

## Analysis on Resource Allocation of Peasant Household Labor Force

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Received 22 July 2015; accepted 26 September 2015  
Published online 31 October 2015

### Abstract

Rural household labor resources include not only working-age labor forces, but also non working-age population with labor capacity. Appropriate and effective allocation of labor resources will make important economical and social significance for stable and fast development of the income of peasant families in the long term. This article is to summarize the basic characteristic of the allocation of peasant household labor force, by analyzing the connotation and goal orientation of the allocation of peasant household labor force. The research shows that the household labor population can be configured in agriculture, non-agricultural industries, and family three Departments. Bringing in the household sector can make us know more comprehensively, how peasant household labor forces are taken advantage so as to guide peasants to allocate labor forces more scientifically.

**Key words:** Rural household labor; Allocation of labor force; Goal of allocation; Family department

Chen, Y. Q. (2015). Analysis on Resource Allocation of Peasant Household Labor Force. *International Business and Management*, 11(2), 60-63. Available from: <http://www.cscanada.net/index.php/ibm/article/view/7619> DOI: <http://dx.doi.org/10.3968/7619>

### INTRODUCTION

Household labor force is not only the basic resource which is most easily deployed, but also the most important resource in the production and living of peasant households. Peasants can get labor forces employed in

relevant divisions according to different goals, so as to conduct household-based production and family life effectively, and increase household welfare. By analyzing the connotation and goal orientation of the allocation of peasant household labor force, this article can help to know better about how peasant household labor forces are utilized in order to guide peasants to make a scientific allocation of labor force and then provide the basis for the state policy formulation of rural labor employment.

The definition of peasant household labor force from the existing literatures is mainly based on the traditional definition: the working-age population which has labor capacities and also takes part in the labor (male from 16 to 59 years old and female from 16 to 54 years old). But actually in peasant households, as long as family members have certain labor capacities, they would voluntarily undertake the work as they can in order to help household production, increase household income, bring up the next generation, and support the elders. Certain labor cannot produce income directly but can still provide service for family life, save life expenses, support elders and cultivate minor children. Thus, peasant household labor force this article analyzed refers to the population which has labor capacities and also takes part in the labor, which excludes the limit of age. On this basis, this article is also an extension of the connotation of peasant household labor force, and is an analysis of the goal orientation of peasant household labor force. It helps us to know the basic characteristic of the allocation of peasant household labor force comprehensively.

### 1. EXTENSION OF THE CONNOTATION OF THE ALLOCATION OF PEASANT HOUSEHOLD LABOR FORCE

World Bank says in World Development Report 2003 that, labor force is the most important factor in the

production process, and is also the most important asset of people, especially poor people. Labor force is the most important factor in peasant household production and life, so the employment decides the scale of peasant household income. Most scholars' study on the rural labor's employment are mainly reflected on the selection of on-farm and off-farm employment. For example, Wang (2007), Yu (2008), Zhang, Zhang and Yang (2011), Xue and Shi (2013) has made research on the decision making of rural labor employment and its influence factors. Cai (2008) studies about the growth of the labor market and employment changes in China. All analyses above are based on the selection of the employment in on-farm and off-farm sectors. Household work is the basic existence which maintains household production and family life. Where there is a family, there is household work. Every family member can enjoy the service from household work. Marxist labor theory of value says the value of labor force is the value of livelihood required by the owner of labor force. Household labor can provide the use value such as the cozy living condition, delicious food, nourishment of minor children, and support of elders. Enjoying these use values is the premise and basis for people to create other values. All labor products in the society include the contribution of household labor because it creates the use value indirectly.

The mystery of commodity comes from the form of commodity itself, instead of the use value of commodity. The identity of human labor obtains the representative form of equivalent and can quantize its value. Individual labor which produces commodities can only be accepted if exchanged successfully. Household labor has invisible exchange value but cannot embody quantized value because it does not participate market exchange directly. This is one of the main reasons why people usually ignore the value of household labor. And labor population who participate household self-service are usually ignored and regarded as unemployment. Thus, this analysis is to study the allocation of peasant household labor force, not only from on-farm and off-farm sectors but also from adding family sector, totally based on three sectors. This will have a more comprehensive research on the allocation of peasant household labor force, give a proper evaluation on the effect of household self-service in the whole social and economic activities, and make instructive significance on the allocation of laboring population in peasant households.

