

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR ENDING  
2016 QUARTER 2

15  
SEPTEMBER 2016

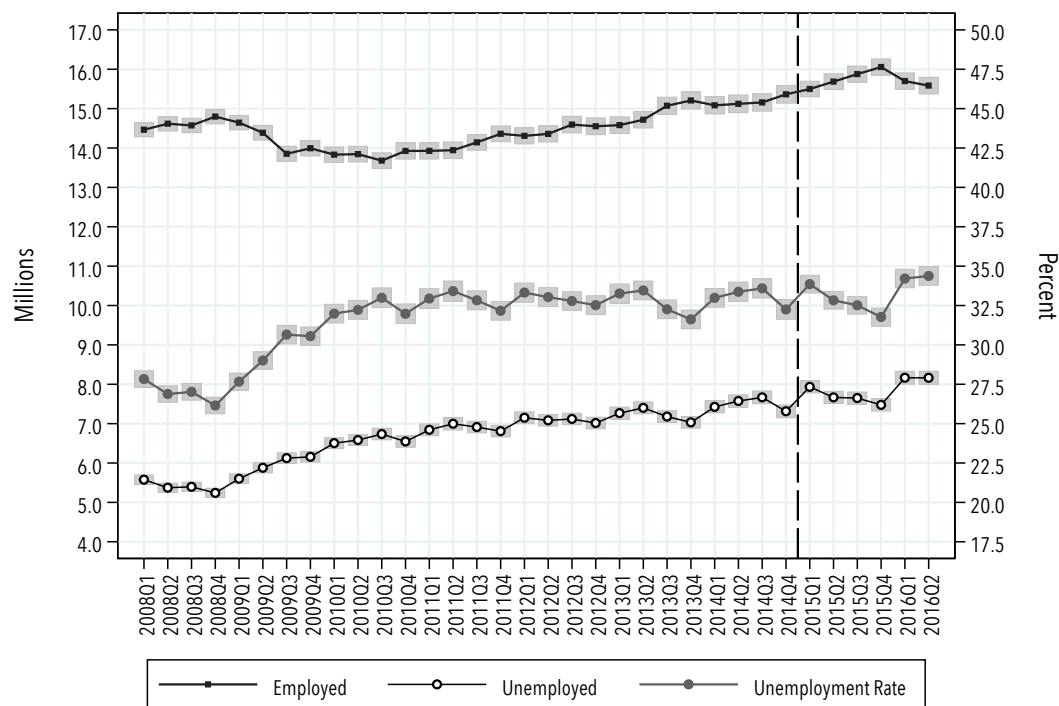
## CONTENTS

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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	...13
Conclusion	...15
References	...15
Appendix	...16

# 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 current macroeconomic environment in South Africa remains extremely challenging. As a result, the economy has struggled to return to even moderate growth rates. The first quarter of 2016 saw real GDP decline by 1.2 percent on a seasonally adjusted, quarter-on-quarter basis, before rebounding relatively strongly in 2016Q2 to 3.3 percent (Statistics South Africa 2016a). Of the last six quarters since 2015Q1, GDP growth measured on this basis was negative in two quarters, and below 0.5 percent in two quarters. On an annualised basis, GDP growth has slowed almost every year since 2011 when it was 3.3 percent.

As illustrated in Figure 1, employment declined steadily between 2008Q4 and 2009Q3 in the aftermath of the global financial crisis. This amounted to 944 000 jobs or 6.4 percent of employment. Employment continued to decline over the next year. From its low point in 2010Q3 of 13.7 million jobs, employment then increased continually over the next five years, peaking in 2015Q4 at 16.1 million. The first two quarters of 2016, though, have seen employment decline below the 16 million mark; in 2016Q2, employment is estimated at just under 15.6 million.

The unemployment trends presented in Figure 1 reflect expanded unemployment (i.e. the estimates include all unemployed individuals regardless of whether or not they are actively seeking work). From a low 5.2 million in 2008Q4, unemployment has risen steadily and the unemployment rate has ranged between 30.0 percent and 35.0 percent for the past seven years (2009Q3-2016Q2). Expanded unemployment has moved sharply upwards during 2016, largely driven by rising narrow unemployment, although discouraged workseekers have also increased in number. In 2016Q2, 8.2 million people were unemployed according to the expanded definition of unemployment, while the unemployment rate is estimated to have reached 34.4 percent.

An outline of the South African labour market during the second quarters of 2014, 2015 and 2016 is presented in Table 1. The working age population stood at 36.9 million in 2016Q2, reflecting a 1.8 percent increase from a year earlier. In the same quarter, employment was estimated at 15.6 million, having decreased by 100 000 from a year earlier although this decline is not statistically significant. Narrow unemployment is estimated at 5.6 million, which increased by a statistically significant 7.7 percent (403 000) from the previous year. Similarly, broad unemployment is estimated at 8.2 million, up 6.5 percent (497 000). Less than one-fifth (93 000) of the increase in expanded unemployment is the result of growth in the number of discouraged workseekers; the remaining four-fifths (403 000) is attributable to growth in the number of searching unemployed.

