



This is the third in a series of Key Facts sheets that IFPRI has produced based on the fifth Malawi Integrated Household Survey of 2019/20. The purpose of the series is to present data relevant to key policy issues on agriculture, food systems, and development topics in Malawi.

Highlights

- Agriculture continues to dominate employment in Malawi. Almost 90 percent of those of working age (15 to 64 years of age) who are employed work in the sector. While a larger share of younger youth (ages 15 to 24 years) is continuing with their education, when these individuals enter the workforce, most do so by working in agriculture.
- Trends seen in the decade through 2016/17 of increasing employment in the services sector have reversed in recent years. Growth in employment in both the industry and the services sectors did not keep pace with growth in the number of working age individuals in Malawi between 2016/17 and 2019/20.
- About one-third of rural households reported having a household enterprise, while more than half of urban household do. Those for rural households are likely to be seasonal in nature. The enterprises typically involve traditional production activities or the provision of basic skilled services to other households in the community.
- Wage employment is not common. In rural areas, only 14 percent of households reported a member with wage employment. Almost half of urban households have a member with such employment.
- Engaging in casual *ganyu* labor is more common in rural than in urban households. However, those involved in *ganyu* in urban centers are more likely to dedicate more days annually to such work. We see that men and women engage in *ganyu* to similar degrees, but that men are more likely than women to do so when younger.

Employment in the Malawi Integrated Household Surveys

This document presents information on selected dimensions of employment in Malawi, with a particular focus on the entry of youth into the workforce. The analysis draws primarily from the fifth Integrated Household Survey (IHS) of 2019/20, while also drawing for trend analyses on data from the fourth survey round of 2016/17. The IHS is conducted by the Government of Malawi's National Statistical Office (NSO). IHS5 was conducted between April 2019 and April 2020 and covered 11,434 households, while IHS4 was conducted between April 2016 and April 2017 and involved 12,447 households. Once the data are appropriately weighted, the surveys are representative at national, district, and urban/rural levels. All values presented in this Key Facts Series report have been adjusted using the sampling weights provided by the NSO.

The employment categories used in this paper are based on those established by the International Labour Organisation (ILO), as summarized in Box 1.

Box 1 Employment Categories

Working-age persons: The population group aged 15 to 64 years, inclusive.

Employed: Working-age persons working for pay or who were self-employed during the reference period, usually the last week.

Unemployed: Working-age persons lacking employment, but who were actively seeking opportunities for employment during the reference period and are currently available to start work.

Underemployed: Working-age persons who were employed during the reference period, but worked less than a selected number of hours (usually 35 to 40 hours per week) and were willing and are available to work additional hours.

Not economically active: Working-age persons who were not engaged in economic activities nor actively seeking employment during the reference period. This includes those in school or undergoing other training; those focused on household responsibilities; those who are ill, injured, or disabled; and those who are retired or too old for work.

