

MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

An overview of the South African labour market for the Year Ending 2017 Quarter 4

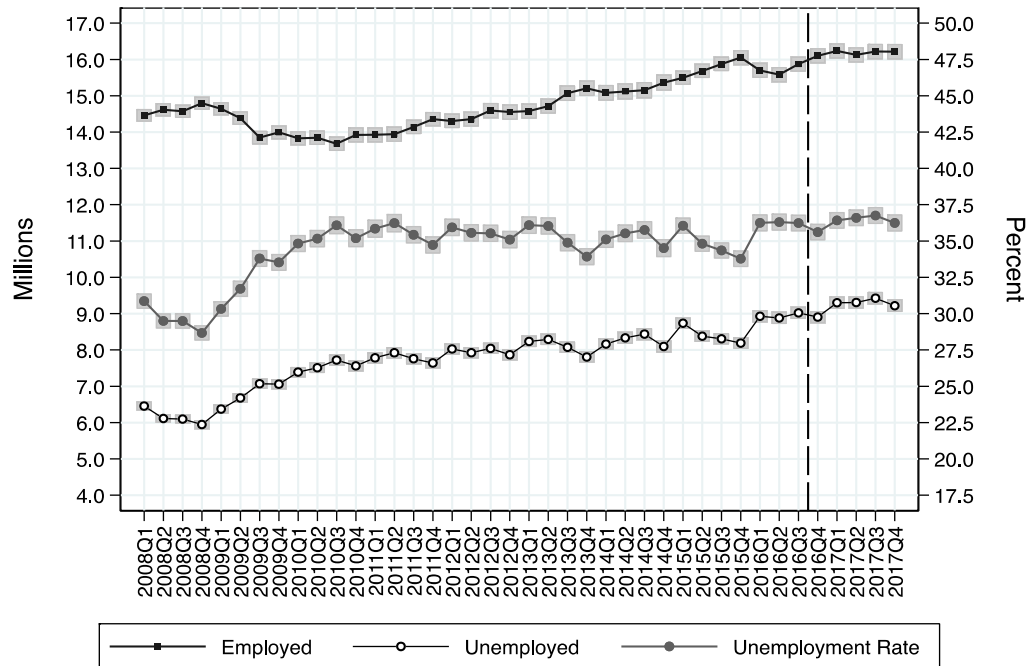
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Recent Labour Market Trends

Figure 1: Quarterly Estimates of Labour Market Aggregates



Source: Own calculations, Statistics South Africa (various years).

- Notes:
1. The expanded definition of unemployment is utilised here.
 2. Shaded bands represent the 95 percent confidence intervals around the estimates.
 3. The dotted vertical line represents the introduction of the 2013 Master Sample.
 4. See appendix for further details of estimates.

It has been ten years since the beginning of the 2008/2009 recession and South Africa's road to recovery has not been smooth. Since 2012Q2, year-on-year real GDP growth rates were under 3 percent with values dipping below 2 percent in 2014, and reaching -0.2 percent in 2016Q1 (StatsSA, 2018). Taking population into account, GDP per capita increased by 4 percent between 2008 and 2014, with a small decline in 2016 of 0.82 percent and stabilisation in 2017 (SARB, 2018).

The 2017Q4 year-on-year real GDP growth rate of 1.5 percent was the highest since 2015Q1 (SARB, 2018). The quarter-on-quarter 3.1 percent real GDP growth rate broke the 3 percent barrier for the first time since 2016Q2 and was 1.3 percentage points greater than market expectations (StatsSA, 2018). Growth in agriculture, after one of the most severe droughts in recent history, contributed 0.8 percent to this real GDP growth, with a quarter-on-quarter advance of 37.5 percent (StatsSA, 2018).

Employment levels were also drastically affected by the financial crisis, with 800 000 workers losing their jobs in 2009. It took four and a half years for the economy to catch-up to this employment level, and employment has followed an upward trajectory since then, excluding the first half of 2016. The highest employment numbers since the introduction of the Quarterly Labour Force Survey in 2008Q1 were seen in 2017, with 16.24 million employed in 2017Q1.

Despite this trend of job creation, the rate has not been high enough to curb unemployment in the face of an ever-expanding labour force. Consequently, unemployment levels were persistently high, peaking at 9.4 million in 2017Q3. There was a 26 percent increase in the unemployment rate between 2008Q4 and 2017Q4, from 30.9 percent to 36.2 percent.

Table 1 shows an overview of the labour market year-on-year for the period 2015Q4 to 2017Q4. The working age population in 2017Q4 was 37.8 million, showing a significant increase of 1.9 percent over the last 12-months. However, this coincided with an employment level of 16.2 million, which showed no significant gain since 2016Q4.

The labour force grew by both definitions, which was significant in the case of the expanded labour force. However, due to stagnant employment levels, 26.6 percent of the narrow labour force and 36.2 percent of the expanded labour force were unemployed.

It follows that narrow unemployment advanced by 1.7 percent from the previous year, while there was a significant 3.5 percent increase in expanded unemployment. As of 2017Q4, 9.2 million people were unemployed according to the expanded definition. This was largely attributable to an increase in the non-searching unemployed, as the number of discouraged workers grew by 6.8 percent in the previous 12-months.

“...narrow unemployment rate in South Africa for 2017 of 27.7 percent was 20.4 percentage points higher than that for sub-Saharan Africa.”

Labour force participation rates in South Africa are amongst the lowest for emerging markets (World Bank, 2018). In sub-Saharan Africa, the expanded labour force participation rate was 69.4 percent in 2017, with South Africa lagging by 2.2 percentage points (World Bank, 2018). As of 2017Q4, approximately three-fifths (58.4 percent) of the working age population participated in the narrow labour force.

In 2017Q4, the expanded unemployment rate was 1.8 percent higher than in the previous year, at 36.2 percent. The narrow unemployment rate in South Africa for 2017 of 27.7

percent was 20.4 percentage points higher than that for sub-Saharan Africa, revealing a chronic problem in job creation, despite an upturn in economic growth for the quarter (World Bank, 2018).

