



## THE STRUGGLE FOR JOBS

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### Evidence from the South African Young Persons Survey

#### EXECUTIVE SUMMARY

Levels of unemployment among young people in South Africa are far higher than among people in any other age group. According to official statistics, in 2006 the strict unemployment rate for youths aged 15–24 was no less than 50,2 per cent – almost double the general unemployment rate of 25,5 per cent.

Also, more young people are discouraged from seeking work than people in any other age group. If those who are no longer looking for work are included, the unemployment rate for young people expands to 65,2 per cent. This is clearly an issue of considerable concern for the country.

Accelerated economic growth over the past few years has only had a marginal impact on youth unemployment; from 2001 to 2006, according to the official figures, unemployment in the 15–24 age bracket dropped by a mere 3,1 percentage points, from 53,4 per cent to 50,2 per cent. Young Africans in particular have borne the brunt of these trends.

It is therefore vital to determine exact levels of unemployment among young people – and young Africans in particular – and the reasons for their poor absorption into the labour market, thus providing policy-makers and others with the information they need to stop generalising about this phenomenon and formulate more focused and effective strategies for addressing it.

Since September 2001 the government's quarterly Labour Force Surveys (LFS) have been conducted by using rotating panels. While these surveys have been valuable in some ways, their results extend over only two years, and analysis has shown that key data on whether or not respondents have worked before are unreliable.

In order to improve information about and knowledge of youth unemployment, CDE, in conjunction with the Centre for Applied African Microeconomic Research at the University of the Witwatersrand, conducted a retrospective survey among young people in three locations: Johannesburg in Gauteng, eThekweni in KwaZulu-Natal, and Polokwane in Limpopo.

Unemployment among young women ranges from 65 per cent in Johannesburg to 88 per cent in Polokwane

Entitled The South African Young Persons Survey (SAYPS), and conducted between July and November 2006, this ground-breaking study traced the histories of more than 1 000 young people – almost all of them African – between the ages of 20 and 35 from their 15th birthdays onwards, thus enabling their education and career paths to be recorded more accurately and over longer periods than in other surveys. As a result, the survey provides policy-makers and others with important new data on unemployment among young people, and how to set about reducing it.

Given the importance of education in equipping people to both search for and find jobs, school records were collected for almost all the respondents. Also, to amplify the results of the quantitative survey, six focus groups were convened in each of the three locations. Participants were asked to comment on education and skills issues, job search issues, and the influence of their job status on their quality of life.

The main findings of the survey and focus groups include the following:

- The SAYPS fully confirms the high jobless rates recorded by the official Labour Force Surveys. The unemployment rates among young men in the 15–24 age group are 56 per cent in Johannesburg, 66 per cent in eThekweni, and 65 per cent in Polokwane. The rates among young women in the same age group are 65 per cent in Johannesburg, 68 per cent in eThekweni, and no less than 88 per cent in Polokwane.
- In tandem with this, young people also experience very long spells between jobs. The median spells\* between jobs for men aged 25–35 in Johannesburg or eThekweni with a Senior Certificate and some work experience was found to be 24 months, and the comparable figure for women was 32 months. The median spells between jobs for people with no qualifications and outside the metropolitan areas are far longer. The ages when young people enter their first jobs are also very high; the median age at entry was found to be 24 for men, and 27 for women.
- In most healthy economies, there is significant job mobility among young people as they experiment with jobs until they find those that suit them best. This is a desirable process, as it enhances the efficiency of the labour market. In South Africa, however, because jobs are so scarce, young people hold on to their first jobs for as long as they can, and only a small minority leave them voluntarily to look for other jobs better suited to their talents and aspirations. This means that a significant portion of South Africa's incoming workforce may not be optimally utilised – with significant negative consequences for economic performance and productivity.
- Young people of certain racial and ethnic groups as well as those in certain locations are more disadvantaged than others. Notably, young Africans tend to be jobless for longer periods than young people of other population groups. Also, young African women are jobless for longer than young men; young African women without a senior certificate or equivalent are jobless for longer than those with better educational qualifications; and young African women in more remote parts of the country are jobless for longer than those in the urban areas.
- Most young people prefer to be formally employed rather than being self-employed, as they perceive the latter option to be very risky. This is a major barrier to encouraging self-employment as a means of reducing unemployment among young people.

The focus groups revealed high levels of dissatisfaction among young people related to their job status. Nearly 70 per cent of jobless young people said they were 'very dissatisfied' or 'dissatisfied' with their lives. Moreover, a majority of self-employed young people said they were 'very dissatisfied

\* The median is the midpoint of a series of numbers arranged in order of value. It is a good way of determining an approximate average in cases where a conventional average would be skewed by extreme values at either end of the range.

or 'dissatisfied' with their lives – an ominous indicator of the quality of their self-employment and their perceptions of it. These findings should greatly concern all South Africans and especially national and local policy-makers.

The study suggests that, in order to improve the employment prospects of young people, and young Africans in particular, policy-makers should:

- **Work to achieve far higher rates of economic growth**, as this will increase labour market participation by young people and is the precondition for any other successful policy interventions.
- **Dramatically improve the education and training system**. This should include more effective schooling and the development of more training possibilities for young people who leave school after completing Grade 9. It should also include far better counselling in secondary schools so that young people have a realistic assessment of their capabilities and are therefore able to make better informed choices about their next steps.
- **Make it easier for young people to search for jobs** through a variety of interventions. Some young people are unable to search for jobs due to a lack of funds. There are many ways to deal with this, from promoting 'unemployed discounts' for photocopying, faxing and Internet usage to providing these facilities by municipalities, local libraries, or local schools after hours. Life skills instruction in secondary schools should thoroughly cover job search issues, including building up a network of contacts, writing a CV, preparing for interviews, developing the personal attributes (discipline, time-keeping, etc) essential for formal employment, and also developing the generally flexible approach needed to get into the workforce.
- **Eliminate the obstacles to self-employment**, making this an easier and more attractive option. There is considerable evidence that crime deters people from becoming self employed and makes it harder for small enterprises to survive. Some regulations, notably tax and labour market regulations, are a disproportionate burden on smaller firms. The lack of infrastructure (bus services, roads, electricity, telephone lines) in former townships and other poorer parts of cities and towns make it harder for small businesses to emerge and prosper.
- **Dramatically enlarge the expanded public works programme**, and link it to essential economic reforms. Given the high levels of unemployment, the current public works programme – aimed at creating some 200 000 part-time and short-term jobs a year – is far too small. A labour-intensive public works strategy must be implemented on a really large scale to have the kind of impact on jobs and on the politics of reform that the country urgently needs. It should reach a scale at which it can have a significant numerical impact on unemployment. This will require extensive private sector involvement. This will require a change of approach, as the only way to get to scale – creating millions of jobs – is not to use the same local governments that are struggling to deliver on even the most basic of their functions. We need a system that provides incentives for private companies and those parts of the public sector with capacity (eg some metro governments) to compete for new and existing resources.

The findings emerging from CDE's research clearly indicate the need for a greater sense of urgency among policy-makers and planners. Bold strategic interventions are required at the national and local levels of government. Young unemployed South Africans should start organising to ensure that their voices are heard and their needs are more adequately reflected in government policy at all levels as well as in the policies and programmes of political organisations.

The scale of unemployment among young South Africans is a major national problem which is not receiving the attention it deserves.

CDE's research clearly indicates the need for a greater sense of urgency among policy-makers and planners

# MAIN REPORT

EVER SINCE THE INTRODUCTION of the national October Household Survey in 1994, it has shown that unemployment is disproportionately concentrated among the young. The Labour Force Survey (successor to the October Household Survey) estimates official unemployment as follows:

**Table 1: Official unemployment rates, 2001–2006**

	2001	2002	2003	2004	2005	2006
	(September)					
All	29.4	30.4	28.0	26.2	26.7	25.5
African	35.7	36.4	33.9	31.3	31.5	30.5
15–24	53.4	55.9	55.3	51.7	51.4	50.2
25–34	34.4	34.1	30.9	29.7	30.3	28.5

*Source: Statistics South Africa, Labour Force Survey, September 2006, Statistical Release P0210, 29 March 2007.*

Unemployment rates have dropped only since 2002, and then not by very much despite the higher rates of economic growth during the past four years

Besides the 4 391 000 unemployed in September 2006, there were also 3 217 000 discouraged workers (people who want to work but are no longer actively looking for jobs), and those too were disproportionately concentrated among the young.

