

Labour Market in the Context of Economic Sociology: Bringing Society Back to the Economy

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The commodification of labour by mainstream economics and management has historically led to the alienation of labour and dehumanization of work. This trend has become increasingly worsened by the globalization of neo-liberalism which, among others, has become characterized by the informalization of the labour market, particularly in the 'secondary' segment as a dominant strategy for capital accumulation. This has largely undermined the hitherto, arguably, formal framework for industrial democracy. What has been underemphasized or deliberately ignored in the new paradigm is the social dimension of the labour market paradigm – the social inequalities engendered by the uncritical deregulation of the labour market and its consequences for jobless growth and the sustainability of society – even in its liberal conception. This paper, therefore, attempts to fill this lacuna, by a critical re-conception and analysis of the labour market to embrace 'society' – official regulation based on social contract that embraces social inclusiveness, social protection and flexicurity, voice representation and social dialogue, social partnership and social responsibility as well as a decent work orientation to the labour market. Particularly emphasized is the importance of the above for African society, where social structural peculiarities and underdevelopment require a more creative and critical engagement with neo-liberalism. Secondary data from standardized sources including the International Labour Organization (ILO) and the United Nations Development Programme (UNDP) are used to demonstrate the nature of social exclusion generated by the dominant labour market practice and the need for the stated alternative.

Keywords: Labour market, commodification, globalization, informalization, flexicurity

INTRODUCTION

The commodification of labour by mainstream economics and management has historically led to the alienation of labour and dehumanization of work. This trend has become increasingly worsened by the globalization of neo-liberalism, which, among others, has become characterized by the informalization of the labour market as a dominant strategy for capital accumulation. This has largely undermined the hitherto, arguably, formal framework for industrial democracy. What has been underemphasized or deliberately ignored in the prevailing paradigm is the social dimension of the labour market – reflected in the social inequalities engendered by the uncritical deregulation of the labour market and its consequences for jobless growth, sustainable development and social order. The sociological perspective emphasized in this paper is anchored on the fact that economic processes, whether

governed by the market or hierarchy, are affected by in social and structural conditions in which they exist, that modify neoclassical predictions of atomistic economic behaviour (Granovetter, 1985). Sociology asks foundational critical questions (Adesina, 2006) with a capacity to excavate the social root of manifest phenomena otherwise interpreted among others as economic.

This paper therefore attempts a critical analysis of the labour market to embrace 'society as reflected in the social contract – an unwritten agreement between the state and its citizens in which the relative rights and duties of each are expressed. Central to this is the question of democratic participation representing the process through which individuals reconcile their interests with those of others as articulated in the 'general will' symbolized by the state. This implies official regulation of society (including the economy)

which embraces aspects such as social justice, social inclusiveness, social protection, social dialogue and social responsibility (by the state) as well as a decent work orientation. This paper highlights the importance of the above for societies in Africa, where social structural peculiarities and underdevelopment require a more creative and critical engagement with neo-liberalism.

Secondary data from standardized empirical sources including the International Labour Organization (ILO) and the United Nations Development Programme (UNDP) are used to demonstrate the nature of social exclusion generated by the dominant labour market ideology and the need for a more holistic view of the labour market to reflect society.

The paper is divided into four sections. The following section is an overview of the neo-classical economic perspective on the labour market – a perspective that shares the emphasis of economic neo-liberalism currently being globalized. Section 3 articulates the limitations of the dominant economic perspective, while section 4 emphasizes the utility of the sociological viewpoint to the labour market. Section 5 is the concluding section – with labour market policy recommendations that reflect sociological insights.

An Overview of the Economic Perspective of the Labour Market

The conceptualization of the labour market as an imaginary market place with a set of social mechanisms through which labour is bought and sold, according to Barker (1999), underpins the concept of labour that is subjected to the norms of efficiency. This perspective, which dominates economic thinking, easily results in the commodification of labour. From this point, the labour market is subjected to a functionalist view operating for the:

1. Allocation of human resources among alternative users, sectors, enterprises, locations and occupations.
2. Distribution of rewards such as income as incentives to workers.
3. Linking of macro structures of the economy with micro elements of society.
4. Promotion of values indicative of the norms of efficiency and economic growth.

