

## Employment

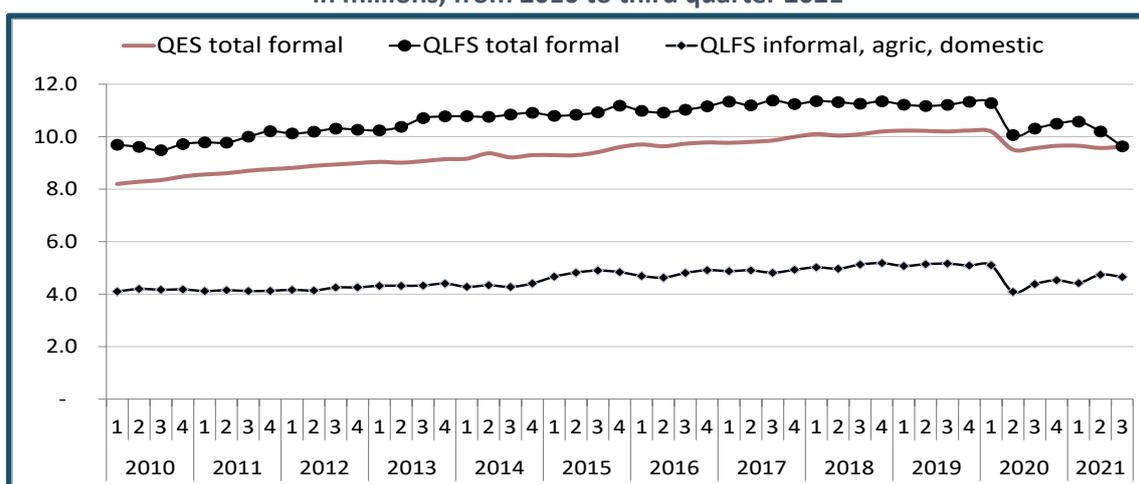
Statistics South Africa has delayed publication of the Quarterly Labour Force Survey (QLFS) for the fourth quarter of 2021 indefinitely because of a low response rate. The alternative source of information on formal employment, the Quarterly Employment Survey (QES), has since reported a 0.5% increase for the third quarter of 2021. The QES provides far less information than the QLFS on employment by industry, region, race and gender, so the resurrection of the QLFS, based on in-person interviews, is crucial for economic decision-making and monitoring in the future.

The QES reported that formal employment climbed by 50 000, or 0.5%, in the third quarter of 2021. That finding flatly contradicted the sharp fall reported by the QLFS for the quarter. As noted in the last edition of the *Real Economy Bulletin*, the QLFS findings were also out of line with other economic trends. They appeared to be distorted by a shift from in-person to telephone interviews due to pandemic restrictions, which in turn resulted in a much lower response rate and a less representative sample. The QLFS for the fourth quarter of 2021 has been delayed indefinitely as a result, which hopefully means the methodological challenges are now being tackled.

The QES is a survey of 20 000 VAT-registered businesses that relies on email and telephone interviews with business owners. It publishes its results around three months later than the QLFS and only provides information on the number employed in the formal sector and their total compensation by industry. The QLFS surveys 30 000 households. Its 150 variables include, among others, informal and domestic work, occupation, location, race, gender and education, and in the case of the jobless reasons for not working, actions to find work, and sources of support.

As the following graph shows, the two surveys showed the same long-run trends in formal employment before the pandemic. Since the pandemic began in early 2020, however, they have increasingly diverged, with a particular sharp gap between their findings in the third quarter of 2021.