Although the South African Reserve Bank regards the economy as having been in an upswing since September 1999, unemployment rates have dropped only since 2002, and then not by very much despite the higher rates of economic growth during the past four years. While further growth is a necessary condition for making inroads into unemployment, it is not a sufficient condition for absorbing South Africa's labour surplus any time soon.

Cross-sectional surveys (surveys repeated at intervals with a new sample each time) tell us only so much about the mechanism of labour absorption. More detail can be obtained from panel surveys (in which the same sample is revisited at intervals) since individual movement between unemployment and employment can be measured. The fourth (September 2001), fifth, sixth, seventh, and eighth (September 2003) Labour Force Surveys were conducted using a rotating panel.<sup>1</sup> Twenty per cent of the sample was changed between each survey. From analysis of the panel data it becomes apparent, for instance, that the answers to the question about whether the respondent had worked before or not are unreliable. This unreliability was not evident in cross-sectional surveys.

The Labour Force Survey panel, though valuable, extends over only two years. There are two ways of extending the time horizon:

1. By building a *prospective survey*, which selects a sample and then follows its members every year over a long period of time, perhaps ten or 20 years. Prospective surveys are regarded as the most reliable way of collecting panel data. Their disadvantage is that they take many years to build up, people might fall out of the sample in a non-random way, and the sample may become less representative of the population.

2. By conducting a *retrospective survey*, which selects a sample and collects information about its members going back over a long period of time. The accuracy of retrospective surveys is limited by the reliability of respondents' memory, and is generally lower than in prospective surveys. But retrospective surveys can be conducted at a single point in time. This report is based on the results of a retrospective survey.

## AN INTERNATIONAL PERSPECTIVE

Paul Ryan<sup>2</sup> has surveyed evidence from seven advanced economies: France, Germany, Japan, the Netherlands, Sweden, the United Kingdom, and United States. These are all countries with a substantial research literature, and there are considerable variations in policies and institutions between them. Although the South African economy is less developed and has more rudimentary labour market policies and institutions, a number of Ryan's findings are of interest to us. They include the following:

- Young people who face employment difficulties may be inactive instead of unemployed. The line between unemployment and inactivity is imprecise and, wherever it is drawn, frequently crossed. In slack labour markets, inactivity is expected to be high, as discouraged job seekers withdraw from the labour force and the already inactive have less of an incentive to look for work.
- Assessment of joblessness depends on flows in and out of work. High flows in and out of joblessness may indicate labour market matching, to the benefit of labour market efficiency. However, long spells of joblessness indicate structural unemployment.
- A full analysis of labour market conditions should include an analysis of the structure of disadvantage by population group, gender, and educational level.
- Early labour market experiences may affect later prospects, either through immediate well-being or through causing skills and motivation to decay among the unemployed, inducing employers to disfavour them as potential recruits.
- Youth employment options have deteriorated, particularly for low educational achievers. However, this is not uniform across countries: some have seen little deterioration, others have seen a deterioration in pay relative to older adults, and yet others have seen a deterioration in relative employment. Youth unemployment tends to be 'supercyclical' – that is, it has greater cyclical amplitude than older adult unemployment.
- The process of job matching is an important one for young workers. High job mobility in the early years can be interpreted as a series of trial matches until a good enough match is found. But an alternative interpretation suggests that labour market structure causes high youth turnover. On this view, labour markets are segmented. All workers apply to high wage employers who take their pick using age as a hiring criterion, expecting older workers to be more productive. Low-wage firms hire the rejects, including young workers, who must wait until high-wage jobs become available. It is not easy to distinguish the explanations empirically. What is clear is that the apprenticeship system in Germany and school-based recruitment in Japan both lead to lower turnover among the

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The SA Young Persons Survey is a unique data set enabling one to see the life trajectories of young people from their 15th birthdays up to their ages at the time of the survey

young. However, the efficiency of such systems is questionable: at their worst, they bang square pegs into round holes.

- When it comes to labour market policy, the evidence suggests that minimum wages, sometimes accompanied by a special youth 'subminimum', affect youth pay positively while having a weak negative effect on youth employment. Increased pay flexibility has contributed little to the task of increasing youth employment. Another form of deregulation is the introduction of fixed term contracts for young people, which weaken employment protection. These may well reduce youth unemployment, at the cost of increased insecurity. Labour market programmes offer jobless and disadvantaged workers various mixes of job search assistance, work experience, job training, remedial education, and direct job creation. These programmes have generally not worked in the United States, but their outcomes have been more positive in Europe, where they improve employment prospects as measured by the incidences and duration of subsequent employment and unemployment. However, employment induced by labour market programmes may crowd out regular youth employment, making the overall employment impact less favourable. Pay, too, is not improved, and in some cases it has decreased. In Germany and Japan, labour market programmes work less well than labour market institutions in helping young people to move from school to work.
- Vocational education in general and apprenticeship in particular appear to increase the employment content of early working life. However, its effects on pay and promotion prospects are less clear. Vocational education probably works best when it has developed qualification ladders. Apprenticeship should work best when it is an alternative route to the same qualifications offered in full-time schooling.
- In assessing school-to-work transitions, a distinction needs to be made between programmes and institutions. The former come and go; the latter develop, adapt and endure. It may be that institutions supporting school-to-work transitions can flourish only in societies in which concern for the integration of youths with broader socio-economic life is widely shared and deeply felt.

## INSTITUTIONS AND POLICIES

Manipulation of the labour market to serve white interests was an important part of apartheid, and the result was a fragmented and discriminatory system. Many of the worst aspects of discrimination were dismantled in the decade prior to 1994, but little progress in creating new institutions was made during that time. It is therefore not surprising that the post-apartheid government formulated ambitious plans in respect of education and training on the one hand, and employment conditions on the other. To put our survey findings into perspective, it is necessary to outline the post-apartheid initiatives, and to assess how much progress has been made in implementing them.

One of the main focuses of attention has been the attempt to create a unitary system of education and training. The foundation for this has been a new National Qualifications Framework, administered by the South African Qualifications

Authority. The NQF has eight levels. The first corresponds to basic or general education. The second, third and fourth relate to further education, and the fifth to the eighth to higher education, with level five being increasingly seen as intermediate between further and higher education. The goal is to register every South African qualification on the NQF at the appropriate level, with initiatives coming from all parts of the education and training system. At 31 March 2006 there were 77 Standards Generating Bodies (which originate qualification proposals), 645 general qualifications, 7 804 provider-based qualifications, 8 425 unit standards (modules of qualifications), 640 qualifications used in learnerships, and 31 education and training quality assurance bodies (which assess qualification proposals).<sup>3</sup> Moreover, the intention is to create learner records on the National Learners' Records Database, and 5 551 090 learners had been entered into the system by 31 March 2006.

The main role of the Department of Education in further education and training is to provide school education from Grade 10 to Grade 12, and 1 300 124 learners were enrolled in these grades in 2005. On top of that the department reported 269 140 learners enrolled in Adult Basic Education and Training, and 377 584 in public further education and training colleges.<sup>4</sup>

The role of the Department of Labour is more complex. Its activities in respect of the school-to-work transition can be summarised to March 2006 as follows:

- *Training:* In the period 2001-2005, 88 410 people were in learnerships, and 21 237 in apprenticeships. Of these, 56 301 had completed their training, and 77 per cent of them were employed full-time or part-time.
- *Training in crucial skills:* A total of 37 277 unemployed entered programmes leading to scarce skills, and 11 678 of them completed those programmes. A total of 3 693 people entered work places to acquire workplace experience.
- *Training of the unemployed:* A total of 103 168 unemployed people were trained, and 55 376 were placed in employment.
- *New venture creation programme:* A total of 1 731 young people entered the new venture creation programme, largely assisted by SETAs.
- *Umsobomvu Youth Fund:* The purpose of the fund is to facilitate skills development and job creation for young people. The skills development programmes are divided into community youth services (aimed at providing youth with skills whilst they provide services to their community) and the school-to-work programme (aimed at assisting young people to high-level careers with skills that are currently scarce). Twelve youth advisory centres offer information and counselling on career development, employment, and entrepreneurship. Umsobomvu offers a business development support voucher programme, and an entrepreneurship finance programme at three levels: micro finance, SME finance, and a franchise fund.
- *National Skills Fund:* Some 58 per cent of NSF income was spent or committed by March 2006. Aggregate project expenditure was 80 per cent of the approved project budget.
- *Sectoral Education and Training Authorities:* Sixteen of the 31 SETAs achieved satisfactory assessment on the basis of indicators. By September 2005, 23 SETAs had completed individual performance score cards.<sup>5</sup>

The risks of self-employment are perceived as great, and the obstacles as formidable

In relation to the numbers of young people making the school-to-work transition, these numbers are not yet at scale, nor are they likely to be in the near future, even given plans for expansion in the period 2005-2010.

