



SKILLS GAP ANALYSIS IN RETAIL INDUSTRY

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Kosovo Retail Association

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Abstract

Purpose – The main purpose of this study is to analyze the main challenges of the Kosovo retail industry in acquiring a skilled workforce and to identify training needs in the retail industry from employers' perspective. A special section of the report aims to generally assess the pre COVID-19 and post COVID-19 pandemic business and labor challenges and the impact of government-imposed measures in the retail industry.

Methodology and approach –The study targeted members of the Kosovo Retail Association and similar companies to conduct semi-structured interviews which allowed for scaled skills assessment, identification of business and labor challenges, as well as qualitative input of the raised issues to provide a more in-depth analysis of the employer perspectives on skills gap in the retail industry. There were 23 computer assisted personal interviews and two web-based interviews conducted. The companies which were interviewed are:

- ▶ A&M CLOTHES - Apparel
- ▶ ALBI FASHION - Apparel
- ▶ ALBI SHOPPING – Supermarket
- ▶ ARJETA GROUP – Supermarket
- ▶ AS MARKET - Supermarket
- ▶ AZTECH – Electronics/Technology
- ▶ BAU MARKET – Department Store
- ▶ DEPPO MARKET - Supermarket
- ▶ DOMINO'S PIZZA - HoReCa
- ▶ EUROPRINTY LTD. – Other (Print design)
- ▶ HERTA CENTER – Home Textile
- ▶ JORA CENTER - Supermarket
- ▶ JUMBO - KIDS ZONE KOSOVA – Other (Retail)
- ▶ JYSK – Other (Retail of paints, furniture, decorations and home textiles)
- ▶ KFC - KAN SH.P.K - HoReCa
- ▶ LC WAIKIKI - Apparel
- ▶ MERIDIAN EXPRESS - Supermarket
- ▶ NEPTUN – Electronics/Technology
- ▶ PRINCE COFFEE SHOP - HoReCa
- ▶ ROYAL MALL – Shopping Mall
- ▶ SHARRI CENTER - Supermarket
- ▶ SPAR - Supermarket
- ▶ SUPER VIVA - Supermarket

- ▶ TREGU DITOR – Home Improvement
- ▶ VIVA FRESH – Supermarket

The results of this research will serve as a basis for designing training courses to increase retail skills and employability of youth in the retail industry in Kosovo.

Findings – The wholesale and retail trade, repair of motor vehicles and motorcycles employ 62,200 individuals, of which 15,600 are women and 46,600 are men. Only the retail industry employs 43,432 people, of which 13,320 are women and 30,112 are men. The key issues regarding skills gap in the retail industry are: lower level of skills by the youth due to their age and educational background; average to good level of skills that need to be possessed by entry level staff and managerial staff in retail businesses; the need for training in different areas, most importantly in communication, sales, and customer relations. Regarding the impact of COVID-19 in retail businesses, there was an increase in business challenges after the pandemic, investment plans were mainly reduced, and the overall impact of COVID-19 in the retail industry was perceived by most as negative.

Research limitations – The research is qualitative in nature although it contains numerical assessment and therefore the results should not be interpreted as representative of the whole retail industry in Kosovo.

Value – Focuses on the skills gap in the retail industry with in-depth perception of employers and in examining the specific training and business needs in the retail industry.

Key Findings

- ▶ The entire wholesale and retail trade, repair of motor vehicles and motorcycles, employs 62,200 people, out of which 70% work in retail trade. Women are employed more than men in the trade industry as a whole compared to their employment in other industries, and more so in retail where 85% of women in trade work in retail and 65% of men in trade work in retail.
- ▶ The interviewed companies have 364 locations/stores/branches altogether.
- ▶ Most interviewed businesses are limited liability companies (84%). About 40% of them are supermarkets.
- ▶ All of the interviewed businesses have hired employees in the last three years and 52% of them experienced problems in finding skilled employees.
- ▶ Almost four out of five businesses who had difficulties finding the right staff, have hired less qualified employees and less than one in six have increased salaries to attract more candidates.
- ▶ All interviewed companies claim to offer written contracts for all employees with different lengths.
- ▶ The most used forms of advertising vacancies are social media (77%) and online job platforms (64%).
- ▶ The skills of the managerial employees are considered excellent at 44% of the companies and good at 48% of the companies and the skills of entry level employees are considered excellent at 20% of the companies.
- ▶ The skills needed to keep the business operating well has increased over time for 72% of the companies. Some main reasons for this are the challenging nature of the jobs, the adjustment with the quick changes in the industry, the perfection of existing sales skills and learning of sales skills in general.
- ▶ The skills assessment grid showed that most of the companies found their entry level and managerial staff to as a minimum have some knowledge of the essential skills in retail.
- ▶ The skills gap was considered higher for youngsters aged 18-30-year-old, especially 18-20-year-old's due to their inexperience and not qualitative education.
- ▶ The three key training areas are communication, sales, and customer relations.

- ▶ COVID-19 has impacted businesses' uncertainty about the future, access to finance and financial management, sales volume, and investment plans.

Introduction

The Enhancing Youth Employment Project of Helvetas Kosovo and Kosovo Retail Association have contracted IDRA Research and Consulting – Kosovo branch to carry out a skills gap analysis in the retail industry in Kosovo with the purpose of assessing a set of skills needed in retail jobs and pinpoint trainings needs. The research will drive training design for youth interested to work in the industry which would potentially help employment and labor productivity creating a win-win situation for the employers and employees.

Companies benefit from identifying skill gaps as it ensures that the workforce is well trained, knowledgeable and better equipped to work. Skill gaps are identified through a skill gap analysis process which serves to define the skills required for certain jobs, skills needed to be developed further, and defines the necessity for skills that current employees do not have.

This report provides an overview of the labor market challenges vis-à-vis general skills gap and analyzes the results from the semi-structured interviews with 25 retail companies to identify industry specific skills gaps.

Overview of Labor Challenges and Skills Gap

Skills gap in the job market refers to the gap between the skills that are necessary for certain occupations in different sectors and industries and the skills that the workforce within those entities possesses. Skills gap is a structural problem in advanced and emerging economies likewise regardless whether the economy is booming or contracting; although it is more prevalent in the latter. Skills gap, either through horizontal mismatch (different field of study; different occupation) or vertical mismatch (more years of education than needed for the job), contributes to higher unemployment and lower labor productivity [1].

Kosovo's employment problems are pervasive. The latest key employment indicators show a worrisome situation. The annual aggregate unemployment level is about 26% whereas about 60% of people in the labor market are not looking for a job. Almost half of the youth (15-24-year old's), who are part of the labor market and looking for a job, are unemployed. Approximately a third of the youth are not in education, employment, or training [2].

Women are less employed than men. Women's current unemployment level is more than 34% and men's unemployment level is about 23%. Upwards of 60% of young women are unemployed compared to about 44% of young men. The situation for young women and men not in education, employment, or training is about the same, with about 34% and 33% of them being part of this category, respectively [2].

The trade industry in Kosovo is the largest employer and contributor to the gross domestic product. Wholesale and retail trade, repair of motor vehicles and motorcycles employ about 17% of Kosovo's employed workforce. Women are employed in higher portions (~ 19%) than men (~ 17%) in this category. Moreover, the trade sector contributes upwards of 862 million euros to the overall Kosovo GDP [2]. Retail is the largest contributor to this sector where 70% of all trade workers are employed in retail companies, 85% of women in trade and 65% of men in trade also work in retail [8].

Skills gap poses a huge economic problem. The overall labor force skills gap is quite difficult to measure; however, if a huge chunk of the employed individuals are not well-matched in their occupations, it can affect industry-level labor productivity. A study using the OECD Survey of Adult Skills administered in over 40 countries, shows that on average about 86% of employees have the right set of skills for their occupations, 4% are under-skilled and 10% are over-skilled [3]. Another study using the same data reveals that sectors who have under-qualified or over-qualified employees display lower levels of labor productivity [4]. Using the same methodology but the World Bank STEP Household and Employer Survey data, the most ubiquitous form of mismatch in developing countries turns out to be over-qualification [4].

Companies in Kosovo report difficulties finding well-matched employees. The latest World Bank STEP Household and Employer Survey in Kosovo shows that companies find it difficult to employ qualified individuals due to lack of experience of job market entrants and the low level of education. Three out of four firms that attempted to fill a higher skill position, and three out of five firms that sought to fill a medium to lower skill position, encountered problems because of applicants' lack of skills and/or experience. From the firm perspective, skill deficits appear to be related more to new labor market entrants and jobless youth, than to experienced workers. This, along with firms' relatively poor ratings of Kosovo's education and training system, suggest that they find it difficult to identify skill levels based on education and training achievements alone [5].

Employers in Kosovo predominantly value meticulousness, independence, and being able to control work related stress. For lower-skilled jobs, teamwork is key. Indeed, employers are looking for workers who are well-organized, perform tasks unsupervised with confidence, and are able to solve unexpected problems as they occur in the work process. Moreover, for lower-skilled positions, employers in retail and services value people who are able to work well with their colleagues, clients, and suppliers [5].

Manufacturing and service industries face higher skills gap than retail industry in Kosovo. According to a study done on these three industries, a lack of general or job-related skills is a major problem in all three. Professional skills were the most in demand and the most difficult to find in the manufacturing industry as opposed to the two others. Nonetheless, about 66% of the service companies, 56% of the trade companies, and 53% of the manufacturing companies are either partially or fully satisfied with entry-level positions. Whereas, about 72% of trade companies, 71% of manufacturing companies, and 57% of service companies are partially or fully satisfied with managerial positions [6].

Kosovo government sets out employment strategies that thus far have not come to fruition.

As a part of the European Reform Agenda, the Ministry of Labor and Social Welfare (MLSW) has launched two strategic documents, the Sector Strategy 2018-2022 and the Action Plan for Youth Employment, which focus principally at raising the well-being and employment of young people in Kosovo. The focus is on employment through entrepreneurship and wage subsidies; employment of a member of each family with current zero family members employed; provision of vocational training in par with private market demands; ameliorating work conditions and combating informal employment; strengthening cooperation with social partners and promotion of social dialogue; empowering non-governmental organizations by licensing them and ensuring some funds for project related to family and social services; development of a formula that will calculate the amount of funds to be distributed for social services at the municipal level; re-examining disability schemes; reforming pension system in Kosovo; and managing the post-war category (veterans) through legislation [7].

Indeed, Kosovo faces high unemployment levels and skills gaps in different industries. While the government prepares different strategies, it does not suffice to tackle industry specific needs that would potentially increase employment, specifically that of youth, and increase labor productivity. Being the largest employer in Kosovo, the retail industry therefore needs special attention.

Consequently, the remaining portion of the report provides an in-depth of analysis of skills gap and needs in the retail industry.

Results

The following portion of the report presents the research findings gathered through the semi-structured interviews with 25 retail businesses in Kosovo divided in five modules: business profile, work conditions and vacancies, employee skills assessment, employee training and training needs, and COVID-19 impact on retail companies.

Business Profile

The first module of the survey inspected business demographics. Almost all headquarters of retail businesses (24) interviewed for this study are located in the region of Prishtina and only one in the region of Ferizaj. Of those in Prishtina region, five are located in Fushë Kosova, four in Drenas, four in Graçanica, and eleven in the capital. Whereas, the one in the region of Ferizaj is located in Shtime. The 25 interviewed retail companies have 364 branches and/or stores altogether.

Out of all 25 retail businesses interviewed, 84% of them are limited liability enterprises and 12% are sole proprietorships. Around 36% of the retail companies have been in business for more than ten years, 24% of them for more than five years, 16% for more than 20 years, about 8% each have been in business for 2-3 and 3-5 years, and 4% each have been in business for less than a year and 1-2 years.

Figure 1. Business legal status

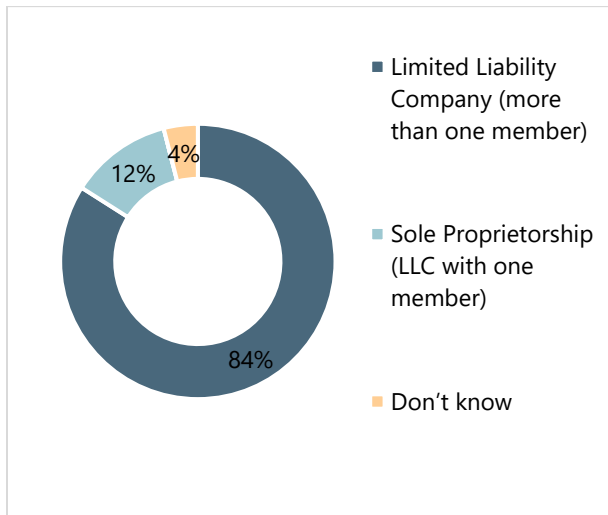
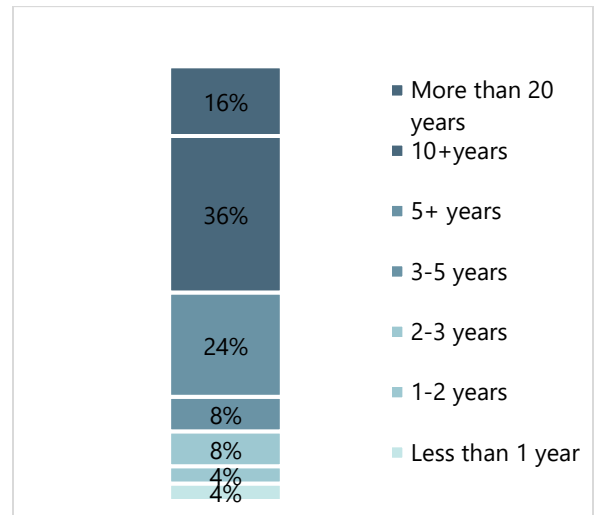


Figure 2. Business tenure



Ten of the interviewed businesses are supermarkets, three of them are apparel stores and three of them are in hospitality (HoReCa). Two of the businesses are in electronics/technology sales, and there is one home textile retailer, one home improvement retailer, one shopping mall, and one department store. Three of the interviewed businesses did not classify themselves in none of the aforementioned categories, but declared they simply are a retail business, a print design retail business, and home improvement and textile retail business.

