



**Regional Project on Improving the Quality of Labour Market Statistics and Strengthening the Management of Labour Market Information (LMI) and Poverty Monitoring Systems in Africa**

## **SITUATION OF NATIONAL LABOUR MARKET INFORMATION SYSTEMS IN THE PARTICIPATING COUNTRIES**

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## INTRODUCTION

As approved by the second meeting of the Project Regional Steering Committee a circular mission of two weeks duration in each participating country was undertaken by the RPU. It aimed at collecting information on the functioning of the country labour market information system for a rapid assessment of the situation of the various LMIS.

At the end of each mission a detailed mission report was produced. You were given detailed report on each of the participating countries. A detailed report is being prepared on the missions findings. The present document presents a summary of the main findings.

## LMIS DEFINITION

The term, “Labour Market Information (LMI)” refers to “Any information concerning the size and composition of the labour market or any part of the labour market, the way it or any part of it functions, its problems, the opportunities which may be available to it, and the employment-related intentions or aspirations of those who are part of it”.

A “Labour Market Information System (LMIS)”, is the institutional arrangements for producing LMI,

## LMI USERS

As defined above, relevant information systems must produce labour market information that is crucial for various categories of users. Among the more important ones, we can mention:

### ***Human Resources and Employment Planners in Government***

Senior government officials responsible for planning policies and programmes that have a significant impact on human resource development and employment within a country need LMI in order to identify policies and design programmes that will encourage human resource development and support employment growth over a long term period. This is why, ideally, data needs assessment, production and analysis activities should be integrated with the stages of the policy cycle, that is, the identification of policy issues, policy formulation and policy implementation, in such a way that adequate information is available for each stage of the policy cycle.

### ***Employment Services***

In the case of employment services, labour market information plays a very important part in helping planners to determine where employment services should be

provided, the clients these services should serve and the types of services that should be offered.

### ***Educational and Vocational Training Institutions***

These institutions need to get information on labour market trends, skill requirements of the economy, technological changes and how they affect skills development, programmes offered by other (competing) institutions, to be able to develop and run relevant programmes efficiently.

### ***Employers and Employees Organisations***

They both need LMI on availability and demand for labour and the skill composition of the workforce, training opportunities, productivity, wage levels, working conditions, collective agreement settlements, labour regulations governing collective bargaining, health and safety issues, as well as career patterns of different jobs and occupations.

### ***Students and Job Seekers***

Students and job seekers need LMI to help them develop career plans, make career choices, obtain information about training opportunities and how and where to find jobs. Students use LMI to gain a better understanding of the current and future skill requirements of the labour markets so that they can make appropriate education and training decisions.

For this reason, during the counties visits, meetings were held with main institutions from the above categories of users.

Discussions were focused on:

- Assessment of LMI data needs
- Information on current statistical activities related to LMI production
- Inventory of data collected and their collection methodology, periodicity
- Evaluation of the data produced quality, timeliness, etc.
- Coordination mechanisms within the system
- Problems encountered

## **MAIN CONCLUSIONS**

We find in the field that most of the potential users have difficulties in clearly and precisely defining their needs. In several cases, it was only after explaining what a LMIS was and which information it could generate that most of them could mention some needs. This must be the main reason why LMI are not fully used.

### ***Type of information needed by users***

Needs expressed by users we met can be classified in ten groups

- Economically active population, employment, where relevant unemployment, and where possible visible underemployment.

- Structure and distribution of the economically active population, for detailed analysis and to serve as benchmark data.
- Average earnings and hours of work (hours actually worked or hours paid for) and, where appropriate, time rates of wages and normal hours of work.
- Wage structure and distribution.
- Labour costs.
- Labour productivity
- Consumer price indices.
- Household expenditure or, where appropriate, family expenditure and, where possible, household income or, where appropriate, family income.
- Occupational injuries, and, as far as possible, occupational diseases.
- Industrial disputes.

### ***Data to be produced***

LMIS are therefore expected to produce “Labour Market Analysis (LMA)”.

Labour Market Analysis can be defined as the measurement and evaluation of economic and demographic forces as they relate to the education and training process on one hand, and the employment process on the other hand. Such economic forces include, but are not limited to labour force changes and characteristics, population changes and characteristics, industrial structure and development, technological developments, shifts in consumer demands, wage levels, recruitment practices, conditions of employment and training opportunities.

Labour Market Analysis includes three main aspects:

**Labour Market Signalling:** Labour market signals convey warnings of important new developments in the labour market or confirm trends previously observed. Labour market signalling is a vital output of LMI especially for those with immediate decision-making and daily operational responsibilities.

**Analysis of Labour Market Functioning and Processes:** This involves in-depth research to try and reveal the dynamics of labour market functioning.

**Monitoring and Evaluation of Labour Market Policies and Programs:** This is the systematic assessment of the impact of labour market policies and programmes on specific target groups or on the whole or part of the economy. Monitoring and evaluation is done to identify constraints or deficiencies in labour market policies and programmes and to provide useful feedback for improving the implementation of the monitored programmes as well as to facilitate the adjustment of national labour policies to labour market requirements.

In terms of labour market analysis, the ILO has so far identified a list of 20 key labour market indicators (KLMI). Furthermore, all categories of the above statistical factors can be broken down, as appropriate, by industry, occupation, status in employment and education; or by geographical area, sex and age. Such break-downs give rise to endless possibilities for the compilation of labour market information databases and indicators for descriptive and other policy purposes.

## ***Data availability***

As it can be seen in the attached detailed reports, when discussing with various stakeholders, it appeared that various useful information is presently available in various countries. But, in most of cases, this information lies idle in drawers and is not therefore fully used.

