

MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN
LABOUR MARKET FOR THE YEAR ENDING
2016 QUARTER 1

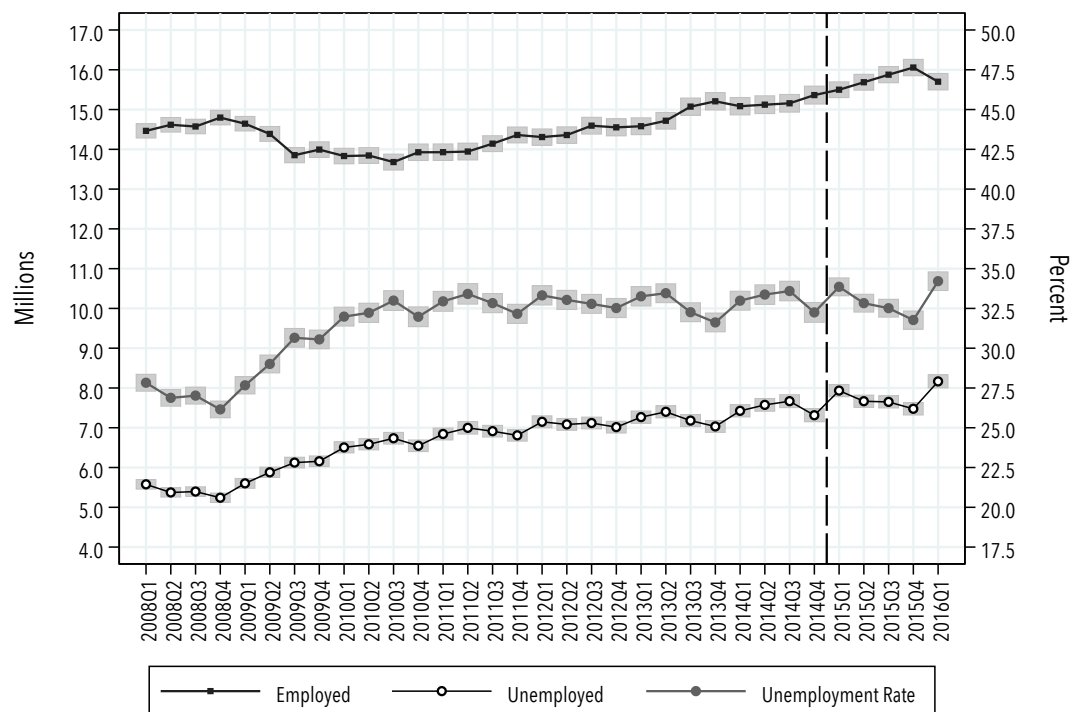
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RECENT LABOUR MARKET TRENDS

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.

Economic growth in South Africa remains lacklustre nearly eight years after the global financial crisis. Real GDP growth during 2015 was just 1.3 percent, its lowest level since the recession of 2009 (SARB 2016). However, once population growth is factored in this rate falls to -0.1 percent (own calculations, SARB 2016). Within this context, members of the labour force are likely to face significant challenges in terms of finding and/or keeping employment.

Figure 1 shows South African employment and unemployment trends from the inception of the Quarterly Labour Force Surveys (QLFS) in 2008Q1 to 2016Q1. The global financial crisis resulted in a sharp decline in employment levels from 2008Q4 to 2009Q3 of 944 000 or 6.4 percent of employment. The labour market continued to experience a slow decrease in employment over the following 12 months before starting a gradual upward trend in 2010Q3.

In terms of expanded unemployment—which includes all unemployed individuals, whether or not they are actively searching for work—the number of unemployed labour force participants has increased gradually, but consistently, since 2008Q4. In 2016Q1, 8.2 million people were unemployed by this definition. The increase in expanded unemployment observed in 2016Q1 has largely been driven by an expansion in narrow unemployment, although the number of discouraged workseekers has grown too.

The introduction of the new Master Sample in 2015 Q1 has been accompanied by somewhat unexpected moves in labour market aggregates, including a steep rise in unemployment between 2014Q1 and 2015Q1 of 620 000 (an 8.5 percent increase) and a steep fall in employment between 2015Q4 and 2016Q1 of 356 000 (or 2.2 percent).

