

The Socioeconomic Incorporation of Immigrant and Native-born Day Labourers in Tshwane, South Africa

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ABSTRACT

It has been widely documented that unauthorized immigrants experience adverse economic incorporation in destination countries, particularly in the global North. Faced with restricted employment opportunities, many are drawn into informalizing segments of the labour market where earnings are low and unstable. Much less is known about how immigrant workers fare in the informal economy of cities of the South. Using surveys conducted in 2004, 2007 and 2015, we examine the economic outcomes of immigrant and native-born workers who participate in the day labour markets of Tshwane, South Africa. In 2004 there were signs that foreign-born workers enjoyed modestly better outcomes than South Africa-born workers. In the latter periods, however, these advantages have disappeared and there are indications of a downward convergence of employment outcomes. The article concludes with a call for creating worker centres to regulate informal job markets for the benefit of workers, regardless of immigration status.

INTRODUCTION

The South African economy is characterized by high rates of unemployment, widespread underemployment, and deepening inequality (Beukes et al., 2016; Leibbrandt et al., 2012; Mlatsheni and Leibbrandt, 2015). With roots in structural changes within key economic sectors, such as agriculture and mining, along with the inadequate absorption of jobseekers by the services and manufacturing sectors (Di Paola and Pons-Vignon, 2013), weaknesses in South Africa's labour markets have catalysed a large-scale rural-to-urban migration among unemployed South Africans (Posel and Marx, 2013). These internal migrants have relocated in large numbers to Cape Town, Johannesburg, Tshwane (formerly known as Pretoria), and other cities where employment prospects are presumed to be plentiful. However, these cities are also burdened by high unemployment rates, and population growth in South Africa's major urban centres has greatly outpaced job growth, worsening the unemployment problem. Encountering few avenues for stable work, many internal migrants have turned to informal employment, including day labour – casualized jobs loosely connected to the formal sector through unsecured, daily agreements with employers. There they compete with the long-time residents of urban areas as well as with the growing ranks of foreign-born migrants who, like the internal migrants, have been drawn to South African cities by the promise of economic opportunity (Adepoju, 2004; Charman and Petersen, 2015).

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It is generally assumed that unauthorized immigrants fare far worse than do native-born workers with regard to access to gainful employment and other economic outcomes, in part because the former face unique disadvantages associated with their immigration status as well as possible discrimination by employers in the destination country. The adverse economic incorporation of unauthorized immigrants results in their concentration in low-wage industries where violations of labour standards are common and where pathways into employment in higher wage and more stable jobs are sharply circumscribed. In response to constrained opportunities in the mainstream economy, many unauthorized immigrants turn to informal employment, despite the hardships they may experience as a result of the low wages and job instability that characterize this segment of the economy. There is ample evidence from Europe and the United States to substantiate such claims (see Bernhardt et al., 2013; Doussard, 2013; Harrison and Lloyd, 2012; Theodore et al., 2006; Wills et al., 2010; Woolfson et al., 2014).

However, as Myroniuk and Vearey (2014) note, such patterns may not hold for all destination countries, particularly those of the global South. Patterns of economic incorporation that have been documented within various global-North contexts have generally been taken as universal statements about the relative disadvantages faced by foreign-born migrants in the local economies of destination countries. Such generalizations, however, might be more place- and sector-specific than initially thought. To explore this matter, this article examines the economic incorporation of workers in day labour markets in Tshwane, South Africa, comparing the employment outcomes of foreign-born (primarily unauthorized) migrants with those of workers born in South Africa. Through the lens of day labour, we take up Myroniuk and Vearey's question regarding the universality of the thesis that unauthorized immigrants face livelihood disadvantages when compared to native-born workers in destination countries, while also evaluating the socioeconomic characteristics and labour market outcomes of migrant workers participating in some of South Africa's informal hiring sites.

This article is organized as follows. The next section reviews the literature exploring connections between unauthorized immigration and economic informality. This is followed by a section describing the data and methods used in analysing the day labour market. We then present findings pertaining to employment, wages and earnings, and the ability of day labour markets to lift workers and their dependents out of poverty. We conclude with recommendations for policy and programmes.

