

SKILLS MISMATCH IN THE LABOR MARKET: THE FUTURE OF WORK FROM THE VIEWPOINT OF ENTERPRISES IN CASE OF KOSOVO

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Abstract

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The transition path from education to employment is a key determinant of sustainable economic growth and development. A poorly trained workforce penalizes companies when they try to grow (Cojocar, 2017, p. 25). It is generally accepted that university graduates as workforce are the key driver of economic growth and development. The main aim of this study is to identify the difficulties faced by enterprises in the Republic of Kosovo to provide the necessary profiles with adequate skills. Employers say students don't have the ability to think critically, innovate, solve complex problems and work well in a team (Alsop, 2015) In order to analyze the problems that companies face during the selection process, the necessary training, and also the projections for new employments for the coming years, this study uses the primary data provided by the face-to-face questionnaire. The program used for data analysis in SPSS. We came to the conclusion that enterprises find it difficult to ensure the right skills they require, the university graduates lack practice experience and soft skills. The right person with the right skills in the right workplace is the driving force behind the well-functioning of the labor market. The study comes up with further recommendations for the well-functioning of the triangle higher education institutions, policymakers, and enterprises.

Keywords: Labor Market, University Graduates, Training, Paid Internship

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1. INTRODUCTION

The new economic environment, with fierce international competition, globalization, and rapid technological change have caused major changes in

the labor market. In the context of globalization and dynamic changes in the economic environment, employees are no longer provided with a "lifelong" job. Thus, skills requirements in the workplace are constantly changing, even more so in transition

countries, where the transition has brought about major changes in economic structures. These changes pose a major challenge for education systems to produce at the same time the right skills and skilled workers that easily adapt to job requirements.

Analyzed in general, the labor market is an open platform that requires the adjustment of labor supply and demand in both quantity and quality. In the case of Kosovo, only 30% of the working-age population had a job and 18% of the population was living with less than US \$ 5.5 per person per day in 2019 (Ziberi, Rexha, & Gashi, 2021). The real market considering that a significant percentage of businesses are with 1-4 workers and are considered family, it remains to be discussed a very small part of international companies to secure an open job offer. On the other hand, it is the university graduates who are expected to be the locomotives who will bring innovation in the labor market affecting, in the long run, the economic growth of the country.

But what really happens? University graduates are in the structure of the overall unemployment rate at a higher rate and this situation is so paradoxical that it is seen as a negative externalization where education in Kosovo and the Western Balkans is seen as hyperproduction that shrinks work activity in the real sector. The education of people is the most powerful weapon of that country. In no way should we accept the hypothesis that education has begun to take on the dimensions of hyperproduction but we carry the weight to the labor market. In other words, there is a pronounced mismatch between supply and demand for real professions in Kosovo. In this rapid economic development and transition from the market economy to the knowledge economy, the size of the market work breaks the "geographical" boundaries, the international market that sucks the cream — university graduates. Chain functioning between the government, higher education institutions, and the real sector is needed.

The objectives of the study include:

- To identify the problems faced by enterprises to provide the right people with the right skills and competencies in order to meet the job requirements;
- To analyze the skills required by enterprises for the graduate student to contribute from day one at the workplace;
- To give solutions how to improve the graduates' employability.

The study tries to answer the following research questions such as:

- 1) *What profiles do companies need?*
- 2) *What countries can do in order to successfully transition the graduates from education to employment?*
- 3) *What is the role of enterprises in the proper functioning between the main triangle: educational institutions, private sector, and government policies?*

The hypothesis of the study includes:

H1: The micro-enterprises generate new jobs for degree holders in the case of the Republic of Kosovo.

H2: The enterprises encounter differences in the skills of the employees and to ensure the right skills.

H3: University graduates as a workforce lack practical experience thus they training is necessary in order to meet the job requirements.

This study is of great interest for graduate students as they will get informed about the profiles and skills required by enterprises; the study is very important for universities in order to develop study programs based on specific requirements from the private sector and also for policymakers in order to contribute actively for university graduates employment, The study will also contribute to the Ministry of Education and Finance in order to help in developing new criteria for study programs oriented toward labor market and to finance the enterprises that will help in the process of paid internship for students.

The structure of the study is as follows. Section 1 describes the main aim of the study including also the main pillar of the study such as the objective, the research questions, and the hypotheses. Section 2 reviews the related literature. Section 3 provides the research methodology of the study, the methods used and the data. Section 4 presents the results obtained and the hypotheses testing. Section 5 provides the discussion and Section 6 concludes the paper.

2. LITERATURE REVIEW

If the increase in the number of degree holders starting from primary, secondary, and higher education categorized as "soft", "medium" and "semi-skilled" are not related and do not meet the demands in the labor market then the theory of "mass education" comes to the fore, populist against the principle of quality or else it will create on the number of university graduates that at the same time creates the effect of "absence" for certain profiles in the labor market (Bexheti & Mustafi, 2015).

All developing countries, in the broadest sense of the word, face the "quality" of the workforce, which means that young people generally university graduates (degree holders) face irregular employment and this really causes a mismatch of the profiles created by education with the profiles required by the labor market. A discrepancy of this nature lies in the skills possessed by the university-graduated workforce and the skills required by the real sector, which at the same time presents a very significant obstacle to the economic development of the country. Other forms of incompatibility of qualifications and skills are likely to have deteriorated, such as in some cases employees may be employed in occupations that are below the qualifications they possess (highly qualified employees for the country education based on level of education) or engaged in professions that normally require skills that the workforce does not have (under-qualified employees against the requirements of the job). In both cases, the skills mismatch affects the satisfaction and salaries of individual employees as well as the productivity of the firm. It can also lead to increased staff turnover (Quintini, 2011). On the other hand, a stable and democratic society is impossible without a minimum level of education and knowledge by the majority of citizens (Friedman & Friedman, 2006). Although they continue to believe

in such a view, research dedicated to the history of education shows that the law on compulsory education is not necessary to achieve a minimum standard of education and knowledge. The countries of the Western Balkans are new in the field of the transition process, and thus foreign direct investment, diversification from traditional sectors, and job creation in the private sector are still lagging behind compared to EU member states. At the same time, these countries are facing the phenomenon of very high emigration and brain drain, thus resulting in high remittance flows that are likely to contribute to wage arrears, hinder external competition, and thus contribute to long-term unemployment (Kovtun, Meyer Cirkel, Murgasova, Smith, & Tambunlertchai, 2014).

