The impact of unemployment on people residing in Kuyga

By

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PREFACE

A significant feature of this study is the use of practical examples to explain the core concepts and relevant issues of the study. The purpose of this study is to analyse the causes and impact of unemployment within the Kuyga Township in the Nelson Mandela Bay within the Eastern Cape Province. It discusses macroeconomic policies such Broad Based Black Economic Empowerment (BBBEE), Growth, Employment and Redistribution (GEAR) and Affirmative Action. These policies were established to redress past inequalities within the labour market. The primary objective of this study is to identify measures to curtail unemployment, alleviate poverty and enhance economic growth.
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ABSTRACT

The study strives to highlight the factors contributing to unemployment in South Africa, specifically economic factors. The primary focus of the study is to analyse the impact of unemployment within the economy. The core underlying causes of unemployment within the economy are low standard of education, low standard of living, and ineffective macroeconomic policies such as Growth, Employment and Redistribution (GEAR).

The assumption of the study is that unemployment is a socioeconomic issue which the government is struggling to address adequately. The study outlines the challenges faced by the government in tackling unemployment. It also uses the Kuyga Township as a case study, analysing the impact of unemployment and poverty within the community. The government has made efforts to address the aforementioned issue. It established specific macroeconomic policies to remedy the situation. However, these policies fell short and were ineffective. The apartheid system created an environment that continues to perpetuate both unemployment and poverty especially within poor communities. Kuyga Township has a high rate of unemployment which contributes to poverty.

The study’s aim was to investigate the impact of unemployment in Nelson Mandela Bay area, determine the rate of unemployment, and compare strategies, projects and or programmes creating job opportunities in the area. It evaluated the success and failure of policies and strategies formulated to combat unemployment and alleviate poverty. The study also strived to determine the number of individuals affected by unemployment in Kuyga Township and the Nelson Mandela Bay area. The study makes recommendation and proposes plausible measures which the government could implement in order to manage and curtail the prevalence of unemployment and poverty within the Kuyga Township. It also highlights the role that businesses can play in creating employment opportunities within the community.
THE OUTLINE OF CHAPTERS

This study is divided into five main chapters.

Chapter one: This chapter provides a comprehensive introduction of unemployment and its impacts.

Chapter two: This chapter outlines the literature review grounding the relevance of the study.

Chapter three: This chapter focuses on the research methodology, including the scope and scale of the research, research assumptions, research design and methods, research process and ethical considerations.

Chapter four: This chapter provides the analysis and interpretation of the research findings.

Chapter five: This chapter outlines the recommendations and conclusion of the study.
DECLARATION

I hereby declare that this research study is my own work. It is submitted in partial fulfilment for the Master’s Degree in Development Studies at Nelson Mandela Metropolitan University.

Zoliswa Licia Makinana

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CHAPTER ONE

INTRODUCTION

1.1 The background of the study

This study focuses on socio-cultural and socio-economic problems, such as unemployment, poverty and crime which have contribute to various tragedies in our societies. The main focus of this study is the impact of unemployment on the inhabitants within Kuyga Township in Port Elizabeth. The socio-economic situation within the Kuyga Township is as a result of specific socio-economic problems and is thereby a microcosm for similar issues found in other communities. For that reason this study also highlights the pain caused by political problems and value systems which often have tragic after effects. Politics has an extensive influence on our lives, directly or indirectly. It depicts the way of life of a particular community which affects behaviour, moral roles and relationships. Each individual lives according to the norms and standards of a particular community and no individual member of the community can escape the impact of unemployment.

Kuyga Township has an estimated population of approximately 5000 people and is largely comprised of the Blacks and Coloured ethnic groups. Various attempts have been made by the government to enhance development, create job opportunities and alleviate poverty through the building of RDP houses in the community. However, Kuyga is largely under developed. The majority of the people in Kuyga are living in shacks; there is a high rate of crime, and alcohol and drug abuse. There is only one school in the area offering grade R to grade nine. The community has a high illiteracy rate and most people depend on social grants as the source of their livelihood. As a result the nearest urban areas are full of loitering people from Kuyga, the majority of whom, are jobless and become involved in theft which leads to imprisonment. This is discussed further in chapter three of the study.

The creation of employment opportunities is an important macroeconomic objective and unemployment is a major economic problem in South Africa. The Eastern Cape Province is regarded as the poorest province in the country and is particularly impoverished in terms of infrastructure and unemployment.
The study was conducted at Nelson Mandela Metropolitan Municipality in Eastern Cape. The study focused on both males and females from Kuyga Township which is a very poor community with high rates of poverty due to unemployment. The Nelson Mandela Bay Municipality consists of three towns which are: Port Elizabeth, Uitenhage and Despatch. The Municipality is urban, but is surrounded by squatter camps in most areas. There is high rate of unemployment and poverty within the municipal environ. However, over the past 15 years there have been significant developmental projects and programmes to create job opportunities and social support grants to alleviate poverty. This has been challenging due to the high population of the area.

Unemployment rate in South Africa is high at 25.7% (Stats SA, 2013) and the recent decline in economic growth has contributed to an increase in unemployment. Although there is controversy around the unemployment rate there is a history that impacts on this problem. Before democracy there was a deliberate tendency to underestimate employment among black workers during the apartheid era (Mohr et al, 1995:127-128). However, currently most Black people in the townships are unemployed and still living in shacks. Those who are employed have little income and most of them cannot afford houses. The development attempts made by the government were the establishment of policies and programme to address the imbalances of the past. Black Economic Empowerment (BEE) and Affirmative Action are the two strategies that the South African government developed in an attempt to address the imbalances of the past one of which is the high rate of unemployment particularly within Black communities.

In South Africa Affirmative Action was adopted after the transition to democracy in 1994 as one of the policies to correct previous imbalances. A policy known as the Employment Equity Act 55 of 1998 was introduced to rectify the institutionalised inequality of colonisation and apartheid. The purpose of Affirmative Action is to promote societal equality primarily for the previously disadvantaged individuals. According to Motumi (1995:48) “Affirmative Action, as stipulated in the White Paper on the Transformation of the Public Service, aims to address the imbalances of the past to the point where the state departments would be broadly representative of the demographic composition of the people of South Africa. Affirmative Action is a means to an end, and equal opportunities are the desired end. The goal of
Affirmative Action in the public service is to speed up the creation of a representative and equitable public service and to build an environment that supports and enables those who have been historically disadvantaged by unfair discrimination to fulfil their maximum potential within”.

Motumi (1995:51) states that Employment Equity Act 55 of 1998 is one of the important policy documents on affirmative action, which was formulated from the White Paper on the Transformation of the Public Service and the White Paper on Affirmative Action. The purpose of the Employment Equity Act is to promote equal opportunities and fair treatment in employment through the elimination of unfair discrimination.

According to The Nelson Mandela Bay Municipality (2013:1) the Municipality and its partners are geared to

“achieve and maintain an economic growth rate of between 3, 5% to 8% per annum by 2020; obtain an annual growth of 3, 5% in order to half the current unemployment rate; reduce the number of households living below the poverty line by 60% and assist SMME and co-operatives to access at least 30% of the opportunities in Nelson Mandela Bay. The Economic Development and Recreation Services directorate is responsible for promoting economic growth, job creation and reducing poverty. The directorate aims to ensure that Nelson Mandela Bay is a productive and globally competitive area, which has a vibrant economy, and is able to address local economic challenges.”

South Africa’s Economic Transformation: A Strategy for Broad- Based Black Economic Empowerment (n.d, 6-8) states that for the purpose of development, the Black Economic Empowerment strategy is a necessary government intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy. The high levels of unemployment, unequal distribution of income and low levels of growth and investment became deeply entrenched in society due to apartheid policies.

The concept of development is a broad and complex. However, it can be described as the process of transformation or change. It is that change which brings about complex ideas. Through this transformation process, in 1994 the government of
South Africa introduced a new system of development with the aim of bridging the gap between the privileged and the previously disadvantaged people as mentioned above.

In the Nelson Mandela Bay Municipality economic transformation process was applied to assist the society to improve the standard of living, standard of education, eradication of poverty and creation of job opportunities to satisfy their needs and to promote economic growth of the country.

1.2 **Definition of concepts**

1.2.1 Unemployment

Unemployment is defined as a situation where someone of the working age is not able to find a job but would like to be in full time employment. (Pettinger, 2010:1) Forstater (2000) states that unemployment is the failure to obtain employment that earns wages or salaries paid in money, thus has a dire impact on the jobless and is also associated with tremendous social and economic cost for the society. Unemployment is the direct and indirect cause of social and economic problems which can lead to political instability.

Amadeo (2013:1) states that unemployment can be defined by the Bureau of Labour Statistics (BLS) as the people without a job who actively looked for work in the past four weeks and are currently available for work; and people who were temporarily laid off and are waiting to be called back to the same job are part of unemployment statistics.

1.2.2 Development

Development is the process of transformation, which is improving the standard of living for the people, their welfare, quality of education, eradication of poverty, building roads and houses, and providing water and sanitation to satisfy their needs.

Hodder (2000:3) states that, development simply involves modernization mechanisation, rapid industrialisation and the transfer of underemployed rural population to productive urban industrial sector. It refers to the process of which results in economic growth.
Hodder (2000:13) notes that the term development refers to the process of which results in economic growth.

1.3 The Research problem

This study documents the high unemployment rate and its impact within the Kuyga Township in the Nelson Mandela Bay area. Unemployment has been a challenge of South Africa pre 1994 prior to democracy. The situation has since escalated within the Nelson Mandela Bay area. Statistics SA (2013) shows a very negative picture of employment opportunities in South Africa. The impact of unemployment includes poverty, drug abuse, crime and so forth. The situations has escalated since 1994, despite all the policies established to combat unemployment and create job opportunities and alleviate poverty; the rate of unemployment is still very high, especially in the Eastern Cape, and especially in Nelson Mandela Bay.

1.4 Research aims and objectives

The main aim of this study is to explore the impact of unemployment in Nelson Mandela Bay Municipality and highlight the development efforts which were made by the government or Municipal officials, business companies, and the people living in Nelson Mandela Bay Municipality (NMBM) themselves to overcome this problem. The aim and objectives of this research are as follows:–

To investigate the impact of unemployment in Kuyga Township;

To determine the rate of unemployment between males and females living in Kuyga, NMBM;

To compare strategies, programmes and projects companies have created in Nelson Mandela Bay Municipality;

To compare the success and failure of policies and strategies set or developed to combat unemployment and alleviate poverty;

To make recommendations on what the government and other business companies can do to make the existing policies and projects effective in creating job
opportunities and alleviate poverty, and what the communities can do to empower themselves.

**Recommendations**

The researcher suggests that the government actions the following:

The government should revise its policies, projects and programmes that were established after 1994 to address the imbalances of the past as required. To follow up on funding projects for jobs in order to end corruption, such as misuse of funds by public political office bearers, and to take drastic action for such behaviour. Control maladministration from spheres of government to prevent misuse of funds. Fund skills development programmes, in order to enhance employment. The Department of Education should include agriculture as a subject in the Primary school level to encourage learners to learn how to live on agriculture at an early age, which could contribute to poverty alleviation and food security. Communities should be encouraged to participate in creating job opportunities. Government and businesses should empower communities with skills developmental programmes.

