Cape Peninsula University of Technology

TITLE OF THESIS: Public perceptions of the impact of the global financial crisis on the South African economy

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DECLARATION

I (Marcel Lusamba Kazadi), the undersigned, hereby declare that the work contained in this thesis is my own work, except where due acknowledgement is made with full references in the text, and that it has not previously been submitted to any university or institution of higher learning for any qualification or certificate.

Signed **Date**

ABSTRACT

The study aims to assess how people in South Africa perceive the impact of the global financial crisis on the South African economy in the context of unemployment, poverty, crime, the mining, industrial, manufacturing and agricultural sectors, household expenditure, capital inflows, capital flows, capital outflow, electricity prices, education funding, health funding, remittances, pension funding, and financial institutions. From 2008 to 2010 the South African economy entered into recession because of the global financial crisis which was caused by the collapse of the United States' housing market. A survey questionnaire which aimed to measure the perceptions of the impact of the global financial crisis on the South African economy was administrated to 300 randomly selected students and staff at two universities. A number of people were selected from the general public in Cape Town and at selected survey areas: two universities and five townships in Cape Town (Mandela Park, Hout Bay Harbour, Guguletu, Nyanga and Khayelitsha). The research followed the procedure of random sampling with students and staff at two universities in Cape Town and they were selected by the researcher and fieldworkers on an arbitrary basis. The employed field workers selected persons from the townships on the same basis. Results from the survey showed that a majority of respondents from universities and non-university subjects (170) agreed that the global financial crisis has impacted negatively on the South African economy in the context of unemployment, poverty, crime, the mining, industrial, manufacturing and agricultural sectors, capital inflows, capital flows, electricity prices, education funding, health funding, pension funding, and financial institutions. The survey questionnaire was designed according to the sample, which comprises staff and students at two universities in Cape Town, as well as, non-university subjects. This meant that many respondents included university staff and students because they are educated and have more knowledge and understanding than non-university subjects. This research found that non-university respondents were more unwilling to participate. The fieldworkers were also challenged to assess the perceptions of a large number of these respondents owing to a lack of language and cognitive skills. The research used two fieldworkers to assess the perceptions of university respondents concerning the impact of the global financial crisis on the South African economy. The research also used 14 fieldworkers to assess the perceptions of non-university respondents concerning the impact of the crisis on the South African economy. The cost of the fieldworkers' remuneration was justified as the

assessment process would have been extremely difficult for the researcher to have undertaken alone.

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LIST OF ACRONYMS

ADB	American Development Bank
ADB	African Development Bank
ADB	Asian Development Bank
AIDC	Automotive Industry Development Centre
AIG	American International Group
ANC	African Nation Congress
ARV	Antiretroviral
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BFAP	Bureau of Food and Agriculture Policy
CAD	Current Account Deficit
CDB	Caribbean Development Bank
CDO	Collateralized Debt Obligations
CDS	Credit Default Swaps
CGC	Consumer Goods Council
COSATU	Congress of South African Trade Unions
CPI	Consumer Price Index
DA	Democratic Alliance
DRC	Democratic Republic of Congo
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EU	European Union
EZ	Euro Zone
FDC	Foundation for Development Cooperation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IADB	Inter-American Development Bank
IATA	International Air Transport Association
IOM	International Organization Migration

IDB	Investment Development Bank
IFAD	International Fund for Agriculture Development
IFC	International Fund Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
LDC	Least Developing Countries
MDG	Millennium Development Goals
MTO	Money Transfer Organization
NACTU	National Council of Trade Unions
NUMSA	National Union of Metalworkers of South Africa
NERSA	National Energy Regulator of South Africa
ODA	Official Development Assistance
OECD	Organization of Economic Cooperation and Development
OLF	Out of the Labour Force
PGM	Platinum Group Metal
PPI	Production Price Index
Q/QSAA	Quarter on Quarter Seasonally Adjusted and Annualized
SADC	Southern Africa Development Community
SAGIS	South Africa Grain Information Service
SAPA	South Africa Principals' Association
SAPP	Southern Africa Power Pool
SARS	South Africa Revenue Services
TAC	Treatment Action Campaign
UNCTAD	United Nations on Trade and Development
UK	Union Kingdom
UN	United Nations
UNHRC	United Nations High Commission for Refugees
UNESCO	United Nations Educational, Scientific and Cultural Organization

UNICEF	United Nations Children’s Fund
USA	United Stated of America
US	United States
US$	United States Dollars
UNWTO	United Nations World Tourism Organization
WTO	World Trade Organization
Y/Y	Year on Year

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CHAPTER 1: INTRODUCTION

According to Maia and Hanival (2011:1-2), the South African economy recorded 14 successive years of positive real GDP growth before the impact of the global financial crisis on the economy in 2008. This robust growth was reversed by progressively well-established macro-economic policies, which are associated with the implementation of sound and transparent fiscal and monetary management. This resulted in a relatively lower inflation and interest rate environment, the closing of the forward book by the South African Reserve Bank and the build-up of foreign exchange reserves. In the latter part of the review period, it was noticeable that such domestic trends corresponded with generally favorable and coordinated international growth trends. The current upswing in the business cycle is, therefore, already in its nineth year. The South African economy recorded a rate of growth in gross domestic product (GDP) of 5.4% in 2006, which was its best performance since 1994 before moderating to 5.1% in 2007. This strong growth was driven largely by robust consumer demand in 2007 and strong inflows of foreign capital into South Africa, which reflected increased investor confidence and some extraordinary performance in respect of domestic financial assets.

The problem is that during (2008-2010) the South African economy experienced high unemployment, poverty, and corruption owing to the global financial depression. The high unemployment rate was largely driven by a reduction in the manufacturing sector, with a decrease in productivity in the mining, financial, business service and retail trade sectors. South Africa’s unemployment rate increased to 23.6% in 2009. In 2007 the unemployment rate was less than in 2008 to 2010 (South Africa Reserve Bank, 2009). The result was that people earned no money or less money for necessities such as food and services: health, municipality, medical, local authority and national government (Zini, 2008:1). The main objective of the study was to assess how South African perceives the effects of the global financial crisis in the context of unemployment, poverty, crime, and corruption within South Africa.

The aim of the study is firstly, to help the South African government to become aware of the consequences of the impact of the global financial crisis on South African society in order to further understand the consequences of the global financial crisis on the South

African economy, as well as on South Africans. Secondly, the study aims to find solutions and strategies on how to solve challenges faced by South African people owing to the global financial crisis and how to adjust South Africa's economy.

The research may assist the South African government in future with a model to create more employment, and to improve the South African economy with regard to trade with African, Asian, Latin American and western countries during the recession. The study has potential to expand knowledge in the field of studies on effects of the global financial crisis in Africa. Few studies of this type have been published. The over-extended US residential market and the collapse of the house market price are premier reasons for the impact of the global financial crisis, as these have led investors to lose confidence. The American Federal Reserve Bank increased the interest rate, which led to banks having liquidity problems, and to fail. This situation was replicated across the world economy and many countries were drawn into financial distress (Mak, 2009:1).

1.2 Clarification of basic concepts

1.2.1 South Africa

"South Africa is a large country that occupies the southern tip of the African continent, bordered by the Indian Ocean to the South East and by the Atlantic to the South West. In the North it borders with (from west to east) Namibia, Botswana, Zimbabwe, Mozambique and Swaziland, while in the East it is totally surrounded by the independent Kingdom of Lesotho" (Egan & Bateman, 2002:200). In the past, South Africa's gold and diamond resources helped to make the country attractive to European immigrants, while gold still accounts for up to half of the country's total exports. Energy conservation is a necessary policy, as all petroleum, except that produced from coal, is imported from oil-producing countries (Egan & Bateman, 2002:200).

Electricity generation in the Western Cape which uses nuclear power has been operating at Koeberg since 1982. South Africa generates almost half of all electricity used on the African continent, and the government's energy-conservation policy allows much of this to be exported. Mozambique and Namibia are among the countries that are linked to South Africa's national grid (Egan & Bateman, 2002:200).

1.2.2 Public

The Cambridge Dictionary (2005:1020) defines the concept of public as something "relating to or involving people, in general, rather than being limited to a particular group of people", for example, public opinion (opinions of many people).

Soanes and Stevenson (2005:229) define public as "involved with community affairs especially in government or entertainment".

1.2.3 Public perception

According to the Cambridge Dictionary (2005:936), the concept of public perception is related to public opinion or the opinion of people in a state or community. However, for purposes of this research, this concept of public perception is related to people in the public sector, for example, the University of Cape Town and the Cape Peninsula University of Technology's staff and students, and is not subject to university perceptions concerning an issue (political, economical, social, financial and sport).

1.2.4 Impact

The Cambridge Dictionary (2005:638) defines impact as "the force or action of one object hitting another".

1.2.5 Global

According to the Cambridge Dictionary (2005:540), the word global refers to the whole world.

1.2.6 Global financial crisis

The Financial Dictionary (2009:30) defines the global financial crisis as a situation where money demand rises quickly and is relative to money supply. A financial crisis is equivalent to a banking crisis; presently, it may also take the form of a currency crisis.

Several economists have theories on how a financial crisis develops and how it can be prevented. There is, however, no consensus, while financial crises remain regular phenomena. A stock market crash is an example of a financial depression.

According to Bressler (2009:3), a financial crisis is financial instability in the international economy in terms of the global environment. A financial crisis is set within the context of an expanding economy where prices of financial assets rise, and the general level of speculation increases. A key issue is the possibility that money from one country can be lent or invested in another country, moreover, as a result of the recession and falling interest rates in the USA and other developed countries. Within a global context, financial fragility is increased by the ability of funds to cross national borders and to invest in domestic markets; an increase in exchange-rate exposure; and interest speculation. In addition, movement to the brink of financial depression can result from an increase in foreign interest rates and a decrease in exchange rates. The Cambridge Dictionary (2005:469) describes financial as something "related to money or how money is managed, for example, financial crisis or the management of money supply".

1.2.7 Macro-economic

The Cambridge Dictionary (2005:762) defines macro-economic as "the study of financial systems at a national level".

1.2.8 Unemployed

The Cambridge Dictionary (2005:1415) defines unemployed as "a person not having a job that provides money".

1.2.9 Poverty

According to the Cambridge Dictionary (2005:985), the word poverty refers to a person who has "the condition of being extremely poor".

1.2.10 Recession

According to Mercury (2010:1), “recession refers to a period of general economic decline; typically defined as a decline in gross domestic prices (GDP) for two or more consecutive quarts of the year. A recession is typically accompanied by a drop in the stock market, an increase in unemployment, and decline in the housing market”.

1.2.11 Economy

“The economy is the study of how people allocate their maximum resources in an attempt to satisfy their unlimited wants. Hence, economics is the study of how people make choices. Two words require explanation: resources and wants. Resources are things that have value. Wants are all of the things that people would consume if they had unlimited income” (Miller, 2000:5). According to the Cambridge Dictionary (2005:396), the “economy is the system of trade and industry by which the wealth of a country is made and used”.

1.3 Statement of the research problem

During 2008–2010 the South African economy experienced a decline, which resulted in high unemployment, poverty, and corruption owing to a global financial depression. The impact of this economic decline has been severe with people earning less or no money for necessities such as food and services. The global financial crisis has impacted on the South African economy. This social economic failure includes unemployment, inequality, poverty, crime, and HIV/AIDS, while agriculture, mining and manufacturing have declined, and the trade and current account deficit (CAD) has widened. Household indebtedness reveal worrying levels in a low-interest rate environment and inflation pressures have mounted. Moreover, severe energy shortages have developed (inducing blackouts) (Zini, 2008:1).

South Africa’s economic production decline, coupled with an increase in unemployment, poverty, inflation and crime are reasons that have prompted the researcher to choose this research topic. However, the global financial crisis is the main reason for economic disequilibria in South African peoples' lives. A raison for this study is to assess the perceptions of South Africans in the context of the impact of the global financial crisis on the South African economy. The unemployment and poverty rate, for example, have increased owing to the impact of the global financial crisis such as employee retrenchment. The number of unemployed people who live mostly in rural areas in South Africa and who depend on family members' monthly remittances has increased because these family members who had worked in urban areas have been retrenched.

1.4 An analysis of the impact of the global financial crisis

The world's economy faces a huge challenge owing to the global financial crisis since all countries in the global economy have been impacted by the crisis. Te Velde (2008:1) affirms that most of the developed countries have been seriously impacted by the global financial crisis. Shah (2009:14-15) affirms that food and petrol prices have been augmented. China's unemployment rate and its company retrenchments have increased because of the global financial crisis. However, from 2007 to 2008, the Indian economy rose by an enormous rate of 9%, which was mainly fuelled by its domestic market; whereas Japan's industrial production decreased by 10% because of the crisis. Von Braun (2008:1) states that from 2007 to 2008, high food prices had serious implications for food and nutrition security, macro-economic solidity and political protection because of the impact of the global financial catastrophe.

Taoufik *et al*. (2009:1-35) argue that the drivers of African and other emergent countries' economic development performances have been affected by the global financial crisis. This led to an increase in the price of food and services in African countries, including in South Africa where oil was augmented, capital flows collapsed, and promised raised aid did not materialise. In other emerging economies such as China, economic growth has slowed. In Asia and Latin America, growth forecasts have already been drastically revised downwards. Although the immediate impact of the crisis was contained, the medium-term effects are likely to be greater. The global demand for food and services has decreased in Africa. The import demand in the European Union (EU) and the United States (US) has declined and this accounts for the deterioration of Africa's exports, which is another impact of the global financial crisis. The budget and revenues of the governments of EU countries, the US, and African countries have decreased. The global financial crisis has reduced export prices, trade, and current balances. Mining sectors, capital inflows, capital flows, tourism industries, banking systems, markets, foreign exchange markets, commodity prices, and trade flows have been impacted by the global financial crisis in Africa. Shah (2009:11-13) argues that the global financial crisis has been caused by the wealthy countries. In fact, the problem has been created by some of the most influential banks, the international monetary fund, and its ideologies and policies in the US towards the global economy. After the failure of major institutions, the crisis became serious, and to this end a $700 billion bailout plan for the US's financial system was provided by the Bush administration (Shah, 2009:11-13).

However, Reynolds (2008:9-10) states that the global financial crisis has impacted the European economy. In fact, a majority of financial institutions has failed, while others require recovery measures. The economic crisis became widespread in Iceland because it was dependent on the financial sector, which ultimately created public dissatisfaction, and provided sufficient evidence that the Icelandic government had collapsed. A number of European countries implemented different rescue measures to prevent the crisis. The European Union countries considered cutting the expenditure increase to €200bn over two years. The European Union also planned to restore consumer and business confidence, and shore up employment.

In 2011 the impact of the global financial depression appears deeper than in 2008 and 2009, and while the causes and effects of the global financial crisis are dealt within in the epilogue, it is suggested that the stewardship of a central bank may be more of an art than a science (Anonymous, 2009). Schwartz (2008:19) describes factors that contributed to the financial market crisis of 2008 and suggests policies that could have prevented the effects that produced the crisis. According to Reynolds (2008:9-10),"the history of the global economic meltdown or depression of 1873 suggests that it is the best metaphorical parallel for the events and circumstances of the 2008 US and global credit depression". Ely (2009:93) suggests that the causes of financial depression have been produced by public policies, which were observed by the US government in the context of the relationship between financial and human behaviour. Tom (2008:35-36) argues that the incorrect progression of the material price indexes of the Asian construction market have been caused by the impact of the global financial crisis. Jason

(2009:14-17) distinguishes between two aspects, namely the 2009 financial slow down and the global depression. The global economy has experienced a serious depression; however, he rejects comparisons between the great recession of 1929 and the current one and suggests causes for optimism about the future of the Canadian economy.

Nicholas (2009:1) perceives that the global financial crisis has effects on astronomy in terms of the reduction of funding; despite its effects, the industry has been challenged significantly by the impact of the global financial crisis. The economic case for tackling the global climate crisis is more dominant and has also improved the ability of the astronomy industry to respond. Potential increases in temperatures are because of rising gas concentrations, which appear higher. Sarah (2008:1-2) argues that fears concerning the ability of the Middle East to deal with the global financial meltdown have been caused by the decision. According to USA Today (2009), the global financial recession has already impacted the Mexican economy and one result is the increase in drug-related violence. During the recession Mexico experienced a pandemic H1 N1 influenza virus, which led shoppers to stay at home, restaurants to close, tourism to plummet, and companies to deal with child care costs and school closures, which were ordered countrywide. Tragically, many people died from the virus.

1.4.1 The global financial crisis and the South African economy

The South African economy is part of the worldwide economy, and was hence also impacted by the global financial crisis. However, Motlanthe (2009:2-3) states that the South African economy is decline with high debt and unemployment. Moreover, SAPA (2009) states that in South Africa, the unemployment rate increased by 23.5% owing to the crisis. A total of 2 008 000 employees lost jobs between 2008 and 2009. Furthermore, Masiteng (2009:1) clarifies the level of unemployment in South Africa by stating that the year-on-year's figures hardly showed any movement in employment levels, as the number of unemployed people remained virtually unchanged at 13.6 million. The trend appears negative, since manufacturing and trade have decreased, while liquidations have increased.

In addition, Mohamed (2009:1) argues that as a result, a long term process of financial deregulation was created by the global financial crisis in banking systems, which permitted uncontrolled greed to influence the behaviour of senior executives in banks and other financial institutions. A huge integration of financial markets has been permitted by the deregulation and extraordinary attention within the global banking sector. The darkness of banking systems became a global phenomenon; excessive risk taking became a global practice. South African policy makers cannot sit back and pretend that South Africa is unaffected by global financial occurrences. The global financial crisis has affected the trade market: according to the South Africa Revenue Services (SARS) (2009:1), in February 2009 South Africa recorded a trade deficit of R512-million for March 2008, which decreased from R571-million. This deficit was mainly owing to raised exports of 17.94% and augmented imports of 17.58%.

According to Te Velde (2008:1), the global financial crisis caused serious damage in the economies of most high income countries. In fact, the level of unemployment and poverty increased. Hattingh (2009:1) argues that the origins of the current financial crisis can be traced back to the global capitalist crisis that erupted in the late 1940s. It was during this post war period that the global economic crisis began to stagnate. Therefore, it became less and less profitable for companies to reinvest in the manufacturing and service sectors. In respect of the South African economy, Appel (2009:1) states that the South African economy has been impacted by the global financial crisis in terms of credit demand, and in the private sector the credit demand has dropped by 1.75% because of the impact of the global financial crisis. Ayodele (2009:1) states that South Africa has its own serious internal challenges, while its unreasonably high levels of poverty largely shape the political landscape.

The South African agricultural economic sector was also impacted by the global financial crisis; Botha and Maluleka (2009:30) state that "it is too difficult to have comprehensive pictures of the consequences of the crisis that has hit the global economic system. However, the South African agricultural sector has been affected by the global financial crisis. South Africa moved from being a net exporter of food to being a net importer of food or is likely to be affected more, and the financial crisis is a result of market failures in the North".

In summary, the global financial crisis has already impacted on countries throughout the world including South Africa, but it is not yet fully fledged, while more workers continue to lose their jobs, particularly in various sectors of the South African economy. The government should look for expedient economical and financial solutions to counter the global financial crisis in order to mitigate its consequences on the lives of South Africans

1.5 Research questions

1. How do South Africans perceive the impact of the global financial crisis on the country's economy?
2. How do South Africans perceive the impact of the global financial crisis on poverty, crime, unemployment, retirement, and health funding and job creation in South Africa?
3. How do South Africans perceive the impact of the global financial crisis on South African commodities and industries?
4. How do South Africans perceive the impact of the global financial crisis on consumer demand and household expenditure?
5. How do South Africans perceive the impact of the global financial crisis on tourism, exports, tax revenue, remittances, and employment in South Africa?
6. How do South Africans perceive the impact of the global financial crisis on the South African shopping financial possibilities?
7. How do South Africans perceive the impact of the global financial crisis on electricity prices, personal income, capital movement, South African foreign direct investment, and financial institutions and service prices?

1.6 Research assumptions

The research aimed to test whether the South African public held certain assumptions regarding the impact of the global financial crisis, and in fact whether their perceptions included that was the financial crisis had affected the South African economy. These assumptions include the perception that high unemployment is one of the consequences of the crisis owing to the failure of some businesses that had provided considerable employment.

Additionally, the global financial crisis created high poverty levels where people have no money to survive, which, in turn, brought hunger and malnutrition to many South African households, and increased crime, prostitution, rape and corruption in many communities. All sectors of the economy were affected, while production decreased in all sectors. Finally, the assumption is that the global financial crisis brought financial instability to many South African households, particularly in the rural areas, where monthly remittances from family members that were employed in the urban areas were the main source of financial livelihood.

1.7 Objectives of the study

1. The main objective of the study is to assess how South Africans perceive the impact of the global financial crisis on the South African economy.

1.1 A sub-objective is to assess how South Africans perceive the impact of the global financial crisis in the context of unemployment, poverty, crime, retirement, health funding and job creation in South Africa.

1.2 A sub-objective is to assess how South Africans perceive the impact of the global financial crisis on South African commodities and industries.

1.3 A sub-objective is to assess how South Africans perceive the impact of the global financial crisis in the context of consumer spending in South Africa.

1.4 A sub-objective to assess how South Africans perceive the impact of the global financial crisis on consumer demand and household expenditure.

1.5 A sub-objective is to assess how South Africans perceive the impact of the global financial crisis on tourism, exports, tax revenue and remittances in South Africa.

1.6 A sub-objective is to assess how South Africans perceive the impact of the global financial crisis on South African shopping finance possibilities.

1.7 A sub-objective is to assess how South Africans perceive the impact of the global financial crisis on electricity prices, personal income, movement of capital, South African foreign direct investment, financial institutions and house prices.

1.8 Research design and methodology

1.8.1 Research design

The study only used quantitative research methodology in order to gain a better understanding of the problem that had been identified. This quantitative research methodology outlined the process and techniques that were required to assess the degree of the perceptions of university staff, students, and non-university subjects related to the current impact of the global financial crisis on the South African economic crisis in South Africa.

1.8.2 Quantitative research methodology

1.8.2.1 Survey questionnaires

The research dealt with surveys as a tool of quantitative research methodology, which focused on asking non-university subjects (unemployed and employed), and university staff and students, questions related to the impact of the global financial crisis. These were used to identify why, where and when the South African economy became affected by the global financial crisis. The survey's administrative questionnaires were used to collect data from respondents, namely opinions, beliefs and convictions of ordinary unemployed and employed people (Welman, *et al*., 2009). The purpose of quantitative research methodology is to evaluate objective data, which comprises numbers. The selected staffs, students and non-university people were asked to participate in the survey questionnaires of this research in order to assess the perceptions of the impact of the global financial crisis on the South African economy and peoples' lives, and to quantify the number of respondents who agree and disagree (Welman, *et al*., 2005:93).

1.8.3 Population and sample

1.8.3.1 Population

The population that was selected for the study comprised all people who live in South Africa.

1.8.3.2 Sample

The sample of this study was a targeted population of 300 people from diverse sectors of life. This sample comprised people from the general public in Cape Town, university staff, and students. The research focuses on the perceptions of two main groups: non-university subjects, and university staff and students at two universities in Cape Town.

The research used random sampling as a technique to sample two groups where everybody in each group was chosen arbitrarily.

1.8.3.2.1 Random sampling

In agreement with Ormrod and Paul (2010:205-207), the population was selected according to the size of the chosen population. Moreover, Jason (2009:4) argues that it is important to select a large sample rather than a small sample, because the large sample has proven to be advantageous, since it provides a large amount of the required information.

1.9 Data collection instruments

1.9.1 Nominal measurement

The research numerically measured a population according to gender, age, marital status, occupation, education, household size, religious affiliation, and monthly income (Ormrod & Paul, 2010:262).

1.10 Data analysis and interpretation of results

Descriptive statistics and presentation of results were used to analyse data and to interpret findings.

1.10.1 Descriptive statistics

The description and/or summary of the data that was obtained for a group of individual units of analysis were grouped and presented in the form of tables, graphical distributions and bar diagrams to describe variables. These instruments were used to analyse data and to interpret findings in relation to the global financial crisis's impact on the South African economy and South African peoples' lives.

1.10.2 Presentation of results

The research results are presented in the form of tables, graphs, as well as statistical summaries (for example, means standard deviations, correlations, and coefficients).

1.11 Delineation of the study

The research focuses on public perceptions of the impact of the global financial crisis on the South African economy within the context of agriculture, energy, transport, tourism education and mining, as well as trade (import/ export) between South Africa and developed/ developing countries. The research was used to examine the effects of the global financial crisis on developed and developing countries.

1.12 Significance of the study

This study has the potential to expand knowledge in the field of studies, which deal with effects of the global financial crisis in Africa. Few studies of this type have been published. This study also has the potential to be a next major fascination of economist and other scholars as Africans continue to examine sustainable models suitable to their continent's economic development.

The significance of this study is also to help the South African government to become aware of the consequences of the impact of the global financial crisis on South African society; and to gain an understanding of non-university subjects (employed and unemployed), as well as university students and staff's perceptions of the global financial crisis in the economy of South Africa and South African peoples' lives. This thesis suggests solutions to alleviate poverty, create employment, reduce crime, and fight corruption. In addition, this thesis could be a tool of information for researchers and academics who may also be considering conducting research in this field. Finally, this thesis could be a source of information for university staff, students and non-university subjects to become aware of the consequences of the global financial crisis.

1.13 Expected outcomes, results and contributions of the research

The intended research contributions should assist the South African government with a model to create more employment, and to improve South African trading activities (import/export) between South Africa and other developing and developed countries during the recession, and beyond.

1.14 Summary

From 2008 to 2010, South Africa experienced a decline in its economy; this can explain the lack of employment, and increasing levels of inflation, poverty, corruption and crime. The results are severe, with people earning less for necessities such as food. The South African mining sector has been more affected by the impact of the global financial crisis than other sector.

According to Masiteng (2009:1), statistics show that the South African government does not create jobs. People are losing jobs in large numbers, while the economy is not growing. The perception is that many companies are closing or still function, but are retrenching staff owing to the collapse of the economy caused by the global financial crisis.

Quantitative research methodology was used to assess the selected population’s perceptions of the impact of the global financial crisis. The researcher used survey questionnaires to assess peoples’ perceptions. In addition, the researcher conducted a literature review (books, published articles, conference and seminar papers, government gazettes and other documents) to collect data. The following chapter presents a literature review of the impact of the global financial crisis on the South African economy.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter outlines the viewpoints of scientists, researchers and academics on the public perceptions of the impact of the global financial crisis on the global economy of developing and developed countries including South Africa. In this chapter, the thesis describes the causes and consequences of the global financial crisis, and provides information about the perceptions of international financial institutions (International Monetary Fund, African Development Bank, Asian Development Bank, European Bank for Reconstruction, and European Central Bank, Caribbean Development Bank, Inter-American Development Bank, International Financial Corporation, World Bank, International Fund for Agricultural Development, and World Trade Organization) and ordinary people regarding the impact of the global financial crisis on the economy of affected countries and their populations' lives.

This chapter also outlines the perceptions of International Government Organisations (United Nations, G20, European Union, Commonwealth, International Migration, UNHRC, UNESCO, International Labor Organization, World Health Organization, UNAIDS, and World Tourism Organization), international government sub-regional organisations (SADC-Southern Africa Development Community), international non-governmental organisations, international businesses and industries on the impact of the global financial crisis.

However, in terms of South African perceptions, this chapter presents information about the perceptions of South African financial institutions (Reserve Bank, Old Mutual Group, ABSA, Metropolitan Group and Standard Bank) regarding the impact of the global financial crisis on the South African economy. In addition, Chapter two also outlines information on perceptions of the South African government, non-government organisations (Cosatu, National Council of Trade Unions, and South African Chamber of Commerce), political parties (ANC, DA), business and industry (Anglo-American mining companies and the De Beers Group).

2.2 Causes of the impact of the global financial crisis

There are many causes of the impact of the global financial crisis, but credit houses, mortgage loans, collapse of the house market, credit defaults, and credit swap defaults have been considered as the main causes of the global financial crisis (Fazal, 2009:1-2). Research shows that the global financial crisis was created by export surplus build-ups by China and Arab oil-exporting countries that are invested in western financial institutions, particularly in the United States (Fazal, 2009:1-2). Moreover, these financial institutions provided unlimited credit, allowing them to maintain low interest rates, which enabled citizens of the United States to borrow beyond their means. Therefore, millions of borrowers have not paid their credit because the US Federal Reserve Bank increased interest rates in response to sharply rising costs of living, including the cost of oil (caused by wars in Iraq and Afghanistan). The banks that have lent money to these borrowers have not recovered their assets. As a result, the capacity of the banks to lend money has collapsed (Fazal, 2009:1-2).

This state of affairs reached a point where the economy was operating because of lending. Therefore, the crisis did not only affect banks dependent on borrower money, but also the economy as a whole and this is particularly true of the South African economy. In addition, factories that produced goods such as motor vehicles were unable to operate at a profit. Consequently, unemployment increased, while, the crisis reduced the demand for goods and services, and in this way the crisis accelerated the economic decline (Fazal, 2009:1-2).

The original causes of the existing international financial and economic calamity are structural in nature. In fact, the investigation shows that firstly, the institutions and practices of the so-called new financial planning, which comprise a global system of giant investment banks, escape funds and special investment vehicles, is poorly regulated or totally lacks in regulation. Secondly, the crisis extended during a time of severe global imbalances such as the imbalance between labour and over-productive capital (Economic Latin American and Caribbean, 2009:1).

However, the bubble in the sub-prime mortgage market and the subsequent debt deflation and the long period of abundant liquidity and low interest rates prior to the crisis, led to a global quest for higher returns and a general under-pricing of risk by investors. The high level of indebtedness in the private sector, particularly in United States households, is rather a symptom and reflection of financial and non-financial structure caused by the global financial crisis, which lies at the heart of contemporary economies (Economy Latin America and Caribbean, 2009:1).

However, causes of the global financial meltdown have related to public policy, as observed by the US government, whereby public policy responds to connections between human nature and finance, and bad rules produce bad outcomes: basic public policy caused the US financial catastrophe (Ely, 2009:93).

2.2.1 Sub-prime loan defaults on the US mortgage

Deteriorating house prices and rising interest rates led to increasing numbers of people who cannot repay their mortgages. Therefore, investors suffered losses of self-assurance, which made them unwilling to take on more collateralised debt obligations (CDOs). In addition, credit markets were frozen as banks became unwilling to lend to one another. However, interbank lending rates have ceased. Moreover, investors in banks have withdrawn their equity and depositors have tried to withdraw their cash deposits, which has resulted in significant liquidity problems for the exposed banks. Also, these problems rapidly spun out of control and became a crisis of confidence in the banks and credit market (Baxter, 2009:106).

However, sub-prime loan defaults, which are the type of loan, which is given to people who have a bad credit history or no income, in turn, have caused significant amounts of low-investment evaluation rated mortgage securities to default and rated securities to be down-graded. In fact, the investigation shows that when house prices stopped appreciating, these borrowers could not refinance. Consequently, investors began to lose confidence in ratings and the avoidance of debt securities began to diminish. Declining prices meant that firms' collateral had to mark them to market and put up cash, which required the sale of more securities, which caused market prices to decrease. This means that the market prices of mortgage backed securities collapsed significantly under the estimated value of basic cash flows of mortgage assets, which underlie those securities (Schwarcz, 2009:1-3).

However, this collapse in market prices meant that banks and other financial institutions' investment mortgage-backed securities had to write down their value. This caused these institutions to appear to be in financial danger, and in turn generate concern over counterparty risk; many people stopped dealing with these institutions because they were afraid that they might default on their contractual obligations (Schwarcz, 2009:1-3). Moreover, the sub-prime mortgage crisis has already punished the lives of millions of people, and now it threatenss to derail the US economy and other economies around the world. Thus, Sheller (2008:1) blames the sub-prime crisis on the illogical excitement that motivated economies in the most recent bubbles in stocks in the 1990s, and in housing between 2006 and 2007. In fact, the research shows how these bubbles have led to the dangerous over-extension of credit, liquidation, and cancellation, besides a global credit calamity (Sheller, 2008:1).

While the tentative Bush administration plan intended to prevent approximately three million home-owners who were behind on their mortgage, from losing their homes, it was hard to administer, and it is estimated that it could cost the country hundreds of billions of dollars more than the plan's architects (Simon, 2007:1 and Fox News, 2009:1).

"During 1999 the Clinton administration in the United States (US) placed political pressure on Fannie Mae and Freddie Mac (two quasi public-sector mortgage lending institutions) to start lending to low and moderate income households. However, the Clinton administration's objective was to increase access to housing or poorer households. Likewise, in essence, the pressure to lend to poorer households has implied that financial institutions would assume greater levels of risk. Therefore, the loans to low income households, the so-called sub-prime mortgages were then securitized, packaged as collateralized debt obligations (CDOs) and on-sold to various investors. Furthermore, this was also another way of taking the loans off the balance sheets of bank, to ensure that these financial institutions have remained within the prudential requirements" (Baxter, 2009:105).

However, "the federal government would have experienced half the loss on a home loan if the mortgage company that controls the loan agrees to lower the borrower's monthly payment for at least five years. Thus, on any loan, the mortgage company would reduce the payment borne by the homeowner by writing off part of the loan balance, reducing the loan's rate or changing other loan terms. Consequently, the research shows that the companies have been highly reluctant to reduce payments for two key reasons: they are afraid that the borrowers might default again and they fear that the buyers of mortgage-backed securities might sue" (Simon, 2009:1 and Fox News, 2009:1).

In addition, development of the world since neo-liberalism is also considered by Karam (2008:1) as a cause of the impact of the global financial crisis. In fact, it has been suggested that the reason why the crisis could not be limited had nothing to do with the borrowers and everything to do with the fancy financial packaging, and creative marketing techniques that the debt originators resorted to, and that this crisis is basically a result of the developments in the world since neo-liberalism became a major guiding philosophy. Without the forces of globalisation, or at least globalised capital, the financial institution would not have the capabilities to borrow, lend and collateralise to borrow again (Karam, 2008:1).

Besides, global investment houses have failed to repay a $200m loan that fell owing to the closure of bankers, as they considered the loan to be in default (Sarah, 2008:1).

2.2.2 Credit crisis

From July 2007, the international financial crisis began with the credit crisis, when there was loss of confidence by investors in the value of securitised mortgages in the United States. Consequently, this resulted in a liquidity crisis, which led to a significant injection of capital into financial markets by the United States America Federal Reserves and the European Central Bank. In September 2008 the crisis became worse when global stock markets experienced and entered a period of high volatility. Moreover, the failure of large financial institutions in the United States evolved (developed gradually) into a global financial crisis with several failures of European banks and declines in various stock indices, coupled with a large reduction in the market value of equities (stock) and commodities globally (Te Velde, 2008:1-4).

Furthermore, "the crisis has resulted in liquidity problems and credit crisis of financial institution. It also resulted in rapid depreciation of currencies, rising dollar denominated debt viabilities and sudden credit reduction in developing countries, with capital slowing back to try to shore up damaged balanced sheets in advanced countries. However, the global financial crisis has originated in the US and spread to European countries, African countries and Asian countries. The global financial crisis has significantly impacted on developing countries through channels such as trade prices, remittances, foreign direct investment (FDI) and equity investment, commercial lending, aid and other official flows. In addition, the crisis has also resulted in weaker export revenues, lower investment and GDP growth rates and loss of employment" (Te Velde, 2008:1-4).

It has been illustrated that equity markets cut down around the world on Monday 29 September 2007 to news that the US House of Representatives rejected a government bailout plan for US financial institutions that had earmarked US$700 to purchase bad debts from institutions whose balance sheets had been weakened because of the credit crisis and weak housing market (Old Mutual, 2009:1).

2.2.3 Credit default swap

It has been clarified that a credit default swap is merely an insurance contract between a protection seller and protection buyer, covering a corporation or sovereign. Moreover, credit default swaps have damaged the international financial system. In effect, credit default swaps are the reason behind the global financial crisis because they are not regular instruments (Gilani, 2008:1-6).

In fact, it can be said that credit default swaps are not true securities in the classic sense of the word because they are not clear, not traded on any exchange, not subject to present securities laws, and are not regulated. According to the International Swaps and Derivatives Association, $62 trillion is the national value of credit default swaps (CDS) out there, somewhere, in the market (Gilani, 2008:1-6).

2.2.4 The nature of banking and monetary systems and the way they operate

According to Macgregor (2008:1-2), "the nature of banking and monetary system has been considered as the cause of the global financial crisis. In fact, the research shows that the boom cycle was achieved by the three supports of the global financial system, namely the 'trinity' of the banking 'religion', which is fiat money, 'fractional reserve banks', and central banks. However, when the pyramid of debt generated by this unholy trinity leaves central, it must be liquidated to create these facts:

- Banks do not lend more than they take in. However, the reason why banks can and do fail is because if all depositors ask for their money back at the same time, the bank will be unable to meet such a demand: money is simply not there;
- Banks employ what is termed as a 'fractional reserve' policy, which means that they can literally take in $1 on deposit and lend $10. Thus, the basic of the banking system is fundamentally fraudulent. The business of fractional reserve banking is based on faith and confidence;
- It is fraudulent because banks have lent out money, which is held on deposit that is supposed to be 'on demand', and effectively makes money on money;
- The current financial crisis has its roots in the expansion of easy credit (debt), which creates the boom and bust cycles. Moreover, this has led to loose monetary policy as initiated by central banks and endorsed by their political masters by using the mechanism of fiat money, fractional reserve banking and central banks".

2.2.5 Story behind the collapse of American International Group (AIG)

The US financial markets have been seriously confused by the fall of AIG (Gilani, 2008:1). In fact, the investigation shows that the reason behind this is the credit Suisse's, the AIG experience's costs of about US$433 billion related to bad investment and credit default swaps. Moreover, the swaps, which back securities that are linked to supreme mortgages, have amounted to a record of about US$25 billion over nine months. In addition, AIG had already borrowed $28 billion by September 2008 (Gilani, 2008:1-6).

2.2.6 Housing market

The existing crisis in the US sub-prime housing market is the primary reason behind the international financial depression (Mak, 2008:1-2). In fact, the research shows that the housing market has crossed into the danger zone, a warning that it is inevitable that prices are rising far faster than peoples' ability to afford these prices. Other researchers have raised fears about the emerging housing bubble too, but banks are heavily exposed to residential mortgages. Besides, plunges in house prices would have infected the financial system as predicted, and from there it would have spread to the wider economy, sending it spiraling into a deep and punishing recession. In addition, house prices have been in free-fall the world over. Therefore, investor portfolios have been decimated, leaving people suddenly feeling poorer. The stock market in the US has plunged and the house market has suffered (Jason, 2009:1-2).

However, “the US housing market with a market for mortgage loans might finally settle out, which could have also eased the financial crisis even as it provides a bit of a boost to the US economy. Although, there is one key challenge in the US economy, however, if the economic slump ultimately ends up being deeper and lasting longer than anyone right now predicts, the housing programme could end up being much more expensive than planned, dumping still more unexpected debt onto the U.S. balance sheet” (Gilani, 2008:2).

2.2.7 Implications of three factors on the international financial disaster

According to Jason (2009:19), Anne (2009:19) and Schwartz (2008:9), there are three factors that challenge the global financial system. In fact, the research shows that three factors have significantly affected the international financial system. Firstly, in terms of the expensive monetary policy, the lowered interest rates have guided borrowing beyond prudent limits to acquire assets. Consequently, this was the monetary policy setting for the house price explosion.

The second factor was the adoption of innovations in investment instruments such as securitisation, derivatives, and auction-rate securities before markets became aware of the flaws in the design of these instruments. Moreover, the basic flaw in each instrument was the difficulty of determining their price. Securitisation substituted the ‘originate to distribute securities’ model of mortgage lending in lieu of the traditional “originate to hold mortgages” model. Additional banking innovations, notably the practices of the derivatives industry, made mortgage lending problems worse: shifting risk that is the basic property of derivatives in directions that became so complex that neither the designer nor the buyer of these instruments apparently understood the risks they imposed, thereby implicating derivative owners in risky contingencies that they did not realise that they were assuming. Derivatives, as well as mortgage-backed securities were difficult to price, hence an art that markets have not yet mastered. The securitisation of mortgage loans spread from the mortgage industry to commercial paper issuance, student loans, credit card receivables, and other loan categories. The design of mortgage-backed securities, collateralised by a pool of mortgages, assumed that the pool would give the securities value. The pool, however, was an assortment of mortgages of varying quality (Jason, 2009:19; Anne, 2009:19, and Schwartz, 2008:9).

Thirdly, in terms of public sale rate security, in 2007, outstanding auction rate securities amounted to $330 billion. Moreover, from 2007 onwards, these banks experienced credit losses and mortgage set-downs because the sub-major mortgage market collapsed, and the banks became less willing to commit their own money to keep auctions from deteriorating. Consequently, by February 2008, fears of such failures led investors to take funds out of the auction rate securities market as a result of the impact of the global financial crisis (Schwartz, 2008:9; Anne, 2009:19; Jason, 2009:19).

In addition, "the investment bankers, mortgage brokers, hedge fund managers, rates agencies, and financial engineers who wove poisoned mortgage 'baskets' in short, hence there are several causes and lots of blame going around. However, huge losses from sub-prime backed securities were caused by large financial institutions and investors globally" (Samuel, 2009:220).

In brief, there are many causes of the global financial crisis, and its impacts. The research shows that the housing market is considered as the main cause of the impact of the global financial crisis because the overbuilding of homes collapsed the US house price market. In addition, credit default also caused the global financial crisis because homeowners did not pay their mortgages owing to the increasing interest rate set by the America Federal Reserve Bank that led banks to fail. Consequently, banks did not lend money to people and investors did not receive payment, a situation that resulted in a loss of confidence. In addition, the stock price intended to fall and the US government bailed out of debt. Therefore, this crisis spread throughout the world's economy, and particularly the South African economy.

2.3 Perceptions of the impact of the global financial crisis in the context of international financial institutions

The African Development Fund (2009:2-7) believes that the global financial depression impacted less on African economies than those of other continents because of the low level of financial integration of African countries in the international financial system. Consequently, the augmentation of oil prices and food inflation, as estimated for 2008 (10.4%), is higher than for 2007 (7.4%). In addition, a sharp decrease of 21% in 2008 of foreign direct investment was expected. Moreover, the banking sectors are controlled by the African financial system, and the role played by financial markets was fragile. The derivatives backed by sub-prime mortgages have been provided by fewer banks and investment firms in Africa.

Generally, African banks have not been occupied by a complex derivatives product and are not deeply dependent on outside financing. Besides, owing to the impact of the global financial catastrophe, the remittance between African countries is subsequent to job cuts and a collapsed activity in the mining sector. Moreover, the impact of the financial crisis on commodity prices and on foreign exchange reserves is the reason for the depreciation of foreign exchange in some currencies.

The World Bank (2009:1-2) recognises that African economies were disconnected from the direct impact of the financial calamity because of the low level of financial combination. However, the African continent has protected its banking systems against the financial crisis that impacted the foundations of international financial markets. In 2007, the general issue for rising economies was represented by 4%, compared to developed countries; Africa's external financing is less than the average height (connection, problem, stocks and private).

It has been estimated by the World Bank that in 2007 bond issues stood at only US$6 billion compared to US$33 billion for Asia and US$19 billion for Latin America. Furthermore, in terms of access to private resources, Africa received only US$3 billion in 2007, compared to US$42 billion for Asia. Africa's stock market capitalisation is still low, representing only 2.09% of world capitalisation. Therefore, African banking assets represent only 0.87% of global banking assets, compared to 58.15% for the years 2007 and 2008. Despite this, Weiss (2008:2-3) believes that the International Monetary Fund (IMF) has been challenged by the global financial crisis. This led to international financial institutions being unable to lend to member countries of their organisations, for example, the United States or other western countries affected by the global financial meltdown. In fact, the global financial crisis guided many emerging market economies to collapse; largely the policy conditions of international monetary fund were condemned by some country members. The role of the International Monetary Fund (IMF) is to lend funding to the countries that are member of organisation. The IMF has not played a role in building up extensive foreign reserve positions with the objective of balancing the economy of some member countries, and as such, the crisis will continue.

According to the Asian financial institution sphere, the Asian Development Bank (2009:1-4), the global financial crisis has slowed down the global economy. However, the outlook for global growth and economic activities has been stopped because of the impact of the global financial calamity. While the end of the impact of the global financial crisis is obscure, the impact of the international financial crisis continues to crush the Asian economy; the recession has reflected to be deeper and has led to major industrial countries collapsing more than before. Thus, Asian economies have experienced a slow down because of the deeper impact of the global meltdown.

Declining fiscal revenues has been led by the unavailability of counterpart funding and deficits, while the impact of the international financial crisis has caused co-financing and financing for the African Development Bank to be uncertain. Related development projects for private and donor funding have become uncertain because of the crisis. However, the current global financial crisis has also led the budget to provide fiscal stimulus with development expenditure, support for trade financing, and some budgets for countries that are incapable of admitting domestic or international debt markets at viable costs (Asian Development Bank, 2009:1-4).

Despite this, the Caribbean Development Bank (2009:3) believes that the global financial crisis has impacted financial sectors. In fact, some deterioration in asset quality through the depreciation of foreign investments of banks and non-banks (securities firms, insurance companies, pension funds) has been expected in financial sectors because of the impact of the global financial crisis.

Liquidity issues during the lack of access to liquid assets in financial institutions have been experienced by the Caribbean region because of the impact of the global financial disaster; in other words, access to liquid assets in the banking system has become difficult. Correspondent banks have presented different insecurities. In addition, the domestic liquidity and the increased interest rates have been impacted by the global credit crisis. However, fiscal service positions of public management in some countries have previously proved the impacts of the global financial crisis. In fact, the research shows that a decline in tourist arrivals has resulted in a decrease in revenue by approximately 10%; the international financial crisis has led to increased unemployment. Moreover, “the revenues for the current fiscal year have declined to US$205 million from US$239 million, a drop of approximately 14%. In order to address the fiscal crisis, the government is cutting back on its capital project. However, the Caribbean government has intended to cut significantly its expenditure over the next year because of the crisis” (Caribbean Development Bank, 2009:4).

Despite this, the Parliamentary Assembly Committee of Europe (2010:5-7) reports that in 2009 the European development institutions, including the European Bank for Reconstruction and Development (EBRD), were seriously challenged by the impact of the global financial crisis. In fact, “the Bank’s mission of supporting transition to open and democratic market economies had been largely accomplished, the turn of events after that proved the contrary”. The impact of the global financial crisis has guided much confusion over the state of affairs in Central and Eastern Europe. In 2009, the bank’s investments were unprecedented in scale and were under attack by the hardship suffered in these countries as a result of the crisis, however, the EBRD was not able to calm the macroeconomic situation and encourage domestic and international investors to prosper.

The European Bank for Reconstruction and Development (2008:9) believes that the global financial crisis impacted European countries differently. In fact, the research shows that the international financial catastrophe did not impact European countries in the same way, but differs from one country to another, which depends on pre-existing poverty, levels of integration with the European Union (EU), and central economic activities. However, it has been mentioned that European countries have suffered a decline of both volume and price of commodities, and that these countries have experienced a weak, undercapitalised banking system and intense pressure on their financial sector because of the global financial crisis. The real sector of transmission was impacted seriously by the more industrialised countries because of the crisis.

“Less developed countries might not be as vulnerable to financial or real sector transmission given their limited market integration, but often heavily depend on workers’ remittances, which are expected to decline because of the impact of global downturn in construction and other industries in Russia and Western Europe. The immediate impact was felt in the financial sector, where some achievements over the last two decades are at risk. However, difficulties in the financial sector have increased government ownership in many of the bank countries’ operations. While this has occurred in several western countries, the road back to private ownership has been more difficult in transition economies given deeper concerns in the region about market model” (European Bank for Reconstruction and Development, 2008:9).

The European Central Bank (2009:1) believes that the US house mortgage was the primary reason behind the impact of the global financial crisis. The conducts of people in the housing market, and the rapid halt of the sub-prime business was demonstrated by rising illegal action and foreclosures. Moreover, the international financial crisis guided the decline of securitisation markets, the banks’ ability to limit assets from special purpose vehicles to backside onto balance sheets, and the beginning of lost confidence in financial markets. However, the impact of the global financial catastrophe extended around the global economy, especially in the financial sector in developed countries.

It was demonstrated that the instability of financial institutions’ systems was created by the liquidity crisis, but when it became a solvency crisis (financially solid or the ability to be away from debt crisis), governments initially resorted to traditional measures to release individual institutions. After the collapse of Lehman Brothers on 15 September 2008, financial systems remained in crisis in the northern hemisphere during the autumn of 2008. The financial crisis was characterised by the failure of financial systems in the USA. This sent a sign to global financial systems, largely owing to its importance as counterparty in the credit derivatives market. In addition, the USA was enclosed by the crisis, and in fact the global financial crisis proliferated around the globe. However, the balance sheets of banks around the globe have been shown by losses upon exposure to Lehman Brothers. The confidence of depositors was impacted by risk opposition and fear between financial players, which led to the drying-up of funding markets, thus concern over the solvency of financial institutions is seriously being impacted by the crisis (European Central Bank, 2009:1-2).

The International Monetary Fund: Department of Africa (2009:3) believes that the commodity price decline has negative effects on export earning and as a result the external current account, fiscal revenues, and household incomes have been impacted by the global crisis in economy activity. The impact of the global financial crisis has led commodity exports to experience major terms of trade deterioration. However, the half percentage point crisis in Sub-Saharan African countries has been estimated by the past percentage point slowdown in global growth. The effects might be more affirmed this time because the reduction (to spend less money than before because of having less money) of global credit has aggravated the impact of the meltdown, which has intensified risks for trade finance and other capital flows. From 2007 to 2008, the global financial crisis caused food and fuel prices to increase; the current global financial crisis has impacted the external position of net importers of food and fuel, which caused inflation to speed up. Reduced growth prospects have been collapsed by the actual global financial crisis.

The Inter-American Development Bank (2009:2) perceives that the global economy has experienced its biggest meltdown in seven decades. In fact, the availability of credit to emerging markets American countries has decreased owing to the crisis and demand for commodities, which are key Latin American and Caribbean exports, has declined because of the global financial crisis. The banking system was not regulated and was impacted by the global financial crisis owing to the connection and presence of international financial institutions, which cut lending to the region. As a result, economic growth in the region collapsed; hence there is an increased level of unemployment and vulnerability.

The global financial crisis collapsed banks' investments. Research, which was conducted by the Inter-American Development Bank (2009:2-3) shows that during the global recession, loan or operations banking were not impacted materially. In fact, it was mentioned by Inter-American Development Bank (2009:2-3) that the market prices of several types of security and investment development banks were collapsed by the global recession. Despite this, in 2008 the liquid investment portfolio (collection) declined because of the global financial crisis. The strong financial position was conserved by the investment development bank. For example, more than 99% of asset and mortgage-backed securities in the portfolio continue to pay interest, while more than 80% hold the highest investment grade (Inter-American Development Bank, 2009:3).

The World Trade Organization (2008:4) believes that the global financial crisis continues to impact hugely on the least developing countries (LDCs), where external factors are dependent on recent economic performances for two main reasons. Firstly, the exports of mainly oil, minerals, agricultural commodities, textiles and clothing, and the global demand for tourism are declining in the LDC because of the impact of the global financial crisis. Secondly, the global financial crisis has dropped direct foreign investment or remittances as external sources of funding, which greatly contribute to the economies of LDCs. Food and fuel prices were decreased by the impact of the global financial crisis in least developing countries (LDCs).

As a result, medium-term growth prospects for LDCs are unpleasant. During 2010 the higher world rates of 7% in 2005 and 2009 collapsed in least developing countries (LDCs). The growth for sub-Saharan Africa is expected to decrease from 6.8% in 2007 because the impact of the global financial crisis to 5.5% in 2008 and to 5.1% in 2009 because of the impact of the global financial crisis. Therefore, there was a decline of 10% in 2007 to 8.3% in 2008, and 7.1% in 2009 of the average growth rate among Asian developing countries during the global financial crisis. At the same time, there is a real risk that the progress, which was made by reducing vulnerability in LDCs, may be sabotaged (World Trade Organization, 2008:1).

The International Financial Corporation (2009:1) believes that lending to rising markets was reduced by banks around the world, while trade to importers and exporters decreased. It has been mentioned that the global financial crisis caused the availability of trade finance to collapse and its costs to rise. This means that the impact of the global financial crisis has led to the failure of businesses across the developing world.

The World Bank (2009:2) believes that poverty effects from the crisis owing to both declining augmentation rates and high primary poverty levels are apparent in about 40% of developing countries because of the impact of the global financial calamity. In addition, declaration growth or high poverty levels have been moderately exposed by 56% of countries, but not together. A greater danger of rising poverty has been experienced by over 90% of high income countries because of the global financial crisis. While it was illustrated that the fiscal deficit was prolonged with robust stimulus packages by advanced economies, the World Bank found that only one quarter of the exposed countries the ability to expand their fiscal deficits.

It was demonstrated that poverty levels rose owing to lower levels of world remittance because of the impact of the global financial crisis. Moreover, fewer economic migrants from developing countries and lower levels of remittances have been exacerbated by a combination of slow growth rates, job losses, and increasing costs of living in advanced countries. These factors have major effects in countries such as Mexico, India, Bangladesh, and the Philippines, which provide large numbers of migrant workers. In fact, research shows that the current decline in revenue and increase in poverty throughout the developing world is illustrated by a decline in world employment, a lack of change from export-oriented industries, and a decline of remittance because of the impact of the global financial crisis (World Bank, 2009:1-4).

The International Fund for Agriculture Development (2009:2) believes that the global financial crisis has impacted food and fuel prices in Africa, and as a result the African economy has been discouraged from emerging. Moreover, it has been mentioned that panic policies such as closing borders, imposing price control and applying subsidies to food imports that injure agriculture, were adopted by some countries during the recession. The study expects that external resource flows, overseas development aid, remittances and foreign direct investments to Africa have been dropped, and the growth forecast for sub-Saharan Africa has been revised by the International Monetary Fund from 3,25% to just 1.5% for 2009. Many high income countries have declining food prices. A majority of African countries are dependent on imports of staple foods, which are key drivers of African economic development. In particular, wheat and rice, which are considered as main African foods, are vulnerable to price fluctuations owing to the impact of the global financial crisis.

Vega (2009:1-2) believes that the current financial disaster has accentuated the problem that institutions, which are excessively connected should be allowed to stop working because they are linked to so many other financial institutions. In fact, research shows that the growing complexity and globalisation of financial services can contribute to economic growth by smoothing credit allocation and risk diversification, but these factors can also exacerbate the too-connected-to-fail problem. For instance, they can lead to a situation where an institution's miscalculations of its risks could lead to its demise, generating a large number for failures of financial institutions, liquidity crush, and even capital losses in the financial system.

2.3.1 Perceptions of the impact in the context of global capital flows

Global capital inflows have been impacted by the global financial crisis. In fact, it shows that between 2008 and 2009 a sharp decline was expected, but capital flow to emerging economies picked up because of the impact of the global financial calamity. Investment stocks and fixed-income mutual funds in emerging economies have recovered, and in some regions they have surpassed pre-crisis levels. Business connection issuances have recovered their pre-crisis levels, which began in 2008. By mid-2009, the international interbank credit flows stopped falling (De Gregorio, 2010:1-2).

According to the latest estimates, short-term net private capital flows to developing countries accounted for US$253 billion in 2007, and declined to US$141 billion in 2008. It was demonstrated that in 2008, relative to 2007, the net group inflows to Africa also declined owing to the international financial calamity. This decrease shows the deficiency of financial resources, which are a result of the deteriorating market and a reduction of the economy in some developing countries (African Development Bank, 2009:5).

2.3.1.1 Perceptions of the impact in the context of global capital inflows

De Gregorio (2010:1-2) perceives that global capital inflows have been impacted by the international financial crisis. In fact, research shows that credit and domestic spending increases by financing the leveraging of households, firms and governments, have been affected by capital inflows. In detail, it has been mentioned that the current account deficit was created by the complement of capital. If this phenomenon does not occur by experiencing a broken capital inflow raise, it means that capital flows out additionally. It is clear that serious interruptions have been created by the macro-economic stability perspective and gross capital inflows or outflows. If, in the short term, the frictions in financial markets, short illiquidity or collection effects, and immediate inflows and outflows upset the market, they could be managed by illiquidity providing instruments that are frequently used by central banks. The World Bank (2009:1-2) reports that capital inflows, which have been another significant driver of current augmentation, are also declining owing to the impact of the global financial catastrophic. Similarly, most countries are experiencing a slowdown in migrant remittances as a consequence of the deteriorating economies in the West and in advanced African economies. For instance, in Kenya, remittances collapsed from US$61 million in October 2008, to US$39 million in January 2009. Moreover, in the 4th quarter of 2008 there was a 13% slow down in tourism reception compared to 2007, which is a further discouragement to the country's efforts to increase its foreign exchange reserve base.

2.3.1.2 Perceptions of the impact in the context of global foreign direct investment

UNCTAD (2009:1-2) perceives that global foreign direct investment was impacted by the international financial crisis. In fact, it was illustrated that from 2008 to 2009, domestic and international investments were impacted by a decrease in foreign direct investment because of the calamity. Firstly, a decline in access to financial resources reduced the capability of firms to invest, together internally owing to a decline in corporate profits and externally owing to lower availability and higher costs of finance. Secondly, the economic prospects negatively affected the propensity to invest, particularly in developed countries that were hard hit by the cruel downturn that impacted the predisposition to invest. It was proved that in the beginning of 2009, the impact of internal and external investment was compounded: in order to become more flexible to any further deterioration of their business environment, and to limit their costs and investment projects, companies were led by a high level of risk, believing in all of the three major types of foreign direct investment (market-seeking, efficiency-seeking, and resources-seeking).

In addition, foreign direct investment was impacted differently by the crisis, according to regions and sectors. With a decline in foreign direct inflows in 2008, mainly owing to slow market prospects, developing countries were most impacted by the global financial crisis. Before 2008 developing economies were prosperous, but after that they began to collapse. In 2009 foreign direct investment inflows of developing countries collapsed because of the impact of the global financial crisis; foreign direct investments decreased because of market seeking of foreign direct investment purposed at servicing local markets with increasing prospects (UNCTAD, 2009:1-2).

The global financial crisis has significantly affected industries, foreign direct investment (FDI) flows to financial services, automotive industries, building material industries, intermediate goods and some consumption goods. However, the consequences of the crisis are indeed affected by foreign direct investment in other activities, ranging from the primary sector to non-financial services (UNCTAD, 2009:1-2).

In the short term, the negative impact of the current economic crisis on foreign direct investment prospects should be dominant. The exceptional magnitude of the current crisis and the fact that it could lead to major structural changes in the global economy are more difficult to assess by medium-term foreign direct investment prospects. It was explained that as a result of cheap asset prices and industry restructuring, large amounts of financial resources that are available in emerging countries, the quick increase of new activities such as new energies and environment-related industries, and an elastic movement in the internationalisation of companies, a new pickup in foreign direct investment has triggered driving forces such as investment opportunities (UNCTAD, 2009:1-2). The African Development Bank (2009:5) perceives that a sharp decrease of 21% in 2008, which is likely to collapse in 2009, was indicated by the most recent global foreign direct investment estimates. It was indicated that in 2008 a total foreign direct investment was projected at US$1.4 trillion. A relatively low level at US$61.9 billion in 2008 has actually steadied foreign direct investment inflow to Africa, an increase of 16.8% from 2007. In the short term of 2009, foreign direct investment largely declined owing to the global financial crisis and global economic crisis. “Africa will not be safe, mainly if the commodity prices maintain to drop. This will further increase Africa’s financial marginalization and undermine growth in foreign capital dependent sectors such as natural resources” (African Development Bank, 2009:5).

2.3.1.3 Perceptions of the impact of the crisis in the context of global remittance

“The global transfer (remittance) has been impacted by the global financial crisis. In fact, it has been mentioned that the impact of the global financial crisis and the global economy crisis has led to the remittance from overseas workers to be dropped. Moreover, in 2009, the global GDP expected to contract 0.9%, and in 2009 the key destinations for migrants was especially the United States, the European Union and the

Gulf countries, hence the flow of remittances was dropped largely because of the global recession. In the present economic climate, companies constantly have to reduce employee numbers. The Money Transfer Organization also experienced a decline volume of global remittances and a decline in their margins” (Aarkstore Enterprise, 2010: 1).

It has been illustrated that the global financial crisis has guided remittances from developed countries as a major source of external financing for African countries to collapse. As a source of external financing, the remittances surpassed official development aid. In 2007, the total volume of remittance to Africa remained at US$38 billion (African Development Bank, 2009:6). However, the deterioration of activity in the mining sector and the decline of job cuts were followed by the remittance crisis in Africa. Moreover, a direct negative impact on the health of households since such transfers, as distinct from other types of transfers, are now directly used to cover primary needs such as food, education and healthcare, which is a consequence of the decline in the volume of remittances. However, updated data on emigrant remittance remains scarce; the impact of the global financial crisis has been proved by the remittance crisis. Universally, some small declines have been showed by the data from 2008 and 2009. A majority of remittances in African countries has increased, for example, in Kenya (African Development Bank, 2009:6).

It has been demonstrated that the billions of dollars’ worth of remittances a year to the African continent has decreased. Africans who work in western markets have begun to feel the impact of the global financial crisis. The market effect on communities in Africa could drop because of the decline of remittance inflow from high income countries. Reduced economies have also fuelled anti-immigrant antagonism, additionally affecting the employment of foreigners in western countries (Games, 2009:1-2).

Malilou (2008:1) affirms that in 2007, officially, US$12 billion of remittance was received by sub-Saharan Africa. With the addition of ‘informal’ flows, the total amount could easily be double that number. The largest volumes of remittances were received by the following countries: Nigeria, Kenya, Sudan, Senegal, Uganda and South Africa; however, in smaller countries such as Lesotho, remittances represent up to a quarter of the GDP. In contrast to other regions, remittance costs are significantly higher for Africa than other parts of the world; costs can increase to almost 25% of the amount remitted. Remittances between African countries (from South Africa, for example) are particularly expensive. Diminution of these costs means substantial extra transfers, and this has been a focus of the World Bank's medium term agenda on the African financial sector. The immediate concern is, however, stability of flows: the recent international credit crisis has guided to a slowdown in remittances. Remittances have generally been counter-cyclical in the past, as they tend to increase when the receiving country experiences adverse events. A recession in the sending countries could hurt the capacity of migrants to send money home. It is still too early to determine if the latter factor has dominated and caused a decline in the total amount remitted, although there are some disturbing signs. High-frequency data on remittances for African countries are scarce, but available data show that remittances from the US appear to have slowed down in recent months; remittances from other sending countries, however, have not yet been affected.

2.4 Perceptions of the impact in the context of global housing prices or property

According to Frank (2010:1-2), "the housing price market has been impacted by the global financial crisis. In fact, it is mentioned that in 2009, Knight Frank Global House Price Index showed that the prices increased in almost half of the locations. There was a strong increase expected by Asian Pacific, with augmentation of prices by 8% on average. Moreover, the global financial crisis has led prices around the world to fall by an average of 3.8%. Hong Kong was the highest country with prices rising by nearly 30%. Some countries showed more than a 40% decrease in prices: Estonia 40%, Dubai 42% and Latvia 50%. In 2009 a number of locations had surprise increases of up to 28% and during the final three months of the year the price dropped in almost half of the countries, according to the index shown by Knight Frank Global House. It was clarified that China's quick recovery from the global recession and the country's house price increase of 13.6%, with a particularly strong growth of 5.2% in the final quarter of 2009, benefited the Australian economy. A continuing desire by Israelis to invest in assets rather than equities, other low physical asset classes and less soft deposit accounts also helped to push the overall price augmentation up by 21.3% during 2009. According to the Jewish Chronicle, 50% of Israeli houses are purchased as second homes. At the other end of the scale, Ukraine and the Baltic states (Estonia, Latvia and Lithuania), as well as Ireland and Dubai, continue to be adversely affected by the drop out from the credit crisis, and prices were sharply corrected in 2009".

"In Dublin, a turbulent year of trading was brought to an end when the ISEQ Index closed at 2,343.27, while in total €61 billion was erased from the value of Irish shares over the course of 2008. It was mentioned that the decrease in the value of shares on both the London and Dublin exchanges were most sensitive among the banking and property sectors. This was a consequence of the steeper than anticipated downturn in the UK and Irish property markets. In relation to property performance, the IPD All Property Total Return Index for the UK was 24% for 2008 and the SCS/IPD Index for Ireland was 34.2% for 2008. House prices also decreased dramatically during 2008. According to Nationwide1, for example, the average house price in the UK fell by 14.7% over the course of 2008 to £156,828. House prices in the UK are now at the same level as they were in the spring of 2005. Moreover, in Northern Ireland the correction has been more evident, since house prices fall somewhere between 28.2% (Northern Ireland Quarterly House Price Index) and 34.2 % (Nationwide). However, in the Republic of Ireland, the average house price fell by 9.1% year on year to the end of December 2008, according to the Permanent TSB/ESRI Index. The average house price in the Republic of Ireland at the end of December 2008 was circa €261,500. The downturn in both commercial and residential markets allied with the limited availability of credit and tightened lending criteria, have contributed to a dramatic fall in both" (Alastair *et al*., 2009:3).

2.5 Perceptions in the context of international government organisations

In terms of integration, the United Nations (2009:1-7) believes that its member countries have been challenged by the global financial disaster. In fact, it has been mentioned that the African economy has been less impacted by the global financial crisis because of low integration into the global economy, as the connection of other continents' financial institutions is poor. The United Nations (2009:1-7) demonstrates that the negative effects of corruption on the international financial crisis have been proved by current socio-economic development in the Africa region. In addition, this has impacted on commodity prices and trade in Africa. The research has showed that, in 2008, a significant decline in commodity prices was expected owing to the crisis. In addition, the international financial crisis also led the oil price to decline by more than 50% between January 2008 and February 2009. In the same period, the price of copper, coffee, cotton and sugar decreased by more than 20%. In addition, the global financial crisis caused the volume of export to drop in African countries. Moreover, the demand of exports from Africa was impacted by the slowdown in economic development in three key export markets namely Europe, the United States, and Canada. The growth of African exports in real terms experienced a decline from 4.5% in 2007 to 3% in 2008.

In terms of African unemployment, the United Nations perceives that the global financial catastrophe caused the unemployment rate to fall from 8.5% in 2007 to 7.9% in 2008. However, research shows that the reduction of production and the closing of factories augmented the level of unemployment rates in 2009. In addition, the global financial crisis led the Sub-Saharan African unemployment rate to increase by 0.6 percentage points relative to the 2008 rate. In terms of the stock market, financial systems and banking balance sheets have significantly felt the negative effects because of the chaos in African stock. If these trends continue and non-performance loans in the banking sectors increase, the African stock market crisis could have a significant impact on banking systems and balance sheets. In terms of remittance, the global financial crisis impacted remittance in Africa (United Nations, 2009:1-7). The impact of the global financial crisis guided many developing countries to the risk zone. The research demonstrates that in 2009 the growth in developing countries was expected to increase by 6.4%, but the market has decreased by 4.5%. However, with global growth down to 1% in 2009, most of the economies of high income countries are facing recession. The global financial crisis has led one percent of the decline of developing countries, with 20 million people facing vulnerability. The research found that 100 million people are vulnerable owing to the high food and fuel prices. This has traumatised developing countries (World Bank, 2009:1).

The European Union (2008:1) perceives that the global financial crisis began in the USA and extended around the global economy. In fact, the USA banking system collapsed owing to bad management of the policies of financial systems and also because of the collapse of the housing market. However, households have been impacted by the global financial depression and the sharp decrease in business economy growth, while the crisis increased unemployment in some EU countries. In addition, in the EU, the action on many levels by national governments, the European Central Bank, and the Commission has been provoked by the chaos of international financial systems. All these organisations have worked together to protect savings, to maintain a reasonable flow for businesses and households, and to put in place a better control system for the future.

Furthermore, the Commonwealth's finance ministers (2009:2) perceive that the global financial calamity has led to the collapse of global trade. Research shows that the trade market, which faced a general increase in uncertainty, was collapsed by the global financial disaster. However, it was proven that supporting forces remained fragile.

The International Monetary Fund was challenged by the impact of the global financial crisis. Moreover, financial resources have not kept up with the speed of the global economy over the past decade; as required to produce 55% to match levels that are comparative to the global output that prevailed during the Asian financial crisis of 1997-1998. In fact, research shows that the leaders of the G-20 countries agreed, in April 2009, that resources available to the IMF should be augmented three-fold in order to deal with the current global financial disaster and the risk that it might become even more severe in future (Sanford & Weiss, 2009:7).

