



A comparative study of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time

RT Khumalo

 **orcid.org/0009-0005-5402-4387**

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Supervisor: Prof D Botha

Graduation: October 2024

Student number: 25016083

DECLARATION

By submitting this dissertation, I, Reabetswe Khumalo, declare that the work presented in this dissertation is authored by me and is produced through my own original research. I further declare that this dissertation is submitted in fulfilment of the requirements for the degree Master of Arts in Industrial Sociology at the Potchefstroom Campus of the North-West University. All authors' work and quotations are clearly cited and/or referenced in this dissertation.

___ *R. Khumalo* ___

Reabetswe Khumalo

___ 30 May 2024 ___

Date

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ABSTRACT

It has been 30 years since South Africa's democratic transition from apartheid; however, the economic transition has been slow, especially within the labour market. With many young people graduating, job opportunities have not matched the growing labour supply and, as a result, many graduates end up unemployed. Some scholars argue that the South African labour market is full of graduates with general degrees, such as humanities and arts, rather than those that are demanded in the economy. Furthermore, scholars argue that humanities graduates face more challenges when transitioning from higher education to the work environment than graduates from fields such as engineering and accounting.

Therefore, this study aimed to understand how the experiences of humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time. The researcher conducted a literature review and an empirical study to achieve this.

A literature review was conducted to gain a conceptual and theoretical understanding of the functioning of the general labour market and the South African labour market. The literature review showed that the labour market is dynamic and complex and comprises several factors that need to be considered, such as the determinants of the supply of and demand for labour, factors contributing to underemployment, unemployment and labour market discrimination, and the implications of labour market flexibility, among others.

For the empirical part of the study, a qualitative research approach was employed. The research setting was in Gauteng. The target population was comprised of humanities and engineering graduates who, at the time, had been active in the labour market for two to five years after they graduated. Thematic analysis was used to analyse the data.

The thematic analysis revealed six main themes with sub-themes. The main themes were as follows: participants' background; transitioning from school to work, navigating through the labour market, graduates' perspectives of the state of the labour market, graduates' perceived labour market challenges, and suggestions for improved labour market outcomes. Although this was a comparative study, the qualitative findings indicated that both humanities and engineering graduates share distinct and common experiences when entering the South African labour market for the first time. The findings showed that, concerning participants' backgrounds, both humanities and engineering graduates were raised to consider the importance of education, hence they pursued their tertiary qualifications. Regarding transitioning from universities to work, engineering graduates found employment quickly upon entering the labour market, whereas humanities graduates struggled to find employment. Navigating through the labour market was challenging for both humanities and engineering graduates. Both humanities and engineering graduates shared

similar perspectives regarding the state of the South African labour market, their experiences within it, and the challenges experienced. Lastly, both humanities and engineering graduates provided similar suggestions regarding how graduates' labour market outcomes could be improved. The study concluded with practical recommendations that can be implemented by various stakeholders, including organisations, employers, tertiary institutions, academia, and current and future students, and highlighted areas for future research.

Keywords: employment; Gauteng; graduates; human capital; labour market; South Africa; underemployment; unemployment

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ABBREVIATIONS AND ACRONYMS

BBBEE	Broad-based Black Economic Empowerment
GDP	Gross Domestic Product
HCT	Human Capital Theory
HSS	Humanities and Social Sciences
ICT	Information and Communication Technology
ILO	International Labour Organization
LMS	Labour Market Segmentation
MPPL	Marginal Physical Product of Labour
NIHSS	National Institute for the Humanities and Social Sciences
OECD	Organisation for Economic Cooperation and Development
SLM	Segmented Labour Market
STEM	Science, Technology, Engineering and Management
Stats SA	Statistics South Africa
QLFS	Quarterly Labour Force Survey

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CHAPTER 1:

INTRODUCTION AND ORIENTATION, PROBLEM STATEMENT AND RESEARCH METHODOLOGY

1.1 INTRODUCTION AND ORIENTATION

In this study, the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time after having obtained their undergraduate and/or postgraduate degrees were investigated.

Some scholars (Rogan *et al.*, 2015:3) report that the South African labour force is full of graduates with general degrees, such as humanities and arts, rather than those the economy demands. Humanities graduates face more challenges when transitioning from higher education to work than graduates in fields such as engineering. Humanities graduates are more likely to experience unemployment, and other forms of labour market mismatches, and make less use of their skills (Naess & Wiers-Jenssen, 2022:1). Furthermore, some scholars (Rogan & Reynolds, 2016:345) posit that graduates in the field of humanities are less likely to find employment immediately when entering the labour market compared to those from fields such as engineering and accounting. Zajac *et al.* (2023:479) maintain that engineering graduates are usually less likely to experience unemployment. In contrast, life science graduates tend to experience worse labour market outcomes, often on par with social sciences or humanities graduates. This might be explained by the perception that graduates from fields such as commerce, engineering and natural sciences offer more specific skills and abilities that employers require than graduates from arts or humanities (Van der Merwe, 2009:402).

It is important to understand what the study field of humanities entails. According to Ekong and Akpan (2019:5267), “humanities can be defined as those branches of knowledge that are concerned with human beings and their culture or with critical methods of inquiry derived from appreciating human values and the unique ability of the human spirit to express itself”. Humanities includes various studies and/or disciplines such as languages, sociology, history, philosophy, anthropology, arts, psychology, and social sciences. These various disciplines within humanities help us understand and explain how humans work and live with other humans, enabling societies and individuals to promote the idea of community, which creates a sense of belonging and identity (ASSA, 2011:25).

The significance of humanities is underlined by the National Institute for the Humanities and Social Sciences (NIHSS) which was established in 2013. The Institute was created to dynamise the humanities and social sciences (HSS) fields of study in South Africa’s higher education system, as there was a concern that there had been a decrease in research and teaching in humanities and

social sciences since 1994, with the focus on shifting to fields such as engineering, natural sciences and other technological studies (NIHSS, 2016). The role of the NIHSS is to advocate for equity, justice, and social responsibility, to advise government and civil society on matters regarding HSS, and to guide academic and public discourse about critical issues that South African citizens face. Altariva (2018:12-13) states that humanities graduates can convey an understanding of human consequences of developments such as artificial intelligence (AI), which can be used to shape the moral, ethical, and legal frameworks that are needed as part of the new digital age. Additionally, humanities graduates also attain soft skills that cannot be replicated by technology. According to Majid *et al.* (2012:1036), *soft skills* refer to individuals' qualities, personal behaviour and attributes and include skills related to problem-solving, communication, and organisational (e.g., planning, prioritisation), decision-making and time-management skills.

The World Economic Forum (WEF, 2014:10) argues that the skills gap that is usually reported by employers around the globe includes a lack of soft skills. The underutilisation of soft skills has implications for labour productivity, as such skills also determine a country's labour productivity. However, currently, in South Africa, humanities as a field of study have a substantial number of unemployed graduates, because they are perceived as not having the most marketable skills required in the labour market (P. Mncayi, 2016:68).

According to BusinessTech (2014), tertiary institutions continue to produce humanities, social sciences, arts, and mid-level professional graduates (i.e., teachers), while employers are seeking high-level professional graduates such as engineers. A skills bias is evident, as certain graduate skills are in greater demand than others. As mentioned earlier, this could be explained by the belief that fields such as engineering, finance or medicine provide specific job skills that employers understand because they give an indication of the capabilities that graduates in these fields possess to be productive at work. However, McKenzie *et al.* (as cited in Ohei & Brink, 2019:31) argue that Information and Communication Technology (ICT) students who graduate in software engineering and computer science (i.e., engineers that design and develop computer software) do not always have the skills, aptitudes, or knowledge-based skills to be employed in the ICT industry. However, it is important to understand what is meant by *skills*, as there are different levels of skills.

According to the International Standard Classification of Occupations (ISCO, 2012:11-13), a *skill* refers to the ability to carry out tasks and/or duties of a specific job, whereas *skill level* refers to the functions of the complex and variety of duties and tasks that must be performed in an occupation. There are four skill levels. Skill level 1 involves performances of simple and routine manual tasks; they require the use of hand tools, such as shovels, or electrical equipment, such as a vacuum cleaner. Skill level 2 involves performing tasks such as operating machinery and electronic equipment, driving vehicles, ordering and storing information, and maintaining and repairing of

electrical and mechanical equipment. Skill level 3 involves performing complex technical and practical tasks that require technical, factual, and procedural knowledge (i.e., hard skills) in a specialised field (e.g., medical laboratory technicians, computer support technicians, and diagnostic medical radiographers). Skill level 4 involves performing tasks such as decision-making, problem-solving and creativity (i.e., soft skills) that are based on theoretical and factual knowledge in a specialised field (e.g., teachers, nurses, and marketing managers). For the purpose and relevance of this study, skill levels 3 and 4 were applicable because they present a clear distinction between hard skills and soft skills.

According to Mouchipku (2019:32), in the context of South Africa, employers and/or recruiters are reluctant to place humanities graduates in jobs available in the labour market because they are not familiar with the knowledge and skills these graduates possess. As elaborated on above, humanities graduates possess the soft skills – such as critical thinking, problem-solving and organisational skills – which are required in the current and future labour market (Mabe & Bwalya, 2022:1). Furthermore, humanities graduates can perform various roles and/or positions; however, employers do not take notice of them. For example, a sociology graduate can work as a human resources (HR) representative, a policy analyst, or a management consultant (Mabe & Bwalya, 2022:2). Although it is generally accepted that all graduates have a better advantage in the labour market, the process of finding their ideal job is not easily accomplished.

However, although theoretical studies have been conducted on the experiences of graduates in the labour market (Moleke, 2006; Njani, 2022; Tinashe & Chinyamurindi, 2019), there is a paucity of published research on how the experiences of recent humanities and engineering graduates compare and/or contrast when entering the labour market for the first time, in particular, in the South African context. Therefore, this study aimed to fill this gap in the literature.

1.2 PROBLEM STATEMENT

According to Moleke (2006:1), people with higher education degrees have a greater advantage in the South African labour market; however, this advantage is not equally enjoyed by all people with degrees. In the South African labour market, a graduate's field of study determines their employment prospects (Seilane, 2023:4), for example, graduates in the field of humanities, as they are not easily absorbed in the labour market compared to graduates in the field of engineering. Even if they are absorbed, they are mostly relegated to inferior positions with lower economic prospects (underemployment) and little chance of mobility (Moleke, 2005:5). Seilane (2023:3) posits that humanities graduates are shown to have lower employment prospects within the South African labour market and, as a result, they tend to search for work abroad.

Smuts (2010:107) states that in a business setting, humanities graduates are considered to have irrelevant and/or no practical skills; therefore, employers do not see their importance. However, proponents of humanities argue that humanities studies prepare graduates to be conscious human beings and critical thinkers (Smuts, 2010:108). Moleke (2006:6) states that graduates with degrees in fields such as natural sciences and engineering are usually associated with specific skills such as computer science (i.e., programming) and scientific skills (i.e., observing and classifying) that employers require, hence these graduates have an advantage in the labour market over humanities graduates, as their qualification does not have a particular professional focus, making it difficult to find suitable jobs.

Pooe (2010:11) argues that the emphasised importance of science and/or engineering results in humanities graduates not having an articulated role in the labour market; consequently, humanities students are studying and paying for degrees that the South African labour market cannot readily absorb. This will continue to be the case because the world relies on the hard skills of accounting, science and mathematics. *Hard skills* are those that are needed to perform a particular job. These hard skills vary depending on the type of role that the individual would be performing or the industry in which they would be used. Examples of hard skills include having an accountancy background, having knowledge of particular software, and being able to type or operate a machine (Lumague, 2017:2). Even though some scholars have argued that hard skills are more vital than soft skills (Bishop, 2017; Hendarman & Cantner, 2018; Huber, 2018) while others have argued that soft skills are equally important (Cimatti, 2016; Kantrowitz, 2005; Rychen & Salganik, 2003).

Edayi (as cited in Ohei & Brink, 2019:33) argues that, in the context of South Africa, graduates may have the qualifications and hard skills required for the job, but without a combination of soft skills and other related character traits, employers are less likely to employ them. The Centre for Education Policy Development (CEPD, 2012:4) further argues that with the emphasis placed on STEM (science, technology, engineering, and management) subjects, there is always a danger that too much focus on certain areas would result in neglect of other equally important areas; therefore, STEM subjects must be anchored by humanities and social sciences.

Owing to the intricate, competitive and demanding nature of business and/or organisational practices, workers require both soft and hard skills. Furthermore, organisations are now starting to regard soft skills as important for employment (Mabe & Bwalya, 2022:1). According to Muzdalifah *et al.* (2022:970), the skills necessary for the Fourth Industrial Revolution (4IR) include business skills (i.e., cognitive flexibility, adaptive thinking skills and communication); technical skills (i.e., programming, data interpretation and data visualisation); and soft skills (i.e., problem-solving skills, collaboration, and autonomy). Habiyaemye *et al.* (2022:787) state that soft skills are a crucial factor for employability, and they are crucial for the technological changes that are happening in workplaces. In the United Kingdom (UK), for example, the lack of soft skills is becoming a key

factor that limits access to employment among electrical engineering graduates (Habiyaemye *et al.*, 2022:788). Mncayi and Dunga (2016:414) underscore that the unemployment or lengthier job search faced by humanities graduates does not mean that these graduates do not have a place in the labour market, but the available jobs are outweighed by the number of university graduates every year. Previous research conducted on the experiences of recent graduates in the labour market revealed that graduates experience unequal labour market outcomes because of factors such as race, gender, university attended, and field of study, among others (Mamaleka, 2020; P. Mncayi, 2016; Mouchipku, 2019; Rogan *et al.*, 2015).

Although research has been conducted on the experiences of graduates in the labour market, generally, no specific study has been conducted on how the experiences of recent humanities and engineering graduates compare and/or contrast when entering the labour market for the first time within the South African context. This study was worth conducting because it contributes to the existing body of knowledge and fills the existing literature gap. Furthermore, the study can provide valuable insights into various aspects of the educational and professional landscape. The research findings may provide insight for educational institutions to adapt their programmes to better align with industry needs, ensuring that graduates are adequately prepared for their selected fields.

1.3 RESEARCH QUESTIONS

The key research question of the study was as follows: How do the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time?

The secondary research questions of the study were as follows:

- What are the theoretical approaches to and perspectives on the labour market and how can they contribute to ensuring a better understanding of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time?
- What constitutes the structure and conduct of the South African labour market?
- What research methodology can be used to examine the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time?
- What are the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time and to what extent do they differ?

- What conclusions and recommendations can be drawn from the literature review and empirical results regarding the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time?

1.4 RESEARCH OBJECTIVES

The main research objective was to investigate how the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time.

The secondary research objectives of the study were as follows:

- to scrutinise the theoretical approaches to and perspectives on the labour market and to determine how they can contribute to ensuring a better understanding of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.
- to analyse the structure and conduct of the South African labour market and to determine and explain the factors affecting the labour market.
- to identify and describe the research methodology that can be used to examine the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.
- to determine and document the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time, and to ascertain the extent to which they differ.
- to present the conclusions and recommendations emanating from the literature review and empirical results regarding the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

1.5 CENTRAL THEORETICAL STATEMENTS

According to Koskinen (2007:1), higher education no longer guarantees investment of providing permanent employment contracts, a high salary, and meaningful and fulfilling positions. Rather, it is a risk investment that does not give successful employment opportunities to all graduates. This is also because of differences between fields of study (Adamuti Trache *et al.*, 2006:50). Previous studies that focused on field of study comparisons revealed that humanities graduates generally have poor labour market outcomes compared to engineering graduates (Walters, 2004:4Y). Lohberger and Braun (2022:2) maintain that graduates from humanities seek employment for long or are at risk for being inadequately employed. Klein (2016:4) states that stem fields teach occupation-specific skills. Therefore, graduates from these fields are prepared for specialised technical labour markets. In contrast, graduates from humanities and arts are taught more general

skills, have less distinct occupational profiles and, as a result, they need to compete more often with graduates from occupation-specific fields and lower educated individuals for any available job vacancies in a high-skilled labour market (Klein, 2016:4).

The following theoretical frameworks underpinned the current study and provided an in-depth understanding of the functioning of the labour market and the factors shaping labour market dynamics: neoclassical and Keynesian theories; human capital theory; the internal-external labour market theory; and the labour market segmentation theory.

This study explored neoclassical and Keynesian theories because they have been influential in shaping thoughts on the economy, policy and the labour market over the years. Neoclassical labour market theories are rooted in neoclassical economics and focus on the interplay of supply and demand to explain labour market outcomes, such as wage determination and employment levels, among others (Krynska & Kopycinska, 2015:179). According to Flanagan (1992:107), in the market economy, compensation of labour is determined by the interaction between demand and supply in each labour market. Shifts in either labour demand or labour supply can produce changes in wages. If the demand for an industry product increases – for example, consumers are willing to pay more for the industry's output – each firm in the industry can increase profits by hiring more workers, even though a higher or relative wage offer may be necessary to attract workers to the industry from other jobs (Flanagan, 1992:107). Conversely, there would be downward pressure on pay, as it becomes less profitable to employ workers in declining sectors, a process that encourages workers to move to growing sectors (Flanagan, 1992:107). This produces adjustments in the skill structure of the labour force. If the demand for skilled labour exceeds supply, the relative wage of skilled workers increases, raising the incentive for more workers to acquire skill (Flanagan, 1992:107).

Keynesian economic thoughts provide a different perspective compared to neoclassical economic thoughts; they highlight the complexities and imperfections in labour markets. Keynesian labour market theories emphasise the importance of aggregate demand (i.e., the total demand for final goods and services in an economy at a given time) in determining employment levels, arguing that fluctuations in aggregate demand can lead to variations in overall employment (Guerrazzi, 2023:196). Keynesians view involuntary unemployment (i.e., when a person is unemployed despite being willing to work at the prevailing wage) as a systemic issue. According to this view, elevated levels of unemployment can persist even in a state of an equilibrium (Herr, 2014:75). Keynesians also advocate for government intervention and policy measures to address economic fluctuations and stabilise employment levels (Gali, 2012:4).

Furthermore, this study explored contemporary labour market theories, in particular human capital theory, labour market segmentation theory and the internal-external labour market theory to

provide an understanding of the dynamics that influence and shape the structure of the labour market. Human capital theory is based on the idea that investment in education is required as an important aspect of a country's strategy for achieving development (Oketch, 2014:98). This theory suggests that education, training and other investments are forms of human capital that may contribute to individuals' productivity and earning potential (Fix, 2018:2; Oketch, 2014:99). This study explored human capital theory to understand the link between investments in education and particularly the transition from education to employment in the labour market. The theory provides a framework for analysing how investments in education and skills development contribute to individuals' employability and success in the labour market.

The internal-external labour market theory examines how organisations fill job vacancies and allocate human resources. The theory considers two primary sources for staffing, namely Internal Labour Markets (ILMs) and External Labour Markets (ELMs). ILMs refer to workers who are hired in entry-level jobs and higher positions are filled internally. On the other hand, ELMs imply that workers move fluidly between firms and wages (Lazear & Oyer, 2004:527). MacKenzie and McLachlan (2023:1482) state that ILMs protect workers from the vagaries of ELMs by establishing administrative processes rather than market competition as the basis for the allocation of labour within an organisation. The internal-external labour market theory was used in this study, as it provides an understanding of how individuals move within and between organisations in the labour market.

Labour market segmentation (LMS) theory, which is most applicable to the South African labour market, is also called dual labour market (DLM) theory. It became a common concept around the 1970s in developed countries (Eurofound, 2019:3). This was because of the growing unemployment and mounting evidence of existing labour market segments characterised by unfavourable working conditions (Eurofound, 2019:3). According to Reich *et al.* (1973:359), labour market segmentation theory explores the historical process where political-economic forces encourage the division of labour markets into separate submarkets or segments that are distinguished by different labour market characteristics. Proponents of this theory maintain that divisions in the labour market can be better understood from a historical viewpoint.

According to Festus *et al.* (2015:1):

... in the past, the South African labour market has played a major role in the country's economic development. Prior to 1994, the labour market was used as a mechanism to segregate society. This was accomplished through various legislations which segmented the labour market along the lines of race to the disadvantage of the non-whites. For example, the Bantu Education Act of 1953 ensured that non-whites received a sub-par quality education relative to their white counterparts.

As a result, their (non-whites) potential to be successful in the labour market to improve their standard of living was consequently limited. The unemployment problem was mostly predominant

among mixed-race and black people, while the white minority enjoyed employment absorption. For instance, jobs in government administration, was one of the places where racial inequality was prominent (Mncayi & Shuping, 2021:2).

Moreover, Mgobozi (2004:781) states that, under apartheid, both working- and middle-class black people faced a closed opportunity structure because the process of credentialism facilitated a discriminatory pay structure. Hence, the educational experiences of black and white South Africans resulted in stalled economic development of black communities. Bantu education was a vital element in credentialing white South Africans in the economy and therefore, changing opportunities because of educational attainment should be taken into consideration. According to Mariotti (2012:1100), by the end of the 19th century, racial segregation was entrenched in the South African labour market and increased throughout the 20th century until the end of apartheid in 1994. Four racial groups were affected by these racial policies: Africans, coloureds, Indians, and whites. Despite the restrictions that were placed on hiring African workers, these workers were increasingly being employed in semi-skilled jobs, such as bartenders, retail salespersons, waiters, and security guards who were normally reserved for whites throughout the apartheid era.

Since 1994, the labour market has fundamentally transformed through the introduction of a range of laws and/or policies mainly aimed at protecting workers at the lower and middle end of the skills spectrum and promoting individuals who were historically disadvantaged (i.e., blacks, women, the disabled) in workplaces (Burger & Woolard, 2005:2). Laws that were put in place since 1994 include the Basic Conditions of Employment Act (BCEA) (75 of 1997), which specifies the minimum wages and working conditions for workers; the Labour Relations Act (LRA) (66 of 1995), which outlines the rules and procedures for managing labour relations issues; and the Employment Equity Act (EEA) (55 of 1998), which advocates for affirmative action measures to address inequality in workplaces (Festus *et al.*, 2015:2). Said legislation effected some changes; however, the country is still not able to generate sufficient job opportunities for the continual growing labour force, making unemployment one of the key issues in South Africa together with unequal income and poverty (Mncayi & Shuping, 2021:1). Despite the shifts that came with the demise of apartheid, the South African labour market remains segmented by factors such as race, gender, type of qualifications, to name but a few. Consequently, labour market segmentation theory was used to explore and understand how historical and socioeconomic factors may shape a country's labour market dynamics.

In conclusion, the theoretical frameworks used in this study are applicable to the experiences of graduates in the humanities and engineering fields, as they explain the dynamics and complexities influencing graduates' perceptions of the labour market. Neoclassical theory focuses on the supply and demand equilibrium in the labour market, highlighting the importance of the relationship between the number of job vacancies and the number of available workers (in this instance,

graduates). Keynesian thoughts emphasise the significance of aggregate demand in influencing employment levels, and suggests that insufficient demand can result in unemployment, irrespective of the availability of labour. Human capital theory argues that investments in education and training enhance an individual's productivity and earnings potential. Consequently, this theory is useful in explaining variations in employment outcomes between graduates of humanities and engineering disciplines. The internal-external labour market theory emphasises the importance of entry pathways in filling job positions and is useful in explaining the challenges graduates face in securing entry-level positions. LMS theory emphasises the duality of the labour market and highlights the potential for labour market inequalities that can arise based on educational background (for instance, graduates with humanities degrees often face different labour market conditions and outcomes compared to graduates with engineering degrees).

1.6 RESEARCH METHODOLOGY

The research methodology followed in this study comprised a literature review and an empirical study, outlined below.

1.6.1 Literature review

The purpose of a literature review is to learn and understand the topic in question before shaping an argument or justification (Arshed & Danson, 2015:31). Researchers use literature reviews to get an idea of a specific field of research that they are interested in investigating (Boumezrag, 2022:403). In this study, the literature review aimed to provide theoretical empirical justification for the research questions.

The literature that was studied included theoretical approaches to understand the functioning of the labour market as well as the structure and conduct of labour markets, generally and particularly, the South African labour market. Sources were accessed through search engines such as EBSCOhost, Google Scholar, and JSTOR. In addition, books, journal articles, e-publications, theses and dissertations, and conference proceedings in the field were explored. Most of the databases that were consulted were accessed through the Ferdinand Postma Library database of North-West University (NWU).

1.6.2 Empirical study

The research paradigm, design, methods and techniques used in the study are elaborated on below.

1.6.2.1 Research paradigm

There are various research strategies that a researcher can adopt, depending on the kind of research they intend to conduct. The choice of a research strategy is guided by the research questions, research objectives, the amount of existing literature and the researcher's philosophical underpinnings (Ahmed *et al.*, 2016:33). The choice of suitable data collection and analysis for any research is determined by the paradigm of the researcher and the nature of the research question(s) (Ahmed *et al.*, 2016:34).

A paradigm is informed by philosophical assumptions about the nature of reality, ways of knowing, and ethics and value systems (Wagner *et al.*, 2012:51). A paradigm, which is synonymous to a worldview, refers to a basic belief system and theoretical framework with assumptions about ontology (i.e., what do we believe about the nature of reality?), epistemology (i.e., how do we know what we know?), methodology (i.e., how is research constructed and conducted?) and methods (i.e., tools and techniques) (Sarantakos, 2013:29; Wagner *et al.*, 2012:51). In other words, it is our way of understanding the reality of the world and studying it (Rehman & Alharthi, 2016:51). The word *paradigm* was first used by Thoms Kuhn (1962) to mean a philosophical way of thinking. Furthermore, this term is used to describe a researcher's worldview (Kivunja & Kuyini, 2017:26). The major research paradigms are the positivist/post-positivist paradigm, the interpretivist/constructivist paradigm, the transformative/emancipatory paradigm, and the postcolonial indigenous paradigm (Omodan, 2022:277). Paradigms may be associated with certain methodologies. For example, an interpretivist or constructivist paradigm typically uses a qualitative methodology (Wagner *et al.*, 2012:52).

The positivist/post-positivist paradigm, coined by French philosopher Auguste Comte (1798–1857), is grounded in what is known as the scientific method of investigation (Kivunja & Kuyini, 2017:30). Positivists strive to understand the social world like the natural world (Rehman & Alharthi, 2016:53). They hold that science is the only foundation of true knowledge. Human behaviour can be understood through methods, techniques and procedures used in the natural sciences such as experiments (Wagner *et al.*, 2012:53). However, in recent years, this paradigm has been criticised for its emphasis on quantification and lack of attention to qualitative methods (Omodan, 2022:277). Much like positivists, post-positivists believe that there is a reality independent of our thinking that can be studied through scientific methods (Wagner *et al.*, 2012:53).

The interpretivists/constructivist paradigm is a way of understanding the world that emphasises the role of interpretation in understanding reality (Omodan, 2022:277). These approaches can be traced back to Edmund Husserl's philosophy of phenomenology, which is the study of human consciousness and self-awareness (Wagner *et al.*, 2012:56). The primary principle of interpretivism is that reality is socially constructed (Kivunja & Kuyini, 2017:33). Constructivists assert that people

construct their own understanding and knowledge of the world through experiences and interpretation of those experiences (Adam *et al.*, 2016:2). Interpretivists posit that there is no single objective reality; instead, our understanding of reality is shaped by individual views (Omodan, 2022:277).

The third paradigm, the transformative/emancipatory paradigm, seeks to address the political, economic and social issues that lead to oppression, conflict, struggle and power structures (Kivunja & Kuyini, 2017:35). This paradigm emerged in response to the traditional, positivist and interpretive approaches to research, which have failed to address the needs of marginalised groups. Hence, this paradigm aims to empower those who are excluded from the dominant knowledge system to create social change (Omodan, 2022:278).

The postcolonial indigenous paradigm is a worldview that focuses on the shared aspects of ontology, epistemology, axiology (i.e., what do we believe is true?) and research methodologies of disempowered or historically oppressed social groups (Wagner *et al.*, 2012:51, 58). This paradigm offers a method for assessing indigenous knowledge systems and ideas. It challenges the Western perspective and gives a voice to those who have been historically marginalised (Omodan, 2022:278). Like the interpretivist/constructivist paradigm, the postcolonial indigenous paradigm is based on understanding that knowledge is socially constructed and that there is no single universal truth. Knowledge is relative and contextual, shaped by individuals' history, culture and experiences (Omodan, 2022:278).

Deductive reasoning is typically suitable for quantitative research (Park *et al.*, 2020:5). According to Bryman (2012:26), the research is based on what is known about a particular domain, and the theoretical considerations in relation to that domain deduce a hypothesis that must be subjected to empirical scrutiny. Inductive reasoning, on the other hand, is appropriate for studies using a qualitative approach (Park *et al.*, 2020:6). Bryman (2012:26) claims that by using an inductive stance, theory is the outcome of research. In other words, reasoning involves generalisable inferences based on observations.

This study adopted the interpretivist/constructivist paradigm, which uses a qualitative research approach and methodology. According to Ivankova (2002:43):

... qualitative research relies on the views of participants. The researcher develops a holistic picture, analyses words, reports detailed views of participants and conducts the study in a natural setting. Knowledge claims are based on constructivists perspectives and data is collected from those immersed in the everyday life of the setting in which the research is framed.

The use of the above-mentioned research approach for this study was influenced by the research questions and objectives, because it allowed the researcher to investigate the ways in which

participants (humanities and engineering graduates that entered the labour market for the first time) interpret and experience the South African labour market.

This study focused on a phenomenon that required a qualitative research approach. The research methods and techniques that were used to collect and analyse the data are described next.

1.6.2.2 Research design

Research designs are important, as they can help the researcher by providing a plan for the research. A research design is a plan, structure and strategy of the investigation to obtain answers to the research question(s) (Jongbo, 2014:88). For this study, a comparative research design was used. According to Bryman (2012:72):

... a comparative research design entails studying two contrasting cases using more or less identical methods. In other words, a social phenomenon can be better understood when compared in relation to two or more meaningfully contrasting cases of situations.

Shahrokh and Miri (2019:1) state that comparisons provide the basis for making statements about empirical regularities and for evaluating and interpreting cases relative to substantive and theoretical criteria. The selected research design was appropriate for this study because the researcher could answer the main research question of the study: “How do the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time?”

1.6.2.3 Research setting

According to Snowdon *et al.* (2014:55), “a central feature of qualitative research is the examination of the context in which a phenomenon is situated, experienced, and constructed. Contextualisation is one of the standards by which qualitative studies are judged”. The research setting of this study was based in Gauteng because it is the province with the three largest metropolitans and it is considered the largest economic hub of South Africa. Gauteng is also often job seekers’ first choice of destination, especially graduates across the country, because it is an ever-evolving international hub of networking, job training opportunities and internships (Lukins, 2019).

1.6.2.4 Sampling

Sampling is the technique of selecting a suitable sample or a representative part of a population (Verma *et al.*, 2017:298). A population refers to a geographical region or certain institutions – a group of individuals with at least one common characteristic (Willie, 2022:521). A target population is a population from which the researcher wants to obtain their results (Adams *et al.*, 2007:140). Sampling is important because it helps researchers select sizes and sample designs that are most compatible with their research purpose (Omona, 2013:169). The target population for this study

was recent humanities and engineering graduates who lived in Gauteng and were active in the labour market.

Qualitative research employs non-probability sampling methods. Researchers use non-probability sampling to recruit a specific population to investigate a specific topic (Lopez & Whitehead, 2013:124). There are four types of non-probability sampling, namely convenience sampling, purposive sampling, snowball sampling, and theoretical sampling. For this study, convenience, purposive and snowball sampling were used. Convenience sampling, which is also referred to as accidental or opportunity sampling, is a technique in which a sample is drawn from a part of the population that is easily accessible (Obilor, 2023:4). Purposive sampling, which is also called judgemental or selective sampling, refers to the researcher's deliberate choice of participants because of the qualities they possess (Etikan *et al.*, 2016:2). Snowball sampling is a method/technique in which participants help recruit other potential participants to participate in the research, thereby increasing the sample size (Taherdoost, 2021:22). The sampling methods were used as follows to select the participants to participate in the study: an invitation to participate in the research was posted on different social media platforms (see Appendix B); this resulted in convenience sampling, as any participant who was available to participate and met the inclusion criteria could participate in the research; purposive sampling was used when the researcher personally reached out to potential participants by messaging them directly on social media platforms; lastly, snowball sampling was used when the researcher was referred to potential participants by other participants who agreed to participate in the study.

Moreover, the inclusion criteria were as follows: recent humanities and/or engineering graduates with an undergraduate or postgraduate degree between the ages of 22 and 30, who graduated between 2018 and 2022/23, resided in Gauteng, and who were active in the labour market during the time the research was conducted. The exclusion criteria were as follows: graduates who were NOT from humanities and/or engineering fields of study, who had not obtained their undergraduate or postgraduate degrees, had not graduated between 2018 and 2022/23, were not between the ages of 22 and 30, who did not reside in Gauteng, and who were not active in the labour market during the time the research was conducted (see Appendix B). The researcher aimed to include at least 24 participants, with 12 from engineering and 12 from humanities. Race and gender were also considered to ensure a balanced representation of the experiences of new entrants into the labour market.

According to Sarfo *et al.* (2021:60), the sample size in qualitative research is a topic of concern. The debate revolves around an acceptable sample size and how representative the selected samples are. However, one of the most acceptable criteria used in qualitative research that can help in determining the sample size is data saturation (Sarfo *et al.*, 2021:61). Saturation is a commonly employed concept for estimating the sample size in qualitative research (Guest *et al.*,

2020:1). The notion of saturation originates in grounded theory (Vasileiou *et al.*, 2018:2). It was first introduced in qualitative research as “theoretical saturation” by Glaser and Strauss in their 1967 book *The Discovery of Grounded Theory* (Guest *et al.*, 2020:2). According to Daher (2023:1), *saturation* can be defined as the point in data collection and analysis when no new or additional themes and categories emerge from the data, and this happens when all the relevant themes and categories have been identified.

This study's sample comprised 14 participants: seven humanities graduates and seven engineering graduates. Data saturation was detected at 11 participants.

1.6.2.5 Data collection

Data collection is the process of gathering data systematically that enables the researcher to answer the research question(s) (Kabir, 2016:202). In qualitative research, there are different data collection methods that can be used such as interviews, focus groups, open-ended questionnaires, case studies and observation (Taherdoost, 2021:10). Interviews are generally used as a tool to get people's real views, perspectives and experiences. Semi-structured interviews were conducted via an online platform called *Zoom* to collect the data for this study. Zoom is a cloud-based high-definition video-conferencing platform that is used for meetings, webinars, et cetera. In a semi-structured interview, the researcher has a list of questions allowing the interviewee leeway to reply (Bryman, 2012:471). In other words, the questions are open-ended in nature, which allows participants to give free-form responses.

In this study, the researcher used semi-structured interviews to gather data. An interview schedule was used (see Appendix D). The participants had the option of completing an open-ended questionnaire if they did not prefer interviews (see Appendix D). The open-ended questionnaire was based on the interview schedule. Participants were contacted by the researcher upon agreeing to participate in the study. Thereafter, they signed the informed consent form (see Appendix C) before the commencement of the interviews and/or the completion of the questionnaire. For those who did the interviews, a time and date that were agreed upon by both the researcher and participant were set and for those who preferred to complete the open-ended questionnaire, a date to return the questionnaire was also set and agreed upon by both the researcher and participant.

1.6.2.6 Data analysis

Thematic analysis was used to analyse the data. This type of data analysis is one of the most common approaches in qualitative research. When using thematic analysis, the idea is to construct central themes and subthemes. According to Bryman (2012:580), a theme is a category identified by the researcher through the data that relates to their research focus and builds codes identified

in the transcripts of field notes or recordings to provide them with the basis for a theoretical understanding of their data that can make a theoretical contribution to the literature relating to the research focus.

The researcher made use of both deductive and inductive analysis. According to Azungah (2018:391), deductive analysis is used when previous research, theories, or conceptual frameworks for the phenomenon of interest exists (Armat *et al.*, 2018:220). On the other hand, inductive analysis involves primarily using detailed readings of raw data to derive concepts and themes. Themes and codes were generated by listening to the recordings of the interviews and reading the open-ended questionnaires. Coding is the process of breaking down qualitative data into component parts and giving them labels or names (Bryman, 2012:568). Coding can be done with various types of text and non-text data, such as transcripts of interviews, journals, images, et cetera (Parameswaran *et al.*, 2020:633).

The practice of coding comprises three types of coding: open coding, axial coding and selective coding. Open coding is the process of breaking down, examining, comparing, conceptualising and categorising data (Bryman, 2012:569). The aim of open coding is to develop a wealth of codes that meaningfully describe the data gathered (Vollstedt & Rezat, 2019:87). Axial coding, which is the second level of coding, focuses on identifying emergent themes. It further refines, aligns and categorises themes (Williams & Moser, 2019:50). Selective coding is the third level of coding. It enables the researcher to select and integrate themes and categories of organised data from axial coding into cohesive, meaning-filled expressions (Williams & Moser, 2019:52).

The researcher identified six major themes and subthemes, which are discussed in detail in chapter four.

1.6.2.7 Approaches for ensuring reliability and validity of qualitative data

According to Wagner *et al.* (2012: 243), in any research study, the validity of the results must be ensured. In quantitative research, the terms' *reliability* and *validity* are used; on the other hand, in qualitative research, the term *trustworthiness* of the data is used. Trustworthiness refers to the degree of confidence in the data, interpretation and methods used to ensure the quality of the study (Pilot & Beck as cited by Connelly, 2016:435). Qualitative researchers are required to provide evidence in terms of the following four main criteria to ensure the trustworthiness of their study's findings: credibility, transferability, dependability, and confirmability (Bryman, 2012:389):

- *Credibility*. Ensuring credibility is one of the most important factors (Shenton, 2004:64). Credibility can be described using the terms *authentic* and *accurate* because the researcher needs to ensure that the findings of a study are congruent with reality (Ghafouri & Ofoghi, 2016:1915). Triangulation is one method of promoting credibility. Triangulation

means using various sources of information or procedures from the field to repeatedly establish identifiable patterns (Stahl & King, 2020:26).

- *Transferability*. Transferability refers to the extent in which the findings of one study can be applied to other situations (Shenton, 2004:69). Transferability is only possible when a thick description provides a rich enough portrayal of circumstance for application to other situations (Stahl & King, 2020:27).
- *Dependability*. Dependability refers to a reliability measure that is achieved by triangulation of methods and provides an audit trail. This audit trail attests to the accuracy of translations of information from several data sources and provides means for ensuring confirmability of the findings (Wagner *et al.*, 2012:243). Peers possibly function as auditors during the course of the research and at the end of the research to establish how far proper procedures have been used and followed (Bryman, 2012:392).
- *Confirmability*. Confirmability is concerned with ensuring that the researcher can be shown to have acted in good faith. In other words, it should be apparent that they did not allow personal values or theoretical inclinations to interfere with the manner in which the research was conducted and the findings that derived from it (Bryman, 2012:392-393).

In this study, credibility was assured by means of triangulation and respondent validation. A literature review and empirical study were conducted to confirm, compare and contrast the findings of the study. Furthermore, copies of the study's initial findings were sent to the participants for comment and validation. Transferability was assured by providing a rich contextual description of the participants' experiences when entering the labour market for the first time. Dependability was assured by keeping an audit trail (i.e., by completing records of all phases of the research process). Finally, confirmability was enhanced by consciously acknowledging and setting aside the researcher's own biases, assumptions and preconceptions about the topic under investigation.

1.7 LIMITATIONS

According to Theofanidis and Fountouki (2018:156), limitations of any study refer to potential weaknesses that are usually out of the researcher's control. In the case of this study, the first limitation was getting hold of participants that fit the inclusion criteria of the study because some of them had initially agreed to participate, but later changed their minds or said they did not have time. The second limitation was participants not showing up or not availing themselves for the interviews as scheduled and not returning the completed questionnaires on the agreed upon date. The third limitation was a lack of full responses from participants. The researcher had to spend additional time during the interviews to get meaningful responses, and for those that opted to complete the questionnaire in writing, the researcher had to call again. Lastly, geographical

distance was a limitation because the researcher was based in Potchefstroom during the time of data collection. It was a limitation because the researcher could not connect with participants in real life.

1.8 ETHICAL CONSIDERATIONS

Ethics plays a key role in the process of conducting research, and this is why it is especially important for a researcher to always bear them in mind. According to Bell and Bryman (2007:71), researchers need to adhere to the following ethical principles in research: no harm to participants, which means research participants should not be caused any harm through the research process, instead physical and psychological wellbeing of those participants should be ensured; informed consent, which means the need to ensure the full informed consent of participants; non-deception, which means being transparent about who the researcher is and what they are doing; confidentiality, thus not disclosing any information obtained from an interviewee deliberately or accidentally in ways that might identify the individual; anonymity, which means collecting data without obtaining any personal or identifying information of participants; and privacy, which means ensuring participants' privacy by keeping their information safe and protecting them.

The researcher adhered to all the above-mentioned ethical considerations throughout the research process. Informed consent of each participant was obtained by the researcher before the commencement of the interviews and/or completion of the open-ended questionnaire. Participants were given one to two days to return the signed informed consent form to indicate that they voluntarily agreed to participate in the study. Anonymity was ensured by assigning a pseudonym to each participant before the interview started. Confidentiality was ensured by electronically keeping participants information secure and safe in a folder that was password-protected and only known to the researcher. Privacy was ensured by not probing unnecessarily if a participant did not wish to discuss particular matters. The participants were also informed that their participation was voluntary and that they could withdraw from the study at any time before, during or after the interview. Participants were not exposed to any form of harm during the research. They could choose where they were most comfortable taking the online interview. The researcher was transparent from the beginning by informing the participants of the aim of the research and their role therein.

1.9 SIGNIFICANCE OF THE STUDY

According to Mncayi and Makhalima (2023:189), higher education is important in enhancing employability and contributing to economic and social development. In today's competitive market, higher education plays a crucial role in the process of job selection (Hussain *et al.*, 2018:50). Furthermore, the successful employment of graduates in their chosen field of study holds immense

significance. Employers base their recruitment selection on individuals' qualification(s) (Hussain *et al.*, 2018:50). Chan (2016:3) argues that even though employers prefer candidates with higher education, employers still report having difficulties finding suitable candidates for job openings, as over one-third of recent graduates are unprepared for their job searches. Therefore, understanding graduates' labour market outcomes is important in shaping the relationship between graduates and the world of work (HSRC, 2022:1).

Most graduates enter the labour market with the expectation of finding employment within their field of study; however, while some get the opportunity to experience their ideal jobs upon entering the labour market, others experience underemployment and/or lengthy periods of unemployment before finding employment. Etshim (2017:5) states that higher education labour alignment is the best strategy to solve the issues of qualified and skilled new graduates. Some of these strategies include credentials sector strategies, employer engagement, learning outcomes assessments, and some higher institution partnerships. Employer collaborations with higher education may also come in many other forms such as guest speaking, work placements, and several types of projects that are already part of many degree programmes. This study revealed the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time and adds to the existing literature on the experiences of recent graduates in the labour market and how they perceive and navigate the labour market in the South African context.

1.10 CHAPTER LAYOUT

Chapter 1: Introduction and orientation, problem statement and research methodology

This chapter presents the introduction to and background of the study. It provides the problem statement, research objective and research questions of the study. It also outlines the methodology that was used and followed to conduct the study.

Chapter 2: The labour market: a theoretical framework

This chapter provides a theoretical overview of the labour market, including the theoretical approaches used to understand the functioning thereof.

Chapter 3: The South African labour market

This chapter discusses the structure and conduct of the South African labour market and explains the factors affecting the labour market.

Chapter 4: Empirical findings and discussion

This chapter presents, discusses and interprets the empirical findings of the study conducted on the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

Chapter 5: Conclusion and recommendations

This chapter presents the concluding remarks and recommendations of the study based on the findings from the literature review and the empirical study.

1.11 CONCLUSION

This chapter introduced the study and provided the background of the study. The problem statement was discussed, and the research objectives and research questions of the study were stated. Furthermore, the research methodology that was followed in the study was outlined and explained.

The next chapter provides a theoretical overview of the labour market, first, to understand the functioning of the labour market and the factors influencing it and, second, to ensure a better understanding of the factors that may influence the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

CHAPTER 2:

THE LABOUR MARKET: A THEORETICAL FRAMEWORK

2.1 INTRODUCTION

The previous chapter provided the background and orientation of the study and presented the problem statement, as well as the research questions and objectives and the methodology that was followed in the study. This chapter provides a theoretical framework of the labour market and consists of six main sections. The first section provides a conceptualisation of the key terms used in the study. This is followed by a discussion of the labour market theories, which include neoclassical and Keynesian views on labour market functioning, as well as contemporary labour market theories, in particular, human capital theory (HCT), labour market segmentation theory (LMS), and the inter-external labour market theory. The next section focuses on supply and demand within the labour market. This is followed by a discussion on productivity and labour market flexibility. The final two sections of the chapter elaborate on underemployment and unemployment, and labour market discrimination and inequalities, as they are critical factors in labour markets at a global level.

