ACCELERATING SOCIO-ECONOMIC JUSTICE THROUGH INCLUSIVE ECONOMIC-AND-EMPLOYMENT GROWTH

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ABSTRACT

This paper posits that the labour market, through paying jobs, is an important lever for moving people out of poverty to address the social and economic consequences of apartheid in South Africa. The paper explores different parameters related to employment growth, namely the relationship between economic growth and employment growth, which types of business (small versus large) contribute most to employment growth, which sectors contribute most to employment growth, the barriers to employment growth experienced by entrepreneurs, and interventions required to ensure employment growth is inclusive. This research applied the ARDL model to understand the relationship between employment growth and economic growth on an aggregate level, at a sector level and a business size level, using StatsSA and SARB data for the period 2009 - 2019. This was supplemented by interviews with entrepreneurs and subject matter advisors who provided additional insights into the dynamics of employment growth. The findings of the report highlight that there is a positive relationship between economic growth and employment growth in South Africa, confirming that economic growth has contributed positively to the labour market, despite high and rising unemployment. Key sectors also show a positive relationship with economic growth. The findings revealed as well that small business employment has a negative relationship with economic growth. This paper also highlights that indicators that are affected by apartheid are still used in recruitment and promotion decisions, pointing to the need for company practices and policies to be re-looked to ensure Black Africans are not locked out of the economy.

Key words: Employment growth; economic growth; SMMEs; inclusive growth; South Africa

DECLARATION

I, **Nandipha Isaacs (Student No. 2487978),** declare that this thesis is my own work. This work is submitted towards the fulfilment of the requirements for the Masters in Management degree (Public Policy) at the School of Governance at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other university.

Nandipha Isaacs Friday, 16 June 2023

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LIST OF ABBREVIATIONS

AA	Affirmative Action
ADF	Augmented Dickey Fuller
ARDL	Auto-Regressive Distributed Lag
B-BBEE	Broad-Based Black Economic Empowerment
ESD	Enterprise and Supplier Development
EU	European Union
GDP	Gross Domestic Product
GBS	Global Business Services
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
SARB	South African Reserve Bank
SMAs	Subject Matter Advisors
SMME	Small, Medium and Micro Enterprise
UNDP	United Nations Development Program
WEF	World Economic Forum

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1. RESEARCH CONCEPTUALISATION

1.1 Introduction

South Africa is a country afflicted by the economic and social consequences of apartheid. Although the country has been a constitutional democracy for almost three decades, the systematic violations of the socio-economic status of non-Whites, and especially Black Africans, are still present. While the Constitution emphasises socio-economic justice and the need to embed and protect the socio-economic rights of all citizens, this is still a long way from being achieved. Waldorf (2012) defines socio-economic justice as the "transformation of oppressed societies into free ones by addressing the injustices of the past through measures that will procure an equitable future" (p. 172). According to the South African Constitution, this equitable future is one that ensures the provision of secure housing, health care, food, water, social security, education, and fair labour practices for all citizens (Trilsch, 2009). This paper adopts a narrow view of socio-economic justice, however, focusing primarily on fair labour practices (specifically equal access to opportunities) and freedom from poverty. Furthermore, it is important to note that this paper is not about socio-economic justice, and nor does it focus on it. Instead, this paper examines how the labour market, more specifically economic growth and employment growth, is a route to attaining it.

South Africa has approximately 25 per cent of the population living below the food poverty line of R624 per person per month (Stats SA, 2021, 2021b, 2021c). This means that approximately 14 million South Africans, adults, and children, do not have access to income that is able to afford them the contents of a basic household food basket which costs R4199 per household per month and R1050 per individual per month, per household of four (Businesstech, 2021; Household affordability index, 2021). Therefore, the 14 million South Africans living below the food poverty line have enough food to get them through two weeks of every month, at best (Businesstech, 2021a; Household affordability index, 2021). Although the percentage of people living under the poverty line has decreased over the past few years, this is predominantly as a result of social grants. The South African Government (1998), through the poverty and inequality projects, found that a key contributing factor to poverty is the "lack of adequately paid, secure jobs" (p. 4). One could therefore say that wages, and hence jobs, are a key instrument for moving households out of inter-generational poverty.

If we consider the job market, in August 2021 South Africa was listed as the country with the highest unemployment rate in the world at a rate of 34.9%, which is also the highest it has been since pre-1994 (Trading Economics, 2021). The unemployment rate refers to “the share of workers in the labour force who do not currently have a job but are actively looking for work” (Economic Policy Institute, 2022, para. 2). The next section will provide a brief analysis to understand whether there was an improvement in the unemployment rate over a ten-year period from 2009-and-2011 to 2019 (pre-Covid-19)-and-2021. In 2009 and 2011, the unemployment rate was at 24.3% and 25.3% respectively (Stats SA, 2009, 2011). In 2019 and 2021, the unemployment rate was 29.1% and 34.9% respectively, and over the ten-year period, the unemployment rate rose by 4.8% between 2009 and 2019 and 9.6% between 2011 and 2021 (Stats SA, 2019, 2021). This persistent rise in unemployment is at odds with the government’s objective of driving socio-economic justice, specifically through adequately paying secure jobs (South African Government, 1998).

1.1.1 Economic growth and unemployment

South Africa has been facing an economic growth-and-employment challenge characterised by low economic growth and poor job creation (World Bank, 2021). In economics, there is an acceptance “that the growth rate of the GDP of an economy increases employment and reduces unemployment” (Waldorf, 2012, p. 228). Exploring this relationship within the South African context, between 2010 and 2019 specifically, there were four years where South Africa saw positive changes in the annual GDP growth rate. These years are 2010, 2011, 2013 and 2017. For these years, the annual changes in the GDP growth rates were +4.58%, +0.24%, +0.27%, and +1.02% respectively (Macrotrends, 2021). If we compare this to the unemployment rate, holding to the principles of a direct relationship between GDP growth and unemployment, it is expected that unemployment would be at its lowest in those four years when the economy was growing. For these years, however, unemployment had changes of +1.16%, -0.04%, -0.17%, +0.50% respectively. This means that in 2010, where GDP growth increased by 4.6%, the unemployment rate also increased by 1.2%. For 2011 and 2013, the unemployment rate decreased; however, the decrease in this unemployment rate is significantly lower than the increase in GDP growth rate; and in 2017, the GDP growth rate increased by 1% while the unemployment rate also saw an increase of 0.5%. This phenomenon of “jobless growth” puts into question whether economic growth is a key driver of reducing unemployment.

1.1.2 Employment growth

Employment growth is the “measure of the extent to which available labour resources are being used” (OECD, 2021, para. 1). In line with this, although there has been an increase in unemployment, year-on-year, in June 2020 to June 2021 the number of people employed went from 14.1 million to 14.9 million translating into a 0.6% increase in the number of people employed, and a 0.6% employment growth (CEIC, 2021; OECD, 2021). Sectors that were spurring employment growth also showed strong industry growth. For the first and second quarters of 2021, Transport, Agriculture, Personal Services, Trade, Mining and Electricity, Gas and Water industries showed growth that cumulatively contributed +1.5% to real GDP (Stats SA, 2021a). Industries that contracted during this period were construction, government, manufacturing, and finance which cumulatively contributed -0.3% towards real GDP (Stats SA, 2020). Given that there are industries that show employment growth, and those that show shrinkage, it is important to understand where the opportunities for employment growth lie, as well as how to capture such growth.

Equally important is the contribution of small businesses and large established businesses to employment growth as well as the drivers and barriers to this employment growth. When considering the landscape in South Africa, large established businesses continue to dominate South African markets (Everest Group, 2019), and, while entrepreneurship is growing, it is growing at a relatively low pace when compared to other emerging markets (Lewis & Gasealahwe, 2017). Both these types of businesses face drivers and barriers to employment growth and it is imperative that these be understood so as to focus the state-led interventions required to: support the acceleration of employment growth, decrease unemployment, and move citizens out of inter-generational poverty. The state’s ability to achieve this will show that there has been much needed progress in their objective of attaining socio-economic justice.

1.1.3 Inequality in the labour market: is employment growth inclusive?

When considering socio-economic justice in the South African labour market, redistributive strategies were designed to achieve this justice and move people of colour out of poverty. However, regardless of these efforts, there is still a strong racial bias in unemployment that is exclusionary to Black Africans (Faulkner, Loewald, & Makrelov, 2013). If we look at the graduate pool, Black Africans have in the past decade

had the highest headcount of graduates from graduating pools. As an example, in 2009, there were approximately 20 000 White students graduating with an undergraduate degree while there were approximately 26 000 Black graduates (McCann, 2016). In 2014 there were approximately 21000 White graduates and approximately 49 000 Black graduates (McCann, 2016). Over the years, the headcount of Black graduates has continued to increase in greater proportion to White graduates.

However, a Black African graduate holding the same qualification as a White graduate is four times less likely to be employed (Mncayi, 2021; Stats SA, 2021). Following this line of current labour market reality, Black African graduates are four times less likely to get (adequate) income which directly impacts the ability of these Black graduates, and their affected families, to escape inter-generational poverty (Businesstech, 2016; McCann, 2016; South African Government, 1998; Stats SA, 2021b). Similarly, where unemployment is concerned, the demographic makeup of the unemployment rate is disproportionately concentrated amongst Black Africans (Mncayi, 2021; Stats SA, 2021). Building on this, if we consider the unemployment rate by population group, 38.2% of Black Africans are unemployed while only 8.6% of White South Africans are unemployed (Stats SA, 2021, 2021b). Additionally, in 2020, Black Africans saw an unemployment rate increase of 2.7%. This is compared to an increase of 0.7% amongst Whites (Statista, 2021; Stats SA, 2021b). This means that Black Africans are disproportionately being moved (back) into poverty, thus reversing any gains from redistributive actions taken to create equality through the job market (Department of labour, 1998; Berg, Ostry, & Tsangarides, 2014). It is therefore imperative that redistributive strategies be sought to address the failings of historic strategies that have not produced the results necessary for driving socio-economic justice. For socio-economic justice to be achieved, it is important that the job market provides equality of employment for all race groups (Faulkner, Loewald, & Makrelov, 2013).

1.2 Research problem statement

South Africa has seen minimal economic growth; however, where the country has seen growth, it has been unclear where the benefits of this economic growth are located. Are these benefits, for example, locked into the private sector in the form of wealth improvement for the elite minority with little re-investment into job creation? There is a

need to understand where these benefits are located and why these economic gains have not translated into job creation. If economic growth is to be used as a lever for job creation, that is, if applied "correctly" for the benefit of all South Africans, would economic growth accelerate job employment? Although employment is rising significantly slower than unemployment year-on-year; there are some industries which are on the right trajectory and have shown industry growth followed by modest employment growth. In addition, there is the question of what the key drivers of and barriers to employment growth are, and what role small and large businesses should play in driving this growth. Exploring this further will help focus the state's efforts on employment growth-driving activities and interventions.

When we consider the historic implementation of the redistributive strategy, Affirmative Action (AA), evidently it did not serve its intended purpose. It created the "filthy rich Black business class without addressing the extreme poverty of the majority Black population" (Leonard, 2005, p. 75). It has benefitted a small Black minority instead of addressing and moving the majority of Black Africans out of poverty. Between 2007 and 2015 there was a 179 per cent increase in the number of Black millionaires, from 6 200 in 2007, to there being 17 300 in 2015 (Businesstech, 2016). This highlights that a small minority benefited significantly, while the majority gained little to nothing. In the labour market, Black Africans are still discriminated against. This is evident in the disproportional unemployment rates of Black Africans when compared to White South Africans (Businesstech, 2016; Statista, 2021). Given this, interventions are required to break down these discriminatory labour market barriers that AA has failed to break down.

An investigation is therefore required to understand what interventions might be better suited to break down these discriminatory barriers in South Africa. As the most unequal country in the world and with little progress having been made in driving redress, it is important that the state take action to ensure economic growth, employment growth, and socio-economic justice are achieved to protect the dignity and constitutional rights of all citizens, especially Black Africans. Given this, this paper seeks to determine whether socio-economic justice can be accelerated through economic-and-employment growth that is inclusive and addresses the challenges of poverty and inequality.

1.3 Research objective

The objective of this paper is to determine whether socio-economic justice can be accelerated through economic-and-employment growth that is inclusive and addresses the challenges of poverty and inequality. To do this, this study looks to understand (1) the relationship between employment growth and economic growth; (2) where the employment opportunities lie by determining which types of businesses and sectors contribute most to employment growth; (3) the key drivers of and barriers to employment growth; and (4) the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality.

1.4 Research questions

This research undertook to answer the following research questions:

Primary research question:

1.4.1 Can socio-economic justice be accelerated through economic-and-employment growth that is inclusive and addresses the challenges of poverty and inequality in South Africa?

The research sought to answer the primary research question through the following secondary research questions:

1.4.2 Is there a relationship between employment growth and economic growth?

1.4.3 Where are the employment-growth opportunities?

1.4.4 What are the key drivers of and barriers to employment growth?

1.4.5 What interventions are required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality?

The following section describes the research questions and hypotheses that guided this research.

1.4.2 Is there a relationship between employment growth and economic growth?

The research sought to answer this through the following research questions and accompanying hypotheses:

1.4.2.1	**Is there a relationship between employment growth and economic growth?**

H₀	There is no relationship between employment growth and economic growth
H₁	There is a relationship between employment growth and economic growth

1.4.3 Where are the employment growth opportunities?

The research sought to answer this through the following research questions and accompanying hypotheses:

1.4.3.1	**Which types of businesses (small or large) contribute most to employment growth?**
1.4.3.2	**Which sectors contribute most to employment growth?**
1.4.3.3	**Is there a relationship between employment growth for business-type and economic growth?**
H₀	There is no relationship between employment growth for business-type and economic growth
H₁	There is a relationship between employment growth for business-type and economic growth
1.4.3.4	**Is there a relationship between employment growth for sector-type and economic growth?**
H₀	There is no relationship between employment growth for sector-type and economic growth
H₁	There is a relationship between employment growth for sector-type and economic growth

1.4.4 What are the key drivers of and barriers to employment growth?

The research sought to answer this research question using qualitative approaches.

1.4.5 What interventions are required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality?

The research sought to answer this research question using qualitative approaches.

2. LITERATURE REVIEW

2.1 Economic growth

Economic growth and income inequality are key issues concerned with the socio-economic development of a country (Shahbaz, 2010). Many analyses have shown that economic growth is negatively correlated to income inequality (Cingano, 2014). In support, Bhorat and Van Der Westhuizen (2012) assert that increasing economic growth is key to decreasing income inequality. Specifically, in Africa “slow economic growth, and unequal income and wealth distribution are endemic” (Gyimah-Brempong, 2001, p. 183) and addressing this is imperative to stimulating development across the continent.

Bloom *et al.* (1998) postulate that Africa’s limited “economic growth [is a] chronic issue rather than epi-sodic” (p. 208) and has resulted in deficient progress with regards to improving the lives of her citizen. In cases where countries have experienced economic growth, this growth has not translated into significant improvements in the well-being of citizens (Gumede, 2016). There has therefore been a strong interest in policies that seek to curtail inequality so as to drive long-term economic growth. A key instrument for decreasing inequality is providing access to income through the provision of decent paying jobs (Faulkner, Loewald, & Makrelov, 2013). An increase in the number of people with jobs (and therefore income) will result in an increase in the levels of consumption, savings, and investment, thereby stimulating higher economic activity and economic growth (Faulkner, Loewald, & Makrelov, 2013). As Gumede (2016) rightly states, “the labour market is an important [platform] for economic development” (p. 98).

2.2 Economic growth and employment growth

When considering the relationship between employment and economic growth, Criscuolo *et al.* (2014) and Padalino and Vivarelli (1997) show empirically that aggregate economic growth contributes to employment. Complementary, Leshoro (2013) finds that there is a direct relationship between employment and economic growth and that the direction of causality runs from economic growth to employment.

Similarly, Landmann (2002) identified a strong positive relationship between employment and productivity.

Dev (2006), however, puts forward that high growth does not necessarily create employment and that employment depends on whether the pattern of growth is labour intensive or capital intensive. Narula's (2004) study showed that economic growth is only weakly related to employment growth. The study further asserts that economic growth does not always increase employment, especially if there are increases in productivity of the workforce or where new technologies and automation have been introduced, which could in fact decrease levels of employment (Narula, 2004).

According to the World Economic Forum (WEF), this characteristic of economic growth not translating into employment growth is often a result of technologically derived job displacements (Ajakaiye, Jerome, Nabena, & Alaba, 2016). Studies assessing the dynamics of Africa have shown that the continent's growth has not created significant employment opportunities. For example, Ancharaz (2011) argues that the continent's growth has been largely driven by commodity exports and that export-led growth does not necessarily translate into higher employment levels given that extractive industries are generally capital-intensive and may not create jobs (Ajakaiye, Jerome, Nabena, & Alaba, 2016).