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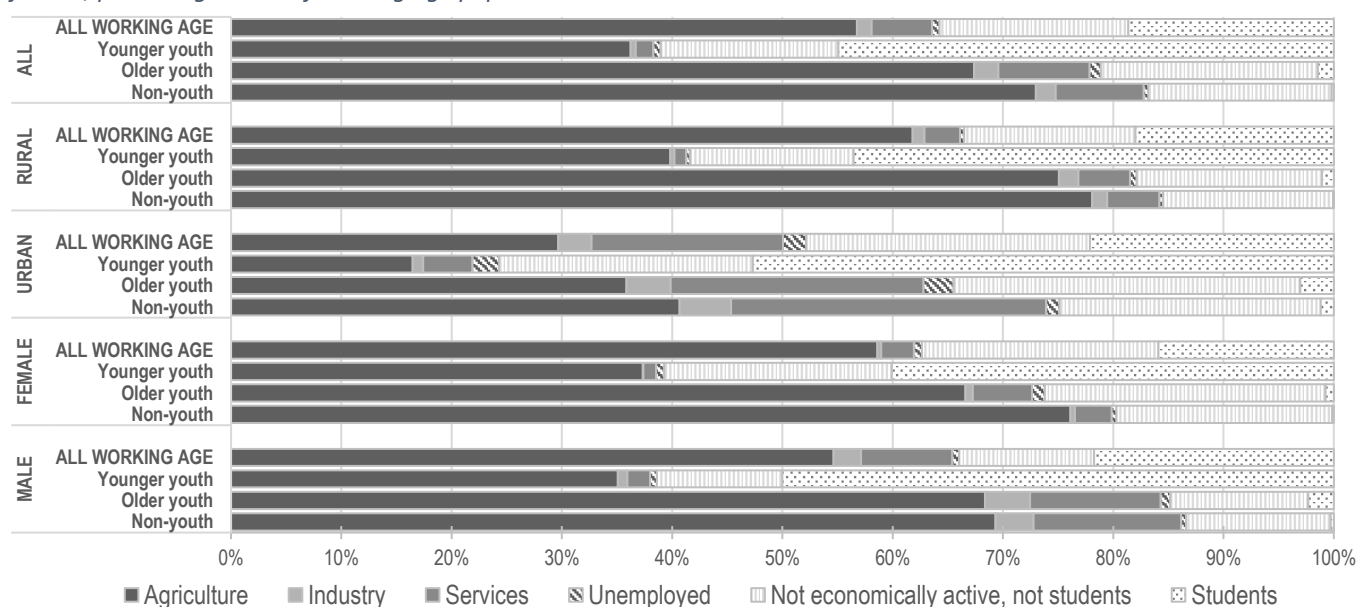
The employed are further disaggregated into the economic sector of employment—agriculture (comprising crop and animal production; forestry; and fisheries, including aquaculture), industry (construction; manufacturing; and mining), or services (accommodation and food services; communications; education and health services; transportation; retailing and wholesaling; transportation; and others). In the analysis here, for individuals that are not economically active, we disaggregate them into a students category and into another not economically active individuals category. As we are interested in youth employment patterns, we further categorize working age individuals into younger youth, who are individuals 15 to 24 years of age; older youth between ages 25 and 34 years; and non-youth between ages 35 and 64 years.

Employment among working age individuals—levels and trends

Information from both the household and the agricultural questionnaires of the IHS4 and the IHS5 was used to assign an individual to one employment category only. In doing so, we gave priority to certain information. Individuals stating that they were students; were not working, but actively seeking work; or were formally employed (primarily for a wage) were assigned to the student, unemployed, and employed categories, respectively, even if the individual reported that he or she had also engaged in agricultural production. Similarly, individuals who worked in a non-agricultural household enterprise, even if also engaged in agriculture, were considered to be employed in either the industrial or services sector, depending on the nature of the household enterprise. However, in making these assignments, we also compiled information on individuals who reported working in more than one sector.

Figure 1 shows the share of the working age population in Malawi in 2019/20 in each of six labor force categories in total; by younger youth, older youth, and non-youth; and further disaggregated by male, female, urban, and rural. Agriculture dominates employment, with over 89 percent of those of working age who are employed working in the sector. Of all older youth and non-youth, over two-thirds work in agriculture. Students is the largest employment category for younger youth, but of younger youth who are employed, almost 95 percent work in agriculture. Agriculture is the default sector of employment for all individuals of working age, including in urban centers.

Figure 1: Malawi 2019/20, size of employment categories by age cohort, disaggregated by rural and urban and by male and female, percentage share of working age population



Source: Analysis by authors of 2019/20 Malawi Integrated Household Survey. Weighted analysis.

The share of each group employed in industry and services is small relative to agriculture. Even in urban areas, the share of those whose primary employment is in industry or services is one third for non-youth workers, 27 percent for older youth, and only 5 percent for younger youth. Younger youth, wherever they are, are unable to readily obtain work outside of agriculture.

Thirty-six percent of Malawi’s working age population is not economically active. However, there are age specific patterns to those who fall into this category. As many are students, 62 percent of younger youth are not economically active. In contrast, relatively small shares of older youth and non-youth are not economically active, though women in these cohorts are more likely than men to not be economically active, as many will focus their labor on household responsibilities.

Table 1 shows changes in employment patterns between 2016/17 and 2019/20. There is little evidence of labor exiting farming in Malawi over this period. The annual growth rate in the share of the working age population engaged in agriculture exceeds the growth for the working age population as a whole, while for both the share engaged in industry and the share engaged in services growth rates are less than the population growth rate. These employment figures indicate that a process of economic structural transformation in which Malawian workers increasingly find remunerative work in the industry and

service sectors is not now underway or, at best, stalled. This slowdown in the numbers of workers annually finding new employment in industry and services suggests a continued strong and even growing reliance by households on agricultural employment to meet their livelihood needs.

