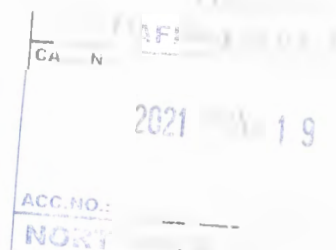


# **AN EMPIRICAL STUDY OF THE GRADUATE UNEMPLOYMENT LEVEL: A CASE STUDY OF TECHNIKON NORTH WEST**



**By**

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UNIVERSITY OF NORTH WEST**

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## **ABSTRACT OF THE RESEARCH**

The purpose of this study is to analyse the concept of “graduate unemployment” level in the current changing workplace. The research focused mainly on students graduated from Technikon North West at the Mafikeng Campus from 1997 to 2000.

The primary aim of this research is to determine from the literature whether a lack of appropriate career choice lead to high graduate unemployment as well as to determine empirically the economic factors that might contribute to the graduate unemployment.

The focus is based on the following:



- What kind of qualifications are held by unemployed graduates?
- What experience do the graduates have apart from their degrees or diplomas they are holding?
- Do employed graduates hold relevant positions with regard to their qualifications? If not why?
- Did graduates receive career guidance before opting for diploma obtained?

Briefly the findings and observations were as follows:

- The type of diploma obtained has a significant influence on patterns of employment.

- The waiting period had a great significance to the choice of employment.
- The type of diploma obtained has a significant influence on the waiting period before a graduate can be employed.
- The method used to seek employment has a significant influence on the waiting period. Graduates who are less informed about the source of seeking employment wait a longer period before they can be employed, while those who are well informed about the correct source of seeking employment obtain employment faster.
- The choice of diploma obtained by graduates was influenced by economic factors.

The following recommendation were made by the researcher:

- The link with industry were felt to be appropriate. Businesses must work with educators to ensure that challenges in the economy and in employer's needs are accurately and adequately embedded in higher education. This would help in increasing the level of industry support for Technikons.
- Individual counseling should be offered to final year student in order to assist the transition of students and graduates into the labour market.

- New structures of higher education, combining education with work experience in different forms, may be developed to relate the world of higher education to the world of employment.

## **ACKNOWLEDGEMENTS**

The unflinching support and encouragement of a number of persons in the execution of this study is acknowledged with sincere gratitude.

I am greatly indebted to the Technikon North West whose examination department was willing to make the list of graduates accessible to me to serve as a cornerstone for this study.

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A word of gratitude to my supervisor, Mrs Teu, who offered me valuable guidance and advice until the completion of this study.

Finally I thank God for granting me wisdom, courage and the strength to finish this project.

This project is dedicated to my family.

## DECLARATION

I declare that the dissertation for the degree of Masters of Business Administration at the University of North West hereby submitted by me has not previously been submitted by me for a degree at this or any other university, that it is my work in design and execution and that all materials taken from other sources contained herein have been duly acknowledged.

SIGNED:..........

**M K TLALETSI**

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## APPENDIX A



## CHAPTER ONE

### 1.1 BACKGROUND

The end of the twentieth century has been characterised by extensive political, economic and technological change. We are furthermore experiencing a rapid technological evolution. People in the world continuously have to adapt to changes. The nature of work has also been influenced through this technological evolution and new careers are emerging everyday to satisfy the demand in the workplace.

The employment or unemployment prospects of any tertiary qualification are a matter of supply and demand as it used to be. The changing work environment is having, and will continue to have a great impact on employment. Fothergill (1988) stated that in this new year, the industry will depend heavily on automation, and added that employment of large number of people in a production industry will be rare and constantly be threatened with redundancy.

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According to the HSRC register of graduates, as well as a study conducted by European Union into job prospects in the future, indicated that 80% of current jobs would no longer exist in their present form by the end of the twentieth century. It was also stated that 66% of the technology that would be in use by the year 2000 will no longer be used in the next century. In terms of professional skills, 20% of these skills will become obsolete after each year of graduation (HSRC, 1999).

The purpose of this research is to specifically focus on the rate of unemployment of the graduates from the Technikon North West at the Mafikeng campus, to determine whether the rate of unemployment affects them positively or negatively. To find out whether it is true that some humanities degrees and diplomas are useless as the statistics make it to appear and that natural sciences or information technology graduates find work more easily than their counterparts with other disciplines.

## **1.2 STATEMENT OF THE PROBLEM**

Over the last years the Ministry and Department of Education have been on a great journey of discovery, change, creativity, innovation and transformation in the education and training system. There has been an increasing range of institutions and courses, which one would think would help to make employment of graduates after qualification very easy. It seems as if that is not the case. The rate of “graduate unemployment” seems to be increasing at an alarming rate.

But what factors might be contributing to the unemployment of graduates and diplomats after they have obtained their qualifications? Is high unemployment level of the graduates a myth or a reality?

It is becoming common knowledge that people will have more than one career during their lifetime partly due to the ever-changing workplace. At the same time, choosing a career within the ever-changing political, economic and technological circumstances happens to be a very difficult task.

Changes which we are facing everyday in the business world, create a lot of confusion and uncertainty within us, making the choice of a career very difficult. Today, one finds the choice of tertiary education courses much more difficult than it used to be for matriculants a few years ago. The increase in the range of institutions and courses are extremely high but the graduates' unemployment rate continues to haunt those who are concerned. The media are continuously full of warnings about graduates and diplomats who have studied for many years and are still unemployed. The statistics demonstrates how graduates in some disciplines fail to find meaningful (or any) employment while the marketplace is crying out for skills in other areas. (Reeves, 1988)

The fact that employment or unemployment prospects of any tertiary qualification are a matter of supply and demand, leads us to a question of what could also influence the employability of graduates? In order for us to find answers to this question of employability and to gain clarity as to whether or not a particular qualification will enhance an individual's employability or not, we need to have some understanding of all changes which are occurring in the business world and current workplace. Roffe (1999) indicated that the labour market has lost the ability to absorb new entrants. She argues that the decline in work opportunities is a worldwide trend, but in South Africa it is aggravated by the imbalance between skilled and unskilled labour. According to the 1996 South African census, 71% of the economically active population in South Africa do not even have a



Grade 12 qualification, 17% have a Grade 12 qualification and only 12% have a qualification higher than Grade 12 (RSA, 1996).

Roffe (1999) also argues that while it true that qualification is the initial preparation for employment, we need to recognise that employers do not employ qualifications and that all job seekers have far more to offer than their qualifications alone. He emphasised that graduates should leave higher education with a whole range of skills, qualifications and experiences gained outside the lecture hall which will make them marketable, whatever their degree. This indicate that qualification alone may not make one employable. It is thus essential to recognise the importance of industry to the economy of the country and society, and also to increase awareness of the opportunities that it offers. In this case there is a need for the research to reveal some of those factors and come up with some solutions to the problem.

The study will be guided by the following questions:

- i. What kind of qualifications are held by unemployed graduates?
- ii. What experience do the graduates have apart from their degrees or diplomas they are holding?
- iii. Do employed graduates and diplomats hold relevant position to their qualifications? If not why?
- iv. Did graduates receive career guidance before opting for their diplomas?

### **1.3 AIMS OF THE STUDY**

The purpose of this study is to analyse the concept of “graduate unemployment” in the current changing workplace. There might be several causes for this problem which is hoped to be revealed and maybe resolved by this study.

The aim of this study is:

1. To determine from the literature whether lack of relevant experience and lack of appropriate career choice lead to high graduate unemployment.
2. To determine empirically the economic factors that might contribute to the graduate unemployment.

### **1.4 HYPOTHESIS**

To find a solution to the stated problem, the research will test whether:

#### **1.4.1 Alternative Hypothesis ( $H_a$ )**

The nature of the diploma which graduates hold, do have an impact on the high level of unemployment of graduates from Technikon North West at Mafikeng campus.

#### **1.4.2 Nul Hypothesis ( $H_0$ )**

The nature of the diploma which graduates hold, do not have an impact on the high level of unemployment of graduates from Technikon North West at Mafikeng capus.

### **1.5 THE SCOPE OF THE STUDY**

The topic in consideration is very broad and complex. The focus of the study however was conducted only for graduates from the North West Technikon in Mafikeng who graduated between 1997 and 2000.

### **1.6 RESEARCH DESIGN**

The research study was conducted as follows:



#### **1.6.1 LITERATURE REVIEW**

The local libraries were visited to acquire books, journals, magazines and articles covering the relevant topics to the research. An intensive study of the literature dealing with the unemployment of graduate was carried out to serve as a general background to the study, as well as finding out what has already been done in relation to this problem.

## **1.6.2 EMPIRICAL INVESTIGATION**

### **1.6.2.1 Questionnaire**

A questionnaire was developed and pre-tested. The questionnaire was completed by students who graduated from Technikon North-West at the Mafikeng Campus. The main purpose was to collect relevant information which was used to analyse the situation.

### **1.6.2.2 Interviews**

The semi-structured interview was conducted with senior management to obtain their opinions regarding the unemployment of graduates more especially who graduated from their Technikon.

### **Population and sample**

The total number of graduates from different National Diplomas offered by the Technikon was one-thousand nine-hundred and eighty-four (1 984) graduated between 1997 and 2000. A random sample of 100 graduates was drawn from a total number of 1 984 from seven (7) programmes offered by the Technikon North West at the Mafikeng. A list of graduates was obtained from the examination office from which 15 graduates were selected from each programme (i.e total of 105 students).

### **1.6.2.3 Data analysis**

With the help of statistical consultants of the University of the North West, computer aided statistical analysis was employed.

## **1.7 DEFINITION OF TERMS**

### **1.7.1 Graduates**

The term in this study refers to all students who have successfully met the requirements to obtain the diploma offered by the Technikon.

### **1.7.2 Employment**

In this study employed graduates are defined as those who work for more than five hours in a week and receive wage or salaries for their labour.

### **1.7.3 Unemployment**

Unemployment is generally defined as all persons who are willing to work at a going wages and are actively seeking work but unable to find work. In this study an unemployed graduate is the one who desires to work and is actively seeking work.

#### **1.7.4 Employability**

Employability will refer to the ability to be employed.

### **1.8 CHAPTER HEADINGS**

1. Orientation
2. Literature Review
3. Research Methodology
4. Data Analysis and interpretation
5. Summary, findings, Recommendations and Conclusion.

## **CHAPTER TWO**

### **2.1 Introduction**

The aim of this chapter is to explore literature which is relevant to the study. This discussion will explain the main concepts and clarify aspects that were researched. It will also pave the way for the succeeding discussion on the identification of the problem as well as the formulation of the hypothesis.

Rapid changes are taking place in the labour market and education system in South Africa, but more visibly in the number of young people opting for higher education and graduating each year. The high unemployment level is now becoming one of the greatest challenges facing our new democratic country. One may argue that one of the reasons for the unemployment crisis in South Africa is the result of the structural weaknesses in the economy we inherited. However, unemployment has a variety of causes. In some cases, countries have faced rising unemployment because major industries that have employed large numbers of people have gone into decline. Restructuring of some organizations and government departments is

another reason. Again unemployment may occur when the creation of new jobs is too expensive and activities can be carried out more cheaply elsewhere. The introduction of new technology also renders existing skills obsolete, resulting in some positions becoming redundant.

Carnory, (1980,193) identified several reasons which cause the rise to graduate unemployment some of them were stated as follows:

- Increased labour force participation rate among graduates. This is true mainly for women.
- Lack of interaction between employers and institutions of higher education.
- Lack of proper information about where the jobs are available and how to obtain them.
- Lack of information on manpower need for development efforts.
- Mismatch between aspirations and opportunities.
- Preference among employers for non-graduated individuals rather than graduated ones for less pay.

Lasting solutions to the problem need a range of measures, including sound macro-economic planning, trade and industrial policies, programmes and transformation of the labour market. Since 1994, government has introduced a number of measures to restructure the economy. These have laid the foundations for a more efficient and



growing economy that one would assume will create more jobs. But this transformation could not happen overnight and other measures are being introduced to deliver and provide jobs rapidly (Department of Labour, 1994).

## **2.2 Definition of Main Concepts**

Clarification of the concepts graduate unemployment and graduate underemployment is very important.

### **2.2.1 Meaning of Graduate Unemployment**

Unemployment is generally defined as all persons who are willing to work and are actively seeking work at a given wage rate. International Labour Organisation (ILO) define persons in unemployment as all persons above a specified age who, on the specified day or for a specified week, were in the following categories (Bendix, 1993):

- Workers available for employment whose contract of employment had been terminated or temporarily suspended and who were without a job and seeking work for a pay or profit;

- Persons who were available for work (except for minor illness) during the specified period and were seeking work for pay or profit, who were never previously employed or whose most recent status was other than that of employee (for example, former employers) or who had been in retirement; and
- Persons without a job and currently available for work who had made arrangements to start a new job at a date subsequent to the specified period;

The above definition imply that the unemployed persons are only those persons who are ***not working but actively seeking work***.

