

## **The socio-political dynamics of Brokers of new migrant labor in Shashemene, Ethiopia**

Atakilte Beyene and Gunilla Bjerén

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Atakilte Beyene, Researcher, Stockholm Environment Institute, [atakilte.beyene@sei.se](mailto:atakilte.beyene@sei.se)  
Gunilla Bjerén, Professor, Centre for Gender Studies, Stockholm University, [gunilla.bjerén@kvinfo.su.se](mailto:gunilla.bjerén@kvinfo.su.se)

### **Abstract**

The change in scale and functions of urban towns in Africa is accompanied by internally evolving institutional of socio-economic practices. In this paper we will address brokerage and recruitment of migrant labour in the town of Shashemen, Ethiopia. Brokerage in migrant labour is a relatively lucrative economic activity in the town and the competition among the brokers to attract migrants that arrive in the town in search of job is intensive. Claims over the brokerage system involve processes of negotiations, grouping, cooperation and conflicts when defining boundaries concerning who should have the right to conduct brokerage of migrant-labour. This is setting processes of institutionalization of both the system of brokerage and the terms of contract of labour recruitment. This paper addresses the conditions and processes that are shaping brokerage system and the changes being introduced in the actual contact systems in terms of ensuring security of employees and employers, enforcement of contact, reporting of underage migrants to the local authorities, registry of migrants, and income and tax declaration to the town administration.

## Introduction

The expanding urban areas of Ethiopia are attraction for employment and migration. In the late 1980s, Ethiopia was under-urbanized, even by African standards (Ofcansky and Berry, 1991). According to Ofcansky and Berry, only about 11 percent of the population lived in urban areas of at least 2,000 residents. However, this trend has been changing over the last two decades. In 2008, urban population constituted 17% of the total population and the rate of urbanization over the last two decades has been 4, 3%.<sup>1</sup>

The process of urbanization, however, is also associated with chronic problems of unemployment and underemployment. In 2004, the national unemployment rate (defined as the share of the labor force that is without work but available for and seeking employment) was 23, 1%.<sup>2</sup> There are different causes for this high unemployment rate. Migration of people into the towns, including rural-to-urban migration, low agricultural growth and slow economic progress in urban areas are some of the major reasons. Rural areas of Ethiopia are experiencing long-term process of de-agrarianization as present needs are greater and more diversified (Aredo 1994). As a result rural people's participations in non-agricultural activities are increasing for two reasons 1) to meet necessities as the pressure on land in rural areas is high; and 2) to avert risks through diversification of the household economic base (Gabriel 1994). The expansion of wage employment in urban areas is one effect of these broader processes. There are also other patterns of migration, such as urban-to-urban migration and the causes for migration in any case can also be non-economic – such as social networks, relations and gender issues, etc. The town Shashemene is no exception in this sense.

Shashemene is a multi-cultural and multi-ethnic town in the region of Oromia with a population of ca 105,000. It is located at 260 km south of the capital city, Addis Ababa. Its location is strategic as it connects five major economic, agricultural and political regions. In 2008, ca 20,000 people were estimated to have entered and left the town daily. North of Shashemene is the capital city, Addis Ababa, where flows of goods and services is influencing Shashement. As a capital city, it is also a source of new business ideas, 'urban cultures' and other social practices influencing Ethiopian towns like Shashemene. To the east

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<sup>1</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html>

<sup>2</sup> [http://www.nationmaster.com/graph/lab\\_une\\_tot\\_of\\_tot\\_lab\\_for-labor-unemployment-total-of-force](http://www.nationmaster.com/graph/lab_une_tot_of_tot_lab_for-labor-unemployment-total-of-force)

are the Bale and Arsi regions which are known for their extensive and productive agricultural productions, dominantly cereal crops. South and southwest of the town are the Southern Nations and Nationalities of the Debub Regional State. This regional state is known for its coffee, horticultural, vegetables, spices and chat productions. Kembata'na Hadiya and the Gurage regions are known for their high population densities and are generally areas where out-migration is common among the populations of these regions. These, geographic, agricultural and demographic factors are important factors influencing the town Shashemene as an important centre of commerce and migration.

