

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR ENDING  
2013 QUARTER 1

11  
JUNE 2013

## CONTENTS

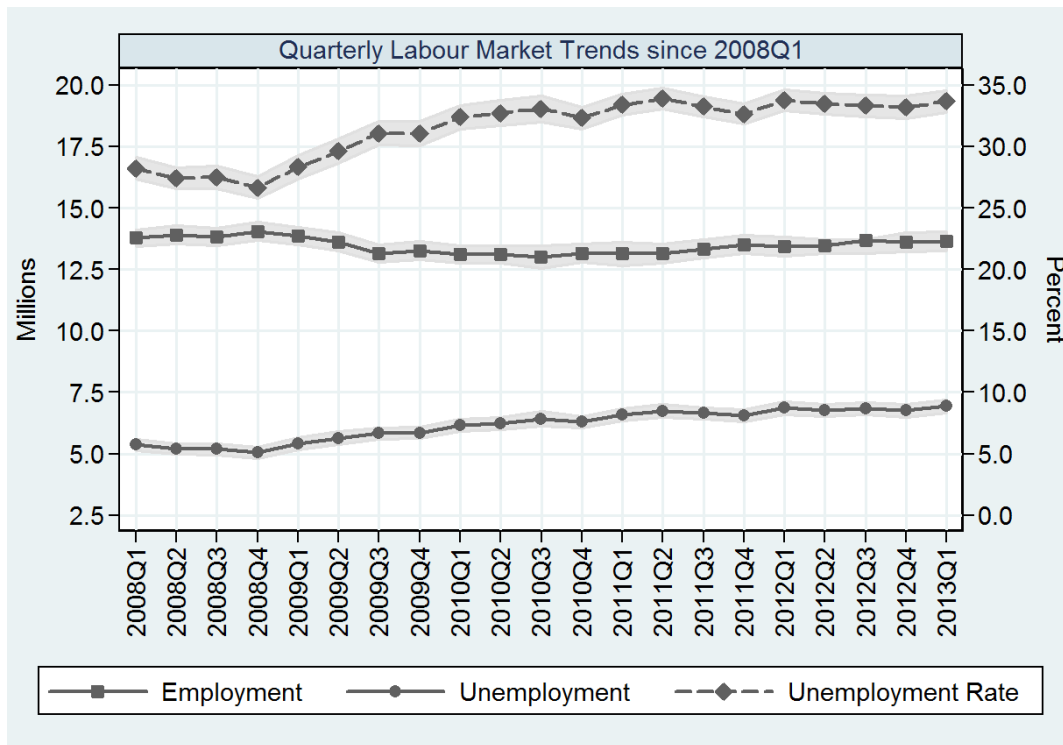
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RECENT LABOUR MARKET TRENDS ...	2
A LABOUR MARKET OVERVIEW ...	3
LABOUR FORCE PARTICIPATION ...	4
EMPLOYMENT TRENDS ...	5
SECTORAL EMPLOYMENT TRENDS ...	7
OCCUPATIONAL EMPLOYMENT TRENDS ...	9
UNEMPLOYMENT TRENDS ...	10
CONCLUSION ...	12
REFERENCES ...	13



# 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.

Since the recession of 2009, economic growth in South Africa has only exceeded four percent per annum three times (in 2010Q1, 2010Q4 and 2011Q1). In fact, growth was below four percent in seven consecutive quarters since 2011Q2 and, in 2013Q1, was only 0.9 percent – the lowest since the recession.

Weak economic growth has been reflected in the labour market, as employment has only gradually recovered. The estimates of employment, as shown in Figure 1, after decreasing rapidly by more than one million between 2008Q4 and 2010Q3, were virtually unchanged in the next three quarters, before increasing by about 0.4 million between 2011Q2 and 2011Q4. These estimates were stagnant again in the first two quarters of 2012, before rising by another 0.2 million in 2012Q3. Since then, the estimates hovered just above 13.6 million, and by 2013Q1, employment is estimated at 13.6 million, a figure that is not statistically different from a year earlier. Nonetheless, the 2013Q1 employment estimates were the second highest since the pre-recession peak of 14.1 million in 2008Q4.

