

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR ENDING  
2017 QUARTER 3

22  
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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.

During the post-apartheid era, South Africa experienced positive real GDP growth until the abrupt change caused by the 2008/09 global financial crisis, which has been followed by slower economic growth (Bhorat et al., 2014). The economic recovery has been slow to materialise: in 2016, economic growth reached the lowest recorded level at 0.4 percent annually since 1994 (own calculations, SARB 2016). Meanwhile, GDP per capita growth fell to -1.1 percent in 2016 (own calculations, SARB 2016). In this weak economic environment, the economy has struggled to create sufficient employment, particularly at lower skills levels, to halt the rise in unemployment rates.

Since the inception of the Quarterly Labour Force Survey in 2008Q1, the highest recorded employment level pre-crisis was 14.8 million in 2008Q4, declining by nearly a million jobs during the recession (Figure 1). It took more than four years for employment to recover to its prerecession peak, occurring in the third quarter of 2012. After the global recession, employment gradually increased reaching a new high of 16.1 million jobs in the fourth quarter of 2015 before falling by approximately half a million jobs to 15.6 million in 2016Q2. After this lull, employment continued to rise to 16.2 million jobs by the third quarter of 2017.

The lowest recorded unemployment level in the last nine years was pre-recession at 5.9 million in 2008Q4. The rapid increase in unemployment in 2009 was a direct result of the recession. Unemployment has remained high and increased gradually with the growing labour force. Post-recession, unemployment levels have trended upwards, with the highest unemployment level recorded in 2017Q3 at 9.4 million people. Translating these numbers into rates shows that the unemployment rate has risen from 28.7 percent in 2008Q4 to 36.8 percent in 2017Q3. This is an 8.1 percentage point increase in unemployment.

# A LABOUR MARKET OVERVIEW

The South African labour market is characterised by an expanding labour force, gradual employment growth and a persistently high unemployment rate. The working age population increased by 1.7 percent from 37.0 million in 2016Q3 to 37.7 million in 2017Q3 (Table 1). More than three-fifths of the working age population were part of the expanded labour force in 2017Q3. In 2017Q3, the narrow labour force consisted of 22.4 million individuals, 3.2 percent higher than a year prior. Over the same period, the broad labour force increased by 3.0 percent to 25.6 million. These changes are statistically significant.

The labour force has grown more rapidly than employment, with the latter reaching 16.2 million in 2017Q3. This puts the country's employment-to-population ratio at approximately 43.1 percent. At the same time, narrow unemployment stood at 6.2 million, with another 3.2 million classified as non-searching unemployed. Narrow unemployment grew more slightly more rapidly than expanded unemployment over the 12 months (5.8 percent compared to 4.5 percent).

Labour force participation rates were slightly higher over the 12 months, although this difference was not statistically significant for the narrow LFPR. By 2017Q3, 68.1 percent of the working age population participated in the expanded labour force, compared to 59.6 percent for the narrow labour force.

Insufficient job creation has meant continued upward pressure on the already-high unemployment rate. In 2017Q3, the unemployment rate was 27.7 percent and 36.4 percent under the narrow and broad definitions respectively, a difference of 8.7 percentage points.

**Table 1: Labour Market Overview**

	2015	2016	2017	Change ('16-'17)	
	Quarter 3	Quarter 3	Quarter 3	Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	36 416	37 016	37 662	646	1.7 *
Employment	15 876	15 872	16 221	348	2.2
Narrow Unemployment	5 420	5 874	6 213	338	5.8 *
Narrow Labour Force	21 296	21 747	22 434	687	3.2 *
Expanded Unemployment	8 309	9 022	9 428	405	4.5 *
Expanded Labour Force	24 186	24 895	25 649	754	3.0 *
Non-searching unemployed	2 889	3 148	3 215	67	2.1
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	58.5	58.8	59.6	0.8	1.4
Expanded LFPR	66.4	67.3	68.1	0.8	1.3 †
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	25.5	27.0	27.7	0.7	2.5
Expanded Unemployment Rate	34.4	36.2	36.8	0.5	1.4

Source: Own calculations, Statistics South Africa (2015, 2016, 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 3	Quarter 3	Quarter 3	Absolute	Relative
<b>Urban Areas (Thousands)</b>					
Working Age Population	24 021	24 590	25 485	895	3.6 *
Total Employment	11 933	11 981	12 422	441	3.7 *
Informal Sector Employment	3 259	3 055	3 070	15	0.5 *
Expanded Unemployment	5 226	5 683	5 989	306	5.4 *
Expanded Labour Force	17 159	17 664	18 411	747	4.2 *
Discouraged Work-seekers	1188	1345	1343	-2	-0.1
Participation Rate (Percent)	71.4	71.8	72.2	0.4	0.6
Unemployment Rate (Percent)	30.5	32.2	32.5	0.4	1.1
<b>Non-Urban Areas (Thousands)</b>					
Working Age Population	12 394	12 426	12 178	-248	-2.0
Total Employment	3 943	3 891	3 799	-92	-2.4
Informal Sector Employment	1 552	1 604	1 650	46	2.9 *
Expanded Unemployment	3 083	3 340	3 439	99	3.0
Expanded Labour Force	7 026	7 231	7 238	7	0.1
Discouraged Work-seekers	1 701	1 803	1 872	69	3.8
Participation Rate (Percent)	56.7	58.2	59.4	1.2	2.1
Unemployment Rate (Percent)	43.9	46.2	47.5	1.3	2.9

