

More and Better Work for All

Work is relevant for incomes, productivity, and dignity. It is one of the most important business contributions for development, with businesses creating over 90 per cent of all jobs in low- and middle-income countries (LMICs). However, unemployment, underemployment, precarity, and a lack of decent jobs remain a major development challenge, often disproportionately affecting the livelihoods of marginalised groups, such as women, people with disabilities, and migrant workers. 'Do more business' approaches, policies that emphasise growth and assume trickle down, aim to improve employment and livelihood outcomes. Yet evidence has shown that the market does not automatically deliver more and better jobs. A critical understanding is therefore needed of the ways that markets and business development relate to better and more secure jobs.

What do we know?

Addressing the need for more and better work for all requires understanding the underlying and systemic causes of unemployment, underemployment, precarity, and the lack of decent jobs, particularly for [marginalised groups](#), youth, and people living in [rural regions](#). These include structural challenges in the labour market, such as the skills gap; in the business environment, such as access to finance; and in state support systems, such as social protection. Unless structural barriers are understood and addressed, [market-based solutions](#) alone are unlikely to deliver inclusion, least of all for very marginalised groups.

Worldwide, approximately 2.2 billion jobs are in the informal sector, arguably the world's largest 'employer'. In sub-Saharan Africa, the number of labour market entrants is estimated to peak in three to four decades. Yet, the [absorption capacity](#) of the formal labour market is low. Further, work in the formal sector is increasingly short term or without contracts, limiting access to social protection and other benefits, and increasing exposure to risk from economic cycles and [crises](#).

The current situation is a ['missing jobs' or 'jobless growth' crisis](#), which requires demand-side interventions designed to support the creation of (better) jobs. However, the development community has instead targeted the supply-side, through skills development and matchmaking, aimed primarily at unemployed youth. However, with the lack of sufficient jobs, for many the result is [insecure and low productivity](#) self-employment arrangements. The unintended consequence of standalone employability programmes is to risk complex work issues becoming the responsibility of the individual.

[Demand-side interventions](#) are those that focus on [enterprise development](#), sector strategies such as [agricultural commercialisation](#), and business environment reform in order to increase productive activity and therefore the demand for labour. Efforts include creating an enabling environment for international investment and trade. However, countries do not necessarily witness [employment benefits and improved labour incomes](#) from trade, due to their weak position in world trade negotiations or the limited technological absorptive capacity of domestic firms. Boosting [South-South trade and investment relations](#) are therefore seen as an opportunity to bring more relevant technologies that can support domestic upgrading coupled with inclusive outcomes, in what can be understood as [inclusive structural change](#).

In shifting focus towards the demand side, trade-offs must be considered between efforts that focus on more jobs in low-skilled labour-intensive sectors and higher quality of jobs in capital-intensive sectors. Further, [current interventions](#) targeting micro and small firms are too often standardised and short term, and as a result fail to solve specific challenges these firms face. Microfinance and financial inclusion initiatives are seen as enabling better jobs in micro and small enterprises, but in fact evidence shows that long-term business growth and job creation from those initiatives is [often limited](#).

New models linking enterprise sector development and investment with better job creation need to be explored. Our research suggests that cooperatives and other forms of [participatory business governance](#) and [distributed ownership](#) models may offer an alternative in which worker involvement in business decision-making creates the conditions for better work.

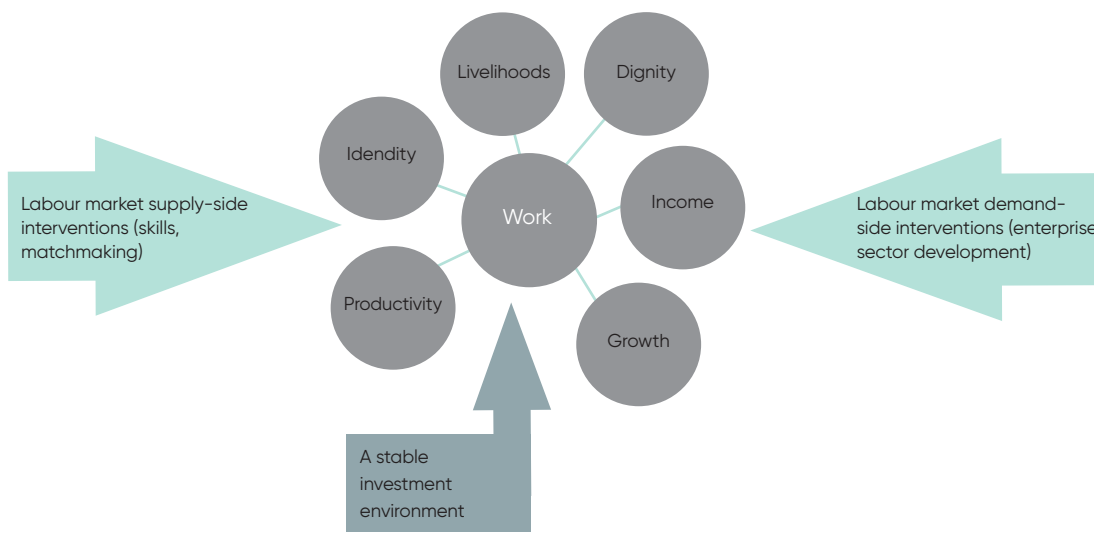


Figure 1. Political economy of trade and development

Source: Authors' own

How we work with others toward sustainable development

We are lead partner in the [Matasa Fellows Network](#), funded by the Mastercard Foundation. The network has supported young African scholars to engage in policy-oriented research on youth employment in Africa, a number of whom published synthesis papers in two IDS Bulletin volumes: [‘Youth Employment Challenges’](#) and [‘Youth Employment and the Private Sector in Africa’](#).

The importance of pro-poor enterprise and business environment interventions have been central themes in two studies that have contributed to the Business Environment Reform Facility (BERF): on [youth employment in Africa](#) and a [three-country empirical study](#) on barriers to job creation and labour market access.

We have worked in a deep collaboration with policy and practice. On [South-South trade](#) as a contributor to inclusive economic development in partnership with the International Trade Centre (ITC). With the German aid agency (GIZ), we have

assessed the effectiveness of [enterprise development as a means of job creation](#). We have produced a [synthesis of current evidence](#) on private sector development interventions’ impact on youth employment, for INCLUE, IDRC and ILO. Further, we have conceptualised and formed [innovative impact methodologies](#) designed to measure the employment impact of a large market system development programme, funded by FCDO.

These partnerships have contributed significantly to evidence-based decision-making on business development and work, while improving methodologies.



The Business, Markets and the State cluster investigates how businesses enable or constrain pathways that deliver development and curb inequalities, and how the relationships between business and the state influence these processes. Our interdisciplinary research builds on IDS’ well-established track record working on value chains and market systems, complemented by political economy and participatory perspectives.

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Further reading

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Credits

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