

## Rural employment and migration: In search of decent work

New thinking on rural employment is needed to create more and better rural jobs

### Key points

- Growth in agriculture is essential, and growth in the rural non-farm economy is especially important.
- Job prospects improve as education, skills, health and early nutrition levels rise.
- Rural-urban migration (whether temporary or permanent) opens new opportunities and also helps tighten rural labour markets.
- With rising productivity and wages, it becomes easier to push for better labour standards, to end to child labour and correct gender inequalities.

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**A** further 106 million will have joined the rural labour force in the developing world between 2005 and 2015, despite falling rates of overall population growth.<sup>1</sup> What work will they find, and where? And will it be what the International Labour Organization (ILO) calls 'decent work': that is, jobs that pay a living wage and offer reasonable and fair conditions? Will it be enough to allow rural people to escape poverty, when at the moment around 75% are poor? Finally, can work be found locally, or will increasing numbers have to migrate?

### Rural employment in the developing world

Currently, agriculture is still the single largest source of employment in rural areas, though non-farm activities are becoming increasingly important. These comprise a highly diverse range of activities: from manufacturing, usually artisan, to trading, to the provision of services of all kinds. Combined with farming, itself diverse, this produces a wide variety of occupations.

Despite the heterogeneity, some features of rural work are common across sectors and locations. Most rural workers are self-employed, whether it be on their own farms or in the small, often very small, enterprises typical of rural non-farm activities.

Hired workers are in the minority. A recent estimate put the number of farm workers at 450 million out of a total agricultural labour force of 1,100 million (Hurst et al. 2005). When labour



Pottery in rural Swaziland. Non-farm activities are increasingly important rural employers.

is hired it is often temporary and seasonal, particularly in farming and tourism and is usually informal and casual. Formal and permanent jobs in rural areas are rare, the main examples being teachers, health workers and police.

It might be expected that economic development would see increasing fractions of the rural labour force working for others with increasing formalisation. Evidence of this is scarce. Indeed, in some activities work is increasingly casual. The apple farms of South Africa's Western Cape, for example, have shed permanent staff in favour of contract labour (Barrientos and Kritzing 2005). In India, planting and harvesting of most commercial crops in irrigated areas is done by labour gangs (Farrington et al 2006).

Employment patterns in agriculture seem to be divided sharply between two kinds of farming. For those crops and livestock that require ample areas of land, most of the labour force comes from farming household – albeit that the area used may vary considerably depending on access to machinery: from one or two hectares for those with hand tools, to hundreds of hectares for those with tractors and harvesters. Relatively little hired labour is used owing largely to the costs of supervising hired labour. But for activities that require little land, such as horticulture, floriculture, aquaculture, pigs and poultry, factory-style operations are both possible and economic. Economies of scale apply including those in hiring and supervising labour, so that the bulk of the work is carried out by paid employees. Since industrialised farming is becoming more important, as it produces the higher-value foods increasingly demanded as

incomes rise, we can expect to see more hired labour in these activities.

### Low pay and poor conditions

Most rural work is poorly rewarded. For example, farming in much of Africa and Asia rarely generates more than US\$750 per worker a year. From this must be deducted the cost of any purchased inputs. The remainder is shared between the workers and their dependents, leaving too little to escape dollar-a-day poverty.

Returns in many non-farm jobs are not much better, and sometimes worse. In Ghana in 2000, for example, estimates of returns per day were US\$2.50 for carpentry and US\$2.60 for charcoal-making, compared to US\$3.90 for staple crops and US\$1.60 for vegetable growing (Wiggins et al. 2002)

Here then is the critical problem for rural employment: that so much effort leads only to poverty wages.<sup>2</sup>

If the pay is low, the conditions are equally bad. Rural work, especially farming, is often arduous, sometimes monotonous, and frequently hazardous. The ILO (2003) reports 3–4 million people are affected by hazardous pesticides every year, with 40,000 deaths as a result; part of an annual toll of 170,000 deaths amongst agricultural workers. To make matters worse, given the informal conditions of most agricultural and rural work, few workers have insurance against the consequences of sickness, accidents, and unemployment.