Labour force participation rates (LFPR) in 2016Q2 were virtually unchanged from a year earlier under both definitions. Of the working age population, 57.5 percent form part of the narrow labour force, while 64.4 percent participate within the expanded labour force.

With the labour force growing irrespective of the definition used, and employment marginally down year-on-year, upward pressure on unemployment rates persists. In 2016Q2, more than a quarter of the labour force (26.6 percent) were unemployed according to the narrow unemployment definition, rising to more than one-third (34.4 percent) according to the expanded unemployment definition. Just over 2.5 million people are classified as discouraged workseekers; this is equivalent to one out of every ten expanded labour force participants.

## A LABOUR MARKET OVERVIEW

Table 1: Labour Market Overview, 2015 Quarter 2 – 2016 Quarter 2

	2014	2015	2016	Change ('15-'16)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	35 575	36 224	36 875	651	1.8
Employment	15 122	15 685	15 585	-100	-0.6
Narrow Unemployment	5 154	5 231	5 635	403	7.7 *
Narrow Labour Force	20 276	20 917	21 220	303	1.4
Expanded Unemployment	7 574	7 666	8 163	497	6.5 *
Expanded Labour Force	22 696	23 352	23 748	397	1.7 †
Discouraged Workseekers	2 419	2 435	2 528	93	3.8
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	57.0	57.7	57.5	-0.2	-0.3
Expanded LFPR	63.8	64.5	64.4	-0.1	-0.1
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	25.4	25.0	26.6	1.5	6.2 *
Expanded Unemployment Rate	33.4	32.8	34.4	1.5	4.7 *

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

- 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 includes all individuals aged between 15 years and 65 years inclusive.

*“With the labour force growing irrespective of the definition used, and employment marginally down year-on-year, upward pressure on unemployment rates persists”*

**Table 2: Labour Market Overview by Geographical Area, 2015 Quarter 2 – 2016 Quarter 2**

	2014	2015	2016	Change ('15-'16)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Relative
<b>Urban Areas (Thousands)</b>					
Working Age Population	24 293	24 000	24 401	401	1.7
Employment	11 759	11 837	11 746	-90	-0.8
Expanded Unemployment	4 951	4 946	5 209	263	5.3 *
Expanded Labour Force	16 710	16 782	16 956	173	1.0
Discouraged Workseekers	993	1 042	1 011	-31	-3.0
Participation Rate (Percent)	68.8	69.9	69.5	-0.4	-0.6
Unemployment Rate (Percent)	29.6	29.5	30.7	1.3	4.3 †
<b>Rural Areas (Thousands)</b>					
Working Age Population	11 283	12 224	12 474	250	2.0 †
Employment	3 363	3 849	3 839	-10	-0.3
Expanded Unemployment	2 623	2 720	2 954	233	8.6 *
Expanded Labour Force	5 985	6 569	6 793	223	3.4 †
Discouraged Workseekers	1 426	1 393	1 517	124	8.9 †
Participation Rate (Percent)	53.1	53.7	54.5	0.7	1.3
Unemployment Rate (Percent)	43.8	41.4	43.5	2.1	5.0 †

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

- 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.
3. The designation "rural areas" includes Statistics South Africa's current geographical categories of "Traditional" rural areas, "Farms", and "Mining" areas.

Table 2 disaggregates the South African labour market by area type. In 2016Q2, urban areas accounted for almost two-thirds (63.3 percent) of the national population of just under 55.1 million. Considering only the working age population, the urban share rises to 66.2 percent.

In 2016Q2, the urban expanded labour force numbered 17.0 million, of which 11.7 million (75.4 percent of total employment) were employed. In total, 5.2 million urban dwellers were unemployed, with 1.0 million of these not actively seeking employment. The rural labour force numbered 6.8 million, of which 3.8 million were employed and 3.0 million unemployed.

The significant difference in labour market conditions between urban and rural areas is evident from a number of indicators. Participation rates are 15 percentage points higher in urban areas than in rural areas, while the unemployment rate is nearly 13 percentage points lower. In urban areas, the employment-to-population ratio is substantially higher than in rural areas (48.1 percent compared with 30.8 percent), suggesting lower levels of dependence on employed individuals in urban areas. Similarly, the employed outnumber the unemployed by nearly 2.3 to 1 in urban areas, compared with just 1.3 to 1 in rural areas. Thought of slightly differently, urban areas are home to nearly two-thirds of the working age population (66.2 percent), but to three-quarters (75.4 percent) of the employed, and just two-fifths (40.0 percent) of discouraged workseekers.

In terms of change over the 12-month period, unemployment has risen rapidly in both urban and rural areas, but particularly so for the latter. In rural areas, this rise is driven by an 8.9 percent increase in discouraged workseekers, while in urban areas it is driven by searching unemployed.

