

**THE EFFECTIVENESS OF YOUTH EMPOWERMENT WAGE SUBSIDY ON JOB
CREATION IN MAKHADO LOCAL MUNICIPALITY IN LIMPOPO PROVINCE**

By

MOCHUSI REFILWE SOLOMON

Mini-Dissertation

Submitted in partial fulfillment of the requirements for the degree of

MASTER OF DEVELOPMENT

In the

Faculty of Management and Law

Turfloop Graduate School of leadership

At the

UNIVERSITY OF LIMPOPO

SUPERVISOR: PROF. THERESA MOYO

2016

Declaration

I, **Mochusi Refilwe Solomon**, declare that “The Effectiveness of Youth Empowerment Wage Subsidy Incentive for Job creation in Makhado Local Municipality in Limpopo” is my own work; and that all sources used in the document have been indicated and acknowledged through appropriate references; and that this work has not been submitted before for any other degree at any other institution.

.....

Signature

27/06/2016

Date

Dedications

This achievement is dedicated to the value of motherly love of a single parent who struggled and strove on every aspect of life, so that I completed school despite our precarious family conditions at the time. After my father disappeared when I was ten, my unemployed single mother, Puledi Mafharalala-Mochusi, took over as my father as well. She discouraged me from working without qualification and forced me back to study at varsity. It is all to her implausible love now that I achieved various qualifications.

This research is most ineffably accredited to my darling wife for her invaluable support throughout the study amidst variable physical and spiritual challenges, and my children Anela, Kalafo, Rochila, Anisa, Rosima, and Khare for allowing me to set aside time to study, and my brother Peter and my sisters Celine, Nancy and Athalia for blood is thicker than water. If God is with us, who can stand against us? What then can separate us from the love God?

Acknowledgements

I would like to express my utmost heartfelt gratitude my supervisor Prof. Theresa Moyo for the unsurpassed mentorship and immeasurable motivation. It could be injudicious of me to disregard special work done by Prof Makombe, Prof. Mtapuri, and Prof. Phago for their encouragement and for working with us during coursework class time in 2014. My gratitude also goes to Happy Ngobeza for sincere cordiality and support.

Last but not least, my thanks to God Almighty, Creator of mankind, my Redeemer and Saviour, Christ Jesus, for inimitable love, and His incredible grace by which all things are possible unto His glory.

Abstract

The purpose of this study was to investigate the effectiveness of Youth Empowerment Subsidy Tax Incentive emanating from South Africa's Employment Tax Incentive Act of 2013, dedicated towards reducing youth unemployment. The scheme targets youth in the ages of between 15 and 29.

The research used Triangulation Research Design approach, and questionnaire, interview and observation were used for data collection. These were statistically and thematically analysed. The results showed that the scheme lacked advocacy, and the people were not well informed or involved in planning the subsidy scheme. The study highlighted that people were eager to take part as long as the procedures were clearly feasible and well communicated. YESI vacancies were not advertised stating the type of programme that might have been confused with learnerships.

TABLE OF CONTENTS

CONTENT	Page
Declaration.....	i
Dedications.....	ii
Acknowledgements.....	iii
Abstract.....	iv
TABLE OF CONTENTS.....	v
List of Tables.....	ix
List of Figures.....	x

CHAPTER 1: OVERVIEW OF THE STUDY

1.1 Introduction.....	1
1.2 Problem Statement.....	2
1.3 Motivation/Rationale for the Study.....	4
1.4 Aim of the Study.....	5
1.5 Objectives.....	5
1.6 Significance of the Study.....	6
1.7 Research Questions/Hypotheses.....	6
1.8 Definitions of Concepts.....	7
1.8.1 Unemployment.....	7
1.8.2 Discouraged work-seekers.....	7
1.8.3 Underemployment.....	8
1.8.4 Youth unemployment.....	8
1.8.5 Employed persons.....	8
1.8.6 Youth Wage Subsidy Tax Incentives.....	8
1.8.7 Unskilled labour.....	9
1.8.8 Inequality.....	9
1.8.9 Policies.....	9
1.9 Ethical Considerations.....	9
1.10 Research Limitations.....	10
1.11 Conclusion.....	10

CHAPTER 2: LITERATURE REFERENCE ON WAGE SUBSIDY PROGRAMMES

2. 1	Introduction	12
2.2	Brief Overview of the Youth Wage Tax Subsidy.....	13
2.3	The critique of South Africa’s Youth Wage Subsidy	14
2. 4	Problems Faced by Unemployed Youth: Warrant for Youth Employment Subsidy.....	18
2. 5	Implications of Youth Wage Subsidy on employers and youths.....	19
2.6	It must be New Jobs Created for Youth Wage Subsidy Incentive.....	20
2. 7	Impact of Youth Wage Incentive on Older Workers	21
2.8	The Impact of Education and Skills Training on Employability of Youth Job Seekers	21
2. 9	How to Integrate Young People’s Entry in the Labour Market with the Retention of Older Workers?	23
2.10	Shall Youth Wage Subsidy Address Racial, Social Imbalances?	24
2.11	Administrative Procedures and Operational Challenges	25
2.12	Learnership and Youth Wage Subsidy	26
2.13	Main Objects of YESI and the Economic Conditions of the State of South Africa .	27
2.14	The Success and Failure of Youth Wage Subsidy Policies in Other Countries	28
2. 15	The Case of France, Japan, USA and Germany.....	29
2. 16	The Effectiveness of South Africa’s Youth Wage Subsidy	31
2.17	Summary	33
2.18	Conclusion	34

CHAPTER 3: RESEARCH METHODOLOGY- CONCURRENT TRIANGULATION

3.1	Introduction	35
3.2	Research Design	35
3. 2.1	Population	37
3. 2.2	Sampling methods	38
3. 2.3	Data collection	39
3. 2.4	Data analysis	41
3. 3	Ethical Considerations	42
3. 3.1	Risks and benefits	42
3. 3.2	Confidentiality	42
3. 3.3	Right to refuse or withdraw	43
3. 4	Research Limitations.....	43

3.5	Conclusion	44
-----	------------------	----

CHAPTER 4: DATA ANALYSIS, RESEARCH FINDINGS AND INTERPRETATIONS

4.1	Introduction	45
4.2	Response Rate	46
4.3.	Data Analysis and Presentation	46
4.4.	Discussion of Findings	46
4.4.1	Profile of the respondents	47
4.4.1.1	The position of the respondent	47
4.4.1.2	Gender of the respondents	48
4.4.1.3	The qualifications of the respondents	49
4.4.1.4	Technical skill qualifications	50
4.4.1.5	Age range of the participants	51
4.4.2	Section B: Business Profile	52
4.4.2.1	Type of business ownership	52
4.4.2.2	The sector of business	53
4.4.2.3	Size or category of business is your organization	54
4.4.3	Section C: Employers perspectives on the impact of YESI	56
4.4.3.1.	Ever heard of Youth Wage Subsidy Incentive?	56
4.4.3.3	Rating administrative demands of YESI	57
4.4.3.5	Since the YESI was introduced, how many new employees have you recruited?	59
4.4.3.6	On YESI reducing youth unemployment	60
4.4.4	Section D: Youth Perspective on the YESI	61
4.4.4.1	The value of the experience gained in YESI.	61
4.4.4.3	Working and attending training at scheduled intervals	62
4.4.4.4	What number of your colleagues is aged between 15 and 29?	63
4.4.5	Section E:Approval YESI	64
4.4.6	Section F: satisfaction with YESI	65
4.5.	Thematic analysis of interviews	67
4.5.1.	Knowledge about the YESI	67
4.5.2.	Existence of YESI in Makhado Lovcal Municipality	68
4.5.3.	Probability of YESI on reduction of unemployment	69
4.5.4.	Probability of displacing older workers	70
4.5.5.	Evaluation of the effect of YESI on youth business initiatives	70

4.5.6. Evaluating if YESI should rather be replaced by another programme.....	71
4.5. 7. Reality of people working under YESI	71
4.5.8 Observed difficult to make proper statistics on YESI.....	72
4.6. Response variation	72
4.7. Interpretation of Findings.....	73
4.8. Conclusions	75

CHAPTER 5: RECOMMENDATION AND DISCUSSIONS

5.1 Introduction.....	77
5. 2 Problem Statement.....	77
5. 2.1 Purpose of the study	78
5. 2.2 Aim of the study	78
5. 2.3 Objectives	79
5. 2.4 The testing of research questions.....	80
5. 3 Summary of the findings.....	81
5. 3.1 Poor responsiveness to implementing YESI.....	84
5.3.2 Awareness and knowledge about YESI.....	84
5.3.3 Variation on profile of respondents	85
5. 4 The Impact of the findings.....	86
5.5 Discussion on recommendations	88
5.5.1 Adoption of a participatory approach in introducing new policies	90
5.3.2 Lack of awareness and knowledge about YESI.....	91
5.5.3 Improved communication channels	92
5.5.4 Advocacy.....	92
5.5.5 Two year terms temporary.....	93
5.5.7 Provincial designate officials.....	93
5. 5.8 Monitoring and evaluation	94
5.5.9. Political will to make it work	95
5. 6 The Success of YESI	95
5. 7 Further Study.....	96
5. 8 Conclusions	97
REFERENCES	98

List of Tables

Tables and title	pages
Table 3.1: Employment statistics in Vhembe district.....	38
Table 4.1: Gender.....	49
Table 4.2: Technical Skills Qualifications.....	51
Table 4.3: ever heard of Youth Wage Subsidy Incentive.....	56
Table 4.4: ever been in a business forum discussing YESI.....	57
Table 4.5: rating administrative demands of YESI.....	58
Table 4.6: employment opportunities designated for youth between 15 and 29 years of age.....	58
Table 4.7: number of new employees recruited since the YESI was introduced.....	59
Table 4.8: on displacement of older employees.....	60
Table 4.9: On YESI reducing youth unemployment.....	60
Table 4.10: The value the experience gained in YESI.....	61
Table 4.11: Has the introduction of YESI influenced you to search for a job?.....	62
Table 4.12: Are you working and attending training at scheduled interval (if employed).....	63
Table 4.13: number of work colleagues aged 15-29.....	64

List of Figures

Titles of figures	pages
Figure 4.1 The position of the respondents	48
Figure 4.2 The Qualifications of the respondents.....	50
Figure 4.3 Age of the respondents.....	52
Figure 4.4 Type of businesses.....	53
Figure 4.5 Sector of the business.....	54
Figure 4.6 Size of the business.....	55
Figure 4.7 Approval of YESI.....	65
Figure 4.8 Gratification of YESI.....	66

CHAPTER 1: OVERVIEW OF THE STUDY

1.1 Introduction

With over 25% of South Africans unemployed, numerically amounting to over five million people, of whom 72% are youth; unemployment remains a major setback facing South Africa today. A significant proportion of the unemployed are young people of between 15 and 29 years of age (Mnisi, 2012:3). Although the government has introduced a number of interventions such as the Expanded Public Works Programme (EPWP) and Growth, Employment and Redistribution (GEAR) to deal with the problem, unemployment remains a challenge. Most recently the government has introduced the Youth Employment Wage Subsidy Incentive (Mnisi, 2012:3-16), basically directed at creating employment for young people of between 18 and 29 age range. The Youth Employment Subsidy Incentive was a tool designed to boost employers who hired youth under this policy with subsidized salary for at least two years (Almeida; Orr and Robalino, 2014: 1-24).

Almeida *et al.* (2012:1) define wage subsidies as payments to employers or workers in order to reduce the cost of labour and increase salary pay of the young workers. These schemes are increasingly being adopted or considered by developing countries as part of their labour market policy in the fight against alarming unemployment statistics. Several countries use similar policies in order to target specific groups of workers, not general employment seekers or workers only.

In South Africa, Youth Wage Subsidy was introduced as one of the employment generating policies which the government specifically in response to the challenge of high youth unemployment in the country. According to statistics, unemployment was highly prevalent on young employment seekers or young people in general. In this regard, South Africa's Youth Employment Tax Incentive Act, was introduced in the form of tax incentives (rather than direct wage subsidies) to encourage firms to hire young workers in order to expose them to work practical experience and to train them towards more knowledge and skills in various trades. The South African

Revenue Services (SARS) has been tasked to administer the scheme by monitoring, auditing and effecting payments.

The businesses were allowed to claim the subsidy if they were formally registered with SARS, registered on the Pay-As-You-Earn (PAYE) and Unemployment Insurance Fund (UIF) systems, and unblemished tax record, as a basic qualification requirement (Pasensie Feb.2013:1-3; Levinsohn and Pugatch 2014:177).The tax deduction was set for 50% in the first year and 20% of the wage in the second year. Employers were allowed to claim back an amount of up to R1000 a month per person for every salary paid to targeted workers. The new Youth Wage Tax Incentive programme also allowed employers with operations in special economic zones to claim the incentive for new hires of any age(Pasensie 2013:1-3). According to the National Treasury, the subsidy was expected to subsidize 423 000 new jobs at a cost of approximately R5 billion to the cost of the government over three years up to 2016 (Levinsohn, and Pugatch, 2014:177). The subsidy was therefore designed to lessen labour costs to the employers and thereby encourage employers to hire more youths (Yu 2012:12).

The research investigated the effectiveness of Youth Wage Subsidy Tax Incentive scheme on promoting employment creation as a result of the volume of benefits employers would enjoy out of this undertaking (Mnisi, 2012:3-16). In this study, detailed analysis was made on the efficacy the Youth Employment Subsidy could have on creating new decent employment and full employment for the youth in Makhado Local Municipality. The research also evaluated the feasibility, the effects and defects of the Youth Wage Subsidy on job creation (Almeida, Orr and Robalin, 2014:1-24).

1.2 Problem Statement

Pasensie (2013:1-3) indicates that unemployment is a major problem in South Africa, that it requires to be urgently redressed. Statistics South Africa reported that over 24.9 per cent of the population of the job seekers in the country was unemployed of which 72 per cent of those were young job seekers (StatsSA, 2014:1). Statistics South Africa's Quarterly Labour Force Survey states that 47.5%

of employable youth are not employed (Coetzee, du Preez and Smale 2013:679), it meant that one in every two young people could not find a job and had a very little chance of ever finding work. When youth unemployment was broken down into figures by race, the picture became even more loathsome for Africans and Coloured youth, and more so for female youths, because of the legacy left by the apartheid regime that divided the society on the basis of colour, race and gender.

One other major setback was the concept of employability (Nevondwe and Odeku, 2014:780). Employability refers to an individual capacity in skills, ability and personal attributes to access and maintain relevant employment and to find a new employment in time and at will (Marock, 2008:8). Statistics indicate unemployment rate of those who dropped out of secondary school before completing senior secondary education at 58.5%, making 40.3% of the unemployed youth of South Africa, there were roles to play for companies and other stakeholders including educational institutions, in upholding this policy by participating in skills and education facilitation programmes to enable young people to be skilled, competent and employable (Marock, 2008:8).

Given South Africa's political history, unemployment affected the youth based on inherited historical legacies. In 2010, African youth unemployment reached 58%, Coloured youth 45%, while that of Indian and White stood at 22% and 18% respectively. These figures however, did not adequately reflect the authentic statistics of youth unemployment problem, since they excluded young people that had not been actively looking for employment, although they were at working age or even employable (Stats SA, 2014).

Makhado Local Municipality was beset by 49% unemployment, and consistent with the national picture, the majority of the unemployed were youths. According to the IDP of Makhado Municipality (2013-2014:71), the main labour-absorbing sectors were the agriculture sector, community services sector; and the trade sector. Community service and trade sectors were the predominant employers, responsible for just over 27.45% and 19.30% of the active workforce respectively (Makhado Municipality IDP, 2013-2014:71).

There were some sectors in which the municipality experienced patches of economic growth, however. It was widely acknowledged that unemployment was a problem in the municipality and that some action had to be taken. The key research question therefore remained if the businesses in the municipality had taken advantage of the introduction of the Youth Wage Subsidy to try to reduce unemployment as the intent of the policy suggested.

1.3 Motivation/Rationale for the Study

The study was motivated by realization that unemployment was still a major challenge in Makhado (Makhado Municipality IDP, 2013-2014:71), with the main employers or the main labour-absorbing sectors being the agricultural, services, manufacturing and mining sectors, with the help of short-term job ventures under community services sector, Expanded Public Works Programmes and tendering company jobs. The number of job opportunities created remained inadequate to absorb all or a reasonable proportion of the unemployed people, with vital view of youth.

Despite other on-going programmes which were being implemented across the country, like the Expanded Public Works Programmes, the Community Works Programmes and Home Based Care Programmes, which largely provided temporary and unsustainable employment, unemployment as attested by statistics remained alarmingly high (Nevondwe and Odeku, 2014:780). The researcher was interested in finding out if the Youth Wage Subsidy was an effective strategy to boost employment of youth in the municipality (Nevondwe and Odeku, 2014:780). It was of interest to the researcher to find out how employers had responded to the subsidy and to what extent that had influenced their recruitment and selection decisions, and if that had propelled youth to increase their tempo in looking for employment opportunities.

1.4 Aim of the Study

The main aim of the research was to assess how employers have responded to the Youth Wage Subsidy. In particular, the study sought to find out how the subsidy had influenced the employers' decisions to hire young people and what new jobs it had actually contributed to. It also had to look into the influence the subsidy had on youths to develop faith in searching for work with courage. The researcher further investigated the awareness and advocacy strategies envisaged in promoting the subsidy programme to reach to the employers, employees and society as a whole. The study reviewed the effectiveness of the subsidy intervention in reducing youth unemployment. The survey looked also into the impact YESI had on the graduates and the illiteracy of the young job seekers.

The study also sought to determine if the subsidy has not resulted in job losses with employers replacing older employees with the young inexperienced job seekers since the latter attract a subsidy incentive. The study is deemed important because the youth are the future of the society in any country and unemployment deprived young people of opportunities to participate in the economic activities and development of the society by working or starting businesses and employ other young persons, thereby creating destitution and displacement amongst the youth.

1.5 Objectives

The main objectives of the study were:

- i. To assess if employers were aware of YESI and understood the procedures, protocol and modalities of implementation of the Youth Wage Subsidy;
- ii. To evaluate and assess the impact of the subsidy on job creation for the youth;
- iii. To determine if there were any challenges with regard to the administration of the subsidy incentive;

- iv. To evaluate if the experience gained by youth employed in the subsidy scheme was relevant in leading to future job opportunities or expertise in performance in their variable trades;
- v. To determine if the youths were aware of this opportunity to access jobs designed and reserved for them as specific targets; and
- vi. To establish if the employers or the youth had communication facilitations regarding the functioning procedures of YESI and to deliberate on report, motivations and challenges regarding the programme.

1.6 Significance of the Study

This study was expected to generate knowledge and information which might enhance the understanding of how the Youth Wage Subsidy worked and what impact it had on employers' decisions to hire inexperienced youth. It was important to find out how the state or government departments, business organisations and individual youth and society were taking responsibility to create decent full jobs and employment.

The study also shed light on how the youth themselves perceive the subsidy and whether or not it is actually working in their favour. Since the subsidy was a new initiative in South Africa, the findings of the study research provided some interesting insights which motivated other researchers to embark on larger studies at the national level. As indicated by Carmichael and Ward (2001), reducing unemployment could also reduce other social ills in the country, for example, crime, violence, prostitution and divorce.

1.7 Research Questions/Hypotheses

The key research questions for this study are:

- i. How does the Youth Wage Subsidy expected to contribute to job creation?
- ii. Are employers aware of the existence of the subsidy and do they understand how it could reduce their labour costs?

- iii. To what extent has job creation endeavor since the subsidy was introduced?
- iv. How does the subsidy affect hiring decisions with regard to older and existing workers?
- v. What are the challenges, with respect to the implementation of the scheme?
- vi. Is the subsidy the single factor in hiring of youth or are there other factors which employers consider for example, skills and educational level of individuals?
- vii. How do learnerships and internships supplement the Youth Wage Subsidy in creating employability conditions of skilled youth?

1.8 Definitions of Concepts

The key concepts that were used have been defined hereunder. These fundamental concepts include: unemployment, policies, inequality, unskilled labour, youth Wage Subsidy or Youth Wage Tax Incentives Subsidy, employment, youth unemployment, underemployment and discouraged work.

1.8.1 Unemployment

To measure unemployment, the following three criteria had to be met: the unemployed person had to be completely without work, available for work and lastly taking active steps to find work (StatsSA, 2014: xx-27). Ukpere and Slabbert (2009:37) believe that unemployment occurs when a person who was actively searching for employment was unable to find work. Long-term unemployment refers to those individuals among the unemployed who were without work and trying to find a job or start a business for one year or more.

1.8.2 Discouraged work-seekers

Discouraged Work-Seekers are persons, who are ready for work, want to work but do not try to find work because they believe that there are no jobs available for

them, or are unable to find jobs that match their skills, or they have lost hope of finding any kind of work (StatsSA, 2014:1-27).

1.8.3 Underemployment

Underemployment refers to persons who are employed and willing and available to work additional hours, whose total number of hours actually worked during the referenced period was below 35 hours per week (StatsSA, 2014: xx-27).

1.8.4 Youth unemployment

Youth unemployment refers to inability of ready young men and women to find employment due to lack of vacancies or lack of business growth mostly influenced by economic conditions such as recession or inflation, or slow economic growth of a particular state or country (The Treasury, February 2011:9-54;StatsSA,2014:xx-27)

1.8.5 Employed persons

Employed persons are those engaged in market production and economic activities by contractually rendering services for a particular business entity. It includes those that worked for a wage, salary, commission, or payment in kind, running any kind or value of business on their own, or with one or more partners, and those that helped without being paid in a business run by another household member (StatsSA,2014:xx-27).

1.8.6 Youth Wage Subsidy Tax Incentives

This refers to the policy designed to create employment opportunities for young adults by subsidizing employers on salary or wages by reducing their tax contributions, tax immunity or direct salary contributions to the employees(The Treasury, February 2011:9-54)

1.8.7 Unskilled labour

Unskilled labour involves people that are ready for employment but without relevant skills according to current trend of labour demand. The unskilled labour however, could still be skilled through training or experience by training institutions, on-job training or learnerships (Tregenna, F. 2011:585-598).

