

The context for career guidance in urban & rural areas

Addressing the challenge of youth unemployment in South Africa

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Dr. Miriam Altman
Executive Director
Centre for Poverty Employment & Growth
HSRC

maltman@hsrc.ac.za or altmanm@mweb.co.za

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Social science that makes a difference



Government commitment

- Government has committed to reducing unemployment by half between 2004 and 2014 – from 28% to 14%
- HSRC estimated this would require the creation of avg 500,000 net new jobs annually
- This average was reached prior to the downturn
- With the downturn, and approximately 900,000 jobs lost, avg of 700,000 net new jobs pa needed to reach target by 2014

Youth Context

- SA has a youth bulge, and about 500,000 to 700,000 school leavers enter the labour market each year (in a LM of about 16 million people, and 12 million employed).
- Up to the downturn that hit SA in 2009, high school leavers (whether completed or not) had a 50/50 chance of finding a job before the age of 24. About 65% of black school leavers could not find a job before age 24.
- Out of the group of 4.2 million 15 – 24 year olds, about 2.6 million are inactive (neither working, nor studying) and 1.6 m are working.
- Segment youth:
 - Graduates – professionals
 - Graduates in other areas
 - Larger group of young people who leave school, are unemployed and not studying, and are not qualified to study in higher education.

Youth unemployment after the downturn

- Approx 770,000 jobs lost in last year (Q3 2008 to 2009)
 - Of which 570,000 (74%) were 15 – 34 yrs
 - 14% of 15 – 24 year olds lost their jobs (down to 1.4 m working)
 - 7 % of 25 – 34 year olds lost their jobs (down to 4.3 m working)
 - Their unemployment rate did not rise much as discouragement rose by about same rate – that is young people opted out of the labour market
- Employment expanded for those with tertiary education (by about 113,000)
- Employment contracted for those with secondary education or less (-894,000), but especially those with less (-793,000)

Implications

- High school completion important but signal to young people is weak – needs to be strengthened
- Urgent that scalable interventions aimed at dramatically expanding post-school opportunities and employability
 - For + 300,000 who enter LM each year + not already moving onto tertiary education
 - For 3 million unemployed and searching
 - Of which 1.3 m are aged 15 – 24
 - For 3 million discouraged unemployed
 - Of which about 1 million aged 15 - 24

Why are youth unemployed?

