NELSON MANDELA

# UNIVERSITY

# THE ROLE OF THE NATIONAL DEVELOPMENT PLAN IN REDUCING UNEMPLOYMENT

ΒY

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### DECLARATION

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In accordance with Rule G5.6.3, I hereby declare that the above-mentioned thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

SIGNATURE

6 December 2019

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DATE

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#### ABSTRACT

South Africa has one of the most disturbing joblessness rates in the world, especially among young people and black women. In 2018 the country's narrow unemployment rate was at 26.7%, while by broader definition was anticipated to be at 35.1% (www.statssa.gov.za, 2018). Therefore, the purpose of this study was to assess the role of the National Development Plan (NDP) in reducing unemployment in South Africa. The NDP was selected because it is the latest employment growth strategy the country has adopted. The National Development Plan targets economic growth, as the main factor for generating employment.

To achieve the goal of this study, the researcher adopted the qualitative research methodology. Secondary data was gathered, analysed and interpreted to establish facts about the issue of high unemployment in South Africa and to determine if the National Development Plan is achieving its goal of reducing unemployment.

This research established that the high unemployment rate in South Africa continues to be a major challenge, despite the introduction of the National Development Plan. The Plan projected that the rate of unemployment in South Africa will decline from 25% in 2013 to 14% by 2020. However, the unemployment rate in the country has increased from 25% in 2013 to 27% in 2018.

In addition, this study established that unemployment in South Africa is structural, and it is caused by these four factors: Firstly, poor education, secondly, skills mismatch, the third factor which contributed immensely to unemployment in the country was the forceful removal of black people from places close to economic activities. This happened during the apartheid era. The fourth and last factor that led to increase in unemployment in South Africa was the 2008/2009 global recession.

Structural unemployment is the type of unemployment that persists even when the economy is on the rise, as it is not caused by slow growth in the economy but by factors such as skill mismatch or complete unavailability of skills required in the economy. Therefore, targeting economic growth as a key mechanism for job creation will not yield any positive outcomes for South Africa. The study made a number of recommendations that the government can employ to adequately tackle unemployment in South Africa.

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#### **CHAPTER ONE**

#### **ORIENTATION AND INTRODUCTION OF THE STUDY**

#### 1.1 INTRODUCTION AND BACKGROUND

International Business Publications (2015:56) cited that South Africa is the largest economy in the Southern Africa region and the second in the entire African continent. It is one the most industrialised countries in Africa. In terms of the World Bank, South Africa is an upper middle-income economy, one of only four such countries in Africa. (International Business Publications 2015:56). However, the country is still battling with a high unemployment rate. Statistic South Africa 2018 report indicates that South Africa has an unemployment rate of 26.7% by narrow definition, while a broader unemployment rate in the country is anticipated to be at 35.1% (www.statssa.gov.za, 2018). Mandlingozi (2007:108) argues that the immense issue of joblessness in South Africa is deeply entrenched in the apartheid policies, which deprived black people a right to meaningfully participate in the economy or to have decent jobs.

During the apartheid era, black people in the country were deprived a right to meaningfully participate in the economy; They were discriminated against in the areas of employment, skills growth and business ownership, including access to basic social and physical infrastructures. The social security system implemented by the apartheid government catered only for Whites. As a result, the levels of inequality in the country increased considerably with the wealthy White race receiving all the basic services, while underprivileged black people lacked necessary basic services such as water and proper housing (Currie-Alder, Kanbur & Malone 2014:699).

According to May (2000:304) apartheid policies confined Black South Africans to lowwages, low-skilled jobs such as maids, janitors, waiters, and garden boys. May further states that an important outcome brought about by apartheid policies was a great loss of assets, such as land and livestock, and denial of opportunities to develop these assets by limiting access to markets, infrastructure and education (May 2000:304).

It is worth to mention, that after the African National Congress (ANC) won the 1994 elections, South Africa was declared a democratic country. At the heart of democracy was a commitment to correct the ills of the past. Therefore, the then newly elected

African National Congress embarked on far-reaching policy reforms to dismantle the apartheid systems and establish a democratic government. As part of building a new democratic country, the African National Congress (ANC) adopted the Reconstruction and Development Programme (RDP). The RDP was an integrated, coherent, socio-economic policy framework. Its aim was to mobilise all South Africans and the country's resources towards the final eradication of apartheid and the building of democratic, non-racial and non-sexist South Africa.

After two years of implementing the Reconstruction and Development Programme (RDP), in 1998, the ANC introduced another policy namely Growth, Employment and Redistribution (GEAR). The Growth, Employment and Redistribution (GEAR) policy was a macroeconomic strategy, adopted as a five-year plan, aimed at strengthening economic development, correcting the employment inequalities between black and white people, and to ensure an equitable share of wealth and other socio-economic opportunities in favour of previously disadvantaged individuals, particularly the majority black people. GEAR was followed by the implementation of other various policies which include, among others, New Growth Path, AsgiSA and the National Development Plan.

The World Bank asserts that, South Africa, through its post-Apartheid policy interventions has made remarkable progress in undoing the legacy of apartheid. The government has broadened access to basic services such as water, electricity, health care, and education. The proportion of black people who participate in the mainstream economy has been gradually rising over the years. Moreover, in the last two decades, more than three million South Africans have been lifted out of poverty through the enrolment of social grants (The World Bank, 2018:6).

Nevertheless, unemployment, poverty and growing inequality continue to be major challenges in South Africa. As a result, the majority of South Africans are often on the streets protesting for basic services. Statistics South Africa indicates that, between 2008 and 2009, about 26,3% of the South African population were living below the food poverty line, surviving with only R305 per month, while about 38,9% and 52,3% were living below the lower-bound poverty line spending R416 on food items per month and the upper-bound poverty line (R577) respectively (Statistics South Africa 2012:5).

Midgley and Piachaud (2013:208) cited that South Africa is one of the unequal societies in the world. In South Africa the 10 % of the population share 58 per cent of the country's income and the bottom half less than 8%. Oxfam South Africa assert that, when apartheid was coming to an end in 1994, the richest 10% of the population had a combined annual income of \$36 billion which has grown to \$69 billion in a period of 17 years from 1994 to 2011. In comparison, the poorest 10% earned a combined income of \$1 billion between 1994 and 2011 (Oxfam South Africa, 2011), making South Africa more unequal than it was in 1994. Midgley and Piachaud (2013:208) further state that the unequal access to basic services, health, quality education and employment opportunities between different classes and strata in society continue, to fuel inequality in post-apartheid South Africa.

In South Africa, unemployment has been identified as the major factor contributing to dire poverty and growing inequality. The trading economics report on South African unemployment reveals that in more than 15 years the unemployment rate in the country has been above 20% (www.tradingeconomics).

In an attempt to address the problem of joblessness, in 2013, the African National Congress introduced the National Development Plan as a strategy geared towards the improvement of the country's economic growth. The Plan seeks to reduce unemployment, poverty and inequality in South Africa by 2030. The main economic objectives of the National Development Plan are job creation and a more equitable distribution of wealth. In terms of the National Development Plan, South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, promoting leadership and partnerships throughout society (National Development Plan, 2013). Most importantly, the National Development Plan is the latest transformation strategy that the ANC government has. It is thus regarded as a strategy that will make South Africa a better place for all.

#### 1.2 PURPOSE OF THE STUDY

The purpose of this study is to assess the role of the National Development Plan in reducing unemployment in South Africa

#### 1.3 PROBLEM STATEMENT

Since the advent of democracy in 1994, reducing unemployment has been one of South Africa's top priorities. The country has embarked on numerous endeavours aimed at creating jobs. However, in the last two decades, unemployment in South Africa has been persistently increasing in spite the government's efforts. In 2018, the narrow unemployment rate was sitting at 26.7% and the broader unemployment rate is estimated at 36.4% (Statistic South Africa, 2018). According to Baah-Boateng (2016:13) high unemployment rate has adverse effects on societies. It leads to poverty, crime and civil unrest. Moreover, it severely hurts the economy, 1 % increase in unemployment reduces GDP growth by 2%. The main question for this study therefore is: What is the role of the National Development Plan in addressing the challenge of unemployment in South Africa?

### 1.4 RESEARCH QUESTIONS

- Is reduction of unemployment a focal aspect of the National Development Plan?
- How does the National Development Plan intend to address unemployment in South Africa?
- Has the implementation of the National Development Plan contributed towards the reduction of unemployment in South Africa?

### 1.5 OBJECTIVES

- To investigate the role of the National Development Plan in reducing unemployment in South Africa
- To determine the manner in which the National Development Plan seeks to address unemployment in South Africa
- To determine the effect of the National Development Plan in reducing unemployment in South Africa

### 1.6 RESEARCH DESIGN AND METHODOLOGY

The purpose of this section is to explain the methods or steps followed by the researcher, to answer the research questions. It will discuss research design and methodology, data collection techniques, data analysis, and ethical consideration.

#### 1.6.1 Research design

The research design is a systematic plan for collecting, measuring and analysing data (Sivapragasam and Vijayalakshmi 2019:29). Crouch and Pearce (2013:130) define research design as a holistic approach that the researchers select to amalgamate the various components of the study in a coherent and logical way. The research design describes the way in which the researcher puts a research study together to solve a question or list of questions. It explicitly details how the research will be completed with valid outcomes, and most importantly, research design enables the research to adequately address the research problem (Blaikie 2009:17).

According to Willig (2013:28) it is imperative in a research design to select methods and techniques that are appropriate to achieve the research goal, therefore, to study the role of the National Development Plan in reducing unemployment in South Africa. This study adopted a qualitative methodology. This methodology was chosen based on its objective, which is to describe, analyse and understand the strategy, rather than to only describe the phenomena.

### 1.6.2 Research methodology

The Research methodology is a well-planned process of gathering information. According to Clandinin (2006:10) research methodology is a process of inquiry that adds knowledge about a phenomenon being studied. Bless and Higson (1995:63) define it as the plan to guide the researcher in gathering, scrutinizing and interpreting information.

Research methodology outlines the manner in which research is to be conducted and, inter alia, it identifies the methods to be employed in it (Coleman & Briggs 2002:1). The approaches outlined in the methodology, define the ways the researcher adopts to amass information and how certain outcomes are to be interpreted (Blischke & Murthy 2011:79).

According to Walliman (2011:32) the methodology may include publication research, interviews, surveys and other research techniques and could include both present and historical information. The scrutiny of literature reveals that research methods can be divided into three categories namely, qualitative, quantitative or triangulation.

#### 1.6.2.1 Qualitative and Quantitative Research Methods

Qualitative method is a research methodology based on words, feelings, emotions, sounds and other non-numerical and unquantifiable elements. According to Coldwell & Herbst (2004:13) "data is considered qualitative in nature if it cannot be analysed by means of mathematical techniques." Qualitative research asks broad questions and collects word data from phenomena or research participants (Hickey & Brosnan 2016:40). "The researcher looks for themes and describes the information in themes and patterns exclusive to that set of participants" (Shirish 2013:37).