UNAUTHORIZED IMMIGRATION AND ECONOMIC INFORMALITY

Socioeconomic analyses of informality suggest that less-skilled immigrants, and unauthorized immigrants in particular, often resort to employment in casualized segments of the economy where labour standards are routinely violated because avenues into the "mainstream" economy are closed (Doussard, 2013; Waldinger and Lichter, 2003). It is understood that national immigration regimes can exert a profound influence over the operation of local labour markets, often creating a chaotic set of risks and opportunities, as well as incentives and penalties, for both employers and workers (Anderson, 2010; Bauder, 2006; Clarke, 2016; Gomberg-Munoz and Nussbaum-Barberena, 2011; Pajnik, 2016; Rutherford, 2011; Schierup et al., 2014). Although distinctly at odds with policy objectives, unauthorized immigrants may become the "workers of choice" in highly price-competitive industries because they may be reluctant or unable to challenge labour-standards violations that boost company profits by driving down worker pay and conditions (Crush, 2011; Doussard, 2013; Theodore, 2007). These workers may tolerate substandard employment since it may be the primary option available to them. Although government enforcement of immigration laws may penalize employers who knowingly hire undocumented immigrants, both workers and employers have a stake in avoiding apprehension by immigration authorities because workers justifiably fear

deportation, and with it loss of access to family, social networks and livelihoods. As a result, informal employment and its workforces are often characterized as existing “in the shadows” of the mainstream economy, even in cases, such as day labour, where employment relations are quite open and visible.

Unauthorized immigrants are often drawn into informal employment because the barriers to entry are low or non-existent, in part because, for all intents and purposes, government enforcement of labour standards does not meaningfully extend into these employment arrangements. When enforcement efforts do target sites of informal employment, they typically do so through policing measures aimed at curtailing informal activities. For example, government authorities may periodically conduct sweeps of areas where street trading is common or they may arrest or otherwise harass day labourers who stand in public spaces, but these enforcement actions tend to be episodic – and counterproductive. Rather than eliminating informality – and with it some of the few sources of income generation for persistently underemployed workers, a highly suspect policy objective to be sure – such initiatives merely heighten the economic insecurity of these workers while also criminalizing their employment activities and leaving the root causes of the spread of these income-generation strategies entirely unchanged.

Once they become informally employed, day labourers work “off the books” for employers engaged in the mainstream economy. Like others in the informal economy, they typically are paid in cash, are subject to violations of labour standards, have little or no access to government employment security programmes, and endure systemic instability in their employment arrangements (Theodore et al., 2015; Pretorius and Blaauw, 2015). With low and uncertain earnings and few alternatives outside of waged-work, the reservation wages (the lowest wage level at which a jobseeker is prepared to accept employment) of day labourers tend to fall, driven down by the day-to-day realities of subsistence on the margins of the mainstream economy. When labour supplies swell (either because of downturns in the economy which displace workers from other segments of the economy or because immigration increases), reservation wages come under renewed pressure and may fall further. With no institutional supports to maintain wage standards, falling reservation wages among some jobseekers in the day labour market tend to depress wages for all, since employers have the option to select those who are prepared to work for less. Viewed as a largely substitutable labour supply by their employers, day labourers’ ability to individually raise wage rates is therefore highly constrained.

Although there appear to be commonalities in the contemporary patterns of socioeconomic incorporation of unauthorized immigrants across developed and developing economies, especially as they relate to the nature of employment opportunities available to undocumented workers, there also are important differences that impact the contexts of reception encountered by immigrants. Charman and Peterson (2015: 79) concisely summarize these as they pertain to South Africa:

Migration and the experience of transnationality in South Africa differs from the situation in the Global North where poor economic migrants find accommodation within cities as a result of the demand for low-skilled cheap labour in industries and the service sector. As a result, migrants tend to be spatially separated from the non-migrant working classes. . . . In the South African context, the scope for transnational spaces dominated by migrants is more constrained and therefore must be negotiated. Migrants and South Africans live in the same areas and compete in a labour market that is over-subscribed with low-skilled work seekers.

This direct competition for employment and livelihood opportunities between immigrants and the native born affects immigrants’ context of reception in at least two important ways. First, for immigrant day labourers who are active in South Africa’s informal hiring sites, the dynamics of these hiring sites determine the nature and adequacy of their incorporation into local labour markets. This in turn raises questions as to whether immigrants, and unauthorized immigrants in particular, face

discrimination or other unique hardships in day labour markets or whether there is something about the character of informal employment that mitigates these hardships. In other words, contrary to the findings of unauthorized-immigrant vulnerability found in much of the literature on the economic incorporation of undocumented immigrants, it is possible that when competing in the same labour market, in particular the under-regulated day labour market, few differences will be observed in the economic outcomes of immigrants and native-born workers. If the latter is the case, it may mean that jobseekers in South Africa's day labour markets, immigrants and non-migrants alike, face substantially similar employment prospects and may have similar economic outcomes from day labour work. Initiatives to improve the employment outcomes of all day labourers, irrespective of their nationality and immigration status, could therefore be designed.

