

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR ENDING  
2016 QUARTER 4

17  
JULY 2017

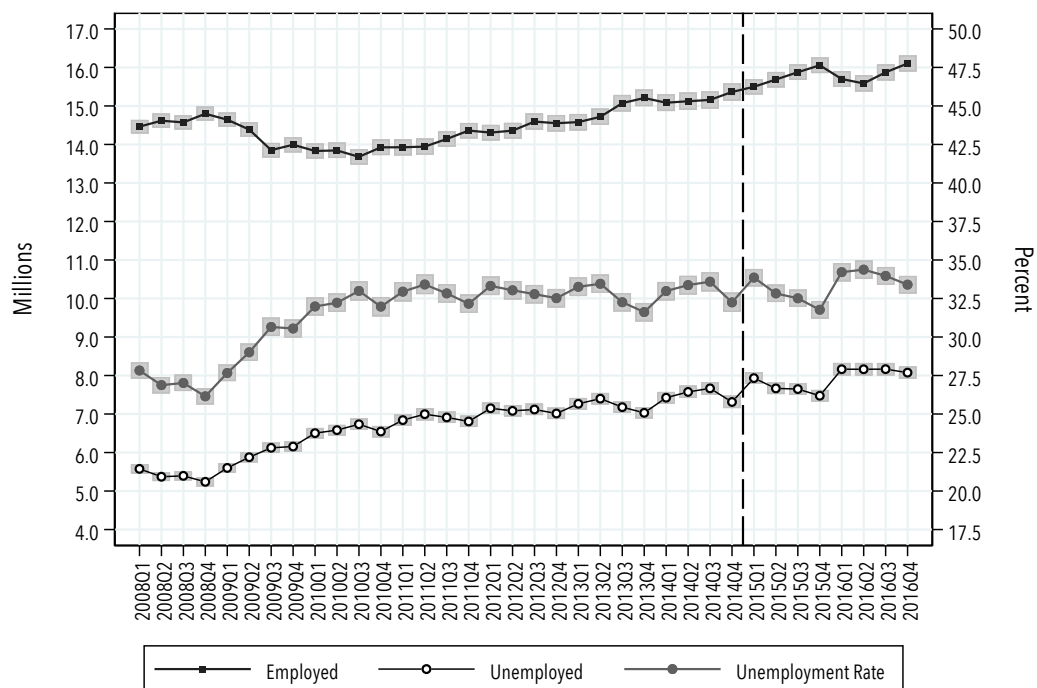
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# RECENT LABOUR MARKET TRENDS

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.

The 2008/09 recession brought about the beginning of a new low growth era globally as economies around the world have experienced widespread deceleration in productivity growth (OECD, 2014). South Africa is amongst the emerging economies plagued by the aftereffects of the recession, resulting in sluggish domestic economic growth. Post-recession, year-on-year GDP growth reached a peak at 4.1 percent in 2010Q4, and again at 3.2 percent in 2013Q4, but has since collapsed to just 0.4 percent in 2016 (South African Reserve Bank, 2016). When population is taken into account, GDP per capita fell slightly in 2015 and sharply in 2016.

In order to reduce high unemployment levels, the economy must follow a labour absorbing growth path (DPME, 2014). Growth has been subdued across most of the economy, with average annual growth rates ranging between -2.1 percent (utilities) and 2.3 percent (finance) between 2013 and 2016 (own calculations, Statistics South Africa, 2017). The country's three largest industries—finance; general government; and wholesale and retail trade—grew at 2.3 percent, 1.7 percent and 1.6 percent respectively.

Employment levels reached a high of 14.8 million in 2008Q4, the highest level prior the recession. The effect of the recession was job losses which took the economy almost four years to recover. In general, employment levels have followed an upward trend, although this has not been sufficiently rapid to lower unemployment levels as the labour force continues to grow.

South Africa is characterised by persistently high unemployment. In 2008Q4, unemployment was at its lowest pre-crisis level (5.2 million), and peaked at 6.7 million in 2010Q3. As jobs have remained elusive and the labour force continues to grow, the unemployment rate has trended upwards. From a low of 26.1 percent in 2008Q4, the expanded unemployment rate increased rapidly to reach 33.0 percent in 2010Q3. By 2016Q4, the unemployment rate stood at 33.4 percent.

# A LABOUR MARKET OVERVIEW

The working age population has increased from 35.9 million in 2014Q4 to 37.2 million in 2016Q4; this has been accompanied by a growing narrow and broad labour force (Table 1). In 2016Q4, under three-quarters of the narrow labour force (73.6 percent) and two-thirds of the broad labour force (66.6 percent) were employed; employment stood at 16.1 million.

The labour force has increased rapidly over the year and, since employment has been stagnant, this increase has resulted in a sharp increase in unemployment levels under both definitions. In 2016Q4, narrow unemployment increased by 11.3 percent from a year earlier. Similarly, broad unemployment increased rapidly by 8.0 percent from a year earlier. These changes were statistically significant. The number of discouraged workseekers remains persistently high at 2.3 million in 2016Q4.

Labour force participation rates in South Africa are low compared to other emerging markets. In 2016, 70.3 percent of the working age population in Sub-Saharan Africa were members of the labour force (Bhorat *et al.* 2017), while the average for OECD countries was 71.7 percent (OECD 2017). In 2016Q4, almost three-fifths (58.9 percent) of the working age population were engaged in the narrow labour force, while the expanded labour force accounted for almost two-thirds (65.1 percent).

Due to weak economic growth, the economy has been unable to create new jobs and absorb the growing labour force, resulting in upward pressure on already high unemployment rates. The narrow unemployment rate increased by 2.0 percentage points during the year to 26.4 percent in 2016Q4 and broad unemployment increased by 1.6 percentage points to 33.4 percent. These changes were statistically significant.