The aim of qualitative research is to discover the underlying and desires by means of in-depth interviews. Other techniques used in such research include word association tests, sentence completion tests, story completion tests and other similar projective techniques (Kothari 2004:30)

According to Hickey and Brosnan (2016:40) Quantitative research is the "systematic empirical research of observable phenomena via statistical, mathematical or computational techniques". The quantitative method uses numbers to describe, infer, and solve issues. The focus is on collecting numerical data, summarizing the amassed data and drawing inferences from it (Coldwell & Herbst 2004:13). Thus, it is applicable to phenomena that can be expressed in terms of quantity. The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to phenomena (Shirish 2013:37). According to Frangos (2009:1) the process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Quantitative data is any data that is presented in numbers, for example, statistics. The researcher analyses the data with the help of statistics (Moutinho & Huarng 2013:491). Moreover, Quantitative research is a widely used type of research method; it is used in natural science, social sciences, physics, biology, sociology and journalism. It is also used as a way of investigating various elements of education

In the light of the above, the distinction between qualitative and quantitative is on the use of numbers, in quantitative research the research analyses numerical data with the hope that it will yield positive outcomes, but in qualitative research, words are

thoroughly analysed. However, triangulation or mixed method combines both qualitative and quantitative methods to validate the outcomes of the research. According to Cottrell and McKenzie (2011:242) triangulation is based on the premise that no single method can adequately answer a research question, therefore, it uses more than one approach to the investigation of a research question, in order to enhance confidence in the ensuring findings.

### 1.6.2.2 Triangulation

Triangulation is a way to make sure there is substantial evidence to make valid claims. It shows the richness and complexity of behaviour by studying theories from more than one standpoint (Jamison 2006:2). Results of triangulation research engulf the entire subject matter because they include all the elements of knowledge and understandings revealed about the phenomenon by the researcher's diverse methods embodied in the design (Kpolovie, 2016).

Beverley (2006: 235) state that the key to triangulation is to look for consistency rather than identical results. The Triangulation goal is to double check the correctness of data and ensures its completeness. The principle is that if you collect data based on more than one observation or measurement, the data is more likely to be valid.

### 1.6.3 Data collection techniques

Data can be defined as the quantitative or qualitative values of variables. It is the lowest unit of information from which other measurements and analysis can be done. Data can be numbers, images, words, figures, facts or ideas. There are two types of data namely, primary and secondary data. Primary data is data that is gathered by a researcher from first-hand sources, using methods such as interviews, experiments, or surveys, and the secondary data is data collected from studies, surveys, or experiments that have been run by other people or for other research.

For this study the researcher used secondary data. Information was collected from the following sources:

- Statistic South Africa Reports;
- Government Publications;

- Public Policies such as RDP, GEAR and NDP;
- Newspaper Articles;
- World Bank and OECD reports;
- Journals; Books and Unpublished academic papers, such as a thesis.

#### 1.6.4 Data analysis

Alexander (2012:1) defines data analysis as the process of systematically collecting, transforming and analysing information in order to present meaningful conclusions. Data in itself cannot be understood and to get information from the data one must interpret it into meaningful information. The desktop analysis will be used to analyse qualitative data. The desktop analysis involves the compilation and analysis of pre-existing relevant data.

#### 1.6.5 Ethical considerations

In general terms, ethics are rules or standards that govern the conduct of a person or a group of people. They define what a person is or is not expected to do. Across the world, societies uphold certain ethics which are partly informed by culture, religion and life experience. According to Bayat and Fox (2013:148) in research, ethics are important for the following reasons:

- to protect research participants from any type of harm, the research participates must not be put in situations where they may be prone to physical and psychological harm, as a result of taking part in the study.
- to protect research participant's dignity, every member of society has a right to dignity, therefore, researchers are obliged to treat every research participant with dignity
- to ensure participation is voluntary, people must not be forced to participate in the study, and they must be allowed to withdraw at any time.
- to ensure privacy, the information amassed from participates must be kept confidential, it must not be made available to any person who's not part of the research, and most importantly, the participants must remain anonymous to everyone including researchers

In addition, ethics in research are important to ensure that the researcher does not influence the outcomes of the study in anyway (Davis, Du Plooy-Cilliers and Bezuidenhout 2014:264). In this study the researcher adhered to all the aforementioned ethical requirements. The primary and only goal of this research is to study the role of the National Development Plan in reducing unemployment in South Africa. It is not intended to promote negative motives or devaluing any person.

#### 1.7 OVERVIEW OF CHAPTERS

**Chapter 1**: Chapter one provides the introduction as well as the background of the study. It also explains research methodology adopted for the study.

**Chapter 2**: Chapter two provides the literature review related to this research. It also explains the legislative frameworks aimed at stimulating employment and economic growth in South Africa.

**Chapter 3**: Chapter three outlines the research design and methodology of the study, data collection techniques, data analysis as well as ethical considerations followed in the study.

**Chapter 4**: Chapter four explains the role of the National Development Plan (NDP) in reducing unemployment.

Chapter 5: Chapter five provides findings, recommendations and conclusion.

### 1.8 CONCLUSION

This chapter painted a vivid picture of what this research is about, and from it, it can be concluded that unemployment is a major problem in South Africa. Furthermore, it provided an overview of the research design used and the methodology followed in the research to study the role of the National Development Plan in reducing unemployment. This chapter, among other things, explicitly outlines the research design and methodology of the study, data collection techniques, data analysis as well as ethical considerations followed in the study. Lastly, it provides the overview of chapters.

#### **CHAPTER TWO**

#### LITERATURE REVIEW

#### 2.1 INTRODUCTION

According Bayat and Fox (2013: 35), a literature review is a critical assessment and summary of the range of the past and contemporary literature in a given area of knowledge. By scrutinizing literature, the researcher gains insight into ways in which to conduct the research (Bayat and Fox 2013: 35). Cilliers, Davis and Bezuidenhout (2014:101) cited that the purpose of a literature review is to put up the research study at hand, into perspective, to determine what previous scholars have written on the topic as well as to identify the main models and theories that are relevant to the research study. Furthermore, a literature review serves as a benchmark against which the researcher can compare and contrast the results of the research.

For the purpose of this study the researcher has carefully studied literature relating to public policy, and South African policies aimed at promoting employment growth. This chapter focusses on public policy, types of public policy, policy process, and the relationship between government plans, programmes and policies. It further discusses unemployment in South Africa and major factors contributing to unemployment in the country. Lastly this chapter defines the policy framework the country has for tackling unemployment.

#### 2.2 PUBLIC POLICY

In any state, the fundamental role of government is to improve the general wellbeing of the people, promote order and to spur economic development. This is commonly achieved by formulating and implementing public policies. According to Wilson (2018:18) public policy is a goal-directed course of action, taken by government, to deal with a public problem. Governments implement public policy to tackle social problems such as poverty, drug abuse, economic deprivation, unemployment, sexual abuse and teenage pregnancy (Bitonio, 2019).

Public policy refers to an attempt made by the government to tackle a public issue through the institution of laws, regulations, decisions or actions pertinent to the issue

(Ngozi 2016:296). Rahmatollah (2016: 19) considers "public policy to be government action which is generally the principled guide to action taken by the administrative or executive branches of the state, with regard to a class of issues, in a manner consistent with law and institutional customs". Similarly, Stevens (2013:4) defines "public policy as courses of action, regulatory measures, laws and funding priorities concerning a given topic, promulgated by a governmental entity". The official policy informs government of future decisions pertinent to delivery of public services, economic regulations and the enforcement of laws (Stevens 2013:4)

In the South African context, public policy is formulated at the national sphere of government and is implemented at the local sphere of government. Cairney (2012:10) describes public policy as a choice made by official government bodies and agencies that affect the public interest. Nevertheless, the general public do influence public policy decision through the mobilization of interest groups, advocacy, education and political lobbying (Macedo 2009:72).

### 2.2.1 Types of public policies

There are different types of public policies which can be identified. They include Regulatory Public Policy, Distributive Public Policy and Redistributive Public Policy.

### 2.2.1.1 Regulatory Public Policy

The main purpose of regulatory policy is to control the country and prohibit actions that may cause danger to society. The Government enforces regulatory policies (laws) to restrict people or groups from participating in activities that may negatively affect political and social order (Kabir 2019:3). Examples of regulatory policy include traffic ordinances and alcohol use laws. In South Africa, for instance, the alcohol consumption law restricts people who are under the age of 21 from consuming alcohol (Writer, 2017). Regulatory policies are also evident in the use of laws designed to protect employees from unfair labour practices.

In addition, the government imposes regulatory policies to control economic activities. This is necessary to ensure that there is fair participation in the economy and to encourage economic growth. In terms of OECD, regulatory policy is about attaining government's goals through the use of regulations, laws, and other mechanisms, to achieve great economic and social results and thus enhance the lives of people and business (OECD, 2018).

### 2.2.1.2 Distributive Public Policy

Distributive policy refers to the delivery of services to members of the community, groups, or corporations (Jørgensen, Pollack and Rosamond, 2007:395). Baskin and Mezey (2014:109) define distributive policies as public policies intended to benefit every person living in the country in spite of the person's social class. Examples of distributive policies involve policies that affect government spending on welfare programmes, public education, infrastructure development, and public safety, or a professional organization's benefit plans. Siddiqui (2019:1) states that the government implements distributive policies to promote activities such as tax abatements and farm subsidies to stimulate economic growth.

According to Frohock (1979:13) one of the most prominent areas of distributive policies is welfare and health. Distributive policies are financed by public funds and are sometimes refered to as pork barrel. They are called pork barrel because polititian's sometimes implement these policies to lure voters during elections or to advance their personal interests.

### 2.2.1.2 Redistributive Public Policy

The main aim of redistributive policy is to promote equality. Government achieve this goal by shifting resources from the rich to the poor. The government taxes the well-off to finance the needs of the poor (Bekker,fenger and Scholten 2017:15 ). A good example of a redistributive policy is progressive taxation, where tax rates increase as the person's income increases. In South Africa, the ways in which the government transfer wealth from the rich to the poor include, among other things, payment of social grants, free health care and free housing.

It should be noted that the formulation of each public policy involves a series of interlinked activities that leads ultimately to a policy decision and the application of that decision. The activities involved in the public policy life cycle are referred to as a policy process. Below is the definition of a public policy process.

#### 2.2.2 Policy process

The public policy process is a dynamic process that involves numerous role players. It is also a continuous process, not a one-time event. In most cases, public policy lays down general directives and rules. The actual details of the policy, along with its implementation techniques, are in the sub-policies. So, the actual policy is more generic and dynamic. According to Bekker,Finger and Scholten et al (2017:208) a Public policy process consists of six important stages which are:

- Agenda setting. Identifying the problem that requires government attention, deciding which issues deserve the most attention and defining the nature of the problem.
- **Policy formulation.** setting objectives, identifying the cost and estimating the effect of solution, choosing from a list of solutions and selecting instruments
- **Legitimation**. Ensuring that the chosen policy instrument has the support it can involve from one or a combination of: legislative approval, executive approval, seeking consent through consultation with interest groups, and referenda.
- Implementation. Establishing or employing an organisation to take responsibility for implementation, ensuring that the organisation has the resources (such as, staffing money and legal authority) to do so, and making sure that policy decision is carried out as planned
- Evaluation. Accessing the extent to which the policy was successful or the policy decision was the correct one; if it was implemented correctly and; if so, had the desired effect.
- Policy maintenance, succession or termination. Considering if the policy should be continued, modified or discontinued (Bekker,Fenger and Scholten 2017:208)

# 2.3 RELATIONSHIP BETWEEN GOVERNMENT PLANS, PROGRAMMES AND POLICIES

Government plans and programmes are fundamental aspects of any public policy. Public policy on its own is just a statement of intent. It merely outlines what the government would like to achieve (Peaslee and Swartz 2013:154). Therefore, for it to become a reality or for its goals to be achieved, a good action plan needs to be grafted and thereafter be implemented through programmes. According to Sharma (2011:204) a plan is like a roadmap that leads to the attainment of the policy goals. It is a document detailing precisely what needs to be done to attain the objectives of the policy. Its objective is to explain what resources are needed to fulfil expected policy results, to formulate a timeline for when particular tasks need to be finished and to determine what resources are needed (Sharma 2011:204).

