

► Policy Brief

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Labour Market Information Systems: International experiences and considerations for the revision of the Viet Nam Employment Law¹

Key points

- Given its dynamic economy and transforming labour market, Viet Nam requires a robust and reliable labour market information system (LMIS) that can meet the demands of policymakers and other diverse stakeholders. To this end, codifying the governance structure of the LMIS in the ongoing revision of the Viet Nam Employment Law is critical.
- An LMIS is a network of institutions with clearly defined roles and responsibilities to produce, analyze and disseminate labour market information in a coordinated manner.
- A clear and authoritative governance structure is needed to ensure smooth collaboration and coordination between the different agencies central to the LMIS – including the ministry of labour, national statistics office, public employment services, technical and vocational training providers, higher education authorities, research institutes, and employers' and workers' organizations, among others.
- Many countries have opted to set up a quasi-independent, government agency – often labelled employment observatory or national institute for labour market analysis – that is responsible for core functions of an LMIS.
- International experiences show that when an LMIS underperforms or fails, it is usually due to a weak or poorly designed institutional structure that does not integrate all the critical roles of key stakeholders. This is one reason why the governance of an LMIS is sometimes placed directly under the Prime Minister's office. In addition, establishing a strong inter-agency coordination mechanism is key.
- Operationalizing and maintaining an LMIS requires financial and human resource investments. Budgetary financial arrangements should therefore be part of the formalized institutional structure.
- The revised Viet Nam Employment Law should consider explicitly codifying the following key aspects for the effective governance of the LMIS: the principle objectives and outputs; the institutional and management structure, including the roles, duties and responsibilities of the related government ministries and agencies involved and the mechanisms for inter-agency coordination; the financial and budgetary implications and funding mechanisms; the principles concerning data and information confidentiality and storage; and the principles related to information availability and accessibility.

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► Introduction: Why is a robust labour market information system needed in Viet Nam?

During the past couple decades, Viet Nam has achieved formidable economic progress spurred in part by deeper market integration of labour-intensive sectors that include agriculture and garment and footwear manufacturing. As the country enters a new phase of economic development based on more technology- and knowledge-intensive production and services, skills requirements will not only increase but also become more diverse, complex, and specific. As well, the labour market is facing rapid changes underpinned by transformative trends related to digital technologies, climate change and demographic transitions.

In this context, high quality and up-to-date labour market information and analysis, including employment and skills forecasts, will become even more essential for the Government of Viet Nam and other stakeholders to better understand and support the developments of the labour market. Reflecting the critical necessity of having robust labour market information and intelligence, the 2013 Viet Nam Employment Law contains a dedicated chapter on labour market information system (LMIS). The country has incrementally invested in building some components of an LMIS during the past decade, with plans for further development.

The lack of reliable and robust labour market information is costly. It prevents policymakers from making evidence-based policy decisions critical for addressing decent work deficits in the labour market and achieving national development goals. For employers, it results in skills gaps and shortages and higher search costs, which constrain job creation and contribute to lower productivity and reduced competitiveness. For workers and jobseekers, the

consequences include longer unemployment and difficulties in finding the right job, underutilization of education and skills, lower wages and poor job satisfaction. For both public and private agencies that provide employment services, it results in poor quality of service provision due to a lack of empirical intelligence of labour market trends and forecasts as well as ineffectively designed active labour market policies (ALMPs) and programmes. For education and training institutes, gaps in labour market information limit the capacity to design curriculum that is relevant and responsive to market demand.

The Government of Viet Nam is undertaking a substantial revision of the Employment Law, which is expected to be adopted in 2025 and come into force on 1 January 2026. The revised Employment Law aims to extend protections to workers not covered in the 2013 Employment Law. It also will provide the legal framework to strengthen labour market institutions, including an enhanced LMIS that can serve the needs of a country experiencing dynamic economic and labour market transformations.

This policy brief presents an overview of the main functions and features of a robust and reliable LMIS. It draws on international standards and a review of global experiences, highlighting good practices in the Asia-Pacific region and beyond. For the consideration of the Government of Viet Nam in its ongoing revision of the Employment Law, it underlines the key elements related to the management, coordination, and governance of the LMIS that should be codified into legislation.

► Main functions of a labour market information system

An LMIS is a network of institutions with clearly defined roles and responsibilities as well as a joint responsibility to produce and disseminate labour market information and knowledge in a coordinated manner. It is a system for the generation and analysis of labour market information and its dissemination for use by a wide range of public and private stakeholders.

