



## DECODING THE CHALLENGES OF PROMOTING DECENT WORK IN RURAL AND URBAN LABOR MARKETS

*Parvez Ahmed Shaikh*

*Assistant Professor*

*Department of Economics*

*Lasbela University of Agriculture, Water and Marine Sciences (LUAWMS)*

*Uthal, Balochistan - Pakistan*

[ahmed.eco@luawms.edu.pk](mailto:ahmed.eco@luawms.edu.pk)

*Aijaz Ahmed Shaikh*

*Assistant Professor*

*Institute of International Relations*

*Shah Abdul Latif University*

*Khairpur - Pakistan*

[aijazshaikh@salu.edu.pk](mailto:aijazshaikh@salu.edu.pk)

*Fida Muhammad*

*M.Phil Scholar*

*Applied Economics Research Center (AERC)*

*University of Karachi*

*Karachi - Pakistan*

[Fidamuhammad04@gmail.com](mailto:Fidamuhammad04@gmail.com)

### **Abstract**

*The current study explores that the quality of life is intensely influenced by our living environment, including access to education, healthcare, employment, and culture. Living in rural or urban areas has distinct effects on the local labor market, including the sector and occupation composition, working arrangements, and education requirements. However, 56% of the total population of the world resides in urban and 44% in rural areas, it is essential to consider the distinct conditions and labor market characteristics of both settings when analyzing socioeconomic development. Research shows significant differences in labor force participation, labor underutilization, and employment quality between rural and urban areas. Sustainable development and decent work present different challenges in each setting, emphasizing the need for directed policies and more research sought at progressing workers' conditions universally. The COVID-19 pandemic has also affected both rural and urban areas, making it necessary to*



*monitor and address the evolving situation in both settings for an inclusive recovery. Overall, recognizing the conditions of all labor force and the differences between rural and urban labor markets this research has produced policies recommendations for both urban and rural market employments opportunities for achieving decent work for all.*

**Key Words:** COVID-19, Decent Work, Employment, Rural Labor Market, Urban Labor Market.

## **1. Introduction**

Our living environment has a profound impact on our daily routines and overall quality of life including our access to education, health, culture, and employment opportunities (Calzada, 2021). As shown by variations in the industry and occupation composition, the prevalence of particular types of work, the skills and education necessary for available jobs, the working conditions, and workplace characteristics, residing in rural versus urban areas has different effects on the local labour market (Albanese et al., 2023). From historical perspective four important theories on labour market are identified by Karl Marx's (Marx and Engels, 1848). First, he thought that employers exploit people by paying them wages that are below the value that their labour creates. The labour market's core component is this exploitation. Second, under capitalism, employees feel a sense of estrangement from the things they create the way they do their jobs, their coworkers, and even their own humanity. The capitalist system is to blame for this alienation. Third, according to Marx, social unrest is a result of exploitation and alienation on the job market, which is where the bourgeoisie (the capitalist class) and the proletariat (the working class) are engaged in a class war. And lastly the labour market is also prone to swings and unemployment, creating a labour surplus that gives capitalists power over salaries and working conditions (Marx, 1867).

Rural areas are more likely to have an agricultural-based economy and small businesses, while urban areas tend to have a more diverse economy, including more significant professional and service-based sectors (Johnston et al., 2022). Additionally, education and training requirements for jobs tend to be lower in rural areas, while urban areas tend to require higher education levels for certain positions (Henderson et al., 2001). According to a recent United Nations report from 2021, 44% of the world's population resides in rural areas, compared to 56% who live in urban areas (United Nations, 2021). This emphasizes the importance of considering the distinct living conditions and labor market characteristics of both rural and urban areas when analyzing socioeconomic development. Shifts in employment are often linked to migratory patterns, particularly from rural to urban areas, as economies evolve from agriculture and primary activities to industrial and service sectors (Chen et al., 2015).



Decent work, essential for sustainable development, has emerged as a crucial global priority for both rural and urban regions (UNDP, 2015). According to the International Labour Organization (ILO), "opportunities for work that are productive and deliver a fair income, security in the workplace and social protection for families, better prospects for personal development, and social integration" are considered to be examples of decent work (ILO, 2021). However, promoting decent work in both rural and urban labor markets continue to be a persistent challenge, exacerbated by the COVID-19 pandemic and the resulting economic downturn (Berg et al, 2021). For instance, COVID-19 pandemic has led to job losses, reduced working hours, and increased informality, which is a significant challenge in promoting decent work. Besides, addressing issues such as gender inequality, discrimination, and the informal economy are crucial. In rural areas, challenges include improving access to finance, enhancing rural infrastructure, and promoting sustainable agriculture (Gallent et al.,2022). While the industrial revolution and urbanization historically led to an urban-rural divide, current challenges include addressing the informal economy particularly empowering women and youth, increasing access to social protection, and promoting digitalization and transitioning to a green economy are also important challenges that need to be addressed (Kuhn, 2018).

Additionally, in rural areas, efforts must focus on sustainable agriculture, rural infrastructure, and empowering women and youth. Meanwhile, in urban areas, policies are needed to address low-skilled work, inadequate social protection, and discrimination against marginalized groups. These challenges are further compounded by weak labor market institutions, low productivity, and limited access to finance, requiring a comprehensive approach to promote decent work in both labor markets (ILO, 2021). Therefore, promoting decent work in both urban and rural labor markets remain a significant challenge that requires a comprehensive approach.

In conclusion, it is critical to comprehend the differences between rural and urban areas in the dynamics of the labour market and to address the unique challenges of sustainable development and decent work in each setting given the rapid urbanization seen throughout the world and the resulting shifts in employment from agricultural to non-agricultural activities. Therefore, socioeconomic development, urbanization, and labor market configurations are intertwined. Different research show that there are notable differences in labor force participation, labor underutilization (including unemployment), and the quality of employment between urban-rural areas (Javdani, 2020; World Bank, 2019).

### **1.1 Objectives of the Study**

1. Identify the unique challenges that different groups, such as women, young people, and marginalized communities, face in obtaining and maintaining respectable employment.
2. Make creative suggestions for legislative changes to solve the problems identified for promote decent work.