In a survey by the Association of American Colleges and Universities, students and employers clearly didn't see eye to eye on how well prepared the students were in oral communication (62% of students versus 28% of employers), working with numbers and statistics (55% versus 28%), teamwork (64% versus 37%), applying knowledge and skills to the real world (59% versus 23%), and analyzing and solving complex problems (59% versus 24%) (Alsop, 2015).

While the responsibility for such a situation can rightly be divided into many dimensions, the results of the survey with businesses have suggested that in many of the shortcomings identified in the market, the right address to seek solutions to the problem is education and vocational training. Of all the skills listed, the greatest shortcomings have been noted in those profiles that in a genuine situation should be supplied by secondary or higher vocational schools. In such a situation, companies spend time and money on preparing employees once they have been recruited, and before they are fully competent in carrying out their responsibilities. As a key reason for the mismatch between supply and demand in the labor market, in addition to the lack of a clear nationwide vision and strategy, respondents have largely cited the lack of business consultation in the design of curricula and educational programs. Undoubtedly, at this point, their responsibility should be shared by both educational institutions and businesses that do not make a real contribution in this regard (American Chamber of Commerce in Kosovo, 2018).

Another study by Calder (2018) stated that: "Universities are constantly pushing students and graduates to try to gain work opportunities at small and medium-sized businesses, with the notion being that large corporate graduate schemes aren't the only path available. This provides a great opportunity for businesses to recruit graduates, giving you access to talent that is screaming out for the chance to learn, excel and grow alongside your company".

3. RESEARCH METHODOLOGY

This project is based on international and local theoretical support on the analysis of real skills in the labor market in the case of the Republic of

Kosovo. In order to achieve the purpose of the study, primary data were collected using a face-to-face and telephone questionnaire.

The questionnaire as an instrument for collecting primary data is compiled in two sections wherein the pre-section are included the general demographic questions where we have provided information on the type of business, number of employees, departments, number of managers, etc. The questions in the second section of the questionnaire include questions about how to recruit employees, selection, orientation, and training of employees, the difficulties faced by companies, and finally the projections for future employment according to concrete profiles.

The findings of the questionnaire are analyzed by the IBM SPSS program, followed by data coding, their insertion into the system and frequency analysis of variables, correlation analysis Pearson chi-square test, Cronbach's alpha, and presentation of conceptual variables. Data are interpreted in the form of tables and figures.

The questionnaires were distributed face-to-face and by phone because we have claimed that direct contact will bring us a more realistic picture that addresses the skills mismatch in the labor market in the case of the Republic of Kosovo.

The number of respondents in our study is 472 enterprises micro-, small-, and medium-sized. The questionnaire includes 36 questions from which some are dichotomies, scales, and Likert scale and two of them are open or unstructured questions.

In addition to the methods used in this study, there are also can be used secondary data. For example, a study by Pellizzari and Fichen (2017) uses the data from the OECD Survey of Adult Skills (PIAAC) to construct a new indicator of mismatch. The model is closely anchored to the specific data and cannot be seen as a general theory of mismatch. Nevertheless, the approach to the measurement of skill mismatch that derives can be easily generalized to any other dataset sharing the same key features.

We can also add that we face difficulties as we do not have secondary data in order to provide information for profiles and skills the enterprises in the case of Kosovo ask for or the problems they face when hiring a graduate student.

4. RESULTS

In this section, we present the results of the study including descriptive statistics, the frequency of the variables, the reliability test, Cronbach's alpha, Pearson correlation matrix, t-test for hypotheses testing. The results are presented using tables and figures.

In Table 1, we present the data of descriptive statistics. As it can be seen, we have conducted a total of 472 questionnaires with enterprises operating in Kosovo. In Table 2, we present the frequencies of demographic variables.

Table 1. Descriptive statistics of the demographic variables

The demographic variables		Your type of business according to the Kosovo Business Registration Agency	The company where you operate is	How many years has your business been operating in the market?	The type of activity that the business carries out?
N	Valid	472	472	472	472
	Missing	0	0	0	0
Std. Error of mean		0.050	0.036	0.055	0.071
Std. Deviation		1.083	0.775	1.196	1.542
Variance		1.174	0.600	1.430	2.377
Range		5	2	3	6
Minimum		1	1	1	1
Maximum		6	3	4	7

Source: Authors' calculations.

Table 2. The individual characteristics of the demographic variables by their frequencies

The individual characteristics		Frequency	Valid percentage
The type of business according to the Kosovo Business Registration Agency	Individual business	239	50.6
	General partnership — O.P.	34	7.2
	Limited partnership — S.H.K.M.	178	37.7
	Limited Liability Company — LLC	12	2.5
	Joint Stock Company — JSC	8	1.7
	Foreign company — "Branch in Kosovo"	1	0.2
The years the business is operating in the market?	1-3 years	92	19.5
	4-7 years	101	21.4
	7-10 years	64	13.6
	Over 10 years	215	45.6
The type of activity that the business carries out?	Retail trade	108	22.9
	Wholesale	55	11.7
	Manufacturing	74	15.7
	Service activity	198	41.9
	Financial-banking institution	8	1.7
	Financial institution — insurance company	8	1.7
	Others	21	4.4
The enterprises by the size	Micro enterprises (1-9 employees)	280	59.3
	Small enterprise (10-49 employees)	108	22.9
	Medium enterprise (50-249 employees)	84	17.8

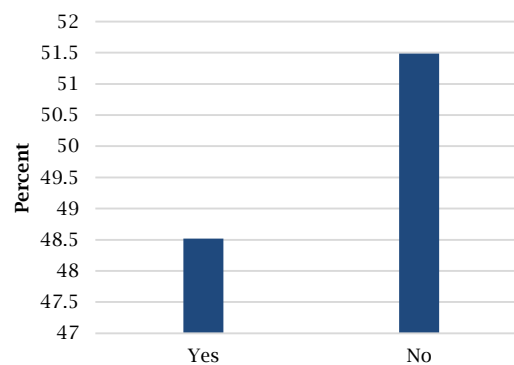
Source: Authors' calculations.

