

The socio-economic impact of youth unemployment in a local municipality of the North West Province

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ABSTRACT

The objective of the study was to research the socio-economic impacts of youth unemployment in Tlokwe local municipality. The study made use of descriptive statistics to analyse and interpret the data collected from a random survey of 50 young people between the age of 16 and 35 years old. An individual questionnaire was administered during the interviews of the respondents. The results indicate that most unemployed young people are female. About 41.8% of the unemployed youth have completed grade 12, with 9.1 % of them having obtained a tertiary diploma or degree. The majority of the young people indicated that they did not have work experience and this hindered their potential to secure employment. Most of the youth originate from Ikageng. The views gathered from the young people are directed towards the need for government to ensure that tertiary education is accessible in order to improve the level of education amongst the youth. The government needs to provide more targeted job creation programmes, to the youth who have done well in matric.

KEYWORDS

Unemployment

Youth

Ikageng township

Work experience

Potchefstroom area

Migration

Keynesian approach

Monetarist approach

Income per household

Educational level

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CHAPTER 1 INTRODUCTION

1.1 Background to the research area

The local municipality of Tlokwe covers an area of approximately 2 673 square kilometres which includes the following areas: Potchefstroom, Ikageng, Promosa, Mohadin, as well as rural villages and commercial farming areas. Potchefstroom is the main urban area of the local municipality. This area is located along the Mooi Rivier that runs through the city. Potchefstroom is divided into two parts by the N12 route between Johannesburg and Kimberley. The N12 is one of the main designated development corridors in South Africa.

Potchefstroom forms part of the N12 treasure corridor. The local municipality is a category B municipality as demarcated in the Municipal Demarcation Act (Act No. 27 of 1998). The municipality is situated in the South-Eastern border of the North-West Province within the Dr. Kenneth Kaunda District Municipality. Neighbouring municipalities are the Matlosana Local Municipality and the Ventersdorp Local Municipality (which was recently merged with Tlokwe Local Municipality).

The town of Potchefstroom was founded in 1838 and was the first capital city of the erstwhile Transvaal, which also later became one of the four provinces of pre-1994 South Africa. Pretoria replaced Potchefstroom in 1855 as the capital city of the country, but major historic culture remnants still remain as part of the city today.

Potchefstroom has always been known as a significant and historical educational centre and currently still houses a number of major secondary and tertiary educational institutions, the North West University being one of them. Potchefstroom is also an important cultural centre and was known as a major newspaper hub in the early stages of its existence. Today, Potchefstroom hosts one of the major cultural festivals of South Africa, known as the Aardklop National Arts Festival. The military base on the North-Eastern side of the urban boundary is also still in existence and operational.

According to Census 2011, the local municipality has a total population of 162 762 people, of whom 71,3% are Black African, 20,6% are White, 6,8% are Coloured and 0,9% are Indian. The other population groups make up the remaining 0,4%. Of those aged 20 years and older, 4,5% have completed primary school, 31,5% have some secondary education, 30,3% have completed matric, and 14,2% have some form of higher education, while 6,9% of those aged 20 years and older have had no form of schooling.

Given the well-developed infrastructure of Potchefstroom, it has been able to sustain a positive economic growth rate throughout the transition period in South Africa since 1994 and, together with its relative abundance of water and sound electricity supply, holds great opportunities for future growth. While Ventersdorp to the North-West of Potchefstroom focuses on agricultural activities, Potchefstroom's economic activity is driven by services, education and manufacturing. A big role-player in the provision of services in Potchefstroom

is of course the world-class North-West University, which has its largest campus in Potchefstroom.

In terms of manufacturing, Potchefstroom's industrial zone has many factories and companies, focusing mainly on the industries of steel, food, beverages and chemicals, with big entities such as Tigerbrands, Chubby Chick, Triomf, Naschem and Nestlé. This makes Potchefstroom a very important role-player in the economy of the North-West province as provision here is made for local, national and also international markets.

Within the city centre, the infrastructure of Potchefstroom supports roughly 600 businesses. The addition of the newly-built Ikageng gates complex has expanded commercial options for many businesses. Furthermore, a wide range of medical practices, together with other service-related businesses, are readily available all around the city.

In light of the above contextualisation that indicate a number of positives, the reality is that the city still faces a high unemployment rate amongst the youth - a staggering 29,5%. The major problem in this regard is the lack of jobs in the city, and as a result, the youth tends to give up looking for jobs and consequently their skills wither as time progresses. This lack of employment opportunities for the youth in the city poses a real problem for all parties involved; both the government and the business sectors. Although there are many companies in the city, they seem unable to win the battle against youth unemployment and the city is facing an increase in joblessness. This situation compels the youth to migrate and seek opportunities in other cities and provinces.

The consequences of unemployment are many and varied, and include low self-esteem, teenage pregnancies, a high rate of HIV/AIDS, and alcohol and drug abuse. Many people resort to the illegal sale of alcohol and drugs in order to make a living. On average, one in every three streets have taverns, and these are used to finance families to pay for school fees, buy clothes, food and other necessary items. There has been a rapid increase in domestic violence as a result of alcohol abuse. Some among the youth, however, find other ways of generating income to assist in financing their families.

This study makes use of the data collected in 2016 by the researcher to investigate a number of salient employment issues among the youth in the local municipality. Data was collected using questionnaires focusing on households and individuals respectively. The target group for the research comprises males and females of a working age between sixteen and thirty-four years. This age range is in line with the South African National Youth Commission Act which classifies youth as persons aged between fourteen and thirty-five years' of age.

Much has been written about unemployment in the country, but little has been published about the Local Municipality of Tlokwe in order to explore the challenges that unemployment poses for the youth. With this in mind, the main focus for the present study are the young and unemployed - in other words, young people searching employment and being available to start work immediately. The research therefore focuses on the major socio-economic impact of unemployment on the youth of Tlokwe Local Municipality. The study further makes use of a broad methodology that investigates the socio-demographic nature of unemployment. Furthermore, the study concentrates especially on the period since 2001,

making use of quantitative research, in order to facilitate a detailed description of how individuals are affected.

1.2 *Problem Statement*

Given the research background set out above, the present study seeks to address the following questions regarding the youth in the Local Municipality of Tlokwe:

- How does levels of education relate to youth unemployment?
- What happens to school leavers and university graduates in the area once they have completed their education?
- Do young people have family responsibilities?
- Does gender relate to youth unemployment in the area?
- Is there a relationship between household income and unemployment?
- Does the unemployed population increase because of young people migrating to the city from rural areas?
- What are the factors causing youth unemployment?

1.3 *Objectives*

Main objective

The objectives of this study are to profile the unemployment problem among the youth in Tlokwe. This is done by investigating a number of social demographic characteristics. Another concern is to assess the educational level of the youth in the area, as well as the various sources of income in different households.

Secondary objectives

The present study aims to:

- Analyse the direct and indirect socio-economic factors affecting the unemployed youth, such as migration of those who have better educational qualifications
- Assess the problem of unemployment in the area and to determine the socio-economic factors causing youth unemployment.
- Investigate if there are any training systems in place to assist in equipping the youth for employment.
- Analyse the levels of education associated with household ability to finance further education.

1.4 *Hypothesis*

The following hypothesis has been formulated for this study:

H0: Unemployment is high amongst the economically active youth.

H1: Education level is positively related to unemployment.

H2: Unemployment is higher among females than among males.

H3: Insufficient disposable household income affects youth unemployment negatively.

H4: Most of the youth who work in the area are from other places.

1.5 Motivation of topic actuality

A study of this nature has not been conducted in the Tlokwe Local Municipality, although much has been written about youth unemployment at the national level. This study sets out to highlight the socio-economic factors affecting specifically the youth within the boundaries of the municipality. The main motivation for the present study to assess the problem, look at the resources available, and based on the resources the municipality currently has, to present possible solutions that can be implemented in order to address the problem of youth unemployment facing the Local Municipality.

