A foot in the door: NGOs as workplace intermediaries in the South African youth labour market

Veerle Dieltiens

Abstract

Workplace intermediaries (WI) function to match people to job opportunities. At a minimum, that may simply require selecting a person for an available position. But the function of an intermediary can include much more – such as providing support to potential employees before and after recruitment and even helping to expand the number of job openings. With unemployment rates amongst youth at unprecedented levels, and with questions raised about the effectiveness of both market and government initiatives to stem the problem, non-profit organisations (or Non-Governmental Organisations) have stepped in to try their hand as workplace intermediaries. This paper draws on nine case studies to map out the role played by NGOs as workplace intermediaries in South Africa. It relates the explanations these NGO-WIs give for youth unemployment and the solutions they offer. The paper concludes that, while the work of these NGOs is important and sometimes innovative in helping young people get a foot-in-the-door, it is generally limited to matching youth to existing jobs. Rarely are South African NGO-WIs able to swell the number of jobs or help rejuvenate an economic sector to expand employment opportunities. That is because they tend to function in a context absent of an industrialising policy.

For a short article based on this paper, see the online forum *Econ3x3*, September 2015.

The **Research Project on Employment, Income Distribution and Inclusive Growth** is based at SALDRU at the University of Cape Town and supported by the National Treasury. Views expressed in REDI3x3 Working Papers are those of the authors and are not to be attributed to any of these institutions.

A foot in the door: NGOs as workplace intermediaries in the South African youth labour market

Veerle Dieltiens

Centre for Education Policy Development (CEPD), Johannesburg

1. Introduction

Concern at the escalating numbers of unemployed youth has led to an increase in interest globally in the role of workplace intermediaries (WI). In his paper, Andre Kraak (2015) argues that because the labour market is essentially a socially constructed phenomenon, it is possible for workplace intermediaries to help reshape the labour market in a way that makes it more open to hiring unemployed youth. They can do this by working on the supply and / or the demand side of labour employment. Firstly, on the supply side, WIs may support young people to find employment and to develop the social networks and social assets they need to hold down a job. Secondly, on the demand side, WIs could work to change employers' negative attitudes to hiring untested young people. Finally, WIs may even help to grow the youth labour market by encouraging investment in new industries and seeing untapped opportunities.

This paper provides a description of the different interventions that South African NGOs acting as Workplace Intermediaries (NGO-WIs) make in response to their specific appreciation of the causes of youth unemployment. To assess the relative success of these interventions, we look at the extent to which they add-on measures beyond simply matching young people to job opportunities and whether the intervention could be said to increase the number of jobs / opportunities for first time entrants. The difference WIs bring is in the number of add-ons they affix to the recruitment process. They work both on supporting young people to find and hold a job and on the demand side, to change the quality and content of jobs (Kraak, 2015). They are embedded in the labour market and can reshape employer demand. At best, they aim to satisfy both the interests of recruits and those of business.

This paper begins by briefly explaining the methodology used in selecting the case studies for this study. It then moves to defining the NGO as a workplace intermediary – and how we might differentiate it from state interventions on the one side, and recruitment agencies on the other. The paper then analyses the findings from the nine case studies – looking at the

NGO-WIs' explanations for why young people struggle to find work and their solutions to alleviating youth unemployment. The paper concludes by considering the value that NGOs add to the recruitment of youth into the economy.

2. Case studies of NGO-WIs

The main aim of this study was to search for Workplace Intermediaries in the South African youth labour market and describe their activities. The focus was on the Non-Governmental sector because we were interested in intermediaries that were neither obviously associated with the demand-side of the labour market (such as labour brokers) or with state interventions on the supply-side. WIs hold a precarious in-between place in labour markets – being both connected to the unemployed youth and employers. They need to be seen to be impartial – which they mainly do by promising reciprocity. NGO-WIs, therefore, argue that their mediations into the labour market are good for both the unemployed youth and for business.

The South African NGO sector in general is dominated by organisations that are adjuncts to government service delivery, stepping in to alleviate economic and social misery, or to advocate policy improvements to government provision (Coalition on Civil Society Resource Mobilisation, 2012; Greenstein, 2003; Habib, Maharaj, & Nyar, 2003). NGOs are not normally thought of as organisations that help unemployed youth to find work. But with youth unemployment reaching unprecedented levels, and the urgency with which it is talked about, there have been arrivals on the NGO scene which have stepped into a vacuum to try match youth labour with the labour market. In a survey of the Non-Profit Sector (published in 2002), it was estimated that there were 5712 NPOs involved in employment and training (3790 in job training programmes, 922 in vocational counselling and guidance and 1000 in vocational rehabilitation and workshops (Swilling & Russell, 2002, p. 30). That is 6% of the total number of NPOs (of 101289).

