



REPORT

HR PRACTICES IN KOSOVË

7th of April 2023

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Executive Summary

A thriving labor market is the cornerstone of an advancing economy that can lead to sustainable economic progress. Despite having a significant portion of young people in the workforce, Kosovo has witnessed brain drain, with many of them opting to emigrate in search of better job prospects. Moreover, with an employment rate of 31.3% and an inactive labor force of 60.7%, it is crucial to understand reasons behind such statistics and the underlying causes of migration in order to restore a strong labor market and tap in on the labor potential.

The literature highlights that inadequate labor markets, high unemployment rate, unfair pay, long working hours, and unfavorable working conditions are often cited as the main drivers of migration, many of which are linked to problems related to human resource management. Nonetheless, there exists a gap in literature and lack of data which pinpoints whether HR practices do indeed correlate directly with youth migration of Kosovo and the degree of importance such practices have in pushing one to emigrate.

Consequently, this study aimed to examine the extent to which unfavorable HR practices such as unfair and non-transparent recruitment and selection processes, inadequate financial compensation, insufficient non-financial benefits, limited opportunities for career growth and development, and ineffective performance evaluations might contribute to youth migration and low retention rates.

The study employed both desk research and primary data collection methods to investigate the relationship between HR practices and youth migration. The primary data collection was carried out through focus groups, semi-structured interviews, and surveys.

The list below highlights the key findings resulting from the primary data collection:

General Questions

- Factors that most effectively encourage individuals to remain in their current employment and not pursue migration include higher pay (68.8%), a wide range of professional development opportunities (58.2%), and working flexibility (42%).
- Reasons why they would seek employment abroad include higher pay (61.5%) followed by more benefits offered including health insurance and working bonuses (43.2%) and higher chances of promotion (27.3%).
- HR managers working for large companies (250+ employees) were more likely to suggest that employees might not be content with their workplace (22%) as compared to small (4%) and medium-sized (13%) companies.
- For unemployed individuals the reasons given for not applying were family obligations (38.2%), other obligations like studying (37.7%), and the lack of suitable job opportunities that matched their skills and experience (7.3%).

Recruitment and Selection

- 84% of surveyed individuals had working contracts. Similarly, 88% of HR managers stated that their employees have working contracts.
- 58% of employed individuals surveyed indicated that they signed their employment contracts during the first week of starting work. On the other hand, employers claim that this percentage is around 93%.
- Among those who began their employment on a probationary contract, the majority (51%) did not have their contracts renewed after the probationary period ended. HR managers however claim that in only 23% of the cases employees are not extended a regular job offer.
- The majority of employed survey participants reported receiving prompt notification of recruitment steps when applying for a new job (83%). However, both focus group discussions and survey data from unemployed individuals revealed that, in most cases (60%), job applicants were rarely or never informed about the recruitment process when they were not selected for the job.
- In contrast, 95% of HR managers reported to notify potential candidates promptly about their job application status.
- 90% unemployed participants stated that they would be more motivated to apply to jobs if they were informed about the recruitment process in a prompt and clear manner.

Performance Management and Professional Development

- 51% of employed individuals never engaged in any professional development opportunities, either offered by their jobs or by their own self-initiative. On the other hand, 65% of HR managers claimed that indeed such programs are offered and paid by the company.
- Women (55%) and individuals residing in urban areas (54%) were more likely to seek training and development programs as compared to their men (35%) and rural (33%) counterparts.
- 62% of employed individuals claimed to not have a suitable performance review system to monitor an individual's progress and identify the milestones required to achieve promotion and/or higher pay. 50% of HR managers on the contrary claim that performance reviews are implemented, with large-sized companies being more likely to report so (100% of cases) as compared to small companies (30%) and medium-sized (50%) ones.

Compensation and Benefits

- 51% of employed individuals considered their pay to be fair as compared to 87% of HR managers that stated to pay their employees fairly.
- Bonuses/dividends/shares, health insurance, and other non-financial compensations are not frequently provided in job places across Kosovo (provided in 34% of cases as per findings with employed individuals), although employees highly value and desire these benefits. HR managers concur this finding, whereby 38% claim that they offer health insurance to employees.
- 70% of survey participants reported that their full pay is stated in their contract (as compared to 98% of HR managers that stated the same) and 84% claimed that they receive payment through bank transfers (as compared to 95% of HR managers).

- Participants in focus groups were more likely to report discrepancies between their written and received pay, and many reported being paid in cash so the employers can avoid their legal obligation to pay pension contributions.

Overall, participants considered HR practices to be significant in their decision to migrate. However, these practices overall were not identified as the primary driving force behind migration. Instead, better healthcare, enhanced educational opportunities, and a more favorable social climate were identified as the leading factors that motivated individuals to migrate, followed by HR practices and favorable working conditions. One key conclusion that results from the study is that together, better HR practices and more robust institutions are key to ensuring one's intention to stay in the country.

The study concludes by proposing a range of actions to strengthen HR practices and foster healthy labor markets, based on the key findings. These actions are divided into categories categorized on urgency and ease, and include the following recommendations:

- Implementation of written work contracts that include clear provisions for pay, paid time off, and pension contributions as required by law.
- Enforcement of monthly payments through bank transfers to ensure transparency and accuracy.
- Alignment of written contractual obligations with practical implementation to eliminate discrepancies and ensure accountability.
- Standardization of performance reviews to provide clear and consistent feedback to employees.
- Timely notification of recruitment steps to potential candidates to demonstrate respect and transparency in the hiring process.
- Improvement of communication channels between managers/supervisors and employees to foster a positive and productive work environment.
- Provision of fair pay that reflects employee performance and contribution to the organization.
- Offering of health benefits and other bonuses, such as dividends or shares, to incentivize and retain employees
- Providing professional development opportunities and clear career trajectory paths to promote employee growth and advancement.

Introduction

Youth migration, employee retention, and satisfaction are key aspects of a thriving job market. There's a belief that effective human resources strategies are vital to creating robust labor markets, which, in turn, prevent the loss of talented individuals and boost a nation's economic progress. In Kosovo, inadequate HR practices have frequently been linked to causes of youth migration and high rates of employee turnover.

Determining whether HR practices are a contributing factor to the decision of individuals between the ages of 18 and 35 in Kosovo to seek employment within the country, leave their current employment, or move abroad in search of better job prospects is crucial. Identifying the relationship between HR practices and migration decisions can be vital to fostering a strong labor market and propelling economic growth of the country.

To address this matter, the study employed a combination of desk research, qualitative and quantitative primary data-gathering methods. The primary data collection process included conducting key informant interviews with HR professionals, holding focus group discussions with employees from five diverse regions in Kosovo, and collecting 500 surveys of individuals within the 18-35 age group. The ultimate goal of the study is to use the collected data to propose changes to HR practices and stimulate young people to stay and work in Kosovo.

The following report begins by providing an introduction to the HR sector in Kosovo and presents relevant employment statistics specific to the country. Subsequently, the second section elucidates on the key findings derived from the survey conducted with the youth demographic. The third section delves into the findings obtained through interactions with HR managers. Moving forward, the fourth section explores key findings resulting from focus group discussions. Additionally, the succeeding section sheds light on notable findings stemming from key informant interviews. Finally, the report concludes by presenting recommendations arranged in a two by two matrix, classifying them based on their level of feasibility and urgency.

Importance of HR practices in employee retention: a review of the literature

Human resource management practices are frequently mentioned as a key factor in keeping employees happy and satisfied in their jobs. A well-run HR department can help create an inclusive workplace, provide opportunities for advancement, and increase employee morale, which can all lead to greater profits for the company. Studies show that talent acquisition, training and development, rewards and recognition, and performance management are the most important HR practices for retaining employees of all ages¹.

Talent acquisition is considered crucial for employee retention as it determines whether the right employee, with the necessary skills and mindset, is hired. Providing training and development opportunities that align with an employee's career goals and job responsibilities is also important for employee satisfaction, as it can lead to both psychological and financial fulfillment. Therefore, HR departments are increasingly investing in career development programs to support employee growth and happiness². These

¹ Lwin N.N. The Impact of Human Resource Management Practices on Employee Retention. *Journal of Positive School Psychology* (2022).

² Haider et al. The Impact of Human Resource Practices on Employee Retention on the Telecom Sector. *International Journal of Economic and Financial Issues* (2015). Accessible at: <https://dergipark.org.tr/tr/download/article-file/363147>

programs in return are leading to a qualified workforce for the companies, boosting organizational growth for those who invest in such programs³.

Rewards and recognitions, both financial and non-financial are also often cited as an HR practice that if implemented, leads to happier employees that are likely to stay with the company. According to a survey conducted in 2018 in North America, being recognized for one's work and being offered reward packages rank higher in preferences when seeking a job/staying in a job than financial compensation/salary⁴.

Performance management, including here regular performance appraisals have been directly linked with employees' intention to stay within a job. Lack of such performance mechanisms, however, negatively contributes to employee motivation and employee retention⁵.

Lately, especially after the COVID-19 pandemic, work flexibility—part time work and the possibility of working remotely – have also been cited as reasons to encourage one to seek a new job and/or stay in the job they currently have. A study done in North America finds that more time off and the ability to work remotely are ranking high on the list of what candidates prefer when seeking for a job or intending to stay on the same job⁶.

For Gen Z, apart from the aforementioned, a supportive company culture, shared values, and employers' increased support for mental health are cited as key expectations that this generation has for the workplace⁷. They want to work for places that provide better access to resources, have an empathetic leadership, and possess a company culture that revolves around well-being. Moreover, according to a World Economic Forum report, 73% of Gen Z employees desire permanent flexible working options as they believe flexible work fosters productivity and promotes mental well-being by reducing stress and anxiety⁸.

The situation in Kosovo: key industries, employment statistics, employee attrition, migration causes, and HR practices

The main industries employing people in Kosovo are trade (16.8%), construction (10.5%), manufacturing (10.3%), and education (10.1%), while the remaining sectors make up a smaller portion of employment. Women are more likely to be employed in education, trade, and healthcare (51.8%), while men are more likely to be employed in trade, manufacturing, and construction (41.8%). As of 2021, the employment rate in Kosovo is 31.3%, with only 16.5% of women employed and 45.9% of men employed. The inactive labor force of 60.7% is concerning, as it indicates inefficiencies in the labor market and untapped potential for economic growth in the country⁹.

³ Ibid.

⁴ Achievers Survey Finds Without Recognition, Expect Employee Attrition in 2018. Accessible at: https://www.achievers.com/press/achievers-survey-finds-without-recognition-expect-employee-attrition-2018/?zd_source=hrt&zd_campaign=5503&zd_term=chiradeepbasumallick

⁵ Lwin N.N. The Impact of Human Resource Management Practices on Employee Retention. Journal of Positive School Psychology (2022).

⁶ Achievers Survey Finds Without Recognition, Expect Employee Attrition in 2018. Accessible at: https://www.achievers.com/press/achievers-survey-finds-without-recognition-expect-employee-attrition-2018/?zd_source=hrt&zd_campaign=5503&zd_term=chiradeepbasumallick

⁷ Staglin G. The Future of Work Depends on Supporting Gen Z. Forbes (2022). Accessible at: <https://www.forbes.com/sites/onemind/2022/07/22/the-future-of-work-depends-on-supporting-gen-z/?sh=5e5a7d1b447a>

⁸ Gen Z and the End of Work as We Know It. The World Economic Forum (2022). Accessible at: <https://www.weforum.org/agenda/2022/05/gen-z-don-t-want-to-work-for-you-here-s-how-to-change-their-mind/>

⁹ Labor Force Survey in Kosovo (2021). Kosovo Agency of Statistics. Accessible at: <https://ask.rks-gov.net/en/kosovo-agency-of-statistics/add-news/labour-force-survey-lfs-in-kosovo-2021>

Moreover, labor force migration is another reality that plagues the country. From 2015 to 2019, Kosovo recorded a total migration of approximately 120,000 people. It is estimated that this drain of labor leads to approximately €519 million in gross domestic product losses¹⁰.

