Economic Education in Albania and Labour Market Challenges

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Abstract
The authors have analyzed the actual problems of the economic education from one side, and the necessary steps to improve the quality of higher education and prepare a qualified labour force. In this paper the authors research the drastic changes that the higher education in Albania has been undergoing and suggest several methods to overcome the problems. The important conclusion that the role of the HEI has been increasing, but the main question still remains: Are the HEI in Albania able to prepare a qualified labour force?

The findings of the research suggest that in a changing environment defining the role of the economic education is difficult, but evidence shows that these institutions should play a key role in promoting and improving quality in high education, developing public understanding and awareness and developing education policies and programmes. Central to the idea of the paper is the fact that the economic education should be a priority of the government because it has positive impact not only for individuals and communities but, what is more important, for nations.

Keywords: Education, Economy, Labour Market
JEL Classification: A

Introduction
The economic education in Albania is relatively new and does not have the history and experience that similar countries have. The first economic high education institution dates in the 1954 (High Economic Institute that in 1957 was part of newly established University of Tirana). Considering that during the communist period there was no expansion of this sector, it has become clear that the route pursued was not going to yield the expansion the system actually required. During the transition period the universities raised their entry requirements to cope with increased demand, rather than accommodate larger groups of students within the existing infrastructure, which was adopted later. The authors believe that «all young persons qualified by ability and attainment to pursue a full time course in higher education should have the opportunity to do so» (Committee on Higher Education 1963, p. 49). This reflection is providing a guide for the develop-
ment of the Albanian higher education system, but is also resulting in challenges and problems. Virtually there are seven public high economic education institutions and all offer the 4-year bachelor’s degree program; but only two offer postgraduate degrees in economy leading to master and doctoral qualifications (University of Tirana and Agriculture University of Kamza). Following undergraduate education, three types of graduate programs are offered leading to three types of qualifications: postgraduate diplomas; master’s degrees (the so-called «taught master’s»), which are curriculum based, and the research master’s degrees); and doctoral degrees.

The next section discusses trends in economic high education in Albania. This discussion is limited to policy developments and the effects of these policies on the current number and division of students. Following this, the various strategies suggested for the future of the sector are discussed. Finally, support patterns and employment patterns are discussed.

1. The need for reform

Higher education is a great national asset. Its contribution to the economic and social wellbeing of the nation is of vital importance. Several times it has been claimed that its research pushes back the frontiers of human knowledge and is the foundation of human progress. Its teaching educates and skills the nation for a knowledge-dominated age. It gives graduates both personal and intellectual fulfilment. Working with businesses, it powers the economy, and its graduates are crucial to the public services. And wide access to higher education makes for a more enlightened society.

Considering the importance of higher education and the fact that the whole society is beneficial to it, there has been an increasing trend in higher education in Albania. Public Higher Education has been for decades the only source of providing post-secondary education, but lately has emerged also the private education, especially the economic one.

There have been drastic changes in the economic education after the communist period. The social and cultural changes needed to be associated also with educational ones, and the curricula had to be adapted to the new needs and trends of the market. The changes in curricula were applied immediately after the democratic changes of the 90-ties. Firstly, after 1990 the economic education changed from an education based on the eastern methods (especially the Russian one) to one based in the western one (the Anglo-Saxon school was the chosen model). The post-university education was also restructured and in this transition period of almost 15 years are created and being consolidated the master programmes (MBA, MPA, Master in European Economics, Master in Marketing and soon also Master in Finance).

With the establishment of the Universities of the other cities (such as Vlora, Gjirokastra, Korça, Elbasani and Shkodra) there were created economic branches with curricula mainly based on those of the University of Tirana. The government programme forecast for the academic year 2006-07 to open the Durres University, which will include an economic faculty. Furthermore, the economic faculty of University of Tirana will open its own affiliation in the city of Saranda, where the students will have only the tourism management branch.

The number of students studying in Higher Economic Education Institutions has been increasing year by year. The tables represent the students enrolled in the University of Tirana and Faculty of Economics. It can be noticed not only the increase in the number of students, but also
the fact that the students of the faculty of Economy have a considerable weight in the overall number of students.

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<tbody>
<tr>
<td>UT</td>
<td>11987</td>
<td>7730</td>
<td>13092</td>
<td>13728</td>
<td>14425</td>
<td>14693</td>
<td>16757</td>
<td>15587</td>
<td>15766</td>
<td>18877</td>
<td>22096</td>
<td>24321</td>
</tr>
<tr>
<td>Faculty of Economics</td>
<td>3141</td>
<td>1752</td>
<td>3191</td>
<td>3348</td>
<td>3698</td>
<td>3620</td>
<td>3989</td>
<td>4125</td>
<td>4455</td>
<td>6017</td>
<td>5767</td>
<td>6153</td>
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<tr>
<td>Economics/Total</td>
<td>26.2%</td>
<td>22.7%</td>
<td>24.4%</td>
<td>24.4%</td>
<td>25.6%</td>
<td>24.6%</td>
<td>23.8%</td>
<td>26.5%</td>
<td>28.3%</td>
<td>31.9%</td>
<td>26.1%</td>
<td>25.3%</td>
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But the trend is not so optimistic when we refer to the number of academic staff.