2.2 CONCEPTUALISATION OF THE KEY TERMS USED IN THE STUDY

This section provides a definitional framework for the conceptual understanding of the constructs labour market, employment, unemployment, underemployment, discrimination, and human capital, as they are frequently used throughout the dissertation.

2.2.1 Labour market

The labour market, also referred to as the job market, is an imaginary marketplace where labour is bought and sold (Barker *et al.*, 2018:2). It also relates to the demand and supply of labour; where employers provide the demand and the employees provide the supply. Thus, it is the place where workers and employees interact with each other (Kotlia, 2014:1). It differs from other markets in the following ways. Firstly, the worker is not regarded as a product but as a person, a human being. Therefore, the principles of fairness or equity and humaneness are intrinsic elements of the labour market. Fairness is not always guaranteed in common law of freedom to contract between the employer and employee; hence legislation acknowledges the rights of workers to form unions to bargain on a fairer level. Secondly, the contractual relationship differs from what occurs in the product market and includes the buyer and the seller of labour. Such a relationship is usually an enduring one and continues until the relationship is ended by the buyer or the seller. Thirdly, personality characteristics are regarded as crucial elements of the product that the employer “buys”. However, personality characteristics cannot always be fully determined before employment

starts and, therefore, the employer does not get what they intended to buy. Fourthly, there are usually also changes over time regarding any individual worker. Their skill level may improve with training, experience and further education. Alternatively, they may deteriorate if the worker is demotivated or if their skill becomes obsolete, or when they grow older (Barker *et al.*, 2018:2-3). Lastly, the complexity of the price of labour. This is not the case in the product market. In the labour market, the price is determined not only by the employment package (which includes various fringe benefits); it is also influenced by inflation, personal taxation, the standard of living of the worker, the provision for health and safety, and other factors (Barker *et al.*, 2018:3).

2.2.2 Employment

Employment refers to an agreement between an employer and an employee regarding the tasks, job role, the services and contribution the employee will provide within and/or to the organisation and, in return, the employee will get paid a monthly salary or an hourly wage (Heathfield, 2020). Barker *et al.* (2018:58) define employment as all persons aged 15 and older who, during a specified brief period (e.g., seven days), work for one or more hours for a wage or salary or for profit or family gain, in cash or in kind. It also includes those who are self-employed and persons who have been temporarily absent from work but still have a formal job.

2.2.3 Unemployment

According to the ILO (2021b:1), unemployment refers to all persons above the specified age for measuring the economically active population who have been without a job during a given week, are available to start a job within the next two weeks, have actively looked for employment during the last four weeks, or have already found a job that starts within the next three months. In the South African context, unemployment refers to all persons in the labour force who are 15 years and older, who are without work but are available to work and are searching for a job (Barker *et al.*, 2018:199). Stats SA (2015b:2) draws on two definitions when determining the extent of unemployment, namely, narrow and expanded broad unemployment.

- Narrow unemployment refers to unemployed people who are part of the labour force but have not worked for seven days prior to the survey interview, are available for paid employment and want to start working within the week of the survey interview, and have taken steps during the four weeks prior to the survey interview to look for work (Stats SA, 2015b:2).
- Expanded broad unemployment refers to unemployed people who meet the above-mentioned criteria but have not actively taken steps to look for work (Stats SA, 2015b:2).

2.2.4 Underemployment

Underemployment, also referred to as inadequate work, describes jobs that may be permanent but that tend to provide fewer hours of work or very low wages than the worker would prefer (Hodson & Sullivan, 2012:331). According to Lee (2005:172), underemployment refers to an individual's perception that they are working in an inferior, lesser or lower quality type of employment (Lee, 2005:172). Furthermore, the type of work a person takes does not reflect their training, education and financial needs. In other words, individuals are not given the opportunity to fully use their skills, qualifications and training (Beukes *et al.*, 2017:34). Underemployment can be visible or invisible (Barker *et al.*, 2018:68):

- Visible underemployment refers to a person who involuntarily works fewer hours than what is considered to be normal hours and is seeking to work additional hours or full-time.
- Invisible underemployment refers to the misallocation of labour resources, for example, the underutilisation of skills (i.e., an individual with an accounting degree working as a waitress).

2.3 Discrimination

Discrimination is the unfair or bias treatment of people and/or groups based on their age, gender, sexual orientation, race and social origin, among other categories (ILO, 2006:1). For instance, a female or minority (e.g., black) worker who might have the same level of education, training or skills as a male white worker would be treated inferiorly in terms of working conditions, promotions, wage rate, and so forth (Van de Reed, 2012:4). Discrimination is defined as any form of exclusion, distinction or preference based on race, gender, age and social origin. This can affect a person's employment opportunities or how they are treated in their employment (Schachter, 2007:2). Discrimination can be direct or indirect:

- Direct discrimination occurs when less favourable treatment is explicitly or implicitly based on one or more prohibited grounds for example sexual harassment or any other form of harassment (ILO, 2018b:2).
- Indirect discrimination refers to a neutral situation, regulations or practices which in fact lead to unequal treatment of people with certain characteristics. It occurs when the same conditions, rules or criterion is applied to everyone but results in a disproportionately harsh impact on some people (ILO, 2018b:2).

2.3.1 Human capital

The concept of human capital is as old as economic theory. It was mainly considered as the aggregation of investments such as education and job training that improves an individual's productivity in the labour market (Bottone, 2008:7). Tittenbrun (2017:21) defines human capital as

the stock of knowledge, competences and personality attributes that an individual embodies to perform labour to produce economic value. These attributes are gained by the individual through education and experience. Barker *et al.* (2018:234) define human capital as the knowledge, skills and other acquired characteristics gained through education and training of workers that make them more productive. In the words of Marimuth *et al.* (as cited in Joseph & Aibieyi, 2014:57), human capital simply refers to the processes that relate to training, education and other professional initiatives to increase the levels of skills, abilities, knowledge, values and social assets of an employee, which would lead to employee satisfaction and performance. Thus, it can be deduced that human capital is regarded as the qualifications, skills and expertise an individual possesses to be a productive and functional in the workplace and society. The concept is relevant for this study because graduates invest in tertiary education to enhance their stock of human capital. The next section elaborates on the theories that underpin the study.

2.4 LABOUR MARKET THEORIES

The following subsections discuss neoclassical and Keynesian views on labour market functioning as well as contemporary labour market theories, namely human capital theory; LMS theory (also referred to as DLM theory); and the internal-external labour market theory.

2.4.1 Neoclassical and Keynesian views on labour market functioning

According to Pugh and Johnston (2014:3), “the development of the neoclassical school of thought can be traced back to the classical school of thought related to Adam Smith”. The classical school, regarded as the first school of economic thought, is associated with the 18th century and Adam Smith, a Scottish economist. The main idea of the classical school of thought was that markets work best when they are left alone and when the government has a limited role to play. Furthermore, markets should be left alone because the price mechanism acts as a mighty “invisible hand” that allocates resources to where they are best employed (Bowden, 2018:6). According to Gandhi (2017:6), Smith (1778) argued that when individuals act freely, according to the natural laws that operate within them, it maximises their individual welfare and society’s welfare in the physical world. Furthermore, in Smith’s view, the ideal economy is a self-regulating market system that automatically satisfies people’s economic needs. He describes the market mechanism as an “invisible” hand that leads all individuals in pursuit of their own self-interests to produce the most significant benefit for society as a whole (Gandhi, 2017:6).

Hudea (2015:310) further states that the market self-adjusts and produces economic stability; therefore, government intervention is only necessary to ensure the free operation of markets and a balanced budget. Furthermore, full employment, which is a key element of classicism, is a characteristic of a freely functioning economy. Hence, classicists advocate for markets that are

dominated by perfect competition. According to Friedman (2013:23), classicals hold the view that all labour would find employment in a free enterprise capitalist economy with a “flexible labour market”. However, full employment does not mean temporary unemployment would not exist, as long periods of unemployment, or what Keynes later termed as “involuntary unemployment”, is completely ruled out by the classicals. Rubin (2014:2) further states that with full employment, aggregate demand equals aggregate supply, which means that the price adjustment would bring about equilibrium. According to classical economists, Friedman (2013:24) states that wages and prices (including interest rates) are flexible and not rigid in a capitalist system. This means that rates can move up and down under normal pressures of demand and supply in their respective markets. In other words, demand and supply respond fairly to prices and wages.

Another important aspect of the classic school of thought is the doctrine of *laissez-faire*. According to Backhouse and Medema (2008:2), the theory of *laissez-faire* was developed during the 18th century by French physiocrats in reaction to the dominant mercantilism. Under mercantilism, government actively intervened in the economy and protected their own industries by putting tariffs (taxes) on foreign products that were coming into a country (Viner, 1960:56). During the 19th and 20th centuries, Adam Smith became associated with *laissez-faire* even though he did not invent the idea. *Laissez-faire* holds the idea of economic liberalism, which means that all natural forces of the economic system should be left to work independently, and they would produce the greatest results that would benefit both the individual and society (Gandhi, 2017:7). Adam Smith supported *laissez-faire* because the removal of mercantilist restrictions on trade would help to undermine monopoly, enable individuals to bring their capital into competition with those who earned high profits and allow labour to flow freely between industries and regions (Backhouse & Medema, 2008:2).

In the 1870s, the progression from classical to neoclassical economic thought took place as the discipline sought to move away from the social aspects of the theory towards an objective scientific basis. Neoclassical theory maintains that supply and demand drive prices rather than the cost of inputs as in the classical model (Pugh & Johnston, 2014:4). Marginal utility plays a key role in this theory, as buyers attempt to maximise their gains from acquiring goods and suppliers produce incremental units of a product to maximise profits as the marginal or incremental profits exceed the marginal cost (Pugh & Johnston, 2014:4). This means that individuals are considered rational and act independently based on the information they have.

Jarmolowicz and Knapinska (2011:2) state that neoclassical employment theories refer to the model of perfect competition in the labour market that was developed in 1933 by Arthur Cecil Pigou and is based on the following assumptions. Firstly, employers and employees have almost all the information regarding wages and jobs that are available in the labour market, hence the labour market is transparent. Secondly, both employers and employees are rational in an economic

sense, meaning employers strive to achieve maximum profit, while employees aim for maximum satisfaction of real wages. Thirdly, every employer and employee represent a small portion of the overall labour demand, thus, their individual decisions would not affect wages. Fourthly, there are no obstacles that hinder labour market mobility and other production factors. Fifthly, employers and employees act independently without agreement with others when making pay or employment decisions. Lastly, labour in particular markets is uniform and can be changed economically. Furthermore, the neoclassical approach maintains that the balance in the labour market does not exclude the occurrence of unemployment; in fact, unemployment is caused by limitations of pay mechanisms that are freely functioning, thus being a consequence of collision of employees' actions because of free market requirements. Therefore, unemployment is regarded as a voluntary phenomenon that is related to the emerging imbalance of the labour market (Jarmolowicz & Knapinska, 2011:2-3).

As mentioned earlier, advocates of neoclassical thought assume that the labour market is transparent and that employers and workplaces are homogenous; as a result, job offers for all employees are identical in terms of wages, and for employers, all employees are characterised by the same work efficiency (Jarmolowicz & Knapinska, 2011:4). With that in mind, advocates of neoclassical theory pay attention to the assumption that wages are perfectly flexible, which means they react fast to the changing relationship between labour supply and demand on the labour market (Jarmolowicz & Knapinska, 2011:4). However, economists such as Adam Smith, who is a proponent of the classical approach, suggest that imperfections in the functioning of market mechanisms are caused by migration (Jarmolowicz & Knapinska, 2011:4).

An efficient and well-functioning labour market ensures that employers find employees with adequate skills to perform their work duties and that all employees receive a remuneration that corresponds with their skills (OECD, 2017a:74). However, this ideal scenario is still farfetched in many countries. Many developing countries still face strong demographic pressure, insufficient and low-quality labour demand, as well as high rates of informal and vulnerable employment. Such employment conditions push people to migrate – to move to other countries with better employment prospects that include high wages and better employment conditions (OECD, 2017b:74). As a result of these imperfections, there is excessive labour demand and higher wages in some markets, while labour supply is higher and wages low in others (Jarmolowicz & Knapinska, 2011:3). Differences in wages in these markets result in the movement of the labour force, which leads to the adjustment of pay rates and the establishment of a balance in the markets (Jarmolowicz & Knapinska, 2011:4).

Furthermore, the advocates of classical and neoclassical theories argue that if unemployment appears in the labour market, it is because there is no free movement of labour among professions and other areas of the economy. Moreover, the movement of employees among professions is

restricted by the necessity of having several qualifications and skills that were essential for performing a given job. The changing of one's profession requires advancements such as professional training, just as in the case of changing a given job. Therefore, there are differences in the functioning of labour markets that are defined by neoclassicists as perfect competition and the actual functioning of labour markets (Jarmolowicz & Knapinska, 2011:3-4).

British economist John Maynard Keynes developed the Keynesian theory during the 1930s. According to Jahan *et al.* (2014:53), the main principle of the Keynes theory is that aggregate demand, measured as the sum of spending by businesses, households and the government, is the most important driving force in the economy. Furthermore, Keynes' theory asserts that free markets do not have self-balancing mechanisms that lead to full employment. Therefore, Keynesian economists justify government intervention through policies that are public and aim to achieve full employment. In other words, government should increase the demand for labour in the market for the economy and businesses to grow and so unemployment would decrease.

The Keynesian theory argues that the labour market is not flexible and that wages are characterised by inflexibility, which might lead to a balanced economy even if employment is not full (Jarmolowicz & Knapinska, 2011:4). A situation like this would not only be caused by an impediment in wage adjustment but also by a lack of global demand. Furthermore, Keynes claims that because of the supply imbalance in the labour market, it is impossible for an unemployed person to change their situation and avoid unemployment. No qualification, high mobility or even accepting low wages would change the position of an unemployed person; only the state/government can change it by taking action to fight it (Jarmolowicz & Knapinska, 2011:4).

Jakstiene (2010:55) further states that followers of the Keynesian economic approach support the idea that the state is responsible for managing the labour market and that political instruments and supply always meet demands for a natural balance in the labour market. Therefore, wages cannot be the only element that regulates the market, they argue. In general, Keynes did not have and/or share the same opinions of neoclassical theory on the functioning of the labour market. Keynes believed that under free functioning of the market mechanism, a tendency develops to establish a surplus of labour force over the demand for labour, which means unemployment would continue to be higher. Contemporary labour market theories are elaborated on in the next section.

2.4.2 Contemporary labour market theories

This section discusses the following contemporary labour market theories: human capital theory; LMS theory (also referred to as DLM theory); and the internal-external labour market theory. They are important in providing insight into the South African labour market and the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

2.4.2.1 Human capital theory

“If you want a good job, get a good education” – this encapsulates the principle of human capital theory and is the advice often given to children, adolescents and unemployed individuals by teachers, parents, counsellors, and societal members at large (Strober, 1990:214). According to Gamede (2017:15), the origin of human capital theory dates to the distinguished scholar Adam Smith and his book *Wealth of Nations* published in 1776. In his book, Adam Smith argued that education is the foundation of human capital in any society, as it allows and sustains economic success. Since then, many more individuals have invested in education. According to the OECD (as cited in Tan, 2014:412), “human capital can be defined as productive wealth embodied in labour, skill and knowledge and it can also be referred to as any supply of knowledge or the innate/acquired characteristics a person has that contributes to his/her economic productivity”. In other words, human capital suggests that education increases productivity and earnings of individuals.

According to Strober (1990:214), “human capital theory says more than simply that educational levels are positively correlated with income. It asserts that education increases skills and these skills in turn increase productivity therefore higher productivity is rewarded through higher earnings”. Hence, the value of human capital theory is widely accepted to increase an organisation’s performance because an organisation relies on the skills, knowledge and abilities of employees and regards it as a key concept of value creation (Wuttaphan, 2017: 242).

Given this link between human capital and work productivity, it is clear that labour markets have a great demand for individuals who possess valuable human capital. The labour market benefits of human capital investments can be manifested in three ways (Van Broekhuizen, 2011:8). Firstly, they increase the probability of obtaining employment. Secondly, they increase the likelihood of the type of employment that an individual obtains to align or to be compatible with the individual’s specific human capital stock, providing job security and great benefits. Thirdly, expected earnings of individuals who are employed would be raised in keeping with expansion of their human capital (Van Broekhuizen, 2011:8).

Mouchipku (2019:17) maintains that education is costly, hence it should be considered as an investment. Parents and students invest in time and money for education as well as health because students need to be healthy to attend classes and engage, while some invest in transport because they migrate from rural areas to urban areas for quality education. It is for these reasons that every graduate is expected to be successfully employed upon entering the labour market, especially given the history of South Africa, where the right to be educated was struggled for. Therefore, students are under the impression that a tertiary qualification would guarantee them

employment, which would help them improve their lives as well as the lives of their families (Mouchipku, 2019:17).

For the purpose of this study, human capital theory was applicable, because the theory has been used to encourage and justify investment in education to enhance economic development and growth; however, the benefits of this investment are not guaranteed, as some graduates do not find employment or employment that is relevant and/or equivalent to their field of study (Van de Rheede, 2012:12). Therefore, other scholars such as Samuel Bowles and Herbert Gintis (1976) and Joel Spring (2015) have argued that this theory ignores the barriers and inequalities that exist within the South African labour market, which cause the labour market outcomes of graduates to vary.

2.4.2.1.1 Critique of human capital theory

Cassim (as cited in Gabobegwe, 2018:18) argues that human capital theory is misleading as a framework because it simply correlates education with high earnings but does not take into consideration the wage differences that exist within occupations despite level of education and/or skills. For example, male employees still get paid more than their female counterparts even though they all have the same level of education and skills. Kivinen and Ahola (1999:193) further argue that although human capital theory does well in predicting the association between education and earnings, it tells little about how individuals with specific educational backgrounds end up in different occupations.

Dickens and Lang (1984:1) state that human capital theory tends to focus and/or emphasise differences among people rather than among jobs. For instance, workers in low-wage jobs are viewed as low-productivity workers who are not willing to obtain the necessary skills to access high-paying jobs. Human capital theory argues that individual workers can purchase the means for acquiring enhanced skills, much like consumers choose what shirts, shoes or traveling trips to buy. This, however, implies that the poor must remain poor because they lack sufficient and/or appropriate skills (Harrison & Sum, 1979:688). With educational attainment being the sole focus of this theory, it excludes a large number of variables that are addressed by LMS theory, such as race, gender, age and class, which are outside an individual's control, which results in different amounts of human capital being embodied within distinct groups in society (Marginson, 2017:6). This is problematic because these variables also determine wage differences even though employees possess the same level of human capital and work in the same occupation. Therefore, the way in which males and females are ranked in the labour market should be evaluated, as they are considered equal counterparts in society (Marginson, 2017:6).

Moreover, Tan (2014:424) states that, whereas human capital theorists claim that education enhances a person's skills and leads to higher productivity in the workplace, which, in turn, would

result in higher wages for the person, signalling theory, coined by Spence in 1973, provides a different explanation for higher wages. Signalling theory is based on the theory of decision-making under uncertainty. The primary example of the signalling effect can be found in initial hiring as a firm does not have sufficient information about the productivity of the applicant apart from their educational qualifications (Soldatos as cited in Tan, 2014:422). However, once this initial period is done, the wage is determined by productivity rather than qualifications. Signalling theorists suggest that education may bring a higher income for the individual without bringing higher productivity to the firm and the country. Therefore, there is no direct correlation between education and productivity levels. Mgobozi (2004:776) maintains that for a human capital theory explanation to reflect the troubles and/or problems within the South African labour market and its historically derived racial structures and gendered economic institutions, human capital theory needs to be supplemented with LMS theory.

2.4.2.2 Labour market segmentation (LMS) theory

LMS theory is also referred to as DLM theory. According to Dickens and Lang (1992:1), LMS theory was advanced as an alternative to human capital theory by various authors in the early 1970s. However, after a brief period of its popularity, it faded when influential critiques suggested that existing evidence did not differentiate between LMS theory and human capital theory. LMS theory was developed during the late 1960s and early 1970s by a group of labour economists in the United States (US) who challenged and/or critiqued the explanations given by the classical and neoclassical theories regarding how the labour market works (Cain, 1976:1215). They argued that both the classical and neoclassical theories leave major labour market policy issues such as dispersion of wages (income distribution), discrimination and unemployment unexplained (Leontaridi, 1998:63). This was the primary accusation against the classical and neoclassical theory that lies at the heart of segmentation theory (Leontaridi, 1998:63). LMS theory emphasises the fragmented nature of the labour market as well as the importance of institutional and social influences over wages and employment. According to neoclassical theory, individual workers are free to make a choice among a wide range of job options in the labour market based on their skills, personal taste, abilities and preferences and receive rewards based on their human capital (Leontaridi, 1998:64). LMS theory argues that the labour market is not a single competitive market; rather, it is distinguished by a variety of noncompeting segments in which rewards to human capital differ because of institutional barriers such as race, gender and age that do not allow all parts of the population to benefit equally from education and training (Leontaridi, 1998:64).

According to Jakstiene (2010:54), the term “segmentation” originates from the Latin word *segmentum*, which means a cut, part, piece, or slice. In English literature, the term segmentation is used in a similar sense. Segmentation relates to the segmentation of markets into separate parts

or segments and is identified by specific characteristics. LMS is characterised by two segments generally referred to as the primary sector and the secondary sector; together they are termed DLM to describe the division in the economy. LMS theory also challenges HCT on the grounds that workers and jobs are not adequately matched. Instead, it suggests that jobs and labour are divided in labour market segments, hence, early segmentation models argued for a dual split (Bauder, 2001:38).

According to Cassim (1982:5-6), “the primary sector is associated with higher income, good working conditions, employment stability, better chances of advancement and strong unionisation”. On the contrary, the secondary sector is associated with jobs that are low paying, have poor working conditions, employment instability and lack “unionisation”. Therefore, the basic notions behind dualism can be described as follows. There are two separate labour markets – a primary and secondary sector. Workers compete within each sector for jobs, wages and employment in general. Furthermore, workers in the secondary sector are treated in a more inferior way than workers in the primary sector, and mobility barriers prohibit movement from the secondary sector to the primary sector. Workers in the primary sector represent the core workers, and workers in the secondary sector represent peripheral workers. Core workers are employed full time or part time with an ongoing contract; hence they are attractive to employers and are the first to be considered when employers hire or retain their workforce. Peripheral workers are temporarily employed, resulting in less stable working conditions for them (Berntson *et al.*, 2006:227).

Proponents of this dualism argue that primary sector jobs are rationed and particularly the youth, women, minorities and black people find it more difficult to obtain employment in that sector. Therefore, workers are not prohibited from the primary sector because of a lack of human capital but rather because of institutional restraints such as discrimination. As a result, workers in the secondary sector suffer from underemployment (Wachter, 1974:638-639). It is further argued that vulnerable groups of workers may become trapped in lower segments of the labour markets, thus resulting in severely limited mobility of employees between lower and upper segments so that excess demand pressures cannot compete away the wage differentials. While the secondary sector is influenced by supply and demand forces, the primary sector is protected from such pressures (Leontaridi, 1998:64). LMS theory was useful in understanding the experiences of graduates who enter the labour market for the first time. This theory also provided insight into how factors such as race, gender, type of qualification and geographical location may affect these graduates' experiences.

2.4.2.2.1 Critique of LMS theory

According to Wachter (1974:638), over the years, LMS theory (DLM theory) has received considerable attention from researchers, economists and policymakers; however, it has also been subjected to critique. Eurofound (2019:1-3) states that even though LMS theory has been researched from perspectives of different branches of literature, it remains a vague concept. Furthermore, it is a key area of research and policy debate because its implications are multiple and far-reaching. According to Ruberg and Piasna (2017:44), policymakers have diagnosed duality and segmentation as a problem, because not only do these theories perpetuate social inequality and exclusion but they also hinder swift adaptation of companies to the business cycle. This means that segmentation is a risky and controversial issue for companies, as it may involve not only changing the products and services but also the structure and all activities within a company (Nilsson & Olsson, 2001:2-3).

With that being said, Eurofound (2019:3) argues that certain groups such as women, young people or individuals with low educational attainment are considered to be more affected by LMS and become trapped in low-paying jobs with long working hours and lack opportunities to advance themselves. Furthermore, LMS also affects the macroeconomic and societal levels, such as labour market turbulence, general economic inefficiencies, economic demand, lower productivity and human capital development, which, in turn, may contribute to reducing social trust and confidence in democracy (Eurofound, 2019:3).

Furthermore, Taubman and Wachter (1986:1185) argue that LMS theory is incomplete, missing important links, which is caused by its tendency to rely on historical and descriptive analysis; as a result, it becomes compulsory to assume some of the missing links. With that being said, empirical work has focused on three issues – the first is whether there are differences between the primary and secondary sectors in terms of return to schooling and years of work experience; the second issue is whether bad jobs turn good workers into bad workers; and the third issue is whether there are large groups of people who are trapped in low-quality jobs (Taubman & Wachter, 1974:1186).

Rubery and Piasna (2017:45) state that in current debates, often orthodox or mainstream economists together with some political scientists frequently make reference to LMS and call for a more comprehensive deregulation because segmentation is a form of distortion of markets that are perfectly functioning and derives from unnecessary regulations and institutional constraints. Grimshaw *et al.* (2017:1, 2) further state that a new multidimensional approach is needed to understand inequities in the labour market – a new segmentation labour market approach that would bring together key insights into the causes, characteristics and consequences of inequalities in work and employment.

2.4.2.2.2 The South African labour market and LMS theory

Given the historical context of South Africa, it is reasonable to expect that demographic differences such as race, gender, age and geographical location (which are discussed in chapter 3) are correlated with the labour market outcomes of graduates; hence, LMS theory is applicable to the South African labour market mainly because race was the strongest factor in determining how jobs were allocated to people under apartheid. Under apartheid, the South African labour market was racially segmented between an independent primary labour market, which consisted of predominantly white skilled workers, a subordinate primary labour market, which consisted of largely coloured and Indian semiskilled workers, and a secondary labour market, which consisted of predominantly black (African) workers (Kenny & Webster, 2008:216).

Segmentation within the primary labour market occurs as follows. The subordinate primary jobs are routinised and encourage characteristics such as dependability, discipline, receptiveness to rules and authority, as well as acceptance of the firm's objectives without questioning them. Factory and office jobs are present in this segment. On the other hand, independent primary jobs encourage and involve creativeness, problem-solving, self-initiating characteristics, and are often guided by professional standards for work (Reich *et al.*, 1973:360). Mgobozi (2004:779-780) argues that, under apartheid, white people were credentialed in the labour market and gained superior human capital skills to the detriment of black people. The education and/or schooling received by black people was viewed as inferior and, as a result, created barriers for them because they could not be hired in the primary labour market, hence large numbers of them were either unemployed or worked in devalued jobs in the labour market.

As mentioned earlier, primary jobs are those with good working conditions, job security, high wages and opportunities to advance to higher-paying jobs, whereas secondary jobs are those with bad working conditions, unsteady employment, no job security, and little to no opportunities for advancement. Furthermore, jobs in the primary sector are associated with jobs in the formal sector (i.e., banks, schools, research institutes, government), while jobs in the secondary sector are associated with jobs in the informal sector (i.e., fast foods, retail, tailoring), which are primarily filled by youth, women, and the minority (Geldenhuys, 2017:3).

According to Gottfries and McCormick (1990:2), the following characteristics of LMS explain the persisted inequalities and discrimination. Firstly, a worker that has been unemployed in the primary sector for some time is unable to return to the primary sector. This happens even though some workers in the secondary sector are productive enough to be employed in the primary sector. Such a misallocation of highly productive workers is often called "disguised unemployment", also known as hidden unemployment (which occurs when productivity is low and too many workers occupy too few jobs). Secondly, workers are reluctant to take jobs in the secondary sector because it

decreases their chances of being employed in the primary sector. This results in open unemployment (i.e., when a person is willing to work, is educated, but is unable to get a job), despite there being competition within the secondary sector.

These two separate systems of employment characteristics can be explained by LMS theory which recognises the factors that cause this segmentation. However, there are some dimensions that show that the South African labour market is still very much segmented. In a study reported by Blaauw and Bothma (as cited by Uys & Blaauw, 2006:253) on the car guard industry in Bloemfontein, two populations were identified. One group consisted of informal car guards in the municipal parking area of the central business district (CBD) and the other group consisted of formal car guards mainly active at the private parking area of the shopping centres in the city. Even though the characteristics of the job were the same, there was a distinction between individuals in formal car guarding and informal car guarding. These car guards were distinguished by race, educational levels, and wages. As regards race, no white persons were doing informal car guarding; instead, 81.8% of the formal car guards were white. Individuals in formal car guarding indicated that they had attended school, as 11.4% had passed matric and 4.55% had obtained a tertiary qualification. On the other hand, 8.2% of individuals in informal car guarding said that they had never received any formal schooling; only 3.3% of the informal car guards had passed matric. This resulted in wage differences between the guards. Formal car guards earned R5,70 per hour, while informal car guards earned R3,70 per hour, despite performing the same task. In another study conducted by Viljoen (as cited by Blaauw, 2017:346, 348) among 914 street waste pickers in South Africa, the findings showed that they had been in this occupation for 37 years, which is their entire life. Furthermore, the activities performed in the informal economy are not equal in terms of how they are distributed across provinces in South Africa, as white people tend to view informal work as a temporary or fall-back option, whereas Africans are generally forced to remain in the informal economy for longer periods.

Heintz and Posel (2008:26) state that the South African labour market can also be described as distinctive because it is characterised by high rates of open unemployment and relatively limited informal employment. Open unemployment refers to a situation where a person wants to work and is educated but they are unable to find work, whereas informal employment refers to employment that is not legally or socially protected by laws, such as domestic work, waste picking, et cetera. Middle-income countries, such as Kenya, India, Sri Lanka, Zambia, to name but a few, show different employment patterns where there are higher rates of employment in the informal sector and underemployment replaces unemployment as a critical labour challenge. This then poses a vital question: Why is informal employment so low and open unemployment so high in South Africa? This raises the possibility of the informal sector also being segmented, as demonstrated in the dimensions mentioned earlier. However, often, informal jobs are treated the same with no

barriers to entry; therefore, a possible explanation for the low participation in informal activity in South Africa is that barriers to entry are non-negligible.

According to Blaauw (2017:340), the informal economy in South Africa constitutes a key component of the larger economy, offering people an alternative economic outlet in the face of job shortages in the formal sector. However, South Africa's informal economy, when compared to peer-group countries, contributes to the total employment, which is relatively small, with almost 17% of employed workers in the informal sector (Burger & Fourie, 2019a:1). Mutize (2016:9) argues that significant barriers that disable workers from transitioning from unemployment to the informal sector have been identified. These barriers include insufficient government support through training and infrastructure provision, as well as a history of exclusion of black people from many categories of business under apartheid. Burger and Fourie (2019a:1) posit that significant barriers to entry into the informal sector still exist in forms such as capital and skill shortages. According to Fourie (2016:37), evidence from recent data show that LMS exists within the informal sector, as substantive earnings differ between subsectors of the informal sector. This supports the notion of entry and mobility barriers in the informal sector; hence it is not an easy source of employment, with negligible barriers to entry.

Moreover, Mncayi and Shuping (2021:2-3) state that in the context of South Africa, workers operating within the informal sector are generally without labour rights and protection as preserved by the South African labour regulations, hence this group of workers is prone to low wages and long working hours. Therefore, the informal sector is generally accepted as the last resort for the large pool of unemployed labour in South Africa. Blaauw (2017:340) argues that the informal economy in South Africa is a vital component of the larger economy because it offers people an alternative economic outlet in the face of job shortages in the formal sector. With this in mind, we see how LMS theory is applicable to the South African labour market; hence this study aimed to explore the experiences of graduates who enter the labour market for the first time.

2.4.2.3 Internal-external labour market theory

According to De Varo *et al.* (2019:2), it is common for vacancies to arise regularly throughout organisational job hierarchies and employers must decide whether to fill them by hiring internally or externally. According to the views of labour markets, there is a distinction between structured and unstructured labour markets (Sloane *et al.*, 2013:276). Within unstructured, markets there is no close attachment between workers and firms, and they are most likely to resemble the workings of a competitive market. Labour is free to come and go as it seeks out the best alternative available to it. In contrast, with structured markets, there is a strong attachment between workers and employers, and this is a result of perhaps shared investments in education and training. These

structured markets consist of two components, namely the ILM (primary) and ELM (secondary) (Sloane *et al.*, 2013:276).

2.4.2.3.1 Internal labour market (ILM) theory

Clark Kerr (1950, 1954) and John Dunlop (1957, 1966) introduced the concept of ILM in the 1950s and 1960s (Dobbie & MacMillan, 2011:3). Several institutionalist labour economists further developed the concept – particularly Peter Doeringer, Michael Piore, and Paul Osterman – during the 1970s and 1980s in the US (Dobbie & MacMillan, 2011:3). According to Leontaridi (1998:70), Doeringer and Piore outlined the two factors responsible for the emergence of the ILM structure as follows. First, it is based on the notion of skill specificity meaning, indicating that the more skills become specific, the more the training of employees becomes specialised and demanding – therefore, encouraging the employer to invest in expensive recruitment and screening methods to minimise turnover and reduce costs. The second factor is based on the notion of equity and fairness expressed through an unwritten set of rules based mainly upon past practices and guidelines.

Doeringer and Piore (1970:8-9) defined ILM as an administrative unit, such as a manufacturing plant, within which the pricing and allocation of labour are governed by a set of administrative rules and procedures. The ILM, as governed by administrative rules, is distinguished from the external labour market (ELM) of conventional economic theory where allocations, prices and training decisions are governed directly by economic variables. ILM theory can be best thought of as the type of labour market that exists within an organisation (Ariyadasa, 2020:17). Abowd and Kramarz (1998:357) posit that ILM theory represents a heterogeneous collection of compensation and human resource management policies that describe the career possibilities of an individual who does not change employers.

Dobbie and MacMillan (2011:2) state that Doeringer and Piore (1971) discussed two types of ILMs, namely enterprise and craft, but they focused on the former. Enterprise ILMs were characterised by well-defined job ladders, limited points of entry towards the bottom of the ladder, seniority-based employment security rules, promotion from within, production processes that were heavily reliant on firm-specific skills, and wages that were attached to jobs rather than individuals. Doeringer and Piore argued that these ideal-typical features of enterprise ILMs were mostly relevant to the United States' blue-collar manufacturing workplaces, though they also argued that many features were present in white-collar managerial labour markets (Dobbie & MacMillan, 2011:3).

Furthermore, Klimczuk and Klimczuk-Kochanska (2016:2) state that ILMs, traditionally dominated by white males, ensure that institutions and rules provide promotion systems for employees and extensive career ladders (the distinction between upper-tier, white-collar and lower-tier blue-collar ladders). Furthermore, wages are based on job evaluation and firm-specific skills that support the

relationships between employers and employees with stable and permanent jobs. Hence, the primary segment is characterised by high wages, good working conditions, career advancements, employees who actively identify with companies and jobs in large companies with a strong market position. The rules that govern the internal labour allocations, pricing and decisions accord certain rights and privileges to the internal labour force. These rights and privileges are not available to workers in the ELM – for example, the internal labour force has exclusive rights to jobs that are internally filled and continuity of employment, even at entry ports, as they are protected from direct competition by workers in the ELM (Doeringer & Piore, 1970:9).

As mentioned earlier, ILMs are attributed to skill specificity, on-the-job training and customary law. Firms that operate under the ILM theory structure are not dependent on the ELM to fill most jobs, hence promotion is determined by seniority more than ability or productivity and as a result, new employees are hired mainly at ports of entry that are at the bottom end of the job queue (Cassim, 1982:7). DeVaro *et al.* (2019:3) state that firm-specific human capital gives internal employees an advantage over external recruits, and this increases internal hiring. Workers who are externally hired are hired in lower-level positions, as external hiring is more expensive for higher-level positions.

2.4.2.3.2 External labour market (ELM) theory

According to Abowd and Kramarz (1998:358), the ELM is a representation of a heterogeneous collection of employment opportunities that might be available as an alternative to any particular person's current job. Furthermore, an employee's external wage rate depends on the worker's labour market characteristics and wage outcomes of other workers with the same characteristics (as observed by different employers). The ELM consists of a group of workers actively or passively lying within geographical or occupational boundaries within which part(s) of entry are (potentially) open to them. As a result, the labour market would inevitably be fragmented and labour market mobility would be hindered. Hence, with the ILM as the new organisational form, there would be little influence of competitive forces on internal wage structure, which is determined by rules and customs. It is for this reason that DLM theory made a significant advance over neoclassical theory – it examines the effects of the ILM and also those who are excluded from it in the external sector (Cassim, 1982:7).

Klimczuk and Klimczuk-Kochanska (2016:2) state that ELMs are closer to the assumptions of neoclassical theory; they are dominated by women and minorities and contain low-quality and low-paying jobs. Such markets are, to some degree, created by discrimination, as they only exist in general industries and serve as buffer stocks in concentrated industries during expansionary periods of business cycles. The key features are lower wages, bad working conditions, fewer

opportunities to advance, and high absenteeism. Workers may quit because of a dislike of a particular supervisor and may show no respect for the company's values and goals.

According to O'Reilly and Nazio (2013:1), in the standard employment contract (SER), which is associated with lifetime employment and seniority pay, Kerr refers to the rules that governs the skills and wage setting arrangements for employees in ILMs. These rules exclude employees with non-standard employment contracts from this sheltered sector and confine them to the residual competitive secondary sector. Kerr suggested that since government could do little to challenge the rights of insiders (ILM workers), it could at least make the rules of entry more equitable by placing outsiders (ELM workers) on more equal footing when competing for vacancies.

Bidwell (2011:3) posits that worker mobility has increased considerably in recent years because firms no longer use the model of employment that only focused on lifetime employment and internal mobility, but they rely to a greater extent on the ELM to fill staff positions. Higher-level positions that used to be entered by promotions and/or internal transfers are now entered through external hiring. Bidwell and Keller (2013:3) further state that there has been significant growth in external hiring in all types of jobs at all levels of organisations. In the past, firms staffed jobs based on ILM theory, which focused on how workers were promoted and transferred across the jobs ladder within organisations. Now firms combine ILMs and ELMs by filling jobs through both external hiring and internal mobility. According to DeVaro *et al.* (2019:19-20), further research on the relationship between job history and hiring decisions needs to be conducted, as questions of how job vacancies are created and filled, how employees select jobs in the external job market and how employers make recruitment decisions are still largely unanswered.

2.4.2.3.3 Critique of the internal-external labour market theory

According to Lee (2015:338), many labour economists and organisational theorists have focused on factors that give rise to attributes of ILMs, while sociologists and institutional economists have paid attention to the institutional characteristics of ILMs. Kreckel (1980:535) argues that ILMs are not genuine markets because they are relatively non-competitive within a more competitive environment of external markets. Decisive competition only takes place at the point of entry. Doeringer and Piore (1970:9) further argue that the phenomenon of ILMs is akin to problems that other authors have identified as industrial feudalism, the balkanisation of labour markets, and property rights in a job. Industrial feudalism refers to a society that is stratified into closed social classes based on their professions. The balkanisation of labour markets refers to the institutional rules in which established boundaries are unbridgeable between non-competing groups in the labour market. Property rights in a job refers to entitlements that define an owner's rights, privileges and limitations to the use of a resource.

Royal and Althaus (as cited by Lee, 2015:339) state that ILM theory is questionable and that the benefits of this theory might have been overexaggerated. Other scholars have even called for further research to fully investigate the value of ILMs in a changing world that is also competitive. According to Caroli (2007:2), ILMs were highly developed in France and the US, whereas occupational markets predominated in Germany and the UK. However, over the last two decades, human resource management has changed. With these changes, ILMs in particular have been profoundly destabilised, while the use of external flexibility has increased. It has been argued that one of the possible reasons for the decline in ILMs is that the spreading of ICTs has shifted the balance away from tacit towards codified knowledge, which has, in turn, made external flexibility more profitable (Caroli, 2007:4).

Lee (2015:340) posits that, in a global economy, one apparent pattern has been observed – that is, the increasing levels of external pressures that discourage the use of ILMs. These pressures include the increase in part-time work, the decline in job security, and the rise in the use of restructuring and outsourcing. Furthermore, in response to the changes in external markets, firms had to make choices in terms of retaining or deserting ILMs. The Korean economy, for example, experienced an economic crisis after the 1997 Asian financial crisis. The crisis led to Korean firms reforming and restructuring operations so that resources could be quickly and efficaciously reallocated in response to the external economy. As a result, Korean manufacturing firms reduced their reliance on ILMs. The logic ILM theory brings is challenged by the competitive and volatile global environment; however, a research opportunity emerges. This means that it may be useful to investigate how employers recognise their ILMs practices in the face of external market pressures and how employees, in turn, respond to employer actions (Lee, 2015:341).

The theories discussed above provided the theoretical framework to understand the variables that might influence the labour market outcomes of humanities and engineering graduates. In the next section, the supply of and demand for labour are discussed.

2.5 THE SUPPLY OF AND DEMAND FOR LABOUR

This section discusses the supply of and the demand for labour as two interrelated variables in which the change and/or shift of one causes a change in the other.

2.5.1 The supply of labour

According to Bruil *et al.* (2010:2), the supply of labour consists of paid workers and the unemployed who are seeking and are available for paid work. Barker *et al.* (2018:11) state that the type of work people do is irrelevant – whether they work in formal or informal sectors, they form part of the labour force or supply of labour. Therefore, the total labour supply is simply the population of working-age people who are working (the employed) or those wanting to work (the

unemployed). Occupational and geographical mobility of labour, migration, fertility rates, education/human capital, working conditions and participation rates are some of the determinants of the supply of labour (see Figure 2.1).

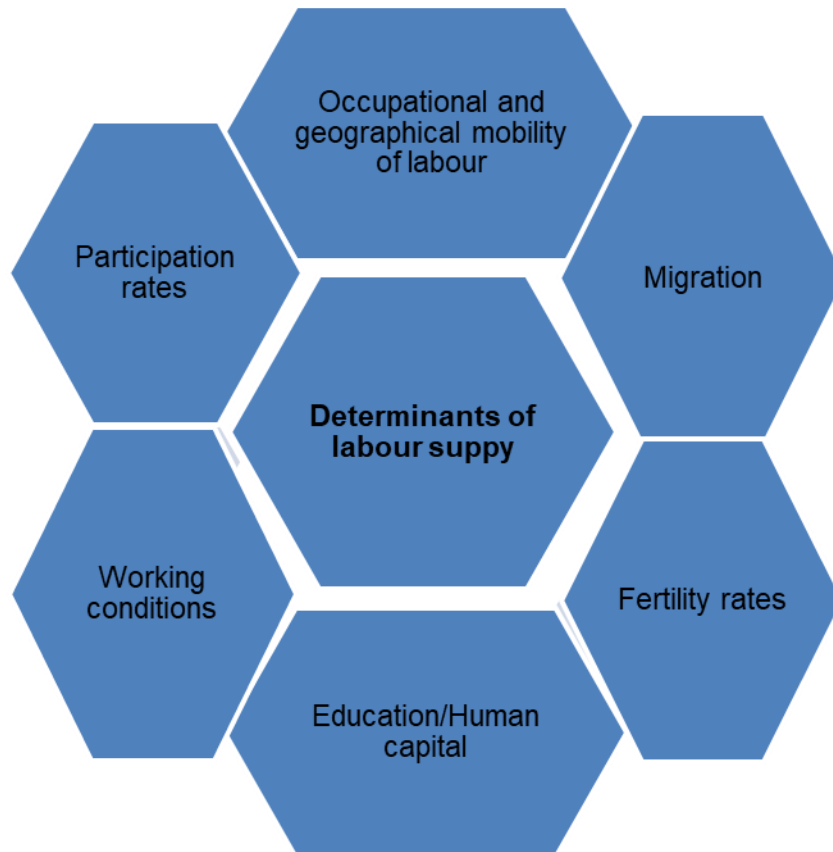


Figure 2.1: Determinants of labour supply

Source: Author's own compilation (2022)

The determinants of labour supply, as shown in Figure 2.1, are elaborated on below.

Occupational and geographical mobility of labour. During the last 20 years, market globalisation and technological progress have caused rapid changes in the global economic structure. The growing use of information technologies, the increase in the proportion of services in the structure of GDP (gross domestic product) and the development of knowledge-intense economy sectors have imposed new requirements on labour (SIA, 2013:22). These include the demand for new specialisations, as some of the existing ones are becoming unnecessary and, in many occupations, technological innovations materially affect the skills of workers (SIA, 2013:22). Dachs (2018:4) maintains that new technology tends to favour some skills while devaluing and making other skills redundant, also lowering the demand for those skills by firms that use new technology. As a result, employees must adapt to these changes by acquiring various new skills and changing the type of occupation and/or place of work (i.e., the location).

