

# Job creation - the national imperative: Are people's lives better or worse?

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RS, South Africa's leading marketing insights company, conducted two surveys, one in February 2005 and one in July 2005 amongst representative samples of 2 000 SA adults from the seven metro areas of South Africa, interviewing them face-to-face in their homes, to determine their reactions to various issues.

One of the issues RS examined concerned how people feel about the Government's progress in creating jobs and improving the lives and standard of living of people in South Africa. People were asked to disagree or agree with a number of statements on this issue.

## There is no more important issue than job creation

In the February study, people were asked if the Government has done a good job reducing unemployment:

- "Government has done a good job reducing unemployment."
  - Agree - 29%
    - Blacks - 38%
    - Whites, coloureds and Indian - 13%
  - Disagree - 64%
  - Don't know - 7%

This sentiment is echoed in the July study:

- "Do you think that the Government is creating jobs fast enough?"
  - Yes - 13%
    - Blacks - 15%
    - Whites - 10%
    - Coloureds - 8%
    - Indians - 17%
  - No - 81%
  - Don't know - 6%

Whilst it is clearly not only Government that plays a role in job creation, there is no doubt that it does play a major role in creating the necessary climate for job creation. The views expressed by people clearly show that this is not yet enough and that, moving forward, job creation needs to be massively speeded up.

## A national imperative

In the third quarter of 2005, the job market continued to be the most pessimistically viewed part of our economy with a massive 94% of South African metro adults saying that "jobs are hard to find at the moment". This figure has not moved significantly in three years. However, 28% feel that jobs will be easier to find in the next six months, compared with only 14% in early 2002.

Hence, whilst we see that movement has occurred, much more needs to be done, with a great sense of urgency. It is such a major issue that RS feels that it is a national imperative. Every person needs to ask themselves what she or he is doing to contribute to job creation.

## **Standard of living - has it really improved?**

This question needs to be examined in two ways: first, how do people themselves perceive their lives to be going, and secondly, how does their quality of life look according to more objective measures?

In the February study, responses were mixed:

- "Government has improved the standard of living for all South Africans."
  - Agree - 52%
    - Blacks - 66%
    - Whites - 23%
    - Coloureds - 36%
    - Indians - 23%
  - Disagree - 44%
  - Don't know - 4%

Whilst there are strong differences between the different race groups, it is encouraging to note that the most positive response is from those previously the most disadvantaged.

In the July study, when RS looked at purely monetary issues, the results were not so positive:

- "When it comes to money do you think that you are better off, worse off or the same today as you were a year ago?"
  - Better - 23%
    - Blacks - 25%
    - Whites - 15%
    - Coloureds - 24%
    - Indians - 22%
  - Worse - 43%
  - The same - 30%
  - Don't know - 3%

This sentiment can be due to many things. RS regularly tracks how people feel about their economic circumstances (prices, economic circumstances, availability of jobs and business conditions). In the third quarter of 2005, there were poorer perceptions over prices and inflation, resulting in people feeling that their economic circumstances are poorer than before. This has come after a notable period of fuel price increases as well as a rise in CPI to 4.8% in August compared with 3.5% in June, largely fueled by the oil price.

Balanced against this is a feeling that business conditions have improved in the last year.

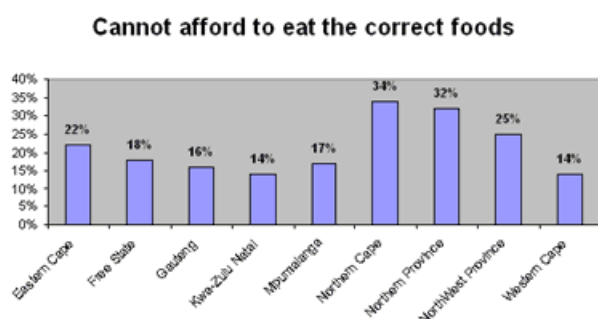
Income improvement expectations are higher now than the same time last year - no doubt leading to the recent spate of wage-related strikes.

After jobs, prices rank the second highest in terms of people's concerns over the economy. Eight out of ten people consistently say that prices are rising faster than their incomes and only two out of ten feel that their income is keeping up with inflation. These figures are consistent across all race groups.

## Not enough to eat?

RS has been tracking people's overall quality of life in a number of domains since 2002. At present, one in five adult South Africans say that they cannot afford to eat the correct foods. This rises to one on four of people over 50 years old and one in three of those at the bottom end of the income ladder and those unemployed. Again, we see the job creation imperative. Even in metro areas, 15% of people say that they do not have enough to eat.