However, in most of countries benchmark data from a labour force survey as well data are missing in most of countries. On the other hand, while the informal sector seems to be growing very fast, there is no quantitative information on number of employments, skills, etc.

## **Barriers to labour market information system development in the participating countries**

The review of the situation in the participating countries reveals some common barriers in LMI use and development of LMIS. While there is increasing recognition of the importance of LMI as a basis for policy formulation and decision-making, progress in the development and use of LMI has “rather been uneven” and the almost all the countries have lagged behind. A capacity gap still exists between, on the one hand, labour market data collection and on the other hand, information analysis and policy formulation.

While this capacity gap differs in extent and magnitude, it is characterised by a combination of the following factors:

- Limited capacity and instruments to effectively, regularly and in a timely way collect, process, analyse and disseminate relevant and reliable LMI.
- Inability to combine information from various sources and particularly the failure to incorporate data collection exercises on the informal economy into the national framework.
- Inadequate resources for statistical programmes and other activities aimed at generating LMI.
- Inability of producers to co-ordinate efforts or share information.
- Inability of users to specify needs and to translate these needs to producers of LMI.
- Information collected is not further analysed to make it relevant to the needs of policy makers.
- Inflexibility of Labour Market Information Systems, that is; inability to respond swiftly to emergency situations.
- Weak structural mechanisms to link policy practice with movements in the labour market.
- Lack of a clear mandate on who should do what.
- Lack of a culture of information use.
- Inadequate balance between qualitative and quantitative LMI.
- Lack of assessment of the relevance and usefulness of information to various users, particularly those outside government ministries and agencies.

## **STRATEGY FOR DEVELOPING LMIS**

For overcoming the above mentioned barriers, the emphasis of the project should be put on capacity building. The project actions should be oriented towards six directions that guide the action plan we shall discuss later on during this meeting:

### ***Advocacy for the improvement of the labour market information systems***

Although advocacy should be a continuous exercise, it includes organisation of a sensitisation workshop grouping. It should be attended by high government authorities, policy makers, major stakeholders, high-level representatives of relevant ministries, academicians, but also donors and media. It is very important that during this workshop, some substantive technical papers on the missions of a LMIS, usefulness of labour market information, etc. be presented.

### ***Establishment of Appropriate National Institutional Mechanisms/Forums to handle LMI***

The project strategy to establish efficient mechanisms of assessing the usefulness of LMI and to achieve a coherent, comprehensive and systematic flow of information from producers to users should be to adopt a co-ordinated data collection and dissemination system within the national government. At the helm of the LMIS would be a Labour Market Information Steering Committee, with the CPU as the secretariat and chair.

The major functions of such a committee are: to co-ordinate activities in the LMIS; to generate information and carry out analysis that can support the design, implementation and monitoring of policies and programmes of generation of productive employment and the reduction of poverty; undertake the formulation of labour market policies; and to monitor and supervise the implementation of labour market programmes.

In countries with a federal form of government like Nigeria it is necessary to involve state government ministries responsible for education, higher education, training, labour and human resources development.

### ***Partnerships in Generation of LMI and Manpower Planning***

Co-ordination in the generation and use of LMI, and the involvement of the social partners are a precondition for the success of any initiatives to establish efficient and well functioning Labour Market Information Systems. The involvement of social partners creates a culture of joint responsibility, which promotes a long-term commitment to problem solving and more importantly ensures greater harmonisation of manpower policies and programs. The ability to identify the niches of the different stakeholders, closer co-operation and networking among the CPU, the Office of Office, the Ministry of Labour, and other producers and users of LMI, as well as the profound pooling of their experiences and resources are important recipes, which

may lead to mutual enrichment of the country's Labour Market Information System, and more importantly complement efforts/actions at all levels.

The other form of partnership and collaboration is among research institutions, higher education institutions and government departments responsible for generating LMI,

### ***Improved use of administrative records***

Records of labour administration systems hold a wealth of information, which is often underutilised. One factor, which encourages greater statistical utilisation of administrative sources, is the concern to reduce the response burden placed on individuals and businesses by statistical surveys.

However, the following good practices in the use of administrative data should be observed:

- Synchronisation of definitions used in administrative data with those used in other sources of LMI. This makes it possible for comparability of statistical information from various sources.
- Setting up of national standards for defining concepts and units used in the generation of LMI. Such standards are often compatible with international standards.
- Supplementing of administrative data systems with independent and regular surveys and studies specifically meant to generate more comprehensive information not normally covered by operational data.

It is important, however, to be aware of the statistical limitations of administrative data sources.

### ***Use of New Technologies of Information and Communication (NTIC) Tools***

The use of New Technologies of Information and Communication (NTIC) can improve the availability and usefulness of LMI for effective manpower and employment planning. In terms of manipulation and analysis of information, automation has made it possible to access sources of administrative data that were not formerly available. Moreover, more sophisticated software, particularly relational databases, have made it possible to combine and analyse multiple sources of data in ways that were not feasible in the past.

The availability of information and communication technologies also makes it a lot easier to update automated databases as new information is reported. LMI products are being developed and disseminated much faster than before via the Internet for example. That is the project will assist all Country Project Units in developing their own Internet Site. Data collection methods are also being improved through the application of new communication technology tools.

### ***Development of Databases***

While this is not necessarily a new phenomenon, the project will assist participating countries in establishing well-developed LMIS databases, which assemble



information on various labour market indicators. This information, which can be both quantitative and qualitative in nature, is generated from various sources and by different producers.