

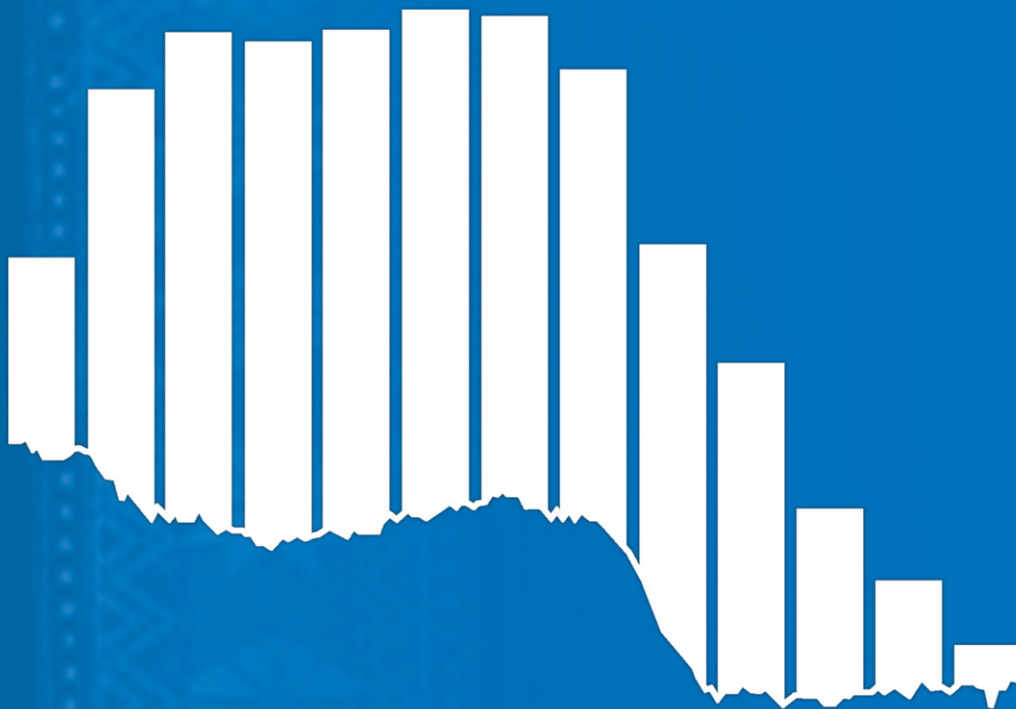


SEPFOPE

SECRETARIAT OF STATE FOR PROFESSIONAL TRAINING AND EMPLOYMENT POLICY

**DIRECTORATE GENERAL
LABOUR MARKET INFORMATION DEPARTMENT**

Enterprise and Skills Survey 2013



Observatório do Mercado de Trabalho Nacional

**Australian
Aid**



TESP
TRAINING AND EMPLOYMENT
SUPPORT PROGRAMME



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Preface

I am pleased to present the report on the 2013 Enterprise and Skills Survey which was carried out for the first time by the Secretariat of State for Professional Training and Employment Policy (SEPFPOPE) through the Labour Market Information Department (DIMIT). This report is an important document which assesses information collected from over 800 businesses in Timor-Leste. The report examines market needs in relation to the development of skilled workforce and provision of training and employment services.

The report, we hope, will contribute towards more effective training and employment policies, which in the longer term will help the socio-economic development in the country. We believe the information that we have gathered will serve as a guideline for the implementation of the Technical Vocational Education and Training (TVET) Plan and the National Employment Strategy (NES). The results from the survey will assist us to assess current and future needs for employment and vocational training which is responsive to national labour market demand. It will help us to facilitate the entry of youth in the labour force so that they are properly equipped and trained.

We believe the results of this survey will also provide guidance to people entering and those already in the workforce. The information can assist them to choose appropriate vocational skills that are being delivered by the national vocational training centres. It can also help them to become more competitive in the labour market by upgrading their skills and qualifications. I would like to convey my thanks to the industry representatives, in particular, to the Presidents of the Industry Sub-Commissions (ISCs) and the Chamber of Commerce and Industry (CCI). My thanks also go to the companies that participated in this survey and provided feedback. We appreciate their contribution to promote human resource development and to create skilled workforce in Timor-Leste.

Lastly, I extend my appreciation to the team in the DIMIT for their initiative to undertake this survey. I would like to offer my gratitude for technical assistance provided to the DIMIT in the past by the Federal Government of Brazil and currently by the International Labour Organization (ILO) and the Government of Australia through the Department of Foreign Affairs and Trade (DFAT).



Ilidio Ximenes da Costa

Secretary of State for Vocational Training and Employment Policy

Contents

Key Terms

Acronyms

1. Introduction.....	1
2. Enterprise & Skills Survey: Aim and Objectives.....	3
3. Methodology.....	5
4. Key Findings.....	8
4.1 Past and current employees.....	8
4.2 Priority Skills & Competencies.....	9
4.3 Training & Employment Services.....	16
5. Conclusions.....	16
6. Recommendations.....	19
Annex 1.....	21

Key Terms

Employer: an individual or a business that engages someone to work and pays him/her wages or a salary.

Facilitator: an institution acting as a mediator between those who are seeking work and the employers.

Labour: the combination of physical and mental work to produce goods and services in return for wages.

Labour Market: is where employers and workers interact; employers compete to engage the best workers and workers compete for the best job.

Key Labour Market Actors¹: these are the workers, employers and the government. The workers usually decide when, where and how many hours to work and look for the best employment option. Employers choose who to hire and look for profits. The government develops policy and training, provides regulations to protect workers and businesses, and imposes taxes.

Vocational Skill: is a fundamental and specific competency or capacity in certain area fulfilling technical criteria to carry out a particular job.

¹'Topic 1 – Introduction to Labour Economics' Professor H J Schuetze, Economics 370, web.uvic.ca/~hschuetz/econ370/hndout1.pdf, accessed 10 May 2014, pp 6-8.

Acronyms

CCI	Chamber of Commerce and Industry (CCI)
CEOPs	Career Guidance and Employment Centres
DFAT	Department of Foreign Affairs and Trade, Australia
DIMT	Department of Labour Market Information
ESS	Enterprise and Skills Survey
INDMO	National Labour Force Development Institute
ISC	Industry Sub-Commissions
ILO	International Labour Organization
MCIE	Ministry of Commerce, Industry, and Environment
NQF	National Qualification Framework
SEPFOPE	Secretariat of State for Professional Training and Employment Policy
TESP	Training and Employment Support Programme
TVET	Technical Vocational Education Training
VTC	Vocational training centre
ZEESM-TL	Special Zone of Social Market Economy of Timor-Leste (ZEESM-TL)

1. Introduction

Between 2006 and 2011 the non-oil economy of Timor-Leste recorded an average annual growth of 12.1%². The oil sector growth on the other hand has been rather erratic with a spike in 2008 and negative growth in 2009 and 2010. The oil sector expanded by 6% in 2011. The sectors that have led the growth in the non-oil sector include construction, and information & communication which have grown (annual average in constant prices) at 40% and 28.5% respectively. Manufacturing growth peaked in 2009 but then fell sharply in 2010 and 2011. In contrast to positive growth in construction and information & communication, the growth in the agricultural sector has been on a downward trend. The agriculture output shrunk by 19.6% from 2010 to 2011. In fact from 2000-2011 the size of the agriculture sector has remained almost unchanged³.

