



Corinna Robbins/Mercy Corps, 2016

THE WORLD OF WORK

Mercy Corps' Approach to Employment

JULY 2020



Overview

An estimated 172 million people worldwide were unemployed in 2018,¹ and the ILO predicted that in the second quarter of 2020, the impacts of COVID-19 had forced global working hours down over 10.5%, equivalent to a staggering 305 million jobs.² Yet having work isn't always enough. For workers in low and middle income countries, one quarter still live in extreme or moderate poverty, and more than half lack material well-being. Many people are forced to work in unattractive jobs with low pay, limited hours and little to no access to social protection. Women, young people, migrants and refugees are disproportionately affected by these poor conditions. Underemployment³ and unemployment are not simply problems of insufficient income. They are problems with wider social implications, since people often define themselves and understand their place in the world through meaningful employment. For instance, high unemployment rates are often a root cause for discontent with governments and tensions with migrants and refugees.

However, the growing and often young labor force in many of the countries we work in can also represent an asset in the global marketplace, as it has the potential to substantially increase output and drive innovation. In this context, Mercy Corps' focus on good quality employment is more important than ever.⁴ Our goal is to improve the incomes, job quality and job security of unemployed jobseekers and underemployed micro-entrepreneurs and workers at scale. In 2019, Mercy Corps implemented 51 employment programs in 32 countries, including 22 in countries with ongoing conflicts or highly fragile contexts, and manages a global online mentorship platform. We reached 647,000 people, including 215,000 young people (15–24), with a budget of over \$116 million.



Women making labneh, a sort of cream cheese, at a local cooperative called Rachaya's Garden in West Bekaa, Lebanon. Mercy Corps has been working with the women to help them develop their business strategy, marketing and improve food labeling.

Corinna Robbins/Mercy Corps, 2015

- 1 World Employment Social Outlook, 2019: https://www.ilo.org/wcmsp5/groups/public/-dgreports/-dcomm/-publ/documents/publication/wcms_670542.pdf
- 2 ILO Monitor: COVID-19 and the world of work. Third edition, 2020: https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_743146.pdf
- 3 Workers in part-time and low income work, willing and able to work in more or better jobs
- 4 Which we define as work that is productive, safe, ethical and equitable. Productive work that is profitable, meaningful and resilient to labor market fluctuations; safe, i.e., not hazardous, dangerous, nor takes place in unhealthy conditions; ethical, i.e., freely chosen and not exploitative; and equitable, where salary and wages are based on responsibilities and performance, regardless of gender, age, ethnic background, etc.

