

Employment

The rebound in employment lagged behind the recovery in production in the third quarter. Job losses have been highest for the working poor outside of agriculture – that is, lower paid formal workers, informal entrepreneurs and employees, and domestic workers. In contrast, formal managers and professionals have seen only marginal job losses, in part because they can more easily work from home. Employment in manufacturing saw a sharper decline in the second quarter and a slower recovery than the rest of the economy.

According to the Quarterly Labour Force Survey (QLFS), total employment climbed by 540 000 in the third quarter of 2020 compared to the second quarter. That is, of the 2.2 million jobs lost in the second quarter, the survey estimates that one in four returned in the third quarter. In percentage terms, total employment reportedly fell 14% over the second quarter and recovered 4% in the third quarter. The second-quarter figures likely understate the full impact of the pandemic, because the lockdown made it impossible to collect data in April.

Job losses hit hardest at the lowest paid and least secure workers. Compared to the first quarter of 2020, third quarter employment for formal-sector managers and professionals, who held almost a third of all formal jobs, fell just 1% or around 35 000. In contrast, for other formal workers, employment shrank 12%, or around a million. Lower job losses for professionals and managers reflected both their greater ability to work from home and the high share of professionals employed in the relatively unscathed public sector, mostly in healthcare and education.

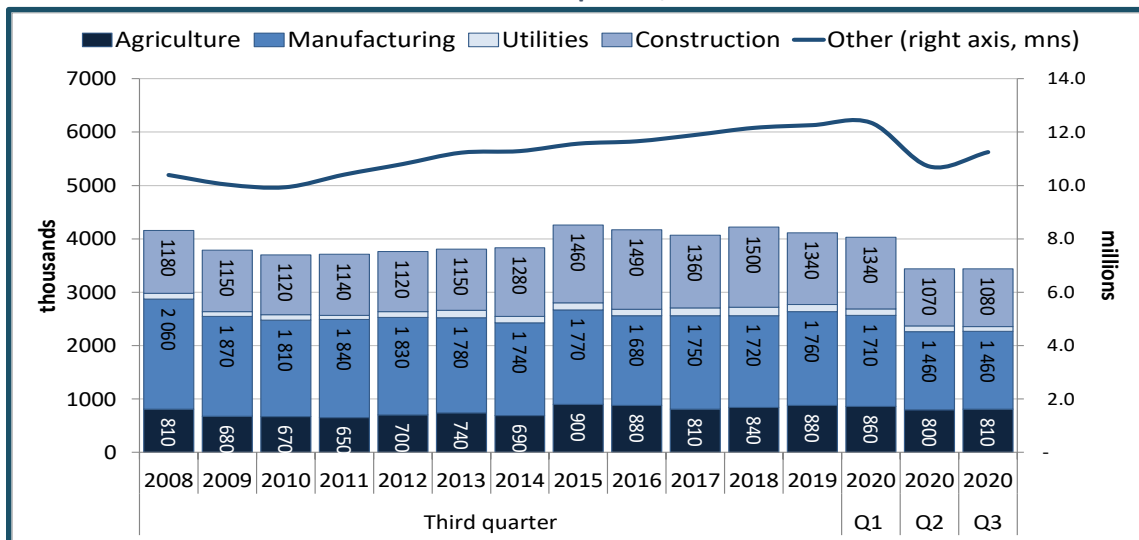
A similar picture emerges from a comparison of formal and informal workers. Formal employment fell 11% from the first to the second quarter, then recovered 2% in the third quarter, for a net loss of around a million jobs. Informal workers, in contrast, saw a 22% decline in employment in the second quarter, and regained 8% in the third quarter. As a result, they suffered a net loss of over 450 000 positions. That equalled almost a third of total job losses, although the informal sector contributes less than a fifth of total employment. Domestic workers were also hard hit, with losses of 24% in the second quarter offset by gains of 11% in the third, for a net fall in employment of 200 000. Overall, while formal employment was down by around a tenth in the third quarter compared to the first, informal and domestic workers had lost one job in seven. As an essential service, agriculture was the least affected sector, losing just 7% of employment, or around 60 000 jobs, from the first to the third quarter.

Significant differences also emerged by industry:

- Construction was the hardest hit, losing a fifth of its jobs in the second quarter and regaining only 1% in the third.
- Manufacturing lost 15% of employment in the second quarter, or 250 000 jobs. Despite the relatively strong recovery in sales through September, it regained almost no jobs from the second to the third quarter.
- In contrast to construction and manufacturing, mining employment more than recovered by November, according to figures from the Minerals Council (see Graph 14).
- Business services, which comprise mostly cleaning and security, also recovered relatively strongly. The industry lost 280 000 jobs from the first to the second quarter, but regained 200 000 in the third quarter.

