT (Developing and programming), but the lack of quality staff and limited knowledge of the German language has deterred investment
- **USA:** Shown some interest, but nothing concrete

Clients-Apple, Google, Vodafone, BBC, Amazon, LinkedIn, Facebook, etc.

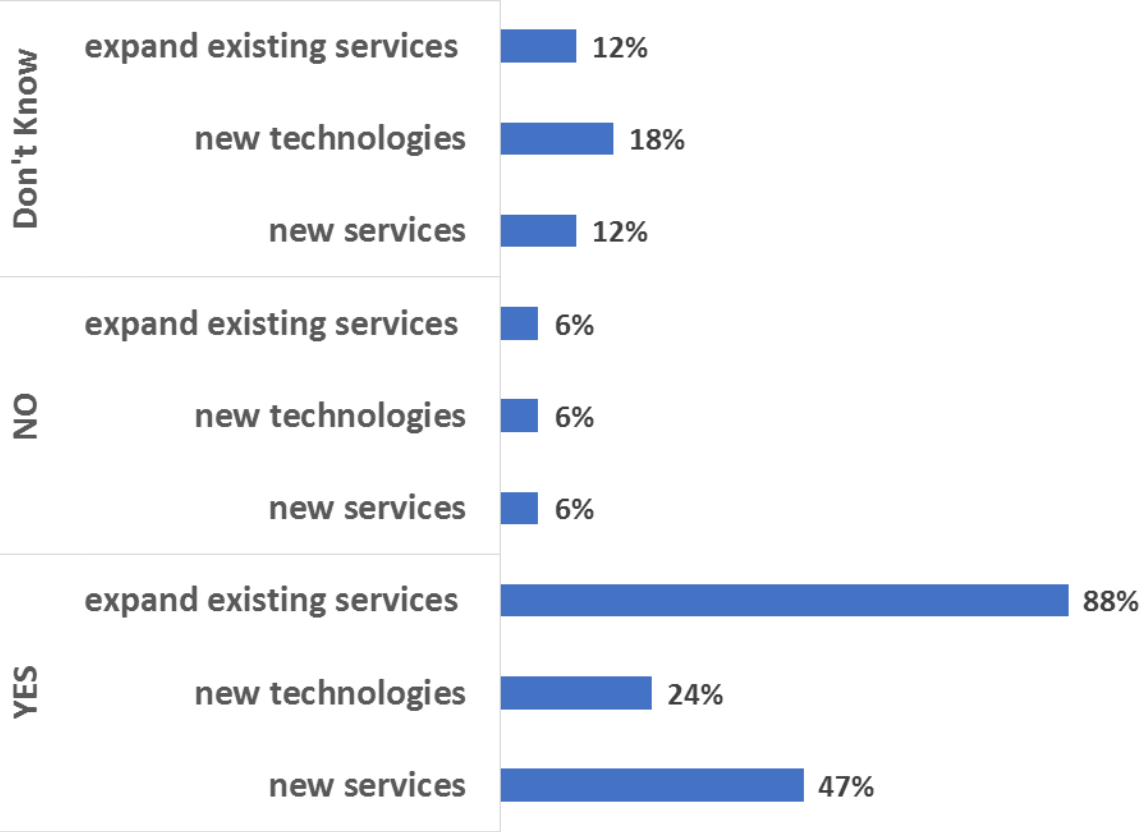


2.3 IT Software, Accounting and Client Service – most appraised services in the BPO in Albania (according to Secretariat’s Survey)

