

UNIVERSITY OF KWAZULU-NATAL

**AN ANALYSIS OF THE SOCIOLOGICAL VARIABLES WHICH
SEPARATE THE EMPLOYED FROM THE UNEMPLOYED IN A
TYPICAL PERI-URBAN COMMUNITY**

By

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STATEMENT

With the signature below I, **NIRMALA NAIDOO**, hereby declare that the work that I present in this thesis is based on my own research, and that I have not submitted this thesis to any other institution of higher education to obtain an academic qualification.



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2007

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ABSTRACT

The main objective of this study was to establish the extent to which the unemployed people in South Africa are placed at a disadvantage in the labour market as compared to the employed people. Two sample populations were investigated in a typical peri-urban community and certain variables were studied, namely demographic, educational and employment variables. The results strongly indicate that the unemployed people are regarded as 'under-class' citizens and lack the protection they deserve in the labour market.

Based on their backgrounds they are severely disadvantaged and if no positive steps are taken to improve the situation by training and development, entrepreneurial support and government projects especially in the rural areas, the levels of unemployment will continue escalating accompanied by increasing poverty and high crime levels. This creates a vicious cycle acting as a deterrent to overseas investors. From this study it can be surmised that the creation of jobs only is not the solution to the problem we are faced with. The solution is certainly more holistic.

Another area of study was to establish whether the current Labour Market Model is an appropriate one taking into consideration the current environment of escalating unemployment and poverty. The model is regarded as being inflexible in an environment such as ours. More flexibility may help curb the escalating levels of unemployment.

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TERMS AND ABBREVIATIONS

FDI	FOREIGN DIRECT INVESTMENT
IMF	INTERNATIONAL MONETARY FUND
ILO	INTERNATIONAL LABOUR ORGANIZATION
LFS	LABOUR FORCE SURVEY
OECD	ORGANIZATION FOR ECONOMIC CO- OPERATION AND DEVELOPMENT
OHS	OCTOBER HOUSEHOLD SURVEY
SALDRU	SOUTH AFRICAN LABOUR AND DEVELOPMENT RESEARCH UNIT
SAIRR	SOUTH AFRICAN INSTITUTE OF RACE RELATIONS
Stats SA	STATISTICS SOUTH AFRICA

Chapter 1

STATEMENT OF PROBLEMS AND RESEARCH DESIGN

1.1 Introduction

South Africa faces many challenges in the post-apartheid era which include the following:-

- ❖ High and escalating unemployment.
- ❖ Lack of international competitiveness.
- ❖ HIV/AIDS pandemic.

In addition significant levels of poverty and high levels of income inequality are two key features resulting in the social challenge facing the country. In the long run it is the labour market that lies at the centre of access to income. A well-performing, job-generating labour market remains the key long-run mechanism for reducing poverty and inequality levels (Hadebe P S, 1994). Presently high unemployment and negligible job creation characterize the labour market.

What causes the low employment generation? One common factor identified is the inflexible nature of the labour market. The argument is that the labour relations system favours the “insiders” who have regular jobs at the expense of the “outsiders” who include the unemployed and the discouraged workers. Labour market flexibility is an area of critical concern in South Africa.

Another area of concern is the skills mismatch the country is faced with. Does this problem stem from the apartheid era education system or to poor allocation of resources and insufficient attention given to training and development required to meet the skill shortages South Africa faces?

1.2 Motivation for Research

The researcher practices as a family physician in the Isipingo area. This area is very close to the Prospecton area. Over the years many of the patients have lost their jobs due to large scale retrenchments. This has impacted on them in several ways. They are faced with many problems which include supporting a family with just the proceeds from a retrenchment package and lack of skills required to obtain alternative employment. In addition their health is compromised as they no longer have access to the kind of medical care they previously enjoyed. All these factors have stimulated the researcher's interest in this subject.

Definitions (According to Stats SA)

❖ Labour Market

The labour market refers to all employed and unemployed people willing to work.

❖ Labour Market Rigidity

This refers to a regulated labour market which supports strong unions and collective bargaining, introduces minimum wages and employment protection legislation. Labour market flexibility refers to deregulation of labour market policies, industrial relations, the contractual arrangements between employers and employees and social welfare legislation.

❖ Labour Market Regulation in South Africa

The Basic Conditions of Employment Act and the Labour Relations Act form the basis for the major regulations governing the South African Labour market.

❖ Unemployment

Two definitions of unemployment are commonly utilized- the broad and the narrow. The narrowly defined unemployed are those who are currently not employed but who looked for work in the seven days (SALDRU) or four weeks (Stats SA) prior to the survey visit. The broadly defined unemployed are the narrow unemployed plus those who say they want work but did not look for work in the past week/ past four weeks.

In accordance with widely-accepted international practice, Stats SA has recently changed its official definition of unemployment. The unemployed are defined as those people within the economically active population who:

- a) did not work during seven days prior to the interview;
- b) want to work and are available to start work within a week of the interview; and
- c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview.

The economically active population consists of both those who are employed and those who are unemployed. Its size, therefore, varies according to the definition of unemployment used. Stats SA has adopted the International Labour Organization (ILO) definition. This definition is used by more than eighty percent of both developed and less-developed countries and by South Africa's major trading partners.

❖ Unemployment Rate

The number of unemployed persons expressed as a percentage of the labour force.

1.3 Statement of Problems

According to Stats SA (2003) the unemployment rate in South Africa is unacceptably high. Unemployment in South Africa has increased since 1995. The official rate of unemployment was 30,5% in September 2002 (Statistics SA, 2003). Using the expanded definition of unemployment the rate of unemployment was calculated at 42,8% (Statistics SA, 2003). A Labour Force Survey conducted over a period between March 2001 and March 2007, the results of which were released in September 2007, revealed unemployment figures ranging between 25,6% to 31,2% (Statistics SA, Labour Force Survey, 2007). Despite an economic growth of approximately 6%, the figures are escalating. South Africa is experiencing jobless growth.

The cause of this jobless growth could be due to more people entering the labour market, a mismatch between supply and demand, an influx of illegal immigrants, disinvestment or an over-regulated labour market. According to Stats SA unemployment is very inequitably distributed in South Africa and certain groups are more likely to enter it and to stay in it than others. The African group of people is particularly vulnerable to unemployment. According to the Labour Force Survey (LFS), 2007, official unemployment rates were highest for the African group of people (30,2%), followed by the Coloured (19,8%), Asian/Indian (13,8%) and then White (4,3%) group of people. It is postulated that there are certain characteristics of individuals that make them more likely to be unemployed.

1.4 Objectives

Overall Objective

To do a comparison of the unemployed and the employed to determine if there are any significant differences between these two groups which may place the unemployed at a distinct disadvantage in the labour market.

Specific Objectives

- ❖ To discuss the degree to which our labour market model is contributing to the escalating unemployment. To discuss the legislation in place creating what is thought to be an inflexible labour market with protection of the 'insiders' only.
- ❖ To discuss to what degree the following factors have contributed to the large number of retrenchments:
 1. Intense competition in a globalized economy.
 2. Lack of skills and training, the literacy and numeracy levels and education levels of the workforce.
 3. Competition for jobs from the huge and growing number of illegal immigrants.
- ❖ To determine from the study the characteristics of individuals that makes them more likely to be unemployed and remain unemployed.

1.5 Research design

1.5.1 How the literature survey will be conducted

The researcher is using the following electronic databases to track the availability of research relevant to the study namely OPAC to identify relevant references in university libraries, Nexus to identify completed research at other South African institutions of higher education, Sabinet to identify books in print for interlending from the libraries of other South African institutions of higher education, Science Direct to identify PDF versions of articles that have

been printed in peer-reviewed journals and Google search facilities such as Google Alerts, Scholar Google, Google Suggest and Google Print. The purpose of this is to ascertain whether the researcher is replicating a study or studies previously carried out by other researchers. In addition the researcher will go to the library at the University of KwaZulu-Natal to look for academic articles in peer-reviewed journals and textbooks that were not accessed on the electronic databases.

1.5.2 Research Design

The research design will be a survey. A questionnaire will be drawn up by the researcher. The questionnaire will be an original document not previously used in any study. The limitations to using an original questionnaire are that problems that are not anticipated may arise as the questionnaire is being administered. To overcome this limitation a pilot study will be carried out to ensure validity and reliability of the questionnaire. Following the pilot study adjustments to the questionnaire will be made as necessary. In addition the easiness and clarity of the questions will be assessed. The questionnaire will be both qualitative and quantitative in nature and will aim to provide a broad overview of a representative sample of a large population. The questionnaire will cover the socio-demographic profile, the educational background and the employment history of the respondents. The quantitative part of the research will be suited to providing certain types of factual and descriptive information which is appropriate to the study the researcher is undertaking. The qualitative part of the research will provide data about real life situations and behaviour.

1.5.3 Sampling

Two samples of fifty participants in each sample will constitute the total number of participants in the study. The researcher works as a family practitioner in a busy private practice in the Isipingo area. The participants will be chosen from the huge patient base the researcher is exposed to. The patient

base is mainly Black patients from the peri-urban and rural areas surrounding Isipingo. The participants will be ensured of confidentiality and the information given by them will be used for the purpose of the study only. They will be assured that none of the information given by them will be detrimental to them. Signed consent will be obtained from them before the questionnaire is administered.

1.5.4 Data Collection Methods

A questionnaire will be drawn up with predominantly closed-ended questions. Although the close-ended questions will be easier to code in the data analysis stage, the open-ended questions certainly give better insight into respondents and more information when respondents are allowed to formulate their own answers. However this type of information is very difficult to analyze and can be very subjective at times. The questionnaire will be first evaluated by pilot testing. The purpose of this testing is to establish how to phrase each question, to evaluate how respondents interpret the question's meaning and to check whether the range of response alternatives is sufficient. In addition flow, timing and respondent interest and attention can be assessed.

The questionnaires will be administered by Ayanda Magkako who will be trained by the researcher on how to administer the questionnaires and how to choose the participants for the study. She will be trained on where to sit in relation to the respondent. Sitting opposite the respondent will be a useful technique for establishing eye contact which will in turn aid with the establishment of rapport. She will be taught that the open-ended questions may require probing to encourage full answers. Ayanda will be asked to read the questions exactly as they appear on the questionnaire to maintain uniformity. She will need to record the answers as she goes along to avoid relying on memory. At the end the questionnaire will be checked to ensure no question/questions had been left out and not been answered. The respondents will be thanked for their time. The respondents from the unemployed sample

will be given some form of incentive to induce them to complete the questionnaire.

1.5.5 Sample Questions

- ❖ Age of respondent?
- ❖ Gender of respondent?
- ❖ Marital status of respondent?
- ❖ Duration of unemployment?
- ❖ Reason for unemployment:-illness, retrenchments etc?
- ❖ Skills of respondent/education level?
- ❖ Area respondent grew up in?
- ❖ Tertiary education or not of respondent?

1.5.6 Data Analysis

The next step is to convert the data into a form that can be read and manipulated by computers used in quantitative analysis. This entails coding of the data. The end product of the coding process is the conversion of data items into numerical codes. A computer software package will be used to analyze the data. The SPSS statistical programme will be used. Firstly a 'codebook' will need to be opened, which is a summary of the instructions the researcher will use to convert information obtained from each subject into a format that SPSS can understand. The codebook will list all the variables in the questionnaire, the abbreviated variable names that will be used in SPSS and the way in which the researcher will code the responses. Each question in the questionnaire must have a unique variable name. Each response will be assigned a numerical code before it can be entered into SPSS.

1.6 Overview of dissertation chapters

Chapter One: Introduction

This is the introductory chapter which will give a background to the topic and put the topic in context. The researcher's motivation for the study will be dis-

cussed. The overall objective and specific objectives will be listed. The definition of certain terms to be used in the paper will be discussed. Lastly, an overview of the chapters will be discussed briefly.

Chapter two: Literature Review

This chapter will review relevant literature. This will be organized according to the specific objectives laid down in chapter one. Literature review will look at unemployment levels, studies citing reasons for the escalating levels of unemployment, labour market trends and regulation. It will review literature looking at the unemployed and the characteristics of them that places them at a disadvantage.

Chapter Three: Research Methodology

The research design and methodology will be discussed here. The reasons for choosing these methods will be evaluated.

Chapter Four: Data Analysis/Findings

This chapter will be an in-depth chapter which will discuss how the data collected is analyzed.

Chapter Five: Conclusion and Recommendations

The overall objective and specific aims will be reaffirmed and the conclusions drawn from the study will be discussed in this concluding chapter. Recommendations will be made in this concluding chapter. Practical solutions will be offered to the problems we face. Limitations of the study will be discussed. If the study identifies further areas of research, this will be highlighted in this chapter.

1.7 Limitations of Study

The population studied is typical of a Black peri-urban community in South Africa. The study cannot be inferred on all areas especially the more affluent communities. The population studied is the Black population in South Africa. The findings may not be applicable to the other race groups. The reasons for unemployment in this group may differ to the reasons for unemployment in the other racial groups.

Due to the absence of financing of this research, the researcher has to use personal funds. This has added unnecessary limitations such as the use of a smaller sample size than the size desired.

1.8 Conclusion

The research will evaluate the escalating unemployment in South Africa with particular emphasis on the Black population. The factors that place them at a disadvantage for long-term unemployment will be explored. It is hoped that workable solutions can be put forward in an attempt to curb the very serious problem that South Africa now faces.

Chapter 2

LITERATURE SURVEY

2.1 Introduction

The literature review will explore the labour market with particular emphasis on the unemployed and the South African Labour Market Model.

2.1.1 Key Features of the Population of South Africa

2.1.1.1 Urban and Non-urban Residents

According to Stats SA, the October 1999 Household Survey (OHS) revealed that 53,9% of the population was estimated to be living in urban and 46,1% in non-urban areas. The non-urban population in South Africa is overwhelmingly African. The pattern of movement into urban and non-urban areas at different life stages affects mainly Africans. Both the young and the elderly Africans tend to live in non-urban areas, while those of the working age tend to live in urban areas. This pattern was found to be more marked for African men than it was for African women. The age distribution of the South African population resembles the structure of a developing rather than a developed country. There are proportionately more young people than older people (OHS, 1999).

2.1.1.2 Education

According to Stats SA (1998), formal education in South Africa reaches the vast majority of children aged between 7-15 years. This data is supported by the Stats SA 2003 report. More than 94% of children in this age category attend school. However, actual education attainment among school-goers (as well as adults) tends to be rather low. The October 1999 survey also revealed that 16% of South Africans aged 20 years or more said that they could not

read in at least one language. The ability to read in at least one language varied, by age, population group, sex and urban or non-urban place of residence. The highest proportion of non-readers was found among the 4,5 million African women aged 20 years or more, living in non-urban areas (26,6%) (OHS, 1999).

2.1.1.3 The Labour Market

High unemployment and negligible job creation characterize the South African labour market (Stats SA, 2003). Formal sector employment has declined steadily in the 1990s. Growth in the informal employment has been insufficient to absorb the rapidly growing labour supply. There was an estimated 26,3 million people between the age of 15 and 65 years in October 1999 as revealed by the survey. This age group represents the working age population. 10,4 million of this population was employed. 12,8 million people were not economically active (OHS, 1999). Comparing the labour market trends from 1995 to 1999, the following trend was observed.

The number of people who were not economically active increased over that period. The number of those who were economically active increased more steeply. What this implies is that an increasing number of people are entering the labour market and the number of unemployed people increased over that period. New job creation is insufficient to meet the increasing demand for work. An increasing number of people, including those who were previously scholars or students, are now available to work, further adding to the pool of people available to work (OHS, 1999).

The number of working age people in March 2005 was estimated to be 29.5 million people (LFS, 2005). Of the total of 22.8 million black South Africans of working age, just over half (11.8 million) were economically active. 8 million of these people were working and 3.7 million people were unemployed. This must be compared to a total of 2.1 million economically active white

South Africans. Out of a total 3 million, 2 million were working and 107 000 of these were unemployed (LFS, 2005).

2.1.1.4 Unemployment and Education

The relationship between education and unemployment is a complex one. The October 1999 survey revealed the following: the lowest unemployment rate is found among those with a tertiary education (8,5%), followed by those with no formal education (16,5%). The unemployment rate is higher among those with at least some education up to matriculation e.g. 34,7% among those with some secondary education (OHS, 1999).

The occupational structure among the unemployed has changed within each population group. Among the African males there has been a shift from elementary to artisan and operator occupations. Over the period 1995-1999 there has been a decline in the elementary occupations and an increase in the artisan and operator occupations. A similar trend is, however, not observed amongst the African females. There is an ongoing shift into higher level occupations among the White males and females. There was an increase in the 1995-1999 period of employed white people working in management, professional and technical occupations (OHS, 1999).

2.1.1.5 Migrant Work

A large number of people, particularly African men, lived a large part of their working life away from their families which was especially prevalent in the apartheid era. Despite the eradication of the legislation that enforced migrant labour, other factors still prevail resulting in significant numbers of people still living away from their families in order to earn an income. The October 1999 Household Survey estimated that as many as 15,4% of African males aged 15 or more were migrant workers and 6,9% of African women were migrant workers. The Coloured population was the next most likely group to contain migrant workers with males exceeding female migrant workers (OHS, 1999).

2.1.1.6 Unemployment in Historical Perspective

According to Stats SA (2005), unemployment rates in the 1970s were quite low for all classes of labour. However, since 1976 unemployment rates for unskilled and semi-skilled labour have increased. In contrast, the unemployment rate for highly skilled workers has been negligible. The rate for skilled labour began to climb more recently when compared to figures in the late 70s and has attained a fairly significant level in the latter part of the 90s. Job creation performance over the past three decades in the unskilled and semi-skilled labour category has been suboptimal. Total employment (formal sector and informal sector) of unskilled and semi-skilled labourers in 1999 was only 92% of the level present in 1970. In the period 1970-1999 jobs in the informal sector quadrupled, however the formal sector was characterized by job loss. Between 1981 and 1999 the level of formal sector unemployment declined substantially. The declining trend in the formal sector employment of unskilled and semi-skilled labour continues and shows no sign of leveling off. In contrast employment in the highly skilled and skilled labour segments has grown over the same period (Stats SA, 2005).

South Africa has an extraordinarily complex historical legacy. It is therefore impossible to attribute the poor job creation to any single factor. However remuneration trends across the different labour classes have been postulated as a contributing factor. According to Stats SA (2005) the real remuneration in 1999 per highly skilled worker was 90% of the 1970 level. In the skilled worker there was an increase of 110% of the 1970 level. In contrast, in the unskilled and semi-skilled class, real remuneration had grown to 250% of the 1970 level. Based on this it is unavoidable that the neoclassical theorists have concluded that unskilled and semi-skilled labour has been systematically pricing itself out of the market. In contrast, in the highly skilled and skilled segments employment growth and wage moderation has been the trend.

