



Southern Africa Labour and Development Research Unit



Assimilation of Immigrants to the Cape Town Labour Market

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WORKING PAPER SERIES
Number 06/03

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Acknowledgements

The author would like to thank her supervisor, Murray Leibbrandt for helpful comments and discussion as well as the Andrew Mellon Foundation for the financial support.

Recommended citation

Jakoet, J. (2006) Assimilation of Immigrants to the Cape Town Labour Market. Southern Africa Labour and Development Research Unit Working Paper Number 06/03. Cape Town: SALDRU, University of Cape Town

ISBN: 1-77011-113-1

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SALDRU Working Paper Number 06/03
University of Cape Town
September 2006

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Abstract

Influx controls of the apartheid regime have had lasting consequences for South African residential and migration patterns. This is particularly the case for the Western Cape that receives about 48000 immigrants a year, with the notable streams of immigrants emanating from the Northern and Eastern Cape, two of the poorest provinces of South Africa. This study concentrates on Mitchell's Plain, an area in the Western Cape that contains a black township (Khayelitsha) and a large proportion of the coloured population of Cape Town. It is, in essence, an analysis of the urban poor. Using the Khayelitsha/Mitchell's Plain Survey (KMPS) 2000 data, an introductory assimilation analysis is conducted to gauge whether an assimilation effect exists amongst those that have entered the Cape Town labour market. Migrant status is found to influence current labour force status negatively. Descriptive statistics show evidence of pre-labour market disadvantage in terms of years of schooling and poor schooling quality for migrants. An occupational analysis probes assimilation effects in terms of occupational mobility. It finds that low mobility for both migrants and the local-born exists, which could hamper the ability of migrants to overcome any initial disadvantages experienced. An earnings function is assembled with a focus on the years since entry to the labour market to confirm that a longer time spent in Cape Town positively affects the current wage received for the sample in general.

1. Introduction

Apartheid has impinged upon many aspects of life for South Africans. Entrenched poverty and migration patterns are largely the result of apartheid legislation. Regulated labour denied access to education and urban residence and left little choice of employment. The legacy of apartheid policies has had lasting effects on the structure of South African cities, Cape Town in particular, making inequality a core feature of the city. A large number of previously disadvantaged residents still live in poverty-stricken settlements on the outskirts of the city, a feature reminiscent of the days of influx controls. More disturbing is the fact that the city is



growing at a large and steady rate. Immigrants from the poor neighbouring provinces typically arrive with the hope of finding better job opportunities, infrastructure and quality of life (Bekker, 2002: 3); only to be confronted with over-crowded shack settlements. Increased demand for housing infrastructure, basic services and access to employment followed the rapid settlement that occurred after the abolition of influx controls in 1986 and continues to put pressure on the provincial government.

This study addresses the progress of predominantly black immigrants versus the mostly local-born coloured population in Cape Town's labour market, using the 2000 Khayelitsha/Mitchell's Plain (KMP) Survey (SALDRU, University of Cape Town). The survey targeted the magisterial district of Mitchell's Plain that contains almost 30% of the population in the Cape Metropolitan Council area and houses 74% of the black population and over 20% of the coloured population (KMP Survey Report, 2003: 1). The KMP Survey is a sample of the working class in Cape Town and is not a representative sample of the Cape Town metropolitan area (Nattrass, 2002: 1) making it ideally suited to a study of this nature. It contains information about the employment characteristics of respondents that are useful for a comparison of immigrants and the local-born. A faster economic assimilation process would ultimately translate into less cost (in terms of pressure on resources) for the receiving area in Cape Town.

Earnings assimilation implies that immigrants who arrived recently are less likely to have knowledge about the job market or firm-specific training and so experience an initial disadvantage with respect to their wage that diminishes with time spent in the receiving area. The concept of labour market assimilation is mostly applied to international migration for OECD countries and rural to urban migration in developing countries. (Lucas, 2003: 1). In this paper the analysis will be taken in a rural-urban context because Cape Town's largest in-migration stream originates from the poor, largely rural neighbouring province of the Eastern Cape (Bekker, 2002: 2). The earnings assimilation of immigrants to the Cape Town Metropolitan area is estimated by using a standard wage equation that includes a variable indicating the number of years of residence (YSE, or years since entry) of an immigrant worker in Cape Town. If a positive coefficient is attached to the variable, it indicates an assimilation or "catch-up" effect for immigrants, since an additional year in Cape Town would be associated with an increase in the wage (relative to the local-born respondent that spends an additional year in the labour market). Each cohort of immigrants is therefore compared to an analogous result for the locally born, where the YSE variable for the local-born is the number of years since they left school or entered into the labour market.

Employment assimilation is an important dimension that is analysed by tabulating different aspects of the labour market status of immigrants and the local-born. Following this, is a brief analysis of occupational mobility as it lends itself to the assimilation theory. Low mobility with respect to occupation implies that wage progress would be hampered.

Assimilation effects take on a particularly interesting meaning for workers living in KMP since most of the locally born respondents are coloured (68%) and nearly all of the immigrants are black (92%). Both racial groups have been discriminated against under the apartheid regime but the Cape Province of that time enforced a Coloured Labour Preference Policy that left coloureds relatively better off economically. It is therefore important to determine whether assimilation effects exist in order to observe whether black immigrants are catching up with



the locally born coloured group economically. A relatively weak assimilation effect for black immigrants will undermine long run goals of equality in the province.

The aim of the paper is to contribute to the understanding of the workings of the Cape Town labour market. The implications for policy are specific to Cape Town but some aspects may be relevant to other areas in South Africa. Future analysis could make use of the next wave of data for the KMP Survey to make the results more credible by examining the progress of later cohorts of entrants to the labour market. The analysis highlights Cape Town's ability to integrate immigrants into the labour market and may inspire policy plans for labour market institutions to support immigrants for greater incorporation and acceptance that is required for nation-building.

The paper is organised as follows: the following section gives a brief history of forced removal, section 3 is a literature review of assimilation theory and South African migration patterns, section 4 contains descriptive statistics, section 5 explores the labour force categories of arrival cohorts, section 6 provides general patterns of occupational mobility, section 7 explains the relative success of migrants in the paid workforce, section 8 gives an analysis of regression for wage assimilation and section 9 concludes the discussion.

2. A Brief History of Forced Removal

South Africa's strategy for urbanisation and segregation was influx control. Giliomee & Schlemmer's 1985 contribution to the subject of influx control summarises the evidence that regulated the lives of black people at the time and that has had serious ramifications for the shape of South African cities today (Giliomee & Schlemmer, 1985: 1-3). Ndegwa, Horner & Esau (2004: 12) emphasise the stringent use of influx control in the Cape Peninsula through the Coloured Labour Preference Policy.

The migrant labour system originated because the apartheid government forced black people, who were not born in the cities or were not already resident in the cities, to take residence in Bantustans (homelands) which served as labour reserves (Giliomee & Schlemmer, 1985: 3). The need for cheap black labour created the "pass" system, whereby black migrants either carried passes to their places of work or to search for work in the cities. Time spent in restricted areas was limited and was done independently of families. Black settlements such as Nyanga were created as an attempt to create a local "Bantustan" for the Western Cape. These laws were abolished in 1986 after which the main cities experienced large and steady increases in migration from the rural areas (Bantustans).

In 1955 the Coloured Labour Preference Policy was introduced and by the middle of the twentieth century it was firmly in place (Goldin, 1987: 2). This policy intended the western part of the Cape Province to be an area that would give preferential treatment to coloured labour over black labour. (This law was meant to further distinguish the coloured identity and was retracted in 1984). Black residents of Cape Town were allowed to stay in designated townships. Those who were not born in Cape Town but worked in Cape Town had temporary residence in single sex hostels. Black African women were especially hard hit, as opportunities for contract work were scarce. Van der Berg *et al* (2002) note that women are



not close to the front of the job queue. When influx control laws were repealed, both male and female black immigrants rushed into the Cape Metropolitan area.

The following table distinguishes between the numbers of black and coloured immigrants that arrived during specified periods and those that were born in Cape Town.

Table 1: Year of Arrival in Cape Town

	Black		Coloured	
	No.	%	No.	%
Arrived after 2000	99	5.6%	1	0.1%
Arrived 95-99	375	21.4%	6	0.9%
Arrived 90-94	337	19.2%	5	0.7%
Arrived 85-89	287	16.4%	8	1.2%
Arrived 80-84	160	9.1%	22	3.2%
Arrived 70-79	149	8.5%	40	5.8%
Arrived 1900-1969	79	4.5%	50	7.2%
Born in CT	268	15.3%	562	81.0%
Total	1,754	100%	694	100%

Source: Own calculations using KMP 2000 data.