## **1.2 Significance of the Study**

The present study holds importance due to its emphasis on comprehending the labor conditions, particularly those encountering challenges associated with their gender, age, sector of economic activity, occupation, job nature, and geographical location. The study sheds light on labor underutilization in both urban and rural zones, accentuating the variances between them, and the further obstacles faced by the younger population in rural areas in accessing education and training. The results of the study may facilitate the formulation of targeted policies and research to enhance the conditions of workers across all regions and ensure an inclusive recuperation from the repercussions of the COVID-19 pandemic.

## **2. Literature Review**

Academic literature supports the notion that rural and urban labor markets have different challenges when it comes to promoting decent work. This topic has been explored in various academic literature reviews. Adair and Hlasny (2023) have analyzed why there is still persisting labour market segmentation, as shown by gender differences in employment and occupational mobility. What effects and opportunities might alternative formalization policies have in MENA nations? First, we give a general description of the informal sector in six MENA countries, including its taxonomy, scope, and drivers. We then examine the occupational mobility of workers. Using transition tables and multinomial logistic regressions applied to longitudinal microdata from labour market panel surveys, we examined pre-existing status, age cohort, gender, and other variables. In all nations, we observe persistent segmentation and little occupational mobility, which suggests that structural barriers on the demand side, rather than the labour supply side, are what drive informal employment. The effects of current formalization initiatives, which combine various stick and carrot techniques and target businesses rather than workers, are likewise quite limited, according to our research. We conclude that strategies for the creation of decent jobs include encouraging social and solidarity companies and expanding microfinance to unregistered businesses.

Yan and Hartmann (2023) have worked on the most recent developments and the real situation related digital work are given for the East Asia/Pacific region based on data and analysis accessible for the region. This covers topics including fair labour practices, how digital technologies affect jobs, competencies, employment prospects, the impact of digital work and labour platforms, and gender (in)equality concerns. The challenges and political measures adopted by national governments are addressed using Taiwan as an example, one of the most developed economies in both East Asia and the world.

According to Figueiredo (2022), 94% of all agricultural employment worldwide in 2016 was unofficial, demonstrating the prevalence of informal work in this industry. The prevalence of informality in rural areas draws attention to the shortage of decent work that rural workers experience, demonstrating the necessity for efficient solutions to guarantee that agricultural workers have approach to high-best jobs. ILO (2019) discovered that only 32% of people in rural



areas were employed, compared to 70% of those in urban areas, demonstrating that there are major variations between rural and urban labour markets in terms of job status and working conditions.

Rural labour force participation is higher in emerging nations (Siddiky and Akter, 2021) than urban areas. They also emphasized that the basic issue in rural areas is time-related underemployment and that workers in rural areas struggle with severe labour underutilization. Contrarily, the most prevalent type of labour underutilization in metropolitan settings is unemployment. These variations in labour market structures, openings, and cultural practices suggest that labour underutilization manifests itself differently in rural and urban locations. Understanding these distinctions is essential to preventing underutilization of labour.

Another study by Marjit et al. (2020) explored the challenges of promoting employment in rural and urban India. They found that rural areas face issues such as limited access to credit, inadequate infrastructure, and low productivity, which can limit employment opportunities. In urban areas, they found that informal employment is common, with workers often lacking social protection and employment rights.

The COVID-19 pandemic initially had a greater impact in urban areas, but it has subsequently spread to rural areas, according to the UNDP (2020). It's important to keep an eye on changes in both urban and rural areas to achieve a recovery that benefits everyone. Policies that promote job development and offer social protection to disadvantaged workers in both rural and urban areas must be created.

A study by Ali et al. (2019) examined the challenges of promoting employment in rural and urban areas of Pakistan. They found that rural areas face issues such as limited access to education and training, inadequate infrastructure, and a lack of job opportunities. In urban areas, they found that labor market segmentation and informal employment are common, with some workers having access to high-quality jobs with good pay and benefits, while others are stuck in low-paid, precarious work.

Taylor (2018) highlighted the differences between urban and rural labor markets in terms of labor force participation and employment opportunities. The review suggests that policies aimed at promoting decent work in rural areas should consider the unique challenges faced by rural workers, such as limited access to education and training, and the need for specialized skills in certain industries.

ILO (2018) underlined that it is critical to comprehend all employees' conditions, regardless of their sex, age, profession, field of employment, or place of residence, in order to promote decent work in rural and urban labour markets. They claimed that precise understanding of the variations between the labour markets in rural and urban areas is essential for directing targeted policies and research aimed at enhancing the fortunes of workers everywhere. Additionally, they recommended that policies fostering the growth of human capital or the creation of new jobs take



into account the distinctions between the labour markets in rural and urban areas as well as the traits of the inhabitants of these places.

A study by Diao et al. (2018) examined the differences between rural and urban employment patterns in China. They found that rural areas have higher rates of self-employment and lower levels of formal employment, which contributes to lower wages and limited access to social protection. In contrast, urban areas have higher rates of formal employment, but also experience labor market segmentation and high levels of informal employment.

### **3. Challenges for Rural and Urban Labor Markets**

Overall, the literature suggests that promoting decent work in rural and urban labor markets requires an understanding of the unique challenges faced by workers in each context when it comes to promoting employment. In rural areas, agriculture is often the main source of employment, but the sector faces challenges such as different seasons for irrigation, limited access to education and training. In urban areas, there is greater job diversity, but workers often face issues such as labor market segmentation and informal employment.

#### **4.1 A Changing Landscape: Urbanization and the Transition from Agricultural to Non-Agricultural Employment**

Pasinetti (1983) throughout human history, there has been a notable shift from rural agricultural economies to urban industrial and service-based economies (Pasinetti, 1993), which has been one of the most profound changes in the way we live and work. This process, known as structural changes, and urbanization, transformed the landscape of societies, bringing about new opportunities and challenges for individuals around the world. As urbanization continues to accelerate, many regions are grappling with the consequences of this transition, including the displacement of rural communities, changes in land use, and the modify from agricultural to non-agricultural occupation.

