

Light from Diepsloot? Youth unemployment dynamics on the periphery

Introduction

Youth employment is generally agreed to be among South Africa's two or three most urgent national undertakings (NDP 2011, NGP 2010). Debate is going back and forth over the kinds of policy approach that can reduce the rate of unemployment, and government is currently using spatially-targeted housing delivery under Cabinet's Outcome 8 to try to increase the chance for the rural-born unemployed to live at the metro core-zone labour market where jobs are most concentrated. Other views are pressing for different solutions (Chitiga-Mabugu 2013), and very important new research is emerging around the nature of job availability and job search.

New findings (Bhorat & Mayet 2013, Rankin 2013, Posel, Casale and Vermaak 2013, and Cross et al 2013) suggest that the spatial question of access to jobs for the South African youth cohorts is not straightforward. Seen in combination, emerging results can be read to indicate that urban migration itself as an employment strategy is in question. The relationship between spatial location and the job search strategies as used by youth may be pivotal, needing intensive review in the light of recent findings. This policy brief from StepSA (Spatial and Temporal Evidence for Planning in South Africa) a research project from HSRC and CSIR with funding from DST, takes a qualitative look at the youth labour market through the situation at Diepsloot, based on StepSA qualitative field study in 2009-2012, together with later spin-off work done for the World Bank in 2012/13.

The youth unemployment challenge: debating the reasons

At present, the blocked state of the youth labour market in South Africa has led into a conflict of strategies, contradictory possible options relating to how to address youth unemployment. From different angles, the problem has been seen as *blocked spatial access* to the labour market, as *information asymmetry* in terms of blocked information flow to youth work seekers, or as *structural unemployment and the macro-economy*, and a resulting overall jobs shortfall: that is, as reaching jobs or as finding out about jobs, or otherwise as jobs being unavailable regardless of access *or* information. The uncertainty reflected in these and other differing proposed approaches draws attention to an underlying uncertainty around how the labour market actually works for youth work seekers. Key questions start with: *How do rural-born youth get into the urban metro economy?* The results from Diepsloot then raise further possible queries:

- 1) Does the role of *rural-to-urban migration in relation to the labour market* need to be re-evaluated?
- 2) Is the key factor for youth at the most excluded end of the urban labour market *access to temporary work, rather than permanent employment* in the regulated job market?



Data: Using qualitative approaches to the spatial labour market

This policy brief tackles youth unemployment from the qualitative standpoint, using Economic Performance and Development's research with spatial aspects of the labour market in relation to migration and urbanization, and based on listening to discussions and replies by the youth themselves: it does not attempt to address labour market economics in depth. The data for this policy brief is indicative only: the workshops and qualitative interviews at Diepsloot, and previously in other poor settlements nation-wide, raise important questions but do not yet offer quantitative proof or testing.

The StepSA qualitative interview material contains over 800 cases. However, the results from the Diepsloot qualitative study are limited in terms of numbers, with the focus groups representing 42 youth participants and the household case study interviews including 36 family households (World Bank 2013). Interpretations given here are supported at the level of informed perception by the more extensive StepSA qualitative interviews¹.

Policy debates: new research

Debates around youth unemployment are beginning to question some fundamental assumptions. Research findings published in the last three years suggest new perspectives on at least two levels: first *internationally*, on the benefits from a spatial perspective of economic agglomeration and compact city interventions, and second *for South Africa*, on total job availability and how youth job search strategies in this country work in relation to tackling unemployment. New key research around the compact city principle is summarized in the text boxes on the right.

The international spatial debate on the compact city

South Africa's current spatial policy focus in regard to unemployment and the labour market is Cabinet's Outcome 8, which calls for 400 000 shacks to be upgraded on 'well-located land' and for mobilisation for low-income housing of state-owned land which has location advantage; in addition, large quantities of rental housing are to be provided. A key objective of this policy is to enable the excluded population in informal housing on the metro peripheries to gain access to the country's central job markets in the metro CBDs, under the assumption that this kind of spatial proximity will reduce unemployment by increasing exposure to existing job

Turok (2013 forthcoming): increasing urban densities at the city core through agglomeration leads to higher economic productivity world-wide, but this does not occur in Africa as a whole, and barely works in South Africa as of now; this country is not yet capturing agglomeration benefits.

