

Monitoring the Performance of the South African Labour Market

An overview of the South African labour market from Quarter 2 of 2010 to Quarter 2 of 2011



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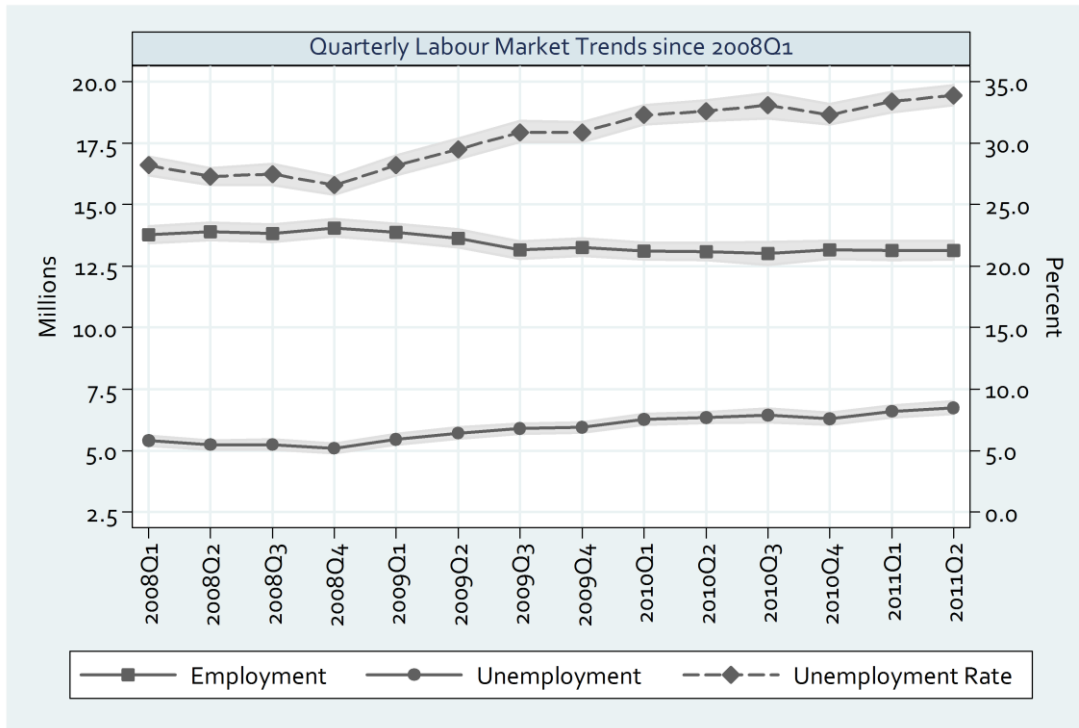


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Recent Labour Market Trends

Figure 1: Quarterly Estimates of Labour Market Aggregates



Source: Own calculations, Statistics South Africa, 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. See appendix for further details of estimates.

By mid-2010, the South African economy had emerged from the recession, recording rates of economic growth not seen since 2008Q3. Real GDP grew at a seasonally adjusted annual rate of 3.4 percent in 2010Q3, rising to 3.8 percent in the following two quarters (own calculations, South African Reserve Bank 2011). The recovery of economic growth means that the pre-crisis level of output of R1.82 trillion recorded in 2008Q3 was surpassed in 2010Q2. By the first quarter of 2011, real GDP (seasonally adjusted at an annualised rate) was 3.2 percent higher than in 2008Q3.

While output's recovery was relatively quick, the situation in the labour market remains dire. The recession was accompanied by a massive shedding of employment: from its peak of 14.1 million in 2008Q4, 900 000 jobs had been lost by 2009Q3 and a further 150 000 jobs were lost over the following year. Employment has essentially been stagnant over the past 18 months, with little movement in any direction, totalling just over 13.1 million in 2011Q2.

Unemployment – both its level and its rate – have moved upward since early 2009. Expanded unemployment reached 6.7 million in 2011Q2, up nearly 1.7 million since 2008Q4, while the unemployment rate has risen 7.3 percentage points over the same period to reach 33.9 percent.

Employment is marginally up over the past year, although the change is not statistically significant. At the same time, the working age population has expanded by almost 500 000 individuals, ten times the estimated change in employment. Just 40.3 percent of the working age population are now employed. Narrow unemployment is estimated to have risen by almost 140 000, while expanded unemployment totalled 6.7 million in 2011Q2 compared to 6.3 million a year earlier.

The major – and only statistically significant – change observed in Table 1 is the continuing rapid growth in discouragement. The number of discouraged workseekers has grown by 270 000 over the past year, or 13.8 percent. This is actually slower than the rate of growth between the second quarters of 2009 and 2010, during which the number of discouraged workseekers expanded by 26.1 percent. Over the past two years, therefore, discouraged workseekers have increased in number by more than 40 percent.

Labour force participation rates remain largely unchanged since 2010Q2, with 60.9 percent of the working age population either employed or in expanded unemployment. The narrow unemployment rate has reached 25.7 percent and the expanded rate 33.9 percent, although neither increases since 2010Q2 are statistically significant.

A Brief Labour Market Overview

Table 1: Labour Market Overview, 2010 Quarter 2 – 2011 Quarter 2

	2009 Quarter 2	2010 Quarter 2	2011 Quarter 2	Change	
				Absolute	Relative
Labour Market Aggregates (Thousands)					
Working Age Population	31 631	32 163	32 652	489	1.5
Employment	13 627	13 099	13 148	50	0.4
Narrow Unemployment	4 171	4 401	4 538	137	3.1
Narrow Labour Force	17 797	17 500	17 686	186	1.1
Expanded Unemployment	5 708	6 340	6 745	405	6.4
Expanded Labour Force	19 335	19 439	19 893	454	2.3
Discouraged Workseekers	1 538	1 939	2 207	268	13.8 †
Labour Force Participation Rate (Percent)					
Narrow LFPR	56.3	54.4	54.2	-0.2	-0.4
Expanded LFPR	61.1	60.4	60.9	0.5	0.8
Unemployment Rate (Percent)					
Narrow Unemployment Rate	23.4	25.2	25.7	0.5	2.0
Expanded Unemployment Rate	29.5	32.6	33.9	1.3	4.0

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

- 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 number of discouraged workseekers has grown by 270 000 over the past year...’

Labour Force Participation

Table 2: Labour Force Participation Rates (Percent), 2010 Quarter 2 – 2011 Quarter 2

Percent / Percentage Points	2009 Quarter 2	2010 Quarter 2	2011 Quarter 2	Change	
				Absolute	Relative
Overall LFPR	61.1	60.4	60.9	0.5	0.8
By Race					
African	59.4	58.6	59.6	1.1	1.8
Coloured	66.3	66.6	64.3	-2.3	-3.4
Asian	59.5	61.5	61.1	-0.4	-0.7
White	69.7	69.1	68.0	-1.1	-1.6
By Gender					
Male	68.2	67.4	67.3	-0.2	-0.2
Female	54.5	53.9	54.9	1.1	2.0
By Age Group					
15 to 24 year olds	33.8	32.9	32.7	-0.2	-0.5
25 to 34 year olds	80.7	80.2	81.2	1.0	1.3
35 to 44 year olds	82.1	81.0	82.2	1.2	1.5
45 to 54 year olds	72.5	72.5	72.6	0.1	0.1
55 to 65 year olds	41.9	41.4	40.7	-0.7	-1.6
By Educational Attainment					
No education	43.1	40.0	37.9	-2.1	-5.3
Grades 0 – 7	52.6	50.6	50.1	-0.4	-0.9
Grades 8 – 11	51.9	51.5	51.9	0.3	0.6
Grade 12	75.5	74.2	75.2	1.0	1.3
Diploma/Certificate	89.1	87.6	88.0	0.4	0.5
Degree	89.2	89.1	89.0	-0.1	-0.1

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

- 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 in five (60.9 percent) working age adults participated in the broad labour force in 2011Q2, virtually unchanged from a year earlier. Participation rates vary substantially across demographic covariates. Disaggregation by race reveals an eight percentage point gap between the highest and lowest LFPRs, for Whites (68.0 percent) and Africans (59.6 percent) respectively.

Men are more likely to participate in the labour market than women. Two-thirds (67.3 percent) of working age men are engaged in the expanded labour force, compared with 54.9 percent of working age women.

Labour force participation is least likely amongst the youngest and oldest age-groups within the working age population. One-third (32.7 percent) of 15 to 24 year olds were labour force participants, as were two-fifths (40.7 percent) of 55 to 65 year olds. These low LFPRs are explained by involvement in education and retirement and early withdrawal from the labour force respectively. In contrast, LFPRs are highest amongst 25 to 44 year olds, at over 80 percent.

Educational attainment is correlated with labour force participation. LFPRs for individuals with post-secondary education, at almost 90 percent, are more than twice those of individuals with no educational attainment and nearly 80 percent higher than those with incomplete school education.

It appears that the economy still has some way to go before there a substantive recovery in employment will be discerned. In 2011Q2, employment is estimated at just over 13.1 million, virtually unchanged over the year and still half a million jobs short of the levels from two years earlier.

Given the weak overall employment performance, it is unsurprising that there has been little statistically significant change in employment levels across demographic covariates. Similarly, employment has remained stable structurally over the year ending in 2011Q2. Africans account for around 70 percent of total employment, compared to 15 percent for Whites, 11 percent for Coloureds and four percent for Asians. Indications are that African employment may have grown slightly over the preceding year, while that of Coloureds may have contracted sharply.

Employment is dominated by males, accounting for 56 percent of the total or 7.4 million jobs. No trend in employment by gender is discernible over the period.

More than three-fifths (61.7 percent) of the employed are between the ages of 25 and 44 years, which are also the age-groups in which labour force participation is particularly high. Employment amongst 15 to 24 year olds, at 1.3 million in 2011Q2, has declined by roughly 180 000 since 2009Q2. The smallest >>>

Employment Trends

Table 3: Employment Trends, 2010 Quarter 2 – 2011 Quarter 2

	2009	2010	2011	Change	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 627	13 099	13 148	50	0.4
By Race					
African	9 486	9 084	9 227	142	1.6
Coloured	1 553	1 489	1 403	-86	-5.8
Asian	465	495	498	3	0.6
White	2 122	2 030	2 021	-9	-0.5
By Gender					
Male	7 656	7 408	7 422	14	0.2
Female	5 971	5 691	5 726	36	0.6
By Age Group					
15 to 24 year olds	1 494	1 336	1 318	-18	-1.3
25 to 34 year olds	4 565	4 361	4 314	-47	-1.1
35 to 44 year olds	3 782	3 716	3 800	84	2.3
45 to 54 year olds	2 602	2 540	2 529	-11	-0.4
55 to 65 year olds	1 185	1 146	1 187	42	3.6
By Educational Attainment					
No education	482	387	326	-61	-15.8 †
Grades 0 – 7	2 002	1 791	1 671	-120	-6.7
Grades 8 – 11	4 418	4 205	4 206	1	0.0
Grade 12	3 959	3 906	4 020	114	2.9
Diploma/Certificate	1 701	1 632	1 716	84	5.1
Degree	934	973	1 042	69	7.1

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

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.

age-group within employment is 55 to 65 year olds, numbering under 1.2 million.

The estimates suggest skills-biased employment growth, with the rate of change between estimates for 2010Q2 and 2011Q2 rising as educational attainment rises.

The vast majority of the employed have some secondary education at least. Amongst the employed, 4.2 million have incomplete secondary education, while a further 4.0 million have completed grade 12. Together, these two age-groups account for 62.6 percent of employment. The number of employed degree-holders has breached 1.0 million, while there are 1.7 million employed individuals with diplomas and/or certificates. The estimates suggest skills-biased employment growth, with the rate of change between the estimates for 2010Q2 and 2011Q2 rising as educational attainment rises. Thus, degree-holders experienced employment growth of 7.1 percent, although it was not statistically significant, compared to negligible growth for those with secondary education and employment declines amongst those without any secondary education. Indeed, the one statistically significant change

observed is the rapid contraction in employment amongst those with no formal education. Employment amongst this group contracted by 60 000, or 15.8 percent, over the year ending in 2011Q2.