1.6 Overview

The research is descriptive in nature and aims to interpret observable patterns from the survey by searching for relationships between all variables. The study is also quantitative in nature since it presents a literature overview of a number of relevant studies on the socio-economic implications of unemployment amongst the youth. In another sense, the present study is also analytical because it aims to understand observable facts by discovering causal relations between them. The methodology involves an overview of the existing literature. From there, structured and survey questionnaires are used for collecting data. Questionnaires are designed for the target group in order to investigate the problems affecting respondents in the area.

Chapter one discusses the background of the study, the problem statement as well as the aim and objective as well as the methodology. Chapter two provides a literature review and analysis of the socio-economic impact of unemployment in the youth around the Local Municipality. Although these aspects are briefly discussed in chapter one, chapter 2 highlights the relevance thereof with reference to the youth within the Tlokwe Local Municipality.

Chapter three describes the research methodology used in the study in detail. Here, an explanation is given of how data is collected, captured and analysed. A review of the sample design is also presented.

Chapter four presents the results, findings and analysis of the findings. Chapter five presents the research summary, recommendations and concluding remarks regarding the socio-economic impact of youth unemployment in the Tlokwe Local Municipality.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The first ever democratically elected president of the Republic of South Africa, Nelson R Mandela, proclaimed that “the youth are a valued possession of the nation, without whom there country has no future”, thus highlighting the importance of the youth in society. In the context of Ikageng, the needs of young people should be as important, but at present many among the youth are relocating to neighbouring provinces in search of job opportunities. Nationally in South Africa, about 51,7 million people were recorded in the 2011 Census, of which the youth constituted 28,9% of the entire population (Statsa, 2012). The primary reason for the provision of employment to the South African population is that individuals can be able to support themselves and their families through income, and thus alleviate poverty within society (Toit, 2003).

The first section of this chapter concentrates on defining the major concepts used in the present study, after which the theoretical explanations of unemployment and a number of factors affecting youth unemployment are discussed. Micro-economic factors like a lack of relevant skills and qualifications are discussed under socio-economic impacts. Secondly, the youth unemployment rate is reviewed. The various forms of unemployment that affect the youth are discussed and the reasons why unemployment remains prevalent are assessed. Lastly, each section above guides towards a more profound understanding of the nature of youth unemployment in Ikageng as compared to other areas. The chapter concludes that the main causes of unemployment are a lack of relevant skills and education.

2.2 Defining major concepts

In South Africa, the National Youth policy, 2015, describes the youth as persons in the age group 14 to 34 years’ of age. However, when it comes to the labour force participation, the age of 15 years is recognised as the minimum working age by the Basic Conditions of Employment Act (NYP, 2009). This age is therefore taken as the lowest benchmark for exploring employment and unemployment in this study. The table below indicates the unemployment rate of the youth, adults and the entire population over the past four years. Youth unemployment rates are substantially higher than those of adults. The unemployment rate of Africans and Coloureds is higher compared to those of Indians and Whites. As expected, the unemployment rate was higher among youth than among adults as most of them are at school or studying. Furthermore, the provincial unemployment rate for Africans is much higher than the national figures for the period of 2011 to 2014.

Table 1: Unemployment rate

	2011	2012	2013	2014
Youth: 15-34 years	36,1%	35,8%	36,2%	36,1%
Adults: 35-64 years	14,4%	15,1%	15,0%	15,6%
Total: 15-64 years	24,8%	25,0%	25,0%	25,2%

Source: www.statssa.gov.za

Table 2: Unemployment rate of youth by population group

	2011	2012	2013	2014
African	39,5%	39,4%	39,6%	39,4%
Coloured	32,9%	33,1%	33,7%	35,3%
Indian	19,7%	13,3%	16,5%	15,7%
White	11,6%	10,4%	12,5%	9,6%

Source: www.statssa.gov.za

Table 3: Unemployment rate: North-West Province

	2011	2012	2013	2014
Youth: 15-34 years	38,2%	41,1%	38,0%	38,8%
Adults: 35-64 years	13,1%	13,6%	16,2%	18,5%
Total: 15-64 years	25,0%	26,1%	26,3%	27,7%

Source: www.statssa.gov.za

Table 4: Unemployment rate of youth by population group: North-West Province

	2011	2012	2013	2014
African	41,3%	44,0%	40,0%	39,7%
Coloured	-	-	-	-
Indian	-	-	-	-
White	-	-	-	-

Source: www.statssa.gov.za

Note: The sample size for Whites, Coloureds and Indians/Asian populations are too small for reliable estimates.

An unemployed person is defined as a person who (Ardt, 2012):

- Is without work for seven days during or prior the time of the study.
- Is currently available for work within the seven days of the interview.
- And, is seeking for work or has the desire to work or start initiate some form of self-employment in the four weeks prior to the interview.

The unemployment rate is defined as the ratio of number of unemployed persons and the total economically active population (Labour Force), and it is expressed in a percentage format (Toit, 2003).

Types of unemployment are as follows (Ardt, 2012):

- Frictional unemployment: this arises as a result of normal labour turnover, where people are moving from one job to the next, and the processing of new entrants to the labour market, where there are both unemployed and persons and vacancies which can be filled by them. It normally results from the time gaps involved in the re-employment of labour as well as the time it take for those seeking employment to find work and fill vacancies, often for a brief period.
- Cyclical unemployment: this arises during recessionary periods, when demand for labour is usually low. During recessionary periods, few or no jobs are created for new entrants to the labour market, and even existing workers are under the threat of losing their jobs as a result of retrenchments.
- Seasonal unemployment: this arises due to normal and expected changes in economic activity in a single year - such occurrences are prevalent in the agricultural sector.
- Structural unemployment: this refers to the overall inability of the economy, owing to structural imbalances, to provide employment even at the peak of the business cycle. This type of employment normally results in an increase in joblessness. It may also happen due to a mismatch of skills and geographical area.

2.3 Reasons for youth unemployment

The National Treasury proposes forward the following reasons for youth unemployment (National Treasury, 2011):

- Employers are seeking skilled and experienced people, and they regard unskilled and inexperienced job seekers as a high-risk investment.
- Education is not a substitute for skills. Schooling is not a reliable indicator of capabilities, and low school quality feeds into poor workplace learning capacity.
- Given the uncertainty about the potential of school leavers, employers consider entry-level wages to be too high relative to the risk of hiring these inexperienced workers.

2.4 *The theoretical explanation of unemployment*

The theoretical explanation of unemployment follows from the essential thinking of different schools of thought, namely the Keynesian approach and the Monetarist approach (Mafiri, 2002):

- **The Keynesian approach:** the focus of Keynesian theory has been predominantly on cyclical unemployment. This theory attributes unemployment to insufficient expenditure or rather demand deficiencies, which cause the macro-economic equilibrium to be below the full employment level. In more modern Keynesian theory, the aggregate demand (AD) and aggregate supply (AS), constitute an equilibrium that shift to the left (diagrammatically) of the long-run aggregate supply. Such equilibrium occurs due to a decline in aggregate demand. The modern theory also allows for an unemployment equilibrium that arises due to a curtailment in aggregate supply, which also pushes the economy to the left of long-run aggregate supply (diagrammatically). However, cyclical fluctuations in employment or unemployment are explained in the Keynesian view by two kinds of causes: fluctuations in aggregate expenditure, more inherent instability of private expenditure; and the shocks from the supply side of the economy - which can be either internal or external. In the Keynesian view, periods of cyclical unemployment can be very long. It is true that one can show that, in theory, the supply adjustment process would move the economy back from an unemployment equilibrium to an equilibrium on the long-run aggregate supply curve. However, Keynesians maintain that in reality this process is likely to take very long if it occurs at all. It requires prices and wages to adjust downwards, but in practice prices and wages tend to move unyieldingly downwards. Therefore, in the absence of policy steps, short-to-medium term cyclical unemployment would be a reality.
- **The monetarist approach:** is concerned only with short run or cyclical unemployment. The monetarists are of the opinion that involuntary unemployment is not a long-term problem. They assume that the economy is inherently stable and self-stabilising, and would spontaneously return to a full employment equilibrium following any disturbances. Thus, fluctuations in employment would be small and temporary. The normal forces of market demand and supply are believed to soon eliminate unemployment. In the aggregate demand and aggregate supply framework, this means that the supply adjustment process occurs speedily. In actual fact, the long-run supply movement back to full employment equilibrium is assured and decisive. However, if large and sustained deviations from employment do occur, these can have only one cause of remedial actions, which is government intervention. Such interventions could possibly arise from Keynesian stabilisation theory. However, monetarists still believe that government intervention is the cause of, not the solution for, sustained unemployment.