# LABOUR FORCE PARTICIPATION

Table 3: Labour Force Participation Rates, 2015 Quarter 2 – 2016 Quarter 2

Percent/Percentage Points	2014	2015	2016	Change ('15-'16)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Relative
<b>Overall LFPR</b>	63.8	64.5	64.4	-0.1	-0.1
<b>By Race</b>					
African	63.0	64.1	64.2	0.1	0.2
Coloured	67.6	66.3	64.6	-1.7	-2.6
Asian	59.5	60.9	59.3	-1.6	-2.6
White	68.1	67.3	67.8	0.4	0.7
<b>By Gender</b>					
Male	70.1	70.3	70.6	0.3	0.4
Female	57.7	58.8	58.3	-0.4	-0.8
<b>By Age Group</b>					
15 to 24 year olds	32.8	32.8	32.4	-0.4	-1.1
25 to 34 year olds	82.0	83.8	83.1	-0.8	-0.9
35 to 44 year olds	84.3	85.7	85.1	-0.7	-0.8
45 to 54 year olds	77.0	76.0	77.7	1.6	2.1
55 to 65 year olds	44.7	43.5	43.6	0.0	0.1
<b>By Educational Attainment</b>					
Primary or less	53.0	53.6	53.1	-0.5	-0.9
Incomplete secondary	54.9	55.9	55.8	-0.1	-0.1
Complete secondary	74.0	74.7	74.8	0.1	0.2
Diploma/Certificate	88.8	87.7	88.3	0.6	0.7
Degree	89.9	90.7	88.7	-2.0	-2.2

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

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

Table 3 presents the expanded labour force participation rate by demographic characteristics. Almost two-thirds (64.4 percent) of the working age population are active in the labour force in 2016Q2, a proportion that is virtually unchanged compared with a year earlier.

Labour force participation rates are estimated at 64.2 percent for Africans, 64.6 percent for Coloureds, 59.3 percent for Asians and 67.8 percent for Whites. With labour force participation rates of 70.6 percent and 58.3 percent respectively, men are substantially more likely to be economically active than women. Participation rates are lowest for the 15-24 and 55-65 age cohorts, while they are above 75.0 percent for 24-54 year olds, the prime working age cohorts.

There is a positive relationship between the level of education attainment and labour force participation as observed in Table 3. In 2016Q2, the participation rate for those with primary education or less was 53.1 percent and only marginally higher (56.5 percent) for those with incomplete secondary education. Completing secondary education is associated with a large increase in participation rates (to 74.8 percent), while nearly 9 out of 10 individuals with post-secondary education report participating in the expanded labour force. In other words, there is a nearly 20 percentage point jump in participation from incomplete secondary to matric, and a nearly 14 percentage point increase for post-secondary education. No changes in participation rates over the past year are found to be statistically insignificant. This is not surprising given the unchanged national participation rate.

As noted above, employment in 2016Q2 is estimated at 15.6 million, marginally lower from a year earlier (Table 4). In absolute terms, employment declined by 100 000 (0.6 percent) over the period although this change was not statistically significant.

Africans account for nearly three-quarters of employment (11.5 million or 73.9 percent). They are followed by Whites (1.9 million or 12.5 percent), Coloureds (1.6 million or 10.3 percent), and Asians (0.5 million or 3.2 percent). Employment is estimated to have fallen by 119 000 for African over the period, although this change is not statistically significant. For the other race groups, employment remained virtually unchanged.

Men account for nearly three-fifths of employment (8.8 million or 56.5 percent). For both men and women, estimated employment growth over the 12-month period to 2016Q2 is not statistically significant. However, the data suggests that job losses over the period were almost exclusively experienced by women.

Cohorts aged between 25 and 54 years of age are considered the prime working age population, and this group accounts for 82.9 percent of total employment in 2016Q2. In absolute terms, employment decreased by a statistically significant 121 000 (9.0 percent) for 15-24 year olds, by 112 000 (2.3 percent) for 25-34 year olds and by 59 000 (1.2 percent) for 35-44 year olds. In contrast, for older cohorts employment has increased over the period with 45-54 year olds seeing particularly rapid growth of 5.3 percent or 164 000 jobs. It is >>>

## EMPLOYMENT TRENDS

Table 4: Employment Trends, 2015 Quarter 2 – 2016 Quarter 2

	2014	2015	2016	Change ('15-'16)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	15 122	15 685	15 585	-100	-0.6
<b>By Race</b>					
African	11 084	11 643	11 524	-119	-1.0
Coloured	1 603	1 614	1 612	-2	-0.2
Asian	486	489	506	17	3.5
White	1 949	1 939	1 943	4	0.2
<b>By Gender</b>					
Male	8 480	8 815	8 813	-2	0.0
Female	6 642	6 871	6 772	-98	-1.4
<b>By Age Group</b>					
15 to 24 year olds	1 284	1 350	1 229	-121	-9.0 †
25 to 34 year olds	4 729	4 936	4 824	-112	-2.3
35 to 44 year olds	4 657	4 874	4 815	-59	-1.2
45 to 54 year olds	3 061	3 115	3 279	164	5.3
55 to 65 year olds	1 391	1 410	1 437	27	1.9
<b>By Educational Attainment</b>					
Primary or less	2 093	2 237	2 150	-87	-3.9
Incomplete secondary	4 815	5 129	5 060	-69	-1.3
Complete secondary	4 847	4 893	5 008	115	2.3
Diploma/Certificate	2 041	1 953	1 910	-43	-2.2
Degree	1 140	1 277	1 267	-10	-0.8

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

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.

important to note that this rapid growth amongst older cohorts is at least partly related to the ageing of employed individuals and their subsequent movement from one age group to the next.

