SPII Unemployment Analysis Policy Brief: Second Quarter Labour Force Survey during Covid-19

Quarter: Two 2020 Quarterly Labour Force Survey, P0211. Statistics South Africa

Introduction

On March 27, South Africa imposed strict lockdown measures to help ease the spread of COVID-19; however that has resulted in the reality of many South Africans being dismissed and businesses across the country uncertain of what their next move will be. According to StatsSA the second quarter of the year has brought a loss of 2.2 million jobs and massive decline in unemployment.

As a contribution to the national, regional and global understanding of the impact of COVID-19 on our already stressed society, SPII has produced a quarterly analysis of the critical unemployment figures, trends and trajectories from the last quarter of the Labour Force Survey to report before the impact of COVID- 19 would have had a significant impact.

Highlights of the results

Table One: Key Labour Market Indicators: Q2 2020

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
			Thousand			Per	cent
Population 15–64 yrs	38 433	38 874	39 021	147	588	0,4	1,5
Labour force	22 968	23 452	18 443	-5 009	-4 525	-21.4	-19.7
Employed	16 313	16 383	14 148	-2 234	-2 164	-13,6	-13,3
Formal sector (non-agricultural)	11 172	11 282	10 064	-1 218	-1 108	-10,8	-9,9
Informal sector (non-agricultural)	3 048	2 921	2 280	-640	-767	-21,9	-25,2
Agriculture	842	865	799	-66	-43	-7,6	-5,1
Private households	1 251	1 316	1 005	-311	-246	-23,6	-19,7
Unemployed	6 655	7 070	4 295	-2 775	-2 360	-39,2	-35,5
Not economically active	15 465	15 422	20 578	5 156	5 113	33,4	33,1
Discouraged work-seekers	2 749	2 918	2 471	-447	-278	-15,3	-10,1
Other (not economically active)	12 716	12 504	18 107	5 603	5 391	44,8	42,4
Rates (%)							
Unemployment rate	29,0	30,1	23,3	-6,8	-5,7		
Employed/population ratio (absorption)	42,4	42,1	36,3	-5,8	-6,1		
Labour force participation rate	59,8	60,3	47,3	-13,0	-12,5		

Due to rounding, numbers do not necessarily add up to totals.

QLFS Q22020, P0211. Statistics South Africa Table A: Key labour market indicators

The effects of COVID-19 have resulted in a significant decrease of 5 009 million people in the Labour Force since the previous quarter. Additionally, 2,2 million jobs were lost. The official unemployment rate was 30.1% in the last quarter and has since moved to 23.3% in quarter 2, which has resulted to a decrease of 6.8%. This decline in the

official unemployment rate is due to people being moved from the workforce population into the Non-Economically Active population as they were not actively seeking for a job during the lockdown.

Education Level	Percentage of unemployed population (%)
Less than matric	53.0
Matric	36.3
Other	0.8
Graduate	2.4
Other tertiary	7.5

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Figure 13: Proportion of the unemployed by education level, Q2: 2020

Those with less than a matric comprise the disproportionate percentage (53%) of the 4.3 million unemployed persons. While 36.3% of the unemployed are in possession of a senior certificate, only 2.4% of the unemployed are graduates and 7.5% of the unemployed have a qualification from other higher/tertiary institutions. This make-up of the unemployed suggest that returns on completing secondary school are great, as is tertiary study.

		Expande	d unemployme	nt rate	
	Apr- Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to-qtr change	Year-on- year change
		Percent		Percentage po	ints
South Africa	38.5	39.7	42.0	2.3	3.5
Eastern Cape	46.5	48.9	52.8	3.9	6.3
Limpopo	41.1	44.4	46.5	2.1	5.4
North West	46.6	45.1	46.3	1.2	-0.3
KwaZulu-Natal	42.1	43.0	46.2	3.2	4.1
Mpumalanga	43.5	43.9	45.4	1.5	1.9
Northern Cape	44.8	40.0	45.1	5.1	0.3
Free State	41.6	44.5	41.2	-3.3	-0.4
Gauteng	35.0	36.3	38.7	2.4	3.7
Western Cape	23.8	24.8	27.3	2.5	3.5

Table 3: Expanded unemployment rate by province ranked highest to lowest

QLFS Q22020, P0211. Statistics South Africa Table F: Unemployment rate by province

All provinces recorded an increase in the expanded unemployment rate. However, North West recorded the largest increase of 4.4% which was followed by the Free State with an increased percentage of 3.4% and the Western Cape experienced a 2.5% increase.