2.5 *Structural unemployment in South Africa*

The major proportion of youth unemployment in South Africa is attributed to structural unemployment (Ardt, 2012). Because young people who seek jobs generally do not have the right qualifications or match the right skills profile of that job, they could be geographically disadvantaged since they live far from the locations that may offer better prospects of employment. They may also be new entrants to the job market, and their number exceeds the number of entry level positions in the job market. The following are the possible causes of structural unemployment in South Africa (Mafiri, 2002):

- The labour market is not a single or united market. It is in reality a segmented market, comprising of a number of relatively isolated sub-markets. Employees who become jobless in one segment of the market will not necessarily find employment in another segment. These segments differ with respect to the required level of training and specialised skills.
- The rate of population growth causes the labour force to grow faster than the normal labour absorption of the market. Migration patterns in South Africa also contribute to this problem.
- Changes in the pattern of demand and output affect labour absorption in certain market segments. This is partly due to development processes in the economy, which stimulate the industrial and services sector. Factors like climate change, declining commodity prices and high exchange rates have also played a role in permanently depressing employment in certain sectors of the economy.
- The long-term steady decline in the gross domestic product performance of the economy.
- The high rate of increase in nominal wages has seen the growth of the trade union movement and their increased militancy, and an increase in the minimum wages for unskilled, inexperienced labourers. At the same time, the Monetary Policy Committee pursues a low interest rate policy.
- The introduction of labour-saving technology is often referred to as technological employment. Mechanisation in South Africa is aggravated by the fact that most labour-saving machines are imported.

2.6 *Socio-economic factors of youth unemployment*

Socio-economic factors are those factors that affect human beings mentally, physically and emotionally. They include educational level, income, standard of living and skills development. Some of the socio-economic factors are discussed below (Ndlhovu, 2010):

- Educational level and work experience

The level of education has increased since the end of apartheid in South Africa, but there are still challenges with regard to education and, also, employment. People without formal education still struggle to find job opportunities, and those who do not have tertiary education are not guaranteed entry into the job market. Unemployment figures are rising almost every year, even for people who have matriculation certificates. Education is the most

important key to employment and a better life. Most companies require a person to have a tertiary qualification and work experience in order to be considered for employment. Even with tertiary qualifications, some people find it hard to get work due to a lack of experience. Having experience, however, also does not guarantee employment on its own as there is a need for relevant qualifications. Learnerships and internship programmes are means of acquiring the necessary experience, but their efficiency has been under scrutiny.

Based on Census 2011, table 1 shows provincial and national educational statistics for people aged 20 years and older. There are more people in the North-West with no schooling compared to national numbers (11,8 % compared to 8,6%). Tlokwe Municipality constitutes 3,3% of the North-West population. The same can also be said about the number of people who have completed primary schooling (5,3 % compared to 4,6%), where the Tlokwe Municipality constitutes 6,7% of the North-West population. The same cannot be said, however, about the number of people who completed grade 12/Std. 10 as it is lower compared to national figures (25,1% compared to 28,4%) where the Tlokwe Municipality constitutes 6,7% of the North-West population. Also, the number of people who have completed higher education is lower compared to national figures (7,7% compared to 12,1%) where Tlokwe Municipality constitutes 11% of the North-West population.

Table 5: Persons aged 20 years and older by highest level of education completed and province

Level of education	WC	EC	NC	FS	KZN	NW	GP	MP	LP	TLOKWE	SA
No Schooling	102 242	375 754	76 861	115 380	621 199	284 516	301 311	325 540	499 073	9 298	2 665 874
Some Primary	401 362	653 118	116 115	262 576	784 305	353 753	612 990	271 726	334 189	34 710	3 790 134
Completed Primary	208 798	223 075	43 111	86 950	240 411	111 439	277 528	96 770	125 813	7 448	1 413 895
Some Secondary	1 430 909	1 300 491	236 965	563 698	1 802 050	697 908	2 714 950	726 904	1 007 709	42 532	10 481 577
Grade 12/Std 10	1 055 442	707 524	154 008	435 291	1 784 358	59 121	2 832 448	670 343	645 578	3 988	8 814 113
Higher	539 827	301 872	50 765	158 799	537 664	162 815	1 492 322	223 579	273 469	17 867	3 750 112
Other	18 304	8 815	1 746	4 762	16 097	5 256	45 418	6 270	6 918	-	113 586
Total	3 756 884	3 579 649	679 562	1 627 455	5 786 084	2 108 808	8 276 967	2 321 133	2 892 750	369 664	31 029 291

Source: www.statssa.gov.za

- Household income

This factor is the most important indicator of inequality and poverty, and the biggest source of stress for most households. Household dynamics can be categorised into households with no source of income, to households living on a monthly government pension and, lastly, households that are fairly well off to well off. Also, there are households headed by males, females, and child-headed households. All of these provide a window onto the scary picture of income inequality and poverty within South African societies.

According to Statistics South Africa (2011), as the table shows, the average annual household income of males is much higher than that of females, and the White population has a much higher average annual income compared to other races with Africans having the lowest average. Finally, Gauteng province has a much higher income average as compared to other provinces, while Limpopo province has the lowest income average.

Table 6: Average annual household income by sex of household head

Male	Female	Total
128 329	67 330	103 204

Source: www.statssa.gov.za

Table 7: Average annual household income by population group of household head

African	Coloured	Indian	White	Total
60 613	112 172	251 541	365 134	103 204

Source: www.statssa.gov.za

Table 8: Average annual household income by provinces

WC	EC	NC	FS	KZN	NW	GP	LP	MP
143 460	64 539	86 175	75 312	83 053	69 955	156 243	56 844	77 609

Source: www.statssa.gov.za

Table 9 below indicates the income category by sex for individuals in the local municipality. There are more women than men who do not earn a salary in the municipality. In general, women earn less income compared to males, and very few women earn a higher income compared to their male counterparts. The total number of people earning less than R9 600 is very high, which constitutes 60% of those who are economically active.

Table 9: Income category by sex for individuals

Income category	Male	Female	Total
No income	27 454	33 913	61 267
R1 – R4 800	11 036	11 079	22 115
R4 801 – R9 600	2 443	2 849	5 292
R9 601 – R19 200	10 132	10 745	20 877
R19 201 – R38 400	7 155	5 383	12 538
R38 401 – R76 800	4 872	3 956	8 828
R76 801 – R153 600	4 061	3 954	8 015
R153 601 – R307 200	3 088	2 109	5 197
R307 201 – R614 400	1 362	548	1 910
R614 401 – R1 228 800	366	122	488
R1 228 801–R2 457 600	147	147	294
R2 457 601 AND MORE	185	73	258
Total	72 301	74 878	147 079

Source: Tlokwe municipality annual report 2015

- Standard of living

The level of household income and education speaks to this factor, as income is the main determiner of the standard of life of a person. Improving levels of educational would provide a person with a better chance at a good income, and eventually at a healthier standard of living. Living necessities such as access to clean water, sanitation, electricity and safe homes are also socio-economic factors; however, adequate shelter is indispensable. The table below indicates that about 90,0% of the households in the area have electricity connection services, 62,0% of the houses have access to descent sanitary services within their houses; 75,0% have access to water within 200 meters of their dwelling place, and lastly 40,0% of the area has waste collection services at least once a week.

