

## YOUTH EMPLOYMENT: A JOBS FUND PERSPECTIVE

2<sup>nd</sup> Annual Career Development Stakeholder Conference: Careers in a Changing World



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# Government tackling youth unemployment

- South Africa's youth unemployment rate is among the highest in the world, a challenge exacerbated by poor education outcomes and a decline in the available jobs in the market
- Two out of three South Africans aged 18 to 28 are unemployed.
- The absence of appropriate skills, experience, strong networks, mobility and social capital prevents youth from meaningful participation in the economy.
- This presentation suggests a possible response to this national crisis: (Jobs Fund Learning Forum output)
  - What are some of the elements of a coherent response to youth unemployment
  - What can employers do to create a more inclusive environment for youth participation in the economy?
  - How has the Jobs Fund supported youth employment?
  - What are some of the priority policy recommendations arising from the experiences of the Jobs Fund?

# Jobs Fund Mandate & Objectives

# Jobs Fund Mandate

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- The primary mandate of the Jobs Fund is to support initiatives that pilot innovative approaches to employment creation
- To create 150,000 new jobs
- To learn from these innovative models and build a knowledge base that can be used to contribute toward evidenced based policy making
- Contribute towards achieving systemic impact on poverty reduction through the catalytic projects the Fund supports

# Jobs Fund Value Proposition

- The Jobs Fund is a R9 billion fund administered by the National Treasury
- Initiated in June 2011 and has since concluded seven calls for proposals
- Operates on challenge fund principles – the allocation process: Competitive and Transparent

## Supply & Demand

Addressing the short to medium term supply and demand side constraints

## Partnerships

Partnering on a co-funded basis with public, private and NPO sector players

## Innovation

Supporting competitive and innovative ideas to stimulate sustainable job creation

## Testing Project Models

Piloting these ideas over a limited period to prove the concepts and understand what is replicable and scalable

