

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR  
ENDING 2011 QUARTER 4

MAY 2012

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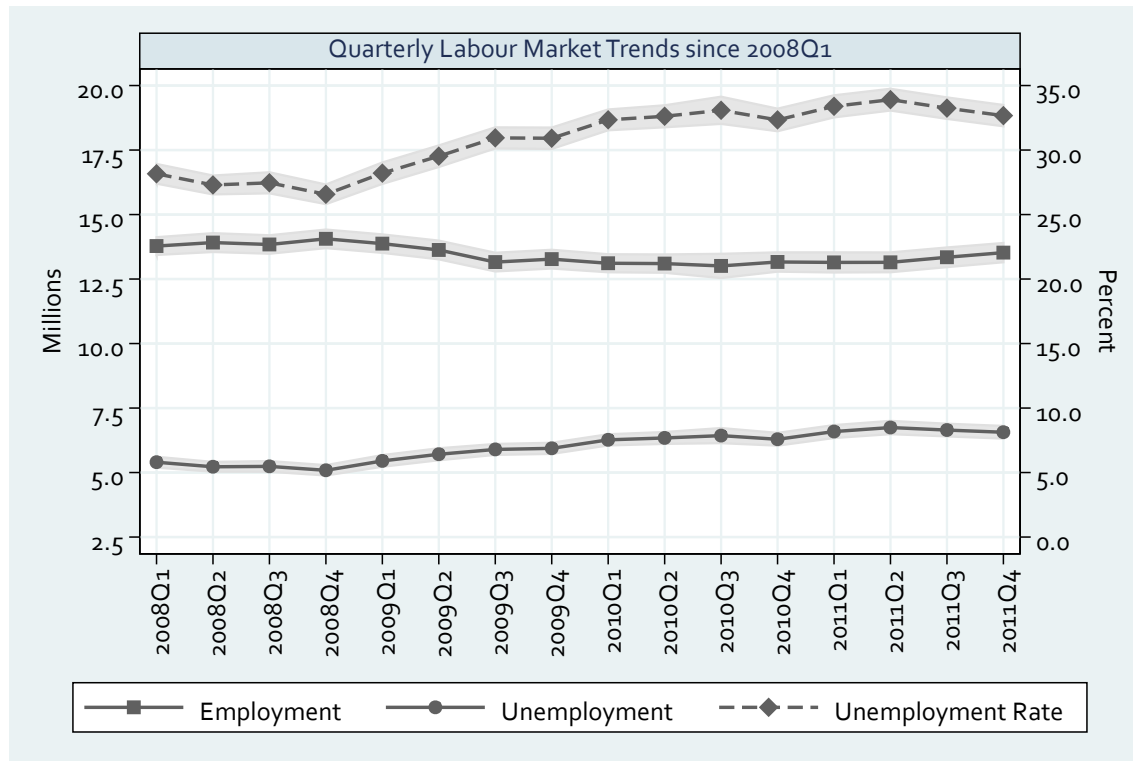


EMPLOYMENT PROMOTION  
PROGRAMME



# 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.

South African economic growth slowed somewhat during the course of 2011, falling from a seasonally adjusted 4.6 percent per annum in 2011Q1 to 3.2 percent in 2011Q4 (Statistics South Africa, 2012a). Although this growth performance is decent, the country requires significantly higher rates of growth sustained over a longer period in order to create employment and reduce unemployment.

Figure 1 presents the trends in South African employment and unemployment since the introduction of the Quarterly Labour Force Surveys (QLFS) in 2008. Having lost more than one million jobs between 2008Q4 and 2010Q3, there are indications of a labour market recovery as employment begins to rise and unemployment begins to decline. In 2011Q4, it is estimated that 13.5 million individuals were employed, a figure that is not statistically different from the estimate of a year earlier or of the 2008Q4 peak.

Unemployment – both its level and its rate – has increased significantly since 2008Q4. It is estimated that almost 6.6 million individuals are unemployed in 2011Q4, using the expanded definition of unemployment, equivalent to 32.7 percent of the expanded labour force, which includes discouraged workseekers amongst the unemployed.

At 13.5 million in 2011Q4, employment is estimated to have risen slightly during 2011, while the working age population has expanded by almost 500 000. While not statistically significant, the rate of employment growth is almost twice that of the working age population and is the most rapid pace since 2008. The evidence, therefore, suggests a recovery in the labour market on a year-on-year basis during 2011.

The change in the number of discouraged workseekers between 2010Q4 and 2011Q4 – an increase of 7.7 percent – is not statistically significant. This is an important finding in that rapid growth in the number of discouraged workseekers has been the defining feature of the labour market recession. The slowdown in the growth in the number of discouraged workseekers – 166 000 in the year ending 2011Q4, compared to 440 000 in the preceding year – points, again, to gradual improvement in labour market conditions.

Labour force participation rates are essentially unchanged since 2010Q4: 54.0 percent of the working age population are members of the narrow labour force, while 61.1 percent are broad labour participants. The narrow unemployment rate is unchanged at 23.9 percent in 2011Q4, with the inclusion of discouraged workseekers raising the unemployment rate to 32.7 percent.

## A LABOUR MARKET OVERVIEW

**Table 1: Labour Market Overview, 2010 Quarter 4– 2011 Quarter 4**

	2009 Quarter 4	2010 Quarter 4	2011 Quarter 4	Change	
				Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	31 874	32 406	32 888	482	1.5
Employment	13 272	13 161	13 525	363	2.8
Narrow Unemployment	4 228	4 138	4 244	107	2.6
Narrow Labour Force	17 499	17 299	17 769	470	2.7
Expanded Unemployment	5 938	6 289	6 561	272	4.3
Expanded Labour Force	19 210	19 450	20 086	636	3.3
Discouraged Workseekers	1 711	2 151	2 317	166	7.7
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	54.9	53.4	54.0	0.6	1.2
Expanded LFPR	60.3	60.0	61.1	1.1	1.8
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	24.2	23.9	23.9	-0.0	0.0
Expanded Unemployment Rate	30.9	32.3	32.7	0.3	1.0

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

- 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 slowdown in the growth in the number of discouraged workseekers ... points ... to gradual improvement in labour market conditions’*

# LABOUR FORCE PARTICIPATION

**Table 2: Labour Force Participation Rates, 2010 Quarter 4– 2011 Quarter 4**

Percent / Percentage Points	2009 Quarter 4	2010 Quarter 4	2011 Quarter 4	Change	
				Absolute	Relative
<b>Overall LFPR</b>	<b>60.3</b>	<b>60.0</b>	<b>61.1</b>	<b>1.1</b>	<b>1.8</b>
<b>By Race</b>					
African	58.4	58.5	59.7	1.2	2.1
Coloured	66.7	64.5	65.9	1.5	2.3
Asian	57.8	62.0	57.8	-4.3	-6.9
White	69.2	67.5	68.7	1.3	1.9
<b>By Gender</b>					
Male	67.3	66.8	67.3	0.5	0.8
Female	53.7	53.7	55.2	1.5	2.8 †
<b>By Age Group</b>					
15 to 24 year olds	32.2	31.1	32.0	1.0	3.1
25 to 34 year olds	80.3	80.4	81.6	1.2	1.5
35 to 44 year olds	81.5	81.7	82.9	1.2	1.4
45 to 54 year olds	72.5	72.2	72.5	0.4	0.5
55 to 65 year olds	40.6	40.9	41.5	0.6	1.4
<b>By Educational Attainment</b>					
No education	41.9	40.8	39.6	-1.2	-3.0
Grades 0 – 7	49.5	47.7	49.3	1.6	3.3
Grades 8 – 11	50.9	51.1	52.1	1.1	2.1
Grade 12	75.8	75.2	75.1	-0.1	-0.2
Diploma/Certificate	87.9	88.2	89.1	0.9	1.0
Degree	90.6	88.9	91.0	2.1	2.3

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

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.

Roughly three-fifths (61.1 percent) of the working age population participate in the broad labour force. This proportion – the labour force participation rate (LFPR) – is unchanged from 2009Q4 and 2010Q4. By race, participation rates range from less than three-fifths amongst Africans and Asians, to more than two-thirds amongst Whites.

Men are much more likely to participate in the labour market than women. Two-thirds (67.3 percent) of men are labour force participants. At 55.2 percent, the LFPR for women in 2011Q4 is 1.5 percentage points higher than a year earlier, a statistically significant difference at the 90 percent level.

Participation is least likely amongst the youngest and oldest age-groups within the working age population. One-third (32.0 percent) of 15 to 24 year olds were labour force participants, as were two-fifths (41.5 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. LFPRs are highest amongst 25 to 44 year olds, at over 80 percent.

Educational attainment is positively correlated with participation. Amongst those with primary or incomplete secondary education, the LFPR is just over 50 percent, increasing to 75.1 percent for matriculants, and around 90 percent for those with post-secondary education.

In total, in 2011Q4, 13.5 million individuals were employed, up 363 000 or 2.8 percent over the past year, although this increase is statistically insignificant. Put differently, only 41.1 percent of working age adults were employed, a significantly lower number when compared to other developing countries.

Africans are the only race group whose share of employment is lower than their share of the total population: they account for 70.5 percent of total employment, but constitute 78.3 percent of the working age population. In contrast, Whites account for 14.7 percent of employment, but just 9.5 percent of the working age population. The figures for Coloureds are 11.3 percent and 9.3 percent respectively, with those for Asians being 3.6 percent and 2.9 percent respectively. Virtually all net employment creation over the year accrued to Africans, although again changes in employment over the period are not found to be statistically significant.

Men account for the majority of employment (56.2 percent vs. 43.8 percent for women), outnumbering women by almost 1.7 million. However, this gap appears to be decreasing over the period, with female employment increasing more rapidly (in relative and absolute terms) than that of males.

In total, employed individuals aged between 25 and 44 years number 8.4 million (62.4 >>>

## EMPLOYMENT TRENDS

**Table 3: Employment Trends, 2010 Quarter 4 – 2011 Quarter 4**

	2009 Quarter 4 (‘000s)	2010 Quarter 4 (‘000s)	2011 Quarter 4 (‘000s)	Change	
				Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 272</b>	<b>13 161</b>	<b>13 525</b>	<b>363</b>	<b>2.8</b>
<b>By Race</b>					
African	9 202	9 162	9 529	366	4.0
Coloured	1 536	1 489	1 522	33	2.2
Asian	452	515	488	-27	-5.2
White	2 082	1 995	1 986	-9	-0.5
<b>By Gender</b>					
Male	7 469	7 453	7 598	145	1.9
Female	5 803	5 709	5 927	218	3.8
<b>By Age Group</b>					
15 to 24 year olds	1 409	1 271	1 306	34	2.7
25 to 34 year olds	4 436	4 379	4 522	143	3.3
35 to 44 year olds	3 724	3 806	3 921	115	3.0
45 to 54 year olds	2 572	2 545	2 553	7	0.3
55 to 65 year olds	1 130	1 160	1 223	63	5.5
<b>By Educational Attainment</b>					
No education	427	367	335	-32	-8.6
Grades 0 – 7	1 890	1 698	1 702	4	0.2
Grades 8 – 11	4 211	4 226	4 391	166	3.9
Grade 12	4 035	4 038	4 040	2	0.0
Diploma/Certificate	1 634	1 650	1 793	143	8.7
Degree	925	1 007	1 083	77	7.6

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

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.

percent of total employment). Those under the age of 25 years and those aged 55 years and above each account for between 9 percent and 10 percent of employment. This means that the bulk of the employed (62.4 percent) are between the ages of 25 and 44 years. Ignoring issues of statistical significance, it also appears that the majority of the expansion in employment since 2010Q4 occurred amongst this age group.

*‘The data suggests a continuation of the country’s skills-biased growth path. More than 60 percent of net employment growth accrued to the upper two educational categories’*

The work force is evenly split in terms of education attainment, roughly half having incomplete secondary education or less and half having completed secondary and above. Around 4.4 million workers have incomplete secondary education, while a further 4.0 million have completed their secondary education. Individuals with post-secondary education (either a diploma/certificate or degree) experienced the highest rate of growth in employment. Employment of those with tertiary qualifications increased to almost 1.1 million in 2011Q4 (a growth

rate of 7.6 percent per annum). Employment of those with no formal education continues to decline, falling 8.6 percent over the year to below 340 000 in 2011Q4.

Meaningful analysis of the composition of employment change is made difficult by the statistical insignificance of employment shifts across all demographic covariates presented. What Table 4 does demonstrate, though, is the contrasting fortunes between groups. Africans fully account for the net expansion in employment over the period, while employment changes for the other race groups were very small in absolute terms. The data also suggests a continuation of the country’s skills-biased growth path. More than 60 percent of net employment growth during 2011 accrued to the upper two educational categories, while growth amongst those with no education and those with primary education only was negative and broadly unchanged respectively.

Consistent with trends observed in earlier periods and reported in previous factsheets is that Africans, women and those aged 25 to 44 years appear to have gained the most in terms of net employment expansion between 2010Q4 and 2011Q4.

**Table 4: Composition of Employment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Employment</i>	363
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	100.8
Coloured	9.0
Asian	-7.3
White	-2.6
<b>By Gender</b>	
Male	39.9
Female	60.1
<b>By Age Group</b>	
15 to 24 year olds	9.4
25 to 34 year olds	39.4
35 to 44 year olds	31.7
45 to 54 year olds	2.1
55 to 65 year olds	17.5
<b>By Educational Attainment</b>	
No education	-8.7
Grades 0 – 7	1.1
Grades 8 – 11	45.7
Grade 12	0.5
Diploma/Certificate	39.3
Degree	21.2

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

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 9.6 million workers, the tertiary sector is the largest employment sector in the South African economy, accounting for 71.2 percent of total employment in 2011Q4. The secondary sector employs 2.9 million individuals (21.7 percent of employment), while 960 000 are employed in the primary sector.

The largest industries in employment terms are wholesale and retail trade (3.1 million workers, or 22.7 percent of total employment) and CSP services, which includes government (2.9 million, or 21.5 percent). These two industries, along with manufacturing (13.2 percent) and financial and business services (12.9 percent), account for seven out of ten jobs in the South African economy.

No employment changes over the period are found to be statistically significant at the industry level. It does, though, appear that jobs gained were concentrated within the tertiary sector, with financial and business services (+145 000 jobs), wholesale and retail trade (+84 000 jobs) and CSP services (+79 000 jobs) seeing the largest gains. Employment in the secondary sector remains stagnant, while the primary sector does not appear to have shed employment in aggregate.

## SECTORAL EMPLOYMENT TRENDS

**Table 5: Employment Trends by Industry, 2010 Quarter 4 – 2011 Quarter 4**

	2009	2010	2011 Quarter 4		Change	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 272</b>	<b>13 161</b>	<b>13 525</b>	<b>100.0</b>	<b>363</b>	<b>2.8</b>
Agriculture, forestry and fishing	625	628	631	4.7	3	0.5
Mining and quarrying	301	298	328	2.4	30	10.1
<b>Primary Sector</b>	<b>925</b>	<b>926</b>	<b>959</b>	<b>7.1</b>	<b>33</b>	<b>3.6</b>
Manufacturing	1 796	1 788	1 792	13.2	3	0.2
Electricity, gas and water	102	94	82	0.6	-12	-13.1
Construction	1 128	1 057	1 058	7.8	0	0.0
<b>Secondary Sector</b>	<b>3 026</b>	<b>2 940</b>	<b>2 931</b>	<b>21.7</b>	<b>-9</b>	<b>-0.3</b>
Wholesale and retail trade	2 936	2 981	3 065	22.7	84	2.8
Transport, storage and communication	769	764	790	5.8	26	3.4
Financial and business services	1 816	1 600	1 745	12.9	145	9.0
Community, social and personal (CSP) services	2 666	2 828	2 908	21.5	79	2.8
Private households	1 130	1 120	1 119	8.3	-1	-0.1
<b>Tertiary Sector</b>	<b>9 317</b>	<b>9 294</b>	<b>9 628</b>	<b>71.2</b>	<b>333</b>	<b>3.6</b>

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

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 4 – 2011 Quarter 4**

	2009	2010	2011 Quarter 4		Change	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 272</b>	<b>13 161</b>	<b>13 525</b>	<b>100.0</b>	<b>363</b>	<b>2.8</b>
<i>Agriculture</i>	625	628	631	4.7	3	0.5
- Formal agriculture	517	535	548	4.1	13	2.5
- Informal agriculture	108	93	83	0.6	-10	-11.0
<i>Non-agricultural employment</i>	11 518	11 413	11 774	87.1	362	3.2
- Formal non-agricultural	9 361	9 181	9 636	71.2	455	5.0
- Informal non-agricultural	2 157	2 232	2 139	15.8	-94	-4.2
<i>Private households</i>	1 130	1 120	1 119	8.3	-1	-0.1

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

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.

Of the country’s 13.5 million jobs, 87.1 percent are located within the non-agricultural sector, with agriculture and private households accounting for 4.7 percent and 8.3 percent respectively. Within both the agricultural and non-agricultural sectors, formal employment is dominant. Overall, the informal sector accounts for 16.4 percent of total employment, with the formal sector being slightly larger within agriculture (86.8 percent) than the non-agricultural sector (81.8 percent).

Although no statistically significant changes over the period are observed, the data suggests that employment growth is exclusively located in the non-agricultural sector in general, and in the formal non-agricultural sector in particular. Between 2010Q4 and 2011Q4, the formal non-agricultural sector grew by more than 450 000 jobs (or 5.0 percent for the year), which more than compensated for the decline in informal sector employment.

*‘[The] data suggests that employment growth [during 2011] is exclusively located in the non-agricultural sector in general, and in the formal non-agricultural sector in particular’*



In 2011Q4, there were 7.8 million workers employed in skilled occupations in South Africa (Table 7). This group represents 57.8 percent of total employment, more than twice the share of low-skilled workers (28.2 percent), which in turn is more than twice the share of high skilled workers (13.9 percent). Elementary workers constitute the largest occupational category: 2.9 million workers (21.7 percent of the employed) are employed in this occupational category. Service and sales occupations and craft and related trades account for 14.5 percent and 12.1 percent of employment respectively.

Although none of the changes in employment observed between 2010Q4 and 2011Q4 are statistically significant, employment growth over the period was almost entirely accounted for by four occupations: elementary occupations (+105 000), clerks (+88 000), service and sales workers (+78 000) and craft and related trades (+71 000). Employment growth averaged 3.0 percent amongst the low skilled during 2011 and 3.4 percent amongst the skilled. In contrast, skilled employment levels in 2011Q4 were slightly, though statistically insignificantly, down relative to 2010Q4, despite the strong link between educational attainment and employment growth observed earlier.

## OCCUPATIONAL EMPLOYMENT TRENDS

**Table 7: Employment Trends by Occupation, 2010 Quarter 4 – 2011 Quarter 4**

	2009	2010	2011 Quarter 4		Change	
	Quarter 4 (‘000s)	Quarter 4 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 272</b>	<b>13 161</b>	<b>13 525</b>	<b>100.0</b>	<b>363</b>	<b>2.8</b>
Managers	1 014	1 131	1 134	8.4	3	0.3
Professionals	667	764	752	5.6	-12	-1.5
<i>High Skilled</i>	<i>1 681</i>	<i>1 895</i>	<i>1 886</i>	<i>13.9</i>	<i>-9</i>	<i>-0.5</i>
Technicians	1 550	1 472	1 500	11.1	27	1.9
Clerks	1 501	1 436	1 524	11.3	88	6.1
Service and sales workers	1 887	1 883	1 961	14.5	78	4.1
Skilled agric. workers	86	73	68	0.5	-5	-7.0
Craft and related trades	1 617	1 569	1 640	12.1	71	4.5
Operators and assemblers	1 129	1 129	1 129	8.3	1	0.1
<i>Skilled</i>	<i>7 770</i>	<i>7 562</i>	<i>7 822</i>	<i>57.8</i>	<i>260</i>	<i>3.4</i>
Elementary occupations	2 939	2 833	2 938	21.7	105	3.7
Domestic workers	882	871	879	6.5	8	0.9
<i>Low Skilled</i>	<i>3 821</i>	<i>3 704</i>	<i>3 816</i>	<i>28.2</i>	<i>112</i>	<i>3.0</i>

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

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.