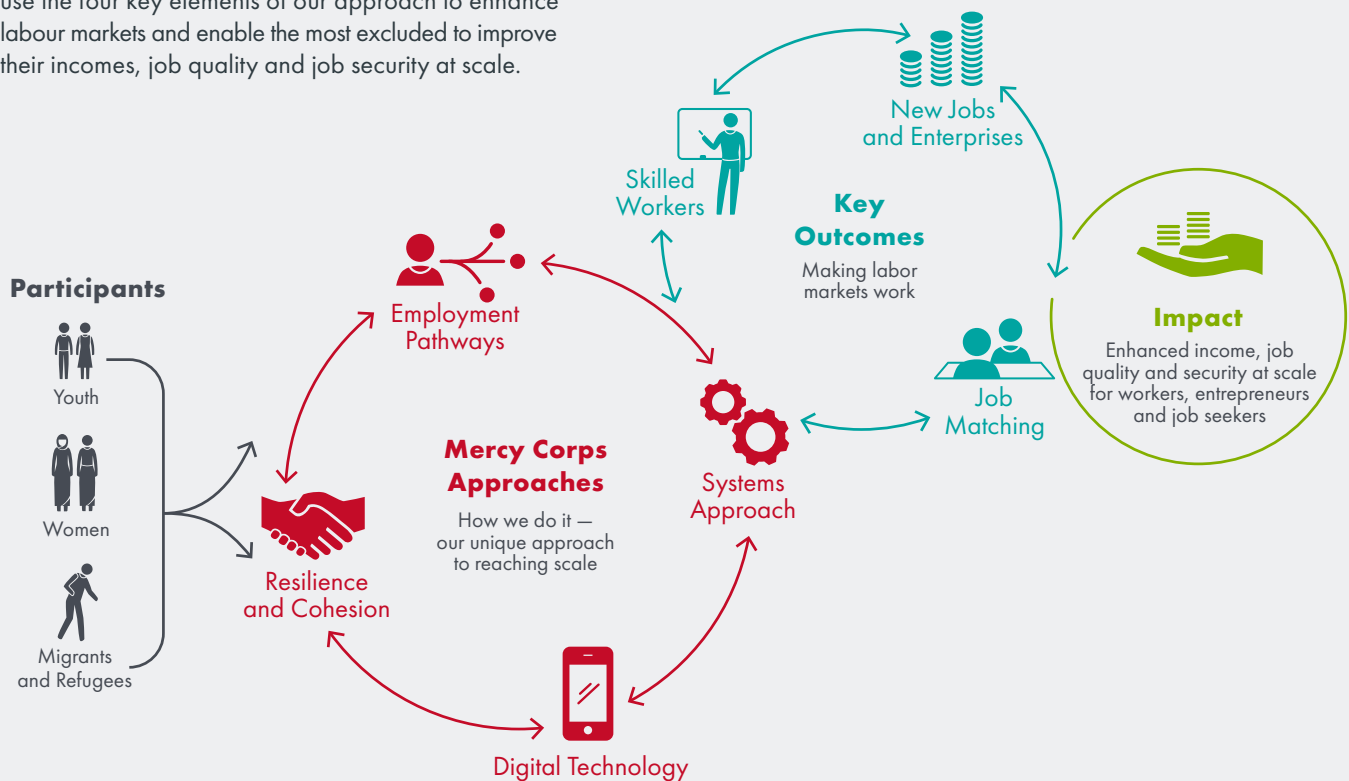
Our Employment Theory of Change

Our employment work is designed to enhance incomes, job quality and job security for job seekers, micro-entrepreneurs and workers at scale. We ground our work in our Theory of Change, built on four key elements:

- › **IF** we support high potential **employment pathways** where large numbers of individuals can find enhanced work;
- › **IF** we take a **systems approach** to sustainably address underlying failures in labor markets;
- › **IF** we harness **digital technology** to unlock new employment possibilities; and,
- › **IF** we **build the resilience of labor markets** to withstand shocks and stresses.
- › **THEN**, we can enhance labour markets through more capable jobseekers, better job matching mechanisms, and new and better work opportunities, ultimately improving incomes, job quality and job security at scale for excluded jobseekers, entrepreneurs and workers.

FROM PARTICIPANTS TO IMPACT

This image illustrates our theory of change whereby we use the four key elements of our approach to enhance labour markets and enable the most excluded to improve their incomes, job quality and job security at scale.



What We Do: Making Labor Markets Work

To enhance labour markets, we focus across three interrelated components as the context requires:

- › Supporting labour demand via business growth and quality work opportunities
- › Building the capacity of jobseekers and labour supply
- › Enhancing job matching mechanisms

We support micro-enterprises and employers so they can grow and create better jobs

In the fragile contexts we work in, the majority of non-farm employment opportunities lie with micro-enterprises employing up to four people and which remain largely informal.⁵ We work to support microenterprise growth through activities such as management capacity strengthening, and access to markets and finance. We also build microenterprise resilience, helping them diversify clients, build up networks and cut costs. A cornerstone to our work is often supporting improved microenterprises coordination to facilitate better purchasing of inputs, access to markets and advocacy with authorities.

