

**EMPLOYMENT STATUS, SECURITY AND THE MANAGEMENT
OF RISK: A STUDY OF WORKERS IN KWAMSANE, KWAZULU-
NATAL**

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Employment status, security and the management of risk:

A study of workers in Kwamsane, KwaZulu-Natal

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Abstract

The study investigates the concept of security in relation to work and employment. Work has conventionally been seen as the pathway to economic security; however, the growth in the numbers of people in the informal economy and in atypical forms of formal work has led to work being a source of risk and vulnerability for some categories of workers. We propose that security has separate components: income, health, education, employment and skill reproduction, place of work, demand, capital, and the ability to manage risk. We use eighteen indicators for the wage employed and six for the self employed to estimate the extent of formality of employment, and use these to assess the components of work-related security for those in different employment statuses. This framework was applied to data collected from interviews with working people who were resident in Kwamsane, KwaZulu-Natal in 2003; interviews with workers were supplemented with focus group discussions and key informant interviews.

As expected, the self employed were generally more vulnerable than those in wage employment, and there was clear gender segmentation in the labour market, with women being more likely to be self employed than men, and earning less than men. However, differentiating the wage employed into three clusters based on the degree of formality of their employment revealed a more complex and nuanced picture. Those in the least formal wage employment were more vulnerable in a number of respects than the self employed. The civil service was, as expected, an important source of secure employment, but this was especially important for women. The lower incomes of the self employed and wage workers who work in the township Kwamsane, compared to those who work in previously white small towns nearby is a clear indication of the continuing legacy of apartheid's racially based settlement patterns. Employment status determined access to risk management mechanisms such as savings and insurance; most of those with low incomes (both self employed and wage workers) tended not to have work related risk coverage and could not get services from formal or informal financial service providers.

The study points to the methodological advantages of interviewing working people directly rather than relying on a knowledgeable household respondent, and to the analytical efficacy of identifying degrees of formality in employment. This was especially effective in exploring the middle range of the continuum between formality and informality.

1 INTRODUCTION

In the past, and especially in industrialised countries, being in formal employment meant having an expectation of permanence and security of employment, and of access to the means to insure against present and future insecurity. There have been global changes in the nature of employment and the structure of the labour force. In stylised terms, there is a decrease in the proportion of the workforce in formal employment, an increase in the proportion of those working informally, and a striking trend towards the contractualisation or externalisation of many kinds of work. Taken together, these trends mean that worldwide a larger proportion of the overall workforce has lost, is losing, or will never have access to the means to ensure economic and social security.

South Africa shows similar trends, but with some marked exceptions which have to do with the history of apartheid, and before that the years of colonial rule. The formal workforce remains large relative to the informal, with the biggest employer being the civil service. Those working informally constitute a smaller proportion of the overall workforce than in other countries with similar levels of development, with the apartheid government having placed severe and racially-based restrictions on informal enterprise, up until as late as 1990. South Africa has one of the highest rates of unemployment in the world, by the narrow or the broad definition (with the latter including discouraged work-seekers). As in other countries, unemployment has a spatial dimension, with rural areas bearing higher shares and rates of unemployment. It has a gendered dimension as well, with women being more likely to be unemployed than men. Most stark, though, is the racially determined pattern of unemployment, with African men and women, and especially those in rural areas, having the highest unemployment rates, followed by coloured people, and then the Indian population. The white population has the lowest levels of unemployment, with urban white men having the lowest of all.

It is broadly accepted that the biggest development challenge facing South Africa is the need to generate work and employment opportunities, whether through increasing the number of jobs available, or through promoting and supporting self-employment for more people. However, the conservative economic policies introduced by the first democratically elected government were accompanied by significant job loss, as opposed to the promised job gains. Furthermore, the belated recognition in the 1990s of the importance of small business was followed by a set of policies, institutions and procedures for support of small enterprises,

which had no hope of being able to reach poor people in very small enterprises. At the same time, the transition to democracy brought with it comprehensive labour legislation protecting the rights of workers, and extending the scope of the regulatory regime to cover new categories of workers (domestic, agricultural, and part time). This was intended to lead to greater security of work for more people, and especially for categories of workers who typically earn lower incomes. However in a parallel process associated with globalisation, increasing numbers of people work beyond the reach of laws governing working conditions.

There is a need for better understanding of the new categories of work and employment, and of the access to measures of security that people do and do not derive through work. Though there have been improvements in statistics, current national household and labour force surveys have been limited in their ability to capture different statuses of employment, and then to identify how men and women differentially experience different aspects of security at work. Informal work is by definition harder to capture than more recognised formal forms of work. The earnings made through lots of smaller economic activities are also harder to remember and report. Household surveys with strict time constraints have to cover a range of socio-economic issues, of which employment is but one. In this situation, even the best household surveys find it difficult to capture very small sources of employment and income (Adato et al forthcoming).

A further problem with employment-related data collection at the household level is that typically a person designated to be knowledgeable about the household will be responsible for providing answers for all members. In South Africa, migrant labour and the generally volatile society have led to high levels of mobility. The knowledgeable household respondent may well be able to tell accurately what the absent member contributes to the household, but is unlikely to know much of the detail of his or her actual conditions of work. Also, the more informal or non-standard work there is, and the more erratic the employment is, the greater is the likelihood that the household respondent will simply not be able to give accurate answers about the work environment and work conditions of other household members.

A study conducted in Kwamsane in KwaZulu-Natal in 2003/4 provided the opportunity to speak directly to workers across the spectrum of statuses of employment, from very formal to very informal, about their conditions of work and about work-related security and risk. Section 2 of this paper outlines the complexities of definition and measurement of new

forms of employment, and provides the rationale for the indicators we use to assess degrees of formality in self employed or waged work. Section 3 provides an integrative framework for approaching security and risk in both formal and informal work. Section 4 describes the study area and methods used in the survey of African working people in Kwamsane. Section 5 contains the findings of the survey, estimating the extent of security experienced by men and women, and their ability to manage risk, according to the degree of formality of their employment.

2 STATUS OF EMPLOYMENT AND FORMALITY/ INFORMALITY

With the emergence of new forms of employment, the classification of occupations and of employment status has become increasingly complex. The International Labour Organisation (ILO) is tasked with developing updated systems of classification of and statistics on the labour force. At the country level, there is great variation in the adequacy of the traditional statistical tools such as general household surveys and labour force surveys. Nevertheless there have been significant improvements, and these are summarised in ILO (2002).

The growth worldwide of the informal economy has constituted a major part of the problem of labour force statistics regarding status of employment. The old classification of ‘formal sector’ and ‘informal sector’ was used, primarily, to distinguish wage employment in large registered firms or factories from self-employment in small unregistered firms.

The move towards use of the terms ‘formal economy’ and ‘informal economy’ was motivated by the need to move away from the notion of two distinct sectors and to acknowledge that the economy should be seen as a whole, with a more formal and more informal end, with gradations in between. It was recognised that the simple dichotomy concealed the great diversity that existed within the informal sector. Those involved in classification of work and employment wished to expand on the enterprise-based conceptualisation of informality - encoded in the official international definition of the ‘informal sector’ - by including informal employment relations. The enterprise-based definition of the ‘informal sector’ could not capture the emerging new forms of informal wage employment that are associated with increasing informalisation of employment, or the persistent old forms of informal wage employment.

It is in the nature of definitions and classifications to force differences and conceal similarities. It is fairly easy to characterise formality and informality at the extremes of the continuum, but it is more difficult at the middle of the range. And it is in this middle of the range between formal and informal where more understanding of both enterprises and of employment is needed, if there are to be appropriate policy interventions.

Increasing numbers of people work at the borderline between self-employment and waged employment, for example, industrial outworkers (home workers), sub-contractors, and professional consultants and freelancers. Here again, the simple distinction between ‘formal’ and ‘informal’ conceals a great deal of variation. It has become necessary to find a way of exploring similarities and differences in working conditions *across* self-employment and waged employment, to see whether there may be a place at the more precarious end of wage employment which has similar characteristics to those found in self-employment.

This paper takes the view that there is no single criterion on which a job can be classified as formal or informal, and that jobs vary in their degree of informality in terms of a number of criteria. There have been different approaches to assessing measures of formality. In a study of home-based workers in poor urban communities in Bolivia and Ecuador, Beneria and Floro constructed an index of degrees of informality (high, medium and low) based on the regularity and stability of employment (Beneria and Floro 2003). Standing and his colleagues draw on work done in the People’s Security Surveys and support moving away from a dichotomy of the formal and informal sector to considering degrees of ‘job-based’ formality (ILO 2004). They define labour informality empirically in terms of five criteria¹. Their index (hereafter the Standing index) is simple by design, with the choice of the five criteria driven by the need to be able to compare employment statuses across countries, some with limited data. This leads, however, to a number of problems.

First, an attempt has been made to include the self employed, but they can score a maximum of only two out of the total of five points. They are excluded by definition from points for contract status, employment protection status and social protection status. Second, definitions are not clear or are too restricted to incorporate changing patterns of work. The definition of ‘regular’ is not clear. With regard to the workplace status, fixed workplace categories are restricted to ‘enterprise, factory, office or shop’, which are associated with more conventional forms of formal employment. A domestic worker working everyday in the same private home, a self employed mat weaver working at home, and a call centre

worker operating out of her home, all have a ‘fixed’ workplace in the sense that it is where the work is always done. However, insofar as residential homes are private spheres, they fall beyond the scope of labour regulation, and in this sense work done in private homes is indeed more likely to be less formal than work done in the ‘enterprise, factory, office or shop’.

Third, using medical care as a proxy for benefits is problematic in countries with universal access to free medical care, when the lack of work-related medical care may be associated with the existence of a comprehensive free health care system, or the lack of medical care may coincide with the existence of other aspects of formality. In the South African context, for example, Ardington and Leibbrandt (2004) find that employer contributions to medical aid is the rarest formal attribute with only a quarter of all workers having this attribute. Indeed of those workers with ten (out of a possible total of eleven) formal attributes, only 53 percent have employer contributions to medical aid. In terms of the ILO definition these workers with paid annual and sick leave, UIF, pension funds, and so on, would not be considered formal.

In South Africa, Budlender et al (2001) go some way towards examining the continuum of formality by constructing an indicator of the number of formal enterprise characteristics and another of the number of formal job characteristics. Using these indicators, they show the level of heterogeneity within the formal and informal sectors, with informal sector jobs having formal characteristics and vice versa. Ardington and Leibbrandt (2004) extend this work by creating an index of formality², where jobs are scored according to the number of formal attributes, and then using this index to analyse the impact of the formality of employment on access to financial services. They focus on wage employees, and take into account the complexity and heterogeneity within the formal and informal economies by including as many indicators as possible.

Acknowledging the complex and multi-dimensional nature of formality/informality, this paper follows and amends the approach taken by Ardington and Leibbrandt (2004). However, rather than using an index we tested for the presence or absence of the following eighteen attributes for those in *wage work*.

- i Permanent work
- ii Acquired job through formal job search
- iii More than 5 workers

- iv Written contract
- v Paid by cheque or electronic transfer (not cash)
- vi Work at fixed location
- vii Regular pay
- viii Paid leave
- ix Paid sick leave
- x 13th cheque
- xi Bonus
- xii Employer contribution to pension fund
- xiii Employer contribution to medical aid
- xiv Employer contribution to life insurance
- xv Unemployment insurance fund
- xvi Member of a trade union
- xvii Protection from arbitrary dismissal
- xviii Housing allowance (from employer/ through place of work)

We used these attributes to classify those in wage work into three distinct groupings or clusters, with Cluster 1 containing those with the least formal attributes, Cluster 3 those with the most formal attributes, and Cluster 2 in between.

The *self employed* are separated into two groups: own account workers and employers, and within and across these we examine the following attributes as indicators of the degree of formality of employment:

- i Regularity of employment (whether the business is considered permanent)
- ii Regularity of income (how regular income flows are)
- iii Requires a licence
- iv Fixed premises
- v Keeps a set of accounts

Other indicators, such as the number of people employed, could have been added to this list of indicators for the self employed. However, the self employed in our sample are predominantly ‘survivalist’, with poor incomes. The use of additional variables to make useful distinctions would require more of a range of the self employed, including successful entrepreneurs.

