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# SA's unemployment stats could be wrong, say experts

fin24 Carol Paton

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**SA's unemployment survey has become skewed, say experts.**

**Head of the Statistics Council says both data collection methods and public trust are lacking.**

**Statistics SA says it is returning to the field.**

The head of the Statistics Council, the advisory board to Statistics SA, has raised the alarm on the quality of SA's employment statistics, saying the poor response rate must be reversed if the numbers are to be worth anything.

The last Quarterly Labour Force Survey (QLFS), which was for the fourth quarter of last year revealed, on the narrow definition, that 35.3% of adults were unemployed. This is a record high since the survey began in 2008. Several economists have questioned the numbers who argue

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that the survey does not provide an accurate picture of the country.

Of the sample of 30 000 households, the response rate hit a record low, with only 44.6% of the sample participating in the survey. In Gauteng, only 23% of respondents replied, with the response rate in the city of Johannesburg at 17.9%. The response rate led to a delay in the publication of the results and some results – such as those for the metros – were excluded from publication.

The chairperson of the council, Wits professor David Everatt said on Wednesday that he had called an urgent meeting of the council.

"The QLFS was a big wake-up call. When the response rate was that low, we realised that we had to move," said Everatt.

The council has 18 members, drawn mainly from the academic community and including private sector economists.

Everatt said two causes were immediately evident: The first was the switch from an in-person household survey to a telephone survey when Covid-19 struck in March 2020. The second was the growing evidence of a lack of trust between government and citizens, who had made it clear to field workers that they did not want to talk to Stats SA staff.

"Step one is that we must go back to the field. Step two is that we have to get people to trust us," said Everatt.

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The switch to a telephone survey for the QLFS has caused fundamental problems for the data, say economists and statisticians. Apart from the response rate, results from people without phones had been imputed from data collected from those with phones.

Statistics SA chief director of labour statistics Malerato Mosiane says that the necessary adjustments for the bias of the survey had been done and that the results were still within the normal margin of error of 5%.

Martin Wittenberg, UCT professor of economics and director of open access data service Data First, says "the bedrock problem" of the QLFS is the same as many surveys when they switch to telephone sampling.

Says Wittenberg:

**"The kind of people who have phones are different from those who don't. You can do some magic with the bias adjustment, but that is all modelling, and it is not clear that the modelling can really fix it."**

The second difficulty is with the sample. A master sample is usually in place for five years and then "refreshed" by bringing in new neighbours and respondents.

"Telephone sampling is complicated. It is difficult to refresh, and people are constantly dropping out of the sample so it becomes skewed over a period of time and the best modelling cannot fix that. That is before taking into account how households change and split or come to include more households, which is something you would not know in a telephone survey," he says.

Senior economist at research group TIPS Neva Makgetla believes that the numbers coming out of the QLFS have become difficult to believe, in the light of its divergence from SA's other employment survey the Quarterly Employment Statistics (QES). The QES is an online and telephone survey of employers, measuring only formal employment. The QLFS, which measures formal and informal employment, has historically found formal employment to be higher than that recorded by the QES. This is because the QLFS can pick up a broader range of economic

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activities. That correlation has recently fallen away, with the QLFS showing lower levels of formal employment than the QES for the first time.

While the QLFS for the third quarter of 2021 recorded job losses of 660 000, the QES for the same period said, jobs grew by 52 000.

"This made more sense in terms of the other things that were happening in the economy. Stats SA really needs to put the funds together and go door-to-door. It should be top priority. There is much more information gathered in the QLFS and it is an important survey," says Makgetla.

This raises the question of funding, which since 2016 has been a major hindrance to Stats SA. A freeze on hiring and promotions, which caused a haemorrhaging of senior people, was only recently lifted with the Treasury allocating money to fill jobs vacant for eight years last February.

Mosiane says that staff are returning to the field for the second quarter survey of 2022 to conduct in-person interviews. But as the sample was new, data collectors would need to put in real effort to establish a rapport with interviewees.

"These are new people with whom we don't have a relationship. We will also need a lot of publicity to explain the importance of the survey," she says.

Mosiane puts the poor response rate of the last survey down to telephone interviews and the interviewee fatigue, as the sample had not been sufficiently rotated.

"The mode of collection was the problem. When data collectors are sitting in front of a person, they can persuade them to participate. We found on the telephone survey that people got frustrated and dropped the call halfway through," she says.

The next publication of the QLFS, which was for the first quarter of 2022 and mostly done by telephone, is due out on 31 May.

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