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## UNEMPLOYMENT REDUCTION TARGETS TO REALISE NATIONAL DEVELOPMENT PLAN VISION 2030

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**Abstract:** *One of the main and most dynamic challenges confronting South Africa is the high unemployment rate, which has been increasing more rapidly than the country's economic growth. The unemployment rate is increasing every year, supplemented with a financial crisis as the South African economy is experiencing a drastic recession and jobs are getting lost. In 2012, the National Planning Commission (NPC) implemented a new long-term strategy, the National Development Plan Vision 2030 (NDP), which is set over an 18-year period (2012 to 2030). The NDP was introduced to meet the government's objectives, which include economic growth, reducing triple challenges (unemployment, poverty and inequality) and improving service delivery. The main aim of the research is thus to assess the progress of the unemployment reduction targets set by the NDP, as well as recommend strategies that can be implemented to attain the unemployment reduction target and reduce unemployment to (under) 6%. The study employed a qualitative research method and a case study research design. Through literature review, information was compiled through studying budget reviews, the Public Finance Management Act (PFMA), press releases from international capital markets (International Monetary Fund and World Bank), official government documents, academic/scholarly newspapers, and relevant legislation. The findings explore that many factors hinder or impede the government from achieving its objectives, such as slow economic growth, the impact of Covid-19 on the labour market, skills gap and mismatch, the education system in South Africa and a severe lack of entrepreneurship. The article makes policy recommendations for improvement.*

**Keywords:** National Development Plan, National Planning Commission, Qualitative research, Unemployment, South Africa.

**JEL code:** H3, J6, O47

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## 1. Introduction

The central challenges currently facing the South African government consist stagnant economic growth, reducing the unemployment rate and the current budget deficit (Mboweni, 2020). Fiscal policy in South Africa has undergone development and change since 1970, due to i) an increased population, which exceeded economic growth, ii) reduced household income (Dollery, 2003:4); and iii) a drastic decline in economic growth due to Global Financial Crisis of 2008/09 (Steytler & Powell 2010:152). After the 1994 democratic elections, the new administrative government had to ensure economic growth, development, reparation of socioeconomic challenges/injustices (high unemployment rate, poverty, and inequality) and stability in South Africa.

The most challenging situation in South Africa is poverty. Poverty results in a situation whereby there are lack of resources to receive education and training, hence the outcome is unemployment. According to data from the World Bank's official report (2020:1, in Makhubu & Vyas-Doorgapersad, 2022: 151), about 55.5 per cent of the South African population (30.3 million people) lives in poverty at the national upper poverty line (ZAR 992).

Another the most challenging task is to ensure a social, economic, and political environment that was conducive to citizen participation and equal access to economic opportunity, basic services (primary health, education and sanitation) and freedom of choice (religion and speech) (Stats SA, 2013). The South African government introduced macroeconomic and microeconomic policies as instruments to control the economy which would ensure growth and development (Kearney & Odusola, 2011:6). Specifically, macroeconomic policy comprises three important pillars of the economy, namely, fiscal, monetary and exchange rate policies. These policies play an enormous role in the economy by providing the framework for economic growth and ensuring economic growth and development for the short-, medium- and long-term (Afonso, Araujo & Farjado, 2016).

Fiscal policy is defined as national government decisions on the nature, level and composition of government expenditure, taxation and borrowing aimed at pursuing economic goals (Calitz & Siebrits, 2010:1). Fiscal policy can also be defined as the tool that the government uses to achieve its economic objectives, for example, government spending and taxes (Kuligowski, 2020). The concept of fiscal policy is usually considered equivalent to budgetary policy. It is a commonly accepted view that it encompasses both budgetary revenues, expenditures and non-budgetary activities including achieving socioeconomic objectives (Pietrzak, 2008:290). The discussion and exploration of fiscal policy in this paper will enable the researcher to understand the role of fiscal policies in the economy as well as the main objective of fiscal policies, as the research study aims to assess the unemployment reduction target in South African set in the National Development Plan Vision 2030 (hereafter NDP).