In order to address the issue of a low labor force participation rate coupled with high unemployment (20.7%) and high migration, Kosovo has developed several strategies to combat migration and encourage repatriation including The Strategy on Migration (2013-2018) and The National Strategy for Sustainable Reintegration of Repatriated Persons in Kosovo (2018-2022)¹¹.

Reasons behind migration are tied to lack of job opportunities, lack of job security, long working hours, and low pay are highlighted as the key factors that push Kosovo's population to migrate¹². Many of these relate directly to HR practices, leaving one to understand that HR practices and unfavorable labor markets are key reasons behind migration.

The fact is however that there are not many studies done to evaluate HR practices in Kosovo. A study conducted back in 2020 estimates that recruitment and selection processes are the most important factors contributing to increased retention rates, followed by training and development opportunities- for companies that offer such benefits have a comparative advantage over others on solidifying their employees and branding them to the company¹³.

Other identified components that would boost organizational performance and workers' satisfaction included flexibility at work, performance-based rewards of competent employees, enhanced participation of employees on strategic objectives of the company, and working conditions¹⁴.

In another similar study, employee motivation in Kosovo stems from salary paid, professional advancement, and opportunities for promotion, followed by work conditions as well as performance management and evaluation¹⁵.

Methodology

The study aimed to collect data from various sources to gain a comprehensive understanding of the HR sector. To achieve this, three key informant interviews were conducted with HR experts, along with focus group discussions held in five regions of Kosovo. Additionally, 500 surveys with the youth were collected via phone calls and online surveys shared on social media, out of which 390 were valid where the age group was between 18-35, while 40 surveys were collected from HR managers to obtain their perspective on the job market in Kosovo. Surveys on the latter included businesses of different sizes, with 57.5% being small businesses, 22.5% being mid-sized, and 20% being large businesses. A data weighing technique was used to ensure a representative regional spread.

¹⁰ How Much Does Youth Emigration Cause Kosovo? Westminster Foundation for Democracy (2021). Accessible at: <https://www.wfd.org/story/how-much-does-youth-emigration-cost-kosovo>

¹¹ How Migration, Human Capital, and The Labour Market Interact In Kosovo. European Training Foundation (2021). Accessible at: https://www.etf.europa.eu/sites/default/files/2021-07/migration_kosovo.pdf

¹² Leaving Kosovo: Legal Migration Upsurge Causes Depopulation Fears. BIRN (2019). Accessible at: <https://balkaninsight.com/2019/04/25/leaving-kosovo-legal-migration-upsurge-causes-depopulation-fears/>

¹³ Jashari A. and Kutllovci E. The Impact of Human Resource Management Practices On Organizational Performance Case Study: Manufacturing Enterprises in Kosovo. University of Prishtina (2020). Accessible at: <https://www.econstor.eu/bitstream/10419/248022/1/1700200038.pdf>

¹⁴ Ibid.

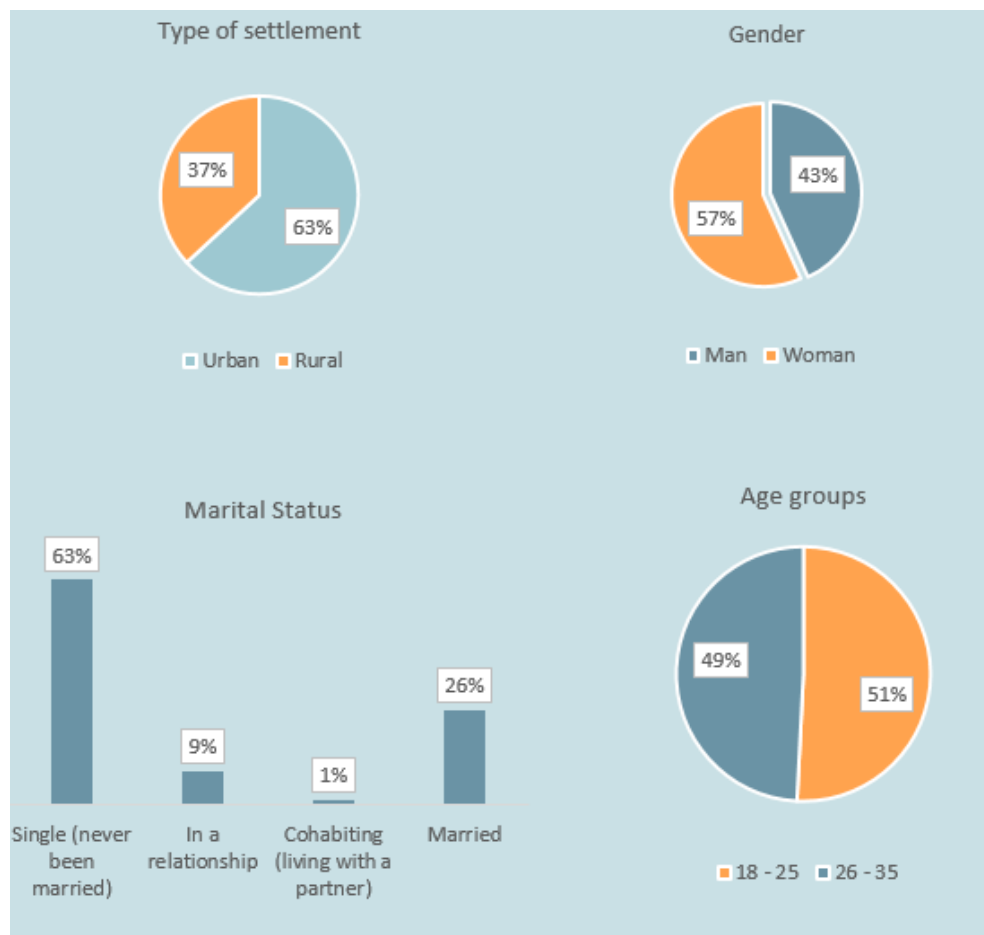
¹⁵ Ismajli, A, et al. The Importance of Motivation Factors on Employee Performance in Kosovo Municipalities. Journal of Public Administration and Governance. (2015). Accessible at: <https://www.macrothink.org/journal/index.php/jpag/article/viewFile/7082/75>

Findings: Youth Survey, HR survey, Focus Group Discussions, and Key Informant Interviews Youth Survey

Demographic Information

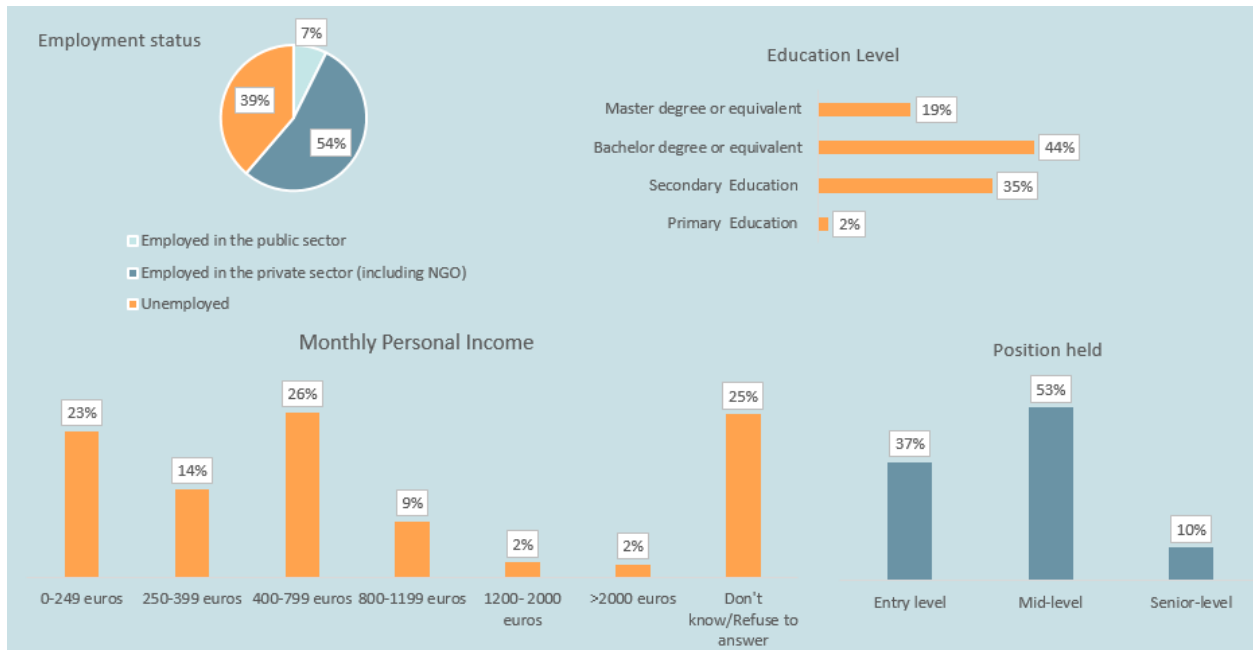
The two figures below present the demographic spread of individuals surveyed. 63% of surveyed individuals came from urban settlements, 57% were women, and 51% belonged to the 18-25 age group. Moreover, most of the sample (63%) were single, followed by 26% who were married.

Figure 1: Demographic Information



Moreover, 39% of individuals were not employed whereas 61% were employed either in the public sector (7%) or the private one (54%). 63% of the sample had at least a bachelor's degree, 63% had monthly personal incomes of less than 800 euro/month, and the majority (53%) belonged to mid-level positions.

Figure 2: Demographic Information pt. 2



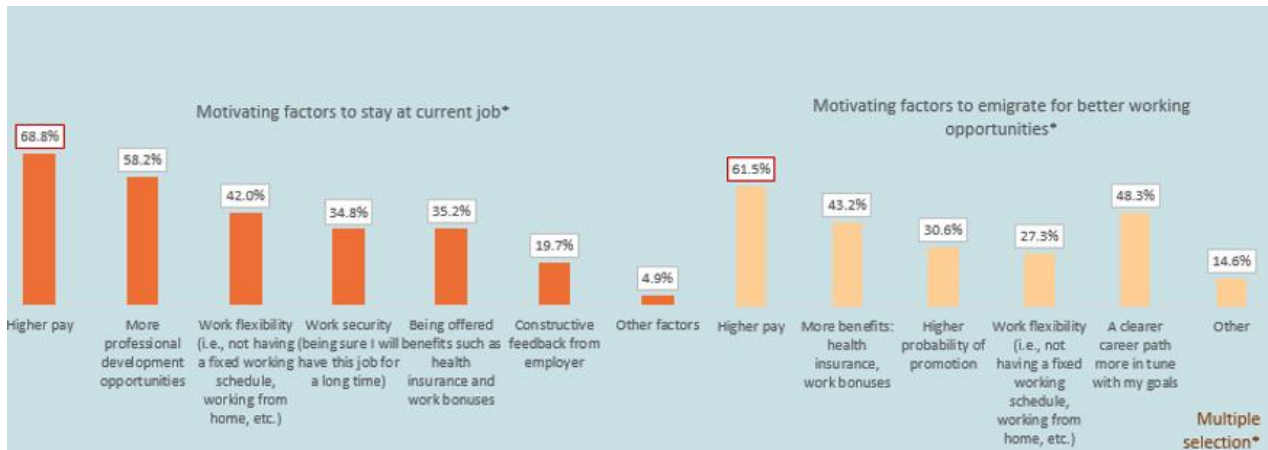
Findings: Employed Individuals (n=239)

Below are key findings and analysis for employed individuals, holistically, and disaggregated by age, gender, or region (depending on major differences resulting from the survey). If no major differences were found between the three aforementioned characteristics, the data was only presented holistically.

