

HARAMBEE YOUTH EMPLOYMENT ACCELERATOR:
A PUBLIC-PRIVATE PARTNERSHIP AIMED AT INCREASING
THE EMPLOYMENT PROSPECTS OF MARGINALISED
YOUNG PEOPLE IN SOUTH AFRICA

Antony Albeker¹
(altbeker.a@iafrica.com)

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Abstract

The South African economy is one of the least inclusive on the planet, with very low levels of employment leading to high levels of poverty and inequality.

The low level of economic inclusion is reinforced by deep inequalities in entry-level work-seekers' access to employment opportunities, with those growing up in households in which no adults work being significantly less likely to find employment.

Harambee Youth Employment Accelerator is a large-scale employer-initiated project that seeks to overcome some of the forces of exclusion by working with partner employers to place some of the young people who are most excluded into formal sector jobs, and to increase the chances of those who are so placed of staying in employment for 12 months.

Having been established in 2011, Harambee has had significant success, having placed 15,000 of the most disadvantaged young people in entry-level jobs in the formal sector.

Apart from the benefits for the young people who find employment, Harambee's model increases the country's pool of work-ready young people, with those who have gone through the programme being better able to signal their qualities to potential employers. It has also helped integrate new people into employment networks, broadening the range of people with access to information about job openings.

ONE: Introduction

“When I first heard about Harambee, it was from a previous candidate: I thought it was something like an employment agency,” Busani N tells me. “I thought I would pay something and they would help me find a job.”

Busani and I are sitting in Harambee’s offices in the Cape Town CBD. He is a young man, dressed nattily in smart jeans and a button-up shirt. His eyes are dark and lively as he tells me that, having completed high school early five years ago (Busani is 22), he has only ever had one job. That was a three month stint last summer at the hotel at which his mother works making up the rooms. “I started in the kitchen, but then they made me a porter. It was my job to take guests up to the rooms and tell them how everything works”.

Busani is one of 20-odd young people (they’re all between 19 and 28 years) old on an eight-week Bridge programme presented by Harambee Youth Employment Accelerator. The programme is part of Harambee’s work-readiness training, and is presented to young people with little or no workplace experience, whose limited academic qualifications make them exceptionally unlikely to find work. This particular programme is presented to those applicants to Harambee whose psychometric profiling suggests that have the aptitudes and attitudes that employers in South Africa’s growing BPO and call-centre sector need but often cannot find. (“One of the surprises for me was that we are only allowed to speak English during the day,” Busani says. “Sometimes I forget to stop when I get home.”). Busani’s group that made it through to the Bridge programme have been winnowed from a much larger population of applicants to Harambee, and who have made it through a couple of rounds of selection and streamlining for their suitability for this particular programme based on their skills and behavioural profile, their potential to learn, and their place of residence.

“Why did you leave the hotel job?” I ask Busani. “Was it just a temp job over the holiday season?”

“No. They wanted me to stay. But there were problems at that place, problems with the other guys. They were older than me and didn’t like that I was getting to be porter and earn tips. They made it difficult for me and I didn’t know how to manage that situation.”

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Harambee is a large project initiated by Yellowwoods Capital, a privately-owned investment company with interests in insurance, restaurants and leisure, and which also owns *Nando’s*, the rapidly-growing global chain of fast-casual restaurants.

Initial funding was made available by Yellowwoods as a social investment, but the project has since become a public-private partnership, with Harambee's having accessed public funds from the Jobs Fund, a challenge fund established by the National Treasury to support innovative programmes that have the potential to create jobs in an economy that is in desperate need of them. (Harambee also recovers some of its costs by charging of recruitment fees to the nearly 200 employers who make use of its services). It is also thought to be a likely recipient of social impact bonds should this financing mechanism gain traction in South Africa.

Initially, Harambee's goal seemed ambitious: having been established four years ago, it's first target was to place 10,000 young people in entry-level jobs in South Africa's formal sector by the end of last year. It's rationale, according to Nicola Galmobik, the executive director at Yellowwoods who was most responsible for Harambee's establishment, was the recognition that, high as the level of unemployment in South Africa is, employers in many sectors are unable to find entry-level employees whose basic work-readiness – their understanding of the demands of the workplace, their levels of attendance and punctuality, their ability to take instructions and work in teams – was adequate. “Our sense is, and there's data to support this, that if people get into formal jobs and if they stay in them for a year, there's every chance that they will remain employed for their entire lives. Or at least as long as they wasn't to. We aim to give applicants for entry-level jobs a solid foundation of skills that can be grown through experience and training in the workplace. Basic work-readiness behaviours, such as punctuality, workplace conduct, and a sound work ethic, are not a given in this market. Without these skills, applicants are less likely to understand what is required of them by their employers and to end up losing their jobs.”

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Having already placed 15,000 young people in jobs, Harambee has already exceeded its initial goals, and has become even more ambitious. “We are building an empirical understanding of what could break the barriers in the entry-level youth labour market,” says Abbey Smith, a senior member of the strategy team at Yellowwoods. “We're trying to understand what keeps so many young people out of work, and denies them the opportunities that come from formal sustained employment.

“We want to create a more level playing field and to ensure that the currently excluded are brought in. Placing young people in jobs gives us the insight, connections, data, and other forms of empirical evidence. It's very valuable, but ultimately we want to alter the landscape of the market for entry-level labour. We can't do that placement-by-placement. Our placements are our direct impact, a process that gives us data and empirical evidence and a reason to be at the table. But what we also want to do is find opportunities to influence employer practice, behaviour and attitude. We want to address the micro-barriers that prevent inclusion in day-to-day business,. If we can shift behaviours, that's when we'll make the big gains.”

TWO: Harambee's core ideas

The core ideas underpinning Harambee's strategy for reducing entry-level exclusion can be reduced to a few simple propositions:

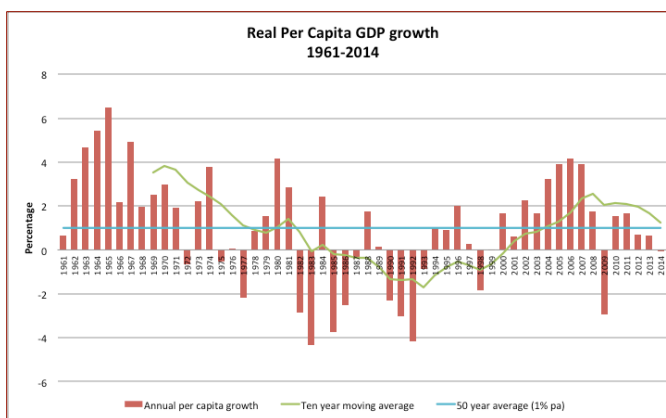
1. Getting young people into entry-level formal sector jobs sets them up for a much more prosperous life than any other intervention is capable of delivering, and must, therefore, be the priority.
2. Social networks are a significant enabler for first timers seeking work. Work-seekers living in households and communities with low levels of employment, are unlikely to secure , especially in the formal sector.
3. Many young work-seekers, having attended weak and dysfunctional schools, are not ready for the workplace because they lack essential skills (adequate literacy/numeracy, command of conversational English) or have not acquired the requisite habits/behavioural traits that employers seek (punctuality, ability to work in teams, curiosity and a proactive orientation). Whilst the essential skills are important, Harambee's strategy has also focussed on behaviours, rather than skills exclusively – a contrast in approach with other training programmes.
4. Employers strategies for overcoming these deficits (relying on their existing workforce to identify new recruits from their own networks; using higher qualifications thresholds for recruitment than are actually needed by the job; those who went to bad schools or who did not study maths at school; etc.) lead to and reinforce patterns of employment and exclusions that tend to reduce the chances of finding work of members of significant categories of work-seekers
5. Some of the strategies employers have adopted to screen work-seekers set unnecessarily high bars, and that relatively simple interventions aimed at correcting the deficiencies in learning or behaviour that firms often use as proxies for potential and productivity, can widen opportunities to young people who would be unable to clear the high and sometimes arbitrary bars employers have set. Young people who lack the qualifications employers usually use to screen potential recruits might be effectively integrated into firms if they have received appropriate interventions. However, this is only possible if the employer trusts the service provider responsible for the intervention.
6. By engaging intensively with employers and work-seekers and by focusing relentlessly on measuring activities and outcomes, it is possible to design cost-effective interventions to address learning and workplace-readiness deficiencies that make a very significant impact on recipients capacity to succeed in the workplace and which can be delivered cost-effectively and at scale.
7. Delivering these interventions will help recipients enter the workplace and succeed. This will have a material impact on their lives and the lives of their households. Further, because these beneficiaries come from segments of the population that face particularly

high levels of exclusion, the effect on inclusion of improving their chances of finding formal sector work, generates positive externalities that are not generated by extending employment amongst those who come from segments of the population that do not confront levels of exclusion that are as high. And, because the newly included cohort come from particularly deprived households, those household will be better able to manage risk and pursue other opportunities.

THREE: The many failures of South Africa’s labour market

If Harambee is to make progress in its goal of addressing entry-level exclusion, understanding what that infelicitous phrase means is key. And the starting point for that is the recognition of how hard it is for young South Africans to get jobs, a level of difficulty most obviously reflected in the fact that levels of unemployment in South Africa² run at over 35%, with youth unemployment coming in even higher. Indeed, 50% of young people who want work are unemployed, and barely a third of the over 8 million people who have entered the work force since 2000 have actually found employment. Seen from this perspective, South Africa’s economy and its labour market must appear so stacked against you as to be arbitrary and incomprehensible.

There are any number of reasons why unemployment is catastrophically high among young people, and a cursory review of the relevant literature will throw up some common themes, amongst the most important of which is the relatively slow growth of the South African economy, in which average real per capita GDP growth has averaged only 1% for the past half century, and in which there have been substantial



periods of negative growth. Slow economic growth inevitably means slow employment growth, but in South Africa the pace of job creation has been slowed further by structural changes in the economy. Here the picture is of an economy that has become increasingly skill- and capital-intensive, with growth being concentrated in sectors that do not create lots of employment (especially of unskilled labour) per unit of output. Simultaneously, there has been absolute