Meaningful analysis of the composition of employment change is made difficult by the small estimated change in employment, combined with the statistical insignificance of employment shifts across all but one of the demographic covariates presented. What Table 4 does demonstrate, though, is the contrasting fortunes between groups. The growth in employment amongst Africans, for example, though statistically insignificant, is almost six times the net expansion, with contraction amongst Coloureds being nearly four times the net expansion. Relatively large upward shifts in employment are also observed amongst 35 to 44 year olds and the top three educational categories, while substantial contractions occurred amongst the bottom two educational categories.

Table 4: Composition of Employment Change

<i>Absolute Change</i>	<i>Thousands</i>
Total Employment	50
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	286.5
Coloured	-173.6
Asian	6.1
White	-19.0
By Gender	
Male	28.3
Female	71.7
By Age Group	
15 to 24 year olds	-35.2
25 to 34 year olds	-95.0
35 to 44 year olds	169.2
45 to 54 year olds	-22.6
55 to 65 year olds	83.7
By Educational Attainment	
No education	-123.5 †
Grades 0 – 7	-241.4
Grades 8 – 11	2.8
Grade 12	229.5
Diploma/Certificate	168.9
Degree	138.9

Source: Own calculations, Statistics South Africa 2010, 2011.

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.

Employing 9.4 million workers, the tertiary sector is the largest employment sector in the South African economy, accounting for 71.4 percent of total employment in 2011Q2. The secondary sector employs 2.9 million individuals, while employment in the primary sector has dropped below 900 000.

The largest individual industry by employment level is wholesale and retail trade, which accounts for more than 2.9 million jobs (22.4 percent of the total), followed by CSP services (21.6 percent), manufacturing (13.2 percent) and financial and business services (13.0 percent).

No sectoral shifts in employment observed between 2010Q2 and 2011Q2 were statistically significant. However, the figures point to the tertiary sector as being the key source of new employment, generating around 100 000 net new jobs. Employment in the secondary sector was stagnant over the period, while primary sector employment appears to have declined. Within the tertiary sector, employment growth was concentrated within the CSP services sector, of which government forms an important part, and which grew employment by 120 000.

The agriculture sector remains under stress, with employment having declined to roughly 600 000 by 2011Q2, down 17 percent from the estimate of 720 000 two years earlier.

Sectoral Employment Trends

Table 5: Employment Trends by Industry, 2010 Quarter 2 – 2011 Quarter 2

	2009	2010	2011 Quarter 2		Change	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 627	13 099	13 148	100.0	50	0.4
Agriculture, forestry and fishing	720	630	599	4.6	-32	-5.1
Mining and quarrying	325	315	282	2.1	-33	-10.6
Primary Sector	1 045	945	880	6.7	-65	-6.9
Manufacturing	1 925	1 713	1 737	13.2	24	1.4
Electricity, gas and water	98	97	93	0.7	-4	-3.9
Construction	1 150	1 050	1 045	7.9	-5	-0.5
Secondary Sector	3 173	2 860	2 875	21.9	15	0.5
Wholesale and retail trade	3 012	2 913	2 948	22.4	35	1.2
Transport, storage and communication	753	768	777	5.9	9	1.1
Financial and business services	1 763	1 729	1 708	13.0	-21	-1.2
Community, social and personal (CSP) services	2 696	2 717	2 837	21.6	120	4.4
Private households	1 182	1 160	1 120	8.5	-40	-3.4
Tertiary Sector	9 407	9 287	9 390	71.4	103	1.1

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

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, 2010 Quarter 2 – 2011 Quarter 2

	2009	2010	2011 Quarter 2		Change	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 627	13 099	13 148	100.0	50	0.4
<i>Agriculture</i>	720	630	599	4.6	-32	-5.1
- Formal agriculture	620	544	513	3.9	-32	-5.8
- Informal agriculture	100	86	86	0.7	-0	-0.1
<i>Non-agricultural employ- ment</i>	11 725	11 309	11 430	86.9	121	1.1
- Formal non- agricultural	9 573	9 111	9 213	70.1	101	1.1
- Informal non- agricultural	2 152	2 197	2 217	16.9	20	0.9
<i>Private households</i>	1 182	1 160	1 120	8.5	-40	-3.4

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

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 6 disaggregates employment slightly differently, focussing on the distinction between agricultural, non-agricultural and private household employment. Within agricultural and non-agricultural employment, formal and informal sector employment are distinguished.

