

# Connecting Young South Africans to Opportunity

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## Literature Review and Strategy

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## Acronyms

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ESSD	Education, Science and Skills Development
FET	Further Education and Training
HE	Higher Education
HEI	Higher Education Institutions
HSRC	Human Sciences Research Council
IDC	Industrial Development Corporation
NCV	National Certificate- Vocational
NEET	Not in Employment, Education or Training
NQF	National Qualifications Framework
NSC	National Senior Certificate
NSFAS	National Student Financial Aid Scheme
OECD	Organisation for Economic Cooperation and Developed
SCE	Senior Certificate Examination
SETA	Sector Education and Training Authorities
StatsSA	Statistics South Africa
UYF	Umsobomvu Youth Fund
YDN	Youth Development Network

## Introduction

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Over 40% of 18-24 yr olds in South Africa are not in formal education, nor employed, nor disabled so that they cannot work. This represents a severe loss of human potential just at the time that young people should be becoming economically active.

The DG Murray Trust (DGMT) believes that key strategies for South Africa in terms of addressing the above are to prevent the loss of potential of learners in Grades 10-12 who fail to complete school, and to connect school leavers to educational and economic opportunity. DGMT believes it can contribute to the former by promoting community demand for education and developing networks and connections for young people who are not linked to pathways for personal growth and development. Another important strategic thrust for DGMT is to build both human and social capital in South Africa by developing connections that link marginalised young people to information and to opportunity.<sup>1</sup>

This document aims to explore the nature of the above described problem and to unpack the issues involved in some detail by examining the available literature in this regard. The document is based on- and summarises the most prominent findings of comprehensive studies and recommendations from subject experts. To ensure that the information is relevant to our South African context, it draws heavily on research by the Human Sciences Research Council (HSRC) and Statistics South Africa (StatsSA). Finally the document describes the DG Murray Trust's strategy within the context of this literature and provides information on key projects for the next five years.

## A sizable and threatening problem

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South Africa has a large youth population [see Figure 1, page 2]. Altman & Marock (2008)<sup>2</sup> explains that this should offer what is known as a 'demographic dividend', where a large proportion of the population is economically active, thereby reducing dependency ratios and poverty rates, and promoting growth. However, Altman and Marock go on to emphasise that this dividend can only be earned if these young people are actually working. The larger the group of marginalised young people who remain un- or under-employed, the larger the threat that dependency ratios will rise as the demographic bulge passes. Over the longer term, a large group of adults who have been unable to save or accumulate through their productive years may now be dependent on a smaller group of younger people. Towards solving this problem, it is essential that South Africa develop highly skilled and socially committed professionals who can strengthen the country's enterprises, services and infrastructure and contribute to the production, acquisition and application of knowledge, however statistics show large number of youth are not accessing educational opportunity.

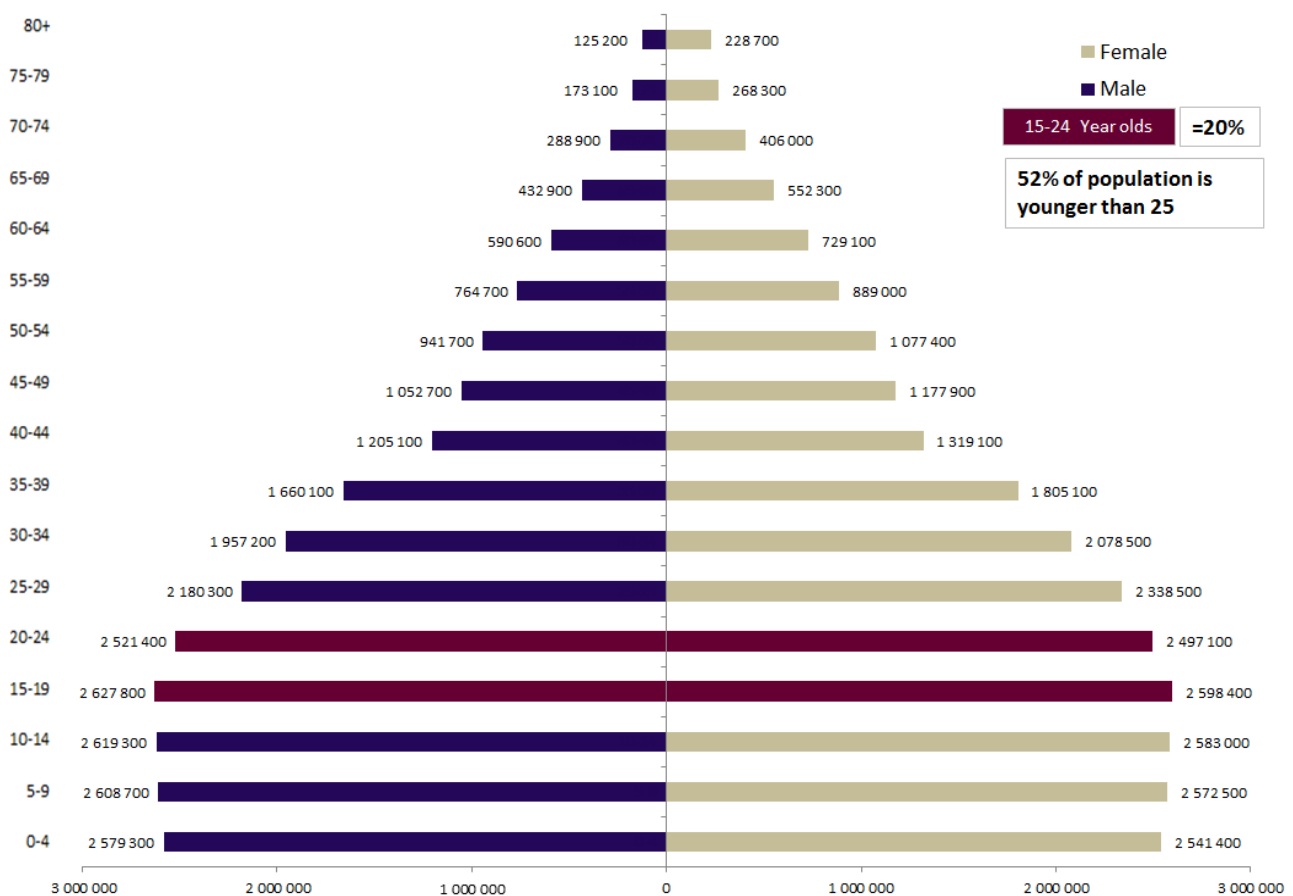
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<sup>1</sup> Krishna A. (2002) *Active Social Capital: Tracing the Roots of Development and Democracy*. Columbia University Press. New York

<sup>2</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

Statistics South Africa estimated by mid-2010 that our population size is very near to 50 million (49 991 300) [see Figure 1]<sup>3</sup>. Of the 50 million more than half (52%) were estimated be younger than 25. New entrants to the labour market (15-24 year olds) made-up 20% of the total population and 32% of those normally considered economically active (15-64 year olds). In an analysis and report on the needs of post-school youth, Cloete et al (2009)<sup>4</sup> report that there are 2.8 million (42% of) young people between the ages of 18 and 24 who are not in employment, education or training (NEET). Statistics South Africa report that out of a total of 10,1 million individuals in the 15 to 24 age cohort, 32,7% (or 3,3 million youth) were neither employed nor attending an educational institution [see Figure 2 following]<sup>5</sup>.

**Figure 1: South Africa Population Pyramid - Mid-2010**



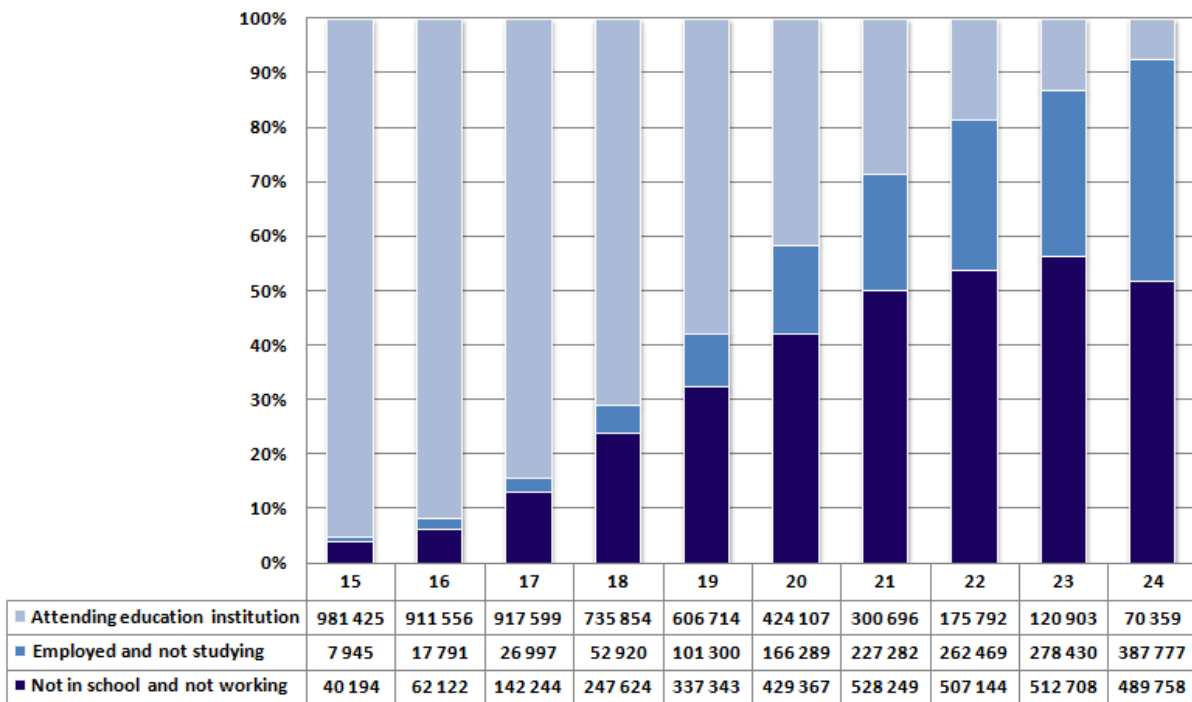
Source: Statistics South Africa, Mid-year population estimates, 2010

<sup>3</sup> Statistics South Africa. 2010. Mid-year Population estimates. [www.statssa.gov.za](http://www.statssa.gov.za)

<sup>4</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

<sup>5</sup> Statistics South Africa. 2010. Social Profile of South Africa, 2002-2009. Available from <http://www.statssa.gov.za/>

**Figure 2: Youth aged 15–24 who are not attending any educational institution and who are not employed**



Source: Statistics South Africa, *Social Profile of South Africa, 2002-2009*.