General Questions

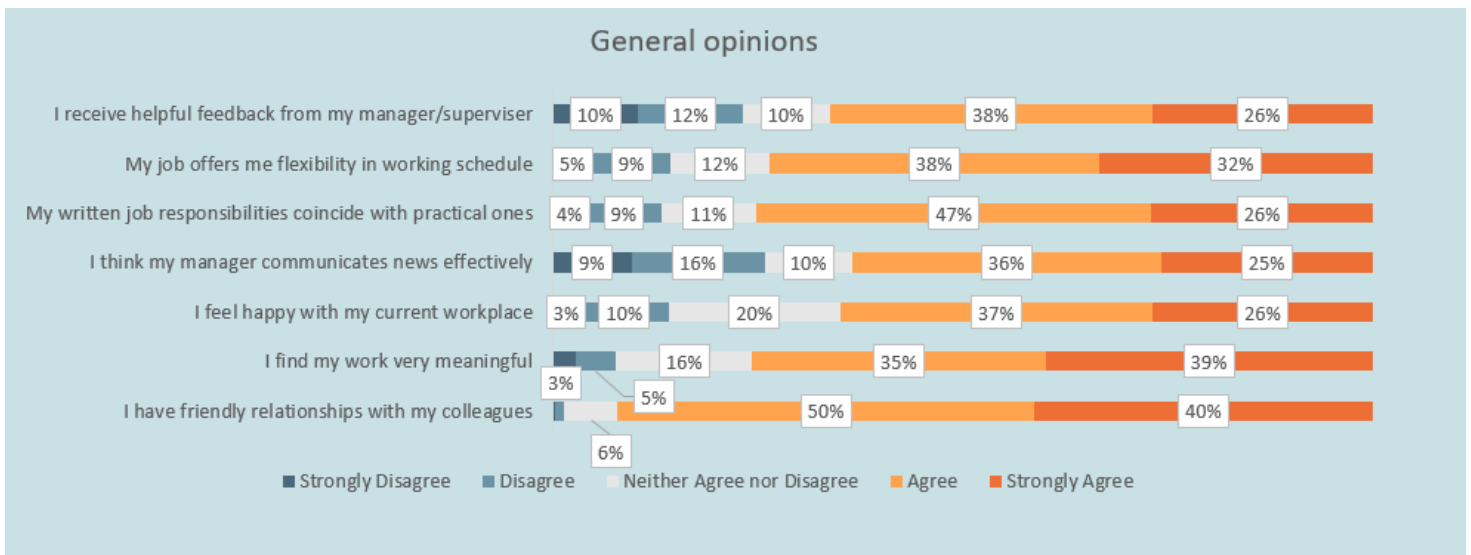
The module focusing on general questions yielded results indicating that a substantial proportion of the employed sample, **specifically 61%, expressed overall satisfaction or a high level of satisfaction with their current employment.** Furthermore, **the primary drivers compelling individuals to remain in their current roles were primarily attributed to remuneration, with a significant percentage of 68.8%, professional development prospects, accounting for 58.2%, and the degree of working flexibility, comprising 42% of respondents' motivations.** Similarly, participants stated that **their considerations for pursuing employment abroad centered on monetary remuneration, as the highest proportion of 61.5% cited this as a key factor.** Additionally, **supplementary benefits such as health insurance and performance-related bonuses were mentioned by 43.2% of respondents, while 27.3% indicated that the potential for enhanced career advancement influenced their decision.**

Figure 3: General Perceptions about Job place



Regarding their current employment, there was a notable inclination among employed participants to express satisfaction in relation to their colleagues and the flexibility afforded by their work schedules. Conversely, there was a greater level of discontent or disagreement in relation to aspects such as receiving constructive feedback from their employers and experiencing a general sense of happiness in their current job.

Figure 4: Opinions about current job



In summary, this portion of the survey indicates that **employed individuals are content with their workplaces, but they express a need for more timely and constructive feedback from their managers.** Furthermore, the **primary reason why individuals choose to stay in their current job or seek employment elsewhere or abroad is higher pay** followed by professional development opportunities and other benefits (bonuses, health insurance).

Recruitment and Selection

Survey respondents were queried about various aspects concerning the recruitment and selection procedures. Among the employed respondents, 84% possessed a written work contract, 83% of the participants concurred that they were promptly informed about the sequential stages of the recruitment process. Additionally, a majority of 62% reported undergoing an onboarding week during their initial week of employment, and 58% indicated that they finalized the signing of their work contract within the first week of commencing their job.

However, 51% claimed that after their probation period was over, they did not sign a new work contract. This means either that they worked without a contract past probation or the same contract continued but was never renewed.

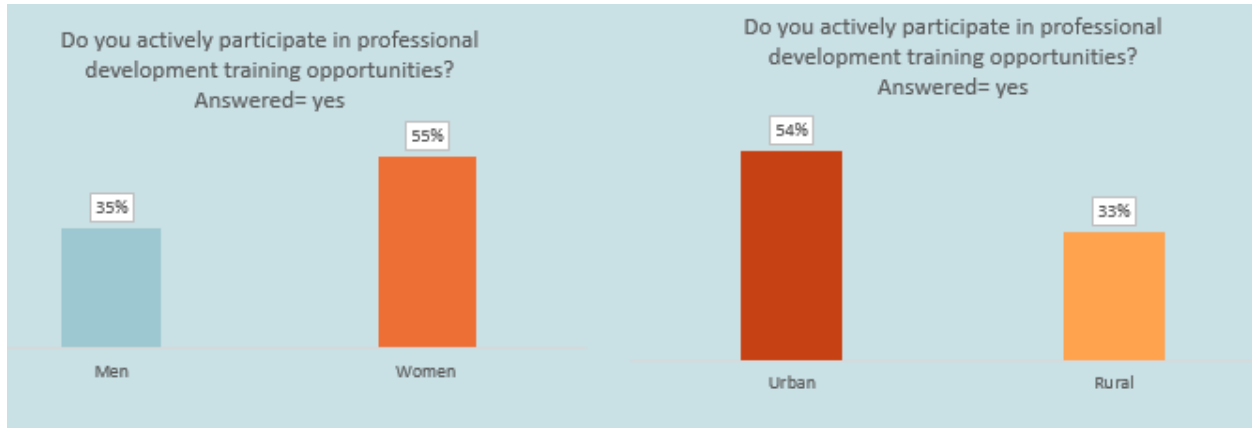
Figure 5: Recruitment and Selection



Performance Management and Professional Development

This section started out by asking employed individuals whether they actively participate in professional development opportunities, either by self-initiative or because their job place offers them such opportunities. Overall, 46.2% claimed that they do actively participate, 51% said that they do not, and 2.8% refused to answer. Women tended to be more proactive in professional development training opportunities (55%) as compared to men (35%). Lastly, individuals living in urban areas had a higher chance of following professional development opportunities (54%) as compared to their rural counterparts (33%).

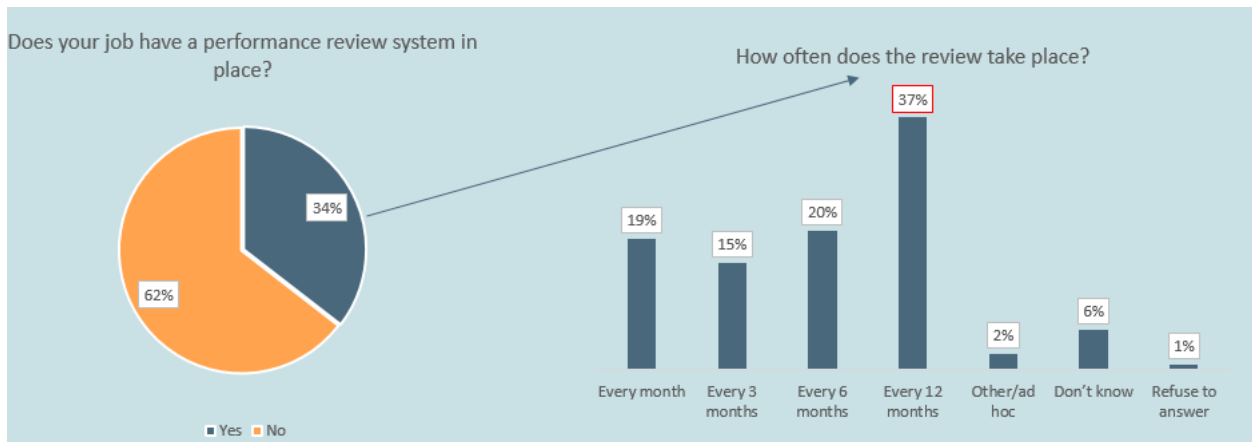
Figure 6: Participation in professional development opportunities, disaggregated by gender, age, and region



Next, respondents that have either taken professional development training opportunities by self-initiative or because they were required to by their workplace were asked to rate from “not useful at all” to “very useful” the degree to which they think these trainings have been helpful to their professional growth. Of those that did, **80% agreed that trainings they sought and/or were provided by their workplace proved very useful to their career and professional growth.** Only 4% said that they do not believe these trainings were useful at all, while the rest either refused to answer or did not know.

The survey then inquired if employed individuals have a formal performance review process in which they are assessed on their job performance. The charts below illustrate the responses and the frequency of these reviews. **Only 34% replied affirmatively that their performance is evaluated. Among those, 37% reported that the review happens once a year, followed by 20% every six months, 19% every month, and so on.**

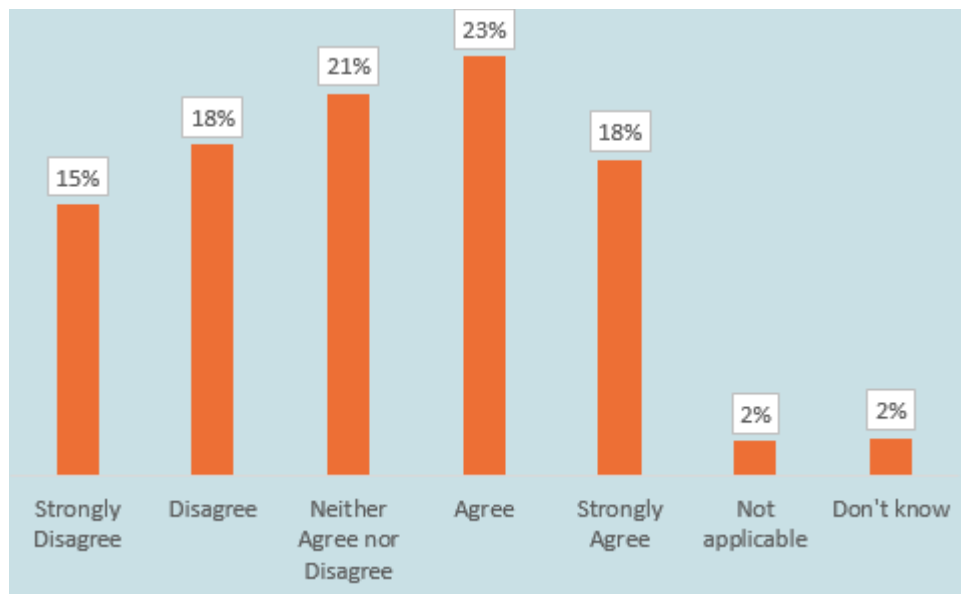
Figure 7: Performance review frequency



Finally, participants were asked to assess the presence of a clear career progression system in their workplace, which enables them to navigate easily and understand the milestones required for a promotion or salary increase. The results, shown in the figure below, indicate that 41% of the respondents either "strongly agree" or "agree" with this statement, while 33% either "strongly disagree" or "disagree." Another

21% of the participants remained neutral. Therefore, the findings suggest that career progression systems are becoming increasingly common in the workplace, but there is still room for improvement. It is important to note that these results represent individuals' perceptions and not necessarily factual statements.

