
Submitted in fulfilment of the requirements of the degree of MASTER OF COMMERCE (full thesis) in the Department of Economics and Economic History, Commerce Faculty of Rhodes University

By

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I, the undersigned Chirara Malon Tinotenda, student number g13c5211, hereby declare that this thesis is my original work and that it has not been submitted, and will not be presented at any other University, Technikon or College for a similar or any other degree award.

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ABSTRACT

While skilled labour shortages are common in many countries, including South Africa, mainly due to a skills mismatch, the undersupply of unskilled labour was less expected, especially in developing countries with high unemployment. The thesis utilises data on perceived worker undersupply on selected citrus farms in the Sundays River Valley (SRV), located in the Eastern Cape Province of South Africa, collected in 2013, to analyse why unemployed residents, surprisingly, do not fill up vacancies on farms. In contrast to other labour markets, farm employment is not restricted by educational levels and as workers reported, with little training the various job tasks and skills required are easy and quick to grasp. At a time the government is trying to find ways of reducing unemployment, and the SRV Municipality (2012:29) reported approximately 42% unemployment, the question arises as to why the relatively low educated residents do not take advantage of the employment opportunities on farms. According to local workers and unemployed residents, the farm job was unattractive largely because of a combination of two factors: perceived relatively low salaries partly caused by the availability of migrant seasonal workers accepting lower remuneration and poor non-wage working conditions. The survey also found that farmers preferred migrant workers because they were more productive compared to their local counterparts who were, reportedly, characterised by high absenteeism and laziness, caused mainly by a reliance on social grants and alcohol abuse. Other reasons given for the unattractiveness of the farm job included the seasonal nature of farm employment, which left workers with no source of income in the offseason, the redundancy associated with farm tasks, perceived poor treatment of workers and lack of information on UIF and Provident funds to farm workers. To address problems associated with the dislike of farm work, seasonality of on-farm employment and the reportedly relatively low income, farm managers, the local municipality and the Labour Department could possibly be involved in creating more
communal agricultural projects and help provide local community members to venture into supporting alternative careers within the Hospitality, Ecotourism and Conservation Industries through training programmes. Farm managers may need to consider improving their working relationship with workers in communication and when assigning tasks. Farmers and the local municipality could also consider investing in training programmes for the unemployed residents to equip them with technical skills that can improve their chances of finding jobs.
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ACKNOWLEDGEMENTS

I would like to express my gratitude to both my supervisors, Professor G.G. Antrobus and Mrs T. Friderichs for the informed comments, assistance and patient guidance they provided.

I am also grateful to Professor Fraser, Professor Snowball and my colleagues in the ENREFA team for regularly providing insights and support to the research project.

I would like to thank the respondent farmers, farm workers, supervisors, pack shed managers and residents who gave up their time during interviews, to make this research possible.

Finally, I would like to thank my family, and my best friend Liz for the encouragement given to me during the writing of this thesis.

The financial assistance from the Environmental and Natural Resources Research Focus Area (ENREFA) programme is hereby acknowledged.
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SIZA  Sustainability Initiatives of South Africa
SRCC  Sundays River Citrus Company
SRV   Sundays River Valley
StatsSA Statistics South Africa
UNESCO United Nations Educational, Scientific and Cultural Organization
WTO   World Trade Organisation
The study focuses on analysing perceived semi-skilled and unskilled local labour undersupply in the presence of unemployment and factors that affect labour supply and worker absenteeism on selected citrus farms in the Sundays River Valley in 2013. In contrast, many studies focused on industries situated in urban areas where shortages were of skilled labour as found by Roy (1951), Kooreman and Kapteyn (1987), Kozel and Alderman (1990), Gindling (1991), Magnac (1991), Gong et al. (2004) and Garcia et al. (2010). In South Africa, studies such as by Kraak (2004), Richardson (2007), and Rasool and Botha (2011) mainly focused on shortages of skilled labour and less attention was given to unskilled and semi-skilled labour undersupply on the assumption that it was in relatively high supply in lower wage sectors due to the high and increasing unemployment rate. STATSSA (2013) reported unemployment to have risen from 23.5% in 2008 to 25.2% by the first quarter of 2013.

To gain a better understanding of the South African farm labour market, the chapter provides a background and a brief local historical context of agricultural labour, the South African citrus industry, legislation designed to protect workers and a review of international farm labour markets in disequilibrium.

1.1 A history and characteristics of the South African farm labour market

The World Bank (2014) reported that the agricultural sector in the South African economy was a major employer with a share of approximately 5% of the aggregate labour market in 2012, however, down from over 15% in 2000. Accordingly, Roberts and Antrobus (2013:40) observed that, as in many other countries, the sector played an important role in creating employment opportunities in addition to providing food security. Orkin (2000:31) noted that on-farm employment accounted for about 30% of jobs for Africans and agriculture had the
most youthful labour force of all the economic sectors, with approximately 37% of the workforce aged between 15 and 29.

Farm employees in South Africa were dispersed among farms located in geographically remote areas. According to Atkinson (2007:3), in the arid southern part of the Free State and the Karoo, the unskilled or semi-skilled nature of farm work allowed other farmers to easily dismiss and replace workers, despite legislation protecting employees. Spierenburg (2010) also noted that poor working and living conditions prevailed in the area and were further worsened in 2000 after the dissolution of the Transitional Local Councils whose responsibilities involved service delivery in commercial farming areas. Similarly, Barrientos and Barrientos (2002:2) observed that low wage workers in Chile’s horticultural sector faced high levels of job insecurity, variable wages often based on the piece rate system and lack of unemployment benefits available to permanent workers.

Cordes (2011:57) noted that although working conditions in the Western Cape were arguably better than in most Provinces in South Africa, workers still faced inadequate protection against pesticides which could have severe health impacts. Other farmers provided substandard and unsafe housing and Isaak (2011:46) reported the use of former pig sties and ablution blocks for sheltering workers on some farms. In the Eastern Cape, Ntleki (2013) observed better working and living conditions for citrus workers than on the Western Cape’s grape farms. However, none compliance by a few farmers regarding general safety and facilities regulations such as proper toilets was reported in some areas. Furthermore, challenges to farmers included provision of pay slips, keeping of attendance registers in the prescribed format and unlawful worker dismissals.

In South Africa, the Basic Conditions of Employment Act (1993) was introduced to stipulate, amongst other things, the number of hours worked, sick leave and overtime wages (Kritzinger and Vorster, 1996:22). Additionally, the Labour Relations Act of 1995 was initiated to protect agricultural workers from unfair dismissals. Turning to social protection,
unlike in countries such as Chile where many informal workers were largely excluded because they could not afford the contributions to qualify for the programmes, South African legislation makes farmers responsible for payroll contributions to social insurance programmes for seasonal workers (DOL, 2014). Barrientos and Barrientos (2002:31) observed that in Chile, “the measures adopted so far fell short of a significant upgrade in social protection for these workers, and there is extensive evidence that these rights are repeatedly ignored by employers, making enforcement a major problem for informal workers in horticulture.”

1.2 The introduction of labour legislation and rising seasonal employment in the late 1980s

Binswanger (1993:1451) noted that since the early 1900s, apartheid legislation, such as the Natives Land Act (1913), Native Labour Regulation Act (1923), Native Trust and Land Act (1936) and Native Urban Areas Act (1945) controlled the flow of labour in South Africa guaranteeing a sufficient labour supply to farms by limiting population movement, land ownership and land renting by Africans. A sufficient labour supply, according to OECD (2002:105), is when the quality (by qualifications and performance) and quantity (labour force size and participation) of resident workers can largely fill labour requirements. Simbi and Aliber (2000:5) also observed that the introduction of the strict laws, which forced Africans to provide labour to settlers’ farms as punishment for trespassing into restricted settlements or urban areas, ensured a sufficient labour supply for agricultural production at lower wages. In other African countries such as Kenya, Mozambique and Zimbabwe, Mosley (1984:351) noted that laws which ensured availability of workers on farms were also introduced which later became a source of widespread peasant protests from the 1960s.

According to Binswanger (1993:1452), in the early 1990s several racially motivated laws were abolished in South Africa and workers’ migration from the farms to urban areas increased, seemingly to seek better employment opportunities. As Atkinson (2007:2)
pointed out, questions arose as to why workers left farms, if they chose to or were forced off and whether migrant labour would replace local workers on farms. Simbi and Aliber (2000:3) observed that during the period from 1988 to 1998, there was a 20% decline in jobs offered in the South African agricultural sector due to increased use of machinery and in addition, farmers expected new legislation to result in increased labour costs. This was because before the extension of the Basic Conditions of Employment Act 3 of 1983 (BCEA) to the agricultural sector in 1993, agricultural labour was protected under common law and therefore, its introduction and stipulations on working hours increased labour costs.

1.3 Sectoral Determination 13 for farm workers in South Africa

In terms of Section 56(1) of the Basic Conditions of Employment Act, No. 75 of 1997, a Sectoral Determination establishing conditions of employment for workers in the farming sector was introduced in 2002 (DOL, 2014). According to Kassier et al. (2003: 7), it was based on the view that farm workers were the “lowest paid and most marginalised workers in South Africa”.

The minimum wage stipulations varied in areas divided into Area A and B, classifications which were based on per capita gross geographic product (GGP). Murray and Van Walbeek (2007:2) noted that the legislation also sought to address past inequalities and injustices associated with agricultural employment by requiring labourers working more than 27 hours per week to be paid the stipulated monthly or hourly wage. A maximum of 20% of a worker’s earnings could be deducted: 10% for accommodation and 10% for food provided. Initially set at R650 a month in March 2003, the minimum wage was revised annually up to R2 420.41 in March 2014 for employees who worked for 45 ordinary hours per week. The hourly rate for employees who worked for fewer hours was R11.66 (DOL, 2014).

While employers could not require or permit a worker more than 15 hours overtime or more than 12 hours on any day, workers were entitled to at least one and a half times more than the normal wage, for overtime work. On public holidays, workers were entitled to at
least the wage that they would ordinarily have received for work that day and a minimum of double the daily wage, if they agreed with the employer to work.

After implementing minimum wages, the Inspection and Enforcement Services (IES) was tasked with the inspection and enforcement of the legislation. Inspection procedures were similar to the urban offices inspections and involved reviewing information on worker contracts, hours of work, salaries and overtime pay, as well as interviewing a sample of workers to establish the facts – typically in the absence of any management representative and in such a manner as to avoid possible subsequent victimization (DOL, 2014:19). According to Bhorat et al. (2013), levels of minimum wage violation in South Africa were considerably high, with 44% of covered workers earning below the legal minimum wage in 2007. Non-compliance in South Africa seemed high compared with other countries, for example in Argentina non-compliance with the minimum wage was 5% (Ronconi, 2008) and in Kenya it was estimated at approximately 17% (Andalon, 2008). Bhorat et al. (2012:2) observed that inspection in the agricultural sector was a problem especially in the rural areas because, in many cases, the remote location of farms prevented consistent inspections, in contrast to businesses or organisations located in urban areas, which could easily be visited. Therefore, this was one of several factors contributing to non-compliance by other farmers in the agricultural sector.

Despite government legislation protecting workers, Letsebe et al. (2013) argued the government failed to enforce compliance of most employers. For example, in 2011 there were only 107 labour inspectors responsible for visiting and monitoring over 6000 farms in the Western Cape Province and the fine for paying below the minimum wages were calculated as only 25% of the underpayment, which farmers reportedly found insignificant. Letsebe et al. (2013) reported that although the Extension of Security of Tenure of 1997 stipulated procedures within which evictions were to be undertaken, most farmers were reported to ignore the legislation and unfairly dismiss workers. However, some farmers fully
complied and even went beyond providing the legal requirements by providing food packages and clothes.

According to Simbi and Aliber (2000:10) and Atkinson (2007:37), a trend developed towards employment of seasonal or casual labour. Permanent workers were perceived to be more costly and a threat to land ownership rights due to the BCEA and laws aimed at redistributing land such as Restitution of Land Rights Act of 1994 (RLRA), the Land Reform (Labour Tenants) Act of 1996 and the Extension of Security of Land Tenure Act 62 of 1997 (ESTA). Labour costs increased due to the need to hire additional labour to recover labour hours lost due to shorter working hours stipulated by law, the set minimum wages which were higher than in the period before the extension of the BCEA to the agricultural sector and the increase in transaction costs involved in maintaining wage records. Sparrow et al. (2010:57) found that the increased costs raised long run price (wage) elasticity of farmers’ demand for labour. Bhorat and Hodge (1999) recommended that increasing capital intensity of production would reduce the demand for casual labour although it also resulted in increased demand for skilled and semi-skilled workers to operate the machinery.

Fourie (2012) reported that the R70 a day minimum wage set by the government, which was higher than the median wage in South Africa’s population, was gradually causing farmers in the Western Cape grape industry to substitute capital equipment for labour, facilitated by the improving farm technology. Furthermore, the deregulation of agricultural markets and the need for adherence to World Trade Organisation (WTO) trade policies that protect farm workers caused farmers to restructure their operations to employ casual workers only in the harvest season, which consisted mostly of foreign migrants sourced by informal labour brokers.

Otsuka et al. (1992:1966) reported that most farmers in both low income developing countries and the industrialized economies resorted to hiring casual labour instead of employing permanent workers due to the latter’s more flexible and hence cheaper work
The utilization of the less expensive labour was facilitated by informal labour institutions (brokers) that sourced foreign migrants whenever farm operations caused a high demand for labour.

1.4 The emergence of labour contractors in South Africa

The trend towards seasonal employment led to the emergence of labour contractors. According to Jacobs (2008), labour contractors provided employers with workers and took the burden of legislative responsibility from farmers. Barrientos and Kritzinger (2004) observed that globally, outsourcing workers had become common practice especially in the agricultural sector. Van der Burg (2008:17) argued that casual workers in South Africa (under labour contractors) were not covered by labour legislation. This was because the legislation was designed to cater for workers in a standard contract involving two parties, an employee and the employer. The inclusion of a third party (the agent) presented problems in determining who the actual employer and employee were. Contracts were commonly concluded between farmers and contractors, which often left workers being denied access to social benefits and bonuses (Van der Burg 2008:6). In addition, Jacobs (2008) observed that permanent workers benefits in terms of transportation and accommodation by far outweighed those for seasonal workers. According to Theron (2010), labour brokers mostly recruited less expensive migrant workers and the increased competition amongst contractors may have led to the 2009 violence against migrant workers in Stofland located in the Western Cape Province.

1.5 Does the increasing employment of migrant workers reflect labour shortages?

Barnow et al. (1998:7) defined labour shortage as a “market disequilibrium between supply and demand in which the quantity of workers demanded exceeded the supply available and willing to work at a particular wage and working conditions at a particular place and point in time.” Accordingly, most media reports of shortages were based on surveys aimed at finding whether employers found it hard to fill vacancies at current wages and working conditions.
However, Ruhs and Anderson (2010:2) argued the perceived shortages simply reflected employers’ preference for recruiting less expensive and exploitable migrant workers instead of increasing wages and improving working conditions to attract local unemployed residents. Exploitable workers included labourers, commonly migrant, who had little or no bargaining power due to lack of valid work permits or debt-bondages, who were desperate for a job to make a living - therefore exposed to threats, abuse, reduced/no pay, excessive working hours, dangerous conditions, poor accommodation and discrimination (Dowling et al., 2007). In addition, employers on farms with seasonal operations which required a workforce with flexible work schedules gained security and satisfaction from the ability to control supply of labour by employing migrant workers (Rodriguez, 2004). Field (2008) found an inverse relationship between high unemployment rates and the need for migrant workers and pointed out low wages as the main reason for their co-existence in an area, although lack of required skills could play a significant role. Bloomekatz (2007:1966) observed that most high income countries classified different types of immigration status that restricted foreigners from entering other labour markets and often limited time frames of stay. Therefore, migrant workers who were under pressure to fully utilize working hours provided a reliable source of labour to employees compared to the unrestricted local workers who had inconsistent work participation and easily switched from one job to another. According to Anderson (2010:314), other employers found migrant workers to be easier to retain than locals, especially in jobs that offered low wages and poor working conditions.

1.6 Justifications and criticism of the increase in farm minimum wages in South Africa

According to the efficiency wage theory, in some markets wages are set above the equilibrium wage on purpose to reduce worker turnover and improve the retaining of experienced and more efficient workers (Hendricks et al., 1991:1152). In addition, wages above the market wage were an incentive for increased worker productivity. However, Raff and Summers (1987:58) argued it was difficult to observe productivity of individuals directly
and to determine the effect of changes in remuneration. Furthermore, aspects such as morale and work effort were found to be difficult to measure, making the testing of the efficiency wage theory problematic.

In the Western Cape of South Africa, there was disagreement regarding the level of wages between labour unions and workers on one side, against most farmers and farmers’ unions on the other in 2012. Following associated widespread farm strikes in the second half of 2012 and in early 2013, the government announced an increase in minimum wages from approximately R1500 to R2200/month (Ramutloa, 2013). Meintjes (2013) argued the increase was caused by undue pressure and intimidation by seasonal workers and it had the effect of jeopardizing labour relations between farmers and workers. Additionally, small and emerging farmers in particular, would not afford to pay the stipulated wage and the result would be a rise in unemployment due to increased farm mechanization and downsizing of the work force for financial survival. Despite the government offering exemptions from the minimum wages regulation to farmers who proved that they faced liquidation if wages were raised accordingly, Moller (2013) reported that farmers were frustrated that despite a study headed by Dr Ferdi Meyer of the University of Pretoria in 2012 indicating that a minimum wage of R104/day was largely unaffordable to farmers, the government raised the wage to R105/day.

Conradie (2007:191) observed that reportedly deteriorating living conditions for farm workers were in part caused by the introduction of high minimum wages in 2003. In 1995, approximately 75% of farmers offered medical benefits to workers, 65% provided day care services, all houses were electrified for free and 85% of farm workers’ houses were supplied with safe running water (Kritzinger and Vorster, 1996:341). However, by 2005, the higher wages had resulted in farmers gradually withdrawing the free benefits and only 36% of the farmers continued offering free electricity while approximately 9% provided medical benefits for their workers.
1.7 Outline of the theory of labour shortages

Blank and Stigler (1957:38) noted in theory that to alleviate labour shortages, wages in the industry had to be increased to attract the unemployed to work. However, Arrow and Capron (1959:293) noted that the demand side was only one of the possible causes of labour shortages and wages would not always rise due to institutional constraints and market imperfections such as imperfect information and wage controls. They improved on the Blank-Stigler model by acknowledging that labour markets gradually responded to wage differentials and proposed that the ‘number of vacancies’ in the organisation was a more accurate reflection of labour shortages.

Harvey and Quandt (1978:372) observed that the time lag between availability and filling of vacancies could be caused by workers’ delay due to job searching, uncertainty considerations and time required to negotiate wages and contracts. Trendle (2008:11) stated that lower minimum wages compared to other industries and rising wages in other labour markets discouraged workers from entering the labour force and the unemployed preferred to wait for long periods for better paying job opportunities in other industries.

Wachter (1990:344) observed that lack of geographical mobility and a mismatch between qualifications and required skills contributed to labour shortages. According to Winkelman (2001:322), an example of a mismatch was Germany’s technological industry that was incompatible with the large semi-skilled and unskilled unemployed population. Rasool and Botha (2011:11) found that the continuing technological improvement led to a structural long term shortage of workers with the required skills in addition to substituting unskilled workers and the result was a shortage of skilled workers and high unemployment.

1.8 Farm worker shortages in other countries

While studies by Kraak (2004), Richardson (2007), and Rasool and Botha (2011) mainly focused on shortages of skilled labour in South Africa, less attention was given to the undersupply of unskilled and semi-skilled labour. According to Banerjee et al. (2008:13), the
demand for unskilled labour in South Africa was diminishing as the economy shifted from primary to tertiary sectors. James and Skinner (1985:515) asserted that shortages of unskilled labour were unlikely in countries with growing populations despite expanding industries and only skilled labour could become scarce and hinder expansion. In contrast, Bilkey (1972:1) argued that international investors in developing countries were under the same misconception and mainly motivated by the seemingly abundant unskilled cheap labour. Cheap labour was described as a readily available workforce, coming to work on time, following directions, accepting guidance from the manager, working on an established schedule, being sober while working, healthy etc. However, it should not be assumed that a country had an adequate supply of usable unskilled labour merely because of a high level of unemployed manpower. Bilkey (1972:10) found that there was a big gap between an unemployed person and an unskilled worker (defined as “employees with little knowledge of their work and who assist in various production operations”), because a certain level of physical, mental, and attitudinal qualifications were required to perform unskilled labour satisfactorily. Problems to the supply of unskilled workers in the labour market included hindrances to labour mobility and people’s unwillingness to engage in activities which their culture considered to be demeaning.

Padhi (2007:23) observed that farm workers in India constituted the most neglected working class, characterized by very low wages, poor working conditions and irregular employment due to the seasonal nature of farming and therefore preferred employment opportunities in other industries. Additionally, Baba et al. (2011:391) noted that over the past couple of decades, occupational changes, people’s attitudes and government policies, aimed at urban development, greatly contributed to the ever-decreasing labour supply to farms in many countries. Bilkey (1972), Zimmerer (1991), and Baba et al. (2011:391) observed that due to the worldwide spread of industrialisation and migration of the labour force to urban settlements, unskilled labour shortages were experienced in different parts
of the world, particularly in the agricultural sectors resulting in economic, social and cultural problems.

Crafts (1989:415) observed that an industrial revolution’s most important feature was the shifting of resources from the agricultural sector to other industries, particularly the labour force. O’Brien and Keyder (1978:185) further noted that countries experienced different paths of transition from an agricultural to an industrial economy in line with the concept of international specialization based on Ricardo’s comparative advantage theory. Similar to findings by Wrigley (1985:728) indicating that in Britain the industrial revolution threatened the labour supply in agriculture, the main cause of labour shortage in the Peruvian Sierra was migration from the farming communities where unfavourable terms of trade existed.

Zimmerer (1991:441) noted that labour scarcity in the crucial planting and cultivation period from August to September resulted in halting farming and gradually the extinction of native maize and potato cultivars, which were considered as important luxury crops in the Peruvian culture signifying status. Low farm labour supply in Bolivia, as observed by Zimmerer (1993:1664), also restricted practising previously employed soil conservation techniques, hence resulting in severe losses through erosion as peasants shifted from farming participation to non-farm employment in more developed urban areas. The result was a constraint on rural development and rising poverty in the deserted communities due to a reduction in production capacity and the degradation of watersheds through siltation.

Commander and Hadhoud (1986:162) noted that the Egyptian economy also went through a major structural change in which, from the 1980s, the agricultural sector experienced a shift from a labour force surplus to labour scarcity which caused constrained production, arguing that the solution was to adopt labour saving technological implements as well as raising salaries as a disincentive for off-farm employment seeking.
Chapter 1  

Background of study

Wells (2012) reported that in California, the United States’ largest farming state, an undersupply of local labour which harvested the various fruits grown resulted in great revenue losses and also forced salaries to rise significantly. Furthermore, the local population recorded a very low turnout for work on the farms and farmers resorted to employing illegal immigrants from Mexico, but an intensified reduction of immigration by the authorities caused lack of labour at the critical picking time. In Northern Alabama, Krupinski (2011) observed that the local unemployed residents considered field labour to be very hard work and only accepted job offers involving easier work such as tractor driving. Additionally, the larger percentage of unemployed people lived in distant places from the farms and efforts to transport job seekers to farms on a daily basis had an approximate 10% success rate. The labour crisis was worsened by the increased flow of migrant labour out of the country because in addition to the illegal immigrants, the legal workers also left along with their families (Peturis, 2012).