As we can see from Table 2, the largest percentage of participating enterprises in the research are individual businesses (50.6%). General partnership — O.P. is 7.2%, limited partnership — S.H.K.M. is 37.7%, Limited Liability Company is 2.5%, Joint Stock Company — JSC is 1.7% and foreign company — "Branch in Kosovo" is 0.2%.

In regards to the period of business functions, we can see that 215 or 45.6% of the total number of enterprises included in the analysis are operating in trade over 10 years. This is a great indicator that shows the sustainability of the business in the labor market and is of great interest for our research for the business to give as information of the problems they face in the process of hiring employees or university graduates. Followed by 21.4% of enterprises that operate in the market for a period of 4-7 years, 19.5% are businesses that operate in the market for a period of 1-3 years, and 13.6% are businesses that operate in the market for 7-10 years.

The largest share of businesses according to the type of activity they exercise are in services at a percentage of 41.9% while 22.9% are retail trade, 15.7% are manufacturing, 11.7% are wholesale and 1.7% are financial banking institutions. Based on the number of employees, micro businesses are 59.3%, small businesses 22.9%, and medium businesses 17.8%.

Figure 1 shows answer to the research question of whether businesses have human resource managers where 48.5% of them have stated that they have, while 51.4% of them have stated that in their business they do not have human resource managers.

Figure 1. Do you have a human resources manager in your business?

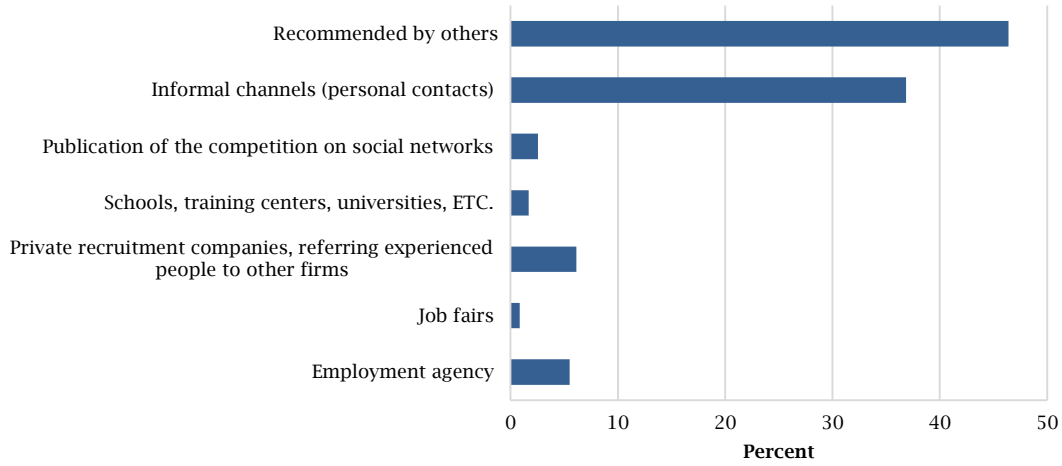
Source: Authors' calculations.

Figure 2 contains the answer to the question of what the channels for recruiting new employees are. When the enterprises are asked which are the channels for recruitment and selection of new employees, 46.3% of the enterprises answered recommended by others; 36.8% choose informal channels-direct contacts, and only 2.5% of the sample of 472 responded answer that they make the selection through regular call, 1.6% through various school campaigns, 6.14% are through recruitment companies, job fairs 0.8%, employment agency 5.5%. These results reflect the main gap and address further recommendations to strengthen the role of the employment agency, to increase

the effectiveness of job fairs that are a topic in the research itself, which are not only a few but also in the organization. very ineffective even if those fairs are held and also reinforce the jobs based

on the competition, interviewing processes, testing, etc., as this would help to select the right person in the right workplace and will address the increase of productivity of company itself.

Figure 2. What are the channels for recruiting new employees?

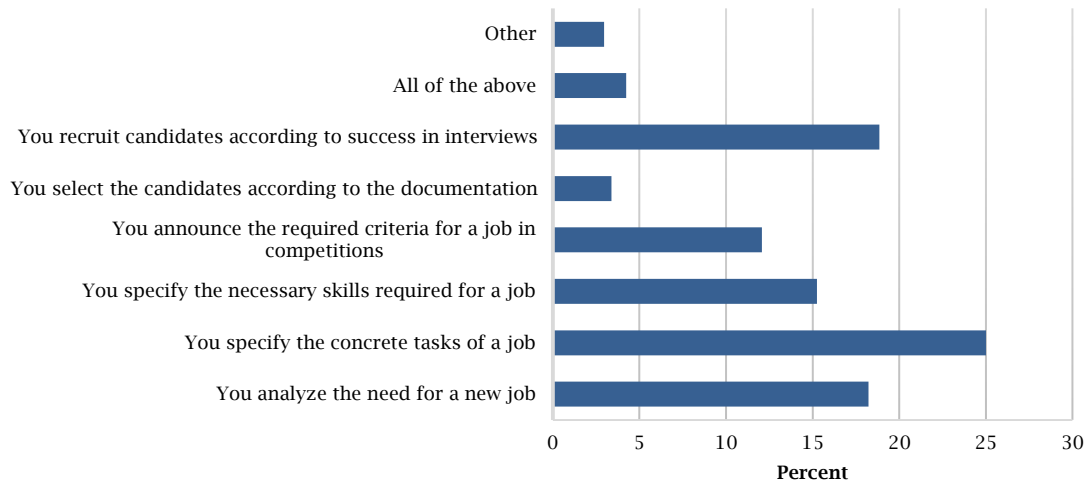


Source: Authors' calculations.

In Figure 3, we can see that almost 25% of the respondents have chosen that first, they specify the concrete task of a job and then begin with the process of the recruitment, 18.8% recruit candidates according to the success in interviews,

18.2% in regard of the job requirements, 15.2% specify the skills required within a specific job, and 3.3% select according to the applicants' documentations.

Figure 3. How do you select employees within your business?



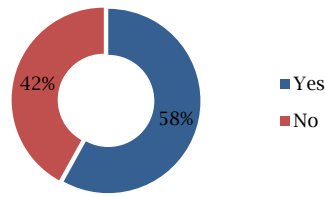
Source: Authors' calculations.

