

INCLUSIVE EMPLOYMENT: *Advancing Economic Opportunities at the Base of the Pyramid*

IN PARTNERSHIP WITH



About IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2023, IFC committed a record \$43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org.

COPYRIGHT NOTICE

© International Finance Corporation 2023. All rights reserved. 2121 Pennsylvania Avenue, N.W. Washington, D.C. 20433 Internet: www.ifc.org The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC does not guarantee the accuracy, reliability or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon.

Table of Contents

Abbreviations and Acronyms	5
Acknowledgments	6
Foreword	7
Executive Summary	8
Introduction	11
1. The Base of the Pyramid in Work	15
2. The Business Case for Inclusive Employment	19
SolTuna: Managing labor costs and maximizing productivity of underserved workers	24
Evermos: Accessing New Customers through Social Commerce	25
3. Inclusive Employment: Framework of Good Practices	27
Participation	28
Box 1: Examples of targeted recruitment of underserved groups within the base of the pyramid	30
Advancement	31
MAS Holdings: Supporting the advancement of factory-floor workers in Sri Lanka	27
Resilience	33
The Village Nut Company: Promoting resilience of agricultural workers in rural Kenya	34
Hogaru: Supporting formal employment of digital platform workers in Colombia	35
Empowerment	36
Petco: Empowering waste pickers in South Africa	38
Box 2: Putting Inclusive Employment Practices into Action and Measuring Their Impact	39
Monitoring & Evaluation Frameworks for Inclusive Employment – Principles & Sample Indicators	40
4. The Role of Investors in Inclusive Employment	41
5. A Call to Action	45
Endnotes and References	46



Abbreviations and Acronyms

ABIHPEC:	Brazilian Association of Personal Hygiene, Perfume, and Cosmetics Industries
B4IG:	Business for Inclusive Growth
BOP:	Base of the pyramid
EBRD:	European Bank for Reconstruction & Development
ESG:	Environmental, social, and governance
GBVH:	Gender-based violence and harassment
HR:	Human resources
IFC:	International Finance Corporation
ILO:	International Labour Organization
ITUC:	International Trade Union Confederation
LGBTI:	Lesbian, gay, bisexual, transexual, and intersex
LS&Co:	Levi Strauss & Co.
M&E:	Monitoring and evaluation
OHS:	Occupational health and safety
PETCO:	The PET Recycling Company
PPE:	Personal protective equipment
UNDP:	United Nations Development Programme
UNHCR:	United Nations High Commissioner for Refugees
WIEGO:	Women in Informal Employment: Globalizing and Organizing

Acknowledgments

This report was produced by IFC's Gender and Economic Inclusion Department (GEID). It was developed under the guidance of IFC Vice President, Cross-Cutting Solutions, Emmanuel B. Nyirinkindi; IFC Regional Director, Eastern Africa Hub, Mary Porter Peschka; IFC Global Manager, Sustainable Infrastructure Advisory, Henriette Kolb; and acting IFC GEIG Manager, Heather Kipnis. The core research and writing team included Alexis Geaneotes and Christian Zeballos from IFC, with Alastair Usher, Kirsten Newitt, Sam Kelly, and Jans Mynbayeva from Ergon Associates.

The research was guided by a World Bank technical working group that included Adriana Eftimie, Alexa Roscoe, Ambar Narayan, Amy Luinstra, Anita Gurgel, Andrea Cullinan, Arjun Bhalla, Camilo Mondragon Velez, Colin Andrews, Diana Baird, Disha Pandey, Ellen Maynes, Imtiaz Ul Haq, Jaylan Elshazly, Jennifer Scott, John Arzinos, Krishna Matturi, Michael Weber, Namita Datta, Paola Castillo, Rudaba Nasir, Sabine Hertveldt, Sanola Daley, Sarah Twigg, Shalaka Joshi, Sherry Goldberg, Shoghik Hovhannisyan, Sofie Michaelsen, and Stephanie Vak-Stephens.

The team would like to thank the many experts who shared their time and expertise, including Alexandra Heaven, Senior Global B Corp Manager, Danone; Amolo Ng'weno, Chief Executive Officer, BFA Global and Non-Resident Fellow, Center for Global Development; Barbara Rambousek, Director, Gender and Economic Inclusion, European Bank for Reconstruction and Development; Camille Putois, Chief Executive Officer, Business for Inclusive Growth; Ellen Martin, Chief Impact Officer, Circulate Capital; Gokhan Dikmener, Technical Specialist, UNDP Istanbul International Centre for Private Sector in Development; Margherita Calderone, Principal Economist, Gender and Economic Inclusion, European Bank for Reconstruction and Development; Martha Chen, Senior Advisor and Co-Founder, Women in Informal Employment: Globalizing and Organizing; Philippe Marcadent, Chief of Inclusive Labour Markets, Labour Relations and Working Conditions Branch, International Labour Organization; Safeya Zeitoun, Head of Impact, Tameo Impact Fund Solutions; Sowmya Suryanarayanan, Director, Impact and ESG, Aavishkaar Capital; Stephen Obiro, Head of Advocacy, Consulting & Partnerships, Federation of Kenya Employers; and Tarun Mehta, Partner, Aavishkaar Capital.

Appreciations are also extended to the case study companies that participated in this research, namely the Brazilian Association of Personal Hygiene, Perfume, and Cosmetics Industries (ABIHPEC), Aguas Danone de Argentina (Danone), Evermos, Hogaru, Levi Strauss & Co., MAS Holdings, NEPRA Resource Management, OXXO, Paradise Ingredients, Petco Producer Responsibility Organisation NPC, Shadowfax, SolTuna, and The Village Nut Company.

The report and case studies were copyedited by Ann Bishop and Gina Wilkinson and designed by Titanium Room. The communications strategy for the report was led by Evangelia Tsiftsi and Bhattiprolu Murti with support from IFC global and regional communication teams. This report was made possible by financial support from the Japanese Ministry of Finance through the Comprehensive Japan IFC Trust Fund.



Foreword

Despite significant progress to alleviate poverty in past decades, income inequality remains a critical challenge. Worldwide, 4.5 billion people live at the base of the economic pyramid. They survive on low incomes and without access to goods, services, and economic opportunities. Workers at the base of the pyramid are often engaged in the informal sector or in low-skill jobs with limited earning potential. The COVID-19 pandemic significantly disrupted their livelihoods, with 90 million more people falling below the threshold of extreme poverty in 2022 according to the World Bank. Improving the quality of jobs and opportunities for workers at the base of the pyramid demands urgent attention and strategic action. This is the surest pathway for creating a world free of poverty on a livable planet and ushering in a green, resilient, and inclusive future that benefits everyone.

Indeed, companies can enhance the participation, advancement, resilience, and empowerment of workers at the base of the pyramid when they adopt inclusive employment practices. This includes traditionally marginalized groups such as persons with disabilities, women, and LGBTI people. Creating quality jobs at the base of the pyramid that expands access to better livelihoods equips people to work their way out of poverty. And as these individuals earn more, businesses have more opportunities to sell goods and services to them, to the tune of a \$5 trillion market.

Additionally, the business case for more inclusive employment at the base of the pyramid is clear and compelling. It helps the private sector access a larger labor force, improve productivity, secure more sustainable and resilient supply chains, access new markets and sources of capital, build stronger brand awareness and customer loyalty, and manage risk.

One example is SolTuna, a tuna-processing company in the Solomon Islands that contributes 2,000 jobs to the economy, mostly in lower-skilled, production roles. SolTuna instituted several measures to improve livelihoods for the base of the pyramid. This meant paying a 5 percent wage raise to the lowest-paid workers, upskilling them — especially women — for higher-paid and more technical roles, facilitating access to finance, and providing financial literacy training. As a result of these efforts, SolTuna experienced a 25 percent reduction in absenteeism, saw improved job satisfaction among employees, achieved over \$160,000 in labor cost savings annually, and experienced \$1.56 million in additional productivity gains.

This report is informed by a robust literature review, interviews with thought leaders, and 13 in-depth case studies of businesses that employ workers at the base of the pyramid across sectors and regions, thereby providing companies and investors with emerging good practices they can adopt to advance inclusive employment. We are grateful to those companies and thought leaders who participated in this research and shared their experiences and expertise.

We hope this analysis inspires more companies to accelerate their adoption of inclusive practices of those at the base of the pyramid. By collaborating with one another as well as with investors, governments, worker organizations, and other partners to achieve a more inclusive world, businesses have the ability to deliver real impact for the poor and marginalized as well as for their own bottom lines and economies everywhere. At IFC, we will continue championing and supporting these efforts for private sector-led transformation at the base of the pyramid.



Executive Summary

An estimated 4.5 billion people in developing countries live at the base of the pyramid (BOP), surviving on low-incomes and lacking access to goods, services, and economic opportunities. Workers at the base of the pyramid are often engaged in informal work or in low-skill jobs with limited earning potential, social protection, or opportunities for career and economic advancement.

Workers at the base of the pyramid face multiple barriers that impede access to quality employment. These barriers include limited education or skills, lack of a formal employment record, discrimination, and stigma, as well as legal or administrative barriers to employment. These barriers are more prevalent for informal workers, who have uncertain and volatile incomes, do not enjoy basic labor entitlements and protections, and often lack access to social benefits and safety nets offered by the state.

The COVID-19 pandemic created significant economic challenges for low-income households globally. As a result of the pandemic, 90 million more people fell below the threshold of extreme poverty in 2022. Labor markets faced disruptions that significantly affected the livelihoods of workers at the base of the pyramid, especially in the informal sector, where 58 percent of employed women work.

Employers and investors can help expand access to better employment and self-employment opportunities at the base of the pyramid through the strategic adoption or promotion of inclusive employment practices. Inclusive employment is defined as practices that advance the quality of jobs and better livelihood opportunities for employees and informal workers at the base of the pyramid in emerging markets. These practices enhance the participation, advancement, resilience, and empowerment of workers, with the goal of improving their quality of work and well-being.

This report seeks to build and demonstrate the evidence for the business case for inclusive employment and emerging good practices that companies and investors can implement to support workers at the base of the pyramid. Research is based on a review of existing literature as well as interviews conducted with thought leaders and investors. It also features 13 case studies of companies in manufacturing, agribusiness and agri-processing, services & the gig economy, waste management, and retail & distribution, operating in markets across Latin America, South Asia, East Asia, the Pacific, and Africa.

The Business Case for Inclusive Employment



Access to labor: Reducing barriers to work at the base of the pyramid enables companies to increase their access to labor and thereby address labor shortages and skills gaps, boost recruitment outcomes, and reduce hiring costs.



Human capital performance: Investments in the wellbeing of workers and in upskilling workers at the base of the pyramid are linked to lower absenteeism, better staff retention, and higher productivity.



Supply chain resilience: Companies can build more resilient and scalable supply chains by integrating workers at the base of the pyramid, empowering them, and boosting their incomes and resilience.



Access to markets: Inclusive employment helps companies to distinguish their brand, to motivate, and to equip workers to provide higher quality services, and enables companies to access new customer markets.



Access to investment capital: Companies can demonstrate their commitment to environmental, social, and governance (ESG) impact through labor practices and standards, enabling them to access new sources of investment capital.



Demonstrating corporate values: Inclusive employment can help companies fulfill corporate social commitments in ways that add business value.



Reputation & risk management: Companies can generate goodwill and a 'social license to operate', while mitigating risks from business activities involving base of the pyramid communities.

Inclusive Employment Practices

This report identifies good inclusive employment practices that companies can implement to increase the participation of workers at the base of the pyramid, promote their professional advancement, build their resilience, and enable their empowerment.

PARTICIPATION

To reduce barriers that prevent workers at the base of the pyramid from obtaining quality employment, companies can adopt practices that:

- **Target recruitment** through outreach to base of the pyramid workers and leverage partnerships with organizations that represent these workers.
- **Ensure worker safety** through investments in the physical environment and provide protective equipment and safety training programs.
- **Address discrimination, stigma, and harassment** through robust implementation of policies and training programs.
- **Reduce entry and retention barriers** by supporting workers' access to transportation, childcare, or housing, for example, and by lowering up-front capital costs for informal entrepreneurs.