Unemployment in South Africa is structural or systemic in nature, not transient. It is a result of economic structural changes since 1970. These include technological development, the declining importance of the agricultural sector, liberalization and globalization. The legacy of apartheid schooling is closely linked with the structural nature of the unemployment (Stats SA, 2005).

2.1.2. Unemployment and the Unemployed

Large scale unemployment has become the prime social and economic issue in South Africa and in many developing countries. In 2002 it was officially measured at 41% using the broad definition and 30% using the narrow definition (Stats SA, 2002). The magnitude of South Africa's unemployment crisis is such that in September 2003, 4.6 million people were unemployed in terms of the strict definition and 8.3 million in terms of the broad definition (Stats SA). High and growing rates of unemployment are a consequence of dynamics on both the demand and supply sides of the labour market.

The effect of high unemployment is widespread, impacting on economic welfare, production, erosion of human capital, social exclusion, crime and social instability (Nattrass, 2001). Some view it as the most serious threat facing South African society and its governance.

“It is a colossal waste of human potential and national product; it is responsible for poverty and inequality; it erodes human capital and it creates social and economic tensions wherever it strikes” according to Snower and De La Dehesa (1997). Unemployment is concentrated amongst the age group 18-35. The overwhelming majority of the unemployed are semi-skilled or unskilled. Unemployment in South Africa is not only due to too little demand for labour in the aggregate. The problem is also that the demand for labour does not match the skills profile of the majority of work-seekers (Bhorat, 2004). The implication is that much higher rates of economic growth is insufficient

on its own to solve the unemployment problem (Bhorat, 2004). The unemployment situation has profound implications for poverty, human rights and political stability (Nattrass, 2001). Unemployment is associated with deep poverty. With poor access to productive assets such as land and skills, the majority of the unemployed face a daily struggle to meet their basic needs. It can be said that unemployment in South Africa is high for two main reasons. Firstly, the economic growth has been insufficient to absorb the increasing number of people entering the labour market. Secondly, government, organized labour and business policies and actions have together resulted in a growth path that is 'jobless' resulting in falling employment despite economic growth. Crucially, the growth path has entailed rising productivity and rising wages for an ever smaller pool of workers with rapid shrinkage in, especially, unskilled employment opportunities (Nattrass, 2001).

Reasons for the declining labour absorption capacity of the economy (Nattrass, 2001):

- 1) increasing capital intensity
- 2) trade liberalization
- 3) high wage and other labour cost increases
- 4) productivity developments
- 5) HIV/AIDS

According to Kingdon and Knight (2000) the pattern of unemployment that exists in South Africa is different to the pattern that exists in most developing countries where paucity of formal sector jobs manifests itself in large informal sectors rather than in high levels of open unemployment.

Kingdon and Knight (2000) in a paper Unemployment in South Africa: The Nature of the Beast asked the question whether unemployment in South Africa is voluntary or involuntary. They regard the answer as important for policy and ethical reasons. If the unemployment was primarily voluntary then it

can be downgraded as a policy concern. Their findings provide little support for the idea that unemployed people choose to be unemployed.

In addition, their findings show that households with a high proportion of unemployed persons are very substantially and significantly less satisfied with their quality of life than households with a proportion of informally employed. They suggest that unemployment arises because of impediments to entering the informal sector. They find various plausible reasons why the informal sector is inhospitable to newcomers. There is a need for Government to diminish labour market segmentation and to overcome obstacles to entering the informal sector.

Kingdon and Knight (2000) considered three major reasons why there might be a lack of active job-search among persons claiming to want work. Each affects the perceived benefit-cost ratio of actively searching: discouragement about prospects of finding work owing to the high prevailing local unemployment rate or the long duration of one's own unemployment; recruitment methods of employers and the cost of job-search.

Stats SA's 1997 Special Retrospective Survey of Employment and Unemployment (SRS) suggest that the low probability of finding work is an important reason for lack of search. The main reasons given by the unemployed for not searching were as follows:-

- ❖ Loss of hope of finding work (33%)
- ❖ Lack of jobs in the areas in which they live (25%)
- ❖ Lack of money for transport to look for work (18%)

The role of discouragement in job-search plays a large part and is recognized by Stats SA. Stats SA (1998) states in that in situations where unemployed people know that there are very few jobs available, they may feel that the financial and other costs of job-search are not worth their while. This situation

is prevalent in large parts of South Africa. The former homelands are typical examples. In these areas labour absorption is low, the likelihood of finding a job is remote and the costs of traveling to towns in search of jobs are high (Stats SA, 1998).

The recruitment methods of employers may act as a deterrent to job-search. A survey of employers in 1995 showed that 41% of companies relied on friends and relatives of present employees to recruit production workers (ILO, 1996). Wittenberg (2002), reports that education is less important than a social network in obtaining a job amongst the semi-skilled and unskilled workers. Job-search may be passive. A common way of securing employment for persons living in the former homeland areas is to wait for news from relatives or friends of recruitment taking place. The SALDRU and October Household Surveys both list securing jobs 'through friends and relatives' as a valid method of job-search.

The cost of search can be a serious impediment among the poor in remote areas. Wilson and Ramphele (1989) documented case studies of rural unemployed persons and show that the transport and other costs of job-search are often prohibitive for them. For uneducated people living in such areas, active search in high-employment areas involves traveling to these places because lack of education rules out job-search via newspapers (Wilson and Ramphele, 1989).

Kingdon and Knight (2000) concluded that unemployment is very inequitably distributed in South Africa and certain groups are much more likely to enter it and stay in it than others. They conclude that young uneducated Africans living in homelands and remote areas are particularly vulnerable to unemployment. In addition, there are two striking features of South African unemployment. Firstly, rural unemployment is higher than urban rates. This is

atypical among countries and is explained by historical policies restricting mobility.

The second feature is that the majority of the unemployed (62%) have never held a job before. They entered unemployment since entering the labour force. Their findings are suggestive that the demand-side of the labour market is responsible for a good part of the unemployment rate since a high proportion have been unemployed for more than one year (68%).

2.2 Do South Africa's Unemployed Constitute an Underclass?

The ability to work is the only asset of many of the poor. Work provides individuals with income to meet material needs, reduce social isolation and also imparts a sense of dignity and self-worth. Efficient labour markets directly contribute to poverty reduction by creating such opportunities for such work. Workers are assisted in the management of risks associated with unemployment, lost income and poor working conditions if sound labour market policies and programs are in place. In addition, well-functioning labour markets can contribute to economic growth and development by allocating labour to its most efficient use in the economy and by encouraging employment and human capital investment (Bhorat, 2004).

High rates of long-term unemployment pose difficulties for the mapping of class structure. In South Africa the high rate of unemployment raises the question of whether or not the unemployed constitute a separate class or underclass. Evidence from the mid-1990's suggests that, at the end of the apartheid era, one section of the unemployed suffered systemic disadvantage in terms of access to employment. People in South Africa get jobs primarily through friends and family. Therefore, people without such social capital find themselves in a disadvantaged position in the labour market (Bhorat, 2004).

A working paper by the CSSR (Centre for Social Science Research) in 2003 examined whether households without members in employment but with unemployed members can usefully be considered as a discrete class. According to Gelb and Webster (1996) most social science writings with reference to this issue in South Africa regard the unemployed as being displaced workers, with workers and the unemployed jointly belonging to the working class. However, the implication of this is that the employed and the unemployed African people share the same standing in the social structure, are disadvantaged in a similar way and share common interests (Adler and O'Sullivan, 1996; Adler and Webster, 1999). What this approach underestimates is the importance of actual employment and prospective access to employment in conferring advantage.

Unemployed people are certainly disadvantaged relative to the employed. The unemployed however need to be differentiated. There may be several good reasons for placing many, but not all, of the unemployed in a class of their own, namely the underclass. The reason for this is due to the way the labour markets function in South Africa. Due to the scarcity of jobs access to employment opportunities can be an even scarcer resource. In the working paper the underclass are regarded as those who not only lack employment but also those who are excluded from access to employment opportunities (CSSR, 2003).

In the 1980s, the concept of the 'underclass' was used widely in the United States of America and Europe and referred to those people who were not working. The concept of underclass in South Africa was first used by Adam (1997), who writes of 'the moral decay and the growing impoverishment of an unrepresented and marginalized underclass'. According to Adam (1997) this underclass is said to be responsible for crime and represents the 'number one problem for instability' in South Africa.

Significant studies of the underclass combine some theoretical foundation with an analysis of consequence. William Julius Wilson (1987, 1991, 1996), an eminent American sociologist used the term 'underclass' to describe a distinct group of people who suffer significant disadvantage in the labour and other markets. "What distinguishes members of the underclass from those of other economically disadvantaged groups is that their marginal economic position or weak attachment to the labour force is uniquely reinforced by the neighbourhood or social milieu" (1991:474). What Wilson is attempting to say is that some people on the edge or outside of the orthodox class structure are especially disadvantaged, such that disadvantage and marginality are reproduced over time. In addition he emphasizes the roots of disadvantage in changing labour markets. However, other scholars emphasize the importance also of racial segregation (Massey and Denton, 1993).

Almost half of the unemployed live in households where other members are employed. Almost one tenth live in households that derive their income from entrepreneurial activities. That leaves the rest who are not easily categorized. Besides unemployment in South Africa being widespread, all evidence shows it to be of an unusually long duration (Massey and Denton, 1993).

Bhorat and Leibbrandt (1996) used the October 1994 Household Survey to determine the duration of unemployment. They determined that 17% of the unemployed were unemployed for a duration of up to six months, 15% for between six and twelve months and a massive 68% for more than twelve months. Data available for other countries shows that the duration of unemployment is much longer in South Africa than most European countries belonging to the O.E.C.D. There are a few countries which have long-term unemployment rates similar to South Africa. However the difference is that the overall unemployment rate is much lower than South Africa and these long-term unemployed have access to welfare benefits. Examples are Italy and Ireland.

What is peculiar about South Africa is that in addition to the long duration of the unemployment, the majority have never held a job before. Borat and Leibbrandt report in 1996 that 65% had never worked before according to the 1994 October Household Survey. The reason for this is that the majority have gone from school straight into unemployment. The 1995 survey reports similar results with 69% of the unemployed having never worked before. The proportion was highest for the younger.

Studies by Moller (1992) and Klasen and Woolard (1998) reported similar findings. However, Standing et al (2001) are skeptical about these findings. He reports that many of the unemployed may actually have been working but believe that what they may have been doing does not constitute a 'proper job' and therefore denied any form of employment. However, these people are reclassified as employed once they admit to some form of income earning activities so the figures do reflect reality.

According to Borat and Leibbrandt (1996) "The unemployed are not a homogeneous group". The systematic disadvantage suffered varies in this group. Some of the unemployed will not remain unemployed for long. Others have not been unemployed for long. Some are unemployed by choice as they are looking for a more desirable job. However, many are long-term unemployed.

Kingdon (2000) reports some significant differences between the long-term and short-term unemployed. The long-term unemployed have a household per capita income that is as much as one-third lower, have a higher proportion living below the poverty line, have less education, are more likely to be African and are less likely to live in urban areas. In addition they have fewer amenities at home such as a toilet, running water and electricity. Lastly, at certain times of the year the roads are impassable making their homes inaccessible.

The duration of unemployment is important as it contributes to the disadvantage. People may become less employable as the duration increases as employers see them as being less attractive. In addition the unemployed sometimes lose the capacity to seek or secure employment the longer the duration of unemployment. There are other contributing factors to the long duration of unemployment resulting in disadvantage e.g. differential links to unemployment (Kingdon, 2000).

Human capital is another source of systematic disadvantage for the unemployed. According to Borat (2000) some of the unemployed are 'unemployable' because they lack the minimum skills required in the labour market. The older unemployed generally lack secondary education. They had typically previously worked on the mines or farms and were retrenched and now live in the rural areas. Due to the decline in demand for unskilled labour, they are unlikely to secure permanent employment according to Borat (1996).

Another source of disadvantage is the social capital of the unemployed. Seeing that the unemployed are able to secure jobs through connections and networks, this is a form of social capital. There is considerable evidence that people secure jobs primarily through these networks. According to Erasmus (1999) in a survey of 2000 unemployed people in six provinces, most relied on their family and friends who were employed to help them secure jobs by telling them of available vacancies or by 'putting a good word in for them'. Standing et al (1996) report that only 26% of manufacturing firms fill in vacancies through advertising. Only 7% employ people who had applied directly at the gate. 13% employ former employees. The majority (41%) employ relatives and friends of present employees.

However, this level of internal recruitment does not have a long history in South Africa. Under the apartheid era there was bureaucratic allocation of black labour through pass laws and administrative institutions. In some areas there is such a scarcity of job opportunities that the social capital is less important than the location factor. Klasen and Woolard (1998:21-2) point to the interconnectedness of factors in arguing that the unemployed comprise two groups:

“The one with bleaker job prospects, better access to resources in rural areas (pensions, land etc), little connections in urban areas and deterred by the high cost of urban living, and possibly less motivation remains in rural areas or goes to rural areas to attach themselves to a household of parents and relatives. It then does not engage in search activities and thus ends up among the broad (expanded) unemployed. The second group, with better job prospects, less access to resources in rural areas, better connections in urban areas and possibly more motivation attaches themselves to a household of parents or relatives in urban areas and then searches for employment.”

What is evident is that there are two groups of unemployed. Firstly, the discouraged job-seekers who remain in or return to the rural areas and secondly, active job-seekers in or who move to the towns (Kingdon, 2000).

Lack of financial capital is another contributing factor to systematic disadvantage. Access to financial capital can assist the unemployed in facilitating job search, aids the unemployed to move to areas where there are more job opportunities or can assist in setting up a business which can be either of a formal or informal nature. In summary, the factors identified that contribute to systematic disadvantage in the labour market include:-

- ❖ Lack of skills resulting in unemployability.

- ❖ Lack of social capital due to the lack of a network that can help with securing a job.
- ❖ Lack of financial capital which can assist the unemployed from becoming self-employed.
- ❖ Living a distance from areas where there are better opportunities for securing employment.
- ❖ The longer the duration of unemployment the greater the chance that the unemployed become less employable as they are seen to be less attractive to prospective employers.

There is a strong relationship between unemployment and inequality in South Africa. Borat and Leibbrandt (1996) reported that almost two-thirds of the unemployed live in households with incomes below the poverty line. They have also demonstrated that poverty is pervasive among the rural unemployed where 81% live below the poverty line compared to 59% of urban and 39% of the metropolitan unemployed. In terms of income working people are certainly privileged compared to the unemployed. They certainly have better living conditions in terms of internal piped water, flush toilets and access to telephones.

The economic growth path has and is not conducive to creating jobs for low-skilled people. The apartheid state encouraged capital-intensive growth. This resulted in an increase in the average wages whilst at the same time reducing the demand for unskilled, low-wage labour. Increased competition from low-wage developing countries in the 1980s and 1990s has eroded the profitability of ultra-labour-intensive sectors and the pursuit of a 'high-productivity-now' growth path by the post-apartheid government continues the bias against unskilled labour, albeit in a slightly different form (Nattrass, 2001).

Secondly, labour market institutions-in particular industrial-level bargaining which extends wage-agreements to those workers and firms not party to the agreement-serve to reduce the wage dispersion (Nattrass, 2000). What is evident is that the interests of the unskilled unemployed are not being promoted by the state's labour market, trade and industrial policies. It is evident that these structural and institutional forces which hamper employment creation, particularly for those unemployed who lack work experience or marketable skills, places them in profoundly disadvantaged situation.

Moller (1992) finds that the unemployed not only had a far lower perceived quality of life than township dwellers as a whole, but also experienced a range of psychological problems arising from unemployment. Unemployed people were anxious, fearful and depressed. People suffered from boredom. Unemployment also led to problems of self-esteem, although the fact that unemployment rates were so high meant that unemployment was seen as a social rather than a purely individual problem. Moller (1992) also finds that unemployment was very disruptive of relationships.

Klasen and Woolard (1998) and Simkins (2000) showed that unemployment is associated with delays in marriage and independent household formation. Young unemployed people are typically resident in large households; young employed people live in separate, small households (Wittenberg and Pearce, 1996). Simkins (2000) argues further, that delays in marriage as a result of unemployment increases the risks of sexually transmitted diseases and AIDS infections.

Employment is clearly viewed as of crucial social and economic importance among the unemployed as well as the employed. According to Moller (1992: 10): "There is little doubt that the social status and identity of urban blacks are derived from working in a job regardless of the intrinsic satisfaction it con-

fers. It is noteworthy that workers frequently wear their working apparel after hours as a badge of social identity.”

The unemployed are also critical of trade unions inhibiting job creation. According to Moller (1992) common reasons cited for being unemployed include labour issues, foreign immigrants, disinvestment and trade unions. Economic deprivation, one of the most difficult and consistent problems people experience during unemployment (Viinamaki, Koskela, Niskanen, & Arnkil, 1993) has been strongly associated with psychological distress (Eales, 1998; Feather, 1997; Frese & Mohr, 1987; Jones, 1991; Liem & Liem, 1998; Vinokur, Price, & Caplan, 1996; Winefield, 1995).

The cost of employment is not limited to the national output falling below its potential level. At the individual level, unemployment has a deleterious effect on human dignity and self-esteem. As most of the unemployed in South Africa do not have access to unemployment insurance, they are forced to survive through assistance from parents, kin and the extended family system. This, in turn, increases household sizes, pulls many households supporting the unemployed into poverty, often delays the formation of new individual households by young people for many years and contributes to the dissolution of existing households as well as household inequality (Klasen and Woolard, 1998; Leibbrandt, Borhat and Woolard, 2001, as cited by Mahadea, 2003).

At the society level, unemployment contributes to rising levels of crime, poverty, unrest, income inequality and political instability. Unemployed individuals without gainful income for considerable periods become unemployable. Pigou (1933:16), as cited by Mahadea (2003), remarked that:

“If a man is subjected to unemployment for a long time, injurious reactions on his industrial and human quality are almost certainly to result. It is not merely that technical skill deteriorates through lack of

practice. The habit of regular work may be lost, and self-respect and self-confidence destroyed, so that, when opportunity comes again, the man once merely unemployed is found to have become unemployable.”

Being jobless injures cognitive efficiency and fosters feelings of helplessness. The distress of joblessness may create discouragement and hysteresis effects, providing an incentive to become less attached to particular types of work (Darity and Goldsmith, 1966 as cited by Mahadea, 2003). Thus, even an unsatisfactory mode of employment is preferable to a situation of unemployment.

