Employment and mobility among low-income urban households in Dhaka, Bangladesh

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1. Introduction to Dhaka

- Capital city and Bangladesh's largest city.

- Predicted to be **second largest** urban agglomeration by 2020.

- In 2005, 37% Dhaka's urban population lived in informal settlements, or *bustees.*

1. Introducing the Research

Exploring the linkage between employment and household mobility:

Why can some poor urban households utilise economic opportunities to escape poverty, while others cannot?

2. An Empowerment Framework (Narayan 2005)

Two main components of the empowerment framework:

- It investigates the **agency** of a poor household to command their assets and capabilities in a way that allows them to escape poverty

- The social, political and economic environment in which a household is situated constitutes the **opportunity structure** in which they must access employment and secure their livelihoods.

3. Motivations: Why Employment?

- Economic growth initiated in the 1990s has underpinned Bangladesh's improvements in poverty reduction and social development.

- Growth remains a key strategy for poverty reduction in Bangladesh's PRSP, but little is known about how this relationship plays out at the household-level.

- **Employment as the "nexus" between economic growth and poverty reduction**
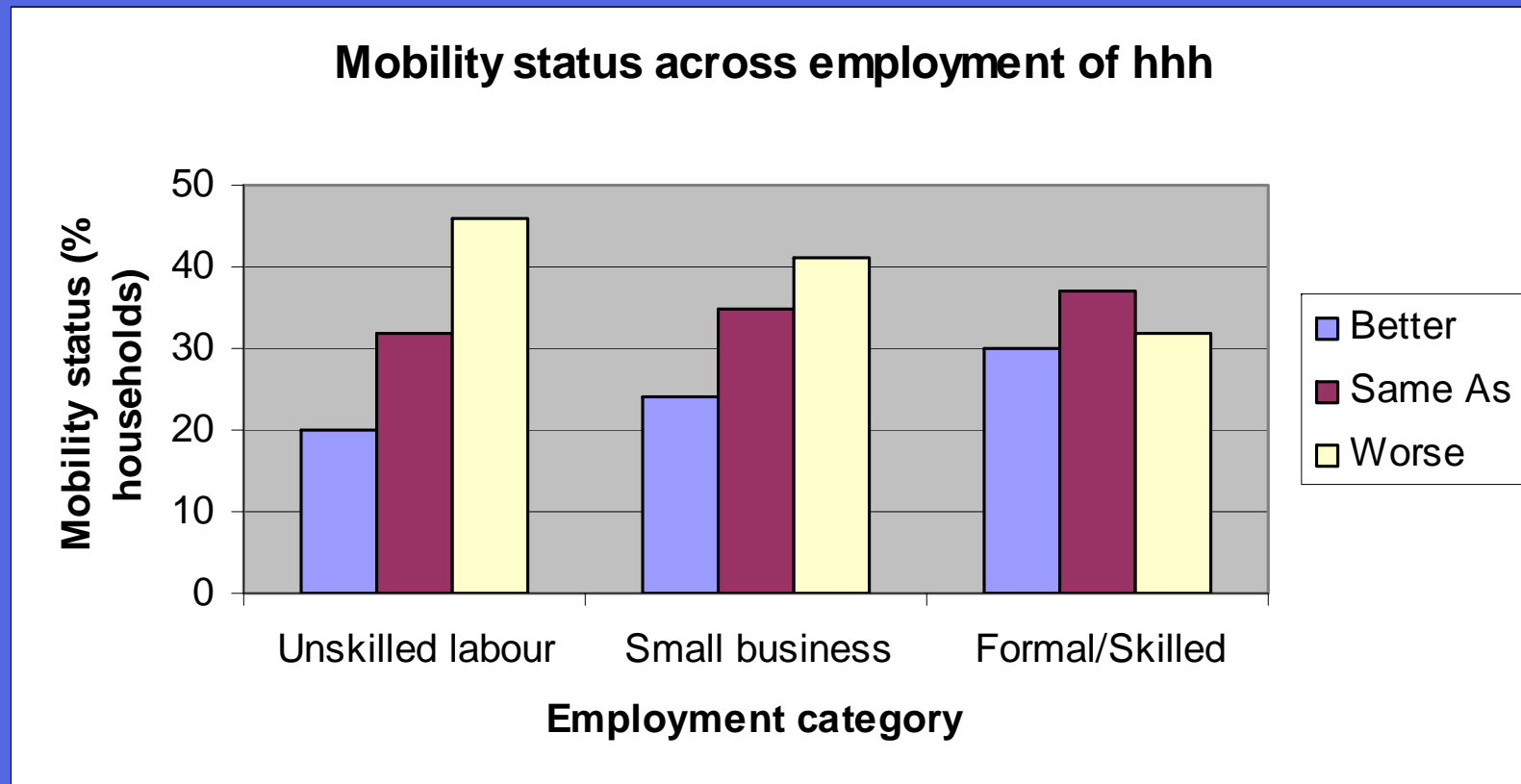
3. Methodology

- Four research sites selected according to their local economy and access to services.