The International Labour Organization (ILO) defines LMIS as a network of institutions, people and information with mutually recognized roles, agreements and functions with respect to the production, storage, dissemination and use of labour market information and outcomes, in order to maximize the potential for the formulation and

implementation of relevant policies and programmes.² Underpinned by an effective institutional coordination mechanism, a LMIS has three main functions: production of labour market data, analysis and monitoring of the labour market as well as information exchange and dissemination.

Collection, validation and compilation of data and information

At the foundation of the LMIS is data, or the raw material based on which knowledge is created. A first function of an LMIS is therefore to collect and compile relevant economic and labour market statistics and information. Data must be processed, harmonized for comparability, and well presented for users to interpret and understand it. It provides the basis for understanding what the labour market looks like, how it has shifted, and to anticipate future changes.

The data in an LMIS comes from varied sources. Household-based labour force surveys are an indispensable source for obtaining comprehensive, in-depth information on employment. Establishment surveys provide insights into the demand side of the labour market and can also be used as a source for short-term forecasts. Administrative records are an important complement to survey-based sources of information. Public employment services can provide valuable up-to-date information on job postings and jobseekers on a continuous basis. A wide range of other sources of data and information, such as macroeconomic statistics, worker remittances from abroad and information from workers' and employers' organizations also form part of the information base.

The combination of different sources of data facilitates the creation of significantly more labour market intelligence than would be feasible from any single source. However, it also presents challenges. To compare and combine data from different sources requires data harmonization based on consistency of statistical definitions of labour market concepts, and as far as possible also survey methodology, across all sources and over time. This is best achieved by ensuring compliance with international standards and definitions. Consistency of definitions and concepts over time is equally important to allow comparability of data and trends analyses of economic and labour market

developments. In most countries, this is usually a responsibility of the national statistics office (NSO), or the equivalent of the General Statistics Office (GSO) in Viet Nam, but a separate function within the LMIS institutional structure is often needed to ensure and validate comparability, and sometimes reliability, of data from sources other than the NSO.

Labour market analysis and monitoring and policy reviews

Monitoring of employment and wage trends and labour market developments can be seen as the most basic, yet fundamental role of labour market analysis. Employment services centers and other stakeholders depend on up-to-date and accurate labour market information that has been compiled and presented in a user-friendly way. Such information also serves as input into a wide variety of analyses by the government for policy and programme development and in academia.

At a more sophisticated level, labour market analysis involves unpacking and understanding complex causal relationships. To design policies and inform decisionmakers, it is critical to know not only what the labour market looks like and how it has developed, but also the factors and drivers that have shaped the labour market situation. Complex labour market analysis that can transform data into intelligence requires an interdisciplinary approach and the joint effort of analysts and researchers from different disciplines. Economic analysis is essential for understanding the demand side of the labour market. Conversely, demography and sociology are both important for understanding the supply side.

Various types of labour market analyses are needed. Recurrent analysis of key issues such as sectoral employment, occupational wage levels and labour productivity trends are typically published in regular periodic reports as a core feature. This is usually complemented by specialized in-depth studies on specific topics aimed for different audiences. Moreover, impact evaluations of employment and labour market policies, which go beyond the mere monitoring of outcomes, are another important form of specialized labour market analysis.

² ILO, *Labour Market Information Systems (LMIS): Maximizing the Potential of Labour Market Data and Analysis for Effective Policymaking*, Room document 27, 21st International Conference of Labour Statisticians, Geneva, 11-20 October 2023.

Labour market analysis also forms the basis for employment and skills forecasting, human resources development and employment planning. Employment planning in the earlier phases of economic development is relatively simple. By contrast, in more advanced labour markets where both the demand and supply of labour is highly skills-specific and where economic structural transformation results in an ever changing and increasing demand for knowledge-based skills, employment planning becomes complex. It requires sophisticated methodologies, access to high quality economic and labour market information and advanced technical competence and analytical skills. Indeed, as the economy and labour market become more complex, an LMIS needs to assume a different and more complex role to serve as a crucial interface between economic strategies and industrial planning on the one hand and human resources and employment planning on the other hand. Successful and effective development planning requires that these two main policy areas are integrated, inform each other, and are developed in close conjunction, with the labour market as the main bridge.

Information coordination, exchange, and dissemination

An LMIS invariably involves many government agencies and non-governmental actors, both as producers and users of labour market information. As discussed above, the production of labour market information and analysis involves specialized government agencies with different expertise, which requires not only close institutional collaboration but also established coordination mechanisms and clearly defined and agreed roles and responsibilities.