The economy of India, the country with the second largest manpower, was also affected by an undersupply of labour in the agricultural sector and Prabakar et al. (2011:373) identified the main causes to include the presumption of a farm job to be of low esteem as well as easy access to higher wages in other available sectors of the economy. According to Mritunjaya (2011), although the undersupply of labour was a global phenomenon, the situation in India required urgent government intervention because unlike most countries, India’s economy still heavily depended on the agricultural sector. The youthful population had less interest in agriculture and migrated to the cities in large numbers, leaving farming activities to be dominated by an ageing population (Bhowmick, 2011). Furthermore, it was recommended that young workers could be drawn to the farming sector by introducing skill upgrading training programmes, breaking of seasonal barriers so that workers would be employed throughout the year and raising remuneration to match non-agricultural wages in the cities. However, Bujarbaruah (2011) argued that labour shortages were often exaggerated and in some areas, workers’ migration to urban areas was not detrimental to
the economy but, to a greater extent, reduced excess workers in the agricultural labour market.

In 2005, the Indian government introduced the Mahatma Ghandi National Rural Employment Guarantee Act (MGNREGA). It aimed to improve the livelihoods of rural households by providing at least 100 days of wage employment annually to adult household members who volunteered to do unskilled manual labour (Chathukulam and Gireesan, 2007:1). Thadathil and Mohandas (2012) found that workers shifted from farm work to participate in MGREGA in 2005 when the programme was introduced and its wages were higher than those offered on farms. There was also a gradual shift back to agricultural work from 2006 to 2011 as farm wages rose and exceeded those offered by MGREGA, therefore showing the significant effect of wages on labour supply to farms.

However, in contrast, some countries such as France and in the manufacturing industries of Britain and the United States, labour market disequilibrium was caused by the labour supply exceeding the low demand for labour due to workers being substituted by advanced machinery resulting in increasing unemployment (Katz and Murphy, 1992 and Berman et al., 1994).

1.9 Trade and labour aspects of the citrus industry in South Africa (1990-2013)

Bernstein (2013:31) reported that the value of agricultural exports increased more than five times between 1990 and 2007. Horticultural products accounted for 45% of the exports. This was mainly due to the removal of trade sanctions and new investments in export production. In particular, the citrus industry represented South Africa’s most important horticultural sector by value and volume.

Although citrus products were supplied to the local market through informal markets such as hawkers and directly to juice processors or dried fruit producers, approximately 69% of production was for exportation, mainly to European Union (EU) countries. Therefore, the
industry was an important foreign exchange earner, as the country was the largest producer of oranges, the second largest producer of citrus fruit after Spain and the third largest exporter of citrus fruit (Vecchiatto, 2014). Furthermore, the industry contributed R6 billion to South Africa’s GDP and according to the Citrus Growers’ Association (2013), citrus plantations covered approximately 60 000 hectares and exported 1.5 million tonnes of fruit annually. The highest commercial growing provinces were the Western Cape and Eastern Cape, although considerable production also occurred in the Limpopo, Northern Cape, Kwa Zulu-Natal and Mpumalanga provinces.

The Department of Agriculture, Fisheries and Forestry (2012) reported that as citrus farming was labour intensive, the industry employed more than 100 000 workers, and many more were employed throughout the supply chain services such as transport, packing houses, port handling and related services. Furthermore, it was estimated that more than 1 million households depended on the citrus industry for their livelihood.

In the SRV, citrus farming provides considerable business and employment opportunities for local residents. According to the SRV Municipality (2012:96), the sector employed 47% of the SRV workforce, attracted migrant workers from as far as Mozambique, Zimbabwe and Lesotho and about 4 281 households lived on farms. The citrus production supply chain for farmers also benefitted participants such as transporting companies, cold stores, pack houses and shipping companies (Van Rooyen, 2011). Furthermore, as part of the SRCC’s BEE project, 500 hectares of land for citrus production were established under the Pro Active Land Acquisition Scheme (PLAS).

1.10 Goal of the study

According to the SRCC management, member farmers of the company experienced an undersupply of labour in the fruit picking season despite the presence of a considerably large unemployed population living in the urban settlements near the farms and other
surrounding areas where labour could be sourced such as Addo, Bersheba, Despatch, Ennon, Kirkwood, Motherwell, Paterson, Port Elizabeth, Sunland and Uitenhage. The perceived disequilibrium in the agricultural labour markets signalled an area requiring further research and the SRV farm labour market presented an opportunity to analyse the perceived undersupply of local labour in the presence of unemployment. **To attain the goal identified, the following objectives will be achieved:**

1. To explore the supply of local labour to citrus farms in the SRV.

2. To explore the experiences and perceptions of farm managers, workers employed on the citrus farms and the unemployed residents.

3. To deduce possible approaches to improving the perceptions and welfare of workers and thus improve the supply of local labour to farms, based on findings from the survey.

The next chapter provides a brief history of the main farming activities in the Sundays River Valley (SRV) and describes the labour force and activities of the Sundays River Citrus Company (SRCC), through which most farmers market their fruit.
The research study, using Sundays River Valley (SRV) citrus farms as a case study, analyses the undersupply of unskilled labour in the farming industry as opposed to the many studies focusing on industries situated in urban areas such as by Roy (1951), Kooreman and Kapteyn (1987), Kozel and Alderman (1990), Gindling (1991), Magnac (1991), Gong et al. (2004) and Garcia et al. (2010). The chapter provides a brief historical context of SRV farms and reviews the main activities requiring labour on the SRV citrus farms.

2.1 The history and geographical location of the SRV

Located in the Eastern Cape of South Africa, as contained in Appendix 5 on page 153, the SRV has a stable supply of irrigation water from Lake Mentz, mainly fed by the Sundays River. As Delport (2002) described, the SRV boasts “one of the fastest flowing rivers in South Africa, meandering through the Zuurberg mountains and passing through the fertile valleys of SRV before flowing into the Indian Ocean at Algoa Bay near Port Elizabeth.” In addition to a reliable water supply, the attractive climatic conditions were pointed out as one of the main reasons that contributed to the numerous historical wars between the Khoi groups against the Xhosa, combined Khoi and Xhosa against a combined Boer and British, and ultimately the Boer against the British wars known as the Anglo Boer war of 1899-1902.

Cartwright (1977:33) noted that the high temperatures complemented a subtropical climate that greatly suited citrus production. He credited Sir Percy Fitzpatrick, a Member of Parliament in 1917, as the most influential figure in founding the Cape Sundays River Settlements Company in 1915, which formed the backbone for the currently existing citrus industry in the SRV. He convinced colleagues, mostly his friends, in Parliament and Cabinet Ministers to approve the building of the costly great wall completed in 1923 to form Lake Mentz so as to supply farmers with reliable irrigation water supplies, thus making citrus production more convenient.
The SRV farms surround towns in a region characterised by relatively sparse urban development. The main areas and urban settlements from which farmers obtain labour are Kirkwood, Addo, Bersheba, Despatch, Ennon, Motherwel, Port Elizabeth, Sunland, and Uitenhage (Connor, 2010:98). Agriculture in the SRV involves, predominantly, intensive citrus production under irrigation in the upper catchment areas of the valley as well as livestock farming in the plains and hills towards the sea. As reported by the SRV Municipality (2008:30), the agricultural sector was the key sector for employment in the SRV, engaging approximately 47% of the work force in 2011. The rest of the population was employed in community and social services sectors (10.2%), the construction sector (2%) and other small sectors contributing below 1% of employment in the region.

2.2 Sundays River Citrus Company (SRCC)

The SRV farmers supply fruit, under a marketing contract, mainly to a subsidiary of the Sundays River Citrus Company Holding Limited, Sundays River Citrus Company as well as other smaller fruit processors and packers such as Valor Fruit Processors, Sun Citrus Packers and Unifruit South Africa Packhouse. SRCC is the largest marketer of citrus fruits in the Eastern Cape Province, which is the highest soft citrus fruit producing province in South Africa as reported by the Agricultural, Forestry and Fisheries Department of South Africa (2012:9).

According to Nieuwenhuizen (2013), SRCC undertakes the classification of the fruits into classes one to four where classes one and two are exported to overseas markets, mainly the Netherlands, the United Kingdom and Italy, class three is directed to the local South African markets and class four fruits are sold to fruit processors that manufacture drinks. Furthermore, there were two categories of labour: The farm workers who provided labour for harvesting of the fruits and workers at the packaging and distributing companies.
2.3 Labour undersupply on SRV farms

According to Du Toit and Ally (2003:334), the Restitution of Land Rights Act of 1994 (RLRA) and the Extension of Security of Land Tenure Act 62 of 1997 (ESTA), which aim to protect farm labourers from unfair evictions and working conditions, may have an important bearing in understanding the relationship between farm workers and farmers on the SRV farms as it may reveal farm workers’ perception of farm ownership and influence their willingness to work on farms. The RLR Act states that “a person shall be entitled to enforce restitution of a right in land they were dispossessed of after 19 June 1913” (South African Government Information, 1994). The Land Reform (Labour Tenants) Act, enacted in 1996, stated that “a person who was a labour tenant on or before 2 June 1995 (not a farm worker), shall have the right with his or her family members to occupy and use that part of the farm in question which he or she, or, his or her associates were using and occupying on that date” (South African Government Information, 1996). A clause in the Act defines a labourer as a strictly cash paid employee therefore effectively regarding them as not legally entitled to land reoccupation or restitution of ancestral land territories.

However, Connor (2005:73) noted that “In the SRV there may be an overlap between the applications of these two acts, as some labourers can be defined as being tenants in the past, before their transition to paid employment,” and concluded that these largely unresolved land ownership rights may play an important role in the study of labour supply determinants in the SRV farms.

Nieuwenhuizen (2013) reported that SRV citrus farms experienced an undersupply of labour in the peak season from March to October, coupled with high absenteeism and insufficiently skilled workers. The inadequacy of labour supply to the SRV farms, despite the presence of a considerably large population, characterised by high unemployment rates, living in the towns near the farms and other surrounding areas where labour could be sourced, identifies an area needing further research. In the seven Wards of the SRV area, as distinguished by
the Sundays River Valley Municipality in the 2011/12 Annual Report, approximately 42% of the people in the area did not earn any income. Competing for labour with citrus farms are mainly the pack sheds and to a lesser extent, livestock production, which employs very little labour as stretches of grazing lands are limited due to the presence of the large Greater Addo Elephant National Park which conserves the ‘big five’ animal heritage. Du Plessis (2013) noted that insufficient labour participation and labour hours available, in collaboration with absenteeism and lower productivity impacted the SRCC negatively in terms of revenue. This was because harvesting and marketing of the fruit at the appropriate time was important. Good harvesting and transportation resulted in a larger amount of the fruit being classified under high grades, which improved competitiveness on the international market and therefore provided farmers with higher revenue.

The next chapter discusses theoretical and empirical literature on labour markets in disequilibrium, the effects of minimum wage legislation and the role of migrant workers in low wage industries.
CHAPTER 3
LITERATURE REVIEW

3.1 Introduction
Farm labour supply decisions, according to Ghatak (2010:16), are the outcome of certain behaviours which depend on both formal and informal institutional factors. He noted that formal institutional factors are easily captured in empirical studies whilst informal institutional factors which refer to the social status, preferences and other psychological factors influencing workers’ behaviour usually take decades or centuries to change. The chapter examines changes in the labour shortage and supply models since the 1960s and theoretical models that seek to identify factors which explain labour participation, labour hours supplied decisions and the efficiency of labour.

3.2 The evolution of labour supply models
Labour supply models, according to Heckman (1993:116), evolved over decades to include and consider important factors overlooked by economists before the 1970s who studied workers’ labour supply by simply considering the available life time hours worked. The researcher noted that theories using the classic model of labour supply, termed H- ‘workers available life time hours’ as the dependant variable indicating labour supply. The models, therefore, ignored the important distinction between labour participation and hours of labour supplied and it was further noted that the elasticity of labour participation in response to wage differentials was greater than the responsiveness of labour hours. The distinction is important because failure to distinguish between the two aspects results in a biased and exaggerated effect of wage differences on labour hours supplied.

3.2.1 Rise in the proportion of female labourers in the labour market since the 1960s
As Killingsworth and Heckman (1986:105) noted, the generalisation suggesting the labour force mainly comprised of men was inappropriate and observed that since the 1960s, there was a dramatic rise in the proportion of female participants in the labour force especially
married women with dependants in Western countries, primarily the U.S, and thus raised the significance of an independent female labour supply model. An appreciation of the importance of gender differences developed and researchers considered the different behaviours and roles that both sexes have in households and their society which affect the decision to work. Becker (1985:35) also noted that the need for income earning in families, through the supply of labour, further resulted in a division of labour between genders in households and pointed out that this distinction was due to the need for household work and child care services, which are vital to families. Eckstein and Lifshitz (2011:1676) reported that since the late 1960s, there was voluminous literature separating women from men in observing the determinants of labour supply. Examples of these include Smith (1977:207) in the US, Khan (1983) in Pakistan, Killingsworth and Heckman (1986) in Western countries, primarily the U.S, Mroz (1987:198) and Ribar (1992:103) in the U.S. More recent labour supply models developed by Bhalotra and Umana-Aponte (2010:13) further differentiated between the behaviour of married women and unmarried women and noted that labour participation and labour hours supplied by married women are a function of more complex determinants, such as the number and age of dependants.

3.2.2 Shift to Inter-temporal Life Cycle Model in 1970s

McCurdy (1980:1059) criticized most empirical studies focusing on the supply of labour that deliberately ignored life cycle factors by assuming a single period model. Hours of work were frequently regressed against the income rate and several measures of property income. However, the study argued that labour participation and the supply of labour hour decisions are also affected by the ability of workers to save and vary their labour participation decisions during their lifetime. Heckman (1993:133) also noted that studies prior to the 1970s failed to explain “the various dimensions of labour supply, including movements over the business cycle, changes with age, and within-person variation over time.” However, the introduction of the inter-temporal life cycle model, firstly by Lucas and Rapping (1969:721-754), made this recognition possible through the study of two effects:
the inter-temporal substitution effects that result in an increase in labour supply as well as wealth effects, which result in labourers substituting work for non-labour activities or leisure. It allowed the study of labour supply to appreciate the more realistic human ability to save and accumulate wealth during their life span and thus participate in labour provision at different moments in their life. As Haan and Uhlendorff (2011:661) pointed out, the inter-temporal life cycle model enables consistent estimation of the labour supply behaviour of workers over time thus revealing more accurate factors underlying labour supply decisions than in a static model.

3.2.3 Effects of non-labour income and poverty alleviation programmes on labour supply

Non-labour income has also been raised since the 1980s as an important factor in workers’ labour supply decisions. Moffitt (1992:18) observed a lack of research on the effect of in-kind or non-cash programmes such as Food Stamps, Medicaid and housing assistance aimed at alleviating poverty, on worker participation. As Leonesio (1988:517) pointed out, this was because problems in modelling these studies often arise on assigning values to in-kind transfers made by the government or non-profit making organisations to poor families although the study theoretically showed that the transfers had a disincentive effect on labour supply. Sahn and Alderman (1996:126) also reported a lack of research on how food-related income transfers had affected workforce availability, especially in developing countries.

Sahn and Alderman (1988:157), using a Probit model for males and females in Sri Lanka, found that in rural areas, there was a very small but positive relationship between subsidies and labour participation, while there was an insignificant negative relationship in women. However, a weakness of the study, as observed by Sahn and Alderman (1996:126), may have been that the decisions for labour participation were made prior to the introduction of subsidies. Another reason could also have been that labour participation decisions are less elastic to subsidy changes compared to labour hours supplied by workers already
participating in the labour market. Such uncertainties could be improved by the use of qualitative data to infer the effects that subsidies and in-kind programmes have on labour participation decisions. Kanbur et al. (1994:209) also showed that labour supply can be reduced by the introduction of poverty alleviation programmes such as subsidization of goods largely consumed by the poor. Foguel and Barros (2010:4), investigated the effect of a poverty alleviation programme, Conditional Cash Transfers (CCT) programme, on both labour participation and labour hours supplied in Brazil from 2001 to 2005 and found that the effect of non-labour income on labour supply was negative and more significant for women than men because married men are normally compelled to work when married. Skoufias and Parker (2001:54) applied the static model where workers' utility was divided between work and leisure and concluded that PROGRESSA, a non-labour income programme in Mexico, had an income effect on adult workers that increased their leisure time and reduced time spent working. Jaumotte (2003:14) also observed that income support payments to improve welfare had an effect of discouraging employment and reducing participation in the labour market and suggested programmes, such as the Earned Income Tax Credit (EITC) in place in the United States, as an alternative to increase labour supply especially from the poor communities. EITC was an anti-poverty programme that gives federal tax credit to working poor families with children (Scholz, 1996:156), and therefore encourages work rather than dependence on unearned income packages.

3.2.4 The emergence and rise of pluriactivity

Silver and Kodithuwakku (2010:18) defined pluriactivity as a strategy implemented by households to increase financial resources with financially better off families, who depend less on agricultural labour income, seeking more off-farm income generating activities. Bowler et al. (1996:288) pointed to the relatively low wages for farm labour income as the main reason for the increasing necessity to engage in more than one income generating activity.
Le Heron et al. (1994:155) observed that in the 1980s and early 1990s, there was a rise in literature on pluriactivity and its impact on agriculture. It was noted there was an increasing complex set of on-farm and off-farm interrelationships that involved multiple job-holding, multiple income sourcing as well as rising entrepreneurial activities. These relationships are important to the study of farm labour because they affect the supply of labour hours and participation in farming activities. Sofer (2001:369) studied regions in Israel and also observed, through interviews, that pluriactivity had become widespread in households working on farms due to the decline in agricultural income, increase in education and occupational training and the distance to the Metropolitan areas where there were better employment opportunities. It was found that among the Moshav households, family income sources had expanded to include other members of the family who took up small business activities or worked in other institutions as alternative wage sources other than from the farms.

Matshe and Young (2003:180) used the Double Hurdle model developed by Cragg (1971:832) to study both household participation and number of hours worked off-farm in the Shamva District in Zimbabwe, focusing on adult household members only, and found that the probability of engaging in off-farm work was positively related to the level of education acquired. The results also showed that ethnicity was a significant factor in determining labour participation and noted that Zezuru households were less likely to seek employment elsewhere off farms. Unearned income in the form of remittances, similarly identified by the results from studies by Sahn and Alderman (1988), Skoufias and Parker (2001) and Jaumotte (2003), were also found to have significant negative effects on the participation of labour and labour hours supplied to the farms.

3.3 Influence of the demographic structure of the workforce

According to Eberharter (1999:235), demographic variables such as education, age, financial status, composition and structure of households were believed to influence the annual
working hours. Using data from a sample of 6000 German households from 1980 to 1997, a multiple regression approach was applied with annual working hours as the independent variable, while the dependant variables included education levels attained, households’ financial background and household specific characters, which included age and number of dependants and marital and health status. Educational status was found to have a positive effect on labour supply in both the households earning above and below the poverty line. For men, the age of individuals was positively related to labour supply, whilst in women a negative relationship was noted. The observations on women complemented findings by Fuchs (1989:27), who used changes in data between 1980 and 1990 from Washington, that was reported to have been caused by employers segregating between sex so as to force down the wages of women and hence earn above-normal profits. The study showed that a change in marital status had a significant positive effect only on labour participation of women from poor households, which corresponded with Johnson and Skinner’s (1986:455) finding of marginally reduced labour hours in men, but a substantial rise in female work hours using panel data of households in Michigan. Eberharter (1999:245) observed that this was due to the traditional gender role patterns mostly found in families living above the poverty line, whilst in poor households both sexes had to earn an income for the family’s welfare.

Sumner (1982:506) econometrically estimated the effect of demographic factors using data from a 1971 Survey of Illinois farmers. Farm experience indicated an effect of discouraging off-farm work as anticipated but the study unexpectedly suggested no influence of farm related training on worker participation. The level of education attained and the distance from the farms to the nearest towns and places of residences were both found to have a negative effect on farm labour supply.

Afzal and Nasir (1987:706) argued that labour activities, particularly in the informal sector, were under-reported by researchers in most countries who used statistical data from national surveys, such as the Population Census and labour surveys, which were found to be
in need of more effective systems to deliver more meaningful and accurate reflections of worker participation of both males and females. Kozel and Alderman (1990:5) addressed the problem by obtaining information from a sample of over 4000 respondents through the use of interviews and questionnaires. The study investigated the factors that determined labour force participation in Pakistan and found that in women the level of education influenced the decision to work significantly. However, in men, education did not have any significant effect since the highly educated were patient in searching for better paying jobs while being supported by other family members. This was also consistent with results from Pradhan and Soest (1997:306), who found education attained to have a positive effect on the probability to work, but only in formal sectors that used education as a screening tool on recruitment, while no significant effect was found in informal sectors which offered low wages. Age, which was used as a proxy for work experience was found to be the most influential on the decision to work, the middle aged being the most active participants in the labour market. Remittances were also observed to have a negative effect on labour supply even in urban areas in conformity with results of studies by Matshe and Young (2003:180) and Foguel and Barros (2010:4).

3.4 Effects of the wage differentials

The basic theory of labour supply modelling is rational choice theory which relied on the assumption of individual rationality (Myck and Reed, 2005:9). Individuals’ decision whether to work or not as well as the number of hours to work, are assumed to be based on utility maximisation in the sphere of work and leisure. The costs or price of not working was therefore determined by the prevailing wage rate. Furthermore, the Marshallian approach decomposes the overall effect of the wage rate on labour supply into substitution and income effects. The substitution effect refers to a positive response of labour hours supplied to an increase in wages, as workers aim to maximise utility from the higher wages. In contrast, the income effect results in workers reducing labour hours due to the increase
in their financial power, which encourages expenditure on leisure and hence allocation of more time to leisure than labour activities.

Empirical evidence suggests that the substitution effect of wages is much stronger than the income effect in poor families and in countries that place little value on leisure activities. Heckman (1974:686), using data from the 1967 National Longitudinal Survey from the United States, examined the effect on worker participation of a set of variables that included the wage rate and the shadow price of time, which is the value workers place on their time. A 10% rise in wages was estimated to statistically trigger an increase in work effort per individual by 160 hours annually, an approximately 9.6% increase in labour hours supplied. Pradhan and Soest (1997:306) used the neoclassical labour supply model to investigate the effect of wage differentials on participation of both male and female workers in Bolivia and established that wages were a function of the probability of participation in the labour force. Labour supply significantly responded positively to increases in wages and the wage elasticity was found to be even greater for women in cases where the male’s wage was relatively low, due to the greater need for the women to contribute to the family’s income in such poor households.

Garcia et al. (2010:598) also analysed the wage effects on labour supply in five European countries, namely, Britain, France, Germany, Italy and Spain. It was established that in Germany and Britain, couples’ labour supply responded positively to rises in wages and attributed the positive relationship to a relatively lower valuation of leisure or domestic work in these countries, resulting in the substitution effect being greater than the income effect. In contrast, the study found that in France, Italy and Spain, higher costs of leisure (a rise in wages) resulted in leisure being relatively valued even more, resulting in the income effect dominating and hence observing a decrease in labour participation in response to a rise in wages.
Blank and Stigler (1957:38) noted in theory that to alleviate labour shortages, wages in the industry had to be increased to attract the unemployed. Competitive market forces drove the wage rate up therefore eliminating labour shortages. However, Solow (1992:1303) criticized the simple market clearing mechanism under the general equilibrium theory for failing to account for the presence of unemployment. Additionally, Arrow and Capron (1959:293) noted that the demand side was only one of the possible causes of labour shortages and wages would not always rise due to institutional constraints and market imperfections such as imperfect information and wage controls. Furthermore, the Blank-Stigler model was improved by acknowledging that labour markets experienced a time lag before responding to wage differentials and ‘number of vacancies’ in the organisation was proposed as a more accurate reflection of labour shortages. The time lag between availability and filling of vacancies was caused by potential workers’ delay due to job searching, uncertainty considerations and time required to negotiate wages and contracts (Harvey and Quandt, 1978:372).

Akerlof et al. (1988:496) argued that labour markets were in disequilibrium as a result of job quits and instantaneous job switches especially in low wage jobs, and also found a negative relationship between vacancies and unemployment. According to Cohe and Zaidi (1998:90), labour shortages were caused by the shifting of the demand curve as it responded to changing conditions such as seasonal patterns of activities requiring labour. Additionally, an expanding industry experienced shortages if the increase in the number of required workers surpassed those entering the labour market.