- Retail and catering saw the largest job losses, as some 370 000 employment opportunities disappeared in the second quarter; of that, 200 000 were informal traders. In the third quarter, the sector gained back only 60 000 jobs, again mostly in the informal sector. The slow recovery in retail and catering reflected in large part the difficulties afflicting activities that directly serve the public as long as the pandemic is not fully under control, even though legal restrictions have been lifted.

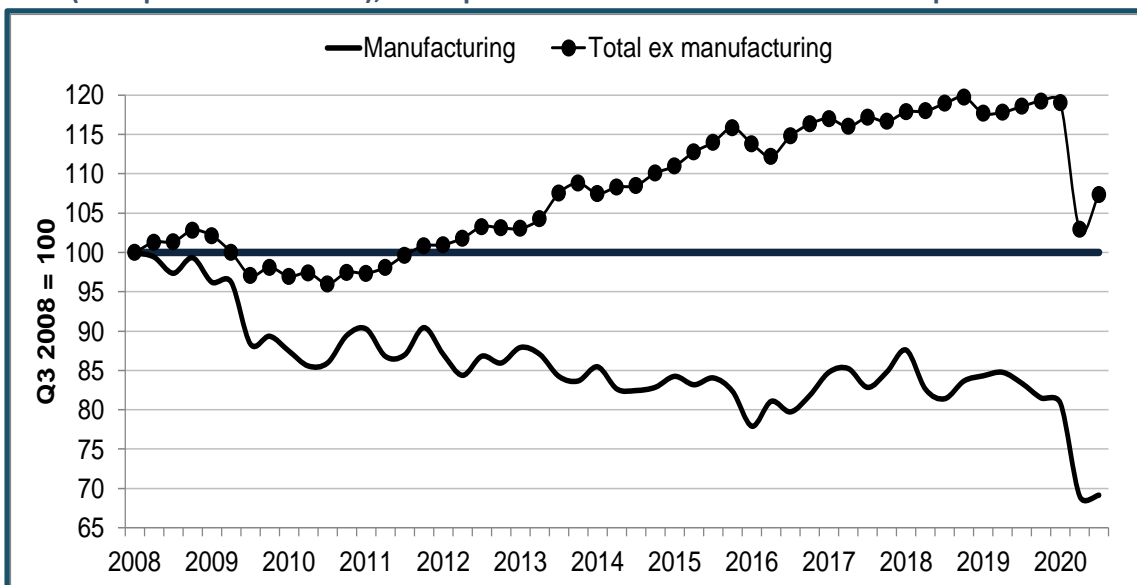
Graph 11. Employment by sector, not seasonally adjusted, third quarter 2008 to 2019 and first to third quarter, 2020



Source: Calculated from Statistics South Africa. QLFS 2008-2020 Q3. Excel spreadsheet. Downloaded from www.statssa.gov.za.

Generally, manufacturing employment saw a sharper downturn than the rest of the economy and a slower recovery.

Graph 12. Indices of employment in manufacturing compared to the rest of the economy (first quarter 2008 = 100), third quarter 2008 to 2019 and first to third quarter 2020

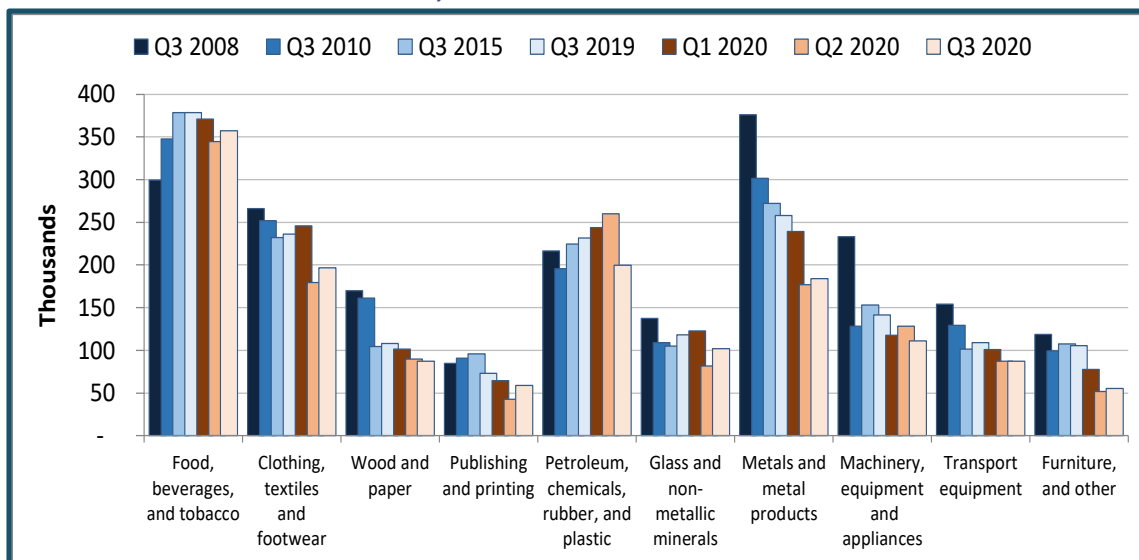


Source: Calculated from Statistics South Africa. QLFS 2008-2020 Q3. Excel spreadsheet. Downloaded from www.statssa.gov.za.