1.8.8 Inequality

Inequality is a comparative phenomenon about imbalances in treatment, opportunities, judgment, dignity, respect, financial income and access to food, services, goods and facilities in the form of shelter, clothing, and medical centers (Tregenna, F. 2011:585-598). It also refers to the way people and oneself value one and one's life and being. Demombynesa and Zlerb (2003) examined the effects of local inequality on property and violent crime and concluded that inequality led to crime in general.

1.8.9 Policies

According to Ball (1993) policies are legislative documents that describe an exercise in theoretical heurism. It is intentionally tentative and open-ended. It is also, because of constraints of space, rather schematic at times. It is restrictive and descriptive of practices and processes.

1.9 Ethical Considerations

It was deemed ethically essential to seek consent from the community leaders, employers and managers and from the participants prior to data collection. The participants were informed that their personal views would be treated with confidentiality and all transactions would be done anonymously. It was stated clearly that there was no risk to injuries or to their employment, nor defamation of character. It was also essential to state what the study would be used for so that everybody became aware of the intentions of the whole undertaking (Ersanilli; Carling and de Haas, 2011: 02-67).

The participants were also informed that no incentives in any form should be expected. A written consensual approval was given before the research commenced. Further, there was no coercion or tricks to lure people into participating. Participation was on a voluntary basis, but with adherence to principles of confidentiality. The participants were told that their names would not be revealed but that they would be quoted anonymously. It was vital for the participants to receive feedback in due time about how their information would be used and how they had been helpful.

1.10 Research Limitations

Given that the research topic was on a relatively new policy intervention, there is not much literature in the South African context. In addition, since the study is limited to the case of Makhado Municipality, the findings could not be generalized to the whole of South Africa. However, despite that limitation, it is hoped that the findings will generate sufficient interest for other researchers to undertake larger studies. There are studies in the context of other countries, but the policy under study is relatively new in South Africa and is still subject to trial and error. Therefore, many people have scanty knowledge about the issues surrounding it.

1.11 Conclusion

With over 25% of South Africans unemployed, numerically amounting to over 5 million people, of whom 72% are youth, unemployment remains a major setback facing South Africa today. The Government came with a Youth Wage Subsidy Incentive policy, also known as Employment Tax Incentive Act of 2013, amidst other policies to curb Youth unemployment. That in a nutshell states the problem statement.

The main aim of the study was to evaluate the effectiveness of this subsidy incentive policy. It is the objective of the present study to investigate if the policy helps in creating sustainable employment opportunities for youth, thereby reducing unemployment statistics. The significance of the study is to establish how the Youth Wage Subsidy is expected to contribute to job creation.

In this chapter ethical considerations have also been clearly elucidated and research limitations have been highlighted. The key concepts such as, unemployment, discouraged workers, youth unemployment, and policies were clearly defined.

CHAPTER 2: LITERATURE REFERENCE ON WAGE SUBSIDY PROGRAMMES

2.1 Introduction

Youth Wage Incentives Subsidy was introduced to make South African workplaces more inclusive and accommodating for young people looking for work (Stats SA, 2014: 68-74). Employment opportunities however are fast available for older experienced workers than for inexperienced and even less skilled young job seekers. South Africa, like any other developing states, cannot afford to have young people that are not working and are economically inactive (Levinsohn and Pugatch 2014:177). Employment creation was deemed fundamental for socio-economic development of individuals and society thereof (The Treasury, February 2011:9-24). Evidence showed that the unemployed who have worked before are far more likely to find new jobs. Employment prospects per rate increase with age, thus Youth Employment Incentive Subsidy becomes necessary to open employment opportunities for youths (National Development Plan Vision 2030, 2011:109-118).

Youth Wage Subsidy could have a significant effect on improving the job prospects of the country's unemployed youth if effectively planned and implemented (Nevondwe and Odeku, 2014:780). It is viewed as a tool through which youths could gain work experience and skills from the combination of full time employment and on-the-job training (Velasquez and Velazquez, 2002). According to The Treasury (February 2011: 9/54) YESI was also envisaged to introduce young people into business enterprises by enabling their financial muscles through funding from variable sources (Mahadea and Simson, 2010:1-13).

The effectiveness of the implementation and understanding of the Youth Wage Incentive Subsidy made the package of what the research would focus upon (Jauch and Kaapama, 2011:1-24). The researcher sought to establish if the employers were aware of the scheme; if they understood the implementation strategy thereof; the challenges experienced, the combination of work and training, employment continuity after the subsidy term, the way the job finding assistance was done and if it was effective in reducing unemployment levels by increasing employment prospects and employability of youth (Velasquez and Velazquez, 2002). With effectiveness of the Youth Wage Subsidy scheme development, the

goals envisaged in the National Development Plan would be realized, and then economic stability achieved (The Treasury, February 2011: 9-54).

It had been vital to note how the youth targeted wage subsidy performed in other countries, both the developed and the developing countries like Germany, France and Turkey (Betcherman, Daysal and Pages, 2010: 710-722). What makes the research significant is that the youth make the socio-economic future of the country and without being employed in their early ages; the future of the country could be derailed. Youths as the hope of the future, require employment opportunities, and without jobs they cannot not be economically active and the future of the country would literally be gloomy (National Development Plan Vision 2030, 2011:109-118).

2.2 Brief Overview of the Youth Wage Tax Subsidy

The Youth Employment Tax Incentive Subsidy, which forges for collaboration between private organizations and government, while it did not apply to government institution, each company was qualified on account of having registered and complied with SARS regulations (Mahadea and Simson, 2010:1-13). The participating private business were paid subsidy by the state through tax incentive system administered by SARS for salary paid to its employees of between 19 and 29 years of age, earning between R2000 and R6000 for a period of two years with the original amount halved in the second year (Mahadea et al.,2010:1-13).

For employees that earned between R2000 and R4000 per month the amount paid to the company was R1000. The workers earning between R4000 and R6000 were summarily subsidized with R500 in addition to their regular salaries (Equal Education, 2013:1-17). Those that earned less than R2000 benefited 50% in addition to their normal salary. If an employee worked for one qualifying company and moved to the next the number of months spent in the first company would still be calculated to make up a two-year total of 24 months (The Treasury, February 2011: 9:54).

2.3 The critique of South Africa's Youth Wage Subsidy

South African Statistics (StatsSA 2014: 68-74), suggested that a quarter of the labour force in South Africa was unemployed with the majority (72%) of the unemployed being unskilled and skilled youth (Coetzee, du Preez and Smale 2013:679). About 25% of job seekers in South Africa were unemployed that made about 4 million people. The total number of the unemployed could increase to 35% when including people who had given up looking for work (Christopher, 2011:331–344). Of the 25%, 72% of the unemployed were youth of between 18 and 29 years of age, with over 80% of them being without tertiary qualification (Coetzee et al., 2013:679). To reduce the unemployment deficit in South Africa, a policy decision was required to address youth unemployment with emphasis on skills development, entrepreneurship and creation of employment opportunities, specifically for youth; therefore YESI was the relevant answer.

The policy “Youth Wage Subsidy” based on tax incentive strategy was also projected to stimulate economic activities by initiating new businesses and enhancing business growth for existing businesses, especially for small, medium and micro enterprises. YESI involved improved exportation and technological innovation in order to stimulate job creation (Preez and Smale 2013:679). Without enhanced economic activities, labour demand would remain low; it would be difficult for firms to just hire youths on account of the subsidy incentive. There was high hope from the South African government that the subsidy programme would boost positive reaction for labour demands for youths to decrease youth unemployment deficit (Nevondwe et al., 2014:780).

The Youth Wage Subsidy as a programme introduced to provide employment opportunities for the target group, is not a global new version of its own in South Africa; other countries have implemented it before (Nevondwe et al., 2014:781). As such, this literature review explores the efficacy of the wage subsidy to increase employment of youth as a target group.

For South Africa to become economically inclusive, many more people including youth should be provided with the opportunity to work and make a productive contribution to the economy and society (Coetzee et al., 2013:679). In addition,

unemployment is associated with social problems such as poverty, crime, violence, a loss of morale, social degradation and political disengagement (The Treasury, February, 2011:9-54). So, reducing unemployment for youths would as well limit the prevalence of poverty, crime and social injustice.

The main argument for a youth wage subsidy package that includes work-based training and entrepreneurial initiatives is that youth employment enhancement would reduce the risk associated with hiring young inexperienced workers (Almeida et al., 2014:1-24). Trained youth with skills and experiences would also be more employable and competent against the experienced adult job seekers (Kwabena and Kwame, 2011:54-62). Since the youths lacked experience and their productivity level was likely to be lower than that of the experienced workers, employers ordinarily had to be reluctant to hire youth, preferring instead, older and more experienced work force (Coetzee et al., 2013:679).

It was also suggested that the subsidy would encourage young job seekers to even become more active in searching for jobs (Nevondwe and Odeku, 2014:781). Almeida, Orr and Robalin (2014:1-24) also suggest that on the job training would also improve the employability of young people and raise their probability of future employment perspectives (Yu, 2012:13).

However, there were NUMSA arguments against the wage subsidy (NUMSA Bulletin, 5 March 2014). One argument was that some deadweight loss had to be incurred in the event where employment vacancies could have been created even without the subsidy (Yu 2012:13). Which means some of jobs might actually have not been designed for the subsidy scheme, but would rather have emerged or created even if the scheme never existed (The Treasury, February 2011: 9/54). The estimate by National Treasury states the deadweight of 58% of job created for Youth Employment Incentive Subsidy could have been created without the subsidy as stimuli (The Congress of South African Trade Unions, 2011).

Arguably, it is probable that even jobs that could have been created without the subsidy scheme would not have automatically been directed to youths (The Treasury, February 2011:9-54). It is believed that the subsidy had somewhat made an impact in providing employment opportunities for youth. The only possibility is

that with the emergence of Youth Employment Incentive Subsidy, the most job vacancies, if not all of created jobs would be directed to youths, therefore leaving unemployed adult job seekers or those beyond the scheme's age brackets stranded (Nevondwe and Odeku, 2014:781). There were arguments that youths were the future, and employing youths makes their future secured and national development possible (Almeida et al., 2014:1-24). It was argued that a focus on youth would derail employment expectations of the unemployed adults as contributors towards the education and future of their youthful children as parents.

It was suggested that youths would be assisted to find new jobs after the subsidy scheme. But it was not yet clear how these youths would be helped with finding new jobs after the subsidy (The Treasury, February 2011:9-54). The strategy on that accord was not arranged quite clearly. However, suggestions were rife on where there could be information available on the database, about youth that went through the YESI and those not yet employed. It was possible to introduce a policy that enforces all unemployed persons to be registered, indicating their skills and educational levels so that both private and public sector could simply access and invite relevant persons for relevant posts (National Treasury, 2011:28). While for the subsidy scheme consideration is given only to those without skills or formal skills as a second chance to redeem school leavers to upgrade their skill competencies (The Treasury, February 2011:9-54). If it was thoroughly planned, it would be probable to afford preference to youth from literally poor backgrounds and the previously disadvantaged to help fight vulnerability to poverty conditions.

There was also a concern that hiring of youths would displace older workers (NUMSA Bulletin, 5 March 2014) and therefore constitute implicit discrimination which was against the South African Labour Law (Equal Education, 2013, 1-17). Another concern was related to the possibility of replacement of unsubsidized workers with the subsidized young workers (Yu, 2012:13). Ultimately, this issue induced the policing of the implementation of the scheme in order to ensure that malpractices were deterred. That mechanism was suited to avert substitution of the older workers by young inexperienced workers to keep employment statistics improving (Coetzee et al., 2013:679). As the subsidy was financed from the government treasury, its long-term sustainability therefore depends on economic conditions of the state, and that ignited doubts on the sustainability of the subsidy.

Evidence of the findings on the effectiveness of wage subsidies on new job creation reported mixed results (Almeida et al., 2012:1). The researchers argued that although the evidence was mixed, there were more recorded successes than failures in countries like the United States of America, United Kingdom, Singapore, Sweden and Turkey (Equal Education, 2013, 1-17; Betcherman et al., 2010: 710-722).

Preez and Smale (2013:679) argue that the impact of the subsidy depend on the demand and supply elasticity of labour and demand for the products produced. As economic theories demonstrate, labour markets are different in that some could be competitive others imperfect and the kind of labour market structure ultimately determine the responsiveness of employers in changing or increasing labour costs (Nevondwe et al., 2014:780). In countries such as the United States, the youth wage subsidy schemes were summarily effective (Preez et al., 2013:679).

Critics argue that the subsidy alone without inter-sectoral collaborations would not solve the youth unemployment problem prevalent today (Betcherman et al., 2007: 03). They emphatically stress that since the fundamental problem is poor quality or irrelevant education system and lack of relevantly contemporary skills among most school leavers, while tertiary education graduates remain stranded, the subsidy would only work well with On-Job-Training coupled with full employment to entrench in them relevant work skills and adequate experience (Preez *et al.*, 2013:679). The work based activities would create experience; as formal training would provide certification to attest, while practical training would make proficiency in work performance. There was a necessity for the scheme to embed formal and informal training through the use of SETA's, FET colleges, and Adult, Education and Training facilitations (The Treasury, February 2011:9- 54).

The South African Youth Wage Subsidy policy was also formulated to initiate new business ventures for youth through training, mentoring and funding. This would make youth rise from job seekers to become employers (The Treasury, February 2011:9- 54). Furthermore, the subsidy was supposed stimulate growth of existing businesses in order to open even more job opportunities for youth and contribute to GDP, so as to develop labour-intensive manufacturing and industrial business

orientation, and decrease youth unemployment subsequently (Nevondwe *et al.*, 2014:780).

2.4 Problems Faced by Unemployed Youth: Warrant for Youth Employment Subsidy

Betcherman *et al.*, (2007: 03) state with regard to International Labour Organization that the problem of unemployed youth was of course chiefly unemployment, but it was not the only problem, as many jobless young people were discouraged, some employed in bad jobs, under bad working conditions or even underpaid or paid below living standards (Almeida *et al.*, 2014:1-24).

As some with qualifications are employed in lower jobs and are underpaid, others are self-employed earning hand to mouth without hope for better future (Demombynesa *et al.*, 2003: 266-291). All these circumstances lead to poverty, crime, bad health conditions, high mortality rate, and low social esteem, creating a challenge of social injustice (Betcherman *et al.*, 2007: 03). Tregenna (2010: 585) states that unemployed young men are most likely reluctant to even marry or to start families hoping to find work first and time does not wait for opportunities, while age keeps creeping in. Klasena and Woolard (2008:6) indicates that a person without employment loses focus, confidence, dignity and respect, and lives a violent life adorned by dirty tricks, attitudes and habit of delinquency like stealing, robbery, and deceit to harness resources to fend for themselves. A combination of various confusions would hit them badly psychologically and affect their mental state (Demombynesa *et al.*, 2003: 266-291).

In South Africa unemployment embedded with service delivery of recent years evoked massive strikes and destructive demonstrations exacerbated by recent xenophobic attacks amidst claims that foreign nationals are taking their jobs. Therefore Youth Wage Subsidy Incentive came as a remedy for all such challenges faced by young people.

2. 5 Implications of Youth Wage Subsidy on employers and youths

The wage subsidy would reduce the financial cost of firms or private organizations that hired inexperienced youths and train them to acquire trade skills and work experience, while paying them salary through the scheme systems and without displacing the older experienced workers (The Treasury, February 2011:9-54). It had been suggested, the wage subsidy would encourage young job seekers and make more active in their search for jobs (Nevondwe *et al.*, 2014:781).

The youth wage subsidy could reduce the skills development costs burden and improve workers' productivity by making young workers more competent, creative and innovative. On-job training skills would also improve the employability of young people and raise their probability of future employment. Almeida *et al.* (2014:1-24) believed solutions for youth unemployment often but largely lay in education, training and business development, which helped to balance the demand and supply of skilled labour. Employers have a bigger pool of people to choose from (Yalnizyan,2014:16). With skills, youth would be encouraged to actively search for job and be immersed in community development activities. Having harnessed skills and experience, youths would embrace positive attitudes and hope, confidence and belief for employment probability as deterrent against felonious inducement (Nevondwe *et al* 2014:780).

The objectives of a Youth Wage Subsidy incentive was to improve the employment prospects for particularly young people, by reduction of employment costs for the targeted group relative to other groups, thus making them more attractive for firms to hire those (Nevondwe *et al.*, 2014:780). The main concern is that employers might manipulate wage subsidy against workers who would not meet the criteria of the subsidy (Coetzee *et al.*, 2013:679).

Newcomers, older workers and younger workers are all competing for job openings in a context of sluggish economic growth. With current economic conditions, South Africa might have it tough to effectively prosper the youth subsidy scheme (Almeida *et al.*, 2014:1-24). There were calls for utter free education from some political quarters, while South Africa was still failing to adequately fund NSFAS for the needy, and we often heard about unpaid internships, leaderships and scholarships,

which explain explicitly that it could be difficult to fund the subsidy scheme effectively and efficiently. Some employers might use the scheme to exploit desperate job seekers, to the extent that both young and old could take anything put on offer (Yalnizyan, 2014:16).

2.6 It must be New Jobs Created for Youth Wage Subsidy Incentive

The policy “Youth Wage Subsidy” based on tax incentive strategy, was expected to stimulate economic activities by initiating new businesses and enhancing business growth for existing businesses, especially for small, medium and micro enterprises with improved exportation and technological innovation in order to stimulate job creation and increased economic activities (Preez and Smale, 2013:679). Without enhanced economic activities, labour demand would remain low. It had been almost impossible for organizations to just hire youths on account of benefits from the subsidy incentive; hence, organizations would contribute to the salaries as well (Mahadea and Simson, 2010:1-13). There was high hope from the South African government that the subsidy programme would invent positive reaction for labour demand for youths in order to decrease youth unemployment deficit by absorbing more youth into the labour force (Nevondwe *et al.*, 2014:780).

The Youth Wage Subsidy as a programme introduced to provide employment opportunities for youth as a target group, was not an entirely new version of its own in the world and in South Africa; as other countries have implemented it before (Nevondwe *et al.*, 2014:781). It did yield mixed results with relative success as evidenced by results from different countries that had a similar scheme in the past like France, Turkey and Germany (Eichhorst *et al.*, October 2014:1-19).

Even though training of youth could be funded by the state, it would still be considered time consuming as business always sought for instant profit making mechanisms rather than experimental endeavours (Eichhorst *et al.*, October 2014:1-19). School leavers continued to have difficulties in being absorbed into the labour market when labour demand was weak, especially as employers failed to adequately judge a young person’s productivity and suitability for the job due to their of experiences (Eichhorst *et al.*, October 2014:1-19).

2.7 Impact of Youth Wage Incentive on Older Workers

Govindjee and Dupper (2011:775-803) believe the endemic problem of unemployment poses a serious challenge to the realization of South Africa's constitutional goals and values of equity and equal sharing of all resources and opportunities. One of the most glaring gaps in the assistance provided to the unemployed in South Africa is the exclusion of the long-term unemployed from any income-replacement measures which Youth Wage Subsidy will do very little about. While accordingly, COSATU cites fears for replacement of older workers by subsidized younger ones (Rankin, 2013), sensible monitoring policing is essential to avoid a negative impact on the older workers. There are many policies envisaged at employment creation; but, there is a need in South Africa to adapt a policy to help the marginalized workers or job seekers or those who have been unemployed for a long period of time, with programmes like job seekers' grants (Rankin, October 2013).

Eichhorst *et al.* (October 2014:1-19) argue that it is pivotal to consider that when youth unemployment increases the adults beyond 30 years of age mark are equally affected. Most of the people beyond the age of 30 got employment late and long after they had qualified, whilst most are underemployed and underpaid with the majority vulnerably placed in temporary jobs with little or no benefits at all (Immervoll and Scarpetta, 2012:1-9). While catering for youth, those beyond the age should not be disadvantaged. That was the reason jobs provided for Youth Employment Subsidy should not be jobs that could have been created without existence of the policy (Eichhorst *et al.*, October 2014:1-19).

2.8 The Impact of Education and Skills Training on Employability of Youth Job Seekers

Almost 86 per cent of unemployed youths did not stay in school beyond Grade 12, while two-thirds have never worked. Inexperience was particularly a problem on employment prospects of young people, exacerbated by implicit age discrimination in the labour market (Immervoll & Scarpetta, 2012:1-9).

The government was implementing a number of interventions to improve the quality of education, reduce the number of school drop-outs, and expand further education and training. However, education interventions to rectify skills shortages required effort and time to implement and even longer to make an effect (The Treasury, 2011: 9-54).

In Japan, the model was run on the basis of full-time schooling followed by full-time employment in enterprises closely connected with the schools. Schools which also acted as a screening mechanism for the employers provided academic skills, while employers provided formal training (Equal Education, 2013, 10-17). The screening process increased the incentive for high school students to perform well in school and afforded employers opportunity to build confidence in their potential workers. This arrangement worked well for those who remained in school, but did not meet the needs of those requiring second-chances (Adam, 2007:13-15).

Most of tertiary students were left with huge debt at graduation in South Africa as in Canada where the student debt was rising since the recession in 2009. Not surprisingly, graduates took whatever employment was given to them, therefore, falling into the underemployed category in terms of hours worked and or skills harnessed (Yalnizyan, 2014:16). A growing number of young people were struggling with underemployment and temporary jobs (Yalnizyan, 2014:16)

Increasingly, less people graduated with post-graduate qualification in South Africa, which means that even people who try to study further do not reach the climax or capacity to contribute to new knowledge and innovative adventure (Caliendo *et al.*, 2011). Even teachers were blamed each year for poor results of Grade 12 learners, for lack of adequate knowledge and skills particularly on scarce skill categories of Mathematics and Science. To reduce the current unemployment rate in South Africa, policy decisions focused on youth employment with emphasis on skills development should be introduced (Alet and Bonnal, 2011). The employment creation policies should also stimulate growth of small, medium and microenterprises (Coetzee *et al.*, 2013:679).

In Germany, Austria and Switzerland dual system of education and practical training was highly recognized (Caliendo *et al.*, 2011). Germany established a dual

apprenticeship system which allowed combining work experience, on-the-job training and classroom teaching. France did not have a dual apprenticeship system but only had conventional vocational education system. The young people that participated in the vocational education and training were mostly low-skilled young people (Immervoll and Scarpetta, 2012:1-9).

2. 9 How to Integrate Young People's Entry in the Labour Market with the Retention of Older Workers?

In most European countries, promoting early retirement was a frequently applied policy to keep open unemployment low in a phase of massive industrial restructuring in the 1970s and 1980s or even more recently in many EU member states (Eichhorst *et al.*, October 2014:1-19).

There were even explicit policies to encourage older workers to leave the labour force to make space available for young labour market entrants, with a belief that youth unemployment could be reduced when older workers retire earlier, to leave space for youth. In September 2013, French President expressed his view that high birth rates are responsible for high youth unemployment rates in France. That was the same for South Africa. As the birth rate kept rising high in South Africa ,it brought about high youth unemployment rate; the same in other countries with young populations and sluggish economic activities(Eichhorst *et al.*, 2014:1-19).

Most working adults also got jobs late in their ages, most underemployed or temporarily employed, therefore failing to make their family obligatory expectation; and with the coming of Youth Employment Subsidy they were more and more denied employment opportunities (Immervoll and Scarpetta, 2012:1-9).When unemployment for youth increased, unemployment for adults over 35 age range did not decrease, but increased inter alia. So South Africa might have to amend the youth employment policy a little to avoid escalating unemployment for older workers, while reducing the unemployment rate for the younger aged (Eichhorst *et al.*, 2014:1-19).As youth come with advanced technological skills, adults would blend in their experiences, yielding positive economic in-put for the country.

It was important to note, however, that youth unemployment sky-rocketed in those countries where unemployment for older workers also increased more strongly than in other countries. (Eichhorst, 2014:1-19).

2.10 Shall Youth Wage Subsidy Address Racial, Social Imbalances?

Due to its apartheid history, South Africa was deemed the most unequal society in the world. Therefore, unemployment statistics, as well as economic conditions and social experiences were diversified (NUMSA Bulletin, 2014). Africans and other minority groups except whites were dearly marginalized educationally, politically and socially, creating two different economic classes and that was not adequately addressed up to date. So, there was a need to redress even on apportioning employment opportunities, because some racial groups of people would require it more than others (Stats SA, 2014: 68-74).

Therefore, it should be accurately correct that “According to the Quarterly Labour Force Survey by Statistics South Africa (Stats SA, 2014: 68-74), in the third quarter of 2013, 34.8% of young South Africans could not find a job compared with less than 15% of adults over 34 year of age. If one broke down the youth unemployment figures by race, the picture becomes gloomier for African and Coloured youth (Stats SA, 2014: 68-74). In 2010, African youth unemployment hit 58%, Coloured youth unemployment 45% while Indian and white youth unemployment were at 22% and 18% respectively. However, these figures did not correctly reflect the seriousness of the youth unemployment problem because it excluded young people that had not been looking for employment (Nevondwe *et al.*, 2014:780).

Most of the white youth grew up in the businesses of their parents and were better schooled to run businesses and to perform better in their employment endeavours; even because psychologically people still believe that blacks are less competent, than whites were (NUMSA Bulletin, 5 March 2014). Even Youth Employment Subsidy was dependent on the unpatriotic business communities that might have been reluctant to participate.

2.11 Administrative Procedures and Operational Challenges

The proposed youth employment wage subsidy was administered using the Pay-As-You-Earn system operated by the South African Revenue Service (SARS). SARS conducted a bi-annual reconciliation of employer and employee records, which helped corroborate information on employers and employees claiming the subsidy (The Treasury, 2011: 43). But that did not make the system immune from corruptive practices, as the employers might channel every young person they employ into the scheme even if it was necessarily intended to benefit the scheme (Equal Education, 2013, 1-17). Employers could as well still terminate the contract of their employees and rehire them a bit later through the scheme system.

The administration of the scheme was expected to face variable logistical challenges which might create discrepancies (Equal Education, 2013, 1-17). South Africa, being rated with the top countries in corruption, could obviously experience reports about funding corruptions and fraud from the employers, government and SARS (The Treasury, 2011: 43). The programme experienced a lot of paper work and subsidy backlog, exerting pressure on administrative staff to meet deadlines.

Employers had challenges with understanding the payment protocol of the three options presented by SARS PAYE system, and required training (The Treasury, 2011: 43). There were options to choose from, for effective implementation of the scheme: 1. Employers pay the net balance of PAYE tax and subsidies every six months. 2. Employers pay the net balance of PAYE tax and subsidies on a monthly basis and reconcile every six months. 3. Collect PAYE tax as per usual, cash flow every six months and allow for a tax credit or rebate for the value of subsidies (The Treasury, 2011: 43).

PAYE processes were available for those employers that were registered for PAYE tax. For small firms that employed workers below the tax threshold there would not be any PAYE payments to SARS (NUMSA Bulletin, 5 March 2014). In these cases the employer would still have to be registered for PAYE, but the subsidy would operate as a cash pay-out rather than through the tax system (The Treasury, 2011: 43). That suggested that it would be important to link the SARS administration of the subsidy with the Department of Labour's inspection services at an operational level

and to establish appropriate legal measures to discourage and punish the abuse of the subsidy.

2.12 Learnership and Youth Wage Subsidy

The Youth Employment Wage Subsidy should be complemented by training, skills development and job search assistance (Dwane *et al.*, 2013: 11-14). For example, employers would be able to claim the learnership incentive in addition to any youth wage subsidy if they provided formal training; to subsidized workers and also as compensation for work time lost to training (The Treasury, 2011: 9:54). Work experience and on-the-job learning would be important channels through which informal training could take place and the availability of the learnerships means the existence of government support for formal training and development through SETA (The Treasury, 2011: 9:54).

However, the design of any potential employment subsidy may not want to mandate training alongside the subsidy since additional administrative burdens on employers may discourage participation in the subsidy; thereby, derailing the objective of eradicating unemployment of young people by giving them opportunity to gain experience (Dwane *et al.*, 2013: 11-14).

Youth Wage Subsidy could be applicable even in smaller businesses, where informal on-the-job training could be more frequent than formal training. In addition, available analysis from the learnerships incentive suggested small firms were largely excluded. (Nevondwe *et al.*, 2014:780). These findings suggested that a better designed training programme or incentive was necessary to allow smaller firms to undertake more formal training (The Treasury, February 2011, 9:54).

An alternative strategy would be to link the subsidy with a training voucher paid directly to the employee for formal training (Dwane *et al.*, 2013: 11-14). This approach would provide a direct link between subsidy recipients and support for training; while removing the administrative burden from participating organisations (Coetzee *et al.*, 2013:769-777). It could potentially be administered either by the Labour Centres or the FET Colleges through a voucher system

(Creswell, 2013:215-241). A subsidy design could also consider administering something similar to the 'Training of Unemployed Persons' programme presently being piloted by MERSETA in partnership with the Department of Labour and the Unemployment Insurance Fund (The Treasury, February 2011,9:54).

2.13 Main Objects of YESI and the Economic Conditions of the State of South Africa

The main objective of the Youth Wage subsidy was to create as many jobs as the economy could afford with the young people being the target group. The South African National Development Plan had set its objectives around achieving economic growth. One of the main targets of the NDP was to reduce unemployment rate from 25 percent to 14 percent in 2020 to six percent by 2030 and a rise in the labour force participation rate from 54 percent in 2010 to 65 percent and about 11 million additional jobs by 2030(National Development Plan Vision 2030, 2011:109-118). About 41 percent of the working age population between 15 and 64 would be employed. The aim was to increase this to 52 percent by 2020 and to 61 percent by 2030.

While in other BRICS countries unemployment rates were lower (Brazil 5%, Russia 5%, India 4% and China 4%), South Africa's economic conditions could not grow sufficiently with 25% of its population literally unemployed (Coetzee *et al.*,2013:769-777;Mahadea *et al.*, 2010:1-13). The findings suggested a need to stimulate the economy to notable growth so as to accordingly create productive employment opportunities especial the young people (National Development Plan Vision 2030, 2011:109-118). Past researchers revealed that persistent unemployment led to threat on democracy as it propels riots and social unrest as it was recently witnessed in South Africa. The most worrying aspect was that South African economy performs below par derailing chances to reduce unemployment (Coetzee *et al.*, 2013:769-777).

In order to solve South Africa's unemployment problems, the entire aspects of the Youth Employment Subsidy required strategically implementation (The treasury,

February 2011, 9:54). In order to raise employment opportunities, South Africa required better educational outcomes, a healthier population, better infrastructure, inclusive social security and safety, and lower corruption levels (Coetzee *et al.*, 2013:769-777). This required efforts to grow the economy faster and to make it more labour absorbing, which the Expanded Works Programme, Reconstruction and Development Programme, GEAR and, the New Growth Path Creating the Conditions for Faster Growth and Employment Through Government Investment, have failed to achieve. Under lower economic condition costs for goods and services would continue to rocket high, making it difficult for the poor of the society to live better. So there should be efforts to lower costs in the economy for the poor to access goods and services and open employment opportunities for the people (National Development Plan Vision 2030, 2011:109-157).

2.14 The Success and Failure of Youth Wage Subsidy Policies in Other Countries

“Active labour-market policies, of which a subsidy to labour is one, are common in both developed and developing countries” (Rankin, 2013). There were different strategies and types of employment subsidy including tax reductions to firms for creating employment, mandatory social security contributions paid by government on behalf of firms, or government payments to companies for hiring (Mahadea and Simson 2010:1-13). These subsidies created largely temporary solutions in temporary employment depending on country’s economic conditions to be tackled (The treasury, February 2011, 9:54). In a number of countries programmes for marginalized workers or those who have been unemployed for long periods of time, despite age, are designed such as job search assistance, or a placement service programmes.

Empirical research methodologies showed that the effect of this type of programme on employment is varied. In some cases wage subsidies have worked remarkably well, but largely for a short term solution provision (The Treasury, February 2011, 9:54). In Jordan, employment Youth Wage subsidy helped increase employment by 40 per cent during the subsidy period, but then dropped to original state when the subsidy lapsed (Rankin, 2013).

However, in other countries it worked precisely well, such as the Future Jobs Fund in the United Kingdom where participants were 27% more likely to be in unsubsidized employment two years after starting their FJF job. In Turkey, where the number of registered jobs increased, it was found that many of the subsidized jobs would have been created anyway. The impact of wage subsidies depends very much on labour market conditions, economic standing of the country and the design of the programme, inter alia.

2. 15 The Case of France, Japan, USA and Germany

France and Germany represent two opposites in the European debate about rising youth unemployment. By the end of 2012, the French youth unemployment rate was at 25.5 percent. On the other hand, youth unemployment in Germany had been falling constantly since its peak at the beginning of 2005 (Caliendo, 2012,25-92).In Germany public policies played an important role in influencing school-to-work transitions and ensuring that enough jobs for young people are created (Alet and Bonnal, 2011).

According to Adam (2007:13-15), in Japan, the policy model was based on full-time schooling followed by full-time employment in enterprises closely connected with the school. In their case schools acted as screening mechanisms for the employers by providing academic skills, while formal training was provided by employers, making high school students perform well in school to impress potential employers. However, this could be ideal for school leavers who needed a second chance. As Adam (2007:13) state, in United States of America, learners are organized in small learning communities in secondary schools combining academic and technical curricula around a career theme.

In Germany apprentices were based on training contract that lasted for about three to four years with a firm with alternations between school and firm-based training. Over 50 percent of all companies with at least one employee had acquired an entitlement to train (NUMSA Bulletin, 5 March 2014).In Germany about 66% of those who successfully complete training subsequently enter employment. Furthermore, participants of the dual apprenticeship programme also have faster

entry into the labour market when compared to participants in school-based vocational training (Parey, 2011).

France offered apprenticeship-based routes to public vocational qualifications as an alternative to school-based ones. The Netherlands had more educational content to apprenticeships and Sweden introduced mandatory work experience in upper secondary education (Adam, 2007:13-15). Companies benefited from this type of training scheme because it allowed them to work with new employees and to retain those that perform well (NUMSA Bulletin, 5 March 2014).

Compared to school alone, dual apprenticeship system significantly induced improved wages and employment stability. The dual apprenticeship systems relied on the broad support of employers, trade unions and the government regarding regulation and financing (Horn, 2013:2-10).

The support of government involved not only developing special vocational schools and training qualified teachers, but also offering preparatory training for young people who were not yet ready to start apprenticeship after leaving school (Horn, 2013:2-10). South Africa was faced with structural unemployment, which made it difficult to create new employment opportunities even when the economy was growing as a result of low skilled and low productivity jobs (Mahadea and Simson, 2010:1-13).

Unemployment in South Africa was largely caused by substitution towards skilled workers within each economic activity, structural change away from low-skill intensive parts of economy and production techniques becoming progressively more capital intensive within the tradable or manufacturing sector (Mahadea and Simson, 2010:1-13).

As South Africa was deemed to be moving away from a labour-intensive output growth path (Caliendo, 2012, 1-92), as partly reflected in falling share of manufacturing employment and contribution to GDP and rising employment and output in the services sector, especially in construction, trade and financial institutions, there had to be change in the set-up to open up employment opportunities especially for youth (Mahadea and Simson, 2010:1-13).

The success of Germany was in establishing a dual apprenticeship system which allows combining work experience, on-job training and classroom teaching (Horn, 2013:2-10). The failure of France was in that it did not have a dual apprenticeship system, but only had traditional vocational education (Caliendo, 2012:75-79). To a minimal extent, South Africa practiced dual apprenticeship, which since 1994 democratic transition was deemed to be steadily dwindling down (Mahadea et al., 2010:08-13). One might be induced into thinking that if South Africa failed in apprenticeships, internships and learnerships would not rigorously succeed in Youth Wage Subsidy (Caliendo, 2012: 24-74).

2. 16 The Effectiveness of South Africa's Youth Wage Subsidy

According to Levinsohn *et al.* (2014: 5-49), the success of the scheme could be set to be minimal and temporary. The scheme shall only last for two years; after which the organisation would decide if they could absorb them or not, and the majority would not be absorbed but would have the experience and skills that would make them employable (Ranchhod *et al.* 2014:1-46).

The number of youths absorbed into the programme would only be small compared to the youth statistics (Ranchhod *et al.*, 2014:1-46). The incentives might be weighed too low to attract the interest of the employers in employing novice young men and women who have to be trained first in order to be competitively productive enough. The time used in training these people might reduce the production speed of the involved companies, with costly damages if the targets are not met on time and customers become disheartened and look for help elsewhere (Ranchhod *et al.*, 2014:10-46).

Ranchhod *et al.* (2014:1-46) state that posts created for the scheme would not be profit orientated, but rather support the call by the state for private organizations to participate in the enhancement of the economy of South Africa (Equal Education, 2013, 05-17). So most unpatriotic companies would be reluctant to take part in the programme. Some organizations might refrain from participating for fear of disturbing the mood and the rhythm of the working system (Levinsohn *et al.*, 2014: 5-49).

The scheme brought with it a lot of logistical paperwork, as the employers would be required to complete a lot of documentation to prove that they were law abiding, the youth spoken about were real, their age fitted in the requirements, they did not overstay the two-year term and that the refunds were paid in accordance with required standards of calculations (Ranchhod *et al.*, 2014:1-46).

The spirit of national patriotism would be the master key for employers to partner with the state in employment creation (Equal Education, 2013, 1-17). It was important for employers to realize that employing youth would not only boost the country's economy, but would contribute towards enhancing economic activities of the troubled country. With more people employed, crime would dwindle and service delivery protests would slow down and where necessary be normalized or be less violent (Levinsohn *et al.*, 2014: 5-49).

However, the improvement of our economic situation is beneficial to all citizens of the state and to the future generation which includes our own sons and daughters. Everyone who deems himself or herself part of the whole should feel it as his or her own obligatory burden and responsibility to contribute positively in activities that enhance economic conditions of the country (Rankin, 2013).

Of course, there were few citizens virtually concerned about the impact of unemployment on the country's economic future that they looked at the volume of corruption with dismay. It is only an improved economy that could give effect to the slogan of the better life for all by opening up employment and business opportunities for youths (Ranchhod *et al.*, 2014:1-46).

Rankin (2013) used the voucher system to realize the impact of the subsidy scheme, but in this research the researcher investigated the reality on ground point. Most other researchers focus either on the causes of youth unemployment or on impact of the scheme. The present researcher focuses on the effectiveness of the Youth Employment Tax Incentive Subsidy on employment creation for youth (Equal Education, 2013, 1-17).

2.17 Summary

High unemployment in a country means fewer people contribute to the revenue pool generated by income tax (Mahadea et al 2010:1-13). Amidst different types of employment wage subsidies, South Africa opted for tax incentive system (Coetzee *et al*, 2013:773-777). The Youth Wage Subsidy had not been analyzed against the successes and failures of employment subsidies implemented elsewhere like in the USA for example.

The tax incentive system motivationally offered the employers the power to employ more, even above the budget. Coetzee *et al*. (2013:777) states that the subsidy was also designed to help employers reduce the amount owed to SARS instead of physically applying for the subsidy, which provided more motivation to business organisations to participate. To combat a possible substitution, the design of the subsidy should ensure that the right to work of workers not eligible for the subsidy was protected by virtue of the law (Levinsohn *et al*, 2014: 5-49).

The aim of the study was to evaluate if South Africa's Youth Wage Incentive Subsidy could eventually aid in alleviating the country of its unemployment debacle (Almeida *et al.*, 2014:10-24). The study provided valuable input for policy makers on whether or not the proposed youth subsidy would yield desirable results in a South African context of turbulent developing economy (Equal Education, 2013, 14-17).

The integration of practical training with work would help in upgrading South Africa's skills levels, especially if the assessment and training follow Quality Council for Trades and Occupations (QCTO) and SETA's or SAQA's procedural formality for quality production of skills and knowledge so that graduates become more competent and employable (Coetzee *et al.*, 2013:773-777). Each country applied youth subsidy in relevance to its own context. The success of South Africa's wage subsidy depends mostly on whether it has been planned to the strength of the state based also on its economic condition and its administrative strategy or not (Jeffrey, 2010: 465–481).

Lack of economic solid law and rules has allowed small markets like tuck-shops to be dominated by foreign nationals, igniting undesirable xenophobic reaction. In other countries, there are requirements for foreign nationals to establish a business in which there are statutes obliging them employment of locals to aid in employment provisions (Coetzee ., 2013:773-777).

Most foreign owned businesses in South Africa did not bring new products and were run by family members, limiting employment of locals to one per retail shops. Regulatory laws would help reduce xenophobic attacks by making both foreign and national owned shops participate in the fight against raging unemployment problems (Mahadea, et al 2010:1-13).

2.18 Conclusion

According to Almeida *et al.*(2014:1-24), the success of the same scheme in most other countries produced mixed results ranging from success to failure in accord with approaches and socio-political environment (Mahadea et al.,2010:1-13).South Africa had a political landscape that was more inclined to destructive remonstrations than peaceful communication and negotiation forums, which apparently slowed down the economic performance of the country, limiting its opportunities for job creation (Coetzee *et al.*, 2013:773-777). Germany's own youth subsidy was successful, while France's subsidy failed to yield positive results. The South African policy depends on the applicability of the strategies as to whether it would succeed or not.

CHAPTER 3: RESEARCH METHODOLOGY- CONCURRENT TRIANGULATION

3.1 Introduction

It was found necessary to apply mixed methodology for this research undertaking so as to have a view on broader perspectives (Wheeldon2010: 87–102). Concurrent Triangulation study was preferred to provide more detailed information about the status of the performance and perceptions of Youth Wage Subsidy Incentive programme. The employers, young employees and generally youth as prospective beneficiaries of the policy made the sampling as they were directly affected by the programme.

For efficiency, purposive sampling is the chosen sampling methodology because the target population was heterogeneous in terms of type, size, and ownership and sectoral location of the registered businesses (Creswell, 2013:215-241). The population of study involved the business people in the area, youth in the area and beneficiaries of the subsidy scheme in the local municipality.

Purposive sampling was opted for, from which a small, unrepresentative sample was selected in such a way that it included registered large, medium and small businesses in the area (Palinkas; Aaron and Hovwoits, 2010: 44-51). A comprehensive questionnaire had been designed in order to collect survey data from employers and other members defined in the sample for the study. In data collection questionnaires and interviews are run. The interpretation therefore, is done concurrently for qualitative and quantitative methodologies.

3.2 Research Design

The research methodology used in this research was mixed method embedding a combination of both Quantitative and Qualitative to provide in-depth information from a wider perspective (Wheeldon2010:87–102).Mixed method research was essential because combining qualitative and quantitative eliminated weaknesses in both methods (Suwatanpornkood, 2008:104-106).

As mixed method strategy was applied, concurrent triangulation approach was implemented to explore data collection in this study. Palinkas et al. (2011: 254-280) believe Concurrent Triangulation is time saving and preserves material efficiency as data collection and data analysis including interpretation are run concurrently.

Data collection was done via semi-structured interviews and questionnaire methods (Creswell, 2013:215-241). With the view of Concurrent Triangulation method in mind, the questionnaire was designed in a manner that it had statistical questions and explanatory questions to provide data for both quantitative and qualitative methods. However, quantitative data collection was conducted via the structured questionnaire method with semi-structured interviews when deemed necessary (Ersanilli; Carling & de Haas, 2011: 02-67).

Qualitative data was picked from the explanatory questions in the questionnaire, and individual interviews conducted. However, most of the respondents did not respond to explanatory questions to avoid detailed answer. The qualitative data was chiefly made from interviews, which were subsequently thematically analyzed (Braun and Clarke 2006: 80-84). Bryman (2006: 97-103) states that in concurrent triangulation approach information was collected without manipulating the environment to explore the information and knowledge available.

Concurrent Triangulation was effective in providing adequate information about the YESI programme as a new programme to South African sphere that makes it even more relevant (Palinkas *et al.*2010: 44-51). The employers, employees and youth as qualified employment beneficiaries under the Youth Wage Tax Incentive Subsidy programme were part of the sampling. The research applied simultaneous collection and analysis of quantitative and qualitative data for primary purpose of exploring the effectiveness of Youth Wage Tax Incentive.

