

# Monitoring the Performance of the South African Labour Market

An overview of the South African labour market from Quarter 2 of 2009 to Quarter 2 of 2010



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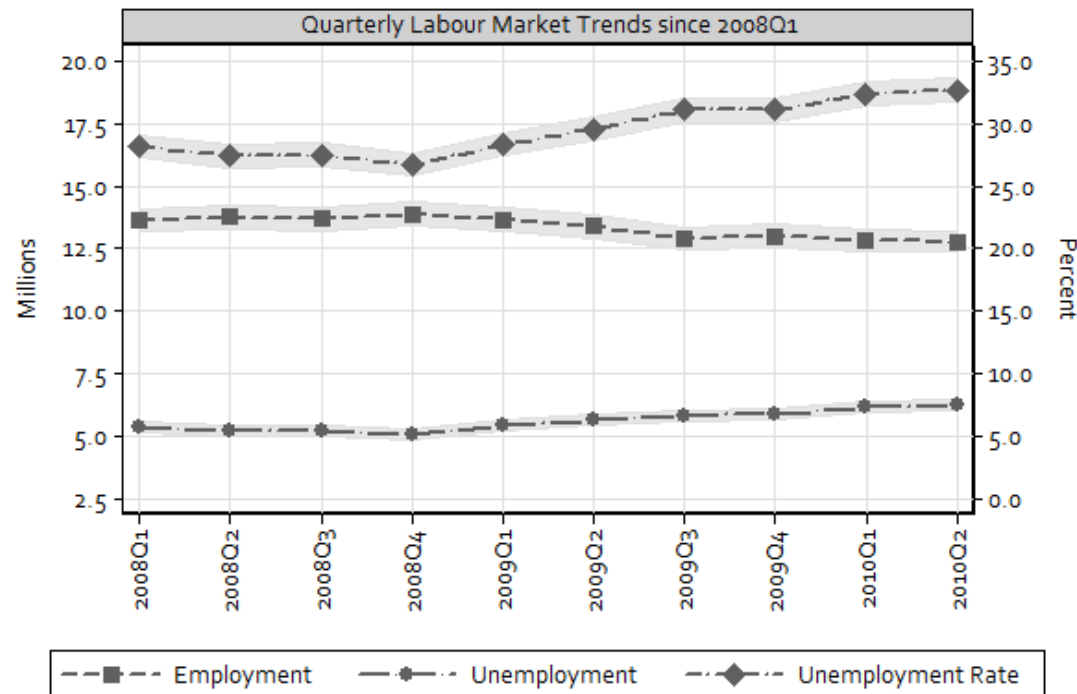
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# Recent Labour Market Trends

Figure 1: Quarterly Estimates of Labour Market Aggregates



Source: Own calculations, Statistics South Africa (2009; 2010a; various other years).

- Notes:
1. The expanded definition of unemployment is utilised here.
  2. Shaded bands represent the 95 percent confidence intervals around the estimates.

The impact of the recent recession and the associated global economic uncertainty remains evident in the South African economy. Real gross domestic product (GDP) growth fell from 4.1 percent year-on-year in the first quarter of 2008 (and 5.1 percent year-on-year in the second quarter of that year), to -2.7 percent and -2.2 percent respectively in the middle two quarters of 2009 (Statistics South Africa 2010b: 9). Growth has since rebounded somewhat, with the latest estimate placing year-on-year growth for 2010Q2 at 3.0 percent.

This weak growth performance has impacted on the labour market. Employment has been declining gradually from its peak above 13.6 million during 2008 and the first quarter of 2009. By the third quarter of 2009, year-on-year job losses had reached more than 750 000 and although the rate of contraction in employment appears to have slowed, total employment is now lower than it has been since the introduction of the Quarterly Labour Force Surveys (QLFS) in 2008.

At the same time, both unemployment levels and unemployment rates have gradually edged upwards. The expanded unemployment rate rose from around 27.5 percent in mid-2008 to 32.7 percent in the second quarter of 2010. Indeed, expanded unemployment rates have witnessed statistically significant increases on a year-on-year basis for the past five quarters.

