RESEARCH ARTICLE

# The future managers at the agribusiness sector in Albania

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**Abstract**

The weak horizontal links between universities and business and expanding access to higher education in the past decade in Albania, has negatively affected employment opportunities for young professionals. Additionally, this situation affected an increase to the business costs for "adaptation" to their business requirements as well as barriers toward employment. This study analysis the effort of universities to follow a "market orientation" approach and to adequately meet the business requirements for the skills and professional competencies for the future managers. In this line, the objective of this paper is to investigate in explorative terms the knowledge and skills that universities are expected to provide for the future managers within the agribusiness industries. The survey consists of a structured questionnaires targeting managers of 427 agribusiness companies in various parts of Albania. Following exploratory factor analysis, the results show that universities do not meet the needs of agribusinesses.

**Keywords**: agribusiness; business needs manager; skills and competences.

## 1. Introduction

After World War II, Albania emerged as a communist country, embracing planned economy. During planned economy, education and professional profile of manager was in line with the needs of public run enterprises. Since early 1990ies Albania experienced substantial political, institutional and socioeconomic changes including drastic implementation of free market economy and liberalization of trade policies, liberalization of prices and internal markets. The economic development of the past two decades in Albania has been accompanied with structural changes within all sectors.

During communism, secondary education became massive while tertiary education was subject to growth particularly after 1960ies. The number of students in tertiary education, which in the first post WWII decade was less than a thousand, increased fast, namely double from 1960 to 1980, reaching 27,461 in 1991 (last year under communism). About 40 percent of the students finishing secondary school enrolled in the tertiary level in year 1980. During the post-communist transition, the increase of access to higher education became a detrimental factor to the quality when the higher education enters a period of massification in 2004, reaching a Gross Enrollment Ratio of 75% in 2015 and many private providers enter the market (until 2002 Gross Enrollment Ratio in Albania was less than 15%, a system characterized as 'elitist' and there was only one private provider) It is during this period of growth that the public outcry against corruption in higher education becomes much louder [18].

During the transition, also the nature of the education approach in secondary and tertiary education has been subject to major changes. First and foremost, economics and management, were subject to reorientation to market economy related disciplines, aiming at preparing professionals to meet the demand of the emerging private enterprises and actors' employments needs. Thereare obvious weak horizontal links and a low level of synergies between public and private stakeholders and specifically between universities and businesses – this has been the case also in agribusiness related disciplines.

Albanian universities are developed in many cases away from the real business needs for manager'sprofile as well as with an unclear orientation regarding competencies required from businesses. There are identified weaknesses in the practical skills of students and a low level of self-employment. The weak linkage between

public actors and the businesses significantly reduce the coherence of study programs and directly affect the reduction of employment opportunities for the graduates.

In this regard, we consider as significantly the universities' orientation in terms of curricula and practical training of the students in order to prepare them for themarket developments as well as meeting the growing needs of business managers. Additionally, addressing the issue that consider the need of a close and intensive contact between universities and businesses, is justified because human resources are considered as a competitive advantage for businesses. We focus on the case of agribusiness management, because of the importance that the agriculture sector has for the economy of the country contributing more than 1/5 of the GDP and almost ½ of employment.

The Agricultural University of Tirana and the Faculty of Agriculture of University of Korca are the only higher education institutions that offer degrees in agriculture related sciences, including agribusiness management.Both these universities are public, while so far, no private university has been active in this field. Regarding secondary education, the number of agricultural vocational schools is very low and the number of agricultural vocational high schools graduates is insignificant compared to pre-transition period – while it was common for most residents in rural areas to attend VET schools, during transition the number of students and graduates reduced significantly to a few hundredduring the 2000s. Considering the Albanian case, the aim of this study is to identify the market needs for future managers' profile of agribusiness companies. Additionally, those market needs for future managers, must be considered by universities through reflecting on curricula development.

## 2. Material and Methods

The main objective of the study is to identifyand evaluate the labor market requirements, focusing at the agribusiness enterprises for vocational training of young professionals that can serve as employer or these businesses. This process could contribute on designing a new professional profile. To this, the target group is comprised only by licensed companies within the processing industry of milk, meat, breeding poultry, cattle, pig, activities of production in greenhouses, cultivation of fruit, vegetable, wine production, olive oil, livestock, flour and bread, beverages etc. Referring to the INSTAT (2013), there are 2047 agribusiness companies registered within these activities.

As regard to the sample adequacy, referring to the Roscoe's (1975) rule of thumb, a sample size between 30 and 500 is sufficient. Furthermore, Thomas and Wood (2014) states that to estimate the variability in the population, confidence level and level of accuracy required suggests a minimum sample size of 200. This would provide sufficient data to undertake both scale validation and refinement. The source of the data it is considered the managerial level of the companies. Indeed, the managers of the firms on the survey serve as key-informants because of their superior access to information about most aspects of a firm's activities.

The structured questionnaire is mainly based on AGRIMASS model developed by Litzenberg and Schneider (1987). The questionnaire is adjusted considering the Albanian reality and economic structure and the study curricula of Faculty of Economy and Agribusiness at Agriculture University of Tirana.