Second, there is evidence that perceptions of direct competition between South African citizens and foreigners for jobs and housing may have been a catalyst of the periodic outbreaks of xenophobic violence that have occurred in South African cities (HSRC, 2008). Research by Crush and Ramachandran (2015) found heightened levels of xenophobia among self-employed South Africans working in the informal economy. This suggests that if South Africans who are informally employed perceive that foreigners are "stealing" their jobs or driving down wages, immigrants could face dramatically increased risks to their lives and livelihoods from these tensions and the outbreaks of collective violence they seem to have engendered.

METHODOLOGY

The analysis of labour market outcomes of foreign-born migrants in South Africa are drawn from three primary sources: (1) a pilot survey of day labourers in Tshwane in 2004 that was used to inform the design of a national survey, (2) the first-ever national survey of day labourers in South Africa that was completed in 2007-08, and (3) a follow-up survey in Tshwane that was completed in 2015. The national survey was administered across several phases, culminating in the first and only systematic, sampled survey of day labourers across South Africa. The 2015 Tshwane sample is part of a second round of surveying to examine changes in the dynamics of the day labour economy.

A pilot survey administered in Tshwane in 2004 represented an initial attempt to systematically collect data on the demographic and labour market characteristics of day labourers in South Africa. In addition to collecting data from the local labour market, this pilot tested a survey methodology and questionnaire. This set the stage for the countrywide survey project.

The national survey began with a scoping phase, and the information gathered during this phase was used to develop a procedure for estimating the number of day labourers in South Africa. Over the course of 2005 and 2006, members of the research team travelled across the country to perform in-person counts of day labourers at informal hiring sites. It was estimated that there are 1,000 informal hiring sites across South Africa where at least 45,000 jobseekers stand along the roadside and at busy intersections looking for work as day labourers.

The next phase focused on the sampling procedures and the design of the survey instrument. The capitals of all provinces and the key population hubs of rural areas were sampled proportionally based on the number of day labourers present. Cluster sampling was used to ensure that the workforces in rural/urban areas and at small/large hiring sites were not over- or under-represented. A sample of between 5 and 10 per cent was targeted for the project.

The third phase involved training the fieldworkers and conducting the interviews. The fieldwork began in February 2007 and was completed in early 2008. The sample was then evaluated to ensure that the target regional proportions were achieved. In total, 3,830 questionnaires were analysed, representing approximately 9 per cent of the target population.

The follow-up survey in Tshwane followed similar procedures. The survey instrument was amended to include additional questions regarding labour market outcomes. In total, 242 day labourers in Tshwane were interviewed as part of the 2004 survey, 335 day labourers were interviewed in 2007, and 290 were interviewed in the 2015. These counts represent approximately 10 per cent of the workforce.

MIGRATION AND EMPLOYMENT IN TSHWANE'S INFORMAL ECONOMY

Economic Context of Reception

The City of Tshwane is South Africa's fifth largest metropolitan municipality. Located in Gauteng province, it is home to more than 2.92 million residents, an increase of 65 per cent since 1996 (Parliament of the Republic of South Africa, 2014). Seventy-two per cent of residents are of working age (15 to 64 years old), and the official unemployment rate in 2011 was 24.2 per cent, which although one of the lowest urban unemployment rates in South Africa, remains a high figure. The youth unemployment rate was 32.6 per cent. Despite high absolute levels of unemployment, however, urban areas in South Africa remain attractive sites for jobseekers from rural areas, where the unemployment rate is approximately 38 per cent (Ebrahim et al., 2015). Poverty levels in Tshwane are also high, with an official poverty rate of 27.9 per cent (Parliament of the Republic of South Africa, 2014: 9). Much of the poverty population is concentrated in economically disadvantaged areas, including the numerous informal settlements in the region. More than 104,000 households reside in an informal dwelling, a figure that has been on the rise, in large part, according to the municipality, because of increased migration to the city as jobseekers arrive to look for work (City of Tshwane, 2013).

