



# EXECUTIVE SUMMARY

## COPING WITH UNEMPLOYMENT



Young people's strategies and their policy implications

November 2012



This report summarises the findings of a CDE project on young people's strategies for dealing with unemployment and the implications these have for policy development. Our work included a review of government policies, commissioned research from leading experts and engagement with expert researchers from a variety of fields (politics, economics, sociology, anthropology) through two workshops. CDE focused on three key issues:

- how young people are making the transition to adulthood;
- how young people look for jobs and what they want to get out of employment;
- how young people are using democratic processes to achieve their political aims.

Informed insight into these issues will help the country formulate policies that are better targeted towards solving the most pressing problems that young people confront. A key challenge constraining the project was the paucity of South African research on critical questions, limiting the extent to which definitive findings can be made and recommendations offered. (*See box on p6 concerning CDE's research*)

### South Africa's youth challenge

In South Africa, 29 per cent of the population is aged between 15 and 29. The National Planning Commission notes that this demographic weighting can be a great asset if properly harnessed for development, but could become a source of potential destabilisation under conditions of rampant unemployment.

Levels of youth unemployment have worsened since the beginning of the 2008 financial crisis. According to the latest StatsSA figures, in the second quarter of 2012, 1,3 million people aged between 15 and 24 were unemployed, as were another 1,9 million people aged between 25 and 34. Thus, if we accept that 'youth' are all South Africans from the ages of 15 to 34, then 3,2 million of the 9 million young people who are currently in the labour force were not working. Apart from the hardship this involves, there are long-term consequences for the delayed start of employment. Young people who cannot find work are losing out on opportunities to expand and strengthen their skills. They are also likely to become increasingly disconnected from a society that provides them with such restricted opportunities.

Much of this joblessness is the result of the dismal state of the education system. The unemployment rate for people who did not complete secondary school is more than three times higher than for those who completed matric, while young people who have some tertiary education have a 100 per cent better chance of finding employment than those with only a matric. In 2000 there were 1,06 million children in grade one. Twelve years later, in 2011, 348 000 passed the National Senior Certificate (NSC). This constitutes a throughput rate of 33 per cent. Of those who get the NSC only 29 per cent make it into further education. Only 13 per cent of Africans who get a matric participate in higher education, compared to 50 per cent of white matriculants.

### The state of youth policy

In this context, youth policies appear to have had very limited effect. Government-led initiatives implemented since 1994 have been marked by ambitious rhetoric, but they are seldom converted into practical youth-centred programmes. Even when programmes have been implemented, their impact has not been evaluated properly, making it impossible to differentiate between initiatives that work and should be strengthened, and initiatives that have little or no impact from which funding should be withdrawn. Most importantly, while numerous youth agencies within government have proclaimed the importance of pressurising critical ministries into adopting a 'youth focus', there is no indication that such a process has happened or has had any discernible impact on the way education, employment or growth policies have been formulated.



### How young people are coping

The central message that came out of CDE's two workshops was that the entrenched problems that many young people confront are legion and that it is difficult for individuals to overcome them on their own. Young people who live in poor neighbourhoods with bad schools and little support confront an economy that generates too few jobs. They struggle to access appropriate training opportunities to either improve their employability or set up their own businesses. They have no clear idea how to look for what jobs are available. Many have little or no access to social networks that could link them to job opportunities, partly because many have parents who have themselves been unemployed for substantial periods of time. A growing number of young people are living in environments of multi-generational unemployment. Young people who find themselves in these situations are becoming increasingly resigned to never finding a job.

Young people do not always engage optimally with the opportunities that exist. 'Insiders' have better resources, education and connections, all of which helps them secure jobs more easily than 'outsiders'. Insiders also have a better sense and understanding of how the labour market works. 'Outsiders' lack this knowledge and, as a result, often overestimate their chances of finding work. They use ineffective job search strategies, like sending out their CV in the hope that this will encourage someone to employ them; they give up on jobs because they do not feel comfortable in the work environment; they wait until they find an ideal job rather than gaining work experience in a job that is less than ideal while keeping an eye out for better opportunities.

There is evidence from Cape Town and rural KwaZulu-Natal that suggests that some young people – men, in particular – will not accept jobs that either pay too little or offer too little employment security. Research from rural KwaZulu-Natal suggests that some of the unemployed will not take jobs which are perceived to provide insufficient income to establish a family and a household.