As the economy of Timor-Leste continues to diversify, gathering and analyzing labour market intelligence is becoming more and more important for policy-making. There is greater interest to find out how growth is affecting employment outcomes, private sector development, and the demand for and possible gaps in human skills. Moreover, Timor-Leste has a disproportionately high percentage of young people and this group includes a significant number of unemployed who have low skills⁴.

These above factors have been key in the undertaking of the Enterprise and Skills Survey (ESS). The ESS was carried out by *Departamentu Informasaun Mercado Trabalho* or the Department of Labour Market Information (DIMIT). It is the first time that the DIMIT has conducted an enterprise level survey. The ESS is a modest attempt to capture the present dynamics in the labour market. The aim was to get a snapshot of recent trends in employment creation, demand for types of skills in key industries, how this demand is being met, and get feedback from businesses on labour market and training services in the country. Besides making an inventory of the type of skills being employed by businesses it was important to find out how businesses assessed the availability and quality of training and employment services.

A formal Technical Vocational Education Training (TVET) System in Timor-Leste has been recently established and many of the institutions involved are relatively new. Getting information about ongoing collaboration between businesses, government, and training providers was therefore seen as important so that partnerships could be further strengthened in future.

² Calculations based on Timor-Leste National Accounts 2000-2011.

³ Timor-Leste National Accounts 2000-2011: In 2000 the agriculture value added was 155.3 million USD while in 2011 it was 153.2 million USD in constant prices.

⁴ 'The New TVET Training System in Timor-Leste' SEPFOPE, April 2012, http://www.unevoc.unesco.org/fileadmin/user_upload/docs/TVET_in_Timor_Leste_01052012.pdf

SEPFPOPE through the DIMIT hopes to conduct enterprise and skills surveys on a regular basis to ensure that national qualifications and employment policy and programmes remain relevant to labour market needs, and if there are changes in the labour market, information can be used to develop future employment and training strategies. The DIMIT would like to thank the Industry Sub-commissions (ISCs) and businesses which provided considerable support and information during the survey. Their feedback was particularly useful to understand how the current training and employment services are being received and further improvements that need to be made in future.

2. Enterprise & Skills Survey: Aim and Objectives

The Enterprise Skills Survey (ESS) is an important part of the overall strategy of the DIMT to build labour market intelligence. The DIMT is responsible for collection, analysis, and dissemination of labour market information. Besides labour force surveys, the department is tasked to manage administrative data on employment, training, and services provided by the Career Guidance and Employment Centres (CEOPs).

While administrative data can be useful for monitoring programme activities and it can provide some general signals about labour market trends, it is not helpful to construct a complete picture of both the demand and supply for labour. Enterprise level⁵ surveys can be very useful for assessing market demand for jobs, skills and competencies required by the enterprises.

Together with labour force surveys which mainly cover supply side characteristics, enterprise surveys provide vital information by bringing the demand side of employment into the equation. The ESS provides a direct source of information from the businesses and therefore is important for testing the “pulse” of the labour market. Compared to labour forecasting models, ESS is relatively less complex exercise especially when limited data is available. Depending on the sample size, the ESS can be completed in a relatively short time period and generally are not too complicated to administer.

While the ESS is a useful instrument, it does have its share of shortcomings. First of all the ESS tend to suffer from low response rates. Secondly, it is always challenging to interview the right person in the enterprise who has full knowledge about the enterprise and in particular about employee skills and future plans. Ideally, the relevant person in the human resources department should be interviewed. However, in small enterprises it is unlikely that there is a dedicated human resources department. In this case, it is often advisable that the owner of the enterprise is interviewed.

Thirdly, it is not always the case that owners of the enterprises have a clear picture about future plans including expansion of their operations, and future recruitments. Owing to unpredictable nature of business in general and more so in countries where private sector is fairly small it is not easy for business owners to have articulated long-term plans.

⁵ Enterprise refers to business entity while establishment can be part of an enterprise. In other words an establishment can be a branch or part of parent company or enterprise but having different physical location. In this survey only the enterprises were surveyed. It is possible that in future such surveys will target establishments as well which might require a change in the title of this survey.

In view of these challenges, it is important that ESS focus more on the present and past and to the extent possible collect information based on actual facts and practices in an enterprise rather than elicit opinions. However, when seeking feedback, for example on services, it is unavoidable to get opinions.

Specifically, the ESS had the following objectives:

- to develop a profile of the workforce engaged in employment
 - to identify short-term trends in recruitment
 - to collect information on labour market skills needed
-

3. Methodology

The ESS was carried out in thirteen (13) districts in May and June 2013 and responses were received from employers across Timor-Leste. Data was collected from enterprises in the services, automotive, trade, hospitality/tourism, construction, and manufacturing sectors. Some non-governmental organizations (NGOs) were also interviewed. As part of the preparatory process the DIMT Research Team met with several businesses in the country and sought advice from various government departments.

The survey used a stratified random sample targeting a total of 1,214 enterprises. However, in the end the enumerators were able to interview 807 businesses. Almost 80% of the total businesses interviewed were from the trade and construction sectors.

A very simple questionnaire was designed for interviewing. Being the first survey for DIMT it was decided that a simple questionnaire with mostly closed-ended questions would make administering the survey more manageable. Also, it was felt that the enumerators had little experience doing interviews and if the questionnaire was too long or too many questions are left open-ended it will make the task difficult for them. As it turned out some of the open-ended questions were not properly answered. During data cleaning these problems were identified and responses that were not properly recorded have been omitted from this report.

Furthermore, it was noted that the interview time should be kept limited to avoid any “interview fatigue” among the respondents. The respondents are all active entrepreneurs and the length of the interview was kept short to avoid any unintended disruptions to their work. The data collected was then entered into a database which was created using the MS Excel software. The sample was drawn from the list of registered companies that was obtained from the Ministry of Commerce, Industry, and Environment (MCIE). Prior to commencing the survey interviews, DIMT met the Chamber of Commerce and the ISCs which were established by the National Labour Force Development Institute (INDMO). At the time of the survey, the ISCs have been established in the following sectors:

- Hospitality and Tourism
- Automotive
- Administration, Finance and Technology
- Agriculture
- Construction

The survey questionnaire was divided into five sections each of which focused on a specific topic. The content in each of the sections is briefly summarized here to help the reader understand the structure and purpose of the questions asked.

Part One – General Information

This section included questions providing general information about the enterprise: name, nationality of the owner, type of business and location of the enterprise. In this section the details of the respondent were recorded: name, gender, education level, telephone number, position in the enterprise. The respondent was required to sign the questionnaire to verify that he/she had been interviewed. In addition to this the details of the interviewer were also recorded: name, gender, telephone number.

Part Two – Employee Profile (Previous Six Months)

The questions had a recall period six months. The respondents were asked to provide information about the employees six months prior to the interview. Questions related to employee status: permanent, temporary; disaggregated by sex and age, level of education, employees with any disability, and non-Timorese workers.

Part Three – Current Employee Profile

This section included questions about current employees. The profile of employees such as their employment status: permanent or temporary; male and female by age groups; employees with any disability, non-Timorese workers by gender and type of work they were doing, level of education, and civil status.

