

MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN
LABOUR MARKET FOR THE YEAR
ENDING 2012 QUARTER 1

JUNE 2012

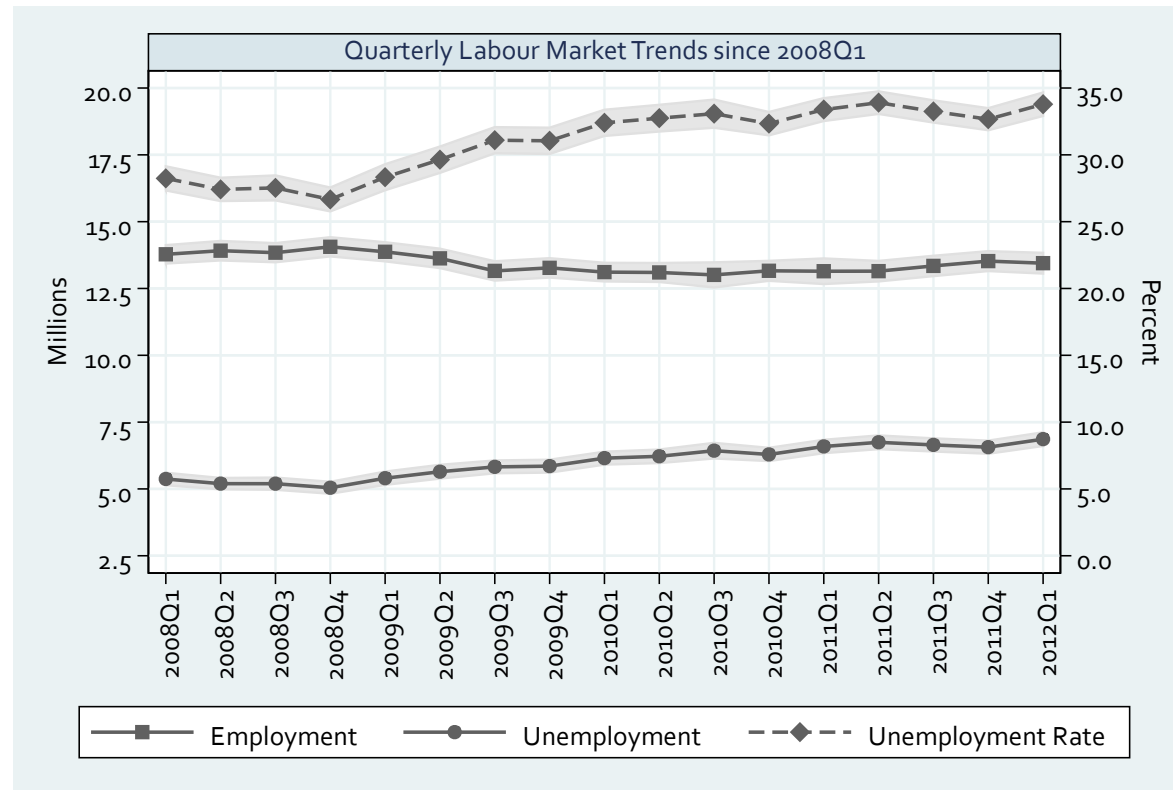
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RECENT LABOUR MARKET TRENDS

Figure 1: Quarterly Estimates of Labour Market Aggregates



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

- Notes:
1. The expanded definition of unemployment is utilised here.
 2. Shaded bands represent the 95 percent confidence intervals around the estimates.
 3. See appendix for further details of estimates.

South African economic growth has slowed substantially during the past three quarters, falling from the post-recession high of 4.6 percent per annum in 2011Q1 to 3.2 percent in 2011Q4 and 2.7 percent in 2012Q1 (Statistics South Africa, 2012). The decline in economic growth has immediately been reflected in the labour market, weakening the labour market recovery that had gradually been gathering momentum. This development reveals the fragility of the labour market recovery and indicates that employment remains under significant pressure, despite output growth.

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 in response to the recession, recent indications were that employment had begun to recover while unemployment stabilised. However this trend has been contradicted by a slight increase in unemployment – in absolute and proportional terms – during 2012Q1. Employment is estimated at 13.4 million in 2012 Q1, a figure that is not statistically different from the estimate of a year earlier.

Unemployment – both its level and its rate – has increased significantly since 2008Q4. In 2012Q1 almost 6.9 million individuals are unemployed, using the expanded definition of unemployment, equivalent to 33.8 percent of the expanded labour force.

At 13.4 million in 2012Q1, employment is marginally lower than the previous quarter's 13.5 million, but up by some 300 000 since the first quarter of 2011. At the same time, the working age population has expanded by almost half a million. The rate of employment growth of 2.3 percent is 0.8 percentage points above that of the working age population, but is lower than that of the labour force, irrespective of definition. The evidence, therefore, suggests that the labour market recovery observed during 2011 may be faltering, although it should be noted that, since 2008, the first quarter is associated with an increase in the unemployment rate that may be seasonal in nature.

The five percent increase in discouraged workseekers between 2011Q1 and 2012Q1 is not statistically significant. Annual growth in the number of discouraged workseekers has slowed to 112 000 in the year ending 2012Q1, compared to 352 000 in the preceding year and 166 000 in the year to 2011Q4. A continuation of this declining growth rate is key to reversing the rise of expanded unemployment.

Labour force participation rates (LFPR) have remained stable over the year. As of 2012Q1, 54.5 percent of the working age population are active in the narrow labour force, while 61.5 percent are broad labour force participants. The slight, though statistically insignificant, rise in participation rates implies gradually increasing pressure on the labour market simply due to an increased likelihood of participation amongst working age adults, over and above other factors such as population growth.

A LABOUR MARKET OVERVIEW

Table 1: Labour Market Overview, 2011 Quarter 1– 2012 Quarter 1

	2010	2011	2012	Change ('11-12)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
Labour Market Aggregates (Thousands)					
Working Age Population	32 039	32 520	33 000	480	1.5
Employment	13 112	13 145	13 447	302	2.3
Narrow Unemployment	4 396	4 365	4 526	161	3.7
Narrow Labour Force	17 509	17 510	17 973	463	2.6
Expanded Unemployment	6 267	6 588	6 862	273	4.1
Expanded Labour Force	19 379	19 733	20 308	575	2.9
Discouraged Workseekers	1 871	2 223	2 335	112	5.0
Labour Force Participation Rate (Percent)					
Narrow LFPR	54.6	53.8	54.5	0.6	1.1
Expanded LFPR	60.5	60.7	61.5	0.9	1.4
Unemployment Rate (Percent)					
Narrow Unemployment Rate	25.1	24.9	25.2	0.3	1.0
Expanded Unemployment Rate	32.3	33.4	33.8	0.4	1.2

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

- 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 evidence, therefore, suggests that the labour market recovery observed during 2011 may be faltering ...’

LABOUR FORCE PARTICIPATION

Table 2: Labour Force Participation Rates, 2011 Quarter 1– 2012 Quarter 1

Percent/Percentage Points	2010	2011	2012	Change ('11-'12)	
	Quarter 1	Quarter 1	Quarter 1	Absolute	Relative
Overall LFPR	60.5	60.7	61.5	0.9	1.4
By Race					
African	58.5	59.2	60.3	1.1	1.8
Coloured	67.7	65.6	66.1	0.5	0.7
Asian	59.7	60.5	59.2	-1.3	-2.2
White	69.6	68.0	68.2	0.2	0.3
By Gender					
Male	67.3	67.0	67.7	0.7	1.1
Female	54.1	54.7	55.7	1.0	1.8
By Age Group					
15 to 24 year olds	32.7	32.4	33.5	1.1	3.3
25 to 34 year olds	80.7	81.2	81.7	0.5	0.6
35 to 44 year olds	81.9	81.9	82.4	0.5	0.6
45 to 54 year olds	72.1	72.4	73.2	0.8	1.1
55 to 65 year olds	40.1	40.1	41.0	0.9	2.2
By Educational Attainment					
No education	42.1	38.6	42.6	4.0	10.5
Grades 0 – 7	52.0	50.3	51.9	1.6	3.2
Grades 8 – 11	51.3	52.3	53.0	0.7	1.3
Grade 12	72.8	73.1	72.7	-0.4	-0.6
Diploma/Certificate	88.7	88.3	89.0	0.7	0.8
Degree	88.9	88.6	89.2	0.6	0.7

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

- 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.

Just over three-fifths (61.5 percent) of the working age population are active in the broad labour force and, as noted, is marginally higher than in 2011Q1. Participation rates are highest for Whites (68.2 percent) and Coloureds (66.1 percent), while somewhat lower for Africans and Asians. No statistically significant change over the period is observed for any of the race groups.

Men are substantially more likely to participate in the labour market than women. In 2012Q1, the LFPR for men was 67.7 percent, compared to 55.7 percent for women.

The rate of labour force participation is lowest amongst the youngest and oldest age-groups within the working age population. Just one-third (33.5 percent) of 15 to 24 year olds were labour force participants, as were two-fifths (41.0 percent) of 55 to 65 year olds. Low participation rates in these age groups are explained by involvement in education amongst the former, and retirement and early withdrawal from the labour force amongst the latter. More than 80 percent of the working age population between the ages of 25 and 44 years are labour force participants, these being the prime working ages.

Educational attainment is positively correlated with participation. The LFPR for those with primary or incomplete secondary education is just over 50 percent, increasing to 72.7 percent for matriculants, and close to 90 percent for those with post-secondary education.

In 2012Q1, a total of 13.4 million individuals were employed. Although this represents a 2.3 percent increase (roughly 300 000 jobs) over the year, this change is not statistically significant. Employment is estimated to be marginally lower (by 80 000 jobs) than in 2011Q4, although as noted earlier this appears to be a seasonal effect.

Africans account for the largest proportion of employment in South Africa. Around 9.5 million Africans are employed, representing 70.5 percent of total employment. This is slightly higher than the share of employment of 68.9 percent observed in 2010Q1. Almost two million of the employed are White, 1.5 million are Coloured and 500 000 are Asian. There was negligible change in the employment of Coloureds, Asians and Whites, with African employment estimated to have accounted for the full net increase in employment over the period. However, no changes in employment are found to be statistically significant. As Table 4 shows, the net increase in African employment over the period accounts for 103 percent of the net increase for all South Africans.

Men account for the majority of the employed (56 percent) and outnumber women by almost 1.6 million. This gap, though, appears to have narrowed somewhat over the past year as employment growth amongst women has been three times that amongst men. Although the changes are not statistically significant, Table 4 shows that women accounted for close to three-quarters (72.1 percent) of the overall change in employment between 2011Q1 and 2012Q1.

The employed between the ages of 25 and >>>

EMPLOYMENT TRENDS

Table 3: Employment Trends, 2011 Quarter 1 – 2012 Quarter 1

	2010	2011	2012	Change	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 112	13 145	13 447	302	2.3
By Race					
African	9 032	9 169	9 480	311	3.4
Coloured	1 522	1 497	1 491	-6	-0.4
Asian	484	485	500	15	3.1
White	2 073	1 993	1 975	-18	-0.9
By Gender					
Male	7 385	7 451	7 535	84	1.1
Female	5 727	5 694	5 911	217	3.8
By Age Group					
15 to 24 year olds	1 341	1 304	1 305	1	0.1
25 to 34 year olds	4 387	4 333	4 491	158	3.6
35 to 44 year olds	3 722	3 847	3 899	51	1.3
45 to 54 year olds	2 534	2 519	2 551	33	1.3
55 to 65 year olds	1 128	1 142	1 200	58	5.1
By Educational Attainment					
No education	407	333	360	27	8.1
Grades 0 – 7	1 765	1 658	1 695	38	2.3
Grades 8 – 11	4 158	4 307	4 350	43	1.0
Grade 12	4 023	3 965	4 090	125	3.2
Diploma/Certificate	1 667	1 681	1 762	81	4.8
Degree	918	1 045	1 037	-9	-0.8

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

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.

44 years number 8.4 million and account for 62.4 percent of total employment. The employed under the age of 25 years slightly outnumber those aged 55 years or older, with these two groups each accounting for between nine and 10 percent of total employment in 2012Q1. Not only are 25 to 34 year olds the largest age group within employment, but they also experienced relatively rapid expansion of employment (3.6 percent for the year) and accounted for more than half of the net increase in employment. Again, no changes in employment by age group are found to be statistically significant.

The workforce is almost evenly split between those having completed at least grade 12 and those who have not. The two largest groups are those with incomplete secondary education (4.4 million) and those with complete secondary education (4.1 million). Just over two million employed individuals have no secondary education at all, while 1.0 million have degrees. While employment estimates by educational attainment are generally higher in 2012Q1 than in 2011Q1, these changes are not statistically significant. Despite this, the economy's high demand for skilled, as opposed to unskilled, labour is reflected in the two-thirds of net job growth that accrued to those with at least completed secondary education.

Meaningful analysis of the composition of employment change is made difficult by the lack of statistical significance of employment change across the various demographic groups presented in Table 4. As noted, Africans account fully for the net increase in employment over the

periods, while women accounted for almost three-quarters of net growth. While 30.1 percent of net job growth accrued to those aged at least 45 years – a proportion in line with this group's share of employment – more than half (52.4 percent) of net job growth is attributable to 25 to 34 year olds, who account for 33.4 percent of employment in 2012Q1. Although this is encouraging, given the dominance of youth amongst the unemployed, it must be noted that employment of those under 25 years of age has been virtually unchanged year-on-year since 2010Q1.

'... more than half ... of net job growth is attributable to 25 to 34 year olds, who account for 33.4 percent of employment ... [although] ... employment of those under 25 years of age has been virtually unchanged year-on-year since 2010Q1'

Finally, net employment growth has been particularly large amongst those with no education, those with matric certificates and those with diplomas and/or certificates, relative to these groups' shares of overall employment.

Table 4: Composition of Employment Change

<i>Absolute Change</i>	<i>Thousands</i>
Total Employment	302
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	103.0
Coloured	-2.1
Asian	5.1
White	-6.0
By Gender	
Male	27.9
Female	72.1
By Age Group	
15 to 24 year olds	0.5
25 to 34 year olds	52.4
35 to 44 year olds	17.1
45 to 54 year olds	10.9
55 to 65 year olds	19.2
By Educational Attainment	
No education	8.9
Grades 0 – 7	12.5
Grades 8 – 11	14.2
Grade 12	41.6
Diploma/Certificate	26.9
Degree	-2.9

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

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.

The tertiary sector is the largest employment sector in the South African economy employing over 9.6 million workers and accounting for 71.7 percent of total employment in 2012Q1. The secondary sector employs 2.8 million individuals (20.8 percent of employment), while almost one million workers are employed in the primary sector.

The largest industries in employment terms are wholesale and retail trade (3.1 million workers, or 22.8 percent of total employment) and CSP services (2.9 million, or 21.5 percent), which includes government. These two industries, along with manufacturing (12.8 percent) and financial and business services (13 percent), account for seventy percent of all jobs in the South African economy.

At the industry level, no employment changes were statistically significant. The estimations indicate aggregate employment gains within the primary (+75 000 jobs) and tertiary sector (+360 000 jobs), while losses were experienced in the secondary sector (-135 000 jobs). The largest employment gains within the tertiary sector occurred in financial and business services (+111 000 jobs) and wholesale and retail trade (+96 000 jobs). The majority of the jobs lost within the secondary sector can be attributed to manufacturing (-84 000 jobs), with construction shedding almost 50 000 jobs. The decline in jobs within the secondary sector comes after six successive quarters (since 2010Q2) of employment stagnation.

SECTORAL EMPLOYMENT TRENDS

Table 5: Employment Trends by Industry, 2011 Quarter 1 – 2012 Quarter 1

	2010	2011	2012 Quarter 1		Change	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 112	13 145	13 447	100.0	302	2.3
Agriculture, forestry and fishing	659	605	656	4.9	51	8.5
Mining and quarrying	303	313	336	2.5	24	7.5
Primary Sector	962	917	992	7.4	75	8.2
Manufacturing	1 763	1 806	1 722	12.8	-84	-4.6
Electricity, gas and water	72	97	92	0.7	-5	-5.0
Construction	1 062	1 033	987	7.3	-46	-4.5
Secondary Sector	2 898	2 937	2 802	20.8	-135	-4.6
Wholesale and retail trade	2 888	2 969	3 065	22.8	96	3.2
Transport, storage and communication	799	730	785	5.8	55	7.5
Financial and business services	1 688	1 635	1 745	13.0	111	6.8
Community, social and personal (CSP) services	2 703	2 831	2 896	21.5	64	2.3
Private households	1 169	1 121	1 155	8.6	34	3.1
Tertiary Sector	9 247	9 286	9 645	71.7	360	3.9

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

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, 2011 Quarter 1 – 2012 Quarter 1

	2010	2011	2012 Quarter 1		Change	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 112	13 145	13 447	100.0	302	2.3
<i>Agriculture</i>	659	605	656	4.9	51	8.5
- Formal agriculture	570	509	572	4.3	63	12.4
- Informal agriculture	90	96	84	0.6	-12	-12.3
<i>Non-agricultural employment</i>	11 284	11 419	11 636	86.5	216	1.9
- Formal non-agricultural	9 222	9 234	9 523	70.8	289	3.1
- Informal non-agricultural	2 061	2 185	2 112	15.7	-73	-3.4
<i>Private households</i>	1 169	1 121	1 155	8.6	34	3.1

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

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.

The vast majority (86.5 percent) of employment in South Africa is located within the non-agricultural sector, with agriculture and private households accounting for 4.9 percent and 8.6 percent of employment respectively. Formal employment dominates within both the agricultural and non-agricultural sectors and accounts for 75.1 percent of total employment in 2012Q1. Overall, the informal sector accounts for 16.3 percent of total employment and is somewhat smaller within agriculture (12.8 percent) than within the non-agricultural economy (18.2 percent).

Although no statistically significant changes over the period are observed, the estimates seem to indicate that employment growth over the period was exclusively experienced within the formal sectors, primarily in the non-agricultural economy, but also in the agricultural sector. Between 2011Q1 and 2012Q1, formal non-agricultural employment grew by close to 300 000 jobs (or 3.1 percent), while formal agricultural employment grew slightly, by 50 000 jobs. In both instances, apparent formal sector employment growth has contrasted with decline or stagnation in the informal sector.

‘... the estimates seem to indicate that employment growth over the period was exclusively experienced within the formal sectors, primarily in the non-agricultural economy, but also in the agricultural sector’

In 2012Q1, there were 7.7 million workers employed in skilled occupations in South Africa, representing 57.3 percent of total employment. Low skilled occupations account for 28.9 percent of employment, while high skilled occupations account for the remaining 13.8 percent. Although none of these groupings experienced statistically significant changes in employment over the period, it appears that skilled and low skilled occupations accounted for all net job creation: roughly 180 000 jobs in low skilled occupations (and in elementary occupations specifically), and 150 000 in skilled occupations. Elementary occupations represent the largest occupational category within total employment, accounting for more than one-fifth (22.2 percent) of total employment. This is followed by service and sales workers, craft and related trades and technicians, each of which number more than 1.5 million workers.

In terms of specific occupations, it appears that any net job creation is entirely accounted for by just three occupational categories, namely elementary occupations (+162 000 jobs), clerks (+78 000 jobs) and technicians (+71 000 jobs). As a result, employment growth appears to have been most rapid within the less skilled occupations, although the lack of statistical significance should temper these results. Overall, therefore, the evidence does not suggest that there has been significant change in employment in terms of occupational categories between 2010Q1 and 2012Q1.

OCCUPATIONAL EMPLOYMENT TRENDS

Table 7: Employment Trends by Occupation, 2011 Quarter 1 – 2012 Quarter 1

	2010	2011	2012 Quarter 1		Change	
	Quarter 1 (‘000s)	Quarter 1 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 112	13 145	13 447	100.0	302	2.3
Managers	1 009	1 144	1 107	8.2	-38	-3.3
Professionals	699	751	753	5.6	2	0.2
<i>High Skilled</i>	<i>1 708</i>	<i>1 895</i>	<i>1 860</i>	<i>13.8</i>	<i>-36</i>	<i>-1.9</i>
Technicians	1 522	1 464	1 535	11.4	71	4.8
Clerks	1 481	1 341	1 419	10.6	78	5.8
Service and sales workers	1 854	1 907	1 971	14.7	64	3.4
Skilled agric. workers	91	76	62	0.5	-15	-19.0
Craft and related trades	1 629	1 624	1 606	11.9	-18	-1.1
Operators and assemblers	1 092	1 134	1 107	8.2	-28	-2.4
<i>Skilled</i>	<i>7 669</i>	<i>7 546</i>	<i>7 700</i>	<i>57.3</i>	<i>154</i>	<i>2.0</i>
Elementary occupations	2 861	2 826	2 987	22.2	162	5.7
Domestic workers	875	878	900	6.7	22	2.5
<i>Low Skilled</i>	<i>3 735</i>	<i>3 703</i>	<i>3 887</i>	<i>28.9</i>	<i>184</i>	<i>5.0</i>

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

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

‘.. it appears that any net job creation is entirely accounted for by just three occupational categories, namely elementary occupations ..., clerks ... and technicians’

UNEMPLOYMENT TRENDS

Table 8: Expanded Unemployment Rate Trends, 2011 Quarter 1 – 2012 Quarter 1

	2010	2011	2012	Change	
	Quarter 1 (Percent)	Quarter 1 (Percent)	Quarter 1 (Percent)	Absolute (P.points)	Relative (Percent)
Overall Unemployment Rate	32.3	33.4	33.8	0.4	1.2
By Race					
African	38.0	39.0	39.2	0.2	0.5
Coloured	25.0	25.0	26.7	1.7	6.6
Asian	11.5	14.2	10.5	-3.6	-25.8
White	6.8	7.1	7.4	0.3	3.8
By Gender					
Male	29.2	29.5	30.6	1.1	3.7
Female	36.0	37.9	37.5	-0.4	-1.0
By Age Group					
15 to 24 year olds	59.7	60.9	62.4	1.4	2.4
25 to 34 year olds	36.2	38.3	37.4	-0.9	-2.3
35 to 44 year olds	23.2	23.0	24.7	1.7	7.4 †
45 to 54 year olds	17.1	18.3	18.4	0.1	0.5
55 to 65 year olds	11.2	11.7	11.5	-0.2	-2.1
By Educational Attainment					
No education	27.8	30.6	31.2	0.6	2.1
Grades 0 – 7	35.9	36.7	36.0	-0.7	-2.0
Grades 8 – 11	40.8	41.6	42.6	1.0	2.4
Grade 12	31.6	33.9	33.7	-0.1	-0.4
Diploma/Certificate	15.2	15.0	15.7	0.7	4.8
Degree	5.4	4.7	5.8	1.1	23.4

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

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 33.8 percent as of 2012Q1. The unemployment rate has remained virtually unchanged year-on-year but quarter-on-quarter comparisons show an increase of 1.1 percentage points. This change, however, is not statistically significant. Since the recession, the expanded unemployment rate has remained above 30 percent and is currently more than seven percentage points higher than the pre-recession low of 26.6 percent in 2008Q4. The current unemployment rate is once again close to the post-recession peak of 33.9 percent, observed in 2011Q2.

The commonly identified inequalities in South Africa's labour market are evidenced in the dissimilar rates of unemployment across different race groups. At 39.2 percent, the unemployment rate amongst Africans is highest and is nearly 50 percent higher than that of Coloureds (26.7 percent) and more than five times that of Whites (7.4 percent).

Women are considerably more likely to be unemployed than men. The expanded unemployment rates in 2012Q1 for men and women are estimated to be 30.6 percent and 37.5 percent respectively, a gap of almost seven percentage points. This gap appears to have narrowed marginally over the period, as the unemployment rate for men has risen more rapidly than that of women. These changes, though, are not statistically significant and too much importance should not be attached to this trend. It is important to note here that such >>>

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 or age, for instance.

Unemployment rates are correlated with age, with younger age groups more likely to be unemployed than older groups. The 2012Q1 unemployment rate amongst 15 to 24 year olds is 62.4 percent, nearly double the national average and 25.0 percentage points higher than the rate for 25 to 34 year olds. This has occurred despite the fact that younger cohorts have superior profiles of educational attainment. The inability of the economy to generate sufficient numbers of jobs has resulted in increasingly larger young cohorts of workseekers. While it must be noted that lower unemployment rates amongst the oldest members of the labour force are also related to those individuals opting out of the labour force entirely (through retirement, for example), rather than remaining unemployed for an extended period of time.

Consistent with previous factsheets 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 (42.6 percent). Thereafter, the unemployment rate drops significantly. Around one-third (33.7 percent) of matriculants are unemployed, compared to 15.7 percent of those with diplomas and/or certificates and just

5.8 percent of tertiary graduates. Too much importance should not be attached to the higher unemployment rate for those with degrees, given the small sample size and the fact that the first quarter of each year is likely to be associated with considerably frictional employment for this group in particular. It is important to note that 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.

Table 9 decomposes unemployment changes into race, gender, age and education. Total unemployment rose by 273 000 individuals between the period 2011Q1 and 2012Q1, with African's accounting for 90.4 percent of the rise, while males account for 73.5 percent of the total unemployment increase.

Disaggregating by age group shows that 15 to 24 year olds and 35 to 44 year old each (significant at 90% level) olds each accounted for 47.9 percent of the net increase in unemployment, with the change for the latter group being statistically significant at the 90 percent level. The bulk of unemployment growth during the period is located amongst those with secondary education of some sort, in line with these groups' large shares within the labour force.

Table 9: Composition of Unemployment Change

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Unemployment</i>	273
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	90.4
Coloured	15.6
Asian	-7.8
White	1.8
By Gender	
Male	73.5
Female	26.5
By Age Group	
15 to 24 year olds	47.9
25 to 34 year olds	-1.1
35 to 44 year olds	47.9 †
45 to 54 year olds	3.9
55 to 65 year olds	1.4
By Educational Attainment	
No education	6.1
Grades 0 – 7	-3.1
Grades 8 – 11	57.8
Grade 12	19.3
Diploma/Certificate	11.7
Degree	4.5

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

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 findings presented here are not statistically significant, they suggest that the labour market recovery that was gradually gaining momentum during 2011 may be faltering. While growth in unemployment has slowed, the unemployment rate is very close to the post-recession peak of 33.9 percent observed during 2011Q2. Importantly, this weakening in labour market performance is associated with a relatively mild slowdown in economic growth, rather than economic contraction, confirming its fragility.

Alongside weak economic growth, employment in 2012Q1 appears to have risen by around 300 000 on a year-on-year basis, although on a quarter-on-quarter basis it appears to have declined by almost 80 000 jobs. Unemployment, in both absolute and relative terms, has increased since 2011Q1. On the positive side, growth in the number of discouraged workseekers, which was very rapid in the immediate aftermath of the recession, continues to slow and is estimated at a statistically insignificant five percent over the period.

On a sectoral basis, the tertiary sector remains the leading source of employment, with the sector having added more than 360 000 jobs (or 120 percent of net job gains) over the past year. Consistent with previous estimates, CSP services, wholesale and retail trade, and financial and business services are responsible for the bulk of the tertiary sector's net increase in

employment. Primary sector employment rose by 8.2 percent over the period. Although this is not a statistically significant change, it stands in contrast to results from previous quarters that have shown continual job losses. Unfortunately, the secondary sector continues to be unable to generate significant new employment and appears to have shed more than 130 000 jobs. Employment growth was driven by the formal sector, with the non-agricultural formal economy responsible for 96 percent of net job creation. Net job creation has benefited the skilled and low skilled over the past year, in contrast to previous quarters.

The well-established patterns of labour market disadvantage in South Africa remain. Unemployment remains concentrated amongst Africans, Coloureds, women, the youth and those without a secondary or post-secondary education.

Given the apparent fragility of the labour market recovery, the QLFS results for the second quarter of 2012 will hopefully give a better indication as to whether this has been a temporary slowdown, related to possible seasonal effects, or whether recent gains are likely to be reversed.

REFERENCES

- STATISTICS SOUTH AFRICA 2010. Quarterly Labour Force Survey 2010Q1 [dataset]. Available: <http://www.statssa.gov.za>
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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]

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

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