

A background image showing a long bridge with a tall pylon and cables, spanning a body of water. The image is faded and serves as a backdrop for the title.

# MSMEs as drivers of job creation and decent work

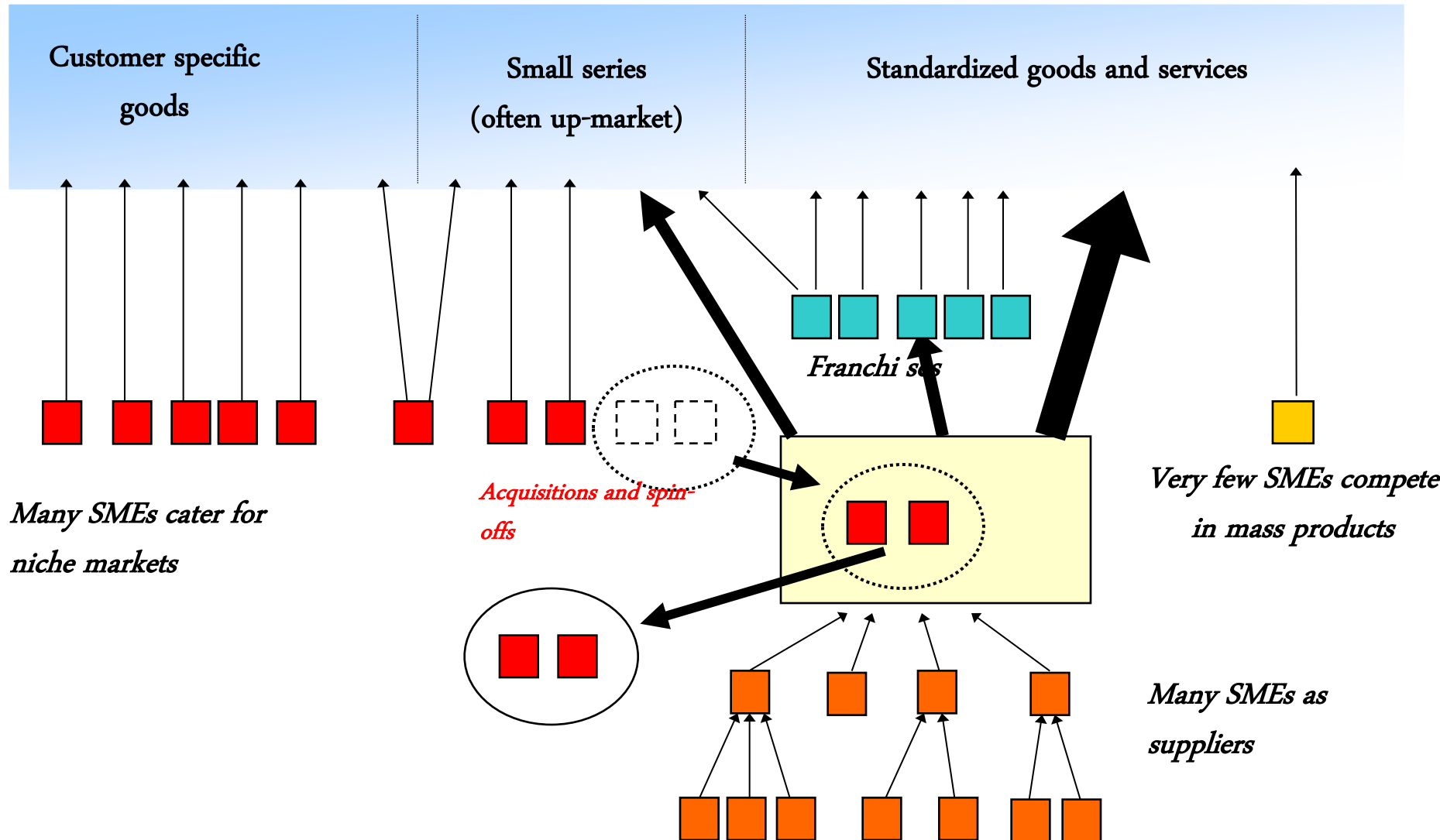
Aimée Hampel-Milagrosa,  
Sr. Researcher  
German Development Institute  
Bonn, Germany

