

## *Understanding occupational choices of low-skilled workers in South Africa*

### **Overview**

Increasing labour market participation is a necessary condition for the South African labour market to achieve the employment target of 11 million new jobs by 2030 in the National Development Plan (NDP). But, despite the urgency of unemployment alleviation, anecdotal evidence points to a perceived disinclination to accept available employment in some priority sectors by some low-skilled unemployed people. These observations are based on work-seekers' reported refusal to accept job offers after they were matched to vacancies as posted by employers through the Public Employment Services' (PES) Employment Services of South Africa (ESSA) system. The Department of Labour (DoL) has registered such work-seekers' reluctance to accept employment mostly in agriculture, and to a lesser extent in the hospitality and security sectors.

The voluntary withdrawal of work-seekers from sectors and jobs that have been targeted for labour-absorbing growth does not create a strong basis for reducing unemployment as anticipated in the NDP. The DoL therefore commissioned a study to investigate

factors behind the assumed reluctance of South African work-seekers to undertake employment. Answers to this dilemma are intriguing because conventional theories fail to provide an explanation for the lack of labour market participation in the context of high levels of unemployment as is the case in South Africa.

Based on a sample of work-seekers drawn from the ESSA database in 2014, results demonstrate that, firstly, both economic and non-economic characteristics of a job are important factors that influence work-seeker decisions regarding labour market participation. The study found that South Africans prefer jobs that offer job security, the opportunity to apply skills and education, and then fair earnings. In addition, the study also revealed that age, education and employment status have significant influence on work values and hence on job preferences. This policy brief explores some attitudinal factors based on work-seekers' reflections on the most valued job attributes that affect work-seekers' labour market behaviour. It also recommends revisions of current labour market policies to incorporate the role of attitudinal factors. Such revisions could lead to improved policy outcomes.

## Introduction

Increasing labour market participation is a necessary condition for achieving the target set in the NDP of creating 11 million jobs by 2030.<sup>1</sup> Growing anecdotal evidence that unemployed people are refusing employment in priority sectors, including agriculture, is thus a concern. For instance, the DoL recorded a total of 600 259 work-seekers on the ESSA database in the financial year 2012/13, yet only 16 171 registered work-seekers were placed in jobs during this period. Why are there such low placement rates, and why does there seem to be voluntary withdrawal of work-seekers from the very sectors and jobs that require low-level skills and hence have been targeted for labour-absorbing growth?

Conventional theories fail to provide an explanation for the paradox of an apparent withdrawal from labour market participation in a context of high unemployment. The DoL thus commissioned a study to investigate the factors behind the perceived reluctance of work-seekers to undertake employment in selected sectors. The approach was to focus research attention on the investigation of work values,<sup>2</sup> which serve as points of reference to assess job conditions. Examining the employment orientations and values of unemployed work-seekers and of those in employment in these low-skill sectors provides evidence to interpret job choices and attitudes to work.

This policy brief first sets out current labour market trends in the low-skills sectors of security, agriculture and hospitality. It then presents two key

findings from an attitudinal survey of work-seekers, which point to the benefits of studying work values and preferences. Understanding how work values are potential pull or push factors for labour market participation can inform the efficacy of national labour market policies. The brief makes several policy recommendations based on the study findings.

## Study summary

A survey was conducted to explore attitudinal factors that influence decisions to participate in the labour market. Study findings are based on 2 934 responses from work-seekers registered on the ESSA database in 2014.

### *The labour market context in low-skills sectors*

To contextualise the willingness of low-skilled work-seekers to accept employment offers in certain sectors of the economy, it is critical to understand some of the trends that are shaping the labour market:

- *Increase in non-standard forms of employment.* This represents a move away from permanent or full-time employment. Approximately 6% of South Africa's total employment is atypical, or non-standard.<sup>3</sup> This trend has been associated with violations and degradation of labour standards.
- *Growth of 'bad jobs':*<sup>4</sup> 'Bad jobs' are largely characterised by non-standard employment arrangements, where employment is less secure and therefore retention of workers is

low and job turnover is high.<sup>5</sup> Over the past decade, South Africa has experienced a rapid growth of such jobs paying low wages and offering few benefits, limited long-term security and few opportunities for advancement, particularly in the sectors of concern.