Table 1: Malawi, change in size of employment categories by age cohort, 2016/17 to 2019/20

	All of working age, ages 15 to 64 years			Younger youth, ages 15 to 24			Older youth, ages 25 to 34			Non-youth, ages 35 to 64		
	2016/17	2019/20	Annual growth, %	2016/17	2019/20	Annual growth, %	2016/17	2019/20	Annual growth, %	2016/17	2019/20	Annual growth, %
NATIONAL , Working age population, '000s	7,976	8,934	3.9	3,138	3,624	4.9	1,958	2,112	2.6	2,880	3,198	3.6
Employed, % share of working age	59.3	63.6	6.3	34.5	38.3	8.6	73.9	77.9	4.3	76.4	82.8	6.4
Agriculture, % share of employed	87.8	89.3	6.9	95.1	94.6	8.4	84.7	86.6	5.1	86.2	88.2	7.2
Industry, % share of employed	2.3	2.1	3.0	1.0	1.2	14.8	3.3	2.8	-0.9	2.4	2.2	3.6
Services, % share of employed	9.9	8.6	1.5	3.9	4.2	11.2	12.0	10.6	0.1	11.4	9.6	0.6
Unemployed, % share of working age	2.5	0.7	-33.0	2.3	0.7	-30.4	3.3	1.0	-30.7	2.2	0.4	-39.1
Not economically active and not students, % share of working age	19.9	17.1	-1.2	18.0	16.1	1.2	21.1	19.7	0.2	21.1	16.6	-4.5
Students, % share of working age	18.3	18.6	4.4	45.3	44.9	4.7	1.7	1.4	-2.1	0.4	0.2	-13.5
<i>Sample size</i>	<i>26,567</i>	<i>25,169</i>	<i>--</i>	<i>10,492</i>	<i>10,271</i>	<i>--</i>	<i>6,499</i>	<i>5,959</i>	<i>--</i>	<i>9,576</i>	<i>8,939</i>	<i>--</i>

Source: Analysis by authors of data from the Malawi Integrated Household Survey (IHS) series for 2016/17 (IHS4) and 2019/20 (IHS5).

Note: Weighted analysis. 'Annual growth' is compound annual growth rate in individuals in employment category between 2016/17 and 2019/20.

Trend analyses between earlier rounds of the IHS showed that younger youth were increasingly remaining in school—in earlier periods, the growth rate for younger youth who were continuing their education was significantly higher than the rate of growth for the population of younger youth.² However, we see in Table 1 that the share of younger youth who are students now has stabilized. At the same time, an increasing share of younger youth is entering into employment in 2019/20.

Across the age groups of workers, growth rates for employment in industry and in services are highest for younger youth. However, the numbers of younger youth being employed in these sectors remain extremely small. For older youth and non-youth, while earlier years showed growth in employment in industry and in services for these groups, those trends are now reversed. Agricultural employment is where greatest growth is seen in sectoral employment among older workers. The economic conditions that in the past were attracting some to find employment outside of agriculture—particularly in the services sector—apparently no longer are in place. Further research will be required to understand the specific economic changes that caused this reversal in sectoral employment flows.

The absolute numbers of individuals that are unemployed are few. The category is not useful for characterizing employment trends in Malawi. As most Malawian households have access to agricultural land under customary land tenure arrangements, most Malawian workers can work in rainfed agricultural production on a seasonal basis. For workers in Malawi, underemployment, rather than absolute unemployment, is a more widespread challenge, particularly in the dry season.

Earlier IHS-based trend analyses showed a rising share of those of working age reporting to be not economically active and not students. However, we see in Table 1 that this trend has been reversed—there was an absolute reduction in the numbers of individuals aged 15 to 64 years who reported to be not economically active and not students between 2016/17 and 2019/20. As with the retreat of older workers from non-agricultural employment, changes in economic conditions between 2015/16 and 2019/20 appear to have reduced the utility of remaining out of the work force for many of working age.

