

## Freelancing - A solution to Africa's unemployment problem

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The world is undergoing a significant change in *demographics*. Africa noticeably has the bulk of the world's top 20 countries with a youthful population according to the World Economic Forum. Countries like Niger, Mali, Chad, and Somalia are leading the pack in terms of having a youthful population with the median age in Niger being 15.2 years. Whilst the benefits of having a young population include a potentially sizeable workforce capable of meeting the brainpower demand of the global economy and a large and robust market- the negatives cannot be ignored. A growing population in a low growth economy will inadvertently lead to an *unemployment problem*- a present reality in Africa.

The youth account for 60% of all of Africa's jobless, according to the World Bank. The International Labour Organisation, however, acknowledges that another aspect of this is that there is underlying chronic under-employment. There is an *over-saturation of graduates* on the market as compared to new roles available. Zimbabwe produces approximately 30 000 graduates whilst its southern neighbour South Africa produces around 203 078. Could African labour adopt to the western system of contractual work especially in the professional sense and avert the cloud of unemployment?

The work of work has taken a different form in developed countries. Companies have started moving away from the traditional model of having permanent employees to hiring employees on a need basis for the concerned period. A fixed-term contract, by definition, is a contractual relationship between an employee and an employer that lasts for a specified period. These contracts are usually regulated by countries' labour laws, to ensure that employers still fulfill basic labour rights regardless of a contract's form, particularly unjust dismissal. Taking Germany as a case study. Germany as of 2018 had unemployment of 3.4% according to data from the Organisation for Economic Co-operation and Development (OECD). A total of around 3.21 million employees in Germany had a fixed-term employment contract in 2018. This corresponds to a share of around 8.3 percent of the experienced workforce. For entry-level jobs, however, the number of fixed term contracts accounted for 41 percent of those employed. These figures indicate a segmented market. On the high end of the experience scale, we have a more stable employment environment and permanent contracts. The entry level market has degree of flexibility and a higher turnover rates. The United States labour market differs from the norm in that a large percentage of fixed-term contracts are awarded to migrant labour and are mainly low skilled in nature. For medium to high skill work, freelancing work in the American market is very sizeable. A survey done by one of the biggest freelance websites-Upwork had very compelling insights. The study found that 57 million Americans were involved in some form of freelancing in 2019- a figure which represents 35% of the entire workforce. They also found that the number of fulltime freelancers who are full time has increased 11 percentage points since 2014 (from 17% in 2014 to 28% in 2019). The largest type of freelance work was skilled services at 45% of freelancers. Freelance work was valued at 1 trillion dollars as of 2019- bringing in just below 5% of the entire US GDP.

There are of course some advantages to labour that works in this market. One of the most obvious

advantages is gaining the freedom of choice and steering forward without any restrictions. Contractual work makes it very simple for a person to choose the type of work based on interest and where their strengths lie. There is also a great opportunity to work from anywhere in the world as long as project deadlines are met and the quality of work is maintained. The implication from this is a person's stretch is not limited by geography and can access global opportunities for work.

There are always two sides to a coin and it should also be acknowledged that there are challenges that come with freelancing. The most obvious is the lack of employee benefits for the most part. Contractual workers are hardly afforded the opportunity to basics such as healthcare cover and pension contributions meaning strained savings. Another big concern is that due to sometimes an oversupply of willing short term workers, wages are driven downwards which results in remuneration that is not commensurate with the amount of work being done. There are also, unfortunately, no big enough unions at this point that can look after the *wellbeing of contractual workers*. The small protections that are afforded come from the government due mainly to stipulations in the minimum wages.

Coming back to the African context, contractual work is more common in the lower-skilled to semi-skilled end of the market. Industries where this is prevalent include manufacturing, mining and the construction industry. The African labour demand market for skilled labour assumedly set up in such a way that there is work on a permanent basis or nothing at all if we exclude substitution labour. This somewhat translates to the current crisis that there is a lot of skilled and qualified labour that is not being effectively used in the market. However, the tide is slowly turning on that front. In a study conducted by financial services company [Payoneer](#), from a sample of 21,000 freelancers from 170 countries, it was found that 10.1% were African. Most of the services that are in demand are programming, marketing, IT and business consulting. Whilst some freelancers work for local companies, some have also been competing for contracts on a global scale. *Teaching English online* and transcription services are some of the popular work of choice for remote workers in Africa. This arrangement is beneficial in that African countries to receive much needed inbound cash flows and citizens who can sustain themselves.

*Challenges that African freelancers face* are different from those in the western hemisphere. Some challenges include but are not limited to expensive but intermittent internet services, unreliable power supply and sometimes high withholding rates on remittances. To be able to open up field for their citizens, African governments should invest heavily in its infrastructure as it will go a long way in ensuring the youth stand a fair chance in the global market to make a living for themselves. In terms of local short term contracts- employers can attempt to replicate the German model and subsidise contractual graduate employment so as to ensure they filter on to the less crowded and more permanent market which requires experience. *Unemployment* is a reality for many in Africa and the *freelance market* could potentially go a long way in providing income in a tough market.

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