YOUTH EMPLOYMENT BARRIERS IN THE EMFULENI AND METSIMAHOLO LOCAL MUNICIPAL AREAS

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2017

It all starts here ™

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DECLARATION

I declare that

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is my own independent work and that all resources that have been quoted or used have been fully acknowledged and indicated by means of complete references, and that this dissertation has in no manner either in its entirety or in part, been submitted for degree purposes at another university.

_____

Jacobus Johannes De Jongh

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OPSOMMING

Besonderse hoë werkloosheidskoerse onder die jeug het ’n opvallende ekonomiese en sosiale verskynsel regoor die wêreld geword. Jong werksoekers wat die oorgang na die arbeidsmark onderneem, word gekonfronteer met uitgerekte tye van werkloosheid wat toenemend met ontmoediging onder die groep geassosieer word, asook die agteruitgang van vaardighede en uiteindelik die verlies aan waardevolle toekomstige hulpbronne wat tot ’n baie nodige verbeterde, wêreldwye ekonomiese vooruitsig kan bydra. Uit ’n Suid-Afrikaanse oogpunt beskou, het die situasie bedenklike afmetings aangeneem. Werkloosheid onder die land se jeug is van die hoogste ter wêreld, en dit dra by tot die bestaande buitensporig hoë armoede- en ongelykheidskoerse, wat die kenmerk van die huidige Suid-Afrikaanse sosio-ekonomiese landskap geword het. As sodanig, het die situasie een van die belangrikste bekommernisse vir beleidsmakers geword. Alhoewel die erns van die probleem erken word, is begrip van die faktore wat bydra tot die uitdagings vir die jeug, wat dit moeilik maak om behoorlike werk te bekom, egter ’n ingewikkelde saak. Dit is nog meer opvallend vanuit plaaslike beskouings, as gevolg van die konteks-spesifieke aard van werkloosheid en die eiesoortige ingewikkeldheid daarvan inherent aan die Suid-Afrikaanse arbeidsmark.

Die studie se hoofdoelwit was om die belangrikste hindernisse tot indiensneming te bepaal wat die jeug van die plaaslike munisipale gebiede van Emfuleni en Metsimaholo in die gesig staar. Dit is uitgevoer deur die impak van verskeie sosio-ekonomiese faktore wat hul indiensnemingsuitkomste beïnvloed, te identifiseer en te bepaal, die sleutelvaardighede onder die werkende en werklose deelnemers te identifiseer, en om die werksoekgedrag onder hierdie groepe met mekaar te vergelyk. Die studie het verder die opvattings van die werkende, én werklose, jongmense ontleed. Hierdie ontleding het eerstens ten opsigte van die probleme wat jongmense ervaar om betaalde werk te bekom geskied, en tweedens ten opsigte van die faktore wat die jongmense se entrepreneuriese geneentheid beïnvloed as ’n manier om vir hulself te werk. ’n Beskrywende dwarssnit-navorsingsontwerp is ingespan, terwyl ’n kombinasie van doelbewuste en geriefsteekproeftegnieke gebruik is om die steekproefdeelnemers uit te soek. ’n Steekproefgrootte van 400 deelnemers is geselekteer. Data is met behulp van selfgestruktureerde vraelyste versamel, wat deur vier opgeleide veldwerkers uitgevoer is. ’n Totaal van 361 vraelyste is terugontvang, waarvan 339 as bruikbaar beskou is. Die steekproef het uit ’n eweredig-verspreide groep werkende (176) en werklose (163) deelnemers bestaan. Die statistiese tegnieke wat gebruik is om die data te ontleed, het die gebruik van frekwensieverspreidings, kruistabelle, ’n eenrigting- ANOVA-ontleding, logistieke regressie- en ’n hoofkomponente-ontleding ingesluit.

Die studieresultate het getoon dat jong werksoekers gemiddeld 30 maande lank werkloos was, wat op sy beurt op die strukturele aard van hul probleme om werk te bekom, gedui het. Die beskrywende ontleding het aangetoon dat diegene wat suksesvol was om werk te bekom, in vergelyking met diegene wat werkloos was, meer waarskynlik blankes of Indiërs was, woonagtig in kleiner huishoudings, waar meer lede van die huishouding gewerk het, en nie enige vorm van maatskaplike welsyn ontvang het nie.

Hierbenewens het hierdie resultate getoon dat werkende deelnemers hoër opvoedingsvlakke gehad het en bereid was om werk te aanvaar waarvan die aanvangsalaris baie laer was teenoor diegene wat nie in diens geneem is nie. Die identifisering van sleutelvaardighede van albei groepe het daarop gedui dat werkende individue in die geheel oor beter persoonlike (sagte-) werkplekvaardighede beskik het, terwyl die werklose deelnemers se tegniese en kognitiewe bevoegdhede meer informeel gebaseerd was. Die vergelyking ten opsigte van die werksoekgedrag het die belangrikheid van bykomende sosiale netwerke en toegang tot meer moderne soekmetodes beklemtoon. Hierdie soekmetodes is uiters nuttig om die soekproses te verbeter; om potensieel meer akkurate inligting te verskaf en werkgewer-werknemer-passings te verbeter.

Resultate van die logistieke regressie-ontleding het ras, huwelikstatus, die grootte van die huishouding, die getal werkende individue in die betrokke huishouding, hul opvoedingsvlak, die teenwoordigheid van maatskaplike welsyn en die deelnemers se reserveringslone as belangrike voorspellers van die waarskynlikheid om ’n werk te bekom, uitgewys. Beskou vanuit die deelnemers se perspektief, is gebrekkige opleiding en vaardighede, asook die algemene gebrek aan beskikbare werksgeleenthede en die gebrek aan die nodige arbeidsmarkinligting as die mees uitdagende struikelblokke vir jongmense om werk te vind, beskou. Die werkende en werklose deelnemers het uiteenlopende sienings gehuldig ten opsigte van die impak wat die gebrek aan toegang tot gehalte-opleiding en gesinsverantwoordelikhede het, wat weer op die teenwoordigheid van bykomende geografiese hindernisse vir die werklose deelnemers gedui het. Wat betref die faktore wat hul entrepreneuriese bedoeling beïnvloed het, het die werklose deelnemers nie die gepaardgaande risiko as afskrikmiddel vir hul entrepreneuriese geneetheid beskou nie, terwyl die werkende deelnemers nie saamgestem het dat daar nie voldoende markgeleenthede beskikbaar was nie.

In die algemeen het hierdie studie bevind dat indiensneming onder die deelnemers vervleg was met ’n verskeidenheid faktore wat die ingewikkelde aard van werkloosheid onder die jeug bevestig het. Die stryd om werk te bekom, ontstaan onder andere as gevolg van ontoereikende vaardighede en opvoedingsvlakke, ’n gebrek aan inligting oor die arbeidsmark in samehang met die gebruik van ondoeltreffende en foutiewe werksoekstrategieë. Voorts is die impak van ongelykhede in die arbeidsmark baie duidelik, soos die gebrek aan sosiale kapitaal asook die gebrek aan kennis oor hoe om soekprosesse ten beste uit te voer. Om hierdie probleme veral op plaaslike vlak die hoof te bied, vereis ’n geïntegreerde benadering wat alle belanghebbers betrek, insluitende plaaslike beleidmakers, sakeondernemings, opvoedkundige instellings en die jeug self. Deur die groep se belangrikheid te herken en om enige verbetering in hulle werkloosheidsvlakke teweeg te bring, selfs al is dit slegs op plaaslike vlak, verg die voorsiening van ’n volhoubare en inklusiewe groeipad wat hoofsaaklik gemik is op die skep van behoorlike indiensnemingsgeleenthede.

Sleutelwoorde: Jeug, werkloosheid, indiensnemingshindernisse, Emfuleni, Metsimaholo, Suid-Afrika.

SUMMARY

Significantly high youth unemployment rates have become a prominent economic and social feature around the globe. Young work seekers undertaking the transition to the labour market are faced by prolonged spells of joblessness which have increasingly been associated with the discouragement among the cohort, the deterioration of skill sets and ultimately the loss of valuable future resources that can assist towards a much needed improved global economic outlook. The situation from a South African perspective has reached critical stages. Youth unemployment in the country is among the highest around the world contributing to already excessively high poverty and inequality rates that have come to characterise the current South African socio-economic landscape. As such, the situation has become one of the leading concerns for policymakers. However, despite the recognition of the severity of the issue, the comprehension of the factors contributing to the youths' difficulties in securing decent employment has proven complex. This has been evident even more so from local perspectives, owing to the context specific nature of unemployment and the unique intricacies inherent in South African labour markets.

The study had the primary objective to determine the main employment barriers faced by the youth in the Emfuleni and Metsimaholo local municipal areas. This involved identifying and determining the impact of various socio-economic factors affecting their employment outcomes, the identification of the key skills among both the employed and unemployed participants and to compare the job search behaviour among these groups. Moreover, the study analysed the perceptions among the employed and unemployed youth, firstly regarding the barriers young people face in securing wage employment and secondly regarding the factors affecting the youths' entrepreneurial inclination as a means of being self-employed. A descriptive cross sectional research design was utilised, while a combination of purposive and convenience sampling techniques were used to select the sample participants. A sample size of 400 was selected. Data were collected through the use of self-structured questionnaires which were administered through four trained fieldworkers. A total of 361 questionnaires were returned to which 339 were deemed usable. The sample was evenly composed out of employed (176) and unemployed (163) participants. The statistical techniques employed in analysing the data included the use of frequency distributions, cross tabulations, a one-way ANOVA analysis, logistic regression and a principal components analysis.

The results from the study showed that on average young work seekers were in an unemployed state for 30 months which pointed to the structural nature of their difficulties in finding work. The descriptive analysis revealed that for those that did successfully secure employment compared to the unemployed were more likely to be White or Indian, were living in small households where more members were employed and not receiving any form of social welfare. Furthermore, these results showed that employed participants had higher levels of education and were willing to accept work with much lower associated starting wages than those who failed to secure employment. The identification of the key skills of both groups indicated that employed individuals overall had better personal (soft) workplace skills while the unemployed participants' technical and cognitive competencies were more informally based. The

comparison among the job search behaviour showed the importance of having additional social networks and access to more modern search methods which assists significantly towards improving the search process, possibly providing more accurate information and improving employer-employee matches.

Results from the logistic regression analysis identified race, marital status, household size, number of employed individuals living in the household, level of education, the presence of social welfare and the participants' reservation wages as significant predictors on the likelihood of being employed. From the perspectives of the participants, not having the necessary education and skills, as well as the general lack of available job opportuities and the lack of the necessary labour market information were perceived as the most challenging obstacles for young people to find work. The unemployed and employed participants had differencing views regarding the impact of the lack of access to quality education and familial responsibilities suggesting the presence additional geographical barriers for the unemployed participants. In respect to the factors affecting their entrepreneurial intent unemployed did not perceive the associated risk to deter their entrepreneurial inclination while employed participants disagreed that that there were not enough market opportunities available.

Overall this study found the employment among the participants to be intertwined with an array of factors which attests the intricate nature of youth unemployment. The struggle to acquire work emanates among others from inadequate skills sets and education levels, lacking the needed labour market information together with the use of ineffective and misdirected job search strategies. Furthermore, the impact of labour market inequalities such as the lack of social capital as well as the lack of knowledge on how to best conduct search processes is evident. In addressing these concerns especially from a local level requires an integrated approach, involving all stakeholders, including local policymakers, businesses, educational institutions and the youth themselves. However in recognising their importance, any improvement in the cohorts employment levels even if only on local levels necessitates a sustainable and inclusive growth path primarily directed at the creation of decent employment opportunities.

Key words: Youth, unemployment, employment barriers, Emfuleni, Metsimaholo, South Africa.

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LIST OF ABBREVIATIONS

ADB:	Asian Development Bank
AEO:	African Economic Outlook
AFDB:	African Development Bank
ANCYL:	African National Congress Youth League
ANOVA:	Analysis of variance
ASIGISA:	Accelerated and Shared Growth Initiative for South Africa
BDVP:	Business Development Voucher Programme
BRICS:	Brazil, Russia, India, China, South Africa
CDE:	Centre for Development and Enterprise
CHE:	Council for Higher Education
CHE:	Council for Higher Education
CHEC:	Cape Higher Education Consortium
CIA:	Central Intelligence Agency
COSATU:	Congress of South African Trade Unions
DBSA:	Development Bank of Southern Africa
DHET:	Department of Higher Education and Training
DID:	Difference-in-difference
DPRU:	Development Policy Research Unit
DTC:	Davis Tax Committee
DTI:	Department of Trade and Industry
ECLAC:	Economic Commission for Latin America and the Caribbean
ECOSOC:	United Nations Economic and Social Council

EPWP:	Expanded Public Works Programme
ESCAP:	Economic and Social Commission of Asia and the Pacific
ETF:	European Training Foundation
ETI:	Employment Tax Incentive Act
EU:	European Union
EYF:	European Youth Forum
FET:	Further Education and Training
FLFP:	Female Labour Force Participation
GDP:	Gross Domestic Product
GEAR:	Growth, Employment and Redistribution
GEM:	Global Entrepreneurship Monitor
GYES:	Gauteng Youth Employment Strategy
HBUs:	Historically Black Universities
IDC:	Industrial Development Corporation
IDP:	Integrated Development Planf
IFC:	International Finance Corporation
ILO:	International Labour Organisation
IMF:	International Monetary Fund
IYF:	International Youth Foundation
KILM:	Key Indicators of the Labour Market
LAC:	Latin American and Caribbean
LFS:	Labour Force Survey
LMP:	Labour Market Policies

MENA:	Middle East and Northern Africa
NDP:	National Development Plan
NEET:	Not in Education, Employment or Training
NESH:	National Committees for Research Ethics in the Social Sciences and Humanities
NGP:	National Growth Path
NPC:	National Planning Commission
NYC:	National Youth Commission
NYDA:	National Youth Development Agency
NYDPF:	National Youth Development Policy Framework
NYP:	National Youth Policy
OECD:	Organisation for Economic Co-operation and Development
OIC:	Organisation of Islamic Cooperation
PAYE:	Pay As You Earn
PCA:	Principal Components Analysis
PIRLS:	Progress in International Reading and Literacy Study
QLFS:	Quarterly Labour Force Survey
RDP:	Reconstruction and Development Programme
RU:	Registered unemployment
SACMEQ:	Southern African Consortium Education Quality
SALGA:	South African Local Government Association
SARB:	South African Reserve Bank
SARS:	South African Revenue Service
SBP:	Business Environment Specialists

SOAP:	State Old Age Pension
SPSS:	Statistical Package for the Social Sciences
StatsSA:	Statistics South Africa
TEA:	Total early entrepreneurial activity
TIMSS:	Trends in International Mathematics and Science Study
TVET:	Technical and Vocational Education and Training
UK:	United Kingdom
UN:	United Nations
UNDP:	United Nations Development Programme
UNESCO:	United Nations Educational, Scientific and Cultural Organisation
UNICEF:	United Nations Children's Fund
USA:	United States of America
UYF:	Umsobomvu Youth Fund
WEF:	World Economic Forum
WOSM:	The World Organization of the Scout Movement

CHAPTER 1

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

Young people around the world are finding it increasingly difficult to acquire employment opportunities (Bell & Blanchflower, 2010:3; International Labour Organisation (ILO), 2015a:11). In 2016, worldwide approximately 71 million of those individuals between the ages of 15 and 24 years were unemployed (ILO, 2016a:2). This phenomenon has manifested itself in many regions around the globe, contributing to the vast socio-economic problems of both developed and developing nations alike. In comparison to those generations preceding them, the current and arguably more educated youth cohort is finding it increasingly difficult to attain financial independence. In the South African context, the situation has reached critical stages. Youth unemployment rates in the country are ranked third highest across the globe according to 2016 data released by the ILO (2016b). It showcases a massive problem, as approximately one in every second young person (15 – 24 years) is prevented from actively participating in the economy. Their economic exclusion contributes to a deterioration of skills and the failure to acquire much needed work experience that can foster an improved economic outlook (National Treasury, 2013:2). Although these concerns have been acknowledged since the transition into democracy, it is a situation that in more recent times has become one of the leading socio-economic concerns for society and policymakers alike (Ranchhod & Finn, 2014:6; Shankar, Cooper & Koh, 2016:5). Statistics South Africa (StatsSA) (2017a:6) estimates the amount of unemployed youths in South Africa (15-34 years) at a staggering 37.1 percent following a narrow classification. These figures are even worse when considering those who are not actively looking for work (broad classification). In the fourth quarter of 2016, broad unemployment among the cohort estimated that around 5.7 million South African young people did not have a job (StatsSA, 2017a:24).

The attributable reasons for the youth finding it so difficult to enter the labour market, not just in a developing country like that of South Africa, but also around the world, have been a topic of much interest. Many academics have highlighted the causes, representing both macro- and microeconomic disturbances in the labour market (Blanchflower & Freeman, 2000:10; Meyer, 2017:61; O'Higgins, 2001:13; Ryan, 2001:43). Discussions surrounding these disturbances have focused on the notable requirement for skills and experience by firms and the absence thereof in young people; the geographic locality of young individuals and ultimately, the number of these new work seekers in the market exceeding the creation of new jobs (Ackah-Baidoo, 2016:254; Ashton, 2005:21; Jobson, 2011:5). These all play a significant role in the number of young people struggling to acquire jobs in South Africa. Ramutloa (2014) highlights some of the shortcomings present in the labour market. This especially refers to the reluctance of business owners to hire young people based on their lack of skills, which is mainly the result of an ineffective education system. The other main contributing factor corresponds with the lack

of competencies where firms believe that paying entry level wages to young workers in comparison to the risk they pose, is too high (Levinsohn, 2008:10; Nattrass & Walker, 2005:501).

As new labour market participants, the youths' employment outcomes have shown greater sensitivity to labour market processes such as wage negotiations and labour union involvement (Orszag & Snower, 1999:197). These together with other labour market inefficiencies induce long-term effects that obstruct the acquisition of skills and experience for younger labour force participants. Among the most notable of these effects are much lower human capital levels and a reduced earning potential (Mroz & Savage, 2006:260). Higher unemployment rates among these younger cohorts furthermore impacts their future labour market involvement. Undoubtedly, the struggle amongst young people is severe and needs urgent intervention. National Treasury (2011a:9) indicates that no single policy option alone can address the problem but that it requires comprehensive and sustained economic growth together with a wider policy landscape that includes both short term and long term initiatives. With global economic conditions still somewhat volatile since 2008 and characterised by slow growth rates, many challenges arise. One major challenge is the private sector's ability to expand its labour force and provide new, inexperienced job seekers with the employment opportunities they so urgently require. The need for an effective policy framework and inclusive initiatives has never been greater (United Nations (UN), 2015:ix). It is an issue that has emphasised the role which governments play in reducing unemployment far past the conventional use of increased spending to manage demand, looking towards a more creative approach in restructuring labour markets for the uptake of young, inexperienced people (Lane, 2003:2661).

The persistence of the problem, especially in South Africa, is one that points to ineffective solutions that have been tabled by government. The Presidency (2015:4) stated that most of the recent solutions from government's side have been directed at the supply of the targeted group, looking towards addressing their lack of skills, the provision of job placement initiatives and increasing their level of education. Initiatives such as the Expanded Pubic Works Programme (EPWP), the National Rural Youth Service Crops and other public deployment programmes offered by the National Youth Development Agency (NYDA) all resemble significant attempts at addressing the on-going problem. However, most fail to facilitate the uptake of youth as they do not take account of the unique composition of the age group and their communities and are misdirected in their approach (Edigheji, 2007:16). Demand side policies that have been introduced concentrate mainly on the use of employment subsidies with the recent introduction of the Employment Tax Incentive Act (26 of 2013). The act, as one of the various initiatives set out by the National Youth Accord, symbolises a private-public sector partnership that seeks to reduce employment costs of the cohort, aiding to the efforts directed towards reducing significantly high youth unemployment rates in South Africa (Davis Tax Committee (DTC), 2014:3). Greater initiatives have also been directed towards fostering entrepreneurial activity among the youth to serve as a solution to the problem (Steenekamp, Van der Merwe & Athayde, 2011:47). Cele (2016:10) states that the process leads not just to the creation of the groups' own employment but also creates jobs for many others like them.

These initiatives resemble a step in the right direction from government's perspective but still fail to incorporate the wide demographic, locational and educational characteristics of the youth. This has resulted in the phenomenon of younger people failing to acquire the means of escaping poverty and making the transition from school to the working environment (Godfrey, 2003:4). There is a great need for the South African government to acknowledge that broad based policies directed at reducing general unemployment will not always meet the requirements for addressing the issues that the youth's situation offers. Many policies may be devised on a national level but will not suffice to meet what is required on a local level (Organisation for Economic Co-operation and Development (OECD), 2013a:9). The Presidency (2015:2) puts forward this notion as one that sounds alarms for South Africa's youth employment policy interventions structure, ultimately failing to address the requirements of those between the ages of 18 and 35 in the labour market. This issue has prompted the motive to conduct the study to analyse and identify the current barriers youth face in the labour market on a local level with specific focus on the municipal areas of Emfuleni and Metsimaholo, identifying the skills that enhance the probability of securing a job together with reviewing the employed government youth employment policy initiatives and strategies that are implemented in the economy.

1.2 PROBLEM STATEMENT

The word "unemployment" is one that has become disturbingly well-known to many South Africans. It is a condition with which residents have become far too familiar and the problem particularly holds significant relevance when the youth of the country are considered. Graham *et al.* (2016:8) describe the current youth unemployment situation as somewhat perilous. More than 50 percent of the individuals between the ages of 15 and 24 find themselves unemployed (ILO, 2016b), that is double the amount of the national unemployment rate of 26.5 percent when the narrow definition is followed (StatsSA, 2017a:8). The country reported the third highest youth unemployment rate worldwide in 2016 (ILO, 2016b). It is a situation which poses a major threat to the country's ability for future economic prosperity and which hampers its ability to lay the foundation on which a thriving and productive labour force could be built. The prospect does not seem to differ for the local municipal areas of Emfuleni and Metsimaholo. Situated on the border of the Gauteng and Free State provinces, these two municipal areas boast towns such as Vereeniging, Vanderbijlpark and Sasolburg, which play host to large industrial corporations such as Sasol chemical industries and ArcelorMittal (Botha, 2014:3).

The area houses over 870 000 individuals in many urban and semi urban communities. For those, in this estimate, between the ages of 15 and 34, the struggle for employment is severe. Both municipal areas record higher youth unemployment rates than the national perspective (37.5%) with the most recent rates estimated for Emfuleni municipal area estimated at 45 percent and Metsimaholo at 41.6 percent (StatsSA, 2011:8). This prevents many having the opportunity to provide a better standard of living for themselves.

In the South African context various studies have been conducted on the prospect of youth unemployment to which several causes have been attributed; mainly, mismatches in the labour market, skills shortages,

lack of growth and lack of opportunities (Mlatsheni & Rospabé, 2002:2; Van Aardt, 2012:55; Yu, 2013:6). These studies indicate that unemployed youth aspiring to join the South African labour market are finding it extremely difficult to achieve any form of employment, even after the implementation of various government initiated policies and programmes that look at the creation of private sector jobs (National Planning Commission (NPC), 2011a:120). Self-employment prospects, as a means to the solution, have also reported little success (Fatoki & Chindoga, 2011:162). This provides a worrying picture as entrepreneurship among the group is regarded as a possible answer to the problem (Meyer, 2017:61; Steenekamp *et al.*, 2011:47; Von Broembsen *et al.*, 2005:11).

Given the persistent and ever increasing youth unemployment rate in the country on a national and local level, the use of policies such as the Employment Tax Incentive Act, Expanded Public Works Programme (EPWP) as well as other strategies are failing to assist in the transition for these young individuals from their educational base towards becoming employed or self-employed (Mayer *et al.*, 2011:23). These failures suggest that there is a lack in understanding of the barriers faced by youth in the labour market. The study aims to add to the empirical literature on youth unemployment by determining the barriers faced by them concerning their employment prospects in the local municipal areas of Emfuleni and Metsimaholo and to provide policy recommendations to help close the gaps.

1.3 OBJECTIVES OF THE STUDY

The following objectives were formulated for the study:

1.3.1 Primary objectives

The primary objective of the study is to determine the barriers faced by youth in attaining employment in the local municipal areas of Emfuleni and Metsimaholo.

1.3.2 Theoretical objectives

In order to achieve the primary objective, the following theoretical objectives were formulated for the study:

- To conduct a literature review on unemployment and youth unemployment;
- To review the literature on the theories of unemployment;
- To provide an empirical review on the global unemployment and youth unemployment scenarios;
- To review the empirical literature on the South African labour market and stance of unemployment in the country;
- To review the empirical literature on the barriers young people face towards employment from a South African perspective;
- To review the empirical literature on the current government initiated youth employment policy initiatives and strategies in South Africa.

1.3.3 Empirical objectives

In accordance with the primary objective of the study, the following empirical objectives were formulated:

- To determine the socio-economic barriers that young people face in attaining formal employment in the Metsimaholo and Emfuleni local municipal areas;
- To identify the skills of the employed youth in the Emfuleni and Metsimaholo local municipal areas;
- To compare the job search behaviour among the employed and unemployed youth;
- To determine the effect of the identified socio-economic factors on the youth's employment status in the Emfuleni and Metsimaholo local municipal areas;
- To compare the perceived barriers of employment among the employed and unemployed youth in the Emfuleni and Metsimaholo local municipal areas;
- To compare the perceived obstacles of youth entrepreneurial intensions of the employed with unemployed youth in the Emfuleni and Metsimaholo local municipal areas.

1.3.4 Value of the research

The number of young people struggling to secure employment in South Africa is increasing in somewhat worrying rates. As such, many studies have been devoted to the conceptualisation of the issue at hand (Cramm *et al.,* 2013:19; Ismail & Kollamparambil, 2015:301; Van Aardt, 2012:55). These studies however, have addressed the problem mainly from a national perspective, with few studies focused on the problem from a local viewpoint. Helmsing (2003:63) states that local communities and their prospective stakeholders are playing increasingly important roles in leading the recovery towards better national growth and improved standards of living. Therefore, a need exists to better understand the dynamics of the youth labour market from a local perspective.

The fundamental motivation for the study is to contribute to the understanding of the key challenges faced by young people in securing employment in the given local municipal areas. The analysis of unemployment provides insight into the ills of the situation and in the process identifies the context specific factors proved to be essential to better the outlook for the age cohort. The importance of influencing policies on a local level therefore cannot be ignored. By reviewing current initiated policies and providing policy recommendations against the background of the analysis, the research will act as a reference point and information source for those involved in setting improved targeted youth policies in a local context.

1.4 RESEARCH DESIGN AND METHODOLOGY

The methodology of the study included a literature review and an empirical study. A quantitative research approach was followed through the use of primary data, collected using the survey method.

1.4.1 Literature review

The theoretical background provided by the study focused on the concept of youth unemployment. A wide spectrum of secondary sources was used in providing the foundation for the study, including journals, books, government reports and documents, articles and internet sources together with dissertations and theses with regard to the specific topic. Other sources included a variety of international, local case studies and policies that were studied to determine the theoretical base for the study.

1.4.2 Empirical study

The empirical portion of this study comprised the following methodological dimensions:

1.4.2.1 Study area

The study was conducted in the Metsimaholo and Emfuleni local municipal areas. The latter forms part of the Sedibeng District Municipality which is situated approximately 50 km south of Johannesburg in the province of Gauteng. The municipality consists of two main cities, Vereeniging and Vanderbijlpark which cover an estimated 966 km^2 (Emfuleni Local Municipality, 2015; Local Government Handbook, 2015:53). The Metsimaholo Local Municipality is situated in the northern part of the Free State province containing the three main towns of Sasolburg, Oranjeville and Deneysville. The sample area was chosen to provide a broad view and picture of the underlying issues and barriers with regard to the youth unemployment problem in the local area.

1.4.2.2 Target population

The target population refers to the complete group of specific population elements that is appropriate or applicable to the study (Zikmund, 2000:342). The study targeted the youth in South Africa who reside in the provinces of Gauteng and the Free State in both the local municipal areas of Emfuleni and Metsimaholo. Different classifications for the target group exist within an international context, with the ILO (2011a:5) and United Nations Development Programme (UNDP) (2013:3) considering young people to be between the ages of 15 and 24 years. Young people in the South African context are viewed as those between the ages of 14 and 35 years following the classification by the National Youth Policy (The Presidency, 2015:10). The study considered just those individuals between the ages of 18 and 35 years as the range reduces the risk of the collection of unreliable data that is collected for those actively involved in the search for employment.

1.4.2.3 Sampling frame

A study's sampling frame represents a list of elements drawn from the target population (Zikmund & Babin, 2013:317). For the purposes of this study, the sample frame was based on a list of areas within the Emfuleni and Metsimaholo local municipal areas were the density of the individuals that were between

the ages of 18 and 35 years and who were either employed or unemployed (broad classification) were known to be high.

1.4.2.4 Sampling method

Sampling techniques are identified as those structured either around probability sampling or non-probability sampling (Coldwell & Herbst, 2004:79). The study adopted a combination of two non-probability sampling approaches in the selection of the sample elements from the target population. The first technique used was a purposive sampling method. The approach was deemed appropriate given that the study focused primarily on those individuals that were between the ages of 18 and 35 years and where required to be either employed or unemployed (broad classification). Furthermore, based on the specific selection criteria participants were selected on, the second technique in drawing the sample made use of convenience sampling. The use of this approach was most suitable since there was no knowledge on the exact locations or specific names of the individuals from which the sample could be drawn. The selection process of the sample entailed the use of specific locations in the study area where density of the participants were known to be high.

1.4.2.5 Sample size

A sample size is determined by considering a number of factors such as the nature of the analysis, resource restrictions and sample sizes that have been used in similar studies (Malhotra & Birks, 1999:385). The study selected a sample size of 400 participants in the study area, with approximately half of the sample being currently employed and the other half being unemployed. This particular sample size was chosen as it resembles sample sizes of similar studies such as Barclay (2004:136) (sample size: 317), Fatoki and Chindoga (2011:161) (sample size: 357) and Lipshits-Braziler and Tatar (2011:545) (sample size: 406).

1.4.2.6 Measuring instrument and data collection method

The study focused on the collection of primary data. The data were collected through the use of a structured, self-administered questionnaire where questions were constructed on the basis of the literature review and questions that pertained to similar studies that were performed on the topic (Barclay, 2004:133; Centre for Development and Enterprise (CDE), 2007:46; Lyngdoh, 2005:312). The questionnaire included five tested and validated scales that had been used in recently published academic work. Measuring scales that were used were adapted from previous studies by Fatoki and Chindoga (2011:161), Kuan *et al*. (2014:91), Robles (2012:453), Slabbert (2009) and Van Hoye and Saks (2008:362). The use of these scales and questions allowed for enough data to be collected to achieve the objectives of the study.

The questionnaire comprised seven sections. Section A collected the demographic information of the study sample. Section B gathered the sample's education information as well as identifying the soft and hard skills of the participants through the use of tested and validated scales put forward by Robles (2012:453) and Slabbert (2009). The third section of the questionnaire identified the job search methods used by both employed and unemployed individuals to allow the identification of the most important methods for improving the chances of employment. This section made use of Van Hoye and Saks's (2008:362) validated and tested job search scales.

Sections D and E were category specific sections in the questionnaire, with section D completed just by those participants who were unemployed and section E by those who were either employed or self-employed. Information gathered contributed to the understanding of the particular group's conditions. Sections F and G of the structured questionnaire utilised validated scales adapted from Kuan *et al*. (2014:91) and Fatoki and Chindoga (2011:161). Section F captured the sample's perceptions on the barriers the youth face in successfully finding employment, with section G lastly focusing on the participants' perceptions of obstacles that hinder the youths' aspirations of starting their own business as a means of securing employment.

To avoid any data collection errors and ensuring that data which was collected was completely reliable, the questionnaire was pre-tested with a group of 10 individuals who satisfied the selected criteria. This allowed any questions that were unclear to be correctly structured. The questionnaire was also subject to a pilot study that surveyed 40 individuals which acted as a trial run for the final study (Polit, Beck & Hungler, 2001:467), thereby allowing the researcher to test the adequacy of the research instrument and identify those logistical problems that arose by using the proposed method for data collection. Finally, the constructed questionnaire was distributed through the use of four identified and trained field workers with prior experience in data collection. As the area of study had multiple home languages, it was necessary that the field worker(s) further explained questions to the participant(s). Questionnaires were provided to the respondents on a voluntary basis with no incentives given for their participation in the study.

1.4.3 Statistical analysis

The primary data captured were analysed using a specific statistical and econometric software program known as Statistical Package for Social Sciences (SPSS) 22. The collected data were analysed on three levels using a range of statistical methods. The first level provided an analysis on the determinants of the employment status of the youth. The analysis made use of the data collected in sections A, B, C and D of the structured questionnaire. Descriptive analysis using cross tabulation was employed to explain the relationship between the individual's employment status and various key factors identified in the particular sections. An analysis of variance (ANOVA) was utilised to compare the skills among the employed and unemployed youth identified in section B of the questionnaire and to identify the crucial skills needed for employment. In addition, the first level of analysis made use of a binary logistic

regression to analyse the effect of the key factors of employment and other socio-demographic factors on the employment status of the youth in the study area. The dependent variable (Y_i) for the logistic regression is a binary (dichotomous) variable, with 1 representing the individual if employed and 0 if the individual is unemployed.

Y_i = 1; if the individual is employed

Y_i = 0; if the individual is unemployed

The binary employment status is therefore expressed by a linear variable Y_i as follows:

$$Y_i = \sum \beta X_i + \mu_i \quad (1.1)$$

Where β ($\beta_1 \dots \beta_n$) represents coefficients and X_i ($X_1 \dots \dots X_n$) represents a set of variables (socio-demographic and other such skills) that determine an individual's employment status while μ_i represents the error term. The binary logistic model with the assumption of normal distribution will then be represented as:

$$ES_i = \beta_0 + \beta_1 AGE_i + \beta_2 GEN_i + \beta_3 RAC_i + \beta_4 MS_i + \beta_5 HHS_i + \beta_6 EIH_i + \beta_7 SG_i + \beta_8 SSI_i + \beta_9 HSI_i + \beta_{10} JSI_i + \beta_{11} LoE_i + \beta_{12} RW_i + u_i \quad (1.2)$$

Where ES_i represents the participant's employment status, β_0 representing the intercept and $\beta_1, \beta_2 \dots \beta_{12}$ representing the coefficients. The hypothesised variables (independent) which had an influence on the individual's employment status include a set of socio-demographic variables of the participants, including their age (AGE_i), gender (GEN_i), race (RAC_i) marital status (MS_i), household size (HHS_i) number of employed individuals living in the household (EIH_i), presence of social grants in the household (SG_i), highest level of education (LoE_i) and their reservation wages (RW_i). Other independent variables included were the constructed indexes of, firstly, the individuals' soft skills (SSI_i), secondly, their hard skills (HSI_i) and lastly, a job search frequency index (JSI_i) with u_i ultimately representing the error term.

The second and third level of analysis aimed to analyse the perceptions of the sample on the suspected barriers the youth face in finding a job, and perceived obstacles to the youths' entrepreneurial intentions. The analysis of these perceptions made use of cross tabulation analysis and a principal components analysis (PCA). This allowed the study to determine if there were any significant differences in the means of the perceptions of the employed and unemployed youth in the barriers they face towards employment and obstacles towards their entrepreneurial intentions.

1.5 ETHICAL OBJECTIVES AND CONSIDERATIONS

To ensure the objectiveness and the integrity of the study as well as adhering to the responsibilities the study has towards professionalism, society, the particular field of the subject and the environment, all

ethical standards of academic research were strictly adhered to. The study aimed to achieve high standards of technicality in research, paying particular attention to referencing and data sources with the aim of rejecting of any form of plagiarism. The questionnaire, along with the methodological structure of the study, was subject to ethical clearance from the North West University's Ethics Committee (Ethics clearance number: ECONIT-2016-025). This ensured that the measurement instrument used did not request any sensitive information from participants who could be classified as vulnerable.

In carrying out the research and data collection, the researcher adhered to high values, norms and standards when interacting with participants. Participation in the study was solely allowed once participants gave consent. In addition, the questionnaire featured a cover letter that explained the nature and scope of the study, assuring voluntary participation and anonymity of information given as well as providing participants with the researcher's contact details if any concerns were raised. Participants were reassured that withdrawal of their participation could be done at any moment during the survey.

1.6 CHAPTER CLASSIFICATION

This study comprises the following chapters:

Chapter 1: Introduction and background to the study

The first chapter of the study introduces the study to the reader. The chapter includes concepts that pertain to the problem statement, the objectives of the study, the research design, methodology and ultimately, the chapter classification.

Chapter 2: An overview of unemployment – theory and global review

This chapter reviews the relevant literature on unemployment and youth unemployment. The different theories and measures of unemployment are discussed. Furthermore, the chapter empirically reviews unemployment and youth unemployment from a global perspective.

Chapter 3: Unemployment and youth unemployment from a South African perspective

This chapter investigates unemployment and youth unemployment from a South African perspective. The various barriers young people face in accessing employment is discussed. This chapter will also provide a review on the current youth employment policy initiatives instigated in the South African economy.

Chapter 4: Research design and methodology

The fourth chapter highlights the design of the study, including the discussion on the target population, its respective sampling frame and providing the sample's size. Furthermore, the method in collecting the data and the management of the research instrument together with the statistical procedure for analysing the data is discussed.

Chapter 5: Empirical results and findings of the study

This chapter furnishes the results that were found in conducting the statistical analysis of the data collected through the use of the survey questionnaire. Results pertaining to the descriptive analysis, ANOVA tests and the logistic regression conducted are fully analysed and discussed in this chapter.

Chapter 6: Conclusions and recommendations

The last of the six chapters provides a summary of the study, reviewing the main elements and ultimately providing possible answers to the theoretical and empirical objectives. Recommendations are made based on the findings and results that were explained in Chapter five. The chapter also offers suggested strategies and policy implications that could possibly assist in a more effective response to the current problem of youth unemployment in the study area.

CHAPTER 2

AN OVERVIEW OF UNEMPLOYMENT: THEORY AND GLOBAL REVIEW

2.1 INTRODUCTION

Throughout economic history, labour as an economic resource in the production process has played a crucial role in the well-being and development of societies (Stocker *et al.*, 2015:7). The ability of households to generate and utilise this valuable resource has acted as a strong economic and social foundation for most countries. Emphasis upon labour from the earliest views such as those of Smith (1776), Keynes (1936) and Solow (1956) increased its importance which was mainly directed towards the potential growth many economic structures could gain from it. However, moving the focus to modern times, labour has gained an even more profound significance. Modern global concerns prioritise solving the severe inequality and poverty that have condemned many individuals and societies to substandard and unhealthy living conditions (Dabla-Norris *et al.*, 2015:4; World Bank, 2016a:2). Labour markets and well-paying sustainable jobs are therefore viewed as some of the most important drivers in alleviating these circumstances and improving the outlook of life of those who need it most. The reality unfortunately is that countries, especially those in the developing world, are faced with the prospect of populations who are in need of and are able to work, but are unable to acquire employment (United Nations (UN), 2016:vii). Being unemployed has become a reality for many people, among which certain segments of society, such as women and the youth, have carried the brunt of the burden (ILO, 2016a:4). Additionally, many face informal working conditions which do not foster much improvement. The implications of these conditions, especially amongst younger labour force participants, are not only restricted to the loss of productive and innovative resources, but are also associated with other social ills such as high crime rates, a lack of independence and greater social conflicts within the area where they present themselves (Azeng & Yogo, 2013:12; Okafor, 2016:359).

However, gaining an understanding of the phenomenon of the unemployed has proven to be rather complex (Tvrdoň, 2016:4). Modern labour market processes have characteristically become multifaceted from both the demand and supply sides. These processes are no longer one-dimensional. Economies are rapidly changing, characterised by significant technological advances and demographic shifts, which have brought with them changing skills sets, employment structures and output lines. These continually-altering conditions have undoubtedly had a significant impact on the employment outcomes of the individual (Pompa, 2015:4). The possibility of procuring employment on the part of the work seeker is thus not linked solely to the macroeconomic forces of expanding growth but, likewise, has been shown to involve microeconomic aspects involving the individual's educational background, race, age, geographical location, formal work experience and wage expectations, amongst others (Mlathseni & Rospabé, 2002:12; Tandrayen-Ragoobur & Kasseeah, 2013:731). The difficulties in securing work therefore constitute an intricate phenomenon which indicates great diversity among different groups and

individuals; understanding these differences proves pivotal, demanding effective policy formulation that could contribute to more prosperous labour conditions (Winkelmann, 2014:1).

The major objective of this chapter is to address the first three theoretical objectives of the study. The chapter therefore firstly provides a theoretical review and understanding of unemployment as a wide-ranging social phenomenon. Thereafter, the chapter provides a brief review of various macroeconomic and microeconomic theoretical perspectives that examine its occurrence. The subsequent sections focus on unemployment and more specifically, youth unemployment on the global stage, with particular attention paid to the developing world.

2.2 THE CONCEPTUALISATION OF UNEMPLOYMENT

Unemployment as concept has different connotations for different individuals (Magnuson, 2013:219). For analysts, the state and its corresponding rates are viewed as indicators of the health of economies, while for working families, unemployment poses a threat to livelihoods and well-being. On the other hand, economic actors, such as monetary institutions and bondholders, might see the occurrence of unemployment as a promising signal given its associations with lower inflation and hence lower interest rates. However, as a socio-economic phenomenon, unemployment among the productive labour force (the pool of individuals inherent in the economy who are able and willing to work) leads to adverse consequences, not just for those affected by the jobless state but also for the societies in which they are involved (Luechinger, Meier & Stutzer, 2008:7). The following subsections elaborate on the definition and provide an understanding of unemployment as an economic concern. Different types of unemployment are discussed, followed by a review of the different means of measuring them.

2.2.1 Understanding unemployment

Unemployment, as a social and economic issue, has endured over time (Card, 2011:553; Jakimhovski, 2011:74). It is a concept, which in its various definitions, has come to resemble the complexity with which it is understood today (Adesina, 2013:146). Simplistically viewed, it is regarded as a market failure that is exacerbated by the lack of opportunities provided to those physically capable to work and actively involved in the search thereof (Mukhovha, 2008:18). However, the concept presents a much more multi-dimensional ideology in its definition that combines or excludes certain conditions, needs, attitudes, capacities and activities (Standing, Sender & Weeks, 1996:103). Cawker and Whiteford (1993:30) describe these attributes as belonging to the unemployed; not only must one be without work, but there must exist a desire to work (need and attitude) and active contributions (activities and capacities) should be evident in the person's searching for employment. To this extent, in defining the unemployed, there is a need to distinguish between those who are voluntarily unemployed and those who involuntarily choose to be without work. Mouhammed (2010:55) characterises the voluntarily unemployed as those individuals who, on their own volition, choose to be without work. These decisions are primarily based on individuals' wage expectations, lack of jobs in the area and the high costs of searching for jobs (Kingdon

& Knight, 2006:297). Regarded as 'discouraged work seekers", the voluntarily unemployed do not actively participate in job search activities, but do have the desire to work (Lloyd & Leibbrandt, 2013:2). In contrast, those who are involuntarily unemployed mainly lack employment due to the circumstances of their socio-economic environment (Asaju, Arome & Anyio, 2014:17). They have the aspiration to work and are actively involved in searching for employment but are unable to secure it due to a number of labour market related factors.

The differentiation between the broad and narrow classifications has been excessively expressed in two arguments in the international economic literature (Lloyd & Leibbrandt, 2013:2). The first of these does not distinguish between voluntary and involuntary unemployment. It is referred to as the 'discouraged worker' hypothesis (Fisher & Nijkamp, 1987:4) which differentiates between searching unemployed and non-searching unemployed individuals. It asserts the view that individuals' searching ability is a function of their economic circumstances (skills and geographic area of living) and not of their willingness to work (Van Ham, Mulder & Hooimeijer, 2001:1734). This hypothesis encompasses the notion that job seekers become discouraged from seeking employment on the basis of impediments, such as high unemployment rates, the perceptions of unavailability of work due to a lack of labour market information and financial constraints faced in searching for employment (Kingdon & Knight, 2001:86). Definitions of unemployment in this school of thought regard individuals only to have a desire to work, acknowledging their personal constraints in search efforts (Lester & McCain, 2001:13; Maree, 1978:16; Swanepoel & Van Zyl, 1999:262). Opposing this view, the 'taste for unemployment' hypothesis (Kingdon & Knight, 2000:1) regards those who are not actively looking for work as non-participants in the labour market. Their searching ability is looked upon as a choice and if absent, this classifies them as voluntarily unemployed. Elliot and Dockery (2006:5) emphasise that the individual refrains from searching for employment on the basis of luxurious living conditions that misleadingly represent a willingness to work. Individuals abstain from joining the working population or continuing their search for employment as a result of income gained from their household, the level of utility accumulated from their luxurious environment and the low comparative potential income that could be earned (Ehrenberg & Smith, 2012:170).

Accurately defining the unemployed therefore contextualises the debate over what groups to include and on what conditions these inclusions need to be made (Byrne & Stroble, 2004:465; Fourie & Burger, 2010:476). In this sense, no singular definition has been applied globally in analysing labour markets but, rather, the focus has been directed to two primary definitions to encapsulate its dimensions (Barker, 2007:83). Understanding the difference and distinguishing between these classifications is important as it provides a framework for the assessment and analysis on the impact of this socio-economic concern (Cullen, 1999:23). These two views are advanced as a strict (narrow) classification and a broad definition of unemployment (ILO, 1982:4). The latter, more broadly defined, adopts the view of the discouraged worker hypothesis and includes the non-searching individuals in the official unemployed population (Verick, 2012:376). However, its use as measure of unemployment is criticised, based on the subjectivity

of characterising those who are discouraged, adding instability to the tracking trends as it includes those individuals who have not taken active steps in the attempt to find employment (Fourie & Burger, 2010:479; Posel, Casale & Vermaak, 2014:69).

Concerning these shortcomings, most international statistics agencies have adopted the strict definition of unemployment as set out in the ILO's guidelines (Brandolini, Cipollone & Viviano, 2006:155). The ILO (2013a:31) highlights the strict measure that bases unemployment on the premise of a "job search test". The strict definition regards the unemployed as all those individuals who are of working age but without work, who are actively seeking work and who currently are available for work (Dornbusch, Fischer & Startz, 2014:155). Kruppe *et al.* (2007:6) emphasise that the measure excludes students, those who are retired and who are not economically active, referring to formal job attachment as a criterion but not the main activity itself. Figure 2.1 provides the classification of the strict definition as provided by the ILO.

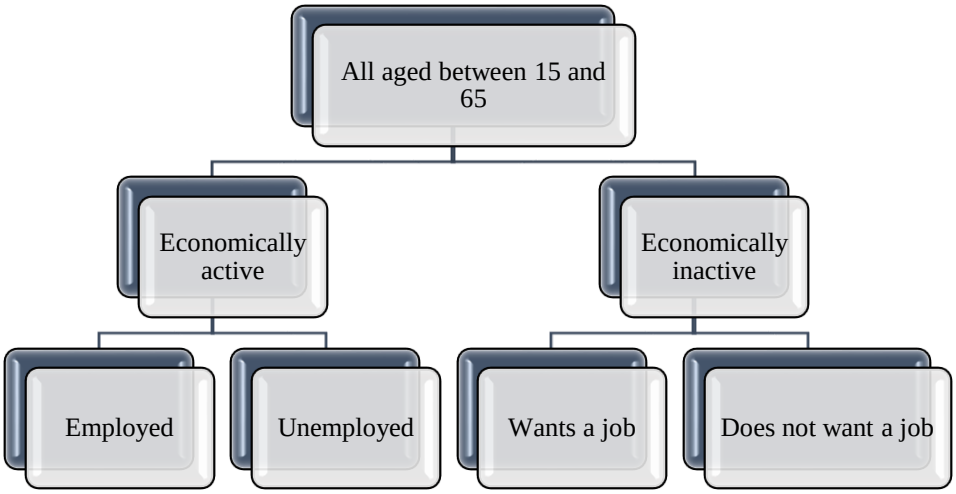


Figure 2.1: International Labour Organisation classification

Source: Hakizimana (2011:9)

The group under consideration for measurement of unemployment comprises those who are between the ages of 15 and 65 (the upper limit differs from country to country). The ILO then further classifies the economic active population (job searchers) as separate from the economically inactive population, including the discouraged work seekers, students, those involved in apprentice and internships, individuals in service with the armed forces and those who are not of working age or who have retired (ILO, 2013a:31). The economically active population is further categorised between the employed (those who work for pay or profit, seven days before being interviewed) and the unemployed. The economically inactive population can also be further defined between those who want to work but who are not presently able to obtain it (people not of working age, students) and those who do not wish to work or are retired. Globally, more than 80 percent of countries apply the definition as an official measure; since 1998 this has included South Africa (Kingdon & Knight, 2001:85). StatsSA (1998a:1), the official statistical

authority in South Africa, formally classifies the unemployed on the strict definition, which is based on three criteria:

- Individuals between ages of 15 and 64 years that are not self-employed nor in employment where payment is received;
- Individuals that in seven days prior to the labour force survey interview for employment are available for work or self-employment;
- Individuals that have actively pursued the search for employment four weeks before the labour force survey interview takes place.

The definition is based on what Posel *et al*. (2014:66) refers to as the activity principle. The principle characterises individuals' involvement in the labour force based on their active efforts towards seeking employment. Its use is ultimately substantiated in the objectivity it provides in labour force measurement and the minimisation of the subjectivity in job search distinctions (Hussmanns, Mehran & Verma, 1990:36). However, the definition, like the expanded form, illustrates some characteristics that have been criticised, particularly in the context of the developing world. These views pertain to the lack of the inclusion of discouraged work seekers in the estimate who, in countries similar to South Africa, are faced with long spells of joblessness and impoverished conditions that restrict their efforts in actively searching for jobs (Borjas, 2010:498; Kingdon & Knight, 2007a:78).

2.2.2 Different types of unemployment

Unemployment among individuals is explained in various ways. Some of these occurrences might be related to structural flaws of the economic systems while others may be viewed as by-products of the systems themselves and their clearing nature. Therefore, to accurately conceptualise and meticulously understand the prospect of unemployment, one needs to distinguish between the different forms of the phenomenon. Bangane (1999:17) reiterates that in so doing one can offer a more accurate view on the causes and consequences and provide insight into better possible solutions in effectively addressing socio-economic concerns. The four main types of unemployment are presented as frictional unemployment, structural unemployment, demand deficient (cyclical) unemployment and seasonal unemployment (Mohr, 2015:401). Moreover, the concept of underemployment as a form of inefficient labour use is discussed.

2.2.2.1 Frictional unemployment

Among these different types of unemployment, frictional unemployment refers to an ever present form of socio-economic concern. Regardless of the economic processes inherent in an economy this type of unemployment will always be present (Stavik & Hammer, 2000:19). At any point in time certain job opportunities will be vacant and not all job seekers who have the right set of skills and training will acquire jobs. Frank and Bernanke (2007:333) define this form as the unemployment that is created by a "normal labour turnover''. It is inherent in economies, as there is a continuation of creation and

termination of jobs. Also referred to as "search unemployment" it pinpoints that in the mobility that work seekers attribute, workers who seek other types of employment or are first time entrants in the labour market do not find work instantly although the opportunities are available (Mohr, 2015:401).

Frictional unemployment can also be perceived as the result of the prevalence of imperfect market information (Kaminchia, 2014:18). It relates to the time during which information about vacant positions travels from the employer to those seeking employment. Frictional unemployment in this regard is determined by the time lags between being without work and successfully securing employment (Mafiri, 2002:8). Effectively addressing the incidence of it simply requires improvement of the communication channels between employers and jobseekers (Borjas, 2010:504). Nevertheless, it will always result in the natural rate of unemployment as a positive statistic. The time it takes the successful job search to occur is short, which inevitably means the form of unemployment is regarded as harmless and even regarded as positive for economic processes (Krugman & Wells, 2012:222). This positive effect is explained as the greater productivity that ensues if workers take their time to find employment that best matches their relevant skill set. Frictional unemployment can also be of a non-search nature. Bangane (1999:12) states that individuals do not immediately find jobs as they willingly wait for the right jobs based on their wage expectations or expectations of being re-employed after temporary job losses. This is also known as "wait unemployment" (Lindbeck, 1999:11). Given its temporary basis and possible ensuing positive effects, frictional unemployment is not a matter of great concern for economic systems and policymakers.

2.2.2.2 Structural unemployment

Another type of unemployment is structural unemployment which emerges from changes in economic structures. It can be defined as the situation in which hindrances to employment occur based on the mismatches between the supply of workers and the demand of employers (Ehrenberg & Smith, 2012:58; Levine, 2013:348). Parkin (2008:139) states that these differences or mismatches transpire on the basis of highly volatile markets that not only require new skills but also new production areas in the face of technological change and highly contested international markets. This type highlights that unemployment in its widest sense is subject to patterns, the requirement of specific skills, depends on the geographical area of job opportunities and the mobility of individuals moving between labour markets (Mukhovha, 2008:29). Gans *et al.* (2015:692) assert that structural unemployment closely resembles frictional unemployment. Both forms indicate that jobs are available and individuals are searching for employment, but due to the necessity for certain skills, areas and localities, workers are unable to find work (Haralambos & Holborn, 2000:743). These refer to the two interrelated drivers of the phenomena, occupational immobility (difficulties faced due to an individual's skills) and geographical immobility (area specific difficulties).

The distinction between frictional and structural unemployment is based on the longevity of each effect, with frictional unemployment based on temporary short term fluctuations that over time will see workers

find suitable jobs. Structural unemployment, according to Levernier and Yang (2011:61), provides a longer-term effect as it is caused by job shortages that are structural in nature. Bangane (1999:12) reiterates that in this sense, unemployment that is structural exerts considerably more cost pressure on the public, specifically, on those that are unemployed. Among the different forms of unemployment that constitute the unemployment rate, structural changes in the labour market definitively bring about the largest harm (Restrepo, 2015:2). These changes in the market are ascribed to complex features of the underlying economic processes that are the cause of widespread factors. These factors are listed and explained in Table 2.1.

Table 2.1: Causes of structural unemployment

Causes	Description
1. Segmented labour markets	Labour markets are essentially constructed in various segments. Unemployment is caused by the immobility of workers to move between markets where labour shortages can occur. Segments also vary in requirements for training and skills that pose barriers to employment.
2. Demographic factors	High population growth rates cause the labour force to expand to a greater extent than the market absorption rate. Other factors also contribute to the process such as changes in the population age, economically active population (EAP) and the gender and racial composition of the labour force.
3. Health status of the population	Increases in mortality rates negatively affect the demand for goods which adversely affects employment in the short run. Lower health status among the skilled and semi-skilled can create skills shortages in the economy.
4. Patterns of demand and output	Changes in the prevailing economic activity influence demand for certain types of skills. International and national economic preferences play an important role in creating employment.
5. High capital intensity of production	Use of machinery in production results in lower employment of labour and greater demand for trained and specific skilled workers. Major effects on agricultural sector employment may ensue. Modern rapid technological changes in production also cause lower demand for labour especially in tertiary sectors.
6. Restrictions on labour mobility	Difficulties in moving between segments of labour market hamper workers in travelling to localities where labour shortages occur. Factors include industrial immobility, geographical restrictions and occupational restrictions.

Source: Fourie and Burger (2010:492)

Table 2.1, to some extent, explains the long term nature of structural unemployment. The problem occurs where changes in the economy result in the requirement of novel jobs that see current jobs become outdated (Schumpeter, 1950:85). Educating and retraining of workers as such become important in overcoming the occupational and geographic factors that result in workers enduring long spells of unemployment and low level wages (Rothstein, 2012:479). McConnell, Brue and Macpherson (2009:550) state that, therefore, structural unemployment to a significant degree hinges upon the demand and supply of labour and the period of adjustment for mismatches by firms.

2.2.2.3 Demand deficient (cyclical) unemployment

As opposed to structural unemployment, demand deficient unemployment is strongly associated with a system's economic and business cycle rather than inherent structural changes. According to Mohr (2015:402) the form of unemployment is caused due to changes in the aggregate demand that influence the demand for labour in the market. This occurs against the backdrop of the performance of the inherent economic system. During recessionary periods employment is contracted as production processes are reduced (Barker, 2007:177). Employers respond to the lack of demand for goods and services, minimising input costs by reducing labour and production. The supply of labour exceeds the demand thereof, as new entrees increase, for which limited vacancies are created under tough economic conditions. Therefore, there is an insufficient demand for workers. Similarly, times of economic prosperity or what is known as the recovery and boom periods of the business cycle, see income increase, with consequential increases in demand that are again transformed into the creation of employment opportunities (Bosworth, Dawkins & Stromback, 1996:410).

2.2.2.4 Seasonal unemployment

Seasonal unemployment is closely related to demand deficient unemployment (Baah-Boateng, 2013:387). It is explained as a form of unemployment that generally arises due to specific periods of time requiring more or fewer people in certain occupations (Roux, 2005:55). Njoku and Ihugba (2011:24) describe this as comprising the periodic variations that are attributed to specific industries' activities caused by fashion, climate and other environmental factors. Seasonal unemployment occurs on a regular basis in economic systems, but is particularly concentrated in the agricultural and retail sectors (Van Rheede, 2012:7). These sectors and their production practices exhibit strong dependence on seasonal workers and sales, which explains why the prevalence of the situation is so high in these industries. It is a recurrent feature of those systems in which it is present, therefore making it easier to anticipate and formulate suitable actions in mitigating its dynamic.

2.2.2.5 Underemployment

The different states of unemployment are correlated to the missing utilisation of workers in market processes, which are closely related to the state of being underemployed. Although technically not regarded as a form of unemployment, underemployment adds to multi-dimensionality in understanding why some labour resources are not effectively utilised. According to Beukes, Fransman, Murozvi and Yu (2017:35) the conceptualisation of the concept differs from one individual to another. However, the understanding thereof and the meaning it holds have been prevalent in much of the economic literature investigating labour (Niyimbanira, 2016:116). International definitions of the state regard those who are underemployed as persons who, during the reference period, were in fact employed, but who indicated that they were available and willing to "work more effectively" (Greenwood, 1999:3). This means that the need for more involvement, and not being used sufficiently, points to labourers who in fact are involved

in employment opportunities which do not meet their own expectations or goals due to certain aspects (Maynard & Feldman, 2011:1). Hence, these economic participants are not utilised as optimally as they could be (Wilkins & Wooden, 2011:14).

Greenwood (1999:3) highlights that the underutilisation of the labour participant's productive capacity manifests itself in two common aspects. The first of these is represented by the notion that the permanence of long working hours may vary (Beukes *et al.*, 2017:35). Labourers in these circumstances find themselves involuntarily working shorter hours than they desire to. This is also known as "visible underemployment". Pisica, Carage and Vasile (2015:12) attribute this situation to labour markets where individuals do not have the freedom to choose the employment opportunities that are in line with their anticipated working time. In a situation where there is a scarcity of jobs in the market, individuals are sometimes forced into involuntary part-time work or short term work quite simply because there are not enough available full time opportunities for all the work seekers in the labour market (Cazes & Verick, 2013:2; Niyimbanira, 2016:117). According to Betcherman (2015:2), of concern regarding this particular issue is that these short term contracts are usually associated with poor working conditions and significantly low remuneration. Therefore, in those employed situations where individuals are willing to work longer hours than they currently do or are not earning sufficient income, particularly in developing countries, they might still find themselves in impoverished living conditions, faced with extreme poverty and social inequalities.

The underutilisation of the workers in production processes is also compounded in regard to competency related aspects. Skill related-underemployment as defined by Burke (1997:627) and Hersch (1999) refers to the underutilisation of labour based on mismatches between employees' skills sets and those required by the work they are involved in. As opposed to working inefficient hours, workers who are underemployed are often overqualified for the jobs they hold. This situation occurs because individuals accept employment opportunities which simply do not equate to their skill levels and hence do not fully utilise their productive capacities. In this sense, much like time-related underemployment, labour is ineffectively allocated to the needed processes, which possibly inhibits potential economic growth (Lindsley, 2005:1). This is particularly evident among recently educated tertiary graduates in Europe and Australia, for example (McGuiness, 2006:414; Mosca & Wright, 2011:4). Once finished with their training and education they often struggle to obtain employment opportunities that correspond with their inherent skills due to a lack of available opportunities. Hence, graduates are often confronted with employment opportunities that do not fully utilise their skills and are not receiving their initial expected income (income-related underemployment).

Although the shortage of available employment opportunities plays a major role in the causes of either skills or time-related underutilisation, causes are not restricted to this particular issue. Feldman (1996:385) postulates that underemployed individuals subsequently find themselves in that position based on other specific economic factors. One such factor as noted by Jefferson and Preston (2010:352) refers to

the occurrence of recessionary periods and the recovery time thereafter: where individuals in industries who undergo economic hardship faced reduced working hours primarily due to reduced labour costs in the face of inadequate demand and the associated downsizing. Moreover, Slack and Jensen (2004:132) present evidence that specific job types are associated with higher underemployment rates. They emphasise that individuals involved in the extraction of primary resources such as agriculture, mining and fishing, are more likely to be underemployed compared to industrial job holders, mainly due to highly intensive labour requirements in these primary industries.

Various demographic characteristics have also been linked to this ineffective allocation of resources. For example, some studies highlight that females are more likely to be underemployed than males (Niyimbanira, 2016:123; Vuluku, Wambugu & Moyi, 2013:14). Thomson (2014:3) points out that these gender disparities are created based on the associated familial responsibilities these individuals hold, settling for fewer working hours and lower salaries in order to balance their daily activities, amongst other reasons. Furthermore, Tam (2010:10) reiterates that age is also a contributor to the state of underemployment. With cohorts across opposite sides of the age spectrum more likely to be underutilised, older individuals are often laid off from work and find it difficult to re-enter into positions they would expect based on their experience (Ford *et al.*, 2012:8). However, for younger cohorts, especially those between 18 and 24 years, their difficulties in securing adequate work are compounded by their lack of work experience and other associated factors. Upon their transition from school to work, young people often find themselves in lower wage brackets or inappropriate work conditions in relation to the educational qualifications they hold (Feldstead & Green, 2013:11).

2.2.3 The measurement of unemployment

In light of these different and diverse forms of unemployment, the estimation and measurement of those who are unemployed plays an important part in assessing the overall health of an economy. Elmeskov and Pichelmann (1993:140) state that measuring the amount of individuals who are without work does not merely draw attention to the pressures in the labour market but also indicates the extent of an economy's utilisation of its production factors and furthermore provides insight into the societal welfare present in those economies. Having access to adequate information is important as it allows for accurate international comparisons and assists policymakers to formulate policies that contribute to the creation of jobs, training programmes and assist in the reduction of poverty (Hussmanns, 2007:3). Barker (2007:204) however states that this proves difficult as different countries adopt different criteria in their estimation. This is mainly the result of differing definitions of being unemployed, which may exclude or include important aspects such as the "availability of work" and "job search*"* that see different groups of people included in the labour force (Kaufman & Hotchkiss, 2006:669; Riddell, 2000:102). Other factors that may also contribute to these differences are indicated and explained in Table 2.2.

Table 2.2: Factors contributing to the variations in unemployment rates

Factor	Description
1. Different sources	Data that is collected through different sources such as labour force surveys and population censuses influence international comparability, since not all of the measures use the same guidelines.
2. Variations in measurement techniques	Use of different measurement tools with different measurement methods could result in varying outcomes. Different questions in questionnaires to categorise the unemployed.
3. Conceptual variation	National statistical authorities not strictly adhering to ILO guidelines for employment and unemployment statistics. Failure to use full labour force in the estimation.
4. Reference period	Varying number of periods (monthly, quarterly, semi – annually or annually) for which estimates are made. Comparison of different time estimates results in varying outcomes.
5. Geographic coverage	Samples of labour force sometimes restricted to different areas. Rates differ from urban to rural; some are higher than others.
6. Age variation	Countries tend to differ in lower and upper limitations of age groupings in labour force that exert an influence on final unemployment estimates.
7. Collection methodology	Processes of collecting data may differ such as sample sizes, interviewer quality and data handling methods which affect final statistics.