Then the following categories of persons are not considered to be unemployed:

- Persons intending to establish their own business or farm, but who had not yet arranged to do so, who were not seeking work for pay or profit;
- Former unpaid family workers not at work and not seeking work.

Figure 2.1: *The Standard Definition of Unemployment Applied to A Third-World City*



Source: *Employment, Technology and Development* (1995)

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San (1975) clearly indicated that the definition of unemployment only covers the area of overlap between the two circles of those not working and those seeking work, as in Figure 2.1.

The definition only covers the area of overlap ( i.e x) between the two circles of those not working and those seeking work which, in third world countries, as in figure 2.1 is likely to be small. Many will be seeking work, but few will not be working and even fewer will be doing both. For instance it will not be surprising that the unemployment rate will be smaller in Calcutta or Manila than in London or New York (San, 1975).

Our country is in one way or another affected by some of the above mentioned types of unemployment . According to the main reason for its occurrence, unemployment can be broadly divided into four types as discussed hereunder (Bendix, 1993:477):

### **2.2.1.1      *Frictional unemployment***

Frictional unemployment refers to individuals who shift between jobs. This occurs where existent vacancies on the labour market could be filled by the unemployed, but where these persons, owing either to a lack of information or to dissatisfaction with remuneration offered, withhold their services from the market. Sometimes the communication regarding available positions does not reach the correct unemployed person or information is not widely disseminated. Thus ensuring continual or correct exchange of information may combat this type of unemployment.

### **2.2.1.2      *Cyclical unemployment***

Labour employed during peak business cycles becomes redundant during periods of economic recession. This is normally the result of insufficient demand during a recessionary phase. As business activity declines, there is a corresponding decrease in employment levels.

### **2.2.1.3      *Seasonal unemployment***

This occurs in jobs which are performed only at certain times of the year; for example, in seasonal fruit picking. Persons employed to do this type of work may remain unemployed for the rest of the year.

#### **2.2.1.4     *Structural unemployment***

In this case employment opportunities may exist, but the available labour does not possess the qualifications or skills necessary to fill the vacancies. This could occur because of basic inadequacies in the labour force or because of technological advancements which render existing skills obsolete. Furthermore, a permanent or lengthy recession may result in structural unemployment. Workers may leave trades suffering from recessionary conditions and not return to these in the future.

According to Lange and Maguire (1998), Europe's labour markets are facing radical change over the next few years. They argue that the cause of this change is the high level of unemployment that is so pervasive in many of Europe's larger states such as Germany, France and Spain. The situation seems to be applicable to South Africa. Lange and Maguire (1998) further indicate that the options for escaping the present levels of unemployment are limited. Deregulation of labour market is seen as one option to reduce unemployment. USA is an example of a highly deregulated labour market that keeps the level of unemployment much lower than the rates which are to be found in the larger European states. It is argued that on one hand, this example of deregulating labour market should be followed by other states in order to have some initial

attractiveness in order to offer hope of lower levels of unemployment. But on the other hand, it threatens to ignore the one issue that may be of greater importance for longer-term competitiveness and that is quality (Lange and Maguire, 1998).

As identified by Sanyal (1987) the generalized growth in unemployment is not always due to economic recession alone, as political changes have sometimes added their impact to that of economic. For example, the political independence of Angola and Mozambique brought many Portuguese back to Portugal in the mid 1970s, adding to its unemployment problem.

### 2.2.2 Graduate Underemployment

One can argue that underemployment occur in a situation where individuals are employed in the positions whereby they are overqualified for that particular job. For example, someone with a degree qualification employed as a driver or a waitress. The research findings show that in most developing countries, unemployment of graduates is a more serious problem than their underemployment (Sanyal, 1987, Reeves 1988, Esland 1991, Burkner 1999). This problem leads us to another phenomenon, the *underemployment*. The problem of underemployment seems to be more serious and common in developing countries. For instance, Sanyal, (1987) indicated in his study that it is estimated that in Sri Lanka, 1000 to 2000 university graduates in arts-based disciplines work in the clerical service, which



requires only second-level education. This is an example of invisible underemployment. Flood (1996) argues that the problem of unemployment and underemployment is caused by the mismatch between jobs and training. It is noted again that too many young graduates are often overqualified in educational terms, and underqualified in practical terms, for the available work. That is, on one hand jobs are available, but on the other hand the skills and experience needed to perform those jobs, and the attitudes and aptitudes needed to land them seem absent from many young job seekers (Flood, 1996).

Cronjé (1980) detected that some of the developing countries in the late 1950s found themselves with more graduate engineers than middle-level technicians to support them, more doctors than nurses, so the highly educated professionals found themselves doing the work of the middle-level personnel. The argument is, without proper manpower planning, over supply or undersupply of manpower, may occur time and again. So the need to harmonise education and work is a necessity (Dore, 1976). The research done in the late 1970s and 1980s also showed that the developing countries experienced an imbalance between the output of their educational systems and the job opportunities in the labour market. The mismatch in some countries was so severe that the education system was challenged (Legotlo, 1985).

Most workforce analysts agree that today's tight labour market display significant underemployment. Millions of companies have

gone through major work-life shifts, displaced downsizing, mergers and acquisitions. Because of this, many employees have gone from well-paying, skilled positions to jobs with significantly lower pay (Flood, 1996). This shows that most people would opt to be underemployed rather than being without a job at all.

Sanyal, (1987) reported that in Bangladesh, according to the planning commission estimate, out of 610,000 educated job-seekers employed (with secondary education or higher qualifications), 189,000 were inappropriately placed, being unable to utilize their training. It is estimated that in the United States the under-utilization of college graduates ranges between a quarter and half of the graduate labour force. In addition to the individual and social problems involved, underemployed graduates represent an investment on which no or a low return is being made (Sanyal, 1987). Similarly, Harikan (1990) a Bureau of Labour Statistics economist, estimated that in 1990, 20% of all workers with college degrees were unemployed or employed in jobs requiring only high school skills. These researches confirm the point that unemployment and underemployment is a very visible problem to most of the countries.

According to Tyler et al (1995) researchers at the Rand Corp. and Standford university's Institute for Higher Education Research, American universities are producing about 25% more doctorates in science and engineering fields than the economy can absorb creating the underemployment of doctoral degree holders. The only way to solve the long-term underemployment of doctoral degree holders in



science and engineering, the researchers say, is for academic departments either to reduce the number of doctoral students they admit or to convince more potential Ph.D. candidates not to seek the degree. It is vital that the institutions of Higher Education concentrate more on matching the demand and supply of the market place.

## **2.3 The Theoretical Framework**

### **2.3.1 Education and Employment**

The above description of the problem of graduate unemployment leads us to conclude that there is a relationship between High Education (HE) and graduate employment which should be studied within the overall framework of the relationship between education and employment.

Dale (1985:102 ) highlights the fact that education is concerned with:

- the development of the individual's full range of abilities and aptitudes;
- the cultivation of spiritual and moral values, with the nurturing of imagination and sensibility;
- the transmission and reinterpretation of culture.

However, Roffe (1999) argues that education, by tradition and in theory, is a leisure activity. To Roffe (1999) the word 'school' is etymologically associated with leisure and the belief that 'study', 'scholarship' and 'learning' should be undertaken for their own sake and arise from the individual pupil's interest is a cliché of the educational theorist and of the prize-giving address.

The society expect educational institutions to develop in young people the knowledge, attitudes, and skills which will enable them to contribute to the economy of their country . Traditionally, the school system was considered as preparing students for jobs. To the public it was argued that more schooling prepares students for better jobs in the labour market. It was considered that with better qualifications the gates for better jobs in the labour market would open with ease. The assumption of society was that if one graduated from higher education, it will be very easy for one to be absorbed by the labour market as well as earning higher salary. This led to the increased numbers of students registering with Universities and Technikons. According to Legotlo (1985) this pressure is difficult to counter-act, because parents and students, believe that the more higher education one gets, the more one's chances for employment are increased, and an improvement in one's socio-economic status.

To make things worse, nowadays as jobs depend more and more on certificates, degrees and diplomas, aims and motives of education are changing which now leads us to another concept "diploma disease".

The old story was that the more you learn, the more you earn – and the less likely you are to be unemployed. The assumption was earnings increase and unemployment decrease with additional year of education.

The argument employed by Dore (1982) is that the more educated unemployment situations get worse, the more useless educational certificates become, the stronger is the pressure for an expansion of educational facilities. The common practice is that if you find that your junior certificate does not get you a job, you conclude that there is nothing to be done except to pursue for a senior certificate, and if that also does not work you pursue for a university degree. This was assumed to be a sensible decision. However, this process does not seem to be working at all. There are at the moment some people who are even holding masters degrees and are without jobs. This indicates that a student will press on and on at his/her university studies, with a hope that after obtaining a masters degree the labour market will easily absorb him without any difficulties.

Esland (1991) raised another concern that by making people eligible for selection to the modern sector, but not guaranteeing it, the schools were fueling hopes and expectations which could not readily be fulfilled. The reason was that the schools were growing faster than the modern sector. According to Esland (1991) the existence of the modern sector encouraged calculated employment.



As Dickinson (2000) indicates that education must be productive in the life-giving, life-enhancing sense as production of life. The emphasis that an education for life must deliberately re-establish the original concentration between human work or production and preservation and improvement of life. Above all, instead of being more adaptive, with an emphasis on functionality and rationality, education must become a critical transformative project. Furthermore, Dickinson (2000) argues that education must become an empowering process because it remains attuned to individual experience, and purposefully organises its own practices in ways that help the learners to reflect upon and understand their individual experiences.

Over the past century, the educational process ceased to be concerned simply with transmission of skills and values, but increasingly it has taken on the functions of allocating and selecting as well as training individuals for their adult roles (Banks, 1976). Particularly educational qualifications are now necessary prerequisites for entry to many occupations and are used in selection by many employers. In terms of efficiency, the relationship between educational qualification and degree of success in an occupation is often very low, because in most cases educational qualifications are used by employers when looking for a convenient way to restrict the number of job applicants to a manageable size.

The expansion of education especially higher education was essential for the supply of educated manpower and economic growth, so education was seen as a direct investment in economic growth. Both

in developing and developed countries the educational systems were influenced by this assumption. The leading economists of the 1960s also supported the claim that education is a good investment in the economic growth (Cronjé, 1998). Today according to Reeves (1988) politicians and economists say that to keep up in the technological race we must reap a proper return from investment in education in terms of people being equipped to use their skills and knowledge in a practical way. Moreover, the graduates want the knowledge which will furnish them with a paper qualification to open desirable career-doors. And indeed the mass of the next generation needs a multiplicity of skills to cope with their lives in the future. In other words holding a certificate of a particular degree is not good enough for our future graduates.

### **2.3.2 Employment level in South Africa**

The level of employment in a particular country depends in general on economic development, the stage of the business cycle and the preceding and existing institutional and legal framework. Furthermore, to balance the quality of supply with demand effectively, it is according to Bendix (1993,478) necessary that :

- the available corps of skilled labour be so distributed as to optimally meet existing demand. Optimal distribution of skilled labour depends on the mobility of labour, knowledge of labour market demands and correct vocational guidance.

- a sufficient quantity of workers possessing the necessary skills to meet future demands be timeously trained. To do this necessitates effective planning of training facilities and programmes, in accordance with projected demands.
  
- there is proper and equal education and that education is aimed towards employability.

The South African economy has experienced a low economic growth rate, high inflation and rising unemployment for a number of years now. According to Cronjé et al (1998) unemployment has increased systematically over the past two decades and is regarded to be the most important single problem of the economy of South Africa. The most pressing issue, however, is that of *high unemployment of graduates*. Bendix (1993) indicated that only seven out of every 100 job seekers entering the labour market during the last five years were able to find fulltime employment, and that 3,8 million jobs are needed to alleviate the unemployment problem. Table 2.1 shows that in 1996 only 66.1 percent of the total population was employed and 33.9 percent of the total population was unemployed which is an undesirable percent.

The mass media were unanimous about the futility of job seeking in the unfavourable job market (Maré, 1996). According to the Directorate: Labour Market information and statistics of the Department of Labour in South Africa the official unemployment rate of October in the year 1994 to 1997 was 21 percent, 16,9 percent, 21

percent and 22,9 percent respectively. This was a problem then, it is still a problem now and it seems to be even worse than ever before.

According to Gouws (1998:14) the following causes of unemployment in South Africa can be identified :

- Needs for certain fields of employment have changed. Labour provision of certain careers exceeds demand. Careers specialisation has increased, due to technological advancement, implying that many people can only work in highly specialised fields.
- Dramatic wage increases have rapidly resulted in mechanisation, resulting in labour unrest and strikes and shortage of skilled workers.
- According to Cronjé et al (1998:40) it is hard to create the necessary number of new jobs in a country with a high population growth such as South Africa; among the highest in Africa.
- A large percentage of the general population is entering the labour market without career qualifications or skills largely due to a serious lack of schooling, neglect of career oriented teaching/training, overemphasising society's academic value system. This data emphasizes the primary importance of workforce education in South Africa. However, labour force development is crucial to economic growth in any country. According to Bengu (1993) productivity in South Africa is hampered by lack of high-level human resource skills, and lack of technology relating to the application of new knowledge.



