

Should Youth Unemployment be Targeted as Part of a Comprehensive Welfare Policy in South Africa?

Nicoli Natrass

Abstract

A scheme to address youth unemployment is not an appropriate component of a social welfare net in South Africa because a higher proportion of older unemployed people are poor. Age is a very blunt proxy for inexperience (and associated labour market disadvantage) in South Africa. Placement programmes may help individuals find work, but to the overall welfare impact is undermined by substitution effects. Training programmes should not be seen as an answer to the unemployment problem (although it may help address some labour market problems). Training programmes for the unemployed are often weakly connected with the skill requirements of employers and can easily lead to an over-supply of specific skills. Given the difficulties involved in targeting the relatively disadvantaged amongst the unemployed, one has to ask whether resources are better spent elsewhere – e.g. on a basic income grant.

1. Introduction

The link between unemployment and poverty in South Africa has been well-established (see e.g. Leibbrandt *et al*, 2000, Natrass and Seekings 2001, Seekings 2000). Households without any members in employment are typically poor, and households with unemployed members and no pensioner are the poorest of the poor (Seekings 2000). The old age-pension is the key element of South Africa's social welfare net. But this net has serious holes – the most obvious relating to the unemployed. Except for the limited cover provided by the Unemployment Insurance Fund (available for up to six months for workers who had contributed to it whilst employed), unemployed people receive no welfare support.

This has prompted a great deal of discussion about how to rectify the situation. Should South Africa institute a Basic Income Grant (BIG) for all (as suggested by the Taylor Committee) – or

should a segment of the unemployed be targeted for special welfare support? This paper considers the second question and asks in particular whether young unemployed people should be singled out for special attention by welfare policies.

2. High Rates of Youth Unemployment

The typical argument in favour of targeting young unemployed people (rather than all unemployed people) is that most unemployed people are young – and hence must be at some kind of a labour market disadvantage relative to older people. As can be seen in Table 1, data from the 1999 October Household Survey indicate that over two-thirds of the unemployed are younger than 36 years of age. Similar results were obtained in a 2000/1 labour market survey in Khayelitsha/Mitchell’s Plain. The relationship between age and unemployment holds for both strict and broad measures of unemployment (the strict unemployment includes only active job seekers, whereas the broad definition includes such ‘discouraged’ or non-searching unemployed).

Table 1: The Age Distribution of the Unemployed (OHS 1999)

	<i>16-25</i>	<i>26-35</i>	<i>36-45</i>	<i>46-55</i>	<i>56-65</i>	<i>Total</i>
Strict Definition of Unemployment	35.0%	36.7%	18.9%	7.5%	1.6%	100%
Broad Definition of Unemployment	34.7	35.5%	19.1%	8.2%	2.0%	100%

* These do not sum to 100% exactly because of rounding errors and because of the tiny percentage of unemployed people in age groups less than 16 and older than 65 years of age.

A common argument is that this pattern of labour market disadvantage arises because young (read ‘inexperienced’) job seekers cannot compete with older (read ‘more experienced’) labour market participants, and thus fail to develop the skills and experience necessary to make them productive adults (and hence sought-after workers). This is particularly the case in times of slack demand. Addressing youth unemployment (and in particular, female unemployment) thus supposedly qualifies as a welfare measure by virtue of the fact that it is targeting a particularly disadvantaged constituency that, in the absence of targeted support, would find itself falling to the bottom of the income distribution and remaining trapped there.

This argument, however, rests on the assumption that older jobseekers necessarily have the kind of experience and skills demanded by employers – and hence are actually in a superior position to younger jobseekers. In South Africa, where unemployment has been high and rising since the mid-1970s (if not before), a substantial proportion of older jobseekers have never had a job (see Table 2) or have been unemployed for so long that the labour market advantage they may have had from previous work experience, has long disappeared. Table 2 shows that a higher proportion of younger job seekers than older job seekers have never worked before (which one would expect given the fact that younger job seekers have been in the job market a short time – and given South Africa’s sluggish growth record).

Table 2: Long-term unemployment by Age (OHS 1999)

	<i>16-25</i>	<i>26-35</i>	<i>36-45</i>	<i>46-55</i>	<i>56-65</i>	<i>Total</i>
<i>Never worked before</i>						
Strict	80.0%	61.9%	45.1%	39.7%	38.5%	63.9%
Broad	84.0%	67.4%	52.7%	47.9%	45.2%	68.4%
<i>% who have been seeking work for 1-3 years (strict)</i>	36.5%	25.3%	21.6%	18.4%	17.2%	27.8%
<i>% who have been seeking work for more than 3 years (strict)</i>	24.3%	49.4%	54.7%	53.6%	59.0%	42.0%

A striking statistic is that proportionately more older job seekers than young jobseekers have been looking for work for more than three years. Such long-term unemployed individuals are even less likely to be employed than recent school-leavers. They have spent more time outside of education and training, are less familiar with modern technology (including computers) than recent school-leavers, and employers are likely to be wary of those who have had no visible legal means of support for long periods of time. Targeting welfare support to the younger age cohorts simply on the basis of their higher rates of unemployment misses this crucial dimension of labour market disadvantage. It is, in other words, fallacious to leap from the observation that older labour market participants have higher rates of employment than younger participants, to the conclusion that older jobseekers are necessarily in a superior labour market position to younger jobseekers – and thus undeserving of targeted support.

3. Youth Unemployment and the fear of a 'lost generation'

Another answer as to why youth unemployment may qualify as a welfare issue might be that the impact on society is worse than that of other groups of unemployed people – and hence for social reasons, youth unemployment is especially deserving of targeted interventions. The concern may be to avoid an entire age cohort being marginalised and excluded from the labour market. Fears of a 'lost generation' replete with an undeveloped work ethic and a possible predilection for crime, could be at the root of the concern about youth unemployment. Policy makers may worry that the experience of sustained unemployment for young people could make them hostile to the world of work, more receptive to drugs and crime, and a disruptive influence in society.

It is, of course, an open question as to whether young people actually pose more of a social threat to society than others. Seekings (1993, 1995, 1996) argues that popular alarm about the 'youth' and 'lost generations' typically entails a 'moral panic' in which the concern is disproportionate to any observable dimensions of the behaviour and attitudes of young people. Nevertheless, in a situation of high unemployment and limited growth prospects, there is a danger that younger age cohorts could be systematically excluded from the labour market. However, the nature of that exclusion will vary across different categories of young people, with those whose skills are in line with market demand being in a far stronger position than others. And, to the extent that employment is increasingly a function of social networks, young people in different neighbourhoods and social classes will have differential access to jobs. One is thus far more likely to have chronically excluded groups of people (such as urban youth who have become socialised into gang culture and may not even want formal employment – see Harrison (1976: 135-6)) rather than 'lost generations' as such. As is the case with the labour market in general, the youth labour market is highly segmented. Policy interventions need to take cognisance of this.