Table 4: Expanded definition of Labour force characteristics by population group

	Apr-Jan 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to- qtr. change	Year-to- year change	Qtr-to- qtr. change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
South Africa									
Population 15-64 yrs.	38 433	38 582	38 727	38 874	39 021	147	588	0.4	1.5
Unemployment Rate	38.5	38.5	38.7	39.7	42.0	2.3	3.5		
Blacks/African									
Population 15-65 yrs.	30 992	31 140	31 284	31 429	31 575	145	583	0.5	1.9
Unemployment rate	43.0	43.1	43.0	44.1	46.3	2.2	3.3		
Coloured									
Population 15-64 yrs.	3 477	3 485	3 493	3 500	3 508	8	32	0.2	0.9
Unemployment rate	29.2	28.6	30.1	31.0	33.1	2.1	3.9		
Indian/Asian									
Population 15-64 yrs.	1 011	1 013	1 016	1 018	1 020	2	9	0.2	0.9
Unemployment rate	15.5	17.6	20.6	18.7	26.2	7.5	10.7		
White									
Population 15-64 yrs.	2 953	2 944	2 935	2 926	2 918	-9	-35	-0.3	-1.2
Unemployment rate	9.8	9.3	9.8	10.1	14.3	4.2	4.5		

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Table 2.5: Labour force characteristics by population group – Expanded definition of unemployment

SPII Analysis: The expanded unemployment rate among the black/African population is 46.3 % which surpasses the national unemployment rate of 42.0%. There is a gross disparity between the respective unemployment rate of the black/African population and the white population. The unemployment rate among white people is 14.3% which has increased by 4% from the previous quarter. The Indian population experienced the largest rise in unemployment with a 7.5% rise.

Table 5: Expanded definition of Labour force characteristics by age group

	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to- qtr. change	Year-to- year change	Qtr-to- qtr. change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
15 – 64 years									
Population 15-64 yrs.	38 433	38 582	38 727	38 874	39 021	147	588	0.4	1.5
Unemployment Rate	38.5	38.5	38.7	39.7	42.0	2.3	3.5		
15 – 24 years									
Population 15-24 yrs.	10 292	10 286	10 280	10 273	10 266	-7	-26	-0.1	-0.3
Unemployment rate	68.3	70.0	69.5	70.0	73.4	3.4	5.1		
25 – 34 years									
Population 25-34 yrs.	10 070	10 105	10 139	10 173	10 208	34	137	0.3	1.4
Unemployment rate	45.1	45.2	45.2	46.9	48.6	1.7	3.5		
35 – 44 years									
Population 35-44 yrs.	8 254	8 294	8 335	8 376	8 418	41	164	0.5	2.0
Unemployment rate	30.4	29.6	30.4	31.5	35.4	3.9	5.0		
45 – 54 years									
Population 45-54 yrs.	5 871	5 923	5 974	6 026	6 078	52	207	0.9	3.5
Unemployment rate	24.8	24.7	25.2	24.8	28.6	3.8	3.8		
55 – 64 years									
Population 55-64 yrs.	3 945	3 973	3 999	4 025	4 051	26	106	0.7	2.7
Unemployment rate	17.9	17.8	17.0	17.6	23.9	6.3	6.0	35.8	33.5

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Table 2.6: Labour force characteristics by age group – Expanded definition of unemployment

SPII analysis: There is a direct relationship between the unemployment rate and the age cohort. When we compare the figures for the different age cohorts beginning with 15-24 years till 55-64 years we can see a decrease in the unemployment as the age cohort increases. This could indicate that those who are between the age cohorts of 15-24 are graduates and recent high school leavers who could not secure any form of employment or it could also mean that new jobs are not necessarily being created but rather as people advance to higher level positions, or retire; their jobs are being replaced by the people in the previous age cohort.

	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Per cent	Per cent
	16 313	16 375	16 420	16 383	14 148	-2 234	-2 164	42.0	-13,
Both sexes								-13,6	
Employee	13 653	13 739	13 868	13 789	11 720	-2 069	-1 933	-15,0	-14,
Employer	901	941	898	866	1 0 1 1	145	109	16,7	12,
Own-account worker	1 657	1 609	1 589	1 647	1 313	-334	-344	-20,3	-20,
Unpaid household member	102	86	65	81	105	24	3	28,9	3,
Women	7 133	7 242	7 220	7 234	6 170	-1 064	-963	-14,7	-13,
Employee	6 183	6 268	6 313	6 307	5 348	-960	-836	-15,2	-13,
Employer	182	209	209	199	230	31	47	15,5	25,
Own-account worker	698	703	656	683	543	-140	-155	-20,5	-22
Unpaid household member	70	61	41	44	50	6	-20	12,7	-28,
Men	9 180	9 133	9 201	9 149	7 978	-1 171	-1 202	-12,8	-13,
Employee	7 470	7 471	7 555	7 481	6 372	-1 109	-1 098	-14,8	-14,
Employer	719	732	689	667	781	114	62	17,1	8.
Own-account worker	959	905	933	963	770	-193	-189	-20,1	-19
Unpaid household member	32	24	25	37	55	18	23	48,3	71