South Africa's informal economy is small in comparison to that of many other African economies, though there are signs that it is growing (ILO, 2013), as is its day labour market, which appears to closely track increases in the national unemployment rate (Theodore et al., 2015). With essentially no direct governmental aid for the unemployed (Ebrahim et al., 2015), out-of-work jobseekers must rely on family members for support, means-tested social assistance (such as the Child Support Grant and the Older Person's Grant), as well as whatever employment they can secure in the informal economy. However, the low wages and chronic employment instability associated with informal employment mean that participants within South Africa's day labour markets typically subsist on earnings that are near or below the poverty level and as a result face considerable hardship (Blaauw et al., 2006). These conditions might account, at least in part, for the low levels of remittances sent abroad by many immigrant workers in South Africa (Makina, 2012).

There is evidence that foreign-born migrants and refugees are increasingly being drawn into the informal economies of South African cities. For example, Crush et al. (2013) estimate that 20 per cent of Zimbabwean immigrants in Cape Town and Johannesburg were involved in the informal economy, while Tawodzera et al.'s (2015) survey of entrepreneurs in Cape Town's informal economy found business owners from 20 countries. Less well documented has been the economic incorporation of immigrants involved in day labour markets, a topic to which we now turn.

Immigrant Day Labours in Tshwane

Over the period 2004, 2007 and 2015, the composition of Tshwane day labour markets experienced significant demographic shifts as foreign-born workers came to represent an increasing share of the labour force. In 2004, foreign-born workers comprised just 12 per cent of day labourers in Tshwane, with Zimbabweans accounting for 7 per cent of the workforce (Blaauw et al., 2006). By 2007, however, the national profile of the workforce had been transformed to a majority foreign-

born population. In 2007, fully 63 per cent of day labourers were foreign born while in 2015 this figure was 56 per cent. In both periods, Zimbabwe continued to supply the largest number of foreign nationals to Tshwane's day labour markets, with Zimbabweans representing 33 per cent of all jobseekers in 2007 and 50 per cent in 2015.

Of the foreign-born day labourers in 2007, 54 per cent emigrated from Zimbabwe, 35 per cent from Mozambique, 9 per cent from Lesotho, 1 per cent from Namibia, and less than 1 per cent from Swaziland. In 2015 the vast majority of foreign-born workers were from Zimbabwe (89%), 6 per cent were born in Lesotho, 4 per cent were born in Malawi, and 1 per cent was born in Mozambique.

Foreign-born day labourers in South Africa are overwhelmingly working without authorization. In the 2007 survey, in order to ascertain the immigration status of foreign-born day labourers, interviewers asked workers to show them whatever documentation they had that could be used to determine their status in South Africa. Seventy-two per cent of foreign-born day labourers acknowledged that they were in the country without immigration authorization, though just 11 per cent could produce a visitor's passport or visa.

Among the South African workers, only 3 per cent were born in Gauteng province. The remainder were internal migrants to Gauteng, principally from three economically disadvantaged provinces: Mpumalanga (40%), Limpopo (35%), and North West (16%). By 2015, a larger share (15%) was originally from Gauteng, while 85 per cent were internal migrants, again principally from the Mpumalanga (43%), Limpopo (19%), and North West (9%) provinces.

Table 1 provides additional demographic information pertaining to the gender, age, and education of the day labourers. In 2015 foreign-born women comprised 13 per cent of day labourers while South African-born women accounted for just 3 per cent of the workforce. The average age of both South African and foreign-born day labourers was higher in 2015 than in 2004 while the average level of schooling remained essentially the same. Three types of work dominated the employment of South African and foreign-born day labourers alike. Construction work, gardening and painting are the activities day labourers are most often hired to perform (Table 2).

Wages and Earnings

In the 2015 survey, day labourers were asked a series of questions to assess their employment experiences in the previous workweek. For each day, workers were asked whether they searched for work,

TABLE 1

DEMOGRAPHIC CHARACTERISTICS OF SOUTH AFRICAN AND FOREIGN-BORN DAY LABOURERS, 2004 AND 2015

	South African		Foreign-born	
	2004	2015	2004	2015
Gender: Male	100%	97%	100%	87%
Female		3%		13%
Age: Average	32	37	26	29
Education:				
Average grade passed	9	10	10	10
No schooling	6%	3%	0%	1%
Some primary schooling:	11%	9%	8%	4%
Completed primary schooling	5%	7%	0%	11%
Some secondary schooling	62%	55%	73%	42%
Completed secondary schooling	14%	23%	19%	38%
Post-school qualification	2%	2%	0%	4%

TABLE 2
 TYPES OF WORK PERFORMED BY SOUTH AFRICAN AND FOREIGN-BORN DAY LABOURERS
 DURING THE MONTH BEFORE THE INTERVIEW, 2015

Types of work	South African	Foreign-born
Construction	27.1%	27.3%
Gardening	23.1%	25.6%
Painting	17.3%	17.6%
Tiling	10.2%	1.0%
Domestic work	0.7%	13.2%
Other	21.6%	15.3%

and if so whether they secured a job, what type of job they secured, and the hours and total pay for that job. This information was used to compute wage levels and unemployment rates. Overall, results present a mixed picture of employment outcomes, with foreign-born day labourers slightly outperforming South Africa-born workers on a number of key measures. On the whole, however, regardless of small observed differences, wages and earnings for both groups are exceedingly low.

In 2015, day labourers in Tshwane reported that when they were able to secure employment, daily earnings typically were between ZAR 120 and ZAR 150 (or between USD 8.48 and USD 10.62).¹ Average hourly wages for all day labourers are low, with minor variations between foreign-born and South Africa-born workers. The average hourly wage for foreign-born workers who managed to secure employment was ZAR 22.58 (USD 1.60), while for South Africans it was ZAR 24.29 (USD 1.72). The standard deviations applicable to the calculated hourly wage are ZAR 19.17 (USD 1.36) and ZAR 24.18 (USD 1.71) for foreign-born workers and South Africans, respectively – a further indication of the variability of their incomes.

To put the daily earnings of day labourers in Tshwane into context, we compare them to other informal employment activities in the same region. Informal waste recyclers, for example, display levels of schooling and previous work experience similar to those of day labourers. Viljoen et al. (2016) investigated the income earned by recyclers who sold the recyclable materials they collected on a daily basis in the Tshwane area in 2012. Their average daily income was ZAR 68.40 (USD 8.06) and their median income was ZAR 50 (USD 5.90).

Comparisons with the government's employment programs are also considered. For participants in the Expanded Public Works Programme (EPWP), the prescribed minimum wage in 2015 was ZAR 75.10 (USD 5.32) per day or per task performed (Department of Public Works, 2015). Assuming a workday of eight hours, this figure equates to a minimum hourly wage of ZAR 9.39 (USD 0.67). On face value, then, it appears that the incomes earned by day labourers exceed those of informal recyclers and EPWP participants. Such a conclusion, however, is premature, since it does not account for the hiring patterns associated with day labour.

One of the most serious problems day labourers face is the irregularity of the work. The series of employment questions in the survey reveals that, on average, day labourers were hired just 1.2 times per week. Unemployment rates in Tshwane day labour markets are therefore extraordinarily high, and in 2015 the daily unemployment rate was 79.5 per cent. The unemployment rate for foreign-born day labourers was slightly lower than that for South Africa-born workers, 78.3 per cent compared to 80.9 per cent.

High unemployment rates contribute to downward pressures on the reservation wages of day labourers as intermittent employment and lengthy spells of unemployment result in immediate economic hardships for day labourers and their dependents. In an effort to make themselves more attractive to employers, jobseekers may accept employment paying exceedingly low daily wages. This in turn can impact the pay levels across the day labour market as a whole, undermining

workers' ability to bargain wages up and possibly depressing overall pay and earnings across this labour market over extended periods of time. In 2007 day labourers' inflation-adjusted median reservation wage (in 2015 ZAR) was ZAR 157.38 (USD 11.14) compared to ZAR 150.00 (USD 10.62) in 2015.² This decline in the reservation wage rate is probably a reflection of (a) the sustained competition that exists on the supply side of this job market, (b) the overall weakness in the Tshwane labour market despite economic indicators that show the relative strength of the local economy, and (c) how difficult it is for day labourers to increase – or even maintain – wage rates in the absence of institutional supports that regulate contingent labour markets.

Poverty among Day Labourers in Tshwane

With low employment rates, reservation wages, and daily wages earned, it is hardly surprising that the typical monthly earnings of day labourers are low. Using weekly earnings and employment probabilities, we estimate the average monthly earnings of day labourers in Tshwane to be ZAR 787.92 (USD 55.76). The average monthly earnings of South Africa-born workers were slightly above that of foreign-born workers, totalling 790.64 (USD 55.96) and 785.76 (USD 55.60), respectively, with standard deviations of ZAR 1234.04 (USD 87.40) and ZAR 1104.84 (USD 87.25).

