Chapter VI

ANALYSES OF LABOUR MARKET SEGMENTATION
6.1. INTRODUCTION

In the first and second chapter we have discussed in detail on different aspects of labour market segmentation. The emergence, meaning, definition and issues involved in labour market segmentation in the developed as well as in developing countries were presented. Various theoretical approaches, models and reviews made all over the world for labour market segmentation were analysed.

In chapter four and five we have discussed the determinants of earnings, occupational mobility and job selection respectively for our sample workers. In the present chapter an attempt has been made to assess whether segmentation existed in the Coimbatore labour market at the time of this study. To make such assessment we have considered all the characteristics attributed to segmentation in labour market based on organised and unorganised approach to labour market condition.

We need not repeat the issues involved in labour market segmentation in the present chapter. However let us present in Section I the summary of the aspects and issues underlying in the labour market segmentation. In section II we shall discuss the evidence of labour market segmentation on the basis of the criteria we have used to segment the labour market and some segmentation variables viz., wages, job stability (permanent), working conditions, scope for promotion (seniority rights and benefits), trade union membership, employment, scale of enterprises, advanced groups (prime age males).
SECTION ONE

6.2. LABOUR MARKET SEGMENTATION

During the past 25 years economists were dissatisfied with the orthodox theory which proposed different explanations of how labour market operate. Several models such as 'human capital' 'job competition' 'signaling' (or) 'screening' have been developed as alternative explanations of various complex problems that exist in the urban labour markets, both in developed and developing economies. These models are essentially refinements of the 'classical model' of labour market analysis. It rests on three theoretical foundations: i) the marginal productivity of labour; ii) the utility maximisation of individual labour supply; and iii) the competitive theory of market equilibrium. Though regarded as methodologically sound and intellectually credible, these models have been seen by radical economists as too abstract and are based on unrealistic assumptions, as they have failed to provide satisfactory explanations of the problems of employment, unemployment, underemployment and labour market discriminations and to offer credible policy recommendations (Biswal 1995).

It is argued that, widespread and persistent incidence of long-term unemployment, underemployment, job instability, low investment in education and on-the-job-training, higher level of poverty in urban ghettos - all concentrated on specific socio economic groups such as young adults and women - require not merely the refinements in the theoretical paradigms but complete reformulation of the approach to labour market mechanisms. To this end, in late 1960's, a rich non-neo classical 'theory of labour market segmentation' was evolved to fill the void in the explanations of labour market structure and functioning. This goes under the rubric of 'Labour Market Segmentation'. However it should be noted that the theories of labour market segmentation did not come as threats to Neo Classical Labour Market Theories in general and Human Capital
Theories in particular, rather than they came as complementary to neoclassical theories of labour market, and have undergone influences from many sides, i.e. social, political, cultural and institutional (Biswal, 1995).

Thus labour market segmentation theories have been evolved to provide a realistic explanation of different aspects of labour market functioning and the effects of the segmented labour markets on industrialisation, productivity of the labour force, distribution of income between households of the industrialised as well as industralising countries.

The concept of segmentation can be distinguished from that of discrimination. According to Gerry Rodgers (1993) discrimination arises when some individuals are paid less than others (wage discrimination) or are less likely to be employed (job discrimination) because of a factor such as gender, race, appearance or other personal characteristic unrelated to their abilities. Segmentation refers to the division of the labour market into separate parts, in which the rewards for and conditions of work are different and between which mobility is limited. Discrimination is usually involved in segmentation, since some factor must determine which social groups have access to which labour market segment (though it could in principle be random). On the other hand, discrimination can perfectly well exist without segmentation. In conventional neoclassical economic theory, discrimination is explained as acquisition of the tastes of employers. The employer has a personal preference for the employment of men rather than women, whites rather than black.