These indicators of formality and informality will be used to investigate security and risk in different types of employment, and it is to these concepts that we now turn.

For most of the last half of the last century, the dominant view of how to achieve ‘development’ was driven by the Bretton-Woods institutions which promoted macro-economic policies that focused on growth. Poverty was supposed to be mitigated as a consequence of growth; the deleterious consequences to groups of vulnerable people were supposed to have been short term, and were supposed to be mitigated by short term ‘safety nets’. By the last decade of the 1900s, the severe long term consequences of the focus on growth began to be recognised, and hence the need to address poverty has been identified as a priority. The central development question has become how to achieve growth at the same time as addressing poverty. Yet in the World Bank’s Poverty Reduction Strategy and in the United Nations’ Millennium Development Goals, there is little focus on work and employment, or on enhancing poor people’s ability to work. ‘Vulnerable groups’ typically do not include the working poor - those who may work all their lives yet still not escape poverty.

Also during the 1990s there was a new emphasis on the dynamics of poverty, of transitory as well as chronic poverty. Some advocated using risk as a conceptual tool to understand the dynamics of poverty, with improved ability to manage risk as the response. It is held that to achieve sustainable poverty reduction, poor people need to be able to effectively manage risk by reducing and mitigating risk and lessening the impact of shocks (see Holzmann and Jorgensen (1999) for the conceptualisation formulated by the World Bank; Dercon (2001)). There is a mutually reinforcing relationship between risk, poverty and vulnerability³, with vulnerability being a cause of poverty and poverty in turn being a source of vulnerability. Poor people are constrained in coping with shocks, and furthermore:

Lack of effective risk management instruments and assets limit poor people’s ability to cope with shocks and may result in actions to cope in the short term that worsen deprivation in the long term, hence preventing any escape from poverty. Actions to avoid risk can also perversely contribute to permanent deeper poverty.
(Ardington and Leibbrandt 2004: 1)

One of the benefits of the risk management approach is that poor people are viewed as having agency, and as capable of managing their lives, rather than being seen as helpless victims. However, this has led to a tendency to promote the idea that poorer people should be encouraged to

engage in higher risk behaviour as a way of getting out of poverty, and the idea that poorer people can co-insure against risk. Many of the risks faced by the poor are structural and not idiosyncratic. They are often the outcomes of the deliberate shaping of economic policies, which increase vulnerability for the poor in general, and for the working poor in particular.

Neither in the poverty debates, nor in the analysis of risk management as a response to poverty, is there sufficient emphasis on or analysis of work-related risk and vulnerability. Such analysis is particularly important given the emergence globally of changing patterns of employment, notably the increase in informal employment and in contractualised employment. There is a need to explore the experience of work-related security, so that we can further identify answers to such questions as: What are the sources of insecurity? Are work-related risks different for the formally and informally employed, and for the self employed and those in waged employment? Is there a difference between women and men with regard to risk and vulnerability? What would contribute to greater security for working men and women? What is the ability of people in different statuses of employment to manage work-related risk? Is it possible to approach the management of risk in ways that transcend the short termism of temporary safety net measures, and move towards understanding what viable long term measures may be?

Standing (1999) introduced a classification of work-related security and insecurity which was intended to accommodate the changing conditions of and relationships at work. His concept of security had seven components: *labour market security* - adequate employment opportunities; *employment security* - protection against arbitrary dismissal; *job security* - the ability to pursue an occupation or career; *work security* - safety and health security at the workplace; *skill reproduction security* - opportunities to gain and retain skills; *income security* - protection of income through minimum wages, social security benefits etc.; *representation security* - protection of a collective voice in the labour market (Standing 1999: 52). He argued that income and representation were the two primary forms of security. Standing's classification does allow the inclusion of forms of non-standard and atypical work in industrialised countries. It does not, however, accommodate forms of informal work found in developing countries, nor the self-employed.

Unni and Rani (2003) developed a framework for analysing the security of informal workers in India. They distinguished between basic security

(including income, food, health, shelter, education) and economic security. They pointed out that the notion of social protection in developing countries has to be broadened to include elementary basic needs as well as work-related insecurities. In developed countries, it would be assumed that these needs could be bought and secured in the normal course of employment. Their distinction between basic security and economic security is somewhat problematic, however, as shown by the placing of 'income' under basic security, rather than economic security. Income presumably belongs in both places.

Lund and Unni (2004) attempted to resolve some of the problems in both the Standing and the Unni/Rani approaches. They tried to integrate in one framework both informal employment, which is a term more commonly used in developing countries, and non-standard or atypical work, the terms more commonly used in industrialised countries. In their broadest sense, both 'informal employment' and 'non-standard employment' refer to the same phenomenon: all employment that is not 'formal' or 'standard' (i.e., full-time, full-year permanent work in the employer's premise with legal benefits and protection). They also tried to overcome the dualism of basic and economic security, integrating the different components into one framework. We follow, albeit fairly loosely, the Lund and Unni framework here, dealing with the following aspects of security: income, health, education, security of place of work, employment and skill reproduction, demand, capital, and representation security. We then consider the ability to manage risk. The different aspects of security are separated for heuristic purposes, but are closely inter-related, as will be seen.

Income security

In a cash based society, income is of primary importance, and the lack of it is a binding constraint. A narrow view of income security would be sufficient income to cover the basic needs of oneself and those dependent on one. A more reasonable view would be that income should be sufficient to improve one's status in life, save for secure old age, and ensure that one's children have better opportunities than one's own. Income security refers to the absolute level of income; it also refers to the variability of the flow of income. Sources of insecurity are low level of wages or income, as well as irregular income, which may come from market fluctuations, irregular payment, or no payment.

Formal employment is associated with a bundle of benefits (the 'social wage') in addition to the basic income. These have often been the outcome of bargaining by organised labour, and may be codified in

labour legislation. A basic benefit package would typically include paid leave, paid sick leave, maternity benefits, unemployment insurance, access to health services, and retirement or pension funds. A more comprehensive package would include housing allowances, child care, and paternity leave. In the process of informalisation, these benefits get lost; informal wage workers by definition do not have access to them. It is likely that it is only civil service jobs (across all income ranges) and high earning jobs in the private sector, that have retained and will continue to retain these benefits.

People who are in wage work should have relatively greater income security than the self employed; within the wage employed, however, there are likely to be differences associated with the level of formality of employment. Income levels for the self employed will also have a wide range, from high earning professionals and dynamic entrepreneurs who can access their own private means of risk management against income loss, to those who earn very little. What they have in common is that there is no contractually assured source of income from an employer.

Around the world, there is a strong association between gender, income and levels of formality in employment. Women earn less on average than men, whether in formal or informal employment; a larger percentage of women than men work informally in most countries; women working informally earn less on average than women in formal work (Chen et al 2004). These patterns have been confirmed for South Africa as well (Devey et al 2004), where women are disproportionately in informal work with lower incomes. On the other hand, the South African civil service employs large numbers of people in professions largely associated with women, especially teachers, social workers and nurses, and this may counter the usual precariousness of women's employment. The civil service is the main employer in rural areas, and this may be a source of security for women.

It has been argued that food security should be seen as a separately identified component of work-related security (Unni and Rani 2003; Lund and Unni 2004). In countries such as South Africa, with a high rate of urbanisation and little subsistence agriculture, for most people it is income that secures an adequate food supply.

Health security

Work-related health security can be conceived of as having enough income to secure food and the other things necessary to secure nutritional status, including a knowledge of how to prevent ill health; having a low

exposure to risk while at work; having access to health services and the ability to pay for them; and having the ability to continue earning or securing an income in the event of ill-health.

Better incomes are associated with better health all over the world (see for example Case 2001). Given the association between income and formality, we would expect an association between formality and health as well. Informality is by definition associated with lack of regulation of the work place. But does it follow that there is a linear relationship between degrees of formality and extent of exposure to risk associated with the workplace? Certain occupations clearly carry greater risks than others, but within occupations, are there associations between formality and exposure to risk?

Access to health services depends very much on national government decisions about the extent to which the state or the private sector, or in combination, will provide services. Where a good system of universal health care is offered, working people can access it so long as it is affordable. There has been an international trend towards greater privatisation of health care, often resulting in a two-tiered system of a good but expensive private system, and an affordable but poor quality public one. The formal private business sector has different forms of health care provision, but here too the trend has been away from work-based health services. A hallmark of the process of informalisation of employment relations is that formal workers lose access to health benefits, and employers and labour brokers divest themselves of responsibility for the environmental conditions under which people work.

In the event of ill health or injury, working people need both access to health services and the ability to pay for them. The impact of time being taken off for illness or injury (whether caused at work or not) can be expected to be different for workers in different statuses of employment. This will be so with regard to paid sick leave for those in wage employment, as well as access to medical aid or health insurance for the self employed and the wage workers.

Education security

At the very least, education security refers to the right to a basic level of education, with sufficient literacy and numeracy to participate in society and to be economically productive. People then need opportunities to reproduce and change skills in accordance with changes in the labour market, which in turn will lead to greater employment security. More

expansively, people should be accorded opportunities for lifelong learning so that they can optimise their human potential.

In many countries, access to education opportunities is determined by gender, with girls having fewer years of schooling, and having smaller returns to the education that they do have. Women the world over tend to train for and engage in occupations which generate lower incomes. Gendered patterns in the division of labour lead to women having more difficulty than men do in reconciling family work with paid work.

Employment and skill reproduction security

Employment security can be conceived of as the ability to secure work and the assurance of continued employment. Standing's framework for security used protection against arbitrary dismissal as a key aspect of employment security; this is pertinent for those in wage employment but not for the self employed. Also, the notion of 'dismissal' is not able to cover the situation of many industrial outworkers who, if they do not perform well on a contract, will fail to secure the next contract. Skill reproduction security can be conceived of as having opportunities to reproduce and change (develop, apply and refine) skills in accordance with changes in the market.

At the subjective level, feelings of security about employment could be conceived of in different phases: How likely is it that I will (ever) get a job, or be able to create my own employment? Once I have work or employment, how likely is it that I will be able to keep it? If I keep it, will I be able to improve my career trajectory within it? And, if I lose it, how likely is it that I will be able to find other work or employment? All of these questions are pertinent in South Africa, where the average age of entry to the labour market for school leavers is in the late twenties; where so many people work in jobs in which there is little hope of skill upgrading through the workplace; and where the category of 'discouraged workseekers' has been introduced to capture the numbers of unemployed people who have simply given up hope of finding employment.

Security of place of work

The conventional view of the location of work is in offices, factories, shops, and service facilities – an approach that has clearly become too limited. Many people in developed and developing countries use their homes as work places, and there has been increased use of public spaces such as streets and parks as working locations, especially in developing countries. In a survey of the informal sector in Gujarat in India, for example, Unni and Rani (2003: 157) found that only 42 percent of

informal enterprises had a designated business place, 36 percent were home-based, and 22 percent had no fixed location.

Vulnerability is likely to be associated with different places of work. The following classification, while not yet being fully inclusive, allows for the incorporation of places of work that can include both formal and informal workers.

In a designated business place (used by registered and unregistered enterprises and workers)

- this category covers the conventional formal place of work
- self employed and wage workers using formerly formal work space for informal work e.g. garment workers in central cities occupying work space designated for office purposes

In a private home, inside or outside

- own home e.g. industrial outworker, craft producer, backyard mechanic
- someone else's home e.g. domestic worker or private security guard
- collective small-scale shoe production in a neighbour's house
- In public places
- on the street e.g. street vendors, traffic intersection vendors
- in publicly-owned properties such as community halls
- waste sites e.g. garbage dumps
- agricultural land e.g. farmers and subsistence producers
- agricultural labourers
- on construction sites e.g. construction workers, contractors and casual labourers.