Because in South Africa there is no official poverty line, the adequacy of day labourer earnings was assessed using two widely used poverty measures: Statistics South Africa's (StatsSA, 2015a) lower- and upper-bound poverty lines, and the South African Labour and Development Research Unit's (Budlender et al., 2015) lower- and upper-bound poverty lines (Table 3). For ease of presentation, only the StatsSA figures will be described, though regardless of the measure used, the poverty rate of day labourers is extraordinarily high. To calculate the poverty rate among the day

TABLE 3

POVERTY RATES AND ESTIMATED AMOUNTS NEEDED TO LIFT TSHWANE DAY LABOURERS AND THEIR DEPENDENTS ABOVE THE POVERTY THRESHOLD, 2015 AND 2004

	Poverty threshold			
	Lower bound StatsSA	Lower bound SALDRU	Upper bound StatsSA	Upper bound SALDRU
Per cent below poverty 2015				
South African	89%	89%	94%	96%
Foreign-born	93%	93%	97%	98%
All	91%	91%	95%	97%
Additional monthly income needed to escape poverty, 2015 (measured in 2015 ZAR)				
South African	1,948	2,128	3,466	4,901
Foreign-born	2,387	2,595	4,146	5,809
All	2,192	2,387	3,844	5,405
Per cent below poverty 2004				
South African	82%	84%	93%	96%
Foreign-born	52%	57%	74%	100%
All	79%	81%	91%	96%
Additional monthly income needed to escape poverty, 2004 (adjusted to 2015 ZAR)				
South African	1,533	1,714	3,048	4,476
Foreign-born	760	900	1,937	3,046
All	1,450	1,627	2,929	4,323

labour workforce, we used survey responses to the question, “excluding yourself, how many dependents do you support with your income from day labour?” along with our estimate of workers’ monthly income from day labour based on reported weekly earnings.

We estimate that between 91 and 95 per cent of day labourers in Tshwane earn below the StatsSA poverty threshold, with a slightly higher proportion of foreign-born day labourers earning below-poverty wages (between 93% and 97% of the workforce). We then estimate the monthly shortfall for every day labourer given the wages earned and the number of dependents that must be supported. Given these parameters, we estimate that day labourers on average would need to earn an additional ZAR 2,192 (USD 155.02) to ZAR 3,844 (USD 271.85) per month to raise them and their dependents above the poverty line. Again, foreign-born day labourers face the greatest average shortfall, with earnings needing to increase by between ZAR 2,387 (USD 168.81) and ZAR 4,146 (USD 293.21) per month. But rather than these differences, the story here is the low earnings levels across the day labour market, regardless of nationality.

Contextualization of the poverty scenario requires that we take into account the living arrangements of workers. Proportionally more South Africa-born day labourers (51%) reside with their families than do foreign-born workers (28%). However, few day labourers report that others within their familial networks are employed. Just 7 per cent of South Africa-born day labourers indicated that others are assisting them in supporting dependents through wage labour, while just 8 per cent of the foreign-born workers in the sample reported the same. In addition, South African citizens may be eligible to receive one of several government grants designed to alleviate poverty. These grants would reduce the level of the monthly earnings shortfalls experienced by day labourers and their dependents. Approximately four in ten (42%) received the Child Support Grant, 10 per cent received the Older Persons Grant, and none received the Disability Grant. The monetary values of the government grants in question were ZAR 330 (USD 23.37) for the Child Support Grant and ZAR 1410 (USD 99.86) for the Older Persons Grant (Nene, 2015). Given the magnitude of the shortfalls it is highly unlikely that the additional income in the form grants would be able to change the poverty scenario portrayed in Table 3.³

It appears that the prevalence of poverty-level earnings is on the rise in the Tshwane day labour market. A similar analysis was conducted using the 2004 survey. At that time, between 79 and 91 per cent of day labourers in Tshwane earned incomes that placed them and their dependents below the poverty line. The inflation-adjusted monthly shortfall for day labourers at that time was between ZAR 1,450 (USD 102.55) and ZAR 2,929 (USD 207.14). Using a small subsample of 23 foreign-born day labourers in the 2004 survey, it appears that migrants fared considerably better than South Africa-born day labourers, with between 52 and 74 per cent of workers earning incomes that placed them and their dependents below the poverty line (these latter results should be viewed with caution, given the small number of foreign-born workers in the 2004 sample). This suggests, however, that whatever advantages foreign-born day labourers may have enjoyed in the earlier period have been eliminated and nearly all day labourers and their dependents must now subsist on below-poverty-level incomes. There are signs of a downward convergence of economic outcomes and a disappearance of the positive differentials once enjoyed by foreign-born workers.