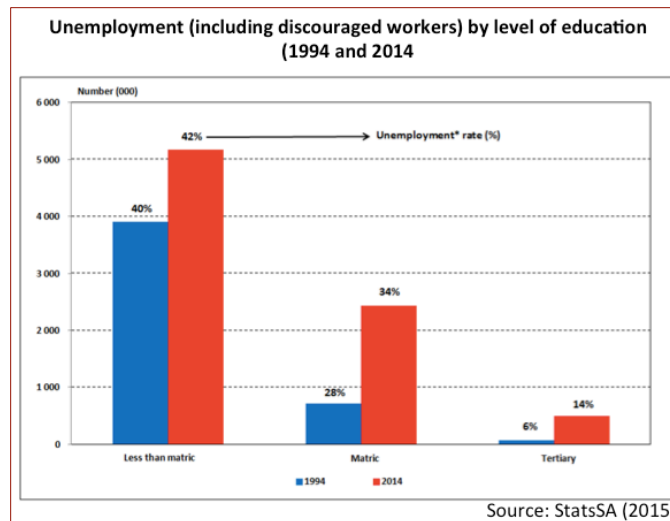
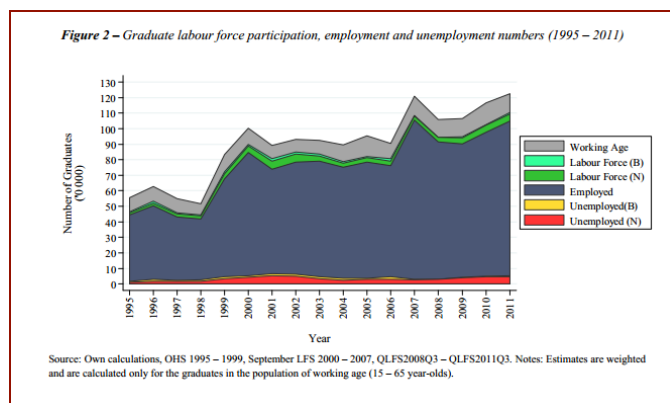
² Unemployment is here defined to include “discouraged workers” who are often counted as not being unemployed because they are not actively seeking work. While this approach is not followed in the country’s official statistics, because most passive search strategies are used by all work seekers (see text below), failing to count discouraged workers as being part of the workforce represents a misunderstanding of the labour market (Posel et al., 2012).

reductions in employment in sectors like agriculture and mining that, historically at least, absorbed considerable numbers of unskilled workers.

The forces behind this are many and various, including global shifts in the distribution of unskilled employment towards the low-wage economies of Asia, labour-displacing technological change, and policy-induced changes in the relative prices of labour (skilled and unskilled) and capital. The bottom line, however, is that, at least since the 1970s, the kinds of jobs that the South African economy has been able to produce – relatively high-productivity, high-skill, capital-intensive – have been entirely ill-suited to the large numbers of unskilled workers that our dysfunctional schools and training institutions have been producing. The result is that, despite improvements in some measures of educational attainment since the end of apartheid, far too many people have received (and continue to receive) far too inadequate an education to participate productively in those parts of the economy that have grown even as those sectors for which unskilled labour is more suited have shrunk.

The same is not true for skilled workers, however. This is evident in the fact that 75% of the net new jobs added to the economy between 2001 and 2011 being medium- and high-skill, results in a tight market for skilled workers (Bhorat, et al., 2013). Indeed, between 1995 and 2011, the population of working age adults with university degrees more than doubled, while unemployment rates for this group stayed in single figures (Van den Berg and Van Broekhuizen, 2012). Conversely, unemployment levels for those with no more than a high-school diploma (or worse) are considerably higher: unemployment among high-school graduates runs at nearly 35%, while, for the 60% of the workforce who haven't completed high school, unemployment runs at well over 40%.

The upshot of all of this is that, despite its education and skills system's failing

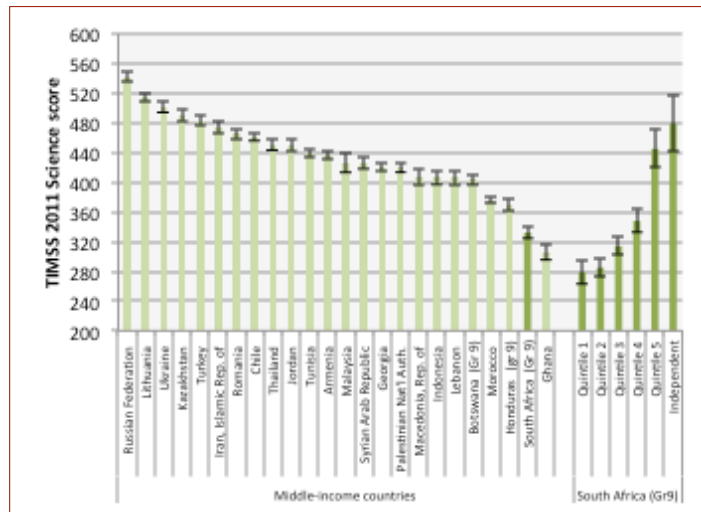


to provide to most people the skills they would need to participate in those parts of the economy where productivity is high and opportunities exist, there are very few (and, by some measures, diminishing) prospects in the rest of the economy.

South Africa's schools: failing children, failing employers

The quality of education delivered by South African schools is notoriously poor. Compared, for example, to peer-group middle-income countries, South African scholars achieve markedly poorer results than are achieved by kids in other countries. The results of the global Trends in International Maths and Science Study survey in 2011 reveal that the average South African scholar achieved lower marks than scholars in every other middle-income country test, with sole the exception of Ghana (Spaull, 2013).

The extent of the schools' failure is not limited to their inability to provide scholars with a decent education. They are also notoriously disorganised institutions from which it is difficult for children to learn the habits needed to succeed in life. Take, in this regard the story of Dominique B. (20) who I met at Harambee, and who grew up in Delft, a sprawling, low-slung working class suburb 30km east of Cape Town's city centre. "What has that been the hardest thing for you to learn," I ask.



“For me it was attendance and punctuality. At school I was very shy, very quiet and I got into a habit of staying at home maybe one or maybe two days a week when I felt tired. Here, if you're late, they fine you. If you miss more than a few days, you get fired; they drop you from the course. And you have to pay back the stipend.”

“You used to miss a day or two days of school every week?” I ask. “Did no one in your family say anything? What about your teachers?”

“No. No-one said anything. It was like it was okay.”

Transport costs

A frequently noted challenge facing work-seekers arises from what is usually called “the spatial legacy of apartheid”, which manifests in a very high level of sprawl. While this lowers the overall level of economic efficiency in the cities (because transport costs are high and because public transport is inefficient in low-density settings), it also has effects on the distribution of opportunity because poor households tend to live on the periphery of cities where land is relatively cheap but access to employment opportunities is very low. Andrew Kerr, an economist at the University of Cape Town who has studied the issue estimates that poor commuters who rely on minibus taxis and buses spend an average of 15% of their incomes on getting to and from work, and that, when commuting time is added, the costs of getting to and from work impose an implicit tax rate on low-income workers of over 30% of their incomes (Kerr, unpublished).

FOUR: Employers’ reluctance to hire young work-seekers

To understand why the employment prospects of South African school-leavers are so poor (and what Harambee is seeking to achieve), it’s necessary to think about the reasons for slow employment growth, particularly among the unskilled, in South Africa. In this regard, the central issues relate overwhelmingly to the unfavourable relationship between the expected return on employing unskilled labour, a variable that depends, in turn, on levels of expected productivity and on the costs associated with employing someone.

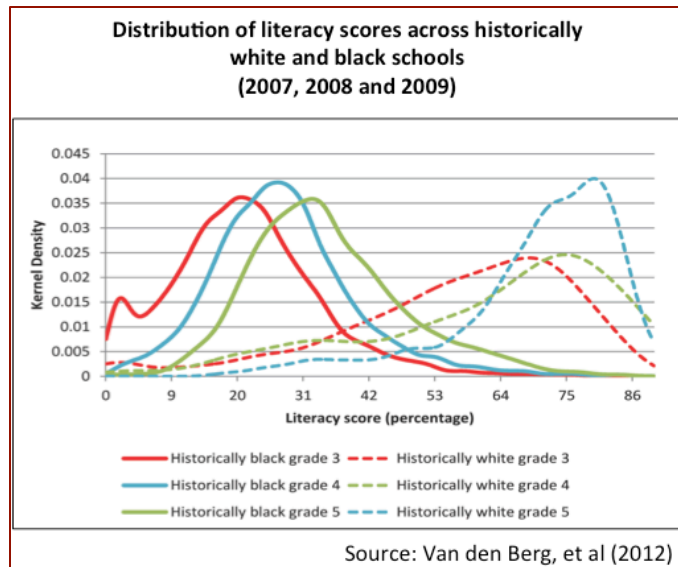
From an employer’s point of view, generally low educational attainment is compounded by the fact that the qualifications received by scholars do not provide a clear signal that would enable them to distinguish between stronger and weaker scholars, between those who have the ability to learn quickly on the job and those who don’t, or between those whose behaviour and level of self-discipline is suitable for the workplace and those for whom this is not true. This increases the risk employers face in selecting between apparently equally well qualified job-seekers, reducing employers’ expected returns on employment.

The expected returns on employing the wrong person are reduced by two aspects of the legal regime governing South Africa’s labour market regime. The first is that minimum salaries are a much higher proportion of average occupational salaries than is the norm elsewhere in the world, with the result that young workers in their first job cannot offer their labour at a significant discount to the costs employers incur when employing older, more experienced, more productive workers. The second is that dismissing unsuitable workers is administratively complex because significant legal protections exist to prevent “unfair dismissals” – a term that has a very expansive meaning in South African labour law. The result is that even inexperienced school-leavers who may be hopelessly unsuited to a particular job (because they are habitually late,

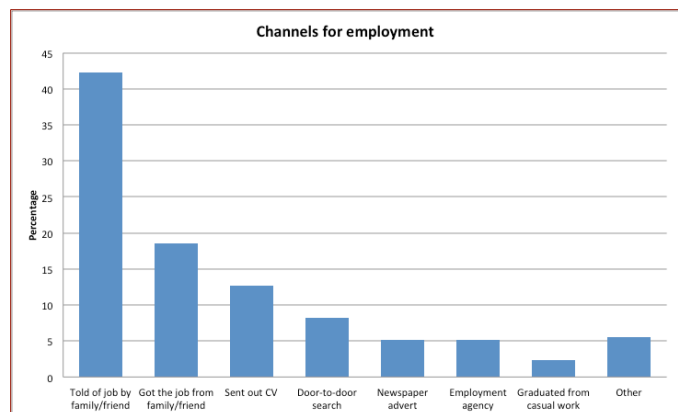
unable/unwilling to learn or even steal) cost employers a significant fraction of what a more experienced worker would cost and are unnecessarily difficult to dismiss.

The result is that employers use a set of risk-mitigation strategies, each of which has the effect (unintended by any individual employer, but important nonetheless) of creating or reinforcing a number of forms of “entry-level exclusion”. Some employers, for example, prefer to employ non-South African nationals, acting on the apparent conviction that migrants are typically make better workers. This could be for a number of reasons – migrants have less access to financial support outside of work; they are less able to rely on legal institutions to prevent dismissal; they tend to be drawn from the harder-working, more-entrepreneurial segment of the population – but the effect is to make it that much harder for South African nationals to find work.

Alternatively, employers focus their recruitment on work-seekers whose qualifications exceed those actually needed for the job, or from people who obtained their educations from schools regarded as better organised and more able to educate their pupils. This last strategy means that people who attended formerly whites-only schools in the formerly white suburbs have a significant advantage over those who come from “township schools”, previously reserved for black scholars. These schools generate very different educational outcomes, with some evidence that, by the age of 9, scholars at formerly whites-only schools are already better than 11-year-olds at formerly black schools.



While this applies directly only to a relatively small fraction of jobs, two other employer strategies are quantitatively important. The first is the reliance of employers on existing employees for the recruitment of new staff. Here, existing employees act as a filter for their employers in recruitment needs, and will identify recruits from



their own networks of family and acquaintances who might be expected to be more hard-working than the norm. Evidence of the importance of this can be found in a large survey of young people in Cape Town that were asked how they had found their current job. Of these, over 60% obtained the job either directly from a friend or family member or after hearing about the opening from a friend or family member (Rankin, 2012).

The very obvious downside of this is that, to the extent that new recruits are drawn from the networks of those who already have jobs, work-seekers who come from households in which fewer people have work will have correspondingly less chance of finding employment. And the result of this is inter-generational unemployment and exclusion.

A final strategy used by some employers is reliance on employment agencies and, in particular, on temporary employment services (TES) firms (also known as “labour brokers”). The business model of these firms is to provide workers to client firms, for deployment in those client firms, but who remain employed by the TES firm. In effect, the client firm outsources the employment of its staff.

The advantages of this approach for employers are obvious: many of the non-wage risks and costs of employment are mitigated, and, when workers prove to be unsuitable, it is the TES firm’s responsibility to manage the situation. This approach, however, has drawbacks, one of which is that it is more suited to very low-skill occupations and/or for jobs in which workers do not need very significant firm-specific knowledge or skills (shelf-packers in supermarkets, for example, or construction workers). In addition, the reliance on TES firms is said to have led to a hollowing out of middle-managerial skills in some firms, as supervisory/managerial staff lose direct responsibility for managing the workforce. For workers, on the other hand, the major drawback is the flip-side of the this last concern: it is that their ultimate employer – the TES’s client – has little incentive to invest managerial time and energy in their training and enculturation into the workplace. This is a particular problem for inexperienced workers, for whom direct, interested management could be foundational to the acquisition of the skills and behaviours needed to succeed in the workplace. In the absence of this, their progress and continued employment is much less assured.

FIVE: Harambee’s strategy for reducing exclusion

As one might expect of an organisation that, while not quite a recruitment agency, plays a recruitment agency-like role, its process consists of six phases: partnering with employers and jobs profiling; sourcing recruits; matching recruits to potential jobs; providing those recruits with training and support; placement; and retention-enhancement.

Since its inception, nearly 500,000 people have approached Harambee for placement-assistance. Because many of these either did not meet some of Harambee's criteria (see below) or lived in areas in which Harambee had no employer partners at which successful applicants might be placed, a significant number have not progressed beyond this point. However, 140,000 applicants were assessed, all of whom received basic job-search advice. Of these, 15,000 have been placed in jobs with Harambee's partners.

Jobs profiling

Employers, Tammy Chetty, the head of Harambee's Cape Town office tells me, often struggle to find staff for entry level positions, and many can't fill these jobs without going to labour brokers. "You would think with all the unemployment that there are lots of people suitable for entry-level work. But the truth is that lots of employers struggle. They can't afford to have the high-quality HR department that you need to find the right staff, and so they outsource that to recruitment agencies or labour brokers."

"That's why," she says, "our interventions are demand-led. We work very closely with employers to understand exactly what their entry-level jobs entail. This is very important, because it means we know exactly what kind of person will fit into that job, and it means we can tailor our sourcing and screening and work-seeker support programmes much more effectively."

Jobs profiling is conducted by a specialist team at Harambee, who work with employers to understand exactly what they want from their entry-level staff, a process that also involves significant work with managers as well as some of those staff the employer regards as high-achievers. The result is a job profile that can be used by Harambee's curriculum development team to ensure that potential recruits have the best possible chance of success.

To date, Harambee has established recruitment partnerships with over 150 businesses. These range from financial services companies, including some of the biggest banks and insurers in the country; retailers (both supermarkets and high-end luxury goods stores), hotels and fast-food restaurants. Recruitment is overwhelmingly for work in customer service and sales, call-centre operators, and administrative jobs.

Sourcing

Apart from the quality of the training interventions Harambee offers employers, a key difference between it and the work of other commercial recruitment agencies and labour-brokers is that it deliberately seeks to source recruits from the ranks of those who are most excluded by present employment practices. Thus, candidates for Harambee must be:

- South African citizens,

- Between 18 and 28 years old,
- Who have no criminal records,
- Come from poor families,
- But who have completed high school,
- And who are not working or studying fulltime, have less than 1 years work experience, and are looking for fulltime employment.

First contact between Harambee and its candidates usually occurs through:

- Harambee's feet on the street campaign, in which recruiters canvass in poor neighbourhoods,
- Harambee's Facebook page or its web/mobi presence,
- Various outreach campaigns through email, jobs search platforms,
- A mobile phone contact system through which candidates can get Harambee call centre operators to call them through the please-call-me functions provided by cellphone service providers, and
- Referral from community-based partners, faith-based organisations, youth clubs, employers who have received excess applications, and government department job-seeker lists

There are essentially two rounds of initial screening of applicants. The first, automatically screens them against the above criteria. The second follows the first, and is effected through an interview between applicants who match the above criteria, and who are interviewed by operators from Harambee's call-centre. This interview applies a range of "social criteria, to help make sure that Harambee is sourcing people from the demographic they most want to help: young kids from poor household who have limited connection to the job market. "A lot of people who make contact with us end up not qualifying for testing," Ms Chetty tells me. "We ask them, for example, about whether they own a car or how many rooms are in the household."

On the other hand, the requirement that someone not have a full year's experience plays a different role. "If someone has a year's experience in a formal sector job, but has been unable to hold it, we are more reluctant to offer them a place in our programme because maybe there is a reason they couldn't keep the job. At the same time, this isn't a hard an fast rule: many people lose jobs because businesses close down through no fault of theirs."

The net effect of these two screening processes is that just over half of all the nearly 500,000 people who apply to Harambee have been deemed ineligible to qualify for the next phase: assessment. This is the most crucial phase of the process, and although a very large proportion of people who are tested are deemed unsuitable for the Bridge programmes, more than 90% of those who do make it through have been successfully placed in entry-level formal sector jobs.

A survey of Harambee’s candidates gives an insight into the social and economic circumstances of those who meet Harambee’s criteria for assessment:

- 73% live in households in which someone receives a social grant
- 16% live in shacks
- The average candidates lived in a household with nearly 5 other people (though some lived with as many as 10)
- In households in which someone was employed, 80% of that employment was in low-wage and precarious employment such as domestic work, private security, or self-employment in the informal sector
- In a third of candidates’ households, none of the adults had graduated from high school
- 43% of candidates have children of their own

Assessment and Step Up

About 45% of the nearly 500,000 young people who have applied to Harambee have been invited to take the 4-hour, computer-based aptitude test which has been designed to assess applicants’ work-readiness, their capacity to learn and, critically, their suitability for different kinds of entry-level jobs. “The person who will be good in a restaurant is not the same person who will be good in the call-centre of an insurance company,” Ms Chetty says. “You need to figure out who is likely to make the most of what kind of opportunity.”

One issue that has emerged as a challenge at this point is that about a third of those who meet the criteria for entry to this stage of the process do not arrive at Harambee at the scheduled time for their assessment. One reason for this may be that those who fail to arrive lack the requisite commitment, desire and behavioural characteristics needed to succeed in the workplace. Another possibility, however, is that one of the hurdles frequently cited in debates about the South African unemployment (and, in particular, its distribution) is being felt: some of those who want to get to Harambee to write the test simply cannot afford the transport money needed.

“We keep learning and re-learning how important the cost of transport is as a barrier for unemployed young people,” says Abbey Smith, the Yellowwoods strategist. “we picked this up very early, and it led to the rule we set that no-one would be placed in a job for which they need to take more than one taxi ride.”

Harambee finds that the learning deficits combined with the limited evident capacity to learn means that nearly 90% of those who are tested are not suitable candidates for Bridge programmes. “Mostly, it’s the level of numeracy and command over English that lets people down,” says Ms Chetty. “But it’s not like we abandon them at that point because, as part of the testing process, we also offer a range of useful interventions through Step Up. There’s a

component, for example, that we call ‘Digital Citizenship’: every candidate is helped to set up an email address, and receives help in preparing an employer-friendly CV. In addition, they get some advice on the dos and don’ts of job interviews: how to sit, what to wear, to make eye contact and be forthcoming.”

Bridge

A little more than 10% of those who are assessed are selected to attend the Bridge programmes. These are tailored to the kinds of entry level job for which the person appears most suited, and have occupation-specific curricula. The call centre Bridge runs for eight weeks, one of which mimics the hours a call centre operator on night shift would have to work. Those needed for the retail and hospitality industry, on the other hand, run for 6 days.

The bridge programmes have diverse content: there’s a numeracy component that is focused on the mathematical skills people might actually need, and a heavy emphasis on improving conversational English. Other technical skills taught include typing, billing and debt collection, chart-reading and interview preparation. A sales-skills segment involves sending participants onto the street with instructions to sell goods donated to Harambee for this purpose. (In Busani’s case, each individual in his group has to sell a pair of glass jars with a target price of R30 each). At another point in the cycle, participants are sent into local stores with instructions to play the role of difficult customers to assess how they are treated.

In the BPO component, speech therapists help young people neutralise their accents because many of the call centres at which they might work serve foreign markets. (For Dominique, learning not to roll her r’s was the most demanding aspect of this training). Would be call centre operators also learn to manage angry callers, and techniques for managing the stress that is the inevitable by-product of days spent talking to unsatisfied customers. There’s also other elements of self-mastery on the programme: techniques to manage anger, how to handle criticism from a supervisor, how to project positive energy.

Nicole A. (19): “The facilitators really take us out of our comfort zones and make us see ourselves differently. Take me: I’m a shy person but they’ve made us all work really hard on behaviours we need in the workplace, things you would never think of for yourself: curiosity, integrity, a positive attitude, making eye contact, learning to give people feedback and seeing feedback from others as a gift, not as a judgement, not as something you must take to heart.”

Throughout the Bridge programme, participants are assessed against a range of criteria relating to both their acquisition of measurable skills and their performance against a range of behavioural norms. Weekly assessments are posted and league tables generate a degree of transparency and accountability for achievement.

Placement

Because Harambee works with businesses to identify their recruitment needs, the placement stage is relatively straightforward: interviews are arranged with partner firms on the basis of a set of pre-existing agreements between Harambee and those firms which stipulate the numbers of staff they will be looking for. At the same time, the firms are not obliged to take Harambee-trained candidates, all of whom must successfully pass through the firm's standard recruitment processes which may involve an interview and various aptitude tests.

Aware of the impact of travel costs, Harambee is careful to ensure that no one is interviewed for a job which would require more than one minibus taxi ride to and from work. "We learnt this early," Abbey Smith tells me. "If people live too far from work, they often stop attending before the first month is over. Not because they are uncommitted, but because they literally can't afford to get to work. Or else they take out loans from money-lenders. So we try manage that by ensuring that travel costs are minimised. But we have also looked at providing bridging finance for new places so that they can actually afford to get to work for the first weeks, before they get their first pay cheque."

To date, 92% of those who complete the Bridge programme are placed with 70% of these placed in the retail and hospitality sector, 10% in financial services, 6% in logistics, manufacturing & technology, and the remaining 14% are split between SMEs, BPO & business services.

Importantly, firms pay Harambee a recruitment fee, although this does not cover the full costs of the delivery of Harambee's services. For the first 10,000 places, these came in at a little under \$2,000 per place at current exchange rates. "We do charge them," Ms Chetty says, "because our recruits are good. But our fee has to be competitive or firms will go elsewhere." Of course, what firms will pay is partly industry-dependent: retailers won't pay as much as BPOs, for example, because the skills they need are not as hard to find, and because there's often such high turnover in their staff that firms aren't prepared to incur significant costs every time they employ someone. "We're not actually cheaper than other recruitment agencies," say Ms Chetty. "But what appeals to them, I think, is the rest of the value proposition: the contribution to social development and bringing in people who would be excluded otherwise. I think they understand the value of that."

Retention

Harambee engages with firms that have employed people sourced from Harambee to assess their progress, and, according to Ms Chetty, employers report general satisfaction. "Apparently Harambees are initially performing just below the average of staff recruited in more traditional

ways, probably because our recruits come from more marginalised groups and generally have less workplace experience than typical recruits who may have worked somewhere else. But their employers also say they also make progress more quickly than do other staff, probably because of the behavioural disciplines they learnt here: they've got more energy, more proactiveness, more curiosity, so they do better in the workplace." Internal data at Harambee also suggest that retention rates for their recruits at the 3, 6 and 12 month marks are higher than industry norms, though comparison across occupational classes, firms and sectors is difficult..

SIX: Financing Harambee

Harambee was built for scale and its initial costs were substantial. It is a large organisation operating in four cities where assessments are conducted and Step Up and Bridge programmes are provided. Harambee also has mobile units that recruit applicants in outlying districts and a centralised call-centre that screens applicants. Overall, the costs of providing recruits to industry varies, depending on the nature of the work that Harambee must do with its partner employers and on the nature of the Bridge programme that must be offered, with the longer, more intense BPO programme costing more than the shorter programmes required for retail and leisure industries. In general, however, Harambee has placed 16,000 young people in work with the costs of the first 10,000 having come in at just under \$2,000 per placee. Costs per placee have fallen as its operations have expanded.

Harambee has three sources of income. It receives payment from employers on the successful placement of its recruits, but, because the interventions needed are resource-intensive, these do not cover the full costs of even the Bridge programme on which those recruits received training.

Harambee has received significant funding from the National Treasury's Jobs Fund, a challenge fund set up to provide co-funding to innovative projects that have the capacity to expand employment. In addition, Harambee is working with some other public sector institutions to support their job-creation activities, and to help them source appropriate candidates for these.

Some corporate social responsibility funding has also been secured.

Whether Harambee's activities – which are already significant in scale – can be significantly expanded depends partly on a number of factors, not all of them in Harambee's hands. The most important of these is the pace at which it can expand demand for its services. Here, two considerations apply: on the one hand, Harambee's 200 partners are a tiny fraction of all employers in South Africa, and can be increased. On the other, the rate at which entry-level jobs become available depends, ultimately, on how quickly the economy grows. The second factor is, of course, the decisive factor in determining how much inclusion Harambee's services can generate, but it is entirely out of Harambee's control.

SEVEN: Conclusion

Harambee's model for building increased inclusion by providing training and placement services to a particularly excluded portion of the unemployed has a great deal to recommend it. Not only has it placed more than 16,000 young people in entry-level jobs in the formal sector, by getting young people to think of their initial employment as a step along a career path rather than merely as a job and by reinforcing and expanding their ability to learn and adapt on the job, it has done so in a way that significantly improves places' likelihood of making progress up the organisational pyramids of the firms in which they work. It is hard to imagine any intervention that could be more transformative to the lives of the young people who get through Harambee's selection and training processes and find employment on the other side.

A key question that arises, however, is the extent to which Harambee's very impressive work does more than "merely" move people from the back of the employment queue to somewhere near the front, without adding additional capacity to the economy or improving its efficiency. The reason it's worth asking this question relate to the policy implications that should be drawn from the success of Harambee. The policy implications of concluding that all Harambee does is shuffle the order of the queue of unemployed while adding nothing to aggregate social welfare would differ markedly from those that would follow from a conclusion that Harambee actually increases aggregate welfare.

To be clear, this is a question that cannot be answered with available data. We know that the 16,000 young people placed by Harambee have had their lives irrevocably altered (though some, of course, would have found jobs on their own), and we also know that some other people who might otherwise have been employed by Harambee's clients will have been denied that life-changing opportunity (though some of them will also find work elsewhere). It is neither practical nor morally appropriate to attempt to engage in interpersonal comparisons of whether the redistribution of opportunity effected by Harambee was good or bad for society, and must assume it's a wash. The real question, then, is whether it is possible that Harambee's activities do more than reshuffle opportunity? And, if so, is it possible that that addition to social welfare is worth the opportunity cost of the resources (especially the public resources) invested in Harambee?

For obvious reasons, the answer to the second question is much harder – indeed, it is not answerable with current data – than is the first. It is, however, entirely plausible – likely, even – that Harambee's activities do more than merely reallocate opportunities across the population of work-seekers. Plausible mechanisms for achieving this include:

- Harambee provides training that increases participants' productivity, implicitly raising firms' output and/or reducing their costs.

- To the extent that Harambee represents a viable alternative for firms that might otherwise have relied on labour-brokers to staff entry-level positions, Harambee is increasing the number of entry-level workers receiving direct managerial supervision the workplace rather than out-sourced, contract-enforced management. This probably increases the quality of management and training these employees receive because internal managers have more to gain from effective management of entry-level staff who are on pay-roll than would the staff of a labour-broker. Again, this will have long-run benefits for their productivity, effects that would not be felt if the management of these positions had been outsourced to labour-brokers.
- By reducing the peculiarly high barriers Harambee's target population face in getting into the labour market, Harambee helps expand the employed population beyond the networks from which employers might otherwise recruit staff. If talent is distributed randomly across the population, barriers between groups reduce the efficiency of the matching process. By expanding the networks from which employers can draw, Harambee helps increase the absolute number of high-quality individuals available, improving the efficiency of the labour market.

As noted, it's impossible to assess whether and to what extent these benefits have been realised, and whether and to what extent they have been realised cost-effectively. What is clear, on the other hand, is that Harambee's efforts are valued by the target population. And not just those who have been placed in jobs. Evidence for this comes in the form of a consumer survey that found that Harambee was the seventh most popular brand among low-income households, and was the only one of the top ten that was not a retailer, cell-phone company or bank. Obviously, one shouldn't read too much into that, but it does suggest that Harambee's efforts are appreciated amongst those whose lives they are most likely to effect.

A note on whether Harambee's experience can be replicated elsewhere

Harambee's model is tailored to the peculiar needs of the South African economy and its labour market, the characteristics of which are not necessarily evident in other jurisdictions. The most important of these characteristics is that, while the core of the economy consists of firms engaged, in relatively high-productivity activities that are skill- and capital-intensive, the country's education and skills system (combined with the mal-distribution of human capital that is apartheid's principal legacy) is unable to produce sufficient numbers of people with adequate skills to suitable behavioural profiles to support much faster growth of these firms and industries. The result is a profound mismatch between supply and demand. In addition, firms have struggled to identify high-potential recruits because they are unable to signal their suitability adequately and cannot compete for jobs on the basis of lower asking wages, and have developed a suite of recruitment strategies that create hurdles for many people who might be suitable for entry level-jobs.

Harambee's approach seeks to moderate some of the exclusion-enhancing effects of these trends. It is an approach that one could imagine working in many different circumstances in skills-constrained developing markets that are seeking to expand medium- and high-productivity activities (eg by establishing special economic zones). It could also be relevant in countries in which economic activity is marked by a high level of dualism; countries, in other words, in which there are marked differences in average productivities between a more-or-less industrialised formal core and a less productive informal sector – a feature, for example, of a number of Latin American economies such as Mexico's.

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