The place of work presents specific risks, and we propose that informality is one (but not the only) dimension associated with insecurity of place of work. People who work at home, most of whom are women, may well be more protected there relative to people who work on the streets. On the other hand, poor people, female industrial outworkers among them, have constrained choices as to where to live, and often are edged into terrains which are hazardous, such as settlements on hillsides, in watercourses, or near to rubbish dumps. The siting of the residence is itself a source of insecurity. Certain sectors where men predominate, such as the building and construction industry, present particular hazards.

Another and different dimension of security of place of work is *secure access* to a place of work, and this may be especially important to

workers relying on public spaces in which to ply their trade, for example street vendors.

Demand security

Working people need a demand for their goods and services; there are costs involved in locating one's economic activities where that demand is. Historically, certain groups (such as the poor and minorities) get locked into marginal positions in terms of access to economically viable trading and working nodes. Or, in order to be close to economic opportunities in cities, they may live in places which are themselves hazardous and insecure.

While such patterns of marginalisation of the poor are universal, apartheid residential segregation exacerbated them. The four independent homelands and six self-governing territories established for the various 'ethnic groups' consigned millions of people to rural areas with few employment opportunities. The development of cities and towns was racially based, with townships for people who were not white typically being set up away from urban commercial and financial centres. This now presents a significant barrier to the economic assimilation of poorer black people. What will be the demand for goods and services supplied by very small enterprises located where people live, when wider choice is available nearby in a commercial centre? Also, wealthier residents can now make choices about moving out of township areas, whereas poorer people cannot. The income levels in townships are likely to be lower, meaning there is lower demand for the goods and services which poorer people may be trying to offer in establishing their businesses.

Much of the concern about enduring patterns of poverty and inequality in South Africa focuses on rural areas. Therefore, the study of a black township area adjacent to a small formerly white town presents the opportunity to understand the ways in which historically imposed racially based segregation impacts on continuing forms of exclusion from economic opportunity.

Capital security

People wishing to start and then grow an enterprise need access to capital and productive assets. Startup costs to some forms of unregistered trading (for example in fruit and vegetables) are relatively low. Those wanting to register businesses have to comply with a complex set of regulations and the process bears costs of time and of money (see World Bank (2004) for international examples of regulations as barriers to enterprise development).

The costs of getting access to capital by participating in formal financial institutions differ between countries, and South African formal banking and insurance is known for its costliness. Rigid rules of entry, high costs of transactions, and the severe penalties for defaulting all put formal institutions beyond the means of those with low incomes. Also, financial institutions often require a formal salary slip, or evidence of reliable past loaning behaviour, as a condition for opening an account or being granted a loan. This is an absolute barrier for poorer self employed people.

Informal financial agents and institutions such as moneylenders and rotating credit and savings associations (called 'stokvels' in KwaZulu-Natal) are very common, though there is some evidence that the very poor cannot afford to join them (see for example May et al 1998). Those who do join tolerate the commonly exorbitant interest rates in exchange for convenience and accessibility.

Representation security

The improvement of conditions of work depends on the interests of workers being represented, along with those who control the place of work, in rule setting institutions. Representation needs to be on a routine basis in enduring and legitimate institutional structures. Trade unions have enabled the interests of workers to be represented, in order to bring balance to the unequal power relations that obtain between formal employers and formal workers. The rate of unionisation for formal workers has been decreasing worldwide, though in South Africa membership is still relatively high.

Labour organising turns on the relationship between the employee and employer. The nature of the employment relationship for informal workers who are in wage employment may be disguised or ambiguous, and the self employed by definition do not have employers. The situation of dependent producers is increasingly recognised to fall somewhere between wage work and self-employment. The needs of people in these categories of work for a voice, and for representation in enduring institutional structures for negotiation, are clear.

Some of the self employed may have channels through which they can express voice. Professionals, for example, may belong to occupational associations which represent their interests, and councils which regulate their work standards. The poorer self employed may have occupationally related informal or formal associations.

The place of work has an impact on the ability to organise. People who work in their own homes (whether self employed or as outworkers) do so within the context of the power relations within the household; the ability of especially younger women to organise may be constrained by patriarchal patterns of authority. Those doing paid domestic work are isolated by the fact of working in the employer's private domestic space, in a subordinate relationship to the employer; often this is a situation where women are employed by women.

For the poorer self employed and those in informal wage employment, local government is often in official control over the management of the workers' place of work, whether on streets or in parks, and of the provision of infrastructure to these public places, as well as to people's homes. Participation by these categories of worker in local government structures and platforms is a key node through which to get representation.

Access to risk management

Formal employment comes with some mechanisms of risk management – such as sick leave, medical aid and savings for retirement. The self employed and many wage workers do not have work or state benefits. What other avenues are available to them to enhance their ability to manage risk? Some possibilities explored in this study are bank accounts (for savings), stokvels, investment, insurance, and funeral and burial policies.

Ardington and Leibbrandt (2004), using data from the 2000 Income and Expenditure Survey and Labour Force Survey, explored South Africans' use of financial institutions. They found a significant association between utilisation of financial services and formality of employment. This relationship was strongest for formal financial instruments, such as bank accounts, and weaker for formal and informal funeral insurance. In South Africa and elsewhere, even the poorest people make significant efforts to ensure that they have a decent burial and that their funeral costs will be covered. In the face of AIDS, the formal and informal life insurance industries are growing, as people make arrangements for death. Are people also insuring against work-related risks, and against the risk of temporary loss of income?

4 STUDY AREA AND RESEARCH METHOD

The study area is located in KwaZulu-Natal province, which is on the eastern seaboard of South Africa. The survey was undertaken in

association with the Africa Centre for Health and Population Studies (henceforth Africa Centre), whose Demographic Surveillance Area (DSA) extends over some 400 square kilometers, is mostly rural, with a population that is predominantly African and Zulu-speaking. It contains an urban area called Kwamsane, which under apartheid was the African township built separately from the small town of Mtubatuba, where mostly white people lived, and which served the sugar plantation and other farmers in this region. Kwamsane is some 240 kilometres to the north of the harbour city of Durban, which is South Africa's third largest metropolitan area. Kwamsane is adjacent to the main south-north freeway linking Durban to the north east of the province, and to the adjacent countries of Swaziland and Mozambique. In certain respects it is 'remote'; in others it is accessible.

Kwamsane has relatively good municipal infrastructure, with over ninety percent of households having electricity, piped water and some type of toilet. Although poor, households in Kwamsane tend to be better off (average per capita expenditure of R499, median per capita expenditure of R243) than other households in the rural DSA (average per capita expenditure of R278, median per capita expenditure of R139). It was one of the few areas in the former homeland of KwaZulu where black people in the civil service could use their housing subsidies to build or buy homes, and the preponderance of formally employed civil servants will be seen to be important to many of the findings of the survey.

The DSA covers approximately 10 000 households which contain some 90 000 individuals. Basic demographic information on birth, death and migration is collected from each household twice a year. In this study we wished to interview 300 people who were in any sort of employment. We asked the Africa Centre to identify all people in Kwamsane who were residents (defined as those who had slept in their 'bounded structure' or household for more than 90 of the previous 120 nights), and who were between the ages of 30 and 60, and to draw a random sample of 600 of those individuals, estimating that this would yield the 300 working people whom we sought. The sample frame was thus those within the specified age range who had been identified as residents of Kwamsane at the last demographic visit, which had been between one and five months before this study took place.

In August and September 2003 the survey instruments were developed, piloted and amended, once ethical approval for the study had been obtained. The field work was undertaken between October 2003 and January 2004, following training of the six locally resident Zulu-speaking

field workers. Interviews were held in Zulu, and lasted approximately one hour. There was a debriefing session between field worker and research managers for every interview. Responses were then coded and entered by two separate people; differences in coding were reconciled by the research managers after directly reviewing the questionnaires.

Five focus groups discussions (FGDs) and eleven key informant interviews (KIIs) were held with various role players in the area between November 2003 and March 2004. These discussions and interviews were conducted in Zulu or English, and discussions were tape recorded and transcribed.

5 FINDINGS AND DISCUSSION

Identifying the working people in the sample

Full interviews were conducted with 291 people from the sample of 600, and Table 1 shows the status of those who were not interviewed.

Kwamsane is an area of high migration and nearly 15 percent of the 600 selected individuals had migrated since the last demographic visit. A further five percent were not found after six visits from our field workers, and three percent had either died or were in hospital or prison. Around six percent of the sample refused to be interviewed. Of those located, 31 percent were not working and the remainder were successfully interviewed. There were more resident women aged between 30 and 60 than men (58 percent of the sample of 600 were women); women were more likely to be successfully located (78 percent of women and 62 percent of men) but once located men were more likely to be employed than women (67 percent of women and 72 percent of men). Women made up 62 percent of our 291 individual interviews.

Table 1. Summary of individual interviews (%), n = 600

	Sex		Age			Total
	Female	Male	30 to 39	40 to 49	50 to 59	
Interviewed:	52.2	44.5	51.5	49.8	39.8	48.9
Self employed	17.2	9.1	15.5	10.5	14.6	13.7
Employee	35.0	35.4	36.0	39.3	25.2	35.2
Not interviewed:	47.8	55.5	48.5	50.2	60.1	51.2
Not working	26.0	17.3	16.5	20.4	42.7	22.3
Out migrated/not known	12.0	16.9	17.5	12.0	7.8	14.1
Refused	5.5	7.1	7.6	6.3	1.9	6.2
Stopped (6 visits)	2.3	9.5	4.3	6.8	5.8	5.4
Other (e.g. deceased)	2.0	4.7	2.6	4.7	1.9	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Number of individuals	345	255	304	193	103	600

FGDs were held with a group of young people with a car washing business, domestic workers in Mtubatuba, members of an association of taxi drivers, a group of street vendors, and members of a stokvel. KIIs were conducted with the manager and loan officer of a commercial bank, the mayor and local economic development officer of the local municipality, the manager of a funeral insurance scheme, the leader of a burial society, the executive of a village bank initiative, the leader of a street vendors association, a staff member of an advice office, a chicken producer, and senior staff of a private sector business foundation.

Status of employment and formality/informality

Table 2 presents the employment status of the 291 working individuals in our sample. In the classification of status of employment used here, a basic distinction is made between the self employed (who may operate formal or informal enterprises) and wage workers. The self-employed are further divided into own account workers and those who employ others. Wage workers are divided into salaried workers in registered or unregistered enterprises, domestic workers in private households, and casual workers.

Table 2. Employment status

	Number	% of sample	% female
Self employed:	82	28.2	72.0
Own account workers	65	22.3	78.5
Employers	17	5.8	47.1
Wage workers:	209	71.8	57.9
Salaried employees in registered/unregistered enterprises	170	58.4	54.1
Workers in domestic service for private households	18	6.2	100.0
Casual workers	21	7.2	52.4
Total	291	100.0	61.9

The 28 percent of the sample that were classified as self employed were dominated by own account workers; only 17 self employed respondents employed others in their businesses. The majority (81 percent) of wage workers were salaried employees. Due to sensitivities in the field site, we were advised by the Africa Centre Community Advisory Board to remove questions about whether the enterprise was registered or not. Therefore we are not able to distinguish between salaried workers in registered and unregistered enterprises. We based our concept of informality on job characteristics measured on a number of dimensions, as set out in Section 2, and wage workers were classified into one of the three clusters indicating extent of formality.⁴

Table 3 presents the summary characteristics of the five employment status groups, that is, self employed own account workers, self employed employers, and wage workers in Cluster 1, wage workers in Cluster 2 and wage workers in Cluster 3, where Cluster 1 is least formal and Cluster 3 most formal. The first two rows of Table 3 compare the classification used in this paper with other classifications.