Nearly 87 percent of total employment is located in the non-agricultural sector, with agriculture and private households accounting for 4.6 percent and 8.5 percent of employment respectively. Similarly, the formal sector is dominant, accounting for nearly three-quarters of total employment in 2011Q2. The formal sector is slightly larger within agriculture than it is in the rest of the country: 85.7 percent of agricultural employment is in the formal sector, compared to 80.6 percent in non-agriculture.

No statistically significant employment shifts are observed over the period according to this sectoral breakdown. Employment growth does, however, appear to have been exclusively located within the non-agricultural sector and, within this sector, was proportionally split between the formal and informal sectors.

‘The agriculture sector remains under stress with employment having declined to roughly 600 000 ... down 17 percent from ... two years earlier’

Skilled workers, who number 7.5 million and account for 57.4 percent of total employment in 2011Q2, dominate the occupational structure of South African employment. Low skilled occupations account for a further 3.7 million jobs (28.2 percent), while 1.9 million individuals (14.4 percent) are employed in high skilled occupations. The largest individual occupational categories are elementary occupations (21.5 percent of employment), service and sales workers (14.8 percent), and craft and related trades (12.0 percent).

Generally, none of the observed changes in employment between 2010Q2 and 2011Q2 are statistically significant. In line with the observation made relating to employment by educational attainment, it appears that high skilled occupations may have grown, while lower skilled occupations have been in decline. In this regard, managers appear to have been the only occupation category to see substantial employment growth (up 110 000 over the year), while employment of clerks declined by a similar amount.

The one statistically significant change is the substantial decline in the employment of skilled agricultural workers, to 71 000. However, this is a somewhat volatile category and the current estimate is only marginally lower than that of 2009.

Occupational Employment Trends

Table 7: Employment Trends by Occupation, 2010 Quarter 2 – 2011 Quarter 2

	2009	2010	2011 Quarter 2		Change	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 627	13 099	13 148	100.0	50	0.4
Managers	1 053	1 019	1 129	8.6	110	10.8
Professionals	672	761	763	5.8	2	0.2
<i>High Skilled</i>	1 725	1 780	1 892	14.4	112	6.3
Technicians	1 578	1 437	1 473	11.2	36	2.5
Clerks	1 470	1 469	1 359	10.3	-110	-7.5
Service and sales workers	1 835	1 886	1 947	14.8	61	3.2
Skilled agric. workers	84	115	71	0.5	-44	-38.0 *
Craft and related trades	1 833	1 594	1 577	12.0	-17	-1.0
Operators and assemblers	1 224	1 089	1 121	8.5	32	2.9
<i>Skilled</i>	8 024	7 589	7 549	57.4	-41	-0.5
Elementary occupations	2 934	2 835	2 830	21.5	-5	-0.2
Domestic workers	943	895	879	6.7	-16	-1.8
<i>Low Skilled</i>	3 877	3 730	3 708	28.2	-21	-0.6

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

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.

‘... it appears that high skilled occupations may have grown, while lower skilled occupations have been in decline’

Unemployment Trends

Table 8: Expanded Unemployment Rate Trends, 2010 Quarter 2 – 2011 Quarter 2

	2009 Quarter 2 (Percent)	2010 Quarter 2 (Percent)	2011 Quarter 2 (Percent)	Change	
				Absolute (P.points)	Relative (Percent)
Overall Unemployment Rate	29.5	32.6	33.9	1.3	4.0
By Race					
African	34.9	38.0	39.4	1.3	3.5
Coloured	21.3	25.8	28.4	2.6	10.1
Asian	13.9	12.7	12.8	0.2	1.4
White	5.2	7.8	5.9	-1.9	-24.7
By Gender					
Male	26.5	29.4	30.3	0.9	3.2
Female	33.1	36.4	38.0	1.6	4.5
By Age Group					
15 to 24 year olds	56.3	60.3	60.9	0.6	1.1
25 to 34 year olds	33.1	36.4	38.8	2.4	6.6 †
35 to 44 year olds	20.3	23.1	24.8	1.8	7.7
45 to 54 year olds	14.8	17.5	18.3	0.8	4.8
55 to 65 year olds	8.5	12.9	10.3	-2.6	-20.0
By Educational Attainment					
No education	25.0	26.2	31.1	4.8	18.4
Grades 0 – 7	32.9	35.7	36.9	1.2	3.4
Grades 8 – 11	36.8	40.8	42.7	2.0	4.8
Grade 12	29.9	33.0	34.1	1.1	3.4
Diploma/Certificate	11.7	14.8	15.5	0.7	5.0
Degree	4.4	5.2	4.7	-0.5	-8.9

