

DURBAN UNIVERSITY OF TECHNOLOGY

**THE ROLE OF THE UNEMPLOYMENT INSURANCE FUND IN POVERTY ALLEVIATION IN
SOUTH AFRICA**

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**THE ROLE OF THE UNEMPLOYMENT INSURANCE FUND IN POVERTY ALLEVIATION IN
SOUTH AFRICA**

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DECLARATION BY STUDENT

I, Nkabinde Nhloso, Student Number 21346622, declare that this dissertation entitled “The Role of the Unemployment Insurance Fund in Poverty Alleviation in South Africa” is my own and original work.

Where I have drawn inspiration from the work of other authors, these have been recognised and duly referenced.

I further declare that this work, or part of it, has never been previously submitted to any other university or higher education institution to obtain any academic title and has never been the subject of any publication in the past.

Nkabinde Nhloso

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15/08/2025

ABSTRACT

This study examined the role of the Unemployment Insurance Fund in poverty alleviation in South Africa, exploring its impact, challenges, and potential areas for improvement. In the early 1940s, South Africa did not have an arranged or planned social and economic system to support unemployed individuals. During the early 1946 regime, unemployed individuals suffered as there were few government interventions, and charitable organisations were not persistent in helping them. The Unemployment Insurance Act No.30 was introduced in 1946, and it was the first official and formal legislation to help the unemployed in South Africa. The Unemployment Insurance Act helped the unemployed financially, although it was a short-term relief. This is because the Act aimed to help the unemployed temporarily while they were looking for another job. Although the target and aim of UIF was to financially assist the unemployed in South Africa, poverty as a socio-economic issue has remained a challenge in the country. This is because poverty has impacted the quality of life for certain people and has affected millions of citizens. This research aims to investigate and examine the role of the Unemployment Insurance Fund (UIF) in alleviating poverty in South Africa. The outcomes are expected to provide reliable and valid data on the effectiveness of UIF as a measure to alleviate poverty in South Africa. The researcher used the qualitative method as it has the advantage of producing clear data that can be easily understood. The qualitative method was used to collect data on examining the impact of the UIF payments on poverty alleviation upon job losses in South Africa, its extent it fulfils its role in poverty alleviation, and to identify recommendations for the implementation and disbursement of UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa. The research findings can help the government to design and implement more effective policies regarding unemployment. The findings from the study helped with recommendations to reduce poverty and assist the unemployed. The research findings provided intuitive apprehension of the establishment of UIF in South Africa.

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DEDICATION

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CHAPTER 1: INTRODUCTION

1.1 Introduction

According to Stats SA (2020), poverty is a prevalent issue in South Africa. Approximately 30.8% of the population is living below the poverty line, with unemployment being a significant contributor. South Africa's economic disparities and high unemployment rates have led to the implementation of social security mechanisms aimed at alleviating poverty, with the UIF being a key component. Established under the Unemployment Insurance Act of 2001, the UIF provides short-term financial assistance to workers facing unemployment due to various reasons. This research explores the role of the UIF in poverty alleviation in South Africa, analysing its effectiveness, challenges, and broader socio-economic impact. Although various poverty alleviation programmes have been implemented, poverty remains a pervasive issue in South Africa. The effectiveness of the Unemployment Insurance Fund (UIF) in addressing poverty is uncertain. Despite the existence of the UIF, many people in South Africa still live below the poverty line, and unemployment persists. This study examines the role of the UIF in poverty alleviation, exploring its impact, challenges, and potential areas for improvement. This section presents the research problem and its settings, outlining the concerns, intentions, research objectives, research questions, significance of the study, aim of the research, and research structure.

1.2 Historical background of the study

In the early 1940s, South Africa did not have a social and economic system to support unemployed individuals (Worden, 2010). According to Nattrass (1989), unemployment assistance was primarily managed by charity organisations and a few private organisations. A charity organisation is a nonprofit organisation established to address social causes and improve the lives of certain individuals. In this case, a few unemployed individuals benefited from these charitable organisations. Thus, the government offered little help to the unemployed individuals. On the other hand, the charitable organisations, because they depended on donors, could not help the

unemployed due to erratic donor funding patterns that impacted the unemployed (Thompson, 2017).

The Unemployment Insurance Act No.30 was introduced in 1946 as the first official legislation to assist the unemployed in South Africa. Du Toit (2017) states that the Act aimed to provide financial relief to employees who lost their jobs unexpectedly. It offered short-term financial support to those seeking new employment. The Act had its weaknesses and loopholes, as it excludes other employees. According to the South African Labour Development Research Unit (2022), the UIA of 1946 excluded those in agriculture, domestic service, and public service. The Act ensured that only unemployed workers meeting specific conditions, such as involuntary unemployment, illness, maternity, or the death of a contributor, could benefit from it. Over the years, amendments and expansions were made to improve benefits and coverage. In 1996, soon after Independence, the Unemployment Insurance Fund (UIF) was restructured as part of the post-apartheid developments. Unemployment Insurance Fund is a relief programme designed and managed by the government to provide financial assistance to individuals who meet certain eligibility criteria (du Toit, 2020). The restructuring aligned the UIF with social security and labour rights policies. The fund was financed through contributions from the employers and employees (Department of Employment and Labour, South Africa, 2022). Thus, according to Oosthuizen (2020), the focus shifted towards creating a system that is equitable and inclusive.

The 1996 Act had loopholes; it was replaced by the Unemployment Insurance Act No. 63 of 2001 (Bezuidenhout, 2020). The new legislation aimed to extend benefits to seasonal and domestic workers by plugging loopholes and gaps in the previous legislation. UIA No. 63 of 2001 was introduced to provide better protection for workers. The benefiting period was extended, benefit calculations were improved, and governance and administrative mechanisms were enhanced to ensure better service delivery. Coverage in the early years was very restrictive and exclusive. The government saw the loopholes in the Insurance Act of 2001, and they decided to expand its aims and regulations. This expansion led to the introduction of the Unemployment Insurance Contributions Act of 2002 (UIC Act) (Bezuidenhout, 2020). This UIC Act came into operation on 1 April 2002, and the contributors were allowed to benefit from the Act. This Act introduced a UIF-independent entity, which was responsible for collecting, managing funds and also disbursing the benefits (Horn,

2021). The Act also introduced a framework which was going to be used for collecting the contributed funds from employees and employers.

Moreover, the Unemployment Insurance Contributions Act 4 (2002) argues that the amount of the contribution due by an employee must be 1% of the remuneration paid by the employer to the employee. This means that the employee and employer contribute 1% each to the UIC, and it is done for a certain period before the employee can claim the Fund. It marked a significant shift in South Africa's approach to unemployment benefits, transitioning from a welfare-based system to a contributory one (Unemployment Insurance Contributions Act, 2002). Despite all the expansions of the Acts, it still had loopholes which led to the UIF of 2015.