RECOMMENDATIONS FOR POLICY AND PROGRAMMES

The growth of informal employment in South Africa is a symptom of an economy that has been unable to generate sufficient employment opportunities, particularly for less-skilled workers. With an official unemployment of 25.5 per cent and an estimated 8.9 per cent of the employable population having ceased an active job search because of their dismal employment prospects (StatsSA, 2015b), many jobseekers, both immigrants and the native-born, have turned to day labour as a

means of subsistence. Unfortunately, however, day labour markets are unable to provide adequate employment, either in terms of wage rates or work hours.

Contrary to what might be expected based on the literature on unauthorized immigration and employment, this article has found few meaningful differences in the economic outcomes of day labour between the largely undocumented, foreign-born workforce and native-born workers in South Africa. However, there is little cause for celebration because, regardless of nationality, all day labourers experience low wages, uncertain job prospects, and extraordinarily high rates of poverty for themselves and their dependents. Whereas foreign-born workers appear to have enjoyed better returns from day labour in 2004 than South Africa-born workers, by 2015 these differentials had disappeared through the downward convergence in earnings across the various subgroups within the day labour workforce. Cross-sectional analysis reveals that wage rates and earnings levels are stagnant or falling, regardless of nationality or immigration status. Under these conditions, immigrant workers are likely to face additional hardships. Unless they have dependents who are South African citizens they will be unable to benefit from the various means-tested social assistance programmes in South Africa. In addition, many, if not most, are hoping to send remittances abroad to cover living costs for their dependents; low earnings levels directly reduce the amount of income that can be remitted.

There is little that workers can do to alter these conditions through supply-side interventions, whether individually by attempting to raise reservation wages or increasing skills training, the latter proving ineffective because skills in this labour market niche are difficult to verify and make legible to prospective employers. For this reason, more highly skilled day labourers find it difficult to translate skills into higher wages (Theodore et al., 2015). As a result, demand-side measures that substantially reduce levels of unemployment will be necessary if there are to be sustained improvements in the wellbeing of day labourers and their dependents.

Adequately addressing the difficulties faced by day labourers and other underemployed workers across South Africa will require a redoubled governmental commitment to stimulating job growth. Structural unemployment at the levels witnessed across the country cannot be eliminated through supply-side initiatives alone, which in policy debates have centred on calls to improve workers' job readiness. Given the scale of the unemployment problem, strategies for improving skills training will be insufficient to improve the employment prospects of millions of unemployed workers. Nor is this a question of increasing the "flexibility" of South African labour markets. With low minimum wage rates and unemployment insurance that for all intents and purposes does not reach those at the bottom of local labour markets (Ebrahim et al., 2015), it is clear that worker-protection policies are not the cause of the persistent unemployment that befalls many jobseekers in South Africa. The inescapable conclusion is that millions of new jobs must be created.

As there is no national programme for stimulating job growth, localized job-creation schemes could prove effective in slowing the emigration of jobseekers from economically depressed rural areas in the Mpumalanga, Limpopo and Eastern Cape provinces to South African cities. Targeted job creation could ameliorate problems of concentrated unemployment in rural communities while also aligning demand-side interventions with a human-rights framework of the "right to stay home". Without question, though, whatever governmental initiatives may be implemented, generating large-scale job growth will be a long-term endeavour. Therefore, more immediate approaches to safeguarding day labourer livelihoods must be considered so that the high poverty rates facing these workers and their dependents can be alleviated. Lessons from the United States, where immigrant day labourers have created mechanisms for regulating the operation of informal hiring sites, could spur innovative responses in South Africa and other countries where informal employment is growing.