According to the Productivity Commission Research Report (PCRR, 2014:3), labour mobility refers to the movement of labour. It can be regional or international (i.e., geographical mobility) and a change of occupation and/or place of work (i.e., occupational mobility). Thus, occupational mobility includes a change of place of work, position or employment status, while geographical mobility includes a change in location that may be related or unrelated to job mobility. These two types of mobility do not exclude each other – for example, when moving to a different country or region, the occupation or profession also changes (SIA, 2013:23). Alessandrini *et al.* (2016:45) state that increased mobility is beneficial to local, regional and national communities for individual citizens and internal markets. Labour mobility can contribute to economic growth, job creation, competitiveness and business opportunities.

The PCRR (2014:3) states that geographical mobility can alleviate labour shortages and any existing disparities in the labour market and also increases skills utilisation and income. Occupational mobility has the potential to increase work productivity – for instance, an employee can use their skills and abilities in a different position or at a different employer, thus creating a larger added value. Furthermore, occupational mobility is a precondition to successfully overcome the challenges that accompany globalisation and the increasing competition in international markets (SIA, 2013:27). Azzopardi *et al.* (2020:7) maintain that labour mobility is important for a well-functioning market economy and for individual workers to boost their wages. In addition, fluidity in labour markets ensures that employees can move freely from low- to high-productive firms, increasing productivity, income and wellbeing.

Migration. Over the centuries, many individuals have migrated to other countries, seeking for better lives for themselves and their families (Al-Dalahmeh & Dajnoki, 2021:72). According to Kaur *et al.* (2011:459), migration is a shift from a place of residence to another place for some length of time or permanently. It has a significant impact on the economic, social, cultural and psychological life of people, both at the place of emigration as well as on the migrants. Migration occurs for distinct reasons – for example, in the context of India, migration is primarily influenced by social structures and patterns of development. Uneven development is the main reason for migration, accompanied by other factors such as poverty, fragmentations of land, a lack of employment opportunities, and natural calamities (Kaur *et al.*, 2011:460). Telsac and Telsac (2022:429) posit that migration decisions are affected for many reasons, for example, the environment we live in, the availability of an ecosystem, or the possibility of exposure to danger.

Dustmann *et al.* (2007:9) argue:

... if immigration occurs, and immigrants differ in their skill composition from native workers, any change in the skill composition as a result of immigration will lead to disequilibrium between supply of and cost-minimizing demand for different labour types at existing wages and output levels.

For example, if all immigrants are unskilled, there would be an excess supply of unskilled workers at the going wage rate. On the other hand, the migration of skilled workers can reduce economic growth and the productivity capacity in the countries of origin (Al-Dalahmeh & Dajnok, 2021:74). However, the idea that migration is detrimental to the outcomes of indigenous people is likely based on the belief that migrant workers are always readier to accept any kinds of working conditions. More generally, it could be that migrants offer much-needed skills for enterprises so that recruiters have incentives to substitute citizens for migrants (Al-Dalahmeh & Dajnok, 2021:75).

Fertility rates. One of the factors that shape the working-age population (WAP) is fertility. Together with population size and age structure, fertility determines the size of the WAP (Ivanov, 2009:88). According to Aaronson *et al.* (2017:1), the relationship between fertility and labour supply is widely studied in economics. For example, the link between family size and mothers' work decisions has helped in explaining time allocation and the evolution of women's labour supply. Jungho and Arnstein (2006:2) state that, although the burden of childcare tends to fall mainly on women, an increase in fertility is likely to change the optimal time allocation within the household and therefore influences labour supply decisions and labour earnings of the husband and wife. Makarski *et al.* (2019:2) posit that fertility affects household income. In Australia, for example, the average cost of an additional child amounts to roughly 130 thousand Australian dollars, which is very expensive.

Iacovou (2001:1) states that, firstly, an income effect would arise from the fact that children consume part of the household income, thus the income of parents decreases, and one or both parents respond by increasing the labour supply; secondly, if both parents work outside the home after the arrival of a new baby, the cost of alternative childcare must be met. This might fall on the mother's wages and would have both an income effect (the mother works more) and a substitution effect (the mother works less). Munnell *et al.* (2019:6) maintain that a decline in the male's income has an unambiguous effect on fertility, because a reduction in household resources results in a decision to have fewer children.

Rondinelli and Zizza (2011:3) argue that some studies have found a negative correlation between presence (number of children) and maternal labour supply. Female labour force participation after childbirth is higher, especially for those working in the public sector or in large private firms and lower for those without a contract. Behrman and Gonalons-Pons (2020:708) posit that, in some countries (i.e., Austria, Belgium and Ireland), there is a negative correlation between women's employment status and fertility. Alba *et al.* (2009:2) state that given the opportunity cost of having and raising children, one can expect a negative association between labour force participation and fertility. Karbownik and Myck (2012:2) posit that entry of women into the labour force has been one of the most pronounced socio-economic developments in the 20th century, and high levels of female employment are vital for economic growth and the financial stability of many welfare

systems. Garcia-Pereiro (2016:104) maintains that the role of women in terms of employment growth has been significant. For example, in Italy, since the end of the 1970s, there has been a transformation of the female workforce from the industry to the service sector, with an increasing representation of women with educational qualifications.

Education/human capital. According to the OECD (1990:47), education is important as it is the thread that gives form to the fabric of society. It provides the basis for individual development, both affective and cognitive. It also embodies and passes on from one generation to the next. Burgess (2016:6) posits that education is crucially important. At a personal level, it is important for earnings and getting ahead in life and at a national level, it is important for social mobility. With that being said, Machin and McNally (2007:5) state that tertiary education systems have expanded rapidly in many countries, with different rates of changes being experienced across countries and with expansions occurring at different times. This has had profound impacts on labour markets and on the way in which employers use educated labour.

According to Furia *et al.* (2010:1140), it is undoubtedly true that formal education and skills acquired during training processes are the main determinants of positive labour market outcomes for individuals. Smith *et al.* (2016:2) posit that education influences one's physical, mental and emotional health, which, in turn, influence the supply of labour, productivity and innovation. Matashu (2022:80) maintains that, through human capital, education facilitates economic growth, which enhances the marginal productivity of labour and advances the use of new technology, technological innovations and earnings. According to Lonesco and Cuza (2012:130), when it comes to the labour market, education provides both productive capacities to individuals and their signals to potential employers. Gawrycka *et al.* (2020:1099) posit that employers consider individual values and personalities that were formed in the environment in which a person was raised as well as the knowledge and skills obtained during the course of education. Furthermore, employers believe college and university graduates should possess general knowledge, while other required skills and knowledge can be acquired in the workplace.

Working conditions. According to Robertson *et al.* (2016:1), the term working conditions is broad and is often applied to a wide range of circumstances. Working conditions generally include working hours, annual leave, maternity protection, and minimum wages, among other factors (Tansel, 2022:2). According to Golden (2012:2), in the economic-based literature, most research in labour supply starts by considering hours of work to reflect voluntary responses on the part of workers. Therefore, this subsection mainly focuses on working hours to show how working conditions, such as working hours, can play a role in the supply of labour. Bashir *et al.* (2020:2) claim the success of companies, businesses and firms depend on the performance of employees. Therefore, suitable working conditions should be established for employees so that they can fully carry out their responsibilities.

Traditionally, it is assumed that the number of working hours can be chosen up to a maximum equal to the time endowment. However, some arguments suggest that working hours cannot be freely varied within jobs and are strongly influenced by employer preferences and institutional factors (Boheim & Taylor, 2003:1). Ewald (2016:4) posits that individuals do not have a choice in the number of hours they work. Hours are influenced by the demand for labour, work time schedules of enterprises and institutional arrangements, such as the number of holidays, overtime, normal working weeks, et cetera. Constant and Otterbach (2011:2) argue that under perfectly competitive markets with rational agents and full information, actual and preferred hours of work should be the same; however, for many workers the desired hours of work do not coincide with their actual working hours. Firms, for example, generally do not offer jobs with low hours of work, therefore, workers who wish to reduce their working hours may be faced with a choice of stopping work altogether or not changing their hours at all (Boheim & Taylor, 2003:2). Aleksynska *et al.* (2019:26) state that hours of work play a key role in workers' health and wellbeing. For example, the extent to which workers are exposed to workplace risks increases with the duration of work, while the availability of sufficient resting periods is crucial for proper recovery.

Participation rates. The labour force participation rate (LFPR) is the country's available workforce which is measured by the percentage of the population aged 15 and older who are either employed or actively seeking employment (Perez-Arce & Prados, 2020:1). According to the Congressional Budget Office (CBO, 2017:4), labour force participation is a key component of economic growth. When people participate in the labour force, firms can expand employment and increase production. Active participation in the labour force in many communities around the world is the key means through which men and women earn a living. It is one of the main ways that the working-age individuals can have an independent source of income (UN, 2020:1). According to Perez-Arce and Prados (2020:1), following the financial crisis of 2008, which is referred to as the "Great Recession", the LFPR declined significantly in many countries.

With that being said, people who are out of the labour force report several reasons for not actively looking for work. Some of those reasons include caring for a family member because of an illness or disability and being discouraged from looking for a job because they cannot find one with suitable wages (CBO, 2017:3-4). On the other hand, Grigoli *et al.* (2018:3) state that in advanced economies, participation rates are low because of the population growth being slow, life expectancy rising, and the number of elderly people increasing. Therefore, if more people do not participate in the labour force, aging could slow advanced economies' growth and, in many cases, undermine the sustainability of their social security. As mentioned earlier, greater labour force participation is associated with economic growth. Lisaniler and Bhatti (2005:209) state that labour supply, which is determined by LFPR, is a key component of economic development that is vital for the advancement of both men and women. Idowu and Owoeye (2019:15) maintain that, although

men have always been dominating in the labour force, the increase of female participation in the labour force has been one of the strongest phenomena of recent times, increasing the participation rates, which drives the employment trend and collapses the gender gap in the LFPR.

2.5.2 The demand for labour

According to Farm (2018:1), labour demand can be defined as follows:

...the relation between employment and the labour employers seek to hire during a given time period at a particular wage rate. The demand for labour is a derived demand, meaning that labour is demanded mainly for its contribution to the production of goods and services.

Barker *et al.* (2018:76) state that, since the demand for labour is a derived demand (i.e., it is derived from the demand for the product made or services provided by the employee), the demand for labour would, therefore, be indirectly affected by economic conditions such as expansionary or restrictive fiscal and monetary policies, as well as domestic and foreign competitive conditions that impact goods and services. The following factors are some of the determinants of the demand for labour, as presented in Figure 2.2: wage rates, technology, labour productivity, profitability of firms, globalisation and, as mentioned earlier, economic conditions such as monetary and fiscal policies.

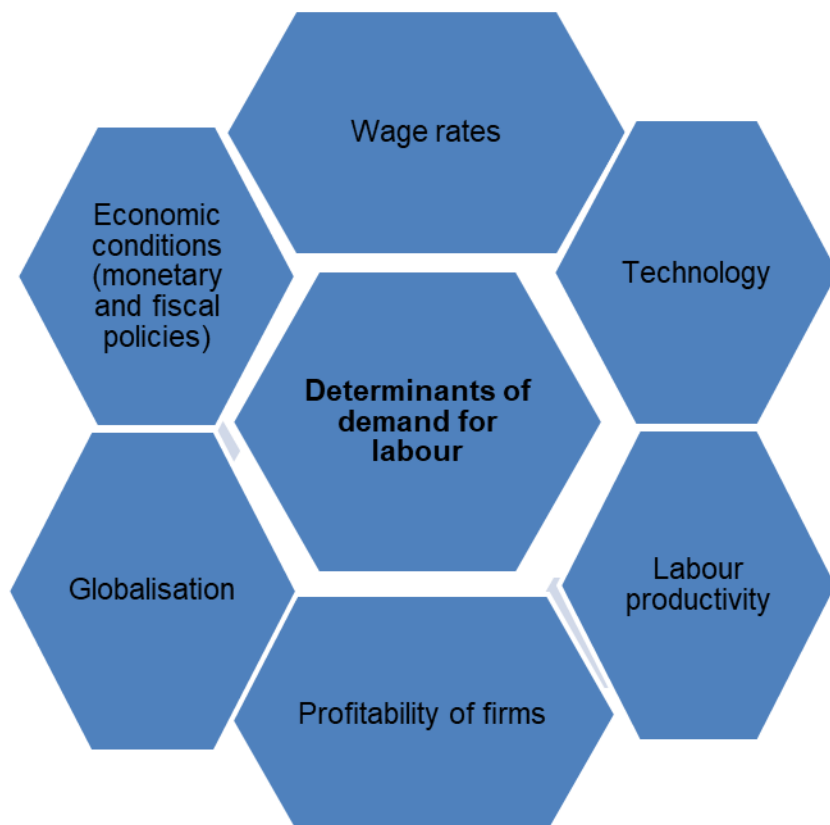


Figure 2.2: Determinants of demand for labour

Source: Author's own compilation (2022)

The determinants of labour demand, as displayed in Figure 2.2, is elaborated on below.

Wage rates. According to Von Fintel (2017:5), wages and employment, as well as unemployment rates, are bidirectionally related, with each causal chain highlighting distinctive features of how the labour market functions. Huttunen (2005:1) states that because of the increased demand for educated workers, the structure of wages and employment has dramatically shifted in recent years. In some countries, this has taken the form of increasingly unequal distribution in earnings and, in some countries, it has led to a rise in unemployment. With unemployment being associated with wages, the persistence of unemployment then deepens in terms of how wages adjust in the face of unemployment. It is often argued that if wages were flexible, unemployment would be eliminated (Jackman, 2016:1).

According to Von Fintel (2017:5), wage determination involves a degree of bargaining. For example, wage-curve literature posits that wages depend on the slackness of local labour market conditions: high regional unemployment lengthens the job queue and, as a result, reduces the wage bargaining power of employees. Rocheteau and Tasci (2007:1) state that wage setting depends on whether the labour market is competitive, in which case employers exert significant power over wage decisions. In a perfect competitive market, firms have no power to set wages; the market determines a competitive wage. In an employer-dominated market, which is referred to as a monopsonistic market, employers have the power to set wages. Felix and Portugal (2016:1) maintain that within a perfect competitive market, all workers with the same quality are paid the same market wage. For example, if the reservation wage is above R5 000, workers must stay out of the labour force, whereas workers with a reservation wage that is below R5 000 should enter the labour force. In other words, under competitive conditions, wages adjust to clear the labour market, equalising labour supply with labour demand.

According to the OECD (2020a:14), within a monopsonistic market, if an employer recognises that there are no good substitutes for specialised workers in a factory, for example, the employer can set wages below the competitive level – that is, the level of work that workers would be offered if there were other factories competing to hire from that pool of workers. In such a case, the factory can set lower wages without losing many workers. However, if an employer wants to hire more workers, wages must increase. This wage increase would be for all workers, so the marginal cost of hiring extra workers is not just higher wages for the new workers but for all the other workers (EIC, 2019:10).

Technology. According to Skans (2019:1), technological changes raise both fear and hope for the future. On the one hand, there is a risk of certain jobs being knocked out of the labour market, increasing unemployment and income inequality as a result. On the other hand, technological changes can lead to increased productivity and greater prosperity. As mentioned earlier, Huttunen

(2005:1,7) states that there has been an increase in demand for better educated workers, as it is assumed that highly educated workers have more transferable human capital and they have a better capacity to adapt to changes induced by economic conditions and new technology than unskilled workers. Daniel (2021:1) posits that technology has affected the demand for skills. Furthermore, changes in employment and wage structures in different countries and industries are due to technological changes.

According to Addison *et al.* (2014:4), computerisation changed the mix of job tasks in production which increased the demand for cognitive and interpersonal skills, reduced the demand for routine mechanical and analytical skills while having minimum direct impact on demand for non-routinised manual skills. Furthermore, these outcomes call for a richer version of skill-biased technical change hypothesis in which new technology and highly skilled (highly educated) workers complement one another. On the other side, Bruckner *et al.* (2017:3,4) state that technology drives economic growth and improves standard of living. It increases productivity, boosts per capita income and consumption. Technology also influences the nature and quality of work as well as the structure of societies. Furthermore, technological progress has enhanced the productivity of workers, creating new products and markets, thereby, generating new jobs. NICVA (2018:11) further states that the 4IR is creating a demand for new jobs while eliminating some jobs, such as hand sewers, tax preparers, and loan officers. However, this should not cause people to be pessimistic because eventually, the 4IR will create more additional jobs in the economy and the number of jobs will grow.

Labour productivity. According to Van Biesebroeck (2015:1), labour productivity is defined as the value of output that a worker, a firm, an industry, or a country has produced per unit of labour input. To calculate labour productivity, one simply divides labour output by labour input. Higher levels of productivity have a positive impact on output and economic growth (Habanabakize *et al.*, 2019:2). Micallef (2016:28) posits that productivity plays a key role in economic success and is the main driver of per capita growth in the long run. According to Murphy (2021:21), the only way to raise workers' standard of living over time is to raise their productivity, as the value of output that an average worker produces in a certain period of time must increase. However, worker productivity is influenced by factors such as skills and education, background conditions, such as the region's endowment of natural resources, and the quality of tools and equipment. It is also influenced by labour laws and regulations that limit the flexibility of market forces to determine labour compensation and employment levels (Murphy, 2021:21).

Zakirov (2013:6) states that technological advances influence the productivity of employees in such a way that every employee can produce more than before, therefore, the value of output would rise. This means that any additional worker hired can produce more than enough to cover the cost of their labour. Such growth in productivity would increase a firm's demand for labour as it brings

profit to the firm. An increase in demand would lead to an increase in wage rate. In that case, the rise in productivity would increase labour income. Van Zyl (2020:2-3) posits that technology removes inefficiencies in the workplace, thus contributing to higher levels of employee productivity.

According to Bassanini and Venn (2008:6), employment protection legislation (EPL), which is the set of regulations governing the hiring and firing of workers, could affect production efficiency and productivity growth. Strict EPL may increase productivity by acting as a signalling device to workers about firm commitment, increasing worker effect and incentives to invest in firm-specific human capital as well as to cooperate with the implementation of work practices or technology that would enhance productivity. Heywood *et al.* (2018:6) argue that on the demand side, strict EPL is likely to cause employers to become more selective and raise their hiring and/or promotion standards. Unskilled workers would be less likely to meet those standards, resulting in higher levels of unemployment.

Profitability of firms. In economic literature, a basic assumption is the one-off diminishing marginal returns to labour (Amoroso, 2015:1). According to Arshed *et al.* (2021:2570), the law of diminishing returns states that we add more units of a variable (e.g., agricultural labour) to fixed inputs of land and capital. The change in total output would rise, then eventually fall (diminishing marginal returns is when the marginal product falls). Figure 2.3 illustrates the marginal revenue product curve.

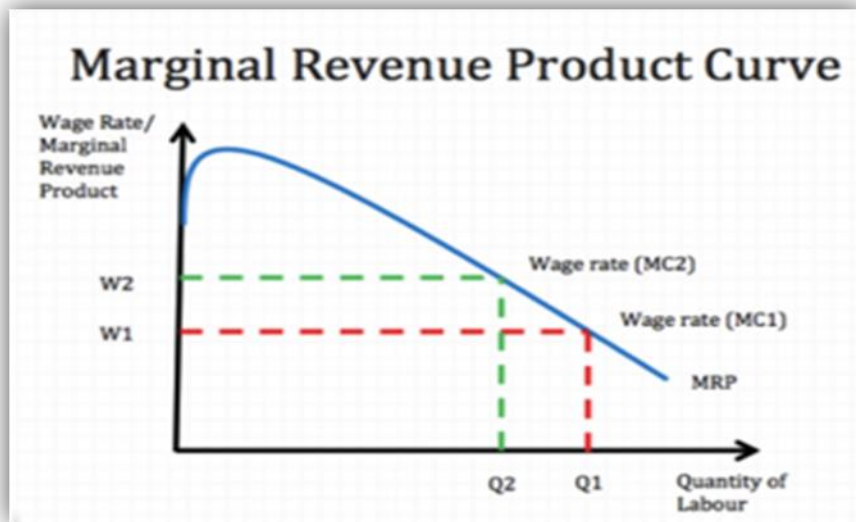


Figure 2.3: Marginal revenue product curve

Source: Ealing Independent College (EIC, 2019:1)

As shown in Figure 2.3, when labour input is low at Q2, the additional output produced by the extra unit of labour is relatively high at W2, which is the wage rate divided by the marginal revenue product. When more labour is added, the marginal physical product of labour (MPPL) drops at Q1

and the MPPL is W_1 . What matters to firms is the revenue they will receive from selling the additional output produced. Furthermore, “when deciding the profit maximising amount of labour to employ, firms need to consider the marginal physical product (MPP) x marginal revenue received from selling the extra output”. This is called the marginal revenue product of labour (MRPL) (EIC, 2019:2). If a firm is operating under perfect competition, the marginal revenue and price will be the same. That is, $MRPL = MPPL \times \text{price}$ (EIC, 2019:3).

According to Hamermesh (2021:2), when firms experience an increase in labour costs, employers either do nothing, or absorb the extra costs, or they reduce the amount of labour employed. Babiak *et al.* (2019:4) state that, since firms incur higher wage costs, their profits should be reduced. However, to avoid losses, firms can adjust to new conditions by increasing their output prices. According to Kohli and Suri (2011:564), pricing is a crucial element of the marketing strategy. It does not require significant investments or resources and is perhaps the most accessible lever to manage profitability. De Toni *et al.* (2017:121) posit that pricing decisions are one of the most important decisions of management because they affect the profitability of businesses, companies and firms, hence pricing is complex and challenging.

Globalisation. The term globalisation remains a composite term that is used to capture a variety of contrasting phenomena that are often complex and multifaceted (Bhorat & Lundall, 2004:1). Gerhards *et al.* (2017:25) state that the process of globalisation has led to increasing interconnectedness between societies around the world. According to Rajarshi (2020:3), globalisation is the removal of barriers to free trade and closer integration of national economies. Globalisation is also defined as an extensive network of economic, cultural, political, social interconnections and processes that go beyond national boundaries (Yalcin, 2018:2). Although globalisation has had positive economic effects globally, some argue that its implications have been negative.

Coe (2010:139) argues that globalisation has had negative implications in the labour market for OECD countries. Heightened import competition and increased offshoring have had little impact on aggregate employment, but they have affected sectoral composition of employment and reduced demand for low-skilled workers. Fang *et al.* (2021:2165) posit that globalisation is one important mechanism through which labour market conditions of unskilled workers are deteriorating. Jobs of unskilled workers are disappearing because of globalisation. Jagannath (2015:1) claims that globalisation has intensified the demand for quality labour that embodies more knowledge and competency/skills to maximise production and handle new technological advancements. Gerhards *et al.* (2017:2) maintain that the demand for human capital in the labour market has increased, as new technological systems require knowledgeable and highly skilled workers. Milet (2019:15) states that, since globalisation is the integration of goods and services, financial and capital markets on a world scale, this integration means facing tougher competition. Therefore, firms must

adjust by engaging in innovation, adopting new technology and developing new products to remain competitive in global markets.

Economic conditions. Economic conditions refer to the economic characteristics that describe the state of the economy. These conditions include inflation, unemployment, GDP and fiscal and monetary policies (CFI, 2023). For this study, fiscal and monetary policies as economic conditions were applied. According to Afonso *et al.* (2019:133), since the beginning of the 1980s, the relationship between fiscal and monetary policies started to gain more relevance. Fiscal and monetary policy coordination form the key prerequisite for macroeconomic stability and sustainable economic growth (Chugunov *et al.*, 2021:42). Fiscal and monetary policy coordination implies that both fiscal and monetary policies complement each other to achieve predetermined economic activities (Sanusi *et al.*, 2021:2). Conflict occurs when these policies do not complement each other and hinder macroeconomic objectives.

According to Mehar (2022:1), monetary policies guide the central banks' supply of money to achieve the objectives of price stability, full employment, and growth in income. Benito (2017:2) states that monetary policy relieves financial pressures affecting businesses by reducing interest expenses and freeing up credit and supports labour demand and employment. However, employment is a crucial factor of economic activity and the way in which monetary policy affects employment varies from country to country (Christoffel *et al.*, 2006:8).

According to Bergman *et al.* (2020:6), monetary policy has heterogeneous effects on employment across different demographic groups, which have varying degrees of labour market attachment. The employment growth of blacks, women and less-educated workers is more sensitive to monetary policy in tighter labour markets. For these groups, which are less attached to the labour market, monetary policy expansions are associated with larger increases in employment growth when labour markets are tight as opposed to when they are slack. In contrast, for whites, male and educated workers, the responsiveness of employment growth to monetary policy is less sensitive to the degree of labour market tightness (Bergman *et al.*, 2020:7). Despite the uncertainty about the nature of the relationship between monetary policy and unemployment, it is generally accepted that monetary policy has a significant impact on employment (Bhattacharyya, 2011:2).

According to Weinstock (2021:1), fiscal policy describes changes to government spending and revenue behaviour in efforts to influence economic outcomes. Expansionary fiscal policy – which refers to an increase in government spending, a decrease in tax revenue, or a combination of the two – is expected to spur economic activity. On the other hand, contractionary fiscal policy – which refers to a decrease in government spending, an increase in tax revenue, or a combination of both – is expected to slow economic activity. When the government's budget is running at a deficit, fiscal policy is said to be expansionary, and when it is running at a surplus, fiscal policy is said to

be contractionary (Weinstock, 2021:2). During the great recession, which was the financial crisis in 2008/09, the role of fiscal policy was evident (Tcherneva, 2011:2). In OECD countries, unemployment increased significantly, adding 8 million unemployed people between 2008 and 2014. The years of crisis challenged policymakers to address unemployment and triggered a series of old and new policy responses aimed at containing job losses through setting incentives for both labour demand and supply. Fiscal policy was tilted towards supporting jobs by stimulating aggregate demand (Bova *et al.*, 2015:1).

Many countries adopted fiscal stimulus programmes to boost aggregate demand in response to the onset of the recession. In the UK, for example, the government introduced various tax cuts and increased government spending (Shaheen, 2019:1). Weinstock (2021:2) states that with the use of fiscal stimulus, governments can replace some of the lost aggregate demand and limit the negative impacts of recession on individuals and businesses by increasing government spending, decreasing tax revenue, or employing a combination of the two. Decreased tax revenue through tax cuts indirectly increases aggregate demand in the economy. For example, an individual's tax cut increases the amount of disposable income available to individuals, enabling them to purchase more goods and services because government spending takes the form of purchasing goods and services (Weinstock, 2021:3). The next section discusses labour market flexibility.

2.6 LABOUR MARKET FLEXIBILITY

This section provides a discussion on labour market flexibility, as it influences organisations' productivity and competitiveness in the labour market. Labour market flexibility is seen as increasingly important because of the rapid changes in the world economy and global competition (Amadeo & Horton, 1997:1). Wachsen and Blind (2016:941) state that labour market flexibility continues to be a debated topic in general, especially after the sharp rise of unemployment in various countries.

Galik *et al.* (2022:2) define labour market flexibility as the ability of labour markets to adapt to changing economic conditions. According to Barker *et al.* (2018:179), labour market flexibility refers to the extent to which enterprises can adjust various aspects of their workers and workforce to meet the demands of the business, for example, working time, size of the workforce, content of jobs, et cetera. Productivity has been traditionally defined as the relationship between real output (which is the quantity of goods and services produced) and the quantity of input used to produce goods and services (McConnell as cited in Barker *et al.*, 2018:168). Productivity depends mainly on the flexibility that an employer appreciates or has engineered through a skilled workforce (Barker *et al.*, 2018:167). Furthermore, productivity is crucial to the long-term wellbeing of any country (Barker *et al.*, 2018:167). Barker *et al.* (2018:172) also state that some characteristics of

labour market flexibility – such as flexible working hours, extended job descriptions, transfers within and between workplaces as well as appropriate job security –have a critical impact on productivity.

Employment flexibility has become a management mantra, and there is evidence of various forms of employment flexibilities being increasingly applied in advanced industrial societies (Guest, 2004:1). Working from home, for example, has allowed working parents to reconcile their work schedule with childcare centres and school hours, and has contributed to employee satisfaction with their work–life balance (OECD, 2016:5). Brown *et al.* (2009:3) state that research results have underlined the importance of flexible work options for both employers and employees across the public and private sectors. A national survey of employees found that those with access to flexible work options reported greater life satisfaction and better mental health as well as less interference between work and family domains. Employers also benefit because employees with access to flexible work options report higher levels of job satisfaction and engagement as well as greater loyalty to their employers. With that being said, four main types of flexibilities are identified in the literature, namely contracts of employment flexibility, wage flexibility, working time flexibility, and work organisation flexibility.

2.6.1 Contracts of employment flexibility

Flexibility in contracts of employment is based on job security and hiring decisions and atypical employment. These are elaborated on below.

2.6.1.1 Job security and hiring decision

Flexibility in contracts of employment involves the use of fixed-term or temporary contract arrangements as a basis on which to employ a proportion of the workplace (Guest, 2004:1). Marica (2018:154) posits that fixed-term employment contracts are seen as a stepping stone to permanent employment. They have become popular among flexible forms of work contracts. Rouvroye *et al.* (2021:3-4) state that employing workers on a short-term basis, for example, allows businesses or organisations to adapt quickly to fluctuations in production and service requirements. Furthermore, temporary or fixed-term labour agreements are also used to postpone definite hiring decisions and acquire human capital that employers seek. This is done in instances where employers are looking to hire permanent employees by extensively screening applicants for permanent positions during their fixed-term or temporary arrangements.

For workers, fixed-term or temporary employment might be associated with high job insecurity, loss of opportunities for development, and a sense of marginalisation (Guest, 2004:2). Marica (2018:155) maintains that the advantages of fixed-term employment contracts that are enjoyed by employers are a disadvantage to employees. For instance, the termination of a fixed-term contract at the end of the employment period increases job insecurity. However, Ceemet (2014:9) argues

that contracts of employment flexibility are also important to individual workers. Companies find that employees want more flexibility in their working arrangements to cater to their needs, for instance, taking care of family or pursuing personal development opportunities. The use of contracts of employment benefits organisations, as they provide numerical flexibility, which is the ability to quickly increase or decrease their workforce to respond to the market demands. Nevertheless, although contracts of employment have been happily embraced by policymakers, both negative and positive long-term outcomes must be considered.

2.6.1.2 Atypical employment

According to Ferrante (2016:235), atypical employment refers to the process of casualisation where standard employment is displaced by temporary or part-time employment, as well as externalisation where economic restructuring, for example, sub-contracting or labour broking, takes place. For employers, the advantages of atypical employment include reduced labour costs, promotion of greater flexibility and sidestepping burdensome labour regulations. The disadvantages of atypical employment include no or low wages, neglected human resource development, such as training, bad working conditions, low or no health and safety standards, no or low social security, no or low employment security, and difficulty for unions to organise labour. These disadvantages may cause employers to lose the ability to attract and retain skilled workers (Ferrante, 2016:235).

2.6.2 Wage flexibility

According to Clar *et al.* (2007:4), wage flexibility is defined as the speed with which real wages react to macroeconomic conditions, and it is measured as the responsiveness of real wages to shocks, usually measured as unemployment variations. Wage flexibility presents employees with lower wage security because uncertainty of wages may have an impact on financial planning. On the other hand, when better market conditions arise, that may signal an increase in wages (Ferrante, 2016:235). Barker *et al.* (2018:187) state that wage flexibility refers to the extent to which wages are linked to individual workers or groups of workers' productive effort and to the productivity and profitability record of the sector or enterprise. Furthermore, wage flexibility is crucial to job security because it has been found that where flexible wages constitute a substantial proportion of labour costs, employees are less likely to be laid off.

2.6.3 Working time flexibility

Working time flexibility refers to the total working hours within a given period and the possibility of rearranging working time within a given period (Van Niekerk as cited in Barker *et al.*, 2018:188). Working time flexibility includes overtime, shift work, a shortened work week, and flexitime (which implies flexible starting and finishing times). Huckle (2019:4) states that it is important to note that,

while each of the arrangements could be used individually, they are frequently combined to complement each other. Furthermore, work time flexibility offers convenience in planning but does not reduce the working hours. Jackson and Fransman (2018:3) posit that working time flexibilities such as flexi-place and flexi-time have a positive effect on one's work–life balance. According to Huckle (2019:5), some researchers argue that employee work time control and flexibility by means of organisational policies and initiatives can reduce employee turnover. Employers who offer flexible working hours so that employees can balance work–life demands may have a strong competitive advantage in external recruitment and internal retention.

2.6.4 Work organisation flexibility

Work organisation flexibility – also called internal or functional flexibility – refers to the extent to which workers or conditions of employment within an enterprise can be adjusted to the changing circumstances (Barker *et al.*, 2018:189). Manne (2014:13-14) states that organisations facilitate flexibility in the workplace as a way of responding to the needs of a workforce that shows high levels of work and family demands by implementing flexible work arrangements. The flexible work and family arrangements that organisations implement allow employees to fulfil both work and family responsibilities and reduce work–family conflict. These arrangements also benefit organisations as employees' improved ability to balance work and family demands is likely to increase their commitment and performance. Ramendran *et al.* (2013:299) suggest that organisational flexibility enables organisations to exercise decision involvement, innovation, employee commitment, and promotes renewal processes. Although these four types of flexibilities are different, they are all important because they all address aspects of adaptability and ability to change contemporary workplaces (Bal & Izak, 2020:8). The next section discusses underemployment and unemployment.

2.7 UNDEREMPLOYMENT AND UNEMPLOYMENT

The following subsections discuss underemployment and unemployment as the core issues in the labour market. Underemployment and unemployment are subjects that are equally important within the labour market because they both cause economic instability and poverty.

2.7.1 Underemployment

According to Beukes *et al.* (2017:33), for the past years, the focus of labour market analysis has primarily been on employment and unemployment; however, little attention has been given to the extent to which jobs occupy people in terms of working hours and the ways in which people's skills and qualifications are used. As the labour market grows, so does its complexities, therefore, the mere distinction between employment and unemployment may be inadequate. For many years, unemployment rates have been widely reported as the only indicator of how the economy works,

while other employment statuses, such as underemployment, have received little public attention (Mncayi, 2020:18). Underemployment can be defined as individuals' perceptions that they work in an inferior, lower quality or lesser type of employment and that their abilities and skills are not fully utilised (Lee, 2005:172). As underemployment identifies workers who are inadequately employed, it constitutes an important aspect within the quality-of-work framework. For many people, the problem is not the lack of jobs opportunities but rather the absence of adequate job opportunities (Baidoo, 2017:1). Three types of underemployment are identified in the literature, namely time-related underemployment, skill-related underemployment, and income-related underemployment.

Baidoo (2017:3) defines *time-related underemployment* as a situation where an employed person works less or insufficient hours relative to the number of hours that an individual is willing and available to work. For example, a person is involuntarily employed part-time but wanting to work more hours.

Skill-related underemployment refers to involuntary employment conditions where a worker's skills are underutilised even if they work full time (Baidoo, 2017:4). Ngwenya *et al.* (2020:3) state that skill-related underemployment comprises of two distinct constructs: over-education and over-skilling. Over-education is defined as a situation where a person has higher levels of education than what the job requires, while over-skilling occurs when an individual's skills and work experience are higher than what the job requires. Over-education can be measured using two approaches, namely the subjective approach and the objective approach. The subjective approach refers to when workers are asked to do an assessment based on the minimum requirements of their job and their educational attainment, or they can be directly asked if they perceive themselves as skill-related underemployed. The objective approach compares an individual's level of education with the level of educational attainment required for the job (Baidoo, 2017:5).

Income-related underemployment refers to individuals who are available and willing to change their current work situation in order for their income to increase (Sauders, 2015:20). According to the International Labour Organization (ILO as cited in Mncayi, 2020:39), income-related underemployment is defined as workers who are willing and available to change their current employment situation to increase their income.

Underemployment is one of the most problematic components in the labour market; therefore, understanding the dynamics surrounding labour markets has become a vital point of departure in alleviating poverty and inequality (Meyer & Mncayi, 2021:12). According to Mncayi (2020:15), the issue of underemployment is one of the most crucial issues in the labour market but is often overlooked. It has received little attention from policymakers and researchers alike, and this is worrying because the chances of finding stable employment continue to diminish. In recent years, graduates have found themselves in situations where they struggle to find employment, and even if

they do find employment, many of them find themselves in jobs that are inferior by some standards (Mncayi, 2020:15).

Whether it is perceived to be real or not, underemployment can have dire consequences. It is believed to have an influence on employees' attitudes and behaviours in the sense that it leads to low levels of job involvement, high levels of job dissatisfaction, feelings of being unappreciated and low mental health (Lee, 2005:172). Furthermore, previous research results indicated an association between underemployment and wellbeing. Kim and Allan (2020:79-80) state that underemployed workers experience poorer wellbeing at work and outside of work. Furthermore, underemployment causes depression over time and leads to lower psychological wellbeing and a poor self-concept. Researchers such as Allan *et al.* (2018), Lee (2005), Maynard *et al.* (2006), and Watt and Hargis (2010) have repeatedly investigated the relations of underemployment and work-related wellbeing. For example, underemployed workers report less social support, less job satisfaction, greater work alienation and less meaningful work.

Several factors cause underemployment. According to Lacmanovic *et al.* (2016:332), some of the causes of underemployment are associated with demand constraints such as slow job growth, business cycle conditions, unemployment rates, technology and industrial relations (e.g., automation of routine manufacturing jobs), job characteristics, and employers' preferences. Others are associated with supply constraints such as changes in the skills composition of the workforce, poor health, an increase in the number of college graduates, and increased expectations of college-educated graduates.

Educational mismatch, also referred to as field-of-study mismatch, is one of the crucial determinants of underemployment. According to Bonnal *et al.* (2009:320), the relationship between educational attainment and underemployment is based on theory of human capital. The level of education that employees have attained is important for evaluating the match between skills acquired during the educational process and the ones requested for the job. Any mismatch between these skills and the job generates underemployment. The higher the level of education, the higher the set of possible job choices, and the lower the probability of being underemployed; however, if no jobs are provided in the labour market that require important levels of education, then highly educated individuals are highly likely to be underemployed.

Underemployment can also occur because of demographic and personal variables, such as gender, age, race and educational attainment, to name but a few. Concerning gender, females, especially, mostly experience underemployment. According to Mncayi (2020:29), gender has been associated with marital status or family structure, as a woman's behaviour is influenced by her marital status in the labour market. For example, because of family and responsibilities at home, some women may have to seek employment with less working hours than they would prefer and,

as a result, they earn less money (Mncayi, 2020:29). On the other hand, Wilkins (2007:255) states that some women prefer to work part time, while men want to work more hours, therefore, marital status does not influence the probability of being underemployed.

Age is another demographic factor that determines underemployment. Members of the workforce between the ages of 16 and 24 are more likely to be underemployed than those between the ages of 55 and 64 (Domfe *et al.*, 2013:39). Reynolds (as cited in Mncayi, 2020:29) posits that young people are increasingly being employed part time on fixed contracts. Race is another factor that determines underemployment, as racial minorities often deal with negative employment outcomes. According to Nunn *et al.* (2019:1), in the United States of America (USA), blacks, Hispanic and white workers experience different labour market outcomes, whereas white workers experience lower rates of underemployment than black or Hispanic workers. Lessard-Phillips *et al.* (2018:497) posit that race is a significant determinant of graduates' labour market outcomes. For instance, in the UK, racial minorities fare worse in the labour market than their white counterparts, as they are more likely to enter occupations that are less skilled and less well paid, and they are more likely to experience unemployment. Hajdari and Fetai (2022:366) state that level of education has an impact on people's employment prospects. Therefore, people with low levels of education have substantially lower activity rates than those with higher levels of education.

2.7.2 Unemployment

Mncayi and Shuping (2021:1) state that the phenomenon of shrinking employment has become a chronic socio-economic problem around the globe, as entry into labour markets are prolonged because of chronic levels of unemployment, which indicates that people are not being absorbed into the labour market, making their chances of finding employment difficult. The global financial crisis in 2009 triggered a slowdown economically around the world (ILO, 2009:7). Globally, the number of unemployed people increased by almost 34 million in the period between 2007 and 2009. The global unemployment rate was measured at 6.6% in 2009 (Qerimi & Sergi, 2017:144).

According to the European Central Bank (ECB, 2012:12), job creation resumed from mid-2010; however, the intensification of the crisis in the second half of 2011 led to further falls in employment, especially in some Euro area countries. At the end of 2011, the total number of employed people was still lower than before the crisis, resulting in an increase in the unemployment rate to 11.3% in July 2012. Qerimi and Sergi (2017:144) state that the data for 2016 showed a global decrease in unemployment from the 2009 levels, albeit at a slower pace. The unemployment rate for developed economies decreased because of improvements gained in the Northern, Southern and Western Europe region as well as in the US. However, the same trend has been lacking in developing economies, as they are experiencing a slight increase in

unemployment. According to ILO projections, China (0.8 million) and Brazil (0.7 million) are developing economies that contribute to the unemployment rate (Qerimi & Sergi, 2017:145).

In March 2020, a worldwide lockdown was implemented due to the coronavirus pandemic, also referred to as Covid-19, which had dramatic effects on the economy and the labour market. It caused a significant decline in employment, while unemployment rose (Powell *et al.*, 2022:1). According to Zielinski (2022:2), the restrictions that were imposed on economic activity during the lockdowns led to a recession that resulted in increased unemployment. Previous recessions built up over time, with job losses lasting for at least five months; however, the recession caused by the Covid-19 pandemic reached its deepest point after two months, with immediate consequence for the lives and livelihoods of millions of people around the world. Orsetta *et al.* (2021:7) state that some of the effects of the pandemic on the structure of employment may persist, with some sectors and occupations permanently shrinking and others growing, for instance, the increase in demand for professionals in healthcare and a decrease in semi-skilled jobs such as salespersons. Unemployment remains a cause for concern, as it has an overwhelming impact on economic welfare, social security, and the erosion of human capital. It also breeds psychological problems, such as frustration and hopelessness, and leads to criminal activities, especially among unemployed youth (Patel, 2019:2).

Youth unemployment is a serious issue globally. *Youth unemployment* refers to unemployment of young people between the age range of 15 to 24, according to the UN (Mekonnen, 2021:12). According to Ayhan (2016:262), young people have a key role in all countries worldwide. The youth can be seen as the engine for achieving development goals because they are more energetic, creative, talented, productive, dynamic and open-minded. A better world would be created by creative and dynamic youth because their potential is a valuable resource for economies. Mekonnen (2021:12) posits that both social and economic situations depend on the capacity of the youth to engage in productive activities. The youth unemployment rate is three times higher than the adult unemployment rate, as four out of 10 of every unemployed person globally are young people (Ayhan, 2016:263). In addition, the Covid-19 pandemic caused the existing high levels of youth unemployment to rise sharply (OECD, 2021:2). Young people across countries have not escaped the economic and social impacts of the Covid-19 pandemic. Even pre-pandemic, the labour market situation and opportunities for young people were already precarious and insecure. Currently, with sectors such as retail, tourism and consumer services that traditionally employ young people closing, younger staff are often the first to be made redundant, moved to insecure job contracts, or do not find jobs at all (Barford *et al.*, 2021:7).

According to Suleiman (2022:7), high rates of unemployment are problematic for any age group; however, unemployment of youth and new entrants in the labour market is more problematic. Azeng and Yogo (2013:1) state that youth unemployment is soaring across the globe. In Africa, for

instance, youth unemployment is exacerbated by challenges of a youth population that is considerably higher than other regions, weak labour markets, and persistent high levels of poverty. In the context of Nigeria, thousands of young graduates enter the labour market, but there are no jobs. Nigerian streets are filled with youth hawkers and bike riders who would have gained employment in some enterprise or would have used their skills and resourcefulness if there were enabling environments and reliable management structures (Uddin & Uddin, 2013:397). Mekonnen (2021:20) posits that this challenge is common for Asia, Sub-Saharan African countries and the Middle East where economic growth is stagnant and the youth population is increasing. In Ethiopia, 65% of the population is under 25 years of age, and the most unemployed part of the population are those under 25 and who graduated from tertiary education institutions.

Gorlich *et al.* (2013:3) argue that there are several causes of youth unemployment. The most significant is poor macro-economic performance. A lack of growth affects everyone in the economy, but some groups are hard-hit. Youth are more affected because youth unemployment tends to be super cyclical. It fluctuates more than adult unemployment. Factors contributing to this high cyclical volatility include young workers usually having lower job protection and they are likely to have less job-specific experience because companies do not invest in training them; therefore, letting them go is not a huge loss relative to an experienced adult worker (Gorlich *et al.*, 2013:4). Caliendo and Schmidl (2016:1) state that one reason for the lower labour market attachment of youth is their initial low labour market experience. During their transition from school to work, labour market entrants tend to learn about their abilities and preferences by “job shopping”, resulting in higher rates of turnover and more frequent periods of unemployment. Studies have also shown that even the educated youth has remained unemployed, particularly in developing countries. This is attributed to a mismatch between the supply of education and demand for labour (NSB, 2020:2). That being said, the causes of youth unemployment differ across countries, so solutions to tackle them would differ. Unemployment in the South African context is elaborated on in chapter 3.