To gather the data, the face-to-face technique is used to fulfill the questionnaires. However, first step we followed was to have a preliminary test of it with academics, in order to have less ambiguous questions [5]. In addition, a preliminary test was conducted with 10 managers, representative of the target group.

As a result, we came up with a final questionnaire consisting on 6 sections wherein 5 of them aimed to gather data about specific factors and the last one related to socio-demographic issues of the target group.

Thus, it is gathered information about economy and business skills factor (30 observed variables), skills on management and application of information systems factor (8 observed variables), technical skills (7 observed variables), communication skills (6 observed variables) and legislation and fiscal issues (4 observed variables).

The final section of the questionnaire was structured to gather general information on the company as well as additional socio-demographic data dealing with the number of employees, the position of the respondents and the turnover of the company. These data supported us to complete the arguments of study.

The latent factors in this study are based on subjective measurements. Due to impossibility of access to objective data, the subjective measures are the best approach of data collection. In addition, various studies show that subjective measures correlate positively with objective measures [14,15].

By using the face-to-face technique, a number of 431 interviews are conducted, with agribusinesses' enterprises representatives, as it is described above. Indeed, there is a very high percentage of responses rate by using the face-to-face technique, approximately 95% [11,17]. However, the number of questionnaires fulfilled reached the number of 427, constituting 20.8% of the total population and a sufficient sample.

## 3. Results and Discussion

Initially we have evaluated some general indicators of the business, focusing on managers and to the businesses. Regarding education, the analysis of the data found that into the businesses, 32% of business leaders are with higher education, 43% have secondary education and 24% are with vocational education. In addition, within our sample, from the business structure perspective of agro-industry branches, dominate the cereal processing industry, meat processing and dairy industries with a weight of approximately 67%. Through these figures we can have a preliminary information about the future development of these businesses in terms of human resources capacities.

**Table 1.** Education Level of managers

| Education Level | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|
| Secondary Education | 180 | 42.2 | 42.2 | 42.9 |
| Professional Education | 103 | 24.1 | 24.1 | 67.0 |
| Higher education | 135 | 31.6 | 31.6 | 98.6 |
| MSc,PhD | 5 | 1.2 | 1.2 | 99.8 |
| No response | 1 | .2 | .2 | 100.0 |
| Total | 427 | 100.0 | 100.0 | 100.0 |

After gathering the data and the purification process, the next important step undertaken was to explore factors that measure aspects of the same underlying dimension. The most used statistical procedure for investigating relations between sets of observed and unobserved variables is factor analysis [2]. Thus, in framework of the factor analysis, the exploratory factor analysis (EFA), based on the Principal Component Analysis (PCA) method, is undertaken. These techniques were implemented by using SPSS software. Exploratory Factor Analysis is the most used technique in the studies of social sciences [7]. This is a statistical procedure used to investigate the relationship between groups of observed variables directly (items) and the latent factors [2]. By using this technique in the data analysis, we aim to understand the structure of a set of observed variables that highly load onto factors of which they are indicators and exhibit small loadings on factors that are measured by differing sets of observed variables. In fact, there are methods to explore the factors in our data, such as Maximum likelihood (ML), principal component analysis (PCA), Image Covariance Analysis (ICA) [7]. In this study it is used the principal component analysis (PCA) method. By using the Exploratory Factor Analysis, we aim to validate the questionnaire described above, that means checking in advance about reliability of factor represented by a set of variables [7]. In statistical terms, reliability is based on the idea that individual variables should provide results in accordance with the whole questionnaire. There are different techniques for the reliability test such as split-half [7] and Cronbach alpha (α) [3]. In this study it is used the Cronbach alpha (α) test. Finally, a PCA and reliability test were conducted and through EFA we examined other basic descriptive analyses. In framework of the EFA, a PCA method was conducted on the 30 observed variables of Economic and Business Skills factor with orthogonal rotation (varimax) and eigenvalues with criteria of 1.0 [9] (see Table 2). 14 out 30 observed variables are deleted. We deleted those Items for further analyses because during the data reduction, with PCA method, they were not respectively measuring the same common underlying dimension as they were supposed to measure.

In this regard, only 16 observed variables remained for further analysis since they were measuring the same underlying factor, as previously predicted. These 16 observed variables resulted with eigenvalue over Kaiser' criterion and explained 77% of total variance. Finally, the Cronbach's αvalue for the Economic and Business Skills factor resulted 0.98, exceeding the 0.70 level as recommended by Nunnally (1978). As regard to the Skill on systems IT management, results that all the predicted observed variables (8items) measure it. On component had eigenvalues over Kaiser's criterion of 1 (see Table 2) and explained 95.7% of the total variance. The Cronbach's α value resulted 0.99 revealing the high reliability of the construct. Considering the Technical and Technological Skills factor, resulted as well that all the observed variables were measuring the same common underlying dimension as they were supposed to measure. One component emerged with eigenvalue over Kaiser's criterion of 1, explaining 76.2% of the total variance. In this framework, the alpha coefficients resulted 0.94, showing that all the observed variables are reliable. For the Communication skills factor also resulted that all the observed variables were measuring the same common underlying dimension. One component had eigenvalues over Kaiser's criterion of 1 (see Table 2) and explained 81.3% of the total variance. Finally, α coefficient resulted 0.95, showing that all the observed variables that measure the Communication skills factor are highly reliable. Considering the Legislation and Fiscal issues factor, the missing data was an obstacle to be further investigate because there was missing data. Indeed, this situation is justified since those data are considered confident.