Source: Own calculations, Statistics South Africa 2015, 2016, 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 2016Q3 and 2016Q3 designation for "non-urban areas" includes Statistics South Africa's geographical categories of "Traditional" rural areas, "Farms", and "Mining" areas by Statistics South Africa definition.
  4. The 2017Q3 designation for "non-urban areas" includes Statistics South Africa's geographical categories of "Traditional" rural areas and "Farms".

Significant disparities between the urban and non-urban labour market exist. In 2017Q3, approximately two out of three working age individuals were located in urban areas (Table 2), with the working age population having expanded in urban and contracted in non-urban areas over the preceding year. Similarly, the South African labour force population is concentrated in urban areas.

The urban labour force increased sharply by 4.2 percent to 18.4 million in 2017Q3 from 12-months earlier, with employment increasing from 12.0 million to 12.4 million. In 2017Q3, close to a quarter of the urban employed were in the informal sector (24.7 percent or 3.1 million). In contrast, in non-urban areas, the expanded labour force was stagnant over the 12-month period at 7.2 million, with around 43 percent of employment located in the informal sector. Total employment in urban and non-urban areas followed divergent paths over the year, increasing by 3.7 percent in the former and contracting by 2.4 percent in the latter.

Urban areas are characterised by generally more favourable labour market conditions, as evidenced by a number of indicators. Expanded labour force participation rates are substantially higher in urban areas (72.2 percent) than in non-urban areas (59.4 percent). In 2017Q3, the urban unemployment rate was estimated at 32.5 percent, 4.3 percentage points below the national unemployment rate (36.8 percent), compared to 47.5 percent in non-urban areas. Relatedly, the employment-to-population ratio in urban areas stood at 48.7 percent in 2017Q3 compared with 31.2 percent in non-urban areas. Over the year, urban areas saw a gradual shift in the composition of employment towards the formal sector, while in non-urban areas this shift was towards the informal sector.

# LABOUR FORCE PARTICIPATION

**Table 3: Labour Force Participation Rates**

Percent/Percentage Points	2015	2016	2017	Change ('16-'17)	
	Quarter 3	Quarter 3	Quarter 3	Absolute	Relative
<b>Overall LFPR</b>	66.4	67.3	68.1	0.8	1.3 †
<b>By Race</b>					
African	66.2	67.2	68.1	1.0	1.4 †
Coloured	67.4	67.8	68.1	0.2	0.3
Asian	61.4	64.1	64.0	-0.1	-0.1
White	69.0	68.4	69.1	0.7	1.0
<b>By Gender</b>					
Male	72.1	73.0	73.5	0.5	0.6
Female	60.9	61.7	62.9	1.2	2.0 †
<b>By Age Group</b>					
15 to 24 year olds	35.4	35.6	36.1	0.5	1.3
25 to 34 year olds	85.7	85.9	86.4	0.4	0.5
35 to 44 year olds	87.1	87.8	89.0	1.2	1.4 †
45 to 54 year olds	78.0	80.5	80.9	0.4	0.5
55 to 65 year olds	44.8	45.3	46.7	1.4	3.1
<b>By Educational Attainment</b>					
Primary or less	54.5	56.1	55.8	-0.3	-0.6
Incomplete secondary	58.2	59.4	60.1	0.7	1.2
Complete secondary	77.8	78.1	77.6	-0.4	-0.6
Diploma/Certificate	88.5	89.3	90.3	1.0	1.1
Degree	88.9	88.6	89.6	1.0	1.1

Source: Own calculations, Statistics South Africa (2015, 2016, 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.

Table 3 shows the variation in expanded labour force participation rates by race, gender, age and educational attainment. In 2017Q3, the labour force participation rate increased by a statistically significant 0.8 percentage points to 68.1 percent from a year earlier.

Whites are marginally more likely to engage in the labour market than other race groups. In 2017Q3, the participation rate for Whites was 69.1 percent, followed by Africans (68.1 percent), Coloureds (68.1 percent) and lastly, Asians (64.0 percent). Over the year, only Africans saw a statistically significant change in participation rates, rising by 1.0 percentage points.

Men are substantially more likely to engage in the labour force compared to women. In 2017Q3, nearly three-quarters (73.5 percent) of men were economically active, compared to less than two-thirds (62.9 percent) of women. However, this gap appears to have narrowed over the period as the female LFPR increased statistically significantly and at a much faster than that of males.