Part Four – Skills & Competencies Needed: Currently and in the Future

Some of the questions related to past practices when enterprises undertook recruitment. For example, attributes that employers considered important when hiring new staff- educational qualifications, vocational skills and experience. Building on that the respondents were then asked about the attributes and qualifications that they consider important for future hiring.

Part Five – Training Assessment, Partnerships & Future Plans

In the final section of the questionnaire the enterprises were asked if they had plans for expansion, both in the districts where the enterprise is domiciled as well as other districts. The respondents were then asked to comment on the quality of national vocational qualifications, whether the training provided by training providers was relevant to the labour market needs. They were also asked if they coordinated with the TVET Centres.

Questions were also included about certification standards of INDMO. As INDMO is the national regulatory authority for TVET, it was important to find out if businesses in the country are familiar about the role of INDMO. This information gathered from the survey is very important for INDMO to develop its marketing and outreach plan. It is critical that businesses fully understand the mandate of INDMO, function of the National Qualifications Framework (NQF), and types of accredited courses that various training providers are offering in the country.

The respondents were also asked if they had previously recruited workers, or would do so in the future, through CEOPs. The CEOPs are responsible for providing career counselling to job-seekers and those wanting to improve their skills through vocational training. CEOPs advise businesses about potential candidates whenever they have vacancies to fill. CEOPs also refer clients who want enroll with vocational training providers.

Lastly, the enterprises were asked if they are willing to participate in apprenticeship and on-the-job training programmes for youth. The respondents were also asked if they were interested in sharing information regularly which could be collected through an online system. This could include information about job vacancies, employees, and trainings.

4. Key Findings

4.1 Past and current employees

The overall number of workers in the enterprises fell by 18% from November 2012 to May 2013 (Figure 1). However, the reduction is mainly in temporary workers, particularly noticeable in the construction (*with a drop of 26%*) and trade sectors. The number of permanent workers has increased by 2.5% across all industries except in NGOs. The number of workers in NGOs has seen a sharp fall from 352 to 95. Almost 75% of both temporary and permanent workers are in the age group of 15-39.

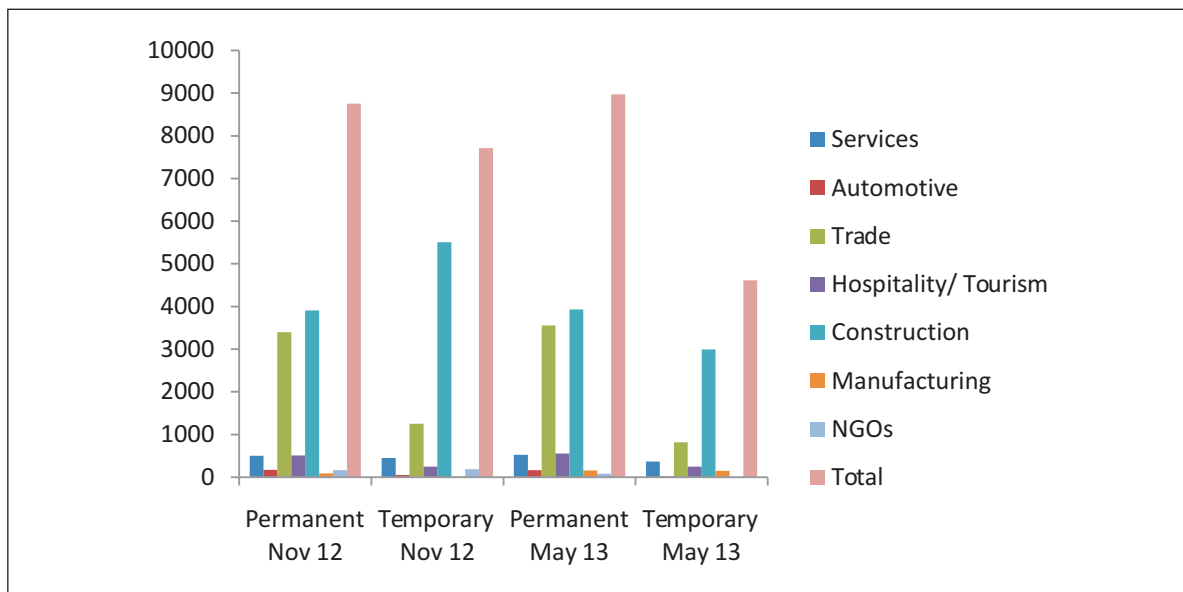


Figure 1: Number of temporary and permanent workers (Nov 2012 and May 2013)

In Figure 2 we can see the changes in the number of non-Timorese or foreign workers in these enterprises. The survey shows a drop of 3.3% in the number of foreign workers in the manufacturing sector, but overall there has been a 3.5% increase in the number of foreign workers. The biggest increase in the number of foreign workers is in the trade sector which increased from 0.3% to 9.5%. The automotive sector has the highest percentage of foreign workers. The presence of foreign workers may suggest that skills needed for jobs that are currently held by foreign staff are not available. That may not be always the case, but one can assume that businesses take into account higher costs associated with hiring staff from outside the country. From a cost perspective the companies would hire staff locally as long as skills and competencies needed for the jobs are available.

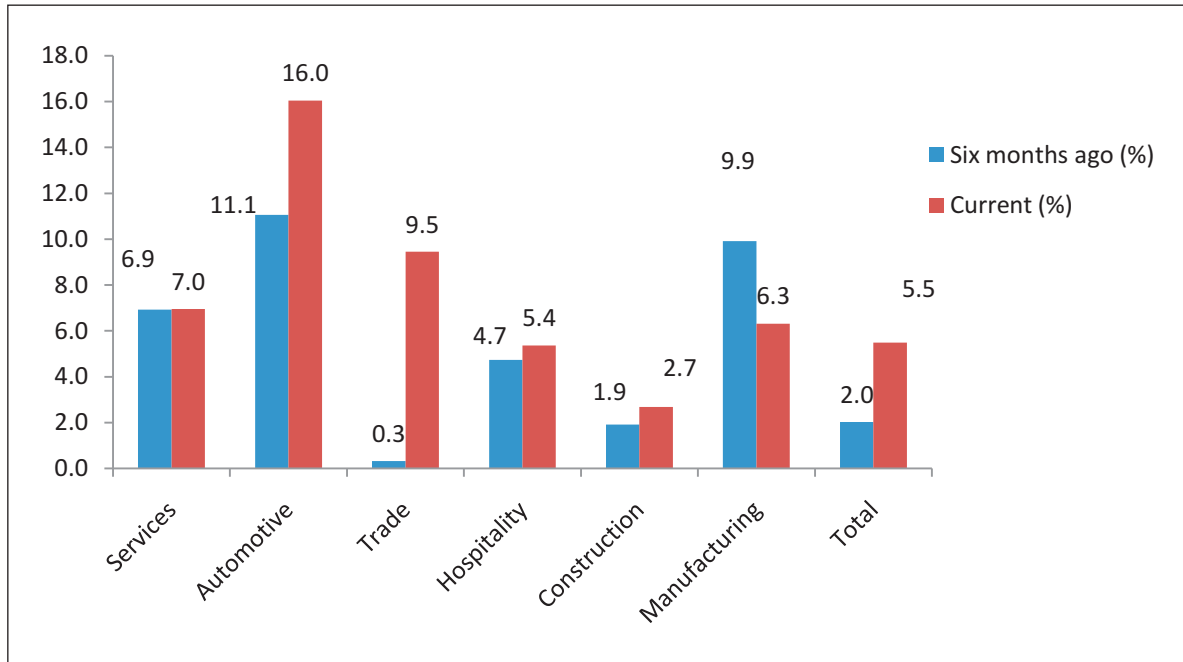


Figure 2: Percentage of foreign workers

4.2 Priority Skills & Competencies

The enterprises were asked to prioritize between educational qualification and specific skills and experience when recruiting staff. It appears that the priority for the enterprises is to find staff who not only have specialized skills, but also have past experience applying those skills (Figure 3). Academic qualifications are not considered as important as experience and job related competencies that an employee brings. In construction and services sector academic qualifications are considered relatively more important. Besides experience and skills, around a quarter of respondents from these two sectors also consider educational degree of employees as important.

