

4 LABOUR FORCE CHARACTERISTICS

SUMMARY. As from 2013, Afghanistan applies national definitions for employment, underemployment and unemployment that are tailored to the specific conditions in the country and provide policymakers with relevant information to understand and monitor labour market performance.

Two factors dominate the Organization of Afghanistan's labour market: the importance of the agricultural sector – farming and livestock – and the underrepresentation of women. Whereas male labour force participation is 80 percent, that of women is only 19 percent. The female employment-to-population ratio is even as low as 15 percent, signifying a large untapped economic potential. The share of the labour force who want work or more or better work is 25 percent, which implies that the labour market is short of 1.8 million jobs to provide people with an adequate living. The main problem for this not-gainfully employed group is underemployment (17 percent) – working in irregular, low-paid and low-productivity jobs – rather than unemployment. This problem is particularly relevant in the rural sector (19 percent underemployment against 9 percent in urban areas) and for the relatively small female labour force. Overall, 39 percent of economically active women are not gainfully employed, compared to 22 percent for men. The situation is very different for women with tertiary education: as a result of favourable labour market conditions for this group, 78 percent are economically active, of whom only 3 percent are unemployed.

The most notable characteristic of the employed population in Afghanistan is that most workers by far – 81 percent – work in a vulnerable setting, characterised by informal work arrangements and insecure employment, unstable and inadequate earnings, and low productivity. This is almost universally the case for workers in the farming and livestock sub-sectors (accounting for 25 and 15 percent of the employed respectively), but to a very large extent also for those in other sectors characterised by informal employment. Alongside the agricultural sector, trade and manufacturing/processing are the main single economic sectors.

4.1 Introduction

For the vast majority of households in Afghanistan, the engagement in economic activity is the main livelihood strategy. Although for some households remittances, living from rent and forms of zakat are important, most have household members engaging in productive work to provide for their daily living. In a largely unorganized and informal economy like Afghanistan's, this frequently implies subsistence activities, family work, involvement in irregular, low-paid and low-productivity jobs, child labour, labour migration and working very long or very few hours. It has been well documented that standard international labour indicators – especially those related to employment and unemployment – are inadequate, if not incorrect, to capture the performance of the labour market in such economies (ILO 2008, ILO 2011).

In view of this, CSO, the Ministry of Economy (MoEc) and the Ministry of Labour, Social Services, Martyrs and Disabled (MoLSAMD) developed national definitions of employment, underemployment and unemployment that are better attuned to the Afghanistan reality (see section 4.3). For reasons of international comparability, besides labour force indicators based on the national definition, this report also provides indicators on the basis of ILO definitions. Due to the change in definitions – as well as questionnaire changes – NRVA 2011-12 labour force indicators cannot be compared to those of earlier NRVA rounds.

4.2 Labour force participation

Due to the very large share of children, only just over half (54 percent) of the Afghan population is in the working age of 14 years and over. Within this working-age population of 14 million people, half is inactive and half is currently actively engaged in the labour market, either by working or by looking for work. Afghanistan's labour force – all persons in the working age of 14 and over who are currently active by being either employed or unemployed – amounts to over 7.2 million people, 5.9 million males and 1.3 million females. The labour force participation rate – the share of the working-age population that is currently employed or unemployed – is a key indicator in the analysis of the human resources available for the production of goods and services, for the projections of labour supply and for understanding the labour market behaviour of different categories of the population.

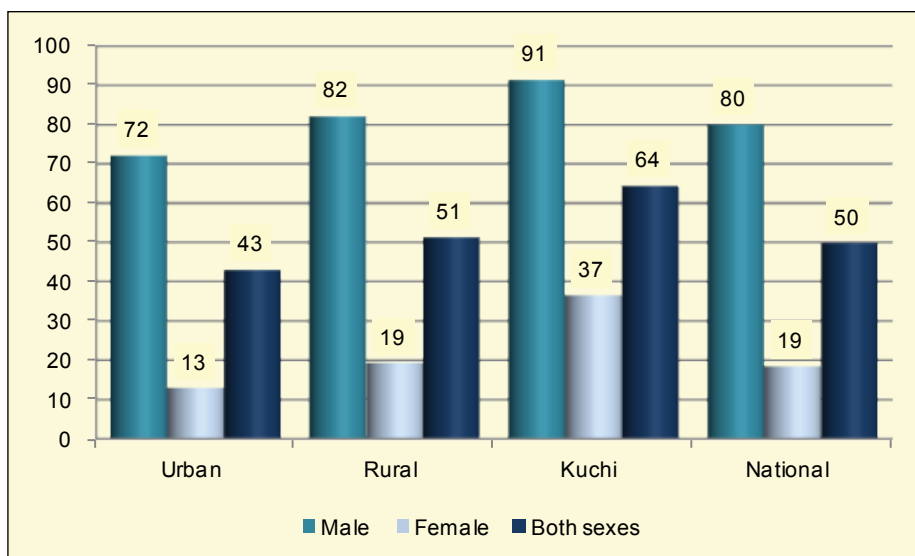
The overall labour force participation rate of 49.8 percent conceals large differences by sex and age. Although generally labour force participation is lower for females than for males, in the Afghan economy this gender gap is especially large.