Cloete et al also report that almost one million students leave school after completing Grade 10 and approximately 700 000 who complete Grade 12 cannot continue improving their education and refer to this as “a shocking wastage of educational investment and a loss of opportunity”. They further point out that individuals who complete Grade 12 have a 40-70% greater earning potential than those who have not, and are 30-60% more likely to be in formal employment<sup>6</sup>.

South Africa’s unemployment rate clearly contributes to the social tension and anguish experienced in South Africa on a daily basis. Cloete et al (2009) warns that having almost three million youth between 18 and 24 unemployed and not in education or training, points not only to a grave wastage of talent, but to the possibility of serious social disruption. Altman and Marock concurs, they note that in many other countries, the youth unemployment problem sits on the margins and is not experienced by the majority, however the situation in South Africa poses very serious concerns in respect of social and economic integration.

Towards solving this problem there are (according to the work of Cloete et al):

- Almost 1 million pupils who need multiple second-chance opportunities
- 700 000 pupils who have matric and need further education and training.
- Another 1 million who need a variety of employment, training and youth service opportunities.

<sup>6</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

## Youth Unemployment

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The problem of high youth unemployment is a global phenomenon. Lam, Leibbrandt & Mlatsheni (2008)<sup>7</sup> refers to the International Labour Office study in 2004, where it is estimated that youth (aged 15-24) make up nearly half (47%) of the world's unemployed, 88 million out of 186 million, even though youth are only 25% of the world's working age population. While youth unemployment is thus not uncommon internationally, it poses a special problem in South Africa where at least half of young school leavers are unlikely to find work before the age of 24 (Altman & Marock, 2008)<sup>8</sup>. According to Morrow, Panday and Richter (2005)<sup>9</sup> an estimated 826 000 youth arrive on the labour market each year, having completed Grade 12 or having dropped out of education and is now seeking a job.

South Africa's youth unemployment rate is described as 'toxic' and a 'ticking time bomb' in the media by people like Labour Minister Membathisi Mdladlana and the figures seem to justify these observations: The Organisation for Economic Cooperation and Developed (OECD) released a survey of South Africa in July 2010 which revealed that South Africa had the worst rate of unemployment for youth between the ages 15 and 24 among 36 countries surveyed in 2008. According to the report, South Africa's 50% employment rate for working age youth is lagging behind other middle-income emerging market economies that employ about 80%. The situation is compounded by racial disparities, 53.4% of young black 15-24 year olds were unemployed by the end of 2009 which was three times worse than the 14.5% unemployment rate of young white South Africans.

South Africa not only has high youth unemployment, there is a high chance of unemployment being long-term amongst youth who have weaker job searching skills and resources. Towards the end of 2010 the official unemployment rate was 25.3%<sup>10</sup> (taking account broader measures of unemployment, which includes those who have given up trying to find work, the figure is over 30%<sup>11</sup>) - the number of people not economically active rose by 1 071 000 from 2009 to 2010 and approximately 58% of this group was 'discouraged' job seekers<sup>12</sup>. According to Lam et al (2008)<sup>6</sup> the 2005 Labour Force Survey indicates that 40 percent of unemployed individuals (by the strict definition) have unemployment durations exceeding three years, while 59% of the unemployed have never had a job at all. Generally, the longer one is unemployed or underemployed, the harder it is to reverse the effects on self-esteem and work readiness (Altman & Marock, 2008).

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<sup>7</sup> Lam, D., Leibbrandt, M. and Mlatsheni, C. (2008) *Education and Youth Unemployment in South Africa*. A Southern Africa Labour and Development Research Unit Working Paper Number 22. Cape Town: SALDRU, University of Cape Town

<sup>8</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

<sup>9</sup> Morrow, S., Panday, S. & Richter, L. (2005) *Where we're at and where we're going: Young people in South Africa in 2005*. Johannesburg: Umsobomvu Youth Fund.

<sup>10</sup> Statistics South Africa. 2010. Quarterly Labour Force Survey – Quarter 3. [www.statsa.gov.za](http://www.statsa.gov.za)

<sup>11</sup> Creamer, T. 6 August 2010. SA's youth unemployment needs serious attention. Published on TradeMark SA. [www.trademarksa.org](http://www.trademarksa.org).

<sup>12</sup> Mail & Guardian Online. 4 May 2010. StatsSA: Unemployment rate increases. <http://www.mg.co.za/article/2010-05-04-stats-south-africa-unemployment-rate-increases>

## What are the reasons for youth unemployment?

Altman and Marock (2008), on behalf of the HSRC, provide a detailed analysis of youth unemployment in an attempt to identify the short term and immediate labour market interventions that might reduce potential youth unemployment. The following discussions will draw heavily on their work with elaboration from other authors where appropriate. Altman (2009) summarise the drives of youth unemployment as follows:

### **A demand-side problem:**

The quantum of job creation is too small. In fact, the 4<sup>th</sup> quarterly labour force survey conducted by Statistics South Africa (StatsSA) revealed that employment fell by 118 000 during 2010<sup>13</sup>. The tide might be turning though: the 4th quarter survey also reveals a 1.3% decline in unemployment from quarter three, contributing to strong evidence that economic recovery is underway<sup>14</sup>. The New Growth Plan has set a target of creating 5 million jobs over the next 10 years while government has committed itself to the implementation of the plan and placed job creation as a key priority during the 2011 State of the Nation address<sup>15</sup>. Economists however warn that it is important that jobs are created in the private sector while most of the job gains over the past quarter have been in the public sector which is described as “already bloated”. In this regard it is important that the **lack of entrepreneurship** in South Africa be addressed (explored in more detail in the following section).

### **A supply-side problem:**

Literature reveals that young people’s access to economic opportunity is hampered by the following:

- 1. Youth lack of appropriate skills, work related capabilities and higher education** which includes issues around: foundational skills, early drop-out, lack of prior work experience and lack of higher education, which is in turn impacted by the architecture of the FET/HE system, severe financing deficiencies and high attrition- and low graduation rates.
- 2. Youth lack information on opportunity, guidance job search capability, networks and mobility**

Each of the above will be unpacked and discussed in some detail in the following section. While reading this section, it would be good to keep in mind that the current post-school education and work environment is characterised as follows by educational experts (Cloete, 2009)<sup>16</sup>:

- Large annual outflow of students without meaningful further educational opportunities.
- Post-school institutional architecture which limits further educational opportunities for young people.
- Lack of integrated and systematic data about the ‘excluded youth’.
- Recapitalised FET college sector that requires capacity building.

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<sup>13</sup> Statistics South Africa. Labour Force Survey Quarter 4, 2010.

<sup>14</sup> Stanlib. January 2011. SA Unemployment Rate Q4 2010. Access from: [196.8.88.163/EconomicFocus/Pages/SAUnemoloymentRateQ42010.aspx](http://196.8.88.163/EconomicFocus/Pages/SAUnemoloymentRateQ42010.aspx)

<sup>15</sup> Sunday Times. 6 February 2011. State of the Nation Address 2011.

<sup>16</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

# Unpacking the main issues around youth unemployment

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## 1. Lack of entrepreneurship

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According to Altman and Marock entrepreneurship was actively discouraged under apartheid, and remains an inadequate focus in educational curricula. Unsurprisingly, the majority of youth interviewed in the South African Social Attitudes Survey (2007) reported a preference to be employed by someone else as opposed to self-employment, citing risk aversion and credit constraints as the primary reasons for their preference<sup>17</sup>. Also, the fact that most entrepreneurial activity is likely to occur in the informal sector, therefore yielding lower returns, also contributes to a preference for formal employment.

Globally it has been shown though that young people aged 18–34 were the most likely to become active as entrepreneurs, with one-third of all successful entrepreneurs coming from this group<sup>18</sup>. And at the same time Morrow, Panday and Richter (2005)<sup>19</sup> reminds us that the conventional labour market is not likely to supply anything near the number of jobs necessary to absorb all those seeking work in the immediate future. The hope is thus that young people will begin to create these opportunities, becoming entrepreneurs who start small businesses and create income for themselves and jobs for their communities through their own efforts.

For this to happen, enterprising young people will need support in terms of training, finance, access to markets and technology. While Altman and Morock believes that promoting entrepreneurial skills and improving access to credit would allow youth (even those with less than a matric qualification) to successfully take advantage of the opportunities offered by self-employment, Morrow et al disagrees. They state that it is generally accepted that those entrepreneurs most likely to succeed are not inexperienced with incomplete schooling or recent graduation, but rather people with specific work experience and practical knowledge. As will be illustrated in further discussions on education and work experience, this argument implies that black youth's potential to become entrepreneurs are limited. Further, research also found that the presence of other self-employed individuals in the household has a large and significant positive impact on the probability that a young person will also choose to enter self-employment<sup>20</sup> while role-models play an important role facilitating the understanding of market opportunities, access to networks and know-how of young entrepreneurs. This is a further disadvantage for black youth who are less likely to have grown up in households with business people as role models. Thus efforts to promote self-employment amongst all, but especially black youth will require access to credit as well as strong mentoring programmes to be in place while it would also be wise to heed Morrow et al's warning that supporting young entrepreneurs will require careful selection of candidates who, once chosen, will receive the

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<sup>17</sup> Human Sciences Research Council. South African Social Attitudes Survey, 2007.