Currently, there is a universal shift from formal education to train life skills, such as workforce education and entrepreneurship. There should be a correspondence between what people learn and what people do in adult working life (Law, 1986). One can strongly argue that a degree no longer offers the promise of employment, as this seems to be indicated by the large number of professionals who are joining the ranks of the unemployed at a steady rate.

Already in 1993 Linckindorf (1993) observed that numerous employers did not want to employ BA graduates, because “they saw no use of them”. BA graduates in particular were frustrated and expressed bitter disappointment that their studies seemed to bring no job prospects. It was more difficult for them to find employment than counterparts with Bcom and BSc degrees, feeling they wasted time and money. Unemployment on one hand is increasing whilst on the other hand people with experience are required for most jobs, indicating that profitable knowledge and occupational directed training are aspects which are very important to employers and should be given special attention by the government and higher educational institutions.

### **2.3.3 Consequences of unemployment**

There are serious consequences of unemployment in any given situation. For instance Van Der Linde (2000) argues that in South Africa many people still believe that a degree is a guarantee for a good career. Currently some of these people are experiencing all the



frustrations of futile and fruitless job-seeking and they experience humiliation, they become disillusioned and embittered and may even give up their search for work. This also has a negative effect on political stability, because people who do not have enough employment opportunities, become impotent in handling friction and conflict because of their frustration. To Van Der Linde (2000) unemployment is a waste of precious human resources for the country on macro-economic as well as on micro-economic levels and is a painful experience for the unemployed and their families, dependent on them. Unemployment also decreases people's trust, self-esteem, reciprocal respect, tolerance and love of peace. Unemployed people may turn to crime, riots, anarchy and political and social unrest (Gouws, 1994).

In a *Financial Mail Publication*, Segal (2000) pointed out that since 1994 the positive impact that economic growth should have had on job creation did not materialise in SA. Rather, a weakening in the capacity of the productive structure of the economy has continually failed to absorb labour. The result has been a decline in formal employment across the economy despite economic growth. At the same time SA's labour force is increasing by 2% annually (or 487 000 potential workers) while about 330 000 learners matriculate each year.

The consequence of fewer jobs and more people coming on to the labour market is becoming disastrous. At the same time unemployment, SA's most pressing economic problem, shows no signs of decreasing. The official employment in SA is measured by

the annual October Household Survey (OHS) and the quarterly Survey of Total Employment & Earnings (STEE). While the OHS provides a view of total employment in the economy, the STEE measures nonagricultural formal sector employment, which excludes agriculture, domestic workers, the informal sector and workers in new firms not yet captured by the survey (Segal, 2000).

According to the OHS after a 10,1% decline in total employment between 1995 and 1997, formal sector employment dropped a further 2,5% in 1998, resulting in 121 000 job losses. Government accounted for 22 600 of these jobs. Official unemployment increased from 22% in 1997 to 25,2% in 1998. Expanded unemployment, which excludes whether people are actively looking for work, rose from 37,4% to 37,5%. More encouragingly, total employment rose from 8,7m in October 1997 to 9,4m/year later though this did not occur in the formal sector, which employed 4,9m people in 1998.

Employment in the public sector declined even more than in the private sector during 1999, with government bodies trying to improve management, financial accountability and service delivery. There was a 2,3 drop in public-sector employment from the first three quarters of 1998 to the first three quarters of 1999, 7,8% at the level of local government alone. 43 of the 100 largest employers in 1999 reduced their work force (Gouws, 1998). Segal (2000) noted that the trend of job losses is unlikely to be reversed. A survey by human resource consultants FSA Contract, finds that half the firms surveyed expect

their staff levels to drop in 2000 compared to 42% in a similar survey for 1999.

According to Schussler (2000) data shows that depending how one employs the reclassified definitions, SA had an unemployment rate of either 26,7% or 22,5%, according to the “official” definition of the unemployment rate. However, Schussler (2000) indicated that as this definition leaves out people who have given up looking for work, we have a broad definition of unemployment where the unemployment figures are closer to 35%.

It was found that one of the reasons for the inability of SA’s economy to generate jobs is the cost of labour, which has risen faster than the cost of capital, leading to a structural shift toward more capital-intensive investment, particularly in manufacturing industries. Work process restructuring has resulted in high-skill job creation and job losses among low-skilled employees (Segal, 2000). In his argument Segal (2000) also points out that two years after the October 1998 Presidential Jobs Summit, government’s job creation initiative has failed to deliver. However, more progress has been made on government’s initiative to improve skills development. The National Skills Fund and Sector Education and Training Authorities (Setas) aim to provide the institutional capacity for skills enhancement over the next decade. The impact that the programme had on unemployment is marginal, given the size of SA’s unemployment problem. According to Segal (2000) it is also doubtful whether it can substantially improve SA’s global competitiveness.

Though the latest World Competitiveness Yearbook released in April (2000) shows SA moving up four places in the competitive rankings to 38 out of 47 countries surveyed, it shows SA to be held back by a combination of *high unemployment, a poor education system, a "brain drain" and high levels of violence* (Financial Mail, 2000).

### **2.3.4 Challenges facing Higher Education in SA**

Some long-term planning is being undertaken as evidence by the South African Government's commitment to undertake a development needs analysis for education in the country, but some changes such as the integration of schools and establishing one department of education were priorities which had to be tackled immediately.

SA's higher education system has considerable capacity in research, teaching and physical and human resources. Yet the system is fundamentally flawed by inequities, imbalances and distortions deriving from its history and present structure. There has been a concerted attempt to address these problems. More time is needed to correct these historically created imbalances. For instance Bendix (1993) indicated that the use of non-white persons in high-level positions has increased from 25,5 per cent in 1965 to 35,6 per cent in 1989. The proportion of non-white manpower in middle-level positions has greatest increase being among mineworkers and transport workers, but white males still constitute the greatest proportion of high-level manpower (44,4 %), followed by the white

females at 20 per cent. Because higher education has the potential to play a vital role in the political, economic and cultural reconstruction and development of SA, it is important that the strengths in the system must be maintained, but the weaknesses be remedied. To preserve what is valuable and to address what is defective requires *transformation*. The system of higher education must be reshaped to serve a new social order, to meet pressing national needs, and to respond to a context of new realities and opportunities (Education White Paper, 1994).

Schussler, (2000) agree that apartheid in higher education has created a huge discrepancy between the numbers of black and white graduates. It is well known that for a variety of reasons, those black students lucky enough to enter university were often channelled into areas such as social work or education.

#### **2.3.4.1 The need for transformation**

In order to correct any kind of a problem, there are strategies which have to be looked at and considered for the correction of that problem.

The following weakness were indicated as major causes of an ill system by National Commission on Higher Education (NCHE 1995, p89) which needed immediate healing:

- The system was perpetuating an inequitable distribution of access and opportunity for students and staff along axes of race, gender, class and

geographic discrimination. There were gross discrepancies in the participation rates by students from different population groups and indefensible imbalances in the ratios of black and female staff compared to whites and males. There were also vast disparities between historically black and historically white institutions in terms of facilities and capacities for teaching and research.

- There was a chronic mismatch between higher education's output and the needs of a modernized economy. Discriminatory practices have limited the access of black students and women students into fields such as science, engineering, technology and commerce and this has been detrimental to economic and social development.
- There was a strong inclination towards closed-system disciplinary approaches and programmes that has led to inadequately contextualised teaching and research. The content of the knowledge produced and disseminated is insufficiently responsive to the problems and needs of the African continent, the Southern African region, or the vast number of poor and rural people in our society. Similarly, teaching strategies and modes of delivery have not been adopted to meet the needs of larger student intakes and the diversity of lifelong learners.
- There was lack of regulatory frameworks, because of a long history of organisational administrative fragmentation and weak accountability. This inhibited planning and co-ordination, the elimination of



duplication and waste, the promotion of better articulation and mobility, and the effective evaluation of quality and efficiency.

- There was a tendency for higher education institutions to replicate the ethnic, racial and gender divisions of the wider society. This has limited the role of higher education in constructing a critical civil society with a culture of tolerance, public debate and accommodation of differences and competing interests.

The relevant remedy for the above-mentioned weaknesses is an urgent need for transformation in Higher Education.

#### **2.3.4.2 New realities, opportunities and challenges**

The above-mentioned weaknesses could not just be ignored. For the system to be cured, the government is faced with new challenges. The following was stated in the New Policy Framework as opportunities and challenges facing our new democratic country (NCHE: 1994:25)

- Higher education faces dual demands for increased participation, driven by demographic and developmental imperatives.
- The reconstruction and development policies and practices which loom large in SA's present transitional phase will have a pronounced impact on higher education. New



research agendas and new learning programmes will be needed to mobilise the cultural, social and economic potential of the country and all its people

- As SA locates itself in the network of global exchanges and interactions, higher education will have to produce the skills and technological innovations necessary for successful economic participation in the global mast. It must also socialise a new generation with the requisite cultural values and communication competencies to become citizens of an international and global community.
- Rapid international development of the learning society is of crucial importance for our higher education. The production, dissemination, acquisition and application of knowledge is said to be shaping the structures and dynamics of daily life to an unprecedented degree. The learning society places a premium upon lifelong and continuing education; a growing array of public and private institutions shares in knowledge production with institutions of higher education. The challenge to higher education is to adapt to these changes and to sustain its role as a specialised producer of knowledge. If knowledge is the electricity of the new globalisation, higher education institutions must therefore seize the opportunity of becoming major generators of this power source.

It is the responsibility of the government to ensure that the above-mentioned challenges are dealt with positively in order to obtain desirable solutions.

In the 1989 of *Key Features in Enterprise in Higher Education*, the then Minister of State for Employment, UK stated that the graduates of the 1990s will be expected to have that 'extra ingredient' which allows them to meet the strenuous demands of a modern economy. He continued by saying that between higher education and the business world, tomorrow's graduates should gain the entrepreneurial skills they and the market place need for further success.

The changes that are taking place in the worlds of graduate employment will have far reaching effects on the careers which graduates pursue. Although restructuring has left firms leaner and more efficient, with more responsible jobs further down the line of management, it has also resulted in huge number of redundancies, overwork for the remaining employees and destructive effects on morale (Brand, 1990). Fewer graduates can be unaware of these changes.

More professionals and skilled workers are becoming self-employed. Some graduates are self-employed from the day they leave university. In addition, many may need to cope with unemployment at some stage of their working lives. Many graduates are underemployed and this may already be a greater problem than unemployment. If graduates could see self-employment as a solution to their problem, maybe the rate of unemployment could be reduced a little.

### **2.3.5 Change in Labour Market Demand**

When unemployment began to increase, it tended to be concentrated among the unskilled and semi-skilled workers. Recently unemployment is now spreading to the middle-classes. More seriously as indicated by Brand (1990) there is higher graduate unemployment and there has been a reduction of employment opportunities in the public sector.

The workforce of the 21<sup>st</sup> century, demand flexible and capable people, who will cope with new situations, the needs of a changing society and rapid change; being able to explore and face potential challenges, such as less job opportunities, because of advanced new technology and competition in the labour market. Brand (1990) states that the introduction of new technologies, with their concomitant productivity increases, is seen to reduce time spent working. As technology advances and companies ask employees to assume more responsibility, workers will continually need to improve and upgrade their skills and education (Holmas, 1995). In order to predict the skills, which graduates will need in the future, it is not sufficient to consult employers only. The changes which are taking place need an assessment which focuses on the skills needed by individuals rather than those demanded by a particular type of work (Arnorld, 1990).

Recent national, and international records demonstrate that some employers have identified a number of key skills which they look for when recruiting graduates. Hakwins et al (1996) study conducted in Cardiff confirms that: there is clear evidence to suggest that there is a mismatch between the skills the employer say they want and their actual ability to recruit graduates with such skills (NCIHE, 1997). Also added that all institutions should, over the medium term identify opportunities to increase the extent to which programmes help students become familiar with work and help them reflect on such experience.

Nationally, a number of studies have been performed to ascertain exactly what skills the employers want to see included in the graduate profile (O'Brien, 1997). The overall feedback was that the following group of skills were the most sought after: *communication, problem solving, personal and interpersonal skills, responsibility and organisational ability.*

Essentially employers have stated in the national research studies that they want students to be able to think laterally (Holmes, 1995). They require students to be used to a problem-based approach to a situation and to take with them into employment the ability to come up with creative and original solutions.

