

REDI3x3 Call for Proposals

Focus Area 3: Inclusive Growth

Sub-theme: Spatial Dimensions of Inclusive Growth

Topic: Informal Urban Settlements, Mobility and Inclusive Growth

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Summary

This is a proposal for an incentive grant to write a research paper for the REDI3x3 initiative on a topic that is central to the theme of inclusive growth. The basic idea is to analyse how effectively informal urban settlements function as gateways to urban labour markets for rural migrants. Given the uneven spatial distribution of economic opportunities across the country, rural-urban migration could play an important part in making economic growth more inclusive. The success of this process of social mobility depends upon whether informal urban settlements provide an effective foot-hold or stepping stone for people to access job opportunities in the cities.

Alternatively, large-scale migration of low skilled adults may exceed the capacity of cities to absorb them, and impose rising costs of congestion on unauthorised peripheral settlements lacking basic services, thereby worsening hardship, frustration and social protest. Such negative externalities may in turn depress the performance of urban economies, discourage investment and limit the mobility opportunities for the poor – the converse of inclusive growth

The funding will be used to pay for a research assistant to analyse successive quarters of the Labour Force Survey (accessed via DataFirst) to compare the rate and composition of employment of residents of formal and informal urban areas and rural settlements. This will provide a moving snapshot of employment conditions in the different areas to assess the size of the disparities in the quantity and quality of employment. Depending on the time available once this exercise has been completed, efforts will also be made to analyse longitudinal patterns of access to urban labour markets using the NIDS dataset.

The empirical work will be complemented by a review of the literature on the link between urbanization and social mobility via the labour market, and the paper will conclude by drawing out the key policy implications. For example, if many of the people migrating to the cities from rural areas are able to secure a foot-hold in the labour market, this suggests more policy emphasis on improving skills and capabilities to progress up the jobs ladder and move out of poverty, rather than simply to obtain entry-level jobs.

Overarching research question:

How successful are informal urban settlements as entry points to urban labour markets?

Specific research questions:

1. What are the comparative employment and unemployment rates of working age adults living in formal urban areas, informal urban settlements and rural areas, taking into account the different demographic, educational and social composition of the populations?
2. What is the comparative 'quality' of the jobs held by adults in the different areas, i.e. earnings, occupations, level of security, full- versus part-time status?
3. How does the success of informal settlements vary depending on their location, i.e. peripheral or inner urban locations; Gauteng versus coastal cities?

These questions relate closely to the gaps identified in the Inclusive Growth workshop held in September 2013, particularly concerning the spatial dimensions of inclusive growth, namely urbanisation, migration, social mobility, access to work and access to housing opportunities.

Methods:

1. The consolidated Quarterly Labour Force Survey provides five years' worth of data with a large sample size to permit a detailed assessment of the scale and character of employment and unemployment for working age adults (15-64), including type of job, earnings, occupation, industry and job security. This will be analysed by gender, age and education status. 'Employment' encompasses people working for someone else (employees), people employing others (employers) and own account workers not employing anyone else (self-employed). The sample is sub-divided by geography type: urban formal, urban informal, farms and tribal. For the purpose of this analysis, the farms and tribal areas will be combined into a single rural category. The data will be manipulated using descriptive statistics and regression analysis to explore the influence of social and geographical variables on employment status.

2. If there is sufficient time available, efforts will also be made to analyse longitudinal patterns of access to urban labour markets using the NIDS dataset, i.e. to track the economic progress of individuals and households over time as they move into informal urban settlements.

Expected outputs:

This will take the form of a working paper in the first instance, followed by a journal article. Ivan Turok has been invited to submit an article to a special issue of the highly rated international journal *Urban Studies* on labour market dynamics, due in mid-2014. The proposed paper would be very suitable for this special issue.

Timeframe:

The working paper will be completed by May 2014. The journal article will be submitted in July 2014.

New or ongoing research?

This is new and unpublished research. There has been very little work of this type undertaken in South Africa.

Funding:

This application is for an individual research grant of R50,000. This will contribute to the costs of employing a research assistant to analyse the Labour Force Survey and hopefully the NIDS dataset well.

Other relevant information:

Professor Ivan Turok has almost 30 years' experience of undertaking externally-funded research projects and has published more than 100 refereed journal articles. Most are on different aspects of the spatial economy, including the competitiveness and cohesion of cities and regions, urban labour markets, urban resilience and urban policies. He has a PhD in Economics from the University of Reading in the UK. He is a B1 rated researcher by the NRF and is Editor-in-Chief of the journal *Regional Studies*. He is also an Honorary Professor at the Universities of Cape Town and Glasgow.