Though there are often few larger businesses that can provide wage jobs where we work, they are a key area of focus — particularly in more urban areas — as they provide the opportunity to have a more transformative effect on the economies around them as they offer more and higher quality jobs, and can help influence positive changes to government regulations. We help them grow so that they hire more workers, for instance through supporting the launch of new products and services, upgrading of operational processes, and strengthening risk management strategies and operational flexibility. Just as important is helping them improve recruitment practices or working conditions for existing workers, for instance through improving access to human resources and supporting implementation of labor codes.



We strengthen the capacity of vulnerable jobseekers

Low jobseeker capacity is a key barrier to employment. Many jobseekers have limited or no training, and — particularly for young people — no workplace experience. We support vulnerable people in their journey towards employment readiness by focusing on five types of skills:

1. Technical skills, such as construction or tailoring
2. Self-employment skills, like managing finances and assessing market demand
3. Employability skills, such as writing a CV and applying for work
4. Life skills, like communication, negotiation and work ethics, and
5. Digital skills, such as digital literacy or internet job searching.⁶

A Combined Approach

A promising model to job growth is combining support to employers and micro-enterprises, through working with lead firms to contract more jobseekers across their supply chains. DYNAMIC, in northern Uganda, engaged 25 large businesses looking to source from, or sell to, rural areas, and helped them develop commission-based rural agents and a preferred set of micro-enterprises. While this began with off-farm activities, it is now being used in other sectors, like agent banking and solar devices.

⁵ According to the World Bank (2014), over 60% of non-farm employment in Sub-Saharan Africa is in microenterprises

⁶ These latter four non-technical skills (or transferrable skills) are particularly important as many of the people we support are likely to churn through many different jobs or may have 'portfolios of work', where they carry out multiple income generating activities simultaneously, adding new activities when the opportunity arises and jettisoning those that are no longer fruitful. This is particularly so for young people in the gig economy or displaced populations that move again.



Students enrolled in a electrical wiring course in Afghanistan practice their skills.

William Carter for Mercy Corps



We enhance job-matching mechanisms

An overlooked constraint to employment is the challenge of matching jobseekers to available jobs and entrepreneurship opportunities. Jobseekers often lack the means to look for work, and employers may not know where to find qualified employees. This lack of social connections and mobility can in particular affect young people. Our programs address these challenges by strengthening job matching systems and platforms. Examples include the facilitation of career fairs or apprenticeship schemes, strengthening of public and private job matching providers (through both face-to-face and virtual events); and the bundling of services such as technical training or labor law advice to encourage usage of those platforms.

How We Do It: Our Unique Approach

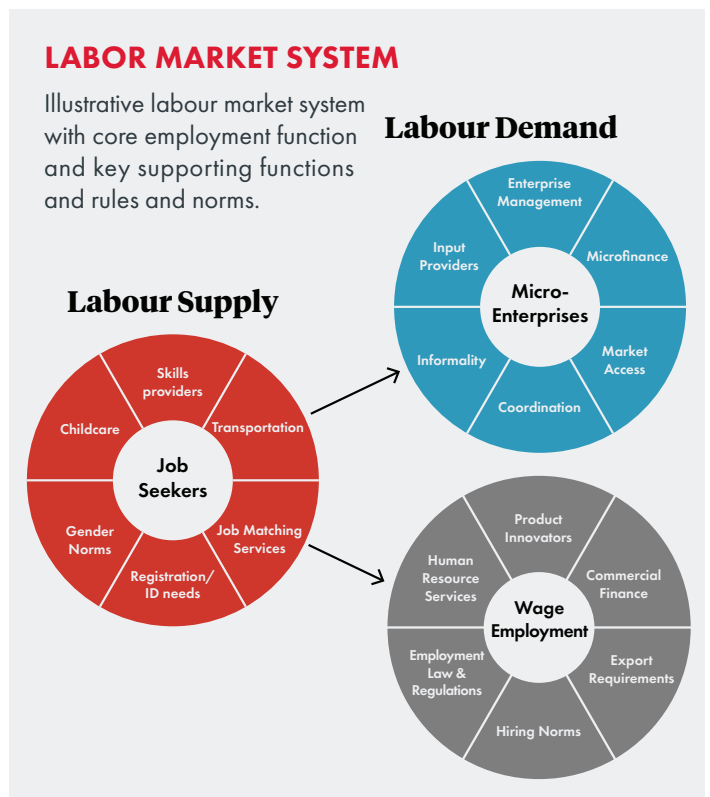
Our programming is guided by four key approaches to increase impact at scale. We hone in on the major employment pathways in each context; we use a market system development approach; we leverage digital technologies; and we support the resilience of labor markets.



