

# MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE SOUTH AFRICAN  
LABOUR MARKET FOR THE YEAR  
ENDING 2012 QUARTER 2

OCTOBER 2012

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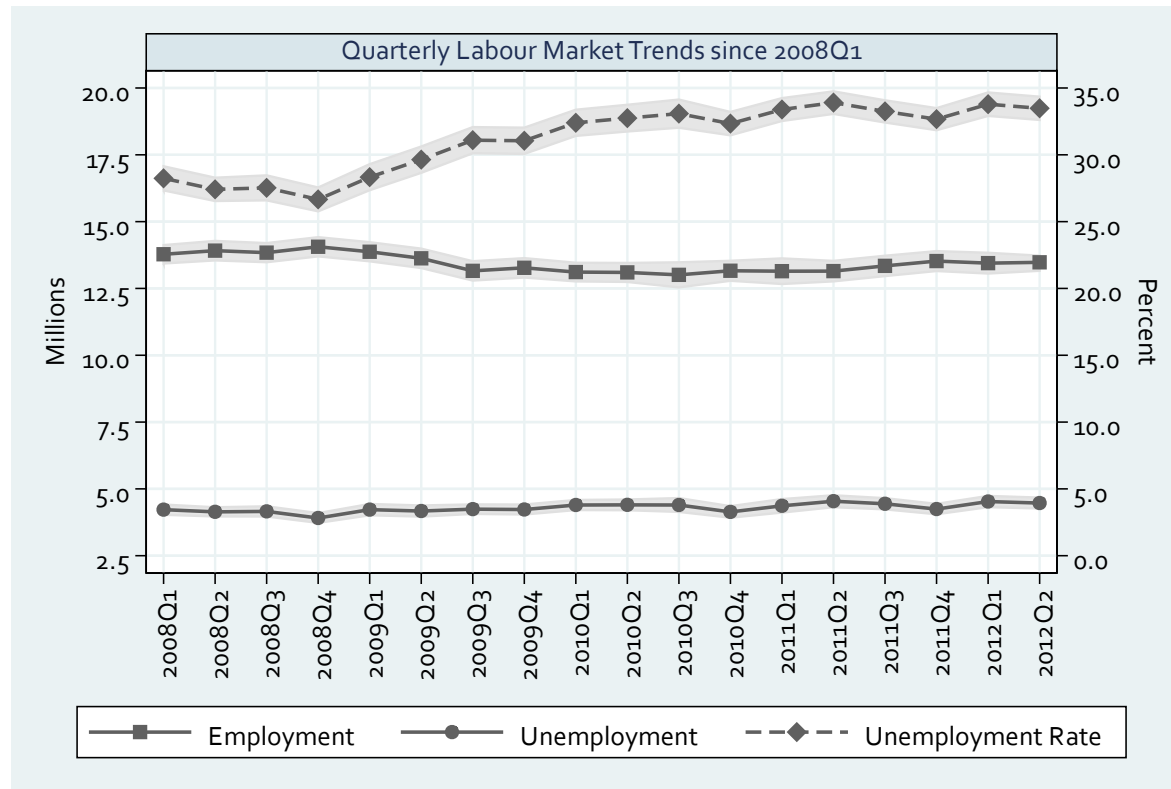
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# RECENT LABOUR MARKET TRENDS

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.

South Africa's economic growth rate has increased to 3.2 percent per annum in 2012Q2, slightly higher than the 2.7 percent in the previous quarter. Despite this improvement, economic growth remains considerably lower than the post-recession peak of 4.6 percent per annum in 2012Q2 and has proven too weak to create significant numbers of new jobs.

Figure 1 presents the trends in South African employment and unemployment since the introduction of the Quarterly Labour Force Survey (QLFS) in 2008. Having lost more than one million jobs between 2008Q4 and 2010Q3, the labour market is showing signs of a sustained, yet very gradual, recovery. Increases in employment have been accompanied by decreases in both broad and narrow unemployment. By 2012Q2, it is estimated that employment reached 13.5 million, although this figure is not statistically different from that observed a year earlier, or from the peak employment level recorded in 2008Q4.