Almeida *et al.* (2014:07) believes that economists have typically resorted to two methods to determine the effects of employment subsidies on employment and earnings. They used inferences based on estimates of the elasticity of labour demand to estimate the effects of a given change in the labour costs on the expected change in employment; and they used experimental or quasi-experimental methods.

In their study of youth unemployment in Makhado Local Municipality (Mamatsharaga *et al.*, 2011: 297-304) applied qualitative and exploratory methodology. They used qualitative research design in the sense that it sought to distil an in-depth understanding of such human behaviour and the reasons that govern or control it. However, this research has applied a different approach to explore more and earn more convincing results, for the South African context.

3. 2.1 Population

The population of the study consisted largely of business owners whose businesses were formally registered and were on the PAYE system of SARS as required by the policy, the unemployed and employed youth (Ersanilli; Carling & de Haas, 2011: 02-67). Essentially, that isolated unregistered business owners and other informal businesses even though they also had a potential for new job creation. It also included unemployed youth because they were as expected intended employment beneficiaries of the programme. Both quantitative data collection and qualitative data collection were conducted with the use of survey questionnaire, observation and semi-structured interview.

In accord with Makhado IDP 2013/2014, the population of Makhado Local Municipality was estimated to be just over half a million at 516 031 with 37% unemployment rate of which 50% was made up of youth. Makhado Municipality was composed of 279 236 female and 236 795 male persons (Makhado, IDP 2014) The population has a youthful age structure and the immediate significance of this young age structure is that the population will grow rapidly in future and this implies a future high growth rate in the labour force. At present, the local economy is unable to provide sufficient employment opportunities to meet the needs of the economically active young population as stated in Makhado IDP, 2014.

The managers and young employees in Makhado Local Municipality in Limpopo Province were also an important part of the study population because they made the immediate legislation and statistics of youth employment in the area of their jurisdiction, and can be influential to business organisations around, as they had collaborate relationship with each other (Randolph, 2009: 8-12).

The Municipality was approached in order to obtain a list of formal businesses which operated in the area. Business associations might have also been useful in this regard. The unit of analysis was individuals in both the survey and the face-to-face interviews.

Table 3.1: Employment statistics in Vhembe District

(Extract from: Makhado Municipality, 2013/2014 IDP Review)

Employment status	Mutale	Thulamela	Musina	Makhado	Grand total
Employed	9413	75592	25588	78768	189361
Unemployed	8983	58917	5893	45705	119498
Discouraged workers	6322	33530	1869	24383	66104
Others (not economically Active)	26361	195493	13966	151186	387005
Not applicable	40791	254929	2643	215990	532754
Grand total	91870	618462	68359	516031	1294722

3. 2.2 sampling methods

The ideal sampling method for this study was stratified random sampling because the target population was heterogeneous in terms of type, size, and ownership, and sectoral location of the registered businesses (Ersanilli *et al.*, 2011: 02-67).

There are mining, manufacturing, services, and agricultural sectors of business around Makhado Local Municipality. However, the challenge was that it was going to be time-consuming to identify, visit and interview all businesses in all the sectors within the municipality. Stratification based on the criteria described above would also be time-consuming, particularly because of the large size of smaller-scale operators.

The researcher therefore opted to apply purposive sampling where a small, unrepresentative sample was selected in such a way that it included registered large, medium and small businesses in the area. It also ensured that the businesses were selected from different sectors existing in the vicinity of the

municipality (for instance, agriculture, mining, manufacturing, transport, tourism, community services).

The unit of analysis was individual officials or managers in the case of employers, employees, unemployed youth and youth employed under the Youth Wage Subsidy Incentive programme, who were as respondents filled and completed the research questionnaire, and participated in individual interviews. A sample of 40 unemployed and employed youths was also purposefully selected. A sample size of 20 businesses (comprising owners, managers and employees) was selected. In total, the sample size for the study was 60 respondents.

3. 2.3 Data collection

Data were collected based on concurrent triangulation approach so that the procedures would happen concurrently in both qualitative and quantitative methods (Ersanilli et al., 2011:02-67). That means data collection, data analysis and interpretation were done concurrently. This strategy was opted for, because it is time saving. A questionnaire was designed in order to collect survey data from employers, youth and other individuals as defined in the sample of the study.

For those participants who could read and write, the questionnaire was self-administered (Ersanilli et al., 2011:25-67). However, in cases where respondents had limitations, the questionnaire was administered by the researcher. Some of the respondents who preferred online communication were allowed to respond online. Data were written down for notes during the interview process itself; recorded on post-interview comment sheet and on interview summary, and then analyzed using thematic analysis (Braun and Clarke, 2006: 85).

Some of the data to be collected from participants include:

- i. Awareness of employers about the existence of the youth subsidy. The researcher explored how they understand it.
- ii. Awareness of employees about the subsidy. It was exciting to learn of how older employees and new younger employees view the impact of the scheme.

- iii. Awareness of unemployed youth about the subsidy and how it has influenced their job search efforts. The reason here was to find out how the subsidy has motivated the youth people towards searching for employment with renewed hope and ambition.
- iv. Employer perceptions about the subsidy (i.e. has it been received positively or negatively, or there is indifference and if so why?)
- v. To value the success of the scheme it was necessary to know the number of youths recruited as a result of the introduction of the subsidy.
- vi. To test the claim of displacement and replacement of experienced workers with younger recruits;
- vii. Any cases of discrimination of older workers. Replacing the older workers with young employees could be seen as discrimination and may land employer in tussle with the labour law.
- viii. Any displacement of unsubsidized workers with subsidized ones as emphasized by the Deputy President might lead to prosecution.
- ix. Factors which employers consider before hiring youths (i.e. is the subsidy alone the key determinant of new hiring decisions or there are other factors such as educational qualifications and skills ; and
- x. What other factors do employers consider in hiring youth? How do they rank those factors in relation to the youth wage subsidy?

The semi-structured questionnaire largely consisted of closed-ended questions and a few open-ended questions. Semi-structured questionnaire used allow the interviewer to turn the language and question format around and interviewees to explain factors and ask questions for clarity out of free will (Creswell, 2013:215-241).

This made it easier to code the data. The open-ended questions provided space for detailed responses in the cases of seeking clarity. The close-ended questions provided quality and validity of answers. Face-to-face interviews were conducted with purposively selected individuals like employers, existing employees in their firms, and those employees who were hired on account of the subsidy. The purpose of the interviews was to gather in-depth information about the Programme's effectiveness on creation of employment (Palinkas *et al.*, 2010: 44-51).

The interview data was collected by means of taking notes and where necessary, with permission, recording on a tape recorder and taking photos. The information collected as data was used to draw the research to its conclusions through analysis.

3. 2.4 Data analysis

Since a Mixed Methods approach was used, the data analysis was applied in accordance with those approaches as illustrated above. For, the quantitative (Ersanilli; Carling & de Haas, 2011: 02-67) part, data collected from the questionnaire was verified and checked for accuracy then captured in SPSS. Descriptive statistics was used to describe the data (Palinkas *et al* 2010: 44-51). Frequency tables, pie charts and bar graphs were used to describe data on employers by type of business, age, size of employment, new jobs created, perceptions of employers on the subsidy, employer awareness and knowledge of the scheme, perceptions of the employed and unemployed youth on the subsidy and ranking of factors which influence hiring decisions, just to mention a few amongst other characteristics. Chi-squared tests were used to test association between relationships such as:

- i. Type of business or employer and jobs created in response to the subsidy
- ii. Size of business and number of youth hired.
- iii. Age of business and recruitment of youth.
- iv. Ownership type and hiring of youth.
- v. Sectoral location of business and hiring of youth, and
- vi. Decision to recruit and educational qualifications and skills levels of those youth who were hired.

Subject to availability of data, the researcher might also carry out some regression analysis where change in employment (in response to the subsidy) is regressed on account of the youth wage subsidy. The qualitative data collected from interviews shall also be checked for accuracy then transcribed. Using NVIVO software,

themes were identified and used to assess the responsiveness of employers and the reactions of young employment seekers to the subsidy programme (Braun and Clarke, 2006: 80-84). Pre-existing data available from secondary sources including parliamentary discourse and speeches, and media reports were also analyzed to broaden the scope of the coverage and validity of the findings.

3.3 Ethical Considerations

It was ethically essential to seek consent from community leaders and from the participants prior to data collection. The participants were informed that their personal views would be treated with confidentiality and all transactions would be done anonymously. It was stated clearly that there would be no risk to injuries or to their employment, nor defamation of character (Ersanilli *et al.* 2011:02-67).

3.3.1 Risks and benefits

This study did not involve any type of physical harm legal risks. Participants were informed of the rights to ask or to answer questions about their expectations and experiences about Youth Employment Wage Subsidy. It was indicated that although the study was not designed to help them personally, the information they contributed would help towards the building of better understanding and knowledge about the Youth Wage Subsidy Incentive Policy and its implementation hereof.

The results of this research study might make us develop the will to participate in the programme to help improve employment opportunities for youth and develop enhance economic conditions of our country. The results of this study could also be made available to interested research participants. Respondents were welcome to contact any one of the study investigators for more information.

3.3.2 Confidentiality

The information the participants provided was kept strictly confidential. To protect their privacy, their responses to the interview questions coding was used. Their

names, titles and positions in society were not mentioned anywhere in the research to maintain the aspect of anonymity. They were informed that the information obtained in this study might be available on the internet as study and strategic references. The participants were also informed that no incentives in any form should be expected (Randolph, 2009:1-12).

A consensual approval whether written or verbal was given before the research commenced. Furthermore, there were no coercions or tricks to lure people into participating. Participation was on a voluntary basis, of course with adherence to principles of confidentiality. They were informed that their names would not be revealed but when necessary they would be quoted under anonymity. It was vital for the participants to receive feedback in due time about how their information was used and appreciation as to how they had been helpful (Randolph, 2009:4-10).

3.3.3 Right to refuse or withdraw

The decision to participate in this research project was entirely up to the participants and rights for withdrawal depended entirely upon them. The participants were duly informed and the prerogative was upon to accept or to refuse to take part in the study.

3.4 Research Limitations

Given that the research topic was on a relatively new policy intervention, there is not much literature on it. In addition, since the study is limited to the case of Makhado Municipality, the findings cannot be generalized to the whole of South Africa (Mahadea et al., 2010:1-13). However, despite that limitation, it is hoped that the findings will generate sufficient interest for other researchers to undertake larger studies (Ersanilli et al 2011:20-67).

The policy under study is relatively new and is still a subject for trial and error. Therefore, many people might have scanty knowledge about the issues and factors around it. Mixed methodology was chosen as the best research design for this type

of research to establish effectiveness of the Youth Wage Subsidy Incentive in Makhado Local Municipality.

3.5 Conclusion

Although the researcher could have opted for the exploratory approach, concurrent triangulation emerged as the excellent choice for the reason that it was time saving and materially efficient as the processes of data collection and data analysis ran concurrently for both qualitative and quantitative methods (Ersanilli et al., 2011:02-67).

Data collection was therefore applied through the use of semi-structured questionnaire, semi-structured interviews and observation. The respondents completed the questionnaire themselves except in the cases of illiterate or partially sighted respondents who required assistance.

The stratified random sample was preferred for cluster inclusivity reasons on types and sizes of businesses. Even though the topic is relatively new and has not been researched much about in South Africa, and has recently become a focal point of discourse in parliament and on media, which helped to make employers aware and interested in understanding the feasibility of the programme at least to some extent.

Ethical factors were stringently advanced for the reason of freedom of participation and voluntary involvement of the respondents as a measure to guard against unforeseen legal implications. The respondents were informed of their rights to withdraw if they decided to do so.

CHAPTER 4: DATA ANALYSIS, RESEARCH FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter was committed to the analysis of data following the research findings. The findings relate to the research questions that guided the study. The data were collected and then processed in response to the problems posed in Chapter 1 of this dissertation. Data were analyzed to identify, describe and explore the effectiveness of Youth Employment Wage Subsidy Incentives (YESI) in creating employment, especially for youth. Data were obtained from self-administered questionnaires, completed by 60 respondents made up of largely unemployed and employed youth, and a few business managers or owners. Of the 60 respondents, only 40 returned their responses.

The research study on unemployment was necessary because currently, both the state as well as the general public know that unemployment is a crisis in the country. Thus, the quest for finding a lasting solution has become more urgent than ever before. In view of high youth unemployment, Youth Wage Subsidy Incentive became apparently an option.

The collection of data through field work covered a wide range of issues which included, but were not limited to the following: awareness and knowledge about the YESI; how the respondents learned of the initiative; responsiveness of the respondents as individuals or businesses to the YESI incentive; modalities of practical implementation of the programme; nature of the responses; magnitude of response in terms of number of jobs created as a result; obstacles to implementation of YESI and suggestions for improvement.

The questionnaire comprised seven sections and data generated is presented as follows: The first section comprises demographic data such as age, sex, years of experience, and adequacy of training and institutional support. The second section comprised business profiles, exploiting type of business, business sector, and the category of business.

The third section was the exploration of employer perspectives on impact of the Youth Employment Subsidy Incentives (YESI). The fourth section entails the study of youth perspectives on the YESI. The fifth section details the approval rate of the programme. The sixth section was a table of gratification and the last was recommendations and suggestions.

4.2 Response Rate

The response rate was about 67 per cent. A total of 60 questionnaires were administered and the 40 who responded were analyzed using the system. The responses were submitted in person; none were e-mailed or mailed. The questionnaires were self-administered which means the respondents had freedom to apply personal views without disruptions.

The respondents showed they lacked adequate details about the subsidy, but also that they were reluctant to write details in long statement, and that was not good enough for the study. However, the larger part of the questions was adequately answered and the data analysis was made out of it.

4.3. Data Analysis and Presentation

Descriptive statistical analysis was used to identify frequencies and percentages to answer all of the questions in the questionnaire. Not all the respondents answered all the questions; therefore, percentages reported correspond to the total number of response per individual questions. Concurrent triangulation study was preferred to provide more detailed information about the status of the performance and perceptions of Youth Wage Subsidy Incentive programme. Employers, young employees and general youth as prospective employees under the policy made the sampling as they are directly affected by the programme.

4.4. Discussion of Findings

The findings were found to be very interesting in that very little was known about YESI and the businesses were underprepared and were not aware as to what they

should do to get into the system. The majority of the business owners are minority and the previously advantages groups and individuals. Africans are cheap labour, poor and have little understanding about starting business organisations. With the legacies of the past and recent rapture of racist comment across South Africa could prove that majority of the rich were not eager to participate positively towards the development of the country. However, the findings were discussed in detail in the following subtitles.

4.4.1 Profile of the respondents

Although it was not part of the purpose of the study, this set of data was intended to describe demographic variables of the sample and to assess any influence on the research findings. The demographic data consisted of age, sex, education and adequacy of education and skills. Age was crucial because the subsidy under investigation is targeted to age group of youth. The survey here was inclusive of youth and adults to have the findings across the age groups. With skills shortage in developing countries, it was difficult to fast track industrialization. In addition, skills and education were deemed enabling factors for finding a decent job, and a driving force in seeking for work.

4. 4.1.1 The position of the respondent

The job position of the respondents was deemed essential for these research findings to show the level of responsibilities afforded to youth in their respective work environments. It was necessary to identify the capacity of each person interviewed as some of the responses were for accountability level of the respondents. Therefore, the participants were asked to tick the job positions on the questionnaire.

It was vital to find out how far youth were trusted with accountable and responsible positions as preparation of future leadership. Of the 40 respondents, 26 of them were in labour-to-clerk positions, making 65%. They therefore, made the majority of the respondents, which was necessary to find the views of the people at ground levels. Only five (12.5%) were between IT technicians and HR Practitioner

positions; three (7.5%) were at the level of Supervisor- Assistant manager; with one (2.5%) at the level between Divisional Head and Senior Manager and five (12.5%) of them were at temporary levels.

Very few of the respondents were in accountable positions. The majority of youth were not in senior positions. But, older workers were in accountability positions giving training to the youth who would in short future occupy accountability positions. According to the findings, assumptions with most company leaders were that being a leader on top needs experience at the bottom level; to lead by experience and by example. Therefore, most of the leaders who start as servants and gradually graduate into leadership positions become strong leaders and succeed tremendously on top.

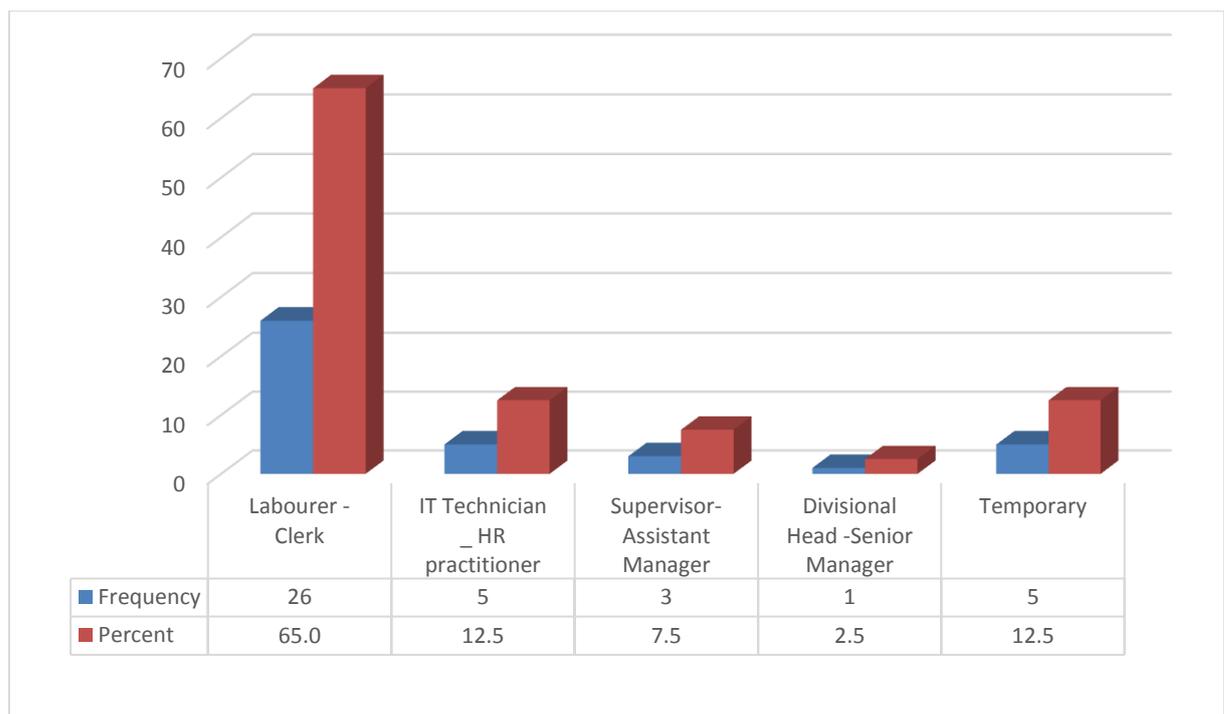


Figure 4.1: The position of the respondents

4.4.1.2 Gender of the respondents

The gender of the respondents was essentially required as it would ultimately indicate views across gender. It could indicate the impact of unemployment on

youth across gender inasmuch as it could give us a view of how women and men are affected by youth unemployment or how they would distinctively benefit from Youth Employment Subsidy Incentive scheme. The participants were asked to tick their gender on the questionnaire.

Twenty-four (60%) of the respondents were males and 16(40%) of the respondents constituted females. Their views were relatively the same and their contributions were well balanced. This would as well show us how responsibilities are shared across gender with parity; or if gender is essentially viewed more than competency when people are appointed for responsible positions.

Table 4.1: Gender

Gender	Frequency	Percent
Male	24	60.0
Female	16	40.0
Total	40	100.0

4.4.1.3 The qualifications of the respondents

The respondents were requested to tick their qualifications on the options provided on the two questionnaires. It was important to have the findings on the qualifications of the participants to determine if unemployment affects people with qualifications and without in the same way. It should be established if qualification was master key towards attaining employment or promotion. But essentially, qualifications had to be observed to find out if YESI takes account of qualifications when employing youth within the YESI category of between 15 and 29 years.

So, it was found that 6(15%) of the respondents had merely passed Grades 1 to 9, 11(27.5) had Grades 10-12, 10(25%) had certificate or diploma qualifications, 10 (25%) had at least degree qualifications,1(2.5%) had post-graduate degree qualifications and 2(5%) had ticked for having none of the levels. With these responses, it explains that a large number of our youth do not attend school beyond secondary classes. However, with 20 having obtained certificate – diploma and

degree qualifications, it shows that some were ready to compete for work. South Africa is not producing post-graduates or academics, thus only one indicated to have post-graduate qualifications.

The variability with different levels of education is that those with better levels of education are a little more confident of finding a decent job faster than those without. Most of the respondents without qualifications depend mostly on temporary jobs in retail shops, EPWP, community works and Kharigude Mass Literacy Campaign, while some of graduate educators find solace in Adult Education and Training.