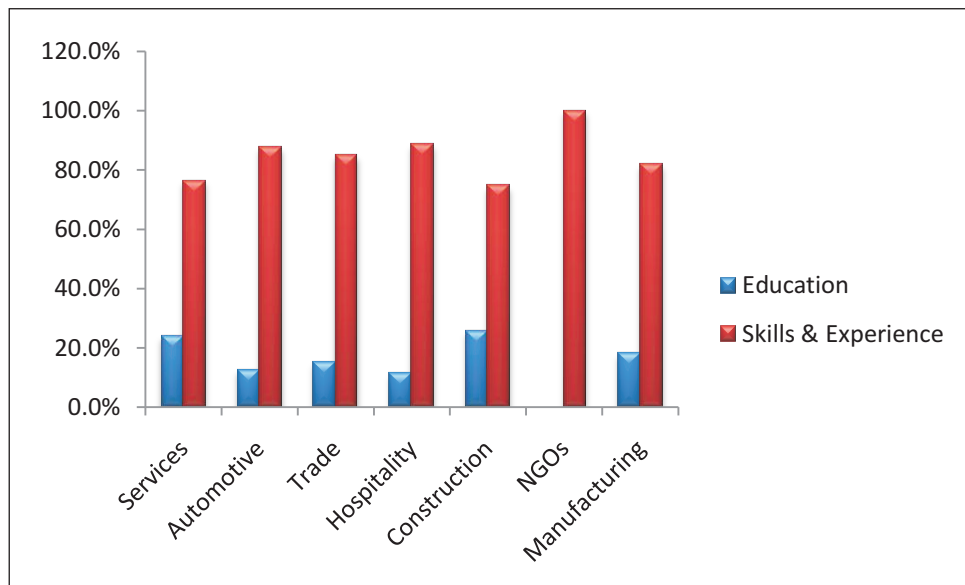


Figure 3: Attributes important when recruiting staff

Following up on the educational background of employees, the respondents were asked to mention the level of academic qualification that they would prefer when hiring staff in future. Figure 4 shows that 95% of employers would like to hire staff with tertiary degrees while 63.6% also prefer staff with a technical qualification. Employers stated that even when recruiting workers for jobs that required pre-secondary and primary level qualifications they preferred to hire people with at least some relevant work experience.

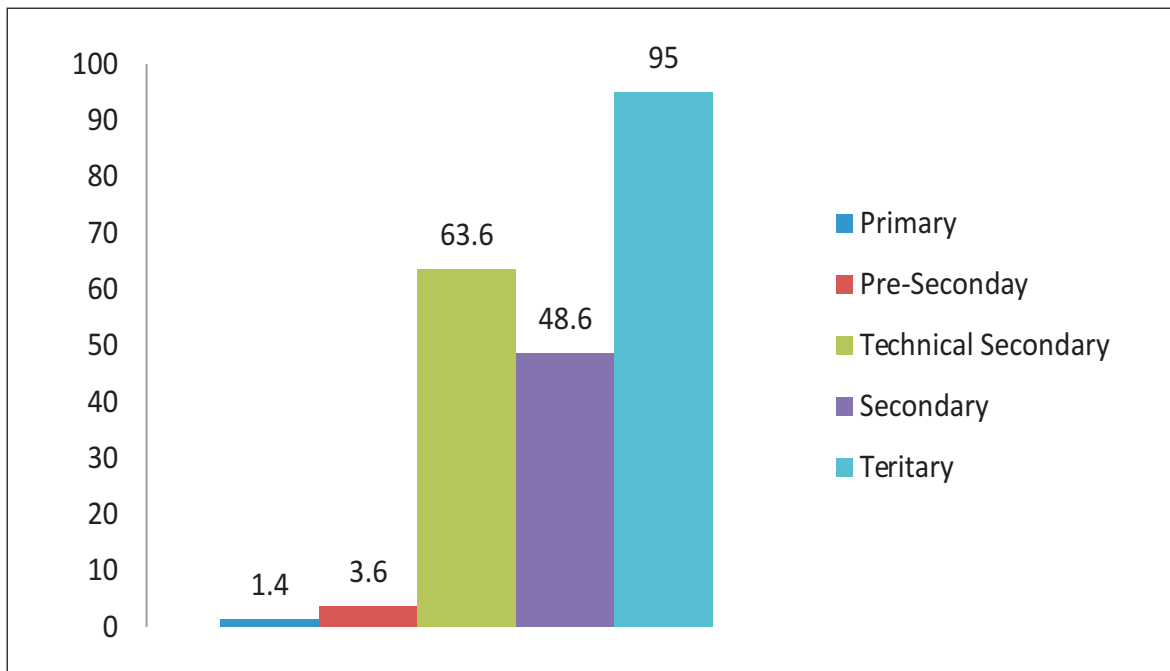


Figure 4: Qualifications considered important for recruitment (%)

As a further follow up, the enterprises were then asked to specify the academic discipline of the qualification that they consider as important for future recruitments. The enterprises prioritized academic background in civil engineering (72%) and economics (58%) as the most important areas for future. The construction industry has seen a rapid growth in the last few years. This perhaps explains the high demand for engineering positions and the fact that in Timor-Leste there is smaller proportion of people in the labour force with specialized tertiary level qualifications⁶.

⁶Labour Force Survey 2010 shows a smaller percentage of employees with vocational and tertiary level education

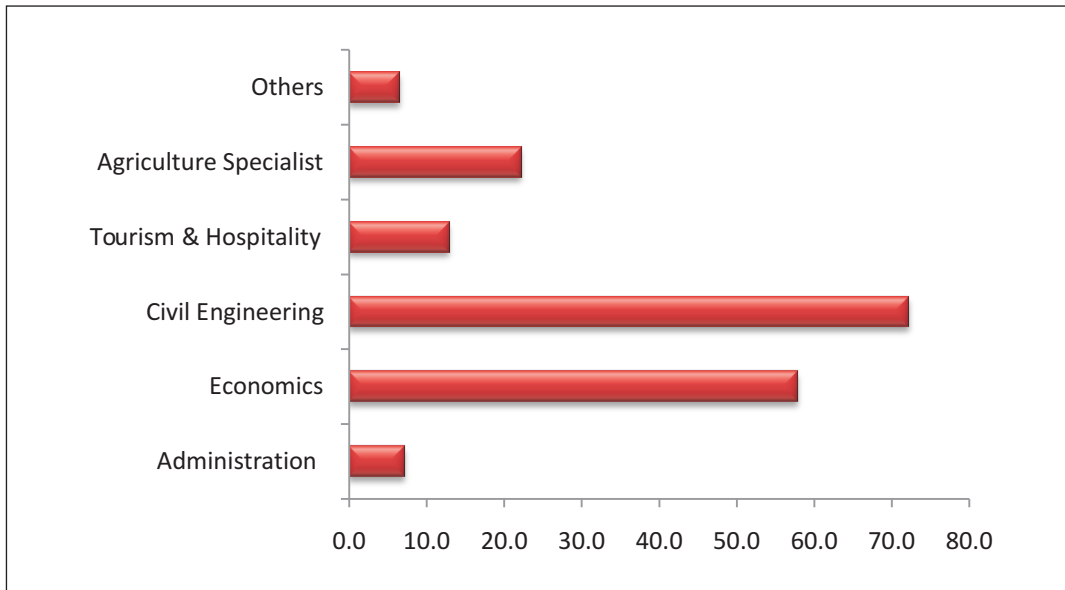


Figure 5: Academic qualifications needed in future job seekers (%)