Less than one in five (19 percent) of the working-age females is currently active on the labour market, against 80 percent of males, a gap of 61 percent points (see *Figure 4.1*), indicating that women are still a significant untapped economic potential. However, women with tertiary education have a labour force participation rate of no less than 78 percent.

Labour force participation shows high rates for males in rural areas and among Kuchi's (respectively 82 and 91 percent). This is typical for less developed economies, in which educational opportunities are few, where most people are engaged in labour-intensive agricultural activities, and where wage earning opportunities are scarce, so that many household members need to work to provide sufficient income. Compared to the region of South Asia and the world at large, the male labour force participation in Afghanistan is high, but the female participation is extremely low.

Compared to the rural sector, in urban areas the labour force participation is lower (43 against 51 percent for both sexes combined,), indicating opportunities other than employment, such as school attendance and probably less necessity to work due to lower poverty (see chapter 6). It also confirms previous findings that labour force participation is highest in the Kuchi population.

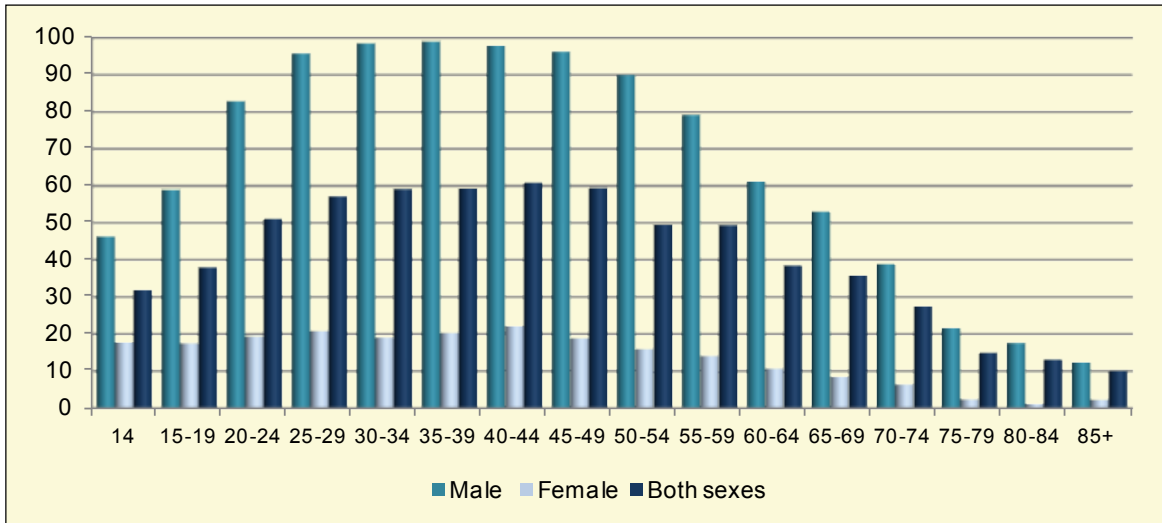
Figure 4.1: Labour force participation rate, by residence, and by sex



The age pattern of labour force participation shows high levels of 80 percent and over for males in the productive ages of 20 to 59. However, even of boys of 14 years old almost half (46 percent) already work. Similarly, male elderly in age groups between 65 and 79 years old indicate economic activities for percentages ranging from 22 to 53 percent. These figures indicate the dire need for large parts of the population to contribute to family incomes and livelihoods.