The South African government uses fiscal policy to alter the aggregate demand in the economy, ensure price stability and increase employability, economic growth, and development (Weinstock, 2020). For the government to make structural changes, the central instruments/elements of fiscal policy need to be considered; these include revenue (taxation) and government expenditure. Revenue and expenditure have



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a potential influence on the allocation of resources, distribution of income and level of economic activities. The national budget is the main instrument of fiscal policy, which outlines national government spending for the financial year and proposes how the government will fund its expenditure and deficits (Constitution of Republic of South Africa, 1996). Impacts on the national budget can either affect the fiscal policy objectives positively or negatively. Socioeconomic challenges such as unemployment, poverty and inequality have emerged as some of the major problems that the country is facing due to poor economic growth and development (Van der Westhuizen & Swart, 2015:372).

Currently, the government is faced with several challenges caused by the Covid-19 pandemic and its resultant lockdowns (Ramaphosa, 2020). Whilst these lockdowns may have curbed the spread of a deadly virus, the economy was crippled. Several sectors could not operate and the loss of jobs and decline of international trade and investment are severely felt (Arndt, Davies, Gabriel, Harris, Makrelov, Robinson, Levy, Simbanegavi, van Seventer & Anderson, 2020). The current budget deficit of R551.9bn or 11.2% of GDP raises many questions of whether the fiscal policy would be able to manage and control the level of unemployment and whether the unemployment reduction target set by NDP will be achieved. After careful research and observation on the performance of the South African economy, increasing budget deficit, excessive borrowing and increase socioeconomic challenges, the main research problem/question for the research study is, therefore, be *What is the progress of the unemployment reduction targets in terms of the baseline targets set by the National Development Plan: Vision 2030 (NDP) and how can fiscal policy be managed to achieve these targets?*

## **2. Research Methodology**

The research approach is qualitative. Neuman (1997:329), states that qualitative research methods dominate in social sciences research and the discipline of PA, as they present their research findings and data in the form of transcripts, words, and documents. This study adopts the opinions of Watkins and Gioia (2015, in Nyikadzino & Vyas-Doorgapersad, 2020:33; Vyas-Doorgapersad, 2022:627) who offer the following characteristic features that help to define qualitative research as it: “seeks to develop an in-depth understanding; views social phenomena holistically; and provides insight into the meanings of decisions and actions”. The study made use of secondary data that is available in the public domain. The information was compiled through a literature review whereby budget reviews, Acts, books, journals and newspaper articles on poverty, unemployment, NDP, fiscal policy and economic policies were considered. The information was analysed through content analysis, that is the study of collected written materials, namely, documentary studies, publications, essays, interviews, conversations, documents, newspapers, physical objects, or any historical interactions/linguistic record (Bowen, 2009:31).

## **3. Status Quo of Unemployment in South Africa**



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The definition of unemployment has been developed and changed; however, there was no standard definition before the International Conference of Labour Statisticians accepted and defined unemployment in 1982. Many researchers and scholars used to define unemployment based on the performance of the economy and geographical location. Unemployment, according to Chappelow (2020), takes place when an individual who is seeking employment is still unable to enter the workforce. In addition, unemployment is sometimes used as a gauge of the country's economic stability. Mlatsheni and Leibbrandt (2011) agreed that unemployment and poverty are major contributing factors to the existence of large-scale unemployment stigmatisation. This is because unemployment impacts the economy negatively and thus the impact affects other variables such as income level, productivity, inflation, saving and spending. Chappelow (2020) further refers to his proclamation that an immensely unemployed economic system produces reduced outputs.

According to Barker (1999:165), unemployment is defined by certain circumstances, including a person who is "without work"; this person must also be "available for work" and must actively be "seeking work". Unemployment is further defined as the event of overpopulation individuals in the labour market, which is prepared to work for the usual rate but unable to enter the workforce (Soylu, Çakmak & Okur, 2018:94). Unemployment is a major macroeconomic measurement primarily because it indicates that employees are capable (or incapable) of getting profitable jobs easily to play an important role in economic productivity (Chappelow, 2020). Severe and prolonged unemployment may indicate severe economic hardship, resulting in socioeconomic and public instability.

In South Africa, unemployment is high among youth when is defined using both broad and strict sense. The definition of unemployment helps in determining the type of unemployment that is dominating the country. Since the 1980s and early 1990s, overall productivity has been static and decreasing. Unemployment increased within historically marginalised groups, namely, citizens in villages, women, the illiterate, and the youth.