Several studies have investigated the association between employment-and-economic growth (Seyfried, 2011; Walterskirchen, 1999). Walterskirchen (1999), for instance, explored the relationship between employment, unemployment, and economic growth in EU countries and the findings revealed a positive association between employment levels and economic growth. Biyase & Bonga-Bonga (2007) investigated the concept of jobless growth in South Africa and found that increased output led to a slight rise in employment, refuting the notion of jobless growth. Meanwhile, Ajilore & Yinusa (2011) assessed the employment intensity of output growth in Botswana across sectors and found low sectoral employment intensity, implying that growth was primarily due to increased labour productivity rather than labour employment. Osmani's (2006) study in Asia's manufacturing sector also exhibited low employment elasticity, indicating limited growth in employment. Last but not least, Pini (1997, as cited in Seyfried, 2011) found varied employment elasticities of growth across countries, with Germany and Japan exhibiting increased employment elasticities of growth, and France and Sweden

demonstrating low elasticities, while negative employment elasticities were evident in Italy and Sweden (Leshoro, 2013).

In South Africa specifically, a study by Oosthuizen and Bhorat (2006) found that the employment elasticity for the period 1995 to 2002 was 0.81, implying that a 1% increase in Real GDP was associated with a 0.81% increase in total employment. Comparably, Marinkov and Geldenhuys (2007) in their study found the employment elasticity of 0.45 between 2001 and 2005. On the other hand, Mkhize (2019) provides employment elasticities broken down across various periods. While the employment elasticity for the period 2000 – 2012 was 0.45, it was 1.03 for the period 1999 – 2002, 2.76 over the period 2002 – 2005, 1.24 for the period 2005 – 2008 and 0.13 over the period 2008 – 2012 (Mkhize, 2019).

2.3 Sources of employment growth

When considering the employment market and the nature of job flows, employment growth is an indicator of labour market performance (Clayton, Sadeghi, Spletzer, & Talan, 2013). An increase in employment occurs when new businesses are started, new jobs within existing businesses are created and when businesses expand into new territories (Birch, 1981; Criscuolo, Gal, & Menon, 2014). Similarly, decreases in employment occur when businesses close down, retrenchments take place, or when businesses move operations out of certain territories (Birch, 1981). The net effect of increases and decreases in the employment market determines employment growth, or employment decline in the case where the decrease in employment surpasses the increase in employment (Birch, 1981). Whether there is increased, decreased or unchanged employment growth, Lewis (2001) asserts that changes in domestic business conditions have an impact on economic performance.

2.3.1 Sources of employment growth: small businesses versus large established businesses

There is considerable literature on the importance of employment growth and the drivers of this growth. Consistent among authors is that small businesses are a key driver of employment growth (Clayton, Sadeghi, Spletzer, & Talan, 2013; Coad, Daunfeldt, Hölzl, Johansson, & Nightingale, 2014; Crnogaj & Sirec, 2014; Henrekson & Johansson, 2009) and that these businesses, although small, contribute

disproportionately to employment growth when compared to large established businesses (Henrekson & Johansson, 2009). The OECD defines small businesses as having fewer than 50 employees (OECD, 2005). “From the mid-1980s to the early 1990s, in all countries, small establishments displayed more rapid net employment growth than larger ones” (OECD, 1997, p. 7). This means that for employment growth to take place, there must be a continuous flow of new small businesses being created year-on-year (Henrekson & Johansson, 2009). Although agreeing that high growth businesses are often the youngest and smallest, Clayton *et al.* (2013) raise the point that employment growth is also stimulated by older and more established businesses. Shane (2009) also notes the thinking that start-up companies are a magic bullet that will create the much desired jobs is “a dangerous myth [that] policy makers believe” (Shane, 2009, p. 141). Both these statements support the opposite notion; namely that large established businesses contribute significantly to employment growth. It remains unclear how much these large businesses contribute to employment growth and whether these large mature entities experiencing growth should increase their contributions to employment growth, particularly in territories where employment growth is stagnant or in decline.

When it comes to small businesses and entrepreneurs, Shane argues that encouraging people to become entrepreneurs is bad public policy and suggests that there needs to be a shift in entrepreneurship policy, that is, ‘‘we need to change our public policies towards entrepreneurship” (Shane, 2008, p. 164) to encourage ‘‘high quality, high growth companies to be founded” (Mason & Brown, 2011, p. 212; Shane, 2009, p. 145). Consequently, this implies that policymakers should stop subsidising start-ups and rather focus on investing in a small number of high quality-high growth businesses (Mason & Brown, 2011). However, contrary to the preceding perspective, Mahadea and Simson (2010) contend that it is indeed millions of small viable and lasting businesses that are the key to creating millions of sustainable jobs and economic growth. McEwan *et al.* (2010) also add that “facilitating the growth of entrepreneurship represents an alternate employment strategy” (McEwen, Leibbrandt, Woolard, & Koep, 2010, p. 19). Although having different perspectives, Mason and Brown (2011), Mahadea and Simson (2010), and McEwan *et al.* (2010) all agree that small businesses are a key source of employment growth and that policy makers need to create conducive environments for business growth (McEwen *et al.*, 2010).

When investigating the volume of small, medium and micro enterprises (SMMEs) and the number of people they employ, the World Bank observes that SMMEs represent 90% of business share and more than 50% of employment globally (World Bank, 2022). Similarly, the United Nations Development Program (UNDP) finds that SMMEs make up 90% of businesses globally and account for 60% of total employment (Noshad, Amjad, Shafiq, & Gillani, 2019). The International Labour Organization (ILO) asserts that SMMEs account for 70% of total employment; they further argue that that in low and middle-income countries, SMMEs account for a higher percentage of employment share compared to high-income countries, where 58% of total employment comes from SMMEs (ILO, 2022). In South Africa, specifically, although there are varying estimates around the contribution of SMMEs to total employment, research conducted in 2020 by FinMark Trust estimates that SMMEs account for more than 87% of total employment (World Bank, 2022). Additional to this, according to South Africa's National Develop Plan (NDP), 90% of the 11 million jobs that need to be created between 2020 and 2030 are expected to come from new and expanding SMMEs (World Bank, 2022).

2.3.2 Sources of employment growth: business sectors

When considering whether certain industries have more high growth businesses, thereby exhibiting more employment growth, Henerkson and Johanansson (2009) maintain that high growth businesses exist in all industries. Birch (1981) reveals that countries transitioning to a developed country find themselves moving from "manufacturing to services, from hardware to "thought ware", from large scale to capital intensive, and from a dependence on physical capital to a dependence on human capital" (Birch, 1981, p. 10). In slight opposition to this, Zaki, Alshyab, and Seleem (2020) suggest that developing economies should look to the manufacturing sector to stimulate employment growth. Zaki *et al.* (2020) do however add that it is important that there be a country specific perspective that contextualises why some industries may not, or cannot, contribute to employment growth in a given country (Zaki, Alshyab, & Seleem, 2020).

According to Cornwall and Cornwall (1994), however, the initial stage of an economy is predominantly agricultural in nature, with agriculture accounting for the largest input and employment share. In the second stage, the manufacturing sector becomes the dominant contributor to output and employment, with a rapid increase in productivity growth at the outset that eventually slows down. In the final stage, the services sector

gains importance and reduces the significance of manufacturing (Cornwall & Cornwall, 1994). According to Bhorat, Lilenstein, Oosthuizen and Thornton (2020), in post-apartheid South Africa, the services sector has become the primary driver of growth and employment, while agriculture, mining and manufacturing have declined.

A study by Mourre (2006) examined the relationship between sectoral employment and output in the Euro area, finding that the services sector demonstrated high employment elasticities from 1997 to 2001, contributing to the overall employment elasticity of the region. Similarly, Upender (2006) investigated employment elasticity in India following the 1991 reforms, discovering that the finance, insurance, and real estate sectors exhibited a positive magnitude of employment elasticity, which was higher than the negative employment elasticity observed in the agriculture and hunting sector. Additionally, Sawtelle (2007) reported a high employment elasticity value in the finance, insurance, and real estate sectors in the US from 1991 to 2001 (Mkhize, 2019).

In South Africa, Mkhize (2019) examined the relationship between sectoral employment and growth for the period between 2000 and 2012. The study revealed that the finance and business services, manufacturing, social and community services, trade, construction and transport sectors had positive and significant employment elasticities ranging between 0.29 and 1.56. The study further tested for cointegration between sectoral employment and growth to determine whether a long run relationship between these variables exists. The study findings indicated that the finance and business services, manufacturing, transport, and utilities sectors displayed cointegration between growth and employment, while the mining, construction, social and community services, and trade sectors did not exhibit cointegration and hence did not demonstrate a long-term relationship with growth. Notably, the study also found that the manufacturing sector had a weak employment elasticity, albeit significant at the 10% level, suggesting that growth in this sector was primarily driven by productivity rather than employment (Mkhize, 2019). Mkhize (2019) attributed the increase in productivity growth in the manufacturing sector to the growth in the capital-to-labour ratio in this sector and asserts that the rise in capital intensity (and therefore decline in labour intensity) is partially responsible for the sector's experience with job losses. Specifically, employment levels in the manufacturing sector declined from 1.6 million in 1995 to an estimated 1.1 million in 2011 (Mkhize, 2019).

2.4 Drivers of and barriers to employment growth

Drivers of and barriers to employment growth can be categorised as either internal or external. Internal barriers are those factors that are directly concerned with and can be controlled and influenced by a business (Hultzman, 2021). External barriers, however, are macro factors that take place outside of the business, over which a business has no control or influence (Hultzman, 2021).

2.4.1 Internal drivers of and barriers to employment growth

When a business grows, more employees are required to sustain business operations. As such employment growth is directly linked to business growth (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020). There are multiple internal drivers of and barriers to business and employment growth; however, this paper focuses on three; namely: 1) leadership knowledge, education, and experience, 2) business strategy and vision, and 3) employee skills (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020). While leadership knowledge, education, and experience, and business strategy and vision are drivers of business and employment growth, employee skills are a barrier to business and employment growth.

Having entrepreneurs and business executives (in the case of large established businesses) with high knowledge, education and experience is a driver of business and employment growth. This is because entrepreneurs and business executives with these qualities have the ability to manage variables like changing industry dynamics, business challenges, financial challenges, decision making, risks, consumer expectations etc. which are key in managing a business and driving growth (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020). In support of this, Lewis and Gasealahwe (2017) assert that education is associated with more successful businesses and that better-performing informal businesses have “higher managerial capital" (p. 27), which refers to an entrepreneur’s education and experience.

Another key driver of business and employment growth is having a clear strategy and vision. Businesses with clear strategies and visions are linked with long term success, therefore being able to drive and sustain business and employment growth. This is because these businesses are generally able to expand and develop beyond the existing landscape with a clear vision and roadmap of how to continue and sustain

expansion (Olomi, 2002). Businesses with no strategy and vision have a lower chance of long-term success which impedes (sustainable) employment growth (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020).

A key barrier to business and employment growth is having employees who lack the right skills, which is a frequent challenge in emerging markets (Lewis & Gasealahwe, 2017). As businesses grow, they tend to enter into adjacent product markets, or start new operations in completely new areas. As such, existing employees often need to adapt their skills and/or develop new skills. This requires training programmes to equip the employees with these skills (Lewis & Gasealahwe, 2017). A business that is unable to achieve this results in lower levels of productivity, resulting in business stagnation which, in turn, is a barrier to employment growth (Mason & Brown, 2011).

2.4.2 External drivers of and barriers to employment growth

There are multiple external drivers of and barriers to business and employment growth; however, this paper focuses on two, namely: 1) financing, and 2) regulations (Lewis & Gasealahwe, 2017). Both these factors are barriers to business and employment growth, and although these are barriers to both small and large established businesses, large established businesses often have the resources (legal and financial) to navigate them with little difficulty. Due to the significant affect that these factors have on small businesses, this section will focus solely on small businesses.

When it comes to financing of new small businesses, according to Toku *et al.* (2020) entrepreneurs from across the world, finance their start-ups predominantly from private savings and loans from their networks. However, in emerging markets entrepreneurs often do not have savings or access to financing from their networks and are therefore reliant on financing support from banks (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020). Despite the well-developed banking sectors in countries like South Africa, entrepreneurs still struggle to get financing (Lewis & Gasealahwe, 2017). Due to limited access to financing, many people who have ambitions of building businesses are prevented from entering the entrepreneurial market where they can create jobs (Lewis & Gasealahwe, 2017). Additionally, where new small businesses have shown growth but need additional financing to accelerate this growth, they often do not qualify for debt financing (Lewis & Gasealahwe, 2017). Not only is financing a barrier to new

business formation, but it is also a barrier to the growth of small businesses, both of which are great sources of employment growth (Lewis & Gasealahwe, 2017).

Regulatory factors refer to the ease of starting and sustaining a business. The regulatory environment impacts the formation of new businesses and the survival of existing businesses. Key regulatory constraints include licensing, tax and permits which are burdensome to set up and also come at an expense to entrepreneurs. These fixed expenses are barriers to entrepreneurs wanting to start businesses. In Mexico and Peru, a simplification and reduction in start-up and licensing procedures resulted in higher rates of business registration (Bruhn, 2008; Djankov, 2009; Mullainathan & Schnabl, 2008). Lewis and Gasealahwe (2017) observe that South Africa has a particularly high level of regulation that is burdensome and a barrier to entrepreneurship. They go on to state that the tax level for small businesses in South Africa sees large jumps in tax rates for small businesses when taxable income grows above the thresholds, thus creating disincentives to grow (Lewis & Gasealahwe, 2017). This is apparent through the disproportionate number of businesses declaring taxable income slightly below given thresholds (Lewis & Gasealahwe, 2017). These regulatory requirements present barriers to business entry, business growth and employment growth.

These macro conditions impact new and existing business growth considerably and in order to drive employment growth a more favourable environment with easier access to financing together with low costs of capital is required (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020). Additionally, regulatory requirements need to support business growth instead of presenting barriers to entry or growth for small businesses (Lewis & Gasealahwe, 2017). These will contribute significantly towards creating these favourable conditions, which in turn will result in business and employment growth (Ipinnaiye, Dineen, & Lenihan, 2017).

2.5 Inclusive employment growth

A key factor that needs to be considered, but is often overlooked when discussing employment growth, is who the beneficiaries of employment growth should be. Many researchers (Kolin, 2021; Krueger, 2012; Miethlich & Oldenburg, 2019; Piketty, 2014) assert that the mass population of a country should be the key beneficiaries of

economic-and-employment growth, as opposed to the elite minority, as this will drive income equality (Kolin, 2021). Latching on to inclusive growth literature, some authors refer to growth as inclusive if it is “disadvantage-reducing” (Aoyagi & Ganelli, 2015, p. 31) which would require that individuals in lower income brackets benefit from economic growth equally. Similarly, Klasen (2010) defines growth as inclusive if it benefits disadvantaged groups and reduces regional, ethnic and gender disparities (Aoyagi & Ganelli, 2015). Ngepah (2017) expands on this by positing that inclusive growth is characterised by a labour absorbing growth and increasing productivity of those already employed. Taking this further, the World Bank puts forward that for growth to be inclusive, it needs to be rapidly paced, broad based across all economic sectors, and inclusive of a large part of the country’s labour force, highlighting that inclusive growth refers to both “the pace and pattern of growth” (World Bank, 2009, p. 2). Fourie’s (2014) definition of inclusive growth brings these perspectives together and he asserts that “inclusive growth combines the increased participation of poor and marginalized people in growing economic processes (via employment) with increased sharing in the benefits of growth (via rising incomes as well as increased benefits from social expenditure, including human capacity building)” (Fourie, 2014, p. 4).

2.5.1 The role of the state in driving inclusive employment growth

In line with this, countries have developed policy interventions aimed at ensuring the mass population, especially the disadvantaged, benefit from growth either through the creation of new jobs to drive employment growth as opposed to jobless growth and/or through access to improved public services such as education and health care (Ancharaz, 2011; Cingano, 2014; Sum, Khatiwada, McLaughlin, & Palma, 2011). Taking the approach of driving inclusive employment growth through access to improved public services has come with opposing views. While some argue that taking this redistribution approach hurts growth due to its direct effect on higher taxes for businesses and individuals, Benabou (2000), and Saint-Paul and Verdier (1993) argue that redistributive polices like spending on education and health care benefits the disadvantaged while also enhancing growth through improved human capital (Aoyagi & Ganelli, 2015). In this regard, a study by Berg, Ostry, and Tsangarides (2014) concluded that the combined direct and indirect effects of this redistributive approach is on average “pro-growth” (Aoyagi & Ganelli, 2015, p. 30) and that redistribution is not worse for growth than inequality itself. In Asia specifically policymakers who traditionally used macroeconomic policy to support growth, rather than taking a

redistributive approach, saw rising inequality, prompting them to develop policies and plans that would make growth inclusive (Asian Development Bank, 2012). In this regard, Bastagli *et al.* (2016) and the IMF (2014) highlight policies and programmes implemented by various countries experiencing a similar phenomenon that could address this issue, including making income (including pension income) taxation and benefit cuts progressive, designing unemployment benefits in a way that strengthens incentives to take up employment, expanding health coverage, and the "introduction of "in-kind benefits" that link the receipt of benefits to employment" (Aoyagi & Ganelli, 2015, p. 38), amongst others.