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Employers are stating that they require team-players as well as team-leaders (Holmas, 1995). Recently, there has been a great deal of talk about student 'profiling'. To Bailey (1990) if established in the right

manner with a common format, it could provide an excellent insight into the student for the potential employer. Arnold (1990) also added that the ability of an individual to work well alone or as a member of a group forms an integral part of the graduate skills profile. The students are expected to have a sense of “appropriateness” for the way in which they respond to people and to the tasks at hand. Employers want to have graduates that are self-confident but recognise their own limitations. Harvey et al (1998) in their research found out that employers prefer students who can display that they have the potential for leadership in a work environment.

In short the above shows that certain transferable skills are required of students leaving universities or technikons and entering the world of work. These skills, are similar to the skills that would usually be expected from a senior manager rather than from a graduate just leaving university.

One can argue that employers are basically looking for graduates who have “managerial skills”, thus putting a new emphasis on the importance of higher education (HE) institutions that give students the opportunity to develop managerial skills.

One of McBeath’s recommendations as a result of his study was that universities provide management-based extracurricular activity to enable the students on non-management degrees to develop the skills that the employers were saying that they wanted (McBeath 1994).



In the past, self-reliance skills have been assumed – or neglected – by both employers and Higher Education. Now they have come to the fore because (McBeath, 1994,78):

- career transitions are more frequent;
- graduates need to manage uncertainty and change;
- knowledge rapidly becomes obsolete;
- supporting structures have disappeared;
- staff-student ratios in higher education have increased.
- SMEs demand an immediate contribution from graduates.

In the twenty-first century the most significant challenge for graduates will be to manage their relationship with work and learning. This requires skills such as negotiating, action planning and networking, added to qualities such as self-awareness and confidence. These are skills required to be self-reliant.

Self-reliance skills as seen by (Garside, 1993) enable people to manage the processes of career progression and effective learning. They enable people to develop and make use of all their other abilities. In particular, they encourage a depth of learning which makes it possible to transfer skills to new situations, such as transferring classroom presentation skills to a small business sales pitch in front of a critical audience.

Self-reliance skills must be underpinned by a knowledge of the changing world of work, including the opportunities in SMEs,

because few students will be motivated to develop these skills if they do not see the urgent need which exists.

Moreover, self-reliance skills can be understood as one of four types of skills which graduates need, as well as self-reliant, the complete graduate needs to be (Garside, 1993, 79):

- a team player, which may require meetings skills, negotiation skills and net-working skills
- need to be a generalist, with general business skills and knowledge in areas such as finance and information technology.
- needs to have a specialist skill – to be an expert in something – which may be based on an academic discipline or may be another niche developed in the workplace.

To address the problem of skill deficit, the university of Surrey launched the “*School Without Wall*” scheme. This scheme was working towards giving future graduates more of the skills that employers, and the Government are saying they want to see in the graduate profile.

The suggested learning outcomes of “*School Without Walls*” was that they increased their communication skills, enhance their problem solving and organisational skills, and that they receive a valuable insight into the social and cultural aspects of varying



educational provision. More generally it developed insight into the teaching and learning process, it helped participants to find a meaningful use of their studies and increased their self-confidence (Dickinson, 2000).

Examination of this project has shown that when students are motivated, given the freedom to reflect and have hands-on-experiences of management, then they do develop the skills that the employers are currently saying that they want to see in the graduate profile. Nabi and Bagley (1999) argue that if graduates are prepared to invest the time and effort into developing the skills demanded by employers this will give them a competitive edge when applying for job vacancies.

### **2.3.6 Transition from Education to Labour Market**

While young graduates are facing the problem of unemployment there is another pressing issue which they are facing. There is difficulty of graduate integration into the current labour market, due to a great amount of employers demanding experience and maturity of their employee-to-be. Attention is being focused on a range of initiatives to promote labour-market entry for the young graduate. Moreover, it is argued by Arnold (1990) that in the future, the employment rate of graduates will become an important quality index which will help comparison among universities and technikons.

It is important that we understand how the transition from education to labour market works and focus on the stage of finding the first job. In many cases this transition involves a phase in which the graduate is unemployed (Arnold, 1990). Moreover, the fact of not being able to find a job is related to low self-esteem, and damage to psychological well-being (Garside, 1993).

The lack of information is one of the main stressors, and therefore many kinds of activities aimed to solve this problem will reduce the stress level through increasing coping resources (Beas et al., 2000). The lack of information is a critical issue in the transition phase with regard to coping with unemployment as well as finding the first job. Researchers and institutions should be more interested in establishing measures or mechanisms which will promote labour-market entry and help youngsters to find their first job. This is a way for preventing possible negative consequences in the mental well-being suffered by newly-graduated students because of unemployment (Beas et al, 1996).

Schussler (2000) in the article "U.S and German youths: unemployment and the transition from school to work" explored the reasons behind the lower German youth unemployment rates when compared to that of United States. He indicated that the difference in unemployment rates between the two countries suggests that the initial entry of young workers into the labour force is more difficult in the United States than in Germany. The German dual system of *apprenticeship training* is a key factor in the more successful school-

to-work transition in Germany than in the United States and helps explain the low level of German youth unemployment. The German dual system tries to combine practical training in an economic enterprise with an education in vocational schools. The aim of vocational training in Germany is (i) to enable the individual to acquire the skills and knowledge judged to be necessary for employment; and (ii) to ease the person's entry into the labour market (Schussler, 2000).

Similarly, the Social Psychology Department of University Jaume I, the state university in Castellón, an industrial area near Valencia established a project called Servicio de Empleo y Formación (SEF) in order to assist approximately 23 000 students attaining their degrees every year, who seek to make the transition from university to labour market. The SEF project was created in order to provide an innovative service dedicated to the training and employment of young university graduates (Arnold (1990).

Education, and in particular higher education, is an important supplier of future managers and leaders of industry. Bailey (1990) insists that for this reason, it is not only important, but also vital, that links between higher education and industry are developed. On the one hand companies need to incorporate links in their strategic and business plans and on the other hand higher education must be prepared to change teaching methods to include elements of personal/life skills tuition for their students. When developing their strategic plans, companies need to consider their reasons for

proposing to allocate time, resources, money and effort into forming and developing links with higher education. This will help them to determine where the major support should be targeted (Bailey, 1990).

Bailey (1990) indicated clearly that Industry cannot expect HE to do all the work itself. There must be a partnership as both sides have the potential to gain from a closer relationship. Employers cannot assume that HE will teach personal skills programmes that will satisfy their needs if they do not contribute to the development of standards that are acceptable to all the parties. On the same note, Arnold (1990) states that increasing call for greater partnership, joint ventures, or collaboration between business and colleges or universities can be interpreted as an answer to a growing competition between traditional institutions of higher education and industry.

The training was understood as a strategy of change, which not only prepares the labour force to perform a new working role, but also helps the acceptance of the new technology. In the whole process, the beliefs and attitudes toward training played an important role in the introduction and the accurate performance of the training process.

To alleviate the above-mentioned problem at the University Juama I, a Job Seeking Techniques Course was designed and implemented as part of the Professional and Occupational Training courses carried out and addressed to those with technical knowledge but currently unemployed (Beas et al., 1996).

A study done by Raffe (1999) revealed distinctive features of the demand and employment of graduates in the principality. For example, the fact that graduate employment is mainly concentrated in a small number of larger establishments. It showed on the one hand that 80 per cent of large firms employ graduates but, on the other hand, less than one in four small firms do. Moreover graduate employment was especially low in small establishments operating in catering, tourism and distribution. The disadvantages cited by managers included the lack of relevant experience of newly qualified staff. Furthermore, graduates were considered to be more expensive to employ and less willing to be told what to do.

Raffe (1999) indicated that the smaller firms that recruited graduates did so in order to meet immediate organisational needs. These included increasing customer demands for more technical information, good theoretical knowledge the of subject matter and online service. Such firms were reported to be extremely pleased with the performance of graduates. The criticisms related mainly to an inability to sell, and a perceived low level of interpersonal skills.

As a counterweight to their high qualification, graduates are viewed as having three drawbacks (Raffe, 1999,57):

- i. as a threat by other employees and the manager;
- ii. as being mobile, raising questions about the value of investment in the individual if they will soon move elsewhere;

- iii. as being difficult to meet.

Short-term initiatives by different departments in the government created thousands of short-term jobs. Some of these projects were linked to infrastructure development and the provision of services. Participants benefited not just from the income they received, but from training which has improved their access to longer-term employment (Department of Labour: 1994).

It was predicted that in 20 years to come gone will be the days of working from eight to five for a big company, getting a pension and having the same career for the rest of your life. It was stated that in the next century people will work for themselves or on contract as consultants to big companies. One's work will change so rapidly one will constantly have to learn new skills. Technology will make offices redundant. One will be able to work and communicate with colleagues via satellite (YOU, 30 December 1999:8). The prediction already seems to be true as most of the jobs are becoming redundant and most people are indeed working from home instead of going to their offices.

## **2.4 Theories**

The relationship between education and employment has attracted the attention of researchers in the field of both education and economics.



As one would expect, they differ in their points of view as discussed hereunder.

### 2.4.1 *Human Capital theory*

One view is that education provides people with the skills to develop and manage the economy and related services, and therefore investment in education is an investment in human capital, that is, in the productive capacity of the people. This is known as the '*human capital theory*'.



Sanyal (1987) indicates that the basic assumption made about individual behaviour is that individuals 'invest' in human capital up to the point where the cost of acquisition of a unit of human capital in terms of income forgone and training fees equals the discounted value of the expected future income increments resulting from the investment. According to Sanyal (1987) the aggregation of the outcome of all such individual decisions gives the 'supply' of human capital. Meanwhile employers ascertain how much additional output can be produced by an individual with an extra year of schooling or an extra year of on-job-training. Competition in labour markets combined with employers' desire to maximise profits will then drive them to hire workers up to the point where the wage paid equals the wage for totally unskilled labour plus the value of the additional output made possible by the individuals' education and training. Eventually the aggregation of all employers' decisions gives the 'demand' for human capital. An increase in the price increase the

supply because it increases expected income from human capital investment and, hence, the attractiveness of that investment. At the same time, a price increase is assumed to decrease the demand because educated workers must be laid off if the value of the additional output attributable to education and training is to rise so as to equal the increased wage. A decrease in price leads to opposite reactions by employers and workers so as to increase demand and decrease supply.

### **2.4.2 Labour Market Segmentation Theory**

A second view is that productivity is an attribute of jobs, not of people; people are matched to jobs by criteria which may be associated with education, but education is not a determinant of productivity. This approach has been called the '*labour market segmentation theory*'.

Sanyal (1987) argue that the capitalist development has created a segmented labour market structure in which different groups of workers from distinct social and economic class backgrounds characteristically occupy the different segments. In each segment there are many concretely different jobs, but the different jobs within a segment possess all or most of the distinctive set of entrance requirements, promotion possibilities, wage levels and working conditions which set them apart from jobs in other segments. Taken together the distinctive characteristic work and employment structures in each segment imply that the social relations under which workers

in the different segments labour are qualitatively different and require different levels and types of skills, values and attitudes.

### 2.4.3 Orthodox theory

**Orthodox models** of labour markets generally assume that wages equal productivity; therefore, the relationship of worker characteristics such as education and age with earnings represents a relation between worker attributes and worker capacity to produce. The level of wages and the return to additional education and experience in work reflects workers' **marginal product** and the marginal product of more schooling and more time on the job. The firm pays workers their product because of competition in the job market for workers by employers and by workers for jobs (Sanyal, 1987). It is observable, however, that people with higher education and experience receive higher wages, and therefore it is assumed that there is some correlation between productivity, education and experience.

Sanyal (1987) indicates that it should be noted that in the 1960s expansion in HE in both industrialized and developing countries were mostly supported by the first points of view. It is only in recent years that the role of employment and that of employers in manipulating the labour market, have been recognized, mainly in the industrialized countries. However, he argues that there is not enough empirical evidence yet to support the segmentation theory or the illusory nature of the correspondence between education and employment, and the

role of education in society and economic development, particularly for the developing world, cannot be ignored.

Economists argue that investment in human resources is a powerful factor for economic growth. The rate of return on such investment, was shown to be as high as, those of other kinds of investment. Thus more and more money was invested in education, with the institution which was thought to be justified by salary differentials, though those in their turn were based on educational differentials.

There were also social and various other reasons for expansion. For example, in many countries education has now come to be considered as a basic human right. Once children had received education, they saw the advantages of it and demanded more. Most institutions of learning charged low fees, while the special economic incentives, and prestige and power attached to the job supposed to be waiting for graduates of higher education, attracted more and more students. (Sanyal, 1987).

