

Employment

The Quarterly Labour Force Survey found a fall of 660 000 in total employment, or 4.4%. While the July unrest undoubtedly led to job losses, technical factors mean the survey findings likely overstate their extent.

The data in the Quarterly Labour Force Survey (QLFS) for the third quarter of 2021 suggest a disaster, with employment overall falling by 4.4%, or 660 000, and formal jobs alone shrinking some 5.6%. That would mean 570 000 formal workers left employment over the past quarter – almost half as many as reportedly lost their jobs in the second quarter of 2020, during the initial strict lockdown against the COVID-19 pandemic.

In reality, the QLFS findings for the third quarter likely overstate job losses significantly. The non-agricultural GDP dropped by 1.1% in the third quarter, and it is highly unlikely that employment fell four times as fast. Historically employment falls usually track economic downturns, but only with a lag. Furthermore, there have not been reports of mass retrenchments over the past quarter, which seems unlikely if there were such large-scale formal job losses.

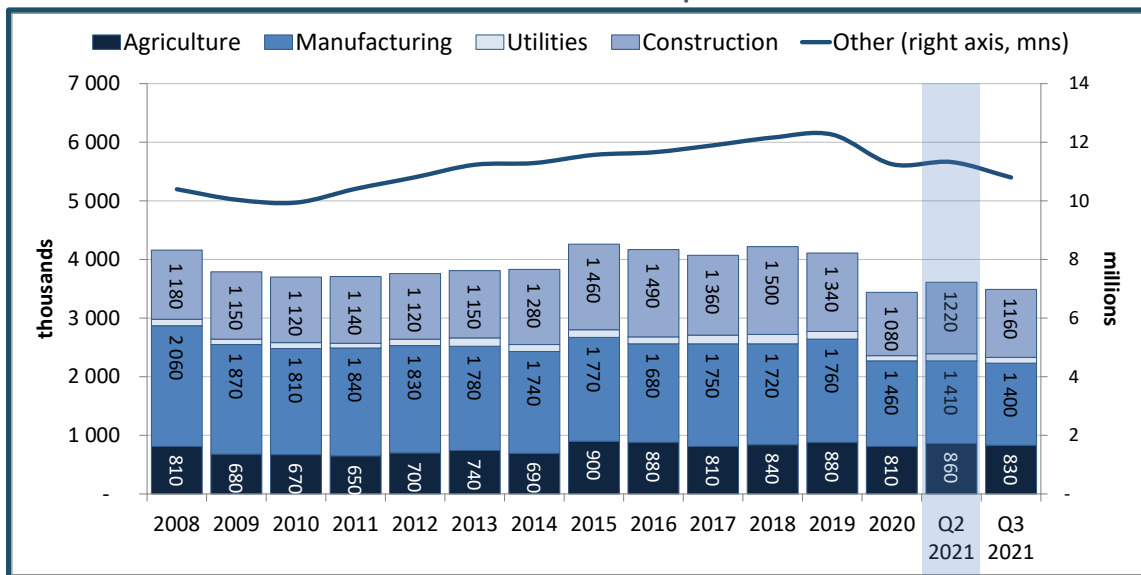
Four factors could explain the QLFS findings. First, the survey is an average of findings over three months. The overall response rate for the third quarter was unusually low, especially in the two most affected provinces of KwaZulu-Natal and Gauteng. These two provinces account for half of all formal workers in South Africa. It seems likely that many households there simply did not respond to the survey in July. Second, at the height of the violence, some workers may have been unsure about their employment status.

Third, mining accounted for a disproportionate share of the reported job losses. Statistics South Africa says, however, that the QLFS data on mining are unreliable because of the way mining is distributed spatially, with concentrations in fairly small rural towns.

Finally, since the lockdown in April 2020, Statistics South Africa has only used telephone interviews for the QLFS. That has effectively shut out households without phones, most of which are comparatively poor and rural. To compensate for the absence of these households in the survey, Statistics South Africa has adjusted the data based on pre-pandemic findings. The longer the time since the last face-to-face survey, the less reliable the data become.

Given these caveats, Graph 9 summarises the QLFS findings on employment over the past quarter. Outside of mining, the steepest job losses were reported in retail and community services. Construction, agriculture and manufacturing reportedly all shed positions.

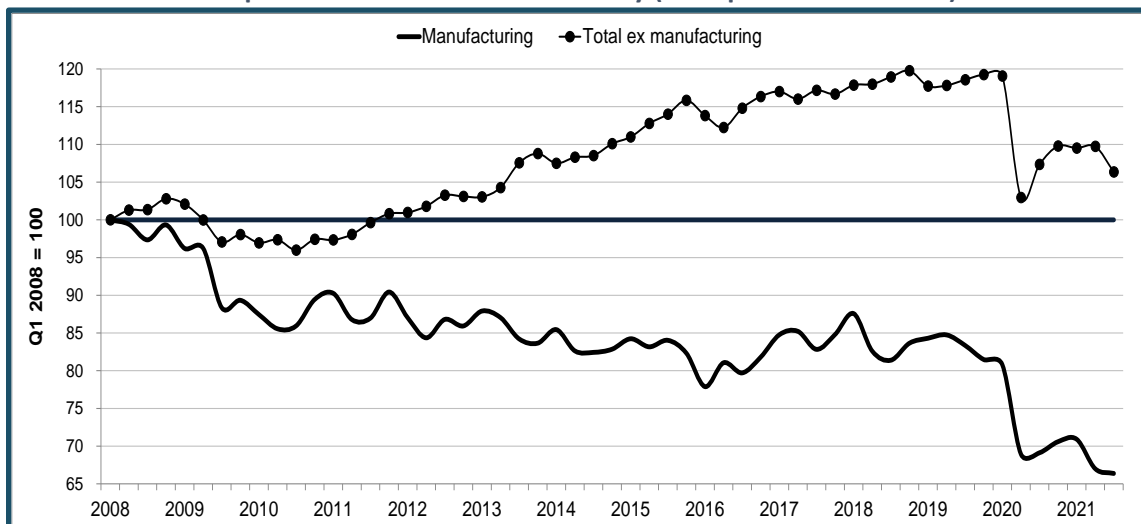
Graph 9. Third quarter employment by sector from 2008 to 2021, and in the second and the third quarter of 2021



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

Manufacturing reportedly saw a smaller proportional fall in employment than the rest of the economy in the past quarter, as Graph 10 shows. Still, the data suggest that, despite growth in production, manufacturing employment is now almost a fifth below pre-pandemic levels, and a third lower than in 2008.

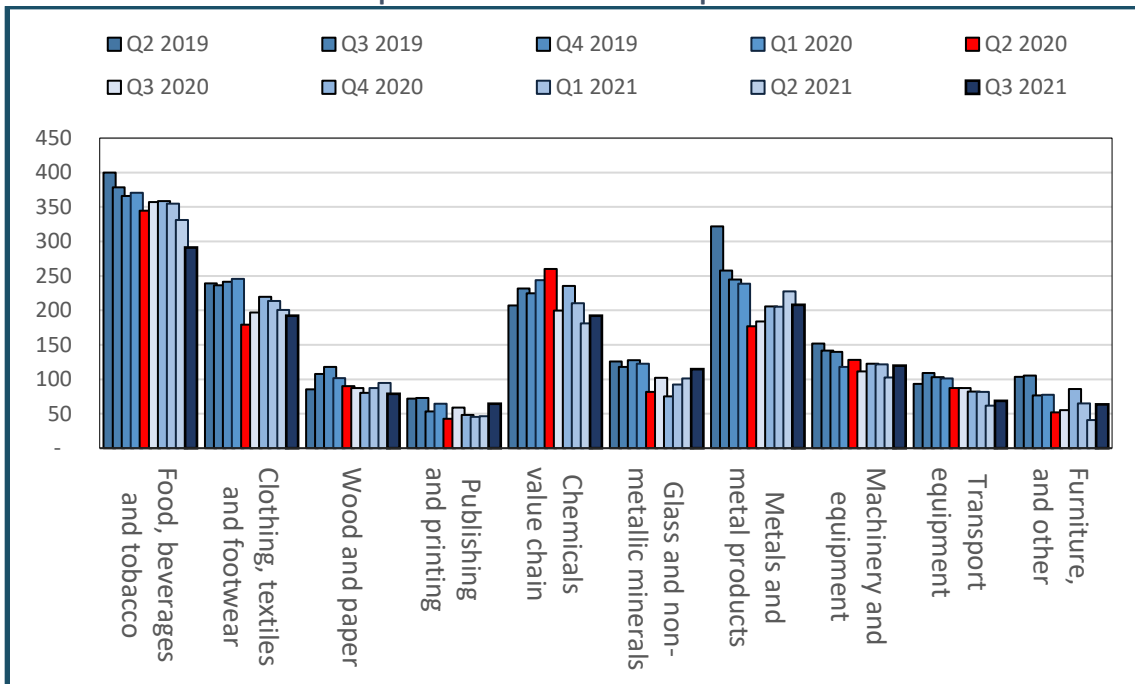
Graph 10. Indices of quarterly employment in manufacturing compared to the rest of the economy (first quarter 2008 = 100)



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

Individual industries in manufacturing often have fairly low employment numbers, so reports on quarterly changes are mostly not statistically significant. Moreover, the figures are not seasonally adjusted. Longer-term trends and figures on larger industries are more significant. According to the QLFS, food processing saw significant job losses in the third quarter of 2021, followed by metals and metal products and wood and paper. (Graph 11)

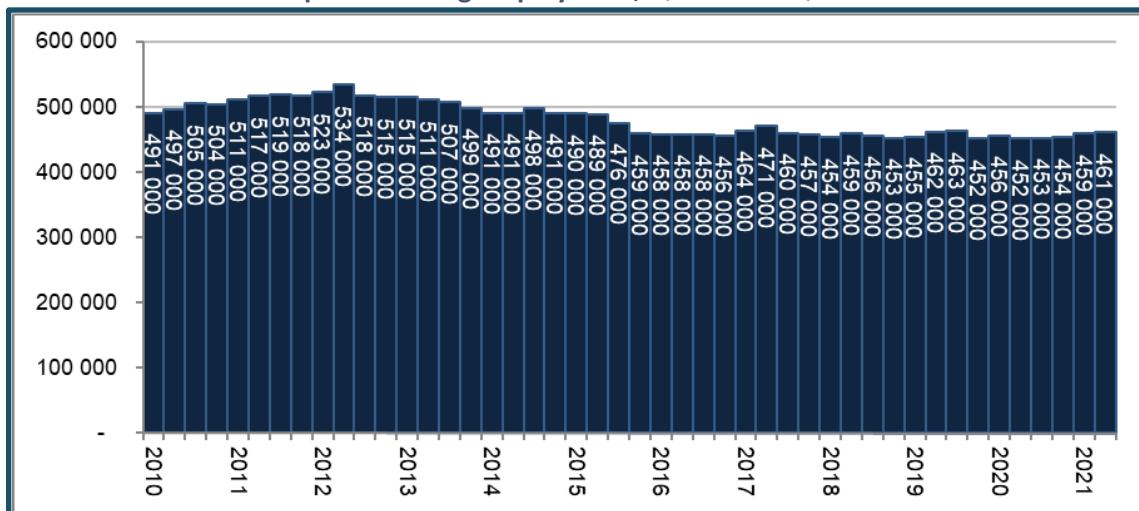
Graph 11. Employment by manufacturing industry per quarter, second quarter of 2019 to second quarter of 2021



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

Mining data are only available through the second quarter of 2021. They suggest that employment was largely flat over the past two years.

Graph 12. Mining employment, Q1 2010 to Q2 2021



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