

## Rural Labour Markets in Sub-Saharan Africa: A New View of Poverty, Power and Policy

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### Introduction

Until recently, rural labour markets have remained peripheral to policy discussions on growth, employment and poverty reduction in sub-Saharan Africa. It is noteworthy, for example, that Chapter 9 of the *World Development Report 2008* began to deal with this important topic. But it deserves much more thorough attention.

The results from a large 2002/03 rural labour market survey conducted in Mozambique show that labour markets are indeed central to the economic prospects of a large number of poor rural Africans, both women and men. This Policy Brief outlines the major findings of this survey and highlights their policy implications.

The 2002/3 Mozambique Rural Labour Market Survey (MRLS) focused on interviewing 2,638 wage-employed respondents in the rural areas of three provinces in the centre and north of the country (Manica, Nampula and Zambezia). About 47 per cent of the respondents were women workers. All respondents also provided information on about 16,300 other household members.

The respondents were employed in a wide variety of establishments, ranging from small farms, bars and market stalls to large export-crop plantations employing thousands of temporary workers. The survey data supply a rich source of information that reveals a strikingly diverse picture of rural wage labour in Mozambique.

A separate questionnaire for 120 respondents who were small or medium-scale agricultural employers added information on the extent, and the terms, of their employment of wage workers. These survey tools were complemented by qualitative methods, including a small number of carefully selected life histories of women workers and semi-structured interviews with large-scale employers.

Employing such a range of methods provides much more information than that provided by standard household surveys. The most common survey, the Living Standards Measurement Survey, developed by the World Bank, has several weaknesses. For example, the employment sections of such surveys are very brief and typically ask about only the *last week* of labour activities. This approach is unsurprising since such surveys focus on collecting a vast array of statistical information on *household* characteristics and are most concerned with consumption data for poverty estimates.

Thus, respondents are rarely asked to describe the full array of their occupations, which are typically multiple. Since such surveys ask about people's 'main activity', most adult working members of households end up being classified as 'own-account' agricultural producers or 'unpaid family workers', which tend to be more socially desirable occupations than wage labourers.

In contrast, MRLS methods, starting with a purposive sampling of people working for wages, ensured that the survey would cover a significant representation of the poorest Mozambicans working for wages in rural areas and capture the heterogeneity of their livelihoods and income levels.



*Respondent for life history*

## The Diversity of Labour Conditions

One of the general findings of the Mozambique survey is the great diversity and complexity of labour activities in rural areas. Standard labour market models have been unable to capture this reality in countries in sub-Saharan Africa (as well as in other developing regions).

Not only are most standard surveys inadequate to this task, but also most standard theoretical models of the labour market—such as models of supply and demand or of information, supervision and transactions costs—are too simplistic to approximate this reality. The complex reality of rural labour markets defies the pretensions of dualist or even segmented labour markets, for example. And, above all, these models inadequately capture the power commonly exercised in labour relations.

The findings of the MRLS indicate that employers of waged labour in rural areas exercised considerable discretion in setting wages and establishing working conditions. The main reasons: they operated in conditions of widespread poverty, the absence of trade unions or government inspectors, low levels of literacy and education, and a large excess supply of labour.

difficult to calculate wage rates even on a daily basis. Often child or female labour from the same household could be utilized to complete the task (without an explicit contract or pay).

Task or piece rates varied significantly across crops. For example, the rates paid for sisal or cotton, which are export crops, were significantly higher than for food crops, such as maize or rice. But the rates among workers toiling on the same crop—or even on the same farm—also often varied widely.

The widespread use of task or piece rates and the large range in the size of payment imply that using standard Mincerian regression equations, based commonly on such independent variables as age, gender and education, can explain little about the variations in wage rates in rural areas.

Large farm enterprises tended to pay higher wages. Workers' median monthly wage on small farms (with 1-10 workers) was only about MT 250,000; on medium-scale farms (11-50 workers) it was about MT 350,000; and on large farms (50 or more workers) about MT 460,000 (see Table 2, next page). It is worth noting that at the time of the survey none of these average wage rates respected the statutory agricultural minimum wage in Mozambique (namely, MT 516,000).