In 2015, the unemployment rate in South Africa reached 25%, with women and youth being the most affected (Patel, 2017). The South African government regarded this rising rate as a threat to the economy; therefore, they established UIF through the Act of 1996. UIF provided financial assistance to the working population in South Africa when they lost their jobs due to unforeseen circumstances such as illness and accidents, among others. Additionally, the UIF covers maternity leave, meaning women on leave due to pregnancy and adoption leave—specifically, those who have adopted children under the age of 2. The UIF is managed and governed by the Department of Labour, which deposits payments directly into the accounts of eligible claimants. Although the Act was specific to South Africa, its principles have influenced unemployment insurance frameworks in other regions, including Namibia. The UIF covers all workers in the formal and informal sectors but excludes those working on commission. Therefore, the researcher aims to examine the role of UIF in alleviating poverty.

1.3 Research Problem

Although the target and aim of UIF was to financially assist the unemployed in South Africa, poverty as a socio-economic issue has remained a challenge in the country. This is because poverty has impacted the quality of life for certain people and has affected millions of citizens. Therefore, the UIF came in to play a critical role in providing short-term relief to individuals who have lost their jobs. This led UIF to

contribute to the broader agenda of poverty alleviation. However, the role of UIF in poverty alleviation and supporting sustainable livelihoods remains under-examined.

The UIF was regarded as a helpful initiative for the unemployed, enabling them to meet their expenses (Devereux, 2019). However, the emerging challenge that sparked the researcher's interest in this study is that when someone becomes unemployed, they are entitled to UIF payments to support themselves and their families. The UIF payments are not always sufficient to cover all expenses. The study examined the effectiveness of UIF payments in alleviating poverty and easing financial strains following job losses in South Africa.

1.4 Research aims

The study examined the role of the Unemployment Insurance Fund in poverty alleviation in South Africa.

1.5 Objectives of the study

The objectives of the study are:

- To examine the framework for the implementation of UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa.
- To identify the extent to which UIF is fulfilling its role in poverty alleviation.
- To identify recommendations for the implementation and disbursement of UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa.
- To examine the impact of the UIF payments on poverty alleviation upon job losses in South Africa.

1.6 Research Questions

- What is the framework for the implementation of UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa?
- To what extent is the UIF fulfilling its role in poverty alleviation?

- What are the recommendations for the implementation and disbursement of UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa?
- What is the impact of the UIF payments on poverty alleviation upon job losses in South Africa?

1.7 Significance of the study

This research investigated and examined the role of the UIF in alleviating poverty in South Africa. The outcomes are expected to provide reliable and valid data on the effectiveness of UIF as a measure to alleviate poverty in South Africa. The adds to the existing knowledge about the social security systems and poverty reduction, and informs policies that reduce poverty. For stakeholders managing the UIF, the research improves the UIF framework so that everyone can benefit, and the service delivery will be improved. The research outcome plays an important role as its applicability has proven to be broad and can potentially have a positive impact on policymaking to assist the unemployed.

1.8 Structure of the study

Chapter One: This is the introductory chapter of the entire research and, firstly, is composed of the historical background of the study. In this section, the researcher discussed the inception of the subject under study, and the problem statement, research objectives, and research questions followed it.

Chapter Two: This chapter focused exclusively on reviewing of literature based on the subject the research targeted. The chapter gave glimpses of the Unemployment Insurance Fund globally, then in Africa and lastly in South Africa. The idea was to get a clear picture of how UIF is being used to alleviate poverty from a global perspective and an African context.

Chapter Three: This is the research methodology section, and it deals with the research techniques used to collect data and research processes, among others. Also, the chapter includes the development of research instruments, piloting, limitations of the study and ethical considerations of the research.

Chapter Four: This chapter focused on how the data was presented and analysed. In this chapter, the data which was collected was then revised, categorised, and presented in the way that it was interpreted.

Chapter Five: This section of the dissertation is the final chapter, and it concludes the chapter of the research. Also, it summarised the previous chapters and made sure the objectives of the study were researched properly. The findings and recommendations of the study were discussed, and a conclusion was drawn in this chapter.

1.9 Conclusion

The chapter opens with a brief introduction. The historical background of the research followed. Under this section, the investigator narrated from the inception of UIF up to the latest amended act. The statement of the problem was also outlined. Some of the areas outlined by the researcher in this chapter include research objectives, research questions, significance of the research, aim of the research and an outline or research structure.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Unemployment continues to be a significant contributor to poverty (Statistics South Africa, 2022). This led to many individuals continuously living below the poverty line. Established to provide financial assistance to individuals unemployed through no fault of their own, the effectiveness of the UIF in poverty alleviation remains unclear. The literature review summarises and analyses previous studies relevant to the current research. It also outlines the conceptual framework for the proposed study by reviewing sources like textbooks, journals, and online materials. This section aims to add depth and credibility to the research.

2.2 Conceptualisation of Unemployment Insurance Funds

The concept of unemployment benefits is not new across the globe. In the British context, the unemployment insurance funds are referred to as “the dole” (Mazur and Karol, 2016). In an attempt to conceptualise and understand the applicability of the unemployment insurance fund, Kovalski and Sheiner (2020) revealed that the discourse of unemployment insurance is a dominant feature in the United States of America (USA) government response to the socio-economic dislocation caused by unforeseen occurrences.

2.3 Unemployment Insurance Fund in the United States of America

In 1929, there was a global economic downturn which affected many countries, including America, known as The Great Depression of 1929. According to Kindleberger (2013), it was also known as the Great Crash, and it lasted for over a decade. The Great Depression was triggered by a stock market crash in 1929 and led to massive unemployment (Bernanke, 2000). The US Census Bureau (2024). States that over 25% of the people who were employed became jobless. Therefore, many people were forced into poverty as many businesses failed. Due to widespread job losses, the USA’s government highlighted the need for a safety net for unemployed workers. According to Cowie (2016), social and political pressures were significant factors that compelled the government to take action to assist the unemployed, as it served as an agent of economic security. Furthermore, the worsening depression led

the public to insist that the government intervene to support the jobless, which in turn drove political leaders and labor unions to advocate for reforms addressing the unemployment issue. New York established state-level initiatives to reduce poverty and help the jobless. Michelson (2010) is of the view that in the early 1930s, the unemployment insurance programmes began in New York. In 1932, Wisconsin was one of the first states in the United States of America to establish and introduce unemployment insurance. This was done under a law that provided for a state-funded system (National Bureau of Economic Research, 2019). These early programmes had shortfalls in efficiency and coverage. Hence they marked an important chapter in developing unemployment insurance systems.

In 1935, the USA established the UIF (Social Security Administration, 2020). This UIF was established to replace the small wages given to the unemployed. Landais et al. (2018) state that the wages were given to the individuals who became unemployed, not by their will but forced due to circumstances such as illness or accidents, as a short-term relief for twelve to twenty-six weeks, they would be seeking employment (Schmieder and Von-Wachter, 2016).

USA's UIF changes since 2020 reflect a (i) crisis era of temporary expansions of eligibility, duration and generosity. (ii) a durable shift towards integrity and IT modernisation to manage risk at scale, and (iii) state-level divergence in benefit parameters (some tightening over the 2010s selective increase since 2024- 2025) alongside continued support for work-sharing as a structural complement. Together, these trends underscore a system that is countercyclical when federally backstopped but increasingly dependent on state fiscal capacity, administrative readiness and policy choices.