In business parlance, the term plan refers to a unique strategy designed to achieve a competitive position in the market and also to achieve organisational goals and objectives. In short, it is an interpretative plan that guides the company in attaining its objectives. On the other hand, policy refers to a set of guidelines adopted by the organisation for rational decision making. It sets out the course of action, which is opted to guide the organisation's current and future decisions. Policies and plans are sometimes confused as one thing; however, there are remarkable differences between these two terms. The below highlights the differences between policies and plans:

Plans	Policies
Plan is a roadmap to achieve the goal	Policies are the guidelines/set of principles which guide the concerned authority in its course of action
Planning is about making plans on how to achieve the objective	Policy is the guideline to achieve the objective
Plan is a course of action intended for future	Policy is a set of rules and regulations
It is a set of future actions which are needed to achieve the objective	It is a set of principles which are needed to govern the future actions
It is made for both short term and long term objective accomplishment	It is made considering the long term impact on the changing conditions and situations
It usually deals with complex and multi- sectoral problems	It usually deals with unisectoral problems and simple problems

Table 2.1: Difference between policies and plans (Adhikari, 2017)

Plans	Policies
Plans are made with moderate consideration to the analytical and quantitative techniques	Policies are made with huge emphasis and consideration to the analytical and quantitative technique, like cost benefit analysis, statistical analysis etc.
Plans are made at all levels, from strategic level to operational level	These are made by the senior level management
Plans are made within the boundary of the policies	Policies are high level strategic governance
Planning is the work that we do considering the policy	Policies are a set of rules around which we work

American Council on Education (2015:5) asserts that policy also sometimes refers specifically to "plans," as in the following examples:

- "A high-level overall plan embracing the general goals and acceptable procedures especially of a governmental body."
- "A set of ideas or a plan of action followed by a business, a government, a political party, or a group of people."
- "A course or principle of action adopted or proposed by a government, party, business or individual" (American Council on Education 2015).

Taken together, these definitions suggest that policies have both an ideological element (general goals, a set of guiding ideas) and a practical element (a plan of action, influencing specific decisions) (American Council on Education 2015).

According to Maharjan and Maharjan (2017:488) once an action plan has been completely drafted the policy is then implemented through various programmes or projects. Programme is the actual task or a series of projects the government implements to achieve the policy goals (Maharjan et al 2017:488). Programmes are sets of coherent and logically structured interventions and expected results. They are set within a timeframe with well-defined implementation tasks. Their specific objectives are linked to the achievement of policy goals and objectives (Maharjan et al 2017:488). Bekker et al (2017:13) view policy programme as a specific structured way in which government tries to intervene in society.

It is worth noting that programmes are different from government projects . Programmes are ongoing services or activities, while projects are one-time activities that are intended to have ongoing, long-term effects. In South Africa, the provision of social grants is the perfect example of a government programme, while the building of 2010 world cup stadiums can be seen as a perfect example of a project. Nevertheless, both project and programme have an important role in the implementation of public policies. In fact, a programme is a series project that runs simultaneously, intended at achieving one specific goal.

In the light of the above, it can be concluded that there's a critical link between government plans, programmes and policies. According to (Khan 2016:6), poor planning and implementation of a policy programme leads to policy failure. Therefore, the government must adopt the right implementation plan and must employ people with the right skills and knowledge to implement the plan. Bekker et al (2017:13) assert that the development and implementation of a specific policy programme can only be successful if the government is able to mobilise relevant resources in such a way, that the policy goals that have been determined and the actions that have be selected, can be accomplished. These resources may include funds, and skilled individuals from both the public and private sector.

#### 2.4 UNEMPLOYMENT IN SOUTH AFRICA

This section is intended at discussing unemployment in South Africa, and in doing so, it will firstly define unemployment as a term and subsequently it will explain unemployment in South Africa.

According to Strydom (2006:222) unemployment can be defined in two ways. There is a narrow and a broad definition of employment. The narrow definition of the unemployment rate refers only to unemployed individuals who are actively looking for employment but cannot find any . It excludes discouraged job seekers who are no longer looking for work. Whereas, the unemployment rate by broad definition includes discouraged job seekers (Strydom 2006:222).

According to Ellams, Vidler and Grant (2005: 126) large-scale unemployment rises when aggregate demand is below the full employment level of aggregate supply. In

this case, the output is below the level that could be produced with all the labour force in work. Over time, if aggregate demand grows more gradually than the increase in the productive capacity of the economy, there will be unemployment. There are many factors that may cause an aggregate demand to increase slower or even fall. These include consumers becoming more cautious about their future; therefore, they start to save money, or when a country's products become less competitive in global markets (Ellams et al 2005: 126).

Arora (2007:132) indicates that unemployment can be involuntary or voluntary. Involuntary unemployment occurs when a person is willing to work but gets fired or laid off. However, voluntary unemployment occurs when a person has intentionally left work in search of other employment opportunities or to pursue other interests.

#### 2.4.1 Types of unemployment

Unemployment, both voluntary and involuntary can be broken down into three types of unemployment which are frictional, cyclical and structural unemployment (Arora 2007:132).

#### 2.4.1.1 Frictional Unemployment

Frictional unemployment is the type of unemployment caused by the time it takes for workers to search for jobs that best complement their individual skills and penchant when the economy is at full employment (Arnold 2015:157). Across the world, people are often leaving jobs to find better ones; however, it usually takes time for a person to get another job. The gap between moving from one job to another creates a short-term unemployment which is known as frictional unemployment. Tucker (2015: 266) states that the cause for frictional unemployment is either the transition time to new job or the lack of information required to match a job applicant immediately with a job vacancy. Frictional unemployment is more common in stable and fast-growing economies, because such economies produce vast job opportunities, so employees feel confident leaving their jobs with no safety net, in search of better one.

### 2.4.1.2 Cyclical Unemployment

Cyclical unemployment is the type of employment linked to the business cycle itself, since it rises during periods of economic downturn and declines during periods of economic growth (Mafiri 2002:8). According to Bond and Hughes (2013:61) when the economy is producing higher levels of output, the number of jobs increase,. because there is a demand for more workers to produce higher levels of output. However, when the economy plunges and produces lower levels of output, people lose their jobs. Tucker (2015:267) stresses that when real GDP falls, firms close, jobs disappear and workers compete for fewer available jobs.

The 1930s great depression is a well-known case of cyclical unemployment in the history of the world. It was the worst economic downturn in the history of the industrialized world, lasting from 1929 to 1939. It began after the stock market crash of October 1929, which sent Wall Street into a panic and wiped out millions of investors. Over the next several years, consumer spending and investment dropped, causing steep declines in industrial output and employment, as failing companies laid off workers. By 1933, when the Great Depression reached its lowest point, some 15 million Americans were unemployed and nearly half the country's banks had failed.

Furthermore, during the late 2000s and early 2010 the world experienced another recession which led to cyclical unemployment. Around 2008, there was a sharp decline in consumption, investments, government spending and net exports. As a result, jobs faded worldwide even in strong economies such as the United States of America.

Cyclical unemployment is also known as disequilibrium unemployment. This term emphasises the fact that cyclical unemployment arises when there is disequilibrium in the labour market, with the aggregate supply of labour exceeding the aggregate demand for labour at the going wage. Many people lose their jobs in a downturn of the economy, and many are unable to find first time jobs (Brux 2010: 334).

### 2.4.1.3 Structural Unemployment

Jennings and Sliger (2000:269) define structural unemployment as long term, or a permanent type of unemployment caused by a mismatch between the skills that workers can offer and the skills required to fill the available work opportunities. Mostly,

this type of unemployment arises due to structural changes in the economy that eliminate some jobs and generate new jobs, for which the unemployed don't qualify for (Agarwal 2011:163). To illustrate, suppose there is a pool of unemployed English teachers and a rising demand for civil engineers; if the English teachers do not currently have the skills necessary to become civil engineers, they are structurally unemployed.

Furthermore, structural unemployment occurs when companies substitute certain duties done by people with machines or computers, and as a result, affected individuals lose their jobs because their skills become outdated. This mostly affects middle and low skilled people, simply because their skills are easily replaced with machines or commuters. Tucker (2015:444) stresses that changing jobs and lack of job information are not a challenge for structurally unemployed individuals, unlike frictionally unemployed workers who have marketable skills. Structural unemployed people require additional education or retraining.

#### 2.4.2 The effect of unemployment

Unemployment has a negative effect on economy growth, when the unemployment rate is high, the country does not utilise all its resources and thus it produces less output than it should be producing. Roux (2017: 53) mentions that unemployment is a major socio-economic problem which causes people to suffer extremely from poverty and disease.

According to Grant and Vidler (2004:224) high unemployment rate pushes the government budget towards a deficit, because it necessitates the state to increase spending on social benefits, such as, grants, free education, free housing and other basic human needs, while cutting down on tax revenue.

From the books it is evident that criminal actives mostly take place in areas that have low employment rate. According to Grant and Vidler (2004:224), when young men are not working, they to tend feel isolated from society and turn to crime to gain a higher income and perhaps even a certain form of status. Additionally, unemployment reduces potential demand for firms' products. This in turn reduces potential profit levels and may discourage investment (Grant and Vidler 2004:224). High level of longterm unemployment may cause public protests, as was witnessed in some parts of the UK, including Liverpool, at the start of the 1990s. Furthermore, in recent years, South African citizens engaged in violent public unrest demanding government to create jobs. During these protests, foreigners in South Africa were accused of stealing jobs and some were beaten to death.

### 2.5 UNEMPLOYMENT IN SOUTH AFRICA

The literature vividly depicts that the issue of the high unemployment rate in South Africa is not a recent phenomenon caused by the current economic instability in the country. Over the last 20 years, unemployment in the country has been steadily growing. While, unemployment was on the decline in many countries before the start of the global recession in 2008, in South Africa it was rising. The graph below shows the trends of unemployment in South Africa from 2008 to 2018.



Source: Trading Economics, 2018

### Graph 1.1: South Africa unemployment rate from 2008 to 2018

From the above graph it can be concluded that the unemployment rate in South Africa has remained above 20% from 2008 and 2018 and it continued to rise after the implementation of the National Development Plan in 2013. Furthermore, in 2016 South Africa recorded one the highest unemployment rates of 27%, since 2008.

Unemployment in South Africa is not evenly spread. The rate of unemployment for black South Africans is substantially higher than that of white. Also, some provinces in

the country have a higher unemployment rate compared to other provinces, whereas, unemployment among youth and women are disproportionately high.

