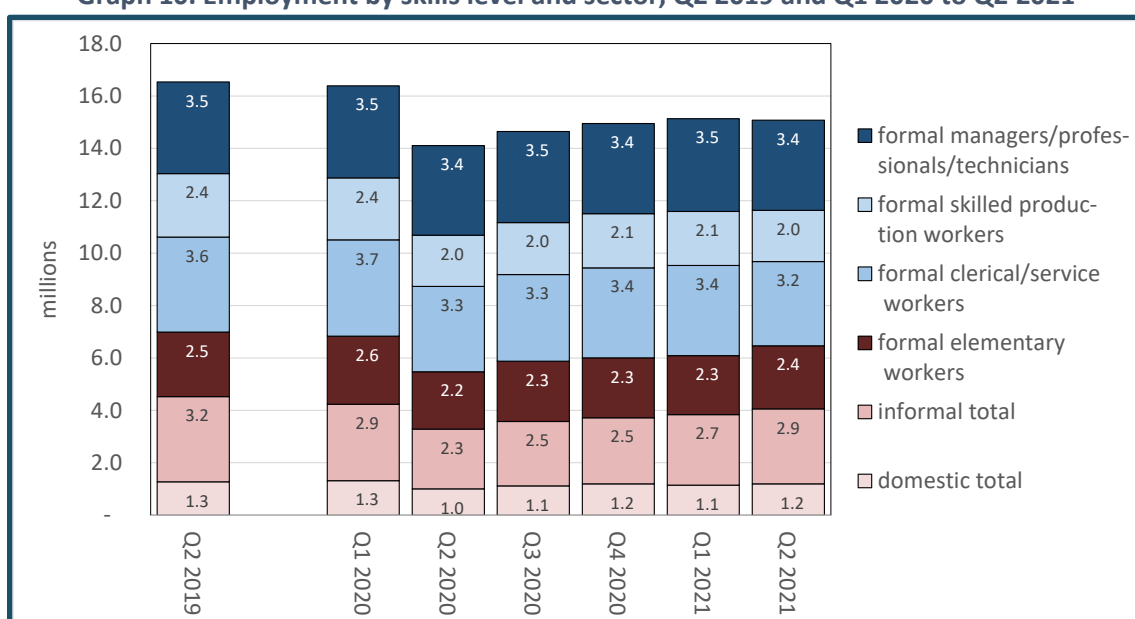


Employment

Despite the relatively rapid growth in the GDP, the Quarterly Labour Force Survey found that total employment flattened out from the first to the second quarter of 2021. South Africa had recovered almost a million jobs since the second quarter of 2020, but total employment was still 8% below pre-pandemic levels. In the second quarter, lower skilled and informal workers saw large job gains, but they were offset by losses for semi-skilled and skilled employees. This outcome likely reflected reduced access to the UIF's temporary employee relief scheme.

Job creation effectively flattened out in the second quarter of 2021, despite the relatively strong expansion in the GDP. It shrank by 50 000, or 0.4%. As Graph 10 shows, the slowdown resulted largely from substantial job losses in formal skilled and semi-skilled jobs, which plummeted 430 000 or almost 5%. In contrast, informal and unskilled formal employment shot up by 330 000 or 6.5%, while paid domestic employment climbed 40 000, or 4%.

Graph 10. Employment by skills level and sector, Q2 2019 and Q1 2020 to Q2 2021



Source: Calculated from Stats SA. QLFS 2008-2021 Q2. Electronic database. Downloaded from www.statssa.gov.za.