The data points to a continuation of the trend of rising skills intensity within South African employment, as employment growth has tended to favour better educated individuals. Although no changes are found to be statistically significant, employment of those with completed secondary education is estimated to have risen by 2.3 percent, while employment of tertiary graduates is virtually unchanged over the period. In 2016Q2, 5.1 million employed individuals had incomplete secondary education (equivalent to 32.5 percent of total employment), and a further 5.0 million (32.1 percent) had matric certificates.

*“... the data suggests that job losses over the period were almost exclusively experienced by women”*

The decline in employment of 100 000 jobs over the 12-month period to 2016Q2 is disaggregated by race, gender, age and education in Table 5. Africans account for more than the full net decrease in employment over the period, while almost all net job losses were experienced by women.

The three ten-year age cohorts between 15 and 44 years each saw employment decline. Together, these

three age groups saw a fall in employment roughly three times the overall decline. In contrast, though, growth in employment amongst 45 to 54 year olds was 1.6 times the overall decline. However, it is only the 15 to 24 year age group that saw a statistically significant decline in employment.

In terms of educational attainment, those with matric certificates experienced employment growth, while relatively large contractions were experienced by those with primary or less (86.5 percent of net job losses) and those with incomplete secondary education (68.3 percent).

**Table 5: Composition of Employment Change, 2015Q2-2016Q2**

<b>Absolute Change</b>	Thousands
Total Employment	-100
<b>Share of Change</b>	Percent
<b>By Race</b>	
African	118.8
Coloured	2.4
Asian	-17.2
White	-4.0
<b>By Gender</b>	
Male	2.1
Female	97.9
<b>By Age Group</b>	
15 to 24 year olds	120.8 †
25 to 34 year olds	111.3
35 to 44 year olds	58.6
45 to 54 year olds	-163.7
55 to 65 year olds	-27.0
<b>By Educational Attainment</b>	
Primary or less	86.5
Incomplete secondary	68.3
Complete secondary	-114.4
Diploma/Certificate	42.9
Degree	10.2

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

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

## SECTORAL EMPLOYMENT TRENDS

The decomposition of employment by economic sector reveals that the tertiary sector plays a vital role as employer in the labour market (Table 6). In 2016Q2, the tertiary sector employed 11.1 million individuals in total (71.1 percent of total employment). The tertiary sector is followed by the secondary sector, which accounted for 3.2 million jobs (20.6 percent), while the primary sector employed 1.3 million individuals (8.2 percent). Over the 12 months to 2016Q2, the primary and secondary sectors shed jobs at rates of 3.2 percent and 2.5 percent respectively, while employment in the tertiary sector was virtually unchanged from a year earlier. None of these changes, though, are statistically significant.

At a more disaggregated level, four industries each account for at least ten percent of South African employment. These are community, social and personal (CSP) services (22.8 percent of total employment, or 3.6 million jobs); wholesale and retail trade (20.2 percent, 3.1 million jobs); financial and business services (14.3 percent, 2.2 million jobs); and manufacturing (11.0 percent, 1.7 million jobs). Together, these four industries account for 68.3 percent of total employment in 2016Q2, marginally higher than a year earlier. These industries are followed by construction (8.7 percent of employment) and private households (8.0 percent), which consists primarily of domestic workers.

The largest year-on-year gain in employment is observed in financial and business services, which increased by 2.6 percent (57 000), although the change was not significant. Employment in CSP services was virtually unchanged compared with a year earlier, >>>

Table 6: Employment Trends by Industry, 2015 Quarter 2– 2016 Quarter 2

	2014	2015	2016 Quarter 2		Change ('15-'16)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	15 122	15 685	15 585	100.0	-100	-0.6
Agriculture, forestry and fishing	670	870	827	5.3	-43	-4.9
Mining and quarrying	419	446	447	2.9	1	0.3
<b>Primary Sector</b>	1 089	1 316	1 275	8.2	-42	-3.2
Manufacturing	1 748	1 761	1 714	11.0	-48	-2.7
Electricity, gas and water	118	136	112	0.7	-24	-17.5
Construction	1 183	1 402	1 392	8.9	-10	-0.7
<b>Secondary Sector</b>	3 050	3 299	3 218	20.6	-81	-2.5
Wholesale and retail trade	3 184	3 125	3 145	20.2	20	0.6
Transport, storage and communication	951	924	864	5.5	-60	-6.5
Financial and business services	2 018	2 166	2 224	14.3	57	2.6
Community, social and personal (CSP) services	3 536	3 556	3 557	22.8	1	0.0
Private households	1 292	1 295	1 299	8.3	4	0.3
<b>Tertiary Sector</b>	10 981	11 066	11 088	71.1	22	0.2

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

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.



suggesting that government may have been successful in reining in public sector employment growth in line with its commitment to controlling state expenditure. Indeed, further disaggregation by type of business reveals that public sector employment within the CSP services sector was 2.18 million in 2015Q2 and 2.16 million a year later.

Weakness in the secondary sector is evident across all three secondary industries (manufacturing, utilities and construction). At the same time, employment in the primary sector is held back by falling agricultural employment as the effects of the drought continue to be felt.

Table 7 provides an alternative disaggregation of employment, focusing on the distinction between formal and informal sector employment. The South African labour market is predominantly a formal labour market: in 2016Q2, the formal sector accounted for three-quarters (74.7 percent) of total employment. Employment in formal agriculture stood at 702 000 (4.5 percent of total employment), with 10.9 million (70.2 percent) workers employed in the formal non-agricultural sector. Informal sector employment accounts for 2.6 million jobs (16.9 percent), virtually all of which were non-agricultural.

While the informal sector employs twice as many individuals as are employed in private households, it remains small when compared with other countries at comparable levels of development.

**Table 7: Employment Trends by Sector, 2015 Quarter 2 – 2016 Quarter 2**

	2014 Quarter 2 ('000s)	2015 Quarter 2 (‘000s)	2016 Quarter 2		Change ('15-'16)	
			Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	15 122	15 685	15 585	100.0	-100	-0.6
<b>Agriculture</b>	670	870	827	5.3	-43	-4.9
- Formal agriculture	571	758	702	4.5	-56	-7.4
- Informal agriculture	99	112	126	0.8	13	11.8
<b>Non-agricultural employment</b>	13 160	13 520	13 459	86.4	-62	-0.5
- Formal non-agricultural	10 772	10 853	10 943	70.2	89	0.8
- Informal non-agricultural	2 388	2 667	2 516	16.0	-151	-5.7
<b>Private households</b>	1 292	1 295	1 299	8.3	4	0.3

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

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.

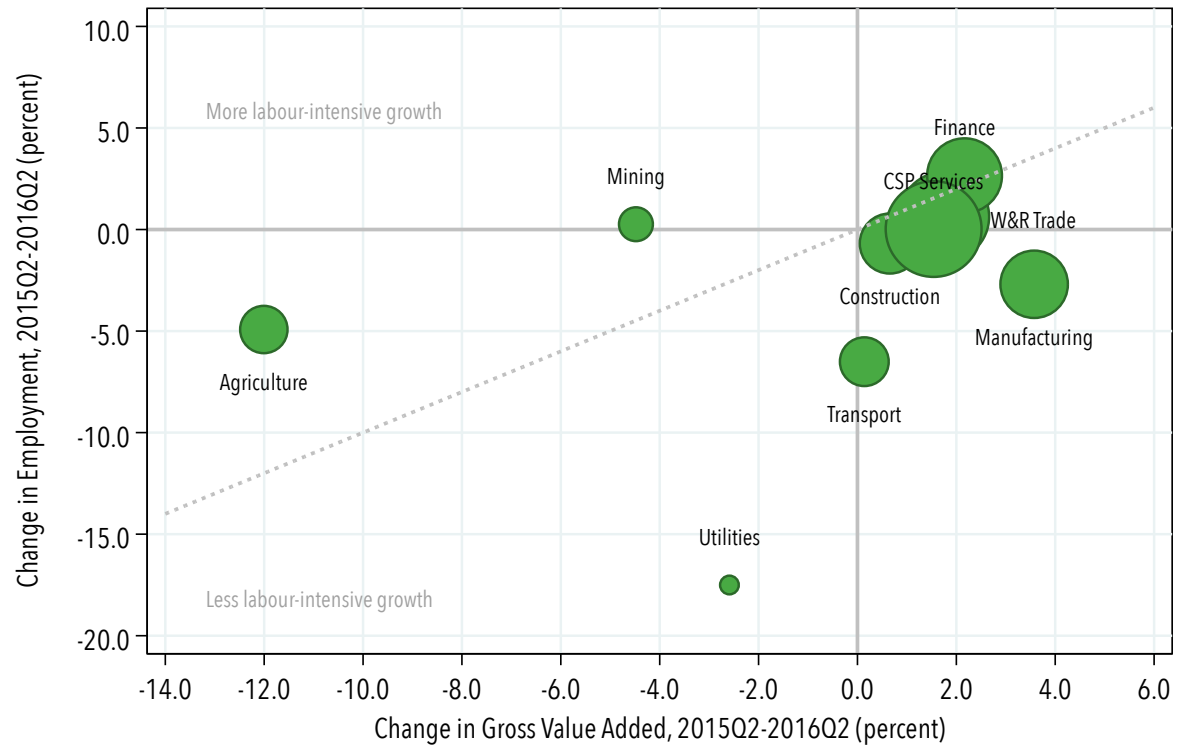
*“...the informal sector employs twice as many individuals as are employed in private households, [but] remains small when compared with other countries at comparable levels of development.”*

Figure 2 plots the relationship between real output (gross value added) growth and employment growth by industry on a year-on-year basis. Sectors above the dotted 45 degree line saw more rapid employment growth than output growth (or less rapid employment contraction than output contraction). i.e. these sectors had more labour intensive growth, and vice versa.

