

**ASSESSING TRAINING AND DEVELOPMENT IN ALBANIAN SMEs**

by

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## Abstract

*Training and development are necessary strategic tools as they have a direct effect on both the employee's performance and on the organization's productivity. The main purpose of this study is the evaluation of training and development levels of managerial and non-managerial positions in Albanian SMEs. Descriptive research method was adopted for this study using 163 valid questionnaires that were completed by the selected businesses following a pattern of the percentage that each industry sector represents on the total GDP. The data collected were carefully analyzed by using descriptive statistics in order to represent the raw data in a meaningful way. The main results show that most Albanian businesses hire postgraduate managers and pay close attention to the training of their staff. Also, data show that Hotel and Tourism is the sector that invests less in terms of training (41.1%). Improvement of technical, practical or specific work skills, followed by improvement of teamwork skills have been singled out as the most preferred training related areas.*

**Keywords:** Albanian SMEs, training, development, skills

## 1. Introduction

Training and development have been the research focus of many different scholars-economists, industrial psychologists, organizational strategies or human resources researchers, etc. In their work, they have not only explained the multi-dimensional nature of the training, but they also have identified many benefits that training brings to different levels of national, organizational and individual performance. Human resources have played a key role in the socio-economic development in most advanced countries. According to Falola et al. (2014), it's essential and very important for the organization to survive, the necessity of training their human resource to be innovative and creative, as this would enhance the performance and increase the competitive advantage. Furthermore, they proved that there is a strong relationship between training and development and the employees' performance.

The increased individual and organizational productivity as a result of training is considered one of the main reasons why organizations invest in training (Becker, 1975; Strober, 1990). Many entrepreneurs seem to look at training and employee development more as a desire rather than as a necessity. The costs of this point of view could be evident for both short-term gains and long-term progress (Kanter, 2011). Many business leaders consider training more as an expense rather than an investment, in this way they don't consider it as being necessary. Of course, if there are no measurable results, it is understandable that training might be seen as an expense and nothing more. The opposite of this approach is where training is seen as a capital investment that needs to "consider" how to get an acceptable rate of return on your investment (Blundell, Dearden, Meghir, & Sianesi, 1999). This approach embraces the idea that good training and development programs can help the organization on retaining the right people and growing profits.

There are some possible shortcomings, like losing work time while attending training sessions, but they offer to the organization and the employees benefits that make the costs and time

a valuable investment. Usually, training creates a supportive atmosphere and workplace, and the employees that can access to training programs have priority over those that are left on seeking their own self-training opportunities. Investing in a company's training shows to the employees they are valuable. However, according to Barrett & O'Connell (1999) "*the impact of general training varies positively with the level of capital investment*".

Employees with access to training and development programs have priority over employees in other companies that are left to seek self-training opportunities. Investing in a company's training shows to the employees they value (Bobinski, 2016). Employees who feel valued and challenged through training opportunities may feel more enjoyable about their work.

## 2. Literature review

The theorist who has shaped the economic thinking in the field of training is Gary Becker. According to Becker (1975), human capital has a direct impact on the production process as it increases employee productivity. According to this theory, human capital measured by the set of knowledge and skills, is a variable of the production function, while general skills and specific skills have different behaviors in the model. The effective level of overall training according to Becker's model is achieved when the organization does not cover the training costs but the employee "finances" the training by working with a reduced salary in the first period of employment. The application of this theory is noticed in the low paid jobs of students in the internship phase, especially when these organizations are prestigious. Meanwhile, specific training has another behavior as employees would not profit from productivity growth when they changed their job position and the organization is more inclined to cover part of this specific training.

Referring to Koli & Llaci (2005), the point of view over training has evolved along with the concept of general management and human resource discipline, particularly the way personnel management turned into human resources management and finally, around the 80s and the 90s of the last century, in strategic human resource management. The contemporary approach to training differs from the traditional one that considers training as reactive and driven by particular problems of the company (Lingham, Richley, & Rezania, 2006).

