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ENHANCING YOUTH EMPLOYEMENT PROJECT (EYE)

Report on assessment of the performance, services, and business model of on-line job portals in Kosovo

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Introduction to the assessment

The job matching services in Kosovo are still in early development stages and quality professional support can ensure a developmental leap which will benefit the service providers, the job seekers and the employers. To support these efforts of the EYE project the expert team was trusted with this assignment aiming to help the EYE project:

- Understand market positioning of online job portals (OJP) in Kosovo and support further defining their development vision
- Assess the performance, services, and business model of current on-line job portals in Kosovo
- Understand the position of JMS providers in Kosovo vis a vis countries in the region

Assessment of market position and performance of online job portals

Most of the Kosovo online job portals are not income generating business activity and at the same time offer very basic services, such as job ads, while job matching or recruitment services are offered only by market leaders. The others seemed either not interested to expand or lacked necessary skills to expand and growth. All online job portals have increased the number of job ads from year to year (from 2011 onwards), and most of the online job portals have plans to introduce new services. Nevertheless despite the growing intentions, the current capabilities and focus of the most of online job portals are not convincing and hence the plans for expansion will be hardly implemented. None of job portals has generated income in the start-up phase, while currently half of them generate income with only 33% being profit generators (these are considered by others as market leaders). Main sources of income include:

- Job ads (mostly)
- Banners
- Recruitment

Market for online job ads is concentrated among three online job portals (PortalPune, KosobaJobs and Telegrafi), while cost for job ads range from 9 to 29 Euro. Most of job portals that currently have no pricing policy intend to introduce charges for job ads in the future. Job ad numbers are rising at approximately 30% yearly and will be the main source of income for job portals in the years to come.

The competition is growing but slowly, and frequently the competition is characterized as an unfair, mainly because of the copy/paste model of job ads. Entry in the market could be very easy if a potential company wants to focus only in job ads. However developing job matching services and recruitment activities is not an easy task and therefore an entry into the market can be difficult.

It seems that there are not enough capacities in the online job portals to create and offer proper recruitment services. In addition this activity is depending largely on the economic development of Kosovo and operation of big companies who outsource this activity to specialized HR companies.

In terms of the main challenges in the market, the need to educate the market was mentioned in this regard, specifically job seekers. However some portals consider that the main challenge is within the job portals, and in this context they have mentioned the lack of focus of the owners of online job portals, and huge opportunity cost if they would focus only on the online job portals.

Unfair competition is also mentioned as a challenge in the market. In terms of resources, majority have underlined financial resources needed for covering a part of operational cost and for financing growth of the business.

Newspapers are not considered as a strong competition, however most of the job ads of public institutions are published in written newspapers and donor funded projects frequently use national newspapers to publish job ads.

Barriers to enter the online job ads market are low, but this does not apply to recruiting market as there are some established providers. But in general to remain in the market it is perceived as hard as profitability cannot be reached in short term and key aspects which influence the successfulness are:

- Technical capabilities
- Marketing capabilities
- Financial resources

With regard to the clients, most of the online job portals do not depend on individual clients, and in most of the cases portals set the pricing framework although from time to time depending of the clients they do negotiate the deal. Clients mostly contact the online job portals. The proactive approach is missing. More and more online portals are relying on returning customers and therefore customer retention is playing an important role.

Assessment of current state of business and market position of JMS providers

Through an online questionnaire job matching service providers in Kosovo have been assessed. Regarding the field of business of providers, they included online job sites, consultancy companies, printed media and NGOs. Out of the total of 15 JMS providers in Kosovo which responded to the questionnaire, 12 are registered at Kosovo Business Registration Agency, 2 not registered, but plan to register shortly, or if business develops, and one is NGO.

The basic structure of the job matching services which are being provided includes the following:

- 35% specialised only on job advertising
- 7% providing only recruitment and selection
- Others provide a mix of services on relatively equal distribution

Most of them (86%) provide their services on continuous basis, while others provide them per request of the clients, primarily recruitment and selection services. Geographical coverage of services is national, and 4 with international outreach to Germany, Albania, Macedonia, Serbia and Czech Republic.

In terms of job vacancies which have been published in the period 2011 – 2013 a significant increase is evident from year to year, with 374% of ads in 2013 as compared to 2011.

Most providers (74%) provide job advertising for free, while 13% partly charge ads and 13% charge all ads they publish. Similar to the increase of the number of vacancies published (in %), the number employers who are clients of JMS providers increased in the observed period with similar intensity, with an increase of more than 400% in 2013, compared to 2011 (with 625 employers in total).