A multitude of reasons relating to the oppressive (apartheid) administration's policies aimed at encouraging 'separation'; opportunities were limited by a commanding market and legislative restrictions on South African businesses undoubtedly contributed to the systemic features of rising unemployment (Giliomee, 2003:374). In 1998, South Africa was one of the countries with the highest unemployment rates, considering the broad definition of unemployment at that time of 39% (Kingdon & Knight, 2000:3). Even when unemployment was calculated or defined using the narrow definition, the unemployment rate was still high (26%). One out of four youths in South Africa who were looking for job opportunities, who were actively and available to work, were unemployed (Stats SA, 2020).

The apartheid regime radically transformed the modern employment market in different dimensions through segregation, especially with regards to access to education and employment opportunities (du Toit & Neves 2014) and the racially divided informal sector (Chandra, Nganou & Noel, 2002; Rogerson, 2002). In 1994, after the African National Congress (ANC) won the first democratic elections, critical priorities were to resolve the country's chronic poverty and unemployment by implementing policies, programmes and projects that would prioritise employment generation (Ferreira &



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Rossouw, 2016:808). The new democratic government has made several strategic reforms to maintain sustainable growth and cement South Africa as a major global and regional trading partner. These economic policies undoubtedly had an impact on South Africa's economic development, financial market, productivity, and economic activity trend and importantly, employment growth has always been at the forefront of the state's structural fiscal policy formulation and execution (National Treasury, 1998).

South Africa's democratic election raised hopes that there would be a significant improvement in the country's economic position, which had deteriorated during British colonialism and the apartheid era. It also fuelled expectations for improved economic well-being and minimisation of disparity among citizens (Aron, Kahn & Kingdon, 2008 in Leibbrandt Woolard, McEwen & Koep, 2005:6). Citizens anticipated that access to education and skills, as well as new jobs, would aid the reduction of poverty and the unemployment rate (Aron et al. 2008 in Leibbrandt et al. 2005:6). Thus, macroeconomic stability strategies were introduced to encourage greater employment opportunities and promote redistribution of resources.

According to Klasen and Woolard (2009:32), there are four basic elements of abject poverty or external disturbances that undermine individual attempts to raise financial salaries. These include i) large initial population density; ii) inadequate training; iii) poor initial wealth operating budget and iv) poor interim job opportunities (that is, with links to the labour market). The incidence of unemployment, when combined with the market's rising disparity rates more succinctly reflect the current societal poverty and growth problems.

Approximately 4 million jobs were created in South Africa's economy for the first two decades of democratic government (National Treasury, 2010). South Africa also experienced estimated growth rates of 3% between 1994 and 2003, 5% between 2004 and 2007 and 2.8% in 2008 (South African Reserve bank [SARB], 2009). The country experienced growth from 2003 to 2008, however job creation and opportunities did not grow significantly. The total number of job opportunities created was calculated to be 1.8 million and the total number of the labour force (informal sector) was calculated to 9.4 million in 2008 before the financial crisis. By the third quarter of 2009, a total of 366 000 people lost their jobs (du Toit & van Tonder, 2009).

During 2008 and 2009, the labour market in South Africa was drastically impacted by the global financial crisis. The financial crisis caused South Africa to experience a drastic economic downturn which impacted all economic sectors (Steytler & Powell, 2010:149). Increasing instability and unemployment placed a strain on national budgets, even as budgets decreased and economic instability increased, with calls for the state to amend its fiscal strategy. The total unemployment rate, which includes the discouraged worker, was calculated at 30% and the 'official' unemployment rate in the third period of 2008 (SARB, 2009) was almost 22%; it rose to 24.5% during the third quarter of 2009 (Stats SA, 2010). As the economy encountered another decline, the formal employment rates also contracted by 1.8% in the fourth quarter of 2008 and 6.4% in the first quarter of 2009 (SARB, 2009). After the financial crisis, unemployment increased drastically, and it became difficult for the government to control and manage.

In a nutshell, the situation can be summarised as: South Africa's "unemployment rate is one of the highest in the world; consistently measuring at over 20%. This is a national crisis that feeds into, and, in



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turn, is fed by, two of the country's other greatest socio-economic challenges, namely poverty and inequality" (Daily Maverick, 2019, in Makhubu, 2021: 22). As stated, there is a relationship between poverty and unemployment. More poverty leads to high level of unemployment (due to lack of education and training opportunities); and more unemployment leads to high levels of poverty. The information obtained from Statistics SA (2017) confirms this co-relationship by summarising that, "with 53,6% of the poor population being unemployed and only 19,7% of the non-poor population experiencing unemployment" (StatsSA 2017:44; Makhubu, 2021:23). The unemployment rate in South Africa, according to statistics published by *Trading Economics* (2019, in Makhubu, 2021:23), "edged up to 29.1 percent in the Q3 2019, its highest level since comparable data began in Q1 2008, matching market expectations. The number of unemployed rose by 78 thousand to 6.73 million while employment increased by 62 thousand to 16.38 million".

