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UNIVERSITY OF CAPE TOWN  
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**Masters (Mphil) - Workplace Change and Labour Law**

'Labour Market and Spatial Mismatch in Cape Town'

**Name:** One` Mazile

**Student No:** MZLONE001

**Supervisor:** Prof. Owen Crankshaw

**Dissertation Title:** Labour market and spatial Mismatch in Cape Town

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# Labour market Spatial and Skills

## Mismatch in Cape Town

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University of Cape Town

## Abstract

The paper undertakes to research a spatial and skills mismatch in the city of Cape Town. The argument is that industry is moving towards the north of the city and away from areas of the south east. This physically displaces low and semi-skilled employees or potential employees who work or seek work in these firms. Areas of the south east are typically inhabited by low and semi-skilled workers who are forced to seek work away from where they live. This is because their areas are economically inactive and do not offer much prospects for development or employment in the current situation.

We find that prospective employees or those already employed have to endure lengthy and expensive commutes to work on a daily basis. The city transport system, which includes bus, train and taxis, seems to be still largely inefficient and does not serve these employees well, or is not readily accessible in all the areas it is needed.

The research was conducted in the industrial areas of Montague Gardens, Blackheath, Paarden Island, Epping Industria, Airport Industria and Phillipi. These areas were chosen because being industrial areas they would typically have a large number of low to semi-skilled workers employed in their firms. Unlike professional or service related firms who would typically employ more qualified or educated (in terms of tertiary qualifications) workers. An interview schedule was prepared and we went to these areas and interviewed which ever firms agreed to it. The firms in the area were chosen in no specific way, we literally went for door to door asking for participants.

The research was qualitative in nature, the interview questions were detailed and in depth (see appendices for actual schedule) and lasted for about 20mins depending on the amount of time the interviewees were willing to spare. The results were analysed by comparing the reasons for relocating amongst each firm, the aim was to try and decipher what were the driving factors of this spatial shift and what implications it had for employees who had to endure these commutes.

The significant findings are that the relocation or the move towards the north is driven by the availability of land or space and price. The north seems to offer more affordable premises and much more land, thus more value for money. There are adequate parking and storage facilities. Firms hardly considered workers in their search for new locations. Further south east employees are not left out of potential employment because of their physical distance from these economic nodes, most employees have managed to organise themselves and get to work, even with an unbalanced transport system.

## Introduction

The imbalances of the past in South Africa are evident in the inequalities today. The policies of Apartheid, especially those of segregation resulted in people being housed or placed in residential areas depending on their race. In Cape Town the South-East would be the typically poorer areas of the city, with the Northern suburbs being most affluent.

What is different today is that the affluent suburbs are categorised more by class than race. Those who have economic power are able to move away from middle class areas into upper class areas or from poorer areas into middle class areas. But the majority of the poor are still left in the poor areas with little or no upward mobility.

The south east areas are typically categorised by squatters, meagre housing, a lack of basic or efficient amenities, like electricity and running water, refuse collection and safety. Although government has made an effort in trying to provide adequate low cost housing in these areas, the process is slow and stalled.

Currently, economic development in the city is taking place away from the south east, continuing the poverty and deprivation of the area and increasing the physical distance to employment for workers in the south east. The northern areas are booming and industry is moving to these areas. It proves difficult for South east workers to commute to these areas on a daily basis for work or to seek work. Most of these workers do not have access to private transport as those in more affluent areas. Although government does provide and subsidise transport, the system struggles with capacity and is still largely inefficient. It is

expensive and tiresome for the south east workers to commute to these new economic nodes.

This movement by industry to the north attributes significantly to the labour market spatial and skills mismatch. It is clear from past research that workers or potential workers face a challenge with the transport system and the cost of commuting.

The paper aims to research why development or industry is moving or relocating to the north of Cape Town as opposed to other areas. The paper also looks at the spatial mismatch in physical distance for workers who have to commute daily. And further to look at the labour market skills mismatch; this is if these south east workers are being excluded from potential employment because of the proximity to the available jobs or if they do not possess the necessary skills for the employment available, especially in the wake of a rising service sector industry.

## Objectives of research

The aim of the research is to understand the relocation or location of firms in order to understand how this affects the travelling patterns of those who would work in these firms.

It seems firms do not choose their location in order to be close to transport routes or the residential areas of workers who use public transport and work in their firms. The result is that companies who employ unskilled and semi-skilled workers (who rely on public transport) are found all over Cape Town, even in areas which are not on the main rail and bus routes.

It cannot be argued that the spatial mismatch causes unemployment or that it prevents potential or current employees from getting to work. But the inefficiencies of the public transport system make it difficult to find and maintain employment. The commute by public transport is relatively expensive and time consuming.

The results and analysis section will discuss in depth the findings of the interviewed firms, those that have relocated and those that have not. The firms will be asked in depth questions to try and decipher who they employ, what credentials are needed, choice of location and so forth.

## Literature review

### International

Marcuse and van Kempen state that there is a new spatial order of cities, commencing in the 1970's, in a period often described as one of a globalising economy. While cities have always been divided along lines of culture, function, and status, the pattern today is a new, and in many ways deeper-going, combination of these divisions. Although it varies substantially from city to city by historical development or built form, by national political and economic structures, by the relative weight of the contending forces involved in development, by the role of "race" and ethnicity, and by the place in the international economy, nevertheless there are basic features in common. They include a spatial concentration within cities of a new urban poverty on the one hand, and of specialised "high-level" internationally connected business activities on the other, with increasing spatial divisions not only between each of them but also among segments of the "middle class" in between (2000: 3-4).

Boundaries between divisions, reflected in social or physical walls among them, are increasing. The result is a pattern of separate clusters of residential space, creating protective citadels and enclaves on the one side and constraining ghettos on the other, in a hierarchical relationship to each other. The state can also ameliorate them, and will tend to do so under specific conditions. Present trends do not suggest it will do so in most places. The result is a converging pattern within cities radically different enough from earlier patterns to justify being called "a new spatial order" (Marcuse and van Kempen, 2000: 3-4).

They classify these spatial divisions as:

- Areas that can be considered as protected enclaves of the rich, the representative of an extremely mobile top, operating at a more global level. These areas can be labelled as “citadels” or as “exclusionary enclaves” and generally consist of expensive apartments in favourable locations.
- Gentrifies areas occupied by the yuppies, the professionals, the managers. They are surrounded by the older, often poorer, population. These areas are located in the inner parts of the older cities.
- Suburbs generally inhabited by the middle class, by households with children and substantial incomes.
- Tenement areas- with less expensive, often (but not always) rented dwellings- inhabited by the working class, the employed, unemployed and temporarily employed. The tenement city is not a homogenous whole but is increasingly divided in itself. Neighbourhoods are differentiated among each other by income, occupation and ethnicity. In some case the divisions are represented spatially by the hardening of the boundaries between them.
- Ethnic enclaves, often seen as a specific form of the tenement city. Here, ethnic minorities congregate for various reasons.
- A new type of ghetto, the so-called excluded ghetto, inhabited by the new urban poor, a fully and long term excluded group at the bottom.

(Marcuse, 1998).

The causes of changes within cities can to a large extent be traced back to developments that take place on higher spatial levels, regionally and even more critically nationally and

globally. The latter, with its concomitant national and regional implications, is today generally subsumed under the concept of globalisation. They take it here to mean globalisation in its present configuration, that is, a combination of new technology, increased trade and mobility, increased concentration of economic control and reduced welfare-oriented regulatory action nation states.