Following up on the question about academic skills the enterprises were asked to list the top five occupations or skills that they see as priorities in future. The objective was to solicit views from enterprises about competencies that they will need in future. The occupations and skills have been grouped by two broad sectors: trade & services and construction (Figure 6 and Figure 7). These two broad sectors have been growing much faster than other sectors of the economy.

The top five occupations/skills that enterprises in the construction sector listed include architects & engineers, furniture makers, carpenters, finance and administration and computer skills.

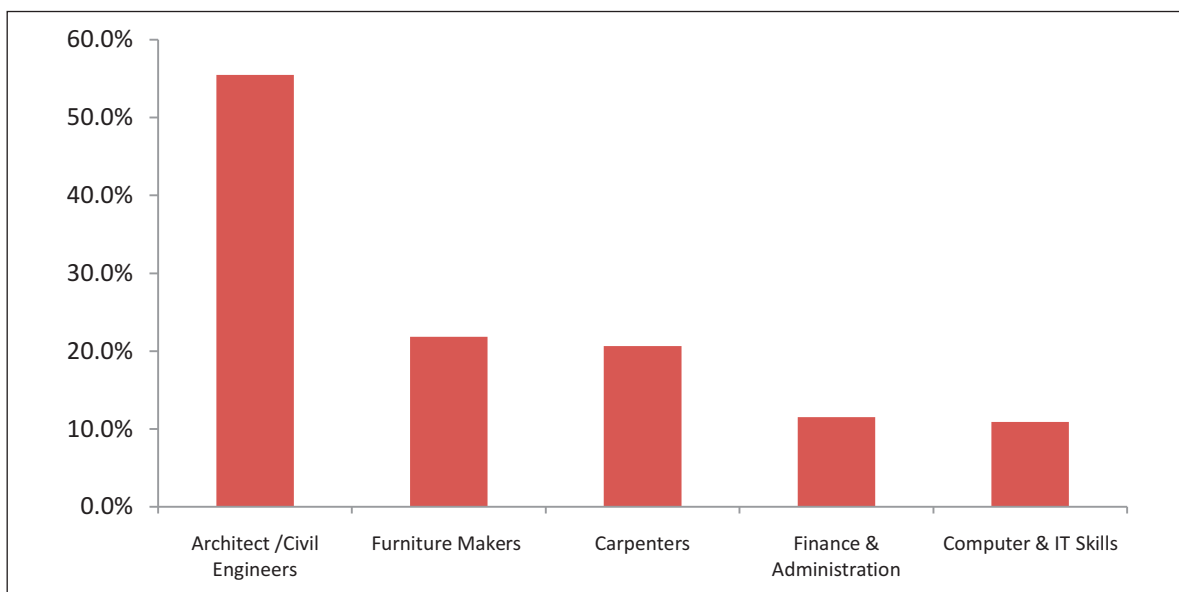


Figure 6: Skills/occupations prioritized by percent of enterprises (%) in construction

Large and wide ranging skills were prioritized in the trade and services sector. Here only the top five priority competencies are shown. The priorities include finance and administration, hospitality and tourism, and computer. English language skills and customer services were also prioritized.

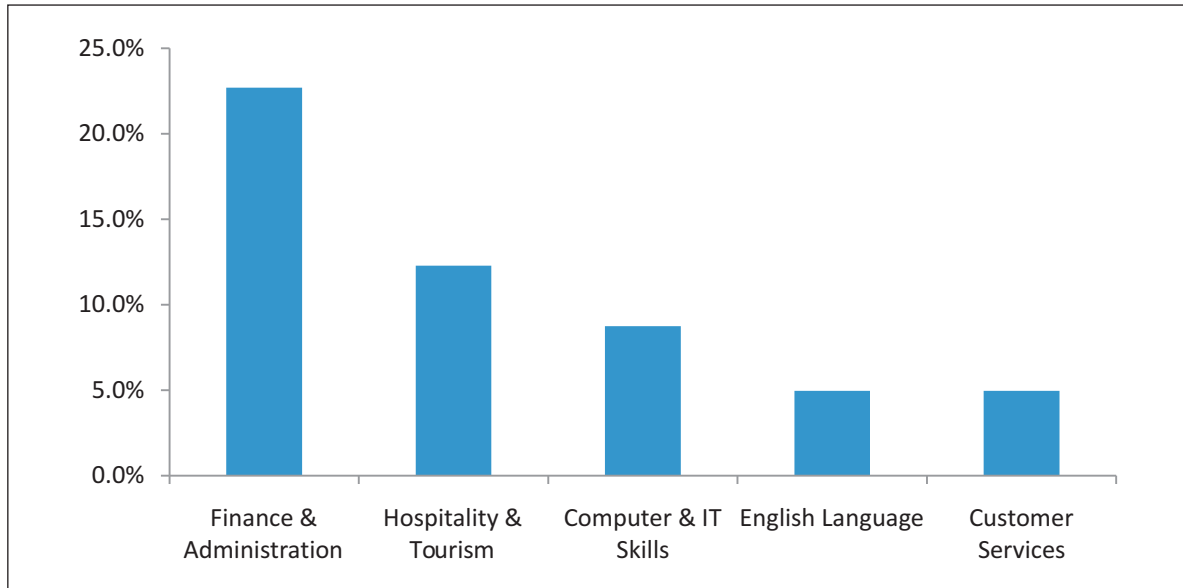


Figure 7: Skills/occupations prioritized by enterprises (%) in trade & services

To get insights into future business plans, the respondents were asked whether they anticipated any expansion. Only a quarter of enterprises interviewed are planning to expand their operations. In Figure 8 we can see the breakdown of districts in which enterprises are planning an expansion. Baucau, Bobonaro, Covalima, and Dili are the top four locations where enterprises are planning to expand their business operations. Baucau is the second biggest district in the country. In Covalima the GoTL is setting up a supply base for oil and gas exploration which might be a possible reason for businesses expecting to expand their services there. Dili is the capital and commercial hub for Timor-Leste and the concentration of medium and large sized businesses are located in Dili. Interestingly, very few businesses are planning to expand their operations in Oecusse even though the district has been designated as a Special Zone of Social Market Economy of Timor-Leste (ZEESM-TL)⁷.