A Labour Market Overview

Table 1: Labour Market Overview

	2015	2016	2017	Change ('16-'17)	
	Quarter 4	Quarter 4	Quarter 4	Absolute	Relative
Labour Market Aggregates (Thousands)					
Working Age Population	36 577	37 160	37 866	706	1.9 *
Employment	16 056	16 103	16 216	113	0.7
Narrow Unemployment	5 195	5 782	5 882	100	1.7
Narrow Labour Force	21 251	21 885	22 098	213	1.0
Expanded Unemployment	8 191	8 907	9 220	313	3.5 †
Expanded Labour Force	24 247	25 010	25 436	426	1.7 †
Discouraged Workseekers	2 996	3 125	3 338	213	6.8 †
Labour Force Participation Rate (Percent)					
Narrow LFPR	58.1	58.9	58.4	-0.5	-0.9
Expanded LFPR	66.3	67.3	67.2	-0.1	-0.2
Unemployment Rate (Percent)					
Narrow Unemployment Rate	24.4	26.4	26.6	0.2	0.7
Expanded Unemployment Rate	33.8	35.6	36.2	0.6	1.8

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

- Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
2. The working age population consists of those aged 15 years to 65 years inclusive.

Table 2: Labour Market Overview by Geography

	2015	2016	2017	Change ('16-'17)	
	Quarter 4	Quarter 4	Quarter 4	Absolute	Relative
Urban Areas (Thousands)					
Working Age Population	24 151	24 775	25 647	872	3.5 *
Employment	12 102	12 169	12 505	337	2.8 †
Expanded Unemployment	5 029	5 594	5 789	195	3.5
Expanded Labour Force	17 131	17 763	18 295	532	3.0 *
Discouraged Workseekers	1183	1369	1476	107	7.8
Participation Rate (Percent)	70.9	71.7	71.3	-0.4	-0.5
Unemployment Rate (Percent)	29.4	31.5	31.6	0.2	0.5
Non-Urban Areas (Thousands)					
Working Age Population	12 426	12 385	12 219	-166	-1.3
Employment	3 954	3 934	3 711	-224	-5.7 *
Expanded Unemployment	3 162	3 312	3 430	118	3.5
Expanded Labour Force	7 115	7 247	7 141	-106	-1.5
Discouraged Workseekers	1 813	1 756	1 862	106	6.0
Participation Rate (Percent)	57.3	58.5	58.4	-0.1	-0.1
Unemployment Rate (Percent)	44.4	45.7	48.0	2.3	5.1 *

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

- Notes:
1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
 2. The expanded definition of unemployment is utilised here. Unemployment and participation rates are calculated using this definition.
 3. The designation for "non-urban areas" includes Statistics South Africa's current geographical categories of "Traditional" rural areas, "Farms", and "Mining" areas.

Table 2 shows the differences in employment between urban and non-urban areas and highlights that those living in non-urban areas have been disadvantaged in terms of employment opportunities.

In 2017Q4 two-thirds (67.7 percent or 25.6 million) of the working age population lived in urban areas, a significant 3.5 percent increase from the previous period. After a significant 2.8 percent advance from 2016Q4, half (48.8 percent) of these individuals were employed. Conversely, despite the boom in agriculture, employment in non-urban areas showed a significant 5.7 percent decrease year-on-year.

Urban areas accounted for 71.9 percent of the expanded labour force, with the expanded labour force in urban areas increasing significantly by 3 percent year-on-year. Of this population, approximately two-thirds (68.4 percent) were employed. In non-urban areas, the expanded labour force was 7.1 million and only half (52 percent) were employed. The expanded labour force in these areas shrunk by 106 000 in 2017, accompanied by a matched increase in discouraged workseekers.

The participation rate in urban areas was 71.3 percent in 2017Q4, which was 12.9 percentage points higher than in non-urban areas. The participation rate decreased in both non-urban and urban areas, but these changes were insignificant.

Expanded unemployment was 5.8 million in urban areas, with an unemployment rate of 31.6 percent. This was 16.4 percentage points lower than the unemployment rate in non-urban areas (48 percent), which advanced significantly by 5.1 percent year-on-year.

Labour Force Participation

Table 3: Labour Force Participation Rates

Percent/Percentage Points	2015	2016	2017	Change ('16-'17)	
	Quarter 4	Quarter 4	Quarter 4	Absolute	Relative
Overall LFPR	66.3	67.3	67.2	-0.1	-0.2
By Race					
African	66.0	67.2	67.1	-0.2	-0.2
Coloured	67.4	68.1	67.9	-0.2	-0.3
Asian	62.1	62.9	63.8	0.9	1.4
White	69.2	68.6	68.6	0.0	0.0
By Gender					
Male	71.8	72.5	72.6	0.0	0.1
Female	60.9	62.2	61.9	-0.3	-0.5
By Age Group					
15 to 24 year olds	34.7	35.8	35.0	-0.7	-2.0
25 to 34 year olds	86.0	86.0	84.9	-1.1	-1.2
35 to 44 year olds	86.9	88.0	88.3	0.3	0.4
45 to 54 year olds	78.4	79.5	80.8	1.3	1.6
55 to 65 year olds	44.5	45.8	45.6	-0.2	-0.4
By Educational Attainment					
Primary or less	53.5	54.9	54.0	-0.9	-1.6
Incomplete secondary	57.7	59.4	59.0	-0.4	-0.7
Complete secondary	78.4	80.6	77.6	-2.9	-3.6 *
Diploma/Certificate	89.2	90.5	90.3	-0.2	-0.3
Degree	89.6	88.9	88.9	0.0	0.0

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

- Notes: 1. The expanded definition of unemployment is utilised here in defining the labour force.
 2. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

According to Table 3, two-thirds of the working age population were active in the labour force. There were no significant changes in labour force participation between 2016Q4 and 2017Q4, except for in the educational attainment category.

The participation rate was highest for Whites (68.6 percent), followed by Coloureds (67.9 percent), Africans (67.1 percent), and Asians (63.8 percent).

Despite advances in the feminisation of the labour force, there was still considerable gender disparity in labour force participation. The labour force participation rate for men was 72.6 percent, which was 10.7 percentage points higher than that for women. This means that 3 in 5 women are in the labour force.

The relationship between age and labour force participation was characterised by an inverted U-shape. Initially, the youngest age group had a low labour participation rate (35 percent). This increased with age and workers in the 35-44 year old age category had a labour force participation rate of 88.3 percent. Thereafter, labour force participation declined with the oldest age cohort having a labour force participation rate of 45.6 percent.