An important reason to expect spatial changes within cities is the changing nature of economic activities and the associated shift in location of components of the production process. One of the main changes in Western societies, but also in other countries, has been, and still is, the declining importance of manufacturing, and the increasing significance of services or the service industry. Many traditional production tasks in manufacturing have been mechanised or automated making production more capital intensive and less dependent on manual labour. The increasing ability to separate manual and non-manual components of the labour process has increased the division of labour in the production process, making on the one hand many lower-or unskilled people redundant, and on the other hand demanding more skills from others (Marcuse and van Kempen, 2000: 6).

Robert Reich (1991) argues that local forms of social solidarity become less important because elites show an increasing international orientation and become less dependent on the services of lower status groups in neighbourhoods. There is no need for the rich to live in close proximity to those of lesser wealth. If they even live in the same neighbourhoods, the life world of the wealthy is clearly larger than their living neighbourhood. Melvin Webbers's (1964) old idea of "*communities without propinquity*" is important for those at the upper end of the economic spectrum today; the "urban realm" becomes "non spatial".

For the very poor, by the same token, their spatially defined neighbourhoods, while in ways growing even more important for their residents, become more and more irrelevant to the functioning of the mainstream economy. The location of either with relation to the other recedes dramatically in importance. A logical result is an urban society that is increasingly socially and spatially disconnected, fragmented and polarised (Reich and Webber in Marcuse and van Kempen, 2000: 7-8).

Another line of reasoning comes from Saskia Sassen (1991), she focuses on globalisation as leading to a kind of socio-economic symbiosis within an increasingly polarised society, which can be seen in a growing number of highly educated, wealthy persons and households, but also in an increasing number of people in the lower segments of the economy (in dead-end jobs or chronically unemployed). Sassen's crux in this line of reasoning is that rich and poor, those included in and those excluded from the (formal) economy are dependent on each other. One group has the money for products and services that the other group can provide. The emphasis on symbiotic relationships might end up with a society that is both more polarised and more interdependent and with spatial patterns characterised by a spatial mix of different groups (Sassen in Marcuse and van Kempen, 2000: 7-8).

Marcuse further argues that central city "decline", suburban and edge city growth, the changing nature of the ghetto, and the increase in fortified enclaves in US (United States) cities are inextricably linked to patterns of racial relations. The fact that most African Americans in the US live in neighbourhoods that are racially stamped illustrates this point, especially when we realise that many of them do not live there as a matter of choice. Where the black ghetto was still seen before World War II as parallel to an ethnic enclave, as a

place of cultural and economic and social solidarity, today it is more often seen as a place of social disorganisation, restricting opportunity by its very spatial limitations (Wilson, 1987; Marcuse 1998).

He explains the excluded “ghetto” to be the prototypical, if extreme, form of the abandoned city: that part of the city that has, viewed from the outside, only a negative relationship to the social, political, and economic life of the rest. It has of course its own structure and organisation, its own economy, largely informal but also formal and indeed some of its residents are regularly connected to the economy and social and political life of the rest of the city. But the majority are not, and there are regularly tensions within the excluded ghetto between those who are connected and those who are not. The new ghetto is thus not Kenneth Clarke’s ghetto of hope, expectation, and protest, but Wilson’s ghetto of despair, oppression and impairment. It is in an abandoned part of the city, abandoned not by the people who live there but by those who are in control of the wider city (Marcuse, 2000: 7-8).

The social characteristics of this “excluded ghetto” amongst having a lack of basic amenities are high levels of unemployment. Its own economy which is as mentioned, largely informal, does not provide enough or sufficient jobs for the inhabitants. Because of this, inhabitants are forced to seek employment in the more active economic nodes of the city, where they have no guarantee that they will be able to find employment of that they will be suitably qualified for the existing employment.

Edward Blakely and Thomas Sanchez state that it has been four decades since the United States legally outlawed all forms of public discrimination-in housing, education,

transportation, and accommodations. Yet today, we are seeing a new form of discrimination-the gated, walled, private community. Americans are electing to live behind walls with active security mechanisms to prevent intrusion into their private domains by people of different races and cultures. For the first time, through data in the American Housing Survey (AHS), we are able to examine the choices of an increasingly frightened middle class as it moves to escape school and neighbourhoods integration and to gain or secure the economic advantages of home appreciation (Bullard, 2007: 111).

In his paper *"Spatial mismatch and Job Sprawl"*(A study of certain US cities) Michael Stoll states that during the latter half of the twentieth century, changes in the spatial location of employment opportunities within metropolitan areas have served to increase the physical distance between predominantly black residential areas and the locations of important employment centres. Despite moderately increasing rates of residential mobility to suburbs over the past few decades, black residential locations have remained fairly centralised and concentrated in older urban neighbourhoods of the nation's metropolitan areas, but employment has continuously decentralised toward metropolitan-area suburbs and exurbs.

Many argue that this "spatial mismatch" between the location of blacks and jobs is in part responsible for the stubbornly inferior labour market outcomes experienced by African Americans. Given the difficulties of reserve commuting to suburbs in many metropolitan areas, coupled with the fact that high proportions of blacks do not own cars, such spatial mismatch disconnects blacks from many jobs to which they may be suited (Stoll in Bullard, 2007: 127)

In his paper he examines whether sprawl is associated with the spatial isolation of blacks from jobs. He states that the spatial mismatch hypothesis is predicated on the notion that metropolitan areas are growing and that new employment opportunities disproportionately locate on the suburban fringe. To the extent that sprawl characterises suburban development, such employment opportunities will locate in areas far from areas where blacks are concentrated, thereby increasing their physical isolation from jobs.

An example of a city that exemplifies this “spatial mismatch” is Atlanta. Atlanta offers a sharply contrasting mosaic: the poverty of its public housing projects versus the sprawling riches of its suburbs.

Atlanta residential racial polarization began to take shape by the 1890’s, followed by official city efforts to maintain it. Between 1913 and 1931, officials passed segregation ordinances to prevent black movement in white areas. City blocks were designed by race in some cases, in others, African Americans could not secure housing near white public schools.

The most important of the segregation acts of this era was a 1922 racial zoning law that divided most of the city’s residential areas into white and black single and two family dwelling and apartment house sections. Although the courts ruled against such acts, city officials continued to act and plan for Atlanta in terms of sections selected as acceptable for white or black use (Sjoquist, 2000:44).

Sjoquist explains that one contributing factor to the Atlanta paradox of persistent inner city poverty in a metropolitan area that has experienced robust growth may be the continuation

of a high level of black- white residential segregation in Atlanta metropolitan area. Additional evidence of the need to give consideration to housing segregation as a potential explanation for the Atlanta paradox lies in the fact that, outside the inner city, whites have located in large part in the northern suburbs, where employment and incomes have grown most rapidly, while a re-segregation of blacks has taken place in areas predominantly south and west of the city (2000: 88).

The ARC (Atlanta Regional Commission) publishes annual employment estimates for the major industry groups, going back to 1980, for small planning areas called super districts. There are forty-five super districts in the nine county ARC regions. They are aggregated into the same three sub-regional areas except that the city of Atlanta is divided into north and south and the southern suburbs are divided into black and white areas.

