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Day labourers and the role of foreign migrants: for better or for worse?

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Foreign migrants often enter informal employment as day labourers. They compete with South Africans for jobs in this curb-side labour market. Three surveys of day labourers working in Tshwane between 2004 and 2015 reveal two important tendencies: first, the foreign-migrant component has increased from 12% to just over 55% in 11 years; secondly, the wages and the level of poverty of both foreign and South African day labourers have worsened in the same period.

Introduction¹

In the face of grim prospects of formal employment in the South African economy, foreign migrants, whether illegal or authorised,² are finding the informal economy to be an increasingly important source of economic opportunity and income. Crush (2011:16) sums up the situation as follows: ‘The growth in irregular labour migration has been accompanied by growing informalisation of migrant labour employment. Before the 1990s, most labour migrants were employed in the formal sector. Since 1990, labour migrants have begun to work in the unregulated informal economy’.

Foreign migrants often end up in informal employment such as working as day labourers because there are negligible barriers to entering this market. Once they have joined the informal day-labour market, these migrants work alongside their South African counterparts and offer their services to employers operating in the formal economy. A distinctive aspect of

¹ The authors wish to express their appreciation to the editor of *Econ3x3* for valuable comments and suggestions regarding this article. All omissions and mistakes remain our own.

² Most of the foreign day labourers in South Africa can be considered as illegal or unauthorised. In the 2007/08 survey, the immigration status of foreign day labourers was investigated by asking them whether they had any documentation that could be used to determine their status in South Africa. Only 11% indicated that they had a visitor’s passport or visa.

day-labourer employment is that it is informal in the sense that the labourers do not have employment contracts or benefits, even though they work for employers who are part of the formal sector. Day labourers are mostly paid in cash, are vulnerable to exploitation and face systemic job instability (Theodore *et al.*, 2015). [Note that most day labourers are not part of the informal *sector*, which comprises people owning or working in single- and multi-person informal micro-enterprises that are not registered for tax. Day labourers are part of the informal *economy*, though.³]

The questions are whether the curb-side earnings and dynamics of foreign and South African day labourers differ and whether these have changed over time. This article reports selected findings from a comprehensive long-term project in order to survey and analyse the day-labour market in South Africa. Having conducted three different surveys (including a national survey) on day labourers in Tshwane over a ten-year period, we can make two important observations: first, the foreign component of the day-labourer community has increased from 12% to more than half (55%) within 11 years; secondly, the economic situation of both local and foreign day labourers have worsened.

Survey method

To analyse the comparative economic situation of foreign migrant workers and South African day labourers in South Africa, we used three comparable sources of primary data:

1. The results of a pilot survey of day labourers conducted in Tshwane in 2004, in which we tested the survey methodology and questionnaire.
2. The results of a national survey of day labourers – the first and only systematically sampled survey of day labourers in South Africa – conducted in 2007-08. It involved interviews with 3 830 day labourers (9% of the target population) countrywide. The research team travelled across the country to count the number of day labourers at about 1 000 informal hiring sites (mostly at the sides of roads and at busy intersections). The capital cities of all provinces and key economic hubs in the rural areas were sampled. The team estimated that nationwide at least 45 000 people were looking for work daily (Harmse *et al.* 2009).
3. A follow-up survey was conducted in Tshwane in 2015 as part of a second national survey of day labourers. In each of the three Tshwane surveys (in 2004, 2007-08 and 2015), approximately 10% of the day-labour workforce in Tshwane was interviewed.

³ The informal *economy* comprises all informal-*sector* employment plus those who work in the formal *sector* without being covered by formal arrangements such as employment contracts and benefits (i.e. they all are informally *employed*).

