

**Exploring the Nature of Unemployment in South Africa: Insights from the Labour
Force Survey 2000**

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Abstract

In the context of high and growing unemployment, the temptation to dismiss some of this unemployment as voluntary exists. Much of the debate in the literature surrounding voluntary unemployment in South Africa centres on the discouraged. This paper explores the possibility that some of the searching unemployed may have the opportunity to prolong job search until a 'suitable' job is found and so may be seen to choose not to work. The analysis seeks to motivate for changes to the existing Labour Force Survey to permit a more comprehensive study of voluntary unemployment in the future.

Introduction

The unemployment rate in South Africa is exceptionally high and arguably the most pressing concern that faces policymakers. According to the official definition, unemployment was estimated at 26 percent in 1998 and rose to 29.5 percent in 2001 (LFS, 2001). The broad definition, which includes the non-searching unemployed, is even higher and increased from 39 percent in 1999 to 41.5 percent in 2002 (LFS, 2002). The causes of unemployment in South Africa are largely believed to be structural in nature. Individuals lack the relevant skills or qualifications to fill jobs available in the economy. However, in an environment of such great and growing joblessness there is always the temptation to dismiss some of the unemployed, and the non-searching unemployed in particular, as voluntary. This study explores the possibility that some small, but perhaps significant, proportion of the unemployed can 'choose' not to work and extend the period of job search because the jobs currently available do not suit them.

The data for the study come from the Labour Force Survey conducted in September 2000. In this survey respondents who have not worked during a reference period (the past seven days), are offered a choice among ten possible reasons for why this is the case. The responses are designed to help distinguish the economically inactive from the unemployed. In this paper two of the more interesting responses of the unemployed to this question are investigated, namely that individuals "cannot find suitable work" and individuals "lack relevant skills and qualifications for available jobs". It is expected that if some of the unemployed "choose" not to work then this could be because the jobs that are available are not "suitable".

In the first part of the paper the profile of those claiming to 'lack skills or qualifications' is contrasted with those who 'cannot find suitable work'. Individuals who choose not to work would be expected to have higher aspirations regarding the jobs that they might occupy and in addition they may have access to more household income to support a lengthy job search. The hypothesis that is explored therefore is that the individuals who cannot find suitable work tend to be found in households with higher mean income levels and that these individuals would have higher levels of education. The results are consistent with this hypothesis: mean household income of the unemployed who report

that they lack relevant skills is significantly lower than mean household income of those who are 'unable to find suitable work'. In addition the educational attainments of those who cannot find suitable work are notably higher than those who report that they lack relevant skills. The findings of the first section of the paper would be consistent with the argument that some of the searching unemployed may be exercising a certain degree of discernment regarding job opportunities, and that they are "voluntarily unemployed" whilst they search for more "suitable" work.

Much of the debate in the literature around the issue of voluntary unemployment has been centred on the non-searching. Recent research on the nature of unemployment among discouraged workers in South Africa has rejected the luxury worker hypothesis over the discouraged worker hypothesis (Kingdon and Knight, 2000). High search costs combined with limited household resources and a small probability of finding employment discourage workers from seeking work rather than them choosing not to look for work. Kingdon and Knight therefore recommend that the broad definition of unemployment is probably a better measure of the magnitude of unemployment in the South African case.

The contribution of this paper to the existing literature on the nature of unemployment is to examine the possibility that some of the searching unemployed may be considered voluntarily unemployed in the sense that available jobs are considered 'unsuitable' and therefore, not filled.

The current survey questionnaire, however, remains a very blunt instrument with which to analyse the question of voluntary unemployment. To properly identify and investigate voluntary unemployment therefore would require significant changes to the structure of the Labour Force Survey. These changes are discussed in the second section of the paper.

