



Youth employability

Presentation to Dept of Higher Education

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CPEG's contribution

- Employment scenarios
- Link between education and employment
- Special focus on school leavers who would not easily transition into higher education
 - Key question – how to absorb at least 600,000 young people into positive post-school opportunity each year?
- Demonstration projects to test innovations that could mobilise much larger numbers

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Background to youth in the labour market

- 3x as likely to be unemployed as adults globally (15 – 24). Twice as likely to be unemployed in SA
- 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
- Peer group can be significant influence on learners' sense of their prospects
- Demographic dividend? Only gained if active.
 - Long term concern about rising dependency ratio as demographic bulge passes

Some basic features of youth in the labour market

- The 15 – 34 category for youth not very helpful
 - Approximately 300,000 young people enter broad labour market each year
 - Strict UE is about 50% for 20-24, but 26% for 25 – 34.
 - Implications of UE are very different for these age groups
- Youth unemployment is severe
 - 53% of LF, but 75% of strictly unemployed
- Unemployment falls with age
- Employment chances vary dramatically by age group
 - Employment for youth under age 19 has stagnated, perhaps a function of low educational attainment
 - Employment prospects of those aged 19 – 24 started improving before downturn
 - Employment for those aged 25 – 34 has risen along with rest of economy

Impact of the downturn on employment prospects

- 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)
- 81% of discouraged have less than completed secondary education

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 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

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Basic principles for identifying scalable interventions

- Any framework for supporting youth to access the labour market must:
 - Correctly identify the reasons for high unemployment
 - Strong evidence wrt to institutional barriers
 - Be simple to administer
 - Build on and reinforce existing initiatives (example existing NGOs and placement agencies, funding mechanisms such as the NSF)
 - Create incentives to overcome system weaknesses (individual, service providers and employers)
 - Facilitate seamless integration of services
 - Have appropriate systems to manage information and use this information to improve quality and scope
 - Take into account international experience and create local lessons
 - Overcome the disjuncture between youth development and labour market oriented interventions

Why are youth more likely to be unemployed?

- **Demand - side problem?**
 - Not enough jobs being created annually – stimulate economy + create public employment
 - Note that majority of new lower skill jobs in services economy. Therefore types of capabilities needed have changed
- **“Supply-side” problem? ie there could be jobs, but something is going wrong in matching**
 - Lack appropriate skills and work related capabilities
 - Concerns regarding communication, mathematical and core skill capabilities
 - Lack job search capability/lack networks
 - Lack mobility (ie don't have money to look, so stick close to home)
 - Lack of direction – often young people hop across learnerships in different learning areas simply to earn stipend
 - Mismatch of expectations (so reports that even where young people find employment they become disillusioned and leave)

Focus of cpeg work

- Improve chance of transitioning from school to post-school opportunity
 - More successful recruitment into FET & training, and pass rates
 - Promote employment opportunities, especially through public employment schemes, with link to education
- Demonstrations to expand scale of interventions in ways that address structural problems

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Suggested focus of immediate commitments: youth school leavers

- Unlikely market will generate many jobs for school leavers. Biggest challenge are those under age 24.
- Aim to generate up to 130,000 (2009) – 725,000(2014) opportunities for young people, not incl EPWP
 - Generate 80,000 (rising to 600,000) skills opportunities through rapid expansion of FET and other full time training opportunities.
 - **Employment/internship incentive for FET students?**
 - Urgently implement job specs in the public service that enable entry for lower skill workers (eg auxiliary social workers, clerks for birth registration, etc). Aim to generate 25,000 (rising to 50,000) new opportunities.
 - Introduce youth transitional jobs scheme, giving young people 12 month first work experience. Aim to generate 25,000 (rising to 75,000) opportunities annually
 - Targeted EPWP (see below)