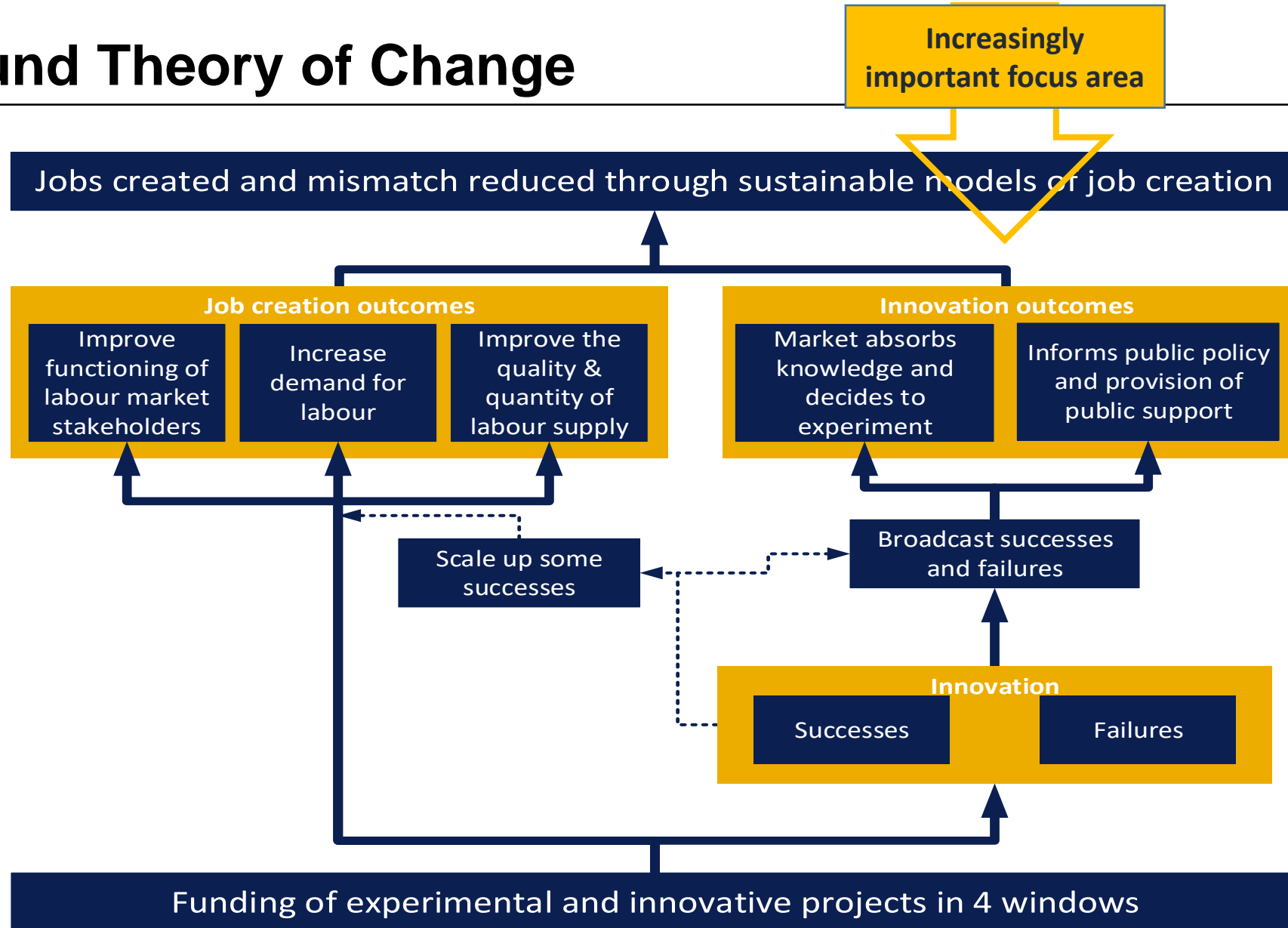
## Informed Policy

Use the knowledge and understanding of job creation models to better inform, government policy making and spending on employment facilitation

## Inclusive Economy

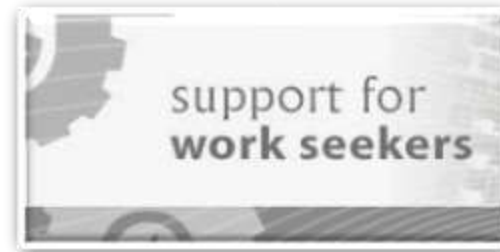
Contributing to a more inclusive economy that is responsive to the needs of the marginalized, thereby reducing poverty, inequality and unemployment

# Jobs Fund Theory of Change



# Jobs Fund Strategy

- Support self-sustainable and innovative job creation initiatives through four funding windows:



- Complement other government initiatives designed to tackle the long-term structural causes of low growth and unemployment through a programme that:
  - Goes for scale
  - Has a strong emphasis on innovation and systemic change
  - Focuses on high potential sectors
  - Takes a portfolio approach
  - Prioritises women and youth; and has a strong focus on learning

# Elements of a Coherent National Response to Youth Unemployment



# Elements of a Coherent Response to Youth Unemployment

## 1. Better understanding of key constraints:

- it is important for all stakeholders to have a deeper and more common understanding of the key constraints to youth employment. Some of these include:
  - An education system that does not sufficiently equip school leavers to respond to employer requirements
  - Lack of easy access to information on available employment opportunities
  - Archaic candidate assessment approaches
  - Prohibitive transport costs

## 2. An improved education system:

- We need an education system that is sufficiently responsive to SA's current & future skills demands
- We need to address the unequal participation of black scholars in the education system, especially beyond matric level

## 3. An enhanced work and self employment culture:

- Support higher levels of work ethic and self employment
- Embed this as a value in the minds of the youth

# Elements of a Coherent Response to Youth Unemployment

## 4. Better cooperation between public and private sector, NPOs and the youth:

- Not enough substantive cooperation exists between the public, private sectors and the youth despite rhetoric
- SA has ample policy proposals but not enough coordination and implementation capability

## 5. An improved public youth employment apparatus:

- There is a need to improve public youth employment programmes building on what we already have
- There is opportunity for information sharing and learning between public and private sector service providers

## 6. Establishment of a central work-seeker database:

- SA needs to have a single, reliable and easily accessible repository of information on suitable candidates and available work opportunities

