

Purpose of market assessments

Why conduct a market assessment?

We understand that people in poverty can have more – more income, more choices, more services – if only “the market” worked better. But what is “the market?” It’s simply the place – literally or virtually – where sellers (supply) and buyers (demand) engage. This can be a formal or informal arrangement where cash exchanges hands, or a social arrangement where the parties obtain or exchange information. It can be a physical market space with market stalls or a market of public goods, such as water, energy, sanitation, health services, financial services, education, or information (about the weather or even crop prices). Buyers and sellers will always engage, whether or not Mercy Corps implements programs. And that’s why successfully altering or tweaking those systems to benefit the poor can be so powerful.

With small interventions, we can make long-term – or systemic – positive change to the poor’s role within the larger market. To do this, however, we need to answer certain questions, like, who pays for existing services, and who provides those services in the market? What barriers do certain populations face in this market? What is the relationship between the various actors in the market? What are the costs (e.g. money, time, or socio-political) associated with accessing information or services? What are the embedded services in the market? What are other actors in the market not readily visible at first glance? How do men and women, boys and girls benefit or not benefit from this market? What are recent or potential events that may change this market?

That’s why we conduct a market analysis.

At the very basic level, think of a market analysis as an X-ray – it allows us to see what isn’t visible to the naked eye. The goal of a market analysis is to uncover the systems and relationships in place in a particular context and to use those existing systems to make positive change. A market analysis can be as narrowly-focused as looking at an individual household (like X-raying your little finger), or as broadly focused as exploring the entire way goods and services flow into and out of a country (like X-raying your whole body.)

Mercy Corps conducts market analyses to deepen our understanding of a market, clarify the appropriate type, magnitude, or timing of a program; provide insights on the current constraints or inefficiencies in the market; and help us understand how we can ensure value for money.

Why conduct a labor market assessment?

Unemployment and the lack of sustainable livelihoods plague much of the developing world. For example, close to 75 million youth worldwide were unemployed in 2012.¹ Due to these staggering figures and the effect widespread unemployment can have on stability and social structures, the development community often responds with employability, employment, and self-employment

¹Global Employment Trends for Youth 2012. May, 2012. Geneva: International Labour Organization.

initiatives. However, unless these programs and activities respond directly to the needs of the local economy and the dynamics of the market, they are unlikely to enable individuals to pull themselves out of long-term poverty. All forms of workforce development, entrepreneurship support, and job training programs should be rooted in comprehensive labor market analysis.

Labor market assessments help us to:

- Identify technical and transferable skills in demand by labor market and potential employers
- Determine high potential growth sectors which may provide opportunities for entrepreneurs and new businesses
- Identify opportunities where there is a present or anticipated demand for labor including sectors and specific businesses
- Understand mismatch and gaps (including perceptions) of job seekers and employers
- Identify constraints and opportunities in wider market system, including:
 - Understanding the roles that informal and cultural norms (such as attitudes towards gender) may play in the job market
 - Determining the supporting services or functions (such as access to market information) that may enable individuals to find steady work

We often use labor market assessment information to:

- Influence workforce development and employability activities such as determining which vocational training courses will provide job seekers with skills being sought after by local employers
- Provide aspiring and existing entrepreneurs with concrete information about market opportunities
- Enable critical stakeholders, such as local governments and NGO communities, to coordinate efforts in addressing constraints in the labor market
- Ensure job seekers, whether youth, women, or elders, understand the skills employers are seeking, as well as mechanisms for finding work
- Build relationships with high-potential private business and facilitate deeper understanding between private sector employers and job seekers.

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