Source: ILO (2016c:93)

Regardless of the differences in the inclusion criteria, the unemployment rate is used as the main indicator in the estimation of the labour market's health (Ferdinand, 2004:11). The ILO (2016c:89) defines the rate as the mathematical instrument that illustrates the total number of unemployed individuals (in the country, region or community) as a percentage of the total population of the employed and unemployed individuals or, in other words, the labour force. It is mathematically presented in equation 3 as:

$$\text{Unemployment rate (\%)} = \frac{\text{Total number of unemployed individuals}}{\text{Total labour force (employed+unemployed)}} \text{ x } 100 \qquad (2.1)$$

In addition to the unemployment rate, various other methods can be used in the measurement of the unemployed situation. Slabbert (1997:69) identifies the three standard ones as the census method, registration method and sample surveys. These are discussed in the sections that follow.

2.2.3.1 Census method

The application of the census methodology in estimating unemployment involves numerous activities that are not primarily directed to the measurement of the unemployed. The UN (2008:7) illustrates the approach rather as a process that involves the collection, compilation and dissemination of a range of information pertaining to individuals' demographic, social and economic backgrounds at a particular point in time. It entails the use of a census questionnaire that is structured to identify the socioeconomic status of each person and household in a country (United Nations Educational, Scientific and Cultural Organisation (UNESCO), 2004:22). The process allows for the identification of the information needed to tally each individual in the population and determine their employment status (Janoski, Duke & Oliver, 2014:5). Given the indirect nature of the method in calculating unemployment, this approach is exposed to some imperfections. The UN (2009:13) points out that the use of the method in covering the whole

population covers a large scope and as such lends itself to time constraints. These constraints influence the accurate depiction of the problem at hand. The collection of information on various dimensions in the questionnaire also restricts the number of unemployment related questions that may fail to capture the true extent of the issue (Bangane, 1999:18; Swanepoel & Van Zyl, 1999:266). Other flaws of this approach relate to the high degree of dependence on enumerators' ability to correctly capture responses that may result in incorrect data collection (Barker, 2007:75; Kaufman & Hotchkiss, 2006:670; UN, 2009:14). In addition, the wide timeframe between succeeding undertakings (between the periods of five to ten years depending on the country in which these are undertaken) also yields considerable changes in the labour market, subjecting the process to inconsistencies (Baffour, King & Valente, 2013:413).

2.2.3.2 Registered unemployment (RU) method

Another method used in the calculation of the unemployment rate is the registered unemployment (RU) method. The RU illustrates the unemployment estimate on the basis of the amount of individuals per month who are registered at the national Department of Labour as unemployed (Kyriacou, Louca & Ktoris, 2009:24). Individuals voluntarily register themselves at the department to seek assistance from job placement services to help them in their search for employment and to collect unemployment benefits from the department (OECD, 2007:211). The process allows the department to use the registration data to calculate the unemployment rate, monitor the effectiveness of the initiated labour market policies (LMP) and encourage job search activities (Melis & Lüdeke, 2006:3). Applied as a tool in the measurement of the unemployment rate, this approach, like the census method, displays some shortcomings in its attempts. This is evident as registration regulations tend to differ from one country to the other, where the registered unemployed may differ from the statistical criteria set out in the ILO guidelines (OECD, 2016:1). Those who are registered as unemployed may not have work, primarily registering for work to receive unemployment benefits, but have not actively searched for employment. Barker (2007:184) together with Gluszczuk and Razskowski (2015:471) add that the method fails to cover the wider geographical area, focusing solely on those individuals who have the ability to register and qualify for unemployment benefits. Especially in the developing world, people who lack access to basic services such as means and finances to travel to the department offices are excluded from the estimation.

2.2.3.3 Sample survey method

The sample survey method presents the third and most widely used approach in the estimation of the unemployment rate (Beatty, Fothergill & Gore, 2012:6). The UN (2010:211) regards this method as the most comprehensive source of the population's economic characteristics. The approach involves the probability sampling of a certain amount of households that complete a survey predominantly aimed at the capture of their labour market information, known as a labour force survey (LFS) (Barker, 2007:178; Summers, 1981:610). As opposed to the registration method the methodology makes use of identifying the labour force size, employment status and unemployment rate, all based on the guidelines set out by

the ILO (Browne & Alstrup, 2006:3; Kasich & Dungey, 2013:2; Kyriacou *et al.* 2009:24). The European Commission (2003:4) substantiates this, stating that the use of the method holds various advantages in the collection of information. These pertain to its ability to provide information on all sectors of the economy on a consistent and frequent basis since the timeframes between successive surveys are quite short. The adoption of the ILO's definition additionally ensures standardised international comparisons (OECD, 2015b:1). Furthermore, because the method is primarily directed at labour force statistics, it provides insight into specific labour market characteristics that other broader methods fail to identify (European Commission, 2003:4). Table 2.3 lists the main strengths and limitations in the use of the labour force surveys.

Table 2.3: Main strengths and limitations of labour force surveys (LFS)

Strengths	Limitations
Comprehensive coverage.	Relatively costly, especially if conducted frequently.
Independent measurement in line with international standards.	Subject to sampling and response errors.
Joint data on employment, unemployment and economic activity.	Requires large statistical infrastructure.
Provision of other specific labour market details such as labour slack.	Limited geographic and other disaggregation factors.

Source: African Development Bank (AFDB) (2012:3)

Summers (1981:611) notes that the main limitations of the LFS pertain particularly to the sample size, participant responses and being subject to seasonal adjustments. Other issues that have been raised with its use also acknowledge these shortcomings. Beatty *et al*. (2012:7) refer especially to the small sample size, as contributing to a data set that may lack a true reflection of the wider population. Nonetheless, the method is used on a frequent basis to provide estimations on the prosperity of the labour market. These frequencies differ from country to country. South Africa makes use of a quarterly estimation called the Quarterly Labour Force Survey (QLFS) that is based on a probability sample size of 30 000 households (StatsSA, 2008:2).The survey provides detailed data on the number of individuals who are employed, unemployed and not economically active (South African Reserve Bank (SARB), 2009:16). Moreover, statistics are provided according to different provinces, ages, sex, industries and sectors. Despite their comprehensive nature, these surveys are limited in providing information on disaggregated local levels (European Commission, 1999:7). Cross sectional survey questionnaires afford the opportunity to better understand specific characteristics of the selected population for specific areas (Visser *et al.,* 2014:404). Therefore, in analysing the various barriers to youth employment on a local level, the study made use of a survey design rather than analysing QLFS survey data.

2.3 MACROECONOMIC VIEWS ON UNEMPLOYMENT

Over time, many attempts have been directed towards understanding the complexity of being unemployed. These attempts from the earliest outset focused on how aggregate forces were unable to

allocate and utilise labour as a productive resource. Since then, unemployment as a macroeconomic phenomenon has gained profound importance, with its minimisation enforced as a key objective for all policymakers. This section elaborates on the main perspectives that have contributed to the understanding of unemployment as a macroeconomic concept. Theoretical explanations that are discussed include the classical theory, Keynesian theory, the monetarist view on unemployment and lastly, Okun's law.

2.3.1 Classical theory of unemployment

The classical employment theory illustrates the labour market in economic systems as a smoothly functioning process, characterised by flexible wages, that sees the economy functioning at full employment levels (Mouhammed, 2011:100). Under the assumptions of this theory, Pigou (1933:5) explains the full employment situation where the demand and supply of labour are equal, which sets an equilibrium wage rate where each individual who wishes to work would find employment. This view was fostered by the views of Say (1836:70) who believed that supply in markets would create its own demand and that the forces which restrict those who, at the relevant wage rate, want to work are completely absent (Blaug, 1997:232; Garrison, 2001:145). The theory excludes the idea of individuals being involuntarily unemployed for as long as job seekers are content with their remunerations being equal to their marginal product (Rohlf, 1999:410). Any disturbances that may lead to a surplus of labour in the market will be accounted for by the flexibility in price and wage adjustments and revert the system back to the full level of employment. However, periods of unemployment are acknowledged in the up and downs of the business cycle. These periods are regarded as just short term frictional rigidities that are the result of consumer preferences in which the economy illustrates lags in its adjustment and creation of work. The classical system is primarily based on the notion of *laissez-faire* (Barro & Gordon, 1983:589). Advocates of the view (Marshall, 1920:49; Pigou, 1933:5; Riccardo, 1817:4) regard the market's invisible hand as efficient enough in generating wealth and employment for those seeking it, requiring no policy intervention in the pursuit.

The classical view is however, strongly criticised for its failure to recognise that not all income generated by the supply of workers is utilised in their demand. Income may be used in savings practices that result in an imbalance between savings and investment (Gul, Chaudhry & Zahir, 2014:9). In this sense, classical views on reducing price wages below the equilibrium levels in attempts to return to full employment are insufficient as such a step will reduce purchasing power and effectively, demand (Ambrosi, 2009:19). In addition, reference can be made to the high prevalence of unemployment during the great depression of 1930s which further exacerbated the inadequacy of the theory, as markets failed to respond to lacklustre demand and serious underutilisation of resources that saw a massive numbers of job losses (Gbosi, 2005:12). These shortcomings illustrate the importance of fiscal policy and the role governments play in supplementing aggregate demand to effectively address the prevalence of unemployment.

2.3.2 Keynesian theory of unemployment

The Keynesian theory is characterised by its argument for the involvement of fiscal policy in economic processes (Markwell, 2006:25). Based on the shortcomings of the classical view, Keynes (1936:77) proposed that market activities in contrast to Say's (1836:71) view operate solely on the notion that demand creates its own supply. The theory contests the opinion that unemployment is the main result of markets illustrating a lack of aggregate demand; thus acknowledging unemployment's cyclical nature (Mouhammed, 2010:6; Jain & Sandhu, 2009:51). This is explained in relation to the contrasting decisions which firms face in times of strong and frail economic climates. Alonso-Rodriguez and Sorolla (2015:11) point out that when firms' predictions of the economy are promising and based on strong demand, expansion of production would follow, increasing the uptake of labour to produce additional output until a point where aggregate demand and aggregate supply achieve equilibrium. Conversely, when the markets' future outlook signals less favourable conditions, firms would retract production, lowering employment again to achieve the point where their aggregate supply would correspond with the lower demand. Davidson (1998:817) supportively to Keynes (1936) suggests that unemployment in this feature is involuntary, acting as a function of ineffective demand that creates insecurity in firms' confidence to invest in and promote employment.

Aggregate demand for this reason is not simply based on consumption, but notably in addition, on investment. However, savers and investors are viewed as different cohorts whose decisions, to some extent, might differ during economic downturns (Sangkuhl, 2015:37). As a consequence, Keynes (1936:88) acknowledged that in the short run, consumption is constant and to increase aggregate demand requires growth in investment, which in limiting economic conditions, would be impossible. It results in a gap in the demand and supply in the underlying market, which investment spending is unable to fill (Tcherneva, 2008:5). Moreover, unemployment is aggravated on the basis of the nominal rigid wage adjustments as opposed to flexible wage rates in times of downturns (Fan, 2007:213).

The theory, in its support for policy activism, stresses that monetary (affecting the rate of interest) and especially fiscal policy, have designated roles to play in addressing the occurrence of unemployment (Gul *et al.*, 2014:5). Keynes (1936:89) emphasised the fact that government's role, when markets are unable to do so, is to fill the gap between the market forces. The public sector's involvement in this sense far surpasses the idea of just using public expenditures, direct transfers and taxation (Tcherneva, 2012:66). These measures do show efficiency in reducing unemployment but tend to lead to inflationary pressures in the long run. For that reason, Keynes specifically focused on targeted job creation by the hand of government through public works programmes that could ensure job creation at any point in the business cycle (Keynes, 1936:303; Tcherneva, 2012:57). In this sense the two schools of thought differ significantly in their views pertaining to unemployment. The central difference here, according to Sangkhul (2015:36), is attributed to the acknowledgement of the presence of voluntary and involuntary unemployment. Classicists who are aligned with Say refer to the sle possibility of being unemployed only

where labour would refuse wage levels that equal their marginal utility, as the supply creates its own demand (Myrick, 2012:6). Keynesians conversely acknowledge the role that demand plays, as being contributed by consumers' propensity to consume and the rate of new investment (Sangkhul, 2015:36).

2.3.3 Monetarist view on unemployment

The monetarist approach and its provisions towards explaining the occurrence of unemployment entailed much debate and contrast to the views Keynesians held. The theory, originally encapsulated in the work of Friedman (1968), criticised Keynesians both from theoretical perspectives and from empirical relationships (Blanchard, 1990:785). The approach challenged prior views ascertaining that, much like the Keynesians argued, unemployment was a product of the differences that existed between the supply and demand of labour, but that decisions relating to this process were based on real wages as opposed to the belief in nominal wages (Espinosa-Vega & Russell, 1997:8). Their assumptions became much clearer during the 1970s where major economies started seeing substantial and sustained increases in both the level of unemployment and nominal price levels. These "stagflation" processes ultimately challenged the original conclusions arrived at by Phillips (1958) in terms of Keynesian mainstream thought. To this extent, arguments stressed that when excess supply of or, demand for labour existed in the economy, it is real wages that should be adjusted accordingly (McCallum, 1989:181).

The interpretation of the issue, by monetarists such as Friedman, meant that the original Phillips curve misrepresented the relationship between inflation and unemployment (Su, 2007:20). However, if postulated in this sense, Friedman firstly suggested (as noted by Espinosa-Vega and Russell, 1997:8) that it would be assumed that individuals do not expect current price levels to change. Secondly, he considered that labourers would not mind decreases in real wages brought about through inflationary pressures, both of which suggestions are difficult to validate. Monetarists from their perspectives thus highlighted the need to account for price expectations and the rationality of role players in the economy (Gottschalk, 2002:13). Rather than the normal non-linear inverse relationship between nominal wages and joblessness, Friedman (1968) and Phelps (1967) argued that changes in nominal wage levels also take into account inflation expectations, which consequently affects inherent unemployment levels.

The monetarist ideology assumes that unemployment based on the rationality of job seekers proves just to be a short term issue (Mafiri, 2002:18). The reason for this is that monetarists interpret economic activity as self-stabilising in the long run. They explain that in the short run, when monetary authorities lower interest rates in an effort to expand demand and consequently reduce unemployment, they are able to create, as Friedman (1968) termed it, a temporary "money illusion" in which nominal wages increase, but so do inflationary pressures. From this point of view, work seekers are deemed to adaptively form expectations, which see unemployment levels temporarily reduced through monetary expansions (Espinosa-Vega & Russell, 1997:9). Oni (2013:16) explains this phenomenon in the sense that when inflationary increases are higher than initially anticipated, real wages are subsequently reduced, allowing

firms to demand more labour in their pursuit of taking advantage of higher prices. Contrastingly, once monetary authorities decide to apply a more contractionary stance, unemployment will rise in the short run.

The core argument emanating from monetarists' beliefs, however, lays in the adjustment of the price anticipations of individuals (Tempini Macdonald, 1999:260). Dobrescu, Hristache and Iacob (2012:565) reiterate that even if it is possible to somehow deceive individuals in the short run, they would fully revise their expectations in the long run. Job seekers during this process will fully organise all available information, narrowing the difference between the expected and anticipated rates and reverting unemployment rates back to what is referred to as the natural rates (Chatterjee, 2002:27; Friedman, 1968:8). In other words, this natural rate hypothesis suggests that, given the equilibrium between demand and supply, any economy in the long run would have a level of unemployment which no demand stimulating policy, whether monetary or fiscal, would be able to influence (Su, 2007:22).

Overall, the inherent unemployment levels are looked upon as the result of structural characteristics of an economy's labour market. According to Amarasekara and Bratsiotis (2003:4392), these characteristics include: costs related to job search activities, the geographic location of job seekers relative to available jobs, imperfect market information, the degree of union involvement and interventional approaches such as minimum wage laws. In essence, viewing unemployment in this sense, monetarists call for economic policies aimed at the reduction of unemployment to be primarily supply-side directed (Prisecaru, 2014:28). Monetary policy can be successful in altering unemployment levels only in the short run, but in the long run, authorities should address structural issues in labour markets. Su (2007:22) points out that these attempts should be focused on strategies aimed at issues that collectively improve job seekers' willingness to work, enhancing the flexibility of wages, easing the mobilisation of labour and bringing about more fluid and efficient markets.

2.3.4 Okun's Law

One of the most central and important views in the macroeconomic literature focused on the relationship between economic growth and its impact on unemployment (Akeju & Olanipekun, 2014:138). Basic assumptions surrounding the relationship revolve around the concept that when economies stimulate growth trajectories a consequence would entail reductions of unemployment levels. The view is considered as one of the most crucial from a global perspective, with many international bodies devoting significant attention to countries' efforts towards expanding output in cultivating improved labour market outcomes (ILO, 2016a:5; OECD, 2016:1). In his *General Theory*, Keynes (1936) was one of the first to emphasise the importance of growth in alleviating unemployment. He reiterated that expanding the aggregate demand would bring about greater need for the increase in supply, which essentially required greater labour involvement in the production processes. This basically suggested a direct relationship between economic output and employment (Leshoro, 2013:338).

Although Keynes (1936) first articulated the notion, Okun (1962) was the first to provide a basis for improved output and its negative causal effect on unemployment levels. In his contributions, he noted that if growth led to improved employment, inherently, unemployment had to be affected. Using data for the period 1947 to 1960 from the U.S., Okun (1962) proposed that ultimately, as gross domestic product (GDP) increased by three percent it would subsequently decrease unemployment levels by one percent (Phiri, 2014:99). Since these contributions, a plethora of studies have aimed and empirically demonstrated this relationship in different countries around the world, with growth having different impacts on labour markets (Ball *et al.*, 2016:8; Marinkov & Geldenhuys, 2007:388). However, the use of this law has also added to an increasing concern, with economies that are improving output, have shown lower responses among employment and the reduction of unemployment levels. These views have raised the notion that expanding output which is capital intensive ultimately contributes to growth of joblessness in some economies. To this end, economic growth on its own should not be regarded as the most important factor in improving unemployment; nevertheless, policies and structures should be aligned to ensure labour intensive and inclusive economic expansion (Samans *et al.*, 2015:v).

As opposed to earlier theoretical views, Okun's (1962) contributions are empirically based, providing a statistical relationship rather than conjectural opinions on structural features of economic systems (Knotek, 2007:73). Its application is of utmost importance, which calls for its belonging in any modern macroeconomic outlook of the unemployed (Jardin & Gaetan, 2011:2). The said law is based on Okun's evidence-based contribution that addressing unemployment, regardless of its causes, will not be possible without countries demonstrating continuous improvement in sustainable and inclusive economic output. Table 2.4 provides a summary of the primary contributions of each of the macroeconomic expositions provided in this section, illustrating how these views have changed over time.

In relation to unemployment amongst the youth, these theories provide important insights even in contemporary times. Evidence based on the experiences of younger cohorts in the labour market has shown that their outcomes are closely correlated in relation to the inherent economic conditions and business cycles, more so when compared to their older counterparts (Matsumoto, Hengge & Islam, 2012:3). Moreover, young people searching for work, if lacking adequate labour market information, are also more likely to have inflated expectations of entry level wages, which induces a certain degree of voluntary unemployment (Kingdon & Knight, 2004:402). From a Keynesian perspective and the underlining importance the theory affords to wage rigidity, evidence, especially from the South African labour market, suggests that the implemented labour regulations have curtailed the demand for young work seekers (Ebrahim, Leibbrandt & Ranchhod, 2017:1). This has prompted significant attention to both supply and demand side policy interventions in overcoming these challenges.

Table 2.4: Summary of the main macroeconomic views

Theoretical view	Main contributor(s)	Primary ideas
Classical theory	Pigou (1933)	Markets function through causal forces of supply which creates demand. Factors of production are fully employed. Short term fluctuations in full employment levels, caused by cyclical fluctuations. Wages and prices are completely flexible and act as a self-regulating mechanism that allows equilibrium in labour markets. No policy intervention required in markets. Unemployment is voluntary due to labourers not accepting lower wage offers.
Keynesian theory	Keynes (1936)	Market forces are driven by demand from consumers. Nominal prices and wage are sticky which does not allow resources to be fully employed at all times. Rejects the notion of self-regulation in markets. Fiscal policy should be directed at stimulation of demand to rectify market imbalances. Unemployment involuntary and cyclical in nature.
Monetarist view	Friedman (1968)	Advocates of laissez-faire. Markets are self-clearing with flexible prices and wages. Unemployment is seen as voluntary with workers acting on rational expectations basing decisions on real wages as opposed to nominal wages. Government intervention towards stimulating demand as regards the causes of unemployment. Calls for interventional approaches directed at supply side to improve structural features of economies.
Okun's law	Okun (1962)	Provides statistical relationship between economic growth and unemployment. Emphasises inclusive growth and labour intensive production required to create jobs and reduce unemployment.

Source: Own compilation

2.4 MICROECONOMIC VIEWS ON UNEMPLOYMENT

Downes and Bernie (1999:1**)** describe unemployment as a "macroeconomic phenomenon with microeconomic foundations". In understanding the existence of market failures, focus is usually directed towards understanding these systems as a whole and explaining the causes of the failure based on the shortcomings of market forces. Unemployment and its causes, however, relate to significant differences among countries, regions and more specifically, individuals (Blanchard, 2006:12). The fact that labour markets are unique and that the actors involved differ considerably, lends credence to the notion that there are specific individual characteristics involved, which macroeconomic interpretations struggle to explain. (Hall, 1999:1138). This section reviews the underlying microeconomic expositions that have attempted to understand unemployment, based on the experiences of individuals and how specific labour market characteristics contribute to the difficulty in finding work. Although many views have contributed towards this understanding, the study discusses those that have been associated with (but not limited to) explaining the youths' labour market experiences (Mlathseni & Rospabé, 2002:2; Tandrare yen-Ragoobur & Kasseah, 2013:717).

2.4.1 Human capital theory

One of the most crucial links in labour economics is illustrated by the relationship between educational achievement and its associated higher probabilities of securing employment. This relationship and its

impact on labour was first expressed in the work of Schultz (1964), Mincer (1974) and Becker (1975). These authors raised the notion that, much like physical capital, people have the ability to add and change certain characteristics that improve their production abilities and hence carry economic value (Coleman, 1990:304). The theory essentially asserts that investment in educational attainment would contribute to the impartment of additional skills and knowledge that would improve their efficiency and consequently raise productivity. Mincer (1974) relates these improvements, with a specific focus on the earnings of these workers. In essence, the decisions to acquire higher educational qualifications taken by these wealth maximising individuals would allow them a higher marginal product of labour in the workplace than those with comparatively lower levels of education (Blundell *et al.*, 1999:3). Hence, where labour market processes are highly competitive and wages perfectly reflect these higher marginal productivities, more educated workers could obtain higher earnings.

The theory views the decisions to acquire knowledge and skills in the same way as any other investment related decision (Johnes, 1993:12). Individuals base their choice to acquire additional education or training on the principle that the cost of acquiring these cognitive abilities will eventually translate into higher rates of return (earnings). In order to assess whether these decisions are beneficial, individuals thus do not have to look just at the additional abilities gained, but at whether the associated costs of obtaining them will be covered over their lifespan (Filer, Hammermesh & Rees, 1996:91). However, the link the theory evidences with employment outcomes imparts a greater depth to possible earnings, especially relating to how human capital itself is viewed. Gardener (1983) postulates that human capital presents itself not only on the premise of individuals' cognitive abilities, but also their mental states and personal attributes. Nelson and Phelps (1966:69) further note that human capital reflects an individual's aptitude to adapt to altering conditions. These views thus express the importance of educational investments in labour market outcomes, also highlighting the non-cognitive advantages that are associated with these investments. Prospective employers involved in the searching process therefore not only view additional years of education or training as better technical efficiency but additionally, regard these individuals with advanced capacities as able to form part of and adapt to the organisation.

The theory in relation to the occurrence of unemployment substantiates the view that in highly competitive labour markets, those individuals who have comparatively lower educational levels face significantly higher obstacles in successfully procuring employment. The scenario is perpetuated by education often being considered a signalling tool by firms in labour market processes (Taubman & Wales, 1975:69). This idea, although closely related to human capital theory, originates from Spence's (1973) Signalling theory. The premises of this perspective infer that additional investments in schooling act as identifiers or signals of a labour market entrant's innate productivity levels, rather than actually improving these levels (Weiss, 1995:135). Firms who consider prospective employees ultimately seek to maximise their investment in labour by appointing those individuals that are able to contribute towards greater profit levels. In this sense, employers assume that additional years of education are good

indicators for productivity levels; hence more educated individuals find themselves in better positions (Page, 2010:33).

The associated positive effects of education on labour market outcomes are thus evident, but it is important to note that often these attainments might lead to inefficiencies in the process for work seekers. Zwick (1998:19) ascertains that these inefficiencies resemble the sunk costs faced by individuals on their initial investment in education and skills. Upon their decision to undertake these costs and facing uncertainty in the procurement of work, the initial investment may not be redeemable if individuals are unemployed (Zwick, 1998:19). Further compounding this issue is the fact that prolonged unemployment itself contributes to the deterioration of human capital levels (Šlaus & Jacobs, 2011:101). Much like physical capital, skills and knowledge are subject to obsolescence (Schütt, 2003:5). In the face of rapidly changing technological environments, skills become outdated due to the lack of exposure to on-the-job-training and the absence of continuous involvement in the workplace. Hence, being unemployed furthers difficulty in finding employment, on the premise that those who are absent from the workplace have to overcome the accumulated capital levels of those that are employed.

Notwithstanding the important contributions the human capital theory posits regarding the labour market process, certain criticisms have been raised in its ability to effectively explain the occurrence of unemployment. Among these, Fedderke (2005:38) raises the concern that in explaining the benefits of increased investment in education, the theory fails to distinguish between the quality and quantity of education. In other words, the theory assumes that regardless of the training or educational institution at which the investment is made, workers would reap the same benefit in productivity and hence similar job prospects. Other shortcomings point to the lack of recognition of continuously-changing labour markets and the subsequent demand for specific skills (Van de Rheede, 2012:10). Known as specific "skill mismatches" among workers and employers, an investment in education and its impact on employment and earnings is frequently offset by the gained skills and knowledge becoming outdated or irrelevant as economic structures change. Moreover, the theory fails to account for other related social aspects that could impact the educational returns in the labour market. According to Schugurensky (2010:3) social factors such as familial and socio-economic backgrounds contribute to unequal employment procurement, which negatively offsets initial investments in education and training. Despite these shortcomings, the human capital theory contributes significantly to understanding the relationship between education, employment and individuals' corresponding earnings. For young people in particular, human capital and education play even more significant roles in labour market outcomes. Upon undertaking their transition from school to work these individuals essentially lack work experience and primarily rely on their educational backgrounds to provide productivity signals to prospective employers (Rankin, Roberts & Schoër, 2012:6).

2.4.2 Job search theory

Earlier beliefs originating from neoclassical views on labour markets encompassed the idea that those individuals who were searching for work would inevitably find it, based on the supposition that structures were self-regulating and market information was perfectly presented. These views, however, failed to encapsulate the dynamic and decentralised nature of labour markets (Faggian, 2010:60). Real life experiences of work seekers differ considerably and many face challenges in the process of searching for work, even although opportunities are available. The job search itself can be described as a sequential process that does not in any sense occur with the aid of perfect information (Zararetsky & Coughlin, 1995:53). Based on these views of the labour market as a decentralised structure, the theory of the job search contributes to one's understanding as to how labour markets participants endure prolonged spells of unemployment, mainly due to difficulties in acquiring the needed information and subsequently having to make decisions in a dynamic environment (Mortensen, 1986:849).

Grounded in the early work of McCall (1970) and Mortensen (1970), this theory views work seekers as economic actors with a particular drive and commitment where efforts are directed towards the achievement of an employment goal. Kanfer, Wanberg and Kantrowitz. (2001:837) postulate that it is this particular need that initially drives the work seeker's search behaviour in order to fulfil their objective. On reflection, the view of unemployment thus makes a distinction between the involuntary and voluntary nature of unemployment. Initial views of the conceptualisation took note of just those individuals, who at the time of undertaking search activities, did not have work; however, subsequent views also included the employed. In these search activities as Andolfatto (2006:2) explains, work seekers do not possess full information on the vacant positions that are available nor are potential employers aware of available work seekers. The implication of this particular characteristic of labour market processes is that for any individual to obtain employment, they are required to first become aware of these opportunities through covering associated search costs which, amongst others, include transportation (Aldashev, 2007:5).

The theory thus regards a job search as an information gathering process that resembles an investment decision on the part of the work seeker (Andolfatto, 2006:2). In this process, labour force participants become aware of available job opportunities and make the decision to accept or reject job offers due to the opportunity cost involved in accepting them. McCall (1970:114) explains that the personal resources used in the search and depending upon? the value individuals assign to their skills on offer, will influence job acceptances and refusals. In other words, work seekers base their job acceptance decisions on wage offers they perceive as equating to a certain minimum wage that reflects their skill value and the opportunity cost of foregoing leisure and those personal search inputs that have been made (Wittenberg, 2001:4). These acceptance wages are regarded as the work seekers' reservation wage, relate to the minimum wage at which they would accept a job.

Ultimately, the search process will cease if these wage offers meet the individuals' wage expectations, or otherwise continue until these offers reach a pre-set minimum acceptable value in line with similar frictional forms of being unemployed. On the other hand, the prospect of being involved in searching activities may be significantly reduced or not even occur, enhancing the difficulties in obtaining employment where work seekers lack the required personal resources to fully cover the associated search costs (De Lange, 2014:49). Distance in this regard has a substantial effect on employment probabilities. Kain (1968) in his theory of spatial mismatch points out that minority groups living on the fringes of urban areas usually face higher search costs. Job opportunities are more often available in centralised urban areas, far from these individuals. Thus, in retrospect, the difficulties in acquiring the needed information on job opportunities are exacerbated in the face of added transportation costs and reduced networking opportunities. The theory's contribution towards the explanation of youth unemployment relates to the young work seekers' inexperience and lack of market information, which poses significant difficulties in conducting effective job searches (Fourie, 2012:2). Franklin (2016:42) reiterates that high search costs for youth who lack the needed resources pose a possible barrier to their employment endeavours.

2.4.3 Job match theory

Building on the characteristic of imperfect information in labour markets, the theory of job matching aims to explain unemployment on the basis of worker-firm matches (Jovanovic, 1979:974). According to this perspective, unemployment might arise due to the uncertainty that exists between firms and work seekers. In other words, once work seekers enter the labour market and firms undertake their search in filling vacant positions, neither has complete information or certainty regarding the other (Munasinghe & O'Flaherty, 2002:2). Thus neither would know if the other would be a good "fit" and whether it would essentially maximise the productivity on offer. Moscarini (2005:481) points out that the worker-firm match represents itself as an experience good. One of the underlining assumptions of the theory is that potential employees are heterogeneous and that all differ in their productivities. Similarly, all possible employment opportunities vary and no position offers the same.

The implication therefore is one of ideally being able to placing employees in suitable jobs that fully utilise the productivity of each. Bertelli and Lewis (2013:4) reiterate that the only way to do so is by some sort of trial and error procedure. Upon employment, productivities are initially uncertain, but as the work experience extends, these attributes are eventually revealed. Unemployment is therefore viewed as the result of a mismatch between the worker and the firm (individuals illustrating low productivity) which usually occurs early in the job tenure (Chen & Fougère, 2014:2). The theory, among others has been associated with explaining some of the difficulties faced by the youth in accessing the labour market (Mlatsheni & Rospabé, 2002:3; Tandrayen-Ragoobur & Kasseeah, 2013:717). Many of these young individuals lack the needed market information and experience, thus rendering them more prone to excessive employment turnovers that see them struggling to acquire proper and decent employment

(Miller, 1984:1087). Table 2.5 summarises and provides a tabulation of the primary contributions of each of the discussed micro expositions on unemployment.

Table 2.5: Summary of the microeconomic views on unemployment

Theoretical exposition	Main contributor(s)	Primary ideas
Human capital theory	Schultz (1964); Mincer (1974); Becker (1975)	Emphasises the importance of educational attainment among work seekers as an investment decision. Educational attainment adds knowledge and skills that improve productivity offerings and contribute to higher earnings. Firms act as rational economic actors seeking to maximise investment opting for more educated and productive workers. Unemployment associated with lower levels of education that signal ineffectiveness among work seekers.
Job search theory	McCall (1970); Mortensen (1970); Pissarides (1979); Diamond (1982)	Views labour markets as imperfect and decentralised. Unemployment occurs on the basis of difficulties in acquiring the needed information to effectively search for jobs and covering the costs involved in the search process. Distance from labour markets is seen as a significant contributor to the difficulties in procuring work.
Job match theory	Jovanovic (1979)	Explains unemployment on the basis of worker-firm mismatches. Employers and work seekers are heterogeneous which, if based on imperfect information, may lead to unproductive worker-firm matches.

Source: Own compilation

2.5 GLOBAL PERSPECTIVE ON UNEMPLOYMENT AND YOUTH UNEMPLOYMENT

As noted, the issue of creating jobs has become a global concern (Freund & Rijkers, 2014:907). The importance of this process has primarily emerged due to the fact that the majority of countries around the world are currently facing worrisome rates of unemployment (Bhaduri, Banerjee & Moughari, 2015:174). The prospect of markets illustrating a lack of capacity to create jobs for those seeking work is not a new notion, but it is one that over the last decade in particular has come to the forefront. The ILO (2017:1) estimates that in 2017, over 200 million people around the world will be unemployed, an increase of 3.4 million individuals compared to 2016 and 33 million more than before the financial crisis of 2008. Eight years after the crisis, global economic growth is still sluggish in its response, failing to create jobs to assist the uptake of new labour force participants (ILO, 2015a:15; Organisation for Islamic Cooperation (OIC), 2015:11). This has seen the average rate of global job creation slow down to an estimated 1.4 percent, compared to the 1.7 percent enjoyed prior to the crisis (UN, 2016:7).

Albeit a matter of increasing concern worldwide, certain developed countries have reported marginal improvements in their recovery since 2013 (ILO, 2015a:17). Countries such as the US, Japan and Germany have exemplified a reduction in unemployment rates that resemble pre-crisis levels, largely due to an increase in their output coupled with ongoing backing from monetary authorities in these regions (International Monetary Fund (IMF), 2015a:13; OECD, 2015a:23). The European Union (EU) countries

has also shown some improvement with the unemployment rate at the beginning of 2016 estimated at 8.3 percent, coming down from the record high of 10.9 percent it recorded in 2013 (European Commission, 2016:1). Boeri and Jimeno (2015:3) have noted that employment conditions are however unevenly distributed among the Euro member countries and especially between demographic age groups. Germany and the Czech Republic currently have the most stable environments with Greece and Spain remaining the most vulnerable in the area (Loungani, 2015:9) with unemployment rates estimated at 24.0 percent and 20.4 percent respectively (European Commission, 2016:1). Compared to the developed world, the employment situation since the global crisis has differed considerably for developing countries (World Bank, 2013:3). The ILO (2014a:2) draws attention to the fact that these regions experienced less volatile rates of unemployment since 2009 and the current rates (5.5%) are considerably lower than those experienced in the developed world (8.5%). Figure 2.2 illustrates the differing conditions between these advanced and emerging economies since 2004.

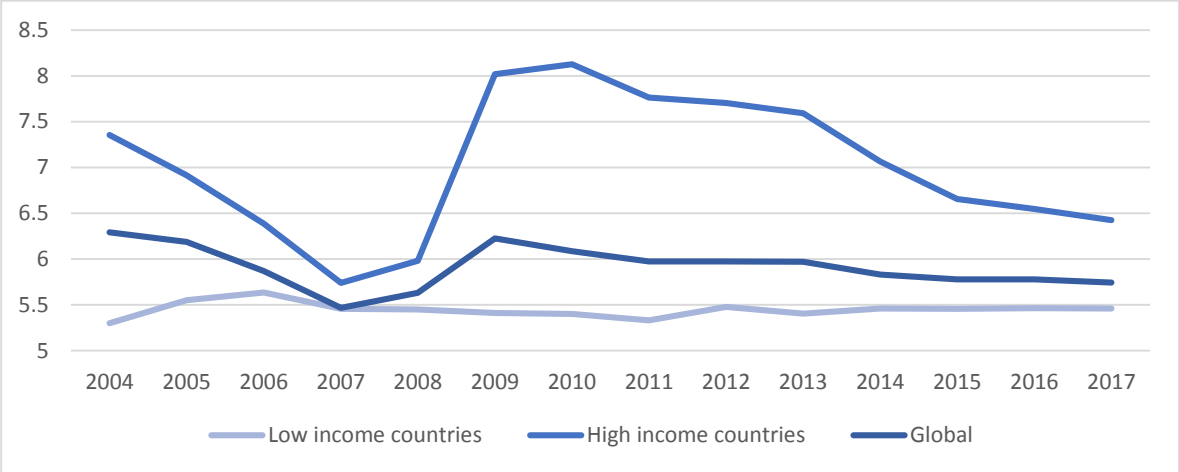


Figure 2.2: Global, high- and low income countries' unemployment rates 2004 – 2016

Source: ILO (2016b)

Nonetheless, the lower rates for emerging markets, according to the ILO (2014a:3) and the International Finance Committee (IFC) (2013:5), do not necessarily indicate a healthy labour market system. Szirmai *et al.* (2013:6) noted that at the time of publishing, although the situation looked promising, the labour market state in developing countries was already worrying. In fact, Russia, Brazil and South Africa, as part of the BRICS countries, all face considerable increases in the number of unemployed for the near future with the latter, at the end of 2016, already acknowledging a total of 588 000 job losses since the end of the previous year (ILO, 2016a:19; StatsSA, 2017a:1). In addition, more than half of those in employment in the developing world are subject to vulnerable employment positions (ILO, 2014b:9). Sub-Saharan Africa, East Asia and South Asia specifically, are characterised by high amounts of labour in informal sectors and positions that are more prone to economic shocks and job losses (Golub & Hayatt, 2014:1). These forms of employment contribute to a lack of job security, individuals being exposed to poverty even in employment and persisting durations of low remunerations (UN, 2016:8).

Furthermore, gender differences in employment are considerably higher in the developing regions. Female labour force participation rates (FLFP) for the Middle Eastern countries, North Africa and South Asia are the lowest in the world with less than 40 percent of all women above the age of 25 years partaking in the work force (Asian Development Bank (ADB), 2015:3; Jayachandran, 2015:64). As Cuberes and Teignier (2016:2) observe, these labour markets report that women obtain much lower wages and are underrepresented in certain fields of formal work. This results in less access to skill development and productive inputs, confining them to informality, impoverished conditions and being subject to male dominance in household bargaining (Trask, 2014:42). Although significant differences in employment from a gender perspective do exist, the brunt of the unemployment burden, not simply in the developing world but worldwide, has been and is still undoubtedly felt by the youth (Görlich *et al.*, 2013:3).

This group is officially defined as those individuals between the ages of 15 and 24 years (UNDP, 2013:3). Variations of the definition nonetheless do emerge, with countries across the globe differing in their acknowledgement of the age requirements in belonging to the cohort. These variations are primarily due to context specific demographics, social perceptions and statistics needed in the aid of policy and programme formulation (Nandigiri, 2012:115). As a group, the youth form an integral part of society. The number of individuals between the ages of 15 and 24 years was estimated at 1.2 billion in 2015 and moreover, as almost a quarter of the entire global population, this represented the highest amount the world has ever seen (UN, 2015b:1). In this context, the youth are playing an increasingly important role in the wellbeing and functioning of the modern and future outlook of society. Conversely, though, they are severely restricted in their participation in the work force and face disproportional difficulties in attaining employment compared to other age groups around the world (Mitra & Verick, 2013:3).

These difficulties have been evident since the late 1940s but have become a more severely pronounced phenomenon since the onset of the global financial crisis of 2008 (Borges-Mendez, Denhardt & Collet, 2013:20). O'Higgins (2010:5) noted that of the 211 million unemployed people in 2009, 81 million of these were between the ages of 15 and 24 years, an increase of 7.4 percent or 6.7 million additional unemployed young people in the space of a year. The impact of the global financial crisis on the youth has been covered to a great extent internationally, indicating certain variations in results, but all of which point to a single important factor, the last-in-first-out phenomenon (Bell & Blanchflower, 2011:251; Junankar, 2014:5; O'Higgins, 2012:395; Tanveer-Choudhry *et al.*, 2012:76; Scarpetta, Sonnet & Manfredi, 2010:10). This phenomena attributes the youth's employment as highly negatively correlated to economic recessions that see them being the first to lose their jobs in downturns (Verick, 2009:3). Furthermore, when economic conditions improve, the majority of the youth are amongst the last to find a job.

With global markets showing signs of a slow recovery since 2009 there has been little improvement in the youths' employment situation. According to a 2015 report by the ILO, in recent years young work seekers have been three times more likely to be unemployed than adults (ILO, 2015a:11). The UN (2015a:34) and

the World Economic Forum (WEF) (2014a:36) also indicated, at the time of publishing, that the proportion of youth, as a percentage of the total amount of unemployed individuals, has remained constant since the peak post crisis at a staggering 40 percent. Overall, countries across the world have made little, if no improvement since then. Figure 2.3 illustrates the youth unemployment rates of 2008 faced by various countries, against those in more recent times, with Spain and Greece demonstrating the largest increase in young people unable to find jobs during the illustrated period.

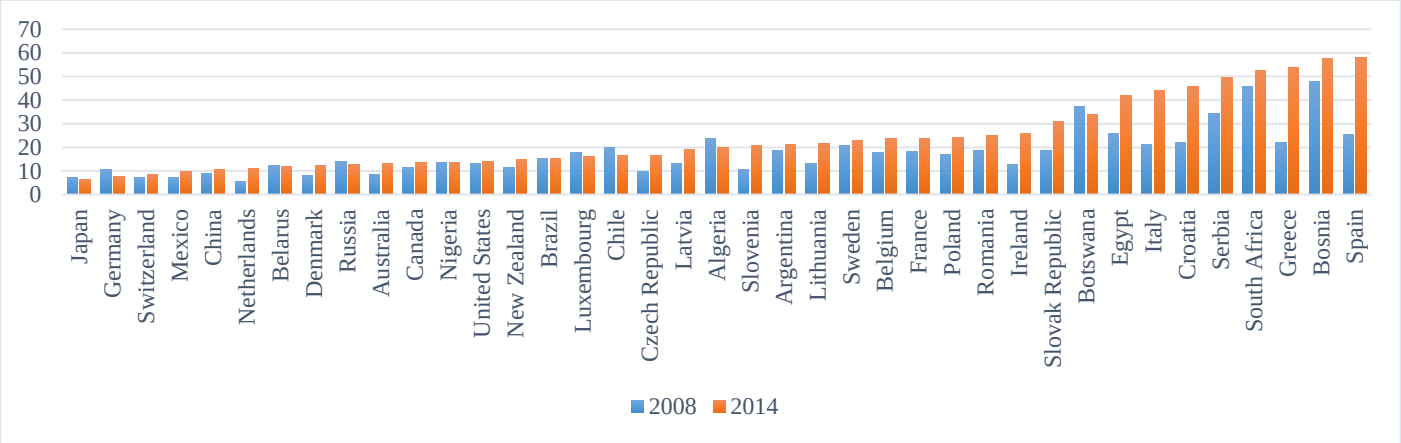


Figure 2.3: Change in youth unemployment between 2008 and 2014

Source: World Bank (2016b)

Figure 2.3 indicates that certain countries including Japan, Germany, Belarus, Russia and Brazil have made some effort in reducing the unemployment levels among younger cohorts over the last few years. However, in countries such as Egypt, South Africa, Italy, Greece and Spain a remarkably large proportion of the youth are unable to find work. European countries in general have been reported as having higher youth unemployment rates than the rest of the world (Chzhen & Richardson, 2014:11). In addition to Spain, Greece and Italy, Croatia (39.0%) and Portugal (30.7%) record some of the highest youth unemployment figures worldwide, which are also much higher than their general unemployment rates (Eurostat, 2016). Other European countries however report much lower rates such as Austria (9.8%), Switzerland (6.0%), Netherlands (10.6%) and Germany (6.8%). Nevertheless, the European Youth Forum (EYF) (2014:2) reiterates that one in every four young people are unable to find work: this leaves them facing long spells of joblessness which have largely contributed to increases in incidences of poverty and social exclusion for this age group. Dietrich (2012:4) suggests that the high correlation between economic conditions and the youths' outlook is not the sole explanation for these alarming rates in Europe. Other possible causes that might explain the vast quantity of youth still without work have pointed to the youth's lack of seniority, absence of work experience and the lack of resources needed to assist in job search activities (Bell & Blanchflower, 2011:9).

Advanced economies' youth labour markets, like the European case, do seem to be generally worse than those experienced in the developing regions (WEF, 2014a:33). Africa, the Middle East, Asia, Latin

America and the Caribbean countries are, however, not immune to the dire situation at hand. These developing regions particularly play a pivotal role in the outlook for young people; furthermore, the UNDP (2014:8) estimates that over 85 percent of the global youth reside in these areas. Figure 2.4 illustrates the number of youths in the major developing regions across the world since 2000 compared to that expected in 2050. Pieters (2013:10) emphasises that South Asia and sub-Saharan Africa specifically, have seen the largest increases in their youth population, with higher levels expected for the near future.

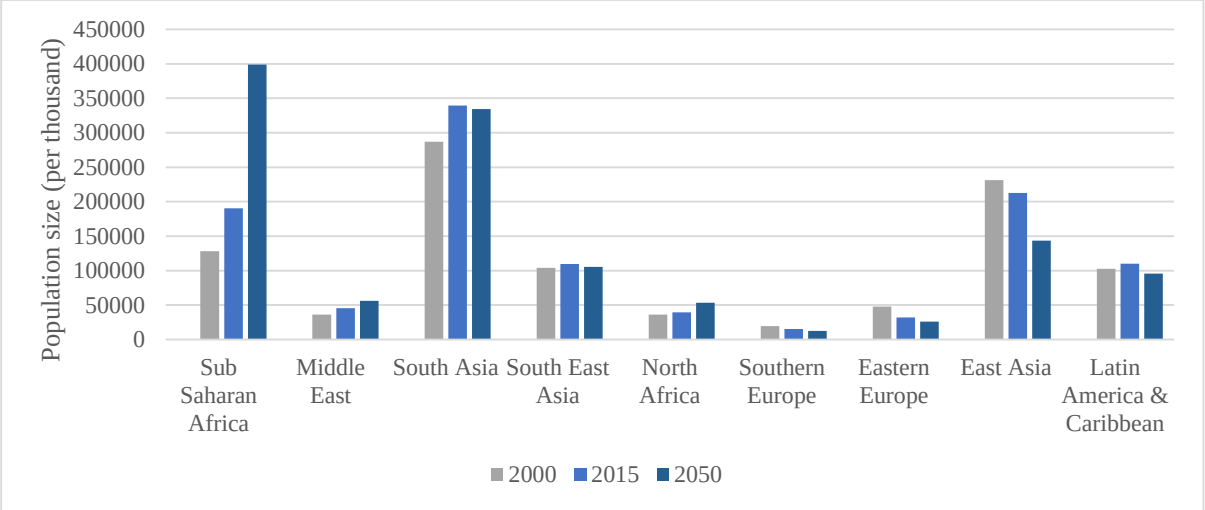


Figure 2.4: Youth population in the developing world (thousands) 2000 – 2050

Source: UN (2015b)

This demographic transition which has been characterised with substantial increases of the youth to other age groups represents a *"youth bulge"* (Lam, 2006:8; Nordås & Davenport, 2013:926). Assaad and Levinson (2013:5) point out that the explosive growth in the absolute numbers of youth in particular has made a considerable contribution to the difficulties they face in attaining employment. Labour markets are significantly pressurised as the supply of these young workers far exceeds the number of jobs that are being created. The International Development Comittee (IDC) (2014:12) contends that over the next 10 years an additional 600 million young people will enter the labour market, yet, if taking into account current expected job creation trends, only 200 million jobs will be made available to them. According to Page (2012:5) the problem has substantial relevance, particularly for Africa, boasting the highest amount of youth worldwide, as labour markets on the continent are unable to produce enough jobs to absorb the additional 10 to 12 million young job seekers each year. This is a cause for serious concern as the failure of labour markets to generate sufficient jobs, leads to long term difficulties for young people in finding work (Erhardt, 2013:2).

The IFC (2013:5) is of the view that in the developing world particularly, the provision of quality jobs and employment among the youth is inadequate. Although unemployment rates in general for the cohort are lower than the developed world, this raises alarms concerning the numbers of youth that, much like their older counterparts, are trapped in vulnerable and informal employment (Miller, 2012:5). This confines

young people to low paying jobs, characterised by low productivity, unstable working conditions and almost no social security measures (ILO, 2015b:6). These occurrences significantly affect the youths' future outlook, because a lack of resources and a deprivation of human capital accumulation at the initial labour market entry restricts lifetime earnings and more so, their development prospects (Oreopoulos, von Wachter & Heisz, 2012:5; Szirmai *et al*., 2013:8).

Another major concern in the complex feature of youth unemployment lies in the youth's inactivity that has provoked much distress around the world. Severe difficulties in attaining first time employment since the onset of the global crisis, have resulted in an increase of numbers of young people who are not in education, employment or training (NEET) (Fanjul, 2014:2). Erhardt (2013:2) suggests that these increases reflect, among other explanations, the discouragement of young individuals as regards their labour market prospects since their transition from school to work is immensely difficult and prolonged. The WEF (2014b:1) noted that in 2010 more than 350 million young people were classified as NEETs, a statistic which has seen a radical increase to 621 million (World Bank, 2013:6) in more recent times. Figure 2.5 records the NEET rates of young people across many regions worldwide for 2014 with South Africa reflecting as the worst country.

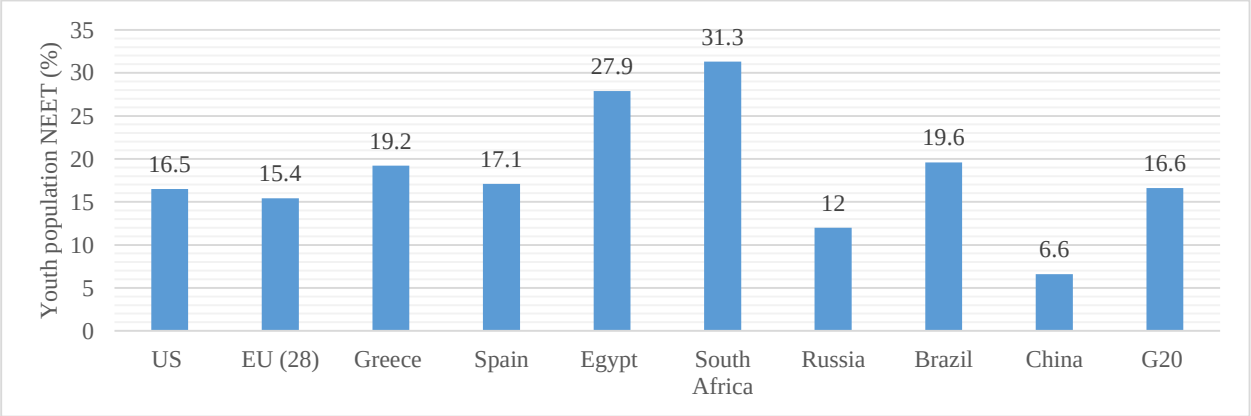


Figure 2.5: **Share of the youth population not in education, employment or training (NEET) across various regions (2014)**

Source: ILO (2016b)

The inclusion of young individuals in the group is a serious problem as it heightens the probability of social exclusion, ill health and crime that diminish the economic potential that the group could boasts (Simmons, Russel & Thompson, 2014:579). Moreover, Carcillo *et al.* (2015:22) points out that young women are more likely to be classified as these inactive individuals than their male counterparts. This is closely linked to the increasing caretaking and child rearing responsibilities among young females in, especially, the developing world where teenage pregnancies are quite prevalent (Crul & Mollenkopf, 2012:128).

2.6 EMPIRICAL EVIDENCE ON YOUTH UNEMPLOYMENT IN THE DEVELOPING WORLD

The phenomenon of young people being disproportionally disadvantaged in labour markets is attributed to numerous and diverse social, economic and political factors. In their diverseness, these factors are not uniform, and outcomes differ among countries and regions going through different stages of growth and development (Biavaschi *et al.*, 2012:2). As the study aims to determine these factors in a South African context and with approximately 90 percent of the world's youth residing in the developing world (UN, 2015:3), understanding the factors and causes from a developmental perspective is of key importance. The following sub sections thus provide an overview of the labour market experiences for young people from this viewpoint. Regions that will be focused on will include Asia-Pacific, Latin America and the Caribbean (LAC), Middle East and North Africa (MENA) and lastly, sub-Saharan Africa.

2.6.1 Youth unemployment in Asia-Pacific

The Asia-Pacific region has for many years now established itself as the leading economic engine not only from a developing perspective but also worldwide (IMF, 2016a:13). It plays host to a diversity of cultures, societies and religions in a majority of economies. This mixture has seen the region become one of the most dynamic economically and socially (Elder, 2014:8). Housing over 60 percent of the global population and two thirds of the world's labour force (with 70 percent in China, India and Indonesia), labour market outcomes are essentially significant for the area (Economic and Social Commission of Asia and the Pacific (ESCAP), 2013:235). This is even more evident if one considers young people, with the region jointly accounting for six out of every 10 individuals between the ages of 15 and 24 years, globally (Akimoto *et al.*, 2014:26). Countries across the region have been quite stable with regard to the employment outlook of their citizens, with general unemployment rates, if compared to other major regions, considerably lower. Only four of the economies in the region reported unemployment rates above five percent in mid-2015 (ILO, 2015b:2). Given the region's diversity, performances, however have varied among the sub areas when it comes to the outlook of young people.

East Asia which includes the major economies of China, Japan and the Republic of Korea has recorded the best performing labour market outcomes with regard to young people among the various regions of Asia-Pacific (Coward *et al.*, 2014:10). It contributes the lowest youth unemployment figures, not just among these regions but globally (Oguejiofor *et al.*, 2014:9). Strong performances have been especially attributed to the progress the region has made in the provision of quality education, with high enrolment rates among the primary and secondary levels (Lim & Grant, 2014:8). In addition, many countries have undertaken serious structural changes on the backdrop of sustained growth over the last 20 years. This has been characterised with a move away from low productive agricultural employment towards service and technological intensive industries (Packard & Van Nguyen, 2014:40). Divald (2015:2) points out that the

shift has significantly contributed to an increase in more skilled employment and improved job quality, especially among those youth who command basic skills.

Nevertheless, a major concern for the sub region is illustrated by the increase of incidents of unemployment among the youth cohort who generally possess post-secondary education backgrounds and are predominantly found in China (ILO, 2015a:45). Schucher (2014:23) attributes this to the expansion of the tertiary education sector far exceeding the growth in highly skilled employment opportunities, curricula not being well matched to skills required by the private sector and high graduate wage expectations. The occurrence contributes to the creation of a "generation at risk" which prevents future prosperous development, with the youth and their high level competencies being excluded from formal labour market proceedings (Oguejiofor *et al.*, 2014:9). As a result, a high proportion of youth are confined to low paying jobs with no social protection packages, undermining the progress that has been made in improving quality job provisions.

For South Asia and South East Asia and the Pacific region, this has been of particular concern. The underlying labour market issue for the youth in these countries is not necessarily that of finding employment but rests on the quality of working conditions to which they are exposed (Felipe, 2014:1). Dev (2014:13) argues that among the youth, prospects of being employed in formal, high skilled jobs are quite low, and that young people, once having completed their education, tend to transition to informal and vulnerable employment positions. South Asia and South East Asia and the Pacific, unlike East Asia, are predominantly characterised by low educational attainments that have contributed to these outcomes (UN, 2015a:56). Countries such as Pakistan, India and Cambodia are all characterised by a working youth population of which more than 60 percent just have a primary educational base or less. Moreover, more than 40 percent of these individuals are confined to low skills sectors such as agriculture and textiles (ILO, 2015c:6). Other contributing factors to the youth's "informalisation" lie in the strong competition young workers face for limited job opportunities, making them more susceptible to the acceptance of lower remuneration, lack of social protection and sub-par working conditions (Garg, 2014:4; World Organization of the Scout Movement (WOSM), 2014:12).

Restricting young workers to vulnerable and informal working conditions proves costly. Strong links have been shown between the occurrence itself, poverty and social exclusion (ILO, 2015b:14). Cruces, Ham and Viollaz. (2012:16) point out that informality is not a short run effect for the youth, but ultimately leaves long run "scarring" effects which they experience throughout their working lives. Where young people face vulnerable conditions early in their work experience, they are deprived of crucial human capital accumulation and skill acquisition (OECD, 2014:3), all of which would enable them to be financially independent and invest in their future (Packard & Van Nguyen, 2014:55). Pieters (2013:23) argues that South Asia and South East Asia and the Pacific are among the regions with the highest proportion of people in vulnerable and informal employment. Consequently, high working poverty rates are expected for the near future. The ILO (2014a:100) projects that for South East Asia and

the Pacific and South Asia these rates will decline for the coming future, but will remain high at 23 percent and 52.2 percent respectively in 2018, and even higher for young people.

2.6.2 Youth unemployment in Latin America and the Caribbean

Up until 2013, the Latin American and Caribbean (LAC) countries boasted strong economic performances (ILO, 2015a:41). Having greatly benefitted from the commodity boom that started in the early 2000's, the region recorded growth rates that exceeded those of most of the advanced world (Gruss, 2014:3). Given the strong relationship between economic growth and employment, unemployment rates on average saw massive declines from 9.1 percent in 2003 to 6.8 percent in 2013, which fostered strong and stable labour markets (Economic Commission for Latin America and the Caribbean (ECLAC), 2014:7). Accordingly, the region made significant strides in reducing poverty and improving equitability among the population on the basis of quality job creation. Vakis, Rigolini and Lucchetti (2015:7) indicate that poverty rates decreased from early highs of 41.6 percent in 2003 to 25.3 percent in 2013 where more than 70 million people were lifted out of impoverished conditions. However, despite these improvements, the last three years, since 2011, have seen deteriorating economic climates with growth slowly falling off (ECLAC, 2015:5). The loss of economic dynamism and lacklustre performances in international demand for commodities has led to stagnation and even deterioration in the economic and social outlook for these countries (ILO, 2013b:11). Table 2.6 lists key labour market indicators and the expected outlook for the future.

Table 2.6: Labour market indicators for the LAC region 2009 – 2019 (%)

Indicator	2009	2012	2014	2015	2016	2018*	2019
Labour force participation rate	65.7	66.2	66.2	66.2	66.2	66.3	66.3
Unemployment rate total	6.7	4.5	4.6	4.8	4.9	5.0	5.1
Youth unemployment rate	15.5	13.7	14.1	14.4	15.1	15.1	15.0
Employment growth	0.7	2.5	1.4	1.7	1.7	1.5	1.5
Youth employment growth	-3.5	1.6	-0.2	0.8	0.9	0.6	0.4

*** 2018 – 2019 estimates based on projections**

Source: ILO (2016b)

Table 2.6 clearly demonstrates that prevailing economic conditions are closely associated with volatility in the labour market, and even more so for the younger generation. Although the youth unemployment rates have decreased since 2003 (17.3% to 14.4% in 2015), young people represent the primary demographic in the unemployment pool. In fact, (as previously mentioned) those between the ages of 15 and 24 years are in excess of three times more likely to be unemployed than adults (Gasparini, Cruces & Tornarolli, 2011:147; Gomes, 2013:147). Furthermore, in Brazil, Mexico and Argentina, all which contribute more than half of the region's workforce in the primary sector (Severo, 2012:3), young people account for more than 40 percent of the total unemployed (ILO, 2016b). The ILO (2015a:42) also

indicates that young people are more prone to informal employment than their older counterparts in the LAC region, especially in Peru, Mexico and Ecuador.

It is clear that young people face disproportional difficulties in attaining employment. ECLAC (2015:34) attribute these mainly to structural features and the lack of quality education. The region in general has experienced significant increases in its attempts to expand primary education with approximately 94 percent coverage across the area, which in comparison to the OECD countries (96%) is similar to global averages (Oviedo, Fiszbein & Sucre, 2015:1). Bassi *et al.* (2012:4) however estimate that on average, just two out five young people, before reaching 24 years, successfully graduate from secondary education. These lower secondary completion rates in return, results in young people failing to acquire the necessary hard, soft and cognitive skills needed for employment. Studies undertaken in the LAC region on the acquisition of skills and labour market outcomes among the youth (Carneiro & Heckman, 2003:8; Heckman, Stixrud & Urzua, 2006:411; Urzúa, 2008:919) have found that cognitive and soft skills (personality based skills), particularly, are essential in successfully securing employment and functioning in a globalised knowledge based society.

In contrast to historic views, young people's pathways are no longer defined by undeviating movements from the one stage to the next (Trucco & Ullmann, 2016:21). In a globalised world characterised by varying conditions, these pathways have become dynamic. Movements for youth in and out of school and the attainment of employment are also affected by structural features over which these individuals have no control. Inequality among the LAC countries, which record the highest variance in the world, represents such a socioeconomic feature (Tsounta & Osueke, 2014:11). Significant differences exist between the labour market outcomes for youth residing in urban and rural areas, with the latter twice as likely to be impoverished. The effect of household conditions on the youths' probability of finding decent or if any work, must be acknowledged. ECLAC (2013:8) reiterates that in Caribbean countries family support plays an essential role in the outcomes of young people in the labour market so that if it is absent, this could lead to an intergenerational transmission of poverty. The presence of informality and poverty also demonstrates strong linkages with crime, violence and drug use among the younger cohort (International Youth Foundation (IYF), 2013:3).

2.6.3 Youth unemployment in Middle East and Northern African countries

Amongst all the regions in the world, the difficulties young people face in securing employment are most profound in the Middle East and Northern African (MENA) countries (ILO, 2015a:52). The youth unemployment rate for the region stood at an unprecedented 29.6 percent at the end of 2015, which is more than double the global average (ILO, 2016b). This occurrence can be attributed to a number of reasons, amongst which one of the most significant is the increase of the youth population (European Training Foundation (ETF), 2013:3; Stampini & Verdier-Chouchane, 2011:4). The demographic transition that the majority of the countries in the region experienced in the 1990s, where mortality rates

slowed significantly, has over the last 10 years been pressurising labour markets to a serious extent. Subrahmanyam and Castel (2014:5) indicate that in Tunisia and Egypt particularly, labour force growth far exceeds the creation of new, quality jobs, resulting in an increase in youth unemployment rates.

Apart from these demographic pressures, difficulties in securing employment for the youth also stem from economic structures unique to the region (Chaaban, 2012:4). An example of these structures lies in the focus which MENA countries place on capital intensive oil production sectors. These production practices lack labour intensive operations and as such, new labour entrants depend on the public sector, which in the past has been the main employer in these areas (Roudi, 2011:9). Avina and Russell (2016:2) indicate, however, that the process requires too many resources for job creation, which the state cannot provide; even those which it does create, are not sustainable. Assaad (2014:4) in fact, argues that the situation creates a "credentialist equilibrium" where there is a misallocation of human capital investments aligned to public sector requirements. The lack of public sector employment thus creates mismatches between the skills of new labour entrants and requirements from the private sector, which results in very long periods of unemployment for the youth. Chabaan (2012:2) states that in countries like Egypt, Lebanon, Iran and Morocco young work seekers can take up to two or three years before finding a job, drastically prolonging the transition for the youth to adulthood.

These structural mismatches also have underlying origins in these countries' educational systems. Characterised as the best performing region in terms of educational attainment over the last 40 years, the problem is not so much a problem of acquiring the qualifications, but rather that curricula do not meet private sector skill demands (Iqbal & Kiendrebeogo, 2015:100). Research on the prospect of educational achievement has shown that with increasing levels of education, an individual's chances of becoming employed increase; however, in the MENA countries research contradicts these empirical relationships. Higher educational levels are characterised by higher unemployment rates among the youth (ILO, 2014a:64). This has especially been evident in Saudi Arabia and the Philippines, where the most recent graduate unemployment rates are estimated at 49.8 percent and 41.3 percent (World Bank, 2016). This signifies a failure of the education system to equip individuals with the required skills demanded by the private sector (O'Sullivan, Rey & Mendez, 2011:4). Kamyab (2013:14) highlights that education systems across the region in general fail to instil creativity, critical rational, technical abilities and entrepreneurship skills amongst students.