## **2.5 RESEARCH FINDINGS BY OTHER RESEARCHERS IN DEVELOPING AND DEVELOPED COUNTRIES**

In their research done in six countries viz Belgium, England, The Netherlands, Italy, Portugal and Spain conducted between 1988 and 1990, Ruiz-Quintanilla et al (1996) discovered that aggregate data for all European countries show that at the time of their research, in the youngest age group (14-24 old), the proportions of women and men

working part-time were 17% and under 5%, respectively (Commission of the European Communities 1992). In all the countries they studied, a greater proportion of women than men in this age group were in temporary jobs. They also discovered that men and women under the age of 24 were often found among the part-time employed than were men and women in other age groups. Thus, this cohort of young people evidently had to compete not only with a high likelihood of unemployment, but also with the hazard of falling into surrogate labour markets.

Ruiz-Quintanilla et al (1996) argued that although their research has indicated that, over the short term, unemployment among the young has only moderate financial and social consequences for those experiencing it, harmful consequences of other kinds may ensue over the long term. According to them these young adults are delayed in their attempts to become independent, to develop new work-related competencies, and to understand the domain of working in general. The delay of their full integration into the labour market affects their occupational aspirations and expectations and, more widely, their lives as citizens. As O'Brein (1986:239) put it, "The unemployed may be frozen at a particular stage of development, while their employed counterparts are progressing". Freedman and Wise (1982) concluded that early unemployment has a negative effect on later wage rates because the young people fail to accumulate work experience. Similarly, Smith (1985) found that spells of young unemployment of longer duration have a negative effect on subsequent wages.



Currently in Spain there is a growing concern about the professional future of its graduates. Youngsters are considered the social group most damaged by unemployment in Spain. University graduates under 30 years of age have to endure an unemployment index of 34.8, a very similar rate to those students who have only passed the Secondary Certificate (Beas & Fortanent, (2000). In the 1970s and 80s the growth of unemployment was initially caused by the shortage of skilled manpower. However, recently it seems that the condition is known to be the other way round. The unemployed are mostly qualified. The research is still to find out whether the qualified are more in the skills not so much required by the labour market. The matter of supply and demand has to be looked at.

Bendix (1993) in his study, revealed that in the Federal Republic of Germany unemployment figures for the professional category rose from 10, 897 in 1970 to 205,200 in 1982, in the United States for the same category rose from 339,000 in 1970 to 579,000 in 1982, in India, from professional and managerial categories combined, unemployment rose from 452,000 in 1954 to 846 000 in 1981, in Sri Lank from the same categories the figure rose from 93,228 in 1970 to 111,644 in 1977, in Urugauy from the same categories they rose from 600 in 1970 to 1,400 in 1981. The research showed that the growth rate of general unemployment during the given periods was less than that of graduate unemployment in 25 out of the 31 countries where general unemployment increased during the given periods. These statistics indicates that the unemployment is not exclusive to South

Africa. In South Africa according to 1996 census statistics 4 671 649 people were unemployed. Comparing the figures of South Africa to those of other countries, one is able to note with regret that the figures for South Africa are extremely high.

A brief review of the literature suggests that Native Americans rank at the bottom of very social indicator: They have the highest rate of unemployment, the lowest level of educational achievement, and the poorest housing and transportation in the nation (Ramasamy (1996). In a recent study, Haring (1990) found a 70% overall unemployment rate for Native American adolescents with learning disabilities. Compounding this problem, postschool services and training opportunities for existing youth are very limited, due in part to the rural locations in which they live. Therefore, Native American youth are at extremely high risk as they move from school into adult life.

## 2.6 Conclusion

The literature review has brought to fore, the explanation of concepts that form the basis of this research study, namely, graduate underemployment and underemployment. The principles and problems accompanying the above-mentioned concepts were also discussed at length. The literature has now paved a way for the researcher to utilise the information in analysing the data as well as coming up with the recommendation at the end of the research.

## **CHAPTER THREE**

### **3. Research Methodology**

#### **3.1 Introduction**

The choice of a research design constitutes an important aspect of research. It is appropriate at this stage to define the concept of research design. Kerlinger (1986) defines research design as a plan or structure of research, the purpose of which is to answer the research questions in an objective, valid, accurate and economic manner, and to control variance. Mouton and Morrais (1988) concur with this view and see a research design as an exposition or blue print of research project. This implies that the research project is structured beforehand to give a clear plan regarding how to gather, organise and analyse data for investigation in such a way that validity is maximized.

The purpose of this chapter is to explain the method of research of this study. To describe in detail among others the population as well as the sample utilised for the collection of data to be analysed. The researcher explains how the research was conducted and what steps were taken to ensure the validity and reliability of the study.

Any method which produces fruitful results and is compatible with the assumptions of a theoretical system is a good method (Bloom, 1986, Best & Kahn, 1989). In the empirical investigation of this study the

researcher collected data by means of a questionnaire (see Appendix A) supplemented by an unstructured interview because it is not all phenomenon are accessible to the researcher from questionnaires. The questionnaire was developed using information collected from reading articles related to the study and with the assistance of my supervisor.

## **3.2 Research Tools**

There are several tools designed to gather data. They include among other structured interview, unstructured interviews, observation and questionnaires. The researcher opted to use the unstructured interview and questionnaire techniques as she deemed them the most appropriate.

### **3.2.1 Questionnaire and interview as research tools**



There are many possible ways of gathering information directly from participants if such information cannot be obtained from observation. These various methods have their advantages and disadvantages. Questionnaires and interviews are vital and the most commonly used instruments to collect data in survey research. Both instruments utilize the question-asking approach and are use to obtain information concerning facts, beliefs, feelings and intentions (Ary et al, 990, Cohen & Manion, 1989, Engelhart 1972).



### **3.2.2. Interview**

An interview is one of the most vital instruments of research used to secure information and impressions about the subject under investigation. It provides information and other relevant data about the subject which other instruments of research may not do. The aim of an interview is to secure sufficient information from the respondent or interviewee (Legotlo, 1994). It is another technique that could be used with other techniques for balanced result. An interview involves direct personal contact with the participant who is asked to answer question. Some people are willing to communicate orally than in writing and in the process they provide data more readily and fully in an interview than through a questionnaire. Face-to-face meetings encourage respondents to help the investigation by probing more deeply into the problems. It is through the interview that the investigator may gain knowledge about motivations, visions, feelings, attitudes and beliefs ( Van Dalen, 1979).

#### **3.2.2.1 Structured interview**

In a structured interview the questions are pre-determined. The basic aims of the interview is to get information from the interviewee. The questions may be put in a specific sequence. The responses are recorded as precise questions, relevant to the subject asked, in order to establish the full knowledge about the subject or topic (McBeath, 1994).

Questions are in the same manner and choice of alternative answers is restricted to a pre-determined list. Structured interviews are more scientific in nature than the unstructured (Van Dalen, 1979).

### **3.2.2.2 Unstructured interview**

The unstructured interview is more flexible with few restrictions. The order may be altered to suit the situation and subjects. This type of interview does not require any form of preparation. The interviewer has a choice of dealing with each individual in accordance with their situations. There is little choice of objectivity in this type of interview (Gerber, 1992).

### **3.2.2.3 Semi-structured interview**

Semi-structured interview takes certain parts from the structured and unstructured interview. In this type of interview, only important questions are pre-determined. There is flexibility in the questioning of the interviewee (Gerber, 1992). The respondent has the opportunity to be judged fairly on the basis of reasonable requirements as well as opportunity to give more concrete evidence, follow crucial clues and stay within the fruitful lines of questioning. Advantage concerning all type of interviews is that they are less time consuming as far as the arrangement of a venue



is concerned. They can also be used to supplement other methods of data collection. They may be used to close gaps and loopholes of other tools of research (Singleton et al, (1993). Through the interview one may adapt to new situations easily. The interviewer stands a chance of building rapport and trust with the interviewee. The interviewer may detect more accurate and honest responses. The interviewer is also in a position of asking questions at the appropriate time (Gray, 1990, Nachmias, 1987)

### 3.2.3 Questionnaire

A questionnaire is regarded as a device, which enables subjects or respondents to answer questions. It usually contains questions aimed at getting specific information on a variety of topics. With it there are no right or wrong answers. Questions may be of either the *closed form*, in which the question permits only certain responses (such as multiple-choice questions), or the *open form*, in which the respondent makes any response he/she wishes in his/her own words. Usually it is desirable to design the questions in *closed form* so that the quantification and analysis of the results may be carried out effectively (Bless & Higson-Smith, 1995).

The questionnaire requests necessary and readily available information. The recipient of a questionnaire is most likely to respond to requests for simple factual information, either in his/her possession or easily accessible to him/her. A questionnaire should not be time

consuming when collecting requested information. It should be long enough to secure the necessary facts or opinions (Tshenye, 1998).

The questionnaire according to Mahlangu (1987) should provide access to what is inside somebody's mind, making it possible to measure what this person knows, likes, dislikes and what he/she thinks.

### **3.2.3.1 Factors affecting the effectiveness of the questionnaire**

Mahlangu (1987:87) argues that in order that the questionnaire could be effective the following factors have to be taken into consideration:

- The aim of the inquiry;
- The nature and composition of the questions;
- The composition of a group;
- The representative nature of the group; and
- The technical knowledge and skill of the tester regarding the analysis and interpretation of the results.

### **3.2.3.2 Characteristics of a good questionnaire**

According to Mahlangu (1987) a good questionnaire should meet the following requirements or criteria: The questionnaire must be valid, reliable, accurate and objective. The measurement must be purely true, yielding the same results

when repeated. Measurements should be done with precision and when drawing up the questionnaire, the personal and subjective elements must be eliminated in as far as possible in order to enable results to be the same. It must distinguish clearly between the different degrees of ability and be economical so that the application and scoring should not require too much time.

Questionnaire requires time and should cover the concerns of the research. It should be clear on the part of both the researcher and the respondents, stating clearly what specific aspects of the research need to be tested (Moate 1996, Legotlo 1994)

### **3.2.3.3 The Questionnaire Techniques**

Questionnaire should be asked in such a way that the respondents become free and willing to divulge the required information. It should create a feeling of importance on the part of the respondents. Sensitive items should be left to the end of the questionnaire. This is to avoid arousing hostility in the respondents early in the questionnaire. Sensitive issues should be introduced after warming up a respondent with items related to sensitive issues (Adams, 1985, Moate 1996). A well constructed questionnaire is more likely to elicit good response. A questionnaire should therefore reflect quality and be as brief as possible to require a minimum of the respondent's time. However, constructing a good questionnaire is not an easy task.

As Ary et al (1990) put it: a good questionnaire is a difficult and time-consuming task. A well constructed questionnaire is important that one avoids technical vocabulary and items that might mislead because of unstated assumptions as well as double barreled question that attempt to ask two questions in one. A questionnaire should be attractive and brief, and easy to respond to. Sloppy looking and lengthy questionnaires might turn off respondents. The researcher ensures that the questionnaire is well structured with no mistakes at all. The questions are simple and straightforward to avoid any misunderstanding by respondents. The design is attractive and short to encourage the respondents to enjoy responding with ease. The researcher opted to use the questionnaire method because she had limited time and resources to complete the research.

Although a questionnaire is commonly used as a tool for data collection, there are some criticisms against the use of the questionnaires that the researcher should be aware of, for instance excessive non-response rate, poorly-constructed items and questionnaires dealing with insignificant information.

In order to avoid or overcome the difficulty of poorly-constructed questionnaires, items should be structured carefully and administered effectively to qualified respondents (Van Dalen, 1994, Legotlo, 1994). In this research the researcher have tried to ensure that she take into consideration the fact that

the questionnaire is well structured to avoid any anticipated problems.

#### **3.2.3.4 Development of the questionnaire items**

In this study the researcher developed the questionnaire by formulating questions from the themes in the literature review. The questions were carefully designed using the hypothesis as a guide. They were thoroughly examined to ensure that they measure what they were supposed to measure. It was ensured that questions focused directly on the topic under research. The long and complex sentences were avoided in order to make questions readily explicit and clear to respondents. Leading questions were avoided in order to maintain a high validity of the instrument. The wording of the questionnaire is very simple and to the point.

The primary aim of adhering to the above prescribed procedures was to ensure that the constructed data collection instrument is reliable and valid.

#### **3.2.3.5 Format and the content of the questionnaire**

The questionnaire consisted of three sections (see Appendix A). *Section A* consisted of a profile of the respondents. This section was utilized to make the respondent feel at ease. It included the age category, gender, present residential area, diploma obtained and year completed. *Section B* consisted 16 questions, some constructed on

four point scale basis of Likert's method. They were constructed in such a manner that all respondents should have the same questions and the response options. This was done to avoid vague responses. The respond method was uniformed to ensure that respondents do not become impatient as a result of different responding methods. *Section C* provided for open-ended questions, in order to allow respondents the freedom and fair chance of expressing their views about the topic under research. A letter of request and appreciation was also attached.