### 2.5.1 Unemployment by race in South Africa

South Africa is known for its diverse population. The country has eleven official languages and its population is divided into four racial categories namely, black Africans, Coloured people, Whites and Indians. Black Africans are the largest group, followed by coloured people, then Whites and lastly the small group of Indians. South Africa, among other things, has one the most distorted patterns of employment which the country inherited from the evil apartheid. The table below depicts how racial groups are affected by unemployment in South Africa.

Population group	Narrow unemployment	Broad unemployment
Black	30.0%	40.7%
Coloured	23.5%	29.1%
Indians	9.5%	14.9%
Whites	6.7%	8.5%

Table 2.2: Unemployment by race in South Africa (Statistic South Africa, 2018)

From above table, it can be concluded after two decades in democracy, that the labour market in the country still reflects the employment patterns of the colonial and apartheid regimes. Black South Africans remain disproportionately affected by unemployment compared to white people, in spite of policy interventions by the government, intended to reduce the rate of unemployment among the disfranchised people. The scrutiny literature indicates that black South Africans account for 79.3% of people who are eligible to work in terms of South African laws but are under - represented among the employed (73.0%) and over-represented among the unemployed (85.7%) and the not economically active population (83.3%).

### 2.5.2 Unemployment by gender in South Africa

The latest unemployment data from Statistic South Africa indicates that women in South Africa are more vulnerable to unemployment than men. Especially Black women, their unemployment rate is estimated at 34.2%, followed by coloured women at 23.5%. Whites are the least affected at 6.7%. In 2003, about 55% of black women were unemployed. However, this figure was five times more than the rate of unemployment among White women and ten times more than that of White males (Burke and Richardsen 2016:343). Moreover, Black women experienced the highest levels of unemployment in 1995, 2005, and 2014 (Burke and Richardsen 2016:343).

Burke and Richardsen elaborate that, African women mostly work as domestic workers, cleaners, clerks, sales and service persons, or as teachers, social workers and administrators if they are in professional jobs. In addition, black males work as low skilled labourers, and those who are qualified as engineers or technicians are often reduced to artisans. In contrast, top management sites in many companies are largely occupied by white males (Burke and Richardsen 2016:343).

### 2.5.3 Youth unemployment in South Africa

Statistic South Africa 2018 report indicates that youth unemployment in the country continues to be an alarming factor. The youth in South Africa account for 63, 5% of the total number of jobless people. The unemployment rate for young people who are between 15 and 24 years is standing at 52. 2%, and 35. 5% for those between 25 and 34. This implies that more than one in every three young people in the labour force is unemployed (Statistic South Africa, 2018).

Statistic South Africa highlighted that youth unemployment in the country is high irrespective of educational level, but those who did not complete secondary education suffer immensely from joblessness (Mhlanga, 2018).

### 2.5.4 Graduate unemployment in South Africa

Over the years, the number of tertiary graduates in the country has been gradually increasing, especially among young people who come from previously disadvantaged backgrounds, however, this has not yielded any substantial outcomes for both the economy and graduates. The most recent report (2018) from Statistic South Africa, reveal that the graduate unemployment rate in South Africa is 33, 5% for those aged 15–24 and 10, 2% among those aged 25–34 years, while the rate among adults (aged 35–64 years) is 4, 7%. Just over 30% of the youth have jobs and about half of them

participate in the labour market. Within the youth, those aged 15–24 years are more vulnerable in the labour market with an unemployment rate of over 52%, an absorption rate of about 12,2% and a labour force participation rate of 25,6% (Statistics South Africa, 2018).

### 2.5.5 Unemployment by province in South Africa

The table below depicts the unemployment rate per province for the 2nd quarter of 2018.

Provinces	Official Unemployment rate per province
Free State	34.4%
Eastern Cape	34.2%
Mpumalanga	33.2%
Gauteng	29.7%
Northern Cape	28.9%
North West	26.1%
KwaZulu-Natal	21.8%
Western Cape	20.7%
Limpopo	19.3%

Table 2.3: Unemployment by province in South Africa

Source: Statistic South Africa, 2018

From the above table it can be concluded that, out of the nine provinces South Africa has, five of them have an unemployment rate that is above the official unemployment rate of the country. Moreover, the Free State province has the largest unemployment rate of 34.4%, while the Limpopo province has the lowest unemployment rate of 19.3%.

In the light of the above, it is clear that the National Development Plan is failing to meet its employment growth.

# 2.6 THE MAJOR FACTORS CONTRIBUTING TO UNEMPLOYMENT IN SOUTH AFRICA

High unemployment rate in South Africa is caused by the following factors:

#### 2.6.1 Poor education

Morris (2018) stresses that "poor public education in South Africa is the greatest obstacle to socio-economic advancement, replicating rather than reversing the patterns of unemployment, poverty, and inequality, and effectively denying the majority of young black people the chance of a middle-class life". Historically, the education system in South Africa was divided into four racial groups. There was education for whites, Indians, coloureds and blacks. Black people received poor education compared to other ethnic groups and they were banned from attending the same schools as white people (Nowak and Ricci 2006:30). According to McLaren (2018:38) black people schools during the apartheid era received a small budget allocation, consequently, they lacked the infrastructure necessary for teaching and learning. In addition, the curriculum taught in black schools was deliberately designed to ensure that they became good labour for white exploitation.

Moreover, the riots and forced participation of underage black children in labour activities during apartheid times, resulted in many black learners leaving school prematurely. With the demise of apartheid in 1994, the South African education system was characterised by extreme inequalities and the majority of black people were unskilled, illiterate and impoverish.

Since the smooth transition to democracy in 1994, South Africa has made some remarkable structural reforms in the education system. Today, black children can attend the previously whites only schools, the government has increased the budget for previously disadvantaged schools and the country has introduced numerous skill development programmes targeting adults and youth. Nevertheless, the commitments the government is making to improve the quality of education in the country are not producing the desired outcomes. The number of unskilled and poorly educated labour in South Africa remains a major problem. In 2013, about 5, 6% of South Africans aged 20 years and above had only primary school education, while 10.7% had only some primary school education (excluding Grade 7/ Standard 5). Barely one quarter of South

Africans finished primary education or passed Grade 7 (Roux 2017). On the other hand of the scale, individuals with matric certificates constituted only 28% of people 20 years and above, while about 13% of the South African population had tertiary education. Therefore, approximately 60% of adults in South Africa, above the age of 20, do not have a matric certificate (Roux 2017).

These rather disturbing statistics imply that a significant number of South Africans are unemployable in an economic environment in which manual labour is becoming less important and demand for skilled labour is increasing (Roux 2017).

According to Resnick and Thurlow (2015:155) most of the current youth unemployment in South Africa is caused by low levels of education among young people. Unemployment significantly declines with a high level of education (Liu 2017: 56).

## 2.6.2 Skills Mismatch

Nowak and Ricci (2006:30) indicate that one of the major challenges of the South African labour market is chronic skills mismatch. In the country, there is high demand for skilled labour and an oversupply of unskilled labour. A survey conducted by Manpower South Africa, which sampled 750 South African companies, shows that employers in South Africa were struggling to fill vacant job positions for skilled trades, engineering, and management. When employers asked why they had difficulties filling vacant posts, 52 % of them identified environmental and market factors as causes, 47% specified the paucity of technical skills or hard skills, and 46% mentioned a lack of available candidates or a complete absence of applicants for the position. Thirty percent of South African employers cited the lack of industry-specific qualifications and certifications in terms of skilled trades, as a challenge, whereas, 26% cited a lack of applicants with relevant experience. Moreover, 19% of employers pointed organisational factors as an issue, and lastly "15% cited industry-specific qualifications and certifications in terms of professionals, as a challenge" (ManpowerGroup, 2015).

The OECD report title, Adapting to Change Skill Needs (OECD, 2017), shows that in 2015, "52, 3% of South African workers were employed in an occupation for which they did not have the correct qualification", while about 27% of South Africans workers

were underqualified for their occupation. This implies that people with minimum qualifications were employed in jobs that required highly educated individuals. Conversely, about 24.4% of highly qualified people were employed in occupations that normally required minimum education.

Bhorat and Kanbur (2006:10) assert that the issue of skills shortage is one of the main factors contributing to slow economic growth in South Africa. Most importantly, it is the greatest obstacle towards achieving an equal society. In spite of everything, South Africa remain one of the most unequal societies in the world, with a Gini coefficient that ranges between 0.58 and 0.73 and the majority of the population is still living in dire poverty.

In Mahlakoana's article (2015) it is stated that the obstinate problem of skills mismatch in the South African labour market is not merely a major contributor to the joblessness crisis but is also a sign of a dysfunctional education system that is unable to meet the economy's requirements. Mahlakoana further eluded that economic specialists anticipated, and research confirmed a long time before that, that science, engineering and financial technology would be the cornerstones of all economies. Yet South Africa failed to correct its dysfunctional education system, disregarding its potential to create employment for millions. In addition, the high graduate's unemployment rate and unmet demand for skilled labour vividly depicts the disjuncture between the education system and the world of work.

## 2.6.3 The forced removal of blacks from places close to economic activities

The group areas act, enacted by the apartheid government in 1950, had an adverse impact on employment growth in South Africa. The act granted government the right to forcefully move black people far away from economic activities. In terms of the act, only white people could occupy space in the most developed areas. This resulted in many black people quitting their jobs because they could not afford the expensive travelling costs from where they were forced to stay, to their workplaces. Threequarters of their salaries were going to transport; thus, they were left with no choice but to quit their jobs.

## 2.6.4 The effects of the 2008/2009 global recession

The great recession of 2008 was a global economic downfall that shocked world financial markets as well the banking and real estate industries. During this period a huge number of jobs were lost in big and emerging economies, employers could no longer manage to employ more people, as the demand for certain goods and services declined considerably, and as a result, many companies were forced to retrench some of their employees. South Africa started to feel the effects of the 2008 recession in the fourth quarter of 2008, the South African GDP declined by (-2.3%) in the last quarter of 2008, then by (-6.1%) in the first quarter of 2009 which was followed by (-1.4%) decline in the second quarter of 2009 (Statistic South Africa, 2015). About 179 000 jobs were lost in the firsts three months of 2009 and unemployment rose to 23.5% from 21.9% (Statistic South Africa, 2015).

## 2.7 SOUTH AFRICAN POLICIES TO REDUCE UNEMPLOYMENT

Public policies are critical tools to address socio-economic issues such as poverty, crime and unemployment. To address the issue of high the unemployment rate in South Africa, the ANC government in the past 25 years has formulated and implemented the below employment growth strategies.

## 2.7.1 The Reconstruction and Development Programme

The RDP was an integrated, coherent socio-economic policy framework which was implanted by the ANC in 1994. It intended to mobilise all people and the national assets towards the last annihilation of apartheid and the building of a democratic country (Osmanovic 2002:115). The RDP was formulated to fulfil the needs of previously disadvantaged individuals who lacked housing, drinkable water, basic education and health services, and, among other things, to stimulate economic growth for the benefit of the poor (Shortt 2011:13). Shortt further states that the programme is the product of a month's discussion between the ANC and its alliance partners, the Congress of South African trade Unions, the South African Communist Party and the broader community (Shortt 2011:13).