What is immediately evident from the figure is that only three industries saw year-on-year contractions in output, namely agriculture (-12.0 percent), mining (-4.5 percent) and utilities (-2.6 percent). Growth over the period was led by manufacturing (3.6 percent), finance (2.2 percent) and trade (1.8 percent). In contrast, employment contracted in all industries except for mining, trade, finance and CSP services, with the most rapid contractions in utilities (-17.5 percent), transport (-6.5 percent) and agriculture (-4.9 percent).

Only three industries—agriculture, mining and finance—lie above the 45 degree line that implies a rise in the labour intensity of production over time. In the case of agriculture and mining, however, this is the result of output contractions that outpaced employment contractions. In finance, however, both employment and output grew over the period. Of those industries below the 45 degree line, utilities, transport and manufacturing were furthest below the line, with utilities shedding jobs particularly rapidly.

Figure 2: The Relationship between Output Growth and Employment Growth by Industry, 2015 Quarter 1 – 2016 Quarter 1



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

Notes: 1. The size of the bubbles indicates relative employment levels in each industry for 2015Q2.

# OCCUPATIONAL EMPLOYMENT TRENDS

Table 8: Employment Trends by Occupation, 2015 Quarter 2 – 2016 Quarter 2

	2014 Quarter 2('000s)	2015 Quarter 2 ('000s)	2016 Quarter 2		Change ('15-'16)	
			Total ('000s)	Share (Percent)	Absolute ('000s)	Relative (Percent)
<b>Overall Employment</b>	15 122	15 685	15 585	100.0	-100	-0.6
Managers	1 297	1 250	1 324	8.5	75	6.0
Professionals	924	752	861	5.5	108	14.4 †
<b>High Skilled</b>	2 220	2 002	2 185	14.0	183	9.1 *
Technicians	1 596	1 482	1 503	9.6	21	1.4
Clerks	1 652	1 640	1 625	10.4	-16	-1.0
Service and sales workers	2 281	2 471	2 439	15.6	-33	-1.3
Skilled agricultural workers	58	99	67	0.4	-32	-32.7 †
Craft and related trades	1 745	1 923	1 892	12.1	-31	-1.6
Operators and assemblers	1 261	1 374	1 221	7.8	-153	-11.1 *
<b>Skilled</b>	8 593	8 990	8 746	56.1	-244	-2.7
Elementary occupations	3 285	3 685	3 639	23.3	-46	-1.2
Domestic workers	1 021	1 009	1 015	6.5	6	0.6
<b>Low Skilled</b>	4 306	4 694	4 654	29.9	-40	-0.8

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

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.

*“Continued economic weakness is manifested in sedate rates of change in employment by occupational category over the period.”*

In 2016Q2, there were 8.7 million skilled workers (56.1 percent of total employment) employed in South Africa (Table 8). This is close to twice the number of low skilled jobs (4.7 million, or 29.9 percent of total employment), and four times the number of high skilled workers (2.2 million, or 14.0 percent). Of these three categories, it is only high skilled employment that has seen statistically significant growth over the period, adding 183 000 jobs at a rate of 9.1 percent per annum.

The largest occupational category in terms of employment is elementary occupations, which accounted for 23.3 percent of total employment in 2016Q2. This is followed by service and sales workers (15.6 percent); craft and related trades workers (12.1 percent); and clerks (10.4 percent). Together, these four categories account for 61.4 percent of total employment. However, job growth was uneven across these occupational categories.

Continued economic weakness is manifested in generally slow rates of change in employment across occupational categories over the period. There are, however, some exceptions. Professionals saw an increase in employment of 108 000 (14.4 percent); skilled agricultural workers experienced the largest decline in employment of 32 000 (32.7 percent); and operators and assemblers saw a decline of 153 000 (11.1 percent). Each of these changes are statistically significant.

# EMPLOYMENT CHARACTERISTICS

Table 9: Employment Characteristics, 2015 Quarter 2 – 2016 Quarter 2

	2014	2015	2016	Change ('15-'16)		
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Absolute (‘000s)	Relative (Percent)	
<b>Total Employees</b>	13 079	13 502	13 319	-183	-1.4	*
<b>Contract Duration</b>						
Limited	2 004	1 983	1 776	-207	-10.4	*
Permanent	8 134	8 195	8 182	-13	-0.2	
Unspecified duration	2 873	3 223	3 290	66	2.1	
<b>Contract Type</b>						
Written	10 572	10 627	10 595	-33	-0.3	
Verbal	2 440	2 774	2 653	-120	-4.3	
<b>Benefits</b>						
Medical Aid	4 062	4 021	3 948	-74	-1.8	
Pension	6 330	6 278	6 163	-114	-1.8	
UIF	7 831	8 008	8 026	18	0.2	
Paid Leave	8 379	8 502	8 698	196	2.3	†
Sick Leave	8 918	9 075	9 304	229	2.5	*
Maternity/Paternity Leave	6 803	7 155	7 420	265	3.7	*
Union Membership	3 720	3 707	3 719	11	0.3	
<b>Usual Hours Per Week (All employed)</b>						
1-19 hours	633	701	703	2	0.3	
20-39 hours	1 667	1 712	1 730	17	1.0	
40-44 hours	5 933	6 085	5 981	-104	-1.7	
45-49 hours	3 545	3 800	3 675	-125	-3.3	
50+ hours	3 238	3 315	3 419	105	3.2	
Mean hours per week	43	43	43	0	0.2	

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

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 presents an overview of employment according to various employment characteristics and protections. In 2016Q2, there were 13.3 million employees, 1.4 percent lower than a year earlier.