Urbanization and its impacts have been extensively studied in various fields of research. For example, a study by Glaeser et al. (2018) analyzed the economic benefits of urbanization, including higher productivity and innovation, but also noted the challenges of affordable housing and transportation. Another study by Seto et al. (2011) investigated the environmental impacts of urbanization, such as land use change and carbon emissions. In terms of the social implications of urbanization, a report by the United Nations (2016) highlighted the role of cities in promoting sustainable development and reducing poverty, but also acknowledged the need for inclusive and participatory governance.

The shift from agricultural to non-agricultural employment is also a well-documented phenomenon, with studies exploring its impacts on rural livelihoods and the broader economy. For instance, a study by Ellis and Biggs (2001) analyzed the dynamics of rural-urban migration



in sub-Saharan Africa, noting the importance of social networks and labor market opportunities. Another study by de De-Brauw et al. (2014) investigated the impacts of agricultural productivity on non-farm employment in Indonesia, finding that improvements in agricultural technology can lead to higher wages and greater opportunities for rural workers. Overall, the topic of urbanization and the transition from agricultural to non-agricultural employment is multifaceted and has been studied from various perspectives. As this essay highlights, a comprehensive understanding of these dynamics is crucial for addressing the challenges and opportunities of urban development and promoting sustainable and equitable outcomes.

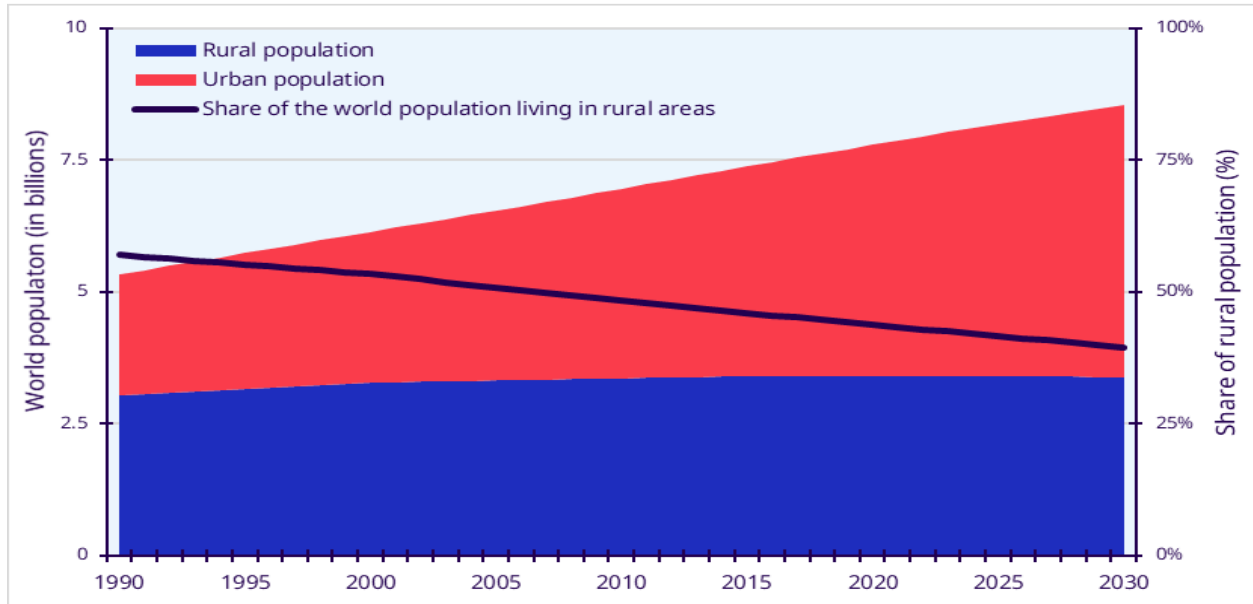
#### **4.2.1 Changes in the Global Rural and Urban Population from 1990 to 2030**

Recent studies and facts validate the rapidly growing world's population and is expected to continue to do so. The world population is predicted by the United Nations to expand from 7.9 billion people in 2021 to 8.5 billion in 2030, with Africa and Asia experiencing the highest population growths. Between 1990 and 2030, 60% increase in population growth was expected for the entire world. The distribution of population growth among regions is unequal, nevertheless. The urban population in the world is anticipated to grow by 126% during the equivalent period, whereas the world's rural population is predicted to only grow by 11% by 2030 (United Nations, 2019). In other words, compared to 1990, the number of people residing in urban regions is anticipated to have increased by more than double by 2030.

The shift toward urbanization is a global phenomenon that has been observed across regions and countries, and is driven by various factors, including industrialization, globalization, and migration (United Nations, 2018). Urbanization presents both opportunities and challenges, including access to better infrastructure, education, and employment, as well as exposure to environmental hazards and social inequalities (World Bank, 2018). (See figure 1).



**Figure 1: Changes in the Global Rural and Urban Population from 1990 to 2030**



Source: ILO, 2020

In addition, the percentage of the global population that lives in urban and rural areas varies significantly from one region to the next. In fact, Asia makes up a disproportionately high amount of the global population (56% of all people live there as of 2019), with Africa coming in second with 17%, followed by the Americas with 13%, Europe and Central Asia with 12%, and the Arab States with 2%. In conclusion, population growth is accelerating globally, and by 2030, it's predicted that the number of people living in cities will more than quadruple. This trend underscores the importance of understanding the implications of urbanization for sustainable development and formulating policies that address the associated opportunities and challenges.