1. Investigating “voluntary unemployment” in the Labour Force Survey 2000

Both the Labour Force Survey (LFS) and its predecessor, the October Household Survey (OHS), have asked individuals who have not worked in the seven days prior to the interview why this is the case. The question helps distinguish the economically inactive from the unemployed. For example, individuals can respond that they are “too young or too old” or that they are students, indicating that they are not part of the economically active population. But the question may also be useful in helping to identify why individuals who are economically active, are unemployed. Two responses for why individuals are not working are that they “lack relevant skills” or that they “cannot find suitable work”. A summary of the responses to this question from the LFS 2000:2 are presented in Table 1 below.¹

Table 1 Unemployed by reason for not working

<i>Broadly unemployed</i>	<i>Total</i>	
	<i>No.</i>	<i>(%)</i>
Total	15160	100.0
Lack of skills or qualifications for available jobs	6614	43.6
Cannot find suitable work (salary, location of work or conditions not satisfactory)	6653	43.9
Recently retrenched/ contract worker	1893	12.5
<i>Officially unemployed</i>	<i>Total</i>	
	<i>No.</i>	<i>(%)</i>
Total	9754	100.0
Lack of skills or qualifications for available jobs	4003	41.0
Cannot find suitable work (salary, location of work or conditions not satisfactory)	4641	47.6
Recently retrenched/contract or seasonal worker	1110	11.4

Note: Results reported are sample specific and have not been weighted in order to attain population estimates.

¹ In this paper the Labour Force Survey (LFS) September 2000:2 is used to probe the question of voluntary unemployment since it provides a more current representation of the labour market. In addition, this survey has been chosen so that any recommended changes that would allow for greater insights into the nature of unemployment are pertinent to the current survey in use.

It is widely held that unemployment in South Africa is principally structural in nature. In this case the lack of relevant skills or qualifications prevents individuals from filling available jobs in the economy. The data in Table 1 support this argument. Among both the broadly and the strictly unemployed, more than forty percent cite not having the appropriate skills as the reason for their not having worked in the past seven days. However, what is also notable in the table is that more than forty percent of the unemployed give not being able to find suitable work as the reason for their unemployment. It also follows from the table above that the discouraged (included in the broadly unemployed) are more likely to report that they lack relevant skills rather than that they cannot find suitable work.

In the LFS 2000:2 (as in the 1999 OHS), unsuitability of work is identified as work for which wages are too low, working conditions are poor, or its location renders acceptance of such a job unfeasible. One explanation that would be consistent with individuals reporting that they cannot find suitable work is that these individuals are willing to prolong the period of job search until such time as they can find work that this is suitable. In other words, it is possible that some of these individuals are voluntarily unemployed. Unfortunately, the survey questionnaire does not identify which factors are rendering work undesirable in each particular case. Furthermore, respondents have no opportunity to indicate that they cannot find **any** work as opposed to **suitable** work. Therefore, it is possible that some respondents are not in fact refusing to take up job offers but rather are indicating that work opportunities simply do not exist.

In light of these constraints, the question of voluntary unemployment cannot be explored directly using available data. However, in this section I examine the question indirectly by exploring the individual and household characteristics of those who are unemployed. In particular, I investigate whether there are significant differences between the unemployed who respond that they “cannot find suitable work” and those that respond that they are “lacking relevant skills”.

i. Individual and household characteristics of the structurally unemployed versus cannot find suitable work

Individuals who are voluntarily unemployed may have higher aspirations regarding the jobs that they might occupy and they may have better household resources to support a lengthy job search. The hypothesis that is tested in this section, therefore, is that those individuals who report that they 'cannot find suitable work' tend to be located in the relatively more affluent households and have attained higher educational qualifications than respondents who report that they lack relevant skills. In order to test this hypothesis the household features such as monthly household income earned by employment, and individual characteristics such as the duration of unemployment, age, sex, area (urban, non-urban), education, previous work history of those unable to find suitable work and those lacking relevant skills have been examined and contrasted.

If the majority of those responding that they cannot find suitable work are concentrated in extremely poor households, then to conceive of these individuals as excessively discriminating in terms of job search would be implausible. Generally it is assumed that an individual will accept work should the compensation for work (wage offered) exceed the opportunity costs by some small margin. It is likely that under these household conditions the only sensible conclusion to be made is that wages offered were so low, or travel distances so great, as to make the opportunity cost of accepting a job relatively high compared to the benefits.