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## **2. GOAL ORIENTATION OF THE RESOURCE ALLOCATION OF PEASANT HOUSEHOLD LABOR FORCE**

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### **2.1 The Maximum Family Immediate Profit**

The income increase in peasant households is depended on

the widening of relevant income channel and increasing of earnings in unit time. Off-farm employment can increase the income of peasants because off-farm employment can bring peasants more net earnings in unit time. In the short time, peasants acquire off-farm field employment and obtain much more income, which is the key of income growth in peasant families. In the early stage of the reform and opening-up, family members of peasants were main labor forces to conduct agricultural production and they seldom went out to get employed in off-farm fields. With the adjustment of macroeconomic policy and development of labor force market, peasants have stepped into the process of marketization, where there are more peasant household labor force participating all kinds of activities in the labor market.

For peasant households, the labor market refers to various formal or informal labor market, as well as the labor market in off-farm fields. More and more rural labor forces are joining in the labor market by going out for employment. In recent years, rural migration labor population increases by years, and their wage level has taken on one continuously increasing trend. In the end of 2008, the total amount of state peasant-workers is 225.42 million and the amount of migrant workers is 140.41 million (data from the Ministry of human resources and social security, the National Bureau of Statistics: the 2008 annual human resources and social security enterprise development statistics bulletin), which is 63% of the total population of peasant workers. In those years, regarding incomes from wage and salary for rural citizens, incomes from migrant laboring per capita was RMB1196, increased by RMB187, i.e. 18.6% compared with last year. Incomes from migrant laboring increase because the wage level has improved (Tang, 2009). Therefore, the more peasant household labor forces participates the employment outside rural labor market, the more incomes they get.

### **2.2 Family Welfare Continues to Increase**

Labor force is the most important and most active one among all factors of productions. Only labor force has the initiative and creation to make peasants to keep income increasing continuously fast and steadily. Schurz mentions in many of his papers that the initiative and creation of labor force decide the output standard. The higher level of human capital, the more initiative and creative it will be and the more income will the laborer obtain. In the medium and long run, bring up backup reserves has become one of the most important things for peasants to make their income increasing continuously fast and steadily in the future. With accelerated industrialization and urbanization in China, there are more choices of off-farm employment for peasant household labor force. Young labors force including married and laborers with children move from rural areas to urban areas in large scale, and they must leave children in rural areas because

migrant laborers cannot solve the problem of children going to city for study at the same time when they are working. For stay-at-home children, this will result to the lack of education and guidance from parents, bad performance in behavior and their schoolwork.

Researches of Fan and Sang (2005) show that, parents' absence and no direct nurture will definitely bring about a unhealthy family environment and cause children's unhealthy personalities which manifest as children's behavior problem and bad performance in school work. Henan Provincial Women's Federation organizes to edit China's first Family Education Guide Book for Rural Left-behind Children and promotes vigorously in the rural 'four elders' (two grandmothers and two grandfathers) families and schools. This book compares the study performance of left-behind children with non left-behind children and finds out that considerable large amount of left-behinds children have problems on schoolwork. Therefore, if trying to allocate rural household population to urban non-farming sectors just in pursuit of short-term interests, it will limit the development of reserved labor force and prevent the long-term increasing of peasant earnings fast and steadily.

### **3. BASIC CHARACTERISTIC OF THE ALLOCATION OF PEASANT HOUSEHOLD LABOR FORCE**

Peasants allocate the household laboring population among agricultural sector, non-agricultural sector and family sector so as to achieve sufficient and cooperative employment of laboring population, maximize the family earnings, and improve household welfare.

