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Department:
Statistics South Africa
REPUBLIC OF SOUTH AFRICA

Private Bag X44, Pretoria, 0001, South Africa, ISibalo House, Koch Street, Salvokop, Pretoria, 0002
www.statssa.gov.za, info@statssa.gov.za, Tel +27 12 310 8911

MEDIA RELEASE

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Quarterly Labour Force Survey (QLFS) – Q2:2020

The results of the Quarterly Labour Force Survey (QLFS) for the second quarter of 2020 indicate that the number of employed persons decreased by 2,2 million to 14,1 million compared to the first quarter of 2020. This unprecedented change is the largest quarter one to quarter two decline since the survey began in 2008. Contrary to what one might expect in the face of such a large decline in employment, unemployment declined substantially as well – decreasing by 2,8 million to 4,3 million compared to quarter 1 of 2020, and resulting in a decrease of 5,0 million (down by 21,4%) in the number of people in the labour force. Despite the massive decline in employment, the number of discouraged work-seekers, like the number of unemployed, decreased by 447 000, and the number of people who were not economically active for reasons other than discouragement increased by 5,6 million between the two quarters, resulting in a net increase of 5,2 million in the not economically active population.

These changes resulted in a significant decrease of 6,8 percentage points in the official unemployment rate from 30,1% in quarter 1 2020 to 23,3% in quarter 2 2020. This is the lowest rate recorded since Quarter 3 2009. This sharp fall in the unemployment rate in quarter 2 is not a reflection of an improvement in the labour market but rather an effect of the national lockdown, since the official definition of unemployment requires that people look for work and are available for work. In essence, the national lockdown hindered people from looking for work, so this significant decline in unemployment while employment is declining is inherent in the official definition of unemployment. The unemployment rate according to the expanded definition of unemployment increased by 2,3 percentage points to 42,0% in quarter 2 2020 compared to quarter 1 2020, reflective of the fact that people were available for work but did not actively look for work. Almost all of the 5,2 million people who did not look for work for reasons other than discouragement indicated “national lockdown” as the main reason for not looking for work.

This phenomenon of a greater increase in inactivity than in unemployment is not unique to South Africa. It has been observed in most countries across the world, with

the exception of Canada and the United States, as highlighted in the recent ILO monitor: COVID-19 and the world of work report.¹ So, the picture observed in South Africa is in line with the rest of the world.

Employment decreased in all sectors in quarter 2 2020. Formal sector employment decreased by 1,2 million (10,8%); the Informal sector shed 640 000 (21,9%) jobs; Private households shed 311 000 (23,6%) jobs, and employment in Agriculture declined by 66 000 (7,6%). All industries experienced job losses in quarter 2 2020 compared to quarter 1 2020. The industries which recorded the highest job losses were Community and social services (515 000), Trade (373 000), Private households (311 000), Finance (283 000), Construction (278 000) and Manufacturing (250 000). Employment also contracted in all industries year-on-year. The highest job losses were observed in Trade (482 000), Community and social services (379 000), Manufacturing (334,000) and Construction (297 000).

To capture changes brought about by the national lockdown, some additional questions were included in the quarter 2:2020 questionnaire. Respondents were asked if they were working from their usual place of work or working from home; whether they continued to receive salaries during lockdown; whether they received full or reduced salary; whether they would be returning to the same job/business after the lockdown; and whether they thought they might lose their jobs or their businesses would close in a foreseeable future due to COVID-19.

Of the 14,2 million persons who were employed in the second quarter of 2020, more than half (58,1%) were expected to work during the national lockdown by the companies/organisations they work for. Although most of those who worked during the national lockdown did so from their usual place of work, about 17,0% indicated that they worked from home. The proportion of those who worked from home was higher in Gauteng and Western Cape than in the other provinces. The share of those who worked from home was higher among professionals (44,7%) and Managers (40,6%) indicating access to tools of the trade to facilitate work from home for these workers.

The majority of employed persons continued to receive pay during the lockdown. However, about one in five of them had a reduction in their pay/salary. There seems to be some relationship between level of education and reduction in pay/salary. Almost

¹ ILO Monitor: COVID-19 and the world of work. Sixth edition. Updated estimates and analysis. https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_755910.pdf

9 in every 10 employed graduates (89,7%) continued to receive a full salary, compared to 75,2% of those with less than matric as their highest level of education

Editor's note: In the second quarter of 2020 the Quarterly Labour Force Survey data was collected using Computer Assisted Telephone Interviewing (CATI), not the usual face-to-face interviews. This change was brought about by the national lockdown. As such, data could not be collected from full sample but only from households for which contact numbers were available. This introduced bias which was adjusted for and the details on how the adjustment was done are contained the statistical release.

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For technical enquiries, contact:

Ms Gwen Lehloenya
Acting Deputy Director-General: Population and Social Statistics
Tel: 012 310 8333
Cell: 082 888 2323
Email: GwenL@statssa.gov.za

Ms Malerato Mosiane
Acting Chief Director: Labour Statistics
Tel: 012 310 8688
Cell: 082 888 2449
Email: MaleratoM@statssa.gov.za

For media enquires contact:

Ms Felicia Sithole
Cell: 076 430 0693
Email: FeliciaS@statssa.gov.za