Figure 8: Clear career path system at the workplace



This module of the survey reveals that **women and those residing in urban areas are more likely to participate in training and development programs**. With the majority not actively engaging in such opportunities, enhancing job-related training options can boost human capital, especially as 80% of respondents recognize their potential for professional growth. Additionally, **the results indicate that career paths are being established in some workplaces, but in most cases, they are non-existent, leaving individuals uncertain about the steps they need to take to earn a higher salary or promotion.**

Compensation and Benefits

In addition, participants were asked a set of questions about the payment and perks provided by their employer. The results showed that 52% of the group considered their payment to be fair ("strongly agree" or "agree"), while 30% expressed disagreement by choosing "strongly disagreed" or "disagreed." Disaggregating by region reveals that residents of Gjakovë are more likely to agree/strongly agree that they are offered fair compensation (79%) whereas those of Ferizaj are more likely to disagree/strongly disagree (48%).

Furthermore, a quarter (25%) of the respondents reported that their complete salary is not clearly mentioned in their employment agreement. Additionally, 14% of the participants indicated that they receive some or all of their pay in cash.

Although the overall results of this section are optimistic, indicating that employees feel they are being fairly compensated and most are paid in accordance with their contract via electronic transfers, there remains a portion of the sample whose responses raise questions. **It is possible that some employers are intentionally avoiding their tax obligations by not disclosing full payment information in employment contracts and by not using bank deposits to pay their employees.**

Figure 9: Compensation and fair pay

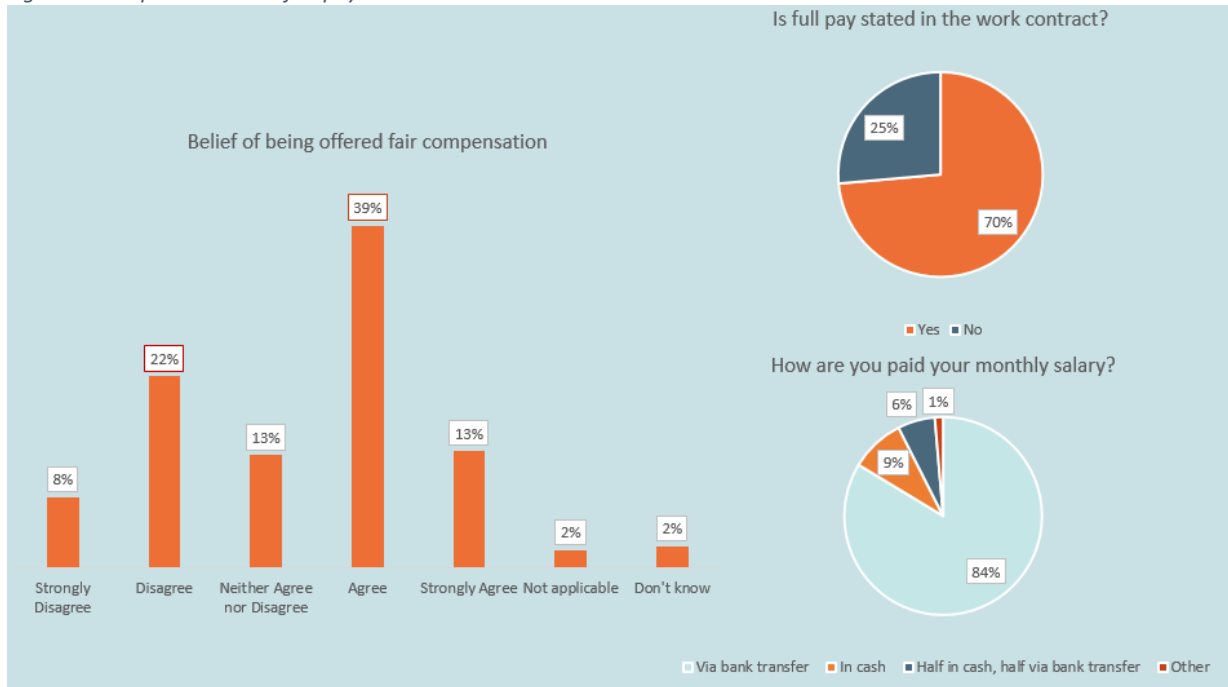
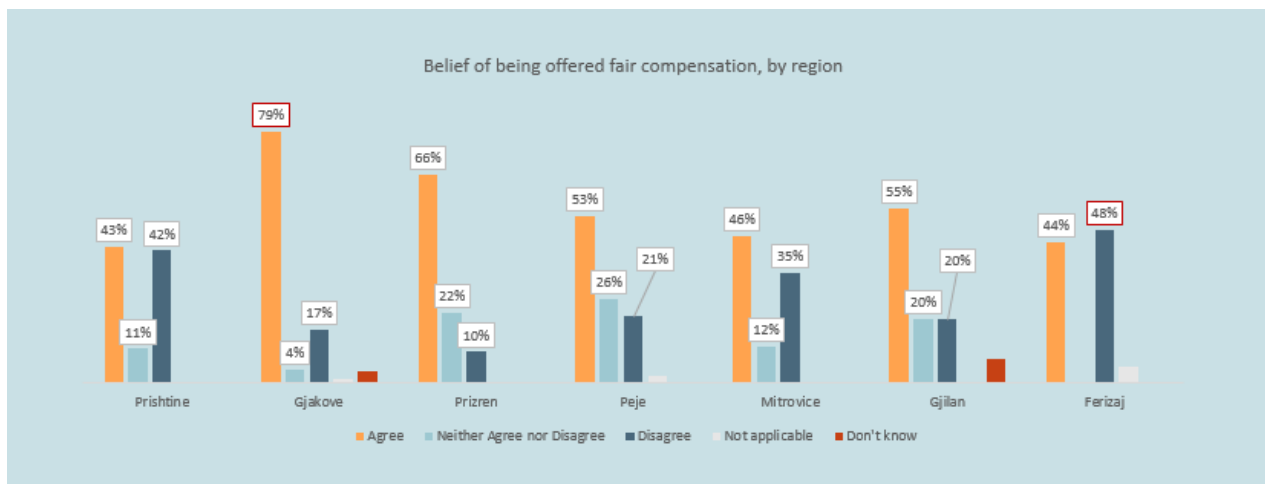


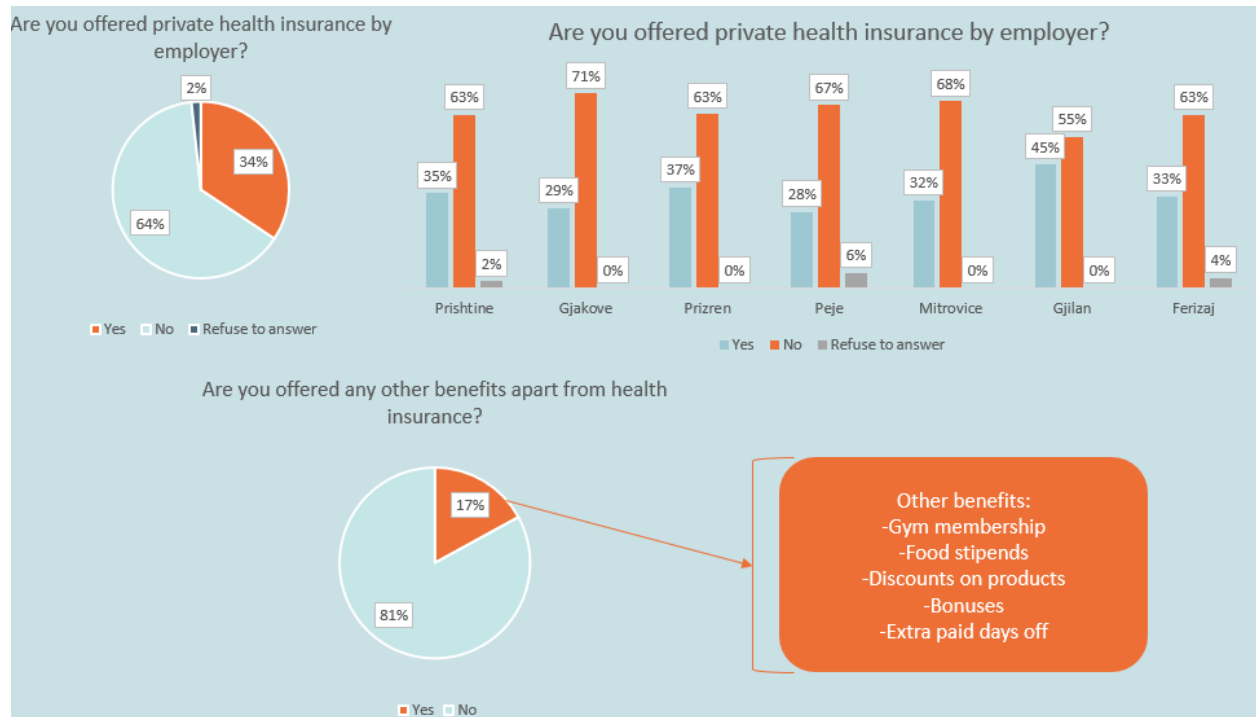
Figure 10: Fair compensation disaggregated by region



Next, the participants were queried about the benefits provided by their jobs. Initially, 64% of the respondents indicated that they are not provided with private health insurance, which is often deemed essential in today's society. When disaggregated by region, participants from Gjakovë had the highest percentage of responding "no" to being offered a health insurance. Participants in Gjilan had the highest percentage of responding that they do (45%).

A total of 17% of the participants reported receiving additional benefits from their employers besides health insurance. These supplementary benefits ranged from gym memberships, food allowances or meals, product discounts, bonuses, and extra paid time off. The ICT sector was pronounced in offering such benefits as compared to other sectors.

Figure 11: Benefits offered



Findings: Unemployed Individuals (n=151)

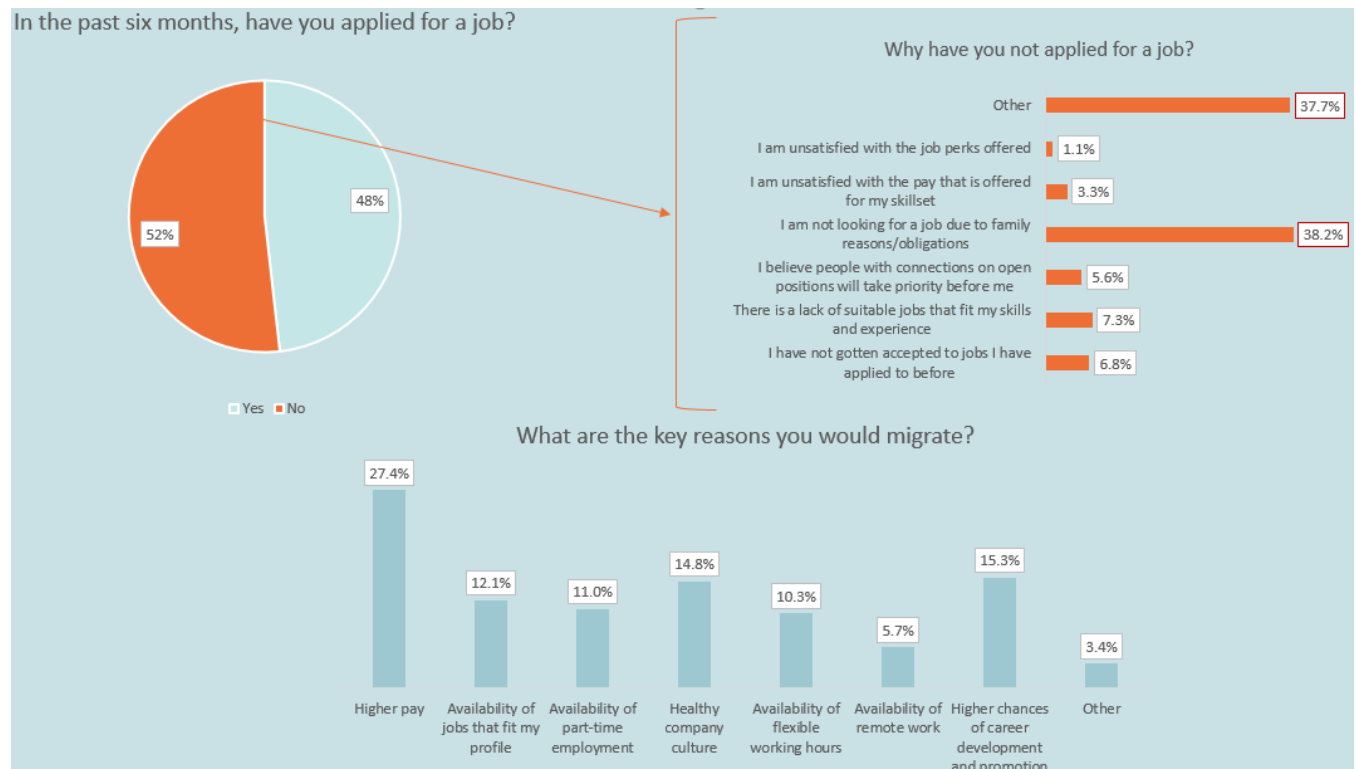
The survey had a dedicated section for individuals who are currently unemployed. The purpose of this section was to comprehend why they are still without a job and to identify the factors that might encourage them to seek employment or relocate to other regions with better employment prospects.

