

EMPLOYMENT SERVICE CENTERS IN VIETNAM: SUMMARY REVIEW*

Vietnam needs a public employment service system designed to move workers into higher quality jobs. Vietnam has a high labor force participation rate (80 percent), yet 90 percent of jobs are in low- or mid-skilled occupations at a time when increased global integration and the emergence of the fourth industrial revolution (IR 4.0) is raising demand for workers in high-skilled professions. By both design and practice, the existing public employment service system is not adept at helping workers to integrate into this new economy.

This document summarizes the key messages of a longer report on the operations of ESCs and that provides recommendations for improving their performance within the confines of the current budgetary and administrative framework. This further contributes to proposals, defined in Party Resolution 29/2018, to strengthen the work of the agency that implements unemployment insurance.

METHODOLOGY

This report uses a qualitative process management approach based on observations from a January 2018 visit to five Employment Service Centers (ESCs) (Hanoi, Phu Tho, Ho Chi Minh City, Dong Nai, and Minh Duong), data analysis, and document review. The recommendations and functional analysis utilize international best practice as a benchmark.

KEY FINDINGS

- With notable exceptions, most ESCs are not fulfilling core employment services functions; those that perform core tasks do so despite inefficient organization design. ESC data banks on local job vacancies and job seekers are generally non-existent or highly limited. Job counselors have limited training, resources, or outreach to employers. Job fairs are often the main job placement activity.
- ESCs prioritize administrating the unemployment insurance (UI) program, for which only a fraction of Vietnamese citizens qualify, rather than fulfilling their legal mandate to provide employment services to all citizens. This limits the range of services they provide and clients they are useful to.
- The decentralization of the Vietnamese public employment services system inhibits the coordination and sharing of labor market information between ESCs, limiting their ability to help job seekers identify opportunities around the country and meet national employment goals.

ESCs face three major challenges: **systemic challenges** due to the structure of the national employment services system, **resource constraints** based both on the UI financing basis and the decentralized system, and a **limited service portfolio** for increasing job placements.

POLICY RECOMMENDATIONS

Systemic Organization

I. Design a national results-based performance management framework

Resource Management

II. Create common guidelines to more effectively manage ESC human resources

III. Provide technical support to develop an integrated system of job bank databases

Service Portfolio

IV. Increase ESC employer outreach

V. Integrate job fairs more effectively with other job placement tools

VI. Expand the ESC job seeker client base

VII. Design a national labor market information system (LMIS)

* This note is drawn from: Mazza, Jacqueline. 2019. "Functional Review of Employment Service Centers in Vietnam: Analysis and Recommendations." Mimeo.

NATIONAL PES MODELS

SERVICE DELIVERY V.
JOB PLACEMENT

Many PES systems in developed countries were **initially designed to deliver generous unemployment insurance to manufacturing workers** as they searched for employment.

PES best practices are to expand this service delivery system to **prioritize employment services, namely job search and placement assistance to ever expanding types of employment**. These systems work to help all workers (not just the unemployed) find quality employment by providing such services as job counseling, job search assistance, or vocational training.

DECENTRALIZATION

Certain countries have chosen to organize more decentralized PES systems that typically are more flexible in responding to local market conditions without inhibiting local providers from working together towards national employment goals. Successful systems still require strong national standards and support to guarantee quality services nation-wide.

Mexico’s PES system is a good example of a decentralized system where the national government provides base financing and national program structure, while allowing local governments to supplement this funding to serve local service projects, and to innovate with how services are provided based on local needs.

CORE FUNCTIONS OF EMPLOYMENT SERVICE PROVIDERS

1) MAINTAIN AN ACTIVE “JOB BANK”

A job bank is a database containing information, organized using common variables, on both job seekers and job vacancies that employers and job seekers can respectively use to assess the potential fit of an employee or job, and that job counselors can use to match job seekers to job vacancies.

The job bank should be accessible online and be compatible with a larger (national) labor market information system that can aggregate information across regional job banks to identify trends across markets and occupations.

2) PROVIDE JOB COUNSELING SERVICES

A job counselor (1) assesses job seeker skills and qualifications; (2) helps job seekers access and use the job bank and facilitate a job match; and (3) provides job seekers with local labor market and career information.

Counselors can also provide additional services, such as profiling job seekers skills, assisting in career orientation, referring job seekers to auxiliary services, such as job training or education, conducting preliminary screenings for employers, or actively collecting and analyzing data about local labor market conditions. Counselors should receive professional education and training, while the administrative tasks of this role should be minimized.