#### **3.2.3.6 Pre-testing the questionnaire**

A pilot study is a small-scale preliminary investigation designed to acquaint the researcher with problems that need attention. It offers the researcher an opportunity to pre-test the instrument. The purpose of the pilot trail is to detect the problems that must be solved before the major study (Legotlo, 1994, Schnetter, 1989). In order to determine any ambiguity and problems, the questionnaire was pre-tested using a sample of three (3) graduates ( $n=3$ ). They were asked to complete the questionnaire and to indicate whether they understood all questions as well as to comment on points that might need clarification. Amendments were effected to avoid irrelevance and invalidity.



### **3.3 Administrative procedure**

105 questionnaires were distributed. Some questionnaires were personally distributed to respondents. The researcher contacted the respondents telephonically making appointments to deliver the questionnaires as well as explaining the purpose of the research to respondents. Some questionnaires were posted to those respondents whom the researcher could not reach. The questionnaires were numbered and a record was kept in order to determine the responses received back as well as the non-responses.

### **3.4 Population and Sampling**

The total number of students who graduated from different National Diplomas offered by the Technikon at Mafikeng campus was one thousand nine-hundred and eighty-four (1984) between 1997 and 2000. A list of graduates was obtained from the examination office. A random sample of 105 graduates was drawn from a total number of 1984 from seven different programmes offered by the Technikon at Mafikeng. 15 graduates were therefore selected from each programme totaling to 105.

### 3.5 Statistical Techniques

The data analysed here below reflect the responses received. Of the 105 distributed questionnaires, 78 were received back after an intensive follow-up. In percentage terms, 74% of the questionnaires were received back and 26% were not (non-responses).

The collected data was forwarded to the University of North West's Statistics Department for data caption, analysis and the testing of hypothesis.

#### 3.5.1 Statistical Test Method

The method that was deemed very suitable was *Chi-Squared Test Method*. The method was preferred over other available statistical methods because the analysed data was more descriptive rather than numeric. This method is described by Parasuman (1991) as a nonparametric test for determining whether there is a statistically significant relationship between two categorical variables that have been cross-tabulated.

### 3.6 Conclusion

A questionnaire as one of the main research tool of data collection was used by the researcher because of the advantages provided by it.

## **CHAPTER FOUR**

### **4. Analysis of Data**

#### **4.1 Introduction**

In this chapter the researcher reports on the results of the empirical investigation conducted to determine whether the nature of the diploma held have an impact on the level of unemployment of graduates from Technikom North-West in Mafikeng.

#### **4.2 Statistical Analysis**



The data analysed hereunder reflect the responses received. Of 105 distributed questionnaires, 78 were received back and 27 questionnaires were recorded as non-responses. In percentage terms, 74.9 % of questionnaires were received back and 25.1 % were not.

#### **4.3 Biographical and Demographic Data of the Respondents.**

The tables were drawn to gain a clear picture of biographical and demographical characteristics of the respondents. The information provided helped the researcher to find out whether there is gender and age fair representation regarding higher education to clarify the assumption that males were in a majority compared to their female

counterparts. It was also hoped to clear the assumption that there is a higher rate of unemployment in rural areas than in urban areas.

### 4.3.1 Age

Age was singled out as one of the disturbing factor concerning higher education. The fact that most of black people were previously disadvantaged when coming to education, it is noted that most of the elderly people did not manage to go through higher education.

**Table 4.1: Age Distribution**

AGE	Statistic	
	Frequency	%
Less than 20	0	0
Between 20-25	38	47.6
Between 25-30	25	31.3
More than 30	14	17.5
Total	78	100.0

The indication from table 4.1 is that 48.7% of respondents were between 20-25 years, 32.1% were between 26-30 years and a small proportion of 17.9 % were older than 30 years. The implication is that the majority of younger students are more interested in continuing with their studies than older students. However, it is noted with appreciation that at least some of the older people are taking pains to upgrade their education status.

### 4.3.2 Gender

Gender contributed to the inequality which is prevailing in the workforce today. It was believed that a woman's place was in the kitchen, hence men were considered to be the most suitable ones to be educated. The aim of the study is to reveal the latest situation about the gender equality in higher education.

**Table 4.2: Gender Distribution**

GENDER	Statistic	
	Frequency	%
Male	38	48.7
Female	40	51.3
Total	78	100.0

Table 4.2 above indicates that 51.3% are female graduates and 48.7% are male graduates which is a fair reflection that there is a similar proportion of male and female graduates. This is a positive reflection that female graduates are now equally represented in the higher education position.

### 4.3.3 Residential area

Residential area could contribute to the imbalance of employment in urban and rural area because of the size of the population in either urban or rural areas.



**Table 4.3: Residential Area of Graduates**

RESIDENTIAL AREA	Statistic	
	Frequency	%
Urban area	58	74.4
Rural area	20	25.6
Total	78	100.0

The literature in chapter 2 indicated that geographical location might contribute to some extent to the imbalances in rural and urban areas regarding employment of graduates. Table 4.3 depicts that there is a greater disparity between graduates in urban and rural areas. This is shown by 74.4 % of graduates who are presently residing in urban areas and only 25.6 % of graduates are in rural areas. It is clear according to the outcome that most students are located in urban areas than rural areas meaning there is high competition concerning the availability of skill in urban areas while there is lack of skill in rural areas.

In the study it was mentioned that imbalance of skills in urban and rural areas might contribute to the unemployment of graduates. It was indicated that most student may be located in urban areas while there is need for skills in rural area.



### 4.3.4 Diploma obtained

**Table 4.4: Diploma obtained by graduates**

<b>DIPLOMA OBTAINED</b>	<b>Statistic</b>	
	Frequency	%
Cost and Management	9	11.5
Commercial Administration	15	19.3
Public Management and Admin.	12	15.4
Human Resource Finance	11	14.1
Government Finance	11	14.1
Commercial Practice	11	14.1
Internal Auditing	9	11.5
Total	78	100.0

Table 4.4 shows that there was almost an equal proportion of all diplomas obtained by graduates as illustrated in the paragraph above. Only Commercial Administration graduates managed to return all the questionnaires. There is an indication that most respondents managed to respond positively to the questionnaire given to them.

### 4.3.5 Year obtained

**Table 4.5: Year in which the diploma was obtained**

YEAR COMPLETED	Statistic	
	Frequency	%
1997	15	19.2
1998	24	30.8
1999	20	25.6
2000	19	24.4
Total	78	100.0

Table 4.5 depicts that 30.8 % of respondents graduated in 1998 and at least 19.2 graduated in 1997. There is almost an equal proportion of respondents who graduated in 1999 and 2000 (25.6 % and 24.4 % respectively). The implication is that a greater number of respondents had graduated three years ago assuming that they have all been employed by now.

## 4.4 Factors contribution to the unemployment of graduates

In this section the researcher asked the respondents questions which would help her to come up with solutions to all the problems which have been mentioned in this research regarding the unemployment of graduates. It is hoped that at the end of this chapter all the assumptions would be clarified and set straight.

#### 4.4.1 Categories of Students who registered the diploma.

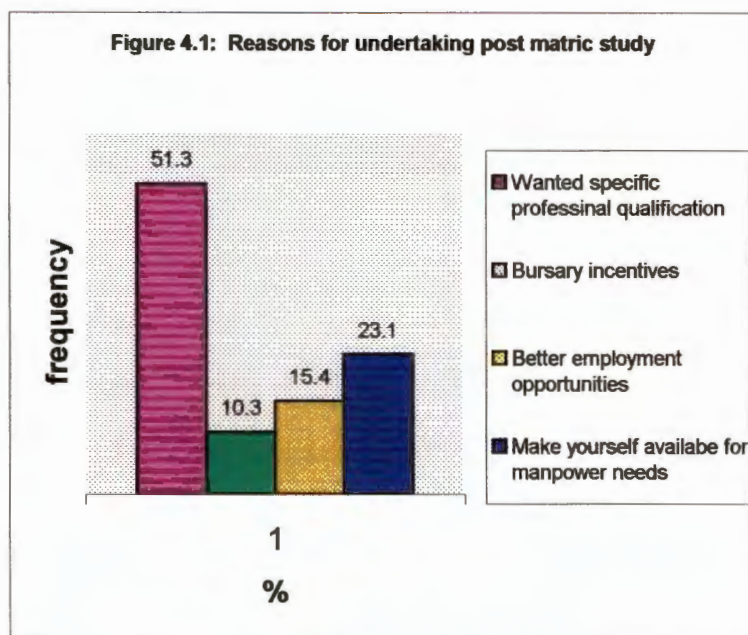
**Table 4.6: Student registered for different diplomas.**

	Statistics	
	Frequency	%
From High School	35	44.9
Full-time Employed	18	23.1
Part-time Employed	11	14.1
Still looking for a job	14	17.9
Total	78	100.0

In table 4.6 above most of the graduates (44.9 %) when they registered for their diploma were from high school. 23.1 % were already employed full-time. There are those who were employed part-time and those who were still looking for a job when they registered their diploma.

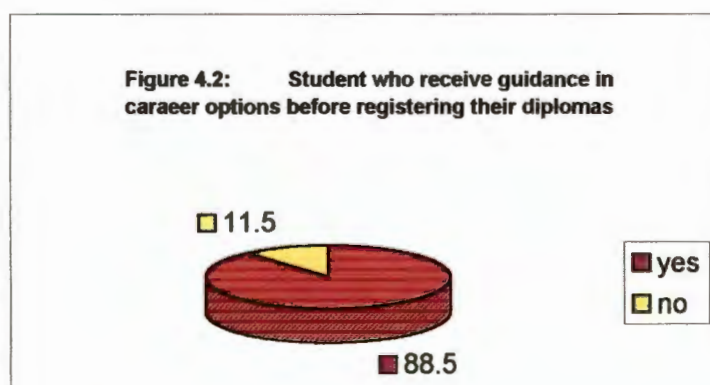
Looking at the percentages of those who were employed part-time and those who were still looking for a job (14.1 % and 17.9 % combined) one could also assume that they might have been encouraged by the fact that they were having a problem of being employed full-time hence they decided to further their studies.

#### 4.4.2 Reasons for undertaking post-matric study



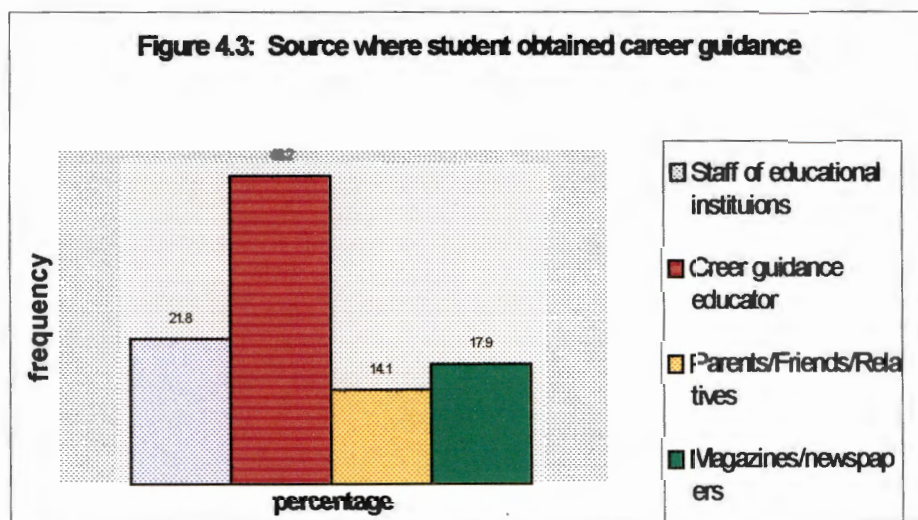
As indicated in figure 4.1 above, the highest percentage (51.3 %) of respondents wanted specific professional qualification assuming that would help them to obtain their desired employment. 23 % also undertook post-matric study to make themselves available for manpower needs, this confirms that there is still a general assumption that when you have higher qualification, it becomes easier for one to obtain a job in the labour market.

#### 4.4.3 Availability of career guidance in educational institutions





Most of the students received guidance in career options before they could register for the diploma obtained. There is clear indication in Figure 4.2 where 88.5 % agreed that they did receive guidance while only 11.5 % did not receive guidance which is a reasonably small percentage. From figure 4.3 there is an indication that a higher proportion of students sourced the information from career guidance

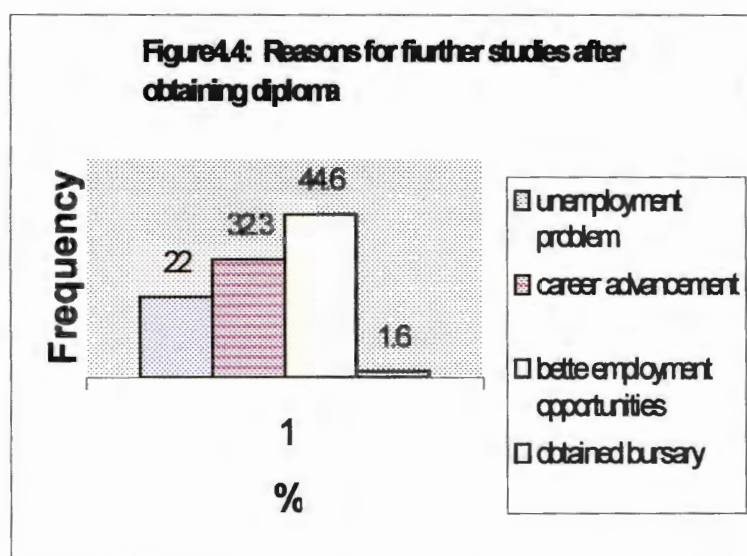


specialists. As it has already been discovered from this research that most of the students were from high school when they registered their diploma, it shows that there is a positive response towards the introduction of career guidance by educational institutions.