Figure 3. Business Ownership

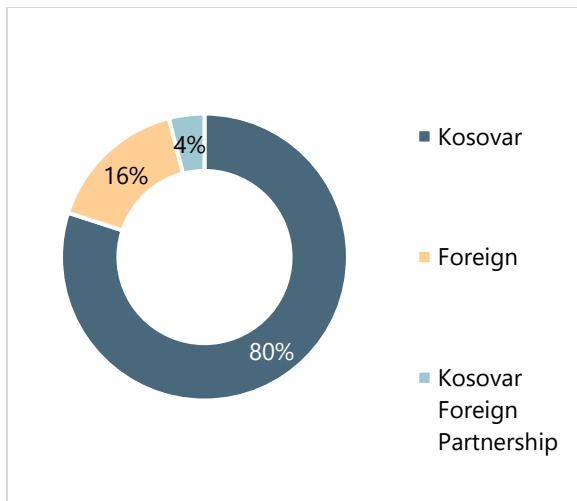
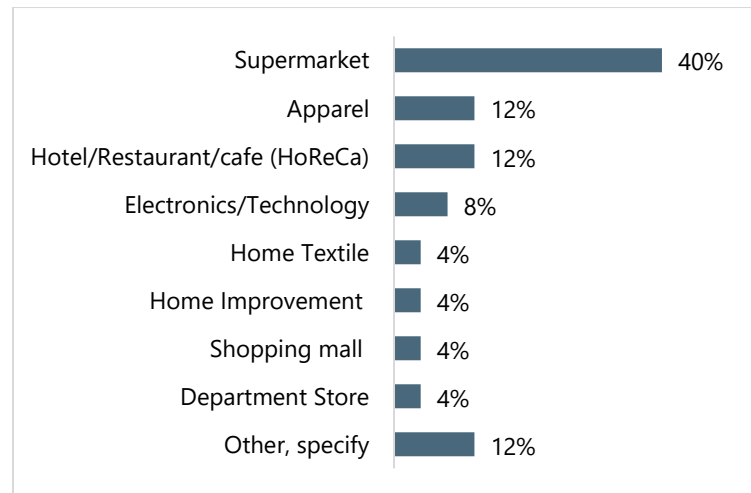


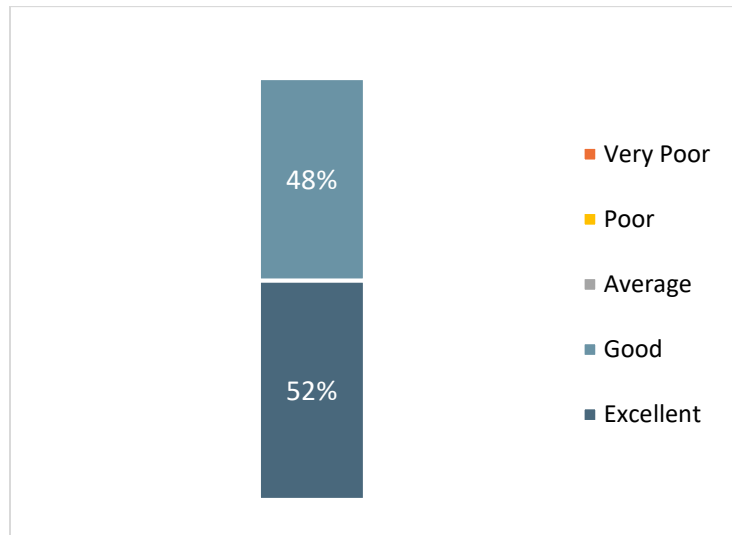
Figure 4. Primary business activity



Work Conditions and Vacancies

The second module of the survey explored the work conditions in these retail companies and their level of vacancies in the past three years. All business representatives are of the opinion that the work conditions within their company are either good (48%) or excellent (52%).

Figure 5. Level of work conditions in the company



All companies claimed to offer written contracts for all employees. Regarding the length of contracts, companies offer a variety of them. About 64% of them offer year-long employment contracts, 44% each offer 3 months and 6 months employment contracts, and 8% each offer three-year contracts and indefinite ones.

The most used venue for advertising vacancies for all interviewed retailers are social networks (76%), followed by online job platforms (64%). Next to these two channels, a portion also use friends or 'word of mouth' (28%) to let people know of a new job positions and some also used employment agencies (28%). Only a fifth of the companies use newspapers, less than an eighth of them use job fairs, and a mere 4% use college and university contacts.

Figure 6. Length of employee contracts

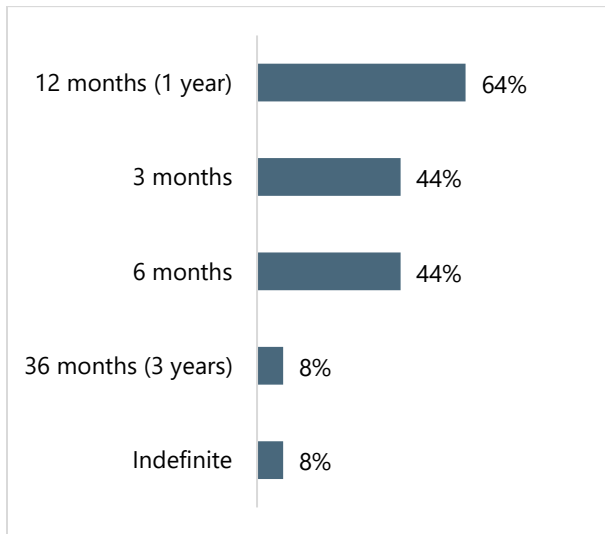
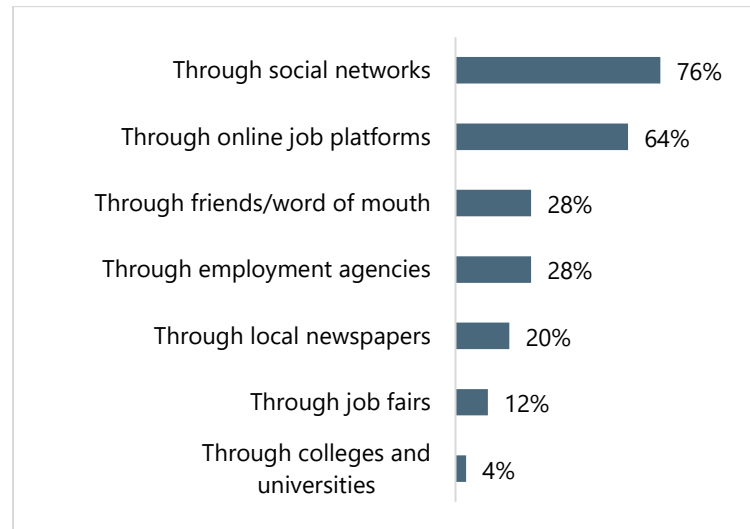


Figure 7. Job advertisement



All interviewed apparel companies use online job platforms (3), two of them also use social networks and employment agencies, and one uses word of mouth as well to advertise their vacancies. Both electronic/technology companies use online job platforms and each of them either use social networks or employment agencies additionally to publish their job openings. The home textile company only uses word of mouth and the home improvement company uses online job platforms and social networks for their vacancy announcements. Whereas two of the HoReCa companies use online job platforms and social networks and each of them uses either local newspapers or colleges/universities for their vacancies. The majority of the supermarkets (8) use social networks, four each use either online job platforms or local newspapers, and three each use either word of mouth or employment agencies, and only two use job fairs to advertise their jobs. The shopping mall interviewed uses online job platforms and social networks for job advertisement. The department store uses word of mouth, online job platforms, social networks, and employment agencies for their vacancies. Ultimately, all three companies which classified themselves otherwise use social networks, two of them use online job platforms, and only one of them uses word of mouth for their job openings.

Table 1. Job Advertisement by business activity

		Primary business activity										
		Apparel	Electronics/ Technology	Home Textile	Home Improvement	HoReCa	Supermarket	Shopping mall	Cosmetics	Stationery	Department Store	Other
Job advertisement	Through friends/word of mouth	1	-	1	-	-	3	-	-	-	1	1
	Through online job platforms	3	2	-	1	2	4	1	-	-	1	2
	Through local newspapers	-	-	-	-	1	4	-	-	-	-	-
	Through social networks	2	1	-	1	2	8	1	-	-	1	3
	Through colleges and universities	-	-	-	-	1	-	-	-	-	-	-
	Through job fairs	-	-	-	-	-	2	-	-	-	1	-
	Through employment agencies	2	1	-	-	-	3	-	-	-	1	-
	Not applicable	-	-	-	-	-	-	-	-	-	-	-
	I don't know	-	-	-	-	-	-	-	-	-	-	-

All of the businesses have hired staff in the past three years. Yet, 52% of the companies have had difficulties in finding qualified staff, whereas 48% have declared to not have had such a problem. The following course of action due to difficulties finding competent staff was hiring less qualified employees (77%), 'outsourcing' the work or purchase services from another company (23%) and assigning additional duties to the existing staff (23%). A smaller number of companies (15%) have raised salaries to attract more applicants.

Figure 8. Difficulties finding qualified employees in the past three years

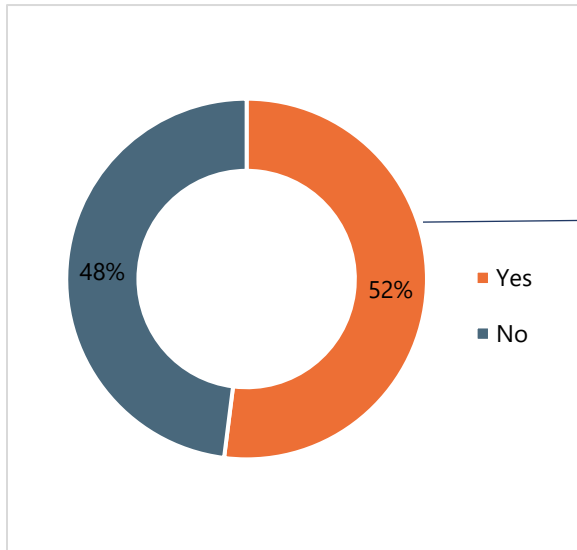
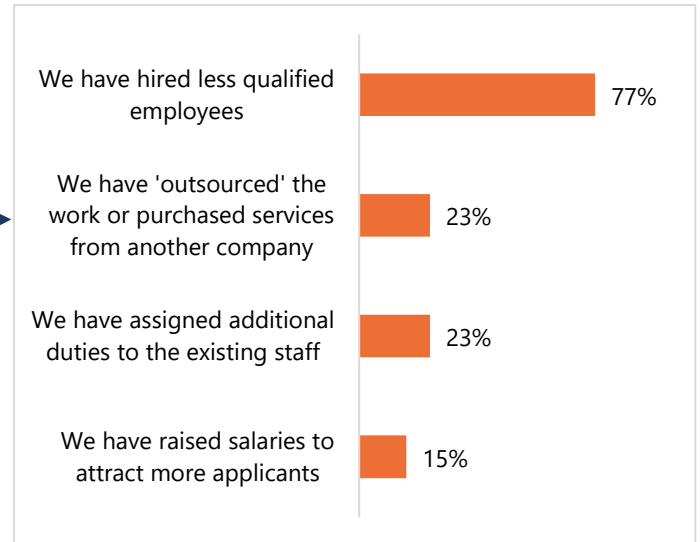


Figure 9. Following course of action due to difficulties of finding qualified employees



General Employee Skills in Retail

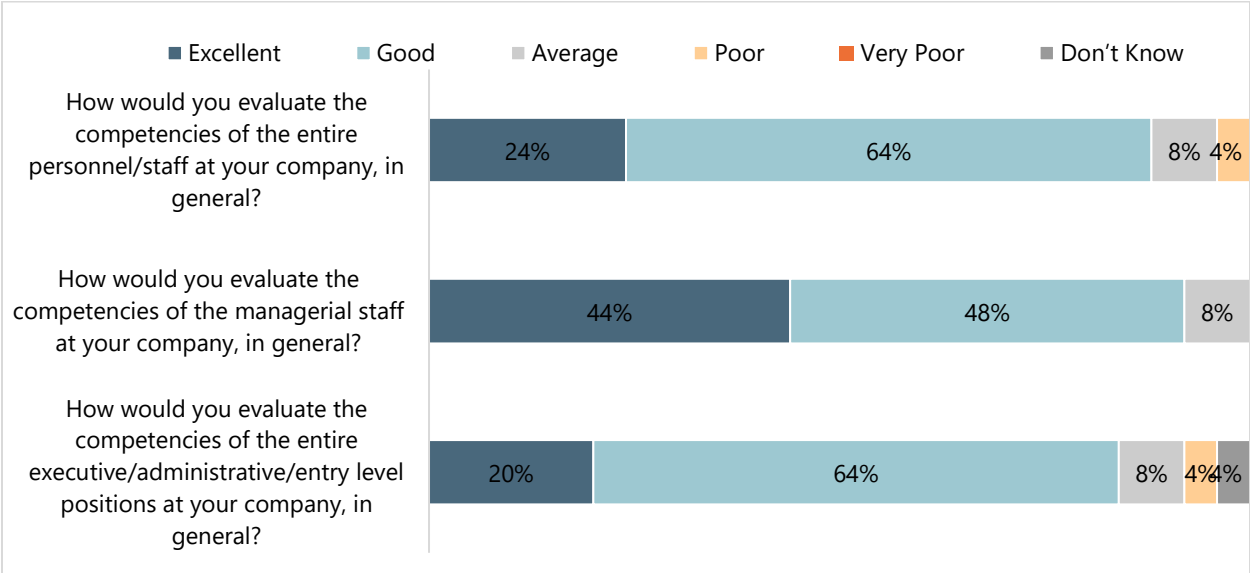
Before exploring skills assessment by position or task, the third module of the survey sought to evaluate the level of skills that are necessary in all retail jobs to provide a snapshot of a potential gap.

Considering the past three years of operation (or less for newer companies), about 64% of the companies believe that their entire staff's competencies are at a good level. The competencies of the managerial personnel are considered excellent at 44% of the companies and good at 48% of the companies whereas as average at only 8% of the companies. The competencies of entry level or administrative personnel are considered good at 64% of the companies, excellent at 20% of the companies, average at 8% of the companies, and poor at 4% of the companies.

Some of the interviewed elaborated further regarding their response on managerial and entry level positions. Most elaborations on managerial positions were positive as companies believed that their staff is competent and keeps up with company policies and expectations. Some companies hold the idea that the lower the position, the lesser the competencies. In this respect, some companies claimed to not require a lot of experience for entry level positions and therefore job adaptation is expected. However, some companies argue that they try to get well-trained staff

from the get go. Another argument was that there is always room for improvement regardless of the seniority of the position by attending international fairs, attending international training, and so on. Some of these variances in skills evaluation seems to be based on the companies' own policies in hiring, among others.

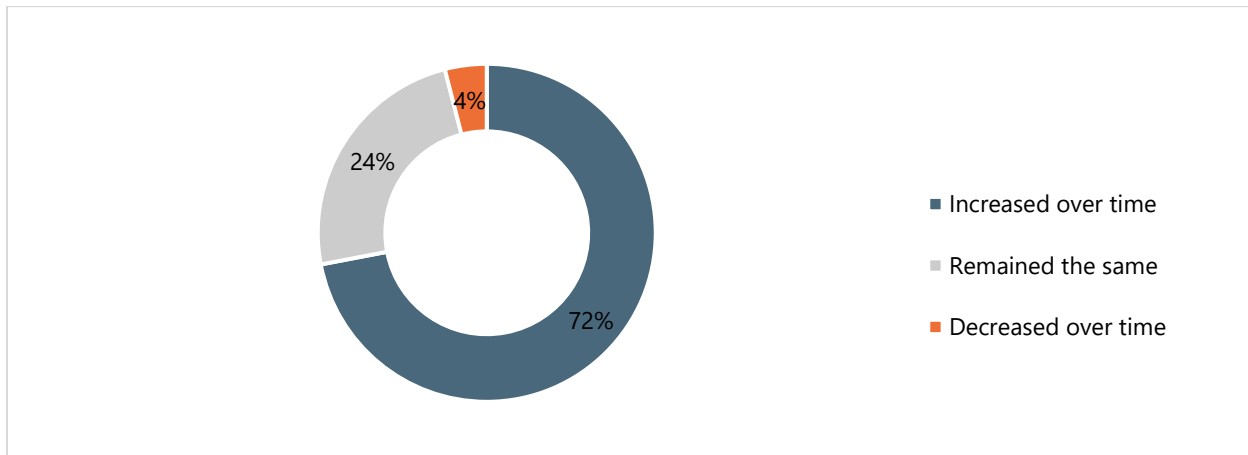
Figure 10. Competence level of general, managerial, and entry level personnel



The overall skills needed to keep the business running effectively over the past three years has increased over time for 72% of the companies, has remained the same for 24% of them, and decreased for 4% of them.