*‘... employment growth over the period was almost entirely accounted for by four occupations: elementary occupations..., clerks... , service and sales workers... and craft and related trades’*

# UNEMPLOYMENT TRENDS

**Table 8: Expanded Unemployment Rate Trends, 2010 Quarter 4 – 2011 Quarter 4**

	2009 Quarter 4 (Percent)	2010 Quarter 4 (Percent)	2011 Quarter 4 (Percent)	Change	
				Absolute (P.points)	Relative (Percent)
<b>Overall Unemployment Rate</b>	<b>30.9</b>	<b>32.3</b>	<b>32.7</b>	<b>0.3</b>	<b>1.0</b>
<b>By Race</b>					
African	36.4	38.0	38.0	0.0	-
Coloured	23.1	23.9	24.7	0.8	3.5
Asian	14.1	10.6	10.5	-0.1	-1.3
White	5.7	6.7	7.9	1.2	17.3
<b>By Gender</b>					
Male	27.9	28.9	29.3	0.4	1.4
Female	34.4	36.4	36.5	0.2	0.5
<b>By Age Group</b>					
15 to 24 year olds	56.9	60.2	60.6	0.4	0.7
25 to 34 year olds	35.0	36.7	36.6	-0.1	-0.3
35 to 44 year olds	22.1	23.1	24.2	1.1	4.8
45 to 54 year olds	16.1	17.2	17.6	0.4	2.5
55 to 65 year olds	10.5	11.8	10.4	-1.3	-11.3
<b>By Educational Attainment</b>					
No education	26.4	29.9	27.1	-2.8	-9.3
Grades 0 – 7	33.7	37.1	35.7	-1.3	-3.6
Grades 8 – 11	39.1	40.1	41.6	1.5	3.6
Grade 12	30.3	32.2	32.4	0.3	0.8
Diploma/Certificate	13.9	15.2	14.7	-0.4	-2.7
Degree	5.3	4.2	5.6	1.4	32.7

Source: Own calculations, Statistics South Africa (2010, 2011, 2012b).

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, stands at 32.7 percent as of 2011Q4. Since the recession, the expanded unemployment rate has remained above the 30 percent level, and is currently 6.1 percentage points higher than the pre-recession low of 26.6 percent in 2008Q4. The unemployment rate is unchanged from 2010Q4, but is marginally lower than the post-recession high of 33.9 percent in 2011Q2.

The striking inequalities in the labour market are evidenced in dissimilar rates of unemployment across different race groups. At 38.0 percent, the unemployment rate amongst Africans is half again as high as that of Coloureds (24.7 percent) and more than three times that of Whites (7.9 percent).

Women are considerably more likely to be unemployed than men. The expanded unemployment rate for women is estimated to be 36.5 percent in 2011Q4, compared to 29.3 percent for men. Unemployment rates for both genders have edged upwards, although the changes are not statistically significant, narrowing the gap between men and women. It is important to note, however, that such differences are not necessarily an indication of gender discrimination in the labour market, but may instead reflect the differing characteristics of male and female workers relating, for >>>

instance, to educational attainment and age. The same is true of the differences observed between different race groups.

Unemployment rates are correlated with age, with younger age groups more likely to be unemployed than older groups. The 2011Q4 unemployment rate amongst 15 to 24 year olds is 60.6 percent, nearly double the national average and 24.0 percentage points higher than the rate for 25 to 34 year olds. Indeed, roughly speaking, the unemployment rate for a given age group is between 35 percent and 70 percent higher than that of the next (older) age group. This has occurred despite the fact that younger cohorts have superior educational attainment profiles, with the economy unable to generate sufficient numbers of jobs for increasingly large cohorts of workseekers over time. Lower unemployment rates amongst the oldest members of the labour force are also related to the fact that these individuals may opt out of the labour force entirely (i.e. retire), rather than remain unemployed for an extended period of time.

