

3 – KEY LABOUR MARKET CHALLENGES



OVERVIEW

This section summarises the key labour market challenges emerging from the provincial labour market context, the MKRI Unemployed Graduate Database and the skills demand and supply analysis.

The findings suggest that KwaZulu-Natal faces a combination of broad labour market pressures, graduate unemployment challenges and skills mismatch issues.

These challenges are interconnected and require coordinated responses across government, education and training institutions, SETAs, municipalities and employers.



INSIGHT

KwaZulu-Natal's provincial labour market challenges are reflected in high unemployment, high labour underutilisation, declining labour force participation, weak employment absorption and persistent youth labour market exclusion.

The decline in official unemployment is partly linked to reduced participation rather than strong labour absorption.



3.1 – PROVINCIAL LABOUR MARKET CHALLENGES

Table 1: Selected Labour Market Indicators for KwaZulu-Natal, Q1:2026

Indicator	Q4:2025	Q1:2026	Change
 Labour Force	4.010 million	3.956 million	↓ -54 000 -0.8 percentage points
 Employed	2.716 million	2.722 million	↑ +6 000 +0.0 percentage points
 Unemployed	1.294 million	1.234 million	↓ -60 000 -1.1 percentage points
 Outside the Labour Force	3.769 million	3.846 million	↑ +77 000 +0.1 percentage points
 Labour Force Participation Rate	51.5%	50.7%	↓ -0.8 percentage points
 Absorption Rate	34.9%	34.9%	– 0.0 percentage points
 Official Unemployment Rate	32.3%	31.2%	↓ -1.1 percentage points
 Expanded Unemployment Rate	47.1%	47.2%	↑ +0.1 percentage points

Source: Statistics South Africa, QLFS Q1:2026.



KEY TAKEAWAY

KwaZulu-Natal's labour market pressures require targeted interventions to increase participation, improve employment absorption and address high underutilisation and youth exclusion challenges.

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3.2 – GRADUATE UNEMPLOYMENT CHALLENGES

Table 6: Summary of Key Graduate Labour Market Patterns from the MKRI Database

Pattern	Evidence from the Database	Labour Market Implication
 Spatial concentration	eThekweni accounts for 37.5% of registered graduates	Graduate support and employer-matching may need strong urban coordination, while rural outreach should be strengthened
 Female-dominated profile	Females account for 74.7% of records	Graduate interventions should be gender-responsive
 Qualification concentration	Degree and diploma holders account for 82.7% combined	Unemployment challenge is not only low education, but weak transition into work
 Field-of-study concentration	Education accounts for 36.9% of records	Need to assess absorption pathways for education-related graduates
 Youth concentration	18–34 age group accounts for 82.7% of valid age records	Graduate unemployment is mainly a youth and young adult transition issue
 Employment history captured	89.3% have employment history information captured	The database can support further employability and work-experience analysis