Finally, we see in Table 1 that the working age population grew at 3.9 percent per year between 2016/17 and 2019/20, but that the older youth group grew at a rate of about 1.3 percentage points lower. Of the almost 255,000 emigrants enumerated in the 2018 Malawi Population and Housing Census, almost 60 percent were men aged 20–39 years. This pattern of age specific emigration is consistent with the low growth in the population of older youth seen in Table 1.

Household enterprises in IHS5

Agricultural production dominates employment in Malawi. Reflective of this, the set of questionnaires for each IHS includes one on household activities (for the IHS5, this consisted of 23 thematic modules), and a separate one altogether on agriculture (for the IHS5, 21 modules) for any survey household engaged in agricultural production—the agricultural questionnaire was administered to 9,022 of the 11,434 IHS5 sample households. To characterize the employment of most Malawian households,

² Benson, T., B. Baulch, Y. Lifeyo, and P. Mkweta. 2021. "Malawi's slowly changing employment landscape and its implications for youth." *Development Southern Africa*. doi: 10.1080/0376835X.2021.1915750.

the information collected in the agricultural questionnaire covers the bulk of their efforts. However, many households obtain additional income from household enterprises, others have members who have wage employment, and day-wage or piecework based *ganyu* employment can be an important source of livelihood for particular individuals and households. Separate detailed modules in the household questionnaire collect information on the household enterprises and the wage work, including *ganyu* labor, in which IHS survey household members are engaged. While some of the enterprises involve agricultural marketing or processing and some of the wage employment and much, but not all, of the *ganyu* is related to agriculture, most of the enterprises and wage employment recorded in the household survey are in the industrial or services sectors.

An overview of all household enterprises reported by IHS5 survey households is presented in Table 2, disaggregated between rural and urban households. About one-third of rural households reported having at least one such enterprise, while more than half of urban household do so. Few households reported operating more than one in the previous 12 months.

Table 2: Profile of household enterprises in Malawi, 2019/20

	All	Rural	Urban
Engaged in any household enterprises, percent of households	37.9	34.5	55.7
Have more than one household enterprise, percent of households with enterprises	12.5	11.3	16.2
Seasonality of household enterprises: percentage share of all household enterprises			
Operate less than 6 months a year	36.5	39.7	26.7
Operate 6 months or more a year, but not full-time	33.0	33.1	32.8
Full-time, operate 12 months a year	30.5	27.2	40.5
Age of head of households with enterprises, percentage share of enterprises			
Younger youth (15 to 24 years of age) – 9.2% of all households are in this category	8.0	9.0	4.9
Older youth (25 to 34 years) – 26.6%	29.4	27.9	34.0
Non-youth (35 to 64 years) – 51.4%	54.8	54.4	56.3
Not in economically active age range (more than 64 years) – 12.8%	7.8	8.8	4.8
Industry sub-categories, percentage share of enterprises			
Agricultural sales	23.6	25.2	18.8
Trade, non-agricultural	18.6	15.0	29.5
Prepared food sales	17.0	17.1	16.5
Drink production and sales	6.3	7.2	3.6
Charcoal or firewood production	12.3	14.3	6.2
Traditional straw or wood products	3.9	5.1	0.3
Other products	4.3	3.7	6.0
Construction, carpentry	2.9	2.6	4.0
Transportation	4.8	4.3	6.2
Education	0.2	0.2	0.3
Medicine	0.7	0.7	0.5
Other services	5.4	4.5	8.2
<i>Sample households</i>	<i>11,434</i>	<i>9,342</i>	<i>2,092</i>
<i>Enterprises reported by sample households</i>	<i>5,094</i>	<i>3,711</i>	<i>1,383</i>

Source: Analysis by authors of data from the Malawi Integrated Household Survey for 2019/20 (IHS5).

Note: Weighted analysis. Industry categories developed from primary information recorded in IHS5 dataset.

While many urban households engage in seasonal rainfed agricultural production, it is particularly rural households whose economic activities are centered on such farming. In consequence, rural households operate household enterprises in a much more seasonal fashion than do urban households, shutting down their enterprises during the cropping season when household labor is needed on their farm plots. Forty percent of rural household enterprises were reported to operate for less than six month a year, while just over a quarter operated throughout the year. The enterprises of urban households show the reverse—40 percent operate throughout the year, while just over one-quarter operate less than six months a year.