**1.5 Research questions**

The following questions were asked and are discussed during the course of the study. These are:

What measures has the government taken to address the high rate of unemployment and poverty in Kuyga Township, Nelson Mandela Metropolitan Municipality?

Are there any projects in place in Kuyga created by government to help alleviate poverty in the greater Metropolitan area, and are there any available projects to assist Kuyga community?

Do these projects change the lives of the people on the streets?

What does the Kuyga Ward councillor contribute to change the situation?

Does the government follow the Freedom Charter that promotes a better life for all?
What measures does the government take to ensure that funding is used for the projects it is meant for?

1.6 The constraints caused by failure of policies meant to reduce unemployment and alleviate poverty

Simonia (2009:1) unemployment as a situation when one is looking for work and is able to work, but cannot find any work. Unemployment has a direct effect on the economy, in that it is the root cause of poverty and affects the population. An increase in unemployed people leads to an increase in the number of people who are dependent on social welfare. In South Africa citizens are entitled to free housing, free primary education, free health care and a limited amount of free electricity and water, and this puts a large burden on the country’s taxpayers and affects the country’s budget. Kuyga is one of the communities in which RDP houses were built, but most people are still living in shacks because of the mass migration from the rural areas. This is putting pressure on the area in terms of housing and available job opportunities.

Unemployment increases the risk of poverty especially in areas that have limited access to social assistance or welfare programmes. This directly reduces a person’s accessibility to most basic needs, which are food, shelter, health and security. Poverty increases where there are not many options available that contribute to the eradication thereof. In economies that are unable to generate employment opportunities, the vicious cycle of poverty continues on from one generation to the next. Countries that are generally poor and have high rates of unemployment tend to have high levels of overpopulation in their major cities. People will migrate from rural places or smaller towns to the cities in search of better employment opportunities, and this creates slums, and high levels of crime in the city and easy spreading of diseases as people are living in heavily condensed settlements and this again leads to development programmes being focused on cities, neglecting the rural areas; thus, encouraging further movement towards the larger cities. According to Simonia (2009:1-2) “Unemployment affects all spheres of society, be it directly or indirectly. It is difficult for governments and states to know or decide how to best deal with this issue, as it has many elements”.


The International Labour Office (2000:1-3) agrees with Simonia 2009 by arguing that, unemployment has well documented links to economic disadvantage and has also been connected in some discussion to higher crime rates, especially among the young suicide and homicide. An increase in incidences of alcoholism, child abuse, family breakdown, psychiatric hospitalisation and a variety of physical complaints and illnesses are the consequences of unemployment. Some researchers have emphasized the importance of preventing youth from falling into the unemployment trap, and suggest that unemployment among youth not only causes current hardship, but may also hinder future economic success. Unemployment, particularly among male partners, is also likely to lead to major role changes in the home for example, whether it is because they have more time or feel that they have to undertake additional household duties when they are no longer the financial provider for the family, unemployed husbands are more likely to increase their participation in domestic activities. In some circumstances, the loss of financial responsibility among husbands may lead to discontent within the marriage.

“The decline in economic growth in South Africa contributed to an increase in unemployment. In South Africa this problem was aggravated by an almost deliberate tendency to underestimate unemployment among black workers during the apartheid era. As a result most economists regarded official estimates of total unemployment in South Africa as unreliable. In the 1990s, however, the official measurement of unemployment became more reliable. Nowadays most observers accept that the official unemployment rates of 18.5 per cent for 1991 and 29.0 per cent for 1993 were fairly accurate estimates of the percentage of South African workers who were unable to obtain jobs during those years. Unemployment is arguably the most important and vexing problem facing South African economy. The unemployed suffer mental and physical hardship and unemployment poses a serious threat to social and political stability, for example, when unemployment increases, crime and social unrest also tend to increase” (Mohr et al, 1995:128).

Mohr et al (1995:128) states that the increase in unemployment is not unique to South Africa but has increased in many countries in recent years. In industrial countries, people have increasingly been replaced by machines and that resulted in an increase in production without an accompanying increase in employment and this phenomenon is often referred to as jobless growth.
The starting point is to understand the causes of structural unemployment in order to figure out how to fix the issue. The poor standard of education has produced a high influx of unskilled labour force. This has been exacerbated by the growth in tertiary sectors of the economy at the expense of primary sector (particularly agriculture and mining) at a rate far faster than the country can be retrained, living conditions, health and being presentable are more difficult to maintain while unemployed, making it harder for a prospective employer to hire you (Causes of unemployment in SA, 2010).

Hess and Ross (1997:251) argues that high levels of unemployment spawn a host of problems such as growing inequality and social exclusion, the waste of forgone output and unutilized human resources. On the contrary a high and stable rate of job creation is the mainspring of equitable economic and social development. A primary macroeconomic goal of any nation is to increase the employment rate. No economy can thrive without a constant employment growth rate. For most households, the employment of one or more adult members at decent wages is the surest way to avoid poverty.

Labour issues are often in the news. The creation of employment opportunities is an important macroeconomic objective and unemployment is generally regarded as the major economic problem in South Africa. (Mohr et al, 1995:389)

Nelson Mandela Bay Municipality (2005:3-4) states that the unemployment rate within the Bay area is approximately 41, 60 % (2001 Census). In addition to contributing to unemployment, the high migration rate from the rural areas of the Province puts pressure on municipal services, such as infrastructure, water, sanitation and housing. With regard to education, 29% of the population over 15 years have a matriculation or higher qualification, while 4, 2 % of adults have degrees. Although 8, 5 % of residents older than 15 years are functionally illiterate, highlighting the need for skills development.

Nelson Mandela Bay Municipality (2005:4) continues by explaining that in Nelson Mandela Metropolitan Municipality (NMMM), the number of community members trained in tourism management for beading course was 20 unemployed women held in June 2006. This was one of the development programmes created to ensure the participation of communities in tourism in order to fight unemployment and poverty.
To eliminate poverty 30 % was the target and 5 % was the actual percentage in 2005.

1.7 Conclusion

In conclusion, this research study strives to investigate the impact of unemployment in Kuyga Township, to enable the government and other business sectors to make the existing policies and projects effective in alleviation of poverty and job creation. Policies to combat unemployment are in place, the problem is the implementation of these policies and projects, in order to improve the community’s standard of living. The study cannot escape the fact that unemployment causes people to lose their dignity and their integrity especially men who are culturally bread winners. The disadvantage of development in areas of NMBM is that the projects are headed by people from other areas who are clueless about the background of that particular community.
CHAPTER TWO

LITERATURE REVIEW

2. An Overview

The study focused on investigating the impact of unemployment from both unemployed males and females in Nelson Mandela Metropolitan Municipality and how the government and other stakeholders intervened to overcome the impact. It is clearly stated in chapter one that, unemployment is arguably the most important problem facing South African economy.

2.1 A brief explanation of the unemployed standard of living

There is a perception that unemployment is caused by many factors such as, economic, political and labour issues. South Africa is seen by many authors as a country experiencing extremely high rates of unemployment.

Unemployed people suffer mental and physical hardship and unemployment poses a serious threat to social and political stability, for example, when unemployment increases, crime and social unrest also tend to increase (Mohr et al, 1995:128).

Different studies have already stressed the consequences of unemployment, the waste of people’s talents and the creation of frustration which can have serious ramifications for society, and people have to be aware of a need to solve this human and social problem for which everyone, to a greater or lesser extent are responsible (Gual, 1996: x).

Howe and Le Roux (1992:15-17) argue that the unemployment and poverty in South Africa is a serious economic crisis which calls for a fundamental restructuring of both the political and the economic system. There is a long debate on whether poverty in South Africa is a by-product of the discriminatory laws or the capitalist system. The historic evidence seems to be conclusive, that poverty is compounded by capitalism. The consequences of discriminatory pattern of development for black South Africans are reflected in the statistics. The inequality in income distribution in South Africa is amongst the highest in the world.
Moller (1992:9) states that in South Africa various aspects of unemployment need special attention and the question of collective action is a pertinent. This is because unemployment is regarded as a destabilizing factor. According to A Report of the Special Senate Committee (1971:2-7) inequality or relative approach in Canada defines poverty in terms of income. People are poverty stricken when their income falls below the minimum wage.

2.2 Causes of unemployment

There are various factors contributing to high rate of unemployment, such as poor standard of education. Thus, causing a mismatch of too much unskilled labour and insufficient skilled labour. The breakdown of the apprenticeship system which enhanced skills and not adequately replaced with SETA type skills training; minimum wages that prevent employers from employing staff at a rate that both parties would be prepared to work for. This reflects the strong political and bargaining power of organised labour and overly protective labour laws. This makes it challenging to hire new employees. The above causes are those which cause high and persistent structural unemployment. (*Causes of unemployment in SA, 2010*)

2.2.1 Economic growth.

According to Economic Development in Africa Report (2012:2) African countries have been growing at a fast rate since the beginning of the new millennium which leads to improvements in many areas such as trade, mobilisation of government revenue, infrastructure development and provision of social services. Between 2001-2008 Africa was one of the fastest growing regions in the world economy and this improvement in growth performance has been widespread across countries. Africans countries are dependent on natural resources as drivers of economic growth. Most of these resources are non-renewable and are being depleted at a very rapid rate with negative consequences for future growth and sustainability. Watts (1983:94-95) states that it would seem that cyclical theory is inadequate, and that unemployment is being caused to a significant degree by structural changes in the economy. There appears to be serious doubts about the feasibility of continued economic growth. However, if sustainable growth were resumed, it seems unlikely that this would solve the unemployment problem.
The unemployed remain jobless because their skills become outdated and the ability to perform effectively degrades. This is one of the reasons for high cyclical unemployment which gives rise to higher structural unemployment. This has been identified in terms of the need to employ youth even at subsidised wages in order to give them the work experience and skills to become employable. The shortage of skills makes it challenging to get employment. Having an overall shortage of skilled labour in an economy can arguably limit the opportunities for employment of less skilled labour. The removal structural unemployment in South Africa is a decade’s long challenge. The most of the above mentioned causes are exactly what is happening in Eastern Cape, Nelson Mandela Bay Municipality in particular *(Causes of unemployment in SA, 2010)*

Carlyle (2011:1) states that unemployment stems from plenty of factors. It might be the economic condition of a country or an individual decision to remain unemployed. Carlyle defines unemployment as the state of an individual looking for a paying job but not having one. Unemployment occurs when people face crisis in job opportunities due to the unpredictable nature of the economy. The causes of unemployment will always be disputed because of the numerous predictions, theories and explanations put forth by economists. As mentioned that economists perceive causes of unemployment in different aspects. The macroeconomics Keynesian theory explained by the British economist John Maynard Keynes explains that unemployment is results from increase in demand rates while the economy operates below its growth rate and potential output, henceforth the economy faces a great blow under this circumstance.