The RDP policy included six principles namely:

• Integration and sustainability;

- People driven;
- Peace and security;
- National building;
- Meeting basic needs;
- Managing basic needs and infrastructure and democratization

Reconstruction Development Programme promised South Africans that there would be free education for everyone, water, electricity, and the construction of a million houses during the first five years of the democratic government. The ANC hoped to achieve these goals by promoting economic growth, reconstructing the economy of the country so that it benefits the entire society by means of social development (Beck 2013:204).

According to Beck (2013:205) between 1994 and early 2001, 1.1 million inexpensive homes were built to accommodate about 5 million of the estimated 12.5 million South Africans without proper homes. Beck added that the 5 million houses failed to meet the minimum building standards due to poor construction (Beck 2013:205). The RDP had aimed to transfer back 300,000 square kilometres of land to its legitimate proprietors, however, in reality, only just more than 1% of this goal was met. Moreover, RDP did not produce any substantial improvements in the healthcare service. The life expectancy in South Africa dropped between 1995 and 1998 from 64.1 years to 53.2 years (Beck 2013:205). Part of the problem with the RDP was the inability of provincial and local authorities to carry out and maintain its programmes (Beck 2013:205)

According to Olowu and Chanie (2015: 69), since 1994 the government expanded access to electricity from 55% in 1994 to 78% in 2003, while in urban areas it had increased from 17 % in 1994 to 63% in 2002 (Olowu and Chanie 2015:69). Olowu and Chanie (2015:69) further noted that the proportion of the population with access to clean water also increased from 60% in 1996 to 85% in 2001.

## 2.7.2 Growth, Employment and Redistribution

In 1996, the new government adopted the Growth, Employment and Redistribution policy (GEAR) (Osmanovic 2002:121). GEAR was introduced as an integrated economic strategy which successfully confronted the related challenges of meeting

basic needs, developing human resources, increasing participation in the democratic institutions of civil society and implementing the RDP in all its facets (Osmanovic 2002:121). According to Guzana (2014:41), the main goal of GEAR was to accelerate the growth of the economy in order to create vast employment opportunities.

Osmanovic (2002:121) states that the main goals of GEAR were to facilitate:

- An accelerated growth in gold exports;
- An acceleration in the public sector investment;
- Expansion of private sector capital formation;
- An improvement in the employment intensity of investment and output growth and;
- An increase in infrastructure development and service delivery, making use of labour-based techniques.

GEAR targeted an economic growth rate of 6% per annum by the year 2000 in order to create 400 000 jobs (Godfrey 2010:23). To achieve this, the government formulated an integrated set of fiscal and monetary policies, which included:

- A faster fiscal deficit reduction programme in order to reduce debt service obligations;
- Expansionary infrastructural investment;
- Tax incentives to stimulate new investment;
- A reduction in tariffs to lower import prices of intermediate goods;
- A stable exchange rate policy; and
- A monetary policy aimed at keeping inflation down (Godfrey 2010:23).

Godfrey (2010:23) elaborated that GEAR intended to achieve accelerated job creation in three ways. Firstly, through the fast-growing economy as aforementioned, secondly, through infrastructural development and labour-intensive public works. Lastly, the strategy aimed to achieve new jobs through institutional reforms and industrial policies, stressing the growth of more labour-intensive sectors. GEAR policy successfully reduced the budget deficit and kept inflation lower than planned. Under the GEAR policy, fiscal deficit, inflation and government utilization targets were all somewhat met, reporting figures of 2.2%, 5.4% and 18% respectively by the end of 2000, achieving more noteworthy macroeconomic solidness, better reporting and increased accountability. In addition, the management of public funds improved drastically under GEAR and the main achievement seen concerning GDP was that the negative growth rate of the mid-nineties was turned around. Tightening of the monetary policy and restructuring all government levels led to a reduction in government expenditure

However, GEAR dramatically failed to meet its economic and employment growth targets. Between 1996 and 2000 the economy grew by just 2.1% per annum, and the employment rate declined by over half a million. The non-agricultural private sector, which was viewed as a key sector for development, encountered a general loss of 93 000 jobs over the period.

## 2.7.3 Accelerated and Shared Growth Initiative for South Africa

In 2006, the government introduced a new job creation strategy, the Accelerated and Shared Growth Initiative for South Africa (ASGISA) (Padayachee 2010:239). ASGISA had a specific target of halving poverty and unemployment by 2014. To achieve these social objectives, the investigations conducted by government and some independent researchers, showed that the economy would have to grow by a minimum annual rate of 4.5% between 2004 and 2009 and 6% per annum from 2010 to 2014 (Godfrey 2010:27).

A number of binding constraints which, if not addressed, could prevent the achievement of the fundamental goals identified. These are:

- The vitality and level of the currency.
- The cost, efficiency and capacity of the national logistic system.
- The shortage of sustainable skilled labour, amplified by the impact of apartheid spatial patterns on the cost of labour.
- Barriers to entry, limits to competition and limited new investment opportunities.
- Regulatory environment and the burden on small and medium businesses.
- Deficiencies in state organisations, capacity and leadership.

ASGISA's response to the binding constraints fall into six categories:

- Infrastructure investment. The key areas of government expenditure identified here are provincial and local roads, bulk water infrastructure and water supply networks, energy distribution, housing, schools and clinics, business centres, sport facilities and multi-purpose government service centres, including police stations, courts and correctional facilities. Also, crucial electronic communication.
- Sector strategies. The idea is to promote private sector investment, with special priority being given to business process outsourcing (BPO), tourism and biofuels. Other sectors to be prioritized included chemicals, metals beneficiation, creative industries (crafts, film and TV, content and music), clothing and textiles and wood, pulp and paper. What these industries have in common is that they are labour intensive, rapidly growing sectors worldwide, suited to South African circumstances, and open to opportunities for Broad based black economic empowerment (BBBEE) and small business development
- Education and skills development. The shortage of skills identified includes professional skills such as engineering and scientists, managers (especially financial, personnel and project managers), and skilled technical employees, such as artisans and IT technicians.
- Eliminating the second economy. Millions of South Africans continue to exist in a state of unemployment, poverty and marginalization. Measures proposed by ASGISA to bridge the gap between the so called Second and First Economies, include increased levels of public expenditure especially investment expenditure, to promote small businesses and broad based empowerment, and to possibly relax the regulatory environment within which small businesses operates( this implies a review of the impact of labour laws on small businesses and continued reforms in tax administration for small business)
- Macro-economic issues. "The requirement here is to find strategies to reduce the volatility and overvaluation of the currency; then also to maintain a generally

strict fiscal and monetary policy stance, which can contribute to the achievement of sustainable economic growth.

 Governance and institutional interventions. Interventions here include the effective implementation of agreed BEE charters, addressing skills problems in respect of service delivery by local government and implementing measures to reduce unnecessary bureaucratic delays reported in respect of some investment projects.

In the first three years of implanting ASGISA, it appeared as if the policy would meet its objectives for the period 2004 to 2009. The annual growth rate of the economy from 2004 to 2007 was 5.1% and during this period 1.5 million jobs were created, proving that accelerated economy growth to be the driving force in employment creation. However, this period was followed by major job losses in 2008 and 2009. This was caused by the fall of big economies across the globe (Godfrey 2010:27).

# 2.7.4 The Broad Based Black Economic Empowerment act 53 of 2003 (BBBEE)

Black empowerment is defined as an integrated and connected socioeconomic development process which contributes directly to South Africa's economic transformation. It was introduced to ensure distribution of South Africa's wealth amongst historical disadvantaged people.

The purpose of BBBEE

- To bring the majority of South Africa into the mainstream economy;
- To push the country's economic growth by increasing the number of black people that manage, own and control the country's economy
- To decrease income inequalities amongst population groups
- To provide clear and comprehensive BBBEEE compliance across all sectors of the community

## 2.7.5 New growth path 2010

After government had realised that the economic growth and commodity price boom, experienced over the past years, has not seen revenue being sufficiently applied to promote economic spread and skills development in the country, South Africa then came up with a new economic strategy to eradicate poverty and unemployment. This strategy was introduced and announced as the New Growth Path.

The new growth path (NGP 2010) is explained as a broad framework that sets out a vision and identifies key areas where jobs can be created. The NGP aimed to address unemployment, inequality and poverty, by unlocking employment opportunities in the South African private sector. The strategy combined the microeconomic and macroeconomic strategies. Its main goal is to create five million jobs within the next ten years.

## 2.7.6 Employment Equity Act, No 55 of 1998

The purpose of the Employment Equity Act, no 55 of 1998, is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment, experienced by designated groups, in order to ensure equitable representation in all occupational categories and levels in the workforce.

The employment equity act gives effect to section 9(3) of the Constitution of the Republic of South Africa, which provides that, National legislation must be enacted to prevent and prohibit unfair discriminations in the workplace. From the books there is no clear evidence of whether this policy is achieving its mandate or not. Therefore, it remains a question whether this policy achieved its goal or not.

## 2.8 CONCLUSION

This chapter has provided an overview of the literature relevant to public policy and the past and present policies targeting employment growth in South Africa. From it, it can be concluded that public policy is divided into three categories which are known as the regulatory, distributive and redistributive public policies The main purpose of the regulatory policy is to control the country and prohibit actions that may cause danger to society. The government uses the distributive policy as a tool to promote economic growth and render public services, such as the building of schools and bridges, which may be accessible to everyone living in the country. Lastly the main aim of the redistributive policy is to promote equality. The government taxes the rich to finance the needs of the poor following measures outlined in the redistributive policy.

## CHAPTER THREE

#### **RESEARCH METHODOLOGY**

#### 3.1 INTRODUCTION

This chapter is intended to explain the research methods employed in this study. It will accomplish this by first discussing research design, secondly, research methodology, thirdly, the data collection techniques used in the study, and thereafter, it will discuss data analysis and ethical considerations. Maree (2016:51) argues that research methods are tools that researches utilise to collect data. These tools enable researchers to gather information about social reality from individuals, groups, artefacts and texts in any source of data. A research methodology is determined by the nature of the research question and the phenomena being studied. Consequently, the research method used in the study should be seen as a tool to answer the research question (Diako 2012:91). According to Maree (2016:74), it is always important for the researcher to ensure a tight link between the purpose of the research or research question and the methods. He further elaborates that methods that are going to be used in a study are influenced by the research question, ontological position and/ or conceptual framework and the aim of the study (Maree 2016:74). The main objective of this study was to assess the role of the National Development Plan in reducing unemployment in South Africa. The methodology employed in this research was selected based on the following research questions:

- Is reduction of unemployment a focal aspect of the National Development Plan?
- How does the National Development Plan intend to address unemployment in South Africa?
- Has the implementation of the National Development Plan contributed towards the reduction of employment in South Africa?

## 3.2 RESEARCH DESIGN

The research design is a systematic plan for collecting, measuring and analysing data (Sivapragasam and Vijayalakshmi 2019:29). Crouch and Pearce (2013:130) define research design as a holistic approach that the researchers select to amalgamate the various components of the study, in a coherent and logical way. The research design

describes the way in which the researcher puts a research study together to solve a question or list of questions. It explicitly details how the research will be completed with valid outcomes, and most importantly, research design enables the research to adequately address the research problem (Blaikie 2009:17).