#### 4.2 Development of Global Employment Composition by Major Sectors (1991-2024)

Uneven population growth, which is predicted to continue in the future, has had a considerable impact on the population distribution between rural and urban areas. According to UN estimates, just 44% of the global population, down from 57% in 1990, still lived in rural regions as of 2019. By 2030, this percentage is expected to fall to even further 40% (United Nations, 2019). This shift in population distribution has also led to changes in employment patterns. As cities continue to grow, agricultural activities that are traditionally associated with rural areas become less prevalent. Globally, the services sector has become the largest employer, with 50% of the workforce engaged in this sector in 2019, followed by the industrial sector (23%) and agriculture

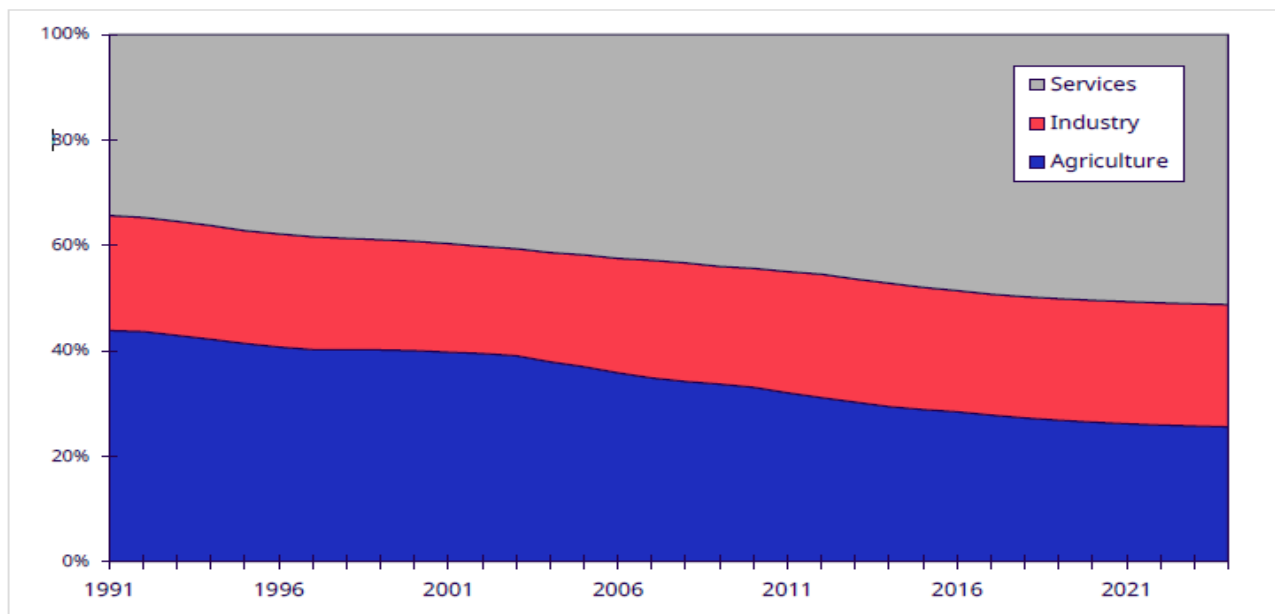




(27%) (ILO, 2020). It was projected that the trend of declining agricultural employment and rising service sector employment will continue, in near future.

It is important to remember that not all jobs in rural areas are related to agriculture, nor are all agricultural enterprises centered in rural areas. ILO (2020) predicts that 89% of all agricultural employment worldwide is located in rural areas, which means that just 11% of agricultural employees reside in urban areas. Furthermore, just 49% of all workers in rural areas are employed in agriculture, compared to 10% in manufacturing and 8% in construction. (See figure 2)

**Figure 2: Changes in the key sectors making up the global labour force between 1991 and 2024**



Source: ILOSTAT, ILO modelled estimates, November

#### **4.3 Rural Percentage of Young People and People of Working Age by Region and Socioeconomic Category (2015)**

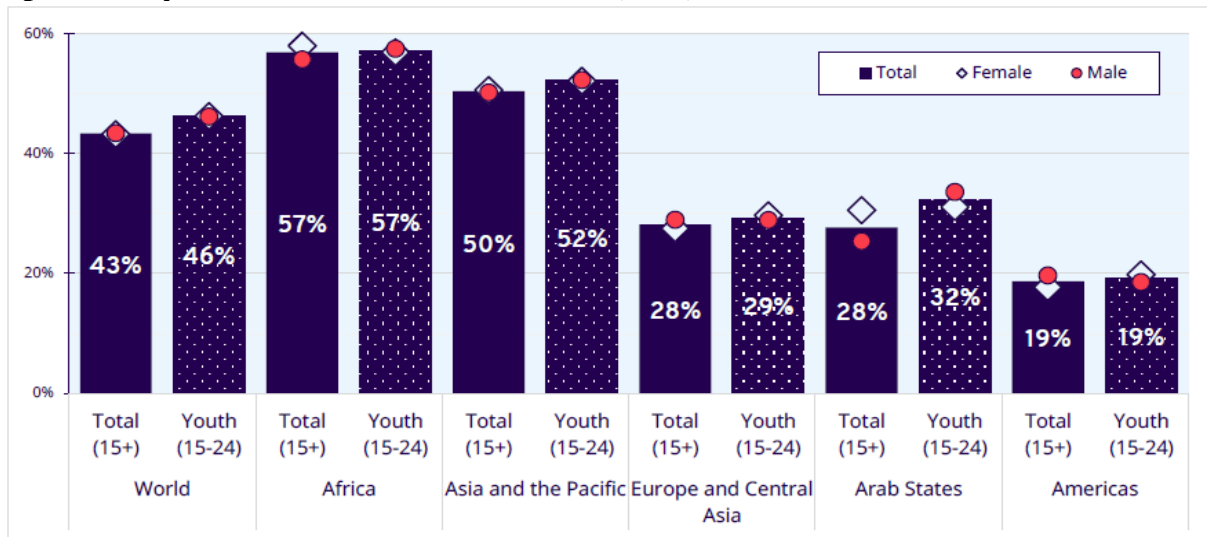
A sizable portion of the world's population, according to recent figures, lives in middle-income countries. According to the (World Bank, 2021a) report, 40% of people in 2019 resided in lower-middle income nations and 35% in those with higher incomes. In contrast, only 16% of people on the planet resided in high-income nations, and only 9% were located in low-income ones (World Bank, 2021a). Additionally, 57% and 51% of the populations of the most densely populated regions, Africa and Asia, respectively, were rural in nature in 2019 (World Bank,