According to Wachter (1990:344), lack of geographical mobility and mismatch between qualifications and required skills contributed to labour shortages. In addition to substituting unskilled workers, Rasool and Botha (2011:11) found continuing technological improvements led to a structural shortage of workers with the required skills resulting in a shortage of skilled workers and high unemployment. An example was found in Germany’s technological industry, which was incompatible with the large semi-skilled and unskilled
unemployed population (Winkelman, 2001:322). Trendle (2008:11) observed that lower minimum wages compared to other industries and rising wages in other labour markets discouraged workers from entering the market and the unemployed preferred to wait for long periods for better paying job opportunities in other industries.

3.5 Shift from the traditional unitary approach to the collective model

Garcia et al. (2010:589) observed that the most important development in literature pursuing an adequate theoretical framework for modelling the process of labour supply decisions was the evolution of the traditional unitary approach, which assumed that households were a single decision unit, despite the composition of the family. The unitary approach gave way to game theory models in the 1980s. The models adopted the Nash equilibrium approach to take into consideration several decision makers in a household and individuals were assumed to maximize their utility given the behaviour of the rest of the family members. Studies that used these models include Mansor and Brown (1980), Weiss and Willis (1985), McElroy (1990) and Konrad and Lommerud (1995). However, Chiappori (1988:64) noted that despite the relevance of the approach, the main drawback was that in the event of an empirical implication being rejected in a study, it was difficult to establish if rejection was due to the insignificance of a certain bargaining concept or if the whole bargaining process was inefficient, and thus developed the collective model which assumes Pareto efficiency in family members’ decisions.

The unitary approach was rejected both theoretically and empirically in labour studies. In theory, as Aronsson et al. (2001:569) pointed out, it was not based on a fundamental principle of micro-economics that stated that all individuals have unique personal preferences and argued that the traditional model restricted otherwise testable variables such as non-labour income distribution between spouses. Schultz (1990), Thomas (1990) and Kawaguchi (1994) also rejected the unitary approach of modelling a multi-person household as a single unit because it only considers allocations between households, but
disregards intra-household differences. Garcia et al. (2010:590) noted that the collective model was preferable because of its ability to test the significance of expected individual variables as well as being “the most natural generalization of utility maximization in the unitary model with several household members.”

Fortin and Lacroix (1997:953) empirically tested the unitary and the collective household supply models. Using a sample from the 1986 Canadian Census, the study rejected the unitary model and provided evidence in favour of the collective supply model in all age groups except for spouses aged between 24 and 34 with no pre-school children. This was attributed to the presence of pre-school children in households causing less consumption differences between partners. Studies with similar results include Altonji et al. (1989), Schultz (1990) and Phipps and Burton (1998).

3.6 The theoretical effects of a minimum wage

According to Stigler (1946:358), the effects of minimum wages differ between industries in which employers do and do not have control over the wage rates. In a competitive market, if a minimum wage is effective, it will have one of two effects. Firstly, workers whose services are worth less than the minimum wage will be discharged and thus forced into unregulated fields of employment or into unemployment. Alternatively, the productivity of low-efficiency workers is increased. Unless inefficient workers’ productivity rises, hence the minimum wage reduces aggregate output, the earnings of those previously a little below the minimum wage may be raised and the earnings of those substantially below the minimum wage reduced.

The second and offsetting result, the increase of labour productivity, may occur in one of two ways: the labourers may work harder or the entrepreneurs may use different production techniques. Stigler (1946:358) noted that the threat of unemployment may force the inefficient labourers to work harder, which was not very probable since these workers were already driven by the undesirable effects of poverty, and for many the intensity of
effort necessary would therefore increase “beyond hope (up to 50 or more per cent) to avoid discharge.” Therefore, the more common source of increased labour productivity was through the introduction of new techniques by the entrepreneurs, which could be achieved in two ways. First, techniques which were previously unprofitable are now rendered profitable by the increased cost of labour. Costs of production would rise because of the minimum wage, however, by less than they would if other resources could not be substituted for the labour. Employment would fall because of a reduction in output and due to the new techniques requiring different or more skilled labour, many inefficient workers would be discharged. Secondly, entrepreneurs may, according to Stigler (1946:358), “be shocked out of lethargy to adopt techniques which were previously profitable or to discover new techniques.” However, he argued that the theory was lacking in empirical evidence and pointed out the higher ratio of wages to total-processing-cost-plus-profit in low-wage than in high-wage industries. It was therefore suggested by Stigler (1946:358) that the former were already characterised by vigorous competition, leaving no or very little room for increased production through improved management.

However, Lester (1947:145) argued that there was extensive evidence in Southern US indicating that improvements in management, sometimes following alterations in management personnel, have occurred when one or more firms have been forced to raise wage rates because of the threat of unionism, the certification of a union as bargaining agent after an organizing campaign, or minimum wages resulting from government action. Furthermore, Lester (1947:145) noted that researchers often ignored the distinct differences in management efficiency and the fact that management personnel, and not the work force, may be transformed when the firm becomes unprofitable. Moreover, the management-stimulating effects of higher minimum wages were common knowledge in business circles in Southern America and 43 staff members from the region indicated that the ‘shock’ of a relative wage increase in a low-wage section of an industry may frequently lead to increased sales efforts and thus expanded sales, production, and employment.
beyond the volume that otherwise would prevail. The argument, thus, predicts an opposite result of Stigler’s (1946) assertion of a reduction in output and employment.

Turning to an imperfect labour market where a monopsonist exists, Mincer (1974:2), Gramlich et al. (1976:412) and Boeri and Van Ours (2013:40), noted that there was a theoretical possibility that a minimum wage, set above the equilibrium, could increase employment. This was because if the minimum wage was set between the monopsony wage and the competitive equilibrium, it was the labour supply curve that determined the relationship between minimum wage and employment and thus, an increase in the minimum wage would lead to more employment. However, Boeri and Van Ours (2013:42) noted that if the minimum wage is set above the competitive equilibrium, it is the labour supply curve that determines the relationship and thus, an increase in the minimum wage would reduce employment.

3.7 Regulation of working hours

Working hours have been a topic of debate between workers’ unions and employers for a long time (Boeri and Van Ours, 2013:123). Governments often regulate the number of normal weekly or daily hours of work, above which overtime premiums apply. Marimon and Zilibotti (1999) noted that as workers’ organisations negotiate for more leisure time and a reduction in working hours, the marginal product of labour increased, which gave workers more bargaining power for increased wages. Reductions in working hours were aimed at protecting workers from exploitation, especially in the case of a monopsony. Jacobson and Ohlsson (2000) asserted that actual working hours and legislated working hours moved together in the long run and concluded that policy makers could use working hours’ stipulations as an instrument to influence actual working hours. However, Manning (2004) observed that legislative stipulations on working hours could force firms to produce without optimizing on workers’ choice of hours.
Crepon and Kramarz (2002) found that in France, a reduction in weekly working hours from 40 to 39 increased the average wage rate, but reduced aggregate employment. According to Estevao and Sa (2008), an attempt by the French government to increase employment, through work sharing by imposing restrictions on working hours and part financing of employment costs, was unsuccessful. Kapteyn et al. (2004) found that while insights from literature are inconclusive as to the efficacy of work sharing as a means to promote employment, an empirical analysis of 16 OECD countries from 1960 to 2001 did not provide support for the proposition that work sharing would reduce unemployment. The results indicated a positive effect on employment of a reduction in working hours but this was reduced to a small insignificant long-run effect on employment due to an increase in wages. The results were in line with empirical results for Germany (Hunt, 1999), Sweden (Jacobson and Ohlsson, 2000) and France (Crepon and Kramarz, 2002).

Boeri and Van Ours (2013:148) noted that governments often wanted to influence working hours on the basis that reducing working hours would increase demand for workers and thus lower unemployment, a theory developed by Mayhew (1851). Calmfors and Hoel (1989) argued employment was not a ‘lump of labour’ that could be redistributed without costs. In practice, capital utilization could decrease if operating time was reduced, therefore working hours and workers were not perfectly substitutable. In addition, firms may incur costs when hiring new workers.

The chapter discussed various theories of and factors that resulted in labour markets in disequilibrium. In Chapter 4, the methods employed to analyse the co-existence of high unemployment and the undersupply of labour using the Sundays River Valley citrus farms as case study, are presented.
CHAPTER 4
RESEARCH METHODS

4.1 Introduction

In chapter four, the research design adopted is presented, based on theoretical assumptions discussed in chapter two. The rationale for the choice of methods, subjects and survey samples used are given and descriptive explanations of the methods used are set out. In addition, the triangulation method, which is used in the collection and analysis of the data, is discussed.

4.2 The Research design

Burns and Grove (1997:225) defined research design as “the end result of a series of planning decisions made by the researcher concerning how the study will be conducted,” and attempts to ensure control over factors that may interfere with the validity of the findings. According to Polit and Hungler (1999:16), a descriptive design aims to gain more information in a particular field of study while an exploratory design, rather than simply observe an interesting phenomenon, investigates the full nature and factors to which it was related. Furthermore, the qualitative research paradigm was recommended in exploring the nature of a little understood phenomenon because it provided the participants’ own written or spoken words (Polit and Hungler, 1999:18).

The research design employed was a descriptive and exploratory survey. The purpose of the design was to investigate and analyse the perceived undersupply of local labour in the presence of unemployment. The qualitative research paradigm was employed to obtain exploratory data. The rationale for using the method was to explore the experiences of farm labourers at work and find what influenced the decision to or not to work as well as to investigate the unemployed residents’ perceptions of farm work. The design was divided into two parts; the subjects section, describing the informants who participated in the survey including the rationale for selecting them, and the procedures section explaining how the data were collected and analysed. Triangulation was used as an underlying method of
the research design. Triangulation was defined by Denzin (1978:291) as "the combination of methodologies in the study of the same phenomenon" or the use of multiple data sources to give a more comprehensive view of the factors contributing to an occurrence. In Figure 4.1, the use of triangulation is shown by the linkage of each aspect being investigated, to more than one data source. The method enables in-depth understanding of a phenomenon from insights of different traditions of economic and social thought (Downward and Mearmen, 2007:82). The use of multiple sources to assess each aspect, such as lack of labour and farm work conditions, reduced the risk of drawing, processing and reporting results based on data from a single class of participants, which may be biased. Figure 4.1 presents the research design adopted for collection of the data. Following assertions by the Sundays River Citrus Company of an undersupply of local workers to farms, a questionnaire was designed to explore the supply of local labourers to farms, drawing insights from farm workers and unemployed residents and reports from farm managers. Furthermore, reasons were solicited for the unwillingness of some residents to work on farms (where reported as such) and for problems associated with seeking farm employment. To ascertain the availability of potential workers in the SRV, questionnaires implored from local residents, farm workers and pack shed managers (who reportedly turned away many workers seeking jobs), and in addition – unemployment statistics from the local municipality were used. Importantly, the questionnaires solicited the perceptions of farm workers, unemployed residents and farm managers, with regard to farm working conditions such as salaries, relationship between employer and employees, safety, working hours etc.
Figure 4.1 Research Design: method used to analyse perceived lack of labour in the presence of unemployment.

As shown in Figure 4.2, the Sundays River Valley provided a suitable case study for analysing perceived lack of labour in the presence of unemployment. The SRV Municipality reported unemployment to be approximately 44%, which would seem to provide a potential pool of labour for the citrus farms, yet Nuiwenhuizen (2013) reported that farmers experienced lack of labour. In addition, the SRV presented a survey area near to the researcher’s institution, Rhodes University situated approximately 140 kilometres from the SRV, which could be accessed less expensively.
4.3 Research subjects

In addition to statistical data from the SRV municipality, unemployment was further investigated through perceptions of residents in the area, workers on the selected farms as well as the managers of the three pack houses in the SRV, where labour was reportedly in abundance (Nieuwenhuizen, 2013). Perceptions of farm working conditions were obtained from farm workers, farmers and unemployed potential workers resident in areas near the farms.

As illustrated in Figure 4.1, a sample of farmers is required to provide information on labour requirements and availability patterns, most importantly in the critical harvesting season in which the demand for workers peaked. The data facilitates gap analysis between the supply and demand of farm workers in the SRV. Ruhs and Anderson (2010:2) argued the perceived
lack of labour was, in some cases, strategic misrepresentation by farmers attempting to justify employment of migrant workers who were less expensive compared to local workers. Hence, in addition to farmers, farm workers and unemployed local residents are included to further investigate the lack of labour reported by farmers.

4.4 Sampling

The survey was undertaken in the Sundays River Valley district, located in the Eastern Cape Province of South Africa, as shown in a map contained in Appendix 5 of page 153, in 2013. According to Adcock (2001:535), the use of a sample is an efficient technique of obtaining relatively precise information about the whole population at lower costs than conducting a full census. Random sampling implied that the respondents were selected in such a manner that each member of the population had an equal, non-zero probability of being included (Polit and Hungler, 1999:653). Furthermore, it reduces bias in sampling and enhances the increased probability of selecting a representative sample of the whole targeted population. However, Streubert and Carpenter (1999:22) noted that for a qualitative type of research which focused on the quality of information provided by participants, there was no need for random sampling in selecting individuals because manipulation (intentionally selecting participants of certain characteristics or views so as to influence the study results), control and generalisation of findings were not the intentions of the study. The survey followed assertions by Brink and Wood (1998:320) who suggested small samples for exploratory research designs since the data were not for econometric projections but largely qualitative and more difficult to organise and analyse. To access particular individuals that may be difficult to locate, De Vos et al. (2002:336) recommended snowball sampling. The method targets specific subjects with first-hand knowledge and experience of the phenomenon being analysed in the study (Bloch, 2007:234).

The target population comprised the 112 farms registered with the Sundays River Citrus Company, amongst which lack of labour was reported (Nieuwenhuizen, 2013); unemployed
potential workers from the approximately 23 000 economically active population of the SRV and approximately 6 000 local workers employed on farms in the area.

Mason (2010) noted that there was no consensus amongst researchers on the minimum sample size from which to claim redundancy or data saturation. However, Ritchie et al. (2003) asserted that there was a point of diminishing returns to a qualitative sample - as the study goes on more data did not necessarily lead to more information. This is because one occurrence of a piece of data is all that is necessary to ensure that it becomes part of the analysis framework. Mason (2010) observed that within any research area, different participants can have diverse opinions and qualitative samples must be large enough to assure that most or all of the perceptions that might be important are uncovered, but at the same time if the sample is too large data becomes repetitive and, eventually, superfluous.

Guest et al. (2006) carried out a systematic analysis of their own data from a study of sixty women, involving reproductive health care in Africa and found that data saturation had occurred at a very early stage and concluded that for qualitative studies with a high level of homogeneity among the population, a sample of six interviews may be sufficient to enable development of meaningful themes and useful interpretations. Other researchers suggested varying minimums as guidelines for qualitative sample sizes. For example, Bertaux (1981:35) suggested that fifteen was the minimum acceptable sample size, Charmaz (2006:114) suggested that 25 participants were adequate, Green and Thorogood (2009) stated that the experience of most qualitative researchers was that after interviewing about 25 people, no new themes came up and Mason (2010) suggested that a sample size for qualitative data generally did not need to be greater than 60 participants.

Following the discussed recommendations, the sample size for farm workers was 56, randomly drawing four from each of 14 randomly selected farms. A small sample of 22 unemployed residents was selected through the snowballing technique. To access particular individuals that may be difficult to locate, De Vos et al. (2002:336) recommended snowball sampling. The method targets specific subjects with first-hand knowledge and experience of
the phenomenon being analysed in the study (Bloch, 2007:234). To obtain a sufficient number of unemployed respondents, the method was applied due to the difficulty of identifying potential workers who were not employed although economically active. It was employed by consulting farm worker participants with knowledge of the location of potential labourers who, despite the availability of farm jobs, preferred not to seek employment on farms. Additionally, the sample included three managers of the pack sheds in Addo and Kirkwood, where alternative but limited employment opportunities were found. According to Du Plessis (2013), the packing industry was perceived to offer less harsh work and higher salaries than on the farms. In aggregate, the survey sample included 81 respondents comprising of 56 workers, 3 pack shed managers, seven farmers and 22 unemployed residents.

Statistics on unemployment, agricultural employment, the economically active and total population size were obtained from the SRV municipality reports for 2012 (SRV Municipality, 2012:29).

4.5 Data analysis procedures

4.5.1 Garret Ranking method

To analyse possible reasons for labour scarcity on the farms, Prabakar et al., (2011:375) recommended the Garret Ranking technique. According to Vishnuvarthani and Selvaraj (2012:12), the method assigned rankings which were an expression of the respondents’ priority about their thoughts and feelings.

Respondents were requested to give ranks to all factors according to their significance in making the decision of labour participation on farms. The rankings were computed into percentage positions and scores and a higher score for a factor, compared to another, indicated higher significance to farm workers making labour participation decisions.
4.6 Data collection method

The data were collected by use of structured questionnaires, copies of which are contained in Appendices 1 to 4 on pages 135 to 152, based on the literature discussed in chapter three. As mentioned in chapter one, the questionnaire was developed from the following objectives of the study:

1. To explore the supply of local labour to citrus farms in the SRV.

Following assertions by Rutherford (2008) and Ruhs and Anderson (2010:2), in some cases reports of lack of labour were misrepresentations by farmers so as to discourage the government from introducing strict laws or monitoring of illegal migrant workers. Farmers preferred the latter because they were relatively less expensive compared to local workers because they often demanded less in terms of working conditions and salaries than their local counterparts. Therefore, it was important to explore the supply of workers to the citrus farms.

2. To explore the experiences and perceptions of farm managers, farm workers and the unemployed residents.

Studies by Lawler and O’Gara (1967:45), Bilkey (1972), Zimmerer (1991), Padhi (2007), Krupinski (2011) and Wells (2012) posed that the perceptions and experiences that workers have at the workplace contributed to their decision to participate in the labour force. Importantly, the workers’ perceptions on aspects related to the job e.g. level of salaries (justified and not), influenced labour participation. The study, therefore, aims to solicit perceptions and experiences of workers on farms and how they influence the labourers’ decision to work.

The two questionnaires administered to farm workers and unemployed residents were divided into five sections on demographic information, aspects of the farm job, intentions or preferences of off-farm work and general comments.
Section 1 Aspects of the farm job

Cohe and Zaidi (1998) noted that an expanding industry or seasonal patterns of labour requiring activities could cause an undersupply if the required number of workers surpassed those entering the labour market. In addition, Akerlof et al. (1988) noted that an undersupply could result from job quits related to unfavourable working conditions and relatively low wages. The section consisted of questions obtaining perceptions of workers about the undersupply of labour, farm working conditions, labour hours and remuneration, and the ‘fairness’ of salaries. The context within which ‘fairness’ was assessed is discussed later in heading 5.4.2. Respondents were also asked to rank possible reasons for leaving farms they had previously worked for as suggested by Prabakar et al. (2011), with the opportunity to mention unlisted factors.

Section 2 Intentions or preferences of off-farm work

As mentioned in chapter three, Silver and Kodithuwakku (2010) found that pluriactivity was a strategy used by households to increase financial resources, which could affect the supply of labour to farms. Questions in the section asked respondents to indicate their job preferences, intentions of farm workers to seek employment outside the farming sector such as in urban factories and other income generating activities they were involved in. The section also solicited the reasons given for considering employment in other industries.

Section 3 Demographic information

The section included questions regarding research participants’ age, sex, marital status, number of dependants and educational qualifications in order to facilitate comparisons and investigate the existence of relationships between the data and worker participation and labour hours supplied as discussed in chapter two. For example, according to Sumner (1982), demographic factors such as levels of education, training and distance between place of residence and farm could affect labour participation of workers. Eberharter (1999)
found households’ income and age within gender having different effects on labour participation. Therefore, questions in section 3 sought to collect demographic data for such analysis.

Section 4 General comments

The last section gave respondents an opportunity to comment on other information not included in previous sections of the questionnaire that was considered important in explaining the co-existence of unemployment and labour undersupply in the same area.

Questionnaires were also designed for farmers and managers of pack sheds located near the farms. To enhance a comparison in the two industries, the questionnaires solicited labour supply patterns, labour turnover, employer-employee relationships, perceptions on salaries, worker type preferences and the causes and effects of lack of labour.

4.7 Research Ethics

The research acquired information on human subjects such as wages, unearned income, family composition and off-farm labour activities. Therefore, ethical considerations were taken into account as required by the University Ethics Committee. The questionnaire form was submitted to the Department of Economics Ethics Committee successfully. Information supplied by respondents was (and will) be kept confidential and all participants in the project were informed of all aspects of the research and if they required additional information it was provided to them in accordance to recommendations by Punch (2000:75).

The research was conducted in a post-positive paradigm. According to Trochim (2006), post-positivism recognizes that all observations are fallible, have error and that all theory is revisable. It involves being critical of our ability to know reality with certainty and emphasizes the importance of multiple measures and observations, each of which may possess different types of error, and the need to use triangulation across these multiple
error-full sources, in an aim to get a better understanding of what is happening in reality. The post-positivist also believes that all observations are theory-laden and that researchers are inherently biased by their cultural experiences, world views etc., particularly common in qualitative research.

4.8 Limitations of survey

Given limited time in conducting the survey with IsiXhosa speaking assistants in the SRV, and a limited budget, the sample sizes for pack shed managers, farmers and unemployed residents were three, seven and 22 respectively, which were relatively small sample sizes according to studies mentioned in heading 4.4. Meetings were repeatedly postponed and cancelled by farmers because the survey coincided with the beginning of the busy harvesting period. However, the period was timely to access workers on farms and it was easier to locate unemployed residents roaming around the residences during the day. The next chapter (5) presents the findings of the survey.
CHAPTER 5
SURVEY RESULTS

The Sundays River Valley (SRV) sample survey consisted of a total of 88 interviewees. To provide an in-depth understanding of the disequilibrium in labour supply and demand, the respondents were composed of 56 farm workers, 22 unemployed residents, seven farmers and three pack shed managers. The diverse type of respondents provided data on education levels, perceptions on the farm job, preferred alternative employment, working conditions, remuneration and sources of income, all of which is presented and discussed below.

5.1. Gender distribution and education levels of workers

Categorising workers by gender enhanced the analysis of the different roles that household members may have or a possible gender preference by employers. Furthermore, the level of education achieved differs within gender, and is a factor either increasing or reducing the chances of finding jobs. Table 5.1 shows higher education levels achieved by gender and a trend in education levels by age.

Table 5.1: Total number of farm workers by age and education within gender, SRV.

<table>
<thead>
<tr>
<th></th>
<th>MALE</th>
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<th></th>
<th></th>
<th></th>
<th>FEMALE</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>19-35</td>
<td>36-45</td>
<td>46-65</td>
<td>&gt;65</td>
<td>Total</td>
<td>19-35</td>
<td>36-45</td>
<td>46-65</td>
<td>&gt;65</td>
<td>Total</td>
<td></td>
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<tr>
<td>No. Workers</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>25</td>
<td>9</td>
<td>3</td>
<td>1</td>
<td>38 (68%)</td>
<td>10</td>
<td>6</td>
<td>2</td>
<td>0</td>
<td>18 (32%)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Education</td>
<td></td>
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<tr>
<td>High School</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>6</td>
<td>3</td>
<td>0</td>
<td>20</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>0</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade 12</td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>14</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>18</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>


Table 5.1 reveals improving education levels from the older to the younger labourers. None of the ‘46-65’ age group workers had completed Grade 12 while 27% of the ‘36-45’ and 54% of the ‘19-35’ age group completed Grade 12. The statistics revealed much greater improvement in the percentage of farm workers who completed Grade 12, compared to the
reported increase from 9.4% in 2001 to 15.2% in 2011 for the SRV population (Statistics South Africa, 2011). However, the wide difference in education levels between the young and the aged workers in the sample is also explained by migration. The older farm workers are more likely to be less educated since many educated people in the older age group had better chances of finding employment in other industries and possibly migrated to urban towns and cities for better jobs. It is therefore, expected that among those that committed to working on the farms, few were well educated. Workers reported that they would prefer a job in another industry if a job opportunity offering the same remuneration arose. All workers from the ’19-35’ and ‘36-45’ age groups indicated willingness to leave the farm job if offered a job in an urban city or town and so it is highly likely that many would move before reaching the ‘46-65’ age group.