In this paper, we aim to understand the processes of labour migration into Shashemene. We will specifically focus on the new migrants: the processes they undergo to get employments. This includes the brokerage system, contract formalities, and how they access brokers and employers. The paper also explores the social struggle among the brokers to get access and entitlement over the rights to settle contractual arrangements between the migrants arriving in Shashemene and their potential employers who also are coming to or communicating with the brokers from different areas.

### **Labour brokerage**

Labour brokers play an important role in conditions in which potential employers and potential employees are unknown to each other. The importance of the brokers even becomes crucial in conditions like Shashemene for various reasons. First, the social and economic conditions of most of the new migrants arriving in the town is so compelling that the migrants desperately need to get a job immediately. This is very difficult and too costly that most of migrants could not do by themselves. Employers also face similar challenges. Most of the employers are owners of small scale businesses, such as restaurants, coffee houses, etc. Failures in securing labour for such activities, even for a day, can be too costly to afford.

Secondly, information and communication infrastructure on migrant labour markets are very weak and not well developed. This is part of the general national development stage and the nature of the economy in which the migrant labour is operating. The migrant labour is operating in the informal economy sector. In many cases, searches, screening and contracts for labour employments are still carried out instantaneously and through direct contacts, and they are generally unorganized.

Third, although Shashehene is the centre for migrating labours, the town is not the only destination for all the migrants. The geography of the employment destinations is the whole southern region extending from Moyale to Bale and even to Addis Ababa. There is no way that migrants could get information and contact about the employments in the different places of the region. Brokers are the only organizations who keep records of skills of those who are in search of job and workers, serving as key information 'banks' for both potential employers and potential employees. Mobile phones have become crucial communication tools in such circumstances.

Fourth, the issue of security and protection is crucial. This issue cannot be guaranteed by the employer and the employee alone. They need a third party. Some of the migrants are vulnerable due to lack of information on labour markets, scale of payments, lack of experience, or due to economic and social deprivation they experienced. Such migrants may be exploited and abused by some employers. Brokers play a third-party role by issuing a written contract agreement for both the employer and the employee.

In these conditions, the brokers play multiple roles for both the employers and the employees as they reduce costs of information, search, negotiation, screening, coordination, and enforcement of a contract.

### **Data set**

This paper is part of an on-going research project of Shashemene town. The project aims to understand the transformations and changes of the town by studying changes in labour dynamics, household structure, gender, livelihoods, ethnicity and migration using longitudinal data sets from 1965, 1970, 1973, and 2008/9.

Much of the data for this paper comes from a field research conducted between April and July 2008 in the town. Various research methods, including structured survey and key informant interviews, were used to generate data and information. During this period a survey was conducted on 362 randomly selected households where basic social and economic data of the households and life histories of the heads and spouses of the households were collected.

**Survey:** A specially focused study was also conducted on the brokers. In Shashemene, thirty-three households were identified as registered and legally recognized brokers. Of the total

thirty-three brokers, thirteen were randomly selected and interviewed. Personal and household related information was gathered.

**Register:** Local register and statistics of the brokers were also crucial sources of data. The brokers were organized into two associations. Each association had a registry of their activities that included statistics on migrants who came in contact with them searching of jobs; skills and qualification, average number of days they were hosted in the brokers' house while waiting to get a job, gender statistics, etc.

**Basic data of migrants:** Data was also collected for forty-two migrants. These people were recent arrivers and were hosted at the brokers' house waiting to get jobs and employers. Those who were present during the survey of the household were also interviewed.

**Focus group discussions:** Focus group discussions were conducted with members of the associations as well as with the administrative bodies of Shashemene who were closely working with the Brokers, such as the Peace and Security Official of the Arada Kifle Ketema.