One question that must be asked is why people in rural areas are not moving to the cities more quickly given the profound lack of opportunity in these areas. In the northern KwaZulu-Natal municipal district of Uthungulu, for example, only 28 per cent of Africans from the ages of 15 to 65 have employment. In the neighbouring district of Zululand, the figure is 20 per cent. In the urban areas of Gauteng, where 47 per cent of working age Africans have jobs, employment prospects are significantly better. Why, then do people stay in the rural areas? One possibility is that the differences between employment prospects (particularly for recent arrivals from the rural areas) are not wide enough to encourage more rapid migration. It may be, therefore, that if more jobs were being created in the cities, urbanisation rates among the young would accelerate dramatically.

### The need for more research

South Africa needs to know and understand much more about the challenges young people face and how they cope. Policy-related questions which require further investigation include the following:

- Are young women and young men responding differently to the challenge of finding a job? If so, what factors explain these differences?
- How do young people access local support networks and the government transfers that go to the elderly and single mothers? How does this affect family structure? Does this affect levels of participation in the labour force and the kinds of work that might be accepted?
- Where are young people finding guidance and information about how the job market, and the wider world, works? What is the role of religious, sporting and political organisations in this? In what way does a dysfunctional school system affect young people and their attitudes to adults and work?
- How do young people learn about the world of work, and what opportunities exist to provide them with more effective information via radio and television, or through schools or through other organisations?



- What is standing in the way of further urbanisation amongst young people trapped in rural poverty and unemployment? If staying in rural areas is more attractive than moving to a town or city, why is this so?

### Policy considerations

Growing youth unemployment in South Africa constitutes a national crisis that must be addressed. It is critical to ensure that interventions in education, training, social support, finance and mentorship all focus on ensuring that young people are being provided with expanding opportunities to become part of – and to contribute to – the South African economy. Carefully-designed monitoring and evaluation systems are needed to assess how effective current and future interventions are at connecting young people to viable and sustainable economic opportunities. Thus, training programmes should be assessed to determine whether they have been successful in making unemployed young people more employable and whether they did, in fact, find and keep jobs. Such monitoring and evaluation exercises need to follow individuals for a period of time to assess how interventions have affected their long-term career prospects.

The most important set of policy interventions required to change the prospects of young people stuck in multi-generational unemployment is to find ways of increasing the proportion of South Africans in wage employment. This is a youth intervention only to the extent that the 'youth challenge' makes expanding this form of employment an urgent priority. According to Gallup, which recently conducted an international survey in 148 countries, 27 per cent of the world's adults have jobs that pay a monthly salary. In South Africa the figure is 18 per cent. The need to increase this by 9 percentage points (which currently would mean putting 2,9 million additional adults into salaried employment) should be our primary policy goal. Although achieving such an outcome will not be easy, it may be more realistic than the goal of 'creating', all at once, the many millions of jobs required to bring unemployment down to full-employment levels. A larger proportion of the adult population with stable forms of employment will lead to the development of skills, improved understanding of how the economy works, and more secure forms of income. In a relatively short time entrepreneurship levels are also likely to rise, leading to a second round of employment creation.

More jobs will only be created once South Africa significantly raises the rate of investment and removes the barriers that inhibit the creation of labour-intensive forms of employment. Rather than only creating jobs that match ideal, developed-country standards, we need to focus on jobs that create an element of stability, are part of a dynamic, expanding economy, and which put employees onto a viable earnings path that takes them out of long-term unemployment.

Another policy focus is to improve the fairness of the job-search process. To ensure that as many young people as possible are making informed decisions about how to find work and keep it, we need to develop policies and institutions that will help 'outsiders' compete more effectively against 'insiders'. Numerous policy ideas flow from this observation.

CDE research (*Routes into Formal Employment: Public and private assistance to young job-seekers, released in July 2012*) has already pointed to the importance of large, well-established 'labour broking' firms in helping 'outsiders' gain a foothold in the world of work, albeit in temporary forms of employment. In the same report CDE also found that government programmes like the National Youth Development Agency's JOBS placement programme – although operating at a small scale – are helping young people find suitable forms of employment. Similarly, CDE has supported the implementation of a wage subsidy for young people as this should encourage employers to take a chance on inexperienced workers who may otherwise be stuck in unemployment. This could also help reduce the gap between what employers can pay and what young workers hope to earn, thereby getting young people into work while providing them with the pay level they see as necessary to move out of dependence and into adulthood.