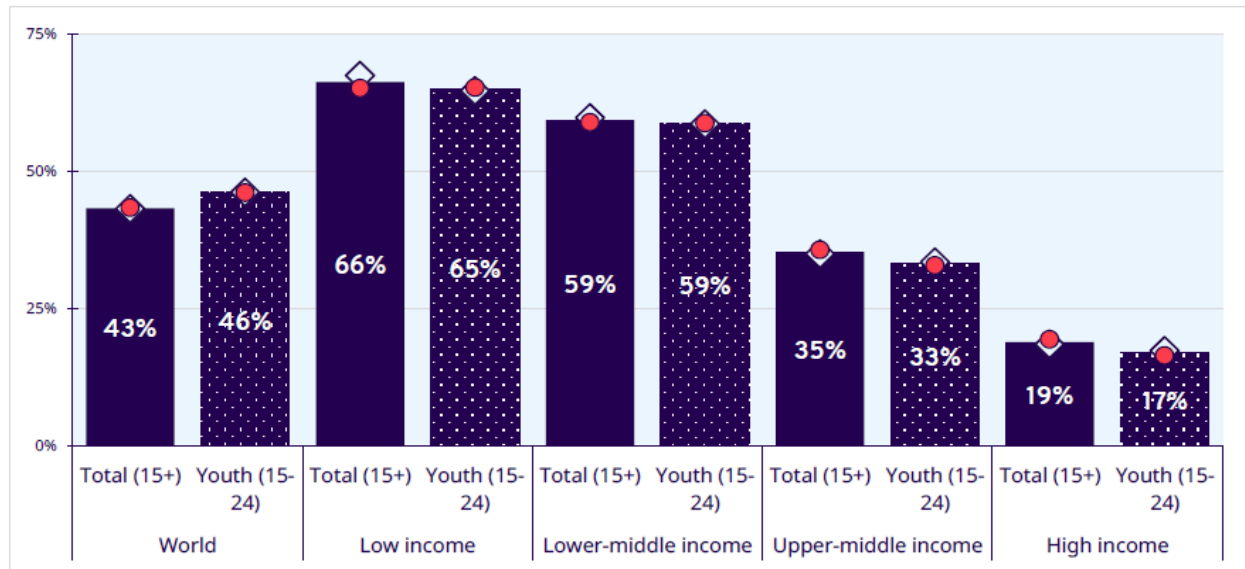


2021b). The remaining parts of the world, on the other hand, were characterized by high rates of urbanization, with the majority of their populations centered in urban areas. People who are working age should be considered while performing a labour market study because those who are not in this age bracket are often not employed. Empirical data from earlier studies provide credence to this idea.

For instance, according to the World Bank (2018), the working-age population is defined as those between the ages of 15 and 64, and this group makes up the majority of the labour force in most economies. In examining the proportion of working-age individuals and youth residing in rural areas across different counties and income groups, prior literature suggests that there is no significant difference between these groups. This finding implies that there is no notable trend of rural youth migration, at least not on a large scale (McGranahan and Schensul, 2016). Furthermore, other studies have found that the level of education, job opportunities, and social amenities are some of the factors that influence rural youth migration (Adepoju, 2015). Therefore, additional research may be required to explore the potential drivers and impacts of rural youth migration more comprehensively (See figure 3).

**Figure 3: The Working-age Population's Proportion in Rural Areas and the Young Population by Location and Economic Status (2015)**





Source: ILOSTAT, UN estimates and projections (2019)

## 5. Comparing Labour Force Participation and Underutilization between Different Regions and Countries

Labor force participation and underutilization are important indicators of a country's economic health and well-being. When comparing labor force participation and underutilization between different regions and countries, it is important to consider factors such as cultural attitudes towards work, government policies, and levels of education. For example, in developed countries such as the United States, labor force participation rates are relatively high due to the strong emphasis on individual work ethic and productivity. However, underutilization rates may also be higher in developed countries due to the prevalence of part-time or temporary work, and a lack of job security. In contrast, in developing countries such as those in sub-Saharan Africa, labor force participation rates may be lower due to cultural norms surrounding gender roles, as well as a lack of education and training opportunities. Underutilization rates may also be high due to a lack of formal employment opportunities and a reliance on informal, often unstable work arrangements.

### 5.1 Increasing Rural Labour Force Participation in Developing Countries

The concept of the labour force participation rate remains a key global measure of economic activity and labour market dynamics. The International Labour Organisation (ILO, 2020) reported that 62% of rural people worldwide were in the labour force, which was higher than the



60% percentage for urban people. Geographically, the tendency varies; nevertheless, rural areas in Africa and the Asia-Pacific region have higher rates of labour force participation than urban areas, whereas the opposite is true in Europe and Central Asia, the Arab States, and the Americas. In Africa, Asia-Pacific, and all economic groups with the exception of high-income nations, rural areas surpass urban areas in employment-to-population ratios, which are similar trends (ILO, 2020).

According to this pattern, rural areas in less improved markets, particularly in low-income territories, are more actively involved in developing employment prospects than urban areas. However, according to the research, the situation may be a result of rural residents being compelled to accept any job offers, regardless of the duties involved or the workplace environment (Galbis et al., 2020). Urban areas, on the other hand, might have a higher percentage of inactive people who can afford to spend more time looking for suitable employment or to drop out of the labour force entirely.

Additionally, the availability of low-paying informal jobs with inadequate old-age pensions and social protection coverage in rural areas may force older workers to continue working (Gundersen et al., 2009). Similar to urban places, the socioeconomic environment in rural areas can prevent people from putting all of their attention into their education (Dimmock et al., 2012). It evidenced that factors such as job characteristics, working conditions, social protection, and education may affect rural labour force participation and highlight the need for policies that ensure equitable and inclusive economic growth in rural areas.

## **5.2 Gender Differences in Rural Areas' Labour Force Participation Across Most Regions**

Researchers have discovered that men participate in the work market at higher rates than women across all regions and income groups (Timol, 2019). With the exception of Africa and low-income nations, the gender gap in labour force participation is generally larger in rural than in urban areas. This demonstrates how traditional gender roles are more deeply embedded in rural areas, making the introduction of gender-sensitive policies that believe the unique needs of rural people necessary (Kabeer, 2020). Remember that the labour force participation rate only considers formal paid employment, ignoring other sorts of work like unpaid caregiving and subsistence farming, which are frequently done by women in rural areas.