Table 1: Labour Market Overview

	2014 Quarter 4	2015 Quarter 4	2016 Quarter 4	Change ('15-'16)	
				Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	35 896	36 577	37 160	583	1.6
Employment	15 363	16 056	16 103	48	0.3
Narrow Unemployment	4 909	5 195	5 782	586	11.3 *
Narrow Labour Force	20 272	21 251	21 885	634	3.0 *
Expanded Unemployment	7 313	7 475	8 076	600	8.0 *
Expanded Labour Force	22 676	23 531	24 179	648	2.8 *
Discouraged Workseekers	2 404	2 280	2 294	14	0.6
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	56.5	58.1	58.9	0.8	1.4
Expanded LFPR	63.2	64.3	65.1	0.7	1.1
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	24.2	24.4	26.4	2.0	8.1 *
Expanded Unemployment Rate	32.2	31.8	33.4	1.6	5.1 *

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

- 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.

*“Due to weak economic growth, the economy has been unable to create new jobs and absorb the growing labour force, resulting in upward pressure on already high unemployment rates.”*

**Table 2: Labour Market Overview by Geography**

	2014	2015	2016	Change ('15-'16)	
	Quarter 4	Quarter 4	Quarter 4	Absolute	Relative
<b>Urban Areas (Thousands)</b>					
Working Age Population	24 226	24 151	24 775	624	2.6 *
Employment	11 839	12 102	12 169	67	0.6
Expanded Unemployment	4 729	4 756	5 198	442	9.3 *
Expanded Labour Force	16 569	16 858	17 367	509	3.0 *
Discouraged Workseekers	954	909	973	64	7.0
Participation Rate (Percent)	68.4	69.8	70.1	0.3	0.4
Unemployment Rate (Percent)	28.5	28.2	29.9	1.7	6.1 *
<b>Rural Areas (Thousands)</b>					
Working Age Population	11 670	12 426	12 385	-41	-0.3
Employment	3 524	3 954	3 934	-19	-0.5
Expanded Unemployment	2 584	2 719	2 877	158	5.8
Expanded Labour Force	6 107	6 673	6 811	138	2.1
Discouraged Workseekers	1 450	1 371	1 321	-50	-3.7
Participation Rate (Percent)	52.3	53.7	55.0	1.3	2.4
Unemployment Rate (Percent)	42.3	40.8	42.2	1.5	3.6

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

- 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 2014Q4 designation for "urban areas" includes geographical categories "Urban formal" and "Urban informal". The designation for "non-urban areas" includes "Tribal areas" and "Rural formal" by Statistics South Africa definition.
  4. The 2015Q4 and 2016Q4 designation for "rural areas" includes Statistics South Africa's current geographical categories of "Traditional" rural areas, "Farms", and "Mining" areas.

Table 2 highlights the continuing trends of urbanisation and structural transformation within the labour market, as well as the relative disadvantage confronted by participants in non-urban labour markets. In 2016Q4, the urban population accounted for nearly two-thirds (63.8 percent) of the national population of 55.4 million, and a similar share of the working age population. Thus, the working age population in urban areas (24.8 million) was twice that of the non-urban areas (12.4 million).

In contrast, urban areas accounted for 71.8 percent of the national labour force and accounted for 12.2 million jobs, which is just over three-quarters of total employment (75.6 percent). The urban labour force grew from 16.9 million in 2015Q4 to 17.4 million in 2016Q4, an increase of 3.0 percent. In 2016Q4, unemployment stood at 5.2 million, 9.3 percent higher from 12-months earlier. These changes were statistically significant.

In 2016Q4, more than half (55.0 percent) of the rural working age population were engaged in the labour force; of this group of 6.8 million, 3.9 million rural dwellers were employed. Unemployment stood at 2.9 million; including 1.3 million discouraged workseekers.

The data indicates substantial disparities in the labour market conditions between urban and non-urban areas. In 2016Q4, participation rates were substantially higher in urban areas (70.1 percent) than in non-urban areas (55.0 percent). During the same period, unemployment rates were 12.3 percentage points higher in non-urban areas than in urban areas, although the urban unemployment rate increased by a statistically significant 1.7 percentage points from a year earlier. Such differences point to, amongst other things, the relative lack of economic opportunities in non-urban areas, as well as potential differences in human capital and skills.

# LABOUR FORCE PARTICIPATION

**Table 3: Labour Force Participation Rates**

Percent/Percentage Points	2014	2015	2016	Change ('15-'16)	
	Quarter 4	Quarter 4	Quarter 4	Absolute	Relative
<b>Overall LFPR</b>	63.2	64.3	65.1	0.7	1.1
<b>By Race</b>					
African	62.4	63.8	64.8	1.1	1.6 *
Coloured	65.8	65.8	65.9	0.1	0.1
Asian	61.3	61.5	61.4	0.0	0.0
White	68.1	68.9	67.7	-1.2	-1.8
<b>By Gender</b>					
Male	69.6	70.2	70.9	0.6	0.9
Female	56.9	58.6	59.4	0.8	1.4
<b>By Age Group</b>					
15 to 24 year olds	31.3	31.8	32.7	0.9	2.8
25 to 34 year olds	82.2	83.7	83.7	-0.1	-0.1
35 to 44 year olds	84.4	85.4	86.3	0.9	1.0
45 to 54 year olds	75.2	77.3	77.7	0.3	0.5
55 to 65 year olds	43.6	43.7	44.4	0.7	1.6
<b>By Educational Attainment</b>					
Primary or less	50.4	51.3	52.2	0.9	1.7
Incomplete secondary	53.9	55.2	56.5	1.3	2.3 †
Complete secondary	75.3	76.8	76.8	-0.1	-0.1
Diploma/Certificate	89.7	88.2	88.1	-0.2	-0.2
Degree	88.9	89.3	89.3	0.0	0.1

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

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

As noted, nearly two-thirds of the working age population in South Africa were engaged in the labour force (Table 3). In 2016Q4, the participation rate was highest for Whites (67.7 per cent) and lowest for Asians (61.4 per cent). The participation rate amongst Africans increased by 1.1 percentage points to 64.8 per cent from a year earlier, a statistically significant change.