The farmers reported that the number of males working on farms was more than double that of women in conformance with the findings in Table 5.1. Initially, it would seem to suggest the common belief in rural South African families, that prevailing cultural and social norms regarded women’s main role as a caregiver to the family, domestic worker and child bearer (Kehler, 2001: 44). However, female workers were willing to work, but reported that the farm job was very hard physical work, sometimes in high temperatures. During harvesting, workers used ladders to reach the fruit and women were more prone to accidental falls. As one woman put it, “They overload us with work such that every night I have back pains and sore arms from picking fruit and sometimes we are dismissed late which is not safe as a woman.” Female workers from three of the 14 farms from which respondents were drawn reported that supervisors, delegated by the managers to recruit workers, often demanded sexual favours in exchange for a job. Furthermore, the average dismissal time during week days was 5 p.m. and after a strenuous working day beginning at 8 a.m., it was difficult for female workers to engage in household chores such as cooking for the family. Consequently, less than half of survey households had both male and female adults employed on farms. Only 12 of the 33 interviewee couples were both farm workers.
An analysis of the 12 couples revealed that 10 were in older age categories (aged above 45), and had the convenience of children who were old enough to do domestic work while the other two had an unemployed relative living with them.

The low number of female workers on farms can further be explained by the very large number of women employed in the pack sheds. The three pack shed managers reported that they received more than double the number of work seekers required, most of which were women. One manager stated that over 500 female workers came to ask for jobs yet the company required only 300 workers. The reason for the contrasting supply of female labourers between the farm and factory was that the latter, which mainly involved sorting of fruits into grades in a housed setting, was much easier physically than work on farms and the community viewed it as work suited to females. Furthermore, the pack shed managers perceived female workers to be more suited and productive in tasks such as sorting and grading and employed more skilled male workers for tasks such as driving, supervising and security.

According to Gaitskell (2010:2), Western and African stereotypes of a woman’s role limited many educated girls either to lowly paid employment as maids or to unpaid labour as housewives and mothers within marriage. The survey data enhanced analysing the level of education by gender.

From the survey data, it was observed that there was a difference in education levels between male and female workers. Almost half the male workers (47%) completed Grade 12 compared to 33% females. In total, most of the farm workers (57%) had High school as the highest level of education achieved while 43% went a step further to complete Grade 12 and resultantly had better chances of finding a job in another industry. According to unemployed residents, most people preferred to work in other industries especially security companies, retail outlets in town and government departments, such as that of health,
correctional services and labour, all of which were reported to offer better salaries and working conditions. Eighteen of the 22 unemployed respondents reported that they preferred staying unemployed while looking for better paying jobs than temporarily working on a farm, which however is a questionable reason given the low household incomes. As three respondents were frank enough to report, it was difficult to be recruited if one had no experience as a farm worker. Therefore, reports of unemployment preference over the farm job may have been ways of avoiding shame and embarrassment. Jimenez and Walkerdine (2011:191) argued that the unemployed, with limited chances of finding preferred jobs, would eventually take up available work opportunities, motivated by “competition fuelled by the perception of social threat and the need to ‘prove oneself’ in the eyes of one’s peers.” Figure 5.1 shows the distribution of the sample of workers by age.

![Figure 5.1: Composition of sample farm workers by age.](image)

*Source: Sample Survey, 2014.*

In conformance with labour legislation in South Africa, there were no workers below the age of 15. The sample population of workers was dominated by those in the young to middle
age group ‘19-35’ (63%), followed by the ‘36-45’ age group consisting of 27% as shown in Figure 5.1. A possible explanation may be due to the nature of the job which the workers reported to be physical and strenuous. All four male workers who were in the ‘46-65’ age group and more skilled, were either supervisors or drivers, which were less laborious jobs compared to other tasks such as picking, pruning and spraying. Workers were requested to rate how difficult they perceived the farm job to be with the results presented in Table 5.2.

Table 5.2: Perceptions on the difficulty of a farm job by worker types, SRV. (Scale of 1= very easy to 5= very difficult)

<table>
<thead>
<tr>
<th>Score</th>
<th>No. of respondents</th>
<th>Drivers</th>
<th>Manual workers</th>
<th>Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>3</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>12</td>
<td>4</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(36.4%)</td>
<td>(18.6%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>44</td>
<td>7</td>
<td>35</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(63.6%)</td>
<td>(81.4%)</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>


All workers indicated that farm work was a very difficult job. As expected, the responses showed that a greater proportion of drivers perceived their work to be less demanding compared to manual workers comprising of mainly fruit pickers. Drivers complained that their work was laborious because the farmers employed few of them to avoid increasing the wage bill, which resulted in very short working-time breaks. In addition, the drivers complained that it resulted in being overloaded with work which caused back pains and leg sprains from sitting on the tractors.
5.2. Type of worker contracts

Workers on the citrus farms comprised of permanent workers who were employed throughout the year and seasonal workers hired in the peak season mainly to pick fruit. Table 5.3 shows the composition of the respondent workers.

Table 5.3: Representation of worker types within gender, SRV.

<table>
<thead>
<tr>
<th>Worker type</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent</td>
<td>12 (32%)</td>
<td>4 (22%)</td>
<td>16 (29%)</td>
</tr>
<tr>
<td>Seasonal</td>
<td>26 (68%)</td>
<td>14 (78%)</td>
<td>40 (71%)</td>
</tr>
<tr>
<td>Total</td>
<td>38 (100%)</td>
<td>18 (100%)</td>
<td>56 (100%)</td>
</tr>
</tbody>
</table>


Unsurprisingly, Table 5.3 shows that only 22% of the female workers were permanently employed on the farms, compared to 32% males, given the additional domestic responsibilities faced by women. Regularly seeking seasonal work was therefore preferred than being fully employed. The reason is further explained by the female responses to a question on whether they would take up the opportunity, if offered, of a permanent job on the farm. While the total percentage of seasonal workers who were willing to become permanent workers was as high as 88%, only 4 of the 14 female seasonal workers (29%) indicated that they would be willing to take up a permanent job. Farmers reported that during the off-season, the permanent workers performed tasks to prepare for the following seasons which included irrigation, land preparation and planting. In addition, most farmers engaged in smaller scale growing of crops such as tomatoes, cabbage and other vegetables, and the few permanent workers were sufficient to perform the required tasks.

Table 5.3 shows a very high proportion of total seasonal (71%) compared to permanent workers (29%). The farmers reported that demand for labour was very sensitive to ‘time of the year’, particularly in citrus and fruit farms because there is a sudden rise in demand for labour in the peak picking season. One farm employed less than 200 workers in the off-
season, with the number of required workers rising to about 3000 during the harvesting period. Additional labour was consistently required between late March and October and consequently, seasonal workers were convenient.

Similar to findings by Conradie (2007:15) and Roberts and Antrobus (2013), another reason for a greater proportion of seasonal workers was farmer preference due to seeking to reduce transaction costs caused by labour legislation regarding the employment of regular labour. Seasonal workers complained that farmers did not want to employ them on a permanent basis while permanent workers complained of work overload and an undersupply of workers even outside of the peak season.

5.3. Labour undersupply

As perceived by Nieuwenhuizen (2013), the undersupply of seasonal workers on citrus farms in the SRV was confirmed by the farmers and workers. Of the 14 farmer and supervisor respondents, nine reported that there were fewer local workers seeking jobs, than they required. Three of the five farmers who easily recruited enough casual workers had farms located less than five kilometres from the residential settlements or townships. The other two farmers experienced a relatively higher supply of labour because they offered relatively higher net cash wages (R2 500) compared to the average for all farms (R1 790), per month.

During harvesting, labourers were placed in groups and each worker reported the need for at least six more workers in each group. Farm workers complained that the undersupply of labourers resulted in work overload. However, 82% of workers believed that there were enough unemployed people in the nearby settlements to fill in the vacancies who instead chose not to work on farms for various reasons to be discussed later. Eighteen percent of workers, mostly from farms near the town, perceived that farmers recruited fewer workers than necessary for the work, in an aim to cut down the wage bill. A new worker on one farm near the town stated that many people were turned away, being told that enough workers had already been recruited, despite the workers themselves feeling they were by far fewer
than necessary to do the work. Workers preferred working near their place of residence where it would be a short distance to travel home after work. In addition, during lunch break, a short distance was convenient to walk to town for refreshments. Farmers located near the towns benefited from their locational advantage by offering the lowest salaries compared to those further from the residences, without compromising labour supply. Near the towns, net wages earned by seasonal workers ranged from R1 000 to R1 800 compared to a range of R1 300 to R2 500 on farms further away.

Farm workers were asked their opinion regarding why people did not want to work on citrus farms by ranking six factors according to how much effect they had in causing the undersupply of local labour. The results are shown in the following table.

**Table 5.4: Rankings of reasons for worker scarcity on farms.**

<table>
<thead>
<tr>
<th>Rankings</th>
<th>Wages</th>
<th>Conditions</th>
<th>Seasonality</th>
<th>Migration</th>
<th>Lowly job</th>
<th>Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>42</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>14</td>
<td>23</td>
<td>18</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>0</td>
<td>15</td>
<td>29</td>
<td>11</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>29</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>5</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>7</td>
<td>28</td>
<td>20</td>
</tr>
<tr>
<td>6</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>8</td>
<td>16</td>
<td>25</td>
</tr>
</tbody>
</table>


The data show that all the respondent workers considered either level of wages or working conditions as most important when determining whether or not to work. Seventy five percent ranked level of wages as the most important factor. The seasonal nature of farm work seemingly also had an effect in discouraging workers to seek employment opportunities on farms. The Garret Ranking technique was employed to further analyse the weighting that workers assigned to the factors by computing the rankings into percentage scores using formula (5.1):
% score = \frac{100 (R_{ij} - 0.5)}{N_j} \quad (5.1)

Where:

- $R_{ij}$ is the rank given for $i$th items by $j$th individual,
- $N_j$ represents the number of items ranked by $j$th individual.

*Source: Prabakar et al., (2011).*

The percentage scores were then converted into scale values using the Henry Garret Table. For each factor, the scores of individual respondents were aggregated and divided by the total number of respondents for whom the scores were added. A higher score for a factor, compared to another, indicated higher effect of the factor to farm workers regarding making labour participation decisions. The results are shown in Table 5.5 and discussed further below.

### Table 5.5: Accumulated scores of each reason per rank (Garret Ranking Score x frequency).

<table>
<thead>
<tr>
<th>Ranking</th>
<th>G.R score</th>
<th>Wages</th>
<th>Conditions</th>
<th>Seasonal</th>
<th>Migration</th>
<th>Status</th>
<th>Recruitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>77</td>
<td>3234</td>
<td>1078</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>63</td>
<td>882</td>
<td>1449</td>
<td>1134</td>
<td>63</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>54</td>
<td>0</td>
<td>810</td>
<td>1566</td>
<td>594</td>
<td>54</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>45</td>
<td>0</td>
<td>90</td>
<td>135</td>
<td>1305</td>
<td>495</td>
<td>495</td>
</tr>
<tr>
<td>5</td>
<td>36</td>
<td>0</td>
<td>0</td>
<td>36</td>
<td>252</td>
<td>1008</td>
<td>720</td>
</tr>
<tr>
<td>6</td>
<td>23</td>
<td>0</td>
<td>46</td>
<td>115</td>
<td>184</td>
<td>368</td>
<td>575</td>
</tr>
<tr>
<td><strong>Total Score</strong></td>
<td></td>
<td><strong>4116</strong></td>
<td><strong>3473</strong></td>
<td><strong>2986</strong></td>
<td><strong>2398</strong></td>
<td><strong>1925</strong></td>
<td><strong>1790</strong></td>
</tr>
<tr>
<td><strong>Mean Score</strong></td>
<td></td>
<td><strong>74</strong></td>
<td><strong>62</strong></td>
<td><strong>53</strong></td>
<td><strong>43</strong></td>
<td><strong>34</strong></td>
<td><strong>32</strong></td>
</tr>
</tbody>
</table>

*Source: Sample Survey, 2014.*

The resulting mean scores in Table 5.5 were further computed into a bar graph showing the weightings of the six factors in descending order of importance in Figure 5.2.
5.4. Wage levels

Relatively low wages were ranked first as a reason for labour scarcity on the citrus farms, with a mean score of 74 - more than double that of the two least ranked factors. Labourers were more attracted to other industries, namely, government departments, pack sheds, security companies and non-agricultural businesses in towns such as retailers. On average, seasonal fruit pickers were reportedly paid a net wage of R1 790, which was below the government stipulated farm worker minimum wage of R2 420. It seemed that there had been very little improvement since 2005 when the Labour Minister reported that casual labourers remained amongst the most vulnerable of workers with relatively low wages, while certain provisions of the Basic Employment and Conditions Act were not applied in practice to them (Mdladlana, 2005). Furthermore, Klasen and Woolard (2009) noted that rural labour markets were poorly regulated in terms of enforcing minimum wage legislation.
and the standard non-wage conditions, and limited people received unemployment benefits.

However, it is important to note that seasonal workers were paid through the piece rate system and therefore in cases where monthly wages where indicated to be as low as R1 000, the particular workers had few working days or labour hours supplied. Consequently, permanent workers reported a much higher average monthly salary of R2 380 compared to seasonal workers’ average of R1 790. One supervisor also asserted that most workers probably understated their income during interviews so as to convince interviewers that farm wages were very low and needing an upward review. To control for the potential bias, before interviews, the interviewers explained the purpose of the study as outlined in the questionnaires. In addition, interviewers reported that many workers struggled to remember deductions from their gross salaries such as UIF and Provident Fund contributions, which may explain the difference between the reported average net salary (R2 380) and the farm worker minimum wage of R2 420.

As shown in Table 5.6 below, drivers and supervisors were better off, with average net salaries of R2 621 and R2 840 respectively, which were above the minimum wage. However, driving and supervisory work was limited to only four and two vacancies respectively on each farm.

Table 5.6: Total farm workers by worker type, average net salary and perception of labour availability on farms.

<table>
<thead>
<tr>
<th>Worker types</th>
<th>Drivers</th>
<th>Seasonal workers</th>
<th>Permanent workers</th>
<th>Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of workers</td>
<td>11</td>
<td>40</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Average salary(R)</td>
<td>2 621</td>
<td>1 790</td>
<td>2 380</td>
<td>2 840</td>
</tr>
<tr>
<td>Perceive labour undersupply</td>
<td>6</td>
<td>40</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Perceive adequate supply</td>
<td>5</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>
Lack of workers was reported amongst manual workers (92.5%) and much lower amongst drivers (54.5%). Triangulation suggested that workers’ perceptions on labour undersupply were realistic as it was similarly reported by farm supervisors, farmers and pack shed managers. Although drivers and supervisors’ average salaries were higher than those for manual workers due to more work experience and greater skills and responsibilities, all worker categories expressed dissatisfaction with their salaries as shown in Table 5.7.

Table 5.7: Perceptions on fairness of salaries by worker type (Score 1= Strongly Agree, 2 = Agree, 3=Disagree, 4=Strongly Disagree)

<table>
<thead>
<tr>
<th>Score</th>
<th>No. of respondent</th>
<th>Drivers</th>
<th>Manual workers</th>
<th>Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>7 (13%)</td>
<td>4 (36%)</td>
<td>3 (7%)</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>49 (88%)</td>
<td>7 (64%)</td>
<td>40 (93%)</td>
<td>2 (100%)</td>
</tr>
<tr>
<td>Total</td>
<td>56</td>
<td>11</td>
<td>43</td>
<td>2</td>
</tr>
</tbody>
</table>


5.4.1 Fairness of salaries

According to Akerlof and Yellen (1988:45), the most important aspect of a compensation system is its accordance with workers' conceptions of equity. Workers who consider themselves fairly treated are likely to work hard, and workers who consider themselves unfairly treated are likely to shirk. The equity theory suggests that the perceived value of an individual's labour input should equal the perceived value of the compensation received, based on subjective rather than market valuations. If the actual wage falls short of what they perceive as the fair wage, the worker will withdraw effort so as to maintain equity between the subjective value of input and the subjective return, a concept referred to as
the fair wage/effort hypothesis (Lawler and O’Gara, 1967:45). The question soliciting the ‘fairness’ of wages in the Sundays River Valley survey, was aimed at measuring the extent to which workers regarded the reported salaries as fair – given the tasks they are required to complete. This is in accordance with the discussed equity theory which underlines the importance of employees’ perception – whether correct or not. However, Drago (2013, 192) noted that a ‘fair wage’ was determined not only from the mechanism of supply, demand and negotiation, but also from the profitability point of view – which was not assessed in this study.

93% of manual workers ‘strongly disagreed’ while a further 7% ‘disagreed’ with the statement “Your wages are fair”, and felt they deserved higher wages since their work was very strenuous. Seasonal workers pointed out that during the picking season, they had to save enough money from their salaries so as to survive through the offseason when they were unemployed, but the income was not enough to do so. Of the 40 respondent seasonal workers, 34 remained unemployed in the offseason, relying on remittances from a family member working in urban areas, child support grants and old age grants. Better paying driving and supervision jobs were limited and offered to labourers who had been employed on the farm for several years (12 years on average). These long serving workers were mostly aged above 46 and supported larger families. The result was, therefore, that even the relatively higher salaries offered to supervisors and drivers (R2 620 and R2 840 respectively) were not considered to be satisfactory to support their families. Of the 11 drivers, seven ‘strongly disagreed’ with the notion that their salaries were fair while four ‘disagreed’. In total, 88% of all workers perceived lack of fairness over their salaries by giving a score of 4 which expressed strong disagreement with the fairness of offered wages.

According to farm workers, the high worker turnover on citrus farms relates to the relatively low wages because they constantly seek jobs on higher paying farms and other industries. Farmers reported that every season many old employees would not report for work
resulting in recruitment of new workers. Eighty five per cent of the respondent seasonal workers had worked on two or more farms in the past three years while 56% of permanent workers had been employed on another farm in the same period of time. The farmers’ perception on high worker turnover was that employers in the region lacked a system that would encourage discipline amongst workers. One farmer stated that workers were lazy and disobedient, sometimes coming to work drunk or absconding from work for no justifiable reasons. Therefore, the absence of an agreed system to determine why, or if, a worker was fired from a previous farm, upon recruitment, made it very easy to seek another job elsewhere without facing disciplinary action. Labour legislation stated that on dismissal, the worker must be provided with a certificate of service and it was on the employee’s discretion for the farmer to indicate the reasons for termination of contract (DOL, 2013).

In contrast to the workers’ perceptions, seven of the nine respondent farmers felt that the salaries were fair. They reported that workers were irresponsible in the spending of salaries and pointed out alcohol abuse as the main problem. It is worth noting that in contrast to past ‘tot’ or ‘dop’ systems employed in the Western Cape in which employers provided alcohol either as part remuneration or to attract workers as a way to limit labour mobility (London, 1999:1408), farmers in the SRV strongly discouraged alcohol consumption as it reduced labour productivity. Farmers accused most workers of not reporting for work for a couple of days after receiving their wages and complained that they lost important productive hours which delayed harvesting of the fruit, a considerable expense in citrus farming.

5.4.2 Working conditions

While interviewing four workers in town, a farm vehicle passed by and the respondents abandoned the interview and left. In addition, interviewers reported that most workers were reluctant to freely give their perceptions on wages and working conditions, especially when interviewed on or near to the farm they were employed fearing that managers or
supervisors would get a report of the interview. All such fears were in spite of confidentiality being emphasized before interviews. The reaction raised questions over the working conditions of the particular farm and similarly to reports on most of the farms, labourers complained of poor working relationships between farmers and workers. As shown in Figure 5.2 above, working conditions were ranked second for discouraging people to work on farms, with a mean score of 62. To further highlight the workers’ perceptions regarding working conditions, 12 workers complained that labour inspectors were not doing their duty.

For example, a worker stated that, “Visiting labour inspectors spent the time dining with the farmer instead of interviewing workers and finding out our salaries and working conditions.” In another case that questioned the usefulness of labour inspectors in the Western Cape farms, farm workers complained that most labour inspectors did not speak to them. Furthermore, “they were obliged to give farmers prior notice of inspection, a requirement which only applied to farms, which undermined inspectors’ capability to identify violations.” (Human Rights Watch, 2011:12). However, farmers felt that the wages and working environment were fair since the workers were mostly unskilled or semi-skilled and actions by labour officials to fully enforce laws regarding minimum wages and working conditions would result in more shedding of workers and higher unemployment.

The seasonal nature of farm work was the third most popular reason for the unattractiveness of the job. Workers reported that over the years, farmers employed less permanent workers in preference of seasonal workers. Farmers argued that it was convenient to employ more seasonal labourers because during the off season, there was very little work. In addition, five of the seven employers acknowledged that reducing permanent workers resulted in fewer conflicts with workers and labour inspectors regarding housing and many other components of labour legislation.
Chapter 5

As a result of seasonal workers preference by employers, workers lacked job security and were constantly on the lookout for permanent job opportunities in other industries. Eighty eight per cent of the seasonal worker respondents indicated that they would accept an offer of permanent employment on the farm, which further emphasized that seasonality was one of the major problems with a citrus farm job.

5.5. Migration of local residents

According to the workers, a considerable number of people migrated to urban towns and cities in search of better jobs especially the young and educated who had better chances of landing a formal job. However, the migrating residents were limited because very few scholars qualified to study at tertiary institutions and guardians could hardly afford to finance further studies after completing Grade 12. Additionally, it was difficult to move to a new place where there were no relatives without any source of income.

In contrast to findings by Prabakar et al. (2011:378) in the Cuddalore district of India and Wells (2012) in the U.S, residents in the Sundays River Valley did not regard the low status of a farm job as an important factor discouraging potential labourers. Farm work was the most common employment in the SRV and almost every household in the Mabhida settlements had at least one member employed on a farm. One worker was of the opinion that it was, however, “more prestigious to have a job in other sectors such as the government departments of Health and Labour.”

Workers were not of the assertion that labour undersupply was caused by failure of the farmers to locate willing workers. ‘Recruitment problem’ was ranked last as a cause of the undersupply of labour although 86% of workers reported that there were many unemployed people residing in nearby settlements who would be enough to fill the vacancies on farms. According to one supervisor, it was very easy to spread information through the communities when recruiting labour at the start of the harvesting season. Transporting buses, lorries and the sudden hive of activity that the communities became,
were all signs of employment opportunities to make people aware of the vacancies on farms, making it only a matter of farm choice for anyone seeking a job. Twenty two unemployed residents were interviewed to find the reasons for not taking up the jobs and the findings are discussed next.

5.6. Unemployed residents’ perceptions

Similar to farm workers’ reports, unemployed residents from the survey pointed to low salaries, unfavourable working conditions and the difficulty of the farm job as the main factors which discouraged farm employment. Possibly due to no job security concerns, unlike as earlier witnessed amongst farm workers, jobless residents offered more information regarding the reported harsh working conditions.

Unemployed residents informed that supervisors and most farm owners treated the workers badly. On a scale from 1 to 4, where 1 represented ‘very good’ and 4 indicated ‘very poor’ working conditions, all 22 respondents gave a rating of 4, revealing strong perceptions on the farm working environment. Five of the 22 respondents used similar descriptions of the way farmers communicated with labourers claiming that “they treated workers like animals” and reported that people only worked on farms because they had no alternative employment opportunities. One worker expressed the need for a better relationship between workers and employers by complaining that “at the end of the season, they (farmers) did not even come to the workers to express gratitude for the hard work before dismissing them.”