**Table 2.** Construct measurements

| Factor | Average | SD | FL | EV |
|---|---|---|---|---|
| **Economic and Business Skills(α=0.98)** | | | | **77%** |
| A26 | 8,03 | 20,829 | ,963 | |
| A31 | 7,81 | 20,878 | ,963 | |
| A30 | 7,63 | 20,926 | ,962 | |
| A28 | 7,28 | 20,474 | ,953 | |
| A27 | 8,10 | 21,326 | ,951 | |
| A29 | 7,35 | 19,917 | ,938 | |
| A18 | 7,10 | 19,417 | ,933 | |
| A7 | 6,75 | 18,335 | ,924 | |
| A11 | 6,37 | 17,188 | ,902 | |
| A17 | 7,61 | 20,396 | ,874 | |
| A13 | 5,73 | 15,984 | ,851 | |
| A8 | 6,09 | 15,937 | ,839 | |
| A9 | 5,79 | 15,284 | ,806 | |
| A19 | 5,83 | 15,284 | ,745 | |
| A2 | 5,50 | 14,621 | ,734 | |
| A12 | 5,22 | 13,888 | ,731 | |
| **Skill on systems IT management(α=0.99)** | | | | **95.7%** |
| B5 | 8,47 | 22,270 | ,996 | |
| B6 | 8,61 | 22,233 | ,996 | |
| B3 | 8,35 | 22,296 | ,996 | |
| B8 | 8,87 | 22,171 | ,996 | |
| B7 | 8,71 | 22,210 | ,996 | |
| B4 | 8,44 | 22,280 | ,996 | |
| B1 | 8,05 | 21,374 | ,971 | |
| B2 | 6,92 | 18,914 | ,876 | |
| **Technical and Technological Skills(α=0.94)** | | | | **76.2%** |
| C2 | 11,24 | 26,732 | ,978 | |
| C1 | 11,86 | 27,770 | ,975 | |
| C7 | 10,43 | 25,259 | ,937 | |
| C6 | 10,06 | 24,474 | ,929 | |
| C4 | 10,25 | 25,320 | ,828 | |
| C5 | 7,46 | 19,577 | ,757 | |
| C3 | 7,53 | 20,131 | ,656 | |
| **Communication skills (α=0.95)** | | | | **81.3%** |
| D5 | 8,61 | 22,184 | ,975 | |

| | SD | EV | FL |
|---|---|---|---|
| D4 | 8,71 | 22,159 | ,975 |
| D2 | 8,13 | 20,784 | ,951 |
| D1 | 7,51 | 19,860 | ,939 |
| D6 | 7,41 | 19,340 | ,894 |
| D3 | 4,99 | 12,251 | ,630 |

Note: SD, standard deviation; FL, factor loading; EV, explained variance.

## 4. Conclusions

It very important to address issues related to the needs of the approximation between academy and business.The approximation of these two stakeholders is significant, considering the high dynamism of the professions required into the labor market. Thus, as a consequence of the this high rapid change, it results that 10 most paid jobs at the nowadays labor market, are those that did not exist 10 years ago [4].

This rapid change of the global employment landscape, is a consequence of a certain factors such as demographic, socio-economic, technological trends and disruptions to the business and operating models of global companies (WEF, 2016). However, a significant determinant to this situation is dedicated to the gap between universities that provide the human capacities and businesses that absorb these human capacities.

In this framework, a further approximation between universities and businesses it isexpected to have positive impacts to several areas such as curricula development that are more practical oriented and providinghuman capacitiesequipped with relevant knowledge and skills required by labor market.

To this, through this study we investigated the gap between universities and businesses, identifying the knowledge and skills that universities' curricula provide and the businesses needs for human capacities. Addressing the issue related to the gap between universities' curricula development and business needs of human capacities, the results of our study were diverse.

Thus, considering the economic and business skills, referring to the explorative data analysis, the results show that in 50% of the items representing the knowledge and skills that universities' curricula provide, were dropped out after the responses by the businesses' representatives. In this line, this result should urge universities to adjust their curricula in order to provide economic and business skillsfor future managers conforming the business's needs.

Considering three other categories of knowledge and skills that universities' curricula provide such as skill on systems IT management, technical and technological skills and communication skills, predicted itemshave fully matched the expectations of the businesses' representatives. Thus, all items that represented these three categories of knowledge and skill are considered relevant and acceptable by businesses needs in terms of human capacities. This study has limitations because has only explored the knowledge and skills categories that are considered as significant for the businesses' human capacities. However, these explorative results are an important basis to the future empirical studies, investigating their effects on the businesses'success.

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