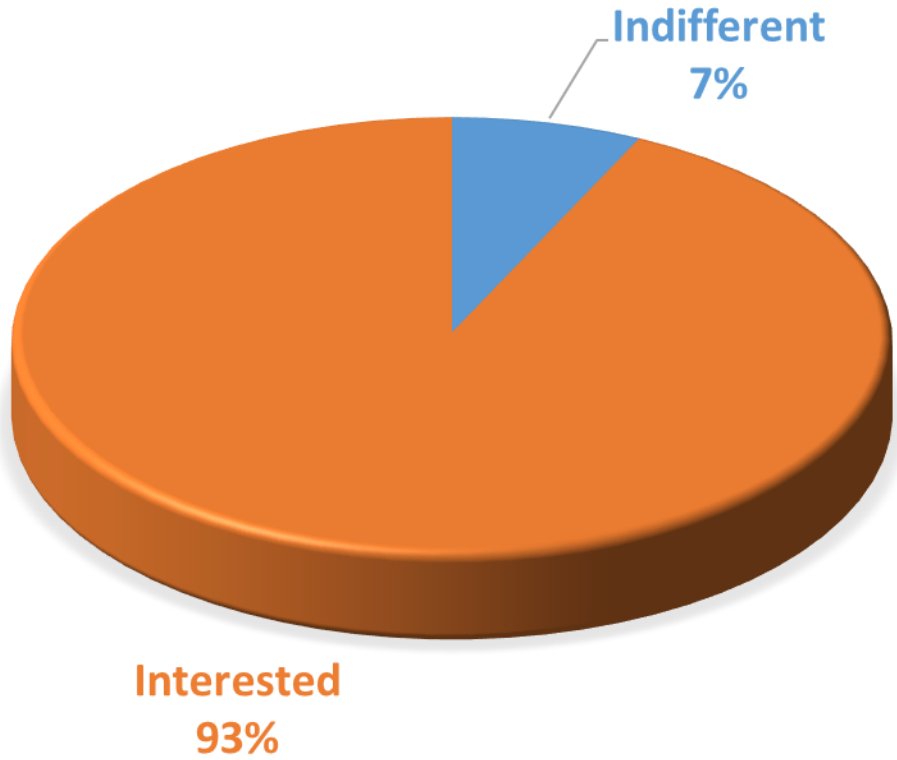


2.4. Is there a potential for the market development? (Secretariat's Survey)

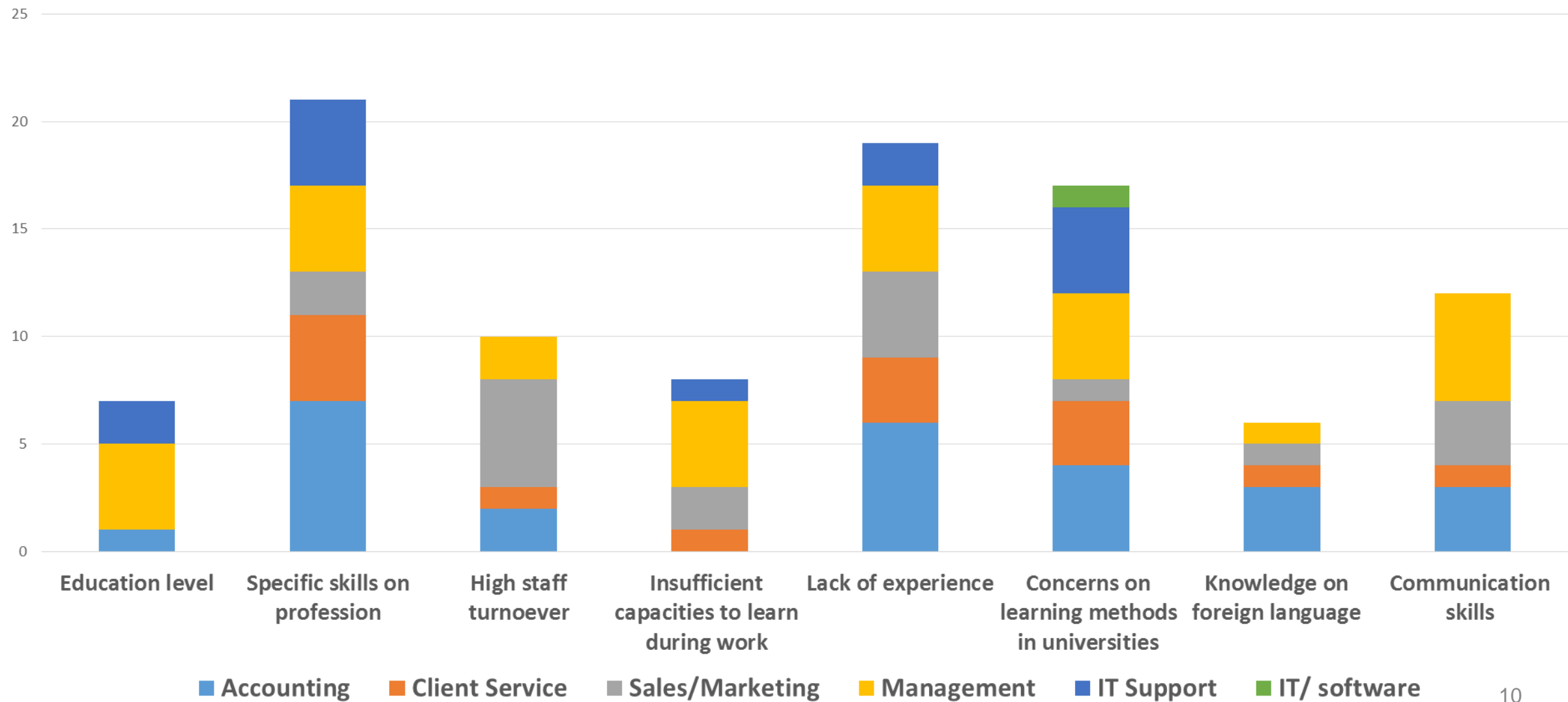
Do you plan to introduce in the next 12 months any of the following?