2.3 What Lies At The Heart Of Rising Joblessness?

2.3.1 Globalization and Labour Legislation

If an economy is to respond effectively to increasing levels of unemployment and competition, trade liberalization and related economic reforms need to be complemented by greater labour market flexibility (World Bank, 1997). Labour market flexibility is the extent to which employers can alter various aspects of their work and workforce to meet the demands of their businesses (Barker, 1999 as cited by Mahadea, 2003).

South Africa’s integration with the global world impacted adversely on the country’s labour market as the resulting export growth did not strengthen the labour absorption capacity enough to reduce unemployment. South African firms have had to rationalize and re-engineer activities to improve productivity to meet international competition and this has been at the cost of low-skilled jobs (Edwards, 2001; Borat and Hodge, 1999 as cited by Mahadea, 2003). In the light of the unemployment crisis, South Africa’s current industrial relations system of effectively eliminating low-wage competition is clearly inappropriate (Nattrass, 1998 as cited by Mahadea, 2003).

The legislation has imposed huge burdens on the opportunity cost of management time, firms' total wage bill and on the real transaction costs of doing business in South Africa at a time when only those with competitive costs can survive and expand employment in a globalized environment. Instead of attending to production and market needs, substantial management time is spent on ensuring that labour legislation terms are being observed. All firms employing more than fifty workers must establish employment equity plans, conduct employment analyses, implement affirmative action policies and report regularly to the Department of Labour. These burdensome obligations on employers clearly make hiring and firing too prohibitive, as is the burden of proof when accused of discrimination (World Bank, 1997).

The resultant increase in labour market rigidity, the overbearing protection of employees against unfair discrimination and the increased cost of doing business thus add to the disincentive for firms to hire new labour and as add to the unemployed, as (small) firms are likely to respond by cutting employment to below the critical norm of fifty workers (Black and Rankin, 1998 as cited by Mahadea, 2003).

2.3.2 Wage moderation and the impact of the unions

In the last few years productivity improvements in South Africa have been achieved by the destruction of low-wage and low-skilled jobs (World Bank, 1997). With a view to labour retention, wage increases should not be greater than productivity increases, as otherwise one man's pay increase is likely to be at the expense of another person's job. South Africa is moving away from a labour-intensive growth path as reflected in falling levels of private sector employment and this is partly due to high wages. Unions in South Africa are strong and their influence cause higher wages. They have created wage differentials greater than those usually experienced in other countries and have consequently reduced employment by an estimated 6,3% (Fallon and Lucas, 1998 cited by Barker, 1999, cited by Mahadea, 2003).

While the labour market for skilled workers in South Africa is found to clear well, the same does not hold for the unskilled segments (Fallon and Lucas, 1998 cited by Mahadea, 2003), clearly reflecting the realities of a dual South African labour market. If wages are permitted to fall, the unskilled labourers may price themselves into jobs. Moreover, with 40-60% of the workforce functionally illiterate increasing the demand for skilled labour is not sustainable (Nattrass, 1998 cited by Mahadea, 2003), unless the level of employee skills are improved without increasing labour cost.

While unions and legislation have sought to protect the rights of workers, those of the unemployed seem to be overlooked. The Malumalele social movement for the unemployed argues that "... The unemployed has a right to decide if they want to accept low-paying jobs" (Black and Rankin, 1998:452 cited by Mahadea, 2003), presumably premised on the reality that a job with low income is better than no job at all.

Lawrence Mavundla (2002, cited in Finance Week, 5 July 2002: 35 cited by Mahadea, 2003) further adds that the "problem with legislation is that it is geared toward control... This is not good for free enterprise", which is an important job creating sector. Thus employment creation has been hampered by the institutional realities of a segmented or dual labour market.

2.3.3 Savings and investment

In South Africa the savings record is rather poor and this is a significant structural obstacle in the path to sustainable output and employment growth. Income from gainful employment is the main source of earnings in South Africa for most households. With the high unemployment percentage and poor welfare support system to sustain them, individual saving is understandably low (Kohr, 2001 as cited by Mahadea, 2003). With regard to inflows of external investment, South Africa attracted some foreign investment, especially portfolio investment, which is highly volatile, moving out as rapidly as it flows

into South Africa, in response to signs of political uncertainties and socio-economic instabilities.

In contrast, Foreign Direct Investment (FDI) provides a more stable form of financing, as investors generally invest in factories and in the real sector. These confer non-financial benefits on recipient countries, such as the introduction of advanced technologies, managerial skills and additional industrial capacity, all of which promote growth and employment (Kohr, 2001 as cited by Mahadea, 2003).

Although South Africa is often viewed as the economic locomotive of the African region, it has been only a minor beneficiary of FDI. Foreign investors usually commit their long-term capital to regions where tax rates are market-friendly. They take their cues from the behaviour of domestic investment and the broad environment prevailing in the country (Collier and Patillo, 2000 cited by Mahadea, 2003). If domestic investors, who apparently have greater knowledge of local conditions, are themselves reluctant to invest in their own economy, foreign investors may hold back on their decision. It is thus critical for domestic and foreign investors to have confidence in the future stability of the South African business environment (Collier and Patillo, 2000 cited by Mahadea, 2003).

2.3.4 Crime and corruption

In recent times, another important factor dampening investors' confidence is the rising crime rate in the country. The crime situation has made the country an A-high risk economy, where too many perpetrators get away and criminals are often seen as heroes with more rights than the victims. Perpetrators who commit criminal acts are perceived to have an easy way out, possibly through parole and apparently on the strength of political affiliation. According to Nick (2000) rampant crime, armed robberies, rape, the fall in delivery and quality of services and farm attacks have been on the rise in South Africa,

making it a risky investment destination despite apparent good macroeconomic fundamentals.

While South Africa is failing to attract substantial labour-intensive FDI, it is also losing a lot of human capital, as people with marketable skills and entrepreneurial abilities to create jobs, are leaving for other destinations. Many young talented individuals are emigrating as they perceive poor employment prospects here, partly resulting from alarming crime rates and positive discrimination practices. This brain drain applies a brake to economic growth (Kausch and Jovanovic, 2001; *The Economist* 1/9/2001: 38 as cited by Mahadea, 2003). Corruption has also been identified as a potential threat to investment and growth in South Africa (Schoeman and Blignaut, 1998 cited by Mahadea, 2003).

2.4 Types of Unemployment

In order to address the problem of unemployment successfully, a distinction should be drawn between different types of unemployment. This gives an indication of the possible reasons for unemployment, and therefore some idea of how the problem should be addressed (McConnell and Brue, 1995).

2.4.1 Seasonal Unemployment

Seasonal unemployment occurs due to normal and expected changes in economic activities during the course of a single year. The agricultural sector is probably the best example of this type of unemployment. Seasonal workers or seasonally employed are the terms used to describe persons working during peak periods and being laid off during off-peak periods. This type of unemployment is predictable and occurs on a regular basis (Mafiri, 2002).

2.4.2 Frictional Unemployment

At any point of time there will be an ever-changing pool of unemployed job-seekers in search of better paid and more suitable jobs and employers in

search of particular types of workers. An attempt to match the marginal costs and benefits of such activity are carried out by those engaged in the search. This is, useful, necessary and inevitable for optimal functioning of the market.

Frictional unemployment is a result of normal labour turnover that occurs in any dynamic economy where there are time lags in the employment of labour. The labour market has at any given time both unemployed persons and vacancies which can be filled by them. Because people are moving between jobs and there are new entrants into the labour pool, there is a time lag before these posts are filled. In this situation there is usually no skill or location mismatch (Mafiri, 2002).

In South Africa, search involves more physical effort and time on the part of job-seekers who are less able to make use of modern communication facilities such as the telephone and internet than their first world counterparts. Labour market restrictions limit geographical and vertical mobility. Many urban dwellers through lack of proper documentation are deterred from seeking work through normal channels (Mafiri, 2002).

Frictional unemployment is relatively of short duration, which can be reduced even further by improving labour market information and placement services, so that the employer and the work-seekers can find each other sooner and more effectively (Barker, 1999).

The unemployment rate will be positive even if the aggregate demand is sufficient to absorb all members of the labour pool and there was no skills mismatch. The reason for this is that people continuously leave their jobs to seek better ones, enter the labour pool for the first time and reenter the labour force after periods of absence. The employers on the other hand are continuously looking for replacements for the workers that leave, retire or for the

workers they discharge or additional workers for expansion purposes (Barker, 1999).

2.4.3 Cyclical Unemployment

During periods of recession, aggregate demand is low. The demand for labour also drops. Few jobs are created for entrants into the labour market pool. In addition some jobs may be lost due to retrenchments. However with recovery of the economy, the cyclically unemployed regain their jobs. In South Africa cyclical unemployment is superimposed on large-scale structural unemployment resulting in a severe, complex and difficult to alleviate problem (Mafiri, 2002).

There are many reasons for the business cycle downswings. A decrease in consumption, investment or exports and a combination of wage rigidity are some important contributing factors. Wage rigidity refers to the inability of wages to adjust in a downward direction. Cyclical unemployment is also referred to as demand deficiency unemployment as employment levels are based on aggregate demand (Barker, 1999).

2.4.4 Structural Unemployment

Structural unemployment is distinguished by its persistence in the face of monetary and fiscal measures designed to reduce unemployment. There are three related hypotheses (Demsetz, 1961):-

- ❖ H1- structurally unemployed keep the unemployment rate from falling below 5%. The structurally unemployed are growing in significance so that the minimum unemployment percentage is likely to increase.
- ❖ H2- recent increases in unemployment to a 'large' extent are attributable to increases in the structurally unemployed.
- ❖ H3- structurally unemployed at present account for a 'significant' percentage of the total unemployed.

These hypotheses are not mutually exclusive. According to Demsetz (1961) four groups of unemployed are frequently mentioned in discussions of unemployment:

- I. Unemployed who are associated with chronically distressed industries.
- II. Unemployed associated with industries that have suffered a recent sharp, but non-cyclical, decline in product demand.
- III. Unemployed who have lost their jobs due to technological change.
- IV. Groups who are unemployed because there has been a rapid secular increase in the supply of workers offering highly substitutable services to prospective employees. Examples are the female, youth and non-white components of the labour force.

Unemployment in South Africa is largely structural rather than cyclical (Chadha, 1994). Structural unemployment is part of the nation's natural rate of unemployment. This type of unemployment shares many of the features of frictional unemployment but the differentiating feature is that it is long-lived and of a more permanent nature. It therefore can involve considerable costs to those unemployed and substantial loss of forgone output to society (McConnell, 1995).

The phenomenon of structural unemployment can be ascribed to structural rigidities, distortions and imperfections in markets and the way in which the general economy is organized. Structural unemployment arises from the nature, location and pattern of employment opportunities. Structural unemployment is one of the greatest challenges facing the nation and the economy. It generally refers to the overall inability of the economy to provide employ-

ment for the total labour force even at the peak of the business cycle. This type of unemployment is not sensitive to changes in aggregate demand (McConnell, 1995).

It is unemployment that exists when the economy is at full employment. A form of structural unemployment was the basis of the apartheid economy: specific race groups were excluded from specific skills categories and geographical areas for the purpose of consciously confining them to unskilled labour. Improvements in agricultural technology over the past 100 years caused job losses for many farm operators and labourers who did not have readily transferable job skills in expanding areas of employment and who were not geographically mobile (Mafiri, 2002).

Today's structural unemployment is a result of a catastrophic skills mismatch between the skills the economy needs and those that are available. The type of products that are chosen for production, the kind of inputs used and especially the way in which they are combined in production determine what kinds of and how much labour can be employed. This is partly due to the apartheid-era education system which placed the Blacks at a distinct disadvantage in the case of the older generation. In the case of the young job-seekers inadequacies in the education system play a role. As a result unemployment is increasing despite a positive economic growth and an increase in the number of jobs (Mafiri, 2002).

The phenomenon is complex and covers a wide spectrum of factors. Some of the causes are common to all economies. However, there are certain causes which are peculiar to the South African economy. Some possible causes include: - (Mafiri, 2002)

- ❖ The labour market is not a single or united market. It is a segmented market consisting of a number of relatively isolated sub-markets. There is limited mobility for labour between these mar-

ket segments. Employees who become redundant in one segment may not necessarily find employment in another segment even if openings are available and even if they are prepared to work for a lower wage. The reasoning behind this is that different levels of training and skills which may be specialized may be required. Demand for labour is not homogeneous and the demand for labour can be very skill-specific.

- ❖ The rate of population growth causes the labour force to grow faster than the absorption capacity of the labour market. Changes in the composition of the economically active population e.g. the proportion that are young or very old, or the gender or racial composition also contribute to the absorption problem. Changes in the age structure and participation rates are important.
- ❖ Changes in the demand and output affect labour absorption in certain market segments. The modernization of the economy has resulted in an increase in the services and industrial sectors.
- ❖ The apparent long-term decline in the growth performance of the South African economy since the 1960s is a related factor. Several factors occurring in different time periods have contributed to this namely the post-war boom in international trade and commodity exports slowed down; the gold price stagnated after 1980; trade and financial sanctions, disinvestment and political disorder slowed down economic growth; balance of payments constraints put a ceiling on the growth rate that could be sustained; the extent of underdevelopment limited the availability of suitable economic factors to drive growth in the modern sector of the economy.

- ❖ The high rate of increase in nominal wages during the 1970s has been attributed to factors such as the growth of the trade union movement, widely held notions of equity and fairness and increases in minimum wages of the unskilled workers. The reluctant increase in the price of labour is often regarded as a major cause of the substitution of capital for labour and the concomitant increase in unemployment (Biggs, 1982). Bell and Padayachee (1984) argue, however, that the role of factor price distortions has been overplayed.
- ❖ The introduction of technology that replaces labour is often referred to as technological unemployment. In addition in South Africa most of the labour-saving machines are imported. The increase in technology therefore further contributes to the balance of payments problems. This has a negative impact on expansion of output and employment in the domestic economy. Capital-intensive labour causes low growth in demand for labour even in periods of economic upswing or high recovery.
- ❖ Although many economists argue that unemployment compensation adds to structural unemployment, the unemployment insurance in South Africa is not nearly as generous as in most first world countries and can be discarded as a significant cause of structural unemployment.
- ❖ The tax incentives offered in South Africa e.g. the accelerated write-off of capital goods for tax purposes encourages the use of capital and machinery. The lack of appropriately skilled workers for a modern economy contributes to higher capital intensity.

- ❖ High minimum wages and non-wage costs (employee benefits) may also make employers reluctant to expand their workforce in good times. The long drawn out dismissal procedures play a contributing role as well. Employers choose to pay overtime to existing workers rather than employ new workers since it is easier to reverse the former step when necessary.
- ❖ In South Africa an important factor is the distortion of the labour market caused by artificial restrictions on the geographical and occupational mobility of labour. The apartheid-era legacy of influx control and job reservation still lingers on.

2.5 The Labour Market

In this section an overview of labour market trends in developing countries will be discussed followed by an in depth discussion of the South African labour market.

The competing views of the large, unprotected or “informal” work force in developing countries differ greatly in their implications for the labour market reforms that are essential to complement liberalization measures, as well as issues of fairness in international trade competition (Maloney, 1997).

The traditional view sees informality as the disadvantaged segment of a dualistic labour market segmented by legislated or union-induced rigidities and high labour costs in the protected or formal sector (Ruffer and Knight, 2007).

According to Maloney (1998), there is little to support this view. There is a long tradition of viewing as disadvantaged the roughly 40% of workers in developing countries who are unprotected by labour legislation and work in small informal firms (Maloney, 1998). However, according to Maloney (1998), for many workers employment in the informal sector is more desirable.

The informal sector is a pervasive phenomenon in almost all developing countries where the majority of the poor depend on the informal sector for their livelihoods. It accounts for over half of employment in many countries in Latin America, Africa and Asia (Ruffer and Knight, 2007). The bulk of new employment generated in recent years in developing countries has been in the informal economy. Women's share of informal sector employment is high, typically estimated at 60 to 80% (Ruffer and Knight, 2007). Its persistence and expansion over time and across countries show that the informal sector is not a transitory phenomenon in the development process that will soon be absorbed by the formal sector.

What is evident rather is that they will cohabit and are interlinked in many ways. China and South Africa are examples of two countries with highly segmented labour markets and where informal employment is largely involuntary (Ruffer and Knight, 2007). This is as a result of state intervention.

The Chinese labour market has been divided into a privileged formal sector, comprising urban-born employees in the state and collective sectors and the informal sector, comprising urban-born workers retrenched from their formal jobs, young city dwellers, rural-urban migrants and rural workers employed in rural industry. Wages and conditions in the formal sector are institutionally determined, are often improved by profit-sharing and are supplemented by firm-level mini welfare states which are only now being dismantled, whereas those in the informal sector are subject to market forces and are greatly inferior (Knight and Song, 2005).

India is another example of segmentation which divides the labour market into a protected but rationed sector and a residual market-clearing sector (Ruffer and Knight, 2007).

It is possible for wages in the formal sector to be higher than those in the informal sector without any intervention by the state. There is evidence of firm size effects on wages in many developing countries. Examples of countries

where there is a substantial difference between large and small firms are Tanzania and Ghana. Workers in large firms earn substantially more (Ruffer and Knight, 2007).

Taking the example of Mexico, Maloney in 1997 argues that despite the inflexibility, inefficiency and costliness of the Mexican labour code, the usual sources of wage rigidity that would segment the market seem absent: minimum wages have not been binding for the last decade, unions to date have primarily been concerned about preserving employment rather than remuneration and wages have shown extraordinary downward flexibility during crises. What emerges appears to correspond more closely to an unregulated entrepreneurial sector rather than one comprised of involuntary, disadvantaged, precarious, underpaid workers (Maloney, 1997). Self-employment constitutes the largest source of employment among men (25%), after formal wage employment (50%). Movement from the formal sector to the informal sector appears to be on a voluntary basis. The most important reasons for the move are greater independence and higher pay (Maloney, 1997).

Maloney (2004) also argues, but with respect to Latin American experience, that informal sector workers tend to be older and enter from the formal sector after they have accumulated knowledge, capital and contacts.

In traditional poor economies almost every activity was informal (Lewis, 1954). It is expected with economic development that the formal sector would expand and the informal sector would wither away. This has not happened in many of the developing countries for two main reasons:

- ❖ The inadequate growth of formal sector employment in countries with labour market segmentation means that the informal sector acts as a residual sponge for the growing work force.
- ❖ In some countries the informal sector is preferred and entered voluntarily.

In South Africa, there is a sharp segmentation between the formal and informal sectors (Kingdon and Knight, 2007). The formal sector is the sector of choice: very few workers would prefer to be employed in the informal sector. The informal sector falls outside the labour regulation system and informal sector wages, being more subject to market forces, are predictably lower. Trade unions and collective bargaining are important to this segmentation.

A discussion of South African labour market trends, unemployment rates by education level and unemployment rates by gender and age in 1995 and 2002 follows. The changes and the reasons for these changes in this period will also be discussed.