### **Seasonality of labour migration into Shashemene**

The flow of migrant job searchers into Shashemene is seasonal. As the chart below indicates, school periods and agricultural seasons influence both the supply and demand for labour. During the period September – April, all schools in Ethiopia are open and children are attending classes. The school season, in general, is a major cause of labour shortage across many households. The summer break was described as a season of low demand for labour in the town. During the break, students take over available jobs often of their families and relatives. In addition to the significant role students play during the summer school breaks, the relation between school season and job availability suggests that replacement of employments can be done even for very short periods and are erratic.

Agriculture was another major factor affecting labour demands in Shashemene. The main agricultural season is between May and December where the rural population in general is busy working on their farms. Of the different agricultural activities, harvesting of crops, such as coffee picking, and agricultural trading were mentioned as significantly affecting the flow of job seekers into the town. The season for harvesting food crops is between October and

November, and the season for coffee picking is between November and January. Harvesting seasons are critical as crops need to be picked and stored as effective and fast as possible by the rural smallholder farmers. This absorbs much of the rural labour. Large coffee plantation run by the government and the private sector are also important rural labour absorbers during harvesting seasons.

**Table 1. Seasonality chart: labor demand and availability**

School periods	School period (all levels)								Vacation period			
									Student working in families and other economic activities			
<b>Trading season</b>		High season for trading activities & mobility of people goods										
<b>Economic activities</b>		High season for mobility of people & goods				Generally economically poor season						
<b>Agricultural</b>			Coffee picking season									
<b>New and old migrants</b>			Low season for new migrants									
	Easter holiday: migrants go back to their relatives and attract new people to migrate					New migrants who move from their villages on 'their own'						
<b>Labor demand</b>	High labor demand									Low labor demand		
<b>Labor supply</b>		Low labor supply							Over supply of labor			
	Sep	Okt	Nov	Dec	Jan	Feb	Mar	Apr	Maj	Jun	Jul	Aug

**Source: Focus group discussion, Shashemene, June 2008.**

Harvesting seasons are associated with increased marketing activities. The period between October – December is the peak season for agricultural trading, both in intensity and volume of trade of agriculture products. This is associated with high mobility of goods and people and these absorb significant part of the rural labour. The period between March and May was described as economically least active and not much happens on the flow of labour.

Another social process indicated as influencing the flow of people into the town was Holidays. Meskel holidays (which fall in September) were particularly indicated as important. The Easter holiday was characterized as the season when people in general go back to their village to celebrate with their families. For many people, it may be the only and a must time in a year to visit their relatives back in their village. During this occasion, the migrants provide information, inspiration and networks to individuals back in their village. As a result, the period just after the Easter holiday was described as *the season of new migrants* of

Shashemen. During the Easter holiday, marriages and relationships also take place where successful migrants come back into Shashemene with their new partners. The description of the season as *the season of new migrants* may signify the importance of *connection and relation* in migration. However, there are also independent migrations taking place. The period between February and April was described as the season when new migrants come on *their own and independently*.

### **Migrant labor employment systems in Shashemene:**

The local labour recruitment is diverse and complex. However, three types of labor recruitment types are taking place in Shashemene, namely, direct recruitment, 'illegal' recruitment and recruitment through 'legal' brokerage system.

***Direct or on-spot recruitment:*** This recruitment form is one where potential employer directly identifies the employee and set an agreement with him/her. This type of recruitment is very dominant in daily labor wages and very short-term employments. Such forms of employments are less risky as regards trust on the scale of payment and quantity of the work to be done. Scales of payments of the different skills are public and both parties are aware of it. Not surprisingly, these types of employments include daily labor works such as masonry, carpentry works, etc. These kinds of works have relatively clear and measurable quantities of work a man can accomplish per day and the corresponding daily payments are relatively none-negotiable. In other words, the cost of negotiation is very low. There are also cases where the quantity of work and the corresponding payments are directly negotiated on the spot. Digging a garden or upload materials on truck for transportation are some examples.

Migrants may flexibly avail themselves to take these types of jobs as they move from place to place. There were cases where employers recruited new migrants directly at the bus stations. But, generally speaking, the migrating people coming to the town in search of job are primarily interested in longer-term employments. It is these types of people which are of interest to the brokers, both the legal and illegal ones.