There was a secular rise in labour force participation as educational attainment increased. Approximately 78 percent of matriculants engaged in the labour force, which was a significant 3.6 percent decrease from the previous year. For diploma and degree holders the labour force participation rate was approximately 90 percent. Despite the increased returns from a tertiary education, the lack of financing available to lower-income families limited their access to these institutions. Therefore, the cycle of an unequal distribution of opportunities in South Africa has been perpetuated (South Africa, 2017).

Table 4 shows that overall employment was stagnant year-on-year for 2017Q4 at 16.2 million. Three-quarters of the total employed were Africans (74.5 percent), followed by Whites (11.8 percent), Coloureds (10.3 percent), and Asians (3.4 percent). As indicated by the labour force participation rates, employment was male dominant at 56.3 percent (9.1 million), and the gender gap was 12.6 percentage points. Therefore, 2 in 5 women were employed. No changes in terms of race or gender were significant.

Those in the 15 to 24 year old age group made up 8 percent (1.3 million) of the total and decreased by 2.1 percent over the 12-month period. The next oldest age cohort of 25-34 year olds comprised 29.5 percent of the sample after a 3.3 percent decline year-on-year. Following the concave relationship evidenced in the labour force participation rate, the level of employment began to decline for the 45-54 (3.4 million) and 55-65 (1.6 million) year old age groups despite year-on-year-increases of 4 percent and 5.6 percent respectively.

Of the employed, 44.8 percent had not completed secondary education. Those with matric certificates comprised one-third (5.3 million) of total employment, following a significant year-on-year increase of 5.6 percent. By educational attainment, no other cohort experienced a significant change in the number of individuals employed. A further third of all employed had incomplete secondary education, while around 10.7 percent (1.7 million) and 10.4 percent (1.7 million) of the employed had a diploma or certificate and degree respectively. The remaining 12 percent (2 million) of the employed had an educational attainment of primary education or lower.

Employment Trends

Table 4: Employment Trends

	2015	2016	2017	Change ('16-'17)		
	Quarter 4	Quarter 4	Quarter 4	Absolute	Relative	
	('000s)	('000s)	('000s)	(%)	('000s)	
Overall Employment	16 056	16 103	16 216	10.0	113	0.7
By Race						
African	11 878	11 955	12 088	74.5	132	1.1
Coloured	1 671	1 687	1 664	10.3	-23	-1.4
Asian	527	538	544	3.4	6	1.2
White	1 979	1 923	1 920	11.8	-3	-0.1
By Gender						
Male	9 038	9 056	9 122	56.3	65	0.7
Female	7 018	7 047	7 094	43.7	48	0.7
By Age Group						
15 to 24 year olds	1 317	1 333	1 305	8.0	-28	-2.1 *
25 to 34 year olds	5 054	4 954	4 790	29.5	-164	-3.3 *
35 to 44 year olds	4 935	4 992	5 081	31.3	89	1.8 *
45 to 54 year olds	3 287	3 313	3 445	21.2	132	4.0 *
55 to 65 year olds	1 461	1 511	1 596	9.8	84	5.6 *
By Educational Attainment						
Primary or less	2 178	2 100	1 966	12.1	-134	-6.4
Incomplete secondary	5 274	5 326	5 305	32.7	-21	-0.4
Complete secondary	5 149	5 042	5 326	32.8	285	5.6 *
Diploma/Certificate	1 645	1 762	1 734	10.7	-28	-1.6
Degree	1 620	1 691	1 683	10.4	-8	-0.5

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

- Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
2. Education category numbers do not add up to total employment due to unspecified or no responses.

Table 5 breaks down the change in total employment of 113 000 by demographic characteristics. In terms of race and gender, there were no significant changes. Africans (117.1 percent) reaped the benefits of the gains in employment. Consequently, job losses were experienced by Coloureds (-20.4 percent) and Whites (-2.4 percent) despite marginal employment increases. Men had a 57.8 percent share in the overall employment increase, with women behind by 15.6 percentage points.

The youth (those aged under 35 years old) experienced the worst employment outcomes over the period. Significant job losses were experienced by the youngest age cohort, with a 24.5 percent decline in employment year-on-year. There was a 145.6 percent decrease in the share of the change employment for the 25-34 year old age group. Gains to employment for the 35-44 (78.5 percent), 45-54 (116.7 percent) and 55-65 (74.8) age categories were significant.

The only significant gains from higher levels of employment were to those that completed that completed secondary education (252.1 percent). Despite the advantages of completing secondary education for employment prospects, a possible reason for the incompleteness of secondary education was that 18.5 percent of households were headed by individuals in the 15-24 year old age group as of 2016 (StatsSA, 2016b). Therefore, these youths were required to search for work rather than pursue further education.

However, there were barriers to entry into the labour market for these young, first-time job seekers that did not complete matric. This was confirmed by the finding that, as of 2016, 31.2 percent of youth aged 15-24 years were neither employed nor in education or training (StatsSA, 2017).

In sum, unemployed women and youth with no prior experience have the lowest probability of transitioning into employment (StatsSA, 2015a).

“...as of 2016, 31.2 percent of youth aged 15-24 years were neither employed nor in education or training.”

Table 5: Composition of Employment Change

<i>Absolute Change</i>	<i>Thousands</i>
Total Employment	113
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	117.1
Coloured	-20.4
Asian	5.7
White	-2.4
By Gender	
Male	57.8
Female	42.2
By Age Group	
15 to 24 year olds	-24.5 *
25 to 34 year olds	-145.6 *
35 to 44 year olds	78.5 *
45 to 54 year olds	116.7 *
55 to 65 year olds	74.8 *
By Educational Attainment	
Primary or less	-119.1
Secondary not completed	-18.4
Secondary completed	252.1 *
Diploma or Certificate	-25.0
Degree	-7.0

Source: Own calculations, Statistics South Africa (2016a, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