The table below shows the economic growth rate in South Africa from 1985 to 1994. The first column shows the annual percentage change in real gross domestic product (real GDP). The measurement of economic growth only makes sense if real data is used, which means if the figures have been adjusted for the effect of inflation. The second column shows the annual percentage change in real gross national product (real GNP). The last column shows the growth in real GDP per capita (i.e. per person). The average income per head of the population (i.e. the per capita income) falls when real GDP growth is lower than population growth.
The figures in the table clearly indicate that the South African economy did not grow rapidly between 1985 and 1994. On the contrary, growth was actually negative in several years. A negative growth rate means that the real volume of production in that particular year was lower than in the previous year. This happened in 1985, 1990, 1991 and 1992. If population growth is taken into account, the picture is even worse. Only in 1988 and 1994 did the growth in real GDP exceed the population growth, and in 1994 the difference was almost negligible. In 1989 real GDP per capita remained constant. In all the other years the average real product or income per person fell. Over the period from 1985 to 1994 GDP per capita fell by a total of -3.6%.
14.7 per cent, or at an average rate of 1.6 per cent per year (Mohr et al, 1995:125-126)

2.2.2 Economic inflation.

Carlyle (2011:1) argues that economic inflation is one of the causes of unemployment and occurs when the state’s economy faces a steep rise in prices as compared to other economies of the world. This leads to failure in exports as companies are not able to compete with others due to rise in price. Incomes suffer, people’s savings are exhausted and gradually companies start firing people, being unable to pay them in due time, thus the unemployment rate increases.

To support the above statement Mohr et al (1995:129) explains inflation rate in South Africa from 1985 to 1994 that it is measured by an annual percentage change in the consumer price index (CPI). Inflation in South Africa was relatively high but very stable during this period, and this was the feature of SA’s inflation experience from 1973 to 1994. In fact the inflation rates recorded in 1993 and 1994 were the first single-digit figures since 1973. On the other hand, the inflation rate never exceeded 20 per cent. In other developing countries, particularly in South Africa, the inflation rate often exceeded 20 per cent. South Africa’s inflation rate was relatively low and remarkably stable compared to inflation in other countries, even during the 1970s and 1980s.

2.2.3 Economic recession.


“It became a global crisis wherein the rate of unemployment knew no bounds. A financial crisis hit almost all countries throughout the world. Rise in unemployment and sine die of established companies became a regular affair. People remained unemployed till the economies regained stability.

Mohr et al (1995:128) state that the decline in economic growth in South Africa contributed to an increase in unemployment.

Watts (1983: 94-95) agrees stating that “the inevitability of growing structural unemployment within a capitalist system was seen as one of the elements which
would bring about the system’s inevitable demise. The issue of the extent to which unemployment is voluntary, cyclical or structural continues to be hotly disputed. The usual form of the voluntary thesis that unemployment is caused by the erosion of the will to work due to increases in state benefits is not supported by the available evidence; such increases as there have been in benefit levels have had little or no direct effect on unemployment rates...the cyclical thesis asserts that unemployment is due to the recession, and that it will decline when the economic system recovers, but the pattern of unemployment in the 1960s and 1970s showed, beneath the cyclical pattern, an underlying upward trend; since then, the upward trend has been unbroken”.

The global economic recession of the early 1980s obliged the majority of the Third World nations as explained above to turn to the World Bank and IMF for financial assistance. This funding in turn was conditional on recipient country shifting to market liberalizing development policies. Neoliberalism manifested itself in the structural adjustment programmes (SAPs) of IMF and World Bank. Many Third World countries implemented the SAPs and the main areas of implementation were privatization, trade liberalization, currency devaluation and others. Although there were problems, certain developing countries benefited from the process (Rapley, 1996:76). Padayachee (n.d:2-3) states that the global engagement expectations were that South Africa would feel the effects of the global recession quickly and deeply in ways which added to the economic problems created by race, inequality and the structural problems. It was observed that South Africa had entered the crisis with greater degree of vulnerability of the very large current account deficit, high interest rates and inflation unlike other middle-income countries. The country’s GDP growth rate dropped to 1, 8% in the last quarter of 2008 then plunged to -6, 4% in the first quarter of 2009 and -3, 2% in the second quarter, so the country fell into recession at the end of the first quarter of 2009. Although signs in the real economy were pointing to serious problems early in 2009, Trevor Manuel insisted that South Africa was not in recession. South Africa has been a significant player in international markets; its economy is more open than many industrialized countries.
2.2.4 Social welfare.

Social grants from government, although they assist the unemployed people, partly contribute to the rate of unemployment. Carlyle asserts that although welfare payments are security measures for people can cause unemployment to some extent. The aids given by government to the unemployed people actually reduce their willingness to work. This is an indirect negative impact of extended unemployment benefits because people become more independent on the grants. They register for government grants even if they are not looking for jobs, and the incentives they get are enough to fulfil their daily needs. This way, people remain deliberately unemployed (Carlyle, 2011:1).

Wolf (2009:530-531) explains that the U.S. welfare system has developed in rather piecemeal fashion over the years. As a result, its effectiveness depends on which groups make up the poverty population and how the composition of the poor changes over time. Programs designed at certain period to meet the needs of one population of the poor may become ineffective over time if the structure of poverty changes. The U.S. welfare system has met its challenges. The development of the U.S. social welfare system has generally been dominated by two principles. The first is that work is the basis of income. The second is that nuclear family is the principal unit in society. The U.S. society has traditionally believed that all able bodied men should work and support their families. The development of the income maintenance (transfer) programs has generally followed from these two ideas. This has led to two types of programs. The first is public assistance or welfare for unfortunate people who cannot provide for themselves. In this regard, the state is viewed as a charitable organisation. The second is social insurance for the working population. Workers reviewed as taking out insurance in order to protect them in the event they are out of work. The state is viewed as the insuring agency, and workers pay into various policies in the form of payroll taxes (such as social securities or unemployment insurance). Three principal programs were formed: (i) unemployment insurance; (ii) the social security system; and (iii) Aid to families with Dependent Children. All three programs were set up under the Social Security Act 1935, and the first two still form a major part of the U.S. income support system. These three programs were each established under the assumption that: (i) the husband is the prime earner (if not the sole earner) in the family. Unemployment insurance extended the notion of social
insurance already embodied in workers compensation and the veteran disability programs to a new class of individuals. Whereas the two older programs insured workers against the loss of jobs resulting from injuries sustained on the job, this new program extended it to loss of work resulting from involuntary unemployment. Employers were required to pay a special payroll tax on wages into an unemployment insurance fund. A worker who was laid off could collect a payment from the government, which was set at a fixed proportion of his or her wage. The program was intended to provide basic income support to unemployed workers while they were searching for a new job (or waiting to be recalled to their old job). The social security system is technically referred to as old age, survivors, disability, and health insurance program, or OASDHI. The social security system has a dual character, both as a form of social insurance and as a pension plan. Poverty rates were very high among the elderly in the early 1930s, though specific estimates are hard to come by, because there was no official government estimate of the poverty rate.

SPII (2012:1-3) states that in South Africa inequality levels are high with low levels of labour market participation, social grants have played a vital role in supporting households to attain better standard of living. Grants have also played a big role in achieving human development goals including improved education and health outcomes while also reducing poverty levels. The largest number of grant recipients is located in urban formal and tribal authority areas. It is evident that the low number of grant recipients in urban informal areas may be due to geographic profile of those in these areas, mainly the working age individuals moved from rural areas in search of employment. According to SPII (2012:8) 42, 2% of households have at least one member who receives social grant. In rural areas the grant dependency ratios especially for the old age is high due to high unemployment rates and grandparents caring for children as parents search for employment in urban areas. The majority of the poor live on grants for food, energy and transport.

2.2.5 Technology

Technology is another cause of unemployment as it develops every-day and takes the place of human labour, thereby creating unemployment. Mabry and Sharplin (1986:1) argue that technological advancement may displace the manufacturing
workforce, creating unemployment, social disruption and human hardship. For example the Upjohn Institute for employment Research forecast the existence of 50,000 to 100,000 industrial robots in the United States in the year 1990; that resulted in a net loss of 100,000 jobs. Some who correctly anticipated that technological change may produce short-run employment, adjustment problems overstated those problems. They fail to mention short-run unemployment that occurs is primarily the result of artificial imperfections and a lack of competition in certain labour and product markets. Carlyle (2011:1) states that technology keeps advancing with passing days, most companies look for a change in workforce, although they do not fire people randomly, they hire people having specialisation in the advanced techniques. A kind of imbalance is caused when employers stop involving their own employees in major areas of production and development. This gives rise to frustration in work and employees tend to resign. Thus old employees get substituted by the new and the former remains unemployed either temporarily or permanently.

Carlyle (2011:1) also states that there are many different possible causes of unemployment, and unfortunately for the governments, it is never easy to identify which is the most important and how to address the issue. There are two main causes of unemployment which are the demand and supply side. The demand side is simply a lack of aggregate demand, when there is not enough demand employers will not need as many workers, and so demand-deficient unemployment results. Keynesian economists in particular focus on this cause. Unemployment caused by supply-side factors results from imperfections in the labour market. A perfect labour market will always clear and all those looking for work will be working, supply will equal demand. However, if the market does not clear properly there may-be unemployment. This may happen because wages do not fall properly to the clear market. This is shown in the diagram below.
Wages are initially too high and so unemployment of a-b results (supply is greater than demand). To get rid of this unemployment and clear the market wages should fall. However, if they are sticky-downwards’ this may not happen and the unemployment may persist. Supply-side unemployment may also happen because there is occupational or geographic mobility. It may happen because there is poor information about increasing the level of frictional or search unemployment. (Carlyle, 2011:1)

2.3. The consequences of unemployed

Work is seen as a means by which an individual sustains life, unemployed people experience feeling of low self-esteem because they are not involved in activities valued by other people so therefore work is of great importance to both individual and society. In Nelson Mandela Bay Municipality, unemployment has affected many people but mostly women as Kalula (2012:11243) explains the impact of the global economic crisis on the well-being of South Africans:

When the global economic recession occurred, South Africa had immersed itself in relatively strong fundamentals and was emerging from a protracted period of economic expansion. Unemployment, inequality, poverty, crime and human
immunodeficiency virus infection/ acquired immunodeficiency syndrome (HIV/AIDS) still continue to plague the country, while agriculture, mining and manufacturing have declined, and trade and current account deficit (CAD) have widened.

Barker (1995:112) explains unemployment as probably the most severe problem South African society is experiencing and it is conceivably the root cause of many other problems such as high crime rates, violence, and abject poverty:

“For many ‘robbing the rich’ is the only means of survival. It has been found that all four population groups identified the problem of unemployment as being the most serious problem in South Africa. Prominent leaders in and outside government have also stated that no government will be able to govern South Africa if this problem is not soon addressed effectively”.