A distinction is made between four types of unemployment, as they give an indication of the possible reasons for unemployment and an idea of how unemployment issues can be addressed (Barker *et al.*, 2018:201). Four types of unemployment are frictional unemployment, seasonal unemployment, cyclical unemployment, and structural unemployment.

Frictional unemployment mainly reflects temporary unemployment as a result of workers leaving a job, losing a job, and/or finding another job (Mwinga, 2012:13). Levernier and Yang (2011:61) state that the speed with which job seekers can find new employment depends on their skills, education and the needs of the labour market. According to Ntshiza (2018:12), frictional unemployment lasts for a short period because people move from one job to another for better wages and opportunities; therefore, when vacant positions are not filled, people remain

unemployed until they find jobs in other areas. People may be hesitant to take jobs that are far away from home because of factors such as children's education, family ties and housing issues. Ntshiza (2018:13) further states that the good thing about this type of unemployment is that it is optional and temporary. Some people save money so they can leave unsatisfactory jobs. These people also have enough time to look for work until suitable job opportunities are available.

Seasonal unemployment arises when certain economic activities are restricted because of the season or weather conditions (e.g., agriculture, housing, public works) (Naftanaila, 2016:55). People that work during peak periods and are unemployed in off-peak periods can be described as seasonal workers. Best examples of seasonal workers are those in retail trade, agriculture, construction, tourism, et cetera (Barker *et al.*, 2018:201).

Cyclical unemployment arises during periods of economic depression. This type of unemployment is caused by factors such as protests, changes in population and political disturbances (Ntshiza, 2018:13). During economic depression, the demand for jobs is higher than the jobs available; therefore, jobseekers in the labour market struggle to find employment, and those already employed lose their jobs through retrenchments. However, once there is improvement in the economy, those who were cyclically unemployed find jobs again (Barker *et al.*, 2018:201).

Structural unemployment refers to a situation where there is a mismatch between the jobs that are offered and the jobs that are needed. This is caused by a disparity between skills levels, geographical location, and sectoral shifts in the production pattern of a country as well as other similar structural factors (Perazzi *et al.*, 2017:236). Barker *et al.* (2018:201) state that even during high economic growth, job opportunities are slow to increase to absorb the unemployed and new labour market entrants. According to Johanna (2015:4), this type of unemployment is generally believed to be caused by factors such as mismatch of qualifications of those unemployed and those in demand, persistent economic shocks, or institutional arrangements such as the wage bargaining system.

Unemployment affects the economy, individuals, families and communities in many ways. When unemployed, their skills may be eroded through a lack of use. The erosion of skills or depreciation of human capital increases with time, which means that the potential wages an unemployed individual can earn by finding a new job and even the chances of finding a new job decrease the longer they are unemployed (Nichols *et al.*, 2013:2). Unemployment can have devastating effects such as psychological, social, financial and economic effects.

Psychological effects. According to Ahn *et al.* (2004:1), unemployment is among the working-age population's most damaging individual experiences. Income, labour market status, job characteristics, security, leisure and many other factors constitute an individual's well-being or

happiness; therefore, being unemployed can cause negative emotions. Kidwai and Sarwar (2015:143) posit that unemployed people have lower levels of psychological well-being than those who are employed. Oluwayemisi (2019:8) states that unemployed people experience negative emotions such as worry, anxiety, boredom, loneliness and suicidal thoughts. All these emotions make a person feel worthless. Wilson and Finch (2021:4) posit that stress and low self-esteem arise from the loss of day-to-day structure of work, causing a detrimental effect on individuals' mental health.

Social effects. Furaker (2010:8) states that the unemployed may find it difficult to maintain their family and friendship relations because of poor financial resources. Lars and Nicolai (2017:1) posit that unemployment not only causes material hardship because of loss of income, but it also enforces deprivation of social benefits. According to Nichols *et al.* (2013:2), owing to unemployment, the family's income falls because of a lack of earnings and loss of income affecting the household. For example, family vacations or social outings are cut. Furthermore, social contact with friends also decreases because friendships are based on mutual exchanges that demand financial resources. Oluwayemisi (2019:9) maintains that having no social life while unemployed leads to isolation because the unemployed individual avoids participating in social activities and relationships that were attached to the work role. Furthermore, they do not attend social gatherings, especially those that involve their employed friends, because they perceive themselves as unfit for those events and/or activities.

Financial effects. Financial uncertainty because of unemployment is the leading cause of stress for many people. People can control their lives, provide necessities, and socialise due to the availability of funds. When unemployment occurs, a lack of money disrupts people's lives, as they are unable to meet their basic needs. Furthermore, the standard of living decreases, leading to economic hardships and eventually causes human hardship because individuals are unable to financially support themselves and their families (Oluwayemisi, 2019:9). Nichols *et al.* (2013:4) further state that families with unemployed individuals have lower consumption. Consumption drops following unemployment partly because of borrowing or spending savings. Unemployed people may borrow money from friends or savings to make ends meet; however, this results in a poor financial situation.

Economic effects. According to Iloabuchi (2019:83), economic growth is used to measure the unemployment rate and poverty and to help improve people's standard of living. Hence, the increase in GDP is expected to reduce unemployment while increasing employment. Kukaj (2018:10) states that the relationship of economic growth and unemployment is one of the most vital issues in the world. If the level of production drops, the effects would be sequential, ranging from increasing unemployment, low levels of income, low levels of consumption, and additional decrease in output. Therefore, the primary responsibility of legislators around the world is to make

sure that the unemployment rate remains low because it represents one of the key indicators of success or failure of socio-economic policies.

According to the ILO (2018a:1), media and decision-makers around the world regard the unemployment rate as a good labour market indicator. The unemployment rate conveys the percentage of people in the labour force who do not have jobs but are available and seeking for jobs. Furthermore, the unemployment rate depicts the labour market's ability to provide jobs that are in demand. Tables 2.1, 2.2 and 2.3 indicate the recent unemployment rates of OECD member countries.

Table 2.1: OECD member countries' unemployment rates

	2020	2021	2021				2020	2021					2022
			Q1	Q2	Q3	Q4		Aug	Sep	Oct	Nov	Dec	
OECD - Total	7.2	6.2	6.7	6.5	5.9	5.5	5.3	5.9	5.7	5.7	5.5	5.3	5.3
G7	6.5	5.2	5.7	5.5	5.0	4.5	4.2	5.0	4.8	4.7	4.5	4.3	4.4
European Union	7.2	7.0	7.5	7.3	6.8	6.5	6.7	6.9	6.7	6.6	6.5	6.3	6.2
Euro area	8.0	7.7	8.2	8.0	7.5	7.1	7.4	7.5	7.3	7.3	7.1	7.0	6.8
Australia	6.5	5.1	6.0	5.1	4.6	4.7	5.1	4.5	4.6	5.2	4.6	4.2	4.2
Austria	6.0	6.2	7.1	6.7	5.6	5.3	4.6	6.0	4.9	5.8	5.2	4.8	4.9
Belgium	5.8	6.3	6.6	6.4	6.2	5.9	5.1	6.3	6.2	6.1	5.9	5.7	5.6
Canada	9.6	7.5	8.4	7.9	7.2	6.3	5.7	7.1	7.0	6.8	6.1	6.0	6.5
Chile	10.8	8.9	10.4	9.1	8.2	7.7	8.2	8.2	8.0	7.8	7.7	7.7	..
Colombia	15.9	13.4	14.4	13.9	12.8	12.5	11.3	12.2	12.9	13.0	12.4	12.2	12.6
Costa Rica	19.6	16.4	18.8	18.0	15.3	13.7	12.5	15.3	15.0	14.4	13.7	13.1	..
Czech Republic	2.6	2.8	3.3	3.1	2.7	2.2	1.8	2.8	2.6	2.4	2.2	2.1	2.2
Denmark	5.7	5.1	5.9	5.1	4.7	4.6	4.8	4.7	4.9	4.7	4.6	4.5	4.7
Estonia	6.9	6.2	7.0	6.6	5.9	5.4	5.2	5.8	5.7	5.3	5.4	5.5	5.3
Finland	7.7	7.7	8.0	8.1	7.5	6.9	6.6	7.1	7.7	6.7	6.8	7.2	7.1
France	8.0	7.9	8.0	8.2	7.9	7.3	7.8	7.9	7.7	7.5	7.3	7.2	7.0
Germany ⁽¹⁾⁽²⁾	3.8	3.5	3.9	3.6	3.4	3.2	3.5	3.4	3.3	3.2	3.2	3.2	3.1
Greece ⁽²⁾	16.4	14.8	16.4	16.0	13.7	13.3	15.7	13.9	13.1	13.3	13.6	13.0	13.3
Hungary	4.1	4.1	4.3	4.1	3.9	3.9	3.5	4.2	3.4	4.0	3.9	3.7	3.8
Iceland	6.4	6.0	6.9	6.3	5.1	4.5	4.9	5.1	4.8	4.6	4.5	4.3	4.2
Ireland	5.9	6.3	7.4	6.9	5.5	5.2	4.8	5.4	5.2	5.2	5.3	5.2	5.3
Israel	4.3	5.0	5.1	5.3	5.0	4.4	3.4	5.0	5.0	4.8	4.4	4.1	3.9
Italy	9.3	9.6	10.1	9.8	9.1	9.1	9.6	9.1	9.1	9.3	9.1	9.0	8.8
Japan	2.8	2.8	2.9	2.9	2.8	2.7	2.4	2.8	2.8	2.7	2.8	2.7	2.8
Korea	3.9	3.7	4.3	3.7	3.2	3.4	3.3	3.1	3.1	3.2	3.2	3.8	3.6
Latvia	8.1	7.6	7.7	7.8	7.4	7.3	7.2	7.4	7.2	7.2	7.3	7.4	7.3
Lithuania	8.5	7.1	7.6	7.5	6.7	6.7	7.4	6.7	6.5	6.8	6.7	6.6	7.0
Luxembourg	6.7	5.6	6.2	5.9	5.3	5.0	5.7	5.2	5.2	5.0	4.9	5.0	4.7
Mexico ⁽³⁾	4.4	4.1	4.4	4.3	4.0	3.8	3.6	4.0	3.9	3.8	3.8	3.9	3.5
Netherlands	4.9	4.2	4.7	4.4	4.1	3.8	4.0	4.2	4.1	3.9	3.7	3.8	3.6
New Zealand	4.6	3.8	4.6	4.0	3.3	3.2							
Norway	4.6	4.3	4.8	5.0	4.0	3.5	3.5	4.0	3.6	3.6	3.5	3.3	..
Poland	3.2	3.4	3.8	3.6	3.1	3.0	3.0	3.1	3.0	3.0	3.0	2.9	2.8
Portugal	7.1	6.6	6.8	6.9	6.4	6.2	6.6	6.3	6.4	6.4	6.3	5.8	6.0
Slovak Republic	6.7	6.8	7.1	7.0	6.6	6.4	6.0	6.6	6.5	6.4	6.4	6.4	6.4
Slovenia ⁽²⁾	5.0	4.8	5.3	4.6	4.5	4.6	4.2	4.5	4.6	4.7	4.6	4.4	4.2
Spain	15.5	14.8	15.6	15.4	14.7	13.4	13.8	14.7	14.3	13.9	13.4	13.0	12.7
Sweden	8.5	8.8	9.2	9.2	8.6	8.2	7.8	8.8	8.8	8.5	8.2	8.0	8.1
Switzerland	4.8	..	5.4	5.3	5.0	..							
Turkey	13.1	12.0	12.9	12.2	11.7	11.2	12.8	11.8	11.5	11.2	11.3	11.2	..
United Kingdom	4.6	4.4	4.9	4.7	4.3	4.1	4.0	4.3	4.2	4.1	4.1	..	..
United States ⁽⁴⁾	8.1	5.4	6.2	5.9	5.1	4.2	3.5	5.2	4.7	4.6	4.2	3.9	4.0

Source: OECD (2022)

According to the OECD (2020b:1), the unemployment rate increased to 8.4% in April 2020 compared to 5.5% in March 2020, reflecting the impact of Covid-19 containment measures. As shown in Table 2.1, in January 2022, the unemployment rate was stable at 5.3%. The same unemployment rate was recorded in February 2020 just before the pandemic. This represents a positive trend of stable unemployment (OECD, 2022:1) in OECD member countries.

Table 2.2: OECD member countries' unemployment rates by sex

	Women							Men						
	2020	2021	2021		2021		2022	2020	2021	2021		2021		2022
			Q3	Q4	Nov	Dec				Q3	Q4	Nov	Dec	
OECD - Total	7.4	6.4	6.1	5.7	5.7	5.6	5.5	6.9	6.0	5.8	5.3	5.3	5.2	5.2
G7	6.6	5.1	4.9	4.4	4.4	4.2	4.2	6.4	5.3	5.1	4.6	4.6	4.4	4.5
European Union	7.5	7.4	7.2	6.7	6.7	6.6	6.5	7.0	6.7	6.5	6.2	6.2	6.1	6.0
Euro area	8.3	8.1	7.9	7.4	7.4	7.2	7.1	7.7	7.4	7.1	6.8	6.8	6.7	6.6
Australia	6.4	5.0	4.7	4.8	4.7	4.2	4.0	6.6	5.2	4.5	4.6	4.6	4.1	4.3
Austria	5.9	6.1	5.5	5.3	5.2	4.8	4.3	6.1	6.3	5.8	5.3	5.3	4.9	5.3
Belgium	5.5	6.1	5.7	5.4	5.4	5.4	5.3	6.0	6.5	6.7	6.3	6.3	6.0	5.9
Canada	9.5	7.2	6.8	6.0	5.6	5.9	6.6	9.6	7.7	7.6	6.6	6.6	6.0	6.5
Chile	11.0	9.2	8.7	8.0	8.0	8.0	..	10.6	8.6	7.8	7.5	7.5	7.4	..
Colombia	20.1	17.5	16.7	16.3	16.1	15.7	16.4	12.8	10.4	9.9	9.7	9.7	9.7	9.8
Costa Rica	25.7	22.0	19.9	17.4	17.4	16.8	..	15.6	12.7	12.2	11.3	11.3	10.6	..
Czech Republic	3.0	3.4	3.2	2.6	2.7	2.4	2.6	2.2	2.3	2.2	1.9	1.8	1.9	1.9
Denmark	6.0	5.2	4.7	4.5	4.5	4.3	4.5	5.4	5.0	4.8	4.7	4.6	4.7	4.8
Estonia	6.7	5.6	5.2	5.0	4.7	5.4	5.2	7.1	6.8	6.6	5.7	6.0	5.6	5.4
Finland	7.4	7.1	7.1	6.6	6.7	6.9	6.8	8.1	8.2	7.9	7.3	6.9	7.6	7.3
France	8.0	7.8	7.8	7.2	7.2	7.0	6.8	8.1	8.0	7.9	7.5	7.5	7.4	7.3
Germany ⁽¹⁾⁽²⁾	3.4	3.2	3.0	2.8	2.8	2.8	2.8	4.2	3.9	3.7	3.5	3.5	3.5	3.5
Greece ⁽²⁾	19.9	19.0	17.9	17.3	17.8	16.6	16.8	13.7	11.5	10.3	10.1	10.2	10.1	10.4
Hungary	4.2	4.2	4.0	4.1	4.1	3.7	3.9	4.1	3.9	3.8	3.6	3.6	3.7	3.7
Iceland	6.3	6.5	5.0	4.3	4.3	4.2	4.2	6.6	5.7	5.1	4.6	4.6	4.4	4.1
Ireland	5.9	6.2	5.4	5.2	5.2	5.2	5.4	5.8	6.3	5.5	5.3	5.3	5.2	5.1
Israel	4.1	4.9	4.9	4.3	4.2	4.1	3.9	4.5	5.0	5.1	4.5	4.5	4.1	3.9
Italy	10.3	10.7	10.4	10.1	10.1	9.7	9.8	8.6	8.7	8.2	8.4	8.4	8.4	8.0
Japan	2.5	2.5	2.5	2.5	2.5	2.4	2.4	3.0	3.1	3.1	2.9	3.0	2.9	3.0
Korea	4.0	3.8	3.1	3.7	3.4	4.3	4.2	3.9	3.6	3.1	3.2	3.1	3.3	3.2
Latvia	7.1	6.6	6.0	6.6	6.8	6.8	6.6	9.1	8.5	8.8	8.0	7.9	8.0	8.0
Lithuania	7.7	6.6	6.0	5.8	5.7	5.9	6.0	9.3	7.6	7.4	7.6	7.7	7.4	8.0
Luxembourg	6.8	6.2	5.8	5.4	5.4	5.4	5.1	6.5	5.1	4.8	4.5	4.5	4.5	4.3
Mexico ⁽³⁾	4.2	4.1	4.1	4.0	4.0	4.3	3.5	4.6	4.1	4.0	3.7	3.6	3.6	3.6
Netherlands	5.1	4.5	4.4	4.1	3.9	4.0	3.9	4.6	4.0	3.8	3.6	3.5	3.6	3.4
New Zealand	5.0	3.9	3.4	3.3				4.3	3.7	3.3	3.1			
Norway	4.4	4.0	3.6	3.2	3.2	3.0	..	4.8	4.6	4.3	3.6	3.6	3.6	..
Poland	3.3	3.4	3.2	3.0	3.0	2.9	2.8	3.1	3.4	3.1	2.9	2.9	2.9	2.8
Portugal	7.4	6.9	6.9	6.3	6.4	5.8	5.9	6.8	6.3	6.0	6.0	6.1	5.8	6.0
Slovak Republic	7.1	7.0	6.8	6.4	6.3	6.4	6.6	6.2	6.6	6.5	6.4	6.4	6.5	6.2
Slovenia ⁽²⁾	5.7	5.4	4.2	5.1	5.2	5.1	4.8	4.4	4.3	4.7	4.2	4.2	3.9	3.7
Spain	17.4	16.7	16.4	15.1	15.1	14.7	14.3	13.9	13.1	13.1	11.9	11.8	11.5	11.2
Sweden	8.5	9.1	8.9	8.8	8.5	8.7	9.1	8.5	8.5	8.4	7.7	8.0	7.3	7.1
Switzerland	5.0	..	5.0	..				4.7	..	4.9	..			
Turkey	14.8	14.7	14.3	14.0	14.3	13.8	..	12.4	10.7	10.4	9.9	9.7	9.9	..
United Kingdom	4.3	4.3	4.1	3.9	3.9	..	..	4.8	4.7	4.4	4.2	4.2	..	..
United States	8.4	5.2	4.9	4.2	4.2	3.9	3.9	7.8	5.5	5.3	4.2	4.2	3.9	4.1

Source: OECD (2022)

During the pandemic, the unemployment rates among women rose faster than among men, increasing by 3.3% in April 2020 to 9.1 % for women, compared to an increase of 2.6% to 7.9% for men (OECD, 2020b:1). As shown in Table 2.2, the unemployment rate for women in OECD member countries declined in January 2022 to 5.5% from 5.6%, as measured in December 2021,

while it was stable for men at 5.2%. Generally, most countries report lower unemployment rates for men than women (OECD, 2022:1).

Table 2.3: OECD member countries' unemployment rates by age

	Youth (15-24)							Prime-age and Older Workers (25+)						
	2020	2021	2021		2021		2022	2020	2021	2021		2021		2022
			Q3	Q4	Nov	Dec				Q3	Q4	Nov	Dec	
OECD - Total	15.2	12.8	12.2	11.5	11.6	11.2	11.3	6.2	5.3	5.1	4.7	4.7	4.6	4.6
G7	13.8	10.6	10.1	9.2	9.3	9.1	9.3	5.6	4.5	4.4	3.9	3.9	3.7	3.7
European Union	17.3	16.7	15.9	14.8	14.8	14.3	14.0	6.3	6.1	6.0	5.7	5.7	5.6	5.5
Euro area	17.7	16.9	16.1	14.7	14.8	14.2	13.9	7.0	6.8	6.7	6.3	6.3	6.2	6.1
Australia	14.3	11.3	10.6	11.1	10.9	9.4	9.0	5.0	4.0	3.5	3.5	3.4	3.2	3.3
Austria	11.7	11.0	10.1	9.4	9.8	8.2	9.0	5.3	5.6	5.1	4.8	4.7	4.4	4.4
Belgium ⁽¹⁾	15.9	18.4	18.4	16.4	16.4	16.4	..	5.0	5.3	5.2	4.9	4.9	4.9	4.8
Canada	20.0	13.6	11.6	10.7	10.5	11.1	13.6	7.9	6.5	6.5	5.6	5.4	5.1	5.4
Chile	24.7	20.0	17.5	16.8	16.8	16.7	..	9.6	7.9	7.4	7.0	7.0	6.9	..
Colombia	27.3	24.1	23.8	22.4	21.8	21.1	23.8	13.7	11.4	10.7	10.7	10.6	10.6	10.5
Costa Rica	42.4	39.4	38.0	36.4	36.4	36.1	..	15.8	12.5	11.6	10.1	10.1	9.5	..
Czech Republic	7.9	8.2	7.4	7.0	6.5	7.3	6.8	2.3	2.5	2.4	2.0	1.9	1.9	2.0
Denmark	11.6	10.9	10.0	10.2	9.9	10.0	10.3	4.7	4.1	3.9	3.7	3.7	3.6	3.7
Estonia	18.3	16.9	16.0	17.6	18.3	18.4	17.8	6.0	5.4	5.1	4.4	4.4	4.5	4.3
Finland	20.8	17.1	14.2	15.0	16.0	13.8	15.2	6.0	6.5	6.7	5.9	5.7	6.4	6.1
France	21.4	18.9	19.6	15.7	15.4	15.1	14.8	6.6	6.6	6.5	6.4	6.4	6.3	6.1
Germany ⁽²⁾⁽³⁾	7.1	6.9	6.4	5.9	5.9	5.8	5.7	3.5	3.2	3.0	2.9	2.9	2.9	2.9
Greece ⁽³⁾	35.4	35.7	30.0	32.9	37.0	28.7	31.4	15.5	13.8	12.9	12.3	12.4	12.3	12.4
Hungary	12.4	13.4	13.7	12.8	12.4	11.6	11.6	3.5	3.4	3.2	3.2	3.3	3.1	3.3
Iceland	11.9	12.3	8.8	8.9	8.9	9.2	9.1	5.5	5.0	4.4	3.7	3.7	3.5	3.3
Ireland	15.9	14.7	11.6	12.3	12.5	12.7	13.0	4.6	5.1	4.5	4.2	4.2	4.0	4.0
Israel ⁽⁴⁾	7.9	7.7	8.7	7.5	7.8	6.2	5.8	3.7	4.5	4.7	4.1	4.0	3.8	3.3
Italy	29.5	29.9	27.9	27.3	27.5	26.6	25.3	8.1	..	7.9	..	..	..	..
Japan	4.5	4.6	4.3	4.8	5.0	5.2	4.8	2.6	2.7	2.6	2.6	2.6	2.5	2.6
Korea	10.5	8.5	7.0	7.7	7.6	7.4	8.0	3.6	3.4	2.9	3.2	3.0	3.6	3.4
Latvia	14.8	14.8	15.0	12.4	12.3	11.5	10.9	7.7	7.1	6.9	7.0	7.0	7.2	7.1
Lithuania	19.5	14.4	13.3	10.6	10.4	10.6	11.5	7.7	6.6	6.2	6.4	6.4	6.3	6.6
Luxembourg	22.7	16.9	15.8	14.9	14.7	15.4	13.3	5.4	4.6	4.3	4.0	4.0	4.0	3.9
Mexico ⁽⁵⁾	8.1	8.1	7.2	7.7	7.6	7.5	6.8	3.7	3.4	3.4	3.1	3.0	3.2	2.9
Netherlands	10.6	9.4	8.9	8.0	7.8	7.8	7.6	3.7	3.2	3.1	2.9	2.8	2.9	2.8
New Zealand	12.4	10.5	9.9	8.8				3.3	2.7	2.2	2.2			
Norway	11.5	10.9	10.5	9.5	9.5	9.2	..	3.6	3.3	3.0	2.5	2.5	2.4	..
Poland	10.9	12.4	10.7	10.9	11.0	11.2	10.8	2.7	2.8	2.6	2.4	2.4	2.3	2.3
Portugal	22.9	23.1	23.0	21.6	22.3	20.5	21.1	6.0	5.5	5.3	5.1	5.2	4.8	5.0
Slovak Republic	20.3	20.8	19.3	19.6	19.5	20.3	20.4	5.8	6.0	5.9	5.7	5.7	5.7	5.6
Slovenia ⁽¹⁾⁽³⁾	14.4	13.1	12.3	10.0	10.0	10.0	..	4.4	4.2	3.9	4.2	4.2	4.1	3.9
Spain	38.3	35.0	31.9	31.0	31.2	30.5	29.4	14.0	13.4	13.5	12.2	12.1	11.8	11.6
Sweden	23.2	24.8	24.5	24.1	24.3	23.5	21.7	6.7	6.8	6.6	6.2	6.2	6.0	6.3
Switzerland	8.6	..	8.6	..				4.3	..	4.5	..			
Turkey	24.9	22.8	22.3	21.4	22.4	20.8	..	11.1	10.1	9.8	9.4	9.2	9.4	..
United Kingdom	13.8	12.3	11.7	11.2	11.2	..	..	3.3	3.4	3.3	3.1	3.1	..	..
United States	15.1	9.7	9.4	8.4	8.4	8.2	8.3	7.1	4.7	4.5	3.6	3.6	3.3	3.3

Source: OECD (2022)

The youth has been particularly affected by the pandemic. During the pandemic, the youth unemployment rate increased by 5.5% to 17.6% compared to an increase of 2.7% for people aged 25 and above (OECD, 2020b:1). Table 2.3 shows that the youth unemployment rate increased in

January 2022 from 11.2% in December 2021 to 11.3%. The next section elaborates on labour market inequalities and discrimination.

2.8 LABOUR INEQUALITIES AND DISCRIMINATION

According to Barker *et al.* (2018:260), “labour market discrimination can be defined as the inferior treatment of groups of workers with respect to employment policies or practices through factors not related to the labour market such as being black or female”. Labour market discrimination is an area of immense importance because it is a wide-ranging phenomenon that requires attention. Labour market discrimination occurs at any time, for instance, when looking for a job, while on the job, and when leaving a job (Schachter, 2007:2). The ILO (2021a:5) states that the existence of discrimination and inequalities means that access to labour market opportunities is not fairly divided among men and women, the young and the old, migrants, indigenous people, and other groups.

Schachter (2007:2) states that discrimination can be direct or indirect. Direct discrimination exists when rules, policies or practices exclude or give preference to certain workers based on their group membership; indirect discrimination occurs when neutral norms have unequal effects on one group without justification. Gagnon *et al.* (2020:1) maintain that chances are a pervasive feature of labour market activities and outcomes. Workers are confronted with them when facing hiring, promotion, bonuses and dismissal decisions. Those chances might be fair but can also be unfair for reasons such as favouritism, nepotism and discrimination.

Barker *et al.* (2018:260) distinguish between the following four types of labour market discrimination: human capital discrimination; employment discrimination; wage discrimination; and occupational discrimination. *Human capital discrimination* refers to discrimination with respect to education and training, which includes impaired access to education or training or inferior-quality education. *Employment discrimination* occurs when some groups bear an unequal share of the burden of unemployment. For example, the owner of a big retail store only hires female workers because they discriminate against males, even though these male applicants meet the necessary skills required for the job (Van de Rhee, 2012:14). *Wage discrimination* occurs when workers belonging to certain groups are paid less than workers belonging to other groups for doing the same work. Lastly, *occupational discrimination* occurs when specific groups are under-represented in skilled occupations, although they are as capable as other groups and also have the necessary qualifications (Barker *et al.*, 2018:260).

Various theoretical models have been formulated to explain labour market discrimination. Discrimination theories include the taste-for-discrimination model, statistical discrimination, the crowding model, and the transaction cost model.

a) The taste-for-discrimination model

Gary Becker (1957) originally proposed the taste-for-discrimination model to explain discrimination in his doctoral thesis. According to Becker, employers discriminate against minorities to avoid non-pecuniary, psychic costs of hiring a minority group member (Thijssen, 2020:4). Barker *et al.* (2018:261) state that, according to this model, some employers prefer certain groups of workers, for example, whites or males, even if it means they must pay for their preference or prejudice in terms of higher wages for such workers. Riley and College (as cited in Van de Rheede, 2012:15) further state that discrimination exists because some employers, co-workers and customers have a distaste for working with people from different ethnic backgrounds. They hold less favourable attitudes towards ethnic minorities, making it difficult for ethnic minority candidates to get employed (Thijssen, 2020:4).

b) Statistical discrimination

Kenneth Arrow (1973) and Edmund Phelps (1972) pioneered the statistical discrimination model in response to the taste-for-discrimination model (Thijssen, 2020:5). In contrast to the taste-for-discrimination model, statistical discrimination does not base group inequalities on race, gender or preferences (Fang & Moro, 2011:134). Van de Rheede (2012:16) states that the premise of statistical discrimination is that firms do not have full information about the skills of job applicants. Instead, they use observable characteristics such as race or gender to determine the productivity of applicants (if these characteristics are correlated with productivity). According to this model, employers discriminate because of their perception that, on average, workers from certain groups are less productive based on their employment history. Therefore, statistically (at least according to these employers), there is a good chance that individuals from a certain group (i.e., females or blacks) will have certain character traits that might be a disadvantage for the employer (Barker *et al.*, 2018:264). This statistical generalisation of individual workers causes the employer to be discriminative against those individuals.

c) The occupational crowding model

According to Stevans (1998:38), crowding is defined as the exclusion of certain workers from certain occupations which crowds them into other occupations that are low-paying. Solberg and Laughlin (1995:693) state that crowding occurs because some individuals prefer particular occupations as a utility-maximising alternative, or it may occur because employers behave in ways that exclude certain individuals from certain occupations. In her study of occupational segregation in the US using the 1960 census, Barbara Bergmann found that black males with low levels of education were concentrated in low-skilled labour occupations and were virtually excluded from higher-status occupations (Gibson *et al.*, 1998:73). In 1971, Bergmann developed the crowding model because of employer discrimination (Holder, 2018:683). According to this model, the

employer would, for the sake of labour peace, separate white and African workers, for example, into different occupational categories, to avoid racial tensions in the workplace. White customers might actually prefer white workers, and this leads to African workers being crowded into inferior occupations (Barker *et al.*, 2018:265). Another variant of this model relates to the fact that women are overrepresented in a small number of “traditional” women’s occupations such as nursing, teaching and secretarial work. Being crowded into a limiting number of occupations decreases the group’s wage rates and leads to inequalities (Barker *et al.*, 2018:265).

d) The transaction cost model

The transaction costs model emerged 80 years ago, and it still has an important influence on marketing thought. Scholars such as Ronald Coase formally proposed the transaction costs concept in 1937 to explain the existence of firms. The transaction costs model has been untouched by marketing academics, that is, consumer behaviour scholars, who are interested in individuals rather than firms (Rindfleisch, 2019:1). The transaction costs model may be relevant to explaining the labour market outcomes for ethnic, cultural and linguistic minorities. The cost to the employer for restructuring the workplace to accommodate those differences or provide additional training and courses can be substantial. Another example could be the mining sector because it is generally perceived as not being traditionally suitable for women; therefore, additional ablution and special facilities to cater for female workers need to be provided. This increases the costs of employing female workers, which results in discrimination (Barker *et al.*, 2018:266). Rindfleisch (2019:12) states that as individuals take over the transactions originally conducted by firms, the transaction costs model can play a crucial role in understanding and predicting transactions – for example, peer-to-peer sharing platforms, such as uber, changing many traditional industries and giving individuals roles that were served by firms.

2.9 CONCLUSION

This chapter addressed research objective one. The chapter provided a theoretical framework of the labour market and discussed six main themes, namely: a conceptualisation of key concepts used in the study, labour market theories; the supply of and demand for labour; labour market flexibility; underemployment and unemployment; labour market inequalities and discrimination.

The chapter began by conceptualising the key concepts used in this study. The following concepts were defined and conceptualised to create a mutual understanding of the concepts: labour market; employment; unemployment; underemployment; discrimination; human capital.

The second section provided an overview of labour market theories. The following theoretical approaches were elaborated on: neoclassical and Keynesian views on the labour market functioning; human capital theory; LMS theory; and internal-external labour market theory. To

adequately understand labour market functioning it is important to consider multiple theories and perspectives. Each theoretical framework provides unique insights into the dynamics and complexities of labour market functioning. Neoclassical theorists argue that markets are efficient and that wages are adjusted to bring about equilibrium between supply and demand. They, however, recognise that wage rigidity may result in persistent unemployment. According to Keynesians, employment levels are primarily determined by aggregate demand and that involuntary unemployment is a result of insufficient demand. Human capital theory emphasises that investments in education and training can result in increased productivity, higher wages and improved job prospects. Labour market segmentation theory shows that the labour market is divided into two distinct sectors, the primary (secure, well-paying jobs with good working conditions) and secondary sectors (insecure, low-paying jobs with poor working conditions), and emphasised the barriers (e.g., discrimination and lack of skills) experienced by the workers to move between the sectors. The internal-external labour market theory focuses on career (advancement) ladders and opportunities within the firm (ILM) and the filling of job openings through external recruitment processes outside the firm (ELM). Together these theories provided the researcher with a deep understanding of factors that may influence the experiences of individuals in the labour market.

The third section provided an overview of labour supply and demand. As mentioned earlier, the labour market is where the supply of and demand for jobs meet. Given the complexities and dynamics of the labour market, the process of finding suitable jobs is not always smooth; as a result, many graduates end up unemployed or underemployed. Therefore, understanding the factors that shape labour supply and demand is important for understanding the experiences of new entrants into the labour market as they directly impact employment opportunities and job competition in the labour market.

The fourth section provided an overview of labour market flexibilities. Literature has shown that distinct types of labour market flexibilities increase the competitiveness of organisations and also reduce problems, such as gender disparity, and encourage not only women but many other people to take up employment, even if its temporary or part-time, because it balances their work life and family life. It also allows companies and/or organisations to meet present and future challenges by creating choice, enabling complexity, accommodating workers and creating agility.

The fifth section provided an overview of underemployment and unemployment. As mentioned above, underemployment and unemployment are equally detrimental socially, psychologically and economically. Their effects are long-term, hence they need to be tackled simultaneously, as they could cause skills to depreciate.

The last section provided an overview of labour market inequalities and discrimination. Many labour markets are characterised by inequalities and discrimination such as racial, gender, income,

to name but a few. All these are a result of fragmented labour markets. To deal with the state of fragmented labour markets, more inclusive policies are needed to eradicate discrimination and inequalities, to increase the quantity of employment with quality jobs, and making jobs more secure and sufficiently well-paid.

The above-mentioned themes discussed in this Chapter provided a comprehensive understanding of the labour market and its influencing dynamics, which may affect the employment experiences and outcomes of graduates. The labour market theories provided a framework to analyse employment trends and predict how graduates may fare based on their fields of study. The supply of and demand for labour reveals the availability of jobs relative to the number of job seekers, highlighting the factors that may influence graduates labour market experiences and outcomes. Labour market flexibility considers how easily the labour market can adapt to changes in supply of and demand for labour. The discussion on underemployment and unemployment provided a comprehensive understanding of the challenges graduates may face when entering the labour market. Lastly, the discussion of labour market inequalities and discrimination shed light on systemic barriers that may affect employees, including graduates', employment prospects, providing a deeper understanding of the disparities in employment outcomes among different groups. The next chapter provides a discussion on the South African labour market.

CHAPTER 3:

THE SOUTH AFRICAN LABOUR MARKET

3.1 INTRODUCTION

Chapter 2 provided a theoretical framework of the labour market and discussed neoclassical and Keynesian views on labour market functioning and contemporary labour market theories applicable to the study. Furthermore, the chapter elaborated on factors important in labour markets at a global level, such as the supply of and demand for labour and the factors impacting them; the quest for labour market flexibility; underemployment and unemployment and the consequences thereof; and theoretical perspectives on labour market inequalities and discrimination.

This chapter focuses on providing the context of South Africa's labour market. The chapter unfolds as follows: first, the employment structure of the labour force is discussed, followed by the factors influencing the supply of and demand for labour in South Africa. Next, unemployment in the country is elaborated on, including youth unemployment and the factors that cause unemployment, after which a discussion follows on labour market inequalities and discrimination in the country. Lastly, the factors that influence the labour market outcomes of graduates in South Africa are provided. All these are important dimensions that reflect the South African labour market.

3.2 THE EMPLOYMENT STRUCTURE OF THE LABOUR FORCE

The employment structure in South Africa is diverse and reflect the economy of the country; various sectors, industries and occupations contribute to employment. Employment in South Africa is structured according to the following four main sectors: the primary sector, the secondary sector, the tertiary sector, and the informal economy (Ekin, 1973:316). They are briefly explained below.

Primary sector: The primary sector consists of economic activities related to obtaining resources from nature (Martinez & Navarro, 2012:1523). The main activities in the primary sector include agriculture, livestock, fishing, forestry and hunting. Agriculture is the most important activity within the primary sector because most of the world's poor people earn their living from agriculture (Vagdevi & Kiranbabu, 2015:1). South Africa's agriculture sector accounts for 2.6% of the country's GDP (Trading Economics, 2024). In the fourth quarter of 2023, 920,000 people were employed in South Africa's primary agriculture sector (Sihlobo, 2024).

Secondary sector: The secondary sector refers to the branches of human activities that transform raw materials into finished products (Gayathri, 2016:1) and include manufacturing (i.e., the production of goods using tools, machinery and labour), construction (i.e., the building of infrastructure, commercial and residential structures) and utilities (i.e., the services related to providing resources such as water and electricity) (Alshehhi & Olah, 2017:41). Kusumaningsih

(2023:230) states that the secondary sector cannot be separated from the national economic growth because it has been the backbone of the national economy since 1991. South Africa's manufacturing sector accounts for 13.9% and mining and quarrying for approximately 8.3% of the country's GDP (Trading Economics, 2024). In the third quarter of 2023, industries such as manufacturing recorded a decline in employment. A decrease in employment from 1,507,823 people employed in the manufacturing sector to 1,507,291 was recorded (CEIC Data, 2023).

Tertiary sector: The tertiary sector is the service sector of an economy (Zhao, 2022:892) and is the main sectoral contributor to South Africa's GDP (Haroon *et al.*, 2016:2), contributing 73% of the country's GDP (Trading Economics, 2024). The most important services in the country are finance, real estate and business services (accounting for 21.6% of GDP); government services (accounting for 17% of GDP); wholesale, retail and motor trade, catering and accommodation (accounting for 15% of GDP); and transport, storage and communication (accounting for 9.3% of GDP). The tertiary sector plays a key role in generating employment opportunities and promoting overall growth of the whole economy (Zhao, 2022:892). In the third quarter of 2023, employment in the sector increased by 31,000, resulting in a total employment of almost 10.2 million (Stats SA, 2023a).

Informal sector: The informal sector refers to the part of the economic activity of the country that includes small unregistered or unincorporated enterprises (Barker *et al.*, 2018:73). This also includes employers, employees, own-account operators, and unpaid family workers. Currently, 4.8 million people are employed in the informal sector in South Africa (Statista, 2023a). According to Stats SA (2023a:4), in the third quarter of 2023, informal sector employment increased by 29,000 people. Increases in the informal sector employment were driven by industries such as trade, transport and manufacturing.

As mentioned earlier, the South African employment structure is diverse. The occupational structure of South Africa broadly comprises the following: managers and professionals; clerks, sales and services workers; craft and related tradespeople; technicians; skilled agricultural workers; plant and machine operators; domestic workers; and elementary workers (Statista, 2023c). According to Barker *et al.* (2018:240), occupations are normally classified according to the type of work. In some cases, attention is also given to the industrial sector where an occupation is usually exercised, as well as to the training required for a specific occupation. For example, a clerk can be classified as a filing clerk or a stock clerk, referring to the type of work done. An artisan is classified by the industrial sector (e.g., motor mechanic) but can also be distinguished from other occupations based on their training. On the other hand, engineers or chartered accountants are usually classified based on their educational qualifications (Barker *et al.*, 2018:240). Skill levels are not always measured by an individual's qualifications. Some people may acquire their skills in a non-formal way, thus in such instances, experience would be more important than qualifications

(Barker *et al.*, 2018:240). Table 3.1 presents the occupational structure of people who are employed in the formal and informal sector in South Africa as measured in 2023.

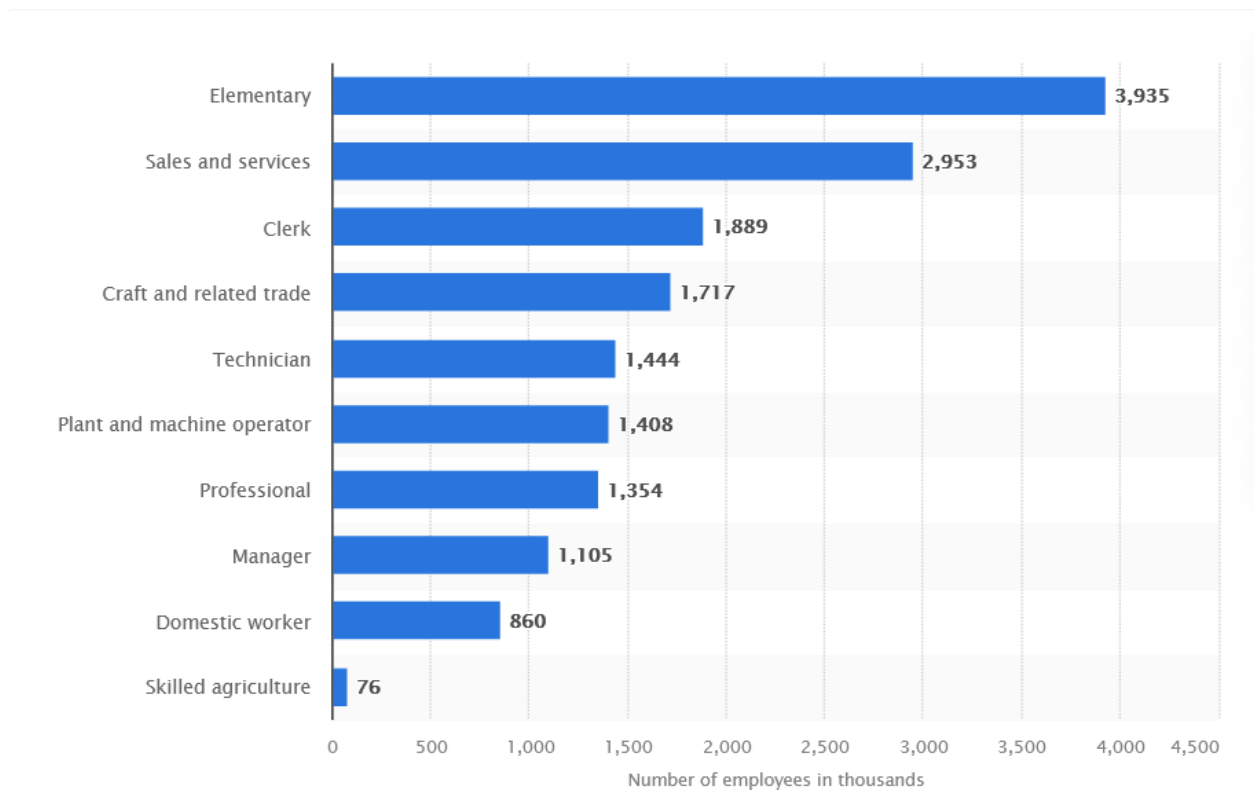


Figure 3.1: Number of people employed in South Africa in Q3 2023 by occupation

Source: Statista (2023b)

From figure 3.1, it is evident that, in the third quarter of 2023, most South African employees (more than 3.9 million people) were working as elementary workers, followed by those who worked as sales and services workers (close to 3 million workers), clerk workers (close to 1.9 million), and craft and related trade, technicians, plant and machine operators, professionals and managers (close to 1.7 million). Domestic and skilled agricultural workers were recorded as 860 000 and 76 000, respectively (Statista, 2023b).

From the above, it is evident that different sectors, industries and occupations contribute significantly to South Africa's economy and consequently influence its employment landscape. In the next section, factors that influence the supply of and demand for labour in South Africa are discussed.

3.3 FACTORS INFLUENCING THE SUPPLY OF AND DEMAND FOR LABOUR IN SOUTH AFRICA

The factors that influence the supply of and demand for labour (generally) were discussed in chapter 2. In this chapter, the factors that influence the supply of and demand for labour particularly in the South African context are outlined and discussed.