- *Sluggish labour market compliance.* Although government has introduced substantial labour policy reforms to ensure labour market inclusion, the implementation and monitoring of compliance with basic conditions of employment has been a challenge in sectors such as agriculture and security.
- *An increase in the number of 'working poor':*<sup>6</sup> There is an expanding group of people who are employed but nonetheless live in poverty as a consequence of insufficient or inadequately remunerated work.<sup>7</sup>
- *An increase in the number of discouraged work-seekers:*<sup>8</sup> The total number of discouraged work-seekers has increased significantly, from 1.2 million in 2008 to 2.4 million in 2015.<sup>9</sup> Discouraged work-seekers are particularly vulnerable as they tend to be youth, or those with low skills or low levels of education, or black African.<sup>10</sup>

In so far as these characteristics influence labour market participation of

3 DoL (2015).

4 'Bad jobs' as described by Kalleberg et al. (2000), Acemoglu (2001) and Atkinson and Williams (2003) are related to low-skill or low-wage jobs. They are commonly found in the secondary segment of the labour market (see Doeringer & Piore 1971) and offer very limited opportunities for career development and job security, as well as minimal variety and autonomy (Anderson & Bevan 2004).

5 Atkinson and Williams (2003). This has been linked to very low union presence.  
 6 'Working poor' people are working people whose income falls below a given poverty line.  
 7 Lestrade-Jefferis (2002). See also Finn (2015).  
 8 Discouraged work-seekers are a subset of the not-economically-active; they are persons who wanted to work, were available to work but did not try to find a job or start a business in the reference period either because no jobs were available in the area, they were unable to find jobs requiring their skills or they lost hope of finding any kind of job.  
 9 Statistics South Africa (2015).  
 10 Altman (2006).

1 National Planning Commission (2013).  
 2 'Work values are beliefs pertaining to desirable end-states (e.g. high pay) or behavior (e.g. working with people)...; they refer to what a person wants out of work in general, rather than to the narrowly defined outcomes of particular jobs' (Ross et al. 1999: 54).

low-skilled work-seekers, employment outcomes are thus not entirely defined by macro-level economic factors. At the micro level, conditions of employment are shaped by the practices of particular employers as well, especially with respect to low-skill jobs. This gives rise to what has been referred to as ‘precarious jobs’.

## Evidence from a survey of work-seeker values and attitudes

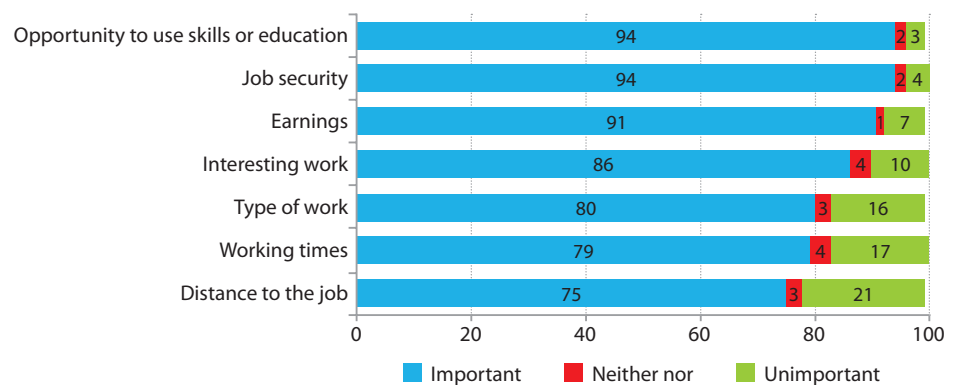
This section focuses on two interrelated sets of findings, presenting the evidence and drawing out implications from each trend: the most-valued job attributes, and the way in which diverse socioeconomic and demographic characteristics shape work-seeker values.