We focus on high potential employment pathways

To ensure our programming is adapted to the context and existing opportunities, we employ an iterative two-stage analysis process.

Step 1 consists of analysing our target group, geographic context, economic competitive advantages, and risk and resilience factors to identify the employment pathways with the best potential for supporting large numbers of new and better jobs. For example, in urban areas, we support larger businesses in high-potential sectors to grow, we strengthen the profitability and resilience of micro-entrepreneurs and we help rural migrants access job markets. In rural areas, these employment pathways look different, and we focus on improving smallholder farming incomes, supporting innovative businesses to source from or sell to rural areas, and build the skills and information of people who migrate away.



Step 2 consists of zooming on specific market constraints. We conduct a system-focused labor market assessments around three key elements: labor supply, demand and supporting rules and functions (see diagram below). We use a jobseeker-centered approach to explore their capacity including current work, skills, concerns and aspirations, and access to job matching mechanisms, all the while segmenting insights by gender and age groups. We assess labor demand across sectors and business types to determine the potential for growth, by applying our labor demand analysis framework.⁷ Finally, we examine the key supporting functions, regulations and social norms that shape the market system across demand and supply.



We take a market systems approach

Rather than directly supporting jobseekers, microenterprises or employers, we focus on supporting the growth, inclusivity and resilience of labor market systems to ensure sustainable impact at scale. Key principles include:

- › **We address key market functions and services identified as systemic constraints** – examples include improving transportation systems for jobseekers or facilitating access to incubators and growth financier businesses.
- › **We seek sustainable improvements to key market functions that will last long after our programs end** – through a facilitative approach and private and public sector partnerships, we support new operational models where market actors have incentives and capacities to carry on activities without our support; and
- › **We focus where we anticipate market-driven scale-up mechanisms and potential for systems wide change** within labor market systems. For example, we prioritize business models that are not just profitable, but profitable enough for businesses to prioritize growing them nationally or to inspire other businesses to copy them to drive expansion – without further program support. We also carry out pilots with government partners where our detailed political analysis shows high likelihood of this leading to changes in national regulation.



We harness the potential of digital technology

New digital technologies and trends are transforming labour markets at an unprecedented rate and harnessing this potential is key to how we achieve scale. We assist jobseekers to find employment in growing technology sectors, ranging from data tagging to programming. We unlock the potential of technology to radically increase the efficiency and size of labor markets, for instance through helping new online job matching, finance or logistics services grow or bundle in multiple functionalities to add value to users. We also support digital technologies as a way to increase job accessibility for the most excluded – for instance, through allowing more flexible working arrangements or helping overcome limited networks.

The Li-Way Approach

A leading example of this work is the LI-WAY program in Ethiopia, which aims to support 200,000 people to increase their incomes. The program, which focuses largely on women and youth, supports functions and services that have been identified as key constraints to jobs. In this context, they include the inclusion of soft skills training in the training provided to teachers; improved childcare services; public and private job matching services; online and physical market access for microenterprises; and local production line and human resource consultants for larger employers.

