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## Youth unemployment: what can we do in the short run?

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*The challenge of youth unemployment is shaped by factors in both the labour market and the education system, alongside intricate community, household and individual-level issues. This complex mixture may make it a seemingly intractable problem. While long-term solutions need to be discussed and implemented, certain options warrant attention in the short to medium term. If these were efficiently addressed, we could begin to break down the barriers that prevent entry into the labour market for at least some young people.*

### Introduction

Youth unemployment in South Africa is an oft discussed issue that may seem insoluble. Despite much policy attention and a range of public and private interventions having been implemented, youth unemployment rates have remained high since the country's transition to democracy. The situation is now considered chronic. In fact, comparisons between youth unemployment rates of the second quarter of 2008 with the second quarter of 2016 indicate that the problem has worsened over the past eight years.

We provide an overview and assessment of the current extent of the problem and discuss some of the structural features that drive youth unemployment in South Africa (for more detail, see Graham *et al.* 2016; De Lannoy *et al.* 2015). We argue that focusing solely on these structural, long-term issues may prevent us from considering important aspects that could be addressed more speedily.

### The extent of the youth unemployment problem

According to StatsSA's quarterly labour force survey, 37,5% of young people between 15 and 34 who were actively seeking work were still unemployed in the second quarter of 2016. This rate increased from 32% in the second quarter of 2008 (StatsSA 2015; 2016). One major contributing factor is that fewer young job seekers are currently being employed than in 2008. But of concern is that more young people have in fact given up looking for work. When these

'discouraged' youths are included, the youth unemployment rate goes up to approximately 45% (StatsSA 2015). If we focus on 15 to 24 year olds – those who would ideally be finding their first jobs or continuing their studies – we see that a third are 'not in employment, education or training' (NEET) (StatsSA 2015). This group is arguably the most vulnerable to chronic unemployment and poverty as well as to social exclusion.

Racial and gender inequalities continue to play their part: African and coloured youth are far more vulnerable to unemployment than their white or Indian counterparts. Just over 40% of the African youth and 32% of the coloured youth are unemployed, compared to 23% of the Indian and 11% of the white youth, while young women are more vulnerable to unemployment than their male peers (StatsSA 2015).

The nature of the challenge and the inequalities that shape it suggest that policy discussions and a range of interventions implemented since the 1990s have not materially improved the position of youth. If left unchanged, the situation is expected to increase levels of frustration and impatience among youth; the National Development Plan warns that the country must 'find ways to reduce alarming levels of youth unemployment and to provide young people with broader opportunities (...). Failure to act will threaten democratic gains' (National Planning Commission 2012: 16).

### **Why are we not making progress? A multifaceted challenge**

Why is youth unemployment in South Africa such a seemingly intractable problem? The evidence suggests that it is a multifaceted problem driven by structural elements related to the labour market and the education system, as well as community, household and individual level issues. If we are to understand the youth unemployment challenge better, we must consider what is happening at all of these levels. A composite picture of the issue may point us in the right direction in terms of policy interventions.

The youth unemployment challenge may be largely explained by the evolving nature of the labour market and mismatches within the education system. Research findings indicate that a key difficulty facing young work seekers in particular is the fact that South Africa's labour market favours skilled employees (e.g. Banerjee *et al.* 2007; De Lannoy *et al.* 2015: 51-52). In the late 1990s and early 2000s, the country's economic policy shifted to a high productivity, technology-led growth path that was intended to stimulate investment in skills development and higher wages. This happened at the same time as a shift away from labour-intensive agriculture and a commensurate increase in the number of people looking for work. The result has been a higher absorption of skilled workers into the labour market – and longer jobs

queues for those with minimal skills and little or no qualifications. The bulk of young people fall into the latter category, unless they have had access to high-quality schooling and post-secondary education (Van der Berg *et al.* 2011).

The high demand for skilled labour means that those with a post-secondary qualification are far more likely to find employment than those with only a matric certificate ([Van Broekhuizen & Van der Berg](#), *Econ3x3* 2013). Although employment prospects for young people with only a secondary education have generally decreased, a matric certificate does still place one at an advantage over those with no such qualification ([Hofmeyr et al.](#), *Econ3x3* 2013). It is therefore problematic that secondary school completion rates in the country remain low.

The uneven quality of South Africa's public schooling system further entrenches inequality in finding employment. Poorer children at schools that are often under-resourced and ill-managed very quickly fall behind in their learning. These educational backlogs and widespread grade repetition are some of the main causes of school dropout at a later stage: of the approximately one million learners who started grade 1 in 2003, only 49% made it to matric by 2015 (Spaull 2015: 36).

Other inequalities at the community and individual levels also shape access to the labour market. Geographic location acts as a barrier to the employment of the youth, with those living outside the major metropolitan areas having to spend more time and money on looking for work. Other barriers are limited social capital and limited access to information (see Graham *et al.* 2016).

### **Things to do to make a difference in the short to medium term**

It is clear that the challenge of youth unemployment is a structural issue requiring massive policy investments, political will and time – most are long-term solutions. Dedicated multidisciplinary research and policy conversations on long-term interventions are important. However, it is equally important to concentrate on what can be done in the interim to address the needs of young people who are already seeking work. Are there features of youth unemployment that might be easier to shift in the short to medium term? We suggest the following options for interim interventions.