***'Illegal' brokerage:*** The 'illegal' brokerage and employment refers individuals who are not members of the recognized brokerage system (discussed below) that carry out brokerage activities. The brokers in this case do not have the legal basis to effect an agreement between the employer and the employee. They do not take any responsibility for any consequences that

may happen for both the employer and the employee. These 'illegal' brokers also lack placement facilities to accommodate new arrivals. They are often poor, young and unemployed male. They are often available at the bus station waiting for new arrivals to identify and ask them if they want an employment. Their activity is very erratic and depends on the orders and demands they get from employers. They have good network to potential employers and are well informed of their needs, often, through mobile phones.

***Legal brokerage and employment system:*** This is claimed to be the dominant type of recruitment where the majority of both migrant labor and employers use. There are various reasons for this. First, the brokerage system has the network for employers from the different directions of Shashemene, connecting potential employers and employees from different places. Mobile phones, in this case, play significant role. Employers from distant areas can access brokers through telephone to get information whether there are people that they could employ or any information regarding the potential employee's skills, salary scales they demand, health condition, etc. Employers can also order brokers about their needs in advance. When the right person is identified, employers could come and effect a contractual employment agreement. The following section will focus on this particular system of recruitment.

### **The legal Brokerage system (*Dilela*) in Shashemene**

***Location and number of broker households and associations:*** There are thirty-three formally registered households working in labour brokerage in Shashemene. All of these households are located in one of the seven Kifle Ketemes, namely Arada. Arada is the heart of Shashemene where the bust station is located. So, vicinity to the bus station is crucial aspect of the brokerage. In fact, all of the 33 households are located around the bus station. To guide and attract the migrants, the households are identified by a poster and sign indicating the name of the association, telephone number and number of the household (as the picture below).

The 33 households are organized into two associations, namely Hibret General Brokerage Plt (founded in 2005) and Chernet General Brokerage Plt (founded in 2006). The associations are recognized by the finance bureau, the court and the administration of the town municipality as



a legal and economic entity. The legal entitlement enables them to receive and accommodate new job seekers in their house and then connect them to employers. They can operate openly.



Figure 1. A sign in front of a broker's household.

**Conditions to get official license of brokerage:** Brokerage has been taking place for many years and without conditions from authorities in Shashemene. In fact, most of the legal brokers have been working for many years and one person has been working in this sector for 34 years. But, since 2005, the Shashemene town administration is putting conditions on brokers to get them organized and licensed. The process itself and its objectives are complex as we will describe these below. But, the following are the conditions put to get a license.

**Resident and housing facility:** To get a license, a broker must be resident of Shashemene and must have a housing facility. The facility is to temporarily accommodate migrants who come in contact with them in search of jobs. Depending on the demand for employment, the number of days for waiting could extend up to two weeks.

**Establish an organization:** Licenses are issued for a group of people who organize themselves in an association and not on individual basis. Brokers are also demanded to establish an organization having the following functions: 1 chairman, 1 deputy, 1 register, 1 cashier, 1 controller and 2 members of the association. These organizational structures play more of administrative roles. The actual brokerage activities are carried out by the individual households themselves.

*Restricted intrusion:* Brokers are not allowed to have direct influence on the migrants. This includes that brokers are not allowed to be at the bus station and meet new arrivals. Forceful retention and assignment of are also prohibited which the brokers are not allowed to do with the new immigrants.

*Pay taxes:* Licensed brokerage associations are obliged to declare their incomes and pay taxes to the town administration.

*Effect contractual agreements:* Contractual agreement between the employer and the employee are signed and the brokers serve as third party. For this purpose, they use a standard contract form that states the details of the contract, conditions, and addresses of all the three parties. The form is stamped and it is used as a guarantee and evidence in any dispute that may arise.

*Reporting of migrant children:* Registration and reporting of underage is also a strong condition put on the associations. Brokers are obliged to immediately hand over children to the police station.

