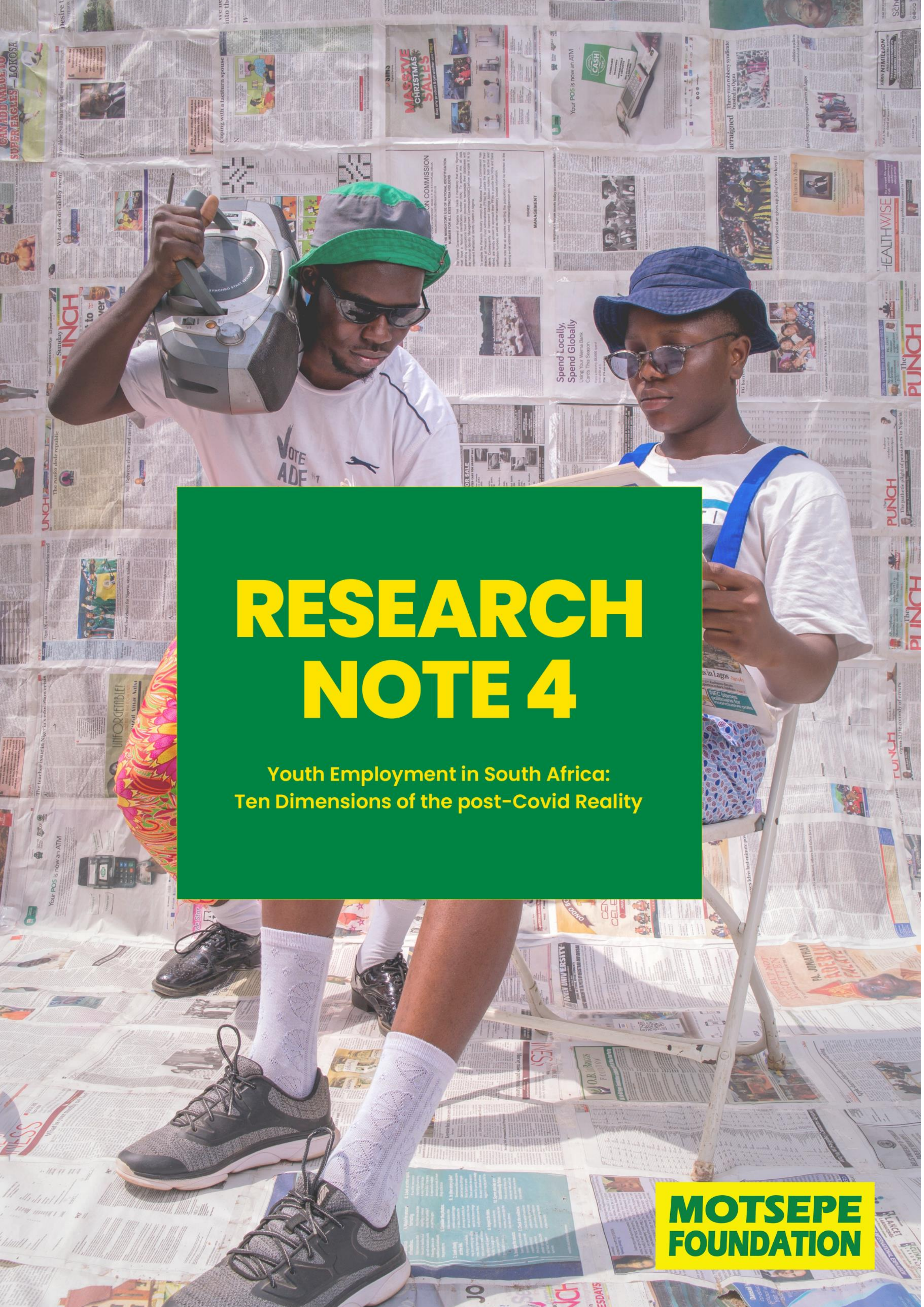


RESEARCH NOTE 4

Youth Employment in South Africa: Ten Dimensions of the post-Covid Reality

MOTSEPE FOUNDATION

FOREWORD

This timely Research Note shows us that we are not providing enough economic opportunity for young people, and that the gap between younger and older people in labour market participation has continued to grow as we emerge from the Covid period.