The *Expanded Public Works Programme* of the Department of Public Works is aimed at creating a million work opportunities during the five years starting on 1 April 2004. The department estimates that it created at least 348 900 net work opportunities during the first two years.<sup>6</sup> Work opportunities carried forward into 2005-6 and new opportunities created in that year amounted to 208 898 (table 2).

**Table 2: Work opportunities created by the Expanded Public Works Programme, 2005-6**

Infrastructure	107 571
Social	18 308
Environmental and culture	81 186
Economic	1 833

On average, jobs on infrastructure projects last for about four months, and jobs on environmental projects for about six months. These estimates imply that the EPWP is creating between 70 000 and 100 000 full-year jobs a year. Like the more successful Department of Labour programmes, this is worth having, but is also not at scale.

After the young have left the education system, what determines the length of their spells of joblessness?

## TOPICS FOR INVESTIGATION

The discussion so far and the special structure of our data set prompt the following questions for investigation:

- What are the pathways through the education system?
- After the young have left the education system, what determines the length of their spells of joblessness?
- Does their experience in first and subsequent jobs shed light on labour market matching of jobs with skills?
- What determines the choice between self-employment and working for others?

## THE SURVEY

Between July and November 2006 CDE, in conjunction with the Centre for Applied African Microeconomic Research (CAAMER) of the University of the Witwatersrand, conducted a retrospective survey of young people – almost all African – between the ages of 20 and 35 in three locations: the Johannesburg metro in Gauteng, the eThek-wini metro in KwaZulu-Natal, and the town of Polokwane and adjacent rural area of Dikgale in Limpopo. The representative samples were selected randomly within clusters distributed proportionate to the residential spread of young black Africans in townships, informal settlements, suburbs, inner-city areas, and tribal areas in each of the three localities. In all, 1 104 respondents were surveyed. The gender composition of the sample in each of three areas is reflected in table 3.

**Table 3: Composition of the survey sample**

	Male	Female
Johannesburg	265	299
eThekweni	103	160
Polokwane	99	173

Women are over-represented in the sample, and men under-represented. But the bias is not extreme, and gender is controlled in much of the analysis.

Thirteen per cent of respondents were household heads. A further 68 per cent were the sons or daughters of the household head. In 37 per cent of cases, the household head was the mother of the respondent, and in 31 per cent the head was the father of the respondent. Three per cent of respondents said their households always had problems satisfying their food needs during the previous 12 months; 5 per cent said they often had problems; and 43 per cent said they sometimes had problems, with 49 per cent saying that they seldom or never had problems. It is therefore not surprising that most of the unemployed reported support from their households, frequently augmented by social grants.

Of the sample in Polokwane, 251 (92 per cent) of 272 respondents said that they had lived in Limpopo since age six. In eThekweni, 220 (84 per cent) had lived in KwaZulu-Natal since age six, most of the immigration coming from the Eastern Cape. In Johannesburg, however, origins were more diverse. Some 304 (54 per cent) had lived in Gauteng since age six. Of the 260 immigrants, 144 had come from Limpopo, 33 from the Eastern Cape, 27 from KwaZulu-Natal, 23 from Mpumalanga, and 33 from the other four provinces.

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## Educational data

School records were collected for 1 023 of the respondents. Their classification is shown in table 4.

**Table 4: School records of respondents**

Still at school	81
Left school after:	
Grade 7 or lower	19
Grade 8	23
Grade 9	48
Grade 10	80
Grade 11	143
Grade 12	575
Not specified	53
Wrote Senior Certificate	502
Passed Senior Certificate	416

Survival in the school system to Grade 12 (65 per cent) and the pass rate in Senior Certificate examinations (83 per cent) are both high relative to national averages for all races for the period 2002–4 of 47 per cent and 71 per cent respectively. The fact

that three quarters of the sample was in metropolitan areas may explain some of the difference.

Some 380 respondents reported one or more spells in further or higher education, 464 spells in all. Of these, 107 were still studying (table 5).

**Table 5: Respondents in further or higher education**

Private further education	23
Technical college	31
Technikon	15
University	37
Not specified	1

Completed spells in further or higher education are reflected in table 6.

**Table 6: Completed spells in further or higher education**

Private further education	112
Teacher training college	6
Technical college	140
Technikon	35
University	52
Not specified	12

Of the courses taken in private further education, 62 per cent required a Senior Certificate, and of the courses taken at a technical college, 59 per cent required a Senior Certificate. Some 59 spells in private further education and technical college were undertaken by people without Senior Certificate, as shown in table 7.

**Table 7: Respondents without Senior Certificates in private further education and at technical colleges**

Highest level of school education	Private further	Technical college
Grade 9	6	
Grade 10	3	7
Grade 11	4	12
Grade 12 (without passing SC)	9	16
Missing	1	1
Total	17	42

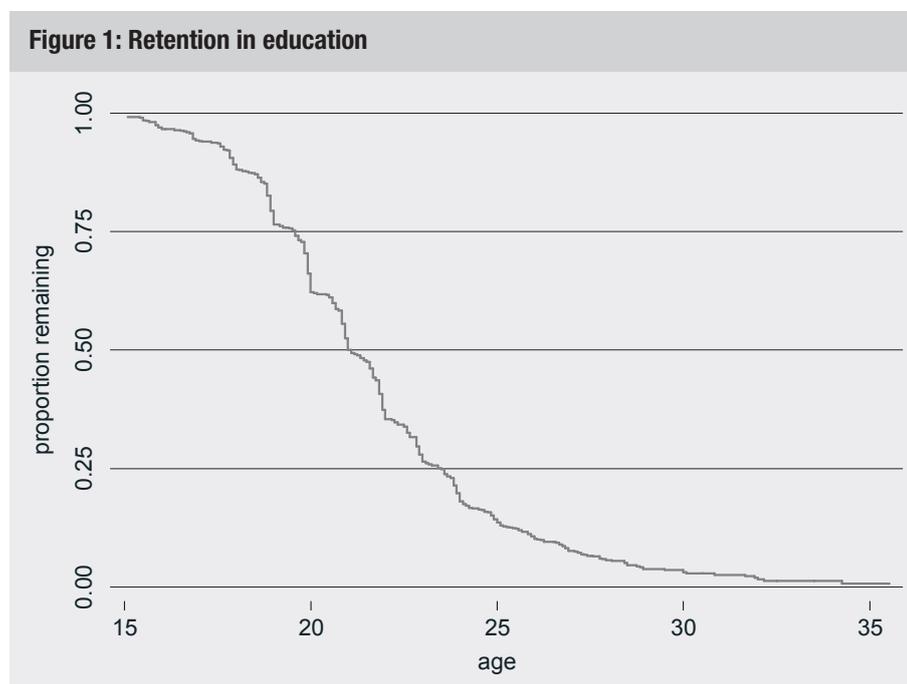
Some 87 per cent of spells in further or higher education followed the passing of Senior Certificate. The remaining 13 per cent were undertaken without a Senior Certificate. The route through senior secondary school and the Senior Certificate remains the dominant route to further and higher education.

Of the 357 completed spells in further and higher education, 230 resulted in a qualification, a success rate of 64 per cent. The distribution of these qualifications is given in table 8.

**Table 8: Respondents with qualifications in further and higher education**

	Certificate	Diploma	Degree	Total
Private further	60	20	80	
Teacher training	1	5	6	
Technical college	77	24	101	
Technikon	6	13	19	
University	4	1	19	24
Total	148	63	19	230

Retention in the education system is indicated by the survival curve in figure 1. Survival curves will frequently be used in the analysis. They indicate the proportion remaining in a state as a function either of age or of the duration of the state.



## THE FINDINGS

### Spells of joblessness

Following Ryan, joblessness rather than unemployment will be analysed. Essentially, jobless members of the sample are those who are not in education and not in employment. Importantly, it includes discouraged workers – that is, those who want to work but have given up looking for jobs.

