

SA's unemployment crisis calls for out-of-the-box thinking

By [Russel Morena](#)

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Zakes Mda's 2021 novel, *Wayfarers' Hymns*, features the character Toloki, who, unable to find conventional employment, invents the rather macabre profession of mourning at strangers' funerals. While this does not make him wealthy, it provides him with an income stream that, although meagre, was previously unavailable to him.



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A key lesson for South Africa from Toloki's inventiveness is that thinking out of the box should be the default mode when the typical way of tackling challenges does not bear the desired result. A good example of where this can be applied is the country's stubbornly high unemployment rate, which maintained its ascent in the fourth quarter of 2021, climbing to 35.3% from 34.9% in the preceding quarter. If those that have despaired of ever finding employment and are no longer on the job market are included in the tally, the percentage rises to 46.2%.

Taming the unemployment scourge

As Cosatu has warned, the percentage of working-age South Africans who are out of employment, including those who have stopped looking, will hit 50% quite soon, unless the government introduces more effective interventions. Said differently, the union federation is calling for a Toloki-like mentality to tame the unemployment scourge, which has been shown to be a major driver of crime and other social ills.

Unlike Toloki, the South African government does not necessarily have to invent new professions to absorb the vast army of the unemployed. However, a change of tack is required, and a good starting point would be fostering entrepreneurship so that citizens are able to create employment for themselves and others instead of looking for that illusive job in the formal sector.



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Low self-employment rate

As the World Bank pointed out in a 2021 report, self-employment represents a paltry 10% of all jobs in this country, compared with 30% in countries such as Turkey, Mexico and Brazil, which, like South Africa, are upper-middle-income economies. According to the World Bank's calculations, our unemployment burden would be potentially halved if we raise our self-employment rate to the same level as our upper-middle-income peers.

Granted, South Africa has a wonderful entrepreneurship-focused policy in the National Informal Business Upliftment Strategy, which was launched by the Small Business Development Department in 2014. The major problem, however, has been lack of robust implementation of the strategy.

The World Bank's prescription for fostering self-employment, to which the South African government should pay heed, includes easing the licensing requirements for informal businesses and doing away with land-use zoning regulations that place undue restrictions on business operations in townships and other urban settings where workplaces, public spaces and dwellings often overlap. Furthermore, where feasible, linking informal businesses to state procurement, at the national, provincial and municipal levels, would do these businesses a world of good. A lot more could be done, and this is where we require a Toloki-like mentality.

Interventions in the formal sector

The full-throttle promotion of self-employment does not, however, imply that focus should be taken away from the formal employment sector. Let's take the agricultural sector, for example. Although it recorded a net gain of 38,000 jobs in the fourth quarter of 2021, its skilled-worker complement declined by 20.6% on a year-on-year basis. Industry group Agri SA is on record as saying the pedestrian growth in the sector is partially attributable to the poor state of South Africa's roads, rail network and ports. Fixing these will surely go a long way towards placing the agricultural sector on a steeper growth trajectory, which will lead to a faster rate of job creation.

State-owned power utility Eskom is also a contributor to the woes of South African businesses which complain about its high tariffs and the frequent bouts of load shedding it implements, which play havoc with business operations.

Of course, the benefits of interventions such as fixing Eskom as well as our ports and road and rail networks are unlikely to start manifesting in the short term. However, creating an environment where small businesses can flourish should not take a lot of time. The government should go for it.

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