**Graph 10. Formal employment according to the QES and QLFS, in millions, from 2010 to third quarter 2021**

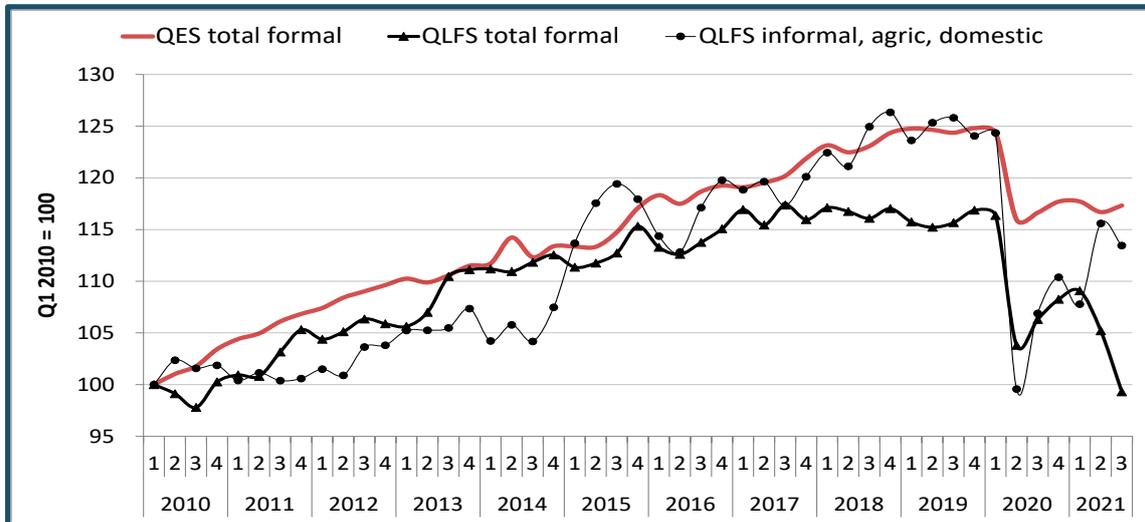


Source: Calculated from Statistics South Africa. QES Details Breakdown 200909\_202103 and QLFS Trends 2008-2021Q3. Excel workbooks. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in March 2022.

Graph 11 shows the divergence in growth rates by indexing figures from the two surveys from the first quarter of 2010. The trends are similar until 2017, when the QLFS began to show slower formal employment growth than the QES. Bigger differences emerged from the second quarter of 2020, when the pandemic started. In addition, the QLFS findings on formal employment

growth are almost twice as volatile as the QES (based on the standard deviation for growth rates). Its findings for employment outside the formal sector – that is, for informal, domestic and agricultural work, which account for around a third of all jobs – are three times as volatile as the QES.

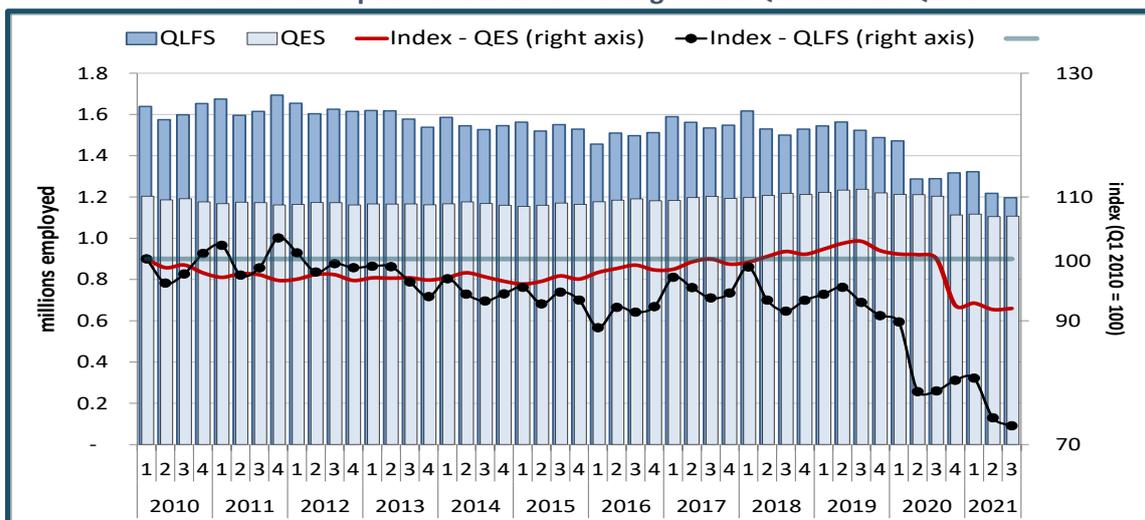
**Graph 11. Indices of employment in the QES and the QLFS, Q1 2010 = 100**



Source: Calculated from Statistics South Africa. QES Details Breakdown 200909\_202103 and QLFS Trends 2008-2021Q3. Excel workbooks. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in March 2022.

