



BREAKING BARRIERS

Quarterly Employment Report
February 2018

This quarterly analysis from Harambee Youth Employment Accelerator draws on data gained from our engagement with 400,000 young work-seekers who are at risk of sustained, long-term unemployment. Harambee uses this research to develop insights and drive interventions that can more effectively transition young people into jobs and address the global challenge of youth unemployment.

YOUTH EMPLOYMENT TRENDS

As measured by the Quarterly Labour Force Survey (QLFS), the national employment rate for youth aged 18-28 years old remained constant at 53.2% for 2017Q4. This rate contrasted sharply with the overall employment rate, which improved by a full percentage point to 73.3%. Based on Harambee's data, we expected to see a seasonal increase in the QLFS employment rate, driven by temporary hiring in retail. However, the overall increase in employment for 2017Q4 was driven by other sectors, including community and social services, manufacturing and agriculture. It is likely that older, more skilled or more experienced employees are favoured by these sectors, which is why the overall employment rate increased but youth employment at the national level did not.

Harambee uses real-time data to calculate an employment rate among the young people it serves. Harambee's overall employment rate is lower than that of the QLFS (although the trends are similar) because we focus on marginalised youth in particular, who tend to face higher structural barriers to employment. The employment rate among Harambee candidates increased slightly in the fourth quarter, but not nearly as much as the rate increased in 2016Q4 or in 2015Q4. In other words, the Harambee employment rate remained in line with the QLFS employment rate, on a declining annual average trend. We expect the employment rate to decline slightly again in 2018Q1. Harambee believes that inclusive solutions to increase youth employment are possible, and we will continue to share our knowledge to develop these solutions further.

Figure 1: Harambee* and QLFS youth** employment rates



*The Harambee employment rate is measured up to 14 February 2018. Data are not drawn from Stats SA data but reflects a sub-sample of youth who are typically living in grant-dependent households and have finished Matric in a township or rural school

**Youth includes all 18-28 years olds

***Note: Harambee employment rate is much lower than the national employment rate as Harambee does not include the informal sector and specifically targets low-income urban youth excluded from the formal economy.

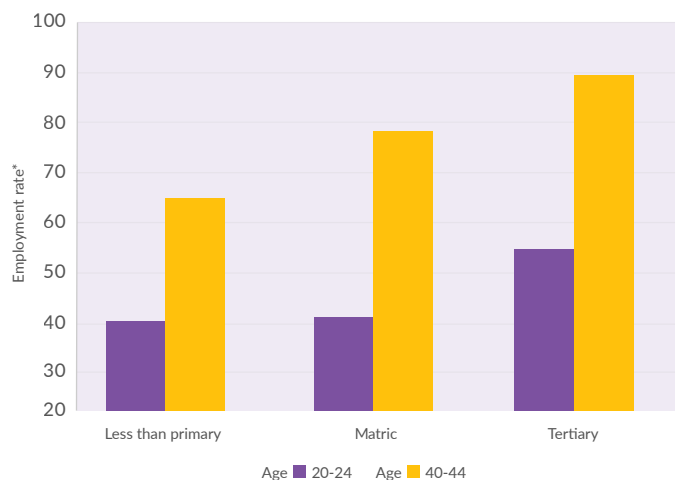
401 435 learners passed South Africa's 2017 secondary school exit exam (Matric). Congratulations to all of you from Harambee, this is a great achievement! However many of 2017's graduates will face difficult employment prospects ahead. This Breaking Barriers outlines some of the challenges facing youth who are transitioning from school to work, or from "learning to earning".

KEY INSIGHTS FOR THIS QUARTER

Insight 1: Employment rates tend to increase with more education, but less so for young, low-income or female work-seekers

One of the reasons why Matric is so celebrated in South Africa is that we have a chronic unemployment problem, and, in general, more education makes finding a job easier. However in addition to education, employment rates also depend on other characteristics such as race, age and gender. Figure 2 shows employment rates for different age groups across various levels of education. It is clear that employment rates increase consistently with more education, but there is also a persistent employment gap between younger and older work-seekers. This gap is usually explained as a requirement for work experience. Thus although education increases the likelihood of finding a job, it does not erase other barriers to employment.

Figure 2: Employment rates across different age groups with same education

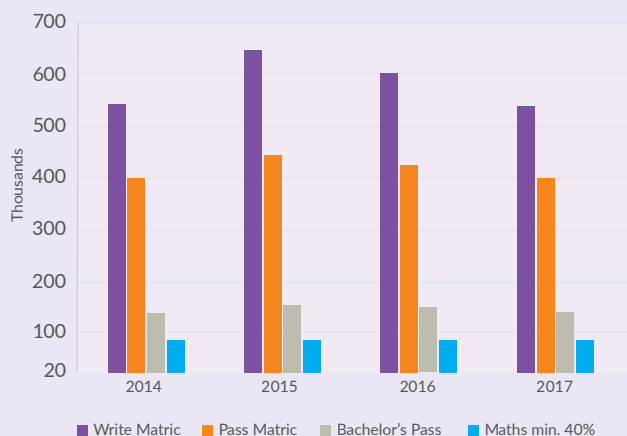


* Calculated as percentage of economically active age group with the specified level of education, at 2017Q4

Source: Statistics South Africa (QLFS)

Insight 2: In looking for work, young people face barriers tied both to job requirements and to soft skills

Figure 3: Number of Matriculants



Source: Department of Basic Education (NSC Examination Report 2017)

Employers are often concerned that Matric is not a guarantee of foundational skills like numeracy and literacy as the quality of basic education is generally low. Thus employers may ask applicants for further academic requirements for entry-level jobs as a signal of quality. Figure 3 shows how asking for Matric Maths or a Bachelor's pass would exclude a majority of young people (for example, only 21% of the approximately 400 000 learners who passed Matric in 2017 also passed Mathematics with 40% or more). Employers are also increasingly looking for soft skills, such as initiative, persistence and leadership, in the people that they hire - qualities that are difficult for young people to signal without a point of referral such as prior work experience.

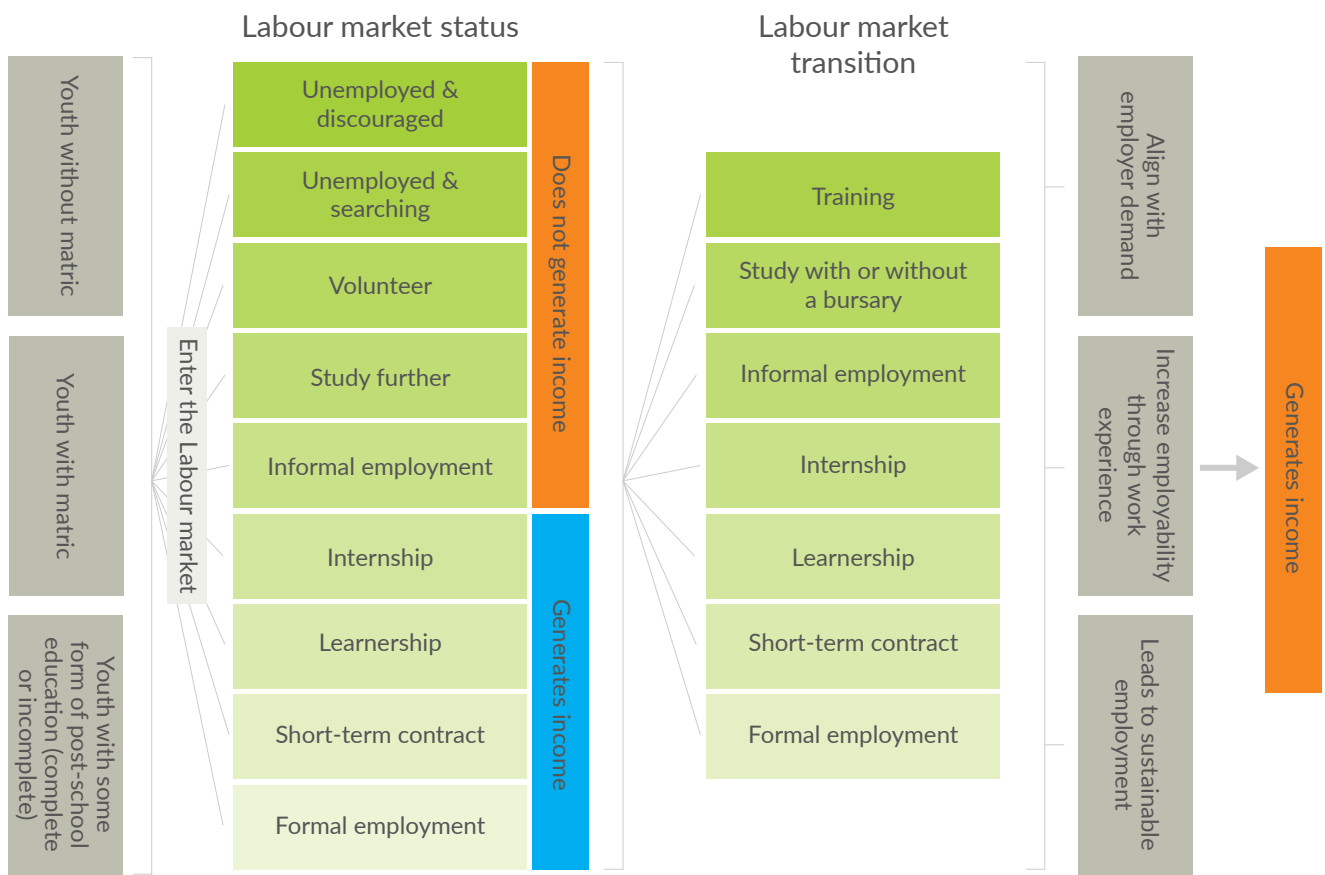
Organisations such as the OECD have commented on the high levels of mismatch in the SA labour market, implying that, in many cases, employees chosen are not the most suitable for the job in question. Since its inception, Harambee has challenged employers to look beyond academic qualifications and focus instead on the specific characteristics required by their jobs and businesses in hiring young employees to improve their matches. Employers could consider developing job profiles that include both hard and soft skill requirements, and using appropriate matching and assessment tools to identify these traits in potential hires.

In many cases this approach has paid off, and employers have acknowledged the positive impact of holistically matching candidates with job requirements instead of searching for the highest qualified candidate overall.



Insight 3: Practical, non-tertiary solutions are needed to provide school-leavers with functional work skills so that they can earn an income

Figure 4: Future employment pathways for youth people



Source: Harambee

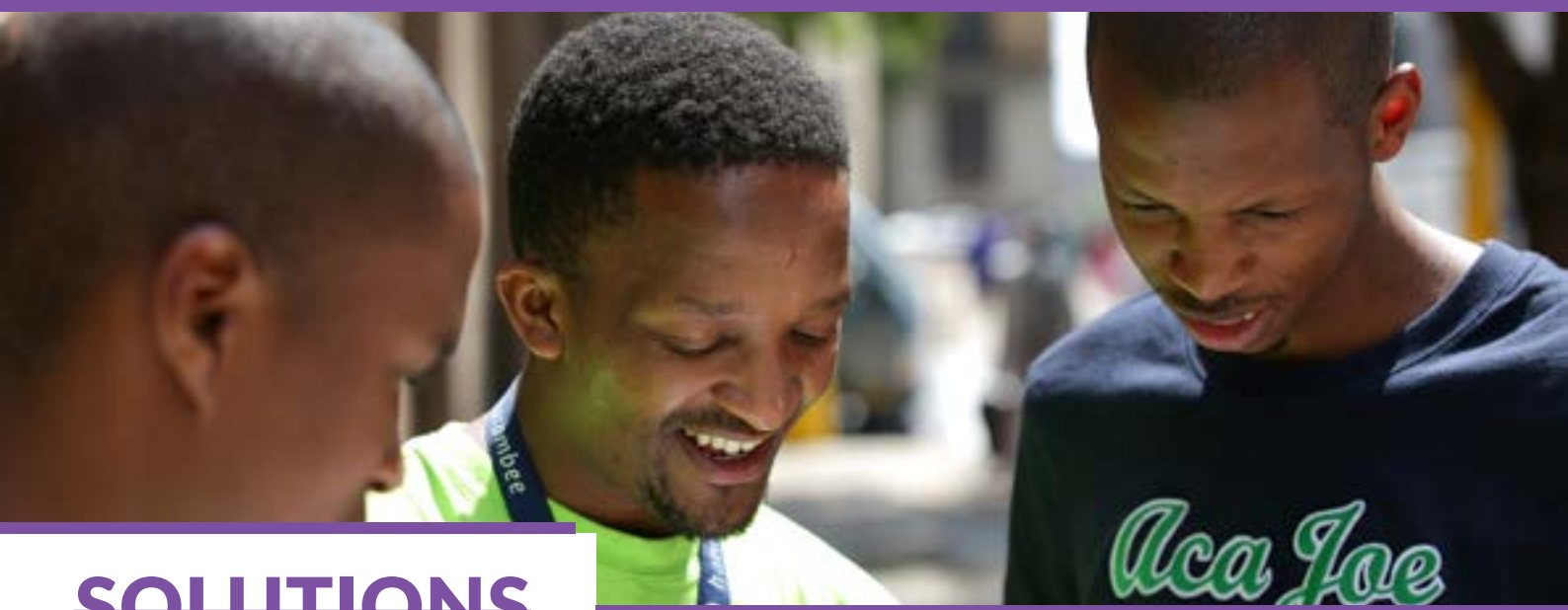
Formal education is obviously important, but it is not a silver bullet to solve youth unemployment. The high premium that employers place on work experience shows gaps between formal education and work readiness. Many people learn their most valuable skills on the job. Yet the traditional success model in South African labour markets remains school to university to employment.

SOLUTION: MULTIPLE PATHWAYS TO ECONOMIC OPPORTUNITY

Harambee envisions a new paradigm for the labour market, which includes multiple paths to economic engagement (as shown in Figure 4). The main message of this paradigm is that everyone should be able to find a way to sustainable income through work. For some, it might come through short-term work experiences such as internships and learnerships that either convert to permanent employment or make it easier to find a job by serving the work requirement. Existing structures could be made more inclusive to expand paths to employment, e.g. skills development programmes funded by SETA levies could be expanded to include new entrants and the unemployed. To move towards this model we would need better alignment between education, training, and workplace requirements

so that all the paths shown in the transition column definitively increase employability. That means better coordination between employers and the broad education system to ensure that young people are more prepared for the world of work beyond formal education.

Click here to listen to young people talk about these barriers and solutions.

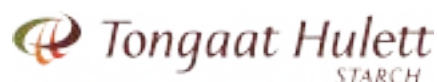


SOLUTIONS

What can employers do?

- ✓ Understand the holistic job requirements to find the best-suited candidate instead of searching for the applicant with the most qualifications. This is especially true for jobs that are difficult to fill or with high turnover.
Consider also whether you are willing to hire someone without the required knowledge, but with the right attributes for a job, and develop them for the role ('hire for will, train for skill').
- ✓ Consider work readiness programmes that focus on skills that are generally lacking in new employees, e.g. communication skills. Harambee has very successfully incorporated such programmes for years for employers.
- ✓ Consider whether hiring practices are exclusionary, for example a hiring process that requires applicants to make multiple trips to the employer may exclude people who cannot afford the cost of transport.
- ✓ Employers, educators, government and relevant stakeholders can work together to align workplace requirements and further education in South Africa, e.g. improving the practical component of TVET studies.
- ✓ Employers should also work with one another to develop industry-specific standards for jobs that can be easily communicated and understood by work-seekers.

EMPLOYER PROFILE



Tongaat Hulett Starch (THS) is an example of an employer that changed their sourcing and matching approach to focus on future success in the workplace, rather than on qualifications. Moving away from traditionally sourcing graduates, they partnered with Harambee Youth Employment Accelerator to source young people who were a match for the job, and close specific work readiness gaps. These included:

- ✓ Identifying the problem-solving skills needed for the job, not just having a generic “math” requirement: Problem-solving and in particular functional numeracy. Providing candidates with the functional skills that would be needed in the workplace – for example working with percentages and numbers in order to be able to prepare a shift report, or being able to discern different numerical relationships such as tabulated information as might be required for recording instrumentation readings, rather than specifying a blanket requirement for ‘maths.’
- ✓ Technical immersion that focused on providing candidates with an understanding of the language and concepts used in the plant environment.
- ✓ Computer skills – basic skills in operating computers were provided as necessary for the work that they would be required to do.
- ✓ Providing fitness training to prepare candidates for the physical requirements of the job such as lifting and carrying materials or tools and walking up and down multiple flights of stairs constantly.

Harambee has successfully worked together with THS to match and ready more than 50 work-seekers, of which 60% are female, for production and engineering trainee programmes. THS has enjoyed increased absorption into the business and higher retention rates.

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