ADVANCEMENT

As workers at the base of the pyramid have limited opportunities to develop skills and to advance to higher-paying employment, companies can support them with practices that:

- **Offer fair pay** through regular wage reviews and updates, especially for the lowest earners.
- **Upskill workers** and provide support to adapt to technological or operational changes.
- **Support leadership and career development** through mentoring and leadership training programs.
- **Build capacity for self-employment**, such as providing inputs and training to improve earnings.

RESILIENCE

As workers at the base of the pyramid often have volatile incomes and limited access to social protections, companies can help them to build financial and personal resilience through practices that:

- **Improve access to benefits**, including pensions, insurance, and health services, among others.
- **Facilitate access to finance and financial literacy** by offering credit and savings schemes directly or through partnerships with financial intermediaries.
- **Enhance job and income security** through minimum working hours, and formal or permanent employment for interested workers.

EMPOWERMENT

Workers at the base of the pyramid often face stigma, discrimination, and exploitation from more powerful economic actors. Companies can introduce practices that empower them to exert greater influence over their work and to defend and determine their interests, for example:

- **Support worker representation and worker-management dialogue** by engaging proactively with workers and worker associations, including trade unions.
- **Provide effective communications and grievance channels.**
- **Support self-organization of informal workers** through development and capacity building of cooperatives.
- **Provide fair and clear terms** of work and payment transparency.
- **Recognize the value of work** done by individuals at the base of the pyramid and raise public awareness.

There are several key steps companies can take to inform or complement the inclusive employment practices outlined above. The following actions will help to ensure inclusive employment practices are well targeted and that they deliver lasting benefits for workers and businesses too.

Diagnose the needs of workers and the business

Map out or identify how the business engages with the base of the pyramid in work, including the direct workforce, informal workers, and supply chain workers, and then work with them and relevant organizations to understand how furthering their skills and capabilities can support business needs.

Measure results for businesses and workers

Improve data collection and measurement frameworks and track the progress and impact of practices on workers and on the business. Leverage technology and digital tools to support and measure inclusive employment practices.

Amplify impact through partners

Encourage, incentivize, and support suppliers and service providers that employ workers at the base of the pyramid in corporate value chains to help them adopt inclusive employment practices. Create partnerships that advance work opportunities for the base of the pyramid, including with governments, trade unions, worker organizations or cooperatives, industry associations, and technical assistance partners. Consider opportunities to raise financing via instruments such as sustainability-linked bonds and other innovative financing structures with a designated use of proceeds aiming to benefit workers at the base of the pyramid.

Investors & Inclusive Employment

Investors can also play an important role in improving the quality of work and livelihoods at the base of the pyramid. The following actions enable investors to deepen the focus of their investments on these workers and encourage their investees to adopt inclusive employment practices:

Define an inclusive-employment investment strategy. Define the target workers at the base of the pyramid reached through investees as direct employees, contractors, supply chain workers and informal workers. Develop a theory of change linking the investment to improvements in access to, and the quality of, work for the base of the pyramid. An inclusive-employment investment strategy can be incorporated alongside an investor's thematic or industry focus.

Integrate inclusive employment into investment processes.

Assess investment opportunities against negative and positive labor screens and evaluate compliance with national laws and labor standards during deal origination. Consider labor gaps and opportunities related to the base of the pyramid during due diligence and set relevant monitoring and evaluation (M&E) targets based on the investment's theory of change. Measure progress against these targets as part of portfolio management.

Leverage financial instruments that incentivize investees to achieve greater impact for workers at the base of the pyramid.

Investors can explore opportunities to adopt financing instruments, such as sustainability-linked bonds, that tie financial incentives to the achievement of inclusive employment targets. By linking targets to relevant Sustainable Development Goals, investors can demonstrate their impact publicly.

Identify opportunities to support investees seeking to enhance the inclusiveness of their workforce.

This can be done through technical assistance and knowledge sharing, for example by mapping workers at the base of the pyramid in investees' operations, identifying opportunities for engagement, strengthening investees' workforce management and M&E systems, and facilitating opportunities for investee knowledge sharing across the portfolio.

Call to Action

Jobs and employment are transformational for both individuals and societies, and creating opportunities to 'work out of poverty' is critical for sustainable economic and social development. Quality employment for workers at the base of the pyramid not only provides individuals with a sense of dignity and self-worth, it also strengthens community cohesion and civic participation, while reducing public spending on welfare and social assistance. The private sector, and investors in the private sector, play an important role in creating inclusive employment opportunities that both deliver benefits for businesses and strengthen incomes at the base of the pyramid and beyond.

Corporates can help expand access to better employment and self-employment opportunities at the base of the pyramid through the strategic adoption or promotion of practices that enhance the participation, advancement, resilience, and empowerment of workers at the base of the pyramid, with the goal of improving their quality of work and well-being. Investors have an important role to play by integrating employment for the base of the pyramid into their strategy and investment processes, incentivizing impact by companies, and by providing support such as technical assistance and knowledge sharing among investees.

Introduction

Despite significant progress in past decades around poverty alleviation and economic development, income inequality remains a global concern. Along with low-income households and women, workers at the base of the pyramid (BOP) experienced the most severe impacts of the COVID-19 pandemic, driven by job losses and economic disruption. Now more than ever, there is an urgent need to adopt inclusive employment practices that benefit both businesses and workers at the base of the pyramid.

This report seeks to build off the growing body of evidence around the business case for reducing inequality and promoting diversity and inclusion in the workplace, along with corporate practices to help achieve these goals. While inclusive employment can refer broadly to the inclusion of diverse and historically disadvantaged people, this report focuses specifically on practices that advance the quality of jobs and better livelihood opportunities for employees and informal workers at the base of the pyramid in emerging markets.

The report presents a framework for inclusive employment across four dimensions—participation, advancement, resilience, and empowerment. This framework draws from and complements existing frameworks such as the International Labor Organization’s Decent Work framework which emphasizes as its goals “work that is productive, delivers a fair income with security and social protection, safeguards basic rights, offers equality of opportunity and treatment, prospects for personal development and the chance for recognition and to have your voice heard.”

The report is based on a literature review, interviews with thought leaders and investors, and on case studies of 13 companies implementing inclusive practices for workers at the base of the pyramid in emerging markets. The examples shared in the report are not exhaustive, but rather they illustrate how the private sector can integrate inclusive employment practices across a range of regions and sectors. Companies featured in this report come from Latin America, South Asia, East Asia, the Pacific, and Africa. They represent a range of sectors, including manufacturing, agribusiness and agri-processing, service providers & the gig economy, waste management, and retail & distribution. Additionally, the companies profiled in the report were selected because they engage with different segments of workers at the base of the pyramid. This includes direct workers, contractors, and supply chain workers, as well as informal workers in companies’ value chains.¹

The **first chapter** of the report lays out the characteristics of the base of the pyramid and highlights the barriers facing workers in this segment. The **second chapter** shares evidence on the business case for inclusive employment practices, including access to labor and human capital performance, supply chain sustainability, access to new markets and investors, and building brand image. The **third chapter** presents an inclusive employment framework across four dimensions—participation, advancement, resilience, and empowerment—with examples from the case studies. The **fourth** builds the business case for investors, with examples of concrete actions they can take to help their investees become more inclusive. Finally, the **fifth chapter** is a call to action for the private sector and investors to advance inclusive employment for the base of the pyramid

ABOUT IFC’S INVESTMENTS



IFC delivered \$43.7 billion in financing to companies and financial institutions across the developing world in fiscal year 2023.



All projects financed by IFC must adhere to stringent environmental, social and governance (ESG) standards and our sustainability framework, which help our clients do business in a sustainable way.

IFC’s Environmental and Social Performance Standards define IFC clients’ responsibilities for managing their environmental and social risks. This includes Performance Standard 2 which specifies that “companies treat their workers fairly, provide safe and healthy working conditions, avoid the use of child or forced labor, and identify risks in their primary supply chain”. More information on IFC’s performance standards can be found [here](#).

Research Methodology

Three questions underpinned this research:

1. What is the business case for companies to implement inclusive employment practices?
2. What good practices and business models can companies employ?
3. What role can investors play in advancing inclusive employment practices?

To answer these questions, the team conducted an extensive literature review to gather existing knowledge and identify gaps. Interviews were conducted with thought leaders and investors at 12 institutions (Figure 1), and the team also conducted in-depth qualitative research with 13 companies (Figure 2). In-depth research included remote interviews with management and staff, review of company policies, and analysis of workforce and business data, where available. In some cases, focus groups were conducted with workers at the base of the pyramid. Due to the COVID-19 pandemic, all case study research was carried out remotely.

FIGURE 1: THOUGHT LEADER & INVESTOR INTERVIEWS

Aavishkaar Capital
Businesses for Inclusive Growth (B4IG)
Center for Global Development/BFA Global
Circulate Capital
Danone
European Bank for Reconstruction & Development
Federation of Kenya Employers
International Labour Organization
International Trade Union Confederation
Tameo Impact Fund Solutions
UNDP Istanbul International Centre for Private Sector in Development
Women in Informal Employment: Globalizing and Organizing (WIEGO)



ABIHPEC | Brazil

FIGURE 2: OVERVIEW OF COMPANY CASE STUDIES





1. The Base of the Pyramid in Work

An estimated 4.5 billion people live at the base of the economic pyramid in developing countries (World Bank 2014). Individuals and households at the base of the pyramid have very low incomes and lack access to goods, services, and economic opportunities. In terms of income, IFC defines the base of the pyramid as being made up of individuals with daily incomes below \$8.44 in 2005 purchasing power parity (PPP). This group works in low-skill jobs with limited earning potential, social protection, or opportunities for career and economic advancement.

Workers at the base of the pyramid predominantly engage in informal work. There are about two billion informal workers worldwide, representing 60 percent of the global workforce and 90 percent of the workforce in developing countries.² This includes people working in or operating informal enterprises, self-employed workers in the informal sector and supply chain workers, or wage workers in formal enterprises that lack certain worker benefits or protections in practice.³ Employment at the base of the pyramid can take various forms depending on the employment relationship and degree of informality.

FIGURE 3: COMMON FORMS OF EMPLOYMENT AT THE BASE OF THE PYRAMID

	Wage Employment	Self-employment
Formal	Formal wage and salaried workers	Formal enterprises Formal own-account workers
Informal	Employees of informal enterprises Casual and daily workers Temporary and seasonal workers Undeclared workers of formal enterprises	Informal enterprises Contributing family workers Informal own-account workers Members of informal producers cooperatives Digital platform workers*

*Digital platform workers are often referred to as dependent contractors as their work could share characteristics of wage employment and self-employment.

Sources: Adapted from WIEGO, 2012; WIEGO, 2019; ILO, 2020a

Barriers to Work

Workers at the base of the pyramid face multiple barriers that impede access to quality employment, and these are often related to their economic or social background. These barriers include a lack of adequate education, skills, or formal employment records, limited awareness or access to opportunities, as well as legal and administrative barriers to employment. As a result, employment at the base of the pyramid is often characterized by poor working conditions, low and insecure pay, and limited opportunities to develop skills and advance to higher-paying work. People at the base of the pyramid typically have more limited access to banking and financial services, and this further restricts opportunities to advance in and through employment. In addition, these workers are often engaged in labor-intensive sectors and face greater risk of displacement with the rise of automation and technological change.

Underserved groups—including women, LGBTI people, youth, indigenous peoples, ethnic minorities, persons with disabilities, and rural populations—tend to be overrepresented at the base of the pyramid. They are also more likely to be excluded from the workforce and are more likely to fall below national poverty lines. In some cases, these individuals face multiple forms of discrimination or harassment, for example, in relation to both their gender and ethnicity or their sexual orientation and other characteristics. For underserved groups, this heightens barriers to better quality employment even further.

Workers at the base of the pyramid in the informal economy face significant income volatility and lack labor entitlements, basic social protections, and safety nets to withstand short-term economic crises and other life events.⁴ Less than half of the world's population are covered by at least one social protection benefit, and only a third of the working age population have access to a comprehensive social security system (ILO 2021). Moreover, many publicly-funded social security schemes provide limited or no coverage for informal workers. For example, in Sub-Saharan Africa, just 10 percent of the working population are formally employed and able to access statutory worker protections and social insurance—and those 10 percent are typically at the highest end of income distribution (World Bank 2019a). Their informal work status means they also face other barriers, such as the ability to access formal financing.

