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NEVA MAKGETLA: The employment shift since the pandemic — and what to do about it

Job losses disproportionately affected younger workers and less skilled men and women

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People queue at the department of labour in Cape Town. File photo: NARDUS ENGELBRECHT/GALLO IMAGES

In the second quarter of 2020, SA lost more than 2-million jobs. It has now regained most of them. From the first quarter of 2022 to the first quarter of 2023 alone formal employment climbed by 1-million, or 10%.

Still, the economy now has almost 200,000 fewer jobs than before the pandemic. That's a 1.2% fall in employment in a

country where, since the 1980s, joblessness has far exceeded global norms. Moreover, while more educated people have gained opportunities, especially in the public and private services, the less educated have experienced mass job losses.

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In the past three years domestic services and construction shed labour at an extraordinary rate. In the first quarter of this year SA had 200,000 fewer female domestic workers than in the first quarter of 2020, while men had lost 170,000 construction jobs. These industries are unusually gendered. In domestic work about 75% of employees are women; in construction, 85% are men. The rest of the economy employs 45% of women. Most construction and domestic workers are relatively poorly educated, making it harder for them to find new jobs.

Excluding construction, the quarterly labour force survey found that the formal sector as a whole had 50,000 more jobs in the first quarter of 2023 than before the pandemic. The gains, though small, point to a recovery outside construction. That said, jobs gains and losses vary significantly by industry, age and gender.

In the past three years formal manufacturing lost jobs, mining was stable and services expanded employment. In early 2023 manufacturing employment was still down by 50,000 and retail was flat, but formal social, personal and business services added 150,000 jobs. Because the services overall require substantial education, this pattern accelerated the shift towards more knowledge-based work in the formal sector. From the first quarter of 2020 to the first quarter of this year the number of employed people with degrees climbed by more than 250,000, while those without matric fell 500,000.

The principle of “last in, first out” meant job losses disproportionately affected younger workers. In the three years to the first quarter of 2023 formal employment of people between 18 and 34 years old dropped by 250,000, while older workers gained 150,000. Young people lost the most jobs in formal construction, trade and manufacturing, though they gained 100,000 in social and personal services.

Formal sector shifts also had strongly gendered effects. On average, women have more education than men, with more than half of services and retail jobs and 60% in community services. Their total formal employment climbed 100,000 in the three years to the first quarter of 2023, while outside construction men lost 50,000 formal jobs. The share of women in total formal employment climbed from 43% in the first quarter of 2020 to 45% three years later. In 2008, it was 39%.

The loss of formal opportunities spurred growth in informal work, especially for men. In the three years to early this year 230,000 more men started informal work, while 90,000 women left it. The share of women in informal employment fell from 45% in 2008 to 39% in 2020, then dropped to 34% in the first quarter of 2023.

In short, the pandemic jobs crisis hit young people particularly hard and increased the payoff for qualifications. It opened some doors for people who managed to complete matric or university but closed them for less-qualified workers.

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These developments point to two priorities for economic policy. First, we need more extensive programmes to create opportunities on a mass scale for younger and less-educated people. That challenges the dominant industrial policy paradigm, which focuses on internationally competitive manufacturing.

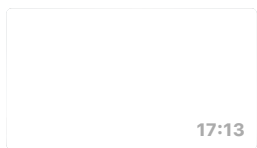
Second, SA must more urgently tackle persistently poor schooling in working class communities, which reproduces systemic class and race privilege largely by shaping later employment opportunities.

• *Makgetla is a senior researcher with Trade & Industrial Policy Strategies.*

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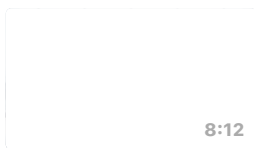
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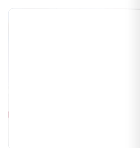
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