We came in very important results and conclusions as the university graduates do not need only hard skills such as diplomas and different kinds of certificates but it is necessary that the university graduates possess soft skills such as be well prepared in academic communication, be critical, to have their own opinion in regard of a problem solution, be creative and to know how to work in groups.

In Figure 4, we have the results that almost 58% of the business have encountered difficulties in securing the right skills from the selected employees and 42% of them haven't.

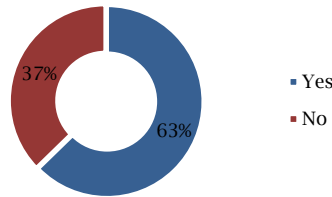
In Figure 5, we show the results that 63% of the business have encountered differences in the skills of employees according to the level of education (secondary, bachelor, and master) and 37% haven't.

Figure 4. Have you encountered difficulties in securing the right skills from the selected employees?



Source: Authors' calculations.

Figure 5. Have you encountered differences in the skills of employees according to the level of education (secondary, bachelor, and master)?



Source: Authors' calculations.

In Table 3, we have the results of the reliability statistics. As we can see the Cronbach's alpha for 19 Likert questions is 0.965. The results show us that there is a high level of internal consistency of the conceptual variables.

Table 3. Reliability statistics of the conceptual variables

Cronbach's alpha	Cronbach's alpha based on standardized items	Number of items
0.965	0.965	19

Source: Authors' Calculations.

In this study, the inter-item correlation matrix (Table 4) is conducted to analyze if there is an item that should be deleted from the analysis.

In our case, the inter-item correlation matrix shows that the variables have a positive coefficient thus all of the variables are within the scope of the study. The positive results from the inter-item correlation matrix suggest going further with the hypotheses testing.

Table 5 presents 19 Likert scales included into item-total statistics as we can see the Cronbach's alpha if item deleted at all the questions is greater than 0.96.

We decide to include all questions in the analysis (Table 6).

Table 4. Inter-item correlation matrix

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	
Q1	1.000																			
Q2	0.467	1.000																		
Q3	0.555	0.382	1.000																	
Q4	0.409	0.166	0.666	1.000																
Q5	0.421	0.225	0.706	0.773	1.000															
Q6	0.500	0.307	0.694	0.676	0.698	1.000														
Q7	0.398	0.167	0.657	0.787	0.762	0.719	1.000													
Q8	0.383	0.393	0.512	0.458	0.503	0.449	0.477	1.000												
Q9	0.548	0.352	0.670	0.665	0.621	0.622	0.657	0.622	1.000											
Q10	0.496	0.352	0.683	0.717	0.744	0.771	0.780	0.530	0.694	1.000										
Q11	0.531	0.208	0.757	0.657	0.676	0.754	0.698	0.476	0.686	0.792	1.000									
Q12	0.485	0.244	0.643	0.627	0.658	0.720	0.670	0.470	0.580	0.763	0.828	1.000								
Q13	0.460	0.233	0.651	0.645	0.694	0.722	0.717	0.487	0.594	0.840	0.815	0.793	1.000							
Q14	0.449	0.303	0.601	0.620	0.631	0.675	0.635	0.531	0.562	0.716	0.696	0.755	0.712	1.000						
Q15	0.502	0.476	0.633	0.470	0.482	0.574	0.534	0.464	0.614	0.619	0.640	0.564	0.576	0.533	1.000					
Q16	0.507	0.532	0.593	0.476	0.525	0.532	0.513	0.568	0.581	0.588	0.548	0.495	0.533	0.524	0.763	1.000				
Q17	0.553	0.473	0.690	0.475	0.557	0.586	0.544	0.600	0.645	0.624	0.623	0.529	0.604	0.529	0.729	0.780	1.000			
Q18	0.549	0.376	0.724	0.613	0.629	0.664	0.604	0.507	0.685	0.707	0.737	0.647	0.658	0.602	0.727	0.707	0.751	1.000		
Q19	0.536	0.300	0.662	0.622	0.672	0.730	0.685	0.434	0.630	0.791	0.794	0.718	0.753	0.722	0.655	0.601	0.643	0.727	1.000	

Source: Authors' calculations.

Table 5. Item-total statistics

	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
Q1	64.04	367.848	0.611	0.471	0.965
Q2	64.54	379.294	0.407	0.476	0.968
Q3	64.19	358.531	0.817	0.735	0.963
Q4	64.10	358.102	0.748	0.737	0.964
Q5	63.83	355.749	0.782	0.730	0.963
Q6	63.84	355.041	0.812	0.704	0.963
Q7	63.85	356.935	0.785	0.755	0.963
Q8	64.66	365.028	0.620	0.541	0.965
Q9	64.48	359.448	0.783	0.695	0.963
Q10	63.49	352.149	0.872	0.829	0.962
Q11	63.93	355.085	0.851	0.851	0.962
Q12	64.11	358.386	0.797	0.776	0.963
Q13	63.84	355.899	0.820	0.795	0.963
Q14	64.15	359.280	0.767	0.681	0.963
Q15	64.43	361.549	0.744	0.709	0.964
Q16	64.58	363.620	0.730	0.732	0.964
Q17	64.30	358.749	0.772	0.756	0.963
Q18	64.25	357.116	0.825	0.745	0.963
Q19	63.94	354.088	0.832	0.765	0.963

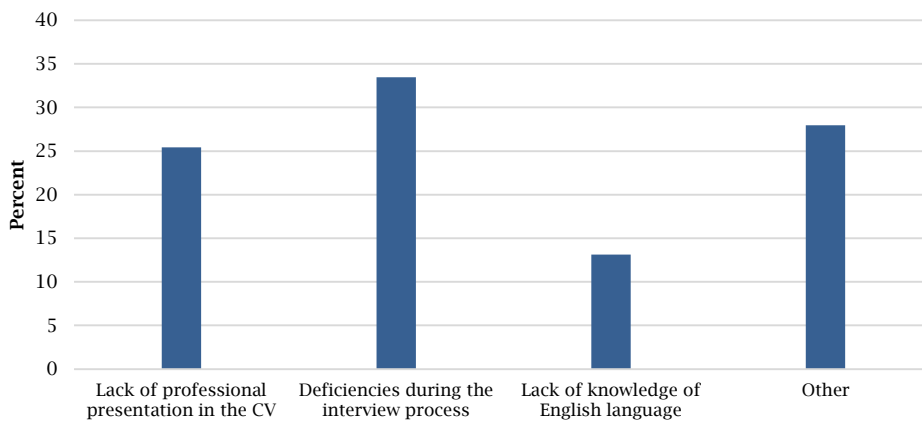
Table 6. The conceptual variables of the analysis (Likert scale questions)

Q1	Do you assess that employees with university degrees possess the necessary skills to meet the specific job requirements?
Q2	Selected employees always work according to their profile specifically according to their level of education (their academic vocation).
Q3	Selected employees have proven to be competent towards their academic profiles.
Q4	Selected employees needed in addition to academic profiles (e.g., manager, marketing, accountant) for additional training of a professional nature in order to meet the requirements of the job.
Q5	Do you consider continuous employee training necessary?
Q6	If there was a business academy within a university, would you like your staff to be trained by university professors specializing in certain fields?
Q7	University graduates as a workforce lack practical experience.
Q8	You are able to offer paid internships for students.
Q9	You realize employment and advancement over meritocracy.
Q10	You consider the right employee with the right skills is the key to success.
Q11	University graduate students can easily adapt to new tasks or changes in the workplace.
Q12	University graduates can also work in very busy or difficult situations, or under pressure.
Q13	Employees with university degrees can work in a team (easily adapt to teamwork).
Q14	Employees with university degrees can stay in a long time and difficult task until it is over.
Q15	Employees with university degrees can read and write in official and foreign languages (for example, English, etc.).
Q16	Can prepare important presentations.
Q17	Can do various research related to the job required.
Q18	Can make content reports.
Q19	Can demonstrate specific technical skills.

In Figure 6, we have the results about the problems the business face when recruiting and selecting employees. As we can see 33.4% declare that almost have a problem during interviews, 25.4%

declare the lack of professional presentation in the CV, 13.1% declare the lack of knowledge of the English language and 27.9% declare others such as academic skills, communication, etc.

Figure 6. What problems did you face when recruiting and selecting employees?



Source: Authors' calculations.

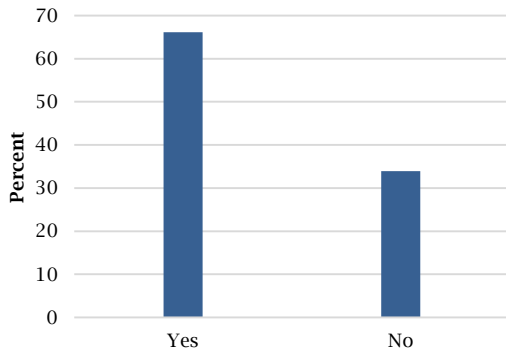
As we can see from Figure 7, 66.1% of businesses provide professional training for newly selected employees and 33.8% do not provide professional training.

We can conclude that the findings are of great importance as indicated to as the university graduates as newly hired should be trained as they lack the internship. Thus we can recommend in near future the internship to be not only as a course within a program but to be integrated as a credit part of each subject within an academic program. Internships should also be paid by enterprises for

students in order to raise the attractiveness and also the efficiency of the internship. For this is needed state policy to support businesses and universities through grants.

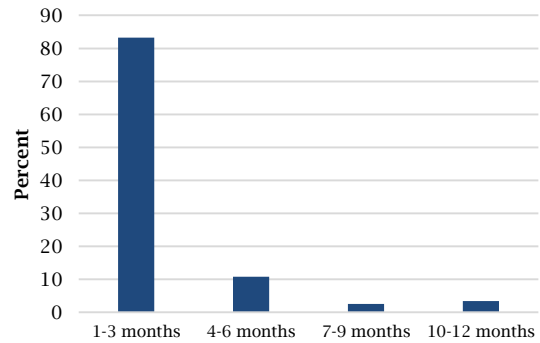
It is of great importance that training does not take too much time as 83.2% of the business declared 1-3 months is needed for a newly hired to address the necessary skills for specific job requirements, 10.8% declared 4-6 months, 2.5% declared 7-9 months, and 3.3% declared 10-12 months (Figure 8).

Figure 7. Do you professional training for newly selected employees?



Source: Authors' calculations

Figure 8. How long does the training process take to prepare employees for a specific job?

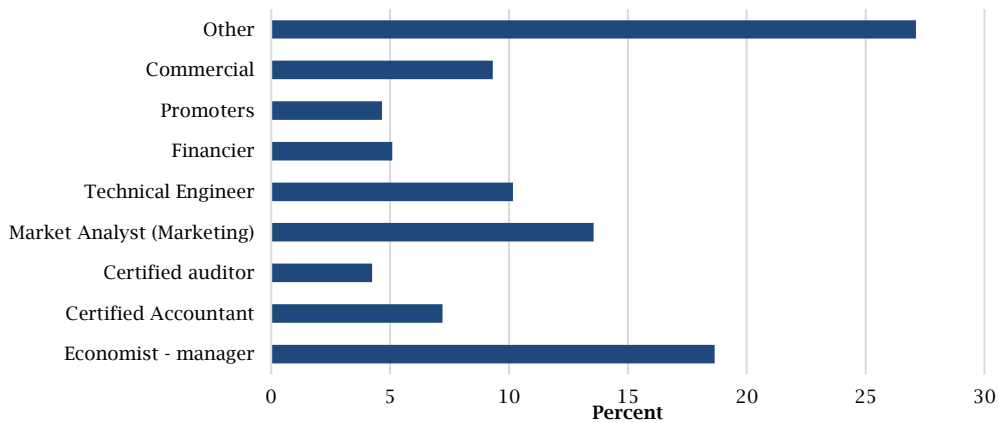


Source: Authors' calculations.

As we can see from Figure 9, the profiles needed are as follows: economist-manager is needed by 18.6%, 13.5% — marketers, 10.1% — technical

engineers, 9.3% — commercialists, 7.2% — certificate accountants, 5.08% — financiers, 4.6% — promoters, 4.2% — certified auditors, and 27.1% choose others.

Figure 9. What profiles do you need in the upcoming years in your business?

