

SOCIO-ECONOMIC IMPACT OF UNEMPLOYMENT

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DECLARATION

I declare this research as my own work and that all references used are accurately reported. It is being submitted in partial fulfilment of the requirement for the degree, *Master Philosophy in Labour Relations Management* at the University of Pretoria. It has not been submitted before for any degree or examination at any other University.

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SUMMARY

Unemployment is a universal problem more especially for the developing countries. Unemployment has an impact on the individual and on the economic well-being of the country. This will however, have a very detrimental effect on the community life and community development at local levels. The political leadership of every county has to deal with an unemployment problem since unemployment leads to poverty, low quality of life, social, political and economic ills. Hence, the purpose of this research is to investigate the socio-economic impact of unemployment in South Africa.

Chapter two of this research deals with literature survey and it defines the unemployed person as the one who did not work during the seven days prior to the interview, wants to work and is available to start work within a week of interview and has taken active steps to look for work or start some form of self-employment in the four weeks prior to the interview.

Different types of unemployment, namely: frictional, cyclical, structural, and seasonal are used to address the problem of unemployment successfully. This provides some indication of the possible reasons for the cause of unemployment and some possible ideas on how the problem should be addressed. Meanwhile people voluntarily remain unemployed while seeking out and weighing up suitable job vacancies, cyclical unemployment results from both economic downswings and upswings of the business cycle such as retrenchments and Rand appreciation. Structural unemployment and seasonal unemployment refers to the overall inability of the economy to provide employment to the total labour force and normal expected changes in economic activities during the course of a single year.

Unemployment in South Africa is also said to be marginal in nature in that there is ample evidence of wage differential for apparently similar workers which could motivate some search unemployment. The candidates of low-wage are the informal sector and the subsistence sectors with the informal sector appearing to be for the most part of disguised unemployment.

Keynesian and Monetarists approaches are used to give the theoretical explanation of the causes of unemployment. Keynesian explain the causes of unemployment as insufficient aggregate demand and shocks from the supply side of the economy which could be either internal or external such as draught and economic sanctions. In contrary, Monetarists maintains that unemployment is caused by the forces of demand and supply and that the economy is self-stabilising in case there are no disturbances. Hence, the government should practice fiscal subsistence.

Research methodology is outlined in chapter three. This chapter talks about the measurement techniques, the necessity of a literature survey, and the nature of the study.

Chapter four presents some results and interpretations through the use of statistical figures or tables. Unemployment in South Africa and its socio-economic impact is also discussed in this chapter.

The fifth chapter is based on policy recommendations for the alleviation of unemployment in South Africa such as, RDP and GEAR etc.

The last chapter is conclusion and it focuses on the social and economic costs of unemployment to the society.

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