#### ***Shift employers' appointment criteria***

South African employers, in their apparent distrust of the quality of education received by young people, have shifted the bar for entry into low level jobs ever higher (Bhorat 2013). Thus, the entry requirements for a till operator at a retailer may be a matric certificate with

mathematics and science – not because maths and science are necessary to be an effective till operator, but because, as a standard requirement, it enables employers to sort matriculants quickly. This does not mean this practice is effective: a matriculant with a good maths and science pass will likely be bored as a till operator and this could lead to higher staff turnover. A matriculant with only a good symbol for maths literacy, or even someone without a matric but with some experience in his or her mother's spaza shop might be better suited.

Employers that escalate the educational requirements for entry-level jobs may thus effectively shut out a large pool of potentially good young employees. Ways must be found to shift the labour market to be more youth friendly. One example is 'impact sourcing', a process in which employers are encouraged to review their recruitment criteria in order to reach candidates who might not normally be seen as employable. An example of such an initiative, which involves major employers in different sectors, is the Harambee Youth Employment Accelerator (Galombik 2016).

### ***Address spatial barriers to job seeking***

At the community and household levels there are additional barriers to employment. Colonialism, apartheid and post-apartheid urban planning have meant that the majority of the poor and low-skilled people continue to be trapped in areas far away from job opportunities, making it particularly difficult for people from such areas to seek work. While this is not a youth-specific problem, it reinforces the other barriers faced by youth seeking work.

This 'spatial mismatch' is compounded by prohibitively high transport costs for work seekers. A recent national study of participants in a youth employability programme reported that the average transport and other work-seeking costs were around R560 per month; the average per capita household income for the same group of youth was R527 per month (Graham *et al.* 2016). An analysis of 2005 Labour Force Survey data found that 'over 70% of non-searching (youth) indicated that their location constrained them from looking for work' (Mlatsheni & Ranchhod, forthcoming: 13-14). A transport subsidy for job seekers is currently being piloted and tested by the Abdul Latif Jameel Poverty Action Lab (2016) to find out whether it would change candidates' job-searching behaviour. This is a simple solution with a potentially high impact that could shift access to the labour market for young people.

### ***Assist with information and social networks***

Poverty at the household and community level further complicates the situation for the majority of the youth. More than half of young people aged 15-24 live in households with a

per capita monthly income of less than R779 (the ‘upper bound poverty line’).<sup>1</sup> Many lack access to information as they are unable to afford the high costs of data for the use of mobile phones, or the fees at Internet café fees that would allow them to search for job opportunities or for application details on post-secondary education.

Further, unlike their middle-class peers, poorer young people lack ‘productive social capital’, i.e. social networks that can be used for information about and access to the labour market. These are important for navigating their entry into the labour market. An analysis of the 2011 census data shows that 43% of the youth between the ages of 15 to 24 live in households without any employed adults (StatsSA 2011); this means that they lack such networks within their immediate environments. Local-level youth employability programmes, often run through non-governmental organisations, could help young people to access information about jobs and support them to more effectively look and apply for jobs. However, many of these operate on a small scale and with high costs ([Dieltiens](#), *Econ3x3* 2015). Evaluating their impact and finding ways to take the most efficient ones to scale could make a difference.

### ***Work with and support young people***

Young people are often depicted as being lazy, sitting on the streets, or feeling entitled. They are often assumed to have high reservation wages, refusing to work for less money than they think they should receive (Rankin & Roberts 2011). Qualitative evidence contradicts these assumptions. For instance, in focus groups with young people across six provinces, participants indicated that they would be willing to work for very low wages – lower than typical minimum wages in various sectors. And while they had big dreams of being lawyers and doctors, they were also willing to take any job that could give them experience or help them pay for university or college fees (Patel *et al.* 2016).

Further, research indicates that young people engage in various work-seeking strategies. However, they face major challenges and often express disillusionment with repeated job applications that are unsuccessful or remain unanswered (Newman & De Lannoy 2014). This disillusionment may result in discouragement and depression which, in itself, may prevent any structured, active job search (Mlatsheni & Ranchhod, forthcoming).

High-quality local-level interventions that make an effort to understand the range of challenges facing young people and that support them to find work and stay optimistic are

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<sup>1</sup> R779 is the rand value, in 2011 prices, of Statistics South Africa’s rebased upper-bound poverty line. See: Statistics South Africa (2015) *Methodological report on rebasing of national poverty lines and development on pilot provincial poverty lines – Technical Report*. Pretoria: Statistics South Africa. Analysis by Emily Frame, Poverty and Inequality Initiative, UCT.

important and have been shown to smooth the transition to work for the youth ([Dieltiens, Econ3x3 2015](#); Graham *et al.* 2016; [Lourens & Fourie-Malherbe, Econ3x3 2016](#)). However, further research is required on establishing the programmes that work best, how they can be made more efficient and how they can reach more young people. A cost analysis of what would be required to scale up or replicate successful interventions is necessary.

## Conclusion

The evidence suggests that, while there are major structural challenges underlying the high levels of unemployment among the youth, there are also some promising options. South Africa could begin by changing the way in which employers recruit their employees, particularly for entry-level jobs. If society at large recognised the youth's willingness to work and key role-players engaged with them in ways that made job searches easier and less expensive, there would be the opportunity to better connect young people with the jobs they may be able to fill.

We are at risk of seeing the challenge as being insurmountable and therefore we do nothing in the short term. Yet if South Africa wishes to enable the current generation of young people to create better lives for themselves and their children, it will have to look into a range of intermediate interventions that will allow more young people to get into jobs in the near future.

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