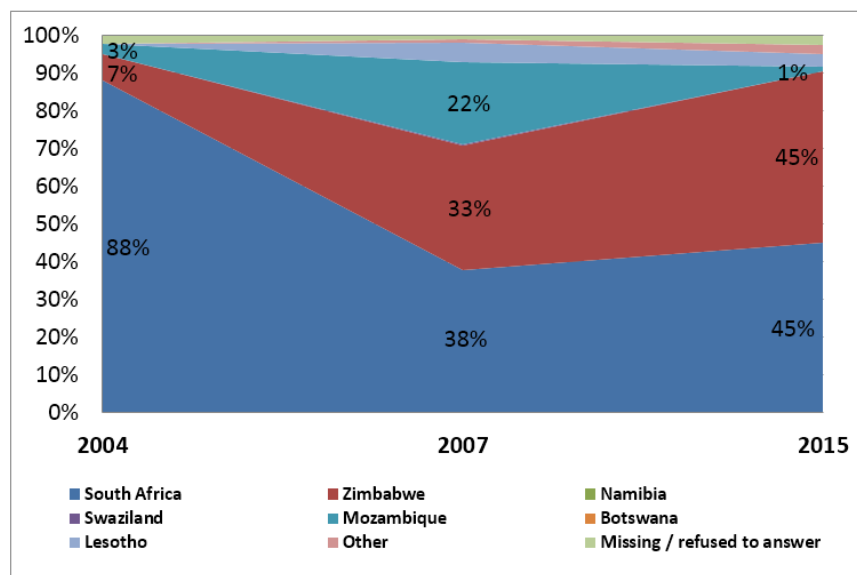
In this article we report on the comparative Tshwane findings specifically, but refer to national-level findings where relevant and available.

The number and share of foreign day labourers in Tshwane

In the 11 years under surveillance, the estimated number of hiring sites and day labourers present daily in Tshwane (as recorded in the scoping counts preceding the sampling and interviews) increased markedly: from at least 70 hiring sites and 2 420 day labourers in 2004 to more than double the number of hiring sites (150) and an estimated 4 240 day labourers in 2015. In this period, the proportion of foreign migrants in the sample of day labourers increased more than fourfold, from approximately 12% in 2004 to 55% in 2015 (after peaking at 60% in 2007). This implies an average annual growth rate of the number of foreign day labourers of more than 20%, which is much higher than the growth rate (approximately 5%) of the estimated total number of day labourers in Tshwane.

At the same time, the composition of the Tshwane day-labourer workforce in terms of national origin has changed markedly. Figure 1 shows how, while the share of South African workers has been dropping dramatically since 2004, workers from Zimbabwe and Mozambique have grown to significant proportions of the day-labour market. Zimbabwe supplies the largest number of foreign nationals to Tshwane’s day-labour markets, providing 8%, 33% and 50% of the day labourers in 2004, 2007 and 2015 respectively. Mozambique is the second-largest source of labourers.

Figure 1: Country of origin of day labourers in Tshwane: % share (2004–2015)



Source: Blaauw *et al.* (2006); Blaauw *et al.* (2015). Totals may not add to 100% due to rounding.

When one considers the foreign component as such, it is clear that its composition has changed significantly. In 2007, 54% of foreign-born day labourers came from Zimbabwe, 35% from Mozambique, 9% from Lesotho and 1% or less from Swaziland and Namibia. By 2015, Zimbabweans made up 89% of foreign-born day labourers in Tshwane. The largest change was the virtual disappearance of the Mozambican contingent, whose numbers have dwindled to 1%. The 2015 shares of Lesotho (6%) and Malawi (4%) are of minor importance.

Wages differentials and levels

The influx of foreigners onto South African turf has not been well received. The prevailing ‘curb-side’ view at the time of the 2007-08 survey was that foreign day labourers were willing to work for much less than their South African counterparts. One South African day labourer was quoted in 2008 as saying ‘these *makwerekweres* are spoiling the employers by charging R20 per day when we charge R100’ (Schenck *et al.* 2012). [‘Makwerekwere’ is a local slang word for foreigners, especially illegal immigrants.]

Blaauw *et al.* (2012) reveal that this was partly true for Tshwane but not for South Africa as a whole. Table 1 compares income indicators of South African and Zimbabwean day labourers in South Africa (and for Tshwane in particular) for 2007-08.