How do you evaluate the readiness of your employees to acquire new skills?



2.6 What are the main problems encountered toward labour skills in the following positions? (Secretariat's Survey)



2.6 Approach toward the problems of “Market Quality”

Employees	Sector	Government	Universities
<ul style="list-style-type: none">• Lack of experience from lack of practice.• Shortcomings in education and work ethics• Weak technical qualification.• Training in the call-centers are basic, without possibilities for further development of employees.• Mainly the expectations of employees are higher than what businesses can offer in reality.	<ul style="list-style-type: none">• There is a high turnover of staff being trained incurring additional costs for businesses.• Low labor social cost is low incentive for less qualified jobs (call centers).• High informality in the sector – in the regions is thought to be more problematic.• Diversification and sophistication of the business and market is going toward its peak. The Italian bill will constitute a problem for the sector.• Different interest of actors	<ul style="list-style-type: none">• Lack of a vision for the sector• Control for professions standards• Lack of cooperation and state support for the training and qualification of professions• No support or coordination with vocational training centers• Labor Code in some aspect more advanced than reality• Laws are okay, but not flexible on part time• Are missing data for sector analyses, for example statistics on information technology• Are missing incentives for the sector and experts.	<ul style="list-style-type: none">▪ Education doesn't match the specific needs of labor market▪ Curricula in universities should be oriented according to the business requirements for example Professional Master's is not appraises the same as Scientific Master▪ To encourage Memorandum business - universities, to provide internship and degrees according to market requirements. no follow-up▪ Absent models for youth to motivate their need for acquiring. It is appraised (few but high quality) for the Faculty of Economics, Epoka, Austrian School in Shkoder, Politecnico University.

2.8 COMING TO THE FOLLOWING CONCLUSIONS:



Sector has potentials for investment (that can turn into a success story) but limited to "size", so it is need to invest in the quality that creates "added value" in certain segments or professions such as IT. Low labour cost should not be a "factor" in the decisionmaking.



We can say that now have a "pool" of well-trained specialists of existing BPO who may be subject of more profiled training as trainer on the creation of "talent" sector skills. But the market does not solve the problem of "quality" but only makes it visible, while "suffering" from it.



Education and training systems (although we find a higher sensitivity), lacks serious engagement of the business as in the curricula as well as in monitoring internships of students, career offices or even the early involvement of students on "project base learning".

III. FINDINGS AND RECOMMENDATIONS

FINDINGS	RECOMMENDATIONS
<p>1. Informality has damaged the image, standards and rules of this sector.</p> <p>2. “Advanced skills” are critical elements for the performance of the sector, while there is a gap in the quality of the curricula at certain levels of education.</p> <p>3. BPO sector lacks of statistics which could lead to a thorough and deeper analysis.</p> <p>4. The lack of a systematic analysis on the current and future needs of business (sector) about the “skills” and the necessity for a vision which establish a sustainable cooperation between business and State.</p>	<p>1. Strengthening of the association and its increasing role in the fight against informality. State (GDT, Inspectorates) to apply the regulatory standards that enable fair competition in the sector (initiated pilot campaign).</p> <p>2. To consider as soon as possible the integration of the new knowledge at certain levels of education with focus on: analytical skills (problem solving) foreign languages, computer skills, communication skills. Internships to be standard practices and subject of curricula - project business model-university- teaching.</p> <p>Accreditation process of Universities to consider monitoring of state-business practices on internships.</p> <p>3. To establish a working group (INSTAT, AIDA, BPO Association, Ministry of Education and Sport etc.) to scan the sector, its statistics, cooperation model with VET and business.</p> <p>4. Creation of a WEB-Platform (AIDA, Business, Universities etc.) to support business in recruiting-hiring personnel and thesis/project proposals to be implemented.</p>