Our unemployment crisis is, really, a crisis of unemployment for those aged 34 and younger. Covid made this worse, but in the decade before Covid we also didn't see growth in the total number of youth jobs.

We need to create more youth jobs, it is that simple. To do this we need general economic recovery, an education and skills development system that aligns our youth's capabilities with areas of global and regional growth and innovation, meaningful support to the most vulnerable work-seekers, and effective partnerships between the public and private sector.

4IR technologies are set to accelerate further, and if we are not prepared for shake-ups in our economies we risk being left behind. We can and must do more to ensure that young boys and girls have the skills and flexible mindset that are needed to flourish in the coming digital economy.

Research suggests that, globally, young people right now are less happy than a decade ago. We should not underestimate the mental health challenges our youth face: helping youth cultivate mental resilience, ensuring support is available when they need it, sharing advice: these must become the norm in all institutions and communities.

I strongly believe we can create youth jobs and reduce the youth unemployment rate. To do this will need determination, partnership and a clear sense of where the challenges lie.

This Note sets out the basic scope of the challenge; not to end the discussion, but as a further basis for the urgent actions that are needed.

Dr Precious Moloi-Motsepe

Co-Founder and CEO: The Motsepe Foundation

1. INTRODUCTION

The recent release of the Quarterly Labour Force Survey (QLFS) for the first quarter of 2023 means we now have a full three years of data to track the impact of the 'Covid years' and gauge the extent of recovery from this challenging time.

This Research Note, the fourth in our series, is mainly descriptive in aim: we wanted to look at changes in the labour market circumstances of youth over this time, across various dimensions.

South Africa entered the pandemic period with a labour market that was already struggling to create youth jobs, where many youth vulnerable, and where there were too many youth who were so-called NEETs (not in employment, education or training).

This Note looks at labour market data from the beginning of 2020 to the first quarter of 2023 to establish how young people were impacted by the pandemic.

2. A FEW BASIC NUMBERS

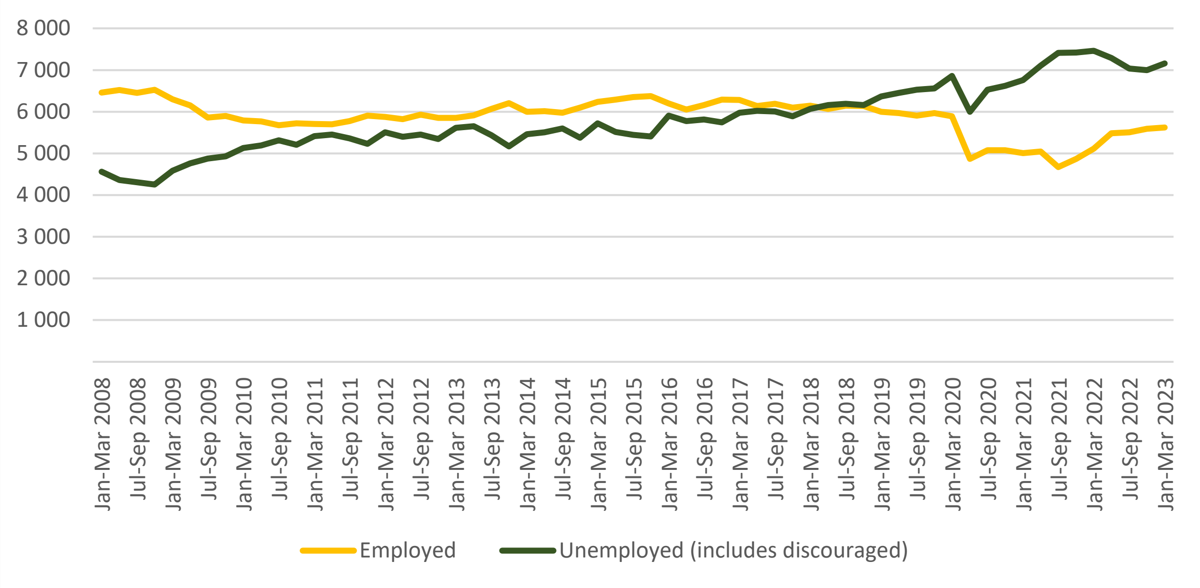
Currently there are 20 752 000 young people aged 15 to 34.