The period saw a decline of 10.4 percent in the number of employees with contracts of limited duration to 1.8 million in 2016Q2. Permanent contracts remain the dominant contract type, accounting for 8.2 million employees, while 3.3 million employees have contracts of unspecified duration. The vast majority of employees have written, as opposed to verbal, contracts (79.5 percent). Net job losses were concentrated amongst those with verbal contracts, although this change is not statistically significant.

The 12-month period has also been characterised by an increase in the number of employees with access to paid leave, sick leave and maternity/paternity leave. This increase is all the more impressive given that the number of employees declined over the period. In 2016Q2, 60.3 percent of employees reported UIF employer contributions, 65.3 percent had paid leave, while 69.9 percent had paid sick leave.

While the average number of weekly hours worked has remained very steady since 2014 at 43 hours, net job losses were concentrated amongst those working between 40 and 49 hours per week, with the number of employees working 50 hours or more per week rising slightly to 3.4 million.

# UNEMPLOYMENT TRENDS

Table 10: Expanded Unemployment Rate Trends, 2015 Quarter 2 – 2016 Quarter 2

	2014	2015	2016	Change ('15-'16)		
	Quarter 2 (Percent)	Quarter 2 (Percent)	Quarter 2 (Percent)	Absolute (P.points)	Relative (Percent)	
<b>Overall Unemployment Rate</b>	33.4	32.8	34.4	1.5	4.7	*
<b>By Race</b>						
African	37.5	36.8	38.9	2.1	5.6	*
Coloured	28.3	27.2	26.5	-0.8	-2.8	
Asian	16.1	18.3	14.4	-3.8	-21.0	
White	9.3	7.9	7.9	0.0	0.1	
<b>By Gender</b>						
Male	30.8	29.7	31.3	1.7	5.7	*
Female	36.4	36.5	37.9	1.4	4.0	
<b>By Age Group</b>						
15 to 24 year olds	61.8	60.0	63.2	3.2	5.4	†
25 to 34 year olds	38.0	37.8	39.7	1.9	5.0	†
35 to 44 year olds	25.4	25.2	27.2	2.1	8.2	†
45 to 54 year olds	20.6	20.2	20.2	0.0	-0.2	
55 to 65 year olds	13.5	13.4	14.9	1.4	10.7	
<b>By Educational Attainment</b>						
Primary or less	35.9	34.3	35.0	0.6	1.9	
Secondary not completed	42.6	41.4	43.1	1.7	4.1	†
Secondary completed	32.1	31.7	33.5	1.8	5.6	
Diploma or Certificate	17.1	18.8	20.1	1.3	7.0	
Degree	7.2	6.8	7.5	0.7	10.6	

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

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.

Extremely high unemployment rates are a defining characteristic of the current South African economic reality, with South Africa's narrow unemployment rate ranked the world's fourth highest in 2014, behind Macedonia, West Bank and Gaza, and Greece (World Bank, 2016). Table 10 presents the expanded unemployment rate in South Africa by individual characteristics. Overall, the expanded unemployment rate increased relatively rapidly in 2016Q2 from a year earlier, rising by a statistically significant 1.5 percentage points.

The familiar pattern of racial disadvantage in the labour market is reflected in the estimates of unemployment by race: Africans have the highest unemployment rate (38.9 percent, more than four percentage points above the national average), followed by Coloureds (26.5 percent), Asians (14.4 percent) and Whites (7.9 percent). Put differently, Africans are almost five times as likely to be unemployed as Whites, and more than twice as likely as Asians.

Women are more likely than men to be unemployed: in 2016Q2, the expanded unemployment rate for women is estimated at 37.9 percent, 6.6 percentage points higher than that of men (31.3 percent). This gap is marginally narrower than it was in 2015Q2, as the unemployment rate for men is estimated to have risen slightly more rapidly than that of women.

A strong negative relationship can be observed between the unemployment rate and age. The unemployment rate is lowest in the 55-65 year cohort (14.9 percent) whilst highest for 15-24 year olds (63.2 percent) and 25-34 year olds (39.7 percent). This illustrates the difficult conditions that young labour force participants face in the South African labour market. For 25-34 year olds, the unemployment rate is 5.3 percentage points above the national average. However, as age increases, the unemployment rate continues to decline, falling to 27.2 percent for 35-44 year olds and to 14.9 percent to 55-65 year olds. The largest increases in unemployment rates in percentage point terms occurred amongst the youngest three age cohorts, rising by 8.2 percentage points for 35-44 year olds, 5.4 percentage points for 15-24 year olds and 5.0 percentage points for 25-34 year olds.