Source: Own calculations, Statistics South Africa 2009, 2010, 2011.

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 expanded unemployment rate, which includes both the searching and the non-searching unemployed, stood at 33.9 percent in 2011Q2 and has been on an upward trend since 2009. The unemployment rate is now more than seven percentage points above its pre-recession low point of 26.6 percent in 2008Q4. Year-on-year comparisons reveal that the expanded unemployment rate rose statistically significantly for five consecutive quarters from 2009Q3 to 2010Q3, with estimates since being insignificant, indicating a slowing trend in the rising rate of unemployment during 2010 and 2011.

Unemployment amongst Africans, at 39.4 percent, is significantly higher than the national average, while 28.4 percent of Coloureds are unemployed. Unemployment amongst Whites is just 5.9 percent, less than one-sixth the rate amongst Africans. Indeed, it seems that the labour market effects of the recession may, for Asians and Whites, be moderating, if not reversing.

Women are considerably more likely than men to be unemployed. The expanded unemployment rate amongst women is estimated at 38.0 percent in 2011Q2, compared to 30.3 percent for men. There is evidence pointing towards a growing gap between the unemployment rates of men and women, from 6.6 percent in 2009Q2, to 7.0 percent in 2010Q2 and to 7.7 percent in 2011Q2, >>>

although these changes are not statistically significant.

The labour market disadvantage of young people is starkly revealed in the expanded unemployment rates presented. Three-fifths (60.9 percent) of 15 to 24 year olds are unemployed, close to double the national average and 22 percentage points higher than the rate for 25 to 34 year olds. In contrast, just 10.3 percent of 55 to 65 year olds are unemployed. Unemployment rates appear to have moved upwards over the period for all age-groups except 55 to 65 year olds, although only the change for 25 to 34 year olds is statistically significant. The unemployment rate for the latter group has risen 2.4 percentage points to 38.8 percent over the past year, more than for any other age-group.

Unemployment rates rise slightly as educational attainment rises, up to incomplete secondary education, after which the unemployment rate falls again sharply. One-third (34.1 percent) of matriculants are unemployed, with generally similar or higher rates recorded for those with less education. Just 4.7 percent of degree-holders are unemployed, while the rate for those with diplomas and/or certificates is 15.5 percent. Lower unemployment rates amongst those with very low levels of education are related to the relative old age of individuals in these categories, who tend to be employed in sec-

tors and occupations characterised by low levels of worker turnover and mobility, and where they are likely to remain until retirement.

Expanded unemployment grew, though statistically insignificantly, by 405 000 over the year. Despite a lack of statistical significance at the aggregate level, a number of demographically defined groups saw significant changes in unemployment levels.

‘Three-fifths ... of 15 to 24 year olds are unemployed, close to double the national average and 22 percentage points higher than the rate for 25 to 34 year olds’

The number of unemployed Africans increased by more than the net increase of 405 000, while women accounted for almost two-thirds (63.6 percent) of the growth in unemployment. Large proportions of the growth of unemployment were also accounted for by 25 to 34 year olds (59.2 percent), 35 to 44 year olds (34.9 percent) and those with incomplete secondary education (grades 8 to 11, 60.4 percent).

Table 9: Composition of Unemployment Change

<i>Absolute Change</i>	<i>Thousands</i>
Total Unemployment	405
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	101.3 †
Coloured	9.7
Asian	0.4
White	-11.3
By Gender	
Male	36.4
Female	63.6 †
By Age Group	
15 to 24 year olds	6.9
25 to 34 year olds	59.2 †
35 to 44 year olds	34.9 †
45 to 54 year olds	7.2
55 to 65 year olds	-8.1
By Educational Attainment	
No education	2.2
Grades 0 – 7	-4.2
Grades 8 – 11	60.4 †
Grade 12	38.9
Diploma/Certificate	8.0
Degree	-0.4

Source: Own calculations, Statistics South Africa 2010, 2011.