Table 1 gives an overview of the South African labour market for the first quarters of the years 2014, 2015 and 2016. In 2016Q1, the working age population stood at 36.7 million, representing an increase of 1.8 percent from a year earlier. Concurrently, employment stood at 15.7 million, having increased by 202 000 from a year earlier. This increase in employment of 1.3 percent lagged that of both the narrow labour force (1.8 percent) and expanded labour force (1.8 percent). While the estimates of narrow and expanded labour force growth are statistically significant at the 90 percent confidence level, the estimated increase in employment over the past year is not statistically significant. The increase in the broad labour force is associated with the 2.2 percent increase in discouraged work-seekers (i.e. the non-searching unemployed) and a 3.2 percent increase in the searching unemployed as labour market conditions remain weak.

Labour force participation rates (LFPR) in 2016Q1 were unchanged from a year earlier, but were marginally higher than in 2014Q1. Of the working age population, 58.3 percent were part of the narrow labour force, while 65.0 percent were part of the expanded labour force.

Since employment growth lagged that of the labour force, irrespective of definition, both the narrow and the expanded unemployment rates have drifted higher over the 12-month period, but these changes are not statistically significant. Employment growth remains too slow: As of 2016Q1, more than a quarter of the labour force (26.7 percent) were unemployed according to the narrow definition of unemployment, rising to more than one-third (34.2 percent) using the expanded definition.

A LABOUR MARKET OVERVIEW

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

	2014	2015	2016	Change ('15-'16)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
Labour Market Aggregates (Thousands)					
Working Age Population	35 432	36 063	36 720	656	1.8
Employment	15 084	15 498	15 700	202	1.3
Narrow Unemployment	5 068	5 536	5 714	179	3.2
Narrow Labour Force	20 153	21 034	21 414	380	1.8 †
Expanded Unemployment	7 424	7 933	8 164	231	2.9
Expanded Labour Force	22 508	23 431	23 864	433	1.8 †
Discouraged Workseekers	2 355	2 397	2 450	53	2.2
Labour Force Participation Rate (Percent)					
Narrow LFPR	56.9	58.3	58.3	0.0	0.0
Expanded LFPR	63.5	65.0	65.0	0.0	0.0
Unemployment Rate (Percent)					
Narrow Unemployment Rate	25.2	26.3	26.7	0.4	1.4
Expanded Unemployment Rate	33.0	33.9	34.2	0.4	1.0

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 working age population includes all individuals aged between 15 years and 65 years inclusive.

“As of 2016Q1, more than a quarter of the labour force ... were unemployed according to the narrow definition of unemployment, rising to more than one-third ... using the the expanded definition”

LABOUR FORCE PARTICIPATION

Table 2: Labour Force Participation Rates, 2015 Quarter 1 – 2016 Quarter 1

Percent/Percentage Points	2014	2015	2016	Change ('15-'16)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
Overall LFPR	63.5	65.0	65.0	0.0	0.0
By Race					
African	62.7	64.3	64.6	0.3	0.5
Coloured	66.9	67.1	66.4	-0.7	-1.0
Asian	61.1	63.7	60.5	-3.2	-5.0
White	68.1	69.1	68.4	-0.7	-1.0
By Gender					
Male	69.8	70.9	71.2	0.2	0.3
Female	57.5	59.2	59.0	-0.2	-0.4
By Age Group					
15 to 24 year olds	32.2	34.3	34.0	-0.3	-1.0
25 to 34 year olds	82.5	83.7	84.1	0.4	0.5
35 to 44 year olds	84.4	85.5	85.0	-0.5	-0.6
45 to 54 year olds	75.7	76.8	77.3	0.5	0.6
55 to 65 year olds	44.4	44.2	43.4	-0.8	-1.9
By Educational Attainment					
Primary or less	52.8	55.1	54.2	-0.8	-1.5
Incomplete secondary	55.1	56.8	56.5	-0.3	-0.5
Complete secondary	72.8	74.0	74.9	0.9	1.2
Diploma/Certificate	89.2	87.6	87.2	-0.5	-0.5
Degree	88.7	90.0	89.2	-0.7	-0.8

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.

Labour force participation rates reflect the proportion of the working age population (aged 15 to 65 years) that is engaged in the labour force. Nearly two-thirds (65.0 percent) of the working age population participate in the expanded labour force.

Participation rates for Africans increased slightly over the year, but declined slightly for the other race groups. Men are more likely to be economically active than women, with 71.2 percent of working age men participating in the labour force compared with 59.0 percent of women. Participation rates are lowest for 15 to 24 year olds and 55 to 65 year olds, since a large proportion of the youth is enrolled in the education system, while the oldest cohorts are increasingly likely to exit the labour force as they age. In 2016Q1, participation rates for these age-groups were 34.0 percent and 43.4 percent respectively. In contrast, more than three-quarters of the 25-54 year old cohort were part of the labour force, with participation peaking at 85.0 percent amongst 35-44 year olds.