The lack of skills together with the inability of the private sector to facilitate the uptake of new labour market entrants means more young people are facing social exclusion in the MENA region than ever before (Salehi-Isfahani, 2013:351). This exclusion is particularly evident for females who face the brunt of the difficulties in accessing the labour market. In its Global Gender Gap report of 2014, the WEF (2014a:9) showed that among the 20 worst performing countries, with regard to the economic empowerment of women, approximately 60 percent are found in the MENA region. Moreover, the ILO (2014a:65) reports that women's participation in the labour market for the region is the lowest in the

world, with an estimated participation rates lower than 25 percent for both North Africa and the Middle East. Figure 2.6 depicts the youth unemployment rates for males and females in selected MENA countries for 2015, where young females are twice as likely to be unemployed as young males.

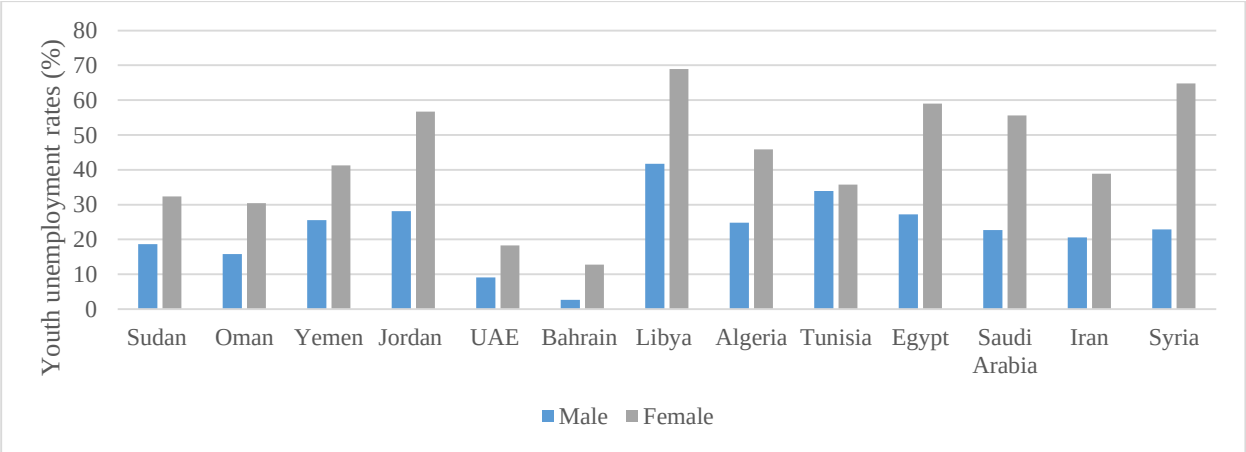


Figure 2.6: Gender specific youth unemployment rates for selected MENA countries

Source: ILO (2016b)

These lower employment prospects for younger women are mainly the result of cultural stereotyping specific to the region, where women are perceived as primary household caretakers (Chamlou, Muzi & Ahmed, 2011:4). Furthermore, a lack of access to networks (Mcloughlin, 2013:11), less labour market mobility (Mansuy & Werquin, 2015:20) as well as limited access to capital and finance (World Bank, 2013b:11) have all been noted as significantly contributing to the exclusion of young female labourers.

2.6.4 Youth unemployment in sub-Saharan Africa

The sub-Saharan African region has up until recently enjoyed its most significant decade of growth (Szirmai *et al.*, 2013:3). During the period (2002 to 2012) the region was ranked sixth out of ten of the fastest growing economies in the world (Page, 2012:5). Despite these significant performances, the problem of poverty has still remained a pervasive threat to its socio economic environment. In fact, in the light of recent growth declining on a background of lower commodity prices and lacklustre foreign demand, many energy and non-energy exporters are expected to face greater pressures in the near future (IMF, 2016b:5). Performances of the labour markets, with hindsight applied to these occurrences, have remained quite stable. The ILO (2016a:32) reports that unemployment rates for 2015 were estimated at 7.4 percent, close to the 7.3 percent of 2014 and slightly higher than the global average at 5.8 percent. Furthermore, labour force participation rates were the highest of all regions across the globe in 2014, at more than 70 percent (ILO, 2014a:54).

However, these labour market statistics conceal the underlying situation in the sub-Saharan African region. Studies (Golub & Faraz, 2014:4; ILO, 2013c:90) have indicated that performances over the last

decade have been inadequate with regard to the creation of quality jobs, a factor to which high and evasive poverty rates have been ascribed and where an informal work environment has become the norm. The lack of structural change amongst countries and their dependence on the exploitation of natural resources has also meant that less labour intensive practices are undertaken (Filmer *et al.*, 2014:3; Tregenna, 2013:78). Consequently, sub-Saharan Africa records the lowest number of workers in wage employment (Monga, 2013). Given the disproportional difficulties in accessing the labour market, youth unemployment and underemployment have become of the most disturbing issues facing these countries (Hilson & Osei, 2014:64).

According to ILO (2016b) data from its Key Indicators of the Labour Market (KILM) report of 2016, the youth unemployment rates for the region are estimated at 11.1 percent. However, considering the prospect of underemployment combined with unemployment, these figures inflate to more than 49 percent. In some countries, such as Ghana and Mozambique, estimates are even as high as 80 percent (Garg, 2014:3). Furthermore, young individuals' unemployment rates across the majority of the region's countries are double those illustrated by those people above 25 (African Economic Outlook (AEO), 2012:4). In countries such as South Africa, Botswana and Namibia, more than one in every three young people are unemployed (AFDB, 2012). Finally, 80 percent of the total unemployed are those between the ages of 15 and 24 while constituting just two fifths of the working age population (Muiya, 2014:496).

One of the factors contributing to the situation in sub-Saharan Africa is the high population growth rates among its youth (AEO, 2012:3). Recent estimates have shown that more than half the population is below the age of 25 with this number set to increase over the coming years (Filmer *et al.*, 2014:3). In comparison to other developing regions, such as South Asia and East Asia and the Pacific, sub-Saharan Africa's population structures are showing considerable variation in numbers. Whilst it is anticipated that the growth rate of the younger cohorts in these regions will stagnate and even decline, sub-Saharan African countries in coming years are expecting an increase in their younger cohorts. Oppenheimer and Spicer (2011:14) also indicate that if population growth over the last few years continues at this rate sub-Saharan Africa, in 2025, would be home to nearly a quarter of the world's youth, making it second only to South Asia in the supply of young labourers. These increases, however, together with the failure of growth to create sustainable jobs, have meant that more young workers are facing stronger competition for decent work and consequently a greater probability of unemployment (Garg, 2014:2; Lam, 2014:2).

The situation is one that resembles an opportunity that has gone to waste for the African continent as a whole, which could lead to greater production potential in times where other countries are facing ageing labour forces (IMF, 2015b:28; Page, 2012:8). Significant growth in youthful populations provides sub-Saharan Africa with the opportunity of long term prosperity and major improvements in human development (Omoju & Abraham, 2014:353). Mibey (2015:9) argues that young individuals bring a sense of energy and vitality into a labour force that, if harnessed correctly, could have transformative impacts on economies. The growing cohort also holds the opportunity for the region to become one of the leading

suppliers of labour in the future and could decrease dependency ratios that free up more savings and investments, especially in human capital, contributing to sustainable growth (Filmer *et al*., 2014:3).

Given their potential as economic drivers of the future, much depends on the manner in which these young people are equipped before entering their transition towards adulthood and the labour force (UNESCO, 2012:14). From this point of view, large investments have been made by various public sectors to improve educational qualifications, from which access to primary education has doubled since 1990 (Oppenheimer & Spicer, 2011:17). Despite the progress made, many sub-Saharan African youth still do not possess an adequate skill set suitable for employability. Hilson and Osei (2014:5) argue that although access has improved, completion rates are underwhelming. More than 60 percent of the youthful population has not completed primary school whereas just one in every ten individuals in the cohort has graduated from secondary school (Betcherman & Khan, 2015:11). Nzewi and Ojiagu (2014:310) emphasise that more than 133 million young people across Africa are still illiterate. These deficiencies, together with a lack of quality education structures among the countries, result in an inadequate impact of education on productivity and restrict young people from acquiring new skills (Filmer *et al.* 2014:10).

In light of this, many skills gaps and mismatches are created where young people are less competitive than their older counterparts in the labour arena (Page, 2013:2). Szirmai *et al*. (2013:19) reiterate that, particularly among the youth, inefficient professional, vocational and middle level technical skills are inherent. This leads to many young individuals failing to secure formal employment which then consequently results in informal vulnerable employment and self-employment. In fact, the informal economy in sub-Saharan Africa plays a pivotal role in employment creation for the young people of the region. Studies (Asrat, 2014:11; Byiers *et al*., 2015:5; Golub & Hayat, 2014:2) demonstrate that in lower income countries such as Ghana, Uganda and Ethiopia that have predominantly large informal sectors, unemployment tends to be quite low. In contrast, in the more southern and middle income countries such as Botswana, South Africa and Namibia, where more structured labour markets are found, unemployment among the youth cohort is significantly high (Szirmai *et al.*, 2013:9).

An important point of variation concerning the unemployment issue amongst the youth concerns the circumstances faced by urban and rural based individuals. Sub-Saharan Africa is characterised by more than two thirds of its citizens living in rural regions, yet more unemployed young people are found in the urban and peri-urban areas of these countries (Block, 2014:2). This anomaly is explained by the fact that large numbers of rural youth are working in family work or unproductive agricultural sectors earning low, if any, wages at all and at high rates of underemployment (Proctor, 2014:10). Fox *et al.* (2013:13) state that these young people cannot afford to be without work as they play central roles in the family support-structure from an early age and end up accepting any job that can assist this.

For those residing in the urban regions, circumstances are somewhat more complex. Unemployment among the youth in urban cities is six times higher than for those in rural areas (Baah-Boateng,

2013:387). Oppenheimer and Spicer (2011:31) attribute these differences to the greater wage differentials of employment that exist between the two regions. In urban areas, firms in attempting to avoid financial risks, are reluctant to offer young, inexperienced workers substantial salaries and opt for more experienced, older ones. Greater migration between rural and urban areas is another factor compounding the difficulties that the youth face (Mago, 2014:36). More young people living in rural areas are making their way into urban cities, anticipating the likelihood of finding better employment and improving their social status. This increases the competition for formal sector jobs with more young people having to settle for informal and vulnerable employment (ILO, 2015a:54).

Disparities are not only confined to geographic spaces but also exist among men and women. Although the situation is not as dire as North Africa's unemployment problem, many women face considerably greater difficulties in accessing the labour market (World Bank, 2013b:12). Female participation rates (71%) in sub-Saharan Africa are significantly lower than those showed by males (86.8%) (ILO, 2016b). Young females in particular are also exposed to these circumstances. Social norms and cultural characteristics influence a number of aspects that lead to the misrepresentation of younger women in the work force (AFDB, 2015:18). Examples of these are the increasing rates of marriage and pregnancy among young females aged between 15 and 19 years (United Nations Children's Fund (UNICEF), 2013:3). Marrying when young results in these women being confined to household care and child rearing before acquiring the necessary skills needed in the workforce (UNESCO, 2014:80). Further aggravating the issue are family perceptions, which are based on young females being ascribed little importance other than being wives (Delprato *et al.*, 2015:43). In countries such as Burkina Faso, the Central African Republic and Niger, the situation is quite acute, where more than 50 percent of young women are married before the age of 18 years (UNICEF, 2013:4).

The discussions on the different regions indicate that unemployment among the youth may be ascribed to a diverse set of causes and consequences. Table 2.7 provides a summary of each region and the main employment conditions inherent in the area.

Table 2.7: Main employment challenges faced across different regions

Region	Employment conditions
Asia – Pacific	General employment outlook is stable, only four of the economies situated in the area reporting unemployment rates above five percent. East Asia boasts the lowest youth unemployment rates worldwide, primarily attributed to provision of quality education and technological and service orientated production. South Asia and South East Asia, hampered by informal and vulnerable employment coupled with significantly low secondary educational attainment. Youth in countries such as Pakistan, Cambodia and India are confined to low skilled sector employment such as textile and agriculture where they are subject to working poverty. Unemployment among youth is concentrated alongside lower educational levels.
Latin America and the Caribbean	Strong economic performances have contributed to reducing poverty and unemployment over last ten years. Youth unemployment closely linked to volatility in economic conditions. Youth account for more than 40 percent of those that are unemployed in Brazil, Mexico and Argentina. Unemployed young people display low secondary education attainment and lack both hard and soft skills. Significantly high income inequality amongst the region, resulting in substantial differences between employment outcomes of youth in urban and rural areas with the latter indicating higher incidences of unemployment. High crime and violence among youth.
Middle east and North Africa	Youth unemployment more than 29.6 percent, twice global average. High population growth among youth cohort that exceeds job creation. Production practices highly capital intensive with focus on oil production. High dependence on public sector for job creation. Graduate unemployment rates in some countries at 49.8 percent attributed to large skill mismatches. Tertiary curricula poorly matched with private sector requirements. Youth unemployment significantly related to gender, with young females twice as likely to be unemployed compared to males.
Sub-Saharan Africa	Good economic performances in some countries over the last decade. General unemployment rates slightly higher than global average at 7.4 percent. Labour force participation highest in around the globe at 70 percent. However, poverty still significantly high with majority of employment in the informal sector. More than 80 percent of total unemployed between the ages of 15 and 24 years with large proportion of individuals underemployed. High population growth in younger cohorts not equated to sufficient job creation that has increased unemployment levels. Educational attainment disproportionately low; 60 percent among primary education and 10 percent among secondary. Urban youth unemployment rates six times higher than rural with large gender gaps inherently present.

Source: Own compilation

2.7 SYNOPSIS

Unemployment ultimately conveys different meanings to different people. Simply put, the concept refers to a market failure, where those who are in need of work are unable to find it. In a more complex sense, it is viewed as a multidimensional concept which encompasses a diversity of needs, attitudes and individual capacities. However, though it is recognised as a social concern, much debate surrounds the appropriate manner in which it is defined. Arguments involve the inclusion or exclusion of discouraged work seekers in unemployment figures, centring on the notions that an absence of active efforts in finding work is either a result of economic circumstances or on the other hand refers to the individual's willingness (or unwillingness) to work. From these perspectives, unemployment is defined in two terms: a broad (expanded) definition providing for the inclusion of those who do not actively search for work but require

it and secondly, a narrow (strict) one, referring solely to those, who in contrast, do take active steps seeking to acquire employment.

The literature surveyed in this chapter showed that unemployment is due to a variety of factors ranging from business cycle fluctuations to more worrying structural issues in markets. In the light of these causes, different types of unemployment were elaborated on, which included frictional, seasonal, demand-deficient and structural unemployment. The latter particularly holds significant importance for economies. Structural factors such as inadequate labour mobility, specific demographic features or skill mismatches have proven to be associated with prolonged durations of unemployment; hence greater costs not just to those affected by it, but more importantly, to the societies in which they function. Furthermore, underemployment as a form of inefficient labour use was discussed. Although the phenomenon differs from unemployment, it provided further evidence and understanding to difficulties in effectively utilising labour as a resource in modern systems. The chapter also looked at the different measures and methods used in estimating unemployment levels. Measures included the census, registered unemployed and the sample survey methods. These display both strengths and weaknesses, which have a significant impact on the accuracy of portraying unemployment levels.

After the review of various theoretical expositions it could be concluded that unemployment contributes to both macroeconomic and microeconomic features. The macroeconomic perspective emphasises the importance of economic systems as a whole and the role they play in reducing unemployment levels. The fact that employment depends on the expansion of demand, highlights the significance of policy involvement in economic processes (both fiscal and monetary), contributing to the stimulation of economic activity and hence the creation of jobs. However, these policy objectives should emphasise and ensure the inclusivity of growth. On the other hand, microeconomic views stress specific individual qualities and their relation to employment. Educational attainment in this regard is an important tool for any work seeker. The fact that it imparts knowledge and skills to individuals significantly improves their productivity offerings and as such they become more attractive to potential employers. One key aspect that emerged from the micro perspective is that labour markets are inherently imperfect. Even with regard to available jobs, unemployment might persist if those who are searching for work do not have the required information or, more disturbing, lack the ability to obtain it.

One of the objectives of this chapter was to provide an empirical review of the global unemployment and youth unemployment scenarios. From the empirical evidence it is clear that unemployment is not unique to certain areas but rather affects countries worldwide. In the aftermath of the global financial crisis, almost ten years later, countries are only now showing some signs of recovery in output, which has translated into positive developments for employment creation; especially in more developed regions. Unemployment nonetheless still presents a serious challenge where approximately 200 million people across the globe are still unable to find work, with future projections suggesting further increases in joblessness. Of these people, 40 percent are between the ages of 15 and 24 years. Young people are more

than three times likely to be unemployed compared to adults. In developing regions these hardships are particularly evident and somewhat exacerbated by other social factors such as gender, inequality and low levels of education. In areas such as Latin America and the Caribbean (LAC) and North- and sub-Sharan Africa the issue is not only disproportionately high youth unemployment rates but also substantial numbers of young people who are neither in employment nor education or other training related programmes, with others subject to informal and vulnerable employment.

CHAPTER 3

UNEMPLOYMENT AND YOUTH UNEMPLOYMENT FROM A SOUTH AFRICAN PERSPECTIVE

3.1 INTRODUCTION

The theoretical literature provided in the previous chapter indicated that unemployment contributes to various factors that emanate from both macroeconomic and microeconomic sectors. Furthermore, based on global evidence, these factors, especially relating to the youth, have in some cases demonstrated universal similarities, while in others they tend to be country specific. The purpose of this chapter, therefore, is to provide a review of and discuss the empirical literature on unemployment and youth unemployment in the South African context. For the purpose of the study, the chapter addresses the fourth, fifth and sixth theoretical objectives outlined in Chapter 1. These are directed towards the review on the empirical literature concerning the South African labour market and stance towards unemployment in the country; the empirical literature on the barriers young people face towards employment from a South African perspective as well as containing a review of the empirical literature on the current government initiated youth employment policy initiatives and strategies in South Africa. The first section provides an overview of the South African labour market and its development since 1994. Thereafter, the empirical literature on unemployment and youth unemployment in the country is reviewed. In addition, an in depth discussion on the various barriers (factors) which affect the employment outcomes of the youth is provided. The chapter concludes by reviewing the policy landscape and strategic initiatives which have been directed at the development and inclusion of youth in the country since the onset of democracy.

3.2 THE SOUTH AFRICAN LABOUR MARKET

The South African labour market has evidenced substantial differences when compared to other countries situated in the sub-Saharan African region (Filmer *et al*., 2014:238). It is characterised by high unemployment rates and smaller informal sectors, which distinguishes it from other African countries. Much of these differences can be attributed to a turbulent history that saw many members of the country's population restricted from formal wage employment. The effects of the apartheid era had a significant impact on the structure of the labour market and its outcomes, with various pieces of labour legislation resulting in a racial segregation of the workforce (Festus *et al.*, 2015:1). The non-white population were, as a result, severely restricted in especially with regard to educational backgrounds and also confined to geographical areas, far from decent employment (Van der Berg, 2011:122). This led to large income inequalities and depletion of human capital accumulation. The start of the democratic era in 1994 saw the first non-racial government inherit an economy with many structural issues and the pervasive problem of unemployment (Hodge, 2009:488). Since then, efforts and labour market undertakings have been

primarily aimed at rectifying these irregularities that are still undeniably felt in modern day South African society (Steenkamp, 2015:34).

One of the most pronounced changes to take place in the labour market since then has been in labour market legislation. The implementation of the Basic Conditions of Employment Act (75 of 1997), the Labour Relations Act (66 of 1995) and the Employment Equity Act (55 of 1998) all resulted in efforts aligned to assist the previously disadvantaged in entering the labour market and ensuring adequate working conditions and remunerations. The implementation of a number of these laws has however been understood by many to produce an over-regulated labour market, which in its protection of workers has contradictorily contributed to the underlining issue of joblessness (Aron, Kahn & Kingdon, 2008:16; CDE, 2013:3; Soko & Balchin, 2014:37). Yu (2012:9) states that these rigid labour laws bring about high transaction costs in meeting minimum wage requirements and difficulty in meeting benefit standards that cause a degree of rigidity especially in hiring practices.

Given the importance of empowering those previously disadvantaged, the South African labour market outcomes characteristically have been significantly influenced by the effects of unionisation (Van der Westhuizen, Bhorat & Sumayya, 2013:2). In their study, Bhorat, Naidoo and Yu (2014:11) found that labour union power in South Africa is amongst the highest in upper middle income countries across the world. Such unions in general exert enormous influence on employment through their inputs on economic and social policies in the country (Mellet, 2012:90; Mwilima, 2008:22). Their participation in bargaining councils together with employers has major impacts on the wage and employment conditions that many of the potential workers face. The South African government's commitment in shaping the South African labour market for inclusivity has also been expressed in a number of growth policies that have been implemented since the onset of democracy in 1994. Policies such as the Reconstruction and Development Programme (RDP), Growth Employment and Redistribution (GEAR), Accelerated and Shared Growth Initiative for South Africa (ASGISA), the New Growth Path (NGP) and the current National Development Plan (NDP) have all signalled the importance of inclusive growth, reduction of inequality and the issue of job creation (Ndokweni, 2014). Regardless of these efforts almost all of these policies have failed to reach their intended targets (Worku, 2015:58). The problem of unemployment in this sense has remained pervasive and is one that continues to hamper the economic development prospects of the country (Hofmeyr, 2014:2). Moreover, a number of challenges remain in the labour market contributing to this phenomenon.

Various studies which have focused on the outcomes of the South African labour market point to a range of issues pertaining to both the demand and supply of labour. Bhorat *et al.* (2015:5) and Hodge (2009:490) make the point that one of the most pervasive challenges is the increasing growth of the labour force that far exceeds the uptake of the labour market. Mahadea and Simson (2010:391) in relation to this finding refer to South Africa's lack of sustained economic growth which has failed to facilitate the much needed job creation. Other studies (Festus *et al.,* 2015:12; Foko, 2015:6) suggest difficulties in the

labour market exist because of South Africa's sectoral shift of employment to highly skilled and capital intensive jobs. In addition to this, Cloete (2015:10) and Fourie (2012:9) demonstrate that most unemployment, even in the past 20 years of democracy, has remained youthful, low skilled and racially confined to non-whites living in underdeveloped areas.

In light of these findings it is clear that the South African labour market and its challenges are somewhat unique and complex. The purpose of the following subsections is to explain the fundamentals and trends of unemployment in this regard since the inception of the democratic era. Furthermore, the subsections elaborate on the pressing issue of youth unemployment in the South African context providing a detailed overview of the main factors affecting their entry into labour market.

3.3 UNEMPLOYMENT SINCE THE ONSET OF DEMOCRACY

The prevalence of unemployment in South Africa is amongst the highest in the globe. It is a phenomenon that has many structural roots and that has plagued South African society from as early as the 1980s (Hofmeyr, 2014:4). This time period, until the onset of the first democratic election in 1994, was earmarked by great political and social instability together with international pressures that saw economic growth decline and unemployment rates increase drastically (Kane-Berman, 2015:4; Murwirapachena, 2011:26). Since the transition to democracy, South Africa has seen many irregularities of the past reduced. Greater strides towards equality have meant better educational attainments, more growth prospects and the removal of many discriminatory policies (Burger, Van der Berg & Von Fintel, 2013:2). On the basis of these improvements expectations for the labour market were positive but unemployment over the past 20 years has remained a concerning issue.

3.3.1 Growth and employment creation in South Africa

The move to democracy witnessed the labour market being obliged to deal with many obstacles. Among these was the growth of the labour force given the abolishment of racially biased policies towards labour market entry and the lack of noticeable growth in economic activity. A study by Casale and Posel (2002:157) reports that during 1995 to 1999 the labour force experienced rapid increases of entrants into the South African labour market, in particular, black African women. Their entries came against the backdrop of higher levels of educational attainment and the fact that more of these women were residing in households with employed males. In addition to these quantitative pressures, the failure of the market to uptake new entrants was also attributed to the change in labour demand from low skilled primary sectors to more employees being needed in secondary and tertiary employment (Stryker *et al.,* 2001:27). Structural changes were evident during this period with firms preferring capital intensive production as opposed to labour intensive practices given the uncertainty of the newly implemented labour reforms (Archibald, 2002:19). Thus, from 1995 up until 2003, unemployment rates increased considerably. Hodge (2009:488) reported that unemployment in strict terms increased from 17 to 28 percent while rates defined in broad terms increased from 29 to 42 percent.

Despite these challenges the first democratic government did make progress towards growth and employment. The NPC (2011b:10) reiterates that for the period 1995 to 2003 the growth in gross domestic product (GDP) averaged to 3.3 percent year on year, with every one percent increase accounting for a 0.6 to 0.7 percent increase in employment. The performance contradicted the ongoing debates over whether South Africa experienced a period of "jobless growth". Table 3.1 provides a brief overview of the growth and employment creation in South Africa from 1995 to 2015. Economic growth has been accompanied by job creation, but so too, unemployment has increased. Notwithstanding the failures of the aforementioned economic policies, the RDP, GEAR and ASGISA strategies assisted significantly during 2003 to 2007. These government induced policies assisted towards significant job creation and the stabilisation of unemployment levels, reducing the social inequalities and providing jobs to those previously disadvantaged (Murwirapachena, 2011:25).

Table 3.1: Growth and employment creation in South Africa 1995 – 2016 (strict definition)

Year	Number of employed people	Year on year change in employment	Number of people unemployed	Year on year change in unemployment	Real GDP growth
1995	8 069 000	1.2%	1 644 000	-17.3%	3.1%
2000	11 880 000	14.6%	4 333 000	37.2%	4.2%
2006	13 237 000	5.9%	3 984 000	-0.2%	5.6%
2010	13 061 000	-2.3%	4 401 000	6.7%	2.8%
2016	16 069 000	0.3%	5 781 000	11.3%	0.3%

Source: Holborn (2012); StatsSA (2017b)

A noteworthy occurrence presented in Table 3.1 is the employment contraction experienced for the period 2009 to 2010. These job losses experienced were mainly the result of the economy being affected by the global financial crisis of 2008. Verick (2012:376) reiterates that the impact of the crisis on the South African labour market was multifaceted as it saw a total of 900 000 job losses for the period concerned. Many of these were felt in the manufacturing, wholesale and retail trade and the construction sectors (National Treasury, 2010:24). A further drop in global demand during the period in the light of the Eurozone debt crisis exposed South Africa's reliance on commodity exports, which brought about retrenchments by over 4800 firms (Marumoagae, 2014:382). As a result, many individuals halted their job search activities, displaying signs of discouragement. Efforts of the previous decade were eroded as unemployment rates strictly, and more so broadly, increased significantly.

For South Africa, many of the job losses attributed to the recession were informally based. StatsSA (2009:6) reported that during the first quarter of 2008 to the end of the third quarter of 2009 the informal sector employment declined by 14 percent; much higher than the 5.3 percent fall recorded by the formal sector. Since then much of the recovery and job creation has been informally based. Studies (Leibbrandt *et al*., 2010:15) have suggested that high unemployment rates across the past and even in the present are partially due to the relatively small but growing informal sector the country boasts when compared to

countries with a similar economic and income characteristics. Others (Schlemmer & Levitz, 1998) have questioned the size of the sector, referring to an underestimation of those employed within it. Regardless of these debates important barriers to employment contribute to the unemployment issue. These barriers include among others, supply side factors such as high reservation wages (primarily among graduates) and indirect reductions of labour supply on the basis of social grant receipts (Kingdon & Knight, 2004:397; Van der Berg, Siebrits & Lekezwa, 2010:33). Demand side factors include involuntary unemployment, which occurs when individuals struggle to gain entry to the labour market because of excessive crime rates, lack of formal skills, shortages of financial resources as well as a lack of physical and technological capital (Davies & Thurlow, 2010:438; Heinz & Posel, 2008:30). High crime rates in this regard, in particular deter involvement in informal activities as these pose a significant degree of risk for the individual.

In the light of these occurrences and the turbulent past experienced by the country, progress towards a more inclusive and socially equitable future has not been realised. Since 1994, the unemployment rate has more than doubled (The Presidency, 2014:91). StatsSA (2017a:4) reports that for the fourth quarter of 2016, unemployment escalated to 26.5 percent, which saw an increase of 179 000 individuals entering the unemployment pool from 2015, totalling 5.7 million South Africans without jobs. Recent calculations reveal that the country has one of the leading unemployment rates for upper middle income countries. Figure 3.1 graphically displays that South Africa in 2015 was just trailing Bosnia and Herzegovina and Namibia, based on ILO estimates. Contemporary concerns that have contributed to South Africa's position have been largely on the basis of increasing labour unrest fostered by labour union activity, high costs related to job searches, mismatching of skills, the lack of job market information and slow demand, spurred on by numerous domestic characteristics, such as lack of infrastructure and energy constraints (OECD, 2015a:183).

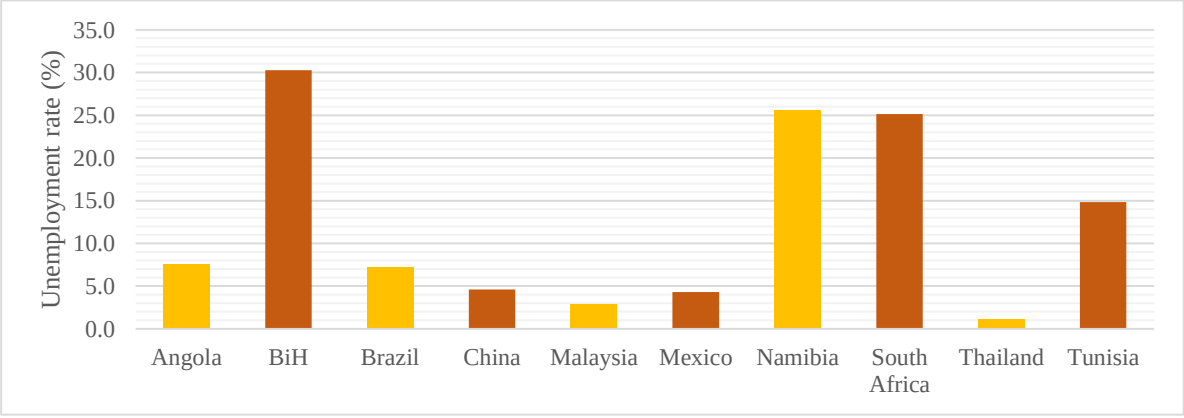


Figure 3.1: Unemployment rates (%) among selected upper middle income countries (2016)

Source: ILO (2016b)

The analysis of unemployment rates alone however does not provide a full picture of the ongoing struggles of the labour force. A disturbing feature of the South African case lies in the duration of work

seekers' stay in the unemployed pool. StatsSA (2015b:1) reports that in 2014 alone, 1.5 million labour force participants had found themselves unemployed for longer than five years. Long term unemployment (those without work for more than one year) was also prevalent among more than 68 percent of the total who were unemployed at the end of 2016 (StatsSA, 2017a:55). These statistics suggest that unemployment in the country displays structural features. This is worrisome, as long term unemployment has been shown to influence the erosion of skills, lowering the potential future financial stability of individuals, while leading to an increase in discouraged work seekers and substantial health problems (Nichols, Mitchell & Lindner, 2013:8).

3.3.2 Demographic composition of unemployment in South Africa

Labour market outcomes have also displayed significant differences for certain aspects of the labour force. Aspects such as educational attainment, geographical locality, gender, race and age have influenced unemployment rates (Leibbrandt *et al.,* 2010:22; Levinsohn *et al.,* 2014:5; Murwirapachena, 2011:28; Netshitenzhe, 2013:7; Stryker *et al.,* 2001:74). The most notable differences in labour market outcomes are particularly evident amongst different races. Table 3.2 records the major labour market statistics for the first quarter of 2016. African/black individuals contributed the highest unemployment rates across all racial groups at 30.1 percent with the lowest prevalence among the white population. Black individuals also indicate the lowest labour force participation rates of all groups at 57.0 percent. Given the country's past and its stringent racial discrimination policies, this was a characteristic of the labour market prior to 1994 (Department of Labour, 2015:6; Kingdon & Knight, 2004:200; Moleke, 2010:87).

Table 3.2: Labour market figures according to race (2016)

	African	Coloured	Indian/ Asian	White	Total
Employed	11 562 000	1 654 000	502 000	1 945 000	15 663 000
Unemployed	4 981 000	511 000	72 000	150 000	5 714 000
Unemployment rate (%)	30.1	23.6	12.5	7.2	26.7
Labour force participation rate (%)	57.0	64.5	58.4	68.5	58.7

Source: StatsSA (2017a:5)

To this extent, it is clear that the South African authorities still have a long way to go in rectifying the irregularities of the past. Foko (2015:5) suggests that of the factors contributing to the ongoing inequalities, amongst others are the geographic disparities which some individuals, mainly Africans, encounter in relation to the location of the work environment. This considerably increases the cost of a job search for that racial group and consequently leads to higher reservation wages (Ngarachu, Schimmelpfennig & Schöer, 2015:30). Other factors contributing to this inherent trait of the labour market includes ongoing effects of absences in effective training programmes the group experienced

during the apartheid era that still affect employment outcomes (Ngcwangu, 2014:151). Labour market outcomes in the country have also shown tendencies and favourability based on gender perspectives.

Women in South Africa and in particular, African women, are less likely to be economically active than their male counterparts (Department of Women, 2015:55). Although the first 10 years of democracy saw an influx of women into the labour market accounting for 58 percent of labour force growth, their employment outlook is still far lower than those of men (Orr & Van Meelis, 2014:32). Figure 3.2 compares the unemployment rates for males and females since 1994, with the latter being considerably higher for the last 20 years. Cohen and Moodley (2012:323) reiterate that even if women access the labour market, they are more likely to be employed in feminised positions such as nursing and teaching. Black women in particular are most disadvantaged, making up 43.4 percent of the women in low skilled positions (Kumo, 2016:4). Contrariwise, 57.8 percent of those in skilled positions were white women, compared to just 17.6 percent of Black women.

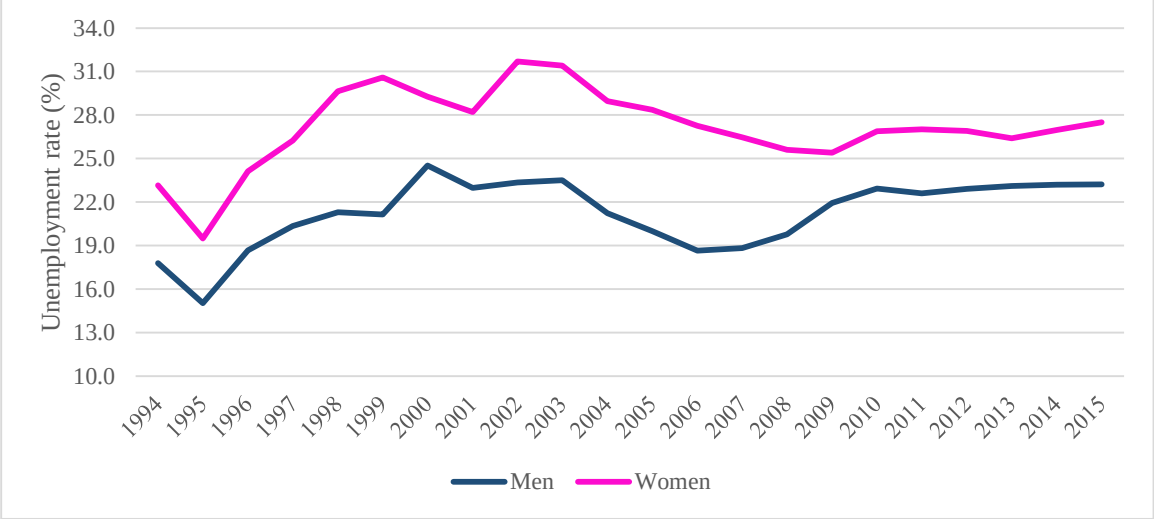


Figure 3.2: Unemployment rates for men and women 1994 to 2015

Source: ILO (2016b)

The most recent unemployment figures point out that more than 2.8 million women are unemployed, with an estimated unemployment rate of 28.9 percent, higher than the general national level (StatsSA, 2017a:2). Young females in particular demonstrate significantly high unemployment rates with 40.7 percent of those between the ages of 15 and 34 being without work. Graham and Mlatsheni (2015:52) ascertain that females in this age group are somewhat restricted in partaking in labour force activities, with many of them assisting in household responsibilities and child rearing even before making the transition from school to work. The disparities among the gender groups are also evident when considering unemployment rates for both men and women according to educational attainment. Higher levels of education for women are associated with better labour market outcomes, but to a lesser extent than they are for men (StatsSA, 2015b:15).

Education or a lack thereof in general has played a significant role in the outcomes of the labour market in South Africa throughout its history (Yu, 2013:15). However, the country has made significant progress in educational attainment since the end of apartheid in 1994. Full primary enrolment has nearly been achieved, with secondary education attainment up by 35 percent since 2000 and tertiary education double the rate for the same period (OECD, 2015c:1). Figure 3.3 highlights the different unemployment rates by educational level and age, showing similar trends to those proposed by theoretical views regarding the negative relationship between educational attainment and the prospect of unemployment (Farber, 2004:69; Mincer, 1991:7; Riddell & Song, 2011:458).

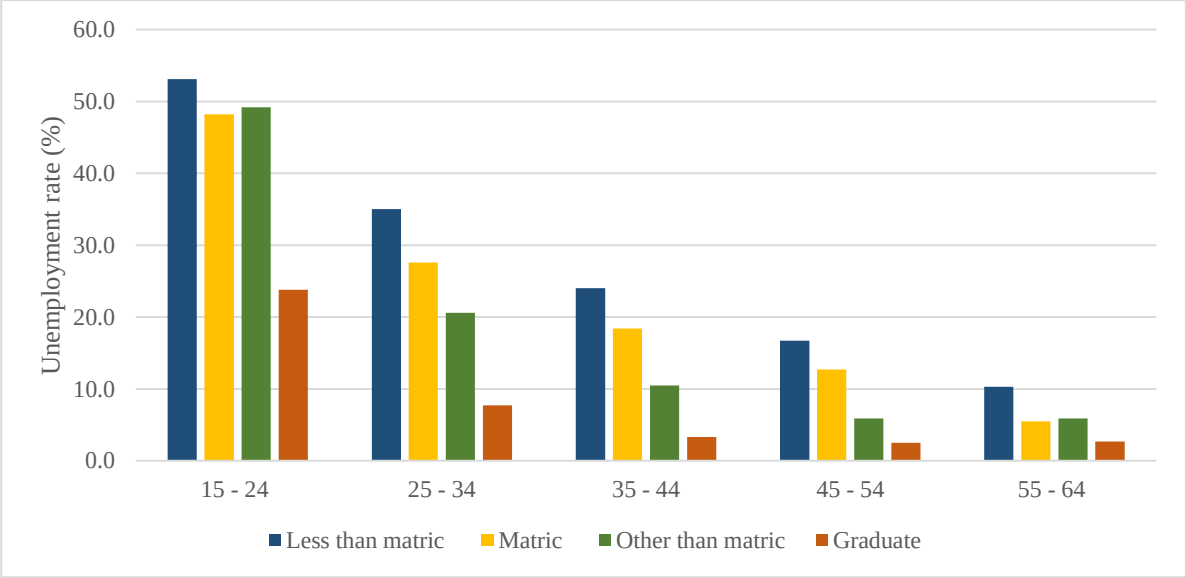


Figure 3.3: Unemployment rates (%) by educational attainment (2015)

Source: StatsSA (2015a:15)

The gradual decrease in unemployment from low educational levels to higher levels suggests an increasing demand for more skilled workers in the economy. Unemployment rates among older educated workers are far lower than those attributed to younger cohorts. Notable from Figure 3.3 is that unemployment for young people, especially between the ages of 15 and 24 years with matric (grade 12) or other than matric, is still significantly high. Explanations for this phenomenon, amongst others, have been highlighted as the lack of quality education structures, predominantly in secondary education, that fail to equip learners with the necessary labour market skills (Mayer *et al.*, 2011:7). Kousiakis (2015:4) also points out that firms are less likely to hire the recent school leavers as they pose too high a risk with low levels of skills and experience.

Across the geographical localities, unemployment also tends to vary (Muriwiripachena, 2011:30). A defining characteristic of the South African labour market, making it unique if compared to other developing countries, is the high rural unemployment rates evident in the country as opposed to those in urban areas (Banerjee *et al.*, 2008:724; Fourie, 2012:5). This can be attributed to the lack of employment

opportunities, a large share of the population still residing in rural areas and a social grant system offering income support to the elderly in these spaces, which influences many dependents to stay in rural areas and not search for employment (Klasen & Woolard, 2009:17). Figure 3.4 depicts the official total unemployment rates among the nine provinces in the country for 2008 and 2016.

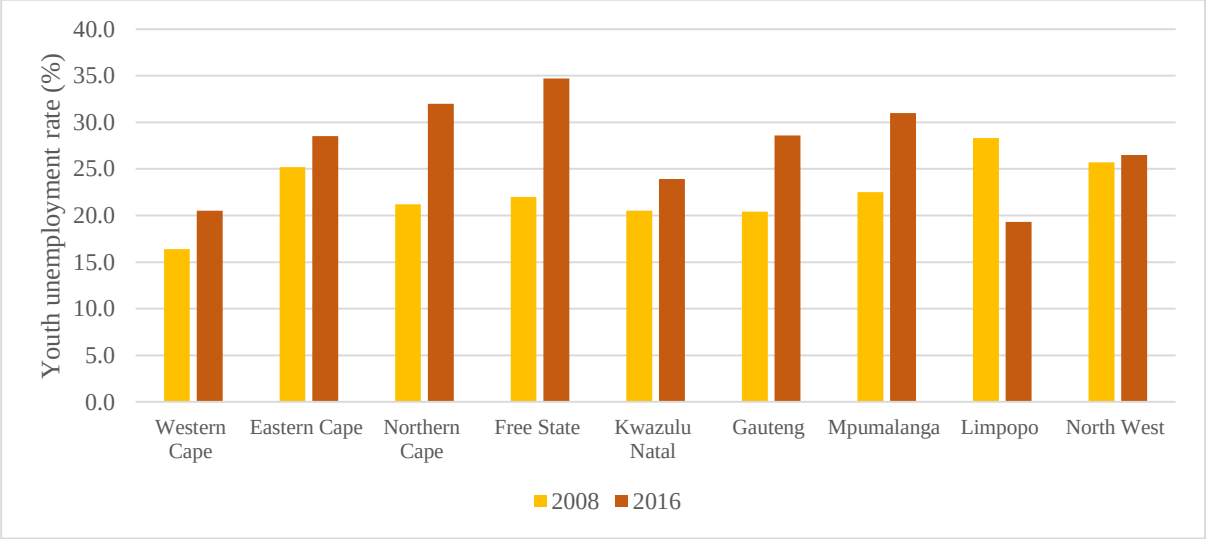


Figure 3.4: Provincial youth unemployment rates (%) for 2008 and 2016

Source: StatsSA (2017a:7)

Eight of the nine provinces (excluding Limpopo) saw increases of unemployment across the period. Amongst the highest provincial rates were those in the Free State (34.7%), Northern Cape (32.0%), Mpumalanga (31%) and Gauteng (28.6%). These figures display some similarities to the findings of Klasen and Woolard (2009:17) as large areas in the Northern and Free State are still underdeveloped. Declines reported by Limpopo Province were attributed to the increasing amount of people migrating from the province in search of job opportunities elsewhere (Merten, 2016).

3.4 YOUTH UNEMPLOYMENT IN THE SOUTH AFRICAN ECONOMY

Young people have always played an integral role in the South African economy. Their social struggles have been at the centre of the country's political and economic history from as early as the 1970s (Mkandawire, 2002:3; Patterson, 2009:xiii). The youth involvement in the Soweto uprisings in 1976 for fair access to education and better living conditions is undoubtedly one of the historical occurrences that has reshaped the socio-political environment of the country (The Presidency, 2014:6). It has been more than 40 years since these events and much has changed. Socio-economic transformation and inclusion have been at the forefront of democratic policy decisions, with many who were spatially and economically confined now active participants in an aspiring but struggling economy. Given these changes, however, the economic and social outlook of young South Africans still seems somewhat

depressed with many of these individuals facing social and economic exclusion, ultimately prohibiting their transition to adulthood (NYDA, 2011a:20).

Nowhere have these exclusions been more present than in the labour market. The youth unemployment situation in the country has been described as a ticking time bomb that brings with it possible social and economic instability (Mtwesi, 2014:39). Unemployment rates among these young people are characterised as some of the highest in the world (OECD, 2015d:1).

3.4.1 Defining the youth in the South African context

In understanding their economic struggles, it is essential to conceptualise the term youth and to grasp exactly what is meant by the term. World-wide, what constitutes being a young adult differs from one country to another (Nandigiri, 2012:114). The UN (2013:1) defines youth as a transitory phase where individuals move from an adolescent stage in life to adulthood. In other words, being young represents a phase where individuals become independent and embark on the path of making their own decisions in life and being involved politically, economically and culturally (Curtain, 2003:74). According to Sherif and Sherif (2008:1) these transitions differ from one individual to another; for some the phase might come early while for others it might occur much later in life. This definition alone, however, signifies the importance in ensuring these individuals are involved in development processes. The CDE (2012:12) reiterates that doing so allows the cohort to become productive and active members in their social environments which according to the CDE lays the foundation of any healthy society. From an age perspective, the cohort is generally regarded as those individuals between the ages of 15 and 24 years (ILO, 2011a:5; UNDP, 2014:9).

In the South African context, the cohort age's range is much broader. The National Youth Policy (NYP) guided by the National Youth Commission Act (19 of 1996) and National Youth Development Policy Framework regards the youth as those individuals who are between the ages of 14 and 35 years (The Presidency, 2015:10). The use of this expanded age range is subject to the historical occurrences that have shaped much of the democratic era (Mathivha, 2012:13; Mayer *et al.*, 2011:6). The Department of Trade and Industry (DTI) (2013:14) highlights that the adoption of apartheid based spatial and economic legislation translated into the existence of many young individuals that were excluded both economically and socially. Even after 20 years the use of the broader range is still warranted, given that historical imbalances are still inherently present in economic structures. Mkandawire (2002:5) explains that the motivation for the use of the specific age range ensures that policy decisions not only affect those young individuals entering the labour force at present but in addition assist those who have experienced socio-political hardships in the past that still affect their exclusion from present day society.

3.4.2 Economic status and unemployment among South African youth

Nowhere else has young people's exclusion been more evident than in the labour market. Although the extent of unemployment in the country is worrying in itself, young people undeniably face significantly more difficult barriers in securing employment (Kariem & Mbete, 2012:6). Youth unemployment has been a growing concern since 1994 and even prior to the political transition in that year. Everatt and Orkin (1993) reported that at the start of the country's democratic change in 1993 only 25 percent of all the young people were classified as being in a favourable economic state; while the majority of the youth represented the marginalised and at risk economic participants. Since this transition, the cohort has experienced comparatively higher unemployment rates than its older counterparts. In fact, in 1994 unemployment among those aged between 15 and 34 years was estimated at 33.9 percent; while 29.3 percent of all adults were unemployed following a broad classification (StatsSA, 1998b:14). The difficulties for the cohort since then have manifested themselves alongside a variety of past and modern occurrences. These occurrences have meant that even those born after the end of South Africa's segregationally discriminatory policies, whilst currently enjoying political freedom, are still economically excluded (Burns & Jobson, 2015:83). Figure 3.5 illustrates unemployment rates for those aged between 15 and 24 years and those over 25 since 2000, based on ILO statistics. The figure shows that the trends prior to the apartheid regime have continued, with unemployment among youth being approximately three times as high as that of their adult counterparts.

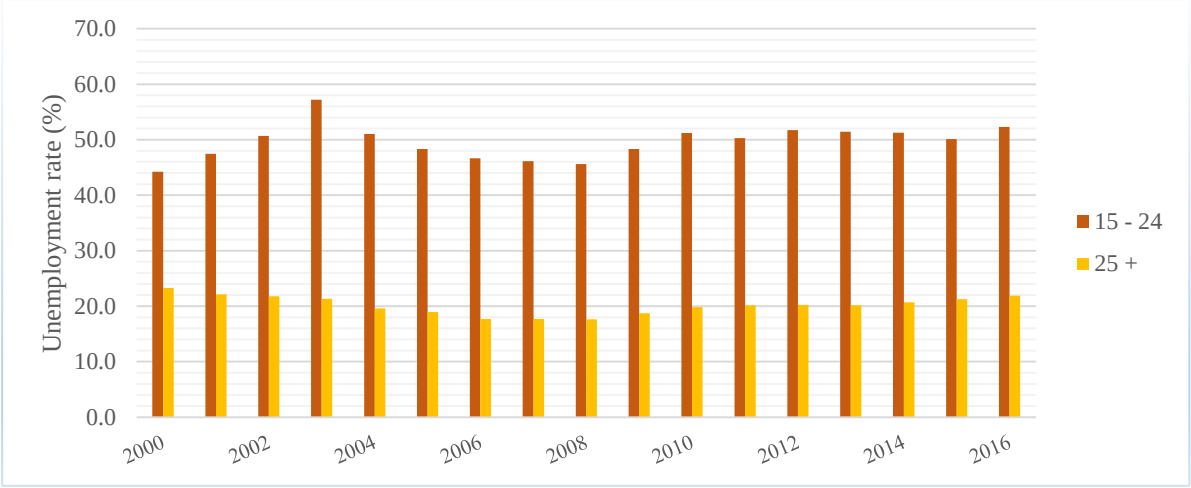


Figure 3.5: Youth and adult unemployment rates (ILO classification) since 2000

Source: ILO (2016b)

Despite these continuous trends, young people's experiences in the South African labour market over the past decade in particular have raised much concern (Shankar *et al.*, 2016:5). As discussed in section 3.3, the onset of the global financial crisis in 2008 severely affected the growth and employment outcomes of the country. Much like countries around the world, young people in the South African economy experienced the brunt of these occurrences (Rogan, Dika & Valodia, 2013:21). Rankin *et al.* (2012:24)

point out that during this period up until 2010, youth unemployment increased significantly, compared to adult unemployment rates. The study reports that unemployment among young females and males increased by four and five percent respectively; much higher than the two percent increases recorded by their adult counterparts. After these occurrences, it was expected that there would be significant recovery, especially in the labour market. Despite these expectations, labour market performances among the cohort have not improved. The CDE (2012:2) reports that, during 2012, approximately 3.2 million of the nine million young people in the labour force did not have a job, an increase of approximately 200 000 individuals in two years (StatsSA, 2010:30). In 2013, unemployment rates among those aged between 15 and 24 years escalated to reach their highest peak of over 67 percent, with more than 3.3 million young individuals in a state of unemployment for more than a year (StatsSA, 2015c:30).

The failure to facilitate the uptake of the younger cohort into the labour market processes essentially means that currently, the country is unable to provide for the coming generations. This is evidently worrying, given that a large proportion of the country is considered young. According to StatsSA (2016a:16) in its mid-year population statistics, approximately 22 million people were between the ages of 15 and 34 in 2016, which constitutes 36.2 percent of the entire population. Like other developing countries, the large proportion of young people constitutes a youth bulge or demographic dividend, which the country is nonetheless failing to take advantage of (Pillay, 2016:24). The large ratio of young people in the country has meant that the volume of youth entering the labour force at present has increased considerably. In the fourth quarter of 2016, more than 12 million young people were part of the South African workforce, constituting approximately 50 percent of the total available workers (StatsSA, 2017a:24).

Despite these increases, their access to employment remains a major concern. According to the DBSA (2011:4) one of the leading causes of the difficulty young people face in the labour market can be attributed to the lack of sustained and inclusive economic growth that has not reached the economic shores of the country. Due to the influx of young people entering the labour market, the economy is unable to provide these young and inexperienced work seekers with the necessary work to facilitate their transition. This lack of demand, among other factors, has seen modern unemployment rates among the youth being characterised as some of the highest across the globe (OECD, 2016:1). According to the ILO (2016b) statistics, in 2016 South Africa's narrow youth unemployment (15 – 24 years) rates (52.3%) were third highest in the world, trailing just those of Swaziland (52.8%) and Bosnia and Herzegovina (68.6%). Figure 3.6 illustrates narrow youth (15 – 24 years) unemployment rates for South Africa in relation to other developing and sub-Saharan African countries. The figure indicates that youth unemployment, especially for those countries situated in the sub-Saharan African region (apart from Nigeria), is significantly high compared to that of other developing countries such as China, Brazil and India.

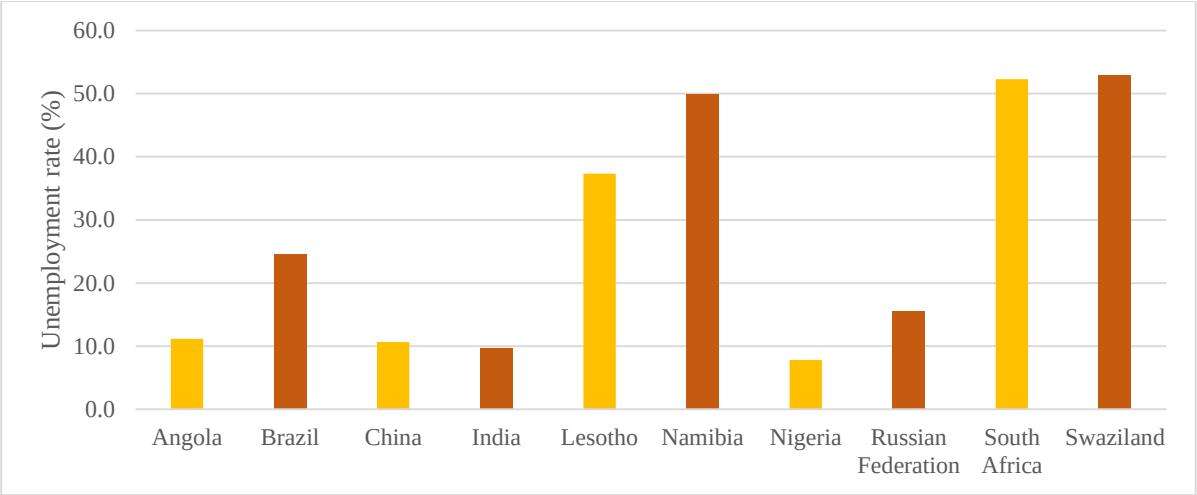


Figure 3.6: **Youth unemployment rates (15 – 24 years) for selected developing and sub - Saharan African countries**

Source: ILO (2016b)

In relation to these developing counterparts, the youth's situation in this country is somewhat more severe. According to Graham *et al.* (2016:11), increasing occurrences of unemployment among the cohort have not been the only concern of late from a labour market perspective. One of the more worrisome recent trends has been the burgeoning number of young people in the country who are being classified as those individuals who are not in employment, education or training (NEET). In 2011, NEET rates for those aged between 15 and 24 years were estimated at 30.8 percent, an increase of 5.7 percent since 1996 (Department of Higher Education and Training (DHET), 2013:3). More recent estimates for the youth cohort (15 – 34 years) indicate that since 2012, 400 000 additional youths have joined the group which at the end of 2016 totalled approximately 7.5 million young people (StatsSA, 2017a:30). The increasing number of individuals who are neither in any employment nor in the process of improving their skills sets is becoming one of the leading concerns for policymakers. Being classified as those in NEET, not only signifies the participants' inability to secure employment, but also infers the lack of the needed additional acquisition of skills which ultimately contributes to higher discouragement among the youth cohort (ILO, 2013c:47).

Given their struggles in securing employment, the outlook for young people when eventually finding a job does not foster much optimism (Oosthuizen, 2012:175). Bhorat *et al.* (2016:6) report that young people between the ages of 15 and 24 years upon securing work are two times more likely than those aged between 55 and 64 years to be in low paid positions. Furthermore, together with women, young people are more likely to find themselves in more vulnerable employment positions than any other demographic groups in the country. Nevertheless, youth employment in South Africa in general has occurred primarily in the formal sector. Over the last year the sector accounted for the employment of approximately 71 percent of all youth which had obtained work; indicating their preference for wage earnings (StatsSA, 2015a:31). Contrastingly, only 16.5 percent of all young people who had a job were employed in the

informal sector (StatsSA, 2015a:27). According to Delbiso (2013:4375), informal sectors, especially in Africa, play an important role in facilitating the employment of youth. They afford those struggling to access formal employment the opportunity to gain experience and act as incubators for future entrepreneurs. Therefore, it might not be any surprise that only 181 000 (2.9%) of the employed youth are classified as self-employed (StatsSA, 2015a:27).

3.5 DEMAND SIDE BARRIERS AFFECTING YOUTH EMPLOYMENT

The adverse struggles young people encounter in their employment endeavours ascribe youth unemployment to a dynamic and multifaceted phenomenon (Graham & De Lannoy, 2016:2). While the group's labour market success or lack thereof has been shown to be significantly intertwined with inherent economic conditions, unemployment has also shown to be concentrated among those with specific characteristics (Rankin *et al.*, 2012:4). Emanating from the economic literature, it is clear that labour market outcomes, much like any other markets, depend on the effective interactions of both the demand and supply sides. Therefore, on the one hand, the difficulties for young people might relate to an inadequate economic expansion that fails to facilitate the needed job creation while on the other these challenges could be attributed to a lack of skills, work-related characteristics or educational deficiencies (Cloete & Butler-Adam, 2012:6). This section therefore provides an overview on the specific demand side barriers (factors) which are considered significant in explaining the hindrances relating to the youth's successful transition into the labour market in South Africa.

3.5.1 Economic conditions

Since the end of the global financial crisis in 2009, South Africa has struggled to return to the prosperous growth it had experienced prior to 2008. Economic conditions in the country since then have been lacklustre, with real GDP growth forecasts below estimates for each year since 2008 up until 2012 (OECD, 2013b:11). Contemporary conditions have worsened even further, mainly due to high levels of political instability, lower international demand for commodities, less foreign investment and substantial decreases in private investment as well as consumption expenditure (Kumo, Chulu & Minsat, 2016:2). Most recent growth estimates highlight that the economy has experienced a contraction of 1.2 percent since the end of the last quarter of 2015 (StatsSA, 2016a:2). The lack of sustainable growth has been detrimental to job creation and employment and has particularly affected the youth of the country. StatsSA (2015a:5) shows that in 2009, 2011 and 2013 job losses for young people amounted to 164 000, 85 000 and 24 000 respectively, while, contrastingly, employment rose for adults. Various studies have shown that youth employment displays a higher sensitivity to business cycle fluctuations (Bell & Blanchflower, 2011:248; Lee & Kim, 2012:54; Matsumoto *et al.*, 2012:3; O'Higgins, 1997:89). Employers, during stringent demand conditions, enforce redundancy actions; more so for younger workers with lower experience levels as the opportunity costs are much lower than the costs faced in

letting experienced workers go (Caliendo & Schmidl, 2016:1). Furthermore, as economic conditions improve, initially, young people are the first to be overlooked for employment.

3.5.2 Labour market rigidity

One of the underlying factors of the South African labour market has been the degree of rigidity it has displayed (Bhorat *et al.*, 2014:15; Kingdon & Knight, 2007b:816). Fedderke (2012:809) ascertains that the inflexibility of the labour market has been illustrated by the elevated unemployment rates which have been, contradictory to theoretical views on market clearing, associated with excessively high and increasing labour costs. The post-apartheid era in South Africa has seen numerous labour market laws implemented and directed at the economic empowerment of those who were previously disadvantaged. Studies however suggest that labour legislation, trade union involvement and certain market interventions, in particular minimum wages, impact the youth's labour market outcomes (Pauw & Leibbrandt, 2012:771; Seekings & Nattras, 2015:7). Minimum wages, when set above sectoral minima levels, do lead to employment and work hour reductions, especially in trade related sectors in non-urban areas; negatively affecting unskilled labour the most. Levinsohn (2008:10) points out that highly restrictive labour legislation has influenced the reluctance of firms as regards the employment of the youth. Labour laws make it increasingly difficult to fire unproductive workers and thus, in relation to the risk that these inexperienced workers (with no productivity track records) pose, employers tend to avoid employing them. Yu (2012:10) voiced his concern particularly over labour union involvement, suggesting that asymmetries exist between the employed and unemployed young work seekers with regard to acceptance of wages. In their collective bargaining, trade unions will advocate for higher wages exerting pressure on demand for the employed cohort, while the unemployed are willing to accept lower wages. Unemployment spells for these "outsiders" are thus elongated (Paton, 2011:42; Burger & Von Fintel, 2009:35).

The effects of minimum wages on youth employment in an international context have been highlighted by a number of studies (Bazen & Skourias, 1997:723; Gorry, 2013:57; Kalenkoski, 2016:6). These studies empirically proved that the introduction of minimum wages did lead to subsequent declines in the employment of young work seekers. Neumark and Wascher, (2004:223) in their study across OECD countries, found that these effects were even greater for countries where more stringent labour laws and union power existed. The explanation for the minimum wage effect can be attributed to the increasing labour cost, increasing the equilibrium wage rate and subsequently reducing job opportunities. The impact on young workers, who are more likely to be low skilled and inexperienced, is that they are less likely to be employed, with firms moving towards more capital and high skilled labour (Bourne & Shackleton, 2014:6). In South Africa, however, research on the impact of minimum wages on the employment outcomes, specifically of young people, is scarce. In a recent study Bhorat *et al.* (2016:62) analysed the impact of sectoral minimum wages in various sectors on youth employment trends. The results indicated that the implementation of a minimum wage in the agricultural sector significantly reduced youth

employment; however, for the retail and taxi sector, the introduction of these market interventions had small positive employment effects.

3.5.3 Size of the youth cohort

The sub-Saharan African youth population in size has been increasing at a higher rate than any other region in the world (United Nations Economic and Social Council (ECOSOC), 2016:2). The upsurges in the populations of these young people have meant that countries in the region are encountering "youth bulges" in their demographic statistics. La Graffe (2012:67) explains these bulges as a phenomenon where national mortality rates have started to decline but fertility remains high. In the light of these upsurges, countries face higher working age populations and influxes of new labour market participants into markets. South Africa, being part of the region, is no different. Statistics indicate that the "youth bulge" in this country has developed extensively over the last decade, with 2016 figures showing that young people account for approximately 36 percent of the total population: an increase of six percent since 2009 (StatsSA, 2016b:77). The growth of the group, although presenting opportunities for the country in relation to a demographic dividend, has resulted and is currently resulting in more young people facing unemployment. Jobson (2011:5) ascertains that the capacity of the labour market in South Africa is too low and small to facilitate the uptake of increasing amounts of young job seekers. The failure of the labour market can be partially attributed to the lack of economic growth which has not equalled the growth in the younger population, thus resulting in a mismatch between the demand for and supply of labour.

3.6 SUPPLY SIDE BARRIERS AFFECTING THE YOUTH

Whilst the inherent demand side factors undoubtedly play an important role in the uptake of young people in the economy, many of the difficulties in securing work for the cohort stem from their specific characteristics. The following subsections elaborate on the specific supply side barriers which have been associated with the employment outcomes of young people.

3.6.1 Mismatches and a lack of human capital

Probably one of the most influential factors contributing to the difficulties young people face in securing employment can be attributed to a misalignment of their skills and those demanded by the potential employers (Ackah-Baidoo, 2016:254; Lindberg, 2015:2). These mismatches are mainly the result of the imbalances that exist between the educational choices of the youth and their lack of job market knowledge when these decisions are made (WEF, 2014b:7). Young people in this context are affected either by over-education or under-education in their employment endeavours. Being overly educated sees them gaining higher skills than those which employers require, while the opposite refers to the lack of skills needed for employment (Pompa, 2015:18). For many countries in the developing world the latter seems to stand out (Hanushek, 2013:204). The youth in their transition face major difficulties in securing

employment due to the fact that they simply do not possess an adequate skills set that meets certain job requirements. The South African economy displays similar problems. The country's situation, with regard to these mismatches, points to specific educational and socio-economic characteristics (Branson, Hofmeyr & Lam, 2013:13). Many young people particularly in secondary education do not finish their schooling, dropping out early with the aim of assisting in income support for families while others simply lack the financial resources to continue (Gustafsson, 2011:17).