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

Despite a relatively quick recovery in terms of output, the labour market remains under significant pressure. Having shed over one million jobs in less than two years, employment has shown no sign of a significant recovery. The number of discouraged workseekers has grown rapidly since the end of 2008, up 40 percent over the past two years and reaching 2.2 million in 2011Q2. As a result, both the level and rate of expanded unemployment has increased. Expanded unemployment stood at 33.9 percent in 2011Q2, while official unemployment remained above 25 percent.

Nevertheless, the negative labour market trends associated with the recession appear to be tapering off. Relatively few changes between 2010Q2 and 2011Q2 are found to be statistically significant and, ignoring statistical significant, negative changes appear to be slowing. However, a firm judgement on the end of the labour market recession cannot be made on the basis of the current data.

One of the overarching themes that emerges from the data is one of skills bias. Employment trends appear to be positive for those with higher educational attainment, but negative for those with low levels of education. A similar pattern emerges when consid-

ering employment change by occupational category. This may indicate that the recovery from the labour market recession may occur at different rates depending on skill or education, with those at the lower end of the skills distribution lagging and, therefore, being more vulnerable to long-term unemployment.

Employment in the primary sectors remains weak, with employment in agriculture, forestry and fishing having contracted by 17 percent over the past two years. The CSP services sector, on the other hand, appears to be driving aggregate employment growth, with approximately three-fifths of this growth deriving from national, provincial and local government. Indeed, without this growth in government employment, the net change in aggregate employment would have been in negative territory (though still statistically insignificant). This trend is worth monitoring in the months ahead.

Africans, women, 25 to 44 year olds and those with incomplete secondary education have borne the brunt of the rise in unemployment, although only 25 to 34 year olds have seen statistically significant increases in the unemployment rate.

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This factsheet is available for download at <http://www.dpru.uct.ac.za/>

Appendix

Table 10: Labour Market Aggregates

Period	Employment	Expanded Unemployment	Expanded Unemployment Rate
2008 Q1	13.778 [13.434; 14.122]	5.400 [5.191; 5.61]	28.2 [27.396; 28.921]
2008 Q2	13.913 [13.548; 14.278]	5.223 [5.034; 5.411]	27.3 [26.561; 28.024]
2008 Q3	13.839 [13.481; 14.197]	5.239 [5.033; 5.445]	27.5 [26.646; 28.275]
2008 Q4	14.059 [13.7; 14.418]	5.087 [4.887; 5.287]	26.6 [25.808; 27.328]
2009 Q1	13.873 [13.516; 14.23]	5.450 [5.225; 5.676]	28.2 [27.376; 29.037]
2009 Q2	13.627 [13.264; 13.989]	5.708 [5.476; 5.94]	29.5 [28.689; 30.358]
2009 Q3	13.157 [12.795; 13.519]	5.895 [5.683; 6.107]	30.9 [30.124; 31.759]
2009 Q4	13.272 [12.909; 13.635]	5.938 [5.723; 6.154]	30.9 [30.085; 31.741]

Period	Employment	Expanded Unemployment	Expanded Unemployment Rate
2010 Q1	13.112 [12.763; 13.461]	6.267 [6.05; 6.484]	32.3 [31.532; 33.145]
2010 Q2	13.099 [12.743; 13.454]	6.340 [6.11; 6.57]	32.6 [31.765; 33.468]
2010 Q3	13.009 [12.539; 13.478]	6.431 [6.138; 6.723]	33.1 [32.028; 34.135]
2010 Q4	13.161 [12.787; 13.535]	6.289 [6.041; 6.537]	32.3 [31.459; 33.209]
2011 Q1	13.145 [12.755; 13.535]	6.588 [6.339; 6.838]	33.4 [32.532; 34.243]
2011 Q2	13.148 [12.765; 13.532]	6.745 [6.488; 7.002]	33.9 [33.063; 34.749]

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

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