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RESEARCH IN ECONOMICS AND RURAL SOCIOLOGY

**The rural labour markets:
Towards a functional specialisation of spaces?**

Various specificities characterize the rural labour markets. Because of their small size, job applications and offers are less numerous and so less diversified, causing greater difficulties in matching them than in the urban labour markets. Moreover, in the countryside, job relationships are more often embedded in social relationships than in town. These phenomena contribute to making jobs steadier and salaries lower in the rural areas and creating a functional specialisation of spaces.

Lower salaries and steadier jobs in small firms in rural zones

As a whole, the salary level varies according to the position of the workplaces in the urban hierarchy: much higher in the Parisian conurbation than in the provincial urban hubs and a little higher in the latter than in the areas with a dominant rural characteristic. Within this area, the tendency towards under-remuneration is more marked in the small boroughs of under 2,000 inhabitants than in the small towns (see table 1). Moreover, this wage differential between the provinces' urban conurbations and areas with a dominant rural characteristic greatly depends on the firms' size: for very small firms of under 10 employees, it is bigger than in others and it disappears altogether in the biggest ones of over 500 employees. For men this differential is higher, be they qualified or unqualified workers, while for women, it is roughly the same for all socio-professional groups, with the exception of unqualified female workers whose salary barely depends on the localisation because it is generally equal to the guaranteed minimum wage.

Like salaries, job stability depends on localisation: on average, much lower in the Paris urban area than in the provincial urban areas and barely lower in the latter than in the areas with a dominant rural characteristic. But everywhere, jobs are steadier in big firms than in small ones. Yet these are over-represented in rural zones. For comparable sizes, job stability is far higher in areas with a dominant rural characteristic than in areas with a dominant urban characteristic in the provinces. Moreover, in small rural firms, we note a large variation according to the geographical origin of the employees (defined by the parents' place of residence at the end of studies).

Employees of rural origin enjoy much greater job stability than those of urban origin (see table 2). The first have much more probability than the second to fit into the same social network as their employers. In this case, the job relationship is embedded in other social relationships and cost of a break in the job relationship by one of the two parties is high since it may affect the social relationship. This type of job relationship, sometimes qualified as "paternalistic", would be more frequent in small rural firms than in their urban counterparts because the difference in job stability due to the workers' origin is only noted there. Furthermore, because of its highly personalized nature, this "paternalistic" job relationship is not very restricted by the institutions (labour law, inter-professional agreements, trade-unions, and so on...) governing the labour market. This would contribute to explaining why the under-remuneration in rural areas is mainly in the very small firms.

Greater difficulties in matching job offers and application on the rural labour market

If "paternalism" is more frequent in the countryside than in town, other phenomena may also play a role in the differences in the way local labour markets work according to their location. Less dense in jobs and population than urban areas, rural areas have labour markets with fewer and hence less diversified offers and applications, which should generate greater difficulties in matching them: a person looking for work having a hard time finding a job to fit his skills, and an employer having more difficulties in hiring, on the local market, a worker with all the characteristics he is looking for. Employed people have more difficulties in having their diplomas acknowledged in rural zones than in urban ones. 32% of young people under 35 years old and with a university degree have an executive job or practice an intellectual profession when they work in an area with a dominant urban characteristic in the provinces (table 3). In areas with a dominant rural characteristic, this proportion respectively drops to 27% in the urban units and to 21% in the rural municipalities. In the same way, the proportion of unqualified workers among the holders of a CAP (high school vocational-training certificate) or BEP (technical

school certificate) reaches 24% in the rural areas against only 16% in the urban areas of the provinces.

Employees (at least the young ones) find it harder to get a job in line with their skills in rural areas than in urban centres. What about employers? Has their localisation also an influence on their difficulties in hiring? This question has not been addressed very much in the empirical literature, probably because of the rarity of databases adapted to the matter. The use of a survey carried out by the Regional Chamber of Commerce and Industry of the South-Pyrenees region (France) with a 1500-company sample helps shed light on the matter. In particular, it gives information on the number of arrivals and departures in 1998, on the recruitment profiles in 1999, and on the possible difficulties encountered on that occasion. "All things being equal" (size, sector), the firms located in areas with a dominant rural characteristic hire less than those established in the urban hubs of the region. Since competition on the labour market is not so tough in rural areas, the firms which hire should encounter fewer difficulties hiring than in towns. Yet this is not the case. The frequency of hiring difficulties is the same in both categories of area. For executive jobs, it is even higher in the countryside. On the other hand, the reasons for the difficulties vary according to the location. As expected, rural firms encounter fewer difficulties relating to competition with other firms, but find it harder than their urban counterparts when, whatever the socio-professional category, they have high demands in terms of qualifications and practical experience and above all when they search outside the local market for the skills that they do not find locally. These greater difficulties in finding workers suited to their needs probably lead some rural employers to stop searching for them, with less

recruitments as a consequence. Furthermore, for the firms, which actually hire, the adaptation costs of these new recruits must be higher in the rural than in the urban area. Therefore, rural firms should have less of a tendency to hire for short periods. This is indeed what we observe. Moreover, we note that rural employees have less of a tendency to quit their job. This is logical, since alternative job offers are rare.

Overall, the greater difficulty in matching labour offers to applications in rural areas contributes to making jobs steadier.