“Unemployment has grave consequences for any country, not only for the individual in terms of his human dignity and the erosion of his standard of living, but also for society as a whole in terms of high crime rates, frustration leading to unrest, as well as knowledge and skills acquired at great cost but lost quickly through disuse”. In South Africa consequences of unemployment became more serious in terms of damaging prospects of a stable and successful transition to a new democratic order. It is having a serious effect on perceptions pertaining to the success or failure of the market economy; there is rather a widespread perception among disadvantaged communities that the market economy is at best not able to address the problem, or at worst is responsible for unemployment (Barker, 1995: 113).

In chapter one of this study, some of the socio-cultural problems emanating from unemployment, such as crime rate, incidences of alcoholism are clearly mentioned. Masuku and Maepa (2004:1-3)states that the focus on local government as a key driver in local crime reduction initiatives is in line with international developments. Municipalities have a logical role to play as co-ordinators of local crime reduction efforts. Crime is generally more concentrated in urban areas, and involves victims, perpetrators and circumstances specific to a particular locality. Local government is also responsible for social and infrastructural services that are at the heart of preventing crime and enhancing public feelings of safety. Various crime and offending studies show that crime is not caused by any one event, but rather results from a combination of many factors that interact in complex way. Demographic,
socio-economic and cultural factors are associated with high crime areas. Poverty and income inequality have also been linked to high crime rates.

Poverty in Canada was recognised then as a failure of the system not of the men who suffered. The poor could retain their pride and their expectations for better things to come and consequently kept trying. Today’s poor have typically been born into poverty as were their fathers and often their grandfathers (Poverty in Canada, 1971:36).

Watts (1983:20) explains that a massive increase of unemployment had an impact on educational institutions although it is difficult to disentangle one particular element from the variety of other influences on education during that period. For school-leavers and their parents it has represented a challenge to the legitimacy of schooling. In the 1960s, education was ‘sold’ to the public as opening doors to better occupational opportunities. Access to examination qualifications and the advantages they offered were used increasingly as the incentive to persuade adolescent pupils to attend, to behave well, and to work hard in school. “With rising unemployment, however, the promises upon which this normative structure was based have become increasingly difficult to deliver.

Unemployment is an essentially negative concept. It is defined not in terms of any positive attributes of its own, but simply in terms of the absence of employment. Watts utterly refutes the notion that schools should train children for unemployment; he suggests that all schools should release the maximum of their human capacities so that whatever life they may face, they can cope with it to the maximum of their capacity (Watts, 1983:1).

It was mentioned earlier that unemployment is an economic problem not only in South Africa but in many countries as well. Gual (1996:x) agrees acknowledging inability of European Union (EU) to create jobs, in either sufficient quantity or quality or in keeping with Europe’s natural technical and in particular human resources. “Some argue that the job creation problem is worldwide occurring especially in less developed countries and in almost all industrialised countries. Europe is the birthplace of Western culture and civilisation of technical and economic development as well as of social progress. It ought to be better than other economic blocs at resolving one of the most critical problems that humanity stands to face in the next
decade, fulfilling people’s right to a decently paid, dignified job. Only then will the
individual be able to fully develop his or her God given abilities, and to put these
abilities to the service of others, to bring up and educate a family, and to play an
active role in the economic and social development of Europe and the world.

Benoit-Guilbot and Gallie (1994:49) state that twenty years ago in Britain, a person
with basic school qualification would get a white-collar job rather than a person
without those qualifications. Manual workers who have lost their jobs and have poor
qualifications, facing a job market where most of the opportunities are in white-collar
jobs, in a practical sense have nowhere to go. The problems of education, training
and qualification are accordingly, fundamental reasons for manual unemployment.

Hart (1986:52-53) explains the development of the massive unemployment
disparities between regions during the recession period which began in 1979 as the
one which was longer and deeper than that of the 1930s. In the 1930s, these were
partly alleviated by migration from depressed to prosperous regions; hence the
question arises of whether the unemployment problem could again be alleviated by
labour migration, even an individual is unable to find employment within the local
labour market area (LLMA), suitable jobs may be available elsewhere. However, moving
from an area of declining industries and high unemployment to a region with
growing employment will also involve costs and according to standard neo-classical
economic theory, the potential migrant will trade off the net present value of
employment in another area with the costs of migrating...“finally, it is concluded that
in the short term, even if constraints on migration could be eased or removed, labour
migration could play no more than a minimal role in reducing unemployment since
the basic problem is one of the demand deficiency. In the longer term, however,
labour migration may have a more important role to play”.

Benoit-Guilbot and Gallie (1994:137) states that the concern with the impact of
unemployment on psychological distress is connected to an interest in the more
general issue of the mental consequences of acute and chronic stress. The
approach adopted reflects the manner in which recent work on the consequences of
unemployment has developed closer ties with some of the concerns of psychiatric
epidemiology. This broader perspective directs attention to the nature of underlying
mechanisms highlights the impact of broader socioeconomic conditions and
facilitates the identification of vulnerable groups. Such concerns are reflected in the desire to connect the analysis of the consequences of unemployment to the wider issue of the impact of poverty.

Kelvin and Jarrett (1985: 2-5) argues that the main concern is the social psychological effects of unemployment on the relationships of the unemployed individual with his family, friends, social service agencies, and potential employers. One pattern of response to becoming unemployed is depression or aggression relationships with others. An individual’s self-concept is in large part socially defined not only by others as such, but also by how he himself perceives his relationships with them. Kelvin explains the essence of the social psychological effects of unemployment in terms four basic questions:

How does his unemployment affect the way in which the unemployed individual sees himself?
How does his unemployment affect how he perceives others?
How does his unemployment affect the way in which he perceives himself to be seen by others?
How do others actually see the unemployed?

The above is Kelvin’s perception of the unemployed individual (social psychological effects of unemployment). Unemployment is a broad phenomenon; it is a socio-cultural, economic and political phenomenon. Kelvin argues that fundamentally, social psychological research on effects of unemployment is concerned with one of several classes of non-economic consequences of this particular economic condition, the effect of unemployment on health. Social psychological research can make constructive contributions as it is concerned with what people believe, how they act and is therefore inevitable concerned with the relationship between beliefs and actions. The ramifications within this are complex.

Watts (1983:109) agrees with Gallie affirming that, there is evidence from the USA that the unemployed are overrepresented among psychiatric patients; moreover, it is significant that employment is widely used as a form of rehabilitation and this becomes progressively more difficult to provide when general unemployment is high. “The relationship between mental health and unemployment is complicated by the fact that there is evidence from a number of studies conducted both in the 1930s and
in the 1970s that the subjective experience of unemployment tends to pass through a number of stages.

According to Benoit-Guilbot and Gallie (1994:137-138) unemployment in Ireland must be viewed in the context of a failure, since the founding of state, to create jobs on a scale sufficient cater for its potential growth in employment. Despite this failure Irish unemployment rates for much of the post-independence period were lower than might be expected as a consequence of emigration and the large share of the work force in self-employment…despite the resources devoted to job creation, unemployment in Ireland has come to be characterised by high overall rate of unemployment.

It is clearly stated that currently over one in six workers is unemployed and nearly half of all registered unemployed males have been out of work for more than 2 years. While the state policies failed to overcome the obstacles to full employment it helped to reshape the class structure (Benoit-Guilbot and Gallie, 1994:138).

Moller (1992:1-2) argues that the quality of life of the black unemployed population, in other areas of South Africa is approached from a social-psychological aspect. It is indicated that few metropolitan areas are affected by mass unemployment. This is in contrast to other discussions of unemployment problems facing South Africa today. Most discussions which have been confined mainly to economic circles and are more concerned with the pattern of unemployment (cyclical or structural). This shows that the scope of the problem is such that unemployment is on the increase and will not be contained in the short term. Official estimates predict that by the turn of the century there will be some 8 million unemployed individuals in South Africa and 44 per cent of the overall labour force. At least 350 000 new jobs need to be created every single year to cope with the stream of school-leavers coming onto the job market. This means that job creation must occur at a rate eight times faster than at present.

Barker (1995:5) agrees with Moller suggesting that at least 350 000 persons entered the labour market every year during the 1980s, while only about 50 000 formal job opportunities were created per annum. South Africa’s economy could therefore absorb only 14 per cent of the new entrants to the labour market. The consequential high unemployment can be related to a high population growth rate, a low economic
growth and declining labour intensity of the economy. Fewer job opportunities are created at present for every percentage point of economic growth than in the past.

The growing unemployment in SA is a public concern and this has been the starting point of this research study. Moller (1992:3) states that unemployment wears many different faces.

Watts (1983:108-109) explains that the effects of unemployment on unemployed occurs internally causing people turn on each other or even on themselves. It results in violence, family breakdown and mental illnesses in extreme circumstances. It seems that, unemployment results in alienation from the mainstream of society rather than in any cohesion. The riots which took place in many British cities in 1981 were not centre around any clear set of political goals. It appeared to be an incoherent release of deep pent-up frustration which both nationally and locally was widely attributed as stemming, in significant part, from unemployment. Suicide is another social effect which is classically regarded as an index of normlessness, there is evidence from longitudinal studies of a relationship between fluctuations in unemployment and suicide rates in the USA, Australia and in other countries even if evidence in Britain has been more mixed.

Watts (1983:102-103) further posits that continues and say...because ‘unemployment’ is essentially negative concept. The notion underlying many official regulations and social attitudes is that those who are unemployed should be spending their time looking for jobs, or engaging in passive pursuits which require no commitment so that when a job is offered to them they are immediately available to take it. There are strong restrictions on the extent to which unemployed people can engage in money-making activities in formal education or in voluntary work without imperilling their benefits. The opportunities for constructing a positive identity are very limited. Due to pressures, there is little evidence of unemployed people being able to construct positive alternative life-styles. According to Amadeo (2013:1) unemployment is caused by a slowdown of economy and business is forced to cut costs. Unemployment can cause by competition in specific industries. Advanced technology such as computers or robots cause unemployment by replacing worker tasks with machines. Unemployment is a statistic used by the government to gauge
the health of the economy. If the unemployment rate becomes high, the government will try to stimulate the economy and create jobs.

Amadeo argues that the consequences of unemployment for individuals are financially and often emotionally destructive. The consequences for the economy can be destructive if unemployment rises above 5-6%. When many people are unemployed the economy loses its key drivers of growth, consumer spending. Workers have less money to spend until they find a job. High national unemployment can deepen recession or cause a depression.

2.4. Attempts to combat unemployment and alleviate poverty

After 1994 the majority of policies in South Africa were established, programmes and projects were approved to address the imbalances of the past. Unemployment was one of those imbalances. Broad Based Black Economic Empowerment and Affirmative action were part of those policies, see background in chapter one. A certain amount of unemployment is not comfortable since at any given time will people will be in between jobs. Amadeo explains that if unemployment is too low, the economy is considered to be overhead and inflation is them more of a concern. Therefore, unemployment rate below 4% is considered full employment.