These additional geographical breakdowns are useful in showing the juxtaposition between the spatial arrangement of jobs and racial residential segregation. The northern section of the central city consists of two super districts that are majority white. The southern section of the city includes the five remaining super districts in the city, all of which are majority black; one of these super districts is the CBD (Sjoquist, 2000:35).

Within the city of Atlanta, the white north side has lost less of its shares of jobs than the black south side. Between 1980 and 1996, the north side's share fell only 4 percentage points, while the south side declined 12 percentage points. The largest share declines occurred in manufacturing and TCU (transportation, communication and utilities), industries

that have traditionally provided good paying blue collar jobs to black workers (Sjoquist, 2000:35).

The movement of jobs to the northern suburbs and the relative decline of the south side of the city and the black suburbs as employment locations have significantly reduced the percentage of the regions jobs located in the black neighbourhoods. Moreover, the many new jobs on the north side of the region may not be accessible to poor blacks living on the south side because the bus and rail system, a radial system focused on the downtown area, serves only certain counties. Hence the reverse work trip from the city to the northern suburbs is not well served by public transit (2000:35).

One of the important aspects of job policy is to ensure that job seekers who are poor know how to appropriately search the job opportunities that do exist. Unfortunately, job seekers living in poor areas are often at a double disadvantage when looking for work. First they often live in areas suffering from declining employment, and thus may suffer from the spatial mismatch. Second, family and friends of these workers often have little information about good jobs, while much of the empirical literature on job search concludes that the single best method for finding work is talking to friends and family (Sjoquist, 2000:217).

Ihlanfeldt argues that the spatial mismatch between the residential location of black workers and the jobs which they are qualified to hold may have one or more of the following effects: longer commutes, lower wages and greater joblessness. He argues that blacks in central city areas have less access to employment than have blacks and white in the suburbs, where access is measured by the ration of jobs to people within

neighbourhoods and by the average travel times. Employed blacks generally have higher commute times than have employed whites (1992: 223).

Research conducted for Atlanta, Boston, Detroit and Los Angeles, shows that the spatial distribution of low skilled jobs across the sub-metropolitan areas is very similar regardless of how these jobs are defined. In addition, the distribution of low-skilled jobs, regardless of definition, is similar to that of all jobs, except that there is a greater share of low skilled jobs in white suburbs than jobs in general, 65 and 63 percent respectively. This implies that low skilled jobs are more decentralized than high skilled jobs (Stoll, Holzer & Ihlandeldt, 2000: 213)

The extreme decentralization of low skilled jobs has important implications when viewed in relation to the spatial distribution of less educated people. At the broadest geographic comparison (i.e. central city versus total suburbs), 77.4 percent of the metropolitan areas' lowest skilled jobs but only 55.2 percent of the least educated people (i.e. those with no high school degree) are located in the suburbs. The spatial disparity between jobs and people worsens, if we consider two extreme areas, white suburbs and black central city. The former contains 67.9 percent of the lowest skilled jobs but only 40.9 percent of the least educated people, while the latter holds 8.2 percent of these jobs relative to 15.4 percent of the least educated people (Stoll, Holzer & Ihlandeldt, 2000: 213).

As bad as job proximity is for less educated people living within the black central city, it is even worse in the Latino central city. The latter contains 19.3 percent of the high school dropouts in the pooled sample but only 5.5 percent of the lowest –skill jobs; 36.4 percent of

the metropolitan areas' least educated Latinos are in this area. The accessibility of low skilled jobs may be limited not only by the physical distance from jobs, but also by the distance of such jobs to public transportation stops (Stoll, Holzer & Ihlanfeldt, 2000: 213).

## **Domestic**

Similarly, these patterns that are seen in the United States can be seen in Cape Town, this is because like the US, South Africa has experienced its own discriminatory policies that influenced urban development. The policies of Apartheid, especially those of segregation resulted in people being housed or placed in residential areas depending on their race.

The main issue in the case of Cape Town is that south east township is being marginalized at the edge of the city, and greatly isolated from the economic and social opportunities existing in the CBD and other traditional nodes. Although government is providing low-income housing in these areas, there is still a lack of basic service delivery, the process is slow and as this development continues to take place away from the city, it widens the gap between the active economic nodes of the city and the south-east.

Workers have to endure long and expensive commutes to work because they are physically dislocated from the rest of the city and there is inefficiency in the transport system. Like in the United States the south east township is comparable to an "excluded ghetto". The geographical placement of this township has left it on the periphery of the city, with little or no attention to it. It has experienced little or no development in a majority of its areas. The informal economy within it is insufficient to provide employment for all its inhabitants.

This means that potential employees must travel to the active economic nodes for potential employment or to seek employment. With little or hardly any upward mobility from these areas into middle class areas, workers have to commute, as later discussed with Turok, the average journey (to work) by lower income group is about 16km compared to 13km for higher income groups. In areas that are further away from the southeast, distances are longer but south east inhabitants are still employed here.

Smith explains that residential segregation in the form of 'group areas' and townships, entailed inferior housing and services, and often inconvenient locations in relation to sources of employment. The use of buffer zones and other devices to minimize interaction among races added to the spatial fragmentation of the apartheid city.

He further argues that in certain aspects the apartheid city had resembled those of the advanced industrial world, with its central business district surrounded by residential areas differentiated by socio-economic status. Enclaves of better housing for small Indian/Asian and coloured middle class had come to relieve the otherwise uniform zones of basic dwelling built for these non-whites. The landscape of group areas has thus become not only segregated by race but also differentiated housing class (Harrison, Huchzermeyer & Mayekiso in Watson, 2003: 28).

By the end of 1995 (a year after the end of apartheid) the plan (called the Metropolitan Spatial Development Framework, MSDF) had been finalised. It's stated its aims were to spatially restructure Cape Town to create an equitable and sustainable city. This was to be achieved through four spatial constructs: the drawing of an urban edge and the

demarcation of an open space system within the city, the establishment of a new 'node' in the middle of the low-income periphery of Cape Town, and the identification of a series of corridors linking the nodes which were to carry fixed-line public transport as well as supporting high density housing and commercial activity (Watson, 2003: 143).

In the field of housing, national policy has focused on delivering the maximum number of housing subsidies at minimum cost. This has inevitably steered delivery of housing to large, 'green field' sites usually on the urban periphery, where accommodation has taken the form of low-density, single units, as it is only on sites such as these that capital costs are kept low. Higher density housing supporting public-transport corridors (as advocated by the spatial planners and the national planners) is not possible under the present housing subsidy system (without additional subsidy from other sources). Within the Cape metropolitan area, the national housing policy has come into conflict with both spatial plans for a compact, corridor-based city and environmental management plans which aim to preserve open land on the urban periphery because of its agricultural value or natural value (Watson, 2003: 151).

With regards to local economic development there has been strong national and local emphasis on promoting SMMEs (small, medium and micro enterprises) but without clear spatial informants. There is also a concern with promoting economic growth by attracting new private sector investment to Cape Town. Economic development professionals have often been impatient with the assumption contained in Cape Town's spatial plan that the location of such investment can be spatially predetermined (the MSDF directs investment into designated nodes and corridors and particularly into the poor south-east of the city),

particularly in relation to parts of the city not considered attractive by many private investors (Watson, 2003: 151).