In addition, farming is by the far the largest employer of child labour: 70% of the estimated 246 million working children are occupied in farming.

Some jobs, for example those where people are locked into labouring for others to pay off debts, amount to forced labour, if not outright slavery. Discrimination against female workers is common, with many being paid considerably less than male counterparts for the same job. In India in 1999/2000, female labourers earned on average just 72% of male rates in agriculture, and even less, 62%, in non-farm jobs (Bhalla et al. 2004)

### Migration

Given these problems, it is not surprising that many rural workers migrate to try and find better paid jobs, often in urban areas or manufacturing industry. Export industries in Bangladesh and Vietnam, for example, attract cheap labour from under-developed rural areas. Here, workers may be offered a formal contract. But informal jobs in the service and construction sectors, with no contract or social security, also absorb large numbers of workers. Although hardly decent work, these jobs offer more days of work in a year and better wages than farm work. Poor working conditions do, however, involve elements of risk for the poor.

Many poor households in developing countries now combine farm and off-farm activities seasonally. What is especially striking is the increase in temporary and circular movements, ranging from trips that last several months to daily commuting for

**Table 1: Public policy and rural labour markets**

Element	Poverty links/characteristics
<b>Demand for rural labour</b>	
Economic growth	<ul style="list-style-type: none"> <li>National economic conditions and incentives</li> <li>Public investment in public goods complementary to private investment roads, power supplies, telecomms, water, etc.</li> <li>Improving financial systems, including credit access</li> <li>Subsidies to particular sectors and activities, including tax breaks, grants to investors</li> <li>Agricultural development</li> <li>Promotion of micro- and small-scale businesses in rural areas</li> </ul>
Public employment	<ul style="list-style-type: none"> <li>Public works schemes</li> <li>Public spending in rural areas on roads, education, health, etc.</li> </ul>
Relative costs of factors of production	<ul style="list-style-type: none"> <li>Tackle distortions that reduce employment: subsidies to capital, taxes on labour</li> </ul>
Improving labour productivity	<ul style="list-style-type: none"> <li>Education</li> <li>Health and nutrition</li> <li>Vocational training</li> </ul>
<b>Supply of rural labour</b>	
Population growth	<ul style="list-style-type: none"> <li>Education, family planning</li> </ul>
Norms on participation in labour markets	<ul style="list-style-type: none"> <li>Keeping children in school longer</li> <li>Prohibitions and controls on child labour</li> <li>Retiring workers earlier</li> <li>Gender roles – education</li> </ul>
Migration, including urbanisation	<ul style="list-style-type: none"> <li>Controls on movement to other rural areas, out of country, to cities</li> <li>Facilitating migration</li> <li>Land tenure</li> </ul>
<b>Direct intervention in rural labour markets</b>	
Improving wages	Setting minimum wages
Improving labour conditions and benefits	<ul style="list-style-type: none"> <li>Measures against discrimination: laws, education</li> <li>Setting labour standards: work hours, leave; protection against arbitrary dismissal; benefits and insurance against injury and sickness; health and safety regulations; child care provision, maternity leave</li> </ul>
Improving bargaining	<ul style="list-style-type: none"> <li>Facilitating worker organisation</li> <li>Mandatory negotiations between employers and unions</li> </ul>

work. Dramatic improvements in communications and transport have created conditions for large-scale internal movement of people at unprecedented levels. In Andhra Pradesh, India, surveys show that 40% or more of villagers commute daily to urban centres. In China, one of the fastest growing economies in the world: rural-urban migrants increased from about 26 million in 1988 to 126 million in 2004. Most retain strong links with their rural families. Current projections suggest that between 12 and 13 million migrants will move to urban areas each year over the next couple of decades, and many will continue to circulate unless restrictions on settling in urban areas are relaxed.

Although domestic migrants far outnumber international ones, with greater potential to reduce poverty, lack of data means the importance of internal movements is not fully appreciated. While official statistics may show a slowing of permanent rural-urban migration, micro studies show increasing levels of circular migration.