2.5.2 The role of business in driving inclusive employment growth

While some businesses promote the inclusion of disadvantaged groups through compliance to policies like preferential treatment, there is a lot of discourse on "inclusive business" and the need for more businesses to adapt to this model (Cingano, 2014). "Inclusive business" (a term that was developed in 2005 by the World Business Council for Sustainable Development) is a concept that evolved from separating business from philanthropy, to seeking ways to integrate the two to alleviate socio-economic challenges such as high unemployment and economic exclusion. Inclusive businesses aim to generate sustainable and decent income generating opportunities for low income communities and marginalised groups that have low or no job market mobility. Inclusive businesses achieve this by integrating these communities and groups into their value chains as customers, suppliers, distributors, retailers or employees. While these businesses do still seek profit generation, the focus on this is decreased (Likoko & Janvier, 2017). Scholars agree that inclusive business goes beyond profit maximisation; however, "they question the assumption that market forces should and will be willing, and able to sustain interest in the well-being of the poor" (Likoko & Janvier, 2017, p. 86).

Additionally, the inclusive business model requires businesses to take on a developmental role which may conflict with their objective of profit maximisation (Likoko & Janvier, 2017). When considering approaches like preferential treatment, Nagel (1973) states that systemic inequalities, where society has and still does provide more to one group than it does another in the form of social, educational or economic advantages, results in the creation of a competitive advantage for that one group when seeking access to a job or promotion in the work place. This competitive advantage

means that minority groups without any social, education and economic advantages have difficulty gaining access to these jobs and promotions. In light of this, Edwards and Zaretsky (1975) assert that approaches like preferential treatment and affirmative action help increase the number of minorities in jobs, and further states that “temporary preferential remedies appear to be the only way to effectively break the cycle of employment discrimination” (Edwards & Zaretsky, 1975, p. 7). Companies apply these approaches in various ways, including applying a quota to hiring, promotions and workforce representation (i.e. a certain percentage of the total workforce must belong to minority groups), as well as through fictional seniority, which provides protection against retrenchments for less senior minority employees and grants them preferences in promotions (Edwards & Zaretsky, 1975). Edwards and Zaretsky (1975) go on to highlight that preferential remedies can and do co-exist with the maintenance of professional standards in job hiring, promotion and retention.

2.5.3 Inequality in the labour market: The South African case

The legacy of apartheid in South Africa has resulted in social and economic disparities along racial and gender lines (Franchi, 2003). The workplace under the apartheid regime, allocated skill and authority based on race, and lacked mechanisms for the incorporation and upward mobility of black workers, which mirrored broader political and social exclusions (von Holdt, 2003). To address this, various policy was implemented. The first is the Basic Conditions of Employment Act (BCEA) of 1997 which aims to regulate minimum conditions of employment, and to ensure that working conditions of unorganised and vulnerable workers comply with the minimum standards defined by the ILO (Venter & Levy, 2011:225-235). Secondly, there is the Employment Equity Act (EEA) of 1997 which seeks to promote equal opportunities in the workplace through fair employment practices and policy (Venter & Levy, 2011:236-240). Thirdly, there is the Skills Development Act (SDA) of 1998 which aims to improve the skills of the South African workforce by driving investment in training and development (Venter & Levy, 2011:246-247). These policy instruments highlight the steps that the post-apartheid government had taken to transform the workplace (Webster & Francis, 2019).

However, despite these legislations, there is still significant underrepresentation of Black South Africans in top positions both in the Private and Public sectors (Franchi,

2003). Progress in achieving social justice has been slow and inconsistent (Mazibuko & Govender, 2017).

2.5.3.1 The cause of inequalities in the South African labour market

Research suggests that unequal opportunities in the labour market stem from discrimination (Knocke & Hertzberg, 2003; Helgesson, 2000; Höglund, 2002). The term "discrimination" is laden with complexities, as both employers and those facing discrimination may avoid its direct usage. Instead, discussions about labour market participation of Black Africans often prefer the term "diversity". This shift in language reflects a complicated approach to addressing issues without explicitly framing them as discriminatory. Despite shifts in South African discourse away from the use of terms like “discriminatory” and explicit racial categorizations, Franchi’s (2003) research highlights that 'race' is used both cognitively and emotionally when processing information.

Engelbrecht (2011) contends that discrimination is deeply rooted in South Africa's political legacy and poses significant challenges to workplace diversity (Engelbrecht, 2011). Despite the dismantling of apartheid, the country remains marked by systematic racial ordering and discrimination, resulting in persistent racialization and socio-economic inequality. Furthermore, even where educational background and language skills are not barriers, ethnic minorities face high unemployment and poor employment conditions. This highlights that the South African labour market is still rooted in the historical discriminatory practices of apartheid.

2.5.3.2 The effectiveness of labour legislation in driving socio-economic justice

Labor law policies in South Africa have given rise to a minority Black middle class benefiting from employment equity, particularly in the public sector (von Holdt, 2019). This highlights that labour market legislation can drive socio-economic justice by improving access to income and reducing income inequality.

Despite this, it is important to note that the South African labour market remains a primary site for the reproduction of income inequality, which still largely persists (Webster & Francis, 2019). Carr (1995) argues that employment equity, in its current form, inadequately addresses issues of class intersecting with race. Instead of improving (income) inequality for the mass population, employment equity legislation

benefits racial minorities with high-status backgrounds and employment (who require the least amount of support) the most. He suggests that without examining "structural changes in the economy," those most affected by racial discrimination will continue to suffer the most (Carr, 1995). Supporting this, Webster and Francis (2019) introduce the concept of the South African inequality paradox, emphasizing the coexistence of progressive policies and persistent and widening inequality. Despite having one of the most progressive constitutions globally, and a Bill of Rights foregrounding expanded socio-economic rights, South Africa still grapples with significant inequality (Webster & Francis, 2019).

2.6 Theoretical framework

As a tool for analysis, this research adopts a Keynesian lens to view the effects of various policy alternatives to the main economic variables that the research questions lend themselves to, namely, unemployment, economic growth, and employment growth (Economic Policy Institute, 2022; Feinberg, 1985; Narula, 2004). The second tool for analysis is the "inclusive economic [theory]" (Ngepah, 2017, p. 2) which is a response to concerns about the neo-liberal capitalist model failures globally. Inclusive economic theory seeks to bring a holistic approach to growth and development that sees economic well-being as a goal that goes beyond just economic growth. It sees economic well-being as a phenomenon that occurs only if economic growth is inclusive (Fourie, 2014).

2.6.1 Keynesian framework

The purpose of using the Keynesian macro-economic framework was to illustrate how unemployment, economic growth and employment growth are related, and to explore the effect each variable has on the other (Kreishan, 2011). The application of Keynesian theory (Jahan, Mahmud, & Papageorgiou, 2014) is, however, narrow in this research paper.

The value of what is produced in an economy is referred to as Gross Domestic Product (GDP) and is denoted as Y. GDP (Y) is an aggregation of: 1) Consumption (C) – a measure of spending by households, 2) Investment (I) – private investment by firms in an economy, 3) Government Spending (G) – the total budget government spends on its programmes, and 4) Net Trade (X-M) – the difference between exports (X) and Imports (M); and hence $Y = C + I + G + (X – M)$ (Kwok, 2007).

2.6.2 Inclusive economics framework

The reason for using the inclusive economic framework was to explore the topic of socio-economic justice within the context of ongoing macro-economic activity. The Keynesian framework does not address this topic and given that this research explores this theme (albeit narrowly), a framework that enables the analysis of this phenomenon was necessary.

Inclusive economics is a new framework that looks at alternative models to balance the technical nature of economics by providing a “humanised” lens to the dynamics of economics. The framework ensures that the complexities and realities of human nature are included in the analysis of economic activity. “As part of the inclusive framework, national economic performance is therefore better assessed with a composite measure of well-being, economic justice etc…” (Van Niekerk, 2019, p. 7).

While inclusive economics is made up of four concepts, the concept of focus for this research is the “well-being economy” which is defined by Van Niekerk (2019) as follows:

> *“The growth-driven economy follows a vertical structure, assuming a trickle-down effect through a separation of production and consumption. Increased inequality is often a result, which excludes many from mainstream economic activity.* ***A well-being economy*** *aims to ‘include’ through a more horizontal structure in which participants are empowered in an integrated network of ‘redefined’ roles and functions as they sculpt new forms of productivity and economic utility. Consumers, for instance, become ‘co-producers’ through entrepreneurial initiatives and ‘open-source’ production…. finding ways to involve more people in productive employment is critical for increasing the incomes of poor and excluded groups and raising living standards.”* (Van Niekerk, 2019, p. 3).

It is important to note that Keynesian and inclusive economics are complementary frameworks that provide richer insights when applied together. Combining both frameworks in this study provided a robust analysis that sought to ensure that traditional economic theory (Keynesian) was enriched by a new framework (inclusive economic theory) that creates room to address the topics of poverty and socio-economic justice (Fornaro & Benigno, 2018; Jahan, Mahmud, & Papageorgiou, 2014; Ncube, Anyanwu, & Hausken, 2014; World Bank, 2009; Arbour, 2007).

3. RESEARCH METHODOLOGY

This chapter describes the research methodology which is divided into five key sections: the research strategy and design; the research procedure and methods which details the data collection instrument, the target population and sampling; the data collection process and storage; and data analysis. This is then followed by sections on validity and reliability, limitations and the ethical considerations.

3.1 Research strategy and design

This study sought to determine whether socio-economic justice can be accelerated through employment-and-economic growth that is inclusive and addresses the challenges of poverty and inequality. For this study, a mixed methods research approach was employed as both quantitative and qualitative data were used to answer the research questions (Sekaran & Bougie, 2016). Taking a mixed strategy approach allows for the combination of inductive and deductive thinking and provides richer insights than taking a single strategy. Given the dynamic nature of the research problem where four parameters in relation to employment growth were being explored, taking a robust approach was best suited to answer the research questions with greater reliability. Both primary and secondary data were collected. Primary data was collected using a fully structured interview schedule which was used for qualitative analysis, while secondary data was collected from publicly available databases to conduct quantitative testing. In the former, a cross-sectional research design was used where primary data from a single point in time was collected and analysed. For the quantitative testing, time series data for a ten-year period from 2009 to 2019 was collected and analysed.

3.2 Research procedure and methods

To answer the research question, this study explored four parameters in relation to employment growth, namely: (1) whether there is a relationship between employment growth and economic growth; (2) where the employment growth opportunities lie by determining which types of businesses and sectors contribute most to employment growth; (3) the key drivers of and barriers to employment growth; and (4) the interventions required to ensure that employment growth is inclusive and addresses

the challenges of poverty and inequality. Each of the parameters required different research procedures and methods. These will be detailed in this chapter.

3.2.1 Data collection instrument

The data collection instruments for the four parameters were as follows:

3.2.1.1 Parameter (1): The relationship between employment growth and economic growth

In order to determine whether there is a relationship between employment growth and economic growth, two types of data were used. First, the employment data for South Africa covering the period 2009 – 2019 was sourced from the Quarterly Labour Force Surveys (Stats SA, 2009, 2011, 2019, 2021c). Second, economic growth data that captures the seasonally adjusted real gross domestic product series (KBP6006D) for South Africa over the period 2009 – 2019 was downloaded from the South African Reserve Bank (SARB) online database.

3.2.1.2 Parameter (2): Where the employment growth opportunities lie

To gain insight into where the employment growth opportunities lie, three groups of data were collected. First, within the South African labour markets, it was critical to gain access to the number of jobs large established businesses created quarterly between 2009 and 2019, and the number of jobs created by small businesses quarterly in the same period. Analysing such labour market data would shed some light on which types of businesses contributed the most to employment growth and whether this contribution changed across the designated period. During the data collection process, the researcher was unable to find reliable data sets that provided the total number of jobs created by established large and small businesses. Instead, the researcher was only able to locate data that showed the distribution of those who found employment by size of firm from the reports on Labour Market Dynamics in South Africa (Stats SA, 2020).

There were three categories of firm size in this data set: namely, 0-9 employees, 10-49 employees, and more than 50 employees. Adopting the OECD approach, for this study, firm sizes 0-9 employees and 10-49 employees were categorised as small, micro, and medium enterprises (SMMEs), and firms with more than 50 employees were

categorised as large businesses (OECD, 2005). While the research had intended to collect this data for the period commencing from 2009, this data was only available from Q2 2010 (Stats SA, 2015). Therefore, under this constraint, the collated dataset utilised in determining the number of jobs created quarterly by small businesses versus large established businesses was for the period Q2 2010 to Q4 2019 (Stats SA, 2020).

Table 3.1: Quarterly distribution of those who found employment by size of firm over the period 2010- 2012

	FIRM SIZE				
	0-9 employees	10-49 employees	>50 employees	Don't Know	Total
Employed	Per Cent (%)				
Quarter					
Q2 2010	58.7	17.7	19.1	4.5	100.0
Q3 2010	60.0	19.7	15.8	4.6	100.0
Q4 2010	60.6	18.3	17.0	4.1	100.0
Q1 2011	57.4	20.0	17.6	5.0	100.0
Q2 2011	56.7	21.0	17.6	4.8	100.0
Q3 2011	55.2	19.7	19.5	5.6	100.0
Q4 2011	54.5	21.6	18.4	5.4	100.0
Q1 2012	53.8	20.3	22.0	3.9	100.0
Q2 2012	54.7	21.6	19.8	3.9	100.0
Q3 2012	54.0	19.9	18.3	7.8	100.0
Q4 2012	50.7	22.5	21.2	5.6	100.0

Note: This is a partial synopsis of the full data collected.

Source: Labour market dynamics in South Africa 2014 (Stats SA, 2015)

Second, is the sourcing of the number of jobs created by each sector quarterly between 2009 and 2019. This portion of the collected data provided insight into which sectors created significant jobs, which sectors showed no changes, and which sectors had reductions in the number of jobs created during the study period. The relevant data was collected from the Quarterly Labour Force Surveys (Stats SA, 2009, 2011, 2019, 2021c).

Third, data was also collected to determine whether there is a relationship between employment by business type (large versus small) and employment by sector, and

economic growth. This phase of the design illuminates the movements that occur in jobs created by small businesses and large businesses as the economic growth rate shifts, as well as the sector specific movements and how these respond to economic growth rate shifts. To analyse these critical linkages, economic growth data, employment data by business type (large versus small) and employment data by sector type were used. All data collected covered the period 2009 – 2019. The data used was sourced from Stats SA (Stats SA, 2009, 2011,2015, 2019,2020) and SARB.

3.2.1.3 Parameter (3): The drivers of and barriers to employment growth

In the interest of identifying the drivers of and barriers to employment growth, interviews were held with entrepreneurs and subject matter advisors on the topics relating to the drivers of and barriers to employment growth. The interviews were guided by a semi-structured interview schedule and were conducted on Microsoft Teams.

3.2.1.4 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

To assess the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality, interviews were held with subject matter advisors who are experts on the topics of employment and socio-economic justice. The interviews were guided by a semi-structured interview schedule and were conducted on Microsoft Teams.

3.2.2 Target population and sampling

The target population and sampling for this study's four parameters were as follows:

3.2.2.1 Parameter (1): The relationship between employment growth and economic growth

Probability sampling was used to determine whether there is a relationship between employment growth and economic growth. This is because the selected data was representative of the South African employment landscape and economic environment. The target population was employment growth and economic growth values for the period 2009 – 2019.

3.2.2.2 Parameter (2): Where the employment growth opportunities lie

Probability sampling was used to determine where the employment growth opportunities lie. This is because the selected data was representative of the South African business and sectoral economy. The target population was South African established large businesses, South African small businesses, and South African defined business sectors. The data was for the period 2009 – 2019.

3.2.2.3 Parameter (3): The drivers of and barriers to employment growth

Purposive sampling was used to identify entrepreneurs, business executives and subject matter advisors for the interviews. The target population was five entrepreneurs and two subject matter advisors on the topics relating to the drivers of and barriers to employment growth. During the interview stage of the research process, the researcher interviewed four of the five identified entrepreneurs (due to unavailability of the one entrepreneur). Of the four entrepreneurs interviewed, one entrepreneur was an SMME incubator who was able to share their experience as an entrepreneur, as well as provide insights on drivers of and barriers to employment growth of the 3000+ entrepreneurs who they have supported. The purpose of interviewing an SMME incubator was to enrich the research findings and get a more robust perspective of the drivers of and barriers to employment growth experienced by entrepreneurs.