- In each *bustee:*
    - Community survey (around 100hhs)
    - Focus groups
    - 20 interviews across **'coping'** and **'improving'** households in the three main employment categories.

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4. Background:

'How is your household, compared to five years ago?'

Mobility status across employment of hhh

4. The Research

- **Coping households:**
  - **Barriers to accessing better employment or *terms* of employment.**
  - **Limits to agency that prevent them from improving household.**

- **Improving households**
  - **Some have accessed better employment or *terms* of employment**
  - **Some have been able to manage their existing employment to allow household improvement.**

5. Findings: Unskilled Labour

- Largest employer of the urban poor, yet offers lowest potential for mobility given low daily incomes, irregular work, health implications of dependence on physical labour and an inability to save.

5. Findings (a): Unskilled Labour

- **Agency** constraints differentiate between coping and improving households.

- Structural constraints (of work availability and rainy season) faced all household-heads *equally*:
  - **Improving** households were those who have the capacity to negotiate these constraints (asset ownership, alternative employment)
  - Large financial shocks enough to ensure household is 'coping'.

- No barriers to entry, but social relationships assist mobility:
  - More known contractors = more regular work
  - Good relationship with garage-owner = access to finance and other support
  - Increases opportunity for moving into other employment

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5. Findings: Small Business

5. Findings (b): Small Business

- **Impacted greatly both by structural *and* agency-constraints**
- Close linkage between business success and hh mobility (low income diversification)
- **Coping businesses:**
  - Businesses inside *bustee* and serving poor customers most likely to be struggling.
  - Problems of *bhaki khay* exacerbated by low management capacity
  - Trade-off between managing hh costs or maintaining business
- **Improving businesses:**
  - Located outside *bustee*, often serve non-poor customers
  - Better management capacity (through work experience)
  - Political affiliation offers some protection.

5. Findings: Formal sector/ Skilled workers

Most desirable job opportunity, and greatest potential for mobility. BUT, wide variation in jobs and salaries, so misconceptions about these career paths.

5. Findings (c): Formal/Skilled Work

- Skills and education a barrier to entry…

- BUT social connections play the most important barrier:
  - Those without skills/education can overcome these limitations with the right social connections
  - Only those with the right social connections can secure the **best terms** of employment.

- Misconceptions:
  - The majority of formal work are low-paid, long working hours jobs with salaries that do not increase over time
  - While skilled work offers high daily salaries, work irregularity means does not translate into high monthly salaries

6. Conclusions: Households as Agents

How can households facilitate mobility within current employment?

- Agency facilitators not employment specific:

    – Age, health, education skills

    – Labour market strategies: Household-head *and* wife working as a *team*

    – Asset ownership: but assets must generate additional income

    – Shocks and events

    – Household savings and loans

- BUT agency-related facilitators are not widely accessible, nor sustainable.

6. Conclusions: Structural constraints

Which households can access jobs that facilitate mobility?

- Social connections underlies distribution of jobs.

- Low-income households cannot amend the social requirements of the labour market through agency.

- Social nature of labour market means distribution of best employment opportunities to those already "better-off".

- Plays out at community-level: two communities with greatest potential for mobility had leaders with connections to external employers, politicians and service providers.

- This has important implications on the *scale* of mobility among low-income urban households.

7. Implications for Development Policy

- Two levels of constraints that shape mobility outcomes:

  1. **Households are active agents with resources and abilities**

     Research reveals areas of intervention that can improve a household's situation within existing employment: assets, business training, flexible savings opportunities, tackle issues of loans.