Seventy five percent of unemployed respondents reported that they spent their time watching television and playing games such as netball and football when not actively job hunting. They reportedly relied on income from family members or relatives with which they lived. An important observation was that households with unemployed members received an average of four social grants compared to respondent workers’ households with an average of two, suggesting a dependence on the grants which comprised of child and old
age grants. Bertrand et al. (2003) and Ranchhod (2006) found that the presence of an old age pension grant receiver is correlated with a reduction in labour supply of individuals in that household. Seventy four per cent of the unemployed respondents in the survey were female. This follows a study by Edmonds et al. (2005) which concluded that women in households were the most common to exploit the advantage of having a family member receiving an old age grant.

Compared to the salaries offered on farms (average of R1 790), unemployed residents indicated that they would only accept a job with a much higher remuneration of about R6 000 per month. The expected salaries could have been inflated because respondents seemed to have a persistent belief that employers would be informed of the survey’s findings and therefore raise salaries offered on farms. Another reason is that the survey revealed that the unemployed residents had achieved further education compared to farm workers and therefore could have had higher salary expectations than the wages offered on farms. Of the workers, 43% had completed Grade 12 while 77% of unemployed respondents had completed the same level of education. Furthermore, in contrast to seasonal farm workers who indicated that they would accept a permanent job offer, only four of the 22 jobless respondents would take up the offer, despite all respondents indicating that they were indeed searching for a job. It is therefore suggested that those that chose not to work on farms perceived that they had better chances of eventually finding a job in the non-farming sectors. The four out-of-work respondents who were ready to take up farm jobs specified that they were seeking permanent jobs which would secure a constant income throughout the year. These were difficult to find because employers considered working experience on recruitment and usually selected candidates from long serving seasonal labourers. However, the four respondents indicated that it would take serving as seasonal workers a very long time to obtain permanent employment, and so they preferred spending the time searching for other jobs. The worker reports that alternative jobs were difficult to
get suggested a lack of skills required in other industries and lack of training for skilled farm work.

Three of the out-of-work respondents reported that they had been previously employed on farms but stopped because of sickness and injuries sustained at work. They complained that employers did not compensate them and one said that she had been turned away from three farms where she went searching for a job because her injury would affect her performance. Labour legislation stated that workers, required to have been registered by the employer, were entitled to compensation if they were injured while working or when they contracted any work-related disease (DOL, 2014). According to the two farm supervisors interviewed, farmers often ignored the registration process since it was tedious for farmers to register seasonal workers each season and serious injuries were rare.

5.7 Recommended ways to attract labourers

Farm workers and the unemployed interviewees were requested to suggest ways for employers to make the farm job attractive and lure more workers. As found earlier in the survey, salaries and working conditions were the main factors pointed out as needing improvements as shown in Figure 5.3. The frequency with which the indicated factors in the diagram were mentioned matched that recorded earlier in Figure 5.2 explaining why there was labour scarcity on farms. In addition to the latter, the open ended section for recommendations revealed further concerns on farm work in the Sundays River Valley as shown below.
Fifty three respondents indicated that if wages were raised, people would tolerate some of the perceived less acceptable working conditions and the difficulty of the work. Farm workers would not have to worry about how they would fare in the off-season because the higher wages would enhance higher savings than presently. To further strengthen the case for higher wages, many respondents pointed out that in industries where the work was relatively much less physically strenuous than that on farms, such as in pack sheds and security companies, higher salaries were offered. In addition, workers on seven farms complained that they were not given an opportunity to benefit from the double wage rate stipulated by legislation for working on holidays. Legislation declared holidays on twelve particular days spread throughout the year and stated that employees must pay at least
double the usual wage rate if labourers worked. However, it was at the discretion of the employer to call employees to work and so it seemed most farmers would prefer that workers stayed from work on holidays and pay the usual wages than paying the higher double wage rate.

Respondents advised farmers and supervisors to improve working conditions by treating labourers equally and communicating instructions politely. One worker emotionally said, “They shout at, and talk to us - even elderly men, like kids, and only show relatively more respect to supervisors and workers they have employed for a long time.” In support of the assertions, 36% of the unemployed residents indicated that they would consider seasonal work on a farm if the farm employers treated them with respect, despite the low wages. The relationship between workers and employers was frequently fractured. To enhance comparisons, farmers and pack shed managers were requested to describe how they viewed their relationship with labourers. Only two of the seven farmers indicated that the relationship was satisfactory while all pack shed managers described it as “very good”. It can therefore be concluded from information given by farmers, pack shed managers, farm workers and unemployed residents that many people disliked farm work because of the reported unattractive working conditions.

The need for a medical aid programme was the third most frequently proposed way to attract labourers. Workers feared for their health because, firstly, sometimes there were disease outbreaks such as cholera and tuberculosis, which was possibly caused by working in the dusty citrus orchards with chemicals. Furthermore, seven workers complained that the water supplied to their homes was not safe as it sometimes came out dirty or “brown in colour” and there were poor latrines, which exposed them to diseases. The number of accidents at work was however low, averaging one and two per season according to farmers and farm workers respectively. The great concern over medical cover, as shown in Figure 5.3, may be explained by the high importance workers place on job security, which for
many, was the only source of income. Another aspect related to job security is discussed next.

The fourth most frequently mentioned factor was a need for permanent jobs. As discussed earlier, seasonal jobs resulted in most seasonal labourers becoming unemployed in the off-season and without a reliable source of income except savings from the reportedly low wages. While 77% of workers indicated that a Provident Fund contribution of 10% from wages was deducted monthly, there were 26 complaints over the functionality of the system, reporting that workers did not receive the proceeds on termination of contract.

5.8 Migrant labourers

The peak season lack of labour in the Sundays River Valley presented temporary employment opportunities for migrant workers from other provinces and countries. As discussed before, local jobless residents enjoyed the ‘safety net’ of social grants - a privilege unavailable in neighbouring countries such as Lesotho, Mozambique, Zambia and Zimbabwe. According to farmers, approximately 40% of the seasonal employees were migrant workers. Eighty seven per cent of the employers indicated that they preferred foreign to local workers. Migrant workers were reportedly more productive, reliable and responsible with their income compared to local workers. The reason suggested was that most of the former would have left their families and travelled long distances to find jobs which were scarce in their home countries. Two employers indicated that almost half of the workers from Zimbabwe, on request, received a small portion of their monthly income, with the balance credited to their accounts with the farmer. While local workers complained that they could not save for the off season, a farmer noted that at the end of the season, these migrant workers would have accumulated relatively large sums of money which they would take home as capital for small businesses or purchasing of assets. Additionally, workers with families that heavily relied on them to earn a living would send home large packages of groceries every month.
In contrast, as noted earlier, many local workers reportedly wasted their income on alcohol and prostitution - practices which contributed greatly to absenteeism, conflicts with employers, injuries from fights and the spread of HIV. The observation was similar to London (1999) who found that farm workers in the Western Cape were involved in alcohol abuse after receiving salaries, “which not only directly caused injuries to their health but placed them at risk to various social and environmental hazards.” Despite the reasons offered by employers to explain the preference of migrant workers, and similar to the SRV local farm workers’ perceptions, Rutherford (2008:413) asserted that most foreign workers on South African fruit farms did not have the work permits required by law and therefore accepted low salaries and ignored legislation violations by employers in fear of being deported.

The high proportion of migrant workers may also be caused by high unemployment in the resident countries and the relatively higher wages offered on citrus farms compared to casual jobs in the resident countries. Unemployment was reported at approximately 27% in Lesotho (Frayne et al., 2014:182), 27% in Mozambique (Towindo, 2013:100), 50% in Zambia (Mucavele, 2013:14) and 80% in Zimbabwe (Bhebe and Mahapa, 2014:72). In addition, the local residents were protected by the minimum wage legislation and therefore had higher expectations on salaries compared to desperate migrant workers. This resulted in a high number of local residents preferring not to take up farm jobs. According to one farmer, if the government did not provide social grants, as in neighbouring countries, the local residents alone would fill in the vacancies on farms. This is further supported by an analysis of the social grants data which showed that households which had no unemployed members claimed more social grants (3) than those which had no jobless members (1). Bentolila and Ichino (2008:272) argued that such an observation could have been a result, rather than a cause of unemployment, as people looked for ways to increase household income to accommodate the unemployed individuals. However, in the SRV, the available jobs on citrus farms suggest a causal effect of social grants to unemployment.
5.9 Other factors

A few more factors were mentioned much less frequently than the above. Twenty one respondents requested bonus payments for the festive season so that they could enjoy the holidays with a little extra income. They reported that any farmer, who would care to give employees such extra benefits, would probably attract more workers in the peak season, such as on one particular farm. Nineteen respondents pointed out the need for work uniforms since, according to one worker, “we cannot afford to replace our clothes which often get torn during work.” Thirty-six per cent of unemployed interviewees and four farm labourers suggested that farmers should create more promotional opportunities. The farm job reportedly offered very limited scope and only a few workers would be promoted to driving or supervisory positions.

Lastly, four respondents indicated that they wished to have their own farms and proposed that farmers should extend the current Black Empowerment Programme initiated by farmers to accommodate more employees, in which employers offer workers farmland and training. One supervisor who had served on the farm for 23 years complained that under the programme, only workers who have been working on the farms for a minimum 12 years were eligible. Furthermore, the respondent complained that legislation stated that there should be at least five workers who meet this requirement for them to claim shares and so employers could actively avoid employing workers for so many years. However, the Land Reform (Labour tenants) Act (1996), the Extension of Security of Tenure Bill (1997) and the Department of Rural Development and Land Reform proposed 2014 plan (DRDLR 2014: 12) did not require workers to reach a certain number – reflecting a misunderstanding of the legislation by the worker.

The Sectoral Determination 13 (DOL, 2013), for farm labour stated that the issue of deduction of transport costs from employees’ wages was open to negotiation between the two parties. Most workers indicated that it was not a problem to get to the work place since...
farmers provided vehicles and buses to transport them to and from work. Furthermore, only workers from two farms indicated transport deductions from their salaries, seemingly due to employers competing for workers in the peak season. However, two workers complained that the bus dropped them far away from their residences.

**5.10 Impact of labour scarcity**

Farmers emphasized the importance of correct timing in citrus fruit harvesting, transportation and marketing, which reportedly took between five and six weeks. Firstly, picking was required to be done under particular ‘fine’ weather conditions because in low temperatures, the fruit was more prone to deformations during handling, which made it less attractive to overseas customers. Supervisors noted that the period within which it was best to harvest in each orchard was very narrow. Therefore, if workers were not enough, missed work or shirked at work, it would cause delays in picking and consequently, less high quality fruit would be sent for marketing. Pack house personnel assisted with scheduling of harvesting and specified delivery dates.

To emphasize the importance of minimising time taken from picking to marketing in Europe, one farmer pointed out that the Sundays River Citrus Company was encouraging farmers to improve on abiding by stipulated schedules for harvesting and delivering. In efforts to reduce the ‘dwell time’ up to marketing, Nieuwenhuizen (2011) reported that, “we do not want our fruit in local refrigeration for more than 48 hours before it gets to port and we are currently managing our dwell time to less than 24 hours.”

**5.11 Labour productivity**

Five out of eight farmers reported that labour productivity had increased over the past few years. This was because minimum wage legislation had resulted in increased remuneration costs and so employers hired fewer workers whom they managed more efficiently to be
productive through increased monitoring to reduce job shirking and improve performance. Furthermore, the increased labour productivity was achieved through various training programmes run on farms which enhanced workers to be capable of handling different tasks. All workers reported that they had attended at least one training programme. The programmes included training on tractor maintenance and operating, harvesting of fruit, spraying, first aid and health and safety. The lack of labour reportedly also contributed in motivating employers to utilise the available workers more efficiently. However, as discussed earlier, farm workers were of the perception that employers were unfairly overloading them with work to compensate for the labour scarcity, which highlighted differing perceptions on work expectations between workers and employers.

5.12 Conclusion

Although the extension of the BCEA to the agricultural sector in 1993, the implementation of ESTA of 1997 and the later introduction of the Sectoral Determination on farm workers improved working conditions and wages in the sector, most workers and unemployed residents in the SRV still find the wage and non-wage conditions unattractive. However, farmers believed the minimum wage (currently R2420 a month), was too high and responded by employing less permanent workers in preference for casual labour. The seasonal nature of farming made the shift easy and more convenient, facilitating a reduction in labour costs.

Farm labourers and unemployed residents pointed out to a number of factors which made the farm job undesirable. The given reasons included poor working conditions (especially the poor relationship with farmers and supervisors), salaries perceived to be low for a job under harsh weather and supervisory conditions and in comparison to jobs in other industries, the unreliability of seasonal employment and the redundant work with limited promotional opportunities. To a lesser extent, migration of residents to towns in search of better employment opportunities also contributed to the labour undersupply.
Turning to the ‘low wages’, migrant workers played a role by providing farmers with less expensive labour. Farmers considered migrant labourers (who made up 30% - 40% of seasonal workers) as very important because, in addition to reducing the effects of lack of labour, they were reportedly more skilled, productive and disciplined – given the job security risk imposed by lack of legal work permits, which made them vulnerable to deportation. In contrast, local workers (protected by labour legislation) often demanded higher salaries and were characterised by high absenteeism and lower productivity – which farmers and supervisors attributed to ‘laziness’, alcohol abuse and reliance on social grants. All seven farmer respondents described absenteeism of workers as ‘very high’. In response to the undersupply of workers, farmers intensified supervision and offered training programmes to enhance employee skills and capabilities on farm tasks so as to increase labour productivity.

5.13 Limitations of the survey

Given limited time in conducting the survey with isiXhosa speaking assistants in the SRV, and a limited budget, the sample sizes for pack shed managers, farmers and unemployed residents were three, seven and 22 respectively. As discussed in Chapter four, these were small sample sizes, and as Sandelowski (1995:1) argued, although determining adequate sample size in qualitative research was ultimately a matter of judgment and experience in evaluating the quality of the information collected against the uses to which it will be put, small samples may not be adequate to support claims of having achieved either informational redundancy or theoretical saturation. Survey meetings were repeatedly postponed and cancelled by farmers because the survey coincided with the beginning of the busy harvesting period. However, the period was also timely to access workers on farms and it was easier to locate unemployed residents roaming around therein residences during the day. Despite the limitations, considerable information was acquired from interviews with a
larger sample of seasonal workers (40), the worker category for which farmers experienced an undersupply.

The use of econometric techniques such as Principal Component Analysis could also have improved the analysis of the collected data such as the contrasting perceptions of working conditions and wage levels between farmers and labourers, to make more informed conclusions, and management and policy recommendations in the next chapters. Having presented the survey findings and the limitations thereof, the next chapter provides a discussion and analysis of the results by consulting theory and empirical research findings. Thereafter, recommendations are made and the study concludes.
The chapter analyses the results presented in chapter 5, utilising theoretical frameworks and previous empirical findings on labour markets. Firstly, female labour participation and apparent gender inequalities are discussed. An analysis of why unemployed people do not take advantage of the available low skill jobs follows. Other issues concerning the farm labour market discussed include the impact of migrant labour, the effect of social grants on labour participation and minimum wage legislation.

6.1 Women’s education and labour participation

The survey data presented in chapter 5 suggested higher levels of education amongst men than women. Martineau (1997:391) found high dropout rates caused by teenage pregnancy as one of the main challenges facing female education in South Africa. In addition, Bourque and Warren (1990) and King and Hill (1993) posited that in many African societies, including South Africa, parents’ expectations of their daughters were not as high as those of sons since the former were expected to marry off into another family, which would thereafter enjoy the benefits of the girl’s education.

However, in South Africa education opportunities amongst women improved remarkably since the late apartheid period, which Unterhalter et al. (1992:65) attributed to increasing economic and political pressure. The gender parity index (GPI), which shows the females’ level of access to education compared to that of males, was reported to be 1 in South Africa and 1.01 in the Eastern Cape Province (Department of Education, 2010). According to the United Nations Educational, Scientific and Cultural Organization (UNESCO, 2013:13), a GPI value of between 0.97 and 1.03 was considered to be within achievement of gender parity, which suggested no gender based access to education. However, Hall and Lannoy (2013) pointed out that gender parity data masked a number of other gender-related issues that the South African education system had to deal with to provide truly equal and safe access.
to education for both boys and girls. While girls and boys seemed to have equal access to enrolment in schools, major hurdles included female learners’ risk of experiencing violence and abuse at school. According to the South African Human Rights Commission (2006:5), this was further highlighted by the high number of school drop-outs amongst girls, teenage pregnancy, poor matric results and increased transmission of HIV.

The lower proportion of female workers compared to men (68% and 32% respectively), would seem to suggest the common belief in rural South African families, that prevailing cultural and social norms regarded women’s main role as a caregiver to the family, domestic worker and child bearer (Kehler, 2001: 44). However, data from the survey showed that women preferred to work in the pack sheds where, according to workers and the pack shed managers, the work was more ‘feminine’, worker-employee relationships were better and the work involved was in less harsh conditions, unlike on farms where workers sometimes endured high temperatures and wet weather conditions. Supervisors from two of the fourteen farms were reported to abuse their power by demanding sexual favours in exchange for jobs or favours at work since employers perceived men to be more productive than women. The reports matched findings by Ulicki and Crush (2000) who reported limited sexual violence and sometimes rape to be committed by supervisors and male workers of migrant Lesotho, which went unreported especially on farms where the proportion of women was very low. Elson and Pearson (1981) and Dunaway (2014) argued that women were severely exploited, endured poor employment conditions, insecurity and low pay, and could face issues such as sexual harassment at poorly monitored workplaces. However, the practice was not specific to farms only as studies by Chatterji et al. (2005), Jewkes et al. (2006) and Nduna and Jewkes (2012) found that in the Eastern Cape, transactional sexual relationships were common especially amongst the impoverished.

Lim (1990), Kabeer (2000) and Maertens and Swinnen (2012) posited that, despite the problems, work also brought benefits to women and could contribute to their economic and
social empowerment. Thus, although women had few job opportunities on farms, employment opportunities were more prevalent for women in the pack sheds. The supply of female labour in the pack sheds, however, far outweighed the demand as seen in the results from interviews with farmers and pack shed managers, thus leaving many women unemployed or seeking work on farms. Three of the four female permanent workers, residing on the farms, found on-farm employment convenient because the farm was near their homes where their children could easily access them in case of problems. Another seasonal worker also pointed to the locational advantage of working on farms since pack sheds were few and sparsely distributed far from their residences. As a result of the distance between most farms and the pack sheds, women residing near the sheds were more likely to seek and obtain fruit packing and sorting jobs in the pack sheds, than their counterparts living further away.

6.2 Low levels of education

One of the survey findings was that workers and unemployed respondents’ levels of education were low, which made it difficult to find better paying jobs. Assessing the South African unemployment problem, studies by Mlatsheni and Leibbrandt (2011), De Witte et al. (2012) and Wanberg (2012), pointed out that, in addition to generally poor matric results, the education system failed to produce workers with skills that matched opportunities in the labour market. Historical inequalities, education resources, infrastructure and high learner-teacher ratios were some of the reasons attributed to the failure. Schooling is a productive investment in a country and Hanushek and Woessmann (2011) showed that additional years of schooling led to better employment opportunities and higher wages. However, Bils and Klenow (2000) argued that the quality of education, as measured by test scores, mattered more than the number of years (the quantity). The SRV Municipality was ranked 124th out of 146 in terms of matric pass rates. The following studies aimed at improving performance offered various methods.
Artiles and Dyson (2005), Engelbrecht and Green (2007) and Kozleski et al. (2007), proposed inclusive education which involved efforts towards nurturing and educating all students, regardless of differences in ability, language, culture or ethnicity and developing individual strengths and gifts, with high and appropriate expectations for each child. According to Forlin et al. (2010), inclusive education included involving parents in children’s education and in the activities of their local schools and planting a school culture of respect and belonging, which would reduce harassment and bullying. Bizer et al. (2003) and Savolainen (2012:52) highlighted that teachers’ attitude towards inclusive education was fundamental to providing quality education. Training programmes for teachers were found to have significant positive effects on their attitudes and through offering practical solutions to the implementation of inclusive education (Savolainen et al., 2012). Oswald (2007) noted that teachers were at the forefront of achieving schools’ transformation and thus had to be offered professional development opportunities. In support of the need for transformation in schools, the South African Department of Education presented the ‘White Paper 6’ in 2001, which sought to address past discrimination based on language and learning abilities referred to as ‘barriers to learning’, previously termed as ‘special needs’, and removing them became the main goal, to improve access to education. Roberts (2008) observed that the policy had deleterious effects because the South African schools’ set up was not ready, since it would need paraprofessionals, smaller classes, and the provision of stronger safety precautions and extensive training of teachers. Therefore, the Department of Education may consider integrating inclusive education as described by Kozleski et al. (2007) and training programmes to encourage teachers’ attitudes to improve, to help increase the matric pass rate in the SRV.

In addition to the policy, training programmes, research and many pilot projects were implemented (Stofile and Green, 2007; Wildeman and Nondo, 2007). Despite the efforts, Savolaïen et al. (2012) noted that the country still faced challenges’ including funding and physical and human resources. Rural schools, such as in the SRV, were most vulnerable to
the problems as supported by the report on schools’ performance (STATSSA, 2011). However, to identify problems specific to SRV schools, further research was required. According to the SRV Municipality (2013), the main challenges to the education system included the need for retention and retraining of teachers, provision of transport services to learners in the remote rural areas and a lack of sufficient early education institutions (for example creches).

6.3 Why was the farm job unattractive?

As mentioned in chapter 5, interviews with farm workers showed that all respondents in the 19-35 and 36-45 age groups were willing to leave farm work if an opportunity arose in another industry offering at least the same wage. This suggested that there were aspects of the farm job that they found undesirable or lacked training and education. Older workers were reluctant to shift probably because they considered their chances of finding alternative jobs to be very low and would likely benefit from possible promotion and favours that they were reported to gain due to possessing more work experience and having established better relationships with employers.

In the Free State Province, Ulicki and Crush (2000) stated that “verbal and physical abuse were pervasive” and compared the conditions to “those of mine compounds, farm compounds, and urban hostels in other parts of the country” as reported in studies by Ramphele (1993), Jones (1993) and Moodie (1994). Similarly, Ngonyama (1999) reported that in South Africa, “farm workers were subjected to discriminate verbal and sometimes physical abuse and torture” and, as examples, cited three cases of verbal and physical violations to farm workers that had occurred in three Provinces in one week. Reports from the SRV survey however, suggested less severe practices in the form of verbal abuse, which was reported by workers from six of the fourteen farms. As a result, farm employment was often viewed as a last resort.
The working conditions seemed to contribute to the high worker turnover reported by employers in the SRV. According to Ulicki and Crush (2000) and Rutherford (2008), most seasonal workers often shifted from one farm to the next, hoping to find an employer who treated workers better, since salaries across farms varied marginally and therefore, farmers were confronted with the task of keeping workers. The tendency to change employers around SRV farms was prevalent among seasonal workers, of which 85% indicated to have changed farms in the past three seasons. More recent studies do not report of physical abuse and focus on the low wages, poor working conditions with regard to living conditions and the availability of basic services such as water and electricity to farm workers (Conradie, 2007; Naidoo et al., 2007; Sparrow et al., 2010 and Cordes, 2011).

More than half of the unemployed respondents (14) indicated that farm work would be acceptable if employers treated them with respect, despite the low wages. The interviews suggest that the poor relationship between workers and employer discouraged residents in surrounding areas to work on farms.

As reported in Chapter 5, workers preferred particular farms over others, as a result of the differing personalities and treatment by employers. One worker noted that “farmers could improve perceptions that workers held about them even just by thanking them for the work at the end of the season.” In similar findings by Du Toit and Ally (2003:36), workers classified farmers as exploitative and abusive, while others were termed “nice and pays alright”. In addition, workers were reported to be particularly happy with farmers who gave them a ‘bonus’ in December. Twenty one of the 56 respondents in the SRV proposed that farmers give bonus payments in December. However, this was especially difficult for seasonal workers to benefit from since the period fell outside the harvesting season.