Of these, just under 8 million (or 38%) are not economically active, with the majority being scholars and students.

The remainder, 12.8 million young people, form part of the expanded definition of the labour force: they are either employed, looking for work unsuccessfully, or want to work but have given up looking for a variety of reasons, of which discouragement is the main one.

Figure 1 gives a broad sense of the relative mix of these youth in the broad labour force since the beginning of 2008. The flattening and then decrease of youth jobs is evident, as is the symbolically charged cross-over point in the second quarter of 2018, when for the first time there were more unemployed than employed youth, a trend which has not been reversed to date.

Figure 1: Youth (15-34) Employed and broadly Unemployed, Q1 2008-Q1 2023, '000



3. DIMENSION 1

Until Covid, total employment was increasing, but youth did not share in this jobs growth.

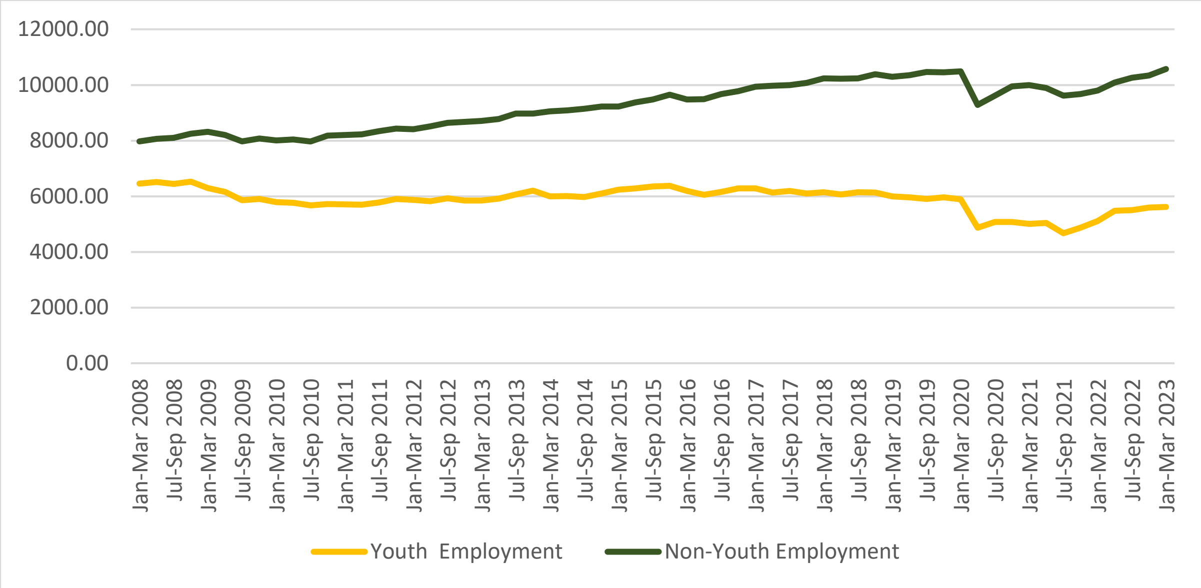
In the decade between the global financial crisis and Covid, the South African economy created around 2.7 million jobs. [1]

Even in this period, however, and as noted above, comparatively few *youth* jobs were created, and there was consequently a growing divergence between youth and non-youth labour market prospects.

The decade before Covid saw the youngest age group (15 to 24) lose about 100 000 jobs, and the cohort 25-34 experienced only a modest increase in jobs of 311 000 (or roughly 30 000 per year). By way of comparison, in the case of the 35-64 age group, about 2.5 million jobs were created over this decade, or around 250 000 per year.

[1] A large share of these jobs were in the public sector, and private sector job creation has been much less. Job creation has not sufficient to reduce the unemployment rate.

