Skill Competitiveness: Views on Recruitment, Selection, Training and Skill Survey Program

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This report documents the market research on Skill Competitiveness: Views on Recruitment, Selection, Training and Skills Survey Program conducted by the local consultant of the World Bank, B. Otgontugs and evaluation given to the result of this research.

The research was carried out during June 2001 and was supported by the World Bank. The research work aimed to investigate what kind of knowledge and skills needed for Mongolian workers. Generally, skills and training needs research is comprehensive research and it covers many issues. In addition to this, the research has become more broad as it reflected local labor market situation, education level of workers, knowledge and skills required for a job new entry level, different process of recruitment, how firms select their workers, what skills are most important from the demand side's point of view and short term training situation, its needs. Why we pay greater attention to skills competitiveness issue is that firstly, there is need to understand whether and if there is a core base of skills and workers' attributes demanded by employers who wants to compete in the coming knowledge based economy. Secondly, evidence from other countries suggests that the knowledge based economy requires a different type of workers. Thirdly, skills improvement bring same significant results as those from design changes by engineers and scientists. Therefore the sample of private employers in manufacturing and information technology sectors have been involved in the research. Information acquired from the research will be used to improve the labor market supply side quality.

Research objectives
From the TOR of the research, the main objective of the research can be defined as to learn more about how workers are recruited, selected and trained to better understand what the economy will demand of entry level workers coming out of the education system. The intent of the work to build the map from what employers say are important skills for workers across a variety of positions. Employers will be asked about do workers obtained education suit to their current job needs and most important source of improvement in workers' skills.
- Based on 30 case studies, to establish a skill competitiveness situation in Mongolian labor market
- To analyze the Mongolian labor market needs for training

Research methodology
Skill competitiveness situation in Mongolia has not been studied before. Adequate

data and information on the demand for workers skills' does not exist. However, some survey on managers skills requirement and needs was conducted by the Consortium of Mongolian Management Development Institutions in 1999. Therefore we will collect and develop data on skill competitiveness. The sample of firms included in this study will come from the 15 firms in manufacturing and 15 firms information, communication technology (ICT) sectors. The sample will include both medium and small sized firms with less than 50 workers, especially in ICT sector, as well as larger firms, mainly in manufacturing sector, which have more than 1000 workers. Sectors to represented will include cashmere, textile, trade, construction, miming and ICT. ICT sector has been chosen because this sector has been rapidly growing. The revolution in telecommunications has had a fundamental impact on work restructuring and training within the industry. Therefore, inclusion of ICT sector in the survey will bring us some information how firms in this newly emerging sector recruit, select and train their workers. Also in this sector there are many joint venture companies and it means these companies have much higher technology level, respectively higher skill requirements for workers.

The questionnaire will be designed to include to open ended questions with follow up probes as well as a number of more structured questions that required the respondents to rank their response to certain questions using scale ranging from a response of 1, not important to a response of 5, very important. In smaller firms interviews will be held with the general director or general manager, or supervisor, as there was no formal head of human resources or training. The interviews will be conducted in each firm with the director, vice director, or manager, and four workers. Most questions will focus on recruitment, selection and training. Employers, in total 30, will be asked to discuss the mainly how they recruit, select and train their workers and what skills are important from their point of view. We questioned overall 116 workers. Were interviewed three workers with less than BA degree in non-managerial or no supervisory positions, at least one worker with BA degree. Workers will be asked also to discuss what skills are important in their job and do their obtained knowledge and skills meet firms' requirement.

Main findings
15 firms in manufacturing (cashmere, textile, trade, construction, mining) and 15 firms in ICT sectors were included in the study. Employers, in total 30 were asked to discuss how they recruit, select and train their workers and what skills are important from their point of view. Responses show that most significant skills for modern workers are:
- Job skills
- Work habits and attitude
- Ability to learn new occupational skills
- People skills

- Use of English

66.7% of firms involved in the survey answered that workers' knowledge and skills are sufficient for needs and demand of the firms. Main reasons why other firms (33.3%) are not satisfied with workers' are: insufficient knowledge and skills and lack of work experience/practical skills. Modern firms recruit their employees by
- Advertising in newspapers, in radio, FM radio
- Ordering from universities

Minority, about 23.3% of firms recruit employees from special agencies or labor regulation offices. It implies that labor market does not function properly because of lack between firms and those agencies. Survey showed that at the moment both sectors employers demand high qualified managers, whereas ICT sectors employers demand mostly engineers, network engineers, programmers Most important factors in hiring decision were:
- Previous work experience
- Recommendations from other employer
- Applicant's attitude
- Applicant's communication skills
- Scores on tests administrated by the firm

Interestingly, for 47.8% of respondents the school from which the applicant graduated is not important, whereas for 52.8% it is important fact, explaining it that public universities are more reliable and have higher teaching quality. Although the primary objective of the research was not to ascertain the gender issue in the labor market of Mongolia, we put the question " Is there gender difference" 30% answered, "Yes". In labor market analysis, a wage analysis is most important. From the survey we can conclude that average entry level of gross monthly wage for very low ranked job in both sectors is approximately 67750 tugrug. Most firms (93.3%) offer bonus system for their workers. 86.7% of respondents expect that workers will continue to need greater skills in the future, especially ability to learn new technology and more generally there is great need in ICT specialists and technicians. 80% of firms have a probation period. It is widely known that training is most efficient way to increase knowledge, skills of workers, improve product/service quality and increase productivity. However, even in ICT sector's firms do not have a full time person who is responsible for training. As we can conclude that most appropriate way to run training are on-the-job, in-service training and classroom training. However most firms did not receive any government/technical assistance, support in trainings.

We also questioned overall 120 workers form those 30 firms. In the workers' opinion, most important sources of skills improvement are: learning by doing, lessons given by colleagues, lessons given by supervisors, masters and managers, self study from outside

For most workers, learning process of new job (position) takes more than 35 days. If we will see the labor force movement for the given sample, the average number of previous works was 0.3 times. Most significant skills for workers from employees of view are:

- Job skills 83.6%
- Ability to learn new occupational and job skills 72.4%
- Work habits and attitude 67.2%
- People skills 54.3%
- Creative skills 54.3%
- Use of English 42.2%

About 40% said they need in computer skills and were mainly ICT sector workers. Most workers need in English and job skills. It is understandable if we see the fact that 40.5% of the workers, involved in the survey, use English, 35.3% use Internet and 47.5% of total workers use personal computers in their daily work.

The research analysis might have ICT sector biased conclusion because Mongolian ICT sector consists from about 30 firms and 50% of them were involved in this survey.