The following table sets out joblessness rates (jobless as a proportion of the total). The survey results are compared with those of the March 2006 Labour Force Survey:

**Table 9: Joblessness rates in three survey areas (LFS and YPS)**

Region	Gender	Age	Joblessness rate (%)	
			LFS	YPS
Johannesburg	Male	15–24	67	56
		25–34	35	34
	Female	15–24	80	65
		25–34	53	59
eThekweni	Male	15–24	81	66
		25–34	59	44
	Female	15–24	82	68
		25–34	58	65
Polokwane	Male	15–24	85	65
		25–34	59	44
	Female	15–24	96	88
		25–34	79	71

The high joblessness rates obtained in the SAYPS are fully confirmed by the LFS. Discrepancies in individual entries arise from sampling error associated with relatively small sample sizes in the various subcategories.

Seventy six (14 per cent) of the 537 people who have worked for at least one spell report no spell of joblessness. The analysis that follows applies to the remainder.

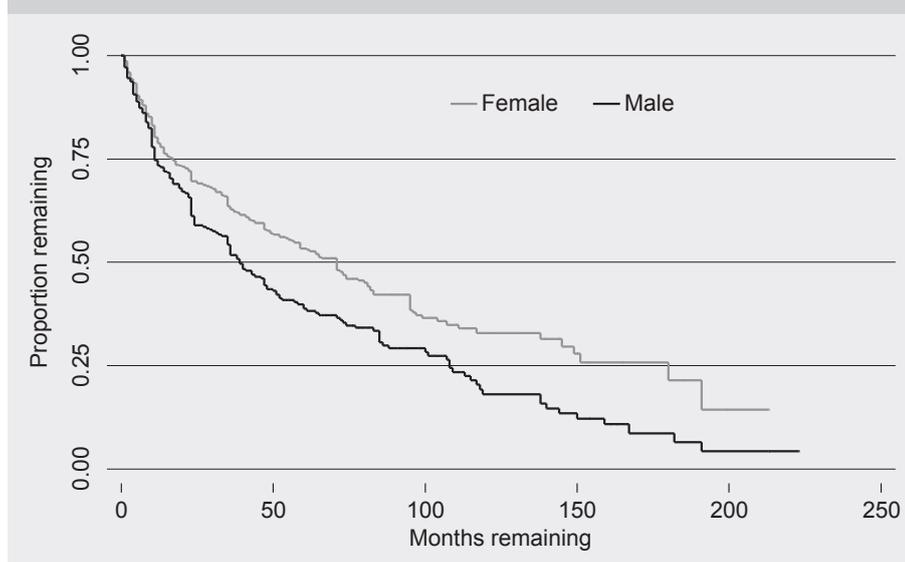
The observations on joblessness can be fitted to a parametric survival model. Specifically, a proportional hazards model with an exponential survival function will be used. What this means is that, for a specific individual, his or her instantaneous probability of exit from joblessness is constant over time. However, the probabilities for different individuals will vary according to their characteristics. The characteristics included in the model are:

- Gender
- Age at the beginning of the spell
  1. 15-24
  2. 25-35
- Education in three categories
  1. No qualification
  2. Senior Certificate or certificate from private further education or technical college
  3. Diploma, degree or certificate from teacher training college, technikon or university
- Whether or not the respondent has worked before
- Location of interview
  1. Johannesburg or eThekweni
  2. Polokwane

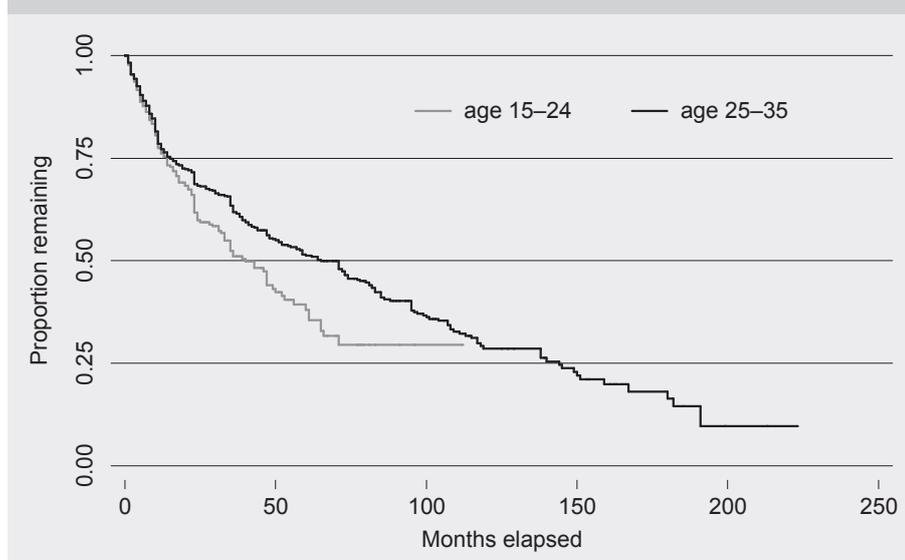
All the variables have significant effects, some of which are strong. Figure 2 graphs the proportions expected to remain jobless after the elapse of time shown on the horizontal axis, with the male curve below the female (more rapid exit from joblessness). Figure 3 shows the proportions expected to remain jobless by age at the start

of the spell, with the 15-24 curve below the 25-35 curve. Other things being equal, expected duration of unemployment is longer for the older part of the population. Figure 4 graphs the survival curves by highest level of education achieved. The top curve is for people with no qualification, and the two bottom curves are (a) for people who have passed Senior Certificate or have obtained a certificate from a technical college or private further education institution; and (b) for people with a higher education qualification. There is no significant difference between these two curves. Figure 5 shows the difference that having had a job makes to subsequent spells of employment, with the lower curve referring to people with work experience. Finally, Figure 6 shows the difference in survival curves between Polokwane (the top curve) and Johannesburg and eThekweni (the bottom curve).

