

Youth Day 2020



15 June 2020

Youth Employment: Finding Alternative Opportunities in the Township Economy

The impact of the COVID-19 pandemic is being felt across a variety of key economic sectors in South Africa, with an anticipated loss of over 1 million jobs and the unemployment rate potentially rising to above 50%. Young South Africans are particularly vulnerable to the aftershocks of the pandemic. With ongoing contraction of GDP and restrictions on economic growth in the medium-term, there will be fewer entry level opportunities for the large number of young people that exit the schooling and post-school education and training (PSET) system each year.

In addition, young people trying to navigate through the labour market will struggle to build their credentials and expand their employment prospects. Young people face a high risk of being trapped in precarious work or becoming part of the long-term unemployed. As a result, there is likely to be an increasing trend of more young people, regardless of whether or not they achieve a post-school qualification, becoming excluded from meaningful economic activity.

The broad industrial economy is expected to be a key focus of government's economic recovery strategy post-COVID-19, with a particular focus on the reindustrialization and growth of key sectors. Much of the industrial activity in South Africa is found in small- and medium-sized enterprises (SMEs), which face persistent barriers to growth and are limited in their ability to create/sustain jobs.

The Installation, Repair and Maintenance (IRM) Initiative, which is a flagship programme of the **National Business Initiative's, (NBI's) Social Transformation Unit**, seeks to unlock opportunities for young people to be trained and find employment or self-employment. The Initiative focuses on entry-level roles in IRM enterprises across the industrial economy – including those involved in Manufacturing, Plumbing, Electrical

Repairs, General Maintenance, Domestic Appliance Repairs, Autobody Repairs and Cellphone Repairs. The majority of these enterprises operate outside of the formal economy and many are township-based.

Given the decline in entry-level opportunities in the formal sector, the zone of opportunity exists to support township-based enterprises. This will solve some of the inherent problems that prevent enterprises growing and sustaining themselves, and through this process will create conditions for these enterprises to train, employ and mentor young people where they live, rather than having to incur high transport costs to try find work. These township-based enterprises also create opportunities for township youth demonstrating entrepreneurial potential to be supported to enter into self-employment, using the skills and experience they have received.

The NBI is working with the Gauteng Provincial Government to identify township-based IRM enterprises that have the appetite to grow and create employment by providing a package of support to strengthen their businesses. This enables enterprises to become eligible for participation in public and private supply chains, and increase their market access. Through this support, the NBI seeks to open opportunities for young people in the community to be trained, mentored and employed in these enterprises.

The key success factor is how the NBI links township-based IRM enterprises with large companies in the formal sector so that they can be procured to provide IRM services to these companies. To this end, the NBI is engaging with its member companies and other large companies to develop Enterprise and Supplier Development (ESD) models that can reach these township-based IRM enterprises and increase the demand for these services. In doing so, the IRM Initiative then takes the responsibility for ensuring that these enterprises have the necessary skills and capacity to meet the requirements of the company with which they are being linked.

Through the IRM Initiative, the NBI will ensure that township-based enterprises supporting youth employment or self-employment are able to flourish, and thereby address skills development and youth unemployment simultaneously.

For more information on the NBI's IRM work in the Township Economy, please contact Dr Anthony Gewer (Programme Manager: Social Transformation): anthonyg@nbi.org.za



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The National Business Initiative (NBI) is an independent and voluntary coalition of South African and multinational businesses launched in 1995 by the then President, Nelson Mandela

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