According to Pettinger (2011:1) there are two main strategies for reducing unemployment, the demand side policies for reducing demand-deficient unemployment which is the unemployment caused by recession and the supply side policies to reduce structural unemployment. Fiscal policy can decrease unemployment by helping to increase aggregate demand and economic growth rate that is where the government has to pursue the expansionary fiscal policy which involves cutting of tax and increasing government spending. Lower taxes increase disposable income, thus increasing consumption leading to higher aggregate demand (AD).Pettinger (2011:1) states that if firms produce more, demand for workers will increase and lower demand –deficient unemployment. If the aggregate demand is high and economic growth is strong fewer firms will go bankrupt meaning fewer job losses.
2.4.1 South African policies and strategies to create job opportunities and alleviate poverty

A policy is a strategy adopted and pursued by a certain organisation or a political party. It is a document embodying a contract of insurance and a set of decisions which are oriented towards a long term purpose or to a particular problem. Broad Based Black Economic Empowerment (BBBEE) has its strategy to implement its goals effectively.

Policy is a broad concept that embodies several different dimensions. It seeks to achieve a desired goal that is considered to be in the best interest of all stakeholders. For examples, these goals include clean air and water, good health, high employment, an innovative economy, active trade etc. These examples of broad societal goals are not intended to imply that all public policies are directed toward the entire population. Sometimes policies deemed to promote the public interest target only a certain groups (Torjman, 2005:4).

2.4.1.1 Broad Based Black Economic Empowerment (BBBEE)

It was clearly stated above that BBBEE and Affirmative action were policies that were mainly established to bridge the gap within the South African economy. This is to address the imbalances of the past. Andrews (2007:3) agrees that Black Economic Empowerment (BEE) is a policy intervention driven from economic and industrial perspective in government. It is aimed at addressing the economy’s skewed racial profile. BEE calls the private sector to restructure itself and create opportunities for previously disadvantaged individuals (PDIs). The policies require change to intra and inter firm relational patterns of capital control, personnel selection, promotion and development, supplier selection, enterprise development and social engagement. BEE was established to empower the previously disadvantaged people. It is a programme planned to promote the country’s economic growth. All the policies which were formulated for this purpose have been implemented since democracy, but looking at the results till date no improvement is minimal.

2.4.1.2 Neoliberalism.
Neoliberalism was based on improving the standard of living for the people. Its main focus was to promote development through the demand of modern free market. Many developing countries benefited from this policy including South Africa.

Neo-liberalism is a set of economic policies that have become widespread during the last 25 years. Although the term is rarely heard in the United States, one can see the effects of neo-liberalism here as the rich grow poorer. Around the world neo-liberalism has been imposed by powerful financial institutions such as the International Monetary Fund (IMF), the World Bank and the Inter-American Development Bank. The free market is itself a form of social organisation, it neither spontaneous nor endemic to humans. The modern free market was a political demand which came through liberalism. According to neoliberalism people should maximise their utility. Therefore neo-liberalism was promoting development through market competition for economic growth and progress of the society. The global economic recession of the early 1980s obliged the majority of the third World nations as explained above to turn to the World Bank and IMF for financial assistance. This funding in turn was conditional on recipient country shifting to market liberalising development policies. Neoliberalism manifested itself in the structural adjustment programmes (SAPs) of IMF and World Bank. Many third World countries implemented the SAPs and the main areas of implementation were privatisation, trade liberalisation, currency devaluation and others. Although there were problems, certain developing countries benefited from the process (Rapley, 1996:76).

2.4.1.3 Affirmative action.

This is an effort to improve educational and employment opportunities of members of minority groups disregarding their race, colour and national origin.

Mokgomane (2001-07:1) states that affirmative action originated from the United States of America to prohibit unfair discrimination against certain groups of people because of non-job-related characteristics in terms of Civil Rights Act of 1960. It eliminates unfair discrimination and develops the skills of those who did not have opportunities. It promotes equal opportunities in employment and thus it is a temporary intervention in the workplace. Affirmative action is essential to the economic and skills development of the disadvantaged groups in the particularly in South Africa. The details of this policy were discussed in chapter one.
2.4.1.4 Growth, Employment and Redistribution plan (GEAR).

Knight (2001:1) states that Growth, Employment and Redistribution plan (GEAR) is a macroeconomic strategy adopted by the Department of Finance in June 1996 as a five year plan aimed at strengthening economic development, broadening of employment and redistribution of income and socioeconomic opportunities. GEAR remains the government policy. One of the most outspoken critics of GEAR is the Congress of South African Trade Unions (COSATU), a federation of 19 unions with the combined membership of over 1.8 million. The latter organisation has been to organise its members and its alliance with ANC and its views cannot be ignored by the government. COSATU says that GEAR has failed to deliver the promised economic and job growth significant redistribution of income and socioeconomic opportunities in favour of the poor. GEAR with its focus on stringent monetary and fiscal targets, contradicts the goal of RDP of growth based on job creation, meeting people’s needs, poverty reduction and more equitable distribution of wealth. In 1996, South Africa opted for a neo-liberal approach to economic development by adopting the Growth, Employment and Redistribution (GEAR) policy which is a supply-side policy. The GEAR strategy calls for a minimalist state, restructuring of the economy like the elimination of export subsidies and the reduction of import tariffs to improve the competitiveness of South African industries in the global arena. In fact, to the contrary, at this stage, GEAR has not helped to stop the increasing tide of unemployment and retrenchments as industries are concerned with cutting costs (of which, labour costs are often the highest) to meet global competition. The implication of this is that more people have been put out of work. The unemployment level in South Africa has reached endemic proportions. (Bangane, Weekend Trevor, 1999-11:1)

As previously mentioned unemployment causes many problems, such as high rate of crime is one of the problems in Nelson Mandela Metropolitan Municipality, where Kuyga Township is situated.

2.4.1.5 Nelson Mandela Metropolitan Municipality’s crime reduction strategy.

NMMM’s crime reduction strategy is 2020 illustrated vision to enhance safety and security. Its role in developing strategy for the metro was formally approved in March 2002. Making South Africa Safe is a manual for Community Based Crime Prevention
as well as Institute for Security Studies (ISS)’s experience in providing technical assistance to local government. A crime audit of the NMMM was conducted and the results used to draft a crime reduction strategy. The crime audit revealed that the most important crimes in the metro are robbery and housebreaking, rape and assault. Intervention aimed at dealing with violent crimes ought to focus on the poorer parts of the metro. Property crimes are prevalent across the metro and inner city and tourist areas should be targeted for reduction of high profile crimes. Elected councillors could play a more active role in crime prevention projects in their wards (Masuku & Maepa, 2004:8-9). NMMM crime reduction strategy details project activities in certain areas such as developing effective partnerships and improving working relationships with key role players; supporting effective policing and law enforcement; preventing crime through the deployment of Community Based Volunteers at crime hotspots; stamping out the theft of municipal infrastructure and resources; Supplementing visible policing efforts with technological aids such as CCTV; providing effective bylaw enforcement services; co-ordinating, and enhancing targeted crime prevention through social development projects; and through environmental design projects (Masuku & Maepa, 2004:10). The above mentioned policies are very crucial since their existence is based on improving the standard of living especially of the poor. The creation of jobs is the main goal of the social and economic policies of most industrial countries. In Europe the low employment performance rate of most European countries over the last 20 years has brought employment policies to the forefront of political and social debate. Employment is the key economic policy objective of the countries of European Union (EU) as established at the Essen European Council of December 1994 (Gual, 1996: x). This can be linked to the end of apartheid regime in South Africa when addressing the imbalances of the past was the key issue. Till date the country is experiencing the worst situation as far as unemployment and poverty is concerned. This clearly shows the slight failure of South African policies.

Moller (1992:159-161) states that solution to unemployment is a typical dilemma for social scientists. It is in the nature of the issues that inquiries are considered incomplete if no policy recommendations are made. The patent solution to unemployment at the societal level is to create jobs. This is the policy choice of societies which guarantee employment for all citizens. Various temporary solutions
address the problems of poverty, loss of confidence and lack appropriate skills to for employment in South Africa; the state intervention consists only of temporary measures which fall into the positive, supportive and defensive categories. Unemployment Insurance Fund (UIF) is only available for previously employed individuals who have paid into the fund for a minimum prescribed period. It is evident that UIF is off limited assistance to the previously employed. Public work schemes provide casual work at very low rates in what might be considered community service projects. There are various state subsidised training programs which aim to retrain retrenched workers and assist school leavers to gain minimal job skills. Apart from state backed programs there are private and community initiatives to assist the unemployed to meet the financial and personal needs.

2.4.1.6 Unions and the unemployed.

In many countries the unions play a big role in the management of the unemployment scheme. They can use their position to push ahead with certain demands to the advantage of the unemployed, whereas the union representatives are subject to pressures, coming from the public authorities, employers and from their sister parties aiming at moderation of their demands. The union management of unemployment schemes as a result takes more technocratic turn than militant. This is made possible by the absence of any significant organisation of the unemployed at the heart of the unions. In many Western countries, the unions protect the conditions of the unemployed in certain cases and it is clear that they rarely regard this objective as a priority (Faniel, 2012:151). This paragraph confirms that worker's rights have to be protected in order to retain their jobs in the workplace.

2.4.2 Skills development.

What is SETA?

SETA is one of the government programs that assist Nelson Mandela University students with training for minimal skilled jobs previously mentioned by (Moller, 1992:159) above. SETA stands for Sector Education and Training Authority. Millions of people in South Africa want to learn new skills and improve on skills they already have. More than half of Grade 12 students who leave school every year do not have sufficient basic skills to find employment. Therefore it is clear that skills development
along with training and education are crucial elements for people in South Africa and the economy. It is clearly stated that prior 2000, there were 33 training boards in South Africa that covered various sectors in the country. While their responsibility was “education and training” they focused mainly on apprenticeship. After recognising the dire need to improve skills development in 1998, the South African Parliament ratified the Skills Development Act which defined a new Sector Training and Education Authority (SETA) system. The plan was to develop a series of sector skills plans within a clearly defined framework of the National Skills Development Strategy. In March 2000 Minister of Labour Membathisi Mdladlana established 23 SETAs, each with its own clearly defined activities. Unemployment is a broad concept as it is the world’s economic problem affecting educated or non-educated people. Problems of education, training and qualifications are fundamental reasons for manual unemployment. This helps to explain why the possession of educational qualifications has been advantageous to people in escaping from long-term unemployment. This is the type of problem that exists in most industrial countries however it is particularly serious in Britain because of low educational standards (Benoit-Guilbot & Gallie, 1994:49)

2.4.3 South African industries.

Andrews (2007:70-79) states that firms are adopting a variety of approaches to satisfy the BEE preferential procurement requirements e.g. Insourcing and outsourcing. Insourcing occurs where firms take staff performing a service in-house (typically truck driving, maintenance and catering) and set them up into Small Medium Micro Enterprises operations to provide the corporation with the services. Outsourcing occurs when an organisation employs an independent entity or individuals to provide specific services. Secondly it’s when firms change their BEE status, they put pressure on the existing non-BEE suppliers and keep the same supplier as BEE compliant or where firms replace a traditional non-BEE supplier with a new BEE supplier. Corporate Social Responsibility (CSR) should have an element of charity but in the BEE context it should have much greater element of coordinated community empowerment including job creation. CSR should involve interventions that bridge the first and the second economies such as what could be called ‘public good’ training and one facilitating search and screening of excluded unemployed
individuals. Some of the CSR initiatives facilitating empowerment in local communities include programmes where firms adopt communities.