The information received by students seemed to have contributed a great deal towards the decision taken by them when choosing their prospective diplomas. 77.8 % do agree that the information assisted them very much when choosing their diploma, meaning students were well informed about what they were doing, while only 22.1 % felt that the information did not help them in a satisfactory manner. One could

conclude that this might have been caused by the information that was received from the magazines and newspapers as it could have not provided enough information and clarification needed by a student.

#### 4.4.3 Reason for further studies after obtaining first diploma.



After obtaining their first diploma students still opted to continue with their education. From figure 4.4 above it is depicted that 44.6 % of respondents indicated that they wanted to better their employment opportunities while only 22 % indicated that it was due to unemployment problem.



#### 4.4.5 Employment Level of Graduate

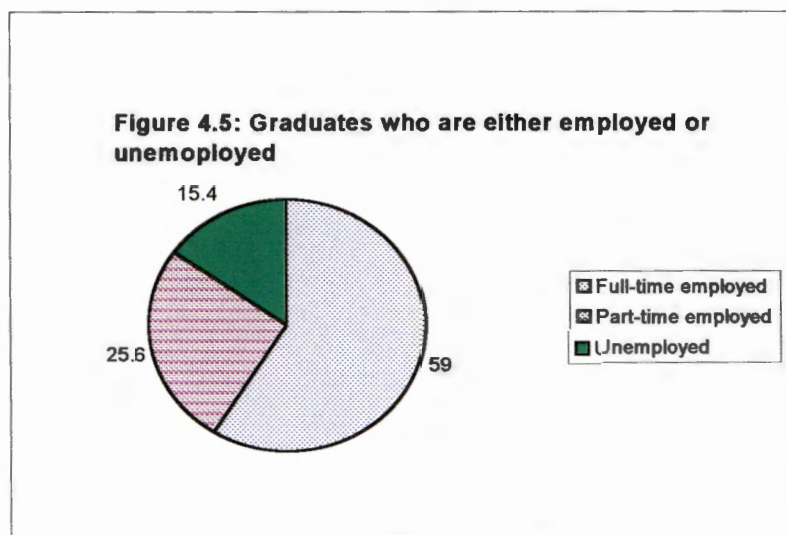
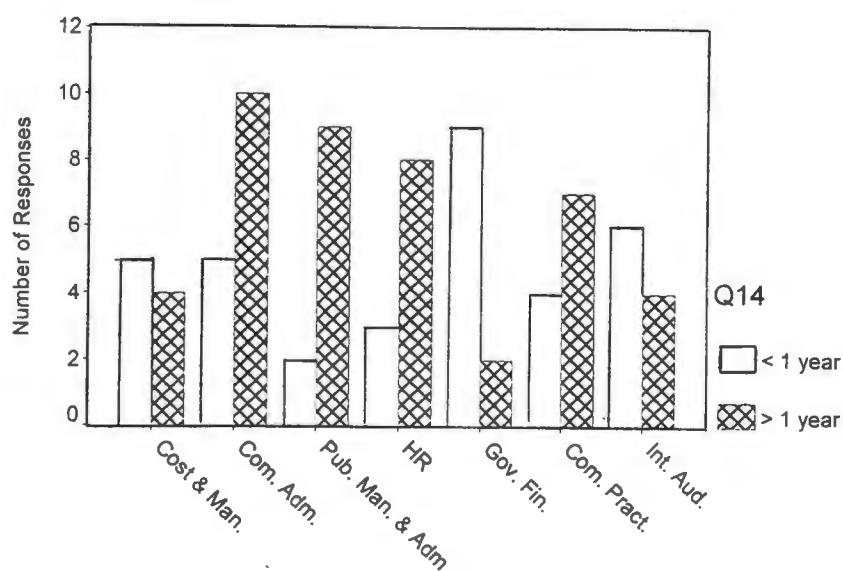


Figure 4.5 above gives an indication that 59 % of graduates from Technikon North-West at Mafikeng campus are full-time employed with 25.6 % employed part-time and only 15.4 who are not employed. This reveals that the level of graduate unemployment is very low. However, this research revealed that a fair proportion of students who registered with Technikon North-West at Mafikeng campus were already employed either full-time or part-time when they registered for their diploma. One can therefore come to a conclusion that when student graduated, they were still holding their positions at their current jobs. The data furthermore shows that some were furthering their studies only to better their employment opportunities for qualified professionals.

#### 4.4.6 The relationship between type of Diploma obtained and the waiting-period before being employed:

**Table 4.7: Cross tabulations**



**Table 4.8: Chi-square – testing the relationship between the waiting period before being employed and the diploma obtained.**

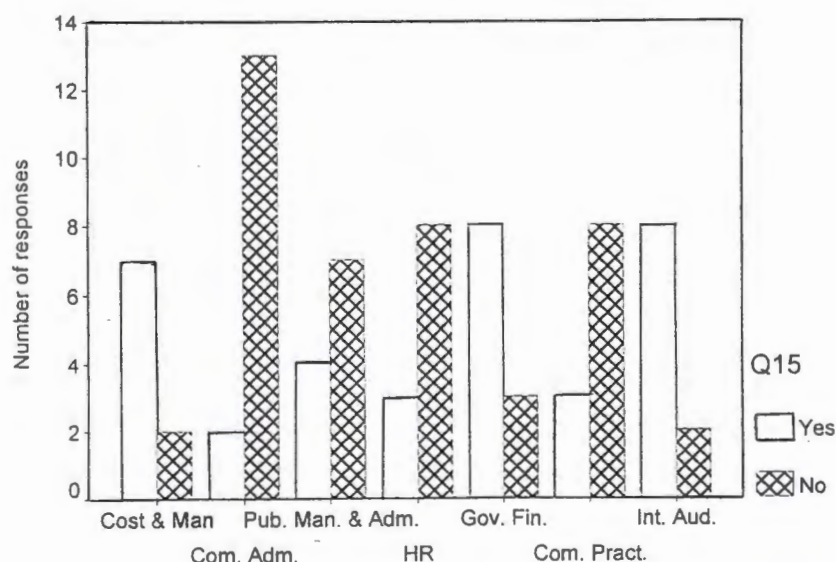
	Value	Df	Asymp. Sig (2-sided)
Question 4 and 14	13.111 <sup>a</sup>	6	0.041

The table 4.8 indicates that there is an existing relationship between the diploma held and a waiting-period as the probability is below 0.05. It can then be concluded that there is statistical proof that there

is a significant difference between the diploma held and the waiting-period. As indicated by table 4.5 above the results indicate that the type of diploma obtained has a significant influence on the waiting-period before a graduate can be employed. For instance graduated with diploma in Commercial Administration and Public Management and Administration were more likely to wait a longer period before they can be employed while graduates with Government Finance and Internal Auditing were more likely to wait for a lesser period before they can be employed. As also mentioned in this study the other cause of unemployment may be a mismatch between job opportunities created in the labour market and the skills provided by the education system.

#### 4.4.7 The relationship between type of the Diploma obtained and the employment patterns:

**Table 4.9: Cross tabulations**



**Table 4.10: Chi-square – testing the relationship between the diploma obtained and the employment patterns.**

	Value	Df	Asymp. Sig (2-sided)
Question 4 and 15	21.486 <sup>a</sup>	6	0.001

The results show that the type of the diploma obtained has a significant influence on the patterns of employment. For instance graduates with a diploma in human resource were more likely to become unemployed or work part-time than to work in their major field of study while graduates with a diploma in internal auditing were more likely to be employed in their major field of study.

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It is discovered that graduates who waited for more than a year for employment were more likely to become impatient and opt for any other available employment rather than being without a job for a very long time. It is also observed that graduates who are exposed to longer waiting period in their first job are more likely than others to be employed part-time or employed in the field which is not their major field of study which is another factor that could contribute to ***underemployment***.

The 20.5 % which was a majority of graduates who were employed indicated that they opted to take the job which were outside their major field of study because it was the only job available. Even 17.9 % of respondents felt that they chose to take the same road because they had waited for a long period for employment in their field of study.

#### **4.5 Graduates opinion and feelings about how some factors contribute in obtaining a job.**

In this section the researcher asked the opinion of respondents on how important they think some factors contribute in getting a job. The aim was to find out whether respondents feel that some socio-economic factors should contribute to the way in which one is evaluated for a job.

**Table 4.12: The evaluation of how important do graduates consider some factors in getting a job:**

Item	Very Important	Important	Unimportant
19.1 Academic record	43.6	56.4	0
19.2 Aptitude tests	14.1	39.7	46.2
19.3 Interview	24.4	71.8	3.8
19.4 Past experience	21.8	67.6	10.3
19.5 Physical appearance	1.3	16.7	82.0
19.6 Marital status	1.3	11.5	87.3



### **Item 19.1: Academic record**

The majority of respondents (56.4 %) felt that an academic record is important in getting a job. The assumption that when you have a good academic record you stand a chance of obtaining a better employment still exists.

### **Item 19.2: Aptitude tests**

A fair percentage (46.2 %) of respondents were of the opinion that aptitude tests were actually unimportant for one to get a job, while 39.7 % of all respondents still think that aptitude tests were an important factor for consideration to obtain a job. One could conclude that the aptitude test is seen as a discriminating element to most of the respondents.

### **Item 19.3: Interview**

As far as the interview is concerned a great proportion (71.8 %) of respondents were of the opinion that it is important that a candidate be interviewed before he could be offered a job. The implication is that the majority



agree with the selection process as laid out in the labour relation act.

#### **Item 19.4: Past Experience**

Past experience was seen by a great proportion of respondents (67.6 %) as an important factor to be considered before a particular position can be offered to a candidate. The feeling is that experiential learning should be emphasized in higher education to allow graduates to be ready for work immediately after their graduation.

#### **Item 19.5: Physical Appearance**

About 82 % of respondents felt that physical appearance is totally unimportant when one is considered for employment. The general feeling is that one would be discriminated and that will be violating one's human-rights as stated out in the new constitution of our country.

#### **Item 19.6: Marital Status**

A great proportion of respondents (87.2 %) totally disagrees with the fact that marital status should be taken into consideration when applying for a job.

**Table 4.13: The evaluation of how important do graduate consider some factors in making the job satisfactory:**

Item	Very Important	Important	Unimportant
20.1 Interesting work	67.9	32.1	0
20.2 Use of special talent	46.2	53.8	0
20.3 Creative work	46.2	52.6	1.3
20.4 No supervision	5.1	34.6	60.3
20.5 Further studies	41.1	55.1	3.8
20.7 Good income	47.4	48.7	3.8

### **Item 20.1: Interesting work**

Interesting work was seen as a very important factor by 67.9 % of respondents. The implication is that most graduates do agree that the work must be very interesting in order to motivate workers.

### **Item 20.2: Use of special talent**

Use of special talents was seen by the majority (53.8 %) of respondents to be important. The feeling is that in addition to skills one has, there must be something special he/she can offer.

### **Item 20.3: Creative work**

Table shows that 52.3 % of respondents were of the opinion that creative work was important when considering applicants for a job. The implication could be that graduates feel that they could not accept any other job unless it is creative work.

#### **Item 20.4: No supervision**

The majority (60.3 %) of respondents felt that work with no supervision was unimportant, while only 34.6 % were of the feeling that no supervision was important. The general feeling is that graduates need to be supervised in their jobs.

#### **Item 20.5: Further studies**

Further studies were rated by respondents as very important (41.1 %) and important (55.1 %) towards making a job satisfactory. The assumption is that more education will make one's job very interesting.

#### **Item 20.6 Good income**

Good income was seen by respondents (42.2 %) to be an important factor towards making a job satisfactory. Implication is that when one earns more money he/she will be come more interested in his/her job.

## 4.5 Concluding remarks

The analysis has printed a picture which warrants a thorough explanation. It has made the interpretation, discussion and a final conclusion of this research topic much easier. A solid foundation has now been laid in order to forward recommendations.

The only error that was experienced was the non-response rate. It was not possible to obtain information from some elements of the population that were selected and designated for the sample. As the response rate was very high and the non-response rate very low, it was assumed that the impact would be very minimal.