In addition to the unattractive working conditions commentators, such as Bowler et al. (1996:288), Padhi (2007), Rutherford (2008), the Human Rights Watch (2011) and Hall et al. (2013), pointed to relatively low wages in the farming industry as the main
challenge facing labourers. Unemployed residents and farm workers from the SRV survey consistently highlighted that wages in the sector were too low to sustain them, and low relative to other industries. This was in spite of minimum wage legislation aiming at improving the welfare of farm workers. One reason may have been that many farmers found the minimum wage stipulated by the government not to be financially viable. Studies such as by Naidoo et al. (2007), Devereux (2011), Yamada (2012) and Bhorat et al. (2012) reported low compliance to the legislation by many farmers in South Africa. The latter estimated that about 4% of the total covered workers were paid below the statutory minimum, with an average shortfall of 35 per cent. Bhorat et al. (2012) found that compliance was lowest in the Agricultural industry, which was estimated to be below 40% in the security, forestry and farming sectors. This supported assertions by Lustig and McCleod (1997) who noted that minimum wage legislation was often ineffective in developing countries mainly because enforcement of the policy was a challenge. According to the SRV survey, approximately 77% of workers reportedly earned less than the stipulated minimum wage. However, the reported wages may have been biased as mentioned before, due to miscalculations or possible intentional understating by workers. Of the 43 workers who reported wages below the minimum wage of R 2 420, 44% of the reported salaries were equal or above R2 000 (falling short by less than 20%), the category for which differences from the minimum wage were more likely to result from giving estimations, miscalculations, or omissions of deductibles such as the Provident Fund. The differences could also be explained by the varying working hours reported by the workers due to weather conditions. As mentioned in chapter five, extremely low temperatures and rain were not ideal conditions for picking fruit. Therefore, seasonal labourers’ working hours highly varied, and the reported earned monthly wages suggested that most farmers complied with the stipulated minimum hourly rate. The Sectoral Determination 13 for farm workers did not impose minimum daily working hours.
In South Africa, the farm minimum wages were set based on bargaining council agreements within the areas of jurisdiction (Coetzee, 2014). The division of farms into Areas A and B (in which the SRV fell), based on average household incomes failed to account for the profitability or ability of farmers to afford paying the stipulated wages. However, farmers were given the opportunity to apply for exemption to the legislation and the high number of applications, reported to be 1 801 during the 2003 – 2004 period, suggested that for many farmers, the minimum wages were unaffordable. From the total number of applicants, 297 (16%) were granted, 1 464 (81%) were not finalised, and eight were refused (Godfrey et al. 2005:61). However, Sachdev and Wilkinson (1998:40) noted that any exemptions, which meant that workers could be employed at salaries lower than the stipulated minimum wages, posed a threat to undermine the legislation’s “integrity and effectiveness by providing opportunities for substituting cheaper labour for workers who are legally protected.” Three of the interviewed farmers in the SRV were of the opinion that the stipulated minimum wages could be financially viable depending on the prices and the accessibility of the EU market, which was uncertain. One farmer, who was a beneficiary of the Black Empowerment Programme opined that it was difficult for the smaller farmers to cope with the minimum wages and suggested that they should be exempted for a certain period of time until their production became more profitable. Another farmer stated that the government stipulated hourly rate was a ‘fair wage’ but only to workers who put in considerable effort. Similar to comments from the other six farmers, he pointed out that migrant workers typically worked harder than local workers. Highlighting the differences in worker abilities and work effort, the farmer stated that “Other workers could pick double the number of fruit cartons than others in the same amount of time.”

Prabakar et al. (2011:373) identified the main causes of an undersupply of farm labour on Indian farms to include easy access to higher wages in other available sectors of the economy. The situation, however, differed from that in the SRV since there were reportedly very limited alternative employment opportunities in higher wage sectors or where work
was less strenuous, such as retail stores, security companies and government departments. Residents were therefore faced with the choice between farm employment and unemployment.

The next section provides a discussion on the reported choice of unemployed residents to ignore job opportunities on farms, hoping to find jobs in other sectors, and workers who reported to face difficulties in being recruited on farms.

6.4 Unemployment

As mentioned in earlier chapters, the main paradox of the study involved the co-existence of unskilled local labour scarcity and unemployment in a geographical area. Although relatively low wages and poor working conditions, amongst other disincentives to on-farm employment, may discourage potential workers, commentators such as Jimenez and Walkerdine (2011:191) argued that the unemployed, with limited chances of finding preferred jobs, would eventually take up available work opportunities, motivated by “competition fuelled by the perception of social threat and the need to ‘prove oneself’ in the eyes of one’s peers.” In some countries where the unskilled labour undersupply were experienced, such as the US and India, jobs were easy to find in local non-farming sectors (Wells, 2012 and Prabakar et al., 2011).

In China and, as discussed earlier in Bolivia, Zimmerer (1993:1664) found the shrinkage of available farm labour resulted from immigration to urban cities where job opportunities were available. Therefore, in countries with high unemployment and limited employment opportunities, such as South Africa, it was expected that unskilled job vacancies would be easily filled. According to Knight et al. (2011), China and South Africa shared a similar history of rural surplus labour. However, China managed to absorb the surplus labour due to its success in utilising its comparative advantage in unskilled labour intensive industries and growing investor confidence, while South Africa experienced a relatively slow growth rate associated with low investor confidence partly caused by non-human resources approaching
full employment and a high crime rate. The SRV citrus industry may offer an opportunity to utilise the potential labour if the discussed problems between workers and employers are resolved, with opportunities to expand current production and establishing new farms (Viannie, 2014).

The study did not assess how long unemployed residents had been without, or were prepared to wait for better paying jobs. However, as mentioned earlier, the majority of unemployed respondents complained about the relatively lower wages, lack of opportunities for promotion, seasonality of the job and poor working conditions on the citrus farms and expressed preference to search for jobs while out of employment. The unemployed respondents consisted mainly of the better educated and younger age groups between 19 and 30, who could have held unrealistically high expectations on the type of jobs and level of salaries relative to their education and experience.

Lindsay and McQuaid (2004) and Tomkins (2008) noted that in some cases, the unemployed would not take up low wage jobs, but rather search for and therefore improve their chances of finding work that matched their skills and experience, thus offering prospects for promotion and opportunity for personal development. Bhowmick (2011) observed that in India the youthful population had less interest in agriculture and migrated to the cities in large numbers. According to Knight et al. (2011), despite immigrants having to take the least attractive jobs rejected by urban-born people in China, migration increased as millions of rural workers saw it as the way to increase their incomes. Rural-urban immigrants preferred jobs in the cities despite discrimination that often excluded them from health and unemployment insurance and a right to a pension. Amongst those who had migrated to urban cities in China, Park et al. (2007) reported a 32% increase in real wages for those who had achieved less than middle school education. Evidently, the urban industries were capable of absorbing the influx of workers migrating from rural areas.
Martin (2002:1141) observed that the farm workers’ children in the US commonly shunned seasonal farm jobs, having received formal education and so either migrated to urban areas or were often jobless if they stayed in the area. However, according to respondents, as mentioned in chapter 4, SRV residents found it difficult to immigrate to urban areas, such as Port Elizabeth, since finding a job was not guaranteed and it required substantial funds to meet costs associated with job searching, such as accommodation and increased cost of food. This could be one of the reasons many residents remained unemployed and did not want to take up the available farm jobs.

In other industries such as mines where the tasks were not only more strenuous but dangerous, attractive remuneration lured workers. Ulicki and Crush (2000:16) noted that despite the mining industry offering some of the poorest working conditions in South Africa, given a history of repression that included influx controls, single-sex compounds, the colour bar, anti-unionism and low wage policies, both local and migrant labourers (mostly male) were more attracted to the industry than to farms, because of the relatively higher salaries offered and the bargaining power the labour unions possessed. The unattractive characteristics of some South African farms seemed to have been influenced by the influx of migrant labour from neighbouring countries, which had lower expectations of working conditions and wage levels. In support of the view, as mentioned in chapter five, local farm workers in the SRV suggested that foreign workers often accepted lower wages and working conditions because they typically did not possess valid work permits and as it was difficult to find jobs in their home countries.

Taylor et al. (2012:587) analysed trends in national panel data in 2002, 2007 and 2010 from rural Mexico and the US and found that the US faced a risk of shrinking labour supply since demand for labour in Mexico was growing rapidly. US domestic workers were reluctant to do farm work because of high salary expectations (reservation wage) and the perception that farm jobs were lowly. In contrast, South African farms were predicted to experience an
increasing inflow of labour for a prolonged time due to increasing immigrants from neighbouring countries such as Lesotho, Mozambique, Zambia and Zimbabwe (Ulicki and Crush, 2000; Hall et al., 2013 and O’Laughlin et al., 2013). Additionally, interviews with local workers, unlike in the US, suggested that they were willing to work on the farms (probably partly forced by the few alternative employment opportunities and limited skills), but were discouraged by the relatively low salaries and unattractive working conditions.

6.5 A comparison of local workers and migrant workers

Respondent farmers reported that migrant workers were more productive and effective while their local counterparts were lazy. Therefore, recruitment was strongly suspected to have been biased towards migrant workers. Productivity is an important aspect employers considered on recruitment. According to Kahmann (2002:9), newly arrived inexperienced immigrants in the US often fell victim to labour law violations from employers because they were associated with low productivity, yet farm labour contractors (FLCs) had to ensure completion of harvesting and other tasks in a limited time. Studies by Waldinger and Lichter (2003) and Duncan and Loretto (2004) showed that employees often considered the suitability of a potential worker based on gender, age, race and sometimes nationality of candidates, rather than the actual skills and characteristics of the job seeker. Employers utilized perceptions on these aspects because of a lack of or incomplete information about the attributes of the candidate (Moss and Tilly, 2001). Although Ruhs and Anderson (2010:20) noted that there was significantly less attention paid to nationality based perceptions or discrimination in recruitment studies, research by Anderson et al. (2010), Matthews and Ruhs (2007), Preibisch and Binford (2007) and Karjanen (2008) reported the practice to be prevalent in low waged sectors.

Preibisch and Binford (2007) posited that since migrant workers were generally absent from family and social networks, they were more likely to focus on their jobs and work long hours. This may have been evident in one farmer’s report, suggesting that migrant workers
were able to buy and send relatively large amounts of groceries to their families and also save substantial income throughout the season, while local workers complained that they could not save enough income to sustain them in the off-season. Lindsay and McQuaid (2004), Belt and Richardson (2005) and Devins and (2005) highlighted the main discouraging factors to employment to be unsocial working hours, low wages, temporariness of the job and lack of opportunity for personal development, which may further explain why local workers were less competitive compared to migrant workers and complained of work overload on farms. In addition to the advantage of high productivity associated with foreign workers, Johnston (2007) found that farmers often claimed a ‘charity motive’ in providing the desperate and ‘poor’ migrant workers with jobs.

However, similar to findings by MacKenzie and Forde (2009) and Meardi (2012), Cam (2014:531) posited that such ‘congratulatory remarks’ on the work commitment and self-discipline associated with migrant labour, often signalled managerial opportunism. In Britain, most migrant labourers were non-unionized (82% in 2010), and were vulnerable to abuse by employers. Accordingly, Fitzgerald and Hardy (2010) considered union membership to be crucial for migrant workers’ protection. Fakir (2014) reported migrant worker unionization to be very low in South Africa, which (in addition to most entering the country illegally and at risk of deportation) exposed them to violation of workers’ rights. According to Theron (2010:21), migrant workers were perceived by local workers to be ‘foreigners taking local jobs’, which resulted in the violence against migrant workers in Stofland, located in the Western Cape Province, in November 2009. Farm workers appeared to be easy targets for unionisation because of their large population, estimated to be 400 000 in the fruit export industry (Barrientos, 2014: 11), the reported poor working conditions and relatively low wages. The large population would only be an advantage if the workers were relatively concentrated geographically. However, Martin (2002) observed that “most seasonal farm workers considered the best path upwards to be exiting from the farm labour market for a non-farm job, and not to voice their concerns and form or join unions to
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negotiate with farm employers”, thus resulting in low unionization. Furthermore, Freeman (1979), Wrench (1997) and Penninx and Roosblad (2000) observed that labour unions were mostly concerned about the negative aspects of immigration than their welfare, despite a growing discourse for internationalism and therefore, less attention was paid to their welfare.

Following suspicions of violations of migrant workers’ rights and questionable reported labour undersupply in the US, the two major trade unions proposed the establishment of an independent Foreign Workers Adjustment Commission to estimate labour shortages and recommend the number and characteristics of temporary workers to fill the shortages (Ruhs and Anderson, 2010:3). Similar to special government departments established in Spain, Australia and Canada, the UK established the Migrant Advisory Committee (MAC), comprising of economists whose task was to provide advice on acquiring foreign workers to meet local labour requirements. A more detailed discussion of how organised migrant labour could improve wage and non-wage conditions on farms in the SRV is contained in chapter seven.

6.6 The effects of social grants on labour participation

According to Molefe (2011), South Africa had the most comprehensive social security system in Africa. As the country’s main poverty reduction tool, cash transfers have accounted for approximately 3.5% of GDP each year and covered more than 16 million recipients (Govender, 2011:1). However, Geddes (2008) and Scott (2008) asserted that social security contributed as a disincentive to entering the job market, particularly to temporary or low waged labour markets. Chetty (2005) asserted that social benefits may have the undesired effect of increasing the duration of unemployment through moral hazard (subsidizing unproductive work) and the income effect. The notion was supported by farmers who claimed that the alleged laziness of unemployed residents who did not take up
farm jobs was exacerbated by taking advantage of grants (mainly child grants and old age pensions).

Bertrand et al. (2003) and Ranchhod (2006) found that the presence of an old age pension grant receiver was correlated to a reduction in labour supply of individuals in that household. An analysis of the SRV survey data suggested that, on average, households which had an unemployed person claimed more grants than those which did not. However, studies in South Africa authors including Edmonds et al. (2005); Williams (2007), Samson (2009) and Eyal and Woolard (2011) found that the state of unemployment was undesirable and the unemployed had better chances of finding jobs while receiving income from social benefits. This was because it could help alleviate credit constraints that prevented individuals from migrating to urban centres or to look actively for a job from their home. Woolard and Leibbrandt (2013) asserted that the effect could go either way, depending on certain conditions and the available opportunities. According to Estelle (2010), the disincentive effects were higher amongst women because in most countries (including South Africa until 2008), women were entitled to an earlier retirement age than men, which resulted in decreased women’s opportunities for on-the-job training, wages and pensions. This may also partly explain the low proportion of female workers and seemingly fewer educated women as discussed earlier in section 5.1.

While social grants helped to improve people’s welfare, in the case of the SRV, they could be viewed as contributing to disincentives to work, particularly in the case of seasonal farm jobs. As respondents admitted, there were very few employment opportunities in other sectors, and since farm jobs were mostly seasonal, in the off-season workers had about a third of the year to search for jobs. In the absence of social grants, it is likely that more residents would enter the farm workforce.
6.7 Recommendations by workers

As noted in chapter 5, four farm workers and two supervisors recommended providing farm workers with incentives, such as equity shares. This came in light of the slow progression of the Black Empowerment Programmes voluntarily initiated by the Sundays River Citrus Company. According to Du Toit and Ally (2003:46), the possibility for improved livelihoods for workers existed, which could be through “empowerment and new forms of partnerships with farm owners.” Farm equity shares could be imaginatively exploited by land reform proponents or through voluntary programmes by farmers’ organisations, of which some were already underway.

By comparing studies conducted in the late 1990s to post 2000, Knight and Lyne (2002) suggested that many of the concerns on the applicability of equity share schemes in South Africa, such as power relations and skills transfer, had been addressed. Issues that remained unresolved included the low literacy levels amongst farm workers, skills and wage differences between men and women, and exit procedures.

Knight et al. (2003:228) reviewed nine successful equity share schemes initiated as land reform projects in the Western Cape. The study suggested that the best institutional practices involved the schemes operating as private companies, where shares were distributed proportionally to the voting and benefits rights. Importantly, restrictions had to be placed on the number of transferrable shares so as to prevent loss of creditworthiness through sudden outflows of equity, and managerial expertise and to minimise free-riding by non-workers.

Mather and Adelzadeh (1997:11) described equity shares as “a method of redistributing land without affecting the operation of individual farms or overall production levels” and noted that with better job satisfaction and greater participation, productivity would increase on farms where workers were also owners. The possibility of undertaking such programmes, as a way of motivating and empowering workers, identifies another area
requiring further research, as considerations such as land, irrigation water availability, sources of capital, etc., are fundamental to their viability.

However, Deininger and May (2000:14), utilising a survey of 88 land reform projects, found that only 16% of the total equity share projects realised sustainable revenue to improve the livelihoods of beneficiaries significantly. This was attributed to limitations placed by the appointment of a trust or common property association to run the programme and a lack of legal advice to workers, revealing areas which need consideration in the event of equity share projects being adopted in the SRV.

6.7.1 Health of workers

Farm workers in the SRV were highly concerned with their health, since their wellbeing and ability to work were vital for the survival of households. Most seasonal farm workers were unemployed in the off-season and relied on savings and social grants. It was therefore, important for workers to maximise their earnings in the harvesting season, without health disturbances. The concerns were further highlighted by the high proportion of respondents (38 out of 56) who suggested that employers needed to initiate the acquiring of health insurance to attract farm workers, as shown in chapter 5. Although accidents at work were few and involved minor injuries, such as from falling from ladders, the health concerns seemed to emanate from the strenuous nature associated with the work. As mentioned earlier, workers often suffered from back sprains as a result of picking fruit from the ground and the twisting and stretching involved in reaching ripened fruit on the trees.

Mobed et al. (1992) posited that farm workers were vulnerable to various occupational risks and hazards. Low socio-economic status and poor access to health facilities contributed to health problems, which included pesticide-related diseases, musculoskeletal and soft tissue disorders, accidents and problems for farm workers’ children. Although tractor drivers from the SRV survey were less worried about the strain of work compared to fruit pickers, they
complained that they faced continuous working hours with fewer breaks than in the past 3 – 4 years. This was mainly because of understaffing as employers aimed at reducing the labour employed and increasing work intensification. Wickstrom (1978:7) found that tractor drivers were exposed to whole body vibrations for long periods of time, which resulted in degenerative changes in the dorsal and lumbar spine in 71% of the observed individuals. Furthermore, the drivers showed an excess of diminished lumbar disc height and had an increased risk of lumbar disc herniation (Kelsey, 1975). Interventions were therefore necessary to improve work and safety measures for farm workers (Arcury et al., 2012).

Tuberculosis and cholera outbreaks were reportedly common, which threatened the residents’ ability to work. Labour legislation provided for occupational injuries or work related diseases (DOL, 2014). However, three injured workers interviewed expressed ignorance of the procedures to claim from the fund. Heynes (2013) reported a lack of basic knowledge on prevention and transmission of diseases amongst farm workers in the Eastern Cape, which contributed to month-long absenteeism and reduced productivity, despite being curable. In light of the problem, SRCC in partnership with AIDC Eastern Cape introduced Wellness Management Programmes on farms in the SRV. The programme aimed at providing farm workers with preventive education through industrial theatre and wellness drives to reduce the financial burden placed on farmers through high absenteeism, reduced productivity and loss of qualified staff.

Farm workers’ suggestions for the provision of health insurance promulgated by farmers raised questions over the source of funding. It was unlikely that workers would be willing to forgo portions of their salaries to finance such programmes since the net wages offered were perceived to be very low. Interestingly, Ataguba and McIntyre (2009:24) noted that South Africa had a progressive system of health care funding. The richest 20% quintile of the population contributed over 80% of total health care funding. Harrison (2009:7) asserted that in the poorest regions of South Africa, the impact of HIV/AIDS was underrated because
of extensive wilful and ignorant misclassification of AIDS related deaths. In addition, Heynes (2013) noted that farm workers were the most affected in the Eastern Cape. Therefore, the concerns about health insurance as shown in interviews with farm workers in the SRV, may have partly be caused by fear of contracting, and the effects of, HIV/AIDS. Furthermore, respondent farmers reported prostitution to be common amongst some workers, which may further support the notion of increased transmission of HIV and which was reflected in workers’ concern about their health despite ‘free health care for low income earners’.

However, Harrison (2009:32) noted that health workers’ morale was very low across the country due to overworking, a sense of neglect and lack of support. This may contribute to poor provision of health care, which may make beneficiaries to the system feel insecure about the quality of services provided. According to the SRV Municipality (2013:73), threats to residents’ health were posed by the poor quality of water and the unresolved formalisation of waste management service providers. To conclude, farm workers’ call for health insurance provided by employers did not seem financially viable as farmers reportedly aimed at minimising labour costs and employed strategies including not replacing workers, training workers to increase labour productivity and a preference for less expensive migrant labourers, and workers already complained of relatively low cash wages, from which the insurance cover would have to be funded. Health risks were furthermore imposed by off-farm practices and characteristics including prostitution, poor water quality and waste management (sometimes causing the reported disease outbreaks such as cholera), poor health provision and the impact of HIV/AIDS. However, the physically demanding nature of farm work contributed to workers fearing for their health as shown by the complaints about bodily pains and occasional accidents on farms.

6.8 Casualization of labour

Farm workers and unemployed residents in the SRV noted that since the introduction of the Sectoral Determination 13 for farm workers, farmers increasingly replaced permanent with
seasonal workers. According to one supervisor, this was achieved through not replacing permanent workers who left or who were dismissed. As a result, part time labourers were hired to undertake work which, in the past was completed by permanent workers.

According to Du Toit and Neves (2009) the demand for farm labour was wage elastic due to substitutes such as labour contractors and machinery. De Wet and Van Heerden (2003) supported the notion and argued that, because unemployment was prevalent amongst the unskilled labour force, it seemed plausible that the supply of labour was highly wage elastic. High worker turnover, reportedly caused by constantly seeking higher wages, and the occurrence of salaries as the most frequently mentioned factor discouraging farm employment in the SRV, provided evidence supporting the assertion. According to the workers, farm owners typically relied on experienced, dependable and long serving workers for higher remuneration positions such as supervisors, and due to the relatively higher salaries, workers competed for the positions making it easy for farmers to fill in unskilled staff vacancies.

After the inclusion of casual labourers under minimum wage legislation in 2006, in an aim to reduce the rate of casualization of workers, Sparrow et al. (2010) speculated that, to avoid the increased labour costs caused by the legislation, farmers would turn to the next best substitutes for labour, which included chemicals and machinery. Du Toit and Ally (2003) recommended the adoption of more flexible labour legislation in terms of hiring and dismissal, which would reduce the disincentive effect of hiring permanent labour, such as transaction costs associated with keeping records for workers’ wages, terms of employment and provision of excessively detailed salary scripts. According to the SRV survey, the citrus farmers responded to the increased labour costs by casualization of labour, use of migrant labour and adjustments in management of labour, which aimed at increasing the efficiency and productivity of workers. This conformed to theories by Stigler (1946: 358) and Lester (1947: 145), asserting that employers would respond to the increased labour costs by
increasing the productivity of workers and management efficiency. This may partly explain why farmers frequently complained about the low productivity of local workers and high absenteeism, as efficiency was an important aspect in coping with a smaller workforce.

6.9 Minimum wage legislation and employment

The theory of the effects of minimum wage legislation on employment was discussed in chapter 3. Minimum wages set above the market clearing level increased the equilibrium wage level and decreased employment. Both effects were observed in the survey results. Farmers’ reports of a rise in labour costs, after the legislation was introduced, suggested an increase in the equilibrium wage, as well as transaction costs. The ‘decreased employment’ effect was observed in two ways. Firstly, workers complained about work overload, which was claimed to be caused by understaffing. Workers believed that members of each work team’ were short by between five and ten people. The size of work teams varied between 10 and 25 members on each farm. The second effect was more complex. It involved downsizing the permanent labour force, perceived to be more expensive (as previously explained), in preference of the flexible seasonal workers, who could be recruited for the high season as needed. This facilitated a reduction in labour costs without compromising the amount of labour required.

