



South Africa's Human Capital in the 1990s.

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This paper looks at the human capital of South Africa in the 1990s, a momentous decade marked by the dismantling of apartheid. Much of the data used comes from the 1996 census, the first enumeration after the 1994 elections when the African population group, comprising more than three quarters of the population, were able to vote for the first time.

Under apartheid, South Africa's had a brain gain of skilled white immigrants while foreign African workers were brought in as contract labour with no right to permanent residence. Consequently, in the 1996 census only 1% of the African population enumerated were born outside of South Africa compared to 8% of the whites (Statistics South Africa 1999:19). In the 1990s the inflow of African illegals accelerated, as did the white brain drain. By the late 1990s, South Africa's legal immigrants began to be consistently outnumbered by emigrants, mostly English-speaking whites, going to the United Kingdom, Australia, New Zealand, the United States of America and other countries (van Rooyen 2000, Kalule-Sabiti et al. 2003).

As a result of the 1913 and 1936 Land Acts, African ownership was restricted to 13% of South Africa's land area (see Wilson and Ramphela 1989), thus considerably limiting the opportunities for African farming. Shortly after taking power in 1948 the National government had passed the Group Areas Act, enforcing separate residential areas, and the Population Registration Act. In 1953 came the Bantu Education Act, providing "separate education, with a built-in inequality." (Sampson 1987: 83). This was followed by the 1956 Industrial Conciliation Act which "included the principle of job reservation, that is special jobs reserved for whites." (Mbeki 2001:134).

South Africa has been experiencing a surplus of unskilled labour for many years. This of course is a problem facing many African and other developing countries that has been recognised for many decades. Jolly et al. (1973:9), writing thirty years ago, consider the dimensions to include the lack of work opportunities, underemployment in addition to open unemployment, and job expectations being at variance with the jobs available.

As Kuznets hypothesised in the 1950s, technology, industrialization and urbanisation, lower the demand for unskilled labour (Williamson and Higgins 2003:1).

These dimensions are relevant to South Africa but are compounded by apartheid and its aftermath. As Davies et al. (1984:31) have written, 47% of Africans lived in Bantustans in 1970 and the majority of the latter, "were unemployed proletarians, force by apartheid to live there, rather than peasants reproducing themselves in rural production." Furthermore, apartheid limited "the black petty bourgeoisie" and structural changes in the economy had resulted in more unemployment, so that in the early 1980s this number had risen to around three million because of mass expulsions to the Bantustans and agricultural and industrial mechanisation (Davies et al.1984:30). According to Brown (1987) the mechanisation of agriculture contributed to soaring



unemployment, which in turn prompted the establishment of a national family planning programme in 1974.

By 1996 the number of unemployed had risen to 4.7 million (Statistics South Africa 1999:44). The current labour surplus co-exists with a shortage of skilled workers, exacerbated by white emigration. Gumede (2000:128) suggests that the skills shortage is a result of apartheid. Sheppard Mdladlana who became Labour Minister in 1998 is quoted in Gumede (2000:128) as saying that "The skills crisis is not only a major obstacle to economic growth and social development, it is also a key to poverty and inequality that we seek to eradicate."

Published 1996 census results bear witness to South Africa's human resource problems:

- ? By age 60, almost 20% of the Africans were disabled (Statistics South Africa 1999:35).
- ? In the population aged 20 and over, 3% of Africans had post-school qualifications compared with 4% of the Coloureds, 10% of the Indians and 24% of the Whites (Statistics South Africa 1999:41).
- ? Almost half (49.6%) of employed white males and females (48.4%) were in the managerial/ professional occupational category. About half (48.9%) of the African males were in the Artisan/Operator category. Relatively low percentages of Whites and Indians males and females were in the Elementary (unskilled) occupations but 56% of African women and 41% of Coloured females were in this category (Statistics South Africa 1999:53).

Labour Force Patterns

The following sections rely on the published data from the 1996 census and analysis of the 10% sample from the census. Statistics from the full census and sample may differ because of sampling errors, and the perennial problems of measuring unemployment (see for example Jones 1997:19) are not discussed here.