III. GJETJE DHE REKOMANDIME - MODELI I BIZNESIT BPO ME SHËRBIME MË TË KUALIFIKUARA

FINDINGS	RECOMMENDATIONS
<p>1. No structured cooperation University-Business (<i>Deloitte positive model with the Faculty of Economics, Local Eyes of Age</i>).</p> <p>2. Practical skills gap between curricula and market needs, especially in IT. The low implementation of internships model. Mandatory practices (internships) are considered as formal from both businesses and students.</p> <p>3. Lack of incentives for certain professions, such as in the field of IT.</p>	<p>1. Increase of partnership among universities, private sector and Labour Offices through strengthening of Career Offices in internships, practices and students hiring; early career counselling in schools. University curricula to fit the specific industries through the implementation of projects and subjects to development by the local business environment. Intervention in university curricula to implement programs related to the growth of analytical and practical skills of students. Flexibility in offering knowledge by the public universities through short-term innovative programmes in partnership with the business: Business Academy (intensive programmes 1-3 days in certain areas, e.g.: Consulting in Management and Operations, Taxes, drafting business plans, feasibility studies, etc.). Certifications issued after successful completion should be accredited by the Ministry of Education and Labour as an added value to access labour market.</p> <p>The initiative for creating a "pool of talents" in the IT sector who can be identified through competitions or other activities that may be organized in cooperation with vocational schools, high schools and/or universities with focus in IT.</p> <p>2. Incentivising the sector through coverage of the health & social security expenses for the period of internship in businesses (6 months -1 year) in certain professions considered as priority such as Economic, IT, Engineering, etc.</p> <p>3. Support to business initiatives for the creation of continuous training centres in technology and innovation (Digital Academy), as well as software house "for the creation of a pool of certified IT experts.</p> <p>To be taken into consideration, incentivising of trainings i.e. IT Companies winners of public procurement funds to provide trainings and internships in IT for students or fresh graduates for internships in relevant professions in the context of the tender won for a certain time period.</p>

III. FINDINGS AND RECOMMENDATIONS - BPO BUSINESS (Call Center)

FINDINGS	RECOMMENDATIONS
<p>1. Frequent employee turnover, high training costs for BPO sector (e.g. social insurance during training period). Initial trainings are made mainly by the businesses therefore there is little interest by the business for continuous trainings.</p> <p>2. Employment Offices and Centers for Vocational Training do not meet the sector's needs. Workforce registered in Employment Offices is very unqualified. The recruitment is made by the companies themselves.</p>	<p>1. Promotion of good HR Management practices of several large companies in some other companies through business associations, HR forums organised by academic institutions and businesses, and Ministry of Social Affairs, including:</p> <ul style="list-style-type: none"> a) Analysis of the request for competences according to the BPO sector; b) Accurate definition of “Value Proposition” offered to the working forces by BOPs: apart from the salary, development cycle of professional skills in these companies, career path in medium and long term, trainings being offered and how much competitive will be the competences earned from this work; c) Development of politics for motivation and maintaining qualitative staff in the long term; d) Etc. <p>The State to consider as an incentive, to cover the social contributions for the first-time training (up to 1 month). The business to cover only insurance for work accidents.</p> <p>2. Capacity building and monitoring by the Employment Offices to respond with employment and qualification programmes as per BPO business needs.</p> <p>3. Discussion with shareholders on the establishment of an BPO Academy for the re-qualification of the workforce, by licensed trainers, under the support of the central or local government as per partnership model public private (Protik) or TEDA model.</p>

III. DISCUSSIONS

Attraction of new investors and markets diversification (BPOs) are current demands but are conditioned:

- ❑ Coordination in a more structured level between business and public institutions, especially to promote the sector where AIDA may play a much more proactive;
- ❑ Investment in human capital for a more skilled labour market is conditioned by the quality of education, training and maybe later incentives of sector or all at the same time? Times is ticking...

**THE MARKET IDENTIFIES THE GAP IN SKILLS QUALITY, SUFFERS FROM IT,
BUT IT DOES NOT SOLVE THE PROBLEM**

FALEMINDERIT!

www.investment.com.al