

Title:
**THE DETERMINANTS OF MIGRANT WAGES IN SOUTH
AFRICA – THE CASE OF ZIMBABWEAN DAY
LABOURERS¹**

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Abstract

Literature concludes that there has been an increasing inflow of migrants and refugees into South Africa during the last two decades. The origin of these migrants is mainly from South Africa's long-established sources of migrant workers, including the SADC countries. Over the last decade, African immigrants have encountered brutal manifestations of resentment to their presence in South Africa. The reasons for this is multifaceted but one of the pertinent, yet unsubstantiated perceptions is that that immigrants from north of the country's borders are taking South Africans' jobs. It is often claimed that immigrant causal workers are willing to work for very low daily wages. In doing so, they get temporary employment in the informal and formal economy at the expense of South African workers who have much higher reservation wages in the same informal labour market.

This is the first study to focus on the wages of migrant day labourers in South Africa's economy to empirically test these perceptions. This paper investigates the determinants of day labour wages for migrant day labourers from Zimbabwe.

The respondents for this study were interviewed during the first ever countrywide survey of day labourers in South Africa during 2007. Using the findings of the survey among 395 Zimbabwean day labourers, supplemented with cross sectional regression analysis, the paper concludes that in the day labour market these perceptions do not hold. Migrant day labourers from Zimbabwe are in many cases better qualified than the average day labourer in South Africa. Their income, in fact, exceeds that of the average day labourer in South Africa. This opens up further research areas and an improved understanding of the debate around migrant wages in South Africa.

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1 Introduction

Globally transnational and regional work migration is a contentious issue at the moment. In the developed world recent elections in England, Australia and the United States had immigration issues as central topics on the campaign trail. Migration in Africa and is also not new, with increases in both the volume and velocity of international migration in the last five decades (Pringle, 2010: 1-2). Empirical studies postulate that the decision to migrate to another country is strongly influenced by economic factors, principally employment opportunities and higher wages (Todaro & Maruszko, 1987: 102).

Regional migration in Sub-Saharan Africa especially has received significant coverage in the popular press as well as in academia in the last 10 years as a result of the economic and political instability in Zimbabwe. Zimbabweans left their home country in their droves in search of ways to earn a living and to support their families that stayed behind (Morreira, 2010: 433). North America, Europe and Southern Africa are the preferred potential destinations for professional and qualified Zimbabweans, who mostly leave the country as legal emigrants (Tevera & Crush, 2010: 123-124). Unskilled individuals, who usually leave as illegal cross-border migrants, are not recorded. Most illegal immigrants from Zimbabwe end up in South Africa, where they compete with locals for the available employment opportunities and housing. Estimates on the number of Zimbabweans in South Africa ranges from 1 to 3 million people (Gordon 2007; Hammar, McGregor & Landau, 2010: 263).

Migrants count among the most vulnerable members of any society, even more so in developing countries. They are uncoupled from social support structures and traditional safety nets in their country of origin (Deumert, Inder & Maitra, 2005: 304). Workers can be exposed to racism, xenophobia and various forms of discrimination on a continuous basis in the destination country. This is even more evident in times of economic downswings and resultant growing unemployment in migrant-receiving countries (Pringle, 2010: 3). Deumert *et al* (2005: 318) note that a low probability of finding employment does not discourage migration. This is described by Stark and Bloom (1985:

175) as the “image of worker success”. If a significant number of workers believe that well-paying employment can be obtained, or it is worthwhile waiting for it, migration will take place (Stark & Bloom, 1985: 175).

South Africa is no exception. Zimbabwean migrants in South Africa frequently encounter extreme xenophobic reaction to their presence. Many South Africans use very derogatory term ‘*amakerre-kwerre*’ to describe unwanted immigrants (Gordon, 2007).

One pertinent perception is that that immigrants from north of the country’s borders are taking South Africans’ jobs (Kalitanyi & Visser, 2010: 376). It is often claimed that immigrant casual workers are willing to work for very low daily wages, leading to them getting temporary employment in the informal and formal economy at the expense of South African workers who have much higher reservation wages in the same informal labour market.

