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# Deregulation won't solve youth job crisis

We must confront the fact that labour deregulation has already happened, informally – and it hasn't worked

South Africa's youth unemployment crisis is deepening – again. Stats SA's latest Quarterly Labour Force Survey (QLFS) shows that youth employment dropped by 153,000 in the first quarter of 2025, and formal sector jobs are in retreat. These findings prompted the Daily Maverick to warn of "The Great Unworking" – an era where the promise of jobs is collapsing, particularly for the young.

In response, familiar calls have emerged: scrap the national minimum wage for youth, relax hiring and firing rules, and deregulate the labour market to spur job creation.

But what if that entire premise is flawed?

Recent research at the Centre for Social Development in Africa (CSDA) suggests that deregulation isn't the missing ingredient. In fact, most young people entering the labour market are already doing so under informal, low-paid, insecure conditions. Loosening protections isn't a solution – it's already the status quo. And it's failing our youth.

Policy narratives often suggest that any job – no matter how insecure or underpaid – is better than no job.

Precarious work is framed as a temporary sacrifice, a "foot in the door" that will eventually lead to stable, formal employment.

We set out to test that assumption. Using panel data from the National Income Dynamics Study (NIDS), we tracked more than 3,000 young South Africans who entered the labour market between 2008 and 2018. We focused on youth whose first work experience was precarious: no employment contract, earnings below the minimum wage, or no unemployment insurance contributions.

Ten years later, just 27% had moved into secure employment. Almost 40% were still in precarious work, and 10% had become unemployed. The rest had exited the labour force entirely – not economically active and not studying. This is not a story of upward mobility. It's a system that traps young people in a cycle of instability, often from the moment they enter the workforce.

This trap isn't accidental. It's the outcome of labour market conditions that structurally disadvantage young people, particularly those who are poor, female or under-educated.

Our findings show that:

- Gender matters: young women were far less likely to transition from precarious to stable work compared to young men.

- Education matters: youth with a tertiary qualification were far more likely to secure stable work



Pothole patchwork in Nkawkowa, outside Tzaneen. Even in the state's own job-creation schemes, participants are often paid below the minimum wage, denied formal contracts and excluded from unemployment insurance. Picture: Thapelo Morebudi

– but only a minority manage to access tertiary education.

- Household income matters: those from higher-income families, especially with mothers in non-elementary occupations, had significantly better outcomes.

While work experience is often heralded as a silver bullet for labour market participation, precarious work does not seem to build that experience. Many of these jobs are short-term, unstable or inconsistent, with young people moving between sectors. The five years of continuous work history often needed to transition into stable employment rarely accumulates in these roles.

What counts as precarious work? Some of the most common forms of precarious employment for youth include retail or service jobs with informal arrangements; self-employment in the informal sector with earnings below the minimum wage; and internships, learnerships and public works opportunities, many of which do not meet minimum wage or contract standards.

These latter roles are important active labour market programmes championed by the state, many in partnership with the private sector. While these are important interventions in a labour market that is not creating jobs, they do not seem to be contributing to more stable economic trajectories.

Given this context, calls to weaken labour regulations for youth are not just misguided – they're dangerous. They assume that regulation is what's preventing youth employment. But in reality, young people are already working in deregulated environments where legal protections are not enforced or simply ignored. What's lacking isn't flexibility – it's fairness.

The idea that scrapping the minimum wage will unlock mass youth employment ignores the core truth: precarious work is already abundant, and it doesn't lead anywhere. Even the state's own job-creation schemes – public works, internships and learnerships – often fall short. Participants are frequently paid below the minimum wage, denied formal contracts and excluded from unemployment insurance.

These programmes are positioned as temporary bridges out of poverty or as mechanisms that can bring young people closer to the labour market. But many don't lead anywhere, and risk reinforcing the very exclusion they're meant to fix.

Countries such as India and Argentina have redesigned public employment with exit pathways and skill development built in. South Africa is beginning to do the same and should continue to do so.

As we continue to face growing unemployment, we must move beyond popular discourses and ask harder questions of both public and private responses to the job crisis. We need to move beyond the narrative that "any job is better than no job" and towards one that actively promotes dignity and stability, by supporting pathways from precarious work and into longer-term, stable economic opportunity.

This means confronting the fact that labour deregulation has already happened, informally – and it hasn't worked. It also means recognising that the state cannot solve this problem alone and that the private sector should not profit from policies that lower protections under the guise of youth development.

## Three ways forward:

- Youth employment schemes must be redesigned to meet the minimum floor of stable work. This must include enforceable contracts; compliance with minimum wage and UIF; and supported pathways into the informal and formal labour market.

- Tie incentives to job quality and absorption, not just job numbers. If employers benefit from public subsidies or partnerships, they should be required to meet minimum labour standards, or be excluded.

- Unlock and support the informal sector – while the informal sector often creates precarious and subsistence work, when informal sector traders are supported and allowed to trade it has potential to create growing income opportunities.

The youth employment challenge cannot be solved with slogans or deregulation dogma. It requires deliberate, structural action that prioritises a basic floor of stability, alongside supporting pathways into longer-term economic opportunities, over short-term optics.

Precarious work is not a stepping stone; it's a trap, and it disproportionately affects those already on the margins. Secure, stable, dignified work must become the foundation of our national employment strategy – not the exception that only a few ever reach.

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