

Good Jobs Framework

Reflections on evaluating job
quality in the informal sector





Introduction

Balloon Capital is an emerging market micro equity fund building the SMEs of tomorrow in Kenya and Uganda. Whereas other impact funds focus on enterprises creating impact through their products and services – think clean energy, sanitation, healthcare – our primary focus is on the businesses themselves and the creation of “good jobs” within them. Emerging economies are dominated by informal employment. The statistics are striking. In Kenya, for example, 78% of people are employed in the informal sector doing work that is typically low wage, unstable, and often unsafe.

This informality deprives workers of the benefits of economic development. For example, unsafe jobs will result in a workforce that is injured, ill, or unable to keep up with the demands of work in a sustainable manner. Similarly, without secure employment a worker cannot save and invest in education, healthcare, and better housing. Without a degree of stability, they will be unable to take the long term view and plan for better outcomes in the future. This, in turn, reduces the likelihood of their children fulfilling their potential, and the cycle of poverty and disadvantage continues.

The benefits of economic development are only unlocked through “good jobs”. A “good job” offers the income, stability and safety needed to escape poverty. Therefore, a key nuance to our approach is the creation of decent work rather than the typical work conditions that dominate the informal sector. Through building SMEs that offer “good jobs”, we contribute to rising productivity and wellbeing, enabling workers to truly gain the benefits of economic development. In this paper, we outline what decent work means to us, why it is important, and how we measure progress towards creating “good jobs”.

Regardless of what is enshrined in legal requirements on formal or informal businesses, we believe there are certain minimum standards that all enterprises should strive for with regards to promoting “good jobs”. These fall under four areas:

1. Protection of human rights at work
2. Conditions of employment
3. Health and safety at work
4. Training and development
5. Business registration

This is a complicated and continuously evolving process and so the document represents our current (rather than final) thinking on the matter.

We have drawn inspiration from the [ISO 26000](#) (social responsibility), and the [United Nations Global Compact](#). Whereas these tools were aspirational in changing the conceptual understanding of what ‘good jobs’ should look like, this document is aspirational in a practice sense. Our focus is narrower, based on our experience with informal sector entrepreneurs in Kenya and Uganda. It describes what we see as attainable goals to move the needle in attempting to change attitudes, behaviours and outcomes.

We will use and develop this document to build a framework and set of standards by which to evaluate and support the businesses that we fund.



1. Protection of human rights at work

Why improve protection of human rights at work?

In a sense, it's in the name. The argument about fundamental human rights as a basic entitlement has already been won. Therefore, we do not believe there is a need to justify the importance of human rights and the associated requirements that apply to businesses.

The [United Nations Declaration on Human Rights](#) sets out the features of life which global society has decided are important enough to guarantee to all humans. No work should encroach on these rights. In our context, this means three main requirements:

1. No discrimination in employment, remuneration or promotion decisions (e.g. based on gender, age or ethnicity)
2. No forced labour
3. No child labour

How we measure protection of human rights progress

1. Does the organisation recruit and hire staff in a fair, transparent and open manner?
2. Does the organisation pay staff an equal wage for equal work?
3. Does the organisation have a just and consistent way of measuring performance and promoting staff based on merit?
4. Does the organisation engage in any practices which may be considered forced labour (e.g. withholding of pay or identity documents)?
5. Are there any underage people working at the business?

2. Conditions of employment

Why improve conditions of employment?

Conditions of employment relates to whether employees have employment contracts and the conditions captured in these contracts including:

1. Job security
2. Fair remuneration (wages, travel allowances, food provision etc.)
3. Fair working hours and schedules
4. Adequate leave (including sick leave)
5. Accommodating personal (e.g. religious) and family circumstances into work arrangements

The presence of employment contracts is important for both the employer and employee. They help to set expectations of the relationship (reducing the likelihood of disputes in the future) and attempt to balance power by affording both the employer and employee rights and responsibilities.

From a societal perspective, there are two reasons why contracts and the conditions described in them are important. First, as noted by Amartya Sen in his work for the ILO, remuneration is critical because it provides benefits through opportunities for consumption. This consumption can drive wellbeing through the acquisition of goods and services that help meet basic needs, such as safety, food, water, education and healthcare. Remuneration is additionally important, because it relates to a sense of equity and self-value.



Secondly, fair working hours and schedules, adequate leave and accommodating personal and family circumstances into work allow individuals to have meaningful lives outside of employment, whether that is caring for dependents, pursuing additional training or building other livelihood opportunities.

From an employer perspective, conditions of work are important for three reasons. First, as these arrangements are rare in the informal economy, employers that offer beneficial characteristics are more likely to attract better quality staff looking for rewarding and secure work. Secondly, evidence suggests that these characteristics enhance productivity and therefore the bottom line. Thirdly, in an economy where one of the biggest challenges is finding reliable employees, these provisions contribute to a happier workforce that will want to stay employed at the business.

How we measure improvements in conditions of work?

1. Are workers offered legally enforceable contracts of employment?
2. Is the total remuneration packaged offered to employees equal to or above minimum wage for the sector/area?
3. Are the average working hours and schedules of employees in line with legal standards?
4. Are workers given at least the minimum statutory leave?
5. Do workers have the right to take time off for personal and family circumstances?

3. Health, safety and wellbeing at work

Why improve health, safety and wellbeing at work?

Given that most people spend the majority of their waking hours at work, what happens in the workplace is an important determinant of overall quality of life. If a society's workplaces are filled with hazards and workers are faced with high likelihoods of injury or illness, these not only affect working life but carry their effects outside of the workplace. Similarly, the workplace has the opportunity to bring purpose and positively contribute to employees wellbeing through their work.

There is a strong correlation between degree of workplace hazards and risk management at a national level and life expectancy and quality of life. The UK's Health and Safety Executive (a pioneer in global health and safety standards) describes health and safety as a "[cornerstone of a civilised society](#)".

Given the low standards of health and safety in the informal sector, our conceptualisation focusses on immediate, high-risk hazards in the workplace.

How we measure improvements in health, safety and wellbeing at work?

1. Is there a process of identifying and mitigating major risks in the workplace?
2. Are workers trained in health and safety (e.g. raising awareness of key hazards, how to use machinery, etc.)?
3. Do machines and equipment have the necessary health and safety requirements?
4. Are workers given personal protective and safety equipment where relevant?
5. In the event of an injury or illness, is there a remedial process in place to help the worker recover?



6. Is there a formal process to receive feedback from staff which informs improvements to health and safety at work?

4. Training and development

Why improve training and development of staff?

Building the abilities and capacities of staff is important both for employees and employers. This takes place through formal training and development programmes but also through providing carefully thought out and documented processes to support staff (e.g. setting responsibilities in line with competence levels, feedback provided by managers, increasing responsibilities as capabilities grow, recorded procedures and guides, etc.)

From an employee's perspective, building the capabilities of employees can be very rewarding as employees experience a sense of personal development and growth. This is important for wellbeing and a sense of fulfilment. At the same time, these new skills make employees more employable, allowing them to move up the career ladder either in their existing organisation or elsewhere. This helps to secure an improved livelihood.

From an employer's perspective, improving the capabilities of employees is also important for several reasons. Firstly, through providing training and development opportunities, employees are more likely to be loyal to employers, thus improving retention of staff. Trust is a major challenge in employer-employee relationships and by taking the initiative, employers can help to foster a more collaborative and productive relationship. Employers in East Africa often cite inappropriately qualified staff as a significant barrier to growth. Investing in training and development can help to tackle this problem by developing the skills and attitudes needed to improve the quality and efficiency of work which helps businesses outperform competitors.

How we measure improvements in training and development of staff?

1. Are workers given training as part of their onboarding process?
2. Are workers given access to ongoing formal training and development opportunities (e.g. when their responsibilities change)?
3. Does the business have key processes documented so workers can pursue their own development?
4. Does the business provide mentorship or coaching to workers (e.g. through performance management)?
5. Are there opportunities for staff to take on increasing responsibilities as their capabilities grow?

5. Business registration

Why encourage business registration?

Underpinning much of what is discussed above and setting the standard for a 'good job' is the law. The law regulates to create standards that businesses must adhere to. With 75%+ of people working in the informal sector, this is 75% of the population working outside the law and these standards. As noted by the [World Bank](#), the specifics of what defines informality vary, but any characteristic is usually negative: unprotected workers, low productivity, unfair competition, evading law, underpayment or non-payment of taxes, and working "underground". To Balloon, a



formal business is one that is officially registered with the relevant agency and is subject to, and follows, relevant regulations.

Ultimately, regulations constrict behaviour towards what is considered acceptable. This benefits workers as businesses are required to maintain labour standards set out in hard and soft policies (e.g. minimum wage or statutory leave). This results in better jobs being offered within the economy. Therefore working with businesses to register at the right time is a key mechanism to bring about sustainable and long term change where workers are protected by the law.

Beyond “good jobs”, and in line with the [IME](#)'s position, there are other positive outcomes of business registration. For example, registered businesses that comply with tax requirements bring greater revenue for governments. This drives government income, which in turn increases public spending and improves public services. Registered businesses are also more likely to comply with regulatory bodies, such as the Bureau of Standards, by improving the quality and consistency of their products and services. Standards protect the public from businesses which might otherwise cause harm or be ineffective.

Therefore, helping businesses to register is a key mechanism to create and guarantee “good jobs” while also bringing about other key benefits such as increased tax revenue and improved standards.

How do we measure business registration progress?

1. Does the entrepreneur have all locally required licences?
2. Are the entrepreneur's products/services registered with mandatory registration bodies?
3. Does the entrepreneur have a registered business address?
4. Does the business have a registered business bank account?
5. Is the business nationally registered?
6. Does the entrepreneur pay taxes?