Prime working age cohorts (25-54 year olds) are more likely to engage in the labour force than the youngest or oldest age cohorts: between 80 percent and 90 percent of individuals in these cohorts are part of the labour force. In 2017Q3, just 36.1 percent of 15-24 year olds were economically active, while the same was true of 46.7 percent of 55-65 year olds. This is explained by the youngest cohort's relatively high rates of participation in education, and the oldest cohort's gradual exit from the labour market.

Higher levels of education are associated with higher participation rates. Around 90 percent of those with post-secondary education were economically active in 2017Q3, compared with 77.6 percent of those with matric certificates, and just 55.8 percent of those with primary education or less.

## EMPLOYMENT TRENDS

Table 4 presents employment levels by demographic characteristics such as race, gender, age and education. In terms of race, Africans account for the largest share of employment. In 2017Q3, Africans accounted for three-quarters of total employment (74.9 percent or 12.1 million), having experienced a statistically significant increase in employment of 3.1 percent from a year earlier. Africans were followed by Whites (11.7 percent), Coloureds (10.1 percent) and Asians (3.3 percent); for these groups, employment was virtually unchanged from a year earlier.

Employment is not evenly distributed across gender. Of the 16.2 million employed individuals in 2017Q3, almost 9.1 million were male (56.0 percent of the total) and 7.1 million were female.

The prime working age cohorts account for the largest shares of employment in South Africa: 35-44 year olds accounted for 31.0 percent of employment in 2017Q3, followed by 25-34 year olds (30.0 percent) and 45-54 year olds (21.1 percent). This means that more than 60 percent of the employed are between the ages of 25 and 44 years. Both the youngest and oldest cohorts accounted for less than one-tenth of the employed: 55-65 year olds comprise 9.7 percent of employment, while 15-24 year olds accounting for 8.1 percent. None of the five age-groups saw statistically significant changes in employment levels over the 12-month period, although the data suggests that more rapid employment growth rates may have been concentrated amongst older cohorts. >>>

Table 4: Employment Trends

	2015	2016	2017		Change ('16-'17)	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Quarter 3 (‘000s)	(%)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	15 876	15 872	16 221	100.0	348	2.2
<b>By Race</b>						
African	11 731	11 782	12 141	74.9	359	3.1 †
Coloured	1 638	1 644	1 639	10.1	-5	-0.3
Asian	506	524	541	3.3	17	3.3
White	2 002	1 923	1 900	11.7	-23	-1.2
<b>By Gender</b>						
Male	8 942	8 980	9 082	56.0	102	1.1
Female	6 935	6 892	7 138	44.0	246	3.6
<b>By Age Group</b>						
15 to 24 year olds	1 383	1 265	1 322	8.1	56	4.5
25 to 34 year olds	4 969	4 896	4 871	30.0	-25	-0.5
35 to 44 year olds	4 897	4 923	5 027	31.0	105	2.1
45 to 54 year olds	3 186	3 323	3 426	21.1	103	3.1
55 to 65 year olds	1 441	1 465	1 575	9.7	109	7.5
<b>By Educational Attainment</b>						
Primary or less	2 322	2 157	2 023	12.5	-134	-6.2
Incomplete secondary	5 131	5 263	5 240	32.3	-23	-0.4
Complete secondary	4 947	5 056	5 194	32.0	138	2.7
Diploma/Certificate	1 618	1 714	1 747	10.8	33	1.9
Degree	1 671	1 546	1 847	11.4	302	19.5 *

Source: Own calculations, Statistics South Africa (2015, 2016, 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.

In terms of educational attainment, more than three-quarters of the employed do not have any post-secondary education (76.8 percent). However, stated in more favourable terms, more than half (54.2 percent) have either completed or post-secondary education. The largest proportions of employment are accounted for by individuals with incomplete secondary education (32.3 percent) and those with complete secondary education (32.0 percent). Those with primary or less education account for 12.5 percent of total employment, slightly higher than the shares accounted for by those with diplomas/certificates (10.8 percent) or degrees (11.4 percent). Employment for degreed individuals was sharply (19.5 percent) higher from a year earlier. This change is statistically significant.

Table 5 provides the composition of the change in employment over the 12-month period. As noted, employment increased by 348 000 between the third quarters of 2016 and 2017.

Africans alone accounted for the entire increase in employment (103.2 percent) over the period, with marginal, though not statistically significant, declines observed for Coloureds and Whites.

In terms of gender, although neither males nor females saw statistically significant changes in employment in the year to 2017Q3, it appears that women may have dominated the increase in employment. The data suggests that 70.6 percent of the increase

in employment accrued to women, and just 29.4 percent to men.

The three oldest age cohorts each accounted for around 30 percent of employment growth over the period, even though no individual cohort experienced a statistically significant change in employment. For 35-44 year olds, this is roughly in line with their share of total employment in 2017Q3. However, for 45-54 year olds and particularly for 55-65 year olds, their shares of employment growth are significantly larger than their shares of employment. In the case of 55-65 year olds, the cohorts share of employment growth was roughly three times their employment share.

The sharp increase in employment observed amongst those with degrees means that degree-holders account for over four-fifths of total employment growth. Those with matric certificates accounted for around two-fifths of employment growth, while those with primary education or less saw employment declines equivalent to almost two-fifths of total employment growth. On the one hand, this suggests a continuation of the historical trend towards more skilled employment over time, but on the other hand it also suggests the 'ageing out' of those with low levels of education from the workforce.

**Table 5: Composition of Employment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<b>Total Employment</b>	<b>348</b>
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	103.2 †
Coloured	-1.5
Asian	5.0
White	-6.6
<b>By Gender</b>	
Male	29.4
Female	70.6
<b>By Age Group</b>	
15 to 24 year olds	16.2
25 to 34 year olds	-7.2
35 to 44 year olds	30.0
45 to 54 year olds	29.6
55 to 65 year olds	31.4
<b>By Educational Attainment</b>	
Primary or less	-38.5
Secondary not completed	-6.7
Secondary completed	39.7
Diploma or Certificate	9.4
Degree	86.6 *

Source: Own calculations, Statistics South Africa (2016, 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 3		Change ('16-'17)	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
<b>Overall Employment</b>	<b>15 876</b>	<b>15 872</b>	<b>16 221</b>	<b>100.0</b>	<b>348</b>	<b>2.2</b>
Agriculture, forestry & fishing	900	882	812	5.0	-70	-7.9
Mining & quarrying	447	438	446	2.7	8	1.9
<b>Primary Sector</b>	<b>1 347</b>	<b>1 320</b>	<b>1 258</b>	<b>7.8</b>	<b>-62</b>	<b>-4.7</b>
Manufacturing	1 786	1 685	1 752	10.8	67	4.0
Electricity, gas & water	127	120	153	0.9	33	27.6
Construction	1 461	1 497	1 365	8.4	-132	-8.8 †
<b>Secondary Sector</b>	<b>3 374</b>	<b>3 303</b>	<b>3 271</b>	<b>20.2</b>	<b>-32</b>	<b>-1.0</b>
Wholesale & retail trade	3 209	3 203	3 290	20.3	87	2.7
Transport, storage & communication	901	917	989	6.1	72	7.8
Financial & business services	2 167	2 327	2 469	15.2	142	6.1
Community, social & personal (CSP) services	3 591	3 512	3 623	22.3	112	3.2
Private households	1 284	1 286	1 317	8.1	31	2.4
<b>Tertiary Sector</b>	<b>11 152</b>	<b>11 245</b>	<b>11 689</b>	<b>72.1</b>	<b>444</b>	<b>4.0 †</b>

Source: Own calculations, Statistics South Africa (2015, 2016, 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.

Table 6 provides an industry breakdown of employment. It is clear that the tertiary sector is the largest employment sector in the South African economy: in 2017Q3, the sector accounted for 72.1 percent of total employment. The secondary sector accounted for 20.2 percent of employment, while the primary sector accounted for just 7.8 percent. Employment in the tertiary sector increased rapidly over the 12-month period, rising by a statistically significant 4.0 percent or 444 000 jobs.

Community, social and personal (CSP) services accounted for the largest share of employment of any industry, namely 22.3 percent. CSP services is followed by wholesale and retail trade (20.3 percent), financial and business services (15.2 percent) and manufacturing (10.8 percent). These four industries accounted for more than two-thirds of total employment (68.6 percent) in 2017Q3.

Only one industry, however, saw a statistically significant change in employment during the year: construction shed 132 000 jobs, falling from almost 1.5 million to less than 1.4 million contracted from 1.5 million in 2016Q3 to 1.4 million in 2017Q3, a fall of 8.8 percent. This might be the result of weaker construction activity and policy uncertainty in the sector (Fin24, 2017). The performance of the two primary sectors—agriculture, forestry and fishing, and mining and quarrying—was also weak over the period.

The South African economy is predominantly a non-agricultural economy: in 2017Q3, approximately seven in eight jobs (86.9 percent) were in the non-agricultural sector (Table 7). Agriculture accounted for 5.0 percent of total employment in 2017Q3 and private households accounted for the remaining 8.1 percent.



While non-agricultural employment increased by a statistically significant 2.8 percent over the 12 months to 2017Q3, there were no statistically significant shifts in employment in either agriculture or private households. In the case of agriculture, the data suggests that employment contracted over the period, while in private households there was a slight increase.

When breaking down agricultural and non-agricultural employment into formal and informal employment, it becomes clear that the South African labour market is primarily formal. Approximately two out of three jobs nationally are formal. Formal employment stood at 12.1 million in 2017Q3, with 11.4 million individuals or 94.1 percent of formal employees engaged in non-agricultural activities. The expansion of non-agricultural employment over the 12-month period was underpinned by an expansion of the formal sector: formal sector employment outside of agriculture expanded by 3.1 percent (339 000 jobs) over the year to 2017Q3.

