

# BEYOND THE FORMAL ECONOMY: **MEETING YOUNG PEOPLE WHERE THEY'RE AT**

Does the notion of the proper job and terms like formal and informal employment make sense in the world today? Are our ways of thinking about work preventing us from supporting young people's livelihoods? At a recent webinar, the HSRC's Adam Cooper and others suggested that education needs to better mirror the nature of work on the ground: fast-paced, responsive, and often made up of several different activities.

By *Andrea Teagle*

*Students line up to enter their technical-and-vocational-education-and-training college in Cape Town, South Africa.*

**Photo:** *Andrea Teagle*





A woman crosses the road outside the back of the College of Cape Town, one of South Africa's fifty technical-and-vocational-education-and-training colleges.  
**Photo:** Andrea Teagle

Approximately 5% of young people in African countries are employed in formal employment, according to the [International Labour Organisation](#). This and the similarly low rates of formal employment stand in stark contrast to countries in the Global North, where 80% of people are formally employed.

Speaking at a seminar on technical-and-vocational-education-and-training (TVET) colleges in the time of COVID-19, Adam Cooper from the HSRC argued that [the notion of wage labour is of limited use in the 21st century](#), particularly for countries in the Global South. While formal employment and wage work is not disappearing, it certainly doesn't represent the dominant way that people in the Global South make a living. In practice, informal and formal employment exist on a spectrum, with some formal companies conducting aspects of their businesses informally. Additionally, Cooper argued that defining 'informal' work by what it isn't – not formal – does not tell us very much about it.

South Africa's informal economy is smaller than those of other African countries. However, South Africa has a strong human economy with social relations and transactions, as well as social grants, helping to compensate for the market. Cooper suggested that, rather than single-mindedly trying to drive down unemployment figures, we need to look at what young people are already doing and support them to do it better.

The education sector should find ways of reinforcing existing trends, agreed webinar participant and retired TVET college principal Khaya Matiso. For example, he said, there is a housing boom taking place in rural areas, where TVET colleges could play a role in upskilling young people to meet the demand for builders, plumbers and electricians. In urban areas, the backyard rental boom presents another opportunity to support emerging contractors and developers.

### **Skarrel, hustle or work?**

"Do young people want jobs?" Cooper asked. "The answer is yes, but also, it depends." He pointed out that young people in South Africa often exit formal employment for valid reasons. One is that the social benefits or protections associated with employment often do not exist in the Global South. Another is the pervasive experience of racism or exploitation by those in low-income jobs, like petrol attendants, supermarket packers and security workers. Many young people choose to exit low-paying formal employment when there is no possibility of it leading to better work and/or social mobility.

"The appeal around leaving low-wage work, [as found] in a lot of ethnographic research, is that people have control over income generation in relation to time...People want this kind of freedom," Cooper said, adding, however, that informal employment should not be romanticised.

'Mixed livelihoods', 'diverse income streams' or 'hustling' and, more locally, 'skarrel' better capture how most young people in the Global South make a living today. These terms reflect the fast pace, uncertainty and the element of waiting that often characterise work opportunities for young people in Africa's cities. Anthropologist James Ferguson writes: 'Africa's fastest-growing cities are increasingly inhabited by people who lack both land and formal-sector jobs and who improvise complex and contingent livelihoods through a combination of petty trade, hustling, casual labour, smuggling, prostitution, begging, theft, seeking help from relatives...'

Supporting people in these settings requires recognising the role of so-called informal work and of informal sources of knowledge.

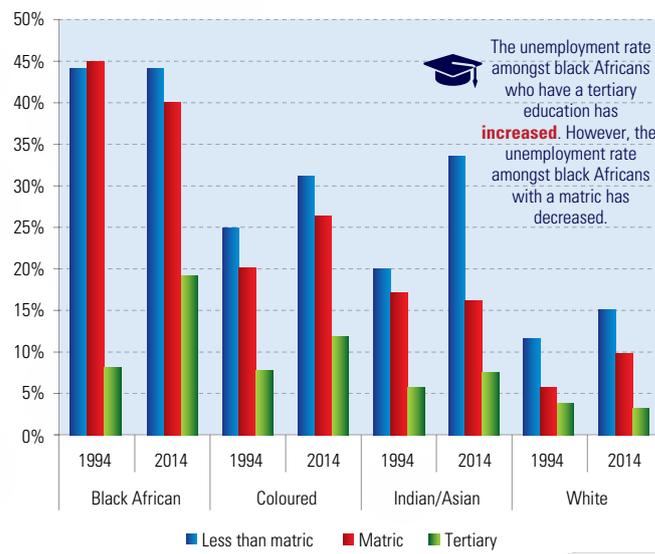
For example, Cooper said, young people in Johannesburg make a living offering tours of the inner city. To do this, they rely on intimate knowledge of the inner city and townships, and on social capital from schooling and connections with privileged people. Their offerings appeal to some tourists seeking an authentic, local experience. Attempting to formalise work like this would be misguided, as it is informality in the form of a township experience that is being sold.

### **Locally responsive training programmes**

Cooper pointed out that employment in South Africa is closely correlated with race and age, showing that more education is not a magical solution to unemployment. (See Figure 1.)

"White people with matric have a lower unemployment rate than black South Africans with tertiary education. The social factors that shape employment, if we're going to look at it through the lens of employment, are very important mediators of the labour market ..."

**Figure 1. Unemployment rate for individuals by highest education level and race**



THE SOUTH AFRICA I KNOW, THE HOME I UNDERSTAND



**Source:** *Employment, unemployment, skills and economic growth: An exploration of household survey evidence on skills development and unemployment between 1994 and 2014.* [Statistics South Africa](#).

Despite this, Azeem Badroodien, director of the School of Education at the University of Cape Town, noted close links exist between education quality and poverty. However, he added, attempts to level the educational playing field and draw more people into formal employment have not been successful. “At what point do we give up the ideal of equalisation and focus on getting [young people]...into some kind of sustainable living that lifts them out of the challenges they face on a daily basis?”

Cooper emphasised that it does not have to be an *either-or* choice. TVET colleges, non-profit organisations and other stakeholders could complement formal, centralised education with locally responsive programmes, or “tailored solutions to augment informal traders’ knowledge”. Other initiatives could work alongside education and training to support young people: for example, co-ops present a way to create collective ownership of various initiatives, and share equipment costs between individuals.

Webinar participant Annette Loubser argued that [community groups](#), or so-called communities of trust, were important mechanisms for supporting young people. Entrepreneurship thrives when people are given spaces to explore their ideas and their abilities, she suggested. “It’s about creating spaces where people feel they have the right to aspire to and reach certain opportunities.”

The RLabs hub in Cape Town, which the *HSRC Review* [visited last year](#), is one such space. The [living labs model](#) is premised on the idea of co-learning, where intended beneficiaries of innovations are actively involved in their design and development. RLabs has an additional focus on upskilling young people, offering a three-stage training programme called Believe, Create, Become. RLab programme manager, Teri-Lee Dilgee, explained that, in the first stage, students are supported to expand their aspirations. Some who had initially aspired to be taxi drivers ended up starting their own tech companies.

Part of the role of education lies in undoing [internalised messages](#) about who belongs where and who can aspire to what. “There’s a deeply damaging sense of a society that continues here [in South Africa],” Cooper said. “Aspirations are important for helping young people to imagine something different.”

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**Further reading:**

A special, upcoming (2021) edition in the journal *Social Dynamics* will focus on young people and work in South Africa, including research by Chris Webb on young people’s work experiences in Khayelitsha and work by Hannah Dawson on informal entrepreneurship in urban areas.