According to Willig (2013:28) it is imperative in a research design to select methods and techniques that are appropriate to achieve the research goal, therefore, to study the role of the National Development Plan in reducing unemployment in South Africa. This study adopted a qualitative methodology. This methodology was chosen based on its objective, which is to describe, analyse and understand the strategy, rather than to only describe the phenomena.

## 3.2.1 Research Methodology

The scrutiny of literature reveals that there are two types of research methodology which are known as qualitative and quantitative research methodology. The Qualitative method is a research methodology based on linguistic (words), feelings, emotions, sounds and other non-numerical and unquantifiable elements. According to Coldwell & Herbst (2004:13) "data is considered qualitative in nature if it cannot be analysed by means of mathematical techniques." Qualitative research asks broad questions and amasses word information from phenomena or research participants (Hickey & Brosnan 2016:40). "The researcher looks for themes and describes the information in themes and patterns exclusive to that set of participants" (Shirish 2013:37). The aim of qualitative research is to discover the underlying motives and desires by means of in-depth interviews. Other techniques commonly used in such research include word association tests, sentence completion tests, story completion tests and other alike projective techniques (Kothari 2004:30).

Babbie and Mounton (2001:270) state that qualitative research is different from quantitative research, as qualitative research relies on words and employs meaning based methods of data analysis, while quantitative relies on numerical data and employs statistical methods of data analysis. Hickey and Brosnan (2016:40) argue that quantitative research is the "systematic empirical research of observable phenomena via statistical, mathematical or computational techniques". The quantitative research, focus

is on collecting numerical data, summarizing the data and drawing inferences from it (Coldwell & Herbst 2004:13). Therefore, it is applicable to phenomena that can be expressed in terms of quantity. Moreover, quantitative research is a widely used research method and is used in natural science, social sciences, physics, biology, sociology and journalism.

Both qualitative and quantitative methodology can be simultaneously employed in the same study. The adoption of both qualitative and quantitative methodology in the study is referred to as triangulation or mixed methods. According to Cottrell and McKenzie (2011:242), triangulation is based on the premise that no single method can adequately answer a research question; therefore, it uses more than one approach to the investigation of a research question in order to enhance or improve the outcomes of the study.

Triangulation is a way to make sure there is substantial evidence to make valid claims and it shows the richness and complexity of behaviour by studying theories from more than one standpoint (Jamison 2006:2). Results of triangulation research engulf the entire subject matter because they include all the elements of knowledge and the understandings revealed about the phenomenon, by the researcher's diverse methods embodied in the design (Kpolovie, 2016).

Cottrell and McKenzie (2006: 235) state that "the key to triangulation is to look for consistency rather than identical results". The triangulation goal is to double check the correctness of data to ensure its completeness. The principle is that if you collect data based on more than one observation or measurement, the data is more likely to be valid.

Qualitative research methodology was employed in this study to assess the role of the National Development Plan in reducing unemployment in South African. Qualitative Research is primarily exploratory research. It allows for in-depth assessment of the problems being studied. Consequently, it is used to gain better understanding about the phenomena, its causes and effects.

## 3.3 DATA COLLECTION TECHNIQUES

There are two types of data namely primary and secondary data. Primary data is data that is gathered by a researcher from first-hand sources, using methods such as interviews, experiments, or surveys, and the secondary data is pre-existing data collected from studies, surveys or experiments that have been run by other people. For this study the researcher used secondary data. Information was collected from the following sources:

- Statistic South Africa Reports;
- Government Publications;
- Public Policies such as RDP, GEAR and NDP;
- Newspaper Articles;
- World Bank and OECD reports;
- Journals; Books and Unpublished academic papers such thesis.

Secondary data has some distinctive advantages over primary data collection efforts. According Kumar (2008: 58) the advantages of using secondary data include:

- It is cost effective, as the cost of collecting new information is saved. The cost of this data is relatively low when it is obtained from published sources. Only the cost of the time required to obtain the data is incurred
- It saves time, the researcher does not spend more time in the field trying to amass original data, this leads to prompt completion of the research project
- It broadens the understanding of the researcher about the phenomenon being studied, as it requires the researcher to read more. This helps the researcher to improve his/her simple ideas, and in turn improve the quality of the research
- Secondary data can be used as a basis for comparisons with the primary data that the researcher has already collected

Notwithstanding, the above listed advantages of pre-existing data and secondary data may have the following disadvantages:

- It may lack reliability, credibility and accuracy
- Units of measurement may be inappropriate

- Data may be outdated
- Sources or sponsors of the research may be unknown (Kumar 2008: 58)

## 3.4 DATA ANALYSIS

Bloomberg and Volpe (2018215) define data analysis as the well-thought out way of collecting, transforming and analysing information in order to present meaningful conclusions. Data in itself cannot be easily understood due to its ambiguity, therefore, to get information from the data one must break it down and present it in the most understandable manner. Diako (2012:109) describes data analysis as the process by which a phenomenon is broken down into its integral components in order for it to be better understood. In this study desktop analysis was used to analyse data. The desktop or secondary analysis approach involves the compilation and analysis of pre-existing relevant data. It does not involve physical investigation or field research. According to Johnston (2014:619), secondary data analysis is analysis of data that was gathered by another person for other reasons.

In the fastchanging world, the use of secondary data in research is increasingly becoming a common thing. This is due to the availability of data that has been collected and archived by researchers everywhere in the world, and is easily accessible to other researchers. The use existing data provides a viable option for researchers who lack time and money. Secondary analysis is an empirical exercise that employs similar basic research principles as studies using primary data and has steps to be followed just as any research method (Johnston 2014:619).

## 3.4.1 Process of Secondary Analysis

Johnston 2014:619 states that "secondary analysis is a systematic method with procedural and evaluative steps". To achieve the purpose of this study the researcher followed the steps belows:

- **Determining research question**: firstly, research questions were established. This was necessary to determine research methods
- Identify research sources: the second step was to determine where data is going be obtained and if it is accessible. Public libraries and the internet were

identified as main places where relevant pre-existing information can be amassed;

- Collect existing data: the secondary data used in the study was collected from the internet, books and from other scholars work such theses, dissertations and journals available in public libraries and online;
- Evaluating relevance of the data: the fourth step was to thoroughly scrutinise the collected data, trying to establish the reason for the data to be collected, when it was collected, type of questions that were asked, the population and sample from which the information was obtained;
- Assessing credibility of the data: before the collected data was included in the study it was vigorously scrutinised to ensure that it's from credible sources. This included verifying the credentials of the original researchers;
- **Analyse**: lastly, the data was carefully analysed to determine if the research questions were answered adequately (Johnston 2014:619).

## 3.5 ETHICAL CONSIDERATIONS

In general terms, ethics are rules or standards that govern the conduct of a person or a group of people. They define what a person is or not expected to do. Around the globe, people adhere to certain norms and ethics which are partly formed by their culture, religion and life experience. In research, ethics are necessary for these reasons: to ensure that the researcher does not influence the outcomes of the study in anyway, does not jeopardised human rights, cause any form of harm to society or promote a deceptive agenda (Davis, Du Plooy-Cilliers and Bezuidenhout 2014:264). In this study the researcher adhered to appropriate research ethical requirements. The primary and only goal of this research was to study the role of the National Development Plan in reducing unemployment in South Africa. In doing so, the researcher did not try to push any negative agenda or devalue any person. The information used it this study was collected from credible sources and all sources quoted in the study were acknowledged as per the Harvard referencing style. In addition, the research did not manipulate the outcomes and all information included in this study is sorely based on facts and reality.

## 3.6 CONCLUSION

This chapter outlined the research methods used in the study. This has been accomplished by discussing research design, research methodology, and the data collection techniques. In addition, it explained the data analysis technique, and ethical consideration. From it, it can be concluded that a research methodology is the integral part of any research. The technique employed in the study determined the outcomes of the study.

#### CHAPTER FOUR

## NATIONAL DEVELOPMENT PLAN AS A POLICY TOOL TO REDUCE UNEMPLOYMENT

#### 4.1 INTRODUCTION

Since the inception of democracy in 1994, South Africa has implemented numerous policies aimed at promoting economic growth and reducing unemployment and poverty in attempt to tackle the issue of high unemployment in the country. In 2013, the African Nation Congress introduced the National Development Plan. The NDP is a policy framework geared towards the improvement of the country's economic growth and prospects, (Mohamed, 2018). It aims to eradicate poverty and reduce inequality in South Africa by 2030. The primary goals of the plan include job creation, a nondiscriminatory share of wealth and improving education (National Development Plan, 2012). The National Development Plan provides goals for investment, development and job creation. It further detects key constraints on economic growth (drawing on, amongst others, the ASGISA analysis) and determines how economic participation can be diversified in the country. To achieve these goals, "the emphasis has been on improved infrastructure, basic education and skills development, and the expansion of labour-intensive sectors" (Mohamed (2018). The national development plan also views support for small business and land reforms as key strategies for achieving inclusive economic participation. All of these strategies underline the need for teamwork between the public sector, the private sector and labour to achieve a more inclusive and thriving South Africa (Mohamed, 2018). The short and medium-term planning for the NDP is guided by the update 2014-2019 MTSF, which aims to ensure policy coherence, alignment and coordination across government plans and budget processes (The presidency, 2014).

# 4.1.1 Employment and economic growth targets of the National Development Plan

- Reducing the narrow unemployment rate from 25 % to 14 % in 2020 to 6% by 2030. To achieve this, about 11 million new jobs need to be generated by 2030.
- Increase labour participation for people who are between age 15 and 64, in terms of the plan by 2030, about 41% of those who are eligible to work will be

employed. The ultimate goal is to increase this to 52 % by 2020 and to 61% by 2030.

- To sharply increase the Real Gross Domestic Product. In terms of the plan, the country should expect an average Gross Domestic Product growth of 5.4% in 2011. "At this rate of growth, there will still be substantially more reliance on very low-income employment, survivalist and public employment schemes".
- Reducing the number of people whose income is below the poverty measure per day (in 2009 Rands). It is anticipated that this number will drop from 39% in 2009 to zero in 2030. As a result, the Gini coefficient will fall from 0.7 in 2010 to 6.0 by 2030. Moreover, "The share income going to the bottom 40 % of income earners will rise from 6 % to 10 %".
- Reducing the number of people who are dependent on a single earner. On average, the dependency ratio will drop from 4 to 2.5 for low-income families. This ration will fall from an average of 5 to 6 down to 4 to 5. In terms of the plan, a falling dependency ratio will contribute positively in reducing poverty and inequality in South Africa (National Development Plan, 2013).

## 4.1.2 The National Development Plan key elements for job creation

In terms of the National Development Plan, unemployment in South Africa can be reduced by, among others, increasing the supply of skilled labour, addressing macroeconomic constraints and strengthening labour market institutions.

## 4.1.2.1 Increasing the supply of skilled labour

In terms of the National Development Plan, South Africa needs more skilled labour, especially in fields such as engineering and ICT. Currently, the number of people who acquire tertiary education and training in the country, increases by only 1% per annum, or by approximately 175 000 people. This number should double by 2018. It is anticipated that higher levels of educational attainment among South Africans would lead to a more skilled and productive workforce which will produce a higher standard of goods and services in turn will form the basis for faster economic growth and rising living standards (National Development Plan, 2013).