52% of individuals had not applied for any jobs. When disaggregating by region, 89% of respondents from Prishtinë reported to have applied for jobs in the past few months, whereas only 26% of respondents from Pejë declared the same. Disaggregating by gender reveals that 53% of unemployed women have applied to jobs in the past six months as compared to 40% of men.

Among these non-applicants, the reasons given for not applying were family obligations (38.2%), other obligations like studying (37.7%), and the lack of suitable job opportunities that matched their skills and experience (7.3%).

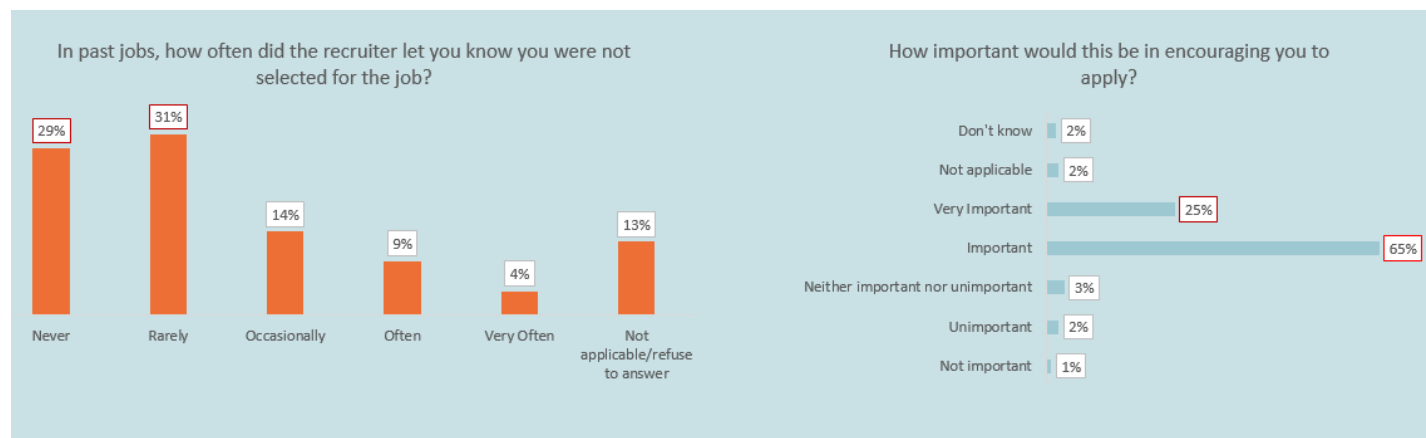
Furthermore, unemployed individuals were asked about their reasons for considering emigration. The most significant factor was the potential for higher pay (27.4%), followed by better opportunities for career growth and advancement (15.3%), and a healthy work environment or company culture (14.8%). **This shows that factors beyond just pay, such as career growth opportunities and a positive work culture, also play a vital role in the decision-making process for those who consider emigrating.**

Figure 12: Reasons for not applying to jobs and motivators to migrate



Finally, the survey inquired about the frequency with which recruiters informed the respondents about their selection status and how important this was to them. **The results indicated that 60% of respondents were infrequently or never informed about recruitment decisions, despite 90% of respondents indicating that receiving such notifications was "very important" or "important" to them.**

Figure 13: Recruiter's update



This section of the survey reveals that family obligations and study duties were the primary reasons for individuals not actively seeking employment. For those who were unemployed, higher pay, career growth, and professional development opportunities were the most significant factors that could motivate them to emigrate. Lastly, while it was crucial for the majority of respondents to be informed about their application status, recruiters almost never notified them.

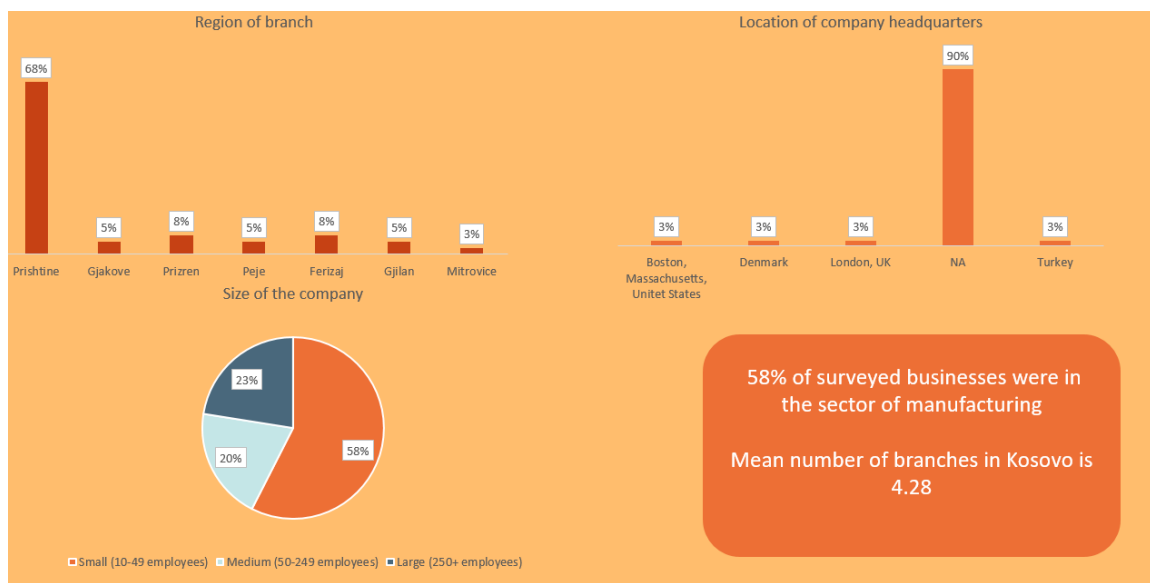
Survey with HR Managers (n=40)

Demographic Information

The report also sought to obtain the viewpoint of businesses on human resources issues. The report surveyed 40 companies in Kosovo, and the following chart displays the demographic details regarding their locations. The majority of branches (68%) are situated in Prishtinë, followed by Prizren (8%), Ferizaj (8%), Gjilan (5%), Pejë (5%), Gjakovë (5%), and Mitrovicë (3%).

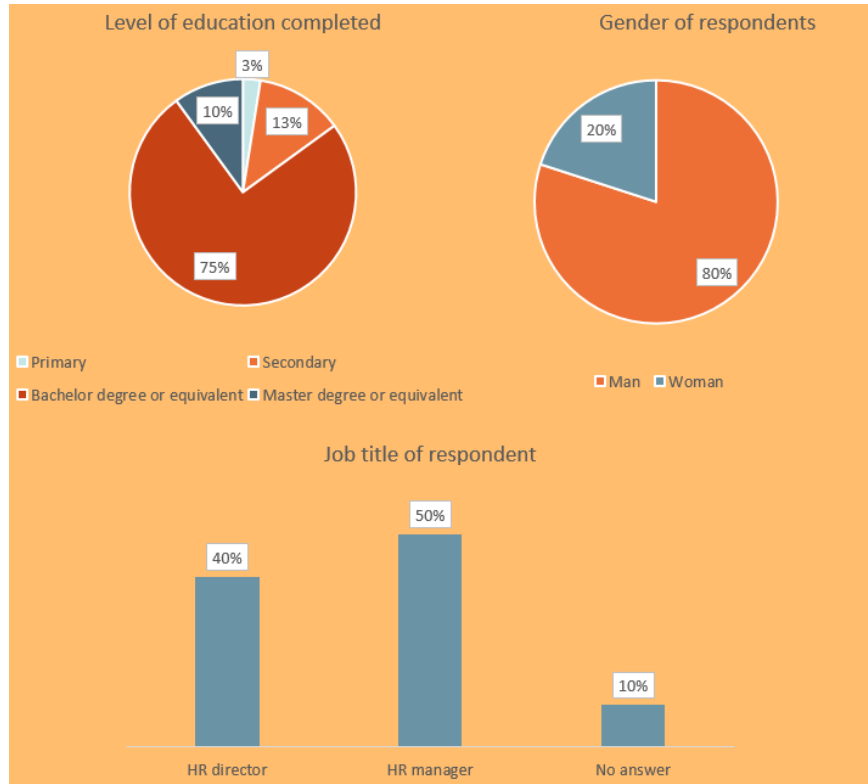
The majority of the companies that were surveyed (90%) have their headquarters situated locally, although there are a few that are based in Boston, Denmark, London, and Turkey. In terms of size, 58% of the companies are classified as small (having 10-49 employees), while 23% are large (having 250 or more employees), and 20% fall into the medium category (having 50-249 employees).

Figure 14: Profile of companies



Additionally, the chart below illustrates the demographic details of the survey respondents. Among those who participated, 75% had successfully completed at least a bachelor's degree, 80% were men, and 50% were HR managers. The latter observation is particularly significant because it reveals that 90% of the respondents held key positions such as HR directors or HR managers. This is important because they possess critical knowledge of HR practices within their organizations, which is necessary to collect relevant information for the purpose of this report.