Ivan Turok explains that in Cape Town, Private sector investment and jobs continue to be concentrated in the affluent north and west, while low income subsidised housing is focused on the poorer south-east. Institutional practices and market forces are tending to reinforce spatial divisions, with costly consequences for the poor majority of the population and for the wider urban economy and society (2001: 2349).

The main issue in the case of Cape Town is that workers struggle to get to work, due to the lengthy distances from their prospective workplaces to their residential places and the cost of this commute. As a result of apartheid planning, the average journey (to work) by lower income group is about 16km compared to 13km for higher income groups. Turok states that government subsidizes transport, these subsidies have escalated alarmingly over the past few years, and the subsidy amounted to R4500 per year for each commuter from Khayelitsha (which is in the South East of Cape Town). Yet many of the poor still have to spend more than 10 per cent of their income on transport. We can assume that this will have a harsh effect on the standard of living for these low income workers (2001: 2352).

Low car ownership means that public transport has had to cope with this distortion. The implication in the current context is that subsidies given to transport sustain the city's polarization and imbalances. This is costly to the public purse as the government spent a R470 million in 2000 on bus and rail operating subsidies in the city to ensure that travel was affordable for low paid workers forced to live abnormal distances from work. To indicate the

scale of this cost, this amount is more than twice the amount spent subsidizing new housing which is roughly 200 million per year (Turok, 2001: 2352).

Turok states South African settlements in both urban and rural areas are generally inefficient, fragmented, inconvenient and massively wasteful in terms of both publicly and privately controlled resources. For many they are hostile places in which to live, offering few economic, social, cultural, environmental or recreational opportunities. In large this is the result of the interplay between historical spatial planning policies and practices and the implementation of the ideology of apartheid (Turok, 2001:2351).

How Turok describes the South African townships is comparable to Marcuse's example of the American "ghetto". A new type of ghetto, the so-called excluded ghetto, inhabited by the new urban poor, a fully and long term excluded group at the bottom (Marcuse, 1998), which is essentially the neglected part of the city. It is evident that the South-East in Cape Town has poor or lacks basic amenities, desirable housing and safety, such that it cannot be an option for private investors. The public transport system though available and subsidised by government still proves to be inefficient and relatively expensive for those who use it most. As in Atlanta low car ownership amongst the black population in Cape Town, means that they heavily rely on the public transport system on daily commuting for work.

Expansion in United States cities has led to the development of dual cities, in which networks of highly developed spaces of residence, work and consumption for prosperous groups do not intersect with the neglected and under developed spaces used by the city's poor (Lemanski, 2007: 450). This example of US cities can be seen in Cape Town where a

development of a dual city is evident, with the affluent places being removed from the city's poor. The city centre and the southern suburbs being affluent and the city are poor on the outskirts of the city, which lacks infrastructure and development.

By investing in core areas of the city that are already affluent, in order to demonstrate global strength for both the outside observer and international elite (to encourage further investment), existing segregation is deepened. In the context of scarce resources, investment in the core areas occurs at the expense of poorer areas, thus resigning them to ever increasing poverty and distinction from the city attractive places (Lemanski, 2007: 450).

Thus in this shift of industry we see that business or investors do not relocate to these areas which are in the South East, even though they are significantly cheaper (for renting or buying) than those in the North. Ivan Turok argues that it is the issue of 'crime and grime', which will be discussed in depth later on in the paper. It is arguable that business should be locating to these areas in the South-east because there is a large pool of unskilled labour available to them, assuming that these business are in need of unskilled labour, but even those who may need the low skilled labour are not locating here either.

As urban centres become increasingly global in their approach and outlook, this inevitably brings rapid population growth, as both white and blue collar migrants (internal and external) flock to the economic opportunities offered by infrastructural and corporate expansion. Whether this preceded by a post-Fordist decline in manufacturing or post colonial economic (as in the north) and political change (as in the south), diverse Global City populations are polarised according to social class and income (and often to race). This

socio-economic fragmentation also manifests at the spatial level, creating cities with “at one extreme massive poor communities living in shanty towns, favelas and bidonvilles, and at the other the more spacious and well equipped communities of the middle class and the rich (Lemanski, 2007: 450).

Although the extremes of wealth are perhaps more evident in the cities of the South (and those of the north lacking a strong welfare system), social and spatial differentiation appear to be increasing rather than declining throughout the world. As fear of crime pushes the middle classes into even more extreme enclaves with perimeter fencing and guarded entry into both cities of the north and south, there is a correlation increase in separation between different social groups and spaces (Lemanski, 2007: 450).

South Africa’s city leaders on the one hand create cities that function as “engines of global connectivity” competing for foreign investment by focusing on high-tech telecommunications and infrastructure, and making their cities attractive places for high skilled workers. In July 1999, the Cape Town Partnership (CTP) was established, dedicated to regenerating Cape Town’s central city and promoting it as a destination for global business, investment, retail, entertainment and leisure (Lemanski, 2007: 451).

One of the CTP’s major projects is the Central City Improvement District (CCID), established in November. The additional revenue rose by the CCID (all property owners in the district are levied a supplementary rate) has been used to ‘clean up’ the city centre in terms of crime. In the six years of CCID operation, Cape Town’s central district has undergone a significant transformation with massive private investment including upgrades, new

developments and new leases. This is significant change from the late-1990's era when business and residents were fleeing the decaying and crime ridden city centre that had become dominated by street hawkers and vagrant (Lemanski, 2007: 451-452).

Peter Wilkinson states that the introduction, or proposed introduction, of new modes of planning and managing urban development, particularly at the level of local government, has been central efforts by the present ANC led government and its co-elites in the business sector and civil society to stabilize and consolidate the emerging new growth model. Shifts in policy discourse in the field of urban planning and management- as in other fields of social and economic policy-would therefore seem to be significantly implicated in attempts to construct what might be construed as a post-apartheid "mode of regulation" (Wilkinson, 2004: 213).

Wilkinson states that it has been argued that South Africa's double transition- towards a liberalized economy and a consolidated democracy has been achieved through a process of "class compromise" or bargaining between the forces of capital and labour which requires "an active and strong developmental state to maintain a system of social welfare" integrated with a degree of "regulated flexibility" in labour market agreements (2004: 214).

An important point that Wilkinson puts forward is that after apartheid, the opening up of the local economy to global competition has forced a major restructuring of the city's traditional manufacturing industrial base, most significantly in the clothing and textiles sectors, which resulted in extensive retrenchments, but simultaneously has stimulated the emergence or expansion of a range of service or export-oriented sectors (2004: 219).

He further states that employment creation remains a critical problem in Cape Town, with some 18 percent of the economically active population recorded as formally unemployed and some 22 percent as employed in the “informal sector” in 2000. A consequence of this has been the growing “informalisation” of many economic activities and the associated “casualisation” of employment practices. (Wilkinson, 2004: 219).

While the relationship between the “formal” and “informal” sectors of the economy remains complex and fluid, a degree of social polarization between those with access to regular waged employment and those whose survival is bound up with access to irregular casual employment is becoming increasingly apparent (Wilkinson, 2004: 221).

All of these have the effect of reinforcing the already established disparities and territorial dualism noted above between the cities’ more developed northern and western areas and the major zone of socio-economic disadvantage concentrated in its metropolitan south-east sector.

It is possible that this exclusion is also a skill one, rather than just one which is spatial. Marcuse and Van Kempen state that the social impact of the shift away from manufacturing and towards dominant production sites such as financial, business, consumption and producer services therefore, typically leads to a growth in unemployment and rising income inequality (2001).