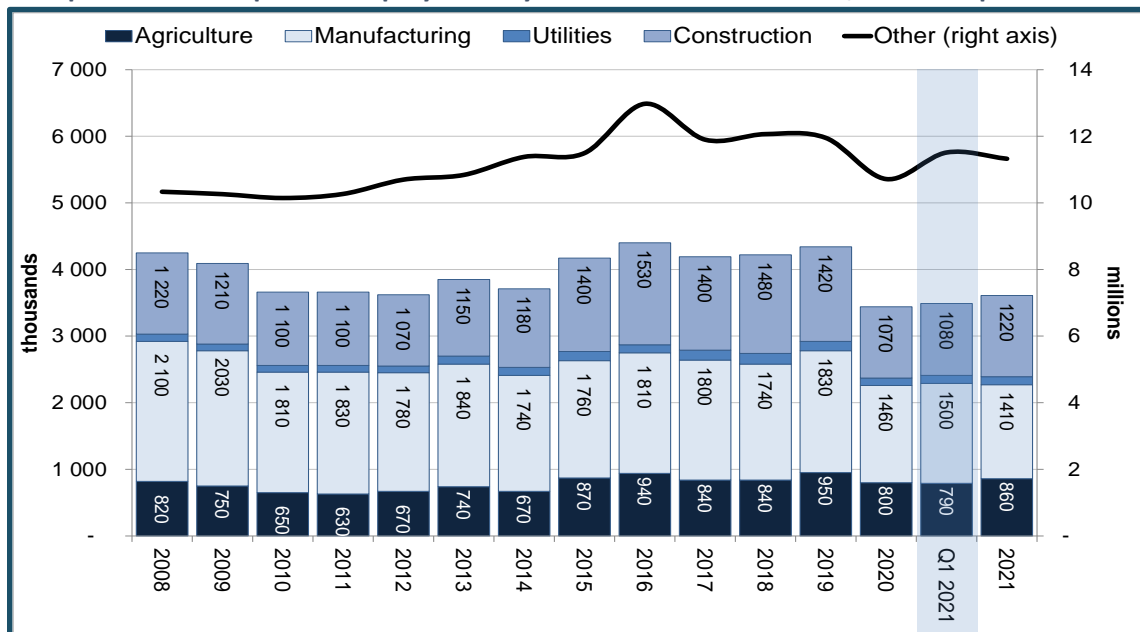
The second quarter of 2021 effectively reversed the earlier slow recovery from the pandemic downturn. A year earlier, at the deepest point of the COVID-19 depression, formal skilled and semi-skilled workers had lost one in 10 jobs, while informal, domestic and elementary formal workers had lost one in five. The second quarter of 2021 wiped out all of the subsequent gains for skilled and semi-skilled production, retail and service workers. In contrast, the quarter brought rapid job growth for informal, domestic and unskilled formal employees. As a result, in the second quarter of 2021 informal, domestic and low-skilled formal employment reached 95% of pre-pandemic levels. But skilled and semi-skilled workers, especially in industry, retail and the services, were still down by around 10%.

The sharp loss of relatively skilled formal jobs in the second quarter likely resulted, at least in part, because the Unemployment Insurance Fund (UIF) ended its Temporary Employee Relief Scheme for the vast majority of workers from March. The scheme had met part of the wages for workers if employers did not retrench them. It was available only to workers facing explicit restrictions on employment due to COVID-19, however. By 2021, that effectively meant almost exclusively hospitality workers. The *Briefing Note: The hospitality industry and COVID-19* discusses the impact of the pandemic.

Employment in the real economy varied substantially by sector over the past quarter. Unlike the GDP, Statistics South Africa does not seasonally adjust employment data, so the average changes in the second quarter over the past decade are indicated as benchmarks.

Construction and agriculture saw large improvements in the second quarter of 2021, but manufacturing shed jobs. Manufacturing lost 90 000 jobs, equal to 6% of its total employment – around four times its normal seasonal job losses in the second quarter. The downturn meant that there were even fewer manufacturing jobs in the second quarter of 2021 than in the depths of the lockdown in 2020, and 23% fewer than in 2019. Construction gained 140 000 positions, or almost 13%, over the quarter, despite the reported shrinkage in its contribution to the GDP. From 2010 to 2019, the sector saw an average second-quarter increase of only 1%. Agricultural employment expanded by 70 000, or 9%, despite a substantial improvement in the minimum wage for farmworkers in the first quarter. In a normal year, employment in agriculture declines from the first to the second quarter (Graph 11).

Graph 11. Second quarter employment by sector from 2008 to 2021, and first quarter 2021