Since 2008Q4, the level and rate of unemployment has increased significantly. Using the expanded definition of unemployment, which includes the non-searching unemployed, it is estimated that there were nearly 6.8 million unemployed individuals in 2012Q2, equivalent to 33.5 percent of the expanded labour force. Of these, 2.3 million or just over one-third are not actively seeking employment (i.e. they are discouraged workseekers).

Employment is estimated at 13.5 million in 2012Q2 and, although this is 330 000 higher than a year earlier, the difference is not statistically significant. At the same time, the working age population has grown by almost half a million. Consistent with previous quarters, the annual rate of employment growth of 2.5 percent has again outpaced that of the working age population. For the first time since 2009Q1, employment growth is both positive and greater than growth in expanded unemployment and the expanded labour force. While none of these changes are statistically significant, the evidence does suggest a slow, yet sustained improvement within the labour market.

Further evidence of improvement in the labour market is the continued slowing of the rate of growth in discouraged workseekers. Growth in the number of discouraged workseekers of 4.8 percent between 2011Q2 and 2012Q2 is not statistically significant and is the lowest rate of growth since the recession. In absolute terms, annual growth of discouraged workseekers has slowed to 107 000 in 2012Q2, compared to 268 000 in the year until 2011Q2. On a quarter-on-quarter basis, the number of discouraged workseekers fell marginally in 2012Q2.

Participation rates have remained stable since 2011Q2: currently 54.2 percent of the working age population participate in the narrow labour force, while 61.1 percent are broad labour force participants. Employment growth combined with declining or stable unemployment levels have resulted in marginally lower unemployment rates over the past year.

## A LABOUR MARKET OVERVIEW

**Table 1: Labour Market Overview, 2011 Quarter 2 – 2012 Quarter 2**

	2010	2011	2012	Change ('11-12)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Relative
<b>Labour Market Aggregates (Thousands)</b>					
Working Age Population	32 163	32 652	33 137	485	1.5
Employment	13 099	13 148	13 477	329	2.5
Narrow Unemployment	4 401	4 538	4 470	-68	-1.5
Narrow Labour Force	17 500	17 686	17 947	260	1.5
Expanded Unemployment	6 340	6 745	6 783	38	0.6
Expanded Labour Force	19 439	19 893	20 260	367	1.8
Discouraged Workseekers	1 939	2 207	2 314	107	4.8
<b>Labour Force Participation Rate (Percent)</b>					
Narrow LFPR	54.4	54.2	54.2	-0.0	-0.0
Expanded LFPR	60.4	60.9	61.1	0.2	0.4
<b>Unemployment Rate (Percent)</b>					
Narrow Unemployment Rate	25.2	25.7	24.9	-0.8	-2.9
Expanded Unemployment Rate	32.6	33.9	33.5	-0.4	-1.3

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.

*'... annual growth of discouraged workseekers has slowed to 107 000 in 2012Q2, compared to 268 000 in the year until 2011Q2 ...'*

# LABOUR FORCE PARTICIPATION

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

Percent/Percentage Points	2010	2011	2012	Change ('11-'12)	
	Quarter 2	Quarter 2	Quarter 2	Absolute	Relative
<b>Overall LFPR</b>	<b>60.4</b>	<b>60.9</b>	<b>61.1</b>	<b>0.2</b>	<b>0.4</b>
<b>By Race</b>					
African	58.6	59.6	60.1	0.4	0.7
Coloured	66.6	64.3	65.3	1.0	1.6
Asian	61.5	61.1	57.0	-4.1	-6.7
White	69.1	68.0	67.3	-0.6	-1.0
<b>By Gender</b>					
Male	67.4	67.3	67.2	0.0	-0.1
Female	53.9	54.9	55.4	0.4	0.8
<b>By Age Group</b>					
15 to 24 year olds	32.9	32.7	31.5	-1.3	-3.9
25 to 34 year olds	80.2	81.2	82.4	1.1	1.4
35 to 44 year olds	81.0	82.2	83.3	1.1	1.3
45 to 54 year olds	72.5	72.6	73.2	0.6	0.8
55 to 65 year olds	41.4	40.7	40.0	-0.7	-1.7
<b>By Educational Attainment</b>					
No education	40.0	37.9	41.3	3.4	8.9
Grades 0 – 7	50.6	50.1	50.2	0.1	0.2
Grades 8 – 11	51.5	51.9	52.2	0.3	0.6
Grade 12	74.2	75.2	73.8	-1.4	-1.8
Diploma/Certificate	87.6	88.0	87.9	0.0	0.0
Degree	89.1	89.0	89.9	0.9	1.0

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 of South Africa's working age population participate within the broad labour force. By race, participation rates among Asians are lowest (57.0 percent), followed by Africans (60.1 percent), Coloureds (65.3 percent), and Whites (67.3 percent). Men are much likelier to participate within the labour market than women. In 2012Q2, over two-thirds (67.2 percent) of men were economically active, almost 12 percentage points higher than women (55.4 percent). LFPRs for both genders have remained unchanged from a year earlier.

The youngest and oldest members of the working age population are least likely to be economically active. Less than one-third (31.5 percent) of 15 to 24 year olds are active in the labour market, as are 40 percent of 55 to 65 year olds. These low LFPRs can be explained by involvement in education amongst the young, and retirement and early withdrawal from the labour force amongst the old. Although LFPR changes are not statistically significant, estimates since 2010Q2 suggest decreases in participation rates for the youngest and oldest age groups, compared to rises for the rest of the working age population. Participation is highest amongst 35 to 44 year olds (83.8 percent), followed by 25 to 34 year olds (82.4 percent) and 45 to 54 year olds (73.2 percent).

Participation rates are positively correlated with educational attainment. LFPRs for those with no education stand at 41.3 percent, rising to 73.8 percent for matriculants and reaching almost 90 percent for those with a diploma/certificate or university degree.

Africans account for the largest proportion of the roughly 13.5 million employed South Africans in 2012Q2, numbering almost 9.6 million and accounting for 70.9 percent of total employment. Whites account for 14.6 percent of total employment, while Coloureds and Asians account for 10.9 percent and 3.6 percent respectively. Table 4 shows that Africans account for the full net increase in employment over the period. The increase in employment for Coloureds is fully offset by the declines amongst Asians and Whites. However, none of the changes in employment are found to be statistically significant.

Men account for a large portion the employed (56.4 percent), outnumbering women by more than 1.7 million (12.8 percentage points). Estimates from previous factsheets have shown year-on-year growth in employment being greater in absolute terms for women than men. However, estimates in Table 3 show that this has changed. Despite this, women still enjoy a greater rate of employment growth and account for a relatively larger share of the net increase (relative to their current employment share) in employment over the period.

In 2012Q2, the majority of employment is concentrated between the ages of 25 and 54 years: these three age groups – 25 to 34 years, 35 to 44 years and 45 to 54 years – account for more than four out of five jobs nationally, or nearly 11.1 million out of the total of almost 13.5 million. The remaining 2.4 million workers are equally distributed above and below this age range. Interestingly, not only are 25 to 34 year >>>

## EMPLOYMENT TRENDS

**Table 3: Employment Trends, 2011 Quarter 2 – 2012 Quarter 2**

	2010	2011	2012	Change ('11-'12)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 099</b>	<b>13 148</b>	<b>13 477</b>	<b>329</b>	<b>2.5</b>
<b>By Race</b>					
African	9 084	9 227	9 557	330	3.6
Coloured	1 489	1 403	1 475	72	5.1
Asian	495	498	481	-17	-3.4
White	2 030	2 021	1 964	-56	-2.8
<b>By Gender</b>					
Male	7 408	7 422	7 598	176	2.4
Female	5 691	5 726	5 879	153	2.7
<b>By Age Group</b>					
15 to 24 year olds	1 336	1 318	1 217	-101	-7.6
25 to 34 year olds	4 361	4 314	4 519	205	4.7
35 to 44 year olds	3 716	3 800	3 993	193	5.1
45 to 54 year olds	2 540	2 529	2 551	22	0.9
55 to 65 year olds	1 146	1 187	1 197	10	0.8
<b>By Educational Attainment</b>					
No education	387	326	340	13	4.1
Grades 0 – 7	1 791	1 671	1 644	-27	-1.6
Grades 8 – 11	4 205	4 206	4 283	77	1.8
Grade 12	3 906	4 020	4 204	184	4.6
Diploma/Certificate	1 632	1 716	1 740	23	1.4
Degree	973	1 042	1 088	46	4.4

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.

olds and 35 to 44 year olds the two largest age groups within employment, but these two groups also experienced the fastest rates of employment growth over the year, namely 4.7 percent and 5.1 percent per annum respectively. While none of the changes in employment were found to be statistically significant, the decline of around 100 000 in employment of 15 to 24 year olds (-7.6 percent for the year) re-emphasises the issue of rising rates of youth unemployment in the absence of a decline in the size of the labour force within this age group.

*'... not only are 25 to 34 year olds and 35 to 44 year olds the two largest age groups within employment, but these two groups also experienced the fastest rates of employment growth over the year...'*

In 2012Q2, employment is almost evenly distributed between those with a completed matric education and those without. The two largest educationally-defined groups within total employment are those with incomplete secondary education (4.3 million or 31.8 percent of employment) and those with complete secondary education (4.2 million or 31.2 percent of employment). Two million individuals have no secondary education, while 2.7 million have some sort of tertiary education, of which 1.1 million have degrees. Despite the fact that employment

is estimated to be higher across all educational categories, except primary education, compared to a year earlier, these changes are statistically insignificant. The continued bias towards skilled workers of the country's current growth path is evident from the different employment growth rates observed across educational categories. Of the overall net expansion of employment since 2011Q2, more than three-quarters (76.9 percent) can be attributed to those with at least a completed secondary education.

A lack of statistical significance in the changes of the broad labour market aggregates makes meaningful analysis of the composition of changes in these aggregates extremely difficult. Table 4 provides an accounting of aggregate employment changes in terms of the various demographic groups, with Africans accounting for the full net increase in employment over the past year, and males accounting for 53.5 percent. Net job growth since 2011Q2 was more than fully explained by growth amongst 25 to 44 year olds. This growth was partially offset by a net decline in employment amongst 15 to 24 year olds, equivalent to 30.7 percent of the net rise in employment. Net employment growth over the period has generally been concentrated amongst individuals with at least incomplete secondary education, accounting for the full expansion of net employment since 2011Q2, with more than half of that growth accounted for by those with matric certificates.

**Table 4: Composition of Employment Change**

<i>Absolute Change</i>	<i>Thousands</i>
<b>Total Employment</b>	<b>329</b>
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	100.4
Coloured	21.9
Asian	-5.1
White	-17.1
<b>By Gender</b>	
Male	53.5
Female	46.5
<b>By Age Group</b>	
15 to 24 year olds	-30.7
25 to 34 year olds	62.3
35 to 44 year olds	58.7
45 to 54 year olds	6.8
55 to 65 year olds	2.9
<b>By Educational Attainment</b>	
No education	4.1
Grades 0 – 7	-8.2
Grades 8 – 11	23.3
Grade 12	55.9
Diploma/Certificate	7.1
Degree	13.9

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 in South Africa is the largest employment sector in the economy, employing 9.7 million individuals and accounting for 71.8 percent of overall employment in 2012Q2. It is followed by the secondary sector, employing 2.8 million workers (21 percent of total employment) and the primary sector with around one million workers (7.4 percent).