The *potential labour force* comprises persons in the working ages, often defined as those aged from 15-64 years inclusive. For some reason South Africa uses 15-65 and its potential labour force totals 24 million, three quarters of whom (18 million) are Africans. The participation rate is the percentage of these who economically active, that is, are in the labour force either as workers or job seekers, and Table 1 shows around two thirds of South African males are in the labour force and about half of the women.

Table 1 shows African males are less likely to be in the labour force than other males. Possible explanations include reporting errors due to translation since several African languages use different words for formal and informal employment. For example in Zulu, *ukusebenza* means to work while *ukukola* is to receive a wage; in Xhosa, *phangela* is to work for money, *sebenza* is to work in the gardens or fields. Another possibility is that some are discouraged workers who believe that no work is available and are therefore not seeking work.

Women generally have lower rates than males because when some leave the labour force because of marriage, childbearing and childrearing, their age-specific labour



force participation rates tend to fall. Although timing is not a unitary concept, age is the primary indicator of biological and social time of the individual life course. Socially defined roles are age graded and events are expected to occur within normatively specified age ranges. For instance, in Maconachie's study in South Africa (1989), it was found that a central constraint on white married women's employment was the responsibility for the care of their children, especially younger children, and access to domestic help was positively associated with participation in the labour market by the wife. Relating to female work participation to the life cycle of marriage and the family, Durand (1975) identified four main types of age patterns of female labour force participation, which are discerned from the shape of the curves of age-specific participation rates for different countries. Of these two are relevant here as follows: (a) Type A or central peak, where the participation rates reach a maximum at ages 30 to 44 (c) Type C or early peak, where participation rates reach a maximum at age below 30. For South African women as a whole the rates peak for women aged 30-39 because this is true for African women who dominate the total (Figure 1). However the peaks for Coloured, Asian and White women come in the 20-29 age groups, suggesting that their participation is influenced by marriage and children.

In Maconachie's study in South Africa (1989), it was found that a central constraint on white married women's employment was the responsibility for the care of their children, especially younger children. Related to this was the fact that access to domestic help was positively associated with participation in the labour market by the wife. Conversely many middle aged African women work in white women's households.

The labour force conventionally includes those who are working plus those who are unemployed and seeking work. The unemployment rate is:

$$\frac{\text{Unemployed}}{\text{Employed} + \text{Unemployed}} \times 100$$

Table 2 shows that very substantial differences exist between the unemployment rates of Africans and Whites. As is the case with many indicators the Asians and Coloureds hold an intermediate position between the Indians doing rather better. From this Table, it can be seen that African women are the most disadvantaged, with more economically active being unemployed than are working. One reason for this is their low level of education. Of the national total employed, 10% of males and 13% of females have higher (above grade 12) education. Of the unemployed, 1.3% of both males and females had these qualifications (Statistics South Africa 2001 Table 1.3.2.).

Analysis of the 10% sample shows that by age 19, 80% of white females have Matric, slightly ahead of Asian women, compared with 14% of African females and 33% of Coloureds. In her study of white dual-earner couples, Maconachie (1989) found that in South Africa, access to further education by a wife had a positive influence on labour force participation. For example, those wives with only school education were only 46 percent likely to work outside the home compared to 67 percent for those wives with a university level education.

Some of the highest participation rates for women are in Africa, where women account for 80 per cent of the food producers in some countries (International Labour



Office 1996). In the OECD countries, the proportion of women of working age in the labour force rose from 53 per cent in 1980 to 60 per cent in 1990, and the participation rates of women there were expected to approximate those of men by 2000 (ILO 1996).

It has been observed that in such strong male-breadwinner countries as the UK and the Netherlands, married women are as likely to be employed as non-married ones. In South Africa, Maconachie (1989) found that the percentage of white married women in employment almost doubled in the twenty-year period between 1960 and 1980 from 19.4 percent to 36.6 percent. But a major difficulty with the South African data is that many women in sexual unions are not formally married.

Women aged 15-24

Using the life course concept, Rindfuss (1991), in his Presidential Address to the American Population Association, characterised the young adult years (ages 18 to 32) as a *demographically dense* period of life. By this, he meant the multiple roles and events such as marriage, fertility, leaving school, unemployment, mortality, and migration that occur during this period of life. In this section, African females aged 15-24 are chosen for further analysis using the 10% sample of the 1996 Population because of their high unemployment rates, and they are compared with the white females.