It was illustrated that the evidence of petroleum, minerals, and other commodities in developing countries was impacted by the global financial crisis in the last decade. In fact, the global financial crisis augmented oil prices by 20% and food prices by 13% between 2003 and 2008. A decrease in the price of commodities was influenced by a reduction in the demand for exports owing to the impact of the global financial crisis. Developing countries and emerging market countries experienced a decline in development during several channels. In addition, the decreased demand for export was guided by the economic slowdown in advanced economies (Sanford & Weiss, 2009:5).

2.5.1 Perceptions of the impact in the context of global migration

The International Organisation Migration (IOM) perceives that international migrations have been impacted by the global financial crisis. In fact, labour migration flows declined because of the impact of the global financial crisis, while the irregular migration and trafficking of human beings was augmented by the crisis. Some returning migrants experienced attacks in several high income countries, which resulted in economic and social insecurity in poorer countries. However, migrant workers are the first to lose their jobs and some chose to return home during the economic crisis. In addition, in the construction, manufacturing, finance, services, retail and tourism sectors, a majority of migrants were affected by job losses because of the impact of the global financial catastrophe. Reductions in income and poorer situations in the workplace, as companies and employers seek to make savings, as well as cuts in the provision of social services impact on migrants' quality of life and health. In the context of the risk of discrimination and xenophobia, migrants are mistakenly perceived as taking the jobs of local workers, particularly in low-skilled sectors of the labour market (Koser, 2009:1-2).

However, the return in remittance flows to developing countries of origin, which have also experienced inferior economic situations (for example, high unemployment and poverty), could have affected economic and social solidity. Furthermore, there was a decline in remittance flows to high income countries as migrants lost their jobs, which increased poverty and aggravated development gaps. However, the World Bank has observed that remittances are expected to remain flexible relative to many other categories of resource flows such as trade and foreign direct investment (Koser, 2009:1-3). Moreover, the effects of the global financial crisis have had an evident, global, impact on international migration patterns, trends and policies, including those of Australia. Therefore, in terms of employment, and working and living conditions, significant job losses for migrant workers have been recorded around the world, especially in employment sectors that are most sensitive to economic cycles such as construction, manufacturing, financial services, retail, travel and tourism. In addition, unemployment rates for foreign nationals increased in the Russian Federation, Spain, Taiwan, the UK and the United States. Also, in Malaysia and Singapore, labour market policies were established to encourage employers to retrench migrant workers first and to replace them with unemployed nationals (International Organization for Migration, 2009:5-7).

Globally, major impacts of the financial crisis on global migration are the limitations on new admissions of migrant workers and non-restoration of work permits. In fact, the impact of the international financial crisis has decreased employment and working and living conditions for migrant workers. The global financial crisis has led to a decline in migrant remittance and to a massive return of migrant workers to their home countries.

In addition, the global financial crisis has reduced overseas student recruitment and created uncertainty about funding commitments. The global financial crisis has caused irregular migration flows to be reduced and has increased irregular migration stocks. Moreover, the global financial crisis has led migrant workers to deteriorating condition, such as exploitation at work and xenophobia attacks (International Organisation for Migration, 2009:5-8).

Furthermore, the UNHRC (2009:1-4) believes that development projection for all countries has been impacted by the global financial slow down. In fact, the global financial calamity has guided developing countries, especially in Africa, to experience high levels of poverty as they face the impact of the global financial crisis, which also impacts on the realisation and effective enjoyment by their populations of their human rights. In reality, the global financial crisis has seriously challenged the international community and has led to increased food insecurity, unstable energy and commodity prices, as well as climate change. Therefore, the global financial crisis has aggravated a decline in exports, foreign direct investment, and remittances, which supply the enlargement of economies of developing countries, and guide the rising level of global unemployment.

2.5.2 Perceptions of the impact in the context of global labour

World economic development and the largest industrialised countries have been seriously impacted by the global financial calamity. In fact, research shows that enterprises have closed employment and many have paid off significant numbers of workers. It has been estimated that in 2008, 6.0% of the world's workers were not working, but were looking for a job, which increased from 5.7% in 2007. Global Employment Trends (2009:7) shows that the longer people remain out of work, the more their employability deteriorates, making it progressively harder to get back into work. However, by the end of 2008, working poverty, vulnerable employment, and unemployment began to increase because of the impact of the financial crisis extending around the globe. If the recession deepens in 2009, as many analysts expect, the global job crisis will degenerate sharply (Global Employment Trends, 2009:7).

In 2008, in terms of financial markets, the International Labour Organisation (2009:9) perceived that global financial markets experienced their worst crisis since 1930. In fact, the housing bubble in the United States was triggered (caused) by the collapse of the crisis, although the current causes go deeper. In the United States and other developed countries, there were credit extremes in housing mortgages, commercial mortgages, credit cards, auto loans and student loans. Moreover, the conversion of debts into default swap markets was created by the extremes in securitised products. In addition, high commodity and energy prices, the sub-prime crisis, and retrenchment of the real estate market in many developed economies severely shocked global financial services, which triggered a massive reduction (spending less money than before because of having less money) in lending, which caused a sharp increase in layoffs. Investment, production, and consumption have all declined owing to diminishing investor and consumer confidence, as credit markets congealed, and millions of people lost their jobs because of the impact of the global financial crisis.

2.5.3 Perceptions of the impact of the global financial crisis in the context of global children's and women's vulnerability

Many of the world's new revenues in child survival and safety have been impacted by the current global financial recession. Both family resources and national budgets have been damaged by the crisis, creating serious challenges to the realisation of children' and women's rights. Moreover, this creates not only an actual disaster for today's children, but also presents a danger of diminution for future generations. In addition, the degree to which children are vulnerable to economic recessions has increased, as they have been removed from school to work or care for their families, or they have suffered under-nutrition as food has become scarce (Unicef, 2009).

In addition, the international financial catastrophe has already affected children and women in many countries, and those already most vulnerable are likely to be hit the hardest. Besides, the increasing level of the unemployment rate in poor households is being augmented by the existing impact of the global financial calamity. Many households experience crises of high food prices. These pressures will be compounded where governments that experience reduced or irregular budgets, decrease expenditures on health and education, and service provision to these already stressed households. For example, during the Asian financial crisis, the education and public health expenditures in Thailand were cut by 6% and 9%, respectively, compared to the previous year. Moreover, Indonesia reduced public health expenditure by 7% during 2008 (Knowles *et al.*, 2009:1).

Globally, children and women's vulnerability has been increased by the impact of the international financial crisis. Buvinic (2009:2) perceives that food prices have increased because of the current global financial crisis; although food prices are down from their peak in 2008, they continue to affect the poor in most developing countries, having grave consequences, particularly for women and their children in poor countries. While the menace of poverty and hardship has increased the vulnerability of men (and women) in most developing countries, experience of gender specific negative impacts is particularly high in some countries. These are countries where pre-existing high infant mortality rates and/or low rates of female schooling largely raise the vulnerability of women and girls to the injurious effects of the crisis. Women and girls in poor households in developing countries everywhere, but particularly in thirty three countries characterised by pre-existing high infant mortality rates and/or low female schooling, experience declining augmentation, and are hence highly vulnerable to the effects of the global economic and food crises. Their situation is mainly uncertain in a group of fifteen countries, mostly in Africa, that are affected by low female schooling and high infant and child deaths, plus decelerating growth. A different group of nineteen countries has, however, experienced reduced growth, but has one or both of the pre-existing conditions that place women and girls at high risk of being excessively affected, if and when the crisis overwhelms these countries.

In addition, Buvinic (2009:3) perceives that women and men have been impacted in a different way, and that the current international financial crisis is no exception. The impact of the global financial depression varies across countries, but is expected to affect women more so harder in both developed and developing countries owing to a combination of factors. This is bad news for poor families, many of which are headed by women. Even in poor, two-parent households, women are frequently the primary caregivers of children, and any additional capital available to them is more likely to profit children than capital, which is controlled by men.

In addition, women around the world have higher rates of unemployment and poverty and smaller retirement and pension funds than men. These factors mean that households that are headed by women have less of a buffer when crises strike.

According to Abrams *et al*. (2009:1), the greater durability of women leaves them especially vulnerable to penury in old age. And in difficult financial times, families are less capable or willing to help an old parent as much as they would otherwise.

In many developing countries, women's employment tends to concentrate in export manufacturing industries, while these jobs are among the first to go when the global demand for goods is down; however, jobs in education, health and social services are mainly retained by women. Moreover, an unbalanced increase in female joblessness has been guided by public sector budget cuts. The International Labour Organisation (2009) states that in some countries, gender norms are such that women are fired before men because a man's job is regarded as being more important.

Crisis guides negative effects on incomes and occupations, and the disproportionate impact of the global economic crisis on women is also estimated to affect entire families, and place recent development gains at risk. Policy responses that focus specifically on defending women's jobs and social projects protect the highest number of people from the impact of the catastrophe (Deen, 2009:1)

Deen (2009:1) states that the impact of job losses on men and women's well-being vary amoungst countries, but men are generally better positioned to weather the crisis because they have higher paying jobs, more assets, more wealth, and their jobs are more likely to offer remuneration and be covered by unemployment insurance. Women are more likely than men to be under-employed or employed in the informal sector, with limited social well-being nets. Aggravating all these factors is the reality that most women have less access to and control over economic and financial resources than men.

Deen (2009:1-2) argues that migrant women, particularly those who are undocumented, are at higher risk of exploitation than men if they lose their jobs. Economic crises aggravate pressures on women to stay in abusive relationships, migrate for work or enter into the sex trade and other risky professions.

According to the World Bank (2009:1), three high income countries have been identified by the World Bank where women and girls in poor households are mostly vulnerable to the effects of the global economic and food slow down. In fifteen of these countries, mostly in Africa, the situation is particularly unstable. Buvinic (2009:2-3) states that these countries are already characterised by incomplete educational opportunities for girls and by high infant and child deaths. In developing countries, where high concentrations of women work in export manufacturing industries (such as in Latin America and Asia) or in tourism (the Caribbean), the effects on women are expected to be larger than for men. This is particularly troublesome in regions such as the Caribbean, where a large percent age of households are headed by women.

The largest impact could be in the Asia-Pacific region, which has one of the highest percentages of women who are of a working age. And, among working women, about 65% are in vulnerable employment, largely in the region's informal sector. Many of them have no remuneration such as maternity leave, pension or job security, and consequently risk declining into poverty during an economic recession (Deen, 2009:1-2).

When family resources become limited, education for girls may be regarded as a luxury. When household incomes decrease, girls are more expected to be removed from school and to take on more work responsibilities than boys (Deen, 2009:1-2).

In the context of the decreasing well-being of poor households, the loss of women's income habitually has larger negative implications for the welfare of poor households than an equivalent loss of men's income because of both the contributions that women make to the existing household income and their preference to invest insufficient resources in their children's health and well-being. In Bangladesh, Brazil, Kenya and South Africa, evidence shows that children's welfare (nutritional status and schooling attendance) in poor households improves more when income is handled by women rather than men (Buvinic, 2009:1-4).

In the context of infant mortality, in countries that already had high child mortality rates before the crisis, the decrease in household incomes could additionally increase infant and child deaths, with unbalanced effects on women and girls. One estimate suggests that the result of the financial upset will be the additional deaths of at least 200,000 babies per year: if the crisis persists, it is estimated that between 2009 and 2015 there will be more than 1.4 million infant deaths. A majority of the deaths are likely to be girls (Buvinic, 2009:3).

In terms of increasing pregnancy risks, lower spending on public health information and services places expectant mothers at risk, especially in countries where maternal death and disability are already high. Having more children is one strategy to cope with lower survival rates, but this multiplies mothers' risks of pregnancy-related death and disability (World Bank, 2009:1-2).

In the context of increasing violence against women in developing countries, women and girls are often exposed to a greater risk of violence in times of poverty, and their economic and social rights may be placed at risk. In 2009 the media reported rising numbers of women in the sex industry and a rising number of domestic violence incidents against women as a result of the financial crisis (Deen, 2009:2).

In the context of declining school enrolment, the educational gender gaps in poor countries are likely to extend because girls are removed from school as households struggle with declining household income (Buvinic, 2009:3).

In terms of decreased employment and small business activity, the crisis is projected to decrease women's income in developing countries as a result of losses in employment in export-oriented industries, tightened micro-finance lending and declines in remittances. Women are also affected by the diminished availability of credit worldwide because they constitute a majority of clients of small community-based lending institutions. As credit tightens, women's salaries from small businesses decline, particularly in places such as Latin America where microfinance institutions obtain a significant portion of their lending from commercial institutions rather than from grants. Last, household incomes in developing countries decline as remittances diminish. In terms of remittance, the World Bank projections show that in a majority of countries where remittances are an important portion of families' income, a decline in the development if remittances had already begun in 2008 (Buvinic, 2009:1-5). Women themselves often send home a significant portion of their salary to their extended families, which creates a wide distribution of profit.

2.5.4 Perceptions of the global financial crisis in the context of Southern Africa Development Community region

The Southern Africa Development Community (SADC) region has been impacted by the current global financial crisis. In fact, few industries have been left untouched by the crisis; the international financial crisis has seriously impacted the mining sector in SADC countries. Furthermore, research shows that the growth explosion, which came about owing to an augmentation in the price of oil and minerals, was interrupted in the last quarter of 2008 owing to the impact of the global financial crisis. Moreover, fiscal resources for commodities in Southern Africa have been reduced by a reverse in price. Furthermore, this has begun to impact social delivery from central and local government. It is projected that if the economy does not improve by 2010 or 2011, more than half a million mineworkers in the region will lose their jobs because of the impact of the global financial crisis (Southern African Resource Watch, 2009:127).

In terms of poverty, the Southern African Resource Watch (2009:1-2) perceives that there is particular concern about increased poverty levels, the impact and cost of HIV/AIDS on people, economy development, and governments' budgets. Governments have reduced the social expenditure of companies. Ironically, Africa is one of the richest continents in the world when it comes to mineral resources, but it has the poorest people.

However, in terms of electricity, "the present diminished installed surplus capacity, some countries in Southern African Power Pool (SAPP) had excess generation capacity, others had deficit and the result in energy flow between member countries was in the while form of energy trading. The northern network in the SADC region is predominantly hydro and the southern network is thermal, leading to a good generation mix that mitigates drought and general sharing in the resulting benefit. Presently, bilateral power contracts take up 90-95% of energy trade (15-20twh) at peak and standard times for the short-term energy market (stem) was introduced in April 2001 as a processor to full competition. This market caters for 5-10% of energy trade (0, 8-4,3Twh) and operates on daily and hourly contracts during off peak" (Southern Africa Resource Watch, 2009:1-2).

In Zambia, however, the financial effects of the global financial crisis have so far been limited owing to Zambia's confidence in household funding and limited experience of outside credit ranks. In fact, in Zambia the portfolio outflows have led the central bank to sharply augment interest rates. In addition, in terms of global copper prices, the target affect has decreased sharply. The decrease of copper prices previously resulted in a significant reduction of the domestic currency, and more than doubled the external current account deficit in 2008. Copper exports, which accounted for approximately 80% of total exports in 2007, have played a key role in supporting Zambia's development, averaging close to 6% in the period from 2003 to 2007. Lower copper prices have also contributed to a deterioration of the fiscal position owing to the government's heavy reliance on increased tax revenues (Revilla, 2008:1).

In addition, the international financial crisis has seriously impacted on industrial and artisanal mining in Katanga in the Democratic Republic of Congo (DRC). In fact, research shows that the crisis has aggravated the insecurity of mining companies, which were waiting for results of reviews of mining contracts and were habitually in the middle of beginning up or increasing their activities. Consequently, companies such as Metorex, CAMEC, Katanga Mining Ltd and BHP Billion were forced to stop or slow down their operations, while several Chinese companies gave the impression of being undecided on whether to stay or to leave for good (Cuvelier, 2009:23).

2.6 Perceptions in the context of international business and industry

2.6.1 Perceptions of the impact in the context of the global mining industry

The global mining industry has been impacted by the international financial recession. In fact, in the DRC, Zambia, South Africa and Cameroon, the recession has led major projects in the extractive industries to be abandoned or postponed. In the DRC, taking-out operations at the open-cast mine at Tilwezembe and the conduct of ore at the Kolwezi plant have almost halted because of the fall in the price of cobalt. As many as seventy mining companies that operate in Kantaga have closed. Since the end of 2008, Forrest International has suspended 650 employees and indicates that the exploitation of cobalt is not profitable at the price of US$9 per kilogram. According to the Ministry of Mining in the DRC, these closures would have caused a loss of up to 20 0000 jobs. In Zambia, the US$1.5 billion Kafu Gorge Dam Project was kept suspended, following the discretion of a number of investors caused by declining copper prices. Mining companies such as First Quantam Minerals, Albidon, and Makambo Copper Mine have ceased all new investigations. At the same time, Konkola Copper Mines, the major copper mine in Zambia, has planned a 40% decrease in all supplier contracts (African Development Bank, 2009:8-9).

Moreover, the drop of the price of manganese by 60% in 2008 had grave consequences in Gabon, the world's second largest manganese producer. The Comilog Company, which operates in the south-east of the country (Moanda), decided to halve its production in the first quarter of 2009. If the price of oil and manganese is not restored, Gabon will experience negative effects on its budget and actual account balances. The decrease in the price of iron since the crisis has also affected Senegal and Mauritania. The Mauritanian production of iron, which accounts for 50% of exports, was deeply affected by the decrease in the price of iron. In Senegal this decrease delayed the operational establish of the utilisation in Flémé; the accord was signed in February 2007 with Arcelor Metal, a French company, and production is envisaged for 2011.

Niger depends on the augment in production although it may not balance the drop in prices. Between July and January 2009, the price of uranium dropped from US$140 to US$53 per kilogram and had a damaging penalty on the export income of Niger. Uranium accounts for 50% of this export income. The French company Areva signed a contract to exploit the second largest reserves in Africa. The drop of the price of bauxite, which dominates the mining sector of Guinea, the second largest exporter in the world, affected export income. The mining sector accounts for 30% of public revenue and 70% of export earnings (African Development Bank, 2009:8-10).

2.7 Perceptions of the impact of the global financial crisis in the context of global micro-economics

Murphy (2008:1-2) believes that international capital available to the microfinance sector has been decreased significantly by the existing impact of the global financial calamity. Moreover, emerging market economies and currencies have been upset by the global economic depression, however, owing to structural reasons; investors are less interested in taking on rising market exposures in future. The microfinance sector's ability to achieve existing revenue and expansion targets has been impacted by the decrease in capital inflow. However, a greater increase in global capital illiquidity than many other business sectors may impact global microfinance less negatively.

However, developed countries have experienced the calamity in global credit, as global investors have fled to high quality government bonds issued by big economies. Governments have had to describe reserve funds to assist banks to meet foreign currency commitments and maintain liquidity in the banking system. The international interbank funding structure is still mainly slowed down. There is a fixed press on liquidity and incapacity for the markets to finance the global debt demand. Furthermore, in certain markets, fabrication costs have spiked as the US dollar has rallied and unheeded borrowers are experiencing large write-offs (Murphy, 2008:1-2). In terms of investors, the most important source of new capital flowing into microfinance has been impacted through microfinance investment vehicles. As global markets struggle to recover from the current credit crisis, the flow of capital into the microfinance sector is being forced by increasing interest rates owing to illiquidity, in some cases rising by up to 200 basis points. Relatively, since the beginning of the global financial disaster, there has certainly been a reduction in capital investment from global commercial fenders (Murphy, 2008:1-2).

The financial crisis has generated a change in attention from commercial to development investors. The market for collateralised lend obligations is all but closed, and bank financing is emaciated. Microfinance funds and other private investment vehicles are not reporting significant retail redemptions, but they do suppose fundraising in future to be a tougher sell. Moreover, retail investors are careful and unwilling to realise losses in existing investments to make money available for new microfinance investments. While government budgets are weak by financial bailouts, overall aid budgets have been cut. In addition, foreign aid declined by 8.4% in 2007, and most donors are not meeting their stated commitments to increase aid. Everyone is progressively more careful to free up capital to invest in microfinance; justifying private money sometimes requires liquidation of existing investments at a substantial loss (Littlefield, Keneiding & Beirne, 2009:7).

In terms of augmentation of microfinance facilities, the global financial crisis has guided microfinance to play a critical role in providing financial services to poor communities that suffer from aggressive poverty. The issues of refinancing debt have been experienced by the continued strong performance of institutions because of the global financial calamity. While, in terms of capitalism funding, the International Fund Corporation (IFC) estimates that a fund of US$3 billion would have a leveraged impact of approximately US$75 billion as other funds co-invest finance, and the banks that receive this capital would be capable of lending their customers larger levels of finance. In minor economies these amounts could have a major effect on banking systems and the economy, and thereby assist to decrease the impact of the crisis on the poor (International Finance Corporation, 2009:1).

2.8 Perceptions of the impact in the context of global health

Global health has been impacted by the global financial crisis. The global financial crisis has led African governments' revenue to decline, and to decrease expenditure on infrastructure that improves health such as improved water supplies (to overcome diarrhea) and electricity (offsets indoor air pollution, which is a major contributor to pneumonia). In addition, more households sink below the poverty line from the impact of job losses, which lead to malnutrition and vulnerability to other diseases as food security diminishes. Moreover, fewer workers are employed and less is spent on health infrastructure, maintenance, and running costs. Reducing running costs makes health spending incompetent as health workers lack supplies and other basics, referrals become more problematic, and as a consequence, workers become discouraged. As staff costs are often stable in permanent public sector employment, staffing takes an increasing share of the budget, thus reducing funds for non-staff costs such as medicines and supplies; already half of Africans do not have regular access to require medicines. Furthermore, medicines and commodities become more expensive to import if local currencies are devalued (NEPAD Secretariat, 2010:1-3).

The global economic crisis has impacted health spending in countries in different ways. Some governments have protected health spending or even augmented it because of the impact of the global financial crisis, but others have done the reverse. The policy in this sphere is, therefore, important. The economic crisis is accompanied by inflation and devaluation of domestic currencies, thus the price of imported medicines, raw materials and medical equipment has increased. There is evidence that the increase in the cost of care to patients can be controlled, particularly through generic substitution or public subsidies. The impact reflects in shortages or increased costs of health care. With the growing burden of non-communicable diseases, the demand for insulin, cardiovascular medicines and asthma inhalers, for example, is rapidly rising. While people can borrow to pay for the treatment of sensitive sickness episodes, those dependent on long-term treatment risk progressive penury (World Health Organisation, 2009:10-12).

However, many developed and developing countries are facing a negative income growth and considerable increase in unemployment, with serious consequences for health care. In those countries where the financial crisis has required emergency assistance from the International Monetary Fund (IMF), the situation is expected to be particularly grave for health service financing, if spending limitations are compulsory during loan repayment. Before the current crisis, many low- and middle-income countries were poorly affected by increased food and fuel costs, and others prospered during the explosion in commodity and oil prices. With a drop in demand, prices have fallen to the benefit of net importers, but to the disadvantage of those who are more dependent on export revenues (World Health Organisation, 2009:10-11).

However, funding pressure leads to a focus on financing for medicines, but as other aspects of the health system are impacted, the health system's performance is destabilised, leading, for example, to reduced attention to chronic care. The utilisation of the health service is reduced as the government reduces services and households are less able to afford care. People are affected by more serious diseases, which cost more to treat and increase a need for hospitalisation. Moreover, development assistance for health is condensed or postponed as tax revenues decline in developed countries. In addition, increased poverty, reduced household income, job losses and reduced remittances have an effect on the social determinants of health and on access to health care (NEPAD Secretariat, 2010:2-3). The challenge is to prevent an economic disaster from becoming a social and health crisis. Countries that depend greatly on donor funding for health or that are emerging from conflict, risk a turn-down in aid revenue. However, the poor, through loss of income, have been hardest hit. For this reason health research is required to understand and address the effects of the financial crisis on health (Kilama, 2010:1).

2.8.1 Perceptions of the impact in the context of global HIV and AIDS funding

According to Hecker (2010:1-3), HIV and AIDS funding has been impacted by the global financial crisis. HIV and AIDS funding has increased. Between 2007 and 2008 funding was augmented from US$11.3 billion to US$13.7 billion internationally. However, the economic downturn is having a negative impact on HIV and AIDS funding. These effects are felt particularly in Sub-Saharan Africa, which has the highest levels of HIV and AIDS in the world, with around 25 million people infected. This amounts to more than 60% of global infections.

For example, in Botswana, the presidential spokesperson, Jeff Ramsay, recently "announced that the government will not be able to include new patients in its free ARV treatment project from 2016 onwards because it does not have sufficient funds to expand the project. In addition, the government has warned that it may cut or completely withdraw its HIV and AIDS funding in spite of the rising number of people who require treatment, as the global economic crisis takes a toll on the vitally important diamond mining sector. In Malawi, delays in funding disbursement from the global fund have already caused worrying shortages in ARV supplies. As a result, ARV shocks are running dangerously low in several health facilities. In Tanzania the government had to cut its HIV and AIDS budget by 25 percent for the 2009-2010 financial years. This will affect over 70 percent of people that are on ARV treatment in 2010. Many organisations have commented that they have not received any HIV and AIDS, TB and Malaria funding since April 2009" (Hecker, 2010:1-4).

According to a report by UNAIDS and the World Bank (2009:2-3), the global financial crisis has impacted on HIV and AIDS funding. The global economic catastrophe was expected to considerably interrupt HIV and AIDS prevention and treatment projects over the course of 2009. Moreover, the report specifically warned of the consequences of funding cuts. Among these consequences were augmented mortality and morbidity, unplanned interruptions and shortened access to treatment, enlarged risk of HIV transmission, higher future financial costs, an increased burden on heath systems and a reversal of economic and social development revenue. Moreover, a survey of countries, which represented around 60% of people that are on antiretrovirals (ARVs) internationally, found that by the end of 2009 treatment programmes in more than a third of these countries would be directly affected by budget deficits, owing to the recession. In addition, it has been estimated that more than 25% of mineworkers are HIV-positive (Southern Africa Resource Watch, 2009:127).

2.9 Perceptions of the impact in the context of global tourism

Global tourism has been affected by the international financial calamity. The tourism sector, besides other economic sectors, feels the impact of the weakening of the global economy. According to data from the United Nations World Tourism Organisation (UNWTO), from January 2009, international tourist arrivals were projected at 59 million and 58 million for February, a notable down turn of about 8% in contrast with the very strong two months of 2008; because of the impact of the global financial slow down. The cruel economic down turn is combined with an increasing uncertainty, high market instability and low business and consumer confidence, which affect both emerging and mature destinations, apparently in the long term (World Tourism Organisation, 2009:4).

Furthermore, this trend is confirmed by data on air transport by the International Air Transport Association (IATA), which shows a 7.7% down-turn in air passenger traffic up to May 2009; data on hotel residence rates have declined by 10% or more in all world regions during the period from January to April 2009 (World Tourism Organisation, 2009:4).

Domestic and global source markets have been seriously impacted by the global financial down-turn. In addition, the impact of the global financial meltdown has guided the dynamics of the tourism industry to change significantly, and tourism demand to focus on fewer vulnerable markets and safer segments. In fact, the impact of the economic slowdown on global tourist flows has been high for most urban, coastal and mountain destinations, and moderate for multi-type ones. Systematically, a majority of urban destinations has cataloged a major decrease in arrivals, mainly from the USA and UK, followed by Germany, France and Japan. The source markets of Germany and the UK are the most affected in the case of coastal and mountain destinations; similarly, multi-product destinations have recorded an important decrease in tourism and mountain areas and in some multi-type destinations (World Tourism Organisation, 2009:5). Tourism has experienced a large impact from the crisis as a result of declining incomes in developed and developing countries, from where most tourist flows originate. Yet, tourism receipt represents a significant share of government revenues in many countries. Both arrivals and receipts have declined significantly in many countries. Kenya announced a 25% to 30% down turn in tourist arrivals. Kenya Airways posted a 62.7% decrease in profit for the half-year at the end of September 2008. The decline in tourism had a negative impact on the services sector, which was becoming a key growth engine prior to the crisis. This situation calls for further efforts towards diversification, not only of the services sector, but also of the entire economy. Egypt also announced a 40% cancellation of hotel reservations. The Seychelles announced a 10% decrease in tourism revenue (African Development Bank, 2009:6).

2.10 Perceptions of the impact of the global financial calamity in developing countries

The Third World Network (2008:14) believes that most of the developing countries which are dependent on commodities for import and export have been impacted by the global financial crisis. There is an uncertainty and instability in international financial institutions, currency and commodity markets, coupled with doubts about the direction of monetary policy in some major developed countries, which are contributing to a dark viewpoint for the global economy and could present substantial danger to developing countries.

In addition, according to Third World Network, commodity-dependent economies are exposed to considerable external shocks arising from price explosions and breaks in global commodity markets owing to the global financial crisis. Greater stability of international commodity prices is generally disappointing with the result that unregulated financial and commodity markets have stopped working to transmit dependable price signals for commodity product, because of the impact of the global financial crisis. In recent years, the global economic policy environment appears to have become more favourable to new philosophies about the need for multilateral actions against the negative impact of large commodity price fluctuations on development and macro-economic stability in the world economy (Third World Network, 2008:14).

The impact of the global financial crisis has influenced developing countries strongly, without warning, through multiple channels, for example, reduced liquidity and diminution of credit markets have influenced private and public sectors, reduced flows of remittances, and led to a fall in foreign direct investment (FDI) and exchange flows of official development assistance (ODA) (Xirinachs, 2009:2).

It has been mentioned that early in 2007 and 2008, the increase of food and fuel prices created the challenge between winners and losers because of the impact of the global financial crisis. Moreover, the sharp decline in commodity prices has done the same. Of the sixty eight developing countries, which offered data that deteriorated in terms of trade during the first three quarters, all but two saw a partial problem in the petroleum quarters owing to the impact of the global financial crisis. Oil-importing emerging market countries, including many Asian countries, were the top gainers from the decline of the oil price; receiving an income increase of 2% of GDP due to the impact of the global financial crisis (Food and Fuel Prices, 2009:4). Despite this, many oil exporters experienced a draw on saving, and reserves accumulated when prices were at historically high levels (Bower *et al.*, 2007:4).

Commodity prices collapsed because of the impact of the global financial crisis. They caused a significant decline on national income, mainly in global economies. For net commodity importers, the crisis impacted the trade market during the period of the collapse of global economic activity. Moreover, the reduction in fuel prices was conducted by the impact of the global financial crisis, acting as an automatic stabiliser in response to reduced global demand. China and India benefited most, satisfying their demand for imported commodities such as fuel. In addition, the opposite is true, with miserable prices compounding the decrease in demand for their exports. The net effect is particularly painful for Russia, whose national income is expected to drop by 13.0% in 2009 (Lin *et al.*, 2009:6).

Emerging markets in developing countries experienced a greater impact because of the global financial catastrophe. In 2008 a decrease of US$467 billion was demonstrated by net private capital flows to emerging markets, which was half of their 2007 level. Further sharp declines to US$165 billion were forecast for 2009, with just over three-quarters of the decline owing to deterioration in net flows from commercial banks. The bank estimates that in 2009, 104 of 129 high income countries obtained current surpluses, which were insufficient to amount to more than US$1.4 trillion during the year. External financing needs are expected to surpass private sources of financing (equity flows and private debt disbursements) in 98 of the 104 countries (Raja, 2009:1).

Furthermore, it is estimated that the number of people in extreme poverty will augment globally by 6.1 percentage points over the 2007 levels. The worst case scenario represents an increase of more than 200 million people; this will take the world back to the poverty situation of 1997. While the recession bites, poverty reduction unravels and the international middle classes are destabilised, threatening social and political tensions (Xirinachs, 2009:1).

The global financial crisis has impacted unemployment more in developing countries. It has been projected that open unemployment has increased globally by between 30 and 50 million people in contrast to 2007, with a probable realisation of a total of 230 million, which corresponded to a global unemployment rate of 7.1% by the end of 2009 (Xirinachs, 2009:1-2).

In addition, "the developed economies are expected to contract by -2%, the US by 16%, the Euro areas by 20%, with the hardest hit being the UK 28% and Germany 25%, while Japan is expected to contract by 26%. The US economy shrank at its fastest pace in 26 years in the last quarter of 2008 and it is estimated that it could contract by another 6% in the second quarter of 2009 before the impact of the stimulus package is felt, generating more unemployment" (Xirinachs, 2009:1-2).

However, "the US unemployment now stands at 7.2%, and different sources predict it could hit 9% as the recession spreads. In the Euro zone (EU16), the rate of unemployment climbed to 8% in December, which means that some 12.5 million people in the region are now seeking work. For the entire 27 national EU unemployment was 7.4 in December, up from 7.3 a month earlier (Euro stat). In addition, recent figures reveal that the recession in the Euro zone is steeper than previously feared. The developing countries are experiencing a vicious circle of negative interactions between financial markets, product markets, trade, and now labour markets. Job losses lead to lower consumption, which lowers industrial confidence, which leads to less investment, which result in more job losses" (Xirinachs, 2009:1-2).

The housing price is decreasing in developing countries because of the impact of the global financial crisis. Annually, double-digit augmentation in US housing prices proved untenable, and rapidly rising price-rent and price-income ratios clearly had to drop (Lin, 2008:7).

The US housing bubble was full, but the mid-2007 crisis in the sub-prime mortgage market transmitted losses to a whole set of securitised financial products such as mortgage-backed securities. Many of the new securitised financial products with deposits of basic assets exposed a riskier future than their credit rating institutions. Although the full-assurances crisis fixed first in the USA, the USA is not alone in its vulnerability to shock and collapses in consumer confidence. Many developing countries, in the context of emerging markets, have faced bubbles in asset markets owing to the impact of the global financial crisis. Housing prices have risen quickly, for reasons not entirely explained by fundamentals in countries such as Ireland, the England and Australia (Lin, 2008:7).

In addition, developing countries tried to break the impact of the global financial disaster. The developing countries' governments have two main macro-economic tools for responding to the negative shock that is coming their way: monetary policy and fiscal policy. Therefore, normal monetary policy will not possibly be successful in developed economies (Lin, 2008:15-16).

However, companies in these countries are already at, or close to, the global technological border so there is limited space for industrial improvement, which means that any credit-financed development would primarily be in terms of production capacity. However, in the expression of short demand and excess capacity, companies in developed countries are unwilling or not capable of borrowing to finance expansion. Moreover, there is more space for credit-financed industrial improvement in developing countries, which may provide more opportunities for monetary policy to work. It has been demonstrated that not all countries will be capable; some may find themselves forced to tighten monetary policy and increase interest rates in order to stop extreme currency depreciation or capital outflows due the impact of the global financial crisis. Nevertheless, governments may be able to provide some monetary motivation by covering interest rates; and encouraging upgrading is expected to have the most pay-offs (Lin, 2009:15-16).

The global financial crisis has affected the area of fiscal policy. The governments of developing countries have a variety of tools that they can employ to reduce the blow of the shock; with some fiscal areas governments can respond by injecting some well designed fiscal motivation into their economies (Ravallion, 2008:5).

Furthermore, one such need is the building of infrastructure, particularly after a period when private sector growth has sometimes exceeded the capability of the public sector to supply infrastructure, which is required to maintain development and rural infrastructure, where an infrastructure gap exists between urban and rural areas (Ravallion, 2008:5).

2.10.1 Perceptions of the impact of the global financial crisis on poverty in developing countries

The global financial crisis has increased the level of poverty in developing countries. In fact, the repercussions of the financial calamity on poverty in the developing world are strict and can possibly deteriorate; thus far the response by governments and donors has been marginal. The World Bank estimates that the 'triple F' crisis : financial fall down, combined with food and fuel price increases, augmented the number of poor by between 53 and 64 million people in 2009, based on estimates of those who live on less than US$2 a day and US$1.25 a day, respectively (Chen & Ravallion, 2009:5-6).

The UK Department for International Development estimates that an additional 90 million people will be living on less than US$1.25 a day by the end of 2010. But, the reduction in public resources threatens the roll-out of existing social protection commitments. The global economic crisis has caused both almost-developed and developing countries to suffer. While, on the other hand, developed countries face some of the sharpest contractions, households in developing countries are much more vulnerable and are likely to experience discriminating negative consequences in the short and long term. Declining growth rates combined with high levels of poverty leave many households in developing countries extremely vulnerable to the crisis. Vulnerability becomes heightened if, at the same time, governments are forced to reduce the impacts owing to limited institutional capacity and fiscal resources (Louise *et al*., 2010:1-4).

The global economic crisis is exposing households in practically all developing countries to greater risks of poverty and deprivation. Almost 40% of developing countries are highly exposed to the poverty effects of the crisis (with both declining growth rates and high poverty levels) and an additional 56% of countries that are moderately exposed (they face either decelerating growth or high poverty levels) (Louise *et al*., 2010:1-4) .

"The global financial crisis has had a devastating effect on poverty levels in developing countries, and the social protection response to date, in the form of social assistance, has been limited, constrained by the weak systems and low coverage of pre-existing provision. The developing countries have struggled to honour pre-crisis social protection policy commitments due to declining revenues and in this context the potential for expanding coverage to assist those further impoverished and the 'new poor' are remote. Despite the expansionary fiscal stance adopted by many developing countries, the focus of policy responses to the crisis has been on protecting and stimulating growth. The focus has not been on social protection provision to assist the poor directly. Where social protection interventions have been made, they have, in many cases, been limited to ad hoc and often regressive interventions such as generalized food or fuel subsidies, rather than more systemic and pro-poor interventions. However, there may be some scope for optimism, as the crisis has stimulated a number of initiatives to promote donor coordination and programming coherence, which may result in improvements in the efficiency and impact of future social protection programming" (McCord, 2010:31-45).

However, in the developing world, the unplanned effects from the financial imbalance and doubt in industrialised nations are starting to take hold. Besides, the emerging markets' access to trade and investment is likely to disappear. Indeed, UNCTAD estimates that exports from the developing world could decrease by 9.2% in 2009 owing to the impact of the global financial crisis. Furthermore, a sharp drop in commodity prices has accompanied the slow down, particularly for African economies, many of which are deeply dependent on commodity export as their primary source of export revenue. Moreover, the market for financial trade deteriorated rigorously in 2009 as the crisis intensified a shortage of liquidity to finance trade credit (Balchin, 2009:1).

2.11 Perceptions of the impact of the global financial crisis on poverty in poor countries

Global poverty has been increased by the impact of the international financial calamity. In fact, there is a combined effect of deteriorating poverty as a result of the financial crisis, and fragile social security. Potential implications for poverty are severe. Moreover, loss of income for poor households is a grave shock as evidence suggests that it augments poverty for those households. It is also likely to make the wider community become poor. It destabilises a household's ability to buy basic supplies, and can guide ways of coping that may ruin family security in the longer term such as taking children out of school or cutting back on food. Such strategies destabilise the younger generation's chances of moving from poverty, or of contributing to economic growth. It may push vulnerable households into a vicious cycle of chronic inter-generational poverty; the ability of a household to cope is linked to assets, which may be social, physical, natural or financial. Following food and fuel price crises, poor people may be exceptionally vulnerable to the additional shock of the global financial crisis (Green, 2009:2).

Evidence from Zambia's Copper Belt, for example, proposes an increase in commercial sex work as households struggle to manage. Not only are people losing their jobs, but employment conditions are also deteriorating. In Cambodia's garment industry, workers are being forced to work fewer hours. Conversely, some people are being asked to work more hours, with less remuneration, for example, in Cambodia's tourism sector. A female head of a household who has to increase her working hours has less time to run her household, feed her children, and care for sick family members; she also has less time to rest, which threatens her own health and wellbeing.

The immediate poverty impacts of this crisis is likely to be concentrated in regions that supply export sectors. In Indonesia, for example, plantations that supply international markets are concentrated in five provinces, each of which depends on revenue from a small range of crops, or even merely one type of crop. Zambia's export sector, for example, is almost entirely dependent on the Copper Belt in the north, which is, therefore, more likely to feel the pressure. Lower global market demand for commodities is pushing prices down, which reduces the profits of companies and the incomes of producers. In Cambodia, for example, reduced demand for cassava has resulted in a steep drop in profits. Some farmers have reacted by allowing their once-valued crops to rot in the fields. Others, who took loans to grow cassava or expand production, are seeing those loans turn into debts that they now struggle to repay (Overseas Development Institute, 2009:1-2).

Due to the impact of the global financial crisis, a net drop in prices is good for consumers. However, Blas explains that the fall in world food prices has not yet reached poor consumers (2009:1). Evidence from Bangladesh shows that since November 2008, food prices have inflated, particularly in rural areas because of the impact of the global financial crisis. Poor people spend a large proportion of their household budgets on food, so food price inflation hits them particularly hard. Despite this, Balchin (2009:1) perceives that "the impact of the global financial crisis is likely to vary across African countries depending on their exposure to the international financial system, their production and export structure, and their capacity to use policy tools to cushion its adverse effects". In general terms, the temporary effects on many African countries are likely to be alleviated by the fact that most of these countries are relatively de-linked from the global financial system. Moreover, the growing banking systems in many African countries, which are typically characterised by simplistic structures, conservatism, prudent financial management regulations, controls on foreign exchange, and limited exposure to sub-prime loans and credit default swaps, have protected the continent's financial structures from the effects of the crisis.

2.12 Perceptions of the impact in the context of global crime

Gorman (2009:1) believes that the impact of the global financial crisis has increased the level of crime in the USA and globally. However, it has also been said that the recession has increased the level of unemployment and, therefore, more people commit crimes because they have no income. During times of economic misery, with less income at their disposal, people also venture out less frequently to nightclubs, leaving them less likely to engage in criminal behaviuor or to become victims of crime. Conversely, Colvin (2009:1) perceives that the economic downturn is fueling an increase in crime. According to Peel (2009:1) during the recession Britain's community experienced a rise in, shoplifting, fraud and forgery. In fact, the global financial crisis has triggered on increase in theft and fraud, as more people fall into poverty and business persons are tempted to commit offences to keep their companies afloat in the context of business.

2.12.1 Perceptions in the context of commercial crime or retail crime

Bamfield (2009:1-2) believes that the global financial crisis has increased the level of retail crime and fraud around the globe. Store sales and profits have suffered extensively, driven to a large degree by big changes in shopping patterns and the reality that customers have become more economical in their spending habits. In addition, increased shoplifting, employee theft, burglary, robbery and organised retail crime and fraud place more pressure on profit limitations. However, in the same period of 2008 and 2009, police sources in the USA, UK, and Australia focused attention on significant rises in the recession related to retail theft. There has been a major increase in shoplifting and employee theft in the USA; and in the UK police statistics show that shoplifting has increased in the Northeast by 22% and by 11% in London in 2009 (Retail Bulletin, 2009:3).

Silvester (2008:1) believes that in Australia "shoplifting and other business crimes are rising because of the impact of the global financial crisis. It is probable that recession, unemployment, uncertainty, lower incomes and fear of the future may make some people more willing to steal or overcome their reservations about buying stolen goods. There has also been a significant rise in robbery and burglary". According to Whitehead (2010:1), during the global recession society was characterised by the augmentation of violent robberies and burglaries for a second successive period of the global downturn, which increased unemployment and crime surge. It has been estimated that the 25 per cent leap in theft against individuals and properties are increasingly targeted for money generating crimes, while burglary has increased by more than 400, 000 as the recession bites in Britain.

2.12.2 Fraud

It has been declared that economic cycles indicate that during more difficult economic times, criminal activity increases; Levisohn (2009:2) believes that fraud, in particular, is augmented during times of global economic crises. In fact, the economic crisis, in isolation, has increased some fraud risks. Thirty percent of surveys assert that the global financial crisis has increased levels of fraud at their organisation, compared with merely five percent that saw a decline. Lower profits increase some risks. One in six companies are seeing greater vulnerability from decreasing internal controls to save funds; one in seven from pay moderation; and one in eight from overall reduced revenues. In simple terms, less money coming into a company and more oversight of spending, despite financial constraints, limits the opportunity for crime. Pay severity in the face of lower revenues, for example, has provided a motive for fraud, and turned employees to crime. Those who are closer to the original crisis, in a particular service, have seen a rise in the incidence and levels of fraud; and for some the main economic news is an evident decrease in sales; therefore, business activities such as construction and natural resources have seen visible declines (Price Waterhouse Coopers, 2009:1-12).

2.13 Public perceptions of the impact of the global financial crisis on the South African economy

The South African economy has been impacted by the global financial crisis. In May 2009 the recession began widely in South Africa; it is first in seventeen years. Moreover, the key drivers of development, namely trade, investment, mining and manufacturing sector, were impacted by the global financial crisis, and it is estimated by Assubuji and Luckscheiter (2010:1-2) that in 2009 the South African economy dropped by 2%. In 2010, a shocking 959 000 jobs were lost owing to the economic crisis in South Africa (Assubuji & Luckscheiter, 2010:1-2). Between December 2007 and mid-2009, South Africa was severely impacted by the recession. During the global financial recession, South Africa was challenged by many internal problems such as the resignation of former President Thabo Mbeki in September 2008, country-wide blackouts created by electricity shortages, and enormous increases in electricity prices. In 2008 South Africa experienced an epidemic of xenophobic violence, which resulted in the death of sixty two foreign nationals. In April 2009 Jacob Zuma was elected President and the African National Congress returned to power in the national and provincial elections by a near two-thirds majority. The new President assumed office during the South African economic depression, and remains under pressure to combat growing job losses (Powell & Stytler, 2010:3-4).

Zini (2008:1) states that the global financial crisis has allowed agriculture, mining, and manufacturing to decline while the trade and current account deficit has widened. Moreover, South Africa experiences energy shortages, including blackouts. The stopping of capital inflows was not useless in South Africa during the depression. While the free-floating exchange rate rules out issues, financing the CAD is more difficult and costly, but on the other hand, lower demand in South Africa's export-sector and the declining Rand is not expected to significantly counter these declines. The crisis has also impacted the real economy. In addition, house prices declined along with vehicle sales. Manufacturing production has slowed, while the mining sector is shrinking further, and retrenchment is on the increase (Zini, 2008:1).

The South African Department of Agriculture, Forestry and Fisheries (2009:3-4) perceives that, globally, most economies are penetrated in a recession and world GDP is expected to contract at 6% annually during the fourth quarter of 2008. In fact, the recovery of financial institutions is expected to slow as the system remains fragile and credit intermediation has rigorously been impaired. In terms of inflation, the South African Department of Agriculture, Forestry and Fisheries perceives that inflation will return to low interest rates because of strong fiscal motivation; and quantitative reduction by most major central banks has sparked inflation concerns. In terms of new events that influenced the world economy, the South African Department of Agriculture, Forestry and Fisheries believes that the unemployment rate in the USA is likely to average 8.9% in 2009 because of the global financial calamity. However, the depression in the USA, Europe and Japan has cut demand for commodities, discouraging countries' development, for example, Zambia, Africa's largest copper producer and South Africa, the world's largest producer of platinum.

In terms of regions, the economies of Sub-Saharan Africa (SSA) deteriorated in 2009 because of the global financial crisis. A sharp deterioration in GDP is estimated for the region, with increases expected to slow significantly from an estimated 5.5% in 2008 to 1,5% in 2009, as result of the global financial crisis. Moreover, the SADC region anticipates sharply decreases compared to the rest of the SSA countries, while the real GDP growth in Central and West Africa is estimated to decline to 2,9% in 2009 (South African Department of Agriculture, Forestry and Fishery, 2009:4).

Despite this, the South African Parliamentary Monitoring Group (2009:1) perceives that the impact of the global financial crisis in South Africa was reflected in economic data from May 2009. In fact, economic growth slowed dramatically and the manufacturing sector was reduced by a 20% loss of jobs in one area, which affected other sectors and hence credit became more difficult to obtain. Current account (balance of payments) deficit pressures remained. A total of 179 000 jobs were lost in the second three months of 2009, and 302 000 additional people became discouraged work-seekers. Consequently, there was a decline in gross domestic product. However, the biggest loss by far in gross domestic product was in manufacturing and there was also a major contraction in other sectors such as mining. There is different academic perceptions of the impact of the global financial crisis in South Africa. However, because of the current global financial crisis, in 2009 world development was estimated to return to its lowest rate in sixty years. Moreover, in 2008 the decline in demand stemming from the financial crisis, together with synchronised spray of the crisis in manufacturing and industrial production, trade credit financing problems and low consumer confidence, triggered a drop in world trade growth to a mere 4 percent. Various analysts believe that the world's emerging economies, particularly those in Africa, would be reactively decoupled from the effects of the crisis that originated in the more industrialised economies.

2.13.1 Perceptions of the impact of the global financial crisis in the context of South African financial institutions

The impact of the global financial crisis caused serious damage in South African financial institutions and assurances. Many companies have been impacted by the global financial crisis, for example, Old Mutual (2009:1) perceives that the company's involvement in the global credit derivatives market has led to significant losses. Old Mutual lost more than R14 billion, holding Bear Stearns alone responsible when the investment bank previously collapsed in 2008. Whereas Old Mutual does not materialise to have the same vast power levels of exposure to these markets as a company resembling AIG, it is important to note that the large South African insurance providers tend to resemble financial service firms when one condiders their balance sheets. They were not protected from the wave of exorbitant risk-taking that has now come home to rest around the world. Companies such as GM and Ford are stores that sell motor vehicles. One could argue that major insurance companies are stores that happen to provide treatment for motor vehicles (Insurance Junction, 2009:1).

"The South African companies that are publicly traded could still experience losses as a result of the global financial crisis for the very simple reason that their main shareholders are often foreign financial institutions that have been forced to reduce their positions to shore-up their own diminished capital reserves. Overseas financial institutions such as Merrill Lynch, Citigroup, Morgan Stanley, and others are estimated to own nearly half of all the shares traded on the JSE, a staggering statistic when you think about it. The almost frantic liquidation of South African stocks in sectors like mining and insurance has led to severe losses for publicly traded companies in 2008, with the JSE declining more than 30% per year to date, as has been the case with all the emerging markets. Foreign companies have fled to the relative and probably temporary security of US Treasury bonds, causing vulnerable currencies resembling the Rand to plummet in worth and at the same time take away the value of our stock market" (Insurance Junction, 2009:1).

The South African Reserve Bank (2009:2) perceives that the global financial crisis has impacted the South African economy. In fact, "market chaos that emerged during 2007 and deepened to unprecedented levels during 2008 was the end of a period of brilliant credit growth and borrowing in the global financial system. Moreover, the troublemaking effects of the turmoil, which included augmented risk detestation, decreased liquidity, market uncertainty and tightened credit intermediation, provoked supervisory, regulatory and central bank bodies across the globe to re-evaluate and improve market and institutional flexibility during appropriate policy response to the disorder. Conversely, the emerging-market economies could be affected negatively by the economic depression in the US and other main industrialised countries, depending on the rigorousness of such a slow down. Although there was a deteriorating situation in global financial markets, total capital flows to emerging market economies attained new highs in 2007".

Accordingly, "the level of foreign-exchange reserves was estimated to be sufficient to provide for short-term debt and there were no signs of unnecessary pressure in the foreign-exchange market. Besides, the local equity market was less affected by the instability in the international financial market than expected. In addition, it has been mentioned that the credit to the commercial sector continued to go up at a risk speed, the corporate debt trouble continued to augment. However, there were no indications that these developments would negatively affect the debt-servicing capacity of companies as the number of liquidations decreased. However, the annual growth rate of credit extended to the household sector was still high; households were spending a relatively small portion of their disposable income to finance debt. It has been clarified that the high level of household gratitude could present a potential source of vulnerability. The level of activity in the residential property market and the annual growth rate of house prices continued to drop in line with the slowdown in the growth rate of the economy in 2007" (South African Reserve Bank, 2009:2).

The ABSA Investor (2009:3) reports that the global financial catastrophe has affected the South African economy. It has been declared that there was "a fourth quart growth turn down to 1,8%, and that the viewpoint for 2009 remains difficult. The currency experienced heightened instability rising from the risk aversion associated with emerging markets. This affected the funding of the current account deficit because of South Africa's vulnerability to significant bond and equity outflows. While most of 2008 was characterised by increasing interest rates and inflation, the latter started decline rapidly, and rates began simple from December 2008. The apparition of the global recession, emerging market risk aversion, rand volatility (instability) and further job losses constitute a growing risk to economic improvement, which is expected to stay under pressure during 2009".

However, there has been extensive analysis of the causes of the global economic meltdown. Moreover, international banks are rigorously limited, with a possibility for economic growth continuing to decline. Therefore, policy makers, primarily through the central banks, are providing additional finance for balance sheets in order to reduce pressure on banking systems and to supply the necessary stimulus. Moreover, in many countries, the monetary stimulus is complemented by significant fiscal stimulus measures. However, the effectiveness of such packages is dependent on how long banking remains mostly dysfunctional. In addition, managing supreme ruler risk is now progressively more important, particularly as the banks in many developed countries fight to maintain their balance sheets, exacerbating sovereign risk in the wider Organization of Economic Co-operation and Development (OECD). Developed economies have penetrated a deep depression; emerging markets are also receiving the impact of the global financial crisis (ABSA Investor reports, 2009:3).

In addition, Standard Bank (2008:1) also perceives that "from 2008, a storm of developments related to the global financial catastrophe introduced the South African economy to extended rand depreciation caused by the flight to be dollar safe and even government assets and sharp declines on the local bourse. Moreover, the rand weakened by some 6% in 2008. Likewise, emerging markets reportedly lost 20% on their equity indices relative to 18% losses in world equity indices. As capital flows may continue to recede on the back of growing foreign investor risk aversion, which disproportionately affects emerging markets, the weaknesses in many developing economies has become a feature for the rest of the year (2010 to 2012). Moreover, the reduced availability and higher cost of funding have had severe repercussions for leveraged economies and investors. Therefore, the economic recession has been characterized by deeper slumps and slower recoveries".

The global financial crisis has affected the South African economy. In fact, Old Mutual (2009:1) perceives that the financial crisis in global markets has caused much doubt with South Africans who are concerned about the effects of these affairs on their retirement funds. Furthermore, Old Mutual believes that the credit crisis has impacted the local economy, since there is a decreased demand for exports with commodities. This means that the crisis has decreased South African economic growth, and as a result there are lower-than expected earnings for some companies. Moreover, the rand continues to turn down as investors sell South African stocks and continue to be careful about emerging markets, in general. In addition, slower growth visions have already contributed to a drop in oil prices, which, if sustained, would contribute to lower inflation and, finally, interest rates. For now, South Africa's high interest rates (compared to most other emerging markets) also make South Africa an attractive investment destination. Despite this, many risks remain, including the possibility of a sharply weaker rand or further stocks in the oil price.

Old Mutual (2009:1) believes that South Africa's financial systems, and its constituent financial institutions including banks and insurers, remain sound with very little or no, in some cases, exposure to the types of bad debts at the centre of the US financial disaster.

The Metropolitan Group (2009:2-3) believes that the global financial crisis has affected the South Africa economy. In fact, they believe that the current economic depression is not only a global phenomenon, but is progressively more local with a decrease in the growth rate of the South Africa's national economy, and all the economies where South African Old Mutual has a business presence. Furthermore, this impact has also been felt at Metropolitan, which is no exception to the rule. However, the frequently careful approach taken towards capital management by the Old Mutual team has meant that they have are volatile in financial markets. Therefore, a financial crisis such as the one experienced globally has potential to pressure this objective and poses a risk to business.

Despite the above, the South African Department of National Treasury (2009:2) observes that South Africa's money markets remained organised and its financial institutions remained stable when the financial crisis intensified late in 2008. It also notes that the South African financial system has shown remarkable flexibility through the existing global financial problem. The healthy profitability, limited contact with foreign assets and funding, and low advantage of South African banks allowed them to remain solvent without a need for extraordinary liquidity or state support. The report's overall assessment is that banks' liquidation risks are small owing to strong capital positions and generally high profitability. It notes that the banking sector is sound, and that business and financial sector balance sheet exposures to exchange rate and interest rate shocks are limited. While the system is stable, banks feel the impact of the declining economic activity and rising unemployment. The report also points out some downside risks to the economy as a result of the global economic decline such as reduced trade flows, further financial market disorder, and weakening loan quality of banks.

The International Monetary Fund (2009:1-70) perceives that "the global financial and economic crisis is taking a toll on both developing and developed countries. Developing countries, especially in Africa, have been affected at different levels through a reduction in official development assistance, with foreign direct investment, remittances and private portfolio flows. In addition, many countries are also finding it difficult to borrow abroad and the cost of securing these funds have also increased. A drop in demand for exports as many of the South African export markets are in recession aggravates this."

However, the South African Chamber of Commerce and Industry Confidence (2008:4) perceive that South African financial institutions have been impacted by the international financial depression. In fact, the Chamber of Commerce mentions that the securitisation of ‘toxic’ assets originate from the sub-prime crisis trade in the global financial markets and have penetrated the balance sheets of financial institutions across the globe. In fact, the impacts on South African institutions depend on their exposure to toxic assets that are associated with the USA sub-prime crisis. In addition, the impacts depend on South African financial institutions’ exposure to bad debt nationally and foreclosures. It has also been stated that South Africa’s demand for capital in a steep fixed investment cycle might also be affected in terms of the cost of the global financial market. However, investors have lost confidence; therefore, the flow of capital to emerging markets could be affected. Therefore, net selling of South African bonds and equities by non-residents and the adverse effect on the rand is evidence of changing global financial projection. South African financial institutions have not been severely affected by the USA’s financial meltdown; the effect has indirectly dropped over to the South African economy. However, South Africa is facing a series of unpleasant developments in the financial environment, which have negative effects on business confidence. Apart from the global financial dilemma affecting South African financial prospects to a smaller extent, there are domestically related developments that are detrimental to business conditions.

Mohamed (2009:1-5) perceives that the international financial crisis was the result of a long-term process of financial deregulation, which allowed rampant insatiability to influence the behaviour of senior executives in banks and other financial institutions. Furthermore, the deregulation also permitted a massive integration of financial markets and an exceptional reduction in the international banking sector. However, this banking system became a global phenomenon. Excessive risk-taking became the practice the world-over. However, South African policymakers cannot sit back and pretend that South Africa is isolated from the global financial crisis. Therefore, they should plan to better control South African finance.

2.14 Perceptions of the impact in the context of South African housing prices or property

South African housing prices or property has been impacted by the global financial crisis. According to ABSA (2009:1-2), “the average nominal price of **middle-segment housing** (see explanatory notes) dropped by 1,3% year-on-year (y/y) in February 2009 to around R950 800, after declining by 0,9% y/y in January 2009. This was the third consecutive month of declining nominal prices on a year-on-year basis. Calculated on a month-on-month basis, prices have been declining since August 2008, when the average nominal price peaked at a level of R965 800. Middle-segment house prices were down by a real 8,3% y/y in January, while declining by an average of 9,6% y/y in December. This was the thirteenth consecutive month of a real year-on-year price drop. Real house price calculations were based on the consumer price index (CPI) for all urban areas, available from January 2008, as published by Statistics South Africa. Before this date the calculations are based on the headline CPI for metropolitan areas, until a full historical CPI data series on the new basis is published by Statistics South Africa. In respect of **small houses** (80m²-140m²), nominal prices were 1,7% y/y lower in February 2009, after declining by 1,1% y/y in January. This brought the average nominal price of a small house to about R668 700 in February. In real terms, prices in this category of housing dropped by 8,4% y/y in January" (-9,6% y/y in December last year).

The "average nominal price of **medium-sized houses** (141m²–220m²) was down by 1,6% y/y in February 2009 (-1,2% y/y in January). This brought the average price in this segment of the market to R932 500, which was R19 600 less than the peak of R952 100 recorded in September 2008. On a month-on-month basis, the average price of medium-sized houses dropped for the fifth consecutive month in February by 0,5%. In real terms, prices were 8,6% y/y lower in January, after declining by a real 9,7% y/y in December 2008" (ABSA, 2009:1-2)

The South African property has been impacted by the global financial crisis, and, according to Invela Financial Corporation (2008:1), "the South African **property market** experienced hard times from 2005 to 2007; these effects were short term and a result of the National Credit Act. The general consensus was that things would take time to stabilise by 2009, and things would definitely start looking up. However, just as the property market started to present signs of recovery, along came one of the worst international recessions in history and put payment to any hope that there is light at the end of the tunnel. With the current goings on in the world financial market, any hope that the South African property market could improve its lot has been delayed for a long time to come. Some of South Africa's main industries such as mining and manufacturing will be badly hit by the global recession, leading to serious jolts in companies and sectors that deal in these trades. Jobs may be lost, companies may collapse and profits may dwindle, causing banks – already jittery about lending money to their consumers – to decline home loan applications at an even higher rate of 50%. As the government starts to count its pennies, authorities may put on hold any projects in the pipeline, including housing. While the obvious short term effects of a lack of housing for the low income groups are fairly obvious, the long term effects should also be considered" (Invela Financial Corporation, 2008:1).

Kelly (2009) believes that "house prices were going way too high. People bought homes for ZAR380 000 at the end of 2003 and they were valued at ZAR1.1 million in early 2007. The interest rates started rising and values started stabilising. In fact, houses that were selling for ZAR2.5 million a year ago are now selling for ZAR1.6 million, which makes more sense. Now it looks like the interest rate is expected to drop to 3.5% again and people hope that this time South Africans do not increase their selling price relative to the interest drop, as has been done in the past".

2.15 Perceptions of the impact in the context of capital flow in South Africa

The global financial crisis has impacted capital flows in South Africa. In fact, the rapid movement of capital flows is affecting the currencies of high income countries. The world should deal with these speed flows, which are affecting the competitiveness of South Africa and many other nations (Gordhan, 2010:1).

2.15.1 Perceptions of the impact in the context of South African capital inflows

South African capital inflows have been impacted by the international financial catastrophe. The capital inflows on the financial account of the balance of payments continued to reimburse for the deficit on the existing account in the fourth quarter of 2008. However, modification in the composition of the capital inflows is a source of fear for future funding of the balance of payments and, therefore, causes some risk for the exchange rate of the rand. Apparently, high levels of investor risk aversion caused a large outflow of portfolio (collection) investment from South Africa such that the net outflow of portfolio (collection) capital was R108 billion in the fourth quarter of 2008, relative to net outflow of portfolio capital of R11.9 billion in the third quarter of 2008. However, there are net inflows of capital through direct investment, and other capital accounts that financed the deficit on current accounts. On the contrary, there are question marks with respect to the sustainability of capital inflows given that an uncomfortably large mass of the fourth quarter of 2008's capital inflows were made up of unrecorded transactions (First National Bank, 2009:6).

The South Africa economy is being impacted by the global financial crisis. The South African economy is driven by liquidity investment, primarily through rand denominated investment in the South African stock exchange. A majority of these investments are from international investors and allow South African companies to increase access to financial support through share issues and other financial instruments. However, the crisis has increased fears that an international depression is on the cards and panicky investors have taken their capital out of developing markets to invest in the US government's short term bonds. Many investors have also sold their equity position in an effort to free up their cash (Van Der Waal, 2008:1).

2.15.2 Perceptions of the impact in the context of foreign direct investment in South Africa

South African foreign direct investment has been impacted by the global financial calamity. In fact, it has been declared that South Africa unsuccessfully ran away from the effect of a sharp pullback in global foreign direct investment (FDI) flows during 2009, with a new report showing foreign direct investment (FDI) inflows to South Africa decreasing by 24.6%, from US$9 billion to US$6,8 billion in 2008. The UNCTED showed that South Africa could surprise beneficially, in spite of the country's move into its first recession, as well as falling global flows (Creamer, 2010:1).

South Africa recorded strong foreign direct investment growth in 2008 relative to the US$5,7 billion worth of inflows recorded in 2007. It has also become habitual for the country's foreign direct investment inflows to be influenced materially by single large transactions. The inflows, for instance, were underpinned by a US$5,6 billion investment by the Industrial and Commercial bank of China into Standard Bank (Creamer, 2010:1).

For 2009 the study shows that the decline in foreign direct investment was large-based and that developing countries continued their dramatic down-turn in 2009, decreasing by a further 41%, in spite of experiencing a strong down turn in 2008. All components of foreign direct investment: equity capital, reinvested earning, and other capital flows (mainly intercompany loans) were affected by the recession. However, the reduction was especially marked for equity capital flows, which are most directly related to longer term investment strategies of transactional corporations. Cross-border corporate activity was the most affected, with a 66% decline in 2009 in South Africa, which was evaluated with figures for 2008 (Creamer, 2010:1).

With depression reducing international GDP and the financial crisis making it more difficult to move up financing, foreign direct investment (FDI) intelligence anticipates a down turn of 13% in the number of Greenfield foreign direct investment projects in 2009. The Greenfield investment in developed economies is estimated to drop considerably more than this, and asset in developing economies is estimated to achieve similar levels to that of 2008 (Zawya, 2009:1).

2.15.3. Perceptions of the impact of the crisis in the context of balance of payment in South Africa

The South African balance of payment was impacted by the international financial crisis. ABSA Capital (2010:4) perceives that South Africa’s current account deficit narrowed to 2.8% of GDP in the fourth quarter of 2009 from a revised 3.1% (previously: -3.2%) in the third quarter, which is a far cry from its recent worst level of 8.5% in the first quarter of 2008. For 2009 as a whole, the current account deficit averaged 4.0% of GDP, which was a massive improvement from the 7.1% deficit recorded a year earlier. In addition, for a marginal trade deficit in the fourth quarter of 2009, the trade account actually recorded a surplus of 1% of GDP during this quarter. This improvement was underpinned by a 10.7% quart by quart increase in merchandise exports as the demand for South Africa’s key commodity exports continued to improve in line with an improved global environment. As the trade-prejudiced exchange rate appreciated during 2009, manufacturing exports actually increased in the final quarter of the year 2009.

On the import side, the improvement in domestic demand conditions saw import growth accelerate 8% quart by quart in the fourth quarter of 2009 following a marginal contraction the prior quarter. The balances on goods, services and income account improved a little between the third quarter and the fourth quarter. The current account deficit is likely to extend to 4–4.5% of GDP during 2010 as import demand once again recovers. However, the research hence expects the ZAR to trade largely sideways (7.40-7.70/US$) for most of the year. In addition, at these levels, it implies a significantly smaller current account financing requirement than that witnessed in 2007–08; along with strong global commodity prices, it has been stated that the general improvement in global risk appetite as the global economic recovery gains further traction and a better-than-expected domestic economic outlook, which all weigh in favour of the ZAR (ABSA Capital, 2010:4).

2.15.4 Perceptions of the impact of the global financial crisis in the context of remittance in South Africa

South Africa, as part of Sub-Saharan Africa, has also been impacted by the global financial crisis in the context of remittances. In fact, South Africa has received the highest volume of remittances, and money transfer has become difficult because of the increase of levels of unemployment and poverty caused by the impact of the international financial crisis (Malilou, 2008:1). It has already been mentioned that the international recession is estimated to most negatively affect migrants employed in construction, manufacturing, finance, services, retail, and tourism. The ability of origin communities and countries to absorb the newly unemployed has determined the extent of the additional burden of unemployment presented by returning migrants. To the extent that they can be productively and profitably employed, returning skillful migrants could introduce an opportunity for origin communities and countries to exploit their skills for future development and economic rotation (Nagarajan, 2009:2)

It has been stated that the diminution in the amount of remittance flows sent through formal banking and non-banking channels for the high cost of sending money (SSA) was already a barrier to sending money through normal channels, even before the financial crisis. It imposed an even greater financial burden on the disposable income of remitters who reside in countries, which suffered from the economic recession. However, away from subjective evidence and isolated studies, there is insufficient information regarding the role of remittance service providers and the frequency and number of remittances that certain types of migrants choose to send. As a result of money being channelled through informal means, the number of remittances tracked through central banks is under-reported, leading some policy makers and decision makers to mistakenly under value this source of external financing. Without credible estimates of migration flows and remittance inflows, it is difficult to appreciate the extent to which remittance plays a role in development, and to garner support for innovative tools that would secure these flows and tap into the Diaspora wealth (Nagarajan, 2009:2). Remittances sent by global migrants are a significant source of external finance for many high income countries. The 2008–09 global financial disaster has elevated fears of a down turn or even a problem of migration flows and a consequent decline in remittance flows, particularly to low income countries. In addition, various migrant workers have condensed their daily expenditures in response to income cuts by employers. Some have sent their families back home; hence the funds spent in South Africa are now remitted home. Migrants also share accommodation to facilitate sending remittances (Ratha, 2010:297).

2.16 Perceptions of the impact in the context of South African micro- economy

The global financial crisis has impacted on the micro economy of South Africa. In fact, South Africa retail sales decreased by 3.9% percent in July 2008, the sixth consecutive decline, as the nation's first recession in 17 years cut consumer spending. Sales decreased after falling a revised 6.9% in June 2009, according to the Pretoria based statistics office. This shows that consumer retail spending has found a bottom point, but remains fragile overall (Cohen, 2009:1).

