

# Measuring Job Creation in Private Sector Development

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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 Donor Committee for Enterprise Development

# 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



The Donor Committee for Enterprise Development

# 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

PSD Strategy	Potential for Job Creation
Business environment reform	Variable
Challenge funds	Medium
Employment training programmes	Low
Market systems and value chain development	Variable
Enterprise competitiveness development and productivity improvement	Low to medium
Entrepreneurship training	Low to medium
Wage subsidies for enterprises	Variable

# Step 2: Identify Job Characteristics and Job Creation Definition

## Characteristics:

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

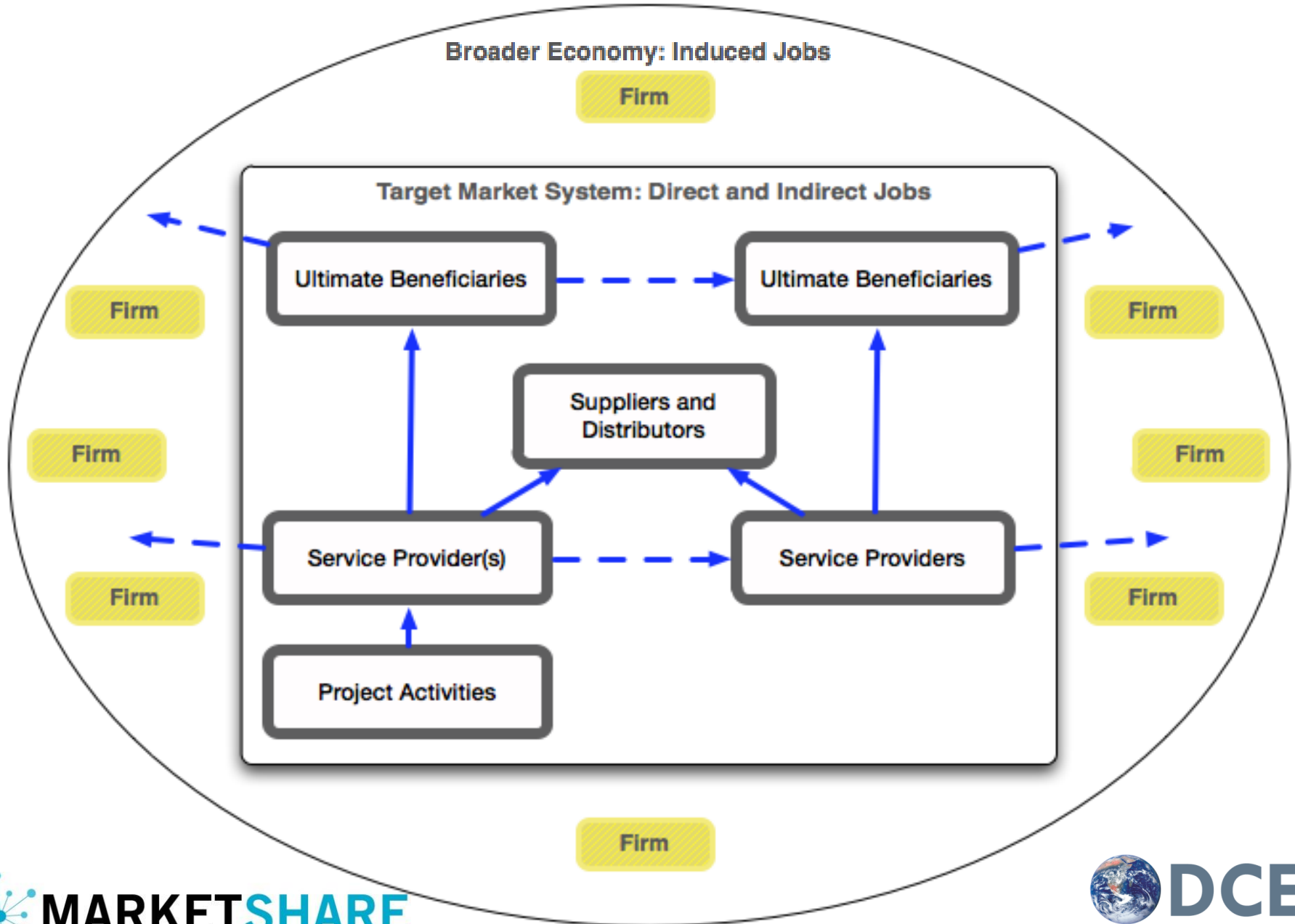
## Job Creation Definition:

1. Full Time Equivalent Jobs
2. Employment
3. Job Headcount

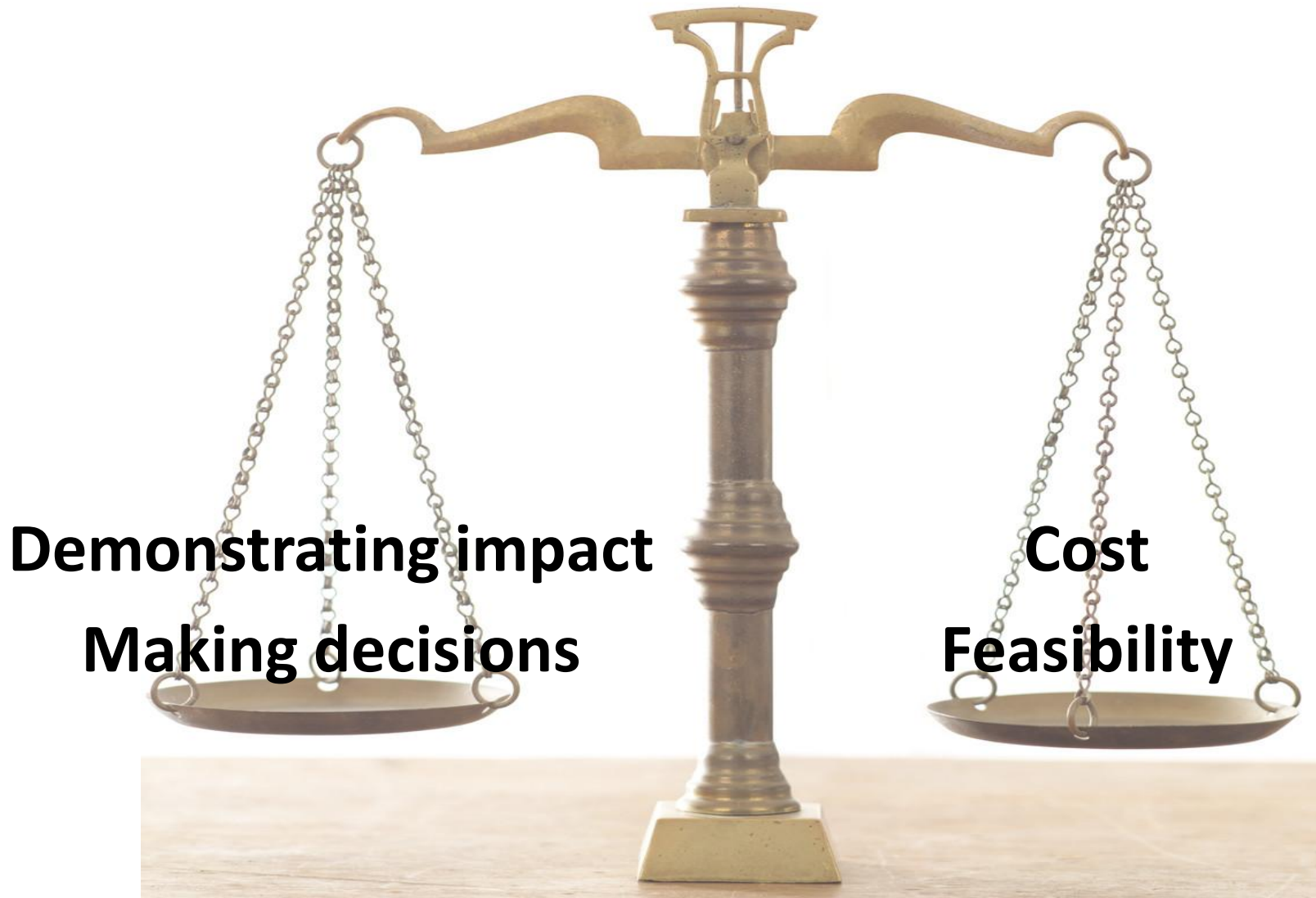


# Step 3:

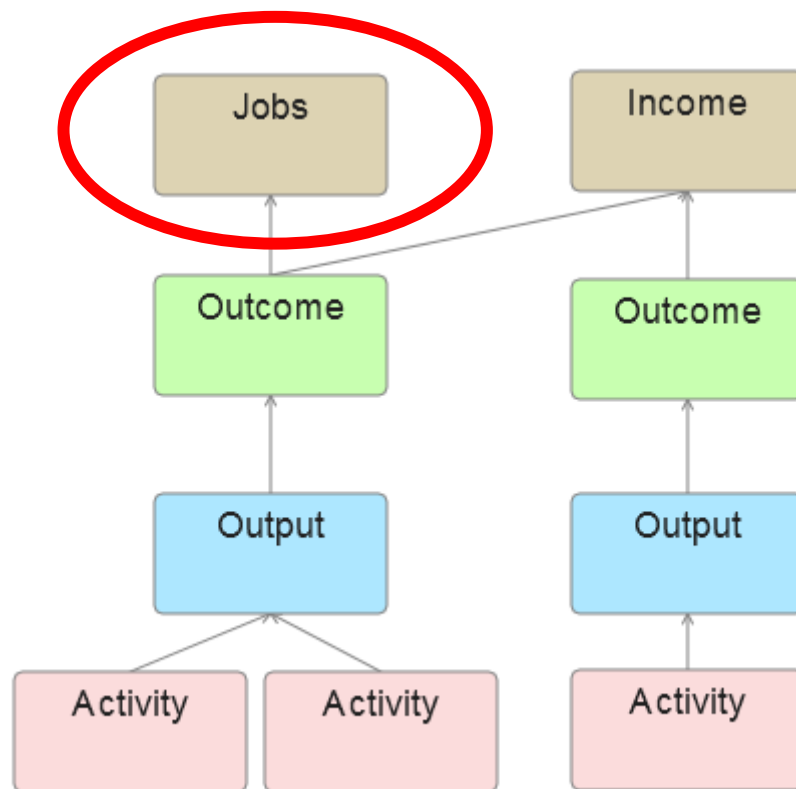
## Determining Where Jobs will be Created



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



# Step 5: Incorporate Job Creation into your Results Chains