The table shows that the number of local-born respondents are predominantly coloured and those that migrated comprise mostly of black respondents. Amongst coloured immigrants, most have arrived before 1985. The case is reversed for black immigrants for obvious historical reasons. These large waves of black immigrants allow for a credible assimilation analysis.

The coloured population did not go unscarred in terms of forced removals. The notorious Group Areas Act was implemented vigorously from 1966 and uprooted coloured communities from certain designated areas around Cape Town, moving the majority of them to the desolate Cape Flats. The relationship between coloureds and whites became more detached through laws such as the Mixed Marriages Act, the Group Areas Act and the Population Registration Act. This legislation constrained coloured upward mobility.

The purpose of these policies was to create a greater division between the races and to enrich the white minority (Giliomee & Schlemmer, 1985: 1). The rationale for an assimilation analysis in this context is justified as it brings greater awareness of the effects of the distinct discrimination for the two previously disadvantaged groups. Coloureds were relatively better off than blacks but their position compared to whites was much worse. Black respondents undoubtedly experience greater racial discrimination and language barriers in comparison to coloured respondents. Black immigrants are more likely to have less social capital in the search for employment and, in this sense; coloured respondents should be well-assimilated in comparison to black immigrants.

At the onset of democracy in 1994 segregation was obvious, the affluent areas in the suburbs were left in the hands of the white minority; a large proportion of coloureds resided on the Cape Flats and a large proportion of the black population lived in settlements such as Khayelitsha. Informal housing settlements have had serious ramifications on the health



outcomes of people living in these communities, with infectious diseases such as Tuberculosis and HIV/AIDS having a strong prevalence (Ndegwa, Horner & Esau 2004: 31). The Cape Flats has been ravaged by social destruction in terms of gang violence and crime.

3. An Overview of Assimilation Theory and the Application to South Africa

a) The Origins of Assimilation Analysis

The seminal work on earnings assimilation of immigrants is that of Chiswick (1978). He estimated that newly-arrived foreigners to the United States had an initial earnings disadvantage of 17% compared to that of natives. Human capital theory supported his claim that newly-arriving foreigners lacked specific skills endogenous to the area. As time passes, immigrants are expected to accumulate the human capital specific to the area and undergo faster wage progress than natives. Chiswick suggested the existence of a crossover level of earnings, whereby migrants who have been in the receiving area for a long time actually earn more than the native-born. This occurs because migrants have a steeper earnings profile, supportive of the self-selection process. That is, people who migrate are generally more motivated or possess traits that advance promotion in employment. Chiswick recognised that the crossover might not occur if there is no real self-selection process. This would typically be the case in places where there is political pressure in the sending region. In the analysis of this work, we would expect no crossover effect as influx controls of the past have shaped residential patterns in South Africa. The main sending areas are predominantly rural and the deteriorating conditions in these areas serve as push factors, leaving little choice for those taking the decision to migrate to the Western Cape, where the perception of greater employment opportunities and a better standard of living exists. Consequently, if any self-selection process exists it is likely to be weak.

A basic version of Chiswick's method of ascertaining earnings assimilation will be applied in this paper; leaving the improved assimilation analysis for future work should sufficient cross-sections of data exist for South Africa. The data requirements for a study of assimilation are demanding but the KMP dataset provides the basic information. The survey asks a crucial question for this type of analysis: "In what year did you arrive in Cape Town?". Unfortunately, the actual initial earnings disadvantage cannot be explored as there would be too few estimates for an accurate calculation. Borjas (1984) argues that Chiswick's method of attaining assimilation effects is spurious because of cohort effects. One cross-section of data invalidates the analysis because the quality of immigrants changes over time, which means that the differences in wages could be due to characteristics that pertain to a certain cohort and not to assimilation effects. Borjas (1984) calculated earnings growth of particular immigrant cohorts by using the 1970 and 1980 US cross-sections of data.

Borjas (1984) showed that the positive correlation found between the years since arrival of the immigrant and earnings was due to a decrease in the quality of immigrants to the US over the period. A relatively smaller within-cohort earnings growth resulted, compared to the larger growth predicted by cross-section regressions (*ibid*). Borjas' contribution sparked great interest in the determination of earnings assimilation. Along with the existence of cohort



effects, period effects also bias the results. This means that earnings of a particular cohort could be due to events of a specific time in history. Most studies assume that period effects have the same impact on immigrants and the local-born. This assumption might not hold in South Africa because the abolition of the “pass laws” in 1986 or the commencement of democracy in 1994 could have affected the earnings of coloured and black respondents differently.

b) Methodology

In practically all of the analyses produced in this paper, the emphasis is on migrant and local-born comparisons. Migrants are categorised by the period of arrival to Cape Town. The existence of cohort effects implies that particular groups of people that entered the labour market (in the same period) could be different to any other group that could have entered in that period. A possible cause for concern is that the size of each cohort analysed is different. However, most of the immigrant cohorts do in fact have a large number of respondents. Period effects also have an impact, especially if statutory laws or policies changed, as was the case in South Africa in 1986 and 1994. These effects may bias the results but are taken into account by the introduction of two dummy variables for entrants who arrived in the periods following these crucial years.

The theory of assimilation states that as time spent in the receiving area increases, the mean wages of immigrants should increase to bridge the gap between wages of the local-born with similar characteristics and the wages on entering the labour market. Migrants become more marketable to the new labour market that they face as time spent in the market increases, either by extending their information about job opportunities and prerequisites, improving their language proficiency, or upgrading their training or education so that it may be acknowledged by urban employers. In this paper, the years since respondents entered the labour market are calculated for both migrants and locals. The years since locals entered the labour market are calculated as the years since they left school, or for those that never attended school it is the years that have passed since they were first employed. For locals that have never been to school and have never been employed, it is the number of years since their sixteenth birthday. Locals in this sample are predominantly coloured and have experienced labour market discrimination with respect to whites but were advantaged compared to black workers. The assimilation of migrants is benchmarked with local-born assimilation effects in order to disentangle migrants’ advantages or disadvantages relative to the local-born.

c) Literature on Migration Patterns in South Africa and in Theory

The work-horse of rural-urban migration theory is the Harris-Todaro model. Rural migrants make the decision to migrate based on the wage they should fetch in the urban area and the probability of finding a job. Since there is a limited supply of jobs in the urban sector, unemployment is intensified. The informal safety net is assumed to capture these unemployed migrants in the transition to finding formal work. Where the prospect of employment is bleak and high levels of migration exist, as in the Western Cape, the Harris-Todaro model would expect a large and developed informal sector. In the spirit of



assimilation theory it could be that the incidence of recent migrants involved in self-employment activities is higher than for the migrants that have been residents for longer and for the local-born. The importance of the transition from unemployment to informal employment and wage employment is important. How fast this transition occurs is indicative of the speed of the assimilation process because it represents upward mobility where residents prefer wage employment.

Despite a history of oscillating, male-dominated labour migration due to the migrant labour system of the apartheid regime, this paper focuses on permanent labour migration as Bekker's (1999) study of circulatory migration linking Cape Town to the Eastern Cape notes the incidence of more permanent rural-urban migration to Cape Town. However, temporary labour migration still persists as part of South African migration patterns (Posel, 2004). Van der Berg *et al* (2002) have used census data to establish that black migrants 'seem to settle in urban areas' but acknowledge that these migrants convey their wishes to return. Lucas (2003) introduces a fundamental theme that has relevance for this paper. He suggests that problems may arise when making inferences about the observed earnings of migrants as less successful migrants may return to their places of origin, increasing the self-selection effect in the local labour market, whereby migrants on the whole are more motivated. This would strengthen the assimilation effect. He adds that this effect may add bias in the opposite direction, where successful migrants tend to return to their places of origin.

Generally, a person that possesses characteristics such as a rural origin, being part of a disadvantaged race and young (and therefore inexperienced) implies that they would receive a lower wage. The dominance of migration by males is most likely due to the legislation of the apartheid government that prohibited females from migrating along with their spouses to places of employment. With increases in female labour migration since the demise of apartheid (Posel, 2004), this could also have the effect of lowering the mean wages of immigrants. It can therefore be argued that the "quality" of immigrants may not have changed even though the composition might have and we expect recent immigrants to earn a lower wage.

4. Descriptive Statistics

Although the KMP dataset contains 2644 people, the sample size for regression purposes is significantly reduced by missing data and is limited to respondents earning a wage. Table A in the Appendix contains the preliminary descriptive statistics of selected variables for each entry cohort to gain a broad impression of the sample to be analysed. Each entry cohort aggregates the respondents falling into the time period but still distinguishes between the local-born and immigrants. Classification into a time period differs for immigrants and the local-born as previously explained in the methodology. The motive underlying this specification is the ease of comparability between the entry cohorts.

A critical feature leading the analysis in this paper is the average wage that respondents currently earn for each entry cohort. The local-born have the highest current monthly wages on average across every entry cohort. Table A concurs broadly with the basic idea of the theory of assimilation: amongst immigrants, those that arrived long ago received the highest current wage, with the mean wage decreasing to its lowest level for those that arrived most



recently. Regression analysis will reveal whether these effects can be explained by other factors usually used to predict wages and whether an assimilation effect remains after other factors are taken into account. The standard deviations for the mean wage are very large for both immigrants and the local-born which may be expected as the analysis covers all occupations.

The local-born have completed more years of education than immigrants. The most noticeable differences between migrants and locals in education attained are for cohorts 1985-1989 and 1990-1994. The years of education attained are therefore included in the regression to control for this difference. The standard deviation of this statistic fluctuates at just over 3 years for each entry cohort for migrants but is less for the local-born. Recent cohorts of immigrants have generally completed progressively more years of education on average as can be seen in Table A. Using one cross-section of data as Chiswick (1978) did in his original study is not problematic for the reason that strong assimilation effects will not falsely appear as a result of a decrease in the educational quality of these more recent cohorts.

Immigrants are older than the local-born for all entry cohorts but the standard deviation is much larger for migrants (it is close to 10 years) as is to be expected due to the way that "entry" is defined. All the local-born have entered the labour market at age 16 (the age at which they left school). The average age of immigrants upon arrival in Cape Town seems to be increasing over time. This also serves to moderate the assimilation effect as recent immigrants (that are older) are generally expected to achieve a higher wage. Migration is generally a youth phenomenon as youth are usually more mobile but what we observe in this case could be due to a desire to complete more education before coming to the Cape Town labour market to increase marketability and the probability of finding work.

There are fewer males in the sample than females across all cohorts. However, a decline in the proportion of male immigrants from the 1980's to the 1990's shows that the proportion of female immigrants has in fact increased, in accordance with Posel (2004). Black females were largely excluded from temporary employment in Cape Town under the influx controls due to the nature of work and the Coloured Labour Preference Policy. Almost all migrants are classified as black but the proportion of local-born black respondents increases considerably for the 1990s, which is to be expected given the unique history of the area. This could add an interesting inter-class tension between the local versus migrant black populations that may present itself in the regression analysis.

Negligible proportions of locals were born in a rural area compared to about 80% of the more recent cohorts of migrants, which had a great influence on the education received by many migrants that were thus educated in rural areas. A rural education may be perceived by employers as inferior to an urban education and could affect the probability of finding wage employment. Around 23% of migrants across all cohorts speak English well compared to the local-born where 46% speak English well. This variable is therefore included in the regression analysis to control for the disadvantage and to draw out a purer assimilation effect.

Many more migrants are involved in low-skill occupations than the local-born across all cohorts.



Table 2 below shows the sample size divided into 15 areas according to the place of birth and racial classification of respondents.

Table 2: Birthplace by Race

<i>CT - Cape Town</i>	Black	Coloured
Cape Town suburbs (for African respondents)	88	0
Cape Town old designated African townships	121	1
Cape Town informal settlements (including Khayelitsha)	55	8
Other areas in Western Cape	20	108
Ciskei	218	0
Transkei	1,011	2
Other areas in Eastern Cape	189	22
Other areas in South Africa	76	37
Areas outside South Africa	4	2
C.T: Designated Cape Flats suburbs (Klipfontein area)	1	109
C.T: Designated Cape Flats suburbs (Modderdam area)	0	43
C.T: CBD to Southern suburbs designated White	0	196
C.T: CBD to Southern suburbs designated Coloured	0	79
C.T: Northern suburbs	0	79
C.T: Mitchell's Plain	0	42
Total	1,783	728

Source: Own calculations using KMP 2000 data.

The sample appears to be consistent with the literature by Van der Berg *et al* (2002) as most black immigrants (57% according to Table 2) were born in the Transkei, followed by 12% that were born in Ciskei (the old homelands). 10.6% were born in other areas of the Eastern Cape. 15% of the black sample was born in the Cape Town region that includes the African suburbs, African Townships, informal settlements and the Cape Flats.

The sample sizes for the place of birth for the coloured population is in agreement with the history of Cape Town as 77% were born in Cape Town and 15% were born in other areas in the Western Cape. 63% of all coloured migrants were born in other areas of the Western Cape.

Table 1 (Year of Arrival in Cape Town) records the size of migration streams over the years for black and coloured immigrants respectively. 60.51% of black immigrants arrived after 1985 or after the abolition of influx controls in 1986. Horner *et al* (2004) highlights the effect of the retraction of the Coloured Labour Preference Policy in 1984 and the abolition of "pass laws" in 1986 on the rate at which black migrants began to enter the Cape Town Metropolitan area and the consequent birth of informal settlements in areas that were previously prohibited. 83% of the coloured population was born in Cape Town but forced removals shifted coloureds out of certain areas designated for whites.



5. History and its Bearing on Labour Force Categories

The KMP Survey was designed to tease out various employment activities and to determine whether respondents are involved in more than one income-earning activity; whether it be more than one wage job, or additional self-employment. Natrass (2002) notes that the predominant form of employment is wage employment and only 16% of respondents partake solely in self-employment activities. The important implication of this is that there is little evidence of labour market participants using self employment in order to make a transition from unemployment or non-participation into employment and eventually into formal sector employment. This is particularly important in the context of this paper because such transitions lie at the heart of the Todaro mechanism (Todaro and Smith, 2000), through which migrants into urban areas are supposed to assimilate into urban labour markets. Although there is some slippage between self-employment as it is defined here and “the informal sector”, the categories are lumped together in this instance because only eight of the respondents out of the 196 involved in self-employment activities pay tax. (This provides some indication that their business is formally registered.) This leaves an overwhelming majority classified as self-employed in the informal sector, so the difference in terminology is minor. The evidence that is presented here suggests that the informal sector (although it is small) appears to act as a safety net to migrants who are unable to find wage employment. This manifests itself in the greater share of migrants engaged in self-employment compared to the local-born from the 1980’s through to the end of the 1990’s.

Assimilation effects are explored in Table 3, where the sample of each entry cohort is separated into various labour force categories, as specified by Natrass (2002). The earliest cohort, migrants entering the labour market any time between 1900 and 1969, are essentially indistinguishable in their current labour market status from locals that entered the labour market in the same period. The 1970’s cohort is also quite similar for migrants and locals. Disparities in current labour market status among the local-born and migrants begin to play a role from the 1980’s cohort onwards, perhaps indicating a slow assimilation process at work.

Labour force categories will be used to examine the potential discrepancies between migrants and the local-born as follows: the employed; including wage, casual and self-employment, and the unemployed; including the active-searching, the network-searching and the marginalised unemployed.



Table 3 : History and its Bearing on Current Labour Force Status

Labour Force Cat	Entry Cohort															
	2000		1995-1999		1990-1994		1985-1989		1980-1984		1970-1979		1900-1969		Total	
	Migrant	Local	Migrant	Local	Migrant	Local	Migrant	Local	Migrant	Local	Migrant	Local	Migrant	Local	Migrant	Local
wage-employed	13	0	78	53	114	56	91	43	93	51	88	76	38	55	515	334
%	13.5%	0%	21.0%	32.7%	34.0%	54.9%	39.9%	56.6%	39.6%	53.7%	47.6%	50.0%	31.4%	31.1%	32.8%	42.2%
self-employed	3	1	37	2	44	5	25	6	28	1	16	15	5	14	158	44
%	3.1%	3.6%	10.0%	1.2%	13.1%	4.9%	11.0%	7.9%	11.9%	1.1%	8.6%	9.9%	4.1%	7.9%	10.1%	5.6%
casually-employed	1	0	10	6	9	0	3	1	14	3	5	5	5	2	47	17
%	1.0%	0%	2.7%	3.7%	2.7%	0%	1.3%	1.3%	6.0%	3.2%	2.7%	3.3%	4.1%	1.1%	3.0%	2.1%
actively-seeking unemployed	34	5	119	32	62	16	48	9	33	17	22	17	8	11	326	107
%	35.4%	17.9%	32.1%	19.8%	18.5%	15.7%	21.1%	11.8%	14.0%	17.9%	11.9%	11.2%	6.6%	6.2%	20.8%	13.5%
network-searching unemployed	8	3	19	21	30	8	21	2	18	4	8	11	7	8	111	57
%	8.3%	10.7%	5.1%	13.0%	9.0%	7.8%	9.2%	2.6%	7.7%	4.2%	4.3%	7.2%	5.8%	4.5%	7.1%	7.2%
marginally unemployed	25	11	74	40	60	14	32	10	32	11	24	11	10	22	257	119
%	26.0%	39.3%	19.9%	24.7%	17.9%	13.7%	14.0%	13.2%	13.6%	11.6%	13.0%	7.2%	8.3%	12.4%	16.4%	15.0%
non-labour force participant	12	8	34	8	16	3	8	5	17	8	22	17	48	65	157	114
%	12.5%	28.6%	9.2%	4.9%	4.8%	2.9%	3.5%	6.6%	7.2%	8.4%	11.9%	11.2%	39.7%	36.7%	10.0%	14.4%
Total	96	28	371	162	335	102	228	76	235	95	185	152	121	177	1571	792
% Employed	17.7%	3.6%	33.7%	37.7%	49.9%	59.8%	52.2%	65.8%	57.4%	57.9%	58.9%	63.2%	39.7%	40.1%	45.8%	49.9%
% Unemployed	69.8%	67.9%	57.1%	57.4%	45.4%	37.3%	44.3%	27.6%	35.3%	33.7%	29.2%	25.7%	20.7%	23.2%	44.2%	35.7%

Source: Own calculations using KMP 2000 data.



a) The wage-employed

The discrepancy between migrants and locals in the proportions of respondents that are wage employed tell the tale of assimilation accurately. Migrants and locals that fall into the earliest cohort have precisely the same rate of current wage employment at 31%, signifying that this considerable length of time spent in the labour market has completely dissolved any employment disadvantage associated with being a migrant. For those that form part of the following decade (1970's), there is also little difference in the percentage of wage employed. This cohort has a higher employment rate than the previous cohort that can be attributed to the smaller proportion of non labour force participants, probably due to a higher mean age of the earliest cohort. Migrants that arrived in the 1980-1984 cohort currently experience about 14% less wage employment than locals in that cohort and in the five year period that follows, migrants currently have about 17% less wage employment. The post-democracy cohort undergoes a large decrease in the current proportion of wage employed and migrants that arrived between 1995 and 1999 remain underrepresented compared to locals in wage employment. Overall, the assimilation effect seems clear with respect to wage employment – migrants that arrived more recently currently have less formal employment in comparison to locals. This result leads us to the conclusion that migrants are indeed disadvantaged in access to formal wage employment, so an analysis of self-employment activities becomes important to reveal whether the informal sector provides a safety net for those unable to find wage employment.

b) The self- employed

Nattrass (2002) mentions that residents of KMP get involved in self-employment as an additional income-earning activity. This throws into question the key Todaro link between migrants and the urban labour market previously discussed. The comparison of migrants with locals in the table indicates that self-employment involvement is indeed higher for migrants, since the proportion of migrants that are currently self-employed is much higher across cohorts in the 1980's and the 1990's. For entrants to the labour market in the 1970's, just fewer than 10% are in self-employment with no marked difference in proportions for migrants or the local-born. Migrants in the 1980's have been marked by a sharp increase in the proportion currently involved in self-employment relative to the arrivals of the 1970's. A few more locals than those that entered in 1980-1984 are currently involved in self-employment than those that entered in 1985-1989. Since migrants that arrived in the 1980s and 1990s are much more heavily weighted in self-employment than the local-born, it confirms Todaro's theory that migrants rely on the informal sector but does not dispute Nattrass's (2002) finding that these may be additional activities to formal employment.

For migrants arriving most recently (in 2000), self-employment is low relative to the proportion of actively-searching unemployed. This is to be expected where the decision to migrate is based on finding a wage job. This finding also implies that self-employment is not the automatic avenue for new arrivals that are not close to the front of the job queue in Cape Town. In answering the question posed to the unemployed in the survey; "Some people respond to unemployment by becoming self-employed. Why have you decided not to go this route?" 78% of unemployed migrants reported that they do not have sufficient start-up capital to start a business and only 3% reported that they would prefer to wait for a wage job.



Migrants originate from poor households (Ndegwa, Horner & Esau 2004: 20) and would intuitively prefer the relative stability of formal employment. This, however, is not the case, as just 2% answered that self-employment income is too risky. We can therefore deduce that the preference for wage employment over self-employment is not the driving factor behind the low share of people in self-employment.

c) *The casually- employed*

The proportions of the respondents involved with casual work are very low and do not vary by migrant status.

A key issue for this paper is the success that migrants have relative to the local-born in terms of finding employment. Natrass (2002) extends the standard definition of unemployment that currently includes active job seekers under the “strict” definition and non-searching unemployed under the “broad” definition of unemployment. An additional category takes into account a common form of job search – searching for jobs using a social network that passively relies on family and friends to find employment. Local-born respondents and immigrants that arrived long ago would surely have a larger social network than very recent arrivals and it is therefore expected that fewer very recent arrivals (1995-2000) are engaged in this form of job search compared to the recent local-born entrants. Natrass (2002) specifies three types of unemployment: the active-searching unemployed, the network-searching unemployed and the marginalised unemployed. The active-searching unemployed is defined as those who are wanting a job, are available for work and have taken active steps to find employment; such as travelling to find work or looking in a newspaper. The network-searching unemployed are those that have relied solely on family and friends to bring them closer to the job market. Marginalised unemployed are defined as those who want a job and are available for work but have not taken any steps to find employment, which renders them as the unemployed that are discouraged, or marginalised from the job market.

d) *The actively-searching unemployed*

For respondents that entered after 1985, immigrants are found to be more active in the current search for jobs than the local-born. A large proportion of immigrants arriving after 1994 are actively-searching unemployed (between 32% and 35%). This is perhaps an indication that recent immigrants lack social networks and have to be more active in their job search. However, it is more likely that recent immigrants need to find work urgently because they mainly come to Cape Town for employment and therefore cannot afford to rely solely on family and friends for employment.

e) *The network- searching unemployed*

Initially, locals are found to rely more heavily on family and friends to find employment than migrants (as can be seen for the 1995-2000 cohort), which may be explained by the inadequate networks migrants initially have. Immigrants that arrived in the 1980s actually rely



more on family and friends for employment than the local-born that entered in that period. Earlier cohorts portray no significant patterns. Bekker (1999) notes that black migration from the former Transkei dominates the migration stream to the Western Cape, especially from areas in the Transkei with the minimum contact to local employment. Ndegwa, Horner & Esau (2004: 20) suggest that strong social networks between sending and receiving regions are likely to be present for migrants because migrants have arrived from many of the same districts in the main sending regions over time. It would be useful to make a further enquiry into these social networks in future research.

f) The marginalised- unemployed

The migrants arriving in the 1970 to 1979 cohort have a very similar distribution of involvement in the various labour force categories to the local-born but there are more migrants that are marginally unemployed than locals. This category of unemployment is generally very high for both migrants and the local-born.

Given South Africa's dismal unemployment rate, it is not surprising that residents of KMP experience substantial unemployment and that many are discouraged. The Harris-Todaro model is inadequate for an understanding of the high unemployment rate, a small informal sector and continued migration. Unemployment rates (according to the strict definition) are very high across all cohorts but we can observe that unemployment is greater for migrants that arrived before 1995 compared to the local-born that entered in those earlier periods. Length of time in the labour market is shown to decrease unemployment.

6. General Patterns of Occupational Mobility

The findings thus far illuminate the disadvantage that immigrants encounter with respect to employment. An analysis of occupational attainment and mobility to assess the rate of progress for this group is useful in uncovering further potential sources of advantage or disadvantage for immigrants.

Standard Occupational Codes (SOC) provided the means to sort various occupations into three broad categories, those that are involved in jobs that require a high level of skill, an intermediate level of skill and those that require lower levels of skill. The table below portrays the reality for the general population in terms of skills, where occupations labelled one to three are considered to require a higher level of skill than those labelled four to six, while categories seven to nine include low skill occupations. 63% of the total population (who did not have missing data for their occupation) have low skill level jobs, 24% have intermediary skill level occupations and 13% have high skill level occupations.



Table 4: Current Distribution of Occupations

Occupation level	Immigrants			Local-born		
	Frequency	Percent	Cumulative Percentage	Frequency	Percent	Cumulative Percentage
High Skill						
1	11	2.18	2.18	14	4.15	4.15
2	17	3.37	5.56	20	5.93	10.09
3	17	3.37	8.93	28	8.31	18.4
Medium Skill						
4	27	5.36	14.29	60	17.8	36.2
5	67	13.29	27.58	37	10.98	47.18
6	7	1.39	28.97	4	1.19	48.37
Low Skill						
7	53	10.52	39.48	33	9.79	58.16
8	48	9.52	49.01	61	18.1	76.26
9	257	50.99	100	80	23.74	100
Total	504	100		337	100	

Source: Own calculations using KMP 2000 data

By comparing the occupation levels for immigrants and locals in Table 4 above, we find that immigrants are overrepresented in the very low skill occupations (category 9). 71% of immigrants were involved in low skill occupations, in comparison to 52% of the local-born. An in-depth analysis of the change in occupation would enhance an assimilation analysis as we could assess whether immigrants are generally moving to higher skilled occupations. By remaining in the same occupation, immigrants' wages are bound within the earnings band for that occupation. Of course, for this paper, it is the rate of occupational mobility relative to the local-born population that is of particular interest. This is discussed below.

Table 5: Occupational Movement for the Local-Born

Occupation of First Job	Occupation of Current Job									
	1	2	3	4	5	6	7	8	9	Total
1	1	1	0	1	0	0	0	0	1	4
2	1	1	1	0	2	0	1	0	1	7
3	0	1	2	1	1	0	0	1	1	7
4	1	1	4	14	5	0	0	4	5	34
5	1	0	0	3	2	1	0	5	3	15
6	0	0	0	0	0	0	0	1	1	2
7	0	1	2	1	1	0	4	2	3	14
8	0	0	1	3	0	0	1	16	4	25
9	2	4	4	11	5	0	11	19	27	83
Total	6	9	14	34	16	1	17	48	46	191

Source: Own calculations using KMP 2000 data.

Table 5 and 6 shows that, for the local-born, 7% of the respondents that had information on their first and current occupations moved from low skill to high skill occupations, while 46% stayed in low skill occupations. 11% moved from low skill to medium skill occupations. This implies that the total occupational improvement was 18% for the local-born. For those that migrated to KMP, 5% moved to high skill occupations from low skill occupations and 62% stayed in low skill level



occupations. 9% moved to medium skill occupations from low skill occupations, which entails a 14% upward movement in skills. Apartheid legislation was geared to restrict upward mobility for coloureds and blacks and the effects are obvious. Given that a large number of the immigrants are from the mostly rural Eastern Cape and are pushed into the Cape Town labour market out of economic need, it is not surprising to see that migrants are underrepresented in the higher ranking occupations. However, the relatively large proportion of migrants that have experienced a change of job and continue to stay in low skill occupations implies that their wages would not increase dramatically, even though they should overcome disadvantages with time spent in the region.

Table 6: Occupational Movement for Immigrants

<u>Occupation of First Job</u>	<u>Occupation of Current Job</u>									<u>Total</u>
	1	2	3	4	5	6	7	8	9	
1	0	0	0	1	0	0	1	3	2	7
2	0	3	0	0	0	0	0	0	0	3
4	1	0	2	2	3	0	1	0	4	13
5	0	2	3	1	9	2	3	1	10	31
6	0	0	0	0	2	0	0	1	3	6
7	1	0	0	0	4	0	8	1	7	21
8	0	0	0	0	2	0	2	6	7	17
9	5	2	5	5	11	0	15	11	101	155
Total	7	7	10	9	31	2	30	23	134	253

Source: Own calculations using KMP 2000 data.

Negative mobility is also present. For the local-born, the total decline is 15%. 12% of immigrants experienced downward occupational mobility.

Table 7 below presents information on the occupational skill level for each entry cohort. The entry status of migrants that arrived most recently is stark – 75% have occupations in the low skill category. The entire remainder, 25%, falls into occupation 5; examples of which are security guards, petrol attendants, soldiers, waitrons and housekeepers. Entry level status becomes especially important, given the low level of mobility because it has a lingering effect. Weak entry level status is partially explained by the characteristics of this low skilled group. Table B contained in the Appendix shows descriptive statistics of respondents by the different occupation levels for their first job. It is not surprising that the average years of education completed is the lowest for those that had low skill occupations for their first job. Black respondents are underrepresented in high skill entering occupations. There is a noticeable difference of about 10% in the proportion of respondents with a high level of English proficiency between the low skilled, medium skilled and higher skilled occupations. Migrants are underrepresented in the highest skill level and overrepresented in the medium skill level entering occupations but the lowest skill entering occupations are equitably distributed between migrants and the local-born.

Table 7 reveals that immigrant status impacts heavily on the distribution of current occupations since for almost all cohorts, immigrants have more respondents in low skill occupations than the local-born. The difference between immigrants and the local-born is pronounced for the 1985-1990 cohort and remains large for the following entry cohort. Racial



discrimination according to the type of occupation is likely to be present and could be the consequence of job reservation laws of the old apartheid regime. Within the low skill occupations immigrants have many more respondents currently working in type 9 occupations across all cohorts and the local-born have more respondents working in occupation 8.

The analysis above is limited by the fact that it covers only those respondents that are involved in formal employment. We should take these results with caution as there are very few respondents in each category. An unemployment history may prove more enlightening as such analysis would enable an assessment of mobility into employment as well as mobility within employment. Unfortunately, data constraints do not allow for such an analysis. In spite of these shortcomings, the picture of assimilation is now clearer - it is not about assimilation of occupational trajectories, as low mobility is a common feature for migrants and the local-born. Rather, if it holds at all, it is the assimilation of earnings within given occupations.

In the following section of the paper the focus will switch to an analysis of wage assimilation within the occupational band because of the low mobility across occupational levels.



Table 7: History and its Bearing on Current Occupational Level

<u>Occupation Level</u>	<u>Entry Cohort</u>														<u>Total</u>	
	<u>2000</u>		<u>1995 - 1999</u>		<u>1990 - 1994</u>		<u>1985 - 1989</u>		<u>1980 - 1984</u>		<u>1970 - 1979</u>		<u>1900 - 1969</u>		<u>Migrant</u>	<u>Local</u>
	<u>Migrant</u>	<u>Local</u>	<u>Migrant</u>	<u>Local</u>	<u>Migrant</u>	<u>Local</u>	<u>Migrant</u>	<u>Local</u>	<u>Migrant</u>	<u>Local</u>	<u>Migrant</u>	<u>Local</u>	<u>Migrant</u>	<u>Local</u>		
No. in occupation 1	0	0	0	1	2	2	1	5	4	2	0	2	4	1	11	13
% in occupation 1	0%	0%	0%	1.9%	1.8%	3.9%	1.1%	11.9%	4.5%	4.0%	0%	2.8%	10.5%	1.9%	2.2%	4.0%
No. in occupation 2	0	0	2	0	4	1	3	6	3	5	4	6	1	0	17	18
% in occupation 2	0%	0%	2.6%	0%	3.6%	2.0%	3.3%	14.3%	3.4%	10.0%	4.6%	8.3%	2.6%	0%	3.4%	5.6%
No. in occupation 3	0	0	2	5	0	5	4	5	5	5	5	4	1	4	17	28
% in occupation 3	0%	0%	2.6%	9.4%	0%	9.8%	4.4%	11.9%	5.7%	10.0%	5.7%	5.6%	2.6%	7.5%	3.4%	8.7%
No. in occupation 4	0	0	8	14	1	13	5	10	4	7	6	7	3	8	27	59
% in occupation 4	0%	0%	10.5%	26.4%	0.9%	25.5%	5.5%	23.8%	4.5%	14.0%	6.9%	9.7%	7.9%	15.1%	5.4%	18.4%
No. in occupation 5	3	0	23	14	14	9	10	1	10	5	4	6	3	0	67	35
% in occupation 5	25.0%	0%	30.3%	26.4%	12.5%	17.6%	11.0%	2.4%	11.4%	10.0%	4.6%	8.3%	7.9%	0%	13.3%	10.9%
No. in occupation 6	0	0	3	0	1	0	2	1	1	0	0	1	0	2	7	4
% in occupation 6	0%	0%	3.9%	0%	0.9%	0%	2.2%	2.4%	1.1%	0%	0%	1.4%	0%	3.8%	1.4%	1.2%
No. in occupation 7	1	0	6	3	15	6	5	3	12	6	10	8	4	6	53	32
% in occupation 7	8.3%	0%	7.9%	5.7%	13.4%	11.8%	5.5%	7.1%	13.6%	12.0%	11.5%	11.1%	10.5%	11.3%	10.5%	10.0%
No. in occupation 8	0	0	3	4	15	9	10	5	7	6	8	13	5	20	48	57
% in occupation 8	0%	0%	3.9%	7.5%	13.4%	17.6%	11.0%	11.9%	8.0%	12.0%	9.2%	18.1%	13.2%	37.7%	9.5%	17.8%
No. in occupation 9	8	0	29	12	60	6	51	6	42	14	50	25	17	12	257	75
% in occupation 9	66.7%	0%	38.2%	22.6%	53.6%	11.8%	56.0%	14.3%	47.7%	28.0%	57.5%	34.7%	44.7%	22.6%	51.0%	23.4%
Total No.	12	0	76	53	112	51	91	42	88	50	87	72	38	53	504	321
%	100	0	100	100	100	100	100	100	100	100	100	100	100	100	100	100
High and Medium Skill	25.0%	0.0%	50.0%	64.2%	19.6%	58.8%	27.5%	66.7%	30.7%	48.0%	21.8%	36.1%	31.6%	28.3%	29.0%	48.9%
Low skill	75.0%	0.0%	50.0%	35.8%	80.4%	41.2%	72.5%	33.3%	69.3%	52.0%	78.2%	63.9%	68.4%	71.7%	71.0%	51.1%

Source: Own calculations using KMP 2000 data



7. The Relative Success of Immigrants in the Paid Labour Force

The attention in the paper from this point onwards is to determine whether the relative wages of immigrants changes as the time spent in the labour market increases.