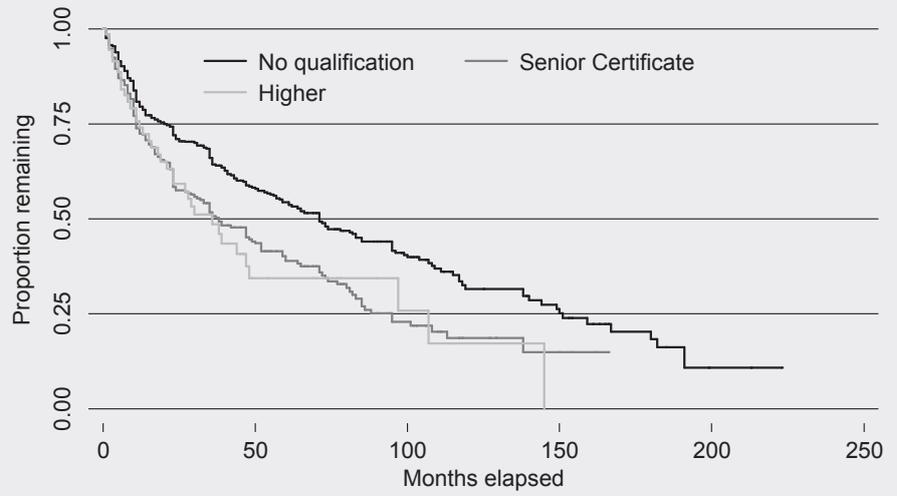
**Figure 2: Jobless spells by gender**



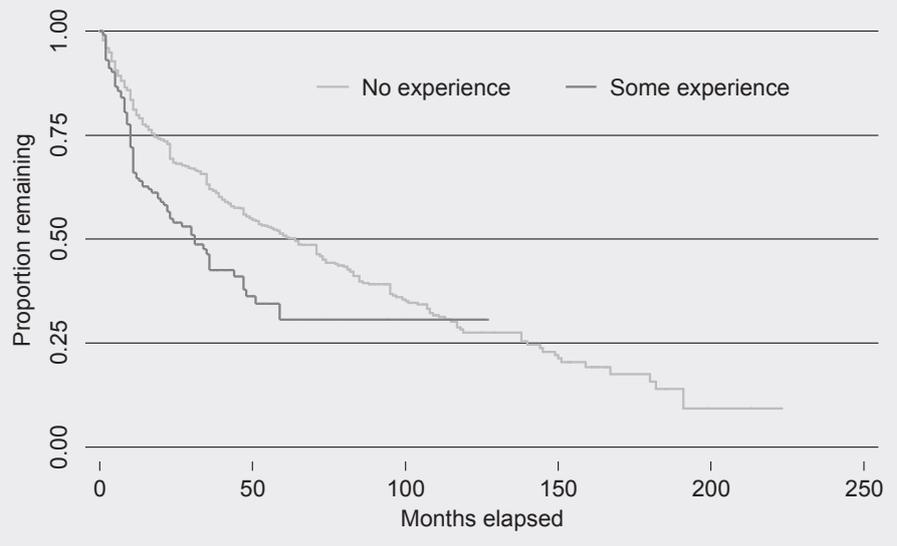
**Figure 3: Jobless spells by age**



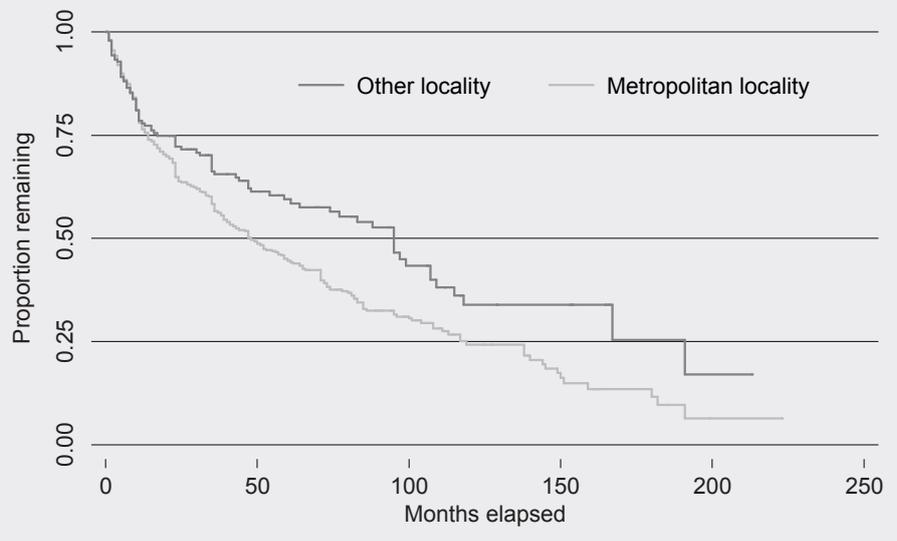
**Figure 4: Jobless spells by education**



**Figure 5: Jobless spells by experience**



**Figure 6: Jobless spells by locality**



Another way of displaying the differences made by circumstances is to estimate the median expected time in joblessness in months for different values of the variables. A sample of these median times is given in table 10:

**Table 10: Median spells of joblessness**

Gender	Age (months)	Qualification	Experience	Locality	Median spell
Female	25–35	None	None	Other	115
Female	25–35	None	Some	Other	65
Female	25–35	None	Some	Metropolitan	48
*Female	25–35	Senior Certificate	Some	Metropolitan	32
Female	25–35	Higher	Some	Metropolitan	27
Female	15–24	Senior Certificate	Some	Metropolitan	21
Male	25–35	None	None	Other	84
Male	25–35	None	Some	Other	48
Male	25–35	None	Some	Metropolitan	35
Male	25–35	Senior Certificate	Some	Metropolitan	24
Male	25–35	Higher	Some	Metropolitan	20
* Male	15–24	Senior Certificate	Some	Metropolitan	15
Male	15–24	Higher	Some	Metropolitan	13

*\*These categories can be compared with data from the Labour Force Survey, cited immediately below.*

The effect of population group on median jobless spell can be gauged by using the panel version of the Labour Force Survey. Based on six-monthly transition data, median times for the asterisked categories (25-35, Senior Certificate, some work experience, metropolitan residence) are given in table 11.

**Table 11: Median spells of joblessness for two categories**

Female	African	27
	Coloured	18
	Asian	15
	White	13
Male	African	19
	Coloured	14
	Asian	11
	White	10

It is more likely that coloured, Asian and white people have never had a jobless spell, but this is impossible to determine from the Labour Force Survey. While the Labour Force Survey estimates are based on a larger sample than the Young Person's Survey, they are less reliable because of the short interval on which they are based.

## Age at first job, and the route to it

Figures 7, 8 and 9 show the survival of respondents up to entry into the first job by gender, educational level and locality. The male curve lies below the female curve, indicating more rapid male entry into first job. The Senior Certificate plus curve lies below the no qualification curve, indicating more rapid entry of the better educated into employment, even though obtaining a qualification takes time. The Johannesburg curve is the lowest, closely followed by the eThekwini curve, with the Polokwane curve indicating longer waits for the first job. The graphs also indicate the proportion of people reaching 35 who will never have been employed.

Of those in wage employment, 60 per cent indicated that they had found their jobs through friends, relatives, or family. The next most common successful techniques were placing or answering advertisements (12 per cent), and enquiring at work places (9 per cent). Respondents were asked about the number of people who could help them to find a job, and the number of people who could provide references. The number was uniformly low: the typical respondent felt able to approach two people in these respects. Another way is to acquire contacts and work experience through volunteering: about 20 per cent of the sample – more in Johannesburg and eThekwini than in Polokwane – had some experience of this.

Youth organisations offer one way for the young to improve their skills and potentially their success in the labour market. The respondents were asked if they were aware of any youth organisations. The Umsobomvu Youth Fund was most commonly mentioned (81 per cent), followed by the Youth Commission (21 per cent), and Youth for Christ (17 per cent).

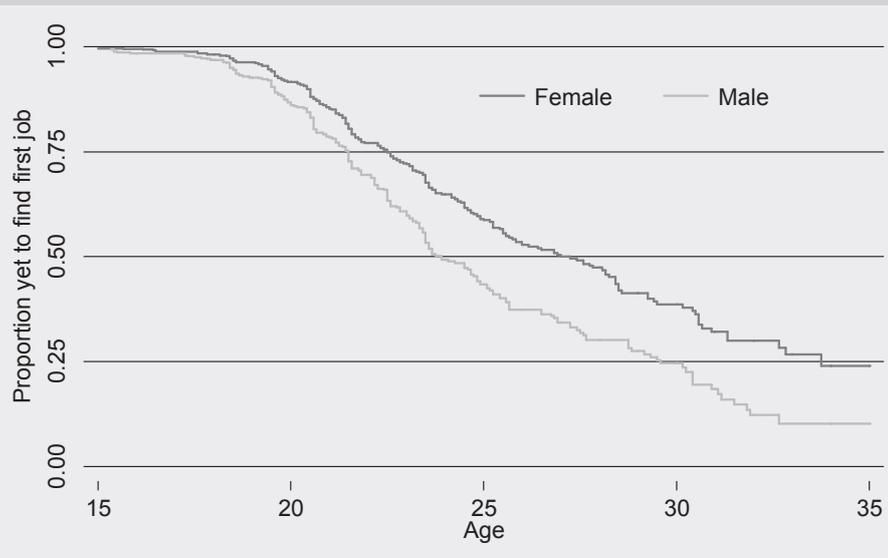
Of those in wage employment, 60 per cent indicated that they had found their jobs through friends, relatives, or family

## First and subsequent jobs

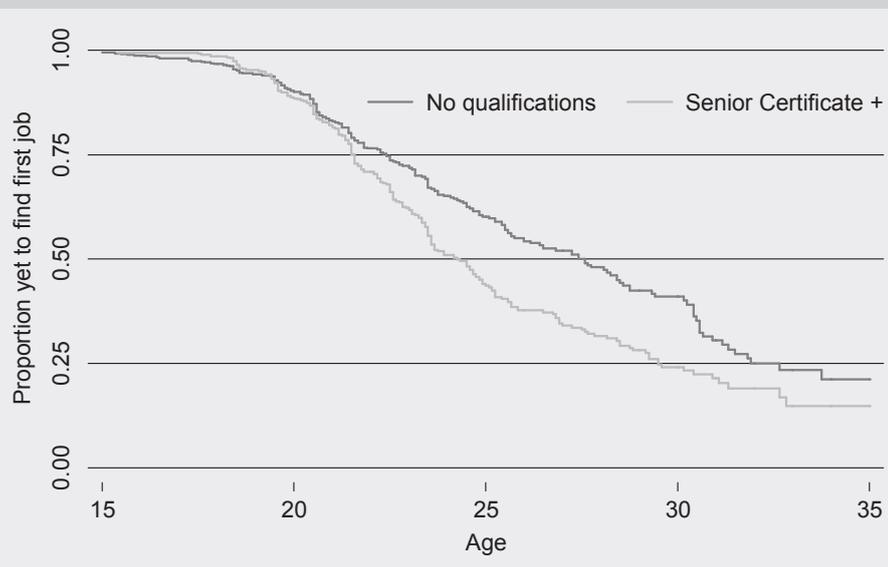
Some 533 people in the sample reported having worked before. Of these, 381 had held one job, 110 two jobs, 31 three jobs, and 11 four or more jobs. Of the 741 employment spells, 84 (11 per cent) were self-employed, and 657 were employed by someone else. The choice of self-employment is determined mainly by location: self-employment is more likely in eThekwini and Polokwane than in Johannesburg. Neither gender nor age at the beginning of the spell nor educational level is significantly associated with the choice.

Figure 10 sets out the survival curve in the first job. The top curve is the working for oneself curve, indicating that work spells are shorter among employees than the self-employed. The mean period in first job is estimated at 107 months for the self-employed, and 34 months for employees. Among the employees there was a subset (about a sixth of the total) who quit their jobs voluntarily for something better, citing low salary, poor promotion prospects, and offers of a better job. In this group, the mean survival in the first job was 18 months, compared with 41 months among those who left their first job for other reasons, or remained in it. The propensity to leave voluntarily is not correlated with gender, age, or educational qualification. People in eThekwini had a lower propensity to quit their jobs voluntarily than people in Johannesburg or Polokwane.

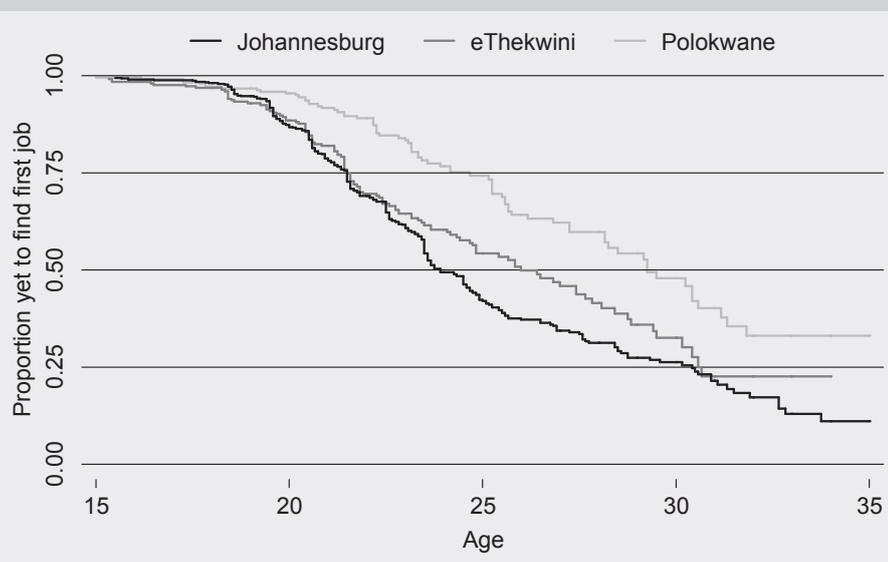
**Figure 7: Survival to first job by gender**

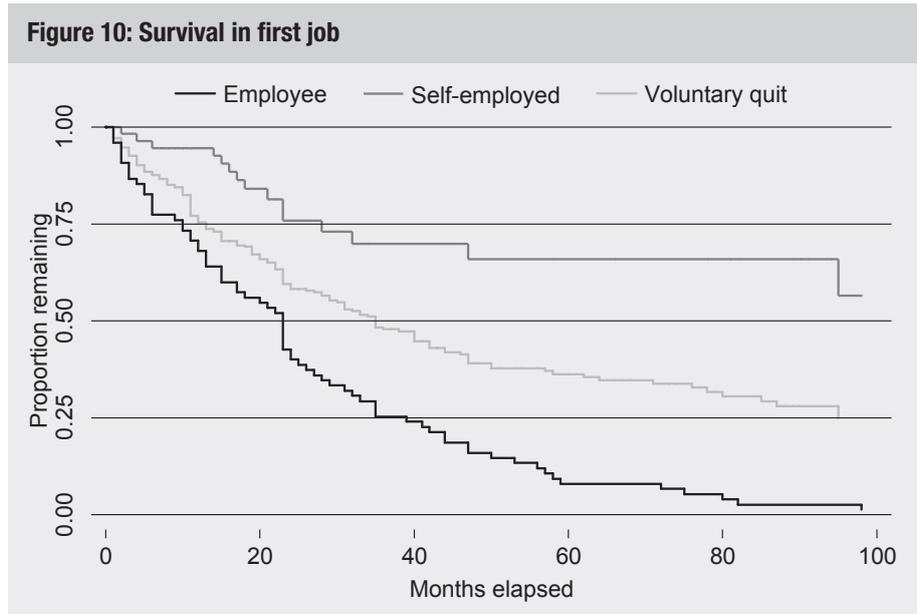


**Figure 8: Survival to first job by education**



**Figure 9: Survival to first job by locality**





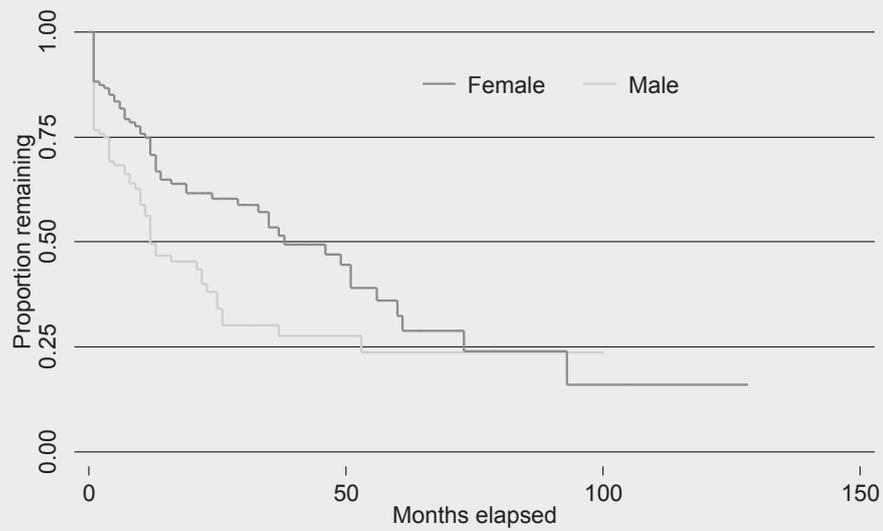
In order to shed more light on the retention of jobs, the interval between the end of the first job and the beginning of the second (or the survey date, if people were still jobless) was considered. This depends on gender, education, and whether the departure from the first job was voluntary. The survival curves are shown in figures 11 to 13: men had a shorter interval than women, those with Senior Certificate or better had a shorter interval than those who were less well educated, and those who left their first job voluntarily had a shorter interval than those who did not. Voluntary quits are therefore associated with improved labour market matching, but the process is confined to quite a small minority of workers. The chances of leaving the interval were lower in eThekweni than elsewhere, explaining the reluctance of people there to quit their jobs voluntarily.

The median jobless interval in months between the first and the second jobs varied widely with circumstances (table 12).

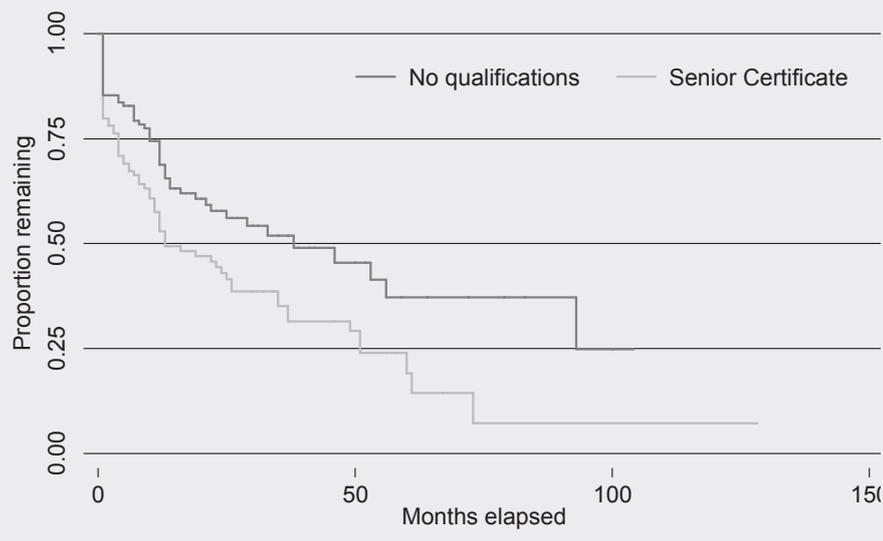
**Table 12: Median jobless interval between first and second jobs (months)**

Gender	Education	Quit 1st job	Locality	Median
Female	None	Involuntarily	eThekwini	76
Female	None	Involuntarily	JHB/Polokwane	42
Female	None	Voluntary	JHB/Polokwane	28
Female	Senior Certificate+	Voluntary	JHB/Polokwane	18
Male	None	Involuntary	eThekwini	38
Male	None	Involuntary	JHB/Polokwane	22
Male	None	Voluntary	JHB/Polokwane	14
Male	Senior Certificate+	Voluntary	JHB/Polokwane	9

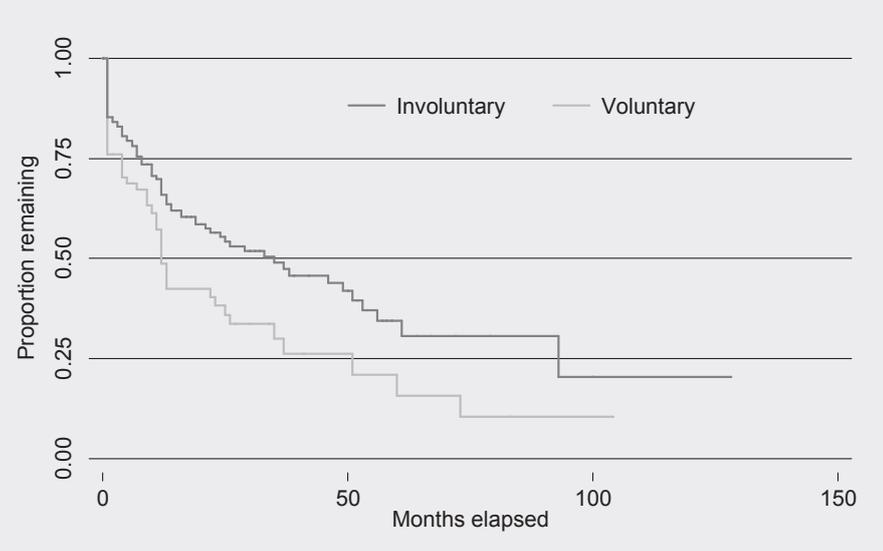
**Figure 11: Interval between first and second jobs by gender**



**Figure 12: Interval between first and second jobs by qualification**



**Figure 13: Interval between first and second jobs by departure**



## Training by employers

Of the people employed by someone else, 16 (2,4 per cent) were in learnerships. Many more reported that they had been trained in some way, either at the beginning of the work spell or during it.

**Table 13: Respondents trained by size of firm**

Size of firm by total employment	Number of respondents in category	% having received training
Up to 5	107	21
6–10	72	39
11–20	82	51
21–50	98	57
51–100	70	59
More than 100	139	68
Missing	89	
Total	657	

The qualification mix also varies with the employment size of the firm, as shown in table 14.

**Table 14: Qualification by employment size of firm**

Employment size of firm	Percentage employees with		
	No qualification	Senior Certificate	Higher
Up to 5	54	41	5
6–10	50	39	11
11–20	41	50	9
21–50	36	57	7
51–100	45	44	11
More than 100	35	50	15

Of the employees, 57 (10 per cent) reported occupations in ISCO <sup>7</sup>categories 1-3, the managerial, professional and semi-professional categories. A further 192 (34 per cent) reported occupations in ISCO categories 4, 5 and 7, the clerical, sales and craft worker categories. 313 (56 per cent) reported occupations in ISCO categories 8 and 9, to which one farm worker was added. Category 8 consists of machine operators and similar occupations, and Category 9 of elementary occupations. ISCO status is related to education, but not very strongly (table 15).

**Table 15: ISCO status by employment size of firm**

ISCO	Percentage employees with		
	No qualification	Senior Certificate	Higher
1–3	26	48	26
4, 5 and 7	32	53	28
8 and 9	53	43	4

It is possible to cross-tabulate occupations in first and second jobs for 92 employed workers (table 16).

**Table 16: Occupations in first and second jobs by ISCO status**

	Second occupation		
	ISCO 1-3	ISCO 4, 5 and 7	ISCO 8-9
First occupation			
ISCO 1-3	3	6	2
ISCO 4, 5 and 7	1	18	14
ISCO 8-9	3	13	32

Some 53 experienced no change between broad ISCO categories, 17 an improvement, and 22 a deterioration.

Of the people working for themselves, 16 (19 per cent) said that their businesses were formal. Ten (12 per cent) said that they had received training of some kind.

Of the 152 people who had at least two work spells, 119 (78 per cent) had worked only for someone else, 2 (1 per cent) had worked only for themselves, and 31 (20 per cent) had worked both for someone else and themselves.

## INSIGHTS FROM THE FOCUS GROUPS

In order to supplement the quantitative analysis with qualitative research, six focus groups were convened in Johannesburg, eThekweni and Polokwane, with eight or nine people in each group. Gender representation was equal, while levels of education were mixed. The Johannesburg groups had the most affluent backgrounds, while the eThekweni groups were most diverse. The discussions are reported under two headings.

### Education and skills

Opinions on the importance of the Senior Certificate were mixed, as the following quotes indicate:

In some companies, they want people who completed matric. If you don't have matric, they refuse you. Sometimes, it is not only about matric, there are also technical schools.

I think it is good to have matric so that you can find a job, because nowadays we have learnership programmes which require matric in order to qualify.

But many participants in Johannesburg did not believe that matric was a prerequisite for finding a job:

A piece of paper does not mean a thing, because I was bad in accounting, maths and English at school, but now I am better in English, because I worked hard after school. You determine who you are.

Participants in all three unemployed focus groups commented on the costs of searching for jobs

There is someone I know who left school at Grade 6 but he is working at an engineering company and earning a lot.

When they take two CVs, one with qualifications and one with experience, they are going to employ the one with experience because he is going to cost the company less in training.

Opinions on the importance of further and higher education were also mixed:

Some companies want a tertiary qualification. I think we should continue with tertiary education after we get jobs.

I always get the impression that the more qualified you become, the more poverty strikes.

Once you upgrade yourself after matric, you improve your chances of getting the right job.

If you know people in top positions in the company, you will get the job whether you have qualifications or not.

There was also no consensus about the importance of speaking, reading and writing English in respect of finding employment. The unemployed group in Polokwane tended to regard proficiency in English as unimportant, while the employed group felt English was important. The unemployed group in Johannesburg felt that English helped a bit, while the employed group were divided in their opinions. Both eThek-wini groups thought English was important for finding work.

## Job search

Most of the unemployed participants said they would be prepared to migrate if they were offered jobs elsewhere, although some female participants expressed reservations about moving.

Regarding expectations about wages, most participants in the eThekwini group said they had had to settle for less than they had originally wanted. Most members of the Polokwane group were reluctant to state a definite reservation wage (the wage below which they would not work). Expectations in Johannesburg were somewhat higher than in the other localities, but again considerable flexibility was found. For some participants, the primary objective in finding work was experience rather than how much they earned.

Unemployed participants used several methods to search for work. In Johannesburg and Durban, many used the Internet as a source of information about employment, accessing it at Internet cafes, in libraries, or at home.

Several employed participants said that the proactive circulation of their CVs had helped them to enter internships or jobs immediately after completing their studies.

Participants in all three unemployed focus groups commented on the costs of searching for jobs. Frequently mentioned expenses included those of compiling a CV, making photocopies, making telephone calls, sending faxes, using the Internet, and paying for transport to potential places of work. Appropriate clothing was also mentioned as an issue in Johannesburg.

Participants recognised that starting a small business required capital and a business plan. Lack of capital or lack of skills to develop a plan were cited as obstacles. Other problems were overtrading, as well as jealousy:

Most people in the township would be jealous of you, so most of them would be saying that we will soon see this business end.

Risk also featured prominently in responses:

You never know what is going to happen tomorrow. I ignore what people say. I believe that I have to be a step ahead of people.

I do not want to start a business because I do not want to frustrate myself about money. It is a stress to run a business.

You have to have extra cash on the side. I do not want a business that I will focus on full time.

While entrepreneurship appealed to some, most participants preferred wage employment and the financial security associated with it.

## Quality of life

In the large sample, young people were asked about their general happiness. The proportion of respondents who were 'very satisfied' or 'satisfied' was just under 30 per cent. Dissatisfaction was highest among the unemployed, among whom nearly 70 per cent reported being 'very dissatisfied' or 'dissatisfied'. A majority of the self-employed said they were 'very dissatisfied' or 'dissatisfied', an ominous indicator about the quality of self-employment. The sample was roughly evenly split between those who thought that their lives had improved over the previous three years, and those who thought it had deteriorated.

The unemployed groups were asked whether criminal activity was an option for the unemployed. Some were adamant that criminal activity could never be regarded as a form of work, and was not an acceptable activity. Others distinguished between types of crime, arguing that petty theft, CD piracy, and the like were more acceptable ways of earning money than violent crime.

As regards attitudes towards unemployment, respondents mentioned the problem of dependency, financial limitations, and the inability to study further because of cost. Unemployment undermined self-confidence and self-esteem. Maintaining the motivation and perseverance to continue looking for work was difficult. Sometimes comparison with peers helped; in other cases, family responsibilities or pressure from parents were motivational factors.

Members of the employed groups all referred to the need to have the right attitude when looking for work. This included self-presentation at job interviews, and flexibility of expectations. Money and responsibilities appeared to be the leading motivation for going to work, while personal and career growth and recognition were important for some. Demotivating factors at work were communication problems, poor relations with colleagues, and stagnant salaries despite training and experience. However, all respondents said that they would not leave a job until they had secured another.

Dissatisfaction was highest among the unemployed, among whom nearly 70 per cent reported themselves 'very dissatisfied' or 'dissatisfied'

## CONCLUSIONS

Africans have longer  
jobless spells than  
members of other  
population groups

**1** The SAYPS fully confirms the LFS estimates of very high levels of joblessness among young Africans. The sustained upswing in the economy since late 1999 has made little impact on these rates. Accordingly, the issue of the absorption of young Africans into employment should rank as a major social policy issue.

**2** The SAYPS is a unique data set enabling one to see the life trajectories of young people from their 15th birthdays up to their ages at the time of the survey (a maximum of 35 years). It enables one to track their progress through the educational system, the jobless period until the first job is started, the first job, and the jobless period until the second job is started. After that, the information peters out, partly because the transitions are so long, and partly because of the youth focus of the study.

**3** In an economy that approaches full employment, one expects mobility among young workers as they experiment with jobs until they find the most efficient match between their capabilities and desires and job characteristics. This is the process of job matching, and it enhances labour market efficiency. As workers get older and settle, this mobility decreases. In the high youth unemployment context of South Africa, however, something different happens. The average time to first job is so long that people tend to hold on to it for as long as they can. Most people who leave their first job do so involuntarily. A small minority leaves voluntarily, and moves to second jobs more quickly than others. Transition times from first to second job are shorter than transition times from education to first job, but they are still substantial.

**4** The analysis plainly reveals a structure of disadvantage. Other things being equal, Africans have longer median jobless spells than members of other population groups. Among Africans, young women have longer jobless spells than young men, those without a Senior Certificate or equivalent have longer jobless spells than their better educated counterparts, and those in more remote parts of the country have longer spells than those in metropolitan areas.

**5** Nineteen per cent of those in employment in the SAYPS sample worked in firms of five or fewer employees, and a further 13 per cent worked in firms of six to ten employees. They are more likely to be poorly educated, and employees in smaller firms have a lower probability of receiving training. Accordingly, they are more vulnerable and more likely to have a lengthy second period of joblessness should they become unemployed.

**6** Greater self-employment as a means of reducing unemployment will face the difficulty that employment by others is the preferred option of most young people. The risks of self-employment are perceived as great, and the obstacles as formidable. The self-employed report greater life dissatisfaction than those employed by others. Nonetheless, for about 10 per cent of the employed, self-employment lasts for longer than employment by other people. And there is evidence from the rest of Africa that earnings from self-employment are similar from those in employment in small firms.<sup>8</sup>

## POLICY THEMES

The policy themes relevant to improving the employment prospects of young people are:

- *Growing jobs faster than net labour market participation*, the precondition for everything else to make a positive contribution.
- *Improving the efficiency of the education and training system*, on which depends the speed at which young people can put together their initial human capital package with which they face the world of work. This implies more effective schooling, and the development of more pathways for the young after completing general education at the end of Grade 9. Young people need more realistic feedback about their capabilities in secondary schools, so that they can make better informed choices.
- *Improving the efficiency of job search*. Some of the young are unable to search for jobs for lack of funds. There are various ways of dealing with this, from the promotion of 'unemployed discounts' for photocopying, faxing and Internet usage to provision of these facilities by municipalities. Life skills instruction in secondary schools should cover job search issues thoroughly, including the construction of a network of contacts, CV writing, preparation for interviews, and flexibility of approach
- *Decreasing obstacles to self-employment*. There is evidence that crime deters people from becoming self-employed, and that some regulations, notably tax and labour market regulations, are a disproportionate burden on smaller firms.<sup>9</sup>
- *Dramatically enlarge the expanded public works programme*, and link it to essential economic reforms. Given South Africa's high rates of unemployment, the current public works schemes – aimed at creating some 200 000 part-time, short-term jobs a year – are a mere drop in the ocean. We need to aim much higher than that. A labour-intensive public works strategy must quickly expand to a really large scale to have the kind of impact on job creation and the politics of reform that the country urgently needs. Public works programmes need to be designed in such a way that they can realistically grow to have a numerically significant impact on unemployment. This will require a change of approach to ensure extensive private sector involvement. Getting to the scale we need – millions of jobs – means that we cannot use the same local governments that are struggling to deliver on even the most basic of their functions. We need to set up a system that provides incentives for private companies and those parts of the public sector with capacity (some metro governments for example) to compete for new and existing resources in order to dramatically expand the public works jobs on offer. Ideally, we should be saying that there is a job for every South African willing to work, and use a very large-scale public works programme to help deal with current unemployment and create the buffer for the painful but essential economic, competitive, regulatory, and educational reforms required if we are to have any chance of halving unemployment by 2014.

In addition, young unemployed South Africans can do things to help themselves. One area for action is to organise. Considering the huge numbers involved, the voices of the unemployed – and of young people struggling to break into the job market – are very quiet indeed.

Public works programmes need to be designed in such a way that they can realistically grow to have a numerically significant impact on unemployment

Young unemployed people should ensure that their voices are heard in the corridors of power. The current debate on crime or the deregulation of the labour market would be both enriched and fundamentally changed if unemployed people – with votes – began to demand changes that would significantly affect their ability to get a job and start moving out of a life of despair and hopelessness.

## ENDNOTES

- 1 The ninth Labour Force Survey (February 2004) was also designed to be part of the rotating panel, but extensive resampling may have effectively destroyed the panel.
- 2 Paul Ryan, The school-to-work transition: a cross-national perspective, *Journal of Economic Literature*, vol XXXIX, March 2001, pp 34-92.
- 3 The South African Qualifications Authority, Annual Report 2005-2006, p 19
- 4 Department of Education, Education Statistics in South Africa at a Glance in 2005, November 2006: Tables 3 and 13.
- 5 Department of Labour, Annual Report 2006.
- 6 Department of Public Works, Expanded Public Works Programme: Fourth Quarterly Report – Year 2, August 2006, p 5. Net jobs are total jobs less the jobs which would have been created had the same work been done using machine-intensive methods.
- 7 ISCO stands for International Standard Classification of Occupations
- 8 J Sandefur, P Serneels and F Teal, African Poverty through the Lens of Labour Economics: Earnings and Mobility in Three Countries, Global Poverty Research Group Working Paper 060, University of Oxford, 2006.
- 9 N Rankin, The Regulatory Environment and SMMEs: evidence from South African firm-level data, Development Policy Research Unit Working Paper 06/113, University of Cape Town, 2006.

### About this issue

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