<sup>18</sup> ILO (2006) Global Employment Trends for Youth. Geneva: International Labour Organisation.

<sup>19</sup> Morrow, S., Panday, S. & Richter, L. (2005) Where we're at and where we're going: Young people in South Africa in 2005. Johannesburg: Umsobomvu Youth Fund.

<sup>20</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

best training and support. Du Toit (2005)<sup>21</sup> makes a helpful comment in pointing out that there is at the one end of the spectrum employment activity which could lead to absorption into the formal sector requiring more intensive investment, but at the other end of the spectrum exists livelihood level activity that allows people to survive on a day-to-day basis needing other service/support solutions.

In terms of government intervention (as described by Youth Development Network, 2004)<sup>22</sup>, the drive to develop young entrepreneurs is largely being spearheaded by the Umsobomvu Youth Fund (UYF) which is meant to build upon the work that is done by NGO's. The UYF functions as a finance agency for skills development and employment creation for youth. The UYF has implemented the following initiatives to stimulate and promote youth entrepreneurship:

- Micro loans for young entrepreneurs
- Creation of a venture capital fund underwritten by a mainstream bank, with the UYF providing guarantees
- Development of a voucher programme to access business development services

In addition, the Department of Trade and Industry has stimulated entrepreneurship through its Ntsika Enterprise Promotion Agency and their accreditation of local business service centres and the Khula Guarantee Fund. Recent developments in this regard includes governments' intention to merge the three agencies, Khula, the South African Micro-Finance Apex Fund and the Industrial Development Corporation's (IDC) small business funding into a single unit to better service small, medium and micro enterprises. They also plan to undertake legislative reforms to make it easier to register businesses, strengthen the Competition Act and open up the market to new participants<sup>23</sup>.

## **2. Lack of appropriate skills, work related capabilities and higher education**

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### **a) Lack of foundational skills**

South African youth often lack skills that underpin employability such as basic numeracy and English, or other capabilities such as communication or personal presentation and work readiness (Altman & Morack, 2008)<sup>24</sup>. This is often the result of poor quality education combined with complex forces shaping the educational experience and outcomes of especially black youth. There is also a strong tendency towards early drop-out from the educational system.

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<sup>21</sup> Du Toit, R. (2005) *A Review of Labour Markets in South Africa: Career Guidance and Employment Services*. Human Sciences Research Council

<sup>22</sup> Youth Development Network. (2004) *South Africa Addressing Youth Unemployment: The most pressing post-Apartheid development challenge for youth*. Prepared for an Expert Group Meeting in Nairobi, Kenya 22-24 June 2004

<sup>23</sup> Sunday Times. 6 February 2011. State of the Nation Address 2011.

<sup>24</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

### **Early school drop-out**

According to the Department of Education a significant number of children drop out of the schooling system after grade nine (Education Minister Naledi Pandor quoted in Mail & Guardian, 25 February 2008)<sup>25</sup>. According to the HSRC's Review of School drop-outs (Panday & Arends, 2008)<sup>26</sup> participation levels of the 7 to 15 year age group (compulsory education levels) in the South African population have reached enrolment levels of approximately 90% or higher in all provinces. However, according to the Department of Education, between 11% and 15% of children leave school each year after grade nine, the last year of compulsory education. StatsSA's recently published Social Profile of South Africa (2002-2009), revealed that by 18 years of age only about 70% of youth are still attending an educational institution implying a drop-out rate of approximately 30%<sup>27</sup>.

According to the HSRC review (Panday & Arends, 2008), data on the reasons for 'drop-out' are limited, but available information suggests that repetition and low achievement because of a lack of remedial programmes may be chief among the possible reasons for the high drop-out rate. They elaborate that poor quality of interaction between teachers and learners also contributes to learners' exiting the system. According to Panday and Arends, young people concurred with these findings, and suggested that a culture of failure had become normative. They expressed frustration with the inexperience of teachers, often teaching subjects for which they were not qualified, and the lack of relevance of education to the South African context and to day-to-day life experience.

### **Matric makes a difference**

In contrast to the view sometimes expressed in South Africa, completing secondary school does appear to have a substantial effect on successfully finding a job after leaving school. Lam, Leibbrandt & Mlatsheni (2008)<sup>28</sup> describe significant effects of schooling on the probability of being employed during the first four years after leaving school. They found in their Western Cape study that there is a 16 percentage point increase in the probability of working for those who leave school with Grade 12 or higher compared to those with less than grade 10. According to Cloete et al (2009)<sup>29</sup> matriculants are between 30% and 60% more likely to be formally employed than individuals with less than matric while Altman (2009) reports that approximately 81% of discouraged have not completed secondary education (Altman)<sup>30</sup>. Furthermore, Cloete relates that individuals who complete matric have earnings which, at the mean, are between 40% and 70% higher than individuals with less schooling.

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<sup>25</sup> Mail and Guardian. Pandor: Significant school dropout rate after grade nine. 25 February 2008. Accessed from: <http://www.mg.co.za/article/2008-02-25-pandor-significant-school-dropout-rate-after-grade-nine>

<sup>26</sup> Panday, S. & Arends, F. 2008. School Drop-outs. HSRC Review, 6(1). Accessed from: [http://www.hsrc.ac.za/HSRC\\_Review\\_Article-82.phtml](http://www.hsrc.ac.za/HSRC_Review_Article-82.phtml)

<sup>27</sup> Statistics South Africa. 2010. Social Profile of South Africa, 2002-2009. Available from <http://www.statssa.gov.za/>

<sup>28</sup> Lam, D., Leibbrandt, M. and Mlatsheni, C. (2008) *Education and Youth Unemployment in South Africa*. A Southern Africa Labour and Development Research Unit Working Paper Number 22. Cape Town: SALDRU, University of Cape Town

<sup>29</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

<sup>30</sup> Altman, M. (2009). Youth employability. Presentation to the Department of Higher Education. Human Sciences Research Council

By including the results of a literacy and numeracy test in their probit regressions, Lam et al estimated a large impact of the test score on the probability of finding work. Including the score in their calculation cut the estimated impact of completing Grade 12 on the probability of finding work to 10 percentage points, implying that a large part of the apparent impact of schooling was captured by their measure of ability. Altman and Marock (2008) also notes that there is anecdotal evidence that matric may have become a minimum expectation for many employers and suggests that it may be consistent with employers' negative perceptions of the quality of education which cause them to ratchet up the minimum requirement for any particular job, in order to ensure that applicants have basic literacy and numeracy skills in place. They further elaborate that qualification inflation is also not unusual where a population is obtaining higher levels of education attainment and where there is an increase in the demand for skilled labour, and/or a shortage of skilled labour.

Despite the large scale evidence of the value of completing secondary studies, it might still be rational for a young student to believe there is little point in finishing school given that the unemployment rate of 50% for 20-24 year olds with matric and without matric (and even higher for black youth). This means a student might believe there is less than a 50/50 chance of being employed and if the schooling process is frustrating, this may entice dropping out. In fact, Morrow, Richter and Panday (2005)<sup>31</sup> report that about a fifth of unemployed young people believe that they will never find a job. In this regard Morrow et al warn that the effects of this on the self-image and behaviour of these young people can be serious, driving them to opt out of mainstream society towards lifestyles prone to crime and risk.

#### **b) Lack of prior work experience**

Altman and Mordock<sup>32</sup> cites research providing evidence that just under 60% of the unemployed have never worked before, and the majority of these are young people. Furthermore, individuals who have never held a job before are 35% more likely to be unemployed than those who have had prior work experience. The racial disparities in terms of youth unemployment has already been mentioned, and in this regard Lam, Leibbrandt & Mlatsheni (2008)<sup>33</sup> found that only 37% of their black male respondents (aged 21-22) had ever worked for pay in contrast, 91% of coloured men and 95% of white men had ever done work for pay at the time of the interview. By age 20, 20% of black females had ever done any paid work in contrast to 86% of white females (with similar figures for coloured youth). They further note that racial differences appear even before youth finish school, significant proportions of white males are working during years when they are still in school, for example, 45% of school going, 17 year old white boys are working while the percentage of black boys working while at school never exceeds 5%.

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<sup>31</sup> Morrow, S., Panday, S. & Richter, L. (2005) *Where we're at and where we're going: Young people in South Africa in 2005*. Johannesburg: Umsobomvu Youth Fund.

<sup>32</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

<sup>33</sup> Lam, D., Leibbrandt, M. and Mlatsheni, C. (2008) *Education and Youth Unemployment in South Africa*. A Southern Africa Labour and Development Research Unit Working Paper Number 22. Cape Town: SALDRU, University of Cape Town

Early labour market experience eases the school-to-work transition. It assists youth in choosing career paths, and may instil qualities considered desirable by employers, such as punctuality, reliability, self-confidence, increased understanding of consumer and money matters, and responsibility (Altman and Mordock<sup>34</sup>). Altman and Mordock also refer to international evidence from developed countries suggesting that high school graduates who work while at school subsequently experience lower unemployment and obtain better quality jobs than those who don't. The limited prior employment experience of black youth is likely to reflect the inadequate labour market opportunities open to black youth and the high costs of job search driven by the spatial legacy of apartheid. Research indicates though that securing a first employment experience is a very important point of entry into the labour market and plays an important role in the development of practical skills and competence required by employers as well as providing access to networks that connects to further opportunity.

