

Measuring Job Creation in Private Sector Development

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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

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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:

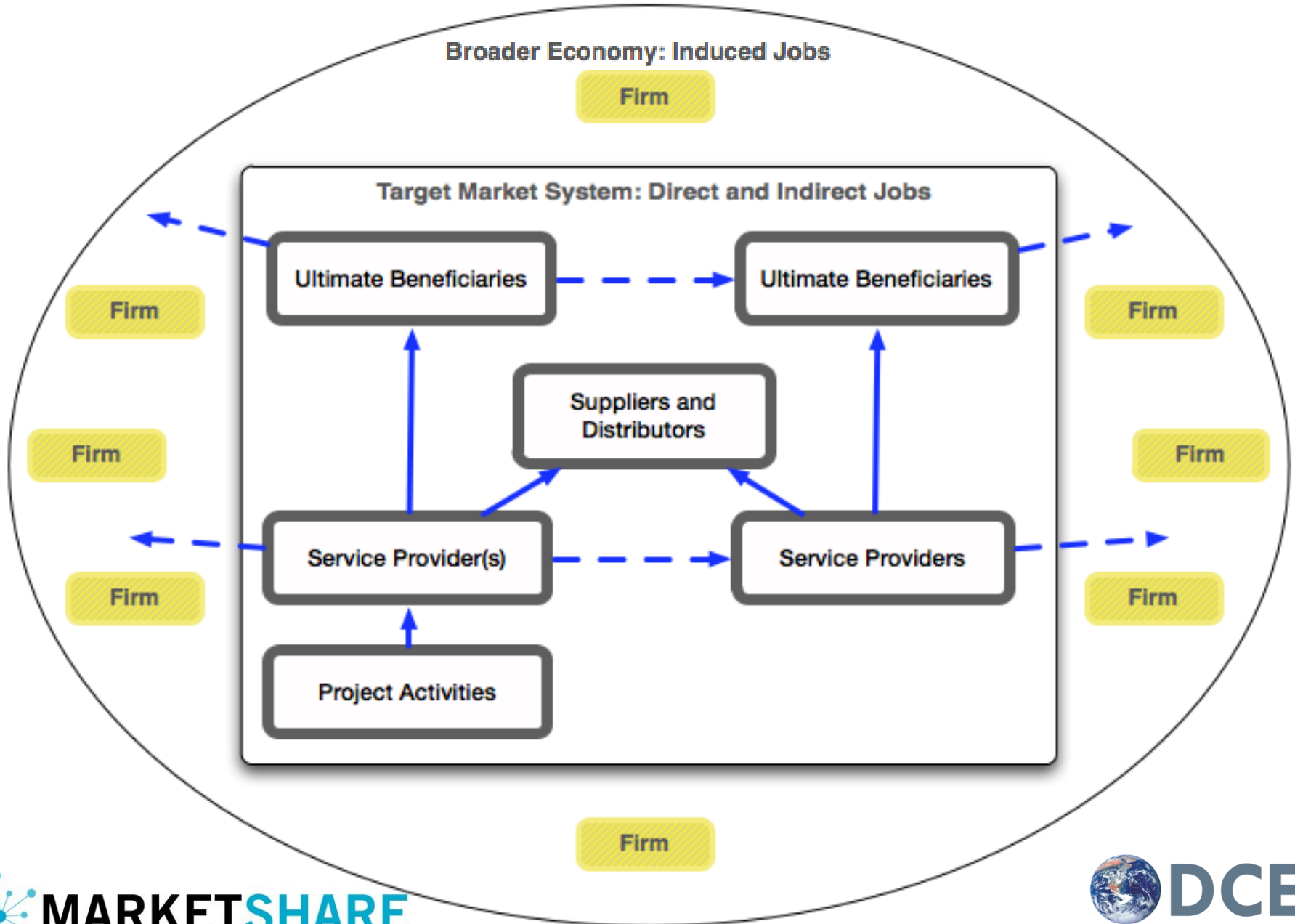
- Job formality
- Job quality
- Poverty
- Attributable jobs
- Sustainability
- Remuneration
- Self-employment
- Underemployment
- Productivity

Job Creation Definition:

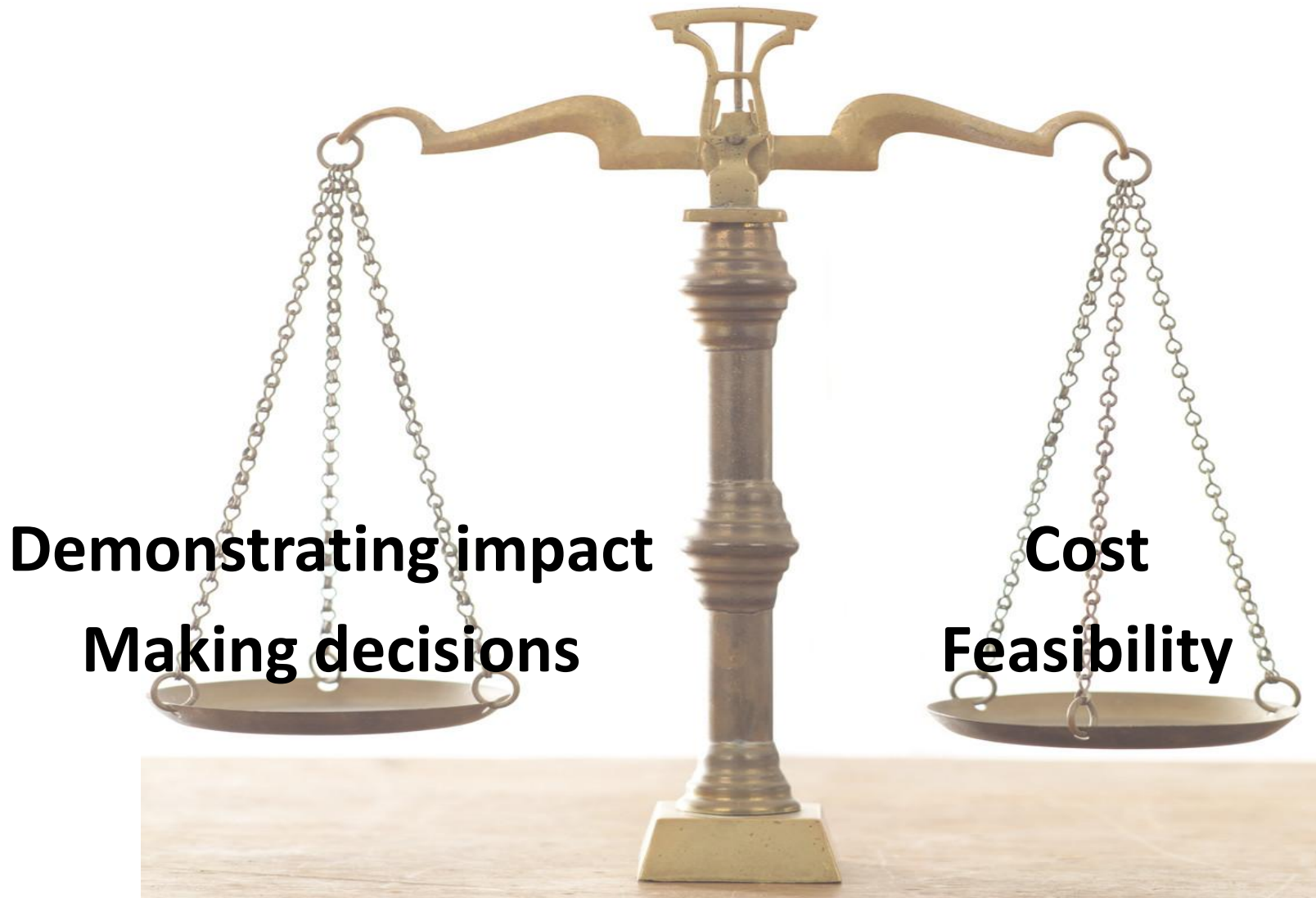
1. Full Time Equivalent Jobs
2. Employment
3. Job Headcount

Step 3:

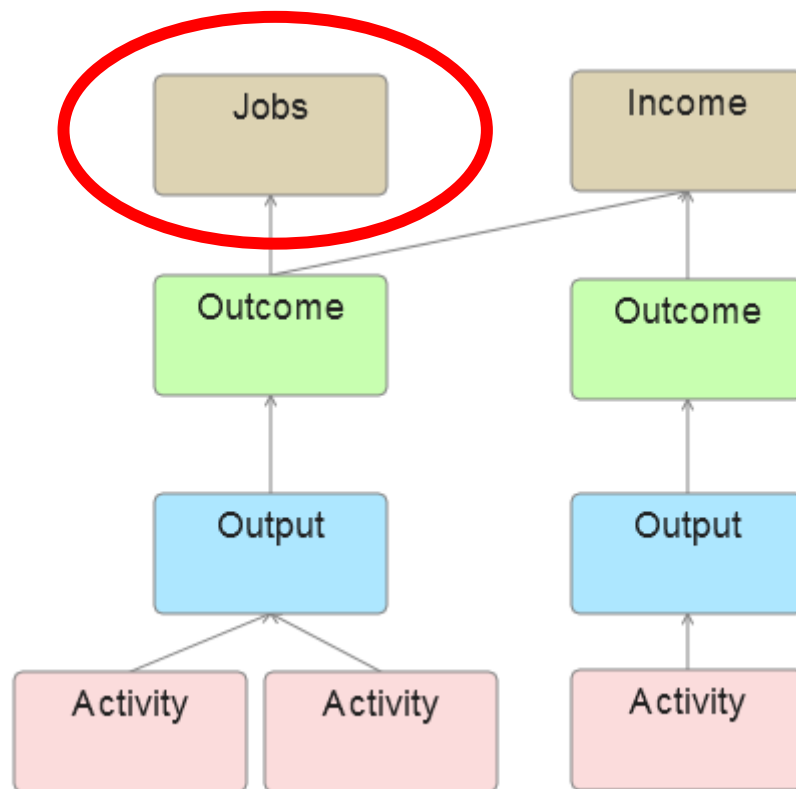
Determining Where Jobs will be Created



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



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

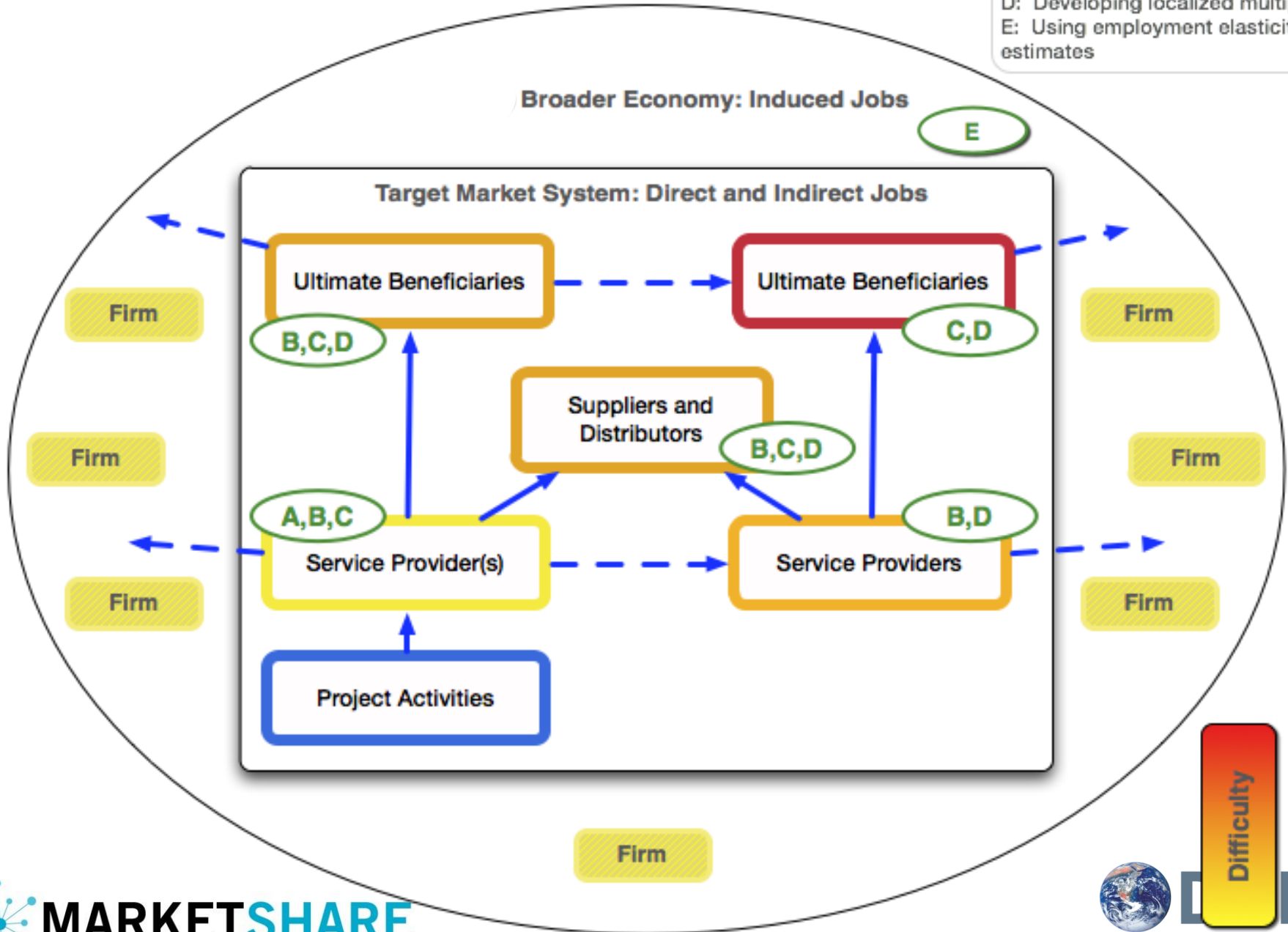


Step 6: Select the Appropriate Measurement Method(s)