Additionally, overpopulation or population growth is also considered as a factor and/or cause of increased unemployment. Overpopulation or population growth is described as a mismatch between obtainable resources within current socioeconomic and technological restraints and the resources necessary to provide inhabitants with a basic or desirable livelihood (Williams, 2014). According to Coale and Hoover (1958), overpopulation and excessive population are considered key impediments to economic and social development. Population growth is one of the variables that affect the measurement of the unemployment rate in South Africa. For example, a study conducted by Lam, Leibbrandt, and Mlatsheni, (2007) showed that a decrease in the youth's population by 10% translated to a 3% reduction in unemployment. According to News24 (2011), unemployment is the result of overpopulation because overpopulation is defined as a condition where a country's human population exceeds the carrying capacity of its environment meaning in this case that the populace is more than the amount of available or needed jobs.

According to Swanepoel (2021), between 2011 - 2019, the demographic of South Africa increased by an aggregate of 1.65% a year, which equals 898 000 people annually. Annually, 600,000 people enter the labour marketplace. Swanepoel (2021) stated that between 2011 - 2019, the annual number of people employed was approximately 278 222, with new positions being generated for approximately half of all new entries into the employment market. Swanepoel (2021) further added that at a sustained 2% GDP growth, the number of workers per job will only reduce marginally to around 2.51 workers per available job. At 3% it will come down to 2.3 workers per available job and at 4% 2.12 workers per available job. That means that should South Africa not be able to sustain a GDP growth of 2% or more, unemployment will continue to grow. Bear in mind that the average GDP growth over the ten years 2009 to 2018 averaged a mere 1.5%.

Notwithstanding being the biggest market and emerging economy in SSA, South Africa has the highest youth unemployment rate, at nearly 50% compared to any country within SSA. South Africa's unemployment rate is due to a combination of high levels of literacy and a rapidly increasing population (Patel 2019:14). To combat this issue, the government will need to make use of a progressive economic plan and employment generation expenditure.



The discussion above provides an overview of how unemployment has been evolving and how the unemployment rate has been changing since 1994, after the democratic elections. The overview provides the link between the overall research objectives as it broadly discusses the factors that contributed to high unemployment, measures that the government had implemented before the NDP and stakeholders in employment reduction strategies. The discussion lays a pathway toward conceptualising employment and high unemployment in South Africa and assesses the progress of achieving targets close to full employment in South Africa by the end of 2030.

#### 4. Unemployment Reduction Targets Set by NDP

The NDP outlines a roadmap for reducing inequality, the high employment rate and poverty. NDP provides ideologies that conform to the Constitution and advises policymakers and society on how to accomplish these objectives. The NDP recommends a development strategy that promotes wider access to livelihood strategies through job creation or self-employment. The NPC (2012) has stated that there is a need for a competent government to achieve all the objectives of the NDP; however, only a few objectives that were executed have made progress in meeting the targets.

For the government to attain its NDP target, 2.2 million jobs at an annualised rate of 436 000 jobs between 2010 and 2015, with a growth of 4.6% in GDP were needed. An overall increase in output growth of 5.3% per year between 2020 and 2030 thereafter would result in the creation of an additional 6.3 million jobs. However, Table 4 below illustrates the NDP target of unemployment, employment, and economic growth against the actual performance from 2010 to 2030.

**Table 1: NDP target of unemployment, employment, and economic growth against the actual performance from 2010 to 2030**

Indicators	Baseline (2010)	2015		2020		2021		2025		2030	
		NDP Target	Actual (Perf)	NDP Target	Actual (Perf)	NDP Target	Actual (Perf)	NDP Target	Actual (Perf)	NDP Target	Actual (Perf)
<b>Economic growth</b>	3.3%	4.6%	1.3%	4.6%	-6.9%	4.8%	1.1%	4.8%		5.0%	
<b>Unemployment rate</b>	24.9%	20%	25.4%	14%	32.5%	8.6%	34.4%	8.6%		6.0%	
<b>Employment rate</b>	41.9%	43.8%	43.7%	46.9%	42.5%	55.5%	37.6%	55.5%		61.0%	
<b>The gap between target and actual unemployment rate</b>			+5.4%		+18.5%		+25.8%				