While both the QLFS and QES report disappointing results for formal manufacturing over the past decade, they differ strongly on the details. (Graph 12) The QLFS shows a long-run 6% decline in manufacturing employment from 2010 to 2019, followed by an almost 20% crash during the pandemic. In contrast, the QES found the formal manufacturing jobs grew 2% through the 2010s, with most of the improvement toward the end of the decade. For the pandemic, it reported a 9% fall – still a depression-level fall. Again, the indices underscore the very different growth rates the two surveys give for formal manufacturing jobs in the third quarter of 2021.

**Graph 12. Formal manufacturing employment in millions and indexed from the first quarter of 2010 according to the QES and the QLFS.**

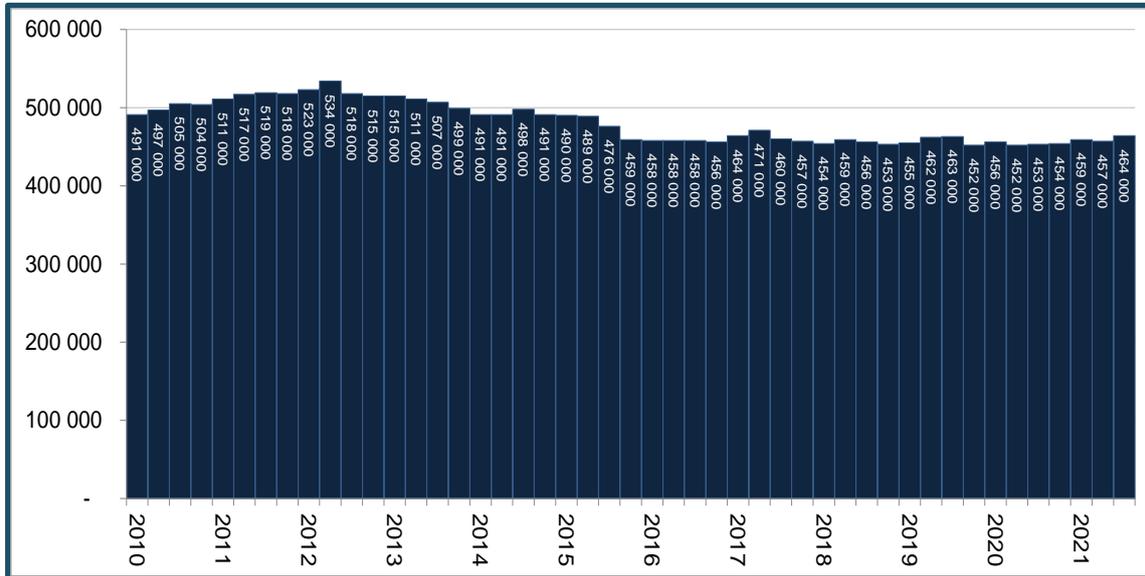


Source: Calculated from Statistics South Africa. QES Details Breakdown 200909\_202103 and QLFS Trends 2008-2021Q3. Excel workbooks. Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in March 2022.

Statistics South Africa has long argued that analysts should rely on the QES for mining employment data rather than the QLFS because household surveys, even large ones, cannot easily weight mining towns appropriately.

As Graph 13 shows, in the third quarter of 2021 employment in mining maintained a two-year trend of incremental growth, following a decade of shrinkage.

**Graph 13. Mining employment, Q1 2010 to Q3 2021**



Source: Stats SA. Quarterly Employment Survey. QES Details Breakdown 200909\_202103 Downloaded from [www.statssa.gov.za](http://www.statssa.gov.za) in March 2022.

The QLFS remains a critical instrument for industrial policy, as it is the only regular and current source on employment and incomes by industry, region, race and gender and skills level, among others. The challenge is to return as soon as possible to in-person interviews.

Unfortunately, the 2022 budget cuts Statistics South Africa’s budget for labour surveys by around 25% compared to its pre-pandemic level (measured as an average from 2014 to 2018). But the amounts required to maintain Statistics South Africa’s critical work, and specifically the QLFS, are trivial compared to the benefits this rich resource brings by helping policymakers and economic stakeholders make better decisions.