Category	1995	2002	Change	% change
employment	9 557 185	11 157 818	1 600 633	16.75
Unemployment (expanded definition)	3 883 819	7 288 833	3 405 014	87.67
Labour force	13 441 004	18 446 651	5 005 647	37.24

Sources: October Household Survey, 1995 & Labour Force Survey, February 2002

Table 1 Key labour market trends (1995 and 2002)

Category	1995	2002	Change	% change
employment	9 557 185	11 157 818	1 600 633	16.75
Unemployment (strict definition)	1 909 468	4 271 302	2 361 834	123.69
Labour force	11 466 653	15 429 120	3 962 467	34.56

Sources: October Household Survey, 1995 & Labour Force Survey, February 2002

Table 2 Official definition estimates of key labour market trends (1995 and 2002)

The tables indicate the patterns and shifts in unemployment over the period between 1995 and 2002. The problem is a complex one for which there are

no simple answers. Two main factors appear to contribute to the increased number of people seeking work. Firstly, the number of women in employment has increased and those seeking employment has risen as well.

Secondly, education and the extension of urban services have contributed to a demographic shift away from rural areas resulting in more work seekers. Despite the laws being changed after apartheid the education system has not changed enough. However, the structure of the economy and employment has changed radically. This will be evident in the following table when one compares the jobs in 1995 and 2002.

Main sector	1995	Share	2002	Share	% change
Agriculture, fishing & forestry	1 184 712	0.12	1 477 255	0.13	24.69
Mining and quarrying	593 000	0.06	481 343	0.04	-18.83
Manufacturing	1 420 956	0.15	1 596 496	0.14	12.35
Utilities	84 041	0.01	84 550	0.01	0.61
Construction	433 492	0.05	527 678	0.05	21.73
Internal trade	1 650 017	0.17	2 191 347	0.20	32.81
Transport & communication	469 200	0.05	550 918	0.05	17.42
Finance, real estate & business services	582 897	0.06	1 023 373	0.09	75.57
Community, social & personal services	2 952 269	0.31	3 117 365	0.28	5.59
Other producers	186 601	0.02	107 493	0.01	-42.39
Total	9 557 185	1.00	11 157 818	1.00	16.75

Sources: October Household Survey, 1995 & Labour Force Survey, February 2002

Table 3 Sectoral Share of Employment (1995 and 2002)

Industry	Percentage
Services	24.4%
Mining	5.4%
Manufacturing	17.8%
Utilities	1.1%
Construction	7.5%
Trade	23.6%
Transport	5.2%
Finance	15.1%

Source: Labour Force Survey, 2007

Table 4 Formal Employment Figures in March 2007

What is evident from the above tables is the shift towards the services sector. In 2002 the services sector created nearly half the jobs in the economy. Worldwide experience has shown that services sectors are skill intensive sectors. These changes are driven by shifts in the cost of labour and in the productivity demands of global competitiveness.

Education level/year	1995	2002
No schooling	33.12	32.30
Primary	35.49	41.38
Incomplete secondary	33.85	48.39
Matric	25.28	39.51
Tertiary	6.44	15.37
Total	29.24	39.51

Sources: October Household Survey, 1995 & Labour Force Survey, February 2002

Table 5 Unemployment rates by education level (1995 and 2002)

From the above table it is evident that the lower the qualification the higher the unemployment.

Category	1995	2002
Race		
African	36.16	46.62
Coloured	22.15	29.59
Asian	13.41	24.57
white	4.79	9.17
Gender		
Male	22.68	33.84
Female	37.32	45.32
Total	29.24	39.51

Sources: October Household Survey, 1995 & Labour Force Survey, February 2002

Table 6 Unemployment rates by race and gender (1995 and 2002)

Black graduates show disproportionately higher unemployment rates than their peers. The apartheid era Black education system has certainly left behind a legacy of unskilled workers. The shape of unemployment affecting secondary, matriculated and tertiary jobseekers has changed as the above table displays. Black jobseekers are more disadvantaged than the other race groups. A significant factor explaining this is the failure on the part of the education and training systems that renders a large proportion of matriculants and some graduates unemployable. Lack of mathematical and numeracy skills, of analytical and professional abilities place the young work-seekers at a distinct disadvantage (LFS, 2002).

Year	Source	Broad Definition	Narrow definition
Sept 1993	SALDRU	31.2	13.0
Oct 1994	OHS	31.5	20.0
Oct 1996	OHS	35.6	21.0
Oct 1998	OHS	38.6	26.1
Sep 2000	LFS	36.9	25.8
Sep 2002	LFS	41.8	30.5
Sep 2004	LFS	41.0	26.2
Sep 2005	LFS	38.8	26.7

Source SALDRU, OHS and LFS (Stats SA)

Table 7 Unemployment Rates in South Africa, 1993-2004

Sex and Population	March 2001	March 2002	March 2003	March 2004	March 2005	March 2006	March 2007
Male							
Black	29.4	31.4	32.8	29.4	26.7	25.8	25.0
Coloured	19.9	21.4	20.3	16.2	18.6	18.3	16.9
Indian/Asian	14.4	17.5	18.6	14.0	15.4	11.8	11.3
White	6.0	5.0	5.6	3.9	4.4	3.6	4.1
Average	24.6	26.1	27.2	23.9	22.4	21.6	21.1
Female							
Black	33.0	39.5	42.6	39.9	37.6	36.2	36.4
Coloured	22.8	27.2	24.7	20.2	21.2	19.6	22.9
Indian/Asian	20.5	24.0	28.7	21.0	22.6	10.2	17.9
White	8.2	8.6	7.7	6.3	5.9	6.2	4.6
Average	28.6	33.9	35.9	32.9	31.4	30.3	30.8

Source: Labour Force Survey, 2007

Table 8 Unemployment Rates over the March 2001 to March 2007 period by race and gender

The above tables show the extremely high unemployment levels South Africa has and is the reason why it is seen as one of the most pressing socio-political problems facing the government. The unemployment levels amongst the Black group of people and especially amongst the females are certainly at crisis levels.

The labour Force Survey, 2007 revealed the following:

- ❖ The largest group of persons employed in the formal sector work in the community and personal services industry (24,3% in March 2007), whereas in the informal sector the largest group work in the wholesale and trade industry (44,8%).
- ❖ In the formal sector, the downturn in the mining industry in recent years is reflected in the falling share of mining in total employment, from 8,2% in March 2001 to 5,4% in March 2007.
- ❖ The contribution to total employment declined in several industries over the period March 2001 to March 2007 (mining, wholesale and trade, transport and private household).
- ❖ Over the period March 2001 to March 2007, whereas the percentage of persons employed in wholesale and retail trade in the formal sector rose from 20,3% to 23,5%, in the informal sector the percentage of persons engaged in such activities fell from 57,6% to 44,8%.

Restructuring of the economy has contributed to the skills mismatch. Modernization of the economy and the use of technology are changes that South Africa had to adopt to remain globally competitive. The economic modernization has resulted in positive economic growth and economic diversification. However, it has also resulted in the skills mismatch which defines the nature of the structural unemployment in South Africa (Labour Force Survey, 2002).

2.5.1 Labour market flexibility

Labour market flexibility refers to the deregulation of labour market policies, industrial relations, the contractual arrangements between employers and employees and social welfare legislation. Market forces play a greater role in determining the matching of supply and demand for labour. A more flexible labour market has some positive features namely, more job creation and lower labour costs to the business sector. However, how will the worker be affected? The impact on the professional and the highly skilled class of workers may be negligible (SAIRR, 2001).

The workers in the semi-skilled and unskilled classes may be adversely affected. South Africa has a relatively large unskilled workforce, therefore the controversial nature of this issue, becoming a political issue in many respects. The extent of labour market regulation cannot be viewed in isolation. It has to be considered in conjunction with macro-economic and industrial policies and how the economy is viewed by potential investors (SAIRR, 2001).

2.5.2 The Regulatory Framework

Four significant items of labour legislation in South Africa have been passed since 1995. The most important of these have been the Labour Relations Act (1995) and the Basic Conditions of Employment Act (1997). The Employment Equity Act seeks to eliminate unfair discrimination in employment and makes provision for the corrective measures to compensate for the denial of past opportunities to South Africans who were disadvantaged by discrimination and oppression under apartheid (SAIRR, 2001).

It targets the domain of employment training, opportunities for promotion and equitable remuneration as the site for the rectification of these imbalances, particularly with respect to black people, women and people with disabilities. The objective of this measure is to ensure that greater equity in all occupational categories and levels is achieved at the workplace. Employers

who employ 50 or more workers are obliged to develop specific affirmative action plans.

The Skills Development Act (1998) and the Skills Development Levies Act (1999) is an attempt to strengthen the link between the workplace education and training and economic growth and creation of employment opportunities. One of the guiding principles of the National Skills Development Strategy is that skills development should be demand-led. What this means is that a realistic assessment should be made of how skills are to be deployed based on existing demands in the economy.

The emphasis should be on skills and competencies required to support productivity, international competitiveness, the mobility of workers, self-employment and the meeting of defined and articulated community needs. The employers as a group have welcomed the regulatory framework but have at the same time cautioned that the cost implications of the new conditions would exert an effect on their capacity to expand employment. Many also cautioned that there would be a substitution for labour as they increased the capacity for capital intensive labour (SAIRR, 2001).

A study done by the South African Institute of Race Relations revealed that American companies felt that industrial relations environment in South Africa was overburdened with labour legislation and this added further industrial relations costs to the operations of investors (SAIRR, 2001). A survey done by The World Bank was undertaken to understand the structural factors contributing to a low growth rate and weak job creation capacity in the South African economy during the 1990s. Three critical constraints were identified: crime, labour relations and the shortage of skills. Analysis of the firms' responses to labour legislation identified a number of real concerns.

Apart from the costs to firms of compliance, the legal and procedural requirements with respect to the hiring and dismissal of employees, the extension of agreements and the number of trade unions with whom firms were required to do business with was identified as a 'hassle factor' for firms. The 'hassle factor' therefore was not confined solely to meeting normal wage and benefit costs of employers: it was costly for firms to devote resources to managing this dimension of their operations since it added to their implicit fixed costs of doing business with labour (SAIRR, 2001).

The World Bank survey showed that the average time required to retrench an entry level worker in large firms in 1999 was 2.7 months at a cost ranging from R2160-R2900. Overall, in 22% of all firms more than 1 out of 10 workers was involved in a disciplinary enquiry. The cost to a large firm for hiring entry-level workers was R9000, more than twice the costs to small firms. More than 40% of firms resorted to other measures to avoid the 'hassle factor'. These included hiring fewer workers, substituting machinery for labour when expansion was necessary, hiring temporary workers and sub-contracting (SAIRR, 2001).

Temporary labour provided flexibility which enabled firms to reduce the permanent work force. Sub-contracting was seen to be cheaper. The end result was a reduction in permanent formal employment certainly not what the legislation intended. The results of the survey show the dichotomy between providing protective legislation on the one hand and still balance this with the effective generation of employment through private sector investment and firm expansion on the other hand.

The growing resistance, by both foreign and domestic firms to what was perceived as a highly regulated labour market, has led to government, through the Department of Labour proposing amendments to the relevant legislation. The effects of globalization came to the forefront at this point. Firms, faced

with increasing challenges to be internationally competitive found that the cost of labour to be an impediment. Foreign investors cited the regulatory framework as one of the key reasons for their reluctance to enter the country. Pressure from these two parties led to government modifying the legislation (SAIRR, 2001).

Unions played a crucial role in South Africa's transition from the apartheid era. Now, however, they are coming under fire as major contributors to inflexibility in the South African labour market. Boccara and Moll (1997) argue that an unusually high union wage premium and highly centralized collective bargaining are important causes of this inflexibility. The rigidity of the collective bargaining system places a special burden on small employers, increases business failures and discourages start-ups and contributes to the high level of unemployment.

The South African Chamber of Business (SACOB) did a review of the regulatory and other obstacles facing business in February 1999. The main problems that policy-makers needed to address were the escalating unemployment, income inequality, economic concentration, lack of international competitiveness and low economic growth. It was SACOB's belief that inappropriate legislative and regulatory conditions were acting as a constraint on the growth and development of small businesses. It is SACOB's view that the regulatory environment should principally be of a facilitatory nature- that seeks to enhance the market system so that it can produce better development results.

SACOB believes that one of the fundamental problems with the prevailing labour legislation is that it is based on the premise that low wage competition should, as far as possible, be eliminated from the South African labour market, and that businesses should, instead, compete on the basis of costs and "intangibles" such as quality, reliability and service. The negative impact of this would not be as great if the producers and suppliers in many of the other

developed and developing economies were constrained to the same degree in their ability to compete, however this is not the case (SACOB, 1999).

The integration of national economies has resulted in a worldwide trend towards “down-sizing” and “right-sizing” that has been accompanied by outsourcing and sub-contracting to smaller businesses, with the objective of reducing costs and increasing flexibility. Since trade liberalization in South Africa, the exports have become more capital-intensive and import-intensities have increased across most product ranges but especially in the labour-intensive sectors (SAIRR, 2001).

This has resulted in South Africa effectively exporting jobs to low wage countries while at the same time pursuing an industrial and trade strategy that favours production of skills-intensive goods. The obvious objective would be to bring about a rapid increase of skills development within the labour force through training and education. However, if productivity improvements are not achieved with this process or if there is a mismatch between the demand and supply of skilled labour, there is a danger that the competitiveness will be undermined (SAIRR, 2001).

In addition, the long-term viability of jobs within the labour-intensive sectors is threatened with the elimination of low wage competition and further trade liberalization. According to SACOB, in their experience with small businesses, the perception among small business owners and managers is that the compliance “costs” associated with the labour legislation is too high acting as a disincentive to employment. This has resulted in many reducing their exposure to labour through the adoption of labour-saving technologies. Entrepreneurs simply abandon that particular economic activity when labour cannot competitively be replaced by capital, leaving the sector open to further import penetration (SACOB, 1999).

Although there are no comprehensive studies for why more adults are entering the labour market there are some explanations and they include: - (Mafiri, 2002)

- ❖ The increase in opportunities, especially for African women, with the ending of apartheid.
- ❖ Increased migration to the urban areas where job opportunities are more plentiful.
- ❖ Rising education levels.
- ❖ The increase in unemployment combined with largely stagnant real incomes may force more household members to seek paid employment.

2.6 Forms of Labour Market Disadvantage for Vulnerable Groups

Based on the literature review, the compelling sociological variables that have been studied amongst labour market participants include mainly the following:

- ❖ Race
- ❖ Age
- ❖ Gender
- ❖ Education level
- ❖ Skills (technical and vocational)
- ❖ Rural versus urban
- ❖ Family support
- ❖ Social support
- ❖ Self-employment
- ❖ Previous employment/Work experience

Based on a study done by Geeta Kingdon and John Knight that used data from 1993, 1994 and 1997, they sought to determine the reason for the inequitable distribution of unemployment in South Africa. They looked at the fol-

lowing sociological variables, investigating the variables amongst all the population groups:

- ❖ Race
- ❖ Age
- ❖ Education
- ❖ Gender
- ❖ Region

<u>Sociological Variable</u>	<u>Broad Definition Unemployment Rate</u>
<u>Race:</u>	
African	41.2%
Coloured	23.3%
Indian	17.1%
White	6.3%
<u>Age:</u>	
16-24	51.4%
25-35	35.3%
36-45	25.2%
46-55	21.3%
56-64	16.9%
<u>Education:</u>	
None	38.7%
Primary	42.5%
Junior	35.3%
Secondary	28.3%
Higher	5.7%
<u>Gender:</u>	

Male	26.2%
Female	40.7%
<u>Region:</u>	
Rural	40.3%
Urban	27.9%

Source: October Household Survey, 1997.

Table 9 Findings based on Sociological Variables

What is obvious from this study is that amongst the African group, human capital characteristics such as education and employment experience dramatically reduce the chances of employment.

The Labour Force Survey in 2000 did a study to ascertain the most important reasons why economically active people were unemployed. A summary of the responses are presented below.

Broadly Unemployed	Number	Percentage
Total	15160	100
Lack of skills or qualifications for available jobs	6614	43.6
Cannot find suitable work (salary, location of work or conditions not satisfactory)	6653	43.9
Retrenched/contract worker	1893	12.5

Source: Labour Force Survey, 2000

Table 10 Reasons for Unemployment amongst the Economically Active Population

It is widely held that unemployment is mainly structural in nature in South Africa, where the lack of relevant skills or qualifications prevents individuals from filling available jobs in the economy. The above table does support this, with more than 40% citing lack of skills as the reason for being unemployed. Another aspect this study investigates is whether a social support system prolongs the period of unemployment. Over 40% of those who cannot find suitable work are located in a household that has some sort of financial asset compared with a little over 30% of the structurally unemployed. This was not conclusive; however, voluntary unemployment must not be dismissed. In the South African context old age pensions are often used to support the whole household, not only the pension recipient. Pensioners often represent the centre, around which poorer households are constituted (Bhorat and Oosthuizen, 2005).

Another aspect that was researched was to try and ascertain the most important reason the unemployed failed to choose self-employment. Barriers to entry is the conclusion by Geeta Kingdon and John Knight in their study in 1997. This conclusion is supported by a paper written in March 2006 by the Development Policy Research Unit in the School of Economics at the University of Cape Town.

For Africans and other non-whites, there have been so many forms of discrimination and disadvantage in the South African labour market that it would be hard to identify what has been the most important.

2.6.1 Disadvantaged Due to Unequal Schooling and Training

Under apartheid, per capita spending on schooling was much less for Africans than for others. Another burden on Africans was the language requirement in schools, obliging students to learn Afrikaans and English in addition to their home language. Location disadvantage is another legacy of apartheid. There has been a lack of symbiosis between schooling, vocational training and

placement across a wide range of educational and training institutions. Training has been 'racially determined,' with far more whites receiving training in most occupations, with scarcely any Africans receiving training for managerial positions (Barker, 1996).

2.6.2 Disadvantaged by Recruitment Practices

Company recruitment officers have raised entry requirements for various jobs to exclude many. In addition advertisements for apprenticeships have been placed mainly in 'white-readership' newspapers and not in those orientated to black readers (Barker, 1996).

2.6.3 Disadvantaged by Occupational Crowding

The racial divisions of wage labour under apartheid concentrated blacks in manual (unskilled labour). 'Skilled' jobs and managerial positions were reserved for whites. Once established, such patterns of occupational segregation become extremely hard to overcome. African workers have suffered from the shifting division of labour, involving a gradual shift from unskilled to semi-skilled and skilled jobs (Barker, 1996).

2.6.4 Disadvantaged by Sector of Employment

If a particular group is concentrated in a few sectors and especially if those sectors are not growing, their labour market position will probably be much weaker than otherwise (Barker, 1996).

