

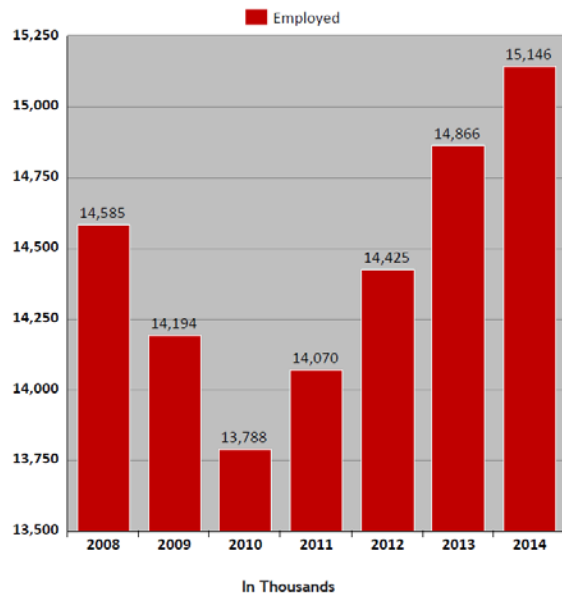
# “LABOUR MARKET DYNAMICS IN SOUTH AFRICA, 2014” REPORT

## PRESS STATEMENT

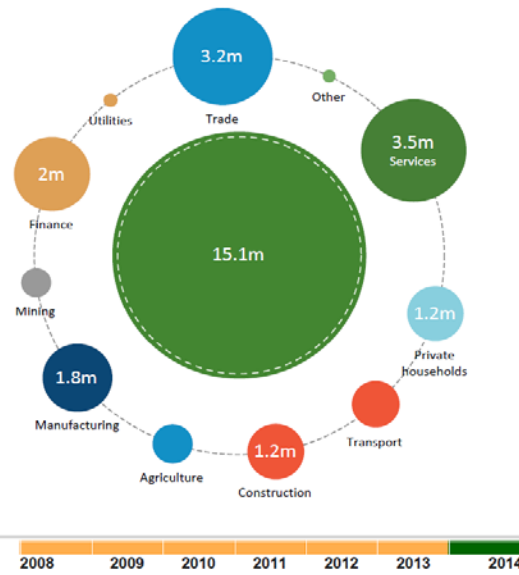
APRIL 2015

### Labour Market Dynamics 2014

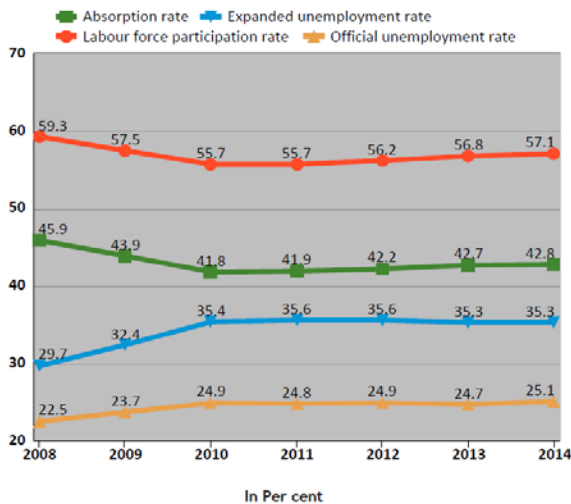
Total employment, 2008-2014



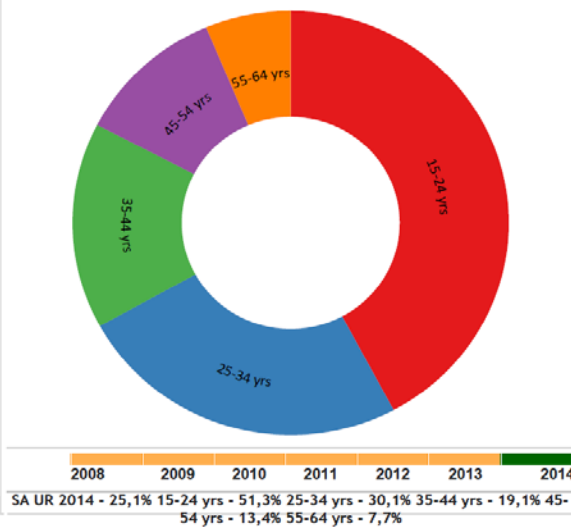
Employment by industry, 2014



Labour market rates 2008-2014



Unemployment rate by age, 2014



## Highlights

The effects of the 2008–2009 global financial crisis on the South African economy continued to linger in 2014. This, combined with factors such as constrained electricity supply and labour unrest, has negatively impacted on the performance of the economy. Slowing growth rates over the period 2010–2013 (averaging 2,7%), continued into 2014 owing to a protracted strike in the Mining industry in the first half of the year. While employment levels increased by 1,1 million since 2011, the unemployment rate continues to rise, while the absorption rate has not yet recovered to pre-recessionary levels.

### The South African labour market

- Between 2008 and 2014, the number of employed persons increased from 14,6 million to 15,1 million; however, the number of unemployed persons increased from 4,3 million to 5,1 million, resulting in an increase in the unemployment rate from 22,5% in 2008 to 25,1% in 2014. In addition, the absorption rate in 2014 at 42,8% was still 3,1 percentage points below the peak reached in 2008.
- Labour market rates vary by province; with the exception of Limpopo, unemployment rates increased in all provinces, most notably by 10,5 percentage points in Free State and 7,1 percentage points in Northern Cape. The unemployment rate in Limpopo declined by 13,2 percentage points to 16,5% in 2014 due to a shift into discouragement.
- The absorption rate also declined in all provinces, and although it increased in Limpopo, this province had the second lowest rate in both 2008 and 2014. Reflecting the changes in employment and unemployment over the period 2008–2014, the labour force participation rate declined in five provinces, with Limpopo reflecting the lowest rate in both years.
- Young people experience higher unemployment rates and lower absorption rates relative to adults. In addition, the unemployment rate for young people aged 15–24 years increased from 45,6% in 2008 to 51,3% in 2014, constituting the largest increase among all age groups. Unemployment rates for persons with a qualification less than matric is close to three times that of persons with a tertiary qualification; the unemployment rate for this group also increased by the largest percentage over the period 2008–2014 (3,3 percentage points).

### Employment patterns and trends

- Employment gains between 2008 and 2014 by industry highlight that the largest gains were observed in Community and social services (717 000), Finance (248 000) and Transport (108 000).
- The Community and social services industry (23,1%) was the biggest employer in seven of the nine provinces, while the Trade industry (21,1%) remained the second largest contributor to employment in all provinces. However, in Western Cape and Mpumalanga, Trade was the biggest employer, while the Mining (2,8%) and Utilities (0,8%) industries remained the smallest employers.
- When comparing 2008 and 2014, the gain in employment by occupational categories was mainly due to a rise in Sales (468 000), Manager (234 000) and Clerical (110 000) occupations.
- Over the period 2008 to 2014, employment levels in the formal sector increased by 739 000 to 10,8 million in 2014, while in the informal sector, employment was virtually unchanged at 2,4 million (up 13 000 jobs since 2008)
- Between 2008 and 2014, the average weekly hours worked declined from 45 to 43 hours. Average hours worked by men were consistently higher compared to those of women.
- The number of underemployed persons declined from 651 000 in 2008 to 602 000 in 2014 as the number of employed increased by 504 000 to 15,1 million in 2014. This resulted in a decline in the underemployment rate of 0,5 of a percentage point, from 4,5% in 2008 to 4,0% in 2014.

