



Migrating for Work Research Consortium



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Migration and employment in South Africa

Statistical and econometric analyses of internal and international migrants in Statistics South Africa's labour market data

Statistical analysis: Deborah Budlender, Independent Consultant

Econometric analysis: Prof Christine Fauvelle-Aymar, Department of Economics, Université de Tours, Research unit CITERES UMR 7324, France

MiWORC Policy Brief 2

A summary for policy makers,
NGOs and media practitioners

Based on *MiWORC Reports N°5
and N°6:*

Budlender, D. (2014) *MiWORC Report N°5. Migration and employment in South Africa: Statistical analysis of the migration module in the Quarterly Labour Force Survey, third quarter 2012.*

Fauvelle-Aymar, C. (2014) *MiWORC Report N°6. Migration and employment in South Africa: An econometric analysis of domestic and international migrants (QLFS (Q3) 2012).*

Johannesburg: African Centre for Migration & Society, University of the Witwatersrand.

The participation of foreigners in the South African economy is an important political and economic issue within South and southern Africa. In a context of high unemployment rates and insufficient job creation, the access of foreign workers to national labour markets has become a politically sensitive question. This question also plays out in terms of internal migration with local communities increasingly claiming priority of access to jobs over newcomers. What exactly is the position of foreigners and internal migrants in the South African labour market? And are concerns justified and confirmed by statistical data?

This policy brief summarises the findings and recommendations of two reports in the **Migrating for Work Research Consortium (MiWORC) Work Package 2** which aims to improve the quality and analysis of available statistics on foreign labour in South Africa and to allow comparisons to domestic labour participation at national and local levels.

The two reports both pointed to two related key findings:

- **On the one hand, people born in other countries were more likely than non-migrants to be employed, and unemployment rates for the foreign-born were noticeably lower than for those born in South Africa.**
- **On the other hand, this 'advantage' of foreign-born workers was**

Earlier reports in MiWORC Work Package 2

MiWORC Report N°2 was the first of three reports on improving the quality of available statistics on foreign labour and assessed the scope and relevance of existing statistical data sets on foreign labour in South Africa;

MiWORC Report N°3 was the second report on improving the quality of available statistics and made technical recommendations on the availability and improvement of useful and high quality data that would enable comparisons across the skills spectrum between the levels of participation in the workplace of South Africans and people who have migrated to South Africa; and *MiWORC Report N°4* was the third report on improving the quality of available statistics. It presented more detailed suggestions on the migration module in the Quarterly Labour Force Survey (QLFS) and implementable options for taking a longer-term strategy of municipal-level investigations forward.

mitigated by the fact that they were much more likely than locally-born to work in the informal sector, in precarious employment, and accessed far fewer benefits.

Overall, the South African patterns were unusual compared to the patterns observed in Organisation for Economic Cooperation and Development (OECD) countries which are among the largest recipients of migrant labour globally. The vast majority of OECD countries had labour force participation rates for locally-born people that were higher than in South Africa; whereas, in South Africa, the rate for foreign-born labour force participation was higher than for locally born.

Background to MiWORC Reports N°5 and N°6

The two reports followed earlier reports in MiWORC's Work Package 2 (see sidebar on the left).

After analysing existing data on foreign labour in South Africa and making recommendations on how it could be improved, Work Package 2 moved on to in-depth analysis of data supplied by Statistics South Africa from the migration module the statistical agency piloted in its Quarterly Labour Force Survey (QLFS) in the third quarter of 2012.

The research in these two reports sought to analyse the migration module data both statistically and econometrically, as well as to make comparisons with findings in respect of other countries.

The migration module piloted in the QLFS

Statistics South Africa's Quarterly Labour Force Survey is a household based survey covering employment in all industries and sectors, which is conducted across all provinces. It is based on a representative sample of more than 53,000 respondents aged 15 to 64 years. The data are provided with weights which produce estimates representative of the population as a whole. It aims "to measure the dynamics of the South African labour market, producing indicators such as employment, unemployment and inactivity" (Stats SA website). The QLFS contains questions on age, gender, South African population group, education level attained, province, industry, sector of employment (e.g., in the informal sector) and whether employed or unemployed.