**Table 1: Wage Payment Methods by Type of Employer (per cent of total)**

Payment Method	Agricultural labour (2152)	Non Agricultural labour (468)	Agriculture - National company/ plantation (268)	Agriculture - Foreign company/ large-scale national 'privado' (227)	Local farmer (small scale) (1657)	Total (2620)
Daily wage	20	4	36	9	18	17
Monthly wage	30	86	44	81	21	40
Piece/task rate	47	4	17	7	57	39

a. Number in brackets shows the total number of observations for each category.

b. Columns exclude small percentages for other payment methods.

Source: MRLS, 2002/03

As a result, payments to rural wage workers varied greatly. While diverse, the methods can be grouped for convenience into three broad categories: 1) daily wages 2) monthly wages and 3) piece- or task-based cash payments (see Table 1). In the whole sample of wage workers (including those in non-agricultural activities), two-fifths were paid monthly, i.e., on the most regular basis. But almost the same percentage (39 per cent) were paid on a piece/ task basis. Seventeen per cent were paid on a daily basis.

Only 30 per cent of agricultural workers were paid on a monthly basis. This contrasts with the 86 per cent of non-agricultural workers (such as domestic servants and construction and transport workers) who were paid monthly. Large foreign companies or national companies (e.g., plantations) often paid wages monthly. However, though large farmers favoured monthly payments, they also employed a large number of temporary workers that they paid on a task basis.

Small farmers paid over two thirds of their wage workers on a task or piece basis. Medium-size farmers also paid close to half of their wage workers on such a basis. Since the tasks assigned to workers varied greatly in terms of time or effort, it is extremely

This pattern flies in the face of the widespread belief, especially among the donor community, that concentrating resources on small-farm agriculture and the production of food crops would be the most effective way to reduce poverty in sub-Saharan Africa. Many of the poorest rural workers (and farmers) are dependent on agricultural wages. But small farms tend to pay low and irregular wages, and often ignore any minimum wage legislation.

## The Quality of Jobs: Good, Bad, and Often Worse

Using the various dimensions of rural wage labour revealed by the MRLS, such as wage rates, regularity of employment, working conditions and bargaining power, we have classified jobs according to various categories. We highlight the two extremes of this classification while still paying attention to the range of overlapping grades between them.

About 29 per cent of waged jobs in rural areas—many of them on large farms—could be considered 'good', with relatively decent wages paid on a regular monthly basis. But even these jobs were insecure. Workers often had to combine their regular job with casual labour in order to generate adequate income.

**Table 2: Payment Rates by Size of Agricultural Employer**

Size of employer, (By number of workers at peak)		Daily wage (in Meticais,MT)	Monthly wage (in Meticais,MT)
Small employer (1-10)	<i>N</i>	99	115
	Median	10,000	250,000
Middle employer (11-50)	<i>N</i>	156	272
	Median	10,000	350,000
Large employer (50+)	<i>N</i>	210	358
	Median	15,000	460,000

*N* is the number of employers  
Source: MRLS, 2002/03

At the other pole was the 27 per cent of waged jobs that could be considered ‘bad’: casual jobs with extremely low and irregular payment. Often, the workers in such jobs were paid in-kind, such as in dried fish, maize or cassava flour. Because a significant share of wage payments was not made in explicit money form, employers had additional power to manipulate the amounts.

Many of the workers in the worst jobs were women (although not all). Lack of education was also an important factor: many of the workers in such jobs, both men and women, came from families in which no one had completed even primary school.

Some of the most disadvantaged rural wage workers were domestic servants, representing about six per cent of the total. Their median monthly wages were only about half that of all workers in ‘bad’ jobs (MT 150,000 versus MT 300,000 a month).

More than half of the workers classified as having the worst jobs could not secure more than 20 days of wage work *per year*. This condition underscores the importance of finding ways to increase the demand for labour in rural areas. If these workers were able to simply increase the number of days of waged labour per year, their welfare could be significantly boosted.

The workers classified as having ‘good’ jobs were more likely to have union representation. But the benefits of such representation were unclear since there was little or no reported union activity on the farms.

Large farms were more likely to pay wages in line with the statutory minimum but there was little enforcement of such a standard. Many workers with ‘good’ jobs did not receive, in fact, a wage commensurate with the statutory minimum. Also, many were never given any overtime pay.

These conditions highlight the need for both governments and international donors to devote more resources to building up unions and labour inspectorates, particularly in rural areas, in order to enhance the bargaining power and ‘voice’ of many poor workers. Although there has been much international support to NGOs in general, few trade unions have received assistance.