3.2.2.4 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

Purposive sampling was used to identify subject matter advisors on the topics of employment growth and socio-economic justice (Arbour, 2007; Sekaran & Bougie, 2016). The target population was three subject matter advisors from South Africa whose insights would illuminate the potential interventions and alternative approaches that can be used to drive socio-economic justice through the labour market in South Africa. While three subject matter advisors were identified and invited to participate, only two interviews took place due to unavailability of the one subject matter advisor.

3.2.3 Data collection process and storage

The data collection process and storage for this study's four parameters were as follows:

3.2.3.1 Parameter (1): The relationship between employment growth and economic growth

The data required to determine whether there is a relationship between employment growth and economic growth was extracted from publicly available reports by Stats SA (2009, 2011, 2019, 2021c). The required data points were then manually populated into an Excel spreadsheet. This data is stored on a laptop that is encrypted with security software, as well as on an encrypted external hard drive.

3.2.3.2 Parameter (2): Where the employment growth opportunities lie

The data required to determine where the employment growth opportunities lie was extracted from publicly available reports by Stats SA (2009, 2011, 2019, 2021c). The required data points were then manually populated onto an Excel spreadsheet. This data is stored on a laptop that is encrypted with security software, as well as on an encrypted external hard drive.

3.2.3.3 Parameter (3): The drivers of and barriers to employment growth

The data that was collected for determining the key drivers of and barriers to employment growth is based on interviews. The researcher recorded the interviews held on Microsoft Teams and transcribed the interviews into Microsoft Word. This data is stored on a laptop that is encrypted with security software, as well as on an encrypted external hard drive.

3.2.3.4 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

The data that was collected to determine the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality is interview data. The researcher recorded the interviews held on Microsoft Teams and transcribed the interviews into Microsoft Word. This data is stored on a laptop that is encrypted with security software, as well as on an encrypted external hard drive.

3.3 Data analysis

The data analysis for this study's four parameters was as follows:

3.3.1 Parameter (1): The relationship between employment growth and economic growth

To determine whether there is a relationship between employment growth and economic growth, a Dynamic Linear Autoregressive Distributed Lag (ARDL) model was estimated. The ARDL model was an effective tool of analysis in this quantitative phase because it could attain consistent estimates if the variables were either integrated of order zero or one and the estimator was robust to small study samples (especially, since there were 43 maximal observations for this section). Furthermore, when the variables are non-stationary and cointegrated, the ARDL model accommodates for both long run and short run dynamics to provide additional insights into the non-spurious relationship between the variables (Kripfganz & Schneider, 2018; Pesaran, Shin, & Smith, 2001).

An ARDL model is a statistical model that is used to analyse the relationship between a dependent and an independent variable(s), particularly where some of the variables are stationary and others are non-stationary or they are all non-stationary (Kripfganz & Schneider, 2018). It is important to note that in contrast to the vector error correction model (VECM) that needs all variables to be non-stationary and cointegration to exist, the ARDL estimator has the advantage of being consistent when the variables are either all non-stationary or a mix of stationary and non-stationary. As a result, the existence of a long run relationship may be tested post estimation and accounted for to avoid spurious inferences (Pesaran, Shin, & Smith, 2001; Shrestha & Bhatta, 2018).

Non-stationary variables are ones that tend to diverge away from their long-term mean over time or the variance changes over time, thus making it difficult to identify underlying patterns and intrinsic relationships between the variables (Shrestha & Bhatta, 2018). Since non-stationary variables have statistical properties that are not constant over time, traditional ordinary least squares (OLS) regression would produce spurious results and unreliable statistical significance tests as the assumptions for consistency based on stationary properties will be violated. Examples of macro-economic variables that tend to be non-stationary are GDP, employment series, inflation, and exchange rates, with GDP and employment time series being variables that were used in this study. Although the ARDL model accommodates for the varying orders of integration among the variables, cognisant that the OLS estimator can be more efficient when all the variables are stationary, the study first ran the Augmented

Dickey Fuller (ADF) Unit Root Test to check if the variables were either stationary or non-stationary.

Further, post-estimation of the ARDL specification to test whether a long run relationship exists between the underlying variables, a Pearson, Shin and Smith (PSS) test was run (Pesaran, Shin, & Smith, 2001). The PSS test is used to check for cointegration between the variables. Cointegration refers to the existence of a long run relationship between the variables, and its presence allows for valid long-term and short-term dynamic inferences in the ARDL model (Kripfganz & Schneider, 2018). That is, the PSS test is necessary to check that we can indeed trust the long-term results of the ARDL model. To explain this further, the existence of a long run relationship or cointegration between the variables can only be confirmed by a statistically significant PSS F test; otherwise, the study concludes that there is no cointegrating relationship between the variables. Statistically this would mean that the results of the ARDL model showing a long-term relationship between the variables are coincidental and not causal (Shrestha & Bhatta, 2018). Consequently, the short-term dynamics or first difference models were appropriate. For this study, all statistical tests were run on Stata.

3.3.2 Parameter (2): Where the employment growth opportunities lie

First, to determine whether small businesses or large established businesses contribute the most to employment growth, the researcher had intended to use simple mathematics to calculate the total number of jobs created by small businesses and large established businesses respectively between 2009 and 2019. Once this had been determined, the total number of jobs created by each type of business (small versus large) would be divided by the total number of jobs created, which would provide a percentage contribution of each business type to total job creation, thus illuminating whether small businesses or large established businesses contributed the most to employment growth during the ten-year period. However, in the process of data collection, the researcher was unable to locate reliable data providing the number of jobs created by each business type; instead, the study implemented quarterly data on the percentage contribution of each business type. This data was analysed, and the findings are discussed in the next chapter.

Second, to determine which sectors contributed the most to employment growth, simple mathematics was used to calculate the total number of jobs created in each

business sector between 2009 and 2019. Once this had been determined, the total number of jobs created by each business sector was divided by the total number of jobs created. This provided a percentage contribution of each business sector to total job creation, which provided insight into which sector contributed the most to employment growth during the ten-year period. This data has been analysed and is discussed in the next chapter.

Third, to assess whether there is relationship between (a) business-type-and-economic growth and (b) sector-type-and-economic growth, an ordinary least squares (OLS) model and an ARDL model were run respectively. The study ran the ADF Unit root tests and found that, while the sector-type variables were a mix of non-stationary and stationary time series, the business-type variables were stationary, hence the need for different models for efficiency gains. Additionally, the researcher ran the respective PSS F tests to determine whether a long run relationship exists among the respective variables. These tests provide insights into the relationship between the variables and how changes in economic growth impact different business types (small or large) and the different business sectors over the short- and-long-term. All tests were run on Stata.

In sum, the combination of the tests shows i) which types of businesses (small or large) contribute the most to employment growth and the relative percentage contributions of each; ii) which sectors contribute the most to employment growth and the relative contributions of each; and iii) whether there is a relationship between business type and economic growth, and sector type and economic growth as well as the strength of the relationship. This data was analysed and is discussed in the findings chapter.

3.3.3 Parameter (3): The drivers of and barriers to employment growth

The analysis technique that was used to conduct the analysis for determining the key drivers of and barriers to employment growth was qualitative thematic content analysis. This approach is appropriate because it is an exploratory approach to data analysis where themes emerge naturally from the data instead of them being predefined, which ensures the integrity of the findings (Sekaran & Bougie, 2016). The analysis of the interview data (transcripts) was done independently for the entrepreneurs and subject matter advisors. This was done to ensure that insights did not get lost in the synthesis process. The emergent themes for each group were compared. However, during the comparative analysis, the researcher found that, while the themes were at times

similar, the context in which each theme existed required that the list of themes for the entrepreneurs and subject matter advisors remain separated. Accordingly, these themes have been synthesized and are discussed in the findings chapter.

3.3.4 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

The analysis technique that was used to identify the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality was qualitative thematic content analysis (Sekaran & Bougie, 2016). As highlighted in the section above, this approach was appropriate because it is an exploratory approach to data analysis where themes emerge naturally from the data instead of them being predefined, which then ensured the integrity of the findings. During data analysis, interview transcripts were used to determine the emergent themes. These themes were further refined and synthesized and are discussed in the findings chapter of this study.

3.4 Validity and reliability

Validity and reliability are key measures that attest to the scientific rigor that has gone into the study (Sekaran & Bougie, 2016). More specifically, validity refers to the extent to which a test measures what it is intended to measure, while reliability refers to the consistency and replicability of the research over time. The validity and reliability for the three parameters are as follows:

3.4.1 Parameter (1): The relationship between employment growth and economic growth

The approach that was taken to determine the relationship between employment growth and economic growth was one with high validity and high reliability. When considering validity, the data that was collected measured with high accuracy what the study intended to measure. When considering reliability, the approach taken to determine whether there is a relationship between employment growth and economic growth was a series of statistical tests, namely the ADF, PSS and ARDL estimations which can be replicated over time. The approach, process and statistical modelling that was conducted in this study can be replicated over time with high accuracy, therefore making this study reliable.

3.4.2 Parameter (2): Where the employment growth opportunities lie

The approach that was taken to determine where the employment growth opportunities lie is one with high validity and high reliability. When considering validity, the data that was collected measures with high accuracy what the study intended to measure. When considering reliability, the approach taken to determine where employment growth opportunities lie was mathematical and can be replicated over time. The approach, process, mathematical equations, and statistical modelling that were conducted in this study can be replicated over time with high accuracy making the study reliable.

3.4.3 Parameter (3): The drivers of and barriers to employment growth

To determine the key drivers of and barriers to employment growth, a semi-structured interview schedule was used to conduct interviews with subject matter advisors. Because of interviewees' interpretation of the questions and the researcher's interpretation of the responses, research validity was compromised. However, based on the interviews, the responses measure what was intended to be measured and the research was able to determine the drivers of and barriers to employment growth. When considering reliability, the interview questions that were used were not replicated from a previous study and were instead developed based on the researcher's discretion, thus compromising the reliability of the study.

3.4.4 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

In the interest of assessing the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality, a semi-structured interview schedule was used to conduct interviews with subject matter advisors. Because of interviewees' interpretation of questions and the researcher's interpretation of responses, research validity was compromised. However, based on the interviews, the responses measured what was intended to be measured and the research was able to determine the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality. When considering reliability, the interview questions used were not replicated from a previous study and were instead developed based on the researcher's discretion, thus compromising the reliability of the study.

3.5 Limitations

Limitations encapsulate the challenges experienced during the research that compromise the reliability and validity of the research (Sekaran & Bougie, 2016). In this research, data was gathered from external databases; however, the study used multiple databases and sources of data to gather all required data points. This compromised the validity of the study. When considering administrative limitations, time may have been a limitation as the research had four components that needed to be completed in a limited amount of time.

3.6 Ethical considerations

Data received from publicly available databases was not manipulated in any way and was used only for the purposes of this study. Research participants were provided with an information sheet that gave an overview of the research study, as well as a consent form. Participants were advised that interview recordings were confidential, would not be shared, and that the data would be used only for the research objectives of this study. Additionally, transcriptions were cleaned, and pseudonyms assigned to ensure no references to personal details of the research participants. While participants were advised that they could withdraw at any point of the interview, no participants withdrew from the process.

4. RESEARCH FINDINGS

The findings will be presented for each of the four parameters; namely (1) the relationship between employment growth and economic growth, (2) where the employment opportunities lie by determining which types of businesses and sectors contribute most to employment growth, (3) the key drivers of and barriers to employment growth, and (4) the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality.

4.1 Quantitative model results

4.1.1 Parameter (1): The relationship between employment growth and economic growth

The research sought to determine whether there is a relationship between employment growth and economic growth. Real GDP (%) stands for real Gross Domestic Product percentage deviation and represents economic growth, and total employment (%) denotes employment growth in South Africa. Table 4.1 below provides a summary of the statistics. It is important to note that the absolute data set comprises of 44 observations, whereas the growth (%) data set consists of 43 observations. This discrepancy in the number of observations is due to the growth data set being derived as the first difference of the natural logarithm data set, leading to one fewer observation.

Table 4.1: Summary statistics for the South African economy over the period 2009Q1-2019Q4

	Mean	Median	Minimum	Maximum	Obs.
Total employment	1.48e+07	1.51e+07	1.27e+07	1.65e+07	**44**
Total employment (%)	1.73	1.52	-14.75	31.46	**43**
Real GDP (R' million)	4 301 859	4 359 213	3 842 387	4 609 092	**44**
Real GDP (%)	1.62	1.797	- 3.64	5.098	**43**

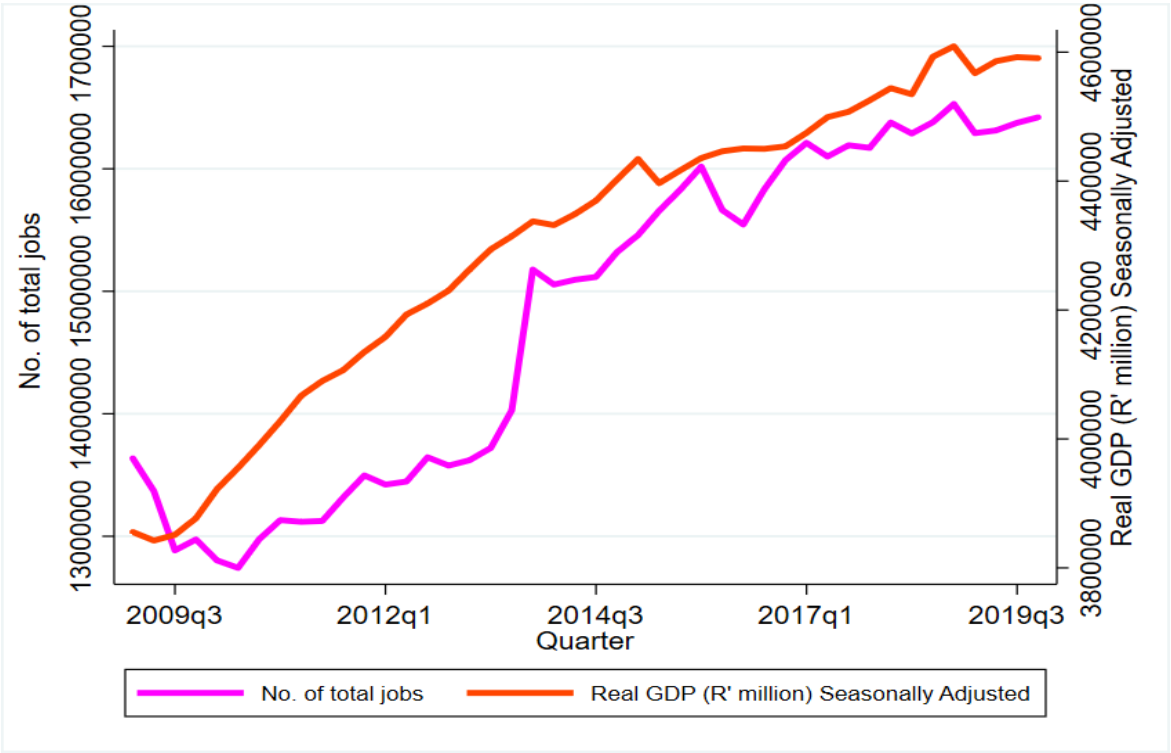
Note: GDP stands for Gross Domestic Product.

Source: Author's own computations using the study data and STATA

For total employment, when looking at raw level values the mean employment is 14.8 million, while the median employment is slightly higher than the mean employment at 15.1 million. The minimum employment in the country is 12.7 million, and the maximum is 16.5 million during this period. When looking at the growth figures, the mean percentage change in total employment is 1.73%, while the median percentage change is 1.52%. The minimum and maximum percentage changes are -14.75% and 31.46%, respectively.

For real GDP, the mean real GDP is 4.30 trillion rands, while the median real GDP is 4.36 trillion rands, which is slightly higher than the mean. The minimum real GDP is 3.84 Trillion Rands, and the maximum is 4.61 trillion rands. When looking at growth statistics, the mean percentage change in real GDP is 1.62%, while the median percentage change is 1.797%. The minimum and maximum percentage changes are -3.64% and 5.098%, respectively.

Figure 4.1 below provides a graph showing total employment and real GDP. The left vertical axis represents the number of total jobs created (i.e., total employment) over the period 2009Q1 – 2019Q4 in South Africa. The right vertical axis represents the seasonally adjusted real GDP. The horizontal axis denotes the quarterly periods. In terms of association, the exploratory visualization suggests that the correlation between employment and output seems to be positive. Although the graph provides visual exploration of a feasible co-movement between the employment and real GDP time series, the study employed statistical models or tests to assess if the long run relationship or cointegration does indeed exist.



Note: The left vertical axis represents the number of total jobs and the right vertical axis denotes the seasonally adjusted real GDP (R' million).

Source: Author's own plot using study data and STATA

Figure 4.1: Total employment and seasonally adjusted real Gross Domestic Product trends in South Africa over 2009Q1-2019Q4.