Covid-19 and the Future of Work

COVID-19 is not just increasing immediate unemployment at a staggering rate, but will have profound and long lasting labor markets effects. It reinforces the need to safeguard markets during crises and use a market systems approach to strengthen system continuity⁸, support labor market resilience, advocate for informal worker labor rights and leverage digital technology for employment. For instance, Youth Impact Labs supported ecommerce and e-logistics platforms in Kenya and Jordan to protect jobs for thousands of vendors and transporters, and continue to provide essential goods to households despite mobility restrictions.

⁷ Framework for Analysing Labour Demand (2019) Mercy Corps: <https://library.mercycorps.org/record/30565?ln=en>

Yet, digital technology will not single-handedly solve the global employment challenge. Access to digital technology is not evenly distributed and rural areas in particular suffer from a lack of mobile network coverage. Women overall have comparatively less access to mobile phones and computers, raising questions regarding use, ownership and impact of digital technologies. We recognize these challenges, and focus on combining digital and analog solutions in our interventions. We do so by partnering with private sector technology companies and social enterprises, supporting innovative business models and high-potential opportunities. With our input and support, we help them expand proven solutions or test innovative approaches and achieve greater impact than would otherwise be possible.⁸



We promote labor market resilience and social cohesion

The importance of employment goes far beyond its role as an income source. Employment also can increase vulnerable people's resilience to shocks and stresses and increase social cohesion.

Yet employment in the markets where we work is inherently insecure. This was made evidently clear by COVID-19, but frequent labor demand fluctuations, process and product innovations, displacement due to violence or natural events can all negatively impact employment. For this reason, we work to build employment resilience at two levels. We strengthen the capacities of jobholders and seekers to adapt to the shocks they are most likely to face — such as job loss — by improving transferable skills and expanding their access to labor market information. And we work within the labor market system to increase its resilience to these same shocks. For example, we help physical market places become resilient to seasonal flooding and increase training centers' access to information on labor market trends and projections.

Many of the places we work are experiencing decades-long social-political conflicts, with new conflict risks emerging regularly. In other places, isolated community conflicts are common. High community tensions result in discriminatory labor markets, limited investment and economic growth, and violence. Employment programs can help reduce this tension if we support at-risk groups and individuals to access more and better employment and decrease job competition; bring together different nationalities or ethnic groups to train and work together; and work to enhance workers' representation and improve transparency around labor market dynamics.



A gig worker engaging in woodwork at LYNK, an online job matching platform. Mercy Corps supported LYNK in developing platforms that links participants to jobs on construction sites, and an ecommerce platform for those with ready-to-buy products or services.

Kijizi Films Limited for Mercy Corps

8 See Mercy Corps' vision on 'How Digital Technology Drives Employment for Young People': <https://www.mercycorps.org/research-resources/digital-technology-future-work>

Who We Help: Targeting the Most Excluded

Our employment programs focus on making labor markets more inclusive for the most excluded with a focus on young people, women, refugees and migrants.

We focus on youth entering the labor market

We focus on young people for two important reasons. First, young people constitute a high share of the population in developing countries. This is particularly true in Sub-Saharan Africa, where half the population is under 25. Second, a young person's entry into the labor market has life-long implications for his/her career opportunities and maturation. Yet, almost half of all young people in the labor force are either working but poor or are unemployed. Youth unemployment is in places three times as high as for adults.⁹

We design our programs with young people — not for them. We have them lead our labor market assessments and include their recommendations in our program design. This allows us to address the specific challenges they face — for example, we improve their access to career counselling; we strengthen their capacity by supporting technical training and education systems; and we help them access their first jobs through apprenticeships and internships. We also support youth empowerment through increased coordination and representation in labor markets, and make the case with businesses to hire youth. Young people face larger risk of workplace discrimination and exploitation, and we have adopted strong protection policies and transparent accountability mechanisms, such as the role out of our Community Accountability Reporting Mechanism.¹⁰

We empower women and address discrimination

Labor markets tend to work against women, who suffer lower participation rates, higher unemployment rates, lower pay and lower status.¹¹ These barriers underscore systemic failures, such as the lack of or limited investment in girls' education, women's domestic burdens, and employer discrimination. Making labor markets gender equitable is our priority.