Differences in participation between men and women exist in most emerging markets (OECD, 2014); this is also true in South Africa. Some of the factors that impact on female labour participation include social-dimensions (fertility, household role etc.), institutional settings and level of economic development (Verick, 2014). With a participation rate of 70.9 per cent, South African men were substantially more likely to form part of the labour force than women (59.4 per cent) in 2016Q4, a gap of more than 10 percentage points. The relationship between age and labour force participation follows an inverted-U shape: participation initially increases with age and then starts falling. In 2016Q4, 32.7 per cent of the youngest age cohort participated in the labour force, compared with over 80 per cent for the 25-44 year cohort and just 44.4 per cent for the oldest working age cohort.

There is a positive relationship between education attainment and participation rates, with more highly educated individuals more likely to participate in the labour market. In 2016Q4, just over half of those without matric certificates participated in the labour market, compared with close to 90 per cent of those with post-secondary education. Factors that may influence the decisions holders of matric certificates to enter the labour force instead of furthering their studies include issues of affordability of and access to higher education; disillusionment with education as a means of escaping unemployment; or pressure from families to work to support the household.

Overall, the employed numbered 16.1 million in 2016Q4, only marginally up from a year earlier although this change was not statistically significant (Table 4). Africans comprised the majority of the employed (74.2 percent, or almost 12.0 million individuals). They were followed by Whites (11.9 percent), Coloureds (10.5 percent) and Asians (3.3 percent). Men accounted for 56.2 percent of the employed (9.1 million), while women make up the remaining 43.8 percent (7.0 million). However, with employment stagnant over the period, none of these groups saw any statistically significant shifts in employment over the period.

More than three-fifths of the employed (9.9 million) were in the prime working ages (25-44 years) in 2016Q4, with the largest cohort amongst the employed being those aged 35-44 years (31.0 percent of the total). The youngest and oldest age cohorts accounted for the smallest employment shares: 15-24 year olds accounted for 8.3 percent of employment (1.3 million) and 55-65 year olds accounted for 9.4 percent (1.5 million).

Just under half (46.1 percent) of the employed had not completed secondary education in 2016Q4. Of these, the majority (5.3 million) had incomplete secondary education; this group was also the largest educational cohort within employment. Holders of matric certificates constituted another 31.3 percent of the employed. The remainder of the employed were almost evenly split between those with diplomas and/or certificates (10.9 percent of the total), and those with degrees (10.5 percent). There were no statistically significant changes in employment by educational attainment over the period.

## EMPLOYMENT TRENDS

Table 4: Employment Trends

	2014	2015	2016		Change ('15-'16)	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Quarter 4 (‘000s)	(%)	Absolute (‘000s)	Relative (%)
<b>Overall Employment</b>	15 363	16 056	16 103	100.0	48	0.3
<b>By Race</b>						
African	11 269	11 878	11 955	74.2	77	0.6
Coloured	1 637	1 671	1 687	10.5	16	1.0
Asian	507	527	538	3.3	10	1.9
White	1 950	1 979	1 923	11.9	-56	-2.8
<b>By Gender</b>						
Male	8 665	9 038	9 056	56.2	19	0.2
Female	6 699	7 018	7 047	43.8	29	0.4
<b>By Age Group</b>						
15 to 24 year olds	1 291	1 317	1 333	8.3	15	1.2
25 to 34 year olds	4 803	5 054	4 954	30.8	-100	-2.0
35 to 44 year olds	4 742	4 935	4 992	31.0	56	1.1
45 to 54 year olds	3 126	3 287	3 313	20.6	26	0.8
55 to 65 year olds	1 400	1 461	1 511	9.4	50	3.5
<b>By Educational Attainment</b>						
Primary or less	2 041	2 178	2 100	13.0	-78	-3.6
Incomplete secondary	5 047	5 274	5 326	33.1	52	1.0
Complete secondary	4 858	5 149	5 042	31.3	-107	-2.1
Diploma/Certificate	1 815	1 645	1 762	10.9	117	7.1
Degree	1 434	1 620	1 691	10.5	71	4.4

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

- 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.

# SECTORAL EMPLOYMENT TRENDS

Table 5: Employment Trends by Industry

	2014	2015	2016 Quarter 4		Change ('15-'16)	
	Quarter 4 ( <i>'000s</i> )	Quarter 4 ( <i>'000s</i> )	Total ( <i>'000s</i> )	Share (%)	Absolute ( <i>'000s</i> )	Relative (%)
<b>Overall Employment</b>	<b>15 363</b>	<b>16 056</b>	<b>16 103</b>	<b>100.0</b>	<b>48</b>	<b>0.3</b>
Agriculture, forestry & fishing	744	861	921	5.7	60	6.9
Mining & quarrying	427	484	421	2.6	-63	-13.0
<b>Primary Sector</b>	<b>1 171</b>	<b>1 345</b>	<b>1 342</b>	<b>8.3</b>	<b>-3</b>	<b>-0.2</b>
Manufacturing	1 756	1 743	1 732	10.8	-11	-0.7
Electricity, gas & water	104	123	131	0.8	8	6.6
Construction	1 335	1 443	1 485	9.2	42	2.9
<b>Secondary Sector</b>	<b>3 195</b>	<b>3 310</b>	<b>3 348</b>	<b>20.8</b>	<b>38</b>	<b>1.2</b>
Wholesale & retail trade	3 253	3 289	3 225	20.0	-64	-1.9
Transport, storage & communication	954	901	965	6.0	64	7.0
Financial & business services	2 048	2 277	2 333	14.5	56	2.4 †
Community, social & personal (CSP) services	3 511	3 634	3 584	22.3	-50	-1.4
Private households	1 224	1 296	1 302	8.1	6	0.4
<b>Tertiary Sector</b>	<b>10 991</b>	<b>11 397</b>	<b>11 408</b>	<b>70.8</b>	<b>12</b>	<b>0.1</b>

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

- 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.

South African employment is dominated by the services sector: approximately seven out of 10 jobs nationally are found in the tertiary sector (Table 5). In 2016Q4, this was followed by the secondary sector, which contributed two out of 10 jobs (20.8 percent), with the primary sector accounting for just less than one out of 10 jobs (8.3 percent). Stated differently, the tertiary sector was more than twice the size of the primary and secondary sectors combined in terms of employment.