Table 3. Summary attributes of each employment status group

	Self employed		Wage workers			Total
	Own account	Employers	Cluster 1	Cluster 2	Cluster 3	
Written contract (%)	--	--	24	64	78	--
Average score on Standing index	--	--	1.8	3.3	4.6	
Has second job (%)	19.5	16.7	6.3	8.8	10.1	12.7
Female (%)	78.5	47.1	61.1	46.9	63.7	61.9
Mean years of age	40.3	41.1	40.5	40.3	40.2	40.3
Mean years of education	6.8	6.8	5.7	8.3	13.4	9.0
Mean years in current work	6.2	7.1	4.8	9.8	12.5	8.8
Permanent (%)	90.8	82.4	61.1	95.3	100.0	88.7
Paid in cash (%)	--	--	63.0	21.9	0.0	--
Works in private household (%)	--	--	35.2	9.4	0.0	--
Works for government (%)	--	--	9.3	18.8	86.8	--
Keeps a set of accounts (%)	13.9	35.3	--	--	--	--
Requires a license (%)	29.2	58.8	--	--	--	--
Number of individuals	65	17	54	64	91	291

The use of a single indicator such as a written contract is fairly limited. While the percentage of wage workers with a written contract increases with the degree of formality of the three clusters, almost a quarter of those in Cluster 1 would be classified as formal and 22 percent of those in Cluster 3 would be classified as informal. When we use the Standing index we see that the average score on the index increases with the degree of formality, confirming the similarity of these classifications in identifying broad trends. However, there was a fair amount of variability in the Standing index within each cluster.

The most common occupation of self employed own account workers was street vending or hawking. Other occupations included sewing, hair dressing, owning of a tuckshop, and traditional healing. The 17 self employed employers included panel beaters, sugar cane farmers, sellers, builders and the owner of a driving school. Women were more likely to be self employed than men (33 percent as opposed to 21 percent), and within self-employment were much more likely to be own account workers than employers.

The largest occupational group in Cluster 1 were domestic workers and gardeners (28 percent) followed by sellers, forestry workers, street cleaners and block makers. Cluster 2 consisted of teachers (nine percent), drivers, shop assistants, security guards and machine operators. Cluster 3 was dominated by civil servants (teachers, police, nurses) with teachers making up two-thirds of the individuals in that cluster. Thirteen percent of respondents said that they had a secondary income generating activity, 10 percent of the waged and 20 percent of the self employed. Notably women wage workers were more likely to fall into the most formal cluster (48 percent of female wage workers as opposed to 38 percent of male wage workers).

Respondents in Cluster 1 had the lowest average years of education (5.7 years), followed by the self employed (6.8 years), Cluster 2 (8.3 years) and then Cluster 3 (13.4 years).

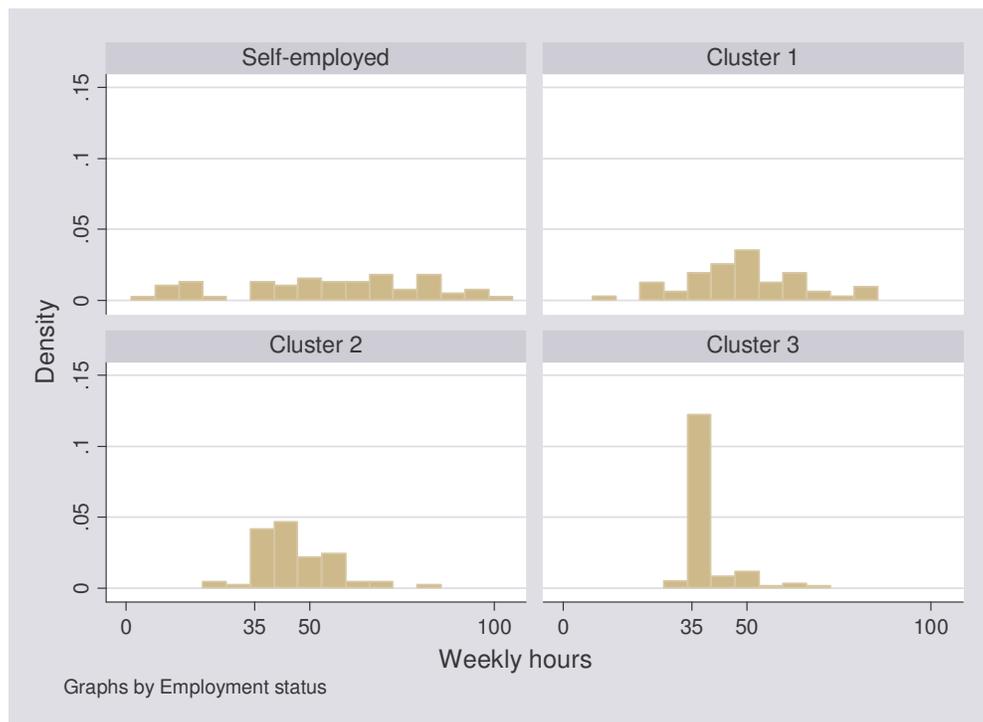
The average length of employment was 8.8 years. Those in Cluster 1 had fewer years of experience in the current job and were more likely to be contract, seasonal or casual workers. Wage employees in Cluster 3 were predominantly working for central, provincial or local government. Over a third of those in Cluster 1 were working for a private household. Not reflected in the table, the majority of workers in Cluster 3 (78 percent) used formal avenues of job search (applied to government, school, clinic, circuit office; registered at employment agency; answered advertisements). The two most common forms of jobs search for Cluster 1 and Cluster 2 were networks (family, friends or neighbours) and enquiring directly at the workplace. In Cluster 1, 43 percent used networks (family, friends or neighbours) and 22 percent enquired directly at the workplace. In Cluster 2, 33 percent used networks and 30 percent enquired at workplaces.

While fewer than 20 percent of the self employed overall kept a set of accounts for their business, employers were more likely to do so than own account workers. Self employed respondents were asked whether they needed a licence to operate their business. Respondents who indicated that they required a licence included traditional healers, vendors, a plumber and taxi owners. Twenty nine percent of own account workers required a licence to conduct their business as opposed to nearly 59 percent of employers.

While 90 percent of respondents considered their work to be permanent there was considerable variation in the number of hours worked. Figure 1

below shows the distribution of usual weekly hours of work by employment status. The hours worked by the self employed are particularly variable with 28 percent working so erratically that they were unable to specify ‘usual’ working hours. Of those who were able to estimate ‘usual’ working hours, 17 percent worked 20 hours or less per week. In contrast only one waged employee reported working less than 20 hours per week. For waged employees, hours are the most variable for those in Cluster 1, those with the least formal job characteristics. Cluster 3 is dominated by people working a standard 35 or 40 hour week.

Figure 1. Usual weekly hours of work by employment status



6 SECURITY AND WORK

Income security

Income security can be conceived of as having access to an income that is sufficient to cover basic needs, improve one’s status in life, save for secure old age, and ensure that one’s children have better opportunities than one’s own.

By design the study allowed us to speak to workers directly, but the collection of reliable income data still presented a challenge. Many of the self employed are engaged in survivalist enterprises with irregular income flows that are not separated from household accounts. For these

respondents it is almost impossible to specify a usual or ‘average’ monthly income. Other respondents feel that their income is confidential and are reluctant to share such information with fieldworkers. In an attempt to overcome these problems we first asked a direct question about income earned and then, if the respondent refused or was unable to provide an answer, we asked them to select a band into which their income fell. In this way, we were able to reduce the number of refusals from 56 (19 percent) to nine (three percent), and the number unable to give a precise answer from 30 (10 percent) to 15 (five percent).

Table 4 shows the percentage of missing income data and median monthly income by employment status. Results are shown both for the direct question on monthly income (point data) and for the income bands. Similar percentages of the self employed and wage workers in Cluster 2 and Cluster 3 have missing point data. However, the reasons behind the missing data are very different. Almost all of those in Cluster 2 and Cluster 3 are refusals, while the self employed are mostly unsure of their usual monthly income. Many of these self employed people work seasonally or erratically according to demand.

Turning to the percentage of missing data, when income is asked in bands we see that the overall rate of missing data drops from 30 percent to nine percent. The effectiveness of the bands in addressing refusals is seen in the change in the rate of missing data in Cluster 3 from 35 down to four percent. The gains with the self employed are also substantial with almost half of those unable to provide point data able to select an income band.

Table 4. Rates of missing data and median monthly income by employment status

	Self employed	Wage workers			Total	Total
		Cluster 1	Cluster 2	Cluster 3		
Income point data:						
Rate of missing data (%)	33	13	31	35	28	30
Median monthly income (Rands)	1,000	740	1,730	4,500	2,080	1,760
Median monthly income (Rands) – Males	2,700	1,200	2,330	5,583	2,650	2,650
Median monthly income (Rands) – Females	800	600	1,250	4,450	1,850	1,200
Income bands:						
Rate of missing data (%)	17	6	8	4	12	9
Median monthly income (Rands)	1,000	500 to 750	1,000 to 2,000	3,000 to 5,000	2,000 to 3,000	2,000

Monthly incomes ranged from as low as R30 per month to R10,500 a month, with a median of R1,760. Almost a quarter (24 percent) of

incomes were below R700, the equivalent of the social pension at the time of the study. The relationship between employment status and income is clear using either the point data or the bands. The median income for the self employed is around half that for wage workers. There are stark differences within the sample of wage workers, with those in Cluster 1 having a median income below that of the self employed. The median income for Cluster 1 is R740. Median incomes for wage employees rise with the degree of formality to a median monthly income of R4,500 for those in Cluster 3.

Women are more likely to be self employed, and within the group who are self employed, women tend to earn lower incomes than men. Also, waged women workers earn less on average than their male counterparts. This difference cannot be entirely explained by the formality of the employment as women earn less than men within each cluster. The gender difference is most marked for the self employed and decreases with the degree of formality of waged work.

The relationship between income and degree of formality is likely to be understated in that the presence and monetary value of additional benefits such as pensions and housing allowances also increase with formality of employment. While we do not have data on the value of such benefits we did ask respondents which benefits they were entitled to. The percentage of each cluster receiving these benefits is presented in Table 5. While paid leave is almost universal for Cluster 2 and Cluster 3, less than a quarter of those in Cluster 1 are entitled to such leave. Pension coverage is strongly related to employment status ranging from only four percent of Cluster 1 to 90 percent of Cluster 3. Housing allowances are non-existent in Cluster 1 and very rare in Cluster 2. Over 60 percent of those in Cluster 3 receive a housing allowance, which is largely a benefit offered to those in the civil service.

Table 5. Coverage of selected benefits by cluster for wage workers (%)

	Cluster 1	Cluster 2	Cluster 3	Total
Pension	3.7	32.8	90.1	50.2
Paid leave	24.1	92.2	97.8	77.0
Housing allowance	0.0	4.7	61.5	28.2

Income security concerns not only an adequate level of income to address basic needs but also security that the income stream will continue. In the event of job loss, unemployment insurance can temporarily secure a portion of that income stream. Just over half of the wage employees are covered by the Unemployment Insurance Fund (UIF). The rates of coverage are lowest in Cluster 1 (25 percent) and highest in Cluster 2 (85

percent), with 51 percent of Cluster 3 being covered. At the time of the study, it had been announced that all individuals working for the government would be covered by UIF from May 2004. About half of the civil servants in our sample said that UIF contributions were being deducted from their salaries. It is unclear whether these respondents were already covered or were mistaken about when coverage would begin.

Regularity of income is a key aspect of income security. Respondents were asked how much their income had varied from month to month over the last year, and their responses are summarised in Table 6. The vulnerability of the self employed to irregular income flows is clear. Less than a quarter of the self employed receive a regular income as opposed to three quarters of wage workers. A quarter of the self employed classified their monthly income as very irregular. Seventy-two percent of the self employed mentioned uncertain profits as a severe or modest problem for their business. Customers not paying or taking a long time to pay for goods or services received was problematic for 60 percent of the businesses.