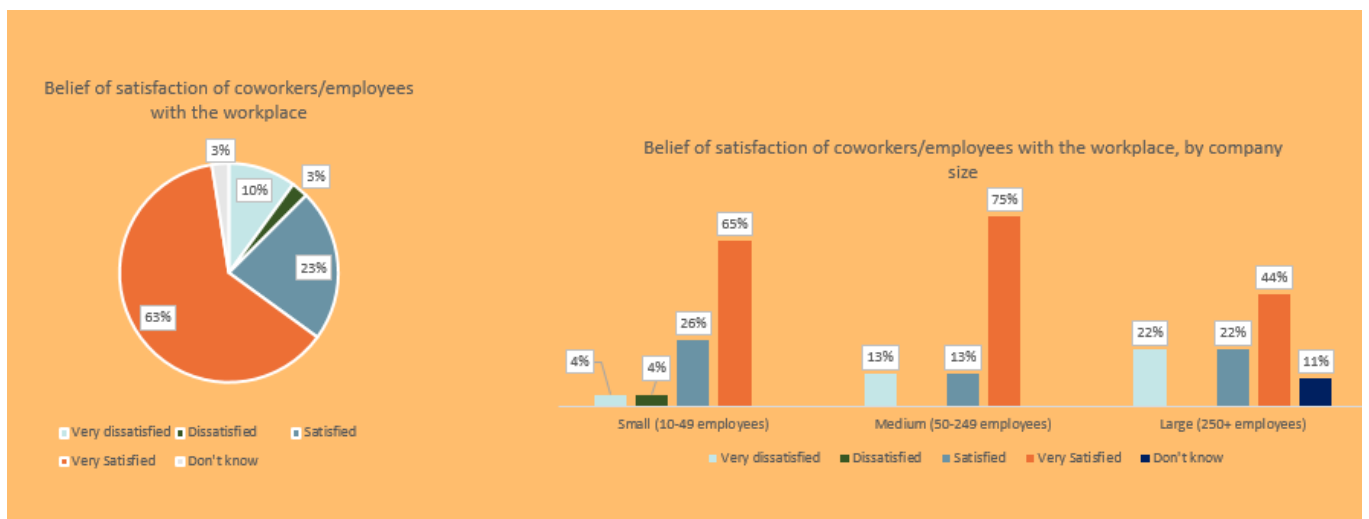
Figure 15: Demographic information of respondent



General Questions

The survey then proceeded to inquire about the companies' overall perceptions regarding the level of employee satisfaction with the workplace. In total, 86% of the respondents believed that workers were either "satisfied" or "very satisfied" with their workplace, while 13% expressed the opinion that workers might be "dissatisfied" or "very dissatisfied". **When examining the responses according to firm size, it was found that larger firms had a greater tendency to report beliefs of employee dissatisfaction (22%) as compared to medium-sized (13%) and small (4%) enterprises.**

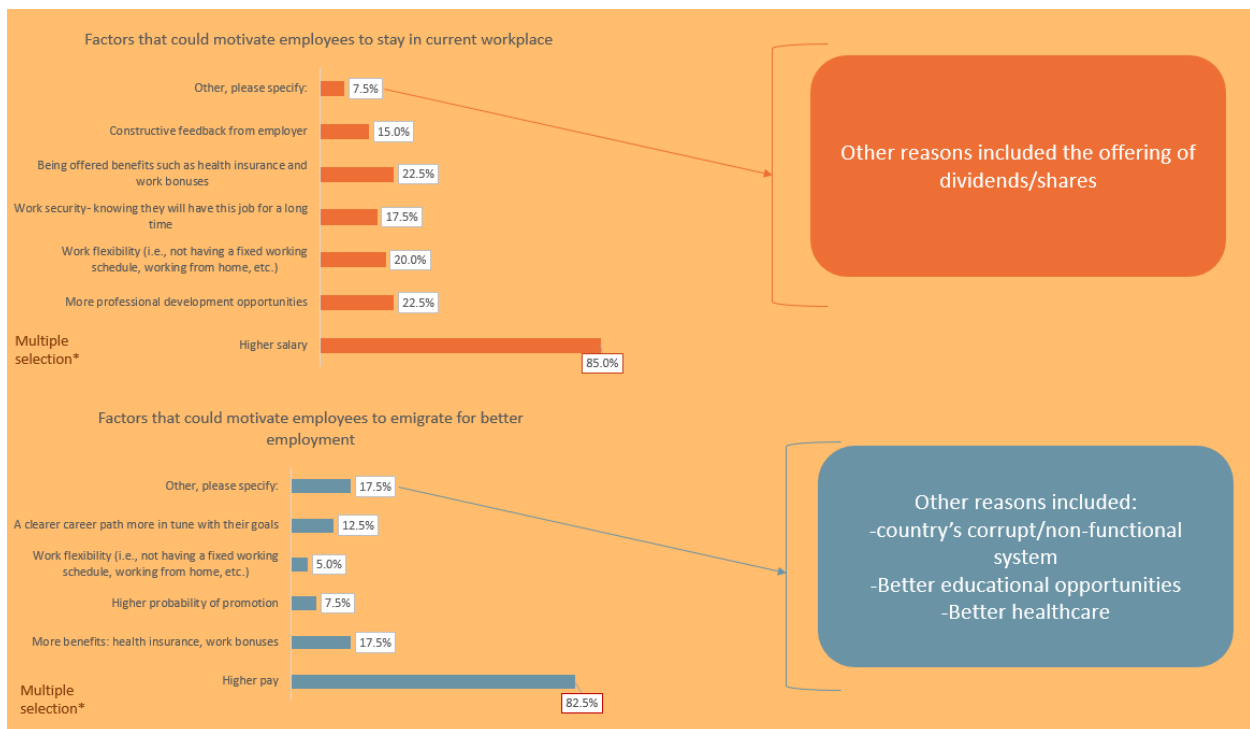
Figure 16: General beliefs of companies regarding work satisfaction: aggregated and disaggregated data



The survey also included questions that asked employers about their opinions regarding the factors that motivate their employees to remain in their current job position. As illustrated in the graph below, the majority of employers (85%) believe that a higher salary or pay is the most significant motivator, followed by work benefits such as health insurance (22.5%) and work flexibility (20%). Although not included in the survey, some employers also mentioned offering dividends or shares as another motivator. It is important to note that respondents were allowed to select multiple answers, so the total percentage adds up to more than 100%.

Employers were also queried on the reasons they believed led to employees leaving their current job position. Once again, a higher salary or pay was identified as the most important factor (82.5%), followed by work benefits including health insurance (17.5%). Some employers (17.5%) also pointed out that some reasons for employee migration were not related to the labor market, but rather to issues such as a non-functional political system, a lack of educational opportunities, and inadequate healthcare in Kosovo.

Figure 17: Employers' perceptions of employees' motivating factors to stay at current job place and to emigrate abroad

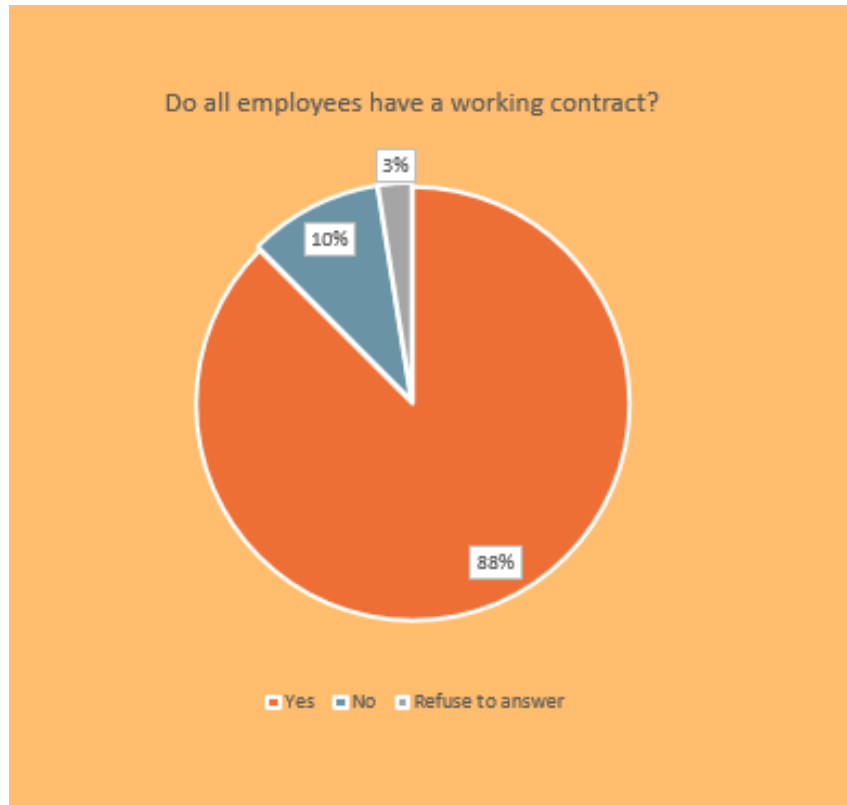


In summary, the findings of this section highlight that the majority of employers perceive their employees as content with their current workplace, particularly in small and medium-sized companies. However, larger companies express concerns about employee satisfaction. Higher pay and work benefits, including healthcare, are identified as key motivators for employees to stay in their current positions and potentially migrate.

Recruitment and Selection

88% of respondents confirmed that their employees do have working contracts, while 10% reported that they do not, and 3% declined to answer.

Figure 18: Working contract of employees



The survey also aimed to evaluate the practices of the respondents related to the recruitment and selection process. The questions covered various aspects, such as whether employers in Kosovo offer permanent jobs after the end of the probation period, whether they provide an onboarding week for new employees, the speed of notifying candidates about recruitment steps, whether employees sign the contract immediately after starting the job, and other related factors.

The results from the figure below indicate that a large majority of employers (95%) notify candidates promptly about recruitment steps, and 93% of employees sign their working contract within the first week of starting their job. **This finding is noteworthy as it contradicts the results of the youth survey, which found that 60% of respondents were not informed about recruitment steps after applying for a new job.**

Additionally, in 23% of cases, employees are not extended a regular job offer after the end of probation period. If probation applies, it generally lasts for one month (33% of cases), followed by three months (18%), two months (13%), and six months (5%). It is interesting to note that although the probation period set by law is for six months, 8% of the respondents reported that the probation period lasts for more than six months for some of their employees.

Figure 19: Agreement with statements



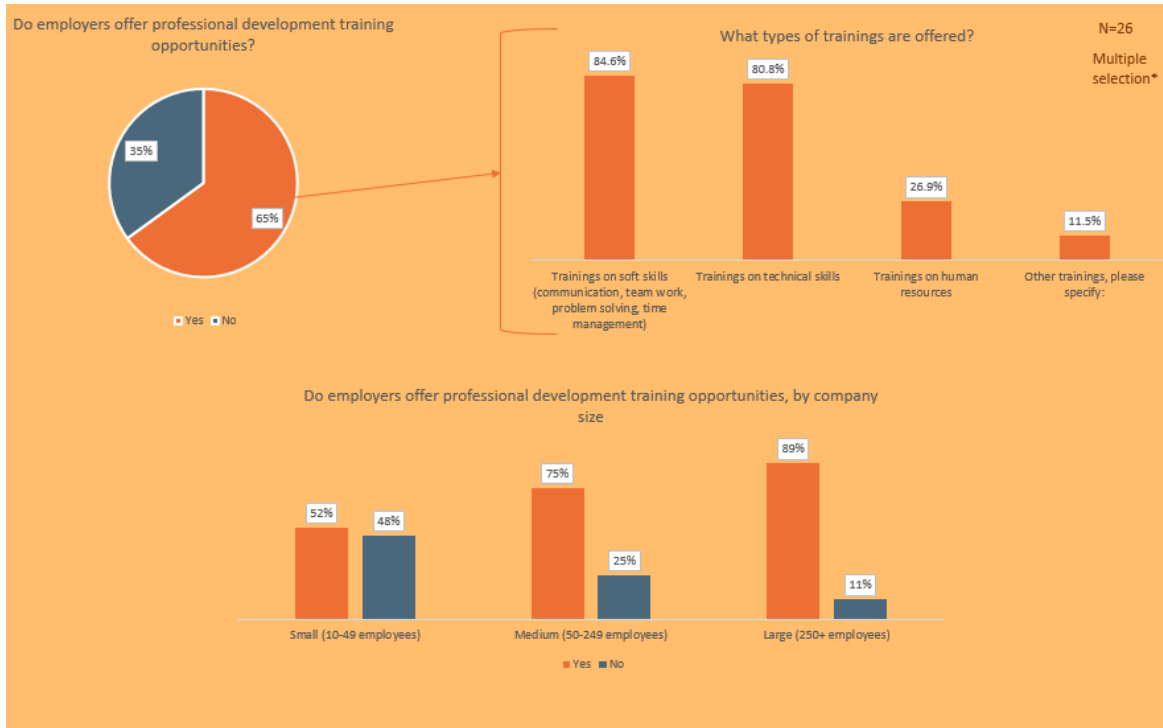
The results of this section indicate that **most employers provide their employees with working contracts. The likelihood of having a working contract increases with the size of the company.** Additionally, **most employers inform job candidates promptly about the recruitment process, and workers usually sign their work contract within the first week of employment.** Although a few companies do not offer permanent positions after the successful completion of probation, **the majority of employers do have a probationary period that typically lasts for 1 to 3 months. It is not recommended by law for probation to exceed 6 months, although some companies still do so.**

