

Monitoring the Performance of the South African Labour Market

An overview of the South African labour market from Quarter 3 of 2009 to Quarter 3 of 2010



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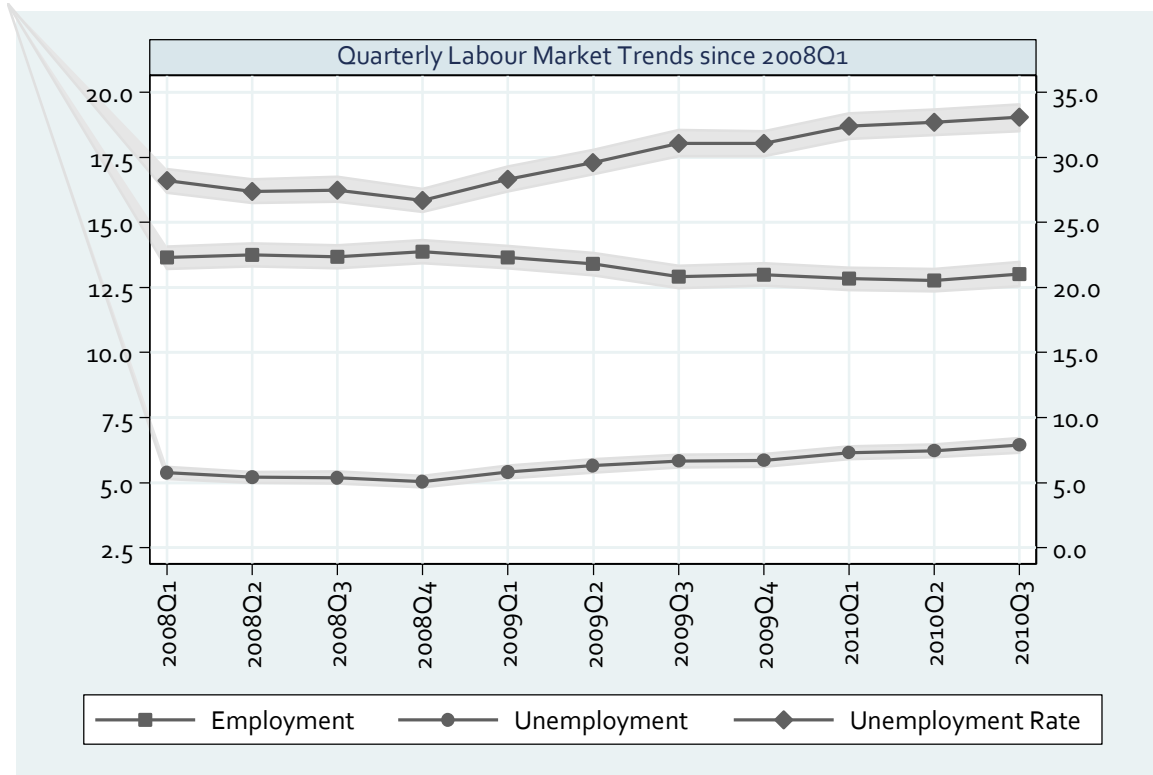


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Recent Labour Market Trends

Figure 1: Quarterly Estimates of Labour Market Aggregates



Source: Own calculations, Statistics South Africa (2008; 2009; 2010; and various other 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.

The South African economy appears to be steadily recovering from the recession, with its growth performance improving gradually over the last couple of quarters. Real gross domestic product (GDP) growth increased on a year-on-year basis from -2.1 percent in 2009Q3 to 2.6 percent in 2010Q3 (South African Reserve Bank 2011). This improved growth performance appears, however, to have had little impact on the labour market. Having been declining since its 2008Q4 peak of 13.9 million individuals, employment levels stabilised between 12.7 million and 12.9 million in late 2009 and early 2010. Estimates for 2010Q3 put employment at just over 13.0 million individuals. Even so, there has yet to be a statistically significant expansion in employment in the South African economy on either a quarter-on-quarter or year-on-year basis and there remains no real sign of any substantive change in the economy's employment performance.

The continuation of this weak employment performance has seen both unemployment levels and unemployment rates continue to rise. The expanded unemployment rate has increased from 29.6 percent in 2008Q2 to 33.1 percent in the 2010Q3, a statistically significant increase of 3.5 percentage points, and has risen 2.0 percentage points during the four quarters ending in September 2010. By the end of the period, just over 6.4 million individuals were unemployed according to the expanded definition of unemployment, an increase of almost 600 000 between January and September 2010.

It must be noted, however, that the present labour market estimates are likely impacted to some degree by Statistics South Africa's re-estimation of the population weights, based on the 2010 Mid-Year Population Estimates and implemented in the 2010Q3 dataset. This re-weighting process will affect all previously published QLFS datasets, but Statistics South Africa has yet to release reweighted versions of these datasets.

Although the results for employment are statistically insignificant, job losses appear to have slowed with there being no evidence of a contraction in employment year-on-year to 2010Q3. Indeed, employment may have even grown slightly over the period. Nevertheless, unemployment continues to rise, particularly when including discouraged workseekers in the unemployment definition. The number of discouraged workerseekers is up by almost one-quarter over the period, having grown by more than 400 000 individuals to total 2.0 million by the end of the third quarter. Expanded unemployment is, as a result, up by 10.4 percent or more than 600 000 individuals.

Recent trends observed with respect to labour force participation are evident over the period under review. Narrow labour force participation has continued its decline, falling to just 53.9 percent in 2010Q3, while expanded participation remains stagnant. Thus, the conclusion remains that job losses during the recession were translated into growing discouragement, falling narrow labour force participation and rising broad unemployment rates.

A Brief Labour Market Overview

Table 1: Labour Market Overview, 2009 Quarter 3 – 2010 Quarter 3

	2008 Quarter 3	2009 Quarter 3	2010 Quarter 3	Change	
				Absolute	Relative
Labour Market Aggregates (Thousands)					
Working Age Population	30 979	31 353	32 318	965	3.1
Employment	13 681	12 907	13 009	101	0.8
Narrow Unemployment	4 124	4 193	4 397	204	4.9
Narrow Labour Force	17 805	17 101	17 406	305	1.8
Expanded Unemployment	5 196	5 825	6 431	606	10.4 *
Expanded Labour Force	18 877	18 733	19 440	707	3.8
Discouraged Workseekers	1 072	1 632	2 034	402	24.6 *
Labour Force Participation Rate (Percent)					
Narrow LFPR	57.5	54.5	53.9	-0.7	-1.3
Expanded LFPR	60.9	59.7	60.2	0.4	0.7
Unemployment Rate (Percent)					
Narrow Unemployment Rate	23.2	24.5	25.3	0.7	3.0
Expanded Unemployment Rate	27.5	31.1	33.1	2.0	6.4 †

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

- Notes:
1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.
 2. The working age population includes all individuals aged between 15 years and 65 years inclusive.

'The number of discouraged workseekers is up by almost one-quarter over the period, having grown by more than 400 000 individuals...'

Labour Force Participation

Table 2: Labour Force Participation Rates (Percent), 2009 Quarter 3 – 2010 Quarter 3

Percent / Percentage Points	2008 Quarter 3	2009 Quarter 3	2010 Quarter 3	Change	
				Absolute	Relative
Overall LFPR	60.9	59.7	60.2	0.4	0.7
By Race					
African	59.2	57.9	58.5	0.6	1.0
Coloured	65.6	66.1	65.6	-0.4	-0.7
Asian	62.1	59.2	62.7	3.5	6.0
White	69.2	68.0	67.3	-0.8	-1.1
By Gender					
Male	68.0	66.4	67.1	0.6	0.9
Female	54.5	53.6	53.7	0.0	0.1
By Age Group					
15 to 24 year olds	33.7	31.9	32.5	0.6	1.8
25 to 34 year olds	81.1	80.0	80.4	0.4	0.5
35 to 44 year olds	81.2	81.8	80.8	-0.9	-1.1
45 to 54 year olds	71.9	70.9	72.0	1.0	1.4
55 to 65 year olds	42.8	40.3	40.2	-0.2	-0.4
By Educational Attainment					
No education	45.7	41.8	40.5	-1.3	-3.1
Grades 0 – 7	52.2	50.4	49.1	-1.3	-2.6
Grades 8 – 11	51.3	50.4	51.8	1.4	2.9
Grade 12	77.1	74.4	74.1	-0.3	-0.4
Diploma/Certificate	89.8	88.4	87.3	-1.1	-1.3
Degree	89.1	88.8	88.0	-0.9	-1.0

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

- 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.

Broad labour force participation rates have been virtually unchanged over the past two years, with slightly more than six out of ten working-age adults participating in the labour market in 2010Q3. Participation rates vary across races with Whites most likely to (67.3 percent), followed by Coloureds (65.6 percent), with the lowest rates found amongst Africans (58.5 percent). There are also substantial differences in the labour force participation rates between genders: two-thirds (67.1 percent) of working-age males are engaged in the narrow labour force compared to just over half (53.7 percent) of females participating.

Young labour market entrants are least likely to be engaged in the labour market, with just under one third of this cohort being labour force participants. The middle three cohorts – those aged between 25 and 54 years – have significantly higher participation rates: just over four-fifths (80 percent) of those within the prime working ages of 25 and 44 years are part of the labour force. Only 40.2 percent of those aged 55 to 65 year are labour market participants, due to retirement and early withdrawal from the labour force.

Educational attainment is positively correlated with the LFPR: those with no education are least likely to participate in the labour market (40.5 percent), and only half of those with primary or incomplete secondary education are labour force participants. In contrast, 74.1 percent of matriculants, and nearly nine out of ten working age individuals with some form of tertiary education are engaged in the labour market.

As noted, total employment is virtually unchanged between the third quarters of 2009 and 2010, hovering at around 13.0 million. Despite an estimated increase in employment of approximately 100 000, this change is statistically insignificant and no inferences can be made regarding employment trends.

‘Estimates ... point to something of a recovery in male employment levels ... while females saw a net decline in employment’

Structurally, no substantial changes have occurred within total employment over the period ending in 2010Q3. Africans account for 69 percent of the employed (9.0 million individuals), with Whites constituting 15.5 percent and Coloureds 11.5 percent. Asians account for almost four percent of employment. While estimates indicate positive employment growth for all race groups, except Coloureds, none of these changes were statistically significant.

Male employment stood at 7.4 million individuals, or 56.8 percent of total employment. Estimates from the QLFSs point to something of a recovery in male employment levels over the period, increasing by almost four percent during the period, while females saw a net decline in employment of 176 000. These changes, though statistically insignificant, suggest possible >>>

Employment Trends

Table 3: Recent Employment Trends, 2009 Quarter 3 – 2010 Quarter 3

	2008 Quarter 3 (‘000s)	2009 Quarter 3 (‘000s)	2010 Quarter 3 (‘000s)	Change	
				Absolute (‘000s)	Relative (Percent)
Overall Employment	13 681	12 907	13 009	101	0.8
By Race					
African	9 582	8 945	8 988	42	0.5
Coloured	1 543	1 511	1 493	-19	-1.2
Asian	484	454	518	65	14.2
White	2 072	1 997	2 010	13	0.6
By Gender					
Male	7 640	7 114	7 392	278	3.9
Female	6 041	5 793	5 617	-176	-3.0
By Age Group					
15 to 24 year olds	1 602	1 373	1 295	-79	-5.7
25 to 34 year olds	4 663	4 322	4 365	43	1.0
35 to 44 year olds	3 618	3 595	3 707	113	3.1
45 to 54 year olds	2 630	2 504	2 501	-4	-0.1
55 to 65 year olds	1 168	1 113	1 140	27	2.5
By Educational Attainment					
No education	565	445	371	-74	-16.7 †
Grades 0 – 7	2 188	1 825	1 749	-76	-4.1
Grades 8 – 11	4 351	4 081	4 186	105	2.6
Grade 12	3 924	3 826	3 941	115	3.0
Diploma/Certificate	1 580	1 658	1 601	-57	-3.4
Degree	914	903	978	74	8.2

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

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.

gender-based differences in the recovery in employment, which will be monitored in future fact-sheets.

A major proportion (62.1 percent) of total employment is comprised of individuals in the prime working ages between 25 and 44 years. Workers aged 45 to 54 years make up a further 19.2 percent of employment. In line with their relatively low LFPRs, the youngest and oldest workers account for the smallest percentage of total employment (10.0 percent and 8.8 percent respectively). No significant changes in the age structure of employment are evident from the data, although there is some evidence of contrasting employment fortunes between prime working age individuals and those younger than 25 years.

Almost half (48.5 percent) of the employed in 2010Q3 have not completed secondary school, while a further 30.3 percent have not furthered their education beyond matric. Just 7.5 percent of the employed have degrees. In terms of changes over the period, those with no education were the only cohort to experience a statistically significant change in employment: a decline of 74 000 individuals, or 16.7 percent over the past year. There are indications of employment growth amongst those with at least some secondary education, as well as a rapid (though statistically insignificant) growth in the employment of degree-holders.

Although few changes in employment over the 12 month period are found to be statistically significant, it is perhaps possible to begin deriving some initial conclusions about the nature of recent employment trends. As noted earlier,

changes in employment were statistically significant only in the case of those with no educational attainment. There is no compelling evidence to suggest that there is a real change in the employment prospects or experiences of any of the four race groups.

‘Almost half ... of the employed in 2010Q3 have not completed secondary school, while a further 30.3 percent have not furthered their education beyond matric’

However, it appears that the employment prospects of males and females may be diverging, with employment levels beginning to recover for males but not for females. Ignoring issues of statistical significance, estimates point to a net gain of 1.6 jobs for males over the period for every (net) job lost by females. This is certainly an issue that requires monitoring in the subsequent quarters. The fortunes of the young and poorly educated also appear divergent from the rest of the employed.

Table 4: Composition of Employment Change

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Employment</i>	101
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	41.9
Coloured	-18.3
Asian	63.7
White	12.6
By Gender	
Male	274.1
Female	-174.1
By Age Group	
15 to 24 year olds	-77.6
25 to 34 year olds	42.6
35 to 44 year olds	111.4
45 to 54 year olds	-3.5
55 to 65 year olds	27.1
By Educational Attainment	
No education	-73.4 †
Grades 0 – 7	-74.7
Grades 8 – 11	103.2
Grade 12	113.3
Diploma/Certificate	-56.3
Degree	73.4

Source: Own calculations, Statistics South Africa (2009; 2010).

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 almost 9.2 million workers, the tertiary sector is the dominant employment sector in the South African economy, accounting for 70.5 percent of total employment in 2010Q3. More than one-fifth (22.3 percent) of employment is located within the secondary sector, with the remaining 7.3 percent employed in the primary sector.

In terms of major sectors, wholesale and retail trade is the country's largest employer, accounting for 22.7 percent of employment, followed by CSP services (20.6 percent), manufacturing (13.2 percent), and financial and business services (12.5 percent). Together, these industries account for nearly 70 percent of total employment.

No statistically significant changes in the sectoral composition of employment were observed over the period. In absolute terms, potential net job gains were concentrated in wholesale and retail trade (97 000 jobs) and CSP services (55 000 jobs), while net job losses were primarily located in financial and business services (-56 000) and private households (-46 000).

Employment trends over the period appear to have been generally poorly related with trends in output: the correlation coefficient between changes in employment and changes in gross value added between 2009Q3 and 2010Q3 is negative.

Sectoral Employment Trends

Table 5: Employment Trends by Industry, 2009 Quarter 3 – 2010 Quarter 3

	2008	2009	2010 Quarter 3		Change	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 681	12 907	13 009	100.0	101	0.8
Agriculture, forestry and fishing	768	654	641	4.9	-14	-2.1
Mining and quarrying	314	299	303	2.3	4	1.2
Primary Sector	1 082	954	944	7.3	-10	-1.0
Manufacturing	1 919	1 728	1 721	13.2	-7	-0.4
Electricity, gas and water	99	81	100	0.8	18	22.3
Construction	1 108	1 059	1 076	8.3	17	1.6
Secondary Sector	3 125	2 869	2 897	22.3	28	1.0
Wholesale and retail trade	3 182	2 854	2 952	22.7	97	3.4
Transport, storage and communication	770	737	775	6.0	38	5.2
Financial and business services	1 635	1 688	1 632	12.5	-56	-3.3
Community, social and personal (CSP) services	2 608	2 631	2 686	20.6	55	2.1
Private households	1 275	1 168	1 121	8.6	-46	-3.9
Tertiary Sector	9 471	9 078	9 167	70.5	88	1.0

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

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, 2009 Quarter 3 – 2010 Quarter 3

	2008	2009	2010 Quarter 3		Change	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 681	12 907	13 009	100.0	101	0.8
<i>Agriculture</i>	768	654	641	4.9	-14	-2.1
- Formal agriculture	656	578	555	4.3	-23	-4.1
- Informal agriculture	111	76	86	0.7	10	12.8
<i>Non-agricultural employment</i>	11 638	11 085	11 246	86.5	161	1.5
- Formal non-agricultural	9 457	9 088	9 067	69.7	-20	-0.2
- Informal non-agricultural	2 181	1 998	2 179	16.8	182	9.1
<i>Private households</i>	1 275	1 168	1 121	8.6	-46	-3.9

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

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.

In Table 6, employment is disaggregated into three major sectors, namely agricultural, non-agricultural and private household employment. Within agricultural and non-agricultural employment, the formal and informal sectors are distinguished from each other.

As seen above, only a small proportion (4.9 percent) of total employment in South Africa is located within agriculture. Private households account for 9.6 percent of employment, with the remaining 86.5 percent located within the non-agricultural sectors. At the same time, South African employment is largely located in the formal sector: the 9.6 million individuals employed in this sector represent 74.0 percent of total employment in 2010Q3. The formal sector is slightly larger within agriculture than it is within the non-agricultural sectors: around 86 percent of agricultural employment is in the formal sector, compared to just under 81 percent of non-agricultural employment.

As is the case with total employment, no statistically significant changes were observed in any of the sectors between the 2009Q3 and 2010Q3. It appears that the majority of employment creation may have occurred in the informal non-agricultural sector, while the other sectors experienced a general decline. While the informal sector bore the brunt of job losses with the onset of the recession, it appears that it may be recovering sooner.

‘It appears that the majority of employment creation may have occurred in the informal non-agricultural sector’

South Africa's occupational distribution of employment is currently dominated by skilled workers, who account for 7.5 million individuals, (or 58.0 percent). Low skilled occupations (3.7 million individuals, or 28.8 percent) and high skilled occupations representing 13.8 percent of total employment follow. The occupational categories that account for the largest shares of total employment in the third quarter of 2010 are elementary workers (21.4 percent), service and sales workers (14.3 percent), and craft and related trades (12.4 percent)

The changes in employment by occupation between 2009Q3 and 2010Q3 were not statistically significant. However, it appears that employment may have increased for both skilled and high skilled occupations, while low skilled occupations may have experienced a decline. There is a large variation in the changes in employment within the skilled occupations. While technicians experienced a considerable decline in employment, those employed in services and sales occupations, as well as those employed as operators and assemblers, saw large increases in employment. Additionally, indications are that there are weaknesses in the demand for domestic workers and elementary workers.

Occupational Employment Trends

Table 7: Employment Trends by Occupation, 2009 Quarter 3 – 2010 Quarter 3

	2008	2009	2010 Quarter 3		Change	
	Quarter 3 (‘000s)	Quarter 3 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
Overall Employment	13 681	12 907	13 009	100.0	101	0.8
Managers	1 059	997	1 077	8.3	80	8.0
Professionals	729	704	709	5.4	5	0.7
<i>High Skilled</i>	1 788	1 701	1 786	13.7	85	5.0
Technicians	1 490	1 496	1 426	11.0	-70	-4.7
Clerks	1 462	1 435	1 414	10.9	-21	-1.4
Service and sales workers	1 783	1 794	1 859	14.3	65	3.6
Skilled agric. workers	99	73	76	0.6	3	4.3
Craft and related trades	1 884	1 571	1 609	12.4	38	2.4
Operators and assemblers	1 210	1 099	1 163	8.9	64	5.8
<i>Skilled</i>	7 928	7 467	7 547	58.0	80	1.1
Elementary occupations	2 967	2 815	2 788	21.4	-27	-1.0
Domestic workers	997	925	888	6.8	-37	-4.0
<i>Low Skilled</i>	3 963	3 739	3 675	28.3	-64	-1.7

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

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 employment may have increased for both skilled and high skilled occupations, while low skilled occupations may have experienced a decline’

Unemployment Trends

Table 8: Recent Unemployment Rate Trends, 2009 Quarter 3 – 2010 Quarter 3

	2008 Quarter 3 (Percent)	2009 Quarter 3 (Percent)	2010 Quarter 3 (Percent)	Change		
				Absolute (P.points)	Relative (Percent)	
Overall Unemployment Rate	27.5	31.1	33.1	2.0	6.4	†
By Race						
African	32.6	36.5	39.0	2.5	6.7	*
Coloured	20.7	23.9	24.8	0.9	3.8	
Asian	12.2	15.3	10.9	-4.4	-28.7	
White	4.7	6.0	6.5	0.5	8.3	
By Gender						
Male	23.9	28.4	29.5	1.1	3.9	
Female	31.7	34.2	37.3	3.1	9.2	*
By Age Group						
15 to 24 year olds	52.2	57.3	61.1	3.8	6.7	†
25 to 34 year olds	30.6	35.0	36.7	1.7	4.8	
35 to 44 year olds	19.8	22.5	23.7	1.2	5.3	
45 to 54 year olds	12.7	16.2	18.3	2.0	12.4	
55 to 65 year olds	9.3	10.2	12.1	1.9	18.1	
By Educational Attainment						
No education	20.3	25.2	29.4	4.2	16.6	
Grades 0 – 7	29.8	35.2	37.2	1.9	5.5	
Grades 8 – 11	35.3	39.5	41.6	2.1	5.2	
Grade 12	27.3	30.5	32.2	1.6	5.4	
Diploma/Certificate	11.7	12.8	15.4	2.6	20.4	
Degree	3.3	4.6	4.7	0.1	2.5	

Source: Own calculations, Statistics South Africa (2008; 2009; 2010).

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 one area in which there have been clear, unambiguous changes in the labour market has been in terms of the expanded or broad unemployment rate. Over the period as a whole, the expanded unemployment rate has risen from 31.1 percent to 33.1 percent, a rise of two percentage points.

Unemployment amongst Africans remains above the national average, having reached 39.0 percent during the third quarter of 2010 from 36.5 percent a year earlier. This represents a 2.5 percentage point increase in the rate of unemployment for this group over the period. The absolute increase in the unemployment rate for Africans is higher than for all other race groups, although changes for the latter are all statistically insignificant.

Women are considerably more likely than men to be unemployed in South Africa. In 2010Q3, 37.3 percent of female labour force participants were unemployed, compared to 29.5 percent of their male counterparts. Unemployment amongst women was also significantly up from a year earlier, having risen 3.1 percentage points from 34.2 percent, equivalent to a rate of growth of 9.2 percent. Female unemployment now stands almost six percentage points higher than the national average, with the gap between male and female unemployment rate appearing to have widened to almost eight percentage points over the period.

The relative disadvantage of young people in the labour market has been well documented, both internationally and within South Africa. This disadvantage is also evidenced by the high rate of unemployment amongst 15 to 24 year olds in all three QLFSs presented above. The expanded unemployment rate amongst this age-group is estimated at 61.1 percent in 2010Q3, almost twice the national average. The likelihood of unemployment is inversely proportional to age, falling to 36.7 percent amongst 25 to 34 year olds, to 23.7 percent amongst 35 to 44 year olds, to 12.1 percent amongst 55 to 65 year olds.

The highest unemployment rates by educational attainment are found, not amongst those with the lowest level of educational attainment, but amongst those with incomplete secondary education (41.6 percent) and those with complete primary education (37.2 percent). Almost one-third (32.2 percent) of matriculants are unemployed. The unemployment rate amongst those with no education is 29.4 percent, somewhat lower than for those with up to 12 years of education, largely due to the fact that the former group tend to be older and employed in sectors

‘Individuals aged between 15 and 24 years accounted for 32.0 percent of the increase in unemployment, despite accounting for just 17 percent of the expanded labour force’

and occupations where there may be less worker turnover and where their poor education and age is not a serious liability (e.g. farm workers).

Expanded unemployment rose by 606 000 individuals over the year ending in 2010Q3. The burden of the increase in unemployment was borne by a few cohorts defined by the demographic covariates utilised in the analysis. In terms of race, Africans accounted for 98.1 percent of the increase in unemployment or 594 000 of the 606 000 jobs lost. Around 55 percent of the increase in the level of unemployment was attributable to females, a proportion that is ten percentage points higher than their share of the labour force.

Individuals aged between 15 and 24 years accounted for 32.0 percent of the increase in unemployment, despite accounting for just 17 percent of the expanded labour force. In terms of educational attainment, those with incomplete secondary education and those with matric certificates accounted for almost 83 percent of the increase in broad unemployment, representing 51.8 percent and 31.0 percent respectively of the increase.

These findings confirm the difficulties currently being experienced in terms of creating sufficient employment opportunities for the growing number of young people who are exiting the education system with incomplete and even completed secondary education.

Table 9: Composition of Unemployment Change

<i>Absolute Change</i>	<i>Thousands</i>
<i>Total Unemployment</i>	606 *
<i>Share of Change</i>	<i>Percent</i>
By Race	
African	98.1 *
Coloured	2.9
Asian	-3.0
White	2.0
By Gender	
Male	44.9 †
Female	55.1 *
By Age Group	
15 to 24 year olds	32.0 †
25 to 34 year olds	33.2
35 to 44 year olds	17.8
45 to 54 year olds	12.0
55 to 65 year olds	4.9
By Educational Attainment	
No education	0.7
Grades 0 – 7	7.0
Grades 8 – 11	51.8 *
Grade 12	31.0 †
Diploma/Certificate	8.0
Degree	0.8

Source: Own calculations, Statistics South Africa (2009; 2010).

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

Conclusion

While the South African economy appears to have recovered from the recession – real GDP in 2010Q3 was just 0.3 percent lower than its peak in 2008Q4 (South African Reserve Bank 2011) – there has been little evidence of the recovery in the labour market. Employment in 2010Q3 was marginally, though statistically insignificantly, up from a year earlier at 13.0 million. The continued weak employment performance has seen both the levels and rates of expanded unemployment rise. The most striking change in the labour market is the continued surge in discouragement: the number of discouraged workseekers grew by 400 000 over the period, an increase of almost one-quarter over the 12 month period. Thus, the conclusion remains that job losses as a result of the recession were translated into falling narrow labour force participation, growing discouragement and rising broad unemployment rates.

Changes in employment over the period according to the four demographic covariates analysed were generally not statistically significant, apart from the continued rapid decline in the number of employed individuals with no formal education. Nevertheless, estimates from the QLFSs point to possible divergence in the employment fortunes by gender. Employment of males increased by around 280 000, compared to a decline in female employment of almost 180 000 over the period. Future analyses will hopefully be able to confirm the existence, or not, of this phenomenon, particularly as it has important impli-

cations in terms of poverty and inequality within South African society. At the same time, employment trends amongst 15 to 24 year olds will also require attention, given the observed, though statistically insignificant, decline in employment for this cohort over the period.

Sectorally, it appears that the tertiary sector may be responsible for the bulk of employment growth over the period. In the previous factsheet, covering 2009Q2 to 2010Q2, the evidence suggested that job losses were concentrated in the formal non-agricultural sector, with virtually no impact observed in terms of informal employment. In contrast, between 2009Q3 and 2010Q3, it appears that the informal non-agricultural sector may have been responsible for the observed increase in employment. Again, these changes are not statistically significant, but perhaps point to a lag between formal sector job losses and the absorption of the newly unemployed into informal sector employment.

Expanded unemployment rates continued to rise over the period, with the national average rising from 31.1 percent to 33.1 percent. Three groups saw statistically significant increases in their unemployment rates, namely Africans, females and 15 to 24 year olds. This finding echoes the trends observed between 2009Q2 and 2010Q2.

References

- South African Reserve Bank (2011), *Quarterly Bulletin - Historic Macroeconomic Information*. Database available (online): <http://www.reservebank.co.za>. Accessed: 2 February 2011.
- Statistics South Africa (2008), *Quarterly Labour Force Survey*, 2008 Quarter 3. Dataset.
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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	13.649 [13.224; 14.075]	5.371 [5.138; 5.604]	28.2 [27.335; 29.142]
2008 Q2	13.762 [13.316; 14.207]	5.198 [4.985; 5.41]	27.4 [26.542; 28.287]
2008 Q3	13.681 [13.245; 14.116]	5.196 [4.967; 5.425]	27.5 [26.591; 28.461]
2008 Q4	13.874 [13.43; 14.318]	5.044 [4.82; 5.268]	26.7 [25.77; 27.555]
2009 Q1	13.665 [13.227; 14.103]	5.401 [5.152; 5.649]	28.3 [27.353; 29.301]
2009 Q2	13.400 [12.963; 13.836]	5.644 [5.386; 5.902]	29.6 [28.654; 30.621]
2009 Q3	12.907 [12.474; 13.341]	5.825 [5.584; 6.066]	31.1 [30.119; 32.074]
2009 Q4	12.995 [12.56; 13.43]	5.852 [5.611; 6.094]	31.1 [30.068; 32.034]
2010 Q1	12.836 [12.411; 13.261]	6.151 [5.908; 6.394]	32.4 [31.417; 33.373]
2010 Q2	12.777 [12.352; 13.202]	6.221 [5.968; 6.474]	32.7 [31.744; 33.744]
2010 Q3	13.009 [12.539; 13.478]	6.431 [6.138; 6.723]	33.1 [32.028; 34.135]

Source: Own calculations, Statistics South Africa (2008; 2009; 2010; and various other years).

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