As outlined in the preceding methodology chapter, to begin with an ADF unit root test was conducted to determine whether the data was stationary or non-stationary. The results of this test are presented in Table 4.2 below. Note that this research uses the natural logarithm of the variables for statistical modelling (i.e., log total employment and log real GDP). This is because the use of the logarithm helps to stabilize the variance in the data and helps identify the intrinsic trends and patterns in the data. This transformation can help yield model residuals that have the desirable statistical property of being normally distributed for inferential reliability. That is, the natural logarithm transformation may improve the accuracy of statistical inferences and hypothesis tests. Additionally, the estimated coefficients from the regressions between natural logarithm variables is interpreted as an elasticity or a percentage change in the dependent variable following a one percent growth in the independent variable, making it easier to interpret and assess the growth dynamics.

Table 4.2: Augmented Dickey Fuller Unit Root Test

Variables	Deterministic terms	Levels
	Intercept &/ Trend	**Z(t)**
Log total employment	Intercept	-0.58 (0.88)
Log real GDP	Intercept & trend	-2.30 (0.43)

Note: *The p-values are in parentheses.*

Source: Author's own computations using study data and STATA

Table 4.2 shows that the ADF unit root test statistic for log total employment is -0.58 (p-value 0.88), indicating that it is not statistically significant. This means that we cannot reject the null hypothesis and conclude that the data is non-stationary. Similarly, for log real GDP, the test statistic is -2.30 (p-value 0.43), which is also not statistically significant. Hence, we fail to reject the null hypothesis and conclude that the data is non-stationary. Therefore, based on the ADF unit root tests, both log total employment and log real GDP are non-stationary.

As discussed in the methodology section, once non-stationarity is detected by the ADF unit root test, the ARDL model can be performed to test for the presence of a long-term relationship (cointegration) between the two variables. Specifically, the ARDL approach was applied to investigate the connection between employment growth and economic growth in both the short and long term. To confirm causality and rule out coincidental correlation, a PSS F test was carried out. The results of the ARDL estimation and PSS cointegration test are presented in Table 4.3, while Table 4.4 provides the critical values for assessing the statistical significance of the PSS test statistic.

Table 4.3: ARDL and PSS test outputs for the period 2009Q1-2019Q4

Dependent variable:	**Log of total employment$_t$**	
	ARDL(1,0)	
VARIABLES	**Estimate**	**Std. error**
Log real GDP$_t$	**0.4423*** **	(0.0996)
Constant	**-2.751*** **	(0.754)
Error Correction $[\mathbf{ECM}(-\mathbf{1})]$	**-0.242*** **	(0.0578)
Long Run: **Log real GDP**	**1.824*** **	(0.1752)
PSS Test Statistic: F_{pss}	**9.904*****	
Cointegration Conclusion	***YES cointegration exists***	

Note:

1. ******* denotes significance at the 1% level. The standard errors are in parenthesis.
2. The estimated coefficient of the **Constant** term is -2.751, which represents the intercept of the regression equation when all the independent variables are equal to zero. This constant term captures any other factors that affect total employment but are not included in the model. The estimated coefficient of -2.751 suggests that these factors have a negative effect on total employment.
3. The **error correction term [ECM (11)]** captures the short run dynamics of the relationship between total employment and real GDP. The ECM term represents the deviation from the long run equilibrium relationship between the two variables and is expected to have a negative coefficient meaning that any deviation from the long run relationship will be corrected in the short term. The estimated coefficient of the error correction term (ECM) is -0.242, which is negative as expected. This indicates that there is a short run adjustment process towards the long run equilibrium relationship between total employment and real GDP.
4. The **standard error** measures the variability or uncertainty associated with the estimated coefficients. A small standard error means that estimates are relatively precise, and the true values of the coefficients are likely to be close to the estimated values. In general, standard errors are considered relatively small if they are smaller than the magnitude of the estimated coefficients. Based on the standard errors in this table, the estimates are relatively precise, and the true values of the coefficients are likely to be close to the estimated values.

Source: Author's own computations using study data and STATA

Table 4.4: PSS test critical values

Kripfganz & Schneider (2018) critical values			
Significance level	**10%**	**5%**	**1%**
F-bound test	[4.189 ; 4.973]	[5.197 ; 6.073]	[7.556 ; 8.611]

Source: Kripfganz and Schneider (2018) adopted the methodology by Pesaran *et al.* (2001) for case 3 with Unrestricted Intercept and restricted trend

According to the results presented in Table 4.3, the estimated coefficient of log real GDP is reported as 0.4423, indicating a significant short run elasticity of total employment with respect to real GDP at the 1% significance level. This means that within a quarter, a 1% increase in real GDP is associated with a 0.44% increase in total employment. In the long run, the elasticity of total employment with respect to real GDP is estimated to be 1.824 which is significant at the 1% significance level. Consequently,

in the long-term a 1% increase in real GDP corresponds to a 1.82% increase in total employment, which is more than the growth in output.

Furthermore, the F_{pss} statistic, which serves to test the long run relationship between the variables, is reported to be 9.904. This test statistic value suggests that the variables are cointegrated at the 1% significance level, as shown in Table 4.4. This implies that there was indeed a significant long run relationship between log total employment and log real GDP in South Africa during the period 2009 to 2019.

4.1.2 Parameter (2): Where the employment growth opportunities lie

This was explored by establishing:

i. which types of businesses (small or large) contribute most to employment growth and the relative percentage contributions of each;
ii. which sectors contribute most to employment growth and the relative contributions of each; and
iii. whether there is a relationship between business type and economic growth, and sector type and economic growth.

The section below will determine where the employment growth opportunities lie through various forms of analysis.

i. Determining which types of businesses (small or large) contribute most to employment growth and the relative percentage contributions of each

Table 4.5 below provides summary statistics of the percentage contributions to total number of jobs by SMMEs (companies with less than 50 employees) and big business (companies with more than 50 employees).

Table 4.5: Summary statistics for the job share of SMMEs and big business in South Africa over the period 2010Q2-2019Q4

	Mean	Median	Minimum	Maximum	Obs.
SMME job share*	74.66%	74.10%	70.50%	79.70%	**39**
Big business job share*	18.51%	18.30%	15.00%	22.00%	**39**

Note: There are 39 observations because the dataset begins in 2010Q2 and not 2009Q1. ***** denotes that although there was no data for 2015Q1 and 2016Q1 the missing SMME and big business job shares for 2015Q1 and 2016Q1 were imputed within three quarter averages.

Source: Author's own computations using study data and STATA

Table 4.5 shows that SMMEs have a higher contribution to employment growth in South Africa, as evidenced by the mean job share of 74.66% and the median job share of 74.10%, with a range between 70.50% and 79.70%. Meanwhile, big businesses have a lower job share, with a mean of 18.51%, a median of 18.30%, and a range between 15.00% and 22.00%. On average, SMMEs contribute around 75% to total employment, while big businesses contribute approximately 19%.

ii. Determining which sectors contribute most to employment growth and the relative percentage contributions of each

Table 4.6 below provides summary statistics of the percentage contribution of each sector to total number of jobs.

Table 4.6: Summary statistics for total employment across sectors in South Africa over the period 2010Q2-2019Q4

	Mean	Median	Minimum	Maximum	Obs.
Agriculture	755 340.90	738 500	598 000	919 000	**44**
Mining	386 750	408 500	282 000	483 000	**44**
Manufacturing	1 750 568	1 744 500	1 638 000	1 882 000	**44**
Utilities	117 386.40	118 000	70 000	161 000	**44**
Construction	1 239 318	1 242 000	986 000	1 505 000	**44**
Trade	3 113 591	3 148 500	2 825 000	3 429 000	**44**
Transport	876 136.40	896 500	727 000	1 025 000	**44**
Finance	2 056 250	2 038 000	1 594 000	2 611 000	**44**
Community	3 268 773	3 484 500	2 627 000	3 792 000	**44**
Personal Services	1 217 886	1 247 500	1 076 000	1 332 000	**44**

Source: Author's own computations using study data and STATA

Table 4.6 shows that the community sector had the highest mean total employment of 3 268 773 indicating that this sector makes a significant contribution to total

employment in South Africa. This is followed by the trade and finance sectors with mean total employment of 3 113 591 and 2 056 250, respectively. The sector with the lowest average employment level over the period was the utilities sector with a mean of 117 386 jobs. This is followed by mining and agriculture with mean total employment of 386 750 and 755 340 respectively.

The community sector had the widest range with the difference between the minimum and maximum employment levels being 1 165 000 jobs. This is followed by the finance sector that has a range of 1 017 000 jobs between the minimum and maximum employment levels. The sector with the smallest range is utilities, with the difference between the minimum and maximum employment levels being 91 000 jobs. This is followed by the mining sector that has a range of 201 000 jobs between the minimum and maximum employment levels.

Table 4.7: Employment trends by sector: Average % contribution and change in number of jobs from 2009 to 2019

	Ave. % contribution to total employment	Difference in number jobs between 2009 and 2019
Agriculture	5,09%	182 000
Mining	2,61%	100 000
Manufacturing	11,94%	-42 750
Utilities	0,79%	45 500
Construction	8,35%	251 500
Trade	21,15%	430 750
Transport	5,92%	258 500
Finance	13,83%	798 750
Community	22,06%	1 024 250
Personal Services	8,27%	82 500

Note: "Difference in number of jobs between 2009 and 2019" is calculated by taking the number of jobs in the sector in 2019 less the number of jobs in the sector in 2009.

Source: Author's own computations using study data and STATA

Table 4.7 shows that the community sector contributes the most to total employment at 22.06%. Additionally, the community sector saw the biggest increase in the number of jobs between 2009 and 2019, with an additional one million jobs in the sector in 2019 when compared to 2009. Trade contributes the second most to total employment at 21.15%, with the sector having an increase of 430 750 jobs in 2019 when compared to 2009. This is followed by the finance sector that contributes 13.83% to total employment and saw 798 750 more jobs in the sector during 2019 compared to 2009.

The utilities sector contributes the least to total employment at 0.79%. When comparing the number of jobs in the sector in 2019 and 2009, there was an increase of 45 500 jobs in 2019. The second lowest contributor to total employment is the mining sector at 2.61%. There were 100 000 more jobs in the sector during 2019 than there were in 2009. While the manufacturing sector is the fourth largest sector, contributing 11.94% to total employment, the sector has seen employment decline with 42 750 fewer jobs in 2019 than observed during 2009.

iii. Determining whether there is a relationship between business type and economic growth; and sector type and economic growth

To assess whether there is a relationship between business type and economic growth, statistical modelling was conducted. To begin with, ADF unit root tests were conducted to determine whether the data was stationary or non-stationary. The results of the test are presented in table 4.8 below. As noted previously, this research uses the logarithm of the variables for statistical modelling (i.e., log SMME job share and log business job share).

Table 4.8: Augmented Dickey Fuller unit root tests for job shares

Variables	Deterministic terms	Levels: Z(t)
Log SMME job share	Intercept	-3.93 (0.00)***
Log big business job share	Intercept	-5.34 (0.00)***

Note: *The p-values are in parentheses.*

Source: Author's own computations using study data and STATA

Table 4.8 shows that the ADF unit root test statistic of log SMME job share is -3.93 (p-value 0.00), indicating that it is statistically significant. This means that we can reject the null hypothesis and conclude that the data is stationary. Similarly, for the log big business job share, the test statistic is -5.34 (p-value 0.00), which is also statistically significant. Hence, we reject the null hypothesis and conclude that the data is stationary. Therefore, both log SMME job share and log big business job share are stationary time series. Further, since the variables are stationary, for estimator efficiency gains an ordinary least squares (OLS) model was conducted to determine whether there is a relationship between log big business job share and log economic growth. The results of the test are shown in Table 4.9 below.

Table 4.9: Ordinary Least Squares Regression results for job share models

VARIABLES	Log SMME job share	Log big business job share
Log real GDP	-0.348*** (0.0805)	-0.212 (0.329)
Constant	5.031*** (1.231)	1.547 (5.031)
Mean VIF	1	1
R-squared	0.341	0.013

Note: Robust standard errors in parentheses: *** p<0.01, ** p<0.05, * p<0.1. The mean VIF (Variance Inflation Factor) values for both models are 1, indicating that there is no multicollinearity issue between the independent variables.

Source: Author's own computations using study data and STATA

According to the results presented in Table 4.9, the estimated coefficient for log real GDP is -0.348, which is statistically significant at the 1% level. This implies that a 1% increase in real GDP is associated with a 0.348% decrease in the share of jobs held by SMMEs. On the other hand, the estimated coefficient for log big business job share is -0.212 but it is not statistically significant. Therefore, it can be inferred that based on collected data there is no statistically significant relationship between the job share of big businesses and real GDP. Furthermore, the R-squared values for log SMME job share and log big business job share are 0.341 and 0.013, respectively. This indicates that the log real GDP model is more effective in explaining the variation observed in log SMME job share than in explaining the variation in log big business job share. Specifically, the R-squared value of 0.341 for the log SMME job share model suggests that 34.1% of the total variation in log SMME job share is accounted for by log real GDP and Constant. This implies that the model has a moderate level of explanatory power, and that the independent variables are reasonably good predictors of log SMME job share.

However, the R-squared value of 0.013 for the log big business job share model suggests that only 1.3% of the total variation in log big business job share is explained by log real GDP and Constant. This suggests that the model has limited explanatory power, and that the independent variables are poor predictors of log big business job share. While the significant t-statistic for log SMME job share model supports the existence of a relationship between log SMME job share and log real GDP, the insignificant t-statistic for Log big business job share supports the assertion that there is no statistically significant relationship between log big business job share and log real GDP.

In order to determine whether there is a relationship between sector type and economic growth, statistical modelling was conducted. To begin with, an ADF unit root test was conducted to determine whether the data is stationary or non-stationary. The results of the test are presented in Table 4.10 below. As noted previously, this research used the logarithm of the variables for statistical modelling.

Table 4.10: Augmented Dickey Fuller Unit Root Test for the employment sectors

Variables	Deterministic terms: Intercept &/ Trend	Levels: Z(t)
Log Agriculture	intercept	-0.92 (0.78)
Log Mining	intercept	-1.33 (0.62)
Log Manufacturing	Intercept & Trend	-5.73 (0.00)***
Log Utilities	Intercept	-1.52 (0.52)
Log Construction	Intercept & trend	-2.05 (0.59)
Log Trade	intercept	-1.58 (0.49)
Log Transport	Intercept	-1.05 (0.73)
Log Finance	Intercept	-0.11 (0.95)
Log Community	Intercept	-1.09 (0.72)
Log Personal Services	Intercept	-1.23 (0.66)

Note*:* *** Denotes 1% level of significance respectively. The p-values are in parentheses*.*

Source: Author's own computations using study data and STATA

Table 4.10 shows that the p-values of the ADF unit root test are above 0.05 for all sectors, except for manufacturing, which has a small p-value of 0.00. This implies that the time series in all sectors, except for manufacturing, are non-stationary, while the low p-value for manufacturing suggests that its data is stationary. Due to the fact that we have a mix of non-stationary and stationary variables, the ARDL model (Kripfganz & Schneider, 2018; Pesaran, Shin, & Smith, 2001) was performed to determine whether there is a relationship between each of the sectors and real GDP. The ARDL model results are shown in Table 4.11.

Table 4.11 reveals that real GDP and individual sectors are positively related in the short run, as reflected by elasticities ranging from 0.14 to 2.58, indicating that the strength of the relationships varies across sectors. Utilities and finance sectors exhibit the strongest relationship, with short run elasticities of 2.58 and 1.24, respectively, implying that a 1% increase in real GDP is associated with a 2.58% and 1.24% increase in employment in the utilities and finance sectors respectively. These results are

significant at the 1% level. In contrast, manufacturing, personal services and trade demonstrate the lowest elasticities at 0.14, 0.43, and 0.44 respectively, signifying that a 1% increase in real GDP corresponds to a 0.14%, 0.43%, and 0.44% increase in employment in these sectors in the short run. These results are significant at the 10% level for manufacturing and at the 1% level for personal services and trade.

Long run analysis indicates that all sectors exhibit positive relationships. However, only four of the nine sectors demonstrate cointegration, confirming that a long run relationship between the variables exists. The absence of cointegration implies that there is no long run relationship, and any relationship observed in the short run is unlikely to persist in the long run. The four sectors demonstrating cointegration are utilities with an elasticity of 3.92, finance with an elasticity of 3.52, trade with an elasticity of 0.93, and manufacturing with an elasticity of 0.15. This indicates that a 1% increase in real GDP in the long run corresponds to a 3.92%, 3.52%, 0.93%, and 0.15% increase in employment in the respective sectors. These results are significant at the 1% level for utilities, finance, and trade and at the 10% level for manufacturing. Although a 10% significance level provides evidence of a relationship, the evidence is weaker in comparison to a 1% or 5% significance level.

