

**SPII Analysis of the Quarterly Labour Force Survey
P0211 Q3:2021**

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Q3:2021 Quarterly Labour Force Survey

Quarter: Three 2021

Quarterly Labour Force Survey, P0211. Statistics South Africa

Introduction

As we mark the end of another calendar year of the Corona pandemic and associated impact, The Studies in Poverty and Inequality Institute (SPII) presents our analysis of the main trends contained in the StatsSA Q3 2021 Quarterly Labour Force Survey as part of our commitment to making knowledge accessible to all. This snapshot includes national and provincial unemployment figures, trends, and trajectories from the third quarter of 2021, and we highlight the additional burden borne by women of the triple challenges of poverty, inequality and unemployment.

In the latest figures, the key findings reveal that

- The unemployment rates are the highest since the start of the QLFS in 2008.
- These changes resulted in the narrow or official unemployment rate increasing by 0.5 of a percentage point from 34.4% in the second quarter of 2021 to 34.9% in the third quarter of 2021 – while the real or expanded unemployment rate according to the expanded definition of unemployment increased by 2.2 percentage points to 46.6% in quarter 3 2021 compared to quarter 2 2021.
- The results of the Quarterly Labour Force Survey (QLFS) for the third quarter of 2021 show that the number of employed persons decreased by 660 000 in the third quarter of 2021 to 14.3 million.
- The number of unemployed persons decreased by 183 000 to 7.6 million compared to the second quarter of 2021, but increased by 1.1 million from a year ago, leading to a 17% increase in unemployed people from Q3 2020.
- The number of discouraged work-seekers increased by 545 000 (16.4%) quarter on quarter but rose by a staggering 43% from Q3 2020.
- The number of people who were not economically active for reasons other than discouragement increased by 443 000 (3.3%) between the two quarters resulting in a net increase of 988 000 in the not economically active population.

This analysis provides a bleak picture of the unemployment figures while also interrogating some of the neo-liberal economic policy thinking that tout job creation as a panacea to solving inequality and alleviating poverty in South Africa. Sadly though the burden of care work continues to disproportionately affect women, especially black and African women, yet they are the biggest casualties of loss of employment especially in the Covid induced climate of job cuts as will be revealed by the analysis. This also impedes the fundamental human right to live a life of dignity.

Key labour market indicators:

TABLE 1: Key Labour market indicators (Marked as Table A in StatsSA)

Table A: Key labour market indicators

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
	Thousand				Per cent		
Population 15–64 yrs	39 167	39 599	39 745	146	578	0,4	1,5
Labour force	21 224	22 768	21 925	-842	702	-3,7	3,3
Employed	14 691	14 942	14 282	-660	-409	-4,4	-2,8
Formal sector (non-agricultural)	10 306	10 200	9 628	-571	-678	-5,6	-6,6
Informal sector (non-agricultural)	2 456	2 686	2 695	9	238	0,3	9,7
Agriculture	808	862	829	-32	21	-3,8	2,6
Private households	1 121	1 194	1 130	-65	9	-5,4	0,8
Unemployed	6 533	7 826	7 643	-183	1 111	-2,3	17,0
Not economically active	17 944	16 832	17 820	988	-124	5,9	-0,7
Discouraged work-seekers	2 696	3 317	3 862	545	1 166	16,4	43,3
Other (not economically active)	15 248	13 515	13 958	443	-1 290	3,3	-8,5
Rates (%)							
Unemployment rate	30,8	34,4	34,9	0,5	4,1		
Employed/population ratio (absorption)	37,5	37,7	35,9	-1,8	-1,6		
Labour force participation rate	54,2	57,5	55,2	-2,3	1,0		

Due to rounding, numbers do not necessarily add up to totals.

SPII analysis

The working-age population grew in the third quarter of 2021 by 0.4% compared to the second quarter of 2021, however, the percentage of persons employed decreased by a staggering 4.4% in Q3. Meanwhile, “The number of discouraged work-seekers increased by 545 000 (up by 16.4%) and the number of people who were not economically active for reasons other than discouragement also increased by 443 000 (up by 3.3%) between the two quarters, resulting in a net increase of 988 000 in the not economically active population”, according to StatsSA.