2.17 Perceptions of South African government structures and parastatals

South African government structures and parastatals have been impacted by the international financial calamity. It follows that Eskom is also among the parastatals that have been affected by the crisis.

2.17.1 Perceptions of the impact in the context of Eskom

The global financial crisis has impacted Eskom's capability and has led to increased electricity prices in South Africa; Eskom (2009:1) affirms that a main impact of the economic down turn is reduced demand for electricity and a resulting decrease in sales. Decreases in existing mining and beneficiation plants have already reduced demand. It has been stated that significant interruptions in industrial and mining capital expansion programmes have declined the demand for growth owing to the impact on the global financial catastrophe. This does mean less pressure on Eskom's reserve periphery and the new building programme, but it also results in reduced revenue. In addition, the recession may affect South Africa and Eskom's aptitude and negotiating power to maximise the local revenue of the building programmes. Eskom is serious about establishing local manufacturing capacity and supply chains. But, an international slow down in infrastructure development has augmented the surplus capacity that is available at global original equipment manufacturers, in other words, supply exceeds demand. This will result in a more competitive environment, which is not supportive of a small local manufacturing industry owing to the crisis.

From a financing perspective, the crisis of confidence in the finance and investing communities, coupled with Eskom's lesser credit rating, has affected the rates and accessibility of credit in the bond market because of the impact of the crisis. Moreover, this has been mitigated by the R176 billion-debt guarantee provided by government, but Eskom's capability to move up debt in the face of vast international government debt issues may be rigorously limited because of the impact of the international financial disaster. In addition, on the positive side, an extended global economic calamity may reduce demand input costs for the build programmes and increase accessibility of resources because of the impact of the global financial crisis (Eskom, 2009:1).

Moreover, increased competition between contractors and suppliers may reduce prices owing to the impact of the global financial problem. In fact, local construction companies are already turning their focus to local infrastructure projects. While, in terms of the impact of global expansion in the power sector, Eskom (2009) perceives that from a supply chain opinion, the international economic down turn has had mixed benefits for Eskom. However, commodity prices, which had risen to extraordinary summits, collapsed driven by enormous commodity fund liquidations, and inventory decreases in final consumption levels because of the impact of the global financial crisis. This generates enormous opportunities to reduce supply chain costs by taking advantage of the extra capacity in the different sectors of South Africa's supply chain and the requirements for suppliers to reduce inventories to free up working capital.

However, the South African Department of Finance, headed by Trevor Manuel at the time (2009:1-2), perceives that the global financial crisis may strike Eskom's development plans. The borrowing plans would most likely be affected by the power value. Furthermore, it will become a lot tougher and may affect the cost of infrastructure. Construction work for the 2010 Soccer World Cup could also be affected.

2.17.2 Perceptions of the impact in the context of Eskom's increases of electricity prices

The South African electricity price was impacted by the global financial crisis. 'South Africa's supply of electricity, and Eskom, have been negatively affected by the global economic depression, leading to the loss of an estimated 900 000 jobs, and an increase in electricity prices. This has resulted in an average standard electricity price of 41.57 cents per kilowatt hour for 2010/11, 52.3 cents per kilowatt hour for 2011, and 65.85 cents per kilowatt hour for 2012/13' (Khuzwayo, 2010:1). In addition, poor and working-class people were impacted by the international financial crisis; Amandla (2010:2) affirms that "the 25–26% increase in electricity prices over the next three years (2011 to 2013) is a bitter blow for South Africa's poor and working-class people, who are already struggling to cope with the million jobs lost under the recession".

The electricity tariff increased because of the impact of the global financial calamity, and Mabhula (2010:1-2) affirms that the "National Electricity Regulator of South Africa (NERSA) finally approved Eskom's 24,8% tariff increase for 2010, 25,8% for 2011, and 25,9% for 2012. However, a 24.8% electricity increase has a negative impact on employment opportunities, affecting both employers and employees. Business has already been hit by the international recession and fuel increases. The hike of the electricity price has pushed up inflation" (SAPA, 2010:3-5).

The "electricity price increases remain the single largest risk to the SARB's inflation target. The SARB holds an inflation target of between 3% and 6%. In November 2009 the consumer price index (CPI) was recorded at 5.8% year-on-year. This rose above the inflation target to 6.3% year on year in December 2009. The producer price index (PPI) could also be put under pressure by the possible electricity price increases. In December 2009 the PPI increased for the first time in seven months and could have been a sign of things to come. The electricity price hikes threaten to increase inflation from the cost push side. In early 2009 South Africa joined the world in one of the worst recessions of 2008 and 2009. Eskom's planned price increase would have an effect on diverse sectors of South Africa" (Odendaal, 2010:1-2).

2.18 Perceptions of the impact in the context of South African socio-economic development

South Africa's socio-economic development has been impacted by the international financial down-turn. In fact, aside from the recession ' s direct impact on employment and incomes, the social and political costs of massive unemployment are inestimable. The risks of crime and social instability is significantly augmented when 75% of the unemployed population is below the age of 35. Since 1996, South Africa has experienced an epidemic of violent service delivery protests, principally in informal settlements surrounding major cities. In 2008/2009 the number of protests was the highest ever recorded, suggesting that the economic impacts of the recession also increase public anger and instability. Persistent and extremely high levels of unemployment and income inequality also add to the tension within the ruling party's alliance over macro-economic policy. On the right, the ANC ' s powerful youth wing, supported by a group of nationalists, is calling for nationalisation of the country ' s mines (Steyler & Powell 2010:14).

Conversely, on the left, the powerful labour unions are calling for changes to macro-economic policy, including increased deficit spending and the depreciation of the rand to stimulate the value of exports. The rate of job losses, the disparate impact on the working class, and the wide disparity between the pay of management and workers has drawn fierce criticism from the labour unions and fuelled recent industrial action in the public sector of salary increases. At the time of writing, the public sector was engaged in a country-wide strike over demands for an 8.6% salary increase. This demand by the public sector unions would surpass budgeted salary expenditure by 3.7 billion rand (Steyler & Powell, 2010:14). Moreover, the strike poses a direct challenge to the Minister of Finance ' s claim in his 2010 budget speech that the country could not afford a further major augment in the public salary bill. The Secretary-General of COSATU has explicitly confirmed that the strike is a political response to poverty, since workers are suffering as a consequence of the recession and conservative economic policy. The strike is a political issue related to the impact of the international financial calamity (Letsoalo, 2010:11).

The global financial crisis has highlighted South Africa's vulnerabilities. In fact, unemployment, inequality, poverty, crime, and HIV/AIDS continued to affect South Africa during the depression. Household gratitude reached worrying levels in a low-interest rate environment, and inflationary pressures mounted. Moreover, energy shortages erupted, including blackouts (Zini, 2009:1). Extreme levels of unemployment have generally characterised South Africa's economy, hence it is clear that the recession has impacted on the poor and disadvantaged people of South Africa (Assubuji and Luckscheiter, 2010:1-2).

2.18.1 Perceptions of the impact of the global financial crisis in the context of poverty in South Africa

The current global financial crisis has increased the level of poverty in South Africa. In fact, it has been demonstrated that the impact of poverty is likely to be caused by a combination of factors: declining income levels, already stressed coping strategies among vulnerable households owing to the food and fuel prices crisis, and inadequate safety nets. The most immediate and direct effects are expected to be on household incomes and consumption, as well as labour and non-labour income. A decline of commodities prices and the decrease in demand for export and foreign direct investment can impact the labour market. This can lead to income losses and increases in unemployment (United Nations Development, 2010:12-15).

The global financial crisis has impacted household incomes and consumption in South Africa. The "decline in household consumption expenditure reflects the rigorous pressure on the financial health of South African households that built up over the course of 2007 and 2008. This was owing to market weakening in the fundamental drivers of household income. The rush in inflation during 2008, rising interest rates, elevated levels of household indebtedness and negative wealth effects stemming from the turn down in asset prices, particularly residential property and equity prices, have had a negative impact on real household disposable income. In fact, real household disposable income contracted at annualised rates of 0.8% quarter on quarter and 1.9% quarter on quarter in the third quarter of 2008 and the fourth quarter of 2008, respectively. The contraction is that the real disposable income of households has evidently had a negative effect on household spending given the close correlation between the two" (First National Bank, 2009:6).

The global financial crisis has impacted South African domestic households. In fact, investigations show that "domestic households remained under serious pressure during the last three months of 2008, going by the large decline in real household spending. Total household consumption expenditure contracted by 2.7% quarter-on-quarter on a seasonally adjusted and annualised basis (%qq saa) 1 in real terms during the fourth quarter of 2008, following an annualised decline of 0.9%qq in the third quarter of 2008. Two consecutive quarters of contracting total household consumption expenditure, in other words, a recession in household spending was last witnessed in 1992. The contraction in overall household consumption expenditure in the fourth quarter of 2008 was owing to outright reductions in household spending on durable goods, and non-durable goods and services. The largest decline was in household spending on durable goods, which decreased at an annualised rate of 20.1%qq. Expenditure on durable goods constitutes approximately 10% of total household spending. Expenditure on non-durable goods, which comprise 35% of total spending by households, fell at an annualised rate of 2.3%qq saa in the fourth quarter of 2008 following an annualised decline of 3.2%qq in the previous quarter. Household spending on services, 39% of total household spending, decreased by 0.1% quarter on quarter, seasonally adjusted and annualised (qq saa) in the fourth quarter of 2008" (First National Bank, 2009:1).

2.18.2 Perceptions of the impact of the global financial crisis in the context of labour income or unemployment

The global financial crisis has impacted on labour income in South Africa. In fact, research demonstrates that South Africa's unemployment rate increased to 23.6% in the second quarter of 2009 balanced against 23.5% registered in the first quarter of 2009, because of the impact of the global financial disaster. In addition, the number of people in the labour force decreased by 3 25000 from 17.8 million in the first quarter of 2009 to 17.5 million in the second quarter of 2009. Therefore, the number of jobs reduced by 267 000 between the two quarters. The number of people who were not economically active was 419 000. Most of these job losses were felt in private households at 105 000, trade at 59 000, and transport at 30 000, while it was confirmed that the formal sector experienced 93 000 job losses (Statistics South African, 2009).

Marais (2009:2-3) reflects that, in terms of employment in the Automotive Industry Development Centre (AIDC), employment was impacted by the global financial crisis in South Africa and the rate of unemployment has increased. It was mentioned that in June 2009 the country's public service revealed that 179 000 jobs were lost in the first three months of 2009, which suggest that analysts' forecasts of job losses totaling 400 000 over the year might turn out to be optimistic. However, the Department of Labour reported more than 226 000 applications for unemployment insurance between September 2008 and the end of February. These represent the advantaged state of workers, whose employers contribute to the contracts and who retained their jobs for more than six months (Marais, 2009:2-3).

Moreover, it is clear from the statistics that the South African economy is not creating jobs. People are losing jobs in large numbers. In fact, the economy is not growing, as job losses have been recorded in all industries, except community and social services. All industries have lost jobs with the highest losses in trade, manufacturing, mining, and agriculture because of the impact of the global financial crisis. In addition, the main job gains were in social services, especially from government departments and financial institutions. Moreover, on a quarter to quarter basis, the number of people employed in both formal and informal sectors decreased, while the assimilation rate of people into the labour market in the second quarter declined. It became difficult to get jobs because of a higher movement of people out of jobs compared to the creation of new jobs (Masiteng, 2009:1).

"In September 2007, the country's unemployment rate decreased to 23% in the third quarter of 2007, down from 25.5% in the previous year, a record low since the inception of the survey in 2001. The jobs growth rate adds up to a year-on year gain of 3.4%, still off the 5.2% year-on-year gross domestic product (GDP) gains in the third quarter and highlighting a continuing jobless growth conundrum. The data shows that while the total labour force had dropped vaguely to 17.18 million people from 17.19 million in the third quarter of 2006, the total of number of employed South Africans in September 2006 was approximately 13.2 million, which indicates a net gain of 433 000 jobs" (Mbola, 2008:1; 2009:2-3).

Most contributing industries were private households, which refer mainly to domestic workers, with employment figures up by 137 000 jobs, while people's services provided an extra 132 00 jobs. The number of domestic workers rose to a record 1.06 million, or 8% of the 13.23 million employed South Africans in a trend that might stop from rapid growth amongst South Africa's Black middle class. South Africa has suffered enormous job losses since the beginning of 2009. Many of these job losses may be owing to the international financial catastrophe (Mohamed, 2009:1-2).

However, Ensor (2009:1) perceives that the deep recession that has absorbed the country can suspend the implementation of government's socio-economic plans and, and furthermore, it will require state support for the vulnerable and those who face retrenchment. However, the existing global recession of 2009 is still in its first phase and the second phase would be to improve the quality of life in communities and provide work. Therefore, planned spending of R787 billion on social and economic infrastructures over the next few years will play an important role.

The global economy crisis has caused South African unemployment levels to increase. In fact, it has been found that many people in rural townships do not work and have never had a job. The women waiting for work on street corners in places such as Kgotsong exist all over South Africa, where it often seems joblessness, now at more than 23%, is a way of life. The nation that is Africa's economic engine has long had one of the world's highest rates of unemployment; a difficult donation of apartheid that economists believe is the origin of South Africa's inflexible poverty and inequality. It is also a prime illustration of the failure of a democratic government to extend economic freedom to a Black majority that won liberation 17 years ago, but remains South Africa's most unemployed group. Some believe that chronic unemployment is a tinderbox for instability of poor classes, as illustrated when poor South Africans let loose a signal of violence against foreigners accused of taking their jobs (Brulliard, 2009:1). Rising tensions between national job-seekers and immigrants challenging for a declining pool of work in South Africa are expected to increase presently after the 2010 FIFA World Cup. This came about as more workers continue to suffer lay-offs as a consequence of the end of construction work and other major projects that were undertaken by the country in preparation for the world attraction (Keita, 2010:1-2).

During the opening of the soccer tournament on June 11 2010 the South African president, Jacob Zuma, made similar promising remarks when he said that ‘the event itself has created such an opportunity of jobs, but the South African economy is not going to be the same after the World Cup. The South African government is very confident after that this, employment will go up’ (Keita, 2010:1-2). However, it appears the predicted economic increase vis-à-vis job creation because of the World Cup in South Africa is an unbelievable dream. It has been mentioned that the country’s unemployment rate increased for a fourth consecutive quarter in the first three months of 2010, as companies decreased jobs. This left many economic analysts fearing the worst when the final whistle was blown at the magnificent Soccer City Stadium on July 11 2010 (Keita, 2010:1).

The global financial crisis has increased the rate of unemployment in South Africa. In fact, the unemployment rate, the highest of 62 countries, increased to 25.2% 24.3% which is correct in the final three months of 2009. The number of people with jobs has decreased by 171 000 to 12.8 million because of the impact of the international financial problems (Statistics South African, 2010). In the last quarter of 2008, many analysts linked the augmented job losses to the number of people who suffered leave-offs in different sectors, including the construction industry. In terms of the 2010 World Cup, employment in South Africa was expected to receive a huge advance, but when one looks particularly at the tourism and construction industries, these ‘leg ups’ only have a short-term impact on job creation (Keita, 2010:2); when the World Cup was set to come to South Africa, thousands of South Africans were contracted, mostly in the construction industry, as the country moved to improve its infrastructure. However, as construction work was completed and the World Cup came to end, there was increasing unemployment as construction companies began to lay-off labourers (Keita, 2010:1-2).

The new stadiums created a construction boom, but many of the workers who built them have already been laid-off and are without work. Behind the spectacle, the World Cup simply intensified the struggle of poor South Africans who are experiencing evictions, lack of public services and unemployment. The employment problem, which extended well beyond the recession, was mainly adolescence unemployment, as people under 35 years of age experienced 75% of job losses (Theledi, 2010:2).

2.18.3 Perceptions of the impact of the global financial crisis in the context of labour markets in South Africa

The global financial calamity has impacted employment in developing countries. During an economy recession, particularly one that is driven by a global, coordinated crisis, “it is expected that employment in a developing country decreased in the formal sector, accompanied by an increase in employment in the informal sector. However, informal sector employment in South Africa surprisingly dropped during the crisis from 17% of total employment in the second quarter of 2008Q2 to 15.5% in the third quarter of 2009. In general, the number of workers in the informal sector decreased by 347 000. At the same time, formal sector was employment amplified its share of total employment from 68.6% in the second quarter of 2008 to 70.6% in the third quarter of 2009; however, in absolute numbers, employment in the formal sector reduced from 9 415 000 to 9 073 000. Over the period of the second quarter of 2008 to the second quarter of 2009, the informal sector accounted for 64% of job losses in comparison to 16% in the formal sector (the rest occurred in private households and the agricultural sector). In the last quarter of 2009 this situation overturned, and a majority of job losses took place in the formal sector: 55% versus 23% in the informal sector. This suggests that change in the informal sector was more rapid while employers in the formal sector only more recently resorted to lay-offs to cope with reduced demand. The decline in employment levels in South Africa did not originally transform to an increase in official unemployment; in fact, the unemployment rate for the whole population only increased from 23.1% in the second quarter of 2008 to 23.6% in the second quarter of 2009” (Verick, 2010:3).

More recently, in 2009 the situation depreciated further and the rate jumped to 24.5% in the third quarter of 2009. The unemployment rate of youths increased by 3.9 percentage points over this period (from 44.5% in the second quarter of 2008 to 48.4% in the third quarter of 2009), balanced with 3.0 percentage points for prime-age men and a decrease of 0.3 percentage points for prime-age women. Long-term inequalities present in the labour market have resulted in more unemployment for Black and Coloured South Africans. Since employment has dropped while unemployment has stayed relatively static (at least in the initial stages of the recession), the transformed labour force status during the disaster must be reflected by movements in inactivity. Certainly, the percentage of the working-age population that was classified as inactive or out-of-the-labour force (OLF) increased from 41.9% in the second quarter of 2008 to 45.2% in the third quarter of 2009. Further investigations into inactivity show that the largest change was discouragement of workers, in other words, those who are unemployed and have given up searching for a job. This category accounted for 7.7% of the inactive labour force, including retirees, and educators, prior to the crisis, but then augmented to 11.6%. Altogether, it has been stated that the number of discouraged workers augmented from 1.08 million in the second quarter of 2008 to 1.63 million in the third quarter of 2009 (Verick, 2010:4).

The South African labour market was impacted by the international financial calamity. It has been demonstrated that, as witnessed in other affected countries, the impact of the global financial crisis on the labour market depends on a range of factors plus, not only the degree of the economic reduction, but also the sectoral composition of the decline in collective demand, the role of existing labour market institutions, and the nature of the policy response, to name a few key determinants (International Labour Organisation, 2009:3).

Due to its strong relations with the global economy, South Africa has been struck hard by the crisis, which has come on top of the longer term structural problems in its economy and labour markets. Therefore, the country has been in a recession since the fourth quarter of 2008 and estimates indicate that the overall GDP growth in 2009 will be 2.1% (International Monetary, 2009). This decline has largely been driven by a diminishing in the manufacturing sector, along with a decrease in productivity in the mining, financial, real estate, business services, wholesale, and retail trade sectors (Statistics South Africa, 2009a and South Africa Reserve Bank, 2009). The South African government recognised the rigorousness of the recession and responded with a loosening of monetary policy and a fiscal stimulus package that was expected to support demand and create jobs (South African Reserve Bank, 2008).

The real GDP growth was 0.9% in the third quarter of 2009, suggesting that the South African economy may have exited the recession. This trend was largely owing to a return to positive growth in the manufacturing sector, followed by general government, construction, and personal services sectors (Statistics South Africa, 2009a). In negative sentiment of this improvement in the economy, the situation in the South African labour market is, however, expected to improve rapidly because of the typical delay between economic and employment recovery (Verick, 2010:2). Moreover, the global recession of 2007 and 2008 has already demonstrated that translating the aggregate economic impact to outcomes in the labour market is complex and is influenced by a number of factors, not only the degree of the economic reduction. Therefore, a micro-level analysis of the labour market is important to provide policymakers with an understanding of how the South African labour market has been affected and, which sectors have been struck hardest. To this end, the focus of this study is on the consequences of the 2008–2009 recessions in terms of changes to labour force status in South Africa and how this varies across the population.

The situation in the South African labour market has attracted considerable attention from both policymakers and academics, particularly because of the challenges and dilemmas that it poses. In this view, the labour market is characterised by both a low employment-population ratio (44.7% in 2007) and a high rate of unemployment in the country (around 25% in 2007). At the same time, the informal sector is relatively small, which is partly a heritage of apartheid policies that discouraged entrepreneurship. The high rate of unemployment is, in turn, a reflection of the underdeveloped informal sector (OECD 2008). In general, there is a small level of labour utilisation, which has suppressed the growth potential of the country. It has been mentioned that on top of these characteristics, real income in South Africa has remained heavy or dropped over the post-apartheid period, above all for low-skilled (experience) workers.

More specifically, over the post-apartheid (but pre-crisis) period, the unemployment rate in South Africa accelerated, reaching 31.2% in 2003. In recent years, unemployment began to drop as economic conditions further improved. Despite this recent trend, the persistently high level of unemployment and the lack of job opportunities in the formal economy continued to be a major challenge for the Government of South Africa, even before the recession of 2008–2009. The situation has been worse for adolescent, Black South Africans, the less-skilled (experienced), and women who continue to experience major obstacles to participating in the labour market, especially in terms of finding jobs in the formal economy (Banerjee *et al.*, 2006:4). Adolescents, in particular, have experienc ed substantial obstacles in the labour market: according to the September 2007 Labour Force Survey, the unemployment rate of young people aged 20 to 24 stood at 44.7%, which is internationally one of the highest youth (adolescence) unemployment rates (Verick, 2010:4-5).

During the crisis-induced recession of 2008–2009, it has been stated that the impact on the status of the labour force in South Africa was complex and, in some respects, unexpected. In general, the number of South Africans employed has dropped from 13 729 000 in the second quarter of 2008 to 12 855 000 in the third quarter of 2009 (a drop of 6.1%), which were determined by lay-offs (leave), mainly in the wholesale and retail trade, as well as the repair, manufacturing and agricultural sectors (Statistics South Africa, 2009b). Consequently, the employment-population proportion turn decreased from 44.7% in the second quarter of 2008 to 41.3% in the third quarter of 2009. In addition to considering the combined modification in employment, it is also important to consider changes to employment in the informal and formal sectors. It is frequently presumed that the urban informal sector absorbs workers who are incapable of finding a job in the formal sector, while the literature increasingly views the sector as consisting of both survivalists and entrepreneurs who chose to operate informally. During a depression, particularly one that is driven by a global, coordinated crisis, it is estimated that employment in a developing country has a decrease in the formal sector, accompanied by an increase in employment in the informal sector. However, informal sector employment in South Africa had surprisingly decreased during the crisis from 17% of total employment in the second quarter of 2008 to 15.5% in the third quarter of 2009 (Verick, 2010:5).

The total number of workers in the informal sector decreased by 347 000. At the same time, formal sector employment increased its share of total employment from 68.6% in the second quarter of 2008 to 70.6% in the third quarter of 2009 (though in absolute numbers, employment in the formal sector fell from 9 415 000 to 9 073 000). During the period of the second quarter of 2008 to the second quarter of 2009, the informal sector accounted for 64% of job losses in comparison to 16% in the formal sector (the rest occurred in private households and the agricultural sector). In the last quarter of 2009, this situation reversed, and the majority of job losses took place in the formal sector

(55% versus 23% in the informal sector). This suggests that modification in the informal sector has been more rapid while employers in the formal sector are only more recently resorted to lay-offs (leave) to cope with reduced demand. The fall in employment levels in South Africa did not initially translate to an increase in official unemployment. In fact, the unemployment rate for the whole population only increased from 23.1% in the second quarter of 2008 to 23.6% in the second quarter of 2009. More recently, however, the situation deteriorated further and the rate increased to 24.5% in 2009 (Verick, 2010:5).

The unemployment rate of youth (adolescents) amplified by 3.9 percentage points over this period (from 44.5% in the second quarter of 2008 to 48.4% in the third quarter of 2009), evaluated with 3.0 percentage points for prime-age men and a drop of 0.3 percentage points for prime-age women. Reflecting the long-term inequalities that are present in the labour market, unemployment has increased more for Black and Coloured South Africans. Since employment has decreased while unemployment has remained relatively static (at least in the initial stages of the downturn), the change in labour force status during the crisis should be reflected by movements in inactivity. Certainly, the percentage of the working-age population that was classified as inactive or out-of-the-labour force (OLF) increased from 41.9% in the second quarter of 2008 to 45.2% in the third quarter of 2009. Delving further into inactivity reveals that the largest change has been for discouraged workers those who are unemployed, but have given up their job search. This group accounted for 7.7% of the inactive (including retirees, those in education, and so on) prior to the crisis but has since increased to 11.6%. Overall, the number of discouraged workers increased from 1.08 million in the second quarter of 2008 to 1.63 million in the third quarter of 2009 (Verick, 2010:5).

2.18.4 Perceptions of the impact of the global financial crisis in the context of discouragement over the crisis

The global financial crisis influenced the discouragement of South African employees. In fact, the connection to the rising broader measure of unemployment, a key effect of the crisis in South Africa, is evident in the rising number of discouraged workers, defined as persons without work, available to work, but not actively seeking work. The number of discouraged workers amplified from nearly 1.1 million in the second quarter of 2008 to almost 1.7 million in the fourth quarter of 2009. These figures reveal that the impact of the current depression on the South African labour market is best reflected by the wide definition of unemployment (Statistical South Africa update, 2010:2).

"South Africa's labour market has been hugely affected by the crisis. However, rather than experiencing a large increase in open unemployment, the down-turn has resulted in a significant increase in discouragement. Following a reduction in economic growth of 1.8% in 2009, real GDP growth was forecast to rebound in 2010 by 3%, according to South Africa's Standard Bank. This has, however been insufficient to reverse the weak labour market situation. Economic growth should accelerate in order to generate more jobs, which, in turn, requires a supportive set of industrial and macro-economic policies. Policymakers have continued to experience both challenges emanating from the past and new ones resulting from the existing depression. While poverty and inequality indicators reveal a favourable movement in current years, the deteriorating labour market situation could reverse these movements. The main challenges are, therefore, increasing job creation in the formal economy, particularly for low-skilled (talent) workers, and supporting unemployed persons during their job search. Creating a positive labour market environment for discouraged workers whose numbers have accomplished peak levels, has also been an important challenge to policymakers" (Statistical South Africa update, 2010:4).

The global financial crisis of 2008–2009 has deeply impacted South Africa owing to its financial and trade links with the rest of the world. As a consequence, Africa's largest economy fell into recession half way through 2008. Approximately 900 000 jobs have been lost. However, a major effect of the recession in South Africa has been increased by the number of discouraged individuals, namely from 1.08 million in the second quarter of 2008 to 1.63 million in the third quarter of 2009. Drawing on the micro estimates, discouragement has increased more for vulnerable segments of the population, namely uneducated Black South Africans (especially males). Simultaneously, employment in the informal sector has decreased over the crisis period, which contradicts the general assumption that this sector absorbs jobless workers. Later in 2009 employers in the formal sector began to shed workers at a much higher rate, which increased the unemployment rate to 24.5% in the third quarter of 2009 (Verick, 2010:15).

The increase in discouragement in South Africa during the global financial catastrophe of 2008–2009 is both surprising and disconcerting, particularly for policymakers. Being discouraged involves individuals of a working age who are no longer actively searching for a job owing to the costs of job searching or the belief that it is not worth looking for employment. The discouraged do not, therefore, include individuals who are voluntarily inactive because of education, family responsibilities, retirement, and so on. Thus, discouraged workers would like to work, but have merely given up searching (this can be called a marginal attachment to the labour force) (Verick, 2010:15-16).

The forms of income support reported by discouraged and unemployed individuals, before and since the onset of the crisis, in terms of population weighted figures show that the main form of income support for both the unemployed and discouraged is provided awesome by other persons in the household. A total of 74.8% of discouraged workers received such support prior to the onset of the crisis, which increased to 80.8% in the second quarter of 2009, before dropping again to 78.3% in the third quarter of 2009. The number of unemployed receiving this type of support was at a similar level, but decreased over the crisis period. Support from persons not in the household and child support/foster care grants are also significant sources, but did not aincreased in a consistent way since the start of the downturn in South Africa. Certainly, savings are a minor form of support for those without a job (Verick, 2010:16).

2.18.5 Perceptions of the impact of the global financial crisis in the context of children and women's vulnerability in South Africa

The vulnerability of South African children and women has been increased by the impact of the international financial crisis, and resulting economic crisis has created general concern around the world. It has already been mentioned that the global crisis is having a serious impact on developing countries, principally Sub-Saharan Africa. South Africa has not been affected by the effects of the global depression. In the last quarter of 2008 the South African economy went into a decline, export income decreased, and jobs were lost. In addition, two quarterly GDP turn downs confirmed the country's first recession in seventeen years. The demand for mining products reduced overnight and manufacturing activity declined considerably. Job losses were expectedly high owing to retrenchments in these sectors as manufacturing alone accounts for 16% of GDP and employs 14% of workers. The economic depression was also reflected in gross domestic fixed investment. The real value of recorded building plans passed by larger municipalities (at constant prices) between January and September 2008 decreased by 14.9%, or R5.4 billion, contrasted with the same period for 2007. It has been clarified that the economy looked to emerge from downturn in the third quarter of 2009, but job losses, which usually lag economic activity, still continued. Nominal salary increases would be smaller than anticipated despite inflexibly high inflation. In this context, it is likely that poverty has escalated and that this has affected children. The concern is around the extent to which the crisis has destabilised increases in child security in recent years, as well as risked the achievement of child-related targets of Vision 2014 and the Millennium Development Goals (MDGs) (UNICEF South Africa and the Financial and Fiscal Commission of South Africa, 2010:4).

In fact, “poverty intersects with other causes of vulnerability in South Africa, including the country’s AIDS epidemic, high unemployment and the inadequate delivery of basic services in several parts of the country. This creates a network of deficiency for millions of South African families who struggle to provide basics for their children. Child and maternal mortality levels are increasing, and many children who live in poverty do not receive a quality education. South Africa has ample resources to improve the quality of life for all its citizens, but the poorest municipalities are not capable of meeting the basic needs of their people. The South African Index of Multiple Deprivation of Children lists 49 out of 284 municipalities where children experience extreme vulnerability. Most municipalities do not have the right expertise to plan, implement and monitor services and struggle with a massive backlog of service delivery from the past. Moreover, public participation in service provision is weak” (UNICEF, 2008a:1-2).

“South Africa is home to nearly 19 million children, many of whom are vulnerable. Two-thirds of all children live in poverty, many in homes with unemployed, single, chronically sick or old parents and caregivers. Poverty crashes with the country’s severe AIDS epidemic, high unemployment and poor service delivery to create great privation for thousands of South African families. In South Africa, mortality rates for children under the age of five have remained almost the same over the past two decades. One in fifteen children dies from diseases that could be prevented. Intestinal infection, flu and pneumonia are major child killers and HIV-related illnesses account for a large proportion of child deaths. Child survival and maternal health are two sides of the same coin. Children need healthy mothers for their own optimal health and growth. However, maternal mortality in South Africa is high and on the rise. With it, babies are disappearing or becoming orphans. The latest UN figures estimate that one in 250 women dies during pregnancy or childbirth. AIDS-related diseases account for 23% of all maternal deaths, followed by complications of pregnancy-related hypertension" (UNICEF, 2008b:1).

"As poor households tend to be larger, the poverty headcount for the population as a whole is 52.9%. But poorer households contain a disproportionate number of children: 65.5% of children are amongst the poor (this translates into 11.8 million poor children) versus 45.2% of the adult population. Moreover, similar differences between adult and child poverty apply for the depth and severity of poverty. In fact, the proportional differentials are larger, indicating that children's share of the poverty headcount rises if lower poverty lines are used, owing to more severe poverty amongst children than adults. With respect to age, the research illustrates that the poverty headcount and poverty shares, based on the headcount, are highest amongst the youngest age cohort, followed by children aged 5–14 and 15–17. The profile also confirms the racial dimension of child poverty, which is much higher amongst Black children, but also high amongst Coloured children. The poverty deepness and severity measures are also far higher for children from these groups. There is little gender difference in child poverty. Child poverty is still more prevalent, deeper and more severe in rural areas as, nearly two-thirds of children identified as poor live in rural areas. Its rural face is the most important attribute of child poverty in South Africa, and this especially applies when the profundity and severity of poverty are considered: the rural poor are further below this poverty line than the urban poor, and the share of the rural child poverty headcount thus increases as the poverty line is set lower. There is large variation across provinces in child poverty. However, the poverty incidence is highest in Limpopo, the poverty share of more populous provinces is larger. KwaZulu-Natal and the Eastern Cape together contain 46% of poor" (UNICEF, South Africa and the Financial and Fiscal Commission of South Africa, 2010:6-7).

In terms of education, South Africa is on its way to accomplish the Millennium Development Goals (MDGs) of universal primary education and promotion of gender equality. Educational opportunities for children from disadvantaged backgrounds improved significantly with the birth of the new democracy. The country prioritised girls' education, resulting in almost as many girls being enrolled in primary school as boys. In secondary school, girls out number boys (UNICEF, 2008c:1-2).

The government spent enormous resources on the education sector; namely around 5.4% of its gross domestic product in 2008/09. However, this significant level of investment is not coordinated by results. Students' academic achievements are poor and South Africa consistently scores low on international literacy, reading and numeric assessments. The poor quality of education undermines children's ability and desire to learn. Many children experience a broken journey through school, interrupted by irregular attendance, absent teachers, teenage pregnancy and abuse and violence in and around schools. South Africa's high levels of poverty continue to deny thousands of children access to quality education. Around 27% of public schools do not have running water, 78% are without libraries and 78% do not have computers (UNICEF, 2008c:1-2).

2.18.6 Impact of the global financial crisis in the context of the social security system in South Africa

South Africa's social security system has been affected by the global financial depression. In fact, the recession has pushed a large number of people out of work, causing unemployment claims to almost double in the space of a year, decreasing household income for millions of South Africans. There has also been a significant increase in the number of people who claim social grants owing to the deterioration of the economy and to the extension of child support grants (Molewa, 2010:1-2). The global financial crisis has led to increased insecurity, inequality, unemployment and the spread of informal employment (Daykin, 2009:1-2).

The global financial crisis has severely impacted certain types of pension schemes, raising concerns about their sustainability in some cases. This situation reinforces the need for a long-term perspective on investment based on broad diversification and risk management, and confirms the importance of a minimum basic pension and a national social security system that limits individuals' exposure to the market. In fact, the global financial crisis has reduced contribution income, which resulted from falling levels of employment and demand for reduced or deferred contributions by employers (Daykin, 2009:1).

2.18.6.1 Perceptions of the impact of the global financial crisis in the context of social assistance in South Africa

In South Africa social assistance has been impacted by the global financial crisis. In fact, the government's tax revenue limits the capacity to expand social assistance. High retrenchment has resulted in people being qualified for social grants thus exercising even more pressure on the fiscals (Gillingham, 2010:3). In addition, slowed job creation, rising levels of unemployment and higher consumer inflation owing to the recession, have also led to an increase of public expenditure on social income as more people move from formal employment to dependence on state-provided relief. Levels of poverty declined from 50% to 21% between 2000 and 2008 (Presidency 2008: 26; National Treasury 2010:116). The decrease in poverty was largely attributable to growing levels of direct income support to poor households in the form of social security grants. However, social assistance in 2009 was 3.5% of GDP with about 14 million people dependent on direct income support, with an increase in assistance averaging 12% between 2006 and 2009 (National Treasury, 2010:104). During the period of the downturn, new claimants to the government controlled unemployment insurance fund increased by 42% and the amount of benefits paid out by 57% (National Treasury, 2010: 107). Massive unemployment, coupled with a high and growing social income, has led to a dangerous deformation in the labour market: South Africa now has more people who are grant recipients (13.8 million) than working taxpayers (12.8 million) (Hazelhurst, 2010:15).

2.18.6.2 Impact in the context of social insurance in South Africa

South Africa's social insurance has been affected by the global financial crisis. There is a rise in unemployment insurance benefit claims owing to retrenchments. Contributions towards unemployment insurance have declined because of retrenchments (Gillingham, 2010:3).

2.18.6.3 Impact in the context of pension funds in South Africa

Pension funds in South Africa have been impacted by the international financial disaster. In fact, the recession decreased the retirement fund industry. However, three quarters of South Africa's pension funds have less than 100 members. This decline may be partly attributed to the failure of small businesses. Employed people who experience financial difficulties appear to be cashing in their retirement benefits to address their immediate challenges. These are some of the factors, which contribute to the devaluing and decline of pension funds. This means that a lot of people will struggle to pay their expenses once they retire (Meiring, 2010:1-2).

In terms of retrenchments, since the beginning of 2009, one million South Africans have lost their jobs. Many of them are proletarian workers. Therefore, the global recession has led to a marked increase in the withdrawal of benefits. Poor investment performances have led to reduction funds. During the recession, the market was 40% down from its 2008 peak. In 2010 the picture was not as bad, but continued instability in the market is certainly not good for retirement fund members. Pension fund companies are placing their long-term investment strategies on hold because of the sovereign debt crisis in Europe. Instead of generating returns, pension funds are focusing squarely on preserving capital. While they fully agree that capital protection is the name of the game, pension fund trustees could do more than simply divert their assets to non-performing investments such as money markets. Guaranteed funds, for example, have been tested through extreme market cycles over the past twenty years and have never failed to protect capital and generate decent returns. South Africa is one of the few countries in the world where employees can withdraw retirement benefits when they change jobs or are retrenched (Cameron, 2010:2).

The global financial crisis has led retirement fund members into financial trouble and there is a requirement to resolve vehicle, credit card or shop accounts; they simply access their long-term savings. However, the new pension fund rule that allows former spouses married in community of property to access half of the benefits immediately, as opposed to the old rule where they had to wait for their former spouse to either retire or resign, has resulted in many couples filing for divorce to access their benefits. Finally, there is a direct correlation between the economy and disability claims. During 2008 and 2009, disability claims surged. In addition, the non-preservation of retirement benefits is a huge problem in South Africa; one that has deteriorated during the downturn. One example is the large umbrella that saw 17 000 members remove their benefits in 2009. These were withdrawals made by retirees and people who changed employment. Moreover, the people who withdrew are less than 100, and preserved their benefits in a pension or a preservation fund. The rest took the cash. This may not be the best way to deal with the hardships that many people currently face. It only defers the problem, which could multiply exponentially at the time of retirement (Meiring, 2010:1).

It has been found that "the retirement savings pool is facing rapid evaporation under the hot glare of the international downturn, which saw more than one million South Africans lose their jobs last year. Most of those who have lost their jobs have taken their retirement savings and are using them for financial survival, particularly as they face a slim chance of finding new employment in the short term. Old Mutual, for example, recorded 17 272 withdrawals from its umbrella retirement funds in 2009. In only 83 of these cases did members preserve their savings by transferring them to another retirement savings vehicle. While retirement savings lost value as a result of the international market meltdown, with the South African equity market at one stage losing almost 45% of its value, the long-term impact has come from job losses, particularly where companies have closed down rather than from investment values. Markets are experiencing an immobile fragile recovery, with the JSE All Share index having broken through the 28 00 mark, recovering from a low of about 17 000" (Cameron, 2010:2).

However, the international financial calamity has led to increase unemployment; consequently, companies have closed their doors and continue to retrench, generally. Moreover, to keep their business operating, struggling employees are looking for other ways to save costs, or reduce contributions to retirement profits and group risk assurances. This can have a double whammy effect on employees, as they experience an increased vision of not having a financially safe retirement (Cameron, 2010:3).

The international financial crisis has rigorously affected many pension funds; most local pension funds weathered the storm well (Gillingham, 2010:1-2). In fact, the average local pension fund has earned a real rate of return of 5% to 7% over the past fifteen to twenty years. While the industry has come through the global financial crisis, it has been under pressure for a number of years. Many pension funds have been struck by high retrenchment rates plus early retirement of senior individuals. But, some of these funds are being recaptured by industry in the form of inflows into unit trusts. In other words, as people retire, so their funds are reinvested through annuities that are invested through unit trusts or life wrappers (Totaram, 2010:1-2).

The market crisis was also seen to have had a positive influence on peoples' retirement savings' philosophy. They witnessed their savings disappear in the wake of crashing markets, and recognised that they were required to conserve their retirement funds for the future. During the international financial crisis, people became more aware to take responsibility for their retirement savings, and began to add to their savings in place of relying on automatic savings that took place through their company pension schemes. South Africa has moved from the paternalistic defined benefits environment as companies realise that they can no longer support open ended retirement liabilities. During the period of downturn, people began to create other forms of savings, such as donation policies and unit trusts, during the recession (Gillingham, 2010:1-2).

The South African industry was influenced by the recent recession as pension fund members were lost to the industry owing to the higher level of retrenchments caused by the impact of the global financial crisis. Too many South Africans are still spending their pension savings when they change employers or are retrenched during the recession (Gillingham, 2010:1-2). Government pension funds are far less adversely affected than private pension funds owing to the conservative investment policy of government pension funds (Gillingham, 2010:3).

2.19 Perceptions of the impact of the global financial crisis in the context of South African industries

South African industries have been seriously affected by the international financial crisis. It has been shown that mining; manufacturing and agriculture have been impacted by the crisis. However, the mining industry is considered to be more affected than other sectors.

2.19.1 Perceptions of the impact in the context of the mining industry in South Africa

South Africa's mining sector is vulnerable to the financial crisis. In fact, the South African mining sector is under pressure and South Africa is an export driven economy: the reduction in the price of commodities and the international demand has decreased to approximately the lowest levels. However, the industry is suffering and some mines have closed down, while large ones have decreased their investments. In addition, the largest challenge of downturn is progressing, but no-one knows when it will finish. Therefore, the governments have been challenged to quantify the impact of the international financial crisis and develop strategies to fight the negative effects of the international financial disaster. The impact of the global economic slowdown in the mining and mineral industry should be viewed as a short-term situation (Sonjica, 2009:1).

The Anglo Platinum Group (2009:2) perceives that the global financial crisis was caused by speculative disinvestment, and in the last quart of 2008 the group experienced limited demand for platinum group metals (PGMs) and their price declined significantly. Moreover, the revenue and higher debt levels required immediate action to decrease capital spending in 2009, and important cost reduction interventions. The cost of the purchase of metals increased by 62% to R9.0 billion owing to higher metal prices and raising the volume of metals purchased. Moreover, cash mining and refining costs rose by 24% to R23.0 billion, with the cash operating cost per equivalent refined platinum once again rising by 36%. In addition, the research has showed that the increase in unit costs is attributable primarily to above-inflation pressures experienced in key input costs, including labour, diesel, chemicals, steel griping media, explosives and cement, exacerbated by reduced production.

In addition, "the depreciation increased by 20% to R 3.3 billion because of the significant increase in capital expenditure. Moreover, the group's taxation charge decreased to R4.5 billion, reflecting a reduction in the effective tax rate from 34.4% in 2007 to 23.4% in 2008; including the reduction in the South African company tax rate from 29% to 28% (R144 million) and the reduction in the South African STC rate from 12.5% to 10.0% (R328 million). However, in terms of commodity prices, the global financial crisis has resulted in a significant reduction in the price of platinum group metals and other commodity prices, which resulted in adverse movements in operating results, asset values, revenue and cash flows. The recovery of prices is largely linked to the recovery of the global economy, but at present there is little understanding of how long current (2009) weak conditions will last. An extended recession in key markets and reduced growth in China may not support a recovery of PGM. In terms of liquidity, the group is exposed to liquidity risk, arising from the need to finance its ongoing operations and growth. The group was unable to obtain sufficient credit owing to capital market conditions. As a consequence, the ability to operate and grow may be adversely affected. The group's treasury function, which is outsourced to Anglo America, is responsible for managing the group's funding requirements and liquidity risk in conjunction with the group's management" (Anglo Platinum, 2009:1-4).

Despite this, Anglo-Ashanti (2009:9) perceives that the US jewellery market has been affected by the global financial crisis. While "first quarter retail sales figures were typically low following the Christmas period of 2008's spending crisis along with the historically high price of gold, made gold jewellery purchases difficult for lower-end consumers. Retailers, including mass-market companies such as Wal-Mart, have responded by cutting back on stock levels of gold jewellery. Moreover, the financial instability also influenced negatively on the Middle East market, with local retail trades and the tourist sector affected, and retail sales on primary value gold products down by 14%".

However, Nyanjowa (2008:1-2) perceives that the international financial crisis has led platinum and gold prices down from its historic highs in 2008. Consequently, in terms of reduced profit, South African mining companies experienced an important decreased in corporate profits owing to a decrease of platinum prices and of gold. Moreover, in terms of reduced credit availability, the falling mining shares have forced the market capitalisation of mining companies down. Furthermore, in terms of demand for commodities, South African mining companies are expecting a significant decline in the demand for commodities from the world's emerging economies. In addition, reduced demand for commodity prices has, consecutively, led to a reduction of profits for South Africa's mining companies, job losses for workers and decreased tax revenue inflow for government.

It was demonstrated that the international downturn hit the mining sector hard and the decrease in export sales and commodity prices in late 2008 and early 2009 led to massive job losses. In fact, the mining industry experienced a series of catastrophic events, where commodity prices fell at the same time as demand fell. This forced most mining companies to cut production and either reduce or cancel any expenditures on capital-intensive projects. These major decreases led to huge losses and by March 2009 things did not look good. The levels of mining production continued to drop significantly during the recession. The industry is the fifth or sixth largest contributor to total GDP presently, but it is still regarded as a foundation of the South African economy (All Africa, 2010:1).

In the context of De Beers's group, Zohar (2008:2) perceives that the current global economic crisis is still having a liquidity problem. However, the activity of De Beers gives impressions of a decrease in production and a reduction in the sales levels with demands from its customers. From a mining viewpoint, the estimated decrease in sales affords the mine to concentrate activities that are necessary for the durable sustainability of the mines, which in many instances, are late. However, diamond purchases are not desire buying; the research has demonstrated that during the international financial crisis people plan, save, and prepare for their next purchase opportunity.

However, De Beers (2009:1) perceives that production has been affected by the global financial crisis. In fact, the company struggled with the impact of the world economic depression on the diamond industry. However, the economic challenge has deteriorated production to such an extent that further immediate action is required in order to ensure future sustainability of the company. Furthermore, in Botswana, in February 2009, the company revealed plans to temporarily shut down its operations on 25 February 2009, and to postpone production at Damtshaa Mine and Orapa Mine for the rest of 2009. Moreover, De Beers and the government of Botswana perceive that this action was taken to ease the effects of the global decelerate by reducing production during 2009 to align with demand, conserve cash for the company and protect employment.

2.19.2 Perceptions of the impact in the context of the manufacturing industry in South Africa

The global financial crisis has negatively impacted the South African manufacturing industry. In fact, the negative growth in manufacturing data indicates that the sector could be heading for a downturn with production dropping 11.1% from January 2009 as contrasted to January 2008. The last data indicated that the sector was under pressure. Moreover, local retail decreased and local demand for manufactured goods has decreased, which caused the manufacturing sector to come under pressure. South Africa's main trading partners, the United States, Europe, and Japan were all in a recession in 2009 (Appel, 2009:1-2 and Calldo, 2009:2-30).

This has significantly impacted on their demand for manufactured goods from South Africa. The decrease was driven generally by lower production in a number of divisions, including basic iron and steel, non-ferrous metal products, metal products and machinery, motor vehicles, transport equipment and petroleum, chemical products, rubbers and plastic products. The expected total value of sales of manufactured products at existing prices for three months, which ended in January 2009, has reduced by 11% or R37.7 million. The price declines were essentially reported for basic iron and steel, non-ferrous metal products, metal products, and the machinery division, at a loss of R16 886 million. The petroleum, chemical products, rubber and plastic products divisions were also estimated to drop in sales of R12.2 million (Appel, 2009:1-2 and Calldo, 2009:2-30).

The international financial disaster and economic crisis influenced a decline in industry capital expenditure by vehicle manufacturers, and the associated deferral of various investments (Vender, 2010:1-2).

2.19.3 Perceptions of the impact in the context of the agriculture industry in South Africa

Botha and Maluleka (2009:30) perceive that the South African agricultural sector has been affected by the global financial catastrophe. The financial crisis resulted in market failures in the North. Consequently, the downturn has led South Africa to move from being a net exporter of food to being an importer of food. This means that South Africa is a net importer more so of processed and unprocessed food than unprocessed food owing to the high demand that might be caused by increase in the populations of neighboring countries such as Zimbabwe, buying food from South Africa. The impact of the financial crisis on the agricultural sector has been relatively limited. In addition, South Africa's agricultural sector has presented signs of being impacted more by the downturn.

Moreover, South Africa is a net importer of more processed food. Botha and Maluleka (2009:30) believe that the South African agricultural sector has been affected by the impact of the international financial disaster. However, the South African economy has already showed the visibility of impact of the international financial crisis in second-round effects on the real economy, and the recession has already seriously affected the South African economy, as mentioned by then Minister of Finance, Trevor Manuel in his national budget speech in 2009. The drop in global demand, falling commodity prices, lack of credit, and the move away of foreign investment has affected the sector. Furthermore, it comes on top of the recent increase in food prices, input prices and the extreme instability of the oil market, which already began to take their toll in late 2008. Therefore, it is pressured to clean out the gains that were painfully made over the last decade, and to decrease growth in agricultural trade to under a level needed for South Africa to make in-roads into being a net exporter of food.

Statistics released by the South African Department of Agriculture, Forestry and Fisheries (2009:10-12) indicate that the global financial crisis has in fact impacted on the South African agriculture industry. Input prices are increasing at a faster rate than prices received for outputs:

- The price index of machinery, trucks and implements increased by 32,9% for the year ended March 2009 compared to 15% for the previous year;
- Farmers' terms of trade for the year ended March 2009 declined by 18,4% as input prices continued their upward trajectory; and
- Expenditure on intermediate goods and services increased by 31,7% for the year ended 31 March 2009, with expenditure on fuel showing a sharp increase of 103,3%.

Additionally, the Bureau of Food and Agricultural Policy (BFAP) estimates that input costs decreased by 3% in 2009 before increasing at an annual average rate of over 55% from 2010 onwards, and as a result, farmers were faced with the challenge of increasing production at minimal costs (reduced costs). Falling price pressure owing to the recession and rising input prices require investment in management skills to minimise risk and reduce costs if farmers should increase profitability (South African Department of Agriculture, Forestry and Fisheries, 2009:10-12). In terms of exports, the rise of agriculture production continued in South Africa, while agricultural exports still present a decreased movement, but the prolonged global downturn has led the rand appreciation to decrease per capital income, which has an effect on the production and sales of other agricultural commodities. The diminution in interest rates brought some relief, although consumers are currently using lower interest rates to pay off their debts. Declining employment, globally and locally, continues to have an effect on demand. The research indicates that China and India began to show signs of recovery, and the resumption of global growth should re-establish world demand for agricultural products (South African: Department of Agriculture, Forestry and Fisheries 2009:10-12) “The continuing strength of the Rand has rendered South African agricultural exports unattractive on the international markets. South African Grain Information Service’s (SAGIS) export data of maize and wheat has declined by 53,3% and 58,8%, respectively, in April 2009 compared to March 2009 owing to, among other things, the strengthening Rand since March 2009” (South African Department of Agriculture, Forestry and Fisheries, 2009:10-12).

In terms of debt, the South African Department of Agriculture, Forestry and Fisheries (2009:13) states that “the debt at agriculture level is still increasing, having previously increased by 1,0% in the six months between June and December 2008. Interest payments increased by 15,0% for the year ended March 2009 because of higher rates. The number of defaults at the Land Bank by emerging farmers is estimated to be worth R1,2 billion, although commercial banks insist that there are no bad debts on their books and that loan extensions to farmers have not changed, but credit extensions have declined as tight regulations persist regarding credit extensions. With defaults increasing at institutions for development such as the Land Bank, credit extension at an agricultural level will continue to tighten. Credit extension has been affected by the global economic environment and global financial crisis with most trading partners (South African Department of Agriculture, Forestry and Fisheries, 2009:10-12)”.

Furthermore, the sectors that were hugely affected by the international financial disaster are the manufacturing and mining sectors, which responded by detaching jobs, consequently exacerbating the already low consumer demand (South African Department of Agriculture, Forestry and Fisheries, 2009:4-11).

2.20 Perceptions of the impact in the context of South African tourism

The South African tourism industry has been affected by the global financial crisis. It is said that some commerce within the hospitality industry demonstrates that the feared ‘p’ word is real, while it affects businesses in a different way and its destructive effects can positively be controlled by various measures such as innovation and destructive marketing. But, as an example, the Manhattan Hotel in Pretoria’s city centre has been affected and has seen a decrease in profits from February in 2009 to 2010. This is attributed to the government cutting its spending and a decline in customers. For the period of December and January 2009, when business was slow, prices for the buffet were cut from R170 per person to R140 per person. Hotels admit that government bookings cushioned it against negative forces of the depression, while it has had to be innovative in other areas of its business (Mabotja, 2010:1-2).

The global economic crisis saw international arrivals to the city drop by up to 12% last year, while domestic arrivals decreased by 85% as South Africa faced its first post-apartheid recession (Gerady, 2010:1-2).

2.21 Perceptions of South African political parties on the global financial crisis

The African National Congress’s address at the NUMSA job security conference (2009:1) states that the existing international financial and economic crisis has begun in developed countries. However, the impact of the financial crisis in the USA and European countries extend to the rest of the world because of the globalisation and disproportional economic power relations. However, for African countries especially, the economic crisis combined the negative effects of the food and fuel crisis in 2008.

In addition, South Africa has not been immune to the impact of this global economic crisis. Furthermore, it actually desperately needs a better strategy to ease infection from the global financial disaster and has responded to the financial crisis from stimulating private sector activity to community driven projects and reallocating funds to better target social programmes. In addition, the South African economy is officially in recession, but people should not despair. However, South Africa's collective wisdom within the ANC, government, business and labour should break the effects of this recession. In addition, the 2009 elections manifesto makes it clear that the ANC knows that the ongoing confusion in world markets has continued to impact the lives of the South African people. Therefore, the cost of living has drastically increased and economic development has declined, thus affecting jobs. However, it has been mentioned that the ANC's manifesto does not provide a map of the way out of this crisis and thus enforces the uncertainty surrounding future management of the South African economy (African National Congress Today, 2009:1-2).

The Democratic Alliance acknowledges that there is denial over the global financial crisis. In fact, some analysts predict that South Africa is experiencing a technical downturn, whilst others indicate that there will be no improvement to South African economic prospects until the second half of 2011. Clearly, South Africa has not been protected from the second round effects of the global slowdown (Marias, 2009:1-4).

2.22 Perceptions of the impact of the global financial crisis in the South African health system

The South African health system has been impacted by the global financial crisis. In fact, in South Africa, the government budget for health has been significantly cut owing to the crisis. There has been a funding deficit in the country's public sector ARV programme. Furthermore, large private firms, particularly mining companies, are likely to decrease their benefits. This has affected thousands of employees and their families. The Treatment Action Campaign (TAC), one of South Africa's main HIV/ AIDS activist groups, which provide ARVs, counseling and HIV testing, was only capable of securing US$7 million of the necessary US$8.1 million for its national programme. Therefore, the United Nations programme on HIV/AIDS had to close down some programme in order to direct more funds to lower income countries and to include other health issues in system programmes in order to expand their focus to include other health issues in addition to HIV and AIDS. Rigorous ARV shortages have led various clinics to stop enrolling patients into ARV programmes, while the waiting lists are increase daily (UNAIDS and World Bank, 2010:2-3).

International donors and African governments are expected to cut health budgets owing to the global financial crisis. The escalation of the level of unemployment and poverty during the recession has led to less food security and quality of nutrition, and has placed more stress on health systems in South Africa (Palitze, 2009:1).

2.23 Perceptions of the impact of the global financial crisis in the context of crime rate increases in South Africa

The global financial crisis has led to an increase in the level of job losses, poverty, uncertainty, corruption and crime in South Africa. In fact, one of the effects of the downturn is an increase in crime with consumer goods. People have lost jobs in big numbes, and have no income to support their standard of living, which has lead to crime to respond to their needs. Moreover, robbery, rape and murder have increased during the recession in South Africa (Benjamin, 2009:1).

Certain categories of crime have augmented in South Africa because of the impact of the global financial crisis. During the recession, criminals become more nervous in their efforts to steal. When people lose everything, and their survival is at risk, they may become desparate to break the law. At present, the South African economy, in which millions of people have lost their jobs, their homes, or both, crime is estimated to increase in the immediate future because of the international financial crisis. With round upon round of layoffs, more people are out of work. As their unemployment benefits dry up, they become less capable to feed themselves and their family. As a result, they may be tempted towards property crime owing to the crisis. When all hope is lost, people should become creative, and find new ways to earn money. Those that have nothing left to lose have little reason not to turn to property crime to pay the bills. In addition, crime has become justified as a means of survival in South Africa. Moreover, those perpetuating such crimes may also be envious of those who have more food, more clothes, more money, and the means to survive. Others justify crime committing such crimes by thinking of it as a noble cause, putting food on the table activities through any means necessary. Once this behaviuor becomes justified; it becomes easier to commit crime. Therefore, if the South African economy remains in a recession or continues to deteriorate; the crime rate is estimated to become worse (Armen, 2010:1).

In the context of commercial crime, Gillespie (2010:1) believes that the global financial crisis has resulted in rising South African retail crime and fraud. In fact, the crisis reduced turnover and profits in 2009, and showed cut-backs in salaries, no income increases and the scrapping of bonuses, pushing many employees to seek alternative sources of payment, often by stealing from their employes or from stores.

In the context of South African shoplifting crime, Nkuna (2009:1) perceives that the economic recession forces business to close, to cut back workers, and so more people becoming unemployed. Desperate to survive, these people resort to shoplifting to feed their families and themselves. Moreover, the Consumer Goods Council of South Africa (CGC) reported that by June 2009 over R3 million worth of goods were reported to have been stolen from shops. Hennop (2009:1-2) believes that shoplifting is on the rise in South African because of the international financial crisis. In one case, a store manager was told that shoplifting was a career choice for criminals and that people make a living by stealing from stores in South Africa.

2.24 Summary

In brief, there are many causes of the impact of the global financial crisis on the world. The literature review shows that the housing market has been considered as the main cause of the impact of the global financial crisis because the overbuilding of homes collapsed the US house price market. In addition, credit default has also caused the global financial crisis because homeowners could not pay their mortgages owing to the increasing interest rate by the America Federal Reserve Bank that led the banks to fail. Consequently, banks did not lend money to people and investors did not receive payment, which resulted in a loss of confidence. In addition, stock prices have tended to free fall, and the US government has bailed out debt. Therefore, this crisis has spread around the world's economies and has particularly affected the South African economy with an increase in unemployment and poverty. Electricity prices and crime have increased during the recession in South Africa. South Africa has reduced commodities; in fact, there is a reduced demand for export, mainly oil, minerals, agriculture commodities, textiles and tourism, because of the impact of the global financial crisis. The global financial crisis reduced retirement funds and HIV and AIDS funding in South Africa. The facility of shopping has been reduced during the recession in South Africa.

The following chapter outlines the research methodologies that were used to assess the perceptions on South Africans of the impact of the global financial crisis on the South African economy.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Chapter Three describes how quantitative research methodologies (survey questionnaires) were conducted and helped the researcher to assess public perceptions concerning the global financial crisis and its impact on the South African economy and the lives of South Africans. This chapter describes research methods that were utilised and explains why they were selected to gather data that was required to answer the research questions. It outlines how the research uses a sample population of 300, which comprised of members of the public, and students and staff at two universities in Cape Town. It also explains how data collection methods and measurement instruments in quantitative research were used to collect data. Furthermore, it describes how descriptive statistics were used for data analysis and interpretation of results. The research questionnaires of the sample of university staff, students and non-university subjects are shown in Appendices A and B.

3.2 Research methodology framework

Table 3.1 below outlines the research methodology framework, which was used to assess public perceptions on the impact of the global financial crisis on the South African economy within selected survey areas: two universities and five townships in Cape Town (Mandela Park, Hout Bay Harbour, Guguletu, Nyanga and Khayelitsha). The framework includes four connected steps.

Table 3.1 Research methodology framework

1 **Research methodology and design**	**2** **Research population**	**3** **Data collecting and measurement**	**4** **Data analysis and interpretation of results**

3.3 Research design

The research methodology followed in the study is outlined as follows: the survey questionnaire was conducted to assess the perceptions of South Africans on the impact of the global financial crisis on the country's economy. In terms of data collection, the researcher planned to collect data with nominal measurements, which were assigned a number according to the categories of variable occupations and differences among individuals, including occupation, gender, marital status, religious affiliation, monthly income, household size, and education. In addition, the study used systematic observation and quantitative measurement which helped the researcher to make personal observations on the impact of the global financial crisis on the South African economy. In terms of data analysis, the study explains descriptive statistics that were used to analyse data and interpret it in terms of the existing impact of the global financial crisis on the South African economy. In terms of population, the study explains the simple random sampling that was employed to answer the research questions and, which was comprised of groups of university staff and students, as well as non-university subjects. The target population for this study was a total of 300 people, including 150 university staff and students at tertiary education institutions and 150 non-university persons. The study was outlined in six chapter headings:

- Chapter 1 Introduction;
- Chapter 2 Literature review;
- Chapter 3 Research methodology;
- Chapter 4 Data analysis of results;
- Chapter 5 Discussion of results; and
- Chapter 6 Conclusion and recommendations

(Welman *et al.*, 2005:52).

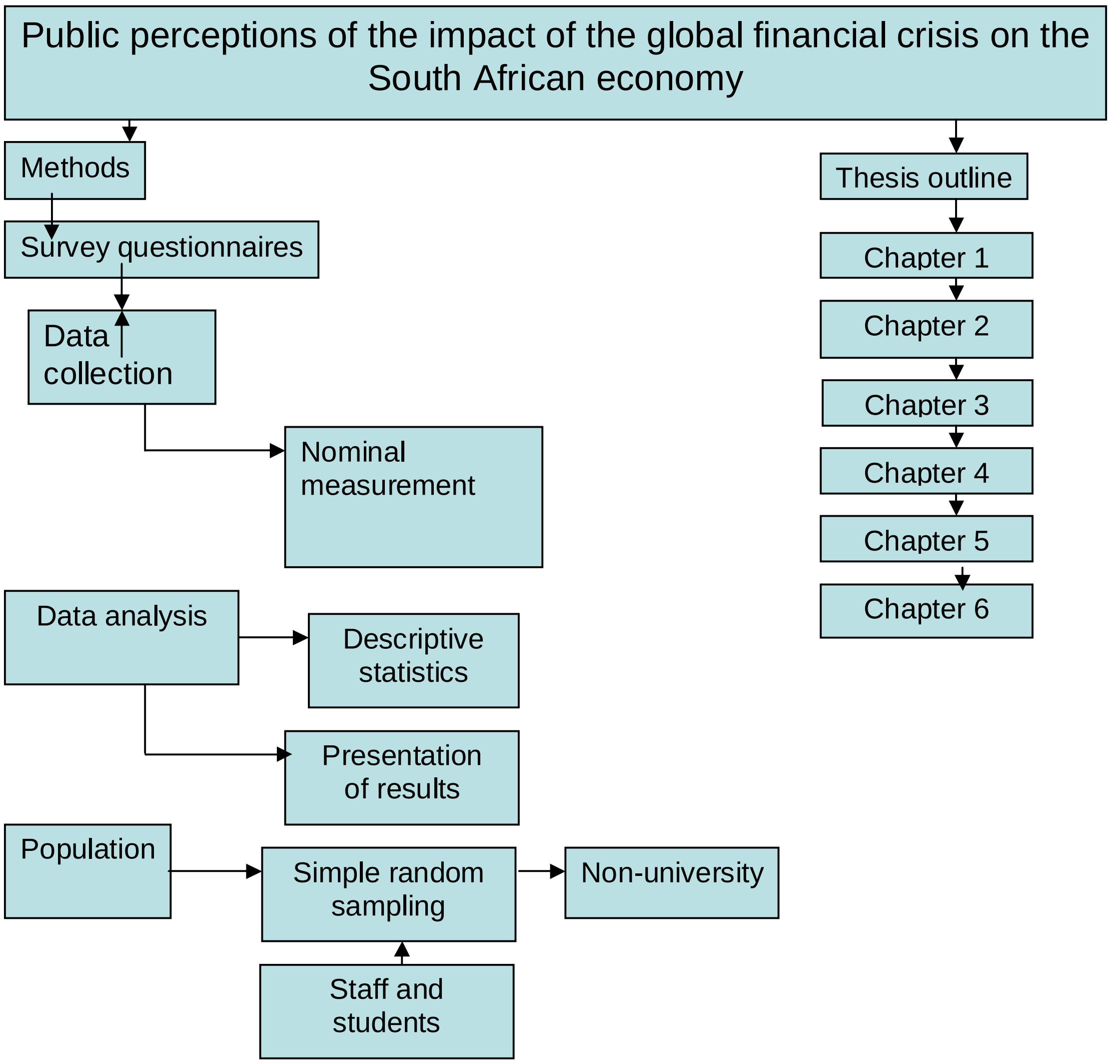

Figure 3.1: Research design

3.4. Quantitative research methodology

This study applied quantitative research, which acquired information about one or a group of people regarding their opinions and attitudes relating to the impact of the global financial crisis on the South African economy or previous experiences by asking questions and tabulating answers in terms of the impact of the global financial crisis on the South African economy. The ultimate goal is to learn about a large population by surveying a sample of those populations. Thus, this approach is called a descriptive survey or normative survey. The researcher posed a series of questions to willing participants, summarised their responses with percentages, frequency counts, or more sophisticated statistical indexes; and then drew inferences about a particular population from the response of the sample (Ormrod and Paul, 2010:187).

Research is a process that involves obtaining scientific knowledge by means of various objective methods and procedures. However, the objective indicates that these methods and procedures do not rely on personal feelings or opinions and that a specific method is used at each stage of the research process (Welman *at al*., 2005:2).

3.4.1 Survey questionnaires

In this study, survey questionnaires were used to conduct research to collect data on the perceptions of participants concerning the impact of the global financial crisis on the South African economy and South Africans' living conditions. The survey questionnaires in this study were used to help respondents to respond to issues concerning consequences to the South African economy of the global financial crisis by ticking the chosen answer in the box. The respondents could choose the following answers: strongly agree, agree, disagree, strongly disagree, or undecided. The questions were aimed at quantifying respondents' perceptions of the impact of the global financial crisis on the South African economy. The survey questionnaires were also established according to the sample (Welman *et al*., 2005).

3.5 Research population and sample

3.5.1 Research population

In this study, the research population consisted of a selection of students and staff at two universities in South Africa, and non-university subjects, unemployed and employed, working in governmental and non-governmental organisations, in the manufacturing, mining, agriculture, health, education and social sectors, and residing in South Africa. This was not intended to be a nationally representative sample as the respondents were limited to two local universities and five residential areas in Cape Town, and excluded other provinces.

3.5.2 Random sampling

The researcher selected a sample of 300 people to reflect the South African population. The researcher used random sampling, by which a sample of people was selected. They were questioned or assessed in order to obtain information about the perceptions of the impact of the global financial crisis on the South African economy. A questionnaire survey was administrated to 300 randomly selected staff and students at two universities in Cape Town and five townships. This random sample was selected on an arbitrary basis and the five townships were identified by using the same basis. The researcher received a total of +/-150 responses from the sample. The researcher used the lottery method, which is akin to drawing numbers from a hat (Seale, 2006:199).

3.5.2.1 Sampling procedure

Non-university subjects in Cape Town, and students and staff at two universities in Cape Town were selected as the target population. They were selected because they are part of the greater South African population, which faces the consequences of the impact of the global financial crisis on the South African economy. In this way, people's living conditions and their perceptions could be tested to measure the impact of the global financial crisis on the South African economy.

The research was conducted from April to July 2010. For the purpose of this study, two universities in Cape Town, namely the University of Cape Town and the Cape Peninsula University of Technology were selected as research areas. The selected township areas were Mandela Park, Hout Bay Harbour, Guguletu, Nyanga and Khayelitsha to assess the perceptions of non-university subjects of the consequences of the global financial crisis on the South African economy and peoples' lives. The research followed the procedure of random sampling with students and staff at two universities in Cape Town being selected by the researcher and fieldworkers on an arbitrary basis. The employed field workers selected persons from the townships on the same basis.

