

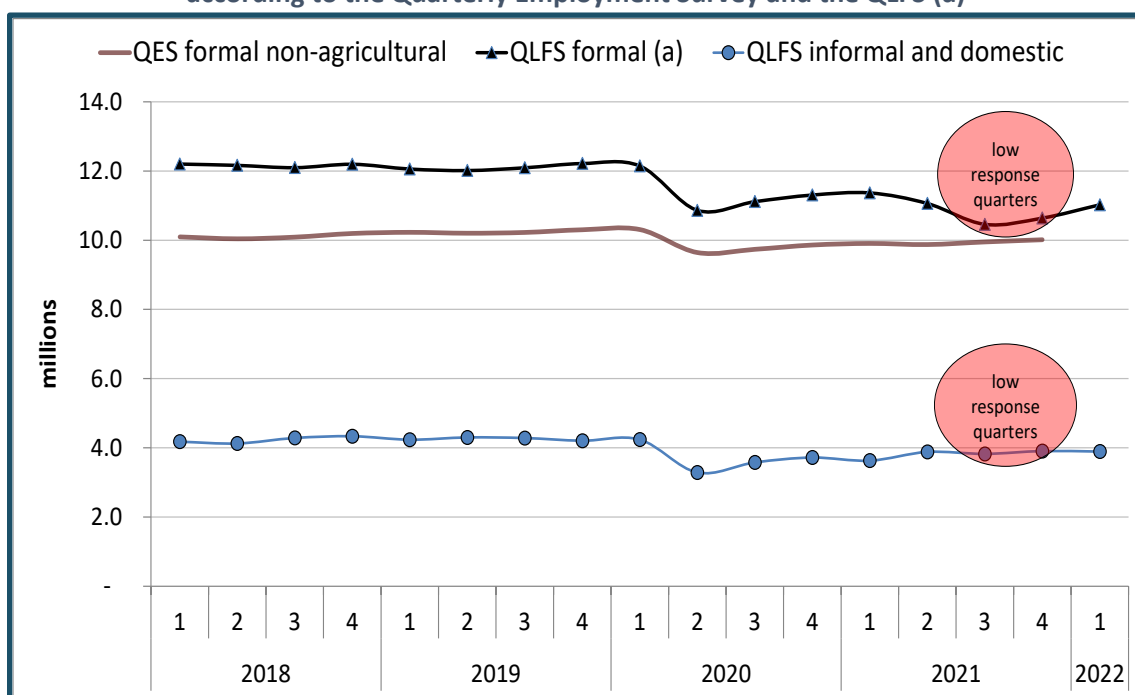
Employment

The available employment data suggest that the jobs recovery has lagged well behind the GDP, especially for lower-level formal employees and domestic workers. The number of employers and self-employed people has also dropped sharply. The employment data became significantly less reliable during the pandemic, however, because public-health concerns affected labour force surveys.

Official surveys of both employers and households find that employment is still between 3% and 9% below pre-pandemic levels, despite some improvement since the second quarter of 2020. That is, the recovery in employment still lags far behind the rebound in the GDP.

The government publishes two quarterly studies of employment: the Quarterly Employment Statistics report, which relies on inputs from 20 000 formal non-agricultural employers, and the Quarterly Labour Force Survey (QLFS) of around 30 000 households. According to the Quarterly Employment Statistics, in the fourth quarter of 2021 – the latest available version – the number of formal non-agricultural jobs was 290 000 lower than two years earlier. That represented a decline of 2.8% over this period. The QLFS found that all formal and informal employment in the first quarter of 2022 had shrunk by 1.5 million jobs, or 9%, from two years earlier. For non-agricultural formal employment alone, the QLFS indicated a million lost jobs.

Graph 11. Formal and other employment from first quarter 2018 to first quarter 2022 according to the Quarterly Employment Survey and the QLFS (a)