Day labouring is a classic example of ‘informally employed’ workers who actually work in the formal sector, but on a somewhat ‘casual’ basis (Davies & Thurlow, 2010: 440). This is first study on the wages of migrant day labourers in South Africa’s economy and represents a unique look into the argument that native born workers are pushed out of the informal labour market in South Africa by the influx of migrant workers. We investigate the determinants of day labour wages for migrant day labourers from Zimbabwe in order evaluate this perception in the day labour market.

The paper provides a brief expose of the functioning of the day labour market in South Africa. This is followed by the theoretical underpinning of the empirical model deployed in the paper. The source of the data and its descriptive statistics precedes the empirical section of the study, followed by the results, conclusions and tentative policy recommendations.

2 The day labour market in South Africa

Day labouring has emerged as a worldwide phenomenon, with a steady increase in the number of people congregating each day on street corners, waiting for somebody to offer them a job. Day labouring in the developed world has different characteristics from those in the developing world. In the United States of America, day labouring serves as an entry point into the labour market for mostly migrant workers, who hope to make the transition into the formal economy (Theodore, Valenzuela & Meléndez, 2009: 423). The entry point function is also true for many Zimbabwean migrants who find their way onto the street corners of South African cities. However, this is where the similarity ends.

In a developing country like South Africa the day labour market serves as a catchment area for the fallout from a formal economy unable to provide employment to all of those who want it. Once in this pool of mostly unskilled labour, the chance of a return or first transition into the formal economy is very limited, and the existing levels of human capital can be eroded very quickly (Blaauw, Louw & Schenck, 2006). Deskilling in this market is therefore a reality faced by South African-born day labourers and Zimbabwean migrants alike.

The street corner acts as the market place in this labour market. There is no existing monthly wage or official minimum wage level applicable in this market. Demand and supply truly influence the labour market outcomes. The pricing of the labour offered in this labour market is a function of negotiation between the prospective employer and the supply of day labour available at the street corner. This negotiation process mostly takes place before the day labourer would get into the vehicle of the employer to be transported to the actual workplace for the day (Valenzuela, 2000: 1). However, not even this negotiating process is a guarantee that the day labour will be paid at the end of the day for his labour effort. Incidences of under payment or no payment at all is frequently forthcoming from literature on this informal labour market (Blaauw *et al.*, 2006; Theodore *et al.*, 2009; Bernhardt, Milkman, Theodore, Heckathorn, Auer, DeFilippis, González, Narro, Perelshteyn, Polson & Spiller,

2009). The eventual wage, if any paid to the day labourer, depends to a large extent therefore on the goodwill of the employer.

Each successful conclusion of an agreement between the day labourer(s) and the employer represents a unique equilibrium in that specific street corner-market. Street corners in different geographic locations have different outcomes. This is the case not only with respect to the rural urban divide but also within different suburbs in the same city. Factors such as the various levels of economic development of different regions and the economic circumstances of the various suburbs in the different cities all play a role in determining the labour market outcomes in this labour market (Harmse, Blaauw & Schenck, 2009). In general terms it can be concluded that day labourers are facing a double dilemma of infrequent hiring patterns and generally low levels of income (Blaauw *et al.*, 2006).

The functioning of the day labour market in South Africa and the resultant labour market outcomes must be viewed against the theoretical background of migrant wages and its theoretical determinants.

3 Possible determinants of migrant wages

Standard human capital theory suggests that wages are determined by investment in human capital (Baldacci, Inglese & Strozza, 1999: 679). Any spending on education and training can effectively be regarded as investment in human capital (McConnell, Brue & Macpherson, 2009: 86). The levels of schooling and on the job training are major types of human capital investment (Gao & Smyth, 2010 13). General theories on wage determination are insufficient to describe the most pertinent factors that have an impact on the earnings of immigrants (Baldacci *et al.*, 1999: 680). In order to understand the immigrant wages it is imperative to study the post-immigration activities of immigrants and to relate this to their wages (Skuterud & Su, 2008: 6).