3.6 Data collecting methods and measurement instruments in quantitative research

3.6.1 Nominal measurement

In terms of nominal measurement, the research measured a population according to gender (male and female) with a number to count how many non-university subjects, students and staff strongly agreed, agreed, were undecided, disagreed or strongly disagreed which the impact of the global financial crisis on the South African economy (Welman, *et al*., 2005:138). For instance, the research coded all males in a data set as 1 and all females as 2. The research also coded the marital status of people by assigning the number 1 to single, number 2 to married, number 3 to divorced, number 4 to widowed and number 5 to separated people (Ormrod & Paul, 2010:262).

In addition, the research coded the age of people by assigning the number 1 to 18–24 years, number 2 to 25–29, number 3 to 30–44, number 4 to 45–54 , number 5 to 55–64 years, number 6 to 65–74 years and number 7 to 75 or older. Spoken languages were assigned number 1 for English-speaking, number 2 for Zulu-speaking, number 3 for Xhosa-speaking, number 4 for Afrikaans-speaking, and number 5 for other languages. Racial groups were coded 1 for White, 2 for Coloured, 3 for Black and 4 for Indian. Religious affiliation was coded 1 for non-affiliate, 2 for Christianity, 3 for Jewish, 4 for Islamic, 5 for Buddhist, 6 for Hindu and 7 for other. Household composition was coded by assigning 1 to grandchildren, 2 to own children, and 3 to other (Ormrod & Paul, 2010:262).

The highest education level completed was coded by 1 for no formal education, 2 for partial primary, 3 for primary completed, 4 for partial secondary, 5 for secondary completed, 6 for certificate/diploma, 7 for undergraduate degree, 8 for postgraduate degree and 9 to other. The type of household was coded by 1 for brick structure, 2 for hut/traditional house, 3 for shack, 4 for mud house, 5 for container, and number 6 for bungalow. Household size was coded by assigning number 1 to 1–4 persons, 2 to 5–9 persons, 3 to 10–14 persons, 4 to 15–19 persons and 5 to 20 persons or more. Occupation was coded by 2 for student, 3 for labourer, 4 for unemployed, and 5 for university staff. Monthly income was coded by assigning number 1 to R1 500 to under R2 500, number 2 to R2 500 to under R3 000, number 3 to R3 000 under R3 500, number 4 to R4 000 under R4 500, number 5 to R4 500 to under R7 000, number 6 to R7 000 to under R10 000, number 8 to R10 00 to under R15 000, number 9 to R15000 to under R 25 000, number 10 to R25 000 to under R30 000, number 11 to R30 000 to under R40 000, number 12 to R40 000 to under R50 000, number 13 to R50 000 to under R60 000 and number 14 to other (Ormrod & Paul, 2010:262).

3.7 Data analysis and interpretation of results

3.7.1 Statistical techniques

The research used descriptive statistics to measure or to present collected data.

3.7.1.1 Descriptive statistics

Descriptive statistics are concerned with the description and/or summary of data obtained for groups of individual units of analysis. If one variable is involved it is called univariate analysis; if two variables are involved, it is called bi-variant analysis and if more than two variables are involved, it is called multivariate analysis (Welman *et al*., 2005:231-232). Statistics summarise the general nature of data obtained. For instance, how certain measured characteristics appear to be ‘on average’, how much variability exists among different pieces of data, how closely two or more characteristics are interrelated, and so on (Ormrod & Paul, 2010:30-31).

The descriptive statistics describe a body of data and determine three things about a set data, namely: points of central tendency, amount of variability, and extent to which different variables are associated with one another. By point central tendency, this means a central point around, which the data revolve, in other words, a middle point around, which the data regarding a particular variable seem to hover. However, the mode singles number or more score is that, which occurs most frequency. For instance, in a data set: 3 4 6 7 7 9 9 9 9 10 11 11 13 13 13 13 15 15 21 26, the mode is 9 because 9 occurs more frequently (four times more than any other number). If one score appears more than once, this is the mode. As a measure of central tendency, the mode is of limited value, in part because it does not always appear near the middle of the distribution and in part because it is not too stable from sample to sample. However, the mode is the only appropriate measure of central tendency for nominal data (Ormrod & paul, 2010:265).

According to Ormrod and Paul (2010), the researcher can use descriptive statistics to summarise the general nature of obtained data. The researcher can also use the mode as a measure of central tendency to show the score. The researcher can use descriptive statistics to summarise data in the form of tables and graphical distributions. The researcher can also use descriptive statistics to present results of data in such form.

3.7.2 Survey result analysis

Non-university subjects believe that the global financial recession has already affected people's living conditions and is increasing the rate of poverty in South Africa. In terms of job creation, there were limited numbers of jobs created during the global financial crisis. Due to the consequences of the global financial crisis, some companies closed and others retrenched their staff because of reduced profits.

Students and staff believe that the global recession has greatly affected employment opportunities in South Africa, and it has increased the rate of poverty among South Africans. They also believe that the global financial crisis has made certain categories of people financially vulnerable because of a lack of employment.

3.8 Limitations

The questionnaire was designed according to a sample of 300 people, which consisted of university staff and students at two universities in Cape Town, as well as non-university subjects. This meant that many respondents, being university students and staff, are educated and have more knowledge and understanding of the impact of the global financial crisis on the South Africa economy than non-university subjects. The research found fewer non-university respondents as they tended to be uneducated, and thus probably less willing to participate and hence many had undecided responses. For some questions, they were high on undecided responses, which could impact on the result average. The fieldworkers were also challenged to assess the perceptions of a large number of these respondents owing to a lack of language skills and cognitive skills of the non-university subjects. The questionnaires for university staff, students and non-university subjects are placed in Appendices A and B.

3.9 Summary

The research used quantitative research methods to assess participants' opinions concerning the impact of the global financial crisis on the South African economy and its impact on the lives of South Africans. The research surveyed +/- 150 respondents (including non-university subjects, both employed and unemployed, and university staff and students) who were all selected randomly for the survey. The research used survey questionnaires, a literature review (including relevant articles, relevant news items, government publications, books, papers, reports, unpublished articles and theses) and direct observations to collect data. Statistical techniques, which comprise descriptive statistics, were used to interpret and present data via bar diagrams and frequency diagrams. The following chapter provides an overview of the data analysis of findings.

CHAPTER 4: DATA ANALYSIS

4.1 Introduction

Chapter Four outlines information regarding the kind of study conducted during this research (from 20 April to 20 July 2010). This chapter also shows information on how the data was collected, interpreted, processed, and analysed. It outlines an analysis of the variables investigated. In addition, frequency distribution Tables, bar graphics and statistical Tables are used to present the findings. These descriptive statistical analysis methods were used to organise data into simpler accounts and to emphasise features which were most relevant to this research study. People have responded via the survey questionnaires.

4.2 The staff and student respondents' demographic characteristics:

The respondents' marital status, age, level of education, religious affiliation, racial group, household composition, household size, language, and income were analysed.

Table 4.1: Marital status

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Single	36	42.4	42.4	42.4
	Married	44	51.8	51.8	94.1
	Divorced	4	4.7	4.7	98.8
	separated	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

In terms of marital status the above data in Table 4.1 outline that 51.8% of the respondents were married, 42.4% were single, 4.7% were divorced, and 1.2% were separated. The frequency in Table 4.1 is graphically displayed in Figure 4.1.

Figure 4.1: Marital status

Table 4.2: Gender

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	43	50.6	50.6	50.6
	Female	42	49.4	49.4	100.0
	Total	85	100.0	100.0	

In terms of gender the above data in Table 4.2 outline that 50.6% of the respondents were male and 49.4% of the respondents were female. The frequency in Table 4.2 is graphically displayed in Figure 4.2

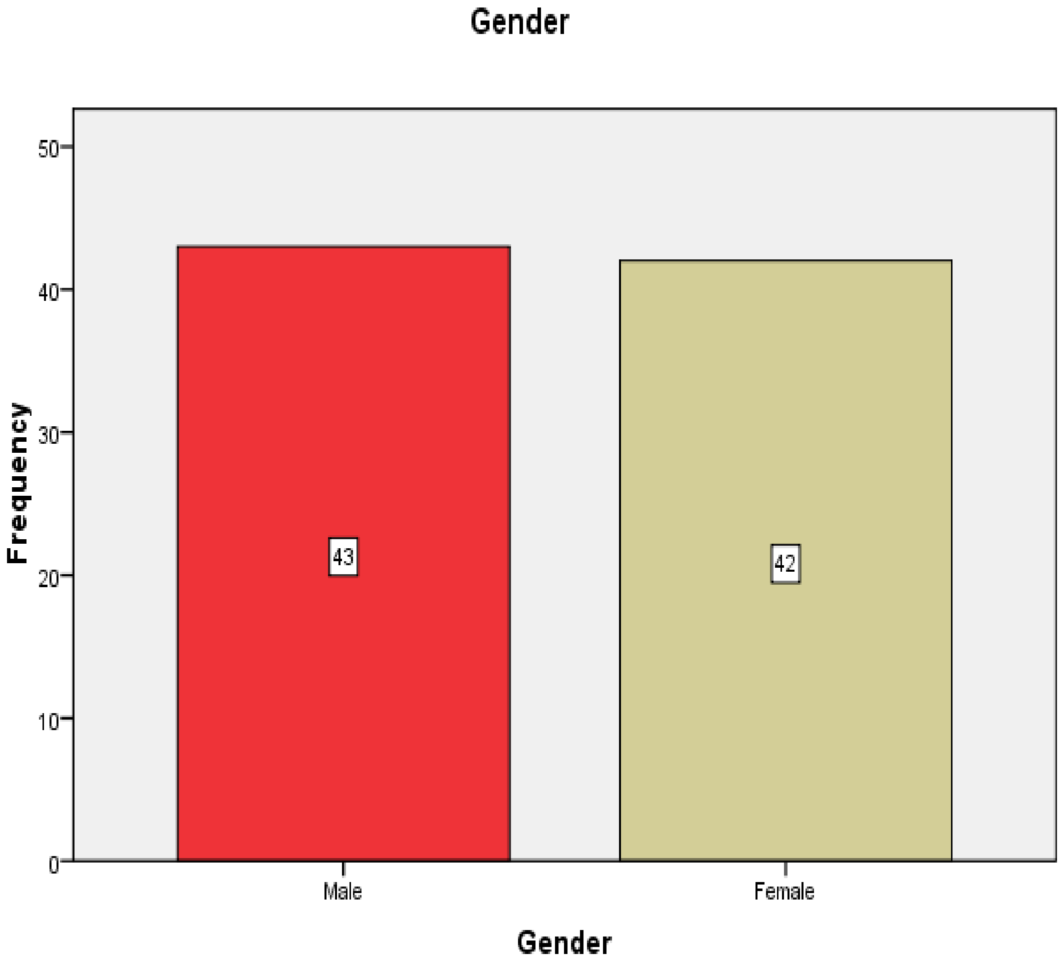

Figure 4.1: Gender

Table 4.3: Age

		Frequency	Percent	Valid percent	Cumulative percent
Valid	18–24 years	12	14.1	14.1	14.1
	25–29 years	17	20.0	20.0	34.1
	30–44 years	44	51.8	51.8	85.9
	45–54 years	10	11.8	11.8	97.6
	55–64 years	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

In terms of respondents' age, the above data indicate that, 51.8% of the respondents were aged between 30–44 years, 20.0% of the respondents were aged between 25–29 years, 14.1% of respondents were aged between 18–24 years, 11.8% of respondents were aged between 45–54 years and 2.4% of respondents were aged between 55–64 years. The frequency in Table 4.3 is graphically displayed in Figure 4.3.

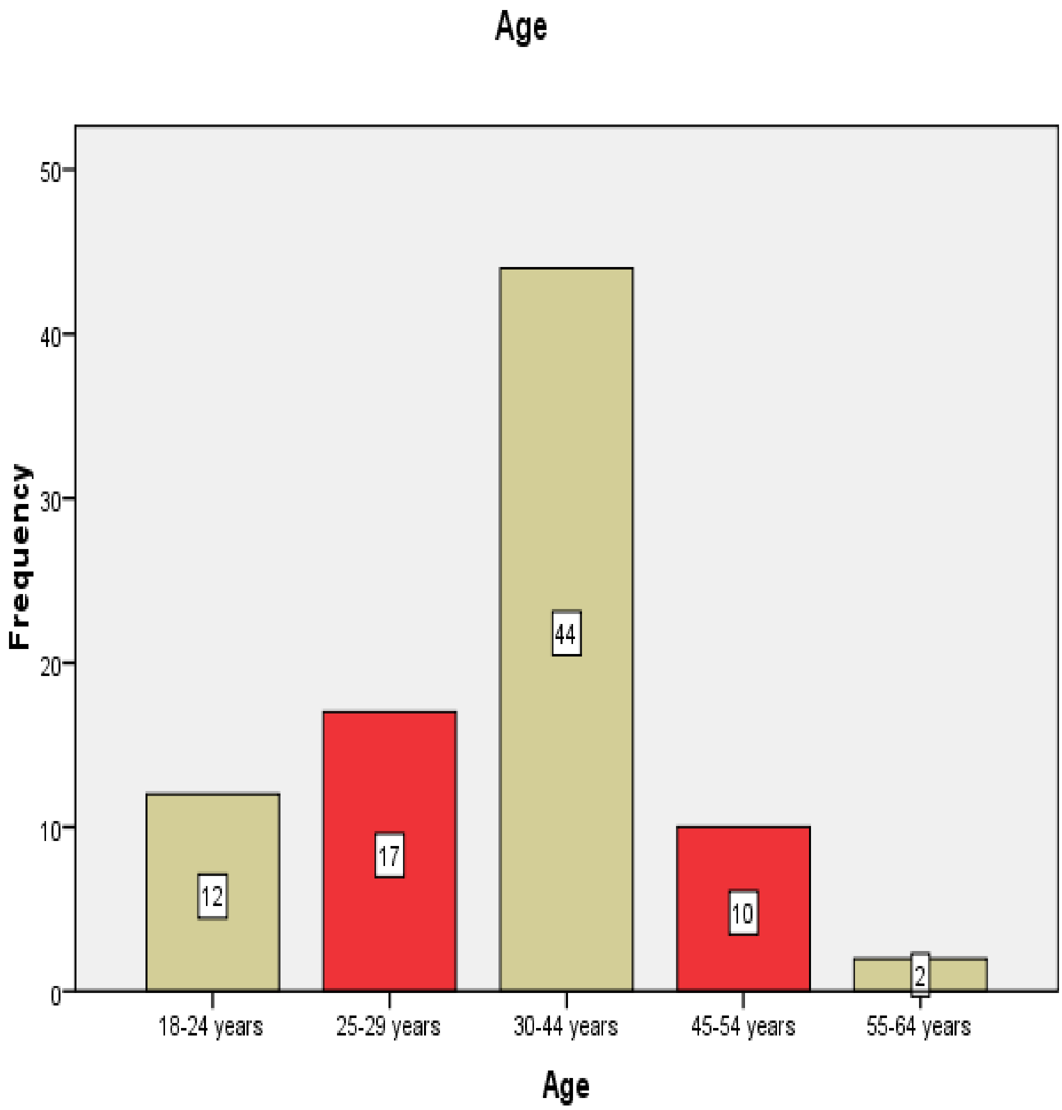

Figure 4.2: Age

Table 4.4 : Religious affiliation

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Non-affiliate	5	5.9	5.9	5.9
	Christianity	63	74.1	74.1	80.0
	Zionist	2	2.4	2.4	82.4
	Islamic	10	11.8	11.8	94.1
	Other	5	5.9	5.9	100.0
	Total	85	100.0	100.0	

Concerning respondents' religious affiliations, collected data confirmed that 74.1% of the respondents were Christians, 11.8% were Islamic, 5.9% of the respondents were non-affiliate, 5.9% of the respondents were other and 2.4% of the respondents were Zionist. The frequency in Table 4.4 is graphically displayed in Figure 4.4.

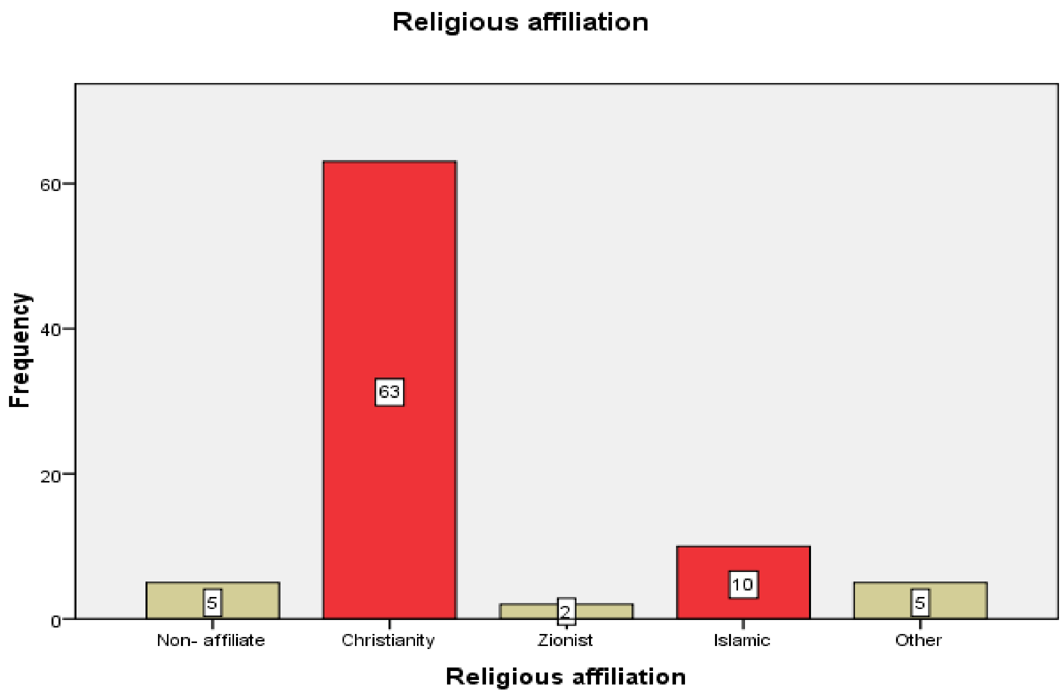

Figure 4.3: Religious affiliation

Table 4.5: Spoken languages

		Frequency	Percent	Valid percent	Cumulative percent
Valid	English	53	62.4	62.4	62.4
	Zulu	1	1.2	1.2	63.5
	Xhosa	6	7.1	7.1	70.6
	Afrikaans	5	5.9	5.9	76.5
	Other	20	23.5	23.5	100.0
	Total	85	100.0	100.0	

Table 4.5 indicates that, 62.4% of respondents were English-speaking, and 23.5% of the respondents speak languages other than English, Zulu, Xhosa and Afrikaans. Thus, 7.1% of the respondents were Xhosa-speaking, 5.9% of the respondents were Afrikaans-speaking, and 1.2% of the respondents were Zulu-speaking. The frequency in Table 4.5 is graphically displayed in Figure 4.5.

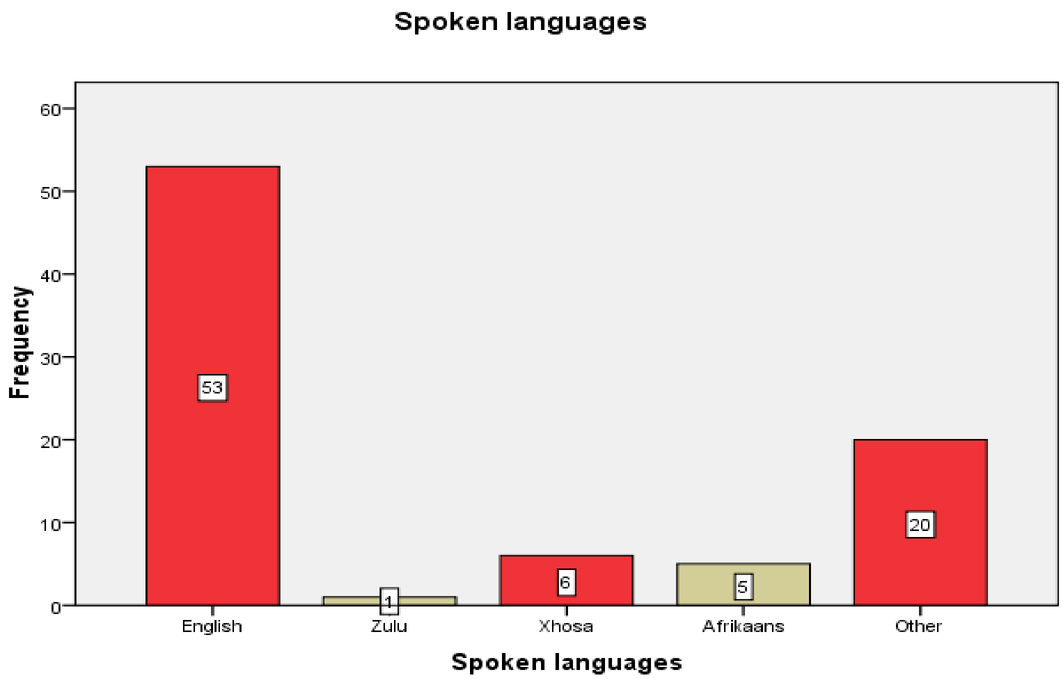

Figure 4.4: Spoken languages

Table 4.6: Racial group

		Frequency	Percent	Valid percent	Cumulative percent
Valid	White	11	12.9	12.9	12.9
	Coloured	22	25.9	25.9	38.8
	Black	52	61.2	61.2	100.0
	Total	85	100.0	100.0	

In terms of racial groups, the data in Table 4.6 shows that 61.2% of the respondents were Black, 25.9% of the respondents were Coloured, and 12.9% of the respondents were White. The frequencies in Table 4.6 are graphically shown in Figure 4.6.

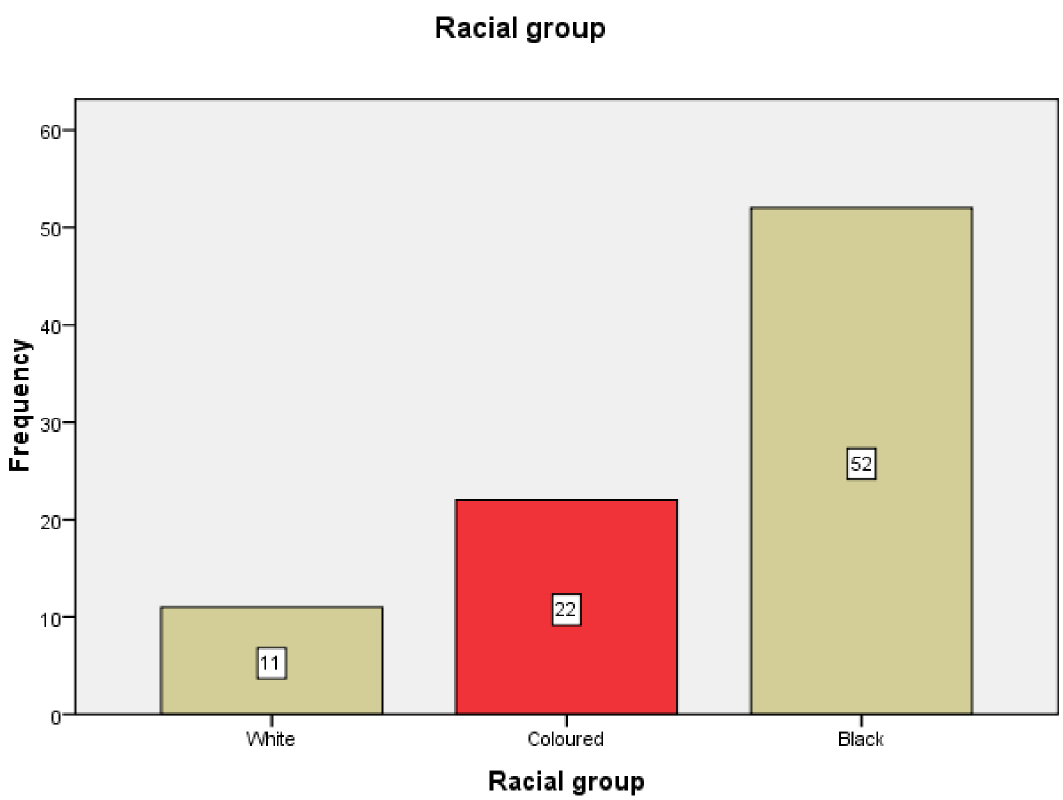

Figure 4.5: Racial group

Table 4.7: Household composition

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Own children	48	56.5	56.5	56.5
	Other	37	43.5	43.5	100.0
	Total	85	100.0	100.0	

Data in Table 4.7 indicate that 56.5% of the respondents were living with their own children in their households, and 43.5% of respondents were living with other family members and their own children. The frequency in Table 4.7 is graphically displayed in Figure 4.7.

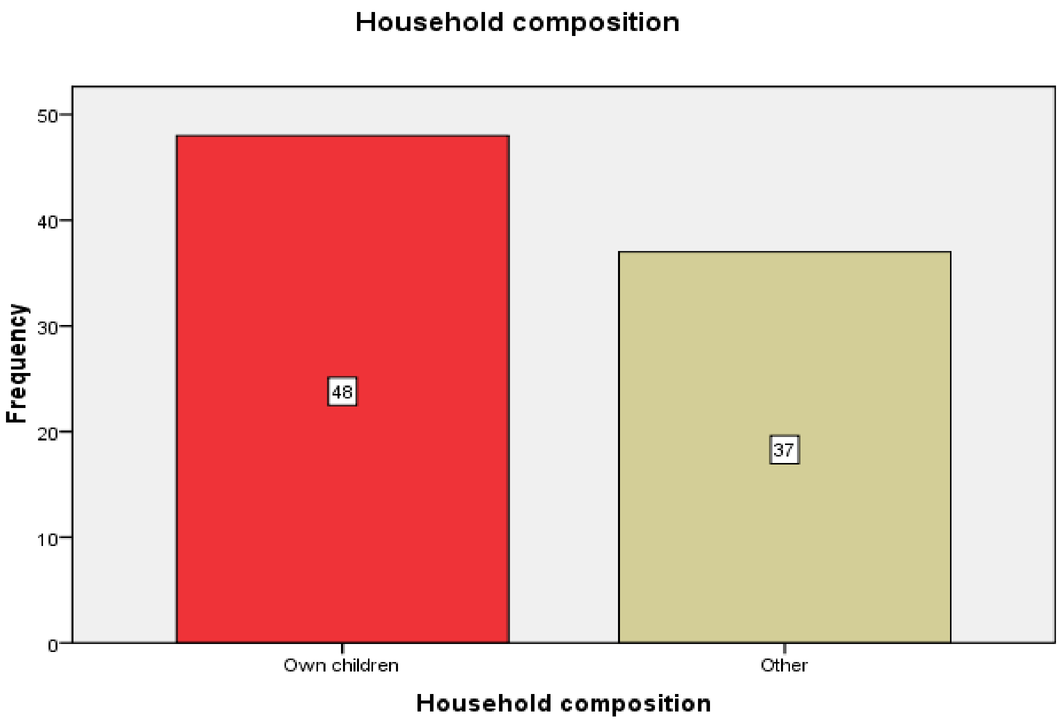

Figure 4.6: Household composition

Table 4.8: Highest education level completed

		Frequency	Percent	Valid percent	Cumulative percent
Valid	High school	6	7.1	7.1	7.1
	Certificate/diploma	8	9.4	9.4	16.5
	Undergraduate degree	22	25.9	25.9	42.4
	Postgraduate degree	47	55.3	55.3	97.6
	Other (Specify)	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

Data in Table 4.8 indicate that 55.3% of the respondents had postgraduate degrees, 25.9% of the respondents had undergraduate degrees, 9.4% of respondents had certificates or diplomas, 7.1% of the respondents completed high school, and 2.4% of the respondents had not completed high school or had no university qualifications. The frequency in Table 4.8 is graphically displayed in Figure 4.8.

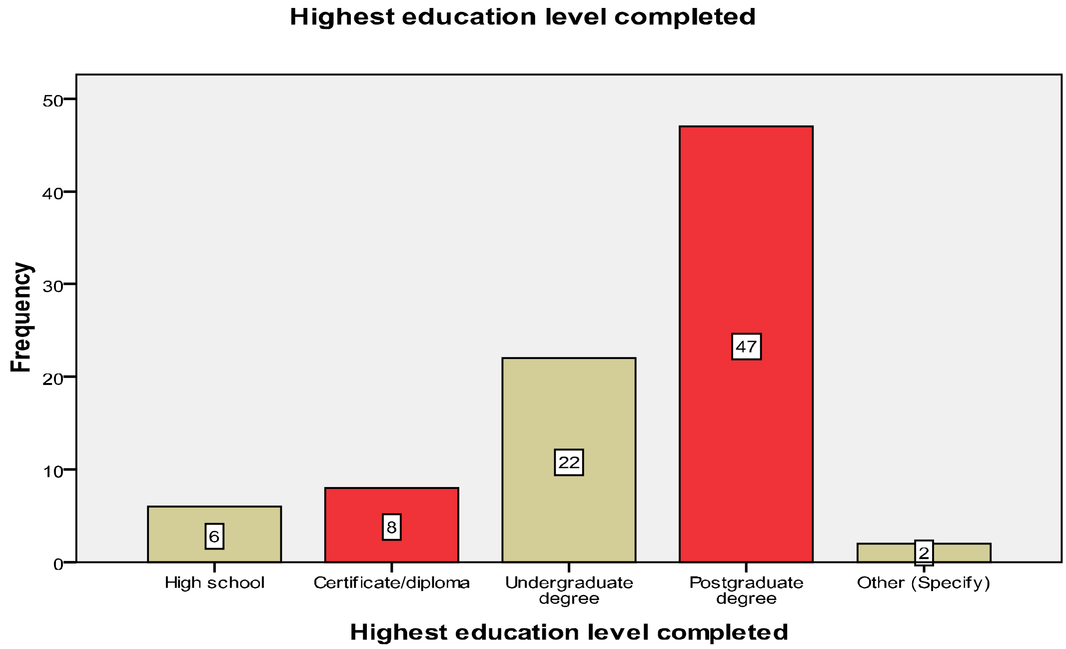

Figure 4.7: Highest education level completed

Table 4.8: Type of household

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Brick structure	75	88.2	88.2	88.2
	Hut/traditional house	3	3.5	3.5	91.8
	Shack	2	2.4	2.4	94.1
	Mud house	1	1.2	1.2	95.3
	Container	1	1.2	1.2	96.5
	Bungalow	3	3.5	3.5	100.0
	Total	85	100.0	100.0	

In Table 4.9, the data indicate that 88.2% of the respondents live in brick structured houses, 3.5% of the respondents live in huts/ traditional houses, 3.5% of the respondents live in bungalows, 2.4% of the respondents live in shacks, 1.2% of the respondents live in mud houses, and 1.2% of respondents live in containers. The frequency in Table 4.9 is graphically displayed in Figure 4.9.

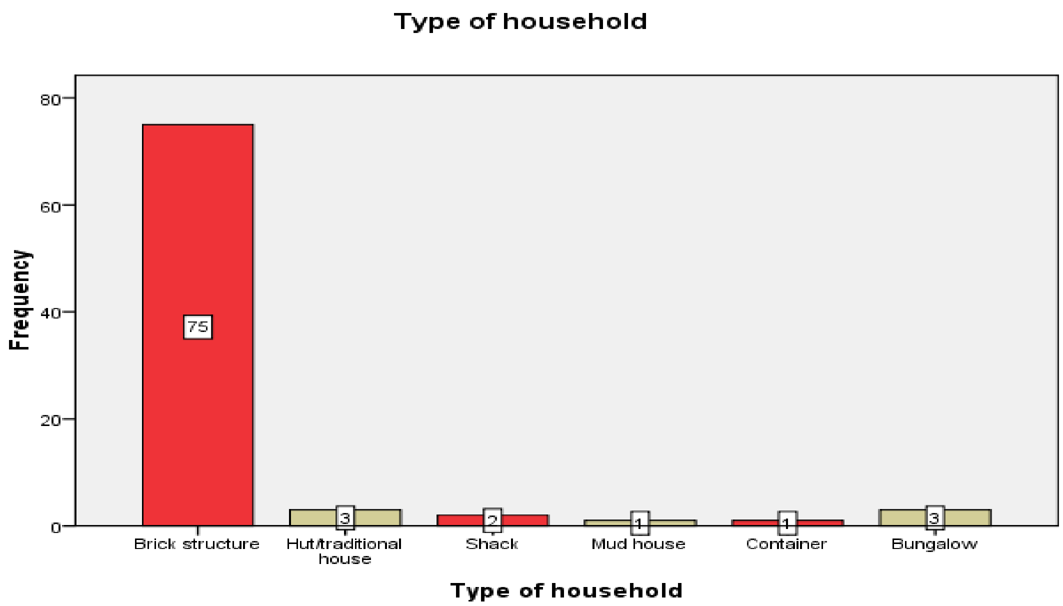

Figure 4.8: Type of household

Table 4.9: Household size

		Frequency	Percent	Valid percent	Cumulative percent
Valid	1-4	55	64.7	64.7	64.7
	5-9	26	30.6	30.6	95.3
	10-14	2	2.4	2.4	97.6
	20 or more	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

In Table 4.10, the data indicate that, 64.7% of the respondents' household size ranged between 1–4 household members, while 30.6% of the respondents' household size ranged between 5–9 household members and 2.4% of the respondents household size ranged between 10–14 household members. In addition, 2.4% of the respondents' household size was ranged between 20 or more. The frequency in Table 4.10 is displayed graphically in Figure 4.10.

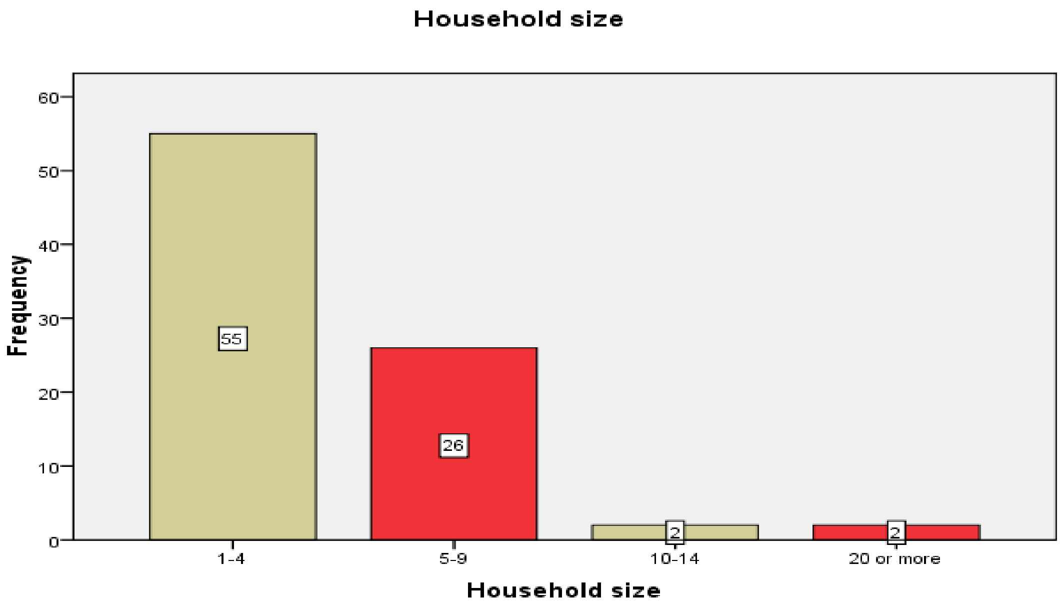

Figure 4.9: Household size

Table 4.10: Occupation

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Student	55	64.7	64.7	64.7
	Labourer	2	2.4	2.4	67.1
	Unemployed	1	1.2	1.2	68.2
	University staff	27	31.8	31.8	100.0
	Total	85	100.0	100.0	

In terms of respondents' occupation, the data indicate that 64.7% of the respondents were students, 31.8% of the respondents were university staff, 2.4% of the respondents were employees in other institutions than universities, and 1.2% of the respondents were unemployed. The frequency in Table 4.11 is graphically displayed in Figure 4.11.

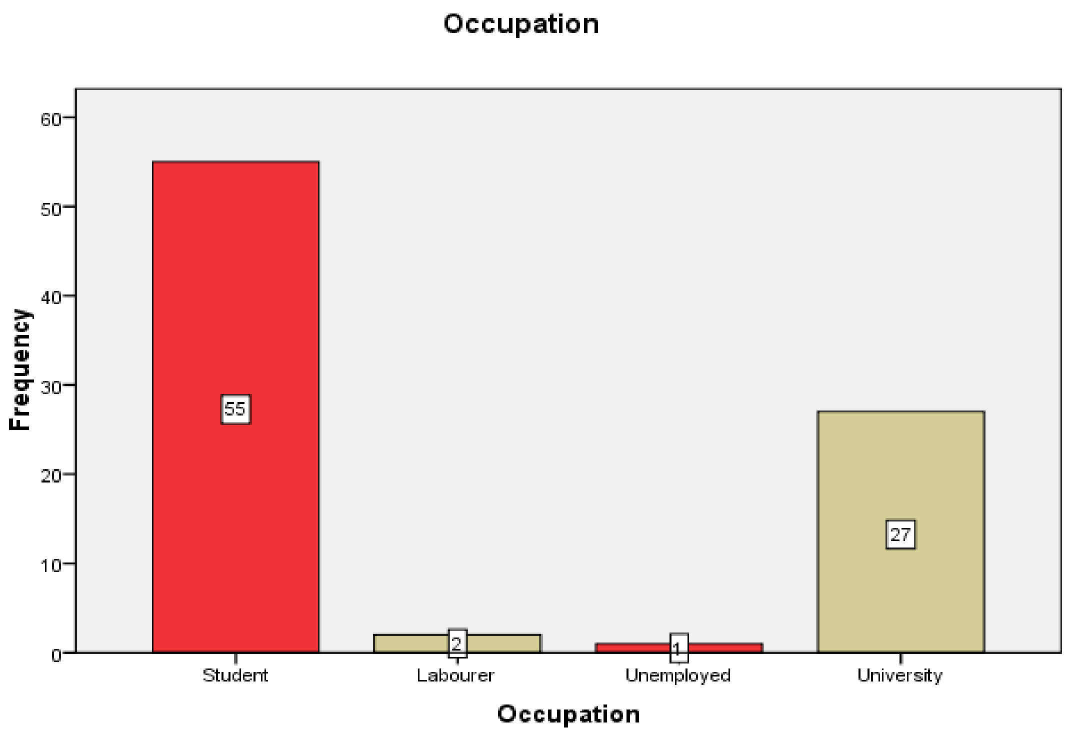

Figure 4.10: Occupation

Table 4.11: Monthly income

		Frequency	Percent	Valid percent	Cumulative percent
Valid	No income	21	24.7	24.7	24.7
	R 1 500- under R2 500	17	20.0	20.0	44.7
	R 2 500- under R 3 000	5	5.9	5.9	50.6
	R 3 000- under R 3 500	1	1.2	1.2	51.8
	R 3 500- under R 4 000	4	4.7	4.7	56.5
	R 4 000- under R 4 500	3	3.5	3.5	60.0
	R4 500- under R 7 000	4	4.7	4.7	64.7
	R 7 000- under 10 000	6	7.1	7.1	71.8
	R 10 000- under R 15 000	8	9.4	9.4	81.2
	R 15 000- under R 25 000	8	9.4	9.4	90.6
	R 40 000- under R 50 000	1	1.2	1.2	91.8
	R 50 000- under R 60 000	1	1.2	1.2	92.9
	Other	6	7.1	7.1	100.0
	Total	85	100.0	100.0	

In terms of income, the data in Table 4.12 indicates that, 24.7% of respondents were persons with no income, 20.0% of the respondents earn between R1 500 and R2 500, 9.4% of the respondents earn between R10 000 to R15 000, 9.4% of the respondents' income ranges between R15 000 to R25 000, 7.1% of the respondents earn between R7 000 andR10 000, 4.7% of the respondents earn between R3 500 and R4 000, 4.7% of the respondents earn between R4 500 and R 7 000, 5.9% of the respondents' income ranges between R2 500 and R3 000, 3.5% of the respondents' income ranges between R4 000 and R4 500, 1.2% of the respondents' income ranges between R40 000 to R50 000, and 1.2% of the respondents earn between R50 000 and R60000. The frequency in Table 4.12 is graphically displayed in Figure 4.12.

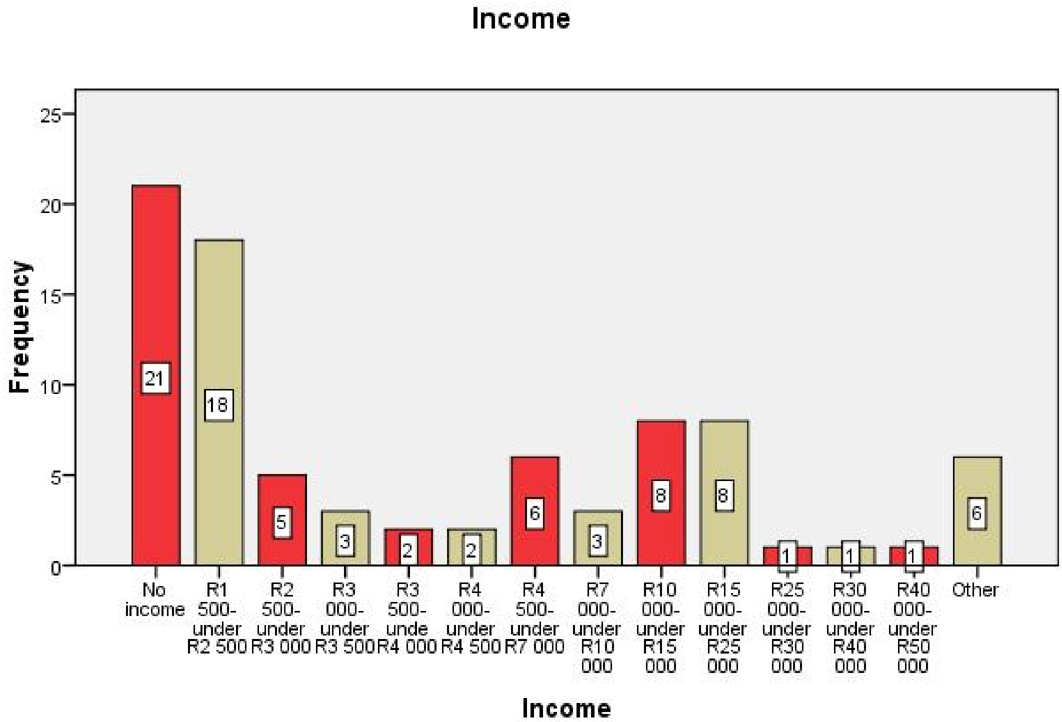

Figure 4.11: Monthly income

Table 4.12: The impact of the global financial crisis means a recession for South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	33	38.8	38.8	38.8
	Agree	40	47.1	47.1	85.9
	Undecided	7	8.2	8.2	94.1
	Disagree	4	4.7	4.7	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

In terms of the impact of the global financial crisis causing financial recession in South Africa, the data in Table 4.13 outlines that 85.9% of the respondents agreed that the impact of the global financial crisis did cause financial recession in South Africa, 8.2% of the respondents were undecided, and 5.9% of the respondents disagreed. The frequency in Table 4.13 is displayed graphically in Figure 4.13.

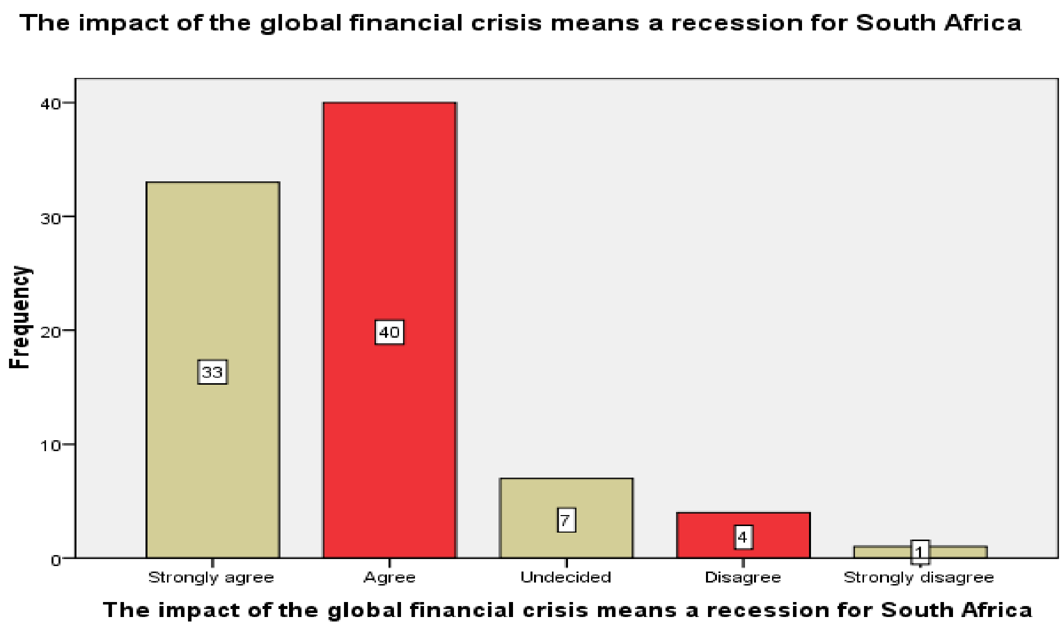

Figure 4.12: The impact of the global financial crisis means a recession for South Africa

Table 4.13: The collapse of the banks in the USA is the cause of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	25	29.4	29.4	29.4
	Agree	40	47.1	47.1	76.5
	Undecided	12	14.1	14.1	90.6
	Disagree	6	7.1	7.1	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

In Table 4.14, the data indicate that 76.5% of the respondents agreed that the collapse of the USA banks was the major cause of the global financial crisis, while 14.1% of the respondents were undecided, and 9.5% of the respondents disagreed. The frequency in Table 4.14 is displayed in Figure 4.14.

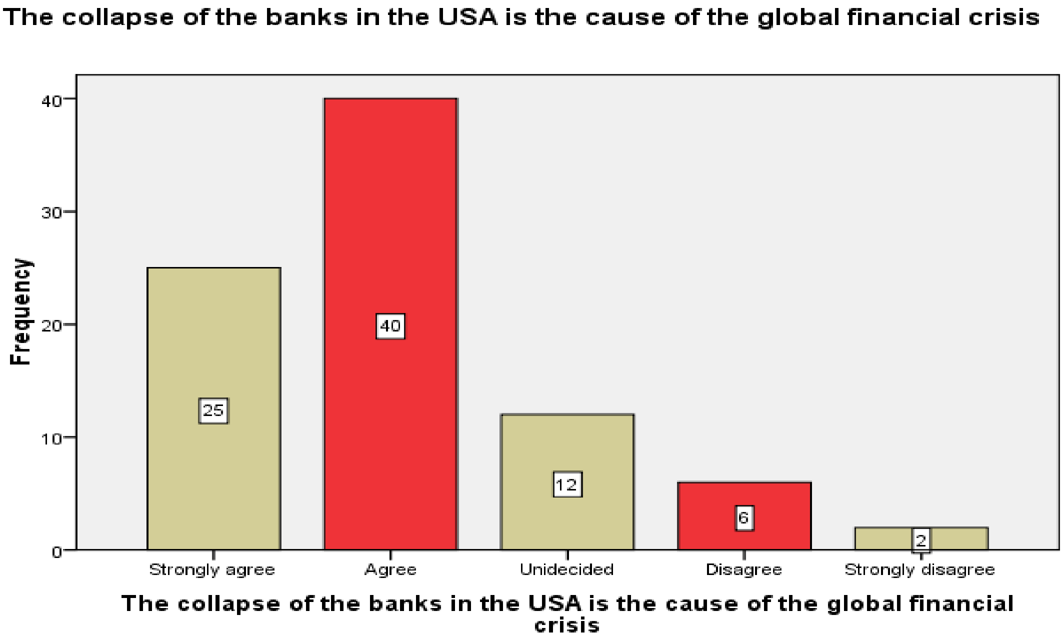

Figure 4.13: The collapse of the banks in the USA is the cause of the global financial crisis

Table 4.14: The global financial crisis does not continue to affect the South African economy

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	8	9.4	9.4	9.4
	Agree	17	20.0	20.0	29.4
	Undecided	11	12.9	12.9	42.4
	Disagree	38	44.7	44.7	87.1
	Strongly disagree	11	12.9	12.9	100.0
	Total	85	100.0	100.0	

The data in Table 4.15 indicate that 29.4% of the respondents agreed that the global financial crisis does not continue to affect the South African economy, while 12.9% of the respondents were undecided, 57.6% of the respondents disagreed. The frequency in Table 4.15 is displayed in Figure 4.15.

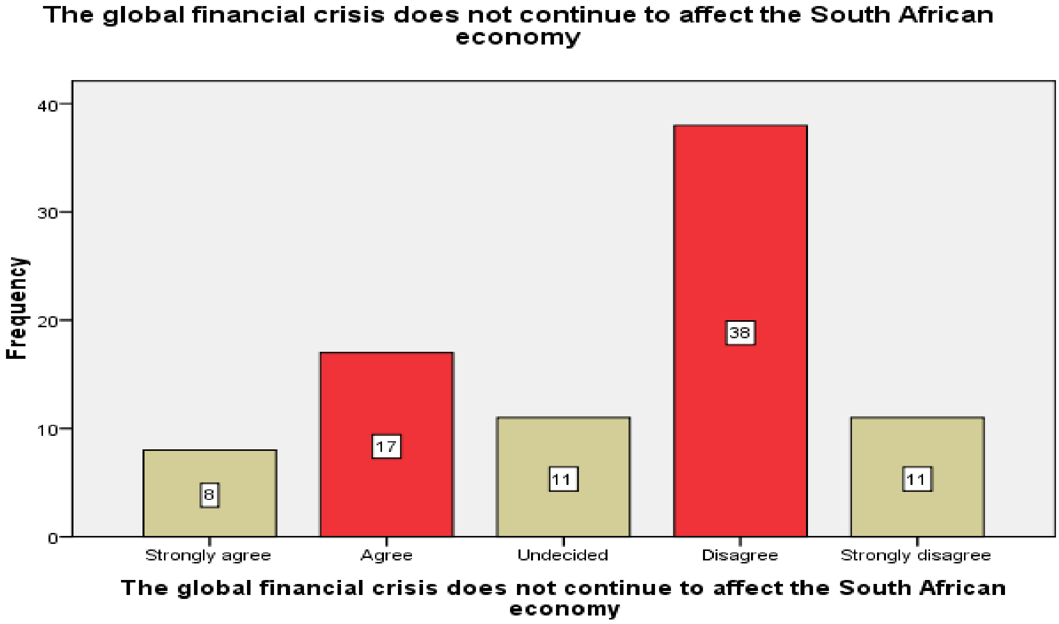

Figure 4.14: The global financial crisis does not continue to affect the South African economy

Table 4.15: The global financial crisis has increased the level of poverty in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	33	38.8	38.8	38.8
	Agree	32	37.6	37.6	76.5
	Undecided	8	9.4	9.4	85.9
	Disagree	8	9.4	9.4	95.3
	Strongly disagree	4	4.7	4.7	100.0
	Total	85	100.0	100.0	

The data in Table 4.16 confirm that 76.5% of the respondents agreed that the global financial crisis has increased the level of poverty in South Africa, 9.4% of the respondents were undecided, while 14.1% of the respondents disagreed. The frequency in Table 4.16 is displayed in Figure 4.16.

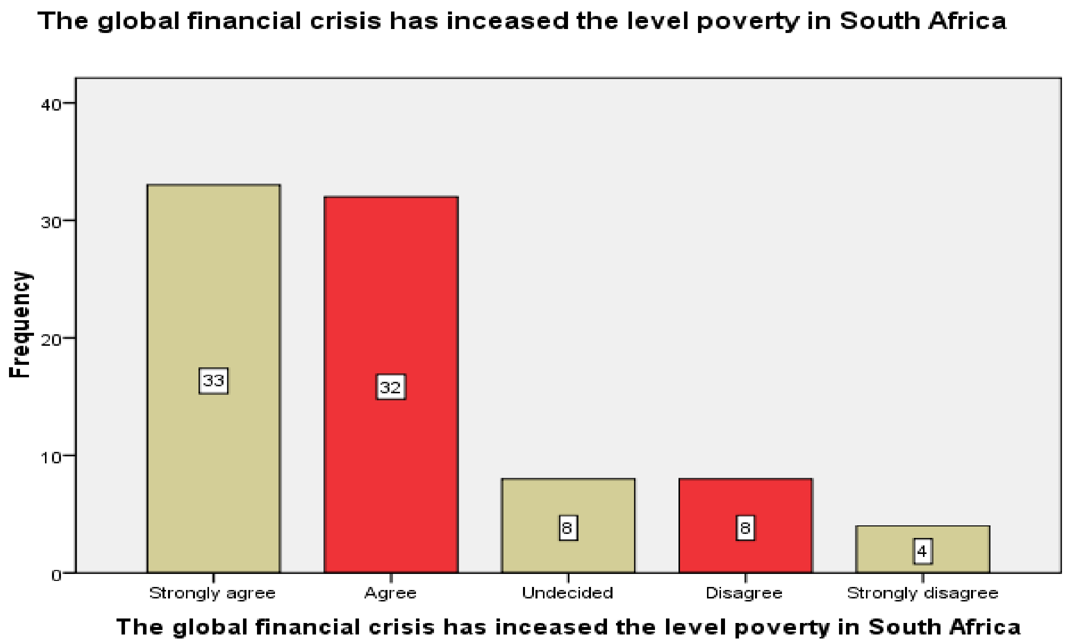

Figure 4.15: The global financial crisis has increased the level of poverty in South Africa

Table 4.16: The global financial crisis has not affected the revenue generated locally in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	3	3.5	3.5	3.5
	Agree	10	11.8	11.8	15.3
	Undecided	12	14.1	14.1	29.4
	Disagree	41	48.2	48.2	77.6
	Strongly disagree	19	22.4	22.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.17 explains that 15.3% of the respondents agreed that the global financial crisis has not affected revenue generated locally in South Africa, 14.1% of the respondents were undecided, and 70.6% of the respondents disagreed. The frequency in Table 4.17 is displayed in Figure 4.17.

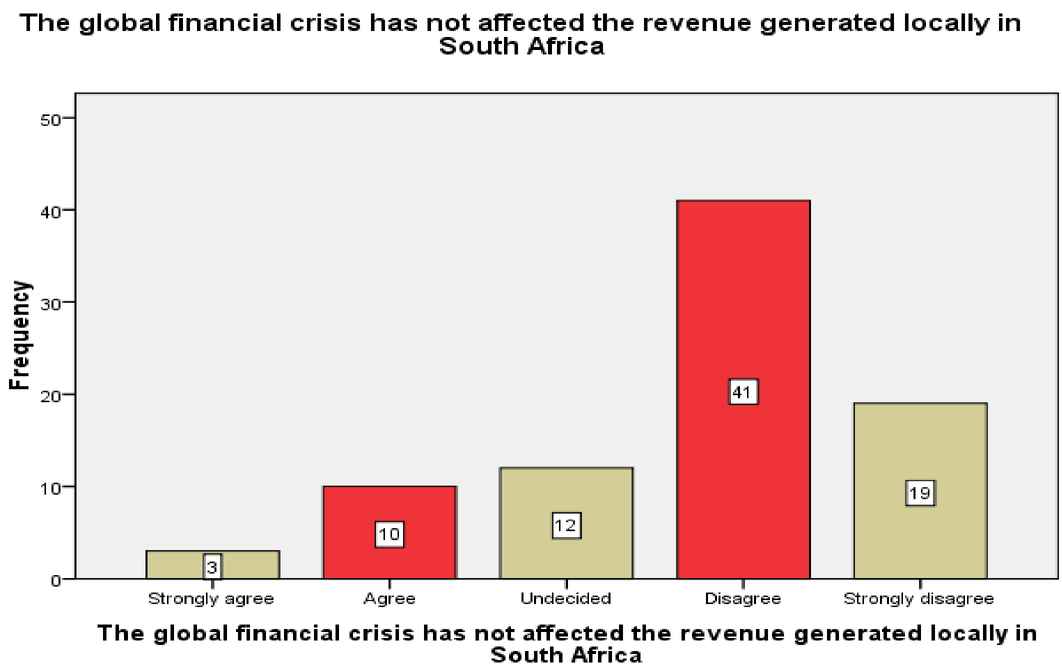

Figure 4.16: The global financial crisis has not affected the revenue generated locally in South Africa

Table 4.17: The global financial crisis has not affected South African consumption

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	7.1	7.1	7.1
	Agree	15	17.6	17.6	24.7
	Undecided	12	14.1	14.1	38.8
	Disagree	31	36.5	36.5	75.3
	Strongly disagree	21	24.7	24.7	100.0
	Total	85	100.0	100.0	

Data in Table 4.18 shows that 24.7% of the respondents agreed that the global financial crisis has not affect South African people's consumption, 14.1% of the respondents were undecided, 61.2% of the respondents disagreed. The frequency in Table 4.18 is displayed graphically in Figure 4.18.

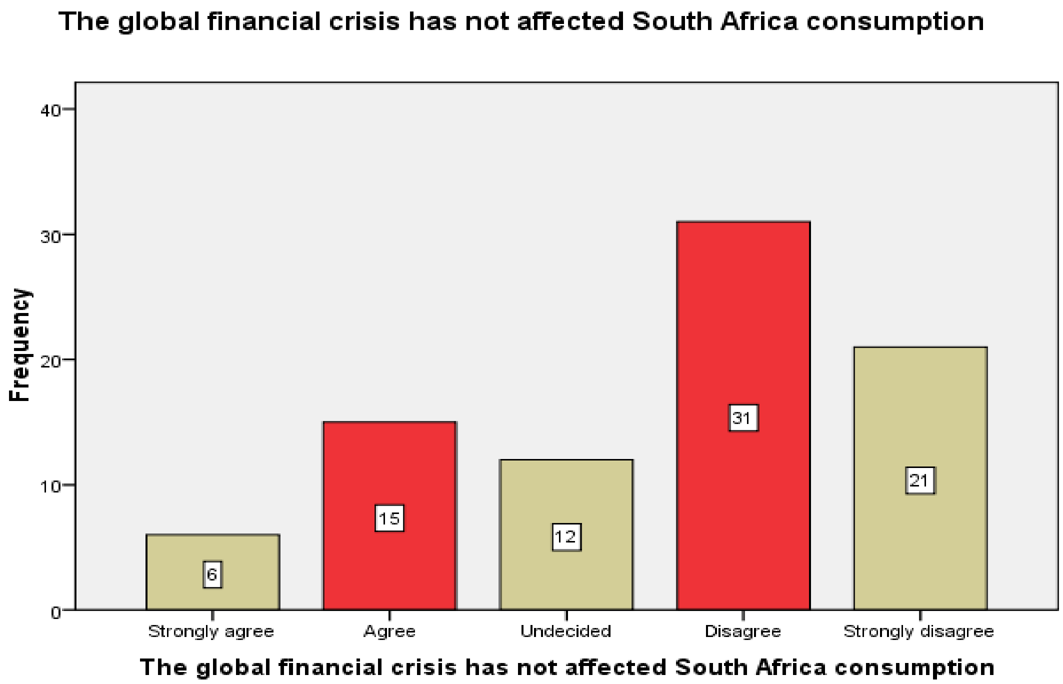

Figure 4.17: The global financial crisis has not affected South Africa consumption

Table 4.18: The global financial crisis has affected South African capital movement

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	18	21.2	21.2	21.2
	Agree	47	55.3	55.3	76.5
	Undecided	11	12.9	12.9	89.4
	Disagree	7	8.2	8.2	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The collected data in Table 4.19 indicate that, 76.5% of the respondents agreed that the global financial crisis has affected South African capital movement, 12.9% of the respondents were undecided, and 10.6% of the respondents disagreed. The frequency in Table 4.19 is displayed graphically in Figure 4.19.

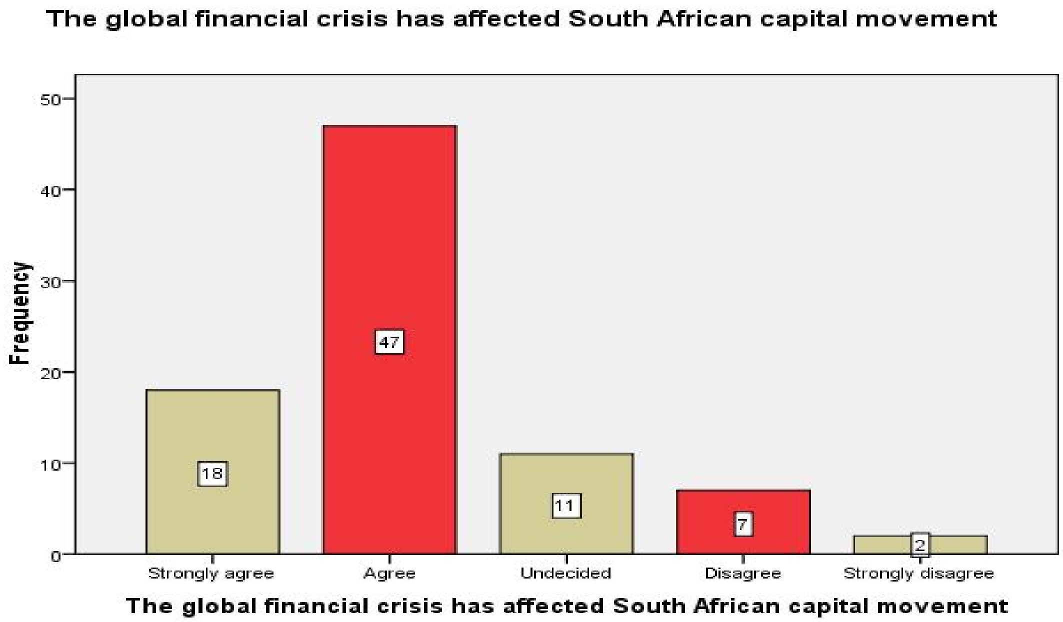

Figure 4.18: The global financial crisis has affected South African capital movement

Table 4.19: The global financial crisis has negatively affected inflation in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	22	25.9	25.9	25.9
	Agree	33	38.8	38.8	64.7
	Undecided	14	16.5	16.5	81.2
	Disagree	13	15.3	15.3	96.5
	Strongly disagree	3	3.5	3.5	100.0
	Total	85	100.0	100.0	

In terms of the impact of the global financial crisis on the South African inflation, the data indicated in Table 4.20 outline that, 64.7% of the respondents have agreed that the global financial crisis has negatively affected inflation in South Africa, 16.5% of the respondents are undecided, and 18.8% of the respondents disagree. The frequency in Table 4.20 is displayed graphically in Figure 4.20.

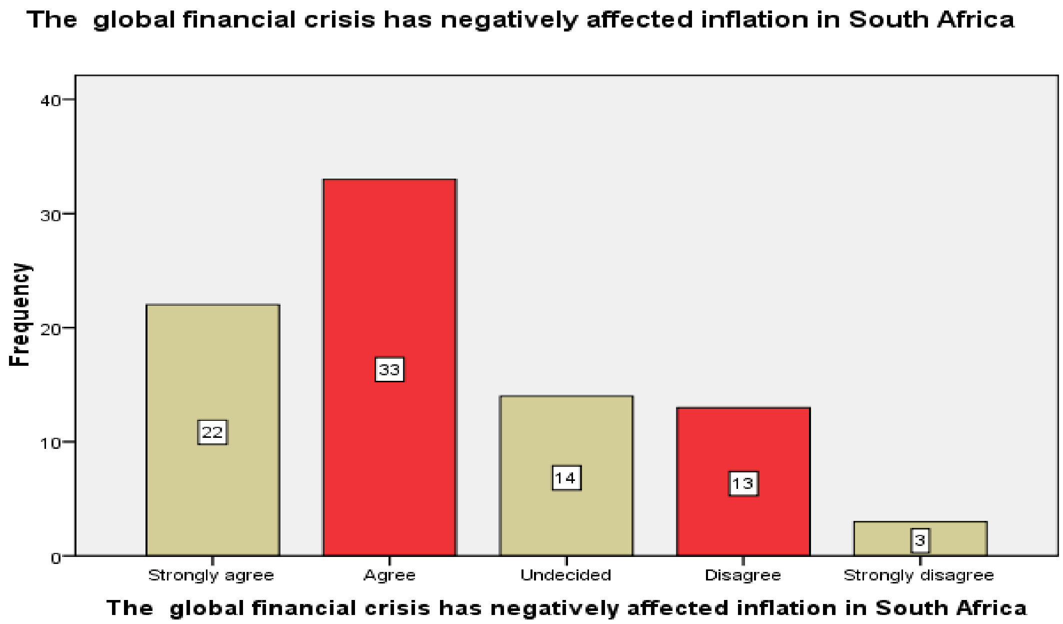

Figure 4.19: The global financial crisis has negatively affected inflation in South Africa

Table 4. 20: The global financial crisis has not affected the South African balance of payment

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	3	3.5	3.5	3.5
	Agree	14	16.5	16.5	20.0
	Undecided	23	27.1	27.1	47.1
	Disagree	30	35.3	35.3	82.4
	Strongly disagree	15	17.6	17.6	100.0
	Total	85	100.0	100.0	

Data in Table 4.21 indicate that 20.0% of the respondents agreed that the global financial crisis has not affected the South African balance of payments, 27.1% of the respondents were undecided, and 52.9% of the respondents disagreed. The frequency in Table 4.21 is displayed graphically in Figure 4.21.

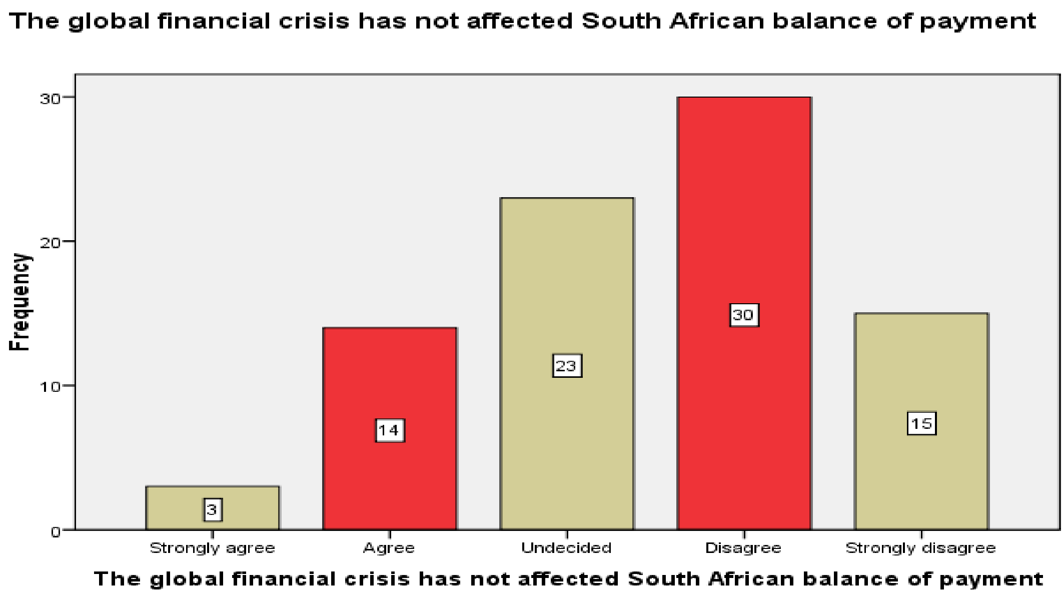

Figure 4.20: The global financial crisis has not affected the South African balance of payment

Table 4.21: The global financial crisis has affected the South African stock market

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	23	27.1	27.1	27.1
	Agree	41	48.2	48.2	75.3
	Undecided	14	16.5	16.5	91.8
	Disagree	6	7.1	7.1	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

The data indicated in Table 4.22 explain that, 75.3% of the respondents agreed that the global financial crisis has affected the South African stock market, 16.5% of the respondents were undecided, and 8.3% of the respondents disagreed. The frequency in Table 4.22 is displayed graphically in Table 4.22.