The above conception of the labour market derives systematically from the broader concern of economics with the establishment of rules and principles that govern the choices made by society as to what should be produced, who should produce it, and for whom it should be produced. In the specific aspect of labour economics, the concern is that of making informed and rational decisions on the allocation of labour. This is viewed against the backdrop of competing claims on its usage and on public policy that regulates terms and conditions of employment and payment of wages. Hence, labour is treated like other resources, irrespective of the unique characteristics of the labour market. The price of labour is viewed as nothing more than the wage paid. Given that this price is determined in the same way as any other commodity, the principle of price theory becomes equally applicable to the labour market. The underlying economic assumption is that resources for the production of goods (productive resources) are scarce, while society's wants are virtually unlimited, with labour being about the scarcest of these productive resources (Todaro, 1992; Barker, 1999; Allan, 1999; Venter, 2003).

Core economic labour market assumptions

The core assumptions made about the labour market in the direction of scientific analysis that: the wage rate is the only consideration by the employee in making job decisions; the market is the sole provider of all employment and filler of all positions; the workers are equal if they can perform the same task; employees have full access to information on job opportunities and comparative wage rates; employers have full access to necessary information concerning employees; the economic motive overrides all other motives; the market for labour is essentially competitive with no restrictions or collusion while all other economic factors are held constant – *ceteris paribus* show that supply and demand adjust to each other through the price mechanism while these adjustments over time are assumed to make supply and demand equal. In other words, the market will find just the right price at which the same number of people want to sell as well as buy – equilibrium (Shipman, 1999).

The above are related to the three theoretical pillars of neo-classical economics. The first is the utility maximization thesis of individual labour supply which deals with the market supply of labour which states –

that workers have a choice of preference for either working for an income or enjoying leisure time. Compensation in the form of wages is said to serve as an incentive to make them work. The more leisure time they sacrifice, the higher the wages would have to be. The second is the marginal productivity theory of labour demand which mirrors organizational decisions as to the number of people who can be employed to provide minimum usage of the current machinery while still improving productivity. The third is the competitive theory of market equilibrium reflecting the assumptions of a perfectly competitive labour market – that the supply and demand of labour will move towards equilibrium through the wage mechanism. Put otherwise, beyond a point, any extra worker will add less and less to the final product, until such a worker becomes completely unproductive (Aboyade, 1983; Todaro, 1992; Callaghan, 1997). Against this backdrop, the economic perspective, unlike the sociological, does not accommodate non-economic considerations such as policy intervention regarding redistribution of resources to address the problem of inequity.

A major source of anxiety for Africa, particularly regarding the globalization of neo-liberal economics is that much of these assumptions have little bearing on the social reality in African countries where Western rationality and social security are still embryonic or non-existent. Much of the labour force in Africa, for instance, have neither choice of job nor social protection against unemployment and have little or no leisure.

A Critique of the Economic Perspective

Neo-classical competitive labour market theory is inadequate, both in terms of description and analysis. This is mainly due to its failure to recognize the importance of social, historical and institutional influences (and the implicit power relations) on labour market inequality, decisions and outcomes. This weakness is not unrelated to the treatment of the labour market as a conventional market by orthodox labour economics – irrespective of the well-known uniqueness of the labour market. With this, labour is analysed in isolation from the social relations in which individuals and groups are embedded – class relations, power relations – which generate and sustain inequalities e.g. between black/coloured and white (race), females and

males (gender), rural and urban (regional) developed and developing countries (international) and so on. Consequently, the structure (and changes in the structure) of the labour market directly affects the well-being of individuals and households with implications for poverty.

Moreover, neo-classical economic theory is essentially ahistorical – the historical trajectory embodying the social experiences of actors in the labour market, which mould the character of supply and demand (according to ethnicity or race), for instance, are seldom taken into account. Class struggles, which, are at the centre of the history of the labour market within the capitalist mode of production, are virtually side-stepped by the neo-classical economic perspective. Barker (1999) has, therefore, critically identified certain peculiar characteristics of labour, which have analytical implications for a sociological interpretation of the labour market.

