

MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN
LABOUR MARKET FOR THE YEAR ENDING
2017 QUARTER 1

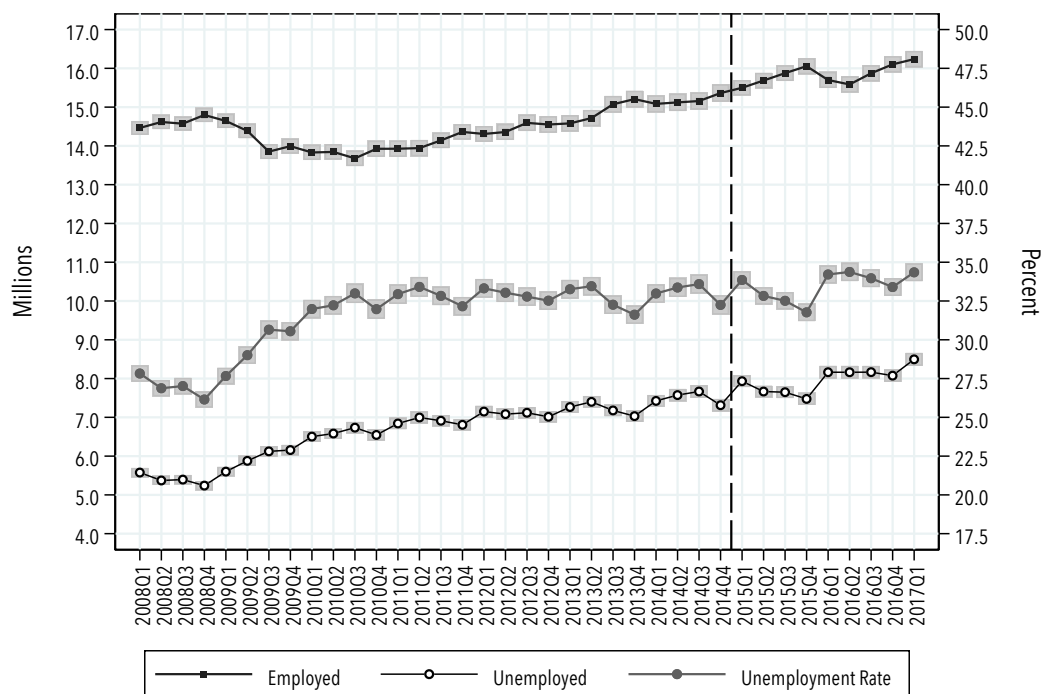
20
DECEMBER 2017

CONTENTS

Recent labour market trends	...02
A labour market overview	...03
Labour force participation	...05
Employment trends	...06
Sectoral employment trends	...08
Occupational employment trends	...11
Employment characteristics	...12
Unemployment trends	...14
Conclusion	...16
References	...17
Appendix	...17

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.

South Africa's economy continues on a sluggish path, reinforcing concerns that the country might be stuck in a low growth trap. Real GDP growth has fallen below 2 percent since 2014, reaching the lowest level in 2016 at 0.4 percent (own calculations, SARB 2016). Once population growth is factored in this picture worsens and the 2016 rate turns negative at -1.1 percent (own calculations, SARB 2016). This low growth has direct impacts on the labour market and means that for many, especially low-skilled individuals, the prospects of employment are poor. In addition, the negative macroeconomic situation may make it difficult for many people to maintain their current employment.

In short, weak economic growth has precipitated slow employment growth. Figure 1 tracks employment and unemployment from 2008Q1 until 2017Q1. The effects of the financial crisis are evident in early 2009, where almost 1 million jobs were lost. The recovery has been slow, but employment has followed a steady upward trend reaching pre-crisis levels in late 2013, and totalling 16.2 million in 2017Q1. Unfortunately, this growth in employment has not been sufficient to absorb all the new entrants into the labour market and as a result, unemployment rates have also risen over the period.

The lowest recorded unemployment level since the introduction of the Quarterly Labour Force Survey (QLFS) was in 2008Q4, estimated at 5.9 million. 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. Over the period shown here, we see that post-crisis unemployment levels have followed an upward trend, with the highest unemployment level in 2017Q1, where 9.3 million are unemployed. If these numbers are translated into rates, this rate has risen from 28.7 percent in 2008Q4 to 36.4 percent in 2017Q1.

A LABOUR MARKET OVERVIEW

Table 1 presents an overview of the South African labour market from 2015Q1 to 2017Q1. The working age population has grown consistently over this period and in 2017Q1 reached 37.3 million – 1.6 percent higher than a year earlier. This expanding labour force means that while total employment has risen by 3.4 percent in the last year, unemployment has also increased. Narrow unemployment is up by 8.8 percent, while the expanded rate has risen by 4.4 percent. These were both statistically significant changes.

Looking in more detail at the size of the labour force in 2017Q1, the data show that the narrow labour force has grown relatively rapidly – at 4.9 percent. Similarly, the expanded labour force increased by 4.2 percent from a year earlier. The number of discouraged workseekers has declined by 100 000 people, from 3.2 million in 2016Q1 to 3.1 million in 2017Q1. This finding may suggest improved perceptions of the labour market conditions, or that the discouraged are exiting the labour market completely. This change is, however, not statistically significant.

Narrow labour force participation rates increased relatively rapidly compared with the expanded labour force participation rate. In 2017Q1, nearly three-fifths (60.2 percent) of the total working age population formed part of the narrow labour force, whereas more than two-thirds (68.4 percent) were included under the broad definition. Narrow labour force participation increased by 1.9 percentage points between 2016Q1 and 2017Q1, while expanded labour force participation increased by 1.4 percentage points.