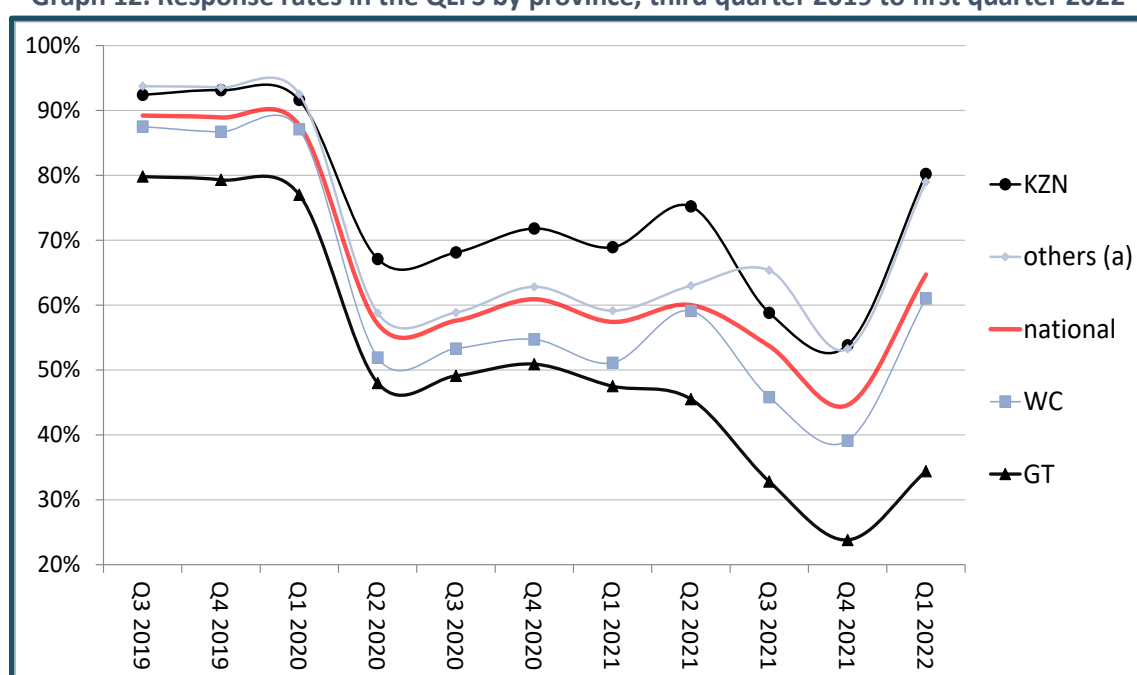


Note: (a) The formal employment figures for the QLFS presented here include agriculture, which was fairly stable throughout the period, plus formal enterprises with turnover of under R300 000, which are both excluded from the Quarterly Employment Statistics. The quarters with a very low response rate generated much less reliable figures, as discussed in the text. *Source:* Calculated from Statistics South Africa. QES details breakdown and QLFS Trends 2008-2022Q1. Excel spreadsheets.

During the pandemic, the QLFS figures became much less reliable, mostly because the lockdown forced a shift from in-person to telephonic interviews. The telephone interviews had a far lower response rate, however, especially in Gauteng, which accounts for around a third of total employment although only a quarter of the population. Overall response rates dropped from 90% before the pandemic to 60% in the lockdown, with a further dip to 45% in the fourth quarter of 2021. Moreover, international experience during the pandemic showed that telephone interviews tend to bias returns toward higher-level workers, who often have more time and better technology.¹

Statistics South Africa began to reinstate in-person interviews in the first quarter of 2022. It will take time for the system of in-person surveys to stabilise, however, given the size of the survey. In the first quarter of 2022, the initial post-pandemic round of in-person interviews still saw much lower response rates than before the pandemic. The rate was only just above 60% overall, and around 35% in Gauteng. (Graph 12)

Graph 12. Response rates in the QLFS by province, third quarter 2019 to first quarter 2022