One of the drawbacks of using the September LFSs is that no information on total household income or expenditure is collected. The economic circumstances of a household can only be proxied by the total income earned by employed members of the household. In the descriptive work that follows, monthly household income has been weighted for household size and it is therefore mean adult equivalent income generated through employment that is reported.² In an attempt to include some information on unearned sources of income, the receipt of this income is compared for those

³ In the calculation of adult equivalent income, children under the age of six were assigned the value of half an adult. Adult equivalent income is calculated by dividing monthly household income by the number of adult equivalents in the household. In addition economies of scale within a household were recognised by raising the number of adult equivalent members of a household to the power of 0.9.

households in which structurally unemployed individuals live and for those where the unemployed cannot 'find suitable work'. The results are presented in Table 2 below.

Table 2: Household Features of the strictly unemployed by race and reason for unemployment.

	Lack relevant skills			Cannot find suitable work		
	All other races	African	Total	All other races	African	Total
Average adult equivalent household monthly earned income	R418.95 (577.09)	R252.50 (471.80)	R261.78 (479.70)	R718.88 (1081.85)	R342.07 (471.80)	R403.82 (732.11)
Proportion of households receiving other income in the form of:						
(a) Remittances	14.84	23.31	22.82	11.95	22.27	20.57
(b) State pension	29.68	22.23	22.64	17.46	19.73	19.34
(c) Work pension	3.87	2.54	2.62	5.15	2.69	3.11

Note: All reported results are unweighted and are therefore survey sample results. Figures in brackets refer to standard deviations.

Household income refers to income generated by employment by other household members. It does not include income received from pensions, remittances or any other source.

The results relating to the strictly unemployed are consistent with the hypothesis that the 'cannot find suitable work' reside in households that are relatively better off. The mean adult equivalent monthly income of all households in which at least one unemployed person who is unable to find suitable work resides is R403.82. This is significantly higher than the R261.78 mean adult equivalent monthly income earned through full-time employment in households in which at least one member is structurally unemployed. Disaggregating the results by race substantiates this trend. Although African households have lower adult equivalent monthly earned income levels compared to all the other race groups, the structurally unemployed tend to reside in households with less income earned through employment (R252.50) compared to those households where the unemployed 'cannot find suitable work' (R342.07).

Furthermore, table 3 reveals that a higher proportion of individuals who cannot find suitable work reside in households that hold some form of financial assets such as savings in the bank, pension contributions or shares. Over 40 percent of those who cannot find suitable work are located in a household that has some form of financial asset, compared with a little over 30 percent of the structurally unemployed.

Although there are some differences in the proportions of households receiving income from other sources such as remittances and pension grants, the results between the two groups do not vary substantially. In the absence of information on the value of unearned income, however, this comparison clearly is very crude.

In sum, the findings support (or at least are consistent with) the suggestion that couched in the category 'cannot find suitable work' are individuals who are afforded the opportunity to remain unemployed until an attractive job offer presents itself. Kingdon and Knight (2000) point out that these people may be willing to remain unemployed until a sufficiently high wage offer materialises. If this should occur then the benefits of the continued search would have outweighed the costs.

This is not to suggest that all individuals who report not being able to find suitable work are voluntarily employed. Approximately 38 percent of these individuals lived in households in which no other members reported earning income through employment. It seems implausible that these individuals would be able to exercise a substantial amount of choice regarding work. In this case it is more likely that they would be reporting that they cannot find any work as opposed to suitable work or that the location and associated travel costs render acceptance of this work unfeasible.

The individual characteristics of those who are structurally unemployed are now compared to those who cannot find suitable work. A selection of results is presented in table 3 below.