3.3.1 The supply of labour

Factors that influence the supply of labour in South Africa include fertility rates, mortality rates, human capital/education, migration and mobility. These factors are presented in figure 3.2.

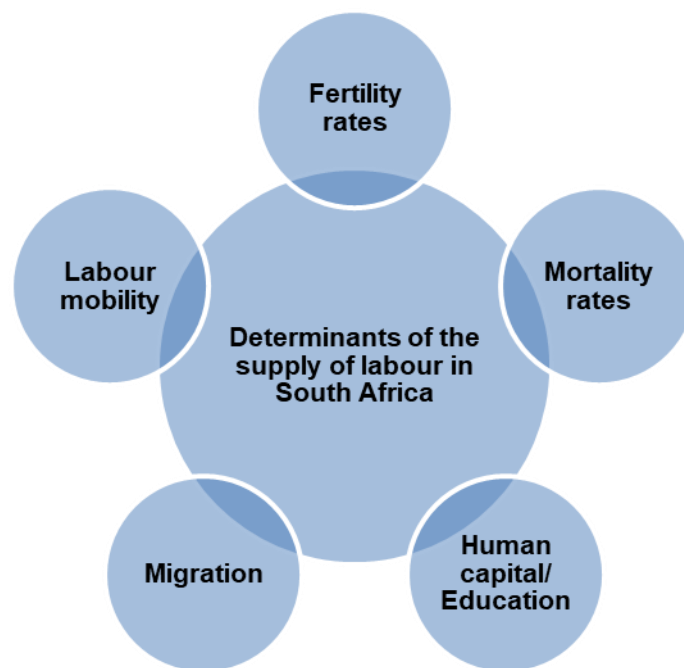


Figure 3.2: Factors that influence the supply of labour in South Africa

Source: Author's own compilation (2022)

The factors that influence the supply of labour in South Africa, as shown in figure 3.2, are elaborated on below.

Fertility rates: According to Stats SA (2015a:1), the decline in fertility rates in South Africa is well documented. The decline in fertility rates dates as far back as the 1950s. Fertility rates in South Africa declined from an average of 6 to 7 children per women to 4.5 children per women in the 1980s and to 3.3 children per women in the 1990s. Biney *et al.* (2020:2) maintain that South Africa has one of the lowest fertility rates, with an average of 2.4 children per women. The current fertility rate in South Africa is 2.3 children per women (Macrotrends, 2023). Khuluvhe *et al.* (2022:61) state that these trends imply a gradual shift of the population towards older ages and a slowdown of the growth of the working-age population. In addition to the slow growth of the working-age population,

a declining youth population and labour force would result in the slower entry of new skills into the labour market (Khuluvhe *et al.*, 2022:61).

Mortality rates: Burger and Mchenga (2021:4) argue that South Africa has a quadruple burden of diseases resulting from mortality, namely HIV/AIDS and tuberculosis (TB), mother and child mortalities, non-communicable diseases, and injuries and trauma. Non-communicable diseases comprise four main types: cardiovascular diseases (i.e., heart attacks and stroke); cancer; chronic respiratory diseases (i.e., chronic obstructive pulmonary disease and asthma); and diabetes (Stats SA, 2023c:2). With that in mind, post-apartheid South Africa has seen an unprecedented rise and fall of mortality rates in less than two decades because of the HIV/AIDS epidemic and the rollout of free antiretroviral therapy (ART) (Haal *et al.*, 2018:239). Tuberculosis is the leading cause of death in South Africa; however, year on year, it continues to decline (Stats SA, 2017:1).

According to Stats SA (2023c:24), in 2006, TB notification rates were reported to have increased with the HIV epidemic; however, since 2006, mortality caused by TB has declined. On the other hand, maternal mortality is still a challenge. The causes of maternal mortality are because of complications or management of the pregnancy and delivery and/or pregnant woman who have pre-existing or newly developed health problems (Msibi-Afdayan, 2023:1386). In South Africa, the rates of maternal mortality remain high despite the availability of strategies to improve the quality of health services (Mahada *et al.*, 2023:1251). Between 2020 and 2021, a 30% increase in maternal mortality was reported, with Limpopo being the fourth highest out of the nine provinces (Mahada *et al.*, 2023:1251). According to Roomaney *et al.* (2023:9), “injuries, whether violence related or unintentional, are responsible for the deaths of 4.4 million people globally”. In South Africa, injuries and trauma are a major public health concern. The Western Cape, one of the nine provinces of South Africa, reported 70% of patients injured, and most of the trauma is because of interpersonal violence (Pettke, 2023:2).

The coronavirus, also referred to as Covid-19, increased the quadruple burden. The National Department of Health (DoH) reported close to 91,061 deaths in South Africa caused by the coronavirus by the end of 2021 (Bradshaw *et al.*, 2022:1). According to Rocco *et al.* (2021:1), the improvement of health plays a significant role in promoting favourable economic development, as lower mortality rates mean living longer would allow individuals to invest in physical and human capital, which are the major engines of sustained growth.

Human capital/Education: According to Moses (2007:3), education and/or human capital not only provides the opportunity to escape deprivation through improved employment and earning prospects but also has non-pecuniary benefits, such as improved health, the ability to function and integrate successfully into the mainstream society. Khuluvhe *et al.* (2022:65) state that education influences the supply of labour through individuals’ qualification attainment and skills. Qualifications

act as a signal to prospective employers about an employee's abilities. In South Africa, the apartheid era government was discriminatory, and the negative impacts are still felt in today's economy. Prior to 1994, the education system prioritised "white" schools at the expense of "black" schools (Kimani, 2015:7). However, the current education system has a responsibility of continuing to play a key role in rectifying the damages of the apartheid era to reduce inequalities and discrimination (Khuluvhe *et al.*, 2022:65). Francis and Webster (2019:795) argue that despite access to education, the South African labour market remains at the core of the country's socio-economic challenge where the high-skilled segment is dominated by excess demand while the low-skilled tier is characterised by excess supply.

Migration: Migration is the movement of people from one residence to another. Emigrants leave their countries, while immigrants enter a country (Ferrante, 2016:202). The migration of people, both internally and internationally, increases the population size of people moving in or it reduces it if people are moving out (Arnold, 2021:7). Khuluvhe *et al.* (2022:64) state that immigrants are generally part of the working-age population, hence high levels of immigration result in increased supply of labour to the economy. However, high levels of emigration reduce the supply of labour and skills in the economy.

Kanayo *et al.* (2019:221) state that South Africa receives migrants from across Africa and beyond, prompting negative responses from both government and local communities. The effects of migration in South Africa are related to crime, prostitution, the spread of diseases, such as HIV/AIDS, and involvement in drugs, among others. However, promoting immigration could help alleviate South Africa's chronic shortage of skilled labour (Stats SA, 2019b:1). Furthermore, the skilled emigration out of South Africa has resulted in a net transfer of human capital and skill to more developed countries in the form of tax revenues and fiscal cost of educating those skilled workers, along with the potential loss of skills in the next generation (Yu, 2022:9).

Labour mobility: As indicated in chapter 2, labour mobility refers to the movement of labour, including geographical mobility (regionally or internationally) and occupational mobility (i.e., change of occupation and/or place of work) (PCRR, 2014:3). Labour mobility increases efficiency and productivity of workers, incomes, reduces unemployment, and enhances economic development (Omuhaka *et al.*, 2022:304). Labour mobility is often associated with job opportunities and the desire to earn more (Rufai *et al.*, 2019:3) and is one of the pathways out of poverty for poor people from developing countries, especially from Sub-Saharan Africa (SSA) countries (Rufai *et al.*, 2019:1). In South Africa alone, 2.5 million individuals are estimated to engage in labour mobility due to spatial inequalities in employment opportunities (Wang, 2017:1). The next section discusses the determinants of the demand for labour within the South African context.

3.3.2 The demand for labour

The main factors that influence the demand for labour in South Africa are economic growth, incidences of strikes, globalisation, technology, and labour productivity. These factors are presented in figure 3.3.



Figure 3.3: Factors that influence the demand for labour in South Africa

Source: Author's own compilation (2022)

The factors that influence the demand for labour in South Africa as shown in figure 3.3 is further elaborated on below.

Economic growth. Economic growth influences the level at which the economy can absorb labour (Leshoro, 2013:337). In South Africa, economic growth has been low since 2009 (Maloka, 2020:15). Structural constraints, such as unbalanced growth, inequality (Fedderke, 2018:6) and more recently, the economic consequences (including job losses) because of the Covid-19 pandemic, high levels of loadshedding in the country, and delayed investments due to inadequate electricity supply, have contributed to reduced economic growth (Department of National Treasury, 2022:9). According to Khuluvhe *et al.* (2022:81), South Africa is currently on a growth path in which the tertiary sector (particularly, the financial services and retail trade) accounts for most of the country's economic growth. Growth tends to be concentrated on capital-intensive activities that are unable to absorb millions of unemployed South Africans. This further lowers the levels of economic growth. Black *et al.* (2017:4) maintain that capital intensive activities contribute to the unemployment rate because skilled workers are more in demand than unskilled or low-skilled workers.

Misini and Mustafa (2022:58) state that economic growth is directly related to the reduction of unemployment. Khuluvhe *et al.* (2022:81) argue that employment growth will continue to be in high-skill occupations if South Africa continues its current growth path. It will remain important to provide these types of skills that have grown in demand. According to Ngepah *et al.* (2021:1), human capital is a key economic variable that has been identified to promote growth. Firstly, education is a key instrument that shapes the human capital fibre and equips the labour force for higher productivity levels. Secondly, education increases the innovative capacity of the economy and brings knowledge for new technologies, products and processes which, in turn, promote efficient production, activities and boosts economic growth. Furthermore, growth can be promoted by implementing plans such as the National Development Plan (NDP) which aims to achieve a higher growth path based on government investment, micro-economic reforms, competitive and equitable wages, and effective unlocking of constraints to investments in specific sectors (NPC, 2012:117).

Incidences of strikes. South African employees have a constitutional right to strike. Section 27 of the Constitution of the Republic of South Africa (1996) provides all workers with labour rights, including the right to strike (Chicktay, 2012:261). According to Tenza (2020:519), if the economy of a country is stable, the lives of people improve because resources are available and shared among the country's inhabitants or citizens. However, when the growth of the economy is hampered by the exercise of constitutionally entrenched rights, such as the right to strike, it becomes difficult. Strikes in South Africa are becoming more common, and they affect businesses, employees and their families, as well as the economy (Tenza, 2020:519). Strikes have consequences that range from economic to socio-political effects. As a result of strikes, firms and/or businesses may experience a decline in production levels and may lose business contracts, and workers could potentially lose their jobs. Thus, employers, workers, the government and the whole economy suffer (Williams, 2017:2).

Semano (2020:3) states that, in the past few years, labour disputes have increased from 122 in 2016 to 165 in 2018, then dropped to 157 in 2019 and 117 in 2020. Strikes took place because of wages and other compensation benefits, working conditions and grievances against employers. According to Jainarain (2020:7), the issue of race in South Africa is a social and political issue that also contributed to strikes in the past. For example, in the 1800s, because of the discovery of precious minerals in the interior of South Africa, industrialisation grew. Therefore, it became necessary to supply the growing industry with cheap labour. Black men began migrating to South Africa in search for work. A need for skilled workers arose in mines and resulted in white workers immigrating to South Africa from the UK and Australia. The workplace changed upon the arrival of white workers. A division was created between skilled white workers and unskilled black workers,

which resulted in strikes. Today, the most common reasons for strikes are workers' demand for an increase in salary and/or good working conditions (Jainarain, 2020:8).

Globalisation. Globalisation is the growing interdependence of national economies, involving customers, producers, suppliers and government in different countries (Agbotame, 2015:1). Mills (2009:1) states that the rise of globalisation has been accompanied by debates on whether it comes with more inequality. Oladipo (2016:2) mentioned that, although economic development has been achieved through globalisation in recent years, there have been negative impacts of globalisation, such as the worsening of inequality. In South Africa, globalisation has had a negative impact on employment, particularly with regard to unskilled workers. Labour demand shifted from unskilled workers in favour of highly skilled workers. This led to income inequality and unemployment, mainly among unskilled workers (Pretorius & Blaauw, 2005:74). It has also had a negative impact on the quality of employment (Barker *et al.*, 2018:301). However, Lilenstein *et al.* (2019:165) state that South Africa's economic issues are not so much a function of globalisation but rather the inability of the unemployed to enter the labour force because of high search costs, high labour turnover and high reservation wages.

Technology. According to Khuluvhe *et al.* (2022:79), the introduction of new technology has had a disruptive effective on labour markets, with specific occupations and industries expanding while others decline. Saba *et al.* (2022:3) posit that new technology significantly impacts the demand for high-skilled workers and low-skilled workers in labour markets. Technology leads to increased demand for high-skilled workers who can operate machinery. However, despite the positive effect for the demand of skilled workers, technology also leads to the replacement of unskilled workers by machines in some sectors of the economy, thus increasing unemployment. The introduction of mechanical cotton pickers, for example, decreased the demand for human cotton-picking skills but increased demand for skills associated with the development, production, operation and maintenance of mechanical pickers (Le Roux, 2018:4). With the already high levels of unemployment in South Africa, automation presents a substantial challenge to workers and policymakers alike. Automation technologies are already capable of replacing medium-skilled occupations performed by South African workers. However, human labour will continue to be in demand because those occupations are often challenging to automate (Mbilini *et al.*, 2019:2). According to Maloka (2020:1), South Africa should understand the impacts of technology investments and develop responsive strategies to tackle the unemployment problem (Maloka, 2020:1).

According to Magwentshu *et al.* (2019:4), in South Africa, technology could unlock greater productivity across many sectors of the economy. Mining, retail and banking are the three key sectors in which technological opportunities should be embraced. Mining is the historic bedrock of South Africa's economy and contributes more than R300 billion to the GDP, employs more than

450,000 people and is the economic anchor of many communities around South Africa. With the advancement of technology, South African mining companies can drive real gains in productivity and increase margins by 15% in some commodities (Magwentshu *et al.*, 2019:4). In retail, companies in South Africa face margin pressure in a slow-growth economic environment. They also face new demands from customers to improve their shipping experience. Again, the adoption of technology would be a strategic move that could lift retail margins greatly (Magwentshu *et al.*, 2019:5). In banking, South Africa's leading players have already started to automate to improve customer experience, reduce operational costs and increase their share of customers' wallet. If they continue on this path, it is estimated that they could reduce their cost-to-income ratios, on average, by at least 10% points by 2030 (Magwentshu *et al.*, 2019:5).

Labour productivity. Labour productivity refers to the labour units used to produce a given output. A country with high labour productivity tends to experience higher economic growth rates (Manamela, 2017:16). Habanabakize and Mncayi (2022:7) maintain that an increase in labour productivity could be a major source of economic growth, leading to increased demand for labour. However, the impact of productivity on growth can be both positive and negative at a micro-level. Generally, higher productivity, which implies higher efficiency, infers that the same level of output can be produced with less labour, thereby diminishing the demand for labour. On the other hand, high productivity leads to reduction in prices, which, in turn, raises the demand for product, increasing the demand for labour. Rankin (2016:2) states that rising labour productivity is generally thought to be positive; however, this may not necessarily be the case in South Africa. South Africa's structural unemployment economy is characterised by low-skilled and low-productive individuals. Saba *et al.* (2022:2) state that unemployment can affect the productivity of individuals, families and the nation. Therefore, factors such as education/human capital, technological progress, and rules and regulations of the labour market should be the focus point for labour productivity to improve (Manamela, 2017:19).

From the above, it is evident that a range of factors influence the supply and demand of labour in South Africa. The dynamics of the supply and demand of labour in South Africa are interwoven into the socio-economic context of the country. The country is faced with continued challenges such as the legacies of apartheid, the social and economic consequences of the recent Covid-19 pandemic, high loadshedding schedules, and high unemployment rates, among others. A multifaceted approach is required, which includes the development and implementation of economic policies that target education and skills development and promote social equity. The next section provides a discussion on unemployment in South Africa, as the labour market and unemployment are intricately linked, and changes in one can significantly influence the other.

3.4 UNEMPLOYMENT IN SOUTH AFRICA

Bangane (1999:1) states that, in a world that is characterised by globalisation, unemployment has become a worldwide problem. It is widespread in both developed and developing countries; however, in developing countries, unemployment brings more challenges such as increased poverty and instability, and South Africa is no exception. According to Barker *et al.* (2018:197), unemployment is the greatest problem that South Africa is facing, and it is conceived to be the root of other problems such as poverty, crime, violence and inequality. Furthermore, prominent leaders in and outside of government have mentioned that no government will be able to govern South Africa if this problem is not solved (Barker *et al.*, 2018:197).

With the advent of democracy in 1994, many South Africans, especially those who had been previously disadvantaged, had grand expectations for better living conditions, which included being employed in post-apartheid South Africa (Dagume & Gyekye, 2016:59). This was reinforced by government initiatives such as Black Economic Empowerment (BEE) in which the main objective was promoting jobs to previously disadvantaged people (i.e., blacks, women, and youth). This was followed by other programmes, such as the Macroeconomic Strategy for South Africa: Growth, Employment and Redistribution (GEAR), which aimed at creating sufficient jobs for all job-seekers, and the Reconstruction and Development Programme (RDP), which aimed at providing decent houses to the poor (Bangane, 1999:2). Despite these initiatives, after more than two decades since the first democratic elections, unemployment levels remain high in South Africa (Makaringe & Khobai, 2018:2-3).

Archibald (2002:1) argues that the legacy of apartheid continues to have an impact on the operation of the South African economy. Creating employment and reducing unemployment is one of the major social difficulties in South Africa (N.P. Mncayi, 2016:38). Barker *et al.* (2018:197) posit that, for many years, the South African economy has not been able to create sufficient jobs, especially for new entrants, and as a result, the backlog of unemployed people increases every year. The following sections define unemployment within the South African context, discuss the unemployment trends and factors contributing to the phenomenon, and elaborate on youth unemployment in the country.

3.4.1 Unemployment defined in the South African context

Although unemployment was defined in chapter 2, this section briefly defines the concepts (narrow or official unemployment; broad or expanded unemployment; and youth unemployment) to orient the reader in terms of the discussion that follows.

Narrow/official unemployment refers to persons between the ages of 15 and 64 who “were not employed in the reference week”, and who “actively looked for work or tried to start a business in

the four weeks preceding the survey interview”, and who “were available to work i.e., would have been able to start work or a business in the reference week”, or “had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and were available” (Stats SA, 2022b:17). The official unemployment rate for the population aged 15 to 64 years is currently 32.9% (Stats SA, 2023d:8).

Broad/expanded unemployment refers to persons between the ages of 15 and 64 who “were not employed in the reference week”, and who “were available to work but did not look for work either because they are discouraged from looking for work or did not look for work for other reasons than discouragement” (Stats SA, 2022b:17). The expanded unemployment rate for the population aged 15 to 64 is currently 42.4% (Stats SA, 2023d:8).

Youth unemployment: According to Du Toit (as cited in Dlamini, 2020:1), the definition of youth is country-specific, depending on issues such as culture, institutions and socio-politics. The South African National Youth Act of 1996 defines youth as persons between 15 and 34 years of age. Youth unemployment refers to the share of the population aged 15 to 34 who are without work but available for work and seeking employment and includes discouraged workers (Ohlmann, 2022:441). According to the United Nations, the youth is defined as those persons aged between 15 and 24 (Stats SA, 2021b). The youth remain vulnerable in the labour market because they recorded the highest levels of unemployment in the second quarter of 2023. In South Africa, the unemployment rate of youth aged 15 to 34 is 46.5%, while the unemployment rate of youth aged 15 to 24 is 62.1% (Stats SA, 2023b:2). The section below outlines the unemployment trends in South Africa.

3.4.2 Unemployment trends in South Africa

Currently, 7.9 million people are unemployed in South Africa (Stats SA, 2023d). The subsection below presents and discusses the unemployment trends by gender, age, race, educational level and geographical location.

3.4.2.1 Unemployment by gender

According to Casale *et al.* (2020:2), historically, women’s participation in the labour market was limited by legal restrictions and “internal structures of control”. These included women’s economic dependence and social pressures that enabled men to reinforce women’s traditional roles of reproduction and household labour. Hence, globally, women who are seeking for work and are available to work tend to have a difficult time finding work (Stats SA, 2022a:1). This phenomenon is more pronounced in South Africa, with higher unemployment rates for the general population compared to the rest of the world (Stats SA, 2022a:1). The unemployment rate for women has remained above the national average for the period 2012 to 2022. In 2012, the unemployment rate

for women was 3.7% higher than the rate for men, and in 2022, it was 2.9% (Stats SA, 2022a:1). The unemployment rate as measured in the first quarter of 2023 is reflected in figure 3.4.

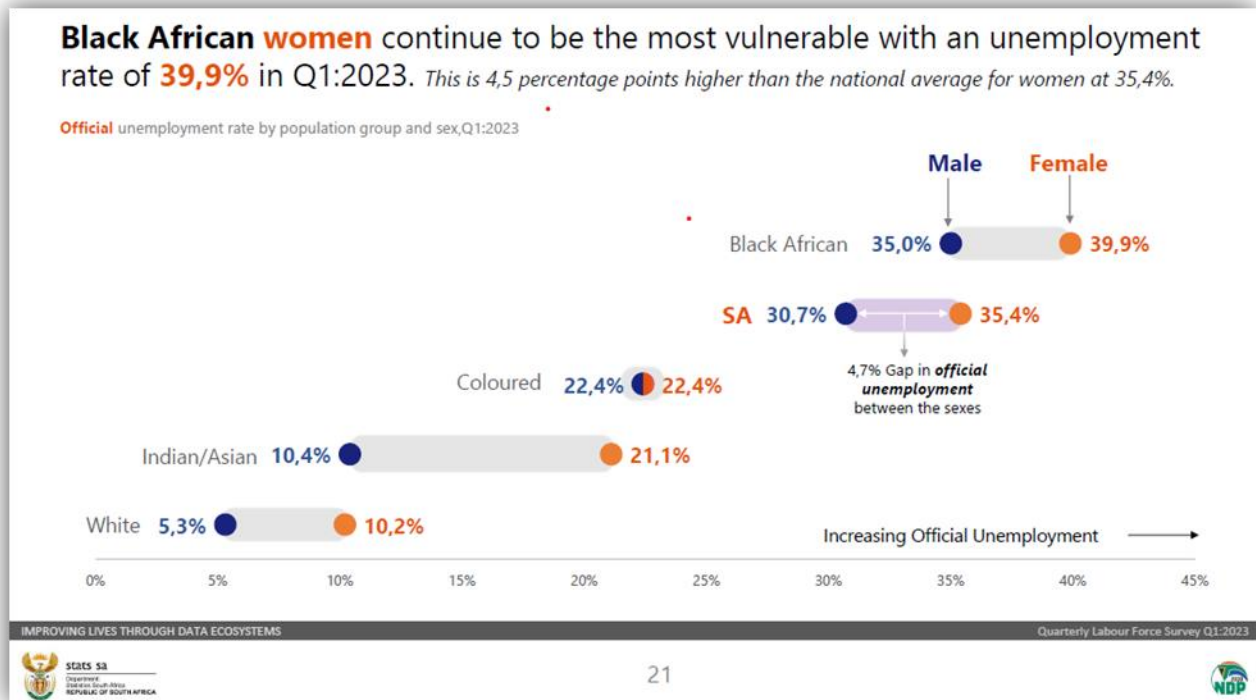


Figure 3.4: Unemployment by gender

Source: Stats SA (2023d:21)

The current unemployment rate for women as measured in Quarter 1 of 2023 is 35.4% compared to 30.7% for men, as shown in figure 3.4 (Stats SA, 2023d:21). As also emphasised in figure 3.4, black African women continue to be the most vulnerable in the labour market with an unemployment rate of 39.9% (Stats SA, 2023d:21).

3.4.2.2 Unemployment by age

According to Maskaveva and Msafiri (2021:1), age is an important labour market factor in South Africa. Upon leaving secondary school, young people are faced with numerous choices that have implications for their success in the labour market – that is, whether to further their studies in tertiary institutions, to look for employment in the formal labour market, or to focus on informal income generating activities (Ohlmann, 2022:442). When people cannot find employment, young and old, even after they have graduated, they become products of social and economic uncertainty, especially young people (Stats SA, 2022c:4). South Africa is among the countries with the worst youth unemployment rates in the world. This implies that many young people are discouraged from continuing to seek employment (Mago, 2018:6). Figure 3.5 presents the unemployment rates by age as measured in the first quarter of 2023.

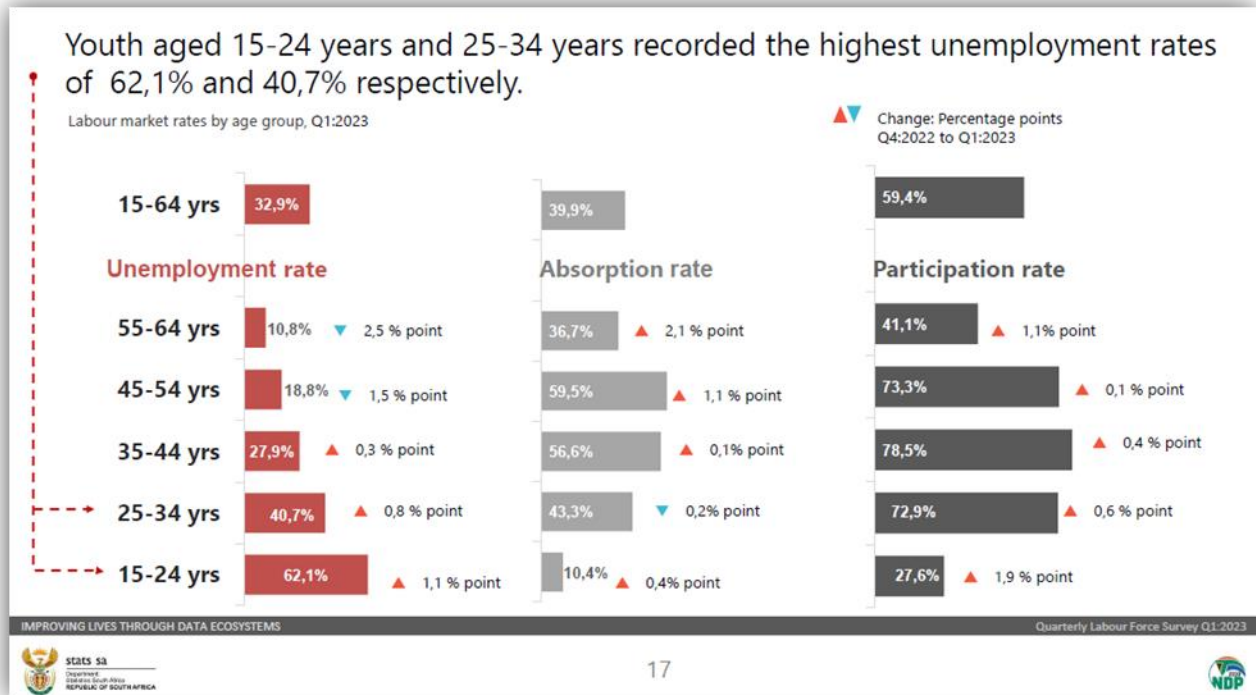


Figure 3.5: Unemployment by age

Source: Stats SA (2023d:17)

From figure 3.5, it is evident that the youth unemployment rates remain the highest – the unemployment rate for youth aged 15 to 24 was 62.1% and for youth aged 25 to 34, 40.7%, as measured in Quarter 1 of 2023 (Stats SA, 2023d:17).

3.4.2.3 Unemployment by race

According to Mamaleka (2020:25), race in South Africa has been a major area of concern in debates around inequality, and it has been a major feature in the political economy. During apartheid, black Africans had the worst labour market outcomes than other groups. Coloured people and Indians also experienced unfavourable labour market outcomes, more than white people (Banerjee *et al.*, 2007:11). N.P. Mncayi (2016:47) posits that, generally, black people in South Africa have always had the highest probability of being unemployed. Figure 3.6 reflects the unemployment rate by race as measured in the first quarter of 2023.

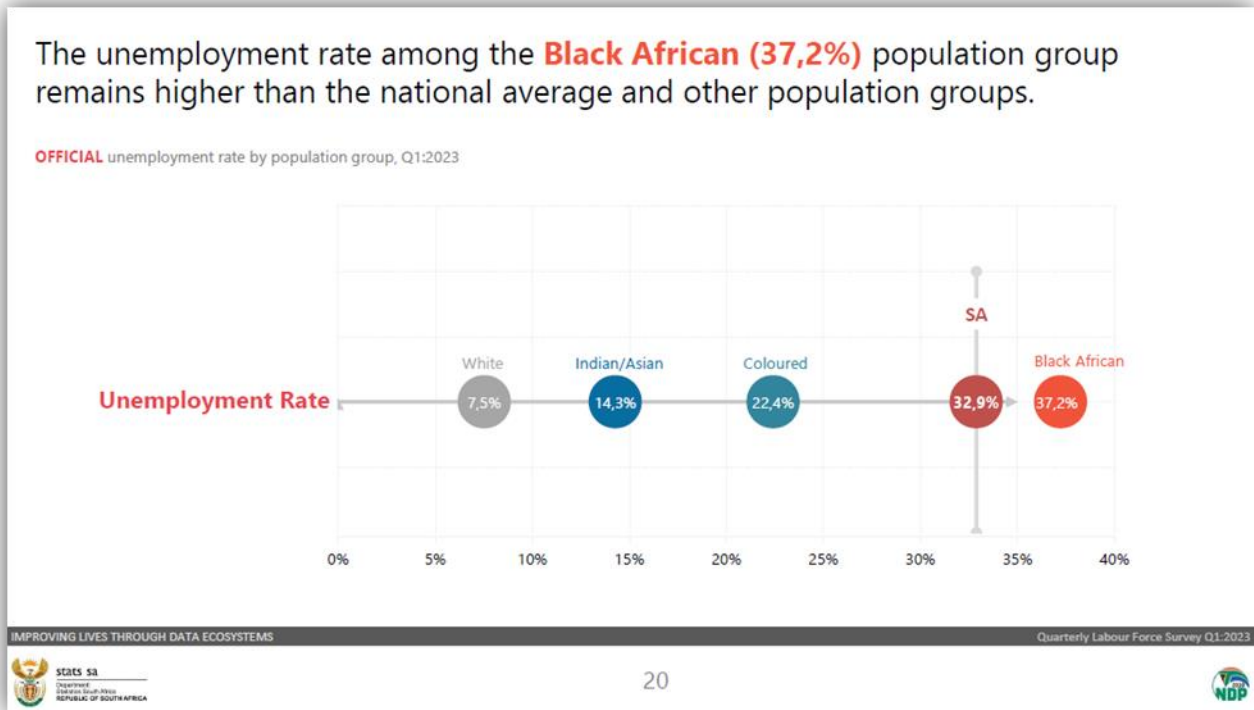


Figure 3.6: Unemployment by race

Source: Stats SA (2023d:20)

As shown in figure 3.6, the unemployment rate among black Africans remains the highest at 37.2%, followed by coloured people at 22.4%, Indians at 14.3%, and white people being the lowest at 7.5% as measured in Quarter 1 of 2023 (Stats SA, 2023d:20).

3.4.2.4 Unemployment by education

According to Moleke (2006:4), students pursue higher education qualifications with hopes of getting employment. N.P. Mncayi (2016:36) posits that education shapes opportunities and those without education do not only have a chance of being unemployed but also being vulnerable in employment. However, Oluwajodu *et al.* (2015:3) state that those with tertiary education do face unemployment because of factors such as unemployability, type of qualification obtained, field of study, quality of tertiary education, and a lack of work experience. Figure 3.7 shows the unemployment rates per education level as measured in the first quarter of 2023.

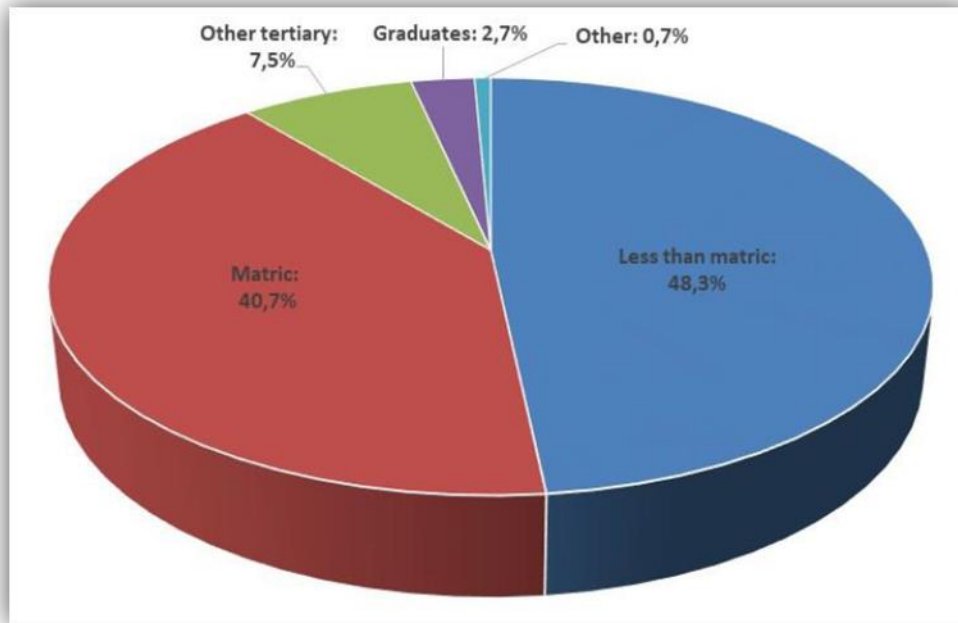


Figure 3.7: Unemployment by education

Source: Stats SA (2023d:8)

From figure 3.7, it is evident that 48.3% of people who are unemployed have education levels that are below matric, 40.7% have matric, 2.7% are graduates, and 7.5% have a tertiary qualification, as measured in Quarter 1 of 2023 (Stats SA, 2023a:8).

3.4.2.5 Unemployment by geographical location

In South Africa, unemployment is also influenced by geographical location. Unemployment rates are higher in rural areas than in urban areas, with varying magnitudes across provinces (Kwenda *et al.*, 2020:2). N.P. Mncayi (2016:50) states that the high unemployment rates in rural areas can be explained by the fact that there are more employment opportunities in urban areas. Mamaleka (2020:26) posits that a person's geographical location influences their prospect of getting employed, hence some people move to different locations for better employment opportunities. The official unemployment rates per province, as measured in Quarter 1 of 2023, are displayed in figure 3.8 (Stats SA, 2023d:8).

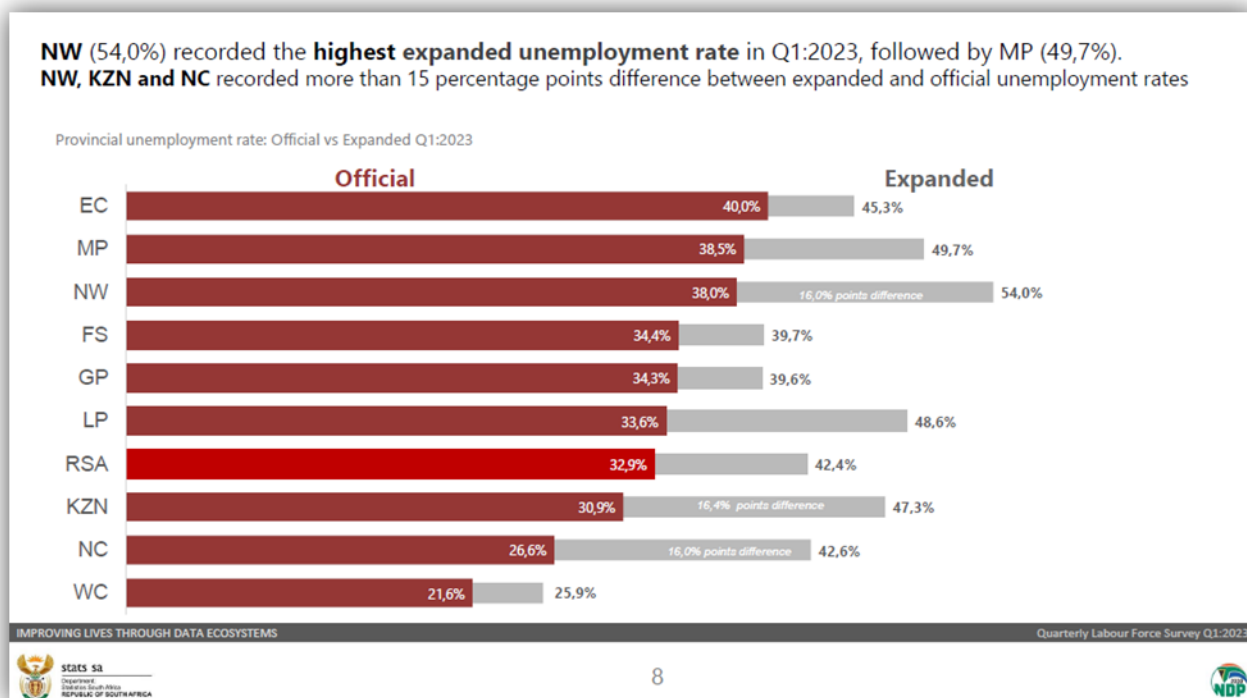


Figure 3.8: Unemployment by geographical location

Source: Stats SA (2023d:8)

Figure 3.8 shows that the Eastern Cape (up by 40%) recorded the highest official unemployment rate in Quarter 1 of 2023, followed by Mpumalanga (38.5%), North West (38%), Free State (34.4%), Gauteng (34.3%), Limpopo (33.6%), KwaZulu-Natal (30.9%), the Northern Cape (26.6%), and the Western Cape (21.6%) (Stats SA, 2023d:8).

The next section elaborates on the factors that contribute to unemployment in South Africa.

3.4.3 Factors contributing to unemployment in South Africa

Many aspects contribute to the crisis of unemployment in South Africa (Bangane, 1999:1). The main drivers of unemployment in South Africa are discussed below.

Structural unemployment. Unemployment in South Africa is structural (Barker *et al.*, 2018:201), meaning that there is a mismatch between skills supplied and skills demanded (Pasara & Dunga, 2022:5). According to Slabbert (2006:295), the nature of structural unemployment is caused by factors such as mobility of labour, the pace of change in the economy, and the regional structure of industry, among other things. To further complicate matters, many poorly educated workers are entering the labour force, which leads to skills mismatches (PLO, 2017:2). Adams and Yu (2022:3) argue that, despite some improvements, South Africa's educational outcomes have been compared unfavourable to peer countries in international tests over the last two decades. Sibanda and Thebe (2022:18) state that the challenge of structural unemployment in South Africa is

amplified by the skills requirements for the 4IR, in particular, because of the skill shortage in the country. Common skills such as computer programming are becoming basic requirements, even in fields such as medicine, economics, or music and art. Two decades ago, this was exclusive to computer scientists.

Slow economic growth. Reducing unemployment and achieving high rates of economic growth are the most important priorities of developed and developing countries (Mashmaite, 2018:1). Bushe (2019:3) states that a high GDP growth rate of around 7% or 8% per year signals rapid economic growth that creates jobs for people, exports more products than it imports to sustain a positive trade balance and stable currency, and provides improved living standards for people. In South Africa, unemployment and stagnant economic growth have been persistent economic challenges. The growth of job creation has not been fully provided for those who are willing and available to work. As a result, economic growth has been stagnant for almost a decade (Pasara & Garidzirai, 2020:1).

According to Makaringe and Khobai (2018:4), for the past decade, extensive theoretical and empirical research on the relationship between unemployment and economic growth has been conducted. Such studies have been carried out at a global level (Abrams & Wang, 2007; Imran *et al.* 2015; Khalid, 2021). In South Africa, Kingdon and Knight (as cited by Banda, 2016:248, 250) examined the relationship between economic growth and unemployment and found that there is a positive relationship between unemployment and GDP. Biyase and Bonga-Bonga (2010:3) argue that South Africa's economic growth is paradoxical: an increase in economic growth is accompanied by an increase in both unemployment and employment.

According to Loewald *et al.* (2021:14), there are several reasons why the South African economy is not generating the required growth to absorb unemployed. One of those reasons, which is an important factor, is the low levels of competition in the South African economy. This is because of high barriers to entry, a rigid regulatory environment, and a high regulatory burden on small and medium-sized enterprises. The origin of weak competition in the South African economy is the little exposure to international trade. Although South Africa has a well-developed core with leading companies in some sectors, most economic activity is far behind the international efficiency frontier (Loewald *et al.*, 2021:15-16). In addition, loadshedding has negatively affected the entire economy of the country. The South African Reserve Bank (SARB) GDP forecast for 2023 was 0.3%. It estimated that loadshedding would reduce the economic growth by 2% in 2023 (Erero, 2023:2).

Inflexibility/rigidities of the labour market. According to Mncayi and Shuping (2021:3), labour market rigidities are considered to be one of the binding constraints of labour absorption. Labour market rigidities or poor labour market efficiency are detrimental to the labour absorption of a country. Blau and Shvydko (2007:2) define labour market rigidities as employment practices and

work-related financial arrangements that limit or constrain the value of work with respect to hours per day, days per week and weeks per year. Rigidities also include situations in which the volume of work can be varied but the changes require a disproportionate sacrifice in job satisfaction, location, compensation, or mental and physical requirements.

Fedderke (2012:1) states that the South African labour market is faced with severe rigidities. The persistent high levels of unemployment suggest that the rigidities are not only significant but that little has occurred either structurally in the economy or by virtue of policy intervention to address the source of the problem. Mncayi and Shuping (2021:3) argue that a lack of labour law transformation in South Africa has seen an inequality increase in workplaces, and it is undoubtedly clear that this situation exacerbates high levels of unemployment. Since 1970, economic growth has been too sluggish to absorb new entrants into the labour market, while the same strict labour laws have had a considerable impact on the South African labour market to date.

Spatial distribution of population. According to David *et al.* (2018:2), since 1994, there has been considerable progress in reducing poverty and deprivation levels in South Africa; however, high and persistent inequalities, including spatial inequalities, remain as one of the challenges that needs to be addressed. One of the main causes of unemployment is the spatial distribution of South Africa's population, which is often overlooked in studies investigating the determinants of unemployment in the country. During apartheid, the Department of Town and Regional Planning placed the black population in peripheral residential areas, where the majority of the unemployed population is found (Bangane, 1999:1). Mudiriza and Edwards (2020:5) state that many homelands were designated in areas that were distant from economic centres, therefore, workers in those areas were disadvantaged by their limited mobility from markets. Kwenda *et al.* (2020:4) argue that, even though the post-apartheid government designed various policies and programmes to reconstruct and transform the country, spatial disparities in economic activities still burden socio-economic development in South Africa.

Decline in demand for less-educated and/or less-skilled people. N.P. Mncayi (2016:38) states that unemployment has also been driven by a decline in demand for less-educated and/or less-skilled people and a rise in the supply of people with low educational levels. Barker *et al.* (2018:209) state that the high unemployment that is prevalent in South Africa can be ascribed to factors on the side of the supply of labour and the demand for labour. With regard to the supply of labour, in the late 1990s, there was a rapid increase in the labour force which was caused by poorly educated learners who had no choice but to enter the labour market to seek work because of the policies implemented by the Department of Education that aimed to reduce the number of overage learners in the school system (Barker *et al.*, 2018:209). Regarding the demand for labour, factors such as technological advancements and the increased use of ICTs have led to a structural change of the economy, resulting in an increasing demand for skilled labour but a decreasing

demand for unskilled labour (Barker *et al.*, 2018:209). Magwentshu *et al.* (2019:9) posit that new technology-enabled jobs will require higher skill levels, as automation will cause the demand for employees without matric to fall substantially while increasing the demand for graduates.

The informal sector. According to Stats SA (2021a:1), over the years, the informal sector has become a global interest. Its contribution to the formal sector and the economy in general is key in employment creation, income generation and reducing poverty. Work in the informal sector is unregulated and often involves self-employment or employment with family-owned enterprises. For example, taxi drivers, freelancers and small-scale street vendors are typically part of the informal sector. Blaauw (2017:339) states that the informal sector in South Africa offers an alternative and often long-term means of survival for people who cannot find employment in the formal sector. However, it is relatively small compared to other developing countries.

Many developing countries have recorded low levels of unemployment because labour is absorbed by rural people and informal sectors (Archibald, 2002:6). Kingdon and Knight (2004:2) found that unemployed workers in South Africa choose to remain unemployed and to search or wait for job opportunities rather than join the informal sector. Furthermore, wages are lower in informal employment than formal employment, therefore, rather than being self-employed, wage employment is the preferred state. Burger and Fourie (2019b:1) state that the informal sector might not be a sector of preference, as it pays much lower remuneration, but it requires significantly lower skill levels than the formal sector. In the next section, youth unemployment and the factors that cause it are discussed.