(Source: Stats SA, 2021)



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The NDP target was to reduce unemployment to 20% by the end of 2015. The difference between the target and the actual unemployment rate performance was 5.4%. Between 2016 - 2020 the unemployment rate increased rapidly, which increased to double the 2020 target. The NDP also wanted to reduce the unemployment rate from 20% to 14% by the end of 2020. However, by the end of 2020, the unemployment rate was 32.5% and it was the first time in South African history that the unemployment rate surpassed 30%. Between the years 2010 and 2020 there was no decrease in the rate of unemployment but a drastic increase of 9.5%, instead.

The target for 2021 – 2025 is to reduce the unemployment rate to 8.6% by the end of 2025. In the first quarter of 2021, the unemployment rate in South Africa again increased by 0.1%, from 32.5% to 32.6%. In the second quarter, the unemployment rate increased by 1.8% from 32.6 to 34.4%. The unemployment rate is currently eight times higher than the NDP target for 2025. Therefore, it is clear that the targets from 2010 to date have not been achieved.

## **5. Challenges to Reduce Unemployment Rate by the end of 2030**

Various challenges hamper the effective realisation of NDP vision to reduce unemployment, such as: corruption and nepotism; Poor/slow economic growth; New technology and automated system (4IR technologies); Pandemic (Covid-19); to state a few. The article focuses only on poor/slow economic growth. Other factors form part of future publications.

Economic growth raises the capacity of financial systems through macroeconomic variables, particularly GDP per capita, with significant effects on economic activities, (Banda, Ngirande & Hogwe, 2016:247). Economic growth is achieved through the optimal utilisation of accessible resources and the expansion of a country's production capability (Haller, 2012:65). Economic growth promotes income and wealth distribution between citizens and the government. Fortunately, South Africa has a very high rate of human resources and raw materials that can be utilised to grow the economy. Unfortunately, these resources have not been effectively managed and utilised due to increased corruption, financial incompetence, and adverse policies of successive administrations, thus the country faces a persistent rising unemployment rate and other related challenges including crime, poverty and inequality (Osinubi, 2005).

High unemployment and poor economic growth are caused by the enactment of inefficient capital-intensive measures (Lin, 2008:8). Capital-intensive measures have become the primary source of government inconsistency and failure. Faridi, Ali and Bashir (2015:167) and Cerisier and Postel-Vinay (1998) discovered that technology can greatly reduce unemployment. Technology increases corporate profits, prompting the establishment of innovative businesses that partake in profits and create more jobs. However, technological innovation can also cause retrenchment. Economic growth and technological advancement play an important role in reducing employment, but growth has been restricted to a few locations, resulting in regional inequities (Faridi et al. 2015:167).





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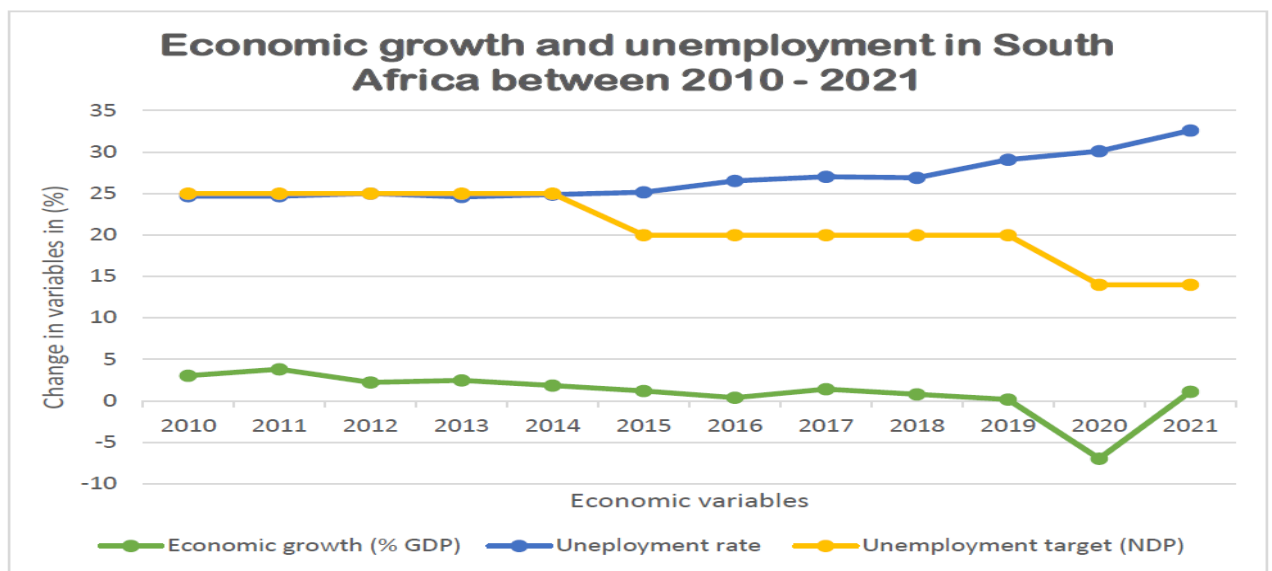
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The correlation between economic growth and unemployment has been studied by many scholars, including Al-Habees and Rumman (2012), Levine (2013) and Makaringe, and Khobai (2018), using different approaches and methodologies to determine the relationship between unemployment and economic growth. However, contrary to the macroeconomic methodology utilised, the segment studied, the statistical results and the sample size chosen, different conclusions were attained.