⁷ See <http://www.zeesm.com/>

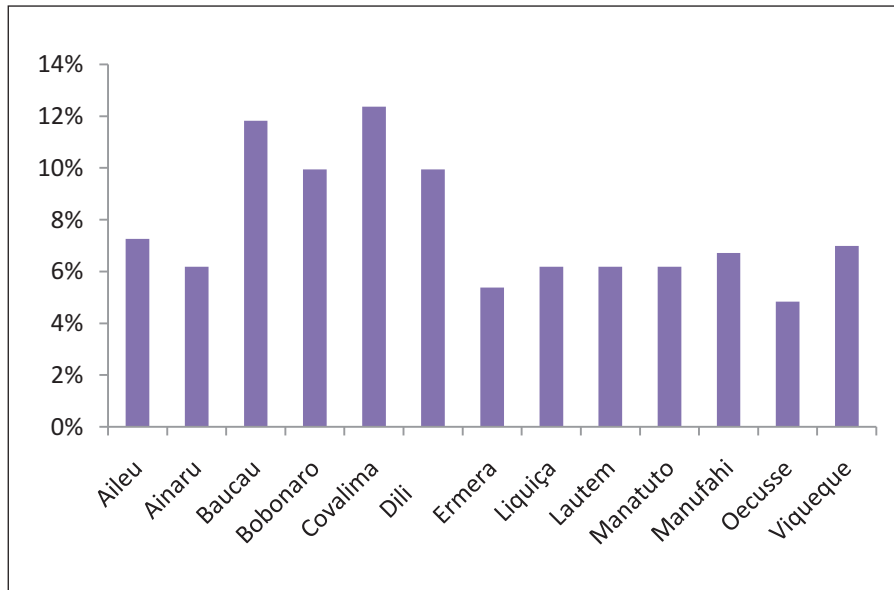


Figure 8: Plan to expand business by districts (% businesses)

4.3 Training & Employment Services

The section on training and employment services covered questions related to services that are currently being provided by the government. The focus was mainly on vocational training programmes for job seekers, counselling and career guidance, and opportunities to strengthen the interface between government and the private sector.

The enterprises were asked whether they know about INDMO. In Figure 9 we can see that a majority of companies (85.9%) do not know about the role of INDMO. INDMO was established in 2008 and since then it has expanded its work. INDMO has already set up several ISCs to partner with the private sector. But it appears there is still little awareness about the functions that INDMO carries out. To create more demand for accredited courses it is important that more and more businesses are made aware of the work that INDMO is doing.

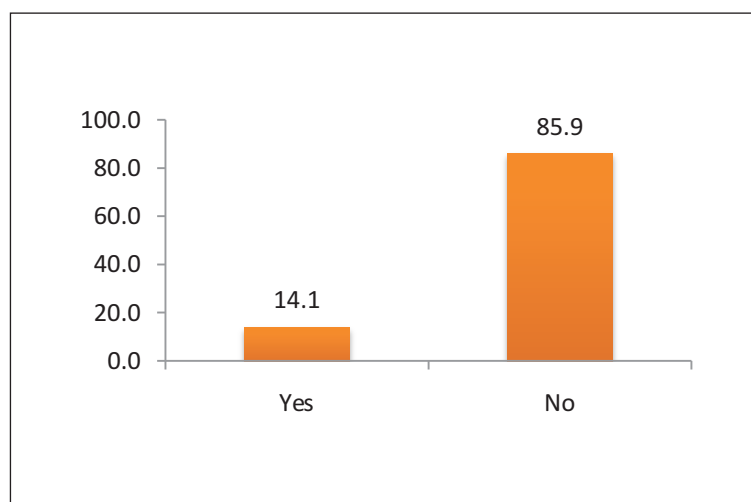


Figure 9: Percent of enterprises that know about INDMO

While very few know about INDMO, more than 78% of the enterprises consider the quality of the training provided by the national vocational training centres (VTCs) as good. To explain this further, the enterprises were then asked to comment on the relevance of the training and whether the training reflected market demand. More than half (56.1%) of the enterprises agreed that the training provided by VTCs is relevant to current labour market needs (Figure 10). Around 38% of enterprises consider that the training provided does not mirror market demand and needs of the private sector. Another 5.9% of respondents did not comment on the relevance of the trainings provided.

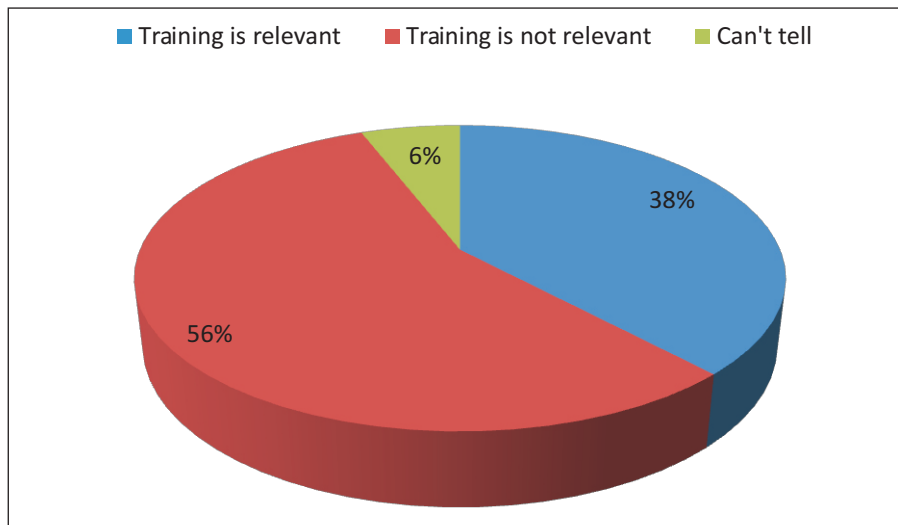


Figure 10: Relevance of training provided (% of enterprises)

It appears that very few enterprises cooperate with the VTCs. More than 75% of the enterprises said that they did not coordinate with VTCs when hiring staff or provided them inputs on the type of skills development courses that are most needed by the enterprises. There is clearly an opportunity to further strengthen the relationship between enterprises and training providers. Ideally, qualifications and training courses should be developed together by training providers and industry representatives. In this regard ISCs have been established as a forum for exchange between the private sector, government, and training providers. A demand-driven TVET needs the participation of the private sector otherwise training programmes will be developed which do not represent the needs of the enterprises.

SEPFOPPE has established CEOPs in districts to offer advisory support to job seekers and those who wish to get training. The CEOPs are responsible for providing information on job vacancies, collect information on business activities and human resources, and accordingly furnish this information to clients and training centres in the country. The CEOPs also provide referrals services to clients to facilitate their enrolment at training providers and job application process with the employers.

The survey shows that 11% of the businesses did not know about the existence of CEOPs (Figure 11). More than a half (58%) do not recruit through CEOPs while 31% businesses work with the CEOPs to fill vacancies. While the percentage of recruitments through CEOPs is still low, it is important to note that at the time of this survey the CEOPs are present in only six districts. It is therefore understandable if many businesses are not familiar with the work of CEOPs.

However, there is room to further deepen cooperation between CEOPs and the private sector. After explaining the role of CEOPs, the respondents were then asked if they would like to work together with the CEOPs in future to fill vacancies. Close to 64% responded positively while the rest do not want to cooperate with the CEOPs. In follow up surveys it may be useful to ask the respondents to give reasons so that this information can be used by CEOPs to further improve their services and attract more businesses to collaborate with them.