BEE is faced with many challenges as agreed by Black Economic Empowerment Financing and Gender (2012:70) which states that “as BEE represents the principal framework for economic transformation in South Africa, it is entrenched in an Act of Government (2003) and both the state and the private sector have stated their commitment to ensuring that the legacy of apartheid is reversed through positive action in favour of previously disadvantaged persons in South Africa. Staffing and management issues are essential to skills acquisition and transformation within institutions. Ownership and procurement targets are central in determining who effectively obtains access to business opportunities, finance and economic participation.

De Klerk Foundation (2006:7) argues that Black Economic empowerment is an inclusive process, which means; an equitable economy will benefit all South Africans and all sectors of the economy and all enterprises operating in South Africa can participate in the BEE process. Everything is clearly stated in BEE policies but the problem is the implementation. It benefits educated people, but the illiterate and the poor people are still disadvantaged. Not all enterprises participate in BEE. For some of them are fronting just to be seen as BEE compliant; so where is good governance as it is stated in policies. Mr Phosa (Morning live, 2012) mentioned that BEE is dysfunctional, its programme/policy is just rhetoric and therefore it needs to be reviewed. The Coega Industrial Development Zone is a South Africa’s Premier location for new industrial investment. It is located within the Nelson Mandela Metropolitan Municipality and is there to promote competitiveness of South African Enterprises through export. The Coega (IDZ) was established to bring change and to improve the economic well-being of our country and is there to create job opportunities.

Howe and le Roux (1992:17-18) state that one of the major reasons for the failure of the South African industries to become competitive was the limited home market. Another factor which has increasingly hampered the development of the industrial sector is the shortage of skilled workers. Although the job reservations laws were
often circumvented and in the end scrapped, it’s not easy to undo the harm of Bantu education which denied Africans a technical education in what was officially labelled ‘white’ South Africa. The shortage of skilled workers will probably be one of the legacies of the apartheid era. It is one of the factors which explain the failure of the South African manufacturing sector to compete internationally. It undermines South Africa’s ability to participate in the computer revolution which has swept the world. Computer technology and robotics have transformed the production process”.

The measurement of unemployment presents numerous difficulties in a development country such as South Africa the large number of people in the informal sector alleviates the problem of economic inactivity, but does not sufficiently address the problem of poverty (Barker, 1995:5). Public works programmes have a long history in industrialized countries as an economic policy tool, both as a fiscal measure to expand or contract public spending in periods of unbalanced domestic demand as well as a short term measure to alleviate unemployment. The incomes that such infrastructure works generate can help to create new demands for manufactured consumer goods which, in turn can make import substitution industries viable (Nigam, 1986:113-114).

Nigam (1986:200-201) further argues that Industrial Policy Reconsidered, states that economic arguments for industrialisation; especially import-substitution industrialisation had a long history. Rapid industrialisation with government assistance was seen as a way out underdevelopment and eliminating poverty. After independence, policy makers in most African countries believed that industrialisation to foster growth and would lead to rapid economic development. It would generate more income than that invested and would absorb the educated and skilled manpower produced by the rapidly increasing education and training systems. It was anticipated that the industrial sector would save foreign exchange through the substitution of imports with local products and a more than proportional increase in foreign exchange earnings compared to what was required to import capital goods. Countries expected industrial development to play a dynamic role and believed that it would reduce their dependence on the first world countries. The growth in import substitution industries was a result of deliberate economic policies.
Vermaak (2010:1) states that Labour Minister Membathisi Mdladlana told the National Economic Development and Labour Council (Nedlac) that unemployment and poverty have to be dealt with to ensure growth in South Africa. He argued that if the issue of unemployment and poverty is not addressed Nedlac is sitting on a time bomb. A draft document on the first programme to address the issue was signed by representatives of government, the International Labour Organisation (ILO), businesses and community constituencies. The main focus of the programme was to ensure the right to work and was further aimed at strengthening rights at work, promoting employment creation and social development.

The Parliament Bulletin (1996:1) explains that ANC policies have to fight poverty in this country. It is stated that lack of income is the primary cause of poverty. The government is fighting poverty on many fronts including employment creation to take the poor out of unemployment; health, to improve the health of the poor and education, to give the poor a better chance to improve their positions.

2.5 Conclusion

In this chapter the main focus was on unemployment as a cause of poverty. The main problem is the failure of SA intervention policies to redress the imbalances of the past. The policy formulation was based on intentions to prohibit unfair discrimination of the previously disadvantaged people. The instability of our country’s economy continues to dent the lives of the poor. The poor become poorer and the rich become richer. For the purpose of this study, one of the biggest car manufacturing companies was used as a case study. Chapter three discusses the issues faced by unemployed individuals within the motor industry.
CHAPTER THREE

RESEARCH METHODOLOGY

3. An Overview

This chapter discusses the methodology and research methods used for this study which included interviews and group discussions to obtain data. Firstly, the interviews were conducted successfully with the great participation of respondents.

Qualitative and quantitative methods were used and a descriptive method was applied. As the researcher was collecting and analysing data, one of the analysing techniques, coding was used for the purpose of identifying and classifying information. Comparing, categorising and interpreting information was used to gain understanding.

The study focused on both males and females between ages 38-60 years from very poor communities, Municipal officers and community business owners. The researcher collected information from the heads of each stakeholder mentioned above on their involvement in community development to create job opportunities as they should have more information regarding policy implementation. The research was conducted in community hall for the unemployed in Kuyga, for municipal officials, business companies, and economic development managers the research was conducted in their offices on request. The researcher made appointments with the stakeholders on time before any visit took place to obtain consent. Interviews were run at different times. The study was conducted through semi – structured interviews where the researcher asked questions from the participants. The researcher also recorded and transcribed the interviews so as to be able to get the missing facts while writing. The entire research should be completed within nine months.

3.1. The scope and scale of research

The research study was conducted in Nelson Mandela Metropolitan Municipality, in Kuyga Township in particular, Port Elizabeth. Nelson Mandela Metropolitan Municipality consists of three towns which are: Port Elizabeth, Uitenhage and despatch. The Municipality is urban, but is surrounded by squatter camps in most
areas such as Kuyga. There is high rate of unemployment and poverty, but in the past 15 years there have been lots of improvement and developments such as projects and programmes to create job opportunities and social support grant to alleviate poverty in most households, but not to the people’s satisfaction.

Nelson Mandela Bay is a global city that is governed by an inclusive and innovative municipality. Its focus is on sustainable service delivery, socioeconomic development, infrastructure development local and regional integration a globally Competitive City that works Together with People. Nelson Mandela Bay Municipality explains that the Nelson Mandela Bay Municipality is located on the South East of the Eastern Cape Province in South Africa. It is marked by the Industrial Development Zone (Ingqurha) which is intended to be an international deep-see water port for enabling global trade (Nelson Mandela Bay Municipality, 2005:3) The study focused on investigating the impact of unemployment from the unemployed males and females in Kuyga Township, in NMBM where high rate of unemployment is the serious burden and how the government and other stakeholders had intervened to overcome constraints. The researcher visited a company in Port Elizabeth, where a manager was interviewed to investigate and compare programmes and projects they have in place to create job opportunities and poverty alleviation in the neighbouring communities. The researcher also visited Kuyga Township, in Port Elizabeth where a group of 10 inhabitants who have no jobs were interviewed to measure the impact. The municipal officials in NMMM who are involved in decision making and programme implementation were also interviewed.

3.2 Research design and specific methods

This research focused on finding out the impact of unemployment in lives of the people living in Kuyga Township, Nelson Mandela Metropolitan Municipality and what has been done by the government and Kuyga commuters to resolve the problem or create job opportunities and alleviate poverty as people have to take responsibility to empower themselves to combat unemployment. That is the conceptual part of this research.

The cosmological part of the study is that the researcher looked at the high rate of unemployment in Kuyga and compared it with the situation of South Africa as a whole before and after 1994. It highlights the role of communities contributing to
improve their lives and whether the attempts to combat unemployment were successful or not and what could be done to achieve success.

The issue of unemployment has been a problem in South Africa for many years. Although efforts to fight unemployment had been made, the problem still exists and is getting worse day by day. The government should follow up on those policies and revise them, but the focus should be on implementation of these policies and see if projects are effective, ensure management of maladministration and take drastic actions against political office bearers who misuse government funds (corruption), as it affects the issue of unemployment.

Causes and reasons contributing to high rate of unemployment in NMMM; South Africa has been discussed in literature review, chapter two and the role played by the government to combat unemployment was highlighted. The researcher collected data from reviewed literature, journals and municipal documents, (see chapter 2); Economic Development; General Motors South Africa and from the unemployed respondents of Kuyga Township.

3.3 Respondents experience

Researching about unemployment was not an easy task as the researcher encountered problems from some respondents who never or took their time to respond to questionnaires or reply on request for interviews. It was time consuming and delayed the research progress.

Data was collected from the following sources as mentioned above:

3.3.1 Municipal officials

Nelson Mandela Metropolitan Municipality is using different strategies in addressing unemployment and alleviate poverty. Ms Makalima, a dedicated H.R manager whose responsibility is to give internship training skills to Nelson Mandela University graduates to assist them in having work experience for employment purpose showed a great enthusiasm with her respect. SETA is the government programme she is running to assist them and each graduate is given a stipend to meet their needs while on training. The details on how seta works were discussed in the previous chapter.
3.3.2 **Kuyga unemployed inhabitants.**

People from Kuyga Township were interviewed in order to examine the problems of unemployment from the unemployed themselves. The research evidence therefore covers not only financial hardships endured by the jobless and their families but also reveals the psychological side effects of unemployment. The respondents are best able to convey the challenges of unemployment. Financial hardship is not the only burden which the respondents content with, they deal with idleness which results in the increase of birth-rate.

While the researcher was communicating with the respondents, fear; depression; anger and more emotional feelings were noticed while respondents spoke and the blame is on democracy. The respondents claimed that the 1994 democracy raised many hopes of many South Africans but they are very disappointed as freedom is enjoyed by the minority group, the Parliamentarians and their families. The respondents mentioned that there were many promises made by the government, but to no avail and the fear is unemployment in South Africa may continue for the long term.

High rate of crime emanating from unemployment is a concern. One respondent clearly explained the anger she is going through because of unemployment since her son was sentenced to jail for theft and is serving eight years although it was his first time to commit a crime after her husband was retrenched from work. There is no one working in the family, they depend on social grant. The respondent claims that they have sleepless nights because of crime; alcohol and drug abuse in Kuyga of which is the problem encountered by many citizens in the whole Metro (NMBM). Children have to be indoors in time, the rate of rape is high as well. The midnight fights amongst the drunkards are another cause of the social unrest in their community especially during the weekend. There is also a cry about the government food security programme which every household in the community registered for, with the social workers but not everyone is benefitting from, because the people in charge only consider their families first. The respondents claim that they do not know who can assist them in this regard. This is the problem facing South Africa as a whole in all government spheres, the issue of corruption which derails the progress in our country. This programme was initiated to benefit Lusaka/Mission Road; Frans and
Mbuqe communities but only one benefit most that is Mission Road. The respondents mentioned that sometimes it is difficult to take their children to school due to lack of finance. They also experience poor relationships within their families especially the father figure who is unemployed.