Since 2008Q4, both the level and rate of unemployment has increased significantly. Expanded unemployment, which includes the non-searching unemployed or discouraged workseekers, is estimated at 7.2 million in 2013Q1. Despite the fact that the change in unemployment between 2012Q1 and 2013Q1 is statistically insignificant, the unemployment in the latter quarter is at record levels. Of the 7.2 million unemployed, 2.3 million are not actively seeking employment. Furthermore, the unemployed represents 34.6 percent of the expanded labour force in 2013Q1, being extremely close to the highest rate of 34.8% taking place in 2011Q2.

Table 1 shows that employment in 2013Q1 has increased marginally compared to the previous year. Similarly, the working age population has risen by almost half a million. The employment growth of 1.5 percent is keeping pace with the narrow labour force, and is slightly greater than that of the working age population (1.4 percent) and expanded labour force (1.3 percent). The latter finding is attributed to the decrease in the number of discouraged workseekers, which may suggest improved perceptions of labour market conditions, as the unemployed choose to actively seek work. The most rapid growth has taken place in narrow unemployment (1.7 percent year-on-year). All the aforementioned year-on-year increases are, however, statistically insignificant. Looking at the non-searching unemployment in greater detail, it has experienced a third consecutive year-on-year decline since the recession.

Labour force participation rates (LFPRs) have remained very stable since 2011Q2, with 54.5 percent and 61.5 percent of the working age population participating in the narrow labour force and expanded labour force respectively in 2013Q1. The increase in employment has only been able to offset the increase in unemployment under the broad definition, resulting in a marginal decrease in the broad unemployment rate over the year, while the narrow unemployment rate has increased slightly. The year-on-year changes in the LFPRs and unemployment rates under both definitions are all statistically insignificant.

## A LABOUR MARKET OVERVIEW

**Table 1: Labour Market Overview, 2012 Quarter 1 – 2013 Quarter 1**

	2011	2012	2013	Change ('12-13)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	32 520	33 000	33 474	474	1.4
Employment	13 145	13 447	13 644	198	1.5
Narrow Unemployment	4 365	4 526	4 604	78	1.7
Narrow Labour Force	17 510	17 973	18 248	275	1.5
Expanded Unemployment	6 588	6 862	6 934	73	1.1
Expanded Labour Force	19 733	20 308	20 579	270	1.3
Discouraged Workseekers	2 223	2 335	2 330	-5	-0.2
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	53.8	54.5	54.5	0.1	0.1
Expanded LFPR	60.7	61.5	61.5	-0.1	-0.1
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	24.9	25.2	25.2	0.0	0.2
Expanded Unemployment Rate	33.4	33.8	33.7	-0.1	-0.3

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

- 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 decrease in the number of discouraged workseekers ... may suggest improved perceptions of labour market conditions as the unemployed choose to actively search for work ...'*

# LABOUR FORCE PARTICIPATION

Slightly more than three-fifths (61.5 percent) of the South African working age population participate in the expanded labour force, marginally lower than a year earlier, as seen in Table 2.

**Table 2: Labour Force Participation Rates, 2012 Quarter 1 – 2013 Quarter 1**

Percent/Percentage Points	2011	2012	2013	Change ('12-'13)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
<b>Overall LFPR</b>	<b>60.7</b>	<b>61.5</b>	<b>61.5</b>	<b>-0.1</b>	<b>-0.1</b>
<b>By Race</b>					
African	59.2	60.3	60.3	0.0	0.0
Coloured	65.6	66.1	65.0	-1.1	-1.7
Asian	60.5	59.2	63.7	4.4	7.5
White	68.0	68.2	67.3	-0.9	-1.3
<b>By Gender</b>					
Male	67.0	67.7	67.7	-0.1	-0.1
Female	54.7	55.7	55.6	-0.1	-0.2
<b>By Age Group</b>					
15 to 24 year olds	32.4	33.5	32.8	-0.7	-2.0
25 to 34 year olds	81.2	81.7	81.0	-0.7	-0.9
35 to 44 year olds	81.9	82.4	83.3	0.9	1.1
45 to 54 year olds	72.4	73.2	74.2	0.9	1.3
55 to 65 year olds	40.1	41.0	40.5	-0.4	-1.1
<b>By Educational Attainment</b>					
No education	38.6	42.6	37.3	-5.3	-12.4 †
Grades 0 – 7	50.3	51.9	53.1	1.2	2.3
Grades 8 – 11	52.3	53.0	52.7	-0.3	-0.7
Grade 12	73.1	72.7	72.5	-0.2	-0.3
Diploma/Certificate	88.3	89.0	88.1	-0.9	-1.0
Degree	88.6	89.2	89.6	0.4	0.4