Table 6: Employment by sex in numbers:

For all values of 10 000 or lower, the sample size is too small for reliable estimates. Due to rounding, numbers do not necessarily add up to totals.

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Table 3.6: Employed by sex and status in employment – South Africa

SPII analysis: Males disproportionately represent the workforce compared to females. However, the contrast is that, males comprise the majority of people in the unpaid household member population (55 000 compared to 50 000). This category has increased by 18 000 for males in the last quarter compared to 6 000 for females. 1 109 000 fewer males were employed in the last quarter compared to 960 000 fewer females. This could be a result of women working as frontline workers to combat the COVID-19 pandemic, hence the increase in unemployment among female was less in comparison to male.

Table 7: Long term unemployed

	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to- qtr. change	Year-to- year change	Qtr-to- qtr. change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
Unemployed	6 655	6 734	6 726	7 070	4 295	-2 775	-2 360	-39.2	-35.5
Long-term unemployment (1 year and more)	4 757	4 773	4 931	5 071	2 878	-2 193	-1 880	-43.2	-39.5
Long-term unemployment (%)									
Proportion of the labour force	20.7	20.7	21.3	21.6	15.6	-6.0	-5.1		
Proportion of the unemployed	71.5	70.9	73.3	71.7	67.0	-4.7	-4.5		

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Table 4: Characteristics of the unemployed – South Africa

SPII Analysis: The evidence shows that only a small proportion of those who have experienced long-term unemployment are part of the current employed labour force. A possible contributing factor to this might be the emotional discouragement of remaining positive about future employment prospects. In addition, the COVID-19 pandemic prevented jobseekers to actively look for a job as many industries were in lockdown.

Table 8: characteristics of the not economically active

Table 5: Characteristics of the not econor	mically active – So	outh Africa							
	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Qtr-to-qtr change	Year-on- year change	Qtr-to-qtr change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Per cent	Per cent
Not economically active	15 791	15 465	15 474	15 581	15 422	-159	-369	-1,0	-2,3
Student	6 135	6 278	6 307	6 235	6 083	-151	-52	-2,4	-0,8
Homemaker	2 602	2 516	2 604	2 574	2 448	-126	-154	-4,9	-5,9
Illness/disability	1 640	1 554	1 451	1 498	1 504	5	-136	0,3	-8,3
Too old/young to work	1 543	1 501	1 498	1 547	1 540	-7	-3	-0,5	-0,2
Discouraged work-seekers	2 997	2 749	2 793	2 855	2 918	63	-79	2,2	-2,6
Other	874	867	820	872	929	58	55	6,6	6,3
Inactivity rate by age (both sexes)	41,2	40,2	40,1	40,2	39,7	-0,5	-1,5		
15-24 yrs	75,2	74,0	74,4	73,8	72,8	-1,0	-2,4		
25-54 yrs	24,3	23,5	23,1	23,6	23,2	-0,4	-1,1		
55–64 yrs	56,3	54,7	55,5	55,5	55,3	-0,2	-1,0		
Inactivity rate by age (women)	47,4	46,5	46,2	46.2	45,5	-0,7	-1,9		
15-24 yrs	77.8	76.6	76.8	76,1	75,2	-0,9	-2.6		
25-54 yrs	31,5	30,9	30,2	30,6	29,9	-0,7	-1,6		
55–64 yrs	63,9	62,5	63,0	63,2	63,0	-0,2	-0,9		
Inactivity rate by age (men)	35,0	33,8	33,9	34,1	33,7	-0,4	-1,3		
15-24 yrs	72,6	71,4	71,9	71,5	70,4	-1,1	-2,2		
25-54 yrs	17,1	16,2	16,0	16,6	16,6	0,0	-0,5		
55-64 yrs	46.8	45.2	46,1	46.0	45,9	-0,1	-0,9		

Due to rounding, numbers do not necessarily add up to totals.