2.4 The Unemployment Insurance Fund in Europe

In the British context, Unemployment Insurance Funds are also known as Redundancy Insurance because they cover a proportion of an individual's monthly income in the event of an inadvertent redundancy (Andor, 2016; Conner, 2020). In this case, the UIF is for up to twelve months while one searches for employment (Andor, Dullien, and Gros, 2015). There is a noticeable exclusion to the UIF if one voluntarily becomes unemployed or has decided to take a career break. They risk losing the benefits of unemployment insurance (Nilsson, Nekoei, Seim, Landais, and Spinnewijn, 2020). Not

only is the UIF a policy issue in America and Britain, but it is also a pressing issue in other countries.

2.4.1 Unemployment Insurance Fund in Germany

In the 1930s, Germany was one of the first to establish the UIF, known as “Arbeitslosenversicherung.” According to Eichhorst (2013), this UIF played an important role in the country by providing security systems, social and economic. The UIF system was divided into two categories: compulsory and voluntary coverage, to financially assist the workers who lost their jobs not because of their own fault. The German Federal Ministry of Labour and Social Affairs (2020) stated that compulsory coverage required both employers and employees to fund the system, thereby making it a compulsory programme. According to the German Federal Ministry of Labour and Social Affairs (2022), the unemployment Insurance Fund contribution rate is 2.4%; and the employer and employee divide and contribute is 1.2% each. However, the voluntary coverage required workers to willingly opt for bonus voluntary coverage (Arbeit, 2019).

The government was also funding the system through government subsidies. For one to qualify to benefit from the unemployment fund, the worker must have at least twelve months of contributing to the fund that is within the last two to three years. Also, the individual must register as unemployed, and an individual can benefit from up to 60% of the previous net income; those with children will benefit from 67% of the previous net income. Furthermore, unemployment benefits are enjoyed for a certain period depending on the individual’s age and the period they contributed to the fund. Lindert (2020) stated that the benefit period ranges from 6 to 12 months for the younger ones, and it can extend to 24 months for the older workers. Besides financially assisting the unemployed, the German UIF assists with job replacement and matching the unemployed with available jobs. This means matching is done according to one's skills, what the individual prefers, and the experience one has. According to Zöllner, (2024), job counselling and training were also provided to the jobless to increase their chances of being employed in new jobs. have a chance to regain their financial stability with the help of the government.

2.5 Challenges faced by the unemployment insurance fund in developed countries

Ageing population: An ageing population in developed countries increases the burden on unemployment insurance funds. According to Milligan (2020), an ageing population means more people are retiring from their respective jobs, thus leading to a higher number of claimants and a greater burden on the unemployment insurance fund. Also, as highlighted by the World Bank (2020), an ageing population in developed countries means reduced contributions to unemployment insurance funds. With fewer working-age individuals contributing to the UIF, there may be reduced funding to support beneficiaries. In addition to this, according to the OECD (2020), an ageing population poses a challenge to unemployment insurance funds because of the longer benefit duration, as older workers may require longer benefit periods, which strains the UIF resources.

More so, according to Neumark (2019), an ageing population is a challenge for UIF in developed countries because of skills mismatch. Ageing employees may retain outdated skills, making it harder for them to find employment, leading to longer unemployment insurance fund benefit periods. According to Gruber (2017), older workers in developed countries are also a challenge as they may experience more health issues, leading to increased absenteeism at work and UIF claims. Milligan (2020) urged that the ageing population is a major challenge for UIF in developed countries, as this increases caregiving responsibilities. Working-age personnel may need to care for an ageing population or family members, leading to increased unemployment insurance fund claims due to reduced work hours or job loss.

Fraud and abuse are major challenges to UIF in developed countries. Hobbie Mann (2020) reports that people often submit false claims or use stolen identities, straining UIF funds. Gruber (2020) notes that employers misclassify workers or fail to report wages to avoid costs. Additionally, claimants may hide employment or income, further depleting resources. According to the US Department of Labour (2020), there are chances of overpayments of UIF in developed countries, and this may not be easy to recover. Criminal organisations may also target unemployment insurance fund systems to steal funds or identities. According to the National Association of State Workforce Agencies (2020), unemployment insurance fund systems are vulnerable to cyber-attacks, compromising sensitive data and also employers and employees may

collude to defraud the UIF system, thus posing a severe threat to the success of the system.

Mental health and wellness: According to the World Health Organisation (2019), mental health stigma is one of the challenges facing UIF in developed countries, as claimants may hesitate to disclose mental health issues due to fear of stigma or impact on benefits. Also, there is a lack of support, leading to insufficient mental health resources and support for claimants navigating the unemployment insurance fund system.

2.6 Unemployment Insurance Fund in Zimbabwe

In 1995, UIF came into existence in Zimbabwe, and it was established under the Unemployment Insurance Act Chapter 24:06 (Zimbabwe Government, 1995). The UIF was established to financially assist workers who are unable to work due to sickness or injury, and also to those who become unemployed. Zimbabwe Journal of Economics (2017) stated that in 1996, the UIF started operating with little from the government, and it was also restructured as it conforms to the contributing fund principle. The contributing fund principle allowed the employer and employee to contribute to the unemployment insurance policy. In the Early 2000s, due to economic instability, the UIF in Zimbabwe was affected, and there were challenges in paying the unemployed, hence leading to an increase in poverty (Moyo, 2020). However, in 2010, the UIF was reformed to improve its sustainability and effectiveness, which included the establishment of a new contribution rate and benefit structure.

2.7 Unemployment Fund in Namibia

According to the Namibia Journal of Economics (2020), Namibia's Unemployment Insurance Fund (UIF) is designed to financially assist workers who have become jobless inadvertently, for a short period. The fund Ncube (2020) stated that it offers maternity, illness, and adoption benefits, and both employers and employees are involved in the contributory fund. Moyo (2020) is of the view that eligible workers are the ones who qualify and benefit from UIF, and the workers who should have been working for a certain period are eager to find new employment, thereby excluding those who become unemployed due to misconduct. The amount and duration of UIF benefits depend on the individual's previous earnings and the length of time they contributed to the fund; thus, benefits are for a short-term period. The Namibian UIF

is administered by the Social Security Commission (SSC) and is responsible for collecting contributions, processing claims, and disbursing benefits (Sibanda, 2022).

2.8 The Unemployment Insurance Fund in South Africa

The UIF is not a new phenomenon in South Africa. Though the concept is a product of the 1930s Great Depression, in the South African context, the UIF post-apartheid has its origins in the Unemployment Insurance Act number 30 of 1996 (Devereux 2019). The Unemployment Insurance Fund was further revised in 2001 under the Unemployment Insurance Act number 63 of 2001. The current UIF in South Africa has expanded the scope of the funds' benefits, with the South African Revenue Services (SARS) providing regulation for employers over UIF contributions (SARS 2020). The UIF is governed and regulated by two legislations, namely, the Unemployment Insurance Act number 63 of 2001 and the Unemployment Insurance Contributions Act of 2002 (SARS 2020). The Unemployment Insurance Fund in South Africa was established as a mechanism towards poverty alleviation and financial relief strains of job loss (ILO 2020). Employers registered with SARS for employee tax should also be registered with UIF to be able to make contributions, as well as allow employees easy access to the funds upon job losses (SARS 2020).