and Indicators

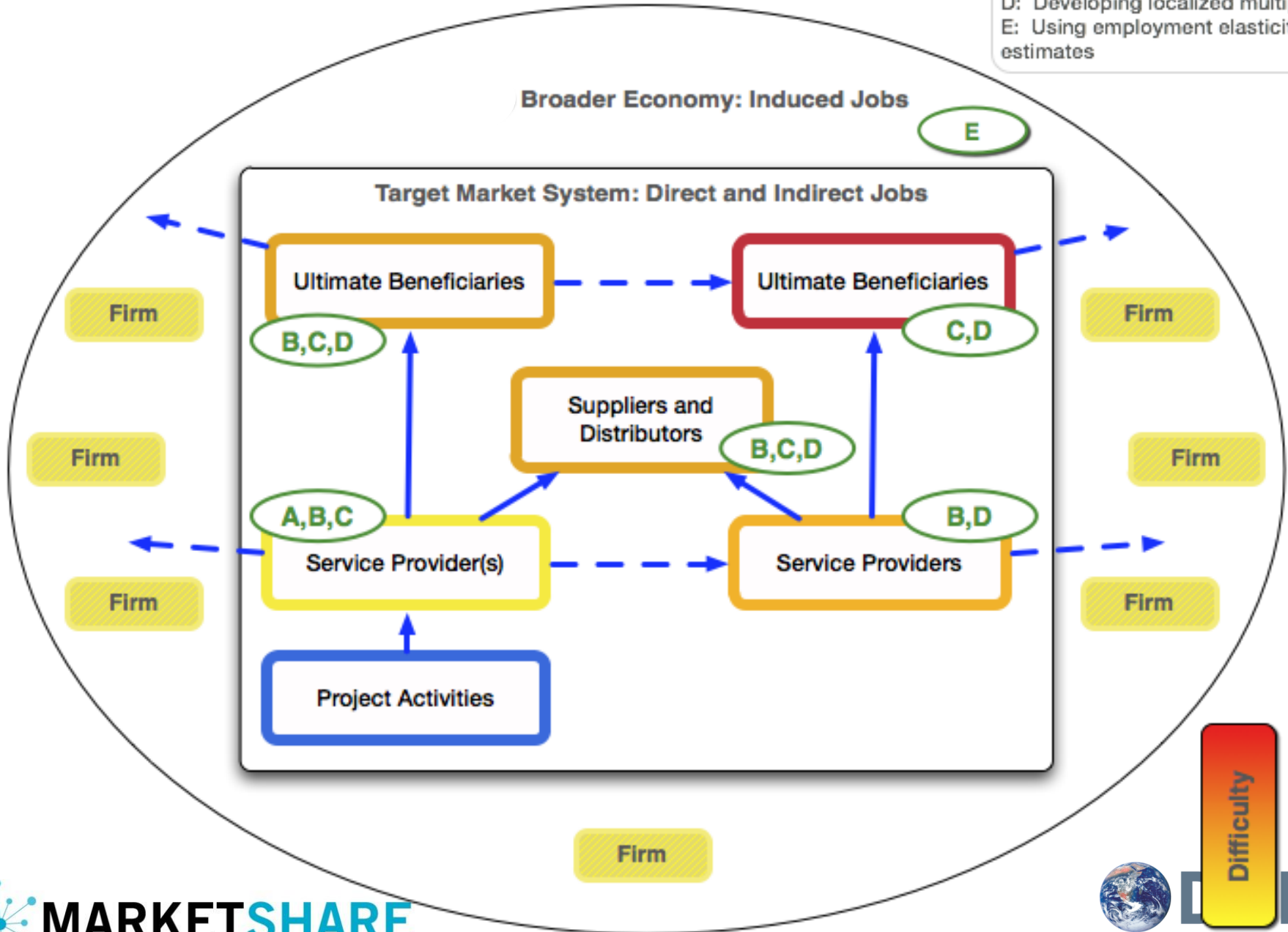


# Step 6: Select the Appropriate Measurement Method(s)

- Direct Measurement
  - Obtaining employer records
  - Surveying employers
  - Surveying employees
- Indirect measurement
  - Developing localized multipliers
  - Using employment elasticity measurements

