

# Factors contributing to SA's high unemployment numbers - how to fix it

South Africa's unemployment rate rose to a record high of 34.4% during the second quarter of 2021 - the highest on a global list of 82 countries monitored by Bloomberg. The persistency of the Covid-19 pandemic and its knock-on effects across industries, along with the unrest that took place in July this year which cost the country an estimated R50bn, have set South Africa further on its back-foot.



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According to Kerry Morris, CEO of The Tower Group, this, along with a decade-long slump, where performance has consistently remained at a level where economic growth has been lower than the average population growth of 1.5% per annum and where government's plans for improvement have not translated into effective action, has resulted in the South African economy shrinking and with it, across all sectors, we are losing jobs.

## Who or what is really to blame?

Morris says there are a few key factors at play — from corporates not hiring owing to critical skills shortages or limiting new hires owing to the increased risk-averse Covid-19 climate, to inadequate training and education on both corporate and educational, or school, levels, as well as the attitudinal mindsets of millennials entering the workforce.

“From a recruitment perspective, there is a bottom-heavy hierarchy. South Africa has a larger population than the jobs that are crossing our desks every day. The current risk-averse attitude based on a poor-performing economy and made worse via the impact of Covid-19, means that on the one hand, companies are wishing to save any money they have rather than expanding and spending on new hires, and we assume they are subsequently combining a few roles into one job as part of a cost-saving exercise,” says Morris.

“On the other hand,” adds Morris, “we have a critical skills shortage and continue to lose skilled professionals to foreign shores. Infamously referred to as ‘the brain drain’, the arrival of Covid-19 in March 2020 has seen thousands of South Africans and skilled professionals emigrating abroad — from engineers to doctors and even nurses. This means that we

are unable to fill the positions required by big corporates as there are simply not enough skilled South Africans to fill them.”



## SA unemployment reaches 34.4% in 2021 Q2

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### Where to from here?

A 5% GDP growth per annum is the target to reduce the unemployment rate in South Africa and is also the number that will allow the country to make a real dent in eradicating poverty. Yet before we can get to that number and start implementing strategies that include labour revision laws pertaining to hiring and firing, or better equip financial institutions to help finance and support small businesses, what are some of the immediate solutions to turn the trajectory — and future — of jobs in South Africa around?

### A shift in corporate mindset

According to Morris, the progressive, proactive mindset of business is truly the key to change. “Adjusted training courses are needed to up-skill learners and bridge the critical skills gap. Putting quality learnerships on the table, and absorbing learners into the company and into required roles, is undoubtedly the solution. Despite a risk-averse environment, this is the mindset needed now. It is important that companies adopt it and take the leap, as it is the only way forward.”



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Derek Yu and Charles Adams 21 Sep 2021



### A shift in career guidance

In order to train, better equip and guide graduates as the labour market of the future, career guidance in school is also highlighted as a key solution to better educate pupils on what happens after school. As it stands, secondary and tertiary institutions do not provide enough post-graduate guidance. Says Morris: “Career guidance is imperative to link the loop between after-school and learnerships. This is where we are seeing the greatest gap.”

### A shift in the millennial mindset

Additionally, students are not prepared to start from the bottom and work their way ‘up’, says Morris. Enamoured with the ideas of instant “Insta” fame, millennials have lost the ability to try harder, and to work harder.

“A lot of young people don’t want to do the hard yards,” says Morris. “Educated millennials are fussier than ever. Enamoured with instant, quick-fix fortune and fame, such as becoming an Instagram influencer or the becoming the next overnight TikTok sensation, there is a growing idea that things literally come for free. This work ethic needs to change — quickly.”

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