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

- Notes:
1. The expanded definition of unemployment is utilised here in defining the labour force.
  2. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

Labour force participation is the lowest for Africans (60.3 percent), followed by Asians (63.7 percent), Coloureds (65.0 percent) and Whites (67.3 percent). Men are associated with a greater likelihood of participating in the expanded labour force, with LFPRs for men and women being 67.7 percent and 55.6 percent respectively in 2013Q1.

Participation rates are lowest amongst the youngest and oldest age-groups: less than one-third (32.8 percent) of 15 to 24 year olds are economically active, as are 40.5 percent of 55 to 65 year olds. The relatively lower participation rates in these two age-groups can be attributed to the involvement in education amongst the young, and retirement and early withdrawal from the labour force amongst the older cohorts. In contrast, more than 80 percent of people aged between 25 and 44 years are economically active. The year-on-year changes in LFPRs are statistically insignificant in all age-groups.

LFPRs are positively correlated with educational attainment. In 2013Q1, participation rates for those with no education stood at 37.3 percent, increasing to just over 50 percent for those with primary and incomplete secondary education. Participation rates increased further to 72.5 percent for matriculants, while nearly 90 percent of those with post-secondary qualifications are economically active. In particular, Grade 12 seems to be the point at which there is significantly higher labour force participation, as the LFPR jumps nearly 20 percentage points relative to those without matric certificates. Finally, year-on-year changes in LFPRs are statistically significant only for those with no education, decreasing by 12.4 percent in relative terms. This may be associated with the aging of this cohort of individuals.

From Table 3, it can be seen that a total of 13.6 million were employed in 2013Q1. Although this represents a 1.5 percent increase (approximately 198 000) over the year, this change is not statistically significant. While employment in 2012Q1 is estimated to be marginally lower than in 2011Q4, possibly due to a seasonal effect (Development Policy Research Unit, 2012a), the opposite finding is observed in 2013Q1, as employment in this quarter is estimated to be higher than in 2012Q4.

Africans, numbering 9.7 million, account for 71.2 percent of all employed. They are followed by Whites, whose share of employed is 14.0 percent, while Coloureds and Asians account for 11.0 percent and 3.8 percent respectively. In addition, the net increase in employment of Africans (about 240 000), although statistically insignificant, more than fully accounts for the estimated increase overall.

The male share of total employment is 56.2 percent in 2013Q1, outnumbering women by close to 1.7 million or 13 percentage points. The data also shows that employment growth for men was greater than that of women in both absolute and relative terms, a reversal of estimates from 2012Q1. Although these changes in employment by gender are found to be statistically insignificant, they suggest a widening of the gender employment gap. >>>

## EMPLOYMENT TRENDS

**Table 3: Employment Trends, 2012 Quarter 1 – 2013 Quarter 1**

	2011	2012	2013	Change ('12-'13)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 145</b>	<b>13 447</b>	<b>13 644</b>	<b>198</b>	<b>1.5</b>
<b>By Race</b>					
African	9 169	9 480	9 720	240	2.5
Coloured	1 497	1 491	1 497	6	0.4
Asian	485	500	517	16	3.2
White	1 993	1 975	1 910	-65	-3.3
<b>By Gender</b>					
Male	7 451	7 535	7 667	132	1.8
Female	5 694	5 911	5 977	65	1.1
<b>By Age Group</b>					
15 to 24 year olds	1 304	1 305	1 249	-56	-4.3
25 to 34 year olds	4 333	4 491	4 523	32	0.7
35 to 44 year olds	3 847	3 899	4 087	188	4.8
45 to 54 year olds	2 519	2 551	2 579	27	1.1
55 to 65 year olds	1 142	1 200	1 206	6	0.5
<b>By Educational Attainment</b>					
No education	333	360	288	-72	-20.0 †
Grades 0 – 7	1 658	1 695	1 642	-53	-3.1
Grades 8 – 11	4 307	4 350	4 492	142	3.3
Grade 12	3 965	4 090	4 175	85	2.1
Diploma/Certificate	1 681	1 762	1 727	-36	-2.0
Degree	1 045	1 037	1 190	153	14.8

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

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.