For women, labour force participation varies little with age. Overall, participation rates are very low due to cultural barriers for activities outside the household, as well as to high burdens related to household chores and child care. Working largely as contributing family workers (see section 4.4.1), the percentage engaged in economic activities at young ages is hardly below that of women in the adult productive ages.

Figure 4.2: Labour force participation rate, by sex, and by age



4.3 Labour force characteristics

4.3.1 Conceptualization of employment and unemployment

Afghanistan has adopted a definition¹ of employment and unemployment that does justice to these concepts as indicators of labour market performance in a better way than the international ILO-based definition. In the context of Afghanistan – characterized by low-paid, low-productivity employment and the absence of pensions and unemployment insurance – open unemployment – according to international recommendations defined as being completely without work in the reference period, currently available for work and seeking work – is not an option for the poor. Consequently, it is found that only a very small part of the labour force is unemployed according to this definition. For the largest part people have to – and actually do – find any work during a week time, however poorly paid and for however few hours. Unemployment regularly is only an option for those who are themselves financially viable or have access to considerable family resources. The paradox, therefore, is that in countries like Afghanistan low unemployment according to the international definition is often not an indication of good labour-market performance, but, to the contrary, of poor performance.

As a consequence, a labour-market indicator that has far more policy relevance than the unemployment rate is the percentage of the labour force that is not gainfully employed, including the unemployed and the underemployed – persons who need more or other employment in order to provide for sufficient and sustainable income or livelihood. The problem in many developing countries is not so much unemployment, but rather the lack of decent and productive work. In Afghanistan CSO, MoEc and MoLSAMD have acknowledged this and developed national definitions of employment, underemployment and unemployment that bear more policy relevance (see Box Labour force definitions). Consequently, NRVA also focuses more on the not-gainfully employed as a key indicator than on unemployment as such.

Labour force definitions

National definitions^a

Employed. All persons aged 14 and over who, during the reference period of one week, were in paid employment or self employed and who worked at least eight hours.

Underemployed. All persons aged 14 and over who, during the reference period of one week, were:

- working less than 40 hours,
- available to work additional hours, and
- willing to work additional hours.

Unemployed. All persons aged 14 and over who, during the reference period of one week, were:

- without any work or working less than eight hours, and
- seeking work.

Not gainfully employed. All persons aged 14 and over who are unemployed or underemployed.

International definitions

Employed. All persons aged 15 and over who, during the reference period (of one week), were in paid employment or self employed and who worked at least one hour.

Underemployed. All persons working hours of work that are insufficient in relation to an alternative employment situation in which the person is willing and available to engage (time-related underemployment).

Unemployed. All persons aged 15 and over who, during the reference period (of one week), were:

- without any work, i.e. were not in paid employment or self-employment,
- currently available for work, and
- seeking work.

¹ NRVA played a key role in defining national definitions of employment, underemployment and unemployment, in agreement with key stakeholders, such as MoEc, MoLSAMD, ILO and World Bank

4.3.2 Employment, underemployment and unemployment

Employment

In Afghanistan, some 6.6 million people are employed of whom 5.5 million (83 percent) are men and 1.1 are women (*Table 4.1*). An indicator that provides information on the ability of the economy to create employment – and which is more insightful than unemployment rate – is the employment-to-population ratio, the proportion of the working-age population that is employed. The summary table below presents information about the employment-to-population ratio, besides other labour force indicators (*Table 4.2*). The relatively low national ratio of 46 percent is strongly tempered by the very low female involvement in market-related activities (15 percent only), because women are either unemployed (see section on unemployment below) or, more importantly, out of the labour force altogether (section 4.2).

MDG Indicator 1.5
Employment-to-population ratio
45.7 percent

Table 4.1: Labour force, by activity status, and by residence, sex (in thousands)

| Residence, sex | Employed, of whom | | Unemployed | Total |
|----------------|-------------------|---------------|------------|-------|
| | fully employed | underemployed | | |
| Urban | 1,307 | 137 | 143 | 1,587 |
| Male | 1,145 | 104 | 104 | 1,353 |
| Female | 162 | 33 | 39 | 234 |
| Rural | 3,763 | 962 | 424 | 5,150 |
| Male | 3,208 | 733 | 256 | 4,198 |
| Female | 555 | 229 | 168 | 952 |
| Kuchi | 326 | 107 | 25 | 457 |
| Male | 246 | 69 | 15 | 330 |
| Female | 80 | 38 | 9 | 128 |
| National | 5,396 | 1,206 | 592 | 7,194 |
| Male | 4,599 | 906 | 376 | 5,880 |
| Female | 797 | 300 | 216 | 1,313 |