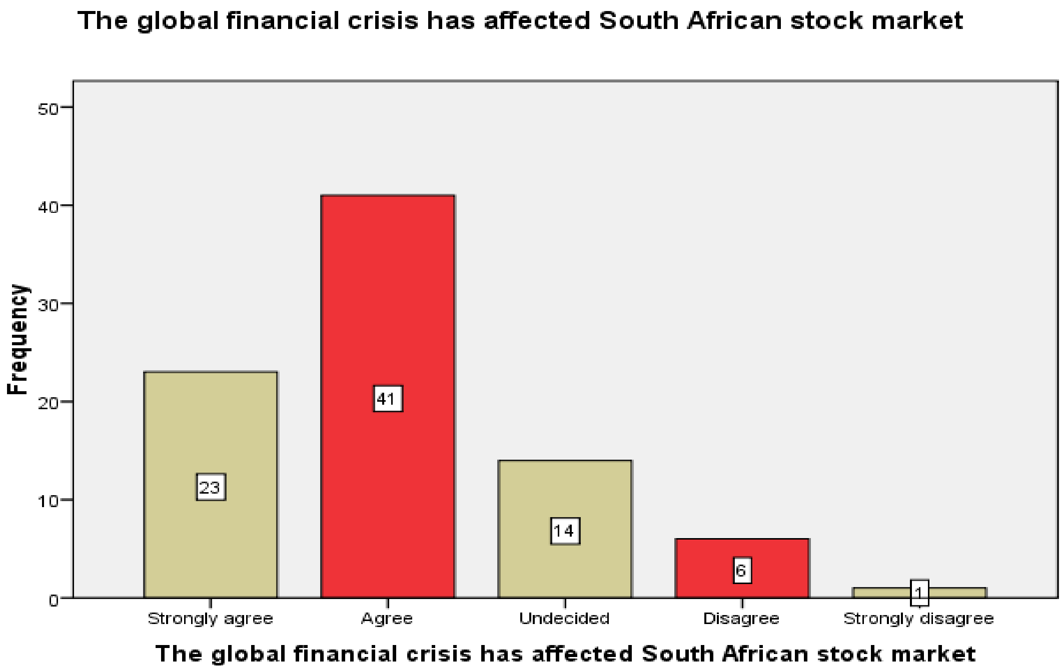

Figure 4.21: The global financial crisis has affected South African stock market

Table 4.22: The global financial crisis has not affected South African monetary policy

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	7.1	7.1	7.1
	Agree	12	14.1	14.1	21.2
	Undecided	23	27.1	27.1	48.2
	Disagree	30	35.3	35.3	83.5
	Strongly disagree	14	16.5	16.5	100.0
	Total	85	100.0	100.0	

The data in Table 4.23 underlines that 21.2% of the respondents agreed that the global financial crisis has not affected South African monetary policy, 27.1% of the respondents were undecided, and 51.8% of the respondents disagreed. The frequency in Table 4.23 is displayed graphically in Figure 4.23.

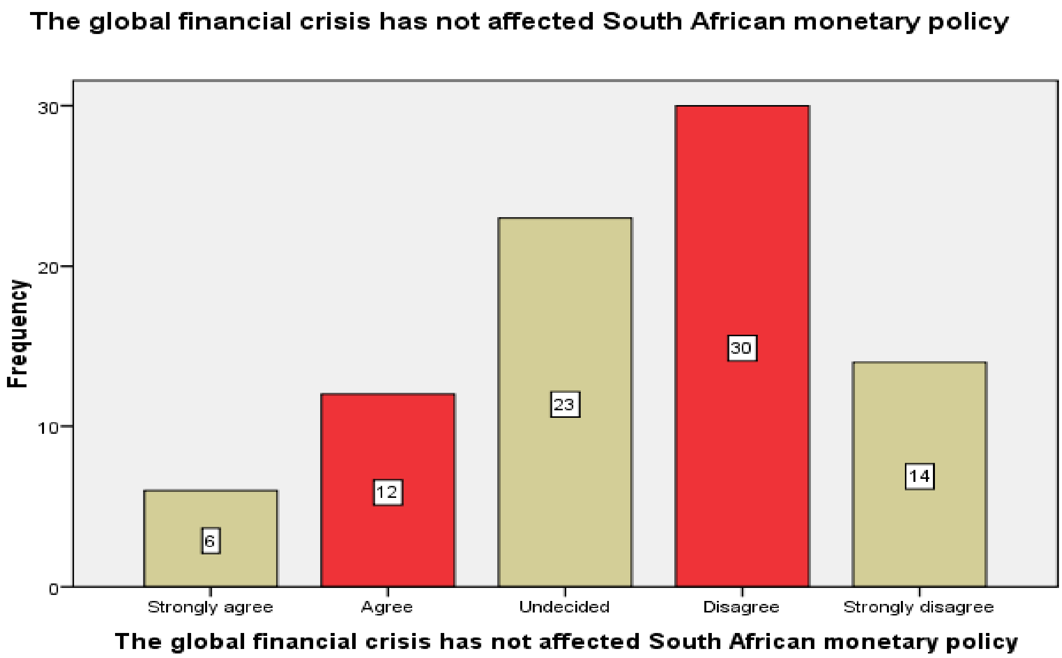

Figure 4.22: The global financial crisis has not affected South African monetary policy

Table 4.23: The global financial crisis has affected South African foreign direct investment

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	23	27.1	27.1	27.1
	Agree	44	51.8	51.8	78.8
	Undecided	9	10.6	10.6	89.4
	Disagree	6	7.1	7.1	96.5
	Strongly disagree	3	3.5	3.5	100.0
	Total	85	100.0	100.0	

Data shown in Table 4.24 indicate that 78.8% of the respondents agreed that the global financial crisis has affected South African foreign direct investment, 10.6% of the respondents were undecided, and 10.6% of the respondents disagreed. The frequency in Table 4.24 is displayed graphically in Figure 4.24.

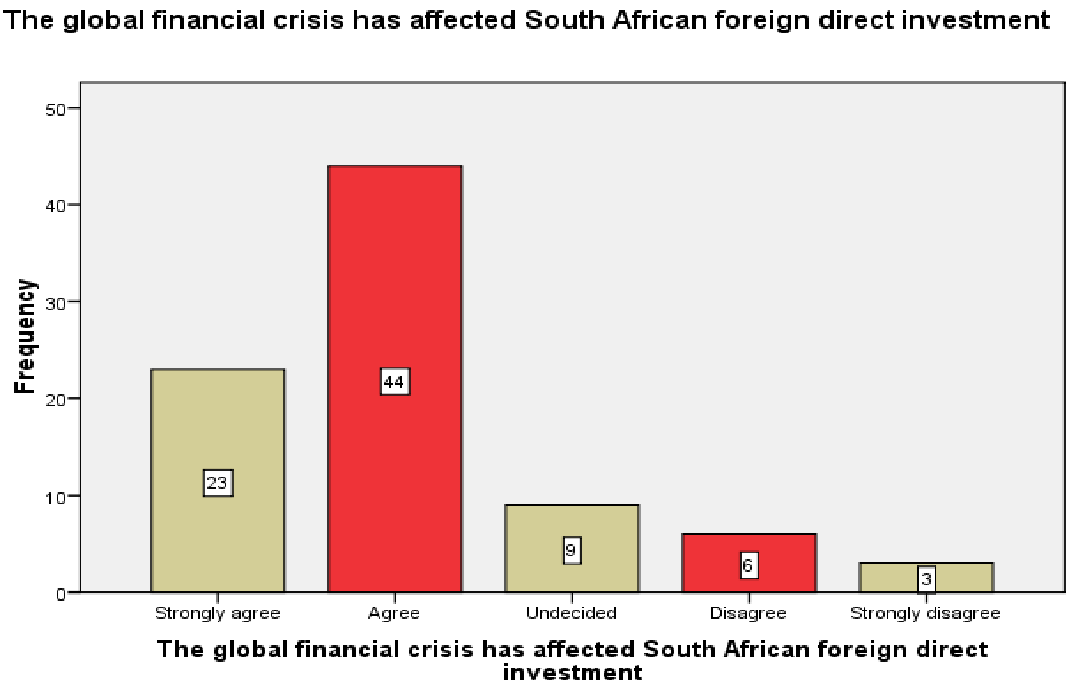

Figure 4.23: The global financial crisis has affected South African foreign direct investment

Table 4.24: The global financial crisis has not affected South African gross domestic product

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	7	8.2	8.2	8.2
	Agree	14	16.5	16.5	24.7
	Undecided	17	20.0	20.0	44.7
	Disagree	35	41.2	41.2	85.9
	Strongly disagree	12	14.1	14.1	100.0
	Total	85	100.0	100.0	

The impact of the global financial crisis on South Africa's gross domestic product (GDP), as shown in Table 4.25 indicate that, 24.7% of the respondents agreed that the global financial crisis has not affected South Africa's gross domestic product (GDP), 20.0% of the respondents were undecided, while 55.3% of the respondents disagreed. The frequency in Table4.25 is displayed graphically in Figure 4.25.

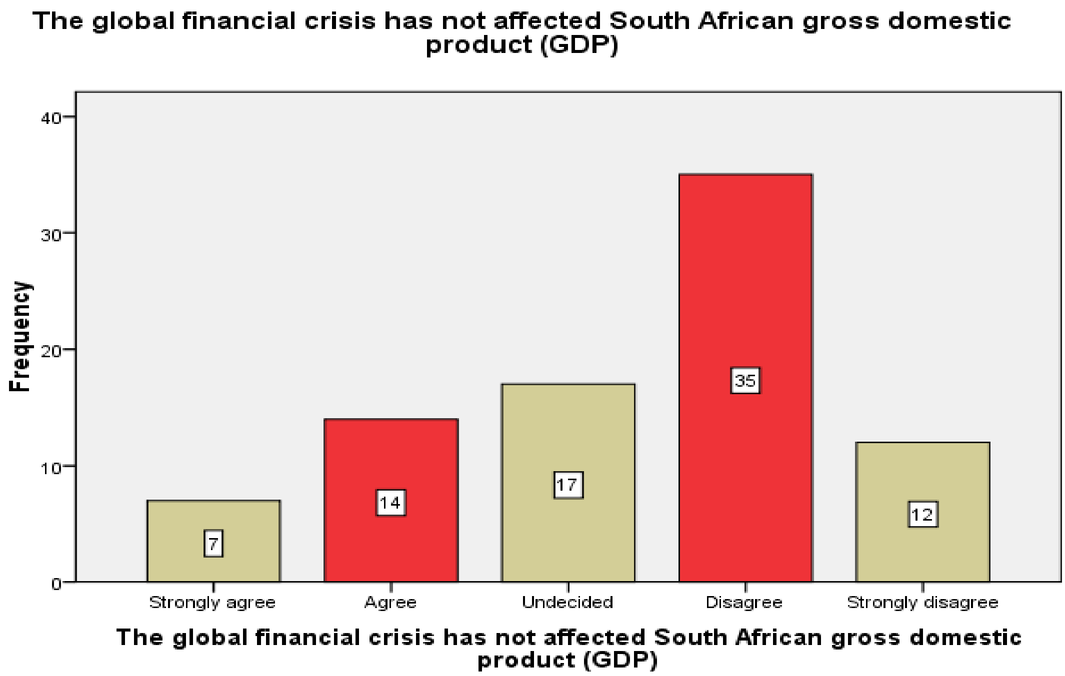

Figure 4. 24: The global financial crisis has not affected South African gross domestic product

Table 4.25: The global financial crisis has caused serious damage to South African financial institutions and assurance

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	14	16.5	16.5	16.5
	Agree	28	32.9	32.9	49.4
	Undecided	21	24.7	24.7	74.1
	Disagree	18	21.2	21.2	95.3
	Strongly disagree	4	4.7	4.7	100.0
	Total	85	100.0	100.0	

Table 4.26 explains that 49.4% of the respondents agreed that the global financial crisis has damaged South African financial institutions, 24.7% of the respondents were undecided, and 25.9% of the respondents disagreed. The frequency in Table 4.26 is displayed graphically in Figure 4.26.

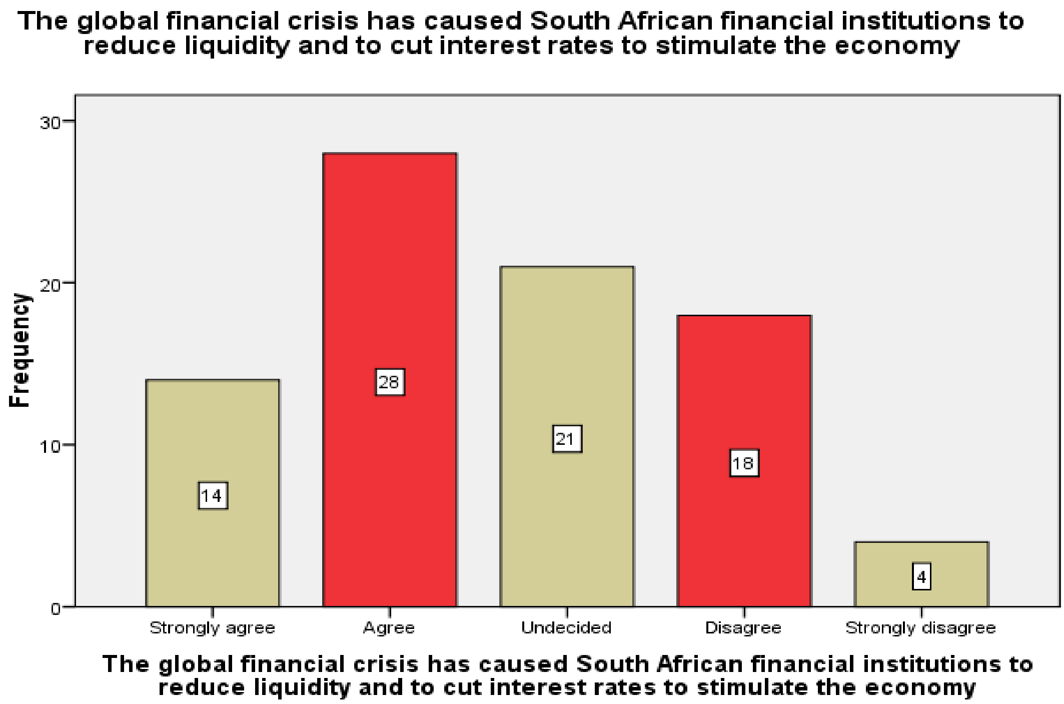

Figure 4.25: The global financial crisis has caused serious damage to South African financial institutions and assurance

Table 4.26: The global financial crisis has had serious effects on retirement and health funding in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	17	20.0	20.0	20.0
	Agree	28	32.9	32.9	52.9
	Undecided	22	25.9	25.9	78.8
	Disagree	16	18.8	18.8	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

In terms of the impact of the global financial crisis on South African retirement and health funds, the data in Table 4.27 indicate that 52.9% of the respondents agreed that the global financial crisis has had serious effects on retirement and health funds in South Africa, 25.9% were undecided, and 21.2% disagreed. The frequency in Table 4.27 is displayed graphically in Figure in 4.27.

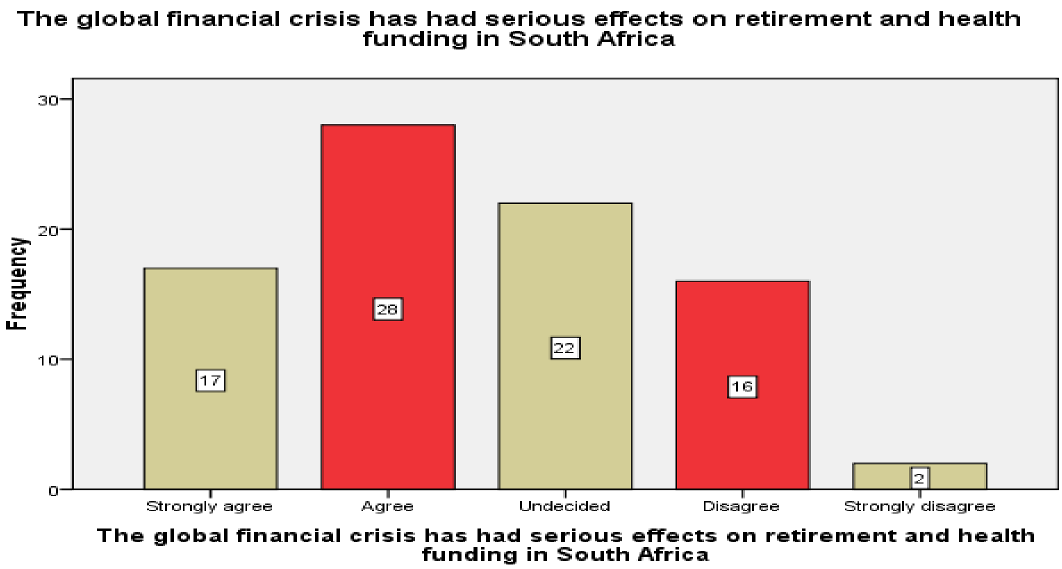

Figure 4.26: The global financial crisis has had serious effects on retirement and health funding in South Africa

Table 4.27: The global financial crisis has not affected South African house prices

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	10	11.8	11.8	11.8
	Agree	9	10.6	10.6	22.4
	Undecided	12	14.1	14.1	36.5
	Disagree	33	38.8	38.8	75.3
	Strongly disagree	21	24.7	24.7	100.0
	Total	85	100.0	100.0	

Data in Table 4.28 confirm that 22.4% of the respondents agreed that the global financial crisis has not affected South African house prices, 14.1% of the respondents were undecided, and 63.5% of the respondents disagreed. The frequency in Table 4.28 is displayed graphically in Figure 4.28.

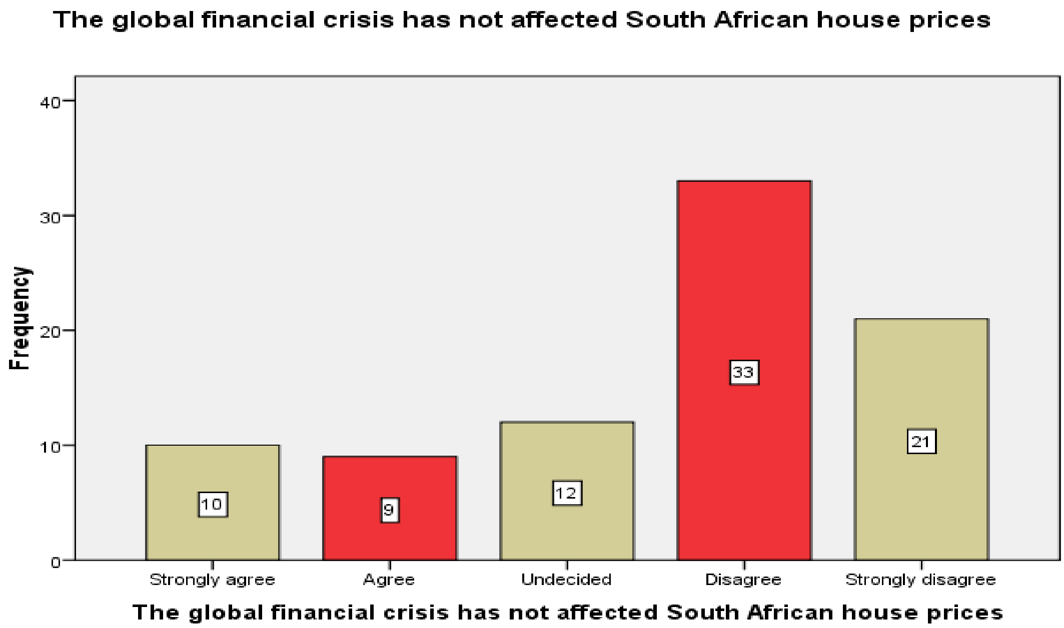

Figure 4.27: The global financial crisis has not affected South African house prices

Table 4.28: The level of activity in the residential property market was negatively affected by slow down in the South African economy

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	23	27.1	27.1	27.1
	Agree	36	42.4	42.4	69.4
	Undecided	22	25.9	25.9	95.3
	Disagree	4	4.7	4.7	100.0
	Total	85	100.0	100.0	

The data in Table 4.29 outline that 69.4% of the respondents agreed that the level of activity in the residential property market was negatively affected by the slow down in the South African economy, 25.9% of the respondents were undecided, while 4.7% of the respondents disagreed. The frequency in Table 4.29 is displayed graphically in Figure 4.29.

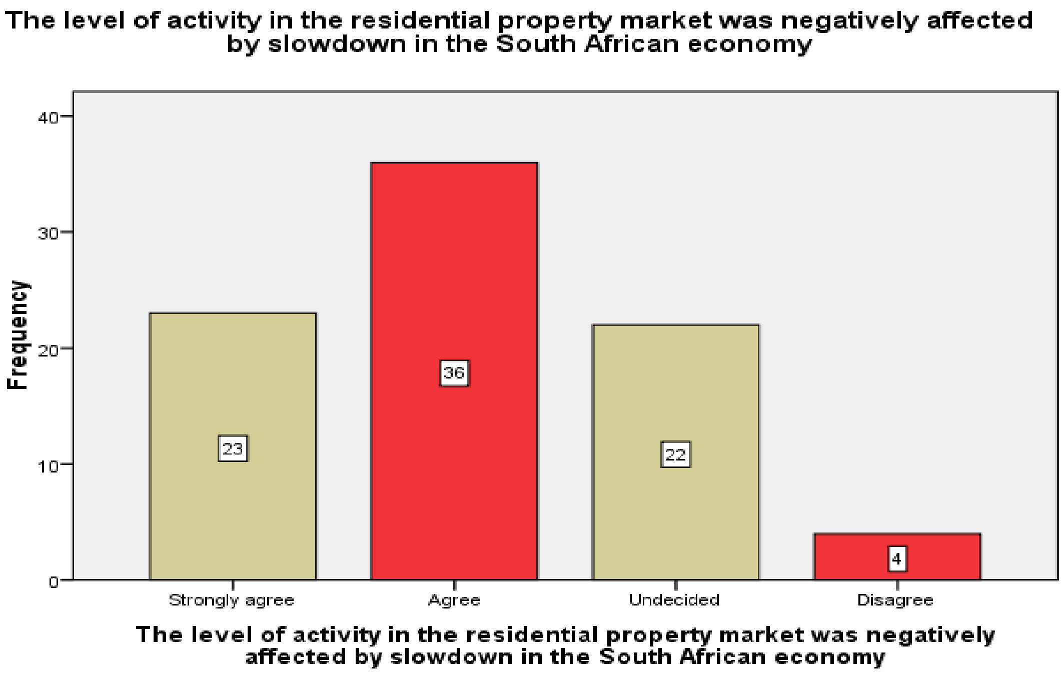

Figure 4.28: The level of activity in the residential property market was negatively affected by slow down in the South African economy

Table 4.29: The global financial crisis has reduced job creation in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	21	24.7	24.7	24.7
	Agree	34	40.0	40.0	64.7
	Undecided	20	23.5	23.5	88.2
	Disagree	9	10.6	10.6	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

The findings shown in Table 4.30 indicate that, 64.7% of the respondents agreed that the global financial crisis has reduced job creation in South Africa, 23.5% of the respondents were undecided, and 11.8% of the respondents disagreed. The frequency in Table 4.30 is displayed graphically in Figure 4.30.

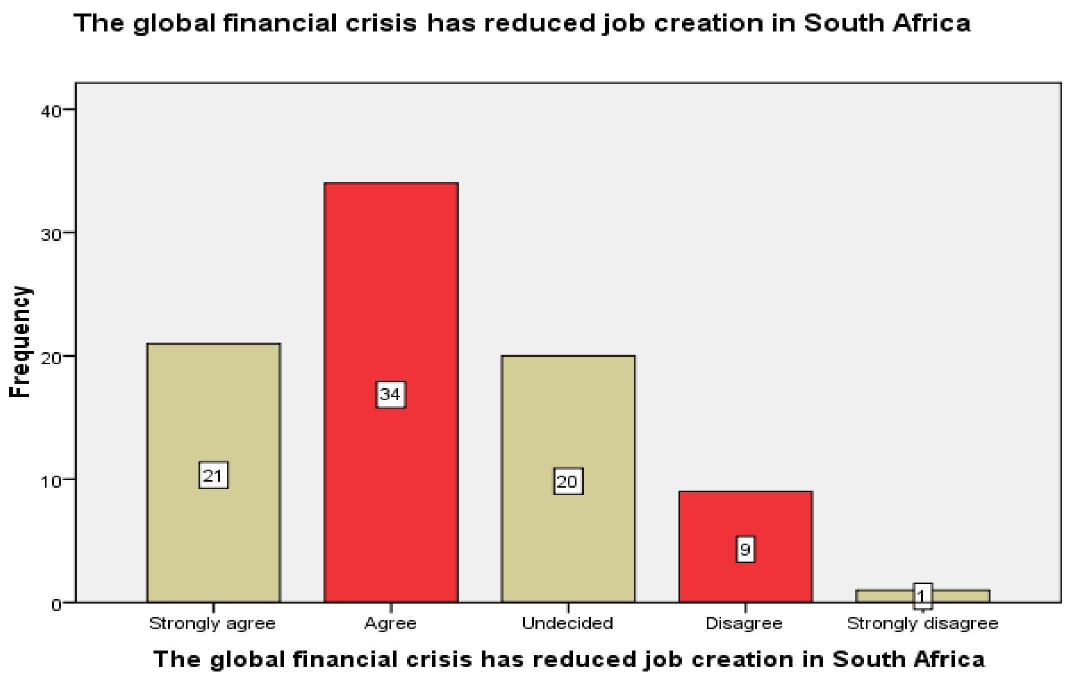

Figure 4.29: The global financial crisis has reduced job creation in South Africa

Table 4.30: The global financial crisis has not affected South African commodity prices for food and fuel

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	5	5.9	5.9	5.9
	Agree	8	9.4	9.4	15.3
	Undecided	9	10.6	10.6	25.9
	Disagree	43	50.6	50.6	76.5
	Strongly disagree	20	23.5	23.5	100.0
	Total	85	100.0	100.0	

Data in Table 4.31 indicate that 15.3% of the respondents agreed that the global financial crisis has not affected South African prices for food and fuel, 10.6% of the respondents were undecided, and 74.1% of the respondents disagreed. The frequency in Table 4.31 is displayed graphically in Figure 4.31.

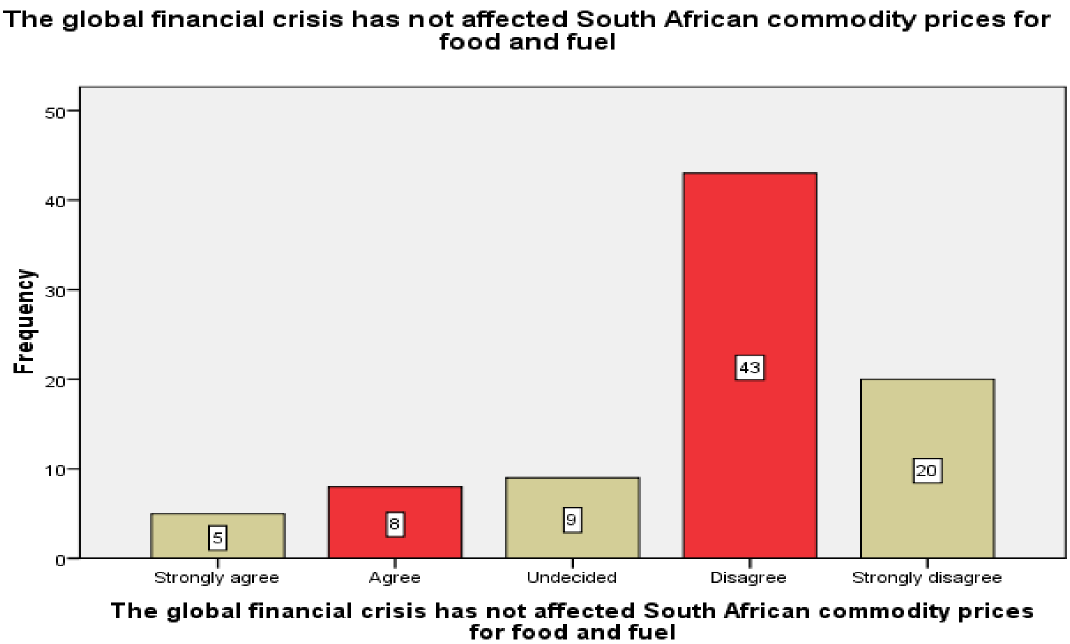

Figure 4.30: The global financial crisis has not affected South African commodity prices for food and fuel

Table 4.31: The global financial crisis has affected the South African trade market

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	22	25.9	25.9	25.9
	Agree	48	56.5	56.5	82.4
	Undecided	7	8.2	8.2	90.6
	Disagree	6	7.1	7.1	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

Data in Table 4.32 explain that 82.4% of the respondents agreed that the global financial crisis has affected the South African trade market, 8.2% of the respondents were undecided, and 9.5% of the respondents disagreed. The frequency in Table 4.32 is displayed graphically in Figure 4.32.

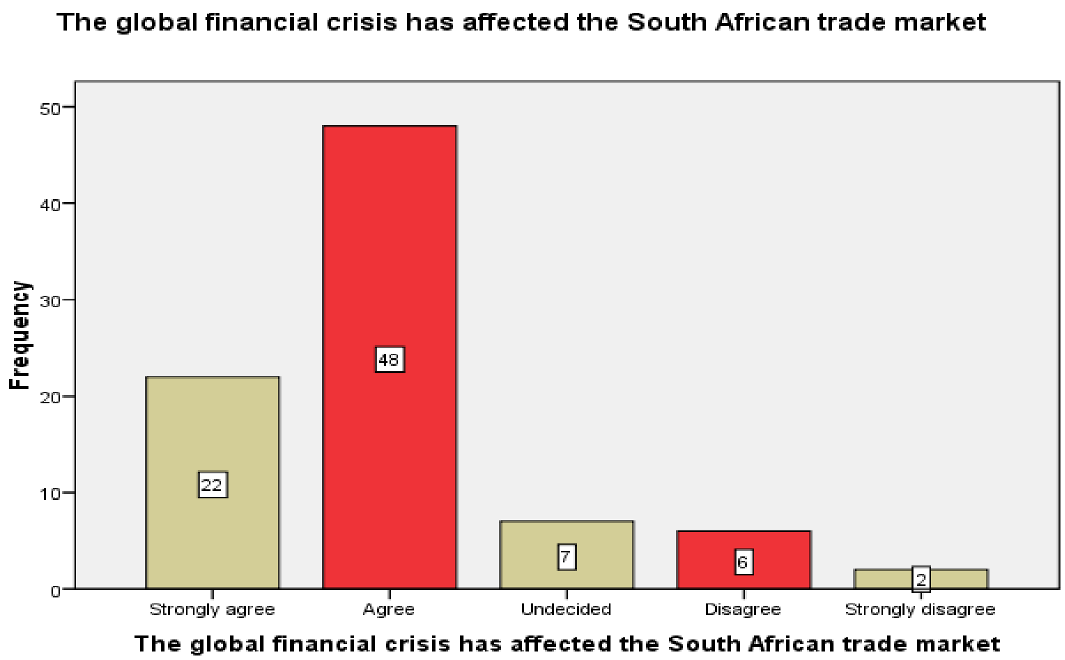

Figure 4.31: The global financial crisis has affected the South African trade market

Table 4.32: The global financial crisis has not affected South African personal income

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	9	10.6	10.6	10.6
	Agree	12	14.1	14.1	24.7
	Undecided	9	10.6	10.6	35.3
	Disagree	29	34.1	34.1	69.4
	Strongly disagree	26	30.6	30.6	100.0
	Total	85	100.0	100.0	

In the context of the impact of the global financial crisis on South African personal income, the data in Table 4.33 show that 24.7% of the respondents agreed that the global financial crisis has not affected South African personal income, 10.6% of the respondents were undecided, and 64.7% of the respondents disagreed. The frequency in Table 4.33 is displayed graphically in Figure 4.33.

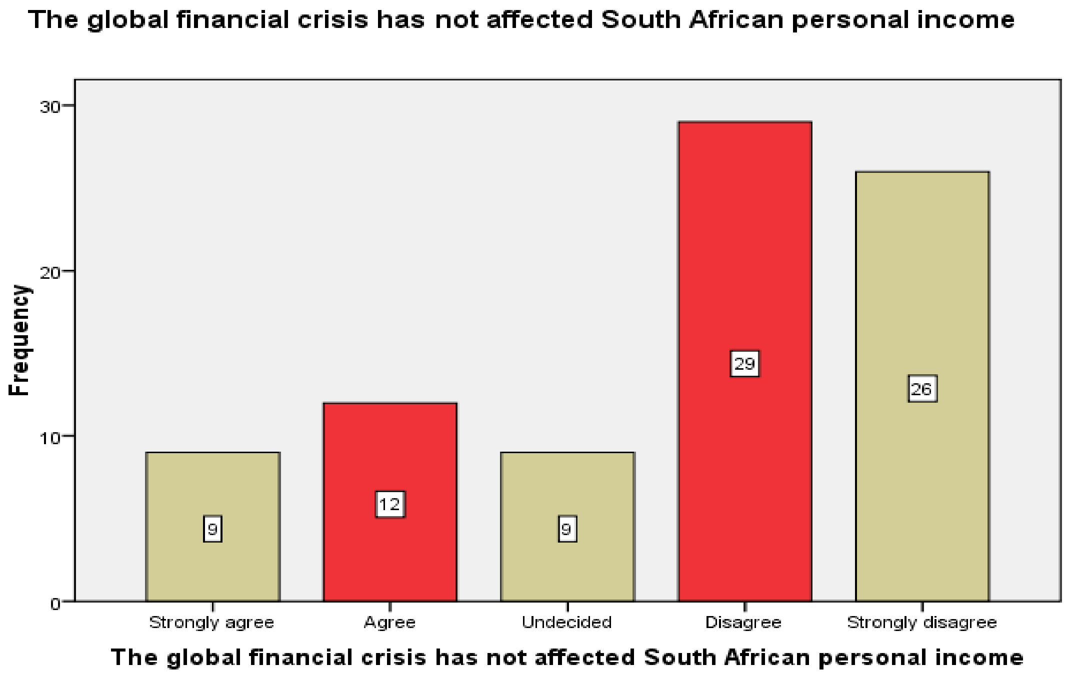

Figure 4.32: The global financial crisis has not affected South African personal income

Table 4.33: The global financial crisis has affected shopping facilities in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	16	18.8	18.8	18.8
	Agree	45	52.9	52.9	71.8
	Undecided	10	11.8	11.8	83.5
	Disagree	9	10.6	10.6	94.1
	Strongly disagree	5	5.9	5.9	100.0
	Total	85	100.0	100.0	

Data in Table 4.34 indicate that 71.8% of the respondents agreed that the global financial crisis has affected shopping facilities in South Africa, 11.8% of the respondents were undecided, and 16.5% of the respondents disagreed. The frequency in Table 4.34 is displayed graphically in Figure 4.34.

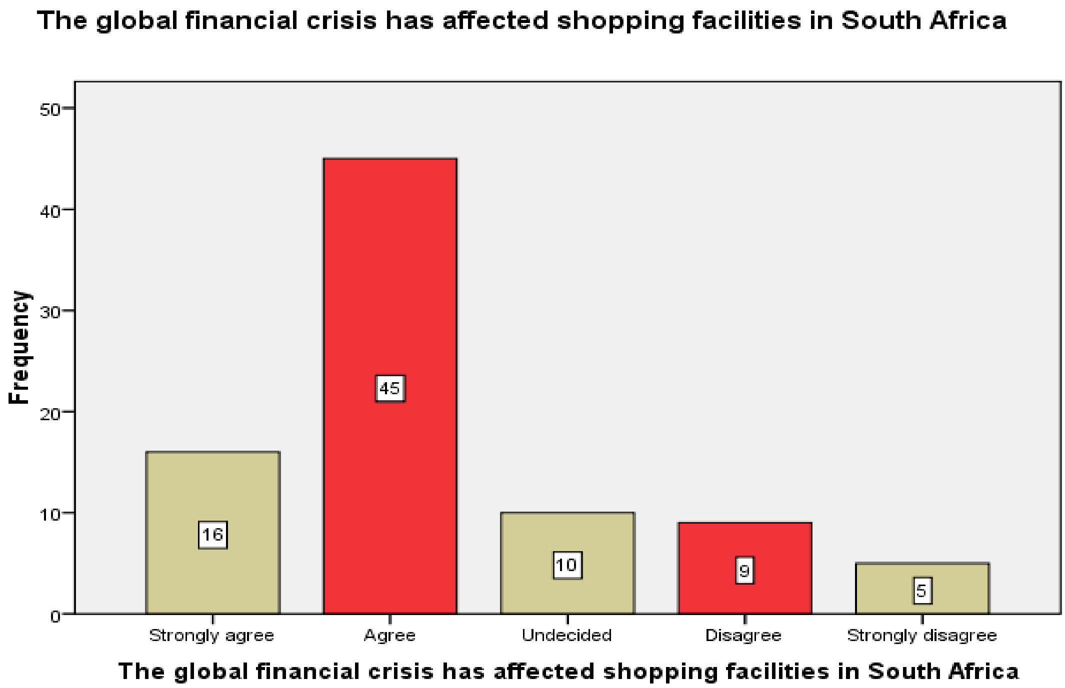

Figure 4.33: The global financial crisis has affected shopping facilities in South Africa

Table 4.34: The global financial crisis has caused a reduction in demand for electricity and has led to decreased sales in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	12	14.1	14.1	14.1
	Agree	24	28.2	28.2	42.4
	Undecided	18	21.2	21.2	63.5
	Disagree	18	21.2	21.2	84.7
	Strongly disagree	13	15.3	15.3	100.0
	Total	85	100.0	100.0	

The data in Table 4.35 explain that, with regard to the impact of the global financial crisis on South African electricity demand, 42.4% of the respondents agreed that the global financial crisis has caused a reduction in demand for electricity and has led to decreased sales in South Africa, while 21.2% of the respondents were undecided, and 36.5% of the respondents disagreed. The frequency in Table 4.35 is displayed graphically in Figure 4.35.

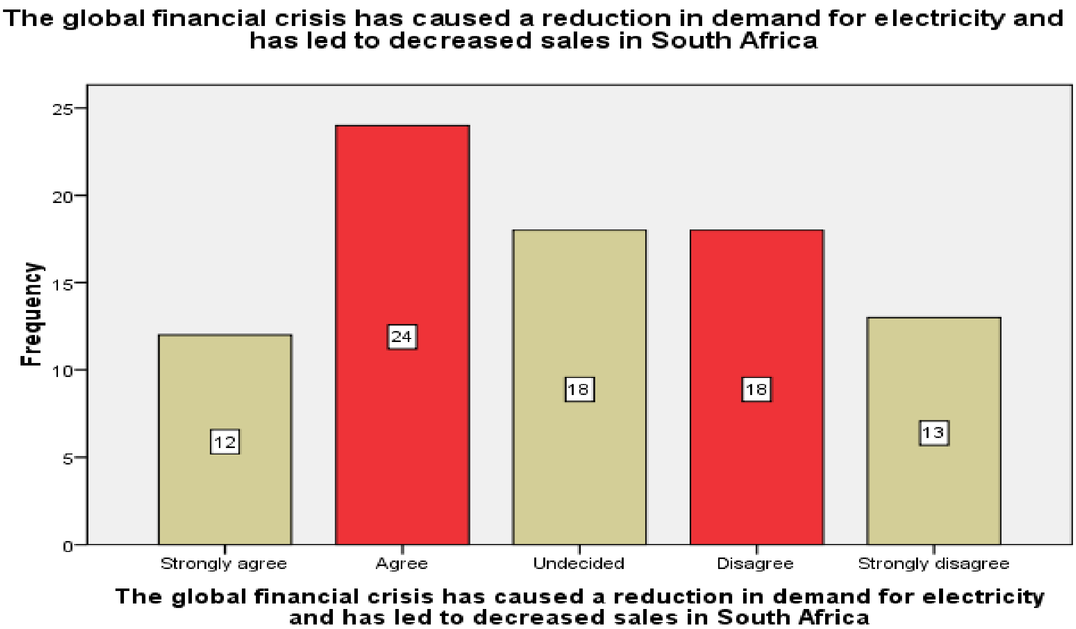

Figure 4.34: The global financial crisis has caused a reduction in demand for electricity and has led to decreased sales in South Africa

Table 4. 35: The global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	8	9.4	9.4	9.4
	Agree	28	32.9	32.9	42.4
	Undecided	30	35.3	35.3	77.6
	Disagree	13	15.3	15.3	92.9
	Strongly disagree	6	7.1	7.1	100.0
	Total	85	100.0	100.0	

Data in Table 4.36 indicate that 42.4% of the respondents agreed that the global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors, 35.3% of the respondents were undecided, and 22.4% of the respondents disagreed. The frequency in Table 4.36 is displayed graphically in Figure 4. 36.

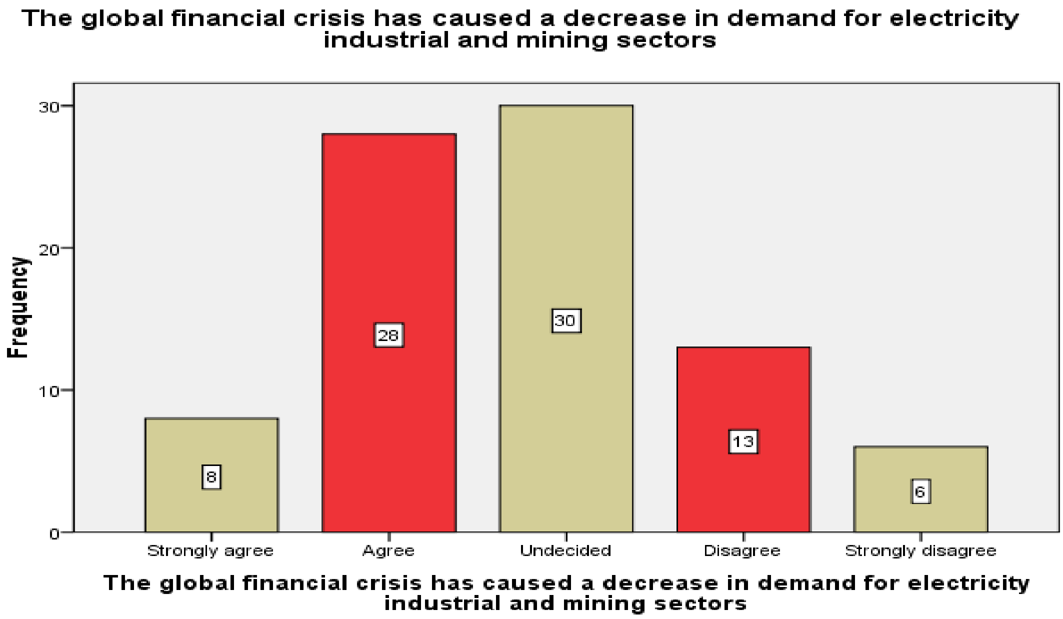

Figure 4.35: The global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors

Table 4.36: The global financial crisis has not affected the electricity price in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	7.1	7.1	7.1
	Agree	17	20.0	20.0	27.1
	Undecided	14	16.5	16.5	43.5
	Disagree	27	31.8	31.8	75.3
	Strongly disagree	21	24.7	24.7	100.0
	Total	85	100.0	100.0	

The data in Table 4.37 indicate that 27.1% of the respondents agreed that the global financial crisis has not affected the electricity price in South Africa. However, 16.5% of the respondents were undecided, and 56.5% of the respondents disagreed. The frequency in Table 4.37 is displayed graphically in Figure 4.37.

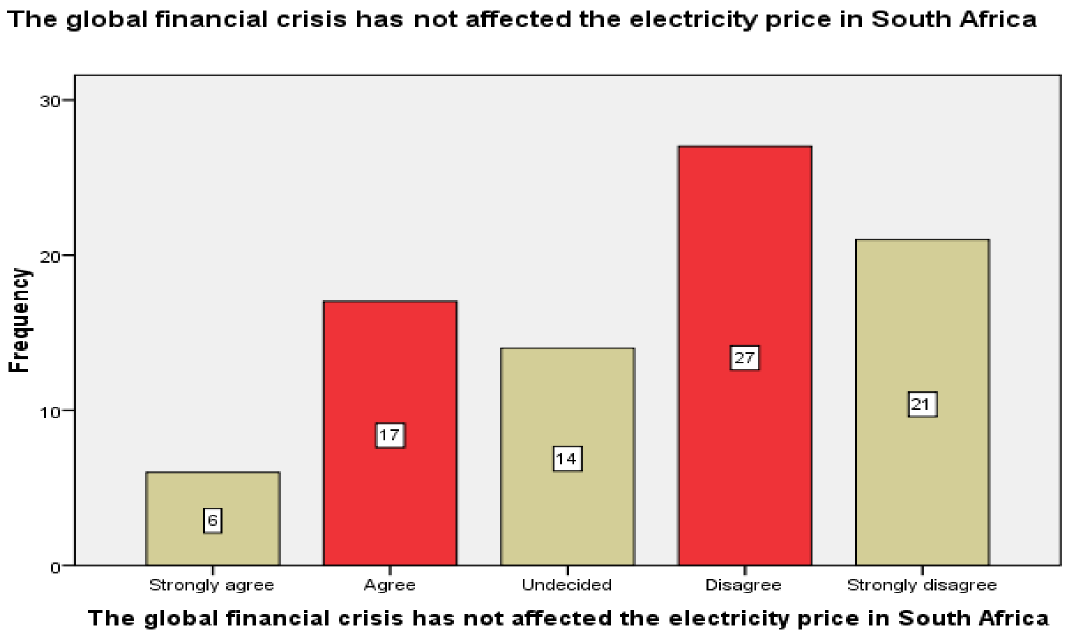

Figure 4.36: The global financial crisis has not affected the electricity price in South Africa

Table 4.37: The global financial crisis has not affected Eskom's revenue

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	4	4.7	4.7	4.7
	Agree	12	14.1	14.1	18.8
	Undecided	25	29.4	29.4	48.2
	Disagree	24	28.2	28.2	76.5
	Strongly disagree	20	23.5	23.5	100.0
	Total	85	100.0	100.0	

Concerning the impact of the global financial crisis on Eskom's revenue, the analysed data in Table 4.38 indicate that 18.8% of the respondents agreed that the global financial crisis has not affected Eskom's revenue, while 29.4% of the respondents were undecided, and 51.7% of the respondents disagreed. The frequency in Table 4.38 is displayed graphically in Figure 4.38.

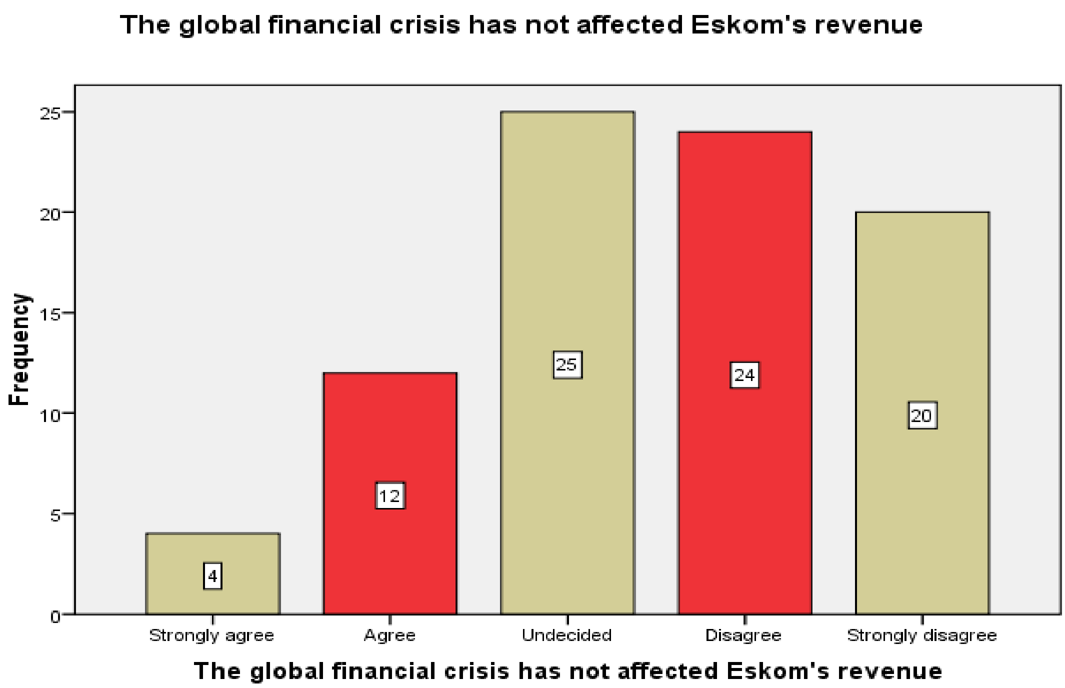

Figure 4.37: The global financial crisis has not affected Eskom's revenue

Table 4.38: The household expenditure presents a potential source of vulnerability during the recession in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	17	20.0	20.0	20.0
	Agree	49	57.6	57.6	77.6
	Undecided	17	20.0	20.0	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.39 explains that, 77.6% of the respondents agreed that household expenditure presents a potential source of vulnerability during the recession in South Africa, 20.0% of the respondents were undecided, and 2.4% of the respondents disagreed. The frequency in Table 4.39 is displayed graphically in Figure 4.39.

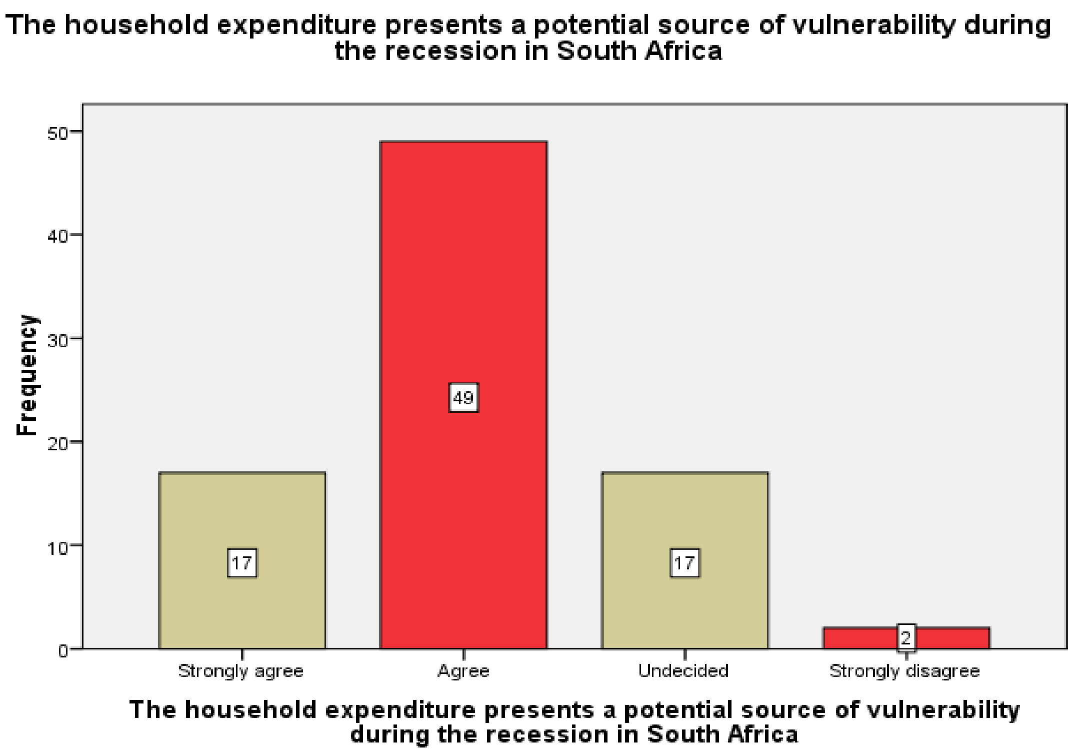

Figure 4.38: The household expenditure presents a potential source of vulnerability during the recession in South Africa

Table 4.39: Households are spending a fraction of their disposable income to finance debt during the recession

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	21	24.7	24.7	24.7
	Agree	42	49.4	49.4	74.1
	Undecided	13	15.3	15.3	89.4
	Disagree	7	8.2	8.2	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.40 indicate that 74.1% of the respondents agreed that households are spending a fraction of their disposable income to finance debt during the recession, 15.3% of the respondents were undecided, and 10.6% of the respondents disagreed. The frequency in Table 4.40 is displayed graphically in Figure 4.40.

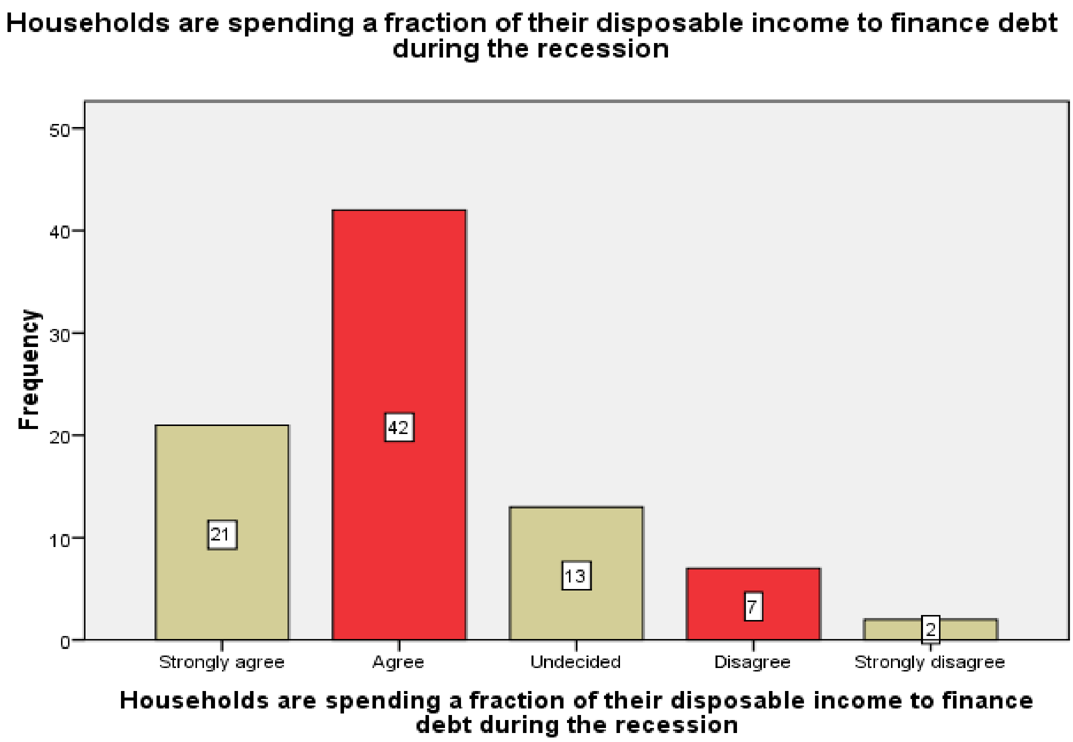

Figure 4.39: Households are spending a fraction of their disposable income to finance debt during the recession

Table 4.40: The global financial crisis has affected the level of activity in the residential property market in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	16	18.8	18.8	18.8
	Agree	49	57.6	57.6	76.5
	Undecided	16	18.8	18.8	95.3
	Disagree	2	2.4	2.4	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.41 explain that 76.5% of the respondents agreed that the global financial crisis has affected the level of activity in the residential property market, 18.8% of the respondents were undecided, and 4.8% of the respondents disagreed. The frequency in Table 4.41 is displayed graphically in Figure 4.41.

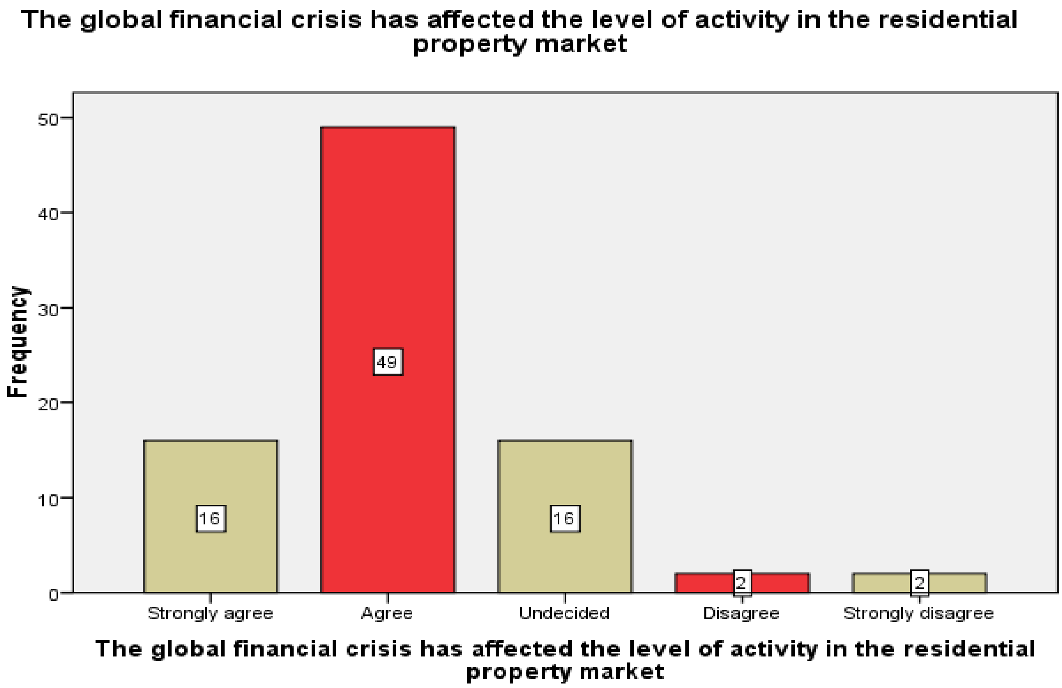

Figure 4.40: The global financial crisis has affected the level of activity in the residential property market

Table 4.41: The global financial crisis affected the annual growth rate of house prices in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	16	18.8	18.8	18.8
	Agree	45	52.9	52.9	71.8
	Undecided	14	16.5	16.5	88.2
	Disagree	7	8.2	8.2	96.5
	Strongly disagree	3	3.5	3.5	100.0
	Total	85	100.0	100.0	

In terms of South African house prices, the data in Table 4.42 confirm that 70.17% of the respondents agreed that the global financial crisis has affect the annual growth rate of house prices in South Africa, 16.5% of the respondents were undecided, and 11.7% of the respondents disagreed. The frequency in Table 4.42 is displayed graphically in Figure 4.42.

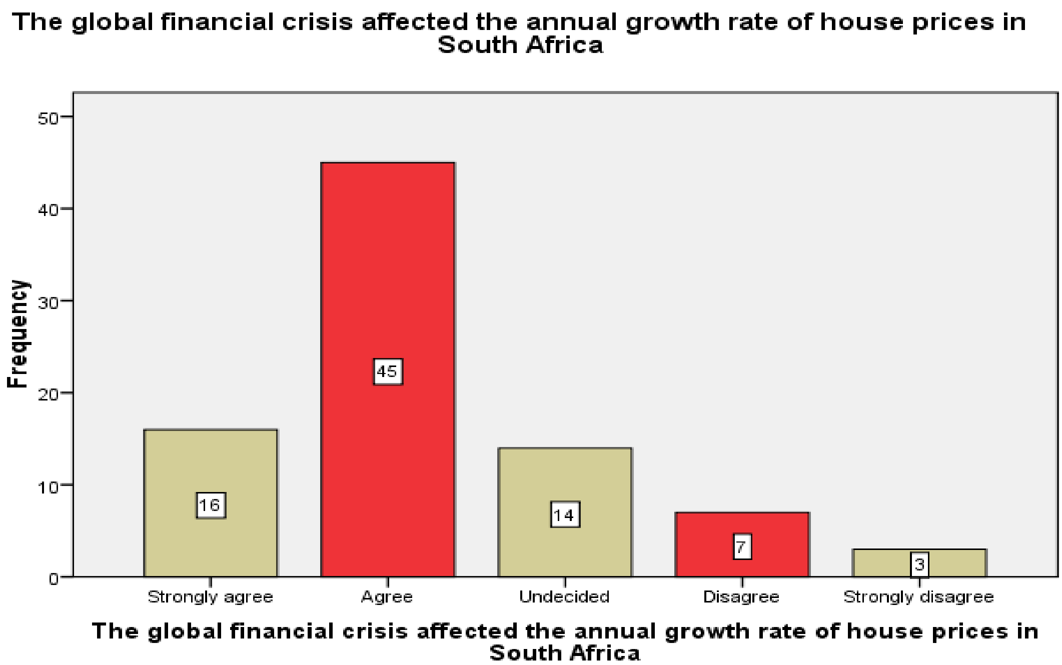

Figure 4.41: The global financial crisis has affected the annual growth rate of house prices in South Africa

Table 4.42: The global financial crisis has not affected the oil price in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	5	5.9	5.9	5.9
	Agree	12	14.1	14.1	20.0
	Undecided	19	22.4	22.4	42.4
	Disagree	31	36.5	36.5	78.8
	Strongly disagree	18	21.2	21.2	100.0
	Total	85	100.0	100.0	

Concerning the impact of the global financial crisis on South African oil prices, data in Table 4.43 indicate that 20.0% of the respondents agreed that the global financial crisis has not affected the oil price in South Africa, 22.4% of the respondents were undecided, and 57.7% of the respondents disagreed. The frequency in Table 4.43 is displayed graphically in Figure 4.43.

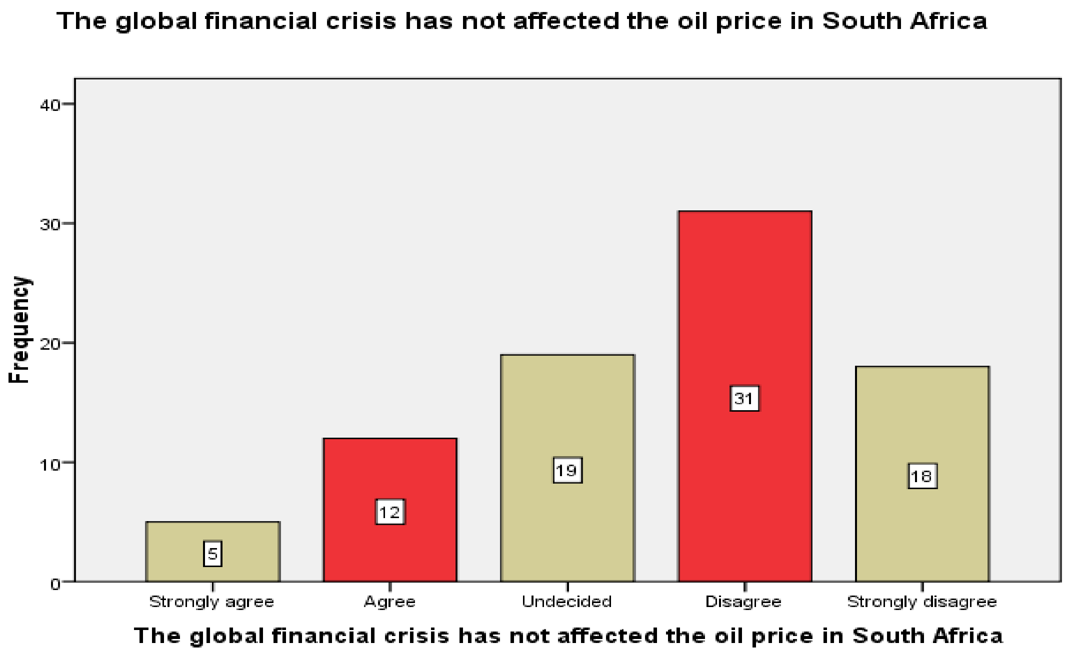

Figure 4.42: The global financial crisis has not affected the oil price in South Africa

Table 4.43: The global financial crisis has caused South African financial institutions to reduce liquidity and to cut interest rates to stimulate the economy

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	17	20.0	20.0	20.0
	Agree	37	43.5	43.5	63.5
	Undecided	23	27.1	27.1	90.6
	Disagree	6	7.1	7.1	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.44 outline that 63.5% of the respondents agreed that the global financial crisis has caused South African financial institutions to reduce liquidity and to cut interest rates to stimulate the economy, while 27%.1 of the respondents were undecided, and 9.5% of the respondents disagreed. The frequency in Table 4.44 is displayed graphically in Figure 4.44.

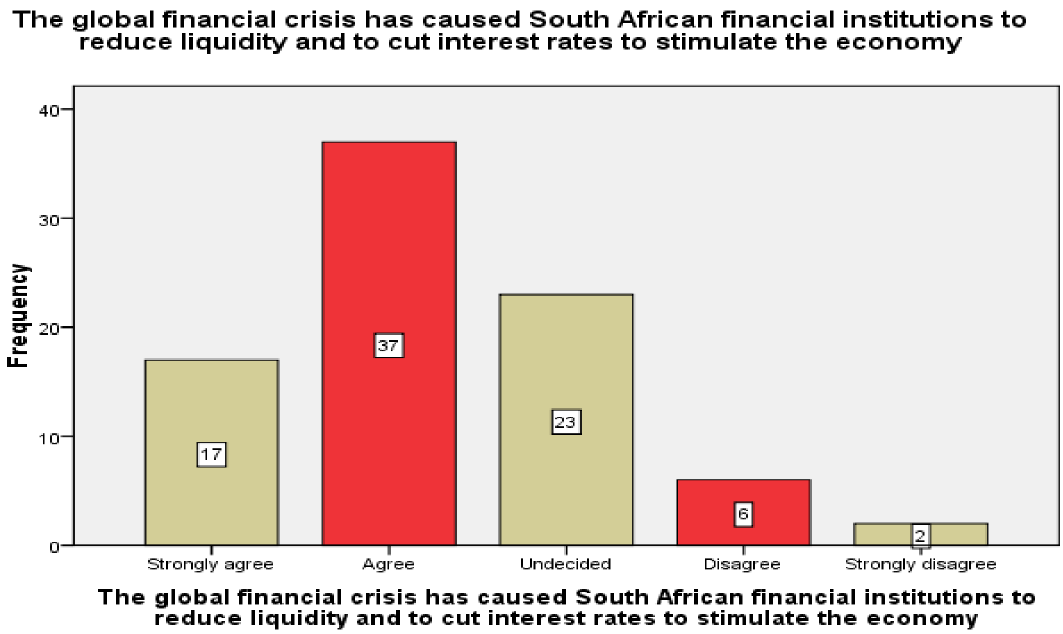

Figure 4.43: The global financial crisis has caused South African financial institutions to reduce liquidity and to cut interest rates to stimulate the economy

Table 4.44: The global financial crisis has affected the South African mining and manufacturing sector due to low consumer demand

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	28	32.9	32.9	32.9
	Agree	32	37.6	37.6	70.6
	Undecided	20	23.5	23.5	94.1
	Disagree	4	4.7	4.7	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

The findings in Table 4.45 inform that 70.6% of the respondents agreed that the global financial crisis has affected the South African mining and manufacturing sector due to low consumer demand, 23.5% of the respondents were undecided, and 5.9% of the respondents disagreed. The frequency in Table 4.45 is displayed graphically in Figure 4.45.

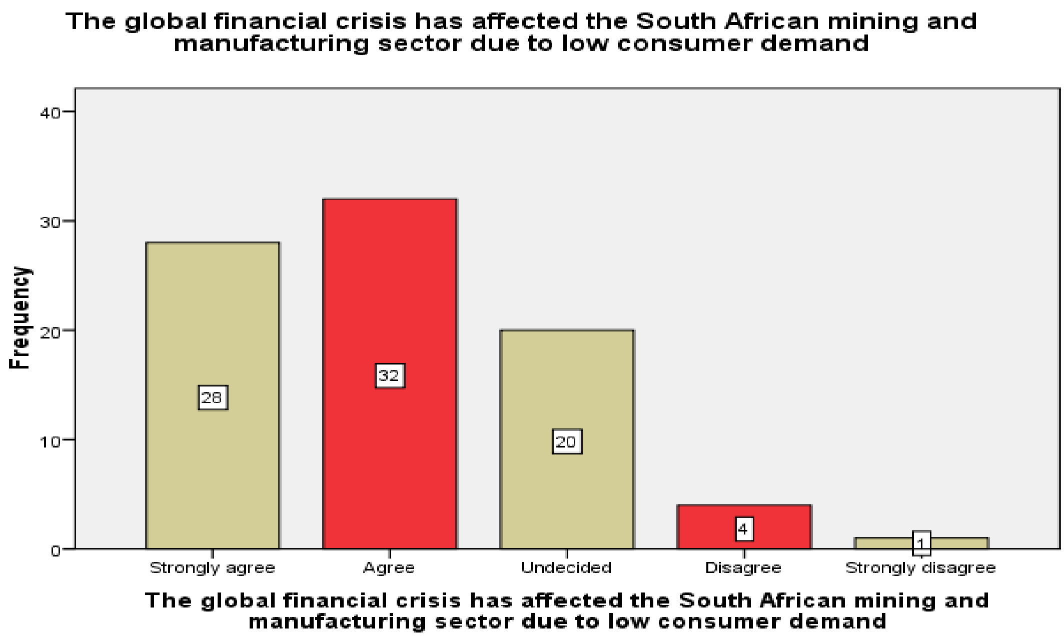

Figure 4.44: The global financial crisis has affected the South African mining and manufacturing sector due to low consumer demand

Table 4.45: Employment opportunities have been impacted by South African exports being under pressure

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	23	27.1	27.1	27.1
	Agree	42	49.4	49.4	76.5
	Undecided	16	18.8	18.8	95.3
	Disagree	2	2.4	2.4	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.46 show that 76.5% of the respondents agreed that employment opportunities have been negatively affected by the global financial crisis, while 18.8% of the respondents were undecided, and 4.8% of the respondents disagreed. The frequency in Table 4.46 is displayed graphically in Figure 4.46.