Table 3: Individual characteristics of the strictly unemployed by reason for unemployment

	Have no relevant skills	Cannot find suitable work
Mean age in years of the unemployed	30 (9.18)	30.5 (9.23)
Proportion of the various race groups who relate their unemployment to either having no relevant skills or work unsuitability:		
(a) African	44.36	45.97
(b) Coloured	22.25	59.69
(c) White	13.86	67.47
(d) Indian	10.29	76.47
Proportion of women who are either structurally unemployed or cannot find suitable work:	42.31	48.66
Proportion of men who are either structurally unemployed or cannot find suitable work:	40.37	47.24
Proportion of the unemployed who have worked before (previous work experience):	37.56	46.61
Proportion of the unemployed with:		
a) no schooling	7.16	3.81
b) incomplete primary	20.87	13.81
c) incomplete secondary	51.40	44.75
d) Matric	19.77	27.52
e) NTCE-III	0.15	0.91
f) Diploma without matric	0.08	0.97
g) Diploma with matric	0.55	6.56
h) Degree	0.03	1.19
i) Postgraduate diploma/degree	-	0.48
Total	100.00	100.00
Proportion of the unemployed who have been unemployed for:		
a) a year or less;	22.22	25.54
b) 1 year to less than 2 years;	16.88	19.12
c) 2 years to less than 3 years;	15.68	14.95
d) 3 years and more	44.73	39.75
e) Don't know	0.49	0.64
Total	100.00	100.00

	Have no relevant skills	Cannot find suitable work
Proportion of the unemployed located in urban areas:	58.01	72.61
Proportion of the unemployed that assume household headship:	17.06	17.75
Proportion of the unemployed who live in a household with financial assets in the form of:		
a) Savings in the bank		
b) Stokvel	24.44	30.36
c) Pension contributions	6.21	5.09
d) Shares	3.28	6.98
	0.58	1.30
Proportion of the unemployed who live in a household with any financial assets:	32.78	40.10

Note: Results reported are sample specific and have not been weighted in order to obtain population estimates.

The results relating to the educational qualifications of the strictly unemployed are consistent with the hypothesis that individuals with greater investment in human capital may have higher expectations of the kind of employment they can find and so be more likely to report not being able to find suitable work.

Of the structurally unemployed, 7.16 percent have received no schooling compared to less than 4 percent of individuals who cannot find suitable work. It is improbable that the unschooled are reporting that they cannot find suitable work and thereby reflecting a degree of choosiness regarding available jobs. It is more likely that these individuals cannot find any work or that it is simply infeasible to accept a job offer given high travel and other opportunity costs.

Almost 21 percent of the structurally unemployed have failed to complete primary school, and 51.4 percent have partial but incomplete secondary school education. Of those reporting that they cannot find suitable work, less than 14 percent have not

completed primary education and less than 45 percent have received secondary school education but have not matriculated.

Approximately 20 percent of the structurally unemployed have obtained a Matric certificate compared to the almost 28 percent of those who cannot find suitable work. A negligible proportion of the structurally unemployed have attained tertiary education qualifications, whereas over 6.5 percent of those who cannot find suitable work have obtained a diploma and almost 2 percent have a basic or postgraduate degree. It is here that one could postulate that given higher educational qualifications, work unsuitability may refer to the wages offered being below expectations or that these individuals are reluctant to accept work that in view of their qualifications would be perceived as 'inferior'.

The findings related to the racial composition of the unemployed by reason for not working and their location (urban or rural) further substantiate the idea that those reporting that they cannot find suitable work tend to have attained higher educational qualifications. In a society where skills and educational attainment are racially skewed, the likelihood of African individuals being structurally unemployed is consequently greater. It is therefore unsurprising that compared to all other race groups, a smaller proportion of Africans report that they cannot find suitable work. In the same light, it would be expected that since the other race groups in South Africa have higher educational qualifications and better skills, they might relate the fact that they are jobless to the inability to find suitable work.

The results also indicate that the unemployed located in urban areas are more likely to report that they cannot find suitable work and those individuals living in rural areas are more likely to report that they lack relevant skills to fill available jobs. A possible explanation of this may be that the unemployed located in rural areas have less contact with the labour market or fewer educational opportunities afforded to them. The finding enforces that those who cannot find suitable work tend to have relatively higher educational attainments.