### The Gender Dimensions of Rural Wage Labour

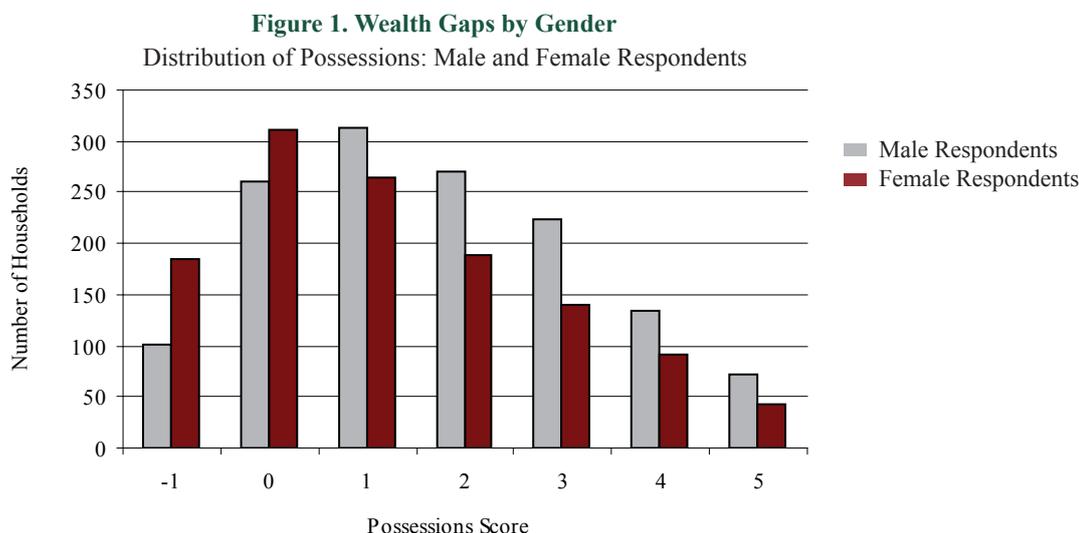
Data from the MRLS suggest that a large number of women have entered the rural labour market, making a crucial contribution to the survival strategies of many poor households. The research reveals that the involvement of women in wage employment is more pervasive than that implied by the results of standard household surveys, which have tended to classify working women either as self-employed or as unpaid household workers.

Most donors, international NGOs and governments have come to believe that the poverty of rural women can be reduced most effectively through the promotion of their self-employment in micro-enterprises, often through the vehicle of microfinance, rather than through the promotion of better wage employment. But after more than a decade of such efforts, there is little evidence to justify the choice of such policies.

Increasing women’s access to decent wage employment—along with confronting the coercion directed against them by men, both within and outside the family—would be, we argue, a far surer means of improving their livelihoods and well-being.

The MRLS helps reveal the relative deprivation of female workers in comparison to that of male workers. Differences are particularly obvious in educational attainment since over 40 per cent of women have never attended school, in contrast to only 14 per cent of men. Also, almost one fourth of men complete primary school while only 13 per cent of women do.

These gaps in education are consistent with the significant gaps between men and women recorded by a simple possession index (see Figure 1). This index includes basic possessions such as a radio, a lamp, a bed with frame, and shoes for adults.



These items serve as robust poverty predictors in the rural contexts covered by the survey. The index permits a consistent wealth ranking in the absence of expenditure data, which are difficult to collect and are generally unreliable. The index ranges from -1 to 5, with female-headed households being more prevalent for the low scores of -1 or 0.

The MRLS also reveals significant differences in deprivation among female workers themselves. Such differences show up in their possession scores, their own educational level and that of their children, their incidence of early marriage, and the type of job they are able to secure in the labour market. These results highlight the degree of heterogeneity that exists among both poor women and men.



*Wage workers in rural Mozambique*

Another striking feature of the data is that about 37 per cent of the female wage labourers who responded to the survey were divorced, separated or widowed, with almost one quarter being in the category of divorced/separated. These percentages were far higher than those found in standard household surveys. But it seems reasonable to assume that many extremely poor rural households in Mozambique, and probably throughout Southern Africa, receive no regular support from a male spouse. These results suggest, in any case, that there is a strong correlation between a women's labour-market participation and her lack of a spouse.

In order to delve more deeply into the conditions of such female workers, we supplemented the survey with a set of life histories of these women, based on extensive, open-ended interviews.