Table 10: proportion of households with basic service

Electricity	Sanitation	Water	Waste collection
90,0%	62,0%	75,0%	40,0%

Source: Tlokwe municipality annual report 2015

- Lack of skills development

With the prevailing wage rate, South Africa has an under-supply of skilled labour and over-supply of unskilled labour (Ndlhovu, 2010). The labour market has become chronically mismatched, but reducing the mismatch will eventually reduce the rate of unemployment (Ndlhovu, 2010). Even during the post-apartheid era this problem has not changed significantly, but there were some notable changes in education, housing and access to clean water and electricity (Ndlhovu, 2010). More skills development will increase the possibility of being employed, and ultimately work towards the improvement of the living standards of the poor, and this would mean that more parents would be able to afford further education and training for their children who are currently matriculates looking for jobs (Ndlhovu, 2010).

Another problem is that many educated people among the youth in the Municipality relocate to other provinces because of a shortage or lack of job opportunities. Those who remain behind are either employed or do not have sufficient qualifications, and some have given up looking for work while a number are still looking for work.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 *Introduction*

Chapter 2 reviewed the literature in the field that is related to the research problem, and the current chapter discusses the data collection procedure. The design and method of the study and reasons for the chosen sample are also addressed. In addition, there the validity of the data, techniques used for analysis and the limitations encountered in the study are discussed. The research hypothesis suggests that socio-economic factors have an impact on youth unemployment in Ikageng township, and that more females are affected than their male counterparts. The hypothesis also suggests that insufficient household income and educational levels contribute to unemployment among the youth. Lastly, the hypothesis also suggests that most of the affected youth are not originally from the Ikageng area. The variables used to derive this hypothesis include gender, employment status, educational level of individuals, income per household and migration status. The question that arose was the possibility that the unemployed youth of Ikageng are not working because of lack of education, or this state of affairs could be related to a lack of job opportunities and income to fund further education and training. The following variables were explored with reference to each individual:

1. Work experience
2. Migration
3. Educational level
4. Age
5. Race
6. Household income
7. Discrimination.

3.2 *Instrument used*

A survey questionnaire was used to explore how respondents feel about being unemployed. The survey contained questions about the number of youth in the household, the total household income, whether the house has access to clean water and electricity, and the number of youth not working but who are economically active in the household.

The study was directed towards the youth who are currently not employed but are economically active. Work experience, and whether, and how often are they looking for a job were also included. Respondents had to indicate if they had applied for a job and whether they qualified for that job. They also had to express their views on jobs advertised and whether they qualified for those jobs. Then, the respondents had to give their views on the jobs advertised and state if they were discriminated against in any form for not getting the job. These questions were asked in order to measure the opportunities within the area, and to determine whether the youth were able to find jobs. Age and gender were also included, and respondents could choose from the four racial categories that were provided. Finally,

respondents had to choose their educational level from the provided options by selecting the highest grade passed. In the household

3.3 Sampling techniques and design

As regards income, the respondents had to indicate their total income per month in order to measure household income. Migration was measured to establish reasons for moving from their original place of living, and also to determine possible reasons why youths tend to relocate from Ikageng.

A random sampling method was used. A total 55 individuals across the entire township spectrum were selected. This was done in order to make sure that the entire township was covered. The target group was selected from different households who have unemployed but economically active youth.

3.4 Data collection

The data collection commenced in September 2016, after the local municipal elections that were held during August 2016. The sampling process was conducted by two field workers which included myself. A short training was held for the field workers in order to align them with the requirements of the questionnaire. After data has been collected from each cluster, a revisit of the results was done, in order to permit in-depth probing and to check if the field worker had entered the information correctly. Although there was no compensation for the field workers; that did not affect the manner in which the sampling was undertaken.

Data collection took two months, although there were challenges with regards to filling the questionnaires incorrectly. This resulted in the field workers having to ask questions and filling in the questionnaires for the respondents. In order to avoid any form of bias, the field workers were not supposed to suggest anything that could lead the respondents to any specific answer.

It was expected that there would be difficulties that the researcher would have to deal with given the nature of the present study. Some respondents were under the impression that we represented a certain political party, given that local elections were held in the coming months. In some cases, we were met with a great deal of anger, but no one was injured or otherwise negatively affected during the entire process.

Some respondents were not comfortable with divulging their information as they considered it private, but after discussing the confidentiality with which data would be treated, they would cooperate. There was no problem in authenticating whether we were students from the North-West University as it is well-known around the area.

3.5 Data analysis

The data was captured using an Excel worksheet. The data was then analysed using SPSS. The type of data analysis used was descriptive statistics and cross-tabulations.

3.6 *Limitations*

The limitations related to this study are attributed mainly to the sample size. The size of the sample was too small in order to extract findings related to the entire municipality. The data was not collected at other regions like Promosa, Mohadin, Potchefstroom, and local rural farm areas.

CHAPTER 4 FINDINGS

4.1 Introduction

In this chapter, statistical analyses of the survey on social-economic impact of youth unemployment are presented. The demographic profile of the youths involved in the survey is described first. The socio-economic factors of youth unemployment are then discussed before several hypotheses pertaining to this study are discussed.

Data is firstly descriptively presented, while cross-tabulation statistics (based on chi-square tests) are applied, identifying statistically significant relationships between the variables of interest. The data analyses were made using IBM SPSS Statistics version 23. All statistical tests were done at a 5% level of significance.

4.2 Demographic profile of survey respondents

The data was collected in 2016 from youths in the local municipality covering areas of Potchefstroom specifically Ikageng township. The following subsections give an overview of the demographic profile of the respondents by gender, age and race.

4.2.1 Gender

Figure 1 shows the gender distribution of respondents in the survey. The predominant participants were females (61.8%), with the remainder of the participants being males (36.4%). About 1.8% of the participants did not specify their gender.