Performance Management and Professional Development

The survey also inquired about the availability of professional development programs for employees provided by their employers. The responses **revealed that 65% of employees claimed that such opportunities are offered.** Among those who provided professional development, **84% reported offering training for soft skills, followed by technical skills training at 80.8%, human resources training at 26.9%, and other forms of training customized to the company's requirements.**

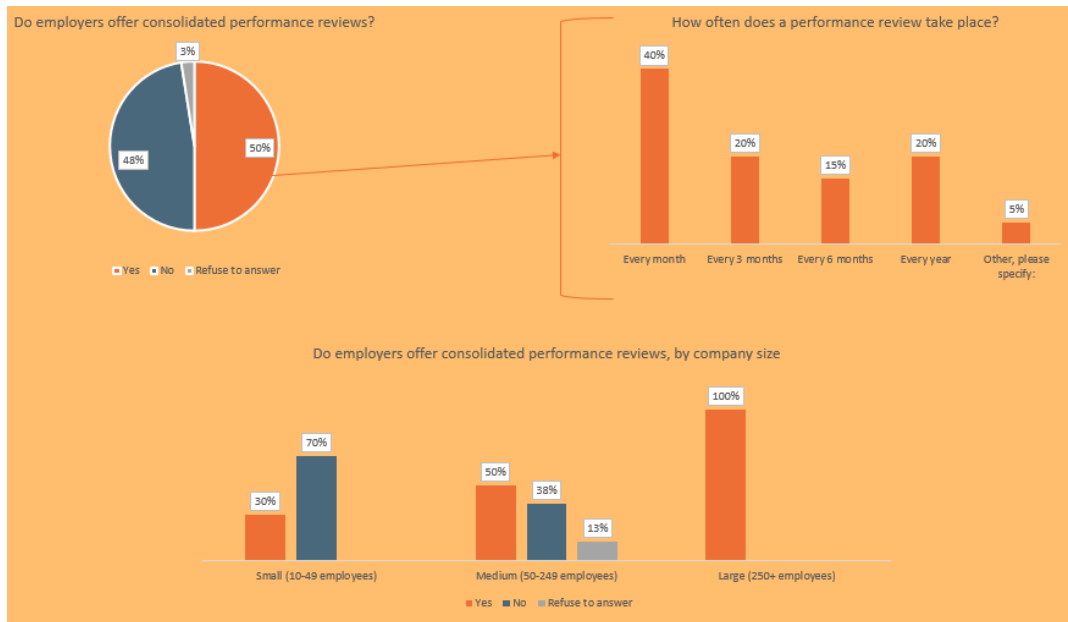
When disaggregating the data by firm size, it was discovered that **larger companies have a greater chance of providing training opportunities, with 89% of them offering it, in contrast to medium-sized businesses (75%) and small enterprises (52%).**

Figure 20: Professional development opportunities offered by employers



Next, the figure below shows the degree to which employers offer performance reviews to their employees. **In 50% of cases, it was reported that there are consolidated performance reviews in place.** Out of these that answered to have offered performance reviews, **40% reported that they offer a review every month, followed by every year (20%), every three months (20%) and so on.**

Figure 21: Performance reviews by employers



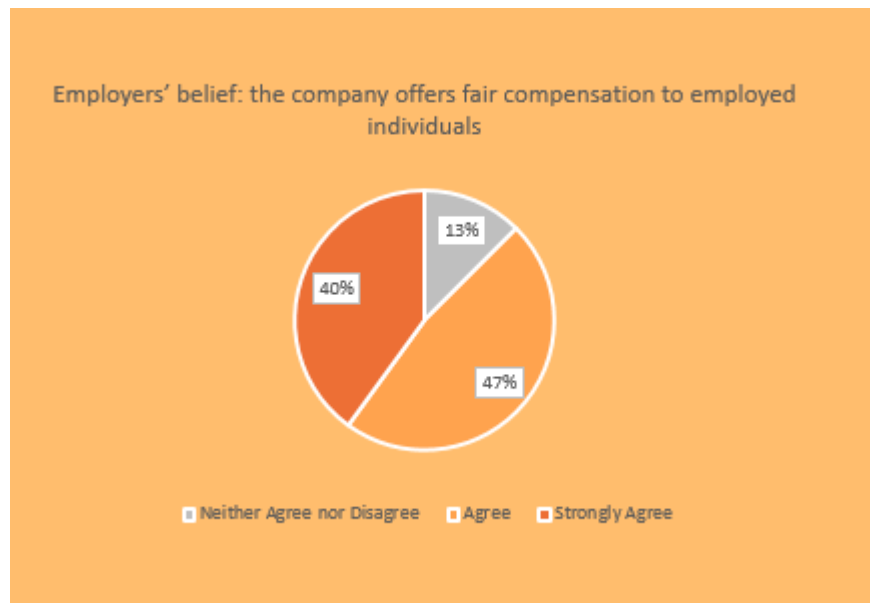
Overall, the results from this section demonstrate that **most employers provide professional development opportunities for their workers, covering various aspects such as soft skills, technical skills, and human resources. Furthermore, the likelihood of offering such training increases with the size of the organization. Half of the respondents reported having established consolidated performance reviews, with the majority conducting evaluations on a monthly, quarterly, or yearly basis, or as needed. As with training opportunities, the larger the company, the greater the likelihood of having a consolidated performance review system in place.**

Compensation and Benefits

Finally, participants were requested to answer questions related to the remunerations and perks provided to employees. The diagram presented below displays the results of the query regarding the employers' opinion about the fairness of the compensation offered by their companies to their staff. **The chart in the figure below indicates that 40% of the respondents strongly believed that their companies offer fair compensation, while 47% stated that they believe so. 13% of the respondents were unsure about the fairness of the compensation offered.**

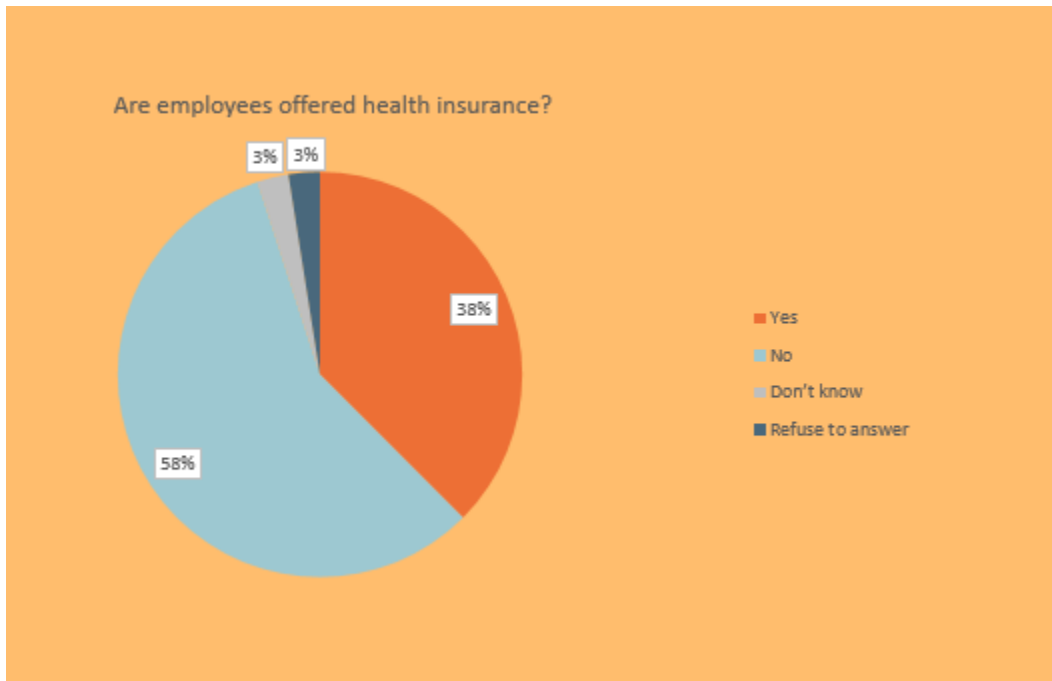
Moreover, the work contract of employees contains information about their full pay in 98% of cases. An analysis of company size reveals that only a small percentage of small companies, specifically 4%, do not disclose full pay in the work contract.

Figure 22: Compensation and benefits offered



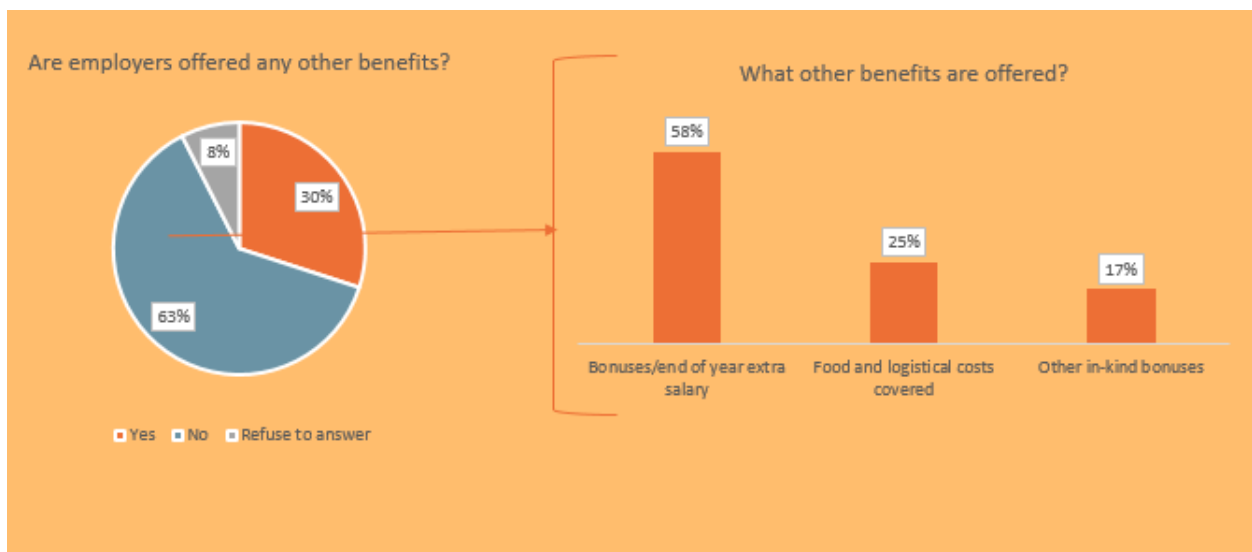
Furthermore, employers were asked about their provision of health insurance to their employees. **In 58% of the cases, employers claimed that they do not offer health insurance to their employees, a finding that is quite concerning given the importance of health insurance in helping with the quality of life and ensuring one does not fall below the poverty line in case of a health emergency.** Upon further analysis of this result based on the size of the companies, it was found that a higher proportion of large companies (56%) provide health insurance benefits to their employees compared to mid-sized companies (50%) and small companies (26%).

Figure 23: Health Insurance offering



Finally, the employers were also questioned about the provision of any additional benefits besides health insurance. **63% of the respondents stated that they do not provide any additional benefits, while only 30% responded positively.** Among those who offer additional benefits, **the most common benefits include bonuses or extra end-of-year salary (58%), covering food and transportation expenses for employees (25%), and other in-kind bonuses like discounts in stores.** Also 65% of workers do not have the possibility of working remotely.

Figure 24: Other benefits offered



This section focused on investigating the remuneration and perks provided to employees. The findings suggest that most companies disclose the full pay in the employees' work contract and the employees are paid through bank transfers. However, the majority of employers do not provide health insurance to their employees, particularly small-sized companies. Additionally, most employers do not offer any other benefits, but those who do are more inclined to provide bonuses, end-of-year extra salaries, cover food and logistical expenses, and other in-kind bonuses.