Growth in the working age population has slowed considerably compared to the latter half of the 2000s, for example, when it was above two percent per annum. This suggests less pressure on the economy to create jobs for the growing working age population, although the pressure deriving from the need to reduce unemployment levels remains.

Over the past year, the economy shed around 620 000 jobs, although this change is not statistically significant at the 95 percent level. The key characteristic of the period, though, is the shift of workers out of employment and a rapid increase in the rate of discouragement: while employment fell by 620 000, narrow unemployment grew by less than 190 000, while the number of discouraged workseekers increased sharply by 390 000. The past year therefore saw rapid growth in the number of discouraged workseekers (25.7 percent) and, as a result, expanded unemployment grew by 10.2 percent or 577 000 individuals, with both changes being statistically significant.

The imbalance between the changes in employment and narrow unemployment respectively sees a decline in narrow labour force participation – the proportion of the working age population that are either employed or unemployed – from 56.0 percent in 2009Q2 to 54.1 percent in 2010Q2.

While there are indications of upward pressure in the narrow unemployment rate, the surveys clearly show a substantial increase of more than three percentage points in the expanded unemployment rate over the four quarters.

## A Brief Labour Market Overview

**Table 1: Labour Market Overview, 2009 Quarter 2 – 2010 Quarter 2**

	2009 Quarter 2	2010 Quarter 2	Change	
			Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>				
Working Age Population	31 273	31 607	334	1.1
Employment	13 400	12 777	-623	-4.6
Narrow Unemployment	4 126	4 312	186	4.5
Narrow Labour Force	17 526	17 089	-436	-2.5
Expanded Unemployment	5 644	6 221	577	10.2 *
Expanded Labour Force	19 044	18 998	-46	-0.2
Discouraged Workseekers	1 518	1 908	390	25.7 *
<b>Labour Force Participation Rate (Percent)</b>				
Narrow LFPR	56.0	54.1	-2.0	-3.5 †
Expanded LFPR	60.9	60.1	-0.8	-1.3
<b>Unemployment Rate (Percent)</b>				
Narrow Unemployment Rate	23.5	25.2	1.7	7.2 †
Expanded Unemployment Rate	29.6	32.7	3.1	10.5 *

Source: Own calculations, Statistics South Africa (2009; 2010a).

- 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.

*‘The key characteristic of the period ... is the shift of workers out of employment and a rapid increase in the rate of discouragement’*

# Labour Force Participation

**Table 2: Labour Force Participation Rates (Percent), 2009 Quarter 2 – 2010 Quarter 2**

Percent / Percentage Points	2009 Quarter 2	2010 Quarter 2	Change	
			Absolute	Relative
<b>Overall LFPR</b>	60.9	60.1	-0.8	-1.3
<b>By Race</b>				
African	59.1	58.1	-1.0	-1.7
Coloured	66.4	66.7	0.4	0.6
Asian	59.5	61.6	2.1	3.5
White	69.6	68.8	-0.8	-1.1
<b>By Gender</b>				
Male	67.9	67.0	-0.8	-1.2
Female	54.6	53.8	-0.8	-1.4
<b>By Age Group</b>				
15 to 24 year olds	33.8	32.9	-1.0	-2.9
25 to 34 year olds	80.8	80.3	-0.5	-0.7
35 to 44 year olds	81.8	80.7	-1.2	-1.4
45 to 54 year olds	72.2	72.1	-0.1	-0.1
55 to 65 year olds	41.6	41.0	-0.6	-1.5
<b>By Educational Attainment</b>				
No education	43.0	39.8	-3.2	-7.5
Grades 0 – 7	52.3	50.1	-2.2	-4.1
Grades 8 – 11	51.7	51.2	-0.4	-0.8
Grade 12	75.5	74.1	-1.4	-1.9
Diploma/Certificate	89.1	87.6	-1.6	-1.7
Degree	89.0	89.1	0.1	0.1

Source: Own calculations, Statistics South Africa (2009; 2010a).

- 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.

Three-fifths of working-age adults are participants in the expanded labour force, a proportion that has not changed over the period. As noted earlier, this is due to the balance between the reduction in employment and the concomitant increase in narrow unemployment and discouraged workseekers.