Sectoral Employment Trends

Table 6: Employment Trends by Industry

	2015	2016	2017 Quarter 4		Change ('16-'17)	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
Overall Employment	16 056	16 103	16 216	100.0	113	0.7
Agriculture, forestry & fishing	861	921	852	5.3	-69	-7.5
Mining & quarrying	484	421	411	2.5	-10	-2.5
Primary Sector	1 345	1 342	1 263	7.8	-79	-5.9
Manufacturing	1 743	1 732	1 792	11.1	60	3.5
Electricity, gas & water	123	131	149	0.9	18	13.7
Construction	1 443	1 485	1 393	8.6	-91	-6.2
Secondary Sector	3 310	3 348	3 335	20.6	-13	-0.4
Wholesale & retail trade	3 289	3 225	3 251	20.0	26	0.8
Transport, storage & communication	901	965	1 005	6.2	41	4.2
Financial & business services	2 277	2 333	2 379	14.7	46	2.0
Community, social & personal (CSP) services	3 634	3 584	3 699	22.8	115	3.2
Private households	1 296	1 302	1 278	7.9	-23	-1.8
Tertiary Sector	11 397	11 408	11 612	71.6	204	1.8

Source: Own calculations, Statistics South Africa ((2015b, 2016a, 2017).

- Notes: 1. The expanded definition of unemployment is utilised here in defining the labour force.
2. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

As shown by Table 6, 7 out of 10 workers were employed in the tertiary sector, which follows the trend of a burgeoning services sector emerging in sub-Saharan Africa (Bhorat, Naidoo & Pillay, 2016). In addition, almost all new jobs created between 2016Q4 and 2017Q4 were created in this sector. The secondary sector accounted for one-fifth of the working population (20.6 percent), followed by 7.8 percent in the primary sector. The contribution of each of these sectors to GDP followed the same trend with 69 percent accounted for by the tertiary sector, 20 percent by the secondary sector, and an 11 percent share for the primary sector (SARB, 2018).

With a collective 57.5 percent share of employment, the largest sectors in 2017Q4 were CSP services (22.8 percent or 3.7 million), wholesale and retail trade (20 percent or 3.25 million), and financial and business services (14.7 percent or 2.4 million). Within the secondary sector, manufacturing and construction dominated, employing 95.6 percent of workers. Interestingly, manufacturing value added share of GDP was more than double that of CPS at 14 percent versus 6 percent (SARB, 2018). In addition, despite the low contribution of agriculture to employment, the recovery of this sector from severe drought contributed 0.8 percent to GDP growth since 2016Q4, as emphasised a quarter-on-quarter advance of 37.5 percent (SARB, 2018).

“...7 out of 10 workers were employed in the tertiary sector, which follows the trend of a burgeoning services sector emerging in sub-Saharan Africa.”

From the employment trends disaggregated by industry in Table 6 it follows that the majority of workers were employed in the non-agricultural sector. More specifically, as indicated by Table 7, non-agricultural activities accounted for 86.9 percent of total employment (14.1 million), while private households and agriculture employed 7.9 percent (1.3 million) and 5.3 percent (852 000) respectively.

Highlighting the gender disparity in the labour market, 14 percent of women were employed in private households, versus 3 percent of men (StatsSA, 2017). Traditionally this has been a sector where pay has been low with little job security (OECD, 2012).

Three-quarters (74.1 percent) of total employment was in the formal sector, with 4 of 5 non-agricultural workers (11.3 million) being formally employed. Of the 2.8 million informally employed non-agricultural workers, approximately two-fifths were involved in trade, with the second biggest contributor being CPS services (StatsSA, 2017). The agricultural sector was made up of 738 000 (86.8 percent) formal jobs and 114 000 (13.2 percent) informal jobs.

Table 7: Employment Trends by Sector

	2015	2016	2017 Quarter 4		Change ('16-'17)	
	Quarter 4 ('000s)	Quarter 4 ('000s)	Total ('000s)	Share (%)	Absolute ('000s)	Relative (%)
Overall Employment	16 056	16 103	16 216	100.0	113	0.7
Agriculture	861	921	852	5.3	-69	-7.5
- Formal agriculture	738	795	738	4.6	-57	-7.2
- Informal agriculture	123	125	114	0.7	-12	-9.3
Non-agricultural	13 899	13 881	14 086	86.9	205	1.5
- Formal non-agricultural	11 206	11 178	11 266	69.5	88	0.8
- Informal non-agricultural	2 692	2 702	2 820	17.4	117	4.3
Private households	1 296	1 302	1 278	7.9	-23	-1.8

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

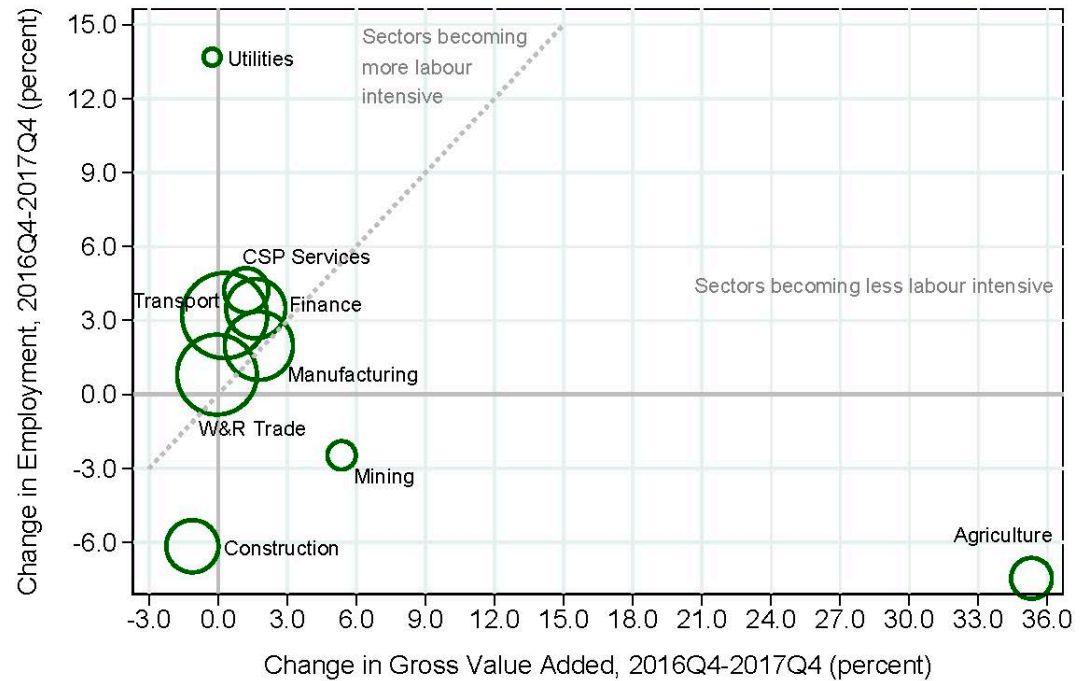
“Of the 2.82 million informally employed non-agricultural workers, approximately two-fifths were involved in trade”

Figure 2 depicts the relationship between employment growth and gross value added (real output growth) by industry using growth rates between 2016Q4 and 2017Q4. Sectors above the dotted 45-degree line were becoming more labour intensive as employment growth exceeded output growth for the period. In contrast, less labour-intensive growth was experienced by sectors below the 45-degree line as output growth was more rapid than employment growth.

The largest increase in employment was for utilities (13.7 percent), but there was only a marginal change in gross value added. For CPS services, transport, and manufacturing there were gains in employment of between 3 and 4 percent, however, gross value added did not show much improvement. W&R trade and finance were relatively stagnant in terms of both dimensions. There was a moderate decrease in gross value added in construction, which in turn led to job losses. Mining saw an expansion in gross value added, but a contraction in employment. The biggest outlier was agriculture, with an increase in gross value added of 35.3 percent, accompanied by a considerable decline in employment of 7.5 percent.

Utilities, CPS services, finance, transport, manufacturing, and W&R trade were situated in the region above the 45-degree line, suggesting greater labour intensity. In contrast, production became less labour intensive in mining, construction, and agriculture.

Figure 2: Employment Trends by Industry



Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

“The biggest outlier was agriculture, with an increase in gross value added of 35.3 percent, accompanied by a considerable decline in employment...”

Occupational Employment Trends

Table 8: Employment Trends by Occupation

	2015 Quarter 4 (‘000s)	2016 Quarter 4 (‘000s)	2017 Quarter 4		Change (‘16-‘17)	
			Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
Overall Employment	16 056	16 103	16 216	100.0	113	0.7
Managers	1 321	1 423	1 400	8.6	-23	-1.6
Professionals	774	896	908	5.6	12	1.4
High Skilled	2 095	2 319	2 308	14.2	-10	-0.4
Technicians	1 457	1 487	1 481	9.1	-6	-0.4
Clerks	1 715	1 684	1 659	10.2	-26	-1.5
Service and sales workers	2 535	2 488	2 600	16.0	112	4.5
Skilled agricultural workers	102	66	83	0.5	17	26.1
Craft and related trades	1 993	1 978	1 939	12.0	-39	-2.0
Operators and assemblers	1 281	1 321	1 318	8.1	-2	-0.2
Skilled	9 082	9 024	9 079	56.0	55	0.6
Elementary occupations	3 848	3 765	3 803	23.5	38	1.0
Domestic workers	1 031	995	1 021	6.3	25	2.5
Low Skilled	4 879	4 760	4 824	29.7	64	1.3

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

“An encouraging finding was that, of the 1.4 million managers, 31.4 percent were women and approximately half of the professionals were also female.”

Table 8 details the employment trends by occupation and skill level. In 2017Q4, 70.2 percent (11.4 million) of those employed in South Africa were either skilled or high skilled indicating a demand for educated

workers. This was reflected in the share of employment being substantially higher for those holding a matric certificate.

Of the 9.1 million skilled workers, 28.6 percent (2.6 million) were service and sales workers, followed by a 21.4 percent share of craft and related traders (1.94 million). These two categories accounted for approximately 3 out of 10 workers in employment overall.

High skilled workers make up 14.2 percent of overall employment (2.31 million). Of these, 60.6 percent were managers and 39.4 percent were professionals. An encouraging finding was that, of the 1.4 million managers, 31.4 percent were women and approximately half (48.2 percent) of the professionals were also female (StatsSA, 2017).

There were 4.8 million low skilled workers, which made up 29.7 percent of total employment. Of these, 79.1 percent had elementary occupations, with the balance being domestic workers. Elementary occupations contributed the highest percentage of workers (23.5 percent or 3.8 million) to overall employment.

Table 9 summarises the prevalence of access to benefits and other employment characteristics for employees, excluding employers and those that were self-employed unless stated otherwise. Of those excluded approximately 34.8 percent were employers.

Overall there were 13.9 million employees in 2017Q4, which was a significant 1 percent increase from 2016Q4. These workers represented 85.7 percent of overall employment.

Just over three-fifths of employees (61 percent or 8.4 million) had permanent contracts, followed by one-quarter (3.4 million) of contracts of an unspecified duration, and 14 percent (1.9 million) with limited duration contracts. Written contracts dominated, with 4 out of 5 workers having this contract type, while the remainder had verbal contracts. The 1.8 percent increase in written contracts was significant, which has the advantage of offering employees protection in the case of labour disputes.

A considerable number of employees had access to a range of employment benefits. The most common benefit accrued was sick leave (70 percent), followed by paid leave (65 percent) and UIF (60 percent). Maternity/paternity benefits were accessible for 56 percent of employees, with pension plans in place for 47 percent of employees. Medical aid and union membership were available to 3 out of 10 employees. There were significant increases in UIF and union membership of 1.9 percent and 3.7 percent respectively.

Employment Characteristics

Table 9: Employment Characteristics

	2015	2016	2017	Share (%)	Change ('16-'17)	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Quarter 4 (‘000)		Absolute (‘000s)	Relative (%)
Total Employees	13 844	13 760	13 892	100.0	133	1.0 †
Contract Duration						
Limited	1 961	1 893	1 902	13.7	9	0.5
Permanent	8 421	8 370	8 449	60.8	79	0.9
Unspecified duration	3 381	3 405	3 452	24.9	48	1.4
Contract Type						
Written	10 960	10 893	11 093	79.8	200	1.8 †
Verbal	2 803	2 776	2 711	19.5	-65	-2.3
Benefits						
Medical Aid	4 035	4 082	4 062	29.2	-20	-0.5
Pension	6 336	6 492	6 579	47.4	86	1.3
UIF	8 276	8 149	8 307	59.8	158	1.9 *
Paid Leave	8 834	8 980	9 043	65.1	64	0.7
Sick Leave	9 532	9 586	9 684	69.7	99	1.0
Maternity/Paternity Leave	7 554	7 775	7 828	56.3	53	0.7
Union Membership	3 839	3 851	3 992	28.7	141	3.7 *
Usual Hours Per Week (All employed)						
1-19 hours	663	730	739	5.3	9	1.2
20-39 hours	1 713	1 799	1 792	12.9	-7	-0.4
40-44 hours	6 315	6 222	6 374	45.9	152	2.4
45-49 hours	3 777	3 727	3 778	27.2	51	1.4
50+ hours	3 522	3 562	3 460	24.9	-102	-2.9
Mean hours per week	43.5	43.4	43.3	n.a.	-0.2	-0.4

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

On average during 2017Q4, taking into account all workers that were employed, the mean number of usual hours was 43.3 hours per week. Just under half (46 percent) worked 40-44 hours per week, with approximately one-quarter of employees working either 45-49 or 50+ hours per week. Just under one-fifth of overall employees reported working less than 39 hours per week.

Figure 3 shows the percentage of the employed that were satisfied in their main job over a range of job characteristics in 2017Q4. Overall 73.5 percent of employed workers were satisfied in their main job, however, this aggregated measure was unable to disentangle the forces underlying the variation in job satisfaction shown in the figure.

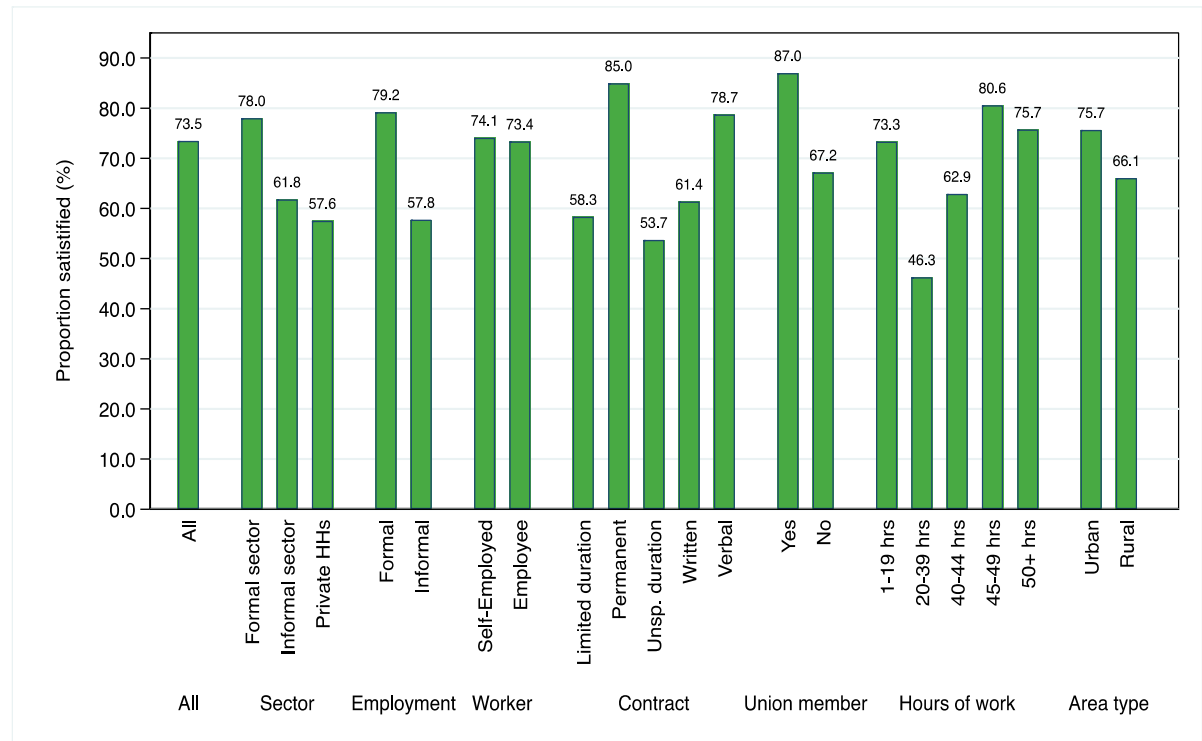
Considering the sector type, 78 percent of those employed in the formal sector were satisfied with their jobs, followed by 61.8 percent in the informal sector and 57.6 percent in private households. In keeping with this trend, 4 in 5 employees were satisfied in formal jobs, versus just under 60 percent for those in informal jobs. There was only a marginal difference in job satisfaction between self-employed and employees, both sitting at approximately three-quarters.

Results varied considerably according to the duration of the contract. An overwhelming 85 percent of those employed in permanent positions were satisfied. However, uncertainty in terms of job security decreased worker satisfaction, with 58.3 percent satisfaction for those with limited duration contracts and only 53.7 percent for unspecified duration. Surprisingly, despite the implied informality, verbal contracts yielded 78.7 percent satisfaction, with written contracts lagging by 17.3 percentage points.

Union members had greater levels of job satisfaction (87 percent) when compared to non-union members (67.2 percent). Similarly, jobs in urban areas yielded greater satisfaction (75.7 percent) than those in rural areas (66.1 percent).

Work hours showed no systematic relationship with job satisfaction, as those working between 1-19 hours had three-quarters of employees being satisfied in their main jobs, which was approximately the same level of job satisfaction as those working in excess of 50 hours. For employees working slightly longer than normal work hours at 45-49 hours, job satisfaction was the highest at 80.6 percent. Those working 20 to 40 hours had the lowest levels of job satisfaction.

Figure 3: Proportion of the Employed Satisfied in their Main Job, 2017Q4



Source: Own calculations, Statistics South Africa (2017).