Policies designed to address the exclusion of young people from the labour market can work on both the supply and demand side. For those young people actively looking for work (or at least wanting it), the appropriate policy interventions are those that increase the demand for their services. But given the objective of increasing the employment rate amongst the youth, some policies are also designed to 'activate' those young people who are not participating in the

labour market – i.e. those ‘not in employment, education or training’ (i.e. ‘NEETs’ in the current international academic discourse¹). Note that if policies are more successful at activating young people (i.e. encouraging them to leave the ranks of the economically inactive and enter the ranks of the unemployed) than they are at finding employment for young people, then the rate of youth unemployment will rise. It is thus important for policy makers to be clear as to whether they are trying to boost labour market participation and employment amongst the youth – or to reduce youth unemployment rates.

Some of the above policies will fall under the ambit of labour market policy, and some will fall under the ambit of the Department of Welfare. But they are not necessarily appropriately part of a package of policies designed to provide a social safety net in the form of social assistance. Indeed, in the advanced capitalist countries where income support is provided for young people ‘not in employment education or training’, an explicit objective of many interventions is to wean them off such government transfers (thereby lessening the burden on the government’s welfare budget).

In South Africa’s case, where no such income support is provided, this connection between active labour market policies and welfare spending is of little immediate relevance. Instead, the prevailing notion of a social safety net is to provide government transfers where possible (e.g. to the disabled and the indigent elderly) and targeted interventions such as community-based public works programmes and subsidised employment to provide a certain level of income in return for work. The relevant question thus becomes whether youth unemployment schemes in South Africa would function as part of a social safety net, or as a means of reducing the need for such a net (at least amongst key constituencies).

4. Youth Unemployment and South Africa’s Social Safety Net

South Africa’s welfare net is substantially wider than that available in most other developing countries, yet it is still characterised by substantial ‘holes’. One of these relates to unemployment. Except for those formal sector workers who have contributed to the

¹ The South African discourse refers instead to ‘out-of-school and out-of-work youth’.

Unemployment Insurance Fund (and are hence entitled to income support for 36 weeks) there is no support for unemployed people. Given South Africa's high rates of unemployment, plugging this hole in the welfare net may thus be of strategic importance.

This brings us to the third possible reason for intervening to reduce youth unemployment – i.e. that it either plugs a particularly important hole in the social safety net or reduces the number of people falling through the hole. If the government provides employment to young people – e.g. through a targeted public works programme – then the social safety net is being plugged directly. Such programmes usually self-target the poor by paying below-market wage rates. Thus, in the case of youth unemployment, only the poorest young unemployed people are likely to participate.

Other policies designed to reduce youth unemployment (such as job training and placement schemes) do not comprise part of the social safety net as such – but rather function to reduce the demand for social assistance by helping the young jobseekers find work. In other words, they do not plug the hole in the welfare net, but rather function to reduce the number of people falling through it.

Unlike public works programmes which use a low wage as a form of self-targeting, international evidence suggests that job training and placement programmes appear to benefit the more skilled and employable the most (see DSRG (2001) and Meager and Evans (1998)). Ethnic minorities and 'hard to reach and place' young people with multiple disadvantages tend not to benefit as much. Preliminary research into the experience of 'Operation Starfish' (a youth training and placement scheme in Cape Town funded by the Department of Welfare as part of its Poverty Relief Spending) reveals that the more skilled and experienced applicants were easier to place than others – and that most of the job placements were in administration, most notably in 'front-line office' positions (Nattrass, 2001). This mirrors the experience of private sector placement agencies (although Starfish was almost certainly more successful at placing people from more disadvantaged areas).

Irrespective of whether the social safety net is being extended or whether the demand for the social safety net is being reduced by the programme to reduce youth unemployment, there is a prior question which needs answering: Are young unemployed people worse off, in income

terms, than their older counterparts? If one had to select a particular constituency among the unemployed to target welfare and labour market interventions, would it be the youthful unemployed? This is ultimately an empirical question.

Table 3: Unemployment by Age and Household Income (OHS – 1999)

	<i>16-25</i>	<i>26-35</i>	<i>36-45</i>	<i>46-55</i>	<i>56-65</i>	<i>Total</i>
<i>Percentage of unemployed in each age category living in households with an income of less than R800 a month</i>						
Strict	45.1%	47.7%	53.4%	60.9%	53.9%	48.9%
Broad	48.8%	50.5%	55.9%	61.5%	61.2%	52.1%
<i>Age distribution of unemployed living in households with an income of less than R800 a month*</i>						
Strict	32.0%	36.1%	20.1%	8.9%	1.8%	100%
Broad	32.5%	34.7%	20.5%	9.4%	2.3%	100%
<i>Percentage of unemployed in each age category living in households where children under 7 went hungry because there was no money to buy food</i>						
Strict	33.1%	33.1%	36.1%	36.4%	36.1%	33.9%
Broad	32.3%	30.3%	33.6%	32.1%	32.0%	31.8%
<i>Age distribution of unemployed living in households where children under 7 went hungry (no money to buy food*)</i>						
Strict	34.6%	38.0%	18.6%	6.9%	1.5%	100%
Broad	36.1%	35.6%	19.0%	7.1%	1.7%	100%

* These do not sum to 100% exactly because of rounding errors and because of the tiny percentage of unemployed people in age groups less than 16 and older than 65 years of age.

As can be seen in Table 3, data from the 1999 OHS indicates that most of the unemployed living in households with a monthly income of less than R800 a month are young people. This is to be expected given that most unemployed people are young. But if one looks at the proportion of poor unemployed people in each age category, the picture changes: disproportionately more older unemployed people live in poor households. In other words, the older the unemployed person, the more likely he or she is to be living in poverty. According to data from the 2000/1 Khayelitsha/ Mitchell's Plain labour force survey, a statistically significant negative relationship

exists between household income and the age of unemployed individuals.²

Table 3 also looks at another indicator of poverty, i.e. whether any children under 7 living in the household had reportedly gone hungry in the past year. Again, one finds that most instances of reported hunger were associated with the presence of younger unemployed people – but that the relative burden of hunger was higher for those in the age groups 36-55.

In short, it would appear that targeting the youth as a welfare measure may help many people, but it misses crucial dimensions of poverty and disadvantage amongst older unemployed people and in the households they live in. Put differently, poverty is related to unemployment and not youth unemployment *per se*. The connection between youth unemployment and poverty is simply a reflection of the age composition of unemployment. Older unemployed people are disproportionately poorer – hence one cannot conclude that the age of the unemployed person is a driving factor behind poverty.

