

MARKET SYSTEMS AND JOB QUALITY: WHAT DO WE KNOW AND WHAT WE CAN DO ABOUT IT?



By Ben Fowler & Raksha Vasudevan, August 2017



WHAT'S IN A JOB?



For years, the discussion in economic development circles has focused on generating jobs and increasing incomes. More jobs and higher wages are tangible, important and objective goals – but, as the 2013 World Development Report made loud and clear, the quality of these jobs is important tool¹. Low quality jobs can have considerable impacts on workers and keep poor families trapped in perilous living and working conditions. At their worst, they can limit a family's ability to survive and incur severe consequences on a worker's health. Bad jobs can result in limited career development or progression, reduced time spent with family or in providing necessary family care, and keep retirement at an eternal arm's length. As one roadside welder in Zambia articulated his plight on precarious health and safety conditions at his job, "my back always hurts, I am regularly electrocuted by our homemade welding gun, my eyes hurt at night, I've had a cough the past two months, I have burns on my arms, but this is part of the job."²

Despite inherent concerns with poor quality jobs, job and wealth creation remain ubiquitous goals in development programming³. Although – in part driven by the content of national development agendas and in turn, strategic donor agendas, job quality has rarely been high on the agenda of private sector development programmes. The topic is complex, multi-faceted and often subjective – and as a result, hard to measure and quantify in a harmonised way. The components of job quality which are most important to workers differ based on the sector (there are stark differences between tourism and agriculture, for example), segment of the value chain or market system (factory level or producer), and location (urban or rural). In practical terms, the process to address, measure, and report job quality changes is completely different for someone working at a formal IT service centre in a middle income country as opposed to someone working an informal rural manufacturing plant in a low-income context.

This short note summarises learning generated by the Lab (ilo.org/thelab; @ILOTheLab). The Lab is an ILO global initiative that tests, scales and shares strategies to maximise the impact of market systems development interventions on decent work.

WHO THIS DOCUMENT IS FOR:

Market systems practitioners and donors looking to maximise the potential for decent work outcomes.

PURPOSE OF DOCUMENT:

To learn from and use the practical lessons and experiences in 18 projects to help guide practitioners and donors on a path toward more effectively tackling job quality in market systems programming.

¹ Employment opportunities and inadequate earnings and unproductive work are both decent work elements outlined in the ILO's Framework on the Measurement of Decent Work.

² ILO Lab: Extracted from Good Working Conditions, Good Business? An analysis of Zambia's Building Construction Market System. December 2015. http://www.ilo.org/empent/Projects/the-lab/WCMS_379140/lang-en/index.htm

³ More jobs (net additional jobs created) and better wages (net income) are also two of the three common impact indicators that are recommended for measurement for programmes using the Donor Committee for Enterprise Development (DCEd) Standard.



Although there have been historical challenges in addressing job quality, the future seems brighter. The market systems development (MSD) approach is emerging as an approach that could be particularly well-suited to addressing the underlying constraints that prevent low-income groups from finding work, and especially decent work⁴. Although the MSD approach has much opportunity to address decent work, to date, relatively little is known about if or how better working conditions can result from such programmes.

Donors and MSD practitioners have picked up on this lack of evidence related to how MSD projects can address job quality and they have begun to demand it⁵. This study has thus been conducted in an effort to get to the bottom the evidence void and find out of what exists at the nexus of market systems and job quality.

social dialogue, and *employment-related relationships and work motivation* – even though they strongly reflect employers' incentives and employees' well-being.

On the surface, *MSD projects seem to have a largely positive impact on job quality* - no negative outcomes, unintended or otherwise, were found in the researched projects. That's great news of course, but the evidence was also reviewed in terms of how rigorously it was collected. And because most of the evidence was determined to be of medium or weak strength, it's still premature to make definitive conclusions on how and where MSD projects can improve job quality most effectively. A quick snapshot of the quantity and rigour level of the evidence⁷ per job quality aspect is shown in figure 1 – lighter blue indicates weaker evidence and darker blue stronger.



IS THERE ANY EVIDENCE?