Individuals aged between 25 and 54 years account for more than 82.1 percent of employment in 2013Q1. Amongst these middle three age groups, it is the 25 to 34 year olds who represent the largest share of employment (4.5 million or 33.2 percent), followed by 35 to 44 years old (4.1 million or 30.0 percent). The latter group experienced the greatest increase in employment in both absolute (188 000 jobs) and relative (4.8 percent) terms. In addition, 15 to 24 year olds are the only group that saw a decrease of employment. This could relate to the decline in participation rates amongst this age cohort as discussed earlier (see Table 2). Also, it is found that the broad labour force in this age cohort has the highest likelihood of being discouraged – 22.2% in 2013Q1, while it is only 12.0% in 25-34 years, and is below 10% in the three eldest age cohorts. Finally, changes in employment in all age groups are statistically insignificant during the period.

In 2013Q1, employment by educational attainment is almost evenly split between those with at least a matric certificate and those without. The largest educationally defined group within total employment is those with an incomplete secondary education (4.5 million or 32.9 percent of employment). This is followed by a further 4.2 million (30.6 percent of employment) who have a matric certificate. Almost two million workers do not have any form of secondary education, while just above 2.9 million have some sort of post-secondary education, with 1.2 million of them having degrees.

Compared with a year earlier, employment growth is observed for those with incomplete secondary education, complete secondary education and those with degrees. The growth is the greatest for the latter group (153 000 jobs or 14.8 percent). In contrast, net job loss is the greatest for those with no education, decreasing by 72 000 jobs or 20.0 percent. This latter result is statistically significant.

*‘...employment growth for men was greater than that of women ...suggest(ing) a widening of the gender employment gap...’*

Table 4 presents the composition of employment change across various demographic groups. Changes in estimates are often statistically insignificant, due to the small sample size and short time period for comparison. However, the results suggest that Africans account more than fully for the net increase in employment between 2012Q1 and 2013Q1 (121.5 percent), while men account for two-thirds of the net growth. In addition, 95.3 percent of the net job growth was attributed to those between 35 and 44 years, while the employment growth for people aged 25 to 34 as well as 45 to 54 years was almost completely offset by declines within the 15 to 24 years cohort. Finally, the expansion of employment has been concentrated amongst those with degrees, accounting for 77.5 percent of the net increase in employment, followed by those with incomplete secondary education (71.9 percent).

**Table 4: Composition of Employment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<b>Total Employment</b>	<b>198</b>
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	121.5
Coloured	3.1
Asian	8.2
White	-32.7
<b>By Gender</b>	
Male	66.9
Female	33.1
<b>By Age Group</b>	
15 to 24 year olds	-28.4
25 to 34 year olds	16.1
35 to 44 year olds	95.3
45 to 54 year olds	13.9
55 to 65 year olds	3.0
<b>By Educational Attainment</b>	
No education	-36.4 †
Grades 0 – 7	-27.0
Grades 8 – 11	71.9
Grade 12	42.7
Diploma/Certificate	-18.0
Degree	77.5

Source: Own calculations, Statistics South Africa (2012, 2013).

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.

## SECTORAL EMPLOYMENT TRENDS

Of the 13.6 million employed in 2013Q1, the tertiary sector accounts for the highest share, despite decreasing to 70.6 percent from 71.7 percent a year earlier (Table 5). The secondary sector employs close to 2.9 million people (21.2 percent of total employment), while only 1.1 million workers (8.1 percent) work in the primary sector.

The three industries accounting for the highest proportion of total employment are community, social and personal (CSP) services (employing 3.1 million, or 22.6 percent of total employment), wholesale and retail (2.9 million or 20.9 percent), and financial and business services (1.8 million or 13.1 percent). These industries, together with manufacturing, which is only slightly smaller than financial and business services, account for 69.4 percent of total employment.

Job creation over the period was concentrated in the primary (114 000 jobs) and secondary (96 000 jobs) sectors, while a about 7 000 jobs were lost in the tertiary sector. The latter finding is related to the loss of over 200 000 jobs in the wholesale and retail industry, despite the fact that 183 000 jobs were created in the CSP services. Although the shifts in employment between 2012Q1 and 2013Q1 are statistically insignificant in all industries, the data suggests a deterioration in the tertiary sector's ability to generate employment.

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**Table 5: Employment Trends by Industry, 2012 Quarter 1 – 2013 Quarter 1**

	2011	2012	2013 Quarter 1		Change ('12-'13)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 145</b>	<b>13 447</b>	<b>13 644</b>	<b>100.0</b>	<b>198</b>	<b>1.5</b>
Agriculture, forestry and fishing	605	656	741	5.4	84	12.9
Mining and quarrying	313	336	365	2.7	29	8.7
<b>Primary Sector</b>	<b>917</b>	<b>992</b>	<b>1 106</b>	<b>8.1</b>	<b>114</b>	<b>11.5</b>
Manufacturing	1 806	1 722	1 758	12.9	35	2.1
Electricity, gas and water	97	92	117	0.9	25	26.7
Construction	1 033	987	1 023	7.5	36	3.7
<b>Secondary Sector</b>	<b>2 937</b>	<b>2 802</b>	<b>2 898</b>	<b>21.2</b>	<b>96</b>	<b>3.4</b>
Wholesale and retail trade	2 969	3 065	2 857	20.9	-208	-6.8
Transport, storage and communication	730	785	813	6.0	28	3.6
Financial and business services	1 635	1 745	1 783	13.1	37	2.1
Community, social and personal (CSP) services	2 831	2 896	3 078	22.6	183	6.3
Private households	1 121	1 155	1 108	8.1	-47	-4.1
<b>Tertiary Sector</b>	<b>9 286</b>	<b>9 645</b>	<b>9 638</b>	<b>70.6</b>	<b>-7</b>	<b>-0.1</b>

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

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.

This is in contrast with what happened in recent quarters, as tertiary sector employment increased by between three and four percent on a year-on-year basis in the first three quarters of 2012, and was barely

changed year-on-year in the final quarter of that year.

One thing to take note of when interpreting sectoral employment changes is that estimates of mining employment from the QLFSs have been consistently lower than those from the Quarterly Employment Statistics (QES). For instance, Table 5 shows that the QLFS mining employment estimates are above 300 000 in 2012Q1 and 2013Q1, but the QES estimates employment in the sector at slightly above 500 000 during the same quarters. (For more information on estimates of employment in mining and quarrying from these two data sources, please see [Employment in the Mining and Quarrying Industry in South Africa](#)).

Employment is disaggregated slightly differently in Table 6, with the focus being the distinction between agricultural, non-agricultural and private household employment. Within agricultural and non-agricultural employment, formal sector employment is distinguished from informal sector employment.

In 2013Q1, 86.5 percent of employment is located within the non-agricultural sector, while agricultural employment and private households employment only account for 5.4 percent and 8.1 percent respectively. In addition, formal sector employment far exceeds informal sector employment within both the agricultural and non-

agricultural employment, accounting for 75.2 percent of total employment. Informal employment stands at 2.3 million, with 2.2 million or 96.3 percent engaged in non-agricultural activities. Although South Africa's informal sector provides employment to slightly more than twice as many individuals as private households, its share of total employment (16.7 percent) remains relatively small within an international context. None of the employment changes presented in Table 6 are statistically significant.

	2011	2012	2013 Quarter 1		Change ('12-'13)	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 145</b>	<b>13 447</b>	<b>13 644</b>	<b>100.0</b>	<b>198</b>	<b>1.5</b>
<i>Agriculture</i>	605	656	741	5.4	84	12.9
- Formal agriculture	509	572	656	4.8	84	14.7
- Informal agriculture	96	84	85	0.6	0	0.6
<i>Non-agricultural employment</i>	11 419	11 636	11 796	86.5	161	1.4
- Formal non-agricultural	9 234	9 523	9 599	70.4	76	0.8
- Informal non-agricultural	2 185	2 112	2 197	16.1	85	4.0
<i>Private households</i>	1 121	1 155	1 108	8.1	-47	-4.1

**Table 6: Employment Trends by Sector, 2012 Quarter 1 – 2013 Quarter 1**

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

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 data suggests a deterioration in the tertiary sector’s ability to generate employment... This is in contrast with what happened in recent quarters...’*



In 2013Q1, 7.8 million people worked in skilled occupations in South Africa, representing 56.9 of total employment (see Table 7). This is almost twice the share of low skilled jobs (28.5 percent) and nearly four times the share of high skilled jobs (14.6 percent). The bulk of employment growth between 2012Q1 and 2013Q2 took place in high skilled occupations (129 000 jobs), followed by skilled occupations (69 000 jobs), while the number involved in low skilled occupations was unchanged. These findings, although statistically insignificant, once again suggest the economy's increasing demand for more educated, highly-skilled individuals.

Looking at employment by occupational category, approximately three million individuals (22.0 percent of total employment) were involved in elementary occupations, making it the largest occupational category within the labour market. Other occupations account for a relatively larger share of total employment include service and sales workers (14.3 percent), craft and related trades (11.6 percent) and technicians (11.1 percent). Together these four occupations account for nearly three-fifths of total employment. The increase in employment over the period under study was most rapid amongst professionals in both absolute and relative terms (119 000 jobs, 15.8 percent), followed by operators and assemblers (118 000 jobs, 10.6 percent).

## OCCUPATIONAL EMPLOYMENT TRENDS

Table 7: Employment Trends by Occupation, 2012 Quarter 1 – 2013 Quarter 1

	2011	2012	2013 Quarter 1		Change ('12-'13)	
	Quarter 1 ('000s)	Quarter 1 ('000s)	Total ('000s)	Share (Percent)	Absolute ('000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 145</b>	<b>13 447</b>	<b>13 644</b>	<b>100.0</b>	<b>198</b>	<b>1.5</b>
<b>Managers</b>	1 144	1 107	1 117	8.2	10	0.9
<b>Professionals</b>	751	753	871	6.4	119	15.8
<b>High Skilled</b>	1 895	1 860	1 989	14.6	129	6.9
<b>Technicians</b>	1 464	1 535	1 508	11.1	-27	-1.8
<b>Clerks</b>	1 341	1 419	1 437	10.5	17	1.2
<b>Service and sales workers</b>	1 907	1 971	1 952	14.3	-19	-1.0
<b>Skilled agricultural workers</b>	76	62	70	0.5	8	13.0
<b>Craft and related trades</b>	1 624	1 606	1 577	11.6	-29	-1.8
<b>Operators and assemblers</b>	1 134	1 107	1 224	9.0	118	10.6
<b>Skilled</b>	7 546	7 700	7 769	56.9	69	0.9
<b>Elementary occupations</b>	2 826	2 987	3 008	22.0	20	0.7
<b>Domestic workers</b>	878	900	879	6.4	-20	-2.2
<b>Low Skilled</b>	3 703	3 887	3 887	28.5	-0	-0.0

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

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 bulk of employment growth ... took place in high skilled occupations ... suggest(ing) the economy’s increasing demand for more educated, highly-skilled individuals.”*

# UNEMPLOYMENT TRENDS

**Table 8: Expanded Unemployment Rate Trends, 2012 Quarter 1 – 2013 Quarter 1**

	2011	2012	2013	Change ('12-'13)	
	Quarter 1 (Percent)	Quarter 1 (Percent)	Quarter 1 (Percent)	Absolute (P.points)	Relative (Percent)
<b>Overall Unemployment Rate</b>	<b>33.4</b>	<b>33.8</b>	<b>33.7</b>	<b>-0.1</b>	<b>-0.3</b>
<b>By Race</b>					
African	39.0	39.2	38.7	-0.5	-1.2
Coloured	25.0	26.7	26.0	-0.7	-2.7
Asian	14.2	10.5	15.7	5.2	49.4
White	7.1	7.4	8.3	1.0	13.1
<b>By Gender</b>					
Male	29.5	30.6	30.5	-0.1	-0.2
Female	37.9	37.5	37.4	-0.1	-0.2
<b>By Age Group</b>					
15 to 24 year olds	60.9	62.4	63.4	1.0	1.7
25 to 34 year olds	38.3	37.4	37.4	0.0	-0.1
35 to 44 year olds	23.0	24.7	24.1	-0.6	-2.5
45 to 54 year olds	18.3	18.4	18.8	0.3	1.9
55 to 65 year olds	11.7	11.5	12.6	1.1	9.4
<b>By Educational Attainment</b>					
No education	30.6	31.2	30.3	-1.0	-3.1
Grades 0 – 7	36.7	36.0	36.6	0.6	1.6
Grades 8 – 11	41.6	42.6	42.5	-0.1	-0.2
Grade 12	33.9	33.7	33.3	-0.5	-1.4
Diploma/Certificate	15.0	15.7	16.6	0.9	5.9
Degree	4.7	5.8	6.0	0.2	3.6

Source: Own calculations, Statistics South Africa (2011, 2012, 2013).

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.

At 33.7 percent in 2013Q1, the expanded unemployment rate, which includes the non-searching unemployed, is estimated to be very close to the post-recession peak of 33.9 percent in 2011Q2. Although the rate has remained virtually unchanged year-on-year, it has increased marginally on a quarterly basis. Nonetheless, this change is not statistically significant. In addition, the expanded unemployment rate has remained quite stable in the last five quarters, ranging around 33.5 percent.

The commonly identified inequalities in the South African labour market are evidenced in the very different rates of unemployment rates across different groups defined by race, gender, age and educational attainment, as shown in Table 8. At 38.7 percent, the African unemployment rate is the highest amongst the four race groups and is 5 percentage points above the national average. The unemployment rate is lowest amongst Whites (8.3 percent), followed by Asians (15.7 percent), with both groups experiencing a degree of upward pressure on unemployment rates between 2012Q1 and 2013Q1. Despite the above findings, these changes were found to be statistically insignificant in all races.

Women are more likely to be unemployed than men. In 2013Q1, the expanded unemployment rates are estimated to be 37.4 percent and 30.5 percent for women and men respectively, >>>

a difference of 6.9 percentage points. This gap is almost the same as in 2012Q1, but is smaller than in 2011Q1 (8.4 percentage points). It is important to note that these differences are not necessarily evidence of gender discrimination within the labour market, but may instead reflect the differing characteristics of male and female workers, relating to educational attainment, for instance.

Unemployment rates are negatively correlated with age, with the younger age groups more likely to be unemployed than older groups. In 2013Q1, broad labour force participants aged 15 to 24 years have a 63.4 percent chance of being unemployed, nearly twice the national average (33.7 percent) and 26.0 percentage points higher than the rate for 25 to 34 year olds, the other age group with an unemployment rate above the national average. Analysis of youth labour market trends suggests that, the youth remain unable to find employment, despite having superior educational attainment (Development Policy Research Unit, 2012b). In contrast, the unemployment rate is lowest for 55 to 65 year olds (12.6 percent), followed by the 45 to 54 year olds (18.8 percent) and 25 to 44 year olds (24.1 percent). This pattern of decreasing unemployment rates across the elderly age cohorts is partly attributable to the fact that the elderly unemployed are more likely to opt out of the labour force entirely through retirement, rather than being unemployed for an extended period of time. This is much less likely in the case of youth, with many of them struggling to find their first job. The changes in unemployment

rates over the period are not statistically significant in any of the age groups.

Consistent with previous factsheets, the data in Table 8 reveals a non-linear relationship between educational attainment and unemployment rates. At low levels of education, unemployment rate goes up as educational attainment improves, peaking at incomplete secondary education (42.5 percent). Thereafter, the unemployment rate drops dramatically. In particular, around one-third (33.3 percent) of matriculants are unemployed, compared to a much lower 16.6 percent and 6.0 percent for those with diplomas and/or certificates, and those with degrees respectively. Changes in unemployment rates are statistically insignificant in all educational attainment categories.

The number of unemployed increased by 73 000 individuals between 2012Q1 and 2013Q1, as shown in Table 9. Asians account for a greater share of increase of net unemployment growth than Africans (51.5 percent compared to 49.6 percent). Moreover, males account for nearly two-thirds of the total unemployment increase. Disaggregating by age group shows that, despite the fact those aged 15-24 years are associated with the greatest likelihood of unemployment (see Table 8), they account for the lowest proportion of the increase of unemployment (2.7 percent), while this proportion exceeds 20 percent in the other four age groups. Furthermore, those with incomplete secondary education more than fully account for the increase of unemployment over the period at 129.5 percent.

