

What about our youth?

South Africa's youth and the scourge of unemployment

By Philippe Burger

Professor Burger is Pro Vice-Chancellor: Poverty, Inequality and Economic Development, Dean of the Faculty of Economic and Management Sciences and Professor of Economics at the University of the Free State. He was President of the Economic Society of South Africa and a member of the South African Statistics Council, which oversees the work of StatsSA.

Youth Month is a time to reflect on the quality of life of the young people of South Africa— how far they have come and how far they still have to go to achieve the goals their predecessors died for in 1976. PHILIPPE BURGER reminds us that the picture is gloomy, with massive unemployment predominantly a youth problem. He takes a measured look at the statistics.

That South Africa has an unemployment problem is not news to its citizens. It is something we see all around us. South Africa's youth, though, suffer the brunt of the unemployment problem. Millions of young people want to work, but cannot find jobs. Many also do not possess the skills needed in an economy that competes for international market share.

How serious is the overall unemployment problem?

According to StatsSA's Quarterly Labour Force Survey released in March 2022, the official overall unemployment rate in the fourth quarter of 2021 stood at 35.3%. That translates into 7.9 million unemployed workers. Compare that to the number of unemployed people in the United States, which in April 2022 stood at 5.7 million (South Africa's population is 60 million, while the US population is 330 million).

If we include discouraged workseekers, who are people who want to work but have given up looking for a job, the South African unemployment rate stood at an unprecedented 46.2%, or 12.5 million people. That means that almost half of all people who want to work, do not have a job.

How serious is the youth unemployment problem?

The situation, though, looks much worse for South Africa's youth. According to StatsSA, in the fourth quarter of 2021 the official unemployment rate for people between the ages of 15 and 24 was 66.5%, while for people between 25 and 34 it was 43.5%. This can be compared to 30% for those between ages 35 and 44, 22.8% for those 45 to 54 and 11.4% for those 55 to 64.

The broad definition was significantly worse, with the unemployment rate for people between the ages of 15 and 24 at 77%, while for people between 25 and 34 it stood at 54%.

Interpreting numbers with care

However, the 66.5% and 77% should be interpreted with care. It does not mean that two out of three or three out of four of all youths between the ages of 15 and 24 were unemployed. There are many 15 to 24-year-olds who might still be in school or university. They might not have a job, but because they do not seek or want a job they are not unemployed.

Thus, the 66.5% is calculated on only that fraction of 15 to 24-year-olds who are in the labour market, either with a job, or wanting a job. Only 22.7% of all 15 to 24-year-olds were according to the official definition in the labour market in the fourth quarter of 2022, and it is 66.5% of this 22.7% who are unemployed. This 66.5% of 22.7% translates into 15.1% of all 15 to 24-year-olds who are officially unemployed, and 7.6% who are employed.

Using the broad definition of unemployment, the unemployment rate for 15 to 24-year-olds is 77%. Using the same reasoning as with the official definition, the 77% translates into 25.5% of all 15 to 24-year-olds. The remaining youths aged 15 to 24 are not

*Then and now*

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Altogether, 44.7% of all people between the ages of 15 and 34 were classified as not employed, in education or training.

in the labour market. Though many of them are still at school or in training, this is unfortunately not the case for all of them.

Not employed, in education or training

There are also those who are *not employed, in education or training* (NEET). Some of them might be classified as unemployed according to either the official or broad definition of unemployment, while there might also be those who do not want a job. In other words, NEET includes the unemployed and the economically not-active who are also not in education or training.

According to StatsSA, 32.8%, or 3.4 million of the 10.2 million 15 to 24-year-olds were classified as NEET. A

further 5.9 million of the 10.4 million 25 to 34-year-olds, or 56.5%, were also classified as NEET. Altogether, 44.7% of all people between the ages of 15 and 34 were classified as NEET.

Unemployment is largely a youth problem

Putting the youth unemployment problem in further perspective, 19.5% of the 7.9 million unemployed people in South Africa are between the ages of 15 and 24, while a further 39.7% are between the age of 25 and 34. Thus, in total 59.1% of all unemployed are youths according to the official definition, while the corresponding number for the broad definition is 59.4% (that is 7.4 million out of a total of 12.5 million).

Negative or stagnant youth employment growth

A lack of economic growth is one reason for the massive unemployment numbers in South Africa. From 2010 to 2019, the South African economy grew on average at only 1.7% per year. With a one-to-one relationship between the economic growth rate and the rate at which the number of employed people grew, employment also on average grew at only 1.7% per year.

However, while total employment over the entire period increased by 17.5%, the number of 15 to 24-year-olds who are employed *fell* by 17.7%, while the employment of 25 to 34-year-

olds increased by a mere 6.9%. The employment of all youth, i.e. 15 to 34-year-olds, increased by a mere 1.2% *over the entire decade*. Thus, not only is the overall growth in the number of employed people in the economy very low and linked to a very low economic growth rate, but the employment of the youth is either falling or at best stagnant.

The Covid crisis aggravated this situation. While total employment levels in the fourth quarter of 2021 was still 1.84 million lower than in the first quarter of 2020, 1.1 million of this drop were people between the ages of 15 and 34.

Poor education and the skills mismatch

Another reason for the stagnant or negative growth in youth employment numbers is the skills mismatch. As an economy, South Africa competes with other countries, many of which are up-and-coming fast-growing emerging market countries. South African exports compete with goods from these countries for market share in the international market. So too do South African domestic producers compete with imports from other countries.

Many of these countries have workers who are well trained and therefore able to improve productivity and therefore output. The skills mismatch is observable when >>



considering how the performance of South African learners compares with their peers in other countries. According to the 2019 Trends in International Mathematics and Science Study (TIMSS) and the 2016 Progress in International Reading Literacy Study (PIRLS), South Africa's performance was quite dismal. For instance, South Africa was third from the bottom of 58 countries that participated in the mathematics and science grade 4 surveys. Morocco, Turkey, Kazakhstan and Chile did better than South Africa. And note that in South Africa it was grade 5 not grade 4 learners who participated. Regarding mathematics and science in Grade 8, South Africa came second last of the

58 participating countries and last out of 39 countries. And instead of grade 8 learners, South Africa participated with its grade 9 learners.

The importance of the quality of education should not be underestimated. Hanushek and Woessmann have shown, using data of a long list of countries including South Africa, that after controlling for the effect of other factors, the quality of education stands out as a determinant of the economic growth rates of countries. Thus, the better the quality of education, all else being equal, the higher a country's economic growth rate.

Conclusion

In the longer run, to improve the employability of its youth and increase the rate at which both the economy and employment grows, South Africa will need to improve the quality of its education. Though matric pass rates have increased, the overall quality of education still leaves a lot to be desired. Education, though, is a long-run project with a long-run return. It will take many years before better educated youths enter the labour market. In the shorter run other impediments to economic growth will need to be removed to facilitate a faster economic growth rate. But it will also require policy to ensure that such higher growth is more inclusive of the youth.

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