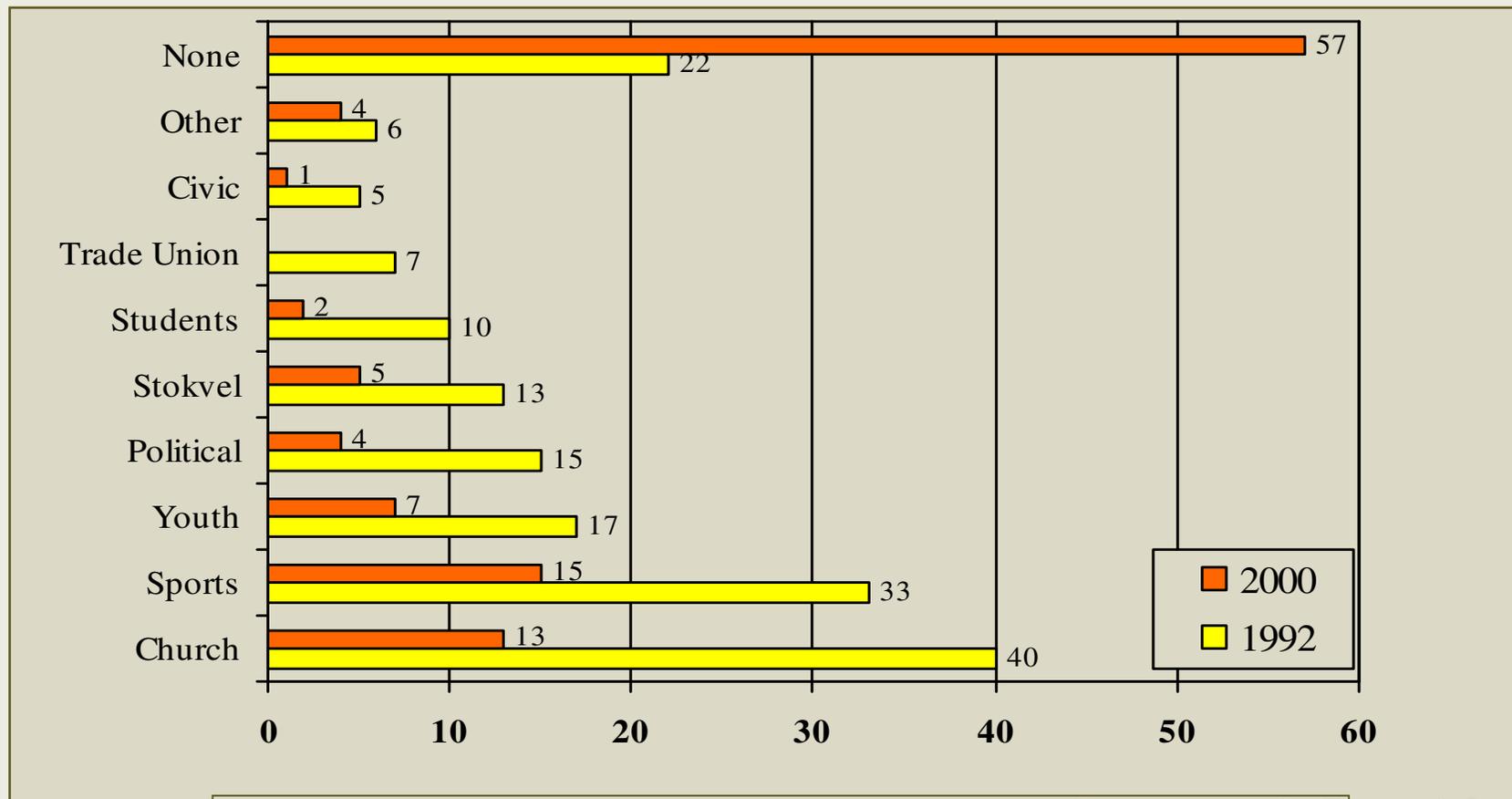
- Not enough jobs created to meet pace of youth entry
- S African youth stay in school long, but gain insufficient **skills** and **capabilities** relative to their counterparts in international comparative studies (TIMMS and SACMEC).
- They lack networks, search skills, communication skills, personal presentation and work readiness capabilities. Increasingly, they need to find work in a growing services economy that requires these capabilities
- They lack money to enable the search
- They lack of direction – eg hopping between learnerships
- Mismatch of expectations – at least initially.....
- The longer unemployment or underemployment lasts, the harder it is to reverse effects on the individual
 - 25% of all UE have been searching for 1-3 years;
 - 35% have been searching for 3+ years
- 81% of discouraged have less than completed secondary education.
- Youth face a special challenge of accessing a first work experience
- There is a particular racial bias to these gaps.

Use of networks to find a job

- Best way to find job is through networks
- But few African youth work-seekers use this approach
- For eg. Khayelitsha/Mitchell's Plain and CAP Surveys found that:
 - 55% of respondents found their current job through friends & relatives
- LFS (2005) shows that only 10% of those aged 15 – 30 use networks to find job
- This has specific race dynamic, as African youth less likely to have networks that will help them find a job
 - Age 17: more than half whites have worked in past year, vs 1% of african females & 7% african males (Lam et al, 2007).
 - Age 20: more than 88% of whites worked in past year, vs. 20% African females & 31% African males

Social context

importance of networks



African urban youth 'demobilised'

**In 1992 – 22% say they are not affiliated to any organisation
in 2000 – 57% say they are not affiliated to any organisation**

