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Labour Institutions in the Developing World: Historical and Theoretical Perspectives

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2.1 Introduction

Labour institutions structure all forms of work, rural and urban, formal and informal, from the most visible to the most remote. The rules, practices and policies that are inherent in labour institutions influence almost every aspect of our working lives – how we enter a job, the training we receive to qualify for the job and while on the job, the conditions under which the job is performed (the employment contract including the hours, pay, benefits and safety measures associated with the work), as well as what happens when the job ends. Consider four examples of work in developing countries, two rural and two urban, and the differences in labour institutions among them. These differences reflect the system of production, prevailing social norms, and the substance and reach of the law. The character of our lives, both at home and at work, is shaped by these institutions.

In the Gokwe region of Zimbabwe, one of the most important cotton-growing regions in the country, sharecropping has expanded along with the growth of cotton production and the rapid, internal migration of landless workers. Many of these migrants are from other rural areas, but in the late 1980s and early 1990s, there was also a large influx of migrants displaced from the state-owned iron and steel mills that were restructured in the wake of the country’s Economic Structural Adjustment Programme. In this example, the central labour institution is the sharecropping contract and the form it takes: whether it is oral or written, whether it is between family members, its duration, and, of course, how the crops are shared between tenants and landlords. Tenants and landlords determine their shares depending upon who ploughs the land, who provides inputs of fertilizer and seeds, and who is responsible for weeding and harvesting – as well as their respective bargaining power. Disputes over contracts are fairly common and are generally resolved informally by village heads or by the tenants and landlords themselves, though occasionally such disputes result in more formal legal action. The terms of sharecropping contracts evolve over time between tenants and landlords.
These changes come about partly in response to lifecycle factors: as landlords grow older, they tend to become less actively involved in production and cede increasing responsibilities to tenants, who are in many cases family members. This creates dynamism in the system, in that tenants have the prospect to become landlords over time.

On cattle ranches in Paraguay, ranch workers are paid in cash, in credit and in kind (primarily food and housing). Credit payments are redeemable at the ranch store and although the proportion of payment in cash versus credit is fixed by Paraguayan law, these laws are often violated, and ranch workers are commonly charged inflated prices for goods, causing ranch workers to become indebted to their employers. While some ranches pay their workers on a monthly basis, consistent with Paraguayan labour law, others do not. Wages are also higher for non-indigenous workers. Ranches that pay the legislated minimum wage tend to make social security payments, with social security supposing to provide health care, paid sick leave, disability benefits and pensions. Nonetheless, these ranches are relatively isolated and self-contained communities in which the availability of health and education facilities is scarce. There is a gendered division of labour on the ranches, with, for instance, indigenous women working as cooks and maids in the homes of both ranchers and non-indigenous ranch workers. Indigenous persons also rely on traditional subsistence activities such as hunting and fishing.

In India’s brassware industry, large, formal enterprises have modern factories and produce for the international as well as the domestic market. But much of the production comes from households which produce intermediate or final goods for the larger, formal manufacturers and traders. The homeworkers earn piece-rates, with piece-rates differing among households depending upon the job performed. The flow of goods among households and larger manufacturers and traders is usually mediated by jobbers, who may also monitor the progress and quality of work. But the jobbers do not mediate labour conditions since household producers lack protection under India’s labour laws. Production in the household relies on a variety of labour sources. When demand is high, temporary workers, some of whom are migrants, aid with production. Child labour is also common and helps to supplement family incomes, with piece-rates offsetting children’s generally lower productivity.

Working at a maquila in the northern Mexican town of Matamoros has its own set of institutions, many of which are formal. In this town, maquila jobs are allocated by the SJOI, the Union of Industrial Workers and Day Laborers, which screens on a daily basis the hundreds and sometimes thousands of newly arrived migrants according to the profiles demanded by the foreign assembly factories – typically young women in their late teens and early twenties with a secondary education. The women selected for work are hired on a 30-day probation, which shifts to a formal job if the trial is successfully completed. Because these are formal jobs, the workers benefit from