Table 4.11: ARDL estimates of sectorial employment dynamics in South Africa over the period 2009Q1-2019Q4

Dependent variable:	**Logarithm of sector (i) employment**								
	ARDL(1,0)	**ARDL(1,0)**	**ARDL(1,0)**	**ARDL (1,0)**	**ARDL (1,0)**	**ARDL(1,0)**	**ARDL(1,0)**	**ARDL(1,0)**	**ARDL(2,0)**
VARIABLES **Sector(i)**	**Agric**	**Utilities**	**Trade**	**Finance**	**Community**	**Personal**	**Mine**	**Construction**	**Manufacture**
$\mathbf{Log\ Real\ GDP_t}$	**0.7368****	**2.576*****	**0.435*****	**1.241*****	**0.652****	**0.434****	**0.6394***	**0.636****	**0.1439***
	(0.315)	(0.707)	(0.160)	(0.244)	(0.279)	(0.1699)	(0.3667)	(0.284)	(0.084)
Constant	**-7.576****	**-31.694*****	0.332	**-13.841*****	**-5.504****	-1.764	-6.383	**-6.645***	**11.531*****
	(3.686)	(9.327)	(1.238)	(2.759)	(2.709)	(1.656)	(4.436)	(3.342)	(2.572)
Error Correction $[\mathbf{ECM}(-\mathbf{1})]$	**-0.272****	**-0.657*****	**-0.466*****	**-0.352*****	**-0.297*****	**-0.348*****	**-0.2627****	**-0.2196****	**-0.955*****
	(0.1020)	(0.152)	(0.138)	(0.072)	(0.1097)	(0.114)	(0.1092)	(0.088)	(0.188)
Long Run: **Log Real GDP**	**2.711*****	**3.918*****	**0.932*****	**3.520*****	**2.196*****	**1.249*****	**2.433*****	**2.899*****	**0.151***
	(0.569)	(0.551)	(0.175)	(0.2498)	(0.268)	(0.300)	(0.7169)	(0.669)	(0.0832)
Cointegration Test: F_{pss}	3.544	**9.236*****	**5.767***	**13.02*****	4.157	4.677	3.142	3.127	**12.86*****
Cointegration Conclusion	*NO cointegration*	*YES cointegration*	*YES cointegration*	*YES cointegration*	*NO cointegration*	*NO cointegration*	*NO cointegration*	*NO cointegration*	*YES cointegration*

Note: ***, **, * denote significance at the 1%, 5% and 10% levels respectively. The standard errors are in parenthesis.

Source: Author's own computations using study data and STATA

4.2 Qualitative interview results

4.2.1 Parameter (3): The drivers of and barriers to employment growth

This section will present the findings of parameter 3 of the research study, namely, the drivers of and barriers to employment growth. In order to get to these results, the researcher conducted interviews with two distinct groups: subject matter advisors (SMAs) and entrepreneurs. The interviews with SMAs aimed to explore the drivers of and barriers to employment growth that are faced by South Africa. The interviews with entrepreneurs focused on understanding the lived experiences of these individuals in relation to the drivers and barriers that they encounter in their businesses, which ultimately affects employment growth. Although there were common themes across the two groups of interviews, the context surrounding these themes varied slightly. The following sections will provide an overview of the respondents, followed by the key themes that emerged during the interviews.

4.2.1.1 Overview of interview respondents

Entrepreneurs

Three entrepreneurs and an SMME incubator were interviewed. The entrepreneurs have been operating their businesses for between 2 - 20+ years, and their businesses operate in the retail, oil and gas, talent development, and digital marketing industries. The SMME incubator predominantly works with businesses in the mining industry and has worked with over 3000 SMMEs over the past eight years. The insights provided by the SMME incubator were included to gain an aggregated perspective of the experiences of entrepreneurs.

Subject matter advisors (SMAs)

The interview respondents were comprised of three SMAs who were senior C-Suite executives at a non-profit organisation that is actively working with the South African Presidency to alleviate youth unemployment.

4.2.2 Key themes from the interviews with entrepreneurs

This section discusses the five themes that emerged from the interviews with entrepreneurs:

4.2.2.1. Motivation for becoming an entrepreneur.

4.2.2.2. Funding

4.2.2.3. Employment

4.2.2.4. Skills

4.2.2.5. Policy / operating environment

4.2.2.1 Motivation for becoming an entrepreneur

In terms of the motivation behind entrepreneurship, two distinct categories were identified among entrepreneurs. The first category comprises of experienced professionals who left their corporate jobs to pursue entrepreneurship as a means to fulfil their personal aspirations and serve a particular market need. The second category pertains to "survivalist entrepreneurs", who engage in entrepreneurship out of necessity, as they are unable to secure traditional employment or alternative sources of income.

4.2.2.2 Funding

Where financing is concerned, all those interviewed reported relying on self-funding to start up their respective ventures. Specifically, two individuals who were seasoned professionals held senior executive positions in corporate entities, which enabled them to accumulate the necessary capital to initiate their entrepreneurial pursuit. Another (young) entrepreneur who also left a corporate career to start their own business cited also depending on personal savings during the early stages of their business operations. Regarding financing the growth of their businesses, all entrepreneurs acknowledged the challenging nature of securing external funding. In this regard, one entrepreneur stated that they did not rely on external funding and that their strategy of reinvesting profit margins into the business and directing the funds towards the acquisition of assets and technologies has been effective thus far. In contrast to this, the interview with the SMME incubator highlighted that, while funding should be used to drive growth, the funding requirements for most of the businesses they have supported are primarily geared towards working capital and sustaining their operations rather than pursuing growth.

4.2.2.3 Employment

Regarding the creation of employment opportunities, most entrepreneurs reported that they tend to hire on a contract basis due to the uncertainty of future revenues and the potential inability to pay employees in the event of slow revenues. However, despite relying on contract-based employment, most entrepreneurs tend to repeatedly contract with the same individuals. When asked about the factors that influence decisions relating to increasing or decreasing the number of employees, entrepreneurs cited market conditions as a key determinant, with one entrepreneur stating, "when the market is not performing, businesses and individuals are not spending and our businesses slow down. " (L. Sisonke, personal communication, January 27, 2023). More specifically, however, the entrepreneurs stated that the number of clients and volumes of work are key factors that determine whether there is a need to increase or decrease the number of people they employ. It is worth noting that one entrepreneur revealed that they had to significantly reduce their staff during Covid-19, due to fewer customers and have as a result become hesitant to employ people even when there is a need, which highlighted a potential after effect of Covid-19 on the employment landscape (similar to the sentiments observed in World Bank, 2021).

4.2.2.4 Skills

When considering skills, entrepreneurs believe that “skills are a key engine to driving growth” and that “it is difficult to grow a business when you do not have the right skills and experience in your team” (L. Sisonke, personal communication, January 27, 2023). Although the market possesses the required skills, “as a small business, you don’t have big budgets to secure the best skills” which is a big barrier to business growth. Similarly, another entrepreneur stated that their “biggest challenge is finding people with the right skills” (B. Sisonke, personal communication, January 28, 2023). The entrepreneur went on to explain that the absence of the right skills in the business means that they cannot add value to their clients, which ultimately calls into question the existence of the business.

While it is important for businesses to have people with the right skills, entrepreneurs also acknowledge the importance of possessing essential competencies themselves, such as the ability to develop a business strategy, comprehend market needs, engage in business development, and demonstrate financial acumen, among others. During the interview, the SMME incubator stated that a significant number of entrepreneurs

they work with possess strong technical skills but lack essential entrepreneurship skills. Furthermore, they noted that businesses led by entrepreneurs with these skills exhibit a higher success rate than those who lack entrepreneurial competencies.

4.2.2.5 Policy / operating environment

According to the entrepreneurs interviewed, the prevailing sentiment is that the government has not created a conducive environment for their businesses to thrive, citing the difficulty and high cost of running their businesses. While acknowledging the existence of good policies, the entrepreneurs concur that the policy implementation is inadequate, leading to limited benefits from government interventions. Conversely, the SMME incubator notes that the Enterprise Supplier Development (ESD) policy is a commendable initiative that has facilitated business growth; she stated that “ESD is great at closing the gaps that are prohibiting entrepreneurs from formalising their businesses and participating in the formal economy” (incubator SMME, personal communication, January 28, 2023).

4.2.3 Key themes from the interviews with the subject matter advisors

This section discusses the three themes that emerged from the interviews with subject matter advisors (SMAs):

4.2.2.1. Growth sectors

4.2.2.2. Skills

4.2.2.3. Policy / operating environment

4.2.3.1 Growth sectors

To stimulate employment growth, the SMAs noted that there are growth sectors that South Africa should prioritise, and they agree that Global Business Services (GBS), Digital, the Social and Care Economy, and Agriculture are promising sectors that offer employment growth opportunities. Speaking specifically about the GBS sector, one SMA stated that while the country has made great strides in growing the GBS sector over the past decade, South Africa needs to do more marketing of the country’s GBS capabilities to “encourage more countries to place their contact centres in South Africa”, (SMA1, personal communication, February 2, 2023) which will create more jobs. Concerning the Digital sector, the SMA pointed out that there are approximately 60,000 vacant digital jobs in South Africa due to the unavailability of skills to do these

jobs, presenting an opportunity to stimulate employment growth. Additionally, the Social and Care Economy sector (which includes social care, nursing, and education), is currently facing a shortage of more than 25 000 nurses and holds significant potential for employment growth. The SMA noted, “there is huge demand for nursing, but there are not enough nurses coming through the system fast enough to fill demand” (SMA1, personal communication, February 2, 2023). Finally, in the Agriculture sector, despite there being significant barriers, another SMA highlighted that food security remains a crucial global need that will always present a substantial opportunity for employment growth in South Africa.

4.2.3.2 Skills

A key barrier to employment growth is the skills gap that exists in South Africa. “We have a skills deficit” (SMA2, personal communication, January 27, 2023) and the three SMAs agree that the country needs skilling and workforce readiness interventions to close these gaps. While a lot of work is being done in this area, much more work needs to take place. Specifically, where Digital jobs are concerned, one SMA states that “we have not significantly transformed the skills profile of this generation compared to the generation that grew up in the 1970’s and 1980’s” (SMA3, personal communication, February 5, 2023), highlighting the mismatch between the skills the country produces and the skills the country needs.

4.2.3.3 Policy / operating environment

A key barrier to driving employment growth is the insufficiency of the government's capability and capacity to execute. Although there is recognition that initiatives like the Presidential Youth Employment Intervention demonstrates political will to address unemployment, "the issue is implementation" (SMA1, personal communication, February 2, 2023). While the SMAs agree that the government needs to create an enabling environment for small and large businesses across all industries to thrive, they also highlighted that a collaborative effort between business and government is required to truly drive employment growth.

4.2.4 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

This section will present the findings for parameter 4 of the research study, namely, the interventions required to ensure employment growth is inclusive and addresses the challenges of poverty and inequality. In order to get to these results, the researcher conducted interviews with two subject matter advisors (SMAs). This section will provide an overview of the SMAs and will then detail the key themes that emerged from the interviews.

4.2.4.1 Overview of the respondents:

The interview respondents comprised of two SMAs. One of the SMAs has held multiple transformation, employee relations, and compliance executive roles in organisations across South Africa and is a convenor at the National Economic Development and Labour Council (NEDLAC). The second SMA has done extensive policy work around incentivizing inclusion to drive improved youth absorption into the economy.

4.2.5 Key themes from the interviews with the SMAs

This section discusses the four themes that emerged from the interviews with the SMAs:

4.2.5.1. Transformation in business and policy effectiveness

4.2.5.2. Business and driving transformation

4.2.5.3. Transformation through collaboration

4.2.5.1 Transformation in business and policy effectiveness

In examining the state of transformation in corporate South Africa, one SMA stated that the Black African majority group is underrepresented in senior leadership positions – that is, “White people still occupy more senior positions than Black people” (SMA4, personal communication, January 25, 2023). Additionally, career progression among various racial groups highlights a disparity in advancement rates, with Black African individuals experiencing slower rates of advancement compared to their White counterparts. Even so, the implementation of policies such as Broad-Based Black Economic Empowerment (B-BBEE) and Affirmative Action (AA) has facilitated transformation and inclusion efforts in large corporates, and despite perceptions that progress in this area may be slow, significant strides have been made in transforming

corporate South Africa through these policies. In contrast to this, another SMA contended that while B-BBEE does facilitate transformation, it does so to a limited extent. The B-BBEE policy incentivizes and promotes skills development but overlooks the conversion of skilled individuals into the labour market, resulting in a surplus of skilled, but unemployed individuals. In line with this, the SMA proposed that for the B-BBEE policy to be more effective, it should "encourage corporates to convert skilling to jobs or other earnings opportunities" (SMA5, personal communication, February 8, 2023) so that the skilled individuals can be integrated into the economy.

4.2.5.2 Business and driving transformation

When considering the mandate for businesses, one SMA asserted that the primary motivation for a business is to succeed in generating profits and that the primary motive of making money will override transformation objectives – "If left on their own, most organisations are unlikely to consider transformation as a primary business objective" (SMA4, personal communication, January 25, 2023). The SMA further noted that it is necessary to balance profit-making motives with an element of justice through the implementation of policies. While broad-based policies have played a significant role in driving transformation (and resultantly socio-economic justice), another SMA highlighted that businesses may themselves adopt exclusionary policies that may contradict the efforts made by these broad-based policies. Specifically, the SMA highlighted that businesses may use measures that are significantly influenced by South Africa's apartheid legacy to assess an individual's competency for a job. For example, they may require an A in mathematics, which may not necessarily be relevant to the job requirements. As a result, individuals who are most affected by apartheid, and may not have had access to quality education, may find it challenging to secure employment and be integrated into the economy. This, in turn, poses a significant obstacle to achieving socio-economic justice as employment and economic participation are key levers for driving transformation and progress in this area.

4.2.5.3 Transformation through collaboration

Securing socio-economic justice for citizens is a responsibility of the government something that is widely acknowledged; however, it cannot be achieved without the active participation of businesses. One SMA contended that regulators and businesses need to collaborate and engage in dialogue to establish mutually beneficial incentives for driving transformation. The SMA went on to say that the current approach to

transformation is criticised as being a box-ticking exercise that leads to begrudging compliance and hinders progress. Moreover, businesses operating in South Africa do not believe that the government has created a conducive environment for business growth, which would otherwise encourage the pursuit of transformation. Given the difficulties inherent in pursuing transformation, businesses may prioritise other objectives over the government's socio-economic justice initiatives if they do not perceive a tangible return on investment.

5. DISCUSSION

This chapter provides an in-depth analysis and interpretation of the research findings presented in the previous chapter. This chapter will evaluate the research questions and objectives. Following this, an analysis of the study's results will be conducted, exploring their consequences, importance, and impact on the field. The research's contributions will also be emphasised during the discussion. Furthermore, this research will compare this study's results to previous research in the field and explore potential explanations for any inconsistencies or unexpected findings. Finally, the study's limitations will be acknowledged and potential paths for future research will be proposed.

5.1 Quantitative model discussion

5.1.1 Parameter (1): The relationship between employment growth and economic growth

Based on the findings presented in the previous section, we reject the null hypothesis (section 1.4.2.1) and conclude that there is a relationship between employment growth and economic growth. Specifically, the employment elasticities were 0.44 in the short run and 1.82 in the long run. This means that in the short run (i.e., quarter-by-quarter), a 1% increase in real GDP translates into a 0.44% increase in total employment while a 1% increase in real GDP is predicted to yield a 1.82% increase in total employment in the long run. These findings are statistically significant at the 1% level, highlighting that there is strong support for the existence of a short and long run relationship between total employment and real GDP. This finding is consistent with previous research by various authors such as Padalino and Vivarelli (1997), Leshoro (2013), and Landmann (2002).

Previous studies conducted in South Africa have shown varying employment elasticities. Oosthuizen and Bhorat (2006) found an employment elasticity of 0.81 for the period from 1995 to 2002, while Marinkov and Geldenhuys (2007) found an employment elasticity of 0.45 between 2001 and 2005. Additionally, Mkhize (2019) provided a detailed analysis of employment elasticities across different periods,

revealing that the employment elasticity was 1.03 for the period spanning 1999 to 2002, 2.76 for the period from 2002 to 2005, 1.24 for the period from 2005 to 2008, and 0.13 for the period from 2008 to 2012, with an overall employment elasticity of 0.45 for the study period spanning 2000 to 2012. These findings provide strong evidence that a positive relationship between total employment and real GDP exists and challenges the concept of jobless growth in South Africa, as argued by Biyase and Bonga-Bonga (2007).

In support of this, the analysis of nominal total employment values in South Africa reveals that the number of jobs increased from approximately 13.6 million in 2009 to 16.4 million in 2019, indicating an overall increase of 2.8 million jobs in the economy. Over the same period, the number of individuals in the labour force increased from 17.8 million to 23.1 million, representing a sizeable 5.3 million person increase in the labour market. While there was employment growth during this period, it was overshadowed by the influx of new entrants to the labour market. Consequently, this had an impact on the unemployment rate, which may have increased despite the expansion of jobs, thus creating an impression of jobless growth (Ancharaz, 2011). Therefore, to gain a more accurate picture of the labour market, it is crucial to report on both employment growth and unemployment rate changes.