Source: survey by Everatt & Jennings

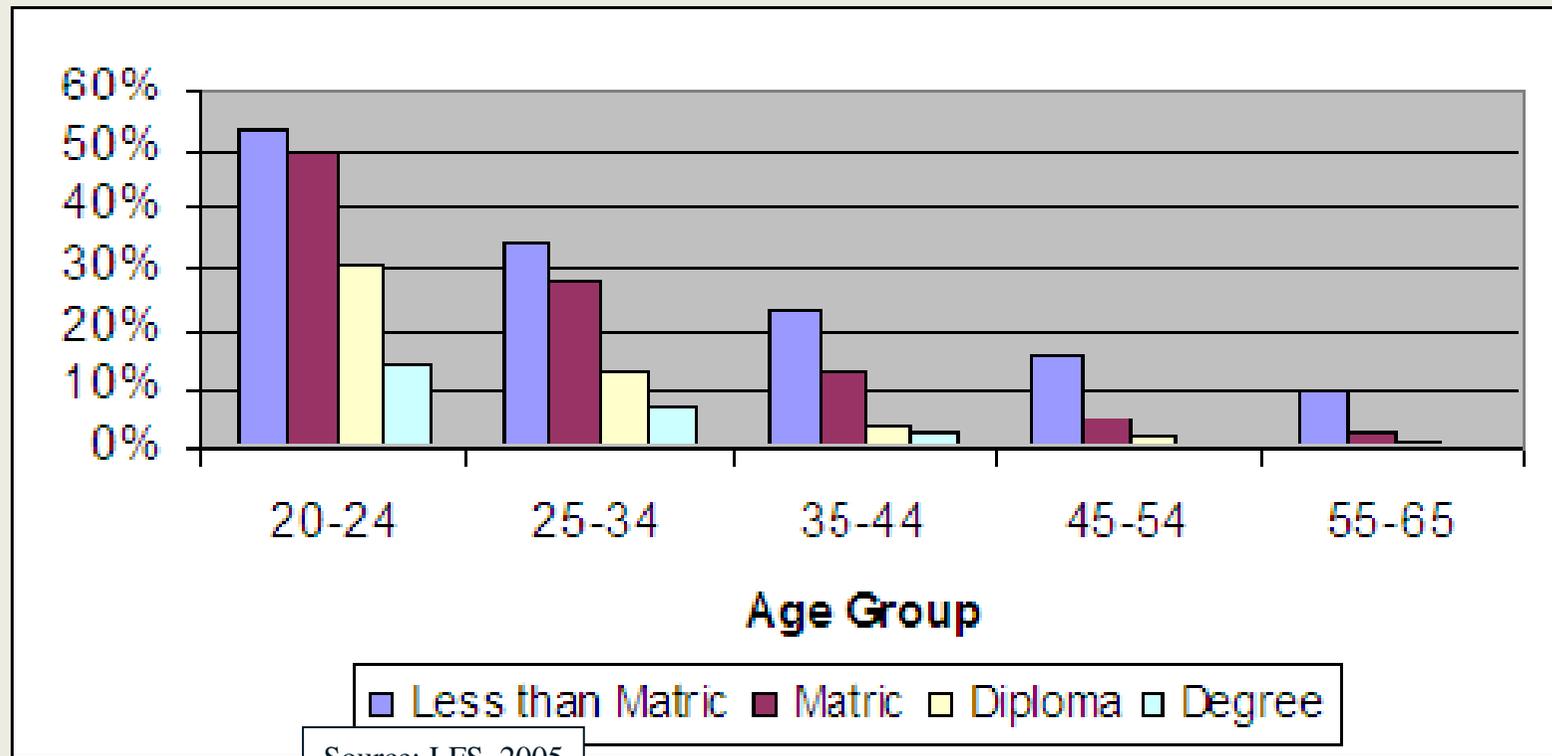
Advice & opportunities?

Social science that makes a difference



Finish matric!

- There are definite returns to education, esp tertiary level
- Very low returns to matric in the short run – rational to believe no reason to finish
 - Matrics have very high unemployment (less than 50/50 if black before age 24).
 - But this improves over time



If possible, get out of the LM & get more training/education

- There are more than 500,000 matric graduates under the age of 24 who are not working, nor are they studying.
 - The majority do not qualify for higher education
- There are now about 3 million aged 15 – 24 who are neither working nor studying. About 1.6 m are working.
- The Dept of Higher Education aims to dramatically expand Further Education & Training enrolments by 2014.
 - Could reach about 600,000, from about 300,000 today.