Total formal employment in 2017Q3 was more than four times the size of informal employment. That is, informal employment, which is almost entirely non-agricultural, accounted for 17.2 percent of total employment.

**Table 7: Employment Trends by Sector**

	2015	2016	2017 Quarter 3		Change ('16-'17)	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
<b>Overall Employment</b>	<b>15 876</b>	<b>15 872</b>	<b>16 221</b>	<b>100.0</b>	<b>348</b>	<b>2.2</b>
<b>Agriculture</b>	<b>900</b>	<b>882</b>	<b>812</b>	<b>5.0</b>	<b>-70</b>	<b>-7.9</b>
- Formal agriculture	779	774	709	4.4	-65	-8.5
- Informal agriculture	121	108	104	0.6	-4	-4.1
<b>Non-agricultural employment</b>	<b>13 692</b>	<b>13 704</b>	<b>14 091</b>	<b>86.9</b>	<b>387</b>	<b>2.8 †</b>
- Formal non-agricultural	10 962	11 055	11 394	70.2	339	3.1 †
- Informal non-agricultural	2 731	2 649	2 698	16.6	48	1.8
<b>Private households</b>	<b>1 284</b>	<b>1 286</b>	<b>1 317</b>	<b>8.1</b>	<b>31</b>	<b>2.4</b>

Source: Own calculations, Statistics South Africa (2015, 2016, 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.

*“The South African economy is predominantly a non-agricultural economy...approximately seven in eight jobs ... were in the non-agricultural sector.”*

# OCCUPATIONAL EMPLOYMENT TRENDS

Table 8: Employment Trends by Occupation

	2015	2016	2017 Quarter 3		Change ('16-'17)	
	Quarter 3 ('000s)	Quarter 3 ('000s)	Total ('000s)	Share (%)	Absolute ('000s)	Relative (%)
<b>Overall Employment</b>	<b>15 876</b>	<b>15 872</b>	<b>16 221</b>	<b>100.0</b>	<b>348</b>	<b>2.2</b>
Managers	1 294	1 359	1 401	8.6	42	3.1
Professionals	802	838	963	5.9	125	15.0 *
<b>High Skilled</b>	<b>2 096</b>	<b>2 197</b>	<b>2 364</b>	<b>14.6</b>	<b>167</b>	<b>7.6 †</b>
Technicians	1 477	1 474	1 456	9.0	-18	-1.2
Clerks	1 676	1 655	1 785	11.0	129	7.8
Service and sales workers	2 413	2 476	2 573	15.9	97	3.9
Skilled agricultural workers	100	73	69	0.4	-4	-5.5
Craft and related trades	2 004	1 949	1 923	11.9	-26	-1.3
Operators and assemblers	1 281	1 314	1 322	8.2	8	0.6
<b>Skilled</b>	<b>8 951</b>	<b>8 942</b>	<b>9 128</b>	<b>56.3</b>	<b>187</b>	<b>2.1</b>
Elementary occupations	3 800	3 705	3 676	22.7	-29	-0.8
Domestic workers	1 029	1 030	1 048	6.5	19	1.8
<b>Low Skilled</b>	<b>4 829</b>	<b>4 734</b>	<b>4 724</b>	<b>29.1</b>	<b>-10</b>	<b>-0.2</b>

Source: Own calculations, Statistics South Africa (2015, 2016, 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.

Table 8 presents employment levels by occupation and skills level. In 2017Q3, 56.3 percent of the employed were employed in skilled occupations. Low skilled occupations accounted for 29.1 percent of employment, while high skilled occupations accounted for 14.6 percent. However, over the 12-month period, it was only high skilled occupations that saw a statistically significant change in employment, growing by 167 000 or 7.6 percent, to just under 2.4 million. The 2.1 percent growth of skilled employment over the period was not statistically significant, while low skilled employment was virtually unchanged from 2016Q3, suggesting a continuation of the trend of increasing skills intensity in employment.

Elementary occupations were the largest occupational category in terms of employment, accounting for 22.7 percent of jobs in 2017Q3. This was followed by service and sales workers (15.9 percent), craft and related trades (11.9 percent) and clerks (11.0 percent).

In 2017Q3, professionals experienced employment expansion of approximately 125 000 jobs to 963 000 jobs. This is a statistically significant change of 15.0 percent over a year. A number of occupational categories experienced contractions in employment; however, none of these changes were statistically significant.

What are the conditions of employment in South Africa? Table 9 provides a sense of employment characteristics related to contracts, benefits and hours of work for employees. In 2017Q3, there were just under 14.1 million employees, up a statistically significant 3.3 percent over the 12-month period.

Of these, more than three-fifths (61.1 percent) had permanent contracts. Just 13.2 percent of employees had contracts of limited duration, with the remaining 25.1 percent having contracts of unspecified duration. The numbers of employees with permanent and unspecified duration contracts increased relatively rapidly over the 12 months (3.5 percent and 6.4 percent respectively). In both instances, these changes were statistically significant.

