Measuring Job Creation in Private Sector Development

Ben Fowler
MarketShare Associates
Geneva, July 2014
The Challenge

• Job creation is critical to development
• Growing monitoring requirement
• But...limited guidance on how to measure project-level impacts!
The Context

• Study commissioned by the Donor Committee for Enterprise Development (DCED)

• Job creation is part of the DCED Standard:
  – Set of good practice in measuring results
  – Created in 2008
  – Applied by +30 projects
  – Focuses on process, not indicators
  – Results in improved project management
The Task

• Synthesize the available literature
• Create case studies of relevant practice
• Develop clear guidance for practitioners of private sector development (PSD) projects
The Result:
A Step-by-Step Decision Guide

Working Paper:
Measuring Job Creation in Private Sector Development

By Ben Fowler and Erin Markel on behalf of MarketShare Associates
for the Donor Committee for Enterprise Development

June 2014
Step 1: Determine Whether to Measure Job Creation

• Fit with programme strategy
• Monitoring firm-level performance and efficiency
• Avoiding doing harm
• Donor priorities
• Programme capacity
## PSD Strategies and Job Creation

<table>
<thead>
<tr>
<th>PSD Strategy</th>
<th>Potential for Job Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business environment reform</td>
<td>Variable</td>
</tr>
<tr>
<td>Challenge funds</td>
<td>Medium</td>
</tr>
<tr>
<td>Employment training programmes</td>
<td>Low</td>
</tr>
<tr>
<td>Market systems and value chain development</td>
<td>Variable</td>
</tr>
<tr>
<td>Enterprise competitiveness development and productivity improvement</td>
<td>Low to medium</td>
</tr>
<tr>
<td>Entrepreneurship training</td>
<td>Low to medium</td>
</tr>
<tr>
<td>Wage subsidies for enterprises</td>
<td>Variable</td>
</tr>
</tbody>
</table>
Step 2: Identify Job Characteristics and Job Creation Definition

Characteristics:
- Job formality
- Job quality
- Poverty
- Attributable jobs
- Sustainability
- Remuneration
- Self-employment
- Underemployment
- Productivity

Job Creation Definition:
1. Full Time Equivalent Jobs
2. Employment
3. Job Headcount
Step 3: Determining Where Jobs will be Created

Broader Economy: Induced Jobs

Target Market System: Direct and Indirect Jobs

Ultimate Beneficiaries

Suppliers and Distributors

Service Provider(s)

Project Activities

Service Providers

Firm

Firm

Firm

Firm

Firm

Firm

Firm

Firm
Step 4: Decide Whether to Measure Job Quality or Job Taker Identities

- Demonstrating impact
- Making decisions
- Cost
- Feasibility
Step 5: Incorporate Job Creation into your Results Chains and Indicators
Step 6: Select the Appropriate Measurement Method(s)

• Direct Measurement
  – Obtaining employer records
  – Surveying employers
  – Surveying employees

• Indirect measurement
  – Developing localized multipliers
  – Using employment elasticity measurements
Step 7: Measure your Impact on Job Creation

• Job substitution
• Job displacement
Step 8: Report Results

• Transparency
• Clarity
Conclusions

1. Measuring job creation by PSD projects is difficult but can be done
2. However, it must align with program strategy and stakeholder preferences
3. Indirect job creation measurement can sidestep many issues