The UIF system in South Africa is purely contributor-funded and operates without any government subsidies (National Treasury, 2011). In the fiscal year ending 31 March 2010, the fund paid out R4,536 million in benefits with 628,595 approved claims. Thus, with about 4.2 million unemployed individuals in South Africa at the end of March 2010, around 15 per cent of the unemployed received unemployment benefits (Department of Labour, 2010; Sibanda, 2022). UIF is a fund to which all employees and employers must contribute monthly in South Africa. If a contributor to UIF becomes unemployed, or unable to work, because of maternity, paternity, or adoption leave, illness, or is the dependent of a deceased contributing worker, they may be eligible for unemployment financial benefits for a set period (Sibanda, 2022). The Unemployment Insurance Act explains how one may claim unemployment benefits, maternity benefits, paternity benefits, illness benefits, adoption benefits, and dependents' benefits (Moyo, 2020; Ncube, 2020).

Employees who have contributed for less than 24 hours in a month are not liable for or cannot be covered with the UIF payments. Furthermore, an employee who works

on a contract basis regulated by section 18(2) of the Skills Development Act of 1998 (Act number 97, 1998) is also not liable to access UIF payments (Musviba 2020). An overview of the origins and development of the UIF in South Africa revealed that UIF is flourishing at the expense of the employees as well as the employers (Bronkhorst 2019). Although the UIF in South Africa plays a vital role in providing subsistence income in times of income shocks, some key segments of the labour market are excluded from receiving benefits. First, since only contributing employees are eligible for the UIF, the unemployed who have never worked before are excluded from this insurance system. Employees working in the informal sector of the economy are also not eligible to claim from the UIF (Musviba 2020). Arguably, then, with the exclusion of those who have never worked before as well as informal sector workers, some of the most vulnerable unemployed labor market participants in South Africa are excluded. Complementary to that, the government employees though employed in the formal sector cannot claim unemployment insurance, due probably to security of tenure (Sibanda, 2022).

2.9 The theoretical framework governing this research

The Poverty Reduction Theory was employed in this research. According to Sen (1999), poverty reduction theory is a framework that explains how poverty can be alleviated through various interventions, including social security systems like the unemployment insurance fund in South Africa. The researcher opted for this theory because of its main points that relate to the study. The main points are discussed in detail below.

Multidimensional approach: The multidimensional approach is a crucial aspect of the Poverty Reduction Theory, according to Basu (2016), as it recognises that poverty is a complex and multifaceted phenomenon that cannot be adequately addressed by focusing solely on economic indicators such as income. This multidimensional approach considers poverty as a deprivation of basic human capabilities such as:

- Income and economic resources.
- Education and knowledge.
- Health and nutrition.
- Social and political participation.

- Access to basic services like water, sanitation and energy.
- Environmental sustainability.
- Social and cultural identity.
- Physical and mental well-being.
- Personal and community security.
- Access to information and communication technologies.

According to Alkire and Foster (2019), the multidimensional approach in poverty reduction theory acknowledges that poverty is not just about a lack of income but also about the denial of opportunities, choices, and capabilities that enable individuals to lead fulfilling lives.

Social protection: The poverty reduction theory highlights the need for social protection floors to support the poor and vulnerable. The World Bank (2020) advocates for programmes like cash transfers and health insurance to help manage economic shocks and reduce poverty. Ortiz (2020) points out that these programmes promote economic mobility and address inequality. Additionally, social protection investments improve education and skills, enhancing productivity and employability.

Social protection can help households and communities build resilience to shocks, stresses, and uncertainty, thereby reducing the likelihood of poverty. According to the United Nations Committee on Economic, Social and Cultural Rights. (2019) Social protection can empower marginalised groups such as women, children, and minorities, by promoting their access to resources, services, and opportunities. According to Nussbaum (2020), social protection supports inclusive growth, addresses multidimensional poverty, fosters social cohesion and supports sustainable development.

Human capital development: According to Ortiz (2019), by investing in human capital development, governments and organisations can empower individuals to break the cycle of poverty, improve their well-being, and contribute to economic growth and prosperity. Sen (1999) is of the view that human capital is of the essence in the poverty reduction theory as it enhances productivity, increases employability, fosters entrepreneurship, improves health and wellbeing, increases economic mobility, breaks intergenerational poverty cycles, enhances adaptability and resilience,

supports inclusive growth, fosters social cohesion and stability and increases economic growth and competitiveness.

2.10 Conclusion

This chapter formed the literature review section of the study. The section highlighted how UIF is being governed in first-world countries by giving examples of the UK, USA and Germany. The section also gave challenges faced by unemployment insurance funds in developed countries. In contrast, the section highlighted unemployment insurance funds in developing countries and the challenges being faced. The theoretical framework governing this research was also explained in detail.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Bhardwaj (2019) urged that research methodology is the systematic, theoretical analysis of the methods applied to a field of study. Kivunja and Kuyini (2019) defined methodology as the general research strategy that summarises how research is to be undertaken and recognises the methods to be used in it. This methodology section will encompass a research design, sample selection, data collection methods, data analysis, ethical considerations and the summary of the chapter.

3.2 Research design

A research design refers to a logical plan used for data collection, enhancing clear data analysis, that guarantees addressing research questions successfully (De Vaus, 2008; Kivunja & Kuyini, 2019). A research design explains how data is to be collected, the instruments to be engaged, how the instruments will be used and how the data will be analysed. According to Bhardwaj (2019), the research design plays a vital role in making sure that the evidence gathered enables the research question to be addressed without doubt and difficulties. An explorative design was employed. Andrade (2020) is of the view that a study is carried out for many reasons, among them including explaining, exploring and describing. Explorative research encompasses the study of unexplored subject areas to fulfil the researcher's need for knowledge about the subject area (Berndt, 2020). The explorative research design was feasible as it fits with the research aim to explore the role of UIF in poverty alleviation in South Africa.

The researcher used the qualitative method as it has the advantage of producing clear data that can be easily understood. According to Berndt (2020), a qualitative approach is a mere exploratory or descriptive approach based on the theoretical assumptions of the interpretative paradigm. The qualitative method was used to collect data on examining the impact of the UIF payments on poverty alleviation upon job losses in South Africa, its extent it fulfils its role in poverty alleviation, and to identify recommendations for the implementation and disbursement of UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa. Thus, the researcher used in-depth interviews.

3.3 Target population and sample size determination

The target population in research can be defined as referring to the specific group of individuals or societies that the research is projected to study, understand, or describe. In the context of the researcher's study on the UIF in South Africa, specifically in KwaZulu-Natal Province, the target population included the beneficiaries of UIF and Department of Labour officials. According to Bryman (2020), the researcher decided on the target population to develop effective sampling strategies to reach this target population and to ensure that data collection methods are appropriate for this targeted group. More so, the researcher decided on the target population to analyse data in a way that is appropriate and meaningful, draw conclusions and make recommendations that are tailored to the needs of this targeted group.

3.4 Sampling

According to Mertens and Wilson (2012), sampling in research refers to the process of selecting a subset of individuals or cases from a larger population, to make inferences or generalisations about the larger population (Adeoye-Olatunde & Olenik, 2021).. The researcher used sampling in this research to reduce costs and time associated with data collection, increase the accuracy and reliability of results and improve the generalisability of findings to the larger population.