Together, the survey results and life histories tell a compelling story about the plight of such women—and their achievements in the face of adversity. They also reveal some of the major dynamics facing all women workers in rural areas. An important feature of the misery experienced by such women was the violence to which they were subjected by their male partners as well as their fathers.

Many women told researchers that they became wage workers only after the death or desertion of their spouse. Many of the women who were divorced or separated had given birth either to no children or to no sons. So their reproductive history can often be a key to understanding their maltreatment and their subsequent resort to the labour market.

In addition, the frequency of teenage marriages appears to have been a key factor contributing to the intergenerational transmission of poverty (a feature common with other regions of the world). One of its immediate effects was the educational deprivation of these women. Another consequence was higher fertility and child death rates.

The data also suggest that educated women were slightly more likely to be divorced or separated than those less educated. Some were also more likely to secure a relatively decent job in the rural labour market, though these women were certainly an exception. The great mass of female wage workers in rural areas exercised little real 'choice' in their employment or marital conditions.

Widows, especially those who were older, had very limited access to education. Although widowhood was more common among older women, it had become more frequent among teenage women, most likely due to the HIV/AIDS epidemic. In general, widows tended to be channelled into the worst jobs.

The in-depth interviews indicated that the large majority of the women who had been divorced, separated or widowed had great difficulty in obtaining regular and decently remunerated employment. Their relatively weak bargaining position, especially those employed as casual agricultural workers or domestic servants, meant that they often had to try to live on pitiful and irregular wages and received few, if any, non-wage benefits.

## **Recommendations for Future Action**

### ***Surveys***

The findings of this research point to the need for rural surveys to incorporate tools and questions that are better able to capture the subtle variations of labour-market activities and their great significance to poor households. The research also shows how standard household surveys could be improved and corroborates the value of employing complementary qualitative research.

For example, the standard demographic and health surveys should strive to gather more detailed data on the employment histories, wages, occupations and working conditions of both female and

male workers. Surveys of labour market conditions should also collect information on the reproductive and marital history of women workers. Collecting such longitudinal data would help immeasurably to improve our understanding of the obstacles faced by women in gaining remunerative employment.

### **Policies**

Redesigning public policies to stimulate more decent-paying wage work in both agricultural and non-agricultural sectors in rural areas is essential to both growth and poverty reduction. For example, concentrating public resources on social and economic infrastructure in particular areas could help to maximise the economic gains. It is simply too costly to provide such investment in all areas at once.

Yet we know that many poor African workers are constantly moving out of poor regions in order to improve their livelihoods. Facilitating such labour mobility is likely to be part of any formula for effective poverty reduction. Often, the uneven pattern of dynamism of commercial agriculture is a major factor behind such labour out-migration.

Hence, public policies that increase the demand for low-skilled wage labour on plantations, in agribusiness and on dynamic medium-scale farms, combined with policies to reduce the costs of migration, could provide promising means to help substantially reduce the poverty of the rural working population. This is likely to involve greater efforts to concentrate labour-intensive infrastructural investments in areas where agro-climatic conditions are most favourable for economic expansion.

Fiscal policies and financial incentives could be designed to encourage the production of those crops that demand relatively high levels of wage labour. Such labour-intensive crops are also often some of the most commercially viable and are intended for promising export markets. Moreover, they often employ a significant number of female wage workers.

The benefits of the provision of infrastructural investments and credits are likely to be maximised if they help expand large farm enterprises that employ a sizeable number of rural workers and are more likely to pay decent wages. Instead, donor policies are often mistakenly fixated on supporting small farmers, who pay only low and irregular wages, and on providing micro-credit for self-employment, especially for women workers. Such micro-credit reaches relatively few women, and often not the poorest, and it usually fails to produce meaningful structural change.

Improvements in transport infrastructure could also reduce the costs of access to social infrastructure, such as schools and health facilities. So, synergies could be multiplied by considering together, as integrated priorities, investments in public goods that promote transport, education and health and contribute to the growth of export-oriented sectors.

The pay and working conditions of rural wage workers also underline the importance of policies and interventions to strengthen their bargaining position and voice. The capabilities of trade unions in sub-Saharan Africa to reach and organise poor wage workers in rural areas is extremely limited. Enabling them to exert a greater influence in rural areas could contribute to broader employer adherence to minimum wage laws and other essential labour standards.

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**Photos:** Chris Cramer