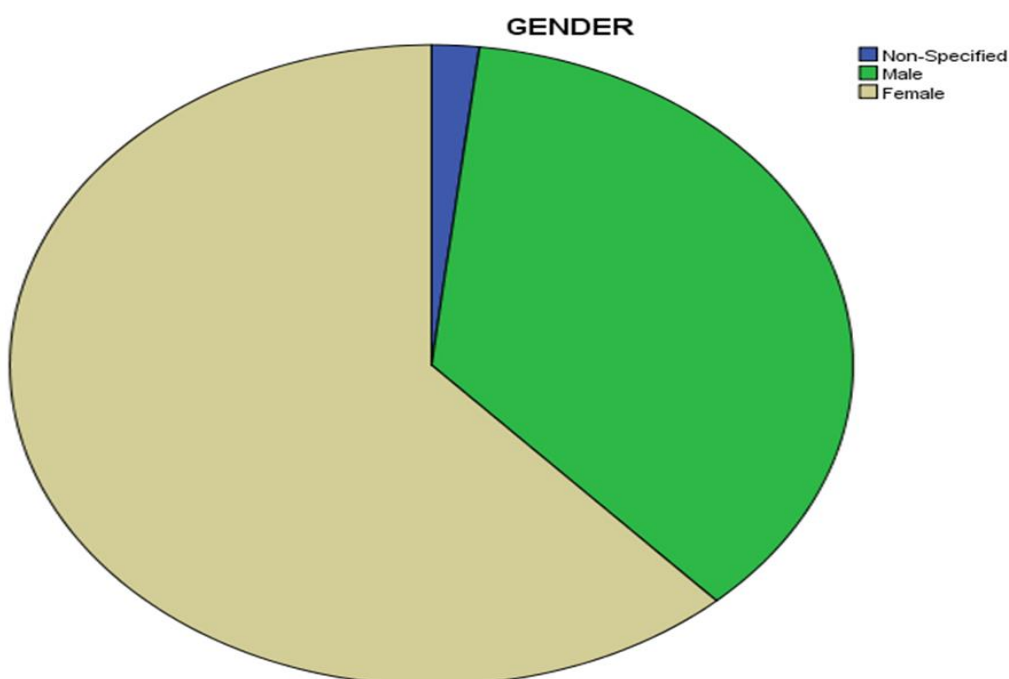


Figure 1: Participants by gender

4.2.2 Age

The age distribution of the respondents is shown in Figure 2. The distribution of the respondents regarding the age group is as follows: 40% are less than 25 years old, 34.5% belong to the 26-29 age group, while the remaining 25.5% are more than 30 years old.

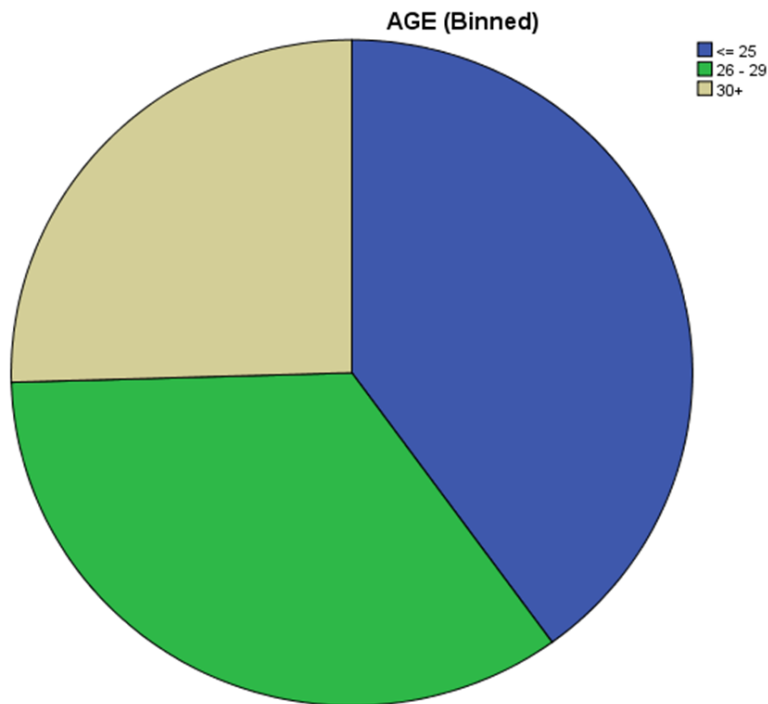


Figure 2: Participants by age

4.2.3 Race

Figure 3 shows the race distribution of the respondents in the survey. 81.8% of the participants were African, 10.9% Coloureds and 7.3% of the respondents did not mention their race.

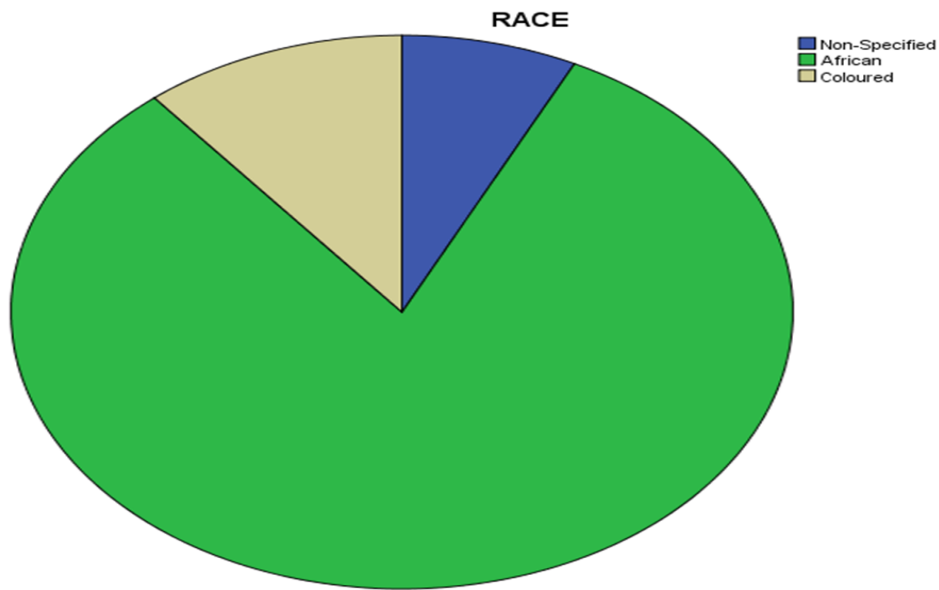


Figure 3: Participants by race

4.3. Socio-economic factors of youth unemployment – Descriptive Analysis

In this section, a descriptive analysis of the socio-economic factors highlighted in the literature review is provided. In particular, the socio-economic factors discussed here are educational level, work experience and household income.

4.3.1 Educational level

The educational level was expressed by Question 5 in the questionnaire. Figure 4 shows the educational level distribution of the respondents in the survey.