The household enterprises recorded for IHS5 survey households were categorized by the types of products or services sold.

- Enterprises centered on agricultural sales were the most commonly reported. Typically, households reported concentrating on trade in specific commodities, such as groundnut, rice, vegetables of various sorts, small livestock and poultry, or banana or other fruit. While some households reported engaging in both the purchase and sales of these goods, most only reported sales, suggesting that most simply sell their own production in local markets.
- Non-agricultural sales are the second-most common type of household enterprise. Such enterprises are more prevalent in urban centers. The operation of small grocery stores was commonly reported. Other households reported selling used clothing (*kaunjika*), cloth (*zitenje*), small manufactured items, or airtime for mobile telephones.

- Prepared food sales are common enterprises engaged in by both rural and urban households. While *mandazi* (deep fried buns) is the most common food sold, a broad range of food is prepared for sale, including samosas, *zitumbuwa* (banana fritters), potato chips, and roasted meat. The production of both non-alcoholic and alcoholic drinks is also a common enterprise—more so in rural areas where commercially produced soft and alcoholic beverages may be less accessible.
- Traditional value addition activities are common enterprises, such as the weaving of mats and baskets from straw and the production of charcoal and firewood.

Most household enterprises involve relatively low or traditional skills. However, while less common, more specialized production was reported by some households, including of construction bricks, fired clay cooking pots, tailored goods, or metal products. Specialized services offered by households included carpentry, construction, transportation services of various sorts (*kabanza* bicycle and motorcycle taxis, minibuses), barber and hair dressing services, and vehicle and telephone repair.

However, very few of the household enterprises offer specialized services for niche markets. These enterprises generally serve their local neighborhood or marketplace. The consumers of the products and services they offer are other members of the community, most of whom will not be wealthy. While further research is needed to measure the net income households realize from these enterprises and on their importance for household consumption, it appears unlikely that very many households, particularly in rural areas, will rely solely on whatever enterprise they operate to meet their livelihood needs.

Finally, it should be noted that for specialized services commonly in demand, particularly education or health care, household enterprises are not an important source. Rather such services are provided by wage employees of medical or educational establishments, whether public or private. The few IHS5 households that reported providing education and medical services through a household enterprise provided nursery school or other childcare or medical care based on traditional knowledge.

Household enterprises and wage employment in IHS5

An overview of the wage employment engaged in by members of IHS5 households over the previous 12 months is presented in Table 3. Such employment remains somewhat exceptional, particularly in rural areas—while almost half of urban households have a member with wage employment, only 14 percent of rural households do. Individuals in the younger youth age category are much less likely to receive wages for their work than are older workers. Just over one-quarter of those with wage employment are women.

Despite most agricultural production in Malawi being done by smallholder farming households, the most common type of wage employment in Malawi is in the agricultural sector, particularly in rural areas. Such employment includes estate managers and employees (particularly in the tea and sugar sub-sectors), tenant farmers on tobacco estates, agricultural extension agents, and staff at Agricultural Development and Marketing Corporation (ADMARC) depots.

Private household employment is the second largest category of wage employment overall. Almost equal shares of rural and urban wage-based employees work in private homes as cooks, cleaners, child caregivers, gardeners, guards, or drivers.

Education is among the largest source of wage employment in Malawi. With schools found in most rural communities, teachers, administrators, and support staff in schools are among the few rural workers who receive regular wages. Wage workers in the medical field are more equally distributed across rural and urban areas, reflecting the lower density of hospitals and health centers relative to schools across rural Malawi and that higher-level medical centers are located in urban centers.

For most of the other industry sub-categories listed in Table 3, a larger share of wage employees in urban areas than in rural areas engage in them. This reflects the basic spatial pattern of industrial and commercial firms, providers of specialized services, and government administration functions being concentrated in urban centers. It is these firms and agencies that provide much of the wage employment outside of agriculture in Malawi.

