

# Template for proposals for Jobs Summit

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V2. May 2018

## 1 Problem statement

The continued high rates of youth unemployment present a serious risk to the project of ensuring that nobody is left behind as we seek to promote a more inclusive economy in South Africa. A recent study assessed existing evidence about the drivers of youth unemployment, the policies that have sought to address it, and what interventions work to tackle the challenge (De Lannoy, Graham, Patel & Leibbrandt, 2018). Based on this comprehensive assessment of evidence, we present four strategies that emerge as critical levers for ensuring that young people are not excluded from South Africa's economy.

### Why young people?

The youth unemployment statistics show that, when discouraged work-seekers<sup>1</sup> are included, over half of young people remain unemployed in South Africa (Statistics South Africa, 2018). This figure has not declined significantly since 2009, but did show a marginal improvement in the economic growth years prior to that (2004 – 2008) (De Lannoy, Graham, Patel & Leibbrandt, 2018). While young people are affected by many of the same labour market factors as older workers, they also face barriers to the labour market that are particular to them. These barriers exist in both the demand and supply side of the labour market; and effectively “lock” many young people out of work opportunities with long-term consequences for their employability. If we do not ensure that these barriers are addressed, we place young people at risk for chronic unemployment (in fact many have already experienced chronic unemployment), with consequences for the continued intergenerational transmission of poverty and inequality.

We argue that job creation is necessary but not sufficient to address the challenge of youth unemployment. We propose that alongside job creation, there are four related changes that are required to ensure that economic growth is inclusive of young people.

The **problem statement** that the theory of change seeks to address is:

*There are high numbers of young people who are locked out of the labour market due to low skills levels, alongside a range of individual and household level barriers; and aversion to the perceived risk of employing youth on the part of employers. These inter-related challenges are exacerbated by a lack of policy implementation to support young people through education and training and into the labour market.*

## 2 Jobs impact

A systematic assessment of the factors that contribute to youth unemployment reveals that the challenge does not lie only in the limited jobs that have been created. Young people face particular barriers to the labour market, which will continue to exist, even in periods of economic growth. Failing to address these barriers will result in continued youth unemployment challenges, with many of the most vulnerable to unemployment – young women, Black African and Coloured youth, and those from poor households – being worst affected.

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<sup>1</sup> In our view, including discouraged work-seekers is important because discouragement amongst youth is increasing and is therefore critical to understand and address if we are to shift the problem.

The theory of change that we propose here is intended to affect the employment chances of young people in general, but in particular those young people who continue to be most vulnerable to unemployment. Therefore we do not propose a strategy for creating more jobs. Rather we propose four strategies to ensure that job creation is increasingly inclusive of young people.

### 3 Theory of change

The **goal** of the theory of change is to *ensure that young people<sup>2</sup> are adequately prepared and equipped with the necessary skills<sup>3</sup> for the labour market; employers are willing and equipped to provide work experience opportunities to youth, employ youth into short-term and long-term jobs, and support youth to develop in their organisations; that young people are effectively supported to transition through the training system and into the labour market; and that there is an effective process of policy implementation to support youth in this transition.*

We propose four mechanisms that will lead to the four outcomes necessary to reach this goal.

1. Young people are empowered through interventions that support them to stay in school or access alternative school completion options; and by ensuring they have access to and are guided through a range of further education and training options including work-integrated learning. This will lead to the outcome of more young people completing matric or equivalent and transitioning smoothly to training options that will equip them for the demands of the labour market and prepare them for the careers of their choice. This mechanism requires the following actions:
  - a. Scale up existing work-integrated learning opportunities while attending to quality concerns; and develop new learnerships and apprenticeships in identified areas of economic growth;
  - b. Identify good practice programmes that support young people to stay in school and scale them up;
  - c. Provide easily accessible programmes that can “bridge” gaps in young people’s numeracy and literacy levels;
  - d. Develop a communications campaign that provides accurate information to young people, their parents and caregivers, and teachers about training options and pathways, including alternative options for completing school.
2. Employers are empowered to employ and support the career growth of young people, with an awareness of the significant challenges that young people face as well as openness to the agency and passion of young people. This should lead to the outcome of having a youth employment commitment and plan form an integral part of each employers’ Human Resources strategy. This mechanism requires the following actions:
  - a. Continuing the Employment Tax Incentive, with a particular focus on ensuring small businesses are aware of and accessing it;
  - b. Develop an information campaign on value of working with young people and special considerations to take into account targeted at employers rolled out
  - c. Develop a “What you need to know about employing/working with young people” guide for employers that can be used to inform their HR strategy;
  - d. Pay particular attention to small businesses, which currently employ two thirds of employed youth, and ensure they are supported to keep doing so.
3. Young people are supported in their training and labour market transitions through easy access to employment support. The outcome of expanding access to employment support would be that

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<sup>2</sup> Young people in this context refers to a range of different youth, including early school-leavers, those who complete matric with or without a Bachelor’s pass, and those who have been out of the schooling system for some time. We include males and females, urban and rural youth of all races, although we are aware that youth from poor socio-economic backgrounds require more support given the deficits of basic education they face.