For this study, an initial group of NGOs was identified through a search of Prodder (a web-based directory of NGOs, www.prodder.org.za) as offering youth training, placement or support for employment opportunities. That list was then supplemented with beneficiary organisations of the National Treasury's Jobs Fund, and others were then added on the advice of the first group. Almost 30 organisations were listed. Some fell away because their information was outdated and no contact details were provided. Finally, a sample of nine NGO-WIs was contacted and management were interviewed.

The table below summarises data on the case studies.

Table 1: Ten 'intermediary' case studies interviewed, 2014				
NGO case studies	**Where**	**Intervention**	**Numbers**	**Cost**
Ambassadors Youth and Community Development	Web-based	Recruitment Junction: A multi-facet website www.recruitmentjunction.com gives free online recruitment services for those who are able to use computers and cell phones. The main focus of the project is on job-creation, self-development and empowerment.	n/a	n/a
Action Volunteers Africa	Western Cape	Offer one year volunteering positions in NGOs as transition to finding full time work ▪ Small subsidy to NGOs to cover costs of volunteer management ▪ Small stipend to volunteers to enable them to work ▪ Hand-holding support throughout the volunteer experience ▪ Formalised training/development via monthly motivation forums	2013: 30 full-time volunteers (In 2014: 16.5% were working; 16.5% retained in host NGO; 53% studying full-time)	+/- R20,000 / participant over 10 months
Dinaledi Alumni	North West	▪ Advocacy campaigns to encourage government and business to employ graduates. ▪ Database of unemployed graduates.	12 members on a committee 50 candidates listed on database	n/a
Fetola **The Graduate Asset Programme (GAP)**	Western Cape / Web-based	Matches graduate interns with SMEs looking for skills. ▪ **Web-Based Candidate Selection.** The GAP portal will be a single entry point for host businesses to find, assess, recruit and support suitable graduate interns. ▪ **Work-Readiness Training.** (Office readiness, MS Office, telephone, productivity, etc.) Fundamental skills (Driving skills, English for Business, Business reality) ▪ **Post Placement Support .** Intern Mentor (1 x week, monthly report)	Target placement of 24,000 graduates over 3 years (launched in 2013), with successful conversion of 30% of these into longer-term opportunities in approx 8500 small and medium host businesses.	3-year budget is R29 million, of which Jobsfund have pledged R8 million and Old Mutual R1 million.
Harambee	Gauteng	▪ ***Contracting*** with employers around available jobs ▪ ***Sourcing*** youth who are most in need of employment ▪ ***Matching*** candidates through analysing their psychometric profile, interest, competence and commitment to different pre-contracted jobs and employers ▪ ***Bridging*** candidates(5-30 days) to address their behavioural and basic competence gaps required to integrate into the world-of-work ▪ ***Placing*** candidates into pre-contracted jobs where the candidate has the basic skills and behaviours to integrate into the world-of-work ▪ ***Mentoring / coaching*** both candidates and employers to increase the likelihood and success of candidates integrating and performing in their first job	10000 placement target reached, end 2014	High end complexity jobs +/- R30000, Retail and hospitality jobs +/-R5,500 Depend on a mix of private and public sector funding and social investment.
Itshepeng Skills and Development Centre	Gauteng	Sources opportunities and places youth in low-level jobs (currently only one company remains on board) Manages work schedules and payments	60 people hired as general workers since 2009; 6 people appointed to permanent positions	R10,000 'donated' per month by company for NGO's feeding scheme

Red Cap Foundation / Jumpstart	National	Target underprivileged matriculants between the ages of 18 and 30 Life skills training (min of 40 hours conducted by 30 partners / NGOs including career guidance module, customer service module, job readiness, psychological area (healing of the past)) Basic assessment of the candidates 6 day workplace experience – at a Mr Price store, Spar or Hub store.	4800 candidates in a year pass the assessment.	R1000-R1500 / candidate
Revolution Labs (RLabs) **Grow Leadership Academy (GLA)**	Western Cape	Six week social entrepreneurship training to 18-25 year old unemployed youth, free of charge. Business solutions to a social problem pitched to a panel and the best ones move onto a week with industry professionals The best three are then nurtured in the innovation incubator. The other ideas are seeded in the 'Sand Box'.	800 placements, 22 social enterprises incubated, 185 businesses inspired. 28000 young people trained 21000 of those 'economically empowered'	
Youth Cafes **Partnership between RLabs and WC Department of Social Development**	Western Cape	Cafe where youth (between 16 and 25 years) can interact and attend life skills training sessions. Computer, internet and printing facilities. Cafe operates on virtual currency (downloaded onto cell phones) earned for 'doing good' (volunteering, and attending training) Virtual currency can also be used for metrotrain, hairdressing and sanitary provisions. Youth between the ages of 16 and 25 are eligible to sign up with an id and proof of residence. With no advertising.	1100 people signed up in first two months of Youth Cafes' operation	n/a

Interestingly, all these organisations (bar one) are recent arrivals on the NGO scene (i.e. not older than 5 years). Not all NGOs were able to give a definite answer to how many successful placements they achieved. Only two (Harambee and Jumpstart) can be considered large-scale intermediaries.

It needs to be said that not all the 'intermediary' organisations think of themselves as NGOs. Both Jumpstart and Harambee were established as Corporate Social Investment projects (for Foundations) and are most consciously intermediaries – but they do not classify themselves as NGOs. Harambee's Tamera Campbell explains:

> "We've worked tirelessly to avoid being classified as such, but in particular forums our position is that we are not in the business of making profits. We want to show the private sector that we operate like a private sector entity, that we understand their business constraints and are able to match their high quality entry level because our only measure of success is their satisfaction. We operate like a private sector entity and that's not to say there aren't well run NGOs, but we try to position ourselves closer to that demand side because our survival depends on them giving us jobs" (interview,18.9.2014)

Campbell points to a tension for NGOs between being positioned on the supply side or the demand side of the labour market. To be on the demand side, it helps to show affinity with business, to operate on similar profit-making principles. To be on the supply side, NGOs have

to show that they do not extract profits from human resources. The NGO-WI, therefore, has to occupy the neutral space between being seen as too pro-business and too pro-labour.

It's that aspect which puts NGO-WIs in a seemingly different category to labour brokers which have profit as their primary motivator. The assumption is that labour brokers are vested in their core business in its narrow definition – to recruit and place the unemployed – without being interested in or distracted by the provision of additional services which the unemployed (or their potential employers) are not likely to pay for. NGOs tend to be non-profits offering services to beneficiaries without the expectation of pay-back (at least not beyond what's necessary to cover operations).

At the same time, NGO-WIs can be distinguished state-aligned Sector Education and Training Authorities (SETAs). SETAs are charged with facilitating workplace education as well as supporting the training of new entrants into the labour market. SETAs are funded through a tax of 1% of businesses' pay-roll – which they in turn channel back to industry on receipt of a workplace skills plan. Although SETAs have increasingly been expected to spend more funds on supporting workplace entrants, the main function of SETAs has been to focus on existing workers. They are therefore mainly involved with training an urban working class (even middle-class) than they are with an unemployed, youth sector. The Ministerial Task Team that evaluated the performance of SETAs noted that their mandate was too broad making "it impossible for SETAs to carry out all their responsibilities" (Task Team on SETA Performance Review, 2013, p. 8). The SETAs were also criticized for the limited amount of skills development that was actually support: "Targets are often unrealistic and focused on immediate shortages rather than projected needs" (Task Team on SETA Performance Review, 2013, p. 8).

The NGO sector therefore offers possibilities for finding alternative routes for young people into employment. The means by which they do so is reviewed next.

3. The barriers to employment and the means to employability

The blame for youth unemployment is wide-ranging and often described in combinations. But fault is often laid either with the youth (and their skills mismatch with business) or with business (and their failure to do enough to create new jobs and incorporate youth).

Kraak (2015) points out that changes in the nature of work and the demise of the internal labour market (in advanced capitalist countries) have resulted in a leaner workforce which in turn has had a downward pressure on new entrants to the labour market. Younger people have a harder time finding work as a result to segmentation, discrimination and exclusion.

In South Africa, youth unemployment stands at approximately 40% (South African Institute of Race Relations, 2015). The NGO-WIs gave six explanations for youth unemployment. These are described below (in no particular order). The solutions designed by the NGOs depend on which cause they put most credence on.

3.1 Youth lack technical and soft skills

The most familiar explanation for youth unemployment is that young people lacked the skills and experience that employers were looking for. Harambee's research, for example, found that companies were nervous of hiring matriculants for two reasons: firstly, because they did not trust the matric certificate as a good predictor of performance on the job; and secondly, young people with no former exposure to a professional environment did not know how to conduct themselves.

Technical competencies for entry-level jobs could usually be picked up relatively quickly. Some intermediaries avoided training candidates with hard technical skills, considering it the role of the employer and also not wanting to limit the opportunities to the skills provided. Nevertheless skills-training is a central service offered by the NGOs. At a minimum, such training would include some career guidance and customer service for the retail sector. But much higher level training was also available. Revolution Labs (RLabs) provided end-user computer training that people could then use to develop enterprises.

A related problem to lack of the technical skills was that businesses perceived young people as lacking 'soft skills'. Most of the NGO-WIs reported that a common complaint from business was that young people were not socialised into the habits and routines of work-life. Action Volunteers Africa (AVA) explained that what young people needed was "navigational capacity" – helping youth to juggle competing priorities:

> "sometimes family responsibilities that people have can completely overwhelm a programme. ... I had a conversation with my volunteers the other day about what constitutes a family emergency or a family crisis and how much time you can take for that because of the notion of family is just so much bigger and the kind of responsibilities that people have. So that kind of thing is starting to become more and more important as structures become more formalised to say well, in a formalised structure people have to fit into it. You can't miss your job. You get three days of compassionate leave or family responsibility a year, you can't just be taking off" (interview, 19.9.2014).

Sometimes perceptions of youth were laced with racial and gender stereotypes. Coloured youth, for example, tended to be tarred as unreliable and afflicted by drug abuse. Young women could not be depended on because of unplanned pregnancies and other family responsibilities. The NGOs had to battle these stereotypes and try prevent them being perpetuated.

None of the NGOs considered personal deficits the only or even the most important reason for unemployment and they generally spoke of youth that they worked with in highly complementary terms. Nevertheless almost all of them believed personal development a necessary first step in training young people for the workplace. Understanding that many young people had suffered trauma, that family breakdown left its scars, that a lack of role models meant few had ambitions beyond the boundaries of their known world, and that these all compounded feelings of inadequacy or lack of confidence, almost all the intermediaries began a process of personal maturity with the youth. For some this could be an extensive three month induction. For others a nine hour body mapping workshop. It's expensive. Psychologists were often on hand. Harambee use a series of 18 psychological and aptitude assessments to determine career match. A senior manager says they:

> "assess to see where we can channel our young people and up to the chance of retention. Even though the young people would have potential we still try to understand the gap so we know how long individuals would need to be put in bridging before they can meet entry level standards. It's not a pure elimination process because we train them so they are ready for employment" (interview, 18.9.2014).

Sometimes the role of professionals (in the development of the soft skills) was replaced by peers. RLabs started out with a group of young disaffected youth from the Cape Flats who linked up with a university IT lecturer for a course called 'social media for social change'. One of that early group explains:

> "everybody was thinking that there is no end to it, that you will end up a drug addict or you'll end up dead. And so we just set out to gather our stories, our stories of hope – we came out to do that online and we did that through blogging and through Twitter and Facebook and we just connected with people wherever we could" (interview, 7.8.2014).

Today RLabs offers a Grow Leadership Academy, a 12 week course that includes an intensive process of self-reflection and peer counselling. RLabs do very little advertising and yet have become a magnet for people searching for self-improvement opportunities but often also wanting to make a difference in their communities. According to a founder member of RLabs:

> "you cannot say you don't qualify to be here, your qualifications are purely based on your passion to be here." Moreover, "We believe that diamonds come from the rough. For us everyone wants to get a diamond for jewelry and when it is shiny, but we go out and find those gems in the most unlikely of places" (interview, 29.9.2014).

The psycho-social training is quite intensive and long, and without a stipend or immediate job opportunity, it is likely the more determined youth will self-select to be part of the RLabs programme.

The volunteers at AVA go through the psychological process of self-portraiture: "We do a lot of work around self-determination in terms of 'who am I', 'what have I been through', 'what

do I actually have to offer' and 'where can that take me'" (interview, 19.9.2014). The process is meant to build self-confidence and prepare them for the loss of face that can sometimes accompany entry level work.

One NGO-WI has no organisational capacity to provide first time employees with any backup support. Iris Erins the director of Itshepeng, laments how difficult it is to keep her recruits in their low-level jobs. She can only plead with them:

> "Die deur gaan oopmaak, maar ek kan jou net help as jy daar ingaan. Jy kan of vir jare werk met 'n kontrak vir jare of jy kan 'n gemors maak. Dit gaan van jou af hang. Jy gaan om te werk. Jy gaan doen wat die Caxton bestuurders vir jou sê om te doen. Jy gaan nie om vriende te maak nie of om te steel of te rook. Jy het gevra vir 'n werk. Moenie jouself teleurstel nie" (interview, 28.4.2014).

Many of the intermediaries therefore try to shore up the self-assurance and poise of the youth as they step into unfamiliar terrain. But is it unclear what measurable difference life-skills training has in comparison to spending more time on technical skills. Rigorous monitoring and evaluation of these projects has not yet become routine. For example, there was little consensus on the ideal length of time needed for training of both hard and soft skills. Some argued that they needed at least six months to help train, orientate and settle young people into the workplace. But Jumpstart's full training (of soft and hard skills) is only 6 days and they claim that in feedback from store managers, 75% agreed that the candidates placed there are suitable.

3.2 Reluctant employers

A second barrier to youth employment was the flip-side of the first – the problem was seen less as youth deficits and rather as business's frosty attitude to young people with little experience, untested in the workplace. Under the impression that it was difficult to get rid of permanent employees once they were listed on a pay-roll, employers were making do with fewer personnel or hiring casual staff. Harambee's initial research found that few new faces were being hired in their stable of businesses and the same employees were being circulated through various positions. As a result, the cost of the entry level wage bill was high and new hands had to unlearn the habits, products and technical knowledge acquired from their previous employer. Business is risk adverse when it comes to staffing and is therefore not proactively opening up doors to new employees. But that means they are losing out on hiring new talent.