The vast majority (79.6 percent) of employees in 2017Q3 had written contracts of employment, with the remainder employed in terms of verbal contracts. In both instances, the data suggests an increase in the number of employees over the 12 months to 2017Q3; however, it is only the number of employees with written contracts that saw a statistically significant increase (3.3 percent) over the period.

The Basic Conditions of Employment Act, No 75 of 1997 makes provision for better employment conditions with regards to aspects such as working hours, annual-, sick- and maternity leave. It is clear from the data that a significant number of employees had access to various employment benefits mentioned in the Quarterly Labour Force Surveys.

## EMPLOYMENT CHARACTERISTICS

Table 9: Employment Characteristics

	2015	2016	2017 Quarter 3		Change ('16-'17)	
	Quarter 3 ( <i>'000s</i> )	Quarter 3 ( <i>'000s</i> )	Total ( <i>'000</i> )	Share (%)	Absolute ( <i>'000s</i> )	Relative (%)
<b>Total Employees</b>	13 693	13 609	14 052	100.0	444	3.3 *
<b>Contract Duration</b>						
Limited	1 965	1 930	1 860	13.2	-70	-3.6
Permanent	8 222	8 293	8 582	61.1	289	3.5 *
Unspecified duration	3 434	3 318	3 529	25.1	211	6.4 *
<b>Contract Type</b>						
Written	10 764	10 830	11 187	79.6	356	3.3 *
Verbal	2 857	2 710	2 784	19.8	73	2.7
<b>Benefits</b>						
Medical Aid	4 055	3 962	4 200	29.9	238	6.0 *
Pension	6 219	6 327	6 681	47.5	354	5.6 *
UIF	8 123	8 218	8 285	59.0	67	0.8
Paid Leave	8 532	8 829	9 400	66.9	570	6.5 *
Sick Leave	9 337	9 426	9 929	70.7	503	5.3 *
Maternity/Paternity Leave	7 207	7 515	8 138	57.9	623	8.3 *
Union Membership	3 675	3 784	3 995	28.4	211	5.6 *
<b>Usual Hours Per Week (All employed)</b>						
1-19 hours	720	740	729	4.5	-12	-1.6
20-39 hours	1 726	1 767	1 729	10.7	-38	-2.1
40-44 hours	6 216	6 128	6 424	39.6	297	4.8 *
45-49 hours	3 773	3 721	3 840	23.7	119	3.2
50+ hours	3 374	3 447	3 408	21.0	-40	-1.2
<b>Mean hours per week</b>	43.3	43.2	43.3		0.1	0.2

Source: Own calculations, Statistics South Africa (2015, 2016, 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.

In 2017Q3, more than half of employees reported entitlements to paid leave (66.9 percent), sick leave (70.7 percent) or maternity/paternity leave (57.9 percent), or that their employer contributed towards UIF on their behalf (59.0 percent). Nearly half of employees reported employer pension contributions (47.5 percent), but only 29.9 percent reported medical aid contributions. Just over one-quarter (28.4 percent) of employees belonged to a labour union in 2017Q3. Across virtually all of these aspects, there were statistically significant increases ranging between five and nine percent in the numbers of employees reporting access. The only exception was UIF contributions, where the number of employees reporting access was virtually unchanged over the 12 months.

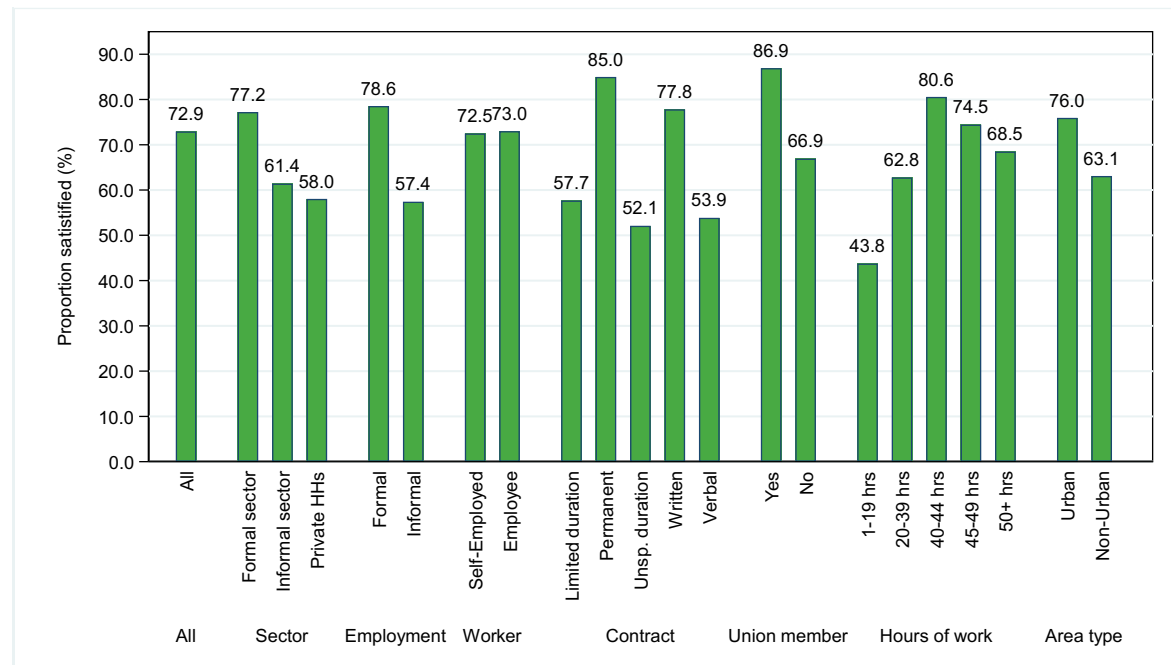
On average during 2017Q3, the employed reported usually working 43.3 hours per week. There has been no discernible change in mean hours of work over the period. Around 15 percent of the employed reported usually working fewer than 40 hours per week, while just over one-fifth reported usually working 50 hours or more per week. The majority of the employed, though, worked between 40 and 49 hours per week (63.3 percent). All of the growth in employment over the 12 months was accounted for by the increase in the employed usually working between 40 and 49 hours per week.

Figure 3 illustrates rates of job satisfaction across various characteristics. Overall, 72.9 percent of the employed reported being satisfied in their main job, although is substantial variation across sub-groups. For instance, the rate of job satisfaction was 77.2 percent amongst formal

sector workers, but only around 60 percent amongst their counterparts in the informal sector and in private households. Likewise, the formally employed reported higher rates of satisfaction (78.6 percent) than the informally employed (57.4 percent).

The highest satisfaction rates are observed amongst those with permanent contracts (85.0 percent), those with written contracts (77.8 percent), union members (86.9 percent), those usually working 40-44 hours per week (80.6 percent), and those in urban areas (76.0 percent). In contrast, those with limited or unspecified duration contracts, or with verbal contracts, and those working very few hours per week were least likely to report being satisfied in their jobs.

**Figure 3: Proportion of the Employed Satisfied in their Main Job, 2017Q3**



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

# UNEMPLOYMENT TRENDS

Table 10: Expanded Unemployment Rate Trends

	2015	2016	2017	Change ('16-'17)	
	Quarter 3 (Percent)	Quarter 3 (Percent)	Quarter 3 (Percent)	Absolute (P.points)	Relative (%)
<b>Overall Unemployment Rate</b>	34.4	36.2	36.8	0.5	1.4
<b>By Race</b>					
African	38.8	40.6	40.9	0.3	0.9
Coloured	27.7	28.7	30.0	1.3	4.4
Asian	16.9	18.2	15.6	-2.7	-14.6
White	7.2	9.3	10.1	0.9	9.3
<b>By Gender</b>					
Male	30.8	32.6	33.4	0.8	2.5
Female	38.4	40.5	40.6	0.1	0.3
<b>By Age Group</b>					
15 to 24 year olds	62.1	65.5	64.5	-1.1	-1.6
25 to 34 year olds	39.0	41.1	42.5	1.5	3.6
35 to 44 year olds	26.4	28.3	29.3	0.9	3.3
45 to 54 year olds	21.0	22.5	23.2	0.7	3.1
55 to 65 year olds	15.4	16.8	16.4	-0.4	-2.4
<b>By Educational Attainment</b>					
Primary or less	34.5	38.4	39.4	1.0	2.6
Incomplete secondary	43.6	45.3	46.0	0.6	1.4
Complete secondary	33.8	34.2	35.7	1.5	4.4
Diploma or Certificate	20.4	21.6	23.1	1.5	6.9
Degree	7.7	9.7	9.2	-0.4	-4.5

Source: Own calculations, Statistics South Africa (2015, 2016, 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 non-responses.

The unemployment rate in South Africa remains extremely high and unemployment, representing one of the key policy challenges faced by government. Nationally, the expanded unemployment rate increased marginally by 0.5 percentage points from 36.2 percent in 2016Q3 to 36.8 percent in 2017Q3 (Table 10). However, this change was not statistically significant.

In 2017Q3, Whites had the lowest unemployment rate compared to their counterparts, estimated at 10.1 percent, followed by Asians (15.6 percent). The unemployment rate amongst Africans, however, has been persistently high and above the national average. In 2017Q3, the expanded unemployment rate for Africans was 40.9 percent, and 30.0 percent for Coloureds. None of the four race groups, however, saw a statistically significant change in the unemployment rate over the year.

Women's labour market disadvantage is manifested in, amongst other indicators, the unemployment rate. In 2017Q3, 40.6 percent of the female labour force was unemployed compared to 33.4 percent for their male counterparts.

Unemployment rates in South Africa decline with age. In 2017Q3, youth unemployment rates were above the national average, at 64.5 percent for 15-24 year olds and 42.5 percent amongst 25-34 year olds. While the unemployment rate amongst 35-44 year olds was as high as 29.3 percent in 2017Q3, it fell to 23.2 percent amongst 45-54 year olds >>>

and to 16.4 percent amongst members of the oldest cohort.

In general, higher levels of education are associated with lower unemployment rates. In 2017Q3, those with incomplete secondary education had the highest unemployment rate at 46.0 percent. The unemployment rate for those with completed secondary was lower at 35.7 percent, falling to 23.1 percent amongst those with diplomas or certificates, and to 9.2 percent amongst those with degrees. The only exception to this pattern is the group with primary education or less: at 39.4 percent in 2017Q3, this group's unemployment rate was lower than that observed for individuals with incomplete secondary education and is probably linked to the former group being somewhat older than other educational cohorts.

In 2017Q3, there were 405 000 more unemployed individuals compared with a year earlier (Table 11). Of this increase in employment, 90.0 percent was accounted for by Africans. In terms of gender, however, the increase was more evenly spread: women accounted for 47.6 percent of the increase in unemployment and men 52.4 percent, although neither group experienced a statistically significant increase in the number of unemployed over the period.

The majority of the increase in the number of unemployed individuals was accounted for by 25-44 year olds: 25-34 year olds alone accounted for 48.3 percent of the increase, while 35-44 year olds accounted for 33.3 percent. However, only the former group saw

a statistically significant increase in the number of unemployed individuals. The youngest and oldest cohorts, however, saw virtually no change in unemployment over the course of the year.

In 2017Q3, the rise in unemployment was almost entirely (86.0 percent) accounted for by those with complete or incomplete secondary education. Almost two-thirds (62.9 percent) of the increase was attributable to those with completed secondary education, with another quarter (23.1 percent) accounted for by those with incomplete secondary education. Post-secondary education accounted for 18.4 percent of the increase in unemployment. However, the only statistically significant increase over the 12 months was observed for those with matric certificates.

**Table 11: Composition of Unemployment Change**

Absolute Change	Thousands
<b>Total Unemployment</b>	<b>405</b>
Share of Change	Percent
<b>By Race</b>	
African	90.0 *
Coloured	9.8
Asian	-4.2
White	4.4
<b>By Gender</b>	
Male	52.4
Female	47.6
<b>By Age Group</b>	
15 to 24 year olds	-2.0
25 to 34 year olds	48.3 †
35 to 44 year olds	33.3
45 to 54 year olds	17.2
55 to 65 year olds	3.2
<b>By Educational Attainment</b>	
Primary or less	-7.2
Incomplete secondary	23.1
Complete secondary	62.9 *
Diploma or Certificate	12.9
Degree	5.5

Source: Own calculations, Statistics South Africa (2016, 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

The 2008/09 global financial crisis resulted in recession and subsequently relatively slow economic growth globally, including in South Africa. In this weak economic environment, the economy has struggled to generate sufficient jobs to arrest the increase in the unemployment rate.

The working age population increased marginally by 1.7 percent to 37.7 million in 2017Q3 from a year earlier. More than three-fifths of the working age population were economically active, with labour force participation rates found to be higher for Whites, men, prime working-age individuals, and for those with post-secondary education relative to other groups.

Africans accounted for the largest share of employment in 2017Q3, as do males. More than 60 percent of the employed are between the ages of 25 and 44 years, with 15-24 year olds and 55-65 year olds each accounting for less than ten percent of the employed.

A continuation of the country's skills-biased growth trend is observed over the period. Individuals with degrees account for the largest net increase in employment over the last 12-month period, while the

number of high skilled workers also increased sharply by 7.6 percent.

The tertiary sector accounts for the largest share of employment in the South African economy. Construction was the only industry to see a statistically significant change in employment over the period, contracting by 132 000 (8.8 percent) over the year to 2017Q3. This might be the result of weaker construction activity and policy uncertainty. It is clear that the South African labour market is primarily formal, as the informal sector accounted for just 17.2 percent of total employment in 2017Q3.

A consideration of the characteristics of employment reveals favourable trends over the period in terms of greater prevalence of permanent contracts and of written contracts, and rising rates of access to various benefits of employment. While there was no change in mean hours worked between the third quarters of 2016 and 2017, all employment growth was attributable to workers who report usually working between 40 and 49 hours.

Unemployment remains one of the most significant challenges faced by many South Africans, particularly the youth and women. The expanded unemployment rate increased by 0.5 percentage points to 36.8 percent in 2017Q3. Africans, women, youth and those

with relatively low levels of education had the highest unemployment rates compared to their counterparts.

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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]

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2014Q3	15.157	[14.934; 15.379]	8.439	[8.271; 8.608]	35.8	[35.155; 36.376]
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]

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

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