The largest industries, in terms of employment, are community, social and personal (CSP) services (3.0 million or 22.4 percent of total employment) and wholesale and retail trade (3.0 million or 22.0 percent). These two industries, together with financial and business services (12.9 percent) and manufacturing (12.5 percent), account for almost 70 percent of total employment in the South African economy.

For the year ending 2012Q2, no employment changes at the industry level were statistically significant. Estimates suggest that aggregate employment gains for the year were observed within the primary (+118 000 jobs) and tertiary (+290 000 jobs) sectors, while the secondary sector lost 81 000 jobs. The majority of employment gains were in the tertiary sector (88.2 percent), with the largest employment gains occurring in the CSP services (+182 000 jobs). Most jobs lost within the secondary sector can be attributed to manufacturing (-54 000 jobs), followed by construction (-33 000 jobs). The secondary sector has seen three consecutive quarters of decline in employment, preceded by six successive quarters (since 2010Q2) of employment stagnation, indicating continued weakness in its labour market.

## SECTORAL EMPLOYMENT TRENDS

**Table 5: Employment Trends by Industry, 2011 Quarter 2 – 2012 Quarter 2**

	2010	2011	2012 Quarter 2		Change ('11-'12)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 099</b>	<b>13 148</b>	<b>13 477</b>	<b>100.0</b>	<b>329</b>	<b>2.5</b>
Agriculture, forestry and fishing	630	599	640	4.8	42	7.0
Mining and quarrying	315	282	357	2.7	76	26.9
<b>Primary Sector</b>	<b>945</b>	<b>880</b>	<b>998</b>	<b>7.4</b>	<b>118</b>	<b>13.4</b>
Manufacturing	1 713	1 737	1 683	12.5	-54	-3.1
Electricity, gas and water	97	93	99	0.7	6	6.6
Construction	1 050	1 045	1 012	7.5	-33	-3.2
<b>Secondary Sector</b>	<b>2 860</b>	<b>2 875</b>	<b>2 795</b>	<b>20.7</b>	<b>-81</b>	<b>-2.8</b>
Wholesale and retail trade	2 913	2 948	2 969	22.0	21	0.7
Transport, storage and communication	768	777	794	5.9	17	2.2
Financial and business services	1 729	1 708	1 741	12.9	33	1.9
Community, social and personal (CSP) services	2 717	2 837	3 018	22.4	182	6.4
Private households	1 160	1 120	1 158	8.6	38	3.4
<b>Tertiary Sector</b>	<b>9 287</b>	<b>9 390</b>	<b>9 680</b>	<b>71.8</b>	<b>290</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 2 – 2012 Quarter 2**

	2010	2011	2012 Quarter 2		Change ('11-'12)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 099</b>	<b>13 148</b>	<b>13 477</b>	<b>100.0</b>	<b>329</b>	<b>2.5</b>
<i>Agriculture</i>	630	599	640	4.8	42	7.0
- Formal agriculture	544	513	556	4.1	43	8.4
- Informal agriculture	86	86	85	0.6	-1	-1.1
<i>Non-agricultural employment</i>	11 309	11 430	11 679	86.7	249	2.2
- Formal non-agricultural	9 111	9 213	9 590	71.2	378	4.1
- Informal non-agricultural	2 197	2 217	2 089	15.5	-128	-5.8
<i>Private households</i>	1 160	1 120	1 158	8.6	38	3.4

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.

Table 6 disaggregates employment into the agricultural, non-agricultural and private household sectors, while within agricultural and non-agricultural employment, formal and informal sector employment is distinguished. The majority of South Africa’s employment is located within the non-agriculture sector (86.7 percent), with private households (8.6 percent) and agriculture (4.8 percent) accounting for the remainder. Formal employment dominates within both the agricultural and non-agricultural sectors, accounting for 75.3 percent of overall employment in 2012Q2. The informal sector (16.1 percent of total employment) is around twice the size of the employment provided by private households.

Although none of the changes shown in Table 6 are statistically significant, the 2012Q2 estimates echo previous findings in showing that annual employment growth has been concentrated within the formal sector, whether this has been in the agricultural or non-agricultural sector. Since 2011Q2, formal non-agricultural employment expanded by around 380 000, more than fully accounting for the net increase in employment over the period. Employment in formal agriculture also appeared to have recovered slightly. Conversely, informal employment contracted by almost six percent over the year ending in 2012Q2.

*‘[Employment] growth has been concentrated within the formal sector ... Since 2011Q2, formal non-agricultural employment expanded by around 380 000, more than fully accounting for the net increase in employment over the period.’*



In 2012Q2, low-skilled, skilled and highly skilled workers accounted for 3.9 million, 7.7 million and 1.9 million jobs respectively. The largest occupational category is elementary workers, which numbers 3.0 million and accounts for 22.0 percent of total employment. This is followed by services and sales workers (14.5 percent), and technicians, craft and related trades, and clerks that each account for between 10 and 12 percent of total employment. Although none of the changes over the previous twelve months were statistically significant, it appears that increases in employment have been concentrated amongst low-skilled (+172 000) and skilled (+161 000) occupations, while employment amongst the high-skilled remained constant.

Further disaggregation of the change in occupational employment indicates that elementary occupations (+134 000) and technicians (+108 000) accounted for 73.6 percent of the net employment gain since 2011Q2. As a result, employment growth in absolute terms has been centred within the low-skilled and skilled occupations. The largest proportional growth rates in employment were experienced by professionals (+7.6 percent), followed by technicians (+7.3 percent), elementary occupations (+4.7 percent) and domestic workers (+4.4 percent). Although the results from Table 7 are statistically insignificant, the evidence points towards increases in employment for low-skilled and skilled workers over the period.

## OCCUPATIONAL EMPLOYMENT TRENDS

**Table 7: Employment Trends by Occupation, 2011 Quarter 2 – 2012 Quarter 2**

	2010	2011	2012 Quarter 2		Change ('11-'12)	
	Quarter 2 (‘000s)	Quarter 2 (‘000s)	Total (‘000s)	Share (Percent)	Absolute (‘000s)	Relative (Percent)
<b>Overall Employment</b>	<b>13 099</b>	<b>13 148</b>	<b>13 477</b>	<b>100.0</b>	<b>329</b>	<b>2.5</b>
Managers	1 019	1 129	1 066	7.9	-62	-5.5
Professionals	761	763	821	6.1	58	7.6
<i>High Skilled</i>	1 780	1 892	1 887	14.0	-5	-0.2
Technicians	1 437	1 473	1 581	11.7	108	7.3
Clerks	1 469	1 359	1 407	10.4	48	3.5
Service and sales workers	1 886	1 947	1 958	14.5	10	0.5
Skilled agric. workers	115	71	67	0.5	-4	-6.0
Craft and related trades	1 594	1 577	1 583	11.7	6	0.4
Operators and assemblers	1 089	1 121	1 114	8.3	-7	-0.6
<i>Skilled</i>	7 589	7 549	7 710	57.2	161	2.1
Elementary occupations	2 835	2 830	2 964	22.0	134	4.7
Domestic workers	895	879	917	6.8	38	4.4
<i>Low Skilled</i>	3 730	3 708	3 881	28.8	172	4.7

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 none of the changes over the previous twelve months were statistically significant, it appears that increases in employment have been concentrated amongst low-skilled ... and skilled ... occupations’*