Three industries—CSP services, wholesale and retail trade, and finance—together accounted for more than half of total employment (56.8 percent); CSP services and wholesale and retail trade each accounted for at least one-fifth of the employed in 2016Q4. Manufacturing was the fourth-largest employment sector, accounting for 10.8 percent, with another 9.2 percent of the employed in construction. These sectors all dwarfed the two primary sectors—agriculture, forestry and fishing; and mining and quarrying—in terms of employment.

The economy of South Africa has continued to struggle since 2014, recently receiving credit ratings downgrades with negative consequences for investor confidence. The finance sector contributes more than 20 percent of GDP and has seen net capital outflows due to political instability and economic uncertainty (Bishop, 2017). The main industries which contribute larger shares of GDP i.e. W&R trade, CSP services and finance, have been growing by less than 2.5 percent year-on-year since 2014, underlying the inability of the economy to create new jobs to cater for the expanding labour force. Furthermore, agricultural output was constrained over the last two years as a result of the severe drought, while manufacturing saw output contraction in the latter part of 2016. It is therefore not surprising that aggregate >>>

employment has not increased over the 12-month period, with only financial and business services seeing a statistically significant increase in employment of 2.4 percent to 2.3 million.

The non-agricultural sector is dominant within South African employment, accounting for 86.2 percent of total employment in 2016Q4 (Table 6). The residual was made up by agriculture (5.7 percent) and private households (8.1 percent). Non-agricultural employment was dominant within both the formal and informal sectors. Employment within the formal non-agricultural sector stood at 11.2 million (69.4 percent), while informal non-agricultural employment stood at 2.7 million (16.8 percent). In contrast, formal agriculture accounted for 4.9 percent of the employed, while informal agriculture stood at 0.8 percent. In other words, non-agricultural jobs outnumbered agricultural jobs by a factor of almost 22 to 1 in the informal sector, and by a factor of 14 to 1 in the formal sector.

Badaoui, Strobl and Walsh (2008) note that South Africa is a special case with its relatively small informal sector but high unemployment rates. The South African labour market is predominantly formal: in 2016Q4, nearly three-quarters of the employed were engaged in the informal sector, whereas the informal sector employment accounted for 17.6 percent of total employment.

**Table 6: Employment Trends by Sector**

	2014	2015	2016 Quarter 4		Change ('15-'16)	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Total (‘000s)	Share (%)	Absolute (‘000s)	Relative (%)
<b>Overall Employment</b>	<b>15 363</b>	<b>16 056</b>	<b>16 103</b>	<b>100.0</b>	<b>48</b>	<b>0.3</b>
<b>Agriculture</b>	<b>744</b>	<b>861</b>	<b>921</b>	<b>5.7</b>	<b>60</b>	<b>6.9</b>
- Formal agriculture	627	738	795	4.9	57	7.8
- Informal agriculture	117	123	125	0.8	2	1.9
<b>Non-agricultural employment</b>	<b>13 395</b>	<b>13 899</b>	<b>13 881</b>	<b>86.2</b>	<b>-18</b>	<b>-0.1</b>
- Formal non-agricultural	10 938	11 206	11 178	69.4	-28	-0.2
- Informal non-agricultural	2 457	2 692	2 702	16.8	10	0.4
<b>Private households</b>	<b>1 224</b>	<b>1 296</b>	<b>1 302</b>	<b>8.1</b>	<b>6</b>	<b>0.4</b>

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

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.

*“...South Africa is a special case with relatively small informal sector but high unemployment rates.”*

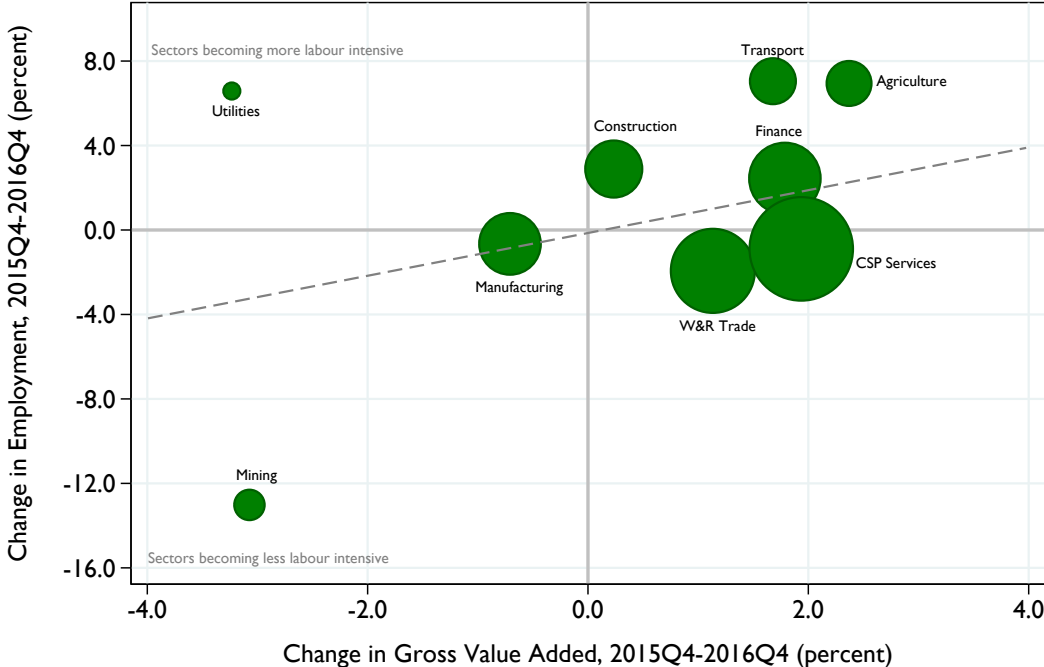


Figure 2 depicts the relationship between employment growth and gross value added (real output growth) by industry using growth rates between 2015Q4 and 2016Q4. Employment growth is more rapid than output growth in the region above the dotted 45-degree line; such sectors are thus becoming more labour intensive. In contrast, output growth is more rapid than employment growth on the region below the 45-degree line; in this instance, sectors are becoming less labour intensive over time.