Table 6. Variation in income, financial contribution and support to people outside the household by employment status

	Self employed	Wage workers			Total	Total
		Cluster 1	Cluster 2	Cluster 3		
Monthly variation in income: (%)						
No variation/regular	23.2	67.9	60.9	87.9	74.5	60.0
Some variation	50.0	26.4	31.3	9.9	20.7	29.0
Very irregular	25.6	3.8	4.7	2.2	3.4	9.7
Financial contribution to the household: (%)						
Only breadwinner	52.4	51.9	59.4	52.8	54.6	54.0
Primary breadwinner	19.5	20.4	25.0	32.8	27.3	25.1
Very important	17.1	18.5	15.6	13.2	15.3	15.8
Somewhat important	7.3	5.6	0.0	1.1	1.9	3.4
Not very important	2.4	3.7	0.0	0.0	1.0	1.4
Support to others outside of the household:						
Give regular financial support (%)	39.5	55.6	53.1	68.1	60.3	54.5
Median monthly amount (Rands)	300	200	300	500	400	300
Median percentage of monthly income (%)	28.6	25.0	17.9	10.0	15.1	16.2

Note: Totals may not add up to 100% due to 'Don't know' responses on some questions.

Respondents were asked about the importance of their financial contribution to the household in which they lived. Just over half of the respondents are the only income earner in the household and an additional quarter are the primary income earner. Over 95 percent consider their financial contribution to be very important to the household. Given that a quarter of incomes are below that of the monthly social pension, these responses speak to the levels of unemployment and poverty in the area. Only a small percentage (less than 10 percent) of those in Cluster 1 and of the self employed consider their contribution to be less than very important.

Over half (55 percent) of respondents give regular financial support to relatives or other people *outside* of their household. The median monthly amount of such transfers is R300, which represents 16 percent of monthly income. While the self employed and those in Cluster 1 gave nominally less, their contributions are around a quarter of their monthly income, compared to the 10 percent of income of those in Cluster 3.

Health security

Health security can be conceived of as access to sufficient income and food that health status can be secure; low exposure to risk; access to health care services and ability to pay for them; and the ability to continue earning in the event of ill health.

Respondents were asked to describe their general health as either very good, good, fair, bad or very bad⁵. Table 7 below shows self-reported health by employment status. The self employed are more likely to report poor health, with seven percent classifying their health as very bad as opposed to less than one percent of wage workers. Within the latter group, self-reported health clearly improves with formality of employment, with 20 percent of the least formal workers reporting bad or very bad health, as opposed to only three percent of the most formal.

Table 7. Self-reported health by employment status (%)

Self-reported health:	Self employed	Wage workers			Total	Total
	Cluster 1	Cluster 2	Cluster 3			
Very bad	7.3	1.9	1.6	0.0	1.0	2.8
Bad	19.5	18.5	7.8	3.3	8.6	11.7
Fair	25.6	38.9	23.4	19.8	25.8	25.8
Good	32.9	29.6	46.9	57.1	46.9	43.0
Very good	14.6	11.1	20.3	19.8	17.7	16.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Given the strong relationship between employment status and income seen in the previous section, the relationship between health and employment status is to be expected. There is strong evidence of the positive association between health and socio-economic status in both developed and developing countries (see for example Case 2001). The relationship between income and self-reported health is quantified in Table 8 below⁶. Controlling for age and sex, there is a highly significant positive relationship between self-reported health status and income. Self-reported health status tends to decline with age – for each additional year of age the odds of reporting better health decrease by about five percent.

Table 8. Ordered logits – dependent variable: self-reported health status

	(1)	(2)	(3)	(4)
Female	0.615 (-1.72)	0.619 (-1.63)	0.632 (-1.51)	0.600 (-1.72)
Age	0.947 (-3.17)	0.956 (-2.45)	0.948 (-2.81)	0.954 (-2.55)
Logarithm of monthly income	1.510 (3.21)	1.474 (2.32)	1.285 (1.35)	1.384 (1.93)
Completed years of schooling		1.070 (1.86)	1.045 (1.15)	1.047 (1.22)
Completed years of tertiary education		0.829 (-1.20)	0.672 (-2.14)	0.702 (-2.06)
Cluster 1			1.207 (0.48)	
Cluster 2			2.027 (1.79)	
Cluster 3			3.686 (2.42)	
Any medical aid				2.373 (2.28)
Number of observations	205	205	205	205

Notes: Results present the factor change in odds for higher versus lower outcomes with z-statistics in parentheses.

Interpreting the effect of income on self-reported health status is complex⁷. Figure 2 below summarises the impact of changes in income on self-reported health status for women of average age (40 years). The figure shows the change in predicted probabilities of reporting each health category with changes in income. At low incomes the probability of reporting ‘bad’ health is high but drops sharply as incomes increase. The pattern with ‘very bad’ health is similar though less steep as few respondents report having ‘very bad’ health even at low incomes. Around 15 percent of those with the lowest incomes are predicted to report ‘good’ health and this increases rapidly to around 45 percent of those with the highest incomes. The probability of reporting ‘very good’ health also increases with income.

Figure 2. Income and self-reported health status of women of average age



The second column of Table 8 includes variables for years of completed education. The relationship between income and self-reported health status is robust to controls for level of education. In the third column of Table 8 we control for employment status by adding indicator variables of whether the respondent was in Cluster 1, Cluster 2 or Cluster 3. The reference category is self-employment. The employment status coefficients should be interpreted relative to a reference category so that, for example, relative to an individual of the same age, sex and income level who was self employed, the odds of reporting better health are 3.7 times higher among those in Cluster 3. Once we control for employment status, the coefficient on income is no longer significant.

While access to sufficient income in order to secure adequate food and health services is clearly a component of health security, an individual's health status also affects his or her ability to work and earn sufficient income - namely, income security. Health security reinforces income security and vice versa. A significant positive relationship between health status and income or employment status does not indicate the direction of the causal effect or indeed whether there is a causal effect. It is not clear whether the self employed have poor health due to their informal working conditions and low income, or whether those in poor health opted for

self-employment as they were unable to secure or maintain waged employment.

A range of health related questions allow us further insight into the interrelationships between health and employment status. Table 9 presents the percentage of respondents in each employment category reporting health related problems. Almost a third (30 percent) of the self employed say that their health limits the amount or kind of work that they do and 17 percent of the self employed report their health as a severe problem for their business. Over a quarter (26 percent) of those in Cluster 1 feel that their health limits the work they do as opposed to only 11 percent in Cluster 3. The most commonly reported problems were feet, knee or back pain.

Table 9. Health problems by employment status (%)

	Self employed	Wage workers			Total	Total
		Cluster 1	Cluster 2	Cluster 3		
Health problems caused by work	15.9	20.4	21.9	16.5	19.1	18.2
Health condition that limits kind or amount of work	30.5	25.9	21.9	11.0	18.2	21.7
Work related injury or illness	3.7	9.3	9.8	4.5	7.4	6.3

Around 18 percent of the sample report health problems caused by work. Once again the most common problems were related to standing - sore feet and back pain. Interestingly the self employed were the least likely to report such problems with those in Cluster 2 being the most likely. Around six percent of the sample had experienced a work related illness or injury in the last 12 months with the self employed the least likely (four percent) and those in Cluster 2 the most likely (10 percent). Respondents were asked whether their work involved any of the following: dangerous chemicals, dangerous machinery, excessive heat, cold or noise, risky/exposed work sites or air pollution. The self employed are the least likely to work with any of the above and wage workers in Cluster 2 are the most likely. In results not reported here, ordered logit models were fit with self-reported health status as the dependent variable. Controlling for age, income and gender, none of these work related risks were significant predictors of self-reported health status. Perhaps one has to be healthy to do the kind of work that involves these risks, or the above average income in such jobs is more important for perceived health status than risky work conditions.

Without adequate protection illness can have a detrimental effect on earnings potential and may even result in loss of employment. A quarter of respondents took some time off from work in the previous 12 months (10 percent due to work related injuries or illness, 18 percent for non work related illness). In 70 percent of cases where self employed respondents took time off due to illness, the business was not able to operate. This is in stark contrast to 81 percent of the wage employees receiving full pay for the period that they were unable to work. This becomes an especially important consideration in the context of the very high prevalence of AIDS in the study area. While the self employed are considerably more vulnerable to illness than wage workers as a group, there is marked heterogeneity within the latter group. Table 10 shows the percentage of respondents with access to paid sick leave and maternity leave. Access to paid sick leave is strongly related to formality of employment with almost all of those in Cluster 2 and 3 having sick leave as opposed to only 19 percent in Cluster 1.

A quarter of all respondents report continuing to work when ill or injured in the last 12 months. Of these wage workers, 29 percent went to work because they feared losing their job and 33 percent because they would have lost income if they did not go. Sixty percent of the self employed said that in the event of a long illness it was very likely that their business would close down, as opposed to 27 percent of wage workers who said it was very likely they would lose their job in the event of a long illness.

Women are vulnerable to loss of income or employment if they lack maternity benefits. All self employed women lack work-related protection in the event of pregnancy. The majority of women in Cluster 1 (82 percent) lack maternity benefits and so are similarly vulnerable. Almost all (97 percent) of women in Cluster 3 and over three quarters (77 percent) in Cluster 2 are entitled to maternity leave. However, 11 percent of waged women said they would lose their job if they were to become pregnant (77 percent of these were in Cluster 1).

Table 10. Sick leave, maternity leave and medical aid by employment status (%)

	Self employed	Wage workers				Total
		Cluster 1	Cluster 2	Cluster 3	Total	
Paid sick leave	--	18.5	92.2	100.0	76.6	--
Maternity leave	--	18.2	76.7	96.6	70.2	--
Medical aid (own)	3.7	5.6	12.5	90.1	44.5	33.0
Medical aid (own or household)	14.6	9.3	17.2	93.4	48.3	38.8

Notes: Percentages for maternity leave are calculated for women only.

A key aspect of health security is the ability to pay for health care services. Two unusual characteristics of South Africa are, first, that as citizens South Africans have access to free primary health care services, including maternal health services. Second, civil servants may use their medical aid to buy private health services from the private sector.

The differences between the employment clusters with regard to health coverage are striking. Table 10 shows that all of those in Cluster 3 have sick leave, while less than a fifth of the most informally employed do. A third of the total sample are covered by their own medical aid with coverage strongly differentiated by employment status. While almost all (90 percent) of those in Cluster 3 have medical aid, only six percent of those in Cluster 1 and four percent of the self employed do. When we include coverage by someone else in the household, the percentage of the self employed with access to medical aid increases by 11 percent, while the percentage of wage workers with access only increases by three percent. While access to medical aid is clearly related to income, results in the fourth column of Table 8 show that, controlling for income, age, gender and education, being covered by medical aid significantly improves one's self-reported health status.

Education and skill reproduction security

Education security can be conceived of as having a level of education that will enable economic participation in society. At a minimum some competence with literacy and numeracy is a basic condition for effective participation in labour markets.

Table 11 shows the level of education by employment status. Almost a third (32 percent) of the most informal wage workers and close to a quarter (24 percent) of the self employed had no formal education. In sharp contrast, two thirds (66 percent) of the most formal wage workers had a university degree. Overall 56 percent of respondents had not completed high school.

Table 11. Level of education by employment status (%)

	Self employed	Wage workers			Total	Total
		Cluster 1	Cluster 2	Cluster 3		
None	24.4	31.5	10.9	1.1	12.0	15.5
Grade 1 to Grade 7	22.0	24.1	29.7	1.1	15.9	17.6
Grade 8 to Grade 11	36.6	31.5	28.1	6.7	19.7	24.5
Grade 12	11.0	11.1	12.5	15.6	13.5	12.8
Certificate	3.7	1.9	6.3	10.0	6.7	5.9
Degree	2.4	0.0	12.5	65.6	32.2	23.8

Table 12 below summarises the relationship between level of education and monthly income. For wage workers there is a fairly clear progression in salary with increasing education. The largest gains appear to be between high school and completing some tertiary education. With the self employed the pattern is less clear. It does appear that some basic education is associated with higher wages but thereafter there is no distinct relationship.