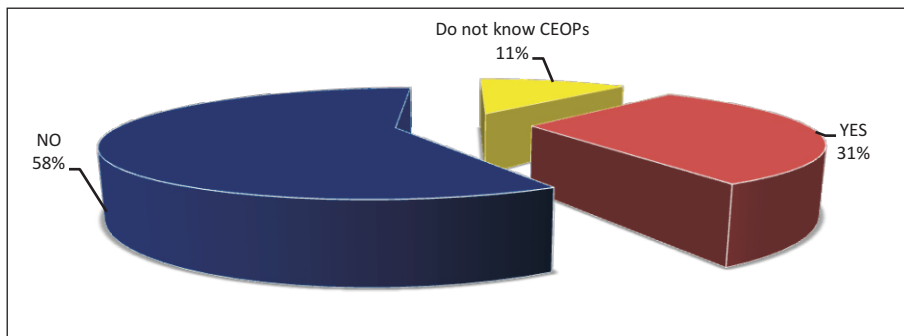


Figure 11: Percentage of enterprises that recruit through CEOPs

5. Conclusions

In aggregate terms, the total number of employees decreased (18%) from November 2012 to May 2013. But the decrease has been mainly in temporary workers in the construction sector. On the other hand the total number of permanent workers has increased by 2.5%. One can assume that the decrease in temporary workers and overall increase in the number of permanent workers is largely due to the nature of growth in the economy. The expansion of the non-oil economy- particularly in construction- has happened on the back of an expansionary fiscal policy which has included significant increases in public spending⁸.

While the increase in the number of permanent staff is a positive development which seems to suggest that growth is contributing towards job creation, a sharp fall in temporary workers shows the uncertain nature of work in construction. It is difficult to tell whether growth in employment creation will continue once the government starts to cut down on expenditure as part of its fiscal consolidation strategy. Lack of data makes it difficult to draw a clear link between growth and impact on employment, but hopefully in future, as more data becomes available it may be possible to do a deeper analysis to understand the relationship between the expansionary fiscal policy and job creation in Timor-Leste.

The number of foreign workers has increased in all the sectors except manufacturing which is fairly small compared to other sectors of the economy. Both as percentage of total workers and aggregate, expatriate workers have increased (in fact the number has more than doubled). There are more than 5% international workers in all the selected sectors except construction. In the automotive sector the percentage of foreign workers at 16% is relatively high.

The presence of foreign workers may suggest that there are skills gaps in Timor-Leste. Instead of filling positions with Timorese nationals, it is likely that lack of available skills may prompt companies to bring staff from outside. Replacing international staff with Timorese will require long-term investments in education and training to create a large pool of skilled workforce. It is important that the private sector works hand in hand with the training authorities and training providers in the country to develop qualifications and courses that are needed by the market. The development of qualifications should not only look at current demand, but take a long-term perspective of economic changes that are likely to occur in Timor-Leste and its implications for future workforce.

⁸For more details about budget and expenditure refer to Ministry of Finance Budget Portal. <http://budgettransparency.gov.tl/public/index?&lang=en>

It is clear that there is strong demand for skilled, qualified and experienced workforce. Employers are prioritizing professional experience over education which perhaps is not unusual for the private sector. The important thing for businesses is to find people *who can do the job* rather than hire staff based on their academic qualifications. While this may be true for employees who have prior experience, a good academic qualification is important for a first-time job seeker. Without having experience, a qualification for a first-time job seeker can demonstrate the potential ability of the candidate.

Considering the way qualifications and competencies are sometimes interchangeably used, the enterprises were asked to specify both academic qualifications as well as technical skills that they consider as important for future. Mainly academic degrees in civil engineering and economics were prioritized. But in terms of technical skills a much broader range of skills and occupations were identified as important for future. The skills sets were grouped by two broad sectors: trade & services and construction. Under trade & services sector finance, administration, hospitality, computer, English language and customer services were underlined as priorities. In the construction sector the enterprises see greater demand for engineers, carpenters, furniture makers, finance & administration, and computer skills.

It appears that businesses have limited knowledge of accredited training and the role of INDMO. The fact that many are not aware of INDMO as the accreditation body for vocational and technical courses can be explained by the fact that this institution was set up recently. It was in 2012 that the first cohort of trainees from accredited courses graduated. An accredited training system can provide an assurance to employers that graduates they hire who have acquired skills from accredited institutions have required competencies. Businesses will start to place more trust in the training system only after they are made aware of the rigorous process that accredited training providers have to undergo compared to those training providers that are not accredited. In this regard, there are opportunities for accredited training providers, INDMO, and private businesses to work together. There is clearly a need for INDMO to further publicize its work and engage with the private sector so that qualifications and training courses are developed that mirror the needs of businesses.

At the moment around 30% of the enterprises cooperate with CEOPs when undertaking recruitments. The first CEOP was established in 2004 and at the moment there are CEOPS in six districts. The function of the CEOPs is to provide career guidance to potential job seekers and those who want to learn new skills or upgrade their skills. The CEOPs can play an important function in job matching and provide advice to clients on employment opportunities both in country as well as overseas. The fact that businesses have expressed their desire to work closely with CEOPs and VTCs is positive and partnerships with the private sector can be further explored. Several respondents expressed interest to share information on vacancies and future recruitments with the CEOPs. They are also willing to provide feedback to VET Centres on the type of competencies and skills required.

Being one of the few enterprises surveys that have been conducted in Timor-Leste, the survey provided some very interesting insights into employment growth and skills prioritization. In order to develop an effective mechanism for gathering and analyzing labour intelligence enterprise and skills surveys should be done on a more regular basis, preferably twice a year. Without collecting information on a regular basis, it is difficult to draw a full picture of the labour market trends in the country. The survey results suggest that several businesses are indeed interested in sharing information. They also expressed interest in working closely with relevant departments of the government by supplying them information as well as using their employment services including training facilities.

6. Recommendations

Public policy in Timor-Leste should focus on measures to steer the economy towards a job-rich growth. There are signs that the Timorese economy is gradually diversifying.⁹ Agriculture still remains the largest sector for employment, but the proportion of workers in this sector is decreasing. More jobs are being created in industries such as construction. If economic growth and diversification continue this will create more demand for technical and professional skills.

As one of the youngest nations in the world, Timor-Leste has embarked on an ambitious plan to achieve middle income status by 2030. The Strategic Development Plan articulates the long-term vision and prioritizes initiatives to promote human capital, productivity and a growth strategy that puts Timor-Leste on the path to sustainable development. Mainstreaming employment and continued support for building the skills and competencies of the workforce will be a key to achieving these national aspirations.

Alongside investments in human capital, public policy should focus on creating avenues for more *inclusive growth*. The aim should be to help more people to engage in productive economic activities. It is critical that policy actions across all economic sectors - such as agriculture, industry, oil and mining, tourism to name a few - are carefully assessed in terms of potential for the creation of decent jobs.

One of the ways synergies can be built by public institutions is through 'employment targeting'. In this regard, the number of decent jobs created as a result of public investment can be a useful indicator for measuring results. There are analytical tools available which can be used for this purpose.¹⁰ These tools allow policy makers to analyze potential impact from programmes and how best to mainstream employment enhancing strategies into programmes.

The TVET Plan calls for adequate and predictable funding. Without scaling up funding for skills development, it will be difficult for Timor-Leste to create a pool of skilled workforce. Education and training require long-term public financing.