The rise of the gig economy created new income opportunities at the base of the pyramid but also heightened many challenges for informal workers. As contractors, digital platform workers cannot access labor protections such as paid leave, worker's compensation, fair termination, and unemployment benefits, in addition to social protection offered by the state. They often face long hours, low pay, a lack of transparency on how ratings are set and how work is allocated, and greater risks of harassment and discrimination. Finally, in many jurisdictions they cannot participate in collective bargaining and typically lack access to grievance mechanisms, which further reduces their ability to advocate for better work conditions (ILO 2021b).

Workers at the base of the pyramid, especially informal workers, have been particularly vulnerable to the economic impacts of the COVID-19 pandemic (ILO2020b; IFC 2020). The pandemic led to widespread disruption in labor markets. As a result, 90 million more people fell below the threshold of extreme poverty in 2022 (World Bank 2022). Informal workers faced even greater income losses as a result of government lockdowns and economic disruptions. Informal workers also had greater health risks due to more limited access to personal protective equipment or sanitary supplies, difficulties in physical distancing, and more limited information on virus transmission (WIEGO nd-c). The pandemic also disproportionately impacted women, especially in the informal sector, where 58 percent of employed women work (UN Women nd). There is evidence that gender inequality has increased as millions of female informal workers stopped working during the pandemic (IMF 2021; WEF 2022).

Inclusive employment as a driver for poverty reduction

Opportunities to 'work out of poverty' are vital for sustainable economic and social development. Jobs provide people not only with livelihoods but they also underpin community cohesion and civic participation. When pay is adequate, work reduces public spending on welfare and social assistance and promotes wider social and economic development (UNDP and OPHI 2020).

For workers at the base of the pyramid and their families, better employment opportunities link directly to poverty reduction and long-term economic advancement. At a basic level, employment provides people at the base of the pyramid with immediate income for essential needs, and this is often their only source of household income (ILO and OECD 2019). Over time, secure earnings from higher quality employment builds financial stability and enhances access to a wide range of essential and non-essential goods and services, including housing, healthcare, nutrition, financial services, and higher education. Training in relevant job skills and other career development support can transform a job into a pathway to improved incomes and personal advancement (Warwick et al. 2018; Wu 2016). Better working conditions reduce the risk of injury and harm to workers and help sustain productive employment, incomes, health, and the broader well-being of workers. In the longer-term, better-quality employment is often a critical factor driving intergenerational social mobility.

As the predominant form of economic activity in most countries, informal employment and informal workers play a central role in the global economy and are critical to efforts to reduce poverty and inequality through work. Moreover, in most developing economies there are not enough formal jobs to meet demand, so informal employment is likely to continue to expand (Chen and Beard 2018). Supporting informal workers at the base of the pyramid is therefore key to addressing persistent unemployment and under-employment, poor job quality, and income inequality and poverty.⁵

The role of the private sector in supporting inclusive employment

As an important source of employment worldwide, the private sector has an especially significant role in creating inclusive job opportunities that support economic advancement at the base of the pyramid. Businesses connect and involve workers and communities at the base of the pyramid in diverse ways. They may be employees in a company's direct operations, contractors, or supply chain workers, including those who are self-employed, in informal jobs, or providing services through a digital platform. Investors may also have indirect links to workers at the base of the pyramid through their investee companies.

Employers and investors can help expand access to better employment and self-employment opportunities at the base of the pyramid—and overcome barriers to economic advancement—by adopting or promoting inclusive employment practices. Inclusive employment practices enhance participation, advancement, resilience, and empowerment of these workers in and through employment, with the goal of improving the quality of work and well-being, and ultimately helping them advance out of poverty.

The role of the private sector in advancing opportunities at the base of the pyramid complements and extends the activities of governments and public institutions. National governments have a responsibility to enhance and regulate labor markets and provide education, health, and social protection services that are critical for inclusive economic growth. However, national governments cannot achieve meaningful progress on poverty reduction alone. The private sector can also stimulate and provide employment, including opportunities for workers and households at the base of the pyramid. In some cases, the private sector can provide vital goods and services to support greater economic inclusion. Through the allocation of capital, investors can also support and influence the private sector to adopt more inclusive employment practices.





2. The Business Case for Inclusive Employment

Companies can address labor shortages and skills gaps through practices that reduce barriers to work for those at the base of the pyramid.

According to a survey conducted by McKinsey in 2020, 87 percent of companies worldwide were either experiencing skill gaps or expecting them within a few years. Targeted outreach and recruitment coupled with job skills training can reduce many of the barriers facing workers at the base of the pyramid. Many companies in labor intensive sectors have successfully used job-readiness training and apprenticeship programs to overcome endemic skills shortages, to boost their recruitment outcomes, and to reduce hiring costs by building talent from within the organization (Blackwell et al. 2017; BSR 2019; IFC 2016; GISC nd-a).

By supporting rural workers to access work during the off-season, Kenyan macadamia nut processor **The Village Nut Company** addressed labor shortages stemming from worker migration to urban areas and **reduced staff turnover to 2 percent.**

Inclusive employment translates into lower absenteeism and better staff retention.

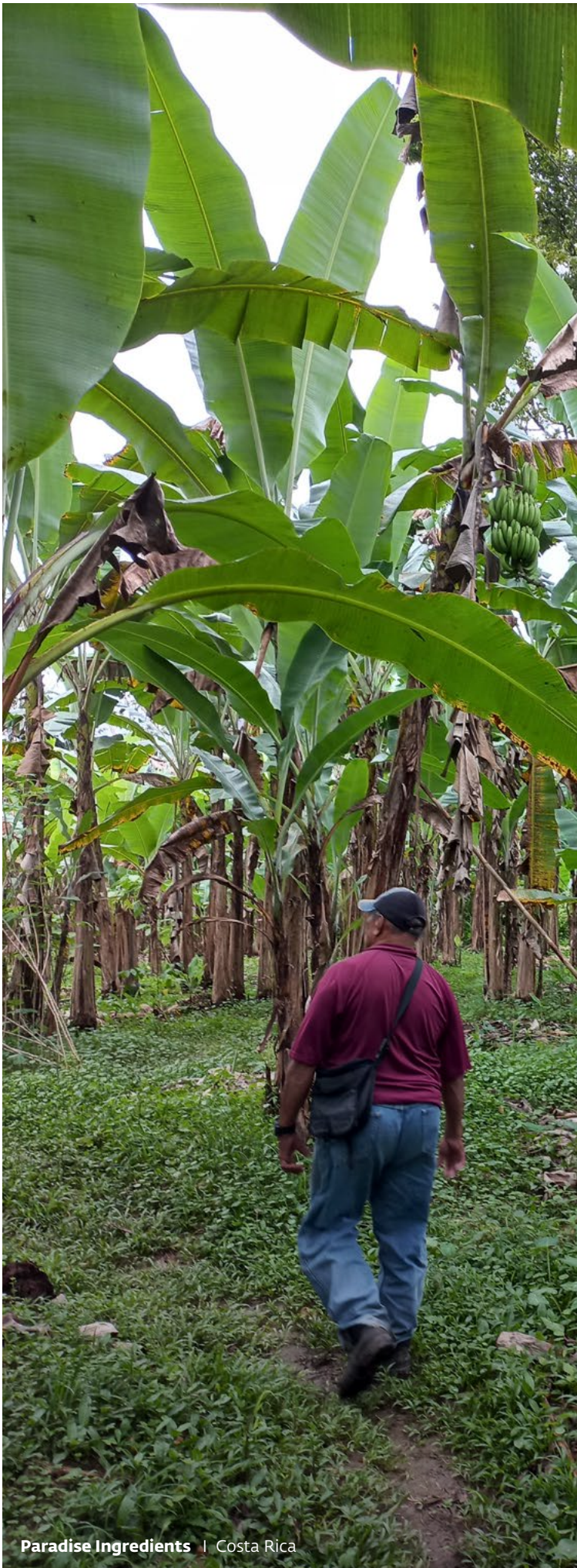
Practices such as offering childcare or health services, social benefits, better pay, and better, safer work conditions free from discrimination and harassment enable workers to come to work more often, stay at the job longer, and be more productive. For example, studies show a strong link between affordable childcare provision and worker attendance, retention, and concentration at work, with positive effects on overall productivity (IFC 2017b). Other studies show financial returns of 6:1 for investments in workforce nutrition programs—including healthy food at work, nutrition education, breastfeeding support, and health checks (ANI 2021). Evidence from factories in Levi Strauss & Co.'s apparel supply chain show that improvements to worker well-being also increase employee retention and productivity at the factory level (McNeely and Koosed 2020).

Companies that score higher on working conditions metrics—the quality of workplace facilities, treatment from supervisors, and occupational health and safety (OHS) standards—often report comparatively better labor productivity rates (IFC and ILO 2016, 2020). Evidence also shows that employers that invest in upskilling and reskilling see direct returns on that investment largely due to productivity gains (WEF 2020b).

After participating in the **Levi Strauss & Co. Worker Well-being Program**, **75 percent of suppliers reported improved worker engagement and 50 percent saw reduced worker absenteeism**, resulting in improved supply chain productivity and product quality.



The Village Nut Company | Kenya



Inclusive employment strengthens global supply chain resilience and scalability.

Workers at the base of the pyramid are often critical supply chain partners for companies, for example as farmers, as waste pickers supplying raw materials, or as production workers producing finished goods. By integrating these workers into value chains, helping them to organize and professionalize, working to empower them and build their resilience, and helping them expand income generating activities, companies are building more resilient and scalable value chains and reducing transaction costs. Many companies in the agriculture sector have found increased integration (or 'aggregation') of smallholder farmers leads to improved supply chain reliability and scale (IFC, 2013).

Capacity building programs on crop management by agriculture company **Paradise Ingredients** **doubled production** volumes from indigenous smallholders in Costa Rica.

Inclusive employment enables companies to expand their market reach and retain customers.

Inclusive employment can help companies distinguish their brand, differentiate themselves from competitors, motivate and equip workers to provide higher quality services, and enable access to new customer markets. In some sectors like agriculture and apparel, it can also help firms meet the requirements of international buyers and facilitate the creation of commercial relationships, in some cases on preferential commercial terms. Finally, it can help companies to leverage the knowledge and relationships of workers at the base of the pyramid by expanding into local markets where they reside, thereby tapping into a growing and underserved customer segment.

Garment manufacturer MAS Holdings' focus on the welfare of production workers in Sri Lanka helped the company to cement and expand relationships with buyers and to **open new business partnerships**, such as with GAP Inc.'s PACE Program.

Inclusive employment can enable companies to access new sources of capital.

Recently, investors sharpened their focus on the social impact and broader ESG proposition of corporate operations. Investors recognize the contribution of strong social credentials to value creation, business resilience, long-term success for firms, and higher equity returns for investors (Aziz 2020; Business Roundtable 2019; Hale 2020; Heyward 2020).

Innovative work by waste management and recycling company **NEPRA** to support waste pickers in India helped **attract over \$30 million** in investment.

Inclusive employment enables companies to act on, and demonstrate, their corporate values and commitments.

Many companies have been stepping up, setting up, and publicly sharing sustainability strategies and measuring corporate contributions to the UN Sustainable Development Goals. Inclusive employment practices can help companies fulfill corporate social commitments in ways that add business value. Furthermore, they allow companies to respond to heightened expectations from the public and their consumers around social responsibility.

A Refugee Labor Inclusion Program by retailer **OXXO** in Mexico enables the company to **demonstrate its core values** on economic and social development, **build its brand and reputation**, and is part of its **customer messaging** on brand value.

Strong inclusive employment programs can help companies build their reputation and manage risks across operations and supply chains.

Inclusive employment initiatives help companies to build their brand reputation and to identify and mitigate any legal or reputational risks, such as workplace harassment or unsafe conditions. Proactive engagement with workers and worker associations also improves risk management by identifying and addressing employee concerns via open dialogue and collaboration, rather than through conflict or confrontation. Finally, these programs generate goodwill or a 'social license to operate' in the communities companies work in, while meeting evolving government regulation.