The researcher employed purposive sampling. In this sampling technique, according to Bhattacharjee (2012), the chances of selection cannot be predicted. Thus, participants are recruited randomly. Purposive sampling means that not every participant has a chance of being selected (Leedy & Ormrod, 2010; Adeoye-Olatunde & Olenik, 2021). Bryman (2020) highlighted that purposive sampling comprises intentionally selecting a few participants for research with limited knowledge of their characteristics. The researcher selected beneficiaries of UIF in the KwaZulu-Natal Province.

In this regard, the sample comprised of 10 UIF beneficiaries, five UIF officials and five Department of Labour officials... A sample is collected from readily available people who are easy to contact or reach (Saunders et al., 2009; Babbie, 2016; Bryman, 2020). In light of this, the researcher used the convenience sampling technique. Hence, study

participants were haphazardly selected as the researcher used readily available and easily accessible study participants.

3.5 Data collection

According to Creswell & Creswell (2018), data collection in research can be defined as the process of gathering information to answer research questions or test hypotheses. The researcher chose in-depth interviews for their advantages. According to Bryman (2020), these interviews provide rich data and are flexible enough to adapt to different contexts. They also foster personal interactions that build trust and rapport. Additionally, as noted by Kvale & Brinkmann (2015), this method allows for exploring new ideas and perspectives.

The participants signed the informed consent forms for conducting the interviews. The researcher used the letter from the University to seek permission to meet with the selected study participants for the data collection process. Moreover, the study participants were more cooperative, relaxed and shared their opinions without fear as no names were disclosed and collected data was used only for academic purposes. The open-ended interviews were used because they are flexible, allowing fresh thoughts to be established during the interviews. These interviews were conducted in environments chosen by the participants. The interviews lasted for 20-30 minutes, and English was the medium of communication. The interviews were audio-recorded using a cell phone recorder to avoid losing data during collection, with the participants' consent. Respondents were prepared for data collection in the following ways.

- Establishing a rapport with them.
- Informing them about the importance of the study.
- Informing the participants that interviews would be the data collection tool.
- Informing the participants that only one interview would be done unless there is a need for clarification follow-up.
- Informing the participants of the ethical issues involved, such as confidentiality, management of information and getting permission to record.
- Issuing consent forms and explaining them to those who agreed to participate.

3.6 Data analysis

According to Seidman (2019), data analysis can be defined as the process of extracting insights, patterns and connotations from data collected during research. This is supported by Bryman (2020), who highlighted that data analysis involves using various techniques to examine, transform, and summarise data to answer research questions or test hypotheses. The researcher used qualitative data analysis to analyse the field data collected. Qualitative data analysis, as urged by Seidman (2019), is the process of interpreting and making sense of non-numerical data, such as text, images, and observations. Qualitative data analysis involves identifying patterns, themes, and meanings in the data to answer research questions or explore a phenomenon. Data was analysed using thematic analysis, which organises data into themes based on collection methods (Alhojailan, 2012; Alam, 2021). This approach identifies patterns from discussions (Braun and Clarke, 2006; Leavy, 2022) and reveals hidden insights (Namey et al., 2008), effectively capturing the essence of the information.

This research study implemented six phases of thematic analysis as recommended by Braun and Clarke (2006). According to Vaismoradi et al. (2013), firstly, thematic analysis involves the researcher disseminating the information to have a deeper understanding of the theme researched and the collected data. In disseminating the information, the researcher immersed the data (Leavy, 2022). This was done to search data senses developing from the research study through the transcription process. The second step involves the data immersion and familiarisation process, as the researcher now has interesting ideas coming from the data. Developing data codes for the researcher was the next step after the familiarisation process (Bhardwaj, 2019; Andrade, 2020). Thus, data coding enabled the researcher to group the recorded interviews into meaningful sections that are easy to understand. The data collected through interviews were coded to group related information together. According to Silverman (2020), the third step in thematic data analysis is the search for themes that will emanate from the data gathered. The step required the researcher to study the coded data and search for broader themes represented within the coded data, as highlighted by Berndt (2020). In this way, the data changed from the finer coded information into broader themes that created meaning across the different codes.

Reviewing the identified themes was the fourth step in the thematic analysis used by the researcher. This is where the researcher attempted to refine the broad themes.

This was done to ensure that the themes identified have adequate evidence to make plausible conclusions. Therefore, it helped in ensuring that themes which are relevant to similar information are combined, whereas there is also a need to break down some of the themes. According to Hennink et al. (2020), the purpose of this stage is to ensure that important themes supported by data are established. The objective was to have themes that are clear, valid and reliable to represent the data.

According to Vaismoradi et al. (2013), thematic data analysis's fifth step requires the researcher to express and further polish the themes that will be used to present the data. This step was very important because themes are in a style that links them to a comprehensive discussion of the study (Berndt, 2020). Therefore, also considers the relation of themes in creating meaningful and knowledgeable data. After completing all the said stages, the final step included a write-up of the analysis in a summarising manner to portray the research validity and reliability of the findings, as supported by Braun and Clarke (2006).

3.7 Validity and reliability

Researchers must make judgments regarding the 'soundness of the research in connection to the applicability and appropriateness of the methodologies used and the integrity of the conclusions' when assessing the trustworthiness of study findings (Babbie, 2016; Leavy, 2022). Except for quantitative researchers, who use statistical tools to determine the validity and reliability of research findings, qualitative researchers strive to build and adopt methodological procedures that ensure the findings' trustworthiness (Blaikie & Priest, 2017; Cresswell, 2014; Leavy, 2022).

Credibility recognises different realities. Investigators detail individual experiences and attitudes that would have caused methodological bias. Participants' perspectives are presented truthfully (Robson, 2012; Alam, 2021). In ensuring credibility, the researcher carried out a peer debriefing to discover biases taken for granted or suppositions. For instance, the initial qualitative interviews with participants were focused, and the following interviews took a more holistic stance.

Dependability refers to the method's "trustworthiness," and it is contingent on the researcher keeping a 'decision trail,' in which the researcher's decisions are clear and visible. An independent researcher should come up with the same or comparable results (Scholz and Tietje, 2002; Alam, 2021). This was accomplished by providing a

transparent and unambiguous account of the research process from the first outline to creating methodologies and reporting outcomes. In addition, keeping a research diary documenting obstacles and issues helped preserve consistency between the study's goal, design, and process.

When credibility, consistency, and application are handled, success is achieved. The focus was on recognising the complexities of long-term involvement with participants and that the methodologies used and the results obtained are inextricably related to the investigators' philosophical viewpoints, experiences, and perspectives. It should all be accounted for and distinguished from the narratives of participants (Schwarndt, 2007; Alam, 2021). In realising this, emerging themes were discussed with research participants in an open process where assumptions can be challenged and agreement reached. The findings were evaluated to see if they can be applied to different contexts, places, or groups, as stated by Sharma (2013) and Andrade (2020). Rich detail of context facilitates the assessment of study findings and transferability to other related studies.

3.8 Ethical considerations

This refers to the various norms in research that separate the acceptable behaviour, and they include honesty, confidentiality, respect for the dignity and integrity of the study participants, informed consent, legality, privacy and anonymity (Blaikie and Priest, 2017; Andrade, 2020). According to research ethics guidelines, researchers must protect the participants. This is done by valuing their needs and desires. (Open Science Collaboration, 2015). These codes of ethics require that research be based on the following.