A study by Hussain, Siddiqi and Iqbal (2010) and Kingdon and Knight (2007) revealed that there is a negative relationship between unemployment and poor economic growth. Hussain et al. (2010:337) concluded that economic growth is an important variable/indicator/factor that can be attained and utilised to address the challenge of the high unemployment rate. Hussain et al. (2010:337), believe that positive economic experiences continuously in the long-term can curb the high level of unemployment. The South African economy has not grown more than 5% annually since the financial crisis of 2008/09. More recently, growth has been less than 2% for the first and second quarters of the past year (Stats SA, 2020). Figure 2 below illustrates the actual unemployment rate in South Africa against the economic growth and unemployment reduction targets between 2010 – 2021.



**Figure 2: Actual unemployment rate in South Africa against the economic growth and unemployment reduction targets between 2010 – 2021**

(Source: Stats SA, 2021)

Figure 2 shows that the unemployment rate in South Africa has been increasing since 2010, after the financial crisis in 2008/09. The figure proves Okun's law that unemployment will only decline when the economy is experiencing positive growth. Okun (1962) stated that the unemployment rate will decline by 1% if the economy grows by 4% or more. According to Figure 9 above, the South African economy has not



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grown by 4% or more to reduce unemployment. Since the implementation of the NDP, not even half of the targets mentioned have been achieved; instead, the gap between the unemployment rate and target has widened.

Unemployment is a stressful condition, and it contributes significantly to South Africa's endemic economic inequality. Moreover, youth unemployment has resulted in significant rises in crimes, infirmity, civil instability, and poverty in many communities (Banda, Ngirande & Hogwe, 2016:246). Without positive economic growth annually, the government will fail to generate employment opportunities for youth as government revenue will be insufficient to fund youth programmes and development. With the current slow economic growth, the government will be unable to create the 11 million jobs needed by the end of 2030 (NPC, 2012).

Economic growth is the primary indicator that can be used to measure economic and social development. Economic growth is considered a critical tool for eliminating unemployment, inequality and improving people's livelihoods (Department for International Development, 2015:2). According to Banda, Ngirande & Hogwe (2016:246), GDP growth rates are predicted to enhance labour productivity and minimise unemployment. The South African unemployment rate is attributed to labour productivity that does not create enough job opportunities for youths (Makaringe & Khobai, 2018). In Okun's (1962) study, it was observed that when GDP increases swiftly, the unemployment level falls (Patel, 2019:21).

According to Osinubi (2005), economic growth and development are important factors in lowering the unemployment rate and eliminating poverty. However, economic growth cannot address all the crucial issues related to high levels of unemployment. As a result, additional strategies that aid in the development of investment strategies are required, which will promote employment generation, stimulate the local economy, and eliminate youth unemployment.

To reduce the rate of unemployment, real GDP growth should be comparable to its growth prospects, according to the correlation between economic growth and unemployment (Malakwane 2012:12). For the unemployment rate to decrease, the level of outputs must be greater than the inputs. Economic growth is essential to the creation of new jobs and increasing employment rates, as stated in macroeconomics, is linked to the quality of livelihood (Malakwane, 2012:12). According to the NPC (2012), to achieve the NDP goals, South Africa's GDP needs to grow approximately 5% annually to address unemployment, unfairness, and deprivation. Despite the government's assurances, unemployment is increasing drastically, and GDP growth is deteriorating.