Two other interesting observations emerge relating to the differences in the individual characteristics of the structurally unemployed versus cannot find suitable work. The first

relates to labour market experience (have the unemployed ever worked before?) and the second to the duration of unemployment.

Individuals identified as structurally unemployed are significantly less likely to report previous work experience than those who reported that they could not find suitable work. Fewer than 38 percent of the structurally unemployed have ever worked before, compared to 47 percent of those who could not find suitable work. This result is in line with the idea that those lacking relevant skills would probably have found it difficult to find any employment previously. It may be argued that the unemployed who have previous work experience are likely to have certain aspirations regarding the type of job that they may occupy. Someone discharged from a reasonably well-remunerated, semi-skilled post is unlikely to view a job offer for a low wage, unskilled position as 'suitable'. This suggests once again that the likelihood of some of the unemployed choosing not to work cannot be disregarded.

In terms of the duration of unemployment, approximately 40 percent of those who cannot find suitable work have been unemployed for three years or more whereas almost 45 percent of the structurally unemployed have been without work for the same length of time. It is probably expected that the structurally unemployed would be unemployed on average for a longer period of time since unless reskilling was undertaken, it is unlikely that employment opportunities would arise. However, it is worth bearing in mind that the structurally unemployed are being compared to a group of unemployed individuals some of whom may have the ability and desire to undertake fairly lengthy job search.

On average the higher household income, educational qualifications and work experience of those who relate the significant reason for unemployment to work unsuitability suggests that indeed there may exist an opportunity for some of these individuals to prolong job search and display slightly more discernment regarding jobs accepted. These results need to be interpreted with great sensitivity and the argument cannot be extended to all those reporting that they cannot find suitable work. A significant number of these individuals are located in poor households and have little or no schooling. It is very likely that embedded within the category "cannot find suitable work" are individuals who cannot find any work at all.

The results are not meant to provide estimates of the extent of voluntary unemployment amongst the searching unemployed – data constraints prevent this. Rather and more modestly, they suggest that some (unknown) proportion of people that they cannot find suitable work may be choosing not to work. The analysis seeks to motivate for changes to the existing Labour Force Survey to permit a more comprehensive study of voluntary unemployment in the future. These recommendations are discussed in the final section of the paper.

In the next section of the paper attention is paid to the ‘discouraged’ in the sample. The intention is to compare the household and individual profiles of the non-searching structurally unemployed with those who report that they cannot find suitable work.

ii. Individual and household characteristics of the searching versus the non-searching unemployed

At the outset it is important to make sense of the fact that some of the ‘discouraged’ have reported an inability to find suitable work. How can the unemployed who are not seeking work claim that they cannot find work whether suitable or not? Much of the distinction between searching and non-searching unemployment is definitional. The people we term discouraged may indeed be searching but simply not regularly enough (not in the four weeks prior to interview) to meet the definition of strict unemployment. So for the remainder of the paper is probably better to conceive the distinction as being between those who search regularly and those who search less frequently. In addition even those who may no longer be actively seeking work have through past search efforts been able to formulate a reason for their joblessness. In fact the inability to find work may account for their discouraged status. The task then is to examine how household conditions and individual characteristics have impacted on the likelihood of the discouraged reporting that they could not find suitable work versus that they lacked relevant skills.

The household and individual characteristics of the ‘discouraged’ in the sample follow the same trend, as before – the structurally unemployed are located in households with relatively lower income levels. The unemployed who are unable to find suitable work

reside in comparatively more affluent households. Furthermore, in line with the findings for the searching unemployed, the educational qualifications of those who are structurally unemployed are lower than those of the people reporting that they cannot find suitable work. These results are contained in tables 4 and 5 below.

Table 4: Household Features of the discouraged by race and reason for unemployment

	Lack relevant skills			Cannot find suitable work		
	All other races	African	Total	All other races	African	Total
Average adult equivalent household monthly income	R423.47 (538.75)	R219.93 (457.77)	R232.35 (465.37)	R701.85 (1050.78)	R256.55 (500.78)	R322.03 (631.75)
Proportion of households receiving other income in the form of:						
(a) Remittances	10.53	25.47	24.55	8.33	26.31	23.66
(b) State pension	22.81	24.90	24.76	13.89	24.67	23.06
(c) Work pension	3.51	2.56	2.61	4.17	2.58	2.81

Household income refers to income generated by employment by other household members. It does not include income received from pensions, remittances or any other source.