## 4.1.2.2 Addressing macro-economic constraints

In the National Development Plan, it envisages that the rate of investment to Gross Domestic Products will rise from 17% to 30% by 2030, fuelled by a gradually growing pool of domestic savings as well as foreign capital. In terms of the NDP, public sector capital investment should increase to 7% of GDP, consistent with ratios during high growth phases of other countries. The macro-economic platform needs to be enabling and offer stability, with efforts to buffer producers from a volatile currency and improvements in the quality of public spending. Creating this enabling foundation is necessary, but not sufficient to guarantee growth and employment. The right incentives and support are also needed to take advantage of global, regional and domestic opportunities (National Development Plan, 2013).

## 4.1.2.3 Strengthening labour market institutions

South Africa needs to make labour regime more conducive to employment growth. In terms or the plan, the labour market in the country is currently characterised by challenges such as income inequality, shortage of skills (particularly technical skills), slow growth, rigid labour laws, discrimination on the basis of ethnicity, gender, and the exclusion of people with a disability. All these challenges are barriers to employment growth. Therefore, moving forward, South Africa will have to strengthen its labour market institutions. Issues that need attention include:

- Improving access to lifelong learning and career advancement
- Stabilizing the labour environment, improving dispute resolution and shop-floor relations
- Clarifying dismissal and retrenchment provisions in the labour relations Act (1995) Code of Good Practice and its management
- Strengthening the labour courts and resourcing the Commission for Conciliation, Mediation and Arbitration (CCMA)
- Addressing public employment relations, wage setting, performance and the management of essential services (National Development Plan, 2013).

## 4.1.2.4 Expanding South Africa's share of global goods and service markets

By diversifying trade, South Africa can reduce the strong link to commodity cycles and associated volatility in the exchange rate and earnings. This will cushion the economy from economic shocks, with sufficient reserves and fiscal space. In turn, a more stable environment for domestic-oriented firms, which create the majority of employment, will emerge.

Moreover, stability in exports reduces the risk of a foreign debt trap, protecting critical public spending programmes. We would secure larger foreign exchange earnings, enabling us to purchase inputs for further industrialisation and infrastructure investments.

It would improve productivity and economic growth throughout the economy. Significantly, we could create up to 15% of new jobs directly as well as indirect employment by promoting linkages in domestic industries.

In this, South Africa needs to give more attention to areas of competitive advantage in input industries and in key service sectors. This also requires stronger economic and diplomatic support to exporters and South African investors. South Africa needs to establish great South African businesses (National Development Plan, 2013).

## 4.1.2.5 Playing a greater role in regional development

South Africa is the strongest economy in the SADC region and in the entire African Continent, and for this reason, the country should be on the forefront of development in the region. The country's growth partly relies upon this. Moving forward, South African companies will be encouraged to play a pivotal role in regional infrastructure projects and in integrating regional supply chains to promote industrialisation. This could lead to an increase in exports, with a growing portion of non-mineral manufactures and services.

The cooperation in the region may offer South Africa an opportunity to move activities, that cannot be produced competitively in the country, to lower cost environments regionally. In the context of SADC, this could entail integrating farmers within the region into supply chains and moving production of some of the more highly

commoditised products. Similarly, expanding the sources of power out of the country could eliminate risks of supply constraints; assist in fixing trade imbalances and increase demand for South African exports in the region. In the area of tourism, rising costs in South Africa can be partially offset by the packaging and marketing of regional tourism destinations together with South African one's, so that the relative attractiveness of both the local and regional offerings are enhanced and sustained for longer. This could necessitate a different approach towards the improvement and expansion of regional transport routes and modes (National Development Plan, 2013).

#### 4.1.2.6 Promoting employment in labour absorbing industries

National resource allocation must support productive sectors with competitive advantage. To promote employment, these activities should have the following characteristics: a competitive advantage, global growth potential; and either direct or indirect job potential on a significant scale, through linkages in the domestic economy. Promoting backward linkage industries into mining, back office IT-enabled services, or tourism would be consistent with this policy. The promotion of smelting in the 1990s however, contradicts these principles (National Development Plan, 2013).

Several high growth economies have benefited from growing trade in services – such as South Korea, Malaysia, India and the Philippines. SA's rate of growth in service trade is about half what they have achieved. Examples of competitive niches for SA include construction, tourism, retail and IT-enabled services. Specifically, the plan proposes a target of 700 000 jobs created in IT-enabled services. While services are thought of as non-tradable, in fact there is evidence and potential to trade almost any service activity. It is a policy choice (National Development Plan, 2013).

To succeed, South Africa needs stronger economic, diplomatic relations into key markets, development of finance support, significant and targeted human resource development, supportive trade arrangements, targeted innovation funds; and competitive telecommunication services. More than 70% of the jobs will be created in domestic-oriented activities and in the services sector.

## 4.1.2.7 Promoting small business

Small and expanding firms contribute a substantial proportion of the workforce and have been viewed by many governments as key sources of jobs. In South Africa, small businesses are expected to generate about 90% of the jobs by 2030. This will be achieved by allocating more resources to government initiatives aimed at promoting entrepreneurship, creating an economy that promotes entry and expansion of small businesses, eliminating all the barriers that hinder small businesses from accessing credit. Furthermore, the state, through its policies will enable small businesses to gain access into various markets and to participate in public and private procurement (National Development Plan, 2013).

## 4.1.2.8 Promoting innovation

Science and technology are critical to the process of sustainable development. South Africa will increase resource allocation to Research & Development programmes. According to the National Development Plan, this will help the country to gain a competitive advantage on global markets in science and technology. The resource allocation will target small businesses as they tend to be the best drivers of innovation. Currently, in South Africa, the science and innovation system is small but is becoming more racially inclusive. The key challenge lies in building the base of science, technology, innovation and skilled human resources. Thus, South Africa should invest in people and acquire the best equipment available.

Higher education plays a critical role in developing science, technology and innovation, which in turn improves national development. School teachers, as well as staff and programmes in Dinaledi schools, should be evaluated to ensure they have adequate knowledge of science, technology, engineering and mathematics. In addition, all science and mathematics teachers should receive a continuous training to improve their skills.

Higher education institutions should extend the length of their science, technology, engineering and mathematics degrees to four years and redesign the first year of the course to make it more accessible. Where necessary the extension of length of degrees should be widened to other disciplines (National Development Plan, 2013).

Immigration requirements should be relaxed for highly skilled science and mathematics teachers, technicians and researchers. One way of doing this to grant 7 year working permits to all graduates from foreign countries. The movement of people, ideas and goods should be encouraged across the east and Southern African Community region (National Development Plan, 2013).

Special consideration should be given to dedicated programmes in water, power, marine, space and software engineering, in which South Africa has both comparative and competitive advantage. Companies that focus on such programmes should provide internship programmes for experiential learning specifically in manufacturing and services (National Development Plan, 2013).

## 4.1.2.9 Agriculture

In South Africa, the agricultural sector is one of the biggest employers and, it is anticipated that the sector will continue to play a significant role in job creation. Thus, South Africa will use this opportunity to broaden economic participation particularly, in rural areas. Currently, rural areas are almost excluded from the mainstream economy and the proportion of rural inhabitants employed in the agricultural sector is very low in the South Africa compared to other countries. Rural employment could grow with reformed land tenure, support to farmers, expanded social services, higher agricultural output, mining, social investment and tourism (National Development Plan, 2013).

## 4.1.2.10 Public employment

Government should play a key role in job creation, especially in peri-urban and rural areas. At the moment, the public sector employs about 9 % of the labour force and accounts for 18 % of formal employment. Moving forward this would change, the government will use its public employment programmes, like Community Works, as drivers of employment growth. About two million jobs will be generated annually, mostly through community-based services (National Development Plan, 2013).

## 4.1.2.11 Stronger institutions, better accountability

Policy implementation in South Africa has not been as successful as the policy formulation phase. In the last 24 years of democracy the government has failed to

meet its targets of social development. Thus, in the attempt to reduce unemployment, the South African government needs state organs that are more capable of implementing programmes and policies effectively and consistently, especially in the most critical priority areas.

Moreover, the country needs to fight corruption in all state institutions. Too many politicians and government employees are caught in wrongdoings. As a result, the government institutions are dysfunctional, services are not being delivered adequately to poor communities. Moving forward, there must be strong oversight of public departments including state owned enterprises (National Development Plan, 2013).

## 4.2 THE IMPLEMENTATION OF THE NATIONAL DEVELOPMENT PLAN AND ITS CONTRIBUTION TOWARDS REDUCING UNEMPLOYMENT

Policy implantation is the most crucial phase of the policy process. The success of any policy relies heavily on implementation. A good policy can fail to achieve its goals as a result of poor implementation, whereas, a bad policy can yield positive outcomes when it is implemented adequately. Generally, public policy implementation is known as the execution of the law or plan adopted and promulgated by the national assembly. It encompasses those activities performed by both public and private entities in the attempt to achieve the projected policy outcomes. Makinde (2005:63) view policy implementation "as a stage of policy making between the establishment of a policy (such as the passage of a legislative act, the issuing of an executive order, or the promulgation of a regulatory rule) and the consequences of the policy for the people whom it affects". According to Beckett and Koenig (2015:226) "policy implementation is what develops between the establishment of an apparent intention on the part of government to do something or to stop doing something, and the ultimate impact in the world of action".

In addition, policy implementation includes a number of key experts whose role is to discharge small and huge tasks that lead to the ultimate achievement of the policy goals. In the South African context these key role players include individuals who serve at provincial and local spheres of government and business people. However, the local sphere of government plays a significant role in public policy implementation. It is the third tier of the government that have the responsibility of implementing the projects

or programmes that deliver the policy goals. Furthermore, policy implementation involves huge public funds. In fact, there is no public policy that can be successfully implemented without a budget. The state needs money to build schools, clinics or to provide water.

It is worth highlighting that not all formulated policy gets implemented or achieves the desired outcomes. The inability to implement policy successfully is one the greatest challenges facing various states across the world. Makinde (2005:63) argues that the policy implementation problem is not merely restricted to lesser developed nations. It occurs anywhere and at any time when the basic critical factors that are crucial to implementing public policy are missing. This implies that governments fail to implement policies in developed, developing and lesser developed country.

According to Tebele (2016:23) the South African government, in the last two decades has been outstanding in crafting good public policies but failing when it comes to policy implementation. And, unfortunately, the National Development Plan (NDP) is one of the policies the country has failed to implement adequately. Consequently, the unemployment rate in the country is still unacceptably high as it was when the Plan was first implemented in 2013. As a result, people in South Africa continue to suffer from destitution and the inequality gap between the poor and rich is rising rapidly. The National Development Plan predicted that the unemployment rate in South Africa will drop from 25% in 2013 to 14% by 2020; on the contrary, the unemployment rate in the country has increased to 27% from 2013 to 2018.