Some key reasons for an increase in skills needed for the companies to continue operating smoothly are the demanding nature of the jobs, the adaption with the rapid changes in the business itself or the industry, the perfection of existing sales skills and learning of sales skills in general.

Figure 11. The change in need for skills employees to ensure an effective operation of the company



When asked whether there is a gap between the skills that their current employees have and those need for business objectives, 40% of the companies concurred. Choosing up to three skills that are lacking in existing employees in each company, general communication skills (36%), problem solving skills (32%), and management skills (28%) topped the list, followed by customer handling skills (24%) and team working skills (24%).

Figure 12. Gap between the skills that employees have and those needed for business objectives

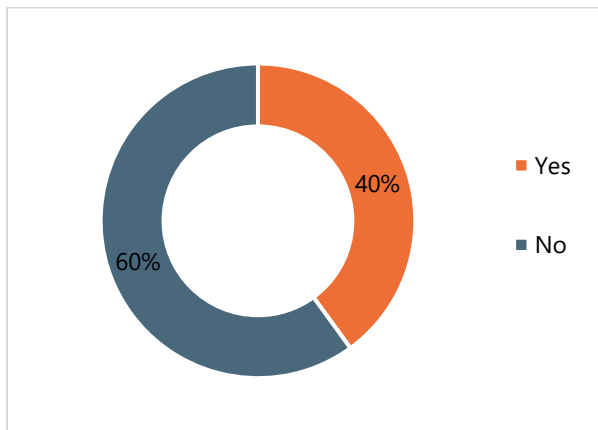
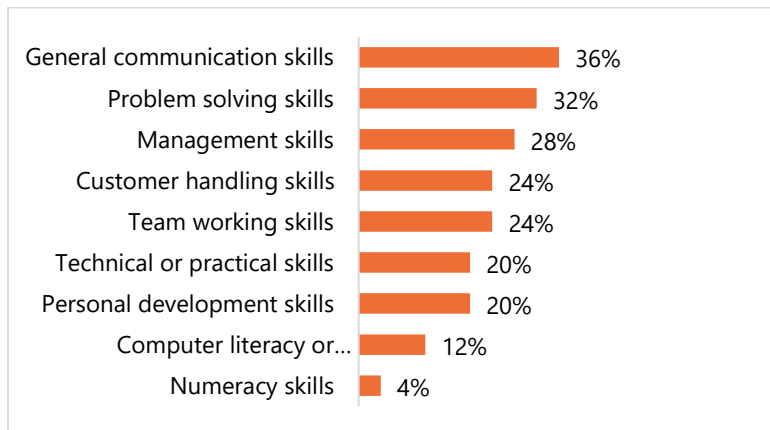


Figure 13. Skills generally lacking in existing employees

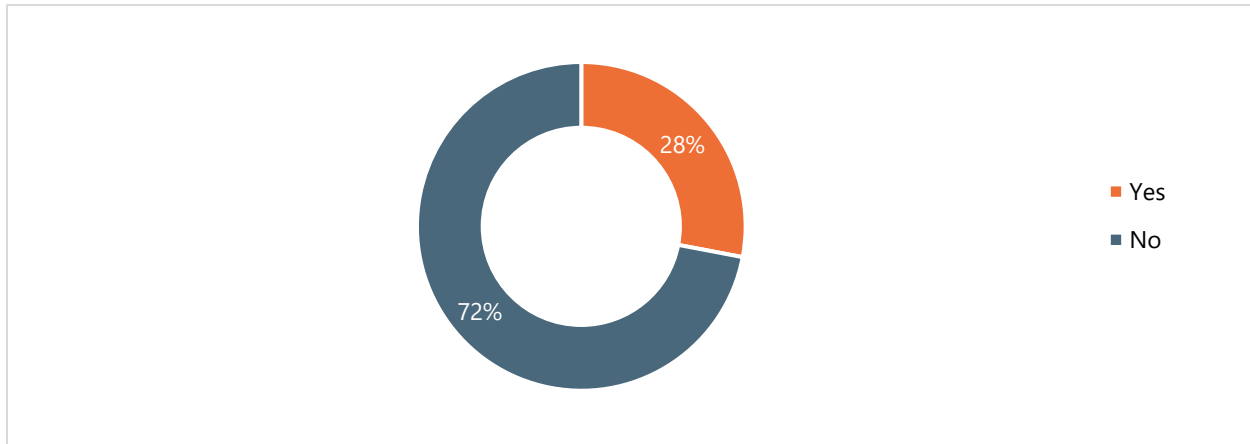


Twenty eight percent of the interviewed companies claimed there is a significant gap between the type of skills 18 to 30-year-old employees have now and those that they need to meet their current business objectives.

Indeed, some claim that there is a huge gap between what the workers of this age group offer and what is expected for the positions they apply which companies try to compensate with training. Some believe that the most problematic employees in terms of skills are 18-20-year old's due to their young age and sense of entitlement without trying to create a work habit which would enable them develop the necessary skills.

Another issue brought up was the lack of productivity in terms of executing the entire sales process. Employees in this age category are deemed to not be well equipped in handling a variety of situations and behaving accordingly when needed to present a product and sell a product. Besides, some think the young employees do not know how to properly approach customers approach and that they lack technical skills. For some, the younger the worker the need for training and retraining is higher as they have less experience.

Figure 14. Is there a gap between the skills that your 18-30-year-old employees have and those needed for your business objectives?



When asked in which occupations they feel the skills gap is greatest, companies had different opinions. A few of the interviewed mentioned that managerial positions have the highest skills gap or at least considered that these are the positions that need frequent training and upskilling due to their level of seniority. IT management was considered an exception as being skilled enough in one instance. However, in terms of other positions in retail, the highest skills gap in stores seems to be for cashiers, sales associates, and storage officers. For apparel retailers, fashion acumen is lacking as well. A number of company representatives also mentioned that the highest skills gap is of employees with high school and private college education.

Employee Skills Assessment

The fourth module of the survey provided an inventory of different skills that are considered to be important in the retail industry. The interviewed company representatives have therefore valued the degree of knowledge/skill in each of the skills mentioned using a scale of 1-5 or not applicable for both entry level positions and managerial positions.

Entry Level Positions

Given the companies had different primary activities albeit all were under the retail industry category, the survey grouped entry level positions that are bound to be found in most retail companies, and those are the following:

- ▶ Sales Associate
- ▶ Customer Care Associate
- ▶ Sales Assistant

- ▶ Warehouse Manager/Officer
- ▶ Inventory Manager/Officer
- ▶ Office Assistant
- ▶ Accountant/Accounting Assistant
- ▶ Secretarial Assistants
- ▶ Store Information Officers
- ▶ Logistics Officer
- ▶ Cashiers

The assessment by the interviewed therefore is a general evaluation of entry level employee competencies in their companies.

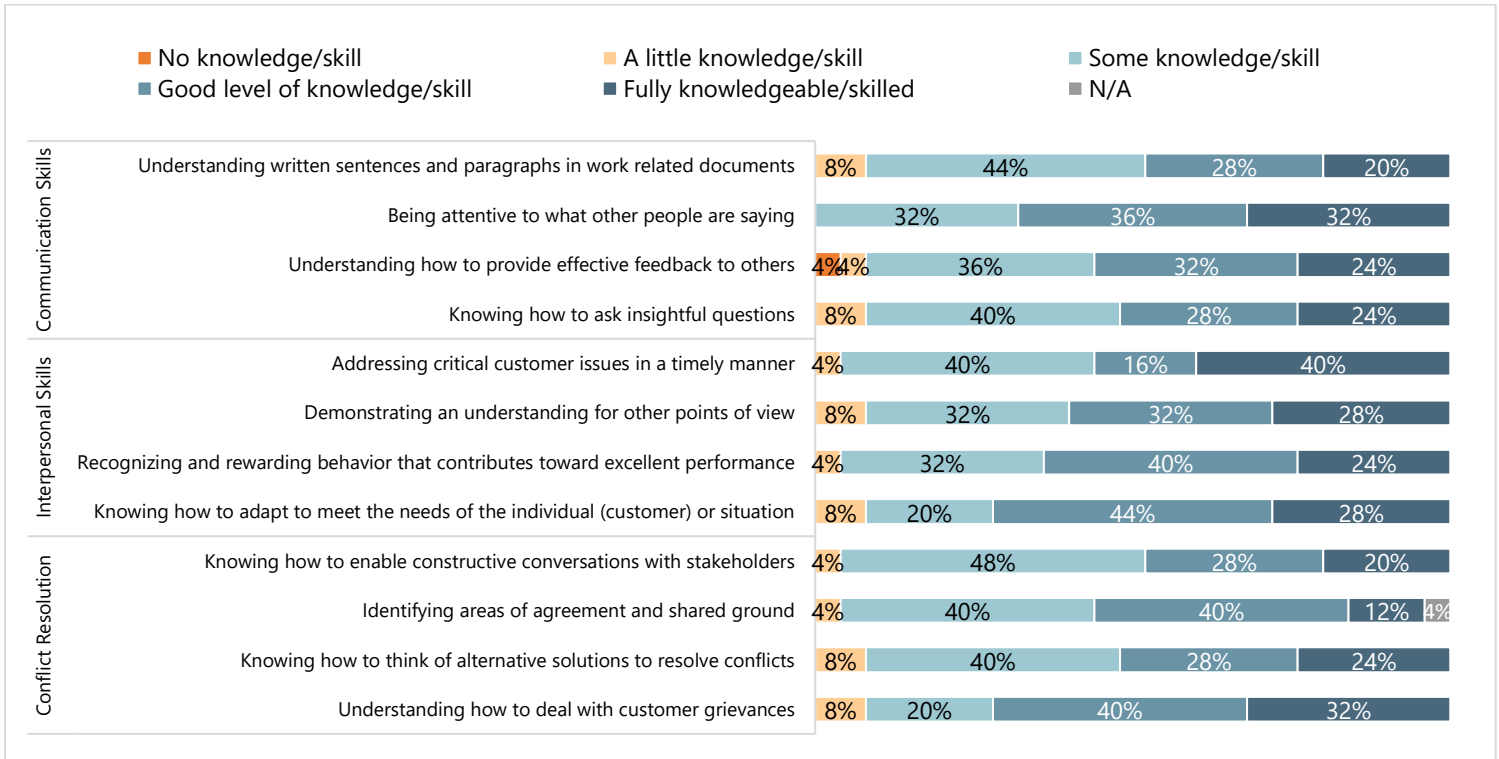
When evaluating **communication skills**, 44% of the companies believe their entry level staff have some skill in **understanding written sentences and paragraphs** in work related documents, whereas 28% think they have good knowledge and 20% think they are fully knowledgeable in it. About 8% think they have only little knowledge in this element. Concerning **attentiveness towards what other people are saying** the interviewed are all of the opinion that the entry level staff is knowledgeable but a about a third thinks they have some knowledge, a bit more than a third think they have good knowledge, and 20% think they are fully knowledgeable. Moreover, the situation is similar in terms of the staff **understanding how to provide effective feedback to others**, however 4% each of companies think their staff are not skilled or have little skills in this regard. **Knowing how to ask insightful questions** it is at an average level skill for two out of five companies (50%), and for a bit more than fifth and a fifth of the companies the skills level for this element is good or excellent (28% and 24%, respectively); and for 8% of the companies, the entry level staff have little knowledge.

Assessing entry level's staff **interpersonal skills**, 40% each think their staff has full knowledge and some knowledge in **addressing critical customer issues in a timely manner**; 16% think they have good knowledge and 4% think they have little knowledge to do that. **Understanding other's points of view** is viewed as average (32%), good (32%), and excellent (28%) by almost a third of all the companies and as low by 8% of the companies. Forty percent of the companies think their staff have good skills in **recognizing and rewarding behavior that leads to excellent performance** while 32% of the companies think their staff have some skills and 24% think their staff is fully skilled in this respect. Four percent think their staff have little knowledge on it. Forty four percent assess their staff to have good skills, 28% think they are fully skilled, 20% think they are somewhat skilled, and 8% think they have little knowledge in **adapting to meet the needs of a customer or a situation**.

Appraising **conflict resolution skills** of the entry level staff, 48% of the companies value their entrant employees as having some knowledge, 28% as having good knowledge, 20% as having full knowledge, and 4% as having little knowledge on **enabling constructive conversations with stakeholders**. With respect to **identifying areas of agreement and shared ground**, 40% of the companies think their employees have some and good knowledge to do that, 12% believe their employees have full knowledge to do that, and for 4% of the companies knowing to do that is not applicable to their staff. The staff of 44% of the companies have **good knowledge on thinking of alternative solutions to resolve conflicts**, the staff of 28% of the companies and

that of 20% of the companies are fully knowledgeable and somewhat knowledgeable, respectively. While the staff of 8% of the companies have little knowledge to that. The entry level employees of 40% of the companies have a good level of skills **understanding how to deal with customer grievances**, while of 32% of them are fully knowledgeable, of 20% of them have some knowledge, and of 8% of them have little knowledge.

Figure 15. Skills assessment of entry level employees 1/4



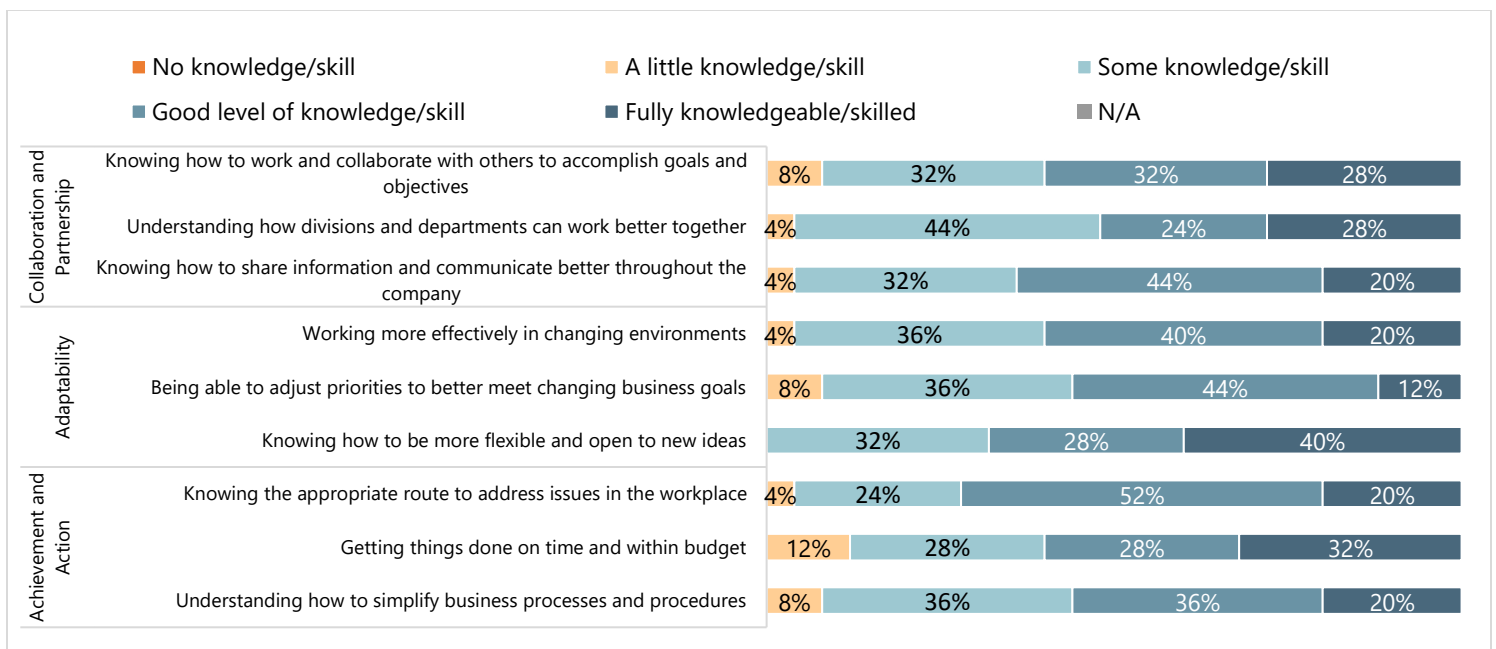
Rating the **collaboration and partnership skills**, 32% of the companies value their entry level employees as having some and good knowledge, 28% full knowledge, and 8% little knowledge on **how to work and collaborate with others to accomplish goals and objectives**. At 44% of the companies, the staff has some skills to **understand how divisions and departments can work better together**, while at 28% of the companies the staff has full knowledge, at 24% of the companies, the staff has good knowledge, and at 4% the staff has little knowledge of the same. Concerning **knowing how to share information and communicate better throughout the company**, 44% of the interviewed are of the opinion that the entry level staff has good knowledge, 32% some knowledge, 20% full knowledge, and 4% little knowledge.