Within manufacturing, the sharpest declines from the first to the second quarter were in clothing and textiles and metals and metal products. These sectors both saw some recovery in the third quarter, although employment remained significantly lower than in the first quarter. Food processing was comparatively stable, reflecting its position as an essential industry. The data for chemicals and plastics are anomalous, with an increase from the first to the second quarter and a sharp fall in the third quarter.

Statistics South Africa’s survey of large formal employers, the Quarterly Employment Survey, found a small fall in chemicals and plastics employment in the second quarter but has not yet released third-quarter findings.

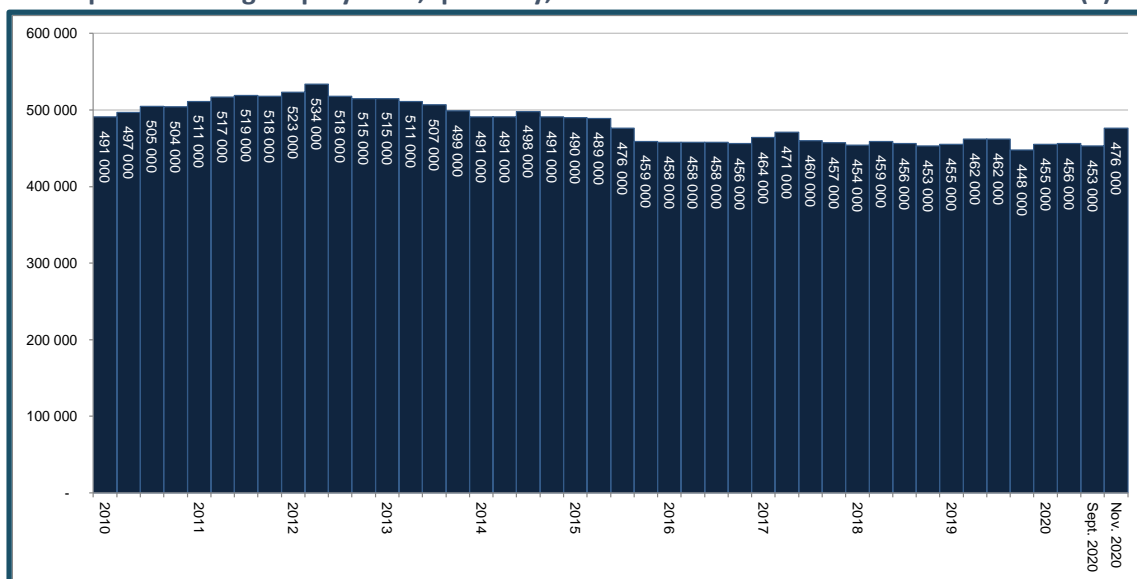
Graph 13. Employment by manufacturing industry, third quarter of 2008, 2010, 2015, 2018 and 2019 and 2020.



Source: Calculated from Statistics South Africa. QLFS for relevant quarter. Electronic databases. Downloaded from Nesstar facility at www.statssa.gov.za.

Mining employment was essentially flat from the first to the third quarter 2020. It climbed to 476 000 in November, however, its highest level since 2015.

Graph 14. Mining employment, quarterly, 2010 to 2020 and as of 30 November 2020 (a)



Source: To second quarter 2020, Statistics South Africa. Quarterly Employment Survey. Excel spreadsheet. Downloaded from www.Statistics South Africa.gov.za. For September and November, Minerals Council. Weekly COVID-19 dashboard for 28 September and 30 November 2020. Accessed at www.mineralscouncil.org.za.

Young workers were particularly hard hit by the loss of employment, in part because they are generally in lower-level jobs and in part because most employers follow the principle of last in, first out. Workers aged between 18 and 29 lost one in five of their paid jobs from the first to the third quarter 2020; for workers from 30 to 64 years old, the figure was one in ten. As a result, younger workers fell from 20% of all workers with an income in the first quarter to just 18% in the third quarter of 2020.

By race, African and Coloured workers fared worst, losing around a tenth of their total paid employment, compared to about a twentieth for Whites. These differences largely reflected the concentration of White workers in management and professional positions, which saw relatively few job losses.

Employment losses were not much differentiated by gender, with women and men losing around the same share of paid employment. That said, women hold only around a third of formal jobs, compared to half of informal and domestic employment and most unpaid work.

While the broad contours of the changes in employment are clear, the QLFS findings should be treated with caution. First, as noted above, month-to-month changes are significant, but the QLFS figures are averages of three months at a time. Second, because of the pandemic, the survey for the past two quarters has been conducted only by phone, with no survey at all in April. Phone calls lead both to an under-sampling of lower-income households and to a smaller response rate. The number of responses fell from 67 000 in the first quarter to 47 000 in the second and third quarters.