Education level and labour force participation are positively correlated as depicted in Table 2. In 2016Q1, the participation rate for those with primary education or less was 54.2 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 74.9 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 further 12 to 15 percentage point increase for post-secondary education. However, given the stability of the overall estimate of labour force participation, changes by demographic characteristics over this period are not statistically significant.

Overall employment in 2016Q1 stood at 15.7 million compared with 15.5 million in 2015Q1. Employment grew by 202 000 over the period, equivalent to a growth rate of 1.3 percent. This change was, however, not statistically significant.

Amongst the employed in 2016Q1, 11.6 million were African (74.0 percent), 1.7 million were Coloured (11.0 percent), 0.5 million were Asian (3.0 percent) and 2.0 million were White (12.0 percent). It was only amongst Africans that there was any real sign of employment growth: although not statistically significant, African employment was estimated 1.9 percent higher in 2016Q1 compared with a year earlier.

In 2016Q1, 8.8 million men (56.0 percent of the employed) and 6.9 million women (44.0 percent) were employed in South Africa. For both men and women, however, estimated employment growth over the 12-month period to 2016Q1 is not statistically significant. In absolute terms, employment growth amongst males between 2015Q1 and 2016Q1 was twice that of females (135 000 compared with 67 000). Thus, the data suggests that men may be benefiting disproportionately from employment growth over the past two years when compared with their 56.0 percent share of employment.

Employment is dominated by individuals between the ages of 25 and 44 years of age, who account for 62.4 percent of total employment in 2016Q1. A further one-fifth (20.5 percent) of the employed are between the ages of 45 and 54 years. The youngest and oldest age-groups make up relatively small shares of the >>>

EMPLOYMENT TRENDS

Table 3: Employment Trends, 2015 Quarter 1 – 2016 Quarter 1

	2014	2015	2016	Change ('15-'16)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Absolute (‘000s)	Relative (Percent)
Overall Employment	15 084	15 498	15 700	202	1.3
By Race					
African	10 969	11 362	11 579	217	1.9
Coloured	1 623	1 654	1 655	1	0.1
Asian	495	502	505	3	0.6
White	1 997	1 980	1 961	-19	-1.0
By Gender					
Male	8 420	8 712	8 846	135	1.5
Female	6 664	6 786	6 853	67	1.0
By Age Group					
15 to 24 year olds	1 226	1 418	1 255	-163	-11.5 *
25 to 34 year olds	4 775	4 822	4 939	118	2.4
35 to 44 year olds	4 664	4 742	4 860	119	2.5
45 to 54 year olds	3 027	3 098	3 216	118	3.8
55 to 65 year olds	1 393	1 419	1 430	10	0.7
By Educational Attainment					
Primary or less	2 112	2 231	2 132	-99	-4.4
Incomplete secondary	4 900	5 094	5 093	-1	0.0
Complete secondary	4 730	4 780	5 066	286	6.0 *
Diploma/Certificate	1 971	1 946	1 914	-32	-1.7
Degree	950	984	1 031	47	4.8

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.

employed in South Africa. There are 1.3 million and 1.4 million employed individuals aged 15 to 24 years and 55 to 65 years, respectively, representing 8.0 percent and 9.1 percent of the employed. Although overall the change in employment in the year to 2016Q1 is not statistically significant, there was a sharp statistically significant decline in employment amongst young people aged 15 to 24 years: employment for this group contracted by 163 000 or 11.5 percent.

“...there was a sharp statistically significant decline in employment amongst young people aged 15 to 24 years [which] contracted by ... 11.5 percent [over the 12-month period]”

Employment in South Africa continues to become increasingly skills intensive as past employment growth has typically favoured better educated individuals. In 2016Q1, just over half (51.0 percent) of the employed had secondary or post-secondary education. In terms of educational attainment, the two largest cohorts amongst the employed are those with completed secondary (32.3 percent) and those with incomplete secondary (32.4 percent). Together, these two groups number more than 10 million individuals. Close to two million employed individuals have diplomas or certificates, while degreed individuals

number just over one million. In terms of change over the past 12 months, however, the only educationally-defined group to have seen a statistically significant change in employment over the 12-month period is complete secondary education: it is estimated that employment for this group expanded by 6.0 percent during the year, equivalent to an additional 286 000 jobs.