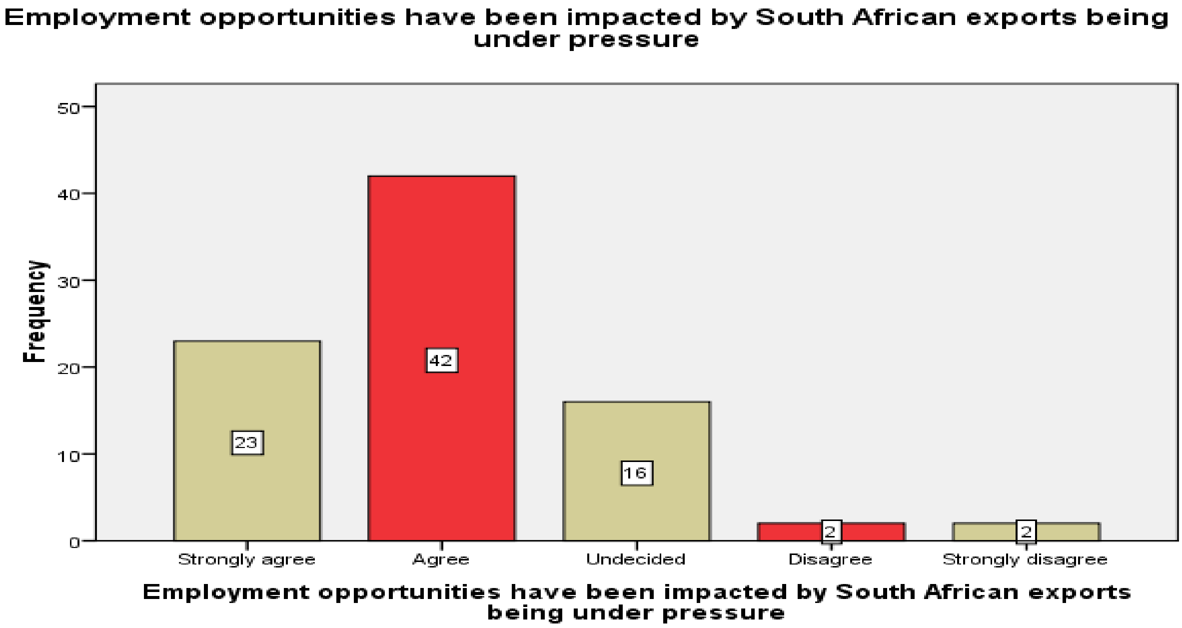

Figure 4.45: Employment opportunities have been impacted by South African exports being under pressure

Table 4.46: Mining production has been impacted by South African exports being under pressure

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	20	23.5	23.5	23.5
	Agree	44	51.8	51.8	75.3
	Undecided	18	21.2	21.2	96.5
	Disagree	2	2.4	2.4	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

The data in Table 4.47 indicate that 75.3% of the respondents agreed that mining production has been impacted by the global financial crisis, 21.2% of the respondents were undecided, and 3.6% of the respondents disagreed. The frequency in Table 4.47 is displayed graphically in Figure 4.47.

Figure 4.46: Mining production has been impacted by South African exports being under pressure

Table 4.47: Economic growth has been impacted by South African exports being under pressure

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	24	28.2	28.2	28.2
	Agree	41	48.2	48.2	76.5
	Undecided	16	18.8	18.8	95.3
	Disagree	2	2.4	2.4	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.48 explain that, 76.5% of the respondents have agreed that economic growth has been impacted by the global financial crisis, while 18.8% of the respondents were undecided, and only 4.8% of the respondents disagreed. The frequency in Table 4.48 is displayed graphically in Figure 4.48.

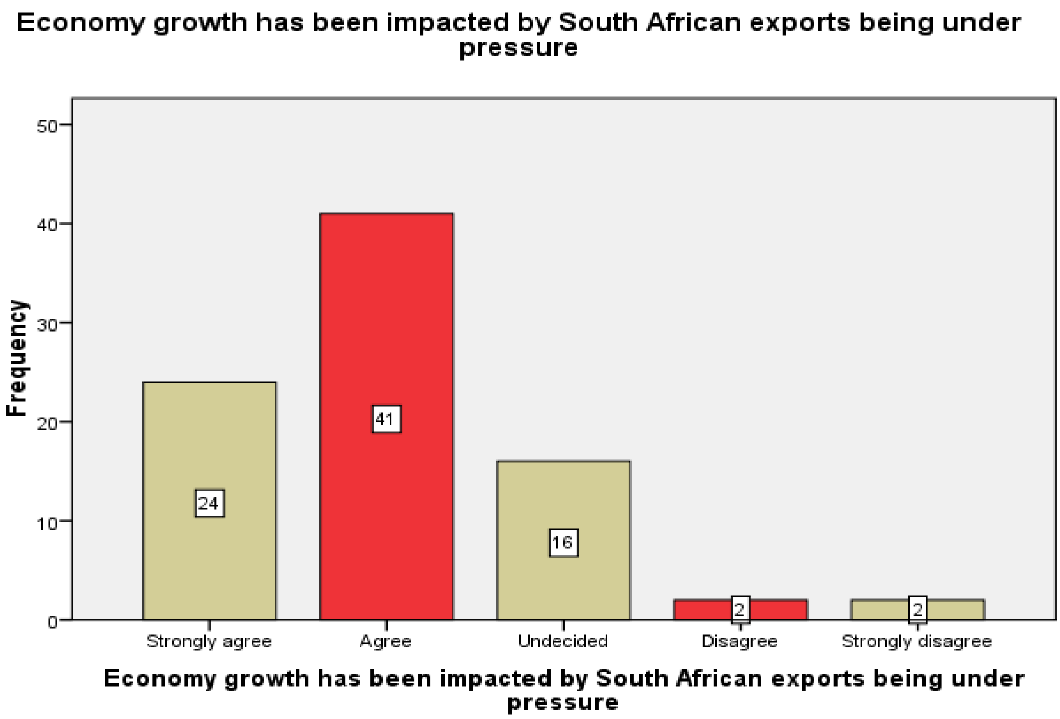

Figure 4. 47: Economic growth has been impacted by South African exports being under pressure

Table 4.48: The global financial crisis has not affected the South African mining sector more than others sectors

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	3	3.5	3.5	3.5
	Agree	23	27.1	27.1	30.6
	Undecided	18	21.2	21.2	51.8
	Disagree	30	35.3	35.3	87.1
	Strongly disagree	11	12.9	12.9	100.0
	Total	85	100.0	100.0	

In Table 4.49 the data show that 30.6% of the respondents agreed that the global financial crisis has not affected the South African mining sectors more than other sectors, 21.2% of the respondents were undecided, and 48.2% of the respondents disagreed. The frequency in Table 4.49 is displayed graphically in Figure 4.49.

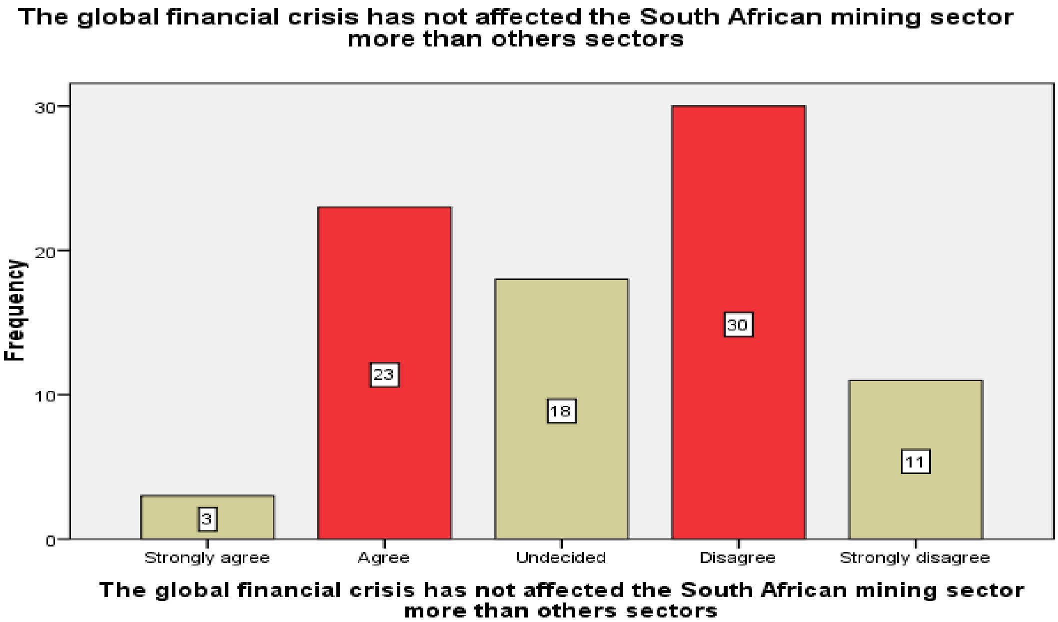

Figure 4.48: The global financial crisis has not affected the South African mining sector more than others sectors

Table 4.49: Mining companies are expecting a significant decline in demand for commodities from the world's emerging economies during the recession in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	16	18.8	18.8	18.8
	Agree	38	44.7	44.7	63.5
	Undecided	22	25.9	25.9	89.4
	Disagree	7	8.2	8.2	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

Data in Table 4.50 indicate that 63.5% of the respondents agreed that mining companies are expecting a significant decline in demand for commodities from the world's emerging economies during the recession in South Africa, while 25.9% of the respondents were undecided, and 10.6% of the respondents disagreed. The frequency in Table 4.50 is displayed graphically in Figure 4.50.

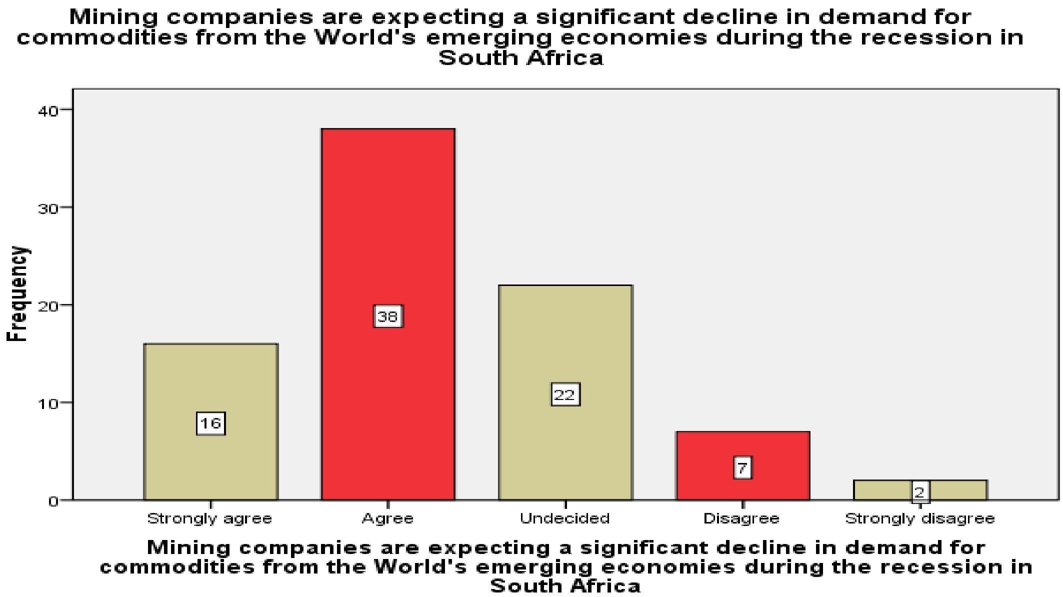

Figure 4.49: Mining companies are expecting a significant decline in demand for commodities from the World's emerging economies during the recession in South Africa

Table 4.50: Mining companies have reduced production and introduced staff cutbacks during the recession in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	21	24.7	24.7	24.7
	Agree	39	45.9	45.9	70.6
	Undecided	20	23.5	23.5	94.1
	Disagree	5	5.9	5.9	100.0
	Total	85	100.0	100.0	

Data in Table 4.51 indicate that 70.6% of the respondents agreed that the mining companies have reduced production and introduced staff cutbacks during the recession in South Africa, 23.5% of the respondents were undecided, and 5.9% of the respondents disagreed. The frequency in Table 4.51 is displayed graphically in Figure 4.51.

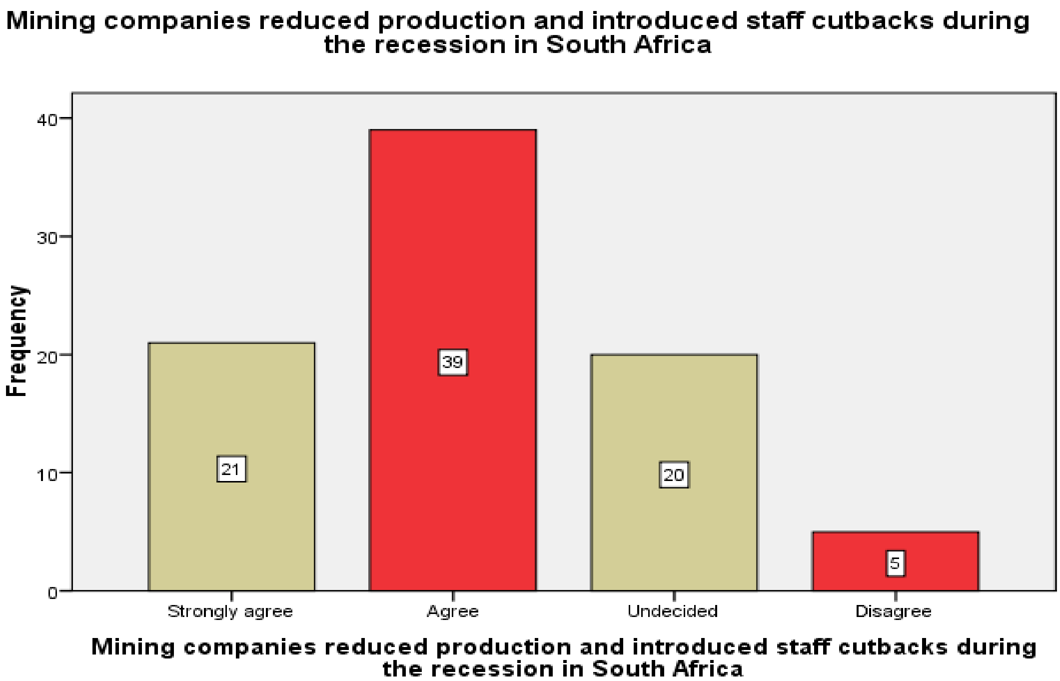

Figure 4.50: Mining companies have reduced production and introduced staff cutbacks during the recession in South Africa

Table 4.51: The global financial crisis has affected the emerging market in general in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	20	23.5	23.5	23.5
	Agree	39	45.9	45.9	69.4
	Undecided	19	22.4	22.4	91.8
	Disagree	6	7.1	7.1	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

The data in Table 5.52 indicate that 69.4% of the respondents agreed that the global financial crisis has affected the emerging market in general in South Africa, 22.4% of the respondents were undecided, and 8.3% of the respondents disagreed. The frequency in Table 5.52 is displayed graphically in Figure 5.52.

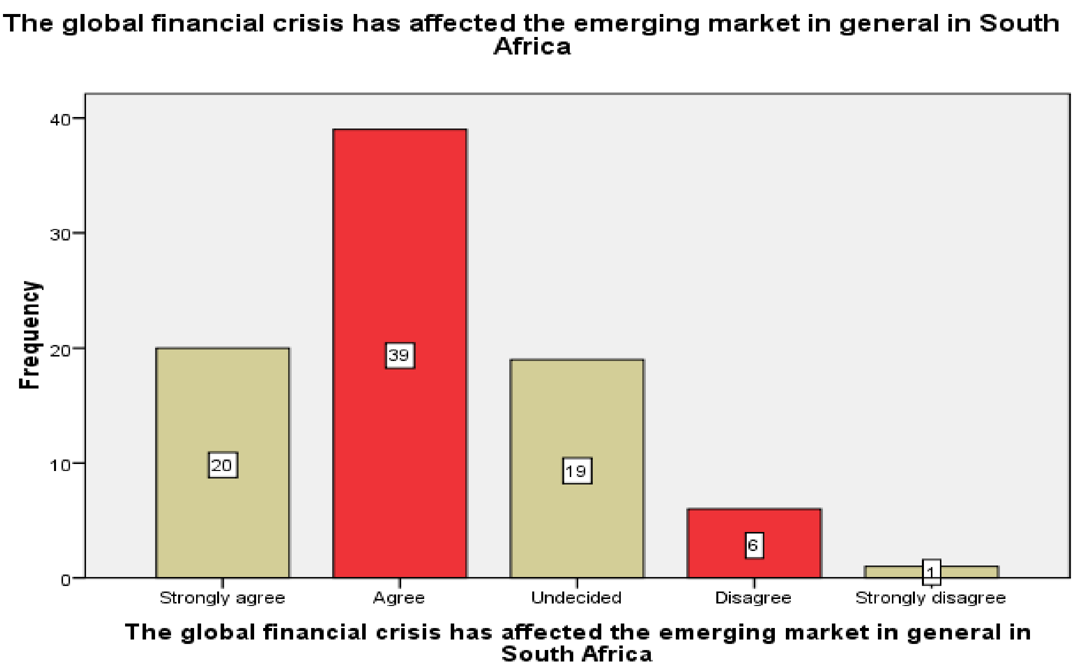

Figure 4.51: The global financial crisis has affected the emerging market in general in South Africa

Table 4.52: The South African Rand has lost 40% of its value during the recession

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	8	9.4	9.4	9.4
	Agree	16	18.8	18.8	28.2
	Undecided	43	50.6	50.6	78.8
	Disagree	13	15.3	15.3	94.1
	Strongly disagree	5	5.9	5.9	100.0
	Total	85	100.0	100.0	

The data in Table 5.53 indicate that 28.2% of the respondents agreed that the South African Rand has lost 40% of its value during the recession, 50.6% of the respondents were undecided, and 21.2% of the respondents disagreed. The frequency in Table 5.53 is displayed graphically in Figure 5.53.

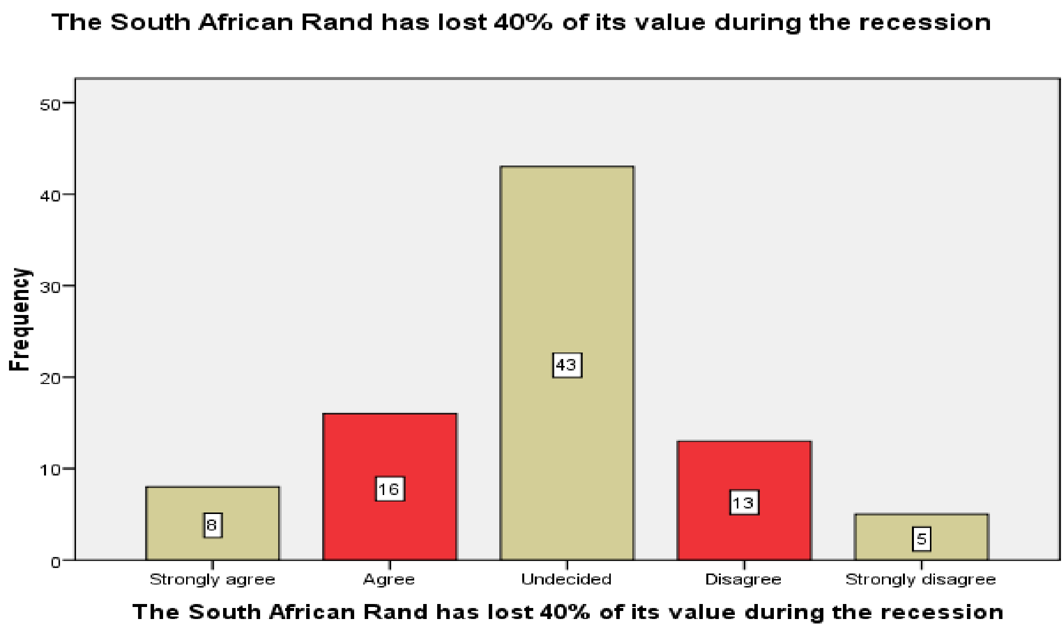

Figure 4.52: The South African Rand has lost 40% of its value during the recession

Table 4.53: The South African current account is in deficit because of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	7.1	7.1	7.1
	Agree	26	30.6	30.6	37.6
	Undecided	41	48.2	48.2	85.9
	Disagree	10	11.8	11.8	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

Concerning the global financial crisis's impact on the South African current account, the data in Table 4.54 indicate that 37.6% of the respondents agreed that the South African current account is in deficit because of the global financial crisis, 48.2% of the respondents were undecided, and 14.2% of the respondents disagreed. The frequency in Table 4.54 is displayed graphically in Figure 4.54.

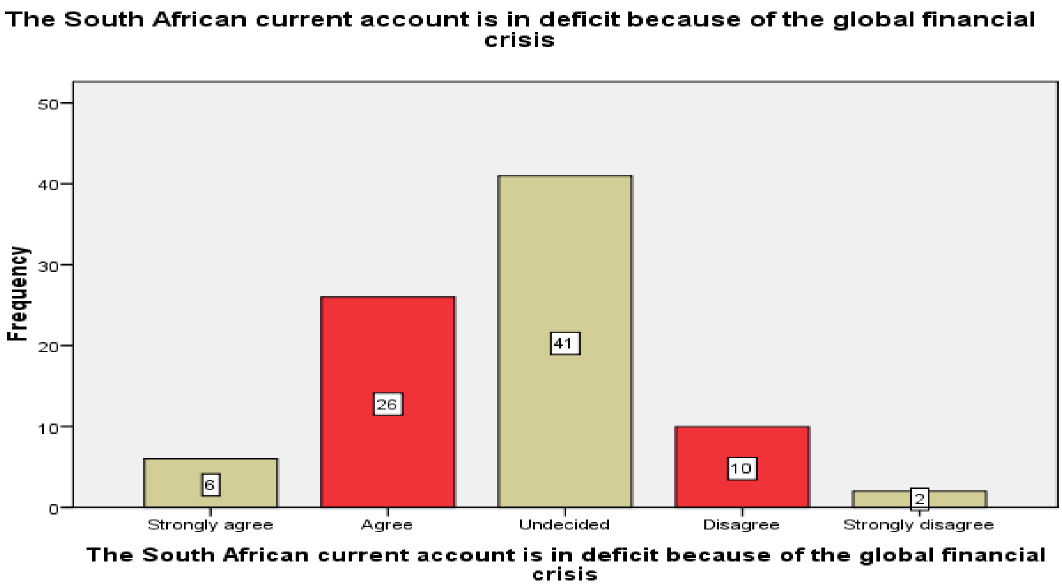

Figure 4.53: The South African current account is in deficit because of the global financial crisis

Table 4.54: South African agricultural production is decreasing as a consequence of the recession

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	12	14.1	14.1	14.1
	Agree	22	25.9	25.9	40.0
	Undecided	31	36.5	36.5	76.5
	Disagree	14	16.5	16.5	92.9
	Strongly disagree	6	7.1	7.1	100.0
	Total	85	100.0	100.0	

Concerning the impact of the global financial crisis on South African agricultural production, the data in Table 4.55 indicate that 40.0% of the respondents agreed that South African agricultural production has been negatively affected by the global financial recession, 36.5% of the respondents were undecided, and 23.6% of the respondents disagreed with the statement. The frequency in Table 4.55 is displayed graphically in Figure 4.55.

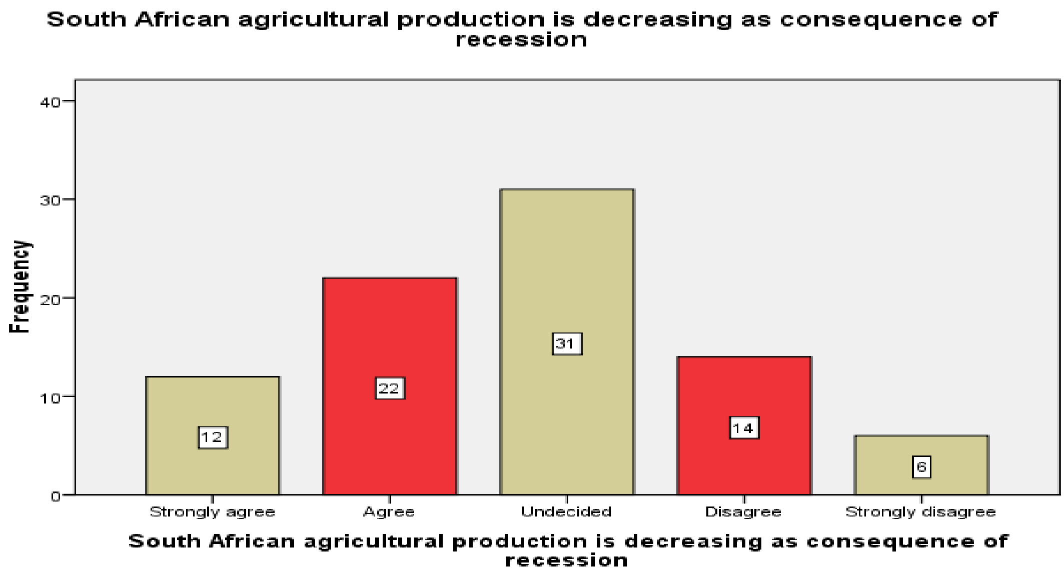

Figure 4.54: South African agricultural production is decreasing as a consequence of the recession

Table 4.55: The global financial crisis has not affected the South African export market

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	5	5.9	5.9	5.9
	Agree	12	14.1	14.1	20.0
	Undecided	24	28.2	28.2	48.2
	Disagree	21	24.7	24.7	72.9
	Strongly disagree	23	27.1	27.1	100.0
	Total	85	100.0	100.0	

The data in Table 4.56 reveal that 20.0% of the respondents agreed that the global financial crisis has not affected the South African export market, 28.2% of the respondents were undecided, and 51.8% of the respondents disagreed. The frequency in Table 4.56 is displayed graphically in Figure 4.56.

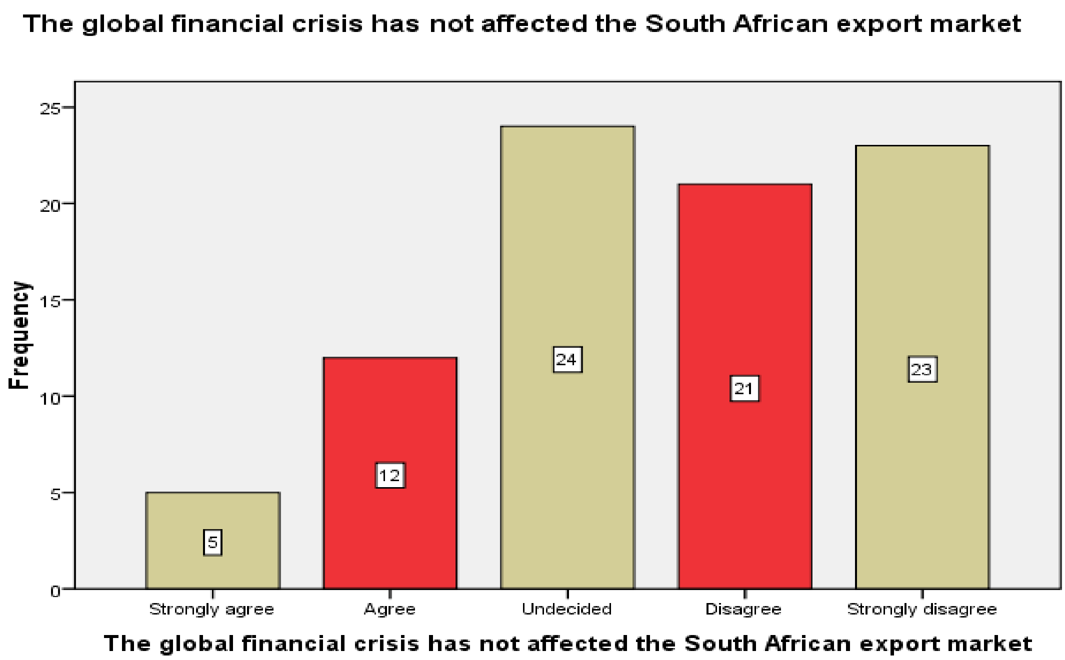

Figure 4.55: The global financial crisis has not affected the South African export market

Table 4.56: Credit has become difficult to obtain during the recession

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	15	17.6	17.6	17.6
	Agree	46	54.1	54.1	71.8
	Undecided	16	18.8	18.8	90.6
	Disagree	5	5.9	5.9	96.5
	Strongly disagree	3	3.5	3.5	100.0
	Total	85	100.0	100.0	

Concerning the global financial crisis's impact on the South African government's challenge to obtain credit, the data in Table 4.57 indicate that 71.8% of the respondents agreed that credit has become difficult to obtain during the recession in South Africa, while 18.8% of the respondents were undecided, and 9.4% of the respondents disagreed. The frequency in Table 4.57 is displayed graphically in Figure 4.57.

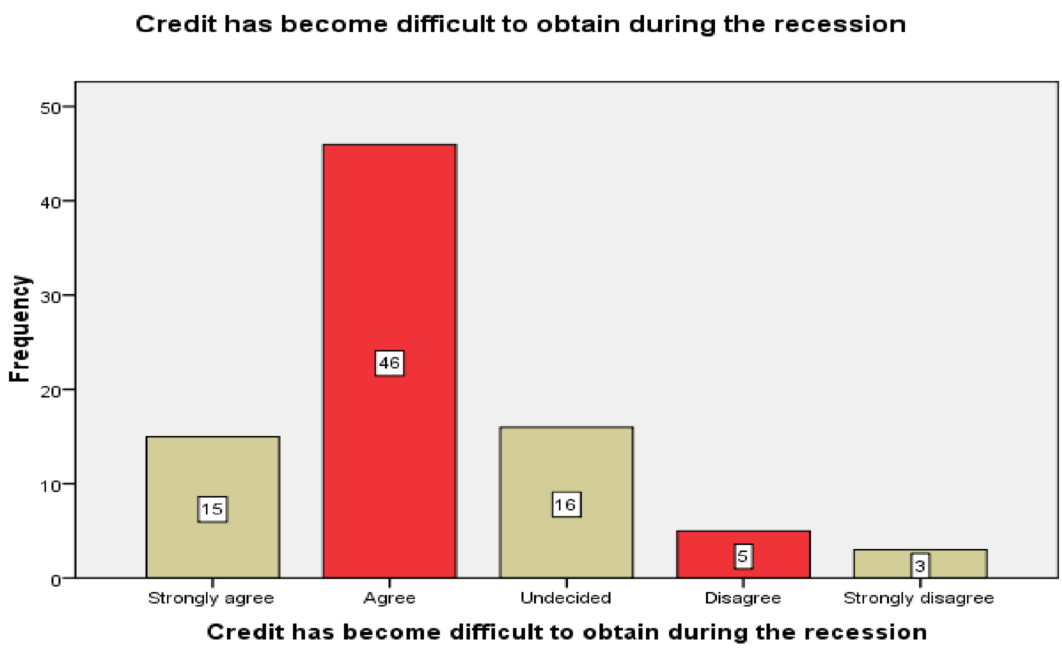

Figure 4.56: Credit has become difficult to obtain during the recession

Table 4.57: The South African remittance and private portfolio flows are dropping because of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	13	15.3	15.3	15.3
	Agree	40	47.1	47.1	62.4
	Undecided	28	32.9	32.9	95.3
	Disagree	2	2.4	2.4	97.6
	Strongly disagree	2	2.4	2.4	100.0
	Total	85	100.0	100.0	

The data in Table 4.58 reveal that 62.4% of the respondents agreed that South African remittance and private portfolio flows are dropping because of the global financial crisis. While 32.9% of the respondents were undecided, and 4.8% of the respondents disagreed. The frequency in Table 4. 58 is displayed graphically in Figure 4.58.

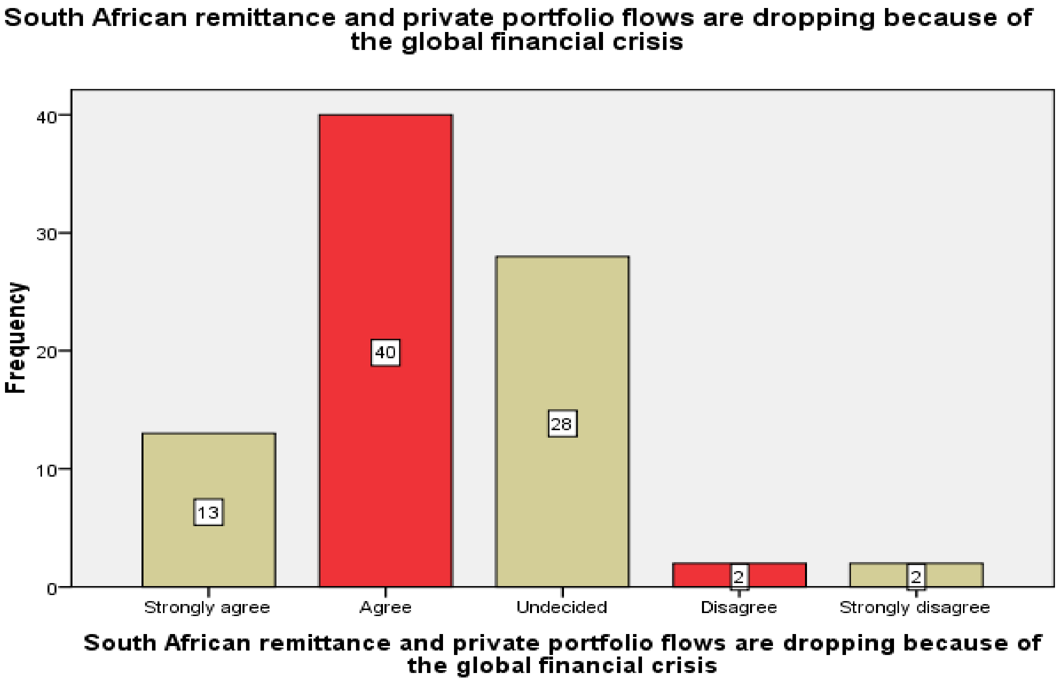

Figure 4.57: South African remittance and private portfolio flows are dropping because of the global financial crisis

Table 4.58: South Africa lost 400 000 jobs in 2009 because of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	19	22.4	22.4	22.4
	Agree	29	34.1	34.1	56.5
	Undecided	26	30.6	30.6	87.1
	Disagree	5	5.9	5.9	92.9
	Strongly disagree	6	7.1	7.1	100.0
	Total	85	100.0	100.0	

Concerning the impact of the global financial crisis on South African work opportunities, the data in Table 4.59 indicate that 56.5% of the respondents agreed that 400 000 jobs were lost in 2009 because of the global financial crisis, 30.6% of the respondents were undecided, and 13% of the respondents disagreed. The frequency in Table 4.59 is displayed graphically in Figure 4.59.

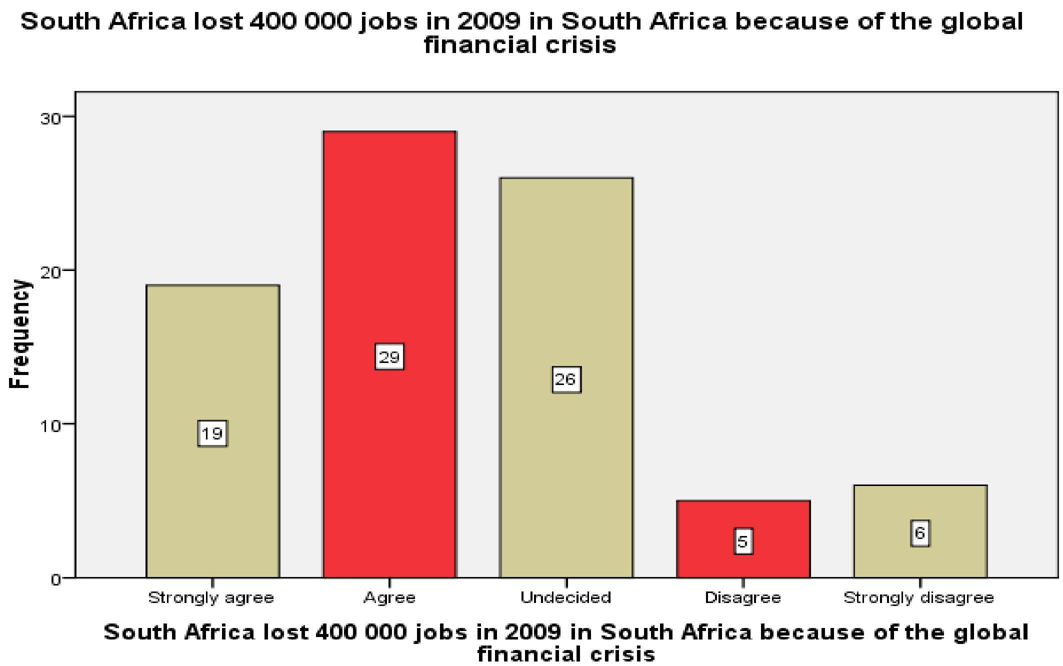

Figure 4.58: South Africa lost 400 00 jobs in 2009 because of the global financial crisis

Table 4.59: The unemployment rate rose to 40% in 2009 because of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	14	16.5	16.5	16.5
	Agree	28	32.9	32.9	49.4
	Undecided	30	35.3	35.3	84.7
	Disagree	9	10.6	10.6	95.3
	Strongly disagree	4	4.7	4.7	100.0
	Total	85	100.0	100.0	

In terms of the impact of the global financial crisis on South African unemployment, the data in Table 4.60 show that 49.4% of the respondents agreed that the unemployment rate rose to 40% in 2009 because of the global financial crisis, while, 35.3% of the respondents were undecided, and 15.3% of the respondents disagreed. The frequency in Table 4.60 is displayed graphically in Figure 4.60.

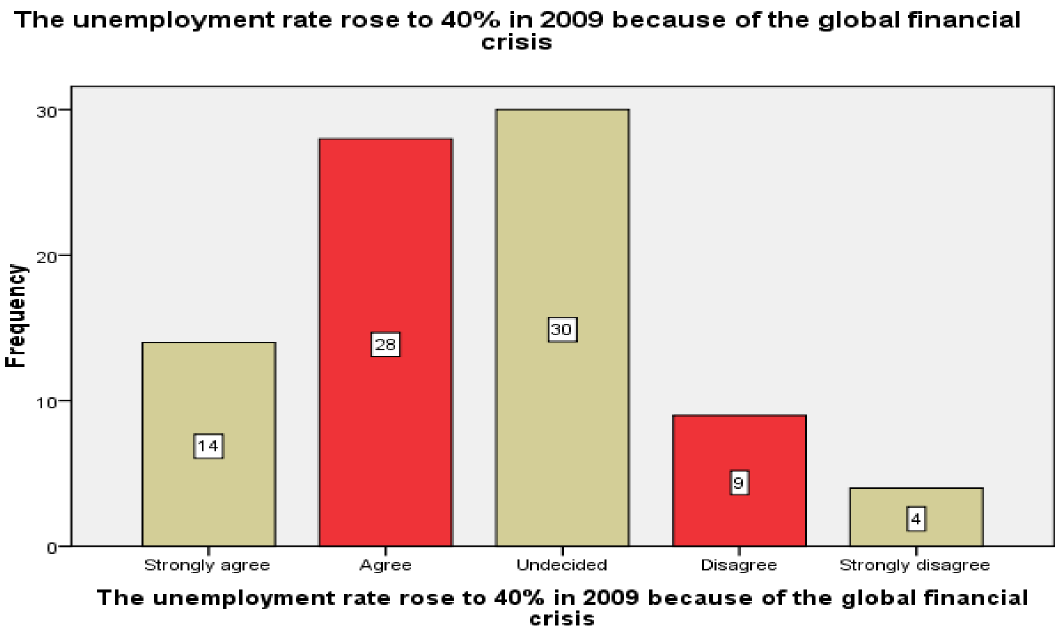

Figure 4.59: The unemployment rate rose to 40% in 2009 because of the global financial crisis

Table 4.60: A loss of employment opportunities could mean further jobs losses, especially in rural towns and areas that depend on the mining sector

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	23	27.1	27.1	27.1
	Agree	41	48.2	48.2	75.3
	Undecided	17	20.0	20.0	95.3
	Disagree	3	3.5	3.5	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

The data in Table 4.61 indicate that 75.3% of the respondents agreed that a loss of employment opportunities could mean further jobs losses, especially in rural towns and areas where the economy depends on mining production, 20.0% of the respondents were undecided, and 4.7% of the respondents disagreed. The frequency in Table 4.61 is displayed graphically in Figure 4.61.

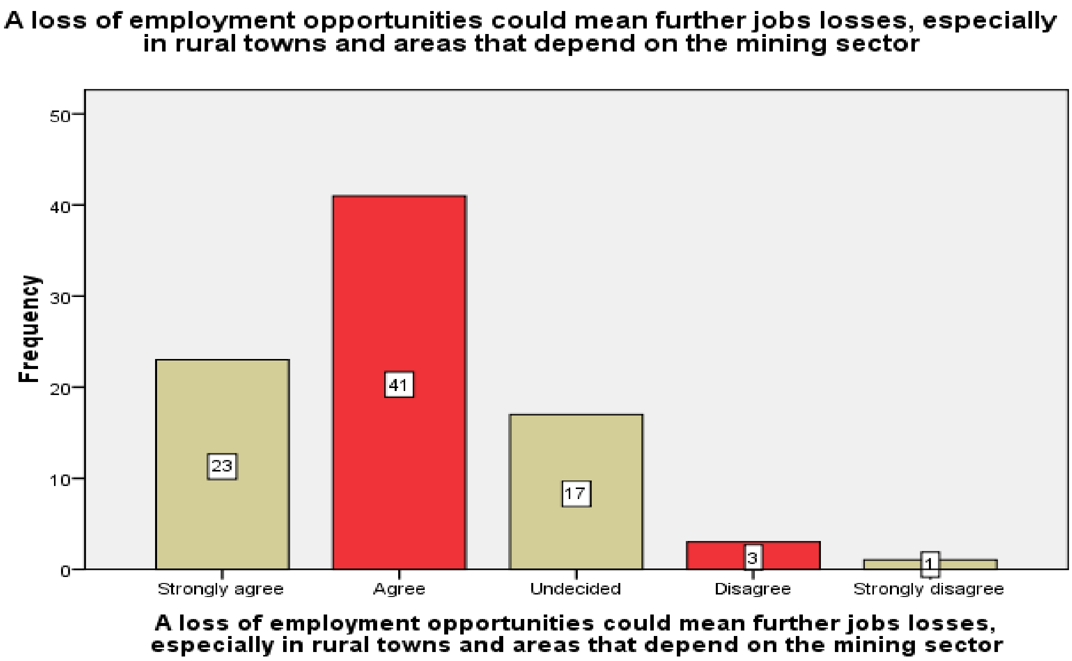

Figure 4. 60: A loss of employment opportunities could mean further jobs losses, especially in rural towns and areas that depend on the mining sector

Table 4.61: Unemployment among South African youth increased in the first semester of 2009 because of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	17	20.0	20.0	20.0
	Agree	21	24.7	24.7	44.7
	Undecided	39	45.9	45.9	90.6
	Disagree	7	8.2	8.2	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

Concerning the rate of unemployment among South African youth, the data in Table 4.62 indicate that 44.7% of the respondents agreed that this is due to the impact of the global financial crisis on the economy of South Africa, 45.9% of the respondents were undecided, and 9.4% of the respondents disagreed. The frequency in Table 4.62 is displayed graphically in Figure 4.62.

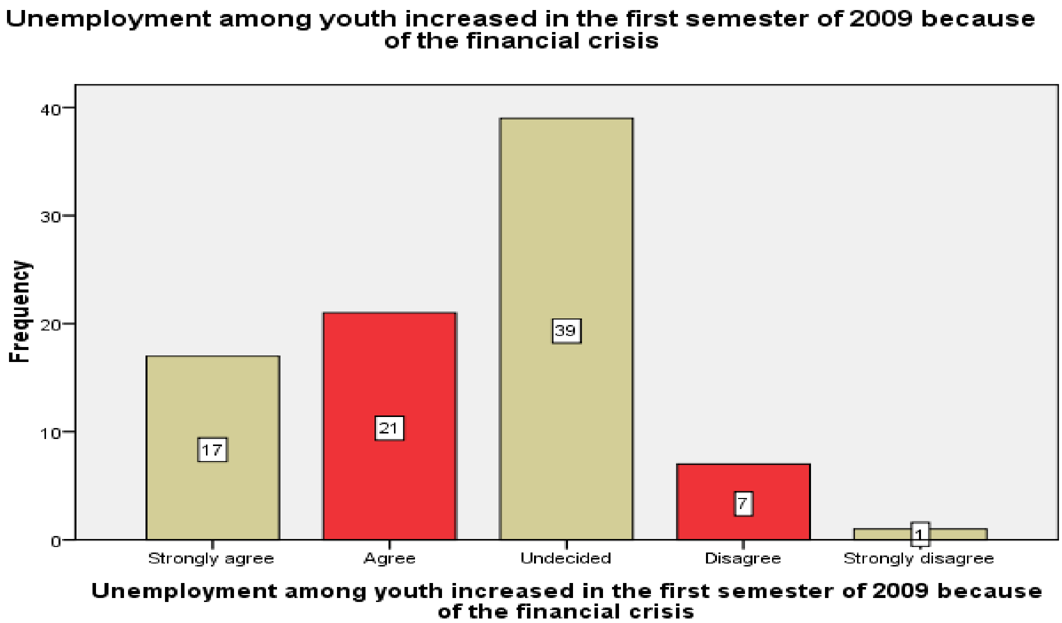

Figure 4.61: Unemployment among South African youth increased in the first semester of 2009 because of the global financial crisis

Table 4.62: The global financial crisis has increased retrenchments in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	32	37.6	37.6	37.6
	Agree	37	43.5	43.5	81.2
	Undecided	15	17.6	17.6	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

With regard to the impact of the global financial crisis on retrenchment in South Africa, the data in Table 4.63 indicate that 81.2% of the respondents agreed that the global financial crisis has increased the rate of retrenchment in South Africa, 17.6% of the respondents were undecided, and 1.2% of the respondent disagreed. The frequency in Table 4.63 is displayed graphically in Figure 4.63.

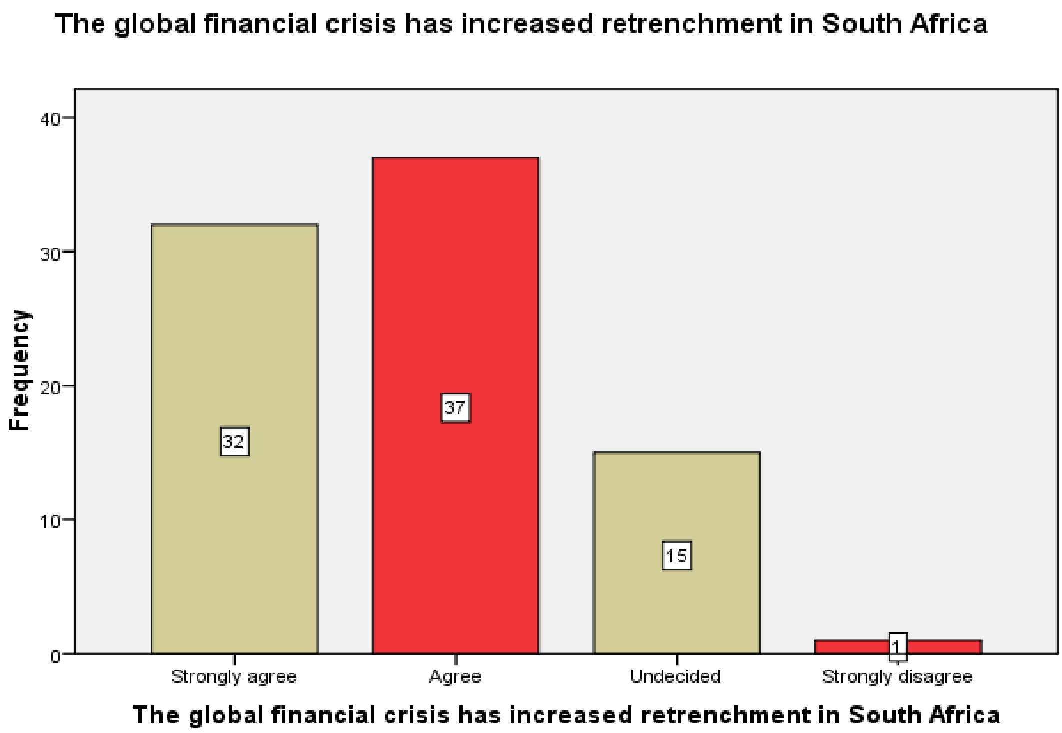

Figure 4.62: The global financial crisis has increased retrenchments in South Africa

Table 4.63: The global financial crisis has reduced tax revenue inflows for the South African government

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	20	23.5	23.5	23.5
	Agree	35	41.2	41.2	64.7
	Undecided	23	27.1	27.1	91.8
	Disagree	6	7.1	7.1	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

Data in Table 4.64 explain that 64.7% of the respondents agreed that the global financial crisis has reduced tax revenue inflows for the South African government. In addition, 27.1% of the respondents were undecided, and 8.3% of the respondents disagreed. The frequency in Table 4.64 is displayed graphically in Figure 4.64.

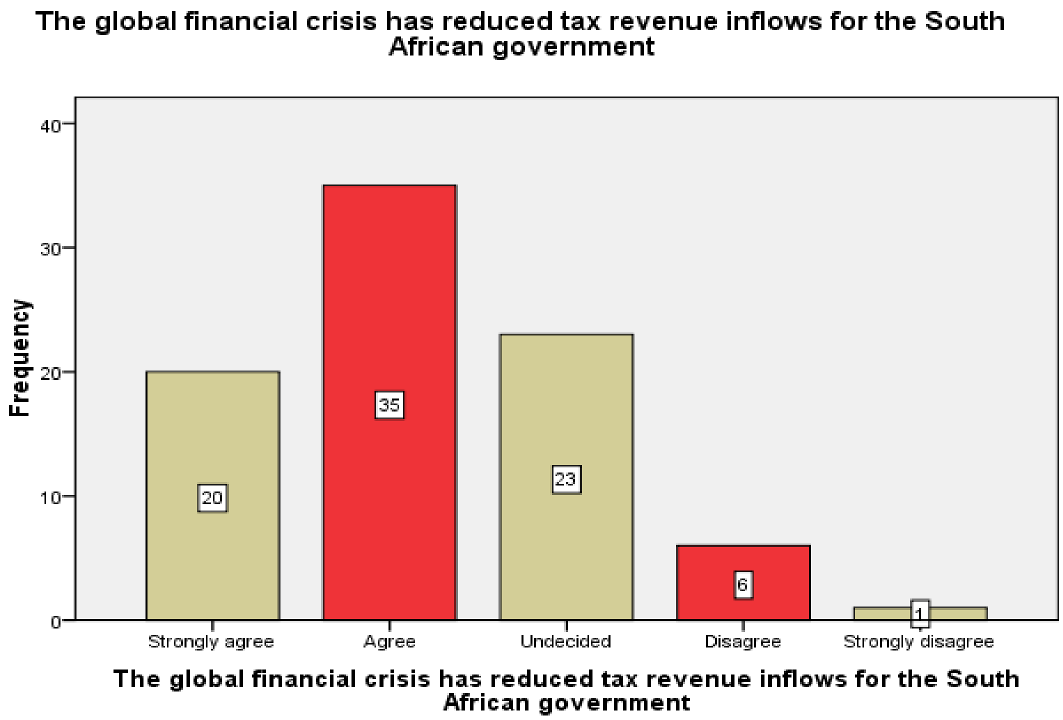

Figure 4.63: The global financial crisis has reduced tax revenue inflows for the South African government

Table 4.64: The global financial crisis has not affected the South African tourism industry

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	5	5.9	5.9	5.9
	Agree	18	21.2	21.2	27.1
	Undecided	15	17.6	17.6	44.7
	Disagree	27	31.8	31.8	76.5
	Strongly disagree	20	23.5	23.5	100.0
	Total	85	100.0	100.0	

The data in Table 4.65 indicate that 27.1% of the respondents agreed that the global financial crisis has not affected the South African tourism industry, 17.6% of the respondents were undecided, and 55.3% of the respondents disagreed. The frequency in Table 4.65 is displayed graphically in Figure 4.65.

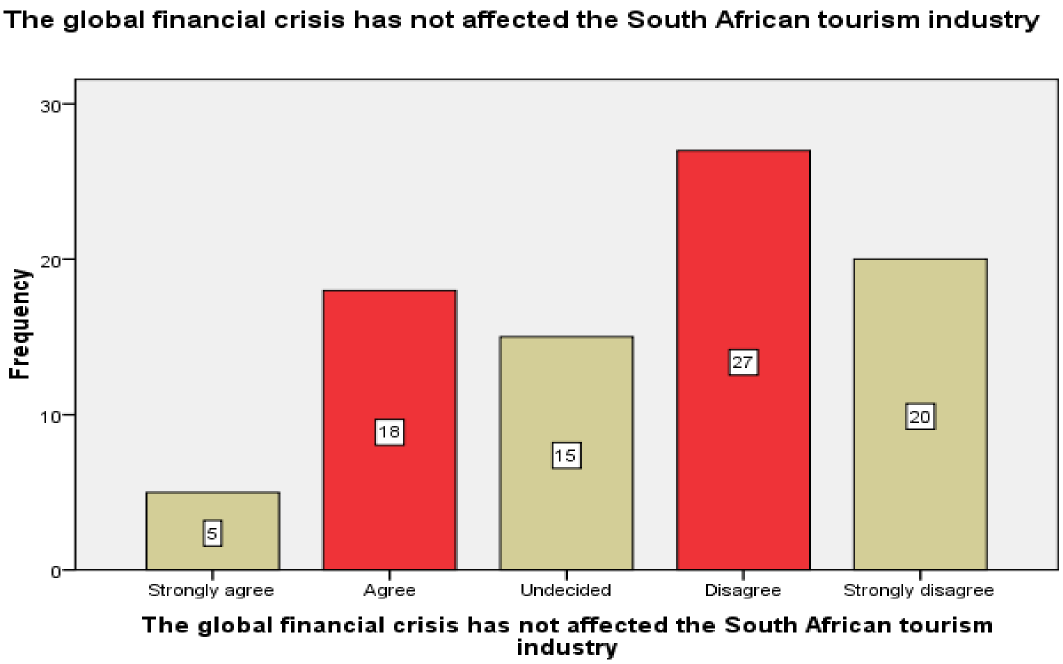

Figure 4.64: The global financial crisis has not affected the South African tourism industry

Table 4.65: The global financial crisis has not reduced hotel bookings in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	2	2.4	2.4	2.4
	Agree	18	21.2	21.2	23.5
	Undecided	18	21.2	21.2	44.7
	Disagree	31	36.5	36.5	81.2
	Strongly disagree	16	18.8	18.8	100.0
	Total	85	100.0	100.0	

The data in Table 4.66 indicate that 23.5% of the respondents agreed that the global financial crisis has not reduced hotel bookings in South Africa. Moreover, 21.2% of the respondents were undecided, and 55.3% of the respondents disagreed. The frequency in Table 4.66 is displayed graphically in Figure 4.66.

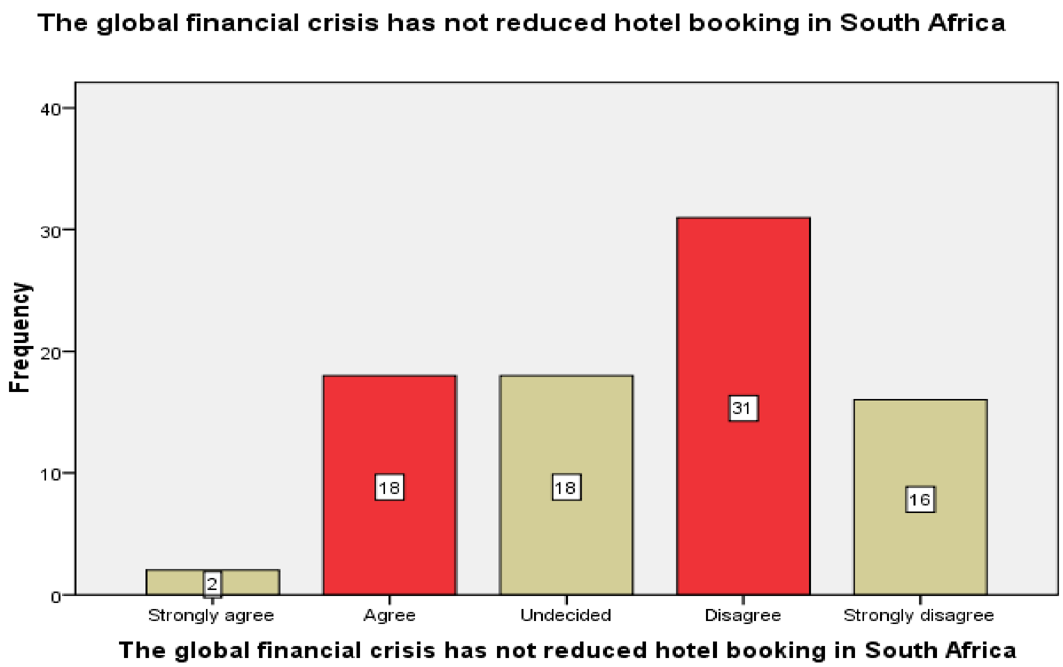

Figure 4.65: The global financial crisis has not reduced hotel bookings in South Africa

Table 4.66: The South Africa banking environment is experiencing the effects of a slowing domestic economic cycle brought by inflation, and secondary effects of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	20	23.5	23.5	23.5
	Agree	38	44.7	44.7	68.2
	Undecided	23	27.1	27.1	95.3
	Disagree	3	3.5	3.5	98.8
	Strongly disagree	1	1.2	1.2	100.0
	Total	85	100.0	100.0	

Concerning the global financial crisis's impact on the South African banking environment, the data in Table 4.67 indicate that 68.2% of the respondents agreed that the South African banking environment is experiencing the effects of a slowing domestic economic cycle brought by currency inflation and secondary effects of the global financial crisis, while 27.1% of the respondents were undecided, and only 4.7% of the respondents disagreed. The frequency in Table 4.67 is displayed graphically in Figure 4.67.

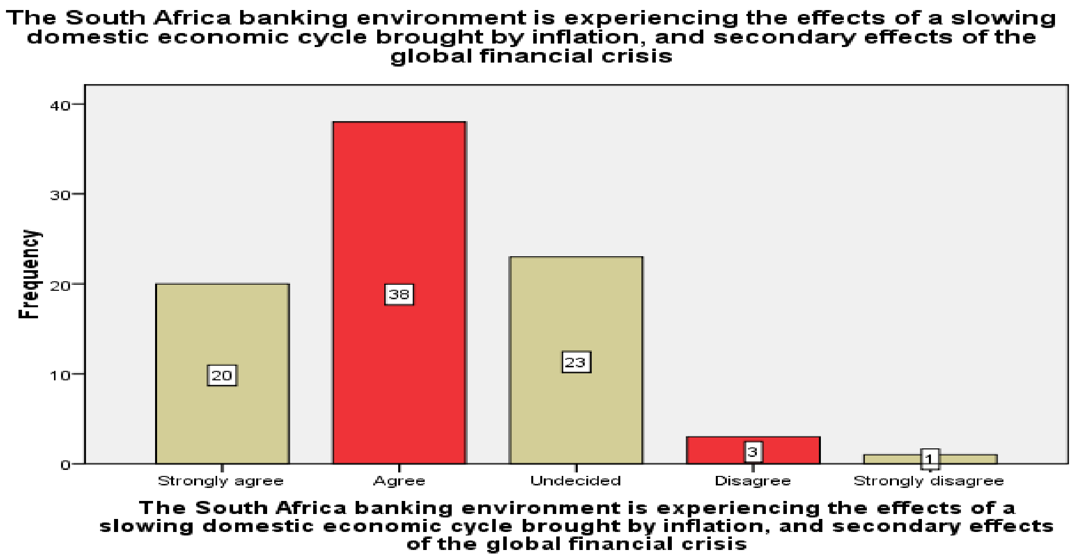

Figure 4.66: The South Africa banking environment is experiencing the effects of a slowing domestic economic cycle brought by inflation, and secondary effects of the global financial crisis

Table 4.67: Rand liquidity remained static with interbank lending market which continues to operate during the recession

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	12	14.1	14.1	14.1
	Agree	23	27.1	27.1	41.2
	Undecided	41	48.2	48.2	89.4
	Disagree	6	7.1	7.1	96.5
	Strongly disagree	3	3.5	3.5	100.0
	Total	85	100.0	100.0	

The data in Table 4.68 outline that 41.2% of the respondents agreed that Rand liquidity remained static with interbank lending continuing to operate during the recession, while 48.2% of the respondents were undecided, and10.6% of the respondents disagreed. The frequency in Table 4. 68 is displayed graphically in Figure 4.68.

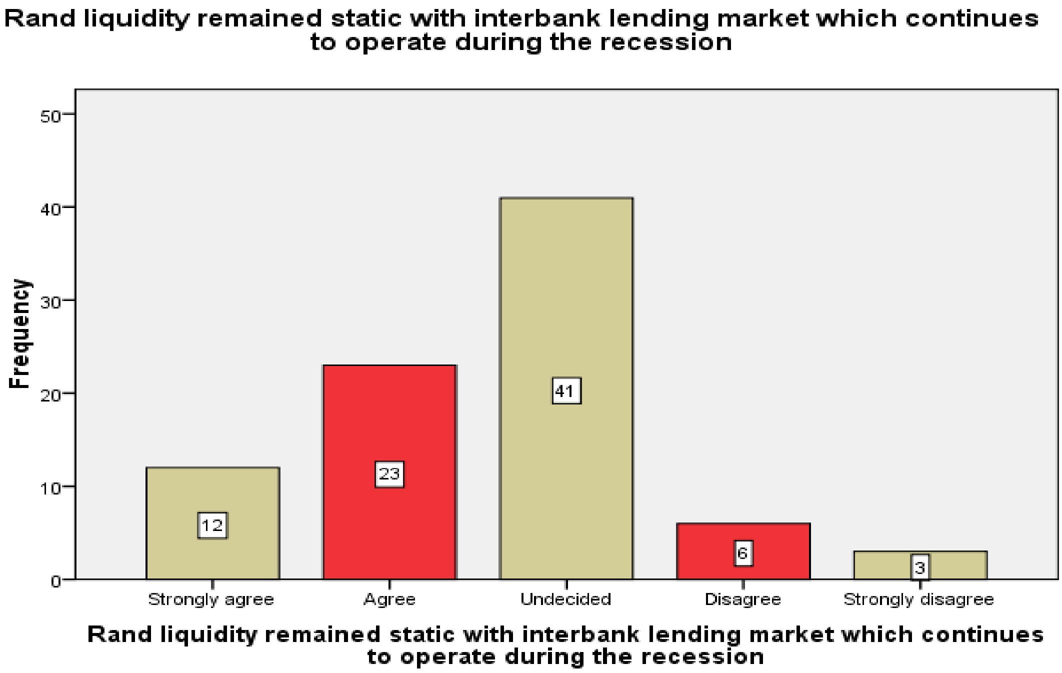

Figure 4.67: Rand liquidity remained static with interbank lending market which continues to operate during the recession

4.3 Non-university subject respondents' demographic characteristics

The research used a sample of (non-university) people to analysis and interprets data in the context of marital status, age, level of education, religious affiliation, racial group, household composition, household size, language, and income.

Table 4.68: Marital status

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Single	14	25.0	25.0	25.0
	Married	39	69.6	69.6	94.6
	Divorced	3	5.4	5.4	100.0
	Total	56	100.0	100.0	

Concerning respondents' marital status, the data in Table 4.69 indicate that 69.6% of the respondents were married, 25.0% of the respondents were single, and 5.4% of the respondents were divorced. The frequency in Table 4.69 is displayed graphically in Figure 4.69.

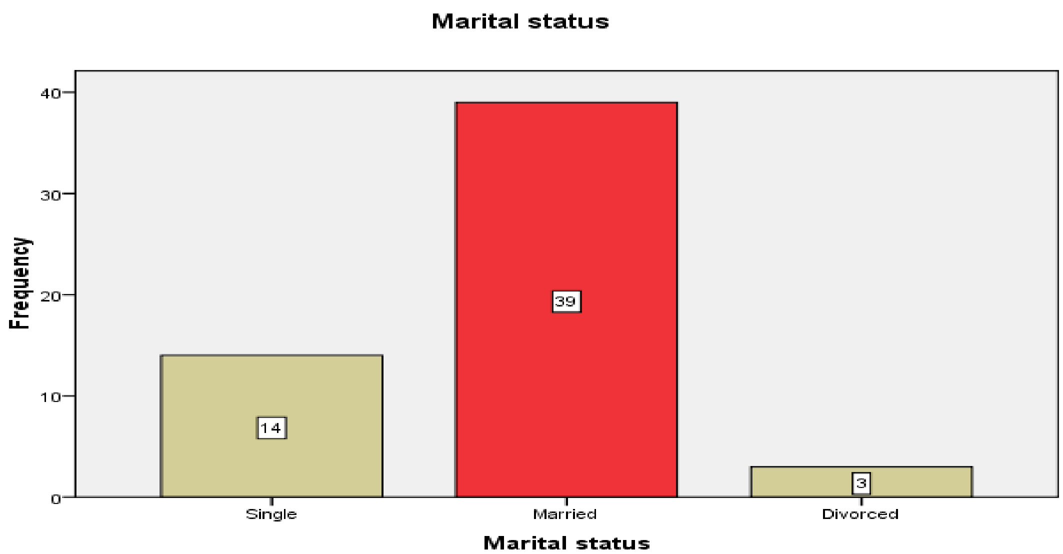

Figure 4.68: Marital status

Table 4.69: Gender

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Male	38	67.9	67.9	67.9
	Female	18	32.1	32.1	100.0
	Total	56	100.0	100.0	

In terms of gender, the data in Table 4.70 indicate that 67.9% of the respondents were male, and 32.1% of the respondents were female. The frequency in Table 4.70 is displayed graphically in Figure 4.70.