In Soweto and in the Vaal Triangle, 25% of people cannot afford to eat the correct foods, compared to only 7% in Pretoria and Durban/Pietermaritzburg. However, once we moved outside the cities and towns, we found that the figure rose to 29% in rural villages and to an alarming 35% in rural farm worker's quarters. At a broader provincial level, the worst figures were recorded in the Northern Cape (34%) and Limpopo (32%) and the best in the Western Cape (14%) and KwaZulu-Natal (14%).



## Poverty, poverty and more poverty

RS runs an annual quality of life study across the entire country - cities, towns and rural areas - using a sample of 3 500 people (margin of error of under 2%) that looks specifically at poverty levels via a special poverty index that is based on the provision of basic services (water, sanitation, power), access to telecommunications and transport, and adequacy of nutrition. This index runs from zero to one hundred where a high score indicates the most poverty-stricken. The advantage of this index over income data is that -

- income data is notoriously unreliable;
- the minimum income one needs to survive, or attain a reasonable quality of life, depends on where one lives; and
- this index ascertains the extent to which people's basic needs are filled

In 2003, the index stood at 43; in the 2004 study, it dropped four points, down to 39. In February 2005, it stood at 41. There is still a long way to go.

### *What is the poverty danger point?*

Anyone who scores 50 or more can be regarded as living in poverty. On this basis, 39% of South Africans suffer hardship from poverty - 64% of these (25% of the total population) score 60 or more which means that they are truly poverty stricken; a half of these again (8% of the total population) score 80 and higher which means that they suffer hardship of the most severe kind.

### *Where is the problem the worst?*

Three groups of people fare the worst:

- People living in rural farm workers' quarters score an unacceptable high average score of 63 - 78% of these score over

50, 59% score over 60 and 16% score over 80.

- People in rural villages also average 63 with 79% over 50, 56% over 60 and 18% over 80. Those living in traditional huts score a terrible 72.
- People in urban squatter shacks score an average of 60 with 72% scoring over 50, 50% over 60 and 15% over 80. People in shacks in small towns score worst at 67.

The need for rural upliftment and for the improvement of the lives of people in urban squatter shacks is urgent. Quality of life improves immensely once people have a formal dwelling in which to live: people in formal houses in the former townships score a better 30 with only 7% above 50.

## Stress and jobs

RS calculates a stress/pressure index that lies on a scale of 0 to 100. In 2003, the average stood at 29; in 2004, it shifted marginally to 30 and by February of 2005, it reached 32. This is because the stress felt by the majority of the population is poverty related, and poverty alleviation is still happening only very slowly. If one takes out this type of stress, and looks at those less affected by poverty, the figure drops to 22. But there are some interesting differences across the population. Indians appear much more stressed at 33 (especially Indian females at 35). Stress levels are highest in the 25 to 34 year age group, where providing for young families, climbing the job ladder and advancing in life all make demands. What is also interesting is that, even in relatively well-off households, the lack of a job pushes stress up (the index hits 36 here). A job is more than being about money: it is also about self-esteem and feeling worthwhile about one's self.

## Housing

Whilst there was overall approval in the February study of 2 000 adults in metropolitan areas for what has been achieved so far, there is a clear perception that the process has been too slow:

- "Government has done a good job providing houses for the poor."
  - Agree - 67% (blacks 81%, whites 34%, coloureds 46%, Indians 56%)
  - Disagree - 29%
  - Don't know - 4%

Differences between race groups are the most marked feature of these results. No doubt this is because blacks have seen the most change in this regard. The poor results amongst whites reflect a very strong concern that there are still too many people in informal accommodation. From previous research, we know that this concern is quite likely to be motivated by both altruistic motives as well as concerns over crime.

- "The Government is taking too long to provide houses for everybody."
  - Agree - 72% (blacks 68%, whites 73%, coloureds 82%, Indians 86%)
  - Disagree - 23%
  - Don't know - 5%

From these results, it is evident that people are grateful for what has been done but feel that Government has not delivered on its promises, the process being too slow.

## In summary

Job creation, poverty alleviation, inflation control and housing delivery are the four most pressing problems faced by the ordinary South African in 2005, in approximate order of importance. These are all so pressing, indeed, that, whilst one looks to Government for leadership, action and the creation of a suitable climate, they become imperatives for us all. Further, any action or policy that, in any way, contributes to these problems must indeed be subjected to the most intense scrutiny and debate.

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