There could be an important role within all this for well run and accountable youth organisations with a practical advocacy orientation. They can become more vocal in promoting the interests of young people with respect to labour markets, the education system and the economy. In addition, these organisations should be promoting experimental ways of providing young people with mentoring, training opportunities, linkages to the labour market and useful work experience. Such programmes exist, but they tend



to run on a small scale and their impact and cost effectiveness is seldom properly assessed. Experimental programmes are required that start small, are rigorously monitored and evaluated and are then scaled up on the basis of their demonstrated success. These principles should apply to all programmes, regardless of whether they are implemented by government, civil society organisations or the private sector.

### Concluding remarks

Young South Africans need jobs. This means that they need the economy to grow faster and with increased labour intensity; they need much better education and tertiary training opportunities; and they need a labour market regime that encourages employers to take a chance on them. These are not outcomes that 'youth policy' interventions can generate. They are, instead, the purview of economic, education and labour departments. The job of youth organisations, in this respect, is to ensure that the policy discussions within these departments are taking young people's need for more jobs, better education and working labour markets into account. The size of South Africa's youth unemployment is very large and the potential consequences of getting this right or wrong are enormous. A cabinet-level focus on addressing the challenges faced by young people is, therefore, appropriate and desirable.

Large numbers of economically sustainable jobs are the only way we can absorb young people into the economy and start to change their lives. However there are a number of other issues we need to take into account that relate to the way in which young people are coping, or trying to cope, with unemployment. The available research shows that attitudes are an important factor at play, that education about labour markets and the world of work are vital, and that 'becoming adult' is an attitudinal and policy issue that needs to be talked about in rural and urban South Africa. Young people are often trying to make effective 'transitions' into adulthood, so that they can become responsible and productive members of society. How they define and understand this process impacts on the choices they make.

This modest project has been instructive. Some ideas that are generally taken for granted have been undermined and the country's considerable lack of knowledge concerning how young people are dealing with the challenges they face, has been striking. If South Africa really intends to look at the future through a 'youth lens', as the National Planning Commission suggests, then we need to think through what this means. We do not know enough, but from what we do know it is clear that effective general policies are essential and specific youth focused programmes can be useful. However this can only be the case if the programmes are linked to effective monitoring and evaluation and a clearly defined strategy of withdrawing funds from those programmes that don't work, and scaling up those programmes that do.



### **CDE Commissioned Research**

As a first step, CDE asked a team of researchers led by Jeremy Seekings, professor of political studies and sociology at UCT, to collect data on how young South Africans are doing in reaching some of the milestones from which a productive adult life could be launched – that is, becoming educated, earning an income, adopting a healthy lifestyle and establishing functional households.

To build on this baseline, CDE asked some of South Africa's leading social scientists to reflect on how young people look for work, what drives the job choices of some and how their political engagement compares with older South Africans. Jeremy Seekings provided a perspective on how young people look for work, based largely on the Cape Area Panel Study (CAPS), which tracked a cohort of young people in Cape Town as they progressed through the final years of school, left school, and engaged with the labour market. CAPS began with a first wave of interviews in 2002 with almost 5,000 'young adults' aged between 14 and 22, spread across metropolitan Cape Town. Forty five per cent of the respondents were African; 40 per cent were coloured and 15 per cent were white. The panel was re-interviewed in 2003/04, 2005, 2006 and 2009.

Hylton White, lecturer in anthropology at the University of the Witwatersrand, looked into the factors that shape young people's job preferences in rural Kwa-Zulu Natal. Dr White's presentation was based on long-term, intensive ethnographic research in northern KwaZulu-Natal, most recently over a six month period in 2009 in a community near Richards Bay.

Robert Mattes, professor of political studies and director of the 'democracy in Africa' research unit at UCT, analysed the ways in which young South Africans understand and use their democratic rights. His presentation was based on a longitudinal series of surveys of the country's political culture carried out initially by IDASA (1994 to 1998) and subsequently by Afrobarometer (2000 to 2008).

All this research was then discussed and debated at a CDE workshop with other experts involved either in research or in working with young South Africans.

This is an executive summary of a CDE Report, COPING WITH UNEMPLOYMENT: Young people's strategies and their policy implications. (November 2012). The full-length publication is available from CDE, and can also be downloaded from [www.cde.org.za](http://www.cde.org.za).



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