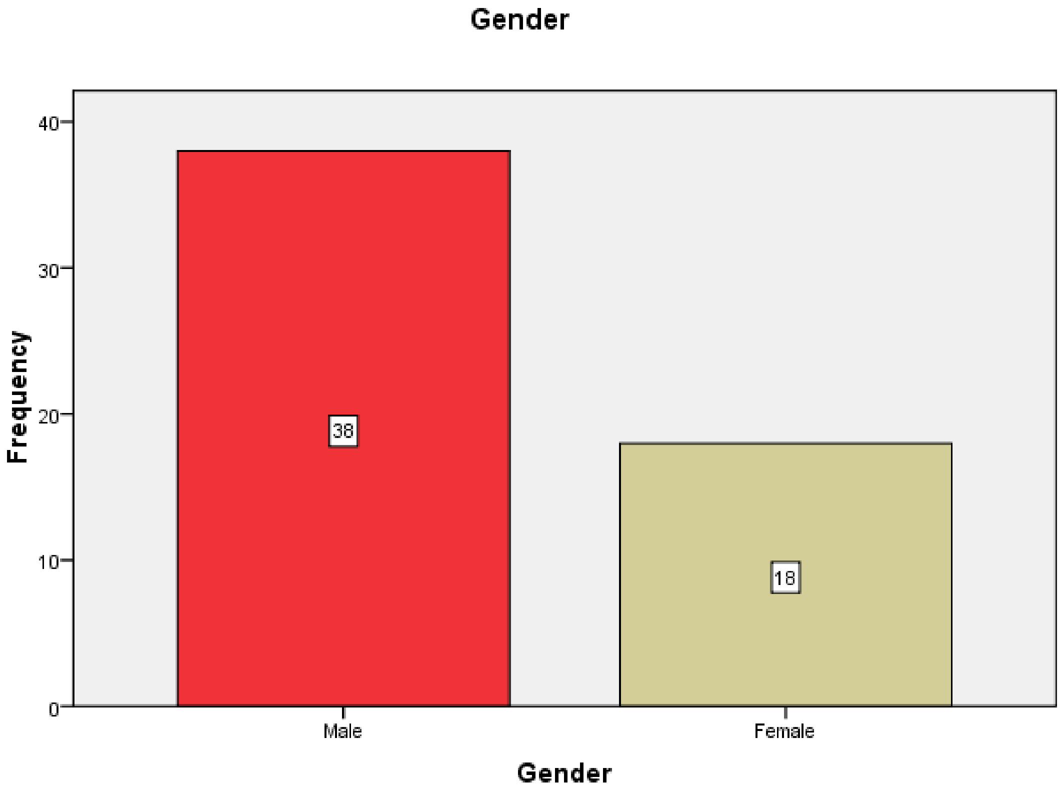

Figure 4.69: Gender

Table 4.70: Age

		Frequency	Percent	Valid percent	Cumulative percent
Valid	18–24 years	5	8.9	8.9	8.9
	25–29 years	14	25.0	25.0	33.9
	30–44 years	26	46.4	46.4	80.4
	45–54 years	8	14.3	14.3	94.6
	55–64 years	1	1.8	1.8	96.4
	65–74 years	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

In terms of age, the data in Table 4.71 indicate that 46.4% of the respondents were aged between 30–44 years, 25.0% of the respondents were aged between 25–29 years, 14.3% of the respondents were aged between 45–54 years, 8.9% of the respondents were aged between 18–24 years, 3.6% of the respondents were aged between 65–74 years, and 1.8% of the respondents were aged between 55–64 years. The frequency in Table 4.71 is displayed graphically in Figure 4.71.

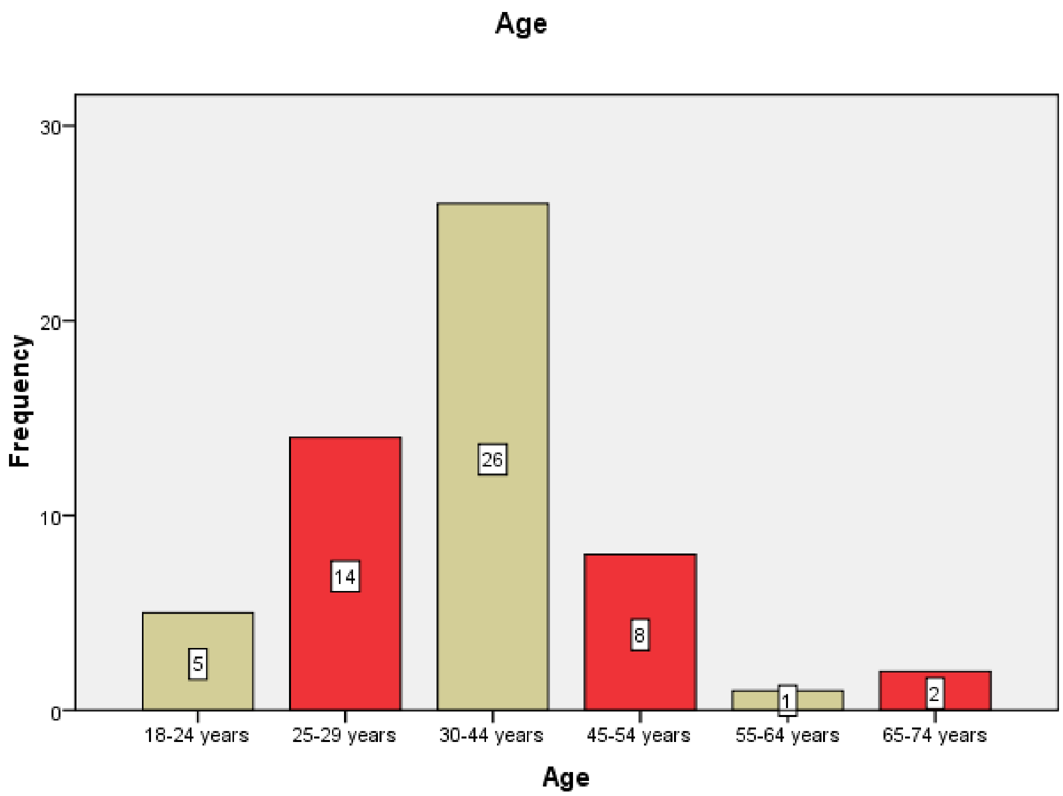

Figure 4.70: Age

Table 4.71: Religious affiliation

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Non-affiliate	5	8.9	8.9	8.9
	Christianity	42	75.0	75.0	83.9
	Islamic	7	12.5	12.5	96.4
	Other	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

Concerning religious affiliation, the data in Table 4.72 indicate that 75.0% of the respondents were Christians, 12.5% of the respondents were Islamic, 8.9% of the respondents were not affiliated, and 3.6% of the respondents were affiliated to other religions. The frequency in Table 4.72 is displayed graphically in Figure 4.72.

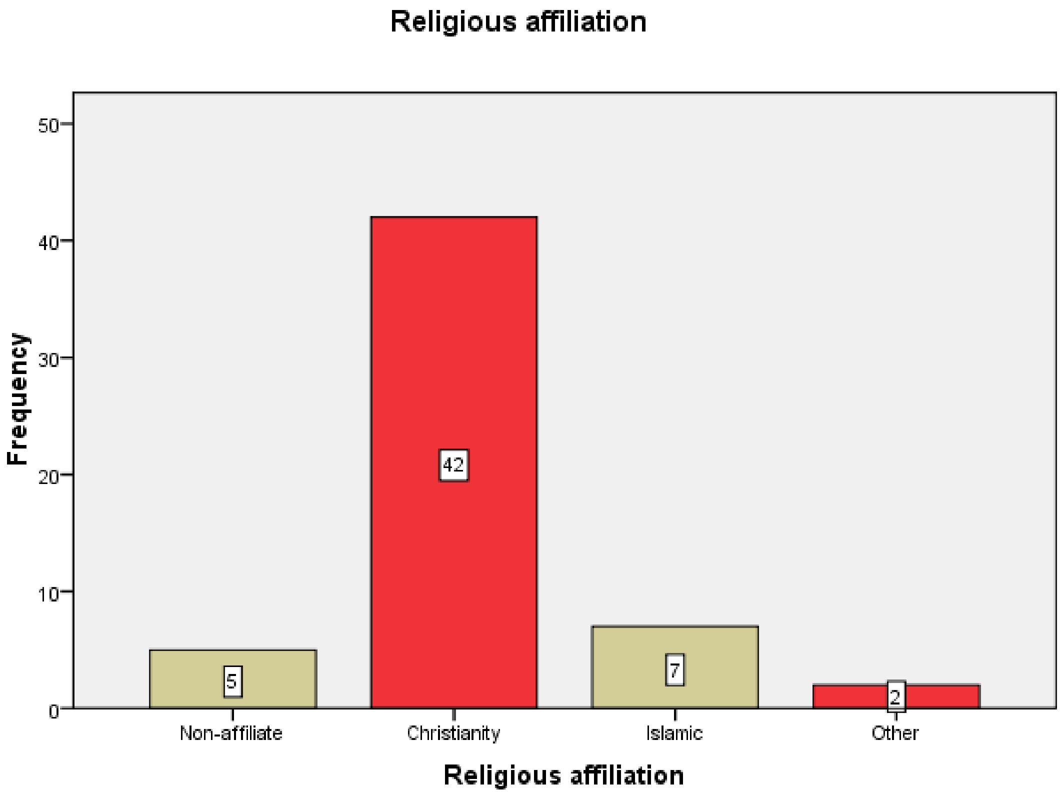

Figure 4.71: Religious affiliation

Table 4.72: Spoken languages

		Frequency	Percent	Valid percent	Cumulative percent
Valid	English	31	55.4	55.4	55.4
	Zulu	3	5.4	5.4	60.7
	Xhosa	2	3.6	3.6	64.3
	Afrikaans	11	19.6	19.6	83.9
	Other	9	16.1	16.1	100.0
	Total	56	100.0	100.0	

Concerning respondents' spoken languages, the data in Table 4.73 indicates that 55.4% of the respondents were English-speaking, 19.6% of the respondents were Afrikaans-speaking, 16.1% of the respondents spoke other languages, 5.4% of the respondents were Zulu-speaking, and 3.6% of the respondents were Xhosa-speaking. The frequency in Table 4.73 is displayed in Figure 4.73.

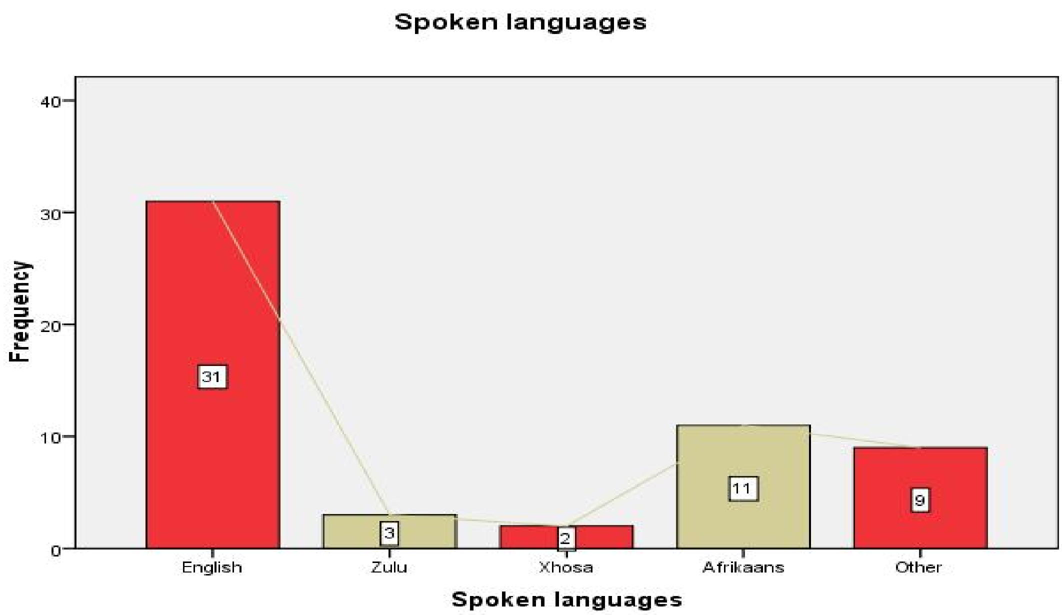

Figure 4.72: Spoken languages

Table 4.73: Racial group

		Frequency	Percent	Valid percent	Cumulative percent
Valid	White	10	17.9	17.9	17.9
	Coloured	19	33.9	33.9	51.8
	Black	27	48.2	48.2	100.0
	Total	56	100.0	100.0	

Data in Table 4.74 indicate that 48.2% of the respondents were Black, while 33.9% of the respondents were Coloured, and 17.9% of the respondents were White. The frequency in Table 4.74 is displayed graphically in Figure 4.74.

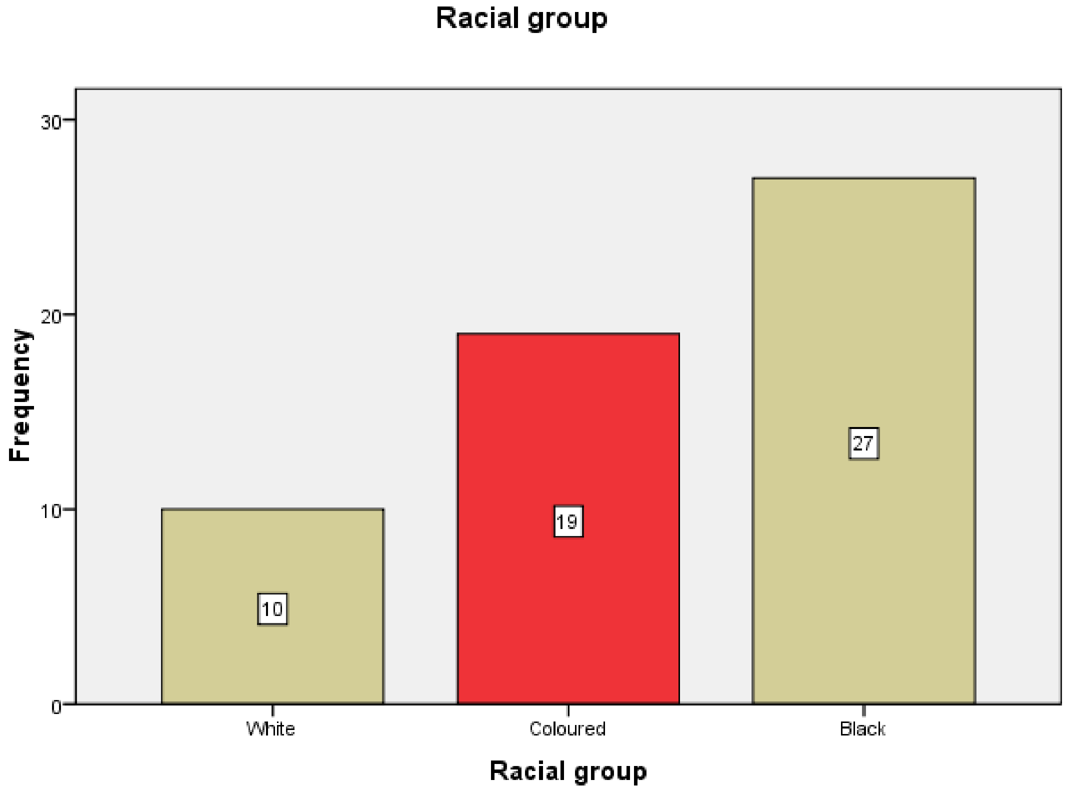

Figure 4.73: Racial group

Table 4.74: Household composition

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Own children	41	73.2	73.2	73.2
	Other	15	26.8	26.8	100.0
	Total	56	100.0	100.0	

Data in Table 4.76 indicate that 73.2% of the respondents lived with their own children, while 26.8% of the respondents lived with their own children and other family members. The frequency in Table 4.75 in displayed graphically in Figure 4.75.

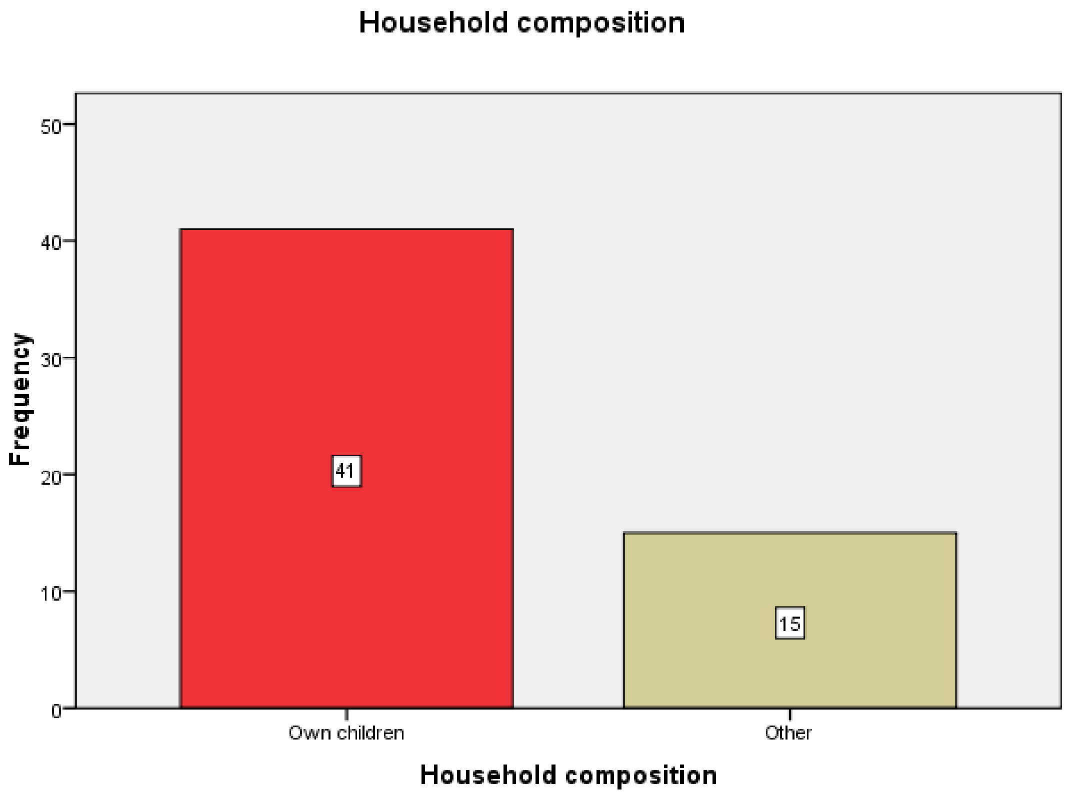

Figure 4.74: Household composition

Table 4.75: Education level

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Partial primary	2	3.6	3.6	3.6
	Primary completed	2	3.6	3.6	7.1
	Partial secondary	3	5.4	5.4	12.5
	Secondary completed	10	17.9	17.9	30.4
	Certificate/diploma	16	28.6	28.6	58.9
	Undergraduate degree	13	23.2	23.2	82.1
	Postgraduate degree	8	14.3	14.3	96.4
	Other (specify)	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

The data in Table 4.76 indicate that 28.6% of the respondents had a certificate/ diploma, 23.2% of the respondents indicated that they had a undergraduate degree, 17.9% of the respondents completed secondary school, 14.3% of the respondents had postgraduate degree qualifications, 5.4% of the respondents did not finish secondary school, 3.6% of the respondents did not complete primary studies, while 3.6% of the respondents completed primary studies, and 3.6% of the respondents did not study at all. The frequency in Table 4.76 is displayed graphically in Figure 4. 76.

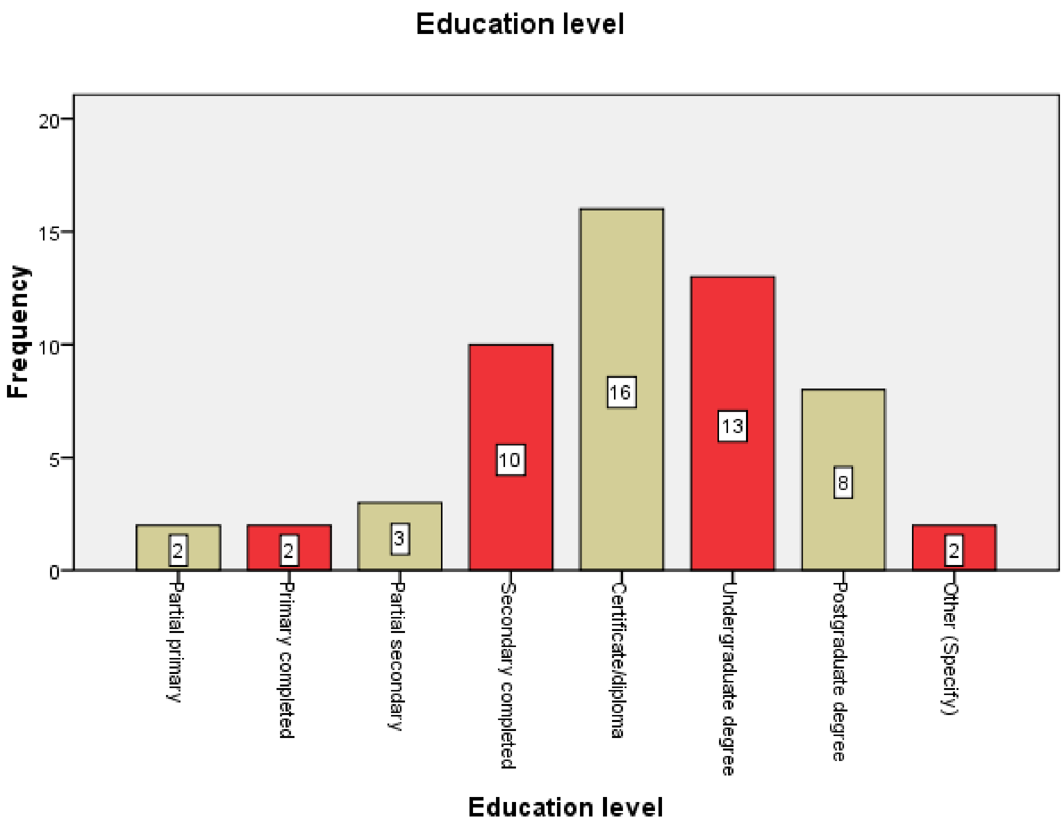

Figure 4.75: Education level

Table 4.76: Type of household

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Brick structure	50	89.3	89.3	89.3
	Shack	5	8.9	8.9	98.2
	Bungalow	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning the respondents' type of household, the data in Table 4.77 indicate that 89.3% of the respondents lived in brick structures, 8.9% of the respondents lived in shacks, and 1.8% of the respondents lived in bungalows. The frequency in Table 4.77 is displayed in Figure 4.77.

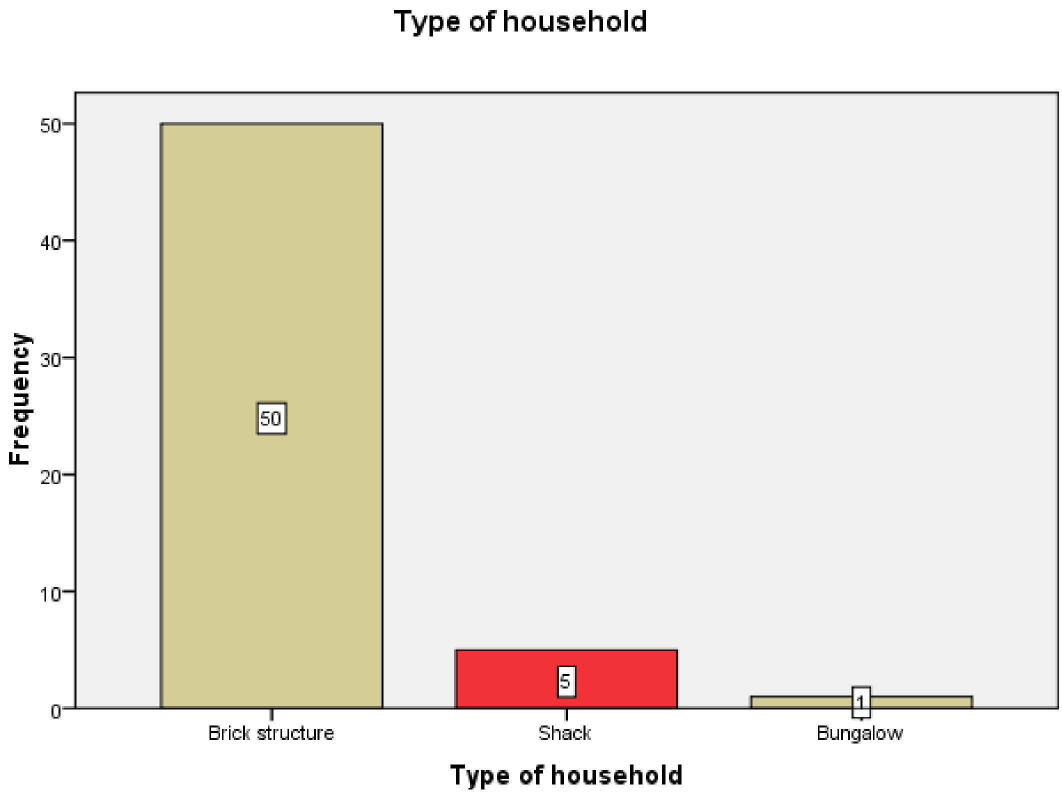

Figure 4.76: Type of household

Table 4.77: Household size

		Frequency	Percent	Valid percent	Cumulative percent
Valid	1–4	34	60.7	60.7	60.7
	5–9	20	35.7	35.7	96.4
	15–19	1	1.8	1.8	98.2
	20 or more	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning respondents' household size, 60.7% ranged between 1–4 household members, 35.7% ranged between 5–9 household members, 1.8% ranged between 15–19 household members, and 1.8% consisted of 20 or more household members. The frequency in Table 4.78 is displayed in Figure 4.78.

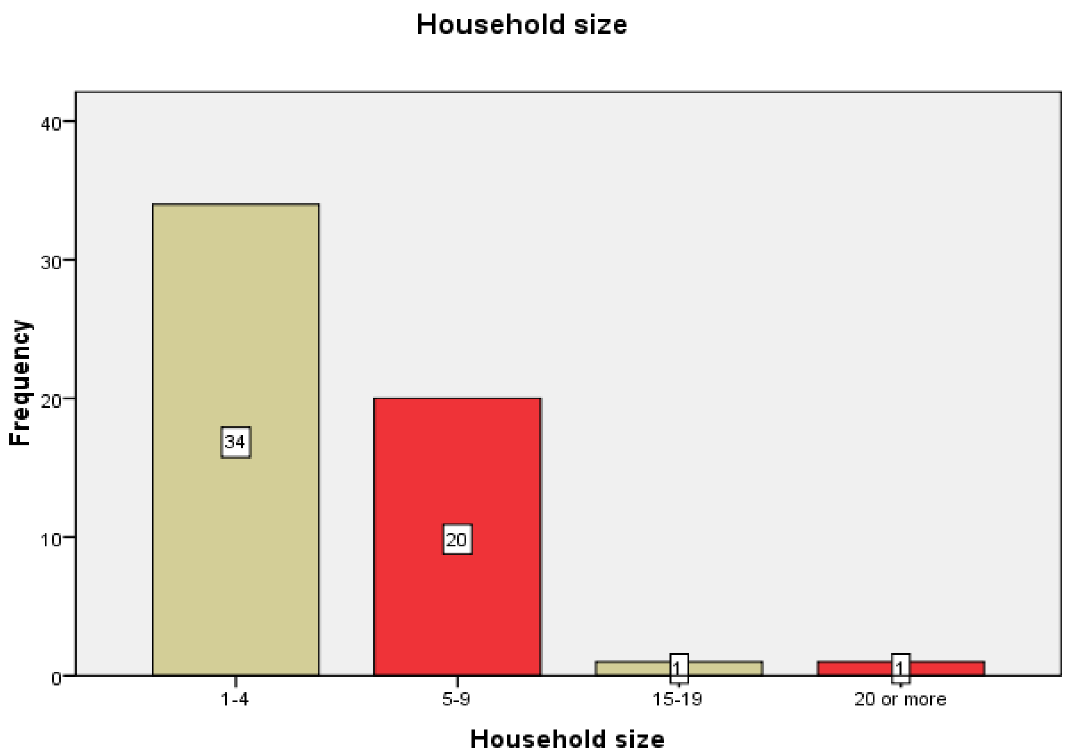

Figure 4.77: Household size

Table 4.78: Occupation

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Student	2	3.6	3.6	3.6
	Labourer	23	41.1	41.1	44.6
	Unemployed	17	30.4	30.4	75.0
	Employee	14	25.0	25.0	100.0
	Total	56	100.0	100.0	

Data in Table 4.79 indicate that 41.1% of the respondents were labourers, 30.4% of the respondents were unemployed, 25% of the respondents were employed, and only 3.6% of the respondents were students. The frequency in Table 4.79 is displayed graphically in Figure 4.79.

Figure 4.78: Occupation

Table 4.79: Monthly income

		Frequency	Percent	Valid percent	Cumulative percent
Valid	No income	4	7.1	7.1	7.1
	R1 500- under R2 500	1	1.8	1.8	8.9
	R2 500- under R3 000	5	8.9	8.9	17.9
	R 3000- under R 3 500	7	12.5	12.5	30.4
	R3 500- under R 4 000	1	1.8	1.8	32.1
	R 4 000- under R 4 500	6	10.7	10.7	42.9
	R 4 500- under R 7 000	6	10.7	10.7	53.6
	R 7 000- under R 10 000	6	10.7	10.7	64.3
	R 10 000- under R 15 000	7	12.5	12.5	76.8
	R 25 000- under R 30 000	1	1.8	1.8	78.6
	R 50 000- under R 60 000	1	1.8	1.8	80.4
	Other	11	19.6	19.6	100.0
	Total	56	100.0	100.0	

Data in Table 4.80 indicate that 19.6% were unemployed, while 10.7% of the respondents earned between R4 000 and R4 500 per month, 10.7% of the respondents earned between R4 500 and R7 000 per month, 10.7% of the respondents earned between R7 000 and R15 000 per month, 12.5% of the respondents earned between R 3 000 and R3 500 per month, 12.5% of the respondents earned between R10 000 and R15 000 per month, 8.9% of the respondents earned between R2 500 and R3 000 a month, 7.1% of the respondents had no financial income, 1.8% of the respondents earned a monthly amount of between R1 500 and R2 500, while 1.8% of the respondents earned between R25 000 and R30 000 per month, and another 1.8% of the respondents' monthly income was between R50 000 and R60 000. The frequency in Table 4.80 is displayed graphically in Figure 4.80.

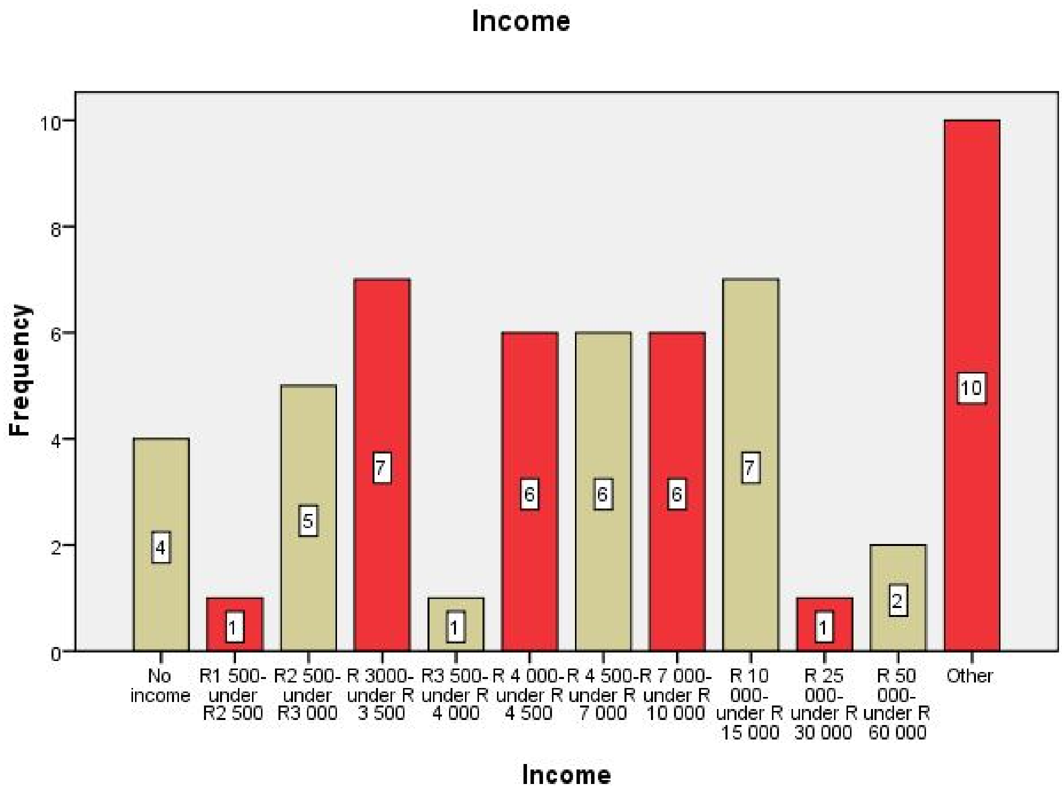

Figure 4.79: Monthly income

Table 4.80: The global financial crisis continues to affect the South African economy

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	22	39.3	39.3	39.3
	Agree	27	48.2	48.2	87.5
	Undecided	4	7.1	7.1	94.6
	Disagree	3	5.4	5.4	100.0
	Total	56	100.0	100.0	

Concerning the effect of the global financial crisis on the South African economy, the data in Table 4.81 indicate that 87.5% of the respondents agreed that the global financial crisis continues to affect the South African economy, 7.1% of the respondents were undecided, and 5.4% of the respondents disagreed. The frequency in Table 4.81 is displayed graphically in Figure 4.81.

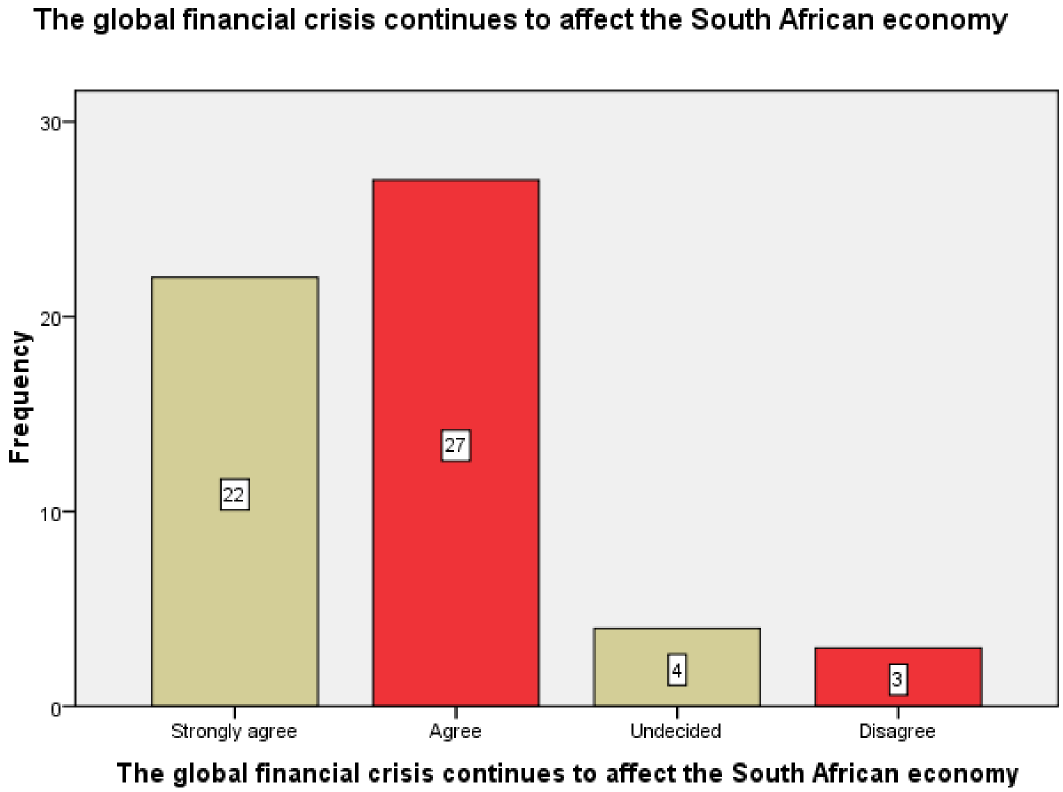

Figure 4.80: The global financial crisis continues to affect the South African economy

Table 4.81: The global financial crisis has affected South African household financial income

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	23	41.1	41.1	41.1
	Agree	30	53.6	53.6	94.6
	Undecided	2	3.6	3.6	98.2
	Disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African household financial income, the data in Table 4.82 indicate that while 94.6% of the respondents agreed that the global financial crisis has affected South African household financial income, 3.6% of the respondents were undecided, and only 1.8% of the respondents disagreed. The frequency in Table 4.82 is displayed graphically in Figure 4.82.

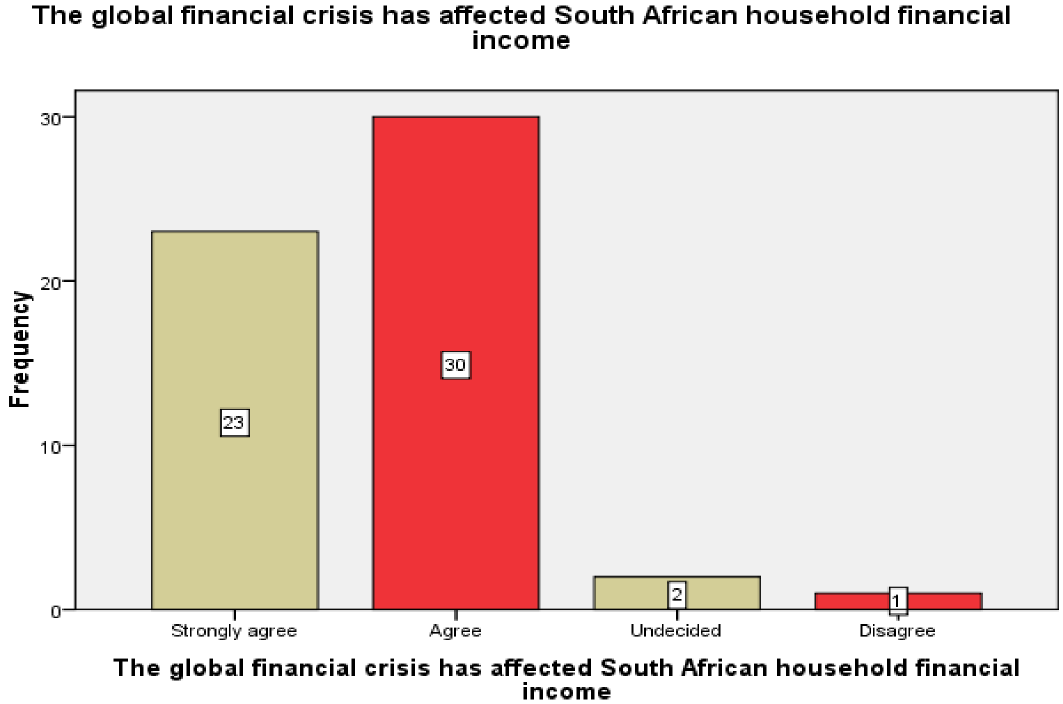

Figure 4.81: The global financial crisis has affected South African household financial income

Table 4.82: The global financial crisis has increased the level of unemployment in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	26	46.4	46.4	46.4
	Agree	25	44.6	44.6	91.1
	Undecided	3	5.4	5.4	96.4
	Disagree	1	1.8	1.8	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African unemployment, the data in Table 4.83 indicate that 91.1% of the respondents agreed that it has increased the level of unemployment in South Africa, 5.4% of the respondents were undecided, and 3.6% of the respondents disagreed. The frequency in Table 4.83 is displayed graphically in Figure 4.83.

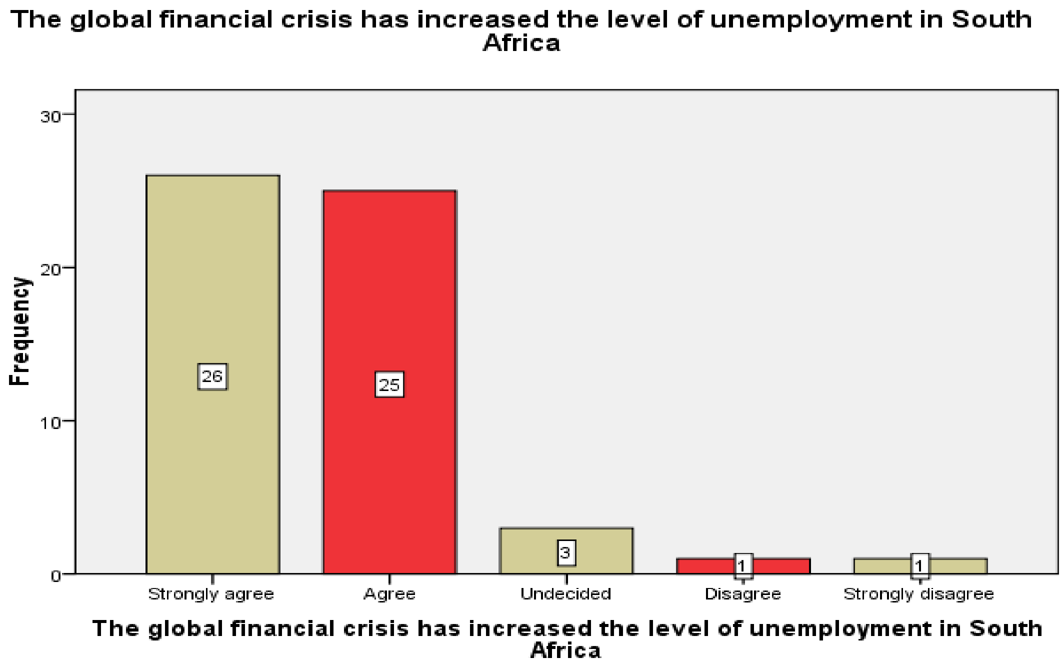

Figure 4.82: The global financial crisis has increased the level of unemployment in South Africa

Table 4.83: The global financial crisis has not affected South African personal income

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	3	5.4	5.4	5.4
	Agree	12	21.4	21.4	26.8
	Undecided	15	26.8	26.8	53.6
	Disagree	14	25.0	25.0	78.6
	Strongly disagree	12	21.4	21.4	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African personal income, the data in Table 4.84 outline that 26.8% of the respondents agreed that the global financial crisis not has affected South African personal income, 26.8% of the respondents were undecided, and 46.6% of the respondents disagreed. The frequency in Table 4.84 is displayed graphically in Figure 4.84.

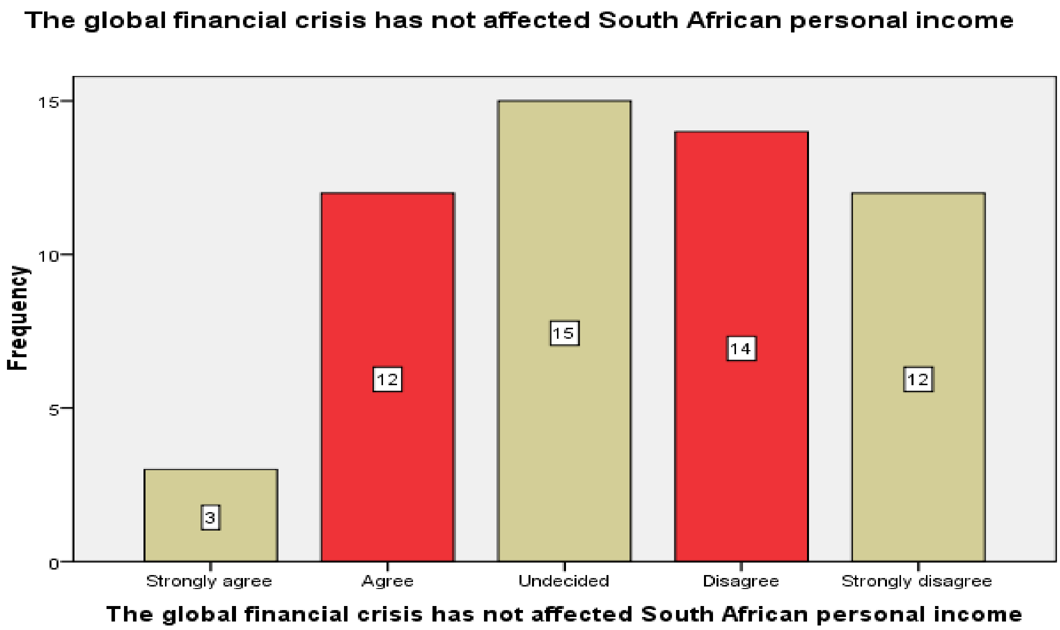

Figure 4. 83: The global financial crisis has not affected South African personal income

Table 4.84: The global financial crisis has affected the revenue generated locally in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	8	14.3	14.3	14.3
	Agree	38	67.9	67.9	82.1
	Undecided	9	16.1	16.1	98.2
	Disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

The data in Table 4.85 indicate that 82.1% of the respondents agreed that the global financial crisis has affected the revenue generated locally in South Africa, 16.1% of the respondents were undecided, and 1.8% of the respondents disagreed. The frequency in Table 4.85 is displayed graphically in Figure 4.85.

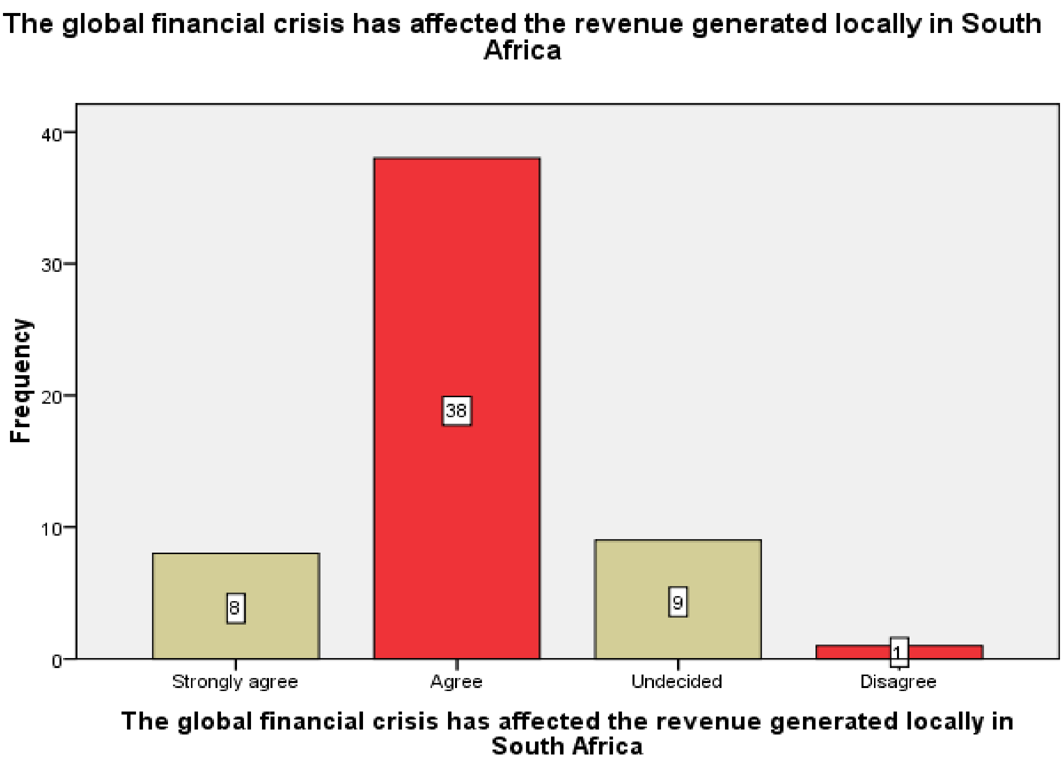

Figure 4.84: The global financial crisis has affected the revenue generated locally in South Africa

Table 4.85: The global financial crisis has affected South African consumption

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	7	12.5	12.5	12.5
	Agree	31	55.4	55.4	67.9
	Undecided	14	25.0	25.0	92.9
	Disagree	2	3.6	3.6	96.4
	Strongly disagree	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

Data in Table 4.86 indicate that 67.9% of the respondents agreed that the global financial crisis has affected South African consumption, 25.0% of the respondents were undecided, and 7.2% of the respondents disagreed. The frequency in Table 4.86 is displayed graphically in Figure 4.86.

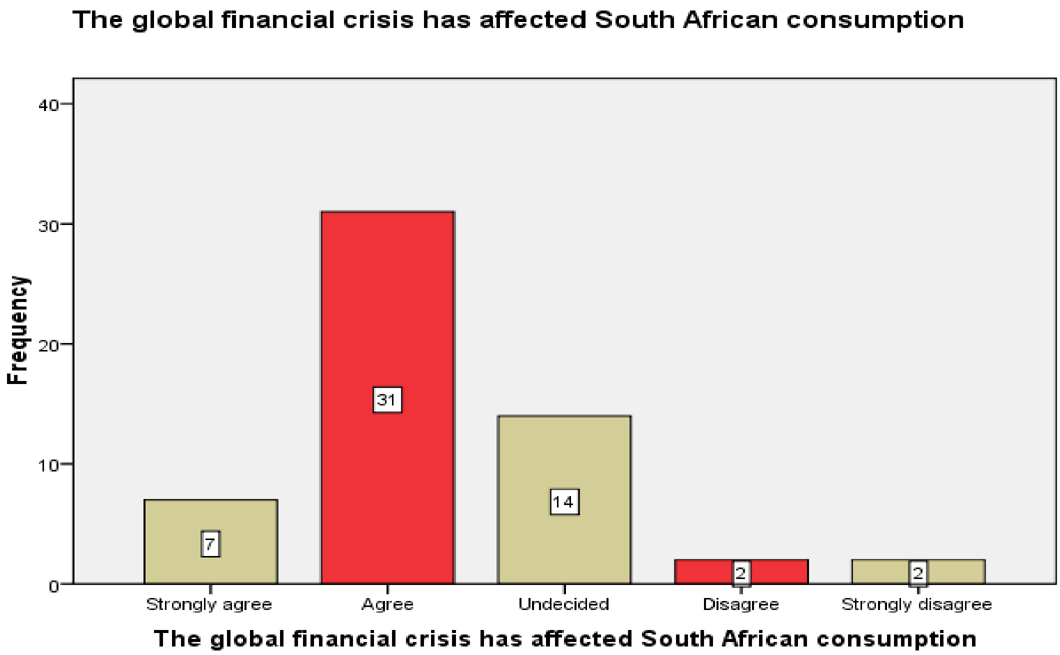

Figure 4.85: The global financial crisis has affected South African consumption

Table 4.86: The global financial crisis has not increased food and fuel prices in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	10.7	10.7	10.7
	Agree	12	21.4	21.4	32.1
	Undecided	12	21.4	21.4	53.6
	Disagree	12	21.4	21.4	75.0
	Strongly disagree	14	25.0	25.0	100.0
	Total	56	100.0	100.0	

Data in Table 4.87 indicate that 32.1% of the respondents agreed that the global financial crisis has not increased food and fuel prices in South Africa, 21.4% of the respondents were undecided, and 46.4% of the respondents disagreed. The frequency in Table 4.87 is displayed graphically in Figure 4.87.

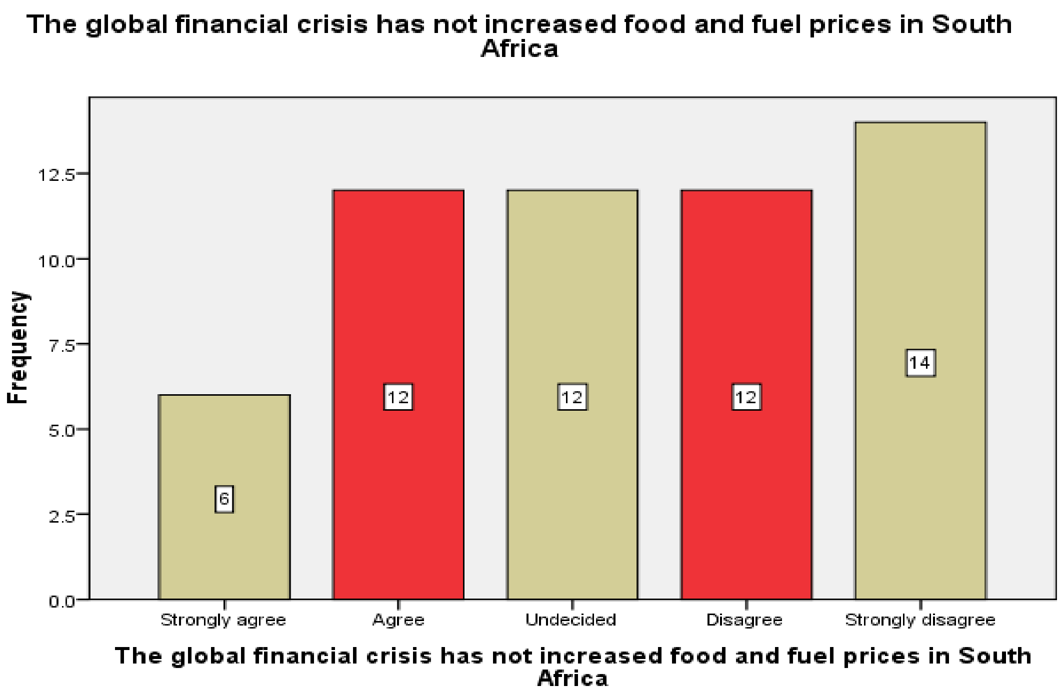

Figure 4.86: The global financial crisis has not increased food and fuel prices in South Africa

Table 4.87: The global financial crisis has negatively affected inflation rate in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	10.7	10.7	10.7
	Agree	17	30.4	30.4	41.1
	Undecided	19	33.9	33.9	75.0
	Disagree	9	16.1	16.1	91.1
	Strongly disagree	5	8.9	8.9	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African inflation, data in Table 4.88 indicate that 41.1% of the respondents agreed that the global financial crisis has increased inflation rate in South Africa, 33.9% of the respondents were undecided and 25% of the respondents disagreed. The frequency in Table 4.88 is displayed graphically in Figure 4.88.

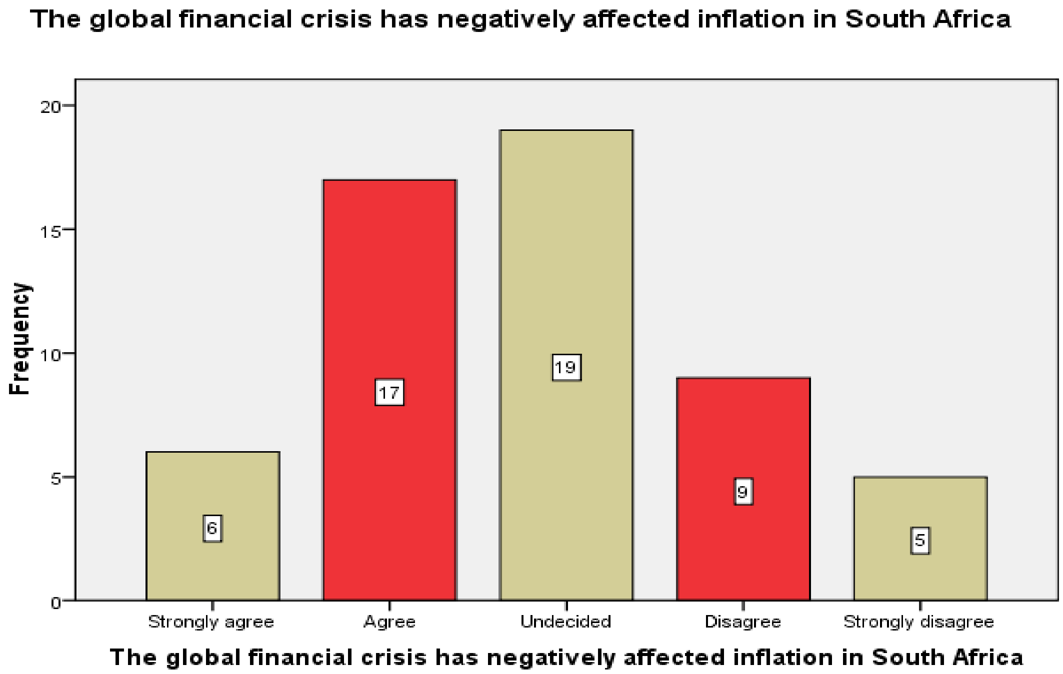

Figure 4.87: The global financial crisis has negatively affected inflation in South Africa

Table 4.88: The global financial crisis has not reduced job creation in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	6	10.7	10.7	10.7
	Agree	9	16.1	16.1	26.8
	Undecided	14	25.0	25.0	51.8
	Disagree	16	28.6	28.6	80.4
	Strongly disagree	11	19.6	19.6	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African job creation, the data in Table 4.89 outline that 26.8% of the respondents agreed that the global financial crisis has not reduced job creation in South Africa, 25.0% of the respondents were undecided, and 48.2% of the respondents disagreed. The frequency in Table 4.89 is displayed graphically in Figure 4.89.

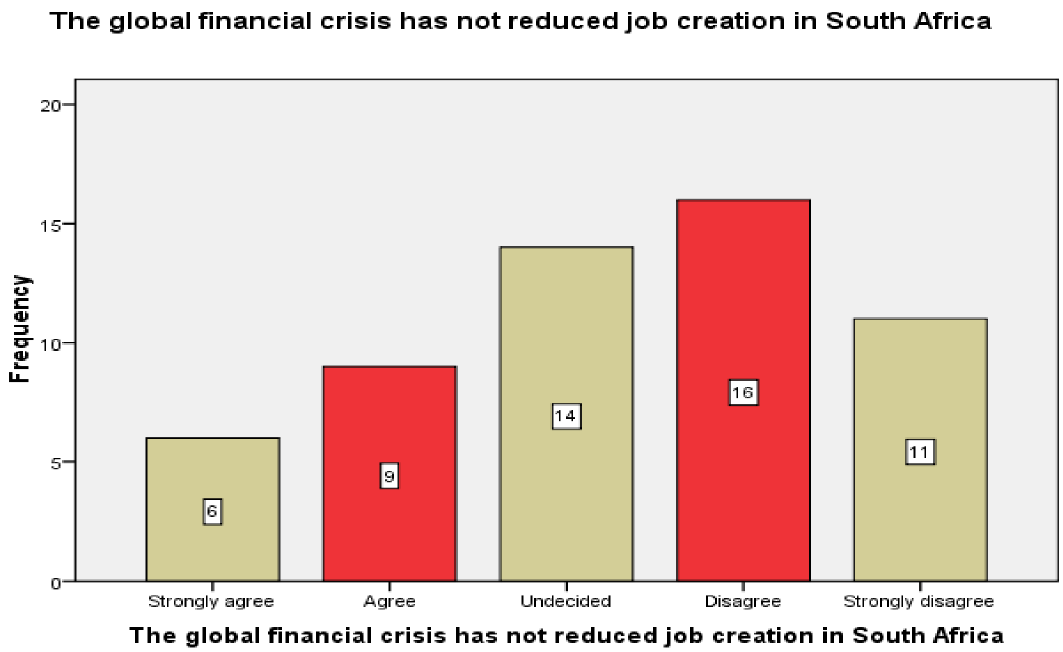

Figure 4.88: The global financial crisis has not reduced job creation in South Africa

Table 4.89: The global financial crisis has reduced liquidity in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	7	12.5	12.5	12.5
	Agree	23	41.1	41.1	53.6
	Undecided	19	33.9	33.9	87.5
	Disagree	5	8.9	8.9	96.4
	Strongly disagree	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on liquidity in South Africa, the data in Table 4.90 outline that 53.6% of the respondents agreed that the global financial crisis has reduced liquidity in South Africa, 33.9% of the respondents were undecided, and 12.5% of the respondents disagreed. The frequency displayed in Table 4.90 is displayed graphically in Figure 4.90.

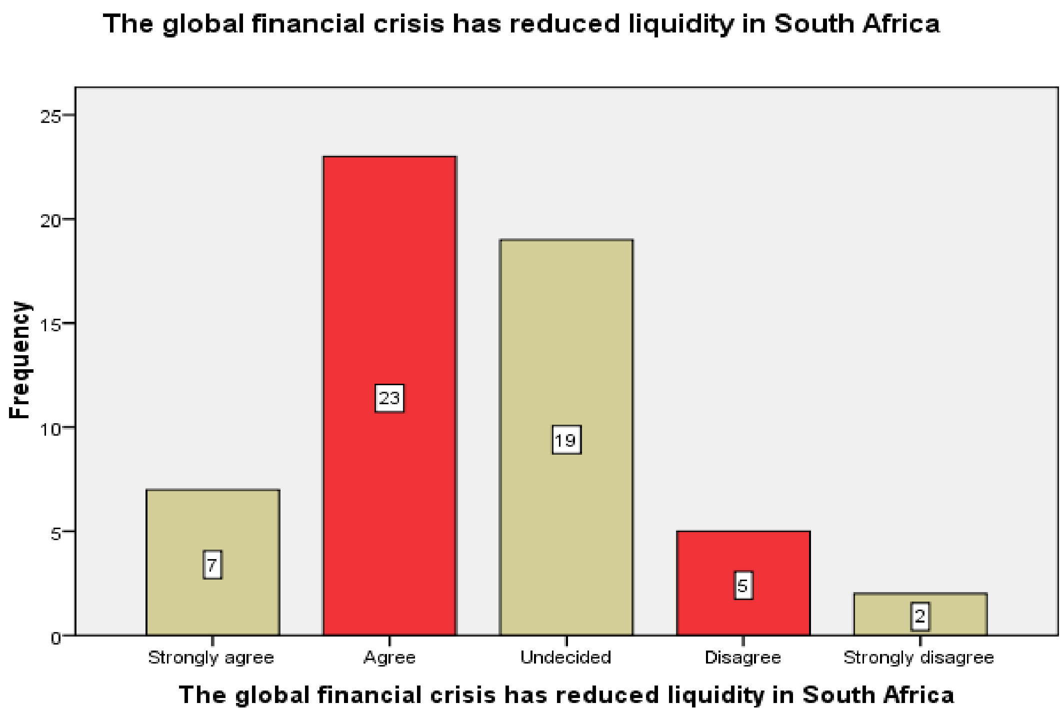

Figure 4.89: The global financial crisis has reduced liquidity in South Africa

Table 4.90: The global financial crisis has affected South African standards of living

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	13	23.2	23.2	23.2
	Agree	32	57.1	57.1	80.4
	Undecided	10	17.9	17.9	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African standards of living, the data in Table 4.81 outline that 80.4% of the respondents agreed that the global financial crisis has affected South African standards of living, 17.9% of the respondents were undecided, and 1.8% of the respondent disagreed. The frequency displayed graphically in Table 4.81 is displayed graphically in Figure 4.81.

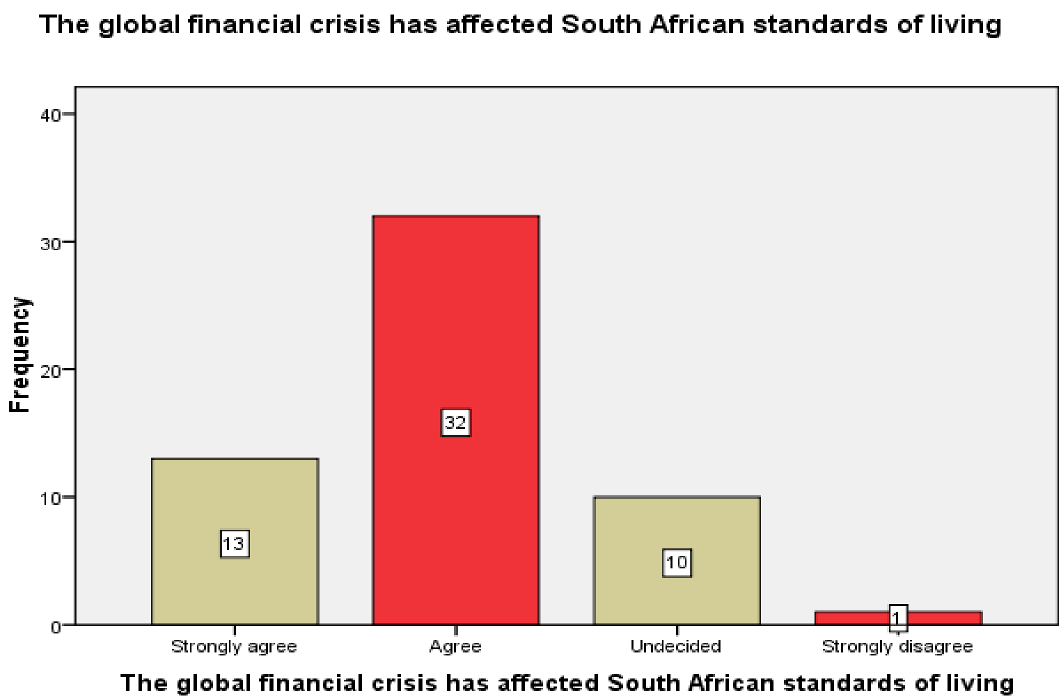

Figure 4.90: The global financial crisis has affected South African standards of living

Table 4.91: The global financial crisis has not increased rent prices in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	4	7.1	7.1	7.1
	Agree	15	26.8	26.8	33.9
	Undecided	19	33.9	33.9	67.9
	Disagree	12	21.4	21.4	89.3
	Strongly disagree	6	10.7	10.7	100.0
	Total	56	100.0	100.0	

Data in Table 4.92 explains that 33.9% of the respondents agreed that the global financial crisis has not increased South African house rent prices, while 33.9% of the respondents were undecided, and 32.1% of the respondents disagreed. The frequency in Table 4.92 is displayed graphically in Figure 4.92.

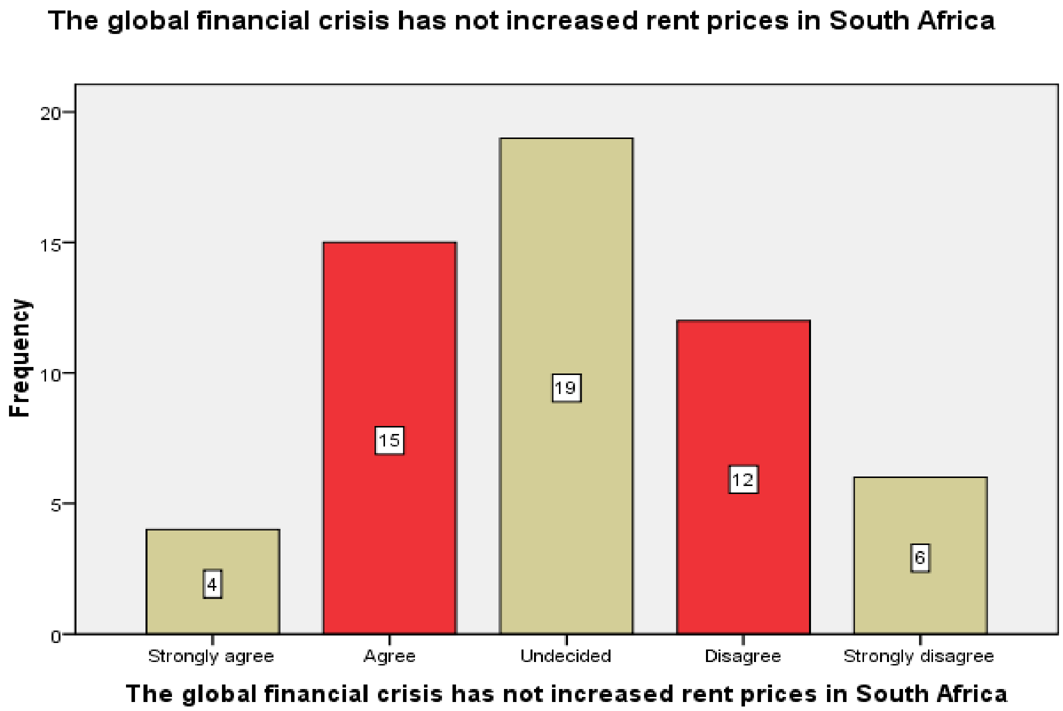

Figure 4.91: The global financial crisis has not increased rent prices in South Africa

Table 4.92: There is lack of employment in South Africa during the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	15	26.8	26.8	26.8
	Agree	32	57.1	57.1	83.9
	Undecided	8	14.3	14.3	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

The data in Table 4.93 outline that 83.9% of the respondents agreed that employment has become difficult to obtain during the recession in South Africa, 14.3% of the respondents were undecided, and 1.8% of the respondent disagreed. The frequency in Table 4.93 is displayed graphically in Figure 4.93.