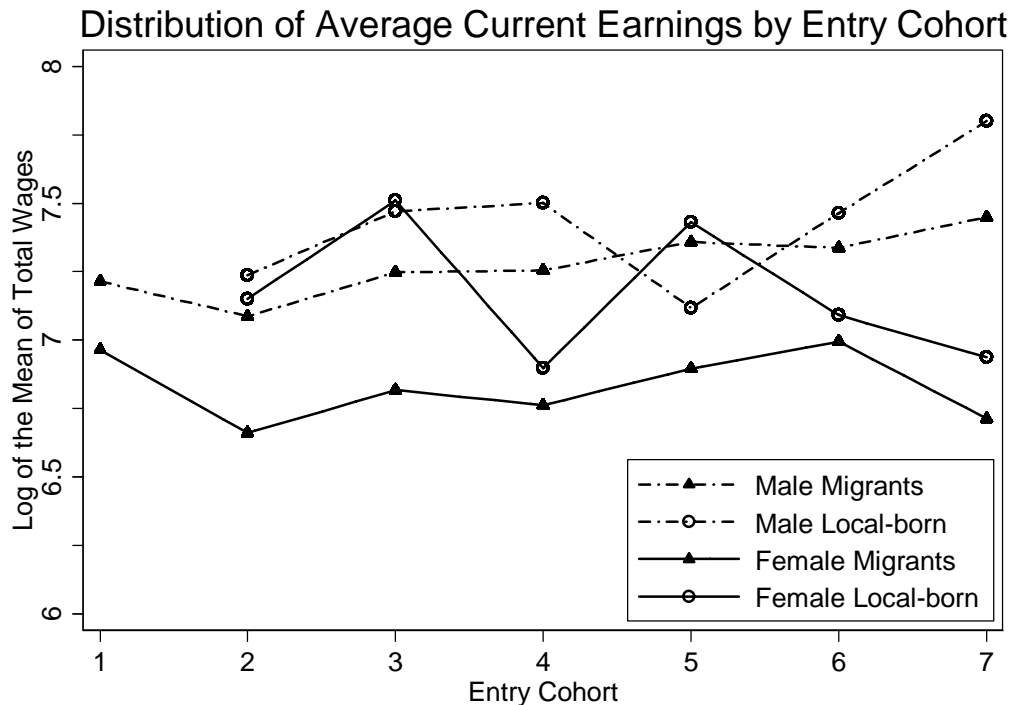


Figure 1: Distribution of average current earnings by entry cohort

Source: Own calculations using KMP 2000 data

Note: Arrival cohort defined as follows:

- 1: Entered the Cape Town labour market in 2000
- 2: Entered the Cape Town labour market between 1995 – 1999
- 3: Entered the Cape Town labour market between 1990 – 1994
- 4: Entered the Cape Town labour market between 1985 – 1989
- 5: Entered the Cape Town labour market between 1980 – 1984
- 6: Entered the Cape Town labour market between 1970 – 1979
- 7: Entered the Cape Town labour market between 1900 – 1969

The picture painted in the above graph speaks the reality of this labour market in terms of the depth and endurance of inequality. Although this is just a “snapshot” of a complex pattern of earnings dynamics; comparisons between males, females, migrants and the local-born is made nonetheless. The widely disparate current mean wages amongst this working class sample are probably best explained by the acute labour market discrimination imposed by the previous apartheid regime and appear to be fairly entrenched. Unless the skill level of the black, rural poor population can be improved, wage discrepancies are bound to be large in the Cape Town labour market.



The current wages of immigrants are less volatile across entry cohorts than for the local-born. The highest earners in the labour market are generally local-born males, except for those that entered in 1980-1984. Local-born females have the most volatile graph but it seems as though recent entrants (1990-1999) are currently on par with local-born males. The current mean wages of male immigrants are relatively stable and show a small degree of an assimilation effect if we disregard the wages of those that arrived most recently (in 2000). The wages of all recent groups (entrants after 1990) appear to be moving together and we can conclude that external changes impacted on them in the same way.

Female immigrants in every cohort irrefutably have the lowest mean current wages, clearly demonstrating the double negative effect that this group as a whole has suffered with respect to gender bias and the disadvantages associated with being an immigrant. A mild assimilation effect is apparent for this category as the slope of the wage curve increases gently for those that have spent more years in the labour market (between 1970 and 1985 and between 1990 and 1999). However, those that arrived most recently (2000) earn much higher wages and those that arrived before 1970 earn the lowest wages in the sample, most likely due to their high mean age.

A spurt of hope appears for dissolving bias, with the entry-level wages of the most recent cohorts converging for immigrants. The disadvantage for females is beginning to erode but the response is lagged for female migrants. Unfortunately there are no local-born respondents in the 2000 cohort that are involved in formal employment and an initial discrepancy of being an immigrant cannot be assessed for these entrants.

8. Regression analysis

Ordinary Least Squares regression is performed with LOGTOTWAGE as the dependent variable. It is the logarithm of the sum of the monthly wages of all wage jobs at the time of the survey (expressed in Rands). Note that the wage used relates to the wage earned excluding overtime, allowances, bonuses and tax as the reported figures were found to be unreliable. A monthly wage was derived where hourly, daily, or weekly wages were supplied in accordance with Walker (2003). Table 8 holds the condensed regression output. Five regressions are performed; the first column includes the entire sample, while the following columns separate the black, coloured, migrant and local-born populations.

The earnings equation is specified as follows:

$$\begin{aligned} \text{LOGTOTWAGE} = & \beta_0 + \beta_1 \text{EIGHTYSIX} + \beta_2 \text{NINETYFOUR} + \beta_3 \text{BLKEIGHTYSIX} + \\ & \beta_4 \text{BLKNINETYFOUR} + \beta_5 \text{YSE} + \beta_6 \text{AAE} + \beta_7 \text{WORKEDBEFORE} + \beta_8 \text{MALE} + \beta_9 \text{ENGPROF} \\ & + \beta_{10} \text{YEASEDN} + \beta_{11} \text{YEASEDNSQ} + \beta_{12} \text{RURALEDN} + \beta_{13} \text{BLACK} + \beta_{14} \text{MIGRANT} + \\ & \beta_{15} \text{MALEMIGRANT} + \beta_{16} \text{LOWSKILL} + \beta_{17} \text{LOWSKILLMIGRANT} + \varepsilon \end{aligned}$$

The binary variables EIGHTYSIX and NINETYFOUR are equal to one if the respondent entered the labour market after 1986 (and before 1994) or after 1994 respectively. These



variables represent the structural changes of the lifting of influx controls and the onset of democracy respectively. BLKEIGHTYSIX and BLKNINETYFOUR are interaction dummy variables representing black respondents that entered the labour market after 1986 and 1994 respectively and are included to control for period effects that Borjas (1984) warned against. Period effects probably did not influence locals and migrants in the same way (as many assimilation studies would assume) because South African structural changes, as previously mentioned, most likely affected each of the races differently.

YSE (years since entry) depicts the number of years that the immigrant has been in Cape Town and in the case of locals, the year that they first entered the labour market. AAE represents the age of the respondent at the time entry to the Cape Town labour market. The current age of respondents was dropped from the regression due to high correlation with the linear combination of variables that had an age dimension. The variable WORKEDBEFORE shows whether the respondent has held a job before, in accordance with Walker (2003), as the conventional proxy for experience (age – years of schooling – 6) is inappropriate where the possibility of a long period of unemployment is high.

BLACK, COLOURED and MALE are equal to one if the respondent is black, coloured or male respectively. MIGRANT is a dummy variable indicative of whether the person was born in Cape Town or not, while MALEMIGRANT is the interaction dummy variable between male and whether the respondent is a migrant or not. ENGPROF is a dichotomous variable indicative of whether the respondent speaks English excellently or very well. RURALEDN is a dummy variable that is equal to one when the respondent was mostly educated in a rural area. YEARSEDN indicates the number of completed years of education achieved, while YEARSEDNSQ is this variable squared. LOWSKILL is a dummy variable indicative of the occupation level of the current wage job, while LOWSKILLMIGRANT is the interaction of migrant status and LOWSKILL.

The explanatory power of the regressions is not strong (the adjusted R-squared statistic ranges between 37% and 22%) and implies that there are many other factors that have an influence on the wage. The sample size for each group is large when considering the nature of this type of study as the coloured population of Cape Town is inherently large and the area has experienced high levels of migration.

