

# Position Paper

## Future Proofing the cluster: Unlocking Youth Potential

Last updated on 6 October 2022.

In our letter titled “Compassion for the unemployed youth”, forwarded to the Minister of Employment and Labour in September 2022, the case was made for government and industries to work together to develop strategies that will help to address challenges associated with youth unemployment, and the imperative for training and upskilling of new entrants in the jobs market. We also identify the need for access to low cost skills to reduce costs in South Africa, and suggest that there are structures needed to address the needs in a youth agenda.

South African youth are faced with limited choices when they enter the domestic job market, seeking employment: to accept a job at all costs; to stay in the country in the hope of getting a job; to stay in the country and withdraw from the labour market; , to leave the country to seek work elsewhere in the world, or to set up an entrepreneurial venture. For those choosing to stay in South Africa, the odds of finding a job are low. The statistics are clear, youth unemployment is extraordinarily high. According to recent data from<sup>1</sup> Stats SA for Q1 2022, the youth unemployment rate for youth between the ages of 15 and 24 is 63.9%. For youth between the ages of 25 to 34 is 42.1%, whilst the national average is 34.5%. This indicates a large latent potential human resource that can be developed to the benefit of the individuals involved, for the industries that employ them, and for the local economy.

We need to put aside our differences, and focus on working together to find lasting solutions to the dilemma of youth unemployment. A few points:

- a. High levels of unemployed youth in South Africa is not a new concern.<sup>2</sup>

Statistical records indicate that there have been high levels of youth unemployment (at least 45%) since 1991, based on a limited range 1991 to 2022..

- b. Inadequate education and lack of productivity is costing jobs.

Unemployment increases progressively with decreased educational levels; and the education system is not producing the skills for the labour market. Labour supply is affected by the increase in the number of job seekers over the years.<sup>3</sup>

- c. Higher Grade maths and science is critical to prepare students for a job.

To become a skilled artisan, technician, or engineer, requires candidates to have passed maths and science in their matric year at school. Various other degrees, or trade specialist jobs will require maths, perhaps not sciences.

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<sup>1</sup> <https://www.statssa.gov.za/?p=15407>

<sup>2</sup> <https://www.macrotrends.net/countries/ZAF/south-africa/youth-unemployment-rate>

<sup>3</sup> <https://www.gcis.gov.za/content/resourcecentre/newsletters/insight/issue13>

- d. Artisanal jobs are more rewarding.

The message that one would assume, following the endless newsreels, is that one needs to have a degree to get a rewarding job. This is a myth that has caused families to steer their children towards careers requiring education at university level, rather than seeking opportunities in a more technical field requiring vocational training, at a Training College level. The truth is that these technical jobs can be just as rewarding as a profession, and are similarly well paid.

- e. Youth are not attracted to work in traditional industries.

This global phenomenon is based on a lack of good information about manufacturing at schools. Better awareness and understanding has helped to bridge some gaps, and work to encourage more youth to get involved in manufacturing should be pursued.

- f. We are not applying our collective minds to seek a higher agenda in the interest of our youth.

- i. The mindset currently applied misses the value that young people bring to the economy as they grow and mature over a period of 40 plus years.
- ii. There are personal trade-offs and decisions to be made that can only be decided by the youth, with the support of elders that bring wisdom and experience to the discussion.
- iii. These important discussions cannot be decided as part of any agreement that decides any issues related to youth, without the involvement of the youth

- g. We are not seeing the strategic benefits of a large youthful population in growing the South African economy. Youth provides:

- i. a large and cheap future workforce: - Youth start their work career with relatively few or no skills, and need to be educated or trained to acquire skills. Those without the means can be trained and developed whilst on the job. The benefit to the individual is an opportunity to work and gain skills. The benefit to the employer is to have access to cheaper skills. Industry in China, for instance, continues to use this model to great effect to compete against industry in South Africa. Higher future wages would be paid as skills and experience are acquired.
- ii. a growing market for local manufactured products and services, as the employed youth would spend their money in South Africa.
- iii. a large tax base for the country and diminished dependency on the state for basic income grants.
- iv. an opportunity to increase the pool of formal taxpayers in South Africa.