# UNEMPLOYMENT TRENDS

**Table 8: Expanded Unemployment Rate Trends, 2011 Quarter 2 – 2012 Quarter 2**

	2010	2011	2012	Change ('11-'12)	
	Quarter 2 (Percent)	Quarter 2 (Percent)	Quarter 2 (Percent)	Absolute (P.points)	Relative (Percent)
<b>Overall Unemployment Rate</b>	<b>32.6</b>	<b>33.9</b>	<b>33.5</b>	<b>-0.4</b>	<b>-1.3</b>
<b>By Race</b>					
African	38.0	39.4	38.7	-0.6	-1.6
Coloured	25.8	28.4	26.9	-1.5	-5.3
Asian	12.7	12.8	11.0	-1.9	-14.6
White	7.8	5.9	6.6	0.7	11.8
<b>By Gender</b>					
Male	29.4	30.3	29.8	-0.5	-1.6
Female	36.4	38.0	37.7	-0.4	-0.9
<b>By Age Group</b>					
15 to 24 year olds	60.3	60.9	62.7	1.8	2.9
25 to 34 year olds	36.4	38.8	37.7	-1.0	-2.7
35 to 44 year olds	23.1	24.8	24.3	-0.5	-2.1
45 to 54 year olds	17.5	18.3	18.4	0.1	0.6
55 to 65 year olds	12.9	10.3	10.6	0.3	2.8
<b>By Educational Attainment</b>					
No education	26.2	31.1	30.2	-0.9	-2.7
Grades 0 – 7	35.7	36.9	36.3	-0.6	-1.6
Grades 8 – 11	40.8	42.7	42.9	0.2	0.4
Grade 12	33.0	34.1	32.8	-1.3	-3.7
Diploma/Certificate	14.8	15.5	15.0	-0.5	-3.1
Degree	5.2	4.7	5.6	0.9	18.5

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 searching and non-searching individuals, stands at 33.5 percent in 2012Q2. This rate is virtually unchanged both year-on-year (-0.4 percentage points) and quarter-on-quarter (-0.3 percentage points), with neither change being statistically significant. Since the recession, South Africa has experienced persistently high unemployment rates of above 30 percent, and the current rate is 6.9 percentage points higher than the pre-recession low of 26.7 percent observed in 2008Q4. However, annual and quarterly estimates seem to suggest that the expanded unemployment rate has peaked and is slowly decreasing.

The high level of inequalities in South Africa's labour market are commonly described using the different rates of unemployment across racial, gender, age and educational groups. Africans have the highest incidence of unemployment: currently at 38.7 percent, this is roughly 50 percent higher than that of the Coloureds (26.9 percent), three-and-a-half times higher than that of Asians (11 percent), and almost six times that of Whites (6.6 percent).

Women remain considerably more likely to be unemployed than men. In 2012Q2, the expanded unemployment rate for women stands at 37.7 percent, almost eight percentage points higher than that of men. The difference in the expanded unemployment rates of men and women has increased both year-on-year and quarter-on-quarter. These differences in unemployment rates by gender are not necessary evidence of gender discrimination within the labour >>>

market, but may also reflect differing characteristics of male and female workers (i.e. education attainment, age etc.).

There is an inverse relationship between unemployment and age, with older age groups being less likely to be unemployed compared to younger age groups. In 2012Q2, the rate of unemployment amongst 15 to 24 year olds was 62.7 percent, almost double the national average and 25 percentage points higher than that of 25 to 34 year olds. Over the year ending in 2012Q2, 15 to 24 year olds experienced the largest increase in unemployment rate, namely 1.8 percentage points. Analysis of youth labour market trends suggests that, despite the youth having superior educational attainment, they remain unable to find employment. (Development Policy Research Unit, 2012) The inability to generate sufficient jobs, both skilled and unskilled, has resulted in increasingly larger young cohorts of workseekers. Lower unemployment rates amongst the oldest members of the workforce can partially be explained by individuals opting out of the labour force (retirement), rather than remaining unemployed for an extended period of time.