Government has put the following large scale interventions in place aimed at increasing the labour absorption capacity and to provide employment experience and thus increase the employability of the unemployed:

- The expanded public works programme (EPWP) by the Department of Public Works is seen as a key short-term mechanism to increase employability and from 2011 government aims to create 4.5 million job opportunities through this programme<sup>35</sup>.
- Specifically focussing on youth, the National Youth Service is administered by a team comprised of the National Youth Commission, the Umsobomvu Youth Fund, the South African Youth Council, the National Department of Labour and the National Department of Education. The youth service is meant to provide young people with the opportunity to be trained in a technical skill (for example HIV/Aids counselling) and then to have an opportunity to apply and reinforce the learning by providing community service. At the same time, young people are meant to receive personal development (life skills) training and focus on developing a career path (Youth Development Network, 2004)<sup>36</sup>.
- Learnerships are a structured programme integrating theoretical learning with workplace experience. The Skills Development Act, aimed at developing the overall skills base in the country, guides the implementation of the Learnerships programme, and targets young people as a key beneficiary. Young people receive theoretical training in an identified area through an accredited training service provider. In addition, they are placed in a structured workplace (which is incentivised for the employer) in order to gain practical experience (Youth Development Network, 2004)<sup>37</sup>.

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<sup>34</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

<sup>35</sup> Sunday Times. 6 February 2011. State of the Nation Address 2011.

<sup>36</sup> Youth Development Network. (2004) South Africa Addressing Youth Unemployment: The most pressing post-Apartheid development challenge for youth. Prepared for an Expert Group Meeting in Nairobi, Kenya 22-24 June 2004

<sup>37</sup> Youth Development Network. (2004) South Africa Addressing Youth Unemployment: The most pressing post-Apartheid development challenge for youth. Prepared for an Expert Group Meeting in Nairobi, Kenya 22-24 June 2004

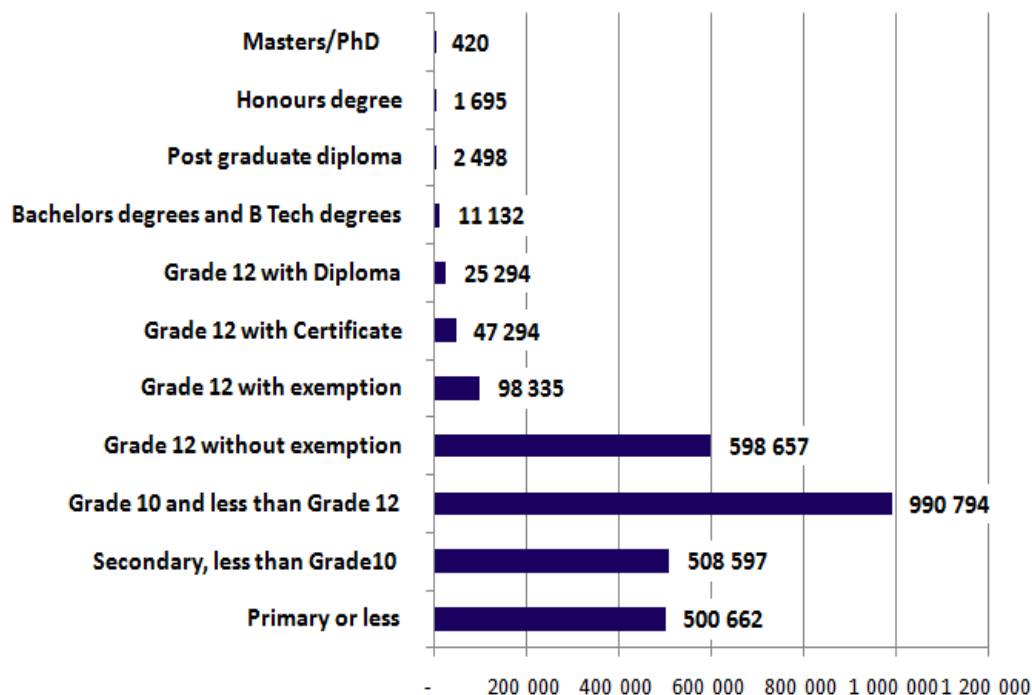
### c) Lack of higher education

#### Access to higher education remains problematic

Evidence on the returns of education demonstrates sharply increasing returns for those with post-school training of some type. Cloete et al (2009)<sup>38</sup> reports that individuals who have completed some level of tertiary study are between two and three times more likely to be formally employed than those with matric or less. He further elaborates that the return from obtaining a diploma/certificate is earnings between 170% and 220% higher than those who did not complete matric while the average individual with a degree is rewarded between 250% and 400% higher earnings.

Figure 3 following show the dramatic reduction of those who are not in employment, education or training (NEET) as level of education improves. It shows that the worst things that can happen to a student is to drop out of school between Grades 10–12 and to get matric without a matric exemption. It also demonstrates the dramatic decline in unemployment and lack of further education as students proceed beyond Grade 12.

**Figure 3: Attendance at an educational institution amongst persons aged 5 to 24 years (2002–2007)**



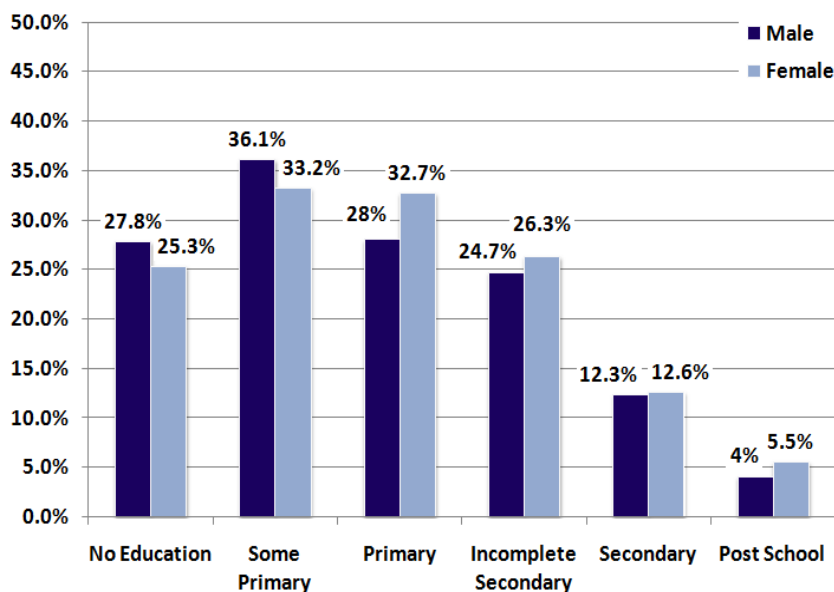
Source: StatsSA (2007a), StatsSA (2002–2007b) as quoted in Cloete et al (2009)

There is a close relationship between poverty and levels of education<sup>39</sup>. Figure 4 shows that the proportion of youth living in poor households decline with higher levels of education.

<sup>38</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

<sup>39</sup> Statistics South Africa. 2010. Social Profile of South Africa, 2002-2009. Available from <http://www.statssa.gov.za/>

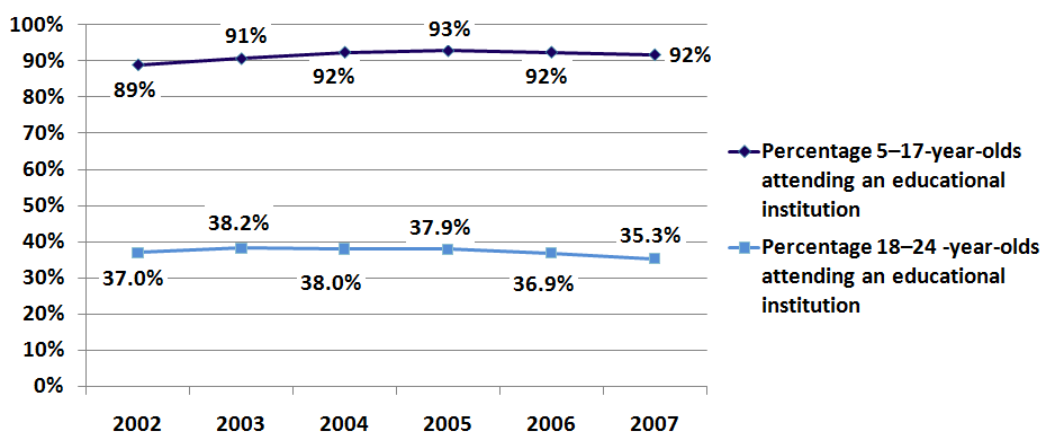
**Figure 4: Poverty status among 18–34 year olds, by highest level of education and household income below R1330 per month, 2009**



Source: Statistics South Africa. 2010. *Social Profile of South Africa, 2002-2009*.

Cloete cite the StatsSA General Household Survey data showing that though there have been increases in the absolute numbers of students enrolled in tertiary institutions, these increases are only in line with population growth. There were also no changes found in age, gender and racial breakdowns implying little demographic transformation in tertiary education. In fact, there has been a disquieting lack of increase in participation for the 18–24-year-old age group [see Figure 5] while whites were three-and-a-half times more likely to be at university in 2007 than in 2002 when they were only twice as likely. Statistics also show that females are less likely to attend either university or university of technology than college when compared to males (Cloete, 2009).

