

QLFS 14: Second Quarter 2011

Prepared by the Development Policy Research Unit, University of Cape Town
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Key Findings from the Official Statistical Release, P0211

Despite a recovery in output growth, the labour market remains under pressure. Employment is stagnant at 13.1 million and narrow employment continues to rise, reaching 4.5 million in the second quarter. The major labour market development over the year, as reported last quarter, is the rapid increase in discouraged workseekers. Discouragement rose by 13.9 percent between 2010Q2 and 2011Q2, reaching 2.2 million. The official unemployment rate has edged up to 25.7 percent, while expanded unemployment has reached 36.9 percent of the labour force.

Table 1: Key Labour Market Aggregates

	2011 Q2	Q-on-Q Change		Y-o-Y Change	
	'000s	'000s	Percent	'000s	Percent
Aggregates					
Labour Force	17 663	181	1.0	201	1.2
Employment	13 125	7	0.1	64	0.5
Narrow Unemployment	4 538	174	4.0	137	3.1
Discouraged Workseekers	2 207	-16	-0.7	269	13.9
Rates					
Narrow Unemployment Rate	25.7		0.7 p.p.		0.5 p.p.
Labour Force Participation	54.5		0.4 p.p.		-0.2 p.p.

- **Employment remained virtually unchanged at 13.1 million on a quarterly basis** and was marginally (0.5 percent) up from a year earlier. This latter change is primarily due to growth in the formal non-agricultural sector of 110 000 jobs. While informal non-agricultural employment was marginally higher (+27 000), agriculture and private households combined shed just over 70 000 jobs.
- Following a marginal decline for the year ending 2011Q1, **narrow unemployment rose by almost 140 000, or 3.1 percent, year-on-year.** The unemployment rate, too, rose slightly from 25.2 percent in 2010Q2 to 25.7 percent in 2011Q2. Discouragement continues to rise – the number of discouraged workseekers increased by 270 000 over the 12 month period – although the rate of growth appears to have slowed somewhat from 2011Q1. As a result, the expanded unemployment rate reached 36.9 percent in 2011Q2 from 35.8 percent a year earlier. Expanded unemployment rates have risen most rapidly in the North West (+5.0 percentage points), Limpopo (+4.1 p.p.) and Mpumalanga (+2.1 p.p.), while the expanded unemployment rate declined in the Western Cape (-1.1 p.p.) and the Northern Cape (-1.8 p.p.).
- **The narrow labour force participation rate (LFPR) remains in decline year-on-year, falling 0.2 percentage points to 54.5 percent in 2010Q2, although it is 0.4 percentage points up from 2011Q1.** This decline in the LFPR is rooted in declining participation amongst males – the LFPR fell by 0.8 percentage points year-on-year – which negated the increase amongst women. Declining

participation was also observed for all races except Africans, and all provinces except the Eastern Cape, Gauteng and Mpumalanga. Participation in the expanded labour force is 0.5 percentage points higher than a year earlier at 64.1 percent.

- **Both men and women experienced marginal increases in employment year-on-year.** While female formal non-agricultural employment expanded year-on-year by 120 000, women saw net job losses in the remaining sectors of the economy. Amongst men, small employment gains in informal non-agricultural sector underpinned the marginal growth in employment over the year. At 28.7 percent, official unemployment amongst women is almost six percentage points above that of men.
- **Community and social services remains the leading source of jobs** (+121 000, at a rate of 4.5 percent year-on-year), while trade and manufacturing added 41 000 and 30 000 jobs over the year respectively. However, on a quarterly basis, employment growth in community and social services has stalled and manufacturing has shed 68 000 jobs. Finance and transport, though, have added more than 120 000 jobs over the past quarter. Year-on-year employment gains in community and social services were evenly split by gender, although men gained at the expense of women in trade: net job gains for men outnumbered net losses for women by a 2:1 ratio.
- **The bulk of employment creation occurred in KwaZulu-Natal and the Eastern Cape.** While employment grew by 64 000 jobs overall, KZN and the Eastern Cape saw employment grow by roughly 100 000 year-on-year in a ratio of two to one. In contrast, employment in the North West declined by around 30 000 jobs.
- **Managers accounted for the bulk of jobs gained since 2010Q2.** The employment of managers continued the strong growth observed in the last quarter, adding 115 000 jobs during the past year. However, skilled employment has been eroded since 2010Q2, with more than 100 000 clerical jobs and more than 40 000 skilled agricultural jobs shed. Women in particular benefited from growth in managerial employment, accounting for around two-thirds of net employment growth, and lost a relatively small number of clerical jobs when compared to losses amongst men. Men accounted for all the net growth in employment in service and sales occupations.
- **In line with this trend, net job losses are concentrated amongst those with completed primary schooling or less (-179 000 jobs).** In contrast, employment of tertiary educated individuals rose by 172 000, while those with incomplete secondary education saw employment rise by over 110 000 jobs.
- **The unemployed consist mainly of new entrants (2.0 million or 45 percent) and job losers (1.4 million or 30 percent).** The remainder of the 4.5 million unemployed individuals are include job leavers (less than six percent) and re-entrants (four percent). The number of new entrants has grown by nearly 220 000 over the year, while there are more than 100 000 fewer job losers in 2011Q2 than a year earlier, pointing to a general decline in the rate of job losses.
- **More than two-thirds of the unemployed have been unemployed for a year or more,** with the number having increased by more than 280 000 or ten percent year-on-year, to number 3.1 million in 2011Q2. Short-term unemployment, though, has declined by 9.1 percent year-on-year. As a result, the long-term nature of unemployment is reinforced.
- **Employment growth between 2010Q1 and 2011Q1 has been concentrated amongst 35 to 44 year olds and 55 to 64 year olds, while growth in unemployment was concentrated between the ages of 25 and 44 years.** The number of inactive individuals under the age of 25 years grew by nearly 200 000 over the year, pointing to this group being particularly prone to discouragement.