Workers which had the necessary skills and education, benefited from the shift to a post industrial society, as it afforded them higher wages and opportunities, while the poorer

unskilled labour forces faced a skills mismatch as there were few jobs available to those with few skills and credentials (Bluestone and Stevenson, 2000).

Changes in the technical features of production in many of the manufacturing sub-sectors enabled employers to mechanize labour intensive tasks, resulting in the decline in the demand for unskilled labour as well as the adoption of more flexible forms of employment leading to an overall downgrading of work conditions (Beall, Crankshaw & Parnell, 2002).

The decline in the manufacturing sector has had a significant impact on the employment opportunities of low skilled South Africans. This may be one of the very important reasons as to why there is low employment in the South east or as to why they may be a labour market skills mismatch coupled with a spatial one. Typically poorer areas are subject to low skilled workers who would be employed in unprofessional jobs or low skilled, with the decline in the manufacturing sector, these workers would be most hard hit and not as many jobs are created to employ them.

## Methodology

### -Qualitative Research

**Below are explanations of qualitative research and the reasons why it was the preferred method of research for the paper.**

Qualitative research is an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyses words, reports detailed views of informants, and conducts the study in natural setting (Creswell, 1998: 15)

Qualitative research is multi-method in focus, involving an interpretative, naturalistic approach to its subject matter. This means that qualitative researchers, study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials- case study, personal experience, introspective, life story, interview, observational, historical, inter-actional and visual texts that describe routine and problematic moments and meaning in individuals lives (Creswell, 1998: 15).

Denzin and Lincoln (cited in Ritchie and Lewis, 2003: 3) state that Qualitative research is a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that makes the world visible. The practices turn the world into a series of representations including field notes, interviews, conversations, photographs, recordings

and memos to self. At this level, qualitative research involves an interpretive, naturalistic approach to the world. This means that qualitative researchers study things in their natural settings attempting to make sense of, or to interpret, phenomena in terms of the meanings people bring to them (Ritchie & Lewis, 2003: 3)

One of the most relevant factors about qualitative research is that it has the ability to generate deep rich detailed new information. Because it has the ability to generate in depth information about a particular situation, it is persuasive and influential.

The research will take the form of an exploratory approach as I aim to look for understandings with the prior assumption that the movement of firms has had an effect on the travelling patterns of those low and semi skilled workers who would typically be employed in these firms. The aim of the research is to find out why industry has relocated thus causing a spatial mismatch. A spatial mismatch meaning that, employees have to travel lengthy distances to and from work. The aim of the research is to gather information that will be descriptive and I am intent on trying to discover explanations for this phenomena.

The use of interpretative qualitative research in the form of an in depth interview will be used to collect data. The decision was to interview people from businesses as the aim is to find out the location shift or choice. I choose to use in depth interviews because unlike other forms of data collection they are comprehensive, detailed and informing.

Explained more thoroughly, in-depth interviews are founded on the notion that delving into the subject's "deeper self" produces more authentic data. In-depth interviewing aims to

gain access into hidden perceptions of their subjects, in-depth interviewing begins with the commonsense perceptions, explanations, and understandings of some lived cultural experience and aims to explore the contextual boundaries of that experience or perception, to uncover what is usually hidden from the ordinary view or reflection or to penetrate to more reflective understandings about the nature of that experience (Marvasti, 2004: 21).

Ritchie and Lewis explain the in-depth interview to be a method that combines flexibility with structure. They allow responses from the respondent to be fully probed and explored. The interview is interactive in nature. The material is generated by the interaction between the researcher and the respondent. The researcher uses a range of probes and techniques to achieve depth of answers.

Importantly, the in-depth format also permits the researcher to explore fully all the factors that underpin participants' answers: reasons, feelings, opinions and beliefs. This furnishes the explanatory evidence that is an important element of qualitative research (Ritchie & Lewis, 2003: 141).

In-depth interviewing provides a multi-perspective understanding of the topic. To put it another way, by not limiting respondent to a fixed set of answers, in-depth interviewing has the potential to reveal multiple and at time conflicting attitudes about a given topic.

- **Method of gathering information**

No formal access to the firms had been obtained prior to the interview; this could work as a limitation towards the number of interviews I was able to conduct. As mentioned earlier, any business in this area was approached with the interview and asked to participate.

The interviews were conducted in the areas of Montague Gardens, Epping Industria and the Airport Industrial, Westlake, Blackheath and Paarden Island and Phillipi. These areas were chosen mainly because they are industrial areas. The assumption about industrial areas is that they will employ because they do not house service related or professional firms, that they will employ low and semi skilled workers, the aim was to find a number of low and semi skilled workers who dwell in the south-east and endure long commutes to and from work. But, as mentioned later in the discussion, we found a mix of firms in these industrial areas.

The business managers or employees were approached and asked to partake in an interview concerning spatial and skills mismatch in Cape Town, some declined to take part, all the reasons of this are unknown, but some stressed that they were relatively busy (as it was during office hours, 8am-5pm) and many were perhaps sceptical of the work we were doing and the reasons for the research. The interviews were approximately 20mins, or longer depending on the availability of the interviewee. The aim was to interview at least more than five firms, including interviews (more than 10) that had been conducted the previous year, as this paper is a continuation from an Honours degree. We did not keep any record of

the firms that refused to partake in the interview; we rather focused our energy on the ones that agreed.

The topics that formed the research questions are as follows:

- The economic activity of the company was asked for
- Characteristics of the premises
- Ownership of the company
- Labour issues
- Location issues
- Safety issues

(See appendices for actual interview schedule sheet)

These topics all relate to the research question in that it was vital to understand the economic activities of the company as this could highly influence the location that has been chosen, thus relating to the location choice. The characteristics of the company does to a certain extent influence the location of the company, as it depends what line of business they are in.

The labour issues were of vital importance because as the research question states, there is a skills or spatial mismatch (meaning that we are not saying either or, we allow for the fact that there could be both a spatial and skills mismatch) workers have to travel long distances to get to their places of work, so as mentioned it was important to find out what type of business it was and what type of labour they would employ (such as unskilled, professional or clerical).

Safety and the appearances where also include as relevant topics as they do influence why a business owner would choose a particular location. Some business store expensive goods on their premises and therefore security would be an important factor. Some businesses have important or prospective clients coming in to their premises in a daily basis and thus the appearance of the premises would be important to them.

*(See appendices for actual interview schedule)*

To be able to find time in the businesses schedules was difficult as mentioned earlier, some were constantly busy or not interested. So the businesses that were willing to offer their time were interviewed. The only factor controlled was the actual location, as these were chosen in relevance to the research question.

The possible biases that could be experienced were in terms of interpretation of the interviews. It was very important to remain impartial when interpreting them, and to interpret the information as objectively as possible. The other factor, mentioned earlier, that was of much importance was time. The questions need to be answered in depth, especially sections concerning the labour issues; if the company could, I would indicate that they specify each occupational responsibility of the workers. Some of the business did not have enough time to do this.

## - Method of analysing information

As mentioned previously the data will be collected in qualitative data from in-depth structured interviews. The main aim of the paper is to understand why industry is relocating or shifting to the northern suburbs in Cape Town, and to understand the effects this has on labour in terms of available employment and commuting patterns.