6.2.1. Primary and Secondary Labour Market

The traditional neoclassical approach to labour economics has come under attack from a group of economists who claim to have developed an alternative explanation of labour market behavior based on the concept of Dual Labour Market (DLM) (Bluestone, Gordon 1970, 1972). This alternative approach is based on the hypothesis that the labour market is divided into two separate and virtually self contained parts, the Primary and
Secondary segments of the labour market. The DLM theorists argued that career beginning have a strong effect on current job outcomes.

The two economists most often associated with the dual labour market theory are Doreinger and Piore. According to this theory, the entire labour market can be divided into primary and secondary sectors (segments). The variable mainly used by the 'dualists' to divide the labour market into primary and secondary segment are 'job contents' 'circumstances of employment' 'average earnings' level of different groups of workers, and the degree of 'mobility' between the segments.

Labour market economists like McNabb (1979), Prohit (1985), Cho Youngae (1988), Demakas (1990) and others characterised the primary and secondary sectors. Characteristics often associated with Primary and Secondary labour market segments, according to Graham Julie (1990) et al are:

**Table 6.1**

<table>
<thead>
<tr>
<th>PRIMARY JOBS AND WORKERS</th>
<th>SECONDARY JOBS AND WORKERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Wages</td>
<td>Low wages</td>
</tr>
<tr>
<td>Job stability [permanence]</td>
<td>Job instability [impermanence]</td>
</tr>
<tr>
<td>Good working conditions</td>
<td>Poor working conditions</td>
</tr>
<tr>
<td>Seniority rights and benefits</td>
<td>No seniority rights and benefits</td>
</tr>
<tr>
<td>Unionised</td>
<td>Non-unionised</td>
</tr>
<tr>
<td>Low unemployment</td>
<td>High unemployment</td>
</tr>
<tr>
<td>Monopoly sector industry [large firms]</td>
<td>Competitive sector industry [small firms]</td>
</tr>
<tr>
<td>White prime age males</td>
<td>Disadvantaged groups [minorities women, youth, older workers]</td>
</tr>
<tr>
<td>Skilled</td>
<td>Unskilled</td>
</tr>
</tbody>
</table>
Like human capital theorists, proponents of DLM theory acknowledged the importance of personal attributes (such as education) in predicting the sector in which a new labour market entrant is likely to begin. However, according to some DLM theorists, it is not lack of education or training that prevents secondary workers from moving into primary jobs, but rather, it is their tendency to work unreliably or intermittently. Theoretically, then, marginal improvements on the human capital of secondary workers may not lead to upward mobility from secondary to primary jobs. Any upward mobility which thus occur should, to a large degree, be random rather than correlated with human capital attributes.

Thus, the dual market theorists have maintained that jobs can be roughly divided into two groups: those with low wages, bad working conditions, unstable employment, and little opportunity for advancement (secondary jobs), and those with relatively high wages, good working conditions and opportunities for advancement into higher paying jobs (primary jobs) (Peter Dorenger and Michael Piore, 1971 and Edwards (1975). Advocates of this view have argued that primary sector jobs are rationed, and that, in particular, women, and other minorities find it difficult to obtain employment. Since, in the view of dual labour market theorists (Suzanne Berger and Piore 1980), it is unlikely that rationing can be eliminated, training programs will not successful in eliminating poverty and major roles for policy are providing income support, ensuring that the rationing system ‘fair’ and minimizing the extent of the secondary sector by stabilising aggregate demand.

### 6.2.2. Organised and Unorganised Labour Market

The most popular classification which divides the economy into ‘organised’ and ‘unorganised’ sectors is based on the market structure, technology used and relationship with the government. An attempt was made to distinguish between the two sectors based on these characteristics by Heather and Vijay Joshi (1976). They observed that the
organised sector 'contains large manufacturing firms, operating in oligopolistic markets sheltered from foreign competition by high tariffs and quantitative restrictions, selling their products mainly to middle and upper income groups. The unorganised sector, on the other hand contains a very large number of small producers operating on narrow margins in highly competitive product market, selling a variety of goods and services. Its products are sold mainly to low income groups. It is dominated by small enterprises. In addition to self- and household- employment, which often is a fair proportion of the total labour input, these enterprises are run by labour hired from the pool of highly competitive casual labour which is neither protected by state legislation nor by trade unions. At the same time, these enterprises have to pay exorbitant interest rates since the main source of finance for them is the money lender who, apart from taking advantage of the weak bargaining power of small entrepreneurs, has in many cases to cover the large element of risk of default.