First, the worker is not a product but a person – a human being (*Homo sapiens*), hence, can think, reason and resist unlike the lemming or other animal species. If anything, he is a social product. Second, it is not the worker that is being bought; it is his/her service. Even in a slave labour market, slave workers do revolt. Third, contractual relationship is central to the labour market. The expenditure of labour power is, therefore, often based on a series of contracts or ‘bargain’ and prone to ambiguity. Its focus on formal contractual obligations neglect informal interactions and trust that are crucial parts of labour relationships. Fourth, there is not a single bargain, unlike the case of the lemon but a constant renewing of bargains from the outset, making the labour relationship, in effect, a continuous transaction. Fifth, the pricing of labour is a complex issue. It is not just the employment package that determines the buying and selling but also issues such as inflation, cost of living, location, family size and social provisions. Sixth, there is not a single labour market, but a multiplicity of markets – different occupations and varied locations that have socio-cultural implications for personality formation and notions of race and productivity. Seventh, the labour market cannot be standardized like other products – there is no clearinghouse like the stock exchange. The labour market is characterized by a diversity of skills and skill requirements, which are regularly affected by social, economic and technological changes. These

demand modes of adaptation that never would have been envisaged. The eighth point is on labour market relationships which are more than the question of effort. They are rather about reciprocal obligations and entitlements. These are rarely fixed and are historically and culturally determined. The formal or initial labour bargain rarely specifies the mix of incentives and sanctions to be used to shape the effort bargain. Ninth, the labour market is also about control, status and resistance. These have complex economic, social, political and psychological elements, which are of critical importance in understanding labour market transactions. There were questions about the degree of control – forms of control, control by whom and control over what – some of which engaged the labour process debate. Tenth, the initial bargain does not presuppose any definitive relationship of ‘skill’ development and application. The notion of skill is rarely subject to analytical scrutiny by labour economists. Eleventh, the labour market is an allocative process involving inter-temporal presumptions. These can never be certain, and are often not understood by either the employer or the worker. Twelfth, a labour market is a social public sphere – a means of socialization that links the family life to the economy. Sponsored and achieved systems of social mobility in society are linked with family and class relations and by aspects of the labour market institutions prevailing in specific societies.

The above concern, according to Callaghan, (1997), can, however, be traced back to the writings of some classical economists, in particular, critics of Adam Smith’s views on the sources of wage inequality. Smith listed five sources of wage inequality: compensating differentials where non-pecuniary advantages of work make up for a shortfall of wages; human capital investments; barriers to entry, which may be institutions such as trade unions or certain views of class/status; transitory differentials; and real differences in ability. It was the third of these – barriers to mobility – which was taken up by John Stuart Mill and John Elliot Cairnes in their criticism of Smith that gave a clue of the myopic paradigmatic flaws of labour economics – an issue that was to become the framework for the more critical Segmented Labour Market (SLM) thesis (discussed later). Mill, for instance, criticized Smith for paying inadequate attention to the importance of ‘social rank’ in acting as a barrier to labour market

mobility and therefore, stressed the importance of non-economic phenomena which act as barriers in shaping labour market inequality (Aboyade, 1983; Todaro, 1992). Cairnes further developed from this, criticism of the theory of non-competing groups:

. . . it is nevertheless true that the average workman, from whatever rank he be taken, finds his power of competition limited for practical purposes to a certain range of occupations, so that, however high the rates of remuneration in those which lie beyond may rise, he is excluded from sharing them. We are thus compelled to recognize the existence of non-competing industrial groups as a feature of our industrial economy; and this is the fact, which I desire here to insist upon. (Cairnes 1874; 1974: 73 in Callaghan, 1997).

Cairnes and Mill, therefore, recognized that there were powerful social forces, which shaped the labour market into non-competing industrial groups, though these were not clearly developed by the authors.

Human Capital Theory

The human capital theory emerged partly as an attempt to respond to the limitations of the neo-classical economic perspective – particularly with regard to the question of inequalities. It aimed at applying the investment logic of business to individual decisions and outcomes – as an explanation for labour market inequality – without violating the laws of demand and supply. The starting point is that people are continuously increasing their ‘human capital’ by investing in education and training. By implication, the investment decisions of individuals are viewed as the sole causes of their position on the labour market ladder. The human capital theory is, however, limited by the fact that in real labour markets:

- The distribution of jobs and wages rarely reflect the quality of skill/competencies (levels of productivity) in the labour force.
- There are forces at work within the labour market itself, which are contributing to social inequality. The labour market does not simply mirror extra-market inequalities as neo-classical economists would argue, but plays an active role in the creation and maintenance of prevailing inequalities.

- Inequality cannot be sufficiently accounted for as an outcome of 'voluntary' choices or investment decisions as the human capital theory would argue.
- The notion of 'productivity', embedded in all human capital theory applications, reflects essentially a sexist concept since it only counts as productive those skills, which the market rewards, and many skills which women have go unrecognized, unrewarded and unaccounted for (Adesina, 1992; Barker, 1999).