Figure 2: Youth and Non- Youth Jobs Since the beginning of 2008



Youth jobs, in other words, had been 'flat' for a considerable length of time, even before Covid. To date, in fact, youth jobs have still not re-attained the number they had at the end of 2008, of around 6.5 million.

For youth, then, the psychological impact of high unemployment and low job prospects would in many instances be exacerbated by a sense of being left behind compared to older cohorts.

4. DIMENSION 2

Covid affected employment across all ages, but recovery of lost youth jobs has not occurred.

As of March 2023, South Africa had still not gotten back to the pre-Covid total number of jobs, with employment, at 16 192 000, being about 190 000 less than in March 2020, and 340 000 less than the jobs high point at the end of 2018.

Table 1 gives youth and non-youth jobs for the first quarters of 2020,2021, 2022 and 2023. What is striking is that 15% of jobs held by those age 15-34 were lost from the first to the second quarter of 2020, compared to 5% of non-youth jobs, illustrating the vulnerability of many of the job's youth hold.

After the devastating first Covid quarter, youth job creation outpaced non-youth job creation, but not to a sufficient degree to regain lost ground.

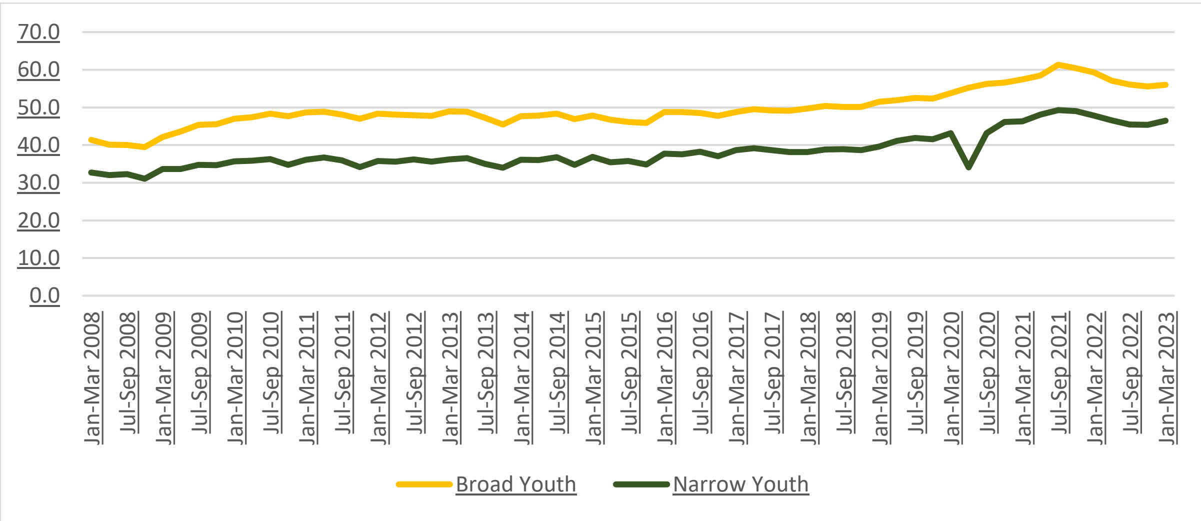
As a result, at present there are still about 5% (270 000) less youth jobs than before Covid, whilst for non-youth, jobs there are now slightly more than in the quarter before Covid. This means a further decrease in the youth share of total employment, from 36.0% to 34.7%.[2]

Unsurprisingly therefore, the unemployment rate for young people has continued increasing, and now stands at 46.5% on the narrow definition and 56.0% on the broad definition.

Table 1: Youth and Non-Youth Employment, First Quarter, 2020-2023

' 000	Jan-Mar 2020	Jan-Mar 2021	Jan-Mar 2022	Jan-Mar 2023	
Youth Employment	5 891	5 005	5 111	5 619	
Non-Youth Employment	10 492	9 990	9 803	10 573	
Youth Share of Jobs (%)	36.0	33.4	34.3	34.7	
% Change					**Overall Change**
Youth	/	- 15.0	2.1	9.9	-4.6
Non-Youth	/	-4.8	-1.9	7.9	0.8

Figure 3: Broad and Narrow Youth Unemployment Rate



[2] In 2008, at the height of the pre-GFC boom, this ratio stood at 45%.

