Labor Market Information – An Introduction

New Sources of Labor Market Information for Better Matching, November 4, 2019

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The World Bank

Jobs, Labor & Migration Course
Labor market information (LMI) includes any quantitative or qualitative information and intelligence on the labor market that can assist labor market agents in making informed plans, choices, and decisions related to business requirements, career planning and preparation, education and training offerings, job search, hiring, and governmental policy and workforce investment strategies.
➢ Information is a fundamental requirement for a functioning labor market.
Theoretical and practical rationale

❖ **LMI is a fundamental requirement for efficient labor markets**
  - Theoretically, a fundamental assumption of competitive labor markets is access to full information
  - In turn, lack of access to quality LMI creates inefficiencies in job search and matching, and career planning
  - Emerging empirical research shows LMI can improve the speed & quality of matches (cf. Belot et al., 2019)

❖ **LMI is a public good: use by one agent does not diminish its value and access for another**
  - This reduces incentives for private production and argues strongly for governmental investment
  - Nearly all countries recognize the need for government intervention in developing and disseminating LMI
  - Increasingly, partnerships with development partners and the private sector play an important role

❖ **Globalization and digitization increase the importance of LMI**
  - LMI can help a nation compete effectively in the international marketplace
  - LMI can help students and job seekers identify job opportunities in an ever faster changing labor market
LMI users

Government officials
- Gauge health of economy
- Make policy and program decisions
- Determine impact of policies
- ...

Individuals
- Manage career planning and development
- Determine skills required
- Get info on projected growth or decline by occupation
- ...

Labor market intermediaries
- Provide information to employers
- Provide information to job seekers
- Plan services for clients
- ...

Employers
- Determine appropriate wages and benefits
- Assess the quantity & quality of the labor pool
- Assess economic conditions to determine future plans

Education / training providers
- Determine programs, curricula, and career services
- Determine demand by occupation
- Identify training sources
- ...

3 November 2019
### LMI sources

<table>
<thead>
<tr>
<th>Surveys</th>
<th>Administrative data bases</th>
<th>New sources of LMI</th>
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</thead>
<tbody>
<tr>
<td>• Household surveys</td>
<td>• Unemployment insurance records</td>
<td>• Jobs listings</td>
</tr>
<tr>
<td>• Enterprise surveys</td>
<td>• Employment services’ records</td>
<td>• Online searches</td>
</tr>
<tr>
<td>• Surveys of education providers</td>
<td>• Education providers’ records</td>
<td>• Job candidates’ resumes</td>
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<td>• …</td>
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Example of new sources of LMI

Google search index for "unemployment"
Old vs. new sources of LMI – Overview

❖ Traditional LMI (government-collected censuses, surveys, and administrative data) is representative, but time-consuming and costly to collect

❖ New sources tend to be cheap to collect, to be generated constantly (“real time”), and to offer rich data (“granularity”), though there are concerns about representativeness

❖ There are many applications of these new sources of LMI
  • The Central Bank of Ireland is using clicks on job ads to measure labor market tightness
  • EU’s CEDEFOP is using online job ads to analyze skills requirements
  • Lots of research has been done in the US (monopsony, skills needs, job search)
  • World Bank: Malaysia, Kosovo, Moldova, India, Turkey, Ukraine, Indonesia, China (and likely others)
  • …
# Old vs. new sources of LMI – Job vacancies

<table>
<thead>
<tr>
<th></th>
<th>Traditional LMI</th>
<th>New LMI</th>
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<tbody>
<tr>
<td><strong>WHO</strong></td>
<td>Collected, analyzed, and reported by government agencies</td>
<td>Gathered and organized by private companies</td>
</tr>
<tr>
<td><strong>COSTS</strong></td>
<td>Usually all information available for free</td>
<td>Much information available for free (e.g. basic vacancies); paid licenses for others (e.g. job matching services for employers)</td>
</tr>
<tr>
<td><strong>COVERAGE</strong></td>
<td>Potentially covers virtually the entire labor market</td>
<td>Covers only jobs advertised online (selection?)</td>
</tr>
<tr>
<td><strong>TIMING</strong></td>
<td>Available on a monthly basis (at best) and with a significant lag</td>
<td>Often updated at least once a day and available almost immediately</td>
</tr>
<tr>
<td><strong>DETAIL</strong></td>
<td>Lacks detail about specialized skills in demand; may not keep pace with changing, current employer demands</td>
<td>Provides detail on skills/tools or technologies used, certifications preferred, and new and emerging job needs</td>
</tr>
<tr>
<td><strong>GEOGRAPHY</strong></td>
<td>Provides national data and sometimes data for states and major population areas</td>
<td>Detailed data by state, region, or population area</td>
</tr>
<tr>
<td><strong>POSSIBLE QUERIES</strong></td>
<td>Job information available by occupational or industry category, and in some products or tools, by title, skill or keyword search</td>
<td>Can search job listings by job title, occupation, industry, keyword, skills, certification, or other attribute</td>
</tr>
</tbody>
</table>
Implementation factors

- Governance
- Quality of data
- Partnerships and intermediaries
- Dissemination of and access to information
- Analyses, interpretation and tools
- Human resources

- Timely
- Accurate
- Coherent
- Comparable (over time & space)
- Relevant
Example of skills assessment tool
Dissemination of LMI

<table>
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<tr>
<th>Data repositories</th>
<th>General web / mobile applications</th>
<th>Customized web / mobile applications</th>
<th>Hard-copy products</th>
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<tbody>
<tr>
<td>Provide easy access to data without necessarily organizing information for specific uses</td>
<td>Designed to meet the needs of several different clients (e.g. job seekers and employers)</td>
<td>Designed for a specific service, such as career information, skills certification, or front line decision support</td>
<td>Remain an important way of reaching users through schools, employment services, newspapers etc.</td>
</tr>
<tr>
<td>Targeted at specialized users for research, policy making, tracking trends in the economy, etc.</td>
<td>Include a variety of tailored paths through the system for different groups of users</td>
<td>Must include logical processes to navigate through the information in the context of specific user needs</td>
<td></td>
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➢ Do not emphasize outputs but how LMI products and services can most effectively and efficiently serve clients.
This session’s case studies

This session’s case studies will highlight innovative examples from around the world of both traditional and new sources of LMI and their uses

- **Kenya**: building a labor market information system
- **Malaysia**: creating occupational profiles for in-demand occupations
- **Turkey**: providing jobseekers with LMI to persevere in the job search process
Questions to course participants

What types of LMI do you use in your day to day work, if any?

Are you aware of any new or innovative sources of LMI in your country?

Can you share any innovative approaches for disseminating LMI in your country?
Thank you!

Sources and further reading:


