

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR  
ENDING 2012 QUARTER 3

9  
MARCH 2013

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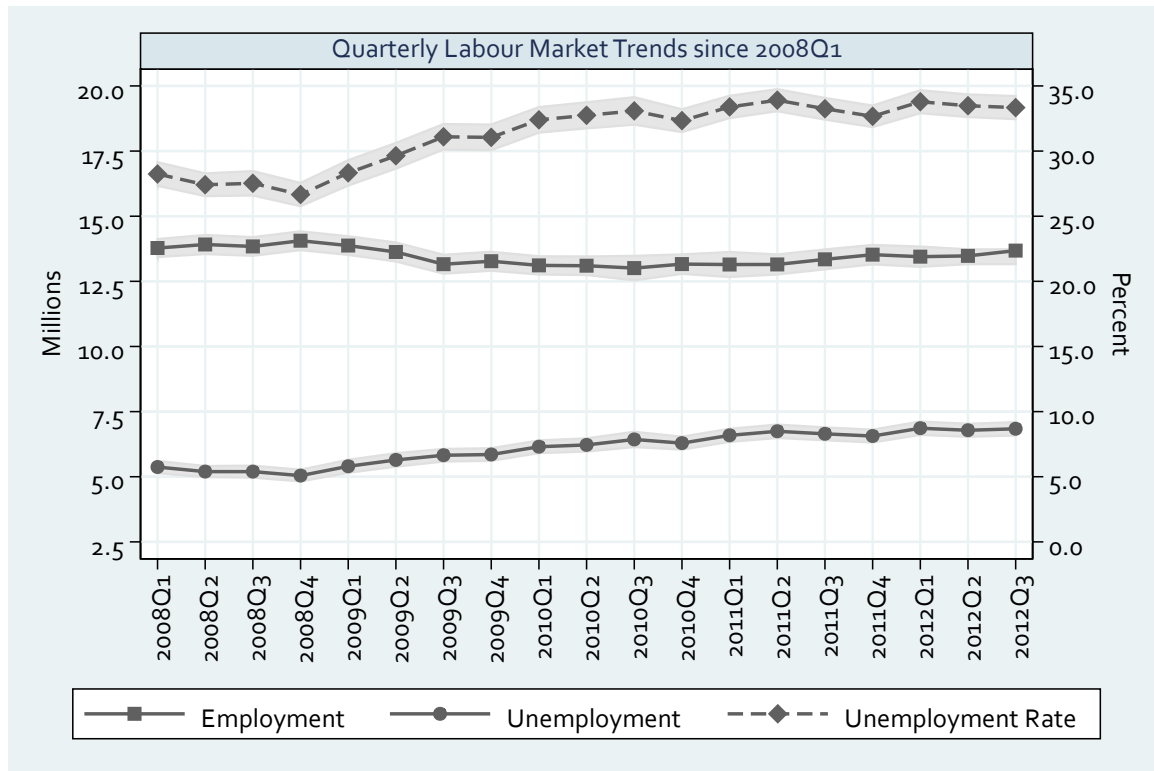
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# RECENT LABOUR MARKET TRENDS

Figure 1: Quarterly Estimates of Labour Market Aggregates



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

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

In 2012Q3, South Africa's economic growth rate fell significantly to 1.2 percent per annum, 1.5 percentage points lower than the previous quarter and the lowest rate since the end of the recession. Despite this deceleration in growth, employment growth has been relatively robust, with over 300 000 jobs added since 2011Q3.

Figure 1 presents trends in employment and unemployment in South Africa since the introduction of the Quarterly Labour Force Survey (QLFS) in 2008. The economic recession had a massive jobs impact, with more than one million jobs lost between 2008Q4 and 2010Q3. For at least a year after that, estimates of employment were virtually unchanged. More recently, though, the labour market has begun to show signs of a gradual recovery. The increase in employment in 2012Q3 has been accompanied by a second successive quarter of decrease in discouraged workers. By 2012Q3, employment is estimated at 13.7 million, a figure that is not statistically different from a year earlier.

Unemployment, both its level and rate, has increased significantly since 2008Q4 and continues to increase. Expanded unemployment, which includes the non-searching unemployed, is estimated at 6.8 million individuals in 2012Q3, representing one-third of the expanded labour force. Of this number, 2.2 million are classified as non-searching unemployed (or discouraged workerseekers).

In 2012Q3, employment is estimated at 13.7 million. Although up by 335 000 compared to the previous year, this increase is not statistically significant. Similarly, the working age population has expanded by almost half a million. At 2.5 percent, growth in employment is once again greater than that of the working age population (1.5 percent) and is keeping pace with the expanded labour force growth rate (2.6 percent). However, the most rapid growth has occurred in narrow unemployment (5.1 percent year-on-year). Combined with a small absolute decline in the number of discouraged workseekers, this may suggest improved perceptions of labour market conditions as the unemployed choose to actively search for work.

Amid the temporary setback in the rate of GDP growth, non-searching employment has experienced a second consecutive quarter-on-quarter decline and the first year-on-year decline since the recession. While the decrease in the number of discouraged workers of 1.5 percent between 2011Q3 and 2012Q3 is not statistically significant, it represents a first since the introduction of the QLFS..

Labour force participation rates (LFPR) have remained stable since 2011Q3, with 55.2 percent of the working age population participating in the narrow labour force and 61.7 percent in the expanded labour force. The increase in employment has been able to offset the increase in unemployment, resulting in only a marginal increase in the narrow unemployment rate over the year, while the expanded unemployment rate has remained unchanged.

## A LABOUR MARKET OVERVIEW

**Table 1: Labour Market Overview, 2011 Quarter 3 – 2012 Quarter 3**

	2010	2011	2012	Change ('11-12)	
	Quarter 3	Quarter 3	Quarter 3	Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	32 318	32 765	33 253	488	1.5
Employment	13 009	13 344	13 678	335	2.5
Narrow Unemployment	4 397	4 442	4 668	226	5.1
Narrow Labour Force	17 406	17 786	18 346	560	3.1
Expanded Unemployment	6 431	6 646	6 840	193	2.9
Expanded Labour Force	19 440	19 990	20 518	528	2.6
Discouraged Workseekers	2 034	2 204	2 172	-32	-1.5
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	53.9	54.3	55.2	0.9	1.6
Expanded LFPR	60.2	61.0	61.7	0.7	1.1
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	25.3	25.0	25.4	0.5	1.9
Expanded Unemployment Rate	33.1	33.2	33.3	0.1	0.3

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.

*'... this may suggest improved perceptions of labour market conditions as the unemployed choose to actively search for work ...'*

# LABOUR FORCE PARTICIPATION

**Table 2: Labour Force Participation Rates, 2011 Quarter 3 – 2012 Quarter 3**

Percent/Percentage Points	2010	2011	2012	Change ('11-'12)	
	Quarter 3	Quarter 3	Quarter 3	Absolute	Relative
<b>Overall LFPR</b>	<b>60.2</b>	<b>61.0</b>	<b>61.7</b>	<b>0.7</b>	<b>1.1</b>
<b>By Race</b>					
African	58.5	59.6	60.5	0.9	1.6
Coloured	65.6	66.4	66.5	0.1	0.1
Asian	62.7	58.1	60.5	2.4	4.1
White	67.3	68.5	67.4	-1.0	-1.5
<b>By Gender</b>					
Male	67.1	67.2	68.2	1.0	1.5
Female	53.7	55.2	55.6	0.4	0.7
<b>By Age Group</b>					
15 to 24 year olds	32.5	32.4	32.4	0.0	0.1
25 to 34 year olds	80.4	81.4	82.1	0.6	0.8
35 to 44 year olds	80.8	82.6	83.9	1.3	1.6
45 to 54 year olds	72.0	73.2	73.3	0.1	0.1
55 to 65 year olds	40.2	40.2	41.8	1.6	4.0
<b>By Educational Attainment</b>					
No education	40.5	39.9	41.1	1.2	3.0
Grades 0 – 7	49.1	50.4	50.9	0.5	0.9
Grades 8 – 11	51.8	52.4	52.9	0.5	1.0
Grade 12	74.1	74.5	74.3	-0.1	-0.2
Diploma/Certificate	87.3	88.5	88.7	0.3	0.3
Degree	88.0	90.0	89.5	-0.5	-0.6

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.

Roughly three-fifths (61.7 percent) of the South African working age population participate in the expanded labour force, marginally higher than a year earlier. By race, participation rates are the lowest for the Africans and Asians (60.5 percent), followed by Coloureds (66.5 percent) and Whites (67.4 percent). Men are substantially more likely to be economically active than women. In 2012Q3, the LFPR for men and women stood at 68.2 percent and 55.6 percent respectively.

Participation rates are lowest amongst the youngest and oldest age-groups. Less than one-third (32.4 percent) of 15 to 24 year olds are economically active, as are 41.8 percent of 55 to 65 year olds. These low participation rates can be explained by involvement in education amongst the young, and retirement and early withdrawal from the labour force amongst the older cohorts. More than 80 percent of those in the prime working ages of between 25 and 44 years are economically active.

Educational attainment is found to be positively correlated with participation. In 2012Q3, participation rates for those with no education stood at 41.1 percent, rising to just over 50 percent for primary and incomplete secondary education, and to 74.3 percent for matriculants. Nearly 90 percent of those with post-secondary education are economically active. Grade 12 appears to be the point at which there is significantly higher labour force participation as the LFPR jumps more than 21 percentage points relative to those without matric certificates. Participation rates across all these covariates have remained almost unchanged since 2011Q3.

In 2012Q3, Africans – numbering 9.7 million – account for the majority (71.1 percent) of South Africa’s 13.7 million employed individuals. They are followed by Whites, who account for 14.3 percent of total employment, while Coloureds and Asians account for 10.9 percent and 3.6 percent respectively. The change in employment over the preceeding year was inconsequential for all race groups, except Africans. The net increase in employment of Africans, although statistically insignificant, more than fully accounts for the estimated increase overall.

Men account for 56.5 percent of total employment, outnumbering women by almost 1.8 million or 13 percentage points. Estimates in Table 3 show that employment growth for men – in both absolute and relative terms – was greater than that of women; a reversal of estimates from 2012Q2. Although these changes in employment are found to be statistically insignificant, they imply a widening of the gender employment gap, reversing the recent, shortlived trend of a narrowing of the gender gap.

Individuals aged between 25 and 54 years account for the majority of employment in 2012Q3. Together, the employed between these ages number 11.2 million, representing 81.6 percent of employment nationally. The remaining 2.5 million employed individuals are evenly split between the youngest (15 to 24 years) and the oldest (55 to 65 years) cohorts. Amongst the middle three age groups, though, it is 25 to 34 year olds who represent the largest cohort within employment (4.6 million), followed by 35 to 44 year olds (4.0 million). Once >>>

## EMPLOYMENT TRENDS

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

	2010	2011	2012	Change ('11-'12)	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 009</b>	<b>13 344</b>	<b>13 678</b>	<b>335</b>	<b>2.5</b>
<b>By Race</b>					
African	8 988	9 372	9 732	360	3.8
Coloured	1 493	1 497	1 496	-1	-0.1
Asian	518	471	494	23	4.9
White	2 010	2 004	1 956	-47	-2.4
<b>By Gender</b>					
Male	7 392	7 530	7 727	198	2.6
Female	5 617	5 814	5 951	137	2.4
<b>By Age Group</b>					
15 to 24 year olds	1 295	1 297	1 278	-19	-1.5
25 to 34 year olds	4 365	4 417	4 572	156	3.5
35 to 44 year olds	3 707	3 847	4 033	186	4.8
45 to 54 year olds	2 501	2 596	2 555	-40	-1.5
55 to 65 year olds	1 140	1 187	1 239	52	4.4
<b>By Educational Attainment</b>					
No education	371	345	309	-37	-10.7
Grades 0 – 7	1 749	1 763	1 667	-96	-5.5
Grades 8 – 11	4 186	4 344	4 464	120	2.8
Grade 12	3 941	3 966	4 208	241	6.1
Diploma/Certificate	1 601	1 711	1 875	164	9.6
Degree	978	1 051	1 041	-10	-1.0

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.

again, these two age groups are also found to have experienced the fastest rates of employment growth: employment amongst 25 to 34 year olds grew by 3.5 percent per annum, while that amongst 35 to 44 year olds grew by 4.8 percent per annum. However, changes in employment by age group over the period are statistically insignificant.

*‘... employment growth is observed for those with incomplete secondary education, complete secondary education and those with diplomas and/or certificates ... [and] the data suggests the continued bias towards educated workers...’*

In 2012Q3, employment by education 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 32.6 percent of employment). This is followed by a further 4.2 million (30.8 percent of employment) who have a matric certificate. Almost two million workers have no form of secondary education, while almost three million have some sort of post-secondary education. Around one million of the employed have degrees. Compared to a year

earlier, employment growth is observed for those with incomplete secondary education, complete secondary education and those with diplomas and/or certificates. Net job losses are observed amongst those with no education, those with only primary education and those with degrees. Although none of these changes are statistically significant, the data suggests the continued bias towards educated workers within the economy in terms of employment growth.

Table 4 presents the composition of employment change across various demographic groups. Due to the small sample size and short time period, changes in estimates are often statistically insignificant, making meaningful analysis difficult. Nevertheless, the data suggests that Africans account fully for the net increase in employment since 2011Q3, while men accounted for three-fifths of net growth. Over 100 percent of net job growth was attributed to those between the ages of 25 and 44 years, while the increase in jobs for the oldest age group (55 to 65 years) was completely offset by declines within the 15 to 24 years and 45 to 54 years cohorts. The expansion of employment since 2011Q3 has been concentrated amongst those with at least an incomplete secondary education, accounting for 154 percent of the net increase in employment. However, the proportion of employment change accounted for those with degrees was negligible.

**Table 4: Composition of Employment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<b>Total Employment</b>	<b>335</b>
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	107.6
Coloured	-0.3
Asian	6.8
White	-14.2
<b>By Gender</b>	
Male	59.1
Female	40.9
<b>By Age Group</b>	
15 to 24 year olds	-5.7
25 to 34 year olds	46.5
35 to 44 year olds	55.7
45 to 54 year olds	-12.0
55 to 65 year olds	15.5
<b>By Educational Attainment</b>	
No education	-11.0
Grades 0 – 7	-28.8
Grades 8 – 11	35.9
Grade 12	72.1
Diploma/Certificate	49.0
Degree	-3.1

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.

Of the 13.7 million individuals employed in South Africa in 2012Q3, 71.5 percent are employed in the tertiary sector, making it the largest of the three major sectors. The secondary sector employs close to 2.9 million people (21.1 percent of total employment), while only one million workers (7.4 percent) work in the primary sector.

In employment terms, the three largest industries are community, social and personal (CSP) services (employing 3.0 million individuals, or 22.2 percent of total employment), wholesale and retail trade (2.9 million, or 21.7 percent) and financial and business services (1.8 million, or 13.3 percent). Together with manufacturing, which is only slightly smaller than financial and business services, these three industries account for 70 percent of total employment.

The majority of jobs created over the period can be attributed to the tertiary sector, with CSP services (+190 000 jobs) responsible for the bulk of employment growth. The secondary sector has, though, experienced a fourth successive quarter-on-quarter employment decline. Employment in the primary sector appears to be showing some improvement, experiencing a fifth straight quarter of employment increase (+64 000 or 6.8 percent for the 12 months). Although none of these shifts in employment between 2011Q3 and 2012Q3 were statistically significant, the data suggests continued weakness in the secondary sector, while the tertiary sector continues to create jobs.

## SECTORAL EMPLOYMENT TRENDS

**Table 5: Employment Trends by Industry, 2011 Quarter 3 – 2012 Quarter 3**

	2010	2011	2012 Quarter 3		Change ('11-'12)	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 009</b>	<b>13 344</b>	<b>13 678</b>	<b>100.0</b>	<b>335</b>	<b>2.5</b>
Agriculture, forestry and fishing	641	625	663	4.8	38	6.2
Mining and quarrying	303	324	349	2.6	26	7.9
<b>Primary Sector</b>	<b>944</b>	<b>948</b>	<b>1 013</b>	<b>7.4</b>	<b>64</b>	<b>6.8</b>
Manufacturing	1 721	1 742	1 732	12.7	-9	-0.5
Electricity, gas and water	100	74	105	0.8	31	41.5
Construction	1 076	1 088	1 049	7.7	-39	-3.6
<b>Secondary Sector</b>	<b>2 897</b>	<b>2 904</b>	<b>2 886</b>	<b>21.1</b>	<b>-18</b>	<b>-0.6</b>
Wholesale and retail trade	2 952	3 016	2 968	21.7	-48	-1.6
Transport, storage and communication	775	757	835	6.1	78	10.3
Financial and business services	1 632	1 771	1 817	13.3	46	2.6
Community, social and personal (CSP) services	2 686	2 841	3 030	22.2	190	6.7
Private households	1 121	1 103	1 129	8.3	26	2.3
<b>Tertiary Sector</b>	<b>9 167</b>	<b>9 488</b>	<b>9 779</b>	<b>71.5</b>	<b>291</b>	<b>3.1</b>