5. DIMENSION 3

Younger workers were more vulnerable to job losses, though the group 30-34 lost the most jobs amongst youth.

Within the youth cohort, the group 30-34 contributed 40% of youth job losses, or about 107 000 jobs, followed by the 25-29 group and then the 20-24 group.

However, this in part reflects the fact that older youth were more likely to be employed in the first place.

The youngest group (15-19) saw a 19% reduction in total jobs from March 2020 to March 2023.

Table 2: Youth Job Losses March 2020 to March 2023, by Age Group

	Nr. of Jobs Lost	Share of All Youth Jobs Lost	% Change
15-19	-17 498	6.4	-18.9
20-24	-56 781	20.9	-5.4
25-29	-89 436	32.9	-4.2
30-34	-107 735	39.7	- 4.1

6. DIMENSION 4

More young men than young women lost their jobs, but women were more vulnerable to job losses.

More young men than young women lost their jobs over these three years (141 000 vs 131 000); however, this is partly a reflection of the fact that more young men than women were and are in employment.

Proportionately, at the end of the period, 4.1% of male youth jobs had been lost and 5.3% of female youth jobs.

Table 3: Youth Job Losses, March 2020 to March 2023, by Gender

	Male	Female	Male	Female
	Absolute Change	**Absolute Change**	**% Change**	**% Change**
Employment	-140 720	-130 729	-4.1	-5.3

7. DIMENSION 5

Job losses have been heavily concentrated amongst youth who have not completed their secondary education.

Over this time, the number of jobs for youth with a secondary education completed essentially remained static, and a small number of jobs were in fact created for youth with a tertiary education (49 000 jobs).

The real impact has occurred amongst youth without a secondary education completed, where 324 000 jobs were lost, or 14% of all jobs held by this cohort, even after the moderate general jobs recovery of 2021 and 2022.

Table 4: Youth Job Losses, March 2020 to March 2023, by Educational Attainment

	Secondary not completed	Secondary completed	Tertiary completed
Jobs Lost	-324 354	300	49 174
% Change	-14.0	0.0	4.4

8. DIMENSION 6

Many unemployed youth can already be regarded as being part of the long-term unemployed.

Long-term unemployment is generally defined as having been unemployed for a year or more.

As Table 5 shows, a large share of unemployed youth have been trying to find work for considerable lengths of time. Amongst the oldest youth cohort, for example, 43% of unemployed had been trying to find work for more than five years. Indeed, 75% or more of unemployed youth older than 20 have been trying to find work for at least a year.

Table 5: Unemployed youth and how long they've been trying to find work

	Less than 3 months	3 months - less than 6 months	6 months - less than 9 months	9 months - less than 1 year	1 year - less than 3 years	3 years - 5 years	More than 5 years
15-19	23.4	9.5	1.9	7.9	32.5	14.7	10.2
20-24	13.3	5.6	2.5	4.7	34.7	18.2	20.8
25-29	9.7	5.0	4.2	3.7	21.5	17.7	38.3
30-34	10.6	5.0	3.0	3.6	19.6	15.1	43.1

9. DIMENSION 7

Youth Work-Seeker Discouragement[3] is high.

There are currently about 1.9 million discouraged young work-seekers, compared to a million discouraged work-seekers who are older than 34.

A good indicator of the extent to which there is hope and possibility in the labour market is the ratio of the employed to the unemployed plus discouraged (essentially the inverse of the expanded unemployment rate).

[3] Discouraged work-seekers are those who want to work and are available to work but have stopped looking for work because they don't believe they will find work.

There are currently more discouraged plus unsuccessfully looking for work youth (6.3 million) than youth in jobs (5.9 million); in the case of non-youth, the reverse is true, with significantly more people in employment (10.5 million) than discouraged or unsuccessfully looking for work. (3.6 million).