The data reveals a non-linear relationship between educational attainment and unemployment rates. At low levels of education, the unemployment rate rises as educational attainment rises, peaking at incomplete secondary education (41.6 percent). Thereafter, the unemployment

rate drops sharply. Around one-third (32.4 percent) of matriculants are unemployed, compared to 14.7 percent of those with diplomas and/or certificates and just 5.6 percent of tertiary graduates. The very poorly educated tend to be relatively old, and are often located in sectors and occupations characterised by low levels of worker turnover and mobility, and where they are likely to remain until retirement.

The only statistically significant change in absolute unemployment levels is amongst those with incomplete secondary education (Table 9). Total unemployment rose by around 270 000 individuals during 2011, with those with incomplete secondary education on their own accounting for 107.9 percent of the rise.

Of the observed increase in unemployment, the majority is accounted for by Africans (79.9 percent of the total increase) and by women (55.2 percent). The youngest three age groups accounted for the full rise in unemployment over the period

**Table 9: Composition of Unemployment Change**

<i>Absolute Change</i>	<i>Thousands</i>
Total Unemployment	272
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	79.9
Coloured	12.0
Asian	-1.5
White	9.6
<b>By Gender</b>	
Male	44.8
Female	55.2
<b>By Age Group</b>	
15 to 24 year olds	31.8
25 to 34 year olds	26.3
35 to 44 year olds	39.9
45 to 54 year olds	6.4
55 to 65 year olds	-4.5
<b>By Educational Attainment</b>	
No education	-11.6
Grades 0 – 7	-19.6
Grades 8 – 11	107.9 †
Grade 12	8.9
Diploma/Certificate	5.6
Degree	7.3

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

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

The findings presented here, although generally not statistically significant, point to a labour market recovery. Employment appears to be moving upwards and unemployment rates downwards, while the rapid growth in discouragement observed in the immediate post-recession period is losing steam. The labour market recovery is clearly not a strong one at this point and may, therefore, be susceptible to even small deteriorations in the macroeconomic environment.

Although statistically insignificant, employment is estimated to have grown by roughly 360 000 between 2010Q4 and 2011Q4. The narrow unemployment rate is unchanged over the period, despite an increase in the number of unemployed individuals. Growth in the number of discouraged workseekers has slowed further and is estimated at a statistically insignificant 7.7 percent. This is roughly one-third the rate of growth observed in the immediate aftermath of the recession of around 20 percent. This trends are indicative of a gradual improvement in labour market conditions in South Africa, especially when compared to results from previous quarters (see, for example sheets published by the DPRU for the years ending 2011Q2 and 2011Q3).

On a sectoral basis, the tertiary sector remains the leading source of employment, with the sector having added more than 300 000 jobs (or 71.2 percent of the total) over the past year. CSP services, wholesale and retail trade, and financial and business services are responsible for the bulk of the sector's net increase in employment. In contrast, though, the employment performance of the primary and secondary sectors remains disappointing. Employment growth was driven by the formal sector, with the non-agricultural formal economy adding more than 450 000 jobs. Net job creation has benefited the skilled and low skilled over the past year, with no change observed for high skilled workers.

As expected, the well-established patterns of labour market disadvantage in South Africa did not change much during 2011. Unemployment remains concentrated amongst Africans, Coloureds, women, the youth and those without a post-secondary education. Even though South Africa's labour market appears to have reached a turning point, showing tentative signs of recovery, significant challenges remain. Chief amongst these remains the challenge of sustainable economic growth as a foundation for job creation at a high enough level to effectively impact on poverty and inequality.

## REFERENCES

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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]

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 [6.110; 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]
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]
2010 Q3	13.344 [12.962; 13.725]	6.646 [6.401; 6.892]	33.2 [32.418; 34.079]
2010 Q4	13.525 [13.152; 13.897]	6.561 [6.316; 6.806]	32.7 [31.841; 33.492]

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

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