The respondents are aware of the government funds that assist in running community projects but do not know how to access the funds. The respondents claim councillor is doing nothing for them. One of the respondents was also concerned about children ages from 6 and above who are left alone at home by parents who woke up very early looking for a job, and end up wondering around streets dirty and hungry for the whole day. Kuyga is experiencing major social unrest through unemployment. One respondent stated that he has a job for Fridays and Saturdays only and is staying with extended families who are his dependants. Most respondents depend on social grants others are still on waiting list. Sometimes the people cannot even afford taking their children to school every day as they have to travel long distances. The respondents mentioned that Kuyga Primary school learners who travel long distances do not have government subsidy for transport only Rocklands High school students who benefit from government subsidy.

3.3.3 Economic Development.

In the department of economic development as there are have various departments which use different strategies to assist communities in combating unemployment and alleviate poverty. One of their programmes is a co-operative business.

A co-operative is an independent association of a person who joined forces to meet their economic, social and cultural needs and aspirations through a joint owned and democratically controlled enterprise, organised and operated on co-operative principles.

3.3.3.1 Forming a co-operative

In order to run a co-operative business a constitution should be formulated and implemented effectively. A co-operative consists of five members or more. In a co-operative business all members are equal and share the profit equally. When people form a co-operative a committee should be established to manage the business. Every member should be hands on in that particular co-operative; for example if a
co-operative is a garden project everyone should participate in ensuring its effectiveness. The co-operative provides services to its members. Profits known as surpluses in a cooperative are divided among members in relation to the amount of the business each member did with the co-operative.

3.3.3.2 Co-operative objectives

According to Desjardin (2013) a co-operative’s objectives are:

- To provide, the best possible conditions, the financial advice and services that members require;
- To contribute to the co-operative, economic and financial education of members, that is to provide a way to achieve independence.
- To promote and support community development.

3.3.3.3 Characteristics of a co-operative

- A co-operative is an association of persons;
- Membership is voluntary;
- Mutual or common economic, social and cultural needs;
- Jointly owned and democratically controlled by the member;
- Operated according to Co-operative principles.

3.3.4 General Motors South Africa Industries

The researcher conducted interviews from the organisation using questionnaires sent via email.

Data analysis and interpretation techniques were used while running interviews as the researcher was analysing the information suitable and relevant for the research, using the knowledge of data analysis by using variables involved in data analysis and interpretation. Content analysis and coding techniques were involved as the researcher was systematically working through the data collected to ensure accuracy. Data collected was justified as evidence against existing information. The above listed analysis techniques also helped in producing evidence. Evidence has been validated as knowledge in a way in which the researcher accurately understood and compared different sets of data collected. In this research, the way the impact of
unemployment in Kuyga, South Africa is explained; conducted interviews, ensures reasonably fair and accurate judgements.

3.4. Conclusion

This study clearly shows that unemployment affects both men and women in Kuyga. People have lost confidence in the government since the promises made in 1994 are yet to be fulfilled. As mentioned in chapter one that although attempts have been made to address the imbalances of the past in South Africa, unemployment, inequality, crime and poverty still continue to plague the country.

Kalula (2012:11243) states that the global economic crisis has a direct impact on the welfare of the lives of South Africans, and the magnitude of this impact depends on the length of the crisis, the pace of recovery and the programmes in place at country level. The effects of the global recession on the well-being of South African people’s lives within selected areas of the Eastern Cape Province depend directly or indirectly on people’s financial income. According to Kalula two areas were selected as survey sites to analyse the impact of global economic crisis on the well-being of South African people’s lives, namely Nelson Mandela Metropolitan Municipality, a Coloured and Black urban area (Algoa) and Buffalo Municipality, a Black urban area in the Eastern Cape (Mdantsane). Critical features of the Province’s socio-economic situation lay in glaring demographic realities such as the high rural population, the proportion of poorly paid employees, and the high unemployment rate with women comprising a majority of the unemployed.
CHAPTER FOUR

FINDINGS

4.1 An Overview

The findings from the study gave insight into how people financially cope if they are unemployed, retrenched and exhaust UIF benefits. Some respondents claimed that they were working but retrenched and do not have money to take their children to university. Others stated that they get support from their families and others have decided to open spaza shops in order to educate their children. Others mentioned that they were farm labourers and were remunerated by means of accommodation and meals to meet their basic needs. It is evident that unemployment is a common problem and the obvious solution to unemployment is job creation which is not easy to accomplish. It is clear that South African economy is deteriorating and unemployment is still evident. People are struggling more than before 1994, as the economy goes down inflation increases. As the researcher was communicating with people, they prefer the past situation than today. Poverty increases as population growth increases. Government does not meet the needs of the majority of the country.

The above explanation is the evidence that after all the attempts to reduce unemployment in South Africa the rate is still high. Below is the brief explanation of South African unemployment rate.

Statistics South Africa Unemployment (6 May 2013) states that unemployment rate rose to 25, 2% of labour force in the first quarter of 2013 compared with 24, 9% in the final quarter of the previous year. The number of unemployed people in South Africa increased to 4, 7 million. Published on July 30, 2013, it was 4, 6 million in the first three months and this has pushed the official unemployment rate up from 25, 2 to 25, 6 percent.

Eastern Cape Unemployment rate (7 July 2013) states that Eastern Cape rate rises to 30, 9%. It is evident that unemployment rate in the Eastern Cape increased by 0,4% between the last quarter of 2012 and the first quarter of 2013, according to the figures released by Statistics South Africa. There was a marked declined in the number of people employed in trade in the province.
4.2 Crime

Although attempts for crime reduction have been made, high rate of crime is still a serious burden in South Africa especially in Eastern Cape Province. In chapter three it was mentioned that Kuyga Township is experiencing high rate of social unrest where people have sleepless nights, every weekend there is a report of rape or murder. SA crime statistics reveal grim picture of the Eastern Cape Province as having a continuous high murder rate. Crime is committed every two minutes in Eastern Cape with at nine murders taking place daily. South Africa as a whole is faced with serious crime rates. The Herald mentioned that the Eastern Cape has for the fifth consecutive year emerged as the most murderous province in the country. Between April 2012 and March 2013, a total of 3 344 cases of murder were reported – 5, 8% increase per 100 000 residents from the 3 278 murders the previous year. The statistics were released by Police Minister Nathi Mthethwa and national police commissioner Riah Phiyega. Violence remains unacceptably high and should be treated as a serious crisis which stands in the way of South Africa’s social and economic development. The Bay bucked the national downward trend for sexual-related crimes. South Africa saw a 0.4% decrease while Nelson Mandela Bay reported an increase in sexual offences from 1 964 to 1 992. The increase in sexual offences per 100 000 residents in the province was also the second highest in the country. Mthethwa said the increase in violent crimes in the Province was due to domestic violence and alcohol related arguments near taverns. This is exactly the problem experienced by Kuyga residents. Kidnapping was also up slightly, with 99 cases in the Bay against 96 in 2012. (The Herald, 20 September 2013)

It has been clearly stated that New Brighton is the most dangerous area in Nelson Mandela Bay as it also has the highest figures for house robberies, car and truck hijackings as well as child neglect. The table below shows SA crime rate as released by the Minister of Police Nathi Mthethwa on the 20 September 2013 for the period mentioned on the table. The table at least covers five areas of crime.

Moller 2003:3-4) argues that a victimisation study conducted among householders in South Africa’s Nelson Mandela Metropolitan Municipality, in the Eastern Cape Province aimed to form a crime prevention strategy for the metropolitan area. Although crime is reported as a problem of transition, very few studies focus on the
quality of life of victims in transition countries. According to the national survey (n 4000) conducted in the 1990’s, the percentage of crimes committed against individuals during the period 1993-1997 was highest, the Port Elizabeth police area where unemployment amongst males tends to be high. The policy implications for achieving better citizen protection were considered. Efforts to boost community confidence in the police and to enlist co-operation in law enforcement were made, including establishment of community crime forums. South Africa’s business community formed Business Against Crime (BAC) was an initiative seeking to assist the police with training and education to combat crime. Efforts are underway nationally to engage communities in assisting with policing to ensure that service is more efficient and crime doesn’t pay.

**SA Crime Statistics between April 2012- March 2013**

<table>
<thead>
<tr>
<th>Crime Area</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank robbery</td>
<td>80%</td>
</tr>
<tr>
<td>Murder</td>
<td>0, 6%</td>
</tr>
<tr>
<td>Hijacking</td>
<td>5, 4%</td>
</tr>
<tr>
<td>Sexual offences</td>
<td>0, 4%</td>
</tr>
<tr>
<td>House robbery</td>
<td>3, 6%</td>
</tr>
</tbody>
</table>

An increase in serious and violent crime in South Africa showed that the government’s approach to crime was not effective. It is difficult for South Africa to attract Foreign Direct Investment (FDI) to boost the economy as many countries are not interested and consider the risks involved since the economic growth is low, and few tourists visit the country because of high rate of crime.

Baker, Epstein and Pollin (1998:21-22) state that the current wave of globalisation is most directly characterised by the expansion of global financial markets. Globalisation of production is also expanding rapidly. In Globalization, transnational corporations, and economic development as reported by Joon Chang, for example that since the early 1980s foreign direct investment has been growing four times faster than international trade. There has been a large increase in direct investment
flows to developing countries, with a shift in the composition of the investments in developing countries from primarily extractive industries to manufacturing and services. Transnational corporations now manage about 75 percent of the world trade in manufacturing goods. For Baker, Epstein, and Pollin (1998:22) three factors are crucial for determining the impact of foreign direct investment on host countries: the state of aggregate demand; the nature of the domestic and international regulations governing investment; and the nature of similar sets of regulations concerned with competition. They maintain that benefits can flow from foreign direct investments when aggregate demand in the host country is robust and domestic economy is effectively regulated. However, foreign direct investment can correspondingly become quite destructive of egalitarian policy aims, in particular when it flows to countries with rates of unemployment and deregulated markets.

The government has to develop more programmes to combat crime, improve policing skills and employ more police in order to have enough policemen for night horse patrol especially to areas where crime rate is very high.

4.3 Poverty and unemployment

Research findings suggest that where there is high rate of unemployment there is poverty. Moller (1992:193) suggests that poverty and unemployment are synonymous concepts. The respondents indicated that there is stigmatisation that comes with unemployment and poverty within the community.