Evaluating **adaptability skills**, 40% of the companies assess that their staff has good knowledge on **working effectively in changing environments**, at 36% of the companies, 20% of the companies, and 8% of the companies, the staff has some knowledge, full knowledge, and little knowledge, respectively. Employees that are **able to adjust priorities to better meet changing business goals** have a good level of knowledge to do that at 44% of the companies, an average level at 36% of them, a full level at 12% of them and small level at 8% of the companies. While

the staff that knows **how to be more flexible and open to new ideas** are assessed as fully skilled, somewhat skilled, and well skilled, at 40%, 32%, and 28% of companies, respectively.

Considering **achievement and action skills** of the entry level employees, 52% of the companies value their entrant employees as having good knowledge, 24% as having some knowledge, 20% as having full knowledge, and 4% as having little knowledge on **knowing the appropriate route to address issues in the workplace**. For **getting things done on time and within budget**, the staff of 32% of the companies have full knowledge, at 28% of them each have good knowledge and some knowledge, and at 12% of them have little knowledge. The entry level employees at 36% of the companies each have good and some knowledge, at 20% of them full knowledge, and at 8% little knowledge **understanding how to simplify business processes and procedures**.

Figure 16. Skills assessment of entry level employees 2/4



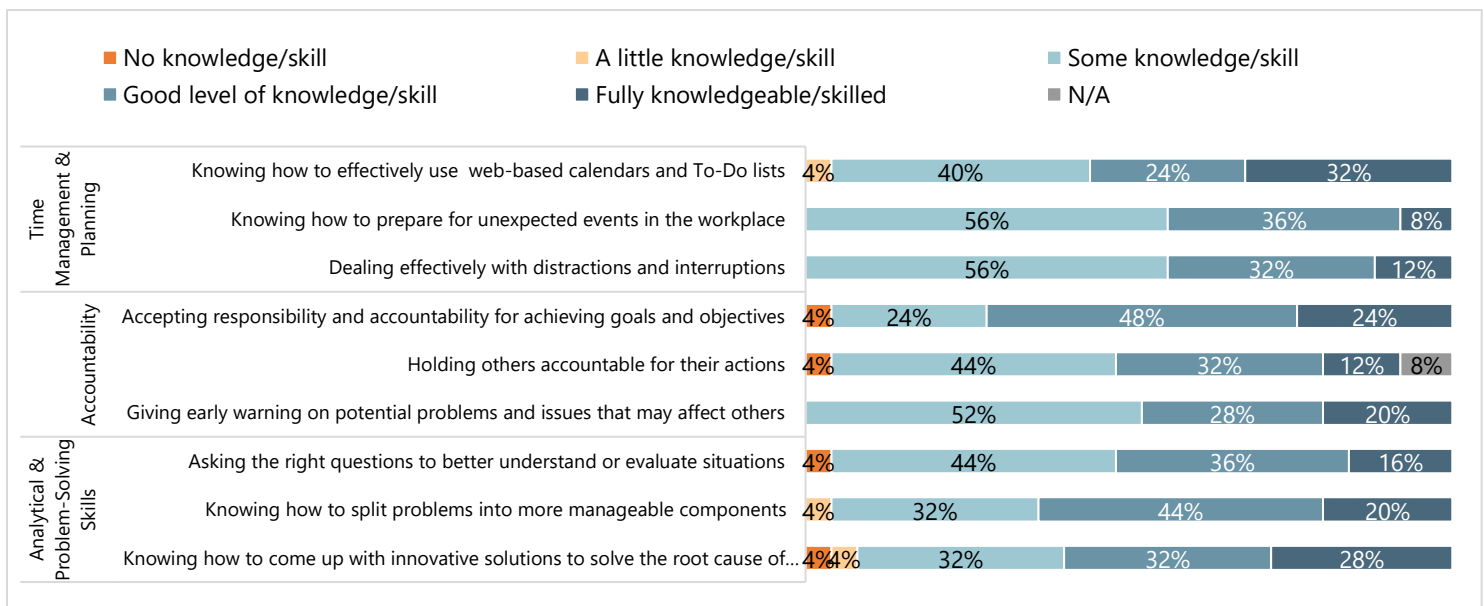
Regarding **time management and planning skills**, the staff of 40% of the companies have some knowledge, of 32% have full knowledge, of 24% have good knowledge, and of 4% little knowledge to **effectively use web-based calendars and To-Do lists**. While 56% of the companies, 36% of them, and 8% of them value their staff to have some knowledge, good knowledge, and full knowledge respectively, in **preparing for unexpected events in the workplace**. Similarly, the staff at 56% of the companies have some skills, at 32% of them have good skills, and at 12% are fully skilled to **deal effectively with distractions and interruptions**.

In terms of **accountability**, 48% of the companies believe their entry level employees have good skills to **accept responsibility and accountability for achieving goals and objectives**, and 24% each think they either have excellent skills or some skills, while 4% think they have no skills. Regarding **holding others accountable for their actions**, 44% of the companies, 32% of the companies, and 4% of the companies assess that their staff has some knowledge, good knowledge, full knowledge, and no knowledge correspondingly. The staff at eight percent of the

companies do not have that responsibility. Staff at 52% of the companies are somewhat skilled to **give early warning on potential problems and issues that may affect others**, at 28% of them are well skilled and at 20% of them are fully skilled.

Assessing entry level's staff **analytical and problem-solving skills**, 40% of the companies think their staff has some knowledge in **asking the right questions to better understand or evaluate situations**; 36% think they have good knowledge, 16% think they have full knowledge and 4% think they have no knowledge to do that. **Knowing how to split problems into more manageable components** is viewed as being at a good level of skills at 44% of the companies, as some level of skills at 32% of them, at a full level of skills at 20% of them, and at a small level of skill at 4% of the companies. Thirty-two percent of the companies think their staff have good skills and the same amount think their staff has some skills in **coming up with innovative solutions to solve the root cause of problems** while 28% of the companies think their staff have full skills in this respect. While for 4% each of the companies, their staff has little or no knowledge to do that.

Figure 17. Skills assessment of entry level employees 3/4



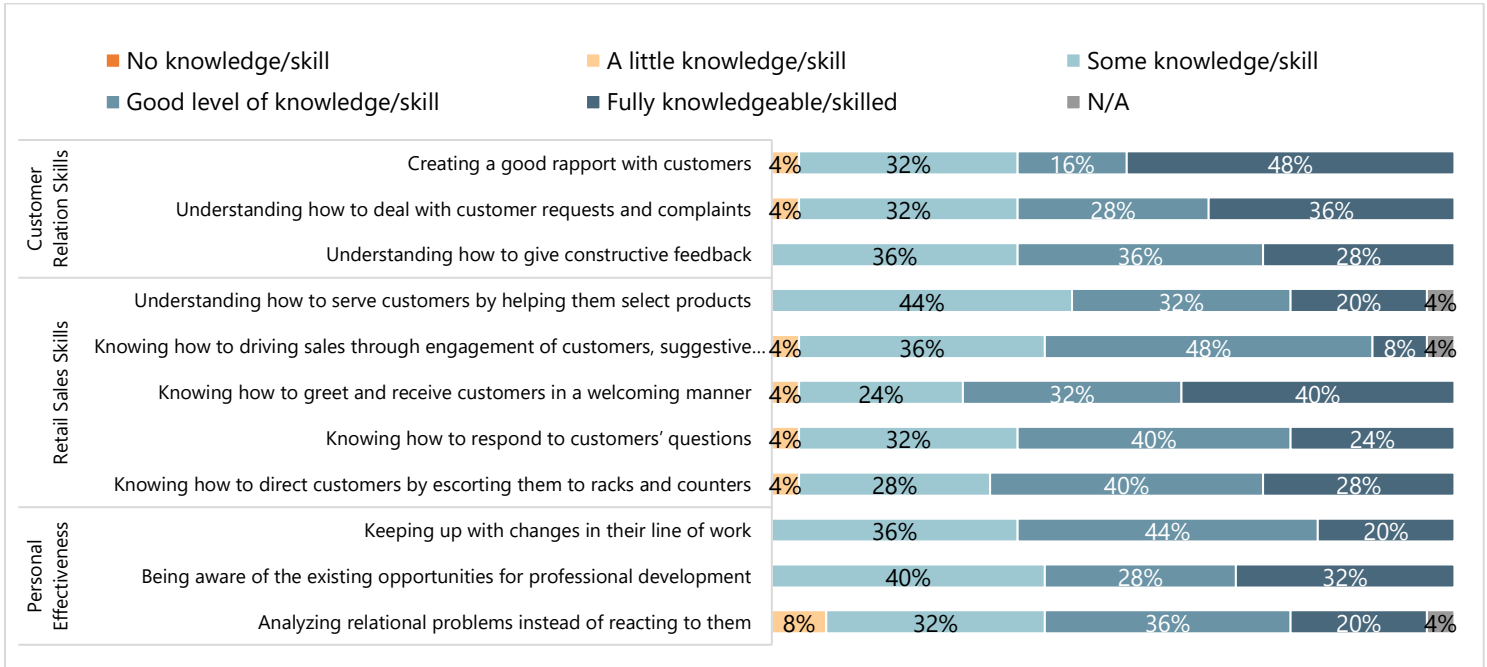
Assessing **customer relations skills**, staff at 48% of the companies are fully skilled in **creating a good rapport with customers**, at 32% of them are somewhat skilled, at 16% are well skilled, and at 4% are slightly skilled. The skills level of **understanding how to deal with customer requests and complaints** is valued as excellent at 36% of the companies, as good at 28% of the companies, as average at 32% of companies, and as low at 4% of the companies. Whereas, the skill level of **understanding how to give constructive feedback** was valued as excellent at 28% of the companies, as good and average at 36% of them each.

Rating **retail sales skills**, 44% of the companies value their entry level staff as having some knowledge in **understanding how to serve customers by helping them select products**, 32% of them as having good knowledge, 20% of them as having excellent knowledge, and at 4% such a skill is not applicable for this level. The skill level of **driving sales through engagement of**

customers, suggestive selling, and sharing product knowledge is seen as good at 48% of the companies, as average at 36% of the companies, as excellent at 8% of the companies, and as low at 4% of the companies. **Greeting and receiving customers in a welcoming manner** is valued as excellent, good, average, and low at 40%, 32%, 24%, and 4% of the companies correspondingly. At 40% of the companies staff **know how to respond to customers' questions** well, at 24% are excellent and at 32% of them are average at doing that. While the staff at 4% of the companies are slightly skills in this component. While, **knowing how to direct customers by escorting them to racks and counters** is valued at a good skill level at 40% of the companies, at either excellent or average at 28% each of the companies, and at a low skill level at 4% companies.

Assessing **personal effectiveness skills**, 44% of the companies are of the opinion that their entry level staff has good knowledge in **keeping up with changes in their line of work**, while 36% of the companies think they have some knowledge, and only 20% think they have full knowledge in such a performance. Regarding **awareness of the existing opportunities for professional development**, 40% of the companies think the employees have some skills, 32% think they have full skills, and 28% of them think they have good skills in being aware of it. While the employees at 36% of the companies have good knowledge, at 32% of them have some knowledge, at 20% of them have full knowledge, at 8% of them have little knowledge in **analyzing relational problems instead of reacting to them**.

Figure 18. Skills assessment of entry level employees 4/4



Managerial Positions

The survey also grouped managerial positions which commonly exist in retail companies, and those are the following:

- ▶ Branch Director/Manager
- ▶ Regional Business Manager
- ▶ Area Sales Manager
- ▶ HR Manager
- ▶ Store Manager
- ▶ General Manager
- ▶ Associate Manager/Deputy Manager
- ▶ Warehouse Manager
- ▶ Inventory Manager
- ▶ Quality Manager
- ▶ Finance Manager
- ▶ Accounting Manager
- ▶ Head of Logistics

The assessment by the interviewed therefore is a general valuation of managerial employees' competencies in their companies.

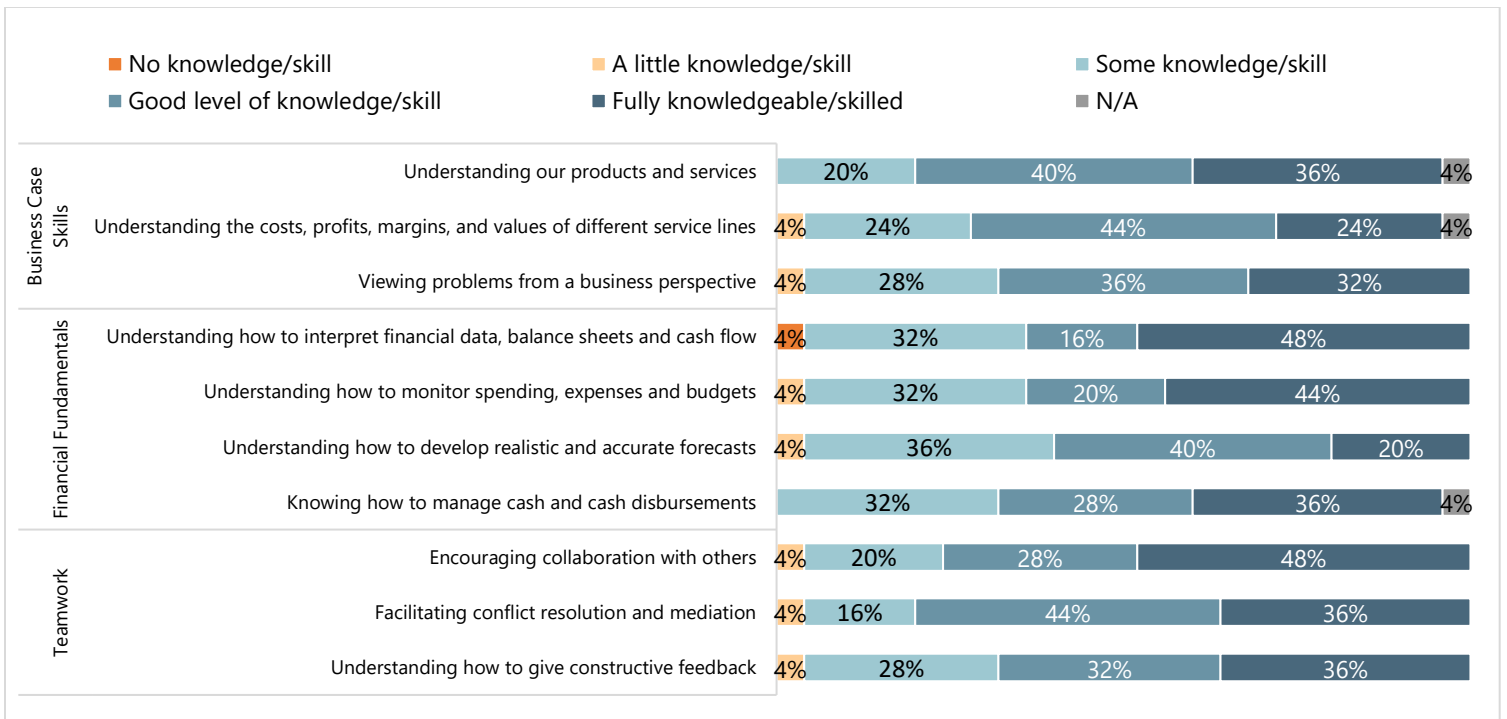
As in the entry level positions, companies are torn at the level of knowledge their managerial positions have for different skills needed to perform their jobs. The biggest portion of the companies' rate elements of the **business case skills** at a good level, followed by excellent level, and then average level. The skill level of **understanding the company's products and services** is valued as good by 40% of the companies, as excellent by 36% of the companies, and as average by 20% of the companies. While, **understanding the costs, profits, margins, and values of different service lines**, is valued as good by 44% of the companies, as excellent and average by 24% of the companies each. And, lastly, 36% of the companies think their managerial staff are well skilled at **viewing problems from a business perspective**, 32% of them think their managers are fully skilled, 28% of them think their staff is somewhat skilled, and 4% think they are slightly skilled.

