Abstract

LABOUR MARKET DYNAMICS OF KERALA

Introduction

Manual labour reluctance as a result of liberal education system is the notion which leads the labour market discussions in Kerala. “Kerala people are looking for jobs and not for employment” is a byproduct of the above notion. It went even to describe unemployment as a problem of rich and much more as a social issue than an economic one. As an extension, issues of female labour market are lumped in the court of gender discrimination and male dominance. Studies have forgotten to link the female issues to the overall labour dynamics and thus kept it as a separate entity. Present study tries to unveil the myths of this context and to bring out certain realities.

Kerala's labour market is constituted by features like, high unemployment rate especially among female, labour shortage, lower economic participation of females and higher propensity for migration. The labour market outcomes of economic systems should be studied in the context of the development experience of that economy. Naturally, Kerala's labour market outcomes are closely linked with its development experience. A lot of literature is available which studied labour market issues in connection with development experience of Kerala in general and there are specific studies which limit the focus on certain sections.

Context of the study

A number of studies have addressed the mismatch between demand for and supply of labourers (unemployment) in Kerala. But a detailed analysis of the demand supply mismatch has not taken place regarding Kerala's labour market literature. Moreover, currently a study which demarcates the labour market issues of Kerala in gender perspective cannot be traced. Some studies have addressed female labour markets, with their main focus on gender justice and women empowerment. The present study however attempts to approach the labour market issue from a gender perspective.
The development experience of Kerala has been a focus of discussion. It is because a region with a relatively low per capita GDP has achieved some social indicators of development that are more in line with high income characteristics. But this development experience itself created some basic problems in its product market and factor market linkages. It created some mismatch in the demand for labour in traditional production setup and the supply of educated labour. This culminated in making Kerala a state with high level unemployment in which females outnumber males.

Studies in general have identified the main issues of the labour market of Kerala as high level educated unemployment, labour shortage in manual jobs and low level female economic participation. All the studies unanimously agree on the basic issues. But they differ in their interpretations of cause and effect relation. Some studies have highlighted the importance of demand side factors whereas supply side factors were put forwarded by others. The supporters of demand based reason emphasized the stagnation and decline in the real production sector as the main reason for the labour market issue, without adequately referring to the labour shortage in a labour surplus economy. Those who emphasized the importance of supply based reasons failed in explaining the basic causes related to the behavioral change in the labour force. The studies do not identify the qualitative difference in demand and supply to explain the exact reasons and suggest remedies for the labour market issues of Kerala.

The studies on Kerala's female labour market do not reflect the actual issues in connection with the non-economic work (household production), the important factor which influence economic participation and job search boundary of females. In addition, these studies lack the linking element between male and female labour market and so are not able to explain the basic issues of Kerala's labour market in a comprehensive level. The impact of migration and related remittances have influenced the structure of labour demand. The studies have not
linked household production and domestic work burden of female in connection with male migration.

The void space of the several studies in connection with the labour market issues of Kerala has been identified and filled with right contentions and argument. The present study analyses the labour market of Kerala to identify the basic issues from gender perspective and connect female and male economic and non-economic participation as a part of household decision.

**Statement of the Research problem**

The existing literature on labour market identifies high level educated unemployment and low level economic participation in Kerala especially of female in spite of high Human Development Index and Gender Development Index. At the same time there exists labour shortage, especially manual labour. Present study tries to examine the existing demand-supply conditions in the context of Kerala's development experience and explain the reasons for the mismatch. It analyses the labour market of Kerala in a gender perspective, incorporating the household work and related non-economic work with economic participation of female. The study analyses the labour supply and labour demand in a disaggregated manner so as to find out the socio-economic, educational, gender and regional dynamics of labour market outcomes of Kerala. Moreover, the study critically evaluate the notions put forward by the existing studies on Kerala’s labour market

**Objectives**

The broad objective of the study is to analyse the basic variables of Kerala's labour market and investigates the existing realities to provide suitable explanations. The specific objectives of the study are:

1. To analyse the labour market dynamics of Kerala and place it in Indian context.
2. To analyse the labour market dynamics of Kerala in between gender, age groups, social groups, religions, regions and different time periods.
3. To analyse the basic difference in the nature and characteristics of labour market outcomes of Kerala with India and connect it with its development path.

4. To investigate the reasons for the low level economic participation of female.

5. To verify the validity of prevalent hypotheses and arguments on Kerala’s labour market such as:
   a) Unemployment is a problem of the rich
   b) Increased supply of graduates and postgraduates creates the unemployment problem.
   c) Lack of technical education reduced the economic participation of female.
   d) Female labour market issues are due to labour market discrimination and patriarchal norms.
   e) Labourers in Kerala are reluctant to do manual jobs.

6. To suggest proper labour market policies.

Data source & Methodology

The study uses the following data for the analysis


4. Primary data on Time Use pattern collected from 34th division of Kozhikode Corporation is used for validating the analytical frame.
The study analyse the labour market of Kerala in the framework of a neo-classical household production model. For the purpose of validating the analytical frame, primary data is collected from a small sample of 30 households in the 34th division of Kozhikode Corporation. The main analysis is carried out by using secondary data. It uses logistic models along with simple statistical tools like percentages, mean values etc for analysis. Logistic regression is a useful way of describing the relationship between one or more independent variables (e.g., age, sex, etc.) and a binary response variable, expressed as a probability that has only two possible values. In the present study the dependent variables are binaries, and the purpose is to identify the relative probabilities, hence the model selection. The different logistic models supported the results derived.

Chapter Scheme

Following the introduction in the first chapter, a detailed review of literature in the area of study is presented. It consists mainly of review of theoretical and empirical studies related to the labour market and related issues. Chapter three gives an analytical framework for the present study. It develops the macro framework of Kerala's labour market and relates it with the micro family decision-making model. A general profile of the labour market issues of Kerala in comparison with India is discussed in Chapter four. It gives a detailed analysis of the female labour market outcome of Kerala. Chapter five focuses the characteristics of non-economic worker category of females in Kerala. The global trend in gender division of labour is also included. Chapter six deals with the demand for labour in Kerala and compares it with Indian situation. Due emphasis is given to the gender dimension and social division. The findings and conclusions emerged from the study are summarized in this chapter. It also points out certain important policy suggestions.

Findings and conclusions:

While analyzing the labour market dynamics of Kerala, it is seen that during 1999-2007 period, noticeable fluctuation is visible in labour supply, while labour demand fluctuates slightly. The very high fluctuation in labour supply is
due to reduction in housewives category of female in all over Kerala in the year 2004 and an increase in housewives category in 2007. The possible explanation for the increase in labour supply is the women empowerment programme started in 1999. The awareness campaign may have helped to increase the labour supply. But the analysis indicates that the labour demand was more or less stagnant during this period. A slight increase in labour demand in 2004 is due to an increase in regular salaried jobs for the educated. It benefited only upper class educated especially in rural south. The increased supply of female labour during 1999-2004 died out naturally demonstrated a “discouraged worker effect” but had no substantial effect on labour market of Kerala.

While analysing the characteristics of labour market of Kerala, it is clear that the probability of being an unemployed is higher for youth than the other age categories. Among male, old age unemployment is existing along with youth unemployment. The probability to be an employed among female increases when age increases, while it reduces when age increases. This result indicates the peculiarities of female market work participation. The high level labour force participation among youth shows that female community wants to be a part of market work, but due to the domestic work burden and lack of suitable job opportunities, forced to withdrew from the labour force and become housewives.

It is found that the distribution of unemployment is more or less the same in all economic classes. The finding that the probability of being an unemployed among lower economic group for both gender is higher than the richer section, negates the argument that unemployment is not an economic issue rather a social one. In case of female, labour force participation among lower income group is higher than the upper income group proves that economic pressure is playing a decisive role in deciding the market work involvement. This explains the reason for the reduction in labour supply for manual jobs when income increases. Kerala, having high level per capita consumption expenditure on the one side and lack of quality jobs on the other reduces the work participation rate of female. And this cannot be considered as due to discrimination of female, but as a
byproduct of the interplay of macro economic condition and household production burden (opportunity cost of domestic work) of females in Kerala.

It is found that education is not having much impact on labour force participation of male but among female labour force participation increases when education increases. The study do not give supportive results to show that the increased supply is responsible for high level unemployment among higher educated, because only very small percentage of total labour force is having graduation and above qualification. It supports the argument that lack of job opportunities to absorb the educated labour force is the reason for high level unemployment. The unemployment rate among the technically qualified surpasses the unemployment rate of liberal arts and science graduates and postgraduates, disproves the argument that the re-structuring of the courses for higher education and increasing the cost of education are suitable remedies to solve the unemployment issue. The only solution is the development of the economy creating more job opportunities to absorb the educated labourers. Policy makers usually emphasizing a change in educational policy which results in increase of labour supply to meet foreign labour demand. The finding that male migration reduces the economic participation of female irrespective of socioeconomic and educational status indicates that these policies will in turn create problems in female labour market by reducing labour force participation rate and increasing unemployment rate.

It is found that the educated community in labour force is more likely to be unemployed than less educated. Among male the probability of unemployed among higher educated is higher than average educated and less educated. But among female, average educated is having more probability to become unemployed than higher educated and less educated. The higher educated females are largely absorbed in the public sector jobs which are aimed to the average educated section. This phenomenon may cause the decrease in the opportunity of job of average educated females. This is due to the fact that female
is not considered to be a bread winner and their job search boundary is limited within their locality and is mainly due to non-economic work and reproductive role. But in the case of highly educated male, they may not be ready to compromise like female due to the possibility to search job outside Kerala, prefer to be unemployed than engaged in lower income lower status jobs during their younger ages.

Among male and female marital status plays an important role in deciding the labour market involvement. Among male majority of unemployed are never married, while among female majority unemployed are married. Among married female, majority are engaged in non-economic work and among married male, majority are engaged in market work, shows a clear gender division of labour related with marital status. The development experience of Kerala with a low level demand on the one side, and the very limited job search boundary due to care work burden on the other side, increased the unemployment among married female. But among male, marriage is a compelling force to engage in market work and it forced them to accept the existing jobs without any preference or to migrate to other places, reduced the unemployment rate. The higher levels of economic activity by the separated/divorced females should be connected with the labour market participation of female due to economic compulsion. Average per capita consumption expenditure is the lowest for separated/divorced, supports our argument that lower income female engaged in economic work is mainly due to economic compulsion.

Migration seems to be a determining factor on economic participation of female. Migration of male members in the family reduces the economic participation of less educated and higher educated females. But the high level unemployment among higher educated within migrant family background shows, it is not because of income effect, but due to the extra domestic work burden (opportunity cost of household work is high) restricted job search area along with the deficiency of quality jobs. The income effect works due to the peculiar nature of non-economic work burden of female.
The religion based analysis shows that the Muslim community have higher probability to become unemployed than the other communities and have lower probability to become a part of labour force. This may be due to the impact of migration, religious beliefs and educational backwardness. The finding that negative influence of the size of family and economic participation shows that when family size increases the household responsibility of females increases, it causes a large scale of drain out of female from job opportunity in the labour market. The average size of family is higher for Muslims and the positive relation with size of family and unemployment should read in connection with the fact that Muslim females have more probability to become unemployed within the labour force.

The analysis of non-economic work (household duties) shows that majority of the work time of females all over the world is devoted to non-economic work. This shows that the lower economic participation of women is not the issue of Kerala or India alone, but all social setup female engaged more in household production. Hence the talk about the involvement of female in market work should address the issue of household production and related time constraints.

72.6 percent of housewives in Kerala reported that they are not having extra time after household work. This show that time is very important element which should get adequate importance in Kerala's labour market studies. Very small percent is staying back at home due to the influence of social and religious reasons. Majority of them are engaged in domestic work due to the non availability of care substitutes. Among the religious groups females of Muslim community remain home due to religious compulsion, but compared to the percent of females staying back home due to non availability of care substitute, it is low. This again supports the argument that it is due to domestic work burden, female work participation is low. The TUS from the sample from Kerala also supports this finding. Without considering the time constraint and opportunity cost of domestic work, female work participation cannot be raised. This low profile
female market work atmosphere influence the labour market participation of male members in Kerala.

Among those who are having excess time, after doing domestic work, majority of them accepted non-economic work by preference. This shows that the division of market job for male and domestic job for female is an economic decision of the household due to the existing low profile demand for female and the non-availability of domestic substitutes.

Moreover, it is asked whether accept a job which is provided within household, majority responded negatively, shows that domestic work burden is more important element in the labour market participation decision of female. Without altering that, it is not possible to increase the work participation.

The analysis of the extend of supply demand mismatch on the basis of educational qualification shows that in Kerala majority of jobs needed an educational qualification of middle school and below. But among the labour force, the percent of this educational category is lower compared to more educated. This shows demand supply mismatch, a reason for labour shortage in labour surplus economy. It is found that the demand exceeds its supply, in case of jobs that needs lesser educational qualification and is the reason for the existence of labour shortage in manual jobs especially in agricultural sectors. And among educated, labour supply exceeds its demand and hence high level unemployment. This result indicates that the creation of more jobs meant for higher educated will be the only solution to solve the labour market crisis. This is possible only by modernizing the real production sectors, because, majority of employees still depend upon primary and secondary sector for their survival.

The analysis of the type and nature of jobs shows that, in India, major job type is self employment in nature while that of Kerala it is casual labour category. It is found that in India major portion of female employees are unpaid family workers (unpaid market work). While that percentage is very low in Kerala. Moreover, female proportion of regular salaried job-high quality jobs- is higher when compared to male in Kerala, while that is reverse in India. In Kerala due to
lack of suitable job opportunities and the existence of care work burden, female economic participation is very low. But in India majority of female enter into job market due to economic compulsion, which is not to be taken as a sign of empowerment of female. The findings supports the argument that in Kerala, female receives more protection and care from the family due to which male members are shoulder the money making business while female members engaged themselves in domestic work. This may be considered as the outcome of the low level economic growth and high level social development. Due to high level of social development, child care and related reproductive role, female get more importance and the educated male members who are unable to get high return jobs within the state migrate for earning to ensure total welfare of the family.

Income and education positively influences the probability of a regular employed female in Kerlala to become a government servant. Muslim community is having higher probability to become a government employee than other religion within regular employed females. SC/ST and OBC is having a slightly higher chance to become government employee than general category. Moreover, it is found that the standard of living, the highest average monthly consumption expenditure seen among government employees provides the answer to the increased government job preference.

In the case of formal and informal employment, it is found that in Kerala compared to male, the proportion of females engaged in formal jobs are more. Moreover, it is found that the proportion of manual job among female is very low. Within female separated/divorcee the percent of manual job is very high shows that their increased participation is due to economic compulsion. Hence the low level of economic participation of female can be consider as a women friendly nature of Kerala society and it should not be considered to be a discrimination.

While analysing the division of job in between social classes, it is seen that majority of jobs done by SC/ST both in India and in Kerala are manual jobs in agriculture. While for OBC and general category majority of jobs are non-manual in nature, in Kerala OBC dominates in trade and commerce. Among social groups
general category have higher percent of educated compared to SC/ST and OBC. This may be the reason for the social division that is seen in employment. Educational backwardness may be the reason for lesser percent share of employment in sectors other than agriculture and allied by the SC and ST.

In the case of method of payment and job contract, female have more percent of regular monthly payment and contract work than male, due to the increased percent of regular salaried employees among them. The industrial division of employees shows that in India, more than 50 percent are engaged in agriculture. Though in Kerala, service sector is the major job provider, among female agriculture and allied sector seems to be the dominant job provider. This again supports our argument that due to domestic work burden, female engagement in economic work is mainly due to economic compulsion. Agriculture is having location advantage for females to do market work along with household responsibilities. The increased participation of female in National Rural Employment Guarantee Programme (NREGP) should be read in connection with the location advantage of females.

In the existing economic condition of Kerala, domestic work carried out by female is more remunerative than market work. The economic invisibility and related dependency of women are creating a lot of social issues. Economic invisibility can be reduced only by increasing the economic benefit of females market work or reducing the domestic work burden by female. This can be achieved by increasing the quality job opportunities in the nearby locality and by increasing the availability of cheaper care substitutes. As it is found from our analysis that though in total employment, the female percentage is very low compared to male, but in government job, their percentage is comparatively higher; which shows when the market earning become more remunerative compared to domestic work, female economic invisibility decreases. The finding that the probability of female among the currently married to become a non economic worker is very high needs to be connected with the reproductive role and care taking activities of young female. Female in their young age have to engage in reproductive role and related care works side by side with their market
job search. In an economy where job opportunities are limited and highly competitive, it becomes tiresome task for a female to compete in the job market. Hence majority are not able to enter high potential jobs at that age. Society has to create an atmosphere for women to render their biological role without having any stress or strains. It should be considered as a valuable investment for the society in general and the society has the responsibility to extend adequate supportive systems to the females to compete in the job market.

**Policy suggestions**

Economic participation of female can be increased only through creating job opportunities for the educated and the less educated female can replace educated from household production burden and it will have multiple impacts in the labour market condition of Kerala. Women empowerment strategies should be changed from awareness to basic infrastructure creation. Marriage seems to push female to domestic work and hence the age of marriage should be increased. Gender policies should identify the importance of biological role of female in their younger ages and corresponding age relaxation should be provided wherever necessary (higher studies, job market etc). Care work by female should be marketized so as to free female from domestic responsibilities. Male unemployment is mainly due to lack of demand and that aspect should be consider seriously while taking labour policies. Government should formulate suitable agricultural policy to attract labourers in this sector through providing uninterrupted employment and introduce better social security benefits. Wage rate per se not able to provide better life condition, but security of job is rather important. Importance should be given to educate SC/ST to get suitable place in labour market.