Participation rates are highest amongst Whites (68.8 percent) and Coloureds (66.7 percent) and lowest for Africans (58.1 percent). Males are also considerably likelier to be engaged in the labour force than females: two-thirds of working-age males are labour force participants, while this is true of barely half their female counterparts.

Within the prime working ages of 25 and 44 years, four-fifths are engaged in the labour force, while this is true of almost three-quarters of those aged between 45 and 54 years. Amongst 15 to 24 year olds, around one-third are labour market participants as are two-fifths of those aged 55 to 65 years. Lower rates of participation amongst the youngest and oldest working age adults are common given relatively high rates of involvement in education amongst the former group, and an increased probability of retirement from the labour force amongst the latter group.

The likelihood of participation in the labour market is correlated with educational attainment. Less than 40 percent of those without education and only half of those with primary or incomplete secondary education are labour force participants, compared to three-quarters of matriculants and almost nine out of ten with higher education. This pattern is partly related to the age structure of the various educational categories.

Total employment stood at 12.8 million in the second quarter of 2010. This means that roughly 40 percent of working age adults were employed by the end of the period. By international standards this is very low, with the ILO listing just nine countries and territories with lower employment-to-population ratios than South Africa's in 2008, while there were only 20 countries with ratios below 45 percent (International Labour Organisation 2010).

*'While it appears that both genders saw reductions in employment... the decline was more rapid for females'*

In terms of the structure of employment, Africans dominate, accounting for around 69 percent of total employment, or 8.8 million individuals, in the second quarter of 2010. At the same time, just fewer than two million Whites were employed, representing more than 15 percent of total employment. Employment appears to have contracted for all groups except Asians, with the decline most rapid for Africans, although here again changes are statistically insignificant.

Males account for more than 55 percent of total employment, numbering 7.1 million in the second quarter of 2010. Female employment stood at around 5.7 million. While it appears that both genders saw reductions in employment over the period, the decline was more rapid for females than for males.

## Employment Trends

**Table 3: Recent Employment Trends, 2009 Quarter 2 – 2010 Quarter 2**

	2009 Quarter 2 (‘000s)	2010 Quarter 2 (‘000s)	Change	
			Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	13 400	12 777	-623	-4.6
<b>By Race</b>				
African	9 305	8 809	-496	-5.3
Coloured	1 563	1 503	-61	-3.9
Asian	462	492	29	6.3
White	2 069	1 974	-95	-4.6
<b>By Gender</b>				
Male	7 413	7 115	-299	-4.0
Female	5 986	5 662	-324	-5.4
<b>By Age Group</b>				
15 to 24 year olds	1 489	1 325	-164	-11.0 †
25 to 34 year olds	4 480	4 251	-229	-5.1
35 to 44 year olds	3 674	3 566	-109	-3.0
45 to 54 year olds	2 586	2 512	-75	-2.9
55 to 65 year olds	1 170	1 123	-47	-4.0
<b>By Educational Attainment</b>				
No education	483	385	-98	-20.3 *
Grades 0 – 7	1 978	1 755	-223	-11.3 *
Grades 8 – 11	4 352	4 111	-241	-5.5
Grade 12	3 876	3 793	-83	-2.1
Diploma/Certificate	1 671	1 591	-79	-4.8
Degree	911	945	34	3.7

Source: Own calculations, Statistics South Africa (2009; 2010a).

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.

Not only do the prime working ages of 25 to 44 years have the highest LFPRs, they also constitute the largest groups within total employment, together accounting for 53 percent of the employed. All age-groups appear to have experienced job losses, although the rate of contraction appears to have been most rapid for younger individuals.

*'[Job] losses amongst those with educational attainment below grade 8 accounted for more than one in every two jobs lost'*

Employment contraction over the period was most severe amongst those with lower levels of education. Employment amongst those with no education declined by almost 100 000, or more than 20 percent over the period, while 223 000 jobs were lost amongst those with some primary education (grades 0 through 7). Unfortunately, no other changes for the period were statistically significant. Together, job losses amongst those with educational attainment below grade 8 accounted for more than one in every two jobs lost during the 12 month period.

