

# Innovative thinking and jobs for the youth in South Africa

By [Tashmia Ismail-Saville](#)

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We at YES call ourselves an economic enabler. The idea of youth employment creation became critical two years ago when South Africa was facing downgrades by ratings agencies which could lead to many negative consequences. Business South Africa approached the then finance minister, Pravin Gordhan, regarding the anticipated downgrades. He replied by asking what they were going to do about it.



Tashmia Ismail-Saville, CEO of the Youth Employment Service (YES), was a speaker at the 2018 In Good Company Conference.

This conversation gave rise to the CEO Initiative, which is Business SA's commitment to the government of collaboration to address the problems facing the country. This in turn gave rise to YES. They receive no government funding, but instead the DTI have included the YES programme into the B-BBEE scorecard, which can result in a level move for companies who assist in creating jobs.

## Jobs not readily available

When looking at youth unemployment in South Africa, it is hard not to get overwhelmed by the size of the problem. One million jobs are planned, but are not readily available. Every job has to be built in an environment and economy that is not conducive to job creation on an entry level. Conditions in the townships over the past 10 years have become steadily harder. To travel to an entry-level job, if you live reasonably close to a centre of economic growth, can cost up to one third of that entry-level salary.

Beyond areas of concentrated economic activity like Gauteng, which generates almost 90% of our national GDP, there is not much happening. This causes an exodus of people from their communities around the country, leaving children, families and often a brick dwelling, to live a poor quality of life in the city where children are nutritionally stunted. Over 50% of South African people live on less than R524 a month, while on the other side of the coin there is incredible wealth. With the highest GINI co-efficient, we are the most unequal country in the world.

## No economic pathways

Six million of our youth are not in employment, education or training. These youth are trapped in an environment with no

economic pathways. The state spends R87bn on higher education and training. Graduate unemployment accounts for only 11% of unemployment. The greatest problem is young people who lack matriculation certificates. This does not mean they have no capabilities. The lack of a matric certificate speaks to their social situation which probably prevented them from achieving it.

To select coaches for a digital business literacy programme developed for Unilever, YES uses a gamification app which utilises games to build a detailed psychographic profile of the candidates. It covers problem-solving, creativity, attitudes, ability to do STEM subjects, etc. Three of their group of 40 applicants scored within the top percentile globally, but all three are trapped in their communities with little hope of an opportunity to progress. The R87bn that goes to universities and technical colleges seldom reaches the most deserving students, but is rather an elite fund for those with a good matric who can more readily access those facilities.

YES particularly addresses those people with a poor matric or no matric, the latter making up 44% of the unemployed. 60% of those unemployed reside in townships, so a young person with a job is an oddity. What sorts of role models are left in those communities? The unemployment figures are scary and getting worse. The economic centres are shrinking in terms of jobs... They can get more profitable with efficiencies and algorithms. They don't get more profitable with headcount. This is the world that we face.

## Creating new economic centres using tech

The technological revolution is opening up a whole range of jobs that did not exist 10 or 15 years ago. A tiny call centre in Hazyview began as a CSR project with T-Systems. They passed unemployed youth through a career process before employing them in the centre. When a taxi strike crippled the Johannesburg call centre, the Hazyview centre was informed all calls would be routed through them. They coped well and so impressed T-Systems that they were awarded the contracts for many large companies. They now manage ManTrucks, Consul Glass, Fiat Chrysler, Transnet and other multi-nationals. This is only possible because we now have virtual highways. Technology and data have allowed us to locate and create economic centres outside of the traditional areas and many of these new jobs do not require a matric.

YES has approached corporates to take as many young people as possible into their companies, head offices, shopping centres or branches. For example, Standard Bank's YES target is almost 4000 jobs. They will put these young folk in small businesses or SMEs, in township communities, or close to rural communities where there is greater economic opportunity. They will also start up all-new micro enterprises.