In this concept, training implies a vital element of human resource management and is considered a strategic activity, whereby employees must have the right knowledge, skills, and the necessary attitude in the future, and not intervene as problems become apparent. From this point of view, training is related to the organization's mission and strategic objectives as the main activity influencing the development of skilled, flexible, motivated, and committed employees (Barney & Wright, 1998). Training is increasingly considered as an open multifaceted system and the combined approach is thought to be the most appropriate way to study its full effectiveness (Mathieu & Tesluk, 2010).

The effects of training on the organization and on the employees, is explained in different point of views. From the economic viewpoint, training is considered to be an investment in human

capital that enhances employee productivity (Becker, 1975) and the decisions of policy makers or organizations are taken on the basis of the return that this investment has towards increasing revenue (Blundell, Dearden, Meghir, & Sianesi, 1999); the optimum level of cost sharing with the employee (Becker, 1975) in different contexts (Acemoglu & Pischke, 1999) and so on. These theories see the employee as one of the variables of the production function and the studies based on them, have not always provided definite conclusions (Tzafir, 2005).

### **3. Objectives of the Study**

The main goal of this study is to examine the impact of employees' training and development on Albanian SMEs activity. Being mainly of investigative and explorative nature, this study is aimed at discovering the extent to what the targeted businesses train their employees. More specifically, this study tries to:

- (i) Assess Albanian SMEs approach to training importance and related strategies, as well
- (ii) Evidence industry sectors more interested in training of their respective staff
- (iii) Analyze the specific skills that Albanian SMEs are inclined to focus the training of their employees

### **4. Method**

The target group selected for this study are the Albanian companies from different sectors of the economy, whereas, the sectors were selected based on the current percentage of their contribution to the GDP. Regarding sample selection there was adopted a non-probabilistic approach, but there was also used an intentional selection, which is the most common technique of sample selection (Marshall, 1996). This might include the development of a variable model that can influence the individuals' contribution and may be based on the researchers' practical knowledge, available literature, and the study itself. The sample size (N=163) refers to 163 different SMEs distributed in different sectors (Civil construction industry -7%; Trade - 32%; Hospitality & Tourism - 34%; Manufacturing industry - 6%; Information and Technology -4%; and Services & others -17%).

The questionnaire was designed based on the suggestions of the relevant literature. Later, the questionnaire was distributed to Albanian businesses operating mainly in Tirana, but also in other important cities such as Berat, Durres, Lezha, Fier, Elbasan, etc. In order to have a sample as more representative as possible, it was decided that the participation of businesses be fairly proportional to the distribution of sectors in accordance with their contribution to the Albanian Economy, which is actually: 43.4% Trade, Hotels and Restaurants-16.2%, Transport and Communication - 9.9%, Manufacturing - 9.6%, Civil construction - 4.3%, Agriculture and Fishing - 1.7%, while the Other services account for 14.9% (according to INSTAT, 2015).

The questionnaire used for this study included seven questions aimed at evaluating the training and development level of Albanian SMEs. Anyway, since some questions consist of

different alternatives, they were considered as different variables, therefore, the total of considered variables was 24. The questionnaire was distributed by sectors referring to their contribution to the economy; the source for this information was INSTAT.

## 5. Data analysis and Results

The results of the study show that the academic training of business managers taken into consideration (N = 161; missing values = 2) is distributed as follows: 2.5% of them have basic education, 46% of them have higher education and 51.6% of them have postgraduate studies. Based on this distribution, it can be said that Albanian businesses have hired qualified managers to run their businesses.

Regarding staff training, based on business responses (N = 161; missing values = 2), most staff training was developed at the workplace (60.9%) and only a minority (3, 7%) of these businesses have opted to train their employees outside the workplace and 8.1% of businesses have used a combination of both, data for the last 12 months. Nevertheless, there is a considerable number of businesses (N = 44) which have not developed any staff training (27.3%).