Towards a Sociological Approach of the Labour Market

The move from the market-oriented economic approach, which dominated labour market debate in the 1960s, through the human-capital theories, to a firm or organization-centered approach in the 1970s and beyond, represents a considerable advance in labour market debate away from the emphasis on economic forces. More of the sociological perspective began to emerge as certain scholars viewed the labour market as balkanized or segmented to account for the question of inequality. The broad concern of the segmented labour market thesis and the implicit sociological insights provide a common label for alternative approaches identifiable by their rejection of a predominantly competitive economic analysis.

Scholars within the framework identified with these approaches insist instead upon the fragmented nature of the labour markets and the importance of social, structural, institutional, historical and political influences upon pay and employment. They point to the inequities evident in differentiation regarding access to opportunities that affect the ability of people to enhance their productive potentials through education and training, for instance. The Segmented Labour Market (SLM) thesis, therefore, embraces issues of equity and inequality associated with wages, working conditions and employment opportunities among different occupational, industrial and demographic and racial groups.

Part of the sociological underpinnings of the above relates with its conceptualization of labour markets as social constructs with implications for power relations – incorporating various rules and forms of organization, which shape both their mode of operation and the behaviour of social actors. The rejection of the

economic notion of a perfect market and labour market equilibrium is evident in the view that there can be no universal, pre-determined systems to which underlying economic forces are always tending. Real labour markets, they insist, are characterized by a dynamic non-equilibrium process (Barker, 1999; Fajana, 2000).

To give meaning to the theory in terms of the processes that generate segmented outcomes in the labour market, distinction is made between:

1. Pre-market segmentation – broader social stratification within which social classes play significant roles in labour market decisions of groups and individuals. Also, race and gender relations impinge on labour market actors' abilities to acquire or retain access to specific status jobs, irrespective of their training and skill. In the South African experience, for instance, racism during decades of apartheid policy would explain the relative labour market inequality in skills and employment, even in the post-apartheid era.
2. In-market segmentation – further differentiation in opportunities relating to increased skills, control and enhanced wages operate within the labour market, yet are by no means unaffected by broader social and political relations (Callaghan, 1997).

Segmentation is characteristic of various strands of this model from Kerr's 1954 publication *The Balkanization of Labour Markets* to later institutionalists of the 1940s to 1960s in America, who developed the concepts of balkanized labour markets, structured labour markets, dual labour markets and three-tier labour markets. They emphasized the theme of 'non-competition', having identified the existence of 'non-competing groups' in the labour market – hindered by rules that create certain barriers to entry, which serve to stratify the labour market (Atkinson, 1987; Adesina, 1994).

According to one of the most popular adherents of the dual labour market strand, (Piore, 1983), the basic hypothesis of the dual labour market is that the labour market is divided into two essentially distinct sectors, termed primary and secondary. The primary sector offers jobs with relatively high wages, good working conditions, chances of advancement, equity and due process in the administration of work rules, and above all, employment stability. Jobs in the second sector, by contrast, tend to be low paying, with poor working

conditions, little chance of advancement, a highly personalized relationship between workers and supervisors, which leads to a wide latitude of favouritism and is conducive to hard and capricious work discipline with considerable instability in jobs and a high turnover among the labour force. These authors sought to account for the persistence of poverty and unemployment amongst certain groups (particularly the black people in large American cities) by reference not only to economic but to social, historical, institutional and political forces which served to create two essentially non-competitive sectors. Rodgers (1989) noted the prevalence of precarious jobs in the case of Europe, which may fall into the above category – involving labour contracting on an organized basis as being much more frequent in the black economy.

There is also an 'internal labour market', which is said to have emerged through the negotiation process between labour and management alongside changes in industrial structure and technology, where competition between prospective candidates for a job is restricted to those already employed in the firm. It provides internal job ladders with limited ports of entry, offering recruits the prospects of job security, internal promotion prospects, and higher lifetime earnings than they could command on the external labour market. This tends to chart a selective career structure (Doeringer and Piore, 1971; Rubery, 1989).