Our programs support women in key sectors that employ large numbers of women or have high potential for transformative jobs. We also work to make long-term changes to how labor markets work. For example, we work on improving women's access to: education so they upgrade their skills; transportation and job matching services so they can find jobs; childcare so they can attend work; and marketplaces so they can sell their products. We focus on addressing the social norms that limit women's participation in the workforce through advocacy and targeted role modelling. In particular, we center this work on

A Focus on Youth in Kenya

A key youth employment program foundation is often helping youth come together to increase their organization and networks, whether in schools, training centers, youth groups or enterprises. However barriers to employment for youth can often be caused by wider social norms and our programs aim to more broadly empower youth. For instance, the Yes Youth Can program in Kenya, alongside employment support, increased the voice of youth in local and national decision making through supporting a national network of 1,500 village youth parliaments representing over 500,000 youth and the establishment of a youth focused think tank to improve youth leadership.

Targeted Support for Young Women in Nepal

The STEM program established girls clubs in west Nepal to provide girls additional education and peer support, built the capacity of schools, carried out community advocacy on female education and linked girls to vocational training. One of its biggest successes was addressing widely-held views that young women would not pay back loans. STEM worked with several cooperatives to pilot a sustainable revolving fund, which provided loans to girls to set up micro-enterprises. With not a single loan default and enterprises having been largely profitable, STEM 2 is now working with more lenders to scale up.

9 Campbell Systematic Review, 2017: https://www.ilo.org/wcmsp5/groups/public/-ed_emp/documents/publication/wcms_508938.pdf

10 Mercy Corps: <https://www.mercycorps.org/who-we-are/ethics-policies>

11 For instance the World Employment Social Outlook (2019) notes that though the labor force participation rate of women at 48% is significantly lower than the 75% for men, 5.4% of women are unemployed vs 4.7% for men — while 10.5% of employed women in low and middle income countries were living in extreme poverty, compared with 9.4% for male workers

young women, as the employment barriers they face are particularly acute. We have pioneered approaches to empower girls, such as the use of safe spaces, building up local protection systems or increasing access to responsible credit.



Kassech (left) and Aselefech hold molds used to make cookstoves. Working in Gidole, Ethiopia, Mercy Corps trained them to build clean cookstoves. Our programming supports students to finish their education, and their mothers receive job skills training and small business support.

Ezra Millstein/Mercy Corps, 2019



We support the needs of growing migrant and refugee populations

The number of people on the move is at an all-time high. The IOM's 2018 World Migration Report estimates 240 million migrants in 2015, or 3.3% of the world population. Within borders, the number of people who move is significantly higher. While rural to urban movements have helped drive growth in many countries, for others like internally displaced people (IDPs) and refugees, displacement is often forced and violent.

Mercy Corps programs do not encourage or discourage movement for work. Instead, we empower people to make informed decisions that work for them. This might include increasing migrants' job opportunities in their home regions to reduce the need to migrate; improving transportation or remittance services to make migration less risky; or supporting business growth and skill verification to enhance opportunities at destination points.

When we work with refugee populations, we are careful not to make assumptions and rather think through the employability levels and challenges different groups face. We combine humanitarian aid with a market systems approach to boost jobs in sectors accessible to refugees. This allows us to ensure benefits are spread across host communities as well, whether through increased supply of inputs or demand for goods from refugees or access to refugee agriculture labor.

Helping Refugees in Ethiopia Get Jobs

STEDE in the Somali region in Ethiopia is taking a market systems approach to help over 50,000 refugees and host community members access employment opportunities. We are supporting business growth in high potential sectors such as cereals and livestock trade in camps and host villages; and retail, waste management and hospitality as refugees move to urban areas. We are also collaborating with training and job matching providers to expand their services to refugees, with the University of Jijjiga to provide legal aid services, and with refugees and host communities to set up local integration committees and build cohesion.

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About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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