

Farmers' Intention to Sell – Evidence from Ghana on the New Statistical Definition of Employment

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In October 2013, the 19th International Conference of Labor Statisticians (ICLS) adopted a new Resolution concerning statistics of work, employment, and labor underutilization (hereafter referred to as new ICLS standards), which supersedes previous international standards for labor statistics. An important element of the new ICLS standards is to narrow the definition of employment to work performed for pay or profit. Own-use production of goods, such as crop cultivation for own/family consumption, is no longer considered employment. This has significant implications for labor statistics in developing countries where much of the population are engaged in farming and often do not sell all their produce. The new definition also affects the measurement of progress towards the newly adopted Sustainable Development Goals (SDG), given that some of the proposed SDG indicators either measure employment, normalize on the employed population, or disaggregate by employment status.

An important practical question that arises under this new definition of employment is how to differentiate farmers who produce mainly or only for own use (often described as subsistence farmers), from market-oriented farmers in the context of labor force and other household surveys. This differentiation is typically not made in surveys and there are no guidelines or standards defined to apply it.

The new ICLS standards specify that the separation between own-use and market-oriented production work should be based on the self-declared intended use of the output, not its actual disposition. This departs from many applied economic studies, which define subsistence farmers based on the portion of output actually sold. It also raises questions about cognitive bias, and, from a practical perspective, the appropriate unit of measurement, aggregation approach and threshold at which the market portion of output becomes large enough to classify the activity as employment.

The present paper, to the best of our knowledge, is the first to systematically analyze the distinction between own-use and market-oriented agriculture in the framework of the 19th ICLS. The paper places

particular emphasis on whether the new definitions differentially affect male and female farmers, which may be the case if there are gender differences in cropping patterns, commercialization and/or the degree of cognitive bias. The objective is twofold. First, the paper seeks to provide tentative evidence of how employment statistics may change as a result of the new ICLS standards and inform their household survey-based operationalization. Second, the paper also contributes to the broader literature on the sensitivity of official statistics to survey methodology in developing countries.

We conducted a unique household survey in Ghana, which interviewed 720 agricultural households repeatedly over the course of one agricultural season to collect detailed data on agricultural labor and on intended and realized production and sales. The analysis finds that approximately one in five farmers would no longer be classified as employed by the new ICLS standards, but the extent of the change induced by the new definition is contingent on the timing of data collection and measurement approach. The percentage of farmers considered employed is lower for female than for male farmers, and for female farmers the measure is also more sensitive to variations in timing of data collection and measurement approach. Even though the percentage of male farmers employed is quite robust to timing of data collection and measurement approach, classification of individual male farmers (or sub-groups of individuals) does vary considerably.

Looking at the implications of the focus on intended (and not actual) use of output for determining whether farm work is for pay/profit or, alternatively, own use, we find that the actual share of output for own use is higher than the intended share for own use, particularly for cassava, yams, and groundnuts. Finally, we explore one of the stated motivations of the 19th ICLS for emphasizing the self-reported intended use of output, which is that it “serves to capture aspects related to the mode of organization of production” (ILO 2013). Our analysis suggests that even though crops intended for sale, compared with those intended for own use, are grown using different inputs and more frequently managed by male farmers, differences in productivity between the two are not statistically significant.