The data will be analyzed by comparing the interviews. The responses of the business are compared to see if there is a similar trend on choices to relocate. The factors that will be considered while analysing the data is such as: is industry moving because they have similar reasons, or are their reason for relocating entirely unrelated? And what does this relocation have to do with workers, if it has any reason at all and how does it affect workers?

It is important to remain objective when analysing the data so as not to misinterpret the information. It is vital for the interpretation of the results to put across the views of the business and the employees.

The data will not be divided up into any specific categories, because this is not a quantitative analysis, the businesses may express similar reasons for relocating, but it is easier to treat them separately because their reasons will always be particular to their situation, rather I will compare them to each other to decipher similar trends or correlations

And to understand what effect this spatial mismatch has on current or potential employees, what modes of transport employees use and how long the daily commute takes them.

Limitations Experienced

The obvious limitations were that there were a number of refusals from some of the firms. At times it was also difficult to have enough time to ask through questions as people were busy and in a rush to return to work. Often the managers interviewed were not clear on the commuting patterns of their employees, and therefore rushed through those vital sections. Even when the interviewee's had seen the interview schedule and the UCT (University of Cape Town) Letter head, they were still sceptical about the nature of the research and what the information would be used for.

University of Cape Town

## Results and Analysis

### Map of Cape Town



Before going into the discussion of the findings I will give a brief description of the geographical areas that the interviews were conducted in.

## Geographical Areas

### Montague Gardens:

Montague Gardens is Cape Town's most modern, sought after and well planned industrial area. It is situated within 10 minutes of Cape Town's port and airport between Cape Town and Bellville and easily accessible from most areas of the Peninsula through the road and rail network. Montague Gardens is also in close proximity to the N1 and N7 National roads and the M5. Montague Gardens is the entryway to the rapid urban and economic growth of the West Coast region. This essential position has led to the major retail chains such as Woolworths, Spar and Clicks locating their central distribution centres right in this area for convenient distribution to their many outlets. Montague Gardens is a relatively modern industrial suburb and the majority of its buildings are suited to the modern industrial requirements.

Montague Gardens has also become the core hotspot for the Do It Yourself (DIY) enthusiasts, with outlets such as Penny Pinchers and Ital Tile concentrating in the area. Montague Gardens is a rather unique industrial area in that it is surrounded and serviced by numerous residential and commercial areas which are in close proximity to the industrial activity.

### Blackheath:

Blackheath is one of the oldest industrial areas in Cape Town and the most reasonable in terms of rent and buying property prices. Blackheath has excellent arterial access and is in the process of initiating a City Improvement District (CID). This concept has greatly improved the security and cleanliness of other areas including the Cape Town CBD and Epping."

#### Epping Industria:

Epping Industria is a relatively old area, compared to the other areas that are discussed. The buildings in the area are not as modern as those of Montague Gardens or Airport Industrial. It is situated about 10km from the CBD and is relatively accessible from the N2, the M16 and Vanguard Drive. Further it is relatively well served by taxis and buses.

#### Airport Industria:

Airport industrial is a relatively new area compared to Epping or Blackheath. It is located right near the Airport, hence being called Airport Industria. Because it is right near the Airport the location is good in that it is located right next to the N2 and seems to experience less traffic than the other areas. Dwellers say it is easily accessible, and has bus services that run through. The area has a number of freight firms, due to its proximity to the airport, but it also has storage, distribution and wholesale companies.

#### Paarden Island:

Paarden Island is an industrial area situated in Cape Town. This industrial area is rather large and home to hundreds of large showrooms and spaces all manufacturing different things.

Paarden Island is ideally situated in amongst the hustle and bustle of the city. It is close to all services and amenities and ideal for motor, home improvements and leisure industries. For business purposes, Paarden Island is definitely the place to start one. It offers fantastic amenities and is situated on a busy intersection.

## Property Prices

### A brief look at property prices

The price of industrial land in the greater Cape Town area has soared in the past twelve months, according to Colin Murray a director of Baker Street Properties, one of the Cape's leading specialists in the sale and leasing of commercial and industrial property.

Murray elaborates, "The position has now been reached where land in the popular established areas is becoming almost impossible to find, forcing investors to look further a field. The following comparison gives an idea of how prices have moved in the past year:

	12 months ago	Present	% increase
Montague Gardens	R300/m <sup>2</sup>	R600/m <sup>2</sup>	100%
Killarney Gardens	R200	R500	150%
Airport Industria node	R185	R350	89%
Epping	R150	R250	66%
Parow	R165	R250	51%
Blackheath	R90	R110	22%
Bellville	R200	R350	75%

(<http://www.eprop.co.za/news/article.aspx?idArticle=5422>) (Prices of property)

### Analysis

The research is about the spatial mismatch in the labour market caused by firms moving to decentralised locations far from unskilled residents of the so called 'excluded ghetto'. The research aims to find out what the reasons are for location choice of business and what the consequences are for unskilled and semi skilled manual workers from the south-east townships for firms that are located in the Northern suburbs.

From the results it is safe to assume that location choice for firms is more a matter of what is available in terms of size and affordability. Secondly, choice may be driven by the identity of the area and other firms nearby. In other words, investors or firm owners look at what other types of firms and services are in the area. There are particular cases in the interviews where specific sites are chosen because of particular advantages of being located there, an example would be R & M boat builders who choose to locate in Paarden Island because of their labour and mainly because there are many other boat building companies nearby and suppliers who stock the material they need.

It would appear that labour and where labour is drawn from has little or no consequences of location choice for firm owners when choosing location choice, depending on the type of firm. The type of firm and the labour they employ has significant bearings on where the location of the firm will be; we see this with firms that offer more professional services to clients. This will be discussed in detail later. But in general workers are left with the responsibility of finding their own way to work.

Firms do not choose their locations in order to be close to transport routes or residential areas of workers who use public transport. The result is that companies using unskilled and semi-skilled manual workers (who rely on public transport) are found all over Cape Town, even in areas which are not on the main rail and bus routes.

While we cannot argue that the spatial mismatch is causing unemployment of workers from the south-east, the inefficiencies of the public transport system in Cape Town make seeking or getting to existing employment difficult. The spatial mismatch makes commuting by

public transport time consuming, as there are commuters who have to take more than one mode of transport to work, and it is expensive, but the spatial mismatch does not appear to be the cause of unemployment because these workers manage to get to work, although the process is costly and lengthy. This is related to the fact that interviewed firms did recruit labour from the south-east, even as far out as the Westlake Business Park in Westlake and further that firms recruit unskilled and semi skilled labour internally, or via social networks.

So it would be inaccurate to say that the spatial mismatch prevents these workers from the south east access to the available jobs, because amongst the wide range of firms interviewed, around all areas in Cape Town, they had south east employees, but the argument is that it makes daily commuting and job seeking difficult because of the distances one must travel daily, and the amount of money and time spent thus it makes maintaining employment or job seeking difficult and expensive. The spatial mismatch does not affect sales, clerical, managerial and professional staffs that use company cars or their own cars to work.

This is because they are better able to choose to live closer to their places of work, and as Turok (2001: 2352) explains the average commute distance for the average journey (to work) by lower income group is about 16km compared to 13km for higher income groups. As seen in the interviews, professional staffs are in a better position or have more mobility. They can move around residential areas that suit their schedule's and finances best.