## 7. Promotion of better candidate assessment tools:

- We need to move away from dated assessment tools that simply test for numeracy and literacy
- More pragmatic tools now test for aptitude, attitude and potential
- Some employers who screen against complex numeracy tests miss out on previously inaccessible talent pools
- Employers need to also move away from trying to de-risk their employment decision by setting higher than required standards for entry level jobs

# Elements of a Coherent Response to Youth Unemployment

## 8. Invest in economic sectors with high labour absorptive capacity:

- SA needs to invest in both labour intensive and productive industries

## 9. Decisive leadership:

- A key element to a national response is strong and decisive leadership
- This includes the existence of well placed champions in the public and private sectors

# **A Conducive Environment for Youth Participation: What Employers Can Do**

# Creating a Conducive Environment: What Employers Can Do

## 1. Engage more and differently with youth:

- Employers should engage at a more meaningful level with young people to better understand them;
  - their attitudes toward work
  - their aspirations
  - their challenges and worldviews

## 2. Take more risks with young people:

- Employers need to approach the youth unemployment challenge with a greater sense of urgency and commitment and be less risk averse
- Shift the paradigm from unhelpful perceptions that young people are ill disciplined, unrefined, lazy etc.

## 3. Change recruitment practices:

- An immediate gain can be in employers changing the traditional ways in which they recruit young people

## 4. Incorporate better institutionalized support in the workplace:

- Establish dedicated and institutionalized support systems in the work place to help mentor new entrants thereby promoting retention and progression of young people

# Components of a Youth Employment Support Package

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## 1. Access to Employment Information

- In addition to a central youth employment database, youth should be provided with access to enabling infrastructure, such as Wi-Fi, that allows them easy and reliable access these services

## 2. Career Guidance and Appropriate Testing for Potential

- Young people need to be assisted to navigate through the complexity of the world of work:
  - understanding what types of opportunities are available in the market
  - Understanding the knowledge and skills these opportunities require and whether this is a good match for the young person

## 3. Transport Subsidy

- Government should consider a transport subsidy to alleviate what is, for the poorer work-seeker, the single biggest hindrance to finding and keeping a job

## 4. Youth Card

- Youth cards are pre-loaded Visa or Master Card enabled discount cards targeted at the youth and are linked to substantial discounts on selected services that are popular amongst young people such as
  - transport, IT services, books, etc.

## 5. On-the-job training, mentorship and coaching

- On-the-job support and mentorship is critical to any youth employment support package

# The Jobs Fund and Youth Employment



## Successful employment models for youth employment

- Train & Place
- Business Incubation (formal and township economies)
- Multiple sectors incl: Wholesale & retail trade; Administration and support services; Manufacturing; ICT;
- Examples: Harambee Youth Accelerator; CCI South Africa-Career Box; Jump Start Jobs Fund expansion project; Microsoft Student to Business; Diepsloot Industrial Development Zone (The Riversands Incubation Hub)