Table 4 shows the contribution of each group to total employment change over the year to 2016Q1. These results are for the most part not statistically significant. Nonetheless, the results show that Africans alone account for the full net increase in employment between 2015Q1 and 2016Q1, whilst men account for two-thirds of net employment growth. The three ten-year age cohorts between 25 and 54 years each accounted for between 58.0 percent and 59.0 percent of employment growth over the period, with the contraction in employment for 15 to 24 year olds equivalent to 80.8 percent of net employment growth of just over 200 000. Employment growth was dominated by those with completed secondary education, who accounted for 141.8 percent of the net increase in the number of jobs. The contraction in employment amongst those with primary education or less was equivalent to almost half (49.0 percent) of the net increase in total employment.

Table 4: Composition of Employment Change, 2015Q1-2016Q1

Absolute Change	Thousands
Total Employment	202
Share of Change	Percent
By Race	
African	107.6
Coloured	0.5
Asian	1.5
White	-9.6
By Gender	
Male	66.7
Female	33.3
By Age Group	
15 to 24 year olds	-80.8 *
25 to 34 year olds	58.3
35 to 44 year olds	58.8
45 to 54 year olds	58.6
55 to 65 year olds	5.1
By Educational Attainment	
Primary or less	-49.0
Incomplete secondary	-0.6
Complete secondary	141.8 *
Diploma/Certificate	-16.1
Degree	23.3

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.

Employment in South Africa for the period 2016Q1 was dominated by the tertiary sector, which accounts for 71.5 percent of employment or 11.2 million jobs (Table 5). The secondary sector employs just over 3.1 million people (19.9 percent of total employment) and the primary sector 1.4 million people (8.6 percent). Of the three, only the tertiary sector is estimated to have seen a statistically significant increase in employment between 2015Q1 and 2016Q1 (2.9 percent).

At a more disaggregated level, four industries each account for at least 10.0 percent of South African employment. These are Community, social and personal (CSP) services (23.5 percent of total employment, or 3.7 million jobs); wholesale and retail trade (20.2 percent, 3.2 million jobs); financial and business services (14.2 percent, 2.2 million jobs); and manufacturing (10.4 percent, 1.6 million jobs). Together, these four industries account for 68.3 percent of total employment in 2016Q1. They 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 CSP services, which includes government. CSP services employment grew by a statistically significant 6.6 percent over the 12-month period, adding 227 000 jobs. In contrast, manufacturing continues to decline in terms of employment, shedding an estimated 144 000 jobs or 8.0 percent of all manufacturing jobs in 2015Q1. This is the largest decline in manufacturing employment, at least in the last five years and underlies the overall poor performance of the secondary >>>

SECTORAL EMPLOYMENT TRENDS

Table 5: Employment Trends by Industry, 2015 Quarter 1 – 2016 Quarter 1

	2014	2015	2016 Quarter 1		Change ('15-'16)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	15 084	15 498	15 700	100.0	202	1.3
Agriculture, forestry and fishing	710	893	877	5.6	-16	-1.8
Mining and quarrying	424	443	473	3.0	30	6.8
Primary Sector	1 135	1 336	1 350	8.6	14	1.0
Manufacturing	1 808	1 784	1 640	10.4	-144	-8.0 †
Electricity, gas and water	130	143	112	0.7	-31	-21.9
Construction	1 200	1 323	1 366	8.7	42	3.2
Secondary Sector	3 138	3 250	3 118	19.9	132	-4.1
Wholesale and retail trade	3 195	3 056	3 169	20.2	113	3.7
Transport, storage and communication	897	901	895	5.7	-6	-0.6
Financial and business services	2 050	2 200	2 224	14.2	24	1.1
Community, social and personal (CSP) services	3 433	3 460	3 687	23.5	227	6.6 †
Private households	1 234	1 292	1 254	8.0	-38	-2.9
Tertiary Sector	10 808	10 908	11 229	71.5	321	2.9 †

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.

sector over the period. Given the magnitude of this change and the short time period involved, this has attracted some controversy around the data (see Makgetla 2016, for example).

As of 2016Q1, nearly half a million individuals are reported to be employed in the mining and quarrying sector, roughly 30 000 more than a year earlier. It is important to note, though, that there are issues with the QLFS's ability to accurately capture employment by industry. Statistics South Africa (2015), for example, notes that the mining industry is very clustered and the QLFS sample might have not captured the industry adequately. The Quarterly Employment Statistics (QES) provides an alternative estimate of employment in the sector of 455 000, which is around four percent lower than the QLFS estimate of 473 000 in 2016Q1 (Statistics South Africa 2016a).

In Table 6, we disaggregate the economy differently, distinguishing between agricultural, non-agricultural and private household employment, as well as the formal and informal sectors.