Focus Group Discussions

In late January and early February 2023, focus groups were conducted in the regions of Prishtinë, Ferizaj, Prizren, Gjakovë, and Pejë to gather information on employees' feelings about their workplace, recruitment and selection procedures, performance management and professional development opportunities, and compensation and benefits. The key findings are aggregated and presented below:

General Feelings

- Participants in focus group discussions emphasized that the availability of a flexible working schedule is dependent on one's stage of life. Having a flexible schedule allows for simultaneous pursuit of work and other commitments, particularly for those with family responsibilities.
- Participants emphasized the importance of a positive company culture characterized by cooperation, teamwork, fair work, healthy communication, and a relaxing atmosphere. The HR department was seen as crucial especially in Ferizaj, with friendly and supportive staff making the job easier and more enjoyable. Participants in Pejë specifically mentioned the importance of recognition and meritocracy, with a preference for workplaces that provide constructive feedback and credit where it is due.
- The majority of participants did not envision their future in their current company for various reasons such as the desire for career growth, dissatisfaction with working conditions, or the aspiration to open their own business.
- Participants in general stated they would emigrate for better work opportunities as well as a better social life but they all agreed that life in Kosovo is easier and more laid back.
- The unemployed would be motivated to seek a job if it offered flexible hours and jobs that matched their skills were available. The latter was especially prominent in Gjakovë and Pejë.

Recruitment and Selection

- There was general agreement that individuals are rarely notified when they do not get selected for a job, though they all agreed that being notified served as a significant motivator.
- In Prishtina, on average, individuals had work contracts. In other regions, the answer varied on an individual basis. All employees of the public sector had work contracts but this did not apply for employees of the private sector.
- Rarely any participant had onboarding weeks at work. Most who did were instructed on the job on a volunteer basis by other employees but no official protocol was followed.
- Contractual job responsibilities generally do not align with practical job responsibilities. Oftentimes, practical responsibilities exceed stated ones. In the IT sector, actual job responsibilities and skills required were less than what was officially stated through job postings.

Performance Management and Professional Development

- The majority of participants do not take voluntary training and development classes. Those who do mostly undertake trainings pertaining to soft skill development.

- Workers from the public sectors often undergo on-the-job training to upskill themselves. Those of the private sector are rarely offered the opportunity.
- Unemployed individuals would be more likely to look for jobs if training opportunities were offered.
- No national jobs had established career pathways, which was highlighted as problematic as career growth within one company was very vague. Those working for international companies stated to have career pathways disclosed to them upon accepting the job.
- Participants in Prishtinë, on average, had performance reviews conducted by their employer on a regular basis. This was not the case in other regions.
- Unemployed individuals would be more likely to apply for jobs if workplaces offered established performance guidelines.

Compensation and Benefits

- There was general dissatisfaction with financial compensation received. Participants in Prishtinë and Ferizaj working for international companies were generally happier about pay scales as compared to the national counterparts.
- Other compensations were rare. A minority stated to receive end-of-year bonuses, gym memberships, and other financial stimulants always paid in cash to avoid taxation.
- Some considered work contracts to be a bonus as employers advertised it as such.
- Some participants in Prizren considered a warm environment and a place to sit down while at the job as an important bonus.
- Public sector employees were paid their stated wage via bank transfers. Private sector ones, on average, were paid a minimum wage via bank transfer and the rest was given in cash to avoid taxation.
- The majority of participants would not like to work remote as they concentrate better at their physical jobs. Apart from the IT sector, no other participant claimed to have the option to work remote.
- For unemployed individuals higher pay was an important motivator to seek jobs.

Key Informant Interviews

Three individuals were interviewed for the Key Informant Interviews (KII): Shkamb Kërleshi from KosovaJob, Gent Shala from Hoja, and Learta Kusari from Jumbo Group. All of the interviewees are experienced professionals in the field of human resources (HR) in Kosovo. The key findings are aggregated and presented below:

General Questions

- HRs are intermediaries between the employer and the employee. In Kosovo, this role is simplified to establishing work contracts.
- Role of HR in Kosovo is played by the CEO or a manager and rarely there exists an HR department.
- Main challenge of HRs today in Kosovo pertains to employee retention.
- HR departments in Kosovo are offering more training opportunities than before. The trainings offered in general though are of an entry level and do not compare to market needs or regional trainings.
- Kosovo faces high turnover rate in the retail sector as employees working for this sector view their job as “fleeting” and/or temporary.

- The retail sector is aware of this and is trying to make jobs more appealing through offering end-of-year bonuses, vouchers, and flexible working hours.
- Generation Z is much more likely to resign from a job if they are unsatisfied with the working conditions. They are more likely to quit if they do not have a demanding flexible working schedules, fair treatment, job responsibilities that coincide with written agreements, and frequent employer feedback. Nonetheless, employees rarely voice their concerns and expect employers to be aware and solely responsible of the former's well-being.
- Lack of working contracts, lack of adequate training opportunities, low wages, and inconsistent feedback were identified as reasons of employees behind resigning too.
- Industries of construction and the health sector were identified as the top-emigrating industries in Kosovo.

Recruitment and Selection

- Companies in Kosovo have started to follow a thorough recruitment process, following a standardized procedure from job portal posing to hiring.
- In the retail industry, different from others, employees can turn in their CVs physically and apply to jobs at the site.
- High turnover in the first month can be attributed to lack of onboarding week, leading to employees feeling lost and overwhelmed
- Identified mistakes on the recruiter's part when recruiting for jobs included: general job postings that have not been curated before posting, delays in recruitment process, and creation of stressful interview experiences.
- Identified mistakes on the applicant's part when applying included: careless reading of job description, grammatical mistakes on CVs/cover letters, not understanding the company's mission or its basic operations, and unprofessional physical appearance on the interview day.
- Companies have started offering work contracts at the start of one's job but a few years ago this was not the norm.
- In rural areas, workers still worked without a contract.
- Employers tend to underpay their employees through bank transfers and pay the rest of the wage in cash so as to avoid taxation and mandatory employer's contributions.

Performance Management and Professional Development

- Compared to before, employees have started offering paid professional development opportunities, with many sending employees abroad to stay up-to-date with the job market.
- Identified trainings included soft skills, technical skills, sales, and HR trainings.
- Kosovo's employees on average do not offer clear career paths for employees, resulting to high turnover.
- There are established performance reviews to some degree, either written or verbal. Performance reviews are used to promote individuals. The concept of performance reviews is still nonetheless considered new.

Compensation and Benefits

- Kosovo is not characterized by competitive wages, though this is changing, especially in the IT sector that easily compares with regional wages.
- As compared to before, employees today are less willing to settle for lower pay.

- HR managers believe employees are dissatisfied with their jobs because of low pay, inability to professionally develop, and an unstable job environment without a clear cut career path.
- Rural areas of Kosovo are more likely to offer non-competitive pay as compared to urban counterparts.
- Financial and non-financial compensation were not identified as popular in Kosovo's jobs. The only uniformly identified one included health insurance.
- HR manager of retail industry pointed out employees are offered with end-of-year bonuses, vouchers to be used at any partner stores of the Balfin group, and end-of-year gifts for children of parent employers.
- HR managers agreed that remote work is still not popular in Kosovo, apart from the IT sector which due to the nature of the job offers remote possibilities.

Conclusions HR practice takeaways

The primary objective of the study was to investigate the impact of HR practices on the decision-making process of young people regarding migration and job retention rates in Kosovo, in hopes of understanding reasons behind low labor force participation rate and ultimately boosting the country's economic growth. Surprisingly, despite identifying suboptimal HR practices as a hindrance to prolonged national employment and retention, the study found that the primary reasons for migration were the overall social climate and the availability of better education and healthcare facilities abroad.

Nonetheless, improving HR practices can combat youth migration by making national employment more attractive and rewarding, financially and professionally. The following 2x2 grid presents a set of workplace standards and HR practices that if put into place, would result in contented employees and potentially aid in the fight against high employee turnover rates and migration.

The top-left quadrant of the grid focuses on urgent and easily implementable measures. Firstly, it is important to provide all employees with a written work agreement when they begin their employment. This should also include compliance with legal requirements for benefits such as paid time off and overtime pay. Secondly, employers should ensure that salary payments are made through bank transfers and that pension contributions are paid on time, with proper monitoring and fulfillment of obligations. Lastly, employees have raised concerns that their job duties often exceed what was agreed in their contracts, leading to a drop in morale. Therefore, it is essential to establish clear expectations from the beginning to minimize any confusion or disappointment among employees.

The top-right of the matrix focuses on urgent and hard goals. Firstly, it was found that higher pay would be a significant motivator in reducing employee turnover and migration, as many employees feel their performance is not adequately reflected in their pay. Improving pay levels to reflect performance would therefore boost morale and improve retention. Secondly, offering health benefits is also essential, but it can be difficult to implement due to the need for reallocation of funds within the company. However, providing health insurance is crucial in reducing the risk of employees falling into poverty due to health issues. Thirdly, both employees and employers noted that a lack of professional development opportunities is a key reason for job switching or migration. Providing such opportunities can lead to a well-trained and qualified staff and increase retention. Lastly, creating a positive and stress-free work culture was highlighted as essential for boosting morale and job satisfaction. Companies can contribute to this by setting clear expectations for staff, organizing retreats, happy hour events, and other team-building activities.

Figure 25: HR practices: sense of urgency degree of establishment difficulty

	Easy	Hard
Urgent	<ul style="list-style-type: none"> <input type="checkbox"/> Establish and respect written work contracts including pay, and paid time off as foreseen by law <input type="checkbox"/> Establishing payment via bank transfers <input type="checkbox"/> Paying pension contributions <input type="checkbox"/> Adhering of stated contractual duties with practical ones 	<ul style="list-style-type: none"> <input type="checkbox"/> Offering pay that reflects performance <input type="checkbox"/> Providing health benefits <input type="checkbox"/> Offering of professional development opportunities <input type="checkbox"/> Improving work culture in intra-collegial relationships
Non-urgent	<ul style="list-style-type: none"> <input type="checkbox"/> Establishing of standardized rather than ad-hoc performance reviews <input type="checkbox"/> Prompt notification of recruitment steps to potential candidates <input type="checkbox"/> Establishing onboarding week for new employees <input type="checkbox"/> Improving communication between manager/supervisor and employees 	<ul style="list-style-type: none"> <input type="checkbox"/> Offering of bonuses/dividends/shares <input type="checkbox"/> Establishing of career trajectory for every employee

The bottom-left quadrant of the matrix highlights non-urgent goals that are easily implementable. Firstly, it is important for HR practices to incorporate standardized performance reviews of employees, which could improve employee performance and serve as a feedback channel between management and staff. Secondly, the survey with the youth and discussions in focus groups revealed that candidates are often not informed about the recruiting process by companies. However, candidates would appreciate communication from companies they have applied to, even if it is just to let them know they were not selected for further phases. Thirdly, employees reported that when they start a new job, they usually have to learn everything on their own and figure out how to navigate the company themselves. Therefore, offering an onboarding week would be essential to ensure that employees are familiarized with their job and can connect with their role faster. Lastly, a small percentage of the youth claimed to receive prompt feedback from their employer/manager regarding company news and updates, leaving them feeling disconnected. Therefore, improving communication lines between managers/supervisors and the rest of the staff is crucial to ensuring job satisfaction.

The final bottom-right quadrant, focuses on non-urgent goals that are difficult to implement. These include offering bonuses, dividends, or shares as additional motivation for employees to stay in their current job, and establishing a clear career trajectory for each employee so that they understand what milestones need to be achieved to earn a promotion or pay increase. This approach is likely to increase employee retention, as employees would have a clear understanding of what they need to do to increase their chances of promotion and feel empowered by the fact that promotions and pay increases are tied to their performance.

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