The cohort dummy, EIGHTYSIX is only significant for regression number 2 (for black respondents) at the 5% level of significance. When it is interacted with BLACK it is significant in regressions 1, 4 & 5 and the positive coefficient indicates that black entrants that entered after 1986 (but before 1994) experience a higher current wage than coloured immigrants that entered the labour market very long ago (before 1986).

The variable NINETYFOUR and the interaction BLKNINETYFOUR, included to determine whether the official ending of all discriminatory policies affected arrival cohort quality, is insignificant for all the regressions and there is thus no structural break over this period.



Table 8: Regression Results

Dependent Variable: LOGTOTWAGE	1. All Respondents	2. Black Respondents	3. Coloured Respondents	4. Migrants	5. Local-born
eightysix	-0.053 <i>0.093</i>	0.206 * <i>0.087</i>	-0.049 <i>0.096</i>	-0.459 <i>0.289</i>	-0.036 <i>0.098</i>
ninetyfour	-0.133 <i>0.095</i>	0.030 <i>0.122</i>	-0.172 <i>0.098</i>	0.033 <i>0.596</i>	-0.163 <i>0.098</i>
blkeightysix	0.227 * <i>0.103</i>	dropped	dropped	0.596 * <i>0.282</i>	0.525 ** <i>0.189</i>
blkninetyfour	0.086 <i>0.108</i>	dropped	dropped	-0.076 <i>0.584</i>	0.270 <i>0.179</i>
YSE	0.013 ** <i>0.003</i>	0.019 ** <i>0.006</i>	0.009 * <i>0.004</i>	0.015 * <i>0.006</i>	0.012 ** <i>0.004</i>
AAE	0.008 * <i>0.003</i>	0.010 ** <i>0.004</i>	-0.005 <i>0.010</i>	0.008 * <i>0.004</i>	0.013 <i>0.012</i>
experience	0.124 <i>0.154</i>	0.145 <i>0.157</i>	dropped	0.153 <i>0.163</i>	-0.220 <i>0.562</i>
male	0.300 ** <i>0.068</i>	0.003 <i>0.169</i>	0.333 ** <i>0.075</i>	0.517 ** <i>0.058</i>	0.282 ** <i>0.068</i>
engprof	0.157 ** <i>0.052</i>	0.218 ** <i>0.069</i>	0.048 <i>0.082</i>	0.225 ** <i>0.069</i>	0.036 <i>0.081</i>
yearsedn	-0.012 <i>0.036</i>	-0.010 <i>0.042</i>	0.026 <i>0.086</i>	-0.024 <i>0.043</i>	0.022 <i>0.080</i>
yearsednsq	0.004 <i>0.002</i>	0.004 <i>0.002</i>	0.001 <i>0.004</i>	0.004 <i>0.002</i>	0.002 <i>0.004</i>
ruraledn	-0.148 * <i>0.069</i>	-0.114 <i>0.078</i>	-0.143 <i>0.171</i>	-0.109 <i>0.078</i>	-0.353 * <i>0.176</i>
black	-0.394 ** <i>0.084</i>	n/a	n/a	-0.365 ** <i>0.119</i>	-0.627 ** <i>0.152</i>
migrant	-0.196 * <i>0.095</i>	-0.428 ** <i>0.155</i>	-0.134 <i>0.163</i>	n/a	n/a
malemigrant	0.211 * <i>0.089</i>	0.535 ** <i>0.179</i>	0.063 <i>0.182</i>	n/a	n/a
lowskill	-0.257 ** <i>0.072</i>	-0.603 ** <i>0.162</i>	-0.243 ** <i>0.083</i>	-0.122 <i>0.072</i>	-0.254 ** <i>0.076</i>
lowskillmigrant	0.105 <i>0.094</i>	0.494 ** <i>0.172</i>	-0.091 <i>0.182</i>	n/a	n/a
intercept	6.893 ** <i>0.261</i>	6.432 ** <i>0.335</i>	7.234 ** <i>0.472</i>	6.595 ** <i>0.329</i>	7.134 ** <i>0.684</i>
n	697	424	267	413	284
Adjusted R ²	0.37	0.3	0.22	0.31	0.3
Prob>F	0.00	0.00	0.00	0.00	0.00

Source: Own calculations using KMP 2000 data

Notes:

Italicised numbers are the standard error. * Denotes statistical significance at the 5% level.

The positive coefficient on the YSE term is statistically significant for all the regressions. A one year increase in the years since entry in the labour market is associated with a 1.3% increase in the wage for all respondents, holding all other included variables constant. For black respondents this figure is 1.9%. Although the coefficients are small, they are always



positive. This implies that assimilation is weak for entrants to the labour market. We therefore see initial disadvantages in formal employment decline marginally over time. However, the rate of wage progress is the strongest for black respondents and the weakest for coloured respondents. This square of this variable did not contribute to the explanatory power of this model and was therefore excluded. Therefore, a linear relationship between years since entry to the labour market and the average wage holds.

The age upon entrance to the labour market (AAE) is significant for the full sample, black respondents and migrants, which is expected since coloured respondents entered the labour market at the same age. The variable WORKEDBEFORE does not contribute significantly to the wage across all regressions.

Amongst black respondents, males in general do not earn significantly more than local-born women but black male migrants do earn significantly more than local-born black women which demonstrates the severity of gender bias. Gender bias is significant for the remaining regressions, so males generally earn more than women. The significant positive coefficient on MALEMIGRANT in regression 2 (black respondents) and not for regression 3 (coloured respondents) verifies the description of black women by Cole (1986: 6) in her statement “No other sector of the working class has experienced such intense exploitation at the level of race, class and gender.”

Speaking English well is a very important attribute for the wage earned in all regressions except for the coloured sample and the local-born. The years of completed education are surprisingly not significant in any of the regressions. In general, the returns to education are therefore negligible and could be due to the high prevalence of low-skill occupations. A penalty is associated with having a mostly rural education compared to an urban education.

Black respondents are worse off than coloureds regardless of the regression specification, with the coefficient being significant and negative. Compared to the highly skilled, those involved in low-skill occupations earn significantly less, but this effect is insignificant for migrants in low skilled occupations.

Comparing the migrant equation with the regression for local-born, it can be noted that the local-born have a significant penalty attached to being involved in a low-skill occupation. A comparison of black and coloured regressions reveals that migrant status does not affect the wage of coloured respondents significantly. Tables 1 and 3 suggests the most probable reasons for this as being the early arrival of many of the migrants (most of them arrived before 1984) but also their birthplaces, which are predominantly other places in the Western Cape. Coloured migrants are therefore justifiably assumed to be well-assimilated in Cape Town.

The regression analysis has provided a more rigorous approach to the assimilation theory and has uncovered whether finer discrepancies exist between the local-born and immigrants within the same racial group.



9. Conclusion

The link between urbanisation, the labour market and poverty reduction necessitates the need to delve into the issues surrounding rural-urban migration patterns. This paper has offered a broad comparison of the labour market outcomes of migrants and local-born residents of the magisterial district of Mitchell's Plain using a sample of the working class of Cape Town that is based on the results of the Khayelitsha/Mitchell's Plain (2000) Survey. Because migrants and the local-born are each dominated by the black and coloured racial groups respectively, these evaluations become interlinked with racial inequality. The relevance of apartheid policies is therefore evident in all of the findings. Although these findings cannot be used to make inferences for the South African labour market (due to the unique history of the Western Cape) it gives a sense of how the majority of migrants assimilate into the Cape Town Labour market.

An assessment of the employment status of migrants and the local-born found that migrants were overrepresented in self-employment activities compared to the local-born, conforming to the well-known Todaro hypothesis of the existence of an informal sector safety-net. However, Todaro predicts this outcome for recent migrants and as a transitional phase while they wait for formal employment. The results found in this paper reveal a relatively high proportion of migrants involved in self-employment activities for almost all arrival cohorts. This suggests that the informal sector be promoted to increase employment levels of immigrants. Both migrants and the local-born have experienced low levels of occupational mobility. The initial disadvantage of entering the labour market in low-skill occupations therefore has a wilful memory. Job reservation requirements of the apartheid regime forced black workers into low-skill jobs in the mining and agricultural sectors. With the change in structure of the South African economy from primary to secondary and tertiary activities, skill levels of these workers were inadequate and labour policies inhibited the diversification of skills. The 1971 Survey of Race Relations shows declining percentages of unskilled labourers in all race groups and points to a marked decline for Africans between 1960 and 1970. Nevertheless, a high proportion (68.2%) of the unskilled was African in 1970. (Horrell *et al*, 1972: 186). The numbers of KMP respondents in low-skill occupations is suggestive of intergenerational transmission of inequalities.

The earnings assimilation analysis in this paper revealed an assimilation effect within formal employment, which has important consequences for the urban labour market integration of migrants. While van der Berg *et al* (2002) determine poor employability of people living in rural areas for the urban labour market; this paper recognises the progress of migrants (many of whom are of rural origin) within formal employment compared to the wage progress made by the local-born. Access to formal employment therefore acts as an impediment to assimilation. The estimates suggest that the earnings of immigrants are rising at a similar rate to that of locals with duration of residence. Targeted employment programmes would benefit both of these groups. Fast and effective labour market integration of migrants and locals would work to counteract the adverse consequences of a labour market that has been fraught with injustice.

Future research could refine the analysis by examining further waves of data and exploring the assimilation from unemployment to formal wage employment. This type of analysis is valuable in addressing the impediments to progressive change in South Africa.



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11. Appendix

Table A: Descriptive Statistics for each Cohort

Cohort	Total Monthly Wage		Years of Education		Age		Age at Entry		Proportion of Males		Proportion of Black African		Proportion of Rural Born		Proportion of Rural Educated		Proportion that Speak English Well		Proportion in Low-skilled Occupations	
	migrant	local	migrant	local	migrant	local	migrant	local	migrant	local	migrant	local	migrant	local	migrant	local	migrant	local	migrant	local
2000																				
obs	10	0	84	0	100	0	100	0	100	0	100	0	97	0	97	0	100	0	12	0
mean	1397		9.71		26.55		26.56		0.44		0.99		0.79		0.74		0.23		0.75	
std. dev.	1051		2.99		9.56		9.56		0.50		0.10		0.41		0.44		0.42		0.45	
min	800		0		18		18		0		0		0		0		0		0	
max	4340		14		60		60		1		1		1		1		1		1	
95-99																				
obs	71	25	308	117	381	154	381	154	381	154	381	154	374	146	355	154	381	154	76	28
mean	1506	1685	9.78	10.55	27.70	19.49	24.92	16.00	0.40	0.42	0.98	0.47	0.80	0.01	0.76	0.06	0.24	0.40	0.50	0.36
std. dev.	1460	611	3.17	2.20	9.65	1.16	9.68	0.00	0.49	0.49	0.12	0.50	0.40	0.08	0.43	0.25	0.43	0.49	0.50	0.49
min	300	735	1	5	18	18	13	16	0	0	0	0	0	0	0	0	0	0	0	0
max	8000	3800	15	14	71	21	70	16	1	1	1	1	1	1	1	1	1	1	1	1
90-94																				
obs	111	54	298	125	342	132	342	132	342	132	342	132	335	125	312	128	342	132	112	53
mean	1591	2389	8.98	11.03	32.14	23.84	23.98	16.00	0.42	0.40	0.99	0.42	0.76	0.01	0.78	0.12	0.20	0.55	0.80	0.36
std. dev.	1288	1587	3.20	2.74	9.95	1.41	9.86	0.00	0.49	0.49	0.12	0.50	0.43	0.09	0.42	0.32	0.40	0.50	0.40	0.48
min	150	480	1	1	18	22	9	16	0	0	0	0	0	0	0	0	0	0	0	0
max	9600	10240	15	15	75	26	68	16	1	1	1	1	1	1	1	1	1	1	1	1
85-89																				
obs	100	50	263	89	294	89	294	89	294	89	294	89	290	84	275	88	294	89	113	50
mean	1771	2573	8.65	10.96	35.37	28.39	22.44	16.00	0.42	0.40	0.98	0.24	0.74	0.00	0.75	0.01	0.22	0.63	0.73	0.46
std. dev.	1297	1585	3.35	2.57	9.97	1.17	9.85	0.00	0.49	0.49	0.15	0.43	0.44	0.00	0.43	0.11	0.42	0.49	0.44	0.50
min	200	500	0	3	18	27	4	16	0	0	0	0	0	0	0	0	0	0	0	0
max	7200	8000	15	15	68	30	54	16	1	1	1	1	1	0	1	1	1	1	1	1



Table A Continued: Descriptive Statistics for each Cohort

Cohort	Total Monthly Wage		Years of Education		Age		Age at Entry		Proportion of Males		Proportion of Black African		Proportion of Rural Born		Proportion of Rural Educated		Proportion that Speak English Well		Proportion in Low-skilled Occupations		
80-84																					
obs	64	53	164	105	182	106	182	106	182	106	182	106	178	96	170	104	182	106	66	55	
mean	1671	3209	9.09	10.13	37.86	33.28	20.13	16.00	0.46	0.49	0.88	0.35	0.77	0.01	0.72	0.05	0.25	0.53	0.67	0.45	
std. dev.	1124	3002	3.32	3.01	9.71	1.67	9.76	0.00	0.50	0.50	0.33	0.48	0.42	0.10	0.45	0.21	0.43	0.50	0.48	0.50	
min	250	240	2	3	18	31	1	16	0	0	0	0	0	0	0	0	0	0	0	0	
max	5600	20000	14	15	68	36	50	16	1	1	1	1	1	1	1	1	1	1	1	1	
70-79																					
obs	82	75	171	181	191	186	190	186	191	186	191	186	187	179	171	179	191	186	87	81	
mean	2015	2818	7.75	9.09	46.41	41.28	21.23	16.00	0.46	0.42	0.78	0.22	0.62	0.01	0.71	0.07	0.20	0.42	0.78	0.64	
std. dev.	1592	1928	3.43	3.23	9.75	2.87	9.19	0.00	0.50	0.49	0.42	0.41	0.49	0.07	0.45	0.25	0.40	0.49	0.42	0.48	
min	200	280	0	2	20	37	1	16	0	0	0	0	0	0	0	0	0	0	0	0	
max	9200	10000	15	15	78	46	51	16	1	1	1	1	1	1	1	1	1	1	1	1	
1900-69																					
obs	38	52	113	170	129	177	122	177	129	177	129	177	123	163	112	166	129	177	38	56	
mean	2036	2641	7.18	8.14	57.71	55.62	17.21	16.00	0.44	0.36	0.61	0.24	0.49	0.01	0.53	0.03	0.31	0.40	0.68	0.68	
std. dev.	1807	2355	3.12	2.79	12.37	7.61	9.04	0.00	0.50	0.48	0.49	0.43	0.50	0.08	0.50	0.17	0.46	0.49	0.47	0.47	
min	240	400	0	3	27	47	1	16	0	0	0	0	0	0	0	0	0	0	0	0	
max	8000	12800	15	15	86	96	41	16	1	1	1	1	1	1	1	1	1	1	1	1	

Source: Own calculations using KMP 2000 data



Table B: Descriptive Statistics for Each Level of Occupation

First Occupation Level	Years Education Completed	Age	Share of Males	Share that Speak English Well	Share of Black African	Share of Migrants
1	10.29	38.29	45.83%	41.67%	29.17%	43.48%
	3.07	11.15	0.51	0.50	0.46	0.51
	24	24	24	24	24	23
2	11.75	41.22	25.00%	62.50%	37.50%	40.63%
	2.82	14.98	0.44	0.49	0.49	0.50
	32	32	32	32	32	32
3	9.79	41.76	37.93%	41.38%	6.90%	10.71%
	3.32	13.25	0.49	0.50	0.26	0.31
	29	29	29	29	29	28
Ave. High Skill	10.61	40.42	36.25%	48.52%	24.52%	31.61%
4	11.15	34.50	34.65%	64.36%	39.60%	41.00%
	2.64	12.16	0.48	0.48	0.49	0.49
	99	101	101	101	101	100
5	9.87	33.82	44.52%	40.41%	71.23%	62.68%
	3.15	12.09	0.50	0.49	0.45	0.49
	141	146	146	146	146	142
6	8.27	40.24	85.71%	23.81%	80.95%	76.19%
	3.53	12.36	0.36	0.44	0.40	0.44
	15	21	21	21	21	21
Ave. Medium Skill	9.76	36.19	54.96%	42.86%	63.93%	59.96%
7	9.04	38.78	71.30%	31.30%	52.17%	53.57%
	3.31	11.02	0.45	0.47	0.50	0.50
	112	115	115	115	115	112
8	7.94	43.73	42.42%	34.09%	28.03%	34.85%
	2.60	11.20	0.50	0.48	0.45	0.48
	126	132	132	132	132	132
9	8.37	40.57	39.94%	23.30%	68.24%	66.29%
	3.24	13.67	0.49	0.42	0.47	0.47
	673	721	721	721	721	712
Ave. Low Skill	8.45	41.03	51.22%	29.57%	49.48%	51.57%
Total	8.93	39.52	43.45%	31.79%	58.36%	57.60%
	3.28	13.18	49.59%	46.59%	49.31%	49.44%
	1251	1321	1321	1321	1321	1302

Source: Own calculations using KMP 2000 data

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