By 2016Q1, barely one in 20 jobs in South Africa were in agriculture (5.6 percent); 8.0 percent of jobs were in private households, while 86.4 percent were in other non-agricultural sectors. The South African economy is predominantly a formal economy, the formal sector accounting for 74.7 percent of total employment. Just 17.6 percent of total employment is located in the informal sector—roughly 2.7 million jobs—with the vast majority (95.0 percent) in the non-agricultural sector.

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.

Employment growth over the 12-month period to 2016Q1 appears to have been largely confined to the non-agricultural sector, with expansion observed in both the formal and informal sectors. However, none of the sectors presented in Table 6 have seen statistically significant changes in employment over the period.

Table 6: Employment Trends by Sector, 2015 Quarter 1 – 2016 Quarter 1

	2014	2015	2016 Quarter 1		Change ('15-'16)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	15 084	15 498	15 700	100.0	202	1.3
Agriculture	710	893	877	5.6	-16	-1.8
- Formal agriculture	594	784	739	4.7	-44	-5.7
- Informal agriculture	116	109	137	0.9	28	26.0
Non-agricultural employment	13 140	13 314	13 569	86.4	255	1.9
- Formal non-agricultural	10 798	10 824	10 985	70.0	161	1.5
- Informal non-agricultural	2 342	2 489	2 583	16.5	94	3.8
Private households	1 234	1 292	1 254	8.0	-38	-2.9

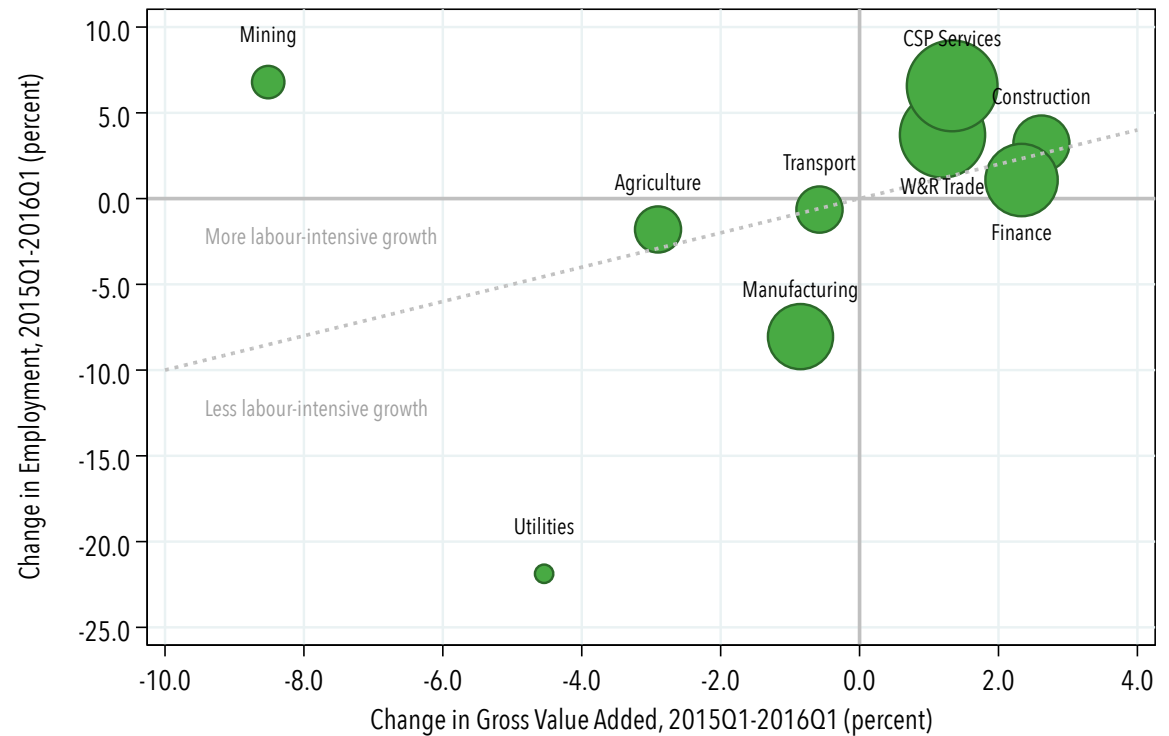
Source: Own calculations, Statistics South Africa (2014, 2015, 2016b).

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 South African economy is predominantly a formal economy, the formal sector accounting for 74.6 percent of total employment. Just 17.6 percent of total employment is located in the informal sector...”

EMPLOYMENT AND OUTPUT

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 in 2015Q1.