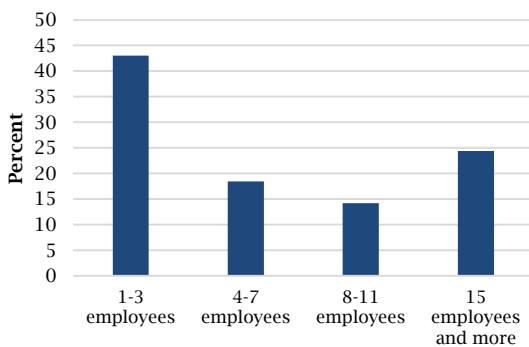


Source: Authors' calculations.

In Figure 10, we have the data about the number of employed people by businesses for the past 3 years. As we can see for the past 3 years 43% of the businesses has employed 1-3 employees, 18.4% — 4-7 employees, 14.19% — 8-11 employees, and 24.3% — 15 and more employees.

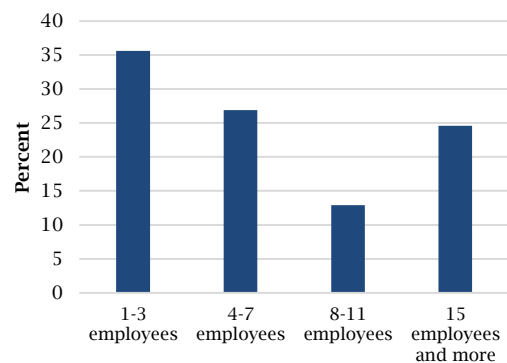
As we can see from Figure 11, the number of the employees to be hired by the businesses for the next 3 years is the following: almost 35.5% of the businesses are planning to employ 1-3 employees; 26.9% — 4-7 employees; 24.5% — 15 and more employees, and 12.9% — 8-11 employees.

Figure 10. How many employees have you employed for the past 3 years?



Source: Authors' calculations.

Figure 11. How many employees are you planning to hire for the next 3 year?

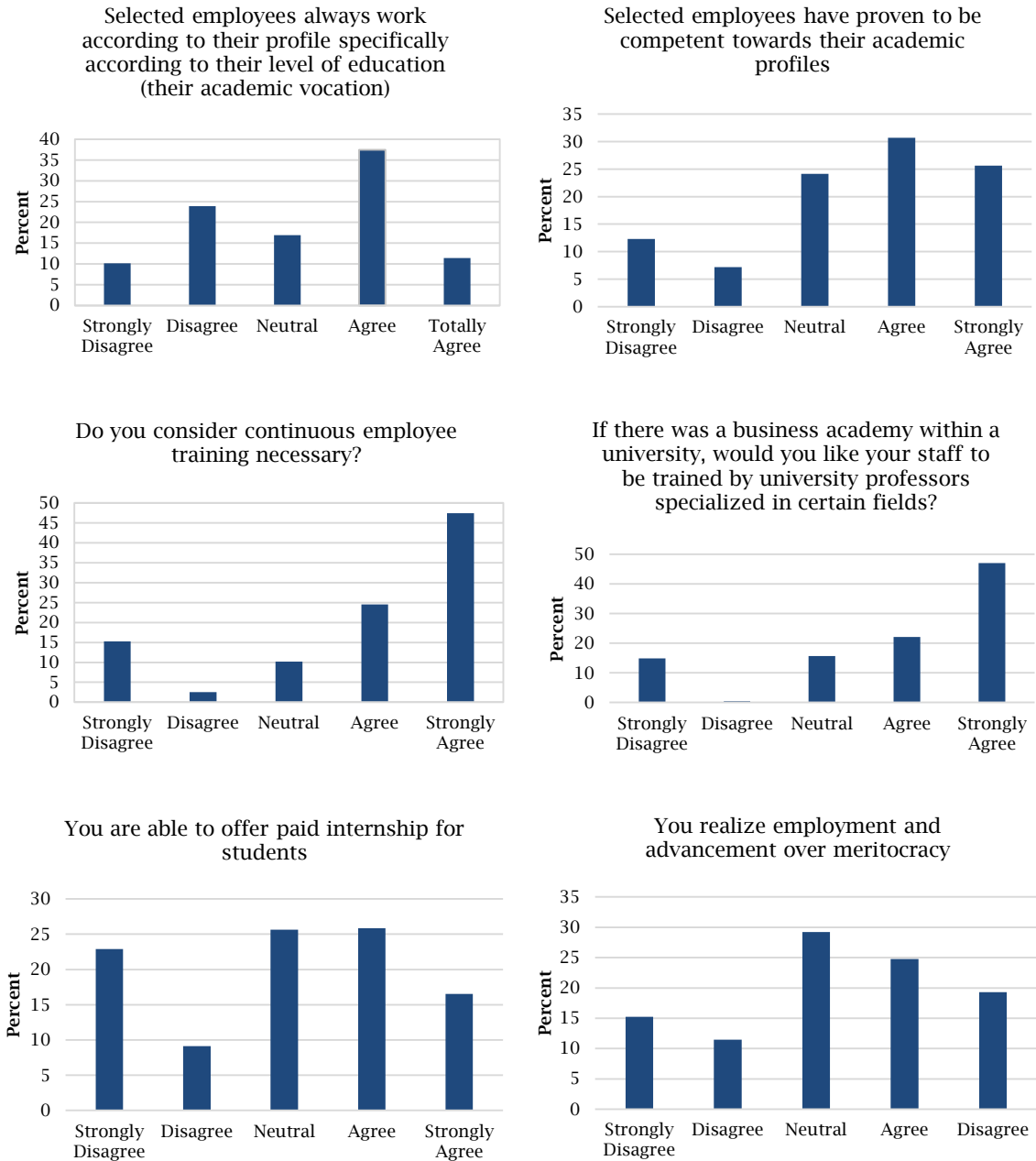


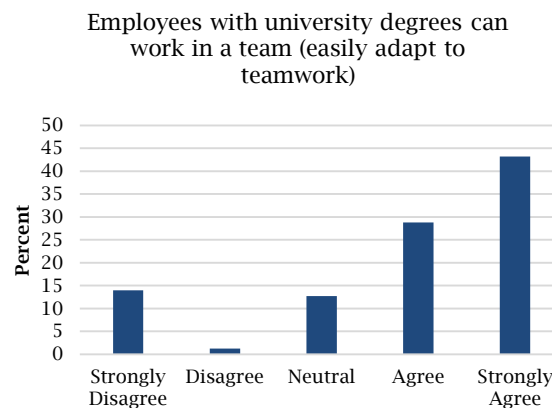
Source: Authors' calculations.