The data suggested a possible third effect, which was however questionable due to limited data on migrant workers’ salaries and farmers’ compliance to minimum wage legislation. As mentioned in chapter 4, the large difference between the reported average net salaries after deductions of R1 790 compared to the gross minimum wage of R2 420 suggested that some farmers did not comply with the legislation. Local farm workers complained that migrant workers in particular, accepted low wages, which exacerbated the labour scarcity complained about by farmers. Farm workers attributed non-compliance to ineffective labour inspectors. The findings support a study by Naidoo et al. (2007:7) in the SRV, which found low levels of compliance with the minimum wage legislation, mainly due to “poor
enforcement by the labour inspectorate, a convoluted enforcement procedure and a lack of organisation among farm workers.”

6.9.1 Adoption of machines for harvesting

In response to increasing labour costs and worker scarcity caused by increased competition from industrialisation, farmers in many countries have considered increasing mechanisation. For example, Buker et al. (2009) posited that the adoption of mechanical harvesting in the citrus fruit industry was a major objective in Florida. Similar efforts were made in Spain, one of the main competitors for the EU citrus market, to minimise processing and transporting time before the fruit reached the market. Unlike in the SRV where farmers supplied unprocessed fruit to pack sheds, mainly the SRCC, most farmers in Spain were responsible for the sorting of fruit. Real-time machine vision systems were developed to classify different species of citrus in real time, according to external characteristics, which included colour, size and external defects at a speed of 10 fruits per second (Aleixos et al., 2000). Sarij (1993:265) noted that although such machines were highly desirable in many countries due to the decrease in seasonal labour availability, some of the existing technology for harvesting fruit was not popular because of the excessive damage caused to the fruits during harvesting.

Four of the seven respondent farmers reported that labour scarcity reduced the profitability of citrus farming and thus, farmers aimed at decreasing the time lag between ripening of fruit and marketing through timeous harvesting, processing and marketing of the fruit. For similar reasons, Neves (2008:91) observed that industrial units in Brazil were located near the farms in order to reduce transport costs and transport time, as the fruit must be processed quickly soon after harvesting in order to achieve high quality.

According to Harrel et al. (1990), since the early 1900s, major commercial citrus producing countries invested in the development of robotic harvesting equipment (multiple-arm
machines), which would reduce harvesting time lags and in addition, have long run advantages including reduction of labour costs, increased efficiency and multi-functionality such as simultaneous harvesting and acquisition of detailed production data. However, mechanical harvesting was found to increase the amount of leaves, stems, and dead branches (called debris) by as much as 250% compared with hand-harvested fruit, and the machines were suspected to cause damage to the health of trees (Buker et al., 2009; Li and Syvertsen 2005). However, Spann and Danylik (2010:1297) found no significant reduction in future yields of trees which had been previously mechanically harvested. The problem was that the increased debris caused damage to machines during processing and increased labour costs for removing debris.

In addition to the labour undersupply experienced in the SRV, the South African citrus industry faced increasing global competition, e.g. from Brazil and the U.S, where farmers increased investment and utilized input technologies to improve citrus productivity and minimize production costs (Wade et al., 2001). Sinngu (2014:25) further noted that impediments to the competitiveness of the South African citrus industry included the availability of skilled employees, quality of unskilled labour, services from financial institutions, the instability of citrus fruit prices, a lack of appropriate technology (such as sorting and grading equipment), fruit diseases, such as the Citrus Black Spot (CBS), high and increasing input costs (e.g. electricity, pesticides and labour) and the high incidence and prevalence of HIV/AIDS, which affected the availability of labour. It was, therefore worthwhile to consider the possibility of technology adoption in harvesting. However, Sewdass and du Toit (2014) noted that the construction industry experienced excessive growth because of the 2010 FIFA World Cup tournament, and due to its need for skilled labour and the dominance of skilled migrant workers in the sector, it was unlikely to affect labour supplied to farms in the SRV.
Having discussed the survey results and compared with similar research findings and theories, the next chapter (7) provides a summary and recommendations towards addressing some of the identified problems.
The research goal, as stated in Chapter 1 and 2, was to analyse perceived labour scarcity in the presence of unemployment. Having discussed the results in Chapter 6, a summary of findings is presented and employer and policy maker considerations are raised from the analysis of farmers’ and employees’ complaints and reports, to address problems in the SRV farm labour market. The suggested solutions are classified as short term, medium term or long term.

7.1 Possible review of salaries

Interviews with workers and unemployed residents suggested that farm wages were perceived to be lower than in other industries, such as the pack shed and retail stores, where the work was relatively less physical and strenous. In contrast, the farmers perceived that workers’ salaries were fair, but the employees were irresponsible and poor at planning expenditure. However, according to workers’ perceptions, an increment in salaries would result in more people seeking farm jobs. There were very few alternative employment opportunities in the nearby towns such as Kirkwood, Addo and Paterson so most people were left with no option but to work on the farms. Furthermore, education levels were relatively low to compete for jobs in the bigger towns and cities such as Port Elizabeth, and the labour force poorly skilled, which limited workers’ bargaining power.

It is worth noting that four farmers (out of seven) indicated to have experienced revenue losses due to delayed harvesting and therefore, as a short term possible solution farmers may have to adjust the level of wages upwards to avoid delays through not only attracting more job seekers, but possibly to satisfy the employees who strongly expressed discontent with the currently offered remuneration, and make them feel more appreciated. Sara et al. (2014:385) asserted that, along with non-monetary factors such as making the job interesting and participation in decision making, a pay rise was an important motivational tool especially for unskilled workers with low salaries. According to workers, seasonal labourers were the most affected by the level of wages because in the off season it was common that they would be unemployed, relying on savings and to a lesser extent – grants and remittances. Three farmers already utilised the opportunity to offer seasonal workers
higher net wages reportedly above R2 500 per month, compared to nearby competitors offering an average monthly wage of R2 200, so as to attract the most productive and skilled of workers and to ensure that they did not have labour scarcity in the critical harvesting season. While the R6 000 monthly income requested by unemployed residents may be unrealistic, the wages offered on farms which aimed to attract productive workers and avoid scarcity, present a hint on how much higher remuneration could attract potential workers. A salary matching the minimum wage of R2 420 or higher (e.g. the R2 500 offered by the earlier mentioned two out of seven farmers), seemed sufficient to attract workers.

While increases in farm wages would possibly invite more job seekers to farms, employers reported that the minimum wage already strained profitability. Raaf (2014) reported that some commercial farmers were proposing that the government subsidise wages in the sector to assist farmers, to create attractive employment opportunities for the unemployed and to prevent job losses for workers as employers reacted to increased labour costs.

There were, however, a number of wage unrelated ways which farmers could utilise to attract more local residents. Firstly, most respondents expressed ignorance of the procedures to claim from UIF, Provident Fund benefits and compensation for injury at work. The Labour Department funds its communication and marketing operations through the UIF by online advertising, electronic, billboards, print media, static billboards and the radio (Department of Labour, 2012:45). As a possible medium term solution, the department could conduct public or worker awareness campaigns around the SRV to inform people on their rights and how to access the funds, which would help farm workers and possibly make the job more attractive. According to Visser and Ferrer (2015:26) the Sustainability Initiatives of South Africa (SIZA), an industry based organisation, directly engaged with employers to raise awareness and educate them on labour law and ethical standards required by overseas and domestic customers. SIZA could also expand its new programme in SRV aimed at improving communication between employers and workers, and raising their overall level of awareness of their respective rights and responsibilities, to reach a wider geographic area.
As a possible long term solution, the promotion of Black Empowerment Programmes was also a potentially motivating factor to encourage long term farm employment. The current programme, initiated and run by the Sundays River Citrus Company (SRCC), was reported by workers to be targeted at a few long serving workers. A possible way to further make farm work more desirable would be to provide more empowerment opportunities for medium to long serving workers. Offering farmland and technical support to a few individuals at a time was a very slow process. Less than 12 workers were reported to have benefitted by the beginning of 2013 (Nieuwenhuizen, 2013). As one worker supervisor suggested, the programme needed to reach out to more workers with the help of government funding. Witnessing former farm labourers becoming farmers would likely help in improving the local workers’ perception of farmers worker appreciation. Furthermore, it would motivate workers by potentially addressing complaints about limited promotional opportunities on farms.

The opportunity to expand farm ownership would also present seasonal workers with a possible long term solution to providing more opportunities for permanent employment. However, challenges that may be faced include the availability of suitable land and irrigation water.

7.2 The migrant labour paradox

Differing salary perceptions between local and foreign workers inevitably brought about debate on the migration policy and a ‘fair wage’. Local workers, protected by labour legislation, expressed higher expectations on salaries and working conditions. As reported by two worker supervisors, foreign workers, commonly without work permits or legal documents to be in South Africa, were prepared to face any working conditions during the seasonal stay on or near the farms so as to get the all-important salary which they highly valued compared to their local counterparts. Far away from their families and original communal settlements, migrant workers were less concerned about how employers treated or communicated with them and their goal was to work hard and utilise the peak season to earn the highest possible income to take home.
Understandably, farmers preferred migrant workers with whom they reportedly had less conflicts and perceived to be more productive. Similar to the U.S fruit farming industry (Wells, 2012), a question arises as to whether the Home Affairs department authorities should play a role to eliminate the source of ‘cheaper labour’ from neighbouring countries. Intensifying regulation and monitoring of illegal migrants may result in more pressure on farmers to increase wages to attract local residents, consequently reducing unemployment. Wells (2012) noted that such an approach would not suffice in the U.S since, in contrast to the Sundays River Valley (SRV), most local residents had a negative perception of the farm job, in terms of social status. Furthermore, there were employment opportunities in other industries competing for labour with the farms, which local residents preferred. However, migrant workers in the SRV comprised of approximately 40% of seasonal workers and a clampdown on illegal migrant workers may further increase labour scarcity. Farms in the SRV formed the backbone of the SRCC, a large scale exporter of citrus fruit in South Africa. Therefore, disruptions to labour supply, especially in the critical harvesting stage may not only cost the country in terms of sales revenue, but could further worsen the unemployment situation and affect citrus supporting industries such as pack sheds and farm input suppliers.

A possible long term solution would be the establishment of a ‘special’ system to regulate the number of migrant workers such as a guest worker system. Research could be conducted to assess how much of migrant labour was required at different times of the year to supplement local labour. Ruhs and Martin (2008:253) suggested that by utilising a guest worker programme, the state could grant foreign workers restricted social and economic legal protection on minimum wages and working conditions, which would reduce the burden of local workers to express dissatisfaction without the risk of losing their jobs. Furthermore, workers would possess more bargaining power with regards to remuneration. Gaining control of the inflow of migrant workers and granting rights would discourage migrant workers from accepting remuneration below the government stipulated minimum wage (R2 420), without compromising labour supply to farms and simultaneously reducing unemployment by regulating the number of migrant workers. However, the downside of a guest worker system would be that it would involve the ‘legalising of illegal workers’ – a
policy which would inevitably invite criticism from political agents and many institutions. For example, given the high unemployment, trade unions may argue that instead of outsourcing migrant workers, wages and working conditions on the farms should be improved so that local residents may gain employment. However, this may not be economic to farmers since, as discussed before, other farmers already applied for exemption to the current minimum wage due to inability to afford them. In addition, the successful implementation of the system would be a challenge, given involved high transaction and administration costs in monitoring migrant worker movements and maintaining their records and as reported in chapter five, these seemed relatively high at present. Including farmers, labour unions and other key departments in the formulation of the migrant worker policy could reduce criticism and enhance a more practical and accommodating policy towards the concerned and affected parties.

7.3 Increased productivity versus work overload

Another case where contrasting viewpoints were evident concerned efforts to increase labour productivity. Since farm work, especially during harvesting, involved repetitive tasks, managers noted that workers often became bored resulting in increased job shirking. Therefore, there was a constant need for supervision as farm labour productivity was perceived to be low. Furthermore, labour scarcity had also driven farmers to intensify worker supervision in an aim to increase productivity. However, workers complained of work overloading which may have been a result of employers’ efforts to partly compensate for the worker scarcity. As most workers noted, the workload may have been due to employers’ efforts to maintain a low wage bill after the introduction of minimum wages to farm employment. As one of the medium term solutions, it would therefore be advisable for farmers to engage workers in making decisions on productivity. Rotating workers among the various tasks involved on farms, such as packing, picking, spraying and pruning, could also reduce repetitiveness and make farm work more interesting.

7.4 Improvements to farm working conditions

Reports from workers, pack shed managers and unemployed residents suggested that if employers improved treatment of workers, the farm job would be more desirable. By
actively working towards better communication skills and relationships with employees through acts of showing gratitude and appreciation to workers, the negative perception of working conditions on farms could gradually be changed providing a possible medium term solution to the local labour undersupply. As one pack shed manager pointed out, maintaining a healthy working relationship with labourers was fundamental to obtaining quality workers and high labour productivity. It also reduced workers’ common urge to continuously request salary hikes. Additionally, farm owners may also monitor worker supervisors and ensure that they observe fairness and treat workers equally. Most workers had much higher expectations regarding the relationship with employers and often pointed out that although there had been great improvement over the years, there were commonly unpopular farmer employers that employees usually avoided.

7.5 Investment in training programmes

Although the farm job did not require educational qualifications, unemployed residents reported that it was difficult to be recruited if one had no previous work experience. The reason could have been that employers preferred more productive and experienced labourers. While most workers had completed many on-farm training programmes that enhanced their skills, it may be worthwhile for employers to invest in training first time workers which would result in increased recruitment. Training of workers was unlikely to cause considerable costs because the various tasks were reportedly easy and quick to grasp.

However, the South African citrus industry faced strong market competition from EU growers, mainly Spain and Portugal, and so reducing production costs was an important aspect to stay price competitive. Boeri and Van Ours (2013:234) proposed that governments could stimulate training in firms through direct subsidies and tax credits, which would make it cheaper for firms to provide training. One of the government’s main objectives in the country is creating employment, especially in the Eastern Cape Province where unemployment is the highest in the country being 45.2% by the expanded definition (Stats SA, 2013). Therefore, since the SRV citrus industry played a major role in creating job opportunities, especially for the unskilled or semi-skilled, it would be worthwhile for farmers and the SRV local municipality to consider training programmes for the unemployed as a medium term solution. Boeri and Van Ours (2013: 237) noted that employers may be
reluctant to invest in training because other firms in the industry may reap all or some of the benefits of the investment. This may be applicable to SRV farmers because, according to the survey, high worker turnover was observed, particularly amongst seasonal workers. Therefore, if a farmer invested in training first time workers, there was no guarantee that the workers would return the following season since higher wages, perceived better working conditions or other factors could easily attract workers to other farms.

Since unemployed residents reported that it was difficult to be recruited without work experience, it was worthwhile for the SRV local municipality and farmers to consider investing in training programmes for the unemployed residents, which would be beneficial to local residents seeking employment and farmers seeking workers. Furthermore, the training programmes may help to improve the skills of local workers who were reportedly characterised by lower productivity compared to migrant workers. Boeri and Van Ours (2013:237) noted the additional benefits to investing in training may be through positive externalities, including lower crime rates and greater productivity.

7.6 Overcoming seasonal unemployment

Survey findings showed that most seasonal workers in the SRV faced the challenge of unemployment for at least four months after the harvesting period. The unemployed residents indicated that they found the farm job unattractive because of the seasonality. Kingdon and Knight (2001:3) observed that high unemployment could arise partly because of the belief that the probability of securing formal employment is higher if search is conducted from open unemployment than from casual or self-employment. To offer workers a possible long term source of income during the off season, the government and farmers could assist to introduce new, and expand the existing community projects, such as the Mayibuy e Ndlovu Compost which was formed through a partnership between SRCC and Mayibuye Ndlovu Development Trust (MNDT). The project involves harvesting the alien vegetation in the SRV which is used to manufacture compost and distributed to citrus farms (SRCC, 2013). The projects may be further boosted by the growing preference for fruit from citrus plantations fertilised with organic rather than chemical fertilisers. Namah and Sinlae (2012:11) noted that farmers increased the use of chemical fertilisers because they boosted revenue through improved productivity. However, Rubio (2014) highlighted that “It is
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precisely in the peel where more fertiliser and pesticides accumulate therefore, in Europe they are opting for citrus from organic agriculture, as they are healthier and free of any toxic residues.” By promoting more partnership projects between the Wilderness Foundation and MNDT, the government may also enable local community members to venture into new careers within the Hospitality, Ecotourism and Conservation Industries through extensive training programmes.

Employers reported prostitution and alcohol abuse, social practices prevalent amongst local workers, which seemed to affect not only labour participation, but also affected families’ welfare through irresponsible expenditure of remuneration. To reduce the impact of such practices, while creating a few more employment opportunities, Campbell and Cornish (2012:7) proposed the introduction of community health programmes. The Entabeni Project (which sought to empower impoverished women to deliver home-based nursing to people with AIDS) and the Sonagachi Project (an HIV-prevention programme targeting female sex workers), not only presented employment opportunities to local people, but offered knowledge regarding HIV/AIDS to the more regularly affected poor communities. As one of the medium term solutions, the Department of Education and Training may also help to educate workers on budget planning and more responsible spending of their salaries, possibly through short, low cost educational courses or with the help of interested financial institutions such as local commercial banks.

To address the problems associated with seasonal employment, the Departments of Agriculture and Labour could also engage with farmers to consider a possible long term solution that could be achieved by assisting in research and investment in fruit cultivars which resulted in longer harvesting periods. According to Rijswijck (2011), the harvesting season could be extended, “starting from late February when the first satsumas are picked, and lasting until October when the last of the valencias come off the trees.” The result could be a reduction in the length of the off season since on most farms in the survey, picking reportedly commenced in late March. According to Roberts (2013:24), consultations with foreign markets found that there was growing preference and hence demand for soft citrus, with emphasis on late mandarins. At the International Citrus Congress in Spain, the growing of the fruit cultivar was highly promoted. However, farmers in South Africa were concerned
with the possible oversupply of mandarins on the market as growers invested more hectares in growing the fruit. Roberts (2013:24) insisted that as mandarins became more available to foreign markets, they could eventually out-compete oranges and claim part of the orange market share.

The Department of Public Works may also utilise crop growing projects to create employment and provide long term alternative sources of income for seasonal workers. In Drunbody, a community situated near Kirkwood, the Departments of Transport and Public Works established a project for growing vegetables that included beetroot, mealies, carrots and spinach. The surrounding farmers donated land, provided irrigation water and, according to Viannie (2014), the project supervisor, were willing to lend more land for expansion. The project supplied vegetables to a nearby school, the community and provided for the members’ families. By introducing similar projects in other communities in the SRV, farmers and the government departments could improve the workers’ livelihoods by reducing the impact of seasonal employment and in addition, improve the reportedly strained relationship between farmers and local employees.

**7.7 Education**

A long term solution was required to improve school leavers’ chances of finding jobs. The survey results suggested low education levels amongst local workers and the unemployed residents, with Grade 12 as the highest level, achieved by 43% of respondents. According to Banerjee *et al.* (2008:736), improvements in education levels since the mid-1990s, have not helped to reduce unemployment, mainly because of a skills mismatch. Consequently, it was difficult for residents to find jobs in towns and cities. Furthermore, the earlier proposed community projects may fail if the members have low education levels, since farming involves budgeting, planning and financial responsibilities. During the survey, interviewers reported that most respondents were uncomfortable with reading and writing when requested to fill in questionnaires, particularly information on family compositions and giving scores on perceptions of salaries, relationships with employees and the difficulty of the farm job, further highlighting the low levels of education amongst these groups in the SRV.
Kingdon and Knight (2007:375) asserted that high unemployment among black South Africans was mainly because of poor education and consequently, the lack of skills which were in high demand in the labour market. According to StatsSA (2013), there has been a shift in the last twenty years from low-skilled to semi-skilled and skilled work within the South African workforce. However, examination of the data revealed little movement towards skilled employment among the black African workforce, showing only a slight movement towards skilled occupations (gaining 3 percentage points), compared to white and Indian/Asian populations which gained 19 and 26 percentage points respectively from 1994 to 2014. Thwala (2008:110) noted that efforts by the government to reduce unemployment by initiating projects would be fruitless, given the poor education system in terms of developing highly demanded skills. The main challenge in reducing unemployment, which could offer a long term solution, was to therefore improve the education system to have access to training in a way that better equipped the workforce to take up the largely skilled work opportunities in the long term.

7.8 Should the minimum wage be increased or decreased?

While economic theory offers unambiguous predictions about the effects of a minimum wage in a competitive market, real labour market factors such as varying labour hours, remuneration methods and enforcement of legislation make it more complex to analyse the effects in the SRV.

Empirical evidence, according to Flinn (2006), failed to provide clear-cut results on the effects of minimum wages on employment. However, Neumark et al. (2004) found negative employment effects of minimum wages in 75% of the reviewed studies, which Boeri and Van Ours (2013:51) argued were not always statistically significant, explaining why researchers were often divided on the policy question whether to increase or reduce the minimum wage.

From the survey results, the minimum wage of R2 420 was perceived by farmers to be reasonable, while workers regarded farm salaries as unfair. As discussed earlier, there were stronger perceptions among seasonal compared to permanent workers. On average, permanent workers reported a monthly net wage of R2 380 compared to seasonal
employees’ R1 790. While the average salaries for permanent workers were considerably
closer to the stipulated minimum wage (bearing in mind that calculations were made from
possibly underreported data from workers, who possibly omitted certain deductions from
the gross salaries), the seasonal workers’ average net salary was approximately 74% of the
stipulated monthly minimum wage. However, reports by farmers of ‘very high’ absenteeism
may partly explain the surprisingly low salaries reported by seasonal workers. As mentioned
earlier, employers noted that absenteeism was high, especially on days that followed pay
day or weekends, mainly because of a lack of discipline caused by social activities such as
alcohol abuse. The stipulated daily minimum wage rate of R112, amounted to
approximately the minimum monthly wage of R2 420, if an employee reported for work on
all of the 22 working days per month. For instance, if a worker was absent on five working
days, the monthly salary would considerably fall by close to 25% (R559).

In assessing the fairness of the minimum wage, the four unemployed residents and seasonal
workers’ (88%) willingness to accept permanent farm job offers, may suggest that the net
salaries offered to permanent workers (claimed to average R2 380) were attractive, given
the additional benefits such as secure employment throughout the year. However,
permanent workers were usually recruited considering work experience and skills, which
justified the higher salaries. It was therefore difficult to conclude whether the average
salaries offered, and minimum wages were fair for seasonal workers due to varying working
hours (and thus monthly wages), work experience and seemingly selective compliance to
minimum wage legislation. However, the presence (and perceptions) of potential workers
living in the surrounding area suggested that the offered seasonal worker wages on farms
(claimed to average R1 790), were too low for local residents. In support, the workers
reported that labour inspectors responsible for monitoring compliance with minimum wage
legislation were not doing their job. Furthermore, based on findings from surveys on farms
in the Makana, Ndlambe and Sundays River Valley municipalities in the Eastern Cape
Province, Naidoo et al. (2007:44) argued that “unless it is effectively underpinned by policies
aimed at expanding collective bargaining, strengthening the unions and eliminating
discrimination, the impact of a minimum wage will be limited.”
However, the downsizing of permanent worker levels by farmers supported the notion that minimum wages were not financially viable for farmers. Dinkelman and Ranchhod (2012) noted that the introduction of minimum wages in other sectors such as domestic work, resulted in very high compliance by employers despite the lack of monitoring and enforcement and therefore, the reported selective compliance in the SRV citrus industry may indicate negative effects of the minimum wage on the profitability of farming. The survey data in the study did not infer the profitability of the farming business, which may be conducted through analysing financial records, to draw more informed conclusions on the ability of farmers to meet the minimum wage, especially given workers’ tendency to frequently ask for higher salaries and employers’ (profit maximising agents) aim to reduce costs. This may therefore be perceived as a limitation of the study, which requires further research.

However, a possible way to improve the minimum wage legislation in the long term was to consider what Boeri and Van Ours (2013:36) referred to as “rewarding specific and time-varying workers’ characteristics.” For instance, in the farming sector, the minimum amount paid may be dependent on workers’ experience and qualifications. It may be reasonable to stipulate different wages between workers who were more experienced and skilled and first time or inexperienced labourers, which may be a more financially viable option for farmers when recruiting workers.