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<tbody>
<tr>
<td>UT</td>
<td>685</td>
<td>624</td>
<td>619</td>
<td>613</td>
<td>648</td>
<td>661</td>
<td>652</td>
<td>666</td>
<td>656</td>
<td>651</td>
<td>660</td>
<td>709</td>
</tr>
<tr>
<td>Faculty of Economics</td>
<td>105</td>
<td>88</td>
<td>70</td>
<td>73</td>
<td>82</td>
<td>85</td>
<td>86</td>
<td>84</td>
<td>86</td>
<td>83</td>
<td>92</td>
<td>101</td>
</tr>
<tr>
<td>Economics/Total</td>
<td>15.3%</td>
<td>14.1%</td>
<td>11.3%</td>
<td>11.9%</td>
<td>12.7%</td>
<td>12.9%</td>
<td>13.2%</td>
<td>12.6%</td>
<td>13.1%</td>
<td>12.7%</td>
<td>13.9%</td>
<td>14.2%</td>
</tr>
</tbody>
</table>

According to the Bologna process, the Faculty of Economy of UT chose the system 4+1, system that was followed by all Universities in other cities (Vlora, Gjirokastra, Korça). So the system chosen by the UT is 3.5 years of classes with 32 exams (9+9+9+5) and a term of internship (practice) and the preparation for the diploma thesis. While the Agricultural University (and tourism branch at University of Shkodra) has chose the system 3+2.

There is the widespread view in Albania that in a fast-changing and increasingly competitive environment, the role of higher education in equipping the labour force with appropriate and relevant skills, in stimulating innovation and supporting productivity and in enriching the quality of life is central. The benefits of an excellent higher education system are far-reaching; the risk of decline is one that cannot be accepted.

2. The danger of decline

Higher education in Albania therefore has an overall good story to tell. Nonetheless, the whole system is undoubtedly under severe pressure and at serious risk of decline. Decisions must be taken now to maintain the excellence of the sector as a whole. There have been several attempts to this regard and the main one has been the international relations with well known economic high education institutions overseas. After 1990, the first contacts have been with Italian Universities, where is important to emphasise the specific role of the University of Bari in the first years of transition. There have been contacts also with the Universities of Bocconi (Milan), Siena, Trieste, Macerata etc. While good relations have been established with the Macedonia University (Thessalonica) and Volos University in Greece, Staffordshire, Kent and Strathclyde in UK, Paris VII, Touloux, Bordeaux, Grenoble, and Angers in France, Siegen in Germany.
It is important to mention the 10-year collaboration with the University of Nebraska (USA) resulting in the establishment of the MBA and MPA and also with the University of Bamberg in Germany resulting with the establishment two years ago of the Master of Economic European Studies.

There are several challenges ahead, and many of them are clear. Many of the most well known economies invest more in higher education institutions than we do. Bosnia and Herzegovina, Croatia, Czech Republic, Hungary and Slovakia all contribute from 3.5 to 8 per cent of GDP in public funding to higher education institutions. This compares to 3.1 per cent in Albania.

The world’s strongest economies see – as Albania should – that the developing knowledge economy means the need for more, better trained people in the workforce. And higher education is becoming a global business.

3. Problems

The almost fifteen years of experience reflected also the internal challenges to higher education. The most important and visible one is the need to recruit, retain and reward the calibre of academic staff needed to sustain and improve both teaching and research. Considering the competition from the private universities, the public ones should stress the importance of high quality staff. The last years there has been a considerable brain-drain versus the so claimed brain-gain. Three are the main directions where the staff is directed: firstly the very high position at public administration, secondly the private sector, including also the private universities and thirdly staff that has been trained in foreign universities has decided to pursue studies there and/or work there.

Related to the first one is also the need to maintain the infrastructure for research and teaching. The increase in the number of students, degrees and subjects in economic education is stressing more on the teaching side, while research should also be emphasized. This is left aside considering the need for high expenses, but it is important to mention that this is one of the most important factors in linking universities with businesses. The increase of the number of students will have some negative effects in the near future. There is a story of decline here: staff-student ratios have fallen from just 1:30 in 2000, to 1:60 in 2006. This means that the contact student-staff is decreasing, the students write fewer assignments and they have less information on courses. It is important to manage carefully this effect in order to balance quality with quantity.