The migration module piloted in the third quarter of 2012 contained additional questions on place of birth (current province, another province, or another country), province born in (if born in SA), whether the person had

moved from one province to another in the past five years, when the most recent move to the province was, and which South African province or country the person had lived in before the move to the current location. Notably the migration module measured internal and international migration within the preceding five years (i.e. 2007 – 2012).

We note that the analysis we conducted of the data was unable to identify circular migration, a form of internal migration which has a long history in South Africa. Migration is circular when a worker repeatedly migrates back and forth between the place where they work and their place of origin. Circular migrants were in the sample, but they could not be distinguished from permanent migrants.

Key Findings

Figures on people who had moved in the five years preceding 2012

Overall, a total of 1,2 million people of working age (15 to 64 years) were estimated to have moved in the five years preceding the third quarter of 2012.

Percentage of the workforce born outside South Africa

Only 4% of people of working age was estimated to have been born outside South Africa, with larger concentrations in Limpopo and Mpumalanga.

Industrial sectors where foreign-born workers are more likely than locally-born to be found

In terms of industry, foreign-born workers were markedly more likely than locally-born to be found in construction and trade, and also more likely to be found in agriculture and private households. The latter two are well-known as generally low-paying occupations often with poor working conditions. In addition, foreign-born workers were much more likely than locally-born to work in the informal sector and in precarious employment, (in situations of employment well known for their lower level of benefits such as UIF, medical aid or pension scheme).

Employment rate: The rate of employment of foreign-born migrants is higher than for the other two groups

This is a very unusual result, at odds with what is observed around the world. Conversely, the employment rate of locally-born migrants is significantly lower than that of foreign-born migrants and locally-born non-migrants. *This is discussed further below.*

Definitions of migrants used in the econometric analysis

Three categories of persons are distinguished:

South African-born non-migrants:

This group includes all individuals born in South Africa **who have not moved in the past five years;**

South African-born migrants:

This group includes all individuals born in South Africa **who have moved residence in the past five years from a South African province different from their birth province;**

Foreign-born migrants:

This group includes all individuals **born in a foreign country.**

An econometric analysis

was used to illuminate the situations of the three groups in the labour market: It examined how the individual characteristics of persons in each group can explain their relative situations in the labour market.

Econometric analysis of gender characteristics

Women are discriminated against in the labour market. In the rate of employment, this discrimination affects migrants (especially foreign-born migrants) more than locally-born non-migrants. The probability of being underemployed is also higher for all women. Regarding employment in the informal sector, there are no marked differences between men and women. That is not the case concerning precarious activities. While the probability of locally-born non-migrant women being employed in a precarious activity is higher than for locally-born non-migrant men, locally-born migrant and foreign-born women are particularly disadvantaged.

Definition of precarious employment: persons in employment who have either no contract or a very basic form of contract below minimum legal benefits. In particular, persons with no stability or continuity of employment.

Underemployment

In the QLFS, individuals are considered as underemployed if the total hours worked per week is less than 35 hours and the person wants to work more hours and is available to start work within the next four weeks. There is no difference between foreign-born migrants and locally-born migrants; a slightly higher percentage of locally-born non-migrants are underemployed.

Informal sector employment

South Africa has a relatively small informal sector compared to other sub-Saharan African countries. **The percentage of foreign-born migrants working in the informal sector is almost twice as high as that of locally-born non-migrants, while there is no difference between locally-born non-migrants and locally-born migrants in this respect.** There are several possible explanations for this. One is that the informal sector has the lowest entry cost into the labour market. Another is that foreign-born migrants overwhelmingly come from African countries with large informal sectors. They may therefore be importing types of activities which are prevalent in their countries of origin.

Precarious employment shows the same result as for informal sector employment

Foreign-born migrants are much more frequently in precarious employment than locally born non-migrants and locally-born migrants. This is a situation that they share with most migrants around the world. Foreign-born migrants are more likely to have poor working conditions and to occupy positions that locally-born workers are **not ready to accept**. *This is discussed further below.*

Econometric analysis of the characteristics within each of the three groups:

- **The probability of employment increases with age and this age factor plays a more important role for locally-born non-migrants than for locally-born migrants and foreign-born migrants.** The same result was found for underemployment: it decreases with age and decreases more for locally-born non-migrants than for the other two groups. The relation between age and informal activities is not statistically significant. The last noticeable result is that the probability that foreign-born migrants are in precarious employment decreases significantly with age.
- **Unexpectedly, an individual's level of education impacts employment only at the highest end of the spectrum; the probability of employment does not increase much with an individual's level of education except for those who have completed secondary and tertiary levels of education.** This is especially the case for foreign-born migrants. For