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## Economies driven by small business

It is proven that small business is the answer to economic growth. In Europe, only 1% of all firms have more than 250 employees. However, 91% of firms employ between one and eight employees. Figures in the US are similar. Economies are not driven by large corporates but rather small business. In South Africa, small business accounts for 50% to 60% of GDP and job creation. We need a lot more small businesses but not micro enterprises at subsistence level. We require small businesses which adopt technology that increases their output, allowing the two person stall to grow to eight. So we identify value chains and look for market access first. Only then do we build training and SMEs. For this purpose, we have our YES Hubs. They are multi-purpose, multi-functional and unlock value in our value chain.

For example, in Bushbuck Ridge we are building off-take agreements with multinational companies in order to unlock the wildlife economy. They first accessed the market before training candidates for hospitality jobs. The Swiss Embassy has offered Swiss hotel experience apprenticeships. We will take that world-class knowledge and best practice and drive it through these facilities into local communities to raise their standards. This knowledge input feeds into all the small businesses in the community, acting like a reservoir of knowledge.

YES launched a hydroponics farm in Tembisa a month ago to train people in hydroponics so they can change consumers into producers. Nutritional stunting in townships can be addressed. Afgri is building aquaponics and hydroponics facilities which will ensure fish and vegetables in needy communities. These are some of the ways in which YES is approaching Business SA to partner with them in creating the millions of jobs that the economy needs. They are also requesting that the billions spent on BEE every year rather be used as an innovation fund to experiment in 'for-profit' models which will drive inclusive growth.

## Potential within townships

Regarding innovation, we must all view our world differently. As a country, we keep repeating the same actions, yet expect different results. Rather than view townships as a blot on the landscape, think of them as a space of incredible potential. At first cell phones were the preserve of the business executive as only they could afford the contracts. The advent of prepaid data made phones accessible to everyone. This has been the biggest democratisation on the continent, but only because of a small business model innovation. It took a small shift in mind-set, empathy and understanding how someone else lived.

Selko Solar questioned three key assumptions about the poor that many hold, namely that they cannot afford sustainable technologies, cannot maintain them and cannot run them as commercial entities. In India, these same assumptions were questioned by a company founder when speaking to a street vendor, realising that the vendor considered 300 rupees per month to be very expensive, yet felt he could afford 10 rupees per day.



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## Innovate with the user in mind

When innovating, change the way you think about a situation and put yourself in the user's shoes. In South Africa, we are obsessed with the black unemployment problem and think throwing enough money at a business will transform it, but instead we need a whole lot more [people running] 'mom and pop' stores, paying tax, off social grants, living a dignified life and giving five or six in their community a quality job, to alleviate the problem.

Eskom's woes are front page drama, but in Kopa, Kenya, they can have solar power fitments put on their homes. A simple payment by cell phone gives them the power they need and can afford. A portion of the payment goes to capital repayment until the householder eventually owns the fitment. But while they save to buy it, they can use the technology in incremental packages. This has changed the lives of many rural people and businesses there.

Innovation has to occur on multiple fronts if we want to create jobs and grow our business in a very tough economic climate. Government is not going to do it for us. We must think business model, not product. It is about the how, not the what. Think distribution, education, local relationships. Build new partnerships and also local incomes. After all, who is your future customer? If we grow small businesses, we grow employment opportunities. When the country GDP rises, so do business profits. If the country doesn't do well, the company doesn't do well. No country, no company. Help us build; be creative and innovative in the way we create jobs and let us tell your stories.

*This speech was delivered by Tashmia Ismail-Saville, CEO of the Youth Employment Services (YES), at the [In Good Company 2018 Conference](#) on 21 August 2018.*

## ABOUT THE AUTHOR

Tashmia Ismail-Saville is CEO of the Youth Employment Service (YES), a joint initiative between business, labour and government, which addresses South Africa's youth unemployment challenge by attempting to initiate one million work experiences in South Africa.

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