2.6.4 Disadvantaged through Work Status

Work status is an indicator of most forms of labour security. Africans have been concentrated in relatively insecure forms of employment. Large numbers have been concentrated in small-scale 'informal' units, typically outside the range of regulatory forms of labour protection (Barker, 1996).

2.6.5 Disadvantaged by Income

The racial income gap has been so endemic in South Africa that it has been the defining characteristic of the labour market. Over many decades, labour market mechanisms have systematically widened differentials, notably by restricting blacks to certain types of activity, types of area and types of job.

Access to fringe benefits and occupational welfare or entitlement to benefits or compensation are usually greater and more secure for higher-income earners and are a main source of income security for privileged groups.

In summary labour market disadvantage for Africans has remained a cumulative process, beginning with schooling, being intensified through the training and job-allocation systems and further intensified by patterns and practices of job grading and occupational mobility within enterprises. It has been overlaid by their relative concentration in precarious work statuses and in small-scale, informal units. The disadvantage is so structural and systemic that it would be unrealistic to expect much progress unless all elements in the process were addressed in a coherent and sustained manner (Barker, 1996).

2.7 Features of the Labour Market Which May Influence Unemployment Level

One of the biggest challenges in economics today is to explain what causes unemployment. Economists who study European unemployment often point out that it must be labour market regulations (Di Tella & MacCulloch, 2002). This view has been adopted by the World Bank and the IMF, which now insist that countries make their labour market practices more flexible when providing them with financial support. There are certain features of labour markets that may influence employment levels. They are as follows:-

2.7.1 Direct Rigidities

Labour market legislation is typically put in place to protect employees from arbitrary, unfair or discriminatory actions on the part of employers. In so doing, it may raise the effective cost to firms of employing workers and/or raise the effective cost of adjusting levels of employment. Laws that raise the cost of labour, notably those relating to employment protection, will tend to reduce the inflow into unemployment and because they make firms more cautious about hiring, will also reduce the flow out of unemployment into work (Freeman, 1998).

2.7.2 The treatment of the unemployed

There are two aspects of the treatment of unemployed individuals, which may be termed passive and active. The passive is exemplified by the payment of unemployment benefits for a given period. Active policies, on the other hand, consist of measures that attempt to ensure that the unemployed individual is able and willing to take up work. On the passive side, generous benefits systems influence unemployment via two mechanisms. Firstly, they reduce the fear of unemployment and hence directly increase upward pressure on wages from employees (e.g. via unions). Secondly, they reduce the 'effectiveness' of unemployed individuals as potential fillers of vacancies, by allowing them to be choosier.

The other important feature of the benefit system is the duration of entitlement. Long-term benefits generate long-term unemployment. The impact of a relatively generous benefit system might be offset by suitable active measures to push the unemployed back to work. Such policies seem to work particularly well when allied to a relatively short duration of benefit entitlement, reducing long-term unemployment while alleviating the social distress that might be caused by simply discontinuing benefits without offering active assistance toward a job. However, there is a suggestion that while high benefits lead to high unemployment, they also lead to high participation because they

make participation in the labour market more attractive because participation is necessary to be eligible for the high benefits (Freeman, 1998).

2.7.3 Wage determination and unions

The key features of wage determination systems are the extent to which wages are determined collectively, via union bargaining and the degree to which employers and unions coordinate their wage bargaining activities given that wages are determined collectively. Unions tend to affect pay and thus one would expect the extent of union activity in an economy to influence unemployment (Freeman, 1998).

2.7.4. Minimum wages

There appears to be no consensus on the impact of minimum wages on unemployment (Freeman, 1998).

2.7.5 Labour supply measures

Two much canvassed solutions to unemployment are reduced hours of work and early retirement. Advocates of these measures often seem to imagine that there is some exogenously given level of work to be done. In fact, all historical evidence shows that for a given institutional structure, the amount of work to be done tends to adjust in line with the available supply of labour, leaving equilibrium unemployment unaffected (Freeman, 1998).

2.7.6 Shifts in the demand for skills and unemployment

In all countries there has been an increase in the relative demand for skilled workers (as against unskilled workers) that has been greater than the increase in their relative supply. This is a huge problem which faces the South African labour market (Freeman, 1998).

From the above it is evident that there are certain definite factors that are associated with high unemployment. Briefly they are as follows: - (Freeman, 1998)

- ❖ Generous unemployment benefits that are allowed to run on indefinitely, combined with little or no pressure on the unemployed to obtain work and low levels of active intervention to increase the ability and willingness of the unemployed to work.
- ❖ High unionization with wages bargained collectively and no coordination between either unions or employers in wage bargaining.
- ❖ High minimum wages.
- ❖ Poor education standards at the bottom end of the labour market.

Labour market rigidities that do not appear to impact seriously on unemployment levels are as follows: - (Freeman, 1998).

- ❖ Strict employment protection legislation and general legislation on labour market standards.
- ❖ Generous levels of unemployment benefits as long as they are accompanied by pressure on the unemployed to take jobs, e.g. fixing the duration of the benefits and providing resources to increase the ability and willingness of the unemployed to take jobs.
- ❖ High levels of unionization and union coverage as long as they are offset by high levels of coordination in wage bargaining, especially amongst the employers

There is an observed increase in the skill premium in the United States and in the United Kingdom. There is debate surrounding the reason for this. Is this attributed to the increase in trade with low-wage countries or due to biased

technological change? The US and UK experiences of a rapidly rising skill premium are relatively unique among industrialized countries (Dewatripont, Sapir and Sekkat, 1999; Fortin & Lemieux, 1997; Krugman, 1995; OECD, 1996). These trade and technology changes have a widespread impact yet other industrialized countries have not experienced an increase but rather a decline in skill premium.

Fortin & Lemieux, 1997; Freeman, 1995; Siebert, 1997 argued labour market institutions as a possible explanation. They argue that when relative demand for unskilled labour falls, either prices (i.e. wages) or quantities (i.e. employment) have to adjust. If wages of unskilled workers are inflexible due to labour market rigidities, a fall in demand for unskilled labour does not necessarily increase the premium of skilled labour but rather results in an increase in unemployment of unskilled workers.

If wage rates do not fall when the demand for labour declines, it is difficult for import-competing industries to remain competitive. Without wage rigidities, imports lower demand for domestic labour, which leads to a fall in wages and allows domestic producers to lower their prices. But if wage rates are rigid due to labour-market institutions, domestic producers will not be able to compete with imports, and the industry will eventually disappear (Brecher, 1974).

2.8 What Is The Appropriate Model For The South African Labour Market?

South Africa's labour market has undergone a transformation since 1994, with an emphasis being placed on strategies that eliminate the labour inequalities of the past and improve general working conditions for all. Following the onset of democratic rule in South Africa in April 1994, it soon became clear that the transition was a political one, in the narrowest sense of the term. The democratic government inherited a labour market that has been subject to the

long-run effects of both structural shifts and technological change in the domestic economy (SACOB, 1999).

There has been a shift from the primary sectors toward the services sectors. In addition there have been significant increases in capital-labour ratios. The labour market consequences of these changes have resulted in an increased demand for highly-skilled workers combined with large scale job losses at the bottom-end of the labour market. The new South African government was and continues to be saddled with the consequences of apartheid, economic outcomes brought about by legislated racial exclusivity (Gahan and Robinson, 1998).

The challenge within the arena of the labour market is certainly a major one. The inability of the domestic economy to generate sufficient jobs has certainly come under scrutiny. It is widely held that despite improved economic growth rates during the 1990s and 2000s, these have not been matched by increased utilization of South Africa's labour resources. Due to slow rates of employment expansion, it is widely held that South Africa has experienced 'jobless growth'. Jobless growth can be defined in two ways although the difference is not explicit (Gahan and Robinson, 1998).

Firstly, jobless growth may refer to a situation whereby the overall economy is growing, but the absolute employment level is stagnant or falling, rendering near-zero or negative employment growth rates. Alternatively, the term may be used to describe a situation whereby the overall economy is growing, while the rate of unemployment is rising, equating to employment growth lagging labour force growth (Altman, 2003).

It is the labour market that lies at the centre of access to income in the long-run. A well-functioning, job-generating labour market remains the key to reducing poverty and inequality levels in the domestic economy. The South Af-

rican labour market is characterized by an oversupply of unskilled and a shortage of skilled ones. High population growth constantly exceeds the growth in employment demands. This is compounded by the consistent loss of jobs in the formal sector, as the country's economy moves away from labour-intensive to capital intensive operations (Gahan and Robinson, 1998).

South Africa faces many difficult problems in designing economic institutions in the post apartheid era. No sub-set is more controversial than those which condition and structure exchange in the labour market. What set of institutions will help solve the key social problems of inequality and unemployment in a way which is compatible with economic growth and prosperity?

Whether the South African government's adoption of a regulated labour market, supportive of strong unions and collective bargaining, the introduction of minimum wages and employment protection legislation is the answer or should it seek to deregulate the labour market in an attempt to approximate the workings of a competitive labour market? This is certainly a very contentious issue at present due to the escalating unemployment. The inflexibility of the South African labour market has been implicated as one of the key reasons for this (Gahan and Robinson, 1998).

What is the right model for South Africa? What is the best way to structure labour market institutions given the policy goals of reducing poverty and inequality, stimulating employment and increasing productivity? The South African labour market is regarded by many as being relatively inflexible and this is often cited for the low employment generation. The argument is that the labour relations system heavily favours the 'insiders' who have regular jobs at the expense of 'outsiders' namely the unemployed and the discouraged workers. In addition the trade unions have power in creating a large union effect with wage gains only loosely tied to productivity increases. Pro-labour legislation is also associated with benefits e.g. maternity leave, overtime etc. and

employment security provisions that reduce flexibility (Gahan and Robinson, 1998).

Labour market flexibility is an area of critical concern in South Africa, a viewpoint supported in surveys of South African managers and international investors. The evidence on unemployment by skill class and remuneration trends also provides conformation that job creation among the unskilled and semi-skilled labour force has been constrained by rising real wages. The World Economic Forum's Global Competitiveness Report (1999: Tables 7.02-7.05, 7.09) ranks South Africa at the bottom of its fifty-nine nation comparison on whether labour regulations on wages, hours or dismissals favour flexibility.

The Competitiveness Report asks groups of domestic business leaders to rank their agreement or disagreement with statements such as, "Hiring and firing practices are flexibly determined by employers". South African executives strongly disagreed. South Africa ranked last on most matters concerning flexibility, labour relations and the work ethic of the labour force when compared with business counterparts in other economies. In July 2000 the Department of Labour proposed a number of amendments to the labour legislation after recognizing that the labour market reforms might have had unintended consequences on employment creation (Gahan and Robinson, 1998).

2.9 Illegal Immigrants in South Africa

There is a widespread belief within South Africa that the number of non-citizens in the country has escalated dramatically since 1990. Estimates of the number of illegal immigrants in the country range from two to eight million. The large discrepancies in estimates of illegal immigrants residing within South Africa expose the central problem faced by any study of illegal immigration: the illegal and clandestine nature of this form of population movement provides an inadequate basis for quantification (Solomon, 1996).

There are some factors which are postulated for the migration into South Africa. They are as follows: - (Solomon, 1996).

- ❖ Socio-cultural factors
- ❖ Communications and technology
- ❖ Geographical proximity
- ❖ Precedent
- ❖ Demographic factors/population growth
- ❖ Environmental factors
- ❖ Local and increasingly global economic factors
- ❖ Political factors

Illegal immigrants have a negative impact on the domestic labour market. A report by Toolo and Bethlehem (2003) reveals that many workers feel that the presence of illegal foreign workers has a depressing effect on wages. Union officials argue that the effect of this is to decrease the access of the locals to employment opportunities.

There are certain sectors in which the illegal immigrants have a bigger presence. They are the agriculture, hotel and restaurant, construction, domestic and informal trading sectors. These immigrants are prepared to work for extremely low wages and due to their vulnerability arising from their illegal status, they are wary of embarking on industrial action. Due to these factors employers tend to prefer employing the illegal immigrants especially in the domestic sector (Toolo and Bethlehem, 2003).

The informal sector is faced with a similar problem. In this sector the illegal immigrants are not confined to the Southern African area but come from Taiwan, India, Pakistan and China. They sell their goods at far cheaper prices resulting in local hawkers losing their only source of livelihood. A problem certainly exists with regards to the impact of the illegal immigrants on the la-

bour market. The extent of the problem is, however, difficult to quantify (Toolo and Bethlehem, 2003).

2.10 Conclusion

According to Les Kettledas, the Deputy Director-General of the Labour Department, in his keynote address at the 45th session of the United Nations Commission for Social Development in New York in February 2006, the South African economy is creating jobs at a fast rate but not fast enough to keep pace with the number of new workers seeking jobs. In addition he mentions that the South African economy had grown by an average of 3% in the post-apartheid era compared with only 1% growth in the decade prior to 1994. The challenge South Africa is faced with is that the employment growth is not keeping pace with the growth in the labour force.

In addition all the job growth has been in the service sector. According to Kettledas, “there is a decline in standard employment and a significant increase in precarious forms of employment that offer low wages, poor working conditions and less social protection.” In addition lack of marketable skills also hindered the labour market. Although there has been a growth in the number of graduates from universities and technikons every year but due to lack of work experience and a mismatch of skills, this has not been responsive to the needs of the economy. The problem is compounded by the growing migration to South Africa from neighbouring countries. South Africa faces a dual challenge of creating new jobs and at the same time improving the existing ones.

Chapter 3

RESEARCH METHODOLOGY

3.1 Introduction

Research is generally carried out to assist with decision-making. There are certain characteristics of research which improve the quality of information gained and therefore the decision-making. They are as follows: - (Dawson, 2002)

1. The purpose must be clearly defined.
2. The research process should be described in sufficient detail to permit another researcher to repeat the research.
3. The research design must be thoroughly planned so that the results yielded are as objective as possible.
4. High ethical standards must be maintained.
5. Limitations must be frankly stated.
6. The analysis must be adequate for the decision maker's needs.
7. The findings must be presented unambiguously.
8. The conclusions must be justified.

This section discusses the methodology adopted for data collection and the instruments used.

There are various research strategies namely: experiment, survey, case study, grounded theory, ethnography, action research, cross-sectional and longitudinal studies and exploratory, descriptive and explanatory studies to be considered when conducting research (Saunders, Lewis and Thornhill, 2003).

3.2 Research Methodology

Research methodology is basically concerned with the way in which researchers conduct research. It focuses on what researchers are trying to do when they conduct research and how they embark on it (Saunders, Lewis and Thornhill, 2003). The study involved quantitative research. Mouton (2005) indicates that quantitative methods use standard measures that fit different opinions and experiences into a predetermined response category. This facilitates comparison and statistical analysis. This study was of a quantitative analytic nature, entailing a research methodology based on sampling techniques, fieldwork, questionnaires, the appropriate form of statistical quantification in the analytical program, SPSS, and the interpretation of the results in terms of parameters of significance projected by SPSS.

The analyses used were frequencies, percentages, chi-square and hypotheses. Frequencies refer to the number of times various subcategories of a certain phenomenon occur. From this the percentage and cumulative percentage of the occurrence of the subcategories can be calculated.

According to Uma Sekaran (1992) a hypothesis is an educated guess about a problem's solution. She defines it as a logically conjectured relationship between two or more variables expressed in the form of testable statements and these relationships are conjectured on the basis of the network of associations established in the theoretical framework formulated for the research study. The advantage of expressing relationships between variables is that they can be tested (Ghauri and Gronhaug, 2002). By expressing relationships falsification is allowed (which is at the heart of hypothesis testing). Initially research problems are often rather vague and general. By asking questions, the problem can be narrowed down and the effort concentrated on solving the real problem (Ghauri and Gronhaug, 2002).

Hypothesis building or deriving assumptions leads a researcher to the concepts and/or constructs that should be studied to get answers to the researcher's questions (Ghauri and Gronhaug, 2002). Once a clear understanding of the problems, assumptions and concepts is reached, the research design can be developed, defining how the information needed is going to be collected and then analyzed. Only at this stage can one proceed with the data collection and analysis. Interpretation of the data is followed by the drawing of conclusions which either assists with improving existing knowledge or helps solve practical problems.

The researcher based the five dissertation hypotheses on the research cited in the literature review. The formulated hypotheses appear in the results section. Existing theory was used as the basis for the hypotheses. The value of theory was to identify variables and relate them to each other and examine such relationships to provide explanations.

The Chi-Square test is used with nominal data for one sample or two or more independent samples (Sekaran, 1992). The function of this test is to test for independence of variables. The objective of the study was to ascertain if there were any significant differences between the respondents in the employed and the unemployed samples. The aim was to determine if there were any significant differences in terms of demographics, education and skills that placed the unemployed sample at a significant disadvantage in the labour market. The study was also conducted to determine the characteristics of the unemployed that made them unattractive to prospective employers resulting in long durations of unemployment creating a vicious cycle.

3.3 Designing the Study

The research design is the blueprint for fulfilling objectives and answering questions (Cooper and Schindler, 2001). Research designs can be classified by the approach used to gather primary data. There are basically two

approaches; observation or communication. The communication approach involves questioning or surveying people and recording their responses for analysis. The great strength of questioning as a primary data collecting technique is its versatility. Abstract information of all types can be gathered by questioning others (Cooper and Schindler, 2001).

There is seldom much learnt about opinions, attitudes, intentions and expectations except by questioning. The questioning technique, however, does have its shortcomings. The major weakness is that the quality and quantity of information secured depends heavily on the ability and willingness of respondents to cooperate. Respondents may also interpret a question or concept differently from what was intended by the researcher. A respondent may intentionally mislead the researcher by giving false information (Cooper and Schindler, 2001).

Selecting a design is complicated due to the availability of a large variety of methods, techniques, procedures, protocols and sampling plans. One can decide on a secondary data study, case study, survey, experiment or simulation. If a survey method is selected it has to be decided whether it should administered by postal, telephonic or email methods or via personal interviews.

The study utilized a cross-sectional survey design to do an analysis of the sociological variables that separate the employed from the unemployed in a typical peri-urban community. The questionnaire was administered via personal interviews by the researcher's assistant Ayanda Magkako. Her qualification is a diploma in Human Resource Management. Ayanda was chosen as the research assistant for the following reasons:

- ❖ Her excellent interpersonal skills.
- ❖ Her fluency in both English and IsiZulu.

- ❖ Her work experience. Ayanda had previously worked for a general practice that participated in many clinical trials. She was actively involved in the recruitment of appropriate participants after the initial screening process. She worked under the supervision of the physician. She decided not to return to work after her maternity leave. Thus her availability to assist me.

The cross-sectional survey method was deemed the most appropriate as this was seen as the simplest way of gaining access to the population under study. The samples were selected at the place of employment of the researcher, a private practice in the Upper South Coast Area.