While the available evidence supports a positive relationship between economic growth and employment growth, it is important to note that there are additional factors that impact this relationship which are not accounted for in the current statistical modelling. More specifically, some of the omitted variables impacting both economic growth and employment dynamics will have a negative impact on total employment, which will potentially mitigate the positive effects of economic growth on employment growth (Shrestha & Bhatta, 2018). Examples of these factors include technological changes, changes in labour market regulations, changes in capital utilisation, natural disasters, pandemics (such as Covid-19), and demographic changes amongst others. Thus, while a positive relationship between total employment and real GDP is apparent, it is important to consider the presence of these unmeasured variables and their potential impact on this relationship. Furthermore, by exploring and better understanding these factors, interventions can be put in place to mitigate against their dampening effects on employment growth. Further research is necessary to identify

and account for these variables to develop more accurate models of the relationship between economic growth and employment growth.

When comparing the elasticities found in this study with previous studies, the elasticity of total employment in relation to real GDP in this study is notably higher. While this could be justified because of the different reference time in which this research was conducted, it is important to note that different approaches and models were used in the analysis of this relationship across these studies. While this study used an ARDL model, Mkhize (2019) in his study used an OLS model, and Oosthuizen and Bhorat (2006) used simple elasticity estimates calculated as the ratio of the percentage change in employment to the percentage change in GDP. While the simple elasticity estimates provide a method of estimating the relationship between employment and economic growth, it can be criticised for oversimplifying the relationship between the variables. When considering the OLS and ARDL models, both are commonly used to analyse the relationship between variables; however, for estimator efficiency gains the OLS model must be used if all the variables are stationary.

Where the variables are non-stationary or a mix of stationary and non-stationary, the ARDL model is appropriate. Using an OLS model with non-stationary data could result in a spurious relationship, where a statistical relationship between two variables appears to exist but is actually the result of chance, leading to incorrect conclusions about causality and relationships between variables (Shrestha & Bhatta, 2018). Due to the fact that the variables in this data set are non-stationary, the ARDL model is the most appropriate for analysing the nexus between employment and economic growth. Importantly, however, all three approaches showed that there is a positive relationship between employment and economic growth and the differences in the elasticities can be explained by the difference in period and model variations.

Noteworthy about the ARDL model is its ability to capture both the long run and short run dynamics in the relationship between the variables. While the short run elasticity found in this research is 0.44, the long run elasticity is 1.82. These elasticities showed that there is a much stronger relationship between total employment and real GDP in the long run than in the short run. The implication of this is that South Africa needs to adopt a longer-term perspective when designing policies and developing fiscal budgets as any of the interventions may take time to have a significant impact on employment

and economic growth. For example, increasing spending on infrastructure or investing in education and training may have a greater impact on job creation in the long run than in the short run.

In contrast, investing in public employment programmes has a positive impact on employment in the short term; however, once completed, these programmes result in minimal absorption in the labour market and limited improvement in sustained economic participation. In saying this, short term interventions are necessary for driving employment and economic growth and achieving other socio-economic objectives. However, these may not be sufficient to address the underlying factors and structural issues that impact employment in the country; therefore, it is important that there be a focus on understanding the structural issues and finding sustainable solutions to address these issues and unlock economic and employment growth. As such, sustained efforts over a longer period are necessary to achieve meaningful and lasting improvements in employment and economic growth. Consequently, policymakers need to strike a balance between competing priorities in fiscal budgets and development plans.

5.1.2 Parameter (2): Where the employment growth opportunities lie

5.1.2.1 Big businesses versus SMMEs

When considering which types of businesses contribute the most to employment growth, the findings show that SMMEs contribute approximately 75% to total employment and big businesses contribute approximately 19% (6% was unknown). This is consistent with other research publications which show that SMMEs contribute between 50% and 70% towards total employment, with the ILO specifically stating that the SMME share of employment is higher than 70% in low to middle income countries (ILO, 2022). As per the raw data in the labour market dynamics (2010 – 2019), in Quarter 3 of 2010, SMMEs reached their peak in terms of share of total employment, employing 80% of the total workforce. However, this was not sustained, and the relative job share of SMMEs decreased to 75% in Quarter 3 of 2011 and has since then averaged around this average share. The peak in SMME job share exhibited in 2010 could be attributable to the increase in economic activity due to the 2010 Soccer World Cup as the event brought in a significant number of tourists, resulting in increased demand for various goods and services such as hospitality, transportation, and

entertainment. Additionally, the government's investment in infrastructure during this period provided opportunities for SMMEs to participate in construction and other related activities. However, as evidenced by the data, this growth was not sustained and SMME job share has decreased back to an average of about 75% showing limited growth in subsequent years.

When considering the relationship between the job share of SMMEs and real GDP, there is a negative relationship between SMME job share and economic growth. That is, given the elasticity of -0.35, a 1% increase in economic growth is associated with a 0.35% decrease in share of total employment for SMMEs. It is important to note that this refers to the job share and not the number of jobs. Therefore, even if the number of jobs of SMMEs increase during economic growth, these results imply that this increase would be slightly lower than the increases in employment that big businesses would exhibit. This is consistent with findings by the ILO stating that the job share of SMMEs is lower in high income countries (ILO, 2022). That is, as low to middle income countries experience economic growth and transition into high-income status, the contribution of SMMEs to the overall employment landscape tends to decline to 58% (ILO, 2022). However, this finding also contradicts the results of 2010 that saw the SMME job share increase (and reach its peak) while GDP increased by 4,58% (Macrotrends, 2021). These contradictory findings present an opportunity for further research to understand the relationship between economic growth and the job share of SMMEs with more data, as it is currently unclear from this study’s findings whether the job share of SMMEs conclusively increases or decreases with economic growth.

While there was no significant relationship detected between economic growth and job share of big businesses through the linear statistical modelling, because of the inverse nature of percentage shares, it can be postulated that while the job share of SMMEs decreases with economic growth and increases with economic decline, the job share of big businesses increases with economic growth and decreases with economic decline. The large percentage share of total employment that SMMEs hold highlights the need for policymakers to ensure that policies and the operating environment are conducive to the business and employment growth of these SMMEs. Should further research with large data confirm this negative relationship between economic growth and the job share of SMMEs, policymakers will need to be cautious in their approach to economic growth, ensuring that polices are designed in a way that does not

disproportionately benefit large businesses at the expense of SMMEs. Considering the prominent role of SMMEs and the National Development Plan's (NDP) goal of having them account for 90% of the 11 million jobs to be generated from 2020 to 2030, government intervention is required to promote inclusive growth that ensures that small businesses are not left behind during periods of economic growth.

5.1.2.2 Business sectors

The analysis of various sectors revealed that the top three contributors to employment between 2009 to 2019 were the community sector (22.1%), trade sector (21.2%), and finance sector (13.8%), which collectively constituted 57% of the total jobs in the labour market. Conversely, the remaining seven sectors collectively accounted for the remaining 43% of total jobs. Of these sectors, utilities had the smallest share of job employment at 0.8%, followed by mining at 2.6%, and agriculture at 5.1%. Transport, personal services, construction, and manufacturing contributed 5.9%, 8.3%, 8.4%, and 11.9% respectively to total employment. During the ten-year period spanning 2009 to 2019, the manufacturing sector experienced a decrease of 42 750 total jobs. While it was the third largest employer in 2009, the sector dropped in ranking to become the fourth largest employer in 2019, with its share of total employment declining from 13.7% in 2009 to 10.8% in 2019. In contrast, the community sector saw an increase in employment, with one million more jobs created during 2019 than in 2009, followed by the finance and trade sectors that saw an increase of 798 000 and 430 000 jobs during 2019 than in 2009, respectively. The sectors that exhibited the least growth in terms of job numbers were utilities and personal services, as they experienced an increase of 45 000 and 82 000 jobs, respectively, over the ten-year period. The remaining sectors experienced job growth ranging from 100 000 to 250 000 over the ten-year period. These findings are consistent with Bhorat *et al.* (2020), who posited that the services sector has become the leading driver of employment growth in South Africa since the apartheid era.

When looking at the elasticities of total employment in terms of real GDP, while all the elasticities are positive in the short run, the elasticities range between 0.14 (manufacturing) and 2.57 (utilities), with two sectors (utilities and finance) exhibiting elasticities greater than 1. In comparison, the long run elasticities vary from 0.15 to 3.92, and all sectors except for manufacturing and trade exhibit an elasticity greater than one signalling a stronger relationship between the variables in the long run than

in the short run. However, it is crucial to recognise that these long run elasticity figures are reliable only when there is cointegration between the variables. When assessing cointegration, only four sectors are cointegrated with real GDP, namely, utilities (3.92), finance (3.52), manufacturing (0.15), and trade (0.93). This means that it is only these four sectors that have a long run relationship with real GDP and increases in real GDP will translate into increases in employment in these sectors over the long run. Three of the four sectors are an integral component of the services sector, therefore reinforcing the findings that the services sector is the leading driver of employment growth (Bhorat, Lilenstein, Oosthuizen, & Thornton, 2020). In line with this, based on Cornwall and Cornwall (1994), these findings suggest that South Africa is in its final stage of development, which is characterised by the increasing importance of the services sector in the economy, while the significance of the manufacturing sector is on the decline (Cornwall & Cornwall, 1994; Fin24, 2021). Birch (1981) similarly argued that countries transitioning to a developed status move from being dominant in the manufacturing sector to dominant in the services sector.

Although South Africa has decreased its manufacturing sector and can be said to be services dominant, it is to be noted that the manufacturing sector is still a significant contributor to job employment in South Africa. While a positive relationship is observed between the variables, the manufacturing sector saw a decrease in total employment in 2019 compared to 2009. This is due to the country becoming more capital intensive in this sector, thereby relying less on labour in its production mix which results in a reduction of the total number of jobs.

When considering the agriculture and mining sectors, research by Upender (2006) showed a negative relationship between employment in agriculture and real GDP meaning that these industries contract with economic growth. In South Africa, however, agriculture still exhibited growth, adding 182 000 jobs to total employment over the ten-year period. Even though there is no cointegration between employment in the agriculture sector and economic growth, there was still significant employment growth. This highlights that, while some economies may exhibit a negative relationship between employment and economic growth and observe primary sectors contracting in terms of total employment when manufacturing or services are dominant, other countries may still exhibit employment growth in these areas. This supports Zaki *et al.'s* (2020) assertions that there are country specific contexts as to why some sectors

may or may not contribute to employment growth at different stages of development (Zaki, Alshyab, & Seleem, 2020). Accordingly, while dominant in the services sector, South Africa is in a position where it can still drive employment growth through mining, agriculture, and manufacturing. As a result, policymakers may need to consider ways to support and sustain these sectors, which are still contributors to job employment growth despite the shift towards the services sector.

When comparing this to previous studies, Mkhize (2019) in his study also found positive elasticities across all sectors in the short run; however, when assessing cointegration between total employment and economic growth, only four sectors showed the existence of cointegration, namely: finance and business services (1.56), manufacturing (0.46), transport (0.47), and utilities (0.27). Similarly in this study, a cointegrating relationship between economic growth and employment growth was found for the finance, manufacturing, and utilities sectors. Notably in previous research, the finance, insurance, and real estate sectors are consistently found to produce high and positive employment elasticities. Analogously, this research also found a high and positive employment elasticity of 3.52, highlighting that there is great potential in the finance sector for job creation. It is to be noted that the elasticities for finance and utilities in this research are significantly higher than those of Mkhize (2019). This could be due to the difference in statistical modelling approaches. For instance, whereas this study used the ARDL model that explicitly accommodates for long run and short run dynamics, Mkhize (2019) implements the OLS specification without specific accommodations. Additionally, the period in which these studies were conducted lend themselves to a different data set which also contributes to the variations in the elasticities.

While this research has provided a view of which sectors show high employment growth potential, it has not provided insights into the types of jobs that have grown or declined between 2009 and 2019. While it has been shown that South Africa has become more services orientated and more capital intensive over time, it would be worthwhile to see the types of jobs that have experienced a growth in demand, those which are new and those which are no longer in demand. This will provide much needed insights for the education and skilling policy systems to ensure that people are being skilled and trained in line with shifts that are taking place in the economy.

5.2 Qualitative model discussion

5.2.1 Parameter (3): The drivers of and barriers to employment growth

When considering the drivers of and barriers to employment growth, parameter 2 above highlighted that SMMEs are a key contributor to employment in South Africa, contributing on average 75% to total employment. Given this, it is important to understand the barriers to growth experienced by SMMEs so as to guide policy making. Given that the NDP anticipates that SMMEs will contribute 90% of the 11 million jobs to be created between 2020 and 2030, it is important that the operating environment is made conducive towards driving business and employment growth. Per the interview findings, key barriers to employment growth experienced by SMMEs revolve around constraints in funding, skills in the business, skills of the entrepreneur and the operating environment. If the country overcomes these barriers this will ensure that great strides are made towards driving employment growth. Regarding funding, the entrepreneurs interviewed agreed to the challenging nature of seeking financing and have as a result self-funded the start-up of their businesses using personal savings. This finding is consistent with results from Toku *et al.* (2020) who observe that entrepreneurs globally finance their start-ups from private savings and loans from their private networks.

According to the 2016 Small Business Survey by the National Small Business Chamber, 75% of SMMEs did not apply for finance (OECD, 2022). This signals that entrepreneurs may not engage in applying for finance due to the low success rate in obtaining loans or high interest rate costs. Highlighting this, according to the South African Reserve Bank data on bank loan agreements, total SMME credit exposure to banks was ZAR 617 billion at the end of 2017, which accounts for 28% of total business loans (OECD, 2022). This presents a high barrier to entry for starting and growing a business in South Africa as entrepreneurs often do not have savings or access to financing from their networks due to the contextual history of the country (Toku, Takyi, Dzisi, & Ofori-Amanfo, 2020). This limited access to capital constrains the number of SMMEs that are able to start and grow in the country, which decreases the number of job opportunities and potential economic growth. If the SMMEs are to generate 90% of employment growth between 2020 and 2030, it is important for government departments and financial institutions to consider ways to improve access to financing for SMMEs by developing policies that promote SMME financing, improving financial

literacy among SMMEs, increasing access to alternative financing options, encouraging collaboration, and addressing structural issues that hinder SMME financing. Addressing the financing needs of SMMEs is critical to promoting employment and economic growth in South Africa.

Regarding skills, the findings show that SMMEs struggle to find the right skills to support their business needs. One of the entrepreneurs stated that “skills are a key engine to driving growth” (L. Sisonke, personal communication, January 27, 2023) and not having the right skills can impede growth. This finding is consistent with the study by Lewis and Gasealahawe (2017) who state that having employees with the right skills is a frequent challenge in emerging markets. Although the entrepreneurs agree that often the skills are available in the market, these are taken by big businesses who have large budgets to pay for these skills, and a barrier to securing these skills for SMMEs is the financial inability to offer competitive salaries that the larger established businesses offer. The right skills can provide a competitive advantage and enable SMMEs to compete with larger companies.

Additionally, having the right skills enables SMMEs to operate more efficiently, to innovate and adapt to changing market conditions, and deliver high-quality products or services. The implication of not having the right skills is that SMME business and employment growth is limited. Therefore, government intervention is needed to focus on strategies to support SMMEs in attracting and retaining skilled employees as well as training their employees. This could include creating financial incentives for skilled workers to join SMMEs, offering training and development programmes that can help their employees acquire the skills needed for specific SMME sectors, or exploring ways to facilitate partnerships between larger firms and SMMEs to share expertise and resources.

When considering the skills of entrepreneurs specifically, key findings from the interview highlighted two types of entrepreneurs: those who seek out entrepreneurship from desire or the identification of a business opportunity, and those who seek out entrepreneurship from necessity and an inability to secure other paid employment, namely the survivalist entrepreneurs. The key differentiating characteristics between the two is that survivalist entrepreneurs are generally less educated and they have less work experience, skills, and business acumen than entrepreneurs who seek out

entrepreneurship from desire or opportunity, highlighting that they are not adequately skilled to manage a business. Studies have shown however that a lack of management skills and training is one of the most prevalent causes of business failure in SMMEs in South Africa (Rogerson, 2008). Furthermore, the Global Entrepreneurship Monitor Report finds education, training, and experience to be key elements in successful enterprise creation (Rogerson, 2008). Given that there is a high number of survivalist entrepreneurs (and a high failure rate of SMME businesses) in South Africa, there is a need for entrepreneurship education and skills training specifically for entrepreneurs. This will improve the success rate of SMMEs. Additionally, entrepreneurship education and training should be incorporated in the education system more broadly so as to promote entrepreneurship as a career option. This will increase the number of SMMEs in the country, thereby driving sustainable employment growth.