Unlike what we assumed before conducting research, the spatial mismatch does not necessarily stop south-east dwellers from getting employed or getting to work, even if the

areas in which they live are physically far from the economic nodes. It seems that workers have managed to organise themselves even with the inefficient and expensive commutes, they get to work. Surprisingly employers have not complained of absenteeism or late arrivals at work. Further from the interviews we established that employers do not necessarily advertise for semi and unskilled jobs, they use internal networks to employ, meaning they use they're current employees to refer potential job seekers they may know. They seem to advertise for the more professional posts, and even so they do try and recruit internally first.

If firms do indeed recruit this way, this means that a south east dweller would then not necessarily be disadvantaged by the physical distance to places of potential employment. In most cases it appears that the south-east job seeker would then have to know someone who is currently employed to be able to have a reference to an existing job. Of course this is not to say that every potential job seeker has these existing networks. Therefore those who do not have access to such referrals would struggle with the commute to job seek.

The geographical location of the south east township is at a disadvantage because it is excluded from the economic activities of the city, and very little investment of development takes place in this area. As stated in the literature it is "the excluded ghetto", potential workers from these areas are forced to leave it to seek employment as they're own areas do not create sufficient employment.

Stoll states that many argue that this "spatial mismatch" between the location of blacks and jobs is in part responsible for the stubbornly inferior labour market outcomes experienced by African Americans. Given the difficulties of commuting to suburbs in many metropolitan

areas, coupled with the fact that high proportions of blacks do not own cars, such spatial mismatch disconnects blacks from many jobs to which they may be suited (Stoll in Bullard, 2007: 127).

This may be the same in the case of Cape Town as development continuously takes place away from black residential areas job seekers are forced to find employment elsewhere but in the interviews we found south east workers in areas that we did not expect because of the geographical location in relation to them, although the areas were badly serviced by public transport and one would have lengthy and expensive commutes, they still made a plan.

Another important factor is that, in some areas that were off the bus and rail routes, such as Westlake for example, are near townships or informal settlements, employees do not necessarily have to employ workers from the south east. Informal settlements have sprung up around places of potential employment.

As mentioned earlier, the type of firm determines the type of employees but more importantly the location choice. CHIETA (Chemical Industries Education and Training Authority) is a statutory body established by the National Skills Development Act. They are responsible for promoting economic and social development through learnerships and skills programmes within their industry. The industries which they serve range from factories, chemical industries, arms manufacturing and oil companies. Their clients are based all over the Western Cape (Epping, Bellville, Montague gardens etc).

They have only two employees at present, they usually have 5. The 5 employees consist of a regional manager, 3 regional skills advisors, and an administrative assistant. In terms of qualifications, the admin employees would need an administrative qualification; the other positions require a degree and relevant work experience. Thus CHIETA offers a professional service to their clients.

CHIETA has been located in Montague Gardens for the past 18 months. They were previously located in Town, in the Safmarine building; they were experiencing a number of problems with the location, such as traffic at peak times and lack of parking space. The rental at the Safmarine building was also too expensive. The reasons they choose Montague Gardens were because rent was cheaper, and they had great accessibility to the clients to who they provided services too and easy access to highways. Parking although limited is still much better than town.

More importantly though Roger (interviewee) stated that staff members had the most influence on location choice. The previous manager resided in Table view as did Roger, and therefore they did not even consider areas in the Southern suburbs as this would have been to long a commute. The other two regional advisors also live nearby. Roger says that staff influence on location weighed more heavily than proximity to clients in decisions to relocate.

All employees have their own private transport, except for the cleaning lady, who is outsourced from Rentokil. Her travel arrangements and where she lived were not clear.

A similar example to CHIETA would be SEA (Sustainable Energy Africa). SEA is located in Westlake Business Park. They also offer a professional service to their clients, they promote models designed to influence government's policy on sustainable energy. The company was originally in Noordhoek. The area in Westlake was being developed into a business park. They decided to buy for investment purposes and also because two directors and two staff members were living closer to Westlake at the time, so this proved more convenient for them.

The workers of SEA were as follows: Megan Anderson, white lady from Noordhoek, is a Manager. Commutes by her own car to work. Yashika, Indian lady from Observatory, is a Project Coordinator. Commutes by her own car to work. Siphokazi, black lady from Westlake, is a Receptionist/clerk. Walks about 10 min to work. She used to work from Phillippi and it was difficult for her to get to work, and they got her a place to rent in the Westlake. Zukiswa, black lady from Masiphumele which is a settlement near Westlake, gets a lift from Megan to work. Peter, white male from Cape Town, drives own car to work. Another person who lives in Muizenberg, also uses own car to work. There is also a cooking/cleaning black lady from Westlake, who walks to work. Sivuyile, black male from Langa, is a Project Coordinator. He takes a 5min walk to Langa train station; takes a train to Pinelands or Salt River station; transfer to another to Retreat station. From Retreat station, he takes a minibus-taxi to entrance of Westlake Business Park. A monthly train ticket costs him R128 (first class), and a return journey from Retreat to Westlake by minibus-taxi costs him R9 per day.

Westlake Business Park is well served by the M3 expressway. There is a minibus-taxi service between Westlake and Retreat, so workers get dropped at the entrance (boom gate 450 per trip R128 1<sup>st</sup> class) of the Business Park in the morning and picked up after work in the afternoon. A single journey to work in Westlake from Retreat costs R4.50. In general, this location is poorly served by public transport.

Everyone is a professional expect for the cleaning lady and the receptionists.

SEA and CHIETA demonstrate that professional businesses who do not necessarily need to be located near those of similar business, as business in Montague Garners and Paarden Island, have more flexibility in terms of location choice.

It is evident that like CHIETA, there is a relationship between the type of firm, the employees and location choice. Of the firms that were interviewed, SEA, CHIETA and OLRACC (Not discussed yet, see appendices), were the most professional or offered the most professional services to their clients. Their workers were highly skilled and most had access to private transport. Further the firms were relatively small and hence the highly skilled employees could influence location choice to a large degree.

On the other hand firms that didn't offer a professional service such as construction or manufacturing were kept in the location due to wanting to be closer to firms of the same kind, materials and access to highways in term of delivering to clients.

The consequences are bleak for those employees living in the south east townships. Although the M3 does serve this location, it is easily accessible by private transport; public transport is poor or inefficient. South east employees have to endure long and expensive commutes. Because these workers are doing low skilled jobs, one can assume that the burden of cost is significant to their wages. Sivuyile is a good example of a south east worker having to endure long and expensive commutes. He takes a 5minute walk, two trains from Langa one to Pinelands stations the next to Retreat, a further a mini bus taxi to Westlake, to and from work. Further the difference is that Sivuyile is a project coordinator (meaning he is a skilled worker) and not a cleaner or tea lady, as many of the low or semi skilled workers.

It seems that residents of Masipumelele and the Westlake low income residential areas who one would expect would be the majority of low or semi-skilled employees at companies such as SEA or OLRACC are not.

Firms such as Lafarge, a French originating, cement making company, is based in Airport Industria and they employ at this particular site, more semi-skilled manual workers than professional workers. They set up mobile plants until the building work is complete such as in Green Point where they are supplying the concrete for the building of the 2010 stadium. Other plants in Cape Town include Wetton, Paarden Island, and Blue Downs.