Although few changes in employment over this 12 month period are found to be statistically significant, it is perhaps possible to begin deriving some initial conclusions about the nature of the recent employment contraction. As noted earlier, changes in employment are statistically significant only in the cases of those with no educa-

tion and those with primary education. However, beyond these groups, it appears that job losses have been concentrated amongst those who are generally marginalised within the South African labour market – the poorly educated, the young, females and Africans. Eight out of ten jobs lost are attributable to Africans, five out of ten to females, six out of ten to those younger than 35 years, and five out of ten to those with less than grade 8 education (see Table 4). Therefore, although the mid-2000s saw employment expansion occurring across all groups, it appears that individuals within these marginalised groups may have been more easily absorbed into less secure forms of employment. This finding, if corroborated over a broader period within this downward phase of the 'employment cycle', has important implications for our understanding of the nature of South Africa's growth path during the mid-2000s.

**Table 4: Composition of Employment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Employment</i>	-623
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	79.7
Coloured	9.7
Asian	-4.7
White	15.3
<b>By Gender</b>	
Male	48.0
Female	52.0
<b>By Age Group</b>	
15 to 24 year olds	26.3 †
25 to 34 year olds	36.8
35 to 44 year olds	17.4
45 to 54 year olds	12.0
55 to 65 year olds	7.5
<b>By Educational Attainment</b>	
No education	15.8 *
Grades 0 – 7	35.8 *
Grades 8 – 11	38.7
Grade 12	13.3
Diploma/Certificate	12.7
Degree	-5.5

Source: Own calculations, Statistics South Africa (2009; 2010a).

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.

Of the 12.8 million individuals employed in South Africa, 924 000 (or 7.2 percent) were employed in the primary sector in the second quarter of 2010, while 2.8 million (21.6 percent) were employed in the secondary sector and 9.1 million (71.1 percent) in the tertiary sector. In terms of particular industries, the bulk of employment is concentrated in wholesale and retail trade (22.3 percent), CSP services (20.9 percent), financial and business services (13.1 percent) and manufacturing (13.0 percent). These four industries account for nearly 70 percent of employment nationally.

While the secondary sector accounted for just over one-fifth of total employment, more than half of the jobs lost over the 12 month period were lost in the secondary sector. Total employment within this sector contracted at a rate of 10.4 percent, led largely by the manufacturing sector which lost more than 200 000 jobs over the period, equivalent to 11.3 percent of total employment in that sector in the second quarter of 2009. No other statistically significant changes in sectoral employment levels were observed over the period, although it does appear that the tradable sectors have been worst impacted by the global recession insofar as employment is concerned.

The trends observed here are in line with trends in year-on-year value added growth, with agriculture, mining and quarrying, manufacturing and wholesale and retail trade all experiencing year-on-year declines in four or more of the six quarters since the beginning of 2009, the largest declines having been experienced in manufacturing (Statistics South Africa 2010b: 9).

## Sectoral Employment Trends

**Table 5: Employment Trends by Industry, 2009 Quarter 2 – 2010 Quarter 2**

	2009 Quarter 2 (‘000s)	2010 Quarter 2		Change	
		Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	13 400	12 777	100.0	-623	-4.6
Agriculture, forestry and fishing	712	619	4.8	-93	-13.1
Mining and quarrying	319	305	2.4	-13	-4.2
<b>Primary Sector</b>	1 031	924	7.2	-107	-10.4
Manufacturing	1 875	1 664	13.0	-212	-11.3 †
Electricity, gas and water	93	94	0.7	1	0.9
Construction	1 118	1 008	7.9	-110	-9.8
<b>Secondary Sector</b>	3 086	2 765	21.6	-321	-10.4 *
Wholesale and retail trade	2 968	2 848	22.3	-120	-4.0
Transport, storage and communication	730	736	5.8	6	0.8
Financial and business services	1 713	1 675	13.1	-38	-2.2
Community, social and personal (CSP) services	2 673	2 665	20.9	-8	-0.3
Private households	1 196	1 157	9.1	-39	-3.2
<b>Tertiary Sector</b>	9 281	9 082	71.1	-199	-2.1

Source: Own calculations, Statistics South Africa (2009; 2010a).