Although Harambee acknowledges that the shortage of jobs is an inelastic constraint on youth employment, its focus is on unblocking the channels to potential jobs that have been boarded up by employers' reticence to take on new permanent staff because of fears (warranted or not) that they will be locked into long-term contracts that would be expensive to terminate. Harambee nevertheless insists on placing recruits only into permanent posi-

tions (also a condition of receiving money from the National Treasury's Jobs Fund of which Harambee is a beneficiary).

Some intermediaries were therefore trying to turn around the attitudes of employers to youth and persuading them to accommodate the training and other needs of entry level workers. Intermediaries will get to know the industry and employers' needs and carefully match their recruits. Jumpstart, for example, said they had become much more focused on what the employers want. Says Tim Hillier, programme manager of Jumpstart:

> "We've turned the ship more into business values. We haven't forgotten about the developmental values but our focus is more on the business side of things because this is the sustainable link for the project" (interview, 13.10.2014)

Survival through the first year of employment is a crucial test of long-term employment and the intermediaries, having got youth into jobs, often continue to bridge that support into the early months of employment. To help assure businesses in the probationary period, some NGOs provided mentoring support. AVA, for example, offered a lot of hand-holding early on, with weekly phone calls to check-up on placements and monthly motivational sessions.

> "We're there for them [the employers] to complain when they [the volunteers] don't come and that kind of stuff and to do the troubleshooting so it's quite nice. It's a bit like a young person with a parent that you can tell on them" (interview, 19.9.2014).

Volunteering provides a transitional period for sliding youth into full-time work. As volunteers, youth from disadvantaged communities gain an insight into the workplace, the stability of routine and access to networks. They were often involved with community-service type work, which gave them a taste of doing good by their community and the confidence that comes with being needed. According to Action Volunteers Africa (AVA):

> "So they get work experience, new skills and find out what they are good at and often find out what it is they want to do through this experience. Because there's nothing to replace practically doing something which you thought you might like to do. And we believe that it increases trust in the goodness of the universe. The NGOs they love it because it increases their capacity and resources" (interview, 19.9.2014).

But voluntary work is without the reward of a wage, and maintaining commitment to the job could be difficult. AVA found they had to give their recruits a small stipend to cover costs of getting to and from work. They also contributed R750 to the organisation in which their volunteer was volunteering to compensate for the organisation having to oversee their work. Volunteering also resulted in a gender-bias, with more women staying the course than men, who were generally under more immediate pressure to provide financially for their families.

The NGO-WIs also provided quite substantial HR services before and after initial employment take-up. The NGOs conducted stringent selection processes to filter out unlikely candidates. Harambee had a relatively intensive process of profiling applicants using psychometric

testing. For AVA: “part of it is instinct and part of it is, someone who’s been unemployed for a while, someone who hasn’t had the opportunity, who can see this is a golden opportunity and is prepared to run with it” (interview, 19.9.2014).

The NGOs also sometimes acquaint new employees regarding the rules of workplace, intervene when an employee has been absent without leave and in one case study, the NGO even handled the payroll for the new employees. In this latter instance, the NGO received a monthly ‘donation’ of R10,000 to be used in their soup-kitchen.

The NGO-WIs therefore helped alleviate the concerns of employers to taking on new appointments either by persuasion or by practically taking on some of the tasks in overseeing new recruits.

3.3 Lack of information

A third barrier to employment was argued to be the weak connections between the unemployed and possible openings. Here NGO-WIs argued that there were unfilled vacancies and there were youth ready to fill those positions but the matches were not being made because information was not being shared. Young people did not know where to look for openings or how to apply. Unemployed youth, especially those outside of urban centres, did not have access to print media and internet cafes and simply did not know about job openings or application procedures. Neither do young people from disadvantaged backgrounds have the networks to introduce them to potential employers. Costs associated with internet cafes and transport were further inhibitors. Moreover, the bureaucratic labyrinth threw up walls that hid the job at the end-point. Businesses appear to rely on the maze as the first test in the odyssey to find a permanent job – the first filtering mechanism.

The remedy must be for employers and unemployed to find each other. Harambee’s Campbell uses the analogy of a dating agency and a finishing school. “We took the value chain of sourcing talent to retaining it and put it together.” Intermediaries are matchmakers, wooing in reluctant businesses to partner with young talent.

Probably the quickest way to letting one side know about the other was social media. Ambassadors Youth and Community Development’s (AYCD) Recruitment Junction is a website linked to other social media platforms that provide information on learnerships, jobs and training opportunities. Thought up between two friends on a long car trip, the idea spiralled very quickly. According to AYCD’s Aneil Manmohan:

> "We didn't expect people to take to our website and social media like they've done," says. "We have 1,000s of traffic on the website weekly. On the Facebook page, there is over 100,000 likes and interaction is real – if you ask a question on the Facebook page, you're getting thousands of responses" (interview, 15.8.2014).

They also started sms-ing job adverts as soon as they appear. It has cost them almost nothing. AYCD's main physical presence – and their main means of advertising – is in schools and community centres where volunteers offer life skills and career advice and leadership training.

Social media is also a tool used by Uusi, a social enterprise success story developed by a graduate of RLabs. The Uusi app links people looking for people with skills or with services to sell with those registered on its database. Like Recruitment Junction, the app has grown beyond expectation.

Fetola's Graduate Asset Programme (GAP) is a website for matching graduates to internship opportunities with a focus on placements into SMMEs. Says Catherine Wijnberg, director of Fetola: "we realised that placing a SA graduate into a small and growing business was really a very good match because one good graduate can really grow a small business – can have a really positive impact on a small business. We've found from our latest data that 41% of our placements are new positions" (interview, 20.9.2014). The 18,000 graduates (with diplomas and degrees) currently registered on the platform create a profile which businesses can view. Initially the idea was to set up the system and let it run, but "what we've realised, particularly because it is a new concept, there's a lot more hand-holding that's needed. So the tool is a self-managed tool but there is a lot of supporting that we do for the graduate and the business," explains Wijnberg.

Providing information over the internet is relatively cost-free. However, without a monitoring and evaluation process, we do not know the conversion rate from a registered user of the web-site to uptake of an employment opportunity.

3.4 The high costs of searching for work

Advertising job opportunities or putting a CV onto the web might add to the virtual information load but not necessarily to physical connections. A fourth barrier to finding employment was actually arriving there in a presentable appearance – which required young people to leap some costly hoops.

One project helps young people take the many steps between finding out about an opening and actually getting to the interview. 'Youth Cafes', a joint project of RLabs and the Western Cape Department of Social Development, offers a trendy space where youth can access internet, printing facilities, coffee and muffins and toasted sandwiches. It is a cafe – but it

runs on a virtual currency. Youth have to 'do good' (help out in an NGO, attend a life-skills course at the cafe etc) to earn currency that is loaded on their cell phones. They can exchange the currency for coffee and food in the cafe and also metro-train tickets and some services (like hairdressing). The idea is to get rid of all the direct costs to finding jobs (internet, CV printing, transport and personal appearance).

3.5 There are no jobs

The fifth explanation for why youth struggled to find jobs is perhaps the more pessimistic view of employment prospects. Blame cannot be laid with young people or even with businesses or with procedural hurdles. Instead, the problems of youth unemployment are rooted in the structural conditions of the economy. None of the interviewees mentioned capitalism or neo-liberalism or even lack of an industrial policy as the spoilers. Instead, the explanation was simply that there were no jobs.

For some that disheartening conclusion had led to resignation and surrender. One organisation initially listed as a possible case study (later dropped) had given up entirely on acting as an intermediary and has returned to focusing on their original mission related to youth development and diversion programmes for young offenders. Despite being a long-standing and well-established NGO, they had had little success themselves finding job opportunities for youth.

But for others, a pessimistic assessment gave rise to inventive solutions. If jobs were not to be found, then work had to be created. Young people would need to become self-sufficient. RLabs, for example, encouraged what it called 'social enterprise', in which young people designed technical solutions (that could be profitable) to social problems. A RLabs interviewee explains:

> "As much as we're saying, yes, we're preparing people for the workplace it might not be the job market. ... We always tell people there's not enough jobs for everybody but there is a lot of work to be done and that is the only way" (interview, 7.8.204).

Participants in the RLabs programme could have their technical ideas incubated with the help of industry experts. On any day, the Lab is a brightly coloured open-plan office with young people focused on their lap-tops. The idea, explains the founder and director of RLabs, Marlon Parker, is to develop marketable tools.

The social enterprise model is youth-friendly. It is primarily built around the technologies of youth – social media and IT programming. In addition, the idea of engaging youth in solving social problems is also meant to build a sense of community in which young people feel a part. RLabs's tag-line is: "Using technology to reconstruct communities". But the lead-in time to successful, sustainable enterprises (like entrepreneurial businesses) can be long,

leaving young people without the financial supports that straight-to-employment may bring. Perhaps as a result, 75% of the participants in the RLabs programmes are women. The director of RLabs points out:

> "Our focus is people who want to change; it seems that generally that is an attraction for women. For guys it is 'I am going to do something so I can get a job', but for women it is a bit deeper than just a job. They understand the meaning of change in the community and change in the family" (interview, 29.9.2014).

The social entrepreneurship model therefore seems like a difficult model to take to scale. Quality – in terms of the level of and depth of social change – is counted more highly than quantity. As a staff member of RLabs says:

> "That is not what we do; for us it's about that person moving out of here after six weeks and they have hope – they came in here hopeless and they now have hope to achieve something. Their living conditions have changed at home now because their thought patterns have changed. They now see the value of information and they're now hungry to learn so they decide to go back to school or they decide that they can go and look for a job, that they aren't just a no-good or someone that just hangs out on the corner – they have value – and that is what we want to instil in people" (interview, 7.8.2014).

