

Exporting, importing and jobs: Evidence from Africa

Christian Viegelahn

Research Department, International Labour Organization (ILO)

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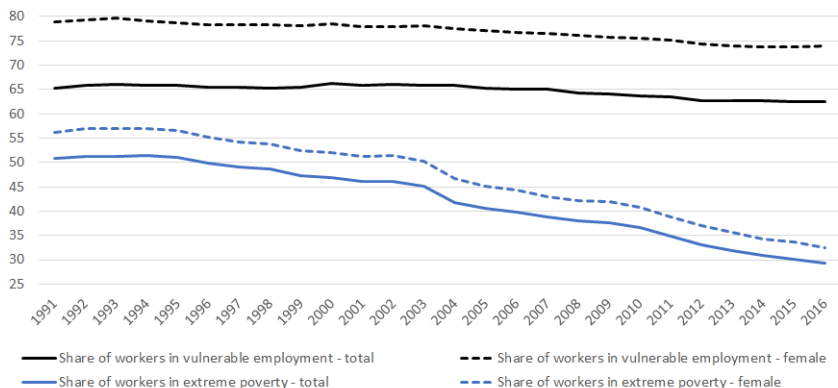
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Vulnerable employment and working poverty are high in Africa, especially among women

Vulnerable employment and working poverty in Africa, % of total employment



Source: ILO, Trends Econometric Models, November 2016.

Role of trade for development in Africa?

International trade is viewed by a large number of policy makers in Africa as a driver of a **sustainable and inclusive economic development**

Focus has been on sub-regional and regional preferential trade agreements

Milestones:

- 2015: Conclusion of negotiations for Tripartite Free Trade Area
- 2017: Expectations to finalize negotiations for Continental Free Trade Area
- 2022: Plans to establish Continental Customs Union
- 2028: Plans to establish African Economic Community

This presentation:

How do **exporting** and **importing** relate to the **quantity and type of jobs** in African firms? What is the role of **policies**?

Literature: trade and jobs in African firms

Exporting and **wages**:

- Milner and Tandrayen (2007), 6 African countries
- Brambilla, Depetris-Chauvin and Porto (2016), more than 20 African countries (plus other developing countries)
- Van Biesebroeck (2005), 9 African countries

Exporting and **employment**:

- Van Biesebroeck (2005), 9 African countries

Exporting and **female employment**:

- Were (2012), Kenya

Exporting and **temporary employment**:

- Were (2011), Kenya

Data sources

Firm-level data:

- Data on **exporting, importing, employment, temporary employment, female employment, wages, firm characteristics**
- World Bank Enterprise Surveys, **65 comparable surveys** conducted in 47 African countries in 2006-14, 237 firms on average per survey
- **Private manufacturing firms of the formal sector that employ at least 5 workers**

Employee-level data:

- Data on **worker characteristics, wages**
- World Bank Enterprise Surveys, **16 surveys** conducted in 16 countries, matchable to firm-level data
- 7,695 employees (between 1 and 10 workers per firm)

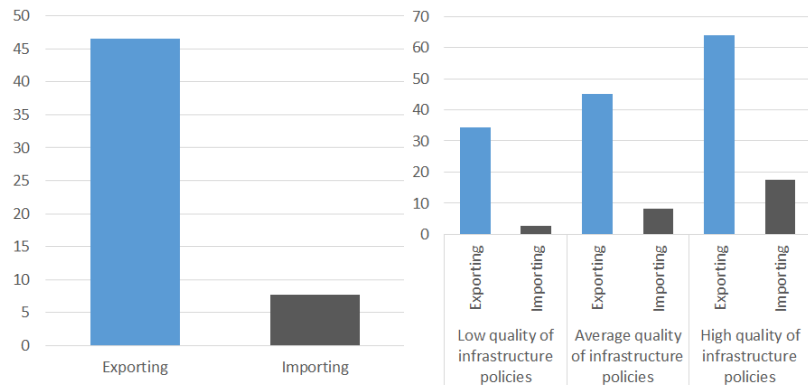
Country-level data:

- Data on quality of policies: **infrastructure, gender, rural sector**
- Ibrahim Index for African governance



Exporters and importers have a larger workforce, especially in countries with good infrastructure policies

% difference in employment between exporters and non-exporters and between importers and non-importers

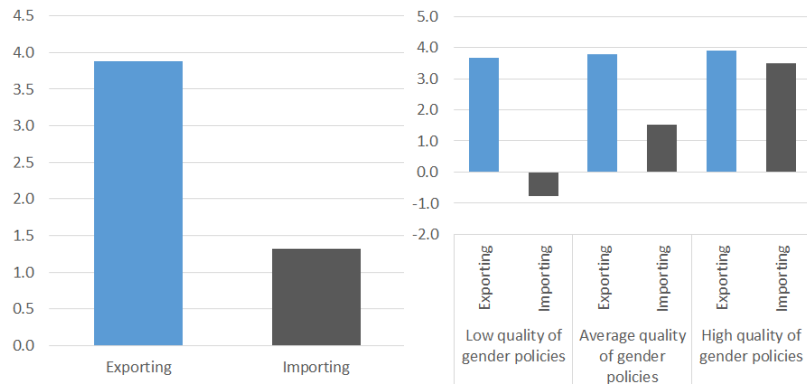


Note: Regressions control for sales, electricity costs, capital stock value, ownership, country-year FE and sector FE.