### **Brokerage as a means of livelihood**

Economically, brokerage is a means of livelihood. The general practice is that when the brokers connect an employer to an employee, the employer pays a sum of money, normally 30 Birr per employee. The number of migrants each broker attracts varies for various factors. According to the informants factors such as years of experience, reputation, trustworthiness, location and visibility of the house, housing facility, and networks and communication facilities are factors determining success of brokerage.

The average number of migrants each broker received during the period July 2007 and June 2008 was 232 (Table 2). The potential gross income of each broker households is on average ca 6960 Birr per year. The least successful members of the associations attracted 60 migrants during the same period. This generates a potential gross income of 1800 Birr. The most success full brokers, on the other hand, attracted as many as 750 migrants. This potentially generates nearly 23 000 Birr.

Table 2. Number of people received by 33 brokers in Shashemene, between July 2007 and June 2008

	Minimum	Maximum	Sum	Mean
Total nr of people received over the last 12 months	60	750	7655	232
Average nr of days job seekers stayed with the broker	4	15	363	11
Nr of underage received over the last 6 months	0	15	103	3
Average nr of days underage stayed with the broker	0	1	19	1

There are, however, costs associated with legal brokerage system. Provision of shelter/housing, water and to some extent food to the migrants staying at the brokers' house was mentioned as the major one. The average number of days job seekers of all types stayed with the brokers waiting to get an employer was 11 (Table 2). As will be discussed below, all job seekers may not be successful in getting jobs in the end and this incurs costs to the brokers. Despite this, the brokers need to establish a reputation among the migrants as a strategy to attract new comers. This in general involves investments.

### **Migrants' livelihood options**

The migrants arriving in Shashemene and those who come in contact with the brokers in general do not have a strong social network in Shashemene, such as relatives who could help them. So, they are the most vulnerable section of the society. Up on arrival in Shashemene, new arrival migrants has no resources to cover their lodging and living expenses on their own. Most of them do not have the money to support themselves. They rely on future employment potential. Until then the brokers are crucial sources.

When they arrive in the town, the wage scales are set and there is little room to influence it. According to the informants, most of the qualifications indicated, particularly works of less qualifications are almost non negotiable. The table below indicates the set standards used by the brokers.

**Table . Livelihood sectors, monthly payments and job-waiting days in brokers home**

Livelihood sector	Payment scale, Birr	Additional benefits	Gender (dominant)	Gender(to some extent)	Waiting days	Comments
Domestic servant (child care, cloth washing, house cleaning, food preparation)	150	Food, hygiene materials, lodging	Female		15 – 30	Mothers with children more waiting days
Cooking-cheif ('wot')	200 – 1000		Female & Male		7 – 15	High skill & competence
Backing	300 – 600		Female	Male	15 – 30	Some skill/competence
Barista (operating tea/coffee machines)	150 – 200		Male		15 – 30	
Cooking-Assistant ('wot')	150 – 200		Female & Male		15 – 30	
Dishing glasses	80 – 100		Female & Male			
Backing ('abkui')	100 – 150		Female & Male		20 – 60	Rare job
Waitress	100 – 150		Female & Male		15 – 30	
Bar-man	200		Male	Female	Up to 60	Rare job
Meat chopper	150 – 200		Male		15 - 30	
Slaughter	170 – 200		Male			Rare job
Meat seller	300 – 350		Male			Rare job
Chef (of hotel, restaurant)	400 – 600		Male			Rare job
Beer & drinks man	100 – 200		Male			Rare job
Bar-lady*	0	Lodging room	Female		Max 7	
Disco Jockey	200 – 400		Male			Rare job
Hotel room caretaker	120 – 150		Female & Male			Rare job
Gard	120 – 150		Female			Rare job
Biljardo manager	150 – 200		Male		15 - 30	
Farmer (plogh)	80		Male		3 - 7	Seasonal, Jul, Aug
Farmer (dairy)	150		Male			Rare job
Farmer (feeding livestock)	130 – 140		Male			Rare job
Kitchen person (at military camps)	350 – 450		Female			Rare job

\* For any successful contract, employers pay 30 Birr per person for all types skills, except for Bar lady where the charge is 50 Birr

### Selective screening of migrants

Our data indicates that brokers' systematic selection and screening processes. As Table 3 indicates, there are gendered differences. Broker households received more (35%) male than female migrants. The average employment rate for female is slightly greater (94%) than for male (91%). Similarly, the average number of waiting days at the brokers' house for a job is shorter for female (7 days) as compared to male (9 days). These statistics generally indicate that the demand for female may be greater than for male.