South Africa, in comparison to other countries, has a youth filled population. This is a big advantage and a good problem to have if something can be done to put the youth to work and assist them to earn an income. Youth are a low cost, value adding resource, to be nurtured rather than ignored. The effectiveness of this latent potential, cannot be curtailed or risk that it might impair or limit the economy from unlocking this potential (i.e. using the need for low cost labour to increase the employment of youthful people and the need for skills acquisition to increase training, development, and knowledge transfer).

## **What can be done**

Youth are a low cost, value adding resource, to be nurtured rather than ignored. The effectiveness of this latent potential, cannot be curtailed for risk that it might impair or limit the economy. Unlocking this potential is all important (i.e. using low cost labour to increase the employment of youthful people) and efforts to attain low cost employees will need to be tempered by a strong commitment to training, development, and upliftment within predefined timing guidelines.

Technology and know-how transfers are needed for the acquisition of skills and experience, and reduce any learning curve effect to benchmark levels.

Profile the skills needed by industry, identifying scarce and in-demand skills, and other demographics relevant to the industry

Develop collaborative partnerships between industry, academia, and training colleges to ensure the relevance of training and development courses, and to ensure that industry are actively involved in experiential and on-the-job training programmes.

Assist SMMEs to attain skilled artisans from big companies with internal training programmes.

Conduct testing for aptitude and attitude, which when paired with well defined job profiles and standardisation, will help industries to find the right candidates for the job more often, whilst helping to place job seekers in the jobs best suited to them.

Create a website, and associated job-seekers network, with individual profiles for each trainee and job applicant

Focus communications to increase public knowledge on key strategic issues relating to youth, and take action to address the challenges impacting youth employability.

## **Effective youth deployment**

We support the view that low cost youth are used strategically by companies to help drive down the cost of goods and services, in return for skills and experience. It is a trade-off that needs to be further explored to ensure that once in a job, new recruits are not isolated and forgotten, and instead are supported in developing to their full potential.

Upskilling and passing on know-how to inexperienced youth is important. It is a good plan to protect the future of industries, and local economies. By lowering the costs of entry for youth, an opportunity is presented to get more youth involved in industrial activities, and increase skills, opening a gateway for youth to get into industry, and to have access to the meaningful jobs that manufacturers have to offer.

## **The way forward**

To see youth in context, we must recognise that the youth of today are going to be the custodians of industry tomorrow, and will have a meaningful impact on industry in the future. They are the next generation of leaders, executives, managers, engineers, technicians, supervisors, specialists, artisans and workers.

They are a valuable resource that needs to be nurtured and developed to their full potential. Having recognised that fact, measures need to be put in place to ensure that we enable and empower, rather than constrain. That we develop and retain, rather than supply hard earned skills to other industries and international competitors.

### **What is needed**

Money to support our 2022.23 budget, facilitators and trainers.

### **How do we get involved**

Interested parties are invited to meet with the RSA Cluster Group or its members, to find out why they think and act the way they do. They should question why we have Big plans for youth, and why it is important to know their true value to be contributed to the local economy. Not only the industry, but the dreams and aspirations of each individual employee and prospect is at stake.

For more information, please contact the RSA Clusters Group: Tel: 061 244 1234, or email: [sjardine@rsaclusters.co.za](mailto:sjardine@rsaclusters.co.za)

The RSA Clusters Philosophy regarding youth:

1. A youthful and skilled youthful workforce is a strategic advantage.
2. Different levels of productivity, inquisitiveness, efficiency and integrity set workers aside from one another.
3. Support institutions will play an important role to create awareness, develop appropriate programmes, facilitate training and development, and uplift skills.

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A cluster initiative is a good place for independent businesses to work together on common purpose projects to increase competitiveness by increasing productivity and opportunity.

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See also other position papers on our website.