Estimates of unemployment rates reveal the non-linear relationship between the unemployment rate and educational attainment. Low levels of education are accompanied by high levels of unemployment, increasing from an unemployment rate of 30.2 percent for those with no education to 42.9 percent for those with an incomplete secondary education. Thereafter, the unemployment rate decreases, from 32.8

percent for matriculants to 5.6 percent for those with a tertiary degree. It is important to note that those who are poorly educated are often found in older cohorts. These individuals are located in sectors or occupations that experience less worker turnover and mobility. These individuals, upon losing employment, may therefore not remain unemployed for long, particularly where they are able to exit the labour market through retirement and access the state old age pension.

Table 9 decomposes unemployment changes across categories of race, gender, age group and educational attainment. Total unemployment increased marginally (+38 000), though statistically insignificantly, since 2011Q2. Africans account for over 140 percent of the net increase in unemployment, and females account for 100 percent of the rise. The majority of the increase in unemployment was accounted for by 35 to 44 year olds (72.2 percent), while those with incomplete education accounted for more than 200 percent of the increase.

**Table 9: Composition of Unemployment Change**

<i>Absolute Change</i>	<i>Thousands</i>
Total Unemployment	38
<i>Share of Change</i>	<i>Percent</i>
<b>By Race</b>	
African	141.2
Coloured	-35.8
Asian	-37.0
White	31.5
<b>By Gender</b>	
Male	-2.3
Female	102.3
<b>By Age Group</b>	
15 to 24 year olds	-28.6
25 to 34 year olds	17.3
35 to 44 year olds	72.2
45 to 54 year olds	24.9
55 to 65 year olds	14.2
<b>By Educational Attainment</b>	
No education	0.1
Grades 0 – 7	-105.8
Grades 8 – 11	201.8
Grade 12	-68.5
Diploma/Certificate	-19.6
Degree	33.7

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

Labour market shifts over the year ending in 2012Q2 presented here are consistently statistically insignificant. Despite this, the data and estimates suggest that the dip in the labour market recovery experienced in the previous quarter was likely due to seasonal factors. The decrease in the unemployment rate, accompanied by increases in employment, show growing signs of the recovery gaining momentum. While the broad unemployment rate is still very close to the post-recession peak of 33.9 percent; the growth of employment, which outpaced all the other labour market indicators, along with the increased pace of economic growth provide further indications of a positive future outlook.

Although none of the figures are statistically significant, employment over the past year is estimated to have grown by roughly 330 000. For the first time since the recession employment growth has outpaced, labour force and unemployment (narrow and expanded) growth. The narrow unemployment rate has declined while growth in discouraged workers continues to slow and decline, although statistically insignificantly, on a quarter-on-quarter basis.

The tertiary sector remains the leading source of employment growth, accounting for around 90 percent of all employment growth. The secondary sector, though, has continued its downward trend, experiencing its third successive quarter of year-on-year decline. CSP

services is the largest source of employment growth, accounting for 55 percent of net employment growth since 2011Q2. The primary sector experienced a statistically insignificant increase in employment, representing a third successive quarter of year-on-year growth. Overall, employment growth was driven by the formal sector, with the non-agricultural formal employment responsible for 115 percent of net employment growth. Job creation has benefited the low skilled and skilled, but employment of the highly skilled was virtually unchanged over the period.

The commonly established patterns of labour market inequalities in South Africa remain. Unemployment remains primarily concentrated amongst with the Africans, Coloureds, females, the youth and those without a matric certificate.

The results shown here provide clear indications that the slowdown in the labour market recovery observed in the 2012Q1 QLFS was temporary and likely due to seasonal factors. While the labour market remains fragile, indications are that a slow recovery may be underway – a recovery that requires further economic growth to sustain.

## REFERENCES

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# 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]

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

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