Table 5: Individual characteristics of the discouraged by reason for not working

	Have no relevant skills	Cannot find suitable work
Mean age in years of the discouraged	30 (10.1)	30.7 (10.1)
Proportion of the various race groups who relate their unemployment to either having no relevant skills or work unsuitability:		
a) African	44.36	45.97
b) Coloured	22.25	59.69
c) White	13.86	67.47
d) Indian	10.29	76.47

	Have no relevant skills	Cannot find suitable work
Proportion of the discouraged who have worked before (labour market experience):	28.52	37.93
Proportion of the unemployed with:		
a) no schooling	8.58	6.87
b) incomplete primary	24.04	20.05
c) incomplete secondary	49.96	46.57
d) Matric	16.77	21.05
e) NTCI-III	0.15	0.45
f) Diploma without matric	0.12	0.75
g) Diploma with matric	0.31	3.31
h) Degree	0.08	0.85
i) Postgraduate diploma/degree	-	0.10
Total	100.00	100.00
Duration of unemployment: proportion of the discouraged who have been unemployed for:		
a) a year or less;	18.51	19.91
b) 1 year to less than 2 years;	15.57	16.19
c) 2 years to less than 3 years;	15.01	16.33
d) 3 years and more	50.63	47.13
e) Don't know	0.28	0.43
Total	100.00	100.00
Proportion of the unemployed that are household heads:	17.10	15.60
Proportion of the unemployed who live in a household with financial assets in the form of:		
a) Savings in the bank	23.71	25.88
b) Stokvel	5.57	4.47
c) Pension contributions	3.15	5.62
d) Shares	0.65	0.85
Proportion of the unemployed who live in a household with any financial assets:	32.62	33.20
Proportion of the non-searching located in urban areas:	44.02	46.60

Note: Results reported are sample specific and have not been weighted in order to obtain population estimates.

An important observation is that the household income levels of the 'discouraged' are lower than those of the searching unemployed. The mean adult equivalent household income of those searching but unable to find suitable work is R403.82. The non-searching who cannot find suitable work are located in households with a mean adult equivalent household income of R322.03. The difference is more pronounced in the case of African households. The adult equivalent income of African households in which at least one person is searching and unable to find suitable work is R342.07 per month while the households with non-regular searchers who are unable to find suitable work receive on average R256.55 per month. These findings are consistent with recent research by Kingdon and Knight (2000) who point out that job search is not costless and the ability to search may be constrained by a lack of household income.

However, in the light of this paper, this result may highlight the fact that the question of work suitability as currently presented in the Labour Force Survey makes unraveling the question of voluntary unemployment difficult. The discouraged that report that they cannot find suitable work have lower household income levels than the searching that provide the same reason for not working. Given household income constraints, it is unlikely that the bulk of these 'discouraged' individuals would be in a position to prolong job search. In addition since their educational qualifications are significantly lower than the searching who cannot find suitable work, it is improbable that these individuals would have over-optimistic aspirations regarding the job that they might find. It is more likely that these individuals are reporting that they cannot find any work rather than commenting on the suitability of available work.

The final section of this paper examines proposed changes to the existing labour force surveys that would enable more tangible conclusions regarding the nature of unemployment to be drawn.

2. New questions to take the debate forward: revisions to the Labour Force Survey

Future Labour Force Surveys need to enable researchers to distinguish between people who cannot find suitable work and those who cannot find any work. Currently,

respondents to the Labour Force Survey questionnaires who have not worked during the seven days prior to interview, are not given the opportunity to reflect that they cannot find any jobs and the danger exists that they will select 'cannot find suitable work' as the next best response. The statement 'cannot find suitable work' immediately confers an element of selectivity that in fact may not be the intention of the respondent at all.

The survey needs to filter out those whose reason for not working relates to the suitability of work rather than its availability.