The National Development Plan promised employment increase in agriculture and the services sector. However, in the third quarter of 2018, 67 000 jobs were lost in the services sector, while jobs declined by 8% in the agricultural sector in the first quarter of 2018, with the Western Cape agricultural sector recording the highest number of 30 000 jobs lost due to drought. Moreover, the mining industry continued to bleed jobs for the fourth consecutive quarter with 2 000 jobs lost in the second quarter of 2018, while the manufacturing industry experienced a sharp decline of 13 000 jobs. The transport industry witnessed a minor decline of 2 000 jobs. Furthermore, in the third quarter of 2018 jobs declined by 7000 in the construction industry (Statistic South Africa, 2018).

In the light of the above, one can conclude without being dubious, that the NDP has not made any substantial contribution towards the reduction of unemployment in South Africa.

Tebele (2016:13) claims that the ANC government failed to implement the NDP because the plan lacks a clear and well detailed implementation plan. On the other hand, Berkowitz (2018) attributes NDP failure to the state resources looting, which happened under president Zuma's reign. However, the ANC failure to implement the National Development Plan (NDP) successfully cannot be merely limited to the lack of a well detailed implementation plan or corruption. There are numerous reasons for poor policy implementation. Some these reasons include:

- Unclear and highly ambitious policy goals: it is well known that for any policy to achieve the expected outcomes, its goals must be achievable and clearly stated. When policy goals are vague and highly ambitious things become difficult for those responsible for implementing the policy, they become uncertain of what is expected from them and what the government exactly wants to accomplish with the policy (Public Policy and Systems 2012:66)
- Resources: Financial and technical resources, together with quality human resources, are key factors in the correct execution of any policy, especially when a policy involves the creation of new structures and recruitment of fresh staff (Public Policy and Systems 2012:66). For example, if the government adopts a policy to introduce coding in public schools, money will be needed to buy computers and people with adequate skills and knowledge of coding will be required to implement the policy. Deducing from the above, without sufficient resources the government would fail to implement policies adequately, thus, people will continue to face social challenges such as joblessness and destitution. In South Africa, money is not really an obstacle for proper policy implementation, however the paucity of highly skilled people is a major concern, especially in the public sector. States organs lack skills and capacity to correctly implement policies. This has been highlighted in various government documents including the National Development Plan.

 Maladministration and corruption: The issues of ineffective governance and corruption, particularly among politicians and civil servants, have also been described as a major obstacle to proper policy implementation (Ikechukwu 2013:59).

## 4.3 CONCLUSION

This chapter has provided a clear picture of how the National Development Plan intends to reduce unemployment in South Africa. From it, it is also evident that the plan is a complex policy that has characteristics of distributive and regulative policies. Moreover, this chapter revealed that the Plan is failing to achieve its employment growth targets. Lastly, it explained the factors that led to poor policy implementation.

## **CHAPTER FIVE**

#### FINDINGS, RECOMMENDATIONS AND CONCLUSION

#### 5.1 INTRODUCTION

This chapter is intended at presenting the findings of the study. The main aim of the study was to assess the role of the National Development Plan in reducing unemployment in South Africa. In so doing the study attempted to answer the following questions:

- Is the reduction of unemployment a focal aspect of the National Development Plan?
- How does the National Development Plan intend to address unemployment in South Africa?
- Has the implementation of the National Development Plan contributed towards the reduction of employment in South Africa?

## 5.2 FINDINGS

The study has found that unemployment is indeed a focal aspect of the National Development Plan. However, the plan did not play any significant role in reducing unemployment in South Africa. The rate of unemployment in the country remains very high. In fact, it is continuing to increase. The undesirable outcomes yielded by the National Development Plan could be attributed to two factors. Firstly, the National Development Plan lacks an implementation plan. The plan does not state what should be done to implement the policy. It only presents the policy goals, the time it will take for the policy to achieve its goals, and thereafter it lists the policy stakeholders. The policy implementation plan is like a roadmap, it provides direction for those responsible for implementing the policy. Therefore, without a well detailed implementation plan the NDP was doomed for failure.

Secondly, the National Development Plan does not adequately address the adamant problem of unemployment in the country. Unemployment in South Africa is structural Particularly, amongst less skilled workers and the youth. Structural unemployment is a long-lasting type of unemployment caused by a mismatch between the skills required in the economy and the skills offered by the unemployed. Even when the economy is at its peak and there are plenty of open vacancies

Structural employment is often caused by fundamental economic shifts. Deindustrialization is a common cause of structural unemployment decline in industries that produce goods and leaves many workers jobless with skills that do not match available job opportunities. Furthermore, the replacement of skilled workers with machines or technology is another factor contributing to loss of jobs and unwanted skills. In addition, structural unemployment can be due to:

- Inability to pay expensive tertiary education, which result in dropping out
- Poor primary and secondary education
- Choice of a field of study which did not produce marketable job skills
- Inability to afford relocation to where there are opportunities
- Globalization has caused many manufacturing jobs to move from high-wage to low-wage countries.
- Free trade agreements can cause jobs to move, as competitive advantage changes.

In addition, the National Development Plan failed to address unemployment because of the following reasons:

- The plan is silent on industrialisation. It said that for the government to generate decent jobs, it had to revamp the manufacturing sector, which would generate the right mix of decent jobs in the economy and complement the services sector. Instead of industrialisation, the NDP puts more emphasis on small- and medium-scale enterprises in the services sector, as the main drivers of future economic growth, perpetuating the tradition of unskilled low-wage labour in the country.
- It targets economic growth as a key element that will increase employment; however, in South Africa economic growth does not guarantee employment growth. Structural unemployment persists even when the economy is at its peak. Under GEAR strategy economy grew but jobs were not generated.

- It acknowledges the fact that the country needs to increase skills supply, particularly in key sectors, but it failed to realise that the majority of the unemployed or potential workers who need to be equipped with skills, come from disadvantaged backgrounds, thus cannot afford university fees. In general terms this can be explained by saying the plan failed to anticipate fees must fall or to address the needs of poor tertiary students.
- The plan hopes that some economic activities in the country will be moved to some countries in the SADC region where they can be produced competitively. This will lead to a further decline of industries. By moving economic activities to another country, you are also moving jobs. This has caused the decline of jobs in America when companies start to move production activities to China.
- The plan does not deal with poor primary and secondary education when proposing strategies to reduce unemployment. In South Africa, unemployment disproportionately affects people in terms of gender, colour, education status, age and geographical area, but it mostly affects young people who did not complete secondary education.
- Employment growth in the agricultural sector is not guaranteed as the sector can be affected by droughts and floods which can persist for long periods of time. This usually pushes farmers to cut the number of their peasants.
   Furthermore, the agricultural sector is increasingly becoming less labour intensive due to the introduction of technological ways of farming.
- South Africa's unemployment is not caused by unclear labour laws. Arguable, in South Africa, there is already an issue of rigid laws which hamper small business from thriving.

Moreover, the national development plan does not address unemployment as it manifests in the country. South Africans are unevenly affected by unemployment on the basis of colour, age, gender and geographical area. For example, the plan was supposed to be clear on how it attempts to address unemployment in the Eastern Cape and what sectors are targeted in the Eastern Cape for creating employment for unemployed skilled, semi-skilled and unskilled youth, women and black people in general.

#### 5.3 RECOMMENDATIONS

**Recommendation 1. Reindustrialise**: the country needs to revamp industries, especially those that are close to where people live. This will produce a mix of decent jobs. Industrialization plays a fundamental role in generating decent employment opportunities for a youthful population, uplifting people out poverty and thus promoting upward social mobility. In developed countries, economic growth is driven by industrialization underpinned by strong manufacturing. In East Asian economies, for example, China has successfully led the fight against poverty in the world by lifting more than 600 million people out of poverty on the heels of rapid economic growth, sustained by industrialization

**Recommendation 2. Fix primary and secondary education**: employment in South Africa among young people will only increase with improvements in primary and secondary education. Currently education is not producing the desired outcomes. It is characterised by a huge number of school dropouts, poor matric results and it does not prepare children for the future or equip them with skills that are required in the economy. Primary and secondary education forms the foundation of the child's career prospects. When young people are ill-educated the probabilities for them to be structurally unemployed in the future increases significantly, especially now in the era of economies that are becoming less labour intensive. In addition, the ANC government needs to ensure that all public schools have the necessary facilities to nurture and build young talent. Textbooks and books in schools must be delivered timeously, the schools curricular must be revised so that it includes subjects that will prepare learners for the fourth industrial revolution (to be specific computer science, mechanical and electrical engineering should be on top of the schools syllabus) Teachers of these subjects can be lured from other African countries or across the globe, such as China, is doing now with English teachers.

It's worth it to note that science and maths should not be the only focus areas when it comes to education. Yes, they matter the most, but children are gifted with different

abilities which need to be nurtured too and turned to future employment. Therefore, government must courage the participation of school pupils in art and handwork.

**Recommendation 3.** Ensure the correct implementation of the affirmative action and employment equity Act: unemployment patterns in South Africa remain unchanged and they still reflect the unemployment patterns of the apartheid. Black people suffer greatly from unemployment as they were under apartheid, while unemployment is relatively lower among white people, as it was before 1994. Another, strange factor about unemployment in South Africa is that the unemployment rate among black graduates is higher than unemployment of uneducated white people, while unemployment does not exist among white graduates. This required the government to take corrective steps using necessary policy measure to ensure that there is fair representation of black people in the labour market. However, this does not imply that qualified white people should be replaced by unqualified black people, or that black people should get job preferences because they are black. Selection should be based on merit. The goal is to ensure that job positions in companies reflect the unique racial diversity that South Africa has.

In addition, the number of unemployed among women, particularly black women is very high. South Africa as a country needs to start to acknowledge the need to increase the number of women who participate in the mainstream economy. Many families in the country are headed by women; therefore, leaving them out of the economy may lead to poverty, which in turn will exacerbate the issue that leads to unemployment. As it is a well-known fact that children who come from disadvantaged backgrounds are unlikely to finish high school or enrol to a tertiary level due to financial instability at home.

## 5.4 CONCLUSION

The purpose of this study was to assess the role of the National Development Plan in reducing unemployment. Accordingly, this research has shown that the National Development Plan has unacceptably failed to address the complex phenomenon of unemployment in South Africa. Unemployment in the country remains a major challenge, especially among young people. It is also a major concern among women. In terms of this study, the NDP failed to address unemployment because it lacks a

clear and well detailed execution plan and it does not adequately address unemployment. This study proposes the following strategies to address unemployment. Firstly, it proposes that the government must revamp closed industries, subsequently; the government must fix primary and secondary education and lastly must ensure that it enables the correct implementation of the Affirmative action and Employment equity act.

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#### Annexure A: Letter from the Language Practitioner



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#### TO WHOM IT MAY CONCERN

I, Lesley Venter, declare that I have done the language editing for the thesis of:

Name: Akhona Mase

entitled:

# THE ROLE OF THE NATIONAL DEVELOPMENT PLAN IN REDUCING UNEMPLOYMENT

Submitted in partial fulfilment of the requirements for the degree of MPA in the Faculty of Arts at the Nelson Mandela University.

I cannot guarantee that the changes that I have suggested have been implemented nor do I take responsibility for any other changes or additions that may have been made subsequently.

Any other queries related to the language editing of this thesis may be directed to me at 076 481 8341.

Signed at Port Elizabeth on 05 December 2019

der

LM Venter