What is important for an economic high education institution is to make sure the investment in higher education – whether paid for by the taxpayer, the student, their employer or someone else – is used to best effect.

Some other problems can be summarized as follows (Mema and Tabaku, 2003):

1. Partial and confuse autonomy especially in financial aspects;
2. Difficulties and lack of capacities concerning classrooms, contemporary equipment and everyday equipment;
3. Existence of corruption in the Higher Education level;
4. Difficulties to hire the best students to work in the faculty as Assistant Lecturers;
5. The assistant staff is decreasing and this makes the pedagogic staff lose time with secondary and assisting work.
4. Higher Education and Business

One of the areas where there is need for transformation is the relationship of HEI and Businesses. There are very few businesses that use information from HEIs, and very few or none of the Albanian HEI have an implemented plan for business support. There is the widespread view that several employers reveal concerns about the skills of graduates, particularly in terms of communication and other «soft» skills. And although Albanian institutions are growing stronger in knowledge transfer, their exploitation of intellectual property – to take one example – is weak by international standards.

This problem should be analyzed from both sides, not only universities lack communication with businesses but they have often experienced difficulties in transferring knowledge to business through research and development work, and businesses are often unclear about what they want.

There is clearly scope for the higher education sector to improve its performance still further and for businesses to be clearer about what they want from HEIs. The authors argue that in order to overcome the several challenges of the labour market, ways need be investigated in which the interactions between universities and businesses can be enhanced.

An important factor contributing in this regard is the introduction of the practice or internship for the senior students. This will help to enforce the links of the Universities with the private sector. Another policy could be also organizing guest lectures with business persons (and not only) in order to bring the experience and real problems of businesses to the lecture halls.

5. Expansion and Flexibility

Taking in consideration the increased number of graduates and the sophistication of jobs, the demand for graduates is very strong, and hundreds of new jobs are expected to be created, especially in the private sector and will be in occupations which normally recruit those with higher education qualifications. So it is in the country’s interest to expand higher education. The authors have calculated that in 2005 the participation rate in higher education is around 3.7% per cent of 18-30 year olds, and about 16.3% percent is in the higher economic education institutions. Participation rates are lower, according to OECD comparisons, than in many other developed countries, including Australia, Finland, the Netherlands, New Zealand, Norway and Sweden.

The authors suggest that in order to close the productivity gap there is a need to close the skills gap, and that in part means boosting higher education. There is also the conviction that expansion should not mean more of the same. The pace of both social and technological change means that education, including higher education, can no longer be confined to the early years of life. This is truly an era of lifelong learning. Today’s generation of students will need to return to learning – full-time or part-time – on more than one occasion across their lifetime in order to refresh their knowledge, upgrade their skills and sustain their employability. Such independent learners investing in the continuous improvement of their skills will underpin innovation and enterprise in the economy and society (National Committee of Inquiry Into Higher Education, 1997). Lifelong learning therefore implies a fundamental shift from the «once in a lifetime» approach to higher education to one of educational progression linked to a process of continuous personal and professional development.
6. Funding

Underlying each of these policy challenges is a funding challenge. The graph below (figure 2 and table 3) show that although publicly planned funding for higher education has risen dramatically, there is still the need for increased funds in education. But there is the need that the increase in the number of students should be accompanied by an increase in the funding per student.

Table 3: Education versus Higher Education

<table>
<thead>
<tr>
<th>Year</th>
<th>Higher Education</th>
<th>Total</th>
<th>% of Higher Education</th>
<th>% of Increase Education</th>
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<tbody>
<tr>
<td>1999</td>
<td>2,081,887</td>
<td>14,667,725</td>
<td>14%</td>
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<tr>
<td>2000</td>
<td>2,381,939</td>
<td>16,000,752</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>2001</td>
<td>2,915,002</td>
<td>18,304,730</td>
<td>16%</td>
<td>14%</td>
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<tr>
<td>2002</td>
<td>3,046,575</td>
<td>17,914,331</td>
<td>17%</td>
<td>-2%</td>
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<tr>
<td>2003</td>
<td>3,339,225</td>
<td>20,136,408</td>
<td>17%</td>
<td>12%</td>
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<tr>
<td>2004</td>
<td>4,394,229</td>
<td>24,881,285</td>
<td>18%</td>
<td>24%</td>
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Figure 2: Comparison of Total Publicly Planned funding for Higher Education (1999-2004)
7. The vision for higher economic education

Considering the importance of the issues we discussed so far and the fact that economic higher education is too important, the spending review for at least the next year is generous, and allows taking the first steps towards the author’s new vision for higher economic education. Even though there is a trend of decline, the authors believe that must be done more than hold off decline. This opportunity should be taken to lay the foundations for the reforms which will transform the future of the sector.