Table 12. Median monthly income by level of education (Rands)

	Self employed	Wage workers	Total
None	600	600	600
Grade 1 to Grade 7	1,500	1,039	1,200
Grade 8 to Grade 11	820	1,200	1,000
Grade 12	1,400	2,600	2,280
Certificate	2,400	4,000	3,950
Degree	--	5,000	5,000

While the gender gap in earnings was clearly shown above, there are no marked gender differences in education, even within each employment status category. In order to obtain a more nuanced view on the role of gender we regressed monthly income on education and gender and a number of other controls. The results are presented in Table 13 below.

Table 13. OLS Regression – dependent variable logarithm of monthly income

	(1) All	(2) All	(3) Self employed	(4) Wage employees
Age	0.015 (0.008)	0.015 (0.008)	0.018 (0.007)	0.004 (0.027)
Years in current job	0.061 (0.021)	0.061 (0.021)	0.074 (0.017)	0.013 (0.069)
Years in current job squared	-0.001 (0.001)	-0.001 (0.001)	-0.002 (0.001)	-0.001 (0.002)
Lower primary (years)	0.149 (0.058)	0.152 (0.057)	0.086 (0.049)	0.255 (0.165)
Upper primary (years)	-0.062 (0.104)	-0.049 (0.104)	0.017 (0.082)	-0.172 (0.364)
Lower secondary (years)	-0.126 (0.152)	-0.163 (0.153)	-0.127 (0.122)	-0.211 (0.501)
Upper secondary (years)	0.304 (0.083)	0.316 (0.083)	0.337 (0.067)	0.203 (0.259)
Tertiary (years)	0.288 (0.072)	0.283 (0.071)	0.224 (0.053)	0.962 (1.305)
Female	-0.661 (0.12)	-1.045 (0.253)	-0.536 (0.094)	-1.187 (0.423)
Wage worker	-0.017 (0.133)	-0.383 (0.25)		
Female x wage worker		0.491 (0.285)		
Number of observations	201	201	147	54

Women earn significantly less than men, when age, education and experience are controlled for. The average wage gap is estimated to be around 48 percent. There is some evidence that the gender gap in earnings is greater for the self employed: in the second column of Table 13 an interaction term between gender and the dummy for waged employment was included, and the coefficient on this interaction term is significant at the 10 percent level. The significant coefficients for years of lower primary, upper secondary and tertiary education, and the insignificant coefficients for upper primary and lower secondary support the trends seen in Table 12.

Employment and skill reproduction security

Employment security can be conceived of as the ability to secure work and the assurance of continuing employment. Skill reproduction security can be conceived as having opportunities to reproduce and change (develop, apply and refine) skills in accordance with changes in the market.

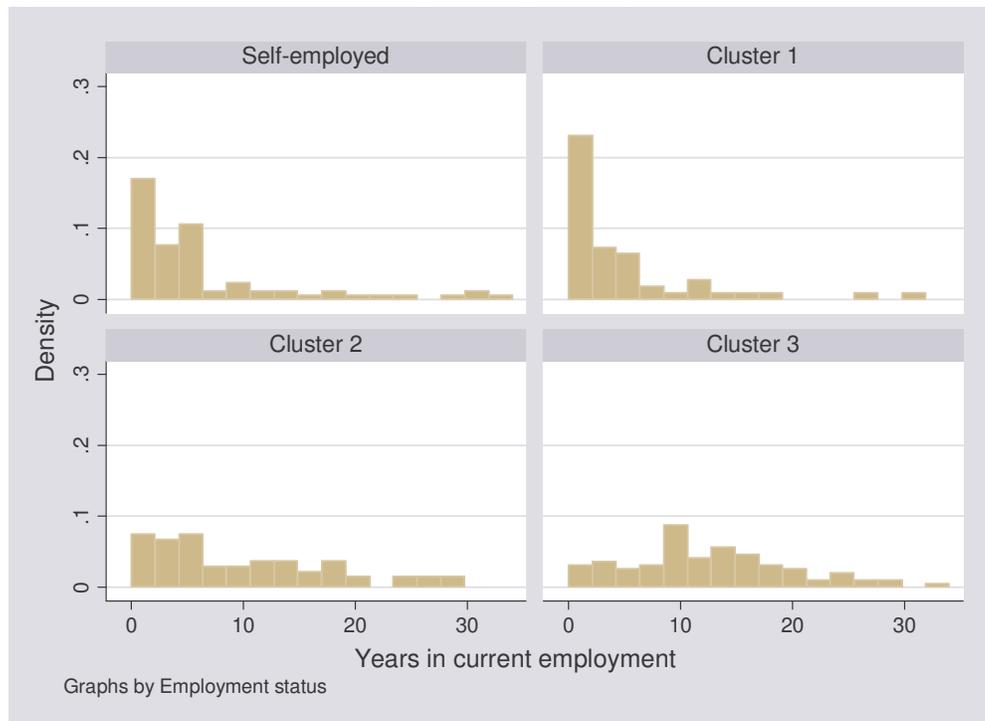
Further education and skills development were clearly identified by respondents as crucial to their employment security. When asked about the two main things that they could do to help their work situation improve in the next five years, almost a quarter (23 percent) mentioned further study and another 11 percent said they should improve their skills. Interestingly the self employed were less likely to identify further study or skills improvement as being able to improve their work situation, and two thirds of those wanting to study further had at least Grade 12.

Respondents were also asked whether there were any courses that they would like to attend that would be helpful to them in their work. Seventy-three percent replied in the affirmative, with computer and driving courses being the most commonly mentioned.

Years of work experience is difficult to measure on both a conceptual and practical level. Conceptually it is unclear whether one should consider any work experience or only work involving similar skills of the current job. Practically there are serious recall issues in asking respondents for a full work history. As a proxy or lower bound for experience we asked respondents when they had started their current employment. Figure 3 shows the distribution of years in the current job/business by employment status. For all respondents, the median years in current employment was six years with a quarter of respondents having held the same employment for over 13 years. On average, those in Cluster 1 (median of three years) and the self employed (median of four years) had less experience than

those in Cluster 2 (median of eight years) and Cluster 3 (median of 12 years). Figure 3 shows that a number of those in Cluster 1 have held their current job for less than one year.

Figure 3. Years in current employment by employment status



Around two thirds of the self employed and those in Cluster 1 and Cluster 2 had been employed before their current job/business whereas almost three quarters of those in Cluster 3 had never had any other employment. Almost all (92 percent) of those with previous employment were wage workers, and fully 85 percent of the self employed who had previous employment had been wage workers. In Table 13 we saw that for wage workers, controlling for education, age, gender and employment status, monthly income increases with years in the current job. The relationship between income and years of experience is concave with increases in income starting to flatten off from about 15 years of experience. For the self employed, on average, incomes do not tend to increase with years of experience. Self employed men tend to have similar levels of education but earn more and have fewer years of experience in the current job (median of three years of experience) than self employed women (median of six years of experience).

A proper assessment of the skills needed by the self employed to conduct their business would require a thorough working knowledge of each business. While such knowledge is clearly beyond the scope of this

exploratory study we can identify certain businesses that require specific skills. The majority of the self employed were street hawkers and vendors, requiring no specific skills. The following occupations were identified as requiring specific skills: bricklayers, builders, plumbers, panel beaters, mechanics, radio and TV repairers, drivers, hair dressers and dress makers. The median monthly earnings of the self employed utilising any of these skills is R2,400, more than twice the median for the self employed as a group. Over half the self employed men fall into this ‘skilled’ group, as opposed to only 14 percent of the self employed women. In addition, the ‘skilled’ women are predominantly hair dressers and dress makers, occupations with a below average median monthly income of R800.

In an attempt to gauge individuals’ subjective assessments of their employment and skill reproduction security, respondents were asked ‘How confident are you that you will be able to keep your present job for the next twelve months?’ and ‘In the event that you lose your present employment, how difficult or easy do you think it would be to obtain alternative employment or income-earning work?’. The distribution of responses by employment status is shown in Table 14.

Table 14. Confidence in continuing and procuring employment by employment status (%)

	Self employed	Wage workers				Total
		Cluster 1	Cluster 2	Cluster 3	Total	
Confidence in keeping present job:						
Very pessimistic	7.3	13.2	5.1	2.6	6.2	6.5
Quite pessimistic	6.1	5.7	3.8	0.0	2.9	3.8
Neither confident nor pessimistic	9.8	17.0	6.3	2.6	7.7	8.3
Quite confident	14.6	9.4	10.1	10.4	10.1	11.3
Very confident	59.8	49.1	68.4	84.4	69.4	66.7
Don’t know	2.4	5.7	6.3	0.0	3.8	3.4
Difficulty in obtaining alternative employment:						
Very difficult	82.9	81.1	84.8	66.2	77.0	78.7
Somewhat difficult	3.7	3.8	5.1	7.8	5.7	5.2
Not very difficult	6.1	3.8	1.3	6.5	3.4	4.5
Easy	7.3	7.6	8.9	14.3	10.5	9.6
Don’t know	0.0	3.8	0.0	5.2	2.9	2.1

Perceptions of employment security in terms of maintaining current employment are fairly positive, with two-thirds of respondents very confident of keeping their present employment. There are, however,

distinct differences between the different employment status groups. Just under half of those in Cluster 1 feel very confident, as opposed to 84 percent of those in Cluster 3. The percentage of self employed who feel very confident (60 percent) lies between the percentage in Cluster 1 and Cluster 2. There is a marked difference between perceptions of maintaining current employment and obtaining alternate employment in the event of losing one's current job or business. Seventy nine percent of respondents felt that obtaining alternate employment would be very difficult. While the most formal (with the highest level of education and years in the current job) felt less pessimistic than other wage workers and the self employed, two-thirds of respondents in Cluster 3 felt that obtaining alternate employment would be very difficult. Thus respondents in general feel fairly confident of maintaining current employment, but overwhelmingly pessimistic about getting further employment.

Security of place of work

Security of place of work can be conceived of as having a secure place of work in which work can be done safely and productively.

Place of work is strongly differentiated by formality of employment. All of the most formal wage workers (Cluster 3) and over 80 percent of those in Cluster 2 work in a designated business space in contrast to less than half (48 percent) of those in Cluster 1 and less than 10 percent (seven percent) of the self employed. Almost all workers in Cluster 3 work at a service outlet such as a school or shop. Most workers in Cluster 2 work in a service outlet (44 percent) or in formal business premises such as a factory or office (38 percent).

Table 15. Location of business or enterprise by employment status (%)

	Self	Wage workers			Total	Total
	employed	Cluster 1	Cluster 2	Cluster 3		
Designated business space:						
Service outlet	4.9	33.3	44.4	90.1	61.5	45.5
Formal business premises	2.4	14.8	38.1	9.9	19.2	14.5
Private home:	48.8	29.6	6.4	0.0	9.6	20.7
Public places:						
Footpath, street, street corner, open space	24.4	3.7	0.0	0.0	1.4	7.9
No fixed location	11.0	5.6	3.2	0.0	2.4	4.8
Market/Taxi rank	2.4	3.7	0.0	0.0	1.0	1.4
Agricultural land:	6.1	9.3	7.9	0.0	4.8	5.2

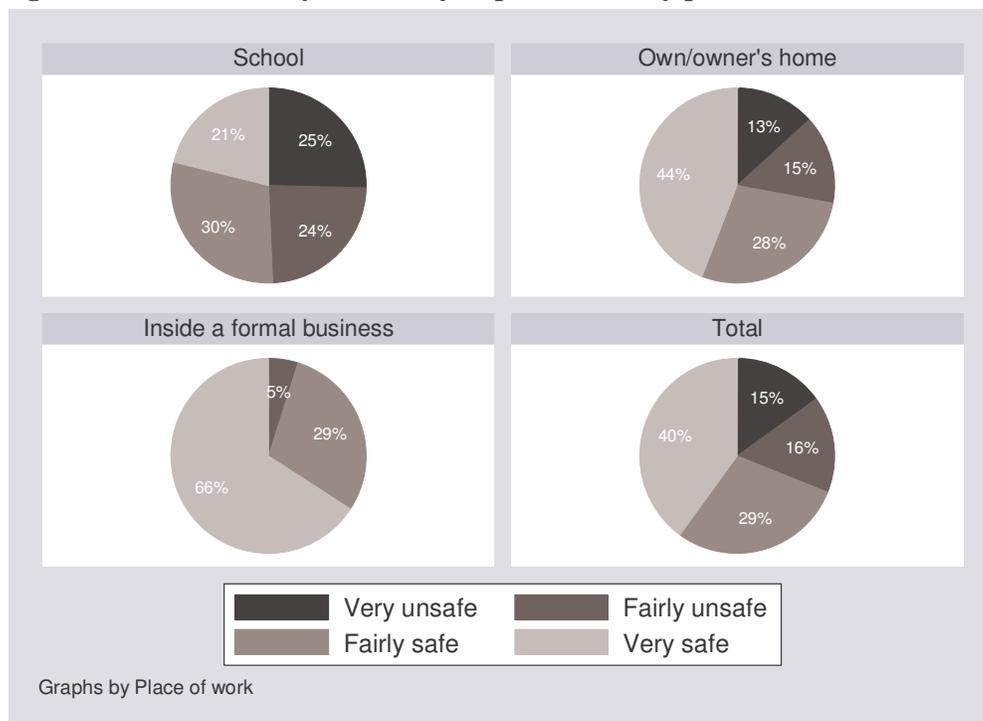
The self employed work mostly in their own home (49 percent) and public places (38 percent). Thirty percent of those in Cluster 1 work in a private home and nine percent work on a farm.