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

# Sectoral Employment Trends

**Table 6: Employment Trends by Sector, 2009 Quarter 2 – 2010 Quarter 2**

	2009 Quarter 2 (‘000s)	2010 Quarter 2		Change	
		Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	13 400	12 777	100.0	-623	-4.6
<i>Agriculture</i>	712	619	4.8	-93	-13.1
- Formal agriculture	614	535	4.2	-79	-12.9
- Informal agriculture	98	84	0.7	-14	-14.4
<i>Non-agricultural employment</i>	11 492	11 001	86.1	-491	-4.3
- Formal non-agricultural	9 376	8 866	69.4	-510	-5.4
- Informal non-agricultural	2 116	2 135	16.7	19	0.9
<i>Private households</i>	1 196	1 157	9.1	-39	-3.2

Source: Own calculations, Statistics South Africa (2009; 2010a).

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.

On the left, we disaggregate employment into three major sectors, namely agricultural, non-agricultural and private household employment. Within agricultural and non-agricultural employment, the formal and informal sectors are distinguished from each other.

In total, 2.2 million workers were engaged in informal sector activities, representing 17.4 percent of total employment. The majority (86 percent) of agricultural employment was in the formal sector, which accounted for 4.8 percent of total employment, while fewer than 100 000 workers were employed in informal agriculture. In terms of non-agricultural employment (excluding private households), 8.9 million were employed in the formal sector and 2.1 million in the informal sector. The formal sector therefore accounts for roughly four-fifths of non-agricultural employment in South Africa.

As is the case with total employment, no statistically significant changes were observed in any of the sectors between the second quarter of 2009 and the second quarter of 2010. However, in the non-agricultural sector it does appear that job losses were overwhelmingly concentrated in the formal sector, with estimates of informal non-agricultural employment in the two quarters virtually unchanged. Indeed, the sector’s share of job losses is considerably higher than its share of employment.

*‘[In] the non-agricultural sector it does appear that job losses were overwhelmingly concentrated in the formal sector’*



South Africa's occupational distribution of employment is currently dominated by skilled workers, who account for 7.4 million workers or a 57.7 percent share of the total. Low skilled occupations account for a further 3.7 million jobs (28.8 percent), while high skilled occupations represent just 13.5 percent of employment.

The key change in terms of occupational employment trends is the significant decline in skilled employment. Over the 12 month period, the economy shed almost half a million skilled jobs, a 6.2 percent decline. Although it appears that low skilled jobs were also lost, this change is not statistically significant, nor is the slight increase in the employment of high skilled workers. Within skilled occupations, job losses were concentrated in two categories, namely craft and related trades occupations and operators and assemblers. Almost a quarter of a million workers in craft and related trades occupations lost their jobs during the period, representing a decline of 13.6 percent on the level of employment in the second quarter of 2009. A further 150 000 operators and assemblers lost their jobs. These two occupational categories alone account for up to two-thirds of jobs lost over the period.

Although the changes in employment amongst technicians and elementary occupations over the period were not statistically significant, these are the only two other occupational categories where major job losses are likely to have occurred.

# Occupational Employment Trends

**Table 7: Employment Trends by Occupation, 2009 Quarter 2 – 2010 Quarter 2**

	2009 Quarter 2 (‘000s)	2010 Quarter 2		Change	
		Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	13 400	12 777	100.0	-623	-4.6
Managers	1 026	987	7.7	-40	-3.9
Professionals	656	739	5.8	83	12.7
<b>High Skilled</b>	1 682	1 726	13.5	44	2.6
Technicians	1 555	1 411	11.0	-144	-9.3
Clerks	1 443	1 431	11.2	-12	-0.8
Service and sales workers	1 807	1 836	14.4	29	1.6
Skilled agricultural workers	84	112	0.9	28	33.6
Craft and related trades	1 781	1 538	12.0	-243	-13.6 *
Operators and assemblers	1 189	1 042	8.2	-147	-12.4 †
<b>Skilled</b>	7 859	7 371	57.7	-488	-6.2 †
Elementary occupations	2 894	2 775	21.7	-119	-4.1
Domestic workers	965	905	7.1	-60	-6.2
<b>Low Skilled</b>	3 858	3 680	28.8	-178	-4.6

Source: Own calculations, Statistics South Africa (2009; 2010a).