Studies in developing countries have found evidence of this age-pattern of work and other role profiles, especially, the young adult years. In East Asia where fertility outside of marriage is rare, both labour force participation and fertility rates higher for the 20-24 group than for the 15-19 (Jones 1997). Jones (1997:21) also showed unemployment rates of 21.9% for Indonesian women aged 15-19 in 1995, 18.5% for women aged 20-4, 8.6% for women aged 25-29 and 1.7% for women aged 30 and over. For Thailand in 1991, the corresponding percentages are 5.8%, 6.0%, 3.1%, and 0.8%. As can be seen from Figure 2, this pattern holds true for South Africa as a whole, but with higher levels of unemployment.

Table 3 shows that the young African women are most likely to be in school and to be unemployed. Primary analysis by single years of age is also possible using the 10% sample. The women can then be treated as a *synthetic* or *fictitious cohort*, so that the behaviour of the women is assumed to be constant over time. For example, if the 90% of African women aged 15 in Table 4(a) are at school then it is assumed that 80% will still be scholars when they are aged 17 years.

If we look at age 20 years in Table 4, we can see that over half of the African women are still at school, and one in five are unemployed. In contrast, over half of the white women are employed. At age 24, three quarters of white women are employed. Table 4(b) also shows a marked drop in the number of white women in the educational system at age 19. Further analysis of the education attainment variable in the 10% sample shows that by age 20, 83% of white women have passed Matric, compared



with 19% of African women. Although this rises to 28% by age 24, this implies that Africans are getting this basic qualification at a later age by which time, the whites have already been in the labour force for several years. For African students who are still in the educational system from ages 20 to 24, the majority are in grades 8-11.

Recent Initiatives

A series of reforms to the educational system began with the National Educational Policy in 1995. The Higher Education Act "aims to ensure that tertiary institutions are more representative of the demographics of the country" (Malala 2000:76). However some reforms, such as the new curriculum, would only benefit those still at school. In commenting on the 1998 Presidential Jobs Summit, Luthuli and Gumede (1998) consider emerging graduate unemployment, particularly amongst graduates from the traditionally black universities.

The 1998 Skills Development Act of 1998 is intended to provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce. It will provide "learnerships" for the young and unemployed which will "combine structured learning and work experience and culminate in nationally recognised qualifications" (Malala 2000:77). On the other hand, the Growth Employment and Redistribution Strategy (GEAR) has been held responsible for job losses through retrenchments and privatization (Luthuli and Gumede 1998).

Conclusion

The 1996 data has shown the enormity of the unemployment problem. By focussing on the most disadvantaged group, the young African women aged 15-24, we have demonstrated that they find it difficult to get work because they are poorly educated. This encourages them to stay at school but their levels of educational at each age is worse than that of the whites. The better educated whites can find jobs more easily and thus enhance their human capital by gaining valuable work experience. Most African women aged 15-24 will not be able to catch up, and will spend much of their lives out of the labour force unemployed, or in unskilled jobs.

South Africa's age structure does not help alleviate the situation for the cohorts less affected by apartheid. In 1996 there were 4.2 million persons aged 15-19, and 4.7 million aged 10-14, implying that unless more jobs are created, there will be more unemployment. Because young workers will become even more abundant, their incomes will drop even further below those of middle-aged workers, creating even more inequality (Williamson and Higgins 2003:2).