An additional concern for the country pertains to the comparatively low quality of educational institutions. Various studies have pointed especially to the feeble performances the educational system achieved in international tests (Spaull, 2013a:436; Taylor & Yu, 2009:9; Van der Berg *et al.,* 2011:2). Performances in the Trends in International Mathematics and Science Study (TIMSS), Progress in International Reading and Literacy Study (PIRLS) and the Southern African Consortium Education Quality (SACMEQ) show that South African pupils are amongst the lowest ranked, particularly in maths and sciences (Spaull, 2013a:436). The incapacity of the schooling system can be attributed to the fact that many schools, despite high fiscal expenditure, still experience low levels of infrastructure, equipment and poor teacher support (Abdoll & Barberton, 2014:1). Class rooms are characterised by overcrowding due to excessive numbers of pupils, lack of desks and not enough textbooks; these factors see the quality of education offered translate into incapable students (Moses, 2011:12). Furthermore, the high student-teacher ratios that ensue also have negative effects on pupils and their human capital accumulation processes and development prospects which is further perpetuated with some teachers that are poorly motivated (Armstrong, 2009:4).

Notwithstanding these failures of the education system in effectively equipping young people with relevant work skills, educational attainment does improve the probability of their acquisition of employment. Mismatches for higher educational levels, such as university graduates, nonetheless likewise do occur. Qualification mismatches have been empirically demonstrated to ensue in the fields of study undertaken by many university students (Mncayi, 2016:122; Moleke, 2006:2). Primarily, students with higher technical abilities studying in the field of engineering, commerce and education are more likely to be employed than those with degrees or diplomas in the humanities and arts. This signals the importance of technical and cognitive skills for employment even among more educated young people.

3.6.2 The lack of soft and hard skills

The impact any education system has on improving the employability of its people may be ascribed to the effectiveness of imparting important abilities and competencies that improve productivity levels. Isaacs (2016:26) postulates that these skills can be grouped into two distinct categories, the soft and hard skills needed by the work force. Hard skills in this context refer to the specific technical abilities required to undertake a specific task (Babić & Slavković, 2011:409). More explicitly, these attributes underline an individual's aptitude for performing a certain job through obtaining additional training and knowledge

(Chiu *et al.,* 2016:125). These skills are often more tangible and easily quantifiable; amongst others they include those such as reading, writing and those necessary to perform in certain professions. The relationship between these technical abilities and employment status, in hindsight, is positive. Individuals who show greater proficiency in their technical abilities signal higher productivity levels to prospective employers. Another reason in explaining the positive relationship might relate to the lower indirect employment costs (non-wage costs). Bellman and Janik (2007:208) ascribe this to the tendency that employers would more often employ more proficient job seekers, not only on the premise of higher productivity offerings but also due to these individuals costing significantly less in terms of on-the-job training. Relating to the South African context, the nature of unemployment has largely been described alongside structural aspects (Altman, 2004:174; Hofmeyr, 2014:4; Roberts, 2016:3). Young people undertaking the transition from school to work more often than not lack the necessary hard or technical abilities that are required by the private sector. As discussed in the previous sub-section, skills mismatches among the youth are quite common in the country. Manpower Group (2015:7) notes that 31 percent of all employers in the country have difficulty in filling vacant positions: an increase of 25 percent since 2013. Among these positions those that were most difficult to fill included skilled trade, engineering and management positions.

In association with these technical abilities, research has shown that soft skills in the workplace are increasingly playing an important role in the employment outcomes of young people (Lippman *et al.,* 2015:1). In fact, various studies suggest that these skills are as important as job seekers' cognitive abilities in finding a job (Adhvaryu, Kala & Nyshadnam., 2016:3; Isaacs, 2016:26; John, 2009:19). In contrast to tangible and measurable competencies these capabilities refer instead to those skills which do not have a direct association with specific professions (Cimatti, 2016:98). Rather, soft skills pertain to personal attributes, which improve an individual's workplace behaviour. These skills, amongst others, pertain to the ability to work with other people, communication proficiencies and work ethic (Pachauri & Yadav, 2014:22). Robles (2012:457) suggests that soft skills relate more to who people are than to the knowledge they have. Among the various facets of such skills, interpersonal skills and career attributes are some of the most important.

The lack of these abilities amongst young people across the globe has become a major concern (Groh *et al.,* 2016:1). Cunningham and Villaseñor (2014:102) undertook a review of 28 studies conducted across various countries using employer surveys. The study found that the skill in highest demand among these work providers related to socio-emotional skills. Studies in South Africa have also pointed to these specific shortages (Dieltiens, 2015:3; Masoka & Selesho, 2014:132; Mayer *et al.,* 2011:37). Yu (2013:1) suggests that among the main causes of youth unemployment are young people entering the workforce who lack communication skills and emotional maturity. Oluwajodu *et al.* (2015:8) in their study on graduate unemployment in the banking sector utilised face to face surveys with graduate recruitment managers. The results of the study emphasised that unemployment among these graduates could be partially attributed to their not having the necessary leadership skills, management skills and job specific

cultural attributes that are required by employers. Moreover the results showed that employers do not feel tertiary educational skills alone are completely sufficient for work place entry, signalling that the skills taught were too academic.

3.6.3 A lack of job experience

As first time entrants into the labour market, young people in their transition are significantly disadvantaged in relation to their older competitors in finding jobs (Rees, 1986:620). The disproportionate difficulties and higher youth unemployment rates in comparison to older adult workers can be attributed to the youth's lack of experience and understanding of the labour market and its functioning (ILO, 2012:28). Essentially, employers in their hiring processes make use of job experience as an indicator of the capabilities of workers and their productivity. Spence (1973:356) in his theoretical explanation of signalling theory suggests that if evidence on productivity is absent, hiring becomes an uncertain investment for employers. In this situation, young people are faced with an experience trap (Bell & Blanchflower, 2011:242; Dolado, 2015:2). Employers tend to hire more practised workers, with young people last in the queue struggling to accumulate experience, resulting in long term spells without a job and an underinvestment in their human capital.

In the South African context, studies (Cloete, 2015:514; Kasango, 2013:36; Yu, 2012:2) have, likewise, pointed to the inexperience among the youth labour force. In fact, recent estimates show that among the unemployed youth, approximately 80 percent of them have never had a job (DTI, 2013:19). Their lack of experience not only provides employers with an indication of the capabilities of the young work seekers but furthermore, indicates high costs in their employment. Hiring first time job seekers entails the longer time frames that are required for them to become as effective as experienced workers. In addition, firms are required to invest more into vocational and technical training programmes for the inexperienced work seekers, increasing their non-wage labour costs (Pauw, Oosthuizen & Van der Westhuizen 2008:54).

3.6.4 Job search and a lack of social capital

Searching for employment is a frustrating experience for most young people, to such an extent that it proves to be discouraging for some. The initial labour market entries for the youth are characterised by long waiting periods before their first successful transition into the working environment (ILO, 2011b:2). One contributing factor that stems from the supply of these young work seekers is that many of them lack the necessary labour market information in their job search process mainly due the absence of necessary social capital and networks (Lam, Leibbrandt & Mlatsheni, 2008:11). Altman and Potgieter-Gqubule (2009:31) emphasise that the use of networks is one of the most important ways for young people in general to find jobs. High levels of social capital are associated with higher probabilities of finding employment (Fengqiao & Dan, 2015:70). As young people lack experience and formal work relationships, personal networks related to job opportunities provide a direct line to potential employers.

They also furnish a degree of employer trust which was not previously accessible through normal job applications (Brook, 2005:114).

However these methods among the youth in South Africa differ from the use of formal and informal search methods. Mlatsheni (2014:18) points out that black youth in the country are more likely to use formal methods involving direct approaches to possible employers since their social networks are not as influential in attaining employment. A study undertaken by the CDE (2007:29) substantiated these findings, indicating that young people make use of formal approaches such as placing adverts and making direct enquiries with potential employers. The technique that had the highest rate of success in finding employment, although not used most frequently, was the informal one of making use of friends and relatives.

3.6.5 Geographical difficulties

The many challenges posed by unemployment illustrate similarities in both the urban and rural areas. The geographical differences between the two nevertheless add an additional dimension to the difficulties in securing work (Ülly & Miguel, 2009:12). Rural areas, characterised by noteworthy distances and a lack of access to urban concentrated employment opportunities, have been shown to increase the probability of unemployment for those residing in these localities. Kain (1968:175) in his theory of spatial mismatches attributes the phenomenon to increasing distance of location away from urban employment areas, which disconnects and decreases the access of work seekers to formal job markets and quality educational structures. Studies (Brewer, 2013:3; O'Regan & Quigley, 1996:694; Polakowski, 2012:18) have linked past mismatches and even more recent ones to the high unemployment rates among younger cohorts. The situation inherently affects the youth because they are dependent on their parental figures with regard to the areas in which they reside. Moreover, unlike older adults, they lack the resources to overcome these spatial disparities and improve mobility to access labour markets (Oosthuizen & Cassim, 2014).

The South African case exhibits similarities in this regard. Mlatsheni (2014:20) reiterates that many of the job opportunities in the country are located in urbanised areas with the majority of the poor residing on the rural fringes of the country. The spatial segregation policies implemented prior to 1994, together with the failed spatial planning policies of the democratic era thus far, have meant that even after 20 years of democracy many people, mainly African, are still excluded from residential urbanised areas (Turok, 2012:49). Studies done by Altman and Marock (2011:18), Graham and Mltasheni (2015:52) and Leibbrandt *et al.* (2010:17) in relation to jobseekers' places of residence that affect their labour market outcomes have pointed predominantly to young Africans. The studies find that the distances to urban formal employment significantly increase the material costs of a job search and result in low access of quality schooling among the youth, exacerbating their difficulties in finding employment.

3.6.6 High expectations and reservation wages

A key characteristic among young job seekers is featured in the misleading perceptions they exhibit in their initial entry into the labour market (Culliney & Broughton, 2013:5). The youth in general have shown tendencies towards unrealistic expectations in relation to their entry level positions and initial earnings. Banerjee *et al.* (2008:735) explain that on embarking on the transition from school to work, young people often search for employment primarily based on the expectations of high levels of wages. Furthermore, Rankin and Roberts (2011:130) also draw attention to the tendencies of young people to search for employment in senior managerial positions, once finished with their educational careers. These expectations are reflected in the youth's reservation wages that in general are higher than the equilibrium wage rate for new market entrants (Bertrand & Crépon, 2014:122). Young people receiving job offers lower than these wages therefore choose to be voluntarily unemployed as they price themselves out of a job. The effect in economic terms refers to the creation of disequilibrium, where high reservations cause a mismatch between the wages that are supplied and those demanded (Von Fintel & Black, 2007:5). Several studies have shown the impact of the reservation wages on the youth's labour market outcomes from a South African perspective (Nattras & Walker, 2005:498; Rankin & Roberts, 2011:132). Seekings (2012:3) especially highlighted that young people's misperceptions are influenced by a lack of labour market information where young people are entering the labour market for the first time, without any knowledge on the structure of labour demand.

3.6.7 Race and gender

Unemployment in South Africa is not a homogenous phenomenon. The prevalence of joblessness contains many dimensions on which race and gender exert notable influences (Burger & Jafta, 2006:4). Africans as a group have carried the brunt of the difficulties in accessing the labour market, and this characteristic also holds for the younger generations, but to a greater degree (Van Aardt, 2012:61). Among the perpetuating factors cited, the lack of features enhancing employment among the cohort has been the primary focus in explaining these disparities (Kingdon & Knight, 2004:201; Mlatsheni & Rospabé, 2002:17; Wanberg, 2012:369). Historically low investments in African education, which still persist today, have meant that young Africans enter labour markets with low skill sets. In addition, inter-generational transfers of human capital between older and younger Africans have likewise been limited together with their lack of job search abilities and geographical constraints, all of which result in worryingly high levels of discouragement among the group (Graham *et al.*, 2016:22). The gender dimension in the explanation of high youth unemployment signals that females face even greater barriers in accessing the labour market than young males in South Africa (Orr & Van Meelis, 2014:41). Although the country has made substantial progress in the feminisation of the labour force since 1994, many young women still face exclusion in their pursuit of economic and social freedom. Empirical studies undertaken by Beukes *et al.* (2017:46) and Mathebula (2013:3) evidenced that not only do women face higher

probabilities of being unemployed but that they are also more likely to be in an underemployed state in the country if they do find work.

3.6.8 Lack of entrepreneurial intent among the youth

Given the youths' intensifying difficulties in obtaining wage employment, the pathway into self-employment has received significant attention (Alpfält, 2011:19; Bhat & Khan, 2014:4; Gănescu, 2014:580; Nafukho & Muyia, 2010:100). Entrepreneurship has been touted as one of the major solutions for the reduction of the youth unemployment problem not only in South Africa but worldwide. The creation of an entrepreneurial climate among the youth holds many opportunities. In times where unemployment strangulates young people, starting their own business provides them with the chance to become economically active participants that are productively contributing to the economy (Gwija, Chuks & Chux, 2014:10). Fostering a climate of entrepreneurship, in particular for young people, provides a country with the opportunity to extend its economic development and competitiveness (Jakubczak, 2015:1776). Young people tend to have more innovative ideas and drive that, when utilised, can provide a business environment that facilitates the creation of jobs not only for the entrepreneurs themselves but also many of their peers (Kew *et al.,* 2013:12). Furthermore, entrepreneurship has been linked to individual and social well-being among young people. Jakubczak (2015:1776) acknowledges that young entrepreneurs in their added responsibilities develop new skills and abilities, such as critical thinking, recognition and leadership, which may contribute to the reduction of the high prevalence of crime and misbehaviour among the discouraged.

Given the potential positive effects which youth entrepreneurship provides, it is essential to ensure that younger generations are equipped with the necessary skills to foster such an environment. However, South Africa is lagging behind in this regard. The creation of businesses among the youth is considerably less than in other countries across the globe, contributing to the higher unemployment rates (Fatoki & Chindoga, 2011:162; Khumalo & Mutobola, 2014:2). In fact, a substantial number of young entrepreneurs in the country are necessity driven as opposed to recognising opportunities, due to their lacklustre economic and social conditions (Fatoki, 2014:188). The lack of entrepreneurial spirit among the youth has been associated with an array of barriers which inhibits their entrepreneurial intentions and intensifies their dire socio economic status. Herrington *et al.* (2009:88) identifies that among these, the failure of the education and training system in the country to foster key managerial and entrepreneurial skills among students is amongst the most telling. Other barriers empirically highlighted include the lack of access to financial support (capital) and the lack of support from social networks to start a business (Fatoki & Chindoga, 2012:313; Malebana, 2014:717; Mureithi, 2010:65). In addition, young people are found to be highly averse to taking risks; even more so in the face of high crime rates to start businesses (Fatoki & Chindoga, 2011:165) and place great importance on their lack of entrepreneurial intent on prevalent sluggish economic conditions (Ehlers & Lazenby, 2007:108).

3.6.9 Well-structured social grant system

South Africa's social grant system is classified as one of the most extensive of its kind (Ardington & Hofmeyr, 2014:2). In terms of both the availability of different grants and access to them, the system assists by reducing the significantly high levels of poverty and inequality inherent in the country. Represented by a direct cash transfer to those who qualify these grants are intended to provide base line resources to improve the living conditions of many who are unable to do so themselves (Potts, 2012:75). Their impact however has evoked controversial debates over whether in fact the grants lead to improved conditions or lead to on increasing the degrees of dependency on state resources and more importantly, facilitate idleness. Although not directly aimed at the youth, social grants do have possible impacts on the prospect of labour market outcomes for the group. Around 14 percent of unemployed young people in the country receive social grants directly, whereas 45 percent are indirectly affected, living in the households of grants receivers (Ardington & Hofmeyr, 2014:1).

Research into the prospect of these grants and the younger generation has focused mainly on the supply of labour and has demonstrated mixed outcomes. Bertrand, Mullainathan & Miller's (2003:27) study focused on the impact of the State Old Age Pension (SOAP) on, predominantly African, youth. Findings showed that the presence of the SOAP grant in their households decreased their supply into the labour market. Idahosa (2014:43) likewise, focused on the impact of the SOAP on workers of prime age living with pensioners. The study reports that the eligibility of the individuals for the SOAP grant fosters discouragement among work seekers, reducing their employment probabilities. Klasen and Woolard's (2009:36) findings however suggest that the cash transfers do not directly decrease labour supply but that job search activities of the unemployed do decrease. They argue that those without a job move to the residences of family members receiving the grants, which are predominantly in rural areas (far away from decent work), thus decreasing their employment prospects.

On the other hand, similar studies have shown the opposite effect for comparable areas. A study undertaken by Ardington *et al.* (2016:455) found that the prevalence of the SOAP among households improves labour mobility among young men and vice versa. Their study indicates that particularly for those with completed secondary education these effects are greater as they are more likely to be informed of employment opportunities. Stapleton's (2015:16) findings supported these results, suggesting that young, prime aged workers are more likely to benefit from the additional income as it assists their movement to areas where employment opportunities are concentrated.

These severe difficulties in accessing employment, over and above the lack of decent work opportunities, ascribe the current economic status of youth not just to weak economic performances of the economy or the inherent structures of the labour market, but also indicate that it has additionally been driven by specific community and personal (supply-side) factors (Graham & Mlatsheni, 2015:52). Therefore the

following sections provide an overview and description of the empirical trends of youth unemployment, according to specific supply side characteristics.

3.7 EMPIRICAL TRENDS OF UNEMPLOYMENT AMONG THE YOUTH IN SOUTH AFRICA

Young people as a cohort in this country by no means represent a homogenous group (Lam, Leibbrandt & Mlatsheni, 2007:4; StatsSA, 2015a:1). Given a much broader conceptualisation of the said cohort, the struggle in obtaining work among those between the ages of 14 and 35 years differs within specific categories. For example, individuals who are in their early 30s might have different labour market experiences to those entering the labour market for the first time. Similarly, these experiences might vary according to skin colour and gender perspectives. Differences were also noted in Section 3.3 which showed that youth unemployment rates varied across different geographical locations. In South Africa, age in this regard has played an important role in labour market prospects (Mayer *et al.*, 2011:8). Not only do the youth in general fare more poorly than their adult counterparts in the labour market, but younger people classified as youth have also performed worse than those who are still classified as youth but are chronologically older.

For many work providers, a variety of risks and costs make youthful work seekers less attractive as employees. Labour market outcomes are therefore expected to improve with age. Figure 3.7 illustrates key labour market rates for different age groups of the youth. For those between 15 and 19, labour force participation rates were noticeably low in both 2008 and 2016, given that most of these individuals are still in some sort of schooling or training programmes (Graham & Mlatsheni, 2015:51). Unemployment rates for those between the ages of 20 and 24 years were the highest among the upper age groupings, increasing from 43.6 percent in 2008 to 52.2 percent in 2016. The group also displayed the largest decrease in absorption rates, more than any other age group.

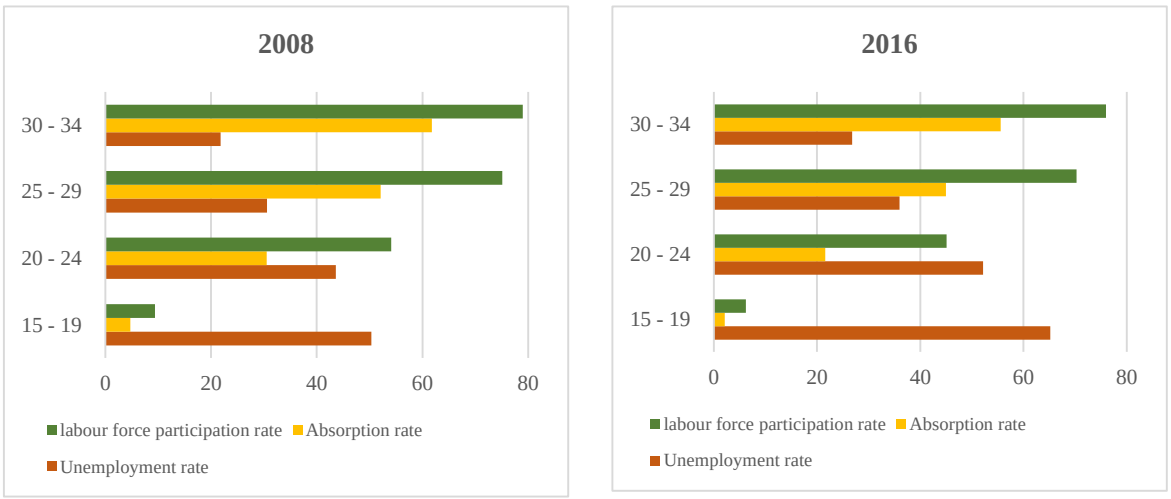


Figure 3.7: Youth labour market rates by age group 2008 vs 2016

Source: StatsSA (2017b)

As to the disproportional difficulties in accessing work especially for those in their 20's, this can be explained by and attributed to early transitions from school to work. As mentioned, these young people, upon leaving school, are exposed to labour market processes for the first time. They lack the required knowledge among the proper job search processes and as fresh work seekers, lack the sufficient experience in any form of employment which makes older cohorts more attractive for employment purposes (Votinius, 2014:377). Furthermore, younger individuals from 21 to 25 years record excessively high NEET rates in the country. Graham *et al.* (2016:11) found that 58 percent of all young people between the ages of 21 and 25 years are neither in employment nor education or training programmes compared to 42 percent of those aged between 30 and 34 years. StatsSA (2015a:8) suggests that the severe difficulties these young people are facing in obtaining employment once finished with education have translated to many facing discouragement in finding work which in turn translates to chronic long term spells without jobs. Although the lower rates among the 30 to 34 year age group suggest that young people are eventually finding work, the percentage is still alarmingly high. These high NEET rates furthermore point to an array of factors that have come to characterise the labour market experience for many young people. Spaull (2015:36) points out that various individuals do not finish matric and once faced with significant difficulties in procuring employment there are not many second opportunities for them to finish schooling. In addition, the NPC (2011a:50) reiterates that their access to further training opportunities is restricted mainly due to their lack of financial resources and the low capacities of Further education and training (FET) facilities.

As addressed in Section 3.3, unemployment in the country has also been associated with gender characteristics. Women in general have recorded lower employment probabilities compared to men even though much progress has been made. For young females in particular, progress towards their inclusion on economic activities has significantly improved over the last couple of years. The Department of Women (2015:38) reports that literacy rates for young females since 2011 have been higher than those of males. These increases can be attributed to higher education enrolments and graduations among more young females. The Presidency (2014:16) argues that since 1998 females have outperformed younger males, especially in enrolment for degrees associated with science, engineering and technology, increasing from approximately 200 000 young women in 1994 to over 500 000 in 2011. The improvements in the education sector for females have seen more women find themselves in paid employment positions than ever before (Orr & Van Meelis, 2014:32). Figure 3.8 depicts the gender composition in the youth labour market. Since 2008 young females have decreased their proportion as regards total youth unemployment from 61 to 54 percent in 2015.

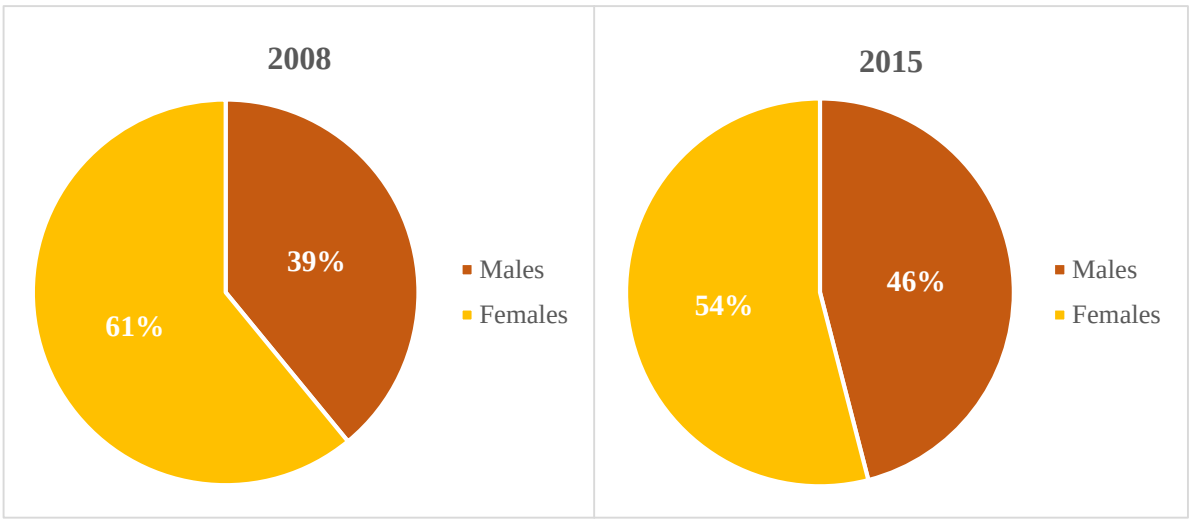


Figure 3.8: Gender composition among young unemployed individuals in 1994 and 2015

Source: StatsSA (2015a:9)

Despite the improvements and greater labour market performances as represented in Figure 3.8, young women still face disproportional difficulties in the South African labour arena. Most recent unemployment rates for women between the ages of 15 and 34 years indicate that 40.7 percent of the group that were involved in the labour force were unemployed (StatsSA, 2015a:12). Compared to their male counterparts these rates are approximately 6.9 percent higher. Furthermore, NEET rates, particularly for young women between the ages of 20 and 24 years, are disturbing. In the fourth quarter of 2016, the percentage of young women that were neither in employment, education or training reached 51.9 percent compared with male NEET rates estimated at 42.4 percent (StatsSA, 2017a:10). One of the factors contributing to these significantly higher rates can be attributed to a high prevalence of teenage pregnancies (Buchanan & Tuckerman, 2016:2). The World Bank (2015) reports the number of births for girls between the ages of 15 and 19 years, with South Africa recording 47 births per 1000 girls. These rates are significantly greater compared to other higher-income countries around the world such as the United States of America (USA) (15 births per 1000 girls) and the United Kingdom (UK) (24 births per 1000 girls). Falling pregnant in the early adolescent stages contributes to higher educational dropout rates on the basis of child caring (Chalasani *et al.*, 2012:2).

South Africa's past has played a significant role in the outcomes of its labour market (Burger & Jafta, 2006:3). One aspect where this is evident in particular has been the employment outcomes according to specific racial groups. Black/African individuals in particular over the past have recorded comparatively higher unemployment rates than other racial groups (Cape Higher Education Consortium (CHEC), 2013:13). For young people the situation does not seem to differ. In fact, even after 20 years of democracy, greater access to education and the labour market, young Africans still struggle significantly in securing employment opportunities (African National Congress Youth League (ANCYL), 2014:11). Recent unemployment rates for different racial groups indicate that African youth were approximately

four times more likely to be unemployed compared to white young people, and twice as likely as Indians (StatsSA, 2015a:14). Figure 3.9 illustrates the different broad youth unemployment rates for 1994, 2008 and 2015 among the various racial groups in South Africa. From the figure, it is clear that some inroads have been made in improving the outlook for young Africans since the end of 1994, with the group reporting the only drop in the number of unemployed. However their unemployment rate (40.3%) is still 8.2 percent higher compared to Coloureds, 17.7 percent higher than Indians and 29.1 percent higher when compared to Whites.

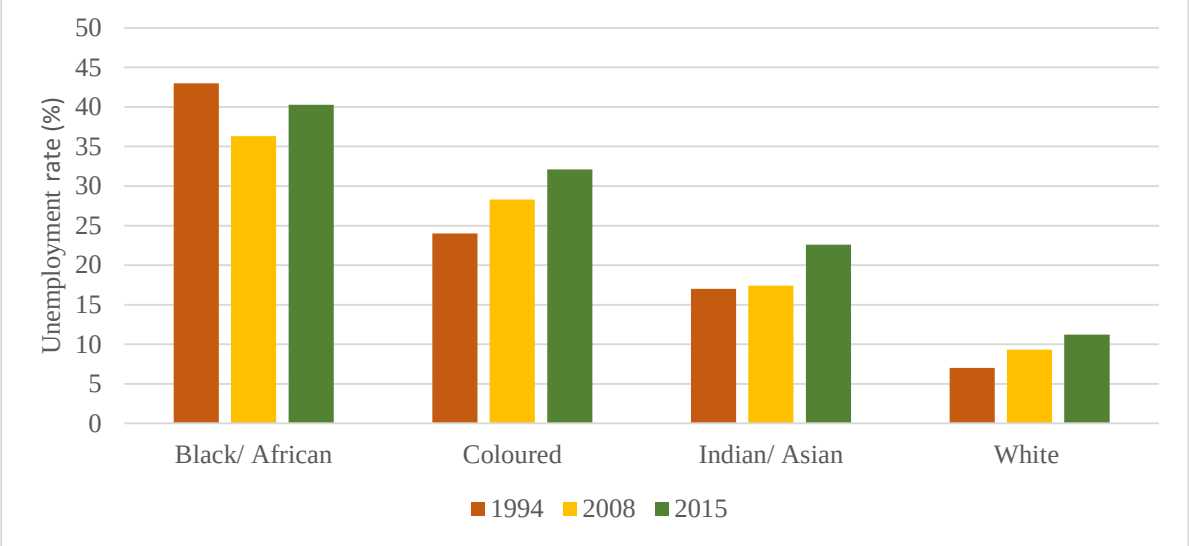


Figure 3.9: Youth unemployment rates according to race

Source: StatsSA (2014:11), StatsSA (2015a:14)

In explaining the racial connotation among young unemployed South Africans, Graham and Mlatsheni, (2015:54) argue that these labour force participants struggle in procuring employment due to a lack of resources which could assist in their job search. StatsSA (2013:iii) points out that among all young South Africans, 60.5 percent are living in low-income households. These resources not only undermine monetary capabilities but in addition, Altman (2007:12) and Verhage (2015:7) argue that the demographic group lack social resources. The inability to access networks that could assist in informing inexperienced labour force participants regarding available jobs is crucial (Burns *et al.*, 2008:245). Moreover, Mlatsheni (2014:20) makes it clear that black young Africans' geographical location significantly impedes their probability of finding a job. With over 12.4 million young people living in large cities this age group is more concentrated in urban areas than any other group; however the largest concentration of unemployed youth are found living in historically black African townships situated far from decent employment opportunities (Harrison, 2013:4).

Further perpetuating the labour market disparities along racial lines are the different education levels. African youth tend to be much less educated than any other racial group. Nyoka and Lekalake (2015:2) report that among Black youth, only eight percent have attained post-secondary qualifications while, 44

percent of Whites, 20 percent of Indians and 14 percent of Coloureds have these qualifications. The foundation for the disparities, as Van der Berg *et al.* (2011:2) highlights, can be ascribed to the majority of African youth who still find themselves in historically-poor secondary schools situated in low-income township areas, which are unable to afford better public schooling. Enrolled in these institutions these young people are exposed to a poor quality of education, which thus fails to provide the adequate competencies prospective employers are searching for. This has also translated into significantly high dropout rates among young people. Pasensie (2016:1) reports that on average just half of the cohort completes its education by the end of the 12 year schooling period.

Nevertheless, education for the youth in general plays an important role in their labour market outcomes in the country (Mlatsheni & Rospabé, 2002:19). Young people entering the labour market in this era are arguably the most educated, compared to any other generation preceding them. Since the inception of democracy in South Africa has made significant progress in improving educational attainment among those aged between 15 and 34 years. StatsSA (2016c:43) reported that compared to education levels in 1996 young people have increased theirs to a significant extent. Using 2016 statistics, the study shows that young people have improved, especially regarding their secondary educational attainment, with 31.8 percent of all young people obtaining a grade 12 qualification in 2011 compared to only 18.8 percent in 1996. Furthermore, more than eight percent in 2011 held a tertiary qualification compared to only 5.3 percent in 1996 while both those groups who did not complete secondary school (down 11%) or who did not have any schooling (down 5.4%) decreased in size. However, despite these improvements, these added educational characteristics have not translated into employment for the cohort, especially in more recent times (De Lannoy, Leibbrandt & Frame, 2015:26). Figure 3.10 provides a graphic representation of youth unemployment rates according to education level, for 1994 and 2015.

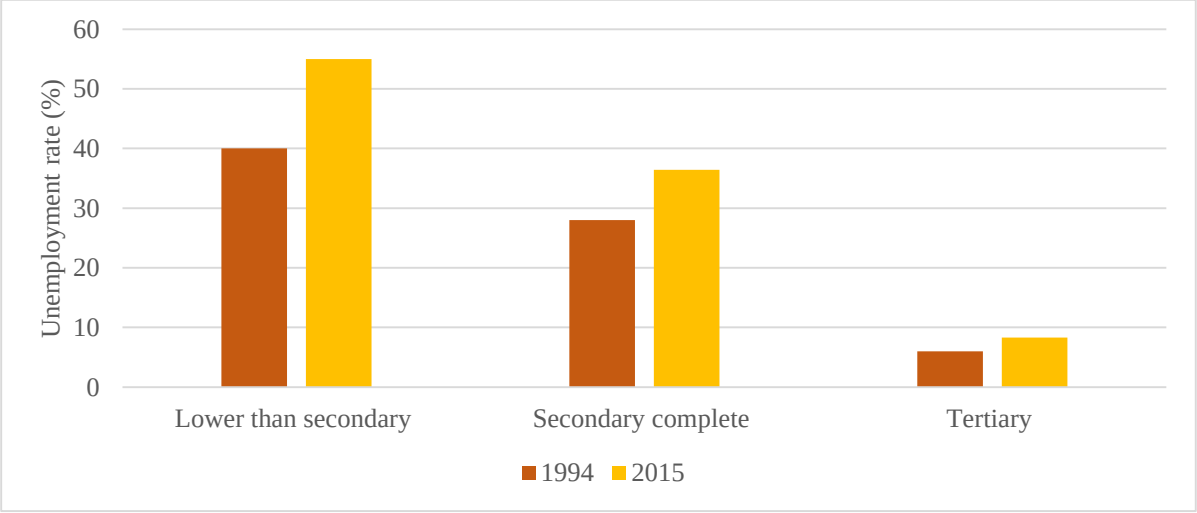


Figure 3.10: Youth unemployment rates according to educational attainment: 1994 and 2015

Source: StatsSA (2014:11), StatsSA (2015a:16)

Figure 3.10 in fact reveals that unemployment rates have increased for all different educational levels. The largest increase has been felt by those individuals who did not complete their secondary education: up from 40 percent to 55 percent. The most worrying factor depicted in the figure however is that even for those individuals who obtained a meaningful qualification (Grade 12), unemployment rates in 2015 were significantly high. These increases in the occurrence of unemployment among secondary qualifications may partly be reflected by the rapid structural changes occurring in the economy. These, especially over the last few years, have brought about a shift in focus towards high-skilled positions at the cost of low-skilled or unskilled employment opportunities (Reddy *et al.,* 2016:89). Foko (2015:5) reports that during the 2005 and 2014 period the economy created a net total of 2.3 million jobs. Amongst these, 2.1 million were created in the services sector while only 39 000 were created by the primary sectors and 213 000 in the industrial sector. The call for higher skilled workers effectively means that, even having completed Grade 12, these young work seekers are no longer assured of finding work while for those with just a primary education securing work represents a somewhat insurmountable task.

The need for highly skilled and adequate labour is also reflected in the lower unemployment rates for those who do have tertiary qualifications. Young people who have obtained a degree, diploma or even just a post-secondary certificate over the past decade have outperformed and fared much better in the labour arena than those with only a secondary qualification (Solidarity Research Institute, 2015:3). Altbeker and Storme (2013:15) report that young tertiary graduates in the country are 30 percent more likely to be active participants in the labour market compared to those with lower qualifications. Furthermore the study found that having attained a tertiary qualification was associated with a 20 to 25 percent greater likelihood in procuring employment than having a secondary education qualification or lower.

Some studies nonetheless have recently raised a concern about the increasing occurrence of graduate unemployment among young people in particular (Mncayi, 2016; Oluwajodu, 2015:2). The NPC (2011a:317) also points to similar apprehensions, questioning the post school system's design and its proficiency in effectively meeting the skills demand of the labour market, which has thus translated into more graduates struggling to acquire work. The Council for Higher Education (CHE) (2016:41) reports that graduate unemployment levels have increased slightly from 5 percent in 2010 to 6.4 percent. The concerns regarding unemployment among the group however are related to the levels recorded, particularly by African and coloured graduates. A study by the CHEC (2013:17) identified unemployment rates among Black graduates at 19 percent, with 17 percent of Coloured graduates being unemployed. Indian graduates were attributed the lowest unemployment rates at 3 percent. Van Broekhuizen (2016:9) also reports higher unemployment rates for African university graduates (9%) compared to their white counterparts (3%).

In explaining these disparities in the employment outcomes of the different racial groups Baldry (2013:13) and Van Broekhuizen (2016:10) suggest that the types of higher institutions attended are

partially to blame. These authors have criticised historically black universities (HBUs) as being under resourced, providing poor quality education to students that has translated into employers opting for graduates from other institutions. In addition, the NPC (2011a:50) states that FET systems are inadequate, pointing to a lack of capacity and poor output quality that sees roughly 65 percent of college students unable to acquire work experience. Ultimately, the education system in South Africa, in particular at the secondary and tertiary levels is failing to equip young South Africans with the needed labour market skills. In fact, the WEF (2017:58) in its global competiveness report of 2017 ranks South Africa in the lower third of countries (97 of 140) with regard to the skills of their future work force. Spaull (2015:36) highlights that the education system suffers from a variety of causes that ultimately translate into weaker labour market performances. These include a lack of knowledge of content on the part of teachers, significantly high dropout rates even among developing countries and curricula that are unresponsive to specific labour market requirements.

3.8 THE LACK OF YOUTH ENTREPRENEURIAL INTENT IN SOUTH AFRICA AND ITS LINK TO UNEMPLOYMENT

In addition to the various characteristics that see many young South Africans excluded from economic processes, the lack of entrepreneurial intent has been a major contributor to the excessively high unemployment rates among them (Steenekamp, 2013:ii). Entrepreneurship has undoubtedly become one of the most important drivers in modern development processes (Brush & Cooper, 2012:2; Shehu & Shittu, 2015:189). Many definitions have been tabled in an attempt to effectively conceptualise and provide an understanding but no single definition perfectly addresses its importance (Arthur & Hisrich, 2011:2). Nevertheless, many researchers have contributed to the underlying knowledge of what it means to be an entrepreneur. Organisjana and Matlay (2012:211) and Tan (2007:77) characterise entrepreneurship as a multi-dimensional process that contributes to the creation of wealth for society through the action of its own members. As a process, entrepreneurship must be viewed as a driver in the creation of new ventures, which adds value to the systems in which it is present (Hisrich & Peters 1998:9). Chigunta *et al.* (2005:v) however postulate that being an entrepreneur entails much more than starting a new business: it encompasses the progression of individuals' ability to develop ideas and alter their way of thinking while emphasising the initiative to view self-employment as a career option.

Regardless of how it is viewed, the importance of inherent entrepreneurial activity is attributed to the ability to assist in adding value to societies through improving socio-economic growth, creating additional employment opportunities and improving overall competitiveness (Johnson, Freeman & Staudenmaier, 2015:154). Kuratko (2005:578) regards the underlying value of entrepreneurship to societies as having two important aspects: firstly, it enhances the innovation which these processes add to production activities while secondly, it provides a mechanism that assists new labour market entrants with the opportunity to be economically involved. It is the latter characteristic that has seen entrepreneurship emphasised as one of the most important tools in addressing critically high unemployment rates,

especially among the youth (Bhat & Khan, 2014:4; Gănescu, 2014:580; Nafukho & Muyia, 2010:100). This is even more pertinent in developing countries in which these social ills have come to characterise socio-economic environments (Meyer, 2014:282).

Earmarked as having one of the highest unemployment rates globally, the South African context has also drawn much attention with regard to entrepreneurship, especially among the youth (Fatoki & Chindoga, 2011:161; Gwija *et al.,* 2014:10; Meyer & Landsberg, 2015:3475). However, in strong contrast to the importance ascribed to its activities and its association with economic prosperity, entrepreneurial activity in the country has been significantly low over the years (Luiz & Mariotti, 2011:47). In 2002, South Africa was ranked as one of the worst developing countries with regard to entrepreneurship where approximately only two percent of all adults in the country were involved in the creation of new businesses (Herrington *et al.,* 2009:22). Furthermore, Isaacs *et al.* (2007:613) stated that the ratio for entrepreneurs to workers was that for each entrepreneur, 52 (1:52) people were in waged employment in the country in 2007. Since then, more people have become involved in these activities. The total early-stage entrepreneurial activity (TEA) rates, which indicate the percentage of the 18 to 64 year old population who are either nascent entrepreneurs or those who own a new business, has progressed, increasing from 5.9 percent in 2009 to 9.2 percent in 2015 (Herrington & Kew, 2016:33). Despite these improvements, most recent estimates point to a TEA rate of approximately 6.9 percent, which is the 6th lowest amongst efficiency driven economies and 52nd amongst all 65 countries involved in the Global Entrepreneurship Monitor (GEM) report (Herrington & Kew, 2017:93).

According to Khumalo and Mutobola (2014:3), the comparatively slight entrepreneurial activity recorded in the country can be partially attributed to the low involvement of young people in the start-up up of new business ventures. Given significantly high unemployment rates among the cohort, entrepreneurship has come to be viewed as a panacea for the inclusion of the youth in economic processes (Steenekamp, 2013:390). Nevertheless, young people's involvement in entrepreneurial activities since the beginning of democracy has been significantly minimal. In fact the probability of young people starting their own business in South Africa over the past decade has been among the lowest worldwide (Van Broembsen *et al.,* 2005:36). The TEA rates for the youth in 2015 indicated that approximately 6.3 percent of those between the ages of 18 and 24 years were involved in entrepreneurial activities, which is 2.4 times lower than other African countries (Herrington & Kew, 2016:33). Similar trends also exist for those between the ages of 25 to 34 years at 10.9 percent, which among efficiency driven economies similar to South Africa that report entrepreneurial involvement of 18 percent among that age group, is somewhat lower. Figure 3.11 depicts further comparisons among the TEA rates for South Africa and other BRICS countries for 2016 for those individuals aged 18 to 24 years.

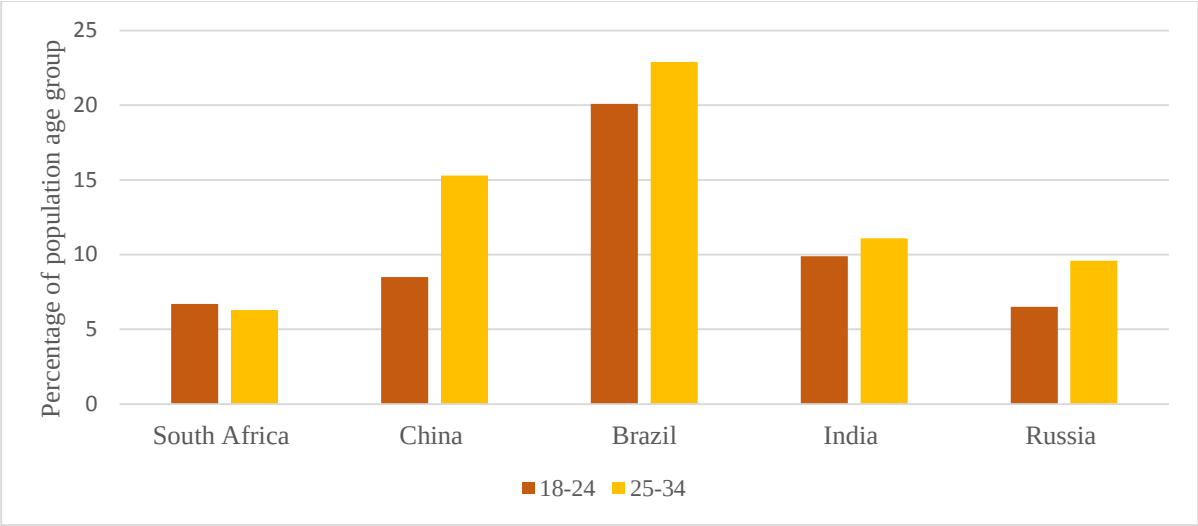


Figure 3.11: TEA rates among the BRICS countries for those aged between 18 and 34 in 2016

Source: Herrington and Kew (2017:123)

As illustrated in Figure 3.11, as a member of BRICS, South Africa has comparatively lower entrepreneurial activity amongst its youth than those of the other BRICS countries. Even though across these countries such activity seems to increase with age, South African youth between the ages of 25 and 34 record lower TEA rates compared to those between the ages of 18 and 24. The increase evident in these countries apart from South Africa, suggests that the increases in experience and improvement of skills associated with advances in age contribute to more young people feeling comfortable in their self-employment endeavours and consequently intensify their involvement in new business ventures (Herrington & Kew, 2016:33). The drop as regards South African youth, however, may partially reflect the low rates of established business: among these, in total in South Africa a mere 2.5 percent of those aged 18 to 65 years have had a business in operation for more than 42 months (Herrington & Kew, 2017:24). Thus in starting a business early on, these young people might not command the required skills, abilities or networks to effectively run a business and have been obliged to close down these ventures.

In measuring entrepreneurial activity though, Pihie (2009:341) postulates that it is vitally important not just to view actual entrepreneurs who are actively involved in new business ventures but also to measure the intent (latent entrepreneurship) of individuals in starting their own enterprises. Intentional entrepreneurs are viewed as those people who aim to be involved in the start-up of new ventures in the coming three years (Singer, Amorós & Arreola, 2014:24). Respectively, South Africa's performance in this regard has somewhat declined over the past seven years. Herrington and Kew (2016:26) indicate that entrepreneurial intentions among the population have almost halved, declining from 19.6 percent of those between the ages of 18 and 65 years in 2010 to 10.9 percent in 2015. Turton and Herrington (2013:65) furthermore demonstrated that only 15 percent of all youth in the country had intentions towards starting their own business, the lowest rate among all sub-Saharan African countries during 2012. Various other studies have also identified significantly low entrepreneurial intentions, focusing particularly on

secondary and tertiary students across the country, suggesting these learners prefer waged employment rather than undertaking the risk of creating their own business venture (Fatoki & Chindoga, 2011:161; Pendame, 2014:37). Minimal intentions of starting businesses are crucial as these motivations transpire in actual involvement in entrepreneurial activities (Krueger & Carsrud, 1993:316; Salek, 2016:18).

The fact that both intentions and actual entrepreneurial rates among the youth are low is a matter of concern, particularly with the significantly high rates of unemployment amongst the youth in the country. Madzivhandila and Dlamini (2015:609) suggest that the reasons for the lack of intent and involvement among the age group under discussion can be ascribed to a variety of causes. Among these, educational deficiencies have been highlighted as a major factor. Isaacs *et al.* (2007:619) suggest that the education system in the country fails to instil the mind-set into learners of being creators of employment opportunities, with entrepreneurial education being accorded little importance at school levels. Although much progress has been made in higher education institutions, Odora (2015:278) opines that the integration of entrepreneurial education in most of these institutions and their curricula is still somewhat inadequate, which points to a failure of imparting critical entrepreneurial skills among students. Another factor inhibiting the intentions among young people to start their own ventures relates to the difficulty which they in general face in accessing start-up capital (Gwija *et al.*, 2014:15; Herrington *et al.*, 2009:47). Young people who undertake the transition from school to work often lack the needed collateral and savings which are required in obtaining finance from financial institutions.

Entrepreneurs in deciding to undertake new business ventures are required to accept a significant number of risks (Wärneryd, 1988:407). According to Venter, Urban and Rwigema (2010:201), these pertain to a variety of factors which range from financial aspects (loss of income) to psychological features such as stress among others. Young people in their decisions about starting these ventures are no different. Fatoki and Chindoga (2011:163) suggest that the fear of failure among young people significantly impedes their intentions in the direction of entrepreneurial activity. Facing the psychological risk of social embarrassment if the business fails ultimately prevents these individuals from translating potential ideas into successful business ventures. Kazela (2009:1) furthermore stresses the importance of social environments in relation to the perceived risk in starting a business, suggesting that heightened crime rates induce greater aversion amongst the entrepreneurs.

Research furthermore indicates that the support these young individuals are able to acquire has a significant impact on their entrepreneurial intentions (Boshoma, 2015:38; Pendame, 2014:44). Difficulties in acquiring the necessary support involve various dimensions. Among these, the lack of positive family perceptions concerning the ability of the young individual to successfully start a business has been raised (Mbuya & Schachtebeck, 2016:233). Furthermore, being inexperienced and relatively new in the business environment, young people often lack the necessary business contacts that could assist in venture start-ups and often find it difficult to acquire more experienced business partners (Khuong & An, 2016:110). In the light of their hardships in finding the needed support, governmental assistance plays an important role

in getting young individuals actively involved in self-employment (Kew, 2012:36). Even in the South African context, government has, *inter alia,* introduced various initiatives and support structures such as the Umsobomvu Youth Fund (UYF) and the National Youth Development Agency (NYDA) to assist in encouraging the youth to become involved in entrepreneurship. However the DTI (2013:24) acknowledges that the minimal entrepreneurial intent among the youth can be partially ascribed to their lack of awareness of these available support measures.

3.9 CONSEQUENCES OF YOUTH UNEMPLOYMENT

In relation to the struggles in acquiring reasonable wage employment and the subsequent difficulties faced in becoming self-employed, the resulting occurrence of unemployment in any economy is a serious concern. These apprehensions are primarily based not so much on the occurrence of the phenomenon as on the associated consequences and costs. From an economic point of view the presence and incidence of unemployment generally contributes to the loss of resources and national output, while on an individual basis, unemployment results in both financial and social repercussions (McClelland & Macdonald, 1998:1). For young people these costs are somewhat larger given their associated stage of life and their future potential contributions to the economy (Morsy, 2012:15). The ensuing sections elaborate on both the economic and social consequences pertaining to youth unemployment.

3.9.1 Economic consequences of youth unemployment

The absence of young workers in economic structures ultimately constitutes major consequences. Their exclusion from economic activity and hardships in finding decent work adversely affect not just the youth themselves but also the systems and communities in which they participate (O'Higgins, 2015:1). These consequences are represented in both the economic and social dimensions (Cloete, 2015:519). For society, the prospect of more young people in the unemployed pool essentially represents an opportunity that is foregone. The UNDP (2014:17) postulates that young, energetic individuals if utilised correctly are valuable resources in the production of goods and services. In the face of heightened unemployment levels among the group, individuals fail to take part in these processes within national and local boundaries, with which decreased output, productivity and the obstruction of economic development of societies are associated (Nedeljkovic, 2014). Moreover, having a greater portion of the younger population in an unemployed state, has been noted to exert significant pressure on state resources (Matsumoto *et al.,* 2012:5; National Treasury 2011a:5). The result for public authorities is two-fold. While the demand for social welfare increases in the form of supporting those who cannot provide for themselves, these authorities in addition are constrained because potential gains for tax revenue among the group do not exist. Although unemployment in general induces greater pressure on the state, for the youth, social security is essential. Hazans, Dmitrijeva & Trapeznikova (2007:14) explain that in the face of unemployment, social security measures provide this cohort with the opportunity to establish an

independent life. From a South African perspective, the extended pressures from elevated unemployment rates among the cohort significantly impact an already constricted fiscal stance.

From personal perspectives, the consequences of unemployment exact a more noteworthy impact on the youth as opposed to more experienced and older generations. A number of studies furthermore suggests that being exposed to long term spells of unemployment in the cohort's initial labour market undertakings can have a significant impact on their future labour market successes and earning potential (Cruces *et al.*, 2012:19; Helbing & Sacchi, 2014:13; Schmillen & Umkehrer, 2013:25). These "scarring effects" in theoretical views refer to the absence of work as a missed opportunity for on-the-job capital accumulation, decreasing participants' market value in hiring prospects (Becker, 1961:30). Young South Africans thus struggling to acquire employment indirectly increase their dependency on parental households for economic support, consequently lowering the overall household income and reducing private spending (Du Toit, 2003:12).

3.9.2 Social and psychological consequences of youth unemployment

Unemployment, in addition to its economic effects, imposes substantial social and psychological consequences on an individual (Borrero, 2014:916; Shelton, 1985:18). Attaining employment in view of these consequences highlights the fact that having a job provides more than the associated monetary benefits and links to social and psychological well-being. Cloete (2015:517) explains that in job search efforts, obtaining employment, apart from the financial benefit, builds self-esteem, contributes to a person's sense of belonging and affords the opportunity to create a supportive social network, thus providing her or him with the ability to take part in social activities. In the face of heightened unemployment levels, individuals are restricted in accessing these processes, exposing them to various aspects that may induce lower levels of subjective well-being. For the youth in particular, the state of unemployment and its relationship with social exclusion has been highlighted by various studies in this regard (Barker, 2005:2; Macdonald, 2008:236). In the light of these studies, the difficulties in securing employment for this group are shown to be associated with various effects that contribute to deteriorating social ties and family relationships, lower psychological heath and risky behaviour (Kunze & Suppa, 2014:20).

In the South African context, unemployment in the group known as the youth has been strongly correlated to involvement in criminal activities, violence and substance abuse (Ndhlovu, 2010:9; Palmary & Moat, 2002:5). Their participation in these activities can be explained in terms of the low self-esteem and frustration that accompany their state of being unemployed. Furthermore, their involvement in gang culture, especially for the inactive and unemployed youth residing in townships, further perpetuates the issue. Ward and Bakhuis (2010:50) state that unemployment in this regard opens free time for those idling, for which perceptions of crime may be viewed as an income source. It creates environments in

which criminal activities and violence are seen as the answer to alleviate harsh socioeconomic conditions characterised by impoverished economic circumstances (Panday *et al.,* 2012:128).

Unemployment has also been noted to exert significant psychological pressures on those experiencing it. Not having a job adds to a sense of not having contributed to the value of society, feelings of worthlessness, lack of personal identity and lower social status (Jahoda, 1982:15; Petros *et al.,* 2015:27). Willemse (2015:65) in her study from a qualitative perspective found that young unemployed South Africans experienced daily feelings of shame, as well as loss of self-esteem, and that they used most of their time in pursuing passive and purposeless activities. Mabela (2012:140) reported similar findings, describing how the prevalence of unemployment, especially among young females, contributes to a sense of inadequacy and depression. Participants highlighted that the feelings were a result of being unable to provide for their families and, for those with children, of not being able to provide adequate care.

Youth unemployment thus encompasses various dimensions in which individuals face marginalisation in economic, social and psychological spheres. The negative impact on subjective and mental well-being together with their deprived economic state in the light of severely heightened unemployment not only creates instability in the individuals but likewise, importantly, in political structures. Various studies (Mago, 2014:37; Urdal, 2011:3; Vuković, Đoković & Rončević, 2015:173) have signalled that the potential exceptionally high rate of youth unemployment poses a threat to political stability. Azeng and Yogo (2013:14) in their study of 24 developing countries (including South Africa) over a period of 20 years empirically point out that high rates of unemployment among the youth are good predicators of unstable political environments. For a country like South Africa, with one of the highest youth unemployment rates world-wide, crucial considerations include an understanding of the difficulties the youth face and ensuring adequate strategic provisions and policies are formulated.

3.10 SOUTH AFRICAN POLICY CONTEXT FOR THE YOUTH

For the country in general, policy formulation and implementation has played an immense role in facilitating the movement to a democratic and inclusive state (Bernstein *et al.,* 2014:5). Since the end of the apartheid regime and the undertaking of an iconic transition much attention has been placed on the importance of the provision of adequate policies that could assist in addressing the socio-economic challenges faced by all South Africans. The first democratic administration, in 1994, signalled this particular intent through the formulation and implementation of various important legislative frameworks. Arguably the most essential amongst these has been the Constitution of the Republic of South Africa (108 of 1996). The Department of Justice and Constitutional Development (2014:15) postulates that since its inception in 1996, the constitution has provided a beacon for the guidance of government's actions, acting as a compass that has driven the social and economic empowerment of the country's citizens. Since then, these outcomes have been at the heart of the majority of the strategic decisions that have taken place (Cloete & Kotze, 2009:8). The implementation of the first economic policies such as the RDP and GEAR

programmes signalled the intent to eradicate historically induced poverty and deprivation levels by enhancing the country's growth trajectory and facilitating job creation (Koma, 2013:146). Through the formulation and consequent failures of these policies, however, the country's policy landscape has undergone significant changes in the past 20 years. Marais (2011:338) notes that especially since the early 2000's government has moved away from its neo-liberal stance and gradually shifted towards being a more interventionist state. This has seen the implementation of policies such as ASGISA, the NGP and the NDP, all reflecting a more direct approach that has contributed to the current "developmental state" of the country's economic trajectory (Makino, 2013:4).

Even among these changes and developments across the policy spectrum over time, the stance of the country's youth has always been an important consideration for policymakers. Since 1994, government has initiated and implemented a variety of youth targeted programmes and legislative frameworks that seek to enhance the development of the youth (Kampala, 2011:2). Economic empowerment and social inclusion have been at the core of these initiatives, which have required all spheres of government and those involved in the implementation processes to place the youth at the centre of their decisions (The Presidency, 2014:5). In doing so, the policy landscape pertaining specifically to this group has developed extensively. It has seen the country develop a youth policy environment among which only a few other African countries attribute (NYDA, 2011b:8). Initiatives and frameworks such as the National Youth Commission Act, the National Youth Policy (NYP) and the National Youth Development Framework (NYDF) have all been introduced. However, despite the plethora of initiatives from government's side, young people in the South African economy continue to be marginalised and excluded from the processes that foster their financial and social independency (Jonas, 2016:6). In relation to their continuous economic and social challenges, since many government-led initiatives have been merely rhetorical this suggests that these programmes have failed to translate into practical solutions for the group. The CDE (2012:3) has also questioned the adoption of a youth focus within other departments of government. It points out that although youth agencies are continually advocating continuous pressures in mainstreaming young people in policy decision making, there exist few indications that this has happened. This section of the study therefore reviews the main policy initiatives that have been implemented since 1994, specifically and solely aimed at the youth, and their respective contributions to this cohort's development and inclusion since the start of democracy.

3.10.1 National Youth Commission Act (19 of 1996)

The National Youth Commission Act symbolised the first initiative of the democratic government's attempts to ensure the inclusion of the youth in economic processes. The passing of the act in 1996 under the then President, Nelson Mandela, came as a realisation of the importance that young people in the country possess and the moulding role they would play in the future outlook of society. Its implementation signified government's awareness of treating the youth's needs in a serious and comprehensive manner (Ga-Segonyana Local Municipality, 2012:5). In addressing the difficulties, the act

made provision for the National Youth Commission (NYC) which was established on 16th June 1996 (Morgan, 2013:57).

In the light of its inception, the NYC was the first cabinet-ministry level for the youth in South Africa which had youth development at the centre of its mission (McConnell, 2009:37). Although not resembling a single department, the commission was situated under the ambit of the Presidency (Parliament, 2007:109). It was directed by the act to ensure that a coordinated and developmental role be undertaken in the creation of comprehensive national youth policies for the country (Mohy-Ud-In, 2014:33). Other responsibilities emphasised included the development of principles and guidelines assisting public authorities in the procedures for policy implementation; the coordination of provincial government's decisions regarding the youth; to provide measures that addressed the imbalances of the past for certain groups of young people and to act as a link to other bodies similar to the NYC to facilitate uniformity in youth targeted activities. The NYC in its role, was thus not directly involved in the implementation of policies but held other public departments and bodies liable for the deployment of these plans (McConnell, 2009:37). However, given its role and mandated duties, the commission provided a strategic plan in 1998 which provided tactics in ensuring better opportunities for the youth for the following three years. Table 3.3 lists and explains the major goals which the strategic plan implemented. In addition to the plan, the NYC also tabled the National Youth Policy (NYP) in 2000 however neither were formally adopted by parliament (The Presidency, 2009:5).

Table 3.3: Goals of the NYC strategic plan 1998

Strategic goals	Projects and Implementation
Coordination and Facilitation	The promotion of youth development programmes and initiatives. Projects proposed included national youth information services, a national youth service programme and inter-governmental liaisons. A national youth employment programme was also proposed including the establishment of a clearing house and various employment and enterprise development strategies.
Monitoring	Designing of policies and monitoring their impact on young males and females. The commission would compile an annual youth budget providing resources to central, provincial and local government in their implementation of targeted youth policies.
Advocacy	Advocating actively for the needs of young people. Commission was to undertake meaningful interactions and influences on parliamentary level to ensure conducive legislation for the group's development
Research and policy development	Oversee and undertake research for youth development and targeted policies and programmes. Research involved in base-line information and law reviews.
Capacity building	Aimed to strengthen the capacity of the youth sector. Develop adequate youth practitioners, formulation of best practice guide on models and approaches for youth inclusivity and provide donor programmes to mobilise resources.
Public awareness	Improve the profile of young women and men.

Source: National Youth Commission (cited by Hlophe, 2014:50)

Although its goals and projects were applauded, the NYC was heavily criticised on the basis of its quiescence (Everatt, 2000:14). Many accused the National Youth Commission Act of being a hastily implemented policy, deciding on various actions but lacking in their conceptualisation and practical implementation. McConnell (2009:38) states that the act and the commission failed to resonate with the voices of the youth in policy negotiations and during the first five years after its introduction it neglected to direct any enactment of policies or programmes. Furthermore, concerns were raised over the staff of the commission, with members accused of being placed for political influence rather than in terms of their sectoral knowledge and expertise (Everatt, 2000:14).

3.10.2 Umsobomvu Youth Fund (UYF)

Following the failures of the NYC together with the structural changes in labour demand during the period, unemployment among the youth became a serious concern. In addressing this pressing issue the Umsobomvu Youth Fund (UYF), a development funding institution reporting to the Department of Labour, was formed in 2001 (The Presidency, 2014:7). The fund was implemented with the main aim of promoting skills development and improving mainstreaming of the youth into economic processes, primarily focusing on the creation of meaningful self-employment opportunities (SBP, 2009:2). Objectives were carried out through the fund's implementation of three key programmes: the contact, information and counselling programme, the skills development and transfer initiative and the youth entrepreneurship programme (Kekana, 2003).

The programmes instilled various youth orientated actions, including online career development counselling, the provision of advisory centres and the placement of jobless youth without tertiary education into national service schemes (Foley, 2003:161). Its major contribution to the initial youth policy framework however was most notably the facilitating role the fund played in assisting young entrepreneurs in obtaining access to funding (Freedman, 2008:20). Its collaboration with various private sector financial intermediaries and co-operatives aimed to assist 700 SMMEs and 3640 micro-enterprises for the first three years, contributing to the creation of an anticipated 17 000 additional jobs (Kekana, 2003). Furthermore, the fund, through its mandate of skills development, implemented the Business Development Voucher Programme (BDVP), the first of its kind. In applying for the programme, individuals were provided with monetary vouchers that were used to acquire business support services from UYF accredited providers (Department of Labour, 2006:6).

During its implementation the institution made considerable contributions towards improving the youth's economic involvement. In 2006, five years after the fund's introduction, it allocated more than R550 million towards its programmes, in the process creating more than 45 000 jobs for young unemployed individuals (Department of Labour, 2006:12). One-hundred and twenty one (121) youth advisory centres were set up across the country and more than 8800 micro-finance packages were disbursed to youth and women's enterprises. Concerns regarding the UYF and NYC were nonetheless raised with various

interest groups; both political and public ones calling for the amalgamation of the two bodies into a single youth orientated institution (Morgan, 2013:6). Apprehensions cited, particularly regarding the UYF, were that although funds were being disbursed, young people found it difficult to access the resources, especially in local areas situated far from large cities. This was partly due to the financial constraints the UYF faced in branching out to these areas (McConnell, 2009:52). Where funds were allocated, businesses created were criticised for not being sustainable (Mavasa, 2014:2). Other parties referred to the dysfunctionality between the bodies, the confusion of roles and their internal competition for resources that ultimately delayed the youth development process (Morgan, 2013:82).