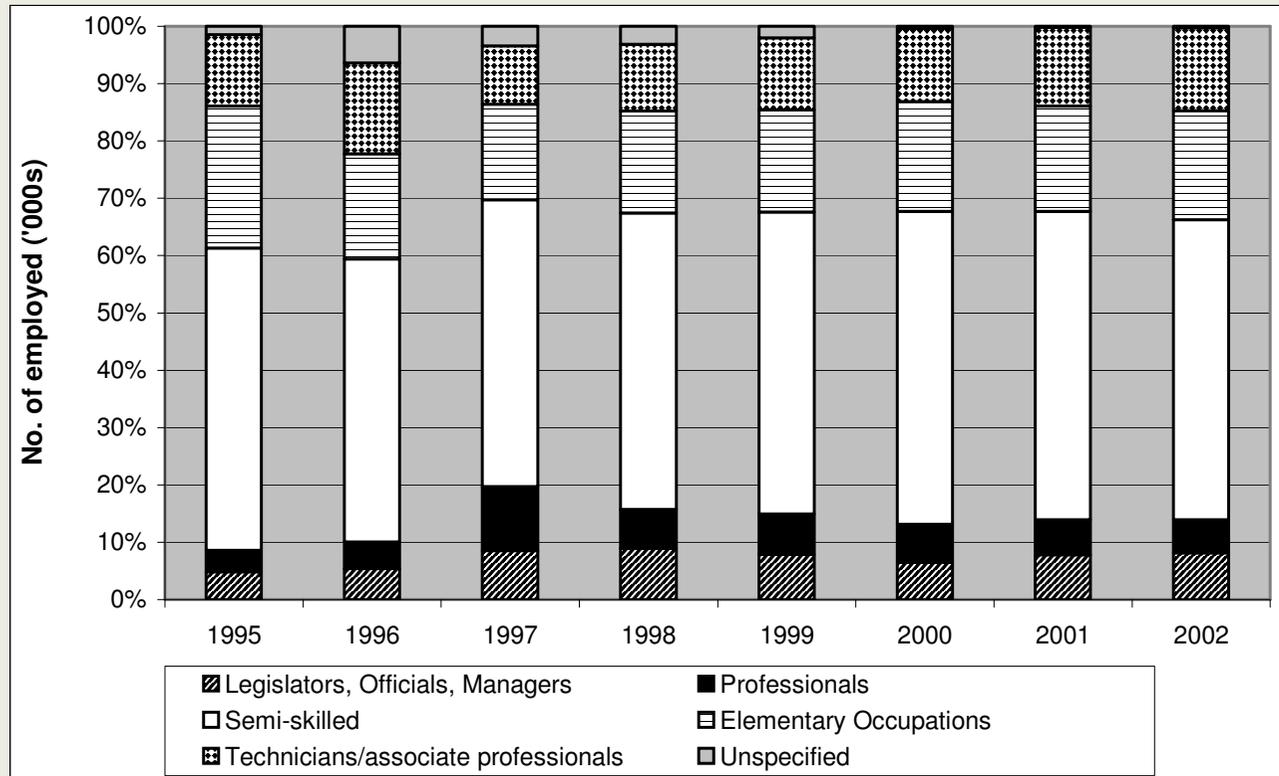
Into education.....

- FET is aimed at those who leave school after 9 years (as opposed to 12 years)
 - However, high school graduates fare better
- The challenges are great
 - Completion rates are less than 50%
 - 50 public institutions are focus of new resources and bursaries. Many require substantial quality improvement, student recruitment processes. Bursary funds need more resources. Accessing bursaries needs to be made easier.
 - Private institutions could be major source of new capacity, however incentives not oriented towards them. More effective regulation and sector governance would be needed

Most opportunities are in low paid service jobs.....

- Economy was creating jobs at rapid rate relative to GDP growth until 2009
 - approx 500,000 net new jobs created.
- Mostly in services – commercial, social & personal services
- Large # of low & semi-skill
- Large # of low paid precarious jobs – changing jobs is norm
- These opportunities are scarce now, but will bounce back.....

Ratio of high to low skill stable?



- Ratio of high to low skill constant over past decade (30:70)
- Low skill jobs are being created
- Function of emerging services economy

% change in employment by sector, 1997 - 2005

	Total 1997-2005	Avg annual growth (%)	Sector employment in 2005 ('000s)
Manufacturing	6.2%	0.8%	1,467
Construction	75.1%	9.4%	618
Finance	86.4%	10.8%	1,238
Trade	58.1%	7.3%	1,848
Community services	21.0%	2.6%	2,033
Total formal sector employment	26.2%	3.3%	8,812

IFS	107.0%	13.4%	1,954
Domestic workers	9.6%	1.2%	1,088

Low skill jobs being created in services sectors

Occupations in rural areas

- fewer industries operate in rural areas – often circulating around agriculture, tourism, construction, social services and local government.
- The Industrial Policy Action Plan emphasizes aquaculture, high value agriculture niche markets, agro-processing, small scale milling, bio-fuels, cultural industries, tourism, forestry, timber, pulp & paper and furniture.
- There are some generic skills that might be needed such as artisans, drivers, early child development service workers, business management, amongst others

Home/non-market production could be bigger opportunity than young people realise

- Approximately 2.5 million households (4 million people) produce extra food for own consumption
- About 300,000 to 400,000 households work full time in subsistence production
- Although 1/5 of all black households are involved in some home production and 3/4 are located in former homelands. 1/4 of all black subsistence farmers located in 3 municipalities (Vhembe, OR Tambo and Amathole)
- About 1.9m subsistence producers are aged 15 – 29.

Raising yields of non-market producers?

- Govt policy now looking at expanding number of subsistence producers that can achieve marketable yield, and also in expanding number of commercial producers.
- This will be done by giving more attention to services for small farmers (inputs, marketing, R&D, extension).