- *Informed consent* – The researcher informed the participants about the study and promised them not to violate their privacy. Thus, the researcher did not use coercion to have the participants in the survey but ensured they did so voluntarily and signed as proof of their agreement to participate.
- *Non-maleficence* – The researcher avoided emotional, psychological and physical harm to their participants. As a result, the researcher ensured to protect the participants so that no harm came their way.

- *Beneficence* – a study on human subjects should produce some positive and measurable gain. Thus, the participants were informed of how this research would benefit society as a whole, though there were financial benefits for them.
- *Autonomy or self-determination* – the principles and actions of research respondents should be valued. Therefore, the researcher treated every participant with respect and valued their privacy.
- *Justice* – every participant was treated fairly. This means that no participant was maltreated or treated with partiality during the research process.
- *Ensuring confidentiality and anonymity* – the researcher ensured that the data collected from the participants would be used for academic purposes only in order to protect their identity at all costs. The researcher also advised the study participants that their privacy is essential and will be considered.
- *Ensuring that permission is obtained* – the researcher had to get a clearance letter from the research ethics department so that she would be able to research as per university guidelines and regulations.

3.9 Pilot Study

A pilot study was carried out in KwaZulu-Natal among the purposively selected unemployed individuals in the province who are eligible for UIF benefits, employers in KwaZulu-Natal who contribute to the UIF, beneficiaries of UIF benefits and stakeholders in the labour market prior to the proposed research. According to Blumberg et al. (2016), a pilot study is significant to analyse whether the questions are well organised and clear and to evaluate if the respondents are interested. When the researcher was done with a pilot study, the interview questions were fine-tuned for the actual research. According to Silverman (2020), by conducting a pilot study, researchers can identify and address potential issues, refine their methods, and increase the overall quality and validity of their research.

3.10 Limitations of the Study

According to De Vos et al. (2011), research limitations can be defined as difficulties encountered during the research, and the researcher should address them as they frequently occur; thus, the research also encountered limitations. The sample of the

research comprised 30 members; this is a challenge as the study cannot be generalised to a larger context. Another challenge was that the research focused on the unemployed individuals in the province who are eligible for UIF benefits, employers in KwaZulu-Natal who contribute to the UIF, beneficiaries of UIF benefits and stakeholders in the labour market, and their views cannot be generalised to represent South Africa as a whole. During the interviews, English was used as a medium of communication, and it was a challenge as it was not the native language of the participants in KwaZulu-Natal. In addition, during the interviews, participants faced difficulty in expressing themselves due to the English language. However, probing was used in cases of misinterpretation and for clarification. Lastly, during data analysis, it became obvious that objectives 1 and 2 of the research had overlapping outcomes. As a result, there were repeated results.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The fourth chapter is concerned with data presentation and analysis. Collected data is presented and analysed into various thematic areas in relation to the research questions and objectives. The verbatim data presentation was complemented by a detailed, in-depth, and comprehensive analysis.

4.2 Demographic information

The demographic information of the study participants was critical to the study because it provided a road map for establishing the study participants' background.

Table 4.1 Study participants' distribution

	Gender	Age	Academic qualification	Occupation
N Valid	17	17	17	17
Missing	3	3	3	3

Source: Field data (2024)

Data presented in Table 4.1 above indicates that the researcher had 20 scheduled interviews, and out of the 20 scheduled interviews, the researcher managed to conduct 17 interviews. The research recorded an 85% response rate. There was a strong engagement and participation from the study participants. Complementary to that, a high response rate enhances the representativeness and reliability of the study findings since there was a robust level of data collection from the sample of the study.

4.2.1 Gender distribution of the study

Table 4.2 Gender distribution of the study participants

Gender	Frequency	Percentage	Valid Percentage	Cumulative Percentage
N-Valid Male	9	53	53	53
Female	8	47	47	100

Total	17	100	100
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Source: Field data (2024)

53% of the study were males, while 47% were females, as shown in Table 4.2 above. Male participants dominated the study.

4.2.2 Age distribution of the study participants

Table 4.3 Participants' age distribution

Age	Frequency	Percentage	Valid percentage	Cumulative percentage
N-Valid 18-30 yrs	3	18	18	18
30-35 yrs	10	58	58	76
35-40 yrs	3	18	18	94
40-50 yrs	1	6	6	100
Above 50 yrs				
Total	17	100	100	

Source: Field data (2024)

Table 4.3 above shows that the study was dominated by the age group 30-40 years, which constituted 58% of the study participants. The age groups 18-30 years and 35-40 years had 18% each, hence becoming the second dominant age group. The age group 40-50 years had 6% representation, while no study participant was above the age of 50 years.

4.2.3 Academic qualification of the study participants

Table 4.4 Participants' academic qualifications

Academic qualification	Frequency	Percentage	Valid percentage	Cumulative percentage
N-Valid National Certificate	7	41	41	41

Diploma	2	14	14	55
General Degree	6	35	35	90
Honours Degree	1	5	5	95
Master's Degree	1	5	5	100
PhD	0	0	0	
Total	17	100	100	

Source: Field data (2024)

Data collected according to Table 4.3 revealed that 41% of the study participants had national certificates, 35% had general degrees, 14% had diplomas, 5% had honours degrees, and another 5% had master's degrees. None of the study participants had a Ph.D. The feedback from the study participants during the data collection process was well-informed because of the experiences of the interviewed participants. Pseudo names are used for Participant 1 up to 17 as the names of the participants.

4.3 The establishment of the UIF in South Africa

The research study sought to establish the study participants' level of awareness of the establishment of the UIF in South Africa, and study participant 1 noted that:

The UIF in South Africa dates to 1966, when the first Unemployment Insurance Act was passed. However, coverage in the early years remained very restricted and exclusive. The expansion of the UIF in 1996 was essential to fulfil the principle of equal rights. The Unemployment Insurance Act (Act no.63 of 2001) provides short-term relief to workers subject to certain conditions when they become unemployed or are unable to work because of illness, maternity, or adoption leave and also provides relief to the dependents of the deceased contributor. To establish UIF to which employers and employees contribute and from which employees who become unemployed or, thus, beneficiaries, as the case may be, are entitled to benefits and, in so doing, alleviate the harmful economic and social effects of unemployment.

The UIF was established following the passing into law of the Unemployment Insurance Act of 1966 in South Africa. The responses given by study participant 1 concurred with the responses given by Participant 2, who said, *“UIF was established in 1966 to promote short-term relief to workers when they are unemployed”*.

An analysis of the collected data reveals that the establishment of the UIF was influenced by the need to provide a secondary source of income for the employees in the event of job loss. However, it was noted with concern that the establishment of the UIF has drawbacks, as the UIF's initial coverage remained restrictive and exclusive from its establishment until 1996, when the Unemployment Insurance Act was expanded. Study participant 5 summarised this in the following words:

Unemployment insurance in South Africa dates to the year 1966, when the first Unemployment Insurance Act was passed. However, coverage in the early years remained very restrictive and exclusive. The expansion of the UIF in 1996 was deemed essential to fulfil the principle of equal rights for all citizens.