3.10.3 National Youth Development Framework (NYDPF) 2002 – 2007

The National Youth Development Framework (NYDPF) was instituted as the first recognised and accepted attempt at a national youth policy in South Africa. The failures of previous attempts by the NYC in 1997 and 2000 finally served as guidelines in terms of which the NYDPF was established (Mohy-Ud-In, 2014:34). The framework, when implemented in 2002, called for a universal and integrated approach in addressing the concerns of the youth involving all spheres of economic, political and social interest groups (Kouh, 2013:22). Its goals expressed its view on the pathway forward for the country in which the creation of an enabling environment and the adoption of multi-sectoral interventions were identified (NYDPF, 2002:5). It essentially provided an outline of the background and prescribed the legislative environment for youth development initiatives through the identification of the challenges and opportunities facing the group (Hlophe, 2014:53).

Among its contributions to the policy environment, the NYDPF strongly argued for a smaller age range with respect to the classification for youth. It viewed its target segment as those between the ages of 15 and 28 years to which it would contribute to a more adequate and effective policy landscape (NYDPF, 2002:8). Furthermore, the framework segmented age groupings, where it recommended specific interventions (McConnell, 2009:42). Those between 15 and 19 years were targeted with educational improvement, 20 to 24 with school to work transition related initiatives while the creation of learnerships and self-employment opportunities was advocated for those between the ages of 25 and 28 years (McConnell, 2009:42). Areas and strategies presented by the framework for direction on youth programme involvement included a range of issues pertaining to social well-being, education and training, economic empowerment, social mobilisation and crime among the youth.

3.10.4 National Youth Development Agency Act (54 of 2008)

The end of the NYDPF timeframe in 2007, together with raising concerns over failures between the NYC and UYF, saw the government implement the National Youth Development Agency Act (54 of 2008). The act made provision for the establishment of the National Youth Development Agency (NYDA), officially launched at the start of 2009 (Morgan, 2013:28). The agency's implementation signalled a fresh start in the youth policy landscape, seeing the merger of both the NYC and UYF into a single body

(Chingwaru, 2014:58). Unlike its predecessors, the NYDA was granted the obligation of being the main custodian regarding the development and enactment of youth targeted policies and programmes in South Africa (Kazadi, 2015:27). It was implemented with the major aim of addressing the high levels of unemployment and to promote social cohesion (Hlophe, 2014:56).

The agency, as prescribed by its mandate, is held accountable for providing support and assistance to all levels of government in the advancement of the development of young people in the country (NYDA, 2013:2). In fulfilling this role the agency has, since its introduction in 2009, initiated and implemented a number of programmes and policies that looked to assist the youth in their labour market outcomes (Okoth *et al.,* 2013:112). Included in these, making the most notable impact were the NYDA grant programme, entrepreneurship development programme and the volunteer business mentorship programme. These initiatives together are mainly aimed at young people between the ages of 18 and 35 years, providing assistance in creating self-employment opportunities (Dludla, 2014). The programmes offer access to micro grants for the establishment of survivalist start up enterprises, skills training and mentorship facilities to assist growing enterprises.

3.10.5 National Development Plan (NDP)

Building on the past growth and development policies such as the RDP, ASGISA, GEAR and NGP, the National Development Plan (NDP) was adopted by the South African government in 2012. This strategic plan signalled the new direction and foundation for South Africa's future economic and socio-economic development paths, moving forward to 2030 (Meyer, 2012:146). At its core it aims to reduce poverty and inequality through maximising the potential of South Africa's resources while producing inclusive and sustained growth (NPC, 2011a:34). Since its implementation it has provided a cornerstone for much of government's policy decisions, mainly surrounding the enhancement of employment, eradication of poverty and improving the standards of living for the country's people. Through the implementation thereof, government believes that achieving these outcomes will contribute to a "virtuous cycle of wealth" that fosters improved capacity and enhanced economic opportunities (Zarenda, 2013:13).

Upon reaching its mandated goals the plan outlined various targets which would guide much of government's actions. Among these targets, government aimed to reduce the number of households with less than R419 a month per person to zero percent, to decrease the inequality levels to a Gini-coefficient of 0.60; provide an inclusive economic growth rate of 5.4 percent and ultimately reduce unemployment rates to 14 percent by 2020 (NPC, 2011a:34). Although the NDP is not a direct intervention targeted at the improvement of the outcomes of young people it does acknowledge the importance of South Africa's youthful population (Mohy-Ud-Din, 2014:38). In doing so, the NDP recognises the fact that young people are those most affected by unemployment and hence in its policy formulation and planning adopted a "youth lens" (NPC, 2011a:29). Targets set out by the strategic plan directly relating to the youth of the country include five main goals. These are listed and explained in Table 3.4.

Table 3.4: NDP goals and targets directed at those between ages of 15 and 34 years

Strategic goal	Target
Education and schooling	Improve learner retention rates to 90 percent; increase number of students achieving 50 percent average in mathematics and improving training provisions to teachers.
Youth service programmes	Provision of new community based programmes providing life skill training; provision of entrepreneurship training and strengthening current youth service programmes.
Provision of tax incentive schemes	The introduction of the Employment Tax Incentive Act. Provide tax incentives for employers upon hiring young people to enhance their employability and reduce their associated hiring risks.
Learnerships and training programmes	Expand the number of learnerships and provide training vouchers directly to job seekers.
Graduate recruitment scheme	Introduction of a formal graduate recruitment scheme for public services in an attempt to attract the most skilled individuals.

Source: NPC (2011a:29)

3.10.6 Employment Tax Incentive Act (26 of 2013)

In acknowledging the severe problem of unemployment among the youth, the South African government successfully implemented the Employment Tax Incentive Act (26 of 2013) in 2014. Being principally directed towards stimulating the demand for young work seekers, the act's primary goal is to assist in reducing the cost associated in the employment of those between 18 and 29 years (Ranchhod & Finn, 2016:2). Given that young work seekers have a degree of uncertainty in their productivity levels, the act attempts to compensate firms for undertaking the risk in hiring young workers as well as the possible on the job training costs usually associated with the cohort's employment (Ebrahim *et al.*, 2017:4). Early expectations of its implementation in 2014 were that over an initial three year period the act would contribute to the creation of 178 000 new jobs while subsiding 423 000 of those jobs which already existed at a cost of approximately R5 billion to the state (National Treasury, 2011b:40; Nevondwe & Odeku, 2014:780). Characteristic of these wage subsidies, the assistance afforded not only contributes to monetary gains. The DTC (2014:37) holds that through reducing employment costs, assistance is also provided for those individuals with particularly low skills sets and lack of experience, by furnishing an opportunity for decent employment opportunities which, prior to the act's implementation, would not have been available.

The act ultimately makes provision for a rebate tax system, where employers annually receive tax breaks on the salary of each young person who is in the firm's employment based on specific criteria (Fredericks, 2014:1). Of these, just those firms who are in the private sector, registered on the PAYE (Pay As You Earn) system and whose SARS accounts are not in arrears, are allowed to claim (Ebrahim *et al.*, 2017:2). Furthermore, firms can only claim for those individuals who were employed after October 2013. The tax rebates which are received are dependent on the salaries received by each young employee, with the system following a sliding scale procedure where rebates decrease as monthly salaries increase (Van

der Zwan, 2014). Table 3.5 indicates the rebates according to the different monthly remunerations for the period during which firms are allowed to claim.

Table 3.5: Monthly tax rebates for each employee between the ages of 18 and 29 years

Monthly salary	Monthly tax credits	
	First 12 months	Second 12 months
R0 – R2 000	50% of monthly salary	25% of monthly salary
R2 000 – R4 000	R1 000	R500
R4 000 – R6 000	R1 000 - 0.5 x (monthly pay - R4 000)	R500 - 0.5 x (monthly pay – R4 000)
Above R6 000	No rebates received	

Source: Ebrahim *et al.* (2017:3)

For each individual between the ages of 18 and 29 years who is earning between R2 000 and R4 000 per month in the first year, firms are afforded a R1 000 tax rebate. The rebates decrease for salaries above R4 000. Firms are allowed to claim during a 24 month period, where in the second 12 months rebates that can be claimed are halved. No rebates are afforded to firms where young employees are receiving a monthly salary above R6 000 (Development Policy Research Unit (DPRU), 2014:5). Through the reduction of the employment costs associated with young people the act lends much needed support in assisting them in their transitions from school to work. Levinsohn and Pugatch (2014:169) argue that the act has the potential especially to reduce long term unemployment occurrences among younger work seekers. Its ability to make the cohort more attractive for even the simplest form of employment affords the members the opportunity to gain much needed skills and experience, through which a more productive labour force could be built.

Despite these positive outlooks, the announcement of the act's implementation in 2014 did raise some concerns. The Congress of South African Trade Unions (COSATU) in this regard referred to the potential displacement effects that the act might lead to (COSATU, 2013). COSATU believed that the act would contribute to job losses among those non-subsidised employees, where firms would replace these individuals with those who did qualify for the rebates. Other concerns pertaining to the act, related to its potential to induce destructive churning processes which have come to characterise these types of wages subsidies (Hudson, 2015:3). These processes involve the continuous replacement of qualifying employees, substituting those at the end of their qualifying periods for new qualifying individuals. Furthermore, the difficulty in compliance has been noted. The DPRU (2014:69) refers to the fact that the small and medium firms which are believed to be the job drivers in the country might find the administration of such a new process difficult and even if they did not, not many of these firms are officially registered in the tax system.

Since its implementation, reported statistics on the act's contributions to job creation have been somewhat positive. Marrian (2015) reports that in the first year of the act's implementation 270 000 claims through

29 000 businesses around the country were made. The initial performance exceeded expectations, providing a positive interpretation of the act's job creating ability. In a more recent descriptive report encompassing official individual tax certificate data provided by the National Treasury (2016:2), statistics indicate that for 2014 the incentive was claimed for 134 923 jobs, increasing to 686 402 jobs in 2015. In retrospect, according to these statistics the ETI supported approximately five percent of the jobs registered in the tax data set for the period under consideration. The report also shows that the majority of the jobs that were claimed were with larger firms as opposed to smaller firms. The National Treasury (2016:28) however does reiterate that these statistics do not clearly indicate whether the act has supported the creation of new jobs, saved existing jobs or subsidised those jobs that regardless of the act's implementation were planned to be created.

Studies undertaken since its implementation in efforts to provide insight into the act's contributions have also recorded somewhat mixed results. Ranchhod and Finn (2014) analysed the policy's contribution to employment during the first six months of its implementation. Through the use of an individual-level difference-in-difference (DID) approach, results revealed no significant change in the employment probabilities of the youth. Even after extending the period under consideration to 12 months, similar results were reported (Ranchhod & Finn, 2015). As opposed to the quantitative analysis, De Jongh, Meyer and Meyer (2016) in their qualitative study analysed the perceptions of 13 local business owners on the act. The study suggested that firms regarded the act as a positive policy mechanism. However, among the 10 of these businesses that made use of the act, eight reported that no new jobs had been created. The results showed that firms regarded the skills levels among these work seekers as more important than the incentives they would receive. In a more recent study, Ebrahim *et al.* (2017) used a conditional difference-in-difference methodology to analyse the impact of the act from 2014 to the end of 2015 on the employment probabilities of the youth. The results indicated no significant impact on youth employment. Furthermore, the study suggests a high deadweight loss, with the act mainly subsiding jobs that were created regardless of its implementation.

3.10.7 National Youth Policy (NYP) 2015 – 2020

The National Youth Policy (NYP) 2020 was implemented in 2015 by the Presidency. The policy serves as the framework that provides the base for strategic interventions and initiatives aimed at the development of the youth until 2020. The NYP is intended to provide an enabling environment which enhances the capacity of young people in South Africa, ensuring the mainstreaming of these individuals into government policies and decisions (The Presidency, 2015:5). Although only implemented in 2015, the NYP 2020 has constituted a progression, building on its predecessors. Its initial formulation occurred in 1997 where it was the first attempt in the provision of a national youth policy which was laid before parliament after the establishment of the NYC. It was never formally accepted, though, but did endorse the establishment of the NYDPF (McConnell, 2009:37). After initial revisions and adjustments were made the policy was only formally accepted and implemented in 2009. In its revised state the NYP at the

core of its framework made it clear that youth development for the period up to 2014 should be holistic in nature. It required not only government's commitment in addressing the challenges that young people face but elucidated that youth development across the country should be imperative to the public and private sectors alike. The policy listed four main pillars to which the focus of resources would be directed in improving the position of young people. These included improving educational performances, enhancing the economic participation of the cohort, better health and well-being and providing an environment where these individuals could socially participate (Kampala, 2011:44).

In the five years leading up to 2014, the policy contributed to the enhancement of government's recognition of the development issues for the youth. The Presidency (2015:3) contends that the underlying impact of the initiative relates to the direction it provided to other government departments, setting a framework with which their strategic decisions and planning could be coordinated. Despite these contributions, the policy did fail in various aspects. Ngcwabe (2015:5) postulates that the more pronounced failures included the inability to finalise an integrated youth development strategy and the overall lack of lobbying for the implementation of practical programmes to meet the objectives. Therefore, in 2015, government implemented an improved NYP. The NYP 2020 aims to build on the progress of the previous legislated frameworks while acknowledging the new challenges faced by the youth (The Presidency, 2015:3). In doing so, in a manner akin to its predecessor, the NYP 2020 outlined various policy interventions or pillars that could contribute to the improved outlook for the youth. These pillars and their proposed interventions are listed and explained in Table 3.6.

The various identified pillars of the policy suggest that youth development requirements are diverse. Not only do young people need strategies that allow their direct participation in the economy but polices and provisions also should be linked to the enhancement of their capabilities. This requires the involvement of all spheres of government and the private sector to provide a conducive environment where young people are allowed to actively participate in social structures. However, in achieving these outcomes one of the biggest challenges presented is ensuring that policies are effectively implemented and coordinated at all levels (Hlophe, 2014:60). Youth development and the policies implemented to achieve this outcome should therefore follow a multi-sectoral approach that ensures integration of national, provincial and local legislative frameworks.

Table 3.6: Main policy pillars and interventions

Policy pillars	Targets, programmes and strategies
Economic participation	Support young people's absorption into the working world by expanding access to public employment schemes such as the expanded public works programme. Improvement of work exposure to the youth through the provision of national job fairs, life skills and career guidance training and increased private sector internship programmes. Development of existing youth-owned enterprises through the provision of better access to funding and reduction of red tape in registering enterprises. Enhancing rural development and land reform for young people with increased support from Department of Agriculture in accessing land and farming equipment.
Education, skills and support	Provision of curricula that are conducive to youth development including basic computer literacy, entrepreneurship and handwork. Achieving pass rates of at least 50 percent in literacy and maths and improving retention rates to 90 percent. Advance teaching practices in indigenous languages. Improve the provision of career guidance through annual career exhibitions at basic educational levels. Expand the number of TVET colleges to allow school dropouts to obtain qualifications.
Health care	Advance involvement of youth in physical education and recreational activities in basic education. Provision of recreational facilities and diversion programmes preventing substance abuse. Jobs which focus on combating of substance abuse should be created.
Nation building and social development	Foster constitutional attitudes and values through promoting non gender-biased and democratic tendencies. Better implementation of National Youth Service that enables character building and improved sports participation.
Optimising youth machinery that enhances effective delivery and responsiveness	Optimise intergovernmental relations between local, provincial and national government. Involve all spheres of government in decision making processes. Establish youth desks at national, provincial and local levels with adequate resources to provide quality service. Improve joint planning with private sector and construct youth forum including private and public sector role players.

Source: The Presidency (2015:16)

3.10.8 Local youth policy context for Emfuleni and Metsimaholo

The importance of policy implementation, especially at local levels, is undeniable. Local governments play an important role in their development of communities and subsequently the individuals they house (Torjman & Leviten-Reid, 2003:13). This sphere of government is situated closest to these communities and therefore is able to provide an important understanding of the challenges their members face (Koma, 2010:113). From a South African perspective these spheres of government are directed by the Constitution and White Paper for Local Government, which requires the local officials to adopt a developmental stance. In this sense, municipal authorities are required to provide legal foundations for laws, be active members in decision making and provide the essential services that improve socioeconomic conditions (Reddy, 1999:8). Furthermore, the Municipal Structures Act (177 of 1998) emphasises that local governments, in fulfilling their constitutional obligations, are required to provide environments that ensure the inclusion of all citizens.

Young people's development provisions at the municipal level are nonetheless significantly lacking (Ngubeni, 2013:41; Van Donk, 2007:15). Evidence suggests that although policies directed from a national level are formulated, many local municipalities disregard the importance of providing and

implementing initiatives directed at the inclusion of young people. Research undertaken by the National Youth Commission in 2006 (cited in Sedibe, 2006:68) showed that approximately 81 percent of local municipalities, 65 percent of district municipalities and one of six metropolitan municipalities did not have a youth policy or youth development programme in place. Furthermore, the findings indicated that only 60 percent of these local, 42 percent of district and 50 percent of metropolitan municipalities had employed youth councillors responsible for youth development. A more recent study by the South African Local Government Association (SALGA) in 2011 (as cited by Ngubeni, 2013:41) however showed that the provision of these initiatives had improved, with results indicating that more than 77 percent of local municipalities provided such strategies.

For the purpose of the study focus was specifically directed towards the Emfuleni and Metsimaholo local municipal areas. These areas are situated in the province of Gauteng and Northern parts of the Free State Province in the country (shown in Figure 3.12). Emfuleni Local municipality is one of three local municipalities in the Sedibeng District Municipality and plays host to two important town centres in that of Vereeniging and Vanderbijlpark (Sedibeng District Municipality, 2015:8). In addition, to these main towns, six peri-urban townships are present which includes Evaton, Sebokeng, Sharpeville, Boipatong, Bophelong and Tshepiso (Emfuleni Local Municipality, 2017:25). The area attributes sound road and rail infrastructure which links it well with other well-known areas in the region such as Johannesburg, Bloemfontein and the East Rand (Local Government Handbook, 2017:104). The Vaal River forms the southern boundary of the municipality and its strategic location offers the community significant opportunities for tourism and the potential for economic development (Emfuleni Local Municipality, 2017:25). The municipality is largely urbanised, attributing high population densities in comparison to the other local municipalities within the district.

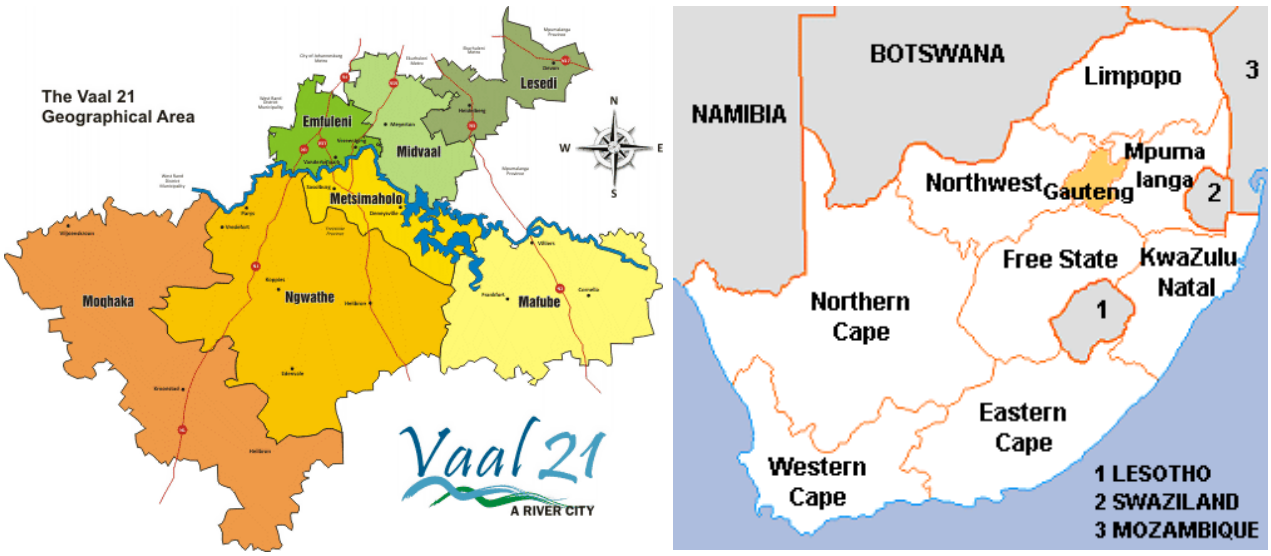


Figure 3.12: Geographical demarcation of the study area

Source: Sedibeng District Municipality (2009)

Adjacent to the Emfuleni Local Municipality, the Metsimaholo Local Municipality is primarily situated in the Northern regions of the Free State Province. The area is compact with a width of approximately 40 km and is 60 km in length (Metsimaholo Local Municipality, 2017:12). Although not situated in the Gauteng province, the area is significantly interlinked with Emfuleni and together with the Midvaal local municipal area, forms part of the Vaal Triangle functional economic region (Slabbert, 2004:118). Major towns which are situated in the area include, Viljoensdrif, Coalbrook, Zamdela, Deneysville, Oranjeville and Sasolburg. The latter is globally recognised for its links with large Corporations such as Sasol Industries and serves as the primary urban node of the region (Local Government Handbook, 2017:80). Oranjeville and Deneysville act as secondary smaller urban nodes. The latter is a small harbour town on the Vaal Dam with Deneysville (located 55km away from Sasolburg) regarded as the main agricultural centre for the municipality (Metsimaholo Local Municipality, 2017:13). As opposed to the large population housed in the Emfuleni local municipal area, Metsimaholo houses a total of 168 300 individuals with relatively low population density figures of 95 persons per km^2. The municipality however does play host to majority of the Fezile Dabi District Municipality's inhabitants, accounting for 33 percent of the total population whilst holding a total of 59 113 households (StatsSA, 2016d:7).

Table 3.7 shows various selected socio-economic indicators for both the municipal areas. Together the areas hold approximately 900 000 people, with population growth rates varying between 0.9 percent in the Emfuleni and 2.7 percent in Metsimaholo. Recent statistics from StatsSA (2016d:15) indicate that the youth population in both areas account for approximately 35 percent of the total population. Regional growth indicators suggest low economic expansion with Emfuleni showcasing only 1.1 percent increases on average in the last 10 years where most recent estimates (2016) indicate declining output (-0.6%). From a socio-economic perspective, both areas seem to have significant challenges. Poverty rates are ominously high with 45.8 percent of the population in the Metsimaholo region and 49.8 percent of the residents in Emfuleni living below R779 per month. Furthermore, Gini-coefficients are above 0.6 for both areas while unemployment rates in Emfuleni (54.7%) suggest that more than half of the labour force are unable to find employment.

Table 3.7: Selected socio-economic indicators for the study area

Indicator (2016)	Emfuleni area	Metsimaholo area
Total population	740 900	168 300
Population growth 1996 to 2016 per annum	0.9%	2.7%
Number of people in poverty (% of people living in poverty)	369 761 (49.8%)	77 200 (45.8%)
Regional GDP growth 1996 to 2016 per annum	1.1%	3.4%
Regional GDP growth	- 0.6%	2.2%
Number of unemployed people (unemployment rate in brackets)	301 700 (54.7%)	21 113 (25.3%)
Number of employed people	169 600	58 038
HDI	0.66	0.66
Gini-coefficient	0.62	0.63
Population density (people per square km)	767	98
Annual average income per capita	R 49 232	R 62 111
Total tourism trips to region	67 300	43 211

Source: Global Insight (2016)

In light of the underlining socio-economic conditions as well as the significantly high youth unemployment rates, the provision of youth development initiatives proves to be crucial. Table 3.8 lists the various implemented programmes and strategies targeted at the youth from a provincial, district and local municipal level. The table indicates that for both these local areas the major initiatives are regulated from provincial level. Policy initiatives are primarily directed at provision of education and skills based training together with the provision of short term employment through public work programmes. The Gauteng Provincial Government has the only youth specific policy strategy in place that seeks to enhance the economic inclusion of the youth. It is important to note that neither at the district nor at local municipal levels have youth specific policies been established. In both local municipal areas, main strategies for youth development are addressed in their IDPs (Integrated Development Plan). Implemented strategies include the setting up of youth advisory centres and the use of the Expanded Public Works Programme (EPWP) to assist in short term employment and the provision of training related to life skills and entrepreneurial endeavours.

Table 3.8: Youth development initiatives targeted at youth development

Area	Youth development programmes and initiatives
Free State Provincial Government	National Youth Corps Programme which facilitates skills development and training in agro-processing directed at rural youth. Free State Youth at Work Programme involved in construction training to provide short term employment in building RDP houses. National Youth service programme equips young unemployed with technical training in building sectors. Built environment learnership programme which provides youth in school with opportunities in training in building civil society. New Venture Creation learnerships programme supports entrepreneurship training among school youth in the wholesale and retail trade sectors.
Fezile Dabi District Municipality	This district municipality has no youth policy in place. Integrated development plan (IDP) outlines 7 main objectives in youth development. These include providing youth opportunities for business ownership, informing grade 12 learners about work opportunities, encouraging young artists to be self-sustaining, benchmarking of youth units in the district and encouraging sports participation among youth.
Metsimaholo Local Municipality	No youth policy implemented. IDP outlines main provisions for youth through extending involvement in expanded public works programme.
Gauteng Provincial Government	Expanding involvement of the youth in public works programmes. Direct youth employability programme outlined in the provincial employment growth and development strategy. Strategy involves provision of bursaries and scholarships, training in green sector and technologies and promoting youth entrepreneurship. Gauteng Youth Employment Strategy (GYES) seeks to place grade 12 and tertiary graduates, provide entrepreneurship training and provide skills development.
Sedibeng District Municipality	No youth policy formulated or implemented. Established youth advisory centres in Emfuleni, Lesedi and Midvaal. Advisory centres assist in job preparedness, CV writing and career guidance. Bursaries and scholarship provision to tertiary students.
Emfuleni Local Municipality	No youth policy. Have established local youth units driven by the district municipality citing lack of adequate resources and budget to facilitate youth development. Advisory centres that assist youth in life skills training and financing entrepreneurship innovations.

Source: Own compilation

3.11 SYNOPSIS

The chapter reviewed the empirical literature relating to unemployment and youth unemployment in the South African economy. In doing so, the chapter had the objective of determining and understanding the factors that influence the employment outcomes of, particularly, the youth in the labour market. As a country South Africa has undergone significant structural changes in both political and economic spheres. The apartheid regime and the transition into democracy have undoubtedly exerted a significant impact on the labour market outcomes of many work seekers. The previous exclusion of the non-white population and the failures of the new democratic government have meant that many work seekers even today still experience depleted human capital accumulations and are situated in geographic areas far from decent employment opportunities. Whilst addressing these historical disparities, evidence suggests that policies aimed at improving the entry of the many disadvantaged have, in contrast, contributed to the creation of an over-regulated and rigid labour market system. Given the structural challenges faced by the labour market, the failures of those seeking employment are ascribed to both demand and supply side issues.

Unemployment in this regard remains one of the most pressing socio-economic challenges facing the South African economy. In fact, unemployment rates have doubled since 1994, with the country recording a narrowly defined unemployment rate at the end of 2016 of 26.5 percent. For the youth in particular, unemployment remains pervasive. Among the 5.7 million South Africans who were unemployed, those between the ages of 15 and 34 years constitute 70 percent of all the work seekers unable to acquire jobs. Most recent unemployment rates for the cohort indicate that 47.5 percent of the youth are unemployed (in the broad definition) while for those between the ages of 15 and 24 years, such rates are the third highest in the globe. In making use of the definition of youth according to the NYP as being those between the ages of 14 and 35 years, the empirical review noted that unemployment experiences among the cohort are in no sense similar. The lack of employment opportunities was shown to be concentrated according to age, race, gender, education, and geographical localities. Furthermore, in relation to their struggles in securing work, the chapter demonstrated that there is comparatively and significantly a low level of youth entrepreneurial intent among the cohort.

This study proceeded to identify and expand on the specific factors which inhibited or acted as barriers towards the youth's employment. Young people's success in the labour market corresponds significantly to both demand and supply side challenges in this regard. The empirical evidence made it clear that among the most telling demand side factors that hindered their access to employment is the inability of the South African economy to facilitate job creation that meets the needs of the increasing number of young work seekers. From the supply side the chapter identified the mismatches of skills and lack of job experience as some of the more important factors that explained the difficulties of young people in finding a job. In general, these young work seekers lack the needed human capital, ascribed to low technical abilities and the lack of soft skills deemed important by prospective employers. Other related factors that were identified included their lack of social capital and their inadequate job search abilities. The dependence of the cohort on family, friends and other networks in finding jobs plays an important role in facilitating employment procurement. Despite these challenges studies undertaken on the impact of the provision of social welfare and reservation wages on the employment probabilities of the youth suggest that partial explanations for their lack of employment may be explained in a voluntary sense.

In the light of the multi-faceted nature of youth unemployment, an important objective of the chapter was to provide a review of the national policy landscape pertaining to the youth and their inclusion in economic and social processes. Since 1994, the youth policy and legislative frameworks have improved significantly. A number of policies and initiatives have been implemented; the most important of these are the National Youth Commission Act, the National Youth Development Policy Framework (NYDPF), the National Development Agency Act and the National Youth Policy (NYP). In their implementation these policies have laid a framework to focus youth development on. On local and provincial levels the implementation and formulation of initiatives however is severely inadequate. It suggests that there is a lack of integration and understanding of what is required to successfully integrate these young individuals into economic processes.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

Research plays an increasingly important role in modern day life. The main objective of undertaking these practices lies in the contributions that can be made to existing knowledge, affording the ability to find solutions to concerning scientific and social issues through systematic and objective analyses of specific information (Rajasekar, Philominathan & Chinnathambi, 2006:2). As recursive processes these inquiry based practices ascribe a significant degree of importance to the specific methods utilised to conduct research. Creswell (2003:4) attributes that the selection of the specific frameworks or methodology that directs the research undertaking is pivotal as it impacts various aspects of the research itself ranging from the philosophical foundations of the study down to the analytical procedures. Therefore, this chapter is dedicated to the elaboration of the specific methodology that was utilised and adopted throughout the research process. The first section commences with a discussion on the underlining philosophical foundations that provided the base on which the methodology was grounded. This is succeeded with a discussion on the particular design and approach that were adopted. Given that the study made use of a quantitative approach, the subsequent sections explain the methods used in the selection of an adequate sample and approaches taken to collect the primary data from the participants. The chapter concludes by discussing the various statistical techniques that were utilised in the analysis of data that were collected.

4.2 RESEARCH PARADIGM AND PHILOSOPHICAL UNDERPINNING

Well-designed and good grounded research undertakings ascribe a meaningful and insightful discussion on the research approach or paradigm adopted by the researcher (Creswell, 1994; Mason, 1996). Research paradigms in this context refer to a set of beliefs or presuppositions of the researcher that provide the underlining foundation that drives the orientation of inquiry (Groenewald, 2004:44). It represents the researcher's world view, that is to say, the nature of the individual's comprehension of the world, how the specific participants fit in these environments and more important the different relationships he or she has with a diversity of objects and participants under consideration (Guba & Lincoln, 1994:107). For the objective of providing sound and accurate research practices these paradigms prove significant as they attribute to the characteristic of articulating the researcher's set of judgments, norms, standards and values that governs his or her way of thinking. In other words, these constructs attribute to the ideologies on part of the individual that directs his or her actions (Guba, 1990:17).

Positioned in the context of the research itself, a paradigm ascribes the foundation or framework that allows the researcher the ability to answer the research questions appropriately (Creswell & Clark,

2006:21). These world views impact research undertakings as a researcher's own set of beliefs or norms will undoubtedly provide a degree of uniqueness to the methods applied to conduct the research (Patel, 2012:11). For example, in collecting, analysing and interpreting the data, researchers may have opposing ideologies in how they view their interactions with the participants, the objective of these interactions and the subsequent understanding of the knowledge that was gained through these processes. Hence, through the articulation and understanding of a researcher's specific paradigm or philosophy, it elicits and provides clarity to why certain choices and decisions were made during the research process and explains the rationale for the use of specific methodologies (Morgan, 2007:69).

As the expression of the individual's view of the world, paradigms are built around three central dimensions, which include the ontological, epistemological and methodological aspects (Healy & Perry, 2000:118). From an ontological point of view these beliefs involve an individual expression of reality. Orlikowski and Baroudi (1991:7) explain that the ontological aspects of paradigms revolve around whether researchers objectively view themselves independent of their realities or subjectively assume that reality exists due to their involvement and contributions. From the epistemological perspective, individual beliefs are expressed based on a specific "theory of knowledge" (Ezell & Crowther, 2007:269). This involves the individual's beliefs to whether knowledge itself can be seen as something hard and concrete or whether it is orientated towards more subjective practices that are based on personal experiences (Cohen, Manion & Morrison, 2013:116). Lastly, the methodological aspects revolve around the practices used in undertaking the research that is primarily directed by the researcher's epistemology and ontology. Furthermore, these aspects along philosophical lines attempt to explain the goal of eliciting new knowledge through research and the possibilities that exist to in fact be objective in certain approaches (Hammersley, 2006:273)

Based on these dimensions, over time various paradigms have come to light that have expressed the orientation and methods used in the research process (Bailey, 1987:25). The underlining philosophical foundations of this specific study originate primarily from the positivism paradigm. Howlett, Ramesh and Perl (2009:21) postulate that these paradigms are grounded primarily in the use of quantitative studies usually involving public concerns or issues. From a positivist's view, research is scientifically quantifiable involving the use of statistical analyses directed to determine causal relationships and the testing of scientifically formulated hypotheses (Mouton, 2011:65). The researcher ascribes to the belief that understanding any human behaviour is done best through observation and reason (Clarke, 2009:29). In other words, the paradigm asserts that it is possible to empirically observe real life events that can be explained logically through proper analysis (Kaboub, 2008:343). Since the study set out to determine the various factors affecting the employment outcomes of the youth in the Emfuleni and Metsimaholo areas through means of quantifiable practices involving the testing of hypotheses, the positivist paradigm was best suited. Table 4.1 further provides a summary on the philosophical foundations on which the study based itself explaining the ontological, epistemological and methodological considerations.

Table 4.1: Philosophical orientation adopted in this study

Paradigm dimensions	Characteristics of positivism
Ontological aspects	Assumes the existence of an objective reality that is independent of the researcher and the knowledge he or she attributes. The researcher is independent of the subject of inquiry. Behaviour is caused by underlining factors that can be understood though quantifiable analysis.
Epistemological aspects	Empirical data produces true knowledge. Theory to be verified or falsified through repetition of empirical based results. Quality of knowledge determined through internal and external validity and reliability.
Methodological aspects	Quantitative approaches using the survey method. Research and results completely objective with no influence from the researcher. Testing of hypotheses to verify or reject them. Research should be value-free.

Source: Guba and Lincoln (1994:112)

The following subsection explains the specific research design that was utilised for the purpose of this study.

4.3 RESEARCH DESIGN

Any project undertaken has a range of prerequisites to it, which among other include establishing a plan that outlines the actions and entails exactly what needs to be done, in what manner this needs to be done and to what extent. Similarly to research, these plans play a pivotal role in the successful execution and provision of clear, accurate and reliable results. In this regard, a study's research design proves essential in the achievement of its objectives. Leedy (1997:195) describes the research design as the framework in which the research is conducted. It provides a so-called blueprint that guides the collection of data, the measurement thereof and consequently the analysis that follows (Malhotra, 2010:102). The importance of following a specific design ascribes to the direction it provides to the underlining research operations effectively contributing to efficient processes that yield in-depth information with minimal effort (Kathori, 2004:44). In other words, the research design allows the researcher to answer the research objectives in the most efficient and accurate manner possible (Dita, 2004:763). Given the multifaceted nature of research, these designs however, take up different forms. McDaniel and Gates (2013:37) postulate that among the different forms, three central forms of design exist, which include exploratory research designs, causal research designs and finally descriptive research designs.

Exploratory research designs in this regard involve processes that are followed when the knowledge on the research topic is still somewhat novel. This type of research design is chosen to clarify and define issues under research, hence, providing impetus for more defined inquiries (Struwig & Stead, 2010:7). Therefore, Cant *et al.* (2008:30) attribute that these designs are characterised with relatively loose and flexible operations that strive to understand the different aspects of the problem under investigation. As such research methods conducted in exploratory research involve more qualitative-based approaches, which include in-depth interviews, focus group discussions and projective techniques (Bhattacherjee, 2012:6). As opposed to these designs, causal (explanatory) research designs are, however, more

conclusive in nature. The main objective of casual research is to investigate cause and effect relationships, that is to say the impact changes that one aspect bring to another (Malhotra, 2010:113). These designs usually attribute to the use of experiments to determine the dimensions of the relationship under question.

Based on the above discussed characteristics of research designs, descriptive designs much similar to explanatory designs, are both conclusive in nature. Knupfer and McLellan (1996:1196) attribute these designs to their capabilities to provide an understanding and description of the specific characteristics of objects, groups or people. Normally these descriptions involve the primary focus on individuals' perceptions or beliefs regarding certain situations while also allowing a comprehension of the underlining causes on certain occurrences (Kumar, 2008:15). While explaining certain occurrences descriptive research is attributed to either longitudinal or cross-sectional constructions (Iacobucci & Churchill, 2010:86). A longitudinal design in this regard involves the repeated measurement or investigation of the same sample over a certain time frame (Lac, 2016:1). However, as opposed to frequent repetitions of measurement, cross-sectional studies involve the collection of information from any given sample of certain populations at a specific point in time (Moutinho & Hutcheson, 2011:109). These studies involve the use of surveys to collect the data through questionnaires (Harrison & Reilly, 2011:14). Given the primary objective to determine the employment barriers of the youth in the local municipal areas of Emfuleni and Metsimaholo, this study adopted a descriptive cross-sectional research design. Primary data were collected only once through the use of survey questionnaires that sought to obtain information from the individuals aged between 18 and 35 years. The use of cross-sectional studies includes certain advantages and disadvantages that are listed and explained in Table 4.2.

Table 4.2: Advantages and disadvantages pertaining to cross-sectional studies

Advantages	Disadvantages
Imparts the selection of respondents without bias.	Possibility that respondents do not answer questions clearly or honestly.
Based on logical processes that foster reliable results.	
Allows replicable undertakings using similar methodologies that can produce similar results.	Questions in surveys can be unclear and confusing.
The research processes are supported theoretically, they have theoretical foundations.	Response rates from the sample can be too low to provide meaningful insights to the problem under research.
Provides a quantitative description of human behaviour that allows valid and structured interpretations.	Studies lack the ability to infer and determine the cause of events given their investigation at singular time points.

Source: Booth, Colomb and Williams (2008:202); Creswell (2013:123); Levin (2006:24)

By addressing the concerns highlighted in Table 4.2 the researcher carefully designed the questionnaire while deploying trained fieldworkers who carefully explained all the included questions together with the intent and significance of the study to the participants when needed.

4.4 RESEARCH APPROACH

The research approach relates to the specific manner in which the data and information of a study is collected and analysed (Wei, 2010:17). These approaches have primarily been categorised in three categories that include either qualitative, quantitative or a mixed method approach (Williams, 2007:65). The selection among the different approaches usually depends on the nature of the research question relating to specific studies. Harrison and Reily (2011:7) reiterate that quantitative approaches in this regard aim to answer questions concerning who, where and how while qualitative approaches are more directed towards the why and how questions. Emanating from the previous section, qualitative approaches subscribe to exploratory methodologies that are characterised as highly unstructured. These approaches make use of non-numerical information that through the use of words elicits the experiences of individuals or objects under investigation (McDaniel & Gates, 2013:117).

Quantitative approaches on the other hand relate to the numerical representations of observations (Sukamolson, 2010:1). The use of quantitative approaches involves the practice of statistical methods that are used in analyses of data to provide insight to the underlining research questions. Leedy and Ormord (2001:102) explain that the main purpose of quantitative approaches is to establish or confirm certain relationships. In doing so, the approaches formulate and test hypotheses on the basis of pre-determined questions that allow for structured responses (Hair *et al.*, 2013:77). Struwig and Stead (2010:5) furthermore enunciates that when using large samples quantitative approaches allow deductive inquiries that provide insight on the influence of certain factors on others guided by theoretical underpinnings. Main forms of quantitative research comprise observational studies, correlation research, and survey-based research through the use of self-administered questionnaires (Williams, 2007:67).

Although quantitative and qualitative approaches present specific contrasts, these strategies are not in contraposition. Choy (2014:101) indicates that both these strategies attribute various strengths and weaknesses that ascribes certain advantages and shortcomings to each. However, other studies have made use of a combination of both, adopting a mixed method approach (Bryman, 2009:15). These approaches involve the use of both qualitative and quantitative data. Their use, likewise to purely quantitative or qualitative approaches subscribe to different forms. Creswell (2003:16) describes these as either sequential, in which the researcher attempts to elaborate on the findings presented by one of the methods through the use of the other; or concurrent, which attributes the convergence of information of both methods and lastly transformative, using theoretical lenses that provide a framework for the use of both methods.

For the purpose of this study a quantitative research approach was adopted through the use of the survey method. The approach and method were selected on the basis of the statistical analysis that objectively analysed the data that were collected through the use of a self-administered questionnaire. Survey methods in general ascribe the strength of providing information on a wide range of variables without

significant effects on the allocated time, provides freedom and anonymity to participants that facilitates better responses and allows coverage of sample sizes that are too some extent generalizable to the population (Kelley *et al.*, 2003:262). The following section elaborates on the sampling strategy that was employed to collect the data used in this analysis.

4.5 SAMPLING STRATEGY

A sampling strategy encompasses the designs and methods that are utilised in drawing a sample from the population that can provide accurate and reliable conclusions (Zikmund & Babin, 2013:312). A sample in this regard refers to a subset group that to some extent may be representative of the entire population (Salkind, 2012:95). Where it is impossible to include the entire population under investigation in academic inquiries sampling procedures infers the justification of research where only a percentage of the population are needed to be investigated. Malhotra (2010:375) postulates that effective sampling strategies comprise five steps that include defining the target population, the identification of a sampling frame, selecting an appropriate sampling technique, determining the appropriate sampling size and the effective execution of the sampling process. The following subsections discuss the sampling strategy used for this study.

4.5.1 Target population

Charmaz (2006:18) describes a target population as a cohort or group of elements that attribute underlining characteristics that present interest to specific research endeavours. These characteristics ascribe the target population as the main source of information that is required to address the research objectives (Kent, 2007:227). Given their importance, accurately defining the group proves pivotal as it ensures the correct data are obtained that allows for the provision of reliable inferences and accurate results to be made (Kolb, 2008:180). Therefore, in any attempt to provide a definition of the group, various aspects first need to be considered. These aspects among other include the individuality of the participants under consideration, the geographical boundaries of the area where the research is conducted together within the given time frame of the study (Hair *et al.*, 1998:328; Malhotra, 2010:372). Bearing in mind these considerations, the target population identified for the purposes of answering the research objectives included all those individuals, both male and female, that were between the ages of 18 and 35 years living in South Africa whom resided in the provinces of Gauteng and the Free State in both the local municipal areas of Emfuleni and Mesimaholo in 2016. In both these municipal areas the youth constitute a large proportion of the community. More recent statistics released in 2016 by StatsSA (2016d:15), showed young people between the ages of 15 and 34 constitute 34.7 percent (332 008) of the population in the Emfuleni local municipal area. These proportion figures were even higher for the Metsimaholo area, where the youth made up 39.4 percent (64 440) of the residing population (StatsSA, 2016d:7).

4.5.2 Sampling frame

Drawing samples from the targeted population requires the use of a list or selection procedure referred to as the sampling frame (Warnecke, 2005). These frames indicate the segment of the population from which the sample is drawn (Adams *et al.*, 2007:88). They are more generally presented or defined through the use of geographical blocks, maps, telephone directories and other electronic formats that assist the researcher to draw a representative sample (Feinberg, Kinnear & Taylor, 2013:302). For the purposes of this study, the sample frame was based on a list of areas within the Emfuleni and Metsimaholo local municipal areas were the density of the individuals that were between the ages of 18 and 35 years and who were either employed or unemployed (broad classification) were known to be high.

4.5.3 Sampling technique

Sampling techniques or methods describe the approach that is followed in the selection of a study's sample units. The use of specific sampling techniques or methods have predominantly subscribed to two major classes that include probability- and non-probability sampling (Berndt & Petzer, 2011:173). Probability sampling represents the method that revolves around the selection of sample units where all units have a non-zero probability (known chance) of being drawn from the sample frame (Zikmund & Babin, 2013:322). Maree and Pietesen (2012:173) attribute that adopting a probability sampling technique affords the study the use of a complete objective mechanism in the selection process. Probability sampling techniques involve four main methods in selecting a sample that include random sampling, systematic sampling, stratified sampling and a cluster sampling technique (Sekaran & Bougie, 2010:26).

In stark contrast to the objectivity afforded by probability methods, non-probability sampling techniques involve a significant degree of subjectivity in the selection of the elements included in the sample. The selection process depends on the personal judgement and bias of the researcher (Feinberg *et al.*, 2013:304). These methods are not directed to provide insight to the entire population but are rather directed at specific groups (Lewin, 2011:224). In this study a combination of two non-probability sampling approaches were adopted in the selection of the sample elements from the target population. The first technique used was a purposive sampling method. This method involves the selection of participants based on specific qualities and expertise they exhibit allowing the retrieval of specific information related to the study's objectives (Maxwell, 1997:87). The approach was deemed appropriate given that the study focus primarily on those individuals that were between the ages of 18 and 35 years and where required to be either employed or unemployed (broad classification).

Furthermore, based on the specific selection criteria participants were selected on, the second technique applied to draw the sample was convenience sampling. Convenience sampling ascribes to the selection of sample elements that is based on participants' geographical proximity, availability at specific time intervals and the convenience of their accessibility (Quinlan, 2011:221). The use of this approach was

most suitable since there was no knowledge on the exact locations or specific names of the individuals from which the sample could be drawn. The selection process of the sample entailed the use of specific locations in the study area where density of the participants were known to be high. Although both purposive and convenience techniques afford a degree of subjectivity in the selection process these non-probability methods are more cost and time efficient that contributes to easier and less complex research processes (Maree, 2010:146).

4.5.4 Sample size

Sample sizes refer to the quantity of sample elements that are included and subsequently analysed in a research project. The determination of sizes used for specific studies depends on various factors that include among other the specific characteristics of the population of interest, the associated costs and the adequacy of the data that allows effective and reliable statistical analyses (Blanche, Durrheim & Painter, 2006:34). However in practice, Fowler (2014:39) reasons that no concrete or conclusive answers exist to what is deemed an appropriate sample size for any study given the diverse and complex nature of research. Hair *et al*. (2010:26) likewise confer that there is no single sampling technique that can be applied to non-probability samples in their determination of adequate samples. In this regard, sample size determination can be viewed as a highly subjective procedure in which judgements are based on context specific conditions (Noordzij *et al.*, 2010:1392).

Two determination techniques were used to determine the sample size of the study. The first of these was based on the recommendations proposed by Avikaran (1994:29) that advocates the requirement of between 200 to 500 elements to conduct a multivariate statistical analysis. The second approach included the historical referencing technique. In order to determine an appropriate sample size, the approach involves using similar or past studies related to the field of interest and their specified sample sizes as a yardstick (Moutinho & Hutcheson, 2011:48). Therefore, upon review of similar studies that have focused on youth employment and the corresponding aspects thereof, which included Barclay (2004:136) (sample size: 317), Fatoki and Chindoga (2011:161) (sample size: 357) and Lipshits-Braziler and Tatar (2011:545) (sample size: 406) together with Avikaran's (1994:29) the recommended sample size for the study was 400. The sample was evenly divided between the employed and unemployed participants allowing for adequate and reliable statistical comparisons between the groups. A detailed description of the demographic composition of the sample is provided in the following chapter in Section 5.2.

4.6 DATA COLLECTION METHODS

Data collection procedures entail the specific manner in which the data were collected from the sample elements. These methods in quantitative studies subscribe to either observation- or survey methods (Blumberg, Cooper & Schindler, 2008:278). Observation methods in this regard entail the collection of data through witnessing certain occurrences and recording them as they unfold (Zikmund & Babin,

2013:237). It refers to a systematic approach that makes use of the recording of non-verbal responses to provide insight to certain occurrences (Schmuck, 1997). Survey methods on the other hand emphasise the collection of data through the use of questionnaires where responses are captured on a constructed measuring instrument. These instruments can be distributed through the traditional mailing system or online and through either telephonic or face-to-face interviews (Cant *et al.*, 2008:95).

Bird (2009:1313) emphasises that the use of face-to-face interactions in particular provides certain advantages over the more impersonal data collection methods. These advantages among other include a more accurate screening of the research participant, assists in maintaining the focus of these individuals; consequently providing more accurate data, providing greater clarity on the purpose of the study and significantly lowering researcher bias (Sarantakos, 2005:464). Drawbacks of the use predominantly revolve around the high costs associated in using fieldworkers and the dependability on the fieldworkers' data capturing ability (Mathers, Fox & Hunn, 2009:8). Despite these concerns the use of structured questionnaires is one of the most popular and effective methods to acquire information from large samples (Drew, Hardman & Hosp, 2008:16).

For the purposes of the study and in achieving the empirical objectives identified in Chapter 1, the study made use of the face-to-face survey method. A structured questionnaire was used to collect primary quantitative data that were developed through means of the literature and empirical reviews in Chapter 2 and 3 together with the use of several adapted scales. The sections that follow provide a discussion on the particulars of the measuring instrument used.

4.6.1 Questionnaire design

The design of the questionnaire as a measuring instrument plays an important role in the collection of the necessary primary data required for the study. According to Lee (2006:760) a well-designed questionnaire that asks the appropriate questions allow for the provision of information that contributes to correct decision-making, testing of theories and the accurate investigations of specific topics of interest. Burgess (2001:7) contends that in their development, questionnaires should ensure a high degree of accountability, applicability and technicality that allow for accurate collection procedures. Various authors have added to the specific requirements that constitute and contribute to well-designed questionnaires. Among these Struwig and Stead (2010:91) explain that good structured questionnaires follow logical formats including questions that are direct and kept as short as possible, facilitating ease of comprehension. In this sense the length of time required to complete the questions should be kept to a minimum avoiding uninviting procedures for participants. McDaniel and Gates (2013:359) argue that administration lengths in this regard should not exceed 20 minutes. Moreover, Bradley (2010:189) and Salkind (2012:149) add that well-designed questionnaires should be accompanied by clear and concise cover letters. These letters serve the purpose to convey important information of the study such as the objective of and motivation

for the participant's contribution and providing the relevant contact details if any participant uncertainty should arise.

Taking these considerations into account, the questionnaire that was used in this study was constructed with the objectives of ensuring clarity and reliable data collection. Due care was taken with the questions that were included, allowing for the inclusion of clear and understandable statements. The construction of the measuring instrument involved a rigorous process of peer review where the technicality and applicability were ensured. After completion, the questionnaire was subject to a pre-test phase that confirmed that the administering process did not exceed the prescribed 20 minute time length. The questionnaire included a cover letter that clearly explained the scope of the study to the participants, ensuring their anonymity in participation and providing the relevant contact details of the researcher and supervisors involved if there was any uncertainty. The questionnaire together with the included cover letter is presented in Appendix A.

4.6.2 Questionnaire format

The format of the questionnaire was designed and developed in accordance with the empirical objectives identified in Chapter 1. Ensuring that the required data were collected in order to achieve these objectives, the questionnaire made use of five previously validated scales. These included a soft skill scale (10 items) as developed by Robles (2012:453) and Slabbert's (2009) hard skill scale (18 items). In measuring the job search intensity of the participants the study made use of Van Hoye and Saks' (2008:362) job search scale (8 items). The scale was adapted based on the literature and empirical review covered in Chapters 2 and 3 relating to job search strategies employed by the youth in South Africa. The use of informal advertising and Internet searches were added to the scale. Other scales that were used included an adapted employment barrier scale (17 items) developed by Kuan *et al.* (2014:91) that allowed for the identification and comparison of perceptions of the employed and unemployed participants in relation to the challenges they faced in procuring employment. Finally, the study also made use of Fatoki and Chindoga's (2011:161) entrepreneurial intention scale that consists of five constructs relating to the access to capital (2 items), entrepreneurial skills (6 items), risks (6 items), support (2 items) and the available market opportunities (2 items), to identify and compare the participants' perceptions relating to the obstacles faced in their inclination to start a business.

The inclusion of the questions inherited in these scales and those directed at the background information of participants afforded the study the use of a structured format. Structured question formats entail the use of closed-ended questions that allow participants the choice of a set of pre-determined responses (Zikmund & Babin, 2013:282). The use of structured questions included multiple choice and scaled-based questions. Furthermore, the question format subscribed to an undisguised-based format where questions were asked so that the purpose of the information that was required was made clear. By measuring all the scale-based responses the study made use of a Likert scale as a form of a non-comparative itemised

scaling technique. These techniques usually involve the use of questions allowing for various attitude-based measurements that range from the participants' agreement, the frequency of use and even their evaluation of certain quality aspects. (Bertram, 2014:8). Schiffman, Kanuk and Wisenblit (2010:61) suggest the use of the Likert scale in data collection and analysis to the reliability they afford quantitative studies and the ease of use and understanding they provide to the participants. All the scales used in the study were subject to the Likert scale-based formats. Table 4.3 indicates the different scales used and the format in which these Likert responses were structured.

Table 4.3: Likert scale response options for the scales used in the study

Factor measured	Scale used	Likert scale measurement
Soft skill levels (quality)	Robles (2012:453)	1 = Poor; 2 = Adequate; 3 = Good; 4 = Excellent
Hard skill levels (quality)	Slabbert (2009)	1 = Poor; 2 = Adequate; 3 = Good; 4 = Excellent
Job search methods (intensity)	Van Hoye and Saks (2008:362)	1= Never; 2 = Rarely; 3 = Occasionally; 4 = Frequently; 5 = Very frequently
Perceptions on employment barriers (agreement)	Kuan *et al*. (2014:91)	1 = Strongly disagree; 2 = Disagree; 3 = Slightly disagree; 4 = Slightly agree; 5 = Agree; 6 = Strongly agree
Perceptions on barriers on entrepreneurial inclination (agreement)	Fatoki and Chindoga (2011:161)	1 = Strongly disagree; 2 = Disagree; 3 = Slightly disagree; 4 = Slightly agree; 5 = Agree; 6 = Strongly agree

Source: Own compilation

As shown in Table 4.3, scales pertaining to the participants' skills made use of an even four-point Likert scale. The specific range was chosen on the basis of similar studies that focused on skill proficiency (Martirosyan, 2015:60; Yeap, Beevi & Lukman, 2008:233). Likewise, the uneven five-point Likert scale used in measuring the frequency of job search methods used was in line with other studies pertaining to the job search intensity of participants (De Coen, 2011:18; Wanberg, Kanfer & Rotundo, 1999:902). Finally, responses on the sample's perceptions on factors affecting their employment and entrepreneurial intent made use of a six-point Likert format where the neutral option was not made available. This indecisive option was deemed redundant with respondents either agreeing or disagreeing to the impact of the various factors. The ensuing subsection explains the layout of the questionnaire used in this study.

4.6.3 Questionnaire layout

McDaniel and Gates (2013:258) postulate that questionnaires should be logically constructed. Layouts of these measuring instruments should be positioned in such a manner that it induces less confusion for the participants as better comprehension attributes improved response rates (Berndt & Petzer, 2011:196). The questionnaire used in this study comprised a cover letter and seven sections. The first section, Section A, included questions that had the aim of eliciting the participants' background information such as their

race, household composition and employment status. Ensuring that the participants adhered to the age requirement and in fact were part of the target population, the study made use of a single filter question that aimed to identify their age. Section B gathered the sample education information while also discussing both the soft skill scale as well as the hard skill scale. The section aimed to obtain the information relating to the participants' skills in order to determine and identify the skills of the employed and unemployed participants. Section C focused primarily on the job search methods used by the youth in searching for job opportunities that made use of the job search scale.

Sections D and E were category specific sections. Section D had the aim of obtaining information from the unemployed participants only. Questions were directed at extracting information relating to the participants conditions while busy searching for work. Questions pertained to their duration of unemployment, type of work the participants were looking for and the activities they were involved in while unemployed. While Section D was directed at the unemployed only, Section E was required to be completed by those individuals whom at the time of the survey had a job. Questions included in the section pertained to the type of job the participants were employed in, type of training they received prior to finding a job and their starting salary at the first job they obtained. Finally the last two sections, Section F and G included the use of two scales with the aim of addressing the participants' perceptions relating to the challenges young people face in obtaining employment as well as the factors hindering their inclination towards starting their own business as a means of self-employment. Table 4.4 shows the sections and their corresponding questions that were used to address the empirical objectives of the study.

Table 4.4: Questions used to answer the empirical research objectives

Empirical research objective	Questionnaire section	Items
To determine the socio-economic barriers that young people face in attaining formal employment in the Metsimaholo and Emfuleni local municipal areas	Sections A and B	A1–A4; A8; A10–A12; B1
To identify the skills of the employed youth in the Emfuleni and Metsimaholo local municipal areas	Sections B and C	B2.1a–B2.1j; B2.2a–B2.2q C1–C8
To determine the effect of the identified socio-economic factors on the youth's employment status in the Emfuleni and Metsimaholo local municipal areas	Sections A and B	A1–A4; A8; A10–A12; B1
To compare the perceived barriers of employment among the employed and unemployed youth in the Emfuleni and Metsimaholo local municipal areas	Section F	F1–F17
To compare the perceived obstacles of youth entrepreneurial intensions of the employed with unemployed youth in the Emfuleni and Metsimaholo local municipal areas	Section G	G1–G18

Source: Own compilation

A discussion on the different techniques used in pre-testing the measurement instrument is presented in the following sub-section.

4.6.4 Pre-testing of the questionnaire

Given the importance of the measuring instrument in the collection of data needed to address the empirical objectives, it was crucial to determine the adequacy and applicability prior to the actual administration among the sample. In doing so, the questionnaire was subject to both a pre-test and pilot testing procedures. Questionnaire pre-testing normally involves the completion of the questionnaire by adequate and experienced researchers as well as individuals that can be included in the target population (Zikmund & Babin, 2013:183). This is done with the objective of evaluating the design and structure of the measuring instrument, subsequently checking if questions were understood as initially intended (Czaja, 1998:54). Furthermore, the procedure offers the opportunity to identify any terminology discrepancies, detect questions that aren't practically necessary and determine the time required to complete the questionnaire (Burns *et al.,* 2008:248). The pre-testing procedure utilised in this study made use of a debriefing technique. The questionnaire was distributed to an identified group of five people that consisted of two experienced researchers, one employed individual and two individuals who at the time of the survey did not have a job, all of whom were between the ages of 18 and 35 years. This allowed for the identification of any language errors and ensuring that questions were correctly coded while identifying the instrument's administrative ease. During the debriefing phase the average duration of completion was estimated at approximately 15 minutes. All identified errors were corrected and items were refined where it was deemed necessary to facilitate better comprehension.

After the completion of the pre-test the questionnaire was subject to a pilot study. Arain *et al. (*2010:5) explain that the use of pilot studies in the collection of primary data afford the researcher the opportunity to identify any shortcomings in the collection protocol and measuring instrument through conducting a trail or mock run of the main study. These preliminary tests also help the researcher to refine scale items if needed, evaluate the proper procedures for data analysis and further determine the possible resources required to conduct the actual study (van Teijlingen & Hundley, 2002:34). Furthermore, Pallant (2010:6) states that these techniques add to and further confirm the reliability of the measuring instrument. During this phase in the study the measuring instrument was administered to a convenience sample of 40 individuals that adhered to the criteria set out for participant inclusion. The pilot study was conducted at a local training centre for youth in the Emfuleni municipal area prior to the actual distribution of questionnaires among the sample. However, these participants were not included in the final sample and only served for the purpose of testing whether any problems occurred during the collection and analysis of the data. Moreover, the use of the pilot study allowed testing on the coding and tabulation of the questionnaire items. All the errors and shortcomings identified during the phase were corrected before the fieldworkers undertook the actual and final administration protocol of the questionnaire. The reliability results of the pilot study relating to the different scales used are shown in Table 4.5 below.

Table 4.5: Summary of the pilot testing results

Scale	Items	Mean	Standard deviation	Cronbach's alpha
Soft skills	10	3.38	0.692	0.837
Hard skills	17	2.24	0.731	0.765
Job search methods	8	3.16	0.776	0.712
Employment barrier	17	3.97	0.784	0.798
Factors affecting entrepreneurial intent	18	4.20	1.174	0.883

Source: Survey data (2016)

From the results in Table 4.5, Cronbach's alpha coefficients computed for the soft skill scale returned a 0.837 value and the hard skill scale returned a value of 0.765, which were both above the 0.7 minimum threshold (Pallant, 2010:100). Furthermore, acceptable measuring items for the job search, employment barrier and entrepreneurial intent scale were computed. These Cronbach's alpha coefficients were estimated at 0.712, 0.798 and 0.883 respectively.

4.6.5 Reliability and validity

One of the central issues surrounding the use of questionnaires in quantitative research revolves around the reliability and validity these instruments ascribe (Brinkman, 2009:42). Reliability in this regard refers to the ability of the measuring instrument to produce consistent results in the measurement of the data that were collected (Scholtes, Terwee & Poolman, 2011:237). In other words, it relates to the ability of the questionnaire to provide similar results if it was repeated under similar conditions. Karanicolas, Bhandari and Kreder (2009:103) point out that in order to determine the reliability, four different measures are usually used that include the use of test-retest methods, parallel forms, the internal observer approach and an internal consistency method. Among these different methods the internal consistency procedures are widely regarded as the most effective techniques to estimate reliability (Anastasiadou, 2006:341). As such, in determining the reliability of the questionnaire that was administered, the study made use of the internal consistency measure through the use of Cronbach's alpha coefficient. In its provision of the degree of reliability Cronbach's alpha provides insight to the extent to which items in the scale are interrelated and hence, measure the same construct (Tavakol & Dennick, 2011:53). Values of the alpha range from 0 to 1, where higher values indicate better internal consistency. In most cases a Cronbach's alpha value greater than 0.7 indicates an acceptable level of internal consistency (Pallant, 2010:183).

While ensuring results are consistent, it is important and necessary to guarantee that the instrument used in the measurement truly reflects what was set out to be measured (Karros, 1997:144). In doing so, questionnaires should ascribe a high degree of validity. Validity measures that were used in this study included face and content validity that were measured through the use of the pilot study. Face validity entails the subjective validation of the questionnaire based on aspects such as readability, feasibility and

the consistency shown in the technicality and formatting (Parsian & Dunning, 2009:3). Content validity ascribes to the evaluation of the questions included and if these items truly mirror the subject of interest (DeVon *et al.*, 2007:157). During the pre-test, two faculty members of a traditional university in the Gauteng province advised and reviewed the measuring instrument contributing to the determination of the face validity of the questionnaire. Furthermore, content validity was ascertained during the pilot study to which 40 conveniently sampled participants assessed the questions asked and how these questions reflected their circumstances.

4.6.6 Ethical considerations

The National Committees for Research Ethics in the Social Sciences and Humanities (NESH) (2006:8) argue that the ethical responsibility of a study should always be considered when conducting any form of research. The importance of prioritising various ethical considerations that relate to numerous advantages that among other include the promotion of knowledge and truth while prohibiting the falsification of data in research. Furthermore, conducting research in an ethical manner assists by promoting values needed for collaboration which in undertaking any research project proves pivotal. (Resnik, 2015). All ethical standards of academic research were strictly adhered to in order to ensure the objectiveness and the integrity of this study as well as adhering to the responsibilities the study has towards professionalism, society, the particular field of the subject and the environment.

The study aimed to achieve high standards of technicality in research, looking particularly on referencing and data sources with rejection of any form of plagiarism. The questionnaire along with the methodological structure of the study was granted ethical clearance from the North-West University's Ethics Committee (Ethics clearance number: ECONIT-2016-025). This ensured that the measurement instrument used did not request any sensitive information from participants that may be classified as vulnerable. In carrying out the research and data collection, the study illustrated high values, norms and standards when interacting with participants.