Regarding **financial fundamentals**, the managers at 48% of the companies are fully skilled in **interpreting financial data, balance sheets and cash flow**, while at 32% are somewhat skilled, at 16% are well skilled, and at 4% are not skilled at all. Not skewing much from this evaluation, **monitoring spending, expenses and budgets** is valued as excellent at 44% of the companies, as average at 32% of them, as good at 20% of them, and as low at 4% of them. While only at 22% of the companies are their managers fully skilled to **develop realistic and accurate forecasts**, while at 40% of them they are well skilled, at 36% they are somewhat skilled, and at 4% they are slightly skilled. **Knowing how to manage cash and cash disbursements** is valued at an excellent

skill level at 36% of the companies, average level at 32% of the companies, and at a good level at 28% of the companies.

Rating **teamwork skills** of managerial staff, the skill level of **encouraging collaboration with others is assessed as excellent** at 48% of the companies, as good at 28% of them, as average at 20% of them, and as low at 4% of them. Managerial positions have **good knowledge to facilitate conflict resolution and mediation** at 44% of the companies, full knowledge at 36% of them, some knowledge at 16%, and little knowledge at 4% of them. Managers are fully skilled at giving constructive feedback at 36% of companies, well skilled at 32% of the companies, somewhat skilled at 28% of the companies, and slightly skilled at 4% of the companies.

Figure 19. Skills assessment of managerial employees 1/3



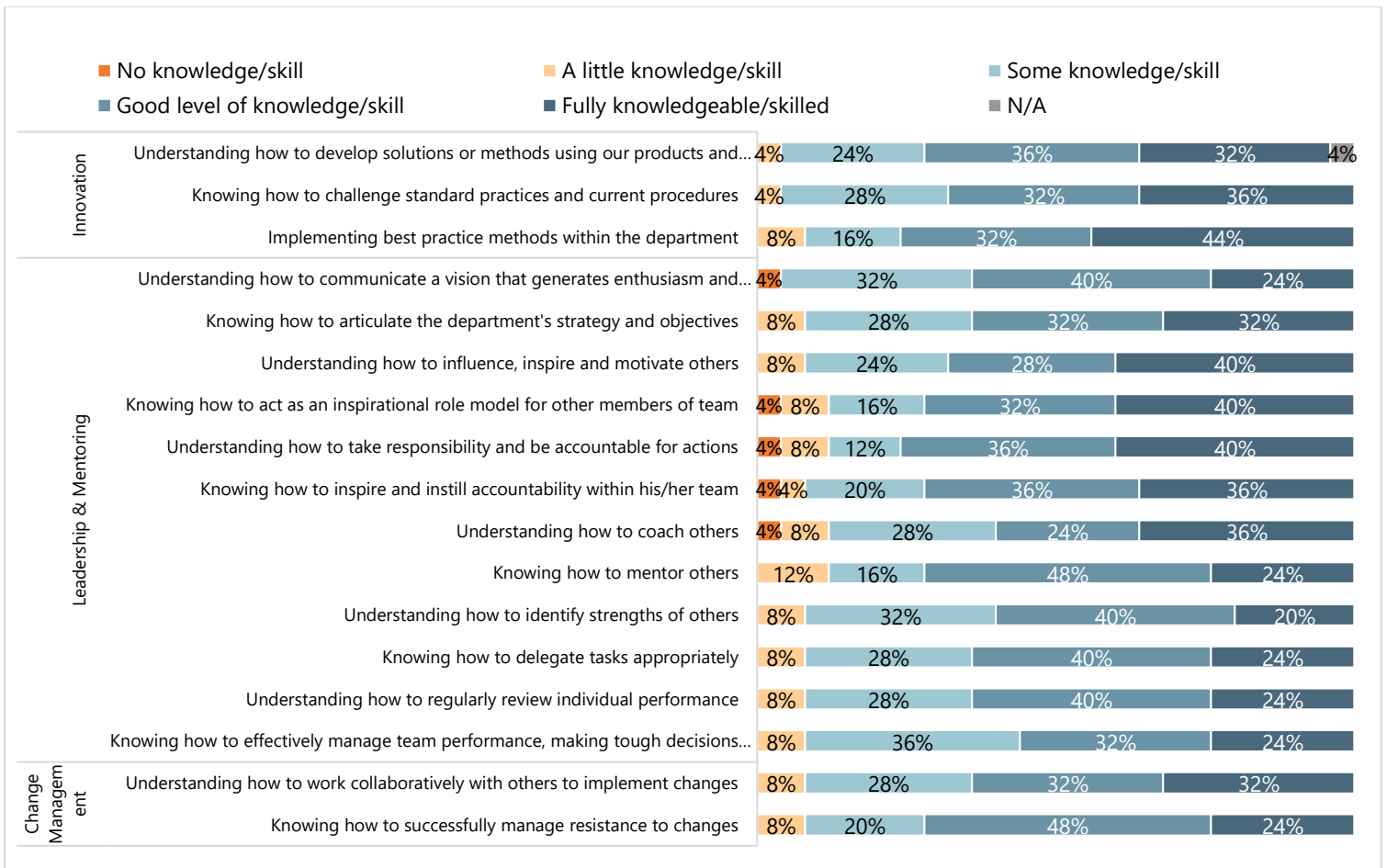
Evaluating **innovation skills**, 36% of the companies are of the opinion that their managerial staff have good knowledge in **understanding how to develop solutions or methods using the company's products and services**, 23% think they have full knowledge, 28% think they have some knowledge, and 4% think they have little knowledge. Similarly evaluated is also the skill level of managers to **challenge standard practices and current procedures** for which 36% of the companies think they have excellent skills, 32% they have good skills, 28% of them think they have average skills, and 4% think they have low skills. Whereas, some 44% of the companies think that their employees at this level are fully skilled in **implementing best practice methods within the department**, 32% think they are well skilled, 16% think they are somewhat skilled, and 8% think they are slightly skilled.

Regarding **leadership and mentoring skills** which entailed the assessment of 12 elements, some of them were valued as excellent or good in the 30 something and 40 something percent mark. For instance, **understanding how to communicate a vision that generates enthusiasm and**

commitment is assessed to be at a good level for 40% of the companies, and at an average level for 32% of the companies. While **understanding how to influence, inspire and motivate** others is valued as excellent at 40% of the companies and as good at 28% of the companies. Only 20% of the companies think their managers are excellent at **identifying others' strengths**, and 40% of them think their managers are good at that. There is a similar variation in the other elements as well.

With respect to **change management skills**, managers are either fully skilled or well skilled at **understanding how to work collaboratively with others to implement changes** at 32% of the companies each. Twenty percent of the companies think their managers are somewhat skilled and 8% think their managers are slightly skilled to do that. While regarding **managing resistance to changes**, 48% of the companies think their managers have good knowledge, 24% think their managers have full, 20% think they have some knowledge, and 8% think they have little knowledge to do that.

Figure 20. Skills assessment of managerial employees 2/3



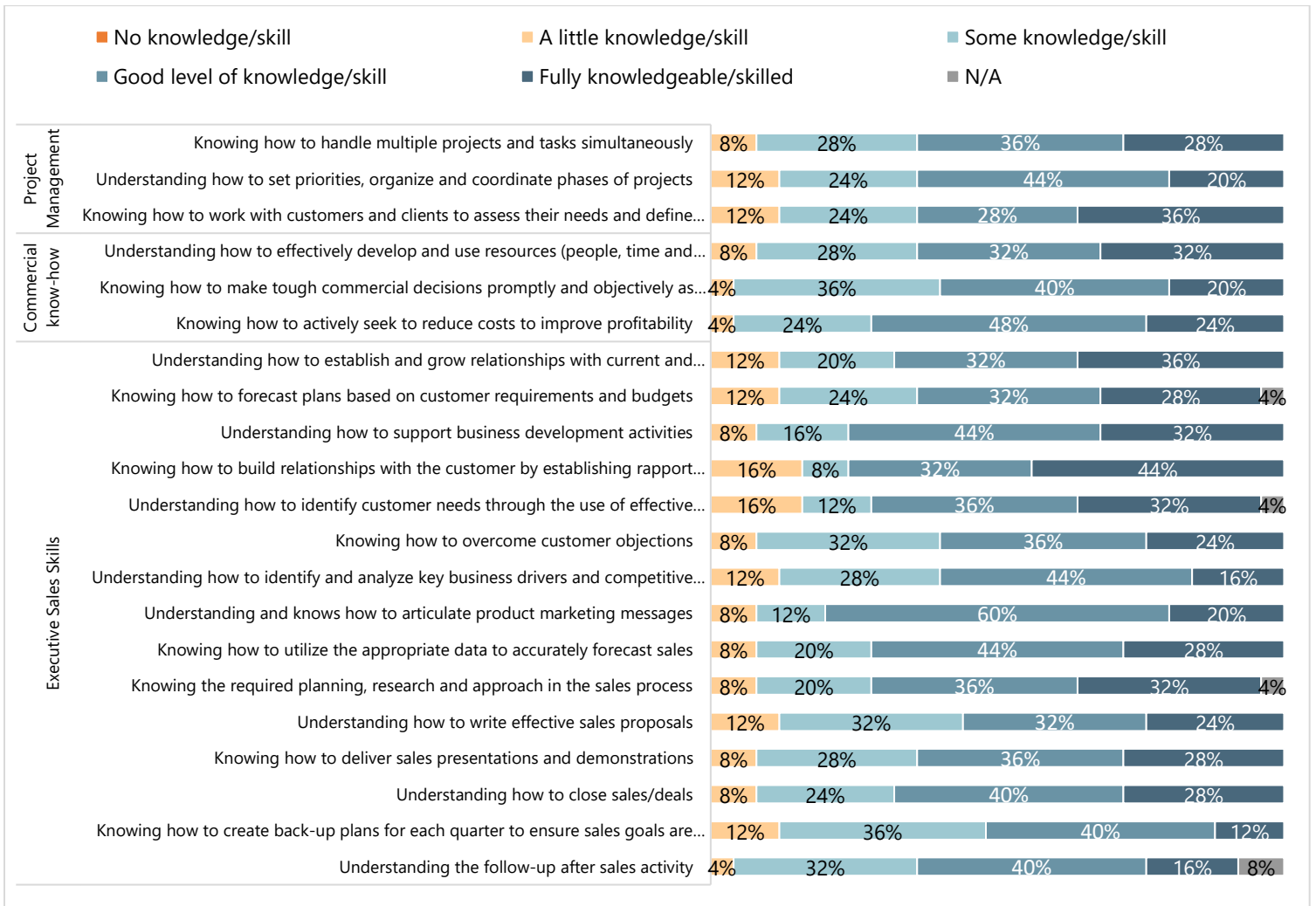
When assessing **project management skills**, 36% of the companies believe their managerial level staff have good knowledge in **handling multiple projects and tasks simultaneously**, about

28% each think their staff have full knowledge and some knowledge of the same and 8% think their staff have little knowledge in it. The skill level of **understanding how to set priorities, organize and coordinate phases of projects** is assessed as good, average, excellent, and low at 44%, 24%, 20%, and 12% of the companies respectively. While the skill level of **knowing how to work with customers and clients to assess their needs and define project parameters** is valued as excellent, good, average, and low at 36%, 28%, 24%, and 12% of the companies apiece.

With respect to **commercial know-how**, 32% of the companies apiece think their managers have full or good knowledge **to effectively develop and use resources (people, time and money) to improve sales and companies' performance** and 28% of the companies think their managers have some knowledge and 8% think theirs have little knowledge to do the same. While 40% of the companies believe their managers have good skills, 26% believe theirs have some skills, 20% think theirs have full skills, and 12% think they have low skills in **making commercial decisions promptly and objectively as well as assess the commercial implication of a decision. Knowing how to actively seek to reduce costs to improve profitability** is valued at a good skill level at 48% of the companies, average level and excellent level at 24% of the companies individually, and at a low level at 12% of the companies.

Regarding **executive skills** which entailed the assessment of 15 elements, there was quite some variation in the assessment of skills. For example, **understanding how to establish and grow relationships with current and prospective customers** is assessed to be at an excellent level for 36% of the companies, and at a good level for 32% of the companies. While **Understanding how to identify and analyze key business drivers and competitive intelligence to drive desired outcomes** is valued as good at 44% of the companies and as average at 28% of the companies, while as excellent at only 16% of them. Only 24% of the companies think their managers are excellent at **writing effective sales proposals**, and 32% of them think their managers are good at that.

Figure 21. Skills assessment of managerial employees 3/3



Employee Trainings and Training Needs

After assessing the level of the skills for entry level positions and managerial positions in the retail industry, the fifth module of the survey wanted to review the level of trainings offered currently at the interviewed companies, who is trained at the interviewed companies, and what are the top three fields in which there is a need to train their employees.

Some 72% of the companies held that they offer trainings to all employees, 8% held they offer trainings only for sales positions, 4% only for managerial positions, and 8% do not offer trainings. All companies offer internal trainings, more than half of them also hire training experts, 18% send employees in trainings provided by other companies and the same amount uses online courses as well. Regarding their preference of training location, 88% of the companies prefer a physical location, while for 12% of them there is no difference between a physical or online venue.