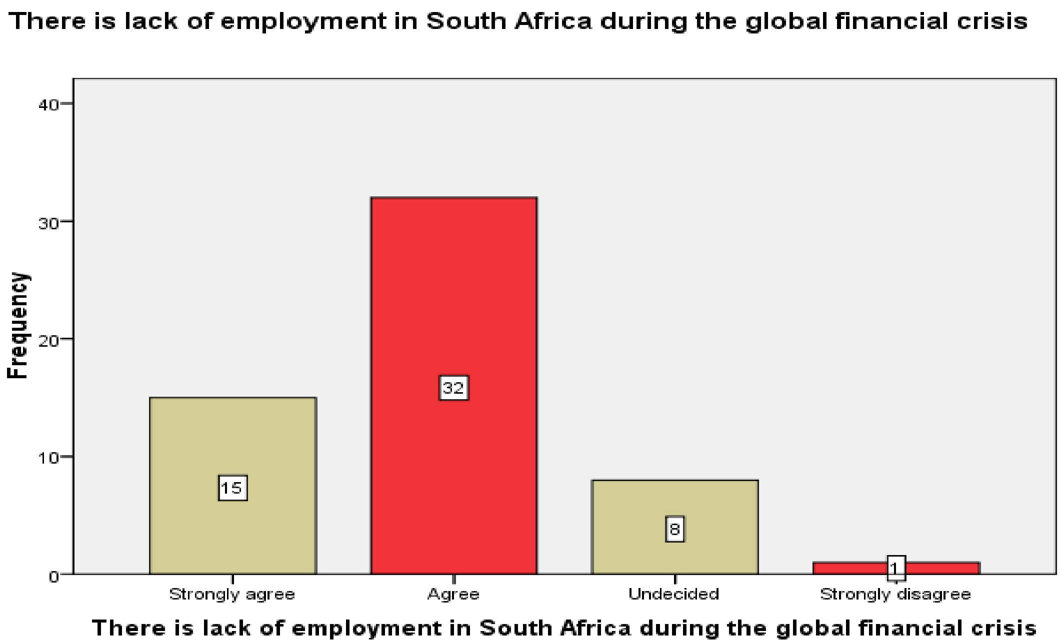

Figure 4.92: There is lack of employment in South Africa during the global financial crisis

Table 4.93: The global financial crisis has reduced the demand for electricity in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	11	19.6	19.6	19.6
	Agree	28	50.0	50.0	69.6
	Undecided	10	17.9	17.9	87.5
	Disagree	4	7.1	7.1	94.6
	Strongly disagree	3	5.4	5.4	100.0
	Total	56	100.0	100.0	

Concerning the impact of the global financial crisis on South African demand for electricity, the data in Table 4.94 indicate that 69.6% of the respondents agreed that the global financial crisis has reduced demand for electricity in South Africa, 17.9% of the respondents were undecided, and 5.4% of the respondents disagreed. The frequency in Table 4.94 is displayed graphically in Figure 4. 94.

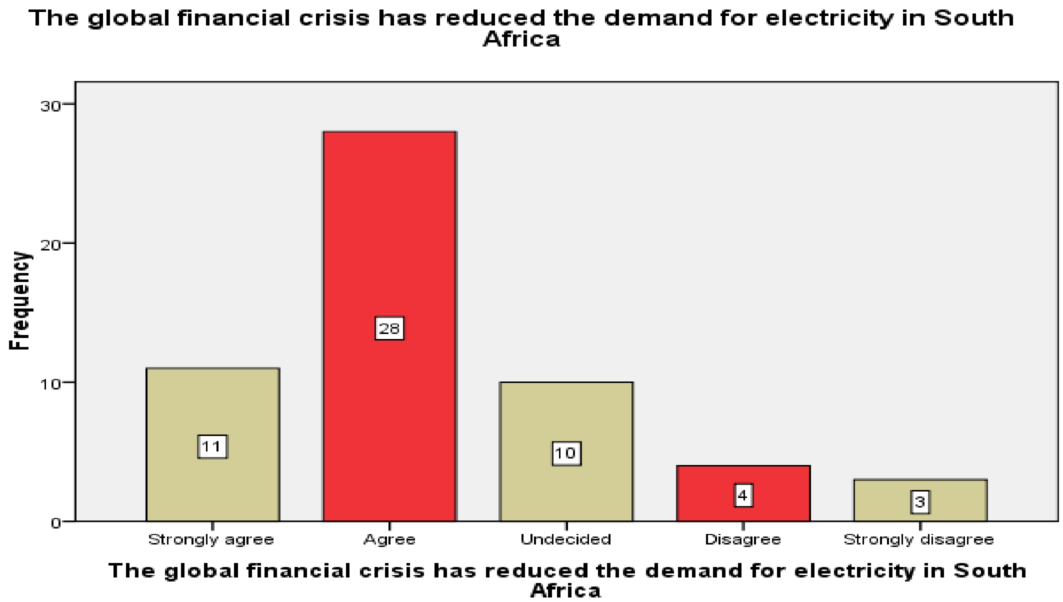

Figure 4.93: The global financial crisis has reduced the demand for electricity in South Africa

Table 4.94: The global financial crisis has not increased electricity prices in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	8	14.3	14.3	14.3
	Agree	10	17.9	17.9	32.1
	Undecided	16	28.6	28.6	60.7
	Disagree	12	21.4	21.4	82.1
	Strongly disagree	10	17.9	17.9	100.0
	Total	56	100.0	100.0	

Data in Table 4.95 indicate that 32.1% of the respondents agreed that the global financial crisis has not increased electricity prices in South Africa, 28.6% of the respondents were undecided, and 39.3% of the respondents disagreed. The frequency in Table 4.95 is displayed graphically in Figure 4.95.

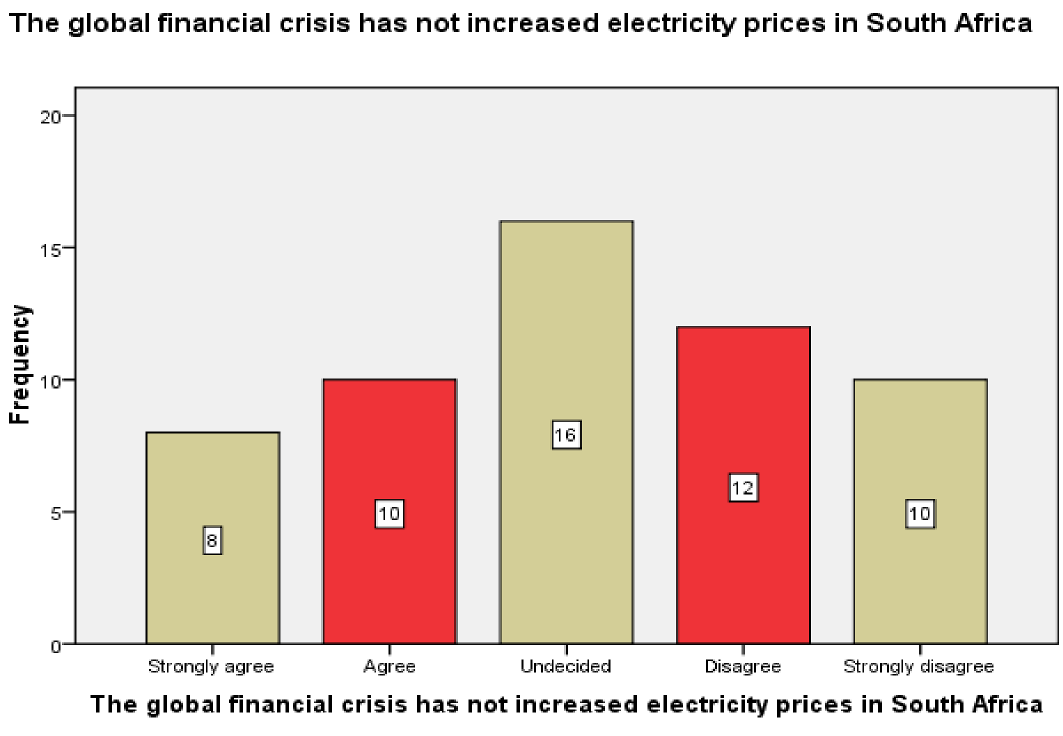

Figure 4.94: The global financial crisis has not increased electricity prices in South Africa

Table 4.95: Job availability in South Africa has been reduced because of the effects of the global financial crisis

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	18	32.1	32.1	32.1
	Agree	27	48.2	48.2	80.4
	Undecided	10	17.9	17.9	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning the effects of the global financial crisis on job availability in South Africa, data in Table 4.96 outline that 80.3% of the respondents agreed that the number of jobs available in South Africa has been reduced, 17.9% of the respondents were undecided, and 1.8% of the respondent disagreed. The frequency in Table 4.96 is displayed graphically in Figure 4.96.

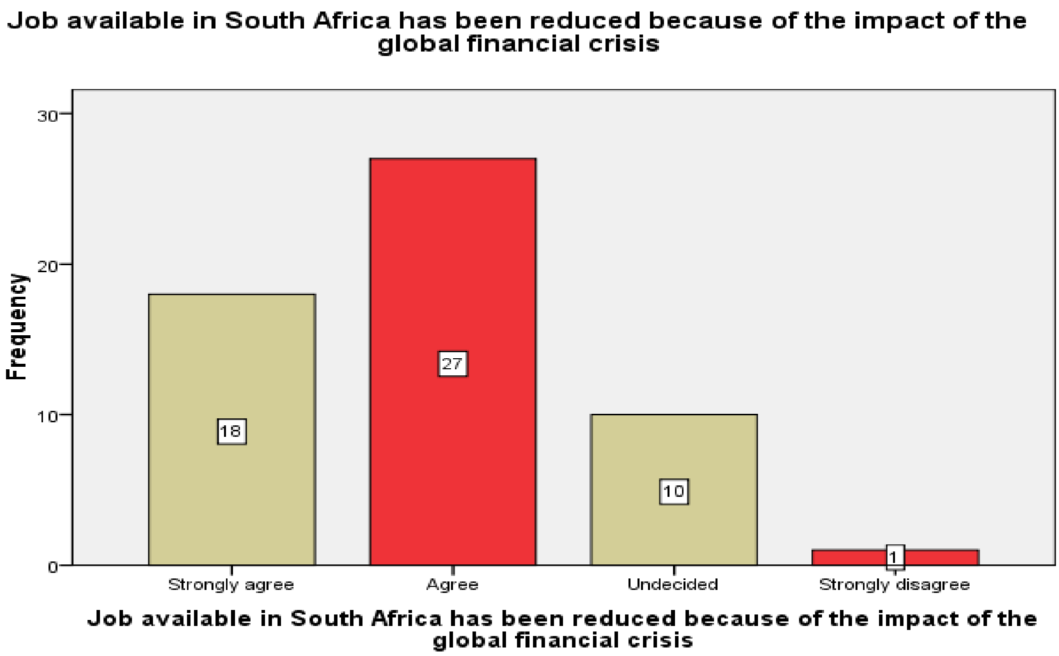

Figure 4.95: Job availability in South Africa has been reduced because of the effects of the global financial crisis

Table 4.96: Loss of employment opportunities could mean further job losses, especially in areas that depend on the mining sector

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	20	35.7	35.7	35.7
	Agree	28	50.0	50.0	85.7
	Undecided	5	8.9	8.9	94.6
	Disagree	2	3.6	3.6	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

Concerning the consequences of the global financial crisis on the mining sector in rural towns and areas of South Africa, the data in Table 4.97 outline that 85.7% of the respondents agreed that a loss of employment opportunities could mean further job losses, especially in areas dependend on the mining sector, while 8.9% of the respondents were undecided, and only 5.4% of the respondents disagreed. The frequency in Table 4.97 is displayed graphically in Figure 4.97.

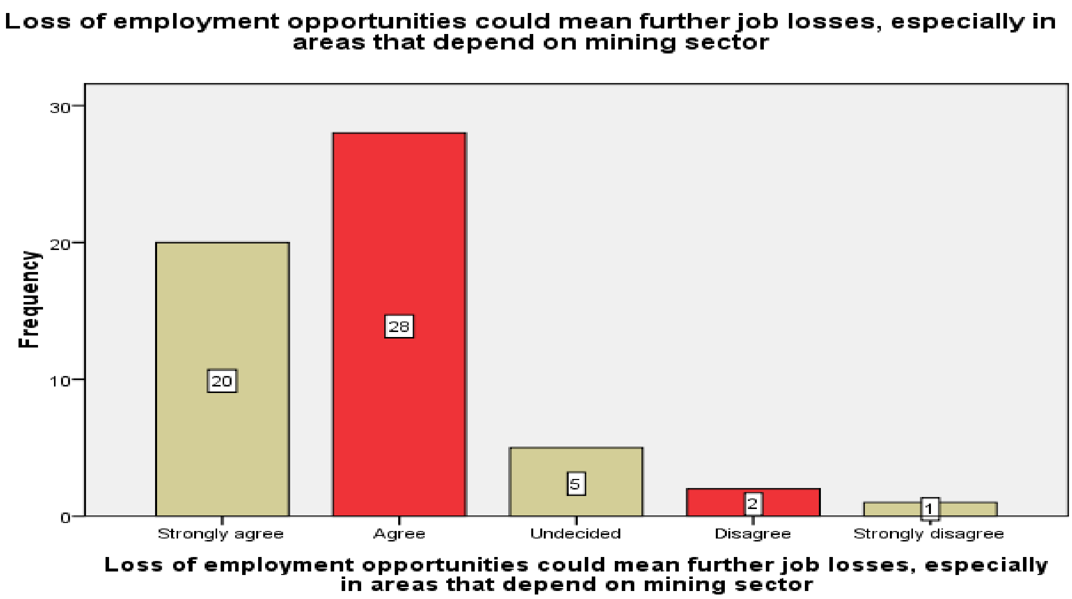

Figure 4.96: Loss of employment opportunities could mean further job losses, especially in areas that depend on the mining sector

Table 4.97: The global financial crisis has increased the rate of retrenchment in South Africa

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	9	16.1	16.1	16.1
	Agree	29	51.8	51.8	67.9
	Undecided	10	17.9	17.9	85.7
	Disagree	5	8.9	8.9	94.6
	Strongly disagree	3	5.4	5.4	100.0
	Total	56	100.0	100.0	

The data in Table 4.98 outline that 67.9% of the respondents agreed that the global financial crisis has increased the rate of retrenchment in South Africa, 17.9% of the respondents were undecided, and 14.3% of the respondents disagreed. The frequency in Table 4.98 is displayed graphically in Figure 4.98.

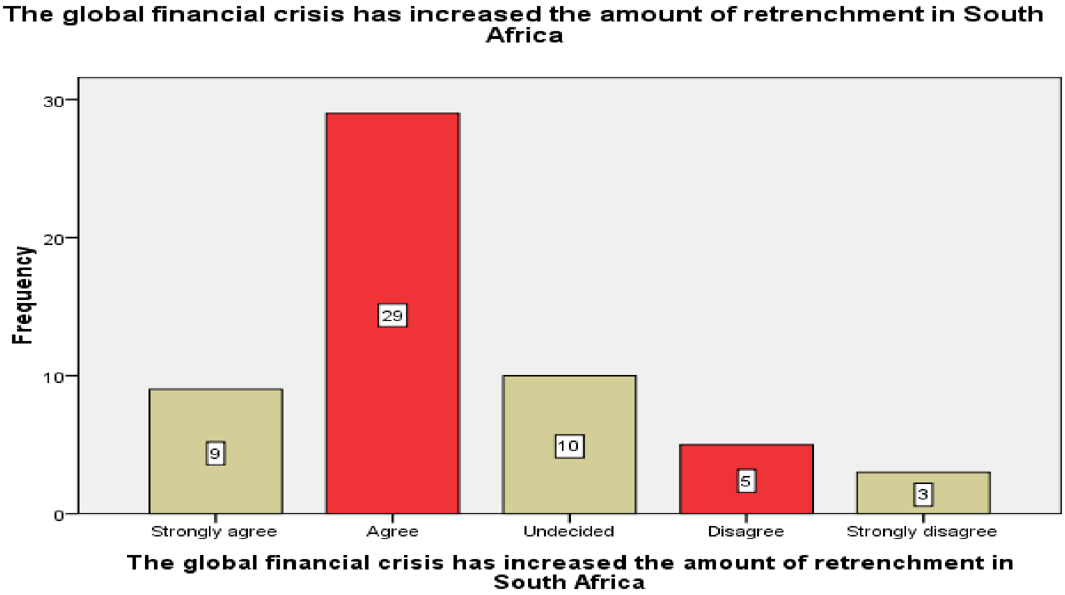

Figure 4.97: The global financial crisis has increased the rate of retrenchment in South Africa

Table 4.98: The global financial crisis has affected the South African tourism industry

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Strongly agree	20	35.7	35.7	35.7
	Agree	22	39.3	39.3	75.0
	Undecided	6	10.7	10.7	85.7
	Disagree	6	10.7	10.7	96.4
	Strongly disagree	2	3.6	3.6	100.0
	Total	56	100.0	100.0	

The data in Table 4.99 indicate that 75.0% of the respondents agreed that the global financial crisis has affected the South African tourism industry, 10.7% of the respondents were undecided, and 14.3% of the respondents disagreed. The frequency in Table 4.99 is displayed graphically in Figure 4.99.

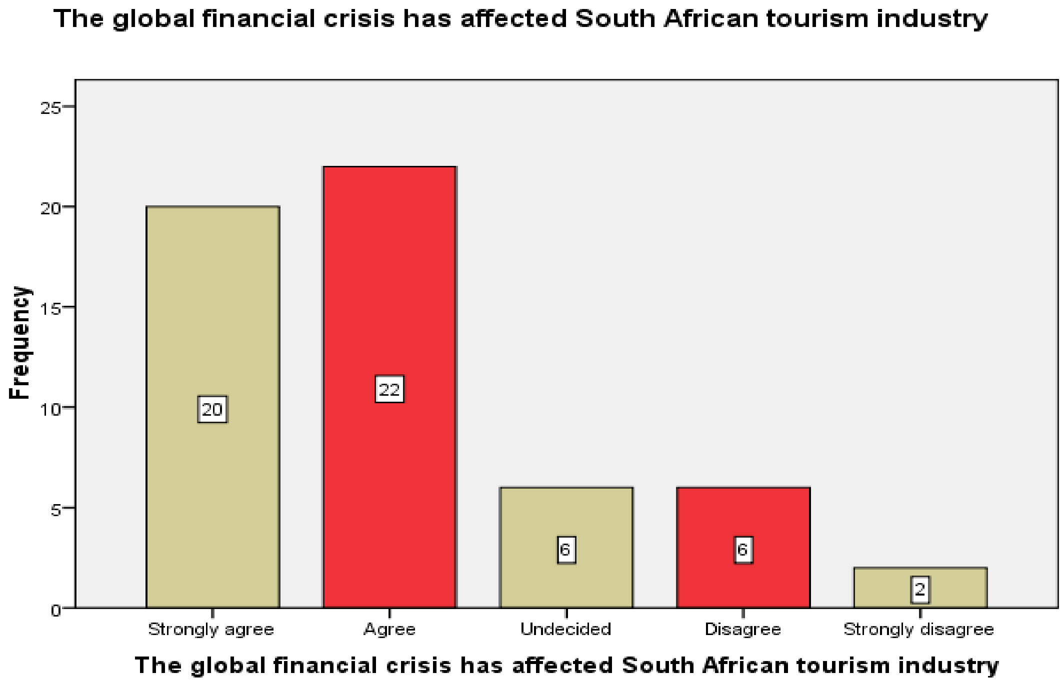

Figure 4.98: The global financial crisis has affected South African tourism industry

Table 100:The global financial crisis has affected South African hotel booking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	21	37.5	37.5	37.5
	Agree	23	41.1	41.1	78.6
	Undecided	4	7.1	7.1	85.7
	Disagree	7	12.5	12.5	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

The data in Table 4.100 indicate that 77.6% of the respondents agreed that the global financial crisis has affected South Africa hotel booking, while 7.1% of the respondents were undecided, and 12.5% of the respondents disagreed. The frequency in Table 4.100 is displayed graphically in Figure 4.100.

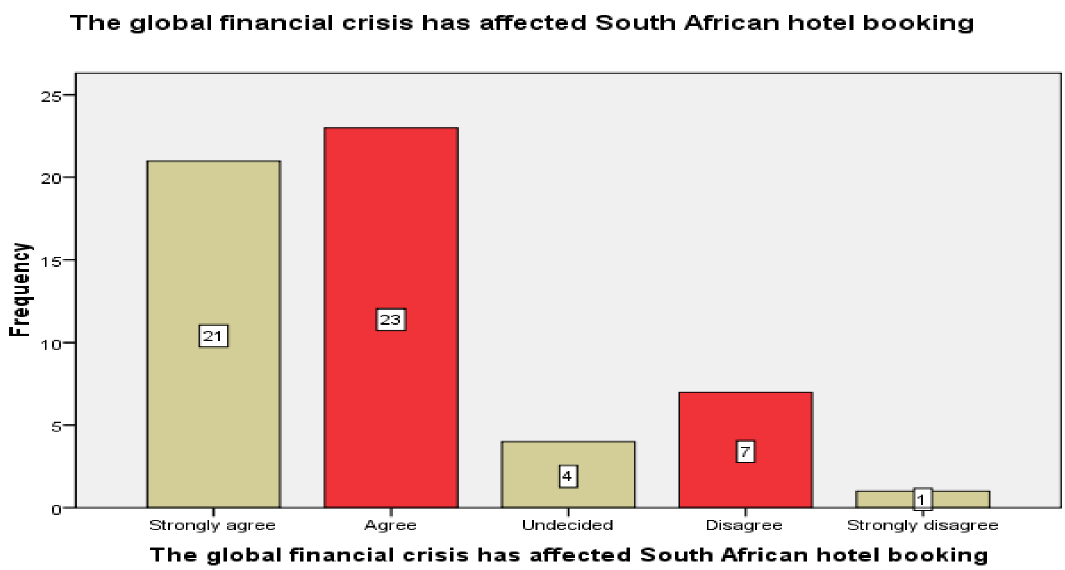

Figure 4.100: The global financial crisis has affected South African hotel booking

Table 101:The global financial crisis has affected South African facility of shopping

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	35.7	35.7	35.7
	Agree	19	33.9	33.9	69.6
	Undecided	9	16.1	16.1	85.7
	Disagree	7	12.5	12.5	98.2
	Strongly disagree	1	1.8	1.8	100.0
	Total	56	100.0	100.0	

The data in Table 4.101 indicate that 69.6% of the respondents agreed that the global financial crisis has affected facility of shopping, while 16.1% of the respondents were undecided, and 14.3% of the respondents disagreed. The frequency in Table 4.101 is displayed graphically in Figure 4.101.

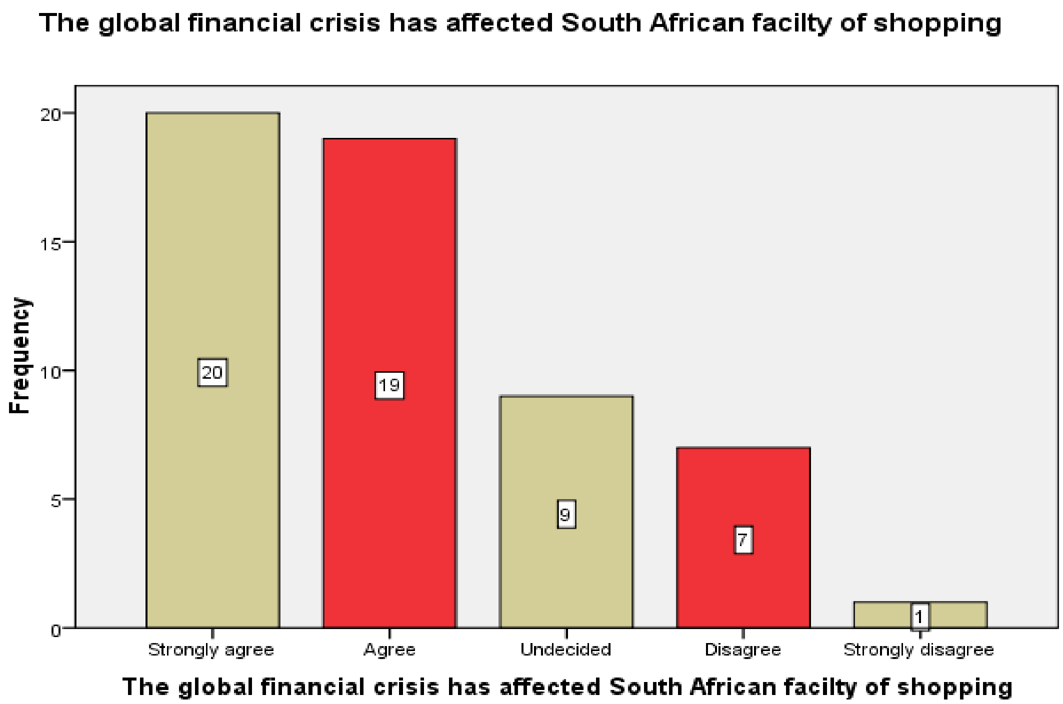

Figure 4. 99: The global financial crisis has affected South African facility of shopping

4.4 Summary

This chapter has analysed data that was collected by establishing staff's, students', and ordinary people's opinions related to the impact of the global financial crisis on the South African economy. The data was processed and analysed in a way that assessed South African citizens' perceptions of the effect of the financial crisis on the South African economy. The data collected from survey questionnaires was used to support that which was collected by fieldworkers.

The survey questionnaire questions consisted of two sections. Section one covered demographic data of respondents, such as gender, marital status, age, religious affiliation, spoken language, racial group, household composition, highest education level completed, type of household, household size, occupation and monthly income by month. Section two consisted of closed-ended questions and statements using the likert scale (Agree, strongly agree, undecided, disagree, and strongly disagree).

The results of the survey questionnaires were illustrated using tables and bar charts. The following chapter outlines the discussion of the results.

CHAPTER 5: DISCUSSION OF RESULTS

5.1 Introduction

This chapter interprets and discusses the information obtained from the survey that was conducted in order to explore the public perceptions of the impact of the global financial crisis on the South African economy. The discussion of the findings is organised according to the research objectives. This chapter shows how the survey questionnaire has clarified the research problem which was identified. In addition, this chapter details a list of recommendations which South African society generally, and the South African government in particular, should follow in future.

5.2 Discussion

5.2.1 Demographics

The survey was conducted among 170 respondents randomly selected from two universities in Cape Town and five townships near to Cape Town, namely Nyanga, Guguletu, Harbour Hout Bay, Mandela Park, and Khayelitsha.

The current results regarding the marital status of the sample of students and staff in two universities in Cape Town revealed that 51% of the respondents were married, 42.4% of the respondents were single, 4.7% of the respondents were divorced and 1.2% of the respondents were separated. Whereas, regarding the sample of ordinary people, 25.0% of the respondents were single, 69.6% of the respondents were married and 5.4% of the respondents were divorced. As observed from the survey, the majority of the respondents from both samples were married.

The current results regarding the gender of the sample of students and staff at two universities in Cape Town showed that 50.6% of the respondents were male, and 49.4% of the respondents were female. Whereas, for the sample of ordinary people, 67.9% of the respondents were male and 32.1% of the respondents were female. As observed from the survey, the majority of the respondents from both samples were male.

In terms of racial group, for the sample of students and staff at two universities in Cape Town, the results showed that 61.2% of the respondents were Black, 25.9% of the respondents were Coloured, and 12.9% of the respondents were White. However, the sample of ordinary people showed that 48.2% of the respondents were Black, 33.9% of the respondents were Coloured, and 17.9% of the respondents were White. As observed from the survey, the majority of the respondents from both samples were Black.

In terms of age, the current results of students and staff at two universities in Cape Town showed that 51.8% of the respondents were aged between 30–44 years, 20.0% of the respondents were aged between 25–29 years, 14.1% of the respondents were aged between 18–24 years, 11.8% of the respondents were aged between 45–54 years and 2.4% of respondents were aged between 55–64 years. Whereas, the current results of ordinary people showed that 8.9% of the respondents were aged between 18–24 years, 25% of the respondents were between 25–29 years, 46.4 of the respondents were aged between 30–44 years, 14.3% of the respondents were aged between 45–54 years, 1.8% of the respondents were between 55–64 years and 3.6 % of the respondents were aged between 65–74 years. As observed from the survey, the majority of the respondents from both samples were aged between 30–44 years,

5.2.2 How the global financial crises does not continue to affect the South African economy

The results in Table 4.15 indicate that a total of 57.6% (44.7 plus 12.9) of the respondents disagreed that the global financial crisis does not continue to affect the South African economy, which means that their perception is that the global recession has indeed affected the South African economy. A total of 29.4% (9.4 plus 20.0) of the respondents agreed that the global financial crisis does not continue to affect the South African economy, while 12.9% of the respondents were undecided. In the previous literature review, Assubuji and Luckcheiter (2010:1-2) challenged this idea with the alternative hypothesis: there is a gap between the South African economy in 2008 and 2009–2010. The South African economy experienced a significant impact from the global financial crisis during 2009 and 2010. Observations from the current survey thus found that a majority of the respondents disagree that the global financial crises does not impact the South African economy because there is downward trend evident in the local economy. Industry and trade have declined, food and fuel prices have been raised, there is not enough liquidity, the level of unemployment has increased, the level of crime has increased and, generally, business has declined. Vulnerability has increased, household expenditure has declined, consumption has declined, the current account is in deficit, and the gross domestic product declined in both 2009 and 2010. Many respondents obviously do not like this crisis because it affects the entire South African economy and has brought with it more vulnerabilities, crime, inequality, and social disharmony in South Africa. People prefer and need a strong economy in order to prosper.

5.2.3 How the global financial crisis has increased the level of poverty in South Africa

The current data in Table 4.39 explain that a total of 77.6% (20.0 plus 57.6) of the respondents agreed that household expenditure presents a potential source of vulnerability during the recession in South Africa, while 20.0% of the respondents were undecided, and a total of 2.4% of the respondents disagreed. The results in Table 4.16 confirm that a majority of the respondents (a total of 76.5%, 38.8 plus 37.6) agreed that the global financial crisis has increased the level of poverty in South Africa, 9.4% of the respondents were undecided, and a total of 14.1% (9.4 plus 4.7) of the respondents disagreed that the level of poverty has increased in South Africa because of the impact of the global financial crisis. With reference to the literature, a United Nations Development report (2010:12-15) states that household income and household expenditure presents a source of vulnerability in South Africa because of the global financial crisis. The findings observed from the survey in 2010 show that the majority of respondents perceive that the global financial crisis has increased the level of vulnerability in South Africa.

5.2.4 How the global financial crisis has affected South African capital movement

The current results in Table 4.19 indicate that a total of 76.5% (21.2 plus 55.3) of the respondents agreed that the global financial crisis has affected South African capital movement, 12.9% of the respondents were undecided, and a total of 10.6% (8.2 plus 2.4) of the respondents disagreed that South African capital movement has not been affected by the global financial crisis and is still stable. First National Bank (2009:6) supports the view that affirms that the global financial crisis has impacted on South African capital inflows. Van Der Waal (2008:1) agrees that the crisis has increased fears that a global recession is imminent and that nervous investors have taken their money out of developing markets to invest in American government short term bonds. As observed from the survey, the majority of the respondents agree that capital movement in South Africa has been impacted by the global meltdown.

5.2.5 How the global financial crisis has affected South African foreign direct investment

The current results in Table 4.24 illustrate that a total of 78.8% (27.1 plus 51.8) of the respondents agreed that the global financial crisis has affected South African foreign direct investment, 10.6% of the respondents were undecided, and a total of 10.6% (7.1 plus 3.5) of the respondents disagreed that there is an unchanged situation in South African foreign direct investment during the global recession. Creamer (2010:1) states that the global financial crisis has affected foreign direct investment in South Africa. The findings from the survey show that the majority of the respondents perceive that the global recession has affected South African foreign direct investment and has caused the South African economy to be unbalanced.

5.2.6 How the global financial crisis has caused serious damage to South African financial institutions and assurance

The current results in Table 4.26 show that a total of 49.4% (16.5 plus 32.9) of the respondents agreed that the global financial crisis has damaged South African financial institutions and assurance, 24.7% of the respondents were undecided, and a total of 25.9% (21.2 plus 4.7) of the respondents disagreed that South African financial institutions and assurances have not been impacted by the global financial crisis. Comparative to the literature, Old Mutual (2009:1) indicates that the impact of the global financial crisis has caused serious damage to South African financial institutions and assurances. This is despite the fact that the South African Department of National Treasury (2009:2) challenges with a null hypothesis: South Africa's money markets remained orderly and financial institutions remained stable when the financial crisis intensified in late 2008. Therefore, as observed from the survey, the majority of people perceive that the global financial crisis has impacted the South African economy. Furthermore, as observed from the survey, the majority of the respondents agreed that South African financial institutions and assurances have been impacted by the global financial crisis.

5.2.7 How the global financial crisis has had serious effects on retirement and health funding in South Africa

As observed from the current finding in Table 4.27, a total of 52.9% (20.0 plus 32.9) of the respondents agreed that the global financial crisis has had serious effects on retirement and heath funding in South Africa, 25.9% of the respondents were undecided, and a total of 21.2% (18.8 plus 2.4) of the respondents disagreed. Comparative to the previous literature, Cameron, (2010:2) affirms that the retirement saving pool is facing rapid evaporation under the hot glare of the international recession, which saw more than one million South Africans losing their jobs last year 2009. As observed from the results of the survey the majority of the respondents perceive that retirement funds have been impacted by the global recession because many people have lost their jobs and as a result savings and retirement funds have been cut and reduced. In additional, Unities Nations for HIV/AIDS (2010:2-3) and the World Bank (2010:2-3) affirm that in South Africa, the government budget for health has been substantially cut due to the global financial crisis.

5.2.8 How the global financial crisis has caused a reduction in demand for, and sales of, electricity in South Africa

The current results in Table 4.35 explain that a total of 42.4% (14.1 plus 28.2) of the respondents agreed that the global financial crisis has caused a reduction in demand for electricity and has led to decreased sales in South Africa, while 21.2% of the respondents were undecided, and a total of 36.5% (21.2 plus 15.3) of the respondents disagreed that the global financial crisis has not reduced demand for electricity. Comparative to the previous finding, Eskom (2009:1) states that a major impact of the economic slow down is reduced demand for electricity and a resultant decrease in sales. As observed from the survey, the majority of respondents perceive that the global financial crisis has caused a reduction in demand for electricity and has led to decreased sales in South Africa.

5.2.9 How the global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors

The current findings in Table 4.36 indicate that a total of 42.4% (9.4 plus 32.9) of the respondents agreed that the global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors, 35.3% of the respondents were undecided, and a total of 22.4% (15.3 plus 7.1) of the respondents disagreed. The findings in Table 4.36 indicate that a total of 42.4% (9.4 plus 32.9) of the respondents agreed that the global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors, 35.3% of the respondents were undecided, and a total of 22.4% (15.3 plus 7.1) of the respondents disagreed that a decrease shows that these sectors have been impacted by the global recession. Comparative to the literature, Eskom (2009:1) affirms that the cutbacks in existing mining and beneficiation plants have already reduced demand for electricity because of the impact of the global financial crisis. The findings from the survey indicate that the majority of the respondents perceive that the global financial crisis has decreased the demand for electricity in the industrial and mining sectors.

5.2.10 How the global financial crisis has not affected the electricity price in South Africa

The current results in Table 4.37 indicate that a total of 27.1% (7.1 plus 20.0) of the respondents agreed that the global financial crisis has not affected the electricity price in South Africa. However, 16.5% of the respondents were undecided, and a total of 56.5% (31.8 plus 24.7) of the respondents disagreed. Comparative to the previous finding, Mabhula (2010:1-2) affirms that the National Electricity Regulator of South Africa (NERSA) has finally granted Eskom a 24,8% tariff increase for 2010, 25,8% for 2011, and 25,9%for 2012. In this regard, SAPA (2010) affirms that a 24.8% electricity hike has had a negative impact on employment opportunities, affecting both employers and employees. As observed from the survey, in comparison to 2008 and 2009, in 2010 the majority of the respondents disagreed that the global financial crisis has not raised the electricity price in South Africa but their perceptions look positive because South Africa had already entered a recession in 2009.

5.2.11 How the global financial crisis has affected the South African manufacturing sector due to low consumer demand

The current results illustrated in Table 4.45 show that 70.6% of the respondents agreed that the global financial crisis has affected the South African mining and manufacturing sector due to low consumer demand, 23.5% of the respondents were undecided, and 5.9% of the respondents disagreed. Comparative to the literature, Appel (2009:1-2 and Calldo, 2009:2-30) affirms negative growth in manufacturing data, and believes that the sector could be heading for a recession, with production dropping 11.1% from January 2009 compared to January 2008. Eventually, as observed from the survey, the majority of the respondents agreed that the global financial crisis has affected the South African manufacturing sector due to low consumer demand.

5.2.12 How employment opportunities have been impacted by South African exports being under pressure

The results in Table 4.46 inform that 76.5% of the respondents agreed that employment opportunities have been negatively affected by the global financial crisis, while 18.8% of the respondents were undecided concerning the above statement, and 4.8% of the respondents disagreed. Masiteng (2009:1-2) states that it is clear from the numbers that the South African economy is not creating jobs. People are losing jobs in large numbers. As observed from the survey the majority of the respondents agree that employment opportunities have been negatively affected by the global financial crisis.

5.2.13 How mining production has been impacted by South African exports being under pressure

The current findings in Table 4.47 indicate that a total of 75.3% (23.5 plus 51.8) of the respondents agreed that mining production has been impacted by the global financial crisis, 21.2% of the respondents were undecided, and a total of 3.6% (2.4 plus 1.2) of the respondents disagreed. Comparative to the previous finding, Sonjica (2009:1) affirms that South Africa's mining sector is also vulnerable and under pressure due to the global financial crisis. As observed from the results of the survey, the majority of the respondents agree that mining production has been impacted by the global recession.

5.2.14 How South African agricultural production is decreasing as a consequence of the recession

The current results shown in Table 4.55 indicate that a total of 40.0% (14.1 plus 25.9) of the respondents agreed that South African agricultural production has been negatively affected by the global financial recession. 36.5% of the respondents were undecided, and a total of 23.6% (16.5 plus 7.1) of the respondents disagreed that South African agriculture production had not decreased, but was increasing during the recession. Comparative to the literature, Botha and Maluleka (2009:30) affirm that the South African agricultural sector has been affected by the global financial crisis and that South Africa has moved from being a net exporter of food to being a net importer of food because of the global financial crisis. Eventually, as observed from the results of the survey, the majority of the respondents agreed that South African agricultural production has been negatively impacted by the global financial crisis.

5.2.15 How the unemployment rate rose because of the impact of the global financial crisis

The current finding in Table 4.60 show that a total of 49.4% (16.5 plus 32.9) of the respondents agreed that the unemployment rate rose in 2009 because of the global financial crisis, while, 35.3% of the respondents were undecided, and a total of 15.3% (10.6 plus 4.9) of the respondents disagreed. Comparative to the previous finding, Masiteng (2009:1-2) confirms that the South African economy has been challenged by a huge increase in unemployment during the downturn. As observed from the result of the survey, the majority of the respondents perceive that the impact of the global financial crisis has increased the level of unemployment in South Africa.

5.2.16 How the global financial crisis has not affected the South African tourism industry

The current results as shown Table 4.65 indicate that a total 27.1% (5.9 plus 21.2) of the respondents agreed that the global financial crisis has not affected the South African tourism industry, 17.6% of the respondents were undecided, and a total of 55.3% (31.8 plus 23.5) of the respondents disagreed. Comparative to the literature, Mabotja, (2010:1) affirms that the global financial crisis has already affected South African tourism. Eventually as observed from the results of the survey, the majority of the respondents disagree that the global financial crisis has not impacted the South African tourism industry, while most of the respondents perceive that the South African tourism industry is already entering into recession.

The following chapter outlines the recommendations and conclusion.

CHAPTER 6: RECOMMENDATIONS AND CONCLUSION

6 Introduction

This chapter 6 outlines the recommendations in the context of skills shortage, job creation, the regulation of South African banking systems, crime in South Africa, tourism, strikes in public sector of South Africa, South Africa foreign direct and capital flows. It also outlines the recommendations in the context of raising and export; currency exchange rate, creating activity, taxation, interventions to the economy issues, public investment, inequality in South Africa, global market, capital inflows, and electricity shortage. Chapter 6 also outlines the conclusion of this study.

6.1 Recommendations

6.1.1 In terms of skills shortage

South Africa has experienced a brain drain during the global recession. The South African government should implement positive recommendations to encourage South Africans to not leave South Africa for well paid jobs overseas or for jobs in countries such as Botswana and Namibia.

6.1.2 In terms of job creation

- South Africa has experienced extensive unemployment and poverty. The South African government should encourage economic expansion by large and small companies into the Southern Africa Development Community (SADC) countries and further into Africa.

- South Africa has experienced high levels of skill shortages during the global financial crisis. The South African government should research government skills development strategies.

- The research recommends that the South African government examine ways in which restrictive labour legislation can be adjusted to favour conditions leading to job creation.

- The research recommends that the South African government develop strategies to inculcate a culture of fiscal saving amongst its citizens.

- In terms of economic growth, the South African government should reduce inequality in order to drive productivity higher, support businesses to expand, and to create jobs.

- The South African government should develop more skilled labour and broaden opportunities for its citizens by attracting investment and increasing competitiveness.

- The South African government should support unemployment and poverty reduction programmes and implement sound policies, including making difficult choices such as investment options, spending priorities, and technology and trade strategies.

- The South African government should improve the performance and effectiveness of the State, especially with regard to the provision of quality education and training at all levels.

- The South African government should improve policies aimed at sustaining high levels of public and private investment.

- The South African government should improve policies to support labour intensive industries through industrial policy interventions, skills development, infrastructure investment, public employment programmes and a rural development strategy.

- The South African government should improve policies to reduce youth unemployment, including a targeted wage subsidy aimed at lowering the costs and risks of hiring inexperienced work seekers.

- In terms of job creation during the recession, the South African government should improve policies regarding job creation. In the international field, the South African government requires a new policy to create more international employment during the recession as regards South African multinational companies, for example Vodacom, De Beers and other South African multinational companies. In the entrepreneurship field, the South African government should have policies which encourage citizens to value personal skills.

6.1.3 In the context of the regulation of South African banking systems

South Africa has experienced a deregulation of its bank systems because of the impact of the global financial crisis. The South African Reserve Bank should improve its policies regarding the regulation of banking systems and it should manage the interest rate to minimise the impact of the global financial crisis on the South African economy.

6.1.4 In the context of crime in South Africa

South African society has experienced an increased crime rate during the global financial crisis. The South African government should implement new strategies to reduce the level of crime during the recession. The procedures and rules of criminal law should be reviewed in order to improve policies regarding crime in South Africa.

6.1.5 In the context of tourism

The South African government requires a new policy to limit the impact of the global financial crisis on South African tourism. The recommendation is to focus on lowering the price of travel, accommodation, hotel bookings, and food.

6.1.6 In the context of strikes in the public sector of South Africa

Many strikes were accompanied by violence and intimidation in South Africa during the recession. The South African government should implement new strategies to improve public servants' living conditions.

6.1.7 In the context of South African foreign direct and capital inflows

The South African government should encourage diplomatic efforts to attract foreign and national investors to improve the economy of the country.

6.1.8 In the context of raising productivity and export

- The South African government should encourage improved productivity in all the sectors of the South African economy, by improving the performance of state-owned enterprises, and opening up the economy to investment and trade opportunities which can boost exports.

- The effect of the global financial crisis is biting the South African economy especially in the manufacturing and export sectors. Companies in the mining, automotive and textile industries appear to be embarking on large scale retrenchments. The South African government should implement new strategies to support the manufacturing and export sectors during the recession.

6.1.9 In the context of currency exchange rate

The South African government should keep inflation low, aiming for a stable and competitive exchange rate, and providing a buffer against global volatility.

6.1.10 In the context of creating activity

The South African government should implement measures to strengthen the efficiency of the economy overall but especially in the infrastructure sector, during the recession.

The recommendations should focus on creating new policies to provide more consistent institutional support and resources for employment innovation, light manufacturing, personal and private services, and construction, in order to limit the damage caused by the impact of the global financial crisis on the South African economy.

6.1.11 In the context of taxation

The current taxation system is actually pro-business, while the immigration system is generally seen as cumbersome, making it difficult for skilled foreign nationals to settle in South Africa. The South African government should streamline immigration and taxation policies to create an attractive environment for foreign investors as an intervention in the current crisis.

6.1.12 In the context of interventions to the economy issues

The South African government should intervene to grow the economy and to create jobs in terms of increased state investment in economic infrastructure, and it should introduce effective industrial or sector strategies or strengthen existing strategies to encourage a higher level of private sector investment and entrepreneurship. Furthermore, the government should enable the transformation and integration of informal activities into the formal economy, the streamlining of government, improved economic efficiency, and commitment to macro-economic policies that support decent work opportunities and sustainable growth during the recession.

6.1.13 In the context of public investment

The South African government should implement measures to maintain investment at the highest level in the public sector infrastructure and the encouragement of investment and corporate social investment programmes in the private sector.

6.1.14 In the context of inequality in South Africa

South African society experiences a large gap between the working and middle classes. This inequality in South African society is pronounced. The middle classes have continued to be enriched while poverty continues to plague the working class. In fact, working class salaries are static while commodity prices continue to rise during the recession. The South African government should improve working class salaries to prevent strikes during the global financial recession.

6.1.15 In the context of the global market

The South African government should increase production and sell products at a relatively cheap price in the global market.

6.1.16 In the context of capital inflows (investment)

The South African government should use diplomatic means to call for more capital inflow to invest in South Africa, for example, from China, India, USA and UK, to improve the South African economy in terms of job creation.

6.1.17 In the context of electricity shortage

The South African government should plan for the importation of electrical power from the Democratic Republic of Congo (DRC) to supplement South African generation before Eskom's expansion programmes are implemented. The South African government should also plan to utilise solar energy throughout the country and particularly in small enterprises, in order to stabilise the electricity power supply and consumption in the future, because solar energy is cheaper, readily available and renewable.

6.1.18 In terms of South African products

The South Africa government should create new markets of products which can compete with products from China, India, USA and Europe, in a strategy to create more jobs.

6.2 General comments

Apart from the above findings, a further general comment is needed. The issue of the impact of the global financial crisis on South African education, sport and art needs to be addressed. In the context of education in South Africa, the global financial crisis has led to a rise in student debt, while donor funding has dropped. Most South African universities experienced higher than average inflation (because of a weak Rand), which resulted in these institutions incurring increased costs in the acquisition of international journals and imported equipment. The issue of the impact of donor funding cuts has been varied, depending on whether projects are being funded over one or more years, amongst other things. Institutions are concerned about the ability of students to pay fees, especially those who do not have financial aid, that is, students from the working and middle classes. The global downturn has not had a negative impact on student numbers, but there have been more applications for financial aid and there might be problems later in 2009. While some students paid fees upfront, many students paid just before the final examinations at the end of the academic year. The issue of registration fees is causing difficulties for certain groups of students, and some are not yet registered because of vulnerability and unemployment created by the global financial crisis in South Africa. The issue of the allocation of funding to postgraduate students has become more competitive. More postgraduate students (masters and doctoral students) are not motivated; doing research without funding results in a poor quality of research. The South African government should improve strategies to attract local and international donor funding to address this problem.

In the context of art, poverty is endemic in South Africa, and its effects are particularly acute in disadvantaged communities. Providing training in the field of arts and design is an effective means of helping poor communities to attain a sense of dignity, and it can also be a vehicle for economic growth. Residents who are successfully involved in such art or design activities may be able to earn a living and are therefore less likely to engage in criminal activities. Some art education projects in disadvantaged areas have been functioning successfully for some time. The South African government should improve programmes to provide free arts and design education in terms of poverty alleviation in South Africa.

In the context of sport, the global financial crisis has had an impact in South Africa. Many sports clubs have problems with a lack funding which impacts in various ways, for instance reduced salaries in the case of professional football players. Providing facilities for sport is an effective means of helping poor communities to attain a sense of dignity, and it can also be a vehicle for economic growth in such areas. Furthermore, sport can be a channel for talented individuals to escape the cycle of poverty exacerbated by the impact of the global financial crisis, and sport can also provide the youth with an alternative to criminal activities. The provision of facilities for sport should initially be linked to sporting activities and sporting organisations, as these projects should be based on a partnership with the communities concerned. The South African government should improve its policies to create more sport facilities for disadvantaged communities In terms of poverty alleviation the advancement of sports such as football, basketball, cricket, volleyball, boxing, and wrestling is one way to reduce crime, unemployment and vulnerability in South Africa. In addition, the South African government should promote the competitiveness of major sports in the international field and so further develop sport generally in South Africa.

6.3 Conclusion

From 2008 to 2010, the South African economy experienced an impact of the global financial crisis because of the collapse of global demand due to the impact of the global financial crisis. This has had a negative impact on the South African economy, increasing unemployment, poverty, crime and corruption, decreasing cash flow, capital inflows, capital flows and trade (import/ export), and increasing commodity and electricity prices; furthermore it has led to electricity shortages, and it has affected retirement funds. The mining industry, one of the major sectors of the South African economy has also been affected by the global financial crisis. South Africa’s GDP has also been impacted by the global financial recession, including house price increases, low job creation, lack of remittances, and household consumption decreases.

As a result, the research found that the majority of the participants, including non-university subjects, and staff and students at two universities in Cape Town, perceive that the global financial crisis has negatively impacted on the South African economy and the lives of South Africans.

Questionnaire responses have related the reality of participants' perceptions concerning the effects of the global financial crisis on the South African economy and the lives of South Africans. The researcher was able to categorise answers from respondents by using the following factors:

- Age
- Gender
- Marital status
- Household composition
- Household size
- Religious affiliation
- Racial group
- Language
- Occupation
- Education
- Income

The researcher has tested the perceptions of the impact of the global financial crisis on the South African economy and South Africans' living conditions by referring to the classification of the survey questionnaires' answers as follows: Strongly agree, Agree, Undecided, Disagree, and Strongly disagree.

The main question for the study was: How do South Africans perceive the impact of the global financial crisis on the country's economy.

The majority of respondents (non-university subjects, staff and students) perceive that the global financial crisis has impacted on the South African economy and on the living conditions of South Africans. In fact, the South African economy depends significantly on export, industry, and trade, including the foreign exchange market and commodity markets in all sectors. The global financial crisis has impacted negatively on the global market, which has resulted in a reduction of South African commodity exports. This in turn has had negative effects on capital flows, foreign direct investment, migrant remittances, poverty, inequality, and the electricity supply price. It has led to higher interest rates and house prices, growing unemployment, increased fuel and food prices, skills shortages, decreased cash flows and capital inflows and a decline in job creation.

In addition, the mining industry in South Africa has suffered due to a drop in the global demand for minerals. This has serious consequences for unemployment and poverty in South Africa. The retail and wholesale trade sector, tourism, manufacturing, financial sector, and agriculture all experienced a decline in the second quarter (2009) of the recession in South Africa, but the mining sector experienced a higher decline than other industries. The global financial crisis has increased the already high levels of household debt, which has led a low level of consumer confidence. The household debt to disposable income ratio continued to rise during the recession.

The impact of the global recession on the South African economy has led to growing unemployment and a decline in the standard of living of most South Africans. The global financial crisis has not only increased the level of crime in South Africa, but it has also resulted in xenophobia and labour unrest.

In terms of job creation, the South African government plans to create jobs in the manufacturing sector, but has still to deliver results. The retail sector has suffered as rising prices and static incomes have curtailed spending. In terms of class, the global financial crisis has severally affected working class households' financial income. In fact, working class households were more vulnerable during the recession, because of unemployment and poverty. Growing labour unrest reflects a growing division between the middle and working classes.

In terms of the South African government's service delivery, this has been impacted by the global financial crisis, because the promise of job creation by the government has not been delivered. The global financial crisis has led many South African workers to strike, and this has reduced the revenue of many South African industries. Strikes have included violence and intimidation. In the public health institutions, the mortality rate has increased due to staff strike action. The global financial crisis continues to impact negatively on the South African economy. In 2008 there was a slow down in activity reflecting the cumulate impact of electricity power shortages and the global slow down, and South Africa’s GDP shrank in the second quarter of 2010. It has been mentioned that the downturn has been characterised by the continuity of the augmentation of inflation in South Africa. The South African Reserve Bank attempted to fix inflation (through 2008) using the consumer price index, excluding mortgage interest costs for metropolitan and other urban areas. The bank maintained that during the last quarter of 2008, inflation was influenced by higher food, fuel and power (electricity cost), and transport prices.

This study contributes to the pool of information available to researchers, students and academic staff regarding public perceptions of the impact of the global financial crisis on the South African economy. This will help researchers, students and academics to further develop their research on aspects of the South African economy. This study will be extended in terms of publishing books and journal articles.

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Appendix: A

Questionnaires for a sample of staff and students at tertiary education institutions

NAME OF INSTITUTION:………………………….Date…………

1. DEMOGRAPHIC CHARACTHERISTICS

1.1. Marital status

What is your marital status?

1.1.1	**Single**	❐
1.1.2	**Married**	❐
1.1.3	**Divorced**	❐
1.1.4	**Widowed**	❐
1.1.5	**Separated**	❐

1.2. Gender

1.2.1.	**Male**	❐
1.2.2	**Female**	❐

1.3. Age

How old are you?

1.3.1	**18-24 years**	❐
1.3.2	**25-29 years**	❐
1.3.3	**30-44 years**	❐
1.3.4	**45-54 years**	❐
1.3.5	**55-64 years**	❐
1.3.6	**65-74 years**	❐
1.3.7	**75 or older**	❐

1.4. Religious affiliation

What is your religious affiliation?

1.4.1	Non-affiliate	❒
1.4.2	Christianity	❒
1.4.3	Zionist	❒
1.4.4	Islamic	❒
1.4.5	Buddhist	❒
1.4.6	Hindu	❒
1.4.7	Other	❒

1.5. Spoken languages

What is the mainly spoken language in the household?

1.5.1.	English	❒
1.5.2	Zulu	❒
1.5.3	Xhosa	❒
1.5.4	Afrikaans	❒
1.5.5	Other	❒

1.6. Racial group

1.6.1	White	❒
1.6.2	Coloured	❒
1.6.3	Black	❒
1.6.4	Indian	❒

1.7. Household composition

With which family members or non-family members are you living together?

1.7.1	Grandchildren	❒
1.7.2	Own children	❒
1.7.3	Other	❒

1.8 Highest education level completed

1.8.1	No formal education	❐
1.8.2	Partial primary	❐
1.8.3	Primary completed	❐
1.8.4	Partial high school	❐
1.8.5	High school completed	❐
1.8.6	Certificate/diploma	❐
1.8.7	Undergraduate degree	❐
1.8.8	Postgraduate degree	❐
1.8.9	Other (specify)	❐

1.9. Type of household

1.9.1	Brick structure	❐
1.9.2	Hut/traditional house	❐
1.9.3	Shack	❐
1.9.4	Mud house	❐
1.9.5	Container	❐
1.9.6	Bungalow	❐

1.10. Household size

How many persons live in this household?

1.10.1	1-4	❐
1.10.2	5-9	❐
1.10.3	10-14	❐
1.10.4	15-19	❐
1.10.5	20 or more	❐

1.11. Occupation

What is your occupation?

1.11.2	Student	❐
1.11.3	Labourer	❐

1.11.4	**Unemployed**	❒
1.11.5	**University staff**	❒

1.12. The income

What is your monthly income?

No income		❒
1.12.1	**R 1 500 – under R 2 500**	❒
1.12.2	**R 2 500 - under R 3 000**	❒
1.12.3	**R 3 000 – under R 3 500**	❒
1.12.4	**R 3 500 – under R 4 000**	❒
1.12.5	**R 4 000 – under R 4 500**	❒
1.12.6	**R 4 500 – under R 7 000**	❒
1.12 7	**R 7 000 – under R 10 000**	❒
1.12.8	**R 10 000 – under R 15 000**	❒
1.12.9	**R 15 000 – under R 25 000**	❒
1.12.10	**R 25 000 – under R 30 000**	❒
1.12.11	**R 30 000 – under R 40 000**	❒
1.12.12	**R 40 000 – under R 50 000**	❒
1.12.13	**R 50 000 – under R 60 000**	❒
1.12.14	**Other**	❒

2. Definition of the impact of the global financial crisis on the South African economy

Please read the following statements and indicate your preference according to the legend below:

LEGEND

1 STRONGLY AGREE	**2 AGREE**	**3 UNDECIDED**	**4 DISAGREE**	**5 STRONGLY DISAGREE**

Please read up on Likert scale statements

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.1	The impact of the global financial crisis means a recession for South Africa.	❒	❒	❒	❒	❒

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.2	The collapse of banks in the USA is the cause of the global financial crisis.	❒	❒	❒	❒	❒
2.3	The global financial crisis does not continue to affect the South African economy	❒	❒	❒	❒	❒
2.4	The global financial crisis has increased the level of poverty in South Africa	❒	❒	❒	❒	❒
2.5	The global financial crisis has not affected the revenue generated locally in South Africa	❒	❒	❒	❒	❒
2.6	The global financial crisis has not affected South African consumption	❒	❒	❒	❒	❒
2.7	The global financial crisis has affected South African capital movement (Capital inflows)	❒	❒	❒	❒	❒
2.8	The global financial crisis has negatively affected inflation in South Africa	❒	❒	❒	❒	❒
2.9	The global financial crisis has not affected the South African balance of payment	❒	❒	❒	❒	❒
2.10	The global financial crisis has affected the South African stock market	❒	❒	❒	❒	❒
2.11	The global financial crisis has not affected South African monetary policy	❒	❒	❒	❒	❒
2.12	The global financial crisis has affected South African foreign direct investment	❒	❒	❒	❒	❒
2.13	The global financial crisis has not affected South African gross domestic product (GDP)	❒	❒	❒	❒	❒
2.14	The global financial crisis has caused serious damage to South African financial institutions and assurance	❒	❒	❒	❒	❒
2.15	The global financial crisis has had serious effects on retirement and health funding in South Africa	❒	❒	❒	❒	❒

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.16	The global financial crisis has not affected South African house prices	❒	❒	❒	❒	❒
2.17	The level of activity in the residential property market was negatively affected by slow down in the South African economy	❒	❒	❒	❒	❒
2.18	The global financial crisis has reduced job creation in South Africa	❒	❒	❒	❒	❒
2.29	The global financial crisis has not affected South African commodity prices for food and fuel	❒	❒	❒	❒	❒
2.20	The global financial crisis has affected the South African trade market	❒	❒	❒	❒	❒
2.21	The global financial crisis has not affected South African personal income	❒	❒	❒	❒	❒
2.22	The global financial crisis has affected shopping facilities in South Africa	❒	❒	❒	❒	❒
2.23	The global financial crisis has caused a reduction in demand for electricity and has led to decreased sales in South Africa	❒	❒	❒	❒	❒
2.24	The global financial crisis has caused a decrease in demand for electricity in the industrial and mining sectors	❒	❒	❒	❒	❒
2.25	The global financial crisis has not affected the electricity price in South Africa	❒	❒	❒	❒	❒
2.26	The global financial crisis has not affected Eskom's revenue	❒	❒	❒	❒	❒
2.27	The household expenditure presents a potential source of vulnerability during the recession in South Africa	❒	❒	❒	❒	❒
2.28	Households are spending a fraction of their disposable income to finance debt during the recession	❒	❒	❒	❒	❒
2.39	The global financial crisis has affected the level of activity in the residential property market	❒	❒	❒	❒	❒

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.30	The global financial crisis affected the annual growth rate of house prices in South Africa	❒	❒	❒	❒	❒
2.31	The global financial crisis has not affected the oil price in South Africa	❒	❒	❒	❒	❒
2.32	The global financial crisis has caused South African financial institutions to reduce liquidity (money) and to cut interest rates to stimulate the economy	❒	❒	❒	❒	❒
2.33	The global financial crisis has affected the South African mining and manufacturing sector due to low consumer demand	❒	❒	❒	❒	❒
2.34	Employment opportunities have been impacted by South African exports being under pressure	❒	❒	❒	❒	❒
2.35	Mining production has been impacted by South African exports being under pressure	❒	❒	❒	❒	❒
2.36	Economic growth has been impacted by South African exports being under pressure	❒	❒	❒	❒	❒
2.37	The global financial crisis has not affected the South African mining sector more than others sectors	❒	❒	❒	❒	❒
2.38	Mining companies are expecting a significant decline in demand for commodities from the world's emerging economies during the recession in South Africa	❒	❒	❒	❒	❒
2.39	The mining companies reduced production and introduced staff cut-backs during the recession in South Africa	❒	❒	❒	❒	❒
2.40	The global financial crisis has affected the emerging market in general in South Africa	❒	❒	❒	❒	❒
2.41	The South Africa Rand has lost 40% of its value during the recession	❒	❒	❒	❒	❒
2.42	The South African current account is in deficit because of the global financial crisis	❒	❒	❒	❒	❒

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.43	South African agricultural production is decreasing as a consequence of the recession	❒	❒	❒	❒	❒
2.44	The global financial crisis has not affected the South African export market	❒	❒	❒	❒	❒
2.45	Credit has become difficult to obtain during the recession	❒	❒	❒	❒	❒
2.46	South African remittance and private portfolio flows are dropping because of the global financial crisis	❒	❒	❒	❒	❒
2.47	South African 400 000 jobs lost in 2009 because of the global financial crisis	❒	❒	❒	❒	❒
2.48	The unemployment rate rose to 40% in 2009 because of the global financial crisis	❒	❒	❒	❒	❒
2.49	A loss of employment opportunities could mean further job losses, especially in rural towns and cities that depend on the mining sector	❒	❒	❒	❒	❒
2.50	Unemployment among South African youth has increased in the first semester of 2009 because of the global financial crisis	❒	❒	❒	❒	❒
2.51	The global financial crisis has increased the retrenchment in South Africa	❒	❒	❒	❒	❒
2.52	The global financial crisis has reduced tax revenue inflows for the South African government	❒	❒	❒	❒	❒
2.53	The global financial crisis has not affected the South African tourism industry	❒	❒	❒	❒	❒
2.54	The global financial crisis has not reduced hotel booking in South Africa	❒	❒	❒	❒	❒
2.55	The South African banking environment is experiencing the effects of a slowing domestic economic cycle brought on by inflation, and secondary effects of the global financial crisis	❒	❒	❒	❒	❒

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.56	Rand liquidity remained static with interbank lending market which continues to operate during the recession	❒	❒	❒	❒	❒

Thank you for your participation of this study

Appendix: B

Questionnaires for a sample of non-university subjects

AREA NAME: ……………………………….……Date……………………

1. DEMOGRAPHIC CHARACTHERISTICS

1.1. Marital status

What is your marital status?

1.1.1	**Single**	❒
1.1.2	**Married**	❒
1.1.3	**Divorced**	❒
1.1.4	**Widowed**	❒
1.1.5	**Separated**	❒

1.2. Gender

1.2.1.	**Male**	❒
1.2.2	**Female**	❒

1.3. Age

How old are you?

1.3.1	**18-24 years**	❒
1.3.2	**25-29 years**	❒
1.3.3	**30-44 years**	❒
1.3.4	**45-54 years**	❒
1.3.5	**55-64 years**	❒
1.3.6	**65-74 years**	❒
1.3.7	**75 or older**	❒

1.4. Religious affiliation

What is your religious affiliation?

1.4.1	Non-affiliate	❐
1.4.2	Christianity	❐
1.4.3	Zionist	❐
1.4.4	Islamic	❐
1.4.5	Buddhist	❐
1.4.6	Hindu	❐
1.4.7	Other	❐

1.5. Spoken languages

What is the mainly spoken language in the household?

1.5.1.	English	❐
1.5.2	Zulu	❐
1.5.3	Xhosa	❐
1.5.4	Afrikaans	❐
1.5.5	Other	❐

1.6. Racial group

1.6.1	White	❐
1.6.2	Coloured	❐
1.6.3	Black	❐
1.6.4	Indian	❐

1.7. Household composition

With which family members or non-family members are you living together?

1.7.1	Grandchildren	❐
1.7.2	Own children	❐
1.7.3	Other	❐

1.8 Highest education level completed

1.8.1	No formal education	❒
1.8.2	Partial primary	❒
1.8.3	Primary completed	❒
1.8.4	Partial high school	❒
1.8.5	high school completed	❒
1.8.6	Certificate/diploma	❒
1.8.7	Undergraduate degree	❒
1.8.8	Postgraduate degree	❒
1.8.9	Other (specify)	❒

1.9. Type of household

1.9.1	Brick structure	❒
1.9.2	Hut/traditional house	❒
1.9.3	Shack	❒
1.9.4	Mud house	❒
1.9.5	Container	❒
1.9.6	Bungalow	❒

1.10. Household size

How many persons live in this household?

1.10.1	1-4	❒
1.10.2	5-9	❒
1.10.3	10-14	❒
1.10.4	15-19	❒
1.10.5	20 or more	❒

1.11. Occupation

What is your occupation?

1.11.2	Student	❒
1.11.3	Labourer	❒

1.11.4	**Unemployed**	❐
1.11.5	**Employee**	❐

1.12. The income

What is your monthly income?

No income		❐
1.12.1	**R 1 500 – under R 2 500**	❐
1.12.2	**R 2 500 – under R 3 000**	❐
1.12.3	**R 3 000 – under R 3 500**	❐
1.12.4	**R 3 500 – under R 4 000**	❐
1.12.5	**R 4 000 – under R 4 500**	❐
1.12.6	**R 4 500 – under R 7 000**	❐
1.12 7	**R 7 000 – under R 10 000**	❐
1.12.8	**R 10 000 – under R 15 000**	❐
1.12.9	**R 15 000 – under R 25 000**	❐
1.12.10	**R 25 000 – under R 30 000**	❐
1.12.11	**R 30 000 – under R 40 000**	❐
1.12.12	**R 40 000 – under R 50 000**	❐
1.12.13	**R 50 000 – under R 60 000**	❐
1.12.14	**Other**	❐

2. Definition of the impact of the global financial crisis on the South African economy

Please read the following statements and indicate your preference according to the legend below:

LEGEND

1 STRONGLY AGREE	**2 AGREE**	**3 UNDECIDED**	**4 DISAGREE**	**5 STRONGLY DISAGREE**

Please read up on Likert scale statements

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.1	The global financial crisis continues to affect the South African economy	❒	❒	❒	❒	❒
2.2	The global financial crisis has affected South African financial households	❒	❒	❒	❒	❒
2.3	The global financial crisis has increased the level of unemployment in South Africa	❒	❒	❒	❒	❒
2.4	The global financial crisis has not affected South African personal income	❒	❒	❒	❒	❒
2.5	The global financial crisis has affected the revenue generated locally in South Africa	❒	❒	❒	❒	❒
2.6	The global financial crisis has affected South African consumption	❒	❒	❒	❒	❒
2.7	The global financial crisis has not increased food and fuel prices in South Africa	❒	❒	❒	❒	❒
2.8	The global financial crisis has negatively affected inflation rate in South Africa	❒	❒	❒	❒	❒
2.9	The global financial crisis has not reduced job creation level to be create in South Africa	❒	❒	❒	❒	❒
2.10	The global financial crisis has reduced the liquidity in South Africa	❒	❒	❒	❒	❒
2.11	The global financial crisis has affected South African standards of living	❒	❒	❒	❒	❒
2.12	The global financial crisis has not increased rent price in South Africa	❒	❒	❒	❒	❒
2.13	There is lack of employment in South Africa during the global financial crisis	❒	❒	❒	❒	❒
2.14	The global financial crisis has reduced the demand for electricity prices in South Africa	❒	❒	❒	❒	❒
2.15	The global financial crisis has not increased the electricity prices in South Africa	❒	❒	❒	❒	❒

		Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree
2.16	Job availability in South Africa has been reduced because of the effects of the global financial crisis	❐	❐	❐	❐	❐
2.17	Loss of employment opportunities could mean further job losses, especially in areas that depend on mining sector	❐	❐	❐	❐	❐
2.18	The global financial crisis has increased the amount of retrenchment in South Africa	❐	❐	❐	❐	❐
2.19	The global financial crisis has affected South African tourism industry	❐	❐	❐	❐	❐
2.20	The global financial crisis has affected the South African hotel booking	❐	❐	❐	❐	❐
2.21	The global financial crisis has affected South African facility of shopping	❐	❐	❐	❐	❐

Thank you for your participation in this study

Appendix: C

Cape Peninsula University of Technology

Kaizergracht Street
Cape Town
8000
April 2010

TO WHOM MAY IT CONCERN

A survey related to public perceptions of the impact of the global financial crisis on the South African economy.

I am presently engaged in research towards my Master's Degree in Public Management at Cape Peninsula University of Technology's Faculty of Business (Cape Town Campus).

This survey entails the respondents filling in a questionnaire. The survey questionnaire is related to public perceptions of the impact of the global financial crisis on the South African economy.

Staff and students at the University of Cape Town, University of Stellenbosch, the Cape Peninsula University of Technology and people on the street are considered as a research area.

Please kindly assist me in the completion of the following questionnaire. This questionnaire will only require minimum time to complete. The questionnaires will be anonymous and confidential. Please note that your participation in the completion of this survey is completely voluntary.

The purpose of the research is to assess how ordinary South Africans, as well as staff and students at universities perceive the impact of the global financial crisis on the South African economy.

For further information regarding this survey please contact Marcel Lusamba Kazadi Cell: 072 9116065.
Your cooperation is greatly appreciated.

A kind regards

Marcel Lusamba Kazadi
Researcher