3.4.4 Youth unemployment

As mentioned earlier, South Africa has one of the highest youth unemployment rates (Loewald *et al.*, 2020:8). The apartheid regime left more challenges than solutions. The major challenge is the high levels of unemployment that mainly affect the youth (Oluwayemisi, 2019:6). Young people are more disadvantaged when entering the labour market, and this problem has worsened over the last decades in South Africa (Mabaso, 2013:4). Youth unemployment is caused by different factors such as a lack of skills and experience, job search costs, poor information on the labour market, the size of the unemployed youth (Mabaso, 2013:4), high dropout rates in schools, and skills mismatch (Graham *et al.*, 2018:4). These factors are discussed below.

Lack of skills and experience. The high rates of youth unemployment in South Africa indicate that young people are not gaining the skills or experience needed to drive the economy forward (Mosala, 2018:1). Ingle and Mlatsheni (as cited in Ntamane, 2021:16) state that young people take longer to find their first jobs because of a lack of skills and experience. Employers seek skilled and experienced people, and they regard unskilled and inexperienced young work seekers as a high-risk investment (Bonakele, 2016:12). According to Loewald *et al.* (2021:8), high youth

unemployment occurs, in part, if the school-to-job transition does not happen smoothly. For instance, countries such as Germany, the Netherlands and Austria have low youth unemployment rates because they have vocational education systems with a significant share of in-work training. In South Africa, young people are integrated into the labour market with little or no skills (Harry & Chinyamurindi, 2020b:1).

Mabaso (2013:4) states that a financial crisis in an economy leads to high costs of labour, which leads to less available jobs because employers find it risky to invest in people with no experience and skills. As mentioned earlier, investments in training young, unskilled people are risky for employers, as less productivity and profit loss may result from preparing young people. Mago (2018:7) maintains that skills shortage is a problem among young people in South Africa. They lack skills that should make them competitive and gain experience in the labour market. The solution to this could be an educational system that focuses on practical skills development and not only on theoretical development (Mago, 2018:7).

Job search costs. Searching for a job is one of the most important processes in the labour market. Young people face a myriad of obstacles in finding work. Many of them have limited job search skills and find it difficult accessing jobs (Johnson *et al.*, 2021:1). Dagume (2021:29) defines *job search* as the act of looking for employment. The main goal of job searching is to obtain an interview with an employer, which may lead to getting hired. According to Webb (2021:378), one of the most common strategies to search for a job was to compile a curriculum vitae (CV) and drop it off with an employer. However, this strategy did not produce the much-needed results, and many young people abandoned this strategy because of the high costs involved, that is, transport costs and limited pay-off. Johnson *et al.* (2020:3) posit that the monthly cost of job searching among disadvantaged youth in South Africa is about 15% of their monthly household income; as a result of the high costs, many young people stop job searching.

Kunene (2019:11) states that, over the years, internet and cell phone use has increased among the youth; however, many young people in developing countries find it challenging to harness the Internet to find employment. In South Africa, the government in the Western Cape introduced Smart Cape telecentres in 2001. They were intended to provide access to previously disadvantaged communities within the Western Cape and to provide digital skills. However, most of the youth are not using these telecentres to advance their digital skills. Chiwara *et al.* (2017:3) state that despite the possibility of negative experiences that young people face while using the Internet as a job search tool (such as missing out on offline job opportunities for example networking events and falling for fake job posts), many still use it because it is convenient.

Poor information on the labour market. Young people in Africa are confronted with many difficulties when it comes to their integration in the labour market (Fevrier, 2007:5). Smith (2011:20)

states that a lack of knowledge and awareness of employment opportunities among youth contributes to the skills shortage and the high unemployment rate in South Africa. Timothy (2018:63) maintains that young people remain unemployed because of a lack of employment opportunities and appropriate information. Many young people are not well-informed about the labour market trends, and they are not given proper guidance on job application processes.

According to Ntamane (2021:16), the knowledge scarcity starts at school because there is limited career guidance. Young people, especially those from disadvantaged backgrounds, are not thoroughly informed about the need to choose relevant subjects to match their skills. Harry and Chinyamurindi (2020a:1) argue that schools and higher education institutions should play a strategic role in assisting students to address challenges regarding employability by investing in career guidance counsellors. Oluwayemisi (2019:20) posits that job search assistance and counselling to young work seekers should be provided regularly during which participation of the work seeker is compulsory. The efficacy of the job search programme would be to provide information about employment opportunities.

The size of the unemployed youth. South Africa is characterised by a young population with more than half of the population (32.3 million) who is below the age of 30 (Stats SA, 2019a:1). According to Stats SA (2022c:11), the youth in South Africa makes up the largest share of the labour force; however, the youth is often ill-equipped with the skills that are relevant to employers, resulting in high levels of unemployment and discouragement among the youth. Mago (2018:8) posits that the rapid youth population growth causes labour supply to outstrip labour demand.

High dropout rates in schools. According to Mokoena and Van Breda (2021:1), the phenomenon of school dropout can be considered a challenge worldwide. School dropout is defined as learners who stop attending school before completing their grade or phase of schooling. Each year, many young people across the world leave school. South Africa is facing the same challenge. Graham *et al.* (2018:4) state that the education system in South Africa is marked by high dropout rates in schools and continues to struggle to provide young people with relevant technical and workplace-related soft skills. Hartnack (2017:1) claims that, in South Africa, most school dropouts occur in Grades 10 and 11, resulting in 50% of learners in any one cohort dropping out before reaching Grade 12.

Part of the youth unemployment problem is the fact that many young people have not completed secondary schooling (Dlamini, 2020:2). Yu (2013:545) posits that young work seekers are not well-educated and drop out of school early because of poverty and the inability to cope with their studies. The economy demands highly-skilled labour due to an increase in capital per worker and new technology, which increases entry-level competition in the economy. Hence, an incomplete secondary education would not be efficient to guarantee employment (Yu, 2013:545). Branson *et*

al. (2019:3) maintain that young people who have not completed their matric or equivalent thereof struggle to find employment, remain unemployed for longer periods of time, or if they do find employment, they are less likely to access stable and high-income jobs.

Skills mismatch. According to Ntamane (2021:1), a skills scarcity is one of the socio-economic problems that the South African labour market has been facing. Unemployment in South Africa has been classified as structural because of the skills mismatch between the skills demanded by employers and the skills job seekers supply, as alluded to in section 3.3.3. Mseleku (2021:778) states that young people are more likely to experience this problem than older job seekers because they are more likely to possess the necessary skills employers demand. Segatti and Landau (2011:17) argue that, in the early 2000s, the South African labour market absorbed a large number of people, particularly young people and migrants from across the region who were low-skilled. However, with the shrinking economy and new technology, employment for low-skilled workers is decreasing, as South Africa is becoming a skills-based economy (Modise, 2018:21).

Graham *et al.* (2019:362) state that, although the democratic government celebrates high enrolments in schools and in higher education institutions, skills mismatch persists. Skills mismatch is a concern for policymakers, employers and workers alike (ILO, 2019:1). Morsy and Mukasa (2019:3) state that skills mismatch has potential adverse effects at the individual, firm and macro levels. At the individual level, skills mismatch can affect wage salaries, reduce job satisfaction and increase the likelihood of frequent job changes. At firm level, the inability to find skilled workers to perform required jobs affects the dynamic of the firm in terms of productivity and profit, global competitiveness, growth and sometimes the survival of the firm. At the macro level, structural skill deficits can lead to a country's loss of competitiveness and increased unemployment (Morsy & Mukasa, 2019:4).

From the above, it is evident that the youth unemployment issue in South Africa is influenced by a complex interplay of factors that contribute to the challenges faced by young individuals seeking employment and require a comprehensive and targeted approach. The next section outlines and discusses the labour market inequalities and discrimination in South Africa, as they are closely related to the unemployment problem in the country and is another important dimension that reflects the South African labour market.

3.5 LABOUR MARKET INEQUALITIES AND DISCRIMINATION IN SOUTH AFRICA

This section provides an overview of labour market inequalities and discrimination in South Africa as well as measures to address them.

3.5.1 An overview of inequalities in the South African labour market

Barker *et al.* (2018:266) state that, owing to various kinds of discrimination, the South African labour market is characterised by severe inequalities. Despite the many efforts made by government to reduce inequality since the democratic transition in 1994, South Africa is consistently ranked as one of the most unequal countries in the world (Stats SA, 2019a:2). According to Makgetla (2020:4), inequality emerged in unusual stark differences in household incomes, asset ownership, which includes concentrated business ownership and household resources, access to quality education (which still largely reflects family wealth and race), and municipal infrastructure.

According to Stats SA (2019a:3), high levels of inequality mean large segments of a society may be excluded from economic opportunities within the labour market; consequently, individual outcomes as well as the aggregate performance of the economy would be limited. The effects of inequality are as follows (Makgetla, 2020:4):

- In deeply unequal societies, governments find it difficult to develop strong coalitions to support development strategies. This applies to South Africa, as the marginalised have political strength but the rich control key economic decisions.
- There is evidence that poor people in unequal societies face greater stress than in more equal societies, even if they are well off by the standards of less-developed economies.
- Unequal societies suffer from higher levels of individual crime and violence, which is often accompanied by state violence against poor and marginalised communities to suppress crime and protests.

Labour market inequalities have a ripple effect in societies, as said inequalities result in people being unemployed, underemployed, and if employed, they face wage and income inequalities. Inequalities in the South African labour market are related to educational level, employment and unemployment, occupation, and wage and income. These are elaborated on below.

3.5.1.1 Educational level

According to Makgetla (2020:22), during the apartheid era, the distribution of human capital was profoundly inequitable. Households with lower income had limited access to quality schools, which, in turn, constrained their members' ability to obtain decent employment and income. However, since the end of apartheid in 1994, there has been an increase of pupils enrolling at both primary and secondary schools. There has also been an increase in university registrations (Osman, 2020:3). With that in mind, it was expected that access to education would essentially transform previous inequalities that were rooted in colonialism and apartheid by forming a system based on the Freedom Charter edict that stipulates that "the doors of learning and culture shall be open to all". The new democratic government committed to transforming education for all. For example, the

South African Schools Act of 1996 (RSA, 1996) mandated that education is compulsory for all children between the ages of six and 15 years. Other policies of transformation included fees policy, governance policy and funding redistribution among schools. Despite these efforts, some studies show that there has been insufficient progress in terms of reducing inequality in the education system (Arends *et al.*, 2021:54).

Mavundla (2017:1) states that the role of education has been underscored as a gateway to facilitate equal opportunities within the labour market; however, even with the high enrolment rates and completion of higher education over the years, South Africa's labour market remains highly unequal. According to De Clercq (2020:7), the argument of Marxist education scholars in South Africa is that equal opportunity for all does not fundamentally exist because of the way unequal power relations and socio-economic inequalities are structured. Marxist scholars also argue that the education system is biased against the poor and the working class in the way it is structured, accessed and completed. Their assumption is that the education system is never truly meritocratic, as it reproduces socio-economic inequalities through educational inequalities (De Clercq, 2020:7).

3.5.1.2 Employment and unemployment inequalities

According to the Quarterly Labour Force Survey (QLFS), the unemployment rate is much higher among the black African labour force than among whites (Barker *et al.*, 2018:267). In 2016, the unemployment rate for black Africans was approximately 31%, whereas it was only 7% among whites (Barker *et al.*, 2018:267). Five years later, the unemployment rate among black Africans remains high at 37.8% and 8.6% among whites (Stats SA, 2022b). Duval *et al.* (2021:9) state that black Africans of working age are less likely than their white counterparts to participate in the labour force and to be employed. In 2019, the gap in the labour force participation was about 10%. Reddy and Mncwango (2021:44) argue that in South Africa, black Africans constitute more than 80% of the total population but they are the least likely to engage in paid work. Not only do black Africans have less favourable employment outcomes, but those who are employed tend to earn the lowest wages.

Barker *et al.* (2018: 267-268) state that, although discrimination is the reason for the differences in unemployment rates between black and white people, it should be noted that inequalities in employment relate very closely to factors such as educational inequalities, different population growth rates, and the level of urbanisation. With that in mind, Barker *et al.* (2018:268) continue to state that, on average, black Africans have lower educational qualifications than whites and, at the same time, their numbers have increased sharply, therefore, it is expected that unemployment among black Africans would be higher than among whites who have higher educational qualifications and experience. Furthermore, if black Africans are based in the rural areas, it is expected that employment among them would also be lower, as there are fewer employment

opportunities (Barker *et al.*, 2018:268). For discrimination and inequalities to be eliminated, the causes must be thoroughly addressed (Barker *et al.*, 2018:269).

3.5.1.3 Occupational inequalities

According to Reddy and Mncwango (2021:45), the South African labour markets are still racial and gender biased. Persistent inequalities, largely based on race and gender, remain a challenge for the country, as past racial and gender discriminatory policies continue to have implications for labour market access and experiences. Unequal access to good work opportunities, alongside persistent labour market inequalities, hinders efforts of reducing poverty (Reddy & Mncwango, 2021:32-33). Occupational inequalities caused by race and gender are elaborated on below.

Racial inequalities. As mentioned earlier, the South African labour market is largely stratified by race as a legacy of apartheid and colonialism (Gradin, 2018:3). Racial inequality in the labour market mainly occurs in access to employment and occupational distribution. In the past, there was an element of segregation through job reservation policies and discriminatory practices that excluded black people from accessing any skilled or semi-skilled jobs. However, before the end of apartheid, desegregation started. Black people could access semi-skilled occupations that had previously been reserved for white people (Gradin, 2018:3). Mokoena (2020:27) argues that white employees held more managerial-like power in workplaces over black employees because of racial structures of power that were in place during apartheid. These structures served to reinforce the idea of white power and black powerlessness. However, over the last 10 years, the participation of blacks in jobs, such as management, increased between 12 and 16% (Reddy & Mncwango, 2021:44).

Gender inequalities. Gender inequality continues to be a problematic aspect in the labour market in developing countries (Klasen & Minasyan, 2018:3). Under apartheid in South Africa, discrimination against white women was not based on the same codified restrictions as other races. White women were excluded from most types of formal employment based on the patriarchal ideas of a woman's place in society. Consequently, white women were encouraged to do nursing and teaching, and if they were employed, it was mostly in secretarial and clerical jobs (Klasen & Minasyan, 2018:5). On the other hand, black women were informally employed as cleaners and domestic workers. Thus, they were disadvantaged in the formal sector because they carried the burden of poverty, apartheid and patriarchy (Klasen & Minasyan, 2018:5).

Gradin (2021:110) argues that all South African women continue to be overrepresented among elementary, low-paying occupations such as domestic helpers, cleaners, housekeepers and street vendors. They are also overrepresented in clerk occupations, for example, tellers, office or client information clerks, as well as occupations such as nursing and teaching. Conversely, women in South Africa are underrepresented among mid-paying jobs, such as driving, protective services,

and mining. They are also underrepresented in top-earning jobs, such as managerial positions, physicists, and engineers (Gradin, 2021:110).

Reddy and Mncwango (2021:45) posit that, despite persistent social and political movements for gender equity, women are vastly underrepresented in positions that wield the greatest power. Barker *et al.* (2018:268) state that there is a disproportionate burden of gender inequality because black African women experience discrimination as a result of both race and gender. White and Indian women have a much higher representation in skilled occupations, while coloured women, and especially black women, tend to be overrepresented at the bottom of the skills distribution (Gradin, 2021:110).

3.5.1.4 Wage and income inequalities

Throughout the apartheid period, South Africa was notorious for having the highest levels of income inequality. With the political change in 1994, many hoped that income inequality would be reduced (Seekings *et al.*, 2004:1). Mavundla (2017:1) states that, with the demise of apartheid, government has sought through policy reforms to combat issues of inequality; however, it has not been an easy task. Literature shows that income inequality in the labour market has been the main driver of inequality in South Africa. According to Murahwa (2019:1), with the history of racial and spatial segregation in South Africa, income inequality has remained persistently high and blatantly visible. Mavundla (2017:1) argues that, in general, the white population has higher income levels than black Africans, and this is intensified by the high capital accumulation among whites further.

Ataguba (2021:722) maintains that South Africa remains one of the most unequal societies in the world with a Gini coefficient of income inequality that is close to 0.70. The Gini coefficient measures the extent of inequality, which reflects the relative share of rich and poor households in total household income. The coefficient ranges from 0 to 1, with a higher coefficient indicating greater inequality (Makgetla, 2020:5). Ataguba (2021:722) states that the Gini coefficient of income inequality declined from 0.68 in 1993 shortly before the democratic elections. Although inequality in earnings has decreased since 1994, the gaps between races in terms of earnings are still high, with black Africans earning less than half of what white people earn. Barker *et al.* (2018:271) further state that the Gini coefficient for the South African economy increased from an already high 0.57 in 1995 to 0.65 in 2010. In 2021, South Africa had the highest inequality in income distribution with a Gini coefficient of 63.0 to date (Statistica, 2022b).

According to Barker *et al.* (2018:271), some of reasons for the increase in income inequality, especially for black Africans, are as follows:

- the high unemployment rate among black Africans (i.e., large proportion of Africans with no or low levels of income)
- improvement in schooling for some and presumable differences in the quality of education

- some black Africans being employed as atypical workers (which erode the “rate-for-the-job” wage setting). Atypical work refers to any work that is not full time. It is open-ended employment with irregular hours (CIPD, 2021:2)
- the high and rising premium being paid to highly skilled workers from all race groups.

3.5.2 Addressing inequalities

According to Barker *et al.* (2018:273), the major inequalities in South Africa today are those between black Africans and white people, between men and women, and between those with or without a job, irrespective of race. Labour markets also play a significant part in the ongoing inequalities. Jawaharlal Nehru (1960, cited by Barker *et al.*, 2018:273)) states the following in this regard: “The forces of capitalist society, if left unchecked, tend to make the rich richer and the poor poorer.” Consequently, this section discusses measures to address inequalities. It is important to bear in mind that any action taken to address inequalities in South Africa would not be an easy task, as major obstacles would have to be confronted (Barker *et al.*, 2018:273). Measures include legal remedies, government initiatives and practices, economic growth, education and training, as well as entrepreneurship (Barker *et al.*, 2018:273-276).

3.5.2.1 Legal remedies

Legal remedies can be both negative and positive. They can be negative by placing prohibition on any type of discrimination, or they could be enhanced by positive actions such as affirmative action programmes (Barker *et al.*, 2018:276). The Constitution of South Africa prohibits unfair discrimination while it supports measures that promote equality. Legal remedies have a shortcoming, which means courts are not usually accessible, making legal procedures slow, expensive and uncertain (Barker *et al.*, 2018:276). Countries such as the US have attempted to address this shortcoming by introducing specific bodies such as the Equal Employment Opportunities Commission (EEOC) (Marshall *et al.* as cited in Barker *et al.*, 2018:276). Such bodies investigate complaints, seek court orders in cases of discrimination, and publish studies on discrimination. With that being said, it should be noted that equal opportunities are not the same as equal treatment. Equal treatment means there is no apparent discrimination with respect to employment or promotion of workers (Barker *et al.*, 2018:276). Equal opportunities means that all workers, regardless of race or gender, should be offered the same employment opportunities, especially if they have the relevant qualifications and abilities to perform the job in question (Tafirenyika, 2016:21). Given the history of South Africa, disadvantaged groups do not have the means (such as financial resources) to compete on an equal basis with advantaged groups. Therefore, to level the playing field, it would require additional training, development mentorship, and various remedial actions (Barker *et al.*, 2018:276).

3.5.2.2 Government initiatives and practices

As mentioned earlier, programmes such as the Broad-based Black Economic Empowerment (BBBEE) initiated by the South African government are methods of ensuring that companies that tender for state contracts comply with certain objectives to reduce inequalities and promote black advancement programmes (Barker *et al.*, 2018:276). The BBBEE Act 53 of 2003 provides the legislative framework for BBBEE in South Africa. The primary purpose of this Act is to address the legacy of apartheid and promote economic participation of black people in the South African economy (WMA, 2018:3). According to Ehrenberg and Smith (as cited in Barker *et al.*, 2018:276), in some countries, including South Africa, the government prescribes codes of conduct or guidelines for reducing inequality and implementing black advancement programmes in respect of companies tendering for government contracts. However, these measures also have disadvantages. For such measures to work, government should, for instance, give higher priority to the proper performance of the contract than to the enforcement of non-discriminatory or black advancement provisions (Barker *et al.*, 2018:276). Moreover, Barker *et al.* (2018:276) state that employers might also comply with the requirements of the government by moving disadvantaged people from non-governmental to governmental projects, which would benefit disadvantaged groups.

3.5.2.3 Economic growth

As discussed in section 3.4.3, economic growth in South Africa is slow, contributing to unemployment and labour market inequalities in the country (Barker *et al.*, 2018). The National Treasury estimated the growth rate of the country at 0.8% for 2023 (Deloitte, 2023).

According to Barker *et al.* (2018:273), inequality is driven by a gap between those without jobs and those in wage employment. Wage inequality in South Africa accounts for 73.5% of total inequality, with 46% being ascribed directly to unemployment. The remaining 54% is due to inequality within wage-earning households. Moin (2007:2) states that economic growth is the most powerful instrument for reducing inequality and improving the quality of life in developing countries. However, it is important to understand what economic growth is. Ivic (2015:55) defines economic growth as an annual increase of material production expressed in value, the rate of growth of GDP, or national income.

Barker *et al.* (2018:274) state that, through economic growth, employment opportunities can be created, especially for black Africans, while also reducing the wage gap. Furthermore, with the high unemployment rates in South Africa, generating jobs, even at low wages, would greatly improve the overall income distribution. Moin (2007:2) further states that strong economic growth and employment opportunities improve incentives for parents to invest in their children's education, therefore, advancing human capital, which, in turn, promotes economic growth.

Niyimbanira (2017:255) argues that, even though economic growth is believed to be a powerful instrument for reducing inequality, this may not be the case in South Africa because of the persistent legacy of income inequality and income poverty. According to Haller (2012:67), economic growth is a complex and long-run phenomenon, subjected to constraints such as excessive rise of population, limited resources, inadequate infrastructure, inefficient utilisation of resources, excessive government intervention, institutional and cultural models that make the increase difficult. Barker *et al.* (2018:274) maintain that economic growth can reduce inequality because there is a strong systematic relationship between overall growth and growth in the income of the poorest 20% of the population, which means that economic growth has a strong positive effect on the poor.

3.5.2.4 Education and training

According to Walker *et al.* (2019:6), education and training are engines of equality in important ways, such as:

- **Reducing poverty.** With education, the likelihood of higher income and lower poverty is much greater. Extreme poverty could be halved if universal primary and secondary education were achieved.
- **Boosting opportunity for all.** Intergenerational social mobility is influenced by educational status and indicates access to opportunities as well as the ability for the current generation to overcome historical disadvantages. For example, the possibility of individuals from poor families to end up better off than their parents is tied to the availability of education and training.
- **Bring society together.** Schools can be places where children from rich and poor backgrounds can become friends, thus, breaking barriers of inequality. The rules that perpetuate economic inequality can be challenged, and this can give young people the tools to go into the world and build more equitable societies.
- **Supporting democratic societies.** Education offers individuals tools to exercise the rights to an equal say over structures and policies that govern their lives, and this boosts democracy. Increased education also leads to greater political and civic engagement.

However, in South Africa, serious backlogs with respect to the educational system are experienced. Various educational programmes are an issue: literacy and numeracy training, career education, and an integrated educational system (Barker *et al.*, 2018:275). As far as training is concerned, South African enterprises do not provide enough, and attention should be given to, for instance, management training and training in various occupations (Barker *et al.*, 2018:275). According to Taylor (2019:1), most researchers would agree that the levels of educational inequality in South Africa are unacceptable and should be reduced as soon as possible. However,

frustration with how slow things is progressing in education should not prompt reckless implementation of untested radical interventions. Proper evaluation is required to avoid doing more harm to educational institutions and learners/students who are meant to benefit from those interventions.

3.5.2.5 Entrepreneurship

In the context of South Africa, the disadvantaged are underrepresented among owners of wealth-creating instruments of the economy. Accelerated training and development of entrepreneurs should be given more attention through financing programmes and effective training (Barker *et al.*, 2018:276). Measures such as large contracts being broken up into smaller ones and allocated to enterprises owned by disadvantaged groups should be taken into consideration. In addition, state tenders, subcontracts, franchises and special housing programmes in which enterprises are owned by disadvantaged groups should also be considered. Lastly, joint ventures between white-owned and black-owned enterprises are a popular method of involving previously disadvantaged groups in wealth creation (Barker *et al.*, 2018:276).

From the above discussion, it is evident that inequalities still exist within the South African labour market. However, through measures such as legal remedies, government initiatives and practices, economic growth, education and training, as well as entrepreneurship initiatives, these inequalities can be alleviated. The next section discusses the factors that influence the labour market outcomes of graduates in South Africa, as the labour market inequalities in the country are closely linked to the labour market outcomes of graduates in the country.

3.6 FACTORS INFLUENCING THE LABOUR MARKET OUTCOMES OF GRADUATES IN SOUTH AFRICA

When graduates enter the world of work for the first time, they face many challenges. These challenges include coping with transitioning from student to employee, creating a career in a labour market with very few opportunities to secure employment, and adjusting in a fast-paced technological world (Coetzee & Esterhuizen, 2010:1). Literature has documented the low and unequal educational and uneven labour market outcomes in South Africa. Employment prospects and labour market outcomes for graduates are determined by factors such as race, gender, type of qualification, and geographical location, which are elaborated on below.

3.6.1 Race

According to Reddy and Mncwango (2021:31), the contribution of education to improve labour market outcomes is well-established in South Africa. Existing evidence shows that higher levels of education lead to better chances of employment and increased income. However, the majority of

South Africans continue to experience unemployment and unfavourable labour market outcomes. These challenges can be traced back to the discriminatory systems under colonisation and apartheid. The Population and Registration Act 30 of 1950 racially categorised South Africans into Africans, coloured, Indian and white, making skin colour the single most important arbiter in the lives of individuals. Burger & Jafta (2006:2) states that the general elections in 1994 and the subsequent redrafting of the South African Constitution marked the end of an era of legislated labour market discrimination. However, race has and is still a major issue of concern around inequality in the labour market.

According to Baldry (2016:789), “race is the strongest predictor of unemployment with Coloured, Indian and White graduates being more likely to be employed than Black graduates”. Furthermore, black graduate job seekers are more likely to move from actively looking for employment to either “discouraged” or “not in the economically active” category. Black graduates are still disadvantaged in the labour market because their levels of employability are low (P. Mncayi, 2016:69). According to Baldry (as cited in Mamaleka, 2020:25-26), black female graduates have less access to the labour market than their white female counterparts and this is because of employment enhancing features such as better family backgrounds and being based in locations with better employment levels. Bhorat and Mayet (2012:4) posit that race influences the quality of schooling and higher education, availability of social networks, and so on. These factors together with discrimination retain these racial differences in employment outcomes.

3.6.2 Gender

Mosomi (2019:1) posits that before 1994 South Africa was not only characterised by racial segregation but also displayed patriarchal attributes. The mix of patriarchy and apartheid affected the status of women in the labour market and, in turn, caused gender inequality. According to the ILO (2015:2), gender inequalities are rooted in different roles and identities given to individuals, depending on whether they are male or female. Within the labour market, gender inequalities are fostered and maintained by the same traditional structures that assign men and women particular roles, which, in turn, create gender differentiated expectations, with several implications for equitable and sustainable social and economic development. Ntikinca (2014:61) states that, over the past century, women have and are joining the labour market in high numbers, closing the participation gap between genders. This has created strong market rewards for women’s labour force participation and a demand for female labour in certain sectors.

With education improving access to the labour market, educational attainment of women has increased more rapidly than that of men post-apartheid. Women are found to be more educated than men (Wagner, 2021:1). However, Ebrahim and Lilenstein (2019:6) argue that, despite the rapid growth in women’s employment and educational attainment after apartheid, women are still

less likely to be employed than men, as there are still remaining gender differences in employment levels, pay and types of roles and/or jobs that people perform in the labour market. In 2022, 47.0% of South African women were recorded as economically inactive. This means that almost half of working-age women are out of the labour force compared to 35.6% of their male counterparts. Furthermore, the latest global labour force participation rates for women are 47% compared to 72% for men (ILO, 2022). According to Stats SA (2022c), the labour market continues to favour men, showing no signs of making real progress towards improving prospects for women.

3.6.3 Type of qualification

Although there is an oversupply of graduates in general, there are clear differences in employment prospects of graduates with different types of qualifications (NFVF, 2013:11). The type of qualification that a graduate obtains has become a strong predictor of graduates' labour market outcomes in South Africa. According to Mncayi and Dunga (2016:415), the economic focus on science and technology has created more jobs for those fields and that may explain the lengthy jobs searches, underemployment and higher unemployment rates that arts and humanities graduates experience. Timothy (2018:57) posits that, in certain fields of study such as engineering, graduates are imparted with job specific attributes which can be easily transferred to the labour market; hence employers are confident in knowing what those graduates would bring to the organisation. On the other hand, fields of study such as humanities and arts are more generic in nature, and to employers, this is an indication that those graduates only have traits that can help them succeed in their jobs. Magagula *et al.* (2020:2) argue that field-specific knowledge and technical skills on their own are not sufficient to label graduates as "work ready". There is a need to train all graduates to develop certain capacities beyond their qualifications. Mavundla (2017:16) posits that labour market outcomes may vary by field of study; however, factors such as poor training and the lack of work readiness also determine graduates' labour market outcomes. Rogan *et al.* (2015:3) state that all graduates need to have a set of basic communication skills, information and communications technology skills and a general understanding of the world of work to be successfully employed.

3.6.4 Geographical location

According to Viljoen (2015:9), the apartheid regime caused dramatic changes in spatial structures in South Africa. Urban apartheid involved spatial separation of four racial groups (blacks, whites, coloureds and Indians). These racial groups had to reside in designated areas. The majority of the Indian and coloured populations had to relocate out of what was called white areas, while blacks were removed from cities to urban peripheries, that is, South-Western townships (Soweto) and rural areas. The effects of these spatial disparities are still felt post-apartheid (Turok *et al.*, 2017:1).

According to Timothy (2018:62), rural areas and townships have higher unemployment rates because of the lack of employment prospects compared to urban areas. Kwenda *et al.* (2020:2) posit that unemployment is higher in rural areas than urban areas, with varying magnitudes across provinces. The Western Cape, which is a non-former homeland (FH) province, has low rates of unemployment, followed by Gauteng, which has the smallest share of former homeland areas. In contrast, provinces such as the Eastern Cape and KwaZulu-Natal, which have the highest share of former homeland areas, experience higher levels of unemployment. Ohlmann (2020:443) states that this causes individuals to relocate elsewhere – to regional urban centres, that is, provincial capital or large metropolitan areas – that constitute the economic hubs of the country (i.e., Johannesburg, Pretoria, or Cape Town).

According to Hanson and Pratt (as cited in Ntikinca, 2014:66), geographic areas differ in terms of public services, nature of access to transport, jobs available, resident population and residential areas. These factors influence the employability of graduates, as graduates may struggle to find employment in their current location but can easily find work in another area. This raises geographical inequalities, as certain areas have better employment opportunities than others (Bauder, 2001:38). Mlatsheni and Ranchhod (2017:9) maintain that many graduates are unemployed because of the inability to access areas that could potentially provide employment. This predominantly affects black graduates, as townships are often situated far from business centres. Webb (2021:378) posits that the cost of transportation is a major obstacle for many graduates from townships. The cost of taxi and/or train could be as high as R200 a day. In Cape Town, for example, the spatial mismatch between residency and employment means that 80% of jobs are clustered in the city's central business district (CBD), Northern and Southern suburbs, areas that contain 37% of the population. High costs of transport, especially when individuals are unemployed, is a major obstacle (Shah & Sturzenegger, 2022:1).

There are many other factors that influence the labour market outcomes of graduates; however, race, gender, type of qualification and geographical location are the most common factors identified in the literature review.

3.7 CONCLUSION

This chapter provided an overview of the South African labour market. Five main dimensions of the South African labour market were discussed: the employment structure of the labour force; factors that influence the supply of and demand for labour; unemployment; labour market inequalities and discrimination; and factors that influence the labour market outcomes of graduates in South Africa.

The first section explained the employment structure of the labour force in South Africa. The employment structure in the country reflects a diverse and dynamic landscape and is structured according to the following three main sectors: the primary sector; secondary sector and tertiary

sector; and the informal economy. The interaction between the sectors, industries and occupations influences the labour market dynamics in the country, including the types of occupations available and the skills demanded in the labour market.

The second section provided an overview of the factors that influence the supply of and demand for labour in South Africa. Literature shows that there is still an imbalance between the supply of and demand for labour within the South African labour market. The literature revealed that the supply of labour is influenced by fertility rates, mortality rates, human capital, migration and mobility. Furthermore, the demand for labour is shaped by economic growth, strikes, globalisation, technology and labour productivity in the country. The South African government and its stakeholders need to understand the relationship between the supply of and demand for labour and the factors influencing them. A holistic strategy is required to bridge the gap between the supply of and demand for labour to foster a labour market that can contribute to economic growth and prosperity for all.

The third section provided an overview of unemployment and youth unemployment in South Africa, covering the factors contributing to unemployment in the country. These factors include structural unemployment; slow economic growth; inflexibility of the labour market; spatial distribution of the population; decline in demand for less-educated and/or less-skilled people; and the informal sector. The factors that contribute to youth unemployment include lack of skills and experience, job search costs, poor information on the labour market, the size of the unemployed youth population, high dropout rates in schools, and skills mismatch. Labour markets should be efficient to the extent that people can be employed on an equal basis and in an effective way that brings about full employment. Full employment means using labour resources efficiently by matching workers with suitable jobs that are in line with their skills and qualifications as well as making productive use of their working hours. Furthermore, full employment creates a decent society in which people are able to provide for themselves and their families, reducing inequality, unemployment and crime.

The fourth section provided an overview of labour market inequalities and discrimination in the South African labour market. The inequalities within the South African labour market are related to educational level, employment and unemployment, occupation, and wage and income. The section also discussed some strategies to address inequalities in the country as identified by the literature review. These included legal remedies, government initiatives and practices, economic growth, education and training, and entrepreneurship. South Africa is one of the most unequal countries in the world, despite the progress that has been made since 1994. South Africa's historical legacy of apartheid has left a long-lasting impact on the socio-economic landscape of the country, resulting in inequalities among different racial and ethnic groups. To address these issues, a multifaceted approach is required that includes legislative measures as well as efforts from both the public and private sectors. It is important to address discriminatory practices and to ensure that all individuals

in the country have access to fair and equal educational, skills development and employment opportunities.

The fifth section provided an overview of the factors that influence the labour market outcomes of graduates in South Africa. These factors include race, gender, type of qualification, and geographical location. In the context of South Africa, the varied experiences of graduate outcomes are not always a function of human capital or skills but rather of societal dynamics. Differences in employment opportunities based on race, gender and geographical location underline the need to address systemic inequalities in society and in the labour market. Alignment between type of qualification and employer and/or industry demands is of utmost important to increase the employability of graduates. Collaboration between different stakeholders, government, educational institutions, employers, among others, is required to improve graduates' experiences as they navigate the labour market.

The themes discussed above provided a comprehensive understanding of the dynamics shaping the South African labour market, and their potential impact on the experiences and outcomes of graduates entering this market. The next chapter presents and discusses the empirical findings from the data gathered on the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

CHAPTER 4:

EMPIRICAL FINDINGS AND DISCUSSION

4.1 INTRODUCTION

Chapter 2 and 3 discussed the labour market theories that underpinned the study and elaborated on factors that influence labour markets, generally, and the South African labour market, in particular. This chapter presents and discusses the findings that emerged from the empirical study. The data was collected by means of 14 interviews with recent humanities and engineering graduates who, at the time of the study, lived in Gauteng and were active in the South African labour market. Semi-structured interviews were conducted to get their views and/or perspectives on their experiences within the South African labour market.

This chapter is structured as follows: first, a brief overview of the exposition of the research methodology is provided; second, the findings of the study are presented and discussed; and third, the findings of the study are interpreted against the literature reviewed in chapter 2 and 3.

4.2 AN OVERVIEW OF THE RESEARCH METHODOLOGY

The research methodology followed in the study was elaborated on in detail in chapter 1. This section provides a brief overview of how the methodology was employed. The study adopted a qualitative research approach. The research approach was appropriate, as it allowed the researcher to get an in-depth understanding of the experiences of recent humanities and engineering graduates within the South African labour market. Qualitative research generates non-numerical data, allows the researcher to provide descriptive information (Daniel, 2016:93) and understand people's attitudes, experiences, behaviour and beliefs (Anas & Ishaq, 2022:90).

To select the study participants – non-probability sampling, in particular, convenience, purposive and snowball sampling – was used. Convenience sampling is a sampling technique that requires the researcher to go to public spaces and/or locations and ask people to participate (Golzar *et al.*, 2022:73). In other words, the researcher makes use of a sample that is readily available and can be easily accessed. In purposive sampling, the researcher chooses participants who, in their opinion, are relevant to the project based on their knowledge and expertise on the topic under investigation (Sarantakos, 2013:177). Snowball sampling, on the other hand, is a sampling method in which one interviewee and/or participant refers the researcher to one or more potential participants who meet the inclusion criteria of the study (Kirchherr & Charles, 2018:1). As mentioned in chapter 1, the inclusion criteria for participant selection included the following: recent humanities and/or engineering graduates with an undergraduate or postgraduate degree, who were between the ages of 22 and 30, who graduated between 2018 and 2022/23, and who resided in Gauteng and were active in the labour market. The exclusion criteria included graduates from

other fields of study, who had not obtained their undergraduate or postgraduate degrees, had not graduated between 2018 and 2022/23, were not between the ages of 22 and 30, and who did not reside in Gauteng and were not active in the labour market (see Appendix B). Race and gender were also considered to ensure a balanced representation of the participants' experiences when navigating the labour market for the first time.

As stated in chapter 1, an invitation (see Appendix B) was posted on social media platforms, namely LinkedIn, Facebook and WhatsApp, to invite the participants to participate in the study. The research invitation introduced the study and explained what the study is about. Two participants showed interest (i.e., convenience sampling) and later connected the researcher to other potential participants (i.e., snowball sampling). Some of the participants the researcher referred to initially showed interest but later changed their minds; as a result, the researcher reached out to prospective participants via inbox on LinkedIn and Facebook (i.e., purposive sampling). Through these sampling techniques, 14 participants were successfully interviewed. Data saturation was achieved after 11 interviews.

As discussed in chapter 1, in qualitative research data, *saturation* refers to a data adequacy point where no new information is obtained from participants (Sarfo *et al.*, 2021:6). In qualitative research, samples tend to be small to support the depth of case-oriented analysis that is fundamental to this mode of inquiry (Vasileiou *et al.*, 2018:2). The smallest sample size in reviewed articles had 10 participants (Mwita, 2022:417). With that in mind, detractors of qualitative studies argue that this is a major weakness in qualitative research (Mwita, 2022:417). Fusch and Ness (2015:1409) state that data saturation is not about numbers but about the depth of the data. A researcher should be able to choose a sample size that has the best opportunity to reach data saturation.

The interviews took place on the e-platform *Zoom*; however, if preferred, participants had the choice of completing the open-ended questionnaire in writing. Four out of the 14 participants chose to complete the open-ended questionnaire instead of participating in the online face-to-face interview because of their busy work schedules. Before the interviews took place, and before the questionnaire was sent via email, participants who indicated their willingness to participate in the study signed an informed consent form (see Appendix C). The open-ended questionnaire and the interview schedule consisted of the same set of questions. The online interviews were recorded and transcribed verbatim. Thereafter, the researcher started with the data analysis.

Qualitative research employs a variety of analytic techniques to produce an understanding of rich datasets (Lochmiller, 2021:2029). In this study, thematic analysis was used to analyse data. Thematic analysis is a qualitative method that is used to organise and analyse datasets. It involves identifying themes through careful reading and re-reading of transcribed data (Dawadi, 2020:62). Thematic analysis is also a useful method for examining the different perspectives of participants,

highlighting similarities and differences as well as generating unanticipated insights (Nowell *et al.*, 2017:2). Braun and Clarke (2006) proposed a six-phase process for conducting thematic analysis (Byrne, 2021:1398). According to Braun and Clarke (2006), thematic analysis is a time-consuming process; therefore, the six-phase process can guide researchers and should be applied in a flexible manner to fit the data and research questions (Byrne, 2021:1398). The six-phase process is presented in figure 4.1.

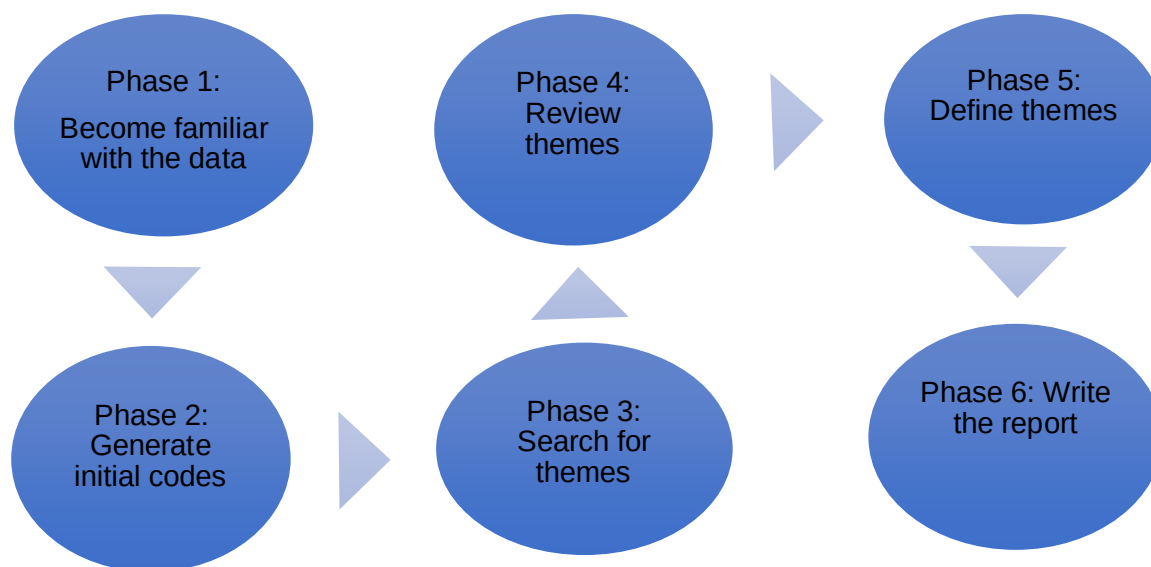


Figure 4.1: Six-phase process for thematic analysis

Source: Author's own compilation (2023)

The six-phase process is briefly discussed below.

Phase 1: Become familiar with the data. In this phase, the researcher reads and re-reads the transcripts. This researcher needs to be familiar with the data – that is, the interviews or any other data that are to be used – before going any further with the analysis (Maguire & Delahunt, 2017:3355).

Phase 2: Generate initial codes. In this phase, the researcher starts to organise the data in a meaningful and systematic way. This is done through coding, which reduces the data into small chunks of meaning (Maguire & Delahunt, 2017:3355). Coding can be done in different ways, depending on the research method and research questions. In this study, open coding was used. Open coding is an analytical process where concepts are identified and their properties and dimensions are discovered in the data (Mohajan & Mohajan, 2022:11). Furthermore, with open coding, the data are segmented into meaningful terms and described using single words to short systems of words (Mohajan & Mohajan, 2022:11).

Phase 3: Search for themes. Once the relevant data are coded, themes can be generated. A

theme captures the importance of the data in relation to the research question(s) and represents a pattern of responses or meaning within the dataset (Dawadi, 2020:66). In this phase, the researcher attempts to identify which themes fit within the overall analysis and which themes they must discard (Byrne, 2021:1404).

Phase 4: Reviewing of themes. During this phase, the preliminary themes that were identified in phase 3 are reviewed, modified and developed (Maguire & Delahunt, 2017:3358). When reviewing these themes, the researcher addresses the following questions:

- Do the themes make sense?
- Do the data support the themes?
- If the themes overlap, are they really separate themes?
- Are there themes within themes (subthemes)?
- Are there other themes within the data?

Phase 5: Defining themes. In this phase, the researcher is expected to present a detailed analysis of the thematic framework (Byrne, 2021:1407). Each theme should provide a coherent and consistent account of the data that cannot be told by other themes. However, all the themes should come together to create a clear narrative that is consistent with the content of the data and is informative in relation to the research question(s) (Byrne, 2021:1407).

Phase 6: Writing the report. This last phase can be seen as the completion and final inspection of the report that the researcher would have begun writing before undertaking the process of thematic analysis, that is, a dissertation or a journal article (Byrne, 2021:1409).