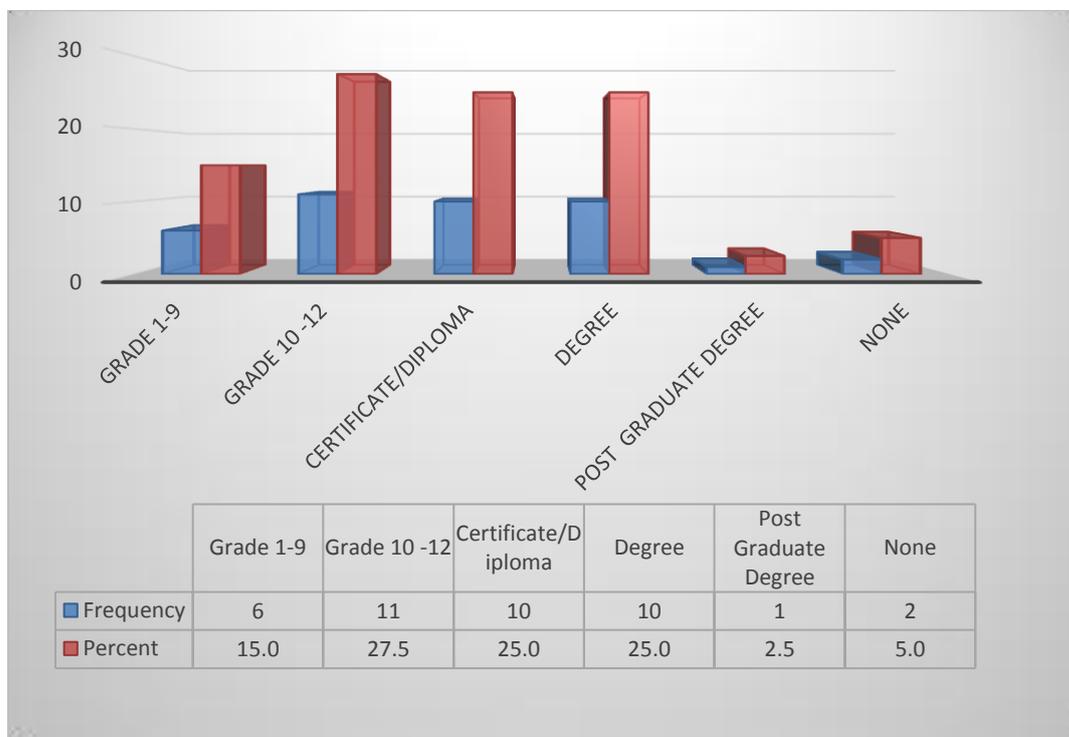


Figure 4.2.: The qualifications of the respondents

4.4.1.4 Technical skill qualifications

Technical qualification was also deemed as essential as academic qualification. In most cases, they made a vital part of essential services category as they are more practical than theoretical. Some people lacked academic qualification but had skills based qualifications which could afford them employment opportunities as artisans

or technicians or even as mere labourers. Some people had both technical and academic qualifications.

Of the 40 respondents, only 11 (27.5%) had technical qualifications and 29(72.5) had no technical skills. However, the people with technical skills might have been the same people with academic qualifications. Even so, skills shortage was a stumbling block to the South African industrialization and social development endeavour as the modern world is much inclined to technology-based development. South African education system has so far been unable to produce skills experts for a workforce.

Table4. 2: Technical Skills Qualifications

Technical skills	Frequency	Percent
Certificate	9	22.5
Diploma	1	2.5
Degree	1	2.5
None	29	72.5
Total	40	100.0

4.4.1.5 Age range of the participants

Youth Wage Subsidy Incentive was designed for youth from 15 to 29 years. Therefore, it was essential to look at the age of the respondents to help us see if youths were part of the participants responding to the impact and effectiveness of the programme designated for them. This gave us the perspective of the youth on the programme. This part was essential in helping us have a view of how people of different age groups understood and viewed the effectiveness of the programme.

The participants were asked to tick the age category appropriate to them (See Figure 3 below). All the participants responded to the questions. Exactly 16(40%) of the respondents were in the 15-29 years age category; 23(57%)were within 30-40 age range category, and only 1(3%) was aged in the category of 41-55. Sixty-seven of the ninety-three respondents (72%) were below the age of forty years.

There were different responses from different age groups with youth being more enthusiastic about the scheme as though expressing inner hopes for finding jobs. The older individuals at most expressed mixed emotions, one side feeling happy for youth and another concerned about job security for older workers. The youth are still energetic and hardworking while older workers rely on experience to perform competently.

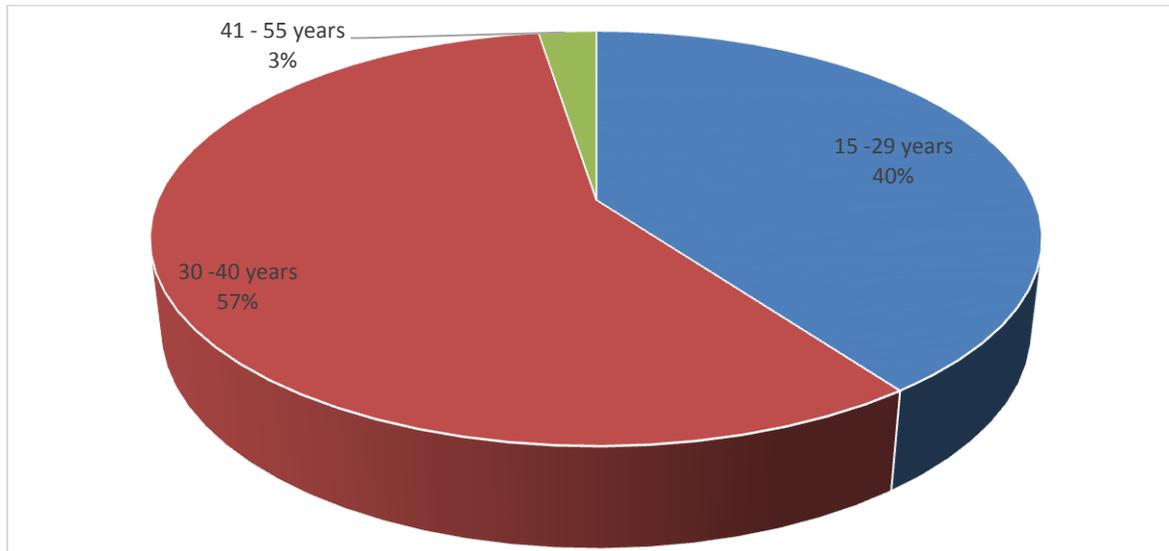


Figure 4.3: Age of the respondents

4.4.2 Section B: Business Profile

In this section the research investigated the types, sizes and categories of businesses to formulate the basis of businesses most likely to support the programme. This helped us establish the sector of business the youth were most likely to concentrate on or that was most economically sustainable.

4.4.2.1 Type of business ownership

It was important to investigate the type of businesses the respondents represented or came from, because it would determine the type of businesses that participated in the YESI programme. The Youth Employment (wage) subsidy Incentive was a policy to draw private companies to take an active role in eliminating youth unemployment. This question was essential in ensuring that the participants did not represent government institutions or departments.

As it could be attested in (Figure 4), the majority of the respondents were from private companies. Of the 40(95%) respondents, 38 ticked private company as the company as they came from. Only 2(5%) chose 'other', which was not explicitly specified to give the participants an opportunity to be independent and individual with their responses. The 'other' included nonprofit organizations and state owned enterprises.

The subsidy scheme involves only private companies to employ and train younger job seekers not government or non-profit organizations. So, it was paramount to ascertain that people who were interviewed came from private organizations as they were relevant for the findings of the study. The government is only involved with the provision of funds and monitoring processes. Basically the government provides support services.

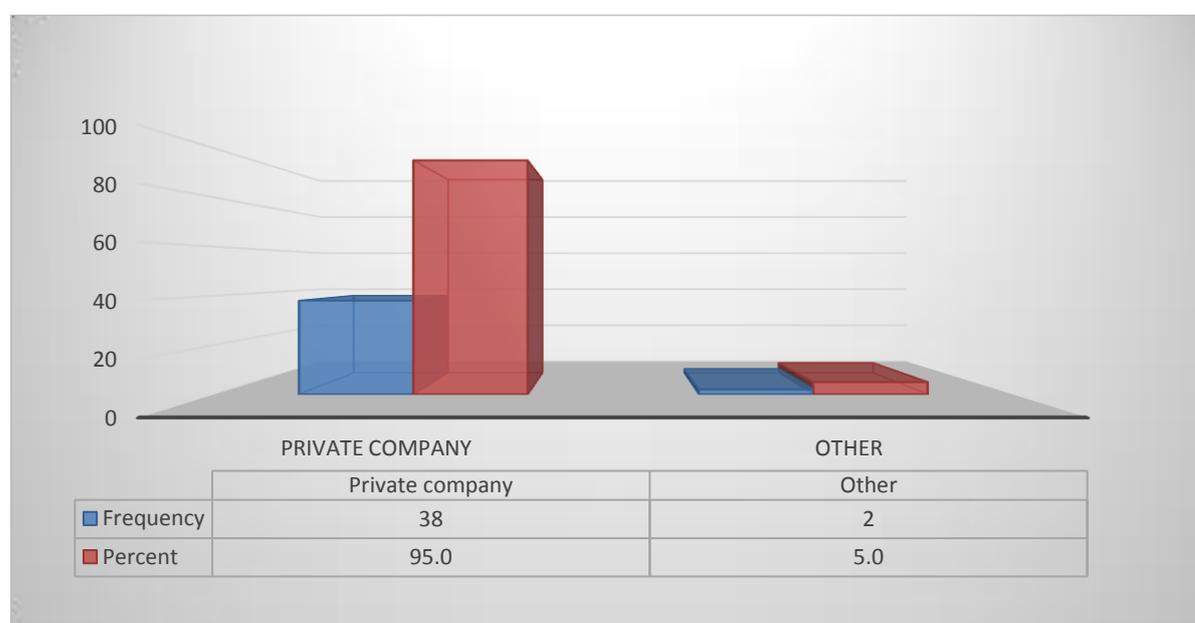


Figure 4.4: Type of businesses

4.4.2.2 The sector of business

The sector of business was a necessary inclusion in this survey to help determine the sector of businesses that were most likely to employ youth in the category of the YESI, or to participate in the programme.

As indicated in Figure 5, 19(47,5%) of the respondents came from services orientated business; 8(20%) indicated manufacturing;7(17,5%) ticked mining; 5 (12,5%) for other sector, and 1(2,5%) agriculture. Here the majority of the respondents came from the services sector.

Therefore, the services sector which includes retail businesses created more jobs because they were dominant and widespread across Makhado Local Municipality area, as shopping centres were being erected even in rural areas. Agriculture was even more expected to train more young people in farming and food production. However, very few of the respondents were from the agricultural sector because most of the farms were not easily accessible and positive permission is very scarce. With better strategic planning farms could be central for YESI to secure future production of food.

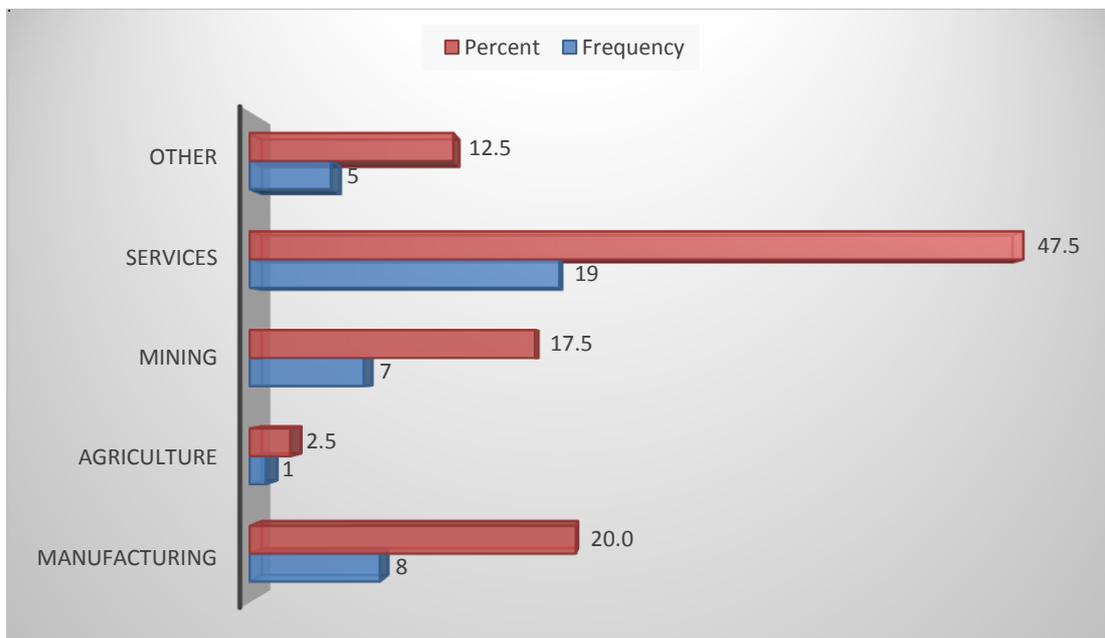


Figure 4.5: Sector of the business

4.4.2.3 Size or category of business is your organization

The size of the business was one of the fundamental factors in determining the volume of businesses that were most likely to support the YESI programme. In Figure 6 shows that the majority came from small businesses, with 52% ticking

small; 45% indicating they came from medium sized businesses and only 3% ticking large businesses.

It was expected that the subsidy programme could be more supportive in big businesses, than small and medium sized ones. However, the findings proved that even small businesses with opportunity could use this chance to build up business or upgrade it to higher levels. Despite the fact that there were not as many big business organizations or private companies in the area, small businesses showed dominance as most respondents indicated that they came from small and medium business organizations. This shows that large support comes from the small business organizations.

Unfortunately, the large number of businesses was still in the hands of the minority in Makhado Local Municipality, as in South Africa, and the majority of them were skeptical in supporting empowerment intervention initiatives. This was attested by the observation made in vehicle dealership offices where all offices and managerial positions are manned by only white teams. It was with the inheritance of the past that unemployment affects Africans more than minority groups.

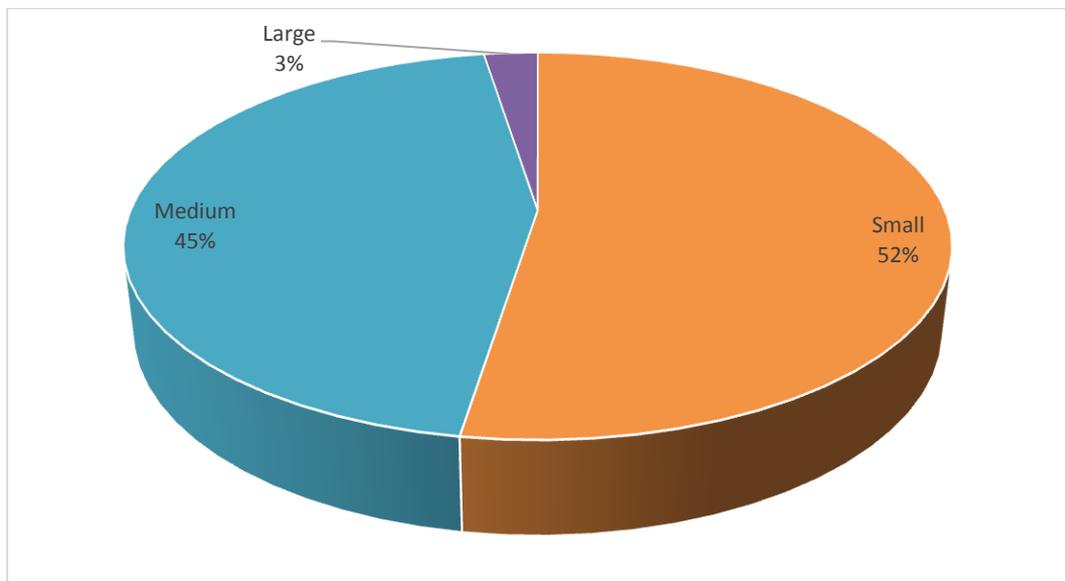


Figure 4.6: Size of the business

4.4.3 Section C: Employers perspectives on the impact of YESI

This sector focuses on the perspective view of the employer participating in the YESI programme. The research hereby seeks to discover the way employers know and understand Youth Wage Subsidy Incentive (YESI). It was of paramount importance to find out how the employers perceive the success and failure of this incentive scheme. Here employers stated the view on the economic impact of the scheme and if it contributed to the reduction of youth unemployment, skill training and general economic development.

4.4.3.1. Ever heard of Youth Wage Subsidy Incentive?

It was essential to ask people of their knowledge of the incentive scheme. With people having heard or knowing the YESI programme was key for us to suggest that the programme is being effective and that the government was at work addressing the youth unemployment pandemic in the country. If the respondent did not know the programme the start point would be to explain what YESI is first before proceeding with questions on the questionnaire.

In speaking about the relevance of the study, the majority of the respondents 35(87.5%) indicated they did not adequately know nor did they understand the programme. At least five (12.54%) indicated they had heard of the programme before, which suggests that the programmes are not spread to the population, especially youth as the intended recipients. It also informed us that people do not listen to radio news or TV news, but play music and entertainment programmes a lot instead.

Table 4.3: Ever heard of Youth Wage Subsidy Incentive?

	Frequency	Percent
Yes	5	12.5
No	35	87.5
Total	40	100.0

4.4.3.2 Any business forum or workshop wherein YESI was discussed

The best place where people could be informed of new programmes or changes was in the workshop, a forum, or a road show setup. It was essential to find out if there were some strategies applied by the state to cascade the information about the programme down to the people, rather than the parliament or media briefing.

As is evident in the table below, all the participants responded by saying negatively to the question above. It means the programme had never been taken down to the community to be discussed or just for thorough elucidation.

The top-down style of management was used in this regard. It left people's contribution neglected and their views ignored. Maybe the people would have brought better procedures, practices and standards to the programme. This could be marked as a missing link.

Table 4.4: Ever been in a business forum discussing YESI?

	Frequency	Percent
No	40	100.0

4.4.3.3 Rating administrative demands of YESI

The administrative requirement stipulated with the Act could influence business entities to participate or to be reluctant. These sets of obligatory rules could be determinants on whether payments were made faster enough or not. Therefore, the question was found relevant to the research questions and objectives.

On the question of how to rate the administrative requirement of YESI, the majority 29 (72.5%) of the participants opted to be neutral; with only 5 (12.5%) indicating it was strenuous; and 5(12.5%) finding it rather confusing and only 1(2.5) declaring it to be difficult.

Table 4.5: rating administrative demands of YESI

	Frequency	Percent
Strenuous	5	12.5
Difficult	1	2.5
Confusing	5	12.5
Neutral	29	72.5
Total	40	100.0

4.4.3.4 Any employment opportunities which were designated for youth between 15 and 29 years of age?

This was the ultimate question as it directly refers to the employment of young people of the age bracket of 15 to 29 as required by the Youth Employment (Wage) Subsidy Incentive for the private sector to access subsidy funds. In this regard only 2(5.0 %) indicated that in their companies between 1 and 10vacancy spaces were reserved for youth in the age category of 15-29 years. The rest of the participants 38(95%) answered *none*.

Table 4.6: Any employment opportunities designated for youth aged 15 to 29?

	Frequency	Percent
None	38	95.0
1-10	2	5.0
Total	40	100.0

4.4.3.5 Since the YESI was introduced, how many new employees have you recruited?

It was paramount to investigate if employment opportunities created since the signing in of Youth Employment (wage) Subsidy Incentive in December 2013. After the introduction of YESI employment very few opportunities were created but the majority were not specifically designated for youth. That means they could have been filled by youth or by adult job seekers.

About 30(75%) of the participants indicated that no opportunities were created; 7(seven) said 6-10 (17.5%) opportunities were created, while 1(2.5%) said 11-15 jobs were created, and 2(5%) believed only less than 10 jobs were made in their companies. In this regard, it means that private companies had not been creating jobs specifically for youth in the age category of YESI. Judging from the findings, Youth Employment Subsidy Incentive was not getting the anticipated support.

Table 4.7: number of new employees recruited Since YESI was introduced

	Frequency	Percent
Less than 10	2	5.0
6-10	7	17.5
11-15	1	2.5
None	30	75.0
Total	40	100.0

4.4.3.5. Did the recruitment of new employees under YESI displace older employees?

Many researchers are concerned about the displacement of older workers. So, it was paramount to find out if the older workers would still have their jobs secured even with the employment of new unskilled young workers. The success of YESI was based on creating new employment opportunities that cannot have been created without YESI, and it should not come at the expense of the jobs of older employees.

Therefore, the question of displacement of older workers was so relevant, as it could prove to be suicidal to run a company with learning workers. The older workers could be effectively used to train and supervise the trainee workers. However, in this survey, as seen in the following table, all 40(100%) participants dismissed the possibilities of displacing older employment on account of young inexperienced workers. The issues of experience and loyalty embedded with entrenched skills made it even very costly for the employers to think of displacing older workers. It would be expensive and time consuming to train new workers; production would slow down; profit might be reduced; and supplies of goods and services would be compromised.

Table 4.8: on displacement of older employees

	Frequency	Percent
No	40	100.0

4.4.3.6 On YESI reducing youth unemployment.

It was necessary to establish if YESI would effectively reduce youth unemployment looking at current economic performance and employment opportunities. To establish whether or not YESI was deemed effective in reducing youth unemployment, the question of how stakeholders deem the success of the programme is fundamentally crucial. In this case, even though reasons and factors were not categorically stated, all the respondents said 'No', which means they all did not believe in the effectiveness of YESI. In its current form, all the respondents did not believe YESI could drastically reduce unemployment.

Table 4.9: On YESI reducing youth unemployment

	Frequency	Percent
No	40	100.0

4.4.4 Section D: Youth Perspective on the YESI

This section is fundamental for the research as it investigates the youth directly. The youth's views about the success of the programme, is the cornerstone of the programme because it is largely focused on the youth. The youth were asked if they see or foresee any benefits from the programme; if the introduction of the programme propelled them to search for more with more hope and determination; how they work and study at a go; how training assessment is done, and the number of youth in the ages of 15-29 at the respondents' workplace.

4.4.4.1 The value of the experience gained in YESI.

The reason for this question was to establish if the programme is making enough contribution with empowerment through skills and experiences. As part of the objectives of the programme skills training would be central to prepare youth for future appointments and experiences would prepare youth to perform better and render quality production. Answering the question whether respondents valued the experience gained from this programme, 23(57.5%) said it was partially useful, 16(40%) indicated it was worthless, and only 1(2.5%) said it was useful. The line between the two responses: partially useful and worthless is very thin, which means people are still assessing the programme that they do not have concrete a stance about.