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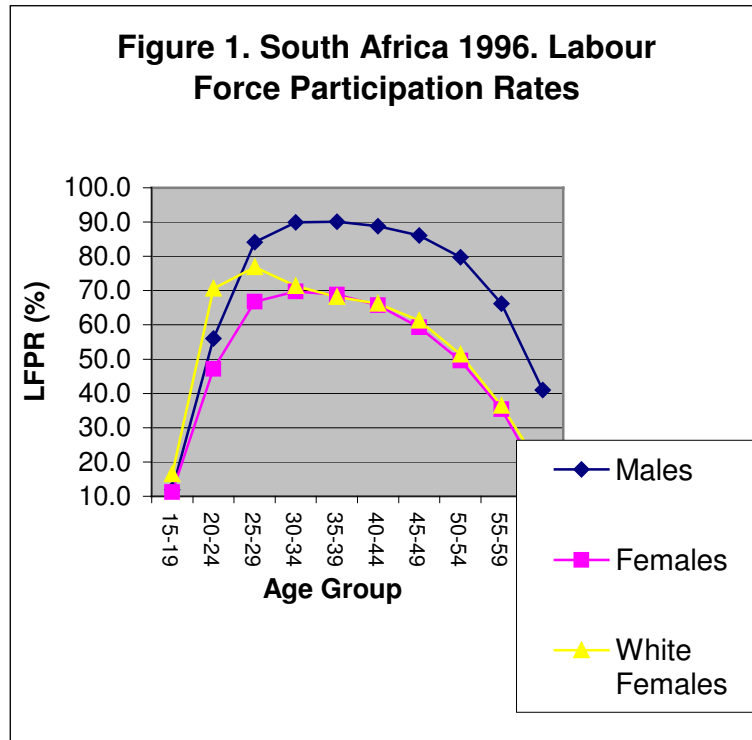


Table 1. South Africa 1996 Labour Force Participation Rates

Population Group	Males (%)	Number (millions)	Females (%)	Number (millions)
African	63.0	8.44	48.0	9.53
Coloured	74.5	1.04	56.2	1.16
Asian	76.8	.34	41.1	.36
White	77.4	1.43	56.3	1.49
Total	66.3	11.3	49.5	12.6

Source: Statistics South Africa 2001: Table 111.

Table 2: South Africa 1996. Unemployment Rates by Age, Sex and Population Group.

Age Group	African/Black (%)	Coloured (%)	Indian/Asians (%)	White (%)
Males	(%)	(%)	(%)	(%)
15-19	66.8	44.5	38.7	19.7



20-24	55.3	26.5	42.8	7.6
25-65	29.5	14.6	8.6	3.3
All Males 15-65	34.1	18.3	11.1	4.2
Females				
15-19	80.6	56.8	17.8	20.5
20-24	73.8	36.1	21.0	7.7
25-65	47.4	18.3	10.0	4.2
All Females 15-65	52.4	18.3	11.1	5.1
Males	No.(⁰⁰⁰))*	No.(⁰⁰⁰) *	No.(⁰⁰⁰) *	No.(⁰⁰⁰))*
15-19	154	44	10	26
20-24 Males	717	131	41	126
25-65	4,446	601	213	955
All Males 15-65	5,317	776	264	1107
Females				
15-19	155	41	8	25
20-24	666	126	31	119
25-65	3,750	486	111	695
All Females 15-65	4571	654	150	838

Notes: Differences due to rounding.

The Unemployment Rate is the percentage in the labour force who are unemployed.

* Numbers in the labour force, and the denominator for the rates.

Source: Statistics South Africa 2001: Table 1.4.2.