Creation of day labour worker centres

Competitive conditions in day labour markets render ineffective individualized attempts to increase wage rates and safeguard employment standards. If a given worker refuses employment

because the wages are too low or the job is unduly hazardous, employers have enormous leeway in replacing the worker, since the employment agreement is nonbinding and the supply of job-seekers is vast. In a market characterized by systemic labour supply-demand imbalances, combined with an absence of effective state enforcement of labour standards, collective strategies are necessary if the floor on wages and conditions is to be raised. Collective action, in turn, requires labour organizing, bolstered by a commitment among the workforce to regulate the labour market “from within”.

In the United States, immigrant day labourers have exhibited the ability to regulate the informal labour market from the bottom up by cultivating social solidarity that enables them to collectively set and maintain minimum-wage rates, deny exploitative employers their labour, and defend day labourer pick-up points when law-enforcement authorities attempt to criminalize activities at informal hiring sites (see www.ndlon.org to learn more about the National Day Labourer Organizing Network and worker-led strategies for improving conditions for immigrant day labourers). In their more developed and institutionalized form, these initiatives have led to the creation of worker centres, a set of labour market intermediaries situated at the heart of the informal economy. An increasing number of day labour worker centres, as well as other nongovernmental organizations, intervene in the informal economy by organizing workers and setting standards, while also aiding immigrants in managing the multifarious hardships associated with contingent work. Through worker-led governance, including a direct worker voice in wage setting, rule making, and rule enforcement, these autonomous labour organizations provide a needed countermeasure to the high levels of worker alienation that typically exist within informal job markets.

Most day labour worker centres have established hiring halls from which day-labour markets can be better regulated. As a direct intervention in informal labour markets, these worker centres establish minimum wage rates, develop job-allocation systems, assist day labourers in redressing wage theft, and provide workplace safety training (Theodore et al., 2009; Theodore, 2015). Evaluation research has found that these interventions are effective in raising wages and improving health and safety on the job (Meléndez et al., 2014, Meléndez et al., 2016; Visser, 2016). Worker centres can also support jobseekers by increasing employment opportunities through employer outreach. Many employers may prefer employing workers through nongovernmental organizations that regularize the hiring of temporary workers, particularly when they know that the employment arrangements are sanctioned and transparent.

In South Africa, Men on the Side of the Road (MSR) has been one example of such an intervention. The organization has functioned on six different levels: providing shelters for the homeless; assisting with human rights and other legal issues; offering a tool “library” where day labourers can access tools to enable them to do their jobs; providing skills training; creating media awareness of the difficulties facing day labourers; and assisting with the placement of workers in casual or permanent employment (Harrison et al., 2007).⁴

Initiatives that attempt to eliminate economic informality by banning and criminalizing the activities of day labourers, street traders, carpark watchers, and the like overlook the fundamental connections between these activities and the wider economy of which they are a part. Despite their de facto position of existing beyond the reach of government enforcement of labour standards, these casualized employment activities should not be regarded as an informal sector that is separate and distinct from the mainstream economy. Rather, they are dependent on the wider economy and they evolve in close conjunction with it (Castells and Portes, 1989; Roy, 2012; Simone, 2001). Worker centres represent an alternative approach to the criminalization or benign neglect of economic informality. With modest levels of governmental investment, along with the creativity and resourcefulness of day labourers and nongovernmental organizations, worker centres can provide needed regulatory mechanisms in segments of the economy where institutional protections are weak or non-existent, and therefore they can function as an emergent antipoverty strategy targeted at workers in the informal economy.

NOTES

1. The ZAR/USD rate used was the average for November 2015, obtained from the South African Reserve Bank (2016) *Selected Historical Rates* accessed at: <https://www.resbank.co.za/Research/Rates/Pages/SelectedHistoricalExchangeAndInterestRates.aspx>. The 2012 ZAR/USD exchange rate was used for the comparison with the informal recyclers' income.
2. The reservation wage reported here is not a reservation wage in the conventional sense of the concept, since we find evidence of workers accepting employment at levels below that of their stated wage floor. For this reason, this reservation wage should probably be regarded as the lower bound of workers' desired wage scale.
3. We did not probe the respondents on the additional wage income of other family members as the respondent may not have the permission of the family member to supply the information or they may not be aware of the exact values in question. Furthermore, not all of the day labourers with dependents under age 18 indicated that they receive child grants. Reasons for not receiving the grants include a lack of identity documents and birth certificates necessary to access the grant.
4. The current position and activities of MSR in Cape Town are unclear. The original website does not exist anymore and several attempts by the authors to reach MSR telephonically were unsuccessful.

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