Stats SA attributes the significant rise in the number of the Not Economically Active (NEA) population in Q3:2021 to the movement of people previously defined as employed and unemployed in Q2 to NEA in Q3:2021. We see an increase in the official or narrow definition of the unemployment rate in Q3 by 0.5% to 34.9% (7.6 million people in total). Of greater concern is the increase in the real or expanded definition of unemployment by 2.2 % to 46.6% (12.5 million people) in Q3:2021 compared to Q2:2021. These are the highest unemployment rates the country has witnessed since the start of the QLFS in 2008, commented the Statistician-General.

This data indicates a continued significant underutilization of the emerging and existing labour force in South Africa. It also points to the South African economy’s persistent inability to retain existing jobs and to generate new jobs for new labour market entrants. This is underlined by the significant loss of 571 000 jobs in the formal sector, the decrease in labour market participation by 2.3%, and a 1.8% decrease in labour market absorption in Q3:2021 compared to Q2. The full recovery of the economy remains under threat in light of the devastating impact of the Covid-19 pandemic and the concomitant lockdown restrictions implemented during Q3:2021.

Covid-19 lockdown restrictions implemented in Q3:2021 also account for the major decreases in private household employment (domestic employment) (down by 65000 jobs or 5.4%). This can be attributed to the reduced working hours for a huge majority of the formally employed

plus the shift to working from home which necessitated a cutting down on domestic services explicitly affecting women as the major employees in households.

TABLE 2: Employment by Province (Marked as Table D on StatsSA)

Table D: Employment by province

Province	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand				Per cent		
South Africa	14 691	14 942	14 282	-660	-409	-4,4	-2,8
Western Cape	2 216	2 256	2 225	-31	9	-1,4	0,4
Eastern Cape	1 212	1 235	1 216	-19	4	-1,5	0,3
Northern Cape	287	256	275	19	-11	7,3	-4,0
Free State	723	723	720	-3	-3	-0,4	-0,5
KwaZulu-Natal	2 389	2 421	2 297	-123	-91	-5,1	-3,8
North West	930	979	851	-128	-80	-13,1	-8,6
Gauteng	4 506	4 648	4 448	-200	-58	-4,3	-1,3
Mpumalanga	1 161	1 166	1 104	-62	-57	-5,3	-4,9
Limpopo	1 266	1 257	1 145	-112	-121	-8,9	-9,6

Due to rounding, numbers do not necessarily add up to totals.

TABLE 3: Unemployment rates by Province (Marked as Table F on StatsSA)

Table F: Unemployment rate by province

	Official unemployment rate					Expanded unemployment rate				
	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on-year change	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	30,8	34,4	34,9	0,5	4,1	43,1	44,4	46,6	2,2	3,5
Western Cape	21,6	25,8	26,3	0,5	4,7	29,1	29,1	30,3	1,2	1,2
Eastern Cape	45,8	47,1	47,4	0,3	1,6	51,2	53,0	54,5	1,5	3,3
Northern Cape	23,1	28,1	24,9	-3,2	1,8	44,0	50,3	49,1	-1,2	5,1
Free State	35,5	36,5	38,1	1,6	2,6	42,6	45,2	45,8	0,6	3,2
KwaZulu-Natal	26,4	32,5	28,7	-3,8	2,3	47,5	47,1	48,6	1,5	1,1
North West	28,3	35,2	35,7	0,5	7,4	46,5	46,9	52,2	5,3	5,7
Gauteng	33,7	35,4	37,0	1,6	3,3	41,0	42,7	44,9	2,2	3,9
Mpumalanga	27,8	35,2	37,5	2,3	9,7	45,6	46,5	49,7	3,2	4,1
Limpopo	26,3	30,4	32,5	2,1	6,2	46,9	49,9	54,5	4,6	7,6

SPII analysis:

Tables 2 and 3 above show the provincial employment figures as well as the provincial unemployment (official and expanded) rates. We see a massive increase of 2.2% in the expanded unemployment for Q3:2021 compared to the second quarter of 2021. As mentioned above, StatsSA has attributed this to the huge upsurge in the number of NEA people in Q3:2021 compared to the second quarter of 2021, particularly discouraged work-seekers.

Seven of the nine provinces have shown an *increase* in the number of *unemployed* people in Q3. According to the expanded unemployment rate for Q3:2021, the Eastern Cape and Limpopo had the joint highest unemployment rates at 54.5%, with the North West coming in third highest with an unemployment rate of 52.2%. In all three provinces, literally more than half of the labour market was unemployed. These are rural provinces where economic activity is always slower than more urbanised provinces. This generally leads to a push of people to more urbanised provinces, which requires highly proactive urban planning alerts to ensure that people's needs are accommodated as people adapt to survive..

The lowest unemployment rate was recorded by the Western Cape (30.3%), whilst the rest of the other five provinces recorded significantly higher unemployment rates averaging 48% among them.

Figure 1: Proportion of the unemployed by education level (Marked as Figure 13 in StatsSA)

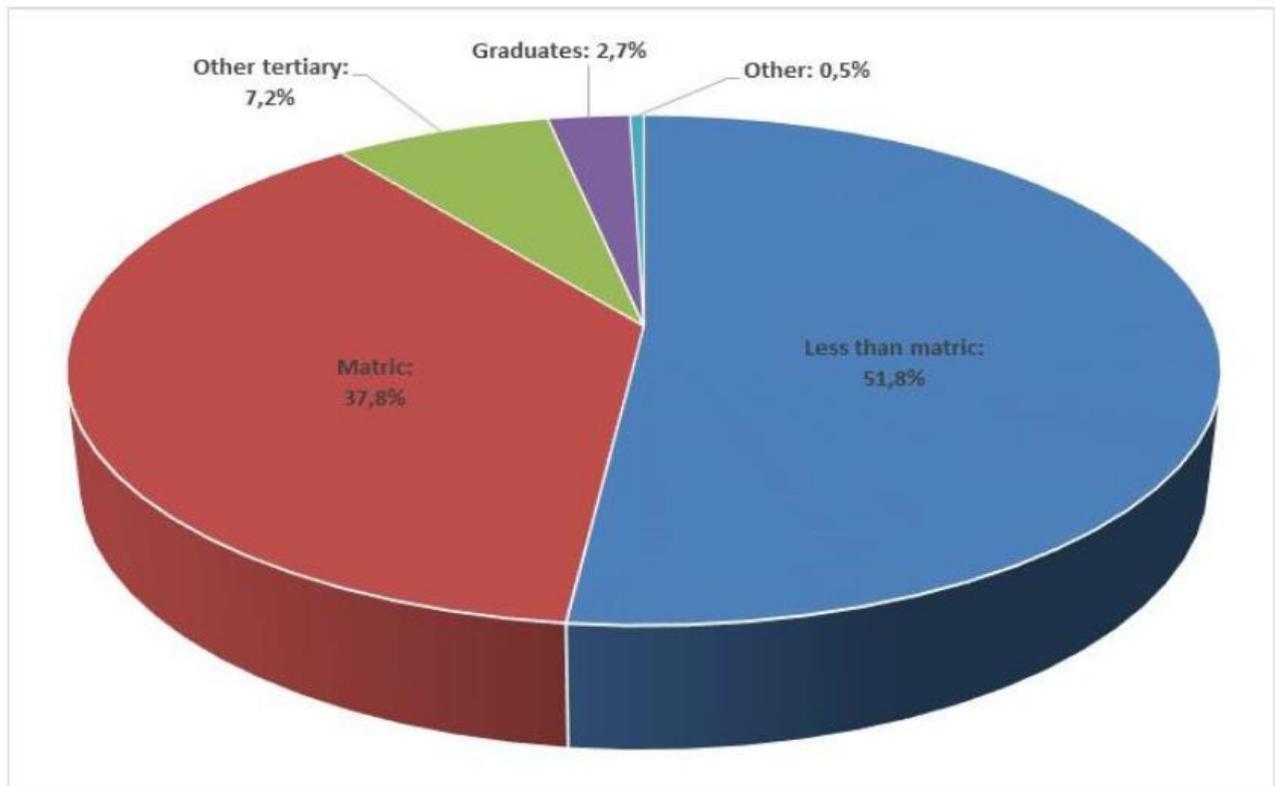


Figure 1 above shows that of the 7.6 million people who are unemployed in South Africa, 51.8% have no Matric qualification while 37.8% of them have matriculated. *This means that almost 90% of South Africa's unemployed population is without formal skills to enable their labour market participation.* Only 9.4% of unemployed persons are graduates or hold some form of tertiary qualification. This suggests that the South African economy is no longer structured to employ unskilled labour. This leaves us with a significant population of working-age people without a decent permanent source of income or any prospects of finding decent jobs.