4.7 ADMINISTRATION OF THE QUESTIONNAIRE

The primary survey of the study took place during July and August of 2016. Questionnaires were distributed through four identified and trained fieldworkers with prior experience in data collection. The surveys were conducted in areas where density of the participants was known to be high in both the Emfuleni and Metsimaholo local municipal areas. When the questionnaires were finally distributed among the sample, fieldworkers made sure to clarify the purpose of the study to participants while further explaining questions where it was deemed necessary. Participation was only allowed once participants gave their consent. Furthermore, participants were reassured that withdrawal of their participation could be done at any moment during the survey.

4.8 PRELIMINARY DATA ANALYSIS

After the completed questionnaires were returned and the fieldwork was concluded the collected data were subjective to data validation. These practices primary involve the examination of the data for any errors ensuring validity and accuracy (Wiid & Diggines, 2011:228). In this study the validation process commenced by editing the data that were collected. During the editing process the data were scrutinised in order to determine whether the collected questionnaires were adequately completed and free from any inconsistencies (Malhotra, 2010:429). Questionnaires that were completed by those individuals who were not between the ages of 18 and 35 years together with those who were full-time students were discarded. Moreover, questionnaires that had missing values of more than 10 percent were not used as these proportions subject the statistical analysis to biased results (Bennett, 2001:464).

After concluding the editing process, the collected data were coded. According to Kolb (2008:198) coding involves the process of assigning numerical values to each of the individual responses for each question included in the questionnaire. The coding process allowed the participants' responses to be adequately grouped and categorised (Iacobucci & Churchill, 2010:32). Finally, subsequent to these procedures, the data were tabulated in order to create a data file. Here, data were orderly presented and arranged where responses were captured on an Excel spreadsheet. The data underwent a final screen and clean procedure with any remaining errors removed and outliers identified. Of the 400 questionnaires that were distributed 361 were returned and 339 were deemed usable. This gave the study a final response rate of 84.75 percent.

4.9 STATISTICAL ANALYSIS

The coded and tabulated data were analysed using the Statistical Package for the Social Sciences (SPSS 22.0). The analysis comprised three levels. The first level entailed the analysis on the determinants of the youth's employment status. The analysis made use of the data that were collected in Section A, B and C of the structured questionnaire. Descriptive analysis using cross-tabulation was used to explain the relationship between the individual's employment status and various key factors identified in the particular sections. A one-way analysis of variance (ANOVA) was utilised to compare the skills among the employed and unemployed youth identified in Section B of the questionnaire and to identify the crucial skills needed for employment. These models were also utilised to compare the job search methods used by these young individuals. Finally, the first level of analysis was completed through the use of a binary logistic regression to analyse the effect of the key factors of employment and other socio-demographic factors on the employment status of the youth in the study area.

The second level of analysis aimed to analyse the perceptions of the sample on the proposed barriers the youth face in procuring employment. The analysis involved comparing the perceptions among the employed and unemployed participants to determine if any significant differences existed. Cross-

tabulation and significance tests were utilised to achieve these outcomes. The third and last level of analysis was used to determine the perceived obstacles to the youth's entrepreneurial intentions. The analysis included the use of a principal components analysis (PCA). Furthermore, the perceptions, similar to the second analysis, were compared between the employed and unemployed individuals using contingency tables and significance tests. The sections that follow elaborate on the different statistical methods applied on the primary data that were collected during the survey process.

4.9.1 Descriptive statistics

Descriptive statistics are generally used to summarise and describe the data that were collected (Kanda, 2013:454). These descriptions revolve around annunciating specific characteristics, appearances or trends of the sample that may be inherited within them (Zikmund & Babin, 2013:41). The main descriptive statistical procedures used in this study involved the use of frequency distributions and cross-tabulations. These methods more often make use of tables and graphs to summarise the data at hand (Kent, 2007:98). Furthermore, the use of frequency distributions is advocated when categorical variables are involved as is the case of describing the demographics of a study's sample (Pallant, 2010:55). With this in mind, the utilisation of frequency distributions throughout the analysis in this study simplified the assessment of the various dimensions that affect the employment outcomes of the youth. Cross-tabulations were used to compare responses on numerous socio-economic characteristics based on the employment status of the participants in Sections 5.3, 5.7 and 5.8.

4.9.2 One-way analysis of variance (ANOVA)

The analysis of variance, otherwise referred to as ANOVA, entails the statistical procedure that compares the means of two or more independent samples (Malhotra, 2010:531). The technique is employed to test whether any significant differences exist in the means of the samples under consideration. Whether applied to two independent samples or more, these analyses take on different forms that subscribe to either a one-way or two-way analysis (DeCoster, 2006:15). Verma (2013:221) postulates that comparisons are made on the basis of comparing the variability shown among the different groups with that attributed within each group. In the determination for these differences F-statistics and p-values are considered (Remler & Van Ryzin, 2011:307). For the purpose of this study a one-way ANOVA was used in Section 5.4 and 5.5. These sections pertained to the identification of the skills and job search methods of the sample in general and more specifically compared the attributes of the employed and unemployed participants to see if any significant differences existed between the groups. Thus, ANOVA was used to test the following hypotheses:

- Null hypothesis (H_0): skills and job search methods are the same (not different) between employed and unemployed participants

- Alternative hypothesis (H_1): skills and job search methods are not the same (different) between employed and unemployed participants

F-statistics and p-values were utilised to decide whether the H_0 would be rejected or not. If the H_0 is rejected then it can be concluded that the skills and job search methods are different between employed and unemployed participants.

4.9.3 Binary logistic regression analysis

One of the objectives of the study pertained to determine the effect of various identified socio-economic factors on the youth's employment status in the study area. In achieving this objective the study made use of a binary logistic regression analysis of which the results are presented in Section 5.6. Binary logistic regressions afford the analysis much similar to ordinary least squares regression but are used when dependent variables are dichotomously categorical in nature (Tranmer & Elliot, 2008:3). The model used in this study can be presented as follows:

$$PES_i = F(SEC_i) \quad (4.1)$$

Where PES_J represents the probability of the participant being employed and $F(SEC_j)$, the vector of the socio-economic characteristics of the participants. In order to measure the effect of the various explanatory variables on the employment probabilities of the participants, the employment status (dependent variable) of the individuals was classified as either employed when individuals had a job or were self-employed and unemployed if they, at the time of the survey, did not have a job. Given the dichotomous nature of the dependent variable a binary logistic regression model was used and presented as:

$$ES_i = \beta_0 + \beta_1 AGE_i + \beta_2 GEN_i + \beta_3 RAC_i + \beta_4 MS_i + \beta_5 HHS_i + \beta_6 EIH_i + \beta_7 SG_i + \beta_8 SSI_i + \beta_9 HSI_i + \beta_{10} JSI_i + \beta_{11} LoE_i + \beta_{12} RW_i + u_i \quad (4.2)$$

Where ES_i represents the participant's employment status (1 = employed and 0 = unemployed), β_0 represents the intercept and $\beta_1, \beta_2 \ldots \beta_{12}$ represents the coefficients, while u_i represents the error term. The hypothesised variables (independent) that had an influence on the individual's employment status included a set of socio-demographic variables of the participants. These explanatory variables attributed both categorical and continuous variables that are listed and explained in Table 4.6. In the case of categorical variables, dummy variables were created where it was necessary.

The selected explanatory variables listed in Table 4.6 were chosen based on the literature and empirical reviews discussed in Chapters 2 and 3. As indicated in these chapters, age was positively associated with being employed. Results from various studies showed that being older even for those between the ages of 15 and 34 years improved young job seekers' chances of being employed (Bueml, 2011:8; Yu, 2013:557). Regarding the race of job seekers, previous studies (Khaukanani, 2015:37; Lam *et al*.,

2008:11; Mlatsheni, 2014:51) have shown that African and Coloured ethnicities have much lower chances of being employed than white job seekers. The marital status, household size and number of employed individuals living in the household were selected in order to determine the impact of the young job seekers' social capital (networks) on their employment outcomes. Studies have shown that being married or living with a partner is positively associated with young job seekers' employment outcomes (Elima, 2015:24; Mlatsheni & Rospabé, 2002:11; Namibia Statistical Agency, 2013:34). Similarly a positive association exists between the number of employed individuals living in the youth's household and their likelihood of being employed (Rees & Gray, 1982:459; Yu, 2013:558). Higher household sizes contrastingly, however, are expected to have a negative association with youth employment (Flek, Hála & Mysíková, 2015:1075; Tandrayen-Ragoobur & Kasseeah, 2013:731).

Table 4.6: Description of the explanatory variables in the regression model

Variables	Description	Coding
AGE_i	Age	Age in number of years
GEN_i	Gender	Gender categorically coded 1 = Female and 0 = male
RAC_i	Race	3 dummy variables created using simple coding as follows: 1 = African and 0 = otherwise; 1 = Coloured and 0 = otherwise; 1 = Asian and 0 = otherwise; White = reference group.
MS_i	Marital status	Marital status categorically coded. 1 = Married (Married and living together) and 0 = Not married (single or widowed).
HHS_i	Household size	Number of people living in the household.
EIH_i	Employed individuals in the household	Number of employed individuals living in the household.
SG_i	Presence of social grants in the household	1 = yes if household receives household grant and 0 = no presence of social grant.
LoE_i	Highest level of education	2 dummy variables created. Coding of the variables was as follows: 1 = No matric qualification and 0 = otherwise; Matric = reference group; 1 = Post matric qualification and 0 = otherwise.
RW_i	Reservation wage	2 dummy variables created and variables were coded as: 1 = R0–R4 500 and 0 = otherwise; R 4 501–R9 000 = reference group; 1 = More than R9 000 and 0 = otherwise. The dummy variables were used as opposed to all the different wage categories for ease of comparison to the reference group. This was done to identify the impact of both lower and higher reservation wages on the employment outcomes of the youth.
SSI_i	Soft skill index	Continuous scores on composite index. Scores range from a minimum score of 10 to a maximum score of 40; where higher scores indicate higher soft skill levels.
HSI_i	Hard skill index	Continuous scores on composite index. Scores range from a minimum score of 10 to a maximum score of 40; where higher scores indicate higher hard skill levels.
JSI_i	Job search frequency index	Continuous scores on composite index. Scores range from a minimum score of 8 to a maximum score of 40; where higher scores indicated higher job search intensity (frequency) levels.

Source: Own compilation

The impact of the social grants received in youth residing households is expected to decrease their likelihood of finding work. Results from previous studies (Bertrand *et al*., 2003:27; Klasen & Woolard, 2009:36) have reported a negative association between these social welfare receipts and youth employment. Furthermore, it is also expected that higher reservation wages among the younger cohort have a negative association with employment (Baah-Boateng, 2013:393; Rankin & Roberts, 2011:138). For young people who lack experience, education plays an increasingly important role in employment opportunities. Studies have shown that the lack thereof is associated with lower probabilities of securing work (Elima, 2015:23; Lam *et al.*, 2008:27; Msigwa & Kipesha, 2013:73). Finally, relating to the composite variables used, higher soft and hard skill levels are expected to increase the likelihood of being employed given the higher competencies and capabilities of the young labourers (Chandrakumara, 2015:330; Ibarraran *et al.*, 2012:15). As the last explanatory variable used in the model, job search intensity is expected to have a positive association with the employment outcomes of job seekers. More frequent searches for work attribute greater likelihoods of job seekers finally finding a suitable job (Khan & Louw, 1988:16; Mukoyama, Patterson & Sahin, 2014:29). In the analysis of the effects of these variables on the dependent variable the following hypothesis tests were set:

- H_0: $\beta_1, \beta_2 \ldots \beta_{12} = 0$
- H_1: $\beta_1, \beta_2 \ldots \beta_{12} \neq 0$

The null hypothesis was set as to indicate that the specific explanatory variable had no significant impact on the probability of the individual finding a job, while the alternative was set contrariwise. Therefore, if the H_0 was rejected in favour of the H_1 then it was assumed that the specific explanatory variable did in fact have a significant impact on the probability of being employed. However, if the H_0 could not be rejected it was assumed the explanatory variable under question wasn't a significant determinant of employment probabilities. Odds ratios (Exp B) were further used to test the constant effect of each explanatory variable on the likelihood of the success event. In other words, these ratios express the likelihood of being employed, given the presence of the specific explanatory variable while holding all other factors constant. Ratios larger than one indicated a positive association between the explanatory variables while values smaller than one showed a negative association.

Prior to the use of the model, the adequacy of the model was assessed. A correlation analysis was run with the purpose of indicating whether any multicollinearity existed with the data that were used. Additionally, an Omnibus Test of model coefficients and Hosmer and Lemeshow tests were utilised in order to indicate if the model that was used was a good fit. Hair *et al.* (2010:201) argue that multicollinearity plays an important role when multivariate analyses are considered. The presence thereof points to highly correlated predicator variables that in the case of binary logistic regressions bring a degree of instability and inaccuracy in the model estimates and the hypothesis tests (Midi, Sarkar & Rana, 2010:256). Furthermore, these highly correlated variables induce highly inflated parameter variances that

can result in erroneous signs and imprecise magnitudes of logistic coefficients (Belsley, Kuh & Welsch, 1980:92).

4.9.4 Principal components analysis (PCA)

Principal components analysis refers to a multivariate analysis technique where a number of correlated variables in a given data set are reduced or transformed into specific components that accounts for the majority of the variability in the data (Jolliffe, 2002:1). These techniques are useful when large data sets are analysed. They bare close resemblance to principal factor analysis, however, given that these techniques use all variability inherited in variables rather than only the variability common in the variables used they are more suited for data reduction practices (Krishnan, 2010:10). In the context of this study and similar to others (Choo & Wong, 2006:47; Farkas, Koltai & Lukovszki, 2015:72; Fatoki & Chindoga, 2011:161; Fatoki & Chindoga, 2012:308; Tanveer *et al.*, 2013:74) a PCA was used on the data set that was collected in Section G of the questionnaire. These was done to determine if the 18 scale items pertaining to the factors affecting the youth's entrepreneurial intent loaded on the different components as proposed by these previous studies and subsequently identify the underlining factors on the measurement scale that was used. The results of the PCA are reported in Section 5.8.1 in the following chapter.

Prior to using the PCA, there are a number of considerations researchers need to take into account. These involve the number of factors to be extracted from the data, the adequacy of data to undergo the extraction and lastly, the reliability of the components that are extracted. Acknowledging these important aspects, the study made use of Keiser's criterion for component extraction in which all the components that were extracted attributed eigenvalues greater than 1.00 (Pallant, 2013:191). Furthermore, Bartlett's test of sphericity and the Keyser-Meyer-Olkin (KMO) test were performed in order to ensure sampling adequacy. For the sample to be determined adequate for PCA, a KMO value of greater or equal to 0.6 should be returned, while Bartlett's test is found significant where the null hypothesis (correlation matrix has an identity matrix) can be rejected ($p<0.05$) (Pallant, 2010:183). Finally, to determine whether the components that were extracted were indeed reliable, Cronbach's alpha was utilised.

4.10 SYNOPSIS

Chapter 4 discussed the research design and methodology in order to explain why certain decisions, actions and procedures were followed during the research process. Given the nature of the inquiry the study was grounded on a positivist philosophical view involving the presuppositions that real life could be explained logically through proper data collection and statistical analysis. A descriptive cross-sectional design was followed, which allowed for the empirical objectives of the study to be properly addressed. The use of the specific design as opposed to an exploratory or casual design is advocated on the basis of the design's capabilities of providing an understanding of the specific characteristics of groups and explaining the conditions of certain occurrences. Furthermore, the study adopted a quantitative approach

making use of the survey method in data collection. This allowed for large sample data collection in order to obtain a sample that to a certain extent was generalizable to the youth in the study area.

The sampling strategy utilised by the study involved the use of a combination of non-probability sampling methods that included purposive and convenience sampling techniques. Participants who were included in the sample must have been between the ages of 18 and 35 while also being either employed or unemployed. Participants were drawn from specific locations within the study area were their density was known to be high. A sample size of 400 was deemed adequate as was identified primarily through the use of historical referencing techniques. The required data were collected through the use of a self-administered questionnaire. The questionnaire included various sections that included questions pertaining to the demographic background of participants as well as several scales pertaining to the participants' skills, job search methods and perceptions on the various barriers faced towards employment and self-employment. Due care was taken to ensure a reliable and valid measuring instrument while also guaranteeing that all ethical considerations were adhered to. After the preliminary data analysis a final sample size of 339 was established.

The chapter further explained the procedures that were followed to analyse the collected data. The analysis made use of specific statistical software, IBM SPSS in which various statistical procedures were utilised. These procedures involved the use of descriptive statistics such as frequency distributions and cross-tabulations, a one-way ANOVA analysis, a binary logistic regression and a principal components analysis. The next chapter applies the methodology and statistical models explained in this chapter in order to investigate the employment barriers faced by the youth in the Emfuleni and Metsimaholo local municipal areas.

CHAPTER 5

EMPIRICAL RESULTS AND FINDINGS OF THE STUDY

5. 1 INTRODUCTION

The preceding chapter elaborated on the research methodology followed to conduct the study. The purpose of this chapter is to report the results and interpretation of the findings. The primary data used in the analysis were collected during the survey process that was followed in the Emfuleni and Metsimaholo local municipal areas. The discussion is divided into eight sections. The first section discusses the demographic composition of the sample. Thereafter, the findings of the descriptive analysis on the various supply-side factors (barriers) that affect the employment outcomes for the youth, are discussed. This is followed by the identification of the various skills of the employed and unemployed individuals. The fifth section reports the findings regarding the participants' job search behaviour. The sixth section provides the logistic regression results that aimed to identify the main supply-side determinants of the youth's employment status. Section seven presents the results pertaining to the perceptions of the participants with regard to those factors hindering their employment opportunities. Finally, the eighth section reports the findings on the perceived factors that are restricting the youth towards entrepreneurial opportunities as a means of self-employment. Through the use of the statistical techniques that were discussed in Section 4.9 the chapter aims to address the following empirical objectives:

- To determine the socio-economic barriers that young people face in attaining formal employment in the Metsimaholo and Emfuleni local municipal areas.
- Identify the skills of the employed and unemployed youth in the Emfuleni and Metsimaholo local municipal areas.
- Compare the job search behaviour among the employed and unemployed youth.
- Determine the effect of identified factors on the youth's employment status in the Emfuleni and Metsimaholo local municipal areas.
- Compare the perceived barriers of employment among the employed and unemployed youth in the Emfuleni and Metsimaholo local municipal areas.
- Compare the perceived obstacles of youth entrepreneurial intensions of the employed with unemployed youth in the Emfuleni and Metsimaholo local municipal areas.

5.2 DEMOGRAPHIC CHARACTERISTICS OF THE PARTICIPANTS

This section provides a discussion pertaining the demographic profile of the sample, which among other include descriptions on the age, gender and race compositions of the participants as well as their educational backgrounds. Further elaborations are directed towards the economic aspects of the sample including their employment status, duration of unemployment and the main sectors where participants did procure employment. The quantitative data used are expressed using various graphs, tables and figures.

5.2.1 Age composition of the sampled participants

Figure 5.1 shows the descriptive and categorical statistics pertaining to the participants' age. In this study, age was captured as a continuous variable. The average age of the participants shown was 27 years with the oldest individual that participated in the study aged 35 years. The youngest participant was 18 years old. As stated in the previous chapter and prior subsections, the study made use of the official definition of youth as articulated by the NYP showing the cohort aged between 14 and 35 years. However, only those aged 18 and above were considered given that lower aged individuals were predominantly still full-time students. Given the wider definition of youth, age categories were created to differentiate between younger and older cohorts. Compared to the average age in South Africa, Emfuleni LM and Metismaholo LM, which in 2016 was estimated at 27 years (CIA, 2016; StatsSA; 2016d:15), the median age in the study area was in close proximity. Representing the sample from a categorical perspective, Figure 5.1 further shows that 28.6 percent of the participants were between the ages of 18 and 24, 30.4 percent were between the ages of 30 and 35 with the category of those between 25 and 29 years attributing the highest percentage of participants (42%).

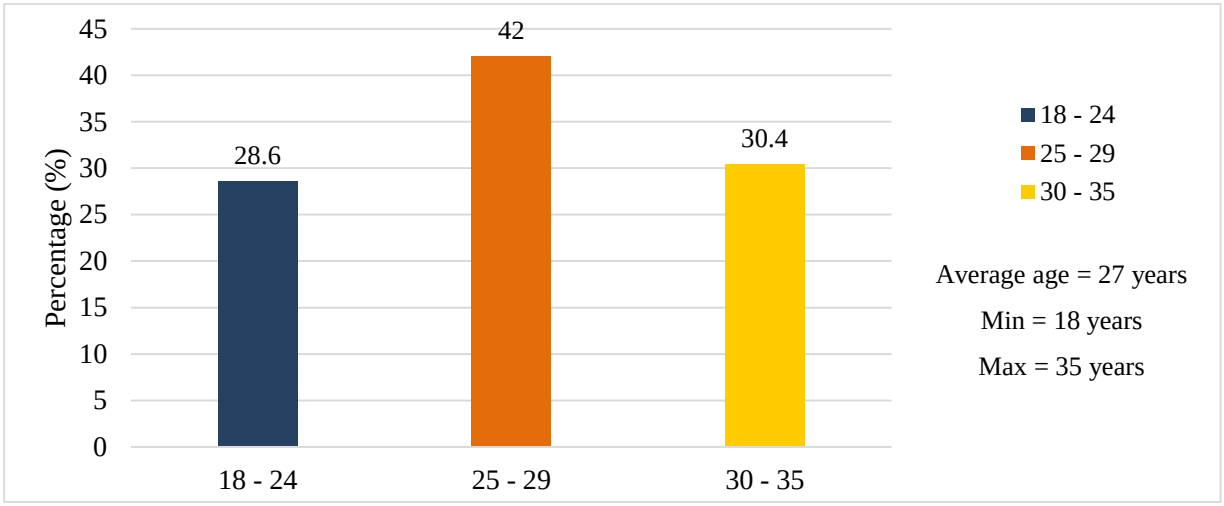


Figure 5.1: Age distribution of the sample

Source: Survey data (2016)

5.2.2 Gender distribution of the sampled participants

Table 5.1 shows the distribution of the participants according to their gender. The statistics from the table indicates that more females partook in the study than males, with 51.9 percent of the participants being females while 48.1 percent were male. The ratio of participants tends to resonate with those shown on a national level. StatsSA (2016b:9) determined that among those between the ages of 15 and 34 females made up a greater proportion of the population (51%) than their male counterparts (49%).

Table 5.1: Distribution of participants according to gender

Gender	Frequency (*f*)	Percent (%)	Cumulative percent (%)
Male	163	48.1	48.1
Female	176	51.9	100.0
Total	339	100.0	

Source: Survey data (2016)

5.2.3 Race distribution of the sampled participants

In light of the segragational past, race has been a contentious factor in the South African context where African and Coloured ethnicities even still today are associated with a lower socio-economic status compared to other races. The race distribution of the sample is illustrated in Figure 5.2. The figure shows that among the surveyed youth 81.4 percent were African/Black, 11.8 percent were White, 5.8 percent were Coloured and only 1 percent identified themselves as Indian/Asian. These statistics much similar to the gender distribution follow provincial comparisons. Racial composition in the Gauteng province in 2016 attributes the majority of the population to an African ethnicity. In fact, in 2016, Africans accounted for 85.4 percent of the population with those of Coloured ethnicity accounting for only 1.2 percent and Whites constituting 12 percent (StatsSA, 2016d:12). The Indian/Asian citizens had the lowest contribution to the population, constituting 1 percent. Similar distributions are also noted in the Free State province where the majority (87.5%) of the population are African with Whites constituting 8.8 percent of the population and Coloureds 3.3 percent (StatsSA, 2016d:8). These statistics justify the high percentage of African participants in the study's sample.

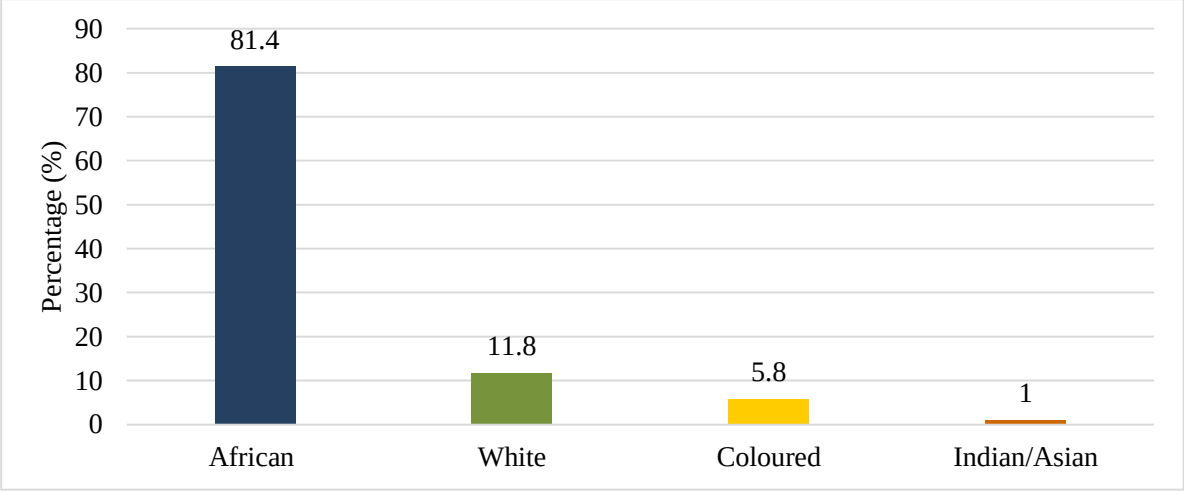


Figure 5.2: Participant distribution according to race

Source: Survey data (2016)

5.2.4 Marital status of the sampled participants

Table 5.2 shows the distribution of the sample according to their marital status based on the frequencies, percentages and cumulative percentages. As depicted from the table, more than half of the sample (55.8%) was single, while 17.4 percent were living together. Those that were married constituted 21.5 percent of all participants while only a minority identified themselves as either widowed (0.9%) or divorced (4.4%). The large proportion of these young people that are single may be a reflection on the early stages of life and transition most find themselves in. This was also particularly evident given the low percentage of the sample that were divorced and widowed. Relating to the increasing difficulties faced by young people towards securing employment. Kremer (2015:2) reports that young people around the world and in South Africa are delaying marriage more so than preceding generations, due to not being economically able to support a family. Ironically, various studies (Escudero & López Mourelo, 2013:17; Yu, 2013:558) suggest that being married or cohabitating especially for young people increases their chances of finding employment given the extra social capital afforded to having a partner. However, for young women this influence may differ given the additional familial and caretaking responsibilities early marriage may uphold (Namibia Statistics Agency, 2015:33; Msigwa & Kipesha 2013:74). Statistics released in 2016 by UNICEF (2016) reveals that approximately seven percent of young females in the country enter marriage before the age of 18 years.

Table 5.2: Distribution of the sample according to marital status

Marital status	Frequency (*f*)	Percent (%)	Cumulative percent (%)
Single	189	55.8	55.8
Living together	59	17.4	73.2
Married	73	21.5	94.7
Widowed	3	0.9	95.6
Divorced	15	4.4	100.0
Total	339	100.0	

Source: Survey data (2016)

5.2.5 Common languages spoken by the sampled participants

Figure 5.3 shows distribution of languages spoken by the surveyed youth. Participants were asked to indicate the number of languages they are able to speak in order to gain an understanding on their language proficiency. On average participants were able to speak three different languages. The most common language spoken as shown by the figure was English (87.3%), while 66.1 percent of the participants indicated a linguistic proficiency in Sesotho. Other common languages spoken included IsiZulu (49%), Afrikaans (38.9%) and IsiXhosa (20.9%). Among the least spoken languages included IsiNdebele (2.7%), Xitsonga (2.1%) and Tshivenda (1%). The more common spoken languages spoken reflect the racial composition of the sample together with the geographical location of the study. The

2011 Census statistics indicate that most common languages spoken in the Free State and Gauteng were SeSotho, English, IsiZulu and Afrikaans (StatsSA, 2011:23).

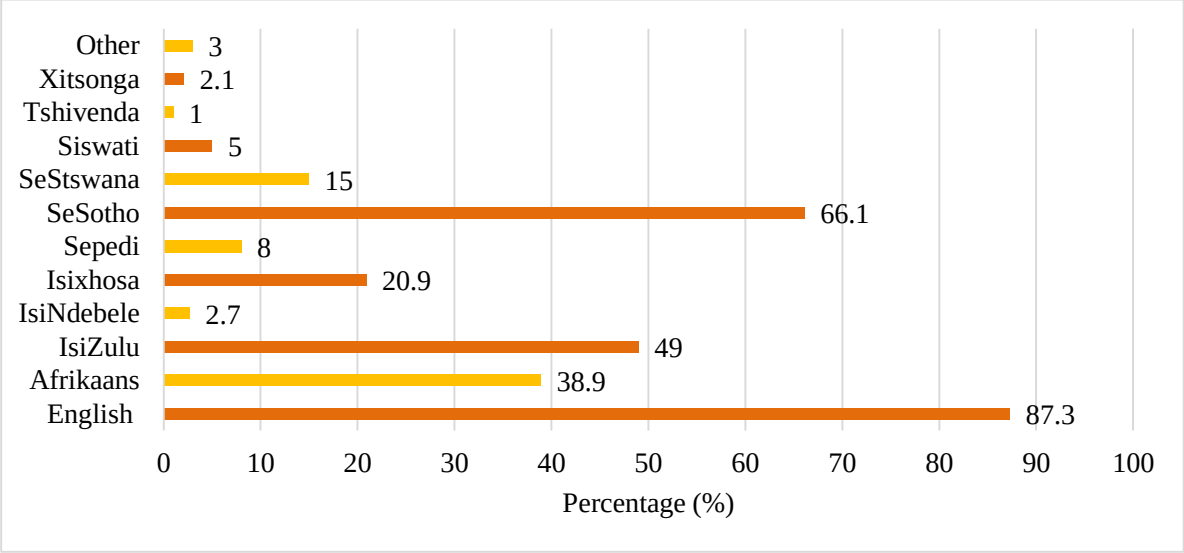
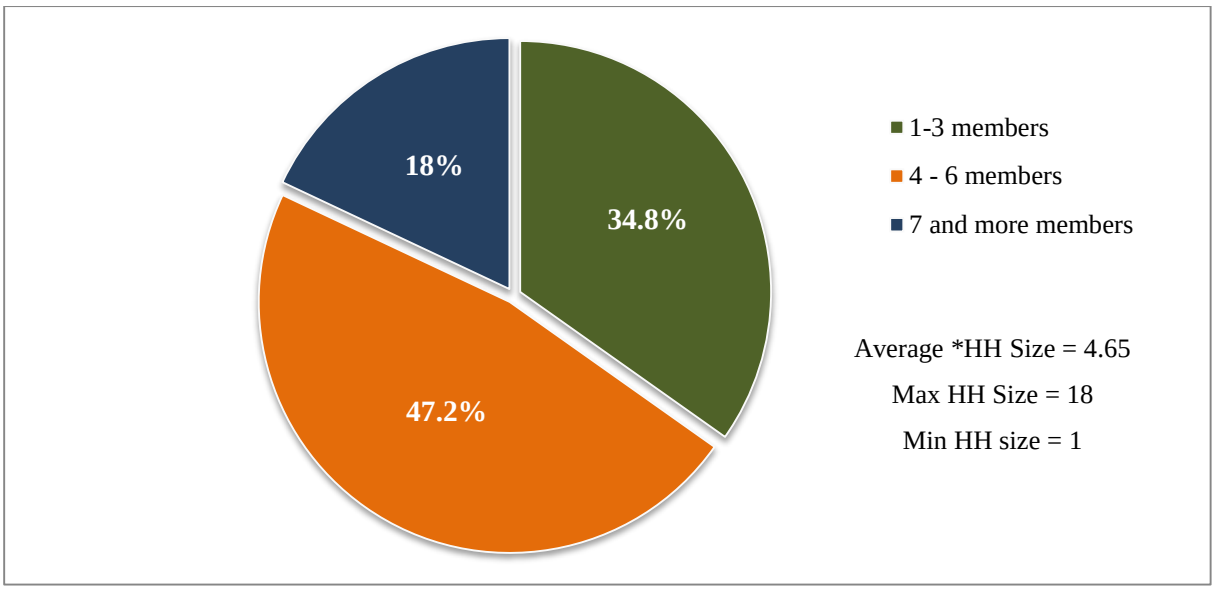


Figure 5.3: **Most common language spoken**

Source: Survey data (2016)

5.2.6 Household size of the sampled participants

The distribution of the participants according to their household size is depicted in Figure 5.4. Household size in relation to the youths' employment outcomes is based primarily on the notion that higher household sizes induce a higher dependency for young people on parental figures based on more secure income streams. The figure shows that the majority of the surveyed youth were living in households with between four to six members (47.2%), while 34.8 percent had a household size of between one to three members and 18 percent were situated in households with seven or more members. The average household size was determined at 4.65. Household sizes in the Emfuleni LM and Metsimaholo LM in 2016 were estimated at 2.9 and 3.3, respectively (StatsSA, 2016d:8); therefore indicating a relatively larger statistic for the study. Paaskesen and Angelow (2015:10) in their survey likewise found that focusing on households predominantly with youth included, sizes were larger than overall averages for the specific area. The study attributes the larger household sizes to the youth still residing with their parents or caretakers as opposed to living on their own.



*** HH–Household**

Figure 5.4: Distribution of participants according to household size

Source: Survey data (2016)

5.2.7 Social grants received among the sampled participants' households

The provision of social grants to households is done primarily through the allocation of direct cash transfers that aim to facilitate satisfactory living conditions providing socio-economic security to citizens. As elaborated on in Section 3.6.9 for the youth being situated in households receiving the social support measures possibly has an impact on the employment outcomes. Results of similar studies have shown mixed results, with some showcasing positively induced labour migration (Ardington *et al.*, 2016:455), while others have signified reduced labour supply on the back of leisure induced aspects (Idahosa, 2014:43).

Figure 5.5 depicts the distribution of the sample according to the different types of social grants received by their respective households. The figure shows that more than half (53.7%) of the households, in which the surveyed young people are situated in, did not receive any form of social support. Among the households that were affected by these support measures, 28.3 percent received a child support grant, while 13.9 percent received the old age pension grant and 2.1 percent of these households received a foster child grant. Although there is no single grant specifically aimed at the youth, they are indirectly affected through their household members that receive these support measures. Woolard (2012) reports that on average 45 percent of these young individuals are indirectly affected, which in relation to the 46.3 percent of the youth included households that received grants in this study shows a close proximity.

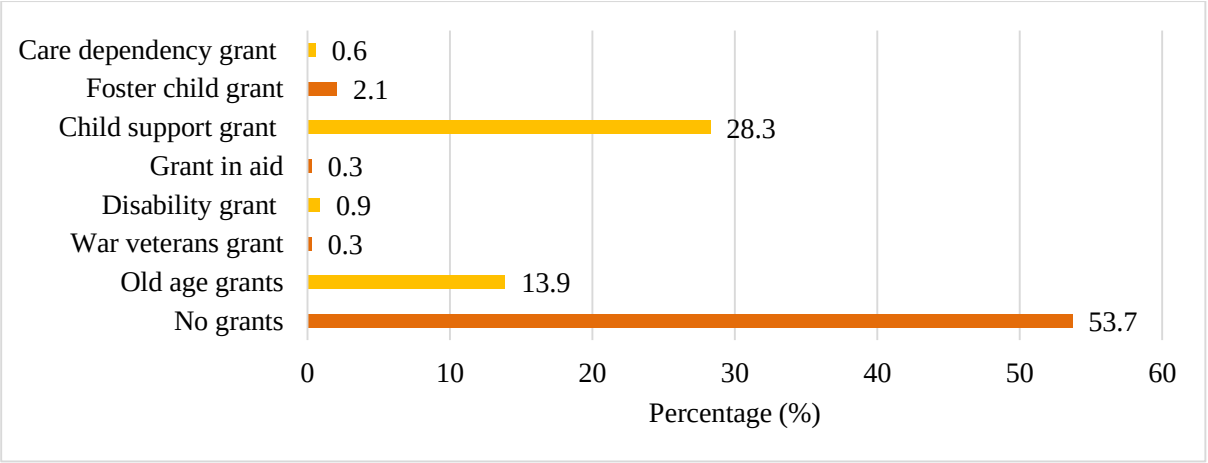


Figure 5.5: Distribution according to the type of social welfare received

Source: Survey data (2016)

5.2.8 Level of education among the sampled participants

The education level of the participants is depicted in Table 5.3. The table shows that among the surveyed youth only a marginal proportion did not have at least a completed primary education (3.3%). Among those that did have a primary education but no formal completed secondary education attributed 19.7 percent of all participants, while the majority of the sample (38.9%) had at least a completed secondary education. A relatively high proportion of participants (38.1%) were in possession of post-secondary qualifications, these included 16.8 percent of the participants who had some sort of vocational training, 11.8 percent who obtained an undergraduate degree and 9.5 percent who obtained a postgraduate degree. The level of education especially in the South African context has played an important role in the employment outcomes in general. Labour demand has predominantly been directed at higher skilled workers seeing those with higher educational levels have better employment probabilities (Reddy *et al.*, 2016:89). More recent statistics on a national level show similar trends, with the lowest proportion of the youth not having any level of education while the majority (37%) have a completed secondary education (StatsSA, 2015a:15).

Table 5.3: Distribution of participants according to the level of education

Level of education	Frequency (*f*)	Percent (%)	Cumulative percent (%)
No school	5	1.5	1.5
Grade 4-6	6	1.8	3.3
Finished primary	13	3.8	7.1
Grade 8-11	54	15.9	23.0
Completed secondary	132	38.9	61.9
Vocational training	57	16.8	78.7
Undergraduate	40	11.8	90.5
Postgraduate	32	9.5	100.0
Total	339	100.0	

Source: Survey data (2016)

5.2.9 Economic characteristics of the sampled participants

The next section shows the employment status of the sample, duration of unemployment, main source of income of the unemployed and their main activities while these individuals were unemployed. Further discussions provided are directed at the main sector of employment for those who did obtain a job and the reservation wages (minimum income to which they would accept a job) of the sample in general.

5.2.9.1 Employment status of the sampled participants

Figure 5.6 shows the distribution of participants according to their employment status. In this study a person was considered unemployed based on the official definition of unemployment, which is if they were without work and actively looking for a job four weeks prior to the survey. The figure shows that among the sample, 34.8 percent of the sample were employed full-time, 5.5 percent were employed on a part-time basis, while 11.6 percent were self-employed. Those that were classified as unemployed contributed 48.1 percent of the sample. From a national perspective, most recent unemployment rates (official) for those aged between 15 and 34 indicate that 37.1 percent of the youth (15-34 years) did not have a job (StatsSA, 2017a:6). The relatively higher rates attributed by the study can be justified by the purposive sampling technique that was used with the study attempting to sample an equal amount of both employed and unemployed participants in order to address the empirical objectives highlighted in the beginning of this chapter.

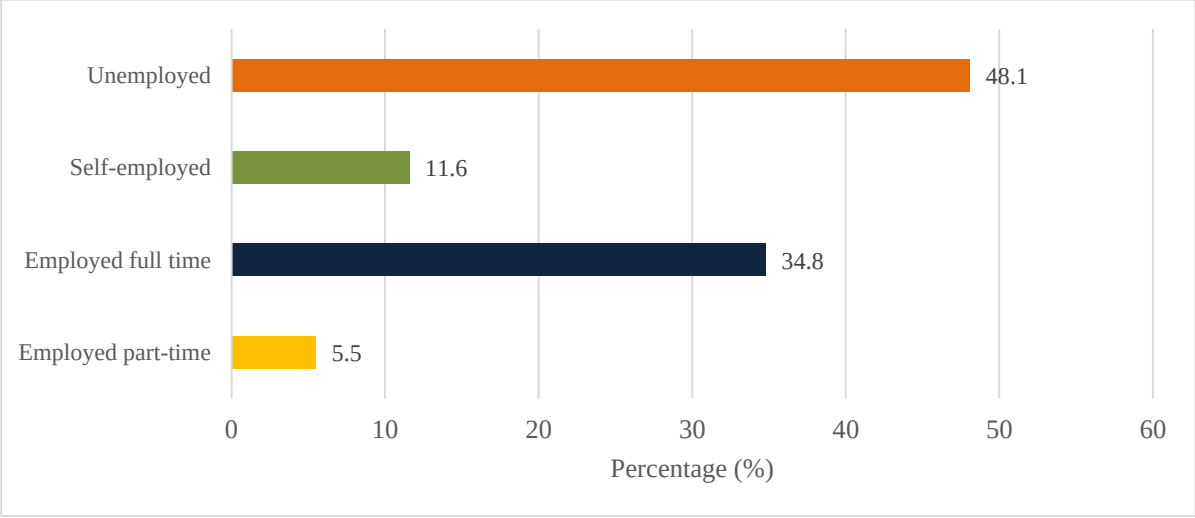


Figure 5.6: Employment status of the sample

Source: Survey data (2016)

5.2.9.2 Duration of unemployment among the sampled participants

The duration of unemployment among the participants is shown in Figure 5.7. Among those that were unemployed, 27 percent were in this state for less than one year while 73 percent or almost three quarters of the unemployed participants were unemployed in the long run (longer than one year). For those that

were identified as long-term unemployed, 34.4 percent have been without a job for between one to two years, 23.9 percent between two to four years, eight percent for between four to six years and 6.7 percent were unemployed for more than six years. Most recent statistics likewise indicate a high majority of individuals between the ages of 15 and 34 years on both a national and provincial scale found themselves unemployed longer than one year. StatsSA (2015a:31) determined national long-term rates for the cohort at 61.9 percent, provincially, Gauteng contributed a long-term rate of 63.6 percent while the Free State showed long-term unemployment rates of approximately 67.5 percent.

Measured initially as a continuous variable the average duration of unemployment among the group was estimated at 30 months (2 and a half years) with the longest duration captured at 108 months (9 years) and the shortest at one month. The longer durations are worrisome as it is indicative of a structural nature of unemployment among the participants rather than frictional. This may indicate that even though these work seekers may have some sort of educational background they do not meet certain skill requirements of prospective employers. For young people in general, long-term spells of unemployment as shown here, induce scarring effects that contribute to the depreciation of the cohort's skill levels, consequently reducing their market value in hiring prospects (Mroz & Savage, 2006:259). This further induces possible lower future labour market involvement in the face of higher discouragement for these young individuals.

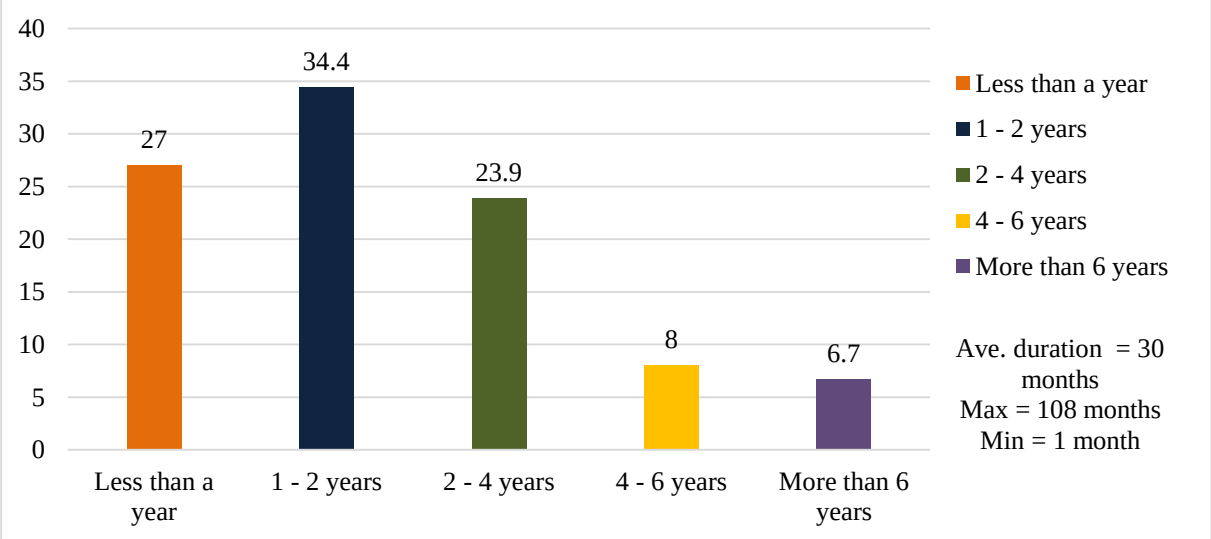


Figure 5.7: **Distribution of the participants according to their duration of unemployment**

Source: Survey data (2016)

5.2.9.3 Main source of income for the unemployed participants

Figure 5.8 shows the main sources of income for the unemployed participants. Almost half of the sample received their income from family and friends while 17.8 percent received income through their involvement in informal activities. The majority of youth that are dependent on the family and friends for sources of income is indicative to the important role these support networks play not only in the provision of social capital but likewise in the provision of monetary assistance that could assist in job search

practices. The third most prevalent source for these young individuals was the income they received through the unemployment insurance fund (16%), while 14.7 percent directly received their income through social grants. Woolard (2012) likewise indicates that on a national scale, approximately 14 percent of the unemployed youth directly received these social support measures primarily through child and dependent directed grants. Other sources of income (2.7%) that were indicated by the participants included the youth's involvement in gambling practices.

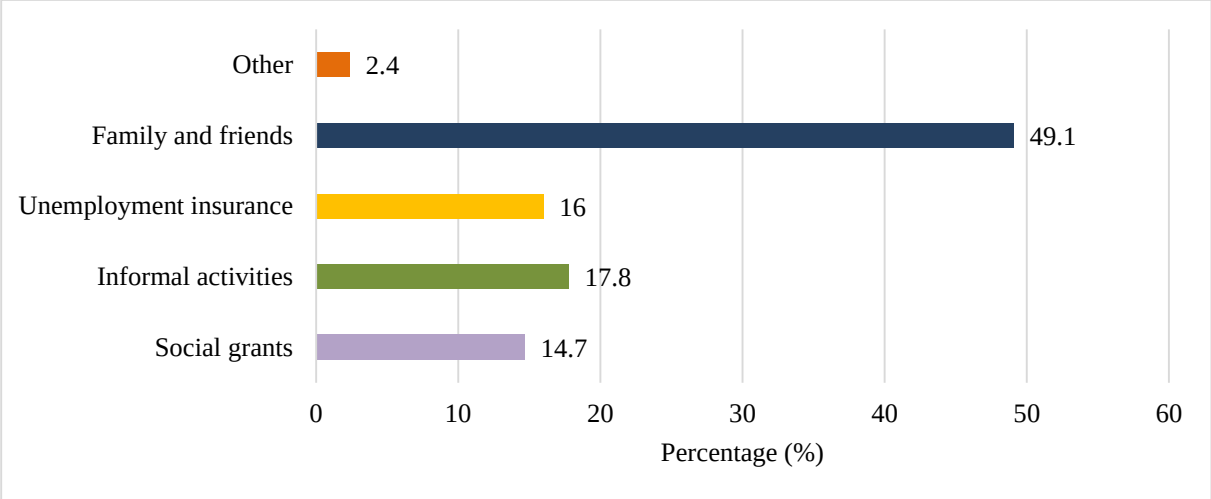


Figure 5.8: **Main sources of income among the unemployed**

Source: Survey data (2016)

5.2.9.4 Main activities of the participants while unemployed

The distribution of the unemployed participants according to their main activities is shown in Figure 5.9. More than half of the participants indicated that their main activity was to actively look for work, 16 percent indicated they were assisting with household chores, while approximately a tenth (9.8%) of the participants indicated they were planning to enrol in further training or education institutions to improve their skills. Those involved in volunteer work constituted 6.7 percent of the total unemployed, with 4.9 percent indicating that they were spending time with family or friends. Only eight percent of the unemployed indicated that they were planning to start an entrepreneurial enterprise. From the statistics provided, it is clear that even facing difficulties in attaining wage employment, only a minority of the youth deemed self-employment a viable option towards improving their financial independency.

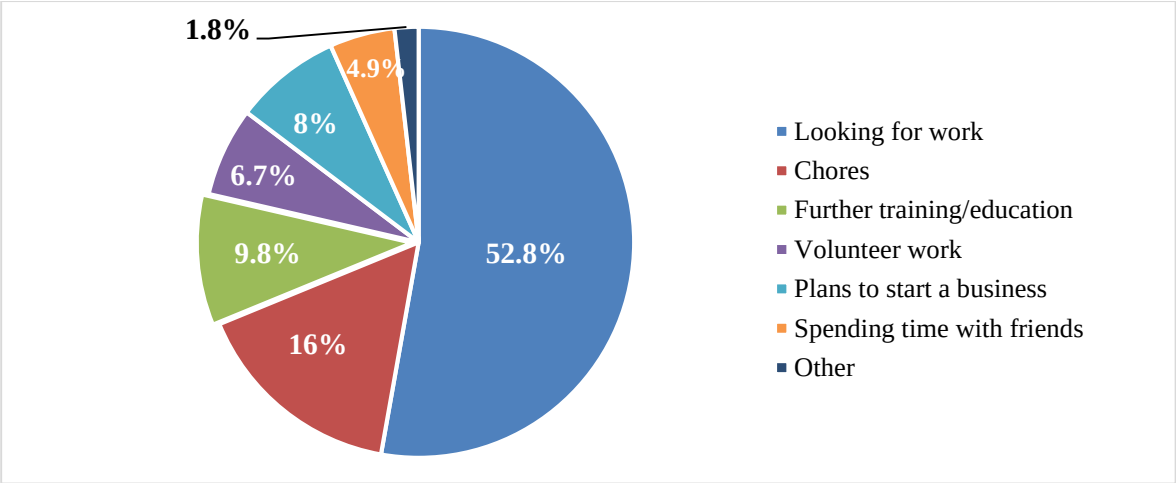


Figure 5.9: **Main activities of the unemployed**

Source: Survey data (2016)

5.2.9.5 Sector of employment of the sampled participants

Figure 5.10 shows the distribution of the employed participants according to their sector of employment. The highest proportion of the youth was employed in the retail, wholesale and trade sector (18.2%). The survey results further show those that were employed in the manufacturing sector attributed 13.6 percent, with 11.4 percent employed in the hospitality and tourism sector. Ray *et al.* (2014:7) postulate that retail and hospitality sectors are more commonly associated with low paying entry level employment positions, which may explain the higher concentration among these sectors for the more inexperienced youth. The percentage of employment calculated in the finance and community services sectors were 10.5 percent and 10 percent respectively with the transport sector accounting for 8 percent of the employed participants. Sectors with the lowest employment percentages for the participants were security (6.1%), mining (5.1%), electricity (4.7%) and agriculture (4.5%).

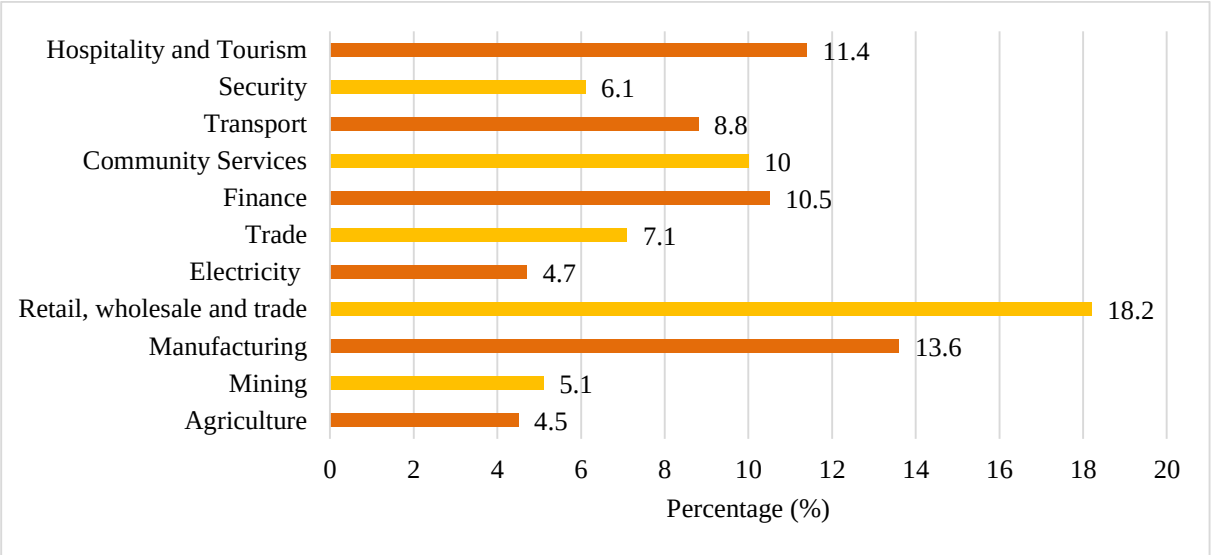


Figure 5.10: **Sector of employment**

Source: Survey data (2016)

5.2.9.6 Minimum wage (reservation wage) to accept a job

As discussed in Section 3.6.6, young labour market entrants tend to have inadequate labour market knowledge upon searching for work that can affect their employment outcomes. One of the aspects where this is evident pertains to their reservation wages where studies have shown the unrealistic wage expectations resulting in the youth consequently pricing themselves out of employment (Bertrand & Crépon, 2014:122; Rankin & Roberts, 2011:132) . Table 5.4 depicts the distribution of the participants according to their reservation wages (minimum wage they would be willing to or did accept a job). The survey data reveal that 12.1 percent were willing to work for wages between [1]R0 and R1 500, while 17.7 percent would only accept a job if they would or did receive a monthly salary of between R1 501 and R3 000. The highest proportion of the participants, approximately a fifth (20.4%), was willing or worked for wages between R3 001 and R4 500. Those with reservation wages between R4 501 and R6 000 constituted 13.3 percent of the sample with the lowest proportion (7.7%) willing to work for between R6 001 and R7 000 a month. Participants who reported reservation wages between R7 501 and R9 000 accounted for 8.3 percent of the sample, those between R9 001 and R10 000 for 10.6 percent and those willing to work when wages were at least R10 000 constituted 9.4 percent of all the sampled participants.

Table 5.4: Distribution of the participants according to their reservation wages

Monthly minimum wage reservations	Frequency (*f*)	Percent (%)	Cumulative percent (%)
R0 - R1 500	41	12.1	12.2
R1 501 - R3 000	60	17.7	30.0
R3 001 - R4 500	69	20.4	50.4
R4 501 - R6 000	45	13.3	63.8
R6 001 - R7 500	26	7.7	71.5
R7 501 - R9 000	29	8.3	79.8
R9 001 - R10 000	36	10.6	90.5
Above R10 000	33	9.4	100.0
Total	339	100.0	

Source: Survey data (2016)

5.3 DESCRIPTIVE ANALYSIS ON THE FACTORS AFFECTING EMPLOYMENT AMONG THE YOUTH

The difficulties to secure work for any individual let alone new labour market entrants can be ascribed to a diverse set of factors and issues (Malakwane, 2012:81). For young people these factors tend to be even more varied, with the cohort showcasing significantly lower employment rates compared to their respectively older counterparts (Rankin *et al*., 2012:24). Youth unemployment in this sense is a multifaceted phenomenon that can be ascribed to numerous factors (Graham & De Lannoy, 2016:2). As

[1] **$1 = R12.94 (23 May 2017)**

research has shown and relating to the discussion in Section 3.5 and 3.6, these factors can be attributed to both the inherent demand and supply side anomalies in labour markets. This section of the chapter therefore has the objective of identifying the key socio-economic barriers to youth employment in the Emfuleni and Metsimaholo local municipal areas through the provision of a descriptive analysis on the identified supply side determinants associated with the cohort's employment status. The socio-economic variables included in the analysis pertain to the participant's age, gender, race, marital status, household size, number of employed individuals living in the household, the presence of social grants in the household, their level of education and their respective reservation wages. Employment status as the dependent variable was dichotomously coded where those that were formally employed and self-employed grouped together and all the participants that did not have a job at the time of the survey (broad definition) identified as the unemployed. Cross-tabulations were used to discuss each variable in relation to the participant's employment status.

5.3.1 Age and employment status

Table 5.5 shows the distribution of the individuals' employment status according to the specific age groupings. The results indicate that for younger cohorts, when compared to older age groupings, more participants were unemployed. For example, 50.5 percent of those participants between the ages of 18 and 24 years were unemployed, 48.5 percent of those between 25 and 29 years followed by 46.4 percent of those in the 30 to 34 year age category. Anh, Le Bach Duong and Van (2005:21) likewise showed the particular effect, suggesting that younger labour market participants may experience a greater degree of difficulty in finding employment due to their inexperience in the labour market processes. Employers tend to use age as a proxy for productivity and work experience and prefer employing older job seekers when employment opportunities arise (Green, 2013:3). For these employers being of a younger age represents a greater degree of risk and cost. Employing younger cohorts requires additional on the job training expenses and hence employers may prefer older job seekers. However, the p-value of 0.920 (> 0.1) indicates that the differences among the age groupings were not statistically significant.

Table 5.5: Cross-tabulation according to age and employment status

Age	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
18-24	51	50.5	50	49.5	0.168 (0.920)
25-29	67	48.5	71	51.5	
30-35	45	46.4	52	53.6	
Total	163	48.1	176	51.9	

Source: Survey data (2016)

5.3.2 Gender and employment status

Results of the analysis on gender and employment status presented in Table 5.6 below shows that a greater proportion of females (51.1%) were unemployed compared to males (44.8%). In their studies, Mathebula (2013:3) and Beukes *et al*. (2017:46) also found similar results, reiterating that labour market experiences for the youth tend to be gender biased. These studies suggest that the disparity in labour market outcomes for young females resonate on the basis of their comparatively lower education qualifications. Relating to Section 3.6.7, women's participation in the labour market has seen significant increases over the past decade. However, these gender dissimilarities may acknowledge that growth in the creation of jobs has simply not been enough to foster the uptake of the upsurges in women's involvement in the labour force even on a local level. Additionally, the OECD (2012:1) imparts that some of these disparities in the employment outcomes of women may partially be attributed to women's caretaking duties, reporting that young women in the country are likely to dedicate twice as much time to household work than their male counterparts. The low chi-square value of 1.388, however, suggests that the gender differences in employment status were not significant.

Table 5.6: Cross-tabulation according to the gender and employment status

Gender	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
Female	90	51.1	86	48.7	1.388 (0.239)
Male	73	44.8	90	55.2	
Total	163	48.1	176	51.9	

Source: Survey data (2016)

5.3.3 Race and employment status

In general, unemployment in South Africa, on national and provincial levels, show strong associations according to racial characteristics (Kingdon & Knight, 2004:200). Results from the survey (Table 5.7) shows that among the participants, African (50.4%) and Coloured (60.0%) youth attributed significantly higher percentages of unemployed participants compared to Whites (28.2%) and Indian/Asians (33.3%). A p-value of 0.058 (< 0.1) confirms the statistical significant differences among the racial groups. These results suggest that for youth in the study area, some racial challenges/barriers to employment do exist. Similar findings presented by Khuluvhe (2015:37) and Mlatsheni (2014:51) accentuate these differences among other, towards significant educational inequalities for different racial groups, particularly pertaining to Black/African youth. These educational disparities may be attributed to several factors that include geographical difficulties and the lack of financial support, hindering access to quality schooling for these individuals. These results are congruent to the studies and empirical literature that were reviewed in Section 3.7 and 3.6.7 (Van Aardt, 2012:61). The studies suggested that employment difficulties especially for young Africans emanate from the majority that are still living in peri-urban

areas. These areas are characterised with low quality education that fosters little if any attributable competencies that give the youth an advantage in the labour market.

Table 5.7: Cross-tabulation according to race and employment status

Race	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
African	138	50.4	136	49.6	7.470 (0.058)***
White	11	28.2	28	71.8	
Coloured	12	60.0	8	40.0	
Indian/Asian	2	33.3	4	66.7	
Total	163	48.1	176	51.9	

***** Significance at 10 percent level**
Source: Survey data (2016)

5.3.4 Marital status and employment status

Table 5.8 shows the distribution of the employed and unemployed according to the participants' marital status. Statistics show that unemployment was most prevalent among those that were widowed (50.0%) and single (60.1). While 46.7 percent of those that were divorced were unemployed, while those living with a partner (41.7%) and those that were married (22.2%) had the lowest unemployment rates. The high chi-square value (27.572) and low p-value (0.000) suggest that these noted differences are significant. The estimates suggest that living with a partner for the youth in the study is associated with superior employment prospects compared to those that were living without a partner. The findings strongly conform to those determined by similar studies (Mlatsheni & Rospabé, 2002:11; Elima, 2015:24). The higher employment rates shown for the individual living with a partner or being married may point to the fact that individuals have added financial incentives to support their families, entering into employment even if it requires low paying short-term work, consequently lowering reservation wages (Namibia Statistics Agency, 2013:34). Furthermore, having a partner or living with someone may induce added monetary support for the individual, supplementing job search-related activities or providing additional social capital that could enhance their employment prospects as opposed to those that were living on their own.

Table 5.8: Cross-tabulation according to marital status and employment status

Marital status	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
Single	113	60.1	75	39.9	27.572 (0.000)*
Widowed	2	50.0	2	50.0	
Divorced	7	46.7	8	53.3	
Living together	25	41.7	35	58.3	
Married	16	22.2	56	77.8	
Total	163	48.1	176	51.9	

*** Significance at 1 percent level**
Source: Survey data (2016)

From a gender perspective, studies have shown that being married or living with a partner has varying effects. Msigwa and Kipesha (2013:74) and Kamau and Wamuthenya (2013) find that young females who were married were more likely to be unemployed. These studies suggest that once married or living with a partner lower involvement in the labour market may be the result of cultural factors; also emphasising the possible additional familial responsibilities. Results of the study for the relationship between marital status, gender and employment status are shown in Table 5.9. Individuals who were divorced, single and widowed were classified as not married or living without a partner, while those who indicated they were married or living together were grouped together. Results show that for both male and female participants living with a partner was positively associated with their respective employment rates. Of all females that were either married or cohabitating with their partners were 41.4 percent unemployed while for those participants that were not married or either living alone, 58.6 percent were unemployed. The association for males was even more apparent. A total of 60.4 percent of all men living on their own were unemployed while only 20.6 percent of those living with someone did not have a job.

Table 5.9: Cross-tabulation according to marital status, gender and employment status

Marital status	Gender	Unemployed		Employed		Chi square (p-value)
		Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
Not married or single	Female	60	57.1	45	42.9	0.940 (0.760)
	Male	61	60.4	40	39.6	
Married or living with a partner	Female	29	41.4	41	58.6	6.083 (0.016)**
	Male	13	20.6	50	79.4	
Total		163	48.1	176	51.9	

**** Significance at 5 percent level**

Source: Survey data (2016)

5.3.5 Household size and employment status

Given that young people are still largely associated with parental households it is important to view how specific household characteristics may influence employment outcomes. Results of the cross-tabulation between the participant's household size and employment status are shown in Table 5.10. The table shows that the proportion of the youth that were unemployed increased with larger household sizes. Individuals that were living on their own showed the lowest proportion of participants (7.7%) that were unemployed. For participants living in households that had two to four members, unemployment increased to 35.0 percent and even more so for participants with household sizes with eight to nine members, among which 83.3 percent were unemployed. These differences were deemed statistically significant (p-value of 0.000 < 0.1).

Consequently as household size increases the prevalence of employment among the cohort diminishes. These results suggest that unemployment is more prevalent for the youth living in larger households.

Similar findings are also presented by Tandrayen-Ragoobur and Kasseeah (2013:731) for the youth in Mauritius. These authors suggest that the youth living in larger households have less of a need to be financially independent as larger families are more income secure. However, in the South African context, larger family sizes have been positively associated with higher probabilities of being poor with more dependents. In fact, Meyer and Nishimwe-Niyimbanira (2016:2283) determined that in the Northern Free State large household sizes were associated with a higher percentage of households that were living below the poverty line. The positive association of unemployment among the youth and household size, therefore may indicate a survivalist strategy. In this sense, unemployed individuals attach themselves to these larger households that have some form of income in order to survive. Klasen and Woolard (2009:28) reason that these households that are usually associated with geographical localities situated far from decent employment opportunities, labour supply is reduced contributing to lesser involvement in labour market activities.