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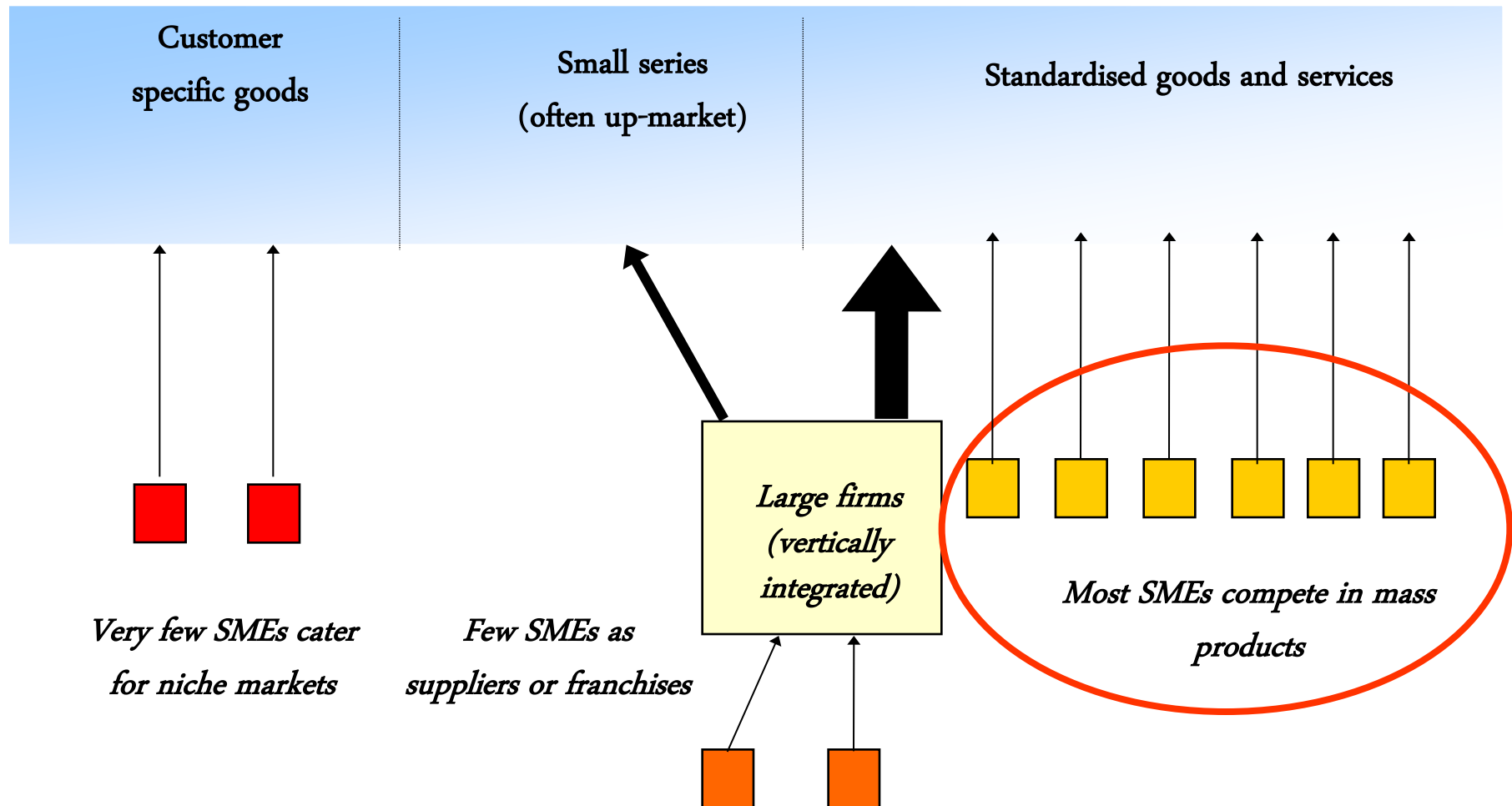


- **MSMEs are champions of job creation BUT...**
  - notorious for providing the worst job conditions
- What matters for job creation, decent work AND poverty reduction, is the creation of **jobs in productive enterprises**
- Productive enterprises are those that manage to **innovate, grow, expand employment**
  - and provide decent work conditions as part of growth
- There are **internal and external characteristics** of innovative enterprises
  - not found in all, but could be addressed through policy approaches

# Ideal type of MSML ecology



# Developing countries: disturbing evidence



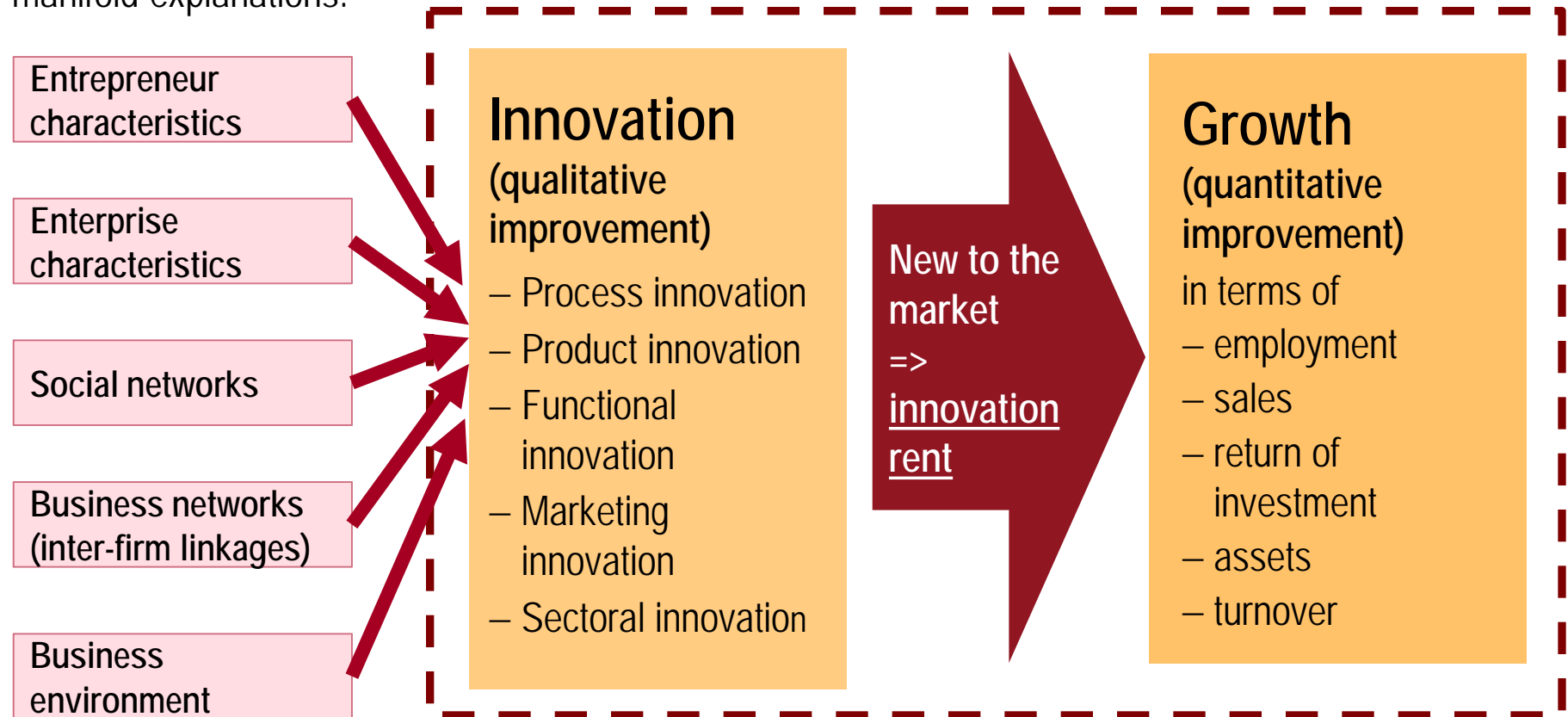
Altenburg/ Eckhardt (2006)

# How to create productive jobs? Growth through innovation

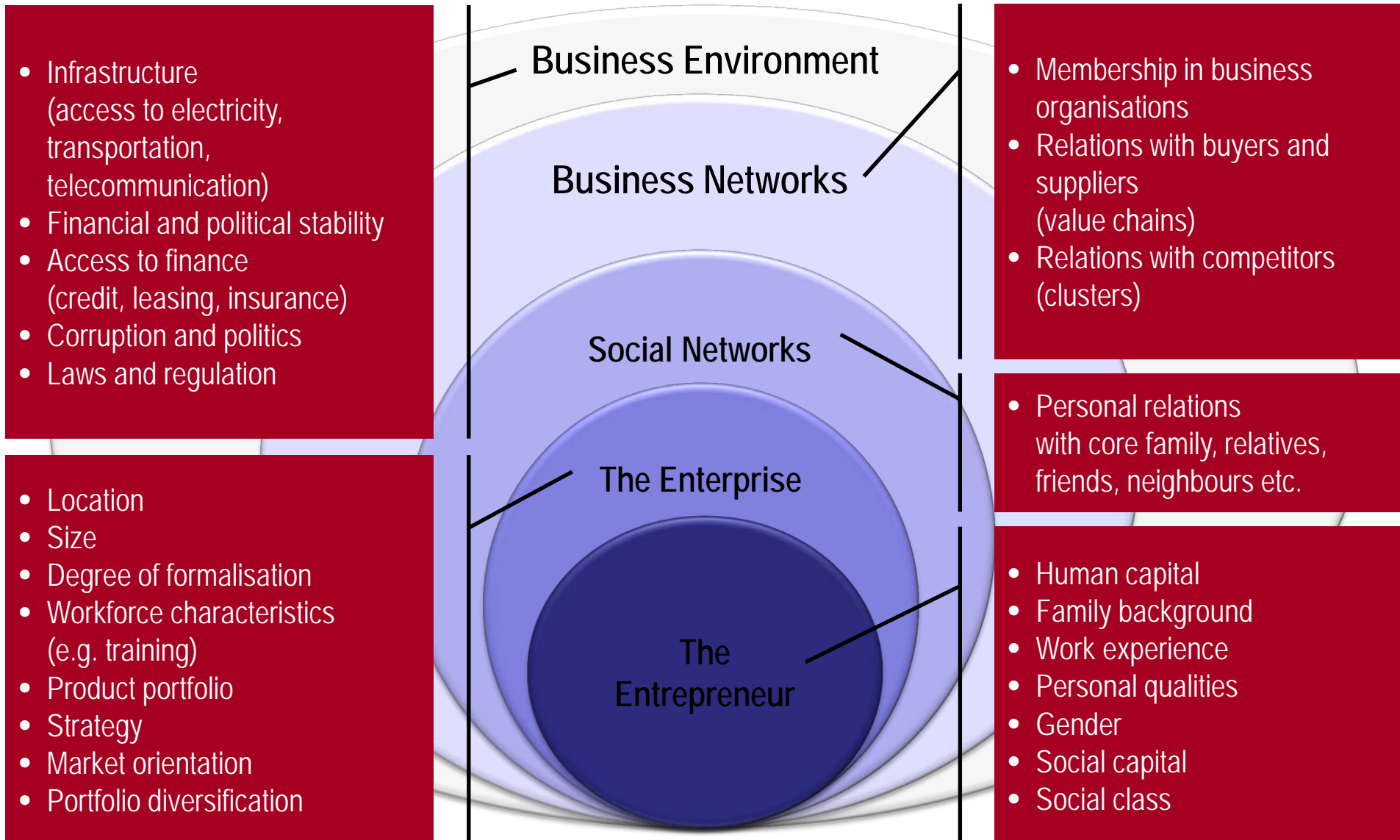


## What are the determinants?

Extensive literature is offering manifold explanations:



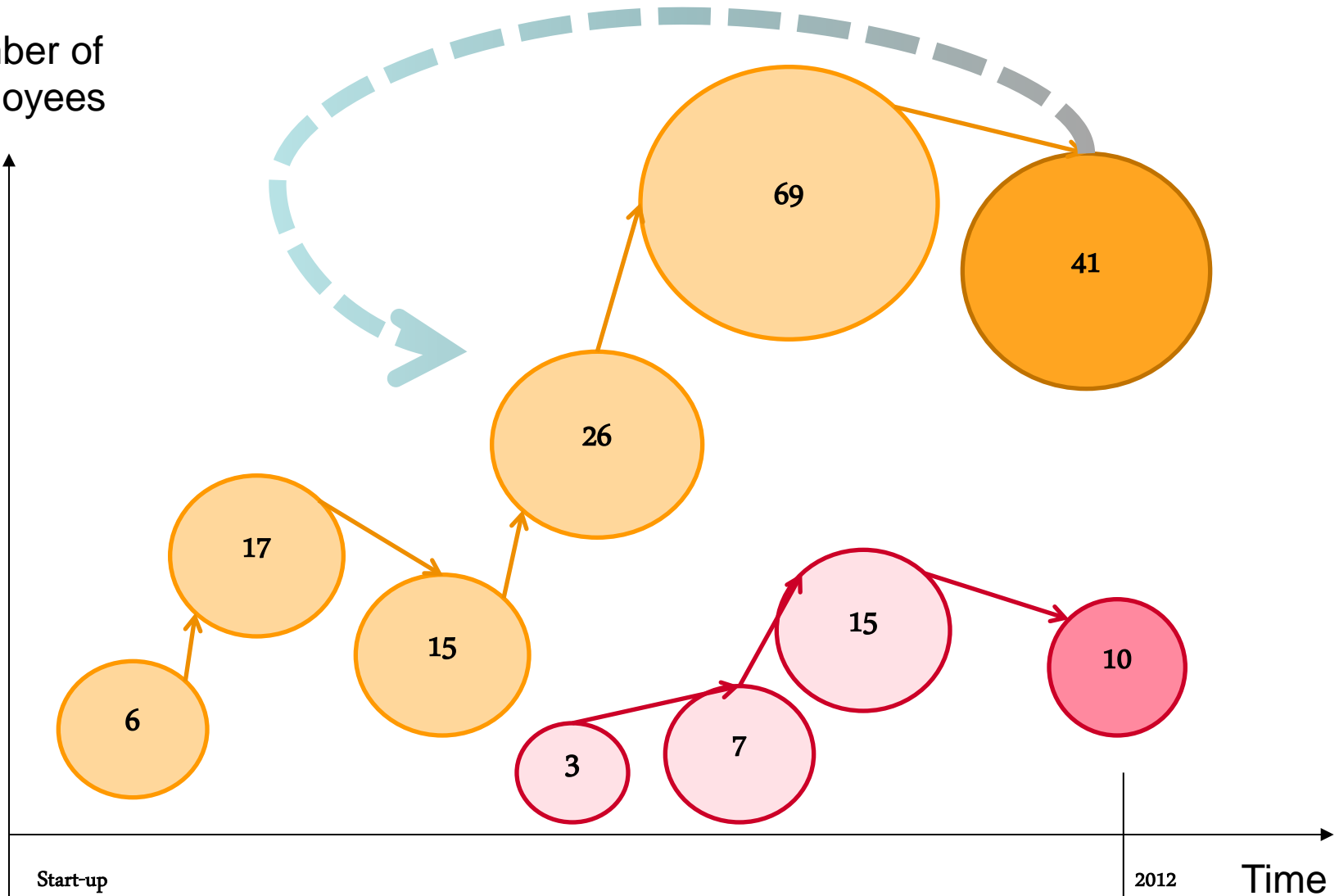
# How to innovate and grow = Factors of upgrading



# Enterprise upgrading (not for all & with ups and downs)



Number of employees



# MSMEs are champions of job creation, BUT: Characteristics of upgraders



1. Owned and operated by privileged, risk taking male entrepreneurs
2. Operating in thriving industries
3. Investing in R&D, market research and on worker HRD
4. Formalising at a later stage
5. Embedded on affluent networks






1. For JOB CREATION, DECENT WORK and POVERTY REDUCTION strategy to be successful , a long term MSME strategy is needed.
2. A 2-pronged policy approach is recommended:
  - a) Universalist policies (education, access, business env)
  - b) Targeted policies (BDS, access, MSME owners' educ & train)

## IMPORTANT CONSIDERATIONS:

1. Combine with other policies and embedded into broader strategy
2. Should be performance based (targeting high growth MSMEs)
3. Gradually add incentives for decent work conditions



**Thank you very  
much  
for your attention!**