Table 3. Broker households' performance across gender Average numbers over a period of six months (January to June 2008).

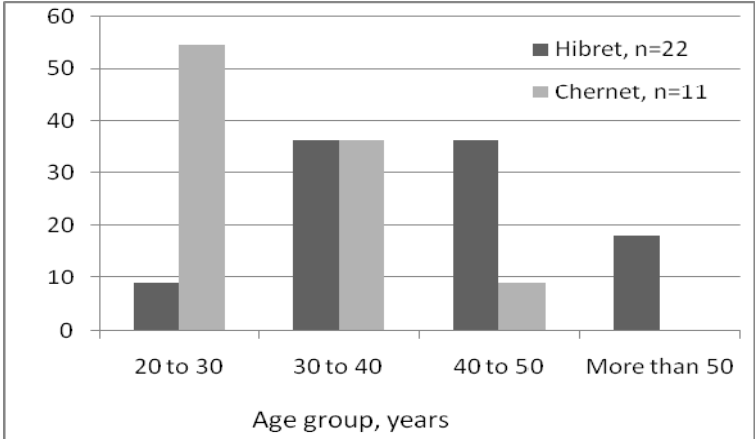
Description	Female	Male
Received number of migrants (average per hh)	51	69
Days stayed at broker's house (average per hh)	7	9
Number of returnees (average per hh)	3	4
Number of days returnees stayed at brokers house (average per hh)	4	4
Number of successful employments (average per hh)	48	63
Number of days employed people stayed at brokers house (average per hh)	7	9
Average Employment rate	94%	91%

Another interesting observation was the willingness of brokers to incur costs of accommodation depends on the potential employability of the migrant. As table 3 indicates, the average number of days returnees stayed at the brokers' house was almost half (4 days for both sexes) of the successful ones (7 and 9 days for both sexes). This indicates that brokers actively screen migrants. Migrants that appear to be unpromising in getting jobs are rejected from the brokers' house quite early. These migrants may be the most vulnerable groups of people. How they cope in their livelihood needs to be studied further.

### Concluding remarks

Brokerage of migrant labours arriving in Shashemene is sources of livelihoods for many households. As a centre of commerce and linking different parts of the southern region, Shashemen is popular for migrants and employers. For many years, individuals have been participating in brokerage on their own and independently. However, brokerage in

Shashemene is increasingly involving intensive competition among the stakeholders. People who have been working in the sector for many years are being threatened by new people participating in the branch. One clear example of this is perhaps the age composition of the two associations. Hibret General Brokerage Plt is constituted of the older people (average 46 years) who have been working in the branch (see figure below). This group of people first organized themselves and asked to be formally recognized by the town administration. By doing that, they asked the administration to out law other brokerages.



Figur 2. Distribution (%) of members of Hibret and Chernet (Avearge age for Hibret and Chernet are 46 and 32 tears, respectively).

As many of the younger people working as brokers were marginalized, they started to organize themselves and established Chernet General Brokerage Plt. As the figure below shows, most (55%) of the members of this firm are aged between 20 and 30 years while the corresponding figure for Hibret is under (10%). There still are many people, particularly young and poor males, who would like to be brokers, but the conditions set by the municipality to get license for brokerage are setting the ceiling for many, such as housing facilities.

In addition to meeting livelihoods objectives, the brokers of both associations are playing crucial roles. The first is the provision of shelter to the migrants. For many of the migrants, this was incredibly important. Second, brokers networking and communications are helpful in speeding the process of employment. They provide information on wage rates. Third, having self organized people is important to ensure security and guarantee of contract conditions for both the employees and the employers, including the security of children in the town.

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