Nevertheless, RLabs shows up as a success story. While still head-quartered in the modest offices it started out in on the Cape Flats, RLabs now has 'hubs' in 22 countries. It believes it can grow massively – from its current 5000 people per year to 50,000 by 2018. Since it was set up in 2008, RLabs has helped establish just over 400 small businesses and about 22 innovative companies, and it claims that 21000 of the over 28000 people trained through RLabs are now 'economically empowered'. They also count 3000 new jobs created through social enterprises.

3.6 Political networks and public sector jobs

Finally, there is one further barrier to employment (mentioned by just one interviewee and, quite vociferously, in a focus group with young people in the North West) which relates to the difficulties of gaining employment in the public service if you are not a member of the ANC. As an interviewee pointed out: "If you happen to attend where these guys hold their meetings, they make it clear that jobs are for comrades" (interview, 24.10.2014). The interviewee was speaking specifically of higher level posts, but the students in the focus group (23.10.2014) argued that even internships in government departments were reserved for party members.

The intermediary in this case, Dinaledi Alumni, had been set up by a group of unemployed graduates as an advocacy organisation "to sensitise the government and the private sector to employ these students [unemployed graduates]" (interview, 24.10.2014). A provincial database had been set up with the details of unemployed graduates. The group seems to have had radio airtime and even held a demonstration outside the provincial legislature. And

then the organisation faltered. Partly, the original core group that established the NGO found employment and lost interest. But, according to the chairperson, people were afraid that signing up with the group would further dent their chances of getting employment. He explains: “People interpreted us, especially from government, as a radical group, so they were feeling like if they continue becoming members to this, they will be somewhat stigmatised and treated differently” (interview, 24.10.2014). When the employer is government (public service), the role of the intermediary takes on an interesting political responsibility that goes well beyond a technical fix.

5. Conclusion

In his paper Andre Kraak (2015) points to a continuum along which to map different types of intermediaries. On one side is the passive intermediary which does little more than match unemployed workers to existing jobs. On the other end, intermediaries have an active labour market strategy in which they attempt to change the demand side of the labour market by improving conditions of work, and even more confidently, by increasing employment opportunities. They may even stimulate economic growth and work in partnerships to promote local and regional economic development. The pinnacle of success as intermediary depends not only on whether they have found jobs for unemployed youth, but whether there is much more penetrating change in the economy’s employment structure. At this end of the continuum, success is measured at a policy level – on whether the intermediary can advocate a model that can be replicated. Intermediaries at this end can change the discourse on youth and the debates in labour policy.

The case studies in this paper often go the extra mile – providing skills development before placement into a job, career guidance and after-care to guide young people through tackling the unfamiliar routines and culture of a workplace. The NGO-WIs were, therefore, not confined to preparing youth on the supply side but were actively ferreting out additional workplace opportunities, encouraging businesses not to adopt mechanisation or other labour reducing techniques. Most of the case studies tried to change employer demand for workers by getting to know the industry, getting to know employer needs, and using their credibility in the sector to prod and persuade employers to change attitudes toward low-skill youth and to improve training.

Some were fairly successful in terms of securing jobs for large numbers of youth. Harambee’s research shows that there are about 17,000 entry level jobs available across the economy every year. According to Campbell:

> "The historical premise of Harambee is that we are not a bums and seats placement agency, the volume was important only as far as to show the private sector/employers that it is possible to find young people on a large scale and use a model that mitigates employer's concerns about the risks of taking in young people who have no experience" (interview, 18.9.2014).

But while Harambee are certainly able to show success in terms of the volume of young people recruited into jobs, they also admittedly had the advantage of funding. Harambee was amongst the first recipients of the National Treasury's Job Fund – on the condition that they matched the R120 million and the commitment to "create 10,000 jobs with a permanent place in the economy." It's a target they have met – with about 400 candidates processed through their offices daily. Moreover, they argue that retention rates are on target and higher than the industry average.

Getting young people into work is expensive. Harambee's cost on each candidate was between R5000 and R30,000, depending on the complexity of the job. Whereas Harambee's placements were mainly in low-level skilled jobs (call-centres, store sales persons and fast food outlets), AVA spent approximately R20,000 per person but placed candidates in a wider selection of jobs within the NGO sector.

The value of the RLabs GLA course per student is about R22 000. The money comes from funders, but the organisation has plans to turn its inventions, such as its IT ideas, into sources of income generation and hopefully become self-sustaining in the future. The director of RLabs explains:

> "We want to come as close to self sustainable in the next five years by increasing our self generating revenue. We have built a lot of products. If we believe technology can enhance and streamline some of the work that we do it is an advantage that we have over a number of other organisations. We commercialise by allowing other companies to use our technologies. We do a lot of consulting especially around multi-national sittings for emerging markets because a lot of our physical space is in emerging markets" (interview, 29.9.2014).