3.4 Resource Allocation and Budgets

The study was self-funded. The main costs incurred were printing of the questionnaires, the salary and travel expenses of the field worker. There were no training costs involved as the field worker was trained by the researcher.

3.5 Sampling Design

The target population for the study was a typical peri-urban community. The researcher chose to study the African population group because it is in this group that the severity of the unemployment problem exists. The solutions to this catastrophe are certainly not simple and the implications multiple. It was the researcher's intention to try and ascertain if there were any sociological variables amongst the unemployed that placed them at a distinct disadvantage in the labour market when compared to the employed. The sociological variables chosen for the study have been researched before but under different conditions and using all the race groups as participants of the studies. Examples of these studies have been illustrated in the literature review chapter.

The Upper South Coast area was chosen as the area from which the samples were drawn. The researcher worked as a family practitioner in a general practice in this area. The sample populations were selected from the large patient base. These patients came mainly from the following areas:

- ❖ Umlazi
- ❖ Isipingo
- ❖ Folweni
- ❖ Umbumbulu
- ❖ Amazimtoti
- ❖ Scottburgh
- ❖ A handful from further down south.

This signifies the wide area of coverage and the huge population from which the participants were chosen.

Two samples each of fifty respondents constituted the two groups for the study. Sekaran (2003) states that sample sizes larger than 30 and less than 500 are appropriate for most research. It was decided that a sample of fifty would be sufficient for the purpose of this study. In addition a minimum sample of fifty would be necessary for Chi-Square testing to be carried out. The patients that present themselves to the practice do not differ significantly in their profiles on the different days or the different times that they come in for a consultation. The respondents were therefore selected non-randomly. Non-probability samples are easy to draw, but they may give misleading results if, in spite of one's judgement, they happen to be unrepresentative of the population. The major drawback of non-probability samples is that such samples give no basis for evaluating the size of the sampling variation and the error of estimation (Ghauri and Gronhaug, 2002).

The basic idea of sampling is that by selecting some of the elements in a population, conclusions can be drawn about the entire population. The

population is the total collection of elements about which one wishes to make inferences. There are several reasons for sampling. They include:-

- ❖ Lower cost- the economic advantages of taking a sample are massive.
- ❖ Greater accuracy of results- Deming argues that the quality of a study is often better with sampling than with a census. He suggests, "Sampling possesses the possibility of better interviewing (testing), more thorough investigation of missing, wrong or suspicious information, better supervision and better processing than it is possible with complete coverage."
- ❖ Greater speed of data collection.
- ❖ Availability of population elements sampling is the only process possible if the population is infinite.

The ultimate test of a sample design is how well it represents the characteristics of the population it purports to represent. The sample must be valid and the validity depends on accuracy and precision. Accuracy is the degree to which bias is absent from the sample. Precision of estimate is a second criterion of a good sample design. No sample fully represents its population in all respects since random fluctuations inherent in the sampling process do occur. This is called the sampling error and reflects the influences of chance on drawing the sample members.

The non-probability sampling technique was used in the study. The choice of participants was based on certain characteristics that the study sought to investigate; therefore not every member of the population stood an equal chance of being chosen. Certain members were excluded e.g. scholars, university students, retired persons and pensioners. This method is subjective and has limitations. The sample, compared to the entire population under study, was small. Due to the resource constraints it was not possible to have studied a larger sample, where the more reliable

method of random sampling could be used. However, the choice of participants was made as objectively as possible under the circumstances. Although there was a greater opportunity for bias to enter the sample selection procedure and distort the findings of the study, this method, however, met the sampling objectives.

The choice of subjects was made by the field worker. Judgement sampling, a type of purposive sampling method, was used in this study. Ayanda, the research assistant, was familiar with the characteristics of the population under study and the judgment sample was obtained according to her discretion. Due to her past experience in the recruitment of trial patients, the researcher respected and trusted her choice of participants. When the researcher trained Ayanda, the characteristics of the population that was studied was reinforced to her and the aim and outcome of the study was also discussed at the outset.

Ayanda was asked to choose participants based on the following:

- ❖ Participants from both rural and urban areas
- ❖ Participants from both genders
- ❖ Participants from different age groups
- ❖ Participants who had a variation of skills
- ❖ Participants who had a variation of qualifications
- ❖ Participants who had a variation of professions
- ❖ Participants who had a variation of support systems e.g. family support, old age pension etc.
- ❖ Participants who owned property and those who did not
- ❖ Participants who had different levels of completion at school

Each respondent had to sign a consent form. The name of the researcher was on the consent form. At the outset of the interview the respondents were informed that Ayanda was administering the questionnaire on behalf

of the researcher. After the pilot study, it was evident that choice of participants by the research assistant and the availability of participants posed no problem.

3.6 Research Instrument

An original questionnaire was drawn up by the researcher. The questionnaire was divided along three areas, namely demographic questions, questions related to education and lastly questions related to employment. The questions asked were decided on after doing an extensive review of the literature. Although the conditions and the population being researched were different, the variables selected for the questionnaire were questions that were asked and studied in other research projects. This helped to improve the internal validity of the questionnaire prior to construction.

The pilot study further enhanced the validity of the questionnaire. By making the alterations to the questionnaire after the pilot study, accuracy improved. In addition, the variables that were intended to be measured were actually being measured. Prior to the pilot study inaccuracy, repetitiveness and redundancy were problems on the questionnaire that were not obviously evident to the researcher when the questionnaire was drawn up.

Almost all the questions were close-ended. Factor analysis and reliability testing were not carried out as the lickert type of scale was not used in this questionnaire. The questionnaire was the ideal instrument as the questions asked were on subjects that were exclusively internal to the respondents. The personal interview technique was chosen. This was thought to be the most appropriate method. Self-administered questionnaires via email and post and questionnaires administered telephonically were not considered as the majority of the respondents came from low socio-economic condi-

tions with no access to computers, telephones and a reliable postal service.

Face to face interviews were chosen as the method of choice despite the higher cost than self-completion of the questionnaires. The advantages of the face to face interviews were that some questions were slightly longer and more complex than others. In addition there was good control of question order. The interviewer was able to establish rapport. There was a better response rate, good control of response situation and good quality of recorded response.

The self-completion questionnaire can be subject to response bias-people with reading and/or writing difficulties are less likely to respond. These skills are not called for in the interview situation. The survey questions were designed to help achieve the goals of the research and to answer the research questions. The ideal questionnaire is one that provides a valid measure of the research questions, gets the cooperation of respondents and elicits accurate information. The method chosen for the study was the most appropriate to get an adequate response rate.

When drawing up the questionnaire the researcher had to consider various factors covering numerous issues, which guided the instrument designer in selecting appropriate question content:

- ❖ Should this question be asked?
- ❖ Is the question of proper scope and coverage?
- ❖ Can the respondent adequately answer this question, as asked?
- ❖ Will the respondent willingly answer this question, as asked?

In addition, the questions were revised several times before it satisfied the following criteria:-

- ❖ Is the question stated in terms of a shared vocabulary?

- ❖ Does the question contain vocabulary with a single meaning?
- ❖ Does the question contain unsupported or misleading assumptions?
- ❖ Does the question contain biased wording?
- ❖ Is the question correctly personalized?
- ❖ Are adequate alternatives presented within the question?

The questions were predominantly closed responses which were dichotomous, multiple choices and rating and ranking response strategies.

The design of the questionnaire was influenced by the need to relate each question to the others in the instrument.

There were certain guidelines the researcher followed in drawing up the questionnaire:-

- ❖ The question process must quickly awaken interest and motivate the respondent to participate.
- ❖ The respondent was not confronted by early requests for information that would be considered personal or ego threatening. The questions that were thought to influence the respondent to discontinue or terminate the questioning process were placed near the end.
- ❖ The questioning process began with simple items and moved to the more complex and moved from the general items to the more specific.

3.7 Pilot Study

Pretesting was done to improve survey results. The pilot study drew subjects from the target population and simulated the procedures and protocols that were designated for data collection. The respondents were not statistically selected. The pilot study included ten participants from each sample group. Pretesting is an established practice for discovering errors. In addition it was useful for training the fieldworker. An important pur-

pose of the pretesting was to discover the respondents' reaction to the questions. The pretesting also helped to check for meaningfulness to the respondent. Did the question evoke the same meaning as that intended by the researcher? Pretesting also assessed the flow of the questionnaire.

The following changes to the questionnaire needed to be made following the pilot study:

- ❖ The pilot study picked up repetitiveness and redundancy. This had to be corrected.
- ❖ Adjustments had to be made to some of the questions so that the sound and its transition were fluid.
- ❖ The question sequence needed adjustment. The more sensitive questions were placed last. Whilst carrying out the pilot study the research assistant noticed reluctance on the part of the participants to answer some questions. However, once the sequence was adjusted, after establishing rapport with them and first going through all the less sensitive questions, this no longer posed a problem during the study.

The findings of the pilot study are difficult to comment on since adjustments were made to the questionnaire. However, for the questions that remained the same, frequencies and percentages were carried out and the findings were similar to the findings in the study sample.

3.8 Surveys

The design for this study was a survey. Typical features of surveys are the use of a fixed, quantitative design and a cross-sectional design (Dawson, 2002).

Advantages:

- ❖ Provide a relatively simple and straight forward approach to the study of attitudes, values, beliefs and motives.
- ❖ They may be adapted to collect generalizable information from almost any human population.
- ❖ High amounts of data standardization.
- ❖ With interview surveys the interviewer can clarify questions.
- ❖ The presence of the interviewer encourages participation and involvement.

Disadvantages:

- ❖ Data are affected by the characteristics of the respondents (e.g. their memory, knowledge, experience, motivation and personality).
- ❖ Respondents won't necessarily report their beliefs, attitudes etc accurately.
- ❖ Data may be affected by characteristics of the interviewers.
- ❖ Data may be affected by interactions of interviewer/respondent characteristics.
- ❖ Respondents may feel their answers are not anonymous and be less forthcoming or open.

3.9 Problems and Points of Interest Experienced by the Field-worker

One problem that the field worker experienced when choosing the unemployed respondents was resistance to signing the consent forms by a large number of the respondents. Their fear was that the information would be used against them in some way and would add to the difficulties they already faced. It took some explaining and a great deal of reassurance from the field worker before obtaining signed consent from many of the

unemployed respondents. Interestingly the employed respondents displayed minimal resistance and willingly signed the consent forms.

The other problem encountered was the refusal to give contact numbers by many of the respondents. They feared being contacted if their responses were not the ones expected by the researcher. They believed that there were correct versus incorrect answers and the research assistant had an expectation with regards to their responses. It took a lot of reassurance to get them to believe otherwise.

Many of the respondents were not happy to reveal their salary scales. It took much explaining and reassurance once again from the field worker to extract this information. Once again the respondents feared repercussions if this information was made known to people outside the study. The respondents who earned well thought that they would be targeted by members of the community who would request help from them or they would be targeted as victims of crime.

The questions which the researcher deemed sensitive and placed towards the latter part of the questionnaire were answered without much resistance. The field worker had the impression that the questions were answered honestly by the large majority.

3.10 Conclusion

The survey technique was used for the purposes of this study. A questionnaire administered by a research assistant was the research tool. The questionnaire consisted of three areas of focus, namely demographic, educational and employment areas of focus. It was an original questionnaire but based on a theoretical foundation. The questionnaire was administered to two sample groups and consisted of mainly close-ended questions. The non-probability

sampling technique was used. Despite its subjectivity, this process did fulfill the study objectives.

Chapter 4

STATEMENT OF FINDINGS AND ANALYSIS OF DATA

4.1 Introduction

This chapter will be a presentation of the data obtained from the study, the analysis of the data and the findings. The first part of the chapter will outline the profile of the sample. The second part will be a presentation of five hypotheses. The Chi-Square test will be used to test for independence of the variables.

4.2 Sample Profile

			Group		Total
			Employed	Unemployed	
Age	15-20	Count	5	4	9
		% within Group	10.0%	8.0%	9.0%
	21-30	Count	11	17	28
		% within Group	22.0%	34.0%	28.0%
	31-40	Count	21	11	32
		% within Group	42.0%	22.0%	32.0%
	41-50	Count	7	9	16
		% within Group	14.0%	18.0%	16.0%
	51-60	Count	5	8	13
		% within Group	10.0%	16.0%	13.0%
	61-65	Count	1	1	2
		% within Group	2.0%	2.0%	2.0%
Total		Count	50	50	100
		% within Group	100.0%	100.0%	100.0%

Table 11 Frequencies and Percentages of the Age Group

The majority of the employed and unemployed samples fell between 21-40 years of age, 64% in the employed sample and 56% in the unemployed sample.

			Group		Total
			Employed	Unemployed	
Gender	Female	Count	30	30	60
		% within Group	60.0%	60.0%	60.0%
	Male	Count	20	20	40
		% within Group	40.0%	40.0%	40.0%
Total		Count	50	50	100
		% within Group	100.0%	100.0%	100.0%

Table 12 Frequencies and Percentages of the Gender

60% of the respondents in both the employed and unemployed samples were female. This may signify the increasing number of females entering the labour market. This trend is different to the one in less recent times where traditionally the Black females did not seek employment for various reasons. They played the more traditional role of mother and house wife. This change is certainly following the Western trend where in more and more households both spouses seek employment.

			Group		Total
			Employed	Unemployed	
Marital Status	Single	Count	33	32	65
		% within Group	66.0%	64.0%	65.0%
	Married	Count	15	15	30
		% within Group	30.0%	30.0%	30.0%
	Divorced	Count	0	3	3
		% within Group	.0%	6.0%	3.0%
	Widowed	Count	2	0	2
		% within Group	4.0%	.0%	2.0%
Total		Count	50	50	100
		% within Group	100.0%	100.0%	100.0%

Table 13 Frequencies and Percentages of the Marital Status

The marital status of the majority of the respondents in both samples was single, 66% in the employed sample and 64% in the unemployed sample. This result was expected. Marriage amongst the Black population still follows very traditional values. Part of the Black culture is payment of Lebola by the male to the female’s family before the marriage ceremony (very similar to the Indian dowry system). This expense acts as a deterrent to a marriage proposal.

			Group		Total
			Employed	Unemployed	
Area that you grew up in	Urban	Count	25	26	51
		% within Group	50.0%	52.0%	51.0%
	Rural	Count	25	24	49
		% within Group	50.0%	48.0%	49.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

Table 14 Frequencies and Percentages of the Area the Respondents Grew Up In

There was no marked difference amongst the respondents of both sample populations as to the area they grew up in.

			Group		Total
			Employed	Unemployed	
Did you receive formal schooling	Formal	Count	48	45	93
		% within Group	96.0%	90.0%	93.0%
	Self-education	Count	2	5	7
		% within Group	4.0%	10.0%	7.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

Table 15 Frequencies and Percentages of Formal Schooling

Formal education was received by the majority in both population groups, 96% in the employed sample and 90% in the unemployed sample.

			Group		Total
			Employed	Unemployed	
What was the highest grade passed?	Lower primary	Count	1	5	6
		% within Group	2.1%	10.0%	6.1%
	Completed primary school	Count	2	4	6
		% within Group	4.2%	8.0%	6.1%
	Lower high school	Count	10	16	26
		% within Group	20.8%	32.0%	26.5%
	Completed matric	Count	35	25	60
		% within Group	72.9%	50.0%	61.2%
Total	Count	48	50	98	
	% within Group	100.0%	100.0%	100.0%	

Table 16 Frequencies and Percentages of the Highest Grade Passed

What stands out here is that 72.9% of the employed sample completed matric, whereas only 50% of the unemployed sample completed matric.

			Group		Total
			Employed	Unemployed	
What is the nature of the tertiary education?	Technikon	Count	2	2	4
		% within Group	9.1%	20.0%	12.5%
	University	Count	2	2	4
		% within Group	9.1%	20.0%	12.5%
	Private College	Count	9	2	11
		% within Group	40.9%	20.0%	34.4%
	Correspondence	Count	2	0	2
		% within Group	9.1%	.0%	6.3%
	Other	Count	7	4	11
		% within Group	31.8%	40.0%	34.4%
Total	Count	22	10	32	
	% within Group	100.0%	100.0%	100.0%	

Table 17 Frequencies and Percentages of the Nature of Tertiary Education

In 72.7% of the employed sample attended a private college or other institute for their tertiary education. Only 9.1% of this sample population attended a university. 60% of the unemployed sample attended a private college or other

institute for their tertiary education. Surprisingly 20% of this sample population attended university.

			Group		Total
			Employed	Unemployed	
Are you able to read/write English	Read only	Count	2	3	5
		% within Group	4.0%	6.0%	5.0%
	Read and Write	Count	45	40	85
		% within Group	90.0%	80.0%	85.0%
	Unable to read and write	Count	3	7	10
		% within Group	6.0%	14.0%	10.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

			Group		Total
			Employed	Unemployed	
What is your assessment of your ability to read and write in English?	Excellent	Count	18	12	30
		% within Group	36.0%	24.0%	30.0%
	Very good	Count	16	13	29
		% within Group	32.0%	26.0%	29.0%
	Good	Count	12	16	28
		% within Group	24.0%	32.0%	28.0%
	Poor	Count	2	4	6
		% within Group	4.0%	8.0%	6.0%
	Very poor	Count	2	5	7
		% within Group	4.0%	10.0%	7.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

Table 18 Frequencies and Percentages of the Ability to Read and Write in English

The majority of the respondents in both sample populations are able to read and write in English, namely 90% in the employed sample and 80% in the unemployed sample. The majority in both sample populations also rated their ability to read and write in English from good to excellent, namely 92% in the employed sample and 82% in the unemployed sample.

			Group		Total
			Employed	Unemployed	
Are you able to read/write isiZulu	Read only	Count	2	4	6
		% within Group	4.0%	8.0%	6.0%
	Read and Write	Count	46	45	91
		% within Group	92.0%	90.0%	91.0%
	Unable to read and write	Count	2	1	3
		% within Group	4.0%	2.0%	3.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

			Group		Total
			Employed	Unemployed	
What is your assessment of your ability to read and write in isiZulu?	Excellent	Count	37	23	60
		% within Group	74.0%	46.0%	60.0%
	Very good	Count	5	11	16
		% within Group	10.0%	22.0%	16.0%
	Good	Count	6	11	17
		% within Group	12.0%	22.0%	17.0%
	Poor	Count	1	4	5
		% within Group	2.0%	8.0%	5.0%
	Very poor	Count	1	1	2
		% within Group	2.0%	2.0%	2.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

Table 19 Frequencies and Percentages of the Ability to Read and Write in IsiZulu

The majority of respondents in both sample populations are able to read and write in IsiZulu, namely 92% in the employed sample and 90% in the unemployed sample. The majority in both sample populations also rated their ability to read and write in IsiZulu from good to excellent, namely 96% in the employed sample and 90% in the unemployed sample.