#### **3.1 The Full Use of Family Labor Resources**

Taking full advantage of household labor resources is the basis. Motivated by the common goal to increase family earnings and improve family welfare, peasant laborers usually will voluntarily attend life work or production work inside or outside family as they can, thus full employment of household labor is achieved. As long as peasant household members have labor capacities, they will undertake capable production work, and housework including taking care of family, supporting elders and bringing up minor children. Peasants will make coordination and distribution of responsibilities based on tradition or by negotiation to make use of labor resources so as to achieve the maximization of family welfare (income is the basis). For example, young labor force (16 to 25 years old) and prime labor forces (26 to 50 years old) are mainly engaged in work or business. Senior labor forces (51 to 60 years old) are mainly engaged in farm work, and those who have laboring capacities can engage part of agricultural production and housework. Senior laborers above 70 years old with certain laboring

capacities are mainly engaged in housework within their limits. Han (2015)'s analysis on 729 sample of peasant household labor population shows that in 75% peasant households elders are at home taking care of children, or female laborers stay at home supporting elders at the same time do some farm work. This is characteristic of all employment. The reason why the phenomenon will happen is that due to various kinds of agricultural work and household work, different household members with different laboring capacities can participate in the laboring activities and make full use of household labor resources.

#### **3.2 Family Labor Resources Allocation Overall Efficiency Priority**

In the allocation of household labor resources, the overall efficiency comes first. As a basic unit in the social production and life, peasant household is also the basic decision making unit of the allocation of household labor resources. The employment choice of each member will make influence on the total utility of the whole family because the employment choices of peasant household labor forces are correlative. Thus the overall efficiency is the priority. The household production and life going well requires that labor forces must be occupied in household work. Peasants allocate laborers with poor labor capacities to family sectors doing household work can not only save life expense but also can provide much more working and spare time for other family members. For example, prime-working-age laborers can get employed in the higher productivity sector such as the industry and commerce sector so that there will be more laboring earnings for the whole family. Senior laborers can get employed in lower productivity sector such as the agricultural sector where there will be low laboring earning but life necessities can be provided for family members. The farm work and household work done by weaker senior laborers cannot produce laboring earnings directly but can help to save family expenses and maintain basic production and family life. Peasant labor forces give priority to the common goal of the whole family, not their individual goal. That is to say, their employment choice is not only based on the comparison of individual labor force's marginal revenue and cost, but also the coordination under the limit of family's total utility, so as to achieve the reciprocity of family members and maintain the sustainability of household welfare and benefits.

#### **3.3 Risk Aversion of Household Labor Resource Allocation**

To increase family income & welfare and avoid risks, peasants prefer to labor force diversity employment, which is to allocate labor forces to different industries or sectors for employment. Different kinds of labor forces employment in different sectors can not only make full use of household labor resources and comparative advantage, but also can maintain the diversity of laboring income

sources and the stability of family life. Meanwhile, once at risk, the laboring revenue produced in different sectors can complement each other so as to reduce loss of family earnings and solve life problems. Asian financial crisis in 2008 made large amount of migrant workers in coastal areas return back to hometown. But there are labor forces doing agricultural production at home. This is exactly the reason when they lose the income but the basic supply for living is guaranteed.

## CONCLUSION

According to above analysis, the labor force employment in two sectors of agricultural and non-agricultural industries can be extended into the allocation in three sectors of agriculture, non-agriculture and family. Selection of employment sectors based on the physical ability and skills of rural labor population can not only increase family income steadily, but also can do good to the normal family production and life, better bringing up children, nurture backup labor forces, and make peasant household income fast and continuously increase. As a basic unit in social production life, the goal of labor forces' employment in peasant households is to achieve the maximization of the whole household income and welfare, in pursuit of medium and long term prospective earnings of the whole family instead of the pursuit of the maximization of an individual's earnings and benefits. The employment of labor forces manifest as the characteristic of labor division, coordination and cooperation. Thus, peasant household labor resources include not only the working-age labor forces, also the population surpassing the working age but with labor capacities. The contribution to the development of peasant households from this part of labor population should be taken into account and valued. Labor forces in peasant households getting employed in family sector can not only help to take care of family and support elders, but also can help to bring up minor children and prepare well for the

fast and steady increase of household income by nurturing backup labor forces. This has significant economic and social influence and the effect and feature should be guided and taken full advantage.

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