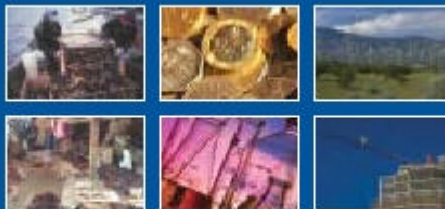




TIPS SECTORAL FOCUS SERIES

Snapshot Of Industry-Wide Trends in Employment, 1991-2001



TRADE AND INDUSTRIAL POLICY STRATEGIES

Snapshot Of Industry-Wide Trends in Employment, 1991-2001

Only a handful of sectors have shown an increase in their demand for labour, amongst others, *Leather Products*, *Plastic Products*, *Wood and Wood Products*, *Wholesale and Retail Trade*, *Printing and Publishing*, *Medical Services*, *Basic Chemicals* and *Other Chemicals* and *Television and Communications Equipment* producers (Table 17). In terms of labour demand, these industries are also relatively new on the scene, judging from the positions they held during the 1991-1996 period. However, with the exception of the *Wholesale and Retail Trade* sector, none of these industries have a large weight in the total demand for labour, as can be attested by the second last column of the table. On the contrary, labour shedding has been the trend in the relatively large sectors such as *Gold Mining*, *Agriculture*, and *General Government*, and this has obliterated whatever little gains in labour demand that have been recorded anywhere.