**Figure 5: Attendance at an educational institution amongst persons aged 5 to 24 years (2002–2007)**



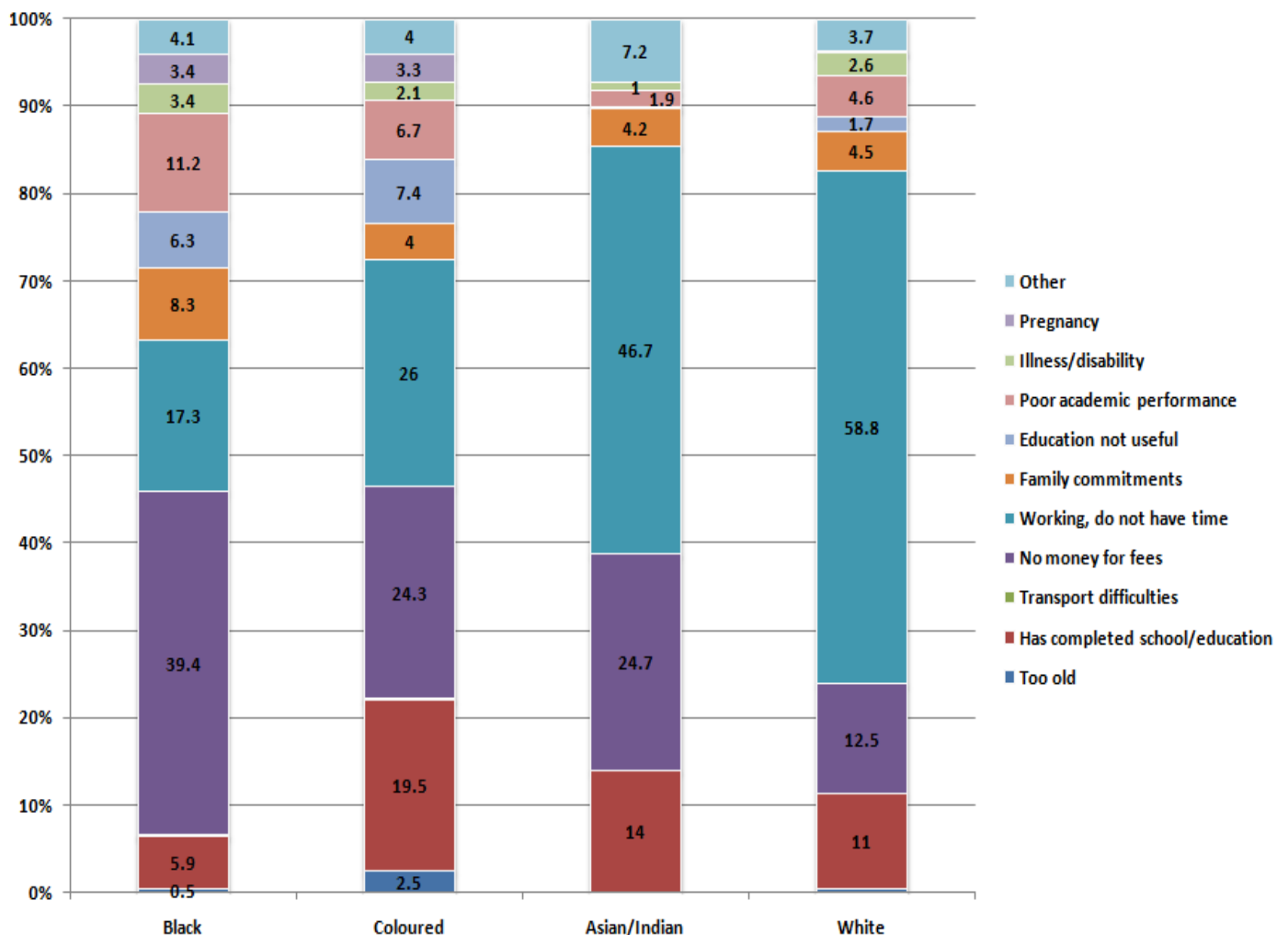
Source: StatsSA (2007a), StatsSA (2002–2007b) as quoted in Cloete et al (2009)<sup>40</sup>

<sup>40</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

By 18 years of age only about 70% of youth are still attending an educational institution. This drops to 10% by 24 years, and even lower beyond that. Female participation increased markedly from 2002 to 2009 for the ages 17 to 20.

As part of the 2002-2009 social profile of South Africa study, StatsSA investigated the reasons why 15-24 year olds are not attending an educational institution [see Figure 6 following]. Approximately 36% of all youth in this age cohort said they lacked the money to do so. Another 20% reported that they were working and thus had no time. About a tenth blamed poor academic performance. Black youth were more likely to blame a lack of fees, while white youth were least likely. Inversely, White and Indian youth were more likely to report not having time due to employment commitments than either their African or coloured counterparts. Considering only those individuals who are not in education or working renders a similar trend, 44% complain about financial impediments, followed by 13% listing poor academic performance. A tenth of youth in this age cohort states family commitments as the major impediment<sup>41</sup>.

**Figure 6: Reasons for youth aged 15–24 not attending an educational institution by population group, 2009**



Source: Statistics South Africa. 2010. Social Profile of South Africa, 2002-2009.

<sup>41</sup> Statistics South Africa. 2010. Social Profile of South Africa, 2002-2009. Available from <http://www.statssa.gov.za/>

## **Design of FET and Higher Education systems limits access and opportunity**

Cosser (2010) reports that analyses conducted by the Education, Science and Skills Development (ESSD) research programme at the Human Sciences Research Council (HSRC) reveal major obstacles in the education pathway system<sup>42</sup>. Figure 7 following illustrate the flow of people through the FET and higher education system based on the statistics from a number of different sources (see source list beneath figure).

As is illustrated by Figure 7, the majority (75%) of those who acquired a NQF 4 qualification by passing matric, only qualifies for a NQF 5 qualification (certificate/diploma offered by universities, specifically those of technology). FET colleges offer vocational training at the same level as the Senior Certificate (NQF 4) which means in order to advance on the educational path those who pass without exemption need to study further at one of the six Universities of Technology or the six comprehensive universities in South Africa (there are also 11 traditional universities). Given that the FET colleges require a NQF 1 qualification for entry, the 50 FET colleges and their approximately 278 delivery sites are thus meant to serve mainly those that dropped out after Grade 9 and those who failed matric. At the moment FET colleges are only serving about 29% of this group per year. Approximately 80% of those who qualify for higher education (NQF 5-8) don't enrol at public HEIs, mostly for financial reasons as was illustrated in the previous section, which means that some of them will register at FET colleges for vocational training at the same level as their current qualification although their opportunity to advance in terms of education is obstructed.

In this regard Cosser refer to the work of various authors illustrating that the scarcity of further learning opportunities for youth who leave school either prematurely (prior to matriculation) or with a National Senior Certificate without exemption (opportunities for further learning at levels 2 to 5 on the NQF) is highly problematic and he unpacks the problem as follows:

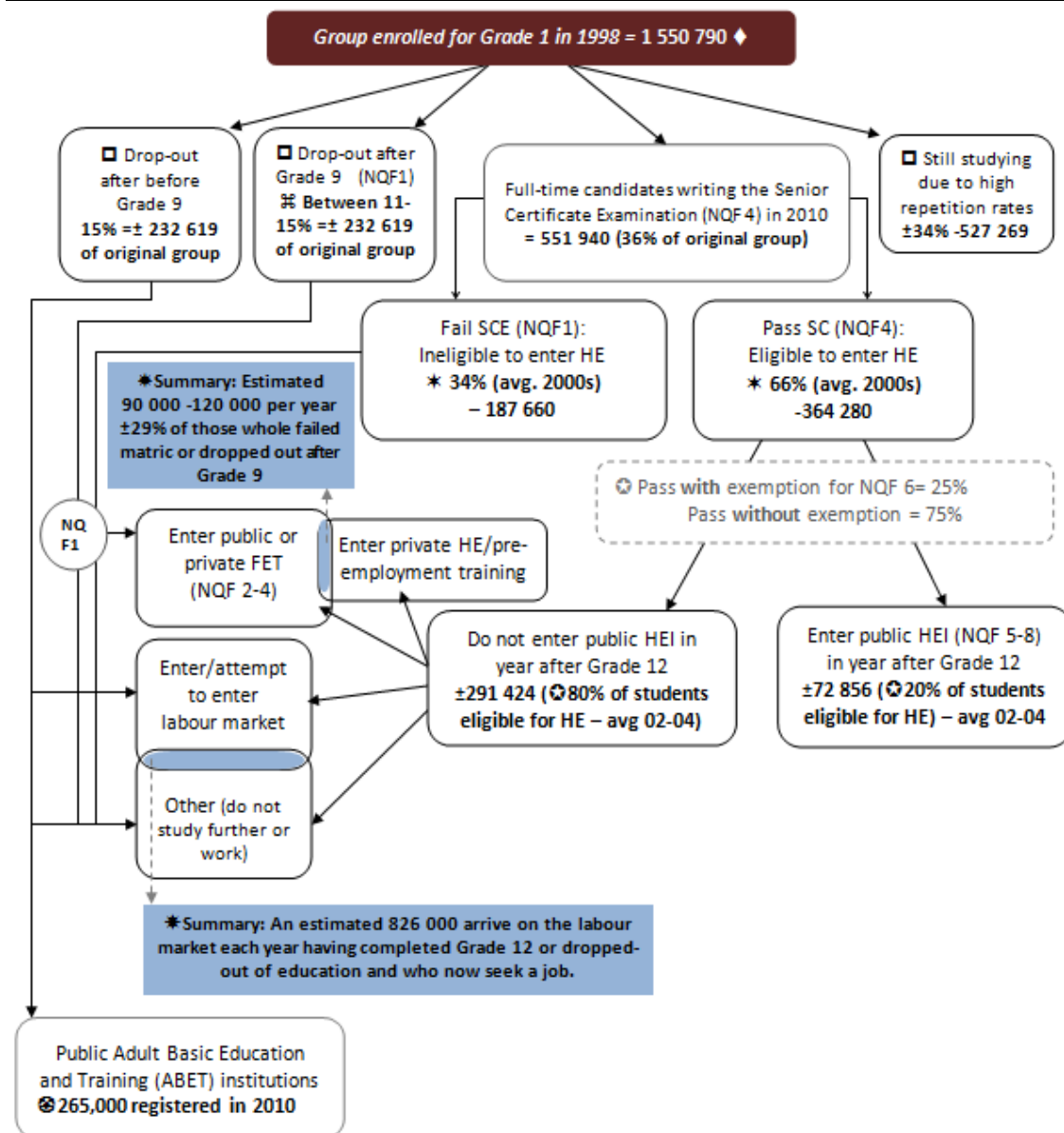
*“The policy decision to phase out N4 to N6 qualifications and to confine FET college provision to NQF level 2 to 4 programmes – cemented by the introduction of the National Certificate-Vocational (NCV) as a parallel qualification to the National Senior Certificate (NSC) in the schooling sector – has had dire consequences for the college sector and for skills development at the intermediate level more broadly. The most obvious consequence is the dearth of NQF level 5 programme provision, which exacerbates the university-as-only-option scenario in which universities must perforce offer certificate and diploma programmes in addition to the degree programmes that are arguably their metier.”*

Cosser further points out that the majority of learners entering Further Education and Training (FET) colleges, nursing training institutions and learnerships have already achieved National Senior Certificates prior to enrolment. Higher Education is thus seen as the only viable option for further learning, contributing to the inverted triangle phenomenon in which a small FET college system plays second fiddle to a much larger higher education system struggling to retain inadequately prepared students. This is illustrated through the HEI and FET headcount statistics quoted in the National Student Financial Aid Scheme (NSFAS) review provided in (Figure 8 page 30).