Table 4.2: Selected labour force indicators, by residence, sex (in percentages)

| Residence, sex | Labour force participation rate | Employment-to population ratio | Under-employment rate | Un-employment rate | Not-gainfully employed population |
|----------------|---------------------------------|--------------------------------|-----------------------|--------------------|-----------------------------------|
| Urban | 43.1 | 39.2 | 8.6 | 9.0 | 17.6 |
| Male | 72.0 | 66.5 | 7.7 | 7.7 | 15.4 |
| Female | 12.9 | 10.8 | 14.1 | 16.7 | 30.8 |
| Rural | 51.3 | 47.1 | 18.7 | 8.2 | 26.9 |
| Male | 82.1 | 77.1 | 17.5 | 6.1 | 23.6 |
| Female | 19.3 | 15.9 | 24.0 | 17.6 | 41.7 |
| Kuchi | 64.4 | 61.0 | 23.3 | 5.4 | 28.7 |
| Male | 91.4 | 87.2 | 20.8 | 4.7 | 25.5 |
| Female | 36.6 | 33.9 | 29.8 | 7.2 | 37.0 |
| National | 49.8 | 45.7 | 16.8 | 8.2 | 25.0 |
| Male | 80.0 | 74.9 | 15.4 | 6.4 | 21.8 |
| Female | 18.5 | 15.5 | 22.8 | 16.5 | 39.3 |

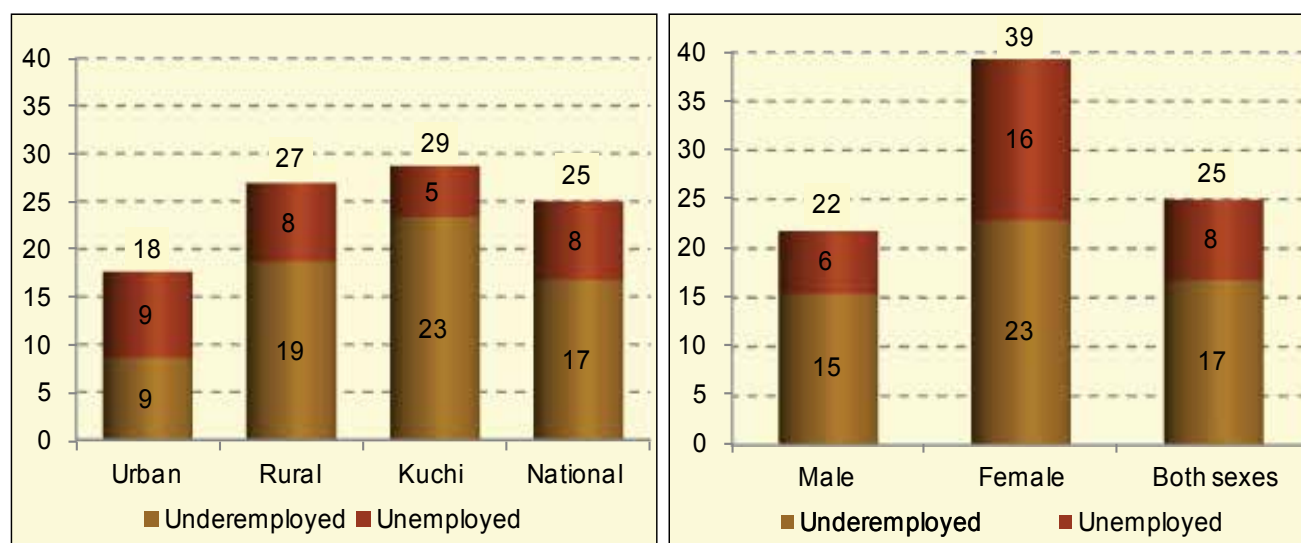
As already hinted by the high labour force participation rate of women with tertiary education, the employment opportunities for this group stand in stark contrast to the general picture of women in Afghanistan: the employment-to-population ratio for this group is no less than 75 percent.