Thus the advantage of inexpensive labour available to small entrepreneurs is to a large extent neutralised by high rates of interest they have to pay on their loans. Even the capital productivity is said to be higher in the organised sector units as compared with the unorganised sector units because of formalised work conditions in the former along with better division of labour and management. In addition, the firms in organised sector have a relatively greater access to and influence over the government machinery which enables them to avail of State protection and benefits which are not normally available to the producers in the unorganised sector. (Vishwa Mittar, 1988). We have adopted the same approach and based on this type of 'protection' we have divided the labour market into two namely 'organised' and 'unorganised' in our study.
6.2.3. Formal and Informal Labour Market

Although the concept of labour market segmentation was developed with respect to the industrialised economies, particularly with reference to the USA, various models of structuring labour markets with different kinds of jobs with rewards at various levels and barriers which limit mobility and other forms of interactions between the segments became quite common. In developing countries, these models got dichotomized into 'formal' and 'informal' sectors. Research in developing countries has stressed labour market segmentation in the formal/ininformal sector dichotomy.

The formal-informal distinction is the most recent development in dualistic thinking. It can be considered a theoretical reaction to the stagnation in socio-economic development in countries like India. Berenguela (1988) summerise the features most commonly used to describe formal and informal sectors and activities in the form of a table. Most of these features are non-exclusive, so the point of discussion is what constitutes the essential features of 'informal'. The categories formal and informal have been used in different contexts to address different issues. However there are different views on their meaning (wide Appendix).

These two components are empirically analogous to other organising concepts such as the formal and the informal or the primary and the secondary sectors of the labour market (Standing 1987; Harris 1990; Breman 1980; Seturaman 1981).

Thus, the boundary between the formal and informal segments of the market is in practice based on the industrial and labour legislation prevalent in the country concerned (Mazumdar, 1989).

The characteristics, used to define or understand the informal sector may be grouped into following three categories:
i) Those related to the characteristics of the enterprise, like size, family ownership, sources of inputs and labour intensive technology etc., In this category, the emphasis is on the context within which people work, the stress being place on the mode of production.

ii) Those related to the nature of exchange relationship with the state and the rest of the urban economy like unregulated and competitive markets, lack of support and recognition from the government, lack of organisation and unregistered nature of enterprises, and

iii) Those based on the employment situation, or labour market processes like ease of entry, self- employed or casual nature of work, and lack of formal contractual arrangement for employment etc.,

Many of the studies in the India have used some of these criteria for empirical delineations of the two (or more) sectors, (Joshi and Joshi, 1976; Breman,1977; Papola, 1978; Bose, 1978; Deshpande, 1979;ORG,1980a; Harris, 1981; and Majumdar, 1980). All of these studies have in some way or the other attempted to identify the informal sector for the city as a whole and estimated the proportion of work force in this sector. Thus it is clear from the foregoing paragraphs that during the past twenty five years economists dissatisfied with orthodox theory have proposed different explanations of how labour market operate. Some of the alternatives simply extend orthodoxy to include the effects of various institutional factors; others have explicitly sought a new paradigm. All reject a predominantly competitive analysis, insisting instead upon the fragmented nature of labour markets and the importance of institutional and social influences upon pay and employment. 'Labour market segmentation' (LMS) provides a common label for these alternative approaches. Some economists claim that the term labour market segmentation characterises the coexistence of two different forms of market organisations: primary and secondary or organised and unorganised or formal or informal. It has long been recognised that the urban labour markets in developing countries have two distinct
sectors - the formal and the informal. These are parallel to the primary and secondary labour markets in developed countries. Some of the studies carried out in India reported that segmentation of labour market could be observed in India based on the major characteristics such as wage, working conditions, membership in trade union, size of units etc... It is viewed that these are some of the factors that influence or create and perpetuate a segmented labour market.

To understand the whole aspects related to labour market understanding of segmentation of labour market is considered as one approach. Hence, we have undertaken this study. Now in the next section we shall attempt to assess whether there is segmentation in our sample urban area. If it prevailed let us try to understand the nature and extent it prevailed and the characteristics influencing it.

SECTION TWO
6.3. CHARACTERISTICS OF COIMBATORE URBAN LABOUR MARKET

Our empirical reviews presented above revealed that, in the case of studies in developing countries, schooling variable was taken as a basis for dividing the labour force into different segments, while in studies carried out in US and in the UK emphasis was on the workers characteristics in dividing the labour force into different segments. This is one of the reasons as to why the empirical findings of the developing country studies differ from that of the developed country studies. However, despite the variety of experiments revealed in the empirical studies in both the industrialised and industrialising countries, the general tendencies towards segmentation of labour market is clearly observable.

We have reviewed few available empirical studies on labour Market segmentation in India (viz., Deshpande, 1979, Mazumdar 1979, 1983; Hariss. 1986; Papola, 1986; Hariss, Kannan and Rodgers, 1989; Khandker, 1992). Most of the labour economists agree that the Indian labour market is segmented.
Here let us make an attempt to assess whether Coimbatore labour market was segmented or otherwise. To make such an assessment we can consider the characteristics or features considered by the three major approaches to urban labour market which preferred to call the labour market as segmented when there exists primary and secondary or organised and unorganised or formal and informal labour market conditions.

We have discussed in the above pages as well as in the course of reviewing the empirical studies in chapter II that various researchers have described the labour market dualism, as formal and informal, protected and unprotected and organised and unorganised. In all these classifications characteristics attributed to primary, organised, formal and protected market are more or less same. Similarly the features attributed to secondary, unorganised, informal and unprotected market are common.

Hence, we can apply one of the classifications of the labour market and attempt to test the nature of Coimbatore labour market. Here we propose to apply organised and unorganised labour market classification to test the nature of Coimbatore labour market as most of the Indian researchers have used such classification and more particularly the other important study on Coimbatore labour market done by Harriss, Rodgers and Kannan also followed the same classifications. By following similar classifications comparison of the studies would also become simple and meaningful*.

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* Empirical research on urban labour in the developing countries has tended to concentrate on configuring labour markets, studying migration, occupation and skill composition and the structure of wages and earnings among the works. In this perspectives much of the discussion is found to be organised around two distinct, though not mutually exclusive components of the labour market, namely, the organised and the unorganised sector (Acharya and Joshi, 1991). These two components are empirically analogous to other organising concepts such as the formal and the informal or the primary and the secondary sectors of the labour market (Standing, 1987; Harriss, 1989; Breman, 1980; Sethuraman, 1981)

* The taxonomy of jobs in terms of labour status developed by Harriss et al., by defining terms of regularity, protection and autonomy have not been considered here.
So we have followed the organised and unorganised sector classifications for assessing the nature of Coimbatore urban labour market. The widely accepted characteristics of organised sector are: high wages, job stability (permanence), good working conditions, seniority rights (scope for promotion) and benefits, and high degree of unionisation. And the characteristics for unorganised sector are: low wages, job instability (impermanence), poor working condition, no seniority rights and benefits, low or non unionised, scale of enterprises. Hence, to assess the labour market segmentation a discussion of characteristics of mobility, earnings and occupation choice are necessary. We have considered the features of organised and unorganised segments in our earlier analysis on mobility, earnings and occupational choice. Now, using those explanations or results of analysis and additional informations collected from the respondents would be considered for verifying the nature of Coimbatore urban labour market.