The fact that the dual labour market thesis is prone, among others, to the flaws of dualism, led to the development of additional classification – independent and subordinate primary categories to embrace interpenetration. An upper or 'independent primary' sector composed of professional and managerial jobs, distinguished from the lower tier 'subordinate primary' sector by their higher pay, higher mobility and turnover patterns, which, in some ways resembled those of the second sector was added. Formal/higher education was a requirement for jobs in the upper primary sector and thus constituted an absolute barrier to entry into these prestigious jobs. The lower primary tier might contain lower-level non-manual jobs or craft-based manual jobs, but they would have much less variety in the context of their work and little opportunity for individual creativity and initiative. Independent primary jobs have relatively high levels of creativity and autonomy and involve decision-making, problem solving and initiative. The characteristics of the work in

the above-mentioned three sectors reflect social classes closely related to sociological distinctions between the lower, working, and middle class sub-cultures. One of the essential and interesting elements of this theory, therefore, is that job characteristics and workers' social class location tend to match each other. The majority of the women in the labour market are part of the secondary sector workforce and this may, to a large extent, explain their low pay.

The concept of labour market segmentation, therefore, sensitizes us to the fact that segmentation serves the interest of capitalism by making it easier to control workers in the labour process. This is accomplished by creating divisions within the working class so that people within the privileged segments tend to isolate themselves from workers in the less privileged segments; workers in the primary labour market are relatively well rewarded and, therefore, feel little for those in the secondary market and are unlikely to work with them in the interest of working people as a class. This is sociologically illuminating. It has obviously been in the interest of management and unions to promote the construction of internal labour markets. For unions, they provide better conditions of work, promotion prospects and great security of employment; for management, they offer a stable workforce which minimizes training or recruitment costs and reduces the cost of labour turnover.

Another sociological import of the concept of labour market segmentation, which may contradict the human capital theory, lies in its utility in understanding how such non-economic factors as race and gender, affect education and occupational outcomes and, with these, social inequalities. Having a higher education, for instance, 'pays off' to a much greater degree in the independent primary labour market than it does in the secondary market. Access to education itself, however, is a subject of class inequity and social exclusiveness and related inequalities. The processes involved in investing in education and training, and acquiring 'higher human capital' are subject to social inequities, which create incapacity within certain groups. Women and other minorities, for instance, tend to be limited by prejudice and discrimination, to subordinate primary and secondary labour market occupations, and this blunts their ability to use resources such as education to improve their standing.

Segmentation is therefore seen as part of a

conscious effort by employers to overcome labour tensions. Once segmentation is established, it is maintained, by the interdependence which grows up between the sectors through large-scale core monopoly firms contracting out their unstable production to peripheral secondary-sector industries. The theorists suggest that segmentation is functional to the perpetuation of capitalist institutions and it prevents workers from uniting to overthrow the institutions.

The Segmentation of the Global Labour Market

The segmentation of the global labour market is a social reality at the global level, given the gross inequalities generated by several decades of the globalization of economic neo-liberalism and related informalization of the labour market. Although the patterns observed in Europe are complicated by a distinct tendency to bimodality, three characteristics stand out in the nature of atypical workers prevalent in the region: they tend to be women, young, and less educated and skilled than the population average for their age-sex group. The probability for the tendencies become stronger, the more 'precarious' the work concerned. The feminization of atypical work is most apparent for part-time work and homeworking while temporary work disproportionately affects the young (Bettio and Villa, 1989). Immigrants (often from poorer countries) are particularly vulnerable – they are overrepresented in precarious jobs and temporary work – having being pushed by the high level of unemployment and income poverty at the peripheral segment of the global labour market represented by developing countries, as well as the secondary domestic labour market of the periphery. Broeders (2007), for instance, estimates an inflow of 400,000 – 5000,000 irregular migrants in the European Union (EU) and an EU stock of around 3 million irregular migrants who are usually under surveillance, aimed at their exclusion from key societal institutions, and ultimately the deportation of apprehended ones. Meanwhile, most of them are more educated than the nationals and yet could not access the labour market – an indication that factors beyond market competition are at play.

Although adverse labour market conditions within the framework of economic crisis may offer some explanation for the existence of many contemporary atypical and precarious jobs, some of these are long established practices that have persisted through periods

of labour shortage as well as surplus, such that factors other than labour market conditions under economic downturn are clearly involved. Rubery (1989) notes that adverse labour market conditions may well render all jobs more precarious (under globalization), rather than intensifying dualism. This is because while the flexible firm management model associated with enterprise restructuring of the industrial system became prominent from the 1980s, perhaps as a means of coping with adverse labour market, the model continued into the 2000s (Rubery and Wilkerson, 1994). Therefore, as sources of precarious work associated with segmentation of the labour market became more tied to the ideological undercurrents of economic neo-liberalism they generated changing industrial production patterns and processes to achieve higher efficiency at firm level and economic growth for the wider economy. These involve patterns of technical change, increasing competition on product markets because of international integration, flexibility management and informalization of work that tends to exacerbate labour market inequality (Standing, 1986; 1999; Guest, 1993; Choi and Greenaway, 2001; Webster and Holot, 2005). According to Rogers (1989: 10).