The unemployment rate remains persistently high and remains a critical issue. In 2017Q1, the narrow unemployment rate was estimated at 27.7 percent. In contrast to this, the broad unemployment rate is virtually unchanged over the last three years, maintaining that one-third of the broad labour force were unemployed (36.4 percent).

Table 1: Labour Market Overview

	2015 Quarter 1	2016 Quarter 1	2017 Quarter 1	Change ('16-'17)	
				Absolute	Quarter 1
Labour Market Aggregates (Thousands)					
Working Age Population	36 063	36 720	37 318	598	1.6 *
Employment	15 498	15 700	16 238	538	3.4 *
Narrow Unemployment	5 536	5 714	6 217	503	8.8 *
Narrow Labour Force	21 034	21 414	22 455	1 041	4.9 *
Expanded Unemployment	8 739	8 929	9 303	374	4.2 *
Expanded Labour Force	24 237	24 628	25 541	912	3.7 *
Discouraged Workseekers	3 218	3 229	3 104	-125	-3.9
Labour Force Participation Rate (Percent)					
Narrow LFPR	58.3	58.3	60.2	1.9	3.2 *
Expanded LFPR	67.2	67.1	68.4	1.4	2.0 *
Unemployment Rate (Percent)					
Narrow Unemployment Rate	26.3	26.7	27.7	1.0	3.8 †
Expanded Unemployment Rate	36.1	36.3	36.4	0.2	0.5

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

- 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 1	Quarter 1	Quarter 1	Absolute	Relative
Urban Areas (Thousands)					
Working Age Population	23 791	24 153	24 850	697	2.9 *
Employment	11 698	11 696	12 348	651	5.6 *
Expanded Unemployment	5 446	5 530	5 727	196	3.6
Expanded Labour Force	17 144	17 227	18 075	848	4.9 *
Discouraged Workseekers	1 381	1 226	1 312	86	7.0
Participation Rate (Percent)	72.1	71.3	72.7	1.4	2.0 *
Unemployment Rate (Percent)	31.8	32.1	31.7	-0.4	-1.3
Non-urban Areas (Thousands)					
Working Age Population	12 272	12 566	12 468	-99	-0.8
Employment	3 800	4 003	3 891	-113	-2.8
Expanded Unemployment	3 293	3 398	3 576	178	5.2 †
Expanded Labour Force	7 093	7 402	7 466	65	0.9
Discouraged Workseekers	1 837	2 003	1 792	-211	-10.5 *
Participation Rate (Percent)	57.8	58.9	59.9	1.0	1.7
Unemployment Rate (Percent)	46.4	45.9	47.9	2.0	4.3 †

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

- 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 South African labour market divided between urban and non-urban (rural) areas. In 2017Q1, the working age population in urban areas (24.9 million) was twice that of rural areas (12.5 million). The unemployment rate in 2017Q1 was 16.2 percentage points higher in rural areas, highlighting a dearth of rural economic opportunities. This gap was exacerbated by a sharp increase in the rural unemployment rate, by 5.2 percent.

Total employment in urban areas grew from 11.7 million in 2016Q1 to 12.3 million in 2017Q1, an increase of 5.6 percent. During the same quarter, the participation rate marginally increased by 2.0 percentage points from a year earlier, but these changes were statistically significant. In urban areas there are 5.7 million unemployed people, including 1.3 million discouraged workseekers. In the year prior to 2017Q1, employment growth was more rapid than labour force growth, resulting in a marginally declining unemployment rate, although this change was not statistically significant.

Turning to rural areas, the labour force accounted for 28.4 percent of the national labour force, with total employment estimated at 3.9 million. In 2017Q1, in contrast to the urban trend, the number of discouraged workseekers declined substantially from 2.0 million to 1.8 million, or 10.5 percent lower than the year before. This may indicate improved perceptions of non-urban labour market conditions, a shift of the economically active population to urban areas, or the complete exit of these individuals from the labour force. The unemployment rate remains high at 47.9 percent, 4.3 percent higher than a year earlier.

LABOUR FORCE PARTICIPATION

Table 3: Labour Force Participation Rates

Percent/Percentage Points	2015	2016	2017	Change ('16-'17)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Quarter 1
Overall LFPR	67.2	67.1	68.4	1.4	2.0 *
By Race					
African	66.8	67.0	68.2	1.3	1.9 *
Coloured	68.7	67.7	69.6	1.9	2.8
Asian	64.6	61.1	64.2	3.1	5.0
White	69.9	69.1	70.5	1.4	2.0
By Gender					
Male	72.6	72.9	73.6	0.7	1.0
Female	62.0	61.4	63.4	2.0	3.2 *
By Age Group					
15 to 24 year olds	37.3	37.2	37.2	-0.1	-0.2
25 to 34 year olds	86.2	86.2	86.5	0.2	0.3
35 to 44 year olds	87.3	86.6	88.3	1.7	1.9 *
45 to 54 year olds	78.3	78.7	81.6	2.9	3.7 *
55 to 65 year olds	45.6	44.1	47.8	3.7	8.4 *
By Educational Attainment					
Primary or less	57.4	56.3	57.8	1.5	2.7
Incomplete secondary	59.5	59.1	60.7	1.6	2.7 *
Complete secondary	75.9	76.7	76.8	0.1	0.1
Diploma/Certificate	89.0	88.0	89.2	1.3	1.5
Degree	90.4	89.3	91.0	1.7	1.9

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

- 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.

In 2017, South Africa's total population was estimated at 56.5 million; the population was growing at 1.6 percent per annum, and labour force participation increased by 2.0 percent (StatsSA, 2017a). Table 3 details rates of labour force participation by demographic characteristics that are of interest.

In 2017Q1, labour force participation was highest for Whites (70.5 percent) and lowest for Asians (64.2 percent). Participation rates for Africans increased marginally from 67.0 percent in 2016Q1 to 68.2 percent in 2017Q1, but the change was statistically significant. The gap in participation rates between men and women is large: men are more likely to be economically active, with nearly three-quarters of working age men (73.6 percent) participating in the labour force compared with two-thirds of women (63.4 percent). However, participation rates for women are estimated to have increased by 2.0 percentage points from a year earlier.

There is an inverted U-shape relationship between age and labour force participation. For young people (15-24 year olds) participation rates are below 40 percent but this increases sharply to almost 90 percent for 35-44 year olds, after which it falls. There was also an increase in participation rates for older cohorts between 2016Q1 and 2017Q1, the largest being for the 55-65 year cohort (3.7 percentage points); the rate of increase (8.4 percent) was more than twice that for the 45-54 year cohort (3.7 percent) and almost four times that of the 35-44 year cohort (1.9 percent). These changes were statistically significant.

Higher participation rates are generally associated with higher education levels. In 2017Q1, approximately three-fifths of those without matric certificates participated in the labour force, while this was true of more than three-quarters (76.8 percent) of those with matric, and roughly 90 percent with post-secondary education.

EMPLOYMENT TRENDS

Table 4: Employment Trends

	2015	2016	2017	Change ('16-'17)		
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	(%)	Absolute (‘000s)	Relative (‘000s)
Overall Employment	15 498	15 700	16 238	100.0	538	3.4 *
By Race						
African	11 362	11 579	12 025	74.1	446	3.8 *
Coloured	1 654	1 655	1 692	10.4	37	2.2
Asian	502	505	544	3.3	39	7.7
White	1 980	1 961	1 978	12.2	17	0.9
By Gender						
Male	8 712	8 846	9 045	55.7	199	2.2
Female	6 786	6 853	7 193	44.3	339	5.0 *
By Age Group						
15 to 24 years	1 418	1 255	1 315	8.1	60	4.8 *
25 to 34 years	4 822	4 939	4 966	30.6	27	0.5 *
35 to 44 years	4 742	4 860	5 016	30.9	156	3.2 *
45 to 54 years	3 098	3 216	3 393	20.9	177	5.5 *
55 to 65 years	1 419	1 430	1 548	9.5	119	8.3 *
By Educational Attainment						
Primary or less	2 231	2 132	2 054	12.6	-78	-3.7
Incomplete secondary	5 094	5 093	5 327	32.8	234	4.6 †
Complete secondary	4 780	5 066	5 096	31.4	30	0.6
Diploma/Certificate	1 646	1 592	1 776	10.9	184	11.6 *
Degree	1 560	1 644	1 817	11.2	173	10.5 *

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

- 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 4 presents broad employment trends by the same demographic characteristics as above. Total employment increased from 15.7 million in 2016Q1 to 16.2 million in 2017Q1, a statistically significant change. Africans account for the largest share of employment – at nearly three-quarters of total employment (74.1 percent or 12.0 million) – followed by Whites (12.2 percent), Coloureds (10.4 percent) and Asians (3.3 percent). Looking at changes in employment by race over the period, the data show that it was employment for Africans that increased, by 3.8 percent.

By gender, more than half of the employed are men (55.7 percent or 9.0 million). Women make up the remaining 44.3 percent, their employment having increased relatively rapidly by 5.0 percent, from a year earlier. This change was statistically significant.

The distribution of employment by age follows an inverted-U shape. Nearly two-fifths of employment was accounted for by the youth aged 15 to 34 years (38.7 percent). More than half of the employed were aged between 35 and 54 years (51.8 percent). Only 9.5 percent of employment was accounted for by the cohort closest to retirement (55-65 years). Employment is estimated to have increased fastest for the oldest cohorts, but also to some extent for the youngest (aged 15-24).

In 2017Q1, those with either incomplete secondary or complete secondary education accounted for the largest share of total employment. During the same quarter, one of every eight employed people had a primary school level education or less (12.6 percent). The data shows employment increased rapidly for those with post-secondary education, rising by more than 10 >>

percent. These changes were statistically significant and suggest that the job market favours more educated individuals.

Table 5 looks more closely at the changes in the number of employed individuals that took place over the 12-month period to the first quarter of 2017. These changes are again disaggregated by race, gender, age and education. The table shows that Africans were the major beneficiaries of the observed employment increase, accounting for more than four-fifths (82.8 percent) of employment growth over the period. Women, in turn, accounted for nearly two out of three net new jobs (63.0 percent) over the period, considerably higher than their share of employment.

“The youth ... [account] for less than one-sixth ... of the total employment increase, despite representing almost two-fifths of the employed in 2017Q1.”

The youth (those younger than 35 years) appear to have benefitted least from the observed job gains, accounting for less than one-sixth (16.1 percent) of the total employment increase, despite representing almost two-fifths of the employed in 2017Q1. In con-

trast, more than three-fifths (61.9 percent) of the employment increase was attributable to 35-54 year olds, ten percentage points more than their share of total employment in 2017Q1. It is interesting to note that the oldest cohort experienced higher employment increases than the youth, who have the highest unemployment rates. This may be a result of an economy which is increasingly reliant on work experience and skills, and where education faces serious problems. It is also partly related to the gradual ageing of the South African population over time.

The table shows that those with a complete secondary education did not benefit very much from the net increase in employment over the period. Rather, those with post-secondary qualifications account for roughly two-thirds (66.3 percent) of the net increase in employment; this share is almost evenly split between those with degrees and those with diplomas and/or certificates. These changes were statistically significant. At the same time, however, those with incomplete secondary education accounted for 43.4 percent of the net expansion in employment.

Table 5: Composition of Employment Change

<i>Absolute Change</i>	<i>Thousands</i>
Total Employment	538
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	82.8 *
Coloured	6.9
Asian	7.2
White	3.1
By Gender	
Male	37.0
Female	63.0 *
By Age Group	
15 to 24 year olds	11.1 *
25 to 34 year olds	5.0 *
35 to 44 year olds	29.0 *
45 to 54 year olds	32.9 *
55 to 65 year olds	22.0 *
By Educational Attainment	
Primary or less	-14.5
Secondary not completed	43.4 †
Secondary completed	5.6
Diploma or Certificate	34.2 *
Degree	32.1 *

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

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 1		Change ('16-'17)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
Overall Employment	15 498	15 700	16 238	100.0	538	3.4 *
Agriculture, forestry & fishing	893	877	875	5.4	-1	-0.1
Mining & quarrying	443	473	447	2.8	-26	-5.5
Primary Sector	1 336	1 350	1 322	8.1	-27	-2.0
Manufacturing	1 784	1 640	1 794	11.0	154	9.4 †
Electricity, gas & water	143	112	145	0.9	34	30.1
Construction	1 323	1 366	1 509	9.3	143	10.5 †
Secondary Sector	3 250	3 118	3 448	21.2	330	10.6 †
Wholesale & retail trade	3 056	3 169	3 211	19.8	42	1.3
Transport, storage & communication	901	895	967	6.0	72	8.1
Financial & business services	2 200	2 224	2 383	14.7	160	7.2 †
Community, social & personal (CSP) services	3 460	3 687	3 573	22.0	-113	-3.1
Private households	1 292	1 254	1 322	8.1	67	5.4
Tertiary Sector	10 908	11 229	11 457	70.6	228	2.0

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

- 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.

“While the vast majority of jobs are located within the tertiary sector ... employment in the secondary sector increased ... [by] 10.6 percent from 12 months earlier.”

Examining employment trends by industry, Table 6 shows that the services sector dominates economic activity in South Africa, accounting for 70.6 percent of total employment. This is more than three times the share of secondary sector employment (21.2 percent) and close to nine times primary sector employment (8.1 percent). While the vast majority of jobs are located within the tertiary sector, it is worth noting that employment in the secondary sector increased relatively rapidly, growing by a statistically significant 10.6 percent from 12 months earlier. The 330 000 net new jobs in the secondary sector represent more than three-fifths of the total increase in employment over the period.

The industries that contribute most to South African employment are the community, social and personal (CSP) services (22.0 percent), wholesale and retail trade (19.8 percent), and financial and business services (14.7 percent); together these three industries account for more than half (56.5 percent) of national employment in 2017Q1. Manufacturing and construction are the fourth- and fifth-largest industries in terms of employment: 11.0 percent of jobs are located within the manufacturing sector, while construction accounted for 9.3 percent of total employment. The primary sector is the smallest contributor to employment, with agriculture, forestry and fishing on a long term downward trend accounting for 5.4 percent, and mining and quarrying accounting for 2.8 percent of employment in 2017Q1.

The primary sector contracted over the period, while the secondary and tertiary sectors grew, with the former possibly being driven by electricity, gas and water, although this change was not statistically significant. Employment in finance also increased rapidly, by a statistically significant 7.2 percent over the year.

The focus of Table 7 is to distinguish between formal and informal sector employment. The table first disaggregates employment into agricultural employment, non-agricultural employment and employment in private households (largely consisting of domestic work). Agricultural and non-agricultural employment are further disaggregated into formal and informal sector employment.

In this schema South African employment is dominated by the non-agricultural sector and, in 2017Q1, approximately seven out of eight jobs nationally (86.5 percent) were in this sector. Agriculture and private households combined account for only about one out of every eight jobs (13.5 percent). Non-agricultural employment increased by 3.5 percent from one year earlier, while employment in private households grew by 5.4 percent, although this latter change is not statistically significant.

South African employment is dominated by the formal sector. In 2017Q1, formal sector employment accounted for three-quarters (74.6 percent) of total employment. Formal sector employment within the non-agricultural sector is estimated to have increased by a statistically significant 3.4 percent over the year. In contrast, only around one out of six jobs (17.2 percent) were in the informal sector. Non-agricultural informal sector employment is estimated at 16.5 percent in the first quarter of 2017. Informal sector employment within agriculture represents a tiny proportion (0.7 percent) of total employment.

Table 7: Employment Trends by Sector

	2015	2016	2017 Quarter 1		Change ('16-'17)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
Overall Employment	15 498	15 700	16 238	100.0	538	3.4 *
Agriculture	893	877	875	5.4	-1	-0.1
Formal sector	784	739	759	4.7	20	2.7
Informal sector	109	137	116	0.7	-21	-15.5
Non-agricultural	13 314	13 569	14 041	86.5	472	3.5 †
Formal sector	10 824	10 985	11 354	69.9	369	3.4 †
Informal sector	2 489	2 583	2 687	16.5	103	4.0
Private households	1 292	1 254	1 322	8.1	67	5.4

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

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.