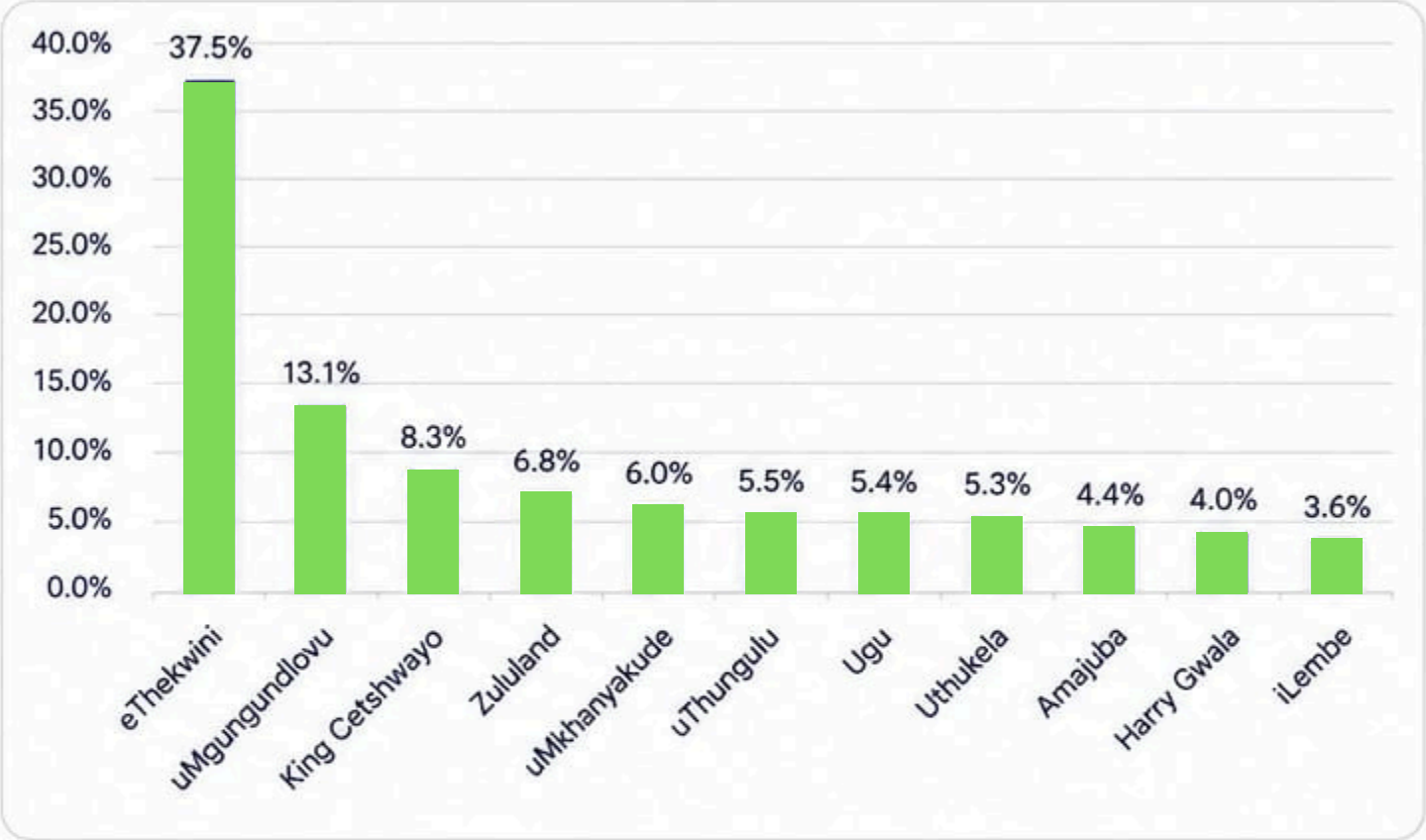


INSIGHT

Graduate unemployment is a significant concern among registered graduates in KwaZulu–Natal. The database contains 4,680 cleaned graduate records, with a strong concentration of degree and diploma holders (82.7%). This indicates that graduate unemployment is not limited to individuals with lower-level qualifications, but also affects people with formal post-school and higher education credentials.

3.3 – GEOGRAPHIC DISTRIBUTION CHALLENGES

Figure 4: Distribution of Registered Unemployed Graduates by District Municipality, 2026



INSIGHT

The strong concentration in eThekweni (37.5%) and uMgungundlovu (13.1%) may reflect the location of tertiary institutions, public-sector offices, private-sector employers, urban services and stronger digital access. However, this pattern should not automatically be interpreted as meaning that graduate unemployment is lower in rural districts. Lower registration numbers in rural districts may also reflect lower awareness of the MKRI platform, weaker access to digital registration channels or lower outreach coverage.