Table 4.10: the value the experience gained in YESI

	Frequency	Percentage
Useful	1	2.5
Partially useful	23	57.5
Worthless	16	40
Total	40	100%

4.4.4.2 If YESI influenced youth to search for job

One other main expected effect of YESI was that it would encourage young people to step up the zeal to find employment and try by all reasonable means to find work. The question was relevant in establishing whether or not even the discouraged youth were influenced by introduction of YESI to look for jobs. The responses indicated (See Table 11) that the majority 18 (45, 0%) indicated they were neutral, while 16 (40%) ticked 'partially' and only 6(15%). Those that ticked 'partially' were reluctant to answer the question. This might suggest that they were not well informed of the programme, and the same applies to those who chose 'Neutral'.

Table 4.11: Has YESI influenced youth to search job

	Frequency	Percent
No	6	15.0
Partially	16	40.0
Neutral	18	45.0
Total	4	100.0

4.4.4.3 Working and attending training at scheduled intervals

The youth participating in the programme were expected to attend training sessions. Therefore, the question was a quest to find out if they were scheduled to work and to attend skills training sessions.

The responses indicated that 16(40 %) ticked "no" and 24(60%) chose "neutral". Therefore, the majority of the participants chose to be neutral maybe because they did not properly understand the question and did not ask for more clarity. However, the 40% said "No", which indicates that they did not work and attend tuition classes at scheduled intervals.

Table 4.12: Are you working and attending training at scheduled intervals (if employed)?

	Frequency	Percent
No	16	40.0
Neutral	24	60.0
Total	40	100.0

4.4.4.4 What number of your colleagues is aged between 15 and 29?

The question was necessary to establish if truly workplace personnel was made of adult staff and very few youth, as a confirmation that the majority of the youth were not employed. The responses indicated that the majority of companies did not have youth in the age category of 15-29 who were the target of YESI. Fourteen (35%) ticked 1-10, while 26(65%) answered none. The majority of businesses were not growing fast, therefore they took time to hire new employees, which left workplaces dominated by adult workers.

This finding as per the question did not refer to youth employed under YESI, but simply about the youth having got a job, regardless of whether or not they were full-time or part-time employees. According to these findings, the number of young people employed was found to be low. These findings attested to the fact that mostly young people were stranded for job opportunities. Business organizations were not obliged to reserve jobs for youth or to overlook the older job seekers in preference to the younger ones. They just employed a job seeker depending on the merits of requirements such as qualifications or capacity to do the work.

Therefore the programme was found to be very relevant in its objectives of helping the youth to find job opportunities. At the national level, young people that are literally not employed make YESI doomed for disaster because the youth might occupy themselves with unproductive activities such as crime and drug abuse.

Giving youth employment is investment in the future, because youth still have time enough to live and ambitions to attain.

Table 4.13: Number of work colleagues aged 15-29

	Frequency	percentage
1-10	14	35%
None	26	65%

4.4.5 Section E: Approval of YESI.

The main purpose of the section was to find out the extent to which the Youth Employment Subsidy Incentive was approved, recognized and appreciated. This will confirm if the people perceive the programme as a positive intervention or as one of those fruitless expenditure and exercise. The questions were: Did people believe in YESI? Did employers like to participate in YESI programme? Did YESI reduce youth unemployment? Do possibilities to create new strategies exist in the face of current economic conditions?

The responses to the question whether people believed in YESI, 29 of the respondents making 72.5% ticked “Agree”. This signaled that people felt it was a positive intervention towards creating employment for the youth. About 10(25%) responded by ticking “Not sure”, signaling that they lacked specific responses to the question. Only 1(2.5%) chose “Strongly agree”, which showed that only a small proportion of the respondents, had strong faith in the effectiveness of YESI.

Asked if as employers or if they were employers they would employ youth under the YESI programme, the majority of the respondents indicated they would. About 21 (52.5%) indicated they would participate by employing the youth in the age category of YESI programme. About 19(47.5%) of the respondents ticked “Not sure”- they could decide to agree or disagree if put under pressure; they were reluctant. This showed that people approved of the intervention the government undertook to the extent that they could participate in the programme by employing

young people. Asked if YESI could help reduce unemployment, 25(62.5%) answered “Not sure”, while 15 (37.5%) chose “Agree”.

The programme was still new and still needed to be observed and assessed, and ordinary citizens had heard of it for the first time. Sometime in 2016 the programme would be assessed and reviewed to find out if it could be implemented differently. On the question whether current economic conditions in South Africa could help create employment opportunities, 34 (85%) ticked “Not sure”; 5 (%) ticked agree and 1(%) chose “Disagree”. Most people did not understand what was meant by economic conditions; moreover economic conditions are unstable. South African economic conditions seemed to have been worsened by many circumstances (See Figure4.7).

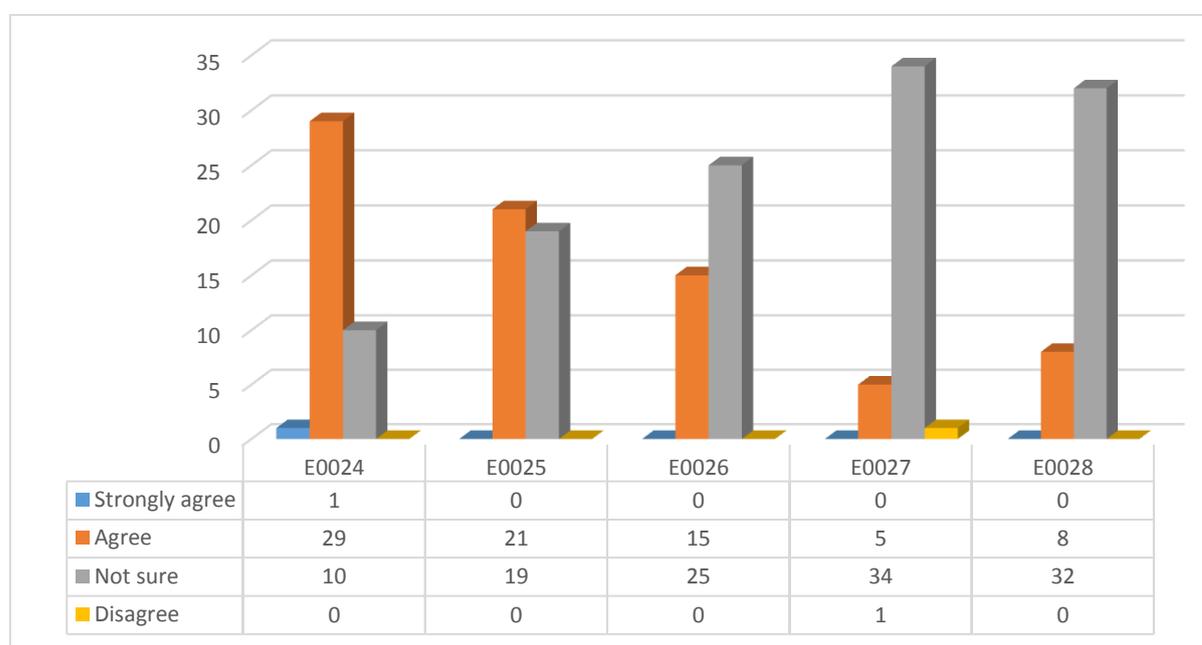


Figure 4.7: Approval of YESI

4.4.6 Section F:Satisfaction with YESI

To answer the question: If you have/were youth under the programme how would you rate their performance? Half of the respondents [20 (50%)] ticked neutral, 19 ticked satisfactory, and only 1(2.5%) ticked highly satisfactory. There was a balance between satisfactory and neutral, which means people were dubious about the effectiveness of the programme. It might mean that people needed time to study how the programme was working to make a better judgment about it.

On rating training experience gained in the programme, 11(27.5%) ticked satisfactory; 1(2.5%) chose “Highly satisfactory”, while 28 (70%) ticked “Neutral”. In indicating how they deemed the YESI programme’s success in reducing youth unemployment, only 5(12.5%) chose “satisfactory”; with only 1 opting for “Highly satisfactory”, while 34 ticked “neutral”(See Figure 4.8 below).

That confirmed that the respondents had mixed feelings about the success of the YESI. It meant that the majority could not yet realize the performance of the programme; hence they indicated the neutral option. Very few of the participants hoped it could be ‘satisfactory’ or ‘highly satisfactory’. The findings meant that people did not have hope in the government intervention to curb youth unemployment.

The respondents gave various reasons behind their responses that the programme could produce mixed results, which are:

- i. The programme was not well advocated;
- ii. Many did not have adequate knowledge about the programme;
- iii. The economy of the country was performing dismally;
- iv. Coincidence with drought exacerbated the defects of the scheme;
- v. Chinese economy down trend drowned the success prospects of the programme;
- vi. Lack of will to find escalating legacy of corruption; and
- vii. Spending money in tendering system which enriches only the chosen few.

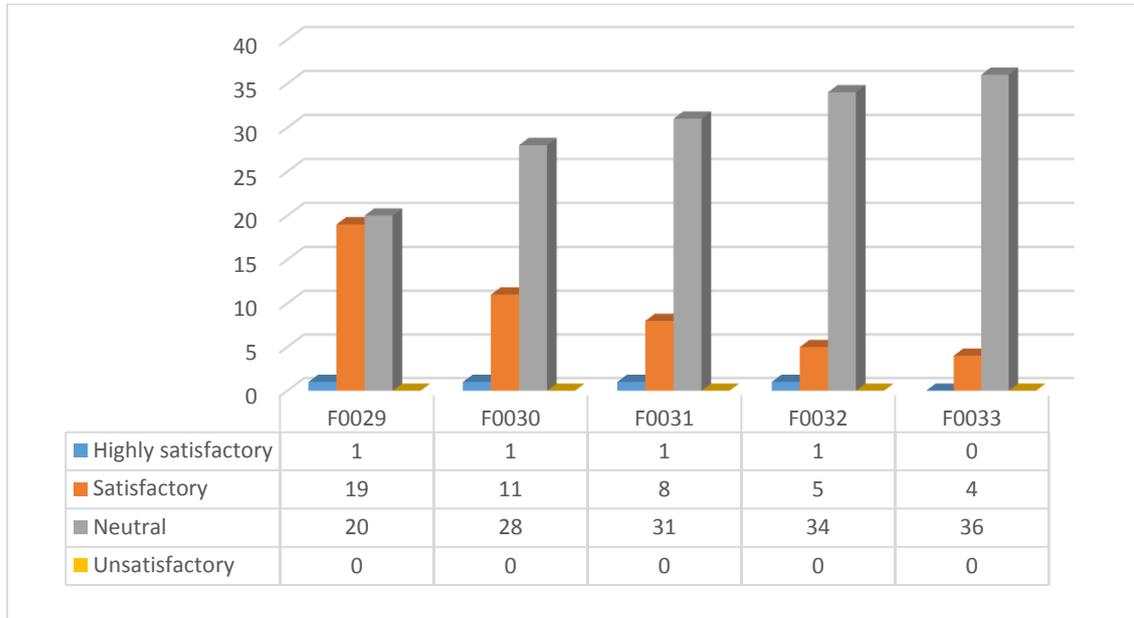


Figure 4.8: Satisfaction with YESI

4.5 Thematic Data Analysis

The interviews were made on individual contact and the telephone. The analysis would be rendered thematically dissecting the responses from individual interviewees. The interviews were conducted on individuals from different backgrounds ranging from municipality officials, Stats SA officials and young people and adults in the Makhado Local Municipality area. Different themes relating to the objectives and aims of the research were created as focal areas.

4.5.1 Knowledge about the YESI

Asked if he knew about Youth Wage Subsidy, the respondent (a male young man) declared that he knew about Youth Wage Subsidy. (Respondent 1)

Although the respondent had not clearly known of how the scheme operated, knew about the youth empowerment scheme. Some members of the public largely people with academic qualifications declared to have heard or to know about the youth empowerment programme called Youth Wage Subsidy operating under the Tax Incentive Subsidy Act of 2013. The programme induced hope from

disillusioned young job seekers about the prospect of getting employment. Although the respondent did not know anybody working under the programme, there was hope it could help to open job opportunities, especially in the industrial areas of the country.

The respondent suggested that there was a very thin line between the programme and learnerships, and indicated that some YESI jobs could be advertised and operated as learnerships or internships. It was probably possible for people to confuse learnership and the YESI programme because the objectives were closely related even though there were distinctions on salary administration.

4.5.2 Existence of the YESI in Makhado Local Municipality

The statistics in Makhado Local Municipality was about general unemployment and employment data and not on YESI programme. There were also statistics about youth unemployment. There were numerous employment programmes around Makhado Local Municipality. (Respondent 2)

There were numerous programmes of employment around Makhado Local Municipality including learnership, internships and apprenticeship. Youth Wage Subsidy's most essential practices were about training, learning and work. Therefore, some of these programmes could have been confused with the Youth Wage Subsidy Scheme. The research was not only about the current success of Youth Wage Subsidy, but its future prospects. There were three respondents who indicated that they had been involved in the programme, stating similarly that the programme was enhancing their hopes of ever finding full time employment with on-job skill training, learning programmes and through work-based practical experience. That suggested that the Youth Empowerment Wage Subsidy existed in the Makhado Local Municipality area. The only problem was that as stated by Statistics South Africa, their unemployment and employment data are not based on programmes but on general data.

4.5.3 Probability of Youth Wage Subsidy on reduction of unemployment

(This was a telephonic interview with an official from statistics organisation). Asked if he knew about the existence of the Youth Wage Subsidy, he indicated that he clearly knew, but would not elude about its performance. Asked if he had records about its effectiveness in reducing the scourge of youth unemployment, he rigorously stated that their records are based on generic unemployment statistics including that of youths but not of the Youth Wage Subsidy directly and exclusively. (Respondent 5)

Under the economic conditions faced by South Africa, Makhado Local Municipality had not been aloof and managed to create massive employment opportunities. For the YESI to fulfill its mandate and create more employment opportunities the state had to prove the will to make more funding for the programme and make administrative conditions even more affordable. There was a need for proper advocacy for the people to be clearly aware of the way the programme functions. There should be involvement of the prospective employer and young people across race and gender bases so as to embrace diverse views from the main stakeholders. Importantly the statistics had to have specific recording channels so that it becomes easy to get statistics about the programme per municipality, per province and nationally.

Asked if she knew about YESI, the response was: “Yes! It should work if employers were supportive of the programme and the government put enough money for the programme, especially if the money is spent as accurately as per objectives. It should succeed as the YESI programme involves paying part of the salary back to the employers.” (Respondent 7)

Because the scheme helps in the payment of salaries of the beneficiaries, the employers might feel less burdened to employ new people into their fold. The skills and knowledge gained by the new workers would also come handy in the near future to boost the economy with increased production performance. The economic conditions were exacerbated by drought and global recession, turbulent currencies and unstable oil prices, and required improved economic performance for employers to create new employment opportunities.

4.5.4 The probability of displacing older workers

Asked if the employment of young inexperienced workers under the YWS would not displace the older experienced workers, the respondent stated: younger workers were bound to learn from the older experienced workers. It is an improper decision for employers to dismiss older workers on account of the young new workers. (Respondent 5)

Most respondents believed that the new employment scheme for young people would not be detrimental to the older workers because the inexperienced workers would still need to be skilled by the older ones. On the other hand, young workers would not be a burden for the employer as they are paid on subsidized salary. The new young workers would boost the workforce with new energy. Therefore it should be on reciprocal benefits for both the older and the new workers. However, on contingency level, legal principles shall apply upon employers that displace older workers.

4.5.5 Evaluating effect of YESI on youth business initiatives

Asked about his perspectives about YESI, he indicated he hoped the subsidy yielded desired results which included supporting the youth in their business initiatives and funding existing businesses to enhance their scope and stature and employ more people. (Respondent 1)

There are no traces of the programmes initiating business for the youth or support youths' business initiatives as yet. If youth were helped to initiate business they would probably employ more youths and help reduce unemployment. With young people starting businesses, the economic future of the state would be prospectively promising. There are different programmes and organizations involved with training, funding and mentoring youth business initiatives.

4.5.6 Evaluating if YESI should be replaced by another programme

Respondent: "I think the programme could be successful. It only requires some slight amendments. It should advertise its vacancies for all people to apply knowing what they are exactly applying for."(Respondent 6)

The existing YESI was a well envisaged intervention plan in many ways but would need a revamp in some areas to avoid disadvantaging older employment seekers and alleviating employers of hefty documentation administration. The employers should advertise its vacancies exclusively stating the type of vacancies. The employers could as well be compensated for production and time lost in training and learning. This programme, coupled with other existing programmes such as EPWP, NYDP and SETA's could be very effective if not confronted by detrimental factors such as deteriorating economic conditions beckoned by improper political decisions and global recession or turbulent economic conditions, higher rate of corruption and the prevalence of destructive violent protests emanating from dissatisfactions around service provisions.

4.5.7 Reality of people working under YESI programme

Asked if he knew about any youth employed under the subsidy, he indicated he wasn't aware of any youth employed under the YESI but knew a number of youths working and training in different learnership and internship programmes. (Respondent 2)

"I have been employed under the programme because it takes only two years of work and training. There are days we go to work but for a week in a month we go to classes." (Respondent 4)

Even though the other respondents indicated not to have had knowledge of people working in YESI programme, he indicated that there were a number of youths in various employment creating programmes. The other respondents claimed to be working under the programme but declared not to know much as a lot is done and administered by the employer. All they could attest was the learning programme which was run concurrently with work. This could have meant that YESI

programmes were confused with learnerships or internship are programmes, except where it had been categorically stated.

“Yes I know about the YESI. As an unemployed young woman I could have benefited from it if I had the opportunity to access it never saw an advert about it.”(Respondent3)

The respondent knew about the programme, but could not be part of it as she had never seen any advert about employment opportunities through YWS. She did not understand how it worked and wanted to know more about the programme. The vacancies about the programme should be advertised indicating the programme so as to be clearly transparent to the prospective applicants and the society.

4.5.8 Observed “difficult to make proper statistics on YESI”

YESI vacancies are advertised as learnerships or internship than directly as Youth Wage Subsidy on-Job training vacancies. This makes it difficult even for statisticians to make proper direct recordings about the programme. It is on the basis of the same reasons that job retention and full job absorption might end up being not properly detected and recorded. Without proper recordings the programme becomes compromised.

4.6 Response Variations

The responses found on the profile of respondents had significant impact in determining the distinctness of the respondents in relation to their responsiveness. In respect to age, the young people were more passionate about the YESI programme. They wanted to know more and to understand the entry requirements and procedures, than the older ones who had very little to do with it. Most of the older people wanted to know about it so as to can share to their kids as ultimate beneficiaries. The older people felt threatened by the scheme. They asked a lot about what would happen with the older workers when the new workers were employed and trained to get them to be competent and productive.

In relation to skills, it was revealed that most did not have adequate technical skills. A quarter indicated they had computer literacy skills which are essential in any working environment. Although some were not certificated, they could use computer as end-users. The respondents indicated that technical skill had become crucial as part of scarce skills, that people with technical skills like mechanical, machine operators, engineers (e.g. electrical engineering), and chemical expertise would not take long to find employment compared to those with low literacy levels and those with ordinary education qualifications such as teachers.

On educational qualifications, respondents with educational levels of between Grade 1 and 9 were mostly dependent on natural wisdom than knowledge. They were slow to understand what YESI was and how it could work. Some of them felt they needed to start at the literacy level before they proceeded to skills acquiring. The respondents that had educational levels of Grade 10 to 12, had advanced literacy levels and comprehensive analysis and understanding, and were a bit quicker to grab and interpret terminologies. These were the people that asked a lot of questions for clarity.

Some of the people with post Grade 12 certificates, diplomas and degrees showed more understanding. Some of them showed to have somewhat heard about YESI. They mostly sought for clarity on the operational requirements, salary contributions of between the employers and SARS. They showed confidence in themselves and were ready at all times active to assist the research in various aspects.

Most of the respondents indicated that they were from the services sector, manufacturing, mining and agriculture type of business. In Makhado Local Municipality where the research was conducted, services, mining and agricultural sectors dominate in providing employment to the job seekers. Those in services sector had very little challenge than those in manufacturing, agriculture and mining, because they basically, but rarely had any technical skills required.

4.7. Interpretation of Findings

Currently, South Africa and the general public know that unemployment is a crisis in the country, as it is in Makhado Local Municipality. Thus, the quest for finding a lasting solution has become more urgent than ever before for all levels of government, local, provincial and national. The Youth Wage Subsidy Incentive is the ideal tool towards eliminating youth unemployment, but the programme has several loopholes. The study revealed that the government did not do enough to make the subsidy known and understood by the public and the business community as well.

Most participants believed the programme help reduce unemployment provided the impeding obstacles such as dismal economic performance and deterioration of the currency are improve ng.

On the modalities of practical implementation of the programme, the scheme is meant also for qualified young people already in the system, earning not more than R6000 per month. The subsidy contribution reduces as the employee's term of two years gets more and more reduced.

The employers on behalf of employees should first make applications and registration if granted. The employer pays PAYE tax and claims back the rebates later. All these need a stringent administration system. A little mistake committed may land an employer and/or an employee in legal debacle as there are anti-corruption measures. The training is dependent on the on-the-job training with little tuition class attendance, with the help of relevant SETA's on granting certificates. There should always be authentication if the employee is still there, qualified and still earning the same salary.

According to the outcome of this survey not enough new jobs are being created. The job opportunities that are being created are not exactly as a result of YESI programme. In 2015, South Africa experienced increased unemployment statistics instead of improvement in terms of number of jobs created, as a result of global recession.

The main obstacles to implementation of YESI are the level of advocacy about the programme; lack of patriotism in some quarters of business; lack of community involvement in the formulation of policies; slow economic growth and lack of funds.

The respondents indicated that it was quicker for a person with relevant educational qualifications to be absorbed in the YESI programme than the ones without any. Also, youth qualifications have courage to search for work and hope to find one than the ones without. South Africa is experiencing a shortage of artisans or even just technical skills, therefore people with technical skills are more likely to be recommended for jobs in the vocational areas than those that would require detailed training first. Services sector is wide spread in the land and bigger retail businesses are more likely to employ young people. However, manufacturing, mining and agriculture indicated to be accommodating employment of young people.

According to the findings, the subsidy policy might only achieve limited success and needs to be improved in order to achieve what it could objectively attain. The database should be developed wherein unemployed youth would be registered and those employed in the programme would be listed. Various sectors should be involved so that the burden is not only laid on SARS and the employers. There should be communications among institutions taking part in the scheme. The programme should not only run for two years but rather a bit longer for skills to be deeply entrenched and the relationship between trainee employee and employer has developed to the level of trust.

4.8. Conclusion

The response to the YESI programme has been low and also its impact on youth employment has been much less than expected by policy makers. The advocacy about the programme was either not done or inadequate. The involvement of the society in the programme was bypassed.

The respondents indicated that the programme would not make sustainable positive impact amid South Africa's economic conditions. It was also established

that the programme will rarely cause displacement of the older workers because it could be costly for the employer to train new employees to the level of the performance of the older workers. Besides they would help to train the new workers instead. The training system and assessment was not adequately elucidated in the ETI Act.

The administration of the subsidy scheme is literally upon SARS whose job is mainly to receive and rebate the finances; while it could be more feasible with multi-sectoral collaboration. Data recording have not been sufficient; as the results were not easy to trace even in Statistics South Africa's database. The YESI does not address inequality while the majority of the unemployed youth are Africans; nor does it redress the plight of previously advantaged individuals. The success of the programme needs improved economic conditions, stable currency, increased business performance and enhanced exportation.

CHAPTER 5: RECOMMENDATION AND DISCUSSIONS

5.1 Introduction

In recent years, unemployment has continued to rise at unacceptably high levels. The present study was motivated by the need to find strategies for solutions towards reducing youth unemployment problem significantly. The aim of the study therefore, was to determine if Youth Wage Subsidy Tax Incentive would be economically worthy of investment, by looking at a number of areas. The primary focus was on evaluating and assessing the impact of the subsidy on job creation for youth, administrative challenges and awareness and understanding of the subsidy programme.

Concurrent triangulation approach has been preferred because it is time saving and preserves material efficiency as data collection and data analysis including interpretation are run concurrently. Purposive sampling was opted for, from which a small, unrepresentative sample was selected in such a way that it included registered large, medium and small businesses in the area. In this chapter, the summary of the findings, the recommendations and further study projection are thoroughly discussed.

The research findings indicate that the programme was not well publicized and as a result, most of the respondents had scant knowledge about it. Most of the respondents believed that the subsidy has not been effective in reducing unemployment. However, the vast majority believed they would participate by hiring youth in the subsidy category as employers in fighting the scourge of unemployment.

5.2 Problem Statement

Unemployment has become a major problem in South Africa that it warrants urgent redress. Statistics South Africa elaborates this even more, indicating youth unemployment rate at 47.5% (Stats SA, 2014). Makhado Local Municipality is

beset by 49% unemployment, and consistent with the national picture, the majority is youth (Makhado ID, 2014).

Youth unemployment has become a major concern for South Africa, hence this research was deemed a necessary undertaking. The research was focused on investigation of the alarming level of unemployment and feasible employment creation strategies available. Therefore, Youth Wage Subsidy Act became necessary programme to investigate if it had the probability of creating even massive jobs for youth of the country. However, the findings in this research have proven that there are several shortfalls in the programme aggravated by external factors like recession and the falling value of the South African currency the 'Rand' as well.

5. 2.1 Purpose of the study

The main purpose of the research is to find out if the Youth Employment Subsidy Incentive would be efficient, effective and economical; and if the state would be wasting its investment. Therefore, to properly assess this, a number of spheres have to be looked at, including evaluating and assessing the impact of the subsidy on job creation for the youth in order to determine if there are any challenges with regards to the administration of the subsidy incentive; to establish youths and employers' awareness and understanding of the Subsidy programme; to evaluate if the experience gained is relevant in leading to future job opportunities or expertise performance in their respective trades; to evaluate and assess the trajectory of the scheme and lastly to find out if the country's political, social and economic growth is supportive of the sustainable employment opportunities in the near future.

5. 2.2 Aim of the study

The main aim of the research was to assess how employers have responded to the Youth Wage Subsidy. In particular, it seeks to find out how the subsidy has influenced their decisions to hire young people and what new jobs it has actually contributed to. It also looked at the influence of the subsidy on youth to start searching for work with courage. The researcher investigated the awareness and

advocacy strategy envisaged in the subsidy programme to reach to the employers, employees and society as a whole. The study surveyed the effectiveness of the subsidy intervention in reducing youth unemployment. The survey looked also into the impact YESI had on the graduates and the illiterate young job seekers.

The study also sought to determine if the subsidy has not resulted in job losses as employers replace older and other existing employees with the youth since the latter attract a subsidy. The study is deemed important because the youth are the future of any society and unemployment deprives people of opportunities to participate in the economic activities and development of the society.

5. 2.3 Objectives

The survey findings managed to provide answers to the objectives of the study. It assessed if employers were aware of YESI and understood the procedures, protocol and modalities of the implementation of the Youth Wage Subsidy. And the findings were that YESI and its procedural protocol were less known. On evaluation and assessment of the impact of the subsidy on job creation for the youth, it was found to have contributed very little in making employers employ more youth and in encouraging youth to search for work.

It was established that there were challenges with regards to the administration of the subsidy incentive. There were challenges such as legal obligation and liability; hence an incorrect supply of information or default soliciting of funds might lead to possible prosecution.

Although the impact of YESI programme has been minimal, there is a great possibility for the experiences gained during the programme to lead them to more employment opportunities in future and even to expertise in terms of performance.

5. 2.4 The testing of research questions

The research question of how the Youth Wage Subsidy contributed to job creation was answered in that the employers would be assisted to pay for their employees who qualified the age targeting criterion. According to the findings, employers barely had appropriate knowledge of the existence of the subsidy, nor did they understand how it could reduce their labour costs. As the country experienced somewhat dismal economic performance leading to decreased employment opportunities, even in Makhado Local Municipality job creation showed inconsistent results even after the subsidy was introduced.

As expected, the subsidy could not lead to the displacing of the older workers importantly on the reasons that the older workers were experienced and skilled to perform better against the younger inexperienced workers. The challenge in regard to the implementation of the scheme was that there was a lot of administrative jostling employer should endure every month in addition to the usual administrative tasks. There could be detrimental legal challenges in case of deadly mistakes or fraud. There were fears that there could be delays in refunds or rewarding of remittance compelling the employer to overspend. The training and assessment standards varied from one company to another.

As per the findings, the subsidy was intended to embrace all youth, skilled, unskilled, or semiskilled; thus, the scheme was managed like a learnership by combining learning, training and work at the same time. Accordingly, learnerships and internships supplement the Youth Wage Subsidy in creating employability conditions of skilled and unskilled workers by collaborating with the employers in assisting skilled youths to gain work experience through internship programmes, while unskilled workers gain skills through training, experience through working and knowledge through learning.

5. 3 Summary of the findings

Both males and females who participated as respondents gave their views which were relatively the same and balanced. This as well showed us how responsibilities were shared across gender barriers. It would prove if gender was essentially viewed more than competency when people are appointed in responsible positions. It could still mean that the slight majority of those interested in participating in the survey were men. The fact that men made most of the respondents would barely mean that the majority of the employed who were seeking for work were males.

The majority of the respondents were from services orientated business sector which might imply that services sectors are more dominant than manufacturing, mining and agricultural sectors which are the major pillars of the economy. However, agriculture is practiced on farms outside town and residence areas, and scattered far apart that it cannot be undermined as the main potential employer of youth if well advised, while the services sector is all over towns and rural area.

Education enriches individuals with knowledge and skills to do the work. Even though graduates struggle to attain employment, it is even more difficult for those without education to find employment and also more discouraging to look for work. The majority of the respondents had a good literacy level that made them trainable for work; and very few had no basic education at all, which made them not easy to train.

Few of the respondents had technical qualifications, and this spells the fact that technical skills are scarce among young people. Lack of technical skills hampers South Africa's industrialization ambitions. However, people with technical skills sometimes are the same people with academic qualifications; and that makes them versatile and multi-skilled. Technical skills are crucial for industrial production and arts performance that even under YESI it would be easy to place a technically skilled person in the technical field than the technically blank person that would require ample time for training. On the age factor, the majority were in 15-29 and 30-40 age range category, with very few at 41-55 range.

This implies that youth aged between 15 and 29 who are the target of the scheme, also participated in the programme and were interviewed; the majorities of the

respondents were between the age of 30 and 40 and were still active workers. Their responses implied that they also did not have adequate information about the subsidy programme.

The majority of the respondents had not thoroughly heard of the programme. This suggests that the programme was not properly publicized to the society, especially business owners and the intended recipients. On the question of how they rated the administrative requirement of YESI, the majority of the participants opted to be neutral, while some indicated it was strenuous and found it rather confusing. It implies that the administrative system of the programme is not easy to perform and adhere to procedurally, until the stage where employers get their tax rebates. It also indicates it could not be easy to make breakthroughs in the programme.

As only a small proportion indicated that their companies only had between 1 and 10 vacancies reserved for youth in the age category of 15-29 years, it means that very few companies reserved job vacancies for youth. This suggests that priority is not being given to youth in the targeted category despite a call by the government. On the other hand, the youth designated posts might not have been necessarily prompted by the YESI or catered for by the programme, but might have been created even before the introduction of the scheme. Most of the private companies did not strictly consider age when they employed new people, so they did not reserve vacancies for youth.

The jobs for the YESI need not be jobs that could have been created without YESI; and the positions given to designate youth need not be available on account of displacement of older workers either, but need to be positions designated for the support of this youth targeted subsidy programme.

Almost all the participants dismissed the possibilities of displacing older employees on account of young inexperienced workers. This is in accord with the fact that YESI designated positions need not be positions that could have been created or existed without the youth subsidy programme. The older employees remain relevant so that they should teach the young inexperienced workers. In some cases, employment of older experienced workers might rise for them to help train and supervise the young inexperienced workers hired as a result of the subsidy.

To establish whether or not YESI is deemed effective in reducing youth unemployment, the question of how stakeholders deem the success of the programme is fundamentally crucial. In this case even though reasons and factors were not categorically stated, all the respondents said 'no', which means they all did not believe in the effectiveness of YESI. The entire participants did not believe YESI could drastically reduce unemployment.

Answering the question whether respondents valued the experience gained from this programme, the majority ticked 'partially useful'. This means, they did not believe that after two years of training the companies could retain them as full time workers. This could also be that the YESI positions are not permanent and do not guarantee permanent appointments. The possibility is that the majority will join the numbers of graduate job seekers on the street, except if the skills they are trained in are scarce skills. The line between the two responses: Partially useful and worthless is very thin which means people are still assessing the programme and they do not have a concrete stance about the programme.

Answering the question 'if they work and attend tuition classes at scheduled intervals', the majority of the participants chose to pick neutral, maybe because they did not properly understand the question and did not ask for more clarity; or, maybe the work they did was embedded with training running simultaneously.

Most of the respondents were satisfied with the performance of youth in YESI programme, even though some opted to remain neutral, which means people were dubious about the effectiveness of the programme.

This subsidy programme has been given up to 2016 to be evaluated; if deemed effective it shall be allowed to continue for another term until youth unemployment has been resolved. This means that after two years of its existence, the subsidy has not made remarkable trends and it leaves very little time up to 2016 to prove its worth to exist.

5.3.1 Poor responsiveness to implementing YESI

Poor responsiveness of the business owners was literally caused by lack of advocacy and promotion of the scheme; lack of understanding of how the private companies could benefit; the amount of incentives; lack of patriotism; the reluctance that the programme would succeed; the administrative costs; and future uncertainties about the programme. In order to avoid blotting the employment creation rhythm and economic growth, the programme believes that vacancies for YESI should not be vacancies that could have existed without the programme, and should not come from displacement of older workers or retrenchment, but be YESI designated vacancies. So, this makes it a bit difficult to create vacancies for the sake of supporting the policy while employers also contribute towards salary.

The programme lacked advocacy mechanisms and awareness campaigns to make it known and understood by beneficiaries. The communities and business were not involved from the initial stage, which denied business owners opportunities to raise issues, contribute ideas; ask questions and seek clarity where necessary, while gathering appropriate understanding about the applicability of the system.

5.3.2 Awareness and knowledge about YESI

The findings indicated that the majority either did not know or understand the subsidy programme. There are no designate officers to organize business forums and community meeting to promote participation in the programme. There are no offices from which people could get better clarity about how the subsidy works. The communities have not been involved from the start of the policy to contribute their thoughts and ideas.

Only SARS has been mandated to help calculate tax rebates, but other functionaries of the programme remain not adequately monitored. Even SARS has not been given new job positions or employees to specifically help monitor the programme. Other institutions and departments that could help with other types of expertise have not been involved. There have never been advertisements in the

information media requesting young people to apply for designate positions in the private sector. So, it is questionable as to how the participants recruit their employees.

The subsidy programme seems not to have considered the South African economic, political, social and cultural context. Therefore, it is being applied in the context of other countries that applied the policy when faced with unemployment, without aligning it to the South African context.

5.3.3 Variation on profile of respondents

The responses found on the profile of respondents are a significant impact in determining the distinctness of the respondent in relation to their responsiveness. In respect to age, the young people were more passionate about the YESI programme; they wanted to know more, and to understand the entry requirement and procedures, than the older ones who had very little to do with it. Most of the older people wanted to know about in order to can share to with their kids as ultimate beneficiaries.

The older people at large felt threatened by the scheme; that they asked a lot about what would happen with the older workers when the new workers were employed and trained enough to be competently productive.

In relation to skills, it was revealed that most did not have adequate technical skills except computer literacy which the majority indicated do have; although some were not certificated, they could use computers as end-users. The respondents indicated that technical skills had become crucial as part of scarce skills, that people with technical skills like mechanical, machine operators, engineers (e.g. electrical engineering), and chemical expertise would not take long to find employment compared to those with ordinary education qualifications such as teachers.

On educational qualifications, people with education levels of between Grade1 and 9, are mostly dependent on natural wisdom than knowledge. They were slow to understand what YESI was and how it could work. Some of them felt they needed

to start at the literacy level before they proceeded to acquiring skills. The respondents that had educational levels from Grade 10 to 12 had advanced literacy levels and comprehensive analysis and understanding that they were a bit quicker to grab and interpret terminologies. These were the people that asked a lot of questions for clarity.

Some of the people with post Grade 12 certificates, diplomas and degrees showed to be more understanding. Some of them showed to have heard about YESI. They mostly sought for clarity on the operational requirements, salary contributions of between the employers and SARS. They showed confidence in themselves and were active in assisting the research in various aspects.

Most of the respondents indicated that they were from the services manufacturing, mining and agricultural sectors. In Makhado Local Municipality where the research was conducted, services, mining and agricultural sector dominated in providing employment to the job seekers. Those in services sector would have very little challenge than those in manufacturing, agriculture and mining, because there are basically no technical skills required.

5. 4 The Impact of the findings

With the majority of respondents being males, and women coming slightly lower, it implies that youth unemployment affects both sides of gender equally, not necessarily that the majority are most affected. Their views are relatively the same and their contributions are well balanced. This would as well show us how responsibilities are shared equally across gender. If gender is essentially viewed higher, more than competency when people are appointment for responsible positions, even in affirmative action, South Africa would be heading for disaster. It could still mean that the majority of those interested in participating in the survey are men; even though it could still mean that majority of the employed or those seeking for work are males, but participation in research as well depends on availability at a particular time.

On the age factor, the majority were in the 15-29 and the 30-40 age range category, with very few at 41-55 range. This implies that youth aged between 15

and 29 who are the targets of the scheme, were also participants in the programme and were interviewed. Most of the respondents were between the age of 30 and 40 who are still active workers, and some of them are still in the category of youth. Most of the respondents declared they did not have adequate information about the subsidy programme.

The majority of respondents were from services orientated business sector, which implies that South Africa is much dependent of services sector than manufacturing, mining and agriculture which are the major pillars of the economy. However, agriculture is practiced in the farms outside town and residence areas, and scattered far apart that it cannot be undermined as the main potential employer of youth if well advised. While the services sector is all over towns and rural area as the case of retail business.

Few of the respondents had technical qualifications and this spells the fact that South Africa is running short of technical skills which hampers our industrialization ambitions. However, the people with technical skills sometimes are the same people with academic qualifications; and that makes them versatile and multi-skilled. Technical skills are crucial for industrial production and arts performance that even under YESI it would be easy to place a technically skilled person in the technical field than the technically blank that would require ample time for training.

The new South Africa is implementing the programme of this caliber for the first time, which might make it hard for the masses and even businesses to correctly anticipate its future impact. Although the same programmes were successful in other countries that faced the same challenges, South Africa has a different economic setup, and is still a developing economy with very low levels of industrialization. The approach of the programme in South Africa should be dependent on a unique demographic sphere. The involvement of rural communities where there are less private companies does not seem to have been strategically looked at.

The success of the programme is dependent on the support and participation of the private companies, which might either have not been involved from the start or

lacked the zeal to participate in the programme. The findings indicated that private companies had very little knowledge and a vague understanding about the procedural order and legal applications of the programme, leading to poor responsiveness.

5.5 Discussion on recommendations

The recommendations will include amongst others, payment methods; support and funding of new business initiatives and expansion of existing businesses; political will to make it work; advocacy; provincial designate officials; transparency in recruitment and selection criteria; monitoring and evaluation; elimination of corruptions, reduction of tendering method of service delivery; increasing the two-year term of subsidy; reduction of cadre deployment; encouraging industrialization and involving stakeholders and society in policy formulations.

It could be more effective if payment is made monthly to youth employees directly, not on tax rebate. It should be paid directly to employers every month so that they would pass the dues to the youth employees. This will assist in avoiding delayed and belated salaries on employees. To motivate employers, they should be assisted with some finance to cover on training expenses, time lost on training and subsidy administration in addition to salary incentive rebate.

Two years is too little for the project to sustain trainees with enough work experience and skills expertise. If the subsidy term could be expanded beyond two years, the employers and the trainees would have built a bond and retention rates would increase. With more time on training, the trainees would grow in expertise, performance, and quality production. The retention rate should be electronically diarized so that the data could be accessible to the public, the presidency and all the stakeholders. Only stringent assessment and quality assurance of work-based-skills of these youth would enable a production of competent skilled personnel.

With the elimination or eradication of cadre deployment on none political strategic areas and reduction of corruption, more money could be available for funding youth business initiatives. Business funding and employment should not be dependent on

partisanship because this makes us lose expertise and developmental progress unnecessarily and derails socio-economic development.

As part of the YESI programme objectives, youth are to be encouraged to initiate business, in which they would enjoy support from the programme's funding. There should be an introduction of rigorous mentorship coupled with adequate funding for youth that start their business initiatives.

As South Africa encourages industrial business initiatives, youth should be channeled into industrial businesses, with relevant established businesses mentoring them, while in some cases external expertise is sought – bringing foreign national with authenticated expertise to training and mentoring our young people for at least three to five years. Laws should be made flexible for young entrepreneurs to access relevant raw materials to use in their production. If raw materials would be as priority sold to local industries, with enhanced business practice and increased GDP unemployment would be reduced drastically.

Stakeholders should be involved in the participation of job creation as the main factor towards development. When involved, the stakeholders would feel owning the product, will understand it better and will strive never to let it fail. All the stakeholders should feel patriotically responsible to contribute towards employment creation, and also to contribute in every endeavour for development from the state and communities. Employment creation is the fundamental part of development. Thus with high unemployment, the country would experience increased economic turbulences, crime, starvation and poverty.

Communities and businesses should be allowed to contribute ideas in the bottom-top relationship to curb ill reactions towards programmes coming from the top to the society as implementers. Businesses should support the state in implementing development orientated programmes.

The Department of Public Works should be used to create jobs directly to the masses as it used to be, not through tendering which generates millions to individuals who in the end produce shabby works. It would be cheaper to construct schools, clinics, community centres, and roads using government employees than

through tenders. Unlike tendering that brings contradictions like partisanship, corruption, victimization, money laundering, and cheap temporary labour, direct employment of labour brings sustainable permanent jobs, and reduces unemployment as people share en route to better life for all. Employment creation will eliminate violent public protests.

It is mandatory for policymakers to formulate programmes and laws that will benefit society and should therefore involve society in formulating policies, because they are accountable to the society in order that produce policies that would efficiently work for the society, not for individual beneficiaries. Government leaders should rely on the masses for information on needs of the society and on required interventions so they could own development together.

The projection for further study shall be an indication to accomplish the research made. There shall be discussion on recommendation for further progress in advancing YESI. The level of communication made and advocacy about the subsidy scheme to the employers and youth alike is fundamental to ascertain effectiveness of the programme. The policies made should have been thoroughly studied and development orientated to better the future of the country.

Political decision making is crucial to propel social justice and peace. The findings add useful knowledge to the research with regard to eliminating youth unemployment. On recommendations, the state should come with provincial officials that would work with various departments and institutions like the South African Revenue Services, the Department of Labour, the Department of Higher Education Training, the Department of Basic Education, Technical Vocational Education and Trainings (TVETs), the Quality Council for Trade and Occupations, the Sector Education Training Authority, and the Higher Education Quality Councils.

5.5.1 Adoption of a participatory approach in introducing new policies

The suggestions and all nation building ideas should involve the community, so that we own the programmes together. The current system used in consulting with the

society might not be working because people always claim they were not involved in whatever undertakings were happening, while the state claims the contrary.

In future, the state should involve the community so that their programmes should be well understood to work toward attaining objectives and goals set to be achieved. The researcher believes that if the information had reached even deep rural communities, business owners and youth would have been extremely excited about it. Even though some of the businesses could fail to create ad hoc positions for the sake of the youth subsidy programme, they could apparently apply.

5.3.2 Lack of awareness and knowledge about YESI

The findings indicated that the majority either did not know or understand the subsidy programme. There were no designate officers to organize business forums and community meeting to promote participation in the programme. There were no offices from which people could get better clarity about how the subsidy worked. The communities had not been involved from the start of the policy to contribute their thoughts and ideas.

Only SARS had been mandated to help calculate tax rebates, but other functionaries of the programme remained not adequately monitored. Even SARS had not been given new job positions or employees to specifically help monitor the programme. Other institutions and departments that could help with other expertise had not been involved.

There had never been advertisements on the information media requesting young people to apply for designate positions in the private sector for YESI programme. So, it is questionable as to how the participants recruited their employees.