**Table 9: Composition of Unemployment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<b>Total Unemployment</b>	<b>73</b>
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	49.6
Coloured	24.0
Asian	51.5
White	22.9
<b>By Gender</b>	
Male	65.0
Female	35.0
<b>By Age Group</b>	
15 to 24 year olds	2.7
25 to 34 year olds	22.4
35 to 44 year olds	23.5
45 to 54 year olds	27.2
55 to 65 year olds	24.3
<b>By Educational Attainment</b>	
No education	-52.9
Grades 0 – 7	-9.0
Grades 8 – 11	129.5
Grade 12	-1.9
Diploma/Certificate	22.4
Degree	16.9

Source: Own calculations, Statistics South Africa (2012, 2013).

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

## CONCLUSION

Although the labour market changes presented above are, with the exception of the LFPR and employment decline for those with no education, statistically insignificant, the data suggests that while employment growth has been sufficient to absorb net entrants to the expanded labour force, it has barely been able to offset the net increase of the narrow labour force. In addition, due to the decline in the number of discouraged workseekers, the expanded unemployment rate declined between 2012Q1 and 2013Q1.

Africans, males, those aged 35-44 years, and individuals with an incomplete secondary education or degrees tended to be the beneficiaries of the majority of net employment growth. In addition, the number of employed in 2013Q1 is 13.6 million, the second highest level since the recession. Nonetheless, it is still about 0.4 million below the pre-recession peak in 2008Q4.

The tertiary sector, despite being the sector still accounting for the highest share of total employment, surprisingly showed a decrease of employment in absolute terms in 2013Q1. This result is mainly attributed to weakness in the wholesale and retail trade industry. It is rather the primary sector that, during this period, is the leading source of employment growth. Skilled

occupations account for more than half of total employment, but the highly skilled occupations experienced the most rapid increase of employment between 2012Q1 and 2013Q3, both in absolute and relative terms.

The number of unemployed under the expanded definition reached its highest level in 2013Q1 at 6.9 million. Moreover, as expected, the commonly established patterns of labour market inequalities in South Africa remain, as unemployment remains primarily concentrated amongst the Africans, females, the youth and those without a matric certificate. The expanded unemployment rate has been stagnant, hovering just around the 33.5 percent mark for five consecutive quarters since 2012Q1, with the 2013Q1 being 33.7 percent.

To conclude, while recent estimates suggest that employment growth occurred, it has not been sufficiently rapid to lower employment. Weak employment growth is rooted in the muted economic recovery, which has as yet not been broad-based and sustained. Nevertheless, the sustainability of recent employment gains is dependent on consistent robust economic growth. The economy now enters a critical period with respect to labour relations, which has the potential to either reinforce or seriously undermine the labour market recovery.

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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 [13.700; 14.418]	5.087 [4.887; 5.287]	26.6 [25.808; 27.328]
2009 Q1	13.873 [13.516; 14.230]	5.450 [5.225; 5.676]	28.2 [27.376; 29.037]
2009 Q2	13.627 [13.264; 13.989]	5.708 [5.476; 5.940]	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]
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 [6.110; 6.570]	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]

Period	Employment	Expanded Unemployment	Expanded Unemployment Rate
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]
2011 Q3	13.344 [12.962; 13.725]	6.646 [6.401; 6.892]	33.2 [32.418; 34.079]
2011 Q4	13.525 [13.152; 13.897]	6.561 [6.316; 6.806]	32.7 [31.841; 33.492]
2012 Q1	13.447 [13.058; 13.835]	6.862 [6.606; 7.117]	33.8 [32.909; 34.665]
2012 Q2	13.477 [13.159; 13.728]	6.783 [6.534; 7.033]	33.5 [32.611; 34.350]
2012 Q3	13.678 [13.287; 14.069]	6.840 [6.584; 7.095]	33.3 [32.450; 34.220]
2012 Q4	13.608 [13.216; 14.000]	6.761 [6.495; 7.028]	33.2 [32.278; 34.110]
2013 Q1	13.644 [13.248; 14.040]	6.934 [6.675; 7.193]	33.7 [32.802; 34.591]

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

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