Angel et al (2011): in developing countries it is not possible to confine urban economic activity inside a delineated city edge – CBD core zones tend to be expensive and congested, so that business activity and settlement are pushed outward. As a result, high-migration developing cities need to accept continuing spatial expansion and to provide low-cost transport to their actively expanding periphery zones.

¹¹For the StepSA multi-year spatial planning research project, implemented by HSRC and CSIR jointly for Department of Science and Technology, HSRC's StepSA work includes a series of 58 qualitative mini-studies at settlement level to back up the 6000-case statistical survey: these mini-studies drew attention to the role of temporary work in household support and included work at Diepsloot prior to the recent World Bank qualitative study which followed up on these themes. The spinoff work in 2012/13 for the World Bank's Township Economies study, for which the main focus was informal small business, simultaneously enabled in-depth qualitative analysis of the youth job market on the metro periphery, where rural-to-urban migration concentrates.



openings (cf South Africa 2011, NDP 2011).

These spatial policy approaches are based on the widely accepted compact city theorem (Todes 2003). This spatial planning proposition holds that access to the central city metro core zone is critical for the poor for jobs and essential amenities. Working from this argument, it follows that city densification should be actively pursued, focusing on the commercial core. Research from Angel et al (2013; see box, above right) and from StepSA (below left) questions this view.

Katz & Bradley (2013): since the 2008-9 international crisis and with the present semi-paralysis of many national governments, job creation is devolving world-wide to city level: the cities are working to pull jobs back into core zones after a general flight of businesses to suburbs over the last 20 years, but cost and congestion constraints in central city zones have not disappeared, resulting in conflicts of incentives, strategies and policies.

Tomlinson (2003): the literature on economic displacement indicates that when city core zones are upgraded, the poor are excluded by economic processes.

South Africa's labour market debate

Altman (2013): jobs are being created, but the manufacturing jobs that were lost will not return

Bhorat & Mayet (2013): jobs are being created, but mainly in the security sector and not in manufacturing or finance, while employers are now resisting hiring permanent workers; the main constraints on successful job search are 1) *information access* 2) *labour dispute resolution procedures*, and 3) *spatial location and transport barriers*

Rankin (2013): there are not enough jobs in total, therefore door to door cold search does not work because the available job openings are flooded with applicants; as a result, applicants need networks of employed contacts who can recommend them personally to employers

Posel, Casale & Vermaak (2013): cold search does not work, and network contacts are needed; the chance of getting a job from *passive search*, by remaining in the rural home area and relying on social networks for job referrals, is statistically exactly the same as the chance of getting a job by direct *active search* inside the city.

South African policy debates around youth employment have taken on board much of the spatial argument. Key approaches revolve around how to bring youth into close contact with the existing job concentrations, against the argument that current job numbers are too low to allow real improvement in employment levels for the unemployed. New key findings are summarized here. StepSA project results (cf Cross 2013, Cross, Venter, Kok, Turok, Mafukidze, Olivier & Badenhorst 2013 forthcoming) show household economic outcomes for the in-

migrant shack population on the metro periphery are better on average than core-zone outcomes, using Census-based employment, income and migration rates as indicators; results also point to the risks of localized labour market saturations, with Johannesburg's outer-core zone showing signs of being flooded by rural-to-urban in-migration, causing income and employment indicators for that zone to crash while adjacent in-migration zones remain viable.

Together, these inputs and commentaries may question *whether rural-to-urban migration is actually a rational strategy in dealing with the de facto youth labour market.*





Youth voices at Diepsloot

Diepsloot is newer, poorer, and more informal than most of South Africa's historically established townships, and was first established as a removals area on the Johannesburg northern periphery about 20 kilometers from the CBD. The population is about 200 000 on roughly five square kilometers, at a density of about 40 000 per kilometer. Rural-to-urban migration levels and levels of unemployment are both very high. The area contains both extensions of formal subsidy housing and large areas of informal shack occupation, and is well known for its violent protest actions and high rates of crime.

The actively developing metro periphery operates its own local job market along the lines indicated by Angel et al (2011), and employed Diepsloot youth overwhelmingly work on the periphery itself (GCRO, 2013). Job search is difficult because jobs that are open to less-educated rural-born in-migrants are spatially widely spread out as well as oversupplied with candidates.

'Here at Diepsloot the population is growing all the time and there is so much competition for jobs, with so many young people coming from the rural areas in search of employment in the nearby factories.'
'For jobs, it's not easy to get there first – wherever you try there are just too many people ahead of you.'
'To get to the firms in Alexandra, it's R30 return.'

Jobs available to the Diepsloot population tend to be at entry level:

'Security and domestic work are the most prevalent kind of jobs for us here in Diepsloot, but there are a lot of people looking for those jobs.'
'Construction work is dominant around here.'
'Job experience is often required for an applicant – that's a disadvantage, because we don't have that.'
'Most of us rely on connections.'

Migrants' social networks tend to be poor quality in relation to job search, usually rooted in the rural home districts and likely to be marginal in terms of urban contacts who can provide job referrals, or offer temporary shelter for a spatially extended search. Respondent case histories reflect several cases like that of Lily M, who searched for work extensively and with determination before giving up:

'Since coming here I'm totally unemployed. Since I arrived in Diepsloot I've searched for jobs in all the surrounding suburbs, all over the northwestern part of Johannesburg, but I haven't been able to find a suitable position. And it costs R 15 to go to Rosebank, and R 11 to Randburg and to Halfway House... I always made successful attempts at finding work previously, but for jobs it's very competitive here. My husband and I are held back because we don't have qualifications, or even matric, and nowadays matric is the minimum requirement for employment.'

Lily M previously found temporary domestic jobs by the strategy of cultivating friends and networking among women domestic workers in the specific area, but did not succeed with this strategy once she moved to Diepsloot.

Funded by his working sister, Siphon R searched for two years, all over Gauteng. In the end, he found a low-paid unregistered job at a vegetable market, on an indefinite temporary employment basis: the woman proprietor saw him passing and called him over to ask if he was looking for a job.



Unless family members with income are prepared to keep on contributing, job searches can often be broken off because of the accumulating costs. If so, and if a subsequent passive search strategy is not successful, aspiring rural-born youth can be trapped in lifelong unemployment inside South Africa's main metro labour market, or obliged to return to the rural sector to wait indefinitely for a referral. The StepSA survey dataset from HSRC shows Gauteng with the South Africa's highest concentration of households living in African communities without an income, often a consequence of Gauteng's intense job-seeking in-migration flows arriving in a limited market.

Transparency and equity in the youth labour market

Facing formidable barriers, Diepsloot youth tended to see the Gauteng labour market as skewed to give preferential access to insiders. The youth focus groups repeatedly brought up the need for bribes as well as referrals to obtain access to work:

'In security jobs, it's word of mouth and referrals.'

'I heard from a friend, that the company needed a guard. You cannot go to a place to look for work without information.'

'Though there are jobs, there is also nepotism and corruption around who is employed.'

'I had to go to Johannesburg for a job interview, so I went there. Once I was there they said I was supposed to pay R 500 for an administration fee. I didn't get that job.'

'Job interviews are supposed to be 50/50 – fair and equal, but unfortunately there is bribery involved in who actually gets the job.'

For unemployed rural-born youth, the formal job market appears as highly exclusionary.

Accessing the central city zone

Few of Diepsloot's unemployed youth seemed to try the Johannesburg or Pretoria city centre, mainly because of the R 60 cost for a return trip and the lack of accommodation. Migrant jobs networks for the rural-origin population have eroded over time as oscillating rural-to-urban labour migration has become less common: only two respondents from the interviews and focus groups said they had a connection with a place to stay in the Johannesburg or Pretoria central city zone, and neither had found a job there.

'I was able to try the city centre myself – I have a relative staying in the Johannesburg flats. But I wasn't able to find anything, and I'm still looking.'

In addition, youth respondents commented that jobs in the city centre zones were often out of their reach. Accounts suggest that the inner districts favour the well-educated, are likely to supply fewer entry level jobs, and are closely watched by better-educated, better-connected and more competitive job seekers from the townships and the foreign-born migrant population.

Serial temporary work as long-term household support

For Diepsloot youth who do not obtain permanent jobs, the next question is, *What lies under the formal job market?* Under the impact of spreading labor casualization, the de facto key option appears to be *serial temporary employment*. Temporary jobs, or 'piece work' off the books, are based on verbal agreements or short-term written contracts, and represent unregistered and often clandestine or illegal jobs, usually in formal sector enterprises (Goldman 2004). Income levels therefore fluctuate. Siphon R comments,



‘Our household income is not always the same, because the other household members who are not employed permanently are contributing through doing temporary piece work or odd jobs during the year.’

These range from day work to successive short contracts, to recurrent temporary non-contract engagements, and to indefinite informal agreements for full-time work, including most domestic work. This type of employment exists in extra-legal space outside of formal labour protection, and usually carries wages only, at a low level and without benefits. Informal temporary work greatly reduces the employer’s risk, and increases his control over hiring and subsequent work tenure. For the worker it is precarious, with a high risk of income collapse. For the Diepsloot youth and others in the StepSA qualitative studies, labour brokers were not involved: instead, arrangements were informal, ad hoc and face to face, very widespread as a class of work but highly localized in each individual case.

Against a background of very high formal unemployment, labour casualization may result in many Diepsloot workers supporting themselves and their households on temporary work throughout their lives.

Frequency of temporary work

Table 1 tabulates the percent of households in the qualitative case study that recorded the most common forms of earning: figures are not statistically representative. In the Diepsloot study, serial temporary work ranked 2nd after social grants. Registered formal jobs ranked 4th, after rental income.

Table 1: Descriptive summary of qualitative interview sample
Percent case study households reporting major lines of income support

<i>Household sources of income</i>	<i>Woman head</i>	<i>Male head</i>	<i>Total frequency</i>
Social grants income	69	70	70
Serial temporary work	31	65	50
Tenant rentals income	62	29	43
Formal permanent work	38	41	40
Informal business	23	18	20
Remittance income	3	3	6

If repeated widely, this type of distribution could potentially imply labour casualization at the low end of the labour market on a massive scale; on a local basis, it would raise questions as to whether lifelong streams of temporary work may actually represent the main earning economy of Diepsloot. It is also not clear to what extent temporary employment of this kind is being accurately reported in official labour market statistics.

Toward conclusions: how does the labour market work for urbanizing youth?

The Diepsloot youth raise the question of the potential scale and content of the informal temporary labour market. Serial temporary work now may be de facto reality for an in-migrant youth population that is excluded from formal work, but living inside the urban sector. As a long-term support option, it makes an unsatisfactory basis for urban migrant integration: true stabilization is very difficult, as is formal marriage.



In a labour market with too few jobs for the number of candidates, rational-economics decision criteria cannot differentiate large numbers of youth candidates with identical qualifications, requiring personal recommendations as noted by Rankin (2013) and by Posel, Casale and Vermaak (2013). If so, the next economically rational decision criterion may well be the individual gain of the formal decision makers. Meanwhile, in response to the rational interests of the employers, much of the de facto demand for hiring of new workers may be displaced into the informal temporary labour market.

Comprised of ad hoc individual deals involving small firms and individuals, this opaque informal market may not be well understood. Economics commentators may tend to stick with a registered and counted segment of the market that they can work with, and set aside informality as refractory material. While Kerr, Wittenberg and Arrow (2013) incisively show total job loss in South Africa to be linked to the smallest firms, in their posted summary they do not discuss possible casualization of these jobs.

- Increasing search coverage through information or transport measures is likely to multiply the problem, because it increases the number of competing candidates per job instead of increasing the number of jobs (cf Rankin 2013). Youth in the old townships appear to have better work chances, with better transport and information, and better network contacts, than youth from the rural sector. The question returns to *why youth continue to urbanize, given that the chance of registered formal work is the same whether they migrate to the cities or remain at home.*
- *Does the cold search strategy, door to door, work for poor rural-born youth?* No, all the data appear to agree this approach does not work, and the Diepsloot youth specifically confirm this
- *Is job information adequate?* No. But improved information cannot improve aggregate search outcomes without more jobs coming onto the job market (Rankin 2013) – the result would be 200 instead of 100 candidates per job opening and lower success chances per interview
- *Are travel costs a barrier to job search?* Yes. Costs restrict spatial scope and time duration for periphery searches, but the same limit regarding total job numbers applies to any intervention to increase the number of interviews each individual can attend
- *Will increased access to the city centre zone give better results?* Doubtful. Some improvement is possible up to the job availability limit determined by qualifications and competition, but once past that point a risk of localized flooding may increase
 - Central city zones have limited absorption capacity for unqualified candidates
 - Providing owned housing in the high-priced core zone to migrants unable to obtain jobs carries the risk of selling up and returning to the rural sector or the urban periphery

Then why do rural youth continue to migrate into the city, if job chances are just as good from their rural home areas?

- Moving to the urban sector offers chances to directly improve personal job-search networks, by building up the right contacts in strategic areas
- Serial temporary work provides the fallback or backstop support option – it may be the commonest outcome and it is proximity-driven, requiring migration in order to use it



Is the youth unemployment policy question being framed effectively now?

Possibly not – the StepSA and World Bank results raise the question of whether the job market for urbanizing youth is being defined accurately in regard to temporary employment dynamics.

- **Are there clear policy options for dealing with the spread of labour market informality?** Not really; it appears likely to continue spreading as long as current conditions in the labour market continue. Qualitative results suggest the temporary market is made up of widespread informal, ad hoc face-to-face transactions involving individuals and small firms, and is not a simple function of labour broker activities. It is inequitable, but would be difficult to eliminate without draconian measures that would close off present employment to a large percentage of poor households and could acutely affect numbers of small firms.
- **What are the policy risks?** To introduce large numbers of youth work seekers in the present state of the economy might be likely to flood these core-zone labour markets, with probable knock-on effects that would not be favourable either for unemployment or for business.
- **What are the limit factors?** Under existing conditions, the total number of jobs available appears as the key limit, while measures that result in more job interviews attended cannot raise the total level of paid employment, unless perhaps through the informal temporary labour market. The number of informal temporary jobs is not fixed: it appears to respond to demand, and may also be pulling work over from the formal registered sector as small firms seek out hiring options that will cost less in a harsh economy.

Although it is fundamentally exploitative and unjust, serial temporary work may be realistically the least-unfavourable outcome for the time being, preferable from the household standpoint to no work at all.

Recommendations

The situation of unemployed youth affects the entire macro-economy, but considerations of labour market law and policy need to be left to public debate and the political process. On the side of improving spatial access conditions for excluded youth, neither core nor periphery alone is the issue: spatial relations between the outer and inner city may be critical. The key concern is to reduce isolation and better integrate the metro peripheries where most unemployed in-migrants live now:

- **To increase periphery integration with the central and middle-city zones:** Improve public transport with availability of bus service in all settlements: this requires improved road standards into and inside all low-income communities and may need subsidy
- **To improve horizontal spatial connectivity – economic access inside the periphery zone itself:** Take a fresh look at planned BRT routes, so as to bring in the priority goal of spatial integration for poor communities
- **To increase central zone access:**
 - Ultra-low-priced fast-access, short-stay central rental options, aimed at youth – existing government rental options are not able to allow fast entry and exit required for job search, but redevelopment of abandoned buildings as overnight facilities may be an option
 - Increased infrastructure support in the inner shacks to assist informal backyard rentals aimed at the work-seeking youth, promoting very modest quality instead of up-market options



- *To widen the small spatial envelope for temporary work searches:* Address transport costs on the metro periphery including possible subsidy to bus services, so as to increase the opportunities for face-to-face contact with temporary employment options.

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