The trend of increase is also observed with similar intensity also for the number of CV's in the databases of the JMS providers. The JSM providers which participated in the assessment had in 2011 2196 CVs in the database, while in 2013 this amounts to 21648 CVs.

Important aspect of assessment was to make the JMS providers estimate their market share for specific service they provide. Only 5 providers were able to provide a relative estimate of their market share for specific service, while other did not provide that information in the questionnaire. This fact could indicate poor analytical capacities and practices of providers which would enable them to define the market share, and use this data to plan their business strategy.

Another aspect which tested the analytical capacities of the providers was to assess the financial impact of the JMS provision in terms of increase of income from those services looking at 2010 as the base year. Only 5 providers answered on the financial impact/contribution of those services, and in 4 cases it was constantly increasing in the period 2011-2013 compared to 2010.

Important aspect of the market position of private JMS providers is also their cooperation with the public employment services (PES), especially in light of the new legislative framework (further elaborated below). From the provided options in the questionnaire the JMS providers indicated the following:

- 3 identified that no cooperation exists due to resistance of PES
- 5 identified that they have no interest in cooperation with PES
- 4 identified that there is formal cooperation
- 1 has close cooperation

Furthermore none of the respondents were able to provide the number of PES vacancies published and only one gave an estimate of overlapping vacancies (around 36%). This fact further more indicates poor analytical capabilities within the JMS providers to monitor their market, track data from the PES and their position on it.

At the end the JMS providers were asked to provide their views on the main challenges in the market in relation to the job matching service provision. Summarized, there are two main challenges they identified. Firstly, the problem of matching between job vacancy requirements and qualifications of job seekers impacts their ability to provide quality service to the employer. Secondly, the low awareness of the utility of job matching services by the employers is seen as a major obstacle in the increase of their market presence, which is also related to the first issue which was identified.

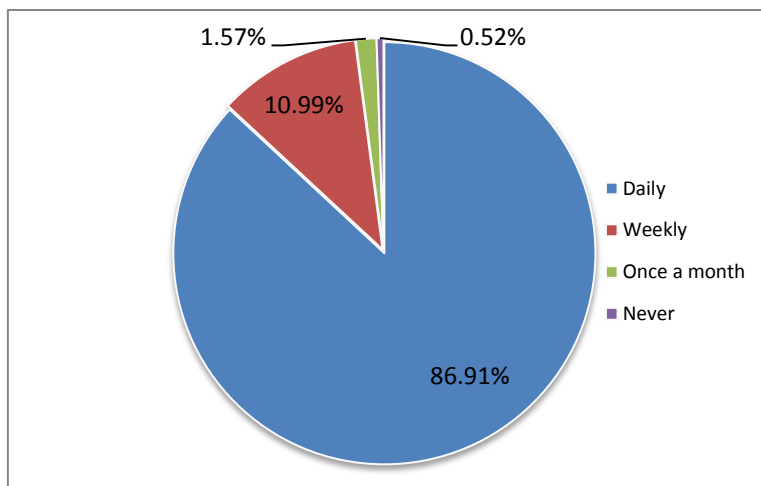
Interest by regional JMS providers for the Kosovo market exists to some extent, but is limited due to lack of labour market information. Albanian JMS providers have most interest and there is some established cooperation with JMS providers in Kosovo, either through co-ownership or partnership in service provision.