The plant is a new one. It was set up 3 years ago. The location was chosen to cater for clients in the area. In Airport Industria there was a lot of new development and building and hence potential clients for LaFarge. The closest plants to Airport Industria are Paarden Island and Blue Downs, so it made sense to build one in the area. There is 5 permanent staff at the

plant. They are the manager, supervisor, dispatcher, load operators and an unskilled manual worker.

They are all male. The dispatcher, load operator and general worker are all African.

The dispatcher is involved in controlling the mixing and dispatching of concrete to clients. For this position, one would need a matric and some experience in the concrete business.

The supervisor is often someone who has worked himself up from being a dispatcher. They are responsible for organizing the work around the plant. The load operator picks the stones and places it on scales, using a machine. He is thus required to have a certificate showing his ability to operate the machine. LaFarge typically trains the general worker into this position. The general worker does not require any skills or education. He cleans the areas outside. As mentioned, they usually move up to become load operators.

LaFarge grooms most of their workers. They always try to recruit internally, and only if they do not find a suitable candidate do they advertise with the newspaper. Thembani at this moment is studying for civil engineering degree at Technikon SA. LaFarge is paying for his studies. If he fails however, he would have to pay the company back. He is hoping to become a manager after attaining his degree.

In terms of transport the dispatcher would need his own private car because he has to travel between sites, the company does not make allowances for this and do not provide petrol. The technician is the only one who is given a car and petrol compensation. The load

operator and the general workers live in Nyanga. They walk to work. It takes them about 20mins to work. What was an interesting finding was that there are cases where LaFarge will transfer a worker to a plant which is closer to his place of residence.

The needs of Lafarge were very different to SEA or CHIETA for example. Not once did they state the appearance or parking as their main issues when looking for a place. Obviously because of the machinery they use for the plant they needed a plant that was reasonable in size to accommodate these, and has close proximity to the highways because of deliveries.

SGB Cape is a business in Blackheath, which refurbishes and repairs old scaffolding; It is a locally owned family business, which has a head office in Johannesburg and one other branch in Durban. They have been located in Blackheath for two years. Blackheath is one of the older industrial areas in Cape Town, located approximately 45-50k from the CBD. They hire the premises for approximately R20 000/month.

There are 19 permanent workers. They perform what Stanley terms 'basic general labour', that is, they are unskilled manual workers. When recruited they are no educational or skill requirements. Stanley only requires that they be fit and healthy. Preferably, they should speak English and Afrikaans but Stanley says that he has an interpreter so it's not a problem if they can't speak any of those two languages.

None of the workers have welding certificates. Instead when Stanley recruits them he trains them himself. He also sends them on first aid courses and for those workers who operate the forklifts, they are sent to get their relevant license.

There are no female workers, except for the one cleaning lady. She is responsible for keeping the offices clean and neat. All of the workers stay around the Blackheath area. In particular all but one comes from Mfuleni. The last one comes from Khayelitsha. All of the workers are African.

None of the staff own cars. They all travel to work by taxi. This costs workers from Mfuleni approximately R50/week and the worker from Khayelitsha about R70/week. It takes them between 15 to half an hour to travel to work. Stanley mentioned that locating in Blackheath makes it easy for these workers to travel but if he had been in Paarden Eiland he would recruit from areas close by.

So as stated earlier they seem to be some correlation with the type or area, the employees and location choice. But as we assumed that this would greatly disadvantage south east workers to get to employment, this has not been so. Workers are getting to work, even though they do not have access to private transport, and because they are on the outskirts of the city their average commuting times and distances are longer than your average worker who has access to private transport.

Although literature on Cape Town does suggest that workers are left out of employment because of the geographical placement on the South east township and the physical distance, Firms are showing that they do employ low skilled or unskilled workers. Even in areas where one would assume it would be unbearable to travel daily, south east dwellers make the commute.

It may be a question of skill rather than physical distance to employment. It is possible that the south east workers do not possess the necessary skills of the jobs that are available, as the economy has grown to a more service based economy the skills requirements off jobs get more competitive, they are only so many unskilled or semi skilled jobs available in the market, and further because firms state that they hardly recruit in the papers for these jobs, it makes it hard for those who do not have networks to be able to link themselves to a possible job opening.

#### Key Findings:

It seems that industry or firms relocate for reasons that are associated with availability of space, parking, price and convenience, and centrality to their clients or access to highways. The reasons are dependent on the type of business and the activities they have. A company like Lafarge for example would need to be located near the highway for deliveries, whereas a company such as SEA would not necessarily need to be.

One can assume that there seems to be a spatial mismatch couple with a skills one. South east workers are not solely excluded from employment because of their physical distance from the economic nodes. Although I have not conducted a skills research, of the firms that

were interviewed professional jobs were rarely, save for one case in SEA, held by south east dwellers.

Unlike prior assumptions made that South east workers would not get to work or be left out of existing employment we find that employees have managed to organise themselves around the transport system and the cost factor, this is not to say that this is still not a significant burden to them. Examples of south east workers in Westlake are an example of this organisation. The spatial mismatch does have an effect on the employment levels of the south east dwellers but is not the sole cause of that unemployment.

The education levels of the low and semi skilled workers were particularly low, hardly any of them had completed high school, which also hold bleak prospects in terms of 'moving up the ladder'. As mentioned, only one south east dweller of the firms interviewed held a professional job.

Housing is still relatively inadequate for the south east dwellers hence the urge to have informal settlements close to the places of potential employment. Housing polices need to address these disparities.

## Conclusion

It is clear that the spatial mismatch does indeed affect low and semi skilled manual workers of the south east. The lengthy commuting patterns, the expense and the general inefficiency of the transport system, nonetheless these workers get to work. We cannot then say that they are left out of employment opportunities due to this geographical distance. The research does show that even in places that are not on the bus and rail routes, these employees are prepared to travel, to an extent of having to use two or three connections to work.

Firms do not necessarily express the view that they move according to their employees, location change is made in terms of availability of land and access to highways and clients. Only in the small professional firms did we get a sense of some employee autonomy with regards to location choice of firms.

The reality is that continuously development in the city is not headed towards the south east and this “excluded ghetto” continues to lack in housing, sanitation and safety. The lack of development continues the disparities between the south east and the rest of the city, and it is likely that south east employees or potential employees will have to continuously endure long and expensive commutes.

Further the slow move by government to provide adequate housing and to continue to develop housing on the periphery continues to marginalise south east dwellers. Even if housing is provided but it remains in the south east, it does not reduce the distance that has

to be travelled daily by these workers. This is why there is the trend to have squatters near places or potential places of employment. Low and semi-skilled workers are trying to find their own solutions to reduce their physical distances from economic nodes. This is only expected as the interviews have shown what lengthy commutes workers have to endure.

The inadequacy of the existing transport system needs to be addressed. Although government has provided subsidies to this industry, it still does not seem to have reduced the burden on these employees, further the accessibility of the system needs to be addressed, it needs to serve the areas where needed most. The prices of the modes of transport need to be adjusted accordingly, currently the train is the cheapest mode, but not everyone has accessibility to a train station, buses and taxis seem to be more accessible.

More importantly, the move towards a more service based economy also has harsh consequences for these low and unskilled workers. A service based economy demands higher skills, and judging from the jobs that the south east respondents had, they would need higher skills to expect to be easily integrated into the service based economy.

## Appendices

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Train Route Map for Cape Town

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