For example, in Bangladesh, of those leaving their villages, one-tenth moved to other rural areas, just under one-quarter went to other countries, while two-thirds moved to urban areas (Rahman et al. 1996). Dhaka, with its work opportunities in garments, rickshaws and domestic service, was the most common destination. Most people returned to their villages at the end of the working season.

## Policy

Policies to improve rural employment can be divided into those affecting the demand and supply of labour, and those intervening directly in labour markets (see Table 1)

On the **demand** side, the agenda is very much one of stimulating growth of private enterprise, be they farms or (usually small) rural businesses. Agricultural development can create large numbers of jobs in low income countries, as in the Asian Green Revolution. But since the 1990s, jobless growth has been seen in countries such as Egypt and India, where farming had used labour intensively. This results, in part, from a welcome increase in agricultural labour productivity. If there are to be additional jobs in farming, then most will probably arise in the more industrialised sectors – horticulture, flowers, fish farming, pigs, and poultry.

But if farming is not generating rural jobs, then the non-farm sector must do so. This prompts questions about how to promote rural activities other than farming, including to what extent they depend on vigorous growth of farming itself. Although in general the requirements for rural growth are well known – physical infrastructure, functioning economic institutions, a conducive investment climate, demand in urban areas – getting these in place in particular cases has often proved less than straightforward.

Many countries have programmes of public works. Whilst these can be an excellent way to provide social protection, create valuable infrastructure, and provide training to young workers, they are less successful in creating jobs. Even the largest examples do not always make much of a difference to overall demand

for labour. For example an evaluation of two of India's largest rural employment generation schemes, the Jawaharlal Rozgar Yojana (JRY) and the Employment Assurance Scheme (EAS), by the Comptroller and Auditor General of India in the 1990s, found that the average number of days for which each employment seeker got work ranged between seven and 21 days under JRY and between nine and 18 days under EAS. On the other hand, the Maharashtra Employment Guarantee Scheme has been able to provide significant amounts of work, leading to increased wages in the rural economy.

In the past, cheap credit policies encouraged investment in machinery and reduced demand for labour. Such distortions are less common following policy reforms. Indeed, often the contrary may be the problem: the cost of capital is higher than it should be. Not that this is necessarily an advantage to labour – lack of investment lowers overall production, productivity, and ultimately reduces labour hiring.

On the **supply** side, too little vocational training is provided in rural areas, and even then the quality is often not good enough. Some recent innovations that bring together private enterprise and trainers, such as Brazil's National System for Rural Apprenticeship (SENAR), show some promise. Otherwise, most rural areas suffer from a marked deficit in health and education provision. Spurred in part by the Millennium Development Goals, some countries are making special efforts to correct this – as seen, for example, in Latin America, where cash transfers to the rural poor are offered on condition that children go to school and pre-schoolers attend clinics.

These programmes are also reducing child labour in rural areas – one of the few measures that has succeeded in doing so, since outright prohibition of child labour has rarely made much difference in rural areas.<sup>3</sup> For middle income countries that can afford such programmes they hold great promise.

Until recently, most governments in the developing world have tried to reduce **migration**, or simply ignored it. Increasingly they are becoming aware of its potential. Priorities include: reducing the costs and risks faced by migrants; ensuring that entitlements to state services are portable; facilitating remittances; improving accountability and transparency in labour markets; and raising awareness of labourers' rights.

Governments are increasingly prepared to facilitate movement. For example, China has removed requirements for migrants to have permits to move to cities. Vietnam is also reviewing registration rules. In both countries, donor-funded programmes have started to cater to migrants, including informal movers. Mobile ration cards for 5,000 migrants are being piloted in small and major towns in Rajasthan, India; while in Madhya Pradesh, the UK Department for International Development is funding a comprehensive migrant support programme in eight tribal districts, which aims to provide information on opportunities and improve bargaining power by enhancing skills. Several NGOs, such as the Gramin Vikas Trust in Madhya Pradesh and Adhikar in Orissa, have migrant support programmes to improve the efficiency, safety

and cost of remittance mechanisms.

There is, by and large, limited scope for successful **direct intervention** in rural labour markets – given that the bulk of work is self-employment or informal hiring that lies beyond the reach of most states. That said, in some cases, if the labour market is tightening and employers find it hard to get the staff they need, improved outcomes are possible.