# Selecting Job Creation Data Collection Methods

- A: Obtaining Employment Records
- B: Surveying employers
- C: Surveying employees
- D: Developing localized multipliers
- E: Using employment elasticity estimates



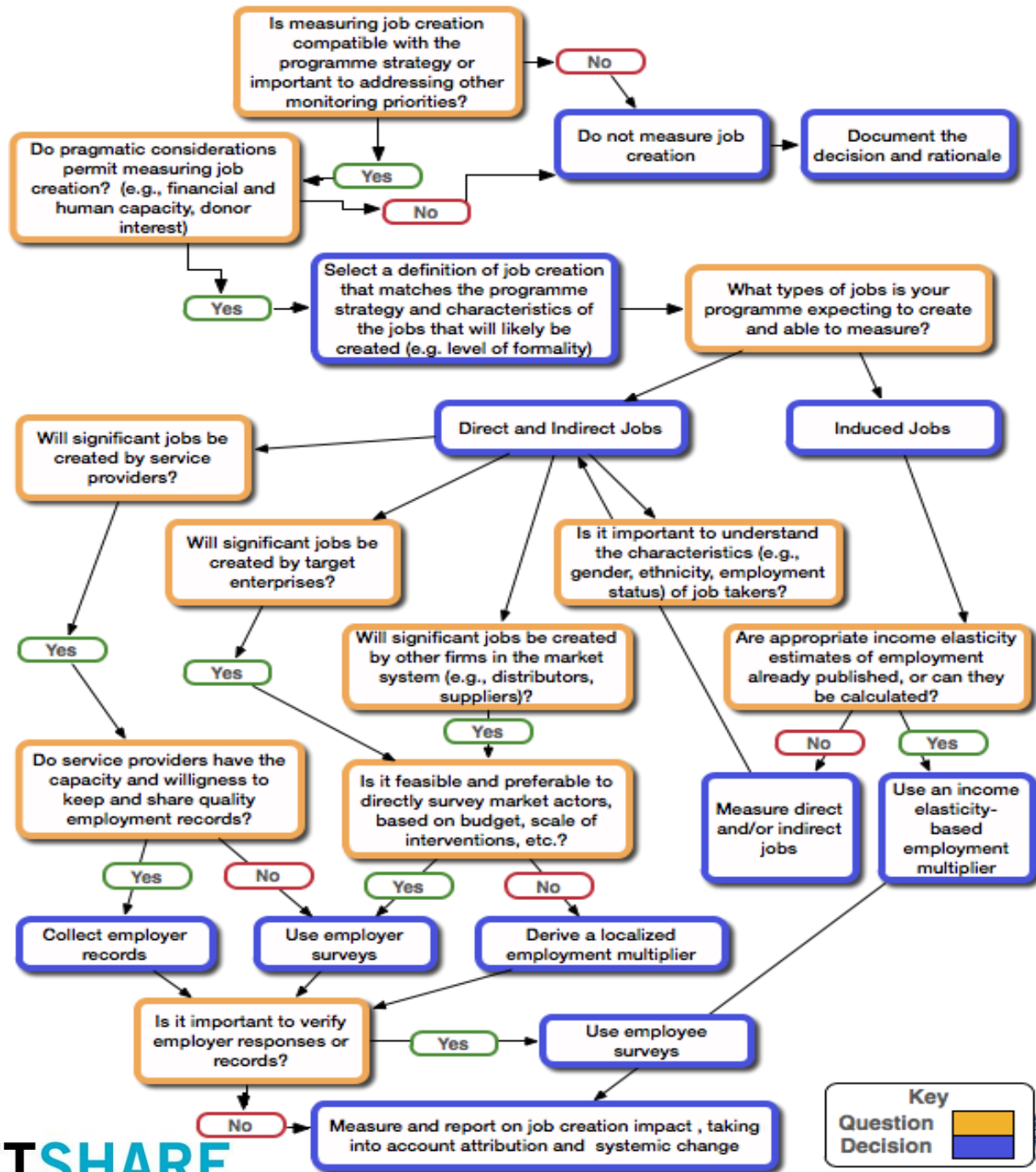
Difficulty **High** (top, red) to **Low** (bottom, yellow)

# 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 side-step many issues