The panel of Table 3 on occupational sub-categories provides some indication of the distribution of skills sets among those with wage employment. As professional and technical workers include teachers and those trained in the health sciences, we see that such workers make up an equal share of wage employment in both rural and urban areas. We also find equal shares across rural and urban areas for those involved in processing, production, and transport. Value-addition processing of agricultural products as well as the provision of general skilled services, such as construction, falls into this occupational category. In consequence, there is not as strong an urban bias to wage employment in processing, production, and transport as we might expect. In contrast, administrative, sales, and service workers make up a larger share of wage employment in urban areas than in rural areas, given the concentration of workers with such roles in urban centers. Wage employment in primary production occupations, including agriculture, not surprisingly is primarily found in rural areas.

That only about 10 percent of all those of working age in Malawi receive a salary for their work suggests that there are significant barriers to expanding labor markets of all sorts across the country. Further analysis of wage employment patterns, the qualifications of those obtaining such work, and the characteristics of firms and agencies providing wage employment is needed to better understand what opportunities there might be for expanding wage employment in Malawi.

Table 3: Profile of participation in wage employment in Malawi, 2019/20

	All	Rural	Urban
Household member with wage employment, percentage share of households	19.8	14.2	48.8
Has wage employment, percentage share of working age individuals (age 15 to 64 years)	9.6	6.7	22.6
Younger youth (15 to 24 years)	3.6	2.8	7.5
Older youth (25 to 34 years)	14.0	10.0	27.7
Non-youth (35 to 64 years)	13.2	9.0	34.3
By age group, percentage share of all with wage employment			
Younger youth (15 to 24 years)	14.9	17.1	11.9
Older youth (25 to 34 years)	35.5	33.8	37.7
Non-youth (35 to 64 years)	49.6	49.1	50.4
Females with wage employment, percentage share of all with wage employment	27.6	25.3	30.7
Industry sub-categories, percentage share of those with wage employment			
Agricultural production, processing, or sales	21.8	32.8	6.8
Drink production and sales	1.1	1.1	1.2
Prepared food sales	1.5	1.0	2.2
Forestry, timber, wildlife	1.0	1.5	0.4
Other products	2.9	2.6	3.3
Construction, carpentry	5.7	6.6	4.6
Transportation	5.3	2.8	8.7
Trade, non-agricultural	6.2	3.6	9.7
Education	11.7	14.1	8.3
Medicine	5.4	4.9	6.2
Security	5.8	4.1	8.0
Other services	11.8	6.8	18.6
Social work or development projects	1.7	1.1	2.6
Public administration or defense	2.1	1.4	3.1
Religious or political	1.9	2.0	1.7
Private household (wage employment)	14.2	13.7	14.8
Occupational sub-categories, percentage share of those with wage employment			
Professional or technical	19.0	19.9	17.6
Administrative, managerial, clerical	6.5	3.4	10.7
Sales	7.3	4.8	10.8
Service workers	29.9	28.1	32.5
Agriculture, forestry, fisheries - production	11.2	18.0	1.9
Processing and production, transport, other labor	26.1	25.8	26.4
Sample size: Households	11,434	9,342	2,092
Individuals of working age	26,296	21,024	5,272
Individuals of working age with wage employment	2,717	1,492	1,225

Source: Analysis by authors of data from the Malawi Integrated Household Survey for 2019/20 (IHS5).

Note: Weighted analysis. Industry and occupation categories developed from primary information recorded in IHS5 dataset.

Casual *ganyu* employment in IHS5

Finally, the IHS5 collects information, if limited, on participation by household members in *ganyu* labor—casual piecework or daily-wage based work arrangements. Table 4 provides summary results on participation in *ganyu* at both household and individual *ganyu* laborer levels, while Figure 2 compares the age-profile of the population to the age-profile of those reported to have engaged in any *ganyu*.

Members of rural households are more likely than those in urban households to engage in *ganyu*—three-quarters of rural households reported a member having engaged in *ganyu* in the past year, compared to only about 40 percent of urban households. While the IHS5 does not collect information on the type of *ganyu* work done or when in the year it was done, much of that done in rural areas is likely to have involved neighboring farming households hiring-in labor so that they can complete their crop operations in a timely manner.

The share of all individuals who reported engaging in some *ganyu* in the past year is also much lower in urban areas—about one-sixth of all individuals aged five years and above in urban areas, but over one-third in rural communities. However, note in Table 4 those that engaged in *ganyu* labor in urban areas reported relying on such work for considerably more days in the past year than did rural *ganyu* laborers—over 100 days on average, compared to 64 days for rural *ganyu* laborers.