Whether these amounts (upwards of R5000 per recruit) are sustainable is a point of contention (especially with organisations jostling for National Treasury's Job's Fund funding). Jumpstart argue that it can cost as low as R1500 to place a candidate successfully. Their training programme is skimmed down to six days and recruits do not get a stipend while on workplace experience – in part to demonstrate a commitment to the programme. Of the 3500 participants in 2014, only 10% did not make it through the work-experience (mainly due to transport costs).

Although web-based match making is the least active work for an intermediary, it is probably also the cheapest. Recruitment Junction costs nothing – relying on the expertise of friends. The labour is in advertising the tools (such as ACYD, who work in schools) and developing any add-on apps. Yet the reach can be very wide. The Uusi app (developed out of the RLabs

programme), for example, has notched up over half a million people on its platform. But it is very difficult to tell (since there is no monitoring and evaluation) how often presence on a website leads to employment.

NGO-WIs were often able to wrenched open work opportunities for youth, negotiate with employers and provide additional support before and after recruitment. But none of the NGO-WIs reached the furthest end of Kraak's spectrum of intermediaries – the end at which they help create jobs. None had taken the next big step for an intermediary which is to broker a local or regional economic pact that would substantially add more jobs. None had pointed to the lack of an industrial policy as a reason for youth unemployment.

Therefore, although we see the NGOs entering the space of workplace intermediaries, they are not at any scale that makes an impact on unemployment. Without a broader industrial plan, NGOs are left in a vacuum – limited to brokering between individual businesses and youth, but unable to weave a more complex set of relationships on a local or regional scale between business, youth and government. Unlike the international examples of WIs that Kraak (2015) mentions in his paper, the South African NGO is constrained within a context where the demand side of employment has been capped by the lack of an industrialising policy. Such a policy would aim at encouraging industrial nodes, new areas of economic activity. That in turn would create a role for a broker not only to match skilled people with existing businesses but also to find the opportunities to create further employment and to up-skill the labour force.

The South African intermediaries in civil society are still relatively young. Their current focus is on brokering entry level opportunities with businesses and shoring up the confidence, work related attitudes and skills of new job entrants. They appeal to the ideals of corporate social investment but at the same time help reduce the transaction costs for businesses when hiring untested novices. They also provide substantial aftercare to smooth over the often difficult transitional phase young people face as they negotiate the routines and rules of the work environment. What South African intermediaries have yet to do is build coalition networks across local industries or across city regions. They are still too few players to initiate (or even participate in) information networks and forums that actively look at how to expand industries and create jobs.

* * *

References

Coalition on Civil Society Resource Mobilisation. (2012). *Critical Perspectives on the Sustainability of the South African Civil Society Sector*. Johannesburg: CCSRM.

Greenstein, R. (2003). *State, Civil Society and the Reconfiguration of Power in Post-Apartheid South Africa.* Report 8. University of the Witwatersrand: Centre for Civil Society Research, Sociology Department.

Habib, A., Maharaj, B., & Nyar, A. (2003). *Giving, Development and Poverty Alleviation, Giving and Solidarity*. Cape Town.

Kraak, A. (2015). *Conceptualising the role of intermediaries in the youth labour market: A survey of the global literature.* REDI 3X3 Working Paper 10. www.redi3x3.org/papers

South African Institute of Race Relations. (2015). Jack and Jill went down the hill... In F. Cronje (Ed.), *FastFACTS* (Vol. No 4/2015): SAIRR.

Swilling, M., & Russell, B. (2002). *The size and scope of the non-profit sector in South Africa*: Graduate School of Public and Development Management, University of the Witwatersrand.

Task Team on SETA Performance Review. (2013). *The review of SETA performance*. Pretoria: DHET.

.

The **Research Project on Employment, Income Distribution and Inclusive Growth (REDI3x3)** is a multi-year collaborative national research initiative. The project seeks to address South Africa's unemployment, inequality and poverty challenges.

It is aimed at deepening understanding of the dynamics of employment, incomes and economic growth trends, in particular by focusing on the interconnections between these three areas.

The project is designed to promote dialogue across disciplines and paradigms and to forge a stronger engagement between research and policy making. By generating an independent, rich and nuanced knowledge base and expert network, it intends to contribute to integrated and consistent policies and development strategies that will address these three critical problem areas effectively.

Collaboration with researchers at universities and research entities and fostering engagement between researchers and policymakers are key objectives of the initiative.

The project is based at SALDRU at the University of Cape Town and supported by the National Treasury.

Consult the website for information on research grants and scholarships.

Tel: (021) 650-5715

www.REDI3x3.org

REDI3X3

Research Project on Employment, Income Distribution & Inclusive Growth

Towards an integrated response to unemployment, inequality and poverty