<sup>3</sup> By necessary skills we mean basic numeracy and literacy skills that can prepare young people to compete for entry-level jobs and navigate pathways to post-secondary education and training; as well as workplace relevant soft skills and technical skills that will enable them to compete for mid to higher level skill jobs.

barriers to the labour market such as low social capital, high costs of work-seeking, and lack of information are addressed, and work-search becomes more efficient. Potential actions that could support this mechanism include

- a. Developing an information system that provides young people with the necessary training and employment support needed *at that particular time in their education or labour market trajectory*. Ideally, the system would be designed in such a way that it can reach out to young people pro-actively, to avoid more youth “falling through the cracks” for extended periods of time.
- b. Interventions that promote more efficient work search strategies, support young people to develop and update their CVs and work-search skills are made more accessible at labour centres, schools, libraries, NGOs, and online.
- c. Training a cohort of youth workers to guide young people in their use of the information system and provide employment support; this can include young workers on the EPWP and CWP programmes, child and youth care workers, teachers, social workers, and librarians.

## 4 Existing initiatives/experience

Elements of the above theory of change have been tested. For instance:

- Work-integrated learning opportunities foster positive employment outcomes for youth
- Employment support initiatives that promote better work search behaviour have positive work search efficacy outcomes
- Youth employability programmes have positive work search efficacy and resilience outcomes that address some of the individual level barriers that young people face in accessing the labour market
- Although evidence about the effectiveness of the ETI are mixed, on balance jobs have been created and there is significant potential in small firms.

These elements have been tested and should be scaled up. Other elements such as an information system to support young people’s transition have not yet been developed or tested to date.

## 5 Constituency participation in implementation

There is significant potential, and indeed a requirement, for a range of constituents to participate in the implementation of the theory of change. In fact, a multi-stakeholder approach to addressing the challenge of youth unemployment is critical. Implementing the above four mechanisms requires an enabling environment that involves buy-in from all stakeholders, commitment to reaching agreements on what is possible, actions and targets, and political commitment to policy implementation. Employers must be willing to employ young people and integrate youth employment targets and strategies into their HR policies, there needs to be financial backing of employment support initiatives including youth employability programmes, as well as a commitment on the part of trainers, employers, and SETAs to scaling up work-integrated learning opportunities. There also needs to be a process of ensuring that government officials responsible for skills training and support for youth are identified and incentivised to ensure the effective implementation of existing policies including education policies, training and skills policies, and the youth policy.

## 6 Benefits

What social/economic groups would benefit from the proposal directly and indirectly? Please use the following table, and do not list more than 5 groups. Please describe the benefits as precisely as possible.

Group	Job creation	Other benefits	Time frame for success
Youth without matric	N/A	Reconnecting them to the training system or bridging them into entry level jobs.	5 years
Young people with matric or equivalent	N/A	Expanding access to technical skills required in the labour market	5 years
All youth	N/A	Better support to transition through training and into the labour market. Fewer youth “dropping out” of the system, more efficient matching processes in the labour market	5 years
Employers	N/A	Gain from the positive energy of young people.	Ongoing

## 7 Risks

The main risk to the successful implementation of the theory of change is a lack of buy-in and commitment from the range of stakeholders identified. Current discourse and action suggests that there is political and employer will to address the challenge but there is a risk that this is not followed through with action.

A further risk is that small businesses and employers in the social sector would be overlooked as stakeholders in a strategy to promote youth employment.

A major risk is that we will see continued apathy with regards to policy implementation, with specific reference to education and training policies and the youth policy.

## 8 Risk mitigation

Fast and effective implantation of “low hanging fruit” that can show immediate results is necessary to ensure that will is galvanised into action. Employers, SETAs and training providers could:

- Showcase success stories of where young people have been placed into work-integrated learning opportunities and how they have progressed. This can be done immediately to promote continued action.
- Highlight how an effective work-integrated learning programme is placing young people and scaling up impacts.

Employer bodies such as NBI and BLSA amongst others typically represent large businesses. Similarly NEDLAC is a forum that involves large employers. There is a need for these bodies, where they are implementing youth employment processes, to communicate with small employers. Communications campaigns about employing youth, targeted at small businesses, is another risk mitigation strategy.

To ensure that policy implementation apathy is avoided there is a need to identify government officials responsible for skills training and support for youth and incentivise them to ensure the *effective* implementation of existing policies including education policies, training and skills policies, and the youth policy. This should result in an effective system of policy implementation in which those responsible are held to account for implementation. This could be done through integrating policy implementation targets into the Key Performance Indicators of responsible officials.

## 9 Additional comments

While the challenge of youth unemployment may seem overwhelming to address, we begin from a base of a strong body of evidence about what contributes to the challenge, good policies that can underpin efforts, and significant investments in interventions. This synthesis of evidence has provided insight into where we are addressing existing drivers and where there are gaps. In doing so it has provided a theory of change to outline what needs to happen if we are to significantly shift youth unemployment figures and ensure that more young people are drawn into the labour market. While the tasks may seem daunting, much of the groundwork has already been laid. What remains therefore is to generate a social compact of political, employer, union, educator, trainer, parent and youth will to do what is necessary, and hold ourselves and one another accountable to ensure that young people are not left behind in South Africa's economy.

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*Research supported by:*



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