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Table 5: Characteristics of the not economically active – South Africa

Analysis: With the massive decline that came with employment, there was also a great decline in the number of discouraged work-seekers (447 00). This could only mean that the national lockdown was a hindrance to people actively looking for employment.

Table 9: socio-economic characteristics of the unemployed

	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-to-qtr. change	Year-to- year change	Qtr-to- qtr. change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
Age group of the unemployed	6 655	6 734	6 726	7 070	4 295	-2 775	-2 360	-39.2	-35.5
15 – 24 yrs.	1 511	1 536	1 565	1 647	845	-802	-666	-48.7	-44.1
25 – 34 yrs.	2 655	2 716	2 673	2 828	1 670	-1 158	-984	-40.9	-37.1
35 – 44 yrs.	1 545	1 538	1 538	1 619	1 076	-543	-468	-33.5	-30.3
45 – 54 yrs.	758	768	786	797	559	-238	-199	-29.8	-26.3
55 – 64 yrs.	187	175	164	179	145	-35	-43	-19.4	-22.8
Age group of the employed	16 313	16 375	16 420	16 383	14 148	-2 234	-2 164	-13.6	-13.3
15 – 24 yrs.	1 168	1 102	1 127	1 143	769	-374	-398	-32.7	-34.1
25 – 34 yrs.	4 797	4 803	4 839	4 747	4 100	-647	-697	-13.6	-14.5
35 – 44 yrs.	5 088	5 174	5 143	5 126	4 491	-635	-597	-12.4	-11.7
45 – 54 yrs.	3 661	3 702	3 965	3 747	3 376	-371	-285	-9.9	-7.8
55 – 64 yrs.	1 599	1 595	1 616	1 619	1 412	-207	-187	-12.8	-11.7
Age group of the not economically active	15 465	15 474	15 581	15 422	20 578	5 156	5 113	33.4	33.1
15 – 24 yrs.	7 614	7 648	7 588	7 483	8 652	1 169	1 038	15.6	13.6
25 – 34 yrs.	2 619	2 586	2 627	2 598	4 437	1 839	1 818	70.8	69.4
35 – 44 yrs.	1 622	1 583	1 654	1 631	2 850	1 219	1 229	74.7	75.8

45 54	1 451	1 452	1 402	1 400	2 1 4 2	661	0(2)	44 C	47 7
45 – 54 yrs.	1 451	1 453	1 493	1 482	2 143	661	962	44.6	47.7
55 – 64 yrs.	2 159	2 203	2 219	2 227	2 495	268	336	12.0	15.6
Highest level of	6 655	6 734	6 726	7 070	4 295	-2 755	-2 360	-39.2	-35.5
education of the unemployed									
No schooling	80	72	59	84	36	-48	-44	-57.0	-55.0
Less than primary	353	353	351	334	205	-129	-148	-38.6	-41.9
Primary completed	270	241	276	242	163	-79	-107	-32.6	-39.5
Secondary not completed	3 102	3 128	3 085	3 224	1 879	-1 345	-1 223	-41.7	39.4
Secondary completed	2 224	2 298	2 336	2 504	1 561	-944	-663	-37.7	-29.8
Tertiary	596	606	579	633	415	-218	-181	-34.4	-30.3
Others	30	37	40	48	35	-13	5	26.7	15.4
Highest level of education of the employed	16 313	16 375	16 420	16 383	14 148	-2 234	-2 164	-13.6	-13.3
No schooling	295	291	270	232	165	-67	-129	-28.8	-43.9
Less than primary completed	961	957	960	939	685	-254	-276	-27.0	-28.7
Primary completed	624	622	587	573	479	-94	-145	-16.3	-23.2
Secondary not completed	5 361	5 360	5 323	5 440	4 443	-997	-918	-18.3	-17.1
Secondary completed	5 347	5 416	5 532	5 483	4 846	-637	-500	-11.6	-9.4
Tertiary	3 511	3 526	3 592	3 531	3 390	-142	-122	-4.0	-3.5
Other	214	203	156	183	139	-44	-75	-24.1	-34.9

Highest level of education of the not economically active	15 465	15 474	15 581	15 422	20 578	5 156	5 113	33.4	33.1
No schooling	575	590	551	539	449	-90	-126	-16.6	-21.9
Less than primary completed	1 396	1 445	1 456	1 324	1 538	214	143	16.2	10.2
Primary completed	934	960	996	876	1 105	229	171	26.1	18.4
Secondary not completed	8 142	8 180	8 281	7 998	10 301	2 303	2 159	28.8	26.5
Secondary completed	3 616	3 486	2 452	3 804	5 693	1 889	2 007	49.7	57.4
Tertiary	647	652	689	718	1 257	539	610	75.1	94.2
Other	155	158	156	163	235	71	79	43.8	51.1