As far as training of managers is concerned, more managers were trained outside the workplace (9.3%) if compared to staff training. It seems that 37.3% of Albanian businesses train managers in the workplace and 20.5% of them use a combination of both. Here too, the number of responses (N = 52) shows that the number of businesses that choose not to train managers (32.3%) is high.

Regarding the distribution of these responses by sector, it can be said that in relation to staff training, the civil construction industry has the preference to run staff training in the workplace (66.7%), similarly to trade (54%); meanwhile, the Hotel & Tourism industry mostly trains the employees outside workplace (58.9%). While the Services sector prefers to run staff training at the workplace (69.2%), the same goes for production (66.7%). The Information and Technology Sector (N = 7, missing value = 1) is all uniform and prefer to train outside the workplace (100%), as well as other businesses prefer this form (60%).

Industries	Outside workplace	In the workplace	Both places	No trainings
Civil construction industry	8.3%	66.7%	8.3%	16.7%
Trade	4%	54%	10%	52%
Hospitality & Tourism	58.9%	0%	0%	41.1%
Services	7.7%	69.2%	7.7%	15.4%
Manufacturing	22.2%	66.7%	10%	0%
Information and Technology	100%	0%	0%	0%
Others	60%	0%	33.3%	6.7%

**Table 1.** Information about the place of the training of non-managers

*Source: Authors of the study*

Meanwhile, the following table comparatively summarizes training offered to managers (by sector with respective percentages).

Industries	Outside workplace	In the workplace	Both places	No trainings
Civil construction industry	8.3%	58.3%	8.3%	25%
Trade	8%	30%	24%	38%
Hospitality & Tourism	7.3%	41.1%	5.5%	45.5%
Services	23.1%	38.5%	30.8%	7.7%
Manufacturing	10%	40%	50%	0%
Information and Technology	28.6%	28.6%	28.6%	14.3%
Others	35.7%	0%	42.9%	21.4%

**Table 1.** Information about the place of the training of managers

*Source: Authors of the study*

Regarding the managers' training, the data show that civil construction industry prefers the workplace training (58.3%) and the same holds true for trade (30%). Nonetheless, in the case of Trade, 38% of them have not offered any training for their managers, at all. In the case of Hotel and Tourism, (44.6%) of them did not develop any training for managers, and in the meantime, (41.1%) of them developed training mainly in the workplace. As far as production and processing are concerned, an industry that seems to have been 100% committed to provide training for respective managers and staff, has made a combination of methods (50%) more than other methods.

Another issue to be considered is also the area in which the employees of the companies under consideration are trained. Asked whether or not they have benefited any they have affirmed or denied the fact. The table below, depicts a comprehensive analytical overview of business responses (N = 162).

Fields of training	Yes	No
Leadership / Management	17.9%	82.1%
Marketing & Sales	21.6%	78.4%
IT & Technology	9.3%	90.7%
Security and Health systems	1.2%	98.8%
Tech, Practical or Specific Work	27.2%	72.8%
Teamwork skills	22.8%	77.2%

**Table 1.** The preferred field of training

*Source: Authors of the study*

Three most preferred areas for training are: technical, practical work-specific aspects, teamwork, as well as marketing and sales. It seems that there is almost no interest on the part of Albanian companies in the field of security and health systems.

About who has conducted these trainings, the answer seems to vary in this case. From the responses (N = 113, missing value = 50) it seems that private companies are the most preferred ones. But, other sources for this feature are listed, such as the company itself, company managers, foreign volunteers, field specialists, the company's owner, or even via the internet.

## 6. Conclusion

The data analysis showed that most Albanian businesses hire postgraduate study managers and pay close attention to the training of their staff and managers. In other words, Albanian businesses invest into employee training and attract educated talents. This goes also in line with the fact that there is generally a current tendency for Albanians to pursue postgraduate studies as a form of validation of their qualifications. The data show that the sector that invests less in terms of training is Hotel and Tourism (41.1%). The most preferred field for doing the training is the technical, practical or specific work followed by teamwork skills.

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