- While the share of employees working excessive hours declined, men were more likely to work excessive hours than women. The proportion of employees who were members of a trade union declined over the period 2008 to 2014, most notably in the Community and services industry, while the proportion of unionised employees increased in the Mining and Utilities.
- Gender disparities continue to exist in terms of access to benefits. Despite rising for both men and women, a higher proportion of male employees were entitled to paid sick leave. The proportion of employees who had access to pension/retirement fund contributions by their employer increased from 45,5% in 2008 to 48,9% in 2014, while access was higher among male employees relative to female employees. In 2014, more than 50% of employees indicated that their salary increment was negotiated by the employer only; it was also the only category to show an increase between 2011 and 2014.
- Median monthly earnings for employees increased from R2 900 in 2010 to R3 033 in 2014, however the level was unchanged from 2013. While gender disparities still remain, within-gender inequality increased over the period, in particular between the top and bottom of the income distribution. Earnings inequalities among population groups are evident; in 2014, an employee from the white population group earned close to four times the median earnings of a black African employee.
- Between 2010 and 2014, earnings levels increased in all industries, with the exception of Community and personals services (down R1 000). The largest increase in earnings was observed in Mining (R2 000), Utilities (R1 000) and Agriculture (R858). Earnings growth over the period was robust in skilled occupations, in particular Managers (R5 000) and Professionals (R4 400).
- At provincial level, median earnings in 2014 was highest in Gauteng and the Western Cape while earnings increased the most over the period 2010–2014 in Gauteng (R833), Free State (R500) and the Western Cape (R423).
- Between 2010 and 2014, the number of persons engaged in own-use activities as a percentage of the working-age population declined from 16,1% to 14,3%, as the number of persons engaged in subsistence agriculture declined.
- Between 2011 and 2014, fetching of water or collecting wood/dung was the main own-use activity undertaken by South Africans aged 15–64 years. This type of activity is not counted as employment in South Africa and is predominately undertaken by women, black Africans, those who have never married, young people between the ages of 15 and 34 years, the less educated, and persons residing in KwaZulu-Natal, Eastern Cape and Limpopo.

## **Labour market dynamics**

- Between 2010 and 2014, panel data constructed from the Quarterly Labour Force Survey (QLFS) over the two quarters (Q3 to Q4) indicate that the employed are more likely to remain employed. In 2010, 93,9% remained in employment while in 2014, the percentage was 93,0%.
- Provincial variation in employment retention rates is evident. In 2014, employment retention rates ranged from a high of 95,4% in Western Cape to 88,2% in Eastern Cape. Over the period 2010–2014, retention rates declined in all provinces with the exception of Western Cape (1,5 percentage points) and Limpopo (1,2 percentage points), where rates increased.
- In 2010, only 10,3% of the unemployed found employment between Q3 and Q4; however, by 2014, this increased to 13,0%.
- The informal sector serves as a point of entry to the formal sector; however, provincial disparities are evident. Between Q3 and Q4: 2014, 19,9% of individuals who worked in the informal sector in Western Cape found a job in the formal sector, in contrast to only 9,0% of informal sector workers in Limpopo who found a formal sector job.

- The informal sector does not provide for stable employment. Nationally, 15,1% of informal sector workers moved out of employment, while in Eastern Cape and Mpumalanga, more than one in five of those employed in the informal sector moved out of employment in the subsequent quarter.
- The analysis identifies that certain factors hinder the transition into employment for those without jobs; in particular, lack of experience, being female, and being a young person.
- While young people are less likely to transition into employment compared to adults, in 2014 these transition rates were highest in provinces such as Western Cape (6,9%), Mpumalanga (6,4%) and Gauteng (6,1%).
- Experience and education levels play an important role in improving the chances of finding a job. At provincial level, the unemployed with no previous work experience have a very slim chance of finding employment in Western Cape, Northern Cape and KwaZulu-Natal. In 2014, a person without a job but with a tertiary-level education was nearly twice as likely to find employment on a quarterly basis compared to those without a job and less than a matric.

