

The reasons for unemployment in south africa and globally

[Business](#), [Employment](#)



Labour Laws: Current labour laws are very rigid, thus preventing employment especially in small enterprises. Eg: Domestic Workers Law: R1250 per month plus fringe benefits. Labour Laws in South Africa also make it very difficult to dismiss or retrench workers. Also hiring of workers has to comply with racial and gender quotas. Most workers are also pressured to join a trade union. To solve these problems many workers are employed by businesses as " self-employed contractors". They are then like any other supplier of goods or services and an employer can simply cease using them for any reason. Many self-employed contractors do not register as employed and don't register for tax. They are shown as " unemployed" in the system.

Lower Productivity: The production output by workers has decreased significantly since 2003, but the cost of production has increased. Eg: Retrenchment - many businesses will/have retrench/retrenched skilled labourers to cope with costs.

Cheap Imports: Local textile manufacturers cannot compete with cheap Asian countries. Eg: China , and this leads to losses and retrenchments of workers. Many south African businesses have closed down.

HIV/AIDS: AIDS sufferers are often absent or unemployed. People cannot take their places because they are not properly skilled to do the job.

Stronger Rand: The stronger rand makes exports more expensive, leading to liquidation and unemployment. Businesses will earn less foreign currency. Overseas buyers will find other suppliers because the rand is strong. They will pay more. The businesses will close down, leading to unemployment.

Just like any other country the causes are almost in general terms: lack of education, poverty, squalid living conditions and corruption from the top(in government) and lastly influx from foreigners who are either highly skilled and take all the top high paying jobs and the cheap labourer/employee who will accept the lowest wage for they will be claiming asylum from their respectful countries.