Here, let us make an attempt to provide evidences to test the labour market segmentation in the Coimbatore Urban labour market based on our study. Now let us take up one after the other characteristics mentioned above and discuss the nature of them in Coimbatore urban labour market.

6.3.1. Wages

From the general point of view the average reported earnings or wages of our respondents for the current job (job at the time of interview) was classified into four with a class interval of Rs.25 (up to 25, 26 to 50, 51 to 100 and above 100). About 9 per cent of our sample workers fell in the lowest bracket. Another about 50 per cent of our sample workers were earning in the next bracket of 26 to 50 rupees as their daily wage. So, upto Rs.50 about 59 per cent of our sample workers were drawing their daily wages. In the balance of 41 per cent of workers 20 per cent were earning between Rs.51 and 100. Rest of the 21 per cent were making about Rs.100 per day.
When we compare the earnings of our sample workers during their first job, previous and current job, we found (Chapter IV) that over a period of time the proportion of our sample workers under different levels of earning underwent a change. We found that during the first job about 72 per cent of our sample workers were in the lowest bracket (up to Rs.25). And during the previous job about 56 per cent were in that in the same wage level and during the current job the proportion came down to 9 per cent. Still, up to Rs.50 per day (first and second level) about 59 per cent of our sample workers earned their income. Hence, change over a period of time have not raised their daily earnings substantially.

In the context of present cost of living in urban centers in India and when the Tamil Nadu State government was paying Rs.51 as the minimum wage for unskilled workers who were employed in number of central and state government sponsored programmes, the average wage earned by the sizable proportion of our sample industrial workers could be considered as low. However, when per day earnings of our respondents were approached from organised and unorganised sector point of view we find that only 43 per cent of the organised sector workers were earning in average upto Rs.50 per day. While about 82 per cent of the unorganised workers were receiving similar level of wages. So higher proportion of unorganised workers and lower proportion of organised workers were in the same wage bracket. Alternatively it can be said that wages in unorganised sector was low while the average wages in organised sector was high.

6.3.2. Scope for Promotion in the Present Job (Senior Rights)

When we look at the overall position, our sample workers were asked about whether there was scope for promotion in the present job. The respondents were asked to rank according to their perception and the reality prevailed in their enterprises. The options were: scope for promotion was very bright, rare or poor and no scope at all.
The responses revealed that about 17 per cent perceived that there was a very bright scope for promotion in their enterprises. But 37 per cent of the respondents expressed that the scope for promotion was very rare. When we look at the rest of them we found 46 per cent of them felt there was no scope at all for promotion or vertical mobility in their industrial units. So if we treat scope was rare also closer to no scope for promotion, then about a substantial proportion (83%) of our workers had rare or no scope for promotion.

When it is viewed from the organised sector point of view about 80 per cent of workers had rare or no chance for promotion while in unorganised sector 87 per cent had such rare or no scope for promotion. So here again relatively more percentage of our workers belong to unorganised sector had no scope for promotion.

6.3.3. Job Stability or Nature of Work (Permanant or Temporary)

In the Indian context, the nature of job (namely, permanent or temporary job) a worker secured determines the amount of wage, eligibility for deferred wage (bonus), other perks and protection for service conditions, and terminal benefits (social security protection). Hence, when our sample workers were classified based on their present job status we found that only 45.7 per cent were permanent employees and the balance of 54.3 per cent were temporary category workers. So a majority of our workers were not having normal basic minimum protective cover such as social security benefits, regular employment and income.

When we look at the workers from the point of view of organised and unorganised category, we came to know that four fifths of the permanent workers (80.4%) belong to organised sector while 56 per cent of the unorganised sector workers. This revealed that higher proportion of permanent workers in organised sector and majority of temporary workers in unorganised sector.
6.3.4. Working Condition

It is common knowledge that workers always aim to achieve at least three things in their collective bargaining approach. They are better wages, lesser hours of work and better working conditions. Received literature on labour has enormous details about the working conditions under which workers under different sectors were working and the series of legislations brought out by the government to improve the working conditions. As our study covered textile and engineering industry the very nature of work of textile mill is not good for health and it needs facilities such as air conditioners to mitigate the ill effect. Similarly in engineering industry necessary facilities must be available to reduce physical and the mental stress and strain on workers. From this point of view when workers were asked to respond we found that 70 per cent of them were satisfied with the job in which they were employed and only 30 per cent were not satisfied with their job- when further effort was made to probe into the reason for the same when the workers were asked to spell out the reason for not satisfied with the job 60 per cent of those 30 per cent who were not satisfied with the job cited low income and 14 per cent cited poor working conditions. When compared to the total sample the percentage of workers who were not satisfied with the condition was low. Hence, only small proportion of workers were not satisfied with their working conditions.

We have evidences that among the organised sector workers more number of then (72%) were satisfied with their present job. Whereas in the unorganised sector relatively lesser proportion of workers (68%) had reported that they were satisfied with their present job.

6.3.5. Membership in Trade Union

In a county like India in the midst of prevalence of all the types of unemployment such as phenomenon of under employment, disguised unemployment and open unemployment and poor average wage for majority of workers it is difficult to expect a
high percentage of enrollment in trade union. However, sometimes the sector of employment such as cotton textile as well organized sector promote more enrollment in the union than in other sectors. The responses of our sample workers revealed that only 41 per cent of them were enrolled in one or other Trade union. Further we find that 46 per cent of textile and 33 per cent of engineering workers were enrolled in trade union. The details about trade union membership among the organised and unorganised sector revealed that 59 per cent of workers were in union while in the unorganised sector only 14 per cent of the workers were members of trade union.

6.3.6. Small Scale Units (or) Competitive Sector Industry

In the post Independence era with emphasis by successive Five Year Plans on Industrialisation Coimbatore city received the attention of private sector and with their sincere and earnest efforts and enterpreneurial talent textile mills have emerged in the urban area. Then with the impetus provided by the textile mills the engineering and metal industries developed rather rapidly. Similarly commercial agriculture led by hard working progressive farmers provided the thrust for growth of electric motors and pumps. We have seen (Chapter III) that in 1986-87 there were 1162 industrial manufacturing units and out of them 76 per cent were engaged in engineering and machinery and the remainder by electric, electronic goods, chemical, iron and steel and others. In addition, there were 12220 units classified as "industrial suppliers" and 867 as "industrial services". One notable aspect is a preponderance of "small scale" units in engineering industries, many of them unregistered.

When textile and engineering units were taken together, and classified the units based on the number of our sample workers were employed in the respective units we found that proportion of workers employed in small, medium and large firms were more or less in equal proportion. Here again if the size of units are considered from organised
and unorganised angle about 14 per cent were in small scale, 40 per cent under medium and 46 per cent in large scale in organised sector. But, in unorganised sector 62 per cent in small scale, 27 per cent in medium scale and only 11 per cent were in large scale. So, higher percentage (62) of small units under unorganised and higher percentage of (46%) large units in organised sector.

6.3.7. Age of Workers

Age of a worker has a close bearing on his productivity and ambition in his career. Further it has direct link to his earnings, mobility and occupational choice. When the age composition of our sample workers were considered, from organised sector point of view about 44 per cent of our total organised workers were below the age of 30 years. While 84 per cent out of the total unorganised sector workers were in the similar age group. (If we raise the age limit to 40 we find that 79 per cent of the organised and 96 per cent of the unorganised sector workers fall in that age group. So, in our sample more proportion of young workers in unorganised sector and more proportion of senior workers in organised sector.

6.3.8. Period of Waiting: or Unemployment

In the world of labour market duration of gap between the period of seeking job and the period of securing job is called as period of waiting for employment or period of unemployment. To assess the employment or unemployment situation for industrial workers it is enough if we observe the situation for a period of one year. When attempt was made to collect the information from the respondents it was revealed that out of the total of 346 respondents 10.4 per cent of them were unemployed during the last 365 days. Of which 89 per cent of workers waited up to three months, 11 per cent for 4 to 12 months to secure job. Hence, the unemployment or waiting period cannot be considered
### Table 6.2
TALLYING COIMBATORE LABOUR MARKET CONDITION WITH SEGMENTED LABOUR MARKETS CHARACTERISTICS

<table>
<thead>
<tr>
<th>CHARACTERISTICS OF LABOUR MARKET SEGMENTATION</th>
<th>COIMBATORE URBAN LABOUR MARKET CHARACTERISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANISED SECTOR</td>
<td>UNORGANISED SECTOR</td>
</tr>
<tr>
<td><strong>1. WAGES</strong></td>
<td></td>
</tr>
<tr>
<td>High Wages</td>
<td>(57% earned more than Rs.50 in average per day)</td>
</tr>
<tr>
<td><strong>2. JOB STABILITY</strong></td>
<td>Stability (permanence)</td>
</tr>
<tr>
<td><strong>3. WORKING CONDITIONS</strong></td>
<td>Good working conditions</td>
</tr>
<tr>
<td><strong>4. SCOPE FOR PROMOTION</strong></td>
<td>Seniority rights and benefits</td>
</tr>
<tr>
<td><strong>5. UNION MEMBERS</strong></td>
<td>Unionised</td>
</tr>
<tr>
<td><strong>6. EMPLOYMENT</strong></td>
<td>Low unemployment</td>
</tr>
<tr>
<td><strong>7. SCALE OF ENTERPRISE</strong></td>
<td>Monopoly sector industries (large firms)</td>
</tr>
<tr>
<td><strong>8. ADVANTAGED GROUPS</strong></td>
<td>Prime age males</td>
</tr>
</tbody>
</table>
as so long in the Indian context. Further they revealed that the waiting period for first and present job was one year for 93.5 per cent. So over years the waiting period came down in the textile and engineering sector at Coimbatore.

From the above table we find that Coimbatore labour market satisfies all the features that are necessary in organised and unorganised sector to call the market a segmented one. We have provided in column one all the features accepted by researchers in segmented labour market based on the number of studies. So it is logically proper to say that Coimbatore labour market was segmented.

Empirical research on urban labour in developing countries has tended to concentrate on configuring labour markets, studying earnings, mobility, migration and occupational choice among the workers. The extent of occupational mobility is one facet of labour market segmentation literature. A second is the process of wage determination (earnings) within each labour market segment. Third is the occupational choice of the laborers. An understanding of how the urban labour markets operate and interact with the earnings, occupational choice, and mobility among workers may help to understand better the role of labour market segmentation.

Often it is said that given the existence of disparities in wages and other types of labour market rewards between otherwise equally productive individuals in the labour market an appropriate empirical research may go a long way in explaining the presence of such disparities in labour market rewards in India. Hence we undertook this study at Coimbatore labour market. We felt that it is necessary to find out the difference in the treatment of worker characteristics on mobility between segments and earnings within segments and occupational choice where segments are defined not only in terms of jobs but in terms of types of industries etc.
6.4. EFFECTS OF THREE SETS OF VARIABLES ON EARNINGS, MOBILITY AND SELECTION OF JOB

We made an attempt to identify the influence of human capital as well as non-human capital variables on earnings, mobility and occupational choice. Now let us try to discuss the effects of the three set of variables, viz., Human Capital Variables, Workers background variables and Industry-job specific variables on the three aspects of Coimbatore labour market viz., earnings, mobility and occupational choice. We can discuss these aspects based on the analysis we made in 4th and 5th chapters.

6.4.1. Effect of three sets of variables on Earnings

a) Human Capital Variables:

Except Age for all the workers, in organised as well as unorganised sector, other variables were not significant.

b) Workers Background Variables

In the case of all workers Caste, Fathers Occupations were significant and negatively influencing the earnings whereas region and membership in trade union were influencing the earnings significantly and positively. While region negatively and membership in trade union were positively influencing the earnings in organised sector. Whereas in unorganised sector region positively and significantly but fathers occupation negatively were influencing on earnings.

c. Industry, Job Specific Variables

In the case of all workers, except the legal protection (labour law) all other variables were significant on earnings. Whereas in the case of organised sector other than textile category of industry all the variables were influencing the earnings significantly and positively. In unorganised sector only textile industry category variable and legal protection (labour law) were significant and negatively influencing the earnings.
So among the three sets of variables, human capital variables were not significant while both workers background and job specific variables were significant positively and negatively. Especially in workers background variables institutional factors such as caste, membership in trade union, regional factors have played their role significantly on the earnings of workers. Added to that the job specific variables influencing earnings also support that the institutional variables and job specific variables found that human capital variables explained the variation in earnings of workers in Coimbatore labour market.

6.4.2. Effect of three sets of variables on Mobility

a) Human Capital Variables

For all the workers except experience all the human capital variables have influenced occupational mobility. Whereas in organised sector except training and secondary level of education all other human capital variables were significant and influenced mobility. In unorganised sector age square was positively and primary level of education negatively influenced significantly the mobility.

b. Workers Background Variables

When all workers were considered, compared to SC/ST, forward and backward castes were negatively significant and migration charter positively influenced occupational mobility. When it was approach from organised and unorganised sector point of view also castes to which workers belong to were negatively influencing the mobility. In unorganised sector, mobility was influenced by religion of the workers and education and occupation of father emerged significant on the mobility of workers.

c. Industry, Job specific variables

Scale of enterprises emerged significant and influenced positively on mobility in the case of all work. While in organised sector permanent nature of job influenced mobility negatively but significant. However, in unorganised sector the scale of
enterprises was positively and legal protection (labour law) for job negatively influenced mobility significantly. So far mobility of workers in Coimbatore labour market among our sample workers, human capital variables were significant. Besides, we found that institutional or workers background variables such as caste of workers, migrant, religion, education and occupation of father were significant in influencing the mobility of workers. Similarly among the job specific variables, scale of enterprises, category of workers (permanent) and legal protection for job were significant in mobility. Hence, these aspects reveal that human capital as well as both workers background variables and job specific variables were significant in explaining the mobility in Coimbatore labour market.

6.4.3. Effect of three set of variables on the Selection of Job:(Organised Sector)

a) Human Capital Variables:

In organised sector the role of human capital variable primary education and experience variable were positively influencing and significant.

b) Workers Background Variables:

In organised sector Backward caste, membership in trade union and occupation of father (factory worker) have influenced the selection of job significantly and positively.

c) Industry, Job specific Variables:

In organised sector employment in textile industry and scale of enterprises have emerged significantly and positively on selection of job.

So, we find that for job selection human capital variables such as education and experience as well as workers background variables., like caste, Trade union membership, occupation of father influenced the selection of job. Moreover, the job specific and job specific variables such as work in textile industry and scale of enterprises have explained the variations in job selection.
6.5. CONCLUSION

We attempted to verify the nature of Coimbatore labour market by considering the characteristics attributed to segmented labour market by approaching the market on the basis of organised and unorganised sectors. In addition we attempted to assess the nature of Coimbatore labour market on the basis of the role of set of variables such as human capital, workers background and job specific variables on earnings, mobility and occupational choice. The first approach revealed that all the widely accepted features of segmented labour market prevailed at Coimbatore during the period of our study. The second approach also proved that in the determinants of earnings of workers human capital variables were not significant, but other two set of variables were significant. While for mobility and occupational choice all the three sets of variables played their role. As the role of institutional variables like, caste, religion, trade union, region, occupation of father as well as job specific variables were significant in all the aspects of labour market, it is reasonable to conclude that Coimbatore labour market was segmented.