Table 1: Nominal income indicators for South African and Zimbabwean day labourers in South Africa and Tshwane (2007-08)

Income indicator	Average wage (rand) in South Africa		Average wage (rand) in Tshwane	
	Zimbabweans	South Africans	Zimbabweans	South Africans
Lowest wage received for a day's work	63 ^{***}	57 ^{***}	53 ^{***}	90 ^{***}
Best wage received for a day's work	142 ^{***}	117 ^{***}	120 ^{**}	148 ^{**}
Lowest wage day labourer is willing to work for	112 ^{***}	102 ^{***}	108 ^{**}	126 ^{**}
Earnings during a good week	469 ^{***}	373 ^{***}	421 [*]	474 [*]
Earnings during a bad week	171	163	131 ^{***}	223 ^{***}

*** / ** / * : Denotes a statistically significant difference between Zimbabwean and SA workers at the 99%, 95% and 90% confidence levels. *Data source:* Blaauw *et al.* (2012) and survey data.

Countrywide, the average income values were actually higher for foreign workers than for the locals. The gap between the two groups of workers varied between 5% and 25% and was statistically significant for four of the five income indicators (Blaauw *et al.* 2012). However, in Tshwane Zimbabweans did earn less than South African day labourers in 2007-08.

Nevertheless, the difference between their earnings was smaller than popularly alleged (even though it was statistically significant on most indicators).

This gap was not to endure. The 2015 survey for Tshwane reveals that, with some small differences, wages for foreign and South African day labourers in Tshwane were approximately equal. In addition, these wages had become extremely low. When they were able to find work, day labourers' nominal daily earnings in Tshwane varied from R120 to R150, which amounts to between R75 and R94 in 2007 prices. The average hourly wage for foreigners was R22.60 and for South Africans just over R24 – a gap that is not statistically significant (even at the 10% confidence level).⁴

Day labourers' poverty levels

The data from the three surveys suggest that earning poverty-level wages has become more pervasive in the Tshwane day-labour market. The 2004 survey suggested that between 79% and 96% of day labourers (depending on the poverty line used but irrespective of nationality) earned incomes that positioned them and their dependents below the poverty line.

However, in disaggregating the data, it becomes apparent that foreign migrants fared considerably better than South African day labourers in 2004. Using three different poverty lines, we found that between 52% and 74% of foreign workers had earnings that put them and their dependents below the poverty line. For South Africans the corresponding figures were 82% and 93%. Therefore, in 2004 a smaller percentage of the foreign-born day labourers than South African day labourers and their dependents lived below the poverty line.

By 2015, though, nearly all day labourers and their dependents faced chronic and persistent poverty. Between 93% and 97% of the foreign labourers (plus their dependents) were then below the poverty line and so were 89% to 94% of South Africans. In terms of poverty, foreign and South African day labourers have converged to face the same dire situation.

Conclusion

Declining daily earnings and increasing poverty levels characterise the situation of the day labourer in Tshwane. At the same time, the number of day labourers – and of foreign migrants in particular – has increased dramatically. While only dealing with one metropolitan area, our findings suggest that rising numbers of foreign-migrant day labourers are putting increasing

⁴ An improved methodology, using the employment history of a day labourer in the previous week and which enables one to calculate a more accurate hourly income, was used in 2015.

pressure on a limited, or shrinking, number of casual/informal job opportunities with formal-sector employers – which may reflect a slow-growing South African economy. It probably is no coincidence that xenophobic violence tends to erupt in areas where many foreign migrants (including day labourers) live.

The broader phenomenon of day labourers and migrant workers in South Africa and neighbouring SADC countries remains perplexing. It appears to reflect highly complex structural unemployment problems that cannot readily be addressed by, for example, providing more and better skills training. There simply is a dearth of suitable job opportunities. A cyclical or sustained improvement in the South African economy might help to provide more formalised job opportunities for migrants and local workers alike. However, what is needed is, for example, a more entrepreneurial culture to take root across the region, with more enterprising individuals and small and large investors stepping up to take their chances by supporting promising business ideas. In this way more secure job opportunities might become more readily available for those currently dependent on day-labouring and such forms of badly-paid informal employment.

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