Respondents were asked how they felt about their personal safety and the safety of possessions at their place of work and whether they had witnessed or been the victim of threats or bullying, assault or crime. Responses are shown in Table 16 and Figure 4.

Table 16. Security of environment by cluster for wage workers (%)

	Cluster 1	Cluster 2	Cluster 3	Total
Witnessed:				
Threats or bullying	22.2	20.3	31.9	25.8
Sexual harassment	3.7	6.3	4.4	4.8
Crime	9.3	17.2	28.6	20.1
Assault	13.0	3.1	18.7	12.4
Murder	0.0	1.6	6.6	3.3
Victim of:				
Threats or bullying	18.5	12.5	15.4	15.3
Crime	5.6	10.9	4.4	6.7
Assault	9.3	0.0	7.7	5.7

Figure 4. Personal safety and safety of possessions by place of work (%)



In general, those workers who are the most informal are also the most insecure and vulnerable, and while one kind of insecurity tends to reinforce other kinds, this is not always the case. Security is multidimensional and those who are most secure in one dimension may be more vulnerable in another. For example, those who work inside a formal business premises are the most likely to sustain a work related injury but feel the safest in terms of possessions and personal safety. Teachers with very formal and secure employment feel more vulnerable in terms of personal safety at work than home-based workers and domestic workers in private households. Those in Cluster 3 are most likely to have witnessed threats or bullying, assault and crime in the work place. Many of the teachers reported having cell phones and other possessions stolen from school.

A key insecurity for many self employed individuals in the informal economy is that they have no continuous sense of entitlement to a secure site from which to trade. When asked what the government could do to help their work situation improve over the next five years, 22 percent of the self employed mentioned the need for a fixed site from which to work. The need for a secure working space was a concern not only for vendors but also for weavers, hair dressers, panel beaters, sewers and traditional healers. Crime and theft are a major concern for small entrepreneurs and this is strongly linked to having a secure location from which to work; 62 percent of the self employed reported crime and theft to be a severe problem for their business.

Security of place also concerns the legal entitlement to trade and freedom from fear of harassment by officials. Sixteen percent of the self employed reported harassment by officials as a problem for their business and a number of respondents mentioned the threat of being arrested for trading illegally as a major source of risk. Individuals who sell bananas on the side of the N2 freeway talk of both the danger of being hit by cars and the fear of being arrested by the police. We interviewed the local mayor after the individual worker interviews had been completed, and he reported that the national transport department was planning to remove these banana sellers, because of the safety hazard (KII, Mayor, 27/11/2003).

In 2003 domestic workers (including gardeners) in South Africa were brought into the ambit of aspects of labour regulation for the first time. Some of the eighteen domestic workers in the sample worked in Kwamsane, and others worked elsewhere. Though numbers are small, we can compare the situation of those in Kwamsane with those who worked in the nearby previously white towns of Mtubatuba, Richard Bay and

Empangeni; we also had a FGD with five domestic workers who were employed in Mtubatuba.

There was clearly less enforcement of labour regulations for domestic workers and gardeners who worked in Kwamsane compared to those who worked in Mtubatuba, Empangeni and Richard's Bay. In the individual interviews, none of those in Kwamsane had UIF coverage or a written contract; of those who worked elsewhere, 50 percent were covered by UIF, and 20 percent had a written contract. Median incomes in Kwamsane were much lower than for those who worked elsewhere, R350 compared to R650. This is most likely a reflection of the much lower income levels of Kwamsane employers, compared to the income levels of employers elsewhere.

The employers of four of the five domestic workers who participated in the Mtubatuba FGD had introduced the minimum wage and had registered for unemployment insurance. Some reported improved working conditions, others said that they were now being charged for things that had previously been included in the conditions of service, such as lunches and free rent (FGD, Domestic workers, 8/11/2003).

Demand security

Working people need a demand for their goods and services, and there are costs involved in locating economic activities where that demand is.

This study of a formerly black urban area adjacent to a small formerly white town presents an opportunity to understand how apartheid patterns of commercial and residential segregation may be continuing to exclude black people from economic opportunity. Kwamsane's economy articulates most immediately with Mtubatuba. The nearest big city, Durban, is some 240 kilometres away.

Nearly three quarters (72 percent) of the self employed work in Kwamsane, as opposed to only 13 percent of wage workers (28 people). Within the self employed group, the median monthly income of those working in Kwamsane was less than half that of those working in Mtubatuba, Empangeni and Richard's Bay: R840 compared to R1,780. The difference in income was even more striking for those in waged employment: R620 for those working in Kwamsane compared to R2,400 for those in the nearby urban areas. Though the numbers involved are small, it is worth noting that most of the 28 wage workers who worked in Kwamsane were either working in the civil service, or in domestic work; only three were in private business.

The lack of demand is a problem for the self employed. When asked what the problems were for their business, well over half (56 percent) mention too much competition, too few customers, or too little demand. When a self employed person said, 'Government must give people jobs so that they buy from my shop', she was expressing the need for demand for her goods.

While we make the general point that there is less demand in Kwamsane than in Mtubatuba, the young people who had started a car washing business in Kwamsane saw the advantage of being located where people lived. They knew that people wanted their cars washed close to home, and that it was less expensive as well as more convenient for customers than driving to the formal carwash business in the main town. They also had a strategy for coping with the slack demand in the middle of the month: they had contracted to show videos in the local schools, and to sell snacks at school sports matches (FGD, Carwashers Group, 26/11/2003).

There are different ways in which Kwamsane is economically marginalised. Those earning higher incomes work outside the area, and will do their shopping outside the area, given the lack of significant commercial activities inside the township itself. At the same time, those wanting to start and sustain their own businesses cannot create linkages with a local formal sector. The township might become further marginalised in future if, as intimated by the Mayor, better paid civil servants move out and buy houses in Mtubatuba (KII, Mayor, 27/11/2003).

Kwamsane is a marginalised residential satellite to Mtubatuba and other urban areas, yet Mtubatuba itself is not strong economically. The leader of a street traders association was aware of this, and in his view it was co-operation between the municipality and traders, and between local formal and informal business people, that was necessary to stave off the danger of Mtubatuba becoming a ghost town (KII, Vendors Association Leader, 5/3/2004). He had made attempts to block an initiative by outside business interests to bring flea markets from Durban to the town:

There are people who approached the mayor wanting to bring the flea market here in town. The mayor referred them to us as an association. I responded saying that here in Mtubatuba we do not have big firms ... If we let people come from Durban with big trucks to sell here in Mtubatuba, this town will be a ghost town.

We have women buying their stock from Durban, and it will make their lives difficult if their suppliers come here to compete with them. We told them that we do not accept their request here in Mtubatuba. (KII, Vendors Association Leader, 5/3/2004)

The mayor pointed out that tourism was going to have to be the key to developing the local economy, yet the national Department of Economic Affairs and Tourism had passed a regulation prohibiting the use of vehicles on beaches, which was certain to decrease significantly the number of tourists (KII, Mayor, 27/11/2003).

Capital security

Capital security for the self employed can be conceived as access to capital for sustainable enterprise development.

Nearly nine out of 10 (89 percent) of the self employed started their business themselves. The most common sources of money or capital for starting the business were their own savings or earnings (48 percent) and family or friends (37 percent). The self employed in our sample are predominately survivalist own account workers. The few who employ others run very small businesses, with most of them (77 percent) employing fewer than four people. Money or capital is identified as the biggest obstacle in expanding these micro-enterprises, by 78 percent of the self employed. All respondents who indicated that they were not satisfied with their current work were asked why they did not start a/another small business in order to make more money. The most common response (57 percent) was that they did not have enough money to start a business. Access to capital is critical not only for establishing a business but also for its ongoing sustainability. Nearly half of the self employed report as a problem not having enough money to buy raw materials, with some vendors having to temporarily close their business down when they are unable to afford stock. When asked what the government could do to improve their business over the next five years, 62 percent mentioned financial support or loans.

The owner of a small chicken-breeding enterprise was asked about the main risks she faced, and she talked about the consequences to her small enterprise of having to weigh up investment in the chickens against her grandchildren's needs:

Informant: When rearing these chicks they need their 'juice'. They need injections and medicines for their coughs and diarrhoea. ... Those medicines are expensive: for my 300 chickens I would have

to buy the medication of more than R100 to satisfy all chickens. Sometimes some end up having not had an injection, and as a result many of them die. Recently, when my husband died and we had financial problems, we did not inject our chickens, and as a result more than 40 of them died.

Interviewer: So the main problem is the shortage of money to buy all the necessary requirements for the chickens?

Informant: Yes, because I prioritise the needs of the children. The children must not go to school on empty stomachs. That is why I sometimes buy little medication for the chickens, which will not be enough for all (of them), which at the end poses a great problem (KII, Chicken producer, 26/11/2003).

The self employed and informal wage workers are largely excluded from formal financial services. Over a third (34 percent) of the self employed mention access to credit as a severe or modest problem for their business. Over seventy percent of these individuals say that they are denied access because they are self employed and cannot produce a payslip. In the focus group with members of a stokvel (FGD, Stokvel, 4/3/2004 we asked how different financial institutions compare:

Participant 1: It is better to save on a stokvel because as you deposit some money with Ithala (bank), they deduct some service fees.

Participant 2: Formal banks have all these strict rules, which prevent us from borrowing money from them, whilst it is easy to borrow from stokvel. However, it is better to borrow from the bank because their interest is low when compared to the stokvel, where we charge high interest. We have a reason of borrowing from a stokvel, that is that formal banks do not allow us to borrow money from them.

Participant 3: They (the banks) think that when they borrow us money we cannot afford repaying it because we are not formally employed. When I borrow money, I know exactly that I have to borrow according to what I can afford repaying. You do not just overload yourself.

Around half (55 percent) of the self employed have outstanding debts but only one person has debt at a commercial bank. The most common

sources of credit are furniture and appliance stores (23 percent) (where the goods purchased serve as collateral) and family, friends and neighbours (20.7 percent). A small portion (10 percent) of the self employed have debt at retail stores.

Another barrier to credit in KwaZulu-Natal is the control the traditional authorities (the chiefs or *amakhosi*) have over the land on which businesses are built. A bank official described how a small businessperson will put up her/his building as collateral for a loan. If there is a default on the loan, the traditional chief may in fact not allow the building to be sold, as ownership of the land on which the building stands resides with the traditional authorities. To qualify for a loan usually requires that a valuation is made of the building and business, but the building and business are not really ‘on the market’ insofar as the loaning institution cannot realise the value of the collateral (KII, Ithala Bank official, 5/3/04).