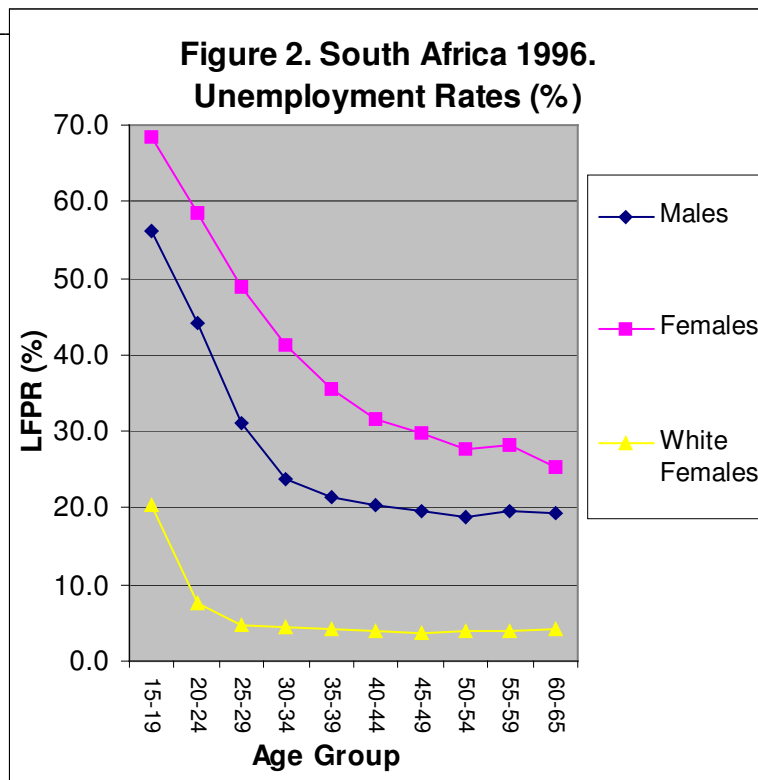


Table 3. South African 1996. Females Aged 15-24 by Labour Force Status.

Population Group	Employed (%)	Unemployed (%)	Unemployed, not looking for work (%)	Housewife (%)	Scholar (%)	Other (%)	Total (%)	No. ('000)
African	6.1	18.6	3.8	3.9	58.5	9.0	100.0	294
Coloured	28.7	19.9	2.9	5.6	36.8	6.1	100.0	30
Asian	29.0	10.3	1.7	10.7	43.1	5.2	100.0	9
White	40.5	4.2	0.9	5.6	44.3	4.6	100.0	29

Source: Analysis of 10% census data. Numbers are sample numbers.



Table 4 (a) African and (b) White Females aged 15-24 by Economic Activity

(a) Africans

Age	In the labour force		Not working					Total
	Employed	Unemploye d	Unemployed and not looking for work	Housewif e	Scholar	Pensione r, disabled , etc	Other	
15	0.5	1.7	0.8	0.5	89.5	1.2	5.8	100.0
16	0.8	3.5	1.2	0.9	85.7	1.7	6.2	100.0
17	1.4	6.2	1.9	1.6	80.3	2.2	6.4	100.0
18	2.3	10.2	2.9	2.6	72.1	2.7	7.2	100.0
19	3.5	15.5	3.9	3.4	63.7	2.9	7.2	100.0
20	5.8	21.4	4.7	4.5	53.1	2.9	7.6	100.0
21	8.0	26.8	5.4	5.3	44.6	2.9	7.1	100.0
22	10.5	32.0	5.8	6.1	36.1	2.8	6.7	100.0
23	13.7	35.4	6.3	7.5	28.3	2.6	6.3	100.0
24	17.0	38.4	6.2	8.2	21.8	2.5	5.9	100.0
Total	6.1	18.6	3.8	3.9	58.5	2.4	6.6	100.0
N =	17,996	54,520	11,230	11,564	171,806	7,136	19,481	293,733

(b) Whites

Age	Employed (%)	Unemploye d(%)	Unemployed and not looking for work(%)	Housewif e (%)	Scholar (%)	Pensione r, disabled, Etc (%)	Other (%)	Total (%)
15	0.6	0.3	0.1	0.4	92.8	0.4	5.4	100.0
16	1.9	0.7	0.2	0.9	90.9	0.4	5.0	100.0
17	3.9	2.3	0.8	1.3	86.6	0.4	4.8	100.0
18	17.3	5.0	1.2	2.7	67.7	1.0	5.1	100.0
19	42.6	7.6	0.9	4.1	39.8	1.2	3.7	100.0
20	54.1	6.6	1.2	5.4	28.7	0.9	3.1	100.0
21	59.6	6.1	1.0	7.2	21.7	1.2	3.2	100.0
22	64.5	5.3	1.2	9.6	15.6	1.1	2.7	100.0
23	73.1	4.2	1.1	10.4	8.1	0.9	2.3	100.0
24	75.0	4.0	0.9	11.9	4.7	0.7	2.7	100.0
Total	40.5	4.2	0.9	5.6	44.3	0.8	3.8	100.0
N =	11,576	1,195	248	1597	12,675	236	1,075	28,602

Source: Analysis of 10% census data. Numbers are sample numbers.