In terms of educational attainment, it is evident that the unemployment rate is, broadly speaking, negatively correlated with education. In 2016Q2, those who had incomplete secondary education had the highest unemployment rate of 43.1 percent, falling to 33.5 percent for matriculants and just 7.5 percent for those with degrees. The key exception is for those with primary education or less, for whom the unemployment rate is 35.0 percent. This group is, though, somewhat older than the general labour force (given improvements in educational attainment over time) and these individuals are often employed in

sectors, such as agriculture or domestic work. In these instances, individuals may simply exit the labour force if they lose their jobs, rather than remain unemployed. Unemployment increased for those with incomplete secondary by 1.7 percentage points. No other education level saw a statistically significant change in their unemployment rate.

Table 11 disaggregates the overall change in the level of unemployment by demographic characteristics. Overall, the number of individuals that were unemployed according to the expanded definition of unemployment increased by 497 000 between 2015Q2 and 2016Q2. Africans accounted for more than the full increase (109.5 percent) in the number of unemployed over the period, with the increase in the number of unemployed Africans statistically significant. Males accounted for the majority of the increase (61.4 percent) in unemployment, in line with their share of employment change over the period. The substantial increase in the unemployment rate amongst 35 to 44 year olds is reflected in the fact that this cohort accounted for 32.7 percent of the increased number of unemployed individuals over the period. Finally, individuals with incomplete secondary accounted for 42.5 percent and matriculants for 50.3 percent of the increase in the number of unemployed. This large share for the former group points to the weakened position within the labour market of matriculants, for whom the unemployment rate is similar to the national

average, and the importance of improving access to post-secondary education for young South Africans.

**Table 11: Composition of Unemployment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<b>Total Unemployment</b>	<b>497</b>
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	109.5 *
Coloured	-4.9
Asian	-4.8
White	0.1
<b>By Gender</b>	
Male	61.4 *
Female	38.6
<b>By Age Group</b>	
15 to 24 year olds	18.0
25 to 34 year olds	34.7
35 to 44 year olds	32.7 *
45 to 54 year olds	8.0
55 to 65 year olds	6.5
<b>By Educational Attainment</b>	
Primary or less	-2.6
Secondary not completed	42.5 †
Secondary completed	50.3 *
Diploma or Certificate	5.8
Degree	2.0

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

## CONCLUSION

The macroeconomic environment in South Africa remains challenging, with the economy missing a technical recession in 2016Q2. In this context, the labour market continues to perform poorly, with employment slightly declining over the year to 2016Q2. At the same time, expanded unemployment rose by 6.5 percent, driven primarily by a 7.7 percent increase in narrow unemployment. The number of searching unemployed stood at 5.6 million, up just over 400 000 from a year earlier.

Urban and rural areas fared somewhat differently with regards to unemployment. In rural areas, expanded unemployment was driven upwards primarily by an increase in discouraged workseekers, rather than by narrow unemployment. The data also shows that rural areas account for a relatively small share of employment and a relatively large share of discouraged workseekers, while the rural unemployment rate is 12.8 percentage points higher than the urban unemployment rate.

While few statistically significant changes in employment are observed over the period, it seems that women, the youth and those with the least education bore the brunt of the decline in employment over the period. In contrast, those aged 45 years and above, and those with matric certificates saw increases in employment.

Employment in the tertiary sector was stagnant over the 12-month period, with both the primary and secondary sectors seeing falling employment. In the case of the primary sector, net job losses were observed in agriculture, while all three secondary industries lost jobs. However, none of these changes are statistically significant. Outside of agriculture, however, net job losses were essentially confined to the informal sector: the informal non-agricultural sector lost 151 000 jobs between 2015Q2 and 2016Q2.

High skilled workers were, however, not exposed to job losses in the way that other occupational categories were. High skilled employment grew by 9.1 percent over the year, driven by an increase in the number of employed professionals of 14.4 percent, while employment of technicians was stable.

The evidence suggests that employees with permanent contracts and contracts of unspecified duration were did not see declines in employment, with employees on limited duration contracts falling by 10.4 percent. Similarly, job losses were concentrated amongst those with verbal, rather than written, contracts. While fewer employees reported employer contributions to medical aid or pension, there was strong growth in the number of employees with access to paid, sick and parental leave.

Finally, expanded unemployment rates rose rapidly over the period for Africans (2.1 percentage points), men (1.7 percentage points), youth aged 15 to 24

years (3.2 percentage points) and those with incomplete secondary education (1.7 percentage points). All of these changes are statistically significant.

Unfortunately, the year to 2016Q2 saw either stagnation or deterioration in labour market conditions as measured across a range of aggregates and ratios. It is unreasonable to expect a significant and long-lasting reversal of these negative trends without a sustained recovery in economic growth rates. Without economic growth, individuals and households unable to access employment will continue to be forced to rely on the state for support.

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# APPENDIX

Table 12: Labour Market Aggregates

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



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

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

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