 Addressing Youth Unemployment

Steven Zwane, Chief Executive Officer

Youth unemployment has characterised the struggles of our young people in the past years and still continue to do so currently. As the National Student Financial Aid Scheme (NSFAS), we have previously undertaken desktop research projects to look into the causes that lead to many of your people not finishing their studies and therefore not able to find formal employment. The need for this initiative has been stimulated by challenges we have identified over the life and span on the scheme since its inception more than 27 years ago. There are a myriad of causes to this problem, and a few challenges that have been identified are:

• The high rate of student drop outs from institutions of higher learning; as well as

• The misalignment of studies chosen by students, with the current economic demands.

Through the National Student Financial Aid Scheme, government has invested more than R70 billion in the education and training of more than 3 million previously disadvantaged students since 1991. These students have gone on to be part of the industrial development of this country, as well as the prospering corporate sector, commercial industry, and economic development in general. Of course, there are millions of other students who were unable to get financial support from NSFAS, who are also part of the equation in the broader scheme of things.

Government call towards free-fee higher education and increasing the threshold for qualifying students has cemented our commitment towards opening access to higher education and training. The decision will expand the reach and impact of NSFAS in the lives of poor and working class South African families.

As NSFAS, we are at the centre and forefront of young people’s frustrations and are the first ones to see the high numbers of learners who are unable to receive assistance from the scheme, because they either do not meet the basic requirements, or our budget allocation has been exhausted for that particular academic year. This therefore leaves many unaccounted young people outside the parameters. When a big number of students are unable to receive the financial support they require, it automatically becomes the first cause of youth unemployment in the longer term.

The second challenge faced by our young people, is the problem of dropping out as mentioned earlier. We do not have conclusive results as to the real causes of student drop outs in this country, but the numbers are there, and these students become unaccounted for in the end. However, even students who complete their qualifications, still find themselves affected by unemployment as many do not enter the workplace immediately afterwards, due to challenges in the job market, such as required work experience.

There are various problems causing this, first of which being that the corporate sector has still not expanded its graduate programme capacity to allow for bigger numbers graduates to enter the workplace on internships and apprenticeships. We still see many national and global companies taking in a carefully limited small number of graduates every year. This in the end, leads to many more graduates being left out in the periphery.

The second is that many of our students go into tertiary study courses that are oversubscribed, and this may lead to less demand of their skills in the workplace market. As a country, we need to increase the number of students who enrol in science and engineering related studies. The number of students we have in these fields is lower than the number of students who enrol in social sciences and administration based study programmes. Our students must be encouraged to take up courses that are aligned with the demands of the economy and its future.

The South African economy has now entered in the fourth digital revolution and government has enshrined policy objectives to this effect. The fourth digital revolution simply means that technology and digital innovation sectors are now the most prioritised focus areas of our industrial policy action. We need strong career guidance initiatives at school level, to educate learners about these issues, so that they align their career choices with the future that the economy is going towards.

NSFAS contributes directly and indirectly to government’s role in skills development. When government provides student funding in the higher education and training we are directly contributing to the economy and employment, given the fact that these students have been given the tools to enter the job market via qualifications and training they have received in universities and colleges respectively

We need to applaud the great work being done by TVET Colleges in particular, in helping us ensure that we have graduates who fill the critical skills gap that exists in our economy. We need to build on this. As NSFAS, we continue to ensure that as many academically eligible students as possible, are able to access higher education and training.

In the 2016/2017 financial year, we provided funding to a total of 255 557 students at TVET colleges and another 225 950 students at universities. In the financial year that just ended (2017/2018) the number of our funded students increased to more than half a million. It is our wish and our plea to the business world to help these students gain access to the much needed graduate development programmes after they have concluded their studies, so that they can gain valuable work experience and acquire workplace skills. We support the Department of Higher Education and Training in all its endeavours to ensure an effective policy environment that will alleviate the scourge of youth unemployment.

Thank You

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