# Harambee Youth Accelerator

## *A Jobs Fund Supported Project*

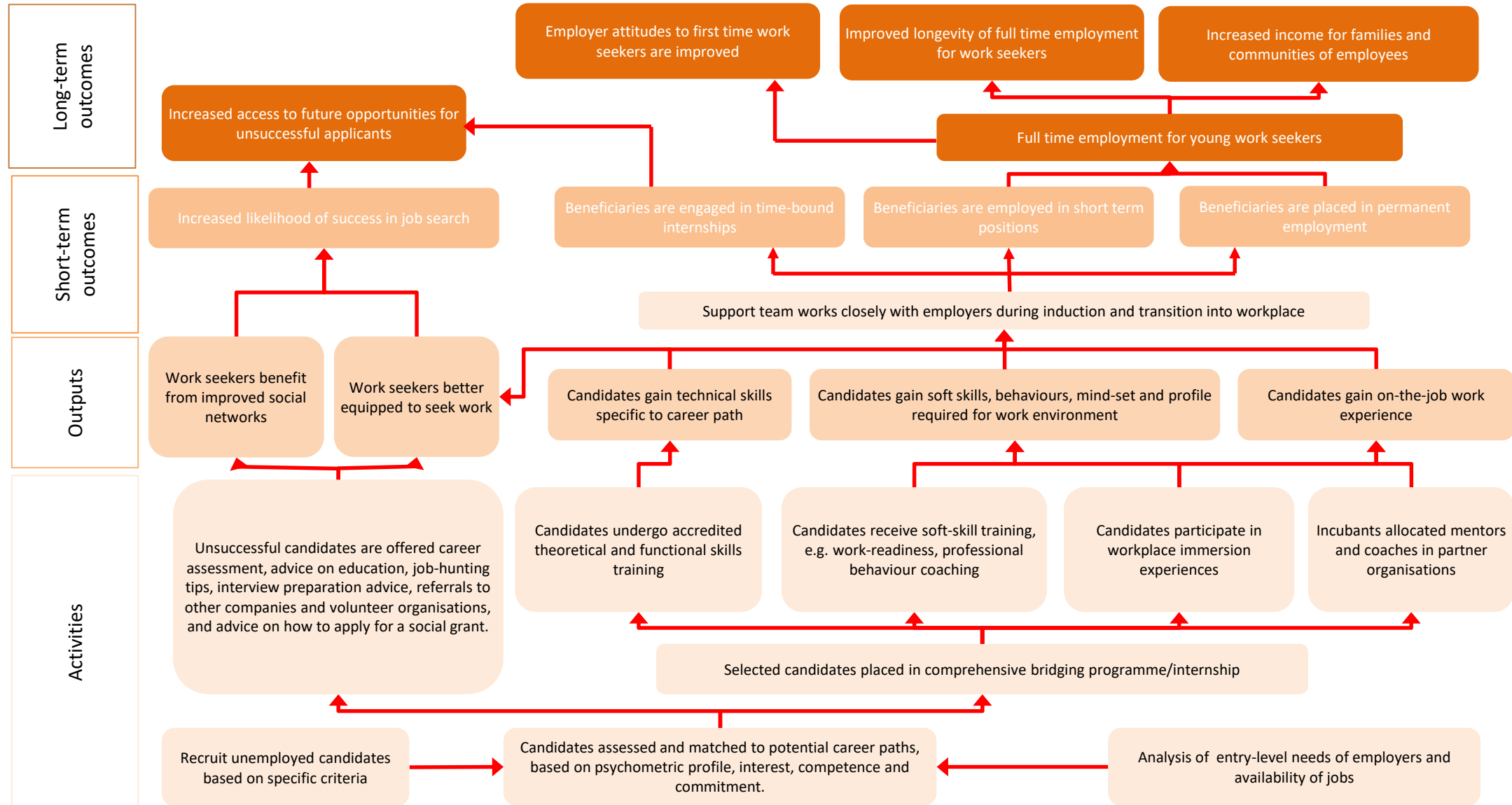
*The Harambee initiative addresses the skills mismatch between supply and demand factors in the labour market. Harambee does this by employing non-conventional assessment methods to ascertain young people's potential and suitability for work opportunities. Harambee offers young people multiple pathways to employment, matching them to and placing them in a job family that best suits their assessed potential. Harambee also continually seeks to better understand what skills and behavioral traits employers require from entry level job seekers. Where necessary, Harambee plays an advocacy role with employers, helping them to better define their requirements for entry level opportunities and thus gaining access to previously inaccessible pools of talent.*

## **CCI South Africa – CareerBox**

### *A Jobs Fund Supported Project*

*Careerbox offers education and training to previously disadvantaged, unemployed, unskilled, and inexperienced youth to provide scalability of labor resources to the Digital Economy through the BPO sector. Careerbox's delivery model enables it to source, recruit, train, and place large groups of candidates into gainful and decent employment within 2–6 weeks. The Career box model is an example of a partnership where South Africa seeks to competitively respond to and ready young people for jobs of the future.*