Figure 2 plots the relationship between output growth on the horizontal axis, and employment growth on the vertical axis. The dotted line is a 45 degree line: above this line, employment growth was more rapid than output growth meaning that the labour intensity of production increased over the period. Industries below the line saw output become less labour intensive over the period.

Overall, four industries grew in a labour intensive manner (mining, agriculture, CSP services, and wholesale and retail trade), while three did not (utilities, manufacturing, and financial services). Transport and construction were very close to the 45 degree line meaning that output and employment grew at roughly the same pace. Four industries out of nine (CSP services, trade, construction, personal services, and financial services) grew their contribution to GDP, with construction expanding at almost three percent.

Nearly all industries that saw output contractions during the 12-month period also saw employment fall, with only mining and quarrying being the exception. Output declines were most significant in manufacturing and utilities and it is thus unsurprising that employment also contracted most rapidly in these two sectors. Agriculture and mining are both examples of industries with positive employment growth in the context of economic contraction: in the case of the former, this is driven by the severe drought that is currently being experienced, while the latter is related to continued weakness in commodity prices.

OCCUPATIONAL EMPLOYMENT TRENDS

Table 7: Employment Trends by Occupation, 2015 Quarter 1 – 2016 Quarter 1

	2014 Quarter 1 (‘000s)	2015 Quarter 1 (‘000s)	2016 Quarter 1		Change (‘15-‘16)	
			Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	15 084	15 498	15 700	100.0	202	1.3
Managers	1 347	1 260	1 347	8.6	87	6.9
Professionals	880	786	882	5.6	96	12.3
High Skilled	2 226	2 046	2 230	14.2	183	9.0 *
Technicians	1 584	1 421	1 443	9.2	23	1.6
Clerks	1 612	1 675	1 619	10.3	-56	-3.3
Service and sales workers	2 285	2 454	2 532	16.1	79	3.2
Skilled agricultural workers	65	83	68	0.4	-15	-18.0
Craft and related trades	1 740	1 874	1 900	12.1	26	1.4
Operators and assemblers	1 266	1 328	1 284	8.2	-44	-3.3
Skilled	8 552	8 833	8 846	56.3	13	0.1
Elementary occupations	3 306	3 607	3 639	23.2	32	0.9
Domestic workers	1 000	1 012	986	6.3	-26	-2.6
Low Skilled	4 305	4 619	4 624	29.5	5	0.1

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 only real exceptions [to slow rates of change in employment] are the relatively rapid growth in the employment of managers and professionals...”

In 2016Q1, there were 8.8 million skilled workers (56.3 percent of total employment) employed in South Africa (Table 7). This is close to twice the number of low skilled jobs (4.6 million, or 29.5 percent of total employment), and four times the number of high skilled workers (2.2 million, or 14.2 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 9.0 percent per annum.

The largest occupational category in terms of employment is elementary occupations, which accounts for 23.2 percent of total employment in 2016Q1. This is followed by service and sales workers (16.1 percent); craft and related trades workers (12.1 percent); and clerks (10.3 percent). Together, these four categories account for 61.7 percent of total employment. However, employment growth was uneven across these occupations.

Continued economic weakness is manifested in sedate rates of change in employment by occupational category over the period. The only real exceptions are the relatively rapid growth in the employment of managers and professionals (6.9 percent and 12.3 percent over the year), although these are not statistically significant. These two occupational categories, though, are estimated to account for nine out of ten net new jobs since 2015Q1.

EMPLOYMENT CHARACTERISTICS

Table 8: Employment Characteristics, 2015 Quarter 1 – 2016 Quarter 1

	2014	2015	2016	Change ('15-'16)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Absolute (‘000s)	Relative (Percent)
Total Employees	13 136	13 398	13 541	202	1.1
Contract Duration					
Limited	1 946	2 061	1 863	-198	-9.6 *
Permanent	8 179	8 152	8 378	226	2.8
Unspecified duration	2930	3 090	3 224	134	4.3
Contract Type					
Written	10 701	10 509	10 782	272	2.6
Verbal	2 353	2 793	2 683	-110	-3.9
Benefits					
Medical Aid	4 077	3 837	4 066	229	6.0 *
Pension	6 386	6 069	6 365	296	4.9 *
UIF	8035	7956	8116	160	2.0
Paid Leave	8 453	8 275	8 810	535	6.5 *
Sick Leave	9 033	9 001	9 421	421	4.7 *
Maternity/Paternity Leave	6 944	6 950	7 484	534	7.7 *
Union Membership	3 674	3 588	3 790	202	5.6
Usual Hours Per Week (All employed)					
1-19 hours	454	514	535	21	4.1
20-39 hours	1 292	1 350	1 353	3	0.2
40-44 hours	5 626	5 552	5 627	75	1.4
45-49 hours	3 360	3 293	3 456	163	5.0
50+ hours	2 320	2 602	2 517	-85	-3.3
Mean hours per week	44	44	44	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 8 reports employment characteristics for employees only. In 2016Q1, there were just over 13.5 million employees in South Africa, marginally up from a year earlier.

Permanent contracts and those of unspecified duration, which accounted for 86.2 percent of employees in 2015Q1, increased between 2015 and 2016. In contrast, the number of individuals employed on limited duration contracts declined by a statistically significant 9.6 percent over the period. At the same time, employment in terms of written contracts also increased somewhat at the expense of verbal contracts, with 79.6 percent of employees having written contracts in 2016Q1. This is accompanied by statistically significant increases in rates of access to various benefits: medical aid deductions, pension deductions, paid leave, sick leave, and maternity or paternity leave. Increases for maternity/paternity leave, paid leave and medical aid deductions were particularly rapid. The number of employees with access to UIF, paid leave, sick leave, and maternity/paternity leave is either above or close to the number of employees with permanent contracts. However, only 4.1 million have medical aid in 2016Q1 and roughly 6.0 million have pension deductions.

The average number of hours worked in a week has remained very steady since 2014 at 44 hours. Union membership is estimated to have increased by 5.6 percent to almost 3.8 million workers, or 28.0 percent of employees.

UNEMPLOYMENT TRENDS

Table 9: Expanded Unemployment Rate Trends, 2015 Quarter 1 – 2016 Quarter 1

	2014	2015	2016	Change ('15-'16)		
	Quarter 1 (Percent)	Quarter 1 (Percent)	Quarter 1 (Percent)	Absolute (P.points)	Relative (Percent)	
Overall Unemployment Rate	33.0	33.9	34.2	0.4	1.0	
By Race						
African	37.5	38.2	38.7	0.5	1.2	
Coloured	26.4	26.1	26.3	0.1	0.5	
Asian	16.4	19.7	16.0	-3.7	-18.9	
White	7.5	8.8	8.0	-0.8	-8.6	
By Gender						
Male	30.6	30.7	31.3	0.5	1.7	
Female	35.7	37.5	37.7	0.2	0.5	
By Age Group						
15 to 24 year olds	62.9	59.8	64.2	4.4	7.3	*
25 to 34 year olds	37.5	38.9	38.8	-0.1	-0.3	
35 to 44 year olds	24.9	26.6	26.0	-0.5	-1.9	
45 to 54 year olds	19.7	20.9	20.7	-0.2	-1.1	
55 to 65 year olds	12.4	13.4	14.4	1.0	7.3	
By Educational Attainment						
Primary or less	34.7	35.8	36.7	1.0	2.7	
Secondary not completed	41.8	42.0	42.5	0.5	1.3	
Secondary completed	32.2	32.9	33.3	0.5	1.4	
Diploma or Certificate	16.7	20.7	19.5	-1.2	-5.7	
Degree	8.1	8.4	7.6	-0.8	-9.4	

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 9 presents the expanded unemployment rate in South Africa by individual characteristics. Overall, the expanded unemployment rate is estimated at 34.2 percent in 2016Q1, which is marginally higher than a year earlier.

The familiar pattern of racial disadvantage in the labour market is confirmed in the estimates of unemployment by race: Africans have the highest unemployment rate (38.7 percent, which is more than five percentage points above the national average), followed by Coloureds (26.3 percent), Asians (19.7 percent) and Whites (8.0 percent). Put differently, Africans are almost five times more likely to be unemployed than Whites, and twice as likely as Asians.

Women are more likely than men to be unemployed. In 2016Q1, the expanded unemployment rate for women is estimated at 37.7 percent, 6.4 percentage points higher than that of men (31.3 percent). This gap is marginally narrower than it was in 2015Q1, as the unemployment rate for men is estimated to have risen by slightly more than that for women.

Table 8 also reveals a strong negative relationship between the unemployment rate and age. In 2016Q1, nearly two-thirds (64.2 percent) of young people below the age of 25 years were unemployed, once again confirming the significantly weaker position that young labour force participants find themselves in. For 25 to 34 year olds, the unemployment rate is estimated at 38.8 percent, 4.6 percentage points above the national average. As age increases, unemployment rates decline even further: from 26.0 percent for 35 to 44 year olds to 14.4 percent to 55 to 65 year olds. Perhaps even more concerning is the fact that 15 to 24 year olds are the only age group for which the unemployment rate is estimated to have increased over the period, rising by 4.4 percentage points or 7.3 percent. No other age group saw a statistically significant change in their unemployment rate.