### 1. What do work-seekers value most in a job?

*Main finding:* Work-seekers pursue employment that provides job security and the opportunity to utilise skills or education. A disjuncture between what work-seekers deem important in a job and what the current labour market offers is thus evident in many low-skill jobs.

- *Job security:* The benefits of secure full-time employment are well documented, such as better income and clearly defined opportunities for advancement.<sup>11</sup> The fact that job opportunities on offer do not meet these conditions may explain the reluctance of some work-seekers to accept employment that does not meet the conditions of what constitutes ‘good work’. Findings from the study show that of the work-seekers who were currently unemployed but had worked in the past and had been in atypical jobs, 39% had lost their jobs because a contract ended.

**Figure 1:** What work-seekers are looking for in a job



- *Job characteristics:* The findings also show that a significant proportion of respondents also perceived intrinsic and non-wage characteristics of a job as equally important: there is a desire for interesting work, a concern about the type of work offered, and concerns over working times and distance to the job (see Figure 1). This suggests that low-skilled South African work-seekers are not only concerned about financial rewards, but are also apprehensive about the overall quality of work. The high value placed on non-wage job characteristics adds a new perspective to our understanding of factors that might influence the extent to which work-seekers are willing to accept jobs in sectors that do not offer these conditions.

### 2. How are job preferences related to work-seekers’ socioeconomic characteristics?

*Main finding:* The findings seem to suggest that work-seekers have varying needs and expectations as influenced by personal socioeconomic and demographic characteristics, which have a bearing on job choices and preferences. These expectations and attitudes need to be considered in designing labour market interventions and policies to improve labour market outcomes by attracting the unemployed to the labour market.

*Evidence:* The analysis revealed that the value individuals place on different job attributes varies according to factors related to their socioeconomic and demographic characteristics. Perceptions are thus distributed unevenly across different segments within the population, with distinct age, educational levels, employment status and other significant indicators (see Figure 2).

