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# Why rural wage labour matters - week 3 summary



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All blogs

Week 3 of the **wage labour ediscussion** focused on results measurement, theories of change and data quality.

*In May 2015, BEAM Exchange and USAID's Leveraging Economic Opportunities (LEO) project launched an e-discussion on the links between wage work, poverty, and market development. The discussion included over 200 participants from 34 countries, drawing from market development practitioners, labour economists and researchers, technical representatives at donor agencies, and others. This blog synthesises the third week of the discussion.*

## Core themes

Definitions for work, jobs and employment are critical to any debate or dialogue on results measurement of rural wage labour. Unemployment in poor rural contexts is almost meaningless.

Donor and implementer methodologies for defining and measuring jobs can vary significantly, and in the process cause angst and skewed incentives for programming.

There is a need to probe assumptions around the relationship between wage labour, productivity and returns to labour within the context of different employer-labourer power dynamics.

Tools and framework from workforce development, such as organisational network analysis, can bring considerable depth and rigour to market systems

programmes.

## Key agreements

Adding to single, universal indicators of 'number of jobs' is critical to a more nuanced understanding of labour markets, especially when it comes to wage labour which tends to be informal, seasonal and harder to measure. This will, however, create even more challenges for comparison and aggregation, which are already difficult.

Granular definitions of work, reflecting number of days worked, or expressed as FTE, are more helpful in understanding wage labour than employment rates. The FTE measure can help clarify whether additional work is being added at the intensive (more work, same job) or extensive (switching jobs) margins.

However, FTE measures fail to explain productivity and returns to labour. This is where definitions of self-employment as having the 'means to production' vs. wage employment, become critical, as power dynamics (among many other factors) play a significant role in determining whether productivity increases translate into any improvements in wages or working conditions. Power also plays a critical role in accurately learning about worker experiences, as in some cases workers do not have adequate enabling conditions to speak up.

Combinations of measures/indicators at the labour market system level and the beneficiary level (amount of work, quality of work) can together provide a fuller picture of both the drivers of employment and the current status of employment. Some systemic indicators proposed include: improved generation and use of labour market information, improved practices of training institutions, and modification of social norms.

## Debates

How does focusing on the quality of work (decent work agenda) affect the quantity of jobs available? Which specific factors (wage rate, stability of income) are most important to workers, and how can they be achieved without negatively impacting business competitiveness or the quantity of jobs available?

How much better does data quality on rural wages need to get before development actors can improve their policies and practice? Clearly there are major problems with current large-scale national surveys, but what additional utility would be gained if the situation was improved?

To what extent do donor requirements for specific employment outcomes in target beneficiary groups (such as wage labourers) hinder the ability of projects to

focus on systemic interventions that affect the underlying preconditions for employment?

## Outstanding questions

How would a focus on wage labourers fit within a broader strategy supporting the self-employed, raising business revenues and the incomes of the poor?

Given the definitions proposed in this discussion, which are cost effective to measure annually by an implementing partner on a limited M&E budget?

Do calculations of indirect impact rely on too many assumptions to be credible?

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*A report synthesising the full ediscussion will be available on the BEAM website in July.*

*Ben Fowler is a Principal Consultant at MarketShare Associates (MSA), a consulting firm focused on implementing and measuring innovative economic development approaches. Ben facilitated week 3 of the ediscussion, and the summary is provided by Mike Klassen.*