Figure 22. Trainings offered for employees by companies

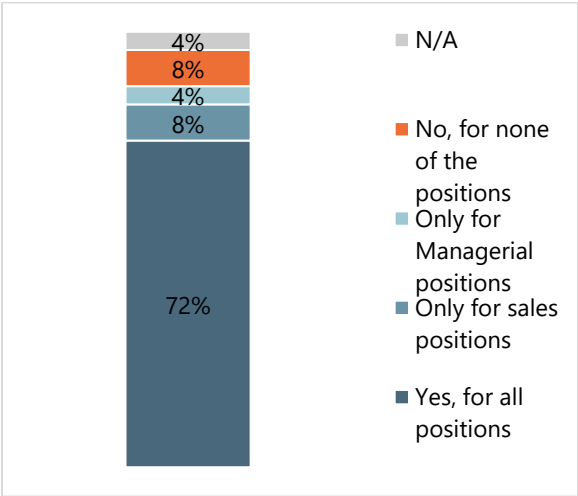
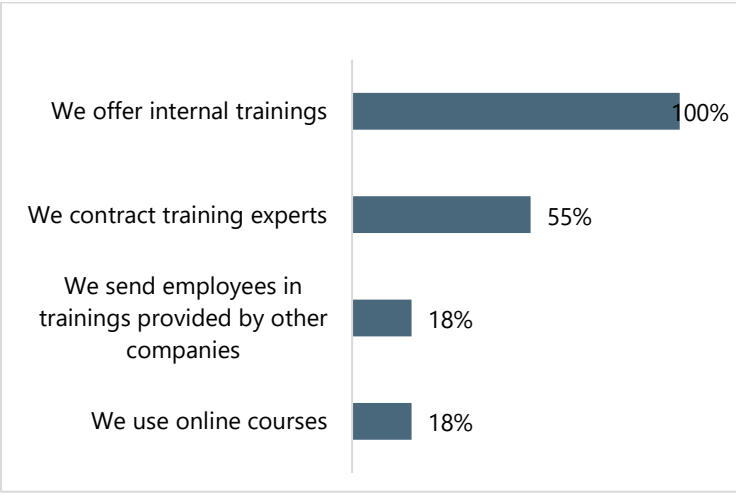
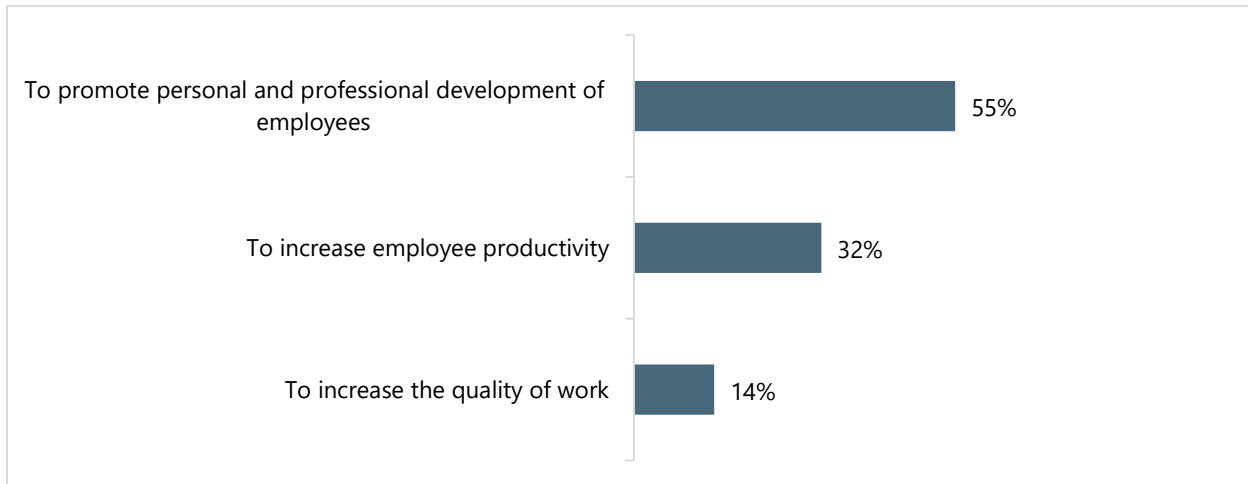


Figure 23. Providers of the trainings for employees



The main reason why these companies offer trainings is to promote personal and professional development of employees (55%), followed by the need to increase employment productivity (32%), and lastly to increase the quality of work (14%).

Figure 24. Reasons for offering trainings



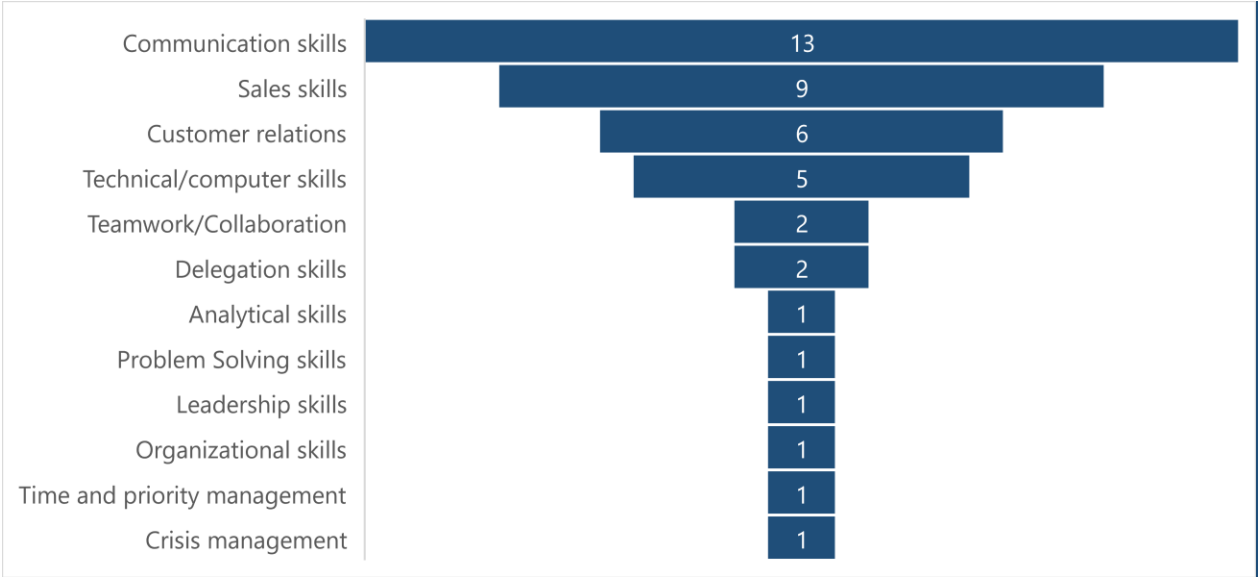
Based on their assessment of the skills gap in their workforce, the companies were asked to name three main areas where they would like to have their staff trained in to meet their business objectives. The top three most needed trainings for retail companies are communication skills, sales skills, and customer relations, including customer approach. However, technical and computer skills are also valuable for retailers. Some of the reasonings behind the answers to these questions were:

“Communication is a key factor for our business because good behavior and communication attracts customers. Training in this area is therefore needed because it is the key to success. If these two areas are missing, they penalize a business.”

“Sales, we are a network of marketers and in our country the main thing is sales (...) they need to know how to promote a product.”

“Customer approach training in order to keep our clients as close as possible. Our employees must know how to behave with customers and clients.”

Figure 25. The number of times a training was mentioned



COVID-19 Impact on Retail Companies

The sixth and last module of the survey was a special section added to the survey in order to identify the effects of the COVID-19 pandemic in the retail industry since there has not been a focused study in the industry to measure its effects thus far. Indeed, this section explores the challenges or opportunities that the COVID-19 has brought to retail businesses.

Comparing the severity of business challenges before and after the COVID-19 outbreak, there is an increase in their problematic level for the interviewed companies. Before COVID-19 outbreak, only 4% of the interviewed companies viewed uncertainty about the future as very problematic, whereas, afterwards, 36% of the companies think the same. Access to finance too has become very problematic for more companies (28%) than it was before COVID-19 pandemic erupted (16%). A stark difference can be viewed in financial management where before the coronavirus pandemic only 4% of the companies saw it as very problematic; however, after it, 24% of the companies consider it so. Adaptation to new changes has also taken its toll for some of the companies, a mere 4% of which saw it as very problematic before COVID-19, while almost a third of them consider it very problematic now.

Figure 26. Business challenges before outbreak of COVID-19

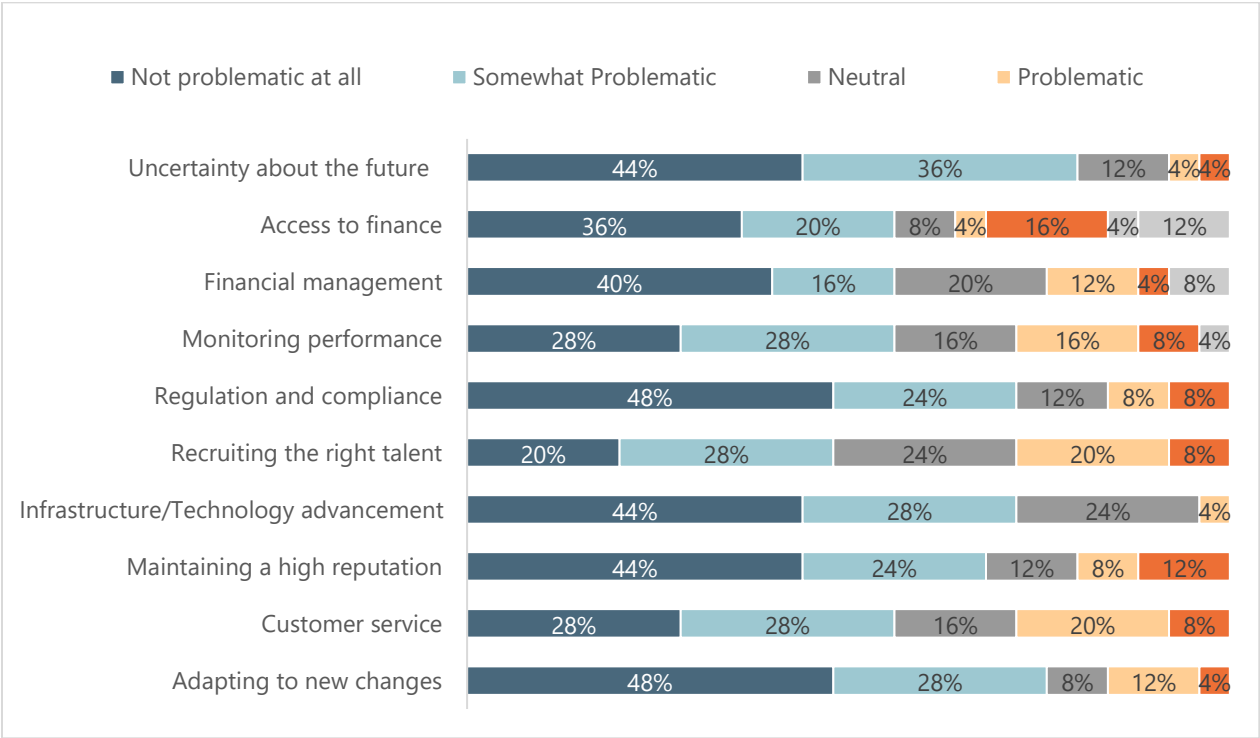
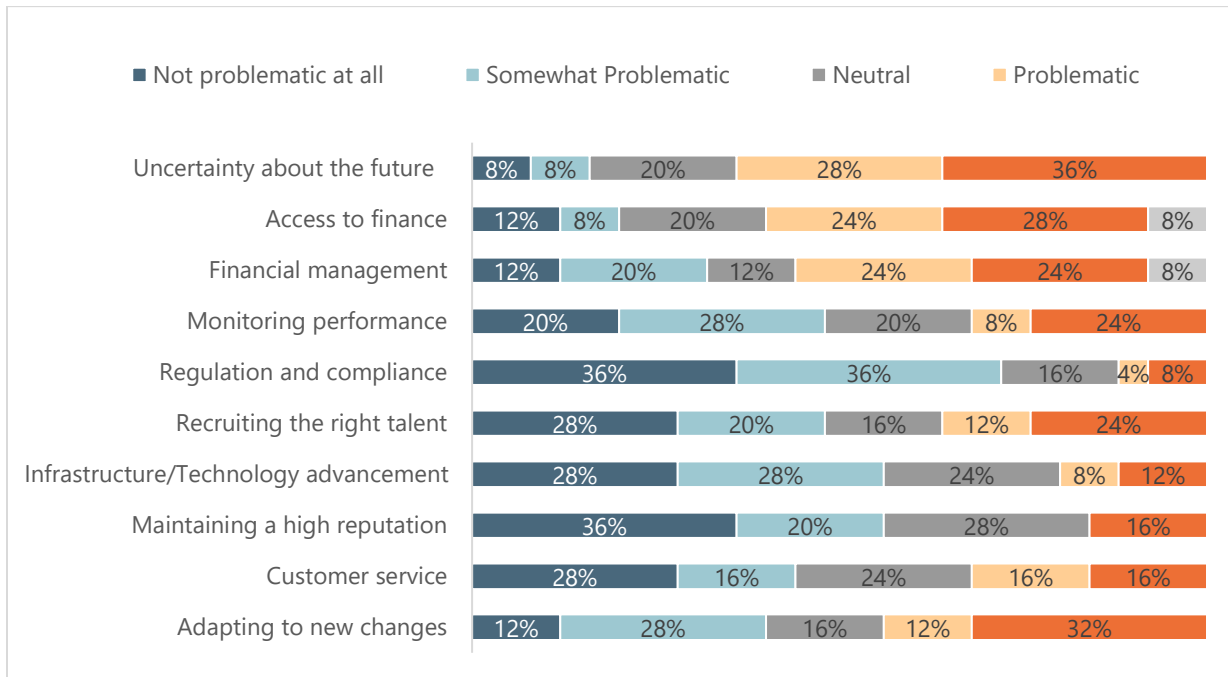
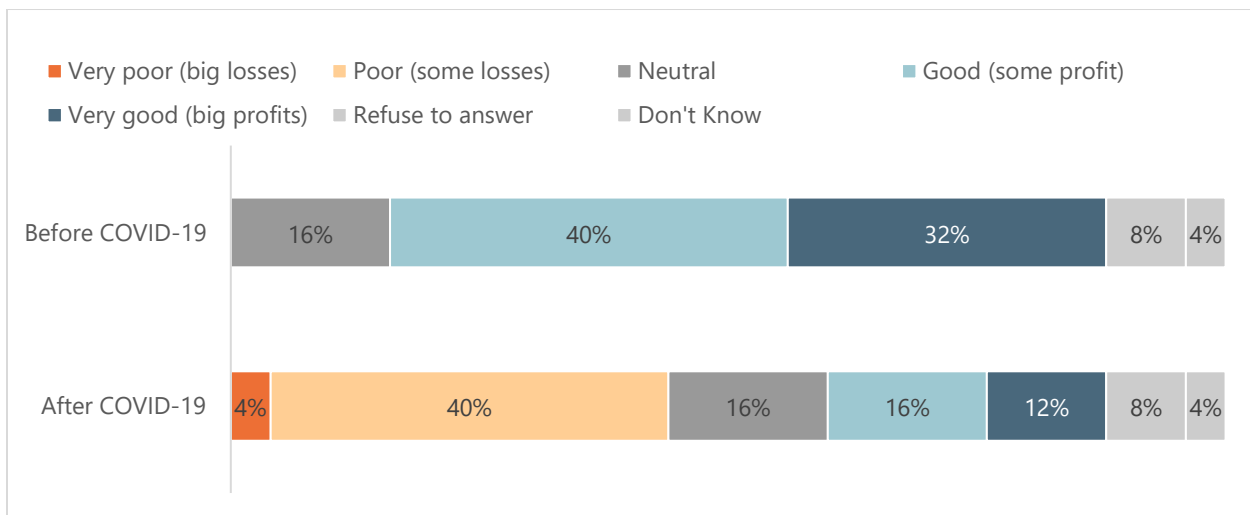