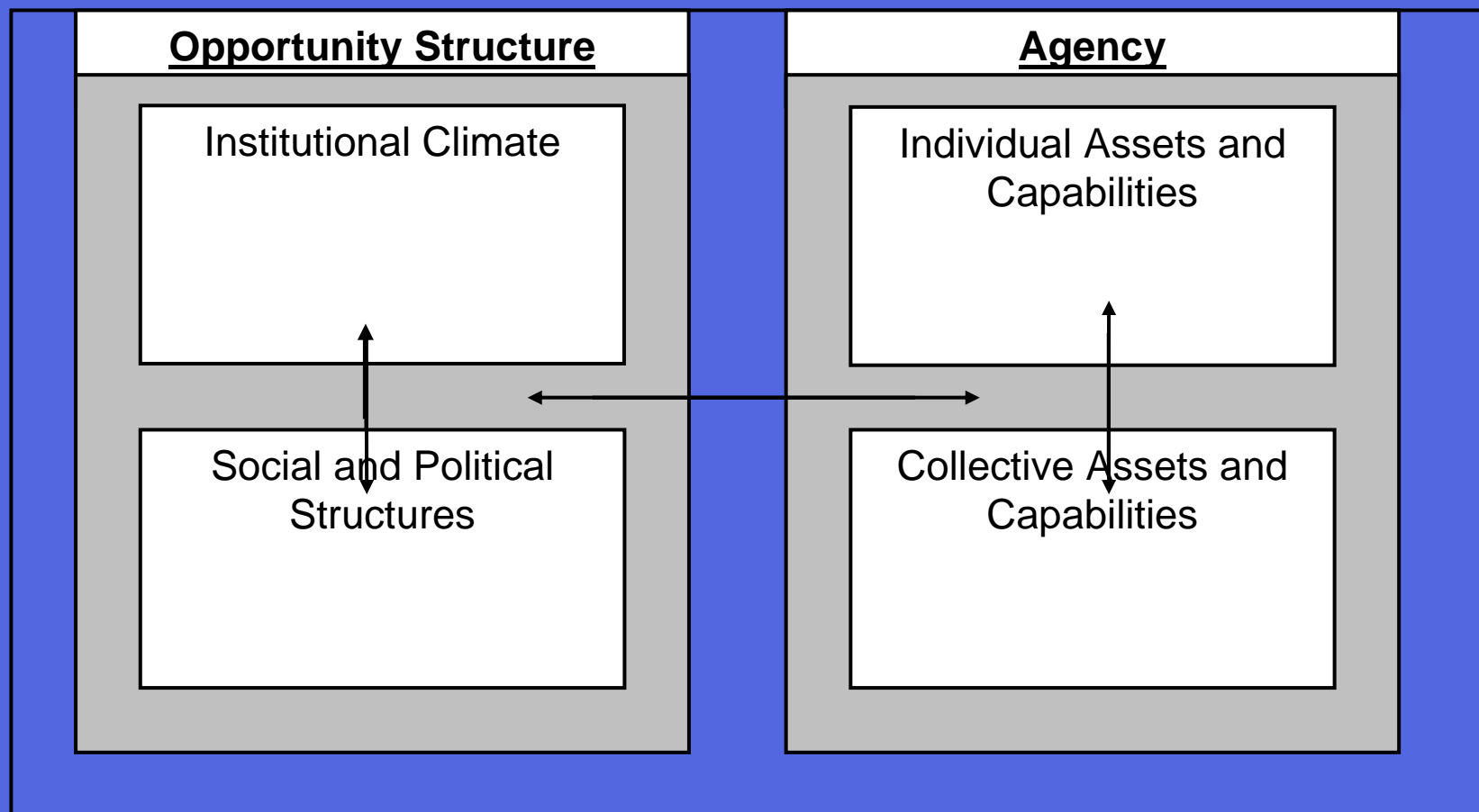   **BUT…**

7. Implications for Development Policy

- **2. Households operate in an opportunity structure that governs the distribution of economic opportunity in a way that reinforces existing inequalities and limits the *scale* of mobility:**

    – Distributing economic opportunities across social lines limits opportunities for mobility to a small elite circle.

    – A purely agency–related view of urban poverty overestimates room for manoeuvre of the majority of households.

    – Empowerment requires not only extension of household assets, but also an extension of their capacity to participate in, negotiate with, and influence the institutions that affect their access to employment and livelihoods.

    – Policy initiatives to encourage structural change in the labour market will assist a larger proportion of the urban labour force to access and participate in the labour market on better terms.

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Acknowledgements

2. An Empowerment Framework (Narayan 2005)

Opportunity Structure	**Agency**
Institutional Climate	Individual Assets and Capabilities
Social and Political Structures	Collective Assets and Capabilities

5. Background information on the four communities

	Karail Ansar Camp	Karail Jamai Bazar	Mirpur Roysharthek	Mirpur Thekerbhari
Mean income	6736 taka	5396 taka	5662 taka	6777 taka
Hhs with income less than 5,000 taka	37%	45%	41%	36%
Female-headed hhs	8%	16%	22%	18%
Home ownership	32.5%	15.7%	66.6%	13.7%
Average no. and range of rooms	3.8 1-12 rooms	6.7 1-16 rooms	1.5 1-6 rooms	6.6 1-22 rooms
Average rent	1078 taka	887 taka	745 taka	972 taka
Hhs with loans	71.8%	68.6%	88.9%	61.8%