# Generic Results Chain: Support for Work seekers



# Factors contributing to success

## Support for Workseekers

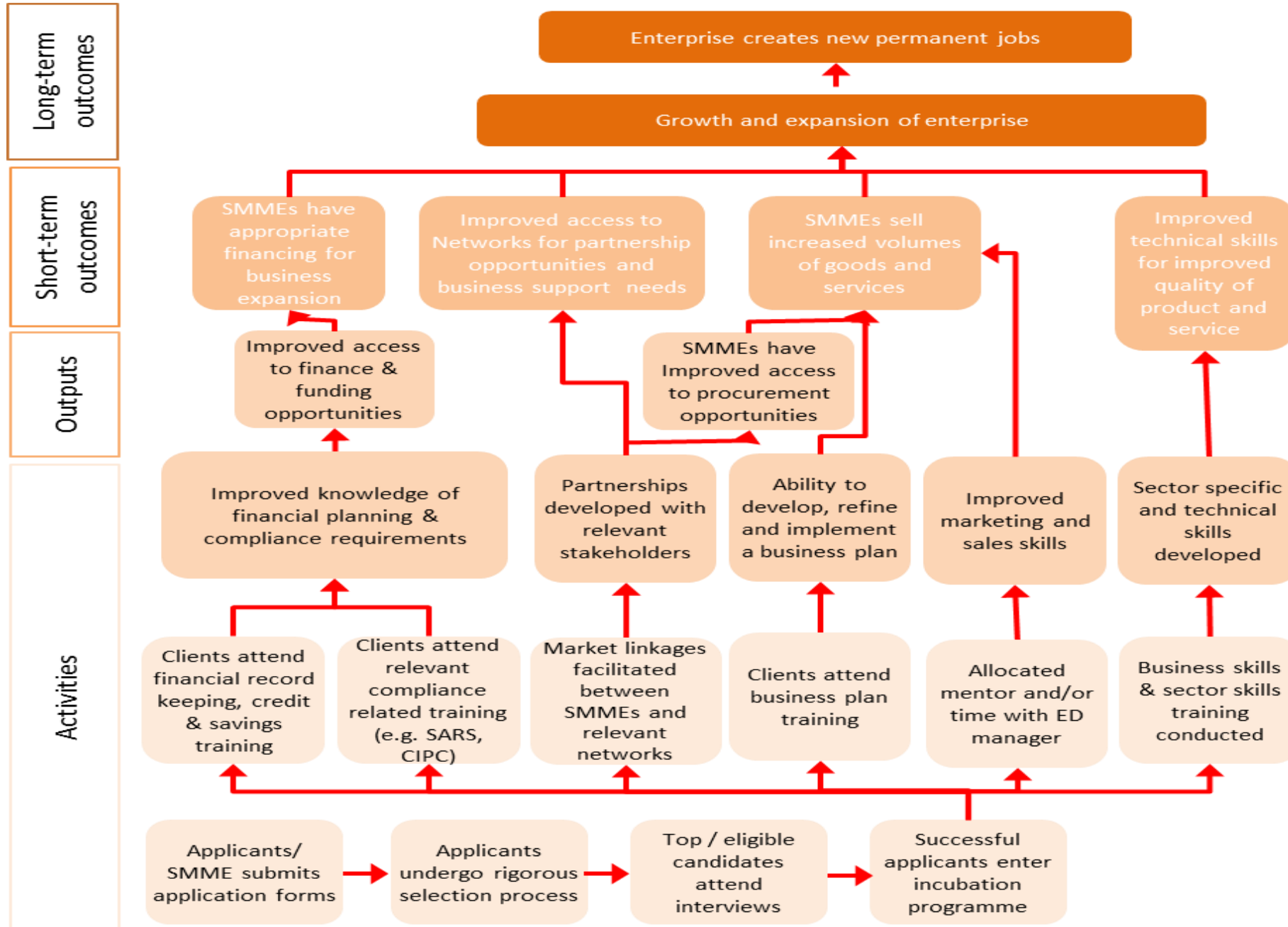
- Support for work seeker (SWS) models have been found to be effective in addressing unemployment, accelerating the transition from education to work, providing impact at scale and at lower costs relative to other funding windows.
- Successful SWS projects employ **innovative selection** and assessment criteria going beyond the traditional numeracy and literacy testing methods. They use **pragmatic approaches** that include attitudinal, behavioural and aptitude-based assessments; they focus on a few **niche sectors** which they have come to understand deeply over the years; use creative ways of **bridging and matching candidates** to opportunities, including exposing potential candidates to actual or simulated work environments; have an in-depth appreciation of the **business requirements of employers**, including those requirements that aren't necessary to ask for from potential candidates; are able to place candidates within reasonable **proximity of their places of residence** (2 taxi rule); and **track the employment journey** of placed candidates beyond the initial placement.
- Some of the challenges faced by SWS projects include the preference by employers to take on new entrants on a learnership programme rather than on a permanent and their inability to secure market related placement fees from employers.

## **Diepsloot Industrial Development Zone** (The Riversands Incubation Hub)

### *A Jobs Fund Supported Project*

*The Riversands Incubation Hub, located within the Century Properties commercial and industrial park, is an infrastructure cum enterprise development initiative that seeks to support local economic growth and job creation through the strategic location of economic infrastructure. The Riversands Hub was designed to integrate aspirant entrepreneurs in communities in and around Diepsloot to the Century Properties commercial and industrial park, thus allowing small businesses access to markets and fit-for-purpose facilities from which to trade. The Riversands Hub screens and selects suitable businesses to take up residency at the Hub's state of the art premises through rental agreements. The Hub offers business support services to incubates ranging from training, business management and marketing. Once fully developed, the Century Properties commercial and industrial park will serve as a captured market for all the small businesses located within the Riversands Hub.*

# Generic Results Chain: SME Support



# Factors contributing to success

## Enterprise Development

### Incubators

- Opportunity driven entrepreneurs have a better chance of success than necessity driven entrepreneurs. Unfortunately in the SA context the latter type is far more commonplace.
- Small business Incubators have been found to be an effective way of addressing; incubators reduce the instance of early stage failure rates; they develop critical entrepreneurial skills for business success; offer important avenue for corporate supplier development & BBBEE.
- Successful incubators focus on growth sectors; help incubatees develop their business ideas; support entrepreneurs over at least a 3 year period; facilitate market access for incubatees.
- Successful incubators have been found to focus on: Incubatee selection, Mentorship, Access to Finance, Access to Markets and Post-incubation support.
- Challenges include poor incubatee support with market access, access to finance, innovation, problem solving and inconsistencies in the provision of mentorship support by incubators.



# Priority Policy Recommendations

# Policy Recommendations

## 1. Effective Policy Implementation:

- Government should address the weak implementation of policy by relevant departments, understanding that these implementation failures have a direct impact on the unemployment challenge in the country

## 2. Extend Pilots of Promising Youth Incentives:

- Government should experiment more and leverage off successful programmes

## 3. Strengthen Support to Work Readiness Programmes:

- As part of a comprehensive strategy for youth employment, government should experiment with innovative funding instruments (education bond) and seek effective partnerships with private sector and NPOs

## 4. Review and Streamline Existing Policies:

- Government should review existing policies and regulations on employment facilitation and work to integrate and streamline these instruments for the benefit of work seekers and the unemployed

# Potential Barriers to Success

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- 1. Misalignment of national government and industry priorities:** Where we continue to experience a misalignment between national and industry priorities, the youth unemployment crisis will escalate unabated.
- 2. Misalignment of education system to industry and economic growth requirements:** If the education system is not overhauled it will continue to produce candidates who are not fit for the world of work, perpetuating the supply and demand side mismatch and in turn exacerbating the unemployment crisis in the country.
- 3. High expectations of the youth:** The high aspirations and ever growing impatience of young people in South Africa poses a threat to the national youth employment project. There are documented instances where young people have declined job opportunities because it was too menial, not well paying enough and not to their expectations or preference.
- 4. Weak policy implementation coupled with long delivery lead times:** Poor policy implementation and the slow pace of policy rollout are obvious barriers to youth employment.
- 5. Sluggish economic performance:** The current sluggish growth trajectory of the South African economy has a negative impact on the growth prospects of small businesses and corporates alike and by extension job creation.

# Thank You for hanging in there

[www.jobsfund.org.za](http://www.jobsfund.org.za)

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