Finally, regarding the general operating environment, entrepreneurs do not feel that the government has created a conducive environment for entrepreneurs to grow and succeed. The current energy challenges have added to operational costs and the low economic growth and interest rate increases have kept customers conservative in their spending, which has impacted revenues and their ability to grow. Additionally, government interventions designed to support SMMEs don't filter down to all businesses. Notably, however, the interviews did highlight that the ESD policy is an effective way of including Black owned businesses into the formal economy. Nevertheless, much work is needed to create a conducive environment for SMMEs to succeed and policies designed to support SMMEs should be better implemented and targeted to reach more businesses.

While the findings above are consistent with previous research, the sample for this research was limited. Additionally, the entrepreneurs who were interviewed were seasoned professionals from the corporate sector who had managed to leverage their experiential knowledge to then venture into building their own businesses. Although the SMME incubator did speak to the experiences of survivalist entrepreneurs, not having survivalist entrepreneurs in the sample limited the insights into some of the barriers experienced. For example, while research shows that the regulatory environment and the process of setting up a business is perceived to be difficult and proves to be a barrier to entry for many, the entrepreneurs interviewed found the process to be simple. Therefore, interviewing survivalist entrepreneurs in the future

would provide additional insights into the barriers experienced by SMMEs in South Africa.

When considering the drivers of employment growth specifically related to business sectors, the interviews with SMAs identified key sectors that show high employment growth. The interviews corroborated the findings that the finance sector shows high growth. Specifically in the finance sector, the interviews highlighted that GBS is a high priority for the country. GBS has exhibited high employment growth, with the sector having shown a 25% compounded annual growth rate between 2015 and 2019, growing at three times the global rate. This saw the industry increase the total number of people employed from 26 700 to 58 500 during this period (Everest Group, 2019). Putting this into perspective, the finance sector showed an increase in total employment of 39 250 between 2018 and 2019. Comparably, GBS alone contributed 22% towards this increase in jobs created (Stats SA, 2019). As highlighted in the interviews, the sector aims to employ 100 000 people. Interview findings also showed that South Africa has been ranked as a top offshore GBS destination globally, highlighting the significant growth the industry has seen over the past years. While the industry aims to employ 500 000 people by 2030, the interviews highlighted the need for more global marketing efforts to showcase the country's capabilities.

Other areas identified as drivers of employment growth are digital jobs, which cut across all sectors, the social and care economy (which is in the community sector) as well as agriculture which have been identified as priority focus areas for job creation within the Presidency. This corroborates the findings of the short-term elasticities which were 0.65 and 0.73 for community and agriculture respectively. These elasticities are the third and fourth highest (after finance and utilities) which confirms that a focus on driving employment growth in these sectors is prudent. While these sectors offer significant employment growth opportunities, a key barrier to achieving this growth is the skills gap in the country. When we consider digital jobs specifically, interview findings indicate that there are approximately 60 000 high-value entry-level digital jobs targeted at excluded youth in South Africa that remain unfilled due to an insufficiency in requisite skills. Concurrently, there is a shortage of over 25 000 nurses in the country, a key factor of which can be attributed to the prolonged accreditation process. These findings reinforce the assertion that the skills deficit in the country is a barrier to employment growth, and job positions not being filled has a dampening effect on

employment growth. This highlights the need for investment in skills development to address this skills deficit. Furthermore, it is necessary to examine the nursing accreditation process to determine viable methods of expediting the process without compromising the quality of the accreditation. Failure to address the skills deficit will lead to continued job vacancies, hinder employment growth, and impede economic growth.

5.2.2 Parameter (4): The interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality

While the sections of the discussion have illuminated the relationship between employment growth and economic growth, as well as highlighted the key drivers of and barriers to employment growth, this section seeks to show how employment growth can be inclusive, specifically to achieve socio-economic justice and address the challenges of poverty and inequality in South Africa.

When considering the interventions required to drive inclusive employment growth, interview findings showed that, while White people occupy more senior positions than Black people and that even though career advancement is disparate amongst racial groups, B-BBEE and AA have facilitated significant transformation in large corporates. This finding is consistent with the results of Edwards and Zaretsky (1975) who assert that preferential treatment and affirmative action approaches do help increase the number of minorities in jobs. They go on to state that “temporary preferential remedies appear to be the only way to effectively break the cycle of employment discrimination…” (Edwards & Zaretsky, 1975, p. 7). Additionally, countries in Asia that traditionally used macroeconomic policy to support growth, rather than taking a redistributive approach, saw rising inequality, which prompted them to develop policies and plans that would make growth inclusive (OECD, 2014 as cited in Aoyagi & Ganelli, 2015). This signals that there is a need for intervention in the labour market if socio-economic justice is to be attained. In support of this, the interviews indicated that, if left to their own devices, companies would not likely consider transformation as a primary objective and that their objective of pursuing profit would override any transformational objectives.

What is evident however is that, although policies like B-BBEE and AA have spurred some degree of transformation, the pace of the transformation is still very slow. This

could be due to several factors. The interview findings highlight that, although redistributive policies are intended to achieve socio-economic justice, often at times companies have policies and performance measures that are significantly influenced by South Africa's apartheid legacy when assessing an individual's competencies for a job, and thus the policies end up being systemically exclusionary to Black Africans. For example, wanting to use high grade mathematics' matric results as an indicator of job competency is exclusionary because most Black Africans did not have access to quality education. As a result, the probability of recruitment success of those most affected by the apartheid legacy is low, and those least affected will continue to enjoy a competitive advantage. This calls for companies to re-examine their policies and approaches that guide hiring and promotion decisions to promote the inclusion of Black Africans into the labour market without compromising the quality of the company workforce. The ability to include and advance more Black Africans into the labour market will result in more Black Africans earning an income and moving out of poverty, which is key in driving socio-economic justice.

Another consideration regarding B-BBEE is that while the policy also encourages and incentivises skills development, it neglects the process of integrating skilled individuals into the labour market, leading to a surplus of individuals with skills but without jobs. This is of particular concern considering the high unemployment rates as well as the shortage of skilled labour in the country. This signals that companies may be skilling individuals in skills for which there is limited demand and policy consideration needs to be given to the type and quality of skills development being invested in. Furthermore, there is an opportunity for the B-BBEE policy to look at including absorption in the incentives scheme model so as to promote inclusive employment growth.

6. CONCLUSION

This research aimed to determine whether socio-economic justice could be accelerated through economic and employment growth by focusing on four key research area parameters, namely (1) the relationship between employment growth and economic growth, (2) where the employment opportunities lie by determining which types of businesses and sectors contribute the most to employment growth, (3) the key drivers of and barriers to employment growth, and (4) the interventions required to ensure that employment growth is inclusive and addresses the challenges of poverty and inequality.

When considering parameter 1, the findings of this study provide strong evidence for a positive relationship between employment growth and economic growth in South Africa between 2009 and 2019, thus confirming that economic growth can indeed be used as a lever to drive employment growth. The employment elasticities of 0.44 in the short run and 1.82 in the long run indicate that a 1% increase in real GDP translates into a 0.44% increase in total employment in the short term, and a 1.82% increase in total employment in the long term. These findings are statistically significant at the 1% level and are consistent with previous research by various authors. Previous studies in South Africa have shown varying employment elasticities, but this study contributes to the existing literature by providing updated and robust estimates. Additionally, the analysis of total employment numbers also highlights the increase of three million jobs over the ten-year period (2009 – 2019), although the growth rate of employment was overshadowed by the influx of new entrants to the labour market, leading to challenges in reducing the unemployment rate.

While this study establishes a positive relationship between economic growth and employment growth, it acknowledges the presence of unmeasured variables that may have a negative impact on total employment. Factors such as technological changes, labour market regulations, capital utilisation, natural disasters, pandemics, and demographic changes need to be considered in future research to develop more accurate models of the relationship between economic growth and employment growth. By understanding and addressing these factors, interventions can be implemented to mitigate their dampening effects on employment growth.

Comparing the elasticities found in this study to previous studies, it is important to note the differences in approaches and models used. While different models yield different elasticities, all approaches confirm a positive relationship between employment and economic growth. The use of the autoregressive distributed lag (ARDL) model in this study allows for the consideration of long run and short run dynamics, emphasising the stronger relationship between total employment and real GDP in the long run. This suggests that policymakers should adopt a longer term perspective when designing policies and fiscal budgets, as interventions may take time to yield significant impacts on employment and economic growth.

While short-term interventions are necessary to drive employment and economic growth, sustained efforts over a longer period are essential to address structural issues and achieve lasting improvements. Policymakers should strike a balance between competing priorities in fiscal budgets and development plans, considering both short-term and long-term strategies. Investments in infrastructure, education, and training can have significant impacts on job creation in the long run, while short-term public employment programmes may offer immediate employment opportunities but lack sustained economic participation. Understanding the underlying structural issues and implementing sustainable solutions is crucial for unlocking economic and employment growth in South Africa.

The findings of parameter two highlight the significant role of SMMEs in the South African economy, as they contribute approximately 75% to total employment compared to 19% contributed by big businesses. This is consistent with previous research that emphasises the importance of SMMEs in creating jobs, particularly in low to middle-income countries. While SMMEs have shown substantial job share in the past, there is evidence of a negative relationship between SMME job share and economic growth. This suggests that as the economy grows, the job share of SMMEs decreases slightly compared to the employment growth exhibited by big businesses. However, the contradictory findings from 2010 - when the SMME job share increased during a period of economic growth - present an opportunity for further research to explore the complex relationship between economic growth and SMME job share. Despite this, given the substantial contribution of SMMEs to total employment, policymakers need to create a supportive business environment and implement policies that foster the growth of

SMMEs. It is crucial to strike a balance between promoting economic growth and ensuring the inclusion of small businesses during periods of growth.

When considering sector specific contributions to employment growth, community, trade, and finance sectors were the top contributors to employment between 2009 and 2019, collectively constituting 57% of total jobs in the labour market. The remaining sectors accounted for the remaining 43% of jobs, with utilities having the smallest share at 0.8%, followed by mining at 2.6% and agriculture at 5.1%. The manufacturing sector experienced a decline in employment during this period, while the community, finance, and trade sectors saw an increase in job numbers. The elasticities of total employment in relation to real GDP showed that all sectors exhibited positive short run elasticities, ranging from 0.14 (manufacturing) to 2.57 (utilities). In the long run, the elasticities varied from 0.15 to 3.92, with all sectors except manufacturing and trade showing an elasticity greater than one, indicating a stronger relationship between sectoral employment and real GDP in the long run. Cointegration analysis revealed that only four sectors - utilities, finance, manufacturing, and trade - had a long run relationship with real GDP. These findings support the notion that the services sector has become the leading driver of employment growth in South Africa, while the significance of the manufacturing sector is declining. Even so, the manufacturing sector still contributes significantly to job employment. The decrease in manufacturing employment can be attributed to the sector becoming more capital intensive, relying less on labour.

Additionally, while research suggests a negative relationship between employment in agriculture and real GDP when an economy is largely driven by the services sector, South Africa's agriculture sector still showed employment growth over the ten year period, indicating the importance of considering country-specific contexts in sectoral employment dynamics. Comparisons with previous studies highlight the consistency in the observed positive elasticities across sectors in the short run. However, the sectors exhibiting cointegration between total employment and economic growth vary between studies, indicating the influence of different modelling approaches and data sets. Nevertheless, the finance sector consistently shows high and positive employment elasticity across studies, suggesting significant job creation potential.

The findings from the interviews also highlight key sectors that show high employment growth potential, namely, the finance sector, global business services (GBS), digital

jobs, the social and care economy, and agriculture. However, the skills deficit poses a significant barrier to realizing the employment growth potential in these sectors as there is high demand for the skills that is not met by the scarce labour supply for these roles. Therefore, investing in skills development and training is necessary to fill the scarce skills job vacancies at a productive absorption rate and in turn drive employment growth. Although this research provides insights into sectors with high employment growth potential, it does not delve into the specific types of jobs that have grown or declined during the studied period. Further research into the types of jobs that have grown or declined within sectors is thus recommended. Understanding these shifts in demand for different types of jobs would be valuable for the education and skilling system, ensuring alignment with the evolving needs of the economy.

When considering parameter three, the findings highlight that several barriers hinder employment growth potential for SMMEs, including limited access to financing, challenges in attracting and retaining skilled employees, inadequate entrepreneurial skills, and an unfavourable operating environment. This research identifies two types of entrepreneurs: those driven by desire or opportunity and those driven by necessity or survival. The latter group, referred to as survivalist entrepreneurs, generally possess limited education, work experience, skills, and business acumen. The study emphasises the importance of entrepreneurship education and training, particularly for survivalist entrepreneurs who lack the necessary skills and business acumen. Incorporating entrepreneurship education into the broader education system can promote entrepreneurship as a viable career option and contribute to the growth of SMMEs. Additionally, the government must create a conducive operating environment for SMMEs by addressing energy challenges and ensuring that policies designed to support SMMEs are effectively implemented to reach a larger share of the businesses.

Further, the findings of this study show that funding is a significant hurdle, with entrepreneurs relying on personal savings due to challenges in accessing formal and informal sources of financing. This aligns with global trends where entrepreneurs finance their start-ups through private savings and loans from personal networks. Additionally, low success rates in obtaining loans discourage SMMEs from applying for finance, highlighting the need for improved access to financing through the development of policies that promote SMME financing, financial literacy programmes, alternative financing options, collaboration, and addressing structural issues.

Additionally, skills shortage is another significant barrier to employment growth, as SMMEs struggle to find the right skills to support their businesses. The scarcity of skilled workers is particularly challenging for SMMEs due to their limited budgets compared to larger companies that pay significantly more for the same skills. Having the right skills is crucial for SMMEs to compete, operate efficiently, innovate, adapt to market changes, and to deliver high quality products and services. Government intervention is necessary to attract and retain skilled employees within the SMME space, provide training and development programmes, and foster partnerships between larger firms and SMMEs.

The operating environment is another significant barrier to employment growth. The interviewed entrepreneurs expressed dissatisfaction with the current business climate, citing energy challenges, low economic growth, and conservative customer spending as major hindrances to their success. While government interventions such as ESD policies have shown some positive effects, there is room for improvement in implementing and targeting policies to reach more businesses effectively. It is important to acknowledge the limitations of this study, including the limited sample size and the absence of survivalist entrepreneurs in the interviews. Future research should consider expanding the sample to include a more diverse range of entrepreneurs to gain further insights into the barriers faced by SMMEs in South Africa. Due to the fact that the SMMEs contribute 75% to total employment, addressing the barriers to growth they face, including access to financing, skills shortages, entrepreneurial education, and a conducive operating environment, is essential for driving growth. The findings of this study provide valuable insights for policymakers, government agencies, and financial institutions in the development of targeted interventions that support SMMEs and drive employment and economic growth in South Africa.

The set of parameter four findings throw more light on the importance of inclusive employment growth as a means to achieve socio-economic justice and tackle the challenges of poverty and inequality in the country. The interviews conducted in this study have shown that policies such as B-BBEE and AA have played a significant role in driving transformation within large corporates in South Africa. Research supports the notion that preferential treatment and affirmative action approaches can effectively increase the representation of minorities in the workforce. However, it is important to acknowledge that the pace of transformation remains slow in South Africa, suggesting

the need for further interventions in the labour market. The examples set by Asian countries serve as a reminder of the importance of interventions in the labour market to foster inclusive growth. Historically, these countries relied on macroeconomic policies, which ultimately led to an increase in inequality. Recognising this issue, they subsequently implemented policies and plans aimed at promoting inclusive growth (Asian Development Bank, 2012; Aoyagi & Ganelli, 2015). Therefore, interventions are necessary to promote socio-economic justice and macro-economic policy should not be relied on as a sole tool to drive inclusive employment growth.

The legacy of apartheid continues to influence companies' policies and practices, resulting in exclusionary hiring and promotion decisions that disproportionately affect Black Africans. This underscores the importance of re-evaluating existing corporate policies and approaches with regards to recruitment and promotion to ensure the inclusion and advancement of Black Africans in the labour market. By promoting their inclusion and advancement, more individuals can earn an income and be uplifted out of poverty, ultimately driving socio-economic justice. Additionally, this research highlights the need to align skills development efforts with the demands of the labour market. While B-BBEE encourages skills development, there is a lack of integration between skill acquisition and job placement, leading to a surplus of skilled individuals without employment opportunities. It is crucial to consider the type and quality of skills being developed to address the country's unemployment rates and skill shortages effectively. Incorporating absorption incentives into the B-BBEE policy could foster inclusive employment growth by encouraging companies to provide job opportunities for skilled individuals.

In sum, achieving inclusive employment growth requires a multifaceted approach that includes policy interventions, re-examination of company practices, and alignment of skills development with labour market demands. By addressing these aspects, South Africa can make significant progress in achieving socio-economic justice and reducing poverty, ultimately leading to a more inclusive and prosperous society.

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