With reference to this study, the researcher identified six major themes that are supported by subthemes (see table 4.2). These themes emerged from the coding of the data. As mentioned in chapter 1, the researcher identified key concepts and meanings in the data collected through a coding process. The common approaches to the coding process include open coding, followed by axial coding, and then selective coding. The codes were then grouped into broader themes that captured the meanings of the data, as suggested by Brailas *et al.* (2023:22). The findings of the study are presented next.

4.3 EMPIRICAL FINDINGS AND ANALYSIS

This section presents and discusses the findings of the study. As mentioned earlier, semi-structured interviews were conducted to gather data to answer the main research question of this study: How do the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time? First, the research setting is contextualised, second, the biographical information is presented, followed by a discussion of the findings related to the themes and subthemes.

4.3.1 The research setting contextualised

The study was conducted in the Gauteng province, because, historically, Gauteng has always been known as the “place of gold” where there are ample economic and social opportunities. Gauteng is one of the nine provinces of South Africa. Although, geographically, it is the smallest province, it is one of the most urbanised provinces of South Africa (Stats SA, 1997:1) – it comprises the largest share of the South African population of over 10 million people (Stats SA, 2018:11). As stated in chapter 1, Gauteng is defined as the economic hub of South Africa, constituting of the Johannesburg metropolitan city, Ekurhuleni metropolitan city, and Tshwane (formerly Pretoria) city (Chakwizira *et al.*, 2018:83). Gauteng has for much of its history been a magnet for entrepreneurs and work seekers (COGTA, 2020:5), hence, most graduates from different provinces migrate to the Gauteng province for social, networking and employment opportunities (COGT, 2020:5).

4.3.2 Biographical information

Table 4.1 presents the biographical information of the research participants. Fourteen semi-structured interviews were conducted with seven humanities and seven engineering graduates. Participants were given pseudonyms to protect their real identities.

Table 4.1: Participants' biographical information

Pseudonym	Race	Gender	Age	Field of study	Qualifications
Miranda	White	Female	24	Humanities	Bachelor of Arts Honours in Psychology
Dimpho	Black	Female	26	Humanities	Bachelor of Arts Honours in Sociology
Bongani	Black	Male	30	Humanities	Bachelor of Arts Honours in Sociology
Palesa	Black	Female	26	Humanities	Master of Arts in Sociology
Kegan	Coloured	Male	25	Humanities	Bachelor of Arts Honours in Communications
Brian	White	Male	28	Humanities	Master of Arts in Sociology
Thabo	Black	Male	26	Humanities	Bachelor of Arts in Strategic Marketing Communications
Pravesh	Indian	Male	22	Engineering	Bachelor of Science Honours in Mechanical Engineering
Lisa	White	Female	22	Engineering	Bachelor of Science in Chemical Engineering
Tendai	Black	Male	27	Engineering	Bachelor of Science Honours in Computer and Electronics Engineering
Lerato	Black	Female	28	Engineering	National diploma in Mechanical Engineering
Hulisani	Black	Female	27	Engineering	Bachelor of Engineering in Mechanical Engineering
Fatima	Indian	Female	25	Engineering	Bachelor of Engineering in Chemical Engineering
Kyle	White	Male	23	Engineering	Bachelor of Engineering in Computer Engineering

The participant group comprised seven humanities and seven engineering graduates. Four humanities graduates held honours degrees, one in psychology, two in sociology, and one in communication studies, while two humanities graduates held master's degrees in sociology, and one humanities graduate held a degree in strategic marketing communications. In the field of engineering, two graduates held honours degrees, one in computer and electronics engineering

and the other in mechanical engineering. Four engineering graduates held Bachelor of Science and Bachelor of Engineering qualifications, two in chemical engineering, two in mechanical engineering and the other in computer engineering. One engineering graduate held a national diploma in mechanical engineering.

Regarding race and gender, four participants belonged to the white racial category, two were males and two females. Seven participants belonged to the black racial category, three were males and four females. Two participants belonged to the Indian racial category, one male and one female. One male participant belonged to the coloured racial category. The age range, in line with the inclusion criteria, was 22 to 30 years. All the participants in this study were between that age range. The findings with the regard to the experiences of humanities and engineering graduates within the South African labour market are discussed next.

4.4 THE EXPERIENCES OF HUMANITIES AND ENGINEERING GRADUATES WITHIN THE SOUTH AFRICAN LABOUR MARKET

As presented in table 4.2, six major themes with subthemes were identified through thematic analysis.

As mentioned earlier, this chapter presents the findings from the semi-structured interviews with recent humanities and engineering graduates who, at the time of the study, were living in Gauteng when they entered the labour market for the first time. The aim was to get an understanding of how their experiences of the South African labour market compare and/or contrast. The results of the data collected from these graduates are discussed according to the themes outlined in table 4.2. The themes discussed below emerged from deductive (i.e., the theoretical framework) and inductive (i.e., the qualitative data) analysis. In particular, the theoretical framework (Chapters 2 and 3) provided a comprehensive understanding of the factors that would influence the labour market experiences and outcomes of graduates.

Table 4.2: Themes

Major themes	Subthemes
Participants background	• Environmental setting • High school attendance • University attendance • Importance of tertiary education
Transitioning from university to work	• Entry into the labour market • Labour market expectations • Perceived employability

Navigating through the labour market	• Job search challenges • Job search strategies • Underemployment • Future employment opportunities
Graduates' perspectives of the state of the South African labour market	• Lack of employment opportunities • Rising unemployment • Low absorption rate • Bias recruitment processes/system
Perceived labour market challenges	• Lack of work experience and skills • Lack of demand for certain qualifications • Spatial mismatch • Limited access to resources
Graduate suggestions for improved labour market outcomes	• Experiential learning in schools and universities • Career guidance programmes • Initiative steps to learn about different fields of study • Re-evaluation of recruitment processes • Alliance between tertiary institutions and hiring employers

4.4.1 Participants' background

As a point of departure, the researcher inquired about the participants' background. It was important to understand how and where they had grown up and why or what had influenced their decision to pursue tertiary education. Four subthemes were identified: environmental setting; high school attendance; university attendance; and the importance of tertiary education.

4.4.1.1 Environmental setting

Most of the participants did not grow up in Gauteng – they grew up in other provinces. Nine participants (Pravesh, Lisa, Tendai, Hulisani, Fatima, Miranda, Palesa, Kegan and Brian) did not grow up in Gauteng, while five participants (Lerato, Kyle, Dimpho, Bongani and Thabo) grew up in Gauteng. When asked what it was like growing up, Tendai (engineering graduate) said:

Growing up was challenging when I relocated to North West. I grew up in Zimbabwe throughout my life, but at the beginning of my high school life that's when my family and I relocated. I had to adjust to many languages that were spoken as well as the educational system.

Kegan (humanities graduate) also reflected on his upbringing: *"I grew up in a small town in the Western Cape. It is a small town, so there wasn't much happening. I was the first in my family to go to university, there weren't many opportunities, but we were a tight knit community"*. Likewise,

Palesa (humanities graduate) and Brian (humanities graduate) also grew up in a small village in the North West province. Brian recalled being alienated from various social contacts because of his sexuality. He noted *“growing up was a lot”*. Three participants (Bongani, Thabo and Lerato) grew up in townships, namely, Sebokeng, Rockville, and Diepkloof.

Bongani (humanities graduate) noted *“growing up was okay; however, access to resources was limited”*. Lerato (engineering graduate) and Thabo (humanities graduate) expressed that growing up in the township was fun for the most part. Kyle (engineering graduate) and Dimpho (humanities graduate) said they grew up in Johannesburg. Other participants (Pravesh, Miranda and Fatima) grew up in KwaZulu-Natal. They described their upbringing *“as stable environments with a lot of support from family”*. Likewise, Hulisani (engineering graduate), who grew up in Limpopo, also expressed that she grew up in a stable, warm household with a big family. Further, Lisa (engineering graduate), who grew up in the Northern Cape, described her upbringing as *“good and warm”*.

The environment and the way in which one is brought up and raised often determines the trajectory of their lives, therefore, given the responses of the participants, it can be deduced that most of the participants grew up in decent and stable environments that ultimately shaped their choices in terms of their educational and career path.

4.4.1.2 High school attendance

Participants were asked about their high school experiences and the motivation behind the subjects they chose in Grade 10. According to the Department of Basic Education (DBE, 2021:1), subject choice at the beginning of Grade 10 could determine the field of study learners follow once they complete school. Thirteen participants (Pravesh, Lisa, Tendai, Lerato, Kyle, Fatima, Miranda, Dimpho, Bongani, Palesa, Kegan and Thabo) described their high school experiences as *“fun, great and interesting”*. Conversely, Brian (humanities graduate) described his high school experience as *“a rollercoaster because he was socially marginalised and bullied”*.

The participants were asked to elaborate on the subjects that they chose in Grade 10 and why they chose those subjects. Three participants (Bongani, Brian and Palesa) said they chose science subjects because the narrative was *“choosing science subjects would better their chances of getting into university”*. Other participants (Lisa, Pravesh, Tendai, Lerato, Kyle and Fatima) said they chose science subjects because their interest had always been in engineering. Miranda, Dimpho, Kegan and Hulisani chose a mixture of subjects. Hulisani (engineering graduate) noted, *“I chose science and geography, but I wanted to be a geologist”*. Dimpho and Kegan both indicated that they were *“not going to do anything science related in their future career goals”*. Miranda (humanities graduate) said *“I chose biology, consumer studies and visual art. I loved biology so I wanted to know more about it. I am more of a kinesthetic learner hence I chose visual art and consumer studies”*.

Thabo (humanities graduate) chose commercial subjects, which included business, economics and accounting, and expressed that he chose those subjects because *“it was always the dream to work in the commercial industry in strategic communications for corporate and marketing”*. He (2018:1) stated that doing a subject in high school would give one an idea of certain disciplines that one may enjoy; however, it is important for learners to be aware of their strengths and interests, as they may change overtime, and what is learned in subjects in high schools is not indicative of what the industry entails.

From the above, it is evident that each participant chose subjects that would later lead them to the fields of study that they chose in their tertiary education. Six participants shared that they chose science subjects in high school because they knew they would pursue engineering in tertiary education, and four participants chose subjects that allowed them to pursue humanities as a field of study. As stated earlier, the subjects that one chooses in high school is likely to determine one's choice regarding their field of study in tertiary education.

4.4.1.3 University attendance

Six participants (Tendai, Lisa, Dimpho, Bongani, Kegan and Brian) attended and graduated from the North-West University (NWU), three participants (Thabo, Palesa and Hulisani) attended and graduated from the University of Johannesburg (UJ), two participants (Kyle and Fatima) attended and graduated from the University of Pretoria (UP), and three other participants (Pravesh, Lerato and Miranda) attended and graduated from three different higher education institutions. Pravesh attended and graduated from the University of the Witwatersrand (WITS), Miranda attended and graduated from Varsity College (VC), and Lerato attended and graduated from the University of South Africa (UNISA).

Lisa (engineering graduate) and Brian (humanities graduate) said they *“chose NWU because it was closer to home and some of their family members also attended at NWU”*. For Tendai (engineering graduate), it was a great choice for him because it was accommodative in terms of fees. Likewise, Dimpho (humanities graduate) also expressed a similar reason and said she *“chose NWU because it was the only university that offered her accommodation on campus”*. Bongani (humanities graduate) and Kegan (humanities graduate) also attended NWU. Bongani said *“NWU was the only university that responded and approved my application for Bachelor of Arts in Psychology and Sociology”*. Kegan said, *“I was advised that NWU is one of the best universities with regards to BA communications degree”*.

Miranda (humanities graduate) and Palesa (humanities graduate) attended NWU during their undergraduate studies but later went to other tertiary institutions for their postgraduate studies. Palesa noted *“I went to the University of Johannesburg (UJ) for my postgraduate studies because I found the translation teaching technique challenging at NWU”*. Miranda, on the other hand, expressed that *“she attended Varsity College for her honours degree because it was the closest*

institution she got accepted at”.

Thabo (humanities graduate) and Hulisani (engineering graduate) attended UJ. For Thabo, UJ was convenient, well-known and rated top three in Africa, while Hulisani said she *“went to UJ because she was excluded at the University of the Witwatersrand (WITS)”*. Pravesh (engineering graduate) attended WITS. He said, *“I attended WITS because I received the Vice-chancellors awards”*. Fatima (engineering graduate) and Kyle (engineering graduate) attended the University of Pretoria (UP). They both expressed that, at the time, UP was ranked as the best school of engineering in South Africa. Lerato (engineering graduate), who obtained her qualification at UNISA, said *“UNISA was a flexible option because I was already working”*.

From the above, it can be deduced that the participants based their choice of university on convenience, accessibility and the reputation of the institution.

4.4.1.4 Importance of tertiary education

As discussed in chapter 2, human capital theory suggests that education guarantees employment, increases individuals work productivity and income (Goldin, 2016:56). Participants were asked why it was important for them to pursue tertiary education. Thirteen participants (Kyle, Pravesh, Tendai, Lerato, Lisa, Dimpho, Hulisani, Bongani, Thabo, Brian, Kegan, Palesa and Fatima) agreed that pursuing tertiary education was important to obtain better job opportunities, job security and career advancement. For Miranda (humanities graduate), pursuing a tertiary education was important because no one in her family went to university. She noted, *“[n]o one is my family before me went to university. I wanted to prove that it is possible if you want it enough, you can make it”*.

Tertiary education does not only benefit the individual but also society. Graduates of tertiary education are more conscious and have higher levels of civic participation. In other words, tertiary institutions not only provide graduates with adequate job skills; they also prepare them to be active members in their communities (World Bank, 2021).

From the above, it is evident that the participants shared the same view regarding the importance of pursuing tertiary education. Both engineering and humanities graduates agreed that obtaining a higher education qualification puts one in a better position to secure employment.

4.4.2 Transitioning from university to work

Participants were asked about their transitioning from university to work and the questions aimed to determine when the participants first entered the labour market, what were their expectations and their perceived employability. Three subthemes were identified, and they include: entry into the labour market, labour market expectations and perceived employability.

4.4.2.1 Entry into the labour market

According to Wolbers (2007:191), entry into the labour market refers to a group of people, in this case graduates, who since graduation have been competing for jobs within the labour market. Moreover, entry into employment refers to a signed contractual agreement between an employer and employee where an employee works for an income (Wolbers, 2007:191).

With that being said, between 2019 and 2023, 13 participants (Palesa, Dimpho, Lerato, Thabo, Bongani, Kyle, Fatima, Hulisani, Pravesh, Lisa, Tendai, Kegan, Brian and Miranda) entered the labour market. They entered the labour market after graduating. Two participants (Thabo and Bongani) – humanities graduates – entered the labour market in 2021; however, it took a year for them to get into employment. It was the same for Palesa (humanities graduate). She entered the labour market in 2020, and only got into employment after a year. For Miranda, Dimpho, Brian and Kegan, it was different. Miranda (humanities graduate) entered the labour market in 2021 and within three months, she got into part-time employment. Brian (humanities graduate) also entered the labour market in 2021, and just like Miranda, he got into part-time employment within two months after entering the labour market. Dimpho (humanities graduate) entered the labour market in 2020 and got into employment within three months. Kegan (humanities graduate) entered the labour market in 2022, and got into employment after a month.

For engineering graduates, the waiting period of getting into employment was not long. Three participants (Pravesh, Hulisani and Kyle), who are engineering graduates, entered the labour market in 2023 and they got into employment within one to two months. Lisa (engineering graduate) entered the labour market in 2022, and got into employment after four months. Fatima (engineering graduate) also entered the labour market in 2022, and got into employment after two months. Tendai (engineering graduate) entered the labour market in 2019, and got into employment within a month. Lerato (engineering graduate), on the other hand, first entered the labour market in 2014 just after she had matriculated. She has been working since then, but later went to university to further her studies to advance in her career, which is mechanical engineering.

From the above, it can be deduced that, due to the specific nature of engineering as a field of study, it is no surprise that engineering graduates did not experience unemployment or lengthy periods of searching for employment. Conversely, the humanities graduates reported varied experiences; some encountered unemployment, others endured lengthy periods (up to a year) seeking employment, while others, even upon securing jobs, faced underemployment, as corroborated by the literature review (see chapter 1).

4.4.2.2 Labour market expectations

When asked about their labour market expectations, seven participants (humanities graduates: Thabo, Palesa, Bongani, Miranda and Brian; engineering graduates: Kyle, Lisa and Pravesh)

expressed that they *“expected to find employment immediately after graduating”*. For Hulisani and Fatima (engineering graduates), their expectations were to get into a graduate programme. A graduate programme provides graduates with training, experience, and development opportunities to assist in starting their professional careers after graduating (IMI, 2019). However, both Hulisani and Fatima found employment within one to two months of entering the labour market. Fatima noted *“because I did not get into a graduate programme like I expected after graduating, the amount of responsibility that was placed on me from the moment I started working was overwhelming”*.

Kegan (humanities graduate) noted:

I was expecting that being part of the workforce is going to be hectic. I had already done my research on the job I applied for, so I was prepared for the long hours and everything that comes with the job.

Tendai (engineering graduate), on the other hand, expressed that *“my expectations were low in terms of earnings because I hadn’t gained enough work experience”*. Dimpho (humanities graduate) and Lerato (engineering graduate) said that they expected to apply what they have learned in university in the work environment and advance within the work environment. For most of these participants, their expectations were met, they found employment.

From the above, it can be deduced that both humanities and engineering graduates, no matter how far apart their fields of study may have been, had expectations of getting into employment; further expectations include gaining experience, earning good incomes, and applying what they have studied in their respective workplaces.

4.4.2.3 Employability

Participants were asked if their chosen field of study enhanced their employability. Employability is defined as a set of achievements, understandings and personal attributes that make graduates more likely to be employed and successful in their chosen occupations (Botha & Botha, 2022:28). All seven engineering participants (Pravesh, Lisa, Tendai, Kyle, Lerato, Hulisani and Fatima) agreed that their field of study enhanced their employability because their job descriptions fit what they had studied. Only two participants from humanities (Dimpho and Kegan) said that their field of study enhanced their employability.

Dimpho (humanities graduate) noted, *“yes, my field of study enhanced my employability because I studied psychology and sociology which has to do with human behaviour, I am able to apply my soft skills”*. Kegan (humanities graduate) shared the same sentiment and said, *“yes, I think my field of study definitely did enhance my employability, because of my skills as a journalist”*. Other participants (Miranda, Bongani, Brian, Palesa and Thabo) (humanities graduates) responded differently regarding their employability. Miranda (humanities graduate) noted:

I would say yes and no that my field of study enhanced my employability. Yes, because every employer wants someone with a degree. That definitely opens doors. But when studying psychology, you are not able to do anything in your field until you are registered. So, while a degree may open doors, it is not doors you have studied for or want to pursue.

Palesa (humanities graduate) also noted *“no, I don’t think my field of study enhanced my employability because a lot of people consider sociology not to be as important or useful”*. Brian (humanities graduate) added *“my current employer was not interested in what I studied or my level of education but was rather interested in work experience”*.

Thabo and Bongani (both humanities graduates) also agreed that their field of study did not enhance their employability because their jobs at the time only required a matric qualification and not what they had studied for. As referred to in chapter 1, employers and/or recruiters are reluctant to place humanities graduates in suitable jobs because they are not familiar with the knowledge and skills that these graduates possess but prefer graduates from subject-specific fields such as engineering. Mouchipku (2019:28) states that all graduates are employable; however, level of employability depends on their type of degree.

From the above, it is evident that humanities graduates compared to engineering graduates do not find jobs that are in line with their field of study. Again, this can be explained by the fact that employers and/or recruiters are not familiar with the skills that humanities graduates possess.

4.4.3 Navigating through the labour market

The participants were asked questions about their experiences of searching for and finding employment. The researcher aimed to explore how the humanities and engineering graduates experienced their job searches. The following subthemes were identified: job search challenges; job search strategies; underemployment; and future employment opportunities.

4.4.3.1 Job search challenges

Job searching can be a stressful process; however, it varies from person to person. When asked if there were any challenges the participants encountered during their job search, nine participants (engineering graduates: Lisa, Fatima, Kyle and Pravesh; humanities graduates: Bongani, Palesa, Kegan, Brian, and Miranda) said, yes, they faced challenges during their job search even though some were minor. However, some of the participants (engineering graduates: Tendai, Lerato and Hulisani; humanities graduates: Dimpho and Thabo) said, they didn’t really face challenges during their job search. Palesa (humanities graduate) noted:

The biggest challenge I faced was not knowing where to start in my job search. I didn’t even know how to do a CV nor what a cover letter is. I learned these things by watching YouTube videos and attending career workshops.

Bongani (humanities graduate) added, *“it was challenging to find jobs that specifically required a*

degree that I hold which is in Sociology. So, I didn't know where to start".

Much like Bongani, Miranda (humanities graduate) said, *"psychology is a long path that doesn't allow you to do much until you reach a certain point such as being registered. So, it was a challenge to find suitable employment"*.

As mentioned earlier, the process of job searching is tedious. Pravesh (engineering graduate) noted, *"the long interviews and administration process were a challenge"*. Lisa (engineering graduate), on the other hand, expressed that *"the biggest challenge for her was that the companies that she was applying to were not getting back to her"*. For Fatima (engineering graduate), her challenge was not having work experience, and that was an issue for most companies. Dimpho (humanities graduate) and Thabo (humanities graduate) said, *"due to their previous work experience, although it was not formal, they didn't really face major challenges in their job searching"*. Kegan (humanities graduate) and Kyle (engineering graduate) encountered the challenge of anxiously waiting to hear from their employers. Brian (humanities graduate) noted, *"I didn't really face any challenges because I got my current job through a friend"*. Other participants (Tendai, Hulisani and Lerato) (engineering graduates) did not face challenges because companies sought after them. Hulisani (engineering graduate) noted:

I was lucky that I was sought after. I just wanted to get into a graduate programme but one of the guys I knew from the company I work for now recommended me when one of the employees was leaving the company.

From the above, it is evident that job searching remains a major challenge, regardless of one's qualification, especially with the high rates of unemployment in South Africa. Both humanities and engineering graduates faced different challenges in their job search; however, engineering graduates faced lesser challenges because most of them were sought after. These challenges included the following: not having sufficient information on where to start looking for employment; not finding jobs that relate to one's specific field of study; and not knowing their employment outcome from potential employers.

4.4.3.2 Job search strategies

Participants used different job search strategies and for each participant, different strategies worked. Two participants (Pravesh, an engineering graduate and Brian, a humanities graduate) said, *"they used platforms such as Upwork and LinkedIn, however, word of mouth worked as a way to get their current jobs"*. Three participants (Tendai, Lerato and Lisa), all engineering graduates, used LinkedIn and it worked for the three of them. Other participants (Dimpho, Bongani, Palesa, and Thabo), all humanities graduates, used the websites of the companies they worked for at the time of the study to search for employment. On the other hand, Kyle, Fatima and Hulisani, engineering graduates, and Miranda, a humanities graduate, used platforms such as *Pnet, Au pair recruiting*, and *Careers24*. All these platforms are commonly used to search for employment.

From the above, it can be deduced that the mentioned jobs search platforms are convenient, as all the participants used them without having to travel to take their curriculum vitae (CV) to those businesses and/or companies to which they applied for work. Using these different platforms, participants were successful in finding employment.

4.4.3.3 Underemployment

As mentioned in the previous chapters, underemployment is often overlooked, and the focus tends to be more on unemployment or employment. According to Heyes and Tomlinson (2021:1240), underemployment refers to a variety of employment situations that are unsatisfactory – that is, involuntary part-time employment, insufficient working hours, and underutilisation of workers skills, education or training. Participants were asked on what basis they were employed and if their line of work and job responsibilities aligned with their respective qualifications. Two participants (Brian and Miranda), humanities graduates, stated that they worked in part-time jobs. They were expecting to secure full-time employment; however, they ended up being underemployed. Miranda (humanities graduate) noted, *“I work part-time as a special needs therapist which is great because it is along the lines of psychology, my degree”*. Brian (humanities graduate) also said, *“I am employed on a part-time basis as an assistant executive to the CEO, so what I studied does not really match my current job”*.

Much like Brian, Bongani (humanities graduate) said, *“his current job only required a matric certificate, meanwhile he has an honours degree in sociology”*. Dimpho (humanities graduate) and Thabo (humanities graduate) also expressed that their current jobs did not really align with their degrees. Thabo (Humanities graduate) noted, *“I studied strategic communications for corporate and marketing but I currently work in the banking sector”*.

For Kegan (humanities graduate) and Palesa (humanities graduate), their current jobs match what they studied. Palesa, a master’s degree graduate in sociology, expressed *“I am able to apply my research skills to my job”*. Kegan also noted that *“he is able to apply his skills and knowledge to his journalism career”*. Six participants (Lisa, Tendai, Kyle, Lerato, Hulisani and Fatima), all engineering graduates, agreed that their current jobs matched well with their degrees. However, for Pravesh (engineering graduate), this was not the case. Pravesh noted *“I work for an engineering company with a need for technical knowledge but the work I do is business and financially inclined”*.

As mentioned in chapter 1, fields of study such as engineering are in demand within the labour market by employers, mostly because they are occupation-specific, whereas in the case of humanities, graduates tend to experience underemployment, because humanities as a field of study is considered to be more general than occupation-specific. It is argued that employers are experiencing difficulties when trying to find job-success qualities, such as planning and organising, problem-solving, effective communication, teamwork and self-management in graduates. Some

graduates end up working in lower-skilled jobs that are not relevant to the degrees that they obtained (Mobarak, 2019:189).

4.4.3.4 Future employment opportunities

All the participants who participated in this study were below the age of 30 – they were still young and would inevitably seek better employment opportunities in the future. When asked what they would do differently to seek better employment opportunities in the future, nine participants (engineering graduates: Lisa, Lerato, Kyle, Hulisani and Tendai; humanities graduates: Miranda, Dimpho, Palesa, and Kegan) said they would seek better employment opportunities in future *“through professional networks and making connections with people in the same industry as them”*. Fatima (engineering graduate) and Bongani (humanities graduate) expressed that they will make use of recruitment agencies. Other participants (humanities graduates: Brian and Thabo; engineering graduate: Praves) agreed that they will continue to use relevant platforms such as LinkedIn, up-work and word of mouth.

From the above, it can be deduced that professional networks, recruitment agencies and online platforms such as LinkedIn were viewed by the participants as important avenues to find and secure employment for new graduates.

4.4.4 Graduates’ perspectives of the state of the South African labour market

In this section, participants shared their opinions and views on the state of the South African labour market. The following subthemes were identified: lack of employment opportunities, rising unemployment, low absorption rates, and bias recruitment processes/system.

4.4.4.1 Lack of employment opportunities

Lack of employment opportunities results in unemployment. Factors that contribute to structural unemployment in South Africa include insufficient opportunities (Moerane, 2016:4). Four participants – Lisa and Lerato (engineering graduates) and Dimpho and Kegan (humanities graduates) – agreed that there was still a lack of employment opportunities within the South African labour market. Lisa (engineering graduate) noted *“the South African labour market is bias in my opinion because there are not enough opportunities for everyone. With technology rising, unemployment is going to get worse”*.

Dimpho (humanities graduates) added *“the South African labour market is concerning in a sense that jobs are becoming more and more scarce, the Fourth Industrial Revolution is further contributing to the scarcity of jobs”*.

Lerato (engineering graduate) and Kegan (humanities graduate) said employers are not responsive to graduates; employment opportunities are limited, and the South African labour market is not accommodative of all types of degrees.

The concerns mentioned by the participants regarding employment opportunities in the country are also echoed in the literature. According to the literature, there is an increasing concern that young people do not have the necessary skills required by the continent's current and projected labour market. The concern, for example, is the chronic mismatch between South African education and the economic needs of the country. It has been reported that the African education systems are producing graduates who do not satisfy the skills needed for developing markets (Harry & Chinyamurindi, 2020a:5).

4.4.4.2 Rising unemployment

Even though it is believed that tertiary education increases one's job prospects, in South Africa, young graduates are mostly unemployed (Ndebele & Ndlovu, 2019:96). In South Africa, graduate unemployment is one of the highest in the world. It is, in fact, one of the fastest growing social problems that affects individuals' wellbeing and society at large (Mokhali, 2021:2). Three participants (engineering graduate: Hulisani; humanities graduates: Palesa and Thabo) agreed that being a graduate does not guarantee one a job because of the high rates of unemployment among graduates. Hulisani (engineering graduate) noted:

Unemployment is high. The number of jobs available are less than the amount of people who want jobs. Furthermore, engineering should be taken off the list as a scare skill so that companies are forced to hire South African graduates because they end up hiring a foreign national with the mindset that engineering is a scare skill, meanwhile there are engineering graduates that are unemployed.

Palesa (a humanities graduate) and Thabo (a humanities graduate) expressed the same view by stating that the South African labour market has not changed nor improved because there are still many unemployed graduates. According to Shah (2022:10-11), even before the Covid-19 pandemic, South Africa had the highest unemployment rates, including among the youth, in the world. The youth unemployment rate is above 50% and has been a persistent challenge since South Africa's transition to democracy.

4.4.4.3 Low absorption rate

Three participants (engineering graduates: Tendai and Fatima; humanities graduate: Bongani) expressed that the South African labour market is characterised by low absorption rates. Tendai (engineering graduate) noted:

There is a higher demand for some careers, whereas for other careers there's a saturation. Therefore, it is difficult to find employment within the South African labour market with a degree wherein in which demand is low.

Bongani (humanities graduate) added *"I think there is a need for more labour force because there is a shortage of skills within the labour market but the absorption rates are low"*.

Fatima (engineering graduate) expressed:

Although I am employed, I see with our company first hand that we are understaffed but because the economy in South Africa is so unpredictable, the company would rather keep the current staff and work through large workloads instead of hiring more people.

Factors such as economic conditions, educational qualifications, skills and experience, networking and connections (Mncayi & Shuping, 2021), poor labour market practices and corruption, such as nepotism, may affect graduate absorption into the labour market (Asoba & Mefi, 2022:34). Labour absorption is a problem because many graduates are not given a fair chance to prove themselves, regardless of their chosen field of study. However, while low absorption rates may have contributed negatively to the current state of the South African labour market, according to Stats SA (2023d:1), the absorption rate increased by 0.5% to 39.9% in the first quarter of 2023 compared to the fourth quarter of 2022. This could potentially increase employment rates of graduates.

4.4.4.4 Bias recruitment processes/systems

Four participants (engineering graduates: Pravesh and Kyle; a humanities graduates: Miranda and Brian) expressed similar thoughts on what they thought of the South African labour market. Brian (humanities graduate) said *“the South African labour market changes daily. These changes are influenced by corruption and social prejudices in terms of hiring”*. Pravesh (engineering graduate) noted *“my perception of the South African labour market is still the same. Most recruitments are done on the basis of quota with little treatment as an individual at a graduate level”*.

Miranda (humanities graduate) added:

Navigating through the South African labour market is not as easy as I thought. I now feel that you do not simply get a job by writing a CV and applying, you need to have something that makes you different from other applicants. For example, knowing a foreign language or having an extra diploma on your name.

Kyle (engineering graduate) shared the same sentiment as Miranda by saying *“it is difficult to break into the labour market as a graduate as many jobs require experience”*.

These opinions imply that even with a degree in hand, graduates still face difficulties within the labour market; consequently, the transition of graduates from university to the world of work has posed many challenges, meaning there is little match between sacrifices made and returns, as also argued by Ndebele and Ndlovu (2019:92). As a result, the quality and relevance of tertiary education is brought into question and various concerns are raised due to the negative labour market outcomes of graduates. Such outcomes are demotivating to both graduates and their families who invest in higher education with the expectation of well-paying jobs (Harry & Chimyamurindi, 2020b:2).

4.4.5 Perceived labour market challenges

In this section, participants were asked about the challenges they experienced regarding their labour market outcomes. The following subthemes were identified: lack of work experience and

skills; lack of demand for certain qualifications; spatial mismatch; and limited access to resources.

4.4.5.1 Lack of work experience and skills

Six participants (engineering graduates: Lisa, Kyle, Hulisani and Fatima; humanities graduates: Dimpho and Brian) agreed that lack of experience and skills is one of the factors that poses a challenge for newly graduates within the labour market. Fatima (engineering graduate) noted:

I think experience is a huge factor. Companies are not willing to give graduates a chance because they do not have experience. So, if companies are not willing to take that chance on graduates, they will never gain the experience they need.

Lisa, Kyle, Hulisani, Dimpho and Brian shared the same view by stating that lack of useful skills and experience hinders many graduates in their pursuit for employment after graduating. As mentioned earlier, many employers require work experience and skills, therefore, when newly graduates apply, they are often not considered because of a lack of experience and skills. This is problematic because graduates need to be absorbed to gain the much-needed experience.

4.4.5.2 Lack of demand for certain qualifications

Six participants (engineering graduates: Tendai and Lerato; humanities graduates: Bongani, Palesa, Kegan and Thabo) agreed that lack of demand in some fields of study plays a role in graduates labour market outcomes. Thabo (Humanities graduate) argued:

Many students choose popular courses and don't explore courses wherein which the skills are scarce. This leads to unemployment increasing because the skills and knowledge that most graduates possess are not in demand within the South African labour market.

Bongani (humanities graduate) added *"yes, indeed the lack of demand for certain skills, such a social worker, for example, is the reason graduates experience challenges in their labour market outcomes"*.

From the above, it can be argued that the issue around lack of demand in some fields of study creates a debate on whether students should continue to apply and graduate with degrees in fields that are not in demand, as also highlighted in the literature (see chapter 3,).

4.4.5.3 Spatial mismatch

Spatial mismatch refers to employment opportunities that are often centred in cities or employment subcentres in metropolitan areas. This causes unemployment for those who cannot access employment opportunities and long commutes for those who are employed (Durst *et al.*, 2020:3). Two participants – Hulisani, an engineering graduate, and Bongani, a humanities graduate – expressed that spatial mismatch plays a major role in determining whether or not graduates find employment. Hulisani (engineering graduate) noted "geographical location is one of the factors that

strongly determine a graduate's labour market outcome. For example, living far with no means of transport to reach where the job is".

Bongani (humanities graduate) added by saying "*if there are no job opportunities in your area, you're at a disadvantage*".

Literature has shown that graduates who reside in areas that are far from economic hubs are likely to be unemployed (Harry *et al.*, 2018:3). In relatively urban provinces, such as Gauteng, the Western Cape and KwaZulu-Natal, which are industrial and economic hubs, unemployment rates are low. Therefore, instead of open employment (i.e., employment open to all people), there is a tendency for underemployment (Mncayi & Meyer, 2022:18).

4.4.5.4 Limited access to resources

One would argue that, since we live in a technologically advanced world, everybody can easily access the Internet, seek for job opportunities and find employment; however, that is not always the case. One participant, Miranda (humanities graduate) expressed that access was a major issue when it came to job opportunities. She noted:

I am lucky enough to have access to the internet and certain people, which many South Africans do not have. Even simply having access to the internet can be a huge obstacle or being able have a LinkedIn profile. Lack of access restricts people in so many ways.

Harry *et al.* (2018:3) indicate that a lack of labour market knowledge and connections can be hindrances to employment opportunities. Research has also shown that the most significant factors that negatively influence the employment of graduates include a lack of job market information, no professional networks, a lack of job search skills, no formal work experience, a mismatch between the type of qualifications and jobs available, the geographical area one lives in, no political or social connections, and uncertain economic conditions (Botha & Botha, 2022:26).

4.4.6 Graduates' suggestions for improved labour market outcomes

In this section, participants were asked how the labour market outcomes of graduates could be improved. The participants suggested a few aspects that needed to change and/or happen for graduates to experience better labour market outcomes. The following subthemes were identified: experiential learning in schools and universities; career guidance programmes; initiative steps to learn about different fields of study; re-evaluation of recruitment processes; and alliance between tertiary institutions and hiring employers.

4.4.6.1 Experiential learning in schools and universities

Three participants (engineering graduates: Kyle and Pravesh; humanities graduate: Brian) expressed that schools and tertiary institutions tend to focus more on the theoretical part of learning instead of the practical part; therefore, to increase the employment chances of graduates,

tertiary institutions should focus more on the practical part of learning. Brian (humanities graduate) noted:

I think what needs to happen is the quality of education must be improved from as far back as high school. The focus should be on practical teachings. Furthermore, the employers within the labour market should adjust their standards for graduates in terms of requiring 5 years of experience from newly graduates.

Pravesh (engineering graduate) agreed with the above by saying that *“more detailing of working conditions in the syllabus to what is more practical work than academic-oriented content”*. Kyle (engineering graduate) added *“more focus should be on industry-demanded skills in tertiary institutions”*. Literature supports these suggestions by showing that scarce skills are usually industry driven. They comprise specialised and context-specific technologies and knowledge domains (Asoba & Mefi, 2022:34). However, Botha and Botha (2022:31) argue that the employability of humanities graduates can be increased. The perception that humanities programmes are so-called soft options and that they are limited as regards their benefit to society should be changed using comprehensive marketing and communication strategies. Humanities programmes can be relevant to the needs of society, financially viable and sustainable.

4.4.6.2 Career guidance programmes

The choice of career one chooses is undeniably one of the most important decisions in life. Hence, career guidance plays a crucial role in helping people, especially young people, to meet their goals (Roy, 2020:22). One participant, Lisa, an engineering graduate, suggested that career guidance programmes should be reinforced. She said *“learners/students should be guided careerwise. Teacher and the government should invest in career guidance programmes from as early as high school”*.

This implies that it is not enough that people from different higher learning institutions visit high schools every year once a year when learners are in Grade 11 or matric to inform learners of the different courses available. Career guidance should begin as early as Grade 9 before learners choose subjects in Grade 10. When learners get to university and graduate, universities must support graduates to attain jobs by implementing different strategies such as career advice services (i.e., interviewing skills, preparation of CVs and/or resumes) (Botha & Botha, 2022:31).

4.4.6.3 Initiative steps to learn about different fields of study

Four participants (engineering graduates: Lerato and Tendai; humanities graduates: Dimpho and Thabo) expressed that students are also responsible for informing themselves about the different fields of study that higher learning institutions offer. Thabo (humanities graduate) noted *“students must inform themselves about the courses and programmes that will equip them with the skills that are demanded in the South African labour market”*.

Lerato and Tendai agreed with this by stating that students need to do their own research on which jobs are scarce and demanded before choosing a field of study. For Dimpho (humanities graduate), it goes both ways. She noted:

Yes, indeed students should research further about the fields of study they choose. However, universities must thoroughly inform students about the different fields of study in terms of what they can do with those degrees after graduating.

From the above, it is evident that tertiary institutions and enrolling students are equally responsible for making sure students are well-informed regarding the different fields of study from which they are going to choose. Students often rely on institutions to educate them about the fields of study offered; consequently, they end up choosing a field of study they are not passionate about.

4.4.6.4 Re-evaluation of recruitment processes

Three participants – Hulisani, an engineering graduate, and Kegan and Bongani, humanities graduates – stated that the recruitment process, as a whole, needs to be re-evaluated. Bongani (humanities graduate) noted:

The whole recruitment process and/or system should be placed in the hands of the Department of Labour. Many hiring companies do not comply with the labour Act (Employment Equity Act); therefore, the Department should decide on the people that will be employed on behalf of those companies.

Hulisani (engineering graduate) added:

There should be a clause of law that companies must hire 80% of the graduates that they train during internships or graduates' programmes. This law should be enforced by the government.

Kegan (humanities graduate) agreed by saying *“the government and private sectors should create more opportunities for other unique and different degrees, especially those that are considered to be not as important”*.

From the above, it is evident that some of these participants were not satisfied with recruitment practices and processes followed in the labour market. Recruitment practices are not accommodative of all qualifications. This requires the involvement of various stakeholders, including educational institutions, employers, career services departments, professional associations and organisations, government and regulatory bodies, and supportive parents and family, among others. As mentioned in the previous chapters, education is an investment, as graduates and parents and/or guardians expect greater returns.

4.4.6.5 Alliance between tertiary institutions and hiring employers

Three participants (engineering graduate: Fatima; humanities graduates: Miranda and Palesa) suggested that there should be a relationship between tertiary institutions and hiring employers.

Palesa (humanities graduate) noted:

University institutions must work with companies and/or businesses to market all types of degrees, at least 10 graduates from each field of study can be absorbed into those companies and/or businesses after graduating.

Miranda (Humanities graduate) added, “[s]upport... from people that own businesses. Support by creating connections, support by providing resources and knowledge especially to those who do not have access”.

Fatima (engineering graduate) agreed by saying that “during the final year, students need to be proactive by approaching potential companies and recruiters for job opportunities and not wait until the degree is complete”. Literature also states that higher education institutions and industries should bridge this gap by ensuring that universities’ curricula emphasise the labour market needs, individual attributes and social inequalities in programme design (Ndebele & Ndlovu, 2019:103). In addition, engagement in networking opportunities should be promoted – for example, interaction between students and employers and mentoring by industry mentors (Botha & Botha, 2022:32).

From the above, it is evident that both engineering and humanities graduates shared similar perspectives and/or views on what could be done for graduates to have better labour market outcomes. As stated earlier, there should be a positive relationship between graduates, higher learning institutions, and hiring employers.

Next, the findings of the study are discussed and interpreted in line with the literature review.

4.5 DISCUSSION AND INTERPRETATION OF THE FINDINGS

The aim of this study was to investigate how the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time. Semi-structured interviews were conducted to obtain in-depth information about the experiences of these graduates. Through thematic analysis, six major themes with subthemes emerged from the perspectives of both humanities and engineering graduates. In this section, the findings are interpreted and discussed in relation to the literature review.

The discussion is based on the main themes that were identified from the data: participants’ background, transitioning from university to work, navigating through the labour market, graduates’ perspectives on the state of the South African labour market, perceived labour market challenges, and graduates’ suggestions for improved labour market outcomes.

Participants’ background. Individuals receive their first education in the family. Family fosters responsibility, social roles, decision-making and creativity in an individual (Ozcan, 2021:2). Hence, background information from the research participants was obtained to understand what influenced them in making the choice to pursue tertiary education instead of other pursuits. Four subthemes

emerged from the data: environmental setting; high school attendance; university attendance; and importance of tertiary education.

From the findings, it is evident that both humanities and engineering graduates grew up in decent and stable environments that encouraged and supported them to pursue tertiary education to have careers and be successful. Regarding high school attendance, the findings showed that humanities and engineering graduates attended decent high schools that allowed them to choose Grade 10 subjects that influenced their choice of field of study in university. As regards university attendance, findings showed that humanities and engineering graduates chose universities for varied reasons. According to Harahap *et al.* (2023:342), institutional factors, such as degree programme flexibility, fees, academic reputation and prestige, physical aspects on campus, such as quality of infrastructure and services, the availability of equipment, such as computers and quality of library facilities, among other things, influence students' choice of university attendance.

From the findings, it was evident that both humanities and engineering graduates valued the importance of tertiary education, even though they were all influenced by distinct factors to pursue tertiary education. According to Watson (2017:278), factors such as class family, parental educational background and occupation influence the life choices individuals make. In addition, theories such as human capital theory, discussed in chapter 2, emphasise the importance and benefits of education. Crittenden (as cited in Down, 1994:55) explains the importance and benefits of education as per human capital theory as follows: the higher the level of education in a society, generally, the richer society would be; the better educated an individual is, the better their income is likely to be; the inequality in the range of incomes tends to be reduced, as the general level of formal education in societies rises.

Transition from university to work. Transitioning from school to work is not an easy process for many graduates. While some experience a smooth transition by finding suitable employment, others experience unfavourable outcomes such as being unemployed and/or underemployed (Bradley & Anh, 2003:2). In this regard, the data revealed three subthemes, namely: entry into the labour market; labour market expectations; and employability.

The findings show that humanities and engineering graduates entered the labour market between 2018 and 2023, just after graduating. Engineering graduates found employment within one to four months of entering the labour market, whereas some humanities graduates found employment after a year. The literature review showed that, in South Africa, humanities graduates tend to experience higher levels of unemployment and underemployment than graduates from other fields of study such as engineering (Kakooza *et al.*, 2019:53). As indicated by Van der Merwe (2009), this could be because humanities graduates are perceived as not having the most marketable skills.

Regarding labour market expectations, the findings show that most humanities and engineering graduates had expectations of getting employed in their respective qualifications. However, some had expectations of getting into graduate programmes that would allow them to gain training and work experience to be prepared for the work environment. Watson (2017:278) states that individuals approach the labour market differently. There are objective and subjective factors that influence how individuals approach the labour market. Objectively, individuals have certain resources, such as skills and knowledge. Subjectively, individuals have certain interests, motives and expectations, such as making a living or gaining job satisfaction. Both factors are influenced by structural factors such as family, class and educational background, as well as occupational structures such as the prevailing job market (Watson, 2017:278).