The subsidy programme seems not to have considered the South African economic, political, social and cultural contexts. Therefore, it was being applied on the context of other countries that applied the policy when faced with unemployment, without verily aligning it to South African context.

5.5.3 Improved communication channels

The channels of communication between the state, businesses, government departments, society, SARS, Stats SA and institutions like SETA's should remain constant and fair and transparent.

A database about young people and employers participating in the programme should be available for access by the public. This will also help to deter people from corrupt and fraudulent practices. Data about people looking for employment, stating the year of their graduation, education level and technical skills should be developed by the Department of Labour and be available at the labour offices and accessible to business owners.

These communication channels would make a policy like ETI or YESI easy to monitor and evaluate; easy to enter and to be part of. Most business owners are looking for people to fill their vacancies, especially in the scarce skills category and it takes a long time to give up and just get anybody to fill the space, but with this database, people would be accessible and companies would find it easy. This would help reduce the work done by labour agents who need payment to help. From the initial point of the draft of the policy, people in communities and business owners should be involved; and to deter frustrations, forums and workshops should be organized and be open to public attendance, so as to be owned by all, and to make it successful.

5.5.4 Advocacy

There is a need for people from various orientations to be involved with private company owners and programme officials and stakeholders to discuss strategies, procedures and practices. This could induce new ideas beyond the two-year term temporaries without future guarantees. With involvement of all stakeholders, new ideas like youth projects aligned to industrialization could be initiated with business becoming partners with youths or simply sponsoring and mentoring youth initiatives.

5.5.5 Two year terms temporary

In this programme very few people will be lucky to be permanently absorbed after the subsidy programme. Two years of employment and training feels too small to impart entrenched knowledge experience or skills. Most painfully, it is the time of termination after the two years of working; suddenly realize that you are not receiving income anymore. Temporary employment reduces unemployment for a short time and reverts it back to its former position shortly after the temporaries. It does not therefore contribute to a permanent solution to unemployment.

5.5.6 Recruitment and selection criteria

None of the respondents indicated that they ever saw job advertisements or heard of the announcements for youth to submit applications for jobs under the YESI programme. Adverts are made to young people to apply for Learnerships and Internships, but it is still how employers recruit the youth for YESI. This makes it difficult for those youths, especially in rural.

If posts under YESI were advertised, many youth would know about the programme and more employees would be interested. Some of the youth are semi-literate that it needs community involvement to let them know about the scheme, which could hopefully help them acquire skills that could make them employable.

5.5.7 Provincial designate officials

If apart from SARS officials in the provinces, there were personnel dedicated as ad hoc officials for this youth programme, it would enhance advocacy and efficacy of the youth employment intervention programme. The other option is if the government would employ special provincial officials whose main task is to liaise with the communities and help them in initiative projects and business formations, and assist them access to funds from various institutions, including the government budget set aside for youth employment programmes.

The findings indicate that provincial officials would be crucial for the advocacy and awareness campaign programmes. They would be crucial in finding the interests of the communities and establish with them initiatives in line with their culture and environment.

As the programme was based on private companies, with most companies centralized in urban areas, youth in the rural areas might not have adequate access to job opportunities or vacancies under the programme. So, provincial officials would be handy to encourage private companies' involvement and participation in the YESI, and to encourage new business initiatives and expansion in the rural areas.

5. 5.8 Monitoring and evaluation

In monitoring and evaluation system the timely on-site audits would be conducted, with head count surety to help curb corrupt practices where employers claim for payment for employment of youth employees that never existed, in other words, ghost employees. It happened in the programme called Kharigude Mass Literacy Campaign where volunteer educators 'enrolled' learners that did not exist; some had even died years back, but their names appeared in order for the programme to access stipends illegally (The Treasury, 2011: 43).

There could be strong educational institutions and SETAs involvement to ascertain that proper training is followed and assessment standards are adhered to, while accreditations are properly made for skills qualifications gained through the programmes training in partnership with the Quality Council for Trades and Occupations (QCTO), HEQC, UMALUSI and SETA's (Dwane et al., 2013: 11-14).

With collaboration of SARS, Stats SA, Labour Centres, Labour Departments, Quality Assurance bodies and SETAs with each side focused on their areas of expertise, monitoring and evaluation would be strongly multi-lateral and realistic to the actual practice. In endeavouring to access statistics, the researcher contacted Statistics SA, but was dismayed to find that they did not have recorded statistics of employments under the Employment Tax Incentive Act, but on general employment

only. This suggested that it would be important to link the SARS administration of the subsidy with the Department of Labour's inspection services at an operational level and to establish appropriate legal measures to discourage and punish abuse of the subsidy.

This suggested that it would be important to link the SARS administration of the subsidy with the Department of Labour's inspection services at an operational level and to establish appropriate legal measures to discourage and punish abuse of the subsidy.

Joining Stats SA as a team with other stakeholders would induce great statistical recordings and reports and progress in this regard. In all these proposals, the only setback is that the capital investment or expense would have to drastically increase, but the quality would be assured and job creation ascertained.

5.5.9. Political will to make it work

The political will is central to the effectiveness of the YESI programme. The Head of the State, the Treasury, and Finance Ministry are crucial in regulating the fiscal and monetary level of the economy by fighting recession and moderating inflation. Therefore each decision they make contributes enormously to the economic state of the country which is determinant on employment creation and socio-political development. The political will is seen in the state being strong in uprooting every form of corruption, crime and poverty while advancing proper education for enhancing skills, knowledge and educational standards. With better political will service delivery protests would be minimized and the level of the trust in the government will increase.

5. 6 The Success of YESI

Although it has been reported by the state that the programme is making remarkable success recording about 56 000 new employments within two months of its start, the figures were deduced from increased employment, there are no records indicating that data about YESI is being exclusively recorded apart from

general statistics of employment. With two years of existence, YESI is still a new baby yet to make remarkable success trends.

Different countries applied their unique policies with some succeeding and others failing. So, YESI is not bound to be doomed although confronted by ailing currency and drought amid improper economic upheavals, its success would be limited to minimal. As the Deputy President stated, for YESI or ETI to prosper there needs to be economic stability, increased exportation, stronger economic policies, increased economic activities, proper infrastructure and ardent leadership.

Political stability is crucial for employment creation, so are enhanced economic conditions. South Africa has an advantage of a relatively stable political sphere, except that people now need to elect their own leadership (presidential elections), than being imposed upon with partisan presidents, and in the same light political parties, especially the ruling party should discourage ethnic-based political decisions as these may derail socio-economic development, political maturity and employment creation capacities.

A large sum of government money is used in paying tenders. It would be wise for the government to reduce unnecessary tendering expenditure by revitalizing public works and use the personnel in public works activities such as building and maintenance of roads, schools, clinics, bridges, police stations, community halls and government buildings like courts, home affairs, social work and municipal offices. This could allow the state to also actively participate by directly and absorb some of these stranded youth and enrich them with some valuable skills.

5.7 Further Study

The follow-up studies would cover a broader area of South Africa, a lot of related factors and expanded topic of related to the effectiveness of Youth Empowerment Wage Subsidy. It would study influence of economic conditions and view the overall readiness of the business sector to undertake this endeavour.

The study would be extended to include administrative protocol, SETA's involvement, employment advertisements and selection, businesses initiated through the YESI and how statistics are collected. It will be interesting to include how the programme addresses race and gender inequalities as the youth unemployment statistics vary as per race and gender. In further studies it would be relevant to investigate how the rural youth could be catered for by YESI.

5. 8 Conclusions

The main objective of the study was to investigate the effectiveness of Youth Empowerment Subsidy Incentive. South Africa, however, is faced with limitations that contribute towards moderating the success of the YESI programme of intervention. In an economy with a slow growth, low GDP, slow infrastructural development, limited exportation opportunities, declining currency and slow industrialization development, the creation of employment opportunities will naturally be slow and lowly minimal.

As Makhado Local Municipality is situated deep in a rural area, it needs vast infrastructural development, poverty alleviation strategies and rapid economic development to enable the creation of employment opportunities.

Wage subsidy policies in many countries, recorded variation of moderate success even though some scored impressive successes with retention of some quarters of the trainees for permanent vacancies. In South Africa, the defective area was lack of awareness strategy and exclusive recording of employment data. As in most other countries they deduced success on account of increase and decrease of unemployment not on direct subsidy performance.

Mixed research method with concurrent triangulation research design approach was opted for because it saves time. The implications of the findings imply that the information was not spread across the populace and thus people did not have adequate knowledge about the subsidy endeavour, which led to mixed results in the performance of the programme. As the programme is due for review in 2016 maybe some of these inputs would help the state in redesigning the programme.

REFERENCES

- Adam, A.V. (2007). The Role of Youth Skills Development in the Transition to Work: A Global Review, World Bank, Washington DC, 13-15.
- Alet, E. & Bonnal, L. (2011). Vocational schooling and educational success: Comparing apprenticeship to full-time vocational high school, *TSE Working Paper*, Toulouse, France.
- Aliber, M. March 2003. *World Development*, Chronic Poverty and Development Policy, 31(3), Toulouse School of Economics, Toulouse, France, 473–490.
- Almeida, R.; Orr, L. & Robalino, D. (2014). Wage subsidies in developing countries as a tool to build human capital: design and implementation issues, *IZA Journal of Labor Policy*, 3(12), 1-24.
- Anderson, V. (2009). *Research Methodology in Human resource management*, *CIPD*, 132-155
- Betcherman, G; Daysal, N.M. & Pages, C. (2010), Do employment subsidies work? Evidence from targeted subsidies in Turkey, *Labour Economic*, Elsevier, 17(4) 710-722 (Access on 11/2014) www.elsevier.com/locate/labeco
- Betcherman, G.; Godfrey, M.; Puerto, S.; Rother, F. & Stevreska, A. (2007). A Review of Intervention to Support Workers: Findings of the Youth Employment Inventory, Special Protection. The World Bank. 02-04
- Braun, V. & Clarke, V., (2006) Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2):77-101
- Caliendo, M. (2012). Youth Unemployment, Apprenticeship Programmes and Start-Up Subsidies, University of Potsdam and IZA, Stockholm, 1-92
- Coetzee, L.; du Preez, H. & Smale, N. (July 2013), South African Tax Incentives to Alleviate Unemployment: Lessons from United States Of America Approaches. *International Business & Economics Research Journal*, 12 (7):769-777.
- Creswell, J. (2013). *Research Design: Qualitative, quantitative and Mixed Method Approaches*. London: Sage Publications.

Demombynesa, G. & Zlerb, B. (2003). Crime and local inequality in South Africa, Crime and local inequality in South Africa, University of California.

Equal-Education: Submission to National Treasury on employment Tax Incentive Bill, Equal Education, 2013: 11-14.

Eichhorst, W.; Boeri, T.; Galasso, V.; Kendzia, M.; De Coen, A. & Steiber, N. (2014), How to combine the entry of young people in the labour market with the retention of older workers? *IZA Journal of European Labor*, SpringerOpen Newsletter, 3(19): 1-19

Elster, J. (2001). *Philosophy and the Problems of Work: A Reader*, 1st edition. [e-books]. <http://books.google.com>. [Accessed 20 February 2015]

Equal Education: 10 concerns about Employment Tax incentive Bill which seeks to introduce a Youth Wage Subsidy for businesses. Submission to the Treasury (Government of the Republic of South Africa), Equal Education, November 2013, 1-17

Ersanilli, E.; de Haas, H. & Carling, J. (2011), Methodology for quantitative data collection, *Eumagine*, IMI and PRIO, 1-67. www.dosen.narotama.ac.id; accessed 28/04/2016

Govindjee, A. & Dupper, O., (2011). *Stellenbosch Law Review*, Stellenbosch, vol. 22, Stellenbosch, South Africa.

Harwell, M. R., (2011), *Research Design in Qualitative/Quantitative/Mixed Methods*. 143-160

Immervoll, H & Scarpetta, S., (December 2012). Activation and employment support policies in OECD countries: An overview of current approaches; Springer Open newsletter, 1-9.

Jeffrey, C., (14 July 2010). Timepass: Youth, class, and time among unemployed young men in India. *American Ethnologist*, 37(3):465–481.

Kalil, A. (2005). Unemployment and job Displacement: The Impact on families and Children. *The Workplace*, 1-8.

- Kingdon, G. & Knight, J. (1995–2003). Unemployment in South Africa, causes, problems and policies: A centre for the study of African economies. *Journal of African Economies*, 16(5):813-848.
- Klasena, S. & Woolard, I. (2008). *Surviving Unemployment without State Support Unemployment and Household Formation in South Africa*. Unpublished MA dissertation, University of Cape Town, Cape Town: South Africa.
- Kwabena, A. & Kwame B. (2011). Determinants of Unemployment in Limpopo Province in South Africa: Exploratory Studies, University of Venda for Science and Technology, South Africa, 54-62
- Leibbrandt, M. (2013). Employment and inequality outcomes in south Africa , Southern Africa Labour and Development Research Unit (SALDRU) and School of Economics, University of Cape Town, 217-228.
- Levinsohn, A.; Neil Rankin, N.; Roberts, G. & Schöer, V. (2014). Wage Subsidies and youth employment in South Africa: Evidence from a randomized control trial. *Stellenbosch Economic Working Paper*, 02/14, 5-51
- Levinsohn, J. & Pugatch, T. (2014). Prospective analysis of a wage subsidy for Cape Town youth. *Journal of Development Economics*, 169–183,
- Mahadea D. & Simson, R., (2010). The challenge of low employment economic growth in South Africa: 1994 -2008. *South African Journal of Economic and Management Sciences*, University of Pretoria, 3/4, Pretoria, 1-13
- Makhado Local Municipality Integrated Development Plan, 2011/12, Adopted IDP REVIEW, 53.
- Mnisi, V. (June 2012). Equal Education Submission to Treasury on Employment Tax Incentive Bill, *Institute of SA, AISA Focus*, South Africa. Vol.17, 3-16. Found on: www.ai.org.za accessed on 02/14
- National Planning Commission, (2013), National Development Plan Vision 2030, Policy Research, www.Limpopo.Gov.za. accessed 8/2014)
- National Treasury, (2011), *Confronting Youth unemployment: Policy options for South Africa*. Pretoria, National Treasury.

Nattrass, N. (2004). Unemployment and aids: the social-democratic challenge for South Africa- Development Southern Africa, Taylor & Francis.

Nevondwe, L. & Odeku, K., (2014), The Introduction of Youth Wage Subsidy under the Employment Tax Incentive Act, 26 of 2013 and Job Seekers' Grant, University of Limpopo, South Africa.

NUMSA Bulletin, 5 March 2014, South Africa's youth unemployment crisis, COSATU Media Monitor.

Palinkas, L.A. ; Aaron, G. A. & Hovwoits, S. (2010). Mixed Methods Designs in Implementing Research. *Adm Policy Mental Health*, USA, 44-51

Palinkas, L.A.; Aarons, G.A; Horwitz, S.; Chamberlain, P.; Hurlburt, M.& Landsverk, J.(2011) Mixed Method Designs in Implementation Research, *Adm Policy Mental Health*, 44–53

Ranchhod, V. & Finn, A., Estimating the short run effects of South African Employment Tax Incentive on youth employment probabilities using a difference – in- differences approach. *SALDRU*, Cape Town South Africa, 1-46.

Rankin, N., (October 2013). The impact of youth employment incentives and wage subsidies: results of a trial run, *Econ 3x3*, Stellenbosch University, South Africa.

Rishi, M. & Saxena, S. (2004), Is outsourcing really as bad as it is made to sound? A Re-Assessment and Some Perspective, *papers.ssrn.com*, France

Statistics South Africa, (June 2014), National and provincial labour market: Youth User Information Services

Stats SA, (June 2014), Youth unemployment soars, SAPA

Susin, C.; Haas, A.N. & Oppermann, RV, (2004) Gingival recession: epidemiology and risk indicators in a representative urban Brazilian population

The Congress of South African Trade Unions, 2011, The Youth Wage Subsidy in South Africa: Response of the Congress of South African Trade Unions: To the National Treasury and the Democratic Alliance.

The treasury, (February 2011), confronting youth unemployment: policy options for South Africa, Discussion Paper for Public Comment, 9-54

Tregenna, F. (2011). Earnings Inequality and unemployment in South Africa; University of Johannesburg, 25 (5), Johannesburg; South Africa, 585-598

Ukpere, I. & Slabbert, A.D. (2009), A Relationship between current globalization, unemployment, inequality and poverty, Cape Peninsula University of Technology, Cape Town. South Africa, 37-46.

Verhoef, J. M. & Hilsden, J. R., (2001), Writing effective research proposal. Department of Medicine and Community Health Sciences University of Calgary, Calgary, Alberta, Canada, 1-41.

Wheeldon, J. (2010), Mapping mixed methods research: Methods, measures, and meaning. *Journal of Mixed Methods Research*, Heritage University; USA, 87–102.

Yalnizyan, A., (2014). what the federal government could do if it really wanted to reduce youth unemployment, *CCPA Monitor*. SA, 1 - 5.

APPENDICES A1: Questionnaire used for this research study

THE EFFECTIVENESS OF THE YOUTH EMPLOYMENT WAGE SUBSIDY ON JOB CREATION IN MAKHADO LOCAL MUNICIPALITY, LIMPOPO PROVINCE

This questionnaire is an academic research study on the Youth Employment Tax Incentive Subsidy aimed at encouraging employers to consider employing inexperienced young people ready to enter into working environment.

Section A: Profile of respondents Tick the appropriate box

1. The position of the respondent is: a.Labourer -clerk
b. IT Technician - HR Practitioner c. Supervisor-Assistant Manager
d. Divisional Head–Senior Manager. e. Temporary
- 2 .Gender:.....Male Female
3. Highest qualification: a. grade1-9 b. Grade 10-12 c. Certificate-diploma.
d. degree e. post-graduate+ f. None
4. Please, indicate your technical skills.....
a. Certificate b. Diploma c. Degree+ d. None
5. Age: a. 15- 29 b. 30-40 c. 41-55 d. 56-65

Section B: Business profile

6. What type of business ownership is your company (if employed or own one?)
a. Private company b. State Owned Enterprises c.NPO d. Other
7. What sector of business is it? a. Manufacturing c. Agriculture
b. Mining d. Services e. Other
8. What size or category of business is your organization? a. small
b. Medium c. large d. International business

APPENDICES A2: Questionnaire used for this research study survey

SECTION C: Employer Perspectives on Impact of YESI

9. Youth employment has become a major talk on media and in parliament. Have you heard of Youth Wage Subsidy Incentive made effective from December 2013 as part of major economic programmes? Yes no

10. Have you ever been in a business forum or workshop where YESI was critically discussed? Yes no

11. How many youth are employed under Youth Employment Subsidy Incentive (YESI) programme? A.1-10 b.11-20 c. 21-50 d. 51-100+ e. none

12. Have you ever been in a business forum or workshop where YESI was critically discussed? Yes no

13. How could you rate administrative demands of YESI?

a. Strenuous b. Difficult c. Confusing d. Smart e. Neutral

14. How many employment opportunities were designated for youth between 15 and 29 years of age? a. none b. 1-10 c. 11-20 d. 21-30 e. 31-70

15. As a business, have you benefited from the subsidy? Yes No

If not, give reasons, why: _____

16. Since the YESI was introduced, how many new employees have you recruited?

a. Less than 10 b. 6-10 c. 11-15 d. 16-20 e. over 20 f. None

17. Did the recruitment of new employees under YESI displace older employees?

a. Yes b. No

If yes, please state reasons for displacement _____

18. Is YESI effective in reducing youth unemployment looking at current economic performance and employment opportunities? a. Yes b. No

APPENDICES A3: Questionnaire used for this study.

SECTION D: YOUTH PERSPECTIVES ON THE YESI

19. How do you value the experience you are gaining from this programme?

- a. Useful b. partially useful c. worthless

20. Has the introduction of YESI influenced you to search for a job?

- a. Yes b. No C. Partially d. neutral

21. Are you working and attending training at scheduled intervals (if employed)?

- a. Yes b. No c. neutral

22. What number of your colleagues is youth aged between 15 and 29?

- a. 1-10 b. 1-20 c. 21-40 d. 41-70+ e. None

23. How is your training assessment done?

- a. Examinations b. Interview c. Demonstration d. Combination of all

Section E: Table of approval

statements	Agree strongly	Agree	Not sure	Disagree
24. I Believe in the YESI programme				
25. As an Would you employer employ youth in the YESI category				
26. Do you believe YESI would succeed in reducing unemployment?				
27. Current economic conditions of South Africa will create full employment opportunities.				
28. It is possible to create jobs for the youth without displacing older workers.				

APPENDICES A4: Questionnaire used for this research

Section F: Table of gratification

statements	Highly satisfactory	satisfactory	neutral	unsatisfactory
29. If you have youth under the programme how would you rate their performance?				
30. How would you rate your training experience?				
31. How do you view YESI performance so far?				
32. Indicate how you rate this programme's success in reducing youth unemployment (Just tick in the box next to your answer)				
33. Indicate how you are currently benefiting financially from Youth Employment Subsidy Tax Incentive.				

Section G: Conclusion Remarks

34. What could be done to make the YESI programme more feasible and effective?

35. Would you propose another programme to assist in responding to youth unemployment problem? Yes: No:

36. If yes, in a nutshell state your proposals

Once again thanks for your participation. God bless you.

APPENDIX B: Consent Form

Research Project Consent Form

Full title of Research Project:

This research is aimed at promoting youth employment; and for employers and youth or youth organisations to be aware of the opportunities to participate in alleviating youth from the unemployment plague while benefiting financially through salary subsidy and tax reduction.

Names :

Position :

Employer Institution :

Contacts :

University of study : University of Limpopo Turfloop Graduate School of Leadership

Please mark with X in the box

1. I confirm that I have read and understand the information sheet for the above study and have had the opportunity to ask questions.
2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving reason.
3. I agree to take part in the above study.
4. I agree to the interview being audio recorded.
5. I agree to the use of anonymous quotes in publications.
6. I agree to be a respondent in this research project.

_____	_____	_____
Name of Participant	Date	Signature
_____	_____	_____
Name of Researcher	Date	Signature