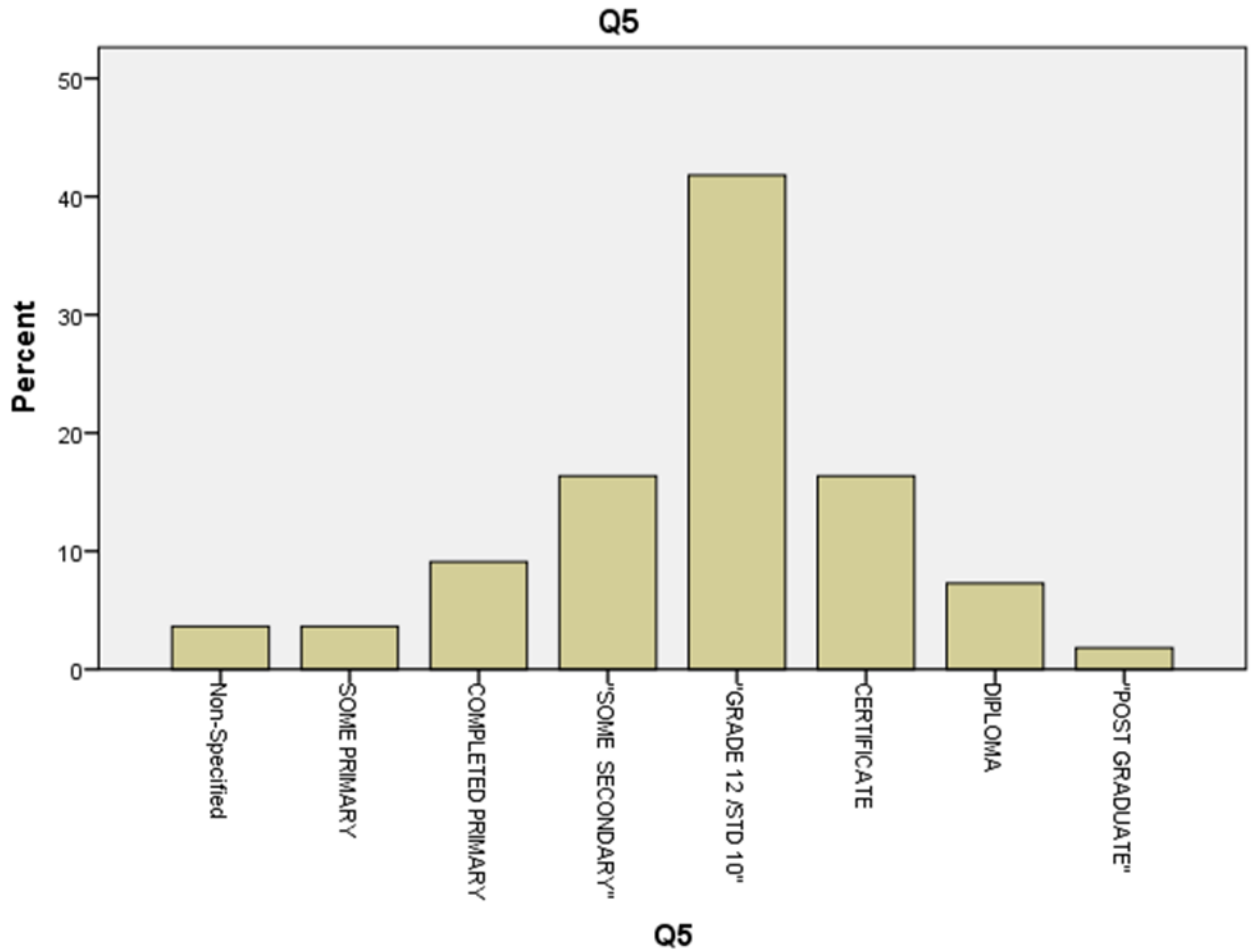


Figure 4: Educational level distribution

With regards to educational level, the majority of the respondents have Grade 12/STD 10 (41.8%). The respondents who had a certificate or some secondary education follow with 16.4% each. The remainder of the respondents had the following qualifications: completed primary school (9.1%), diploma (7.3%), some primary (3.6%) and postgraduate (1.8%). About 3.6% of the respondents did not indicate their educational level.

4.3.2 Work experience

The details on the work experience of the respondents were requested by Question 6 from the questionnaire which enquired about the last work experience from the respondents. Figure 5 shows the distribution of the work experience of the respondents. The majority of the respondents indicated that they had no work experience (45.5%).

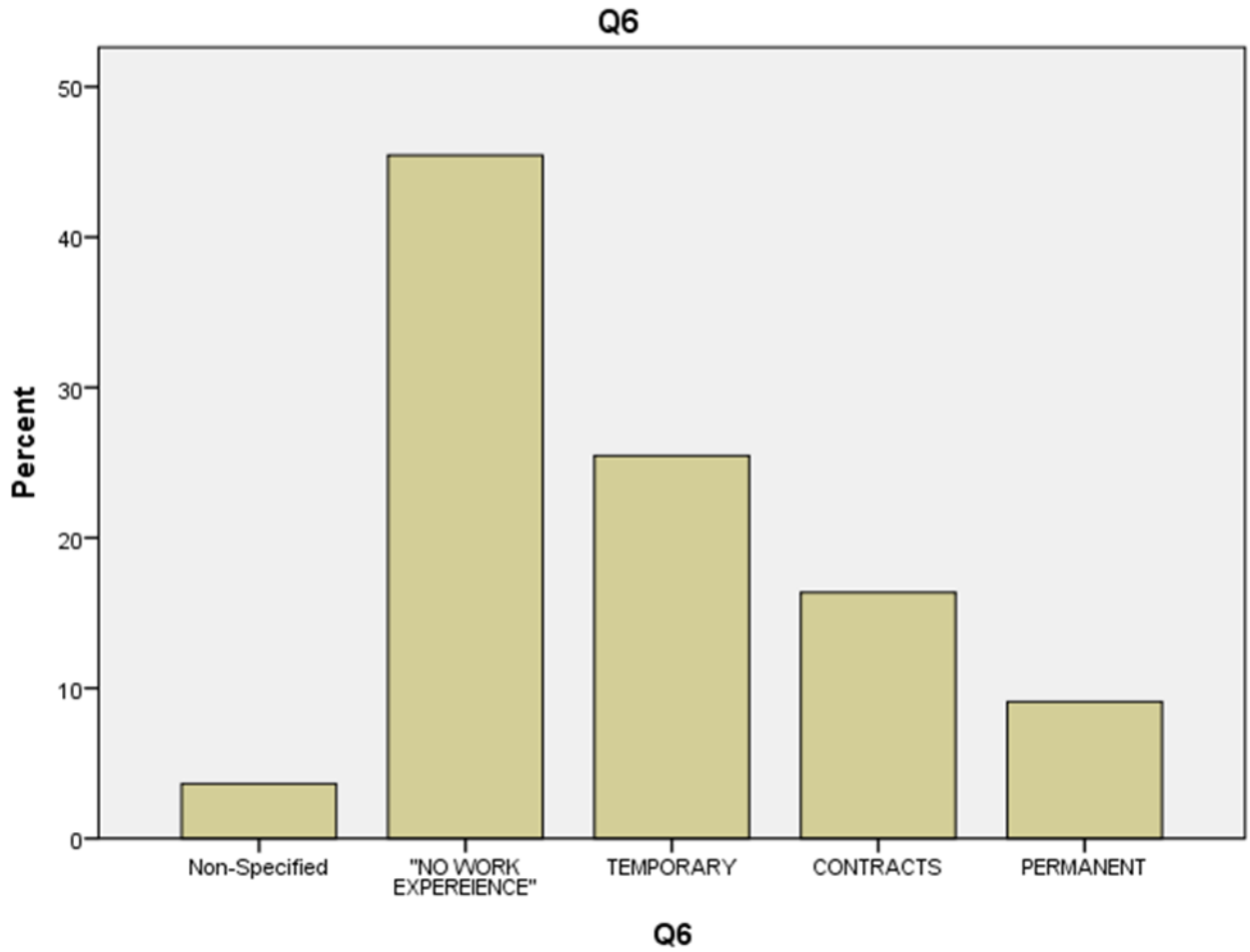


Figure 5: Work experience

4.3.3 Household income

The household income was explored by Question 7 of the questionnaire. Figure 6 shows the household income distribution of the respondents in the survey.