Underemployment and unemployment

Out of the 6.6 million employed persons around 1.2 million – 17 percent of the entire labour force – are underemployed in the sense that they can be considered in need of more or other work to sustain a living. In addition, close to 600 thousand persons are unemployed. The total of underemployed and unemployed people indicate that 25 percent of the labour force in the country is not gainfully employed and that the labour market is short of 1.8 million jobs that provide persons with a sustainable living. *Figure 4.3*, panel a presents the percentage of not-gainfully employed labour force by residence. The shortage of adequate employment is concentrated in the rural and Kuchi populations, and is especially due to underemployment. NRVA data suggest large differences in the shares of the labour force not gainfully employed across provinces: these range from below 10 percent in Helmand, Jawzjan, Panshjer, Kunduz and Balkh to over 40 percent in Khost, Badghis, Zabul and the central provinces of Wardak, Bamyán, Urozgan and Daykundi.

A differentiation by sex shows that the share of not-gainfully employed women is significantly higher than that of men (*Figure 4.3*, panel b). Almost two in five (39 percent) of women who want to work cannot find adequate employment. The female share that is underemployed (23 percent of the female labour force) is higher partly because women relatively much more frequently work fewer hours than men (see section 4.4.3) and therefore drop below the level of adequate employment. But more importantly even is the observation that relatively more women than men cannot find employment at all (16 percent of the female labour force), due to additional restrictions for women on the labour market compared to men.

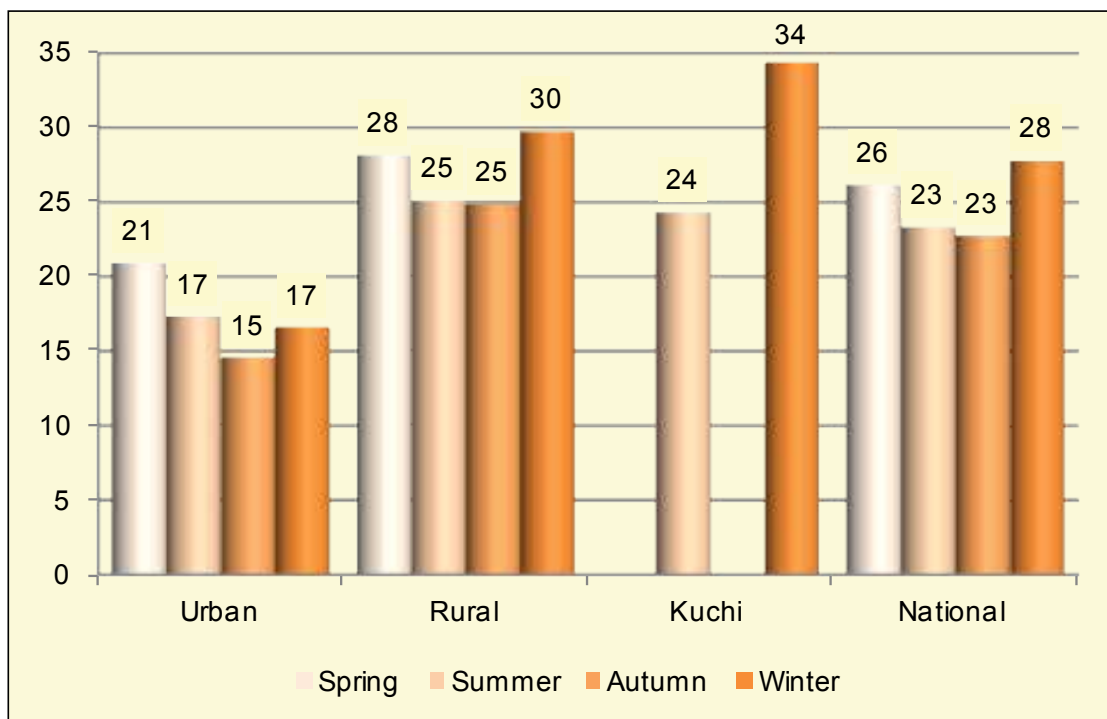
Figure 4.3: Labour force not gainfully employed, by (a) residence and (b) sex, and by underemployment and unemployment (in percentages)
a. By residence **b. By sex**



The share of persons not gainfully employed does not strongly fluctuate with age. However, the share of unemployed does, which suggests a principle of communicating vessels in which the activity status changes between unemployment and underemployment without an escape to more gainful employment. Overall unemployment rates decrease from 16 percent among 14-year olds to 5 percent in the age group 25-44, and then increase again to levels around 16 percent at ages 60 and over (data not shown). The youth unemployment rate (unemployed persons aged 15-24 as a percentage of the labour force in the corresponding age group) is 10 percent (8 for males and 19 for females). The youth unemployment as a proportion of total unemployment is 39 percent. The unemployment rate of women with tertiary education – 3 percent – is very low, which indicates very favourable labour market conditions for highly qualified women.

