



**PROPOSAL: ADDRESSING UNEMPLOYMENT  
THROUGH RECRUITMENT STRATEGIES – POLICY  
INTERVENTIONS**

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## Contents

1	Problem statement.....	3
2	Jobs impact .....	5
3	Theory of change – How the Proposal would work .....	5
4	Existing initiatives/experience.....	6
5	Constituency participation in implementation .....	6
6	Benefits.....	6
7	Cost and potential sources of funding.....	6
8	Risks .....	6
9	Risk mitigation .....	7
10	Additional comments.....	7

## **1 Problem statement**

Unemployment is a big challenge facing the South African economy. The Department of Labour publishes annual reports on "*Job Opportunities and Unemployment in the South African Labour Market*". In their latest report (2016/17) the DOL reported that the number of unemployed people rose to more than 6.2 million in March 2017. This increase resulted to the highest unemployment rate of 27.7%. Unemployment figures rise because "the pressure of new work-seekers into the labour market has prevailed over the rate at which new jobs have been created according to Statistics South Africa".

With that said, South Africa continues to advertise job opportunities every year, although the number is a small fraction of the unemployment figures. The *Job Opportunities and Unemployment* report gives very good statistics on advertised jobs, which they describe as a "good" representation of how well the labour market and economy is functioning and what period of the business cycle the country is in. In 2016/17 Overall, 66 029 job vacancies were recorded by the Department in the financial year 2016/17. The job vacancies data was collected from the DPSA data (including vacancies advertised by parastatals) and vacancies advertised online (PNet).

It is a known fact that there are not enough jobs available to ensure that every South African can become employed. This results in influx of applications, leaving hiring managers no option but to narrow the choices down somehow, and one way they do that is by automatically rejecting certain candidates particularly in these three categories of unemployed candidates: the long term unemployed, the skilled without formal education, the educated without experience, and the unskilled.

### **The long-time unemployed**

The unspoken fact that hiring managers would not openly admit is that companies are unwilling to hire the unemployed candidates. Employers look first at the period of unemployment and if it is longer than six months they discard the CV. Generally, hiring managers are put off if they get the impression that the candidate is desperate for the job. So because of these reasons, the longer one is out of employment, the longer they will stay jobless. Employers perpetuate this vicious cycle by refusing to give people a chance. Employers are not keen on employing someone who has been sitting at home (unemployed) for some time, as they speculate about their ability to be brought up to speed with the current trends/ happenings in the industry.

### **Skilled but no formal education**

Most people will admit that the jobs they are doing today have very little to do with what they learned at school directly. Whether degreed or not, all people have had to learn on the job and their careers have evolved so much that although the initial degree is there, it may no longer be relevant to their current job. In fact 73% employed people would say their education is unrelated to their jobs. There are many jobs that stipulate that the candidate must have a related bachelor's degree, but there's actually nothing people in those jobs can't learn from experience. A typical example is an office administration position requiring a degree, but the duties are something that can be learned on the job and a candidate can improve their skill as they gain more experience on the job. It is true that a university or college education can be useful in indirect ways. University teaches people how to learn, and provides applicable

knowledge. Employers need to be open minded as there are several ways to educate oneself, outside of formal education.

### The qualified but inexperienced

Most graduates in search of jobs either lack work experience, practical on-the-job knowledge, or their degrees are irrelevant to the job. These factors may render new graduates unsuitable for advertised vacancies. Employers are generally not inclined to employ someone with little or no experience. This is because employers are always looking for someone who will “hit the ground running” and immediately contribute to overall productivity of the company. This automatically excludes people who can potentially be trained, but take a longer to reach those levels of productivity. Even entry level jobs where someone fresh from school can be trained, require experience. But the fact is these people can be trained on the job and companies need to invest in skills development and on-the-job training.

In this paper we argue that advertised jobs are almost exclusively available for those who are currently employed. As depicted in figure 1, employed individual continue to change jobs while vacancies they leave behind are filled by other employed thus closing the employment circle from the unemployed who are sitting on the outskirts, jobless.