Table 5.10: Cross-tabulation according to household size and employment status

Household size	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
1 member	1	7.7	12	92.3	56.131 (0.000)*
2–4 members	62	35.0	115	65.0	
5–7 members	68	60.7	44	39.3	
8–9 members	20	83.3	4	16.7	
10 + members	12	92.3	1	7.7	
Total	163	48.1	176	51.9	

*** Significance at 1 percent level**

Source: Survey data (2016)

5.3.6 Number of employed individuals living in the household and employment status

Table 5.11 shows the distribution of the participants according to their employment status in relation to the number of employed individuals living in their households. The table shows that all the participants that had no employed individuals living with them were all unemployed. Within the households with one to two employed members, 47.2 percent of the participants did not have a job, while only 35 percent of the participants were unemployed that had three to four employed household members. Therefore, these results imply that unemployment rates among the youth tend to decrease with additional employed household members. In fact, the low p-value ($0.000 < 0.1$) confirms the significant association. The negative relationship may be attributed to the supplementary social networks provided by particularly employed household members.

With young people being relatively inexperienced in the labour market processes, employed household members act as fundamental informants in both job search-related activities and the availability of

employment opportunities (Mlatsheni & Rospabé, 2002:11). These household members, given their employment status, have direct access to employers, job market knowledge and information on possible job openings reducing the imperfect nature of labour market information. Noticeable from the results reported in Table 5.8, was that for younger individuals living in households that had more than five employed household members a greater proportion (66.7%) were unemployed when compared to those households that had one to four employed members. This implies that benefits of added social networks and job search intent may be offset or diminished with regard to the complacency shown by youth when households are highly income secure.

Table 5.11: Cross-tabulation according employed HH members and employment status

Number of employed individuals	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
0	18	94.7	1	5.3	23.777 (0.000)*
1–2	118	47.2	132	52.8	
3–4	21	35.0	39	65.0	
5–6	6	60.0	4	40.0	
Total	163	48.1	176	51.9	

*** Significance at 1 percent level**

Source: Survey data (2016)

5.3.7 Social grants and employment status

This section relates to the presence of social support for the youths' household and their employment status. Cross-tabulation results (Table 5.12) show that for those households receiving grants the majority of the participants (70.3%) were unemployed, with 29.7 percent being employed. However, for those households that did not receive any social support only 29.3 percent were unemployed. As discussed in Section 3.6.9, empirical evidence towards the impact of governmental grants on the employment prospects for young labour market entrants have been somewhat inconclusive and complex. The significant (p-value = 0.000) trend shown in Table 5.13 suggestively supports the findings reported by Klasen and Woolard (2009:36). These studies have shown that the presence of social support in the youth's households is associated with lower labour supply and subsequently lower employment rates. Bertrand *et al*. (2003:27) also determined that the redistribution of the cash transfers within households possibly induces income and disincentive effects among these younger labour market participants. Moreover, the positive association may suggest that unemployed youth are attracted or attach themselves to grant receiving households. Klasen and Woolard (2009:36) reiterate that given the majority of these socially supported households being situated in rural areas, far from decent employment opportunities, reduced labour supply may relate to higher job search costs rather than higher induced reservation wages.

Table 5.12: Cross-tabulation according to social welfare and employment status

Social welfare	Unemployed		Employed		Chi-square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
No grant received	54	29.3	130	70.7	53.369 (0.000)*
Grant received	109	70.3	46	29.7	
Total	163	48.1	176	51.9	

*** Significance at 1 percent level**

Source: Survey data (2016)

5.3.8 Level of education and employment status

This section relates to the distribution of the youth according to their employment status and level of education. The statistics presented in Table 5.13 reveal that among those participants that had no schooling, 50.0 percent were unemployed, 66.7 percent of those that completed grade four to six were unemployed, while 77.7 percent of those that had a primary schooling qualification were without work. It is expected that increased levels of schooling, based on the views of Becker (1961), Mincer (1974) and Schultz (1964), would justify higher productivity levels and thus better employment outcomes. Results though suggest that, for primary educational levels, the effect does not seem to be present. Participants that had a secondary education qualification showed lower unemployment rates. However, for those that completed matric more participants were unemployed (52.8%) than those that had a job (47.2%).

The finding suggests that even a matric qualification, to some extent, does not guarantee employment for these young individuals (Spaull, 2013b:45). Yu (2013:550) reiterates that high unemployment rates prevalent among the cohort may partly indicate a shift in demand towards highly skilled labour. This is further evident given that the results suggest that participants with technical or tertiary education showed higher employment rates. Those that had some form of vocational training after graduating matric had an employment rate of 60.5 percent with 72.3 percent of all undergraduate degree or diploma holders forming part of the employed, while only 39.5 percent and 27.7 percent were unemployed. Postgraduate degree holders had the highest employment rate at 77.4 percent. A p-value of 0.000 (< 0.1) confirms the rejection of the null hypothesis (distribution the same) at a 1 percent level of significance. Hence, confirming the significant positive association between employment and increased education levels.

Table 5.13: Cross-tabulation according to level of education and employment status

Level of education	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
No schooling	3	50	3	50	49.832 (0.000)*
Grade 1–6	2	66.7	1	33.3	
Primary school	7	77.7	2	22.3	
Grade 8–11	43	81.1	10	18.9	
Matric	66	52.8	59	47.2	
Vocational training	17	39.5	26	60.5	
Undergraduate degree/Diploma	13	27.7	34	72.3	
Postgraduate degree	12	22.6	41	77.4	
Total	163	48.1	176	51.9	

*** Significance at 1 percent level**

Source: Survey data (2016)

5.3.9 Reservation wages and employment status

Table 5.14 presents the distribution of the participants' employment status and minimum wages to which they would accept a job (reservation wage). As discussed in section 3.6.6, reservation wages, especially among young and inexperienced job seekers have proven to influence employment outcomes. The table shows that 25.7 percent of the individuals willing to accept a job with a salary ranging from R0 to R3 000 were unemployed while the almost three quarters (74.3%) of these participants had a job. For reservation wages above R3 000 the percentage of those that did not have a job increased, while those that were employed decreased. For example, those participants willing to accept a job for wages between R3 001 and R7 500, approximately 56.3 percent were unemployed while only 43.7 percent were employed. The highest unemployment figures (59.4%) recorded were for those individuals who were only willing to accept a job that provided a monthly salary above R10 000. Furthermore, the p-value of 0.001 (< 0.1) signifies these differences to be statistically significant. Therefore the results suggest that employment among the cohort decreases with higher wage expectations. Further correlation analysis (see Appendix B) suggests that education levels and reservation wages had a negative relationship suggesting that lower educated participants had higher reservation wages.

Young inexperienced job seekers often have misperceptions on what they are expected to earn in the labour market and consequently price themselves out of work as these expectations exceed actual earnings (CDE, 2012:19). Rankin and Roberts (2011:139) suggest that comparatively higher wage expectations among the youth are the result of these new labour market entrants not having adequate labour market knowledge. Furthermore, prevailing wage offers may not suffice in covering related job acceptance costs which relate to transportation and the loss of intra-household cash transfers inducing the refusal of jobs which these individuals given their experience and qualifications are likely to get. These

results furthermore support the fact that unemployment among the cohort is not completely involuntary but suggests that certain difficulties in acquiring work may be voluntary of nature.

Table 5.14: Cross-tabulation according to reservation wage and employment status

Minimum income to accept a job	Unemployed		Employed		Chi square (p-value)
	Frequency (*f*)	Percent (%)	Frequency (*f*)	Percent (%)	
R0–R3 000	25	25.7	72	74.3	13.588 (0.001)*
R3 001–R7 500	81	56.3	63	43.7	
R7 501–R10 000	38	57.6	28	42.4	
Above R10 000	19	59.4	13	40.6	
Total	163	48.1	176	51.9	

*** Significance at 1 percent level**

Source: Survey data (2016)

5.4 SKILLS ANALYSIS OF THE YOUTH IN EMFULENI AND METSIMAHOLO

Having shown the impact of various supply side barriers on the employment outcomes of the youth, this section ensues with the analysis and discussion of the various skills of the young labour force participants whom participated in the study. It attempts to address the second empirical objective that aims to identify the skills that serve as essential tools towards the successful acquisition of employment among young job seekers. Various studies in the South African context (Graham & Mlatsheni, 2015:52; Yu, 2012:9) have highlighted the fact that much of the difficulties young job seekers face in securing work can be attributed to an inadequate skill set that does not subscribe to employer demands. The understanding of the concept of "skills" itself, however, across economic, sociological and psychological fields attribute different connotations to the notion. In the context of the study, skills are acknowledged based on competencies that make a job seeker of value to an employer. These skills are expandable and are to some extent socially determined (Green, 2013:4). In analysing these skills and based in the review of the empirical literature in Section 3.6.2 the study distinguished between "soft" and "hard" skill sets.

5.4.1 Self-reported soft skills and employment status

This section reports the findings relating specifically to the soft skills of the sample. Soft skills in this sense relate to the individual's personal attributes that improves workplace behaviour and performance (Pachauri & Yadav, 2014:22). The measurement pertaining to participants' soft skills made use of the scale developed by Robles (2012:453). The scale comprise 10 soft skills that include integrity, communication, courtesy, responsibility, interpersonal skills, positive attitude, professionalism, flexibility, teamwork and work ethic. Statements relating to the skills were constructed on a four point Likert scale. Questions were asked on a self-evaluation basis with Likert options ranging from "1" = Poor and "4" = Excellent. Reliability analysis comprised an internal consistency test based on Cronbach's alpha coefficient. The value of the coefficient was estimated at 0.852. The coefficient exceeded the 0.70

measurement of acceptability as prescribed by Cronbach and Shavelson (2004:391) and Pallant (2013:101), showing that the scale used was indeed reliable. Table 5.15 presents the results pertaining to the participants' responses to the various soft skills included in the scale.

Results from Table 5.15, shows that the highest means, that is the highest soft skill levels, among the youth are attributed to their ability to be happy and enjoy working (mean = 3.32) and to have high morals (mean = 3.21). Furthermore, a large proportion (46.7%) of the participants indicated that their courtesy skills were excellent while 29.9 percent believed these skills to be good. Other skills that the participants rated highly included their interpersonal abilities where 47.9 percent of the sample indicated that they had excellent social skills and 21.9 percent indicating these skills to be good. On the other hand, communication skills (mean = 2.80), workplace professionalism (mean = 2.80), being flexible and open to learning new things (mean = 2.99) and working with other people (mean = 2.84) all had slightly lower mean scores. The highest standard deviations reported for work ethic (Std. dev. = 1.064) suggest that participants showed greater dispersion in responses among this factor, while being responsible had the lowest deviation (Std. dev. = 0.678).

Table 5.15: Distribution of soft skills among the youth (%)

Skill	Poor	Adequate	Good	Excellent	Mean (max = 4)	Std. dev.
Integrity	7.4	12.2	32.0	48.4	3.21	0.769
Communication	17.7	17.5	31.4	33.4	2.80	0.743
Courtesy	6.5	16.9	29.9	46.7	3.17	0.690
Responsibility	9.5	19.0	28.0	42.5	3.01	0.678
Interpersonal skills	11.2	19.0	21.9	47.9	3.06	0.707
Positive attitude	6.8	9.3	29.0	55.0	3.32	0.737
Professionalism	18.0	22.8	19.9	39.3	2.80	0.816
Flexibility	12.4	20.8	21.3	45.5	2.99	0.774
Teamwork	17.7	20.4	21.0	42.2	2.84	0.782
Work ethic	16.9	22.9	25.4	34.8	3.03	1.064

Source: Survey data (2016)

Towards identifying the soft skills among the employed and unemployed youth and subsequently contributing towards addressing the second empirical objective of the study, both the employed unemployed participants' soft skills were compared. The study made use of a one-way ANOVA that assisted to determine if any significant differences in these personal competencies of the young labour market participants in the area existed. Table 5.16 reports the ANOVA results showing the sum of squares, degrees of freedom (df), the F-statistics, significance values and mean scores for both employed (EM) and unemployed (UEM) participants.

The results from Table 5.16 show that the mean scores for all soft skills were higher among the employed youth when compared to the unemployed participants. In other words, this shows that the employed participants had higher self-reported skill levels among all the included soft competencies than those participants struggling to acquire work. The high F-statistics and low p-values relating to the communication skills, professionalism, teamwork and work ethic, however, indicate that only among these specific skills, notable differences were significant. The dissimilarities relating to the communication skills (F-statistic = 15.386; p-value = 0.000) and work ethic (F-statistic = 33.951; p-value = 0.000) were significant at a 1 percent level of significance, while those exhibited among the ability to work in teams (F-statistic = 4.535; p-value = 0.034) and the level of workplace professionalism (F-statistic = 0.042; p-value = 0.042) were found significant at a 5 percent level, hence indicating that the null hypothesis (skill levels are the same) for these specific skills could be rejected.

Table 5.16: Soft skill one-way ANOVA results

		Sum of Squares	df	Mean Square	F	Sig.	Mean (UEM)	Mean (EM)
Integrity	Between groups	0.685	1	0.685	1.300	0.255	3.16	3.25
	Within groups	177.672	337	0.527				
	Total	178.358	338					
Communication	Between groups	8.666	1	8.666	15.368	0.000*	2.64	2.96
	Within groups	190.026	337	0.564				
	Total	198.692	338					
Courtesy	Between groups	0.135	1	0.135	0.280	0.597	3.15	3.19
	Within groups	163.166	337	0.484				
	Total	163.302	338					
Responsibility	Between groups	0.542	1	0.542	1.241	0.266	2.97	3.05
	Within groups	147.124	337	0.437				
	Total	147.666	338					
Interpersonal skills	Between groups	0.305	1	0.305	0.630	0.428	3.03	3.09
	Within groups	162.929	337	0.483				
	Total	163.234	338					
Positive attitude	Between groups	11.019	1	11.019	1.269	0.261	3.27	3.36
	Within groups	476.668	337	1.414				
	Total	487.687	338					
Professionalism	Between groups	2.742	1	2.742	4.168	0.042**	2.71	2.89
	Within groups	221.692	337	0.658				
	Total	224.434	338					
Flexibility	Between groups	0.846	1	0.846	1.384	0.240	2.94	3.04
	Within groups	206.094	337	0.612				
	Total	206.941	338					
Teamwork	Between groups	2.742	1	2.742	4.535	0.034**	2.75	2.93
	Within groups	203.741	337	0.605				
	Total	206.483	338					
Work ethic	Between groups	14.928	1	14.928	33.951	0.000*	2.82	3.24
	Within groups	148.177	337	0.440				
	Total	163.104	338					

*** Significance at 1 percent level ** significance at 5 percent level**

Source: Survey data (2016)

The results reported in Table 5.16 therefore suggest that those that did successfully acquire work were able to better communicate and work with others, while also showcasing higher proficiencies in their

workplace professionalism compared to the unemployed. Research has shown the increasing importance of these more personal attributes for employers (Adhvaryu *et al.*, 2016:3; Isaacs, 2016:2). Having better social skills and being more professional can significantly improve workplace behaviour that is possibly more attractive for employers in the recruitment process. No significant differences were present among the groups' skills pertaining to their integrity, responsibility, interpersonal attributes, positive attitude and flexibility.

5.4.2 Hard skills and employment status

After showing the results of the participants' personal competencies this section reports on the findings related to the measurement of the participants cognitive and technical skills. The measurement made use of Slabbert's (2009) hard skill scale that include 17 scale items. Ensuring that the scale used was reliable, internal consistency tests were run using Cronbach's alpha. The computed alpha coefficient returned a value of 0.809 that exceeded the prescribed 0.7 threshold. This therefore showed that the scale used in measuring the participants' hard skills was reliable. The participants' responses relating to their skills as well as the means and standard deviations are reported in Table 5.17.

Table 5.17: Distribution of hard skills among youth (%)

Statement–skill	Poor	Adequate	Good	Excellent	Mean (max =4)	Std. dev.
Office management skills	26.3	21.5	25.0	27.2	2.53	0.836
Computer skills	12.7	19.8	29.8	37.8	2.93	0.939
Gardening/Farming	26.3	33.6	23.9	16.2	2.30	0.931
Butchery skills	36.6	23.3	23.6	16.5	2.20	0.807
Construction skills	13.6	22.7	41.0	22.7	2.73	0.662
Welding skills	48.1	15.6	16.2	20.1	2.08	0.753
Knitting skills	42.2	18.0	26.3	13.6	2.11	0.820
Hairdressing skills	30.1	19.5	26.5	23.9	2.44	0.953
Carpentry skills	42.5	18.9	23.6	15.0	2.11	0.820
Baking skills	26.0	22.7	23.3	28.0	2.53	0.854
Sewing skills	46.3	21.2	21.2	11.2	1.97	0.761
Retailer trader skills	14.2	22.4	34.5	28.9	2.78	0.717
Plumbing skills	47.8	17.7	24.5	10.0	1.97	0.859
Cleaning skills	17.1	21.5	33.0	28.0	2.73	0.859
Business skills	43.7	17.1	20.4	18.9	2.14	0.978
Security skills	43.1	25.1	16.5	15.3	2.04	0.901
Catering and cooking skills	13.9	15.9	33.6	36.6	2.83	0.838

Source: Survey data (2016)

Among the skills that participants rated the highest, 37.8 percent of the sampled participants indicated their computer skills were excellent, while 29.8 percent indicated the skills to be good. In addition a

number of participants, that is 70.2 (36.6 +33.6) percent, acknowledged that their catering and cooking skills were more than adequate. Other skills that were highly rated among the sample included their ability to sell goods and working with customers (mean = 2.78), cleaning skills that pertained to washing and using vacuums (mean = 2.73) and their capabilities in construction that include the use of power tools and building structures (mean = 2.73).

Among the lowest rated skills among the sample, almost half of the sample indicated that their abilities to weld structures were poor. Likewise, 47.8 percent of participants acknowledged that they had poor plumbing skills that infer that the majority of these young job seekers are not very capable of fixing water pipes and reading and drawing water supply plans. Furthermore, participants reported lower skills levels in their carpentry abilities (mean = 2.11), the ability to their use of sewing machines and sewing fabrics (mean = 1.97) and using firearms as a means of protecting premises and patrolling areas (2.04). Similar to the soft skill analysis in the preceding section, the technical abilities were compared among the employed and unemployed participants using a one-way ANOVA. The results of the analysis are reported in Table 5.18.

The results from Table 5.18 shows that the employed participants attributed higher skills levels relating to the computer skills, welding skills and their abilities to work with wood. These differences were all statistically significant, where the null hypothesis (same skill levels) for both computer skills (F-statistic = 15.572; p-value = 0.000) and carpentry skills (F-statistic = 9.940; p-value = 0.000) could be rejected at 1 percent level of significance, while welding skill (F-statistic = 4.991; p-value = 0.026) differences were statistically significant at a 5 percent level. Those participants that were employed also reported significantly higher plumbing capabilities (F-statistic =5.528; p-value = 0.019) and catering and cooking skills (F-statistic = 32.506; p-value = 0.000). These findings tend to resonate with the demographic analysis in Section 5.2.9.5 that indicated that the main sectors of employment of the participants were the retail and trading, manufacturing and hospitality and tourism sectors.

Further results from Table 5.18 indicate higher mean scores among the unemployed participants relating to more informal based skills such as gardening and farming, butchery skills, knitting capabilities, baking skills and cleaning skills. The high F-statistics and low p-values reported specifically for the gardening and farming abilities (F-statistic = 40.011; p-value = 0.000) and cleaning skills (F-statistic = 13.787; p-value = 0.000) suggest that these differences were statistically significant. The null hypothesis (skills are the same) therefore can be rejected at a 1 percent level of significance. These findings suggest that these specific skills are not as highly demanded in the local labour market and hence not as significant towards securing work, hence, indicating a mismatch of skills that are demanded and supplied. This further advocates the nature of structural unemployment among the participants and why long average durations of unemployment may be present.

Table 5.18: Hard skill one-way ANOVA results

		Sum of Squares	df	Mean Square	F	Sig.	Mean (UEM)	Mean (EM)
Office management skills	Between groups	0.685	1	0.685	0.656	0.419	2.48	2.57
	Within groups	352.311	337	1.045				
	Total	352.996	338					
Computer skills	Between groups	16.383	1	16.383	15.572	0.000*	2.71	3.15
	Within groups	354.560	337	1.052				
	Total	370.943	338					
Gardening/ Farming	Between groups	41.466	1	41.466	40.011	0.000*	2.65	1.95
	Within groups	349.259	337	1.036				
	Total	390.726	338					
Butchery skills	Between groups	0.542	1	0.542	0.531	0.467	2.24	2.16
	Within groups	343.921	337	1.021				
	Total	344.463	338					
Construction skills	Between groups	0.542	1	0.542	0.517	0.473	2.68	2.78
	Within groups	353.313	337	1.048				
	Total	353.855	338					
Welding skills	Between groups	4.874	1	4.874	4.991	0.026**	1.96	2.20
	Within groups	329.120	337	0.977				
	Total	333.994	338					
Knitting skills	Between groups	1.659	1	1.659	1.685	0.195	2.18	2.04
	Within groups	331.680	337	0.984				
	Total	333.339	338					
Hairdressing skills	Between groups	0.846	1	0.846	0.860	0.354	2.39	2.49
	Within groups	331.680	337	0.984				
	Total	332.526	338					
Carpentry skills	Between groups	9.783	1	9.783	9.940	0.002*	1.94	2.28
	Within groups	331.860	337	0.984				
	Total	341.463	338					
Baking skills	Between groups	0.846	1	0.846	0.863	0.354	2.58	2.48
	Within groups	330.474	337	0.981				
	Total	331.321	338					
Sewing skills	Between groups	1.219	1	1.219	1.233	0.268	2.03	1.91
	Within groups	333.069	337	0.988				
	Total	334.287	338					
Retailer trader skills	Between groups	0.542	1	0.542	0.500	0480	2.74	2.82
	Within groups	365.017	337	1.083				
	Total	365.559	338					
Plumbing skills	Between groups	5.721	1	5.721	5.528	0.019**	1.84	2.10
	Within groups	348.728	337	1.035				
	Total	354.448	338					
Cleaning skills	Between groups	16.383	1	16.383	13.787	0.000*	2.95	2.51
	Within groups	400.466	337	1.188				
	Total	416.850	338					
Business skills	Between groups	0.305	1	0.305	0.312	0.577	2.11	2.17
	Within groups	329.120	337	0.977				
	Total	329.424	338					
Security skills	Between groups	1.659	1	1.659	1.664	0.198	1.97	2.11
	Within groups	335.888	337	0.997				
	Total	337.546	338					
Catering and cooking skills	Between groups	34.663	1	34.663	32.506	0.000*	2.51	3.15
	Within groups	359.354	337	1.066				
	Total	394.017	338					

*** Significance at 1 percent level ** significance at 5 percent level**

Source: Survey data (2016)

5.5 JOB SEARCH BEHAVIOUR AND EMPLOYMENT STATUS

In relation to the impact of the various skills young job seekers have, their job search abilities and behaviour as shown in Section 3.6.4 has been associated with the difficulties these young job seekers face to find a job. Therefore, this section of the study provides a discussion on the participants' job search behaviour, specifically pertaining to the various formal and informal job search methods used in searching or finding work. In measuring job search, or providing a view on the extent to which job seekers engage in these search activities, studies have distinguished either through job search effort or intensity (Van Hoye, 2014:5). Job search effort in this regard assesses the time or effort exerted in searching for work in a given time frame without distinguishing among the different methods used (Blau, 1993:315). Saks (2005:160) postulate that job search effort relates to the job seekers' subjective feelings or cognitive emotions relating to the efforts and time they feel they have exerted in finding work. Job search intensity on the other hand, refers to a more tangible measure of job search where individuals indicate the frequency of the different job search methods used looking for work during a given time period (Blau, 1994:290). The use of intensity measurements not only provides more accurate means of viewing the job search process but also offers more objective measures in the comparisons between individuals (Kanfer *et al.*, 2001:843).

For the purpose of this study, participants' job search behaviour is measured based on the intensity shown through the use of various job search methods. Measurement on the specific activities made use of Van Hoye and Saks's (2008:362) tested job search scale that was adapted based on the literature and empirical review in Chapters 2 and 3. The scale comprised eight different job search methods that included searching through the use of newspaper advertisements, Internet searches, using personal contacts, employment services and direct employer contact. Other methods included the use of formal application methods, informally advertising one's own abilities and going door-to-door asking about available job opportunities from prospective employers. Participants were asked to the frequency of use among the different methods for the past six months or six months prior to finding a job. Responses were captured quantitatively through the use of a Likert scale. Responses ranged from 1 = Never (0 times), 2 = Rarely (1–2 times), Occasionally (3-5 times), Frequently (6- 9 times) and Very frequently (10 times and more). Internal consistency diagnostics returned a Cronbach's alpha value of 0.785 (> 0.7) indicating that the scale used was indeed reliable. Responses relating to the job search methods used are discussed in the following subsection.

5.5.1 Job search methods used among the sample

Results from Table 5.20 show that the highest mean score was recorded for the use of application letters (mean = 3.42) that was closely followed by the use of personal contacts (mean = 3.42) and Internet searches (mean = 3.38). Among these three methods, 50.1 (20.9 + 29.2) percent of the sample made use of application letters, 52.7 (20.3 + 32.4) percent made use of personal contacts and 51.6 (20.7 + 30.9)

percent acknowledged that they used Internet job placements at least six times (frequently) in the six months prior to the survey or finding a job for those that were employed. The more frequent use of personal contacts shows the importance of social capital for young people in these job search processes. Byamugisha, Shamchiyeva and Kizu (2014:4) and Dockery and Strathdee (2003:9) likewise reason that using friends and relatives is one of the most used search activities among younger job seekers.

One of the methods used least among the group included the use of informal advertising activities that involved the search for casual jobs (mean = 2.63). More than a third (37.5%) of the sample indicated that they have never used the method as a means of searching for work, while 16.2 percent only rarely use the method. Other methods that were not used as regularly include the use of employment services (mean = 2.74), where 27.9 percent of the sample stated that they made use of the activity only one or two times and 21.2 percent having never made use of the method during the six months they were searching for employment. Furthermore, directly contacting (calling or emailing) employers and asking about possible job vacancies was not a frequently used job search method with almost a third (30.7%) of the sample indicating that they only occasionally used this tactic. These findings are consistent with those presented by StatsSA (2015c:6) that indicated the least used job search methods included standing on street sides looking for work and registering at employment centres.

Table 5.19: Distribution of job search methods used among the youth (%)

Job search method	Never (0 times)	Rarely (1–2 times)	Occasionally (3–5 times)	Frequently (6–9 times)	Very frequently (10 & more)	Mean (max = 5)	Std. dev.
Newspapers	19.8	15.3	26.6	19.5	18.8	3.02	0.784
Internet searches	13.9	15.0	19.5	20.7	30.9	3.38	0.897
Personal contacts	8.3	16.2	22.8	20.3	32.4	3.41	0.855
Employment services	21.2	27.9	19.8	17.7	13.4	2.74	0.926
Direct employer contact	13.3	24.8	30.7	16.3	14.9	2.95	0.820
Application letters	12.7	11.8	25.4	20.9	29.2	3.42	0.953
Informal advertising	37.5	12.4	16.2	18.0	15.9	2.63	0.819
Door-to-door	21.8	8.8	16.2	18.9	34.2	3.35	0.951

Source: Survey data (2016)

5.5.2 One-way ANOVA test results

Results from similar studies (Chuang, 1995:250; Green, 2012:8) suggest that the use of job search methods differ between those individuals who have successfully acquired work and those that are unemployed. A one-way ANOVA is used in order determine if the differences exerted by the employed and unemployed are in fact significant. Table 5.16 reports on the sum of squares, degrees of freedom (df), the F-statistic, significance values and determines the means of both groups.

Reported results shown in Table 5.20 indicate that significant differences are attributed among the use of Internet searches, personal contacts, informal advertising and the direct employer contact. Therefore, the null hypothesis that infers no difference among the use of the methods could be rejected. The higher means relating to Internet postings and friends and relatives for the employed suggest that the group in their six months prior to finding work made more use of these sources than those who could not find work, while the unemployed had a significantly higher use of street side searches looking for casual work and directly contacting potential employer offices. The positive association with using the informal search methods of family and friends to find employment ascribes to the more accurate information these sources can provide (Breaugh, 2008:105). As a result, having a wider social network that has direct information on available job opportunities, can better prepare job seekers and allow them to apply for jobs that best fit their skills. By contacting employers directly in this regard entails job seekers being unaware of the specific requirements of the job and even if any job openings do exist.

Table 5.20: Job search one-way ANOVA results

		Sum of Squares	df	Mean Square	F	Sig.	Mean (UEM)	Mean (EM)
Newspapers	Between groups Within groups Total	0.347 281.036 281.341	1 337 338	0.347 0.950	0.365	0.305	3.05	2.99
Internet advertisements	Between groups Within groups Total	27.495 254.281 281.776	1 337 338	27.495 0.755	15.500	0.000*	3.09	3.66
Friends and relatives	Between groups Within groups Total	5.721 220.007 225.728	1 337 338	5.721 0.653	8.763	0.003*	3.28	3.54
Employment services	Between groups Within groups Total	0.846 247.189 248.035	1 337 338	0.846 0.733	1.153	0.286	2.79	2.69
Door-to-door	Between groups Within groups Total	1.659 316.089 317.747	1 337 338	1.659 0.938	1.768	0.184	3.42	3.28
Direct employer contact	Between groups Within groups Total	28.468 266.301 294.769	1 337 338	28.468 0.790	36.026	0.000*	3.24	2.66
Application letters	Between groups Within groups Total	0.076 256.084 256.160	1 337 338	0.076 0.760	0.100	0.752	3.44	3.41
Informal advertising	Between groups Within groups Total	36.863 316.089 352.952	1 337 338	36.863 0.938	39.302	0.000*	2.96	2.30

*** Significance at 1 percent level**

Source: Survey data (2016)

Results from Table 5.20 shows that no significant differences were identified among the use of newspapers, registering at employment services, directly contacting employers and submitting application letters to prospective employers. This therefore suggests that the null hypothesis (job search intensity is the same) could not be rejected even at a 10 percent level of significance and that both groups made similar use of these methods in their search for work. These findings therefore suggest that these methods are not as effective to find work when compared to more modern search methods such as using the

Internet. In fact, Kuhn and Mansour (2013:12) in their study suggest that using Internet searches can reduce unemployment durations faster when compared to more traditional methods such as using newspaper advertisements.

5.6 BINARY LOGISTIC REGRESSION ANALYSIS

Having shown how the distribution of the employed and unemployed varied according to various microeconomic factors in Section 5.2, and with Section 5.3 and 5.4 showcasing various differences in these participants' skills levels and job search methods, it is important to determine the impact these characteristics have on the employment status of the participants. In doing so, this section reports the findings on the logistic regression that was utilised in this study. Various supply side microeconomic independent variables were regressed against the samples' employment status that was used as the dependent variable.

5.6.1 Treatment of data during regression analysis

Before the estimation, it was necessary to check if any significant multicollinearity was inherent among the variables used. Midi *et al.* (2010:255) suggest that the presence of multicollinearity in data sets is ascribed to the existence of a high degree of correlation between predictor variables. The presence of multicollinearity is undesirable as it can induce inflated parameter variances and wider confidence intervals, consequently resulting in false signs and unreliable results (Yoo *et al.*, 2014:9). The study made use of a correlation analysis to identify any significant and concerning multicollinearity in the independent variables. Argyrous (2011:272) reiterates that variables with correlation coefficients higher than 0.8 should be excluded from the analysis as they indicate serious multicollinearity. Correlation coefficients emanating from the analysis (see appendix B) returned values that were all below the 0.8 prescribed level indicating no serious threat of multicollinearity in the used variables.

In addition to the aforementioned analysis, the variables that were included consisted of a combination of continuous and categorical variables. Independent variables included six continuous variables and six categorical variables for which all dummy variables were created. Gender (Male=0; Female = 1), Marital status (Living together or married =1; Single or living alone = 0) and Social grants (Yes = 1; No = 0) were all entered dichotomously as well as Employment status (Employed or self-employed = 1; Unemployed = 0). Three categories for Race were included (African, White and Other races) where White was used as the reference group. Likewise, the level of education was entered with three categories (No completed secondary, completed secondary and tertiary education) where "completed secondary" was used as the reference group. Likewise, three categories for the reservation wage variable (R0–R4 500; R4 501–R9 000 and Above R9 000) were entered with R4 501–R9 000 used as the benchmark. Finally, three composite index variables were computed relating to the participants soft skills, hard skills and job search intensity that were constructed from the scales used in Section 5.3 and 5.4. These composite variables were all continuous based.

5.6.2 Logistic regression results on factors impacting employment status

Table 5.21 presents the logistic regression results on the factors impacting the participants' employment status. Before the analysis on the regression coefficients is done, it is necessary to indicate if the model that was selected fits with the data. Model fit was measured using a range of tests. The Omnibus test of model coefficients proposes a null hypothesis that the model is a bad fit with the data used. The high chi-square value of 210.44 and low p-value of 0.000 (shown in Table 5.21), however, infers the rejection of the null hypothesis at a 1 percent level of significance, consequently indicating a good model fit. As opposed to the negative null hypothesis set by the Omnibus test, the Hosmer and Lemeshow test sets the null hypothesis that the model fits the data well with the alternative hypothesis suggesting a poor fit. Results from Table 5.21 indicate a low chi-square value of 7.806 and high p-value of 0.617, suggesting that the null hypothesis of good fit cannot be rejected at even a 10 percent level of significance.

Finally, Cox and Snell R-square and Nagelkerke R square values were estimated at 0.462 and 0.617, respectively. These values subsequently express the amount of variation of the dependent variable which is captured by the explanatory variables that are included in the analysis. Values range from 0 (minimum) to 1 (maximum) indicating the percentage variance that is explained. Hence, in this model the included independent variables explained 46.2 percent and 61.7 percent of the variation in the employment status of the participants. The interpretation of the effect of each of the variables relating to the employment status of the participants follows below Table 5.21.

Results from Table 5.21 indicate a positive coefficient for age, suggesting a positive relationship between the age of the job seeker and the probability of being employed in the area. This means that the older the job seeker is, the better his chances of finding a job. Older job seekers tend to have more experience in the labour market, acquiring the needed knowledge on labour market processes as well as having more evidence of their experience to offer to prospective employers. The p-value for the coefficient that is estimated at 0.304, however, suggests that the null hypothesis indicating the coefficient = 0, cannot be rejected at a 10 percent level of significance. Hence, age was not a significant factor affecting the employment outcomes of the youth in the area.

The coefficient for gender was negative. As the variable had two categories it was dichotomously coded with male entered as the reference category (male = 0). The negative coefficient therefore suggests that females were less likely than their male counterparts to have a job. Likewise to age, the p-value for the variable, however, was larger than 0.1 (p-value = 0.505). This infers that the null hypothesis that gender has no statically significant impact on the employment probabilities of the youth in the study could not be rejected at even a 10 percent level of significance.

Table 5.21: Logistic regression results on the factors affecting employment status

	B	S.E.	Wald	df	Sig.	Exp (B)	95% C.I. for EXP(B)	
							Lower	Upper
Age	0.042	0.041	1.055	1	0.304	1.043	0.963	1.129
Gender (Female)	-0.688	0.329	0.444	1	0.505	0.513	0.471	0.555
African	-0.392	0.588	3.847	1	0.049**	0.676	0.367	2.084
White			11.328	2	0.004*			
Other races	-0.621	0.871	0.461	1	0.514	0.939	0.894	0.984
Marital status (Married or living together)	1.198	0.361	10.993	1	0.001*	3.313	1.632	6.726
Household size	-0.803	0.125	41.612	1	0.000*	0.448	0.351	0.572
Number of employed HH members	1.228	0.208	34.744	1	0.000*	3.414	2.270	5.136
Social grants (Received a grant)	-0.614	0.349	3.101	1	0.078***	0.541	0.273	1.072
Did not complete secondary education	-1.237	0.462	7.158	1	0.007*	0.290	0.117	0.718
Completed secondary			17.777	2	0.000*			
Tertiary education	0.806	0.370	4.746	1	0.029**	2.239	1.084	4.623
RW_1(R0–R4 500)	1.241	0.386	10.366	1	0.001*	3.461	1.625	7.368
RW_2(R4 501–R9 000)			10.456	2	0.005*			
RW_3(Above R9 000)	-0.763	0.480	2.525	1	0.112	0.466	0.377	0.555
Soft skill index	0.081	0.033	5.944	1	0.015**	1.084	1.016	2.157
Hard skill index	0.015	0.019	0.661	1	0.416	1.015	0.949	1.081
Job search index	-0.055	0.025	4.868	1	0.027**	0.946	0.901	1.994
Constant	2.203	1.922	1.315	1	0.252	0.110	------	------
Omnibus Test of Model coefficients				**Hosmer and Lemeshow test**				
Chi-square = 210.44		p-value = 0.000		Chi-square = 7.806		p-value = 0.453		
-2 Log likelihood = 259.011		Cox and Snell R Square = 0.462		Nagelkerke R Square = 0.617				

*** Significance at 1 percent, ** significance at 5 percent, *** significance at 10 percent**

Source: Survey data (2016)

Race, especially in the South African context, has been an important point in the discussion of labour market outcomes. In this study race was entered in the regression model with three categories where being of White ethnicity was used as the reference group. Results from Table 5.21 indicate a negative coefficient for the African/Black category, suggesting that Africans/Blacks had a lower chance of being employed than White individuals. The p-value of 0.049 suggest that the null hypothesis (coefficient = 0) could be rejected at a 5 percent level of significance. The odds ratio of 0.676 indicates that Africans/Blacks were 32.4 (0.676–1) percent less likely to be employed compared to Whites. Similarly the coefficient for other races (Coloured and Indian/Asian) was also negative where the p-value of 0.515 (> 0.1) suggested no rejection of the null hypothesis at even a 10 percent level of significance. These results confirmed the findings from the descriptive analysis in Section 5.3 and are in line with findings from similar studies (Van Aardt, 2012:61; Yu, 2013:558) conducted in other areas.

The coefficient for marital status as shown in Table 5.21 is positive with the p-value estimated at 0.001 suggesting that the null hypothesis (coefficient = 0) could be rejected at a 1 percent level of significance. This implies that for these young individuals being married or living with a partner is associated with a higher probability of being employed when compared to individuals who were single or living on their own (reference group). The odds ratio of 3.313 infers that these individuals were 231.3 (3.313–1) percent more likely to be employed. The explanation to this finding emanates from the fact that having a partner adds to both the social and monetary capital for the youth. Being married or living with someone provides these individuals with added networks that can assist in finding a job and further provide monetary assistance in covering high job search costs (Elima, 2015:24; Mlatsheni & Rospabé, 2002:11). Furthermore, being married or having a partner that can assist in household chores may offer the unemployed more allocated time for their search efforts.

Furthermore, results emanating from Table 5.21 show that the household size of the participants was in fact an important factor affecting their employment status. Household size is significant at the one percent level of significance (p-value = 0.000) where the negative coefficient implies that an increasing number of household members is associated with lower employment probabilities for the participants. The odds ratio of 0.448, suggests that with each increment of household size leads to decreases of the probability of being employed by 55.2 (0.448–1) percent. Opposing the negative association, the number of employed household members contrastingly had a positive coefficient. Thus implying that more employed members in the household increased the participants' likelihood of finding a job. The null hypothesis (coefficient = 0) is rejected at a one percent level, inferring that this characteristic was indeed a significant determinant of the youth's employment status. The odds ratio was estimated at 3.414, suggesting that each additional employed member increased the participant's employment probabilities with 241.4 (3.414–1) percent.

Similar studies (Flek *et al.,* 2015:1074; Tandrayen-Ragoobur & Kasseeah, 2013:731) have likewise indicated a negative relationship between household size and youth employment, suggesting that the increasing number of household members contribute to reduced labour supply for the cohort on the basis of more secure income sources. However, results from Table 5.21 show a positive and significant relationship between the numbers of employed household members with the youth's employment probabilities. The negative relationship between household size and youth employment can therefore possibly be ascribed to survivalist strategies for the youth as opposed to having more secure household budgets. Results from Table 5.21 in fact suggest that the increased number of employed household members provided more and better quality social capital that in this case facilitates better sources of job search and possible monetary assistance that can overcome high job search costs (Mlatsheni & Rospabé, 2002:11).

As explained in Section 4.2.1 participants were asked whether individuals in their household received a social grant and hence a dummy variable was created with yes = 1 and no = 0. Results from the regression analysis in Table 5.21 showed upon living in households where grants were received had a negative

association with the participants' employment status. The p-value of 0.078 is smaller than 0.1 indicating that the null hypothesis could be rejected at a 10 percent level of significance. The odds ratio of 0.541 indicates that living in households receiving grants decreased the likelihood of being employed by 45.9 percent. These findings confirm those shown in the descriptive analysis in Section 5.2.7. Klasen and Woolard (2009:36) obtained similar results. Their findings suggest that the lower employment probabilities associated with these indirect effects of social grants receipts that are attributed to the majority of the households that are situated in geographically isolated areas. Therefore, for those that are unemployed, as a means of surviving may depend themselves to these households. This consequently reduces their job search activities due to the geographical induced high job search costs, which deters their supply of labour and hence chances of finding a job.

In far as the level of education is concerned, completed secondary education was entered as the reference group in the model. Regression results show that not having a completed secondary education had a negative coefficient accompanied with an odds ratio of 0.290. This suggests that those without secondary education were 71 (0.290 - 1) percent less likely to be employed than those individuals with a secondary (matric) qualification. The p-value of 0.007 infers that the null hypothesis is to be rejected at a 1 percent level of significance. On the other hand, results from Table 5.21 shows that having a tertiary qualification is associated with an increased likelihood of finding a job when compared to those with a completed secondary education given that the coefficient was positive and statistically significant at a 5 percent level of significance. In fact, having a tertiary qualification as opposed to only a completed secondary is associated with a 123.9 (2.239–1) percent greater likelihood of being employed. Therefore, these results suggest that increased levels of education significantly increased the likelihood of finding a job. Levels of education, more so for young people, play an important role in securing a job due to the fact that they lack evidence on their productivity levels. Furthermore, labour demand in the country has been reported to be mainly directed towards high skilled labour, which can explain the comparatively higher employment probabilities for those with a post-secondary qualification (Bourne & Shackleton, 2014:6). However, as results reveal, secondary qualifications are still relevant and important for employment purposes in the study area.

During the survey, participants were asked the minimum level of income they would or did accept for a job. Three reservation wage categories were entered into the regression model with reservation wages between R4 501–R9 000 used as the benchmark. In contrast to the level of education, the lower bound (R0–R4 500) category had a positive coefficient with the upper bound category (Above R9 000) attributing a negative coefficient. The odds ratio for the R0–R4 500 category is estimated at 3.461. Hence, those who indicated that they did/would accept a job with an income between (R0–R4 500) were 246.1 (3.461–1) percent more likely to be employed than those participants who would only accept a job offering for a monthly salary between R 4 501 and R9 000. On the other hand, the odds ratio for the Above R9 000 category is estimated at 0.466 indicating that participants who stated they would/did only accept a job at this particular wage level are 53.4 (0.466–1) percent less likely to find a job compared to

the R4 501–R9 000 category. Both the lower bound (significant at 1 percent significance level; p-value = 0.001) and upper bound (significant at 5 percent significance level; p-value = 0.0015) categories are statically significant determinants in the model. Zoch (2013:12) likewise indicates the negative impact of higher reservation wages on the employment outcomes of the youth. Given their recent entry into the labour market young job seekers are more likely to start at entry level positions that are associated with lower remunerations. High expectations in this regard induce a voluntary nature of unemployment, seeing that these reservation wages are higher than the clearing (equilibrium) wages set by both the demand for and supply of labour in the market.

The coefficient for the soft skill composite index is positive, therefore, suggesting that the probability of being employed increases as the reported soft skill level increases. The p-value of 0.015 suggests that the null hypothesis (coefficient = 0) is rejected and that in fact the participants' soft skills is a significant determinant in their employment status. The odds ratio of 1.084 implies that with each additional increment in the index the probability of being employed increases by 8.4 (1.084–1) percent, *ceteris paribus*. The coefficient for hard skills likewise to soft skills is positive suggesting that better cognitive abilities are associated with a higher likelihood of finding a job. However, the p-value of 0.416 is greater than 0.1 suggesting that the null hypothesis for the coefficient being equal to zero cannot be rejected at even a 10 percent level. Therefore, these findings support the increasing importance attributed to non-cognitive abilities and the role they play in the youth's employment probabilities in the country (Dieltiens, 2015:3; Masoka & Selesho, 2014:132).

Finally, results from Table 5.21 shows that the coefficient for the job search composite index was negative. This surprisingly indicated that the job search intensity of the participants was negatively associated with finding a job. The odds ratio in fact indicates that each additional increment on the index is associated with a 5.4 (0.946–1) percent lower likelihood of finding a job. The p-value of 0.027 (< 0.05) confers that the null hypothesis (coefficient = 0) could not be rejected at the 5 percent level of significance. This finding may suggest a more frequent use of search methods that were less effective in finding a job among the participants. As shown in Section 3.5.2, unemployed participants when compared to the employed, illustrated higher search intensities among all methods except the use of Internet searches and using family and friends to find a job.

5.7 PERCEPTIONS RELATING TO THE EMPLOYMENT BARRIERS AMONG THE YOUTH

This section of the study aims to investigate the perceptions of the participants relating to the barriers young people face in their search for employment. In other words, it views how the youth believed various factors affects youth employment. This section in particular aims to address the fifth empirical objective of the study. The measurement of the participants' perceptions made use of the Kuan *et al*. (2014:91) employment barrier scale that was adapted on the basis of the empirical and literature review in

Chapters 2 and 3. A total of 17 scale items are included. Responses were captured quantitatively through the use of a Likert Scale. Statements were structured, ranging from "1" = Strongly disagree to "6" = Strongly agree. The determination of the reliability of the measuring instrument was estimated through the use of an internal consistency test using Cronbach's alpha coefficient. The alpha coefficient was estimated at 0.826, relatively higher than the prescribed 0.7 measurement, as a result indicating that the scale used was indeed reliable.

5.7.1 Perceptions among the sample relating to employment barriers

Participants' responses relating to the youth's employment barriers are shown in Table 5.22. Results from the table shows that among the sample 57.8 (15 + 29.8 + 13.0) percent believed that the gender of young job seekers did not have an impact on the youth's employment outcomes, while 42.2 percent agreed. Likewise, greater disagreement is also shown pertaining to the impact of the race of the youth, where 21.5 percent of the participants strongly disagreed and 23.6 percent disagreed with this statement. In contrast to these perceptions, studies have suggested that employment outcomes of these young job seekers in the South African context have been influenced especially by their race (Van der Berg *et al.*, 2011:2; Yu, 2013:545). These studies show that African and Coloured youth are more likely to be unemployed, however, primarily referring to their associated lack of education and skills as opposed to physical discrimination on the colour of their skin.

Based on the empirical evidence (Brewer, 2013:3; Ndhlovu, 2010:53) shown in Section 3.6.5 the majority of young job seekers in their efforts still depend on their parental figures and the associated characteristics of these households. One of these characteristics especially point to a large amount of young job seekers situated in households far from decent employment opportunities (Harrison, 2013:4). Responses relating to the perceived impact of the geographical location are shown in Table 5.23 indicates that approximately 69.4 (18.6 + 31.3 + 19.5) percent of the participants agreed that the area where young people reside does in fact affect their employment outcomes, while only 30.6 percent disagreed with this statement. Continuing from these household specific factors, participants were asked whether familial responsibilities impeded the youth's probabilities to find work. The majority, that is, 59.6 percent, of the participants did, however, not agree with the statement, while 40.4 percent did believe that taking care of family members affected the cohort's employment outcomes.

Relating to the impact of the youth's education and skills, participants strongly believed (31.6%) that the level of education among the youth acted as a barrier towards their employment. Furthermore, 33.0 percent agreed while 24.5 percent strongly agreed that skill mismatches affected youth employment. Various studies have signified the importance of education in the employment outcomes of younger job seekers (Ackah-Baidoo, 2016:254; Lindberg, 2015:2). From a South African perspective, these arguments have revolved around the demand for higher skilled labour and the lack of higher order cognitive abilities that have consequently resulted in various skill mismatches (Branson *et al*., 2013:13). In addition to these

mismatches, when aggregated, 70.5 (13.0 + 33.0 + 24.5) percent of the sample also agreed that not having the necessary knowledge on prospective employer requirements deter the employment prospects of the youth. As young and inexperienced job seekers, the group lack the needed knowledge on labour market processes that has also been associated with ineffective job search practices.

Table 5.22: Perceptions on the youth's barriers to employment (%)

	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree	Mean (max = 6)
Struggle in getting a job because of their gender	15.0	29.8	13.0	10.6	17.1	14.5	3.29
Having trouble finding a job due to the colour of their skin	21.5	23.6	13.6	10.9	18.3	12.1	3.17
Young people live in areas far from any suitable jobs	8.0	12.7	10.0	18.6	31.3	19.5	4.11
Young people don't look for work as they need to take care of family members at home	15.0	24.8	19.8	12.4	16.8	11.2	3.25
The level of education/training young people have	4.1	4.4	6.8	17.4	35.7	31.6	4.71
Do not have access to quality education	7.7	22.7	13.8	15.6	25.3	14.8	3.72
The skills the youth have are not what employers are looking for	4.4	17.8	9.7	10.8	33.0	24.5	4.24
Young people don't know what skills employers are looking for and/or what industries are hiring young people	5.9	10.9	12.7	13.0	33.0	24.5	4.30
Young people do not know how to go about in finding a suitable job	6.5	13.3	11.5	15.9	30.7	22.1	4.17
The youth do not know enough people that can help finding a job	8.3	16.0	13.9	20.8	24.7	16.3	3.87
Lack of people in the youth's household that have jobs and assist in finding a job	14.2	17.4	21.8	19.2	16.8	11.6	3.35
Lack of job search assistance	8.8	12.1	20.9	17.7	21.3	19.2	3.88
It costs too much searching for a job	16.3	22.1	17.7	17.4	16.8	9.7	3.25
The wages employers are offering is not enough	21.8	23.0	10.7	19.2	13.7	11.5	3.08
There is not enough jobs available for everyone	2.1	5.0	9.4	13.3	35.4	34.8	4.79
Young people are not willing to work hard	22.7	18.0	14.7	16.8	18.6	9.2	3.18
Young people lack responsibility when still living with parents	15.3	18.5	11.7	21.0	19.5	13.9	3.52

Source: Survey data (2016)

Responses from the participants when asked whether the lack of knowing people who could assist in finding work contributed to the difficulties in finding work for the youth, 30.7 percent of the sample agreed, while 26.8 percent slightly agreed. In addition, 73.8 percent of all the participants believed that young people do not know enough people that could assist in their job search efforts, while only 26.2 percent disagreed with this statement. Responses with regard to the lack of employed household members and their impact on youth employment indicated that slightly more of the sample (53.4%) disagreed with the statement. Empirical literature covered in Section 3.6.4 suggests that the lack of social capital for young people significantly affect their employment outcomes (Fengqiao & Dan, 2015:70). Given that

these job seekers lack the necessary experience to be competitive in the labour market as well as the lack of formal work relationships, these networks provide them a direct line to potential employers and work opportunities.

In as far as the sample perceptions regarding labour market specific barriers to employment, responses in Table 5.22 show that 56.1 (16.3 + 22.1 + 17.7) percent of the participants did not believe that high job search costs impacted the employment of the youth. Likewise, 21.8 percent of the sample strongly disagreed and 23.0 percent disagreed that too low wage offerings prevented young people to acquire much needed work. However, a large proportion of the sample that is 34.8 percent which strongly agreed and 35.4 percent agreed that the difficulties for these young job seekers in finding work, stem from the lack of additional jobs that is available. These findings point to the fact that although supply side factors do play a major role in the employment outcomes for these job seekers, the lack of demand and growth in the labour market is essential, even more so for the group's employment. Matsumoto *et al*. (2012:3) and O'Higgins (1997:89) determined in their studies that youth employment is significantly sensitive to business cycle fluctuations, where the youth are the last to be employed and the first to be let go during low growth periods.

Finally, results from the study suggest that slightly more participants (55.4%) did not believe that the laxity among the group or lack of willingness to work impacted their employment outcomes. Furthermore, being asked whether they believed the lack of responsibility due to parental dependence affect the employment outcomes of the group, 54.4 (21.0 + 19.5 + 13.9) percent of the sample agreed with the statement while 45.6 percent disagreed.

5.7.2 Perceptions on the barriers to employment among the employed and unemployed participants

After showing how the participants perceived various factors and their relevance towards explaining why young people find it so difficult to find work, this section compares these perceptions among the employed and unemployed participants to see if how these groups perceived the various factors the same or if any notable differences were inherent. Likert responses were dichotomously categorised as Agree (Strongly agree + Agree + Slightly agree) and Disagree (Strongly disagree + Disagree + Slightly disagree). In addition, chi-square tests were used to determine if any noticeable differences were significant.

5.7.2.1 Demographic characteristics as perceived barriers to employment

Results from Table 5.23 pertaining to the impact of gender on youth employment indicates that perceptions regarding the factor was not perceived differently between the two groups (chi-square = 0.369; p-value = 0.544). More than half of the unemployed (59.5%) and employed (56.2%) participants disagreed with this statement. In addition, to the disagreement with gender, 58.5 percent of those

individuals that had a job also did not believe that the race of young job seekers affected their employment outcomes, while 41.5 percent agreed. Similarly, 58.8 percent of the unemployed participants did not believe that race had an effect on the youth's employment outcomes. The low chi-square value of 0.005 and p-value of 0.944 infers that the null hypothesis (perceptions are the same) could not be rejected at a 10 percent level. This confirms that both employed and unemployed participants perceived the factor similarly. The disagreement among the groups suggests that neither race nor gender from the view of the participants were factors believed to affect their employment outcomes. They may have believed that other factors were more relevant to the youth struggling to gain employment opportunities.

Table 5.23: Perceived impact of demographic characteristics among employed and unemployed participants (%)

Factor	Unemployed		Employed		Chi-square (p-value)
	Disagree	Agree	Disagree	Agree	
Gender	59.5	40.5	56.2	43.8	0.369 (0.544)
Race	58.8	41.2	58.5	41.5	0.005 (0.944)

Source: Survey data (2016)

5.7.2.2 Household characteristics as perceived barriers to employment

As far as the groups' perceptions regarding specific household characteristics go, results from Table 5.24 suggest that 71.2 percent of the unemployed participants believed that the geographical location of the youth's households impacted the group's employment. Among the employed participants 67.6 percent agreed with the statement, while 32.4 percent disagreed. The chi-square value of 0.502 and p-value of 0.479 suggests that these differences were not significant at even a 10 percent level of significance. Responses on being asked whether family responsibilities impacted the youth's likelihood of finding a job, 19.6 (50.2-30.6) percent more unemployed participants agreed with the statement than employed participants. The chi-square statistic of 13.566 and p-value of 0.000 (< 0.1) suggests that the difference is significant at a 1 percent level of significance. This may infer that the unemployed participants had additional familial responsibilities such as looking after family members at home that decreased their allocated time to effectively search for work. Similar results were also reported by Ndhlovu (2010:54) suggesting that unemployed youth situated especially in peri-urban areas had to act as caretakers in the household mostly in the case of absent or irresponsible parental figures.

Table 5.24: Perceived impact of household characteristics among employed and unemployed participants (%)

Factor	Unemployed		Employed		Chi square (p-value)
	Disagree	Agree	Disagree	Agree	
Geographic location	28.8	71.2	32.4	67.6	0.502 (0.479)
Familial responsibilities	49.8	50.2	69.4	30.6	13.566 (0.000)*

*** Significance at 1 percent level**

Source: Survey data (2016)

5.7.2.3 Education and skills as perceived barriers to employment

Results relating to the unemployed and employed perceptions on the specific education and skills characteristics are set out in Table 5.25. Results from the table indicate that on the majority of these factors both employed and unemployed participants agreed. For example, 86.5 percent of the unemployed participants agreed that the level of education affected youth employment, while 83.0 percent of the employed agreed to the statement. Furthermore, 66.3 percent of the unemployed participants and 71.0 percent of the employed participants believed that the lack of needed job market knowledge, that is not knowing what skills are demanded, acts as a barrier to the group's employment. As opposed to the similarities shown, 18.8 (65.1–46.3) percent more unemployed participants believed that the lack of access to quality educational institutions affect the employment among the youth. The chi-square statistic of 13.069 and p-value (0.000) that is smaller than 0.1, indicate that these differences are in fact significant at a 1 percent level of significance. Therefore, the acknowledgment among the unemployed may suggest greater difficulties for the group to access decent educational institutions that may not be the case for those that had successfully acquired a job. These difficulties may emanate from a lack of resources to afford more quality schooling or being situated far from quality educational institutions (Van der Berg *et al.*, 2011:2).

Table 5.25: Perceived impact of education and skills among employed and unemployed participants (%)

Factor	Unemployed		Employed		Chi-square (p-value)
	Disagree	Agree	Disagree	Agree	
Level of education	13.5	86.5	17.0	83.0	0.821 (0.365)
Lack of access to quality education	34.9	65.1	54.7	46.3	13.069 (0.000)*
Skills mismatches	27.7	72.3	35.7	64.3	2.613 (0.106)
Inadequate job search skills	33.7	66.3	29.0	71.0	0.894 (0.344)
Lack of job market knowledge	27.6	72.4	31.3	68.8	0.540 (0.462)

*** Significance at 1 percent level**

Source: Survey data (2016)

5.7.2.4 Social capital and job search assistance as perceived barriers to employment

The distribution of responses among the unemployed and employed participants in relation to the impact of the youth's social capital and job search assistance is shown in Table 5.26. A total of 63.7 percent of the unemployed participants agreed, while 59.9 percent of those that had a job agreed with the statement. In addition, responses regarding the lack of job search assistance showed that no significant differences were attributed in how the participants perceived this particular factor and that both groups believed it to have some impact on the employment of young job seekers (chi-square = 2.219; p-value = 0.136). The two groups did, however, differ in how they perceived the impact of not having enough household members that have a job and could assist in finding work. More than half (59.7%) of the unemployed participants agreed that this factor did in fact impact the youth's labour market outcomes while only 47.1 percent of the employed group agreed. The high chi-square value (5.183) and p-value (0.023 < 0.1) confirm the differences to be significant at a 5 percent level of significance. The acknowledgement for the unemployed may suggest that these young individuals lack the needed household members who could provide valuable job market information and know-how to effectively search for work.

Table 5.26: Perceived impact of social capital and job search assistance among employed and unemployed participants (%)

Factor	Unemployed		Employed		Chi-square (p-value)
	Disagree	Agree	Disagree	Agree	
Lack of personal contacts	36.3	63.7	40.1	59.9	0.445 (0.504)
Lack of employed household members to assist job search	40.3	59.7	52.9	47.1	5.183 (0.023)**
Lack of job search assistance	37.8	62.2	45.8	54.2	2.219 (0.136)

**** Significance at a 5 percent level**

Source: Survey data (2016)

5.7.2.5 Labour market factors as perceived barriers to employment

As far as the groups' perceptions goes, both unemployed (54.6%) and employed (57.6%) participants disagreed that the job search costs involved to find work has an impact on youth employment as shown in Table 5.27. Furthermore, 61.8 percent of the employed participants also disagreed with the statement that too low wage offerings affected employment outcomes of young people. The agreement among the unemployed participants, however, was 12.6 (50.8 -38.2) percent higher. The p-value (0.023) from the chi-square test is smaller than 0.1, indicating that these differences were in fact statistically significant. Given that the employed believed that the wages were enough it may point to the fact that unemployed are misinformed on realistic offerings in the market, as a result perceiving these wages offers as too low. As new labour market entrants lacking the needed labour market experience, young people are more likely to be employed in entry level positions that unfortunately are associated with lower remunerations.

Table 5.27: Perceived impact of labour market factors among employed and unemployed participants (%)

Factor	Unemployed		Employed		Chi-square (p-value)
	Disagree	Agree	Disagree	Agree	
High job search costs	54.6	45.4	57.6	42.4	0.266 (0.606)
Wages are too low	49.2	50.8	61.8	38.2	5.662 (0.017)**
High competition for jobs	14.1	85.9	18.8	81.3	1.321 (0.250)

**** 5 percent significance level**

Source: Survey data (2016)

5.7.2.6 Personal factors as perceived barriers to employment

In relation to the personal factors, approximately 58.4 percent of the unemployed participants and 52.4 percent of those that had a job disagreed that a lack of willingness to work among the group affected their employment outcomes. However, both groups, that is 69.3 percent of the unemployed and 71.6 percent of the employed, agreed that still residing with parental figures may induce a lack of motivation to actively search for work among the youth. The chi-square statistics and p-values shown in Table 5.28 infer that no significant differences among these perceptions are present, confirming that both groups perceived these factors and their impact similarly. The acknowledgment among both groups pertaining to young people's lack of responsibility suggests that the youth themselves concur that some voluntary aspects of unemployment exist among the cohort. Residing with parents that have secure income streams may increase their dependence on these household structures reducing their supply of labour in the market.

Table 5.28: Perceived impact of personal factors among employed and unemployed participants (%)

Factor	Unemployed		Employed		Chi-square (p-value)
	Disagree	Agree	Disagree	Agree	
Not willing to work hard	58.4	41.6	52.4	47.6	0.103 (0.748)
Lack of responsibility	45.0	55.0	46.4	53.4	0.459 (0.500)

Source: Survey data (2016)

5.8 PERCEPTIONS RELATING TO THE FACTORS AFFECTING YOUTH ENTREPRENEURIAL INTENT

With the previous section showing the perceptions among the participants in relation to the factors affecting the youth's employment efforts, this section proceeds with the analysis of their perceptions to the factors affecting the group's entrepreneurial intent. As discussed in Section 3.8, entrepreneurship

especially among the youth, plays an important role in the assistance to obtain employment among the cohort. Therefore, by understanding the factors that possibly inhibit their inclination towards the involvement in these self-employment activities prove pivotal. The measurement on the factors made use of Fatoki and Chindoga's (2011:161) tested and validated entrepreneurial intention scale. The scale was adapted and included 18 different items. Statements were constructed on a six-point Likert Scale ranging from "1" = Strongly disagree to "6" = Strongly agree, which captured the participants responses quantitatively. Reliability of the measuring instrument used was determined through an internal consistency test using Cronbach's alpha coefficient. The test returned an alpha coefficient of 0.854 that exceeded the prescribed 0.70 measurement (Pallant, 2013:101). Hence, the scale used was deemed reliable.

5.8.1 Principal component analysis (PCA)

The analysis on the perceptions relating to the factors affecting young people's entrepreneurial inclination followed other studies (Choo & Wong, 2006:47; Farkas *et al.*, 2015:72; Fatoki & Chindoga, 2011:161; Fatoki & Chindoga, 2012:308; Tanveer *et al.*, 2013:74) that made use of a principal components analysis (PCA) that found the included scale items to be loaded on different constructs. However, before the PCA was carried out, the factorability of the data was analysed through the use of the Bartlett's test of sphericity and the Keyser-Meyer-Olkin (KMO) test. As discussed in Section 4.7.4, KMO values greater than 0.6 as well as the rejection of the null hypothesis (correlation matrix has an identity matrix) of Bartlett's test (p-value < 0.05) is indicative of the appropriate factorability of the data that were used. The tests returned a KMO value of 0.835, while Bartlett's test returned a p-value of 0.000, indicating that the null hypothesis could be rejected at a 1 percent level of significance. Therefore, indicating that the correlation between the scale items were sufficient. This as a result, confirmed that the data were suited for the PCA. After establishing the adequacy of the data for the analysis, the PCA was carried out using a Varimax rotation method on the scale items. Factor extraction included the use of Kaiser's criterion in which all factors that were extracted attributed eigenvalues greater than one. A total of five factors were extracted that accounted for 61.20 percent of the total variance in the data. Table 5.29 shows the results from the principal components analysis.