The users of the LMIS are many and highly diverse. At the one end are government agencies, employment service centers, as well as academic researchers, who use labour market information in a professional capacity. These are competent and demanding users requiring highly sophisticated information and analyses. At the other end are employers, jobseekers, and the population at large, requiring both specialized and general information presented in a user-friendly manner.³

Given that a key function of an LMIS is that of serving as a repository and first port of call for easy access to labour market information from a variety of both statistical and administrative sources, including published reports and analyses, facilitating information dissemination and access is critical. To that end, internet-based solutions play an increasingly central role. A web-based platform for labour market information has become an essential component of a developed LMIS in many countries, to the point where it sometimes, wrongly, is seen as tantamount to the LMIS.⁴

Still, a user-friendly, integrated ecosystem of digital platforms (websites) accessed through a single web portal has become an essential tool for making relevant labour market information and intelligence readily available to the multitude of different users.⁵ There are several examples in the Asia-Pacific region and elsewhere of such systems. These include, among others, the Korean Employment Information Services (KEIS),⁶ the KarirHub in Indonesia⁷ and the Labour Market Insights web portal in Australia.⁸ Likewise, the Malaysia Institute of Labour Market Information and Analysis (ILMIA) Dashboard and Data Mart is a web-based platform providing a wealth of labour market statistics, research and analysis, including insights based on big data analytics.⁹

³ For an extensive review of users of labour market information, see: Nicholas Mangozho, “Current Practices in Labour Market Information Systems Development for Human Resources Development Planning in Developed, Developing and Transition Economies”, ILO EMP/Skills Working Paper No. 13, 2003.

⁴ See for instance: World Bank, *Building Blocks for Advanced Labor Market Intelligence Services in Indonesia*, 2021.

⁵ In some countries, one of the most widespread approaches for promotion and dissemination of website content of labour market information is using social media platforms. See: Organisation for Economic Co-operation and Development (OECD), *The Role of Labour Market Information in Guiding Educational and Occupational Choices*, OECD Education Working Paper No. 229, 2020.

⁶ Korea Employment Information Service is a specialized government organization dedicated to providing employment information by analyzing all data related to employment and labour. It operates 14 employment information systems, including the prominent employment portal WORKNET, as well as systems for employment insurance, human resources development (HRD-Net), and more. See: <https://eng.keis.or.kr/eng/index.do>.

⁷ Karirhub is managed by the Indonesia Ministry of Manpower. See: <https://karirhub.kemnaker.go.id/>.

⁸ The Labour Market Insights web portal is part of Jobs and Skills Australia of the Australian Government. See: <https://www.jobsandskills.gov.au/data/labour-market-insights>

⁹ Institute of Labour Market Information and Analysis (ILMIA) is part of the Malaysia Ministry of Human Resources. See: <https://www.ilmia.gov.my/index.php/en/>

► Institutional structure and components of an LMIS

Although the institutional structure of a LMIS must be adapted to fit the specific institutional landscape in each country, they all have some common features. A LMIS is by necessity network-based, as it depends on active participation and collaboration of different government agencies, and typically also with non-governmental institutions such as universities and research institutes. A LMIS also has important centralized functions and to this end it needs a hub, a well-placed and adequately staffed and funded LMIS center.

The overall network can be divided into an inner and an outer network. The inner network includes government agencies that are both producers and users of labour market information. At the heart of the LMIS center are typically the ministry of labour and the NSO. Public employment services (PES) have a unique role in providing and disseminating labour market information as well as for using labour market information to inform its own activities. However, other government ministries and agencies, technical and vocational education, and training (TVET) and higher education providers, workers' and employers' organizations and relevant universities and research institutes also play important roles in the inner network. Policymakers are key stakeholders as users of labour market information. The outer network consists of employers, jobseekers, the public and other users of labour market information.

A clear and authoritative governance structure is needed to ensure smooth collaboration and coordination between the different agencies in the inner network, based on clearly defined roles and responsibilities. To this end, and to ensure close linkages with inter-ministerial policymaking, countries may opt to place the governance (or even the LMIS center as a whole) immediately under the Prime Minister's office. The governance function is typically also supported by a steering committee that includes representatives of the main agencies. In Chile, for example, the Board for the Coordination of Labour Statistics is composed of senior leaders of key government agencies that coordinate to promote the production and articulation of labour statistics that allow for robust, reliable, and

updated information on the labour market, as well as to generate diagnoses and proposals for the design of public policies.¹⁰

An LMIS center makes up the heart of the network and is responsible for the centralized functions of the LMIS. These include compilation of labour market statistics and information from the various producers and proactively insuring comparability of the data both over time and from the various sources. This function is typically led by a systems administrator.