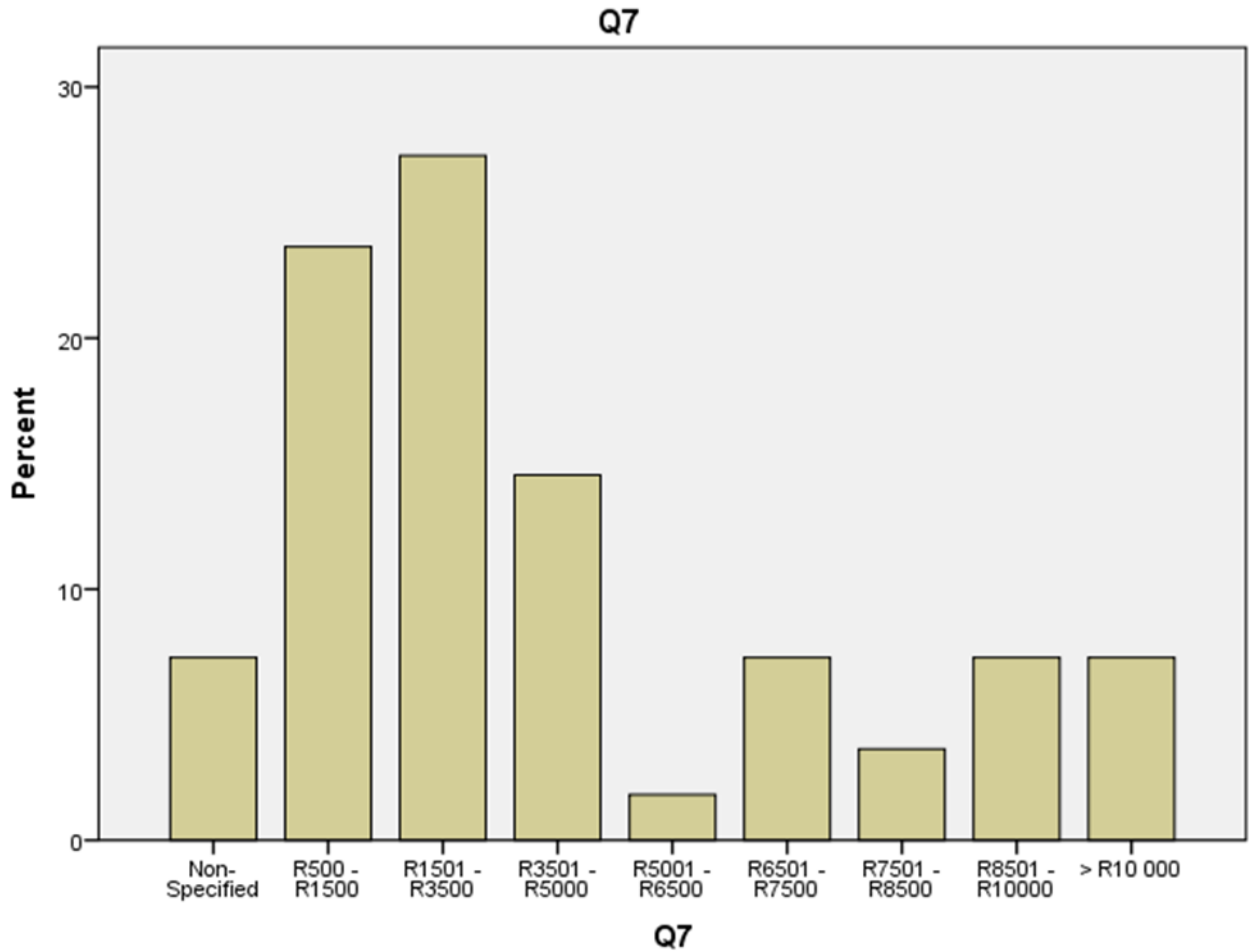


Figure 6: Household income

About 27.3% of the respondents come from households with income of between R1 501-R3 500. This is closely followed by about 23.6% of the respondents who come from households with income between R500-R1 500. Next, about 14.5% of the respondents come from households with an income of between R3 501-R5 000. For the remainder of household bands, less than 10% the respondents in each of the bands participated in the survey.

4.4 Results of the Hypothesis

In this section, the results of specific relationships hypothesised earlier in this study are presented. Cross-tabulation statistics (based on chi-square tests) were applied to identify associations in terms of the following hypotheses as set out below. The Phi or Cramer’s Value were used for effect sizes.

4.4.1 Hypothesis: Unemployment is high amongst the economically active youth

Table 11 presents cross-tabulation statistics between unemployment period (Question 12), a proxy for unemployment, and age group (Question 3), representing most of the economically active youths.

Table 11: Cross-tabulation statistics between unemployment and age group

Unemployment period	Age			Total
	<= 25	26 - 29	30+	
3 MONTHS OR LESS	25.0%	25.0%	50.0%	100%
3 - 6 MONTHS	71.4%	28.6%	0.0%	100%
6 - 9 MONTHS	16.7%	58.3%	25.0%	100%
1 - 2 YEAR	71.4%	28.6%	0.0%	100%
2 YEARS OR MORE	17.6%	29.4%	52.9%	100%

The results revealed that there was a significant relationship between the two variables (chi-square = 24.42, p = 0.007, effect size = 0.47).

4.4.2 Hypothesis: Education level is positively related to unemployment

Table 12 shows cross-tabulation statistics between unemployment period (Question 12), a proxy for unemployment, and educational level (Question 5).

Table 12: Cross- tabulation statistics between unemployment and education level

Unemployment Period	Educational level							Total
	SOME PRIMARY	COMPLETED PRIMARY	SOME SECONDARY	GRADE 12 /STD 10	CERTIFICATE	DIPLOMA	POST GRADUATE	
3 MONTHS OR LESS	0.0%	25.0%	25.0%	0.0%	50.0%	0.0%	0.0%	100%
3 - 6 MONTHS	0.0%	0.0%	14.3%	71.4%	14.3%	0.0%	0.0%	100%
6 - 9 MONTHS	0.0%	16.7%	8.3%	41.7%	25.0%	0.0%	8.3%	100%
1 - 2 YEAR	7.1%	7.1%	14.3%	35.7%	21.4%	7.1%	0.0%	100%
2 YEARS OR MORE	5.9%	5.9%	23.5%	47.1%	0.0%	17.6%	0.0%	100%

It was found out that there is a statistically significant relationship between unemployment and education level (chi-square = 51.4, p = 0.04, effect size = 0.43).

4.4.3 Hypothesis: Unemployment is higher on females than on males

Table 13 presents cross- tabulation statistics between unemployment period (Question 12), a proxy for unemployment, and gender (Question 1).

Table 13: Cross- tabulation Statistics between unemployment and gender

Unemployment Period	Gender		Total
	Male	Female	
3 MONTHS OR LESS	50.0%	50.0%	100%
3 - 6 MONTHS	57.1%	42.9%	100%
6 - 9 MONTHS	58.3%	41.7%	100%
1 - 2 YEAR	35.7%	64.3%	100%
2 YEARS OR MORE	11.8%	88.2%	100%

There was a statistically significant difference between unemployment and gender (Chi-square = 63.7, $p = 0.00$, effect size = 0.76).

4.4.4 Hypothesis: Insufficient household disposable income affects youth unemployment negatively

Table 14 shows cross- tabulation statistics between unemployment period (Question 12), a proxy for unemployment, and household disposable income (Question 7).

Table 14: Cross- tabulation statistics between unemployment and household disposable income

Unemployment Period	Household Income								Total
	R500 - R1500	R1501 - R3500	R3501 - R5000	R5001 - R6500	R6501 - R7500	R7501 - R8500	R8501 - R10000	> R10000	
3 MONTHS OR LESS	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%
3 - 6 MONTHS	28.6%	57.1%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	100%
6 - 9 MONTHS	25.0%	8.3%	0.0%	8.3%	25.0%	0.0%	16.7%	16.7%	100%
1 - 2 YEAR	21.4%	21.4%	21.4%	0.0%	0.0%	14.3%	14.3%	7.1%	100%
2 YEARS OR MORE	29.4%	17.6%	17.6%	0.0%	5.9%	0.0%	0.0%	5.9%	100%

It was found that there was no statistically significant relationship between unemployment and household disposable income (Chi-square = 54.5, $p = 0.06$).

4.4.5 Hypothesis: Most of the youth who work in the area are from other places

In order to answer this hypothesis, associations between Question 14 (Do you live in an area where you grew up in?) and either Question 60 (I have better chances of being employed

when i am applying outside Potchefstroom) or Question 62 (Government employs people outside the city because of experience that we don't have) are examined. Furthermore, associations between Question 25 (I moved from my place of origin because of work) and either Question 60 (i have better chances of being employed when i am applying outside Potchefstroom) or question 62 (government employs people outside the city because of experience that we don't have) are also examined.

Table 15 shows cross- tabulation statistics between work opportunities for youths from other places (Question 60 or Question 62), in comparison to whether the youths have stayed in the area or not (Question 14).