In terms of educational attainment, it is evident that the unemployment rate is, broadly speaking, negatively correlated with education. In 2016Q1, those who had incomplete secondary education had the highest unemployment rate of 42.5 percent, falling to 33.3 percent for matriculants and just 7.6 percent for those with degrees. The key exception is for those with primary education or less, for whom the unemployment rate is 36.7 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 remaining unemployed.

Table 10 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 231 000 between 2015Q1 and 2016Q1. Africans accounted for more than the full increase (118.4 percent) in the number of unemployed over the period, with the increase in the number of unemployed Africans statistically significant. Males accounted for just over two-thirds of the increase (67.7 percent) in unemployment, in line with their share of employment change over the period. The substantial increase in the unemployment rate amongst 15 to 24 year olds is reflected in the fact that this cohort accounted for 59.2 percent of the increased number of unemployed individuals over the period. In total, youth (15-34 year olds) accounted for 84.3 percent of the rise in unemployment, compared with their share of 39.5 percent of total employment. Finally, matriculants accounted for 83.0 percent of the increase in the number of unemployed, while a further 34.9 percent are accounted for by those with incomplete secondary education. 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 10: Composition of Unemployment Change

Absolute Change	<i>Thousands</i>
Total Unemployment	231
Share of Change	<i>Percent</i>
By Race	
African	118.4 †
Coloured	1.8
Asian	-11.7
White	-8.5
By Gender	
Male	67.7
Female	32.3
By Age Group	
15 to 24 year olds	59.2
25 to 34 year olds	25.1
35 to 44 year olds	-1.4
45 to 54 year olds	8.2
55 to 65 year olds	8.8
By Educational Attainment	
Primary or less	-2.2
Secondary not completed	34.9
Secondary completed	83.0 *
Diploma or Certificate	-19.0
Degree	-2.3

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.

CONCLUSION

South Africa's economic growth performance remains weak, with real GDP growing by just 1.3 percent in 2015 and real GDP per capita contracting by 0.1 percent. This poor performance underlies the weaknesses in the South African labour market: although the changes are not statistically significant, narrow unemployment is estimated to have grown at three times the rate of employment between 2015Q1 and 2016Q1.

In 2016Q1, the working age population stood at 36.7 million and employment stood at 15.7 million. Approximately 8.2 million people are unemployed according to the expanded definition. Labour force participation rates are unchanged over the period, while unemployment rates have edged marginally higher.

While total employment was only 1.3 percent higher over the period, this change was fully accounted for by increased employment amongst Africans. The key changes in employment, though, are the 11.5 percent decline in employment amongst 15 to 24 year olds, and the 6.0 percent increase in employment of individuals with matric certificates. Employment in high skilled occupations grew by 9.0 percent, compared with stagnation in skilled and low skilled occupations. In terms of the industrial structure of employment, the tertiary sector underpinned employment growth over the period, expanding by

2.9 percent (321 000 jobs). This was driven principally by the CSP services sector. In contrast, manufacturing is estimated to have shed 144 000 jobs, an 8.0 percent decline. Relating employment growth to output growth reveals that CSP services, wholesale and retail trade, mining and agriculture experienced more labour-intensive growth, even while the latter two industries contracted.

Limited duration contracts became substantially less common during the year, falling by 9.6 percent to 1.9 million employees, while there seems to have been some progress in increasing the prevalence of written contracts. Importantly, employees' access to medical aid contributions, pension contributions, paid leave, sick leave and maternity/paternity leave increased significantly over the year. Within the current weak economic environment, this is an important achievement.

While there was little change in the overall expanded unemployment rate, the unemployment rate amongst 15 to 24 year olds increased by 4.4 percentage points to 64.2 percent. No other group saw a statistically significant increase in unemployment rate. The increase in expanded unemployment of 231 000 individuals was, though, fully accounted for by the increase in unemployment amongst Africans and, in terms of educational attainment, was dominated by those with complete secondary education.

The trends highlighted in this factsheet are, for the

most part, not unexpected given the significant challenges facing the South African economy at this time. What is clear, though, is that without a significant improvement in economic growth rates, job creation will not pick up and will not be able to absorb the growth in the labour force. This will have negative consequences for unemployment rates and, therefore, poverty and inequality going forward.

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APPENDIX

Table 11: 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]

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

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