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Analysis: The largest unemployment number is seen among the 25-34 years age group, whereas the lowest number is seen among the 45-54 year age group, this corresponds with the previous figures given that the unemployment rate decreases with the increase of the age cohort. This does not mean that older people are the ones being employed but rather that those who are employed remain employed as they enter into a new age cohort. According to Stats SA there has been an increase in unemployment of those who have completed Secondary Schooling as well as those with Tertiary qualifications (see Table 2).

Table 10: profile of those not in employment, education or training

	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Qtr-qtr change	Year-on- year change	Qtr-to- qtr. change	Year- on-year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
Both sexes	15 870	15 895	15 971	16 406	18 363	1 957	2 493	11.9	15.7
both sexes	15 07 0	15 055	10 5/1	10 400	10 505	1 337	2 455	11.5	15.7
Women	9 086	9 028	9 109	9 319	10 239	920	1 152	9.9	12.7
Men	6 783	6 868	6 863	7 087	8 124	1 037	1 341	14.6	19.8
Age group	15 870	15 895	15 971	15 406	18 363	1 957	2 493	11.9	15.7
15 – 24 yrs.	3 327	3 324	3 286	3 498	3 477	-21	151	-0.6	4.5
25 – 34 yrs.	4 883	4 919	4 901	5 031	5 683	653	800	13.0	16.4
35 – 44 yrs.	3 120	3 066	3 135	3 201	3 872	670	752	20.9	24.1
45 – 54 yrs.	2 197	2 208	2 267	2 269	2 694	425	496	18.7	22.6
55 – 64 yrs.	2 343	2 377	2 382	2 406	2 637	231	293	9.6	12.5
Population groups	15 870	15 895	15 971	16 406	18 363	1 957	2 493	11.9	15.7
Black/African	13 384	13 499	13 488	13 918	15 500	1 582	2 116	11.4	15.8
Coloured	1 386	1 338	1 390	1 430	1 637	207	251	14.5	18.1
Indian/Asian	367	347	376	366	411	45	44	12.2	11.9
White	732	711	717	691	815	124	82	17.9	11.2

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Table 7: Profile of those not in employment, education or training – South Africa

SPII Analysis:

The number of people that fall into the NEET population has increased by 2 million from the first quarter of 2020 to the second quarter. This is one of the largest increases in the NEET population from one quarter to the other. Most of the increase in the NEET population was amongst the black/African population.

	Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Jan-Mar 2020	Apr-June 2020	Qtr-to- qtr. change	Year-to- year change	Qtr-to- qtr. change	Year-on- year change
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	%	%
South Africa									
Subsistence Farming	1 907	1 725	2 058	2 357	2 969	612	1 062	26.0	55.7
Fetching water or collecting wood/dung	3 990	4 433	4 238	4 142	4 998	856	1 009	20.7	25.3
Hunting and fishing for household use	35	22	31	55	57	3	23	5.1	65.0

Table 11: involvement in non-market activities and labour market status

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Table 8: Involvement in non-market activities and labour market status by province

Analysis: Subsistence farming has increased by 612 000 from first quarter of 2020 to the second quarter. Perhaps this could be as result of people deciding to grow some of their own food during the pandemic. The number of people fetching water or collecting wood/dung has increased by 856 000. Notwithstanding, relatively few households are involved in subsistence farming given the high levels of hunger in South Africa. It is worth further investigation into access to land, water and other food inputs.

Definitions:

Employment

Employment can be defined as an agreement between individuals and an entity which is recognized by the government. It takes to account the responsibilities, workplace rules and payment agreements between the employer and the employee.

Not Economically Active (NEA)

A person is considered to be economically inactive if they were able and available to work in the week prior to the survey being conducted but did not work, did not look for work and did not try to start their own business.

Discouraged work seekers

There are various reasons why people choose not to seek employment and one of the main reasons for not seeking employment is either because jobs are not available or the individuals do not have the necessary skills needed to enter into the market. These persons are then regarded as discouraged work-seekers.

Informal/ formal sector

The informal sector encompasses all jobs which are not officially recognized as being a formal source of income and does not include payment of taxes. Formal sector encompasses the payment of tax, normal work hours and regular wage payments.