In addition to the above, the data highlighted that when the UIF was established in 1966, following the passing into law of the Unemployment Insurance Act, both the employer and the employees made monthly contributions towards the fund. Further data revealed that the UIF was made available to employees who became unemployed. Some of the study participants noted that the UIF was also made available in the event of maternity leave or if an employee had died (the funds would be given to their surviving family members).

The expansion of the Unemployment Insurance Act in 1996 to address the principle of equality among citizens was a welcome development since the 1966 Act was very restrictive and exclusive. Admittedly, the study participants were more optimistic about the situation. One of them said,

The expansion of the UIF in 1996 was essential to fulfil the principle of equal rights for all citizens without racial discrimination. It was mainly an initiative to provide financial assistance when losing jobs due to unforeseen circumstances (Participant 6).

The above responses and analysis clearly show that the study participants had high levels of awareness of the establishment of the UIF in South Africa. Complementary to that, the responses given by the study participants touched on the shortcomings of the 1966 Unemployment Insurance Act as well as the 1996 and 2001 amendments

that were made to the act so that it could address the growing concerns of the employees in South Africa. Findings revealed that the sole purpose of the establishment of the UIF is to provide financial relief to the employees in the event of job loss in South Africa.

4.4 The amendment of the UIF in South Africa

The research sought to establish the development of the UIF since its establishment. Some of the participants shared their views. Participant 11 said,

South Africa experienced 25% unemployment in 2015, with youth and women being the most affected. To provide income security to these groups, the government of SA established the UIF in accordance with the Unemployment Insurance Act (No.108) of 1996. UIF is protected for working South Africans in circumstances of unemployment and illness and covers maternity and adoption leave. The UIF is governed by the Department of Labour, which manages the funds and administers payments directly to the accounts of eligible claimants. Funds that are collected are held in investments according to the fund's investment mandate, which is managed.

Data revealed that, on the development of the UIF, the contributors can claim unemployment benefits for up to 365 days instead of 238 days if they have worked for a continuous four-year period. Complementary to that, the study participants argued that the contributors can claim benefits if they have built up credits regardless of whether or not they have claimed them within four years. The UIF was amended to include foreign nationals working in SA and learners on work placement; participants 2 and 5 summed this up by highlighting that:

Participant 2:

Since its establishment, the UIF Act has been amended to include learners who are receiving leadership training as well as foreign nationals working in South Africa as beneficiaries of the UIF.

Participant 5)

The UIF was amended with the inclusion of contributors being able to claim their unemployment benefits for a period of up to 365 days, instead of an initial 238 days if they have worked for a continuous four-year period.

The amendments that were made to the Unemployment Insurance Act were a welcome development for the employees, as the Act addressed the inequalities which

the previous Act had overlooked. The amendment of the Act in 1996 addressed the grey areas of the 1966 Act, hence assuring employees that in the event of losing their jobs, they are guaranteed access to the total benefits of the UIF for their sustainability. Study participant 6 said,

Since its establishment, the development of the UIF has included the total benefits paid from the date of termination instead of the date on which the application for benefits was made.

Overall, the data collected from the study participants revealed that the UIF was amended according to the Unemployment Insurance Act of 2001 to provide for the extension of unemployment insurance benefits to learners who are undergoing leadership training, foreigners working in South Africa and civil servants.

4.5 The UIF contributions and benefits in South Africa

South Africa's UIF is a mandatory and contributory scheme for all workers in the formal and informal sectors, including domestic workers who work more than 24 hours per month. Study participant 1 mentioned that:

While the UIF is inclusive, the public sector, those in training and skills development, migrant workers on temporary assignment and those who work on commission are exempt from the scheme. Those eligible for UIF contribute 2 per cent of their salary; the employer pays 1 per cent, and the remaining 1 per cent is paid by the employee through monthly payroll tax collected by SARS or paid directly to UIF by those in the informal sector or irregularly employed.

The study participants articulated that under the UIF, those eligible can claim benefits for unemployment, maternity, illness and adoption. Survivors' benefits are paid in the case of the contributor's death. The unemployment benefits range from 38% of the income for high-income earners to a ceiling of 60% of income for the lowest earners. In this regard, study participant 2 said, "UIF is deducted from an employer and employee (1% each); the benefits range from 38% for high-income earners to 60% for low-income earners". Study Participant 5 shared the same views saying, "The unemployment benefits range from 38% of income for high-income earners to a ceiling of 60% of income for the lowest earners and can be paid for a maximum of 365 days".

Data collected highlighted that both the employer and the employee contribute equally to the UIF at the rate of 1% monthly contributions each. Complementary to that, the

UIF monthly contributions are open to both the formal and informal sector employees. Admittedly, the study participants said,

Those who are eligible to contribute to the UIF are set to contribute a total of 2% of their total salary per individual. This contribution structure is 1% of the employee's salary and also 1% from the employer per individual. This may be done through monthly payroll tax collected by SARS or may be paid directly to UIF by those in the informal sector or irregularly employed” (Participant 6).

Interviewed study participants voiced that South Africa’s UIF is mandatory, and all contributions for all workers in the formal and informal sectors are eligible for the contributions and benefits of the UIF. The UIF scheme, however, exempts those working on commission.

4.6 UIF is temporary financial relief in the event of job loss for workers

The research sought to establish an understanding of the UIF in South Africa, and the responses of the study participants were overwhelming. *Participant 5 said,*

That it is a benefit that was established to provide relief to the unemployed. However, the systems through which it is managed require further development because, at present, the UIF systems at DOEL are open to fraud and mismanagement of funds.

Participant 2 said, *“I believe that the UIF was designed to provide temporary financial relief to workers who become unemployed and do not earn any income”*. Participant 6 also said,

My understanding is that the UIF is a government strategy to assist workers who, unfortunately, lose their jobs and acquire some financial compensation to be able to meet the basic needs of living”.

Participant 7 expressed in this way: *“The UIF in South Africa is a governmental initiative to assist with finance to workers who lose their jobs due to unforeseen circumstances.”*

The study findings revealed that the UIF is affected by fraud, corruption and the mismanagement of funds. Therefore, the government is unable to provide temporary financial relief to the beneficiaries of UIF in the event of job losses.

4.7 Accessibility and usefulness of the information on UIF in South Africa

Findings revealed that information on the contributions and benefits of the UIF is not difficult to find since one can access the information through labour centres, social media and by attending campaigns hosted by the UIF department. Complementary to that, the information can be accessed by engaging with the UIF staff members. The accessed information has proven useful, as one of the study participants said,

The information is very useful and has helped me become aware of UIF. This information helped me to be prepared and to ensure that when the time comes, I will be ready to take the necessary steps to claim my benefits without outstanding documents. The UIF information also assisted me a lot in that I can advise and share this information with those in need of it, can advise those in need so that they can take correct steps when going about their benefits claims” (Participant 1)

Participants acknowledge that the information accessed about UIF is useful as it creates awareness and educates the employers and employees in South Africa on the benefits of the UIF. Admittedly, participant 2 said,

I access the information on UIF monthly as I have to deal with clients' enquiries periodically. This information is useful, but there is a need for further canvassing /advocacy to spread information to the lower social classes in their language of understanding.

