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The Eastern Cape labour market at a glance: 2014 (Quarter 3) Fact Sheet

Key Terms

Official unemployment: the unemployed are defined as working-age individuals who wanted work and looked for employment. Those that wanted work but did not take any steps to look for employment (sometimes referred to as 'discouraged workers') are classified as economically inactive according to this definition.

Official unemployment rate =
$$\frac{\text{searching unemployed}}{\text{employed} + \text{searching unemployed}}$$

Expanded unemployment: the unemployed under the expanded definition includes all of the officially unemployed as well as those who wanted work but did not look for it. This is the preferred measure of unemployment given the available evidence that the non-searching unemployed are likely to be involuntarily unemployed.

Expanded unemployment rate =
$$\frac{\text{searching unemployed} + \text{nonsearching unemployed}}{\text{employed} + \text{searching unemployed} + \text{nonsearching unemployed}}$$

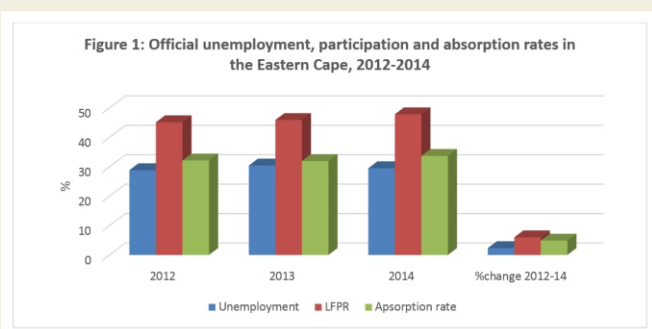
Labour force participation rate: the percentage of the total working age population (or the specified age group) that is economically active (i.e. employed or unemployed).

Absorption rate: the percentage of the total working age population (or the specified age group) that is employed.

QLFSS: Quarterly Labour Force Surveys undertaken every three months by Statistics South Africa

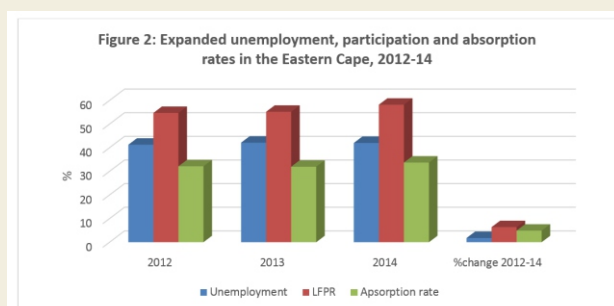
Trends in unemployment, labour force participation and employment

Between the 3rd quarter of 2012 and the 3rd quarter of 2014, the official unemployment rate in the province increased from 28.8% to 29.5%. In other words, unemployment increased slightly at about 2% over this short period. At the same time, the percentage of the province's total working age population that was employed (the absorption rate) also increased. Overall, however, the growth (6%) in the number and percentage of the working age population that was economically active (i.e. either working or looking for work) was even higher.



Source: QLFS 2012(3), QLFS 2013(3), QLFS 2014(3)

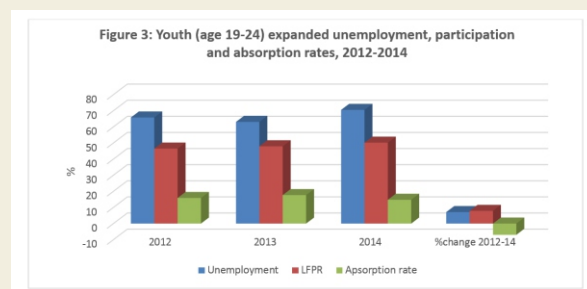
Perhaps a more appropriate way to assess the labour market is through the expanded definition of unemployment, which also includes those who wanted work but didn't necessarily look for a job. As highlighted in past NALSU Fact Sheets there is not necessarily a clear distinction between the searching and non-searching unemployed in South Africa and the non-searching unemployed are likely to be involuntarily unemployed. The use of the expanded unemployment rate (Figure 2) suggests a higher level of unemployment for the province. Under the broader definition of the labour force, unemployment increased from 41% to 42% between 2012 and 2014.



Source: QLFS 2012(3), QLFS 2013(3), QLFS 2014(3)

Unemployment among the youth (defined here as those aged 19 to 24, inclusive) is far higher than for the labour force as a whole. Among this group, many of whom are likely looking for employment for the first time, 70.6% are unemployed according to the expanded definition. Along with these very high levels

of unemployment among young people in the province, the data for the most recent period show that youth unemployment increased further (by about 7% over the period). The labour force participation rate also increased (by 8%) while the absorption rate for this age group decreased. This means that the increase in the rate of labour market participation was largely associated with an increase in unemployment among 19-24 year olds.

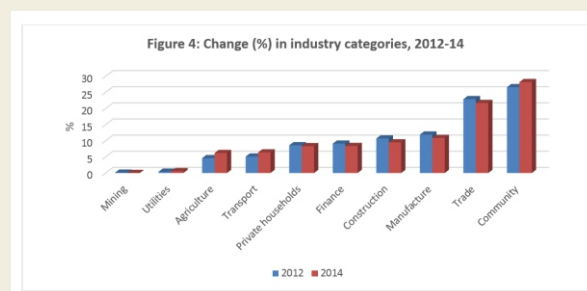


Source: QLFS 2012(3), QLFS 2013(3), QLFS 2014(3)

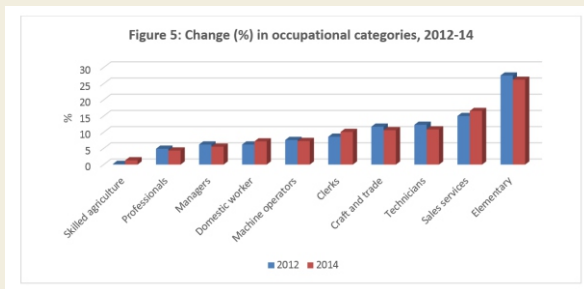
Sectoral trends in employment

In addition to an increase in overall rates of unemployment, there has been a slight shift away from several traditional sectors towards transport, agriculture and community and social services (Figure 4). In particular, the single largest employer in the province (the community and social services sector) increased its share of total employment by almost two percentage points. Overall, however, comparisons between the sectoral compositions of the workforce in the third quarter of each year suggest that there have been very small changes. The structure of the workforce is, therefore, largely unchanged over the period.

Those who were employed were, therefore, more likely to be working either in the public sector or in relatively low paying sectors with limited job security or social protection. This is confirmed by the findings in Figure 5 which show that the provincial workforce was, once again, concentrated in elementary occupations at the same time there were very small increases in the percentage of the work force engaged in sales, employed as clerks or as domestic workers.



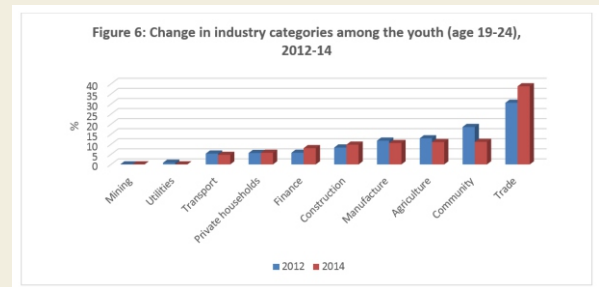
Source: QLFS 2012(3), QLFS 2014(3)



Source: QLFS 2012(3), QLFS 2014(3)

In examining the provincial youth workforce, Figure 6 shows that young people were increasingly absorbed into wholesale and retail trade. The increase in the percentage of young workers employed in these two sectors was from 30.6 per cent in 2012 to 38.8 per cent in 2014. At the same time, the community and

social services sector experienced a reduction in its share of the 19-24 year old workforce between the 3rd quarter of 2012 and the 3rd quarter of 2014 (from 19 per cent to 11 per cent).



Source: QLFS 2012(3), QLFS 2014(3)