Table 17: Growth in labour demand for 46 industries, 1991-2001

| | Sector | Ave ann Δ 1997-2001 | Ave ann Δ 1991-1996 | 1991-1996 Rank | Ave share 1997-2001 | 1997- 2001 Rank | Ave share 1991-1996 | 1991-1996 Rank |
|----|----------------|-------------------------------|-------------------------------|-------------------|------------------------|-----------------------|------------------------|-------------------|
| 1 | Printing | 5.0% | 0.3% | 16 | 0.7% | 27 | 0.7% | 29 |
| 2 | Leather prods | 4.5% | -6.4% | 43 | 0.1% | 43 | 0.1% | 44 |
| 3 | Trade | 4.3% | -0.9% | 23 | 10.1% | 4 | 9.1% | 4 |
| 4 | Plastic prods | 3.9% | 0.2% | 17 | 0.7% | 28 | 0.6% | 31 |
| 5 | Wood & prods | 2.8% | 1.7% | 7 | 1.0% | 20 | 0.8% | 28 |
| 6 | Other chems | 2.3% | -1.6% | 26 | 0.9% | 23 | 0.9% | 23 |
| 7 | Other mining | 1.3% | 6.8% | 1 | 1.9% | 12 | 1.7% | 13 |
| 8 | Med serv | 0.9% | 0.7% | 13 | 0.9% | 22 | 0.8% | 24 |
| 9 | Buss serv | 0.8% | 1.3% | 9 | 3.8% | 5 | 3.4% | 6 |
| 10 | Oth prod | 0.7% | -0.3% | 18 | 14.7% | 2 | 14.0% | 2 |
| 11 | Oth serv | 0.6% | 2.6% | 5 | 1.6% | 15 | 1.4% | 16 |
| 12 | Motveh & parts | 0.3% | 0.7% | 12 | 1.0% | 19 | 1.0% | 19 |
| 13 | Tv & coms eq | -0.4% | 1.6% | 8 | 0.2% | 37 | 0.2% | 41 |
| 14 | Furniture | -0.4% | 3.0% | 4 | 0.6% | 32 | 0.6% | 32 |
| 15 | Clothing | -0.4% | 4.7% | 2 | 1.8% | 13 | 1.6% | 14 |
| 16 | Electricity | -0.5% | -3.2% | 33 | 0.9% | 24 | 0.8% | 25 |
| 17 | Basic chems | -1.5% | -2.7% | 31 | 0.4% | 33 | 0.4% | 34 |
| 18 | Electr mach | -1.8% | -1.1% | 24 | 1.1% | 18 | 1.2% | 18 |
| 19 | Water suppl | -1.9% | -5.1% | 41 | 0.1% | 44 | 0.1% | 42 |
| 20 | Agriculture | -2.0% | -0.9% | 22 | 10.6% | 3 | 11.0% | 3 |
| 21 | Scientific eq | -2.0% | 1.2% | 10 | 0.1% | 45 | 0.1% | 45 |
| 22 | Machinery | -2.4% | 0.9% | 11 | 0.9% | 21 | 0.9% | 21 |
| 23 | Paper & prods | -2.5% | -0.7% | 21 | 0.6% | 31 | 0.6% | 30 |
| 24 | Gen govt | -2.5% | 4.0% | 3 | 20.1% | 1 | 18.2% | 1 |
| 25 | Beverages | -3.1% | -3.7% | 34 | 0.4% | 34 | 0.4% | 33 |
| 26 | Fin serv | -3.3% | 2.5% | 6 | 2.8% | 8 | 2.5% | 10 |
| 27 | Food | -3.4% | -2.2% | 30 | 2.3% | 10 | 2.5% | 11 |
| 28 | Communcat | -3.9% | -1.6% | 27 | 1.1% | 17 | 1.3% | 17 |
| 29 | Oth industr | -4.3% | -1.2% | 25 | 0.3% | 35 | 0.3% | 36 |
| 30 | Metal prods | -4.6% | -0.5% | 20 | 1.5% | 16 | 1.6% | 15 |
| 31 | Rubber prods | -5.2% | 0.4% | 15 | 0.2% | 39 | 0.2% | 39 |
| 32 | Oth trnsp eq | -5.8% | -8.4% | 46 | 0.2% | 41 | 0.2% | 40 |
| 33 | Petrol ref | -6.0% | -3.9% | 37 | 0.2% | 38 | 0.3% | 37 |
| 34 | Trnsp & stor | -6.2% | -5.0% | 40 | 2.9% | 7 | 3.4% | 7 |
| 35 | Tobacco | -6.6% | -6.6% | 45 | 0.0% | 46 | 0.0% | 46 |
| 36 | Coal mining | -6.9% | -4.1% | 38 | 0.8% | 26 | 0.8% | 27 |
| 37 | Textiles | -7.0% | -3.7% | 35 | 0.8% | 25 | 0.9% | 20 |
| 38 | Glass & prods | -7.3% | 0.4% | 14 | 0.1% | 42 | 0.1% | 43 |
| 39 | Bas n-fer met | -8.1% | -6.5% | 44 | 0.2% | 40 | 0.2% | 38 |
| 40 | Cat & accomm | -8.1% | -2.1% | 29 | 2.7% | 9 | 3.0% | 8 |
| 41 | Civil eng | -8.9% | -0.4% | 19 | 1.6% | 14 | 1.9% | 12 |
| 42 | Construct | -8.9% | -4.7% | 39 | 2.0% | 11 | 2.7% | 9 |
| 43 | Bas iron & st | -8.9% | -5.4% | 42 | 0.6% | 30 | 0.8% | 26 |
| 44 | Gold mining | -11.0% | -3.9% | 36 | 3.6% | 6 | 5.0% | 5 |
| 45 | Non-met mins | -13.9% | -2.9% | 32 | 0.7% | 29 | 0.9% | 22 |
| 46 | Footwear | -15.0% | -1.9% | 28 | 0.3% | 36 | 0.3% | 35 |

Source: TIPS South African Standardised Industry Database

Table 17 shows that *Printing and Publishing* has recorded the highest weighted average annual growth rate in employment during the second half of the 1990s with 5%, followed by *Leather Products* with 4.5%, and *Wholesale and Retail Trade* with 4.3%. At the other end of the scale, *Footwear* has as shown the highest decline with growth rates over this period of -15% followed by *Non-metallic minerals* with -13.9% and *Gold Mining* with -11%. Food is ranked 27, *Clothing* 15, *Textiles* 37, *Motor Vehicles, Parts and Accessories* 12 and communications equipment 13 out of 46 industries in terms of average annual growth in employment, all with negative growth rates.

To further compound the employment crisis, a number of industries have achieved relatively high growth in value-added while shedding labour at the same time, amongst others, *Financial Services, Business Services, Motor Vehicles, Parts and Accessories* and *Communications Services*. It would therefore appear that while the structure of the South African economy has adopted the global trends with a move in the direction of the “New Economy” and has seen a shift in production towards tertiary industries, it now becomes clear that this alone is not able to address the employment crisis.

Turning now to the employment intensity of production, employment-output ratios are calculated for the 46 industrial sectors of the South African economy (Table 17). What immediately becomes apparent is that the ranking of these ratios does not significantly change between 1991-1996 and 1997-2001.