Perception of employers and job seekers on the online job portals

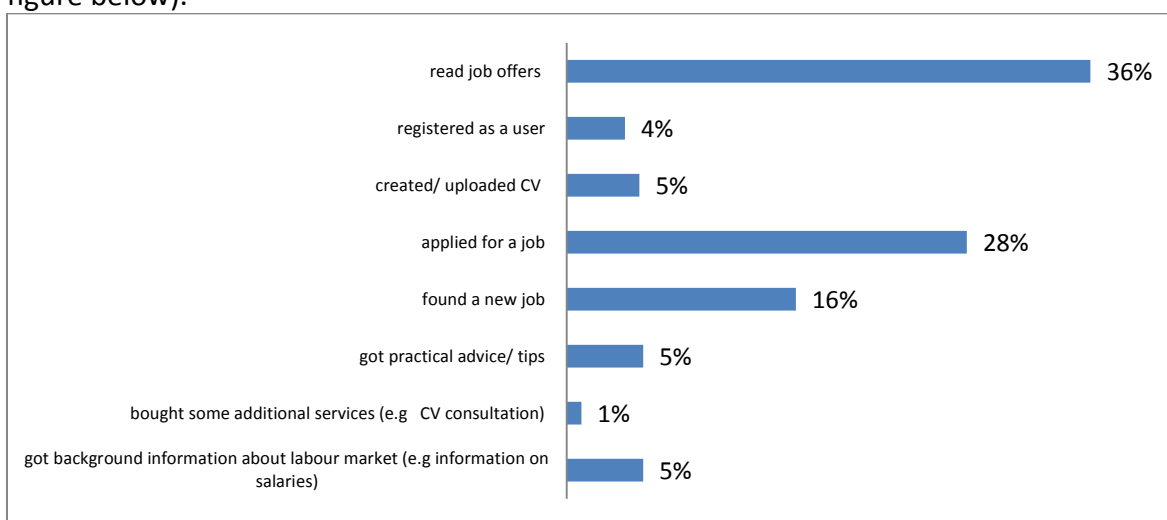
Number of employers advertising job ads in online portals is rising continuously throughout the last three years, as well as the number of job seekers / CVs is experiencing a significant increase annually.

The results below present the summative results from the online surveys with job-seekers and employers as well as through interviews with selected employers.

Majority of job seekers visit on daily basis their preferred online job portal (see figure below). This figure is similar for the job-seekers whose preferred job portal is telegrafi.com (here 86.96% have indicated that they visit telegrafi.com on daily basis).

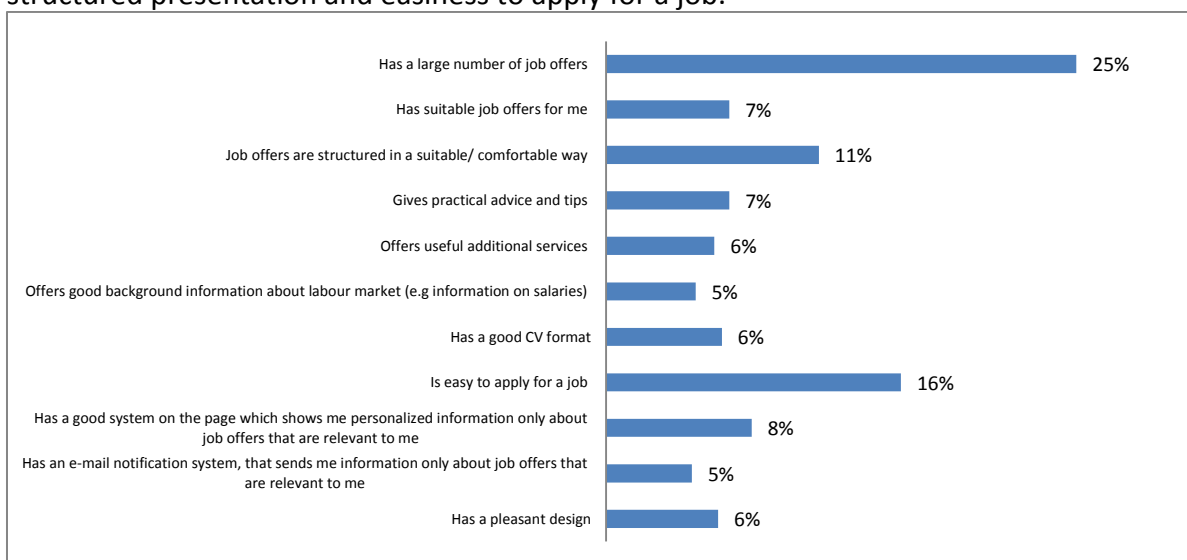


Online job portals are mostly used by job seekers to read job offers and apply for a job (see figure below).



Majority of job seekers expect to find low and middle level jobs through the online job portals.

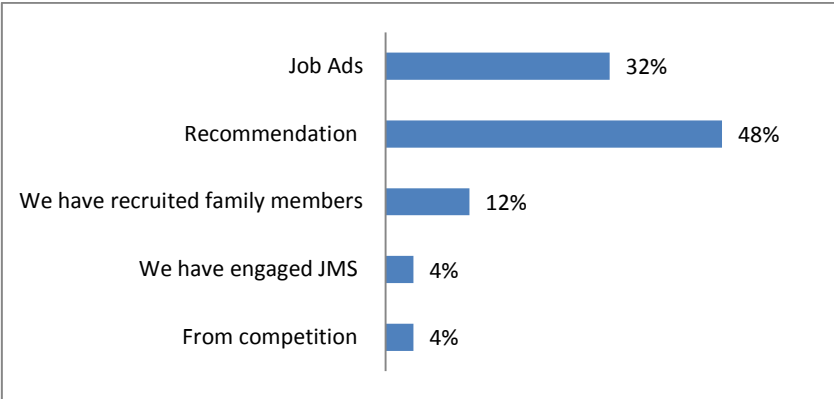
Satisfaction of job seekers with the job portal depends mostly on number of job offers, their structured presentation and easiness to apply for a job.



On the side of employers which were surveyed and interviews, following channels are used by them to find employees

- Online job portals (23%)
- Recommendations (23%)
- Social Media (20%)
- Print media (10%)
- Recruiting (10%)
- Own website (10%)
- Public Employment Office (3%)

Most of companies (94%) have a recruiting budget which is mainly defined by business results and vacancy type. The surveyed companies have employed 2 to 103 new employees in the last 24 months, while these employees were reached mostly through recommendations and job ads:

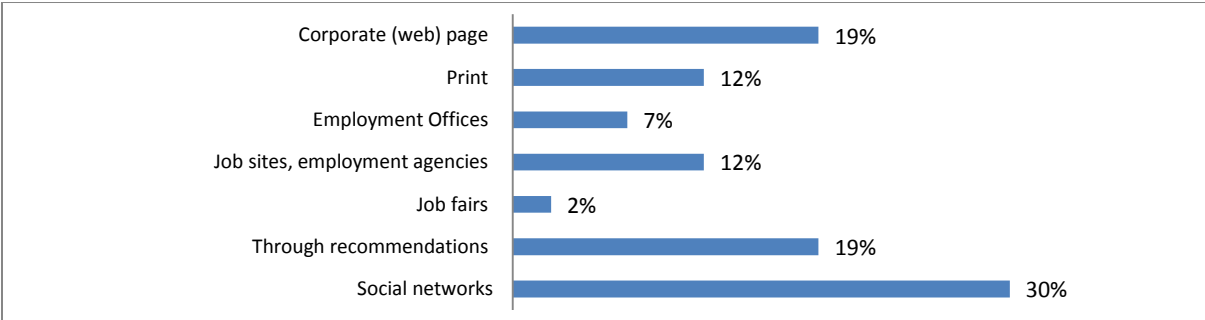


Main reasons for employing new workers are business expansion and filling existing positions due to redundancy

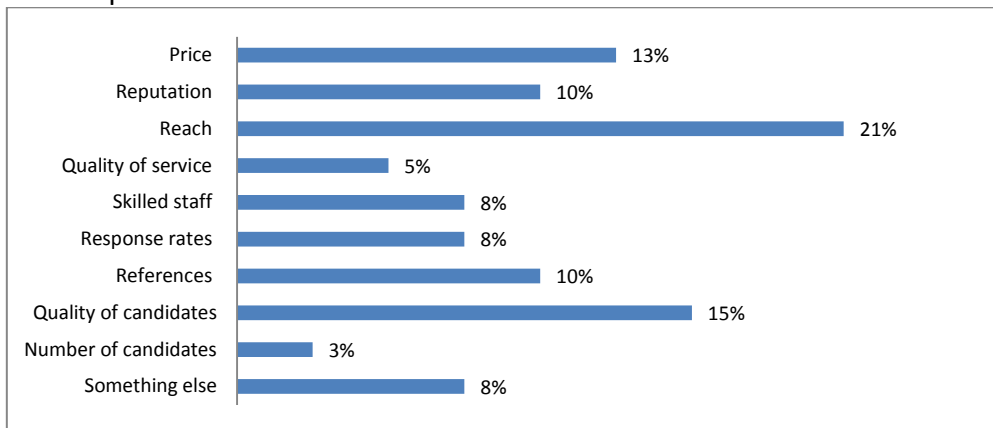
91% of the respondents have experienced hiring an inadequate candidate. This mainly happened due lack of time (33%), low response rates (33%) and unprofessional recruitment process (29%). They have also identified consequences of hiring an inadequate candidate which included:

- Waste of time (27%)
- Additional cost (18%)
- Bad working climate (18%)
- Brand damage (16%)
- Direct los (12%)
- Loss of business secrets (10%)