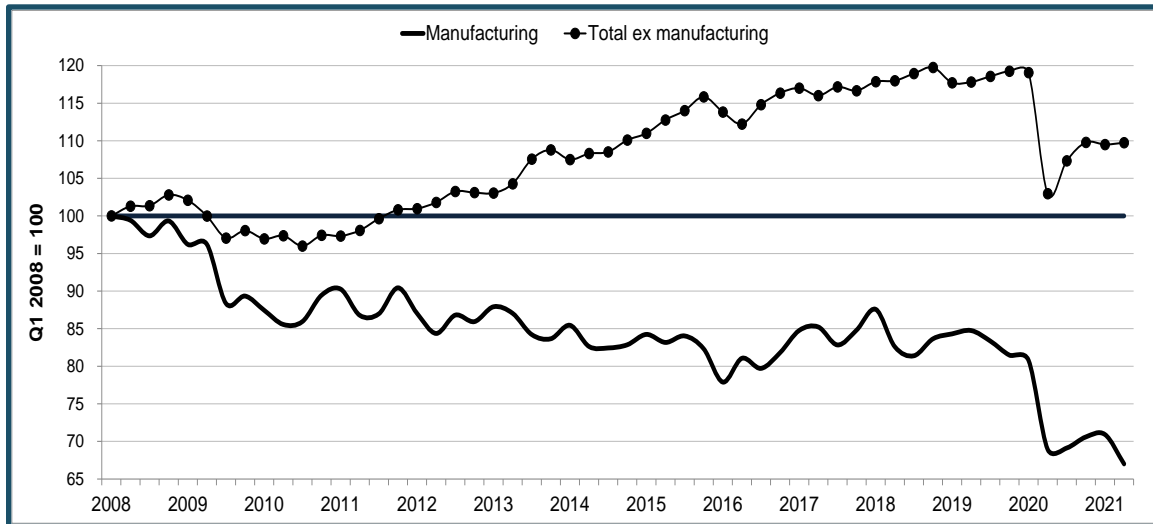


Source: Calculated from Stats SA. QLFS 2008-2021 Q2. Electronic database. Downloaded from www.statssa.gov.za.

Job losses outside of the real economy occurred primarily in business and social services. Business services lost 280 000 jobs, wiping out all of their gains from the second quarter of 2020. Most of the job losses in the sector affected cleaners. In contrast, employment in trade and transport rose around 5% over the quarter, for an increase of 175 000 jobs.

The job losses in manufacturing over the past quarter meant that it fell below 10% of total employment for the first time on record. In 2008, it contributed over 14% of all jobs; in the second quarter of 2021, the figure had fallen to 9.5%. Manufacturing employment declined by 700 000, or a third, over this period.

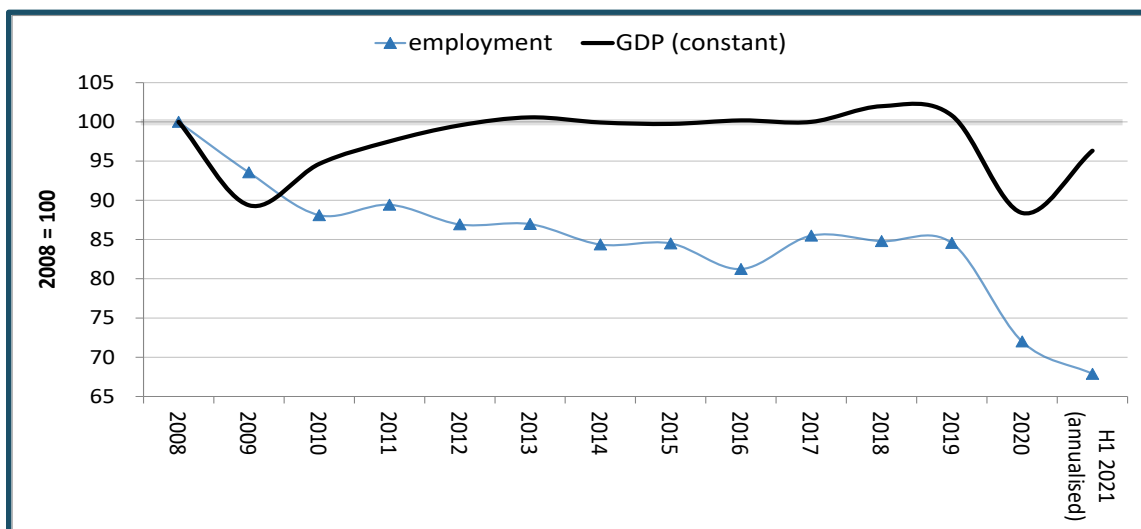
Graph 12. Indices of quarterly employment in manufacturing compared to the rest of the economy (first quarter 2008 = 100)



Source: Calculated from Stats SA. QLFS 2008-2021 Q2. Electronic database. Downloaded from www.statssa.gov.za.

The decline in manufacturing employment appears delinked from growth in sales or value added, as Graph 13 shows. From 2010 to 2019, manufacturing value added climbed 7% but the sector lost 4% of its jobs. In the first half of 2021, value added in manufacturing had recovered to 6% lower than in 2019, before the pandemic, but employment was still down by 20%.

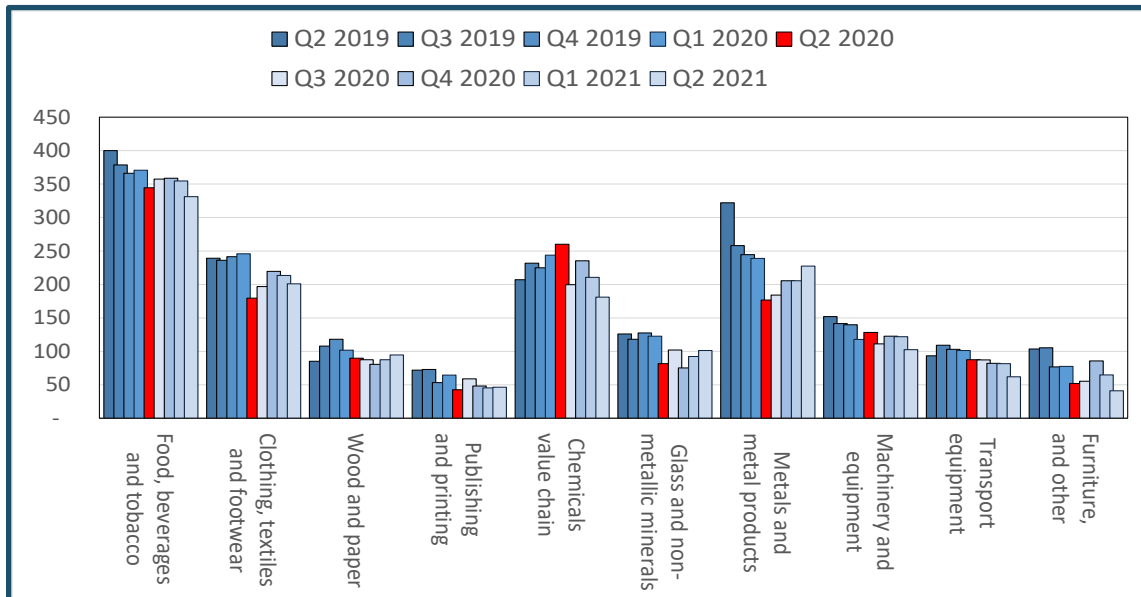
Graph 13. Indices of annual employment and GDP in manufacturing from 2008 to first half of 2021



Source: Calculated from Statistics South Africa, Labour Market Dynamics for relevant years from 2008 to 2019, and Quarterly Labour Force Surveys for 2020 and first half of 2021; GDP data from GDP P0441 – 2021Q2. Excel spreadsheet. Accessed at www.statssa.gov.za.

Individual industries in manufacturing often have fairly low employment numbers, so reports on quarterly changes are mostly not statistically significant. Longer-term trends are more reliable, however. Over the past year, a steady decline in jobs emerged in chemicals, food processing, auto and machinery. These industries accounted for the bulk of job losses in manufacturing. In contrast, metals saw steady growth, presumably reflecting favourable export prices, while other industries were essentially flat.

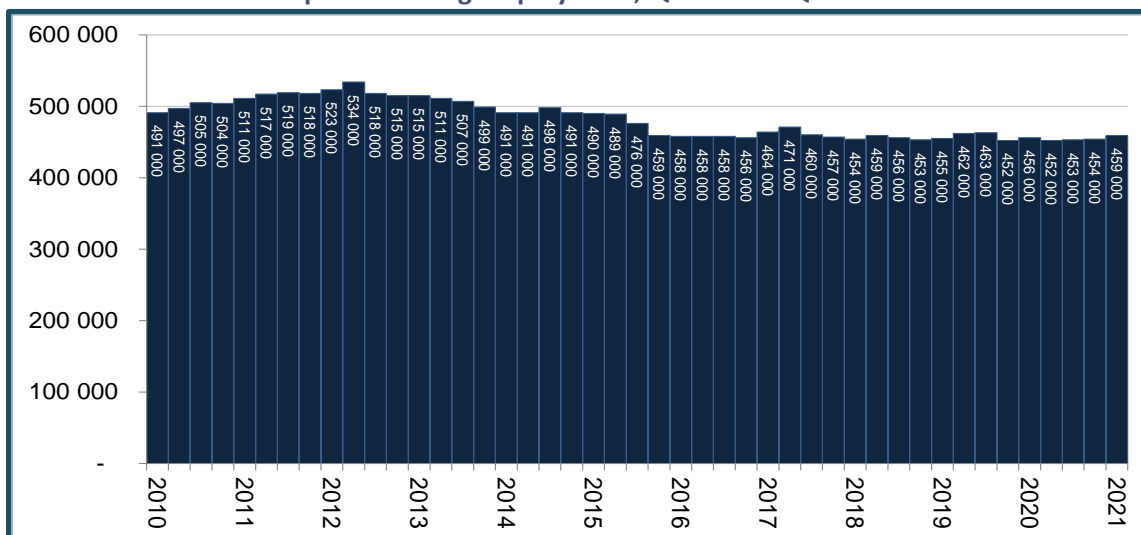
Graph 14. Employment by manufacturing industry per quarter, second quarter of 2019 to second quarter of 2021.



Source: Calculated from Stats SA. QLFS for the relevant quarter. Electronic databases. Downloaded from Nesstar facility at www.statssa.gov.za.

Employment in mining has been flat for the past two years, despite soaring export prices and sales.

Graph 15. Mining employment, Q1 2010 to Q1 2021



Source: For quarters through first quarter 2021, Stats SA. Quarterly Employment Survey. Excel spreadsheet. Downloaded from www.statssa.gov.za in June 2021.