⁹Sensu 2004 & 2010 no LFS 2010 hatudu karateristika ida ne'e.

¹⁰Instrumentu ONU nian hodi Konvensionaliza Empregu:

http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_172609.pdf

In this regard, possibilities should be explored to “ring-fence” funding for technical and vocational training. Instead of deciding allocation for training on an annual basis, minimum annual inflation adjusted allocations for funding TVET should be secured. Beyond that, annual increases should be decided through the regular parliamentary process. The TVET system in the country is in an infant stage. Substantial investment in the sector has been made with donors providing sizable contributions in the past. A strong foundation for TVET has been laid, but in order to scale up outreach it is critical that there is an increase in government funding. Policy makers should be made aware of long-term financing needs and potential gains that such funding can make for the growth and development of the country.

SEPFPOPE and its affiliated institutions such as INDMO need to work more closely with the private sector in the development of qualifications and training courses. It is not an easy task though because there is a nascent private sector in Timor-Leste. There are institutions that represent the private sector, but they have limited capacity to engage with the government in policy dialogue and provide concrete inputs in the development of skills training programmes. Attempts to forge partnerships around training need to be further strengthened and the approach should be more incremental. This will entail working with few private sector companies that are willing and committed. Besides identification of skills and development of qualifications, government should develop apprenticeship programmes and on-the-job training with interested private companies. In return, the government can consider some form of incentives for companies that participate in apprenticeship and on-the-job training schemes.

There is room for expanding employment services and creating demand for services. In this regard, the CEOPs can play a crucial role owing to their presence in the districts. It is expected that CEOPs will be established in all the 13 districts. To create greater demand for their services, CEOPs need to proactively engage with the businesses by understanding their human resource needs and channeling that information to job seekers and training providers. That way CEOPs can become more effective for facilitating information and job matching. Their contributions are important in the formulation of future training courses. The CEOP system must be strengthened through adequate staffing, training, and coaching of CEOPs staff.

Evidence and objective analysis should inform future policy actions. As the economy grows, enterprise and skills surveys will become more and more important for formulation and execution of economic policies. This would mean investing more in data collection, analysis and using employment statistics in policy development. It would also require policy coherence so that public institutions involved in the development and execution of economic policies are able to complement each other's programmes. It is therefore important that technical assistance and support for DIMIT continues until sufficient capacity has been built in the department.

Annex 1

Survey Questionnaire

1.1 GENERAL INFORMATION AND COMPANY'S LOCATION
Name of the Company:
Nationality of the Owner:
Type of Business:
Village:
Sub District:
District:
1.2 RESPONDENT INFORMATION
Name of Respondent:
Sex: () Male () Female
Level of Education:
Telephone:
Position within the Company: () Owner () Manager () Others, please describe:
Signature:
1.3 INTERVIEWER'S INFORMATION
Name:
Sex: () Male () Female
Contact details/Telephone:
Signature:
Observation:

2: PROFILE OF WORKERS (SIX (6) MONTHS AGO):

2.1 How many employees were working for this business six months ago, including the owner ?

a) Permanent Workers

b) Temporary Workers

2.2 Provide age of the workers

a) Permanent workers

age 15 - 29 F M

30 - 39 F M

40 - 45 F M

45+ F M

b) Temporary workers

age 15 - 29 F M

30 - 39 F M

40 - 45 F M

45+ F M

2.3 Workers' level of formal education

a). Not attending school F M

b). Primary F M

c). Pre- Secondary F M

d). General Secondary F M

e). Technical Secondary F M

f). University F M

2.4 How many workers have a physical disability?

a) Permanent workers with disability F M

b) Temporary workers with disability F M

2.5 Foreign Workers F M

3: PROFILE OF CURRENT / ACTIVE WORKERS

3.1 How many workers are currently working in this business including business owner?

a) Permanent workers

b) Temporary workers

3.2 How many workers can be categorised in the following age group?

a) Permanent workers

age 15 - 29 F M

30 - 39 F M

40 - 45 F M

45+ F M

b) Temporary workers

age 15 - 29 F M

30 - 39 F M

40 - 45 F M

45+ F M

3.3 How many workers have a disability?

a) Permanent workers with disability F M

b) Temporary workers with disability F M

3.4 Are you employing any foreign workers ? (if Yes, go to 3.4, if Not, go to page 3.7)

() Yes () No

3.5 How many foreign workers are currently working in your company?

F M

3.6 What are the professions/occupations of the foreign workers? (list of professions attached)

3.7 Total workers by their level of formal education ?

a). Not attending school F M

b). Primary F M

c). Pre- Secondary F M

d). Secondary F M

e). Technical Secondary F M

f). University F M

3.8 Total workers by their marital status:

a). Married Female: ____ Male: ____ : Total: ____

b). Single Female: ____ Male: ____ : Total: ____

c). Divorced Female: ____ Male: ____ : Total: ____

3.9 Are you familiar with INDMO's certification standards?

() Yes () No

4: SKILLS REQUIREMENT: CURRENT & FUTURE

4.1 In the past, what did you prioritize when recruiting staff?

- (a) Formal Education
- (b) Competence & work experience

4.2 Level of formal education you consider when hiring staff? (choose 2 or 3 options)

- . Primary . Pre-Secondary . General Secondary
- . Technical Secondary . University

4.3 What are the specific formal education specializations that your business will need in future ? (You can choose 2-3 options)

- a). Public Administration: -10 11-20 21-30 31-40 41-50 51+
- b). Economic Studies: -10 11-20 21-30 31-40 41-50 51+
- c). Civil Engineering: -10 11-20 21-30 31-40 41-50 51+
- d). Tourism and Hospitality: -10 11-20 21-30 31-40 41-50 51+
- e). Agricultural Engineering: -10 11-20 21-30 31-40 41-50 51+
- f). Others 1: _____ -10 11-20 21-30 31-40 41-50 51+
- g). Others 2: _____ -10 11-20 21-30 31-40 41-50 51+
- h). Others 3: _____ -10 11-20 21-30 31-40 41-50 51+

4.4 What are specific non formal training qualifications that your company or industry prioritises for the next five years ? (you can only choose 3 options)

4.7 In your view, do the vocational training centres provide quality training?

- Yes No

4.8 Do the vocational training centres offer training based on labour market needs?

- Yes No

4.9 Do you coordinate with the vocational training centres?

- Yes No

4.10 Have you recruited staff through SEPFOPE – CEOPs?

- Yes No

4.11 In future will you recruit staff through SEPFOPE-CEOPs?

- Yes No

5: GOVERNMENT PLAN AND POLICY

5.3 Are you planning to expand your business to other districts in Timor-Leste?

Yes No (If Yes, go to P5.5. If Not, go to P5.6)

5.5 If Yes, which district will you be expanding in?

Aileu Ainaru Baucau Bobonaro Covalima Dili Ermera
 Liquiça Lautem Manatuto Manufahi Oecusse Viqueque

5.6 The Government through SEPFOPE has an apprenticeship program to support youth to gain experience in the companies; in future, would you be willing to receive trainees in your company

Yes No (if not, why ?) please explain:

5.7 The Government through SEPFOPE is planning to install an online database system for all companies, so that they can register job vacancies, active workers and labour qualifications required for the future, would you be willing to participate in this program ?

Yes No (if not, why ?) please explain:
