

# Monitoring the Performance of the South African Labour Market

An overview of the Business Activities n.e.c. Subsector from Quarter 1 2008 to Quarter 1 2011

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Employment Promotion Programme



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# Labour-Broking and the Business Activities Not Elsewhere Classified Sector

One of the key industries within the South African economy is Financial Intermediation, Insurance, Real Estate and Business Services. Accounting for 23.5 percent of gross value added at basic prices in 2010, this sector has experienced relatively rapid expansion in both output and employment. Real gross value added in the sector expanded at an average annual rate of 5.1 percent between 1994 and 2008, compared to average GDP growth of 3.2 percent per annum (own calculations, South African Reserve Bank 2011). Employment in the sector is estimated at 581 000 in 1995, growing to around 1 670 000 in 2008Q3, which is an average annual rate of expansion of 7.2 percent, compared to 2.4 percent for total employment.

As its name suggests, the industry is composed of several skill-intensive subsectors such as banking, insurance, real estate, computer and information technology activities, research and development, legal and accounting activities, architectural and engineering activities and advertising. Business activities not elsewhere classified (nec) is the final subsector (or major group 889 in terms

of the Standard Industrial Classification) of the industry and includes labour recruitment and provision of staff, investigation and security activities, building and industrial plant cleaning activities, photographic activities, packaging activities and other business activities nec (such as credit rating agencies, debt collection agencies, and stenographic and duplicating activities).

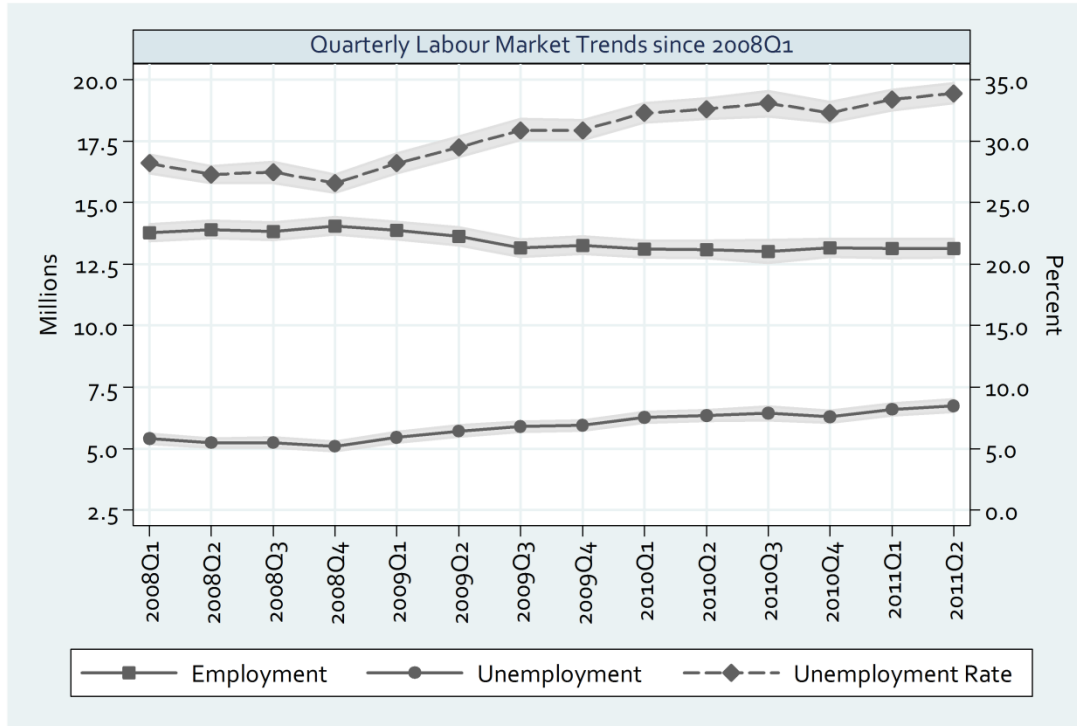
Labour-broking has attracted considerable attention in policy debates, around perceptions of insecure employment, poor working conditions and exploitation by employers, with active steps taken to reform the system. According to the Confederation of Associations in the Private Employment Sector (Capes), the Temporary Employment Services industry provides jobs for roughly half a million workers on any given day. Unfortunately, there is very little data available on employment in the labour-broking sector in nationally representative surveys. Within the Quarterly Labour Force Survey (QLFS), the closest one can get to the labour-broking sector (SIC 88912) is by looking at the Business Activities nec subsector (SIC 889), as the QLFS does not include sectoral breakdowns

below the three-digit level. This factsheet analyses employment within business activities nec as a way of better understanding employment within labour-broking activities.

There are, though, some caveats to note here. Firstly, because it is not possible to separate labour-broking activities out of business activities nec, the picture is somewhat blurred. This is particularly relevant given the diversity in terms of skill levels of the various subsectors at five-digit level within business activities nec. Secondly, since industry is self-reported in household surveys, it is possible that workers misclassify themselves and the full picture of employment in labour-broking is not captured in the data (e.g. an individual employed by a labour broker to work on a construction project may indicate they are employed in construction).

# 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.

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.

The working age population grew at an average annual rate of 1.6 percent between 2008 and 2011, while the economy shed about 630 000 jobs. Although this decline in employment is not statistically significant, it appears that reaching pre-recession employment levels may take some time and would probably be attained at higher rates of unemployment given the predicted future expansion of the labour force.

The recession, while leading to massive job losses over the period, was accompanied by a slight contraction in the narrow labour force, as substantial numbers of individuals moving into non-searching unemployment. The number of discouraged workseekers grew by more than one million (or 23.6 percent per annum) between 2008 and 2011, the bulk of which occurred from 2009 on, with expanded unemployment growing by 1.2 million. As non-searching unemployment became more common, the narrow labour force participation rate declined from 58.1 percent in 2008Q1 to 54.6 percent in 2011Q1, and while expanded participation showed a slight decline, the change was not statistically significant. The recession created upward pressure on the unemployment rate, although this was muted for the narrow definition. The expanded unemployment rate, though, grew by 4.7 percent per annum over the period.

## A Brief Labour Market Overview

**Table 1: Labour Market Overview, 2008 Quarter 1 – 2011 Quarter 1**

	2008	2009	2010	2011	Change ('08-'11)	
	Quarter 1	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>						
Working Age Population	30 963	31 490	32 039	32 520	1 557	1.6
Employment	13 778	13 873	13 112	13 145	-633	-1.6
Narrow Unemployment	4 222	4 223	4 396	4 365	144	1.1
Narrow Labour Force	18 000	18 096	17 509	17 510	-490	-0.9
Expanded Unemployment	5 400	5 450	6 267	6 588	1 188	6.9 *
Expanded Labour Force	19 178	19 323	19 379	19 733	555	1.0
Discouraged Workseekers	1 179	1 227	1 871	2 223	1 044	23.6 *
<b>Labour Force Participation Rate (Percent)</b>						
Narrow LFPR	58.1	57.5	54.6	53.8	-4.3	-2.5 *
Expanded LFPR	61.9	61.4	60.5	60.7	-1.3	-0.7
<b>Unemployment Rate (Percent)</b>						
Narrow Unemployment	23.5	23.3	25.1	25.1	1.5	2.1
Expanded Unemployment	28.2	28.2	32.3	32.3	5.2	5.8 *

Source: Own calculations, Statistics South Africa 2008, 2009a, 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 grew by more than one million ... between 2008 and 2011, the bulk of which occurred from 2009 on...”*

# Employment Trends by Industry

**Table 2: Employment Trends by Industry, 2008Q1-2011Q1**

	2008	2009	2010	2011	Change ('08-'11)		
	Quarter 1	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative	
<b>Total Employment</b>	<b>13 778</b>	<b>13 873</b>	<b>13 112</b>	<b>13 145</b>	<b>-633</b>	<b>-1.6</b>	
Agriculture	809	745	659	659	-149	-6.6	*
Mining	333	338	303	303	-30	-3.1	
<b>Primary Sector</b>	<b>1 142</b>	<b>1 084</b>	<b>962</b>	<b>917</b>	<b>-224</b>	<b>-7.0</b>	<b>*</b>
Manufacturing	2 016	1 931	1 763	1 806	-210	-3.6	
Utilities	98	105	72	97	-1	-0.5	
Construction	1 140	1 160	1 062	1 033	-107	-3.2	
<b>Secondary Sector</b>	<b>3 254</b>	<b>3 196</b>	<b>2 898</b>	<b>2 937</b>	<b>-318</b>	<b>-3.4</b>	<b>†</b>
Wholesale & retail trade	3 188	3 063	2 888	2 969	-219	-2.3	
Transport	767	783	799	730	-37	-1.6	
Financial & business services	1 701	1 770	1 688	1 635	-66	-1.3	
<i>of which...</i>							
Business activities n.e.c.	783	808	811	757	-26	-1.1	
CSP services	2 584	2 686	2 703	2 831	247	3.1	†
Private households	1 142	1 288	1 169	1 121	-22	-0.6	
<b>Tertiary Sector</b>	<b>9 382</b>	<b>9 588</b>	<b>9 247</b>	<b>9 286</b>	<b>-96</b>	<b>-0.3</b>	

Source: Own calculations, Statistics South Africa 2008, 2009a, 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.

Nationally, employment is dominated by the tertiary sector: in 2011Q1, 9.3 million individuals were employed in the tertiary sector, representing 70.6 percent of total employment. The primary sector and secondary sectors account for 7.0 percent and 22.3 percent respectively of employment. Both the primary and secondary sectors experienced declines in employment over the three-year period, contracting at average annual rates of 7.0 percent and 3.4 percent respectively. Job losses in these sectors were driven by losses in agriculture (150 000 jobs), manufacturing (210 000 jobs) and construction (110 000 jobs) in particular. Employment in the tertiary sector was marginally down over the period, despite a substantial contraction in wholesale and retail trade. This was due to expansion, averaging 3.1 percent per annum over the period, in employment in CSP services, specifically as a result of increased public sector employment.

The financial and business services industry is the third-largest within the tertiary sector, accounting for 12.4 percent of total employment in 2011Q1. Within this industry, the business activities nec sub-sector employed around 760 000 workers, or 5.8 percent of total employment. Since 2008Q1, employment within business activities nec has declined slightly, although not statistically significantly, by 1.1 percent per annum.

In terms of the key demographic covariates – race, gender, age-group and educational attainment – no statistically significant employment shifts within business activities nec are observed over the three-year period. Africans appear to have borne the brunt of possible employment declines, losing around 55 000 jobs – twice the overall number. There is no real evidence of any gender bias in employment change within the sub-sector, although it appears that job losses within the sub-sector may have been concentrated amongst younger workers: 25-34 year olds saw employment decline by 55 000 (-5.1 percent per annum), although this is not statistically significant. More positive employment trends appear to have been experienced by older individuals. In terms of education, again, no real trends are discernible.

Employment within business activities nec does, though, differ significantly in terms of demographic composition from employment within the greater non-agricultural economy (Table 4). By race, employment within business activities nec is less diverse than in the total non-agricultural economy. Africans account for a significantly larger proportion of the workforce within business activities nec (74.5 percent vs. 67.6 percent in the non-agricultural economy in 2011Q1), >>>

## Demographic Employment Trends within Business Activities n.e.c.

**Table 3: Employment in Business Activities n.e.c by Demographics, 2008Q1-2011Q1**

	2008	2009	2010	2011	Change ('08-'11)	
	Quarter 1	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
<b>Total Employment</b>	<b>783</b>	<b>808</b>	<b>811</b>	<b>757</b>	<b>-26</b>	<b>-1.1</b>
<b>By Race</b>						
African	618	593	622	564	-55	-3.0
Coloured	63	68	61	70	7	3.7
Asian	14	19	30	19	4	9.2
White	87	127	98	104	17	6.1
<b>By Gender</b>						
Male	514	513	524	502	-12	-0.8
Female	269	294	287	255	-14	-1.8
<b>By Age Group</b>						
15-24 years	103	107	117	98	-5	-1.6
25-34 years	375	342	347	320	-55	-5.1
35-44 years	188	206	234	219	31	5.2
45-54 years	92	113	87	85	-6	-2.3
55-65 years	25	40	26	34	9	10.7
<b>By education</b>						
None	8	8	6	4	-4	-19.3
Grades 0-7	67	64	53	55	-12	-6.2
Grades 8-11	287	283	337	304	16	1.8
Grade 12	302	310	297	290	-12	-1.4
Diploma/Certificate	85	103	81	70	-15	-6.4
Degree	26	33	27	28	2	2.8

Source: Own calculations, Statistics South Africa 2008, 2009a, 2010, 2011.

Notes: 1. An asterisk denotes statistically significant changes at the 95 percent confidence level.

**Table 4: Demographic Composition of Employment within Business Activities n.e.c, 2008Q1 and 2011Q1**

	2008Q1		2011Q1	
	Business Activities n.e.c.	Total Non-Agricultural Economy	Business Activities n.e.c.	Total Non-Agricultural Economy
<b>Total Employment ('000s)</b>	<b>783</b>	<b>11 827</b>	<b>757</b>	<b>11 419</b>
<b>By Race</b>				
African	79.0	67.5 *	74.5	67.6 *
Coloured	8.0	11.0 *	9.2	11.2
Asian	1.8	3.9 *	2.5	4.2
White	11.2	17.6 *	13.8	16.9
<b>By Gender</b>				
Male	65.7	59.6 *	66.3	59.5 *
Female	34.3	40.4 *	33.7	40.5 *
<b>By Age Group</b>				
15-24 years	13.1	12.4	12.9	10.0
25-34 years	47.9	34.8 *	42.3	33.6 *
35-44 years	24.1	26.5	29.0	29.3
45-54 years	11.7	18.1 *	11.3	18.5 *
55-65 years	3.2	8.2 *	4.5	8.6 *
<b>By education</b>				
None	1.0	2.6 *	0.6	1.6 *
Grades 0-7	8.5	12.8 *	7.2	9.7
Grades 8-11	36.7	31.2 *	40.1	30.9 *
Grade 12	38.6	31.6 *	38.3	32.9 *
Diploma/Certificate	10.9	13.3	9.2	14.5 *
Degree	3.3	7.2 *	3.7	9.1 *

Source: Own calculations, Statistics South Africa 2008, 2011.

Notes: 1. An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence level.

although the differences across the other race groups narrowed between 2008Q1 and 2011Q1 and are no longer statistically significant.

Employment in business activities nec is dominated by males: men account for two-thirds of the subsectoral workforce, compared to just under 60 percent within the non-agricultural economy. Women are, therefore, significantly underrepresented within the sector.

Workers within business activities nec are relatively young when compared with non-agricultural employment. The proportion of 25 to 34 year olds within business activities nec is significantly larger than that within non-agricultural employment, while the opposite is true amongst 45 to 54 year olds and 55 to 65 year olds.

Educationally, workers in business activities nec are clustered within secondary education: 78.4 percent had some form of secondary education, compared to 63.8 percent in the non-agricultural economy in 2011Q1. At the same time, degree-holders accounted for 3.7 percent of employment in business activities nec, less than half the proportion in the non-agricultural economy as a whole.

In South Africa, overall employment is dominated by the formal sector. Excluding agriculture, the formal sector accounted for roughly four out of every five jobs in 2011Q1. Within the business activities nec subsector, the informal sector is even smaller, accounting for just 9.8 percent of employment within the subsector during the same period.

While the relative sizes of the formal and informal sectors within non-agricultural employment are virtually identical in the two periods, the informal sector appears to have lost ground within business activities nec, declining from 13.9 percent to 9.8 percent of employment, although this change is not statistically significant.

The formal-informal sector classification is derived using an establishment-based definition. In other words, it is the characteristics of the enterprise or establishment at which the individual is employed that determines (in)formality. However, considering the nature of the employment *relationship*, it is possible to classify workers as formally or informally employed, with the latter being those in precarious employment. All employees in the informal sector are considered to be informally employed by Statistics South Africa.

Within non-agricultural formal sector employment, 85.5 percent of workers are considered to be formally employed in 2011Q1.

## Formality and Informality

**Table 5: Formality of Employment within Business Activities n.e.c., 2008Q1 and 2011Q1**

	2008Q1		2011Q1	
	Business Activities n.e.c.	Total Non-Agricultural Economy	Business Activities n.e.c.	Total Non-Agricultural Economy
<b>Total Employment ('000s)</b>	<b>783</b>	<b>11 827</b>	<b>757</b>	<b>11 419</b>
<b>Firm-based definition</b>				
Formal Sector	86.1	80.1 *	90.2	80.9 *
Informal Sector	13.9	19.9 *	9.8	19.1 *
<b>Worker-based definition (within formal sector)</b>				
Formally Employed	-	-	87.3	85.5
Informally Employed	-	-	7.5	8.0
Other			5.5	6.5

Source: Own calculations, Statistics South Africa 2008, 2011.

Notes: 1. An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence level.

This is a very similar proportion to that within the formal sector of business activities nec (87.3 percent). The informally employed account for between seven and eight percent of formal sector employment in both the non-agricultural economy and business activities nec. The 'other' category contains employers and own account workers and accounts for between five and seven percent of formal sector employment. Despite the perception of greater precariousness of work in the business activities nec subsector, therefore, it appears that it is not significantly different from the overall non-agricultural economy as far as informal employment is concerned.



# Occupational Employment Trends

**Table 6: Occupational Composition of Employment in Business Activities n.e.c., 2008Q1 and 2011Q1**

	2008Q1			2011Q1		
	Business Activities n.e.c.	Total Non-Agricultural Economy		Business Activities n.e.c.	Total Non-Agricultural Economy	
<b>Total Employment ('000s)</b>	<b>783</b>	<b>11 827</b>		<b>757</b>	<b>11 419</b>	
Managers	5.4	8.0	*	9.9	9.8	
Professionals	2.8	6.3	*	1.8	6.6	*
<b>High Skilled</b>	<b>8.2</b>	<b>14.4</b>	*	<b>11.8</b>	<b>16.4</b>	*
Technicians	7.7	12.2	*	6.2	12.7	*
Clerks	6.8	12.5	*	9.4	11.7	
Service and sales workers	48.5	15.3	*	42.9	16.5	*
Skilled agricultural	0.0	0.3	*	0.4	0.1	
Craft and related trades	2.7	16.7	*	0.9	14.0	*
Operators and assemblers	1.1	9.4	*	1.2	9.6	*
<b>Skilled</b>	<b>66.8</b>	<b>66.5</b>		<b>60.9</b>	<b>64.6</b>	
Elementary occupations	25.0	19.1	*	27.2	19.0	*
<b>Low Skilled</b>	<b>25.0</b>	<b>19.1</b>	*	<b>27.2</b>	<b>19.0</b>	*

Source: Own calculations, Statistics South Africa 2008, 2011.

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

The majority of non-agricultural employment is accounted for by skilled occupations. In 2011Q1, two-thirds of those employed in the non-agricultural economy were employed in skilled occupations. Just under one-fifth (19.0 percent) were employed in elementary occupations and the remaining 16.4 percent were in high skilled occupations. While this breakdown is relatively unchanged compared to 2008Q1, there are slightly more managers (and, therefore, high skilled

workers) in 2011, and this difference is statistically significant.

Employment within business activities nec in 2011Q1 was skewed towards low skilled occupations and away from high skilled occupations relative to the non-agricultural economy. This is due to there being relatively few professionals and technicians in the subsector, and relatively many elementary workers. While the proportion of skilled workers in business activities nec and the non-agricultural economy are relatively similar, there are significant differences within these categories. More than two-fifths (42.9 percent) of employment in business activities nec is accounted for by service and sales workers, compared to 16.5 percent in the non-agricultural economy in 2011Q1. Conversely there are significantly fewer technicians in business activities nec than in the non-agricultural economy (6.2 percent vs. 12.7 percent), while the same is true of craft and related trades and operators and assemblers.

Between 2008Q1 and 2011Q1, the proportion of managers in business activities nec has grown, from 5.4 percent to 9.9 percent. Conversely, craft and related trades workers have declined statistically significantly relative to employment in business activities nec between the two quarters.

The QLFS includes questions about the type and duration of employment contracts of employees. In terms of contract duration, most workers are employed on a permanent basis (roughly 60 percent in both sectors in 2011Q1). The relatively low incidence of self-employment in business activities nec means that limited duration contracts are more common there than in the broader non-agricultural economy (15.9 percent vs. 9.9 percent in 2011Q1). Since 2008Q1, the proportion of workers in business activities nec employed in permanent positions has risen statistically significantly to 61.0 percent.

In assessing the precariousness of employment, written contracts are typically viewed as more secure than verbal employment contracts, while permanent positions offer more stability than limited period contracts. In 2011Q1, the majority of workers in the non-agricultural economy had written employment contracts (85.5 percent), while 13.5 percent had verbal contracts. In business activities nec, written contracts are even more prevalent (89.2 percent), although this difference is not statistically significant. Over the period, written contracts have become relatively more common both in business activities nec and the broader non-agricultural economy.

## Employment Characteristics

**Table 7: Contract Characteristics in Business Activities n.e.c., 2008Q1 and 2011Q1**

	2008Q1		2011Q1	
	Business Activities n.e.c.	Total Non-Agricultural Economy	Business Activities n.e.c.	Total Non-Agricultural Economy
<b>Total Employment ('000s)</b>	<b>783</b>	<b>11 827</b>	<b>757</b>	<b>11 419</b>
<b>Contract Duration</b>				
Limited duration	15.6	9.7 *	15.9	9.9 *
Permanent nature	56.2	55.9	61.0	58.3
Unspecified duration	18.0	17.0	15.0	14.3
Self-employed	10.3	17.4 *	8.1	17.5 *
<b>Total Employment ('000s)</b>				
<b>Contract Type</b>	<b>703</b>	<b>9 877</b>	<b>697</b>	<b>9 521</b>
Written contract	85.2	81.4 *	89.2	85.5
Verbal contract	14.7	17.5	10.5	13.5

Source: Own calculations, Statistics South Africa 2008, 2011.

Notes: 1. An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence level.

*'Over the period, written contracts have become relatively more common both in business activities nec and the broader non-agricultural economy'*

**Table 8: Employment Characteristics in Business Activities n.e.c., 2008Q1 and 2011Q1**

	2008Q1		2011Q1	
	Business Activities n.e.c.	Total Non-Agricultural Economy	Business Activities n.e.c.	Total Non-Agricultural Economy
<b>Total Employees ('000s)</b>	<b>703</b>	<b>9 877</b>	<b>697</b>	<b>9 521</b>
<b>Benefits</b>				
Medical aid	16.1	32.8 *	10.9	37.1 *
UIF contributions	72.9	58.3 *	80.0	60.0 *
Pension contributions	42.9	51.6 *	41.3	53.8 *
Paid leave	55.8	62.8 *	67.4	71.0
Paid sick leave	-	-	67.6	71.6
Paid maternity leave	-	-	53.2	64.9 *
<b>Hours of work</b>				
1-19 hours	1.8	2.0	1.3	1.8
20-39 hours	5.0	9.0 *	5.2	8.3 *
40-44 hours	24.4	36.8 *	31.5	43.3 *
45-49 hours	22.3	25.7	28.0	26.5
50+ hours	46.5	26.5 *	33.5	19.9 *
Mean hours worked	52.6	45.5 *	49.1	44.3 *
<b>Other</b>				
Trade union membership	-	-	22.6	33.2 *

Source: Own calculations, Statistics South Africa 2008, 2011.

Notes: 1. An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence level.

'Quality' of employment is of particular interest in this analysis of employment in business activities nec. To facilitate comparability, the self-employed and unpaid workers in family businesses are excluded from the employed. This leaves around 700 000 employees in business activities nec in both 2008 and 2011, and around 9.5 million employees in the non-agricultural economy in 2011.

The first set of variables considered are six work benefits for which there is data in the QLFSs. In most instances, access to these benefits is lower amongst business activities nec employees than is the case in the non-agricultural economy. Access to medical aid – as proxied by the proportion of workers who report that their employer makes contributions on their behalf to a medical aid – is considerably lower in business activities nec. In 2008Q1, 16.1 percent of employees in business activities nec report contributions to a medical aid, compared to 32.8 percent in the non-agricultural economy. By 2011Q1, however, this proportion within business activities nec had declined to just 10.9 percent – a statistically significant decline at the 90 percent confidence level – while that within the non-agricultural economy had risen statistically significantly to 37.1 percent. Thus, as far as contributions to medical aid is concerned, employees in business activities nec lag employees in the rest of the non-agricultural economy.

The majority of employees report their employers make UIF contributions on their behalf. This is particularly true of employees in business activities nec, 80.0 percent of whom report contributions in 2011Q1, 20 percentage points more than the non-agricultural economy as a whole. UIF coverage in business activities nec also increased statistically significantly by 7.1 percentage points over the period.

Roughly half of employees in the non-agricultural economy report that their employers make pension fund contributions on their behalf. This proportion is significantly lower in business activities nec in both periods. While 53.8 percent of employees in the non-agricultural economy report pension contributions being made on their behalf, this is true of only 41.3 percent of employees in business activities nec.

In 2008Q1, 62.8 percent of employees in the non-agricultural economy enjoyed paid annual leave. This is seven percentage points higher than observed in business activities nec. Over the three-year period, however, there has been a rapid increase in the proportion of employees receiving paid annual leave in business activities nec. By 2011Q1, more than two-thirds of business activities nec employees enjoyed paid annual leave, a proportion that is no longer statistically different to that of the broader non-agricultural

economy. In terms of other forms of leave – paid sick leave and paid maternity leave – the QLFS did not collect information in 2008. In 2011, slightly more than two-thirds of employees in both sectors report access to paid sick leave. While access to paid sick leave is very similar in the two sectors, this is not true of paid maternity leave. In 2011Q1, 64.9 percent of female employees in the non-agricultural economy report being entitled to paid maternity leave, compared to just 53.2 percent of employees in business activities nec.

Overall, therefore, it appears that employees in business activities nec are at a disadvantage in terms of this set of employment benefits. In 2011, employees in business activities nec report superior UIF coverage and very similar rates of access to both paid annual and paid sick leave when compared to their counterparts in the non-agricultural economy. However, in terms of medical aid contributions, pension contributions and paid maternity leave, business activities nec employees lag their non-agricultural counterparts, often by a considerable margin.

Table 8 also reports the distribution of employees by the number of hours *usually* worked per week. In the non-agricultural economy as a whole, the majority of employees report usually working between 40 and 49 hours per week in 2011Q1: 43.3 per-

cent work 40 to 44 hours per week, while a further 26.5 percent work 45 to 49 hours per week. Roughly one-fifth (19.9 percent) of employees report working 50 or more hours per week, while two percent work fewer than 20 hours per week.

Employees in business activities nec appear to be more likely to work longer hours than their counterparts in the non-agricultural economy. One-third (33.5 percent) of business activities nec employees report usually working 50 or more hours per week in 2011Q1, compared to 19.9 percent in the non-agricultural economy. Conversely, only 31.5 percent of employees in business activities nec work 40 to 44 hours per week, nearly 12 percentage points lower than the non-agricultural average.

*‘Overall ... it appears that ‘job quality’ as proxied by these various variables is lower in business activities nec than in the broader non-agricultural economy ... [although] it appears that the gap between the two sectors may be narrowing over time’*

Generally, these differences have existed since the start of the period, although the gaps appear to have narrowed. Extremely long hours are considerably less common in both sectors in 2011 than in 2008, although the decline is more pronounced within business activities nec. The converse is true for the 40 to 44 hour category. At the lower extreme of work hours, there has been barely any change in prevalence over the period in either sector

The greater proportions of business activities nec employees at the upper end of the distribution of hours of work is reflected in the higher mean hours worked in both periods. Mean hours worked, which is calculated by excluding the 0.5 percent of workers with the highest hours of work, is nearly five hours more in business activities nec than in the non-agricultural economy as a whole in 2011Q1, and seven hours more in 2008Q1. In terms of hours of work, therefore, it appears that workers in business activities nec are relatively worse off (although this observation does not take into account the relationship between hours of work and remuneration, not least because of the complete lack of unit record wage information in the QLFS data).

The final variable of interest is union membership, which provides an indication of the vulnerability of workers to possible exploita-

tion by employers. This is not a perfect proxy of vulnerability, however, particularly given the various other institutions, such as sectoral determinations, that aim to prevent the exploitation of workers. Although no data on union membership is available for 2008, the data for 2011Q1 indicates that union membership is significantly more common in the non-agricultural economy than is the case in business activities nec. One-third of the former report being members of unions, compared to 22.6 percent of employees in business activities nec. Considering that the non-agricultural economy includes the highly unorganised domestic worker sector, the gap between the two sectors is underestimated here.

Overall, therefore, it appears that 'job quality' as proxied by these various variables is lower in business activities nec than in the broader non-agricultural economy. Although the data is somewhat incomplete, it appears that the gap between the two sectors may be narrowing over time.

## Conclusion

This factsheet has attempted to provide some insight into employment within the labour-broking sector, by analysing employment within business activities nec, the sub-sector in which it falls. Business activities nec is a significant employer, accounting for 5.8 percent of total employment in 2011Q1. As already noted, Capes estimates employment within the temporary employment services sector at around 500 000 on any given day. Employment within business activities nec has been stagnant since 2008.

With little change in total employment in business activities nec, it is unsurprising that there are no statistically significant changes in employment by race, gender, age or education between 2008Q1 and 2011Q1. In terms of the demographic composition of employment, business activities nec differs from the total non-agricultural economy in several ways: business activities nec employs relatively more Africans and relatively fewer Asians and Whites, and it employs relatively more men. Employment in business activities nec is also relatively young compared with the non-agricultural economy and, in terms of education attainment, workers are more clustered within secondary education. As a result, occupational breakdowns of employ-

ment reveal business activities nec to be biased towards low skilled occupations and away from high skilled occupations, with the subsector having relatively few professionals and technicians

Interestingly, the formal sector accounts for a larger proportion of employment in business activities nec than is the case in the non-agricultural economy as a whole. Just 9.8 percent of workers in business activities nec are in the informal sector, compared to 19.1 percent in the non-agricultural economy. However, if informality is defined in terms of the employment relationship, the proportion of workers informally employed is almost identical in both sectors, at around eight percent. In this context, then, workers in business activities nec do not appear to lag those in other sectors.

In terms of contracts, workers in business activities nec are less likely to be self-employed and more likely to have limited duration contracts. Written contracts are vastly more common than verbal contracts, particularly so in business activities nec where nine in ten workers report having written contracts.

Various indicators of 'job quality' were presented, with mixed results for workers in business activities nec. In terms of six benefits – medical aid contributions, UIF contributions, pension contributions, paid annual

leave, paid sick leave and paid maternity leave – workers in business activities nec appear to be at a disadvantage. The only exception is UIF contributions, where coverage appears to be higher in business activities nec, while access to paid annual and paid sick leave are very similar to those in the broader non-agricultural economy. Employees in business activities nec also appear to be more likely to work longer hours, with one-third reporting usually working 50 hours or more per week in 2011Q1, compared to one-fifth of those in the non-agricultural economy. Given distributional differences in terms of hours worked, it is therefore unsurprising that usual working hours amongst employees in business activities nec average almost five hours more than in the broader non-agricultural economy. Finally, union membership is significantly lower in business activities nec.

Overall, therefore, it does appear that 'job quality' as proxied by these various indicators is lower in business activities nec than in the broader non-agricultural economy. Importantly, though, there are indications that the gap between the two sectors may be narrowing over time.

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