As Naidoo et al. (2007) noted the plight of farm workers was not rooted exclusively in their employment conditions and neither could it be solved by purely concentrating on their wage levels by enforcing the minimum wage. It also stems from a lack of adequate infrastructure and services in the rural areas, aspects which require attention.

7.9 Conclusion

The study analysed the perceived disequilibrium in the farm labour market, utilising a small sample of the Sundays River Valley citrus farms as case study. In support of empirical evidence in Chapter 3, the level of wages, working conditions and the strenuous nature of farm work, were the main issues attributed to the unattractiveness of the job. In particular, seasonal workers were worse off compared to permanent employees since most did not
have a source of income in the off-season. For these reasons, workers - especially seasonal labourers – often shifted farms in search of better conditions and higher wages, which was to the disadvantage of farmers who invested in training. Most unemployed residents expressed an interest in the farm job on the condition that wages be raised, and almost all of the respondents, including seasonal labourers, would accept an offer of permanent farm employment, indicating the need for a constant source of income throughout the year. Other causes given for not seeking and obtaining the job included the lack of work experience, in the case of first time farm labourers, and fully devoting time to searching for alternative jobs in other industries, although these were reportedly very limited in the SRV.

In contrast to findings from studies discussed in Chapter 3, in which local residents shunned the farm job because it was perceived to be lowly, unemployed residents and workers in the SRV did not feel embarrassed to work on a farm, which was the most common job in the area. It was however more prestigious to be assigned to a driving or supervisory role, although the positions were limited and usually rewarded to long serving and more experienced workers. Although opportunities for promotion and self-development were few, most farmers offered various training programmes which included soldering, spraying and harvesting techniques, helping increase the productivity of the workers. Increasing productivity amongst labourers was viewed by farmers as part solution to dealing with local labour scarcity and the reported poor efficiency of local workers. In addition, migrant workers were preferred since they were perceived to work harder and complain less about salaries than their local counterparts, amongst which high absenteeism was reported. However, on some farms efforts by employers to increase productivity were reported to overload workers.

In principal, most of the problems discussed seemed to have developed from labour legislation which was ideally aimed at improving the welfare of farm workers. As discussed in Chapter 1, the Sectoral Determination 13 for farm workers increased labour costs and laws aimed at redistributing land such as Restitution of Land Rights Act of 1994 (RLRA), the Land Reform (Labour Tenants) Act of 1996 and the Extension of Security of Land Tenure Act 62 of 1997 (ESTA) resulted in farmers preferring to employ workers on a seasonal basis rather than permanent. Despite the problems to workers, arising from farmers responding
to increased labour costs, advantages included higher wages as a result of the introduction of minimum wages, reduced paternalism and unfair dismissals. However, the survey results also suggested that there were limited cases of non-compliance to the legislation, attributed to labour inspectors who did not consult workers upon visiting, or did not report non-compliance to minimum wage or working conditions legislation.

7.9.1 Areas of further research

As discussed in chapter six, workers and unemployed respondents were poorly educated, which made it difficult to find better paying jobs. The SRV municipality (2013) suggested that some of the main challenges to the education system included the need for retention and retraining of teachers, provision of transport services to learners in the remote rural areas, lack of sufficient early education institutions and an education system that seemed to predominantly produce low skilled workers which restricted residents to jobs such as on farms and in pack sheds, or to unemployment. This identified an area requiring further research, to improve the system and provide school leavers with better employment opportunities.

The survey data in the study did not extensively examine the ability of farmers to meet the minimum wages in the SRV, except for enquiring on farmers’ perceptions on the current levels. Coleman (2013)and Isaacs and Fine (2014), suggested that raising the minimum wage or introducing a national minimum wage above the current sectoral determined levels, would not result in significant job losses, basing their argument on findings by the Development Policy Research Unit (2010) and Bhorat et al. (2013). However, Seekings and Nattrass (2015) argued that the Development Policy Research Unit (DPRU) researchers found no significant negative employment effects in non-agricultural sectors except in terms of working hours in some cases presumably because, as dictated by its mandate, the Employment Conditions Commission (ECC) properly took employment effects into account in setting minimum wages. Thus, it was not clear that the findings could be used to argue for setting higher minimum wages that do not take such effects into account and that do not differentiate on a sector basis. In addition, Seekings and Nattrass argued that Bhorat et al. (2013) analysed sectors where, “in the period under scrutiny, the employers or customers were enjoying rising real earnings and the demand for labour was buoyant” and thus, in
most of these sectors higher minimum wages reduced employment in terms of reduced working hours, but did not destroy jobs. Furthermore, the Sectoral Determinations analysed covered non-tradable sectors, i.e. private security, domestic work, retail and restaurants, which did not face competition from imports, which reduced the likelihood that wage increases would result in major employment losses. However, South African farmers producing grapes for wine, citrus fruit, lambs for slaughter or sheep for wool, competed with farmers elsewhere in the world for foreign and local markets.

Therefore, the effects of higher minimum wages vary between sectors according to factors such as exposure to international competition, the possibilities for mechanisation, and the incomes of employers. In other words, there is more scope for higher minimum wages in some sectors than in others and so for each area and sector (e.g. Sundays River Valley citrus farming), the possible employment effects of an upward review require further research. In addition to assessing the financial viability of farmers to meet minimum wage legislation, future studies may also request farmers to suggest other potential solutions to the undersupply of labour in the SRV, which this study did not investigate.
LIST OF REFERENCES


The survey aims to obtain information in the Sundays River Valley (SRV) to gain an insight of what workers think about the farm job and what influences their decisions to work. The information will facilitate an understanding of the reported shortage of workers on SRV citrus farms despite the presence of high unemployment.

Confidentiality and consent: Your answers to this interview will not be revealed or released to anyone. Your identification details e.g. names will not be written on this form and will never be used in connection with the information given. Whilst you reserve the right to exit the interview at any stage, we kindly request that you complete the survey in full as it will improve the analysis of the SRV farm labour market and help us draw well informed conclusions. It will take about 15 minutes of your time and your sacrifice will be greatly appreciated. Would you be willing to participate? (Please Tick)

Yes ☐ No ☐

I certify that the nature and purpose of this survey have been explained to the respondent.

Enumerators signature_______________________________________

I. Questionnaire number________________________
II. Name of Enumerator__________________________
III. Date of interview_____________________________
IV. Farm_______________________________________

Section A: Socioeconomic profile
This section asks for demographic information about the respondent which will help in analysing the different labour participation behaviour of individual workers.
1 Sex: 1 = Male  2 = Female

2 Age: 1 = Below 15; 2 = 15-18; 3 = 19-35; 4 = 36-44; 5 = 45-65; 6 = over 65

3 Marital status: 1 = Single; 2 = Married; 3 = Divorced/Separated; 4 = Widowed

4 Highest education qualifications achieved
   1 = primary school; 2 = High school (No matric); 3 = Completed Matric 4 = Tertiary education

5 Household composition and employment information. (Excluding respondent)

<table>
<thead>
<tr>
<th>Family position</th>
<th>Gender</th>
<th>Age</th>
<th>Education</th>
<th>Occupation</th>
<th>Days (Per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>On farm</td>
</tr>
</tbody>
</table>

Key
Family position Father = 1; Mother = 2; Child = 3; Relative = 4; Non relative = 5

Section B: Your experience and perceptions on farm work
This section seeks to collect information about your experience with farm work as well as labour participation patterns. The information will be important to analyse workers’ decision to work.

6 For how long have you been working on:
6.1 Citrus farms? _______________________
6.2 This farm? _______________________

7 What kind of work do you do on the farm? ________________________________________

8 Do you think there are enough local workers willing to work on farms? Yes [ ] No [ ]
If "Yes" 8.1 Why do farmers say that there is a shortage of suitable labour?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

If "No", 8.2 Why do you say they are too few?  ____________________________________________
___________________________________________________________________________

8.3 By how many do you think the workers are too few? ________________________________

8.4 When did you start noticing the fewer workers? ________________________________

8.5 Why do you think some people don’t want to work on a farm __________________________
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

8.6 How has the undersupply affected you as a worker?
__________________________________________________________________________________
__________________________________________________________________________________

9  Are you a permanent worker? Yes ☐ No ☐

If No, proceed to answer 9.1- 9.4

9.1 Which class of workers do you belong to?  1 = Seasonal;  2 = Hired labour

9.2 How many days, in each month, are you employed on the farm?

<table>
<thead>
<tr>
<th>Month</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days</td>
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</tbody>
</table>

9.3 If you were offered a full time job at the current wage rate, would you take it?
Yes ☐ No ☐

9.4 Why?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________
10. Do you work on public holidays?  
10.1 If "YES", indicate the hourly wages offered__________________________

10.2 If "NO", how many days are you off because of holidays in a month? _____

10.2.1 Would you consider working on holidays if the wage rate was increased?  
Yes ☐ No ☐

11. Where do you live? __________________________________________

11.1 From where you stay, how do you get to the farm for work?  
_________________________________________________________________

11.2 Do you experience problems of transport means to get to the farm?  
O ☐ Yes ☐ No ☐

11.3 Why did you decide to work on the farm?
_________________________________________________________________
_________________________________________________________________

12. Have you ever worked on another farm before?  
Yes ☐ No ☐

If "Yes", proceed to 12.1 and 12.2

12.1 What were the farming activities on that farm? E.g. growing citrus.
_________________________________________________________________

12.2 Why did you leave the last farm you worked on?
_________________________________________________________________

POSSIBLE REASONS

<table>
<thead>
<tr>
<th>Reason</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsatisfactory wages (gross)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working conditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distance from residential area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of farm</td>
<td>____________________________________</td>
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<td>-------------</td>
<td>----------------------------------------</td>
<td></td>
<td></td>
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<tr>
<td><strong>Dismissal or conflicts with farm managers, supervisors</strong></td>
<td>4</td>
<td></td>
<td></td>
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<tr>
<td>Specify……………………………………………………………………………………………………………………………………………</td>
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<td>…………………………………………………………………………………………………………………………………………………………</td>
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<tr>
<td><strong>Competition</strong></td>
<td>5</td>
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<tr>
<td>Reasons for attractiveness of farm……………………………………………………………………………………………………</td>
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<td>…………………………………………………………………………………………………………………………………………………………</td>
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<tr>
<td><strong>Other reasons</strong></td>
<td>6</td>
<td></td>
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<tr>
<td>1…………………………………………………………………………………………………………………………………………………………</td>
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<tr>
<td>2…………………………………………………………………………………………………………………………………………………………</td>
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<td>3…………………………………………………………………………………………………………………………………………………………</td>
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</tbody>
</table>

13 Skip this question if previously answered in the table above. What are the wages offered to you on this farm before any deductions? ________________

1= hourly; 2= daily; 3=weekly; 4=monthly

14 Please state and give estimates of any deductions from your wages

<table>
<thead>
<tr>
<th>Reason/Item deducted</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tbody>
</table>
15 What do you feel about the following statement? “The wages offered are fair.”
1= Agree; 2=Strongly Agree; 3= Disagree; 4= Strongly Disagree

16 How difficult is a farm job? (Use a scale of 1 to 5, where 1 is “easy” and 5 is “very hard”)
0 1 2 3 4 5

17 What injuries or accidents did you experience in the past season?

…………………………………………………………………………………………………………………………………………………………………………………………

18 How does your community view a farm job compared to other jobs such as in the pack sheds? (Use a scale of 1 to 5, where 1 is “very lowly” and 5 is “very highly”)
1 2 3 4 5

19 Can you tell me more about when you missed work?
I. ........................................................................................................................................................................................................
II. ........................................................................................................................................................................................................
III. ........................................................................................................................................................................................................

20 Did you know how to do the required job before you started work on the farm? Yes ☐ No ☐
20.1 Can you explain the skills you have learnt since you started?
...................................................................................................................................................................................................

20.2 How did you learn to do the work?
...................................................................................................................................................................................................

21 Do you need more training on farm work? Yes ☐ No ☐

22 Have there been any training programmes, on or off-farm, that you have attended as a farm worker? Yes ☐ No ☐

If “Yes”, proceed to answer 22.1 and 22.2

22.1 Indicate the programmes below and give a brief description.
I. ...................................................................................................................................................................................................
II. ...................................................................................................................................................................................................

22.2 Have the programmes helped you to develop into a competent worker in the farming industry? Yes ☐ No ☐
23. Are there things that make it difficult for you to work e.g. back/headaches?

__________________________________________________________________________________

__________________________________________________________________________________

__________________________________________________________________________________

24. How many days a week do you consume alcohol? __________________________

24.1 How many times a month do alcohol effects cause you to be absent from work? __________

Section C: Intentions or preferences of off-farm work
This section seeks information on other employment activities you may be involved in off the farm. It will facilitate comparisons between on farm and off farm work to determine the extent to which the latter affects labour supply on the farms.

Question 25 for non-permanent workers, otherwise skip.

25. Do you seek employment elsewhere during the off season? Yes [ ] No [ ]

25.1 If “yes”, where are you employed? (Occupation)
_________________________________________________________________________

25.2 If “no”, what are the financial sources for your living during the farming off season?
1= Savings from farm earnings; 2= Remittances; 3= Social grants
Other..............................................................................................................................................................

26. During the days that you are employed on the farm, what is the range of your monthly income from other business activities or off farm employment (In Rand?)

1= Below R500; 2= 501-1000; 3= 1001-1500; 4= 1501-2000; 5= Above 2000

27. Do you or anyone in your household receive social grants? Yes [ ] No [ ]

If “Yes”, 26.1 Name them
Child grants 1 2 3 4 5 6
Old age grants 1 2 3 4
Other: ______________________________

28. Would you be willing to leave the farm job if an employment opportunity offering the same monthly wage arose in an urban area? Yes [ ] No [ ]

28.1 Why would you leave farm work?
__________________________________________________________________________________

__________________________________________________________________________________

29. How important do you consider the following when making the decision to work on local citrus farms? Use scores from 1 to 5 where 5 is the most important and 1 is the least important.
<table>
<thead>
<tr>
<th>Reason for shortages of workers on farms</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low wages compared to other locally available jobs</td>
<td>1</td>
</tr>
<tr>
<td>Society sees farm work as a lowly job</td>
<td>2</td>
</tr>
<tr>
<td>Seasonal nature of farm employment and shifting to a permanent job</td>
<td>3</td>
</tr>
<tr>
<td>Migration to other nearby towns or city for higher salaries</td>
<td>4</td>
</tr>
<tr>
<td>The physically demanding nature of a farm job</td>
<td>5</td>
</tr>
<tr>
<td>Failure to locate willing potential workers by farmers</td>
<td></td>
</tr>
</tbody>
</table>

29.1 Is there anything else that you consider when deciding whether to work on the citrus farms or not?
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

30. What do you think the farmers should do to attract people to work on farms?
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Section D: General comments

30. Is there anything else about work as a farm labourer that you may want to share?
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
This survey aims to gather some information about farm workers to investigate the coexistence of high unemployment and labour shortages on Sundays River Valley farms.

Confidentiality and consent: The perceptions you give during this interview will not be revealed or released to anyone. Your identification details e.g. names will not be written on this form and will never be used in connection with the information given. Whilst you reserve the right to exit the interview at any stage, we kindly request that you complete the survey in full as it will improve the analysis of the SRV farm labour market and help us draw well informed conclusions. It will take about 15 minutes of your time and your sacrifice will be greatly appreciated. Would you be willing to participate? (Please Tick)

Yes ☐ No ☐

Farm: _________________________

Position___________________

1. For how long have you been operating the farm? _____________________

2. Please fill in the table below:

3. In the absence of migrant workers, would the local workers be enough to meet your labour requirements? Yes ☐ No ☐

4. Do you always get the required numbers of workers locally? Yes ☐ No ☐

5. Do the workers have a preference regarding which plants to work on? Explain ________________________________________________________________
___________________________________________________________________________
5.3. When did it start becoming difficult to obtain enough workers locally?
___________________________________________________________________________

5.4. Explain why it is difficult:
___________________________________________________________________________
___________________________________________________________________________

5.5 In what ways do you try to overcome the problem?
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

5.6. What stages of production are affected by labour shortages? Explain
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

5.7. Did any of the fruit fetch lower prices due to low quality caused by untimely harvesting?
Yes □ No □

If “Yes”, 5.9. Explain the losses in terms of volume, quality grades or prices.
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

5. How do you source:

I. Local workers?
___________________________________________________________________________

II. Migrant workers
___________________________________________________________________________
                                                                                   

6. How many of the following do you employ? :

I. Permanent workers _______________________________
(In the peak season)

II. Seasonal labour _______________________________

III. Hired labour _______________________________

IV. Migrant workers _______________________________

7. Are the migrant workers enough to make up for the labour undersupply?
Yes □ No □

8. Do you think there are enough potential workers in the nearby settlements to meet the
farms’ requirements? Yes □ No □

If “Yes”, 9.1 What do you think are the reasons why farmers can’t utilise them?
9. Which would you prefer between: Migrant workers □ and Local workers □

9.1. Why?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

10. What are the problems associated with:

10.1 Migrant workers? (If not given above)

________________________________________________________________________

________________________________________________________________________

10.2 Local workers?

________________________________________________________________________

________________________________________________________________________

11. Do you offer the same wage rate to labourers doing identical jobs? Yes □ No □

If “No”, 11.1 Explain why they may be different

________________________________________________________________________

________________________________________________________________________

12. What do you think about the rate of workers’ absenteeism? 1= High; 2= Fair; 3= Low

13. What are the main causes of workers missing work days?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

14. How much monitoring do the workers need to work effectively? O 1= Very High; 2= High; 3= Low

16.1 Why?

________________________________________________________________________

________________________________________________________________________

15. The farm minimum wages were raised to R11, 66 per hour or R105 for 9-hour working day in early 2013. Do you think this is a fair rate?

1= Strongly Agree; 2= Agree; 3= Disagree; 4= Strongly Disagree

17.1 Explain your answer:

________________________________________________________________________

________________________________________________________________________

16. How do you view the rate of worker turnover on the farm?

1= Very High; 2= High; 3= Moderate 4= Low 5= Very low

17. What are the main reasons for workers leaving the farm?
18. If more workers were willing to become permanent workers on the farm, would you employ them?  

Yes [ ] No [ ]

18.1. Why?

________________________________________________________________________
________________________________________________________________________

19. How many accidents/injuries occurred among the workers in the past season? _______

19.1. Give brief details about them

________________________________________________________________________
________________________________________________________________________

20. Could you mention some of the conflicts with which you have had to deal?

________________________________________________________________________
________________________________________________________________________

21. How do you view your relationship with the workers? Use a score from 1 to 5 where 5 is very satisfactory and 1 is not good. ____________________________

23.1. Give comments on the relationship.

________________________________________________________________________
________________________________________________________________________

Section B: General comments

22. Is there anything else about farm workers that you may want to share?

________________________________________________________________________

Thank you!!!!
Unemployed Residents’ Questionnaire

This survey aims to obtain information from unemployed residents surrounding the Sundays River citrus farms. The data will be used to analyse the reported shortages of farm labour in the presence of unemployment.

Confidentiality and consent: Your answers to this interview will not be revealed or released to anyone. Your identification details e.g. names will not be written on this form and will never be used in connection with the information given. Whilst you reserve the right to exit the interview at any stage, we kindly request that you complete the survey in full as it will improve the analysis of the SRV farm labour market and help us draw well informed conclusions. It will take about 15 minutes of your time and your sacrifice will be greatly appreciated. Would you be willing to participate?

(Please Tick) Yes [ ] No [ ]

Section A: Socioeconomic profile

This section asks for demographic information about the respondent which will help in analysing the different needs and behaviour of individuals when seeking a job.

1 Sex: 1= Male 2= Female

2 Age: 1= Below 15; 2= 15-18; 3= 19-35; 4= 36-44; 5= 45-65; 6= over 65

3 Marital status: 1= Single; 2= Married; 3= Divorced/Separated; 4= Widowed

4 Highest education qualifications achieved
1= primary school; 2= High school (No matric); 3= Completed Matric 4= Tertiary education
Section B: Your job preferences and perceptions on farm work

This section seeks to collect information about what you consider when looking for a job, possible experiences on farm work as well as how you view the farm job. The information will be important to analyse workers’ decision to work.

6 Are you looking for a job? Yes [ ] No [ ]

7 In which fields/sector do you prefer to work? _______________________________

8 What is the minimum monthly wage you would be willing to work for on jobs that you would accept? _______________________________

9 What do you consider when choosing whether or not to accept a job on offer? _______________________________

10 Have you ever worked on a farm before? Yes [ ] No [ ]

If “YES”, 10.1 Why did you leave? _______________________________

10.2 What were the wages offered? Monthly/weekly/daily/hourly _______________________________
11 Do you think that there are available unfilled job vacancies on farms? Yes ☐ No ☐

If “Yes” 11.1 Why are you not employed there?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

If “No”, 11.2 Why do you think some farmers say that there are not enough local workers on farms?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

12 What would make you consider working on a farm?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

13 How do you view the working conditions in terms of the relationship with employers and the tasks you are expected to undertake? 1= good; 2= poor; 3= very poor

14 Is it easy to get a farm job if you wanted to? Yes ☐ No ☐

If “No”, 14.1 Explain why you say it is not easy
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

15 Would you consider working on a farm if you were offered a permanent job? Yes ☐ No ☐

16 How do you earn a living without a job?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

17 Do you or anyone in your household receive any social grants? Yes ☐ No ☐

If “Yes”, 17.1 Name them

Child grants 1 2 3 4 5 6
Old age grants 1 2 3 4
Other: ______________________________

18 What activities do you do in your spare time?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

Section C: General comments

19 Do you have any other information about farm jobs that you may want to share?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

20 Do you know anyone else nearby who is looking for a job but cannot find one?

Yes ☐ No ☐
Thank you!!!!
APPENDIX 4: PACK SHED MANAGERS’ QUESTIONNAIRE

Location _________________________________

Position _________________________________

Section A: This section seeks to collect your views about labour participation patterns and your perceptions on the job in the pack sheds as well as on farms. The information will be important to analyse workers’ decision to work and to make comparisons between the two sectors.

1. How long have you been operating at the company? _________________________________

2. How would you describe the number of people who come seeking jobs?
   Low = 1;     high = 2;    very high = 3

3. Which job in the pack sheds do workers like the least? _________________________________
   3.1 Why?
       ___________________________________________________________________________

4. Do you think workers prefer to work in the pack sheds compared to on farms? Yes    No

5. What do you think are the advantages of working on pack sheds compared to farms?
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________

6. How do you select workers on recruitment?
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________

7. Are you aware of the reported undersupply of local workers on farms? Yes           No
   7.1 If “Yes”, what do you think are the causes?
       ___________________________________________________________________________
       ___________________________________________________________________________
       ___________________________________________________________________________
       ___________________________________________________________________________
       ___________________________________________________________________________
8. How much does a worker earn? Monthly/weekly/daily/hourly?

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<tr>
<th>Type of work</th>
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9. How would you describe the rate of workers turnover? 1= High; 2= Low; 3= very Low

10. How many accidents/injuries occur a year among the workers? ________________

11. What do you think about the rate of workers’ absenteeism? 1= High; 2= Low 3= Very Low

11.1 What are the main causes of workers missing work days?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

12. How much monitoring do the workers need to work effectively?

12.1 Explain why?
__________________________________________________________________________________
__________________________________________________________________________________

13. Could you mention some of the conflicts with which you have had to deal?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

14. How do you view your relationship with the pack shed workers? Use a score from 1 to 5 where 5 is very satisfactory and 1 is not good. ________________

14.1 Give comments on the relationship.
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________

Section B: General comments

15. Do you have any other information about farm or pack shed jobs that you may want to share?
__________________________________________________________________________________
__________________________________________________________________________________
__________________________________________________________________________________
APPENDIX 5: MAP OF SUNDAYS RIVER VALLEY, EASTERN CAPE, SOUTH AFRICA.

Source: Intaba Lodge, 2014