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“Transcultural Impacts and Perspectives on the Future”

Perspectives from Canada, Italy, South Africa, Southeast Asia, Southwest Asia (Middle East), the United Kingdom, and the United States of America.

South Africa’s Youth Bulge:

Risk or Opportunity?

By Itha Faljaard



In South Africa the apartheid and colonial legacies remain a reality and exhibit the living conditions of most South Africans. Poverty is high (approximately 50% living on less than \$61 p/m, 2006) and inequality pervades, with South Africa being notorious world-wide for one of the highest gini coefficients of 57.8% (UNDP, 2005). High levels of unemployment exist (40.7%, 2004, broad definition), spatial development is uneven, and the health and education system is failing most citizens. South Africa ranks 121st in the UNDP’s human development index (HDI) (2007). These realities point to a future whose prospects depend on whether risks are ameliorated and demographic opportunities are maximized.

Demographic Landscape

South Africa has 48.6 million people with an annual population growth rate of -0.46% . Demographics show the typical population pyramid of a developing state, with 54% of South Africans younger than 24 years of age. This is called a “**youth bulge**” which comes with its own unique set of challenges as well as potential opportunities. This youth bulge could lead to a demographic window of opportunity from about 2030-2060.

A **demographic window** (dividend, bonus) is defined to be that period of time in a nation's demographic evolution when the proportion of the population that is in the working age group is particularly prominent. Typically, this demographic window of opportunity lasts for 30–40 years. The timing and duration of this period is closely associated to fertility rate decline: when birth rates fall, the age pyramid first shrinks with gradually lower proportions of young population (under 15s) and the dependency ratio decreases. After a few decades, low fertility causes the population to get older and the growing proportion of elderly people again inflates the dependency ratio, creating aging populations (a scenario found in countries such as Italy and Japan).

The **Age Dependency Ratio** (ADR) examines the concept of dependency. This ratio measures how many dependants there are for each person in the “working” age groups and thus helps us to understand how a society’s resources should be shared between these groups. It is important to note that whilst this ratio does not measure economic dependency, it is a good indicator of it. Not every person below 15 and over 65 is necessarily a dependent and not every person between ages 15 and 65 is at work, but this indicator is still useful to measure broad trends in the age composition and the dependency burden.

ADR rates in 2001	57.5
Projected ADR rates for 2031	34.1

South Africa’s 2001 ADR was calculated as **57.5**, thus for every 100 persons aged 15-64 years, there were 57.5 persons aged 0-14 and aged 65+ that are dependent. This ratio is projected to drop to **34.1** in 2031 – meaning less dependent people in 23 years time and an increase in the proportion of potentially economically active people. The reason for this drop in ADR is due to fertility rate declines. Thus, despite the increase in South Africa’s aging population (mainly the white population group) the number of dependents declines because the proportion of children under the age of 15 is decreasing.

Unanticipated Wild Cards

The ADR calculation, however, does not take the effect of **HIV/AIDS** into account, which predominantly affects the young population bands. Instead of the ADR rate declining, AIDS could rob SA of this opportunity. The number of AIDS related deaths among South Africans aged 15-35 is projected to peak in 2010-2015 with an estimated 17 times as many deaths as there would have been in the absence of AIDS. This means SA could have less educated, economically active people and a much higher incidence of dependents in the 15-64 year age group. The premature deaths of teachers, technicians, and professionals—including career military and police officers—threaten to leave behind many under-educated and under-supervised young people, many of whom will be orphaned by this disease.

Youth unemployment is another factor that can influence the ADR negatively. The percentage of South African young people who are working is low with only about 25% of 20-24 year-olds working.

The problem of high youth unemployment is not unique to South Africa. According to an ILO study in 2004, youth (15-24) make up nearly half (47%) of the world's unemployed. Of the world's 550 million working poor who cannot lift themselves above the US \$1 per day poverty measure, 150 million are youth.

Damage Control

Youth who are neither employed nor involved in studies are in many senses the most vulnerable and marginalized group in a society as they are not advancing in any way. They are not acquiring human capital in the form of studies nor are they gaining any on-the-job experience. Furthermore, youth who are idle in this manner mostly come from disadvantaged backgrounds and can statistically be associated with high rates of recidivism in criminal behaviour. In a sense, intervention at this stage is tantamount to an exercise in damage control as the literature concurs that the greatest rewards to disadvantaged youth result from early and sustained interventions (Martin & Grubb 2001, Heckman & Lochner 2000, Garces et al. 2000).

Invariably, some young people will not be able to avail themselves of opportunities open to them. They may drop out of school, enter work too early, end up with jobs that lead nowhere, or be unable to find any job at all. This can result in an enormous missed opportunity for society as a whole. Policies that help young people recover from bad choices or poor circumstances can provide a safety net that benefits society well into the future.

Maximizing Youth Capital

How can SA minimize the risks and seize the opportunities for this youth bulge? One possible approach is to provide more opportunities, capabilities, and second chances for young people. Policies can be developed to broaden opportunities for the young to develop human capital, help them choose among opportunities, and provide second chances when choices are missed or don't work. Secondary schools can cater not just to 10-year-olds, but also to 19-year-olds who may have returned to school and require very different instruction than children. South Africa can also support 'second chances' through restorative justice programs that help eliminate the "criminal capital" that incarcerated youth often develop from exposure to other lawbreakers.

Additionally HIV/AIDS can be addressed even more aggressively as it is a disease to which young people are particularly prone, given youthful sexual experimentation.

Synchronizing Supply and Demand

Is a 'supply' of educational opportunities readily available in South Africa? Higher education can be expensive for students. Firstly, many individuals wishing to pursue further studies simply cannot afford to do so. Secondly, even those individuals who are fortunate enough to obtain funding for further studies may opt for earlier entry into the labour market and thus a low pay, and mediocre jobs in order to supplement family income, especially when there are younger siblings in need of support.

Focus on the supply side – providing services, providing health care, education services, and so on – is possible in conjunction with creating the conditions for individual decision-making. Despite the big gains in enrolment rates, very few education systems emphasize the thinking and behavioural skills – motivation, persistence, cooperation, team building, ability to manage risk and conflict – that individuals need to process information and make wise decisions.

Constraints on the supply side can be met by expanding the number of upper secondary and tertiary institutions and focusing on the quality of education. Many young people enter adulthood without the information, resources, or experience to choose well among life's opportunities. In light of that, governments can target programmes that can help youth become more capable decision makers. Simple and relatively cheap interventions that inform young people of the payoffs of further schooling can improve decision making. School-based career guidance services have shown promise. Because the success of such interventions depends on the information available to teachers, emphasis on training the trainers can be useful.

Producing more post–basic school graduates with the right skills requires solving both **supply** and **demand** problems. Policy can stimulate demand through incentives such as conditional cash transfers, which provide monetary compensation to households conditional on school attendance. At this point in time, there are severe shortfalls of skills in the following professions:

- Medical professions – Many doctors and nurses are lured by better salaries and working conditions in overseas countries.
- Engineers – The engineering workforce is aging, with an average age in the 50's. Most qualified engineers end up working in non-engineering environments (such as banks) or become self-employed as businessmen as they are highly skilled and well sought after. Financial institutions typically pay more than the engineering industry does, and remuneration seems to be the main issue with engineers.
- Scientists – Like the engineering workforce, the average age of the scientific workforce is in the 50's. A major challenge is low student test scores in mathematics and science, which disqualify many students from careers in the sciences. Furthermore, those who do qualify for further study do not necessarily view science and engineering as good career choices.
- Artisans – Despite the Sector Education and Training Authority (SETA) programs, there are not enough artisans being trained in South Africa. The system of artisan training was changed by the new government, unfortunately without the envisaged results. Many SETA's are not producing the right skills, at least in sufficient numbers, and they lack credibility. Most businesses pay the levies with reluctance as they do not see the benefits, and they are reluctant to provide the opportunities for these "qualified" artisans due to the restrictive labour laws.
- Project managers – There are simply not enough people with the experience and skills to manage projects. This can be seen in the unspent millions of rands in government budgets, especially at provincial and municipal levels.

The violent crime situation in South Africa and the additional energy crisis (Eskom¹) are exacerbating the skills shortfalls because more skilled professionals are packing up and leaving. The longer term impact is that these emigrants' knowledge and expertise are not being transferred to new people. Imported skills are often project based, and due to time constraints and project deliverable deadlines, very little transference of skills and knowledge takes place.

In South Africa, however, the problem remains that there are still far too many children who are not being enrolled due to various factors such as resource constraints, long travel distances to school, etc. These poverty and access issues need to be addressed if the demand for quality education is to be sustained. Moreover, employers can also play a role in fostering this demand cycle if industries provide sufficient entry-level workplace experience opportunities. Tax incentives are one possible way to make funding available for the workplace experience component. South Africa needs to increase the range of types of institutions to train all the people needed to address current and future skills shortages.

Conclusion

In conclusion, South Africa has an unprecedented opportunity to invest in its youth if it wants to create a great future for this country. Timing is however critical in order to harness this demographic dividend. With the right investments and continued progress through the demographic transition, in time its large youth population can become a large, economically-productive population that can drive economic gains. If SA can educate young people adequately and appropriately and create jobs for them, they can be a boon for development. These youth will be the next generation of South Africa's workers, parents, citizens, and future leaders.

Itha Taljaard is the founder of Sense2Solve (www.sense2solve.co.za), a consultancy that helps to train and facilitate creativity, innovation, future scenarios, strategy, product development, and problem solving. Understanding how the brain works and applying very specific methodologies, she is able to help you generate innovative solutions to existing business challenges.

Prior to starting Sense2Solve, she held various positions at Mintek, Liberty Life, Standardbank and Absa including Futurist (SBSA Innovation and Foresight Unit) and Chief Innovation Officer, heading up Innovation Capability Development (Absa).

Itha has various international certifications (Lego Serious Play, Edward de Bono's Six Thinking Hats® and Lateral Thinking™) allowing her to conduct training for organisations and teams. She is also certified in the HBDI instrument (Ned Herrmann, Thinking Preferences) and can do personal as well as team analysis of thinking profiles and preferences, helping individuals and teams to become more effective.

She graduated from the University of Johannesburg, with a B.Sc (Honours, Chemistry) and is currently working on a Masters (M.Phil) in Future Studies at the University of Stellenbosch, Business School.

¹ A South African public electricity utility

POINTS FOR THE CLASSROOM (send comments to forum@futuretakes.org):

- *Which careers and professions will be most attractive to people in your part of the world in 2018?*
- *What demographic challenges exist in your part of the world – and in what ways will your nation or region address them?*
- *In addition to South Africa, several other nations have modest or high unemployment and simultaneous skill shortages in key areas, and this often results in socioeconomic polarization. In what non-violent ways might this situation resolve itself, given that the impact of proactive measures is not immediate?*
- *In your part of the world, how will shifting employment/unemployment patterns, coupled with demographics and immigration, impact the ADR? (see also Aguilar-Millan article, this issue)*
- *Taljaard lists several thinking and behavioural skills that individuals need “to process information and make wise decisions.” One might argue that in the present information-rich environment, the need to process information rapidly and accurately will never be greater. What other skills – including those commonly considered as “left-brain” or “right-brain” – might be necessary in this environment of rapid change, considering changing demand for various skills?*