After an effective institutional coordination mechanism and data harmonization process have been established, a web-based dissemination of labour market information is another important central function. As noted above, a web-based platform for dissemination of labour market information, typically in the form of a user-friendly, integrated ecosystem of digital websites accessed through a single web portal, is an essential feature of a modern LMIS. A specialized team, led by a data administrator is needed to fulfil this function. The LMIS center is also responsible for day-to-day management of the labour market information system.

Labour market analysis is a core function of an LMIS, as discussed previously. A critical mass of highly qualified analysts and researchers is needed to undertake high quality labour market analysis. The inter-disciplinary nature of labour market analysis also requires a combination of expertise from different sciences, including in data processing and analytics. The core function of labour market analysis is sometimes outsourced to an academic institution, but more commonly a specialized institutional structure is created as part of, or in conjunction with, the LMIS center. The latter option does not preclude close collaboration with relevant national academic institutes but offers a higher degree of government control.

The main functions of the center for labour market analysis include:

¹⁰ For more information on the governance mechanism in Chile, see: <https://www.simel.gob.cl/quienes-somos/>.

- Compilation, processing, and presentation of statistics that supplement what is carried out by the producers of labour market information.
- High quality labour market analysis and research.
- Production and dissemination of regular labour market updates and forecasts and of thematic research studies.
- Support to government, PES, workers' and employers' organizations and other main stakeholders with specific analyses and information upon request.
- Maintaining the LMIS portal with up-to-date and relevant information, offering free and easy access to labour market statistics and analysis.

To be successful, the labour market analysis component of the LMIS must meet five key criteria:

- *Competence and credibility.* The processing and analysis of labour market information must meet high academic quality standards.
- *Reliability.* Analyses and reports must be trustworthy and produced and disseminated in a regular and timely manner.
- *Relevance.* The analyses must be perceived as relevant by government and other target users.
- *Connectivity.* The centers of labour market analysis must be well-connected to government and other policymakers, PES and other practitioners and stakeholders.
- *User-friendliness and openness.* The labour market information and analysis should be user-friendly and freely and easily accessible. Close collaboration with the dissemination function of the LMIS and the team responsible for LMIS web portal is therefore essential.

Many countries have opted to set up a quasi-independent, government institution responsible for labour market analysis and the other central functions of a LMIS. These agencies are often labelled employment observatories or national institutes for labour market analysis.

For example, the aforementioned **Malaysia ILMIA** was established in 2012 as an independent, national center of excellence under the direct purview of the Ministry of

Human Resources. Its core function is analysis of labour market trends and emerging human resources issues with the goal to contribute to better human resources planning and effective formulation of labour market policies. To this end, ILMIA undertakes studies and research on workforce and workplace issues. It coordinates data collection and analysis of comprehensive labour market information for dissemination to government agencies, employers, employees, and the general public. As well, it conducts workshops, seminars, and forums in strategic partnership with local and international agencies.

The **Korean Employment Information Service (KEIS)**, dates to the 1980s, but was established in its present form in 2006. It has a broad mandate and provides several services, including research, labour market analysis and forecasting as well as monitoring and reporting of labour market policies. KEIS also manages a comprehensive internet-based information portal – WORKNET – serving the Government, employment services centers and the public at large.

The **Japan Institute for Labour Policy and Training (JILPT)** was established by law in 2003 as an independent government agency.¹¹ JILPT undertakes inter-disciplinary research on labour issues and policies, and research findings are regularly published in reports, journals, and newsletters with a view to inform and contribute to policy discussions and processes. It also provides training of PES staff and other concerned government agencies.

In **Germany** the **Institute for Employment Research – Institut für Arbeitsmarkt- und Berufsforschung (IAB)** – under the Federal Employment Agency undertakes independent and unbiased empirical research on a broad range of employment and labour market aspects, including monitoring and evaluation of labour market policies, in order to provide scientific evidence that can inform decisions on employment and labour market issues.¹² The results are widely published as research reports and in academic journals and are also presented and disseminated at seminars and conferences.

In some countries, labour market information, analysis and research are disaggregated at the regional level. For instance, **France Travail**, the PES in France, provides several services to jobseekers and employers, including the

¹¹ The Japan Institute for Labour Policy and Training is an incorporated administrative agency under the jurisdiction of the Ministry of Health, Labour and Welfare (MHLW). See: <https://www.jil.go.jp/english/>.

¹² The Institute for Research (IAB) is financed through public funds. See: <https://iab.de/>.

provision of a user-oriented, web-based platform of labour market information and intelligence that can be localized. At the regional level, France also has the **Carif-Oref** network, which are regional employment and training observatories.¹³

The **European Union** has established a **European Employment Policy Observatory (EEPO)** as part of the broader Knowledge4Policy (K4P) initiative under the European Commission.¹⁴ The main purpose of the EEPO is to produce high-quality research papers on the labour

market and employment. In developing its research, the EEPO brings together a network of experts from across the EU that specialize in a range of topics related to the labour market, such as unemployment, work-life balance, education systems, skills supply, and wages.