Chiswick (1978) made a significant contribution in this respect on the way immigrant workers integrate in the local labour market. He found that higher

growth rates of immigrant income are highly correlated with the length of stay in the destination country. When the absorption of international migrants into the local labour market is the topic of research, it is therefore classically modelled by a regression equation taking cognizance of the worker characteristics, some measure(s) of labour market experience as well as the time that has lapsed since migration (Borjas, Bronars & Trejo, 1992: 170).

Another key input to the literature on immigrant wage assimilation was made by Friedberg (2000), when she distinguished between foreign and host country sources of human capital in her model. The level of human capital accumulated by the migrant worker remains a key element in the worker characteristics in any analysis.

Apart from the standard human capital predictions in terms of educational attainment, it is also useful to investigate the effect of other aspects that can have an impact on the earnings of migrant workers and day labourers in particular. Given the manual nature of most of the activities that characterise day-labour employment, age was identified as such a factor. The argument is that as a day labourer gets older he might not be able to do the same manual work that his younger colleagues can. This may impact negatively on his chances of finding employment. Job tenure and age are regularly strong predictors of labour-market outcomes, such as higher wages, benefits and promotions (Bernhardt *et al.*, 2009: 43).

Linked to the nature of the tasks expected from day labourers, we concur with Gao & Smyth (2010: 10) that health is an important control variable explaining earnings. A healthier day labourer can experience productivity gains, possibly resulting in higher wages. An important proxy for health in the day labour study is their nutritional status.

International migrants often must master a new language (Borjas *et al.*, 1992: 174). The extent to which they are able to do that may very well influence their absorption into the local labour market as well as their earnings therein (Baldacci *et al.*, 1999: 681). Previous studies propose that for numerous

immigrant receiving countries, aptitude in the host country's language enhances income and this investment delivers a high rate of return (Gao & Smyth, 2011: 342).

In the case of the Zimbabwean day labourer this is not a big adjustment problem. The official language in Zimbabwe is English and in South Africa English is also the *lingua franca*.

Immigrants who are able to effectively communicate in the key language of the host country are in an advantageous position to acquire information about employment opportunities and earnings. Their superior language proficiency also enable them effectively converse information about their skills to potential employers. Proficiency in the major language of the host community also increases the productivity of employed immigrants (Gao & Smyth, 2011: 342). This is of particular importance in the day labour market as this will improve the day labourer's chances of being hired repeatedly by the same employer. Studies have indicated that being hired frequently by the same employer enhances their earnings quite considerably (Bartley & Roberts, 2006: 50).

South Africa has 10 other official languages. One of these is Afrikaans. It is a language that many prospective employers will prefer to use. The ability of the migrant to be able to communicate with the employer in his language of choice can theoretically influence his/her earnings potential. This study took note and also included this aspect as one of the possible determinants of the Zimbabwean day labourers' earnings.

Other aspects receiving attention in the literature on migrant wages is the role of legal status, with many studies indicating legal immigrants have higher levels of remuneration than their illegal counterparts (Baldacci *et al.*, 1999: 681). In the case of Zimbabwean day labourers however, the vast majority of them is illegal.

4 Data and descriptive statistics

The data for the empirical analysis was sourced from the first ever countrywide survey among day labourers in South Africa in 2007. Research during the recognisance phase of the study revealed that there are almost nearly 1,000 places in South Africa where a minimum of 45,000 mostly black African men stand and wait to be picked up for day labour (Harmse *et al.*, 2009). For the sample to be accepted as representative, between five and 10 per cent of the research population had to be interviewed countrywide. A detailed questionnaire was designed in a multi-stage process. The draft was also subjected to a trial run before the final adjustments were made. The fieldwork commenced towards the end of February 2007 and was completed by the end of November 2007. A number of questionnaires that were deemed to be unreadable or otherwise lacking in quality were discarded. The sample was checked for proportionality in terms of the regional distribution. Just over 3,800 questionnaires were accepted as suitable for the study. The research revealed that 395 respondents indicated that they originate from Zimbabwe. This sub-sample is used in the analysis that follows.

Table 1 presents a summary of the basic demographic characteristics of the Zimbabwean day labourers from the survey.