Participants stated that information on UIF is accessed through in-house training programmes conducted by the Department of Employment and Labour. This is also recommended in events where any amendments are made to provide staff members with an understanding of all changes in process flows. The information accessed through in-house training programmes has been provided with useful information. The study participants made these disclosures.

This information, which is provided via in-house training by the Department of Labour, is highly useful as it provides clear information and understanding of UIF (Participant 5).

Participant 6 said, “This information is highly useful as it is accurate and updated”, while participant 7 said, “It is useful in terms of understanding the processes of UIF and any development that may arise”.

The UIF information is easily accessible through training, online search engines and newspapers, among other platforms. The participants acknowledge that the information they have accessed about UIF is useful as it creates awareness and educates South Africans on the potential benefits of UIF.

4.8 Effectiveness of the UIF payments on poverty alleviation and financial relief strains upon job losses in South Africa

The research sought to establish the effectiveness of the UIF payments towards poverty alleviation and financial relief strains upon job losses in South Africa, and the interviewed study participants shared their perceptions of this. Some study participants were optimistic that the UIF payments could help alleviate poverty and financial relief strains. Study participant 2 said,

As an employee at the Department of Employment and Labour (DOEL), I have a clear understanding of the effectiveness of the UIF. The UIF is a valid and beneficial act; it is very useful, especially as the employees need financial relief upon job loss.

Similarly, Participant 8 said, “Because one is currently not receiving any primary income, the UIF secondary income assists in maintaining financial circumstances temporarily”.

The UIF payments assist in providing workers with financial support for basic needs such as food and clothing in the event of job loss. Nevertheless, the UIF provides temporary financial assistance; hence, it is a temporary measure for the alleviation of poverty and financial relief strains upon job losses in South Africa. The payout is for 365 days; thereafter, one has to look for other alternatives for sustainability. Participant 9 highlighted,

Yes, UIF helps me finance my immediate needs while I prepare myself for an alternative finance method. UIF assists in alleviating poverty and provides financial support to us applicants with valid applications. It assists extensively, however, for the duration of the benefits.

Similarly, Participant 10 said, “It assists in terms of maintaining family financial matters; you can improve your financial living and manage financial issues after job loss”.

The optimistic study participants acknowledged that the UIF is a government initiative which serves as a secondary source of income in the event of job loss. Participant 11 voiced that:

Yes, UIF is a good government initiative that assists all workers when they become unemployed. UIF only assists for the duration of the payment, as UIF is not permanent. UIF is a temporary approach, but poverty and financial strains go a long way after UIF is finished; hence,

one has to find an alternative source of income for them to survive after the 365 days of the UIF payment.

Participant 12 also shared similar sentiments: “Because it helps you to manage your financial problems; UIF helps you to manage your family's basic needs such as food and clothing”. Similarly, Participant 13 said,

Yes...Helps me buy food for my family and pay those I owe, as well as help me to have food while I get money to live as I am now unemployed, so it does help me by getting money but no work.

In the same vein, Participant 14 said,

Yes, UIF payments help in poverty alleviation and financial relief strains upon job losses in South Africa. It helps unemployed people to buy food and pay for other things.

Participant 15 shared the same sentiments. *“Yes, payments of money from UIF help me buy food and clothes for my family”.*

When one loses their job and makes contributions to the UIF, they will enjoy the benefits of the funds. One can provide basic commodities for one's family through UIF payments. It is feasible to state that UIF is effective in alleviating poverty and financial relief strains upon job losses in South Africa. Participant 16 noted,

Yes, UIF payments help alleviate poverty and relieve financial strains resulting from job losses. It helps to financially strain individuals while job hunting or looking for alternative sources of income upon job loss.

Participant 17 was also enthused, “Yes...UIF helps me afford to buy food and pay for expenses. It also helps me alleviate poverty and continue with my education”. Although the UIF has been viewed as a financial relief measure for alleviating poverty and financial strains upon job losses, the fund is a temporary measure.

4.9 Conclusion

In brief, the researcher managed to present and analyse the collected data. The collected data were presented verbatim under various thematic topics, which were influenced by the research findings, research objectives and questions.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATION OF THE STUDY

5.1 Introduction

This chapter constitutes the overall presentation, summary, conclusions, and recommendations for the study. The effectiveness of UIF payments towards financial relief strains was researched by determining to what extent the payments assist in poverty alleviation and financial relief upon job losses.

5.2 Summary of the research study

The primary focus of this study was to determine the extent to which the UIF provides financial relief and poverty alleviation for job losses in South Africa. The study's background includes a literature review on the role of UIF payments in poverty alleviation in South Africa. The UIF was established under the Unemployment Insurance Act to provide short-term relief for unemployed workers. Initially limited in coverage, amendments have expanded benefits to include learners, foreign workers, and civil servants. Both employees and employers contribute to the fund, which offers benefits for job loss, retirement, maternity, or death. Despite challenges like fraud and mismanagement, the UIF aims to support workers temporarily. It is mandatory for most workers, but commission-based workers are exempt. Information about the UIF is widely accessible. While it provides temporary relief, the study emphasises the need to explore alternative income sources.

The researcher used a qualitative method to gather clear data, following Patton's (2003) exploratory approach. The study focused on UIF beneficiaries and Department of Labour officials in KwaZulu-Natal. Out of 20 respondents, 17 participated through non-probability sampling. Interviews were conducted to gain insights, and the results were detailed in Chapter 4. Findings indicated that 58% of respondents were aged 30-40, with 18% each in the 18-30 and 35-40 age groups, and 6% aged 40-50. No participants were over 50. All respondents lived in KwaZulu-Natal. The findings show that the participants were aware of the establishment of the UIF in South Africa because they understood the shortcomings of the 1966 Unemployment Insurance Act, as well as the 1996 and 2001 amendments of the Act.

5.3 Conclusion

The research findings reveal that the UIF Fund payments are a short-term financial relief for job losses in South Africa. Information on UIF is easily accessible at any time through online search channels. The recurring theme is that UIF provides temporary financial relief if an employee loses their job and cannot alleviate poverty and financial strain in the long run. In this regard, one has to look for alternative sources of income while accessing their UIF benefits within the stipulated 365 days. The UIF is a temporary financial relief which seeks to assist workers in the event of job loss while one is looking for alternative sources of income for the sustainability of their livelihoods.

5.4 Recommendations for the UIF payments towards poverty alleviation upon job losses

The recommendations are based on the study objectives and the review of the study findings.

1. The UIF should include employees who work and earn a commission. The current exclusion deprives workers of earning a commission despite the fact that they may also succumb to poverty upon losing their jobs.
2. Measures should be implemented for the UIF to significantly contribute to poverty alleviation, allowing payments to extend over a longer duration. Interventions may include increasing contributions to 2% from both the employer and the employee. This recommendation arises from research findings highlighting concerns about the declining economy in South Africa and its impact on the time frame needed for individuals to secure employment.
3. The study recommends that there be systems and processes to safeguard the funds from unlawful access.
4. Resolve staffing issues to ensure efficiency in the flow of applications and payment processes.

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APPENDICES

Appendix A: Permission to conduct research

Appendix B: Consent letter

Appendix C: Interview guide

Appendix D: Turnit in report

Appendix E: Editor's letter