Representation security

Representation security can be conceived of as having access to and a voice in institutions where policies and procedures governing conditions of work are developed and decided.

With regard to the presence of and participation in formal structures, those in wage work were asked whether they were a member of a union, and whether there was a health and safety committee at the work place. Table 17 shows that nearly three fifths of them belong to a union, with a big difference between the low 7.5 percent in Cluster 1 and the 91 percent in Cluster 3. About a third of wage workers have health and safety committees at their places of work, with the same trend shown as with unions, with workers in Cluster 3 being more likely to report such a committee than the other two clusters.

Table 17. Structures for and perceptions of representation by cluster for wage workers (%)

	Cluster 1	Cluster 2	Cluster 3	Total
Able to voice concerns with management	59.3	78.1	81.3	74.6
Member of a union	7.6	53.3	91.1	58.1
Health and safety committee	7.6	34.4	46.2	32.7
Denied leave	15.4	13.8	3.4	8.2
Have no choice about overtime work	62.1	60.0	45.5	55.9
Assistance from the employer	71.7	46.9	73.3	64.7
Employer looks after welfare	33.3	53.1	76.9	58.4
Cannot refuse to do dangerous work	20.4	23.4	18.7	20.6

Notes: Percentages for denied leave are calculated only for people who said they were entitled to leave. Percentages for having no choice about overtime work are calculated only for people who said that they did overtime work.

We tried to get at wage workers' subjective perceptions of control or ability to express their needs at work, by asking whether they were able to voice concerns with management, about pay and about leave, for example. Overall, 75 percent feel able to do this, and the trend is the same as with participation in unions, with the range being 59 percent, 78 percent and 81 percent for those in Clusters 1, 2 and 3 respectively. Thirty five percent of the wage employed, and fully 87 percent in Cluster 3, work for government, and these civil servants have an array of channels for expressing their interests and protecting their work outside of or in addition to the trade union(s) to which they belong. One example is through professionally-based salary bargaining chambers (for example, for the police, social workers, nurses).

Very few of the self employed - four out of the 82 - said that they belonged to work-related associations. This may be a true reflection of low membership, but South African research has shown that informal workers have been unwilling to discuss organisational membership. We can speculate that this is likely to be associated, perhaps especially in KwaZulu-Natal, with the party political divisions that spill over into non-political organisations.

We interviewed the leader of an association of informal traders in Mtubatuba, and also conducted a focus group with a group of vendors, some of whom belonged to that association. We explored the extent to which they felt their needs and interests were heard by local government. They felt that undertakings had been made (for example to clean toilets, provide meeting space) which had not been delivered. In the words of the trader leader: 'They only see they need us when there is a problem.' Yet some of the traders' grievances arise precisely because there is no prior consultation with traders about facilities that are being provided. He gave the example of the traders not operating out of a new market space which was built specially for them by the municipality:

Informal traders have valid reasons for leaving the shelters built for them to run their business. One of them being that those places are not suitable for business. They were planned without consulting them and that is why they do not get their full cooperation (KII, Vendor Association Leader, 5/3/2004).

A rich and complex associational life was evident in the FGDs and KIIs and interviews that we had with domestic workers, vendors, members of a stokvel group, and the leader of an informal burial society. In all of

these groups, women were dominant. Complex rules and procedures govern the groups, some of which are formally constituted but many of which are not. The point is that organisations exist, and are disciplined and self-regulated, and some of their members are working people. However, the organisations do not address the interests of workers specifically.

Risk management

Previous sections highlighted the relationship between work related vulnerabilities and formality of employment. The self employed and very informal wage workers not only have a very different vulnerability profile to workers in highly formal jobs, but they also lack access to risk management instruments such as medical aid, sick leave and pensions, which the formally employed access through work. Self employed respondents were asked what they saw as the main risks facing their business in the future and also whether they had any plans to deal with these risks. Most (88 percent) were able to identify potential risks but only 32 percent of those had any plans to deal with any of the risks.

Outside of work, some individuals rely on formal and informal financial institutions to manage risks. South Africa has a well-developed formal banking and insurance market and a large and growing informal financial sector. By asking respondents about their utilisation of various financial instruments we hoped to generate some insight into the barriers encountered and the risk management strategies adopted by people with varying degrees of formality of employment.

Table 18 below shows how respondents in different employment statuses use different financial instruments. Those in Cluster 3 are the most likely to utilise every financial instrument, and this supports the findings of Ardington and Leibbrandt (2004) that informal savings and insurance mechanisms (such as stokvels) are complements rather than substitutes for formal financial instruments. The very low incomes of the self employed and those in Cluster 1 preclude many people from being able to make the monthly payments required for stokvel or burial society membership. Three-quarters of those in Cluster 1 said they were never able to save any money at the end of the month. The self employed and those in Cluster 1 - those with the least formal work - look fairly similar with very few respondents having investments in general, or insurance in particular. Most of those with the lowest incomes tend to not have any work related risk coverage and are unable to procure services from formal or informal financial service providers.

Table 18. Financial service by employment status (%)

	Self	Wage workers			Total	Total
	employed	Cluster 1	Cluster 2	Cluster 3		
Bank	57.3	64.8	93.8	98.9	88.5	79.7
Stokvel	28.0	29.6	21.9	46.2	34.4	32.6
Investment	1.2	1.9	14.1	64.8	33.0	24.1
Insurance	8.5	3.7	23.4	76.9	41.6	32.3
Funeral policy	25.6	31.5	51.6	94.5	65.1	54.0
Outstanding debt	54.9	55.6	76.6	87.9	76.1	70.1
Ever able to save	36.6	25.9	48.4	50.6	43.5	41.6

While utilisation of financial services is only a lower bound for access to such services, the relationship between formality of employment and such utilisation is clear. In exploring the barriers to financial services we asked respondents with bank accounts what had been required on opening the account. Forty-four percent mentioned the need for a salary slip – an impossible requirement for the self employed and for the informally employed.

7 CONCLUSION

This study set out to think afresh about the concept of ‘security’ in the world of work. The insecurity of those in identifiably informal employment, particularly the self employed, has been increasingly recognised. However little attention has been given to the vulnerabilities of those in precarious wage employment whether in the formal or informal sector. Viewing all jobs on a continuum from very informal to very formal provided an opportunity to reconceptualise the concept of work security among a sample of workers in South Africa. The study illustrates the need to be specific about place and country in discussing indicators of formality and working conditions. Provision of services by government, such as free primary health care and social pensions, impact on the importance of certain indicators for assessing formality of employment and the vulnerabilities of the working poor.

Interviews were conducted with working people themselves rather than the more usual survey situation where a household informant speaks for the working conditions of all household members, absent or present. This enabled us to ask detailed questions about work related risks and vulnerabilities and to gauge people’s perceptions of their own security. The use of income bands significantly improved the information about income, but there were still a number of self employed for whom income

was so erratic and demand dependent that it was objectively difficult to estimate incomes precisely.

The study has served to confirm that inside the generally low wage levels of the black population, there are differences between self employed and wage workers, with the waged earning more and having more measures of protection. In general, the income security of self employed people is exceptionally vulnerable to illness, and this will become an increasingly severe constraint in the context of AIDS-related illnesses. The gender segmentation in the labour market is also apparent in this study, with women earning less even when controlling for age, experience, education and employment status, and being more likely to be self employed. Previous findings about the lack of access of poorer people, especially the self-employed, to financial institutions were mirrored in this study.

Using a range of enterprise and job attributes we were able to distinguish three distinct groups of wage workers while taking the multi-dimensional nature of informality into account. Comparisons between these three groups and those in self-employment allowed insights that we think are interesting, and that allow us to get beyond the hermetically sealed categories of 'formal' and 'informal'. First, workers in the least formal end of wage employment (who may be in formal or informal jobs) work under precarious conditions, often performing worse on indicators than those in self employment. Second, women earn less on the whole. However the civil service represents an important node of secure work for numbers of women, from professionals to manual workers, and in rural and urban areas.

Third, the place of work is seen to be closely related to the security of work. Increasing numbers of people now work in less conventionally defined working places, such as in their own homes, or in public places such as streets and parks. In this study, the teachers were the occupational group that felt least secure at their place of work, and this was associated with high rates of theft and crime that take place at schools. This relates to the fourth issue, which is the conceptual challenges that are presented to 'occupational health and safety', given the existence of places of work which fall outside the conventional definitions of place of work. More women than men work in public places and in private homes. The need for secure working places was strongly voiced by the self employed who work in public places, and where there is no employer responsible for health and safety. In these public places as well as in people's private homes, local government has a role in the control of and provision of

resources and it thus could have a key influence on aspects of the security of workers, and especially poorer women workers (Chen et al 2002).

Fifth, the study was able to compare the conditions of people who worked inside and outside of Kwamsane, and the economic marginalisation of this former township was evident. Proportionately more of the self employed worked in Kwamsane than did wage workers, and the median incomes of both the self employed and wage workers who worked in Kwamsane were less than those who worked in the adjacent small, previously white towns. The long term exclusionary and inequality-creating effects of apartheid settlement patterns are clearly demonstrated in this study.

Sixth, in terms of their ability to manage work-related risks, the working people in this study had high rates of participation in insurance schemes to do with death and burial. There was very little evidence however that the self-employed had work-related insurance which could help smooth incomes in times of illness, or when productive assets needed replacing. The vast majority of enterprises of the self-employed ceased to operate when they were ill, and this is of great concern given the high AIDS prevalence in this and other areas of South Africa.

This work is intended to contribute to the growing body of research which addresses the insecurity of working people. More of the working poor need to be enabled to seize opportunities and manage risks. A better understanding of how specific kinds of vulnerability are associated with different statuses of employment is necessary to achieve this.

FOOTNOTES

1. Labour informality may be defined empirically in terms of five criteria, as follows:
 - i. Regularity status: A value of 1 is given if a person is in regular wage labour, whether full-time or part-time, or in registered self-employment; 0 otherwise.
 - ii. Contract status: A value of 1 if the person has a written employment contract (more than 12 months); 0 otherwise.
 - iii. Workplace status: A value of 1 if the person works in or around a fixed workplace, be it an enterprise, factory, office or shop; 0 otherwise.
 - iv. Employment protection status: A value of 1 if the worker is protected against arbitrary dismissal or entitled to severance pay; 0 otherwise.

- v. Social protection status: A value of 1 if entitled to paid medical care, whether paid by the employer or by medical insurance; 0 otherwise (ILO 2004:141).
2. An index of formality of employment was created using a range of enterprise characteristics (registered company or close corporation, business in the formal sector, five or more workers, formal business location), work related benefits (paid leave, employer contributions to pension, employer contributions to medical aid, UIF contributions deducted) and job characteristics (permanent work, written contract, member of a trade union).
 3. Vulnerability refers to the inability to manage risk or cope with losses or costs resulting from the occurrence of a risky event (Brown and Churchill 1999).
 4. The reliability of these job attributes in measuring a unidimensional construct, namely formality of employment, was assessed by calculating Cronbach's alpha. A reliability coefficient of 0.70 or higher is generally considered 'acceptable' (Stata 2003a:22-28). Cronbach's alpha for an index using these job attributes was calculated as 0.8629 indicating acceptable reliability. The Calinski and Harabasz pseudo-F index of 60.93 indicates that the three clusters were acceptably distinct (Stata 2003b:93-100).
 5. 'Self reported health has been shown to be a strong predictor of mortality, even when one controls for current health status and behaviours' Case 2001:4.
 6. Because the impact of income may be different in going from 'very poor' to 'poor' health than between 'fair' and 'good' health or 'good' and 'very good', we use ordered logits with self-reported health status as the dependent variable. The coefficients presented represent the factor change in odds of higher versus lower outcomes. That is, the change in odds of reporting better health, given a unit change in the variable listed in that row holding all other variables constant. The z statistics are included in parentheses.
 7. The ordinal regression model is nonlinear and the magnitude of the change in the outcome probability for a given change in one of the independent variables depends on the levels of all of the independent variables.

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