The public sector is expanding....

- Historically, the public sector played an important role in providing first work opportunities, especially to black graduates
- The public service reduced in size between 1996 and 2004. It is now growing by about 56,000 opportunities pa, but with a high skill bias.
- There is a strong wage-employment trade off, especially in lower grades, so little employment created there
- There are deep service delivery gaps that must be met

Public employment going forward

- Government now has strong commitment to expanding front-line professions such as policing, nurses, doctors, etc
- There is also going to be attention to:
 - Expanding learning/work opportunities – internships, apprenticeships, etc
 - Potentially more opportunities in paraprofessional type jobs in lower grades
- It is worth keeping eye out for these opportunities

Public works & special employment programmes

- These are going to be some of the biggest opportunities in the next few years for young people.
- EPWP I was designed as a five-year initiative (2004/5 - 2008/9), and is coordinated under the auspices of the Department of Public Works.
- Comprised of four sectors: infrastructure, environmental, social and economic.
- Primarily about intensifying labour intensity in expanding government construction projects.
- All of these were to be achieved through the creation of social and economic infrastructure and provision of social services as a means of meeting basic needs.

EPWP 2

- New *annual* targets are higher
 - 1.5 million people should be in an EPWP opportunity annually by 2014 (vs approx 350,000 over last decade).
 - EPWP infrastructure to double from about 185,000 opportunities in 2009 to 383,000 by 2014. To be stimulated with **municipal incentive**.
 - EPWP social sector and related activities to expand from about 20,000 opportunities to about 400,000 by 2014. To be stimulated with **EPWP employment incentive**. Non-profit organisations can apply to cover labour costs continuously, to a value of an EPWP wage (approximately R 1000 pm).
 - **Introduction of Community Works Programme (CWP)** – to guarantee regular work for 1-2 days per week, which is identified by Ward committees and other community based groups. Aim to reach 400,000 opportunities annually by 2014.

Central changes to the programme

- Higher targets – therefore also seek approach to help get to larger scale
- Employment incentives introduced
- Decentralised decision making, especially in employment incentive and CWP
- Continuous employment possible
- Should have impact of strengthening non-profit and community based organisations. This will be critical support for service delivery
- Linking youth to non-profit organisations and municipalities will be key opportunity. Special opportunities in services like child care, and in environmental services

Employment incentives & stimulation of matching services

- Gauteng province & HSRC are launching initiative to test employment incentive
- The aim is to activate networks of services aimed at linking youth to post-school opportunities – whether private sector, public sector or learning
 - Should generate innovation in these services

Motivation

- The opportunity:
 - expanding placement sector
 - redesign of epwp, and especially NPO & social sector employment incentive; substantially expanded resources
 - expanding resources to further education and training
- The challenges:
 - poor recruitment and throughput; limited interest in grade 12 grads
 - still slow programme expansion; institutional misalignment (govt/NPOs)
- The target group: Grade 12 Graduates in Gauteng

Intervention to be tested

- Programme will test:
 - Could a placement voucher be a low cost/high impact intervention to encourage the delivery of:
 - Accessing FET, Learnerships, Apprenticeships, Internships and Work-placement
 - Support to access job skills, guidance and bursaries
 - Linking NPOs to government

Partnerships

- HSRC coordinates the design, stakeholder interaction and monitoring and evaluation
- Implementation partner is recruited for project coordination and implementation.
- Partnerships formed with key stakeholder groups:
- Gauteng province has committed three year budget to this initiative
 - We expect to crowd in approximately 3 times that amount from funds available nationally as improvements in applications and programme management take place.
- Other stakeholder groups who have stated commitment included placement sector, youth agencies, chambers of commerce, training accreditation providers, the district Depts of Education, Further Education and Training Colleges, National Treasury, Department of Public Works, amongst others.

Design

- The incentive is still being designed
- Initial idea was to provide incentive to school leavers
- Now we are considering incentive for which (for-profit and not-for-profit) placement firms can apply.....
- M&E approach under review
 - Pilot area is highly porous
 - Measure firm behaviour & outcomes, and/or youth behaviour & outcomes?

Independent opportunities

- Career guidance and placement centres should be able to link with SETAs and NSF to devise programmes that improve post-schooling capabilities

Summary points

- Key questions in context of high structural unemployment =
 - Next few years are going to be hard ones for school leavers
 - Majority will be linked to public sector generated opportunities
 - However, there are services that are continuously needed
 -and preparation for future opportunities essential