Unemployment Trends

Table 10: Expanded Unemployment Rate Trends

	2015	2016	2017	Change ('16 -'17)	
	Quarter 4 (Percent)	Quarter 4 (Percent)	Quarter 4 (Percent)	Absolute (Per points)	Relative (%)
Overall Unemployment Rate	33.8	35.6	36.2	0.6	1.8
By Race					
African	38.1	40.0	40.6	0.6	1.4
Coloured	26.4	27.3	29.1	1.7	6.4
Asian	14.4	14.6	14.9	0.3	2.0
White	8.4	9.1	8.5	-0.6	-6.7
By Gender					
Male	30.1	31.9	32.7	0.8	2.6
Female	38.0	39.8	40.3	0.4	1.1
By Age Group					
15 to 24 year olds	63.1	63.9	63.9	0.0	0.0
25 to 34 year olds	38.4	40.6	42.8	2.1	5.3 *
35 to 44 year olds	26.2	27.8	28.3	0.4	1.6
45 to 54 year olds	19.5	22.5	23.4	0.9	4.0
55 to 65 year olds	14.3	15.4	14.8	-0.6	-4.0
By Educational Attainment					
Primary or less	36.4	37.8	38.7	0.9	2.4
Incomplete secondary	42.3	43.9	45.1	1.2	2.7
Complete secondary	32.4	34.3	35.0	0.7	2.0
Diploma or Certificate	19.8	27.4	22.2	-5.2	-19.0 *
Degree	8.4	11.7	10.4	-1.3	-11.4

Source: Own calculations, Statistics South Africa (2015b, 2016a, 2017).

- Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
2. Education category numbers do not add up to 100 due to unspecified or no responses.

“Following the narrative throughout the QLFS for 2017Q4, the groups most at risk for unemployment were women, youth and those without a secondary education. ”

The unemployment rate in South Africa has increased considerably over the last decade, with the 2017Q4 level being 7.5 percentage points higher than in 2008Q4. More recently, in 2017Q4, the expanded unemployment rate was 1.8 percent higher than in the previous year, at 36.2 percent. In terms of employment numbers, 313 000 jobs were lost in this 12-month period. These statistics paint a bleak picture for the job-prospects for workseekers in South Africa.

Table 10 shows the unemployment trends by demographic characteristics using the expanded definition of the unemployment rate. The unemployment rate was highest for Africans at 40.6 percent, followed by Coloureds (29.1 percent), Asians (14.9 percent), and Whites (8.5 percent).

Following the narrative throughout the QLFS for 2017Q4, the groups most at risk for unemployment were women, youth and those without a secondary education. In the case of gender, the unemployment rate was highest for women at 40.3 percent, with men lagging by 7.6 percentage points.

Once again, those in the 15-24 year age group

were most hard hit by the rising levels of unemployment, with an unemployment rate of 63.8 percent. This means that approximately 3 of 5 individuals in the labour force aged 15-24 years were unemployed. For the 25-34 year old age cohort job prospects were also declining with an unemployment rate of 42.8 percent, up year-on-year by 5.3 percent. The unemployment rates for those aged 35-44 years and 45-54 years were 28.3 percent and 23.4 percent respectively. Following this decrease in unemployment with age, the oldest age group had the lowest unemployment rate of 14.8 percent.

Unemployment was negatively correlated with educational attainment post-primary school, with more highly educated job-seekers facing lower unemployment rates. Those with incomplete secondary educations faced an unemployment rate of 45.1 percent. This figure was 10.1 percentage points higher than for those with a matric certificate (35 percent). Those with diplomas or certificates had an unemployment rate less than half of those that did not complete secondary school, and this rate decreased by a significant 19 percent year-on-year. For degree-holders, only 1 in 10 were unemployed.

Table 11 shows the composition of the 426 000, or 3.5 percent, increase in unemployment between 2016Q4 and 2017Q4. Africans accounted for the majority of the increase in unemployment, which was a statistically significant change. Males contributed 63 percent to the increase in unemployment.

By age group, the 15-24 year olds made a significant negative contribution of 14.7 percent to the increase in unemployment, however, the 25-34 year old age cohort had a significant 60.2 percent share in the increase of total unemployment. The contributions of the rest of the age groups were also significant and positive, though to a lower extent. Specifically, 24.9 percent for 35-44 year olds, 29 percent for 45-54 year olds, and 0.6 percent for 55-65 year olds.

Those that did not complete secondary school and those with degrees contributed negatively to the overall change in unemployment. The bulk of the increase in unemployment was attributed to those that completed a secondary education (164.7 percent), followed by a 46.5 percent share of the change for diploma or certificate holders.

Table 11: Composition of Unemployment Change

Absolute Change	Thousands
Total Unemployment	426
Share of Change	Percent
By Race	
African	88.3 †
Coloured	15.2
Asian	1.1
White	-4.6
By Gender	
Male	63.0
Female	37.0
By Age Group	
15 to 24 year olds	-14.7 *
25 to 34 year olds	60.2 *
35 to 44 year olds	24.9 *
45 to 54 year olds	29.0 *
55 to 65 year olds	0.6 *
By Educational Attainment	
Primary or less	-11.3
Incomplete secondary	-59.8
Complete secondary	164.7 *
Diploma or Certificate	46.5 *
Degree	-41.1 *

Source: Own calculations, Statistics South Africa (2016a, 2017).

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level

Conclusion

A history of stagnant economic growth since the beginning of the 2008/2009 recession has had a significant, detrimental impact on South Africa's labour market. Despite a positive growth outlook for 2017Q4, this marginal improvement contributed little to the struggle to reverse the damage done over the last decade.

Using the expanded definitions, regardless of the 1.7 percent increase in the labour force to 25.4 million, employment levels were stagnant between 2016Q4 and 2017Q4. The result was an increase in unemployment by 3.5 percent, with an accompanying unemployment rate of 36.2 percent.

The expanded labour force participation rate was 67.2 percent, which was 2.2 percentage points lower than that for sub-Saharan Africa in 2017. Labour force participation rates were highest for White males, aged 35-44 years. There was a systematic increase in the labour force participation rate with higher levels of educational attainment.

The working age population and employment levels increased significantly year-on-year in urban areas by 3.5 percent and 2.8 percent respectively. However, a decrease in employment of 5.7 percent in non-urban areas contributed to the significant 5.1 percent increase in the unemployment rate.

Three-quarters of the employed were Africans, with 56 percent being male. Employment decreased in the last 12 months for youth, with this

age cohort also experiencing significant job losses in the face of gains to employment. Those with secondary education comprised one-third of the employed and were the only group to experience an increase in employment over the period.