Relatively labour intensive sectors are *Clothing, Gold Mining, Catering and Accommodation, Wood Products, Footwear, Furniture* and *Electrical Machinery*. However, each one of these industries has experienced a relatively high decline in employment intensity. On the other side of the scale some of the star performers of the South African industry, such as basic and other chemicals, *Financial Services, Business Services, Television and Communications Equipment* and *Motor Vehicles, Parts and Accessories* employ less labour per unit of output relative to the economy-wide average.

Table 18: Employment-output ratios for 46 industries, 1991-2001 (1995 constant prices)

| | Sector | Period ave 1997-2001 | Period ave 1991-1996 | 1991-1996 Rank |
|----|----------------|-------------------------|-------------------------|-------------------|
| 1 | Oth prod | 57.0 | 60.2 | 1 |
| 2 | Agriculture | 19.3 | 24.3 | 2 |
| 3 | Gen govt | 14.4 | 13.8 | 5 |
| 4 | Clothing | 13.7 | 13.1 | 6 |
| 5 | Oth serv | 13.2 | 10.3 | 8 |
| 6 | Cat & accomm | 11.8 | 17.4 | 3 |
| 7 | Gold mining | 11.8 | 15.5 | 4 |
| 8 | Wood & prods | 9.5 | 11.2 | 7 |
| 9 | Footwear | 8.7 | 9.2 | 11 |
| 10 | Furniture | 8.2 | 9.4 | 10 |
| 11 | Electr mach | 7.5 | 9.7 | 9 |
| 12 | Trade | 6.8 | 6.9 | 16 |
| 13 | Plastic prods | 6.2 | 5.7 | 21 |
| 14 | Textiles | 6.0 | 7.8 | 14 |
| 15 | Civil eng | 5.9 | 8.1 | 13 |
| 16 | Printing | 5.8 | 5.2 | 23 |
| 17 | Other mining | 5.3 | 5.7 | 20 |
| 18 | Non-met mins | 5.2 | 8.1 | 12 |
| 19 | Scientific eq | 5.0 | 5.1 | 24 |
| 20 | Metal prods | 4.6 | 5.7 | 19 |
| 21 | Coal mining | 4.2 | 4.2 | 31 |
| 22 | Construct | 3.9 | 6.1 | 18 |
| 23 | Oth trnsp eq | 3.8 | 6.5 | 17 |
| 24 | Tv & coms eq | 3.8 | 4.3 | 28 |
| 25 | Machinery | 3.7 | 4.0 | 32 |
| 26 | Rubber prods | 3.6 | 4.3 | 29 |
| 27 | Med serv | 3.5 | 5.0 | 25 |
| 28 | Leather prods | 3.4 | 5.6 | 22 |
| 29 | Food | 3.3 | 4.0 | 33 |
| 30 | Glass & prods | 3.3 | 4.4 | 27 |
| 31 | Buss serv | 3.3 | 4.2 | 30 |
| 32 | Other chems | 3.0 | 3.4 | 36 |
| 33 | Trnsp & stor | 3.0 | 4.9 | 26 |
| 34 | Communcat | 3.0 | 7.7 | 15 |
| 35 | Fin serv | 2.9 | 3.6 | 35 |
| 36 | Oth industr | 2.7 | 4.0 | 34 |
| 37 | Electricity | 2.4 | 2.9 | 40 |
| 38 | Paper & prods | 2.4 | 3.1 | 39 |
| 39 | Water suppl | 1.9 | 3.2 | 37 |
| 40 | Motveh & parts | 1.8 | 2.4 | 42 |
| 41 | Bas iron & st | 1.7 | 3.1 | 38 |
| 42 | Beverages | 1.7 | 2.1 | 44 |
| 43 | Basic chems | 1.6 | 2.3 | 43 |
| 44 | Bas n-fer met | 1.1 | 2.7 | 41 |
| 45 | Petrolref | 0.9 | 1.3 | 45 |
| 46 | Tobacco | 0.8 | 0.9 | 46 |

Source: TIPS South African Standardised Industry Database

In conclusion then, it appears that the employment crisis is not only the result of the poor performance of some industries - in fact, a number have reported excellent growth as was shown earlier, but also because production processes have become less labour intensive, across the board but specifically those industries that have performed well in terms of their contribution to GDP.