Figure 4: Breakdown of Broad Labour Force, Youth and Non-Youth, Q1 2023

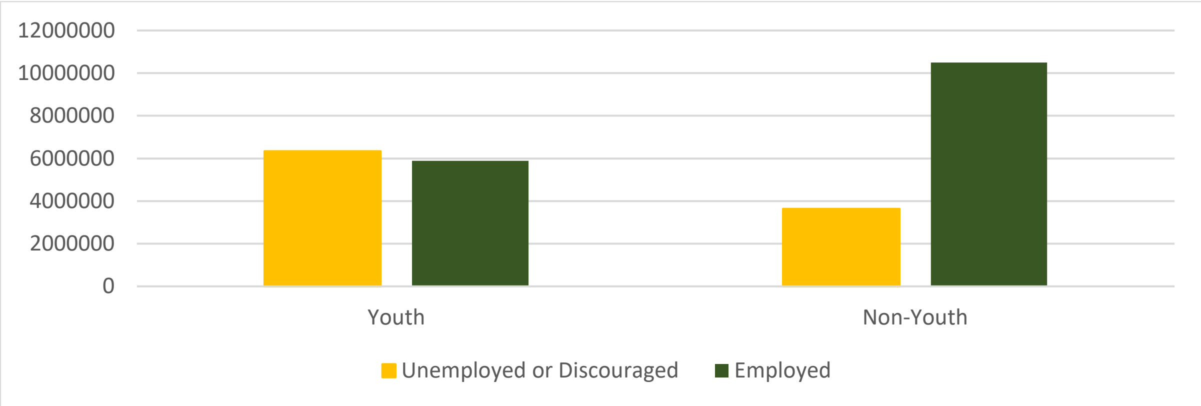


Table 6 shows the ratio of employed to unemployed plus discouraged, by age cohort, for the first quarter of 2023. For example, for every one youth aged 15 to 19 who is employed there are 5 who want to work but are discouraged or who are unsuccessfully looking for work; for the cohort 20-24 the ratio is 1 to 2 and so forth.

Table 6: Ratio of Employed to Unemployed plus Discouraged, by Age Group, Q1 2023

Age Group	Ratio
15-19	1 to 5
20-24	1 to 2
25-29	1 to 1
30-34	1.5 to 1
35-39	2.1 to 1
40-44	2.6 to 1
45-49	3.0 to 1
50-54	3.7 to 1
55-59	4.4 to 1
60-64	14.3 to 1

10.DIMENSION 8

About half of SA youth are not in employment, education or training,[4] and the share has increased over the Covid period.

A particularly high share of South African youth are NEETs, and the share has increased over Covid.

There are currently about 9.3 million young people who are not in employment, education or training, about 700 000 more than in the quarter before Covid.

Table 7: Share of each age cohort that is NEET and number, by age, in 2023

%	Q1 2020	Q1 2023	Nr in Q1 2023
15-19	15.5	17.0	0.9 million
20-24	52.1	55.0	2.8 million
25-29	53.7	56.3	3.0 million
30-34	44.9	49.7	2.6 million
35-39	39.1	44.2	2.1 million
40-44	37.2	41.7	1.7 million
45-49	36.1	39.8	1.4 million

11. DIMENSION 9

There has been a significant increase in the unemployment rate for secondary and tertiary graduates over the Covid period.

The (narrow) unemployment rate for secondary and tertiary graduates increased substantially over the Covid period. The number of unemployed *tertiary* graduates increased by 39%, or 117 000, and for secondary graduates by 29%, or about 293 000.

In both cases, the unemployment rate increased by about 5 ½ percentage points.

[4] The NEETS concept is a measure of the extent to which people are neither working nor investing in themselves through education or training.

SA now has about 416 000 unemployed tertiary graduates: more than a quarter of tertiary graduates are unemployed.

Table 8: Narrow Unemployment Rate, 25-34 Cohort, by Educational Attainment

	UR narrow	**UR narrow**	**Nr. of unemployed Q1 2023**		
25-34	q12020	q12023		% change in Nr. of unemployed	Absolute change
Secondary not completed	45.0	46.5	1 381 239	-8.2	-123 364
Secondary Completed	35.1	40.9	1 306 335	28.9	293 002
Tertiary	23.2	28.8	416 000	39.3	117 477

12. DIMENSION 10

Youth Business Ownership

Youth business ownership remains low, without a significant difference in the last three years. Business ownership remains quite concentrated in the age groups 35- 59.