3) MATCH JOB SEEKERS TO APPROPRIATE EMPLOYMENT

Job placement consists of (1) enhancing job search efficiency (i.e. increasing the share of workers placed in higher-quality jobs) and (2) contributing to local development (e.g. increasing the number of job placements in key sectors)

AUXILIARY SERVICES

Employment service providers are one type of service provider within the PES system, while additional services may include vocational training, migration services, or contributions to a broader labor market information system.

ANALYSIS OF ESC ACTIVITIES IN VIETNAM

In 2018, the Ministry of Labor, Invalids, and Social Affairs (MOLISA) reported that there were 98 ESCs in Vietnam. Under the 2013 Employment Law, these are mandated to provide employment service to all Vietnamese citizens.

NATIONAL PUBLIC EMPLOYMENT SERVICE (PES) SYSTEM

Takeaway: Vietnam's decentralized national PES system inhibits coordination and cooperation between employment service providers and across regions. The system lacks a national framework for systematic collaboration, thus limiting the efficacy of individual ESCs and private employment service providers in providing more services of a more uniform quality.

- **There are two groups of employment service providers** in Vietnam: the **public Employment Service Centers** (ESCs), which have a mandate to serve all job seekers yet primarily serve unemployment insurance beneficiaries working in formal sectors (i.e. contracted workers), and the **private employment agencies**, which primarily serve foreign firms looking for high-skilled workers. There is little cooperation or coordination between these two groups.
- **The Vietnamese PES system is among the more decentralized in the world, exhibiting weak support at the national level for ESCs yet limited autonomy at the level of the individual ESC.** ESCs are closely associated with local governments and respond to political incentive structures rather than economic ones. With no uniform national standards, ESCs' menu of services, design, implementation, and program results vary across regions. The absence of nationwide tools, such as a national job banks, requires each ESC to build its own tools and structures, introducing inefficiencies into the whole system. This not only incurs additional duties on the ESC staff, but also limits cross-region collaboration on job placement.

ADMINISTRATING PUBLIC SERVICE DELIVERY: UNEMPLOYMENT INSURANCE

Takeaway: ESCs have a legal mandate to provide employment services to all workers, yet most serve as social service providers primarily to unemployment insurance (UI) beneficiaries. They prioritize the UI administration over comprehensive jobs search services, to the detriment of their ability to serve UI beneficiaries and meet their broader employment services mandate.

- **The principal source of ESC financing comes from budget allocations on a per-UI-claimant-served basis under the UI program.** ESCs are responsible for receiving UI applications from laid-off workers, processing payment claims, receiving UI recipients for regular visits, providing UI recipients with job counseling and placement assistance when it is requested.
- **Most ESC clients are UI recipients**, meaning that ESCs are not serving the majority of Vietnamese workers. Out of an active labor force of 54.4 million workers, only 10.5 million (19 percent) are eligible for UI, yet over 80-90 percent of the clients among the ESCs visited in this study were UI claimants. Since only contracted workers are eligible for UI, this means ESCs are not serving the large pools of workers in need, particularly those who had been, or are currently, employed in informal sectors.

- **Most UI recipients do not rely on ESCs to assist in the job search process.** As many UI beneficiaries are not actively looking for work, employers indicate the limited potential of ESCs as good sources of new workers. There are some notable exceptions of ESCs that engage with local employers and serve both larger numbers of Vietnamese job seekers and UI beneficiaries.
- **ESCs often concentrate resources on UI administration to the detriment of other services.** In the ESCs visited for this study, staff was disproportionately assigned to UI administrative rather than job placement functions. Since UI demand is cyclical, ESC staff and staff resources could be more efficiently deployed by filling those down-times with tasks that contribute to job matching.

CORE EMPLOYMENT SERVICE FUNCTIONS

Takeaway: The Vietnam is underperforming in the three core employment functions that all employment services should offer. **Job banks** vary in quality and usually contain very limited information. **Job counselors** lack the tools to be effective and are burdened with administrative tasks that should not be part of their job responsibilities. With sparse job banks and counseling services, job fairs, though useful in a limited range of sectors, are left as the most commonly used job matching activity.

JOB BANK DATABASE

- **The quality of existing job databases varies widely across ESCs** as no national database or data collection format exists to facilitate information sharing across regions. The quality of existing job banks varies, with many consisting of limited listings of job seekers or of UI-beneficiaries not looking for work, and many ESCs having few means of keeping vacancy listings up-to-date.
- **The data that are collected are primarily on UI recipients rather than all job seekers.** Some ESCs have no computerized registry of available job seekers, while others only collect data on UI beneficiaries, even though many may not be seeking jobs. Many ESCs rarely collect data about the job seekers and vacancies attending job fairs. The incomplete job banks constrain are a significant impediment to ESC's ability to help jobseekers understand an access the national labor market.
- **A more consistent set of regional and national job banks are required** to support growing labor demand and better provide information about jobs and their requisite skills throughout Vietnam.