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.

*‘Almost a quarter of a million workers in craft and related trades occupations lost their jobs ... representing a decline of 13.6 percent’*

# Unemployment Trends

**Table 8: Recent Unemployment Rate Trends, 2009 Quarter 2 – 2010 Quarter 2**

	2009 Quarter 2 (Percent)	2010 Quarter 2 (Percent)	Change	
			Absolute (P.points)	Relative (Percent)
<b>Overall Unemployment</b>	29.6	32.7	3.1	10.5 *
<b>By Race</b>				
African	35.1	38.3	3.2	9.0 *
Coloured	21.4	25.8	4.4	20.7 *
Asian	13.8	12.7	-1.2	-8.3
White	5.2	7.8	2.5	48.5 *
<b>By Gender</b>				
Male	26.7	29.6	3.0	11.1 *
Female	33.0	36.3	3.3	10.0 *
<b>By Age Group</b>				
15 to 24 year olds	56.2	60.3	4.1	7.3 *
25 to 34 year olds	33.2	36.4	3.2	9.7 *
35 to 44 year olds	20.5	23.1	2.6	12.8 *
45 to 54 year olds	14.9	17.5	2.6	17.6 *
55 to 65 year olds	8.3	12.8	4.5	54.2 *
<b>By Educational Attainment</b>				
No education	24.9	26.4	1.5	5.9
Grades 0 – 7	33.0	35.8	2.8	8.6
Grades 8 – 11	36.9	40.9	4.0	10.8 *
Grade 12	30.0	33.1	3.1	10.2 *
Diploma/Certificate	11.7	14.9	3.2	27.3 *
Degree	4.4	5.1	0.7	15.2

Source: Own calculations, Statistics South Africa (2009; 2010a).

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 one area in which there have been clear, unambiguous changes in the labour market has been in terms of the unemployment rate. Over the period as a whole, the expanded unemployment rate has risen from 29.6 percent to 32.7 percent, a rise of more than three percentage points. Importantly, however, this increase in the rate of unemployment has been experienced across virtually all groups defined by our four demographic covariates.

Unemployment amongst Africans remains above the national average, having reached 38.3 percent during the second quarter of 2010. This signifies a 3.2 percentage point increase in the rate of unemployment for this group. Similarly, the unemployment rate amongst Coloureds increased by 4.4 percentage points (or by about one-fifth) to 25.8 percent, while that of Whites rose by 2.5 percentage points to 7.8 percent. In effect, therefore, one of the impacts of the recession has been to widen the gap in unemployment rates across race groups.

By gender, too, unemployment rates rose significantly. Almost three-tenths of male labour force participants were unemployed by the end of the period, a proportion that was up by three percentage points. Amongst females, the unemployment rate rose by 3.3 percentage points to 36.3 percent. The gap in unemployment rates between males and females did not, however, change much over the period.

The unemployment rate is negatively correlated with age: younger age-groups are more likely to be unemployed, while older age-groups are >>

less likely to be unemployed. Thus, the rate of unemployment falls from 60.3 percent amongst 15 to 24 year olds, to 12.8 percent amongst 55 to 65 year olds. The 12 months ending with the second quarter of 2010 saw an increase in the rates of unemployment amongst all age-groups, with increases ranging between 2.5 and 4.5 percentage points. Excluding 55 to 65 year olds, younger age-groups saw larger absolute increases in their rates of unemployment, resulting in greater dispersion in age-group specific unemployment rates. The large absolute increase in the unemployment rate for 55 to 65 year olds indicates that exiting from the labour market is not an option for most of those who have lost jobs. While the absolute increases in unemployment rates were highest for the youngest and oldest age-groups, the relative increase in the unemployment rate was positively correlated with age, a phenomenon that is not entirely surprising given the negative correlation between unemployment rate and age.