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## **CHAPTER FIVE**

### **5.1 Introduction**

The first aim of the study was to determine from the literature whether lack of relevant experience, the nature of the diploma graduates hold and lack of appropriate career choice led to high graduate unemployment. The second aim was to determine empirically the economic factors that might contribute to the graduate unemployment. With this in mind the researcher collected data and reported on them in chapter 4.

### **5.2 Summary**

This section summarises previous chapters' findings on both the literature review and the analysis of empirical data in order to suggest some recommendations.

In chapter 1 of this study the researcher highlighted the issues and challenges facing South Africa concerning the unemployment of graduates. It is emphasised in this chapter that the study attempted to determine whether the kind of diploma held by Technikon North West graduates has an impact on the high unemployment of graduates.

In chapter 2 literature review was dealt with. The definition of concepts graduate underemployment (cf 2.1.1) and graduate unemployment (cf 2.1.2) was explained.

Issues like employment level in South Africa (cf 2.2.2) and consequences of unemployment (cf 2.2.3) was discussed in full.

Lastly, the researcher deemed it necessary to discuss the challenges facing higher education in South Africa (cf 2.2.4), the need for transformation (cf 2.2.5) and changes in labour market. (cf 2.2.5).

Chapter 3 detailed the methodology of empirical components of the study. Various methods which were used to collect data for this study were discussed in detail.

In chapter 4 the researcher outlined the most important aspects of the analysis of data and the interpretation thereof. Graphs and tables were used to simplify the analysis. The information led to the findings which will be discussed hereunder.



## **5.3 Findings**

### **5.3.1 Aim One**

This research provides concrete evidence that the type of diploma obtained has a significant influence on patterns of employment. Graduates in one stream are more likely to find a job, than graduates for other streams. For instance graduates with a diploma in Auditing were more likely to be employed in their major field of study, while graduates with diploma in a Human Resource were more likely to become unemployed or work in part-time contract employment than in their major field of study. The hypothesis postulated that the diploma held does have an impact on the unemployment rate of graduates is accepted.

The researcher also found that the waiting period had a great significance on the choice of employment. Graduates who waited for more than a year had a tendency to become impatient and opt for any other employment outside their field of study with lower salary. This contributed a lot to underemployment of graduates. That is graduates are willing to take or accept the starvation wages because of pressure exerted by the socio-economic conditions.

It was statistically proven in this research that there is a significant difference between the diploma held and the waiting period. The hypothesis that postulated that the type of diploma obtained has a

significant influence on the waiting period before a graduate can be employed is accepted.

The findings suggested that a great proportion of student received career guidance before registering for their diploma (88.5 %). It is assumed that there was an officer who made the students aware of the dynamics of the labour market and the possible slots open for them as they continued with their higher education. Lack of appropriate career choice is therefore rejected by this study.

Lack of proper information about where the jobs are available and how to obtain them was earlier singled out as one of the cause of graduate unemployment. It is statistically proven by this research that the method used to seek employment has a significant influence on the waiting-period. There is a high probability that graduates who are less informed about the source of seeking employment wait a longer period before they can be employed, while those who are well informed about the correct source of seeking employment obtain employment faster.

### **5.3.2 Aim Two**

It was empirically found that the most important determinants of unemployment and underemployment among graduates are socio-economic factors. It was discovered that graduates ended up with some kind of employment which is outside their field of study or opted to continue with their studies after waiting for a certain time.

One of the reasons is that there are more graduates than the labour market can absorb. This was noted by Legotlo (1989) that the demand for further education is an expression of the parents' desire to improve the standard of living of their children and their chance to get better jobs. It increases an individual's public esteem. They assume that higher education pays in terms of social and private returns. However, it is clear from this research that higher unemployment rate is the main factor that affects higher education growth. The higher the unemployment pressure, the higher the demand for higher education. In spite of the growing unemployment rate of graduates, enrolment is still increasing at a rapid rate. This pressure is difficult to counter-act, because parents and students, believe that more education increases the chances for employment, and improve one's socio-economic status.

The findings suggest that the choice of diploma which graduates opted for, was influenced by economic factors. For instance graduates indicated that the cost of a diploma influenced them to choose it. Most graduates indicated that they were from poor families with financial problems, therefore they had no choice but to opt for a cheaper diploma which was affordable to them. Others agreed that they would opt for an easier diploma in order to complete quickly and seek employment with an attempt to assist their parents financially.

The study revealed that there is still a belief in the "*Human Capital Theory*". The theory postulate that education provides people with

the skills to develop and manage the economy and related services, and therefore investment in education is an investment in human capital. This was evident when most students continued with their education after obtaining their first diploma, with a belief that they were investing in themselves. This increased their hope that when they advance themselves career wise, the labour market will automatically be ready to absorb them because it will perceive them as valuable assets.

It is also revealed by the study that the problem of unemployment and underemployment is caused by the mismatch between jobs and training. That is, jobs are available, but the skills and experience needed to perform those jobs are absent. The Technikon's main objective is to offer skill oriented subjects. Attention should therefore be given to subject areas where the shortage of skills is well pronounced to balance the situation.

## **5.4 Recommendations**

### **Recommendation 1**

From this research it is clear that student from Technikon North-West are faced with the problem of educated unemployment. There is a mismatch between job opportunities created in the labour market and the output of the Technikon North-West graduates. The number of



graduates outnumber the number of slots available in the labour market.

According to this study there is an urgent need for some skills in the labour market while others are in an over supply. Graduates in Auditing and Cost and Management are more in demand than graduates from Human Resource and Public Management.

## **Motivation**

Link with industry were felt to be appropriate, not just for graduates students, but lecturers should also be involved by spending short term secondments in industries to enhance their levels of technological literacy, in exchange with industry personnel to provide role model to students.

Businesses must work with educators to ensure that challenges in the economy and in employer's needs are accurately and adequately embedded in higher education and the learning experience. This would help in increasing the level of industry support for Technikons, which should be initiated at the Technikon level rather than provincially.

Co-operate education programs are one of the earliest examples of an attempt to narrow the gap between knowledge, experience, education and employment. The graduates could see theory at work while they are still learning it and they have an invaluable exposure to several

potential employers and industries. Employers also benefit not only by having the actual work performed, but by obtaining an evaluation of potential applicant.

Manpower requirements approach should be adopted to determine the future manpower needs, and control entries must be highly monitored by the Technikon in accordance with the anticipated manpower demand. This could overcome the problem of oversupply in one area and undersupply in the other. Sound effective planning strategies by the Technikon is the solution to this problem.

## **Recommendation 2**

Transition from education to the labour market should be treated as an urgent matter. The lack of information should be seen as a critical issue in the transition phase with regard to coping with unemployment and finding the first job.

## **Motivation**

Individual counselling should be offered to final year students in order to assist the transition of students and graduates into the labour market. This involves counselling on some particular aspects of employment processes, and the information and guidance about private and public job offers, assistance to the students and occupational training courses.



Training of future professionals in social psychology is vital. The service designs and implement training courses in order to help job entry and promotion by means of, for example, social and communication abilities, personal and professional self-efficiency and teamwork techniques.

### **Recommendation 3**

Higher education curricula should reflect changes in employers' needs and changes in the economy. A shift of emphasis from education to training should be considered, so that the balance of supply is obtained between so-called academic and vocational skills, in particular the development of business skills to provide a basis for creativity, productivity, inventiveness and efficiency.

### **Motivation**

New structures of higher education, combining education with work experience in different forms, may be developed to relate the world of higher education to the world of employment.

## **5.5 Conclusion**

In conclusion the researcher recommend that attempts should be made by all stakeholders to involve the institutions of employment with the

institution of higher education in formulating policies. Attempts should also be made to reorganise the curricula of higher education system, oriented towards the development needs of the economy in respect of cognitive skills and effective skills that would encourage self-employment of graduates.

Employers and educators should work together in ways that are mutually beneficial to the learners. A creation of a research unit in which study of the transition from education into the labour of graduates is the principal focus.

It was observed that graduates' competencies (knowledge, ability and skills) concerning looking for a job were very limited. A course must be designed which will address the job seeking techniques. The course objectives may focus on (i) different procedures for carrying out an effective job search (ii) provision of counseling in the most relevant information sources (iii) training in the use of different job-seeking techniques by means of monitored practice and finally (iv) improvement of social abilities, such as self-introduction and communication which are essential aspects if success in finding a job is to be guaranteed.

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## Appendix A

**QUESTIONNAIRE NO:**

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To be completed by students who graduated from Technikon North-West

All answers are confidential.

### SECTION A (PROFILE OF RESPONDENTS)

**1. Your age**

- 1.1 Less than 20 years
- 1.2 Between 20-25 years
- 1.3 Between 26-30 years
- 1.4 More than 30 years

1	
2	
3	
4	

**2. Gender:**

- 2.1 Male
- 2.2 Female

1	
2	

**3. Your Present residential area**

- 3.1 Urban area
- 3.2 Rural area

1	
2	

**4. Diploma obtained:**

- 4.1 Cost and Management
- 4.2 Commercial Administration
- 4.3 Public Management and Administration
- 4.4 Human Resource
- 4.5 Government Finance
- 4.6 Analytical Chemistry
- 4.7 Fashion Design
- 4.8 Commercial Practice
- 4.9 Internal Auditing

1	
2	
3	
4	
5	
6	
7	
8	
9	

4.10 Other (Specify): \_\_\_\_\_

**5. Year completed:**

5.1 1997

5.2 1998

5.3 1999

5.4 2000

1	
2	
3	
4	

## SECTION B (QUESTIONS)

**6. When you registered for your diploma were you:**

6.1 From high school?

6.2 Full-time employed?

6.3 Part-time employed?

6.4 Still looking for a job?

1	
2	
3	
4	

**7. Why did you undertake post-matric study/training? (tick one)**

7.1 Wanted specific professional qualification

7.2 Bursary incentives

7.3 Better employment opportunities for qualified professionals

7.4 To make yourself available for manpower needs

7.5 Others (Specify): \_\_\_\_\_

1	
2	
3	
4	

**8. Did you receive any guidance in career options before you registered for the diploma obtained?**

8.1 Yes

8.2 No

1	
2	

**9. If yes, you sourced the information from:**

9.1 Staff of educational institutions

9.2 Career guidance educator

9.3 Parents/Friends/relatives

9.4 Magazines/newspapers

1	
2	
3	
4	

9.5 Others (Specify) \_\_\_\_\_

**10. Did that information assist you to choose the diploma obtained?**

10.1 Very much

10.2 Somewhat

10.3 Not at all

1	
2	
3	

**11. Did you register for further studies after obtaining your first diploma?**

11.1 Yes

11.2 No

1	
2	

**12. If yes, what was the reason for your decision to further your studies?**

12.1 Unemployment problem

12.2 Career advancement

12.3 Better employment opportunities

12.4 Obtained a bursary

1	
2	
3	
4	

12.5 Other reasons (specify): \_\_\_\_\_

**13. Are you presently:**

13.1 Full-time employed

13.2 Part-time employed

13.3 Unemployed

13.4 Others (Specify) \_\_\_\_\_

1	
2	
3	

**14. The waiting-period before appointed was:**

14.1 Less than a year

14.2 More than a years

1	
2	

**15. Are you employed in your major field of study?**

15.1 Yes

15.2 No

1	
2	

**16. If not, why did you opt to take the job? (tick one)**

- 16.1 It was the only job available  
 16.2 Have searched for relevant job for too long without success  
 16.3 Was desperate to have a job to earn a salary  
 16.4 Good starting salary

1	
2	
3	
4	

16.5 Other reasons (Specify) \_\_\_\_\_

**17. How did you get your first employment after graduating?**

- 17.1 Through the institution from which you graduated  
 17.2 Labour department  
 17.3 Newspaper advertisement  
 17.4 Personal contacts with the employer

1	
2	
3	
4	

17.5 Other method (Specify) \_\_\_\_\_

**18. In your opinion, do you think that the education obtained contribute positively toward the needs of a job?**

- 18.1 Very positively  
 18.2 Positively  
 18.3 Not at all

1	
2	
3	

**19. How important do you consider each of the following factors in getting the job?**

	Very Important	Important	Unimportant
	1	2	3
19.1 Academic record			
19.2 Aptitude tests			
19.3 Interview			
19.4 Past experience			
19.5 Physical appearance			
19.6 Marital status			

20. *How important do you think each of the following factors is towards making a job satisfactory?*

	Very Important	Important	Unimportant
	1	2	3
20.1 Interesting work			
20.2 Use of special talent			
20.3 Creative work			
20.4 No supervision			
20.5 Further studies			
20.6 Good income			

21. *What would you say are factors that influence students to register for a particular diploma?*

21.1 Peer pressure

21.2 Cost of diploma

21.3 Easy diploma

21.4 Popular diploma

21.5 Others (Specify) \_\_\_\_\_

1	
2	
3	
4	

## SECTION C

22. *Do you have any other comments/remarks to make with regard to the level of unemployed graduates? (please feel free to comment in the provided space)*

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