The various industries can be grouped in several ways. Four industries—mining, manufacturing, wholesale and retail trade and CSP services—saw employment fall over the period. At the same time, all industries experienced output expansion except for mining, manufacturing and utilities. Two industries saw contractions in both employment and output; these were mining and manufacturing. Mining shed jobs most rapidly (-13.0 percent), while wholesale and retail trade and CSP services saw employment contraction but expansion in output. In contrast, four industries—construction, transport, agriculture and finance—saw both employment and output expansion over the period.

The figures suggests that for six of the nine industries, changes in output and employment have resulted in greater labour intensity: utilities, construction, transport, agriculture, manufacturing and finance all lie above the 45 degree line. On the other hand, mining, wholesale and retail trade and CSP services have seen production become more capital intensive production.

Figure 2: Employment Trends by Industry



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

# OCCUPATIONAL EMPLOYMENT TRENDS

Table 7: Employment Trends by Occupation

	2014	2015	2016 Quarter 4		Change ('15-'16)	
	Quarter 4 ( <i>'000s</i> )	Quarter 4 ( <i>'000s</i> )	Total ( <i>'000s</i> )	Share (%)	Absolute ( <i>'000s</i> )	Relative (%)
<b>Overall Employment</b>	<b>15 363</b>	<b>16 056</b>	<b>16 103</b>	<b>100.0</b>	<b>48</b>	<b>0.3</b>
Managers	1 344	1 321	1 423	8.8	102	7.7
Professionals	656	774	896	5.6	122	15.7 *
<b>High Skilled</b>	<b>2 000</b>	<b>2 095</b>	<b>2 319</b>	<b>14.4</b>	<b>223</b>	<b>10.7 *</b>
Technicians	1 470	1 457	1 487	9.2	30	2.1
Clerks	1 754	1 715	1 684	10.5	-30	-1.8
Service and sales workers	2 450	2 535	2 488	15.5	-46	-1.8
Skilled agricultural workers	95	102	66	0.4	-36	-35.3 *
Craft and related trades	1 961	1 993	1 978	12.3	-15	-0.7
Operators and assemblers	1 317	1 281	1 321	8.2	40	3.1
<b>Skilled</b>	<b>9 047</b>	<b>9 082</b>	<b>9 024</b>	<b>56.0</b>	<b>-57</b>	<b>-0.6</b>
Elementary occupations	3 369	3 848	3 765	23.4	-83	-2.2
Domestic workers	948	1 031	995	6.2	-35	-3.4
<b>Low Skilled</b>	<b>4 316</b>	<b>4 879</b>	<b>4 760</b>	<b>29.6</b>	<b>-119</b>	<b>-2.4</b>

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

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 characterised by high demand for high-skilled labour, while the country has a large supply of low-skilled labour. Thus, in 2016/17, more than one-third of employers (34 percent) reported difficulties in filling posts, such as, skilled trades, managers, administration staff, engineers, technicians and teachers (Manpower Group, 2016).

In 2016Q4, the majority of the employed (56.0 percent) were employed in skilled occupations (Table 7). This is almost double the number of low-skilled workers (29.6 percent) and nearly four times that of high skilled workers (14.4 percent).

Elementary occupations were the largest occupational category within total employment, accounting for 23.4 percent of the employed. They were followed by service and sales workers (15.5 percent), crafts and related trades (12.3 percent) and clerks (10.5 percent). Together, these four occupations categories account for 61.7 percent of employment.

The economy's bias towards more highly skilled workers is reflected in the rapid increase over the 12-month period in employment in high-skilled occupations (10.7 percent). This expansion was almost evenly split between managers and professionals, although it is only the latter group that saw a statistically significant increase in employment. Most occupational categories within skilled and low-skilled occupations saw declines in employment, although only one decline was statistically significant.

*"The South African economy is characterised by high demand for high-skilled labour, while the country has a large supply of low-skilled labour..."*

Table 9 details the prevalence of access to benefits and other characteristics of employment, such as contract duration and type, and hours worked. Since many of these characteristics are not relevant for employers or the self-employed, we analyse only employees unless stated otherwise. In 2016Q4, there were 13.8 million employees, representing 85.4 percent of total employment.

About three-fifths of employees (60.8 percent) had permanent contracts, while 24.7 percent had contracts of unspecified duration and 13.8 percent had limited duration contracts. Employees with written contracts were dominant within the South African labour market. Almost four-fifths of employees (79.2 percent) were employed on written contracts, with the remainder employed on verbal contracts. Most employees in the informal sector were on verbal contracts whereas most formal sector workers were on a permanent contract (DPRU, forthcoming).

A significant proportion of employees had access to various employment benefits. More than half had access to paid-, sick- and maternity/paternity leave and had employers who contributed towards UIF on their behalf. Access to maternity/paternity leave increased by a statistically significant 2.9 percent over the 12-month period. Nearly half of employees had employer pension contributions, but only 29.7 percent had medical aid contributions and 28.0 percent belonged to a labour union.

On average during 2016Q4, the employed reported usually working an average of 43.4 hours per week. >>>

## EMPLOYMENT CHARACTERISTICS

Table 8: Employment Characteristics

	2014	2015	2016	Share (%)	Change ('15-'16)	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Quarter 4 (‘000)		Absolute (‘000s)	Relative (%)
<b>Total Employees</b>	<b>13 349</b>	<b>13 844</b>	<b>13 760</b>	<b>100.0</b>	<b>-84</b>	<b>-0.6</b>
<b>Contract Duration</b>						
Limited	2 015	1 961	1 893	13.8	-68	-3.4
Permanent	8 295	8 421	8 370	60.8	-51	-0.6
Unspecified duration	2 955	3 381	3 405	24.7	24	0.7
<b>Contract Type</b>						
Written	10 806	10 960	10 893	79.2	-67	-0.6
Verbal	2 458	2 803	2 776	20.2	-27	-1.0
<b>Benefits</b>						
Medical Aid	4 164	4 035	4 082	29.7	47	1.2
Pension	6 507	6 336	6 492	47.2	156	2.5
UIF	8 174	8 276	8 149	59.2	-126	-1.5
Paid Leave	8 538	8 834	8 980	65.3	146	1.7
Sick Leave	9 103	9 532	9 586	69.7	54	0.6
Maternity/Paternity Leave	7 200	7 554	7 775	56.5	220	2.9 †
Union Membership	3 903	3 839	3 851	28.0	12	0.3
<b>Usual Hours Per Week (All employed)</b>						
1-19 hours	610	663	730	5.3	66	10.0
20-39 hours	1 665	1 713	1 799	13.1	86	5.0
40-44 hours	5 960	6 315	6 222	45.2	-93	-1.5
45-49 hours	3 767	3 777	3 727	27.1	-50	-1.3
50+ hours	3 304	3 518	3 560	25.9	41	1.2
<b>Mean hours per week</b>	<b>43.3</b>	<b>43.5</b>	<b>43.4</b>	<b>n.a.</b>	<b>-0.1</b>	<b>-0.1</b>

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

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.

Less than 20 percent usually worked fewer than 40 hours per week. Most of the employed (72.3 percent), though, reported working between 40 and 49 hours per week. Just over one-quarter reported usually working 50 hours or more per week.

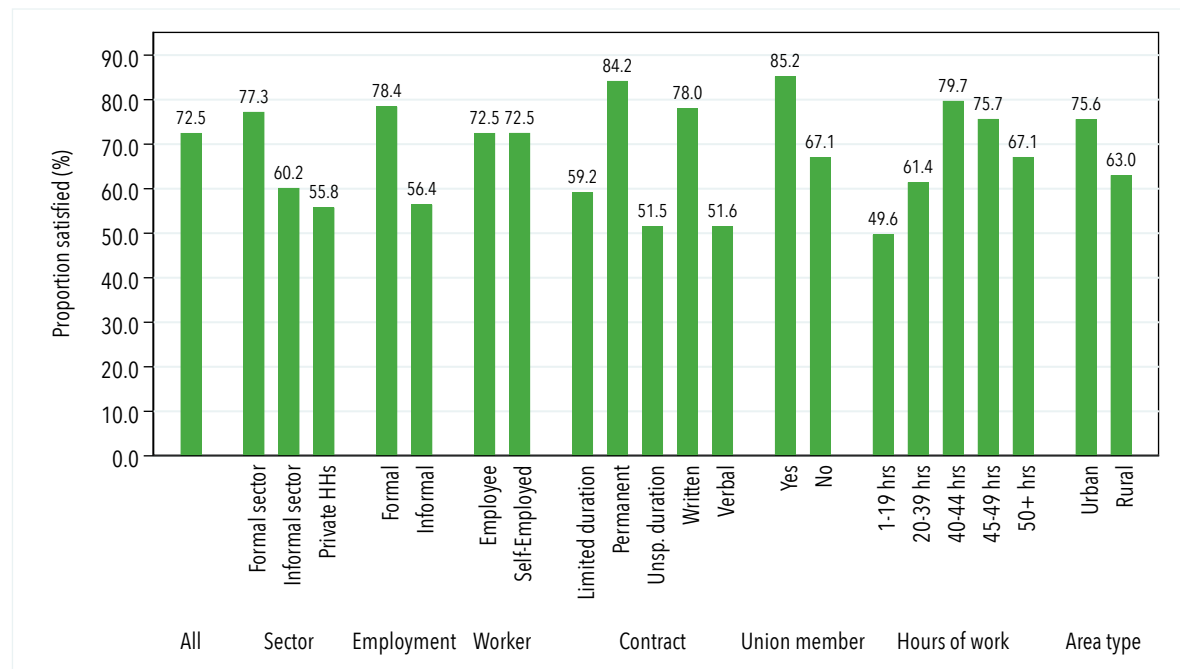
A newly-introduced question in the QLFS, which asks whether respondents are satisfied in their main job, allows us to gauge job satisfaction. Figure 3 presents the share of employed who were satisfied with their job. In 2016Q4, 72.5 percent of the employed reported being satisfied in their main job. Although this is a high proportion, there is substantial variation across different groups. For example, the rate of job satisfaction was 77.3 percent in the formal sector, but 60.2 percent in the informal sector and just 55.8 percent amongst those working in private households. Similarly, the employed were more likely to report being satisfied with their jobs if they were formally employed (78.4 percent) than if they were informally employed (56.4 percent).

There is also a correlation between characteristics of the employment contract and rates of job satisfaction. Amongst individuals with permanent contracts, 84.2 percent reported being satisfied in their jobs, while the same was true for 78.0 percent of those with written contracts. In contrast, job satisfaction rates ranged between 50 and 60 percent for those with limited duration, unspecified duration or verbal contracts. Reported job satisfaction was higher for union members than for non-members (85.2 percent compared with 67.1 percent), and for urban dwellers than for rural dwellers (75.6 percent compared with 63.0 percent).

Working relatively few hours is associated with low levels of job satisfaction: just under half (49.6 percent) of those usually working fewer than 20 hours per week were satisfied in their jobs. The highest rates of job satisfaction were observed amongst those working 'standard' hours (i.e. 40-44 hours per week): 79.7 percent of this group reported being satisfied, while amongst those who worked slightly longer hours (45-49 hours per week) the rate was four percentage points lower at 75.7 percent.

Since a broad range of factors contribute to overall job satisfaction—including wages, which we are unable to analyse here since the QLFS data does not include wage data—too much should not be inferred in terms of these correlations. Nevertheless, these figures do provide some insight into the factors potentially influencing job satisfaction in South Africa.