*‘[One] of the impacts of the recession has been to widen the gap in unemployment rates across race groups’*

Generally, educational attainment is negatively correlated with the unemployment rate, so that those with the lowest levels of education are the most likely to be unemployed. However, given that those labour force participants with the lowest levels of education are also more likely to be

amongst the older age groups where unemployment is relatively low, we observe lower rates of unemployment for those with no or primary education only, relative to those with incomplete secondary educations. The largest absolute increases in unemployment rates observed here are for those with incomplete secondary (4.0 percentage points), with complete secondary (3.1 percentage points), and those with diplomas and/or certificates (3.2 percentage points). Those with degrees were virtually unaffected by the recession insofar as their rate of unemployment is concerned.

Of the 577 000 increase in expanded unemployment, the vast majority were African, while 51.9 percent were male. The bulk of the increase in unemployment was concentrated amongst the three youngest age groups, although the only change in the number of unemployed individuals that was statistically significant at the 95 percent level of confidence was observed for 55 to 65 year olds, who accounted for ten percent of the increase in unemployment compared to their 2.6 percent share of unemployment. Virtually all of the increase in unemployment was accounted for by individuals with either incomplete secondary (52.0 percent) or completed secondary (36.8 percent) educations.

**Table 9: Composition of Unemployment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Unemployment</i>	577
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	74.5 †
Coloured	16.9 †
Asian	-0.5 †
White	9.0 †
<b>By Gender</b>	
Male	51.9 *
Female	48.1 †
<b>By Age Group</b>	
15 to 24 year olds	18.1 †
25 to 34 year olds	36.0 †
35 to 44 year olds	21.7 †
45 to 54 year olds	13.9 †
55 to 65 year olds	10.3 *
<b>By Educational Attainment</b>	
No education	-3.9 †
Grades 0 – 7	1.1 †
Grades 8 – 11	52.0 *
Grade 12	36.8 †
Diploma/Certificate	9.9 †
Degree	1.5 †

Source: Own calculations, Statistics South Africa (2009; 2010a).

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

## Conclusion

It is clear that despite the fact that growth rates have recovered in South Africa, the deleterious consequences of this recession remain. This is most powerfully evident in some of the labour market outcomes observed above. For example, the official rate of unemployment increased by 1.7 percentage points to 25.2 percent between the second quarter of 2009 and the same quarter of 2010, whilst at the same time, the unemployment rate according to the expanded definition of unemployment surged 3.1 percentage points to 32.7 percent.

Although the estimated decline in employment of over 600 000 jobs was not statistically significant even at the 90 percent level of confidence, the number of individuals unemployed according to the expanded definition grew by 577 000, largely as a result of a 25 percent increase in the number of discouraged workseekers over the period. Changes in high-level labour market aggregates suggest a substantial shift out of employment and into 'discouragement', with a relatively small proportion of the newly unemployed actively seeking work. Indeed, a decline in the official labour force participation rate of two percentage points was observed.

Job losses appear to have been concentrated amongst the most vulnerable groups within the South African labour market. Thus, for example, substantial (and statistically significant) job losses were experienced amongst the youngest and least educated members of the workforce.

Although it appears that Africans and females were also disproportionately impacted, these changes were not statistically significant.

On a sectoral level, it is clear that a substantial number of jobs (approximately 320 000) were lost in the secondary sector generally, and within manufacturing in particular. In line with these trends, employment in craft and related trades occupations as well as employment of operators and assemblers declined considerably, accounting for a total of 390 000 lost jobs between them. Current estimates locate virtually all job losses within the formal sector – hopefully future surveys will be able to provide more conclusive results on this issue.

Importantly, expanded unemployment rates have increased almost without exception. Again, though, groups that have traditionally fared worse in the labour market – Africans and Coloureds, females, and the young – saw the largest absolute increases in their unemployment rates, while those with incomplete or completed secondary educations and those with diplomas and/or certificates were the worst affected educational categories.

Going forward, some of the issues that should be monitored include the trend in aggregate employment, employment trends in the formal non-agricultural sector in general, and in manufacturing, construction and wholesale and retail trade in particular, and the employment of technicians and those in elementary occupations in addition to the occupational categories already experiencing significant job losses.

## References

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