COUNSELING SERVICES

- **All ESCs have staff in the position of employment counselors, but the nature of this job varies widely across ESCs.** Some provide job counselling, while others are principally dedicated to administrative responsibilities. Some reach out to firms to collect vacancy data while others rely on job fairs alone. Some use databases and modern assessment tools to serve job seekers while others only provide them with more ad hoc information.
- Given how little data ESCs have on job seekers and vacancies, **counselors have limited ability to perform good skills matches or to direct job seekers to jobs in emerging fields with high demand.**
- **ESC staff are committed to their jobs but lack the skills, information, and management incentives to effectively provide required services.**

JOB MATCHING

- **Due to imitations in the availability and efficacy of job banks and counselors, only a narrow set of job-matching activities are provided by ESCs.** Job fairs are the principal job placement activity and have been effective for placing small numbers of low-skilled manufacturing workers. They tend to be well marketed and organized at regular intervals, but they do not uniformly provide sufficient information that job seekers require. Most ESCs do not follow-up with firms or job-seekers post-fair, so there are little data on how effective job fairs are at job placement.
- **Some employers appreciate job fairs** as a means of finding workers, indicating that they should persist as one of ESCs' services. However, other job search methods (i.e. job banks and job counselors) are required to reach a wider range of workers and employers.

AUXILIARY SERVICES

- **ESCs provide vocational training and migration services in varying degrees** across regions. Only UI beneficiaries are eligible for training services, which are typically offered in only one or two fields. The provision of migration services largely consists of individual ESCs collecting information on existing international job opportunities.
- **ESC contributions to a national Labor Market Information Services (LMIS) system are limited.** Although ESCs collect some local labor market information, the range in the quality and breadth of the data, as well as a lack of guidelines on how to collect information that can be standardized and shared nationally, prevent the ESC data from being integrated into a national LMIS.

POLICY RECOMMENDATIONS

ADDRESSING SYSTEMIC CHALLENGES

I. DESIGN A NATIONAL RESULTS-BASED PERFORMANCE MANAGEMENT FRAMEWORK

Success should be measured based on achieving desired job placement outcomes rather than on the completion of a given administrative task or provision of a given quantity of services.

- 1) Define a results-oriented mission that measures and drives ESC success based on the number of clients who are employed after receiving a service, rather than based on process results such as number of people served, number of services provided, etc.
- 2) Develop a set of common administrative standards and norms for all ESCs to implement and follow that includes standards for measuring job placement results, and on reporting on trends. This will greatly facilitate information-sharing across ESCs.
- 3) Review international best practices of employment services performance indicators and efficient administrative standards. Domestically, a more thorough study should be conducted on the practices of the Binh Duong ESC, while a study should also be conducted to assess the indicators currently used in Vietnamese ESCs and the ways in which these compare with international best practices and Vietnamese needs.

II. CREATE COMMON GUIDELINES FOR HOW TO MORE EFFECTIVELY MANAGE ESC STAFF AND HUMAN RESOURCES

- 4) Redefine staff roles to better achieve the mission of increasing job placements.
- 5) Develop a staff performance system using key performance indicators for each staff role that align with desired national performance outcomes.
- 6) Strengthen the function of job counselors by (a) ensuring that job counseling functions are prioritized over administrative tasks; (b) encouraging ESCs to develop innovative ways to improve the workflow organization of current counselor tasks so that they can take on additional outreach activities (such as visiting local schools or training institutions) during the hours where they face fewer job counseling demands; and (c) allowing ESCs to determine whether their counselors could take on the additional responsibilities of private sector/vacancy specialist.

MODEL STAFF ROLES

- **ESC Director** – a manager knowledgeable about local industry needs who provides ESC staff with the incentives, flexibility and structure to improve their performance.
- **Job Counselor** – a case worker in contact with employers and knowledgeable about the local economy who works directly with clients from when they arrive at the ESC until they are employed, helping them access labor market information and identify and prepare for work opportunities. They should have few administrative responsibilities.
- **Private Sector/Vacancy Specialist** – a specialist who works with industries to identify vacancies and create job vacancy listings, and who reaches out to employers and investors to increase ESC’s relevancy to the local economy.
- **Labor Market Information Specialist** – a specialist who collects, stores and analyzes data about the labor market, and helps built a national labor market information system accessible to users within and outside ESCs. They should not take on administrative responsibilities.