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<sup>42</sup> Cosser, M. 2010. Pathways through the education and training system: Do we need a new model? Human Sciences Research Council

Figure 7: Typical average annual outflow and destinations of students through FET and HE



Source:

⊕ Breier, M. & Mabizela, M. (2008) Higher education. In: Kraak, A. & Press, K. (eds). *Human resources development review 2008: education, employment and skills in South Africa*<sup>43</sup>.

\* Morrow, S., Panday, S. & Richter, L. (2005) *Where we're at and where we're going: Young people in South Africa in 2005*<sup>44</sup>.

□ According to the StatsSA profile of South Africa 2002-2009<sup>45</sup>, by the time that youth are 18 only 70% are still in an educational institution implying a drop-out rate of about 30%. ⌘ According to the Department of Education between 11-15% of youth drop-out after Grade 9<sup>46</sup>. Thus out of a total drop-out rate of 30% approximately half drop out prior to Grade 9 and half after Grade 9, the remaining group who is not writing the Senior Certificate Examination must therefore still be studying due to high repetition rates.

\* Matric pass rates reported in the media from 2000-2010.

◆ Centre for Education Policy Development (CEPD) as quoted by College South Africa. Access at: <http://www.mydreamcourse.co.za/blog/no-matric-no-problem/>

⊕ Parliamentary Monitor: *Registration Planning and Enrolment Targets in Higher Education Institutions & National Student Financial Aid Scheme: briefing by Department of Higher Education and Training, 25 January 2011.* Access from: <http://www.pmg.org.za/report/20110125-department-registration-planning-enrolment-targets-higher-education-i>

<sup>43</sup> Breier, M. & Mabizela, M. (2008) Higher education. In: Kraak, A. & Press, K. (eds). *Human resources development review 2008: education, employment and skills in South Africa*. Cape Town: HSRC Press. 278-299.

<sup>44</sup> Morrow, S., Panday, S. & Richter, L. (2005) *Where we're at and where we're going: Young people in South Africa in 2005*. Johannesburg: Umsobomvu Youth Fund.

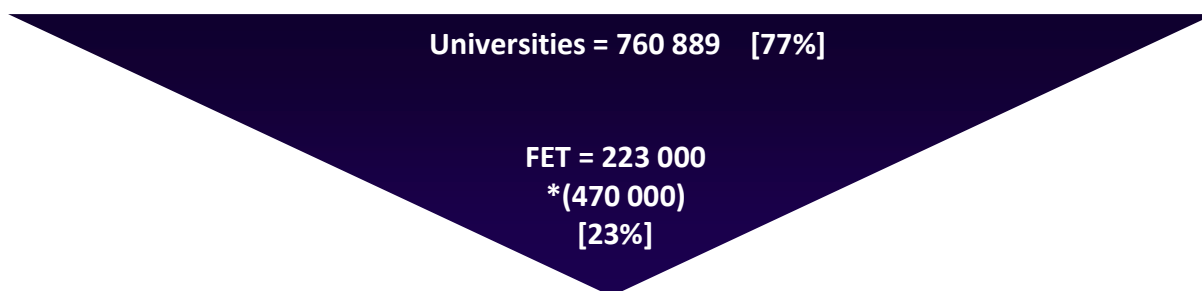
<sup>45</sup> Statistics South Africa. 2010. *Social Profile of South Africa, 2002-2009*. Available from <http://www.statssa.gov.za/>

<sup>46</sup> Mail and Guardian. Pandor: Significant school dropout rate after grade nine. 25 February 2008. Accessed from: <http://www.mg.co.za/article/2008-02-25-pandor-significant-school-dropout-rate-after-grade-nine>

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**Figure 8: 2007 HEI and FET colleges enrolment figures (based on headcounts)**

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Source: Report of the Ministerial Committee on the Review of the National Student Financial Aid Scheme<sup>47</sup>.

Cloete (2009)<sup>48</sup> names the lack of a post-school public or private ‘college’ sector; the reduction of educational opportunities through consolidation (talking about the mergers of the technical colleges) in the system; tight restrictions on private provision; and the failure of the sector education and training authorities (SETAs) as important reasons for the increasing number of young people falling in the NEET category. A further point of weakness is the lack of harmonisation and synchronisation between some HE and some FET college policies due to the fact that South Africa does not have an integrated post-secondary education system which supports, strengthened and planned interaction and linkages between institutions such as universities, FET colleges and other colleges.

Besides for the structural limitations, the FET colleges are hampered with a number of disabling problems limiting the opportunity offered by these institutions even further. There seem to be generally low levels of academic- and management capacity and quality in FET colleges (Cloete) while evidence suggest that FET colleges are not perceived to be providing relevant, credible programmes in sought-after technical and vocational learning areas that will lead to uptake in the labour market (Cosser)<sup>49</sup>. It might be argued that private provision at the approximately 400 private FET colleges complements public provision. However, besides for the fact that these institutions (combined with public FET) are currently serving less than 30% of the need (of those who have dropped out of school after Grade 9 or have failed matric -see Figure 7), Cosser points out that the failure of FET colleges to offer programmes that articulate more precisely with labour market demand signals the inability of the public sector to provide a credible alternative to private provision. In this regard Cosser relates that HSRC research show indications that students coming out of colleges with an NCV are not finding employment – partly because employers are sceptical of the value of the NCV qualification (the NSC is a preference) and partly because of the low absorptive capacity of the labour market.

As a result Cloete and Cosser, quoting various authors, are suggesting significant restructuring of the FET-HE system. The need is to build a Technical Education and Training system that articulates at once with the labour market and with higher education. Some key suggestions are to use FET colleges as ‘second chance’ institutions for preparing students in alternative access programmes as well as bridging courses, moving towards the USA concept of community colleges, aimed at NQF levels 4 and 5.

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<sup>47</sup> Department of Education and Training. (2010) Report of the Ministerial Committee on the Review of the National Student Financial Aid Scheme.

<sup>48</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

<sup>49</sup> Cosser, M. 2010. Pathways through the education and training system: Do we need a new model? Human Sciences Research Council

## **Access without support is not opportunity: Student financing and other support**

### **Financial support**

As was mentioned earlier, approximately 36% of 15 to 24 year olds said they are not enrolled at an educational institution because they lacked the money to do so (39% of black youth).<sup>50</sup> Cloete (2009)<sup>51</sup> reports that individuals who receive bursaries are between 200% and 350% more likely to attend a university than a college, controlling for demographic characteristics, marital status and SES level. Similarly, individuals with bursaries are between 100% and 300% more likely to attend a university of technology over a college. Letseka, Cosser, Breier and Visser (2010)<sup>52</sup> found a high correlation between student finance and high attrition levels at South African universities in their study of student retention and graduation destination.

While student attrition is a global problem (the attrition rate in the UK is estimated to be 22%, 19% in Australia and 42% in the USA for example) the problem in South Africa is acute. Letseka et al refer to statistics by the Department of Education (2005) which illustrates that of the 120 000 students that enrolled in 2000, 36 000 (30%) dropped-out in their first year; another 24 000 (20%) dropped-out in their second and third years of study while of the remaining 60 000 (50%) fewer than half (22%) graduated with a generic bachelors degree within the specified period (i.e. the attrition rate was 78%). Of the non-completers included in the student retention study (Letseka et al) approximately 68% were from low SES categories. Black students formed 86% of the non-completers overall and 91% of the non-completers in the low SES group. The data further suggest that the predominant reason for black and coloured students is financial and not academic although they also relate these groups also gave above average scores to academic related issues. The study further found that “alarming” proportions of black and coloured students rely to a great extent on their parents for support. Approximately 43% of black student responses indicated support from parents/guardians while only 28% of responses indicated support from the National Student Financial Aid Scheme (NSFAS). About 38% of responses from coloured students indicated familial support and only 20.5% support from NSFAS. Overall 55% of students included in the study indicated that their parents provided for their living expenses. One in every four students (25%) indicated that they supplemented their income by working (33% of coloured-, 32% of white-, 24% of black- and 19% of Indian students).