Table 15: Cross- tabulation statistics between question 14, question 60, question 62

Question 60	Question 14	
	Yes	No
1 (STRONGLY DISAGREE)	66.7%	33.3%
2 (DISAGREE)	91.7%	8.3%
3 (AGREE)	86.7%	13.3%
4 (STRONGLY AGREE)	92.3%	7.7%
Question 62		
1 (STRONGLY DISAGREE)	75.0%	25.0%
2 (DISAGREE)	100.0%	0.0%
3 (AGREE)	94.1%	5.9%
4 (STRONGLY AGREE)	78.3%	21.7%

There was no statistically significant relationship between Question 14 and Question 60 (Chi-square = 4.54, p = 0.21). With regards to the association between Question 14 and Question 62, there was a statistically significant relationship (Chi-square = 14.1, p = 0.007, effect size = 0.51).

Table 16 shows cross- tabulation statistics between work opportunities for youths from other places (Question 60 or Question 62), in comparison to whether the youths have moved from their place of origin or not (Question 25).

Table 16: Cross- tabulation Statistics between Question 25, Question 60, Question 62

Question 60	Question 25	
	Yes	No

1 (STRONGLY DISAGREE)	20.0%	80.0%
2 (DISAGREE)	25.0%	75.0%
3 (AGREE)	20.0%	73.3%
4 (STRONGLY AGREE)	15.4%	69.2%
Question 62		
1 (STRONGLY DISAGREE)	25.0%	75.0%
2 (DISAGREE)	22.2%	77.8%
3 (AGREE)	11.8%	76.5%
4 (STRONGLY AGREE)	21.7%	73.9%

It was found that there was no statistically significant relationship between Question 25 and Question 60 (chi-square = 4.26, $p = 0.64$). Pertaining to the association between Question 25 and Question 60, no statistically significant relationship was found (chi-square = 3.89, $p = 0.89$).

CHAPTER 5

DISCUSSION AND CONCLUSION

5.1 Introduction

In this chapter, I discuss a number of important matters associated with an evaluation of the factors giving rise to youth unemployment in Ikageng, Potchefstroom. The questions of the research were aimed at finding out how severe the situation affecting the youth is in Ikageng. The research has further explored the relationship between unemployment and other variables such as education, household income, and work experience. The aim of this research was to help to identify these factors, with the ultimate aim of putting measures into place that may improve the socio-economic conditions that give cause youth unemployment in Ikageng township.

The objectives of this study were to profile the unemployment problem among the youth in Tlokwe. This was done by describing the social demographics characteristics. Another area was to assess the educational level of the youth in the area, as well as the various sources of income in different households. A dissimilarity was found amongst age, gender and race amongst unemployed youth from population of Ikageng.

The findings that were made in Chapter 4 were compared to the literature review of the study. Certain variables were used to determine the socio economic consequences youth unemployment has in Ikageng Township.

5.2 Unemployed youth data

This study comprised of 50 responses from all different sections of the township. The data shows more female respondents than males, and it was found that there are more unemployed females than males. Even though the questionnaire was designed to target all township dwellers, data was only captured for certain areas. An important aim was to determine the demographics of the unemployed. Furthermore, the objective of the study was to investigate the activities of the unemployed young people.

5.3 Summary of major findings

From an analytical angle, this section aims to consolidate the relevance of the findings.

Education and unemployment: the question asked in this regard set out to determine how level of education relates to youth unemployment, Limited employment opportunities and levels of education have a positive relationship as they are the biggest contributor to the rate of unemployment in Ikageng. With reference to the cross-tabulation results, there is a significant link between unemployment and further education. The youth younger than 25 years tend to experience unemployment the most after they have finished School and did not have the necessary funds to study further. This finding might also be attributed to the fact

that most of the youth below 25 years of age are still at school or university. Most interviewed respondents had grade 12, but did not have the funds to study further.

Gender and unemployment: there is a relationship between gender and unemployment. The hypothesis is therefore accepted because the research has shown that unemployment is higher amongst females than males, as more females than males are unemployed in Ikageng. The study has further shown that males are flexible and can relocate from area to another in the quest of finding employment. This might be a contributing factor as to why more females are unemployed also considering possible greater family responsibilities that females have, which may cause them to want to be close to their children and families. The study further reveals that females have lower levels of education than their male counterparts. Most females leave school in order to take care of their children and do not complete schooling.

Insufficient household income and youth unemployment: it was found out that there is no relationship between household income and unemployment. The affordability of further education does not play a role in youth unemployment; this is interesting as most of the youth with a post-matric qualification who participated in this study were unemployed. The notion that coming from a family with an above average household income plays an important role in employment of the youth is nullified, as the results show that it does not mean that with an above average household income one can afford further education and ultimately be employed.

Factors causing youth unemployment: amongst all the possible factors alluded to in the study, one of the main factors affecting youth unemployment in Ikageng is the lack of factories and industries that require low skilled workers. There is an exodus of skilled young people from Ikageng as there are insufficient opportunities in the area for all the youth.

Lack of programmes or rather the lack of knowledge by the youth about the existence of such programmes directed at empowering the youth for entrepreneurial and work skills by the municipality is one of the factors contributing to youth unemployment. Another factor emanating from the study affecting youth unemployment is crime, alcoholism, drug abuse and gangsterism. All these might be linked to youth unemployment, as the youth is driven to these activities in order to derive an income or as a form of escapism from the harsh realities of poverty.

5.4 Drawing some lessons from the study

The study highlights the fact that without education, there are minimal chances of gaining access to employment opportunities. There is a higher percentage of female youth that are unemployed compared to males, and this could be attributed to teenage pregnancies which led to dropping out of school at the early stages in secondary schooling. The study further found there is an urgent for proper training and further education opportunities for young people in Ikageng.

The low household income does not play a significant role in youth employment, but it has a negative impact in as there is a need for further education and training - but parents typically cannot afford this. Youth unemployment is increasing the levels of poverty, which results

from low income per household and a lack of employment opportunities. The type of poverty faced in the area of Ikageng can be addressed through different government programmes of intervention.

The fact that there are not many companies in the area that could absorb the low skilled labour the area has to offer further increases the levels of poverty. The youth in Ikageng are compelled to leave the area and seek employment somewhere in other provinces. Previous work experience will continue to be an issue as there are few employers willing to provide work experience for the youth.

Corruption and nepotism are among serious problems in our society, and the youth feels that the government is not doing enough about these issues. The study also indicates that in the long run, the youth tends to be discouraged from seeking employment and give up.

5.5 Recommendations

The study has identified certain aspects that could be looked at in order to alleviate youth unemployment in Ikageng:

- Make provision for access to the local tertiary education.
- The municipality must increase the scope of provision of bursaries, especially for the children around the area of Ikageng.
- Develop structures that will revive the spirit of entrepreneurship amongst the youth in Ikageng.
- Improve the manner in which the supply of quality skills and identification of scarce skills.
- Support companies that are willing to provide employment opportunities for the youth for the purpose of giving them work experience.
- Provide youth and development programmes.
- Eradicate the culture of corruption and nepotism within government.

5.6 Conclusion

The study examined the youth unemployment surrounding the Ikageng township, using a quantitative analysis. Youth unemployment has become a problem in the township that could not be ignored any longer and requires intervention from all key players, namely government, business and tertiary educational and training institutions. The problem affects the lives of young people and they often resort to violent means to earn a living, in this manner contributing to increased levels of crimes in Ikageng. The study indicates that high youth unemployment rates in Ikageng can be ascribed to socio-economic factors affecting the youth. Education can play a major role in empowering people. Household income and educational levels are very important factors affecting youth unemployment in Ikageng. A better trained and educated youth will contribute positively to society and will help to improve the standards of living in the township. Many youth, in particular females are living under severe conditions of impoverishment.

In short, is a great deal that needs to be done to eradicate youth unemployment and proper directives can come from government and the private sector.

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