The authors see a higher education sector which meets the needs of the economy in terms of trained people, research, and technology transfer. At the same time it needs to enable all suitably qualified individuals to develop their potential both intellectually and personally, and to provide the necessary storehouse of expertise in science and technology, and the arts and humanities which defines our civilisation and culture. What is important to keep in mind is that it is true that there is need for training and skilled employees, but the complexity and changes of the modern labour market suggest that «one size fits all» policy is not desirable anymore (Lewin, 2000).

Many different needs can be envisaged for different groups, and this needs to be associated with different curricula. The role of the economic higher education institutions should recognize a variety of outcomes for different groups and make different links to different parts of the labour markets.

The author’s vision is of a sector which:
• recognises and values universities as creators of knowledge and understanding and as engines for applying that new knowledge for the benefit of all;
• recognises their role in educating their students to live life to the full, through the acquisition of skills and through fostering imagination, creativity and contribution to society;
• acknowledges and celebrates the differences between institutions as each defines and implements its own mission. We see all HEIs excelling in teaching and reaching out to low participation groups, coupled with strengths in one or more of: research; knowledge transfer; linking to the local and regional economy; and providing clear opportunities for students to progress;
• builds strong and purposeful collaborations, including with one another and with further education, to support the best teaching, research management and knowledge transfer;
• supports and celebrates institutions which can compete with the best in the world in research;
• is expanding towards 50 per cent participation for young people aged 18–30 years from all backgrounds and providing courses which satisfy both students and employers;
• meets the developing needs of students for new modes of study and delivery of courses as well as pastoral and learning support;
• offers the opportunity of higher education to all those who have the potential to benefit;
• employs sufficient staff of the right calibre to achieve its missions, and which recruits, develops, retains and rewards them adequately;
• has the freedom to be innovative and entrepreneurial, with strong management and visionary leadership which will set and achieve clear goals for improving quality across the
whole range of each institution’s activity to implement its plans; and

- has sufficient funding from a range of sources to sustain the sector and the institutions within it, and with an equitable partnership for investment in higher education shared between the taxpayer, the student and others.

8. Future roles of economic Higher Education institutions

Considering the transformation period and the challenges ahead us, the future role of the higher education institutions should be vital in achieving sustainable development. But why economic higher education institutions can be the focal point of development of a country?

First, they are an intellectual goldmine (Ramphele, 2003) and they can offer expertise in several fields of study, and in Albania the public economic institutions are the only one that has experience in training, teaching and forming the leaders. Second, the expertise they have in research makes the public institutions amongst the only sources of information in several fields of study such as public administration, management, marketing, statistics etc. And third they can promote awareness on several issues such as socio-economic development, promotion of new ideas and technologies.

In order for the higher education institutions to fulfil their role there are some preconditions to be taken in consideration. The first one relates with the quality of education in terms of updating the curricula and teaching/training materials. It is true that the curricula has been changed several times during the transformation period, but with the increase in the number of students it is becoming even more difficult to keep pace with the quality of teaching.

Second, it is true that economic higher education institutions are becoming leaders in research, but it will be necessary to link the research with the decision making policies and also with the private sector. Research will continue to be academic if there is no implementation and no policy making influence.

Third, it will be very important for the years ahead that these economic institutions are linked with the private sector. For this to happen the universities should offer specialised training programmes to the private sector from one side and from the other to enhance the knowledge, values and skills needed to empower people and what is more important to provide life-long learning opportunities.

One of the strategies needed to link Economic Education to labour markets is to identify learning outcomes related to generic and transferable skills that are valued in the labour market (Lewis, 200). This is very much related with what was aforementioned, strengthening the partnership with the private sector, but it is needed to understand what skills the market needs and try to provide those skills. Several times in the Albanian HEEI this is not the case and this is not part of the curricula development.

As previously mentioned the links with the labour market can be enriched by involving employers and companies in the curriculum development process. This has resulted in a very profitable experience for several countries (Lewis, 2000). Professors in these institutions several times can be unaware of the recent developments, and the dialogue established with all stakeholders could result in quality improvement.
In order to fulfil these requirements it will be very important for the economic higher education institutions to coordinate the actions and strategies. Ramphele (2003) suggests that there are some necessary steps needed to be taken and that are very applicable also for the Albanian case:

- Strengthening of partnerships with other economic higher education institutions, that will help in overcoming several barriers related to research, curricula and practice.
- Prioritize and plan strategically and try to look in the long term, in order not to miss the opportunities offered in the long term.

Concluding remarks

This paper has tried to explore the serious problems underpinning higher economic education institutions, and suggest ways to overcome the existing situation. In a world that is becoming increasingly knowledge-based, higher economic learning should play a central role in the development of individuals and businesses.

There are several strategies to be undertaken and many of them emphasize the increasing role of the partnership with the private sector. This partnership should be multifold and deal with a variety of issues from curricula to research and skills improvement.

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