In this model, firms follow a strategy of employing a secure group of core workers and a periphery of temporary and casual wage workers, outworkers or sub-contractors. The precarious workers provide a labour reserve, permitting the enterprise to rapidly adapt labour use to production needs, without having to bear the costs of a permanent labour force large enough to meet peak production.

Given its ideological linkages with globalization, the state as employer and legislator, has, in certain ways, tended to play an important role in the development of atypical forms of work in the UK, Belgium, the Netherlands and France; for instance, in France, 63% of the growth in part-time work; fixed-term contracts, the contracting out of various public services, of some forms of contract labour and short-term temporary work was accounted for by the public sector (Marshall, 1989; Caire, 1989; Guy, 1989; Sergio, 1989; Guest, 1993).

Inequality generated by segmentation of the global labour market under globalization of economic neo-liberalism is also evident at the regional levels:

Of all the regions of the world, Africa has the worst record of negative effects of globalization. Most of the positive aspects and potential gains normally ascribed to globalization are simply not in evidence. With rising unemployment, the growing informalization of jobs, half of the population are in poverty and a mere one per cent share in world trade at the turn of the century, the increasing global insignificance of the region and its marginalization and exclusion are well demonstrated . . . Options have narrowed, and the increasingly shrinking world has imposed severe conditions of marginalization and stagnation. This does not detract from the fact that globalization does offer hope and opportunities. But there is concern that the conditions under which these advantages could be realized are neither present nor achievable within the foreseeable future in Africa. Africa lacks the skills, technology, sound economic base and institutional frameworks that are essential to effectively operate in increasingly competitive environments. Labour, the only factor of production that the region has in abundance and which could have provided powerful leverage, remains hindered by cross-border restrictions. (ILO, 2003:32)

The social costs have been equally high: huge debt burden, diminishing working opportunities and conditions, deteriorating human development, political tension, armed conflict, social exclusion and worsening poverty have generally been associated with the debilitating effects of unrestrained globalization. The concept of the 'working poor' is an important tool in the analysis of the labour market. Poverty is indeed often associated with unemployment, but this is not always the case. Many of the poor in developing countries work, but do so at such low incomes that do not permit a decent living. Thus, while the global economy needs to deliver increased employment, this must also involve the improvement of income, working conditions, social protection and representation based

on respect for fundamental principles and rights at work (ILO, 2003).

The exclusionary tendency in the socioeconomic well-being integral to the globalization process may, therefore, constitute a threat to sustainable democracy in developing countries. While expansion in world merchandise trade in the last decade has been nearly twice as high as world output growth, with the value of world merchandise exports reaching the \$10 trillion mark for the first time in 2005, inequality, both globally and within countries, keeps rising. In many developing countries, where the economy has been growing steadily, income gaps have widened. Hence, while the increasing informalization and flexibility of the labour market have promoted economic growth, the exclusionary implications have promoted poverty (UN, 2005).

Global employment performance, for instance, did not improve in 2003 despite a pick-up in economic growth after a two-year slowdown. Total unemployment grew slightly despite a worldwide growth in GDP of 3.2 per cent and a slight increase in trade after a weak 2002 (3.0 per cent in 2003 compared with 2.5 per cent in 2002). The ILO estimate for 2003 of 185.9 million individuals without work or looking for work showed a slight rise over the 2002 revised estimate of 185.4 million unemployed – the highest level ever recorded. The increase was most pronounced among young people, escalating the world youth unemployment rate to 14.4 per cent, more than twice the world unemployment rate of 6.2 per cent. Although the world headcount of female unemployment decreased minimally between 2002 and 2003, women generally remain among the groups most strongly affected by unemployment (ILO, 2004). This scenario has adverse implications for jobless growth and poverty. According to the World Development Report:

The main message is that equity is complementary, in some fundamental respects, to the pursuit of long-term prosperity. Institutions and policies that promote a level playing field – where all members of society have similar chances to become socially active, politically influential, and economically productive – contribute to sustainable growth and development. Greater equity is thus doubly good for poverty reduction: through potential

beneficial effects on aggregate long-run development and through greater opportunities for poorer groups within any society. (The World Bank, 2006:2)