NSFAS is a legal entity established in 1999 by Act no 56 of Parliament. Its purpose is to redress past discrimination and to ensure representivity and equal access; respond to the human resources need of the nation; and to establish an expanded national student financial aid scheme that is affordable and sustainable. A review of this fund in 2010 found that NSFAS has distributed more than R12 billion to provide financial aid to 659 000 students over the past

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<sup>50</sup> Statistics South Africa. 2010. Social Profile of South Africa, 2002-2009. Available from <http://www.statssa.gov.za/>

<sup>51</sup> Cloete, N. (ed.) (2009). Responding to the educational needs of post-school youth: determining the scope of the problem and developing a capacity-building model. Centre for Higher Education Transformation: Wynberg

<sup>52</sup> Letseka, M., Cosser, M., Breier, M. & Visser, M. 2010. Student Retention & Graduate Destination: Higher education and labour market access and success. Human Sciences Research Council

decade<sup>53</sup>. Despite this lofty contribution the review found that NSFAS has less than half of the funds it needs to meet the demand for financial aid from qualifying applicants, even at current participation rates. Overall the funding shortfall amounted to an estimated R2 billion in 2009, with individual institutions reporting shortfalls of up to R45 million a year (NSFAS review, 2010). The media reported in 2010 that struggling university students owe 13.2 billion in outstanding tuition and accommodation fees of which approximately 6% will be covered by NSFAS<sup>54</sup>. They further reported that graduates on study loans from NSFAS owes R3.3 billion to the scheme while about R7.1 billion is owed by students who are still studying or dropped-out. Besides for a deficiency in funds, two other major findings impacting student access of educational opportunity was found to be:

- That most bursaries awarded by universities to poor students covered only half of what students required. The result is that an unknown number of students drop out because they are unable to come up with the rest of the money needed for accommodation, food, transport and books.
- Secondly that there were a large number of families with incomes of more than R120 000/year (for example public servants like teachers, nurses etc.) but which could not afford to send their children to university. As a result, many working-class and lower middle-class families remained excluded from higher education.

Although NSFAS funding could always be converted to a 40% bursary for graduates, in an attempt to encourage student graduation the government announced earlier this year that students who are registered at a public university in their final year of study and who qualify for funding from NSFAS, will receive a loan equivalent to the full cost of study, which is the full fee and the necessary living expenses. If these students graduate during the 2011 academic year, their loans will be converted into bursaries. If they do not graduate the award remains a loan which will have to be repaid to NSFAS though. Minister of Higher education & training minister Blade Nzimande also announced on 8 January that all deserving students at further education & training (FET) colleges will qualify for free education. The financing of this is still uncertain, the NSFAS allocation from national treasury - R6 billion for the next three years- was made on the basis of what is available rather than the expected cost and educational circles estimates that this allocation would need to be doubled to implement the changes<sup>55</sup>.

### Other support

Although finances goes some way to account for the high student attrition rate in South Africa, there are clearly other variables at play as well – for example, the NSFAS review found that about 72% of the NSFAS students have dropped out or have otherwise not completed their studies despite the financial support that they have received. According to Petersen, Louw and

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<sup>53</sup> Department of Higher Education and Training. (2010) Report of the Ministerial Committee on the review of the National Student Financial Aid Scheme

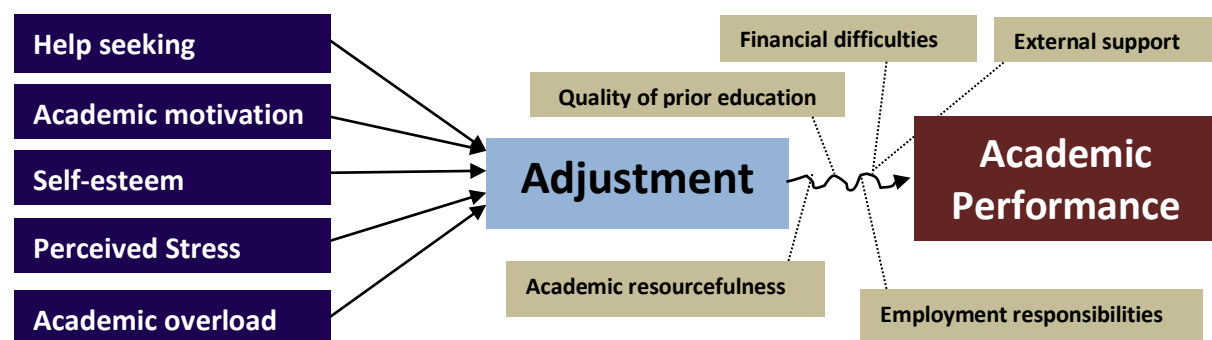
<sup>54</sup> Sunday Times. 19 September 2010. Dropouts owe billions in student loans.

<sup>55</sup> Financial Mail. 26 January 2011. Good money, bad system. Access from <http://www.fm.co.za/Article.aspx?id=132507>

Dumont (2009)<sup>56</sup> much effort has been expended on investigating the role of adjustment to university as a factor in predicting university outcomes. They cite various authors who suggest that psychosocial factors play a key role in the academic success of disadvantaged students considering their social and educational backgrounds. Adjustment is typically defined as a multi-dimensional process of interaction between an individual and his/her environment in an attempt to bring harmony between the demands and needs of the individual and his/her environment and Peterson et al cite research showing that economically and educationally disadvantaged students are particularly vulnerable to adjustment difficulties in making the transition from secondary school to university. Research have shown that academic performance is the major determinant of student retention and graduation and the best indicator of whether a student is coping with the demands of the university, while at the same time showing that adjustment in turn is a key determinant of academic performance (Peterson et al). In summary, Peterson et al’s literature review provides evidence for the following factors contributing to university adjustment and positive academic outcomes:

- **Help-seeking behaviour** (student-faculty contact and the utilisation of student support services)
- High levels of **intrinsic motivation** (tendency towards curiosity, exploration, manipulation, spontaneity and interest), **internal locus of control** and **identified regulation** (values and identifies with behaviour because it is perceived as relevant).
- **Self-esteem** was shown by numerous studies to be related to several social and academic factors including psychological well-being and academic performance.
- **Perceived stress**- students with high levels of stress might find it harder to cope with the social, personal and academic demands of university. In this regard it should be noted that previously disadvantaged students face a number of challenges that can lead to increased stress levels such as under-preparedness due to inadequate schooling and financial challenges.
- **Perceptions of academic demand/overload**: Students’ perceptions of the demands of an academic task and their perception of their own ability to succeed in completing the tasks influence the amount of effort they put into a task. Research has found that educationally disadvantaged students experience great difficulty in coping with the academic overload during their first year of study.

**Figure 9: Theoretical path to academic success**



<sup>56</sup> Petersen, I., Louw, J. & Dumont, K. (2009). Adjustment to university and academic performance among disadvantaged students in Southern Africa. *Educational Psychology*, 29(1):99-115

In their study of 194 first-year students on need-based financial aid at the University of Cape Town (UCT) Peterson et al<sup>57</sup> found that students who engaged in academic-related behaviour because they value it (identified regulation) and considered it intrinsically important and personally relevant rather than for the attainment of external awards were better adjusted to university. Students who showed high self-esteem were better adjusted while students who appraised their lives as stressful, and their academic load as too demanding showed poorer adjustment. Academic overload was the strongest predictor of academic performance in their study. Supporting these findings is research conducted by Das-Brailsford (2005)<sup>58</sup> involving a group of black students from disadvantaged backgrounds who achieved academic success in South Africa. This study found the participants to be high achieving, having strong initiative and motivation, being goal orientated and experiencing the self as having agency.

Overall Peterson et al however found that the psychosocial variables included in their model performed better in explaining student's adjustment than their academic performance, thus suggesting that other variables such as financial difficulties, employment responsibilities, quality of prior education and academic resourcefulness/study habits also play an important role in terms of academic achievement. Adding to this list, Das-Brailsford found that the atmosphere in the families of high performing disadvantaged students was usually characterised by strong support while relationships with teachers, role models and supportive community members were viewed as protective factors.

### **Lack of information, guidance and job search capability**

According to the Youth 2002 study conducted by the Community Agency for Social Enquiry (CASE), "the lack of knowledge and awareness of existing employment and funding opportunities amongst youth contributes to both the skills shortage and high rate of unemployment". According to the report 73% of young people in South Africa are not aware of any employment or funding opportunities. Only 5% of young people have used related services provided by the government and a staggeringly high 76% of youth do not know about such services provided by the community in general (including NGOs and CBOs), and only 3% have used such services<sup>59</sup>. The lack of accessible information certainly plays a role in the lack of skills development in the country.

In a detailed review of various research studies concerning the benefits of educational/career guidance, Huges, Bosley, Bowes and Bysshe (2002)<sup>60</sup> found that most of these studies suggest that high quality guidance makes or is perceived to make some positive contribution. They note that there is strong quasi-experimental evidence that voluntary exposure to guidance increases the probability of adult participation in continuing education and training, relative to similar individuals. Significantly the studies document evidence that quite intensive, multi-method

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<sup>57</sup> Petersen, I., Louw, J. & Dumont, K. (2009). Adjustment to university and academic performance among disadvantaged students in Southern Africa. *Educational Psychology*, 29(1):99-115

<sup>58</sup> Das-Brailsford, P. 2005. Exploring resiliency: Academic achievement among disadvantaged black youth in South Africa. *South African Journal of Psychology*, 35(3): 574-591

<sup>59</sup> Community Agency for Social Enquiry. 2000. Youth 2000: A study of youth in South Africa. Published by CASE

<sup>60</sup> Huges, D., Bosley, S., Bowes, L. & Bysshe, S. 2002. *The economic benefits of guidance*. ISBN 0 901437 08 5

guidance intended to support the job search of non- or unemployed people does reduce mean job search time/enhance re-employment rate over the short-to-medium term. Evidence of reduced drop-out rates for students who had received specialist career advice was also documented. They note that integrated packages of support (which included advice, training and job search support) in particular were more effective in enabling people to retain work after leaving. These findings are also supported by South African research, Altman and Marock(2008)<sup>61</sup> refer to South African studies which shows that job search assistance is particularly beneficial in reducing short-term unemployment, where workers are between jobs.