About employability, the findings show that engineering as a field of study enhanced the employability of all engineering graduates, while only two humanities graduates confirmed that their field of study had enhanced their employability. Literature (Klein, 2016; Lohberger & Braun, 2022) revealed that engineering is an occupation-specific field of study, hence employers demand engineering graduates more than they demand humanities graduates. According to Altariva (2018), humanities graduates possess soft skills such as excellent communication, interpersonal skills and the ability to present effective debates and negotiations. These skills can shape good leaders and are a basis for international relations and should therefore function as catalysts for employment. However, their employability continues to be questioned (Kakooza *et al.*, 2019:53). Afroze *et al.* (2019:23) emphasise that the lack of soft skills is a global problem among graduates. Therefore, higher learning institutions should increase students' soft skills and hard skills in a balanced proportion as that would maximise graduates' skills (Idkhan *et al.*, 2021:120). Furthermore, effective avenues should be explored to market the valuable skills that humanities graduates possess, as also noted by Majid *et al.* (2012), Pooe (2010), and Rychen and Salganik (2003).

Navigating through the labour market. Navigating the labour market, especially as a newly graduate, can be overwhelming. In this context, the data revealed four subthemes: job search challenges; job search strategies; underemployment; and future employment opportunities.

The findings showed that both humanities and engineering graduates equally faced or faced no challenges during their job searches. Some faced challenges because of lack of work experience, not knowing where to start in their job search and not receiving feedback from potential employers regarding their applications. For those who did not really encounter challenges, factors such as previous work employment, even if it was informal, and having connections such as friends and family, worked in their favour. In chapter 3, the literature (Ingle & Mlatsheni, 2017; Ntamane, 2021) revealed that newly graduates and/or young people face more challenges than adults when seeking employment because of factors such as lack of work experience and skills, lack of job search skills, and lack of labour market information. Thus, networking can play a major role in

finding and securing employment generally and particularly for newly graduates.

According to Batistic and Tymon (2017:3), networking is the age-old practice of building and nurturing personal and professional relationships with a variety of people to create a bank of resources, including contacts, support, and information. Networking is important in any profession. It creates opportunities and possibilities that would not generally be available in any other way. For example, a connection made through networking may put an employee in contact with someone who can help with employment opportunities (Idowu & Adeola, 2023:3, 7). In addition, labour market policies should focus on building the employability skills of young job seekers to expand their employment opportunities (Moore, 2019:11).

Furthermore, the findings revealed that both humanities and engineering graduates used the Internet as a tool to search for jobs. Common platforms such as LinkedIn, Pnet, Upwork, Careers24, company websites and word of mouth were used, and this is how these graduates' found employment. Nghi *et al.* (2020:550) state that most graduates find employment opportunities through the Internet. Technology plays a crucial role in displaying the skills required by employers. It is a practical tool to help graduates find employment (Murire *et al.*, 2023:2).

It was also evident from the findings that most of the humanities graduates experienced underemployment compared to engineering graduates. As indicated in the literature (Baidoo, 2017; Moleke, 2005), many humanities graduates who do find employment are likely to be placed in inferior positions that do not match their qualifications. Underemployment is evaluated in terms of lower levels of occupation, measured by levels of income, educational requirement, hours worked, and the underutilisation of skills (Scurry & Blenkinsopp, 2011:647).

Moreover, the findings revealed that both humanities and engineering graduates would still seek better employment opportunities in the future. Finding their first job was regarded very important by them because they could gain the much-needed work experience and skills and were being exposed to other professionals that would help with networking for future employment opportunities.

State of the labour market. Understanding the state of the labour market through the perspective of recent graduates is important because they are currently experienced it. Under this theme, lack of employment opportunities, rising unemployment, low absorption rates, and bias recruitment processes/systems were identified as subthemes.

From the findings, it was evident that both humanities and engineering graduates felt there was a lack of employment opportunities within the labour market. Factors such as the rise of technology (4IR), employers not being responsive to graduates when they apply, the labour market not being accommodative of all types of degrees, and their awareness of the state of the labour market made the participants conclude that employment opportunities were limited within the South African

labour market. The literature (see chapter 3, § 3.4.3) shows that South Africa is experiencing structural employment. Structural employment is a result of the inability of an economy to provide employment opportunities for the whole labour force (Yanta, 2022:1). Furthermore, inequality in the country is one of the reasons for a lack of economic opportunities within the labour market. Ndlebe (2022:1) posits that the South African labour market is characterised by poor capacity to create employment, along with serious economic and social problems, such as slow economic growth, inequality and poverty. This is worsened by factors such as loadshedding and corruption.

According to Hlayisi (2022:2), despite the vast efforts to increase access to education, there still seems to be elevated levels of unemployment among graduates. Tinashe and Chinyamurindi (2019:1) state that young people find it difficult to find employment because of the existing elevated levels of unemployment and uncertainty in the labour market. As also elaborated on in the literature review (see chapter 2) and noted by some of the participants, universities produce many graduates every year; however, the South African labour market is not absorbing them. The findings revealed that low absorption rates are caused by an unbalanced demand for certain qualifications, more than others, and the inability of companies to hire more workers due to economic constraints. According to the National Student Financial Aid Scheme (NSFAS, 2018:5), field of study plays a key role in the rate of graduate absorption. Health sciences, engineering and architecture graduates have consistently higher employment rates than social sciences, public management and services graduates.

Lastly, the findings show that bias recruitment processes/systems is one of the key issues within the labour market. According to Moleke (2006), Morsy and Mukasa (2019), and Seliane (2023), graduates do not experience equal labour market outcomes. Rahman (2021:5) mentions that certain operational corruption risks, such as nepotism in hiring practices, which is common in employment agencies, exacerbate the chances of young people finding employment.

Labour market challenges. There are a number of challenges within the labour market that many graduates and/or young people face. Four subthemes – namely, lack of work experience and skills; lack of demand for certain qualifications; spatial mismatch; and limited accessibility to resources – were identified as labour market challenges that negatively influenced graduates' labour market outcomes.

The findings indicated that lack of work experience and skills is a challenge for graduates when they seek employment. Many graduates are often rejected because employers require work experience. Literature (Gorlich *et al.*, 2013; Mabaso, 2013; Mouchipku, 2019; Smuts 2010) revealed that employers cannot afford to train newly graduates; therefore, they would rather hire older people with experience. In this regard, Oswald-Egg and Renold (2021:3) state that individuals with work experience require less training, thereby reducing employers' training costs. According to Oswald-Egg and Renold (2021:1-2), higher learning institutions should start providing

work experience in their curricula that includes mandatory internships so as to equip students with marketable skills before they graduate and enter the labour market.

The findings reiterated that lack of demand for certain qualifications is a challenge within the labour market. Literature (Mncayi & Dunga, 2016; Mseleku, 2021; Timothy, 2018) revealed that one of the causes of unemployment is lack of demand for certain qualifications. Employers attach high importance to hiring graduates that possess occupation-specific skills, for example, engineering graduates; employers readily hire them because they possess ready-to-use skills (Barone & Schindler, 2014:7, 9), therefore, graduates from engineering, manufacturing and construction have the highest employment rate (OECD, 2017a:58).

The findings also showed that spatial mismatch is one of the challenges within the labour market. Literature (Kwenda *et al.*, 2020; Ohlmann, 2020; Timothy, 2018) revealed that, in some geographical locations, there are no employment opportunities; as a result, graduates need to migrate to other areas for employment opportunities. Mthiyane (2022:5) posits that migration to urbanised areas is motivated primarily by the desire to grow and develop economically through the pursuit of new possibilities.

Lastly, the findings revealed that limited accessibility to resources (such as WiFi, computers, transportation) to access employment opportunities is a challenge. Rihova (2016:5) mentioned that many young people and/or graduates remain unemployed because of a lack of information about employment opportunities within the labour market. Most of the time, being aware of employment opportunities means having access to relevant sources, for instance, to the Internet; however, many people continue to face constraints when it comes to adequate resources. Chari *et al.* (2017:3) state that employment opportunities are mostly identified through the use of the Internet. However, access is limited primarily to those who cannot afford to be connected and/or know how to use technology. This presents a barrier to access employment opportunities.

Suggestions for improved labour market outcomes. Given the labour market challenges that exist, there should be ways in which labour market outcomes can be improved for graduates. In this regard, the data revealed five subthemes: experiential learning in schools and universities; career guidance programmes; initiative steps to learn about different fields of study; re-evaluation of recruitment processes; and alliance between tertiary institutions and hiring employers.

Experiential learning in schools and universities was suggested to improve graduate labour market outcomes. Experiential learning is defined as a period in which instruction and relevant practical experience that relate to a specifically selected programme of study are integrated (Aigbavboa *et al.*, 2018:2781). The participants were of the view that teaching and learning in schools and universities focus more on theory than on practical application. This is problematic because students, after having graduated, face challenges to secure employment in the labour market

because of lack of practical skills and hands-on experiences (Aigbavboa *et al.*, 2018:2781). Practical skills and hands-on experiences can enhance understanding of theoretical concepts and are often required to solve real-world problems (Aigbavboa *et al.*, 2018:2781). Therefore, it is important to integrate practical components into the curriculum to better prepare students for the challenges they may face in the world of work (Aigbavboa *et al.*, 2018:2781). During experiential learning, students, with the assistance of universities, can secure employment for a certain period in established or approved companies. This would help students gain work experience before they graduate (Aigbavboa *et al.*, 2018:2781).

Career guidance programmes were suggested as another way to improve graduate labour market outcomes. Career guidance programmes are intended to assist individuals to make informed educational, training and occupational choices (Watts, 2009:4). Pillay (2020:2) argues that career guidance services are not new in South Africa. Such services have been available for several decades in the country and are well-known in certain sectors of the population. With the current economic status in South Africa, which includes high levels of unemployment, Pillay (2020:1) states that first-time work seekers are not able to find employment, let alone develop a career. Therefore, it is imperative that both targets – that is, job provisions and career development – are kept as the top priority in the economic and development agenda.

Initiative steps taken by students to learn about the different fields of study were identified as a suggestion that could help in improving graduate labour market outcomes. This means that students should be equally responsible for informing themselves about the fields of study before they choose one. Gradlinc (2023:8) also highlights the shared responsibility of students to educate themselves on taking steps to get more information about the different fields of study that tertiary institutions offer. This would help students make better and informed decisions regarding their choice of course to study.

The participants also suggested the re-evaluation of recruitment processes to improve graduate labour market outcomes. As highlighted in the literature review, hiring practices such as nepotism perpetuate the inequalities that already exist within the labour market and therefore graduates face unequal labour market outcomes. Any legal framework that guides the recruitment, selection and placement of graduates should be underpinned by fairness, equity, human dignity, professionalism and confidentiality (Motsoeneng, 2011:7, 8).

Lastly, the findings indicated that there should be an alliance between tertiary institutions and hiring employers to achieve better graduate labour market outcomes. According to the OECD (2019:1), to ensure that graduates have skills that are consistent with labour market demands, a responsive education system can reduce skills imbalances (i.e., shortages and skills mismatches). Klosters (2014:6) posits that improving education system responsiveness to labour market demands and ensuring students complete their studies with skills needed to find employment requires a

collaboration between employers and public authorities.

4.6 CONCLUSION

This chapter presented and discussed the findings of the study. The first section provided an overview of the research methodology employed in the study. This was followed by a discussion on the research setting and the socio-demographic information of the research participants. Six major themes, with subthemes, were identified from the data collected from the participants. These themes informed the discussions and structure of this chapter and answered research questions and objectives outlined in chapter 1.

The participants reflected on their experiences when entering the South African labour market for the first time. Although this was a comparative study, the findings showed that recent humanities and engineering graduates mostly shared similar experiences and perspectives of the South African labour market. The following main themes emerged from the data: participants' background; transitioning from school to work; navigating through the labour market; graduates' perspectives of the state of the labour market; graduates' perceived labour market challenges; and suggestions for improved labour market outcomes.

Both humanities and engineering graduates grew up in families and environments that allowed and encouraged them to pursue tertiary education. With regards to transitioning from school to work, engineering graduates found immediate employment, while most of the humanities graduates faced lengthy unemployment periods or underemployment. In navigating the labour market, both humanities and engineering graduates faced similar challenges. When asked about the state of the labour market and their experiences thereof, both humanities and engineering graduates expressed similar views on the labour market challenges they experienced. Lastly, both humanities and engineering graduates made similar suggestions regarding how graduates' labour market outcomes could be improved. The experiences of these graduates highlighted the need for comprehensive reforms in the South African labour market to enhance the responsiveness and inclusivity of the South African labour market, ensuring that it can effectively accommodate and absorb graduates from diverse fields of study, such as humanities and engineering.

The next chapter presents the conclusion of the study in relation to the research questions and objectives outlined in chapter 1.

CHAPTER 5:

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Chapter 1 introduced the study, stated the problem, posed the research questions and objectives, and outlined the research methodology followed in this study. Chapter 2 and 3 provided the theoretical background to the study and a review of the relevant literature on the labour market, generally, with reference to the South African context. Chapter 4 presented and discussed the empirical findings of the study. This chapter concludes the study and is outlined as follows: the first section provides the conclusions concerning the research objectives; the second section outlines the limitations of the study; the third section presents the recommendations derived from the research, drawing on the insights gathered from both the literature review and the empirical findings; and the fourth and concluding section summarises the findings.

5.2 CONCLUSIONS ON THE RESEARCH OBJECTIVES OF THE STUDY

The main research question of this study was as follows: How do the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time? Thus, the main aim of the study was to investigate how the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time. To address the main aim, the specific research objectives were as follows:

- to scrutinise the theoretical approaches to and perspectives on the labour market to determine how they can contribute to ensuring a better understanding of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.
- to discuss the structure and conduct of the South African labour market.
- to identify and describe the research methodology that can be used to examine the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.
- to determine and document the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time and to ascertain the extent to which they differ.
- to present the conclusions and recommendations emanating from the literature review and empirical results on the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

The following section discusses the findings and conclusions on the research objectives.

5.2.1 Research objective 1

The first research objective was to scrutinise the theoretical approaches to and perspectives on the labour market to determine how they could contribute to ensuring a better understanding of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time. Chapter 2 addressed this objective by examining the theoretical approaches to and perspectives on the labour market. The literature review revealed six main themes that are crucial to understanding labour market dynamics, namely key concepts, theoretical frameworks explaining the functioning of the labour market, the supply of and demand for labour, underemployment and unemployment, and labour market discrimination. The following conclusions are presented on research objective 1.

Conclusion 1

From chapter 2, it was evident that concepts such as employment, underemployment, unemployment, discrimination and human capital are commonly used and critical to understand when discussing the labour market. The labour market, also known as the job market, is a place where workers and employers interact and encompasses the interplay between the supply of and demand for labour. The supply of labour refers to individuals seeking employment, and the demand for labour refers to organisations and businesses seeking workers. This dynamic interaction is influenced by various factors such as occupational and geographical mobility of labour, migration, fertility rates, human capital/education, working conditions, participation rates, wages rates, technology, labour productivity, profitability of firms, globalisation, and economic conditions.

Conclusion 2

Owing to the complexity of the labour market, four theoretical frameworks were explored to get a better understanding of the labour market, its dynamics and complexities. The four theoretical frameworks were the neoclassical and Keynesian views on labour market functioning, human capital theory, labour market segmentation theory (also referred to as the dual labour market theory) and the internal-external labour market theory. The *neoclassical view* argues that the labour market is efficient and self-regulating and emphasises the role played by supply and demand in determining equilibrium wages and employment levels (Hudea, 2015). Proponents of this view argue that wages adjust to balance the supply of and demand for labour (Hudea, 2015). The *Keynesian view* focuses on the role of aggregate demand (i.e., the sum of spending by businesses, households, and the government) in influencing employment and wages (Greenwald & Stiglitz, 1987). According to Keynesians, wages and prices are not always flexible enough to

ensure full employment; therefore, government intervention (such as fiscal and monetary policies) is required to stabilise aggregate demand and reduce unemployment during economic recession (Greenwald & Stiglitz, 1987). *Human capital theory* argues that investments in education and training are important to improve labour market outcomes such as earning higher wages and having better employment prospects (Adelowotan, 2014). *Labour market segmentation theory* emphasises the fragmented nature of the labour market. According to this perspective, the labour market is divided into two distinct segments – the primary and secondary segments – each associated with different labour market outcomes. Workers in the primary segment have well-paying jobs, good working conditions, employment stability, and opportunities for career advancement, whereas those in the secondary segment are peripheral workers and are relegated to a low income, insecure employment, and limited benefits and opportunities (Kumas *et al.*, 2014). The *internal-external labour market theory* focuses on the internal and external structures of employment. The theory focuses on the importance of both internal (within in the organisation) and external (outside the organisation) labour markets and factors (within and outside the organisation) shaping recruitment and reward strategies, such as filling job vacancies, wage structures, and career paths (Behaghel *et al.*, 2011). These theories were successful in enhancing the researcher's understanding of the complexities of the labour market and how they shape labour market outcomes generally, and specifically within the South African context.

Conclusion 3

The literature review showed that there are various determinants or factors that influence the supply of and demand for labour. The determinants of labour supply included the following: occupational and geographical mobility, migration, fertility rate, human capital, working conditions, and participation rate. The determinants of the demand for labour included the following: wage rates, technology, labour productivity, profitability of firms, globalisation, and economic conditions. Understanding these determinants is crucial for comprehending the complexities of the labour market.

Conclusion 4

The literature review revealed that labour market flexibility is another important concept to consider when discussing labour markets and their associated dynamics. Labour market flexibility indicates the extent to which an organisation can adjust various aspects of their workers and workforce to adapt to changing economic conditions (Barker *et al.*, 2018:179; Galik *et al.*, 2022:2). The literature review showed that contracts of employment flexibility, wage flexibility, working time flexibility and work organisation flexibility can successfully be employed to facilitate efficient allocation of labour resources during changing economic conditions. These labour market flexibilities are commonly incorporated, especially in contemporary workplaces.

Conclusion 5

From the literature review, it became evident that both underemployment and unemployment (in particular youth unemployment), are important variables to consider in a discussion on labour markets. When people enter the labour market, the expectation is to find suitable employment; however, some remain unemployed or underemployed. Literature showed that underemployment and unemployment must be equally dealt with because both are problematic components within the labour market and can influence economic, psychological, and social outcomes. The following factors contribute to underemployment: slow job growth, business cycle conditions, unemployment rates, technology, industrial relations, job characteristics, and employer preferences. Factors contributing to unemployment relate to the following: skills mismatch; lack of experience; technological improvements; and lack of demand for certain skills.

Conclusion 6

From the literature review, it is evident that labour market discrimination still exists within labour markets. The literature review revealed the following four types of labour market discrimination: human capital discrimination, employment discrimination, wage discrimination, and occupational discrimination. The literature also showed that the following theoretical perspectives can be successfully used to understand and explain discrimination in labour markets: the taste-for-discrimination model, statistical discrimination, the crowding model, and the transaction costs model.

5.2.2 Research objective 2

The second objective was to discuss the structure and conduct of the South African labour market. Chapter 3 of this study addressed this objective by providing an overview of the South African labour market. The literature review revealed six main themes that are important to understand the labour market dynamics of the country: the employment structure of the labour force; factors influencing the supply of and demand for labour; unemployment; labour market inequalities and discrimination; an overview of inequalities in the South African labour market and factors influencing the labour market outcomes of graduates in South Africa.

Conclusion 1

It was evident from the literature review that the employment structure in the country reflects a diverse and dynamic landscape and is structured according to the following three main sectors: the primary sector (i.e., agriculture, livestock, fishing, forestry and hunting); the secondary sector (i.e., manufacturing, construction and utilities); and the tertiary sector (i.e., the services sector) as well as the informal economy. All sectors are important in generating employment opportunities and

promoting economic growth in the country. However, the tertiary sector contributes the most to the country's GDP and is a significant source of employment in the country.

Conclusion 2

The chapter highlighted the factors influencing the supply of and demand for labour in South Africa and enhanced the researcher's understanding of the complexities involved in the employment dynamics of the country. Factors that influence the supply of labour in the country are fertility rates, mortality rates, education, migration and mobility. The factors influencing the demand for labour are economic growth, strikes, globalisation, technology and labour productivity.

Conclusion 3

The literature review confirmed that unemployment is one of the major issues affecting South Africa and its people. The chapter highlighted unemployment trends related to gender, race, age, educational level, and geographical location. The findings revealed that black Africans, in particular black African women, and the youth, particularly those aged 15 to 24, and those individuals that have a qualification lower than a matric, are the most subjected to unemployment in the country. It also became evident that factors such as structural unemployment, slow economic growth, inflexibility of the labour market, the spatial distribution of the population, and the decline in demand for less-educated people are the main causes of unemployment in the country. Factors contributing to the youth unemployment crisis in the country are related to a lack of skills and experience, job search costs, poor labour market information, the size of the unemployed youth population, high school dropout rates, and the skills mismatch.

Conclusion 4

According to the literature review, South Africa is ranked as one of the most unequal countries in the world. Inequalities are evident at an educational level, in employment and unemployment, at occupational level, as well as in wages and income. Barker *et al.* (2018:273) emphasise that the major inequalities in South Africa today are those between black Africans and white people, between men and women, and those with or without a job irrespective of race. Inequalities may have far-reaching consequences and can hinder economic growth, can erode social cohesion, may result in negative health outcomes and poverty, and can undermine political stability. Therefore, addressing inequalities is crucial. The following measures were identified during the literature review to address and alleviate inequalities: legal remedies; government initiatives and practices; economic growth; education and training; and entrepreneurship.

Conclusion 5

Lastly, the chapter discussed the factors influencing the labour market outcomes of graduates in South Africa. Factors such as race, gender, type of qualification and geographical location were identified as the main determinants influencing graduates' labour market outcomes in the country.

5.2.3 Research objective 3

The third research objective was to identify and describe the research methodology that could be used to examine the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

The research methodology followed in this study was outlined and elaborated in chapter 1 and 4. The research methodology involved a literature review and an empirical study. The empirical study entailed a qualitative research approach, employing qualitative methods and techniques for sampling, data collection and data analysis. The research setting was in Gauteng because newly graduates commonly go to Gauteng to seek for employment opportunities. Three types of non-probability sampling – namely convenience, purposive and snowball sampling – were used to select the research participants. The target population of this study was recent humanities and engineering graduates living in Gauteng and who were active in the labour market. Semi-structured interviews, using the online platform *Zoom*, were conducted to collect the data. Thematic analysis was used to analyse the data. Reliability and validity of the qualitative data were ensured through credibility, transferability, dependability and confirmability. The conclusions on the research methodology followed in this study are presented below.

Conclusion 1

The literature review provided a solid theoretical framework to understand important concepts, the conduct and structure of the labour market and its complexities, generally, and within the South African context. Furthermore, it provided a framework to understand how labour market dynamics may influence the experiences of recent humanities and engineering graduates in the South African labour market. The literature review also informed the questions in the interview schedule.

Conclusion 2

The qualitative research approach provided an in-depth understanding of the variables that influence the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time. By using semi-structured interviews as a data collection method, the researcher could delve into the nuances of their experiences and challenges they faced when entering the labour market for the first time. This research approach enabled the researcher to capture the rich and diverse views of the research participants and was well-suited

for examining the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

5.2.4 Research objective 4

The fourth research objective aimed to determine and document the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time and to ascertain the extent to which they differed.

Research objective 4 was addressed in chapter 4. Chapter 4 presented and discussed the empirical findings.

Conclusion 1

The qualitative findings revealed six major themes with subthemes that described the experiences of humanities and engineering graduates living in Gauteng when entering the labour market for the first time. The main themes were as follows: participants' background; transitioning from university to work; navigating through the labour market; graduates' perspectives of the labour market; perceived labour market challenges; and graduates' suggestions for improved labour market outcomes. The qualitative findings showed both distinctions and commonalities between the participants' experiences when entering the labour market for the first time. These are briefly summarised below.

Participants background. Regarding this theme, both humanities and engineering described their background as decent and stable. However, they had different high school experiences and were motivated by different reasons to pursue tertiary education. They were raised and taught the importance of education, hence they all pursued tertiary education.

Transitioning from university to work. When it came to transitioning from university to work, engineering graduates transitioned quite smoothly in terms of finding employment within a short period of time compared to humanities graduates. Most of the humanities graduates experienced lengthy periods of unemployment or underemployment.

Navigating through the labour market. Regarding navigating through the labour market, both humanities and engineering graduates equally faced challenges, albeit different for each person. The challenges included not hearing feedback from potential employers; not finding work that matched their particular degree; lack of experience; and lack of labour market information.

Graduates' perspectives of the state of the South African labour market. Both humanities and engineering graduates had strong viewpoints on the South African labour market. They shared similar views such as that the labour market is being characterised by unequal employment opportunities, low absorption rates, increasing unemployment and bias recruitment processes.

Perceived labour market challenges. Both humanities and engineering graduates expressed the sentiment that the labour market is lacking in terms of providing employment opportunities, especially for young graduates. Graduates deal with challenges such as lack of skills and experience; lack of demand for certain qualifications; spatial mismatch; and limited access to resources.

Graduates' suggestions for improved labour market outcomes. Suggestions made by both humanities and engineering graduates on how the labour market outcomes of graduates could be improved included experiential learning in schools and universities, career guidance programmes, re-evaluation of recruitment processes, taking initiative steps to learn about the different fields of study, and alliance between tertiary institutions and hiring employers.

5.2.5 Research objective 5

The fifth research objective was to make conclusions and recommendations emanating from the literature review and empirical findings on the experiences of recent humanities and engineering graduates within the South African labour market.

Research objective 5 is addressed in this chapter. The conclusions were presented in the previous sections, and the recommendations follow in section 5.4.

5.3 LIMITATIONS OF THE STUDY

This section highlights the limitations of the study. First, the main limitations of the study were finding participants that fit the sampling criteria and meeting the participants sampled for this study (i.e., 24 participants, 12 engineering graduates and 12 humanities graduates). Most potential participants whom the researcher knew personally who resided in Gauteng for most of their lives had moved to other provinces for work purposes, therefore, making it difficult to find participants at the time of the study. Snowball sampling was effective because once the researcher identified one or two participants that fit the inclusion criteria, they helped her connect with other potential participants. The researcher was able to successfully conduct interviews with 14 participants.

Second, another limitation was that participants had initially agreed to participate but later decided to withdraw from the study. This posed a significant limitation to the study because the aim was to interview at least 24 participants to get a broader and better understanding of recent graduates' experiences when entering the labour market for the first time.

Third, the setting in which the interviews were conducted posed a limitation. The researcher was based in Potchefstroom, and most of the interviews took place via the Zoom online platform. Some of the research participants opted to not have their cameras on during the online interview;

consequently, the researcher could not observe these participants' reactions while they responded to the interview questions.

Fourth, another limitation was not being able to recruit an equal number of participants as regards race and gender, and this posed a challenge because the perspectives of the latter participants could not be captured. For example, the researcher only managed to recruit one white female engineering graduate, while having recruited two black female engineering graduates, and the aim was to have a balanced number of participants as regards race and gender.

5.4 PRACTICAL RECOMMENDATIONS AND AREAS FOR FUTURE RESEARCH

This section presents the practical recommendations and areas for future research for possible implementation by various stakeholders, such as government institutions, employers, higher education institutions, academia, and current and future students.

Recommendation 1

Tertiary institutions should adopt a balanced approach to their teaching methods and approaches, emphasising both theoretical knowledge and practical skills. Excessive focus on theoretical knowledge can restrict students' employability and preparedness for the labour market, as they may lack adequate practical experience. Closing this gap is essential to meeting the demands and needs of potential employers and enhancing graduates' employability prospects.

Recommendation 2

Tertiary institutions should support graduates in securing employment by offering career advisory services, for example, assistance with the development of proper resumes and honing interviewing skills, among others. This would serve as a vital starting point for graduates to effectively navigate the labour market as new entrants.

Recommendation 3

While tertiary institutions indeed have the responsibility of organising and hosting open days for students to explore the different fields of study that they offer, students also have a responsibility of making sure that they do their own research on the different fields of study they want to pursue. Proactively informing themselves about the various courses the institutions offer would allow them to understand and know what opportunities there are after graduation.

Recommendation 4

Tertiary institutions should consider offering assessment tests such as skills assessment, career aptitude tests and psychometric tests to better align students' strengths with a potential career path and a particular field of study. This will contribute to a more efficient workforce.

Recommendation 5

The recruitment processes and/or practices within the labour market should be re-evaluated. Many graduates are not getting employed because of issues such as nepotism, resulting in unequal opportunities for graduates. Organisations and employers should implement measures such as transparent hiring processes, anti-nepotism policies and diverse hiring panels to limit the prevalence of unequal hiring practices and, by so doing, promoting fair and equal employment opportunities for potential employees and applicants.

Recommendation 6

Tertiary institutions should work closely with organisations and employers to ensure that the curricula they offer are aligned with the evolving trends and needs of the labour market. This would also help in preparing graduates on what to expect when entering the labour market.

Recommendation 7

To close the gap between theory and practice and to enhance students' exposure to real-world settings, higher education institutions and employers can work together to facilitate internships and work placements.

Recommendation 8

This study was conducted in the Gauteng province. Similar comparative studies could be conducted in other provinces to create a better understanding of the experiences of graduates who enter the labour market for the first time.

Recommendation 9

Additional factors that influence the labour market outcomes of graduates could be identified and investigated to further understand the experiences of graduates in the labour market.

Recommendation 10

Different methodologies, for example, longitudinal studies, could be conducted to track the experiences of graduates over time and to identify the factors that contribute to their career success or challenges.

5.5 SUMMARY OF THE STUDY

The study's main aim was to understand how the experiences of recent humanities and engineering graduates compare and/or contrast when entering the labour market for the first time. To fulfil and support the research aim, five chapters were presented.

The first chapter provided the introduction and orientation to the study. The chapter stated the research problem, posed the research questions and objectives, and outlined and discussed the research methodology that was followed to achieve the research objectives. The ethical considerations, limitations and significance of the study were also addressed in the chapter.

The second chapter provided a theoretical background to the labour market. The chapter defined and conceptualised *labour market* and key concepts related to this concept. Four theoretical approaches were discussed to provide a comprehensive understanding of the labour market. In addition, the chapter discussed key aspects that explain the complexities of the labour market, including the determinants of the supply of and demand for labour, labour market flexibilities, underemployment and unemployment, and labour market inequalities and discrimination.

The third chapter discussed the South African labour market. To fully comprehend the dynamics of the South African labour market, the following critical facets were attended to: the employment structure of the labour force; factors influencing the supply of and demand for labour in South Africa; the unemployment “issue” and its dynamics; existing labour market inequalities and discrimination; and factors that influence the labour market outcomes of graduates in South Africa.

The fourth chapter presented the empirical findings of the study, and the findings were interpreted against the literature review (chapter 2 and 3).

Finally, this chapter (chapter 5) concluded the study and presented and discussed the main conclusions and findings of the study against the research objectives stated in chapter 1. It also provided practical recommendations to be implemented by various stakeholders, including organisations, employers, tertiary institutions, academia, and current and future students, and areas for future research.

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APPENDIX A: ETHICS APPROVAL



Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222

Web: <http://www.nwu.ac.za>

Basic and Social Science Research Ethics Committee (BaSSREC)

Faculty of Humanities Ethics Office for Research,

Training and Support

Tel: 018 285 2457

Email: Erhabor.Idemudia@nwu.ac.za

05 April 2024

APPROVAL FOR CONTINUATION OF THE RESEARCH STUDY

Ethics number: NWU-00671-21-A7

Study leader/supervisor: Prof. D. Botha

Student: R.T. Khumalo (25016083)

Study title: A comparative study of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

Application type: Single study

Risk level: Low risk

Dear Researcher

You are kindly informed that this application was reviewed for monitoring at the meeting of the North-West University Basic and Social Science Research Ethics Committee (BaSSREC), Faculty of Humanities, North-West University, held on 03/04/2024. Following the review of the application, it has been decided that the study is approved for continuation.

Suspension	
Continuation	X
Termination	

Approval date: 03/04/2024

Expiry date: 03/04/2025

If you have any questions or need further assistance, please contact BaSSREC.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Erhabor Idemudia', is written over a horizontal line.

Professor Erhabor Idemudia Chairperson: NWU-BaSSREC

APPENDIX B: INVITATION TO PARTICIPANTS

My name is Reabetswe Khumalo, and I am conducting a comparative research study of the experiences of Humanities and Engineering graduates when entering the labour market for the first time as part of Masters of Arts in Industrial Sociology. The aim of this study is to understand how the experiences of humanities and engineering graduates compare and/or contrast within the South African labour market.

ng graduates compare and/or contrast within the South African labour market.

You may be eligible to participate if you:

- Between ages of 22-30 years' old
- Obtained a degree in Humanities or Engineering two or three years ago
- Reside in Johannesburg
- Active in the labour market

Participation in this research study includes:

- Signature for formal consenting of the research study
- Zoom recorded interviews that will take approximately 30-45 minutes. If preferred, a questionnaire can be sent via email for completion.

For participation and questions, please feel free to contact me directly.

Reabetswe Khumalo

North-West University (Potchefstroom campus)

Calls/WhatsApp: 068 089 6868 or

kkhumalo085@gmail.com

APPENDIX C: PARTICIPANT INFORMATION LEAFLET AND CONSENT FORM



Building F13, Room 116

Basic and Social Sciences Research Ethics Committee (BaSSREC)

21081719@nwu.ac.za

DATE:

BaSSREC Authorization

PARTICIPANT INFORMATION LEAFLET AND CONSENT FORM

Title of the research project	A comparative study of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time
Ethics number	NWU-00671-21-A7
Principal investigator	Reabetswe Khumalo
Student number	25016083
Address	115 Tsagae street, Rockville, Soweto, Johannesburg
Email address	Kkhumalo085@gmail.com
Contact number	068 089 6868

You are being invited to take part in a research project that forms part of my master's dissertation. Please take some time to read the information presented here, which will explain the details of this project. Please ask the researcher any questions about any part of this project that you do not fully

understand. It is very important that you are fully satisfied that you clearly understand what this research is about and how you could be involved. Also, your participation is **entirely voluntary** and you are free to decline to participate. If you say no, this will not affect you negatively in any way whatsoever. You are also free to withdraw from the study at any point, even if you do agree to take part. Prior to publication of the study's results (or the point that publication is in process), you may also withdraw the data you generate.

This study has been approved by the **Basic Social Sciences Research Ethics Committee (BaSSREC) of the Faculty of Humanities of the North-West University (NWU, Potchefstroom campus)** and will be conducted according to the ethical guidelines and principles of the international Singapore Statement on Research Integrity (2010) and the ethical guidelines of the National Health Research Ethics Council. It might be necessary for the research ethics committee members or relevant authorities to inspect the research records to make sure that we (the researchers) are conducting research in an ethical manner.

What is this research study all about?

- This study is an investigation of the experiences of recent humanities and engineering graduates when entering the labour market for the first time and will involve the use of qualitative research methods.
- The researcher has been trained to use the methods mentioned in the previous sentence.
- Approximately 30 participants will be included in this study.
- The **main objective** of the study is to investigate how the experiences of recent humanities and engineering graduates living in Gauteng compare and/or contrast when entering the labour market for the first time.
- The specific objectives of this research are:
 - to scrutinise the theoretical approaches to and perspectives on the labour market to determine how they can contribute to ensuring a better understanding of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.
 - to discuss the structure and conduct of the South African labour market.
 - to identify and describe the research methodology that can be used to examine the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.
 - to determine and document the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time and to ascertain the extent to which they differ.

- to present the conclusions and recommendations emanating from the literature review and empirical results on the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time.

Why have you been invited to participate?

- You have been invited to participate because you are eligible based on the criteria below.
- You have also complied with the following inclusion criteria: *you are a humanities and/or engineering graduate with an undergraduate or postgraduate degree, between the ages of 22-30 years old, graduated between 2018-2022, resides in Gauteng and active in the labour market.*
- You will be excluded if: *You are not a humanities and/or engineering graduate that has obtained an undergraduate or postgraduate degree, have not graduated between 2018-2022, not between the ages of 22-30 years old, not active in the labour market and do not reside in Gauteng.*

What will your responsibilities be?

- You will be invited to participate in the noted study by participating in a telephonic interview on a platform called Zoom. The interview will last for 30-45 minutes. If preferred, you can participate in the study by completing a questionnaire that will be sent via email.
- You will have one week to indicate whether you would be willing to participate.

You will be requested to sign this Informed Consent Statement before the commencement of the study.

Will you benefit from taking part in this research?

The direct benefits for you as a participant will probably be creating more awareness regarding the nature and challenges of the labour market.

- The indirect benefit will probably be that the study will contribute to the body of knowledge regarding the experiences of humanities and engineering graduates when entering the labour market for the first time in the context of South Africa.

Are there risks involved in your taking part in this research and how will these be managed?

The possible risks in this study, and how these will be managed, are summarised in the table below:

Possible risk	Mitigation strategy
Tiredness and discomfort.	Interviews will not last longer than 45

	minutes. Comfort breaks of 5 minutes will be allowed during the interviews.
Lack of privacy and comfort during interviews due to sensitive issues/topics being asked about	Comfort breaks will be allowed, and the participant can ask to skip a question they do not want to answer, or do not feel comfortable to answer.
Exploitation of participants	The participant will be made to feel at ease and not pressured into participating and during the semi-structured interviews.

- However, we do believe that the benefits to you and to science (as noted in the previous section) outweigh the risks we have listed. If you disagree, then please feel free not to participate in this study. We will respect your decision.

Should we learn, in the course of the research, that someone is harming you, or that you are intending to harm someone, then we must tell someone who can help you/warn the person you are intending to harm.

Who will have access to the data?

- The *handling, storage, security and analysis of data* is critical in ethical considerations. I will ensure data in both hard-(printed) and soft copy (electronic) are safely locked away and password-protected, respectively. Only approved people that would want to use this study as a secondary source may have access to the raw data where the need arises. At the analysis stage, as will be the case throughout, the use of coding will reinforce participants' non-identification, hence upholding the assurance of confidentiality and anonymity.
- *Anonymity* will be ensured by being assigned a fictitious name to you before the interview starts. Only this name will be used in the research process.
- *Confidentiality* will include the use of pseudonyms in this study for participants, organisations and locations. It involves not disclosing any information gained from an interviewee deliberately or accidentally in ways that might identify an individual.
- *Privacy* will be ensured by not probing unnecessarily if you do not wish to discuss particular matters.
- I will be responsible for transcribing the data – no other person will have access to the data.
- I will not use a *translator/interpreter* for the purpose of the interviews/explaining the informed consent, etc.

The data will be *stored safely in electronic form* for a period of five years after which it will be destroyed.

What will happen to the data?

The data will be analysed by the researcher using thematic analysis. Once the data has been analysed, the researcher will write up the empirical findings; this will form part of the researcher's master's dissertation. In all of this reporting, you will not be personally identified. This means that the reporting will not include your name or details that will help others to know that you participated (e.g., your address or the name of your school).

This is a once-off study, so the data will not be re-used.

Will you be paid/compensated to take part in this study and are there any costs involved?

No, you will not be paid/compensated to take part in the study.

How will you know about the findings?

- The general findings of the research will be available on request once the dissertation is completed.

If you would like feedback on your personal results, then directly contact the researcher (Reabetswe Khumalo) at 0680896868 or kkhumalo085@gmail.com

Is there anything else that you should know or do?

- You can contact the researcher (Reabetswe Khumalo) at 0680896868 or kkhumalo085@gmail.com if you have any further queries or encounter any problems.
- You can contact the chair of the Basic Social Sciences Research Ethics Committee (Prof Erhabor Idemudiaat) at 018 389 2899 or Erhabor.Idemudia@nwu.ac.za if you have any concerns or complaints that have not been adequately addressed by the researcher.
- You will receive a copy of this information and consent form for your own records.

Declaration by participant

By signing below, I _____ agree to take part in a research study entitled: "A comparative study of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time".

I declare that:

- I have read and understood this information and consent form and it is written in a language with which I am fluent and comfortable.
- I have had a chance to ask questions to both the person obtaining consent, as well as the researcher (if this is a different person), and all my questions have been adequately answered.
- I understand that taking part in this study is **voluntary** and I have not been pressurised to take part.
- I understand that what I contribute (what I report/say/write/draw/produce visually) could be reproduced publically and/or quoted, but without reference to my personal identity.
- I consent to an audio and/or audio-visual recording of the study.
- I am aware of the fact that I may request that the researcher does not continue with said recording if I request it.
- I may choose to leave the study at any time and will not be penalised or prejudiced in any way.

Signed at (*place*) _____ on (*date*) _____ 20 _____

Signature of participant

Signature of witness

- | | |
|--|--|
| • You may contact me again | ☐ Yes ☐ No |
| • I would like a summary of the findings of this research | ☐ Yes ☐ No |
| • I would like feedback on my functioning/wellbeing as reflected in the questionnaires I completed | ☐ Yes ☐ No |

The best way to reach me is:

Name & Surname: _____
Postal Address: _____
Email: _____
Phone Number: _____
Cell Phone Number: _____

In case the above details change, please contact the following person who knows me well and who does not live with me and who will help you to contact me:

Name & Surname: _____

Phone/ Cell Phone Number /Email: _____

Declaration by researcher

I (*name*) _____ declare that:

- I explained the information in this document to _____
- I encouraged him/her to ask questions and took adequate time to answer them.
- I am satisfied that he/she adequately understands all aspects of the research, as discussed above
- I did/did not use an interpreter.

Signed at (*place*) _____ on (*date*) _____ 20 _____

Signature of researcher

Signature of witness

APPENDIX D: INTERVIEW SCHEDULE

A COMPARATIVE STUDY OF THE EXPERIENCES OF RECENT HUMANITIES AND
ENGINEERING GRADUATES LIVING IN GAUTENG WHEN ENTERING THE LABOUR
MARKET FOR THE FIRST TIME

INTERVIEW SCHEDULE: RECENT GRADUATES FROM HUMANITIES AND ENGINEERING

PSEUDONYM:

A. SOCIO-DEMOGRAPHIC INFORMATION		
No	QUESTION	PARTICIPANT'S RESPONSE
1.	What is your nationality?	
2.	What is your gender?	
3.	What is your race?	
4.	What is your age?	
5.	Where do you reside?	
6.	What is your level of education?	
7.	Which degree did you obtain?	
8.	What is your current employment status in the labour market?	

B. BACKGROUND		
No	QUESTION	PARTICIPANT'S RESPONSE
1.	Where did you grow up?	
2.	What was it like growing up? (i.e., social environment)	
3.	Who did you live with?	
4.	Where did you attend high school?	
5.	How would describe your high school experience?	
6.	Which subjects did you choose at the beginning of Grade 10?	
7.	Why did you choose those subjects?	
8.	Which university did you attend?	
9.	Why did you attend that university?	
10.	Why was it important for you to pursue tertiary education?	

C. LABOUR MARKET HISTORY		
No	QUESTION	PARTICIPANT'S RESPONSE

1.	When did you enter the labour market?	
2.	What were your expectations as a graduate in the labour market?	
3.	Did your field of study enhance your employability? If so, how? If not, how?	
D.	GRADUATE EMPLOYMENT HISTORY	
No	QUESTION	
1.	How long did it take you to find your current job?	
2.	On what basis are you employed? (i.e., full time/ part time)	
3.	Were there any challenges that you faced during your job search?	
4.	What were those challenges that you faced?	
5.	Which job search strategies did you use to find employment?	
6.	Which of those job search strategies worked?	
7.	Why do you think those job search strategies worked?	
8.	What means of transport do you use to get to work?	
9.	How long does it take you to get to work?	

10.	Is your current job in alignment with your field of study? If so, how? If not, how?	
11.	Apart from the job search strategies that you have used, what approach are you going to use to find employment in future should you want to seek for better opportunities?	

F. How has your perception or opinion of the South African labour market changed since you first entered it?

G. What are the factors that you think cause graduates to face challenges in their labour market outcomes?

H. What do you think needs to happen and/or change for graduates to find suitable employment when entering the labour market?

APPENDIX E: LANGUAGE EDITING

Dr. JACKIE DE VOS

Academic copy editor / Akademiese teksredakteur

BA (Psychology & Communication studies), BAHons (Psychology) (NWU)
MEd, PhD (Educational Psychology) (NWU)
BAHons (Translation) (UNISA)
MA (Linguistics) (UNISA)
BA (Sielkunde & Kommunikasiestudies), BAHons (Sielkunde) (NWU)
MEd, PhD (Opvoedkundige Sielkunde) (NWU)
BAHons (Vertaalkunde) (UNISA)
MA (Linguistiek) (UNISA)

072 435 8024

Jackie de Vos

acadwritingconsult@icloud.com

EDITING

23 May 2024

To whom it may concern

This letter serves to confirm that the following thesis was edited:

A comparative study of the experiences of recent humanities and engineering graduates living in Gauteng when entering the labour market for the first time

The onus is on the client(s) to work through the proposed track changes and to accept or reject proposed changes. Clients might amend content after the editing process. Clients should also make certain that all sources/references have been cited and that they and their supervisor(s) are satisfied with the text before submitting for publication/examination.