A high level of inequality is also implicated in the Nigerian situation in the aftermath of about two decades of implementation of the neo-liberal economic reforms. In 1992-3, the percentage share of income of the richest 10% was 31.4, while that of the richest 20% was 49.4. These increased to 40.8 and 55.7 respectively in 1996-97, compared with the share of the poorest 10% and poorest 20% at 1.6 and 4.4 respectively. These pushed the Gini co-efficient index of Nigeria from 45 in 1992-3 to 50.6 in 1996-97 (UNDP, 2003). Reviewing the worsening situation of Nigeria in selected social indicators in the Human Development Report (HDR, 2005), Agbaje (2006) observed that it is unacceptable for Nigeria to remain in its current obviously parlous state, in view of the resources at its disposal.

Noteworthy is the fact that workers are often at the centre of attempts by governments to resolve the contradictions generated by such policy failures in the form of repressive labour laws, lowering of labour standards, retrenchment of workers, and lack of social protection. Unions are similarly tasked with loss of union members and check-off dues and these impinge on their organizational capacity. Through its Poverty Reduction Strategy Papers (PRSPs), the ILO has sought to engage in poverty alleviation activities involving the promotion of cross-sectoral strategies aimed at integrating poverty reduction and decent work at the national level. It emphasizes the fact that as a development strategy, decent work principles must not necessarily be compromised in the course of reforms but may instead enhance it – if local realities and participatory processes are creatively integrated in the design and implementation of poverty alleviation programmes (ILO, 2005).

Two instruments with sociological implication that may be germane to the achievement of a more equitable distribution of wealth within the notion of social contract are social dialogue and decent work. Social dialogue is defined by the ILO to mean all types of negotiation, consultations or simply exchange of information between representatives of governments, employers and workers on issues of common interest

relating to economic and social policy. This definition incorporates traditional industrial relations into a broader concept of social dialogue as a mechanism for reconciling the conflicting views of the actors, whether at the enterprise, sectoral, national or international level:

One of the concerns related to globalization is the distribution of the benefits both within and between countries. Social dialogue is an effective means of distributing economic and social gains in an equitable and democratic manner. It contributes to good governance by increasing transparency and accountability in decision-making at the enterprise, sectoral, national, regional and global level. (ILO, 2003:8)

The Decent Work Agenda of the ILO, which addresses both the *quantity* and *quality* of work, provides a framework for ensuring that growth translates into poverty reduction. According to Anker et al. (2002), the definition of decent work by ILO Director General as “opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity” explicitly includes six dimensions:

1. Opportunities for work refers to the need for all persons (men and women) who want work to be able to find work, since decent work is not possible without work itself. The underlying concept of work is a broad one, encompassing all forms of economic activity, including self-employment, economic unpaid family work and wage employment in both formal and informal sectors.
2. Work in conditions of freedom underscores the fact that work should be freely chosen and not forced on individuals and that certain forms of work are not acceptable in the 21st century. It means that bonded labour and slave labour as well as unacceptable forms of child labour should be eliminated as agreed by governments in international declarations

and labour standards. It also means that workers are free to join workers organizations.

3. Productive work is essential for workers to have acceptable livelihoods for themselves and their families, as well as to ensure sustainable development and competitiveness of enterprises and countries.
4. Equity in work represents workers' need to have fair and equitable treatment and opportunity. It encompasses absence of discrimination at work and in access to work, and ability to balance work with family life.
5. Security at work helps to safeguard health, pensions and livelihoods, and also provide adequate financial and other protection in the event of health and other contingencies. It also recognizes workers' need to limit insecurity associated with the possible loss of work and livelihood.
6. Dignity at work requires that workers be treated with respect at work, and be able to voice concerns and participate in decision-making about working conditions. An essential ingredient is workers' freedom to represent their interests collectively.

Labour Market Policy in the African Context: Some conclusions on the sociological perspective

A view of the labour market, which stresses the contribution to efficient factor allocation as does the neo-classical economic perspective, leads naturally to an interpretation of labour market structures and barriers as impediments to efficiency, (whether they be state interventions, for instance, job creation, job security laws, trade unions, inflexible wage levels, or restrictions on market entry). The policy implications are straightforward: such impediments should be removed, or their effects compensated by appropriate price changes. But the logic of this is questionable. The labour market cannot be analysed as if it were just another commodity market. In Africa, this has led to job losses, irrespective of the lack of social safety nets and the neglect of active labour market policies that

could lead to growth, such as commitment to job creation.