Both exporters and importers employ more women, the latter only in countries with good gender policies

Percentage point difference in the share of female employment between exporters and non-exporters and between importers and non-importers

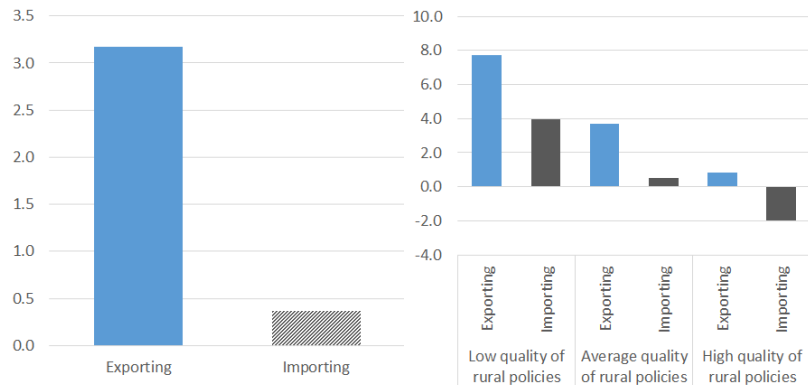


Note: Regressions control for sales, electricity costs, capital stock value, ownership, country-year FE and sector FE.



Exporters employ more temporary workers, but good rural policies decrease the prevalence of temporary employment

Percentage point difference in the share of temporary employment between exporters and non-exporters and between importers and non-importers

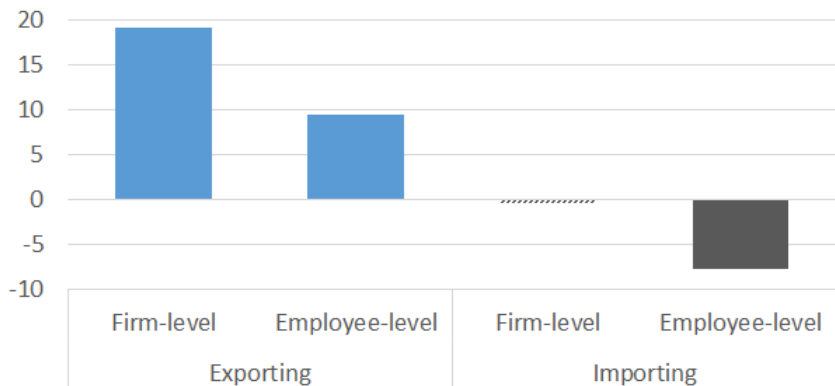


Note: Regressions control for sales, electricity costs, capital stock value, ownership, country-year FE and sector FE.



Exporters do pay higher wages, but importers do not

% difference in wage at firm- and employee-level between exporters and non-exporters and between importers and non-importers



Note: Regressions at the firm-level control for electricity intensity, capital stock intensity, ownership, firm age, country-year FE and sector FE. Regressions at the employee-level in addition control for worker characteristics.

Economies of scale mainly explains why exporters pay higher wages than non-exporters

Why are wages in *exporters* higher compared to *non-exporters*?

- Differences in **skill utilization, workforce characteristics and technology** do **not** fully **explain** differences in wages
- Differences in **scale do explain** differences in wages

Why are wages in *importers* not higher compared with *non-importers*?

- In firms that are identical with respect to labour productivity and other firm characteristics, importers pay lower wages than non-importers
- **Lower bargaining power** of workers in importing firms?

There is (weak) evidence for a gender pay gap, but this gap does not vary between trading and non-trading firms

Is there a pay gap between men and women and does it vary with exporting and importing status?

- **Women** receive a **wage** that is on average around **4-7% lower** than men's wage (after controlling for worker and firm characteristics)
- The gender pay gap **does not significantly vary** with firms' **exporter or importer status**

Conclusion

Exporters and importers offer jobs that are **different** on average from their non-trading counterparts with regard to:

- total employment
- the share of women employed
- the share of temporary workers
- wages

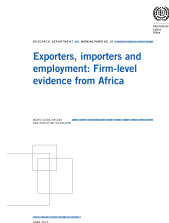
Differences between firms translate into **differences between workers**, and policies have an impact on these differences

Trade policies should be accompanied with **complementary policies** that bring countries into a better position to reap socio-economic benefits from trade

References

Duda-Nyczak, M. and Viegelahn, C. (Forthcoming) *Exporting, importing and wages in Africa: Evidence from matched employer-employee data*, ILO Research Department Working Paper, Geneva: International Labour Office.

Duda-Nyczak, M. and Viegelahn, C. (2017) *Exporters, importers and employment: Firm-level evidence from Africa*, ILO Research Department Working Paper No. 18, Geneva: International Labour Office.



Email: viiegelahn@ilo.org