There was evidence of an expanding service industry in South Africa, with 1 of 7 workers being employed in the tertiary sector. Three-quarters of overall employment was in the formal sector, with two-fifths of these formal jobs being in trade.

The demand for skills in South Africa was demonstrated by the finding that 70.2 percent of those employed were either skilled or highly skilled. However, elementary occupations were still the predominant job type.

The majority of contracts were permanent and written, and the mean number of hours worked per week was 43.3. The majority of employees had UIF, paid leave, sick leave and maternity/paternity leave. There were significant increases in union membership and UIF for the period of 1.9 percent and 3.7 percent respectively.

The most satisfied workers were those with formal, permanent contracts. Union membership improved job satisfaction as did an urban location. There was no systematic relationship between work hours and job satisfaction, however, those working overtime were considerably happier in their positions.

With a narrow unemployment rate that was 20.4 percentage points higher than that for sub-Saharan Africa, South Africa is in a dire position. A key concern is that the most vulnerable groups

in terms of unemployment were women, youth and those without a secondary education.

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Appendix

Table 12: Labour Market Aggregates

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2008Q1	14.463	[14.284; 14.642]	6.457	[6.330; 6.585]	30.9	[30.334; 31.399]
2008Q2	14.616	[14.433; 14.800]	6.116	[5.993; 6.239]	29.5	[28.972; 30.025]
2008Q3	14.574	[14.391; 14.757]	6.097	[5.972; 6.222]	29.5	[28.963; 30.030]
2008Q4	14.797	[14.614; 14.981]	5.949	[5.825; 6.072]	28.7	[28.147; 29.201]
2009Q1	14.644	[14.461; 14.827]	6.374	[6.244; 6.504]	30.3	[29.789; 30.866]
2009Q2	14.386	[14.199; 14.574]	6.680	[6.544; 6.816]	31.7	[31.151; 32.268]
2009Q3	13.853	[13.661; 14.044]	7.072	[6.931; 7.214]	33.8	[33.215; 34.382]
2009Q4	13.994	[13.798; 14.189]	7.059	[6.918; 7.201]	33.5	[32.948; 34.115]
2010Q1	13.831	[13.635; 14.027]	7.392	[7.247; 7.537]	34.8	[34.242; 35.419]
2010Q2	13.844	[13.645; 14.044]	7.510	[7.363; 7.657]	35.2	[34.572; 35.764]
2010Q3	13.679	[13.478; 13.880]	7.723	[7.569; 7.877]	36.1	[35.471; 36.700]
2010Q4	13.926	[13.718; 14.134]	7.562	[7.408; 7.716]	35.2	[34.575; 35.809]
2011Q1	13.927	[13.719; 14.136]	7.784	[7.627; 7.941]	35.9	[35.231; 36.472]
2011Q2	13.943	[13.732; 14.154]	7.923	[7.760; 8.086]	36.2	[35.601; 36.868]
2011Q3	14.142	[13.941; 14.342]	7.761	[7.608; 7.915]	35.4	[34.837; 36.031]
2011Q4	14.360	[14.160; 14.560]	7.643	[7.490; 7.796]	34.7	[34.143; 35.328]
2012Q1	14.308	[14.104; 14.512]	8.028	[7.871; 8.185]	35.9	[35.343; 36.540]
2012Q2	14.359	[14.151; 14.566]	7.925	[7.770; 8.081]	35.6	[34.968; 36.163]
2012Q3	14.594	[14.383; 14.805]	8.044	[7.889; 8.200]	35.5	[34.942; 36.127]
2012Q4	14.552	[14.338; 14.766]	7.870	[7.716; 8.025]	35.1	[34.503; 35.697]
2013Q1	14.580	[14.368; 14.793]	8.236	[8.074; 8.398]	36.1	[35.492; 36.702]
2013Q2	14.718	[14.508; 14.927]	8.292	[8.133; 8.451]	36.0	[35.445; 36.629]
2013Q3	15.073	[14.856; 15.290]	8.076	[7.918; 8.235]	34.9	[34.296; 35.481]
2013Q4	15.206	[14.989; 15.424]	7.808	[7.653; 7.964]	33.9	[33.339; 34.515]
2014Q1	15.084	[14.865; 15.303]	8.162	[8.004; 8.321]	35.1	[34.522; 35.703]
2014Q2	15.122	[14.898; 15.346]	8.334	[8.168; 8.499]	35.5	[34.922; 36.138]
2014Q3	15.157	[14.934; 15.379]	8.439	[8.271; 8.608]	35.8	[35.155; 36.376]

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2014Q4	15.363	[15.138; 15.589]	8.098	[7.927; 8.268]	34.5	[33.894; 35.136]
2015Q1	15.498	[15.299; 15.697]	8.739	[8.579; 8.899]	36.1	[35.496; 36.615]
2015Q2	15.685	[15.485; 15.886]	8.380	[8.221; 8.538]	34.8	[34.260; 35.380]
2015Q3	15.876	[15.673; 16.080]	8.309	[8.151; 8.468]	34.4	[33.796; 34.916]
2015Q4	16.056	[15.849; 16.262]	8.191	[8.029; 8.353]	33.8	[33.212; 34.352]
2016Q1	15.700	[15.492; 15.908]	8.929	[8.757; 9.100]	36.3	[35.670; 36.837]
2016Q2	15.585	[15.374; 15.796]	8.883	[8.712; 9.055]	36.3	[35.715; 36.895]
2016Q3	15.872	[15.663; 16.082]	9.022	[8.853; 9.192]	36.2	[35.666; 36.818]
2016Q4	16.103	[15.892; 16.314]	8.907	[8.738; 9.075]	35.6	[35.041; 36.185]
2017Q1	16.238	[16.027; 16.450]	9.303	[9.129; 9.476]	36.4	[35.851; 36.995]
2017Q2	16.127	[15.915; 16.338]	9.309	[9.135; 9.483]	36.6	[36.015; 37.180]
2017Q3	16.221	[16.006; 16.436]	9.428	[9.250; 9.605]	36.8	[36.170; 37.345]
2017Q4	16.216	[15.998; 16.435]	9.220	[9.071; 9.368]	36.2	[35.653; 36.840]

Source: Own calculations, Statistics South Africa (various years).

Notes: 1. Figures in square brackets are the 95 percent confidence intervals.