KEY TAKEAWAY

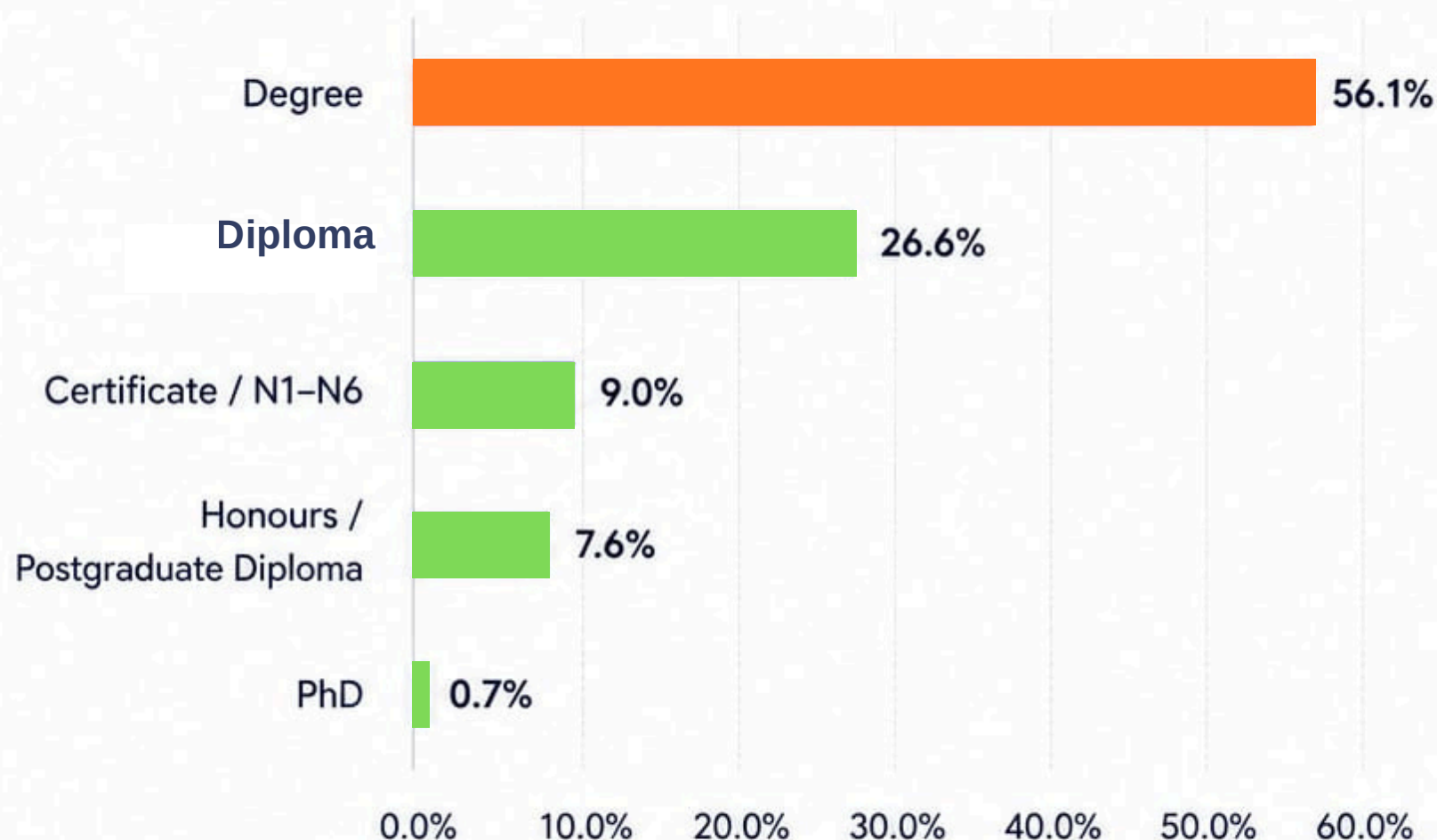
Graduate unemployment in KwaZulu–Natal is driven by structural challenges including spatial concentration, gender dynamics, qualification and field mismatches, youth vulnerability and uneven geographic distribution—requiring coordinated, data-driven and inclusive interventions.

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3.4 – QUALIFICATION AND FIELD-OF-STUDY CHALLENGES

Figure 5: Registered Unemployed Graduates by Highest Qualification Level, 2026



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The qualification profile shows that most registered unemployed graduates hold degrees (56.1%) or diplomas (26.6%). This suggests that the challenge is not only educational attainment, but also the ability of the labour market to absorb graduates into suitable employment, internships, learnerships, professional placements and entrepreneurship pathways.

The strong concentration in education-related fields (36.9%) suggests a possible oversupply or delayed absorption of graduates trained for education and related occupations.