The government needs to prioritise financial expenditures on initiatives that primarily or directly encourage job generation, such as enhancing health centres, industrial development strategies, youth development and employment development projects. Innovation, growth, and development are key factors that the government needs to consider because they have the potential to reduce the unemployment rate. To minimise unemployment in urbanised and low-income communities, the government needs to implement labour intensive policies that will build human capital and expand infrastructure to achieve rapid economic development.



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## 6. Conclusion

Poor/slow economic growth is a critical factor that impacts the government's progress in attaining targets of close to full employment by the end of 2030. The unemployment rate depends on whether or not the government can increase employment opportunities and manage/control unemployment. The rising unemployment rate has forced the South African government to increase its expenditures on public assistance, welfare benefits and healthcare without enough revenue to fund the public assistance programmes. Since the 2008/09 financial crisis, the government has not generated enough revenue from taxation to cover its expenditures and thus necessitating the government to take loans from the financial market.

Arthur Okun discovered an experimental pattern in 1962; there is a pessimistic narrow relationship between 'unemployment' and 'production'. Okun's Law is a part of theoretical methods in which increases in economic growth result in changes in production, which lead to businesses that employ and replace staff. When unemployment rises in such models, it can be minimised by encouraging investment. After Okun (1962) illustrated the degree to which the unemployment level is disproportionately aligned with growth, the issue of the relationship between economic growth and unemployment became more prominent. Based on the findings of the study, it is considered that the South African economy has not shown positive growth annually. As stated in Okun's law (Okun 1962), the economy needs to grow more than 4% annually to reduce the unemployment rate by at least 1%. There is a significant relationship between GDP and employment since GDP/production depends on the quantity of personnel used during the production process. In South Africa, the unemployment rate has thus spiked and is increasing faster than the economy can provide employment.

The labour output traverses the economy, lowering GDP and prohibiting South Africa from achieving its long-term strategic plan. If the South African economy does not grow by more than 4% annually from 2021 until the end of 2030, the government will not be able to achieve the objective of attaining targets of close to full employment. The current unemployment rate in South Africa is calculated to be 34.4% in the second quarter of 2021 which is the highest unemployment rate recorded since 1994. The economy only grew by 1.1% in 2021 (Stats SA, 2021). Therefore, at the current economic growth rate, South Africa may not reduce its unemployment rate.

The government needs to focus on economic growth and prioritising the budget. Economic growth is the most feasible strategy that can be used to curb the unemployment rate in South Africa. The government will need to attract new investors that will invest in the country and generate job opportunities for youth. The government needs to ensure that economic growth is accompanied by efficiency in job productivity because economic growth cannot curb the unemployment rate alone. The government needs to spur the economy through infrastructure as infrastructure investment has the potential to generate employment opportunities since labourers are required to undertake the projects that have been approved. Infrastructure has the potential to generate fresh job development. The government will need to prioritise financial resources for the education and training sector, skills



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Volume 12, Issue 2, 2023

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development and youth empowerment, health sector and social services, to motivate youth participation in decision making and the labour market.

The South African government has sets targets that it wishes to attain by the year 2030. In 2012, the government implemented the NDP as the long-term strategic plan which stipulates government objectives, how resources will be prioritised and targets that must be achieved every five years, until the end of 2030. One of the main objectives of NDP is to attain ‘close to full employment’ by the end of 2030. Assessing progress (monitoring) is an important element/indicator that can be used to inform decision-makers on the effectiveness or ineffectiveness of the current measures, policies, programmes and strategies implemented to curb the high unemployment rate.

The study is qualitative and based on desktop analysis. Future publications may include conducting interviews with NDP stakeholders. This lack of incorporation of viewpoints is considered as a limitation of the study. Nonetheless, the goal of this study was achieved, and that was to track the progress of the NDP objectives and outcomes comprehensively, as well as to assess the effectiveness of government unemployment reduction strategies/plans. This assessment aids in determining whether the NDP is on target and whether adjustments need to be made.

#### **Note**

This article is based on an unpublished MA Dissertation titled Blom, P.P. 2021 - Progress with regard to the unemployment reduction targets set by National Development Plan Vision 2030. Johannesburg: University of Johannesburg.

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Volume 12, Issue 2, 2023

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