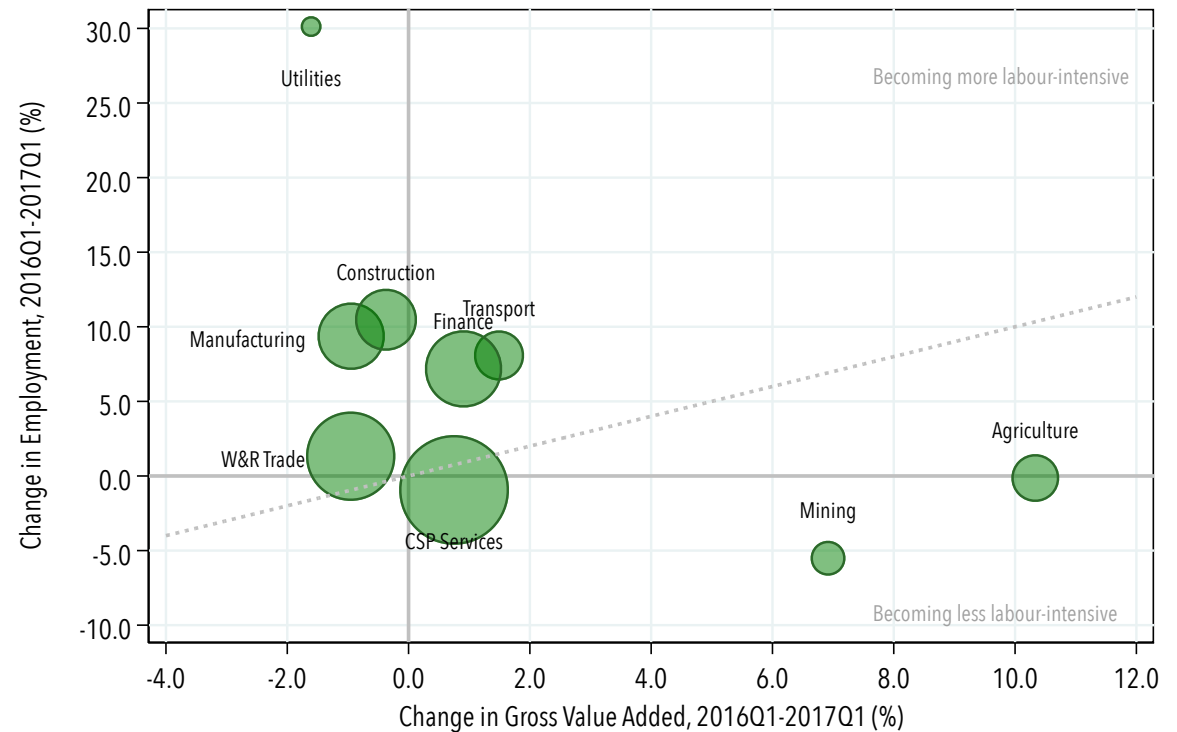
“In 2017Q1, formal sector employment accounted for three-quarters ... of total employment.”

Figure 2 examines the relationship between employment growth and gross value added (real output) growth by industry, using growth rates for the period 2016Q1 and 2017Q1. The size of the bubbles represents the relative size of employment in each sector. Employment growth is more rapid than output growth in the region above the dotted 45-degree line, and vice versa below the 45-degree line. For example, mining has grown in terms of output, but this output has not resulted in employment growth, which has in fact been negative, suggesting that output was driven by higher levels of capital intensity, rather than more employees.

All industries experienced employment expansion, except for agriculture, mining and CSP services. Transport and finance saw both employment and output expansion, while agriculture, mining and CSP services saw output expansion but employment contraction. Although the secondary sector—manufacturing, utilities and construction—saw positive employment growth, output contracted. Similarly, wholesale and retail trade saw an increase in employment (8.1 percent) and output contraction (-1.3 percent), although this employment change was not statistically significant.

Although many sectors expanded their output (particularly mining and agriculture), overall this growth was offset by -0.7 percent output contraction in key economic sectors (StatsSA, 2017c). Transport, finance, utilities, construction, manufacturing and W&R trade lie above the 45 degree line, suggesting rising labour intensity over the period. In contrast, production became more capital intensive in CSP services, mining and agriculture.

Figure 2: Employment Trends by Industry



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

“Although many sectors saw output expansions (particularly mining and agriculture), overall growth was offset by output contraction in key economic sectors (-0.7 percent).”

OCCUPATIONAL EMPLOYMENT TRENDS

Table 8: Employment Trends by Occupation

	2015	2016	2017 Quarter 1		Change ('16-'17)	
	Quarter 1 (<i>'000s</i>)	Quarter 1 (<i>'000s</i>)	Total (<i>'000s</i>)	Share (%)	Absolute (<i>'000s</i>)	Relative (%)
Overall Employment	15 498	15 700	16 238	100.0	538	3.4 *
Managers	1 260	1 347	1 454	9.0	107	7.9
Professionals	786	882	896	5.5	13	1.5
High Skilled	2 046	2 230	2 350	14.5	120	5.4
Technicians	1 421	1 443	1 439	8.9	-4	-0.3
Clerks	1 675	1 619	1 753	10.8	134	8.3
Service and sales workers	2 454	2 532	2 479	15.3	-53	-2.1
Skilled agricultural workers	83	68	69	0.4	1	1.0
Craft and related trades	1 874	1 900	2 020	12.4	120	6.3
Operators and assemblers	1 328	1 284	1 334	8.2	51	4.0
Skilled	8 833	8 846	9 094	56.0	248	2.8
Elementary occupations	3 607	3 639	3 783	23.3	144	4.0
Domestic workers	1 012	986	1 008	6.2	23	2.3
Low Skilled	4 619	4 624	4 791	29.5	167	3.6

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

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.

As alluded to above, employment in South Africa is dominated by skilled workers and Table 8 confirms this using occupational data. In 2017Q1, 56.0 percent of the employed were employed in skilled occupations, while high-skilled and low-skilled occupations accounted for 14.5 percent and 29.5 percent of employment respectively. Each of these skill categories saw increases in employment over the 12-month period, with growth most rapid amongst high-skilled occupations, although none are found to be statistically significant.