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 3 – 2012 Quarter 3**

	2010	2011	2012 Quarter 3		Change ('11-'12)	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 009</b>	<b>13 344</b>	<b>13 678</b>	<b>100.0</b>	<b>335</b>	<b>2.5</b>
<i>Agriculture</i>	641	625	663	4.8	38	6.2
- Formal agriculture	555	543	581	4.2	38	6.9
- Informal agriculture	86	82	82	0.6	1	0.9
<i>Non-agricultural employment</i>	11 246	11 616	11 886	86.9	270	2.3
- Formal non-agricultural	9 067	9 451	9 681	70.8	230	2.4
- Informal non-agricultural	2 179	2 164	2 205	16.1	41	1.9
<i>Private households</i>	1 121	1 103	1 129	8.3	26	2.3

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 majority of employment in South Africa is located within the non-agricultural sector ... [while formal] sector employment far exceeds informal sector employment within both the agricultural and non-agricultural sectors...’*

Table 6 provides a disaggregation of employment into agricultural, non-agricultural and private household employment. Within agricultural and non-agricultural employment, formal and informal sector employment is also distinguished.

The majority of employment in South Africa is located within the non-agricultural sector (86.9 percent), with agriculture and private households accounting for only 4.8 percent and 8.3 percent respectively. Formal sector employment far exceeds informal sector employment within both the agricultural and non-agricultural sectors, accounting for 75.0 percent of total employment. In 2012Q3, employment within South Africa’s informal sector stands at 2.3 million jobs, with the majority (2.2 million or 96 percent) being active in the non-agricultural sector. At 16.7 percent of total employment, South Africa’s informal sector provides employment to twice as many individuals as private households, but remains relatively small within an international context.

While none of the changes shown in Table 6 are statistically significant, job creation is firmly located within the formal sector and in the non-agricultural formal sector in particular. Since 2011Q3, employment has increased within the formal sector of agriculture, non-agriculture and private households.



# OCCUPATIONAL EMPLOYMENT TRENDS

Stratification by occupation shows that skilled jobs dominate the occupational structure of South African employment, accounting for 57.5 percent of total employment (Table 7). This is twice the share of low skilled jobs (28.3 percent) and more than four times the share of high skilled jobs (14.2 percent). In 2012Q3, almost three million individuals (21.8 percent of total employment) were employed in elementary occupations, making it the largest occupational category within the labour market. Other important occupations include service and sales occupation (15.1 percent), craft and related trades (12.2 percent) and technicians (11.2 percent). Together these four occupations represent three-fifths of total employment. Although the changes over the past year are not statistically significant, the data suggests increases in employment in all three skill categories, but primarily within skilled occupations.

Estimates of the change in occupational employment indicate that the four occupations described above account for four-fifths of the net employment gain since 2011Q3. While employment increased in all three skill categories, it has primarily been concentrated amongst skilled and low skilled occupations. Despite this, employment growth rates for the three skills categories are very similar. Skilled occupations saw the most rapid rate of growth over the year (+2.6 percent), while low and high skilled occupations experienced slightly slower growth (+2.3 percent).

**Table 7: Employment Trends by Occupation, 2011 Quarter 3 – 2012 Quarter 3**

	2010	2011	2012 Quarter 3		Change ('11-'12)	
	Quarter 3 ('000s)	Quarter 3 ('000s)	Total ('000s)	Share (Percent)	Absolute ('000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 009</b>	<b>13 344</b>	<b>13 678</b>	<b>100.0</b>	<b>335</b>	<b>2.5</b>
Managers	1 077	1 133	1 140	8.3	7	0.7
Professionals	709	766	802	5.9	36	4.7
<i>High Skilled</i>	1 786	1 899	1 942	14.2	44	2.3
Technicians	1 426	1 444	1 526	11.2	82	5.7
Clerks	1 414	1 427	1 392	10.2	-35	-2.5
Service and sales workers	1 859	1 977	2 064	15.1	87	4.4
Skilled agric. workers	76	61	69	0.5	8	12.6
Craft and related trades	1 609	1 658	1 666	12.2	8	0.5
Operators and assemblers	1 163	1 099	1 153	8.4	53	4.8
<i>Skilled</i>	7 547	7 667	7 870	57.5	203	2.6
Elementary occupations	2 788	2 897	2 986	21.8	89	3.1
Domestic workers	888	881	880	6.4	-1	-0.1
<i>Low Skilled</i>	3 675	3 778	3 866	28.3	88	2.3

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.

*‘Although the changes over the past year are not statistically significant, the data suggests increases in employment in all three skill categories, but primarily within skilled occupations.’*

# UNEMPLOYMENT TRENDS

**Table 8: Expanded Unemployment Rate Trends, 2011 Quarter 3 – 2012 Quarter 3**

	2010	2011	2012	Change ('11-'12)	
	Quarter 3 (Percent)	Quarter 3 (Percent)	Quarter 3 (Percent)	Absolute (P.points)	Relative (Percent)
<b>Overall Unemployment Rate</b>	<b>33.1</b>	<b>33.2</b>	<b>33.3</b>	<b>0.1</b>	<b>0.3</b>
<b>By Race</b>					
African	39.0	38.6	38.3	-0.2	-0.6
Coloured	24.8	26.4	27.3	1.0	3.6
Asian	10.9	13.4	14.4	0.9	7.0
White	6.5	7.0	6.9	-0.1	-1.3
<b>By Gender</b>					
Male	29.5	29.5	29.9	0.4	1.3
Female	37.3	37.6	37.3	-0.2	-0.6
<b>By Age Group</b>					
15 to 24 year olds	61.1	61.2	62.0	0.8	1.3
25 to 34 year olds	36.7	37.7	37.0	-0.7	-1.8
35 to 44 year olds	23.7	24.9	24.7	-0.2	-0.8
45 to 54 year olds	18.3	16.9	18.4	1.5	8.9
55 to 65 year olds	12.1	9.5	11.9	2.4	25.2
<b>By Educational Attainment</b>					
No education	29.4	30.3	30.5	0.2	0.6
Grades 0 – 7	37.2	35.2	37.3	2.1	6.0
Grades 8 – 11	41.6	41.9	42.3	0.3	0.8
Grade 12	32.2	33.4	32.5	-0.8	-2.5
Diploma/Certificate	15.4	15.5	15.1	-0.4	-2.8
Degree	4.7	4.9	5.6	0.7	14.2

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.

The high level of unemployment remains a striking feature with South Africa's labour market. In 2012Q3, the expanded unemployment rate, which includes both the searching and non-searching unemployed, was estimated at 33.3 percent. This rate has remained virtually unchanged since 2010Q3. Estimates show that, since the recession, South Africa's expanded unemployment rate has remained stable, albeit high, with small fluctuations ranging between 32.3 percent (2010Q4) to 33.9 percent (2011Q2).

Inequalities in South Africa's labour market are most evident in the divergent rates of unemployment across different groups defined by race, gender, age and educational attainment (Table 8). At 38.2 percent, the unemployment rate amongst Africans is five percentage points higher than the national average. The unemployment rate amongst Coloureds is more than ten percentage points lower at 27.3 percent of Coloureds. The Coloured unemployment rate is roughly twice that of Asians (14.4 percent), which in turn is roughly twice that of Whites (6.9 percent). Africans are, therefore, roughly five times more likely to be unemployed than Whites in 2012. Changes in unemployment rates by race were not found to be statistically significant.

Women remain considerably more likely to be unemployed than men. In 2012Q3, the expanded unemployment rate amongst women is estimated to have been 37.3 percent, compared to 29.9 percent for men; a difference of 7.4 percentage points. The difference in the unemployment rates of men and women >>>

has, though, declined as unemployment of men rose more rapidly than that of women. The differences observed in unemployment rates are, though, not necessarily (or purely) evidence of gender discrimination, but may also reflect the differing characteristics of male and female workers.

There is an inverse relationship between age and unemployment, with older age groups having a lower probability of being unemployed compared to younger age groups. This is despite the fact that younger cohorts typically have better profiles of educational attainment. In 2012Q3, the unemployment rate amongst 15 to 24 year olds was 62.0 percent, almost twice the national average. The likelihood of unemployment amongst 15 to 24 year olds was also 25 percentage points higher than that of 25 to 34 year olds, whose unemployment rate of 37.0 percent is also the second highest of the age cohorts. For 55 to 65 year olds, in contrast, the unemployment rate is estimated at just 11.9 percent. This pattern of falling unemployment rates as age increases is a familiar one in the South African labour market, with the very low unemployment rates amongst the oldest cohort in the labour market being attributable to the unemployed in this age group opting out of the labour force entirely through retirement, for example, when unable to find work.

The data reveals a non-linear relationship between the unemployment rate and educational attainment. At very low levels of education, unemployment is relatively low, while at very high levels it is very low. However, in

between, unemployment tends to be relatively high. Thus, the unemployment rate rises from 30.5 percent for those with no education to a peak of 42.3 percent for those with incomplete secondary education, falling dramatically thereafter to just 5.6 percent for those with tertiary qualifications. These estimates signify the importance of education within the labour market. It should also be noted that those who are poorly educated tend to be relatively old, and are often located in sectors or occupations characterised by low levels of worker turnover and mobility, where they are likely to remain until retirement.

Total unemployment rose by 193 000 individuals between the period 2011Q3 and 2012Q3. The only statistically significant change in absolute unemployment levels is amongst the age group 55 to 65 years (Table 9), accounting for 22.1 percent of net unemployment growth. Africans account for 84.2 percent of the net increase in unemployment, roughly in line with their share of the labour force. Males account for three-quarters of the total unemployment increase, which is significantly larger than their share of labour force. Disaggregating by age group shows that all age groups experienced upward pressures on unemployment (although the proportion accounted for by 25 to 34 year olds is surprisingly small at 7.7 percent), while those with incomplete secondary education account for two-thirds of the past year's unemployment growth.

**Table 9: Composition of Unemployment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Unemployment</i>	193
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	84.2
Coloured	13.6
Asian	5.1
White	-2.9
<b>By Gender</b>	
Male	74.8
Female	25.2
<b>By Age Group</b>	
15 to 24 year olds	20.6
25 to 34 year olds	7.7
35 to 44 year olds	24.5
45 to 54 year olds	25.1
55 to 65 year olds	22.1 *
<b>By Educational Attainment</b>	
No education	-7.6
Grades 0 – 7	17.5
Grades 8 – 11	67.0
Grade 12	22.7
Diploma/Certificate	9.8
Degree	3.9

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.

## CONCLUSION

Although the labour market changes presented here are, almost without exception, statistically insignificant, the data suggests that the lacklustre economic growth performance over the year ending in 2012Q3 constrains a labour market recovery. While employment growth has once again outpaced growth in the working age population and has kept pace with growth in the expanded labour force, the increase in unemployment (both narrow and expanded) confirms the labour market recovery's fragility. Following the recent estimated decline in the growth rate in discouraged workseekers, the number of discouraged workers – for the first time since the introduction of the QLFS – has declined on both a quarter-on-quarter (6.1 percent) and year-on-year (1.5 percent) basis.

Estimates according to demographic covariates reveal that Africans, males, those between the age of 25 and 44 years, and individuals with an incomplete secondary education or above have tended to be the beneficiaries of the majority of net employment growth.

On a sectoral basis, the tertiary sector remains the leading source of employment in South Africa, accounting for a net increase in employment of almost 300 000. This can be mainly attributed to employment growth in the CSP services sector, which accounts for 65 percent of the net increase in employment within the tertiary sector. Employment trends in the primary sector appears to be positive,

experiencing a fourth successive quarter of year-on-year growth. Unfortunately, this growth has been slight and remains statistically insignificant. In contrast to the positive experience of the tertiary sector, the employment performance of the secondary sector (and manufacturing in particular) and its continued inability to generate new jobs, remains an area of concern. Overall, employment growth has been driven by the formal sector, which is responsible for 80 percent of net job creation over the past year. Since 2011Q3, net employment creation has accrued across all three skill categories.

As expected, the established patterns of labour market inequality in South Africa remain. Unemployment remains primarily concentrated amongst Africans and Coloureds, females, youth and those without a secondary education. While recent estimates suggest that the slow labour market recovery remains in place, the recent deterioration in growth has highlighted the fragility of the recovery. The sustainability of the labour market recovery is fundamentally dependent on sustained robust rates of economic growth. Without a solid recovery in output going forward, the economy will continue to struggle to absorb the unemployed, including new labour market entrants, into employment, putting upward pressure on unemployment rates.

## 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]
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]	33.335 [32.450; 34.220]

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

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