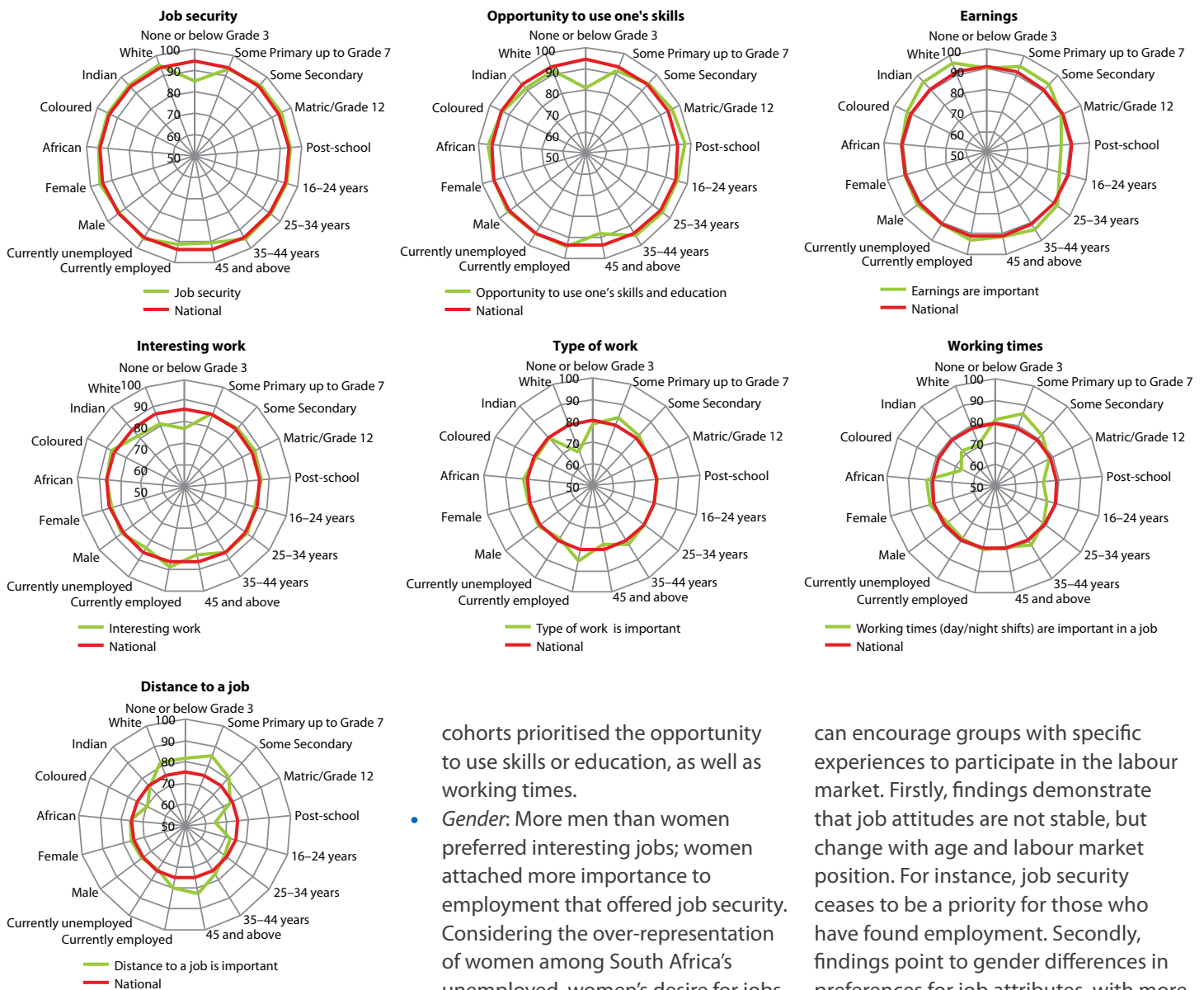
- *Employment status:* Whether a work-seeker had found a job or not<sup>12</sup> had significant effect on which aspect of a job was perceived as a priority. Work-seekers who had found jobs were the least likely to place emphasis on job security. Rather, they prioritised the actual characteristics of a job as important, such as the kind of job and how exciting it is, as well as the commuting distance. In contrast, unemployed work-seekers were more likely to regard the distance to work as an ‘unimportant’ factor.
- *Skills and education:* Low-skilled work-seekers<sup>13</sup> were significantly concerned about working hours, distance to the job and earnings. They were significantly less concerned about the opportunity to apply their set of skills or education,

11 See Moyo (2015).

12 Some individuals still registered as work-seekers on the ESSA system had already found some form of employment.

13 Those with education levels lower than matric.

**Figure 2:** Job characteristics by national averages and work-seeker characteristics



job security or whether the job is interesting or not. In contrast, these job attributes mattered to highly skilled work-seekers,<sup>14</sup> who were most concerned about job security, type of work, the opportunity to apply skills and interesting work.

- **Age:** Work-seekers 45 years of age and above placed most importance on the distance to a job, expressing a clear unwillingness to travel long distances or to relocate. Younger

cohorts prioritised the opportunity to use skills or education, as well as working times.

- **Gender:** More men than women preferred interesting jobs; women attached more importance to employment that offered job security. Considering the over-representation of women among South Africa's unemployed, women's desire for jobs that offer steady employment is not surprising.
- **Race:** White respondents were less likely to place emphasis on the type of work compared to black Africans. This might be explained by the fact that black Africans are far more likely to be found in precarious employment, characterised by lower levels of earning and the risk of becoming part of the working poor.