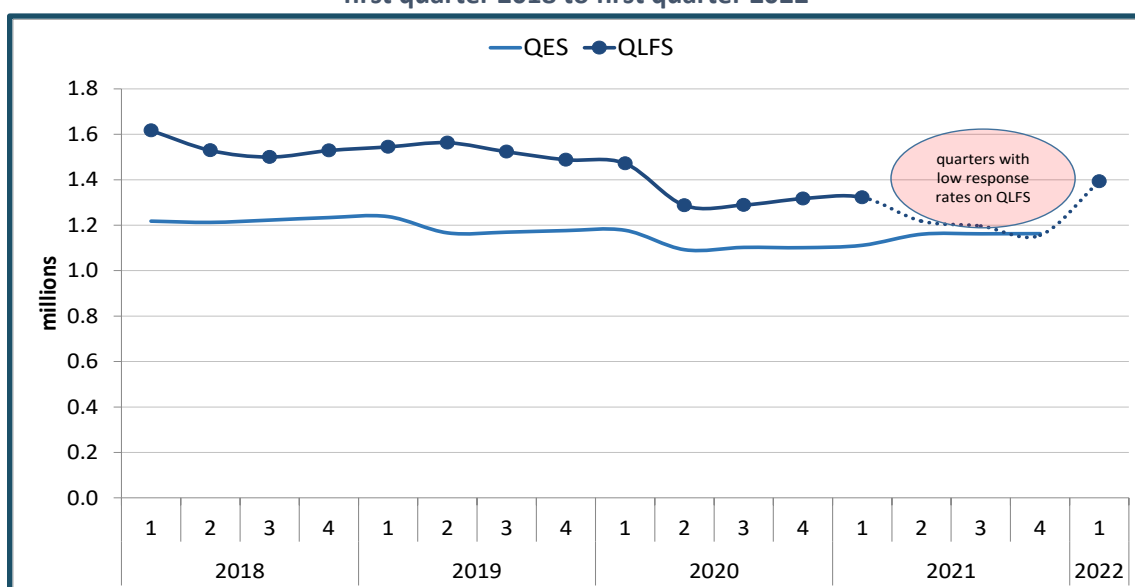


Note: (a) Unweighted average of response rate for other provinces. Source: Calculated from Statistics South Africa. Quarterly Labour Force Survey statistical releases for relevant quarters.

The Quarterly Employment Statistics and the QLFS both find that manufacturing employment remains well below pre-pandemic levels. They suggest a modest recovery since the second quarter of 2021, but only if the quarters with very low response rates in the QLFS are dropped.

¹ We are grateful to Professor Gay W. Seidman, Martindale Bascom Professor of Sociology at the University of Wisconsin at Madison, for information on the international experience with telephone surveys during the pandemic.

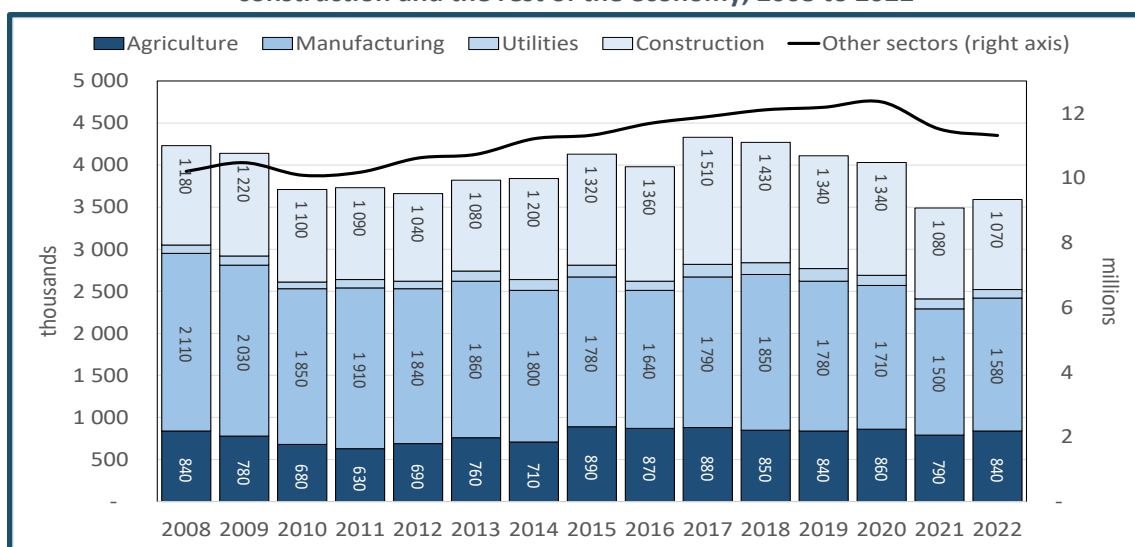
Graph 13. Quarterly Employment Survey and QLFS findings on formal employment, first quarter 2018 to first quarter 2022



Source: Calculated from Statistics South Africa. QES details breakdown and QLFS Trends 2008-2022Q1. Excel spreadsheets.

At the sectoral level, the first quarter of 2022 saw higher employment in manufacturing and agriculture than a year earlier. Construction accounted for most of the fall in employment in the real economy sectors in the pandemic, and the QLFS found that it generated almost no new jobs in the year to the first quarter 2022. The QLFS also reported continued job losses