A trend towards the functional specialisation of spaces

In rural zones, owing to the greater difficulty in having qualifications acknowledged, the most skilled people move to town. In the same way, firms looking for a highly skilled workforce will tend not to settle in rural zones. However, those that need a large unskilled workforce (in the meaning assigned by the work conventions) will find an advantage in being located in this type of area since the cost of this workforce is lower. The proportion of unskilled workers among employees respectively reaches 20 and 23% in the urban units and the rural boroughs of the areas with a dominant rural characteristic against only 12% in the provincial urban hubs (table 4). Conversely, the proportion of executives and intermediate professions is clearly lower in rural areas than in urban conurbations. However, in rural areas, qualified workers are clearly more numerous than unskilled workers. The greater job stability in rural zones makes it easier to acquire the specific skills required in the firm and the know-how that can only be acquired through long practice and, therefore, the training of a specific type of skilled worker.

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Table 1: 1998 average gross salary (index 100: other urban hubs) according to workplace

	Urban hub of Paris	Periurban conurbations of Paris	Other urban hubs	Other periurban conurbations	Urban units of the area with a dominant rural characteristic	Rural conurbations of the area with a dominant rural characteristic
Males						
Executives	120.3	105.8	100	98.8	98.8	95.5
Intermediary professions	114.0	108.1	100	98.8	97.7	94.9
Employees	109.4	103.3	100	100.1	97.4	97.1
Skilled workers	110.9	107.1	100	95.4	95.6	90.9
Unskilled workers	101.3	105.9	100	97.2	96.8	92.5
Females						
Executives	123.8	109.1	100	99.0	94.3	93.9
Intermediary professions	122.9	110.3	100	98.9	94.1	93.2
Employees	117.6	106.8	100	98.0	94.7	95.3
Skilled workers	111.4	105.5	100	96.2	93.4	88.7
Unskilled workers	103.1	104.5	100	98.8	99.5	96.3

Source: DADS 1998. ESR data processing, Dijon

Table 2: Job stability (percentage among active workers in 1998 and in 1993, among those who did not change firms between these two dates (ZAUER 1990)

Workplace and geographical origin		Size of firms			Total number of workers
		1 to 49 workers	50 workers and more	TOTAL	
Area with a dominant urban characteristic	Paris Area	53.9	78.1	70.9	3 380 900
	Other urban areas (local origin) (non local origin)	66.4	82.1	77.3	8 288 800
		66.5	83.7	78.3	4 291 800
		66.4	80.3	76.2	3 997 000
	TOTAL	62.9	80.9	75.4	11 669 700
Urban units	64.9	84.9	76.7	1066 400	
Area with a dominant rural characteristic	Rural conurbations	71.7	83.9	77.2	997 800
	TOTAL (local origin) (Non local origin)	68.7	84.5	76.9	2 064 300
		76.0	85.7	80.6	1 192 000
		62.3	83.7	74.3	

Table 3: Distribution by socioprofessional category of active workers under 35 years according to qualification level and workplace in 1990 (ZAUER 1990)

Qualification level	Farmers Craftsmen Tradesman Managers	Executives Higher intellectual professions	Intermediary professions	Employees	Skilled workers	Unskilled workers	Total
Area with Parisian urban characteristics							
Training certificate	3.0	1.7	14.5	45.1	27.9	7.8	100
High school diploma, Technical school diploma	2.9	9.4	37.0	43.1	5.7	1.8	100
University diploma	1.7	45.6	39.5	11.9	0.8	0.4	100
Other areas with dominant urban characteristics							
Training certificate	5.3	0.8	9.0	36.5	32.2	16.2	
High school diploma, Technical school diploma	5.7	4.8	32.7	45.9	7.4	3.5	100
University diploma	2.3	31.7	50.9	13.5	1.0	0.6	100
Urban unit of area with a dominant rural characteristic							
Training certificate	7.5	0.4	6.3	30.2	32.2	23.4	100
High school Diploma, Technical school diploma	9.8	3.0	33.2	33.6	9.3	11.1	100
University diploma	3.6	27.2	54.2	12.8	1.4	0.9	100
Rural conurbations of areas with a dominant rural characteristic							
Training certificate	23.7	0.4	5.1	19.8	26.8	24.2	100
High school diploma, Technical school diploma	31.5	2.3	25.2	25.5	7.1	8.4	100
University diploma	12.3	20.6	52.1	11.2	1.7	2.1	100

Source: INSEE, 1990 population census on the workplace. ESR data processing, Dijon

Table 4: Distribution of salaried workers' socioprofessional groups according to the localization of their workplace (ZAUER 1999)

	Urban hub of Paris	Periurban conurbations of Paris	Other urban hubs	Other periurban conurbations	Urban units of the area with a dominant rural characteristic	Rural conurbations of the area with a dominant rural characteristic
Executives	26.4	12.5	12.0	9.2	7.5	7.8
Intermediary professions	26.1	20.5	21.9	16.7	15.2	13.5
Employees	26.1	21.4	26.4	19.1	22.4	18.9
Skilled workers	14.2	30.2	27.6	37.1	35.1	37.2
Unskilled workers	7.2	15.3	12.2	17.9	19.9	22.6
Total	100	100	100	100	100	100

Source DADS 1998. Data processing ESR Dijon