As shown in *Figure 4.4*, employment also has seasonal fluctuations, with different patterns for urban and rural populations. Employment conditions in rural areas are directly related to the farming season and show higher rates of not-gainfully employed persons in the low seasons of winter (December-March) and (early) spring. For urban populations spring is the period with the lowest job opportunities, whereas the Kuchi labour force has again most difficulty in finding adequate employment in winter time.

Figure 4.4: Percentage of the labour force not gainfully employed, by season, and by residence



| Labour indicators based on ILO definitions | |
|--|--------|
| Labour force participation rate | : 47.7 |
| Employment-to-population ratio | : 46.3 |
| Time-related unemployment | : 18.8 |
| Unemployment rate | : 2.7 |

4.4 Characteristics of the employed population

4.4.1 Status in employment

Status in employment is an indicator of the types of economic risk that the employed face in their work, the strength of institutional attachment between the person and the job, and the type of authority over establishments and other workers. NRVA distinguishes several categories of workers, largely in line with the International Classification of Status in Employment (ICSE-93). A breakdown of employment information by status in employment provides a statistical basis for describing workers' behaviour and working conditions, and for defining an individual's socio-economic group. Thus, a high proportion of salaried workers in a country generally signifies advanced economic development. On the other hand, if the proportions of day labourers, own-account workers and family workers are sizeable, it may be an indication of a large agricultural sector and low growth in the formal economy. These groups can be considered to be in vulnerable employment, since they are likely to be characterised by informal work arrangements and insecure employment, unstable and inadequate earnings, low productivity, and a lack of safety nets that guard against loss of incomes during economic hardship (ILO 2007, ILO 2009).

| MDG Indicator 1.7 |
|---|
| Proportion of own-account and contributing family workers in total employment |
| 80.5 percent |

Table 4.3 shows that overall, the large majority of the employed in Afghanistan (81 percent) fall within the category of vulnerable employment.² Almost all rural women (94 percent) and Kuchi (96 percent) do so. Since employers are hardly visible in the status-in-employment statistics, salaried workers – with 19 percent of the working population – are the only recognizable group in the labour market that can be considered to have secure jobs. As indicated in table 4.3, the occurrence of salaried work is mainly an urban phenomenon, with 39 percent against only 14 percent among the rural employed. It is notable that of the – relatively small – group of female workers in the urban sector half is in salaried employment, compared to only 6 percent of rural women and only 38 percent of urban men. Similarly notable is that within this female urban group the large majority (80 percent) is working in the public sector, whereas their urban male counterparts are equally distributed across the public and private sector.

Table 4.3: Employed population, by residence, sex, and by status in employment (in percentages)^a

| Status in employment | Urban | | | Rural | | | Kuchi | | | National | | |
|--------------------------|-------|-----|-----|-------|-----|-----|-------|-----|-----|----------|-----|-----|
| | M | F | BS | M | F | BS | M | F | BS | M | F | BS |
| Day labourer | 14 | 8 | 13 | 26 | 5 | 22 | 26 | 6 | 20 | 23 | 6 | 20 |
| Salaried worker, private | 18 | 10 | 17 | 6 | 3 | 5 | 5 | 0 | 3 | 9 | 4 | 8 |
| Salaried worker, public | 19 | 40 | 22 | 9 | 3 | 8 | 1 | 0 | 0 | 11 | 9 | 11 |
| Own-account worker | 41 | 28 | 39 | 50 | 44 | 49 | 54 | 54 | 54 | 48 | 42 | 47 |
| Employer | 2 | 1 | 2 | 1 | 0 | 1 | 1 | 0 | 0 | 1 | 0 | 1 |
| Unpaid family worker | 6 | 14 | 7 | 8 | 45 | 14 | 14 | 40 | 21 | 8 | 39 | 13 |
| Total employment | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Vulnerable employment | 61 | 49 | 59 | 84 | 94 | 86 | 94 | 100 | 96 | 79 | 87 | 81 |

^aM refers to males, F to females and BS to both sexes

The share of the working population in vulnerable employment varies strongly with educational attainment: the percentage decreases from 80 percent for people without education, via 76 percent for those with only primary education and 60 percent for the secondary educated to 14 percent for employed with tertiary education. A similarly large differentiation exists between persons who are literate and illiterate, with, respectively, 63 and 90 percent in vulnerable employment.

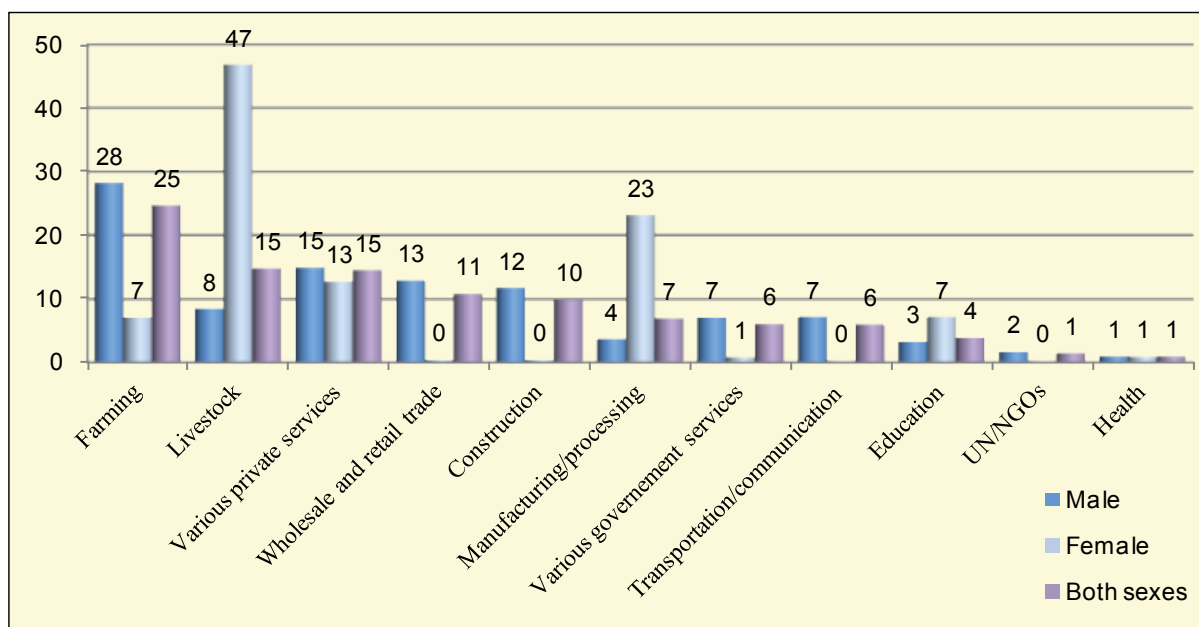
4.4.2 Economic sector and occupation

The economy of Afghanistan is dominated by the agricultural sector. Around 40 percent of the employed population is engaged in work in the farming or livestock sub-sectors (*Figure 4.5*). Male employment is relatively varied with considerable employment of between 10 and 15 percent in construction, trade and various services, besides agriculture including farming and livestock (37 percent). Female employment is much more concentrated in a few sectors: various services, manufacturing and (food) processing, and, particularly, livestock tending. In the latter two sectors the share of women is also in absolute numbers larger than the male share. In the formal sector, the only sector where women are well represented is education.

For the Kuchi population the employment in agriculture is much higher than the national average, with 69 percent in the livestock sector only (not shown here). On the other hand, in urban areas the share is much lower – 4 percent only. Here the – male dominated – wholesale and retail sector is the largest (23 percent), followed by various private services (15 percent) and public services, construction, transportation/communication and manufacturing/processing, each with around 11 percent of employment.

² Day labourers are included in this category, since they fully qualify the criteria of vulnerable employment

Figure 4.5: Employed population 14 years and over, by sector of employment, and by sex (in percentages)



The geographic variation of employment in different sectors is wide. Whereas in Kabul province the share in agriculture is only 11 percent, in Helmand, Nooristan, Ghor and Zabul it is over 70 percent. On the other hand, sectors that are characterised by more formal employment – health, education, government and UN/NGO services – are relatively well represented in the employment of Paktika, Kapisa, Panshjer and Kabul (over 20 percent combined). Urozgan, Helmand, Ghor and Zabul have less than 5 percent in these sectors.

Employment in the farming and livestock sectors is almost entirely in the category of vulnerable employment (98 percent or more), whereas for manufacturing/processing, construction, trade and the private service sector it is between 84 and 94 percent. Only in the education, UN/NGO and various government sectors the percentage of vulnerable employment is 10 percent or lower. An indicator that shows the extent to which women have access to paid employment and their integration into the monetary economy is the share of women in wage employment in the non-agricultural sector. For Afghanistan this MDG indicator is a low 11 percent.

MDG Indicator 3.2

Share of women in wage employment in the non-agricultural sector

11.1 percent

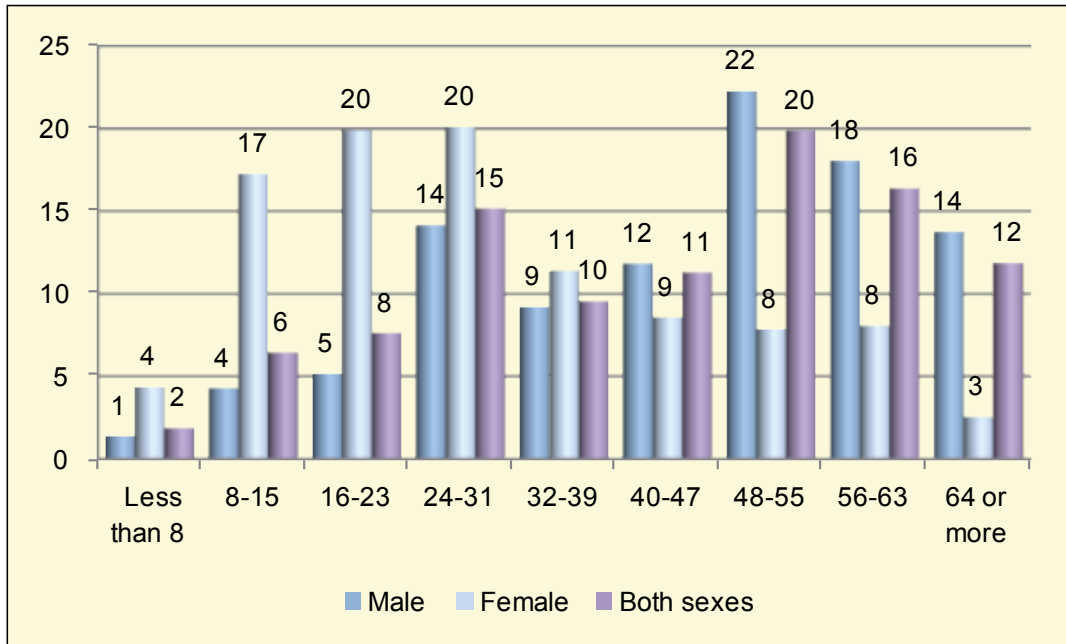
For Afghanistan this MDG indicator is a low 11 percent.

The distribution of occupations shows a large representation of farming and livestock activities (24 and 11 percent, respectively), the former strongly male-dominated. Other categories of relative importance are sales and trade (particularly in urban areas), construction and mining, drivers, and various service work. For women, shepherding (25 percent) and handicraft (20 percent) are the most important single occupational categories, but in the formal sector to a lesser extent also teaching (7 percent).

4.4.3 Working hours

Figure 4.6 shows the distribution of weekly working hours for the total working population, including those who are classified as under- and unemployed. Whereas the majority of men work 48 hours or more per week, the majority of working women (57 percent) is concentrated in the category of 8 to 31 hours work per week. The mean hours worked per week by men and women is, respectively 45 and 30, with the median values close to the mean (48 and 28 hours, respectively) (data not shown). It is likely that the fewer hours worked by women is due to their additional household chores, like cooking, cleaning, fetching water and firewood, and taking care of children and elderly. The data on working hours also shows that on average urban workers work longer hours than rural and Kuchi workers (48 against 41 hours per week).

Figure 4.6: Working population^a, by sex, and by weekly working hours (in percentages)



^aIncluding workers classified as under- and unemployed