As noted earlier, one of the problems with any general approach to youth unemployment and labour market participation is that it assumes ‘the youth’ are sufficiently homogenous that age is the appropriate targeting instrument. It fails to appreciate that different categories of young unemployed people have different prospects, and stand in very different relations to the labour market. For example, a graduate in electrical engineering is not only likely to earn a better salary than a less educated person his or her own age, but is also likely to spend less time unemployed. Similarly, a young man with gang tattoos and a prison record is less likely to be employed than his more innocent looking counterpart, and a person living in a middle-class neighbourhood is more likely to find work than a person with similar characteristics living in a rougher area.

Employment, particularly in the middle to upper echelons of the labour market, is increasingly a function of networks. People who have studied, lived or worked with already-employed people are more likely to find work than those whose social circle comprises the long-term unemployed. Employers report that it is important to ensure that new employees ‘fit in’ to the firm and do not ‘upset’ existing employees. This appears to be code for class: middle class

² A statistically significant (at the 5% level) negative relationship exists between household income and age of the (broadly defined) unemployed individual.

employees are more comfortable with other middle-class employees – hence a firm is less likely to opt for a person from a rougher social background if a middle-class employee is available. Many firms ask their employees if they know of anyone who would be suitable to apply for existing vacancies. This practice of employment through ‘word of mouth’ is becoming increasingly common. Employers report that this is to make sure that existing employees are happy with new appointments and to avoid being ‘inundated’ by applications.

Placement agencies also make use of ‘word of mouth’ employment practices. They report that they look for suitable candidates for specific jobs by phoning up people already working in such jobs and asking them if they have any friends with similar qualifications/experience. They say that this is a very efficient way of targeting potential employees because people who study together or share similar working interests tend to know each other. This, together with the activities of employers, serves to reinforce the growing tendency to link employment to social networks.

This kind of social exclusion and labour market segmentation is particularly important when it comes to designing policies to address youth unemployment as they have different labour market and welfare implications. For example, if a job placement scheme helps the unemployed electrical engineer find a job a few months sooner than he would have otherwise, then the ‘problem’ being addressed by the intervention is effectively one of labour market information and matching – which is not a welfare problem *per se*. While it is no doubt good for the economy to minimise the time spent idle by skilled individuals, such individuals do not typically qualify as disadvantaged enough to warrant dedicated welfare assistance – particularly in a situation where skilled labour and fiscal welfare resources are scarce. Not only is the intervention not targeted on the truly needy, but when interventions provide jobs for people who would get them (or jobs like them) sooner or later, then there are substantial ‘deadweight’ costs associated with such programmes (Meager and Evans, 1998: 23).

Furthermore, given that there are already many placement agencies in existence in the private sector, a government-funded programme runs the risk of replicating interventions already catered for by the private sector. For example, if a government programme places the electrical engineer in a firm when a private sector placement agency could have otherwise done the job, then the government programme is not allocating resources efficiently. Worst still, it could even

undermine employment in the private placement agencies whilst providing a subsidised service to firms who would otherwise have been prepared to pay market-related finding fees to private placement agencies.

If the government-funded job placement scheme functioned primarily to encourage employers to hire the difficult-to-place individuals (such as the man with the gang tattoos or the person living in the rough neighbourhood with unemployed friends) then the programme is potentially better targeted from a welfare perspective. However, the eventual welfare impact will depend on whether other workers were displaced in the process – and on what position the displaced workers occupied in the labour market and in the income distribution. Such displacement could occur as a result of direct substitution of workers at the firm-level (workers being shunted out of employment to make way for the targeted individuals) or through the targeted individual being offered a job which otherwise would have gone to someone else. If these workers come from poorer households, then poverty and inequality could worsen as a result of this targeted intervention.

If the firm is given a subsidy to encourage the employment of targeted individuals, then (assuming that the subsidy more than compensates for any adverse productivity characteristics associated with such individuals) the firm would gain a competitive advantage over its rivals. If other firms are forced to retrench workers or even shut down as a result of this increase in competitive pressure, then the employment displacement impact will extend beyond the firm itself.

The international evidence on the effects of deadweight, substitution and displacement on the overall impact of targeted labour market interventions to reduce unemployment is uneven in terms of coverage and methodological sophistication (see Meager and Evans, 1998). However, there is a strong theme in the evaluation literature that suggests that these offsetting impacts are almost always present, and in some cases substantial. The negative welfare implications of such impacts thus need to be taken into account when considering the likely overall effect of targeted interventions.

Encouraging firms to employ young unemployed people (and in particular, difficult-to-place young unemployed people) in the place of other workers may be a valid objective of a scheme to

address youth unemployment. The existence of substitution and displacement effects is thus to be expected and of little critical relevance (Meager and Evans, 1998: 70). However, if the scheme was intended to provide employment for those currently falling through a hole in the social safety net, then substitution and displacement of other workers becomes a substantial issue. If reducing the demand for social assistance by boosting the employment of targeted individuals results in a drop in employment elsewhere – and hence in an increased need for social assistance by the newly unemployed – then its value as a welfare instrument is drastically undermined. When the demand for labour is stagnant or growing slowly, there is a real danger that measures to promote youth employment will result in substitution and displacement – and hence undermine the income security and employment prospects of older workers. Given that young labour market participants are likely to displace the relatively less skilled and productive older workers first, this will probably have adverse implications for welfare as such individuals are more likely to join the ranks of the unemployable than their more skilled counterparts.

In short, it appears that a targeted programme to reduce youth unemployment is not an appropriate part of a comprehensive welfare policy designed to reduce the number of people falling through South Africa's social safety net. This does not mean that nothing should be done about youth unemployment. Indeed, there is suggestive evidence that interventions such as the 'New Deal for Young People'³ (which has been in operation in the United Kingdom since 1998) have helped substantial numbers of young people (see SDRG, 2001: 7-11). It is however, unclear to what extent the young people associated with the scheme would have got jobs anyway (labour market conditions were favourable for employment in the late 1990s in Britain) – and hence there may have been significant deadweight costs associated with it. The opportunity costs of the programme may, in other words, have been substantial.

Given South Africa's lack-lustre labour market conditions, deadweight costs are unlikely to be as great a problem – except perhaps with regards to particular categories of workers who may be in relatively high demand (such as skilled workers and university graduates – especially those

³ This comprehensive strategy helped the 'job ready' find unsubsidised work, helped those who needed additional support to find unsubsidised work, and offered four alternative 'New Deal Options' (full-time education and training; subsidised employment, work in an Environmental Task Force, and work in the voluntary sector) for the rest. While the New Deal appears not to have had adverse substitution and displacement effects, this may well have been a result of the booming economy and generally good labour market conditions for all jobseekers.

who fulfil employment equity criteria). More important from a welfare perspective are the substitution effects. As argued above, if encouraging employers to employ young people means that older people lose their jobs or slip down the job queue, then the benefits of the system as a social safety net are significantly reduced.

One possible exception to this might be a public works programme providing low-wage employment to young unemployed people in desperate straits. As noted earlier, such programmes are self-targeting in that only the very poor will opt to participate, thus ensuring that the programme functions as a genuine social safety net. This is discussed below.

5. Public-Works Programmes as part of the Social Safety Net

According to the most recent *World Development Report* (2000/2001), employment creation programmes (which the Report controversially refers to as ‘workfare programmes’) in developing countries can be a useful counter-cyclical instrument for reaching poor unemployed workers as they provide emergency relief to poor households in times of economic hardship (World Bank, 2001: 155). The costs of these schemes vary enormously depending on the wage rate, the amount of training involved the type of projects undertaken, the costs of local private contractors, and administrative effectiveness. Wages typically represent 30-60 percent of total costs (*ibid*). Such programmes are most effective as a welfare net when they do not compete with existing private sector operations, when they are labour-intensive (so as to spread the benefits as widely as possible), and when they involve communities in the decision-making as to what assets should be created through the programme.

If one were to target a public works programme at young unemployed people (as opposed to poor unemployed people in general) what would it look like? Assuming that the target constituency is the poorest (and probably least skilled) amongst the youth, then an appropriate programme might be one which provided a basic income as well as some training that would be of benefit to participants when they re-entered the labour market. Such training could include basic construction skills and the handling of power tools and vehicles. However, as the primary goal of any such project is to provide self-targeted income support to the poor, the training component tends to be of a lower strategic importance. When training costs start to rise, so too

do administration costs, and the number of workers who can be reached by the programme starts to fall dramatically. As discussed below, there are also difficulties in knowing what training is going to have the most beneficial effect in terms of increasing the employability of young people

The National Publics Works Programme in South Africa attempts to provide emergency relief to poor individuals through a form of self-targeting (i.e. the payment of relatively low wages). According to the Framework Agreement (between COSATU and the National Committee for Labour Intensive Construction) organised labour agreed to a task-based payment system and negotiated wages in return for workers on projects getting an entitlement to education and training. However, given the nature and time frame of the various projects, training was either limited or not feasible (see Harrison, 1996: 145-148). Furthermore, it appears that the needs of the youth, (as opposed to women and rural dwellers) were not addressed directly by the programmes, and there was inadequate youth representation on the teams and committees (Harrison, 1996: 148).

Mhone (undated: 11-12) is more upbeat about the impact of public works programmes on the youth. Commenting on the Community Based Public Works Programme, he observes that the programme requires that 50 to 60 percent of jobs created should be for women and the youth. In his view, such a programme has the potential to “arrive at a critical mass of youth labour absorption” (*ibid*: 12). The evidence for such optimism is not clear.

If public works programmes are to have the maximum welfare impact, it is important that they are available at all times – and are seen by current and future participants as an institution that can be relied on in times of hardship. The 2000/2001 *World Development Report* stresses that if the government can make a credible commitment to keeping such programmes going at all times (i.e. not simply during economic crises), then the benefits to poor people increase substantially. The existence of such a safety net enables them to give up costly self-insurance or group insurance – thus freeing up resources for other productive purposes.

The Maharashtra Employment Guarantee Scheme in India is a case in point. The scheme guarantees employment to anyone who needs it and pays a wage equal to the average wage rate of rural unskilled labour. The *World Development Report* notes that “because the employment is guaranteed, it provides major insurance benefits to poor people. Incomes in villages where

the Maharashtra scheme operates have just half the variability of incomes in villages without the scheme” (World Bank, 2001: 156). Given that managing risk is one of the greatest challenges facing poor people, this benefit has substantial benefits for the poor beyond those inherent in the income from the wage.

But even if a public works programme can be structured in a way that makes it an appropriate welfare net for young unemployed people, the prior question remains as to why it should be targeted at the youth rather than poor people of all ages? As argued above, there is no evidence that young unemployed people are worse off in income terms than older unemployed people (indeed, the reverse appears to be the case) – and hence from a social equity perspective, there is no compelling argument why such programmes should be targeted at the youth *per se* rather than the unemployed (most of whom are relatively young).

5.1. Youth Brigades?

It has been suggested that South Africa considers embarking on a public works programme designed especially for young people – such as a Youth Brigade, a Jobs Corps or a National Youth Service. The Kenyan National Youth Service (see discussion in Sifuna, 1996) is a good example of this kind of activity. It is organised along para-military lines, with an emphasis on occupational and ‘character’ training. However, the costs per trainee of the scheme are very high (more than three times the cost of a secondary school graduate), largely because of the cost of boarding, uniforms etc (Sifuna, 1996: 53).

A less regimented alternative is something along the lines of the Botswana Youth Brigades that started in the mid-1960s, operated successfully for about a decade and then descended into serious decline in the late 1970s. The Brigades operated according to the notion that each training unit should also engage in production – thus breaking down the distinction between theory and practice, and merging training directly with employment. Funding came from successful commercial activity by the Brigades, and from funding agencies that appreciated the notion of self-help implicit in the conception of the Brigades (Sifuna, 1996: 56). However, as economic growth slowed down, Brigade participants found it harder to make the transition from Brigade activities to sustained productive employment.

The South African National Youth Service Initiative (NYSI) that ran for a couple of years

(starting in October 1993), perhaps falls into this broad type of initiative. It aimed to use community service as a vehicle for youth education, training, communication and health skills (Chisholm *et al*, 1996: 89). It was established with the ambitious target of reaching 10 000 young people, yet by April 1995, had created only four projects accommodating 350 people (ibid: 90). The lesson appears to be that implementing bold programmes with multiple objectives is easier said than done.

Unless there is a pressing concern to ‘get young unemployed people off the street’, there seems to be little point in developing a national Youth Service or Brigade in South Africa. The weakness of the model is that it favours military organisation and self-help over greater contact with employers and designing training and work experience to fit the requirements of a modern economy. As argued below, a successful job placement initiative for the youth entails greater co-operation between employers and communities at local levels. A national Youth Service or Brigade is unlikely to facilitate such interaction.

6. A Pilot Job Placement/Intern Programme for Young Unemployed People?

For various political and social reasons, it may nevertheless be deemed desirable to implement a job placement scheme for young unemployed people on a limited scale and on a trial basis. As Chisholm *et al* argued there is perhaps a case for a few pilot programmes to be introduced in order to ‘test the water’ and see to what extent deadweight and substitution effects will undermine the welfare objectives of the programme. What should these pilot programmes look like?

Unfortunately, the international evidence on what makes youth unemployment programmes successful or not is uneven and difficult to interpret. Part of the problem is that when programmes are put in place, the vast majority have no built-in assessment mechanisms – which makes evaluation problematic (Meager and Evans, 1998). Another difficulty (alluded to above) is that depending on the objective of the programme, some criticisms may or may not apply. Thus, if the objective was to increase the employability of young people relative to older people, then substitutability is to be expected as an outcome – and hence is not a valid criticism. Similarly, if the objective was to provide experience to young people by offering them a chance

to start small businesses, then the fact that many of the small businesses subsequently fail (as happens frequently in the small business arena) is not a valid criticism because the immediate objective was experience rather than sustainability of employment.

One of the biggest problems with drawing lessons from the international literature on what to do about youth unemployment is that the bulk of the evidence is from advanced capitalist countries (ACCs). State-of-the-art youth skills development and placement programmes would absorb a far higher proportion of government resources in a developing country than they would in the ACCs (and hence the opportunity cost of the resources is much higher). Furthermore, the programmes are more geared towards the needs of more advanced economies with different economic structures, educational institutions and welfare systems. By contrast, youth training and placement programmes in Africa tend to be oriented towards agricultural production and basic skills provision (see overview in Sifuna, 1996) and there is a dearth of good information about the impact of the programmes (Sifuna, 1996: 60). It thus seems sensible to start from first principles when it comes to designing an appropriate youth unemployment programme in South Africa – and to draw on the international evidence with circumspection.

6.1. Minimise substitution and deadweight costs

In terms of the argument outlined earlier, an appropriate objective for any pilot youth unemployment scheme should surely be to minimise substitution effects. Given South Africa's high unemployment rates and strong association between poverty and unemployment, it does not make sense (from a welfare perspective) to devote substantial resources to giving young people jobs at the cost of older people.

Another explicit objective ought to be to minimise deadweight costs. In an environment where resources are scarce, it makes no sense to devote energy and resources to finding (or providing) employment for those who are likely to find jobs within the foreseeable future (either on their own or through the services of placement agencies). With regard to government-subsidised programmes designed to place young people in private sector employment, this means targeting those young people who are not currently in demand by employers. However, as these people are difficult to place, more effort and resources (in terms of convincing employers to give targeted individuals a chance or providing them with the necessary skills to make them employable) is required per person than would be the case with easier-to-place people. This in

turn has implications for what kind of evaluation mechanisms one builds into the project. Where project managers are evaluated according to the number of people they place and/or according to the cost expended per person placed, then one would expect such managers to concentrate on the easier-to-place individuals – and hence deadweight costs are likely to be higher. In short, specific evaluation criteria would need to be included in the project in order to encourage managers to concentrate on the less easy to place individuals.

6.2. Training

Employment creation programmes designed to provide an immediate source of income for young unemployed people have opportunity costs. If the alternative use of a young person's time is doing nothing – not even looking for work – or worse still, engaging in socially harmful activities, then one could argue that there is zero cost of participating in the scheme. However, if the cost is reduced job search and possibly training and further education, then there arises a possible conflict between the optimal short-term strategy of the individual (obtaining income now) and the optimal longer-term strategy (maximising life-time income). While this conflict is evident for people of all ages, it is arguably of particular relevance for young people. Furthermore, one could hypothesize that young unemployed people are more likely to reject low-wage, labour-intensive jobs as 'dead-end jobs' (which most of them are likely to be) and unbecoming of someone with the high hopes of youth about the future. They may fear that by participating in such programmes, they may become 'stigmatised' (as was the case with the Youth Training Scheme in Britain during the 1980s which was infamous for being a cheap labour scheme).

One possible way around the problem would be if the programme offered young people a wage (as a form of basic income support) *and* training credits that could be 'earned' over time and redeemed at training institutions at a later stage. This may encourage young people to participate in the programme without feeling that they are condemning themselves to a low-level existence forever. It may also help allocate training credits to those who are truly motivated to work hard for the privilege of being trained later. Another option is to include substantial training in the employment creation programme. Recent evidence from the OECD indicates that successful programmes require an 'appropriate mix and intensity of education and work-based learning' (with short and non-intensive programmes having disappointing results) and the provision of 'ladders' to further education and training opportunities (SDRG, 2001: 12).

However, the greater the demands on the design of the programmes in terms of training, the higher the cost of the programme (and the greater the scope for bureaucratic mismanagement). This is a particularly important constraint in a developing country like South Africa where management skills are often lacking and resources are constrained. Under such circumstances, it is important to start with targeted interventions of a manageable scope and with realistic objectives. For example, an evaluation of the national Youth Service Initiative of the mid-1990s, observed that the main reason for the failure of the programme was that it had “tried to do too much with too little”, and that the “aim to provide a comprehensive programme had been difficult to implement” (Kgobe, 1996: 23). While providing jobs for young people, the education and training aspects of the Youth Service Initiative were dispensed with (Kgobe, 1996: 24). The evaluators concluded that a more targeted approach would have been preferable, and that a “comprehensive and integrated policy goal ... must not be confused with the means by which it is to be achieved (ibid: 23).

Another problem with including a high component of training into youth unemployment programmes is the difficulty in knowing which skills, exactly, are in short supply in the market – and what training to provide. If there is a general shortage of, say, ‘computer literate’ workers, then the training programme has to ensure that young unemployed people are trained in the appropriate software packages – and that the trainees are placed in jobs before their freshly learned skills become redundant. The programme also has to ensure that they are not training too many people (or competing with other similar training initiatives) such that an over-supply of trained individuals is produced. (This appears to be the case today with regard to computer literacy training⁴). Furthermore, the programme has to be sure that by training young people, that they will in fact be making them more marketable. If firms prefer to train people on the job, then putting young unemployed people through a stand-alone training course may not help them at all. In such situations, a more appropriate response could be to encourage youth apprenticeships (or internships) in firms and leave all the training to the firm (see discussed

⁴ There are many computer literacy programmes available, but very few jobs for graduates of these programmes. Employers in the computer industry seldom advertise for new positions because they get swamped by applicants. There are even anecdotal stories about people offering their services to computer firms for no pay – simply in order to obtain experience. Given such circumstances, it is not surprising that the Starfish programme found it difficult to place their trainees in jobs – they were able to place the first cohort, but not subsequent cohorts.

below).

There has, in fact been a world-wide shift away from ‘vocational training’ provision for the unemployed in favour of job placement schemes, career counselling and efforts to smooth the transition from education to employment. As Chisholm points out, in both developed and developing countries a substantial critique of vocational training had arisen by the mid-1980s: “Vocational education was expensive: appropriately qualified teachers were hard to find such that the quality of instruction was poor; and numerous studies had begun to show that vocational education didn’t lead to jobs and that employers continued to prefer recruiting youth with a more traditional academic background” (1996: 37).

Vocational training has also become discredited in South Africa. However, the concept of stand-alone training programmes and skills development has not entirely been done away with. The bold vision behind the National Qualifications Framework is to provide a uniform and consistent accreditations framework that will certify skills and recognise the value of prior learning. This will (supposedly) enable workers and the unemployed to upgrade their skills and to shift from one workplace with proper accreditation of their skills. All training institutions are to register with the South African Qualifications Authority.

However, this is likely to impose further administrative burdens on training projects for the unemployed. There is also the danger, as experience elsewhere in Africa demonstrates, that this will lead to institutionalisation and formalisation of training programmes (which should ideally be flexible and responsive to local conditions) and the curtailing of community control (Siduna, 1996: 62). Some employers are already signalling dissatisfaction with the bureaucratic demands placed on them by the training component of the government’s new ‘learnership’ programmes. Given the effort involved in ensuring appropriate registration and accreditation, there is a real danger that the kinds of skill development initiatives through the learnership facility will be for workers who have experience and some skills. There is thus a danger that the learnership programmes will be biased in favour of older workers rather than younger workers and young unemployed people (Mhone, undated: 10)

The Skills Development Act (Act no.97 1998) introduced the concept of ‘learnership agreements’. A Sector Education and Training Authority (SETA) may establish a learnership if

it consists of a structured learning component; includes practical work experience; leads to a qualification registered by SAQA and is properly registered. Learnerships are open to existing workers. Previously unemployed people only qualify once they have an employment contract (which complies with the Basic Condition of Employment Act). The wage is negotiated in the SETA.

Learnerships are open to workers of all ages – so they do not address the needs of young unemployed people *per se*. But a youth training scheme could certainly be accommodated within the institutional framework provided by learnerships within established SETAs. Interviews with consultants (who show firms how to make use of this facility and to recover some of the money they pay out in the form of the Skills Development Levy) indicates that some firms have already had positive results using the learnership programme. However, indications are that it is the larger employers, with greater capacity for training, who stand to benefit the most. Interviews with employers reveals an ambiguous attitude to learnerships. Firms worry about the bureaucracy which accompanies the learnership and are often sceptical about the competence of the relevant SETA. Interviews with placement agencies and employers reveal that firms are also concerned about the employment contract with the learner – preferring instead to use ‘working interviews’ and ‘trial for hire’ options provided by private sector placement agencies.

There is a great deal of uncertainty surrounding the likely success of SETA-based learnerships. It would be very helpful if the learnership initiatives of the various SETA’s is monitored and evaluated carefully as the findings are likely to be very useful for any government initiative to promote employment and training among young unemployed people.

6.3. The need to involve employers in the design and implementation of job placement projects

One of the problems with providing training to young unemployed people as a means of increasing their employability is that it is often uncertain whether it is a lack of skills which condemns so many young people to unemployment – or some other factor. If, for example, employers have prejudices about young people *per se*, then addressing *that* problem is the pressing problem. It is thus crucial to find out from employers why young people are disadvantaged in the labour market before embarking on a programme to address youth unemployment. Indeed, one of the most powerful messages coming out of the international

literature on youth unemployment programmes is the importance of local involvement of employers in the schemes. By including employers in the design and implementation of the project, there is a greater chance of understanding what the obstacles are to youth employment, and the employment prospects of those who participate in the programmes is also higher because employers will be aware of the programme.

This was one of the lessons learned by the Starfish internship programme in Cape Town. During the early stages of the programme, employers were invited to workshops in order to familiarise themselves with the goals and functions of the internship programme. However, the practice of involving employers directly in this way was neglected after the first few months, and the programme relied instead on advertising (the local newspaper and radio station provided publicity at no charge) and creating jobs directly for young people in small start-up businesses. The response from the business community to the advertising was poor, with very few new employers opting to join the programme. By contrast, those employers who had been involved at the start, not only took interns early on, but returned several times to take on new interns.

There is a further reason for involving employers in the design and implementation of youth placement schemes, i.e. to build trust. There is emerging evidence that employers in South Africa regard the existing labour dispensation as an obstacle to investment and employment creation. Whether justified or not, employers have the perception that it is difficult to get rid of workers who are not performing, and that the hassle factor of employing people significantly increases the costs. Employers and placement agencies report that firms are concerned about the increasing 'risks' associated with providing full-time permanent employment for people. They are very reluctant to hire people without testing them first. This is why the 'working interview' offered by many placement agencies is becoming increasingly popular. Many large employers are also using casual and contract appointments as a means of testing potential permanent staff. Any programme to promote the employability of young unemployed people must take this trend into account.

Two responses are possible. The first is to address the problem directly – i.e. to change the labour laws that are resulting in an unwillingness on the part of employers to hire labour (whether young or old). Surveys of employers and the interviews conducted as part of this study consistently reveal a serious concern on the part of employers to expose themselves to the risk of

hiring people when they see the costs of firing them as being onerous. In all the interviews conducted with employers, several anecdotes were told about how employers were forced to keep on staff members who were stealing, how it was impossible to fire people for laziness because this was so hard to operationalise, how employers wasted time in legal disputes with employers etc etc etc. Whether justified or not, there is clearly a perception amongst employers that firing laws and procedures are onerous and that the state is bent on increasing the demands and bureaucracy associated with employment. All of this is seen as increasing management costs and risks. Addressing these concerns by relaxing the relevant laws and procedures should help boost employment. However, if this was only done for certain categories of workers (such as the young) then there is the risk of strong substitution and displacement effects – and adverse productivity costs associated with such effects.

The second response is to work within the existing framework of labour law and try and address the problem with further institutional development and legislation. (This is what economists call addressing a distortion with further distortions). The government has already travelled partly down this road with the Skills Development Act, however this act does not address the issue of youth unemployment *per se*. Perhaps rather than insisting on an employment contract (as in the learnership agreement associated with SETAs) a possible model may be one far closer to the ‘working interview’ and which does not require any training other than on the job training.

A carefully designed internship programme for young people could be modelled more closely on the Starfish programme. For example, firms could accept interns for 3-6 months (at relatively low ‘trainee wages’) on the understanding that there is no expectation of employment beyond the internship. This will provide firms with a ‘risk-free’ opportunity to evaluate a potential employee and see how they respond to training before employing them on conventional employment contracts (and at going wages). To the extent that such a programme offers a way around the trust barrier that seems to be inhibiting employment creation, it could contribute to the creation of new jobs without any risk of displacement effects. The learnership programme provided for by the Skills Development Act does not address the problem of risk (or at least perceived risk) directly. While it may certainly help train new workers and encourage firms to provide meaningful career paths for workers, the learnership facility is not addressing this particular obstacle to job creation.

Internship programmes of a limited duration are, however, potentially open to abuse by employers who employ one intern after another in order to reap the benefits of the trainee wage without ever doing any significant training. However, as long as good records are kept, this kind of ‘churning’ can be spotted easily. More difficult to monitor, however, is the kind of training offered by the firm. The advantage of the learnership programme provided under the auspices of the Skills Development Act is that the SETA provides quality control. A more limited internship programme (which mirrors the working interview rather than the learnership) runs the risk of not providing sufficient training. However, if the firm uses the limited internship programme to vet potential employees, then there is no reason why successful candidates will not be provided with permanent employment and trained through the SETA based learnership programme.

Employers are represented in SETAs and hence have a say in the structuring of learnership programmes. If a prior and more limited internship programme was created to overcome barriers to employment, then the issue of employer representivity needs to be addressed at this level. Involving employers (and employers organisations) in a local youth internship programme is a necessary ingredient for success, but poses its own challenges. Firms are by their very nature profit making institutions with little time for meetings. They may also be suspicious of government and even tripartite institutions – and hence existing organisational channels (such as the local Department of Welfare or Labour) may not be suitable for running the programme. Ensuring adequate ‘buy-in’ from local firms may thus require a significant amount of organisational energy and negotiation prior to the programme being launched. Working through NGOs may help, but this will depend on the reputation the NGO has in the business community. In short, there is no single organisational blue-print which can be used all over the country. However, the benefits in terms of potentially changing employer attitudes to young unemployed people and ensuring that training programmes are appropriate to the needs of business, are substantial.

It is nevertheless important to bear in mind the limitations of a job placement programme for difficult-to-place unemployed youth. The most obvious limitation is the level of demand for labour in the economy. If firms are not hiring workers (perhaps because of the state of the economy or about fears about the risks involved in hiring), then it will be very difficult to find significant numbers of employers to make a success out of a job placement scheme. Judging

from the experience of Starfish and other NGO's operating similar projects, the biggest single constraint is finding firms to participate in the internship programme. As the experience of Starfish has shown, the pool of 'socially responsible' firms who are prepared to take on interns from disadvantaged backgrounds dries up fairly quickly. In an environment where employment is either stagnant or falling, it is unlikely that job placement programmes will make a noticeable dent on youth unemployment – and if they do, this is likely to be at the cost of higher unemployment amongst older workers.

6.4. Involving Communities

Where possible, community organisations could also be integrally involved in job creation programmes for young people. For example, the Starfish Project in Cape Town organised Community Clubs in several poor parts of the Western Cape as a means involving poor people more directly. These formed the basis for small business initiatives and provided forums for people to discuss their skills development needs. Some employers responded to calls to attend meetings, but the response was uneven. In one case, the Community Club expressed a desire for some members to be trained in building trades so that they could be employed on a RDP housing project. Starfish negotiated with the Building Industries Federation of South Africa (BIFSA) to provide the training, and Starfish undertook to transport the trainees every day to their place of training. Unfortunately, this initiative fell apart after the Department of Welfare abruptly stopped funding the Starfish project.

Involving local community organisations and employers in forums to discuss job creation could help confront a further challenge facing any strategy to lower unemployment, namely the wage-employment trade-off. There is limited and conflicting evidence as to whether young people in South Africa are pricing themselves out of the employment market with unrealistically high 'reservation wages' (see Orkin 1994) or not (see Wittenburg, 1996). Such a question is difficult to resolve using aggregate data that cannot account adequately for local labour market conditions. Ultimately, the appropriateness of the youth training wage and subsequent starting wage has to be determined at a local level – preferably through consultation between employers and communities.

Employers can state their case as to what they think a 'fair' trainee wage is, by pointing to the costs to a firm of introducing an inexperienced worker into a workplace and then training them

for a job which they may not keep. They could also discuss the wages of the permanent jobs that await successful trainees, and present any potential trade-offs to the forum (e.g. four jobs at R3 000 a month, or three jobs at R4 000 a month). Another wage-related trade-off is that between providing more jobs at lower levels or less jobs at higher levels. A relatively high mandatory training wage will encourage firms to train a limited number of reasonably skilled workers – rather than providing employment opportunities for more workers at lower-levels of skill (and wage). A greater understanding on the part of communities of the pressures facing firms in determining employment levels and greater understanding of community issues on the part of employers may help build the trust and co-operation necessary for sustained investment and employment creation.

It may also be prudent to involve communities in other decisions relating to job placement schemes – such as whether young people should be paid a ‘stipend’ to attend pre-work orientation/training courses (which means less resources in the job placement programme budget for other activities) or not. One of the hardest lessons for the Starfish project in Cape Town was the realisation that their payment of R600 a month to participants for pre-work training had very high opportunity costs in terms of the finances available for other projects. There is a strong argument that any pre-work training should be regarded as a privilege (and hence no stipend should be provided). Furthermore, to ensure that the training is worthwhile, employers should be involved in the design of such projects and should be asked to pay something towards the costs of such pre-work training for every intern that they hire on a permanent basis. That should help ensure that the training is as appropriate as possible.

It is, however, worth noting that involving communities in decision-making is not an easy or smooth process. One has to ensure that the community organisations involved are in fact representative of a broad spectrum of interests in the community – rather than one particular interest. Thus, involving local trade unions in the community forum is important. However, as trade unions represent the interests of the already-employed, and will probably resist low-wage initiatives, they should not be the only interest group represented in the forum.

It is worth noting, however, that as job placement schemes respond more closely to market demand (a likely outcome from involving employers in the design and implementation of the schemes), the more likely it is that the programmes will be training and placing those who

already have certain basic skills. This means that resources are likely to be directed in a way that benefits the better off sections of the unemployed youth. The unskilled and socially excluded will not benefit – or at least will not benefit as much. There is, therefore, a real danger that job placement/internship schemes could exacerbate inequality within the ranks of the youth – rather than provide a welfare net for truly marginalized individuals.

7. Conclusion

A scheme to address youth unemployment is not an appropriate component of a social welfare net in South Africa. Unemployed people tend to be poor and most are young. But the line of causation does not run from age to poverty because a higher proportion of older unemployed people are poor. Using age as the targeting criterion for poverty amongst unemployed individuals is thus inappropriate.

Young unemployed people are usually assumed to be at a disadvantage because they are less likely to be experienced than older unemployed people. But in South Africa, where unemployment has been high since at least the late 1970s, the link between age, experience and employability is weak. Indeed, an older inexperienced worker is probably far less likely to get a job than a younger inexperienced worker. Hence youthfulness is a very blunt (if not altogether inappropriate) proxy for inexperience and associated labour market disadvantage in South Africa.

A programme to boost youth employment may result in older people losing their jobs or slipping further down the job queue. If the young people who benefit are amongst the relatively advantaged segment of the labour force (which international evidence suggests is the case with programmes of this kind), then the overall impact on welfare is ambiguous (if not negative) – especially if older (and less advantaged) people are disadvantaged in the process.

Employers have a vast pool of unemployed people who they can access through their existing workforce, through word of mouth (and through placement agencies if necessary). A government-funded or run placement scheme for the unemployed is thus unlikely to improve labour market efficiency and could be associated with significant substitution and displacement

effects. If the placement programme was designed specifically to address the particular labour market disadvantage of hard-to-place individuals (i.e. those embedded in social networks with a marginal link to the labour market), then substitution effects are to be expected and welcomed. If the objective of such a welfare intervention is to break through the emerging social fragmentation (where people in middle class areas with employed friends are more likely to get jobs than those living in poor areas with high unemployment), then such a programme is appropriate. However, if the objective is to provide a patch in South Africa's welfare net (i.e. extend income security), then such a programme is less appropriate as substitution effects undermine its success.

One way of targeting the very poor unemployed (of all ages) is through a public works programme where the relatively low wage is used as a self-targeting instrument. But for this to be an effective welfare net, it is important that it is available at all times (so as to reduce risk for poor households for whom the loss of income is catastrophic). One of the drawbacks of such schemes is that they typically make little provision for training. This is to be expected because the objective of such programmes is to get income into the hands of the poor as efficiently as possible. Training components increase the overhead costs of the programmes (and can even lead to failure of the entire programme) and tend not to be that effective in any event.

There is a significant emphasis on training in many government policies and initiatives. Training, however, cannot be seen as an answer to the unemployment problem (although it may help address some labour market problems). Training programmes for the unemployed are often weakly connected with the skill requirements of employers and can easily lead to an over-supply of specific skills. This problem is exacerbated by South Africa's sluggish economic environment and weak (if not falling) demand for labour. While basic skills (like computer literacy and office management skills) no doubt increase employability, it appears that the bulk of training and skills acquisition is job-specific. Employers prefer to invest in workers they have already hired and have confidence in. The SETA based learnership programmes are more likely to benefit such workers than newly hired workers.

If it is decided to introduce programmes to promote the employability of young unemployed people, then this is best achieved through local level initiatives involving employers and communities. This will maximise the flow of information (about which jobs are available, and

which skills are in short supply) and help build the trust necessary to encourage firms to employ more workers (and especially workers from disadvantaged backgrounds).

There are, however, always opportunity costs to programmes. Given the difficulties involved in targeting the relatively disadvantaged amongst the unemployed, one has to ask whether resources are better spent elsewhere – e.g. on a basic income grant.

References

Chisholm, L. 1996. “Themes in Comparative and Local Approaches to Youth Policy”, in Chisholm, L., Favish, J., Harrison, C. Kgobe, P and S. Motala (eds.) *Out of School Youth Report: Policy and Provision for Out-of-School and Out-of-Work Youth*, Education Policy Unit, University of the Witwatersrand.

Chisholm, L., Motala, S. and J. Favish. 1996. Youth Policy in South Africa: 1990-1995” in Chisholm, L., Favish, J., Harrison, C. Kgobe, P and S. Motala (eds.) *Out of School Youth Report: Policy and Provision for Out-of-School and Out-of-Work Youth*, Education Policy Unit, University of the Witwatersrand.

Harrison, C. 1976. “Provision for Out-Of-School Children and Youth”, in Chisholm, L., Favish, J., Harrison, C. Kgobe, P and S. Motala (eds.) *Out of School Youth Report: Policy and Provision for Out-of-School and Out-of-Work Youth*, Education Policy Unit, University of the Witwatersrand.

Kgobe, P. 1996. “Journey Through Policy and Provision for Out-of-School and Out-of-Work Youth”, in Chisholm, L., Favish, J., Harrison, C. Kgobe, P and S. Motala (eds.) *Out of School Youth Report: Policy and Provision for Out-of-School and Out-of-Work Youth*, Education Policy Unit, University of the Witwatersrand.

- Leibbrandt, M., I. Woolard and H. Bhorat. 2000. "Understanding Contemporary Household Inequality in South Africa", in *Studies in Economics and Econometrics*, vol.24, no.3, pp: 31-52.
- Nattrass, N. and J. Seekings. "A Divided Nation: Distribution in Post-Apartheid South Africa", in *Daedalus*, vol. 130, no.1. 2001.
- SDRG. 2001. *Interventions to Help the Young Unemployed: A Survey of Recent Findings*. Briefing Paper for the Commission for Social Security Reform in South Africa. Prepared by the Social Disadvantage research Group, Department of Social Policy and Social Work, Oxford University.
- Meager, N. and C. Evans. 1998. *The Evaluation of Active Labour-Market Measures for the Long-term Unemployed*, Institute for Employment Studies, University of Sussex, Brighton.
- Mhone, G. (undated). *The Labour Market Status of Youth: Implications for Employment Policy and Programmes* (summary of a paper prepared for the National Institute for Economic Policy), University of the Witwatersrand, Johannesburg.
- Nattrass, N. 2001. "Addressing Youth Unemployment as Part of a Comprehensive Welfare Policy in South Africa", Paper prepared for the Department of Welfare, June 2001
- Orkin, M. 1994. *CASE National Youth Survey*, CASE, Johannesburg
- Seekings, J. 1993. *Heroes or Villains? Youth Politics in the 1980s*, Ravan Press, Johannesburg.
- Seekings, J. 1995. "Media Representations of Youth and the South African Transition, 1989-1994", *South African Sociological Review* 7,2 (April 1995), pp.25-42.
- Seekings, J. 1996. "The 'Lost Generation': South Africa's 'Youth Problem' in the Early 1990s", *Transformation* 29 (1996), pp.103-125.

Seekings, J. 2000. "Visions of Society: Peasants, Workers and the Unemployed in a Changing South Africa", in *Studies in Economics and Econometrics*, vol.24, no.3, pp.53-72.

Sifuna, D. 1996. "Assessing Approaches to Youth Unemployment in Africa" in Chisholm, L., Favish, J., Harrison, C. Kgobe, P and S. Motala (eds.) *Out of School Youth Report: Policy and Provision for Out-of-School and Out-of-Work Youth*, Education Policy Unit, University of the Witwatersrand.

Wittenburg, M. and C. Pierce. 1996. "Youth and Unemployment: Some Perspectives from the South African Living Standards and Development Survey", in Chisholm, L., Favish, J., Harrison, C. Kgobe, P and S. Motala (eds.) *Out of School Youth Report: Policy and Provision for Out-of-School and Out-of-Work Youth*, Education Policy Unit, University of the Witwatersrand.

World Bank. 2001. *World Development Report 2000/2001: Attacking Poverty*, World Bank, Washington, DC.

Interviews

Interviews were conducted with:

- Starfish employees (past and present);
- Firms who took on Starfish interns;
- NGO's working in the area of job creation;
- Large employers in services, catering and accommodation, retail and manufacturing;
- Employers associations;
- Placement agencies;
- Consultants helping firms take advantage of the government's learnership programme.