Table 1: Profile of Zimbabwean day labourers in South Africa, 2007

Provincial distribution	Gauteng: 74.9 % Western Cape: 19.8 % Other provinces: 0.3 % - 1.7 %
Gender	Male: 96.7 % Female: 3.3 %
Age	70 % younger than 30 25 % between 30 and 40
Education	No schooling: 2.25% Some primary schooling: 4.79% Completed primary schooling: 8.17%

	Some secondary schooling: 21.97% Completed secondary schooling: 50.99% Post-school qualification: 11.83% Total: 100%
Marital status	Almost equally divided between married and single.
Dependents	Average = 4.8
Type of employment	Mostly in construction sector, gardening and other manual labour jobs.

Source: Survey data

The detail in table 1 confirms that Zimbabwean day labourers in South Africa are mainly male and fairly young and with a significant number of dependents to support by way of remittances in most cases. The data corroborate the results of other studies, indicating the relatively high levels of schooling of Zimbabwean migrants (see for example Makina, 2007 and Bloch, 2008). Together with their relatively high levels of schooling, 86 per cent of the Zimbabwean day labourers indicated that they can understand and speak English well. They tend to find work in the construction industry as gardeners and other manual type jobs like the loading and unloading of trucks.

Initial scrutiny of the numbers seemed to show that the general view that foreign day labourers are willing to work for much less than their South African counterparts is not confirmed by the survey data. In fact, the mean values of all five questions, indicating income levels, are higher in the case of foreign-born day labourers. The statistical significance of the observed differences in income levels were tested with standard variance analysis (see Koutsoyiannis, 1977: 145–146 for a detailed description). The observed difference in the average wage or income between South African and foreign-born day labourers is statistically significant in four out of the five income variables generated from the questionnaires.

Table 2 specifically compares the various income variables between the South African and Zimbabwean day labourers.

Table 2: Comparing income variables for day labourers in South Africa, 2007

Income Indicator	Average (R values)		Full sample
	Zimbabweans	South Africans	
Lowest wage received for a day's work	63	57	57
Best wage received for a day's work	142	117	120
Lowest wage day labourer is willing to work for	112	102	103
Earnings during a good week	469	373	387
Earnings during a bad week	171	163	164

Source: Survey data

All income indicators reflect higher Rand values for the Zimbabwean day labourers. This is contrary to what one would have expected. This surprising finding indeed warrants further scrutiny and forms the basis of the empirical analysis of the following section.

5 Empirical analysis

The following variables are included in the regression analysis:

Dependent variable

GOODWEEK R amount earned during a good week

Due to the nature of their economic activity, day labourers do not receive a fixed monthly, or even daily, wage. The questionnaire contained a few questions relating to income received. The chosen dependent variable for the empirical study asked the day labourer how much (s)he earned during a good week of day labouring. During bad weeks all day labourers are equally bad off

and they receive almost no income. Therefore income received during a bad week is not regarded as a good indicator of the worker's worth/ ability to earn income. A good week of day labouring would involve frequent jobs and is therefore judged to be the best available indicator of day labour wages/ income. The dependent variable GOODWEEK enters the wage equation both in logarithmic and levels (Rand) format.

Explanatory variables

AGEPROX	Mean of range in age category (in years)
FTEMP	Years of full time employment before taking up day labouring
DIVERSE	Sum of all different activities undertaken during the last month of day labouring
NUTRITION	Dummy variable with value of 1 if the labourer indicated that (s)he had enough food to eat and enough of the food (s)he want to eat during the last week.
SECANDPOST	Dummy with value of 1 if completed secondary school or post school qualification; zero otherwise
VOCATIONALTRAIN	Number of vocational training courses completed
SAWELL	Dummy with value of 1 if speaks Afrikaans well, zero otherwise
OFTEN	Dummy with value of 1 if often hired by the same employer more than three times, zero otherwise

AGEPROX

The questionnaire was set in such a way that the respondents indicated their age within a specific category. The actual age of each respondent is therefore not available. Each category accounted for five years. As a proxy for age, respondents in a particular category were assigned the mean age of the category, for instance those in the category 21-25 were assigned an age

proxy of 23; those in the category 26-30 were assigned an age proxy of 28; etc. Everyone in the group below 21 were assigned an age of 18.