The good news is that, in researching a series of MSD projects which have addressed some aspects of job quality⁶, **there is growing evidence on how a market systems approach can contribute to job quality outcomes**. Projects were carefully selected to look at a range of job quality elements, however, the overwhelming majority of projects (83%) still focused on income & benefits. Beyond income and benefits, two other **aspects of job quality were regularly addressed: safety and ethics of employment** – especially safety at work and improving access to jobs for marginalised populations (e.g., women and youth) – and **skills development and training** – usually a core aspect of workforce development projects. On the other side, the **job quality aspects which were less represented** included **working time and work-life balance, security of employment and social protection, labour relations and**

⁴ ILO LAB. A Market Systems Approach to Decent Work. http://www.ilo.org/emmpent/Projects/the-lab/WCMS_537328/lang-en/index.htm

⁵ Interest in evidence that supports the MSD approach to addressing decent work objectives was voiced as a top concern through formal and informal surveys of practitioners and donors by the Lab.

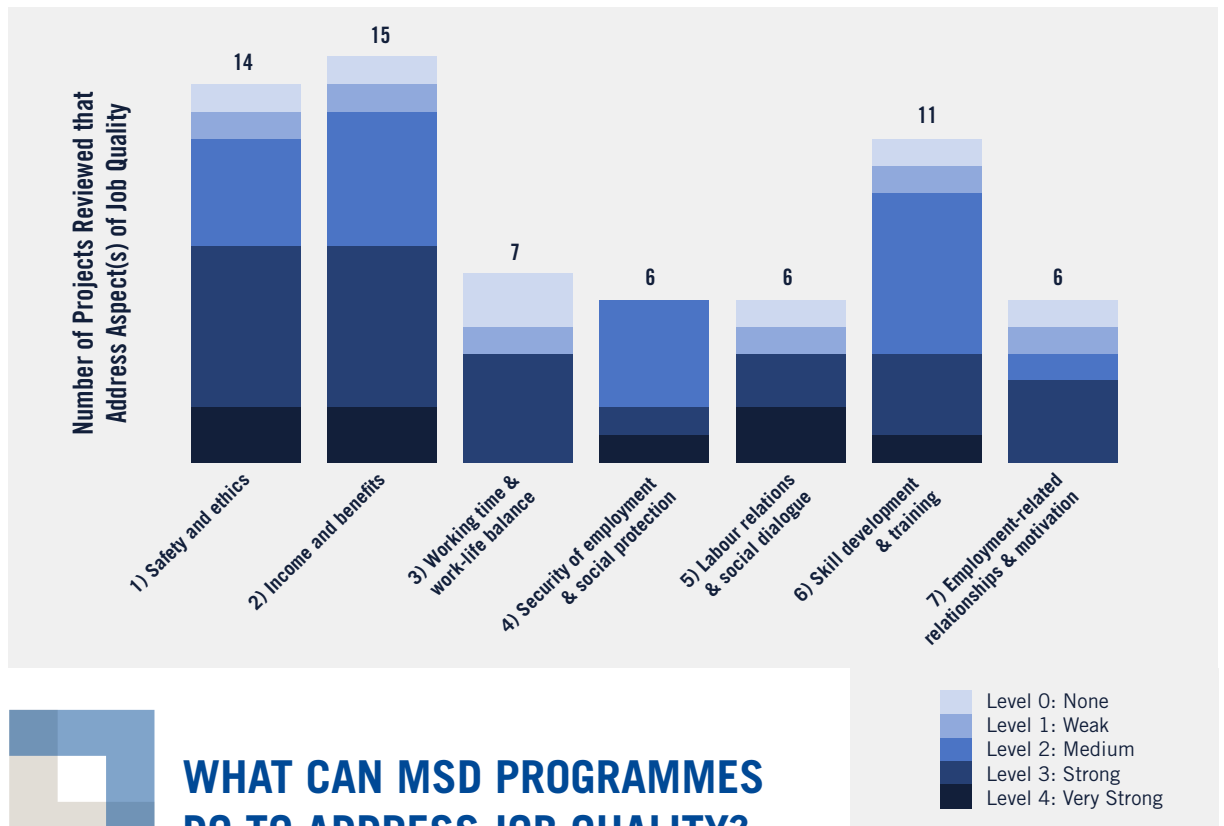
⁶ Over 100 projects were scanned with respect to their relevance to job quality outcomes and of this, 18 had documented changes in job quality and thus were reviewed in more detail for this study.

⁷ Evidence strength adapted the *Nesta Standards of Evidence*.





Figure 1: Evidence Heatmap of Job Quality Elements Addressed by Projects



WHAT CAN MSD PROGRAMMES DO TO ADDRESS JOB QUALITY?

The research is completed and the information mined, but is any of it useful for projects looking to better address job quality? Actually, quite a lot of it is and a number of common themes emerged which can help the MSD community better address job quality. Here are some strategies – many of which complement good MSD practice – which your programme might consider to strengthen its job quality outcomes.