As shown in Table 5.29, five scale items pertaining to the participant's entrepreneurial skills loaded on one factor, which was named the skills factor. Furthermore, three items relating to the difficulty to acquire funds loaded on one factor, which was named capital. Three items pertaining to the support the youth have in starting a business loaded on one factor, which was subsequently named support. The last two factors that were identified pertained to the available market opportunities (two loaded scale items) and perceived risk the youth faced in opening a business (five loaded scale items). Communalities of each scale item was above the prescribed 0.5 level (Hair *et al.*, 2010:119), indicating that the factors extracted a large proportion of the variance of the specific scale items. Finally, in determining the reliability of the identified factors, Cronbach's alpha was used to indicate internal consistency. Results from Table 5.29

suggest that alpha values for the five factors ranged from 0.712 to 0.897, which were all above the prescribed level of 0.7 (Cronbach & Shavelson, 2004:391).

Table 5.29: Principal components analysis results

Factors	Skills	Capital	Support	Market oppor-tunities	Risk	Commun-alities
Lack of business experience	0.757					0.662
Can't write business plan	0.662					0.577
No entrepreneurial skills	0.663					0.622
Don't have a good idea	0.673					0.535
Lack of information to start a business	0.732					0.607
Lack of savings		0.776				0.595
Difficult bank finance		0.736				0.598
Lack of funding information		0.599				0.571
Don't have the right contacts			0.682			0.638
Lack of family's and friends' support			0.728			0.592
Don't have the right business partners			0.786			0.638
No opportunity in the market				0.599		0.732
Weak economic environment				0.662		0.550
Fear of crime					0.807	0.693
Want to do other things first					0.869	0.683
Too much work and effort					0.720	0.560
Fear of risk					0.486	0.651
Future uncertainty					0.534	0.526
Eigenvalue	5.248	1.972	1.557	1.228	1.011	
% variance explained	29.153	10.958	8.648	6.825	5.618	
Cronbach's alpha	0.897	0.718	0.725	0.712	0.796	

Source: Survey data (2016)

5.8.2 Participant perceptions on the factors affecting youth entrepreneurial intent

Table 5.30 shows the participants' responses to the perceived factors inhibiting the youth's entrepreneurial intent. The table shows that the majority of the participants (25.6 + 33.9 + 17.1) agreed that the lack of necessary skills deterred the group's decision towards starting a business, while 23.3 percent disagreed with this statement. Among this factor, participants particularly showed a strong agreement with the fact that the youth struggle to write properly structured business plans (30.4%), while 31.9 percent strongly perceived the lack of entrepreneurial abilities to hinder these decisions. Relating to the discussion in Section 3.8 of this study, the lack of entrepreneurial skills among young people in the country has primarily revolved around the lack of entrepreneurial education on school level where basic

and critical entrepreneurial abilities are not instilled in learners (Barnard, 2012:108). Hence, not attributing these skills, upon undergoing the transition to the labour market, young people tend to refrain from the view that self-employment is a viable option for employment purposes and therefore rather targeting wage employment opportunities (Pendame, 2014:37).

Table 5.30: Participants' responses on the factors affecting entrepreneurial intent (%)

Barrier	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree	Mean (max =6)
Skill	**5.5**	**8.0**	**9.8**	**17.1**	**33.9**	**25.6**	**4.424**
Lack of business experience	2.7	6.5	9.1	21.8	37.2	22.4	
Can't write business plan	3.5	7.4	10.9	20.6	27.1	30.4	
No entrepreneurial skills	4.1	8.0	7.1	15.6	33.3	31.9	
Don't have a good idea	8.8	10.3	15.3	16.2	31.3	18.0	
Lack of information to start business	8.6	7.7	6.5	11.5	40.7	25.1	
Capital	**3.6**	**6.1**	**7.7**	**14.7**	**33.4**	**34.5**	**4.378**
Lack of savings	2.7	4.4	9.7	13.6	33.9	35.4	
Difficult bank finance	3.8	6.5	4.4	13.3	35.1	36.9	
Lack of funding information	4.4	7.1	8.6	17.1	31.3	31.3	
Support	**6.7**	**8.0**	**14.9**	**17.9**	**30.6**	**21.9**	**4.234**
Don't have the right contacts	8.8	11.5	19.8	17.1	23.3	19.5	
Lack of family and friends support	5.0	6.8	12.7	19.2	33.3	22.7	
Don't have the right business partners	6.2	5.6	12.1	17.4	34.8	23.6	
Market opportunities	**12.0**	**19.3**	**14.6**	**19.1**	**21.5**	**13.5**	**3.593**
No opportunity in the market	11.9	21.4	14.9	18.8	23.5	9.8	
Weak economic environment	12.1	17.2	14.3	19.6	19.6	17.1	
Risk	**11.3**	**15.0**	**22.1**	**23.2**	**17.9**	**10.5**	**3.529**
Fear of crime	10.8	14.8	22.5	22.4	18.6	10.9	
Want to do other things first	10.1	16.0	23.9	24.2	16.4	9.4	
Too much work and effort	13.2	14.1	19.5	23.0	18.1	10.0	
Fear of risk	10.1	13.7	21.3	23.8	17.2	11.4	
Future uncertainty	11.6	15.4	23.3	23.6	17.2	10.7	

Source: Survey data (2016)

Perceptions relating to the financial requirements likewise to the skill factor suggest a high agreement among the participants. More than a third (34.5%) of the participants strongly agreed, while 33.4 agreed that acquiring the needed capital to start a business for younger people serves as a barrier towards their entrepreneurial inclination. As discussed in Section 3.8, one of the main barriers for the cohort to start a business, is the reluctance of financial institutions to offer the youth the needed financial assistance. As new labour market entrants, making the transition from their education, the youth often depend on

parental income and lack the necessary savings or collateral required to obtain financial loans. In addition to these difficulties, where initiatives are introduced and directed towards the better funding opportunities, studies have shown that the lack of awareness of these opportunities further perpetuates the difficulties to acquire the needed financial resources (DTI, 2013:24). Therefore, even though provisions are being made to improve their access to much needed capital, these provisions are not adequately advertised or communicated to the group.

Perceptions relating to the support the youth receive indicated that 70.4 (21.9 + 30.6 + 17.9) percent of the participants agree that the factor affects the youth entrepreneurial intentions, while only 29.6 percent disagreed with the issue. Based on their age and market inexperience, the youth are often perceived as risky even when starting a business. Therefore, acquiring experienced business partners proves to be difficult (Khuong & An, 2016:110). In addition to this, the impact familial support has on the cohort's entrepreneurial intent is evident. Support from family members either through social or monetary assistance can impact the start-up intentions of the group (Aldrich & Cliff, 2003:573). As opposed to older individuals, the youth lack business knowledge and only have few social relations; hence they depend on familial backing in their entrepreneurial endeavours (Edelman *et al.*, 2016:430).

Results from Table 5.30 showed that over 50 percent (54.1%) of the participants believed that the lack of available market opportunities do in fact affect the youth's decision to start a business, while 45.9 percent disagreed in relation to this specific factor. Among the five identified factors, these perceptions showed the second lowest acknowledgement among the participants (mean = 3.593). These findings however still suggest that participants believed that the prevailing economic conditions did have somewhat of an impact on the youth's entrepreneurial inclination. In their study, Fatoki and Chindoga (2011:161) likewise found prevailing market conditions to affect the intent of high school and university students. The study explained that a perceived lack of sufficient demand as well as negative perceptions towards the economic performance discouraged the students' entrepreneurial intent.

Finally, relating to the perceptions on the risk associated with starting a business results from Table 5.30 reveal that the distribution of the participants that agreed and disagreed were fairly evenly distributed. A total of 51.4 percent of the participants agreed that the underlining risk was a factor that deterred the youth's entrepreneurial directed intent, while 48.6 percent disagreed. The mean score indicates that among the various identified factors, the risk involved in starting a business was least perceived to affect the youth's entrepreneurial intent. These findings are also consistent with those indicated by Adjei, Pinkrah and Denanyoh (2014:33) that revealed that risk factors such as the fear of crime and income uncertainty were perceived less significantly as factors that affected the cohort's intention of entering self-employment as a means of finding a job. In general, young people exhibit lower risk aversion than compared to older individuals given their lower degree of financial responsibility (Vieira, Rodrigues & Azevedo, 2014:454).

5.8.3 Perceptions of the factors affecting the youths' entrepreneurial inclination among employed and unemployed participants

After showing how the participants perceived the identified factors and the relevance towards the lower involvement of the youth in entrepreneurial activities this section compares these perceptions between the employed and unemployed participants. This is done to view if any significant differences were attributed in how these participants perceived the identified factors. This section, therefore, pertains to the last empirical objective as outlined in Chapter 1 and the start of Chapter 5. Likert responses were dichotomously categorised as Disagree (Slightly disagree + Disagree + Strongly agree) and Agree (Slightly agree + Agree + Strongly agree). Furthermore, chi-square tests were utilised to determine whether any significant differences existed between groups' respective perceptions. The distribution of the responses as well as the chi-square and p-values are reported in Table 5.31.

Table 5.31: Perceived factors affecting entrepreneurial intention among unemployed and employed participants (%)

Factor	Unemployed		Employed		Chi square (p-value)
	Disagree	Agree	Disagree	Agree	
Skills	21.3	78.7	25.3	74.7	0.787 (0.375)
Capital	16.6	83.4	18.2	81.8	0.154 (0.694)
Support	28.0	72.0	31.0	69.0	0.371 (0.534)
Market opportunities	39.4	60.6	52.4	47.6	5.765 (0.016)**
Risk	54.7	45.3	42.1	57.9	5.442 (0.021)**

**** Significance at 5 percent level**

Source: Survey data (2016)

The responses shown in Table 5.31 indicate that more than three quarters of the unemployed participants (78.7%) believed that the lack of entrepreneurial skills impacted the youth entrepreneurial orientation, while only 21.3 percent disagreed with this statement. Similarly, 74.7 percent of the employed participants agreed that young people lacked the required skills needed to start a business. The low chi-square value of 0.787 and p-value of 0.375 indicate that the null hypothesis that infers no statistical difference between the perceptions of the groups could not be rejected even at a 10 percent level of significance. Both employed and unemployed participants therefore believed that the lack of the required skills and know-how tend to impede the youth's decisions to start a business.

In as far as the perceptions relating to the enterprise capital requirements, a significantly large proportion of unemployed participants (83.4%) perceived the factor to affect the younger cohort's entrepreneurial intent, while only 16.6 percent disagreed. Again, responses from the employed individuals were similarly distributed. A total of 81.8 percent of those whom had a job believed that securing the required finance

proves too difficult for these younger individuals and hence deterring their inclination to enterprise start-ups. Only 18.2 percent of the employed participants disagreed with the statement. The similar distributions were also reflected in the chi-square value of 0.154 and high p-value of 0.694. Both these values infer that the null hypothesis could not be rejected at a 10 percent level of significance. Hence, both the unemployed and employed participants highly perceived the difficulty to acquire the needed capital to enterprise a start-up as an impeding factor to better entrepreneurial involvement among the youth.

Results from Table 5.31, further shows that no significant differences existed between the perceptions of the employed and unemployed participants relating to the lack of support (chi-square = 0.371; p-value = 0.534),whether it be through finding the required partners or not having the needed familial backing. Among those that were unemployed, 72.0 percent agreed, while only 28.0 percent disagreed. Agreement among the employed participants was partially lower (69.0%) but with no significant attributable dissimilarities. Only 31.0 percent of the employed participants did not believe that the lack of support structures inhibited the youth's entrepreneurial intent.

In relation to the participants' responses to the impact of perceived available market opportunities, the majority of unemployed participants, that is 60.6 percent, agreed that the insufficient opportunities and economic climate did impact the entrepreneurial intent of the youth. Agreement was 13.0 (47.6 -60.6) percent lower among the employed participants, with 52.4 percent of these participants contrastingly to the unemployed, disagreeing with the statement. The chi-square value of 5.765 and low p-value of 0.016 indicates that these differences were in fact significant at a 5 percent level of significance, hence implying the rejection of the null hypothesis. The explanation to this finding may be attributed to the exposure of the working world among the employed participants. Being employed in businesses, these individuals are exposed to day-to-day activities where entrepreneurial opportunities could be recognised. Therefore, the recognition may overcome the negative perceptions individuals have towards the economic opportunities. Ahmed *et al.* (2010:14) found in their study that business graduates who were exposed to practical market opportunities showed a greater intent towards self-employment than those who did not have any exposure to these activities.

Finally results from Table 5.31 also shows significant differences among the participants' perceptions regarding the risk involved in starting a business (chi-square value = 5.442; p-value = 0.021). More unemployed participants (54.7%) disagreed with the fact that the risk involved in starting a business affects the youth's enterprise start-up intent, while 45.3 percent agreed with the specific factor. Employed participants on the other hand, revealed a 12.6 (57.9–45.3) percent higher agreement, while only 42.1 percent disagreed that the risk involved in starting a business deterred the youth entrepreneurial inclination. Unemployed individuals tend to be less risk averse given that they have less resources and personal wealth. Millán, Congregado and Román, (2012:28) in fact determined that unemployed individuals were more likely to enter self-employment as opposed to those individuals who were situated

in wage employment positions. Shane (2003:64) explains that having a job may be associated with less likelihood among individuals to start their own business, given the associated sacrifice of secure income streams and higher opportunity costs.

5.9 SYNOPSIS

Youth unemployment is a multifaceted problem, attributing to various demand and supply side factors that, especially in the South African labour market, has prevented many young job seekers the ability to actively participate. The main aim of this chapter was to determine the various employment barriers the youth faces in the local areas of Emfuleni and Metsimaholo. More specifically, Chapter 5 aimed to address the six empirical objectives of the study, emphasised in the beginning of this chapter. The demographic analysis conducted indicated that the majority of the participants were between the ages of 25 and 29 years with relatively more female than male participants. Following on suit with the national racial composition most of the participants were African, while considering the youth's life stage most were found to be single. The average household size was estimated at 4.65 suggesting a large proportion of the participants were still living with their parents or caretakers as opposed to living alone with the majority of the participant's households with two employed household members. Among the unemployed participants, unemployment durations were shown to be significantly elongated where on average participants were without work for 30 months (2 and a half years), which highlighted the structural nature of their employment difficulties. For the youth in general long-term spells, as illustrated in this chapter, induces scarring effects that significantly imposes their future employment probabilities. On the other hand for those that were employed, the majority were in wage employment with only a minority involved in entrepreneurial activities. The main sectors of employment for the sample were identified as retail and wholesale as well as the hospitality sector. Finally, showcasing the participants' reservation wages, the majority indicated they would accept a job between R1 501 and R4 500, which was surprisingly low.

In order to determine the employment barriers for the sample, the study made use of a descriptive analysis in order to view how certain demographic and socio-economic factors affected the employment status of the participants. Although the sample consisted only of young people, results suggest that age was positively associated with the employment status of the participants. From a gender perspective young males had a higher employment rate than females. African and Coloured ethnicities had comparatively lower percentages of individuals whom have found a job. The relationship between the marital status and the employment showed that being married or cohabitation had higher associations with individuals that were employed. The proportion of young people that were unemployed increased together with an increase in the number of members living in their households. However, participants living in households with more employed members attributed higher employment rates, signifying the importance of quality social networks for these young job seekers. As suggested in similar studies, higher levels of education bring about a positive relationship with employment status, contributing to the evidence of a higher

skilled labour demand. Some evidence of voluntary unemployment was also evident where higher self-reported reservation wages were positively associated with more unemployed participants.

One of the objectives of the study was to identify the skills of the employed and unemployed participants in order to determine the skills associated with better employment outcomes. The one-way ANOVA analysis revealed statistical significant differences, where the employed participants had better communication and work ethic abilities together with better teamwork competencies and workplace professionalism. In the comparison between the hard skill levels among the employed and unemployed, those that had a job had significantly higher skills in welding, carpentry, plumbing and catering and cooking skills. On the other hand, unemployed participants attributed higher skill sets with regards to farming and gardening as well as their cleaning capabilities. As inexperienced job seekers, young people also often face difficulties in their job search processes that affect their employment outcomes. In analysing and comparing the job search behaviour of the employed and unemployed, one-way ANOVA results suggested that employed participants made use more often of family and friends and Internet searches to search for work prior to the six months of their employment. Unemployed participants, however, showed significantly higher use of street advertising and door–to- door (direct walk-ins) methods.

Another empirical objective of the study was to determine the effect of the identified demographic and socio-economic factors affecting the sample's employment outcomes. The study made use of a logistic regression analysis with employment status as the dependent variable and included 12 independent variables. Results of the analysis suggested that marital status, household size, the number of employed household members, participants' soft skills and job search frequency were all significant factors towards explaining their employment status. Furthermore, Africans had a significantly lower chance of being employed compared to Whites, while higher levels of education were associated with significantly higher employment probabilities. The positive sign for lower reservation wages indicated that these job seekers did have a significantly better chance of finding work if they were willing to accept job offers at relatively lower starting wages.

Finally, the study went on to analyse the perceptions of these young job seekers in relation to the factors they believed were affecting the employment outcomes of the youth as well as the factors affecting young people's intent to start a business as a means of finding a job. Towards comparing these perceptions among the employed and unemployed, results suggested that both groups agreed that geographical factors, lack of the needed education and the lack of job search assistance presented barriers towards young people securing work. A large percentage of both groups also acknowledged that not enough jobs were available for all these new labour market participants. Significant differences were noted in the way these groups perceived the effect of a lack of access to quality education and that wages that were offered were not enough. Pertaining to the youth's entrepreneurial intent both the employed and unemployed participants agreed that the lack of skill, difficulties to acquire the needed start-up capital and not having

enough support deter the cohort's inclination towards self-employment. However, unemployed participants did not perceive the risk associated with starting a business as a factor preventing their entrepreneurial intent while employed participants did not agree that a lack of market opportunities impeded the youth's entrepreneurial spirit.

The ensuing chapter, Chapter 6, presents a final summary of the study, highlighting the main findings. Furthermore, both the theoretical and empirical objectives are revisited in order to determine whether they have been met. Based on the findings presented in this chapter and the literature and empirical reviews of the preceding chapters, recommendations and strategies are provided on how best local role players can improve the youth's employment outcomes in the area.

CHAPTER 6

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

The unemployment phenomenon has been present since the earliest of times. However, the understanding thereof has proven to be quite intricate. The multifaceted nature of modern labour market processes is further contributing to the difficulty many job seekers currently face to gain decent employment opportunities. No more so have these struggles been evident than in the transition of new and young labour market entrants. Unemployment among the youth, especially in South Africa, has reached critical stages. The current study attempts to identify the main employment barriers faced by the youth in a local setting with the purpose to contribute to the understanding of this significantly complex social occurrence. This chapter has the focal purpose of concluding and culminating the study. It starts of by providing an overview of the research, highlighting the main contributions of the first five chapters and subsequently checking if the theoretical objectives were met. This is followed by a review of the main findings relating to the empirical objectives that were derived. Thereafter, the chapter provides recommendations and elaborates on the limitations of the study. Finally the chapter concludes by providing the concluding remarks on the study.

6.2 OVERVIEW OF THE STUDY

The primary objective set out for the study was to identify and determine the specific employment barriers faced by the youth in the local municipal areas of Emfuleni and Metsimaholo. In order to achieve the set objective, a literature and empirical review were conducted in Chapter 2 and 3, which provided a framework in which the concept of youth unemployment and its causes could be understood. This section provides the main contributions of the five chapters covered prior to Chapter 6 in order to provide the means for a more comprehensive understanding of the main findings (Section 6.3) and subsequent recommendations (Section 6.5) that are made.

Chapter 1 served the purpose of introducing the study. The chapter provides a brief background on the current stance of youth unemployment across the globe and more specifically in South Africa. The chapter stress the importance and need of a more focused and directed understanding on the main barriers faced by the youth towards finding a job, specifically in local areas such as Emfuleni and Metsimaholo. Based on the underlining problems identified, one primary objective, six theoretical objectives and six empirical objectives were formulated, which are presented in Section 1.3. The chapter furthermore explained the research design and methodology that was used to select an adequate sample and collect the

necessary data. In addition, the empirical section of the study was clarified (Section 1.4), which focused on the statistical models that were used in Chapter 5, while the ethical considerations in conducting the research were also elaborated on (Section 1.5).

Chapter 2 provided a theoretical and global review on unemployment. The aim of the chapter was to address the first three theoretical objectives of the study. The **first theoretical objective** was to provide a literature review on unemployment in general. Emanating from the literature that was covered in Section 2.2, unemployment ascribes to a multi-dimensional concept that holds different connotations for different economic role players. However, as a socio-economic phenomenon among productive labour forces, being unable to find work contributes to various social concerns such as poverty and crime, not only for the individual but the societies in which they are present. Various debates surround the use of either a narrow or broad definition. Advocates among the expanded definition see those who are unemployed as people who have a desire to work acknowledging the impediments in their search efforts. On the contrary, for those supporting the narrow view, not actively searching for work is based on a voluntary decision due to high accumulated utility from luxurious living conditions (Section 2.2.1). Regardless of how it is perceived the occurrence of being unemployed can be categorised into different types based on seasonal fluctuations in demand for labour, frictional rigidities in labour market processes and cyclical or structural attributes, to which the latter ascribes a greater degree of complexity and consequences for the individual (Section 2.2.2). In light of these diverse forms, the measurement of the unemployed is intricate. Methods involved in accounting for the proportion of the labour force that are unable to find work range from the use of census statistics to sample surveys, which in general are used more often (Section 2.2.3).

Relating to the **second theoretical objective** that was set out to conduct a literature review on the different theories explaining the occurrence of unemployment, the study engaged in two approaches in Section 2.3 and Section 2.4. The first of these approaches provided insight to the occurrence of unemployment from an aggregate level in which the views ascribed the occurrence of unemployment from both an ineffective demand and supply in the labour markets, highlighting both the voluntary and involuntary nature of the state. Proponents of the classical and monetarist view argue that markets are effective where those that are unable to find work voluntary choose so on the basis of not accepting lower wages. Contrary to this, Keynesian supporters describe the nature of labour markets as rigid and inflexible; contesting that unemployment among job seekers is involuntary based on a lack of demand and needed growth in economic activity that requires intervention (Section 2.3). On the other hand, the second approach involved theories directed towards the understanding of the unemployed based on the microeconomic characteristics of the job seeker. These theoretical views argue that key characteristics such as the job seeker's educational background, job search abilities and the cost involved in the search process all effect employment outcomes. These views also stress that the geographical location of job

seekers and the imperfect nature of information between employers and employees all further exacerbate the difficulties for those who have a desire to work but who are unable to find a job (Section 2.4).

From the empirical review on the global unemployment and youth unemployment scenarios **(third theoretical objective)** covered in Section 2.5 and Section 2.6, both the aggregate and individual level factors contribute to the difficulties to secure work are particularly evident in many regions of the world. In recent years, the prospect of unemployment on a global scale has escalated that has seen more than 200 million people unable to find a job. More developed regions have reveal some improvements primarily on the back of improved economic activity since the global financial crisis in 2008. The state of labour markets in the developing world, however, remains a concern. Not only do these countries have high unemployment rates but high incidences of vulnerable employment are significantly high that expose the majority of their workforce to impoverished conditions (Section 2.5). The brunt of these conditions has undeniably been faced by the younger job seekers with the cohort three times more likely to be unemployed than their adult counterparts. Youth unemployment in the developing regions ascribes to a diversity of factors all which contribute to their social and economic exclusion (Section 2.6). One of the primary concerns is the failure of most of these labour markets that are unable to create enough jobs for an ever increasing youth cohort. Furthermore, unemployment among the cohort is aggravated on the basis of highly volatile economic conditions, a lack of quality education, not attributing the necessary soft and hard skills and the inherent skill mismatches that accrue to misdirected curricula failing to meet employer demands.

Chapter 3 had the purpose of providing an understanding on the South African labour market and more specifically the nature of youth unemployment in the country. The chapter set out to achieve the last three theoretical objectives of the study. Regarding the **fourth theoretical objective**, Section 3.2 and Section 3.3 reviewed the empirical literature on the South African labour market and the stance of unemployment since the turn into democracy. South Africa as opposed to other African countries exhibits a labour market structure with significantly high unemployment rates and uncharacteristically small informal sectors. Much of the labour market undertakings since 1994 have involved the introduction of numerous legislative frameworks and union power which, although directed at improving the irregularities of the past, has accounted for significantly rigid labour market processes. These rigid processes together with a range of other factors have seen South Africa exhibit one of the highest unemployment rates across the globe, where more than 5.7 million people (narrow definition) who search for employment are unable to find it. In general unemployment has shown to be influenced primarily on the base of slow expanding economic activity while race, gender, lack of education and geographical location all affect employment outcomes.

No more so, have any group been affected by the social and economic concern than the youth (those aged between 15 and 34 years). Youth unemployment in South Africa is at a critical stage. The country have the third highest unemployment rate internationally if only those between 15 and 24 years are concerned. An even more worrisome situation is the increasing amount of the youth that are not in employment, education or any training programmes (Section 3.4). Towards addressing the **fifth theoretical objective** that was to review the empirical literature on the employment barriers faced by the youth in the South African context, studies have shown that these barriers exist from both the demand for and supply of the young job seekers. From a demand side their difficulties in finding work emanate from the lack of sustainable growth that has failed to provide employment opportunities parallel to their population growth. Furthermore, rigid labour processes see employers avert away from employing the cohort due to the uncertain productivity levels (Section 3.5). From the supply side, however, much of their struggles originate from a lack of human capital, not attributing the soft and hard skills that employers are demanding and not having the necessary experience needed to fill specific vacancies. As new labour market entrants the youth also do not have the necessary job search skills, lack the needed social capital and have misperceptions on wage offerings where they price themselves out of work. Finally, their lack of entrepreneurial intent see them sacrifice the opportunity to enter self-employment as means of finding a job (Section 3.6).

The sixth and last theoretical objective was to review the empirical literature on the current government policies and initiatives directed at the youth's employment. The discussion in Section 3.10 revealed that in light of the multifaceted nature of youth unemployment, since 1994, government has directed a plethora of policies and initiatives directed primarily at improving the youth's labour market access. From a national perspective, these initiatives have involved the implementation of the National Youth Commission Act and the UYF that seeks to improve access to capital for young entrepreneurs. More recent provisions have seen the implementation of the National Youth Development Agency in 2009, the Employment Tax Incentive Act and a new National Youth Policy (NYP). Albeit the significant attention attributed on a national level, a youth specific focus and the provisions on provincial and local levels are not as visible. This was evident in the local areas to which the study concerned itself. The local municipalities of Emfuleni and Metsimaholo do not attribute a specific youth policy that directs the initiatives aimed at the cohorts' development.

Following both the theoretical and empirical reviews, Chapter 4 had the purpose of explaining the research methodology that directed the inquiry. Given that the study aimed to analyse causal relationships and testing of hypotheses the underlining philosophical foundation was grounded in a positivist perspective (Section 4.2). A descriptive cross-sectional research design was applied while a quantitative approach was used. The target population of the study was identified as all the youth living in the local

municipal areas of Emfuleni and Metsimaholo that were between the ages of 18 and 35 years. The sample was drawn from a list of areas where the density of youth was known to be high using a combination of two non-probability sampling techniques. A sample size of 400 was chosen primarily on the basis of a review of similar studies in which 339 questionnaires were deemed useable. Data were collected through the use of a self-structured questionnaire that was administered through four trained fieldworkers. The statistical techniques employed in analysing the data included the use of frequency distributions, cross-tabulations, a one-way ANOVA analysis, logistic regression and a principal components analysis. The results of the aforementioned models are reported in Chapter 5, which is in line with the empirical objectives of the study.

6.3 MAIN FINDINGS OF THE STUDY

This section provides the main findings of the study that were in accordance with the seven empirical objectives that were identified in Chapter 1. **The first empirical objective** was set to identify and determine the barriers of employment for the youth in the local areas of Emfuleni and Metsimaholo (Section 5.3). Frequency distributions utilised in the descriptive analysis showed that younger individuals among the sample had higher unemployment rates. Furthermore, from a gender perspective slightly more females were unemployed than males. Considering the participants' race, results showed that African and Coloured youth were more likely to be without work compared to Indians and Whites. As shown in similar studies, however, these difficulties may relate to these groups' comparatively lower educational attainment and other intergenerational attributes as opposed to direct racial discrimination (Khuluvhe, 2015:37; Mlatsheni, 2014:51). Education in general plays an important role in these young people's employment endeavours especially higher levels, signifying the demand for more skilled workers in the local labour markets (Bourne & Shackleton, 2014:6). Other barriers identified pertained to the lack of quality social networks and high wage expectations with the latter showing some voluntary induced difficulties to secure work.

A one-way ANOVA was utilised to address the **second empirical objective** that was directed at identifying the skills of both the employed and unemployed participants (Section 5.4). For the purpose of this study, differences in both the soft and hard skills of participants were analysed. Results showed that the employed participants had higher skills levels compared to those unemployed participants regarding all soft skills that were included in the scale that was used (Section 5.4.1). However, significant differences were noted only among the communication skills, workplace professionalism, teamwork and work ethic. These findings suggest that those that were employed could better communicate with others, had good professional workplace behaviour, the ability to work better with others as well as show high morals, contributing to the increasing importance ascribed to more personal attributes in finding work

(Adhvaryu *et al.*, 2016:3; Isaacs, 2016:2). Relating to the more technical abilities employed participants revealed significantly higher computer skills, welding skills, carpentry skills, plumbing skills and cooking and catering skills. On the contrary, the unemployed reported significantly higher gardening and farming skills, butchery skills, knitting capabilities, baking skills and cleaning skills, which may suggest that these skills in these local labour markets were not as high in demand. This further adds to the evidence towards skill mismatch employment barriers (Ackah-Baidoo, 2016:254; Lindberg, 2015:2).

The **third empirical objective** set out to compare the job search behaviour among the employed and unemployed participants of the study (Section 5.5). In correspondence to the identification of the youths' skills, a one-way ANOVA was used to determine if any significant differences were attributed in the different job search methods used by the young job seekers (Section 5.5.2). Significant differences were found among the use of Internet advertisements, friends and relatives, directly contacting employers either through the use of phones or emails and informally standing on street sides advertising one's own skills. In the search methods used in the six months prior to finding work the employed made more use of the Internet and friends and family members to search for work. These findings do suggest that these methods were associated with a more successful search effort and further adding to the importance that quality social capital plays in these young job seekers transitions into the labour market (Breaugh, 2008:105). On the other hand, the unemployed had significantly higher search intensities among the use of directly contacting employers and using informal advertising strategies as a means of finding work.

Towards addressing the **fourth empirical objective** that was to determine the impact of the employment barriers that were identified in Section 5.3, the study utilised a binary logistic regression (Section 5.6). Results suggested African/Black youth were significantly less likely to be employed when compared to their White counterparts. In regard with their marital status, those that were married or living with a partner were more likely to be employed than those who were single or living on their own. Household size was found to be a significant predictor of the youth's employment status where the negative coefficient suggested that with an increase of the number of household members the youth were more likely to be unemployed. This was contrary to the positive and significant relationship shown between the number of employed household members and the likelihood of being employed. The contrasting relationships highlight the importance of having quality social networks, attributing additional sources with direct access to prospective employers and further possible employment information can significantly improve effective job search processes (Mlatsheni & Rospabé, 2002:11).

Regarding the impact of the presence of social welfare in the youth's household, the results indicate that where these households did in fact receive a grant the youth were 45.9 percent less likely to be employed compared to those who did not receive any social assistance. The findings were consistent with those of

Klasen and Woolard (2009:36) who suggest a reduced labour supply on part of the young job seekers due to these grant receiving households being situated far from decent employment opportunities. All levels of education in the model were found to be significant predictors of the participants' employment status. The negative coefficient and odds ratio for those that did not have a completed primary education indicated that these participants were 71 percent less likely to acquire work compared to those with completed secondary education. Post-secondary education levels on the other hand showed a 123.9 percent greater likelihood for the participants having a job than those with a completed matric qualification. In relation to the impact of the youths' misdirected expectations as novel job seekers, results from the model showed that among the participants willing to accept jobs at lower wages were significantly more likely to find work compared to those who would only accept job offers at a minimum wage of at least R4 500 per month. These findings are in line with those reported by Zoch (2013:12). For new job seekers employment in entry level positions are more suited given their low experience levels. Therefore not willing to accept the lower associated wage remunerations for these opportunities see them price themselves out of employment.

Pertaining to the composite indices used in the logistic regression model, the soft skill index and job search index were found to be significant predictors of the participants' employment status. The soft skill index attributed a positive coefficient suggesting and adding to the evidence that better personal competencies improved the participants' chances of being employed (Dieltiens, 2015:3; Masoka & Selesho, 2014:132). The coefficient for the job search index, however, as opposed to the expected positive relationship returned a negative coefficient. In other words, greater job search intensities were associated with lower probabilities of finding work. The reason for this finding may relate to the misdirected and uninformed use of job search methods that are more ineffective in securing work for the participants. The hard skill index as expected returned a positive coefficient, however, the index as a predictor of the youths' probability of being employed was not significant in the model that was used.

The fifth and sixth empirical objectives set out to compare the perceptions among the employed and unemployed participants firstly relating to the factors affecting young people's wage employment (Section 5.7) and secondly, to those factors affecting younger cohorts intent to venture into self-employment (Section 5.8). Among the responses pertaining to the barriers in finding a wage offering job, the strongest agreement shown among the sample was associated with the lack of jobs in general, that young people did not have the necessary skills, the presence of inherent skill mismatches, the lack of the necessary labour market knowledge and not attributing adequate job search skills as barriers affecting their employment outcomes. On the contrary, participants believed that age, race, too low wage offerings and a lack of motivation to work hard among the cohort did not affect their employment outcomes. Cross-tabulation analysis showed that significant differences were attributed in the manner that the employed

and unemployed participants perceived the impact of family responsibilities and the lack of access to quality education that may infer additional geographical barriers for the unemployed, resonating with the findings of Altman and Marock (2011:18) and Graham and Mltasheni (2015:52).

For the purpose of addressing the **sixth empirical objective** the study likewise to others (Choo & Wong, 2006:47; Farkas *et al.*, 2015:72; Fatoki & Chindoga, 2011:161; Fatoki & Chindoga, 2012:308; Tanveer *et al.*, 2013:74) made use of a principal components analysis (Section 5.8.1) to load the different scale items used onto constructs. The PCA identified five main factors potentially affecting the youths' inclination towards starting their own business. These factors were identified as their entrepreneurial skills, access to capital, the support they had in their entrepreneurial endeavours, the available market opportunities and the associated risk involved in starting a business. In comparing the perceptions among the employed and unemployed participants through the use of cross-tabulations and chi-square tests, the results showed no significant differences were attributed among how the groups perceived the lack of entrepreneurial skills, access to capital and the lack of needed support. In fact, both groups believed these factors to deter their entrepreneurial intent. The results, however, did indicate a significant difference in how the unemployed and employed participants perceived the impact of risk and the available market opportunities. These findings suggest that unemployed participants did not see the risk involved in starting a business as a factor affecting their entrepreneurial inclination. Millán *et al.* (2012:28) likewise determined that unemployed participants were more likely to start a business primarily on the basis of not having secure income streams. On the other hand, those that were employed disagreed that the lack of available market opportunities deterred their entrepreneurial intent. These results infer the importance of providing greater market exposure especially for the youth that have a higher risk tolerance possibly entering self-employment as a means of finding a job.

6.4 CONTRIBUTIONS TO THE FIELD OF THE STUDY

The current state of the youth in the South African labour market warrants considerable concern. Their difficulties in securing the needed employment opportunities upon making the transition not only to the workforce but subsequently their financial independence and adulthood is of the leading issues facing local economic role players, policymakers and national authorities alike. The study and its findings contribute to the body of knowledge on youth unemployment in South Africa by empirically analysing and identifying the barriers young people face to find a job in a local context. Although evidence regarding the perpetuating factors relating to the cohorts' employment struggles is available especially on a national level, the study adds and strengthens the more limited local understanding on the phenomena. Therefore, the findings as presented hold important implications especially for local policymakers and

government officials; possibly providing guidance to forthcoming legislation and other policy initiatives directed at the youths' development.

6.5 RECOMMENDATIONS

The aforementioned findings of the study identify the complex difficulties young people face to secure work. Although the importance of education and skill improvement towards improving these outcomes is undeniable, alleviating significantly high unemployment rates for the cohort should be viewed as a multidimensional approach. This section proposes some recommendations that can assist the local policymakers to improve the access for the youth to decent employment opportunities.

6.5.1 Improving and refining education structures

A general consensus exists that the main difficulty or reason why young people are unable to find work is due to the general lack of education and not particular the skills required from the private sector. This study adds evidence to this. Ensuring a more pronounced improvement of youth employment therefore necessitates a significant improvement in the quality of education structures on especially secondary and tertiary levels. Clear communication and coordination should exist between educational institutions and private sector needs, focusing on curricula that are aligned to what the labour market requires. Importance of not only technical but as well as soft skill training should further be recognised. This requires the exposure of students to more practical experience even for those in secondary levels as well as the provision of quality training programmes directed towards improving personal workplace competencies such as communication skills and the ability to work with others. In addition, more emphasis should be placed on improving and adding to the capacity and number of TVET and FET colleges in the more geographically isolated areas in the municipal districts. These institutions play a pivotal role to allow those who haven't completed matric a second opportunity to acquire the essential skills needed for employment, while subsequently lowering discouragement among the cohort.

6.5.2 Developing and enhancing the informal sector's potential

Informal sectors are characterised with the highly labour intensive practices. Although noted that the employment among these sectors are not equitable substitutes for formal wage employment opportunities, they can serve as short-term solutions to improve the young job seekers socio-economic conditions. From a South African perspective, the informal sector has potential for significant employment absorption, attention should therefore be directed at improving the access towards the more upper tier levels. The higher prevalence of more informal-based skills among the unemployed participants, as shown in the study, can provide them the opportunity to gain self-employment that under, formal sector regulations

may not be available. In order to improve the absorption of especially these young people the sector needs to be strengthened and made more attractive to job seekers. Possible strategic interventions must be directed towards establishing more informal-formal sector production linkages, provide workshops aimed at improving business skills for informal-based traders as well as provide more directed micro-finance and credit provisions.

6.5.3 Establishment of local labour market information centres

As new and inexperienced labour market entrants the understanding and accumulation of the needed labour market knowledge proves a significant barrier for young people towards finding employment. This is further aggravated by specific labour market inequalities such as low levels of social capital. Therefore, local government officials need to consider establishing labour market information centres that can possibly provide up to date databases of employment opportunities in the local areas. The added information can significantly improve a more directed job search process that could also further be supplemented by the provision of computers and Internet connections.

6.5.4 Improving the overall economic outlook and the relaxation of labour regulations

Although the findings of the study signified the specific supply side challenges these young job seekers faces, it must be noted that addressing any form of unemployment necessitates an economy that is aiding to job creation. The increase in the number of new labour market entrants is currently far exceeding the growth of new additional jobs. In order to improve significantly high levels of joblessness among the youth, an improvement in the current sluggish economic performance is therefore needed. Emphasis on national, provincial and local levels need to be directed towards a more inclusive and sustainable growth path. This should furthermore be accompanied by a relaxation of strict labour legislation. This can possibly reduce the risk for prospective employers that is associated with the employment of job seekers that have little to no productivity evidence, hence contributing to a greater demand for the cohort.

6.5.5 Employer incentives primarily directed at the youth

The introduction of the Employment Tax Incentive Act has shown noteworthy promise through the use of employer incentives directed at increasing the demand for young labourers. These types of government induced initiatives provide an example of the public-private sector relationship that is required to effectively get more young people into decent employment opportunities. Future provisions in relation to these types of incentives firstly need to aim at the improvement of the act as it is. Enhancements of the targeted wage subsidy warrants the increase of qualifying wage levels given the impact of specific sectoral wage requirements that see many young workers unable to qualify for the tax incentives.

Moreover, the act can be implemented on a more targeted basis specifically among labour intensive sectors such as agriculture, manufacturing and tourism. Secondly, additional public-private headed initiatives must be provided. These can include tax breaks or subsidies for private sector firms based on their provision of apprenticeships that offer on-the-job training.

6.5.6 Local youth directed policy orientation

Evident from the empirical review conducted in Section 3.10.8 was that neither Metsimaholo nor Emfuleni Local Municipalities have formal implemented local youth policies. Policy initiatives are dependent mainly from a national perspective. However, without the necessary budgets and representatives at local levels nationally implemented policies more often prove to be rhetorical. Local policymakers need to implement and construct context specific youth policies. This legislation must provide plans, actions and budgets that need to provide the intended direction for youth development in these local areas. Local government authorities in general play an important role as they are the closest to community members. These authorities have the potential to best understand these factors affecting youth employment and as a result make subsequent provisions therefore.

6.5.7 Advancing entrepreneurship among the youth

Entrepreneurship for the younger cohort is one of the most important avenues for job creation. However, as opposed to its significance, entrepreneurial activity among South African youth is significantly low. Findings suggested that participants perceived the lack of entrepreneurial skills, access to capital and not having the needed support as the most challenging factors deterring young people's decision to start a business. These challenges can be addressed through various actions and strategies. First of all, entrepreneurship as an important module or subject needs to be incorporated as early as secondary education levels. Entrepreneurship education and providing exposure to the business world can greatly improve business skills and allow the recognition of possible business opportunities. Secondly, access to capital for young job seekers without the relevant savings or collateral needs to be improved. Although some provisions are made through the NYDA and other stakeholders, national government needs to take the lead providing adequate budgets for these start-up purposes that are linked to ensure sustainability for newly created enterprises. These initiatives should furthermore be marketed extensively to adequately inform young people about these opportunities that are available. By creating their own job young people are not only contributing to themselves but these small businesses also contribute to the employment of others.

6.6 LIMITATIONS AND AREAS FOR FURTHER RESEARCH

Similar to various others, this study has limitations that indirectly provide avenues for future research endeavours. The first identified limitation pertains to the combination of non-probability sampling techniques used. Although attempts were made to ensure representativeness, the use of these techniques do attribute a degree of sampling bias in selecting the participants. A further limitation surrounds the cross-sectional design. These designs afford insight to specific problems into a single point in time. For future studies directed at the topic, longitudinal designs, panel data analyses or the use of probability sampling techniques may offer intriguing and varying insights to changes in the factors affecting these young job seekers employment outcomes. Further recommendations for future research possibilities can include the following:

- Considering the study only made use of the youth in the local municipal areas of Emfuleni and Metsimaholo, an opportunity exists to conduct research on a wider scale with studies involved in intra-municipal comparisons focusing on employment barriers for the youth.
- Future research can also be directed on the different factors affecting the job search behaviour of the youth and their reservations, as the scope is still somewhat limited in the South African context.

6.7 CONCLUSION

The main aim of the study was based on determining the employment barriers faced by the youth in the Emfuleni and Metsimaholo local municipal areas. In general, the youths' employment has been associated with both demand and supply side barriers. The study specifically determined that the participants' employment was largely influenced by their race and level of education among others signifying the importance that a strong educational background plays in the absence of experience. The results furthermore confirmed the significant impact quality social networks have for the novel job seekers. Having additional monetary and social support can improve labour market knowledge, enhance job search processes and likewise assist to overcome job search costs that in some instances can be quite high, based on the geographical locality of the youths' households. Although these factors together with long durations of unemployment observed in the findings point to structural challenges the study did show that some forms of voluntary unemployment among the participants were apparent; primarily on the basis of unrealistically high wage expectations. This raises the importance to adequately inform young labour participants on the labour market processes and the opportunities that may be available.

The findings of the study further revealed significant differences among various soft and hard skills among those that were employed and unemployed. These results accentuates the fact that employment among the youth depends on both the technical capacity to perform certain tasks as well as attributing

personal workplace competencies that have shown increased recognition from employers perspectives. The comparison among both groups' job search behaviour revealed significant variations in how they searched for employment opportunities. The imperfect nature of labour market information can prove to be difficult for any job seeker, let alone new and inexperienced labour market entrants. As discussed, job search behaviour if misdirected can contribute to prolonged unemployment spells. The more frequent use of friends and family members as well as Internet-based searches among the employed prior to finding work emphasises the significance of added quality networks and having access to more modern and up to date sources of labour market information that contributes to their success during the search for work.

The comparison and subsequent differences among the employed and unemployed participants' perceptions on the barriers to employment revealed that unemployed as opposed to the employed believed opportunities that were available did not offer adequate wages. Furthermore, in contrast to those that successfully acquired a job the unemployed agreed that family responsibilities and the lack of access to quality education were factors that added to the difficulties in finding work. These findings suggest the recognition of geographical employment barriers more so for those residing in peri-urban areas that indirectly reduces labour supply. Further findings from the perceptions on the inhibiting factors on the youths' entrepreneurial intent revealed differences to the point where employed participants disagreed with the fact that a lack of market opportunities deters the youths' entrepreneurial inclination while the unemployed did not acknowledge the associated risk in starting a business as a significant factor. These results point to the appropriateness of strategies directed towards greater market and entrepreneurial exposure for the youth even more so for those with small income bases given their higher risk tolerance.

Overall this study found the employment among the participants to be intertwined with an array of factors that attests the intricate nature of youth unemployment. The struggle to acquire work emanates among other from inadequate skills sets and education levels, lacking the needed labour market information together with the use of ineffective and misdirected job search strategies. Furthermore, the impact of labour market inequalities such as the lack of social capital as well as the lack of knowledge on how to best conduct search processes is evident. By addressing these concerns especially from a local level requires an integrated approach, involving all stakeholders, including local policymakers, businesses, educational institutions and the youth themselves. However, by recognising their importance, any improvement in the cohorts employment levels even if only on local levels necessitates a sustainable and inclusive growth path primarily directed at the creation of decent employment opportunities.

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NORTH-WEST UNIVERSITY
YUNIBESITI YA BOKONE-BOPHIRIMA
NOORDWES-UNIVERSITEIT
VAAL TRIANGLE CAMPUS

Youth employment barriers in the Emfuleni and Metsimaholo local municipal areas

Dear Participant,

My name is Jacques de Jongh. I am registered as a part-time student for a Master's degree in economics at the North-West University (Vaal Triangle Campus) and I am currently working towards my dissertation under the supervision of Mrs. N. Meyer and co-supervision of Dr. P.F. Muzindutsi.

You are invited to participate in this research project which has the purpose of determining the key factors that are contributing to the difficulty young people might face in entering the labour market.

Please take a few minutes to assist me and complete the attached questionnaire. You may refuse to participate or withdraw at any time as participation is completely voluntary. There will be no monetary gain from participating in the study. The survey is strictly confidential and all information collected will remain anonymous at all times and maintained by the Department of Economics at the North West University (Vaal Triangle Campus). Responses will only be reflected in the statistical data analysis which will be used for research purposes.

If you have any questions or concerns about participating in the study, please contact Mr. Jacques De Jongh or Mrs Natanya Meyer on the contact details listed below. The questionnaire should not take you longer than 20 minutes to complete.

Thank you for your participation in the study.

Contact Details

Mr. Jacques De Jongh
North West University: VTC
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Jacques.DeJongh@nwu.ac.za

Mrs Natanya Meyer
Supervisor
082 347 6611 / (016) 910 3373
Natanya.Meyer@nwu.ac.za

Youth Employment Questionnaire 2016

A	DEMOGRAPHIC INFORMATION					
Please mark each question (where applicable) with a **(X)** in the appropriate box.						
1	**Age *(in years on last birthday)***					
2	**Gender**	(1) Male		(2) Female		
3	**Race**	(1) African	(2) White	(3) Coloured	(4) Indian/Asian	
3b	*(5)* ***Other (specify)***					
4	**Marital status**	(1) Single	(2) Living together (not married)	(3) Married	(4) Widowed	(5)Divorced
5	**Total number of languages spoken**					
6	**Please specify languages (Can tick more than one)**	(1) English	(2) Afrikaans	(3) IsiZulu	(4) IsiNdebele	(5) IsiXhosa / (6) Sepedi
		(7) Sesotho	(8) Setswana	(9) SiSwati	(10) Tshivenda	(11) Xitsonga
6b	*(12)* ***Other (specify)***					
7	**Location of residence**	(1) Emfuleni local municipal area		(2) Metsimaholo local municipal area		
8	**Employment status**	(1) Formally employed	(2) Self – employed	(3) Unemployed		
9	**If employed or self – employed is your workplace located in the study area (Emfuleni and Metsimaholo area)**	(1) Yes	(2) No			
10	**Total number of individuals living in household**					
11	**Total number of employed (including self – employed) individuals in household**					
12	**What type of grants do the members of the household receive?**	(1) Do not receive grants	(2) Old age grant	(3) War veterans grant	(4) Disability grant	
		(5) Grant in aid	(6) Child support grant	(7) Foster child grant	(8) Care dependency grant	

B	EDUCATION AND SKILLS OF YOUTH BEING INTERVIEWED					
1	**Highest level of education**	(1) No schooling	(2) Grade 1-3	(3) Grade 4-6	(4) Finished Primary school	(5) Grade 8-11
		(6) Completed matric	(7) Vocational Training	(8) Undergrad degree	(9) Post graduate	
1b	*(10)* ***Other (specify)***					
2	***Please indicate the extent to which you would rate yourself with regards to the following skills by marking one of the blocks with a cross (x) where 1 = Poor and 4 = Excellent***					

		Poor	Adequate	Good	Excellent
2.1	**SOFT SKILLS**				
a	**Doing what is right and have high morals (Integrity)**	1	2	3	4
b	**Listening to others, speaking and presenting ideas (Communication)**	1	2	3	4
c	**Having good manners and work place etiquette (Courtesy)**	1	2	3	4
d	**Being accountable, self-disciplined and getting the job done (Responsibility)**	1	2	3	4
e	**Good social skills and friendly with those I work with (Interpersonal skills)**	1	2	3	4
f	**Being happy, confident and enjoy working (Positive attitude)**	1	2	3	4
g	**Dress appropriate, serious about my appearance (Professionalism)**	1	2	3	4
h	**Willingness to change, learn new things and adjust to what is required of me (Flexibility)**	1	2	3	4
i	**Getting along with others I work with, helping others and see their point of view (Team work)**	1	2	3	4
j	**Hard working, willing to work and self-motivated in doing tasks (Work ethic)**	1	2	3	4
2.2	**HARD SKILLS**				
a	**Writing documents, filing documents, communicating with emails, office administration (Office management)**	1	2	3	4
b	**Using a computer to create documents, send emails, search on internet, create tables & figures (Computer skills)**	1	2	3	4
c	**Growing crops and plants, cutting lawns, planting seeds, harvesting of crops (Gardening/ Farming)**	1	2	3	4
d	**Knife sharpening, processing of raw meat, cutting meat, deboning of meat (Butchery skills)**	1	2	3	4
e	**Using power and hand tools, plastering, using cement (Building/Construction skills)**	1	2	3	4
f	**Welding metals, cracks, pipes and steel structures (Welding skills)**	1	2	3	4
g	**Knitting stitches, using knitting needles, weaving of blankets (Knitting skills)**	1	2	3	4
h	**Cutting hair, colouring hair, hair braiding (Hair dressing skills)**	1	2	3	4
i	**Working with wood, using power tools, building wood structures (Carpentry skills)**	1	2	3	4
j	**Baking cakes, bread, use of ovens, beating eggs, use of baking instruments (Baking skills)**	1	2	3	4

k	**Sewing fabrics, sewing clothes, threading sewing machines and use of sewing machines (Sewing skills)**	1	2	3	4
l	**Selling goods, working with customers, working with producers (Retailer trader skills)**	1	2	3	4
m	**Reading and drawing figures for water supply, fixing water pipes, bathroom pipes, drainage systems (Plumbing skills)**	1	2	3	4
n	**Vacuuming rugs, washing floors, use of chemicals and detergents, dusting, sweeping (Cleaning skills)**	1	2	3	4
o	**Running a business, negotiating with others, creating business plans (Business skills)**	1	2	3	4
p	**Use of firearms, monitoring premises, patrolling areas, detect threats (Security skills)**	1	2	3	4
q	**Preparing, cooking food & serving food (Catering & cooking skills)**	1	2	3	4

C	**JOB SEARCH METHODS**					
Please indicate the frequency to which you have used these job search methods in the past six months if unemployed or six months prior to employment if you have a job by marking one of the blocks using a cross (x) where 1 = Never (0 times) and 5 = Very frequently (at least 10 times)						
		Never (0 times)	**Rarely (1 – 2 times)**	**Occasionally (3 – 5 times)**	**Frequently (6 – 9 times)**	**Very frequently (at least 10**
1	**I looked at job ads in newspapers or journals**	1	2	3	4	5
2	**I looked for job postings on the internet**	1	2	3	4	5
3	**I asked people I know about possible job leads**	1	2	3	4	5
4	**I contacted temporary employment services**	1	2	3	4	5
5	**I contacted employers for information about jobs**	1	2	3	4	5
6	**I sent application letters for job openings**	1	2	3	4	5
7	**Sitting in areas informally advertising own skills**	1	2	3	4	5
8	**I went to companies personally door to door looking for work**	1	2	3	4	5

Participants who <u>marked unemployed in question 8 of Section A</u> should complete section D.

Participants who marked <u>any option other than unemployed in question 8 of Section A</u> should complete section E.

D	UNEMPLOYED CONDITIONS (complete only if unemployed)						
1	**During the past year have you taken any steps in finding a job or to establish your own business**			(1) Yes		(2) No	
2	**If no, what was the main reason for not seeking work for the past year?**	(1) Have given up looking for work (discouraged)		(2) Illness, injury or pregnancy		(3) Family responsibilities	
		(4) Lack employer requirements		(5) No suitable work in area		(6) Do not know how/where to seek work	
2b	*(7)* ***Other (specify)***						
3	**How long have you been available for work and actively looking for a job (in months or years)?**						
4	**Ideally in which sector do you want to work?**	(1) Agriculture	(2) Mining	(3) Manu facturing	(4) Retail, wholesale & trade	(5) Electricity	(6) Trade
		(7) Finance	(8) Community services	(9) Security services	(10) Transport	(11) Hospitality and Tourism	
4b	*(12)* ***Other (specify)***						
5	**What sort of job are you looking for?**	(1) Manual Job		(2) Clerical Job	(3) Technical job		(4) Waiter/ catering job
		(5) Managerial job		(6) Professional job	(7) Administrative Job		(8) Security job
5b	*(9)* ***Other (specify)***						
6	**Have you ever refused a job offered to you?**				(1) Yes		(2) No
7	**If yes, why?**	(1) Wages too low		(2) Location not convenient		(3) Work not match level of qualifications	
		(4) Work require too many hours		(5) Waiting for better job		(6) No advancement possibilities	
7b	*(7)* ***Other (specify)***						
8	**What is the minimum level of income per month to which you will accept a job**	(1) R 0 – R 1500	(2) R 1501 - R 3000		(3) R 3001 – R 4500		(4) R 4501 – R 6000
		(5) R 6001 – R 7500	(6) R 7501 – R 9000		(7) R 9001 – R 10000		(8) More than R 10 000
9	**Have you made use of any public employment services/youth organisations while looking for a job**				(1) Yes		(2)No
10	**If no, why?**		(1) Did not know they exist		(2) Lack of money		
10b	*(3)* ***Other (specify)***						
11	**What is your main source of income (currently)?**	(1) Social grants		(2) Informal activities	(3) Unemployment insurance		(4) Family and Friends
11b	*(5)* ***Other (specify)***						

12	**Main activities while unemployed?**	(1) Looking for a job	(2) At home busy with chores	(3) Further training/education
		(4) Volunteer work	(5) Planning to start own business	(6) Spending time with friends
12b	*(7)* ***Other (specify)***			

E	**EMPLOYED CONDITIONS (complete only if you are employed or if self-employed)**						
1	**What is the nature of your employment?**	(1) Part – time		(2) Full time		(3) Self – employed	
2	**In which sector do you work?**	(1) Agriculture	(2) Mining	(3) Manu - facturing	(4) Retail, wholesale & trade	(5) Electricity	(6) Trade
		(7)Finance	(8) Community services	(9) Transport	(10) Security	(11) Hospitality and tourism	
2b	*(12)* ***Other (specify)***						
3	**Which occupational class best describes your current job?**	(1) Manual work	(2) Clerical work	(3) Technical work	(4) Waiter/ Catering work		
		(5) Managerial work	(6) Professional work	(7) Security work	(8) Administrative work		
3b	*(10)* ***Other (specify)***						
4	**How many jobs have you applied for before starting work?**						
5	**Have you ever refused a job offered to you?**				(1) Yes	(2) No	
6	**If yes, why?**	(1) Wages too low	(2) Location not convenient	(3) Work not match level of qualifications			
		(4) Work requires too many hours	(5) Waiting for a better job	(6) No advancement opportunities			
6b	*(7)* ***Other (specify)***						
7	**What was the amount of your starting monthly salary for the first job you were appointed?**	(1) R 0 – R 1500	(2) R 1501 – R 3000	(3) R 3001 – R 4500	(4) R 4501 – R 6000		
		(5) R 6001 – R 7500	(6) R 7501 – R 9000	(7) R 9000 – R 10 000	(8) More than R 10 000		
8	**How long did it take you to get your first job in months or years?**						
9	**What type of training did you received before getting a job?**	(1) Apprenticeship training	(2) On the job training	(3) Training in new technologies	(4) Waiter/barman/catering training		
		(5) Tertiary education	(6) Accounting/ book keeping	(7) Business/ entrepreneur training	(8) Security services training		
9b	*(9)* ***Other (specify)***						

Section F and G must be completed by all participants whether formally employed, self – employed or unemployed.

F	BARRIERS YOUTH FACE TOWARDS EMPLOYMENT						
Please indicate the extent to which you agree the following factors affect unemployment amongst the youth, mark one of the blocks using a cross (x) where 1 =Strongly disagree and 6 = Strongly agree.							
		Strongly disagree	**Disagree**	**Slightly Disagree**	**Slightly Agree**	**Agree**	**Strongly agree**
1	**Struggle in getting a job because of their gender**	1	2	3	4	5	6
2	**Having trouble finding a job due to the colour of their skin**	1	2	3	4	5	6
4	**Young people live in areas far from any suitable jobs**	1	2	3	4	5	6
4	**Young people don't look for work as they need to take care of family members at home**	1	2	3	4	5	6
5	**Lack of people in the youth's household that have jobs and assist in finding a job**	1	2	3	4	5	6
6	**The level of education/training young people have**	1	2	3	4	5	6
7	**Do not have access to quality education**	1	2	3	4	5	6
8	**The skills the youth have are not what employers are looking for**	1	2	3	4	5	6
9	**Young people don't know what skills employers are looking for and/or what industries are hiring young people**	1	2	3	4	5	6
10	**Young people do not know how to go about in finding a suitable job**	1	2	3	4	5	6
11	**The youth do not know enough people that can help in getting a job**	1	2	3	4	5	6
12	**It costs too much searching for a job**	1	2	3	4	5	6
13	**The wages employers are offering is not enough**	1	2	3	4	5	6
14	**There is not enough jobs available for everyone**	1	2	3	4	5	6
15	**There is not enough help for young people in finding a good job**	1	2	3	4	5	6
16	**Young people are not willing to work hard**	1	2	3	4	5	6
17	**Young people lack responsibility when still living with parents (no motivation to work)**	1	2	3	4	5	6

G	OBSTACLES TO YOUTH ENTREPRENEURIAL INTENSIONS						
Please indicate the extent which you agree the following factors affect the youth's intentions of starting their own business by marking one of the blocks using a cross (x) where 1 = Strongly disagree and 6 = Strongly agree.							
		Strongly disagree	**Disagree**	**Slightly disagree**	**Slightly agree**	**Agree**	**Strongly agree**
1	**Young people do not have enough information to start their own business**	1	2	3	4	5	6
2	**The youth do not have the skills to run their own business**	1	2	3	4	5	6
3	**Young individuals struggle to get money from the bank to open their own business**	1	2	3	4	5	6
4	**Young people don't know how to write a business plan**	1	2	3	4	5	6
5	**Risk of crime and stealing from young people's businesses is too high**	1	2	3	4	5	6
6	**There is not enough opportunities outside to start one's own business**	1	2	3	4	5	6
7	**There is not enough certainty of income when running your own business**	1	2	3	4	5	6
8	**Youth find it difficult to get the right business partners**	1	2	3	4	5	6
9	**The economy is too bad to start own business**	1	2	3	4	5	6
10	**Young people don't know where to get money needed to open their own business**	1	2	3	4	5	6
11	**Young people lack savings that can help them start their own business**	1	2	3	4	5	6
12	**Family or friends don't support the idea of opening own business**	1	2	3	4	5	6
13	**Young people don't have enough experience in running a business**	1	2	3	4	5	6
14	**It is too risky for young people to start their own business**	1	2	3	4	5	6
15	**The youth lack good ideas for a business**	1	2	3	4	5	6
16	**Young people don't have the right contacts that can help them start their own business**	1	2	3	4	5	6
17	**Not the right time, young people want to do other things first**	1	2	3	4	5	6
18	**Starting a business involves too much work and effort**	1	2	3	4	5	6

Thank you for your participation.

APPENDIX B: CORRELATION ANALYSES

Table B1: Pearson correlation analysis - Reservation wages and level of education

		Reservation wage	Highest level of education
Reservation wages	Pearson Correlation	1	-0.080
	Sig. (2-tailed)		0.210
Highest level of education	Pearson Correlation	-0.080	1
	Sig. (2-tailed)	0.210	

Source: Survey data (2016)

Table B2: Pearson correlation analysis – Multicollinearity diagnostics

	Employment status	Age	Gender	Race	Marital status	Household size	Number of employed HH members	Social grant	Highest level of education	Reservation wage	Soft skill index	Hard skill index	Job search index
Employment status	1												
Age	0.022	1											
Gender	0.064	0.132*	1										
Race	0.119*	-0.062	-0.017	1									
Marital status	0.236**	0.273**	-0.008	0.252**	1								
Household size	-0.406**	0.018	-0.054	-0.043	-0.092	1							
Number of employed HH members	0.171**	-0.094	-0.053	0.071	-0.034	0.464**	1						
Social grant	-0.397**	0.117*	-0.019	-0.192**	-0.026	0.422**	-0.044	1					
Highest level of education	0.123*	-0.104	-0.048	0.084	-0.041	-0.021	0.080	-0.059	1				
Reservation wage	-0.184**	-0.092	0.039	0.103	-0.032	0.028	-0.069	0.060	-0.080	1			
Soft skill index	0.223**	-0.064	0.019	0.015	-0.023	-0.139*	-0.008	-0.130*	0.042	-0.102	1		
Hard skill index	-0.200**	0.069	-0.025	-0.024	0.036	0.302**	0.117*	0.230**	-0.104	0.095	-0.064	1	
Job search index	-0.086	-0.043	0.028	-0.294**	-0.140**	-0.019	-0.083	0.033	0.041	-0.088	0.099	-0.028	1

*** denotes significance at 0.05 level ** denotes signifinace at 0.01 level**

Source: Survey data (2016)

APPENDIX C: LETTER FROM THE LANGUAGE EDITORS

expertenglisheditorscc

CERTIFICATE

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TO WHOM IT MAY CONCERN

This is to certify that I have edited the following document for English style, language usage, logic and consistency; it is the responsibility of the author to accept or reject the suggested changes manually, and interact with the comments in order to finalise the text.

Specifically:	Chapter 1, Chapter 2, Chapter 3 and Reference list only.
Author and Institution:	
Jacques De Jongh:	Faculty of Economic Sciences and IT, North-West University, Vaal Triangle Campus, South Africa
Student Number:	23523417
Degree:	M. Com. Economics
Title:	Youth employment barriers in the Emfuleni and Metsimaholo local municipal areas

Sincerely

DAVID LEVEY

Electronically signed

2017-05-26

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DECLARATION OF LANGUAGE EDITING

31 July 2017

To whom it may concern

This is to confirm that I, the undersigned, have language edited Chapter 4,5 and 6 of the dissertation submitted in partial fulfilment of the requirements for the degree Magister Commercii in Economics at the North-West University, Vaal Triangle Campus of Jacques De Jongh entitled: *Youth Employment Barriers in the Emfuleni and Metsimaholo Local Municipal Areas.*

The responsibility of implementing the recommended language changes rests with the author of the dissertation.

Yours truly,

Jomoné Müller