In Figure 12, we present the data about the skills, which newly employees possess and are evaluated by the businesses. In general, newly employees exactly university graduates need permanent training even though they have the skills to deal with different and difficult duties. The employees are chosen based on meritocracy. There are always place for improvement such as

paid internships as we find that businesses do not agree or are not able to offer paid internships for students in order to get more familiar with the internship. From the obtained data, we suggest as a key solution the business academy to serve as a key facilitator for universities, business, and students.

Figure 12. Entrepreneurs' approach to the employment of university graduates





Source: Authors' calculations.

4.1. Hypothesis 1 testing

In this subsection, we present the t-test for hypothesis 1 (H1) testing.

H1: The micro enterprises generate new jobs for degree holders in the case of the Republic of Kosovo.

In Table 7, we present the results about the number of employees enterprises plan to employ for the next 3 years. As we can see 146 micro

enterprises choose 1-3 employees, 85 choose 4-7 employees, 27 choose 8-11 employees, 22 choose 15 and more. Small enterprises (20 of them) plan to employ 1-3 employees, 34 of them plan to employ 4-7 employees, 16 — 8-11 employees, and 38 — 15 and more. As for medium enterprises, in our case of analysis we have 84 responses in total, two of them plan to employ for next 3 years 1-3, 8 of them plan 4-7, 18 of them plan 8-11 and 56 — 15 and more.

Table 7. The cross-tabulation table for H1 testing

		What is the number of new employments you plan for the next three years?				Total
		1-3 employees	4-7 employees	8-11 employees	15 and more	
The company where you operate is	Micro enterprises (1-9 employees)	146	85	27	22	280
	Small enterprise (10-49 employees)	20	34	16	38	108
	Medium enterprise (50-249 employees)	2	8	18	56	84
Total		168	127	61	116	472

Source: Authors' calculations.

Table 8 indicates that the first hypothesis (H1) is accepted due t level of the significance, asymptotic significance (2-sided), the alpha level condition is met small or equal to 0.05.

Table 8. The chi-square tests for H1 testing

	Value	Df	Asymptotic significance (2-sided)
Pearson chi-square	172.614 ^a	6	0.000
Likelihood ratio	184.736	6	0.000
Linear-by-linear association	164.104	1	0.000
N of valid cases	472		

Note: a 0 cells (0.0%) have an expected count less than 5. The minimum expected count is 10.86.

Source: Authors' calculations.

Also, Table 9 of symmetric measures shows us the value of Phi which is 0.605, and the value of Cramer's V which is 0.428 for the valid cases from 472 respondents (business). The approximate significance is 0.000. The results suggest that we

accept the hypothesis that small and medium enterprises in the case of the Republic of Kosovo impact in generating new jobs, especially for university graduates. In line with our findings, there is a study by Gashi, Ahmeti, and Ziberi (2021).

Table 9. The symmetric measures for H1 testing

		Value	Approximate significance
Nominal by nominal	Phi	0.605	0.000
	Cramer's V	0.428	0.000
N of valid cases		472	

Source: Authors' calculations.

4.2. Hypothesis 2 testing

H2: The enterprises encounter differences in the skills of the employees and to ensure the right skills.

From Table 10 we can see micro enterprises have a deal with differences in the skills of

employees according to the level of education. Almost 162 micro enterprises answered "yes", 118 answered "no" in total 280. From viewpoint of small enterprises, 76 of them answer "yes", 32 answered "no", in total 108. As for medium enterprises, 58 of them answered "yes" and 26 answered "no".

Table 10. The cross-tabulation table for *H2* testing

		Have you encountered differences in the skills of employees according to the level of education (secondary, bachelor, and master)?		Total
		Yes	No	
The company where you operate is	Micro enterprises (1-9 employees)	162	118	280
	Small enterprise (10-49 employees)	76	32	108
	Medium enterprise (50-249 employees)	58	26	84
Total		296	176	472

Source: Authors' calculations.

The second hypothesis (*H2*): The enterprises encountered differences in the skills of the employees according to the level of education (secondary, bachelor, and master) is accepted as the asymptotic significance (2-sided) is 0.031 less than alpha level condition 0.05 (Table 11).

Table 11. The chi-square tests for *H2* testing

	Value	df	Asymptotic significance (2-sided)
Pearson chi-square	6.973*	2	0.031
Likelihood ratio	7.059	2	0.029
Linear-by-linear association	5.403	1	0.020
N of valid cases	472		

Note: a 0 cells (0.0%) have an expected count of less than 5. The minimum expected count is 31.32.

Source: Authors' calculations.

4.3. Hypothesis 3 testing

H3: University graduates as a workforce lack practical experience thus their training is necessary for the job requirements to be met.

We accept the third hypothesis (*H3*) that university graduates as a workforce lack practical experience as the asymptotic significance (2-sided) is 0.007 thus the condition of alpha level is met (Table 12).

Table 12. The chi-square tests for *H3* testing

	Value	df	Asymptotic significance (2-sided)
Pearson chi-square	21.233*	8	0.007
Likelihood ratio	24.048	8	0.002
Linear-by-linear association	0.262	1	0.609
N of valid cases	472		

Note: a 2 cells (13.3%) have an expected count less than 5. The minimum expected count is 2.14.

Source: Authors' calculations.

From Table 13, we will interpret the variables included, and then we will go further with the interpretation of the results.

The table of the Pearson correlation matrix (Table 13) shows the generally positive and strong relationship between variables included in the analysis. As we can see the *variable 1* in our case selected employees always work according to their

profile specifically according to their level of education (their academic vocation) is positively correlated with almost all variables. In positive but week relationship is with *variable 3* at the level of Pearson coefficient 0.166 as the greater the coefficient the greater the relationship among the two variables into consideration.