Table 9: Business Ownership by Age Group, Q1 2022 and Q1 2023

Own business	**Q1 2020**	**Q1 2023**
15-19	0.2	0.2
20-24	1.7	1.7
25-29	3.9	4.5
30-34	7.3	6.1
35-39	9.1	9.5
40-44	9.9	9.8
45-49	10.3	10.2
50-54	10.9	11.4
55-59	11.1	9.2
60-64	7.2	5.3

13. CONCLUDING COMMENTS

The ten dimensions through which we have explored the post-Covid youth employment reality indicate that youth prospects have deteriorated further since early 2020 because of the pandemic.

As was the case in many other parts of the world, youth and women were disproportionately affected by the pandemic and the public health measures to mitigate its effects.

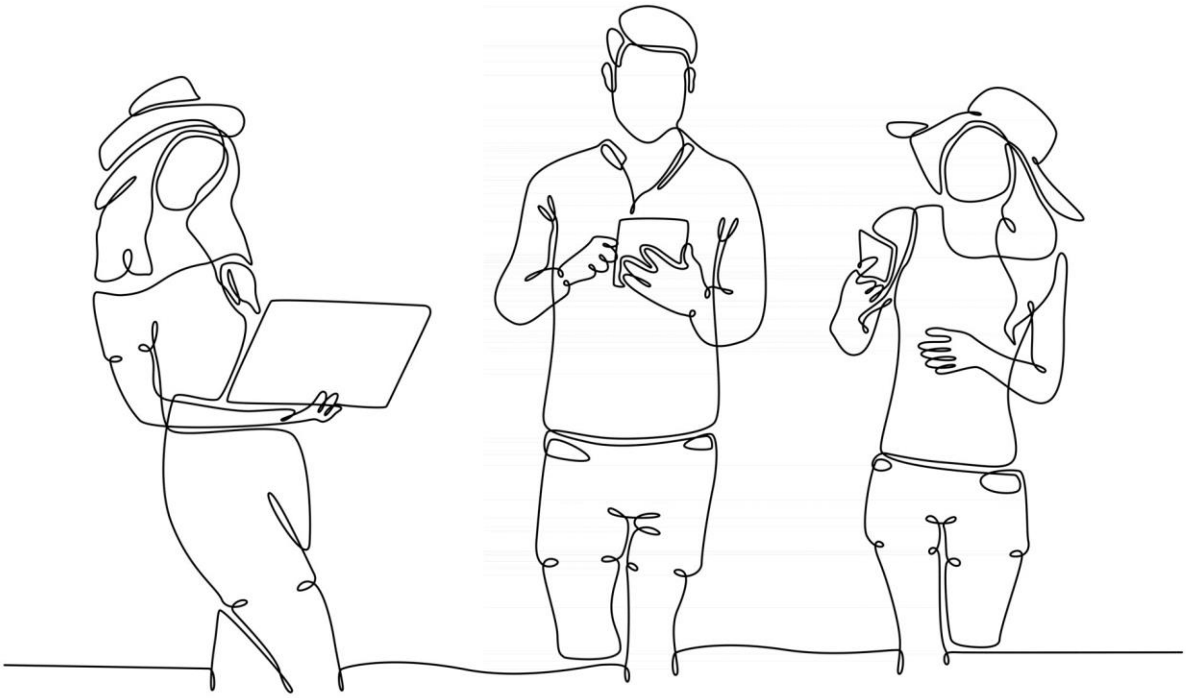
Although all youth groups were significantly impacted, there are particularly vulnerable cohorts within this cohort.

These are, firstly, the very young workers and work-seekers, who have often not completed their secondary educations. As we have seen, job losses were high for these young people and the chances of finding a job small.

Secondly, gender bias remains although more young men than young women lost their jobs, women lost a larger proportionate share.

A third important dimension is the growing share of unemployed graduates.

The data suggest the need for targeted interventions at youth, giving special focus to vulnerable youth, as well as efforts to increase economic growth to increase the overall labour demand of the South African economy.



Comments are welcome:
Len Verwey
Head of Research
len.verwey@motsepefoundation.org