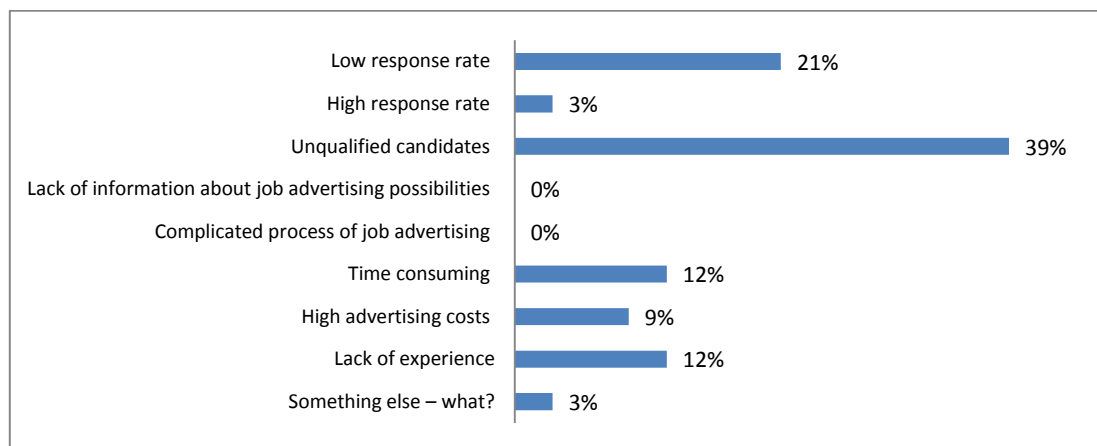
In terms of general recruitment practices, employers mostly advertise vacancies in social networks, own websites and through recommendation channels:



The criteria they used to choose the channel are firstly the reach towards quality candidate pool (33%), cost (21%), recommendation (21%) and reputation (21%). Main criteria employers use to choose an online job portal as a recruitment channel are reach, quality of candidates and price:



In terms of negative aspects of the throughout the recruiting process employers are mostly faced with unqualified candidates and low response rates:



Finally the employers indicated recommendations for additional services which would be useful to them:

- Verification of CVs and skills
- Application packages for jobseekers
- Recruiting and Selection
- CV & Job vacancy automatic matching

International perspective on development of online job portals

International perspective on the development of business models of online job portals was defined through the regional assessment, review of research and experiences of regional job portals and other job matching service (JMS) providers. Key aspect is the identification of the general development phases which the JMS providers undergo from their establishment to stable market position. Four phases of development can be identified:

1. Narrow sectors focus – then provision of services is focused on few propulsive sectors, with high investments, especially by large international companies, such as IT, finances, sales, engineering

2. Internal development – upon initial market positioning the internal processes, primarily sales and marketing are developing in order to have a proactive approach to position themselves in wider market and increase market share
3. Development of more sophisticated services – positioning in the market and differentiation from the competition through introduction of wider service menu which at the same time serves as protection from the competition (avoiding copying by competition) and transforms the provider into a one stop shop for recruitment services
4. Consolidation phase – focus of core business, losing non-profitable activities since they are not necessary to ensure market positioning, increasing profitability and strengthening market position as market leaders.

Based on these phases it can be identified that the Kosovo job portals are now moving from first phase towards the second and this indicates the areas of primary investment and development which need to happen.

Conclusions and recommendations

In the overall job matching service provision market in Kosovo the online job portals represent the most propulsive segment with strong growth and perspective. However, it is eminent that consolidation on the market is necessary which will in mid-term result in profiling of market leaders and squeeze-out of other providers which will not succeed to achieve the organisational transformation. Web sites which want to be dominant and broader client base (both employers and employees) have to invest in market development through marketing activities and team development. Good organization should be established on marketing, sales and technology pillars with scalable services on systematic client relations as value chain.

This internal organisational development of the online job portals needs to serve the purpose to develop primarily the employer's market to raise the profile of their services and the positive impact they have on the business performance of their clients. In terms of internal organisational segments marketing and sales should be strengthened on the level of individual job portals.

Especially the recruitment and selection services have strong potential of growth especially in situation of significant investments on national level. Important within this process is for the JMS providers to use the momentum where the market is being driven by investors to systematically develop the overall employer market. This requires proactive marketing and analysis efforts on behalf of the JMS providers to promote the JMS provision and the benefits to the various stakeholders.

Due to the public interest of the JMS market, whether provided by public or private organisations, because of its impact on the effectiveness of the labour market, there is also space for private JMS providers to actively participate in labour market development activities in general. These could be project based initiatives which would target certain problems and deficiencies in the labour market to tackle them in cooperation with other stakeholders from different sectors.