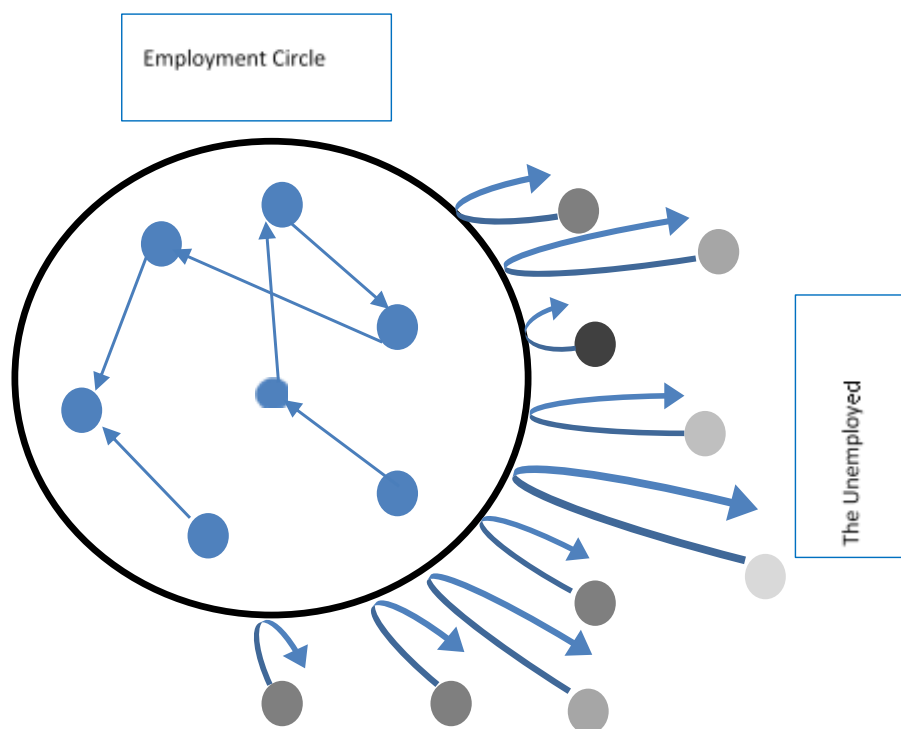


Figure 1: The unemployment conundrum: the employed stay employed and the unemployed stay unemployed

## 2 Jobs impact

The proposal, as explained in the problem statement is not focussed on creating new jobs, but on ensuring that through policy interventions, the unemployed can an equal opportunity of being employed as those who are employed looking to change jobs. Based on 2016/17 figures of advertised positions, if a third of the 66000 advertised vacancies were occupied by unemployed people, in one year, 22000 unemployed people would have been given an opportunity.

## 3 Theory of change – How the Proposal would work

In this paper we argue that unemployed people are not given equal opportunity of employment as employers almost always select those that are already employed somewhere, which exacerbate the unemployment problem. In order to address this it is proposed that employers be given targets to absorb unemployed people, through a policy similar to affirmative action. In South Africa, affirmative action makes sure that qualified designated groups (black people, women and people with disabilities) have equal opportunities to get a job. In this proposal we are simply saying that unemployed people should be afforded equal opportunity to get a job. Ideally advertisements for targeted jobs would read like: *“Unemployed candidates are encouraged to apply”*

Employers must be required to create an action plan which stipulates how they would go about prioritising the unemployed people in their recruitment strategies.

As similar to Affirmative Action and Employment Equity, this should apply to:

- Employers with 50 or more workers, or whose annual income is more than the amount specified in Schedule 4 of the Employment Equity Act
- Municipalities
- Organs of State
- Employers ordered to comply by a bargaining council agreement
- Any employers who volunteer to comply.

Ideally the employers would be required to comply with the following:

- Identification and removal of barriers with an adverse impact on prioritising the unemployed in their recruitment strategies
- The development of measures which promote attraction and recruitment of unemployed candidates
- Making reasonable accommodation for candidates from these categories of unemployment: long-term unemployed; skilled but no formal education; qualified but inexperienced
- Prioritise development and training of new employees from these categories of unemployment: long-term unemployed; skilled but no formal education; qualified but inexperienced (including skills development)
- Preferential treatment and numerical goals to ensure that fair opportunity is given to unemployed candidates. These may or may not include quotas.

#### 4 Existing initiatives/experience

Although there are no existing experiences directly related to this proposal, lesson could be learned from implementation of Employment Equity and Affirmative Action as this proposal is similar in terms of implementation.

#### 5 Constituency participation in implementation

This proposal would need buy-in from government, business, labour and civil society.

#### 6 Benefits

Group	Job creation	Other benefits	Time frame for success
long-term unemployed	X		2 Years
skilled but no formal education	X		2 Years
qualified but inexperienced	X		2 Years

#### 7 Cost and potential sources of funding

Group	Anticipated costs	Potential sources of funding to implement the project	Time frame for impact
long-term unemployed	Skills Development	Jobs Fund, Skills Levy	2 Years
skilled but no formal education	Skills Development	Jobs Fund, Skills Levy	2 Years
qualified but inexperienced	Skills Development	Jobs Fund, Skills Levy	2 Years

#### 8 Risks

Employers may need certain skills that unemployed people may not have due to lack of exposure and on-the-job training. At the same new graduates may bring university degrees that do not match the skills requirement in the economy at a particular point in time. It may be difficult to successfully match those with skills to the jobs which require them.

The second risk is non-performance of individuals recruited in this manner which may have a direct impact on the productivity of the companies. This brings forth the main conundrum of competencies and skill sets versus performance and productivity.

## **9 Risk mitigation**

While the companies must be willing to invest time to train the new candidates who would have been formerly unemployed, they might need to be compensated for loss of productivity and for skills development.

The companies may be allowed to access the skills levy for training of new employees and the jobs fund may be used to compensate for loss of productivity.

All these would need to be managed by relevant government departments and agencies.

## **10 Additional comments**

Unemployed people deserve an opportunity to get back to the employment circles, and government has the tools to make that a reality.