Figure 27. Business challenges after outbreak of COVID-19



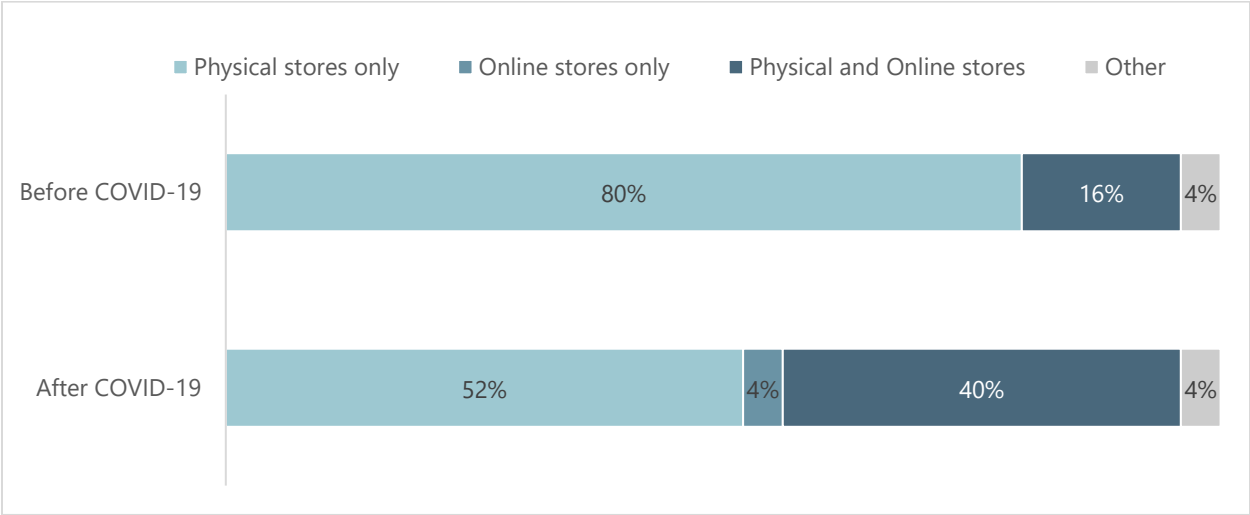
The companies were also asked to assess their financial performance pre and post COVID-19 outbreak. Before COVID-19 outbreak, 40% of the companies valued their financial performance as good, 32% as very good, and 16% as neutral. After the COVID-19 outbreak, only 16% of the companies valued their financial performance as good, 12% as very good, 16% as neutral, 40% as poor, and 4% as very poor.

Figure 28. Financial performance before and after outbreak of COVID-19



Given there were different government enforced measures during this time, the most severe one the 3-month quarantine which made businesses think of alternatives confined to those measures, it was important to understand how sales have taken place for these companies. Eighty percent of the interviewed companies held that before COVID-19 pandemic their only sales channel was a physical store and 16% held they sold both in a physical and online store. Whereas after the outbreak of COVID-19 and the enforced measures, 52% of the companies continued to have only physical stores, 40% now have both physical and online stores, and 4% have been selling online only.

Figure 29. Sales channels before and after outbreak of COVID-19



Nineteen companies provided information on their sales channels before and after COVID-19 outbreak. Differentiated by primary business activity, one apparel retail company was operating with a physical store only before and after the COVID-19 outbreak, whereas two of them were operating with physical and online stores in both periods. The electronics/technology companies used only physical stores before COVID-19 while they now both use physical and online stores. Both the home textile and home improvement companies continue using physical stores only after the outbreak of the new coronavirus. From the HoReCa businesses, two of them had physical stores only before COVID-19, one of them had both physical and online stores before COVID-19. Nonetheless, two of them have both physical and online stores after COVID-19 and one of them only an online store after COVID-19. All supermarkets only operated in physical stores before the pandemic while only one of them has introduced an online store as well after the pandemic with the others continuing as before. The department store was only selling in a physical store before the pandemic and now sells both in store and online. Whereas two out three 'other' companies worked in physical store only before the COVID-19, and one of them even after it. While one of them had both a physical and online store before COVID-19 and two of them after the pandemic.

Table 2. Sales channels before and after outbreak of COVID-19

		Sales Channel							
		Physical stores only		Online Stores Only		Physical and Online Stores		Other	
		Before COVID-19	After COVID-19	Before COVID-19	After COVID-19	Before COVID-19	After COVID-19	Before COVID-19	After COVID-19
Primary Business Activity	Apparel	1	1	-	-	2	2	-	-
	Electronics/Technology	2	-	-	-	-	2	-	-
	Home Textile	1	1	-	-	-	-	-	-
	Home Improvement	1	1	-	-	-	-	-	-
	HoReCa	2	-	-	1	1	2	-	-
	Supermarket	10	9	-	-	-	1	-	-
	Shopping mall	-	-	-	-	-	-	1	1
	Cosmetics	-	-	-	-	-	-	-	-
	Stationery	-	-	-	-	-	-	-	-
	Department Store	1	-	-	-	-	1	-	-
	Other	2	1	-	-	1	2	-	-
	I don't know	-	-	-	-	-	-	-	-

Twenty two out of 25 companies that were interviewed revealed the number of employees before and after the eruption of the COVID-19 pandemic. In total, there were 6618 employees working full-time for the interviewed companies and none working part-time before the eruption of COVID-19. Whereas, there are now 6457 full-time staff and 40 part-time staff working at those companies.

Table 3. Total no. of employees before and after COVID-19 in 22 of the companies interviewed

No. of employees before COVID-19	
Full-time staff	Part-time staff
6618	0
No. of employees after COVID-19	
Full-time staff	Part-time staff
6457	40

Four of the interviewed companies reduced their full-time workforce by 44%, 18%, 11% and 32%, respectively. The company that decreased its full-time staff by 32%, increased its part-time staff by 4000% (from 0 to 40). Whereas another four increased their full-time workforce by 19%, 8%,

10%, and 13% respectively. There was a net decrease in full-time employment of 2.43% in 22 companies and a net increase of 0.6% in part-time employment.

Table 4. No. of employees before and after COVID-19 in each of the 22 of the companies interviewed

Full time staff before COVID-19	Part time staff before COVID-19	Full time staff after COVID-19	Part time staff after COVID-19	Change in full time #	Change in part time #
270	0	150	0	-120	0
3000	0	3000	0	0	0
215	0	215	0	0	0
320	0	320	0	0	0
500	0	500	0	0	0
190	0	190	0	0	0
100	0	100	0	0	0
170	0	140	0	-30	0
62	0	74	0	12	0
180	0	160	0	-20	0
25	0	25	0	0	0
350	0	350	0	0	0
130	0	130	0	0	0
18	0	18	0	0	0
220	0	150	40	-70	40
320	0	345	0	25	0
118	0	130	0	12	0
230	0	260	0	30	0
101	0	101	0	0	0
6	0	6	0	0	0
13	0	13	0	0	0
80	0	80	0	0	0
6618	0	6457	40	-161	40

The number of employees in the interviewed companies represent approximately 15% of the entire portion of employees in retail. Whereas, in general, the retail industry employs 70% of all employees in the Wholesale and retail trade, repair of motor vehicles and motorcycles.

Table 5. No. of employees in the retail trade as a portion of the entire trade industry

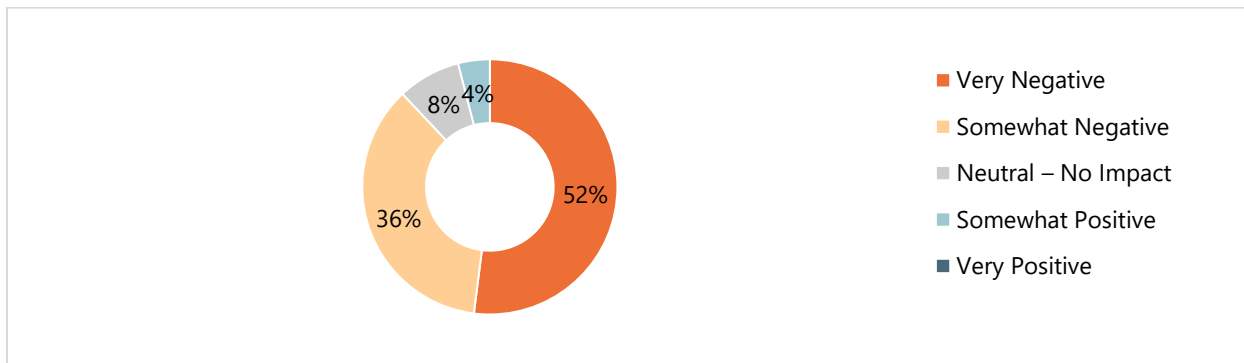
Wholesale and retail trade, repair of motor vehicles and motorcycles		
Men	Women	Total
46,600	15,600	62,200
Only retail		
Men	Women	Total
30,112	13,320	43,432
65%	85%	70%

Source: Labor Force Survey 2019 and response to official request by IDRA to KAS

The overall impact of COVID-19 on retail industry was perceived as very negative by 52% of the companies, as somewhat negative by 36% of the companies, as neutral or not having been impacted by 8% of the companies, and as positive by 4% of the companies.

Those who held that the retail industry was impacted negatively argued that the decreased purchasing power of the citizens, the impossibility of visits from the diaspora, the panic buying during the quarantine, and uncertainty of consumers about the future has had an impact in the reduction of sales. Whereas the company which argued that the retail industry was impacted positively argues that online sales have boosted which has influenced the increase of sales in general, except those in physical stores.

Figure 30. Assessment of COVID-19 impact on retail industry



Regarding working capacity, 96% of companies are working at full capacity and paying full salaries for all employees, only 4% of them are working at half capacity, and paying partial salary for some of the employees.

Figure 31. Current working capacity

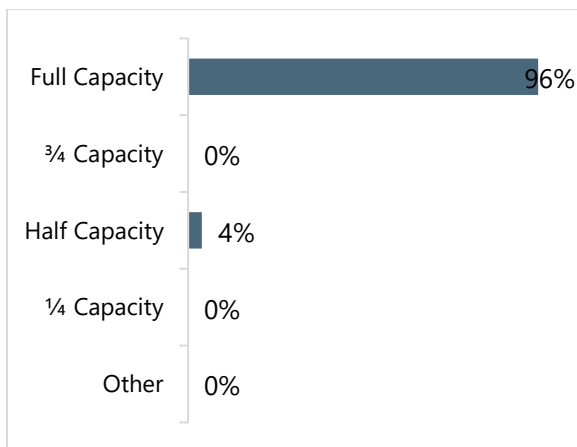
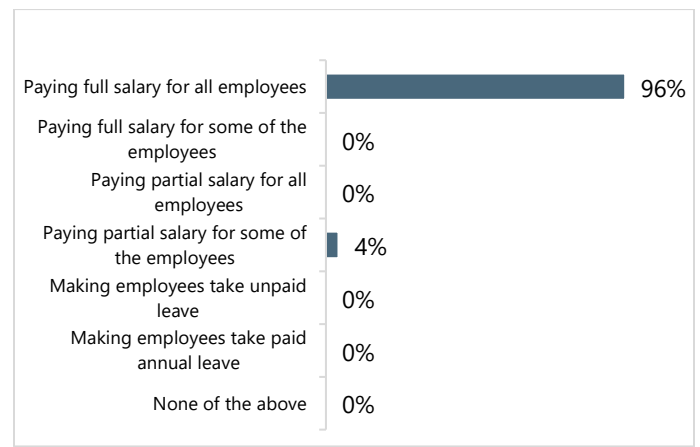
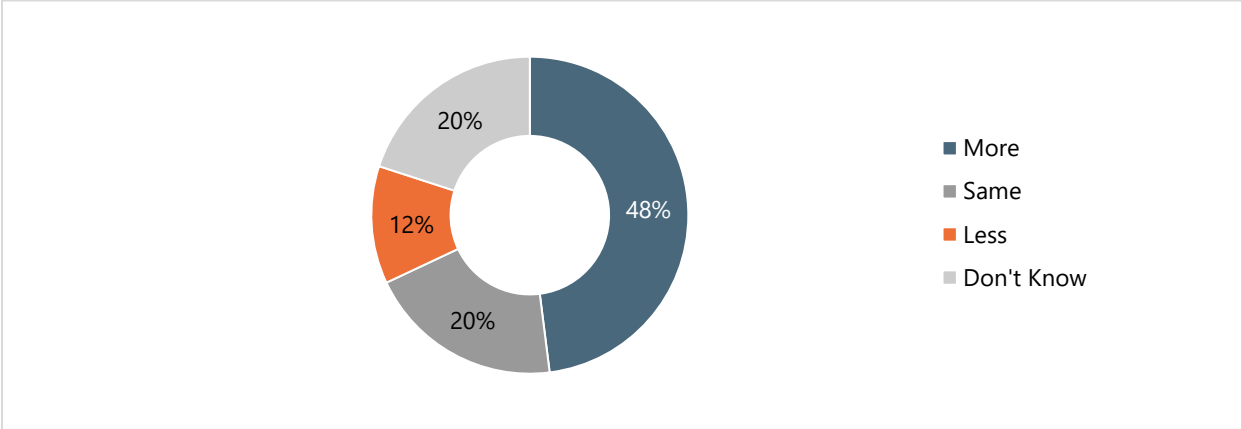


Figure 32. Current payments of salaries



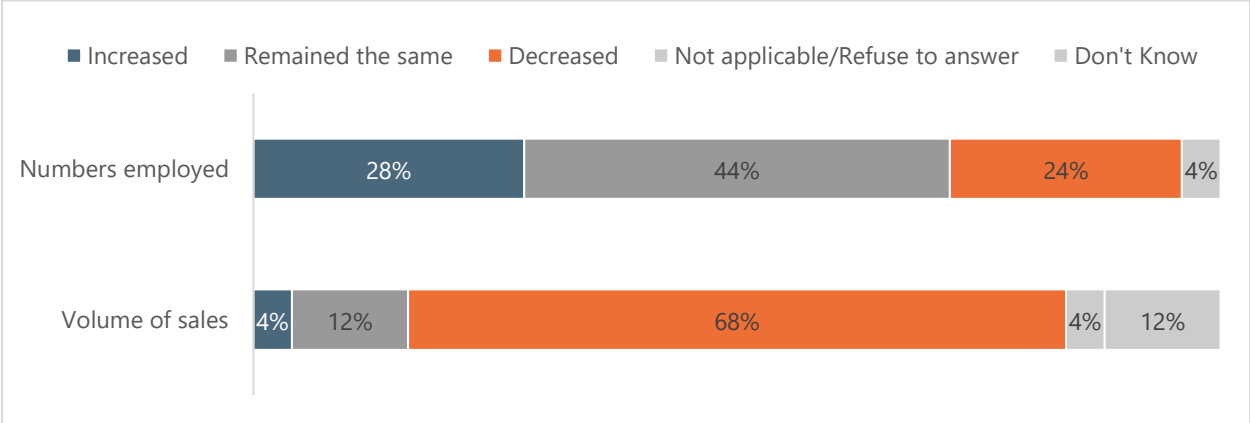
With respect to expectations of capital expenditures in the next 12 months compared to the last 12 months, 48% of the companies expect to have more capital expenditures, 20% expect to have about the same level of such expenditures, 12% expect less, and 12% do not know.