Table 13. Pearson correlations matrix

	Variable 1	Variable 2	Variable 3	Variable 4	Variable 5	Variable 6	
Variable 1	Pearson correlation	1					
Variable 2	Pearson correlation	0.382**	1				
Variable 3	Pearson correlation	0.166**	0.666**	1			
Variable 4	Pearson correlation	0.208**	0.757**	0.657**	1		
Variable 5	Pearson correlation	0.325**	0.683**	0.717**	0.792**	1	
Variable 6	Pearson correlation	0.473**	0.690**	0.475**	0.623**	0.624**	1

The conceptual variables

Variable 1	Selected employees always work according to their profile specifically according to their level of education (their academic vocation).
Variable 2	Selected employees have proven to be competent towards their academic profiles.
Variable 3	Selected employees needed in addition to academic profiles (e.g., manager, marketing, accountant) for additional training of a professional nature in order to meet the requirements of the job.
Variable 4	University graduate students can easily adapt to new tasks or changes in the workplace.
Variable 5	You consider the right employee with the right skills is the key to success.
Variable 6	The university graduates can do various research related to the job required.

Note: ** Correlation is significant at the 0.01 level (2-tailed). The conceptual variables included in correlation analysis.

Source: Authors' calculations.

5. DISCUSSION

This study addresses the most debated issue such as skills mismatch in the labor market in the case of the Republic of Kosovo. A lot of debate is done in order to address the gap between degree holders and the labor market. In this study we came to the results from the viewpoint of enterprises addressing the problems they face in the process of new degree holders employees. The largest percentage of participating enterprises in the research are individual businesses 50.6% and limited partnership 37.7%. From the total number of respondents which includes 472 enterprises 215 or 45% are operating in trade for over 10 years. This is a great indicator that shows the sustainability of the business in the labor market and is of great interest for our research in order to get more familiar with the problems the enterprises face in the process of hiring employees. The largest share of businesses according to the type of activity they exercise are in services at a percentage of 41.9% while 22.9% are retail trade. Based on the number of employees, micro businesses — 59.3%, small businesses — 22.9% and medium businesses — 17.8%. The results show us that a huge number of enterprises more than 50% of them do not have human resources managers thus because the largest participation of respondent enterprises in the research is of the category of small businesses, which implies that it is not necessary for a special human resources department.

The findings from this study show that SME's in the case of the Republic of Kosovo face difficulties in providing employees with the right skills for a particular job. Although companies estimate that university graduates possess the right skills for a job and have the skills for teamwork and to cope with various specific tasks of a job, they still consider their training necessary as university graduates lack practical experience.

A positive fact is that enterprises estimate that the time required for the training of university graduates as young employees is short and lasts from 1 to 3 months.

A very important finding is the fact that enterprises rate informal channels as the most used during the hiring process so we can conclude that career fairs, employment agencies do not play their proper role in the process of activating university graduates in the labor market.

Enterprises asking for managers are almost 18.6%, 13.5% — marketers, 10.1% of the respondents choose technical engineers, 9.3% — commercialists, 7.2% — certificate accountants, 5.08% — financiers, 4.6% promoters, 4.2% — certified auditors, 27.1% of the respondents choose others.

The open question is *what are the skills that university graduates lack based on their experience?*

The results from the survey shows that from the viewpoint of the enterprises the graduate students lack the following skills:

- communication, the way they communicate with customers;
- lack of work experience, self-confidence, self-initiative;
- work experience, ability to work in stress and group;
- experience, practice, communication;
- lack of computer skills;

- the ability to put theoretical knowledge into practice;

From the open question of the questionnaire addressed to the enterprises: *What would your advice be to educational institutions towards preparing students for the labor market?*

Almost all the enterprises suggest the following:

- students commitment as much as possible;
- engaging students in practical work;
- non-formal education, labor market knowledge, and practical analysis;
- collaboration of the university with manufacturing companies;
- increased cooperation with businesses;
- building study programs of gastronomy and tourism;
- creating spaces on the curricula for the development of credited practical work;
- help students grow self-confidence and strengthen professional ethics;
- engage students with internships in different businesses so that they do not graduate without having an internship at all;
- more knowledge on how business works abroad and not just how it is in the books;
- providing internship conditions for up to 6 months.

Although the study brings the parties of interest a real picture about the cup, half of the cup empty, from the viewpoint of enterprises the study has also the limitation. The study suggests for further studies to include into analysis the detailed questions in regard to identifying only the profiles required by specific kinds of business and to raise the number of enterprises into the analysis.

6. CONCLUSION

The main aim of the study was to analyze the skills mismatch in the labor market from viewpoint of enterprises that operate in the Republic of Kosovo. From the obtained results we came to the conclusion that micro enterprises, small and medium enterprises face difficulties in finding the proper profiles in the labor market. In addition, almost 60% of the enterprises consider the training process for new employees as necessary and very important in order the university graduates to meet the specific job requirements. In line with our findings, there is also a report from the American Chamber of Kosovo. The study suggests establishing business academies within public and private universities which will serve as a link between the main triangle — universities-businesses and the government to design study programs on concrete requirements by enterprises. The courses offered by the study programs should be internationally competitive, not only the local ones. To organize the most effective career fairs both in time and in the employment of young university graduates.

In order to provide paid internships for students it is necessary to get support from the government. Fiscal policy is recognized as an important supporting tool for economic growth thus as a tool, it promotes growth through tax and spending policies. (Rexha, Bexheti, & Ukshini, 2020). The governance should support enterprises giving grants to enterprises that will express readiness for at least 6 months to engage students in a paid internship.

The study comes with additional recommendations such as to strengthen the role of the employment agency, to increase the effectiveness of job fairs to reinforce the jobs based on the competition, interviewing processes, testing, etc., as this would help to select the right person in the right workplace and will address the increase of productivity of company itself. To raise the awareness of businesses for employment in meritocracy, this would be the right solution to increase the performance of the business itself and thus increase employment in long run.

This study is of particular importance and we will address it in three directions:

Firstly, this study is of great importance to students because it reflects the need for real skills in the job market.

Secondly, this study is very important for higher education institutions because it reflects the recommendations of companies for university graduates, what skills are specifically lacking for graduates, and here is given space for improvement and development.

Thirdly, for the government to contribute to alleviating unemployment by considering the efficiency of public spending on education.

As a problem of the pandemic, we find it difficult to survey a broader number of enterprises thus the main limitation of this study is the small number of enterprises in our analysis. The number of respondents in our study is 472 micro, small, and medium enterprises. We suggest for future studies to have a sample of at least 500 enterprises for each municipality of the Republic of Kosovo.

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