## **Unemployment patterns and trends**

- Unemployment in South Africa exhibits certain demographic characteristics, in particular, unemployment is concentrated amongst black Africans, the less educated, the youth, women and those without prior work experience. In 2014, individuals with less than a matric qualification accounted for 59,2% of the unemployed, down from 64,0% in 2008.
- Over the period 2008–2014, more than half of the unemployed indicated that they had a job prior to becoming unemployed. Search methods most utilised by the unemployed included enquiring at workplaces, with close to three out of five unemployed persons using this method. Between 2008 and 2014, the largest increase in a search method used was observed amongst unemployed persons answering job adverts or browsing the Internet for available jobs.
- Between 2008 and 2014, the number of long-term unemployed persons increased, with more than half of the unemployed looking for a job for more than a year. In 2014, those with a below-matric qualification accounted for 59,3% of the unemployed. The incidence of long-term unemployment was highest for those aged 45–54 years in both 2008 and 2014; however, the incidence increased most over the period for youth aged 15–24 years.
- A larger proportion of women compared to men were unemployed for a year or longer, while the black African population had the highest incidence of long-term unemployment among all population groups.
- The incidence of long-term unemployment for those without prior work experience was nearly double that of the unemployed who had worked before. In addition, between 2008 and 2011, the incidence of long-term unemployment increased from 74,5% to 81,8% for those with no prior work experience.

## **Government job creation programmes**

- Awareness about the Expanded Public Works Programme and other government job creation programmes increased from 42,8% to 52,0% in 2014. Women are more likely to participate in these programmes, with the share of women among those who participated increasing from 59,3% in 2011 to 63,1% in 2014.
- In 2011, a larger proportion of youth participated (51,1%), but by 2014 this had reversed in favour of adults (54,4%). In both 2011 and 2014, participation in the Expanded Public Works Programme was dominated by persons with an educational qualification lower than matric (65,6% and 69,9%).
- In 2014, Eastern Cape accounted for 22,7% of those who participated in these programmes, followed by Gauteng (17,0%) and KwaZulu-Natal (14,9%).

- In 2014, seven out of ten of those who participated in the EPWP and other government job creation programmes were employed, up from 56,9% in 2011. Between 2011 and 2014, the proportion of those who participated in these programmes and who were employed in Tertiary industries increased from 58,1% to 75,1%. The proportion of those persons employed in low-skilled occupations also increased from 51,1% to 72,4% over the period.
- Four out of every five participants who were employed had a formal sector job – a trend that has been continuing since 2011.

## **Youth in the labour market**

- The number of young people in the working-age population increased from 18,3 million in 2008 to 19,5 million in 2014. Over this period, the number of employed youth declined by 467 000 to 6,0 million, while the number of unemployed increased by 319 000 to 3,4 million.
- Over the period 2008–2014, the education profile of young people improved; the share of young people with jobs who possessed a below-matric level of education declined by 5,3 percentage points, while those with a matric and tertiary-level education increased by 1,8 and 3,6 percentage points respectively. Despite this improvement, one in every two unemployed youth had an educational qualification below matric.
- Young women in the labour force are better educated than young men. Amongst employed young women, 22,4% had a tertiary qualification and 42,3% had matric, compared to 15,8% and 35,7% respectively among employed men aged 15–34 years. The unemployment rate for youth with a tertiary qualification is more than half that of a young persons with a qualification lower than matric.
- Amongst unemployed youth, nationally 48,3% had previous work experience; however, this percentage varied substantially by province. In Western Cape, 60,8% of young people had worked before while in Limpopo, only 41,2% had previous work experience.
- Combined with high unemployment rates, the elevated levels of discouragement highlight the vulnerability of youth in the labour market. In addition, the vast majority of youth had less than a matric qualification. The percentage of the working-age youth who were discouraged increased from 4,2% in 2008 to 8,1% in 2014. In 2014, discouragement among youth was highest in Limpopo (12,3%), followed by Eastern Cape (11,8%) and North West (11,6%).
- The NEET rate increases with age, with more than 50% of young people above the age of 22 years not in employment, education or training. The NEET rate of black Africans is more than twice that of a young white person, while at provincial level, the NEET rate is highest amongst youth in Northern Cape (36,4%), North West (35,1%), and Eastern Cape (33,5%).
- In 2014, young women (33,9%) were more likely to be NEET compared to young men (28,8%). In South Africa, the NEET rate for youth who completed secondary and tertiary-level education was among the highest, suggesting that even the better educated youth in this country may be vulnerable in the labour market. As many as 43,1% of youth who hold a matric qualification and more than three in ten youth aged 15–24 years with tertiary qualifications were not in education, employment or training in 2014 (35,8%).

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