4.4 Quality of life for unemployed in Kuyga

The respondents who participated in this study appeared to suffer from many facets of deprivation such as recognised social status and identity and etc. Respondents reported that they tried to engage themselves in social interaction make themselves useful in society and maintain their sense of worth and integrity by being occupied. All these factors promote their wellbeing, but it appeared that unemployed experience difficulties in retaining their positive social identity. The unemployed are more or less at risk of suffering depressed morale. This research has revealed that women as much as they are the most victims of unemployment, they encounter fewer difficulties coping in unemployment and it appears that social integration is easier for those who have many support groups that are not job related. Different
stages of life course seem to call for specific adjustments and social intervention to sustain and an acceptable quality of life in unemployment. As mentioned in chapter three that some respondents depend on their families for support, they explained that the love they get from other family members is their pillar of strength, which on its own demonstrates the importance of family assurance in adverse times. It is necessary for the unemployed to prove their worth to their families on a continuous basis. It is also important that the unemployed perceive themselves as useful to the family and retain their trust.

4.4.1 Education and unemployment

Throughout the study it became clear that most unemployed people in Kuyga are illiterate and they feel education is a definite advantage in escaping from unemployment. The highest educational level in adults ages from 38 upwards is standard 6. Moller (1992:143-144) suggests that the less educated suffer the ill effects of unemployment to a greater extent than their educated counterparts.

Barker (1995:6) states that South Africa experiences serious problems of illiteracy and low educational levels. Among the economically active population, 35% are regarded as functionally illiterate i.e. have an educational level of less than standard 4. However, there has been a sharp increase in educational levels over the past few years.

Some respondents seem to have lost their confidence through being less educated and they appear to experience low morale and loss of pride. The respondent’s mannerisms showed depressive symptoms. Difficulty in sleeping at night lack of concentration, feelings of helplessness, uselessness and loneliness were the most common symptoms. The respondents expressed shamed for being unemployed and stated that the main cause of being unemployed is being less educated and ignorance of the government.

According to Moller (1992:144) the better educated exude greater confidence and less loss of morale than the uneducated. Moller further reports that unemployment has taught them to stand on their feet and that they meet interesting people in spite of being unemployed. Low morale is manifest in the mind-set of the less educated
unemployed. Feelings of depression and isolation are acute and low morale may seriously hamper ability to cope in unemployment.

A Report of Special Senate Committee (1971:116) stated that education is the luxury the poor cannot afford. Lack of money directly affects the school careers of children from low income families in a number of ways. This is exactly the situation in Kuyga people as their children cannot further their education due to lack of money.

4.4.2 Inequality in South African labour market

In this research, literature has revealed that there are many inequalities in South African labour market inequalities which are found along racial and gender lines and which in most instances amount to discrimination. Some inequalities are the high unemployed among blacks and women. For South Africa it is a great challenge to reduce and eventually eliminate these inequalities. Since 1994 South Africa has made progress toward establishing an equitable society although there have also been failings, among them is inability to reduce income inequality.

4.5 Policy response

Since 1994 South Africa established many policies to address the imbalances of the past; unemployment and poverty reduction policies such as GEAR and Employment Equity Act (EEA) were established to look at issues of unemployment and inequalities in our country. A lot has been done but this study reveals the failure of policies on implementing what the government intended to achieve. Look at the failure of policies such as Broad Based Black Economic Empowerment (BBBEE); Reconstruction Development Programme (RDP), a lot has been done but the government needs to revise these policies which failed to meet the needs of the citizens. As economic growth contributes to unemployment South Africa has a challenge of promoting its economy by increasing its economic links with the rest of the world attracting FDI’s as mentioned above. Many authors clearly stated that the decline in economic growth in South Africa contributed to unemployment. As the government introduced certain programmes and projects to combat unemployment, Kuyga people seem to be very interested in those projects but their councillor is yet to deliver. They are very interested in food garden project but do not know how to start it. They need some training workshops on opening and managing projects.
4.6 **Conclusion**

The government needs to focus on the needs of its citizens as many people show an element of dissatisfaction to what has been done till date. The main focus should be on how to promote economic growth to enable the country to create job opportunities and reduce poverty. The Government has a responsibility to promote tourism and reduce crime to attract Foreign Direct Investments (FDI’s) for economic growth of this country and has to end corruption.
5.1 **An Overview**

In South Africa’s transition to democracy, substantial progress has been made in socio-economic development and poverty reduction by means of strategies that have been implemented since 1994 (Lund, 2006 cited in Kalula 2012). While much has been achieved, poverty, unemployment and crime remain realities particularly in Black urban (informal settlements and rural communities). This offers an important opportunity for the current government administration to identify and deal with the aforementioned problems, whilst improving operations of the government. South African government faces a number of challenges to create jobs and improve conditions of employment, minimize job losses, increase food and reduce fuel prices particularly as a result of global economic crisis.

5.2 **South African Economic Issues**

The consequential high unemployment can be related to the high population growth rate, a low economic growth rate, and declining labour intensity of the economy. These are the possible economic causes of unemployment as was discussed in chapter one of this study. The issue of labour market inequalities and discrimination needs attention on its own and racial categorisation is also a very sensitive one. This is the reason South Africa has a great responsibility of revising its policies and ensures implementation. Since 1994 black South Africans made considerable progress in terms of labour earnings. Though there has been substantial catch-up between blacks in terms of labour earnings for employed workers, large differences persist between black and white family incomes. This means therefore that our government has a great challenge on transforming income inequalities of this country. As much as South African women suffer from unemployment, black males suffer most than white men in the country. The government instituted major efforts to combat discrimination since 1994 but still needs to work hard on the effectiveness of such efforts.

Barker (1995:163) states that labour market discrimination refers to the inferior treatment of some workers owing to factors not related to the labour market, such
gender or minority group classification (i.e. black) workers who have the same abilities, education, training and experience as white male workers are accorded inferior treatment with respect to hiring, occupational access, promotion or wages. This research gave insight that most people are not actually lazy but lack means and knowledge to empower themselves. The short comings and legacies of South Africa’s education system have had a negative effect on inequalities in South Africa.

5.3 **Education**

It is also clear that South Africa experiences serious problems of illiteracy and low educational levels as mentioned in the findings of chapter four and this contributes to the high rate of unemployment, so therefore the government and the department of education should focus on this issue and formulate measures to remedy the situation. The department of education should develop more programmes on skills development as that on its own will contribute on job creation.

5.4 **South African Labour Markets**

It has been mentioned in the previous chapters that South African economy is in crisis, which has a big contribution in the increase of unemployment rate and poverty of this country.

*Centre for Development and Enterprise* (2013) explains that South Africa will only achieve its ambitious poverty-reduction and development goals by accelerating economic growth and ensuring that the economy absorbs more labour. The jobs and growth programmes engages with the policy choices South Africa faces by analysing existing policy and outcomes, and offering practical market- oriented alternatives. South African labour Markets are also in crisis with millions of unemployed people enraged at their wages and prospects among many with jobs. In the past few months this has spilled out into violence, first at Marikina and later in Cape wine lands.

*Centre for Development and Enterprise* (2013:3-5) argues that the existence of lump of labour intensive manufacturing in South Africa is now threatened by a compliance drive launched by the National Bargaining Council for the clothing Manufacturing Industry (NBC) in 2010. Firms that do not pay the minimum wage are charged to court and eventually forced out of business. Many jobs are directly under threat with further job losses possible in other firms and this has serious implications for labour
intensive growth as clothing is South Africa’s most labour intensive industrial sector and the low wage firms targeted by NBC are its most labour intensive. It is important to mention the issue of clothing industry in the labour market as successive government plans emphasise the need for job creation in South Africa, yet the industrial and labour market policies are biased against labour intensive growth and this is evident in clothing industry where employment has collapsed in the face of rising wage costs and intensifying international competition.

5.5 **Social unrest in Nelson Mandela Bay Municipality**

5.5.1 Noise pollution.

This study also revealed that in most areas of Port Elizabeth over the weekends are noisy causing sleepless nights for the citizens. This is because of the people both employed and unemployed causing public disturbance. There are many factors causing this but unemployment is one of those factors. These are the problems the city councillors need to attend but most of them fail to do so.

5.5.2 Crime in Kuyga.

The crime rate in Kuyga is a major problem, although the government has played a big role in combating crime by establishing policies and programmes to overcome the problem to no avail. As mentioned in the literature review, crime is the problem which affects not only Kuyga or Nelson Mandela Bay Municipality (NMBM) nor Eastern Cape Province but the whole country. It was clearly stated in chapter two that one of the NMBM’s programmes for crime prevention was the crime reduction strategy which was 2020 illustrated vision to enhance safety and security in the Metro. The above mentioned issues clearly show that South Africa has a great responsibility to improve and develop its economy and put more focus on revising its policies in order to address these problems and to create more job opportunities.

5.6 **Strengths and Limitations of this research**

The research was conducted successfully with great response of the respondents of Kuyga Township who showed interest in improving their quality of life. The respondents promised to form community structures in order to discuss a plan of
action for economic empowerment. The respondents intend to request for a piece of land from the councillor to start a food garden project.

Major issues which limited the potential of this research were:

Limited amount of time under which research was conducted put a lot of pressure to meet the deadline. Therefore some insight into this issue was missed. Lack of information on history of Kuyga was also a problem, no statistics available but to rely on the Municipality and the country statistics. Most of the information for the area was based on response of the participants. Although some respondents were not willing to co-operate by not responding to questionnaires, some showed enthusiasm in expressing their opinions. As the researcher wished to investigate about strategies and programmes South Africa General Motors have in place to create job opportunities and empowering neighbouring communities, information could not be found as they claim that it is confidential.

Unemployment is associated with poverty which is also associated with low levels of education and lack of skills. For the unemployed in Kuyga better education is a preferred route out of the situation. Welfare benefits encourage the poor and unemployed people to have more children, which is an additional burden on the community in Kuyga.

5.7 Suggestions for further research areas on this topic

Empowering people, giving them training on how to run community projects availing all the necessary information required to run these projects would assist them in improving their quality of life. The study focused on the impact of unemployment including the survival strategies of unemployed, in future it will be necessary to focus on promoting entrepreneurship as an economic force for development. There is a need to promote entrepreneurship and investigate how the informal activities can generate income for unemployed. Research studies have shown that communities can survive and reduce poverty through the use of informal activities. Further studies can investigate the reasons why poor people do not make full use of the opportunities available. A better understanding of the positive effects of higher education can address the issue of poverty and unemployment.
5.8 Conclusion

As a nation, it is not easy to accept the consequences of globalisation. Observing the very high rate of unemployment in the country with the low percentage of taxpayers, the country will be at risk to different challenging economic issues. As a developing nation, SA is envied by its peers in respect of its progressive labour legislative framework. However, the influence of trade unions on economic/financial policy as well as chronic industrial action in the labour/business sector has been identified as being factors hampering the creation of jobs and national economic growth. The above mentioned issues create the economic paradox which hampers on the creation of jobs and alleviation of unemployment in the country.

Unemployment of South Africans have ensured a smooth transition to democracy in our country as the poorest of the poor religiously believed that transformation to democracy would relieve them from hardship and suffering. It is evident that increasing unemployment and hesitant provision of service delivery is the factor which is slowly eroding society and its structures built to provide a better life for the poor. Unemployment is further exacerbated by government hesitance to enhance literacy and skills levels of the previously disadvantaged. Being unemployed and unemployable is a breeding ground for societal resistance to any regime. These issues need to be tackled and corrected promptly and effectively.
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