Furthermore, the fact that almost 40% of unemployed people hold a Matric certificate suggests that not enough of our population is getting into institutions of higher learning. This is an issue that deserves further attention from the government as access to higher education has a

decisive influence on the life opportunities available to young South Africans, especially black and African youth.

The situation however is getting more difficult for unemployed graduates as well. The percentage of unemployed graduates has increased in Q3: 2021 by 0,3% (2.7%) as compared to Q2 (2.4%). Further disaggregation of this data by sex and geography would provide for more insights.

This great number of millions of under-skilled people in South Africa who exist without wage income or a permanent social security measure to provide them with the basic income security needed to survive and live a life of dignity in our country poses a serious question to the government's economic recovery plan. It also casts as incomprehensible the National Treasury's projected accumulated real spending cuts of 4.8% on social protection and 5.1% on social grants over the next three financial years as reported in the Minister of Finance Enoch Godongwana's recent Medium Term Budget Policy Speech in mid-November 2021.

Not in Employment, Education or Training (NEET analysis) Figures

2(a) and (b) (Marked as figures 14a and b on StatsSA)

Figure 14a: NEET rates for youth aged 15–24 years by sex

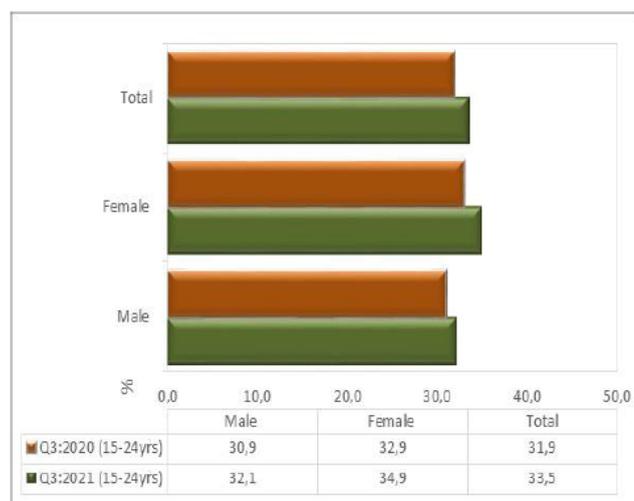
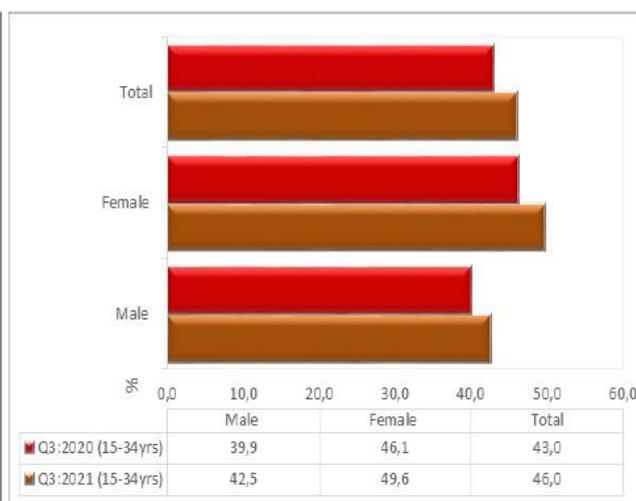


Figure 14b: NEET rates for youth aged 15–34 years by sex



SPII analysis

The above NEET analysis refers to those who are between the ages of 15-24 (a) and in the second figure (b), to those between the ages of 15 and 34 years old - neither employed, getting an education or gaining skills through development training. There are about 10,3 million young people aged 15-24 years, in Q3:2021, 33,5% were in employment, education, or training- 1.6% higher than in Q3:2020. The inability for the youth to enter into the work force or improve their skills through training means that a vast number of the youth end up being excluded from a realistic path to long-term income or the ability to maintain a household. The impact of a lack of access to such avenues to gain an income has been seen to be a root cause of much devastation in our social structure.

The above figure demonstrates that women still continue to be more economically disadvantaged than men. In Q3:2021, youth aged 15-34, there were 49.6% of females who were not in employment, education and training as compared to the 42.5% of their male

counterparts. Data continuously shows that we still live in an unequal society where more opportunities favour men than women.

Youth Unemployment:

Youth unemployment has continued to rise in South Africa without a clear solution. Meanwhile, people between the ages of 18 and 59 remain excluded from their constitutional right to social assistance. Such a reality exists despite calls for a basic income guarantee (BIG) now being made from all sectors of society. This issue is not linked to the lack of education, training and the necessary skills required by the labour market. There are unemployed persons who have the necessary requirements and are still unable to get a job as can be seen in the long term unemployment figures below. The problem is clearly linked to a lack of appropriate work possibilities for people and the requisite resources to engage in job search activities. As a result, some of these young people have lost interest and hope in engaging the labour market despite having all the qualifications. Rising numbers of youth unemployment is critical and needs immediate intervention through the introduction of a permanent decent universal basic income guarantee.

Conditions of employment for employees

Figure 3 (Marked as figures 5 and 6 on StatsSA)

Figure 5: Quarter-to-quarter changes in nature of employment contract

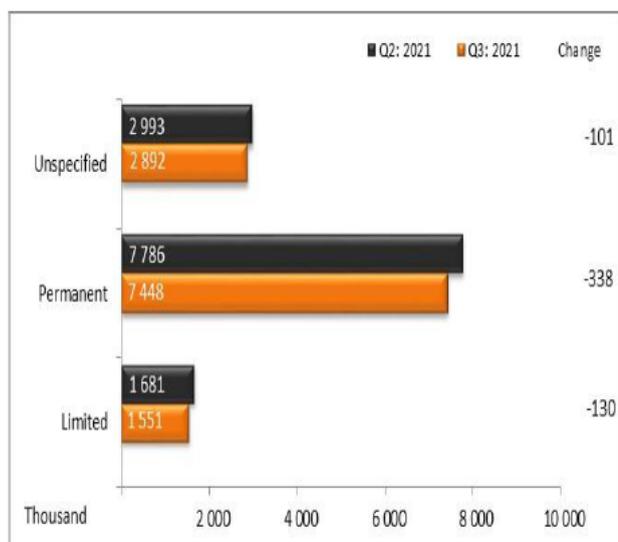
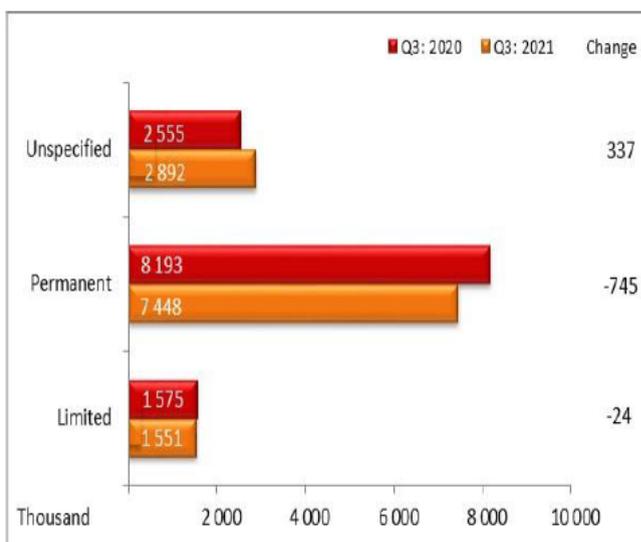


Figure 6: Year-on-year changes in nature of employment contract



SPII Analysis

Limited employment contracts relate to labor contracts that last for a specific amount of time, whereas unspecified employment contracts have no stated end date and can be terminated at any moment by the worker or the employer.

According to the latest QLF statistics, between Q2 and Q3 of 2021, the number of employees with contracts of unspecified duration decreased by 101 000, while those with contracts of a limited duration and contracts of a permanent nature also decreased by 130 000 and 338 000, respectively. The change in conditions of employment for employees can be attributed to the uncertain times that South Africa is going through due to the Covid-19 pandemic. As a result, businesses are finding it increasingly difficult to commit themselves to salaries they may be unable to meet. These figures point to the changing nature of employment contracts and the failure of companies to give permanent employment contracts.

Data shows that the only employment increase was observed in the informal sector (9 000) in Q3: 2021, the latter can be explained by a return to trading following the easing of lockdown restrictions while employment losses were observed in the formal sector (571 000), the hotel and restaurant industry took a heavy knock from the lockdown period with some businesses closing permanently.

Year on year comparisons showed a drop in all three types of employment contracts, the year-on-year comparisons indicate that the number of employees with contracts of unspecified duration increased by 337 000, while the number of employees with permanent employment contracts and contracts of limited duration decreased by 745 000 and 24 000, respectively. This indicates that employers are moving away from permanent contracts and moving towards limited employment contracts and unspecified contracts in an effort not to tie themselves to salaries they may not be able to meet. Such contracts continue to pose grave danger to employees because they are legally based on a month-to-month basis and often do not include supplementary benefits such as medical insurance or pension payments.

Table 4: Employment by occupation (Marked as Table C on StatsSA)

Table C: Employment by occupation

Occupation	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand				Per cent		
Total	14 691	14 942	14 282	-660	-409	-4,4	-2,8
Manager	1 313	1 406	1 342	-64	30	-4,5	2,2
Professional	1 019	992	946	-46	-72	-4,6	-7,1
Technician	1 318	1 320	1 235	-84	-82	-6,4	-6,2
Clerk	1 526	1 474	1 411	-63	-115	-4,3	-7,6
Sales and services	2 400	2 322	2 149	-173	-251	-7,4	-10,5
Skilled agriculture	61	45	63	18	2	40,5	3,8
Craft and related trade	1 575	1 599	1 526	-73	-49	-4,5	-3,1
Plant and machine operator	1 216	1 242	1 219	-22	3	-1,8	0,3
Elementary	3 384	3 605	3 534	-71	150	-2,0	4,4
Domestic worker	864	892	856	-36	-8	-4,0	-0,9

**Note: Total includes 'Other' occupations.*

Due to rounding, numbers do not necessarily add up to totals.

SPII Analysis

All occupation categories saw a decline in employment except skilled agriculture. The skilled agriculture sector saw an increase of 18 000 jobs. The largest decrease in employment were reported in the sales and services sector (173 000). This decrease in employment can be explained by the reduced working hours in the service sector and continuous countrywide lockdowns. Year on year comparisons showed a 251 000 decrease in the sales and service sector. Other occupations recording quarterly losses include Domestic workers (-4,0%), Elementary (-2,0%), Technicians (-6,4%) and Craft and related trade (-4,5%).

Of a particular concern to SPII are the job losses in the Domestic worker category (36 000). This decrease can be explained by the reduced working hours for a huge majority of the formally employed plus the shift to working from home which did necessitate a cutting down on domestic services explicitly affecting women as the major employees in households.

Domestic work tends to be done by low-income black women, many of whom are migrants. Not only do these women bear the brunt of care work and other domestic labour, but they are

also more vulnerable to economic shocks, exacerbated by their exclusion from receiving social assistance. Domestic worker jobs typically lack any form of work contract, which excludes them from standard employment protection. As such, domestic workers are some of the most vulnerable and marginalised members of our community. The sustained loss of domestic worker positions during the last quarter, combined with the general lack of year-over-year improvement, is a serious source of concern that requires our attention.

Table 5: Employment by industry (Marked as Table B on StatsSA)

Table B: Employment by industry

Industry	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand				Per cent		
Total*	14 691	14 942	14 282	-660	-409	-4,4	-2,8
Agriculture	808	862	829	-32	21	-3,8	2,6
Mining	419	398	345	-54	-74	-13,5	-17,7
Manufacturing	1 460	1 415	1 402	-13	-58	-0,9	-4,0
Utilities	90	118	96	-23	5	-19,2	5,7
Construction	1 080	1 222	1 157	-65	78	-5,3	7,2
Trade	3 008	3 087	2 778	-309	-231	-10,0	-7,7
Transport	878	969	964	-5	86	-0,5	9,8
Finance	2 434	2 248	2 386	138	-48	6,1	-2,0
Community and social services	3 381	3 401	3 191	-210	-190	-6,2	-5,6
Private households	1 121	1 194	1 130	-65	9	-5,4	0,8

*Note: Total includes 'Other' industries.

Due to rounding, numbers do not necessarily add up to totals.

Note: Utilities refers to Electricity, gas and water supply.

Trade refers to Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants.

Finance refers to Financial intermediation, insurance, real estate and business services.

SPII Analysis

Table B shows that jobs decreased in all industries with the exception of finance. The biggest losses came from Construction (65,000), Trade (309,000), Private households (65,000) and Community and Social Services (210, 000). The best performing industry over the last quarter was Finance, showing an increase of 138,000 jobs (6,1%). Financial sector jobs require high skill sets and so are not available to the millions of unemployed people with the low levels of skills we saw above.

The hospitality industry, which includes restaurants and hotels, is included in the Trade category recorded the biggest losses. The trade industry continues to be unduly affected by the discovery of new covid-19 variants and imposed lockdowns. By numbers, the Trade category recorded the biggest loss of jobs year-on-year. The continued shrinking in Manufacturing jobs speaks to the failure to localise productive beneficiation. As many have commented, the commitment by the state to just transitions means that mineworkers will need to be reskilled urgently ahead of the coal mine closures.

Table 6: Long term unemployed (Marked as Table 4 on StatsSA)

Table 4: Characteristics of the unemployed – South Africa									
	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Per cent	Per cent
Unemployed	6 533	7 233	7 242	7 826	7 643	-183	1 111	-2,3	17,0
Job losers	1 975	2 241	2 188	2 312	2 246	-66	271	-2,8	13,7
Job leavers	498	392	373	324	289	-35	-209	-10,7	-41,9
New entrants	2 486	2 850	2 926	3 114	3 158	44	672	1,4	27,0
Re-entrants	315	358	360	335	305	-30	-10	-9,0	-3,2
Other	1 258	1 392	1 395	1 741	1 645	-97	387	-5,5	30,7
Unemployed	6 533	7 233	7 242	7 826	7 643	-183	1 111	-2,3	17,0
Long-term unemployment (1 year and more)	4 537	5 199	5 450	5 987	6 003	16	1 466	0,3	32,3
Short-term unemployment (less than 1 year)	1 996	2 034	1 792	1 839	1 641	-198	-356	-10,8	-17,8
Long-term unemployment (%)									
Proportion of the labour force	21,4	23,4	24,5	26,3	27,4	1,1	6,0		
Proportion of the unemployed	69,4	71,9	75,3	76,5	78,5	2,0	9,1		
Those who have worked in the past 5 years									
Previous occupation	2 789	2 991	2 921	2 971	2 840	-130	52	-4,4	1,9
Manager	90	91	68	55	83	28	-6	51,1	-6,8
Professional	58	76	47	65	49	-16	-9	-25,0	-16,3
Technician	162	181	156	170	153	-17	-9	-10,0	-5,7
Clerk	309	329	306	348	371	23	62	6,6	20,1
Sales and services	467	527	546	521	523	2	56	0,4	12,0
Skilled agriculture	8	8	7	7	5	-2	-3	-26,6	-39,3
Craft and related trade	425	463	438	421	454	33	29	7,9	6,8
Plant and machine operator	278	274	226	243	238	-6	-40	-2,3	-14,5
Elementary	823	869	929	883	773	-110	-51	-12,5	-6,1
Domestic worker	165	165	167	212	192	-20	27	-9,4	16,3
Other	3	7	32	46					

For all values of 10 000 or lower, the sample size is too small for reliable estimates.
Due to rounding, numbers do not necessarily add up to totals.

SPII Analysis:

From the above table the structural nature of our unemployment crisis emerges. Over 78,5% of the unemployed fall into long term unemployment, which means that their chances of finding permanent employment drops considerably as the world of work moves on without them. We also see however the huge numbers of new entrants to the ranks of the unemployed (44 000) from Q2 2021 to Q3 2021 which will increase dramatically in the new year as people finish matric.

Conclusion and Recommendations:

The statistics unpacked in this document point to the alarming rise in unemployment and the disproportionate impact it has on the youth and black women. The subsequent increase in the poverty rate borne by the high unemployment figures amidst the job losses and company closures speaks to the need for a Basic Income Grant (BIG). Government's intervention of the social relief of distress grant (SRoD) was a step in the right direction. The high number of SRoD applications prove the dire need for such an intervention. However, more needs to be done, the latest unemployment figure from the QLFS prove the need to implement BIG as soon as possible.