KEY TAKEAWAY

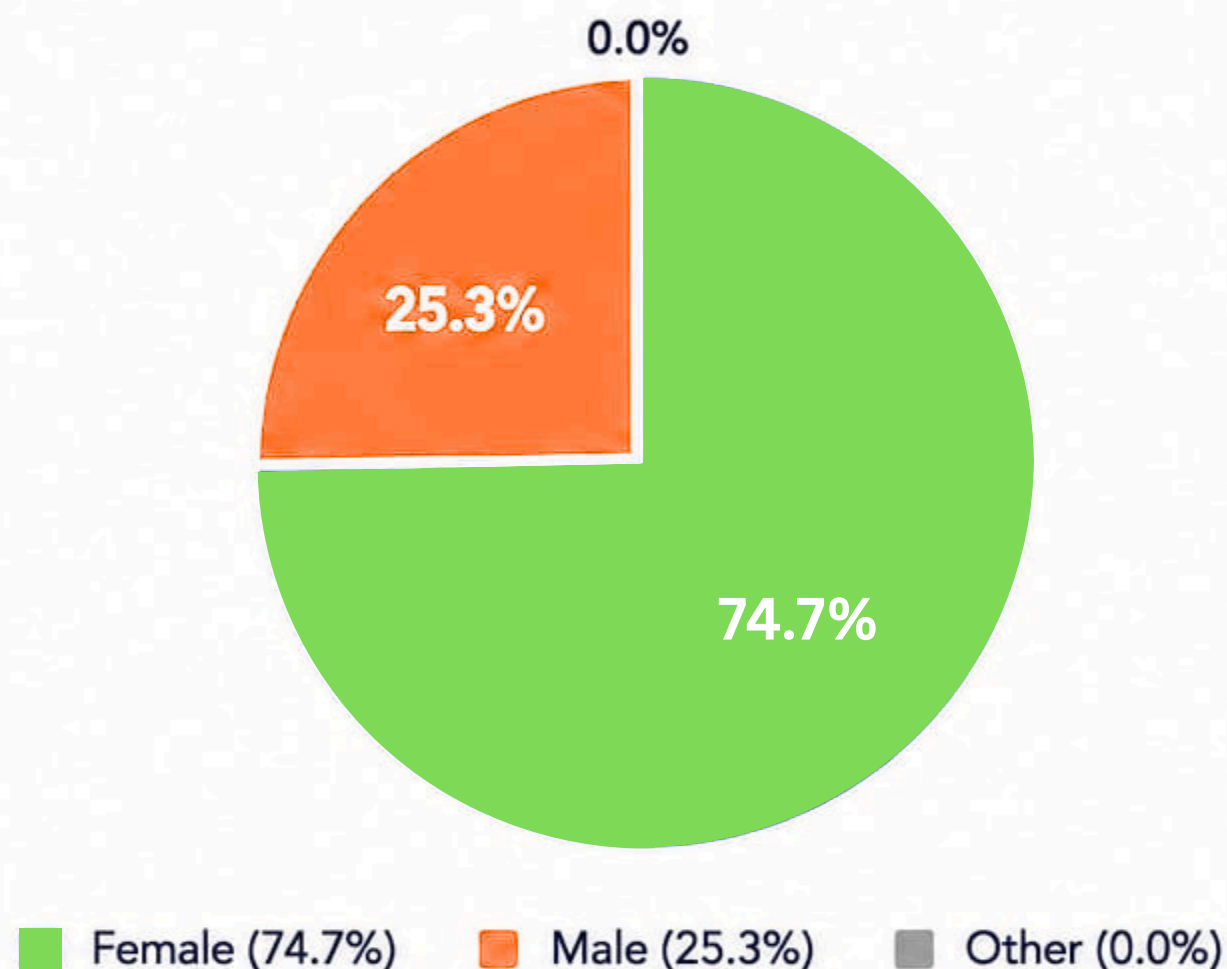
Most registered unemployed graduates hold degrees or diplomas, yet face difficulty transitioning into the labour market. Strengthening employment pathways—through internships, workplace exposure, professional placements and entrepreneurship support—is essential to improve graduate absorption, particularly in education-related fields.

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3.5 – DEMOGRAPHIC CHALLENGES

Figure 7: Gender Profile of Registered Unemployed Graduates, 2026



INSIGHT

The database is strongly female-dominated (74.7%) and youth-dominated (82.7% aged 18–34).

The concentration in the 25–34 age group suggests that many graduates may have already completed their studies but remain in a difficult labour market transition phase.

This is important because prolonged unemployment after graduation can weaken skills utilisation, reduce work readiness and increase dependence on temporary or short-term opportunities.



KEY TAKEAWAY

The strong female and youth concentration among registered unemployed graduates highlights the need for targeted interventions that accelerate the youth-to-work transition, promote inclusive opportunities and support sustained participation in the labour market.

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3.6 – SKILLS MISMATCH CHALLENGES

CHALLENGE	EVIDENCE	IMPLICATION
 Education oversupply	 36.9% of registered graduates	 Absorption may be limited if graduates are not connected to available posts or placement programmes.
 Business/Management concentration	 13.4% of registered graduates	 Graduates compete in a broad labour market where practical experience is important.
 Public Management concentration	 8.2% of registered graduates	 Opportunities may be constrained by public-sector hiring capacity and budget limitations.
 Limited ICT and Engineering supply	 ICT (1.9%), Engineering (2.3%)	 May reflect lower registration or smaller supply pipeline; these fields are often linked to occupations in demand.
 Work experience gap	 Many graduates lack practical exposure	 Employers require specific occupational skills, practical experience and workplace readiness.



INSIGHT

The skills mismatch challenge is not simply a mismatch between qualifications and labour market opportunities. It reflects oversupply in some fields, limited supply in critical fields and a lack of practical work readiness and experience.



KEY TAKEAWAY

Addressing skills mismatch requires aligning education and training with sector demand, strengthening practical experience pathways and improving access to work opportunities and employer connections.