The largest occupational category is elementary occupations, accounting for almost one-quarter (23.3 percent) of employment. This is followed by service and sales workers (15.3 percent), crafts and related trades (12.4 percent), and clerks (10.8 percent). Together these four occupational groups accounted for more than three-fifths of total employment (61.8 percent) in 2017Q1.

Between the first quarters of 2016 and 2017, elementary occupations, clerks and craft and related trades together saw employment increases of almost 400 000 jobs. The most rapid expansions in employment were observed for clerks (8.3 percent), managers (7.9 percent) and craft and related trades (6.3 percent). In contrast, employment of service and sales workers contracted by 2.1 percent, while that of technicians was marginally down compared with the first quarter of 2016. However, none of these changes are found to be statistically significant.

EMPLOYMENT CHARACTERISTICS

Table 9: Employment Characteristics

	2015	2016	2017	Share (%)	Change ('16-'17)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000)		Absolute (‘000s)	Relative (%)
Total Employees	13 398	13 541	13 853	100.0	312	2.3 *
Contract Duration						
Limited	2 061	1 863	1 860	13.4	-4	-0.2
Permanent	8 152	8 378	8 500	61.4	122	1.5
Unspecified duration	3 089	3 223	3 414	24.6	191	5.9 *
Contract Type						
Written	10 509	10 781	11 043	79.7	262	2.4 *
Verbal	2 793	2 683	2 731	19.7	48	1.8
Benefits						
Medical Aid	3 837	4 066	4 155	30.0	89	2.2
Pension	6 069	6 365	6 626	47.8	261	4.1 *
UIF	7 956	8 116	8 305	60.0	189	2.3
Paid Leave	8 275	8 810	9 195	66.4	385	4.4 *
Sick Leave	9 000	9 421	9 807	70.8	386	4.1 *
Maternity/Paternity Leave	6 950	7 484	8 003	57.8	520	6.9 *
Union Membership	3 588	3 790	3 948	28.5	159	4.2
Usual Hours Per Week (All employed)						
1-19 hours	691	681	756	5.5	75	11.0
20-39 hours	1 682	1 701	1 791	12.9	90	5.3
40-44 hours	5 957	6 028	6 318	45.6	290	4.8 *
45-49 hours	3 558	3 773	3 850	27.8	77	2.0
50+ hours	3 510	3 449	3 456	25.0	8	0.2
Mean hours per week	43.7	43.5	43.3	n.a	-0.2	-0.5

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

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 9 looks at elements of the jobs held by employees that reveal some aspects of job quality. These aspects include contract type, contract duration, non-wage benefits and hours of work. The majority of jobs involve working for someone else: 85.3 percent of the total employed were classified as employees. The number of employees increased by 2.3 percent from a year earlier, a statistically significant change.

Just over three-fifths of employees (61.4 percent) had permanent contracts, while one-quarter (24.6 percent) report having contracts of an unspecified duration and 13.4 percent report having contracts of limited duration. The number of employees employed on contracts with unspecified duration increased from 3.2 million in 2016Q1 to 3.4 million in 2017Q1, a 5.9 percent increase. Four out of five employees have written employment contracts, up by 2.4 percent from a year earlier.

A significant proportion of employees had access to various employment benefits. Over 60 percent of employees had access to paid-, sick- and more than half had maternity/paternity leave. Almost half of all employees had employer pension contributions (47.8 percent), but only 30.0 percent had medical aid contributions, and 28.5 percent belonged to a labour union. The number of employees with access to maternity/paternity leave increased rapidly by 6.9 percent over the 12-month period. Access to paid and sick leave increased by over 4.4 percent and 4.1 percent respectively, while the number of employees with access to pension contributions rose by 4.1 percent. These changes were statistically significant.

On average during 2017Q1, the employed reported usually working on average, 43.3 hours per week. This >>

has not changed over the last three years. Fewer than 20 percent of employees usually worked fewer than 40 hours per week. In 2017Q1, 10.2 million employees (62.6 percent) reported working between 40 and 49 hours per week, while 25.0 percent reported usually working 50 hours or more per week. The number of employees working between 40 and 44 hours per week increased by a statistically significant 4.8 percent from a year earlier.

While these job characteristics tell us something about job quality, Figure 3 examines self-reported job satisfaction by various socio-economic characteristics. In general, the employed typically report that they are satisfied with their main job. In 2017Q1, nearly three-quarters of all of those employed (72.7 percent) indicated being satisfied with their main job. Formal sector workers were more likely to report job satisfaction than their informal sector counterparts: more than three-quarters of formal sector workers indicated satisfaction with their jobs (77.5 percent), compared to just over three-fifths within the informal sector (60.9 percent), and only half of private household workers (53.8 percent).

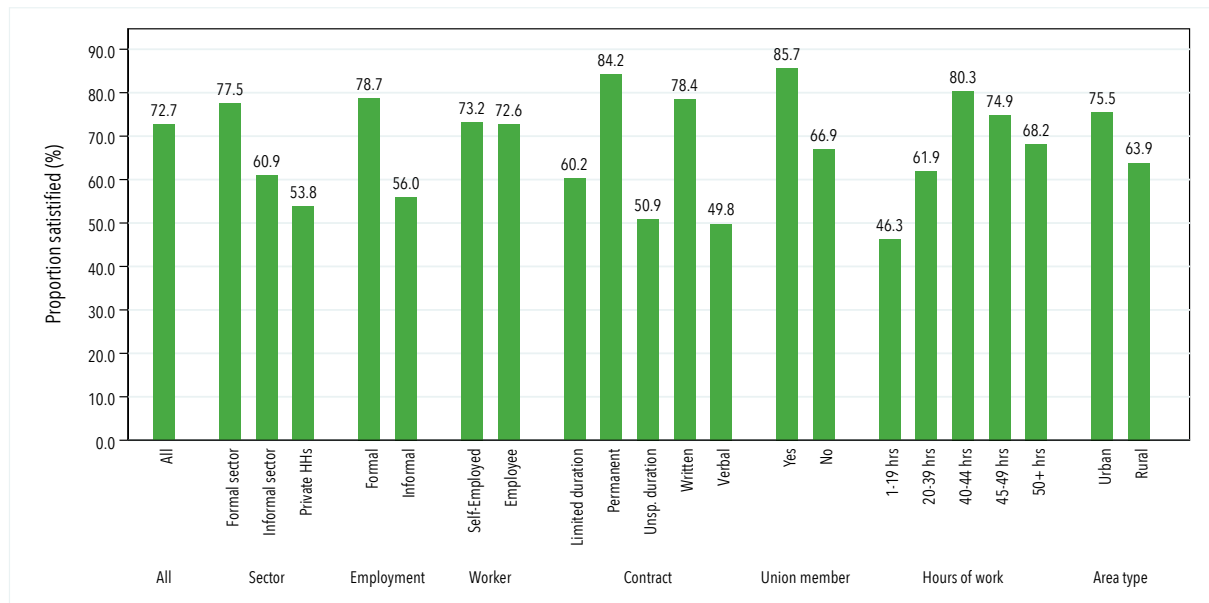
Job satisfaction by employment formality (those formally/informally employed) reveals that informally employed workers were less likely to be satisfied in their job. Nearly four-fifths (78.7 percent) of formally employed workers reported being satisfied, 22.7 percentage points higher than amongst informally employed workers (56.0 percent). There is little difference in rates of job satisfaction between the employed and the self-employed (73.2 percent compared with 72.6 percent).

It is evident that job security is correlated with job satisfaction: approximately six out of seven workers with permanent contracts indicated being satisfied with their

jobs (84.2 percent), while this is true of just three-fifths of workers with limited duration contracts (60.2 percent). Additionally, union members were more likely to be satisfied (85.7 percent), while rural workers (63.9 percent) were less likely to indicate satisfaction compared to their urban counterparts (75.5 percent).

The share of workers satisfied with their jobs according to hours of work follows an inverted U-shape pattern. The proportion satisfied with their main job increases with more hours worked, but then falls off after around 44 hours per week. Just under half (46.3 percent) of those usually working fewer than 20 hours per week were satisfied in their jobs. The number increased to 61.9 percent for workers working 20-39 hours per week. A vast majority of those working 40-44 hours indicated satisfaction with their jobs (80.3 percent), although the share dropped to 74.9 percent for slightly longer hours (45-49 hours per week).

Figure 3: Proportion of the Employed Satisfied in their Main Job, 2017Q1



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

UNEMPLOYMENT TRENDS

Table 10: Expanded Unemployment Rate Trends

	2015	2016	2017	Change ('16 -'17)	
	Quarter 1 (Percent)	Quarter 1 (Percent)	Quarter 1 (Percent)	Absolute (P.points)	Relative (%)
Overall Unemployment Rate	36.1	36.3	36.4	0.2	0.5
By Race					
African	40.6	40.9	40.9	0.1	0.2
Coloured	27.9	27.7	28.8	1.2	4.2
Asian	20.8	16.8	15.8	-1.0	-6.0
White	9.8	9.0	8.5	-0.5	-6.0
By Gender					
Male	32.4	32.9	33.3	0.4	1.1
Female	40.2	40.1	40.0	-0.1	-0.3
By Age Group					
15 to 24 year olds	63.1	67.3	65.7	-1.6	-2.4
25 to 34 year olds	40.7	40.3	41.1	0.8	2.0
35 to 44 year olds	28.0	27.4	28.1	0.7	2.5
45 to 54 year olds	22.5	22.1	23.3	1.2	5.3
55 to 65 year olds	16.1	15.8	17.7	2.0	12.5
By Educational Attainment					
Primary or less	38.4	39.0	39.1	0.0	0.0
Incomplete secondary	44.7	45.1	45.7	0.6	1.3
Complete secondary	34.6	35.0	34.8	-0.2	-0.6
Diploma or Certificate	23.0	21.1	22.7	1.6	7.7
Degree	9.5	8.9	9.9	1.0	11.3

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

- 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.

Table 10 presents unemployment trends by demographic characteristics. The unemployment rate remains persistently high. In 2017Q1, the expanded unemployment rate is estimated at 36.4 percent, virtually unchanged from a year earlier.

During the same quarter, the unemployment rate amongst Africans was the highest of any population group: at 40.9 percent it is 12.1 percentage points higher than that of Coloureds (28.8 percent), more than twice the rate of Asians (15.8 percent), and nearly five times the rate of Whites (8.5 percent). Africans and Coloureds are therefore substantially more likely to be unemployed than Asians and Whites.

Women are more likely than men to be unemployed. The unemployment rate for men in 2017Q1 was 33.3 percent, 6.7 percentage points lower than that of women (40.0 percent).

The unemployment rate for youth is particularly high and far above the national unemployment rate. In 2017Q1, the unemployment rate amongst 15-24 year olds was 65.7 percent, 29.3 percentage points higher than the national average. The unemployment rate for 25-34 year olds stood at 41.1 percent. By contrast, the unemployment rate was 28.1 percent amongst 35-44 year olds, 23.3 percent amongst 45-54 year olds, and 17.7 percent amongst 55-65 year olds.

Lower levels of educational attainment are associated with higher unemployment. In 2017Q1, those with incomplete secondary education had the highest unemployment rate (45.7 percent), followed >>

by those with primary education or less (39.1 percent). Amongst individuals with complete secondary education, the unemployment rate was 34.8 percent. In contrast, those with degrees had the lowest unemployment rate of 9.9 percent, while 22.7 percent of those with diplomas and/or certificates were unemployed.

Table 11 disaggregates the overall changes in unemployment by race, gender, age and education over the 12-month period to 2017Q1. In 2017Q1, the unemployment level was estimated at 9.3 million; this is 374 000 or 4.2 percent higher than a year earlier. Almost nine-tenths (88.9 percent) of the net increase in unemployment over the period was accounted for by Africans. Coloureds accounted for 14.0 percent of the increase.

“Almost nine-tenths ... of the net increase in unemployment over the period was accounted for by Africans.”

Women made up the majority of the increase in unemployment (54.1 percent), although the difference between men and women was small. As is evident from Table 10, the gap in unemployment rates between men and women narrowed slightly over the period.

The three middle cohorts in terms of age each account for roughly one-third of the increase in unemployment over the period. Individuals aged 25-34

years accounted for 35.0 percent of the increase in unemployment, while 35-44 year olds accounted for 33.2 percent of the overall increase. In numerical terms, 45-54 year olds and 55-65 year olds saw statistically significant increases in unemployment over the period.

Roughly four-fifths (79.2 percent) of the net increase in unemployment is accounted for by those within incomplete secondary education, while a further one-quarter (25.8 percent) is accounted for by those with diplomas and/or certificates. In numerical terms, both of these groups saw statistically significant increases in unemployment over the period.

Table 11: Composition of Unemployment Changes

Absolute Change	Thousands
Total Unemployment	374 *
Share of Change	Percent
By Race	
African	88.9 *
Coloured	14.0
Asian	-0.0
White	-3.0
By Gender	
Male	45.9
Female	54.1
By Age Group	
15 to 24 year olds	-17.3
25 to 34 year olds	35.0
35 to 44 year olds	33.2
45 to 54 year olds	31.4 *
55 to 65 year olds	17.7 *
By Educational Attainment	
Primary or less	-13.2
Incomplete secondary	79.2 *
Complete secondary	-2.0
Diploma or Certificate	25.8 *
Degree	10.4

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

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

Weak economic growth has precipitated slow employment growth. As a result, members of the labour force are likely to face significant challenges in terms of finding and/or keeping employment. Despite a marginal increase in total employment over the year, unemployment has not fallen. This is due to the growing labour force, which offsets the increase in employment.

Like the increase in population, the labour force participation rate increased by 2.0 percentage points to reach 68.4 percent in 2017Q1. Thus, two-thirds of the working-age population in South Africa are economically active. Labour force participation rates were found to be higher for Whites, men, prime working-age individuals, and those with post-secondary education.

Overall, Africans, men, those of prime working-age, and those with incomplete secondary education account for the largest employment shares relative to their counterparts. There are also considerable differences noted in labour market conditions between urban and non-urban areas. Total non-urban employment was estimated at 3.9 million, only a third of urban employment. In terms of employment benefits, a substantial proportion of employees had access to various employment benefits.

Across sectors, employment is dominated by the non-agricultural sector and the services sector, which contribute the largest share to employ-

ment. Employment continues to shift away from the agricultural sector towards the tertiary sector. The informal sector remains relatively small and accounts for fewer than one in six jobs.

The youth benefitted least from the employment increases that were observed over the period, accounting for less than one-sixth of the total increase in employment (16.1 percent), while more than three-fifths of employment increases were experienced by 35-54 year olds (61.9 percent).

Mining and agriculture saw substantial increases in output growth, although overall growth was offset by output contraction in key economic sectors. All industries experienced employment expansion except for agriculture, mining and CSP services. Similarly, all industries except CSP services, mining and agriculture saw more rapid changes in employment than output, which suggests labour-intensive growth.

Employment in South Africa is dominated by skilled workers: approximately six out of eleven workers were classified as skilled, and a further two out of eleven were high-skilled. The economy is biased towards more highly skilled workers, with the highest rate of employment growth seen in high-skilled occupations.

According to the survey data, large proportions of formal sector workers, those who were formally employed, permanent contract workers, union members, and urban workers report being satisfied with their current job. A vast majority of those employed working 40-44 hours per week also indicate satisfac-

tion with their jobs (80.3 percent), although this satisfaction drops off for slightly longer hours (45-49 hours per week).

The unemployment rate was highest for Africans, women, youth, and those without matric education. Those of prime working age (25-54 year olds) accounted for the largest share of the increase in the number of unemployed individuals. Lastly, those with incomplete secondary education accounted for the largest share of the increase in unemployment, followed by those with a diploma/certificate.

The data therefore confirms the dire state of the economy in terms of employment, with few signs of sustained improvement. Certainly, without a significant improvement in economic growth, the situation seems unlikely to improve.

REFERENCES

South African Reserve Bank, 2017. *Quarterly Bulletin Online Statistical Query* [online data]. Available: <http://www.resbank.co.za>

Statistics South Africa, 2015. *Quarterly Labour Force Survey 2015Q1* [dataset]. Available: <http://www.statssa.gov.za>

Statistics South Africa, 2017a. *Mid-year population estimates*. Available: <http://www.statssa.gov.za/publications/P0302/P03022017.pdf>

Statistics South Africa, 2016. *Quarterly Labour Force Survey 2016Q1* [dataset]. Available: <http://www.statssa.gov.za>

Statistics South Africa 2017b. *Quarterly Labour Force Survey 2017Q1* [dataset]. Available:

<http://www.statssa.gov.za>

Statistics South Africa 2017c. *Gross Domestic Product 2017Q1*. Pretoria: South Africa. Available: <https://www.statssa.gov.za/publications/P0441/P04411stQuarter2017.pdf>

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]

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
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]
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]

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

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