- 7) Systematically undertake human resource assessments and strategic plans to align human resource reform with other changes in the PES system, including the introduction of new technologies.

III. PROVIDE TECHNICAL SUPPORT TO DEVELOP AN INTEGRATED SYSTEM OF LOCAL AND NATIONAL JOB BANK DATABASES TO EXPAND THE TECHNOLOGICAL CAPACITY OF ESCS

- 8) Develop standards on the set of information and indicators to be used across all ESCs when registering vacancies and job seekers. This will enable employers to access local talent across the country and job seekers to more readily search for work that fits their skills profile.
- 9) Develop a single, inter-operable and centrally managed national platform on which to either store a national jobs bank or to link the ESC job banks to allow for inter-operability between ESC sites. The system would have to be centrally managed to ensure that consistency in the quality of information included, as well as for trouble-shooting.

STRENGTHENING THE ESC SERVICES PORTFOLIO

IV. INCREASE ESC EMPLOYER OUTREACH

- 10) Offer employers a suite of services to encourage them to work with ESCs to advertise job vacancies and to develop services that can generate revenues for ESCs while meeting firms' specialized placement needs. These could include facilitated remote access to ESC databases, screening of ESC candidates for businesses, and even the placement of ESC satellite offices in or near industry association offices.
- 11) Strengthen cooperation between public and private employment agencies to expand resources available to, and the success of, both types of entities. More systematic cooperation would help ESCs improve the range and quality of their higher-skilled jobs listings, while helping private agencies fill lower-skilled jobs. Private agencies have begun limited training of ESC offices that could be made more systematic in the future.

CREATIVELY ENGAGING EMPLOYERS IN HONDURAS

In 2004, Honduras, the poorest country in Latin America, had an under-utilized and poorly performing public employment service (SENANEH, *Servicio Nacional de Empleo de Honduras*). Fewer than 200 private companies listed jobs in the SENANEH database, and most of those were low-skilled opportunities. Less than 4000 people, in a labor force of 2.5 million, were served annually.

Honduras also had a dynamic foreign (*maquila*) sector that hired numerous workers but faced problems of high worker turnover and low worker skills. Many *maquilas* were organized into industry associations that operated out of business council offices.

In 2004, the Ministry of Labor signed an agreement with the Honduran Business Council (*Consejo Hondureño de la Empresa Privada*). The COHEP would provide staff and office space to register job vacancies and to receive and screen job seekers. The government would provide computers, software, office supplies, and the SENANEH job vacancy platform.

Seven years later, the results were impressive. The number of firms that registered job vacancies increased from 200 to 10,000. More than 23,000 job seekers were served in 2011, compared to only 4000 in 2004. The number of public employment offices expanded from 2 to 6. The quality of job vacancy listings improved. Importantly, the model did not incur bureaucratic obstacles that co-financing or public sector regulations would have imposed.

Source: Mazza 2018

V. INTEGRATE JOB FAIRS MORE EFFECTIVELY INTO JOB PLACEMENT TOOLS

- 12) Improve job fair organization by (a) ensuring that a registry of jobs is available at each fair, searchable by job type and available before the job fair day, and that such information is provided to job seekers on fair day; (b) targeting promotion of the job fairs to attract the higher-skilled job seekers for whom jobs are available at fairs but who typically would not attend; and (c) refining the strategy of job fairs so that they are more geographically or thematically focused, especially in key locations to serve new investors, growing and high-tech sectors, and specialized technical schools. Vietnam could look to the example of Mexico, which has implemented successful specialized employment fairs in IT and engineering.

- 13) Monitor the job placement success of job fairs by keeping track of the number and type of participants and employers and the number of job offers and placements made at each fair. This allow ESC management to better determine and shape future job fairs for greater efficiency in placement.
- 14) Incorporate into the ESC job banks databases the information about job seeker and employer participants who participate at jobs fairs.

VI. EXPAND THE ESC JOB SEEKER CLIENT BASE

- 15) Proactively engage job seekers to demonstrate to them that ESCs can provide a wide range of job-search services and that ESCs are here to serve more than simply UI administration. Job counselors should actively go to areas where job seekers are located, such as schools or community events. ESCs that already are capable of providing a wider range of non-UI services to job seekers can undertake marketing campaigns to change their branding.
- 16) Develop information on and protocol for referring job seekers to auxiliary services and identify providers of these services. Until ESCs have strengthened their core functions, they should not offer auxiliary services themselves; instead they should limit their engagement to collecting information about the services and provide referrals. ESCs can select contractors to provide short workshops for them on improving job search techniques, such as CV preparation. ESCs can also create databases of relevant job training programs offered by public and private training providers that they can then refer clients to. Once developed, new national auxiliary services should be first tested on a pilot basis and launched to scale only if significant resources for both programs and their trained staff will be available in the future.