According to Altman and Marock the material costs of job search in South Africa are exacerbated by the relatively few high-density urban centres in the country and the spatial isolation that many unemployed experience. Youth in particular tend to lack mobility and the resources required to engage in active job search, or to relocate in order to take advantage of job opportunities elsewhere. Consequently they may restrict job search to opportunities available close to where they reside, thereby restricting the scope of their opportunities. Altman and Marock refer to a survey of unemployed youth conducted in 2000 where almost a quarter of respondents said they could not afford the transportation costs associated with job search, and of those unemployed youth who had become discouraged, 47.1% said they had given up searching because they had found no opportunities in their area. High search costs discourage active search, and favour passive search methods, predominantly in the form of relying on word-of-mouth from friends and family. Again Altman and Marock refer to studies providing evidence that 60% of those in wage employment reported that they had found their jobs through network search in the form of friends, family or relatives. Only 12% reported that they had responded to job advertisements, and 9% indicated they had physically enquired at firms about available. Similarly, Lam, Leibbrandt & Mlatsheni (2008)<sup>62</sup> report that 55% of respondents in their Western Cape study reported finding their current job through relatives and friends.

There is a very low utilisation of public or private sector employment agencies in South Africa. In line with the finding of 5% of youth who said they used related services in the CASE<sup>63</sup> study, the unemployed youth study quoted by Altman and Morock found that 57% said they had enquired at firms or workplaces about job openings while only 6.9% had registered formally with employment agencies or trade unions. Altman and Morock report further that many survey respondents regarded these kinds of labour centres, particularly public sector labour centres, as a hindrance rather than a help in finding employment. Hence, they conclude that the evidence on the kinds of search strategies used suggests a lack of transparency in the market, where potential employees and employers are unable to connect effectively in a low-cost way to advertise available jobs or their skills.

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<sup>61</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

<sup>62</sup> Lam, D., Leibbrandt, M. and Mlatsheni, C. (2008) *Education and Youth Unemployment in South Africa*. A Southern Africa Labour and Development Research Unit Working Paper Number 22. Cape Town: SALDRU, University of Cape Town

<sup>63</sup> Community Agency for Social Enquiry. 2000. *Youth 2000: A study of youth in South Africa*. Published by CASE

Thus, networking seems to be the most successful method of finding a job in South Africa, which might put youth and especially youth from disadvantaged backgrounds at further disadvantage. Altman and Marock report that when asked the number of individual they could rely on to help find them a job and provide references, the majority youth participating in the unemployment survey reported a maximum of two such contacts, indicating a very thin network.

The new Framework for the National Skills Development Strategy acknowledges that “in order for learners to succeed they need to be guided prior to enrolment on both the best match of their interests and abilities to occupational requirements as well as on their best prospects for employment and decent remuneration. These ‘programmes’ require input from the labour market as well as vehicles for matching potential learners to opportunities. The information gathered and support services generated need to be synchronised centrally and made available nationally, in every corner of the country”. At the moment lower-skilled unemployed people use the services of the labour centres administered by the department of Labour (although, as was illustrated by the research findings above, this is to limited effect) while more highly skilled work seekers make use of the services of online or private agencies. According to Du Toit (2005)<sup>64</sup> online recruitment practitioners do not see themselves as employment agencies because they do not engage in actual recruitment, assessment and selection, but only provide the tools and channels for work seekers and employers to make contact.

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<sup>64</sup> Du Toit, R. (2005) Career Guidance and Employment Services. Human Sciences Resource Council.

## DGMT Strategy to address youth unemployment: Connection to Opportunity

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### a) The strategy

As is suggested by the portfolio name, the DG Murray Trust is focusing its strategy for distributing funding towards the youth unemployment crisis in South Africa on establishing connections- and removing blockages to opportunity. As was clearly illustrated in the literature, large scale systemic development and support is required at the same time, however, by focussing on connection to opportunity, a real impact can be made within a relatively short period of time.

Specifically DGMT's Connection to Opportunity portfolio aims to support programmes/initiative that:

- Lead to the development of local connections (supporting the establishment of networks of individuals and organisations willing to assist young people to make the connection)
- Mediate connections to opportunity
- Synthesises and distribute information on opportunity
- Prevent educational drop-out

### b) Evidence supporting the strategy

Altman and Morock<sup>65</sup> who specifically compiled their extensive report on youth unemployment to identify appropriate interventions to support the transition from schooling to the workplace, believes that the most important interventions will involve strengthening the education system, offering “second chances”, and raising the growth rate, however they also point to the significant value that interventions that does not necessarily generate large numbers of vacancies in the economy, but improve young people's chances of accessing the existing opportunities may offer. They specifically recommend interventions that address foundational skills, employability skills, job search information, employment subsidy, cover transport costs (and other associated costs related to job search), EPWP/transitional jobs programme and support for self-employment.

#### **Information and mediation services**

Given that research suggests that those who start their job search prior to leaving school have a substantially shorter period of joblessness and while job search assistance programmes are shown to have significant short-run effects in reducing unemployment with the added bonus that they are relatively cost-effective to implement, it is strongly recommended by Altman and

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<sup>65</sup> Altman, M. & Marock, C. (2008) *Identifying appropriate interventions to support the transition from schooling to the workplace*. Human Sciences Research Council & Centre for Poverty Employment and Growth

Morock as a strategy to address youth unemployment. In fact, they mention that the bulk of available evidence concerning job search assistance programmes suggests that provision of such programmes not only improves the labour market outcomes of participants relative to non-participants, but that these kinds of programmes may be more effective than other types of programmes such as subsidy schemes. Their recommendation is echoed by the Organisation for Economic Cooperation and Development (OECD) who recommended an expanded job search assistance scheme as part of their report on South Africa in 2010<sup>66</sup>.

Altman and Morock further report that there is more positive experience with interventions that improve the capabilities of work-seekers and which improve information and matching of workers to employers. They note that these types of programmes may be more complex to implement, but have more chance of having the desired impact. In this regard they refer specifically to employability skills associated with 'work-readiness'. Examples include job expectations, CV preparation, job search skills, behaviour at work, acquiring an ID book where necessary and IT skills. It might also include acquiring a drivers' licence. Altman and Morock is of the opinion that if effectively delivered, these programmes could fill an important gap, where labour market appropriate networks for the majority of school leavers are extremely weak or non-existent.

Literature suggests that those young people that are able to create their own opportunity through entrepreneurship could be assisted to move from informal entrepreneurial activity into the creation of small and medium sized businesses in the formal economy or to establish sustainable livelihoods in the informal sector. Different types of services/support will be required to support these different levels of entrepreneurship. Literature is more specific about the criteria to promote formal entrepreneurship which includes carefully selected participation, with strong mentorship and role-model engagement complementing financial support and excellent training.

### **Educational drop-out**

Research shows clearly that early school drop-out and passing matric without exemption is the two worst things that can happen to a young person in terms of access to further educational and employment opportunity. There is some evidence that Matric has become a minimum requirement for South African employers while the design of the education system severely limits the educational opportunities for those young people who don't pass with exemption. At the same time South Africa's high university drop-out rate is alarming and well above those of other countries - considering the challenges that a young black students had to overcome to reach this level, it is also an enormous waste of potential. Although the problem is complex and to a large extent related to challenges in terms of student financing, research shows a number of psychosocial variables that programmes can address to improve students' adjustment to university.

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<sup>66</sup> Engineering News Online. 6 August 2010. SA's youth unemployment needs serious attention. Access from: <http://www.engineeringnews.co.za>

### c) Main projects and budget

#### **Mobile opportunity information synthesizer**

The largest project to be taken on by the portfolio in 2011 will be to support an existing non-profit organisation that is already established as an information mediator to develop and expand in order to provide a nation-wide service – working together with other regional service providers, the private sector and Government departments. The key functions of the service will include:

- A searchable national database, disaggregated to district level, on further educational, financing and workplace opportunities. This database will be made available through mobile technology as well as web-based.
- It will be supported by a mobile helpline (using social network technologies) to respond to specific questions.
- In addition, the site will provide free modules on personal financing, healthy sexuality, career choices, job seeking etc.
- In addition, the Navigator will provide a social network function, enabling people with the same interests or in the same localities to connect.
- The site will also seek to attract other vendors, such as TV, cinema and other entertainment operators – with a view to increasing the site appeal and creating a revenue stream for sustainability.
- A feedback mechanism will be built in from the outset, ensuring continuing improvement and design, and providing a mechanism for evaluating its impact.
- Create a social network-type database of young people looking for opportunity that will be attractive to educational institutions and companies. Information will be packaged and searchable, so that, for instance, a mining company operating in Limpopo will be able to identify prospective candidates for development close to sites of operation.
- In time, we plan to work with employment brokers and the human resource departments of some of the largest companies and parastatals to facilitate workplace connections for users.

There is a strong possibility that this project will be rolled out in partnership with GSMA, the international mobile provider association who should hopefully play a role in ensuring reduced rates from cell phone providers. While we propose committing DGMT funding to this project for the next five years, it will ultimately be sustainable through vendor advertising and core support through the Ministry of Youth, Women, Children and People with Disabilities.

#### **Mediating Opportunity**

As was mentioned in the before-going literature review, integrated packages of support seem to be more successful in terms of assisting people to connect to opportunity. Programmes such as REAP or Umthombo Youth Development Foundation who provide support to students throughout the path from leaving secondary education towards successful tertiary education and/or employment seem to be very effective. The types of interventions that provide these

kinds of comprehensive services will vary in terms of their outcomes- we hope to support the following types of organisations:

- Higher Education: NQF level 5 and higher education – linking to opportunity
- Livelihoods: Vocational training (NQF level 2-4) – linking to opportunity
- Entrepreneurship: Development of informal sector to formal sector entrepreneurship- linked to opportunity

**Preventing educational drop-out**

We will be looking to support effective tutoring programmes for in-school youth while at the same time searching for creative programmes to promote university adjustment for tertiary students.

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