Figure 33. Expectations of capital expenditures in the next 12 months compared to the last 12 months



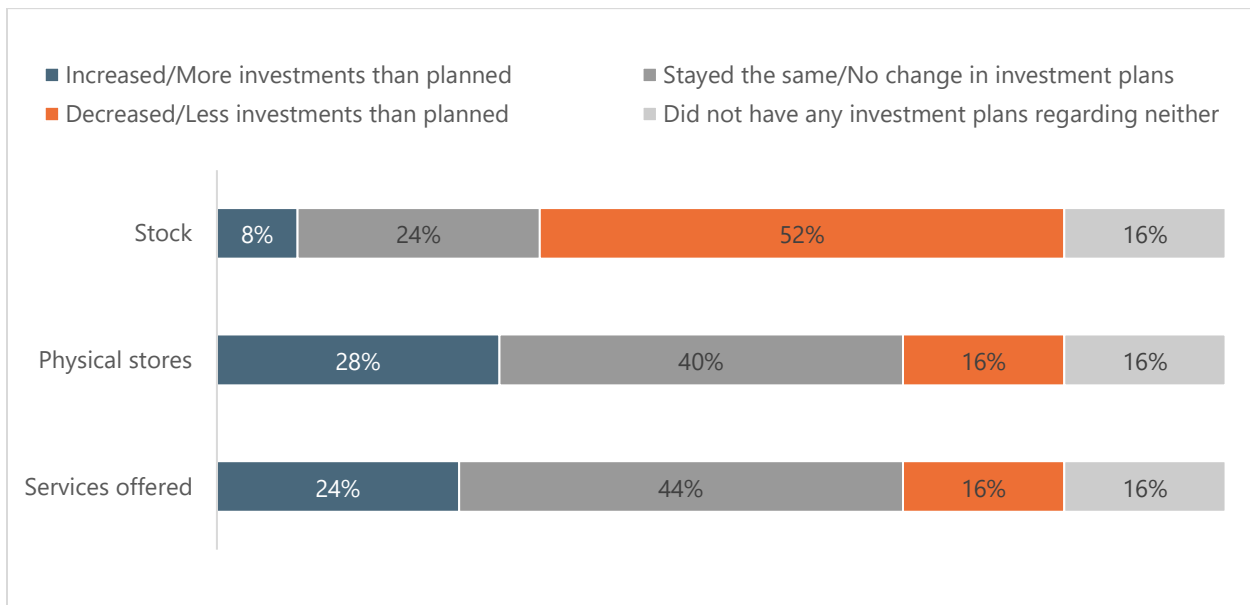
Not considering seasonal fluctuations, the trend of the number of people employed over the past six months has remained the same for 44% of the companies, increased for 28% of them, and decreased for 24% of them. While the volume of sales had decreased for 68% of the companies, remained the same for 12%, and increased for 4% of the companies in the past six months.

Figure 34. Not considering seasonal fluctuations, the trend over the past six months with regard to:



The investment plans regarding stock, physical stock, and services offered over the past 6 months have changed for the interviewed companies. Fifty-two percent of the companies have made less investments than planned for their stock, 24% have not changed its level, and 8% increased it. Whereas when it comes to physical stores, 40% of the companies have not changed their investment plans, 28% of them have increased them, and 16% have decreased them. About 44% of the companies have not changed their investment plans on the services offered, 24% of them have increased them, and 16% have decreased them.

Figure 35. Investment plans regarding stock, physical stock, and services offered over the past 6 months



All businesses experience different challenges due to seasonal fluctuations, customer preferences, and other fixed and variable influences in their work. However, the effects of the pandemic COVID-19 after eight months of its outbreak, an almost 3-month quarantine, and other subsequent government measures are important to be explored to be able to offer the right help to retail companies. The interviewed companies have increased uncertainty about the future, problems with access to finance and financial management, as well as adaptability with new changes, among others. Twenty-two of the interviewed companies regarded the overall effects of the pandemic in the industry as negative. However, in terms of lay-offs, only six companies have decreased their number of staff. Nonetheless, 17 companies have decreased their sales volumes. In terms of investment plans, four companies have invested less than planned in stock, 13 companies have invested less than planned in physical stores, and four companies have invested less than planned in the services they offer.

Conclusion and Recommendations

There were 25 retail companies interviewed for the purpose of this research. These companies represented more than 6,618 full-time employees before COVID-19 and 6,457 full-time and 40 part-time employees after COVID-19 in retail which is more than 15% of the entire retail industry. The main goals of this study were to identify skills gaps and training needs of these companies which would help in curating training modules that help youth employability by upskilling them.

All companies held that their work conditions inside their organization are either good or excellent and they all provide contracts for all their employees. Companies mostly use social media and online job platforms to publish open positions. All of them have hired new staff in the past three years, and more than half of them have experienced problems in finding qualified staff which led to recruiting less qualified candidates (77%), and outsourcing tasks to other companies (23%).

Around 64% of the companies believe that their entire staff's competencies are at a good level. The general evaluation of skills gap revealed that companies regard the competencies of the managerial personnel as either excellent or good at 92% of the companies. The competencies of entry level or administrative personnel are considered good or excellent by 84% of the companies.

Based on the companies' evaluation of a list of skills, there is a mild skills gap in the retail industry in Kosovo given the skills assessment grid showed that a lot of the companies found their entry level employees and managerial employees to at least have some knowledge of the skills required in retail. The most problematic age group was indeed 18-30-year-old, especially teenagers and youth in their early twenties due to their lack of experience and the lower level of education.

However, most companies agree that there is a need for their employees to learn new skills and to improve upon what they already know. The three most mentioned areas of trainings needs were communication skills, sales skills, and customer relation skills. However, there were other important mentions of computer skills, team work skills, and delegation skills.

Based on these findings the following recommendations have been developed which aim to provide useful information for EYE in addressing issues related to skills gap in the retail industry by helping to provide trainings where they need it most.

Recommendations for EYE:

- Since youth is viewed as the most problematic age group in terms of having the skillset that is required for retail jobs due to their age and quality of education, EYE should collaborate with vocational educational schools and private colleges to offer modern trainings on communication, sales, customer relations, and computer skills to increase their employability.
- All retail employees seem to be in need of improving communication skills and thus a communication skills training that covers business writing, presentation skills, grammar and punctuation, non-verbal communication, and so on, could help improve the retail employees' skills and those of the youth who are interested to work in this industry.
- Second most important aspect is the sales process itself. EYE should also provide trainings that would provide tips and strategies for in-person sales, telephone sales, online sales from knowing what to know about the product and how to think of it in terms of the customers' needs and requests.
- Third most sought out skills improvement has to do with customer relations. The employees, according to the companies, need to know how to better approach customers, help them, and solve their problems. A training that covers strategies on how to cope with different types of people, how to read non-verbal cues of the customers, how to ensure the customers they are being taken care of would be necessary.
- Other skills that EYE should take into account when designing training modules are:

- Teamwork skills, especially knowing how to cooperate within a team and taking responsibility for one's actions
- Delegation skills, focusing on best practices of sharing responsibilities with coworkers or your team
- Computer skills training, specifically the MS Package
- Organizational and time management training, specifically a module that teaches employees on how to prioritize tasks by importance and urgency

Recommendations for KRA:

- KRA should offer support to its members and work with them in understanding the importance of in-house research for bettering the skills of their employees and as a result worker productivity. An initiative that could be as a next step is to gather information of all members on the types of positions they have, the duties and tasks needed under those positions, the number of staff with the same positions, and then help them create self-assessment instruments for employees and top-down assessment to better understand where there is disagreement and agreement in terms of skills gaps. Understanding this could also help to learn where the perceived and actual gaps exist and focus on either providing internal colleague-to-colleague training, hiring experts, or finding the right trainings outside of the company.
- Related to the overall issues that retail companies are facing now and since the outbreak of the COVID-19 pandemic, KRA should demand through official letters or meetings with government representatives and MPs that the government offer financial support to retail businesses either by introducing subsidies through a tax deduction or tax forgiveness for 2020 and not just postponement like it happened months ago. Moreover, KRA could demand that the government provide conditional grants to businesses which would be directly linked to their investment plans and not just lump-sum payments of salaries for a fixed period of time.
- KRA should join forces with chambers of commerce, private training providers, and also create memorandums of understanding with VETs and bachelor level universities to voice the needs for skills to be offered in the subjects related to the retail industry. In this way, KRA could inform schools and universities about their members' needs and also help create tailored competitive internship programs within those companies that could lead to the employment of the best workers/students during the program.

Recommendations for the Government:

- Kosovo institutions should establish career counseling and orientation services at education institutions. This would help youth engage earlier in internships and find themselves better in the labor market. This could be done by the Ministry of Education, Science and Technology.

- The government should consider developing a dual education system taking as examples countries like Switzerland and Germany to transform the current VET curricula and structure and enforcing duality meaning integrating learning at school with practicing at a job. This could be established in close cooperation with the companies that operate here in industries that exist in the current labor market and are expected to merge in the near future. This would be a fundamental step in helping youth develop a work ethic from early employment stages.
- Taking into consideration that most businesses provide internal trainings as this study shows, it is of utmost importance that a communication channel between the education institutions and the private sector in general and the retail sector in particular shall be established.

Recommendations for sustainability in training provision:

This skills gap analysis was small scale and qualitative, however, it reveals issues that keep being persistent and are consistent with previous research. However, to understand skills needs in detail and make them sustainable in the value chain of training provisions, some recommendations are listed below:

- Conduct a nationwide survey with retail companies through a representative sample based on the current business landscape with a sample distribution of 93.1% micro businesses (1-9 employees), 5.9% small businesses (10-49), and 1% medium (50+), or based on quotas of 60%, 30% and 10% for micro, small, medium (and large) in that order in order to have more data of those who are very small populations in the country which are later weighted for interpretation. This type of survey is useful in revealing detailed information about sector penetration, total number of employees and by gender and explore topics on the level of seniority of positions by gender. However, it would still have its limitations since these companies would all have different number of employees from 1-9 to 50+ which means there would be problems with the separation of skills although most of them would all have the same types of employees which are 'sales employees'.
- To understand skills gap based on business size, conduct three research studies by selecting samples of micro businesses, small businesses, and medium businesses separately and conduct a business demographic survey and skills gap analysis for retailers falling in each of those categories. This type of survey and skills gap analysis would reveal in more detail the needs for micro, small, and medium businesses in retail since they have different positions and levels of seniority among them.
- GIZ, KRA, the Government, and other stakeholders shall encourage companies in all industries to do internal skills gap analysis by having employees and employers give their perceptions annually can help them retain their workforce and meet their business objectives better. These institutions and organizations can assist businesses by offering them technical assistance and financial support in developing such instruments.

- Conduct Randomized Controlled Trials (RCTs) which help understand the value of current trainings offered or new trainings offered, by having half of the employees trained and the other half not (of the same/similar level and necessary skillset) and see if those trainings are working.

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- [5] World Bank. "Kosovo country report: Findings from the Skills towards Employment and Productivity Survey". 2019. <[source link](#)>
- [6] American Chamber in Kosovo. "Skills Gap Analysis". 2017. <[source link](#)>
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- [8] Kosovo Agency of Statistics. Bujar Hajrizi. Email response regarding employment level in the retail industry.

Annex

Annex 1. Employment by Industry (2019) and GDP by Industry (2018)

	Male	Female	Total	GDP per economic activity
Agriculture, forestry and fishing	5.9%	2.8%	5.2%	523,876,540 €
Mining and quarrying	0.8%	0.0%	0.6%	151,862,490 €
Manufacturing	13.9%	5.3%	11.9%	729,855,000 €
Electricity, gas, steam and air conditioning supply	1.8%	0.4%	1.4%	223,043,190 €
Water supply, sewerage, waste management	1.3%	0.4%	1.1%	48,692,980 €
Construction	15.9%	1.2%	12.6%	561,056,830 €
Wholesale and retail trade, repair of motor vehicles and motorcycles	16.5%	18.7%	17.0%	862,281,610 €
Transportation and storage	4.4%	1.1%	3.7%	247,549,350 €
Accommodation and food service activities	7.0%	4.6%	6.4%	82,859,710 €
Information and communication	3.5%	4.7%	3.8%	121,803,130 €
Financial and insurance activities	1.6%	2.2%	1.7%	232,645,280 €
Real estate activities	0.1%	0.2%	0.1%	502,634,590 €
professional, scientific and technical activities	2.5%	3.4%	2.7%	98,726,420 €
Administrative and support service activities	4.0%	3.7%	3.9%	44,886,810 €
Public administration and defense, compulsory social security	6.8%	5.6%	6.6%	522,054,150 €
Education	6.8%	20.7%	10.0%	254,338,960 €
Human health and social work activities	2.8%	13.6%	5.3%	124,875,850 €
Arts, entertainment and recreation	1.4%	1.1%	1.3%	26,991,250 €
Other service activities	1.9%	5.7%	2.7%	13,179,760 €
*Activities of households as employers	0.4%	3.9%	1.2%	n/a
Activities of extraterritorial organizations and bodies	0.7%	0.6%	0.7%	n/a

Source: KAS Data Platform. Calculations by IDRA Research and Consulting.

Annex 2. Interview Schedule

Interview Schedule			
Date	Time	Company	Interviewee name and position
01.10.2020	10:00 AM	NEPTUN	Valon Osmani, Human Resource Manger
02.10.2020	10:00 AM	SUPER VIVA	Kaltrina Bullatovci, Human Resource Assistant
02.10.2020	10:30 AM	VIVA FRESH	Berat Lahu, Human Resource Director
02.10.2020	12:30 PM	JUMBO - KIDS ZONE KOSOVA	Learta Kusari, Human Resource Manager
05.10.2020	online	JYSK	Dafina Hajradini, Human Resource Director
06.10.2020	1:00 PM	DEPPO MARKET	Gentrit Ramaj, Human Resource Manager
07.10.2020	10:00 AM	MERIDIAN EXPRESS	Dafina Nikaj, Human Resource Manager
09.10.2020	1:00 PM	EUROPRINTY LTD.	Leonora Gashi, Legal Representative
09.10.2020	10:45 AM	A&M CLOTHES	Besnik Leka, Human Resource Manager
12.10.2020	9:00 AM	BAU MARKET	Gentrit Dvorani, Operations Manager
13.10.2020	2:00 PM	KFC - KAN SH.P.K	Lorika Tahiri, Human Resource Manager
14.10.2020	8:15 AM	AZTECH	Gojart Shaqiri, Executive Director
12.10.2020	10:00 AM	TREGU DITOR	Ali Shatri, Operations Director
14.10.2020	online	LC WAIKIKI	Albana Telhai, Human Resource Specialist
14.10.2020	2:00 PM	PRINCE COFFEE SHOP	Rafet Rrahimi, Financial Director
14.10.2020	10:00 AM	DOMINO'S PIZZA	Lorik Kadolli, Manager
14.10.2020	10:00 AM	ALBI SHOPPING	Fellanza Ibishi Govori, Human Resource Manager
08.10.2020	1:00 PM	ARJETA GROUP	Osman Smajli, Human Resource Manager
13.10.2020	2:30 PM	ROYAL MALL	Fatos Bajraktari, Director
12.10.2020	3:00 PM	SPAR	Besart Morina, Human Resource Director
16.10.2020	11:00 AM	SHARRI CENTER	Afrim Hyseni, Director
19.10.2020	2:00 PM	ALBI FASHION	Rrezarta Gojnovci, Human Resource Manager
16.10.2020	3:00 PM	HETA CENTER	Hetem Seferi, Owner
20.10.2020	1:00 PM	AS MARKET	Teuta Demaku, Manager
21.10.2020	11:00 AM	JORA CENTER	Bujar Krasniqi, Human Resource Director