Minimum wages can influence wage settlements, even in informal activities, since they signal acceptable levels of pay. Large companies with international reputations to protect and enhance do sign up to labour codes and implement them, as seen on Costa Rican banana farms (Smith 2006). And when trained labour is relatively scarce, unionisation can bring improvements to pay and conditions. A case in point is that of hired labourers on the irrigated farms of Petrolina-Juazeiro in North-East Brazil. A combination of shortage of trained workers, tutelage of newly-formed unions by an experienced federation of unions, the presence of ILO efforts to check child labour, and fear of loss of reputation by large companies operating export farms, enabled farm worker unions to negotiate higher rates of pay and better conditions (Damiani 2003). In India, actions by NGOs have also been effective. The All India Democratic Women's Association, has succeeded in raising wages in some locations through its evidence-based campaigns.<sup>4</sup>

In many developing countries, workers in formal employment have long been protected from risks by insurance, and their old age provided for by pensions, both paid for by employers. To some extent the same applied to farm labourers attached or bonded to paternalistic employers. Fewer workers now benefit from these arrangements, as work is contracted out or made more casual. In some countries, especially in Latin America, this is prompting new thinking about providing social protection that is no longer linked to specific jobs. For the rural poor, this promises to provide them with benefits that they could never have obtained under previous systems. For example, South Africa extended pensions to all retired workers in 1996, irrespective of their race. The largest gainers from this move were the elderly in poor rural households.

## Conclusions

Rural employment is inextricably bound up with the challenge of meeting the first Millennium Development Goal of reducing by half the proportion of people living on less than a dollar a day and the proportion of people who suffer from hunger. Ways to improve existing rural jobs and to create additional jobs for the more than 100 million new workers expected in the decade leading up to 2015 need to be found. Four things must be done:

1. **Increase growth** both in agriculture, since most rural workers earn their living from the land; and especially in the rural non-farm economy. Growth in agriculture will create some new jobs, primarily in the more industrial forms of farming, although the major contribution is most likely to be higher productivity and better returns to self-employed farmers. Growth in the non-farm economy will be critical to creating new jobs and, therefore, putting upward pressure on rural wages.
2. **Invest in rural people:** basic education, skills, health, and early nutrition. This not only improves people's job prospects, but also reduces unacceptable disparities between rural and urban people. Much can be done to remedy these disparities if public resources are allocated accordingly.
3. **Encourage migration** through provision of information, improved transport, making rights to public services and protection portable, and facilitating remittances. If some of the rural work force can find jobs in the cities as migrants or commuters, this will help tighten rural labour markets.
4. **Push for better labour standards** to end to child labour and to correct gender inequalities. As rural labour markets tighten, with rising productivity and wages, demanding this should become easier.

Finally, while much of this is a rural agenda, it also depends on thriving urban economies to generate markets for rural produce and services.

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ISSN 0140-8682

## References and Endnotes

### Endnotes

1. Data from UN population estimates, medium variant. Population Division, Department of Economic and Social Affairs, United Nations Secretariat, World Population Prospects: The 2006 Revision and World Urbanization Prospects: The 2005 Revision, <http://esa.un.org/unpp>, downloaded July 21, 2007
2. The issue can be seen as one of *under-employment* rather than *unemployment*. In this case under-employment exists largely because workers are unable to achieve higher productivity with the land, tools and inputs used. Three other situations constitute under-employment: '(i) workers involuntarily working less than full time; (ii) highly skilled workers forced to take up low-paying jobs that require, at best, modest levels of skill, (iii) underutilization of employed workers due to overstaffing ...' (ADB 2005, 1)

3. Compulsory education, as mandated in South Korea, can also be effective. But this clearly depends on the ability to enforce such rules. In many rural areas, that would be difficult.
4. More dramatically, in the past armed peasant struggle in the Telangana region of Andhra Pradesh succeeded in raising agricultural wages (Sundarayya 1973).

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### References

A full list of references is available online at: [tinyurl.com/yuqtsf](http://tinyurl.com/yuqtsf)

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