Once those who cannot find any work have been disentangled from those who 'cannot find suitable work', it would be necessary to probe the issue of work suitability. There are a host of reasons why a job could be seen as undesirable. The wages offered could be too low or perhaps if a job were not permanent this would be unsuitable for someone seeking job security and associated benefits. In addition the location of the work may be too far away so as to make acceptance of such a job offer unfeasible. Finally working conditions may be unsuitable or the work may not be legal. While these factors may encompass many of the reasons why work is rendered unattractive, there still exists the problem of accounting for those individuals who perceive that a certain post is 'inferior' given their educational qualifications and background.

The fifth Labour Force Survey to be conducted in September 2002 has taken the above recommendations into account. Section three of the survey that examines the unemployed specifically, will be able to distinguish between those who are unemployed due to the unavailability of work rather than the suitability of work. Those who still respond that they cannot find suitable work will disclose the features of the job that render it unattractive. Importantly the individual need not have received a job offer but simply had knowledge that such work is available.

Assuming people who cannot find suitable work respond that it is the low wages offered that renders available jobs unattractive, this would then confirm some suspicions that were cast in section one of the paper. In particular the comparatively high education levels of those who responded that they could not find suitable work combined with higher mean household income levels introduced the possibility that these individuals may hold unrealistically optimistic expectations of the wage they might command.

Alternatively higher household income would support them in lengthier job search in the hope that a relatively high paying employment offer would arise and offset the costs of the job search. In either case, some attempt to determine the reservation wages of the unemployed must be undertaken. This is not easily accomplished.

The SALDRU93 and OHS94 both include a question on reservation wages along the lines of "What is the lowest wage in rands per month that..... would accept for a permanent job?". Kingdon and Knight (2000) point out that the questions are not precise enough. Since a person's expectation regarding the wage that they might command may vary with geographical location, the question must specify the distance to work. For example a person in the rural areas when asked for his reservation wage may provide the wage he would expect to earn in an urban context. The proposal is that the question be formulated along the lines; "If a full-time job is offered to nearby (within 5 kilometres of your residence) would accept it if the weekly rate was: (with a range of income categories having been provided)". The interviewer would be required to read each salary or wage bracket starting from the lowest and identify the first wage or salary bracket that the respondent would be willing to accept. It is hoped that in this way the respondent is prevented from adopting a bargaining position. If simply asked, "what is the minimum wage you are willing to work for?" the respondents may report a wage that they would start bargaining with. They may in fact be prepared to work for a considerably lower wage but in expectation that they will be bargained down, report a higher starting wage. Providing wages rates starting at the lowest may avoid the overstatement of the reservation of an individual.

In addition asking for the minimum wage that would be required in order for the respondent to accept casual work may throw light on the extent to which job security can be traded for income.

Since there exists a tendency for people to report the wage that they expect to earn rather than the minimum wage they would be willing to accept, it is necessary to try and corroborate the reservation wages provided. This might be done by asking for past wages or past wage offers rejected. Past wages earned may well form a reasonable benchmark for wage expectations while past wage offers rejected may substantiate the reservation wage reported.

Addressing the issue of reservation wages in future labour force surveys would enable researchers a more direct approach to determining whether some of the unemployed (both the searching and non-searching) hold aspirations regarding the wages that they would accept that are incongruent with their qualifications, work experience and more generally the condition of the South African labour market.

Conclusion

The idea that some individuals are unemployed because they choose not to accept the work that is available to them is a controversial one, particularly in an economy with such high rates of unemployment and levels of poverty. Research has sought to put to rest the claim that individuals who are not actively looking for work are choosing not to work. Nonetheless, this paper has suggested that the possibility of voluntary unemployment in South Africa should not be dismissed. Furthermore, the focus on voluntary unemployment should be shifted away from the non-searching to the searching unemployed. Some evidence suggests that the searching unemployed may be in the position to prolong job search but unless revisions to the Labour Force Survey are made the extent to which this may imply that the aspirations of the unemployed are out of line with labour market realities cannot be explored.

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