- **Select the highest priority working conditions to address.** It is rarely possible or desirable to try and address all seven job quality components in any specific project, even when there are deficiencies throughout. Take into account the project's context and mandate and knowing that trying to do too much can lead to accomplishing very little.
- **Do not assume that income and benefits are always the priority** for your target group. Research their needs and values to assess which are their priorities. For example, some might be more motivated by health and well-being, more time off or feeling part of a group or collective voice rather than by a higher wage.





- Run up-front analysis before implementation to **select sectors with strong potential for improving working conditions**. You might consider analysing sectors to some of these key criteria:
 - Growing demand/high growth potential;
 - Products tied to quality of work and output;
 - End consumers who are conscious of how products are made;
 - Transparency in the supply chain;
 - Buyer-driven value chains where the buyers can influence supplier conditions;
 - Strong presence of medium or large enterprises that are more capable of driving job quality improvements; and
 - Participation by marginalised groups.
- **Build the business case to improve job quality**. If you can't make a financial case for improving job quality aspects, it will be a challenge to sell better working conditions to business owners. To get to scale, try communicating the case in high profile channels such as local news media and social media.
- Build **adaptive management** into project design and regularly **review and retest the assumptions** informing a project's strategy to addressing job quality and ensure that powerful incentives back the proposed changes.
- Create a constructive atmosphere of competition among firms to **foment a 'race to the top' on job quality**.
- **Address constraints at multiple levels of the system** (individual, firm and sector), on both demand and supply sides.
- **Work with the government to establish and enforce policies around basic working conditions**, particularly when the business case is not so strong or immediately provable.
- Maintain strong and consistent relationships to **build trust with private firms** which not only makes it easier to monitor working conditions but generally yields more accurate results to questions which are often sensitive for employers.





DONORS CAN MOVE THE NEEDLE TOO

Projects are limited in how far they can address decent work: After all, donors often mandate what projects deliver. And if projects aren't mandated to look at job quality, can they be expected to embrace and address it whole-heartedly on their own? The projects affirmed this dilemma, indicating that donors play an important part in driving to what extent they addressed job quality and how rigorously they measured it. Here are a few strategies that surfaced from the research which might help donors 'push' projects toward tackling job quality challenges more effectively.

- **Integrate job quality into the project design process** from the get-go. Even projects without a working conditions focus may find 'quick wins' in job quality improvements.
- **Approach target setting carefully.** We don't have all the answers on how an MSD approach can address job quality, so there is still a lot to learn. Avoid setting overly ambitious targets that may stifle project innovation.
- **Build in longer project timeframes** (5+ years) and **flexibility in sector selection** – including the possibility of working in largely informal sectors where working conditions are often worse.
- Leverage donor country offices to support policy change by **facilitating relationships and dialogue** with relevant government ministries, trade unions, employer organisations and other key stakeholders.
- Support **collaboration between different projects** by incentivising staff to collaborate with other projects and share learning outside of their immediate networks through webinars, case studies and blog posts accessible to the MSD community.
- Fund **post-project impact evaluations** with significant qualitative research and a focus on understanding the long-term impacts of job quality-improvement efforts.
- **Commission further research and support projects** to:
 - **Develop standard indicators for job quality** such that a series of projects can compare approaches and results between one another.
 - **Create or adapt monitoring and results measurement (MRM) tools** to capture the full range of project impacts on jobs and job quality, including: unintended impacts, changes in social norms, the strength of networks of trust with influential actors, and progress on creating or improving jobs in the informal sector.
 - **Unpack the impacts and importance of different job quality aspects to target populations** – going beyond the assumption of income as beneficiaries' main and only priority.





ACKNOWLEDGEMENTS

The research team would like to acknowledge all the project and donor staff who took the time to share their experiences and insights with us. In addition to the specific key informants whom we spoke with (full list found in Annex I), other project staff also spent time and energy in compiling information that proved invaluable to this research. Their efforts are highly appreciated.

The research team would also like to thank Steve Hartrich and Matt Ripley at the LAB for their guidance and insights throughout the research process.

This report was prepared for The ILO's LAB by Raksha Vasudevan and Ben Fowler of MarketShare Associates.

This brief is an extract from the full research report on market systems and job quality. For the full research report, with comprehensive details on the methodology, the researched projects, the analysed results, see: http://www.ilo.org/empent/Projects/the-lab/WCMS_568481/lang--en/index.htm



International
Labour
Organization



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO