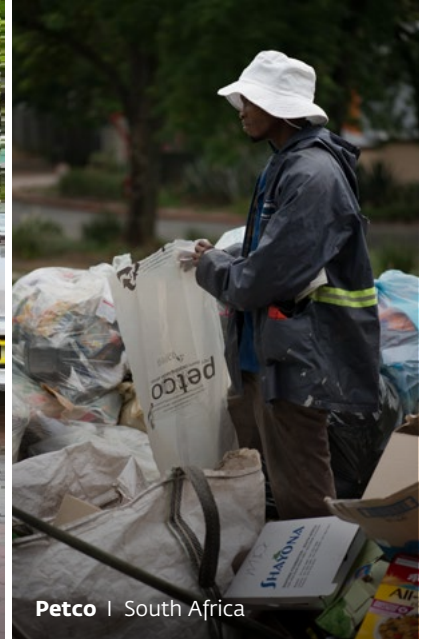
Practices to support waste pickers enabled **Petco Producer Responsibility Organisation NPC** in South Africa to achieve a 20-fold increase in PET material collection and helped Petco members to effectively **comply with Extended Producer Responsibility (EPR) legislation** introduced in 2021.



NEPRA | India



Shadowfax | India



Petco | South Africa



Oxxo | Mexico

The Business Case for Inclusive Employment





SolTuna | Solomon Islands

SolTuna: Managing labor costs and maximizing productivity of underserved workers

SolTuna is a tuna processing company that employs over 2,000 workers in the post-conflict country of the Solomon Islands. Two thirds of its workers are women, who are traditionally under-represented in the formal labor force and face greater barriers finding work due to sociocultural gender norms. Most are lower-skilled, with limited education, and had little work experience before joining the company.

Starting in 2015, SolTuna introduced several inclusive measures to reduce employee absenteeism and turnover and to improve productivity. It established an Employee Consultative Committee to improve worker-management communication. With agreement from senior staff and a vote by committee, it instituted a 5 percent wage-budget increase to boost salaries for its lowest-paid workers. Many of these workers had previously missed work in order to make supplementary income by selling fish at local markets. Following an analysis of gender pay gaps across the fishing industry, SolTuna reviewed its job descriptions and classified jobs into job families with corresponding salary bands so that salary was fixed to the position rather than the gender of the individual. It offered financial literacy and household budgeting training to help employees manage cash flows, and it arranged visits from local bank representatives to help workers set up bank accounts. SolTuna strengthened measures to prevent and address workplace sexual harassment and to support workers experiencing domestic violence. It also developed skills training for female production line workers and persons with disabilities to support career progression to better paying roles within the company. Moreover, in February of 2023, it opened an on-site childcare facility for its employees.

Between 2015 and 2022, these initiatives resulted in the following benefits for SolTuna:

- 25 percent reduction in absenteeism
- Improved job satisfaction among employees
- Over \$160,000 in labor cost savings annually
- \$1.56 million in additional productivity gains

See the complete case study [here](#).



Evermos: Accessing New Customers through Social Commerce

Evermos is a social commerce company in Indonesia that sells a range of consumer products produced by small and medium-size enterprises through its digital platform. It provides over 700,000 low-income individuals in underserved cities with opportunities to become resellers or freelance sales agents.

Rather than buying and stocking inventory, resellers market items from Evermos's catalogue directly to their personal networks through social media accounts and an Evermos app. These resellers receive a 30 percent commission at the point of sale. They have limited start-up costs and flexible working arrangements, which enables them to accommodate other entrepreneurial activities or homecare responsibilities. Evermos also offers resellers extensive training and professional development programs and provides opportunities for high-performing resellers to take on leadership roles as Evermos 'community leaders'. Community leaders organize gatherings where resellers can get to know each other and feel part of a team while also sharing knowledge. Finally, the company offers several channels for reseller dialogue and feedback.

The inclusive employment practices that Evermos offers to its reseller network provide several business benefits. Firstly, this enables Evermos to access microentrepreneurs from local communities who can serve as resellers, and to rapidly expand those networks. Word-of-mouth from resellers has been critical, accounting for over 50 percent of new resellers who join the network. Secondly, inclusive employment practices enable the company to tap into an underserved customer market at the base of the pyramid—one that has historically been excluded from traditional channels and e-commerce. Customers in these markets are less affluent and more geographically dispersed, and therefore difficult to reach through brick-and-mortar retail channels. Furthermore, they often lack the technology or know-how to make online purchases on their own.

As a result, the company achieved:

- Rapid sales growth, with eight-fold growth in sales expected from January 2021 to December 2023.
- Resellers are expected to expand to one million in 2027

In 2022, Evermos was commended for its commitment to empowering women in the Gender-lens Finance category of the Transformational Business Awards from the Financial Times and IFC. The company was also awarded in the transparency and reporting category of the UN Women Indonesia Women Empowerment Principles Award for 2022.

See the complete case study [here](#).



Evermos | Indonesia



3. Inclusive Employment: Framework of Good Practices

Inclusive employment practices aim to improve the quality of work and well-being of workers at the base of the pyramid, ultimately helping them advance out of poverty in ways that also generate business benefits. In short, these practices:

- help the base of the pyramid participate in work through improved access to jobs and self-employment opportunities.
- enable workers to advance and progress to higher-skilled, better-paid work.
- build workers' resilience to shocks.
- empower workers to promote and defend their interests at work.

This chapter presents a framework of inclusive employment across four dimensions—participation, advancement, resilience, and empowerment—and provides companies with a tool to apply and tailor practices for their own operations. It should be adapted based on market and business contexts, the ways in which a company engages with the base of the pyramid in regard to employment, and the characteristics and needs of the base of the pyramid in this segment of its workforce. As a prerequisite, it is expected that companies implementing inclusive employment practices will comply with national laws and broader environmental, social, and governance standards.⁶

Inclusive Employment Practices



Participation

Practices that facilitate access to better jobs and self-employment opportunities:

Target Recruitment

Ensure safe working conditions

Address discrimination & harassment

Reduce entry barriers (e.g. transport, childcare, and housing)

Advancement

Practices that enable workers to advance and progress to higher-skilled, better-paid work:

Offer fair pay

Upskill

Support leadership and career development

Build capacity for self-employment

Resilience

Practices that build the financial and personal resilience of BOP workers:

Improve access to benefits (e.g. insurance)

Facilitate access to finance / financial literacy

Enhance job and income stability

Empowerment

Practices that empower BOP workers to promote and defend their interests at work:

Support worker representation and dialogue

Provide communications & grievance channels

Support self-organization of informal workers

Provide fair & clear terms

Recognize value of work



Participation

Practices that promote and facilitate access to better employment or self-employment opportunities and improve working conditions for workers at the base of the pyramid.

1. Target recruitment

Factors such as discrimination, education and skills, employment records, awareness of opportunities, and legal barriers can all impact recruitment opportunities for workers at the base of the pyramid. Companies that tailor their recruitment to better target this segment can create new employment opportunities while increasing access to human capital. For example, companies can establish operations and conduct outreach in geographical areas where the base of the pyramid live (see **MAS** and **Hogaru** case studies). Companies can also work with partners to identify candidates for recruitment (see the **OXO case study**) and adjust recruitment criteria to better fit the circumstances of workers at the base of the pyramid (see **Hogaru**). Initiatives that target underserved groups within this segment, such as women, refugees or displaced persons, or persons with disabilities, can help eliminate unique entry barriers to better jobs (see Box 1). The design and focus of BOP-inclusive recruitment strategies should vary according to the target group and their specific employment barriers or needs. For this reason, it is important that companies develop an understanding of the needs of the workers at the base of the pyramid. Partnering with specialized organizations with relevant knowledge and experience can help to achieve this.

Over 500 refugee workers from Central America and the Caribbean have secured formal employment at OXO stores since 2019. The company established a partnership with UNHCR to facilitate their recruitment.

2. Ensure safe working conditions

Workers at the base of the pyramid in factory-based roles can face harsh working conditions in poor-quality facilities. Improving the physical work environment benefits workers' health and well-being, which enables their ongoing participation in employment. For example, several apparel manufacturers in **Levi Strauss & Co.'s** supply chain invested in improvements to air quality, temperature control, and noise levels in their factories. This improved worker satisfaction and, ultimately, labor productivity (McNeely and Koosed 2020).

Platform workers, supply chain workers, and others in the informal economy are also engaged in hazardous work that is not typically subject to the OHS obligations companies must meet for their direct employees.⁷ Companies can support the base of the pyramid outside their workforce through the provision of training and safety equipment that is appropriately designed and sized. For example, companies and industry associations engaged in plastic waste collection—like **NEPRA**, **Danone**, and **Petco**—provide basic equipment such as gloves, safety glasses, and masks, as well as training for informal waste pickers on safe collection methods. Kenya-based digital platform **Glovo** has a range of measures in place, including emergency assistance and insurance to protect workers against task-specific risks (Fairwork 2021).

3. Address discrimination and harassment

Many workers at the base of the pyramid face discrimination and stigmatization that makes it harder to find and maintain work. Some who belong to more than one underserved group—for example, low-income women with disabilities—face discrimination on multiple grounds. Women who work in low-skill and low-pay positions are particularly vulnerable to gender-based violence and harassment (IFC and ILO 2019).

Robust implementation of policies and training programs are central to preventing and addressing discrimination and harassment and in protecting workers' rights. Effective policies include clear prohibitions and consequences for non-compliance, confidential grievance mechanisms, and communication and training across the workforce. Companies such as **OXXO**, **SolTuna**, and **MAS** have implemented anti-harassment policies. In some cases, companies like **Hogaru** and **SolTuna**, have also trained their staff on broader issues that impact well-being, such as domestic violence. Forming partnerships with qualified experts can help companies establish appropriate policies and programs.

4. Reduce entry barriers

Individuals at the base of the pyramid face several barriers to participation in employment, including limited access to

transportation, childcare, or housing. By removing these barriers, companies can improve recruitment and retention outcomes.

For example, companies such as **MAS** offer transportation services in areas where public infrastructure is underdeveloped. Others, such as **The Village Nut Company** and **NEPRA**, provide free or subsidized childcare to low-income parents, while **OXXO** offers housing support services to refugee workers. For the self-employed, including platform workers, start-up costs are often a barrier to entrepreneurship. Companies that engage the self-employed can address this barrier by finding opportunities to reduce start-up costs. For example, e-commerce platform **Evermos** reduced requirements for the upfront purchase of inventory or equipment (beyond a smartphone) to ensure minimal start-up costs for its resellers.



MAS Holdings | Sri Lanka

Box 1:
Examples of targeted recruitment of underserved groups within the base of the pyramid

Women
Refugees
Displaced persons



Youth and the long term unemployed
Persons with disabilities
LGBTI

Women: Women are persistently underrepresented in employment across many sectors and occupations, contributing to a disproportionate share of women at the base of the pyramid (UN 2021). Indian platform company **Shadowfax** increased its pool of female delivery drivers through direct outreach to family members of existing drivers. It also took on targeted measures to make the platform more attractive to women, such as the option to request only short-distance and day-time jobs that may fit more easily with family and care responsibilities. Other ride-hailing and delivery platforms have increased their share of women drivers by strengthening the representation of women in publicity materials or introducing dedicated services that match female providers with female customers (B&FT 2021).

Refugees: Mexican convenience store chain **OXXO** has partnered with the United Nations High Commissioner for Refugees (UNHCR) to boost its recruitment of refugees, who often face discrimination and legal barriers to accessing formal employment. The partnership with UNHCR helps OXXO to connect with refugee jobseekers and to navigate the complex legal requirements associated with hiring refugees. The company supports refugee workers to obtain the necessary documentation for legal work and provides training to store managers and staff to ensure the smooth integration of refugees into the workforce.

Displaced persons: Extreme poverty is increasingly concentrated in geographies characterized by fragility, violence, and conflict (World Bank 2021a). People living in these areas face several barriers to labor market participation, including limited access to education and training, poor infrastructure, and security concerns.

To address these, Colombian cleaning services platform **Hogaru** gives special consideration to the difficulties typically faced by victims of armed conflict in securing employment. For example, candidates may be unable to provide formal employment records or a permanent address. Hogaru recognizes that low-income women may lack access to digital recruiting platforms, so the company maximizes its outreach by using face-to-face recruiting methods, such as announcing vacancies in inner cities with a megaphone, distributing fliers, and interviewing candidates who walk in at the company's central office.

Youth and the long-term unemployed: Companies in the labor-intensive retail, hospitality, and services sectors have implemented recruitment practices, such as job-readiness training, to hire the long-term unemployed and local youth. By overcoming skills barriers in these underserved groups, companies such as **Gap Inc.** (retail), **Sutherland** (business process outsourcing services), **Azalai Grant Hotel** (hospitality), and **Tata Consultancy Services** (data and analytics) have secured preferential access to a motivated local talent pool to meet their labor needs (Blackwell et al. 2017; BSR 2019; IFC 2016; GISC nd-a).

Persons with disabilities: South Africa's Petco works with a specialist service provider to identify candidates for sponsored disability 'learnerships' at the company's recycling partners. In other sectors, disability organization Humanity and Inclusion (HI) has worked with companies in manufacturing and hospitality to develop inclusive apprenticeship programs, to advise on workplace accessibility, and to build human resource capacity to support the employment of people with disabilities (HI nd; HI 2021).



Advancement

Practices that enhance opportunities for better pay for workers at the base of the pyramid and promote their professional and economic advancement.

1. Offer fair pay

Insufficient and uneven income is a key challenge at the base of the pyramid. Companies can support better incomes for these workers by ensuring that pay is regularly reviewed and updated in line with local market conditions and firm performance, especially for the lowest earners. In addition, companies should ensure all workers are paid regularly and on time. For example, during a wage budget review, **Soltuna** prioritized pay rises for its lowest-paid production line workers. This improved workers' financial well-being, while also reducing absenteeism and improving productivity. Dialogue with workers and their representative organizations, including formal collective bargaining, can ensure remuneration that is fair for workers and sustainable for the business.

Companies can also ensure better pay by establishing a bonus and incentive system beyond base pay, and communicating the system to workers. Effective incentives focus on promoting behaviors that contribute to long-term professional advancement and earning potential. For example, **Hogaru's** incentives system ties cash and other rewards to completion of training, thus supporting professional development. It is also important to ensure equitable coverage of incentives. To achieve this, **The Village Nut Company** included both seasonal and permanent employees in its annual bonus system.

In supply chains, buyers have a crucial role to play in enabling the payment of adequate wages. For example, **Levi Strauss & Co.** has prioritized long-term partnerships with suppliers that have clear and predictable order schedules, which reduce fluctuations in demand and enable suppliers to improve wages for their workers.

2. Upskill

Many workers at the base of the pyramid lack the skills and formal educational qualifications to access or progress to better paying work. Upskilling these workers is often a cost-effective means to meet the business's evolving skills needs in the face of labor market shortages. This may include both training to prepare workers to enter or progress to higher-skilled jobs, as well as training to adapt to technological or operational changes, such as new machinery. In companies like **MAS** and **Soltuna**, upskilling has enabled women production workers (and persons with disabilities) to enter traditionally male-dominated occupations that are often higher paid.

Upskilling is also relevant for companies that engage informal self-employed workers. For example, **Evermos** gives high-performing resellers additional training to become 'community leaders', offering them a path to advance and earn more.

3. Support leadership and career development

Company initiatives such as mentoring, peer support, leadership training, and career development can motivate and open up progression opportunities for workers at the base of the pyramid. For instance, **MAS** offers a program for production workers with secondary level education to take up university studies, with a view to progressing into leadership roles. To support career development, **Hogaru** and **The Village Nut Company** offer workers career guidance through dedicated relationship managers, as well as formal and informal appraisals.

4. Build capacity for self-employment

For companies that do business with the self-employed, investments in capacity building and provision of inputs can support workers' earning potential and improve performance. For example, the Brazilian cosmetics industry association, **ABIHPEC**, coordinates technical training for informal waste pickers and provides equipment to cooperatives to improve collection and sorting, to the mutual benefit of pickers and recycling plants. In South Africa, cleaning services platform **Sweepsouth** offers skill specific training along with training on customer service and use of its app (Fairwork 2022).

Platform companies like **Shadowfax** are leveraging technology to provide accessible online self-learning programs and tools that help maximize earning opportunities, such as route optimization tools.

As a result of capacity building, indigenous producers of bananas in **Paradise Ingredients'** supply chain **increased their production by more than 100 percent**, with positive impacts for incomes, living conditions and investments in health and education.

MAS Holdings: *Supporting the advancement of factory-floor workers in Sri Lanka*

MAS Holdings is a global apparel manufacturing company headquartered in Sri Lanka. The company's workforce is predominantly comprised of workers at the base of the pyramid in entry-level production roles. Women account for 76 percent of these workers.

To support the professional and economic advancement of its workforce, MAS implemented several practices focused on upskilling, leadership development, and career progression.



These practices include:

- A development program for team leaders and group leaders provides financial support to employees to earn a vocational or tertiary education diploma in order to progress to higher paying roles.
- In partnership with global clothing company, Gap Inc., MAS offers a personal advancement and career enhancement (PACE) program, which provides life skills and technical training.
- Upskilling opportunities are provided to women employed in MAS's manufacturing divisions to support their progression into roles that are traditionally held by men, such as mechanics and garment cutters.

In addition, MAS supports the participation of workers at the base of the pyramid by providing transportation and childcare, and by adopting robust anti-harassment policies.

The company's investments in its workforce have led to a 29.5 percent turnover rate, which is much lower than the industry average of 60 percent. These investments also resulted in increased productivity and greater availability of skilled labor. The positive effects on workers and their families enabled MAS to develop strong relationships with the communities in which they operate.

See the complete case study [here](#).



Resilience

Practices that build the financial and personal resilience of workers and their families.

1. Improve access to benefits

Workers at the base of the pyramid often have little or no access to forms of social protection that can provide a safety net in times of need. This is especially the case for informal and self-employed workers, including many platform workers, who are often not covered under publicly-funded social security schemes. As a result, they are left without access to adequate healthcare, pensions, sick leave or injury benefits, maternity benefits, or basic income support. Many governments are adopting a variety of approaches that classify self-employed workers in the gig economy as employees or in an intermediary category that extends labor protections and benefits. This includes social security and requiring that companies offer injury insurance (ILO 2021b).

Practices that formalize employment offer one means of expanding access to public social protection schemes. For example, **Hogaru** has created formal employment opportunities in the cleaning industry, a predominantly informal and unregulated sector in Colombia. This has allowed many workers to access social benefits for the first time. In other highly informal sectors, such as waste management, companies like **Danone** have supported the formalization of waste picker cooperatives to extend workers' access to social security. It is important to note that formalization may not be accessible to, or desired by, some workers at the base of the pyramid.

As a result of **Danone's** support for waste picker cooperatives in Argentina, 4,500 waste pickers have been formally contracted by cooperatives. **Cooperative members earn three to five times more than informal waste pickers and have access to social security.**

Some companies also offer benefits that fill gaps in existing social security coverage. For example, **The Village Nut Company** is working on developing year-round medical insurance for seasonal workers and their families, going beyond their statutory obligation to provide coverage only during periods of employment. Ride-hailing platform **Shadowfax** offers accident and injury insurance to its drivers (WEF 2020a). Companies can also improve healthcare coverage through onsite clinics, sexual health education, and nutrition programs (see **LS&Co.** case study).

Many companies also introduced short-term support measures for informal workers during the COVID-19 pandemic, including insurance funds and cash transfers to compensate for lost earnings (see **Shadowfax** and **ABIHPEC** case studies).

2. Facilitate access to finance / financial literacy

Expanding access to finance can support workers' resilience, allowing them to better manage financial setbacks that may otherwise cause them to sink into unmanageable debt. To address this issue, **The Village Nut Company** introduced schemes so that workers can make monthly contributions to a savings account via salary deductions and/or access small personal loans. Other companies, such as **Shadowfax**, **OXXO**, and **SolTuna**, are working with local banks and fintech companies to help workers open savings accounts, conduct advance withdrawals based on expected earnings, and access financial services.

Many companies, including **Evermos** and **SolTuna**, also support financial literacy training to enhance access to finance. Many workers at the base of the pyramid are, or have been, in informal work, and may be unbanked, and thus have less experience with understanding payment, debt, and savings, or managing income flows. Training on financial literacy and household budgeting not only improves workers' resilience through better management of personal finances, but it also benefits the business by reducing absenteeism and by helping workers avoid short-term financial crises.

3. Enhance job and income stability

Improving employment security enhances economic stability and builds longer-term financial resilience for workers at the base of the pyramid, especially informal workers who face significant income volatility. Relevant practices may include transitioning temporary or seasonal workers to permanent employment, bringing self-employed workers into the direct workforce, or offering guaranteed minimum hours. Cleaning services platform **Hogaru** made a strategic decision to contract cleaners as direct employees rather than self-employed workers, in a sector characterized by informal work. Another example is food and grocery delivery company **Box8** in India, which offers full-time contracts to its employees (ILO 2021b).

Over 90 percent of **Hogaru's employees** are in their first formal job, accessing benefits — including **regular wages, paid leave, access to pensions and healthcare** — for the first time.

In some sectors, such as agribusiness, seasonal employment models are often necessary to manage fluctuations in demand for labor. Companies can mitigate the inherent insecurity of seasonal work by providing alternative work, such as maintenance, in other parts of the business during the off season. Training can also help workers to develop supplemental income streams during the off season.

The Village Nut Company: Promoting resilience of agricultural workers in rural Kenya

The Village Nut Company, a macadamia processor in Kenya, has put in place measures that provide seasonal workers with alternative opportunities to generate incomes during the off season, thus building economic resilience. These practices include:

- Alternative on-farm job opportunities in roles such as maintenance and cleaning.
- Opportunities to develop additional income-generating skills, including baking, yogurt-making, and brick-making.
- Training workers and community members on maximizing farm outputs.
- Provision of free nut seedlings to workers, who can cultivate the trees as smallholders and sell nuts back to the factory for processing.
- Access to loans through the company's savings and credit cooperative to support the establishment and operation of small businesses.

By supporting the financial resilience of its employees, The Village Nut Company's founders have built a thriving business in a challenging environment fraught with skills and labor shortages due to migration to urban centers. These initiatives enable the company to create viable agribusiness jobs in a rural area with limited alternative opportunities, helping to reduce urban migration and securing a reliable seasonal workforce.

Providing workers with attractive alternatives to migration resulted in very low levels of staff turnover of just 2 percent among permanent and seasonal workers alike, reducing the resource and productivity costs of replacing staff who possessed valuable technical skills.

See the complete case study [here](#).

Hogaru: Supporting formal employment of digital platform workers in Colombia

Hogaru is a Colombian digital platform that provides cleaning services for households and small businesses. Hogaru provides formal, permanent contracts for its 598 cleaning professionals, all of whom are women. Most of these cleaners are from poor areas and are working in their first formal job.

The company implements several practices to further support the economic resilience of its cleaning professionals:

- As a result of formal employment, cleaning professionals can access benefits, including paid leave, pensions, and healthcare.
- In addition to standard benefits, Hogaru offers one paid day off every 90 days for a medical appointment, and two paid days off per year to cover other personal needs.

- The company offers cleaning professionals small, interest-free loans, as well as loans for unexpected medical or family emergencies. It also provides administrative support to help cleaning professionals open a savings account.
- A mentorship program with company supervisors helps cleaning professionals enroll in government healthcare and pension schemes and provides support to navigate challenges such as arranging childcare, finding housing, and accessing transportation.

The company's practices have improved retention and reduced the annual worker turnover rate from 16 percent in 2015 to 9 percent in 2022. They have also strengthened the company's relationships with its customers through improved quality of service. From 2015 to 2022, the average duration of a business relationship between a cleaner and a specific customer increased by 50 percent from six months to nine months.

See the complete case study [here](#).





Empowerment

Practices that empower workers at the base of the pyramid to exert greater influence over their work and to defend and determine their interests at work.

1. Support worker representation and dialogue

Companies promote workplace cooperation and dialogue by respecting workers' freedom of association and by engaging proactively with workers and their trade unions or worker organizations. Effective representation and social dialogue provide base of the pyramid workers with a means to influence decision-making on their working conditions, terms of employment, and economic well-being. For companies, meaningful engagement with workers and their trade unions or representative organizations can enable them to resolve issues before they escalate.

Engagement can take place in different ways, including collective bargaining with trade unions, dialogue and partnerships with cooperatives and other worker organizations (see **ABIHPEC** case study), or via worker-management consultation committees (see **SolTuna**). Companies should ensure any non-union dialogue and cooperation mechanism does not seek to replace or undermine the role of trade unions as the primary vehicle of worker representation.

In recent decades, many trade unions have started work to strengthen representation and voice for workers in the informal economy. Examples include unions working to organize and educate informal workers, establish collective bargaining structures, and advocate for their interests. They have done this either by organizing informal workers, including gig economy workers into sector unions, by recognizing informal worker associations as trade unions, or by affiliating these associations with existing trade unions (ILO 2019). Companies can support these efforts by respecting workers' freedom of association and engaging in good faith with relevant unions and other worker organizations.

2. Provide communication and grievance channels

Establishing communication channels and workplace grievance mechanisms can also provide protection to workers at the base of the pyramid with limited access to other judicial and formal means of resolving grievances. In the agri-processing sector, **SolTuna** has an Employee Consultative Committee comprised of elected worker representatives tasked with improving worker-management communication, including complaint resolution. SolTuna also has a suggestion box for employees, allowing them to anonymously raise concerns or make suggestions—which are presented in a company newsletter with management responses. Another example, in the service industry, is **Hogaru** in Colombia. Hogaru provides various channels through which workers can raise concerns and access support, including via digital groups, a personal relationship manager, and an online reporting app open to both direct employees and self-employed workers. Finally, in the gig economy, platforms like **SweepSouth** and **Glovo** have communications channels and disciplinary due process mechanisms to remedy sudden deactivation or removal from the platform.

Following the introduction of a bi-monthly 'team talk' initiative, which provides workers with an opportunity to air grievances and discuss work issues, **The Village Nut Company** achieved an **80 percent reduction in workplace conflicts.**

3. Support self-organization of informal workers

Self-organization can play a key role in empowering workers at the base of the pyramid, especially in sectors that have informal workers in their supply chains. For example, by supporting the creation and development of worker cooperatives, companies can support the empowerment of informal and self-employed workers while integrating them into supply chains.

In sectors such as waste management, Brazil's cosmetics industry association **ABIHPEC** provides one example of a national program that empowers informal workers by promoting self-organization. The program supports the creation and formalization of waste picker cooperatives, builds links between them to improve workers' collective negotiating position, and creates direct sales between cooperatives and recycling plants. Self-organization secures a fairer price for waste pickers and provides them with a strong voice to defend their interests in local, sectoral, and national policy discussions. In agribusiness, **Paradise Ingredients** offers technical assistance to its local smallholder farmer association to strengthen its financial management and reduce operating costs for producers, helping it to better represent the interests of its members.

4. Provide fair and clear terms of work

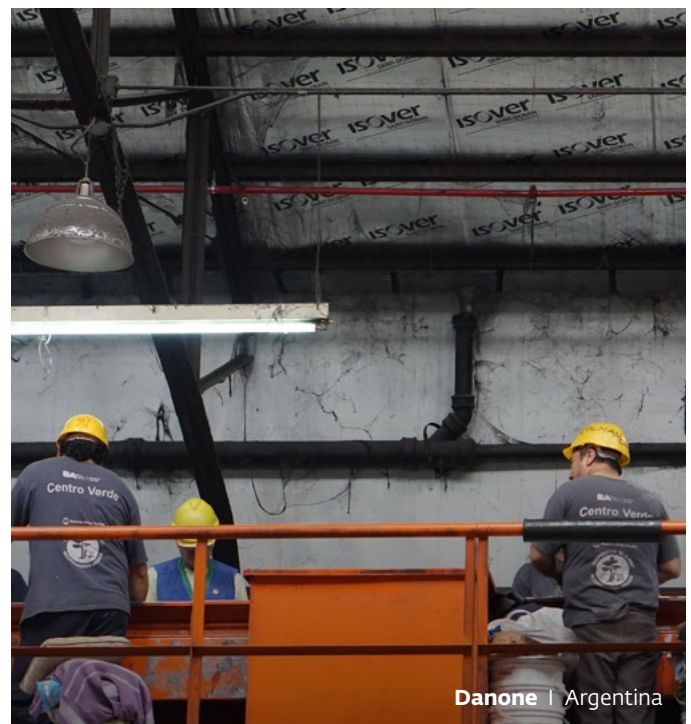
Another issue facing informal workers, such as those in the gig economy, is that of fair and clear contracts or work terms. Platform workers are often unaware of how work is allocated or lack the same entitlements as employees, including redress for unfair termination. Some platform companies are working to address this. One example is **Sweepsouth** in South Africa, which recently updated its terms and conditions to ensure they were simple and clear for workers, that contract terms were fair, and that there was an appeals process for workers in the event of deactivation.

On the supply chain side, workers at the base of the pyramid may be subject to exploitative practices by more powerful economic actors, resulting in wage theft, underpayment for services, or unilateral changes to agreed prices. Transparency in pay, such as through digital pay systems, can help mitigate these risks, in addition to providing a more secure mechanism for financial transactions. For example, to ensure pricing transparency in its supply chain, **NEPRA** tracks transactions with waste pickers through a dedicated mobile app, invites waste pickers to inspect the accuracy of scales to ensure collections are weighed fairly, and provides immediate payment at fixed rates.

Some waste pickers report a **20 to 25 increase in earnings** after partnering with **NEPRA**, due to the company's practices to ensure transparency and fair payment, as well as convenient collection pick-up services and training for waste pickers.

5. Recognize value of work

The work of people at the base of the pyramid is often subject to social stigma that contributes to poor treatment and lack of voice in interactions with commercial partners, local authorities, and the communities in which they work. However, companies can create greater awareness of the value of this work. In waste management, **Danone** and **Petco** have run public awareness campaigns in support of waste pickers. Petco has also sponsored the provision of uniforms, equipment, and ID cards to waste pickers to enhance public recognition of the value of their work. In retail, **OXO** has worked to address stigma towards refugees in Mexico by showcasing positive stories about their work in external communications.



Petco Producer Responsibility Organisation NPC: Empowering waste pickers in South Africa

Petco Producer Responsibility Organisation NPC is an industry-driven initiative in South Africa founded by 28 members, including Coca-Cola, Unilever, PepsiCo, plastics manufacturer Saffropol, and retailer Pick n Pay. Petco was formed to invest in the recycling infrastructure of post-consumer polyethylene terephthalate (PET), supporting PET recyclers as well as waste pickers in their value chain.

To achieve higher collection of PET material, Petco recognized the need to improve economic opportunities for waste pickers and to reduce the social stigma of waste picking as an economic activity. Petco implemented the following practices to empower waste pickers:

- Petco worked with buy-back centers to improve payment transparency through the adoption of the BanQU tech platform, which records transactions with waste pickers. The platform provides a digital record which can be used by waste pickers to access credit.

- Petco provided enterprise development support to waste picker organizations, such as the African Reclaimers Organization (ARO), which advocates for improved working conditions for waste pickers.
- To support the recognition of waste picking as a profession, Petco sponsored the provision of uniforms, identity cards, and branded equipment for waste pickers.
- To reduce social stigma, Petco launched campaigns via billboards, social media, and radio to raise consumer awareness of the importance and value of waste picking.

These activities have made PET collection a more attractive source of income for South Africa's waste pickers, leading to an increase in the volume of PET bottles collected as well as improved income generation opportunities for waste pickers.

As a result, Petco's members are better positioned to meet their sustainability and recycling goals and to comply with South Africa's new Extended Producer Responsibility regulations that require companies to assume responsibility for PET products across their entire life cycle.

See the complete case study [here](#).



Petco | South Africa

Box 2: *Putting Inclusive Employment Practices into Action and Measuring Their Impact*



Diagnose the needs of workers and the business

Amplify impact through partners

Measure results for businesses and workers

The previous section of this report examined inclusive employment practices and provided examples of companies working to improve opportunities and the quality of work for individuals at the base of the pyramid. There are a number of practical steps corporates can take that will set them up for success in advancing these endeavors and amplify lasting positive change.

Diagnose the needs of workers and the business

- Map or identify how the business engages with the base of the pyramid in work, including the direct workforce, informal workers, and supply chain workers. Consider the role of informal workers in the value chain and how to support them through inclusive employment.
- Work with them and relevant organizations, such as worker associations, trade unions, civil society organizations, non-governmental organizations, and cooperatives, to understand how furthering their skills and capabilities can support business needs.

Amplify impact through partners

- Encourage, incentivize, and support suppliers and service providers that employ workers at the base of the pyramid in corporate value chains to help them adopt inclusive employment practices.
- Create partnerships that advance work for the base of the pyramid. Possible partners include governments, trade unions, workers organizations or cooperatives, industry associations, technical assistance partners, civil society organizations, and investors.
- Companies implementing inclusive employment practices may be able to access a wider pool of investors and raise funding via social bonds and other innovative financing structures with a designated use of proceeds aiming to benefit the base of the pyramid.

Measure results for businesses and workers

- Consider how existing M&E systems need to be adjusted to track the impact of inclusive employment practices on workers and on business performance, and improve data collection and measurement.
- Leverage technology and digital tools to track the progress and impact on workers and firms.

Monitoring & Evaluation Frameworks for Inclusive Employment

– Principles & Sample Indicators

KEY PRINCIPLES:

- 1. Identify the target base of the pyramid population:** Clearly defining the target population (i.e., who the BOP workers are) is critical to ensure data is collected from the relevant workforce segment. Possible proxies for the base of the pyramid may be a relevant job category or work characteristics (i.e., low-skilled/entry level) or wage levels (i.e., wages corresponding to the bottom 40 percent of earners in the country). Different types of work should be considered, for example not only the full-time workforce but also seasonal or temporary workers, informal supply chain workers, and/or self-employed own account workers.
- 2. Disaggregated data:** To allow for disaggregated data collection, companies will likely need to tailor existing metrics or add new metrics to capture results of inclusive employment practices at the base of the pyramid. This will require a balance between how specific the indicators are (and the complexity it could introduce) while ensuring that metrics are streamlined, clear, and feasible. Gender-disaggregated data should be collected.
- 3. Focus on practices:** Metrics should go beyond job creation to capture the intended result of the practice. For example, if the effort is focused on outreach, then the metric should focus on new recruits from that target group. Similarly, metrics related to upskilling should track workers at the base of the pyramid trained or promoted and measure any increase in earnings over time.
- 4. Business benefits:** Indicators should also measure and track impact on business performance. Chapter 2 presents a basic framework of business benefits which can be a useful starting point to help companies decide which metrics to include. Common examples include output per worker (or other productivity metrics), absenteeism and turnover rates (and associated costs), and volume sourced. Intangible benefits, such as reputation and brand, can also be considered.
- 5. Reporting:** Metrics should be embedded into existing data collection and reporting frameworks. Data should be collected at regular intervals to allow progress to be tracked over time, and for course correction if needed. Metrics should allow for disaggregation of data for other segments of the workforce, such as women, in addition to workers at the base of the pyramid.

EXAMPLES OF INDICATORS:

Participation	<ul style="list-style-type: none">• # of new recruits from BOP target group• # of BOP workers with no previous employment history• # of BOP workers benefitting from employer-supported services (e.g., transport, childcare)
Advancement	<ul style="list-style-type: none">• # of BOP workers completing skills training• Average growth in income or earnings of target BOP group over time (i.e., after launch of a training or initiative)• # of BOP workers promoted
Resilience	<ul style="list-style-type: none">• # of BOP workers with a bank account, mobile money, savings account, etc.• # of BOP workers receiving loan/credit through company-sponsored credit• # of BOP workers covered by social protections/ benefits
Empowerment	<ul style="list-style-type: none">• # of BOP workers with access to worker-management consultation or feedback• # of BOP supply chain workers that are part of a cooperative/worker association• # of BOP workers receiving pay through digital payment mechanisms

4. The Role of Investors in Inclusive Employment

Over recent years, investors have increased their focus on investees' environmental, social, and governance performance. In fact, major global investors are now integrating ESG considerations across their entire portfolios (O'Connor-Willis 2021). The value of ESG funds and other sustainable funds rose to \$35 trillion in 2020, a 66 percent increase from 2016 (Bloomberg 2021). By 2025, ESG funds could account for a third of all global assets under management (Bloomberg 2022). In this context, investee labor practices—such as inclusive employment practices—are increasingly relevant to investors.

Inclusive employment practices align with investees' business and financial performance.

At the firm level, there is a well-documented positive correlation between strong ESG performance—including positive impacts on base of the pyramid employment—and investor returns. For example, strong social credentials are linked to value creation, business resilience, long-term firm performance, and higher equity returns (Aziz 2020; Business Roundtable 2019; Hale 2020; Heyward 2020; Nagy et al. 2016; Khan et al. 2016).

As described in Chapter 2, businesses can expect a range of benefits when they include the base of the pyramid in their recruitment and leadership, invest in developing human capital, and put in place basic support systems for workers. These benefits include greater access to skilled labor, gains in worker productivity, more resilient supply chains, increased access to markets and capital, and reputational benefits. These contribute directly to enhanced business and financial performance, to the mutual benefit of firms and investors.

Inclusive employment reduces risk.

From an investor perspective, ensuring strong ESG credentials among investees is also an important element of risk management. Investees that can demonstrate compliance with labor regulations, align with relevant industry or other voluntary employment standards, and proactively improve relationships with workers and communities at the base of the pyramid beyond compliance are inherently lower risk. Furthermore, a focus on inclusive employment allows investees to better identify and mitigate risks related to the employment of vulnerable workers in this segment.

Inclusive employment contributes to value creation and promotes greater access to markets.

By creatively addressing challenges faced by the base of the pyramid, companies focused on inclusive employment develop core investment value drivers, such as innovation, transparency, and integration. Furthermore, the goodwill associated with efforts to support inclusive employment can help investees expand access to new investors, create partnership opportunities, and motivate both workers and consumers.

Circulate Capital is an impact-focused investment management firm focused on scaling solutions to plastic waste and climate change. It notes that customer demand for transparency in supply chains and responsible sourcing presents a strong business case for inclusive employment practices in the waste management sector.

Practices that promote inclusion of the base of the pyramid improve the business environment.

Investments that promote inclusive economic growth in target markets—by encouraging innovation, building internal management capability, supporting human capital development, or expanding access to goods and services—can also generate returns beyond improved investee performance. This helps to develop the broader social, economic, and governance infrastructure of local markets that can support better performance of future investments. This can be particularly important for investors with a social impact focus, such as impact investors and development finance institutions (DFIs).

Adopting an Inclusive Employment Investment Strategy

Define a strategy: Before undertaking investments to support employment at the base of the pyramid, investors should define their strategy for supporting employment practices that promote the participation, advancement, resilience, and empowerment of these workers. This inclusive employment investment strategy should establish the type of workers reached through investees (i.e., direct employees or indirect workers in the supply chain) and the theory of change linking the investment to those workers. This can be incorporated alongside an investment thesis (i.e., thematic or industry focus) by considering how these investments will improve the quality of employment for workers at the base of the pyramid.

Investors, such as impact-investing asset manager **Symbiotis**, emphasize the importance of starting the investment process by ensuring that companies are 'mission-aligned'—that is, identifying business models based on inclusion of the base of the pyramid, with strong links between social impact and commercial performance.

In addition, investors can integrate inclusive employment throughout the investment process, including:

Deal Origination: During deal origination, investors screen investment opportunities for alignment with their strategy. Investments should be assessed through negative and positive screens. Negative screens are used to minimize financial, reputational, and operational risks related to an investee's labor practices and to ensure they comply with national laws and labor standards. Positive screens can then be used to proactively identify how investees generate positive social impact on workers at the base of the pyramid in ways that create business value.

Due Diligence: In this step, investors gather employment data and information on labor policies and practices from investee companies with a focus on their target worker segment at the base of the pyramid. The goal is to establish a baseline regarding the investee's practices and determine any risks and opportunities that could impact the company. Appraisal questions should seek to understand relevant policies and practices that impact the participation, advancement, resilience, and empowerment of these workers. This could include HR policies, benefits, or career development opportunities. Using information obtained during due diligence, investors can identify gaps in an investee's practices and policies that can be addressed as part of the investment. Activities could be undertaken by the investee or with the support of the investor, for example, through technical assistance.

Set targets: Within the context of monitoring and evaluation systems, investors should seek to establish quantifiable targets and metrics to measure progress. This should be based on an investment's theory of change and should go beyond measuring the number of jobs to also consider improvements to the quality of jobs.

Investment decision: Investors should integrate the outcomes of the analysis and the resulting action plan into the final deliberations of the investment process. For example, this may include discussions with an investment committee, where a final investment decision would be made. Impact scorecards can be used to support decision-making through metrics and targets (GIIN 2021).

Portfolio management: Once the investment is finalized, the investor's role shifts toward supporting the investee in achieving its inclusive-employment outcomes as per the investment agreement. Common approaches to supporting investees are discussed in the next section. Finally, investors measure the progress of the investee's activities by monitoring relevant performance indicators and milestones as defined in their measurement systems.

How Investors Can Support Investees

There are several actions that investors can take to support investees, for example:

Leverage financing structures to incentivize investees to achieve greater social impact for workers at the base of the pyramid. Investors can explore opportunities to use financing instruments, such as sustainability linked bonds, that tie financial incentives to the achievement of inclusive employment targets. Through these incentives, investors could achieve greater social impact and demonstrate this publicly, especially by linking to relevant benchmarks such as the Sustainable Development Goals.

Map base of the pyramid work in investee companies. Workers at the base of the pyramid may be in less visible areas of investee operations, for example in the supply chain. Therefore, investors should encourage investee companies to conduct a mapping exercise to understand where these workers are likely to be present, their relationship to the company, and how they contribute to business growth and performance. Investors can help investees develop technologies to map these workers in their operations.

Strengthen data collection and impact measurement among investees. Investors can help investee companies set up their own M&E systems, define relevant metrics for inclusive employment practices, and encourage or require investees to conduct and share regular reporting on progress (see sample metrics in Box 2). Strengthening data collection will allow both the investor and investee companies to better understand the business impact of their practices. It will also allow investors to aggregate results across investees through standardized metrics and to demonstrate the impact of their investments.

Aavishkaar Capital is a venture capital investor in early-growth stage enterprises in India that generate a commercial return as well as social impact. It supports investees by strengthening investees' ESG systems, encouraging training of workers at investee companies, and facilitating knowledge sharing to exchange good practices.

Support human capital development and transparent people management systems. Investors who aim to promote employment at the base of the pyramid can focus on strengthening and institutionalizing people management systems and human resources functions at investee companies. For example, Aavishkaar Capital brings in human resource experts to strengthen these practices at investee companies. A robust workforce management system helps ensure fair and consistent treatment of all workers—including those in lower-income bands. Investors can also provide capacity building to their investees to encourage the adoption of programs that strengthen human capital, such as training (GIIN 2021).

Provide opportunities for knowledge sharing and dialogue. Private equity investors can convene knowledge-sharing opportunities between investee companies to facilitate exchange of good practices in inclusive employment. This maximizes their unique position of influence over investees to create change across multiple companies.



5. A Call to Action

As the main source of jobs and business opportunities worldwide, the private sector plays a critical role in improving the quality of work and livelihoods for workers and households at the base of the pyramid. This publication shares a range of practices that companies and investors can adopt to support and advance inclusive employment in ways that are also good for business.

At a high-level, these practices focus on the following principles:

1. Promote participation in work, reduce barriers to work, and provide a safe and respectful work environment.
2. Offer fair and transparent pay, and secure and clear terms of work.
3. Provide training and capacity building to help workers increase productivity and income-earning potential, build skills and advance into more technical jobs, and adapt to the future of work.
4. Build resilience through access to benefits such as insurance and healthcare.
5. Ensure worker representation and provide communication and grievance channels.
6. Empower and build the capacity of workers throughout the value chain including informal or self-employed workers.
7. Encourage and equip suppliers and service providers in corporate supply chains to promote participation, advancement, resilience, and empowerment of their own BOP workforce.

These practices are meant to be a starting point for companies and should consider the business and market context and the nature of firms' engagement with the base of the pyramid, whether this is through their direct workforce, through supply chains, or as self-employed informal workers providing goods and services to corporates in their value chains. To support these efforts and promote lasting positive change, companies should work to identify and map how they engage with the base of the pyramid in work, improve data collection and measurement frameworks to track progress and impact, and consider opportunities to amplify impact with partners.

An Investor Call to Action:

Investors can apply a few basic principles to promote inclusive employment among investees:

- Define (or tailor) approach to investing in and supporting inclusive employment, aligned with strategic priorities and impact objectives.
- Integrate into opportunities at deal origination, due diligence, and portfolio management.
- Incentivize investees, for example by linking financial incentives to inclusive employment targets such as with sustainability-linked bonds.
- Build investee capacity to create an inclusive workforce, for example through technical advice on workforce management systems or business performance or by facilitating investee dialogue across the portfolio.

Companies and investors across the world are already proving the business case for adopting inclusive employment practices. They are creating opportunities for individuals to 'work out of poverty'. They are improving their access to labor, capital, and customers, and strengthening corporate values, risk management, and supply chain resilience. Moreover, they are building community cohesion and civic participation, while reducing public spending on social assistance. As more companies adopt inclusive employment practices, they drive long-lasting positive change for workers at the base of the pyramid, for the private sector, and for society as a whole.

Footnotes

¹ The focus of this publication is on private sector practices to support workers at the base of the pyramid, including informal workers in company value chains. It assumes companies' compliance with labor legislation as a prerequisite to responsible (legal) business activity. As such, this publication does not cover direct informal employment in formal enterprises ('undeclared workers'). This approach is consistent with the IFC Performance Standard 2 on Labor and Working Conditions (IFC, nd).

² According to analysis conducted by ILO (2018), not all informal workers are considered poor. However, there is a strong positive correlation between poverty and informality, with higher rates of informal employment among the poor compared to the non-poor.

³ According to ILO Recommendation No. 204 (ILO 2015), informal workers are those who are engaged in economic activities that are not covered or are insufficiently covered by formal arrangements in practice or law. This report follows this broader operational definition of informality, which includes forms of employment that may be fully in compliance with relevant legislation, but that nonetheless imply a lack of basic protections for workers (e.g., temporary or seasonal workers may lack access to social protection and other employee benefits).

⁴ Social protection refers to policies and programs that reduce and prevent poverty and vulnerability throughout the life cycle, including cash and non-cash benefits for children and families; maternity; unemployment; work injury; sickness; old age; disability, and health protection (see ILO, 2017; World Bank, 2012).

⁵ Note on formalization of employment: Rather than a one-time event, formalization is a context-specific, gradual process leading to different types and degrees of formality (WIEGO nd-b). Companies with informal workers in their supply chains can contribute to the formalization process through inclusive employment practices. This may include practices that improve working conditions or earning potential through capacity-building. It may also include initiatives that help to integrate informal workers into supply chains in more systematic and formal ways, for example, supporting self-organization of cooperatives or introducing more transparent pricing and payment systems (WIEGO nd-a). These practices are addressed in Chapter 3. It is important to note that formalization may not be achievable or desirable for all informal workers, depending on their unique circumstances, preferences, and the costs and benefits associated with formalizing. To improve employment outcomes, it is vital that employers consult informal workers at the base of the pyramid and their representative organizations (WIEGO nd-b).

⁶ This includes IFC Environmental and Social Performance Standards, including Performance Standard 2 on labor and working conditions, which states that "companies treat their workers fairly, provide safe and healthy working conditions, avoid the use of child or forced labor, and identify risks in their primary supply chains".

⁷ Many governments and civil society organizations are now moving towards ensuring OHS for workers in the supply chain and the gig economy.

Bibliography & References

Access to Nutrition Initiative (ANI). 2021. Workforce Nutrition Programs in Supply Chains.

https://accesstonutrition.org/app/uploads/2021/12/WFN-Discussion-Paper-Complete-Draft-5.clean_final.pdf

Aziz, Afdhel. 2020. "The Power of Purpose: The Business Case For Purpose (All The Data You Were Looking For Pt 2)". Forbes (7 March 2020).

<https://www.forbes.com/sites/afdhelaziz/2020/03/07/the-power-of-purpose-the-business-case-for-purpose-all-the-data-you-were-looking-for-pt-2/?sh=74274d213cf7>

B&FT. 2021. "At Bolt, women drivers are doing it differently" (9 March 2021).

<https://thebftonline.com/09/03/2021/at-bolt-women-drivers-are-doing-it-differently/>

Blackwell, Glover, Kramer, Vaidyanathan, et al. 2017. The Competitive Advantage of Racial Equity. (FSG/PolicyLink).

https://www.policylink.org/sites/default/files/The%20Competitive%20Advantage%20of%20Racial%20Equity-final_o.pdf

Bloomberg. 2022. "ESG May Surpass \$41 Trillion Assets in 2022, But Not Without Challenges, Finds Bloomberg Intelligence".

<https://www.bloomberg.com/company/press/esg-may-surpass-41-trillion-assets-in-2022-but-not-without-challenges-finds-bloomberg-intelligence/>

Bloomberg. 2021. "ESG assets may hit \$53 trillion by 2025, a third of global AUM".

<https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>

Bonnet, Florence, Joann Vanek and Marth Chen. 2019. Women and Men in the Informal Economy: A Statistical Brief. Manchester, UK: Women in Informal Employment: Globalizing and Organizing (WIEGO).

<https://www.wiego.org/sites/default/files/publications/files/Women%20and%20Men%20in%20the%20Informal%20Economy%20-%20A%20Statistical%20Brief%20-%20of%20web.pdf>

Business for Social Responsibility (BSR). 2019. Reducing Poverty Through Employment Toolkit (San Francisco: BSR).

https://www.bsr.org/reports/Reducing_Poverty_through_Employment.pdf

Chen, Martha Alter and Victoria Beard. 2018. "Including the Excluded: Supporting Informal Workers for More Equal and Productive Cities in the Global South." Washington, DC, USA: World Resources Institute (WRI).

<https://www.wri.org/research/including-excluded-supporting-informal-workers-more-equal-and-productive-cities-global>

Chen, Martha Alter. 2012. The Informal Economy: Definitions, Theories, and Policies. Cambridge, MA, USA: Women in Informal Employment: Globalizing and Organizing (WIEGO).

https://www.wiego.org/sites/default/files/publications/files/Chen_WIEGO_WP1.pdf

Fairwork 'Glovo (Kenya)'. 2021. https://fair.work/en/ratings/platforms/india-flipkart/?y=2021#note_2021_3_2

GIIN (Global Impact Investing Network). 2021. "Understanding Impact Performance: Quality Jobs Investments".

https://thegiin.org/assets/Understanding%20Impact%20Performance_Quality%20Jobs_webfile.pdf

Global Impact Sourcing Coalition (GISC). Nd-a. Unlocking the power of procurement: A case study of Nielsen's sourcing journey to deliver social impact. https://gisc.bsr.org/files/GISC_Case_Study_Nielsen.pdf

Humanity and Inclusion (HI). Nd. Partnering local organizations for disability inclusion: Michelin's experience in India.

https://hi.org/sn_uploads/document/Factsheet-Michelin-Partnerships-EN.pdf

Humanity and Inclusion (HI). 2021. "Michelin Chennai Director: How to become an inclusive employer for persons with disabilities?" [Video]. <https://youtu.be/H78szaOobDY>

International Finance Corporation (IFC). Nd. (Accessed December 2022). "Performance Standards".

https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

International Finance Corporation (IFC). 2013. Working with Smallholders A Handbook for Firms Building Sustainable Supply Chains.

<http://documents.worldbank.org/curated/en/769991543589955174/Working-with-Smallholders-A-Handbook-for-Firms-Building-Sustainable-Supply-Chains>

International Finance Corporation (IFC). 2016. A Hotel Is Not Just A Place To Sleep: IFC Investments in High-Quality Hotels: Promoting jobs, business infrastructure, tax revenues, and local supply chains (Washington: IFC).

<http://documents.worldbank.org/curated/en/844291467995052269/IFC-investments-in-high-quality-hotels-promoting-jobs-business-infrastructure-tax-revenues-and-local-supply-chains-a-hotel-is-not-just-a-place-to-sleep-case-study>

International Finance Corporation (IFC). 2020. Leveraging Inclusive Business Models to Support the Base of the Pyramid during COVID-19.

<https://openknowledge.worldbank.org/bitstream/handle/10986/34307/Leveraging-Inclusive-Business-Models-to-Support-the-Base-of-the-Pyramid-during-COVID-19.pdf?sequence=1&isAllowed=y>

International Finance Corporation (IFC) and International Labour Organization (ILO). 2016. Progress and potential: How Better Work is improving garment workers' lives and boosting factory competitiveness. (IFC/ILO). https://betterwork.org/wp-content/uploads/BW-Progress-and-Potential_Web-final.pdf

International Finance Corporation (IFC) and International Labour Organization (ILO). 2019. Sexual harassment at work: Insights from the global garment industry. https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_732095.pdf

International Finance Corporation (IFC). 2017b. Tackling Childcare: The Business Case for Employer-Supported Childcare. <https://www.ifc.org/content/dam/ifc/doc/mgrt/01817-wb-childcare-report-finalweb3.pdf>

International Finance Corporation (IFC) and International Labour Organization (ILO). 2020. Harnessing compliance to improve well-being and productivity: The impact of Better Work factories in Cambodia (IFC/ILO). <https://stage.betterwork.org/reports-and-publications/harnessing-compliance-to-improve-well-being-and-productivity-the-impact-of-better-factories-cambodia/>

International Labour Organization (ILO). Nd. <https://ilostat.ilo.org/topics/social-protection/>
International Labour Organization (ILO). 2015. R204-Transition from the Informal to the Formal Economy Recommendation. https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R204

International Labour Organization (ILO). 2017. World Social Protection Report 2017–19: Universal social protection to achieve the Sustainable Development Goals. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_604882.pdf

International Labour Organization (ILO). 2018. Women and men in the informal economy: A statistical picture. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf

International Labour Organization (ILO). 2019. Organizing Informal Economy Workers into Trade Unions. https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_710400.pdf

International Labour Organization (ILO) 2020a. Conceptual Framework for Statistics on Work Relationships. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_746768.pdf

International Labour Organization (ILO). 2020b. The supply chain ripple effect: How COVID-19 is affecting garment workers and factories in Asia and the Pacific. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/briefingnote/wcms_758626.pdf

International Labour Organization (ILO). 2021. World Social Protection Report 2020–22: Social protection at the crossroads – in pursuit of a better future. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_817572.pdf

International Labour Organization (ILO). 2021b. World Employment and Social Outlook: The role of digital labour platforms in transforming the world of work. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_771672.pdf

International Labour Organization (ILO). 2022. World Employment and Social Outlook: Trends 2022. https://www.ilo.org/global/research/global-reports/weso/trends2022/WCMS_834081/lang--en/index.htm

International Labour Organization (ILO). 2020. Implementing the ILO Indigenous and Tribal Peoples Convention No. 169: Towards an inclusive, sustainable and just future. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_735607.pdf

International Monetary Fund (IMF). 2021. The Global Informal Workforce. <https://www.imf.org/en/Publications/Books/Issues/2021/09/22/The-Global-Informal-Workforce-49719>

International Trade Union Congress (ITUC). 2016. Special report: Informal Economy. https://www.equaltimes.org/IMG/pdf/special_report_informal_economy_en_final.pdf

Khan, Mozaffar, George Serafeim, and Aaron Yoon, "Corporate sustainability: First evidence on materiality," The Accounting Review, November 2016, Volume 91, Number 6, pp. 1697–724, ssrn.com

Mckinsey & Co. 2020. Beyond hiring: How companies are reskilling to address talent gaps. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/beyond-hiring-how-companies-are-reskilling-to-address-talent-gaps>

McNeely, E., and Koosed, T. 2020. Well-being and equity as a business imperative: Summary of the Harvard Sustainability and Health Initiative (SHINE) research on worker well-being. October 2020. https://www.levistrauss.com/wp-content/uploads/2021/05/Harvard-SHINE_WWB-Impact-Study-Summary-Report_12-October-2020.pdf

Nagy, Zoltán, Altaf Kassam, and Linda-Eling Lee, "Can ESG add alpha? An analysis of ESG tilt and Momentum Strategies. The Journal of Investing Summer 2016, 25 (2) 113-124.
<https://joi.pm-research.com/content/25/2/113.short>

OECD/ILO(2019), Tackling Vulnerability in the Informal Economy, Development Centre Studies, OECD Publishing, Paris, <https://doi.org/10.1787/939b7bcd-en>
O'Connor-Willis, Casey. 2021. Making ESG work: How investors can improve low-wage labor and ease income inequality, NYU Stern Center for Business and Human Rights:
https://static1.squarespace.com/static/5b6df958f8370af3217d4178/t/616736a44c6ca5cb23d5966/1634154148488/NYU+CBHR+ESG+Report_FINAL+BLUE+LINKS+REVISED+Oct13.pdf

UN Women. Nd. (Accessed December 2022). 'Employment & Poverty: Economic fallout hits women hard'.
https://www.unwomen.org/en/hq-complex-page/covid-19-rebuilding-for-resilience/employment-poverty?gclid=CjwKCAiAmuKbBhA2EiwAxOnt7jStfZjeygRmugBF0CIMEMSSyO4JNpvUAgzCUVydaxhVOKNOHZ9aBoCqscOAvD_BwE

United Nations (UN). 2021. The Sustainable Development Goals Report 2021 (New York: United Nations).
<https://unstats.un.org/sdgs/report/2021/The-Sustainable-Development-Goals-Report-2021.pdf>

United Nations Development Program (UNDP) and Oxford Poverty and Human Development Initiative (OPHI). 2020. Charting pathways out of multidimensional poverty: Achieving the SDGs
https://ophi.org.uk/wp-content/uploads/G-MPI_Report_2020_Charting_Pathways.pdf

Warwick, Mara, Carolina Sanchez, Salman Zaidi, and Gabriel Demombynes. 2018. Making growth work for the poor: a poverty assessment for the Philippines (Washington: World Bank).
<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/548291528442369215/making-growth-work-for-the-poor-a-poverty-assessment-for-the-philippines>

Women in Informal Employment: Globalizing and Organizing (WIEGO). Nd-a. WIEGO Manifesto.
<https://www.wiego.org/about-us/what-we-do/wiego-manifesto>

Women in Informal Employment: Globalizing and Organizing (WIEGO). Nd-b. Rethinking Formalization.
<https://www.wiego.org/rethinking-formalization>

Women in Informal Employment: Globalizing and Organizing (WIEGO). Nd-c. Impact of public health measures on informal workers livelihoods and health.
https://www.wiego.org/sites/default/files/resources/file/Impact_on_livelihoods_COVID-19_final_EN_1.pdf

World Bank. 2012. The World Bank's Social Protection and Labor Strategy 2012-2022.
<https://documents1.worldbank.org/curated/en/443791468157506768/pdf/732350BR0CODE200docversion0REVISED.pdf>

World Bank. 2014. Global Consumption Database.
<https://datatopics.worldbank.org/consumption/market>

World Bank. 2019. Protecting All: Risk Sharing for a Diverse and Diversifying World of Work.
<https://documents1.worldbank.org/curated/en/997741568048792164/pdf/Protecting-All-Risk-Sharing-for-a-Diverse-and-Diversifying-World-of-Work.pdf>

World Bank. 2019b. Why Childcare? Women Business and the Law.
<https://thedocs.worldbank.org/en/doc/459771566827285080-0050022019/original/WBLChildCare4PagerWEB.pdf>

World Bank. 2021a. Fragility, Conflict, and Violence: Overview.
<https://www.worldbank.org/en/topic/fragilityconflictviolence/overview#1>

World Bank. Poverty and Shared Prosperity 2022: Correcting Course. Washington, DC: World Bank.
<https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

World Economic Forum (WEF). 2020a. The Promise of Platform Work: Understanding the Ecosystem.
http://www3.weforum.org/docs/WEF_The_Promise_of_Platform_Work.pdf

World Economic Forum (WEF). 2020b. The Future of Jobs Report: 2020.
https://www3.weforum.org/docs/WEF_Future_of_Jobs_2020.pdf

World Economic Forum (WEF). 2022. Global Gender Gap Report 2022.
https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

Wu, Guabao. 2016. "Ending poverty in China: What explains great poverty reduction and a simultaneous increase in inequality in rural areas?" World Bank Blog (19 October 2016).
<https://blogs.worldbank.org/eastasiapacific/ending-poverty-in-china-what-explains-great-poverty-reduction-and-a-simultaneous-increase-in-inequality-in-rural-areas>

For more information please contact:

Bhattiprolu B. Murti

Communication Lead, Gender and Economic Inclusion

+1 202-458-2325

BMurti@ifc.org

September 2023