It is noteworthy that the disparities and differentials found in the labour market, the various institutions and mechanisms governing job access and security, and the legal and social frameworks, all form part of a broader social process governing the labour market. Olomola (2004) has, however, observed that while developing countries such as those in Africa clearly need a competition policy in order to deal with issues of market dominance, the kind suitable for African countries should be quite different from that of advanced market economies, because African countries cannot optimally satisfy the basic assumptions of competition due to the prevalence of weak states and institutions associated with full markets and fully rational economic agents. A similar observation was made by Mlambo (2006) and Tillmar and Lindkvist (2007) in a study in Tanzania.

The labour process perspective which engages social relations at work indicates that the issues do not relate to a single variable of market competition but that there is a multiplicity of mechanisms that account for labour market outcomes. Consequently, the state of socioeconomic well-being of groups and individuals within (and outside) the labour market are tied up with these labour processes, as much as with more obvious factors such as the levels of production and productivity. Stated otherwise the inequities and resultant inequalities in access to labour markets need to be understood as part of a process of power relations and social/economic stratification of which poverty is one result. On account of the narrow assumptions of rationality that dominate the neo-classical economic school on the labour market, this paper shares the view of Campa (2007) on the morals of discovery – that one cannot plan discoveries, but can plan works that will probably lead to discoveries.

Sociological insights regarding the character and functioning of the labour market represents a holistic approach crucial for bringing back society into the economy. This reflects the social obligations and social inclusiveness located in the social contract (Beckman, 1997), particularly within the framework of social

dialogue and decent work agenda of the International Labour Organization (ILO). As noted,

. . . there is another equally important unwritten contract, that between citizens and their society and government, what is sometimes called 'the social contract'. This contract requires the provision of basic social and economic protections, including reasonable opportunities for employment. While misguidedly working to preserve what it saw as the sanctity of the credit contract, the IMF was willing to tear apart, the even more important social contract. In the end it was the IMF policies which undermined the market as well as the long run stability of the economy and society. (Stiglitz, 2002:209)

Urgency is required in this regard in the informal sector-secondary segment of the labour market where the majority of Africans are eking out a living. It also implicates notions of 'flexicurity' and 'globalization' – the former relating to the fact that work flexibility situated in notions of efficiency must be accompanied by social (job) security; the latter on the fact that economic policies associated with globalization must be locally contextualized and domesticated in terms of ownership, partnership and implementation. This means, among others, that labour market policies adopted by African countries need to be sensitive to local social structural realities related to high unemployment and underemployment, particularly among youths and women with a view to balancing the gender deficits. It requires a policy orientation towards addressing high levels of poverty and inequality, high social burden of workers due among others to the extended family system, exacerbated by the lack of social safety nets in the societies.

While active labour market policies (including trade adjustment assistance to workers) are increasingly preferred as social protection systems and alternative to passive income support in industrialized countries, workers in developing countries in Africa are left to

fate in the light of massive job losses that accompany labour market restructuring under the neo-liberal economic ideology. Strengthening the capacity of developing countries to design and implement social protection or active labour market programmes could enable them cope better with the social impact of the reforms as well as broaden its support base (Jansen and Lee, 2007).

The implication of the foregoing is that contrary to the neo-classical economic perspective on the labour market, state interference in the labour market is inevitable and functional to the question of equity and social justice and voice representation in African labour markets. Without prejudice to the drive for growth, labour market policies should emphasize job creation and income redistribution to address widespread social exclusion and poverty. The disturbing phenomenon associated with jobless growth can be rectified if governments can: invest generously in basic education, relevant skills and retraining of workers; liberate private enterprise more creatively and make markets accessible to everyone; support small-scale enterprises and informal employment mainly through reform of the credit system and fiscal incentives; create an efficient service economy for the future by investing in the new skills required; encourage labour intensive technologies especially through tax incentives and, or extend employment safety nets through labour intensive public works programmes in periods of major economic distress (UNDP, 1993).

The labour market must, therefore, not be left to the forces of supply and demand. Labour market regulation through appropriate labour market institutions must be enforced, in the least, in accordance with international standards of the ILO. Policy should also be creatively extended to the informal sector where income poverty is most prevalent.

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