These findings point to the need to pay specific attention to the diverse preferences of distinct segments of the population, to better inform how we

can encourage groups with specific experiences to participate in the labour market. Firstly, findings demonstrate that job attitudes are not stable, but change with age and labour market position. For instance, job security ceases to be a priority for those who have found employment. Secondly, findings point to gender differences in preferences for job attributes, with more males than females assigning priority to stimulating and challenging jobs. Women are more likely to desire jobs that offer employment security.

## Conclusions

Work-seekers value jobs that afford them an opportunity to use their skills and that offer job security and fair earnings, characteristics that are generally not found in portions of the security, agriculture and hospitality sectors. This suggests that the final choice to apply for a job or to accept a job offer is ultimately determined by

<sup>14</sup> Those with education levels higher than matric.

the weight assigned to each condition by the work-seeker. In a labour market context where 'bad jobs' are increasingly becoming a frequent reality, particularly in the aforementioned three sectors, there is a clear disjuncture between what work-seekers want and the jobs that are being offered. This mismatch likely explains persistent unemployment among low-skilled individuals, and the apparent refusal to accept jobs.

Distinct variations in job preferences by age, gender, and skills or education underscore the point that work-seekers are not a homogeneous group. Their distinct needs, preferences and expectations are shaped by familial, geographic and individual circumstances. Wider recognition of the complexity and range of job expectations improves our understanding of apparent paradoxes in the labour market, and can thus inform policy interventions to improve labour market participation.

## Policy recommendations

### 1. Strengthen enforcement of labour legislation to ensure compliance in at-risk sectors.

One of the aims of the Basic Conditions of Employment Act (No. 75 of 1997) and the Labour Relations Act (No. 66 of 1995) is to protect vulnerable workers below a certain income threshold by extending a number of provisions that must be adhered to by employers. The DoL needs to step up efforts to ensure compliance. This includes encouraging employers to offer workers the basic conditions of employment as stipulated in the Act, while designing better strategies around enforcing compliance. Increased compliance with existing legislation and perceived favourable working conditions will help attract the low-skilled unemployed into the labour market.

### 2. Improve substantive working conditions of low-skill jobs.

The DoL needs to forge closer links with employers so that it can play its part at an enterprise level. Employers need to aim to create favourable workplaces that offer jobs characterised by features such as secure employment, as well as opportunities for career progression, particularly for low-skilled workers. Such non-wage characteristics of work have the potential to influence work-seekers' decisions to accept or reject work offers.

### 3. Raise awareness and educate the public about alternative low-skill jobs in at-risk sectors, as well as the benefits of accepting these jobs.

The DoL should work to overcome the reality and perceptions of 'bad jobs' and heighten work-seekers' motivation to consider available jobs. These attitudes, which lie behind the stigma associated with low-skill work, are often related to lack of job security and career advancement, and low wages. Career counselling should be offered to work-seekers to enable them to make informed choices based on what is possible in the light of available job opportunities and work-seekers' skills and aspirations. The Public Employment Services (PES) should be at the forefront of such initiatives and campaigns. Information about job types and career paths could be packaged as part of the career guidance services offered through ESSA.

### 4. Strengthen and support the ESSA system by ensuring timely and updated information about work-seekers and job opportunities.

Delays in registration of work-seekers can render unsuccessful the efforts to match work-seekers with appropriate employment.

### 5. Measure progress towards decent work.

There is a pressing need to understand progress towards adherence to the provisions in the Basic Conditions of Employment Act and the Labour Relations Act through improved ongoing monitoring systems. This will require the collection of data – for example, both Statistics South Africa and the DoL should find ways of including a module in the Quarterly Labour Force Survey that explores this issue from an employee perspective.

### 6. Consider further research in specific areas.

Comprehensive studies tracking and monitoring public perceptions towards different occupations and sectors will enhance our understanding of the labour market behaviour of South Africans. Moreover, research on the profile, perceptions and preferences of people employed in at-risk sectors will enable the DoL to investigate the phenomenon from another angle and will shed light on the attributes, attitudes and preferences of people already employed in these at-risk sectors.

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