Suggested focus of immediate commitments: public employment schemes

- ❑ Currently EPWP creates jobs for the equivalent of 4% of the unemployed
- ❑ Targets for EPWP and other indirect public employment programmes (especially in social sector), need to be expanded by an *additional* 850,000 opportunities by 2014.
- ❑ This can be done on the following basis:
 - ❑ rapid scaling up of labour intensive infrastructure, ECD and HCBC, and environmental projects
 - ❑ Rapid roll-out of EPWP employment incentive
 - ❑ Rapid roll-out of community works programme

Lets NPOs, communities and municipalities determine priorities and access funds directly

	2009	2010	2011	2012	2013
State & NPO employment incentive	30	75	138	193	270
EPWP	185	370	555	663	512

Household food security & small scale agriculture

- ❑ Approx 2.5 million households involved in some household food production
 - ❑ They are no longer considered to be 'employed'
 - ❑ $\frac{3}{4}$ in former homeland areas in Limpopo, EC & KZN
 - ❑ $\frac{1}{4}$ in 3 municipalities
 - ❑ this is clear identification of potential opportunity to support food security and livelihoods.
- ❑ Aim to improve agricultural yields in 50,000 (rising to 350,000) low income households to enable household food security and surplus production
 - ❑ access to land, extension, seeds, water
- ❑ Education opportunities in extension & support, and for the agriculturalists also

Post school learning opportunities

- At a minimum, FET, artisanships, learnerships etc could play substantially expanded role in:
 - Pulling young people out of LM into opportunities that expand their capability
 - Interlinking with what will be longer term opportunities in EPWP 2
 - Expanded agricultural opportunities

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DoE targets

- FET enrolments to rise to approximately 600,000 by 2014. This contributes about 10% to unemployment reduction target, with special emphasis on youth
- Budgets (approved?)
 - MTEF = R 12 bn needed (R5.8 bn in 2012), available R 9bn?
 - To 2014 = R34 bn needed? (R12bn in 2014)
- Which institutions? NSFAS, national DoE, provincial depts, FET colleges
- Private actors?
- Local interventions?

Adding up the proposals

Options		2009	2010	2011	2012	2013
Reducing pressure on the labour market ('000s)						
Govt	Expanding FET opportunities, esp for 17 – 24 year olds	80	176	291	330	600
Jobs available, additional to ones that would have otherwise existed ('000s)						
Govt						
	semi-skill public sector	25	50	50	50	50
	transitional jobs	25	50	75	75	75
	State & NPO employment incentive	30	75	138	193	270
	EPWP	185	370	555	663	512
	subtotal	265	545	818	981	907
Market	slowing avoidable retrenchment	25	40	40	40	40
	special funds for distressed firm re-alignment (IDC, etc)	5	15	15	15	15
	small scale agric prod'n	50	125	200	275	350
	local procurement	15	25	35	45	55
	30 day payment	15	20	25	30	35
	subtotal	110	225	315	405	495
Total additional due to special interventions		375	770	1,133	1,386	1,402

Notes:

Public sector opportunities are not additive, while market based ones are.

FET and skills opportunities pull people out of the labour market. To be conservative in the scenario building, the figures above are 60% of the DoE targets put forward in the 2008 National Plan for FET Colleges in SA.

Interventions to expand numbers

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Intervention 1

- The opportunity – growing resources, innovative private and non-profit recruitment sector
- The challenge – poor recruitment and throughput; limited interest in grade 12 graduates
- The target group: Grade 12 Graduates
- Intervention will test:
 - Could a recruitment and 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

Intervention 2

- The opportunity – redesign of epwp, and especially employment incentive
- The challenge – still slow programme expansion; govt & NPO institutional alignment poor
- The target group: Young people out of school and out of work
- Intervention will test:
 - Mechanisms for support services to link NPOs to Employment Incentive
 - EPWP 2 NPO Employment Incentive
 - Entry Training ('transition training')



Ideas on policy research support

- Identifying programmatic interventions that enhance work readiness and services economy capabilities
- Leveraging public and private capabilities to achieve scale and quality
- Design of social grants to leverage optimal behaviour in prep for labour market
- Partnership in 'employment scenarios'
- Partnerships in demonstration projects

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