Wage estimations usually include age as well as a squared term. The underlying argument is that wages increase as you get older, at a certain point you reach your maximum wage and after that age your wage declines. This specific sample consists of a very young population – therefore age^2 is excluded from the analysis. The expected sign of age is positive, where older and physical stronger workers are expected to be paid more.

FTEMP

For this variable the respondents were asked to indicate the number years they held full time employment before they turned to day labouring. The expectation is that those who with experience as full time employees would be more skilled and experienced – and therefore be paid more.

DIVERSE (specialization)

Respondents were asked how many different activities they were performing as day labourer during the past month. These activities were added to form the variable DIVERSE. The higher the value, the more different activities the person had to perform; the lower the value, the more this person specialized in a specific activity. The sign is expected to be negative – where workers specializing in a specific activity are paid more.

SECANDPOST

A striking feature of the Zimbabwean day labourers in South Africa, is their high level of schooling. Of the whole sample, 51% has completed secondary school education and 12% has acquired a post school qualification. The lower categories of schooling - no schooling, some primary schooling, completed primary and some secondary schooling – are not well presented. Therefore only one dummy variable is included, taking on a value of 1 if the person has completed secondary school and/ or post school qualification and a value of zero if the highest formal qualification is some secondary schooling or lower. The sign of SECANDPOST is expected to be positive.

VOCATIONALTRAIN

Due to the physical nature of day labour activities, human capital is also increased/ built by more practical orientated training. The questionnaire included a question asking: "What other vocational training courses did you complete?" A number of options were listed (including bricklayer, painter, plumbing, tiler, electrical work, carpenter, other) and the respondent then had to confirm what courses (s)he attended. The number of training courses was added and is represented in the variable VOCATIONALTRAIN. In this specific sample the number of courses completed ranges from zero to five. These training courses would increase the human capital of each worker and allow him/her to specialize in a specific field. A square term of this variable is also included to test if the value of such training decreases after a certain number of courses.

SAWELL

Previous studies confirmed the importance of language proficiency as a determinant of migrant earnings. Migrants who can speak the official language of the destination country are better off than those who cannot. In the day labour market, the ability to communicate is essential to understand the instruction and wishes of the employer of the day. The questionnaire included questions testing the proficiency in English as well as Afrikaans. Considering the good school system in Zimbabwe it is not surprising that 86% of the respondents indicated that they speak English well. The respondents were also asked in Afrikaans how well they can speak Afrikaans. Only a few answered positively. The SAWELL variable takes on a value of 1 for those respondents who are fluent in Afrikaans.

NUTRITION

In the light of the physical nature of day labour activities, the workers health is crucial for their income generating capacity. No questions directly related to health were asked. However, one question asked about the kind of food the respondent had to eat during the past week. The options were: "I did not have

enough to eat”, “I had enough food, but not always the kinds of food I want” and “I had enough of the kinds of food I want to eat”. Those responding positively to the last statement, are regarded to be well nourished and the NUTRITION variable takes a value of 1 for them and zero otherwise. This is expected to contribute positively to their earnings.

OFTEN

Once they are satisfied with the opportunities at a specific hiring site, day labourers tend to stay there. It therefore happens that a specific employer will repeatedly pick up the same worker at such a site. It is expected that the employer and the worker in such a relationship will bond and build up trust. The employer is also expected to pay such a reliable trustworthy worker more. If the respondent replied with “often” rather than “sometimes” or “never” to the question “How often do you get hired by the same employer more than three times?” the variable OFTEN takes on a value of 1 and zero otherwise.

Variables not considered:

No distinction is made between urban and rural hiring sites. All Zimbabwean day labourers were standing in urban areas – predominantly in Gauteng. Studies on migrant wages prove that wages increase with every each year that migrant workers stay in their destination country. While most of the respondents are recent migrants (the average time they are engaged in day labouring in South Africa is 1.52 years), the years of migration is excluded from the empirical analysis. The sample predominantly consists of male labourers (only 13 females) therefore gender is also not considered. The legal status of the day labourer is also not considered – 83% of the respondents confirmed that they are illegal immigrants.