In addition, the **ILO** has over the years accumulated considerable experience with supporting governments in the design and implementation of LMIS. It has developed a practical methodology that has been applied in more than 30 countries.¹⁵

► LMIS and the Viet Nam Employment Law

The reliance of a LMIS on the active participation of a number of different government agencies and other actors is a necessity and a strength. Yet, it can also create challenges. When well-functioning, it greatly increases the quality, outreach, and impact of the system. However, it can also increase the risk of malfunction if one or several of the key actors do not act in harmony with the others or do not fulfil their agreed roles and responsibilities.

Inter-agency memorandums of understanding and other similar agreements can be useful but typically do not make up a sufficiently strong basis for a well-coordinated, effective, and sustainable LMIS. A strong and formalized institutional foundation that assigns clear roles and responsibilities to each of the key actors as well as modes and channels of communication and collaboration is essential for making a LMIS both efficient and sustainable.

International experiences show that when an LMIS underperforms or fails, it is usually due to a weak or poorly designed institutional structure. This is one reason why the governance of a LMIS is sometimes placed in or directly under the Prime Minister's office. Setting up, operating, and maintaining a LMIS requires financial and human resource investments. Budgetary financial arrangements should therefore be part of the formalized institutional structure.

The need for a robust institutional foundation is a main reason for including a chapter on LMIS in the revision of the Viet Nam Employment Law. This entails making the agreed roles and responsibilities of the key actors legally binding and not merely the result of mutual understandings and agreements. Based on a vision of what the LMIS should look like, its objectives and what functions it should perform, the revised Viet Nam Employment Law should explicitly codify the following key aspects for the effective governance of the LMIS.

- The core objectives and outputs of the LMIS, regarding both products and outreach.
- The institutional structure, including the roles, duties and responsibilities of the main government agencies involved, the management structure and the mechanisms for inter-agency collaboration and coordination.
- The financial and budgetary implications and sources of funding.
- The principles concerning data and information safety, confidentiality and storage, and mechanisms for ensuring compliance with these principles.
- The principles of transparency, availability, and accessibility of labour market information. Free availability and easy access should be the rule. In this

¹³ In addition, a third agency the Department of Studies and Statistics of the Ministry of Labour produces labour market research studies at the national level. For more information, see France Travail: <https://www.francetravail.org/statistiques-analyses/>; Carif-Oref: www.intercariforef.org; and the Ministry of Labour: <https://dares.travail-emploi.gouv.fr/>.

¹⁴ For further information, see: <https://ec.europa.eu/social/main.jsp?catId=1086&langId=en> and https://knowledge4policy.ec.europa.eu/home_en.

¹⁵ An overview of this methodology, including a stylized LMIS, and information on the country specific LMIS developed and supported under the programme, see ILO, op. cit.

regard, it may be useful to identify and specify in broad terms legitimate restrictions on free access, if any.

The importance of a strong institutional foundation goes hand in hand with the need for innovation, flexibility and adaptability to new circumstances and needs. Thus, it is critical that the revised Employment Law does not unduly constrain the dynamic development of the LMIS. The

Employment Law must therefore strike a balance between providing sufficient rigour and a strong institutional and regulatory basis on the one hand, while at the same time refraining from going into excessive and unnecessary detail. The revised Employment Law, for instance, should not specify the precise content of the LMIS and what labour market indicators should or should not be used.

► Conclusion

The revision of the Viet Nam Employment Law presents an important opportunity to strengthen the legislative framework to further develop institutions and systems that enable more effective governance of the labour market. Building a robust and reliable LMIS, underpinned by a strong institutional structure and coordination mechanism that is codified and well resourced, is critical in that regard.

Credible, timely, and accessible labour market information and analysis should play an essential role in providing an empirical evidence base to inform decisionmakers in Viet Nam in the formulation and monitoring of employment and labour market policies. As well, it is key for supporting

both jobseekers and employers in the country's dynamic labour market through employment facilitation and job and skills matching.

As Viet Nam advances in its economic trajectory in the coming decade towards greater reliance on knowledge- and technology-driven sectors, the country must also manage economic, social, and environmental transformations that will have sizeable and complex employment impacts. In this context, an advanced LMIS will be increasingly vital to shape and guide policies and programmes that can support workers and enterprises navigate these profound shifts in the labour market.

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