			Group		Total
			Employed	Unemployed	
How would you rate your computer skills?	Excellent	Count	6	1	7
		% within Group	12.0%	2.0%	7.0%
	Very good	Count	9	1	10
		% within Group	18.0%	2.0%	10.0%
	Good	Count	13	13	26
		% within Group	26.0%	26.0%	26.0%
	Poor	Count	7	7	14
		% within Group	14.0%	14.0%	14.0%
	Very poor	Count	15	28	43
		% within Group	30.0%	56.0%	43.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

Table 20 Frequencies and Percentages of Computer Skills

Only 2% of the unemployed sample rated their computer skills as excellent, whereas 56% rated their skills as very poor in this group. In the employed sample 12% rated their ability as excellent and 30% rated their ability as very poor.

			Group		Total
			Employed	Unemployed	
Do you have any technical skills?	Yes	Count	4	2	6
		% within Group	8.0%	4.0%	6.0%
	No	Count	46	48	94
		% within Group	92.0%	96.0%	94.0%
Total	Count	50	50	100	
	% within Group	100.0%	100.0%	100.0%	

			Group		Total
			Employed	Unemployed	
If yes what level of technical skills do you have?	0	Count	46	46	92
		% within Group	92.0%	93.9%	92.9%
	N1	Count	0	2	2
		% within Group	.0%	4.1%	2.0%
	N2	Count	2	0	2
		% within Group	4.0%	.0%	2.0%
	N3	Count	1	0	1
		% within Group	2.0%	.0%	1.0%
	Other	Count	1	1	2
		% within Group	2.0%	2.0%	2.0%
Total	Count	50	49	99	
	% within Group	100.0%	100.0%	100.0%	

Table 21 Frequencies and Percentages of Technical Skills

The majority of respondents in both sample populations lacked technical skills, namely 92% in the employed sample and 96% percentage in the unemployed sample. This is in keeping with the severe skills shortage South Africa faces. 4% of the employed sample has an N2 skill level and 4.1% of the unemployed sample has an N1 skill level.

			Group		Total
			Employed	Unemployed	
How effective is the labour legislation?	Very effective	Count	16	9	25
		% within Group	32.7%	19.1%	26.0%
	Effective	Count	23	22	45
		% within Group	46.9%	46.8%	46.9%
	Not effective at all	Count	10	16	26
		% within Group	20.4%	34.0%	27.1%
Total	Count	49	47	96	
	% within Group	100.0%	100.0%	100.0%	

Table 22 Frequencies and Percentages of Labour Legislation Effectiveness

79.6% of the employed sample thinks that the labour legislation is effective to some degree versus 65.9% of the unemployed sample.

			Group		Total
			Employed	Unemployed	
Who legislation favours	Worker	Count	10	17	27
		% within Group	20.4%	36.2%	28.1%
	Management	Count	20	18	38
		% within Group	40.8%	38.3%	39.6%
	Both	Count	19	12	31
		% within Group	38.8%	25.5%	32.3%
Total	Count	49	47	96	
	% within Group	100.0%	100.0%	100.0%	

Table 23 Frequencies and Percentages of Who the Legislation Favours

40.8% of the employed sample thinks that the labour legislation favours management versus 38.3% of the unemployed sample. 36.2% of the unemployed sample thinks that the labour legislation is in favour of workers versus 20.4% of the employed sample.

			Group		Total
			Employed	Unemployed	
Do you think that the labour legislation is fair to all race groups?	Yes	Count	32	26	58
		% within Group	66.7%	57.8%	62.4%
	No	Count	16	19	35
		% within Group	33.3%	42.2%	37.6%
Total	Count	48	45	93	
	% within Group	100.0%	100.0%	100.0%	

Table 24 Frequencies and Percentages of Fairness of Labour Legislation to the Different Race Groups

66.7% of the employed sample thinks that the labour legislation is fair to all race groups versus 57.8% of the unemployed sample.

The following tables will demonstrate certain variables that were exclusively asked to the unemployed sample.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<6 months	8	8.0	17.8	17.8
	6-18 months	14	14.0	31.1	48.9
	19-36 months	7	7.0	15.6	64.4
	>36 months	16	16.0	35.6	100.0
	Total	45	45.0	100.0	
Missing	System	55	55.0		
Total		100	100.0		

Table 25 Frequencies and Percentages of Duration of Unemployment

5.6% have been unemployed for more than 3 years.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	42	42.0	89.4	89.4
	No	5	5.0	10.6	100.0
	Total	47	47.0	100.0	
Missing	System	53	53.0		
Total		100	100.0		

Table 26 Frequencies and Percentages of Whether Only the Employed are protected by the Labour Legislation

An overwhelming 89.4% responded in the positive, implying they believed that only the employed were protected by the Labour Legislation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	19	19.0	38.0	38.0
	No	31	31.0	62.0	100.0
	Total	50	50.0	100.0	
Missing	System	50	50.0		
Total		100	100.0		

Table 27 Frequencies and Percentages of those living in Poverty as a result of Unemployment

Surprisingly only 38% admitted to living in poverty as a result of unemployment.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Improving skills	4	4.0	9.1	9.1
	Getting an education	5	5.0	11.4	20.5
	Nothing	27	27.0	61.4	81.8
	Other	8	8.0	18.2	100.0
	Total	44	44.0	100.0	
Missing	System	56	56.0		
Total		100	100.0		

Table 28 Frequencies and Percentages of those who have occupied themselves whilst Unemployed.

61.4% have not been actively involved in any activity to improve their chances of securing employment. Only 9.1% have made some effort towards improving their skills.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	7.0	15.2	15.2
	No	39	39.0	84.8	100.0
	Total	46	46.0	100.0	
Missing	System	54	54.0		
Total		100	100.0		

Table 29 Frequencies and Percentages of those who have skills other than what was required for previous employment

An overwhelming 84.8% lacked skills that would secure them employment in a sector that was different to the sector they previously worked in.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	7.0	14.9	14.9
	No	40	40.0	85.1	100.0
	Total	47	47.0	100.0	
Missing	System	53	53.0		
Total		100	100.0		

Table 30 Frequencies and Percentages of Involvement in Schemes to become Self-sufficient

85.1% were not involved in any activities to make them self-sufficient.

		Responses		Percent of Cases
		N	Percent	
Reason for lack of involvement	Opportunities not available	6	15.0%	15.8%
	Apathy	7	17.5%	18.4%
	Lack of knowledge	13	32.5%	34.2%
	Lack of resources	9	22.5%	23.7%
	Other	5	12.5%	13.2%
Total		40	100.0%	105.3%

Table 31 Frequencies and Percentages of Reasons for lack of involvement in these Schemes

57.9% did not get involved in schemes to become self-sufficient due either to lack of knowledge or lack of resources.

		Responses		Percent of Cases
		N	Percent	
Present source of income of unemployed	UIF	3	5.6%	6.0%
	State grant	6	11.1%	12.0%
	Family support	26	48.1%	52.0%
	Retrenchment package	3	5.6%	6.0%
	Other	16	29.6%	32.0%
Total		54	100.0%	108.0%

Table 32 Frequencies and Percentages of Present Source of Financial Support

48.1% of respondents depend on family support to get by.

		Responses		Percent of Cases
		N	Percent	
Main reason for not finding work	Age	4	8.2%	10.5%
	Gender	2	4.1%	5.3%
	Race	1	2.0%	2.6%
	Lack of skills	10	20.4%	26.3%
	Poor education	19	38.8%	50.0%
	Poor health	1	2.0%	2.6%
	Disability	2	4.1%	5.3%
	Female with children	10	20.4%	26.3%
Total		49	100.0%	128.9%

Table 33 Frequencies and Percentages of Main Reason for not Finding Employment

In 59.2% the main reasons for not being able to find employment were lack of skills and poor education.

4.3 Hypotheses

Hypothesis 1

There is a relationship between Employment Status (Employed versus Unemployed) and Ownership of Property Lived in (Yes versus No)

			Group		Total
			Employed	Unemployed	
Yes	Count		23	31	54
	% within Group		46.0%	62.0%	54.0%
No	Count		27	19	46
	% within Group		54.0%	38.0%	46.0%
Total	Count		50	50	100
	% within Group		100.0%	100.0%	100.0%

Table 34 Employment Status and Property Ownership

Chi-Square Tests

	Value	df	P
Pearson Chi-Square	2.576	1	.108

Table 35 Results of Chi-Square Test: Employment Status and Property Ownership

The cross tabulation count indicates that of the participants who owned property, 23 were employed and 31 unemployed. Of the participants who did not own property, 27 were employed and 19 unemployed. The Pearson Chi-Square value of 2.576 with one degree of freedom is not significant ($p > 0.05$) i.e. property ownership and employment status is not related i.e. they are independent. Accordingly Hypothesis 1 is not substantiated.

Hypothesis 2

There is a relationship between Employment Status (Employed versus Unemployed) and financial obligations to people living away (Yes versus No)

		Group		Total
		Employed	Unemployed	
Yes	Count	20	17	37
	% within Group	40.0%	34.0%	37.0%
No	Count	30	33	63
	% within Group	60.0%	66.0%	63.0%
Total	Count	50	50	100
	% within Group	100.0%	100.0%	100.0%

Table 36 Employment Status and Financial Obligations

Chi-Square Tests

	Value	df	P
Pearson Chi-Square	.386	1	.534

Table 37 Results of Chi-Square Test: Employment Status and Financial Obligations

The cross tabulation count indicates that of the participants who have financial obligations to people living away from them, 20 were employed and 17 unemployed. Of the participants who did not have financial obligations to people living away from them, 30 were employed and 33 unemployed. The Pearson Chi-Square value of .386 with one degree of freedom is not significant ($P > 0.05$) i.e. having financial obligations to people living away and Employment Status (Employed versus Unemployed) is not related i.e. they are independent. Accordingly Hypothesis 2 is not substantiated.

Hypothesis 3

There is a relationship between Employment Status (Employed versus Unemployed) and Possession of any Tertiary Education (Yes versus No)

		Group		Total
		Employed	Unemployed	
Yes	Count	22	10	32
	% within Group	45.8%	20.0%	32.7%
No	Count	26	40	66
	% within Group	54.2%	80.0%	67.3%
Total	Count	48	50	98
	% within Group	100.0%	100.0%	100.0%

Table 38 Employment Status and Tertiary Education

Chi-Square Tests

	Value	df	P
Pearson Chi-Square	7.432	1	.006

Table 39 Results of Chi-Square Test: Employment Status and Tertiary Education

The cross tabulation count indicates that of the participants who have tertiary education, 22 were employed and 10 unemployed. Of the participants who did not have tertiary education, 26 were employed and 40 were unemployed. The Pearson Chi-Square value of 7.432 with one degree of freedom is significant ($p < 0.05$) i.e. Possession of any Tertiary Education and Employment Status (Employed versus Unemployed) is related i.e. they are dependent. Accordingly Hypothesis 3 is substantiated.

Hypothesis 4

There is a relationship between Employment Status (Employed versus Unemployed) and ability to work with figures (Excellent versus Very Good versus Good versus Poor)

		Group		Total
		Employed	Unemployed	
Excellent	Count	26	21	47
	% within Group	52.0%	42.0%	47.0%
Very good	Count	17	17	34
	% within Group	34.0%	34.0%	34.0%
Good	Count	7	11	18
	% within Group	14.0%	22.0%	18.0%
Poor	Count	0	1	1
	% within Group	.0%	2.0%	1.0%
Total	Count	50	50	100
	% within Group	100.0%	100.0%	100.0%

Table 40 Employment Status and Ability to Work with Figures

Chi-Square Tests

	Value	df	P
Pearson Chi-Square	2.421	3	.490

Table 41 Results of Chi-Square Test: Employment Status and Ability to Work with Figures

The cross tabulation count indicates that of the participants who rated their ability as excellent, 26 were employed and 21 unemployed. The Pearson Chi-Square value of 2.421 with three degrees of freedom is not significant ($p > 0.05$) i.e. the ability to work with figures and Employment Status is not related i.e. they are independent. Accordingly Hypothesis 4 is not substantiated.

Hypothesis 5

There is a relationship between Employment Status (Employed versus Unemployed) and computer skills (Excellent versus Very Good versus Good versus Poor)

	Group		Total
	Employed	Unemployed	
Excellent	6 6.0%	1 1.0%	7 7.0%
Very good	9 9.0%	1 1.0%	10 10.0%
Good	13 13.0%	13 13.0%	26 26.0%
Poor	7 7.0%	7 7.0%	14 14.0%
Very poor	15 15.0%	28 28.0%	43 43.0%
Total	50 50.0%	50 50.0%	100 100.0%

Table 42 Employment Status and Computer Skills

Chi-Square Tests

	Value	df	P
Pearson Chi-Square	13.902	4	.008

Table 43 Results of Chi-Square: Employment Status and Computer Skills

The cross tabulation count indicates that of the participants, who rated their ability as very poor, 15 were employed and 28 were unemployed. The Pearson Chi-Square value of 13.902 with four degrees of freedom is significant ($p < 0.05$) i.e. computer skills and Employment Status is related i.e. they are dependent. Accordingly Hypothesis 5 is substantiated.

4.4 Conclusion

The most significant finding from the analysis of the data is that the unemployed are certainly disadvantaged in a multitude of ways. Their poor educational background, their lack of skills and their lack of protection in the labour market certainly places them at a significant disadvantage. The long duration of unemployment and the apathy displayed during this period goes to show the extent to which they are marginalized in this society. They lack the knowledge and the resources on how to become self-sufficient and yet this may be one of the solutions to curbing the escalating unemployment in South Africa.

The employed although at an advantage in the labour market due either to their skills, expertise or tertiary education, still suffer the ill-effects of the apartheid era. They still do not have access to assets the way the more advantaged members of our society do. Property ownership even amongst the employed was found to be very low.

The chronic nature of unemployment in South Africa is illustrated by the prolonged periods of unemployment by a large number of the respondents. It is expected that the structurally unemployed would be unemployed on average for a longer period of time since unless reskilling was undertaken; it is unlikely that employment opportunities would arise.

Chapter 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The results obtained from the analysis of the data obtained from the research are both surprising with regards to certain variables and less surprising with other variables. The increase in the number of females entering the labour market was expected but to the extent in the study is surprising. It certainly represents a move away from the traditional role the Black females represented in less recent times. It depicts a trend similar to the Western countries, where females are strongly represented in the labour market.

In South Africa the increase in the number of females entering the labour market may also contribute to the labour market not being able to cope with the increase in new entrants. This is certainly contributing to the increase in unemployment. Formal schooling was received by the majority in both sample groups. However, 72.9% in the employed group completed matric and only 50% in unemployed group completed matric. The duration of unemployment in 35.6% of the unemployed sample studied was more than 36 months. This is in keeping with structural unemployment, the type of unemployment that is prevalent in South Africa.

The duration of frictional and cyclical unemployment which is prevalent in most economies as part of a natural cycle is of a much shorter duration and does not impact negatively on the economy. This lengthy duration of unemployment is of concern. What is also of concern is that other studies have shown that a large percentage of the unemployed persons in South Africa

have not previously been gainfully employed. They enter unemployment after exiting school and remain in this position for long periods.

Employment status and property ownership revealed no relationship. This was surprising. It would be expected that ownership of property was a priority if one was employed. However, this was not the case. It appears that, despite holding jobs, the Blacks still experience disadvantage in other areas.

Employment status and possession of a tertiary education were found to be dependent variables. The majority of the participants who held a tertiary education was employed and did not experience disadvantage to the extent other participants experienced in the labour market.

Employment status and possession of computer skills were found to be dependent variables. The majority of participants who admitted to having poor computer skills were also unemployed. 89.4% of the unemployed sample thought that only the employed were protected with regards to the labour legislation. The unemployed saw themselves, even if actively seeking employment, as 'outsiders' and placed at a disadvantage in the labour market.

Despite being unemployed, only 38% of the unemployed sample claimed that they lived in poverty. Their main social support system was family support. 48.1% admitted to family support being their main source of financial support.

59.2% of the unemployed participants thought their unemployment was mainly due to a poor education system and to lack of skills. This is in keeping with the poor education system in Black schools in the apartheid era. The legacy still lives on. The massive skills shortage that South Africa faces and that is contributing to the escalating unemployment was reinforced by the research findings.

With the rate at which the formal sector is shedding jobs, the question that arises is whether the informal economy could in fact absorb the high levels of the unemployed. Unfortunately, levels of people who pursue their livelihoods in the informal sector in South Africa are very low. The findings in the study support this as only 14,9% have made some effort towards earning an income in the informal sector. The main reasons cited for not getting involved in this economy are lack of opportunities, lack of knowledge and lack of resources.

One of the objectives stated in Chapter 1 was to ascertain whether there were any significant differences between the employed and the unemployed in terms of demographics, education, skills and employment and what in particular placed the unemployed at a disadvantage in the labour market. The research revealed that for the population studied poor education, lack of tertiary education and lack of skills including computer literacy placed the unemployed at a significant disadvantage in the labour market.

Another objective was to determine whether the South African Labour Market Model is appropriate. The majority of the participants responded that they felt that the legislation is working effectively, however, the majority of the unemployed participants believe that the legislation is protective of the employed only. The unemployed see themselves as 'outsiders' who lack protection placing them at a distinct disadvantage in the labour market.

The impact of illegal immigrants entering the labour market is not easy to quantify. Data available is not sufficient to draw conclusions. What is certain is that there is an influx of illegal immigrants. The crisis in Zimbabwe is acting as a catalyst for more immigrants to cross the boarder. South Africa is clearly facing a problem but the extent of the problem is not clear and the solutions are not simple.

5.2 Recommendations

It is important to be realistic about what can and cannot be done and what is feasible.

5.2.1 Improving the Education System

The education crisis has been a major contributor to the high levels of unemployment and poor social conditions experienced by many South Africans. In order to achieve sufficiently high levels of economic growth for the creation of employment opportunities, it is vital that the education system be as efficient as possible, stimulating economic growth, rather than retarding it. The following measures may be considered in a strategy to improve these educational levels of the labour force:-

- ❖ The development of equal education opportunities for all pupils, regardless of race.
- ❖ Ensuring that labour market conditions are taken into account when providing pupils with career guidance counseling.
- ❖ Ensuring that school curricula are career-focused and as relevant as possible to the employment opportunities available.
- ❖ Ensuring that the language of instruction used is conducive to good educational performance.
- ❖ Examining the need for, and ways of establishing, a possible bridge between school and tertiary education in order to counter the high drop-out rate at the latter institutions.
- ❖ Encouraging teachers with scarce qualifications to remain in service, for example by the introduction of different salary scales for teachers with mathematics and science qualifications.