Estimation method/ technique

A number of international studies estimating migrant wages have employed instrumental variables in Mincer earnings functions in order to account for

possible endogeneity and bias in the OLS estimators (see for example Gao and Smyth, 2011). This specific study, for instance, use mother’s years of schooling as an instrument for years of schooling and the number of children living in the host city as instrument for language proficiency. These instrumental variables are usually sourced from rich datasets like labour surveys. Although unique and insightful, the data set employed in this empirical study, is not rich enough to provide instrumental variables.

Two attempts were made in looking for signs of possible endogeneity. The first involved an analysis of correlation between explanatory variables of the wage estimate and the residual (see Appendix A). The low correlation coefficients provide an initial confirmation that the explanatory variables are exogenous. A further attempt was made in performing an official endogeneity test with possible (although highly unlikely) instrumental variables. Instrumental variables were sourced from the day labour survey. These variables were not considered to be relevant explanatory variables in the wage functions. Initial inspection also does not indicate high correlations between these proposed instruments and the explanatory variables. For both the specifications the calculated J-statistic in the official endogeneity test were low and accompanied by probabilities higher than 90%. It is therefore not possible to reject the null hypothesis of exogeneity and we conclude that the included explanatory variables are exogenous.

In the absence of signs of endogeneity and useful instrumental variables, wage equations are estimated using OLS. The presence of heteroskedasticity could not be ruled out by all the available tests. Thus the regressions were estimates were estimated with White heteroskedasticity-consistent standard errors and covariance.

Table 3: Results of OLS regression analysis

	LOG(GOODWEEK)	GOODWEEK
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	Coefficient	Probability	Coefficient	Probability
CONSTANT	5.6526	0.000	273.75	0.000
AGEPROX	**0.0095	0.047	***6.02	0.008
DIVERSE	***-0.0464	0.007	***-33.54	0.000
FTEMP	***-0.0336	0.009	***-15.80	0.002
NUTRITION	0.0587	0.370	*57.24	0.064
OFTEN	*0.2091	0.057	**130.34	0.026
SECANDPOST	***0.2542	0.003	*104.46	0.077
SAWELL	**0.1694	0.015	**80.79	0.014
VOCATIONALTRAIN	***0.2865	0.000	***156.20	0.000
VOCATIONALTRAIN^2	***-0.0521	0.005	***-30.40	0.001
Observations	344		344	
Adjusted R²	0.1390		0.2029	

Regressions estimated with White heteroskedasticity-consistent standard errors and covariance

- * Statistical significant at 10%
- ** Statistical significant at 5%
- *** Statistical significant at 1%

Discussion

The estimated coefficient of AGEPROX is positive and statistical significant in both equations - as was expected. The physical nature of day labour activities rewards older and physical stronger workers with higher wages – even if it is at relative low levels. Each year adds only R6 (or 1%) to earnings in a good week.

Previous full time employment does not translate into better day labour earnings. The regression results indicate that the more experienced full time workers actually receive less income. Considering the nature of day labour activities and how it differs from full time employment, this result is not surprising. Some of these respondents were sales officers, police officers and

teachers. There is no reason why years of experience as teacher, for instance, should guarantee better earnings while active in physical hard work.

NUTRITION as proxy for health is only significant at 7% in the levels equation and insignificant in the logarithmic equation. Even though there are indications that day labourers who eat enough of the kind of food they prefer, earn more than those who do not have enough to eat or cannot eat the food they would prefer – the evidence is not statistically significant. One reason may be that our NUTRITION variable is not a good indication of health. One can also raise questions about causality – do you earn more because you can eat enough and of the food you prefer or are you able to afford the food you want to eat because you earn enough?

As was expected, and in line with international experience (Bartley & Roberts, 2006: 50), day labourers who often gets hired by the same employer earns more in a good week than those who do not have these regular encounters. At a significance level of 3% the levels equation indicates an increase of R130 in a good week. In the logarithmic equation OFTEN is only significant at 6%, but indicates an increase of 21% compared to those who do not get hired often.