- 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

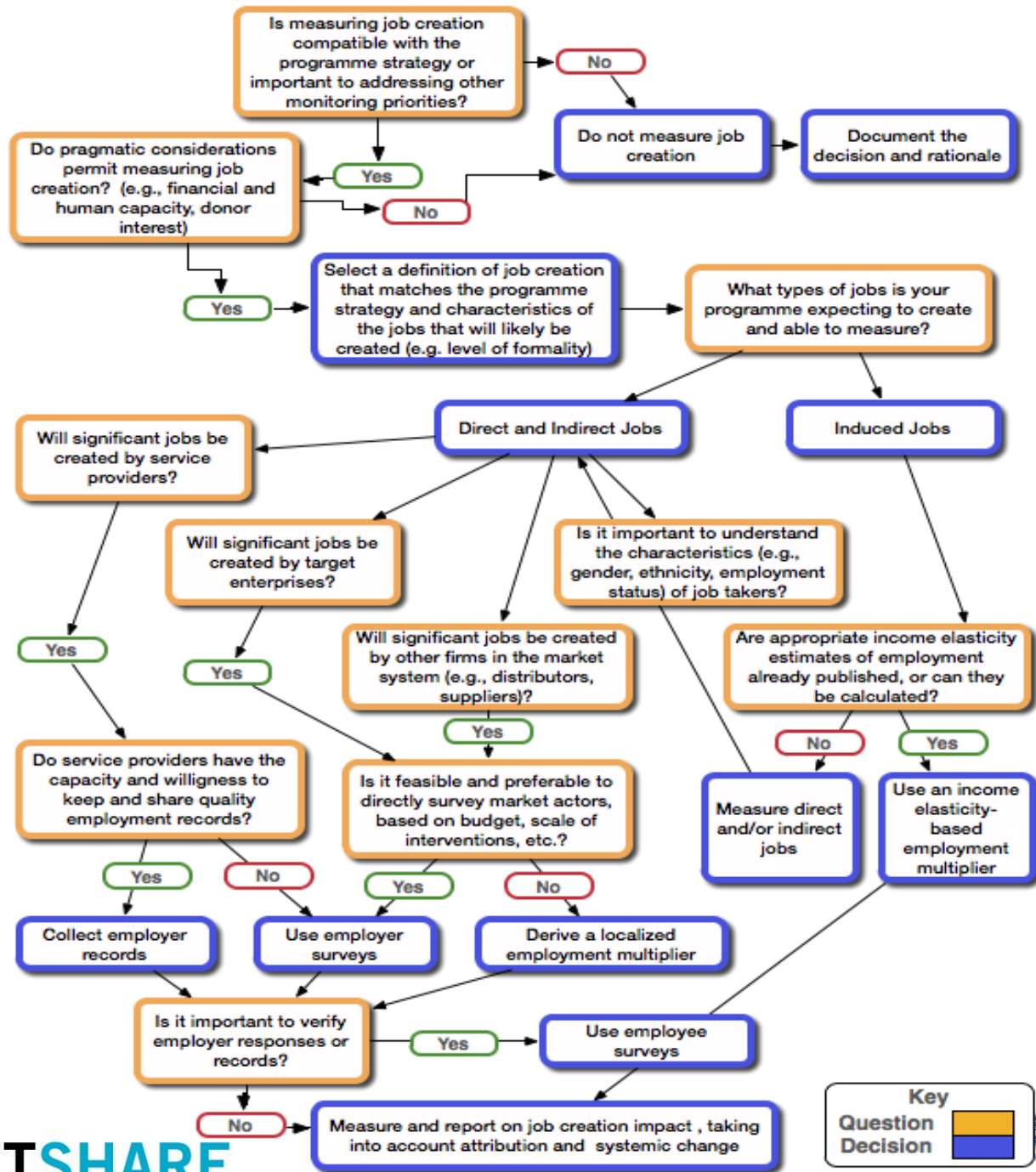
Low

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