Points for discussion:

South Africa's high rate of employment of foreign migrants shows that it is among the very few places where foreign migrants are not discriminated against within the labour market of their host country. However, the higher probability of their employment in the informal sector and precarious employments raises this question: **Are they better off because they are more likely to be employed or less well off because they endure poorer working conditions?**

locally-born non-migrants, investment in education is more rewarded in the labour market, and locally-born migrants fall between the other two statistically. Conversely, the level of education protects individuals from being underemployed in a similar way across the three groups. **Education is, to some degree, insurance against being engaged in the informal sector or in precarious employment.** The probability of being in such activities significantly decreases with the level of education, but this effect is more pronounced for locally-born migrants and non-migrants than for foreign-born migrants.

- The analysis shows that the situation in the labour market of locally-born migrants and non-migrants is explained by their individual characteristics (age, gender, population group, and level of education) and their location of residence, but not by their migration status. **Mobility within South Africa does not exercise any specific influence on their situation: locally-born are neither positively or negatively impacted by their status as internal migrants.**

Overall conclusions

How the situation in the labour market is related to individuals' migration status

After taking into account all individual and spatial factors relating to education, age, gender, population group and place of residence, two main results emerge:

Foreign-born migrants have a higher probability of being employed than the other two categories. In other words, a foreign-born migrant with the same age, gender, and level of education, belonging to the same population group and residing in the same place as a South African, has a higher probability of being employed than a South African non-migrant. This is a very unusual finding, as in most developed countries where data are available, the rate of employment for foreign-born migrants is a lot lower than for local workers;

Foreign-born migrants have a higher probability of being employed in informal and precarious activities than the other two categories. There are several possible explanations for these two aspects. Their overrepresentation in the informal sector may also be explained by the fact that it is the sector with the lowest entry cost into the labour market. Precarious employment shows the same result: foreign-born migrants are much more frequently in precarious employment than locally-born migrants and non-migrants. One explanation here could be the exploitation of foreign migrants' willingness to accept more precarious conditions and sometimes use precarious jobs as a stepping stone to the formal labour market. This is a

situation that they share with most migrants around the world. Foreign migrants are more likely to have poor working conditions and to occupy positions that locals are not willing to take.

A possible explanation

This higher probability of foreign migrants' employment in the informal sector and precarious activities provides a partial explanation of foreign migrants' general higher employment probability. It points to the following pattern: **while foreign migrants are more likely to be employed, they are more likely to be in the informal sector and in precarious employment, both characterized by lower levels of earnings.**

Migrating for Work Research Consortium (MiWORC)

African Centre for Migration & Society,
Wits University
Private Bag X3, Wits 2050,
South Africa

T: +27 11 717 4697
F: +27 (0)86 553 3328

www.miworc.org.za

Writer:
Wendy Landau

Coordination of editing:
Zaheera Jinnah & Aurelia Segatti

Printing & dissemination:
Wendy Landau and Kuda Vanyoro

The Migrating for Work Research Consortium

Building on over a decade of research experience in migration studies, the African Centre for Migration & Society (ACMS) at Wits University has embarked on a partnership with a range of academic (GovINN, University of Pretoria; United Nations University – Centre for Comparative Regional Integration Studies; UNESCO Chair on Free Movement), government (Department of Labour; South African Local Government Association; Statistics South Africa), and international (ILO; International Organisation for Migration (IOM)) partners. This partnership is expressed through the Migrating for Work Research Consortium (MiWORC).

MiWORC Reports N°5 and N°6 were undertaken in the framework of a Service Level Agreement between Statistics South Africa and the African Centre for Migration & Society. ACMS wishes to thank Stats SA for availing the data.

MiWORC is based on a matching fund principle. The European Union, in the framework of the EU-South Africa Dialogue Facility (EuropeAid/132200/L/ACT/ZA), funds 50 per cent of the consortium. Beyond an ambitious scholarly agenda, one of MiWORC's objectives is to avail empirically based evidence to the EU- SA Dialogue facility, a bilateral ongoing strategic partnership between the European Union and South Africa, as well as to a range of key stakeholders in government, organised labour, business, and the NGO sector.