5.2.2 Improving Labour Market Flexibility

Labour legislation in South Africa against a background of an abundant pool of unskilled labour is considered by investors to be troublesome and prohibitive. These rigidities need to be addressed through a deregulation of the labour market to make investment labour-friendly. It is important that initiatives to enhance flexibility and market efficiency are made to try and offset the steady growth in unemployment. Attention should perhaps focus on introducing greater wage flexibility for special groups (youth, high unemployment areas). Improved flexibility is insufficient on its own.

As Mol (1996) puts it, the abolition of *ergo omnes* (therefore all) associated with industrial councils and compulsory centralization of collective bargaining in South Africa would generate stronger employment and economic growth in the long run. It is imperative for the government to ensure that unemployed individuals have the opportunity to accept low wage employment should they desire it. Protecting the 'insiders' in employment to the detriment of the unemployed, who might already be experiencing severe impoverishment, is tantamount to a disregard of an individual's fundamental right to decide for himself/herself whether or not to work for an employer at a particular wage. By allowing workers to choose a lower wage, the cost of production would decrease, favouring labour-intensive firms entering the market and creating employment opportunities.

The main factors that influence the labour market are the government interventionist actions, aggressive trade union activities, minimum wage arrangements, exorbitant social benefit packages for workers, inadequate skills and training of workers, inappropriate production technologies and low productivity. These shortcomings are arguably structural in nature and have a direct bearing on severe poverty and the very skewed distribution of income.

5.2.3 Education and Training

Augmentation of the skills base of the labour force is necessary to improve the employability of the labour force and to improve productivity. It has been stated that one of the ways in which the quality of the labour force needs to be improved is by providing it with the skills required by the formal economy. Although it is possible for school education to be more or less skill-oriented or occupation-oriented, it usually provides the pupil with a broad knowledge and skills base. Training, on the other hand, is usually given with the focus on teaching the trainee specific occupation or industry related skills.

The education and training of an industry, or country, must be able to keep up with technological change. The adoption of technological innovations by a firm usually leads to a change in the task content of jobs within that firm and, as a result, the training needs of the firm might change. Some employees will have to be retrained in order to acquire the skills needed to perform the new tasks which their jobs require. With technological changes occurring at a rapid rate, the tradition of training for one lifetime vocation will be replaced by a pattern of lifelong education and multiple careers.

Computer literacy should form part of all school and high-level human resources training. There should be close co-operation between industries and training organizations to ensure that training is relevant to developments in industries. Arrangements should also be made to provide trainees with “hands on” experience during their training period.

The exclusivity of academic schools should be changed as far as possible to include technological studies. The state’s differentiated subsidy policy at tertiary education level should be directed towards the promotion and encouragement of directed, technical fields of study in view of the shortages of technologists in the majority of professional directions.

5.2.4 Improving the Quality of Labour

The quality of labour refers to those characteristics of the labour force which make it more competent, more productive and consequently more employable. The education, skills and productivity levels of the labour force would therefore have a profound effect on its quality. There is a shortage of highly skilled human resources in South Africa. At the same time there are masses of unskilled people who are unemployed. It stands to reason that an improvement in the quality and employability of the labour force should lead to higher levels of employment in the economy.

Improvements in the education, skills and particularly the productivity levels of the labour force may encourage more labour-intensive production. Education and training policies need to fill the growing 'skills gap'. Despite the availability of training programs at present they are inadequate to deal with the magnitude of the problem and most of them are geared towards upgrading skills of the employed rather than providing skills to the unemployed. It is absolutely necessary that more resources need to be directed towards skills development and the programs need to be more aggressive.

The training needs to focus on enhancing the 'employability' of the unemployed. Augmenting the skills base will certainly aid in growth and job creation. During the apartheid era education and training were restricted to the whites. The black majority sustained an enormous under-investment in skills and as a result being denied an opportunity to invest in their most productive assets namely their human capital. The steady emigration among the better educated groups has also eroded the skills base.

At present two fundamental strategies underpin the government's approach to reducing unemployment:-

- ❖ Increase economic growth in order to increase the net number of new jobs created. The aim is to exceed the number of new entrants into the labour market.
- ❖ Improve the education system so that the workforce is able to take up the largely skilled work opportunities which the increase in economic growth will generate.

Short to medium-term strategies should be put into place to drive these two strategies. The target group should be the older, unskilled group of labour force participants. The programme should be nation-wide. It is imperative that it covers all spheres of government and state-owned enterprises. The aim should be to draw significant numbers of unemployed into productive work accompanied by training so that they enhance their ability to earn an income. The aim for government expenditure should be to concentrate on increasing work opportunities particularly for the unskilled labour force. In addition the programme should not displace existing permanent jobs and the opportunities should be based on real demand for services.

Programmes like these of a short duration can have an immediate impact on job creation, but should not be regarded as a panacea to the employment problem. If created in poor rural backward areas of heavy unemployment, public works infrastructure harbours the potential to provide the previously disadvantaged communities with wealth creation, earning and learning opportunities. These programmes will aid in alleviating poverty and migration and make rural life more worth living. By focusing upon the poorer parts of the country and with the participation of non-governmental organizations, such programmes can have a notable effect on communities, which in all likelihood would be unaffected by a market-driven job creation strategy acting in isolation.

These programmes are not without problems. They are not sustainable in the long run in that they do not generate adequate returns as in the case of private-driven, market-oriented programmes. They need to be financed by government expenditure and this entails a drain on the fiscus, a reduction of state expenditure in other areas, or a rise in taxation with crowding-out, debt servicing and other attendant disincentive effects, all of which may have negative implications for job creation and growth. However, through creative programmes such as these, more and more people can become contributors to, as well as beneficiaries of, wealth creation. Learnership programmes for the matriculated and graduated young people need to be put in place as well. This will improve skills and productivity long term.

5.2.5 Entrepreneurship

A long-term solution to South African's unemployment and growth problem lies in the consolidation of existing entrepreneurship and in the stimulation of a new entrepreneurial class involved in small, medium and micro enterprises (SMMEs), including the informal sector. South Africa has to free its actual and potential entrepreneurs by providing an enabling climate for them to engage in risk-taking and value-adding activities that generate growth in output, investment and employment.

It is only through the vigorous exercise of entrepreneurship underpinned by millions of viable enterprises that we can create millions of jobs and sustainable growth (Vosloo, 1994). Schlemmer and Levitz (1998) argue that the '*optimal route*' to employment is through the critical mass of the informal sector and small businesses with active private-public support. Loots (1998) asserts that the informal sector has played an important role as employment creator since the mid-1980s and is still an important employment creator especially in times of a decline in formal activity.

The informal sector operates side by side with the formal sector, with complementary relationships and subcontracting linkages. These firms operate in a real business environment. In addition to government lending support in the areas of provision of capital, market access, procurement, empowerment, training and development and the provision of premises, the government needs to recognize that the intangibles for the sustainability of entrepreneurship and job creation are just as important. They include an increase emphasis on abating the high crime rate, strengthening law and order, enforcing property rights, improving the governance of institutions and service delivery and introducing greater labour market flexibilities to make investment labour-friendly.

There certainly needs to be increased support for and protection of job creators and contributors to national production. South Africa needs to take a broad route economically to achieve sustained growth, through which jobs can be created. According to Illbury and Sunter (2001:124-126 cited in Mahadea, 2003), the following elements are critical to this scenario:

- ❖ Improving the educational and training capabilities of actual and potential South African labour and maintaining a high standard of education in schools, training centres and academic institutions, compatible to market orientations in a rapidly knowledge based transforming environment (*human capital*);
- ❖ A strong work ethic, resting on a sound family system, a strong small, non-intrusive government, with minimum regulations, low taxation and no corruption (Minimum government interference-*cleaner, leaner and better*);
- ❖ A dual-logic economy, generating positive synergies between the multinationals and other large or medium-sized firms, in the corporate, mining, manufacturing and service sectors, and the small and informal sector ventures (*strategic linkages and clustering*);

- ❖ Social harmony and minorities co-existing with the majority (*security*);
- ❖ An outward-orientated outlook with a global perspective (*export-led orientation*);
- ❖ Encouraging savings through tax concessions (*savings*); and
- ❖ Mobilizing of capital to meet the needs of investors and ‘foxy’ entrepreneurs (*investment*).

5.2.6 Reducing the Supply of Labour

Theoretically, full employment exists in a country if the demand for labour is equal to the supply of labour. In developing countries, unemployment stems largely from severe pressure on the supply side of the equation since the increase in the number of job opportunities can seldom match the rapid growth of the labour force. There are certain policies which can be implemented to reduce the size of the labour force:-

5.2.6.1 Policies to reduce the size of the economically active population (EAP)

Certain measures could be taken in an attempt to reduce the size of the EAP.

- ❖ Delay an individual’s first-time entry to the labour market. Measures to achieve this include raising the age of compulsory school attendance, expanding educational and training facilities, making such facilities more accessible to the wider population and the possible institution of compulsory community service for all the youths. The absolute poverty is a deterrent as many seek employment at an early age to supplement family income.
- ❖ Encourage individuals to exit from the labour market at an earlier age. One measure would be the lowering of the statutory pensionable age and the encouraging of earlier retirement.

- ❖ Temporary exits from the labour market. This could be achieved by encouraging further adult education and training on a full-time basis.
- ❖ Stricter control over immigration into South Africa could be a way of preventing foreigners from occupying jobs which could otherwise have been occupied by South Africans. Selective measures may be necessary as there is a shortage of highly skilled human resources.

5.2.6.2 Policies to spread the available employment opportunities more evenly

The concept of 'work sharing', where a greater number of people share the available employment opportunities are a way of providing a certain relief the unemployed. Methods of enabling work sharing include:-

- ❖ Reduction of the standard work-day or work-week in order to release work-time to the unemployed.
- ❖ Restriction of the amount of overtime which can be worked.
- ❖ Job splitting whereby a full-time job is split into two part-time jobs.

5.3 Conclusion

South Africa has a serious problem of escalating unemployment. This in turns creates a vicious cycle of poverty and crime. The solutions are not simple. Creating jobs only is not the only answer. Apart from creating jobs, a concerted effort must be directed towards improving the lot of the unemployed. They need to be taught skills, given help with regards to the setting up entrepreneurial ventures in terms of funding and knowledge etc. The solution is certainly more holistic than merely creating more jobs.

Government's attempt at bring marginalized people into the folds of the formal economy to date may have failed for the following reasons:

- ❖ A failure to disaggregate and quantify the nature of the problems and appreciate that the poor and marginalized are not one homogenous group but instead require many different types of interventions and programmes.
- ❖ A disregard and neglect for people's existing skills and knowledge.
- ❖ Lack of proper consultation to understand what the real constraints facing people struggling to move out of poverty are.

The old adage of the need for a skilled workforce remains constant and is not encouraged by the poor level of teaching experienced by the majority of poor learners. Spatial dynamics are important in terms of trying to move employment opportunities closer to communities of unemployed people.

Government needs to address their policies on the following issues in attempt to reverse the upward trend in unemployment seen over the last decade. This may be the start to making progress in resolving the problem.

- ❖ Economic policies should be centrally concerned to promote investment in physical and human capital (such as promoting business confidence, developing infrastructure; promoting education and training, etc.). With growth of the economy there will be an increase in the number of jobs available.
- ❖ The South African government should address the causes of the sharp division of the labour market into formal and informal sector employment and address the factors that create large gaps in labour incomes between them.

- ❖ The government should address the obstacles to entry to the productive informal sector, by means of expanded training and credit programmes and the removal of all artificially created barriers. If the unemployed persons could provide for themselves through starting small and micro enterprises, the next step would be to 'graduate' to medium enterprises in the formal economy.

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ADDENDA

Addendum 1: Research Instruments

Questionnaire Administered to the Employed Sample

FOR OFFICE USE ONLY: RESPONDENT CODE: _____

VOLUNTARY QUESTIONNAIRE FOR UNIVERSITY STUDENTS

“Sociological Variables of the Unemployed versus the Employed”

Researcher: Nirmala Naidoo
Supervisor: Mr T.A.A. Vajeth
School of Management Studies
University of KwaZulu-Natal

Part1: Permission to use my responses for academic research			
I hereby give permission that my responses may be used for research purposes provided that my identity is not revealed in the published records of the research.			
Initials	and	surname _____	Postal address: _____
_____			Postal code: _____
Contact numbers: Home: _____		Cell: _____	
Signature: _____			

QUESTIONNAIRE (EMPLOYED)

DEMOGRAPHICS

- 1) Name: - _____
- 2) Age:- _____

15-20	21-30	31-40	41-50	51-60	61-65
1	2	3	4	5	6

3) Gender:-

female	male
1	2

4) Are you

single	married	divorced	widowed
1	2	3	4

5) Did you grow up in an

Urban area	Rural area
1	2

6) Have you got financial obligations to people living away from you?

yes	no
1	2

7) Do you own the property you live in?

yes	no
1	2

EDUCATION HISTORY

1) Did you receive?

Formal schooling	Self-education
1	2

2) What was the highest grade passed?

Lower primary	Completed pri-	Lower high	Finished matric
---------------	----------------	------------	-----------------

	mary school	school	
1	2	3	4

3) Do you have any tertiary education?

yes	no
1	2

4) What is the nature of the tertiary education?

technikon	university	Private college	correspondence	other
1	2	3	4	5

5) What is your assessment of your ability to read and write in English?

excellent	Very good	good	poor	Very poor
1	2	3	4	5

6) What is your assessment of your ability to read and write in isiZulu?

excellent	Very good	good	poor	Very poor
1	2	3	4	5

7) Do you have any technical skills?

yes	no
1	2

8) If yes what level of technical skills do you have?

N1	N2	N3	N3 and above	other
----	----	----	--------------	-------

1	2	3	4	5
---	---	---	---	---

9) How would you rate your ability to work with figures, add, subtract, multiply etc.?

excellent	Very good	good	poor	Very poor
1	2	3	4	5

10) Are you able to:-

Read only (English)	Read and write (English)	Unable to do both (English)
1	2	3

11) Are you able to:-

Read only (isiZulu)	Read and write (isiZulu)	Unable to do both (isiZulu)
1	2	3

12) How would you rate your computer skills?

excellent	Very good	good	Poor	Very poor
1	2	3	4	5

EMPLOYMENT HISTORY

1) How effective is the labour legislation?

Very effective	effective	Not effective at all
1	2	3

2) Do you think that the labour legislation favours

worker	management
1	2

3) Do you think that the labour legislation is fair to all race groups?

yes	no
1	2

4) Does your company offer a treatment program for those workers who have HIV/AIDS?

yes	no
1	2

Questionnaire Administered to the Unemployed Sample

FOR OFFICE USE ONLY: RESPONDENT CODE: _____

VOLUNTARY QUESTIONNAIRE FOR UNIVERSITY STUDENTS

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Researcher: Nirmala Naidoo
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Part1: Permission to use my responses for academic research

I hereby give permission that my responses may be used for research purposes provided that my identity is not revealed in the published records of the research.

Initials and surname _____ Postal address: _____

_____ Postal code: _____

Contact numbers: Home: _____ Cell: _____

Signature: _____

QUESTIONNAIRE (UNEMPLOYED)

DEMOGRAPHICS

1) Name: - _____

2) Age:-

15-20	21-30	31-40	41-50	51-60	61-65
1	2	3	4	5	6

3) Gender:

female	male
1	2

4) Are you

single	married	divorced	widowed
1	2	3	4

5) Did you grow up in an

Urban area	Rural area
1	2

6) Have you got financial obligations to people living away from you?

yes	no
1	2

7) Do you own the property you live in?

yes	no
1	2

EDUCATION HISTORY

1) Did you receive

Formal schooling	Self-education
1	2

2) Do you have any tertiary education?

yes	no
1	2

3) What is the nature of the tertiary education?

technikon	university	Private college	correspondence	other
1	2	3	4	5

4) What is your assessment of your ability to read and write in English?

excellent	Very good	good	poor	Very poor
1	2	3	4	5

5) What is your assessment of your ability to read and write in isiZulu?

excellent	Very good	good	poor	Very poor
1	2	3	4	5

6) Do you have any technical skills?

yes	no
1	2

7) If yes what level of technical skills do you have?

N1	N2	N3	N3 and above	other
1	2	3	4	5

8) How would you rate your ability to work with figures, add, subtract etc.?

excellent	Very good	good	poor	Very poor
1	2	3	4	5

9) Are you able to:-

Read only (English)	Read and write (English)	Unable to do both (English)
1	2	3

10) Are you able to:-

Read only (isiZulu)	Read and write (isiZulu)	Unable to do both (isiZulu)
1	2	3

11) How would you rate your computer skills?

excellent	Very good	good	Poor	Very poor
1	2	3	4	5

EMPLOYMENT HISTORY

1) For how long have you been unemployed?

< 6 months	6-18 months	19-36 months	> 36 months
1	2	3	4

2) How effective is the labour legislation?

Very effective	effective	Not at all effective
1	2	3

3) Do you think that the labour legislation favours

worker	management
1	2

4) Do you think that the labour legislation is protective of the 'insiders' only i.e. only the employed are protected?

yes	no
1	2

5) Do you think that the labour legislation is fair to all race groups?

yes	no
1	2

6) Would you regard yourself as living in poverty as a result of unemployment?

yes	no
1	2

7) Did your company offer a treatment program for those workers who had HIV/AIDS?

yes	no
1	2

8) What is your present source of income?

UIF	State grant	Family support	Retrenchment package	other
1	2	3	4	5

9) While unemployed what have you been doing?

Improving skills	Getting an education	nothing	other
1	2	3	4

10) Do you have any other skills that will enable you to find some other job apart from your past employment?

yes	no
1	2

11) Have you been involved in any schemes to become self-sufficient e.g. Cottage Industries?

yes	no
1	2

12) If not, why not?

Opportunities not available	apathy	Lack of knowledge	Lack of resources	other
1	2	3	4	5

13) What do you consider to be the main reason for being unable to find work?

Age	gender	race	Lack of skills	Poor education	Poor health	disability	Female with children
1	2	3	4	5	6	7	8

Addendum 2: Ethical Clearance



**UNIVERSITY OF
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RESEARCH OFFICE (GOVAN MBEKI CENTRE)
WESTVILLE CAMPUS
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30 NOVEMBER 2006

**DR. N NAIDOO (853855647)
GRADUATE SCHOOL OF BUSINESS**

Dear Dr. Naidoo

ETHICAL CLEARANCE APPROVAL NUMBER: HSS/06709A

I wish to confirm that ethical clearance has been granted for the following project:

“An analysis of sociological variables that separate the employed from the unemployed in a typical South African Per-Urban Community “

Yours faithfully


.....
**MS. PHUMELELE XIMBA
RESEARCH OFFICE**

cc. Faculty Office (Christell Haddon)
cc. Supervisor (Mr. T A Vajeth)