## **5.3 Different Types of Underutilizations of Labour in Urban and Rural Areas**

The labour force status of the working-age population is classified into three categories: employment, unemployment, and people outside the labour force. Underutilization of labour is defined as being without a job among people who are actively seeking employment. The term "time-related underemployment" refers to underemployment that occurs when people who are



employed work fewer hours than they are available to. People who are not actively seeking employment or who are not yet prepared for employment may also be affected by underutilization of the labour force. Unemployment is a widespread kind of labour underutilization in metropolitan settings, with 46% of all individuals suffering it globally in 2019 reporting that they are unemployed.

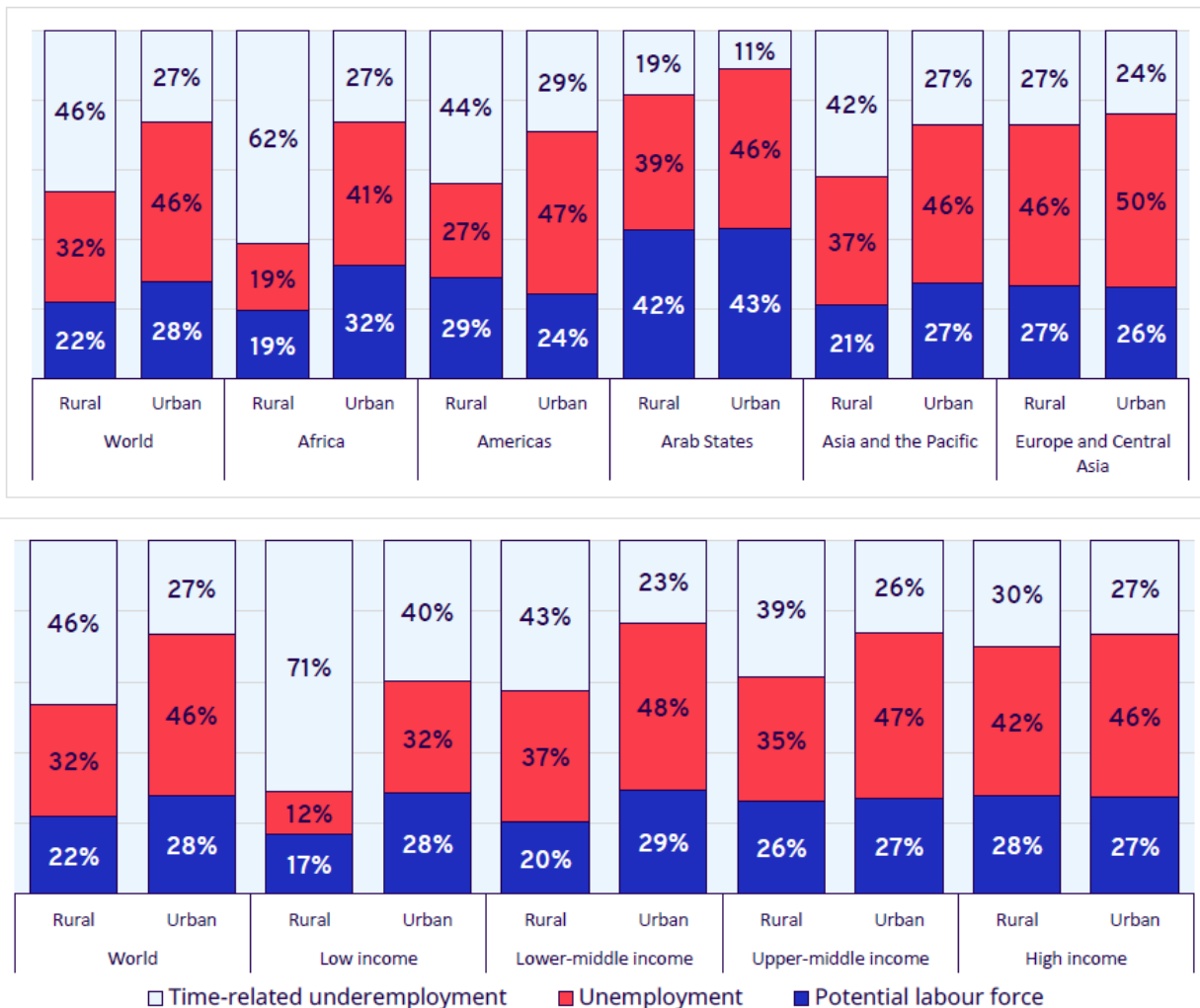
On the other hand, time-related underemployment is the most prevalent form of labour underutilization in rural areas, accounting for 46% of all individuals facing this issue globally in 2019. This is primarily due to the seasonal and part-time nature of the agricultural sector, which is prevalent in rural areas (Khanam et al., 2021). Furthermore, studies have shown that rural workers often encounter fewer employment opportunities and may have to accept part-time or low-quality jobs due to a lack of alternative employment options (Scheffler et al., 2018).

The International Labour Organization (ILO) (2020) highlights that gender disparities persist in the various types of labour underutilization, where men tend to have a greater proportion of unemployment in both urban and rural areas, while women have a higher percentage of potential labour force individuals. This gender-based phenomena suggests that gender norms have a big impact on how households decide to divide up domestic chores and childcare duties as well as decide who will participate in the labour force (Rahman et al., 2018). While there is a greater prevalence of time-related underemployment in rural parts of Africa, the Americas, Asia, and the Pacific, urban areas in all of these regions have higher unemployment rates as the primary source of labour underutilization (ILO, 2020).

However, the Arab States show that, while unemployment is more common in Europe and Central Asia, it is actually the largest contributor to the underutilization of rural labour. The main reason for underutilizing labour in urban areas of low-income countries, according to income levels, is time-related underemployment, whereas unemployment rates are higher in high-income countries. Except for high-income nations, time-related underemployment is more prevalent in rural areas across all income categories (ILO, 2020; Liu et al., 2018).



**Figure 4: Composition of Underutilized Labour by Region and Income Group in Rural and Urban Locations in 2019**



Source: ILOSTAT, ILO Modelled Estimates, November 2019

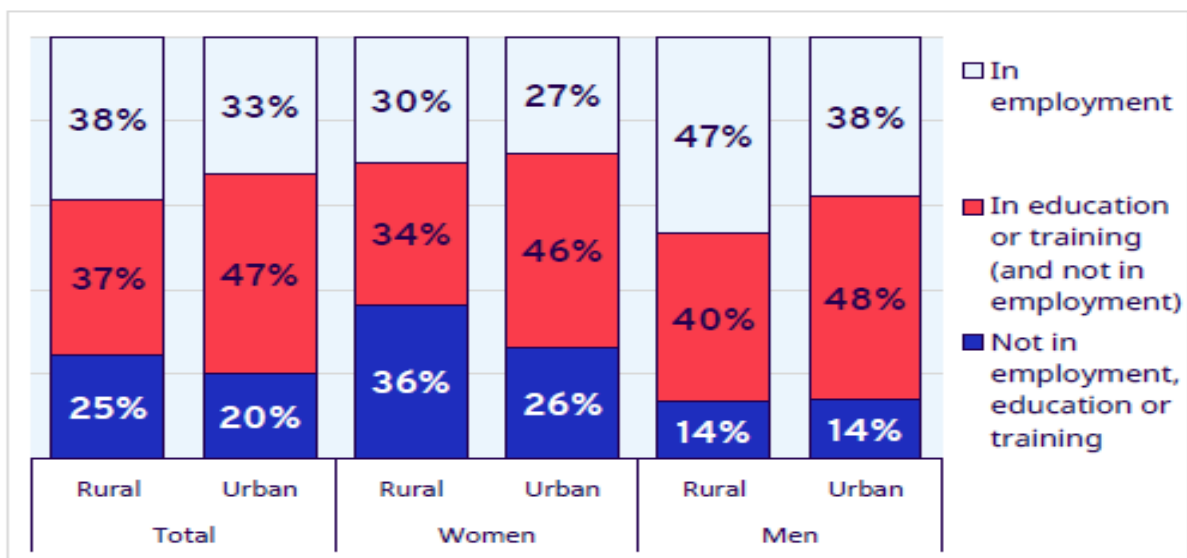
## 6. Youth Face Labour Underutilization in Rural Areas, Limiting Access to Education and Training

Young adults aged 15 to 24 who reside in rural areas are more likely to be employed (43% compared to 39% in urban areas), while adults aged 25 and older are more likely to be working (68% compared to 65% in urban areas), according to recent data. This pattern has been observed across all geographic and socioeconomic groups. The youth labour force participation rate is 17 percentage points higher in rural areas than it is in urban ones in Africa, and it is 20 percentage



points higher in rural areas than it is in urban ones in low-income countries. This suggests that young people in rural areas, particularly those in poor rural areas, may have fewer opportunities for full-time studies or unpaid training compared to their urban counterparts, and thus, more constrained to enter the labour force earlier (ILO, 2020; Mazumdar and Sarkar, 2021) (See figure 5).

**Figure 5: The Participation of Young People in Employment, Education, or Training Categorized by Gender and Geographic Location (rural/urban) in 2019**



Source: ILOSTAT, ILO Modelled Estimates, November 2019

The recent study such as Banati et al., (2020), Lan and Moscardino (2019), and Rietveld et al. (2020) suggests that rural youth have lower participation rates in education and training compared to urban youth and are more likely to start working at a younger age. According to the International Labour Organization (ILO) data from 2019, 37% of rural youth were exclusively in education or training, compared to 47% of urban youth, while 38% of rural youth were employed, compared to 33% of urban youth. In addition, the percentage of rural youth not in employment, education, or training (NEET) was higher (25%) than their urban counterparts (20%) (ILO, 2020). Gender and social norms may contribute to these disparities, with young women in rural areas being more probable to participate in voluntary care work instead of seeking employment or education opportunities. These norms may be more deeply ingrained in rural areas, as young women in urban areas are more likely to participate exclusively in education or training (ILO, 2020).



The ILO survey also reveals that young males are more likely to choose employment in rural areas over merely pursuing education or training in urban areas, even though the percentage of them who are not in job, education, or training is the same in rural and urban areas. The findings point up how important it is to address gendered social norms and increase opportunities for young people in rural regions, especially young women, to pursue education and training. Such actions might aid in closing the employment and educational opportunity gap between rural and urban areas and give young people more social and economic mobility options (Eriksson and Lagerström, 2012).

### **7. Deficits in the Quality of Employment: Mainly a Rural Phenomenon**

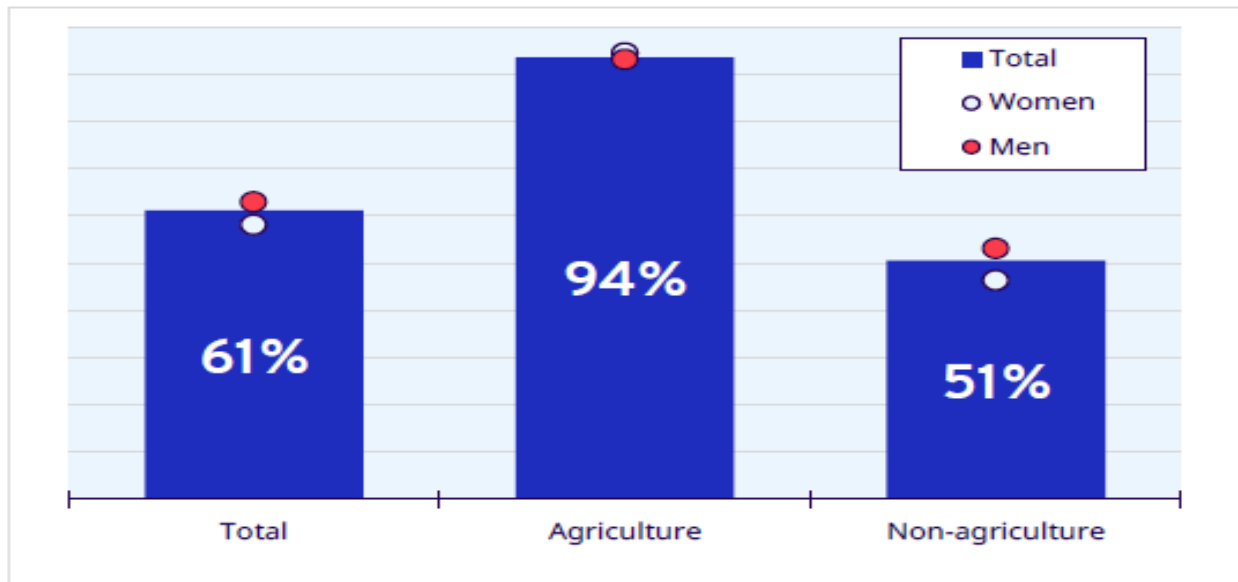
In order to minimize worker underutilization in urban and rural areas, as well as to assure satisfying working conditions, the goal of decent employment for all must be attained. For the living conditions of employees and their families, the quality of employment, including working hours, pay, occupational safety and health, adherence to labour regulations, the presence of social dialogue, and access to social protection is essential (Figueiredo et al., 2021). The share of informal employment, which frequently has negative effects on pay, working hours, occupational safety and health, and general working conditions, is one indicator of insufficient access to decent work and high-quality employment (ILO, 2020).

Informal workers are more vulnerable to unemployment, lost income, and occupational injuries since they are less likely to be protected by social protection or labour regulations. In addition, unofficial work is typically less profitable and effective (Costa et al., 2021). Since they frequently aren't covered by social protection or labour laws, informal employees are more susceptible to losing their jobs, seeing their income decline, and suffering work injuries (UNDP, 2021). Additionally, compared to regular employment, informal employment typically pays less and produces less. To achieve decent work for all, policies need to address informality and improve the quality of employment. Access to social protection and labor rights should be extended to informal workers to reduce their vulnerability and ensure adequate working conditions. Additionally, efforts should be made to formalize informal jobs and increase their productivity and remuneration to enhance the quality of employment (UNDP, 2021). (See figure 6).





**Figure: 6 Share of Informal Employment by Sex (2016)**



Source: Women and men in the informal economy: A statistical picture. (3<sup>rd</sup> ed) (ILO, 2018)

According to the ILO (2018), 61% of all employees worldwide worked in informal sectors in 2016, which accounted for 94% of all agricultural employment globally. This demonstrates the scarcity of respectable employment opportunities faced by rural workers and calls for the adoption of practical steps to guarantee that agricultural employees have access to positions of the highest grade. Since employees frequently have better working conditions than own-account workers and contributing family workers, employment status is a crucial component of job quality. The paid employment rate, however, acts as a proxied indication of employment quality because some workers may still lack the fundamental components of decent work. In 2019, only 32% of people who worked and lived in rural areas were workers, compared to 70% of people who worked and lived in metropolitan areas.

## 8. Conclusion

To achieve decent work for all, it is essential to understand the situations of all workers, especially for those who face greater challenges because of their sex, age, sector of economic activity, occupation, kind of job, or place of residence. In order to design targeted policies and conduct research aimed at improving workers' conditions globally, it is crucial to understand the differences between rural and urban labour markets. Despite the world's rising urbanization, 44% of people worldwide still resided in rural areas in 2019, necessitating the development of policies that address both urban and rural labour markets. Rural and urban areas experience labour underutilization in different ways, with time-related underemployment posing the main problem



in the former and unemployment in the latter. Significant barriers to education and training as well as difficulties entering the labour market face young people in rural areas. Last but not least, the COVID-19 pandemic has affected both urban and rural areas, therefore it's critical to keep an eye on changes in both of these areas to ensure that better policy responses are made to support an inclusive recovery.

## **9. Policy Recommendations**

Here are some policy recommendations for promoting decent work in both rural and urban labor markets. Policies aimed at promoting decent work should consider factors such as access to education and training, social dialogue, and social protection policies, and should be tailored to the specific needs of rural and urban workers.

- Targeted policies: Different challenges arise in rural and urban labor markets, and policies should be tailored to address these specific challenges. Governments should develop targeted policies to address the needs of each market.
- Strengthening rural economies: Many rural areas face the challenge of limited economic opportunities. Policies should aim to increase investment in rural economies to create more decent work opportunities and encourage sustainable development.
- Education and training: Education and training are essential to enable individuals to access better job opportunities. Governments should provide education and training programs that target both rural and urban areas.
- Social protection: Social protection programs can help alleviate poverty and reduce the vulnerability of workers in both rural and urban areas. Governments should expand access to social protection programs, including health care, childcare, and pensions, especially in rural areas.
- Labor market regulations: Labor market regulations should be implemented and enforced to ensure that all workers have decent working conditions, regardless of whether they work in urban or rural areas.
- Encouraging formalization: Informal employment is prevalent in both rural and urban areas, and it often leads to lower wages and limited access to social protection. Governments should implement policies that encourage the formalization of informal jobs, including through simplified registration processes and tax incentives.
- Collaboration and coordination: Collaboration and coordination among stakeholders are essential for effective policy development and implementation. Governments, employers, workers, and civil society organizations should work together to develop policies that address the challenges of promoting decent work in both rural and urban labor markets.
- Deal with the underemployment issue: To combat labour underutilization, it is important to recognize and comprehend the variations between the rural and urban labour markets in terms of structure, possibilities, and tradition. This will aid in addressing the many



types of underemployments, including underemployment due to unemployment in urban regions and underemployment due to time constraints in rural areas.

- Pay attention to youth employment: In addition to obstacles to accessing the labour market, youth in rural areas also face obstacles to obtaining education and training. It's critical to create policies that specifically target rural youth and give them the training and education they need to find respectable employment.
- Monitor and respond to crises: The COVID-19 pandemic has affected both rural and urban areas, highlighting the need for monitoring the evolution of labor markets in both areas. Governments should continue to monitor the situation and develop inclusive policies that ensure a speedy recovery and promote decent work for all.
- Promote social dialogue: Promoting social dialogue between employers, workers, and governments is essential to ensure that the challenges faced by workers in rural and urban labor markets are properly understood and addressed. This can be achieved through the development of forums for dialogue and consultation, as well as by providing support for workers' organizations and employers' associations.



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