Zimbabwean day labourers who has completed secondary school and/ or some formal post school qualification earns on average R105 or 25% more than those whose highest qualification is some secondary schooling. This variable is statistically significant at 8% in the levels equation and 1% in the logarithmic equation.

Day labourers that specialize in a specific activity earn more than those who does not. This is evident from the highly statistical significant variables DIVERSE and VOCATIONALTRAIN. The more they engage in different kinds of activities – the lower their earnings in a good week. VOCATIONALTRAIN exhibit the expected quadratic form in both equations. The more practical/ vocational training courses completed, the higher their earnings in a good week. Every course adds R156 or 29% to earnings, but only until a certain

point. When the number of courses exceeds 2.6 or 2.8 (according to the two different equations) further vocational training does not add to earnings anymore.

Fluency in Afrikaans adds R81 or 17% to earnings of Zimbabwean day labourers in South Africa. This explanatory variable is significant at 2% in both equations. The 17% is quite high compared to other international studies. Fluency in standard Mandarin adds about 4.8% to earnings of migrant workers in China (Gao & Smyth, 2011). Although it may well be from a higher base than the earnings of an average day labour.

Conclusions

Day labourers experience vulnerability in the labour market on two fronts. They have very little recourse to exercise any form of rights as employees. De facto, they have very little rights and are frequently underpaid or not paid at all after a day's hard work. This occurs in many cases in spite of negotiating their wage for the day beforehand. In a sense they are at the mercy of the employer as to if and how much they will be paid. The Zimbabwean day labourers in this study may experience the above even more acutely, as they are in many cases in the country illegally. This makes their situation even more precarious.

Their vulnerability is furthermore a function of the functioning of the labour market they operate in. They experience uncertainty in terms of the frequency of finding temporary employment and the income that they earn from it is low as well. They often find it difficult to support their dependents with the income earned.

In spite of this desperate situation, the empirical results of this study shows that, against expectations, human capital factors play an important role in determining the Zimbabwean day labourers' wages. The study highlighted that the main contributors, both in absolute Rand value and percentage wise, proved to be the human capital variables. Employers evaluates the

productivity and commitment of Zimbabwean day labourers ex post and being impressed by what they see, perhaps unwittingly rewards the human capital characteristics of their temporary employee. This is evident from the wage equations where the most important explanatory variables - both economically and statistically - are: the formal level of schooling, practical / vocational training courses and fluency in Afrikaans.

Although the market for day labourers finds it difficult to price the skill levels of the day labourers it is seemingly able to at least reward some of the supply characteristics of the participants.

Informal discussions with regular employers of day labourers in Johannesburg revealed that higher productivity levels as well as superior reliability of foreign day labourers, compared to the South African day labourers, play a definite role here. Employers are apparently willing to reward the foreign day labourers with higher wages than the going rate in the overall day-labour market for these attributes. An important research agenda flowing from this is that the reason(s) for this observation need(s) to be investigated from the perspective of the employers' hiring and pricing behaviour. Only then will a more nuanced discussion on the social and labour market outcomes forthcoming from the street corners of our cities be possible.

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APPENDIX A

Correlation between variables and residuals of the wage estimate in:			
Logarithmic format		Levels format	
	RESLOG		RESLEVEL
GOODWEEK	0.790431	GOODWEEK	0.881007
AGEPROX	5.35E-14	AGEPROX	1.79E-15
DIVERSE	1.22E-14	DIVERSE	5.18E-16

FTEMP	3.94E-15	FTEMP	2.54E-16
NUTRITION	6.90E-15	NUTRITION	3.00E-16
OFTEN	2.98E-15	OFTEN	3.89E-17
SECANDPOST	1.47E-14	SECANDPOST	3.74E-16
SAWELL	2.17E-15	SAWELL	9.71E-17
VOCATIONALTRAIN	3.17E-15	VOCATIONALTRAIN	6.90E-17
VOCATIONALTRAIN^2	8.96E-15	VOCATIONALTRAIN^2	1.55E-16
RESLOG	1	RESLEVEL	1