VII. DESIGN A NATIONAL LABOR MARKET INFORMATION SYSTEM AND EMPLOYMENT PORTAL.

- 17) Provide technical support to ESCs and MOLISA to collectively create a national labor market information system. This should include technical support to create surveys of job seekers and employers in a way that allows data to be aggregated across regions, or a national platform to store and analyze this data.
- 18) Broaden the developing labor market information system to include additional information on current and future skill needs, such as on opportunities for up-skilling (e.g. training courses) as indicated above. This will expand the ways in which this national system can serve growing national demand for higher skills.

LMIS WEB PORTALS ACROSS THE WORLD

A labor market information system (LMIS) is a mechanism to handle the collection, processing, analysis, and dissemination of labor market information to jobseekers, students, employers, policy-makers and other stakeholders. It is increasingly presented as a web portal that serves a range of functions, providing information on:

1. Job prospects, to provide clear and continuous information on the current and projected state of the labor market, allowing students and jobseekers to make decisions. It should include graphs and figures of indicators by industry, occupation, and region.
2. Education opportunities, namely the skills and education level required for all occupations, as well as the types of jobs that are held by people with specific education profiles.
3. Job seekers and vacancies, including portals for registration, search, matching, counseling by job seekers and employers.

Many countries have well developed job portals, performing similar tasks. For example:

- The Canadian web portal (<https://www.jobbank.gc.ca/findajob>) emphasizes providing students with access to the information and opportunities necessary to make informed training and employment decisions. The portal also provides information for job seekers on high job vacancy regions and high labor demand occupations, particularly skilled trades and science-based occupations, with links for employers and also job market trends for policy makers and the media
- The US has a portal specifically for job seekers to better understand job market, future growth industries and understand necessary skills and experience (<https://www.careeronestop.org/>)
- The Polish PES portal provides information to job seekers on registering, searching, connecting with employment agencies, as well as for employers, entrepreneurs and lists publications on the labor market for policy makers and governmental agencies. It also links to the European Job Mobility Portal (EURES)
- Germany has a web portal that includes a job crawler for job seekers and a comprehensive internal portal, supporting all internal processes of National Employment Agency (BA) including case management functionalities for counselors

POLICY RECOMMENDATION REVIEW

Systemic Policies	I. Design a national results-based performance management framework	1) Define a more results-oriented mission to measure success based on increasing job placements for larger numbers of Vietnamese citizens.
		2) Develop a set of common administrative standards for ESCs to improve service quality across the nation.
		3) Review domestic and international best practices, facilitating best practice sharing among ESCs.
Organizing Resources	II. Create common guidelines to more effectively manage ESC human resources and services	4) Redefine staff roles to focus on increasing job placements
		5) Develop a staff performance system using key performance indicators
		6) Strengthen the function of job counselors
	III. Provide technical support to develop an integrated job bank system	7) Systematically undertake human resource assessment to align staffing changes to broader reform
		8) Develop standards across ESCs to register job seekers and job vacancies based on common criteria
Strengthening the Service Portfolio	IV. Increase ESC employer outreach	9) Develop a single, inter-operable, centrally managed national job bank platform
		10) Offer services to employers that increase the range and quality of ESC job listings and that generate revenues for ESCs while meeting the specialized placement needs of key firms.
	V. Integrate job fairs more effectively with other job placement tools	11) Strategically increase cooperation with private employment agencies, particularly to enable ESCs to better serve higher-skilled markets and private firms to more efficiently fill lower-skilled posts.
		12) Improve job fair organization
		13) Monitor job fair placement success
	VI. Expand the ESC job seeker client base	14) Incorporate information on job vacancies and jobseekers gathered at job fairs into job banks
		15) Engage new job seekers outside of ESC centers to provide them with job-finding services, helping change public perception of the types of services ESCs can offer
		16) Develop protocol for referring job seekers to auxiliary services; develop information banks on auxiliary service providers, particularly training opportunities; and sub-contract the provision of these services to other public and private sector entities.
		17) Provide technical support to ESCs and the MOLISA so that they can develop and supply information to a national LMIS.
	VII. Design a national labor market information system (LMIS)	18) Once developed, consider broadening the LMIS to include information focused on current and future skill needs.

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