**Figure 3: Proportion of the Employed Satisfied in their Main Job, 2016Q4**



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

# UNEMPLOYMENT TRENDS

Table 9: Expanded Unemployment Rate Trends

	2014	2015	2016	Change ('15-'16)	
	Quarter 4 (Percent)	Quarter 4 (Percent)	Quarter 4 (Percent)	Absolute (P.points)	Relative (%)
<b>Overall Unemployment Rate</b>	<b>32.2</b>	<b>31.8</b>	<b>33.4</b>	<b>1.6</b>	<b>5.1 *</b>
<b>By Race</b>					
African	36.5	36.0	37.8	1.8	5.1 *
Coloured	25.3	24.6	24.9	0.3	1.1
Asian	15.5	13.5	12.6	-0.9	-6.5
White	9.0	8.0	7.9	0.0	-0.5
<b>By Gender</b>					
Male	29.5	28.5	30.3	1.8	6.1 *
Female	35.5	35.5	37.0	1.5	4.2 †
<b>By Age Group</b>					
15 to 24 year olds	59.9	59.8	60.4	0.7	1.2
25 to 34 year olds	37.7	36.8	39.0	2.2	6.0 *
35 to 44 year olds	25.1	24.8	26.4	1.6	6.4
45 to 54 year olds	18.0	18.4	20.6	2.3	12.5 *
55 to 65 year olds	12.5	12.8	12.9	0.0	0.2
<b>By Educational Attainment</b>					
Primary or less	34.7	33.7	34.6	0.9	2.7
Incomplete secondary	40.8	39.7	42.3	2.6	6.5 *
Complete secondary	31.5	31.0	32.3	1.3	4.1
Diploma or Certificate	16.3	18.9	20.0	1.1	5.9
Degree	7.7	8.1	9.0	0.9	11.1

Source: Own calculations, Statistics South Africa (2014, 2015, 2016).

- 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.

The unemployment rate in South Africa remains extremely high. At 33.4 percent in 2016Q4, unemployment increased by a statistically significant 1.6 percentage point since 2015Q4.

Africans have the highest unemployment rate, estimated at 37.8 percent or 4.4 percentage points above the national average, and this has increased by a statistically significant 1.8 percentage points from a year earlier. In the same quarter, the unemployment rate stood at 24.9 percent for Coloureds, 12.6 percent for Asians and 7.9 percent for Whites. Africans and Coloureds are therefore substantially more likely to be unemployed than Asians and Whites.

In 2016Q4, the unemployment rate for men stood at 30.3 percent compared to 37.0 percent for women. The gender gap in unemployment remains wide, but has narrowed marginally with the unemployment rate for men increasing more rapidly than for women. The unemployment rate increased by 1.5 percentage points for women and by 1.8 percentage points for men over the year, both changes being statistically significant.

Youth unemployment remains a critical challenge faced in South Africa, as reflected in the National Development Plans (NDP) objective of reducing unemployment, mainly amongst young people (NDP, 2011). The data confirms substantially higher rates of unemployment for younger cohorts than for their older counterparts. In 2016Q4, the unemploy- >>>

ment rate amongst 15-24 year olds was just over 60 percent, nearly twice the national average. In contrast, the unemployment rate was 26.4 percent amongst 35-44 year olds, 20.6 percent amongst 45-54 year olds, and 12.9 percent amongst 55-65 year olds. The 45-54 year cohort experienced the largest increase in the unemployment rate, rising by 2.3 percentage points within 12-months period. The increase was of a similar magnitude (2.2 percentage points) for 25-34 year olds, both, changes being statistically significant.

The likelihood of unemployment is generally greater for less educated individuals. In 2016Q4, those with incomplete secondary education had the highest unemployment rate of 42.3 percent, followed by those with primary or less education (34.6 percent). Amongst individuals with matric certificates the unemployment rate was 32.3 percent. In contrast, those with degrees had the lowest unemployment rate of 9.0 percent, while 20.0 percent of those with diplomas and/or certificates were unemployed. Estimated unemployment rates are higher for all educational cohorts, but the change was statistically significant only for those with incomplete secondary education.

Table 11 shows the composition of the increase in unemployment by demographic characteristics. In 2016Q4, unemployment was estimated at 8.1 million; this is 600 000 or 8.0 percent higher than a year earlier. Africans exclusively accounted for the total increase in unemployment. Males accounted for the majority of the increase in unemployment (54.3 percent), whereas

women accounted for 45.7 percent. These increases in the number of employed were statistically significant.

In terms of age cohorts, 25-34 year olds accounted for the largest share of the increase in the number of unemployed individuals (37.8 percent). Those aged 35-44 years accounted for 27.1 percent of the increase, while 45-54 year olds accounted for 20.4 percent.

In line with the general bias towards higher skilled workers in the South African economy, almost three-quarters of the increase in unemployment is accounted for by those without a matric certificate. Indeed, those with incomplete secondary education alone accounted for 71.6 percent of the increase. A further 14.6 percent was accounted for by those with complete secondary education, although the change in unemployment for this group over the period was not statistically significant.

**Table 10: Composition of Unemployment Change**

Absolute Change	Thousands
<b>Total Unemployment</b>	<b>600</b>
Share of Change	Percent
<b>By Race</b>	
African	99.5 *
Coloured	2.2
Asian	-0.8
White	-1.0
<b>By Gender</b>	
Male	54.3 *
Female	45.7 *
<b>By Age Group</b>	
15 to 24 year olds	13.4
25 to 34 year olds	37.8 *
35 to 44 year olds	27.1 *
45 to 54 year olds	20.4 *
55 to 65 year olds	1.3
<b>By Educational Attainment</b>	
Primary or less	0.7
Incomplete secondary	71.6 *
Complete secondary	14.6
Diploma or Certificate	9.6
Degree	4.1

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

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

Continued weak growth means that the South African economy has not been able to absorb workseekers into employment quickly enough, even to maintain the rate of unemployment. As a result, while employment has been stagnant over the 12-month period to 2016Q4, the number of individuals unemployed according to the narrow definition increased by 11.3 percent, while the increase was 8.0 percent using the expanded definition.

While labour force participation rates were marginally higher in 2016Q4, these increases were not statistically significant and were not large enough to contribute meaningfully to the number of unemployed. Labour force participation rates were found to be higher for Whites, males, 25-44 year olds, and for those with post-secondary education.

The South African economy is dominated by the services sector, which accounted for 70.8 percent of total employment. While no industry has seen statistically significant employment growth over the period, there are signs of improvement in agriculture. In the majority of industries, the trend over the 12-month period was towards greater labour intensity of production, with mining, wholesale and retail trade, and CSP services the exceptions.

Employment is dominated by semi-skilled workers, who account for 56.0 percent of all jobs. However, high-skilled employment increased rapidly over the

period, driven by rapid expansion in the employment of both managers and professionals, although the former change was not statistically significant.

No statistically significant shifts were observed in terms of the characteristics of employment, apart from a 2.9 percent increase in the rate of access to maternity/paternity leave. However, higher rates of job satisfaction were observed amongst those employed in the formal sector; those who are formally employed; those with permanent contracts; those with written contracts; union members; and urban dwellers.

While the number of labour force participants without work increased, so too did the unemployment rate. In 2016Q4, the expanded unemployment rate was 33.4 percent, up 1.6 percentage points over the 12-month period. Higher unemployment rates were also observed amongst Africans, both men and women, 25-34 and 45-54 year olds, and those with incomplete secondary education.

The data therefore confirms the dire state of the economy in terms of employment, with few signs of improvement. Certainly, without a significant improvement in growth, the situation is likely to deteriorate further.

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## APPENDIX

Table 11: Labour Market Aggregates

Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2008Q1	14.463	[14.284; 14.642]	5.576	[5.456; 5.696]	27.8	[27.293; 28.358]
2008Q2	14.616	[14.433; 14.800]	5.372	[5.255; 5.489]	26.9	[26.352; 27.403]
2008Q3	14.574	[14.391; 14.757]	5.395	[5.275; 5.515]	27.0	[26.484; 27.551]
2008Q4	14.797	[14.614; 14.981]	5.240	[5.122; 5.357]	26.1	[25.624; 26.675]
2009Q1	14.644	[14.461; 14.827]	5.600	[5.476; 5.725]	27.7	[27.123; 28.204]
2009Q2	14.386	[14.199; 14.574]	5.878	[5.748; 6.008]	29.0	[28.445; 29.569]
2009Q3	13.853	[13.661; 14.044]	6.123	[5.989; 6.258]	30.7	[30.065; 31.242]
2009Q4	13.994	[13.798; 14.189]	6.156	[6.022; 6.291]	30.6	[29.965; 31.139]
2010Q1	13.831	[13.635; 14.027]	6.504	[6.365; 6.643]	32.0	[31.389; 32.579]
2010Q2	13.844	[13.645; 14.044]	6.582	[6.442; 6.723]	32.2	[31.622; 32.827]
2010Q3	13.679	[13.478; 13.880]	6.735	[6.587; 6.883]	33.0	[32.368; 33.616]
2010Q4	13.926	[13.718; 14.134]	6.546	[6.399; 6.693]	32.0	[31.351; 32.599]
2011Q1	13.927	[13.719; 14.136]	6.842	[6.692; 6.992]	32.9	[32.316; 33.570]
2011Q2	13.943	[13.732; 14.154]	6.996	[6.839; 7.153]	33.4	[32.769; 34.054]
2011Q3	14.142	[13.941; 14.342]	6.912	[6.766; 7.059]	32.8	[32.231; 33.433]
2011Q4	14.360	[14.160; 14.560]	6.808	[6.661; 6.955]	32.2	[31.564; 32.759]



Period	Employed Estimate ('000s)		Unemployed Estimate ('000s)		Unemployment Rate Estimate (%)	
2012Q1	14.308	[14.104; 14.512]	7.149	[6.998; 7.300]	33.3	[32.714; 33.922]
2012Q2	14.359	[14.151; 14.566]	7.083	[6.934; 7.232]	33.0	[32.433; 33.637]
2012Q3	14.594	[14.383; 14.805]	7.118	[6.970; 7.267]	32.8	[32.189; 33.380]
2012Q4	14.552	[14.338; 14.766]	7.014	[6.866; 7.162]	32.5	[31.923; 33.124]
2013Q1	14.580	[14.368; 14.793]	7.266	[7.112; 7.419]	33.3	[32.650; 33.867]
2013Q2	14.718	[14.508; 14.927]	7.399	[7.248; 7.551]	33.5	[32.861; 34.050]
2013Q3	15.073	[14.856; 15.290]	7.178	[7.027; 7.330]	32.3	[31.665; 32.857]
2013Q4	15.206	[14.989; 15.424]	7.031	[6.881; 7.181]	31.6	[31.027; 32.209]
2014Q1	15.084	[14.865; 15.303]	7.424	[7.271; 7.577]	33.0	[32.388; 33.579]
2014Q2	15.122	[14.898; 15.346]	7.574	[7.413; 7.734]	33.4	[32.757; 33.984]
2014Q3	15.157	[14.934; 15.379]	7.667	[7.504; 7.830]	33.6	[32.976; 34.209]
2014Q4	15.363	[15.138; 15.589]	7.313	[7.149; 7.476]	32.2	[31.624; 32.873]
2015Q1	15.498	[15.299; 15.697]	7.933	[7.779; 8.087]	33.9	[33.293; 34.420]
2015Q2	15.685	[15.485; 15.886]	7.666	[7.513; 7.819]	32.8	[32.266; 33.391]
2015Q3	15.876	[15.673; 16.080]	7.649	[7.496; 7.802]	32.5	[31.953; 33.075]
2015Q4	16.056	[15.849; 16.262]	7.475	[7.319; 7.631]	31.8	[31.197; 32.340]
2016Q1	15.700	[15.492; 15.908]	8.164	[7.999; 8.329]	34.2	[33.626; 34.797]
2016Q2	15.585	[15.374; 15.796]	8.163	[7.997; 8.329]	34.4	[33.780; 34.966]
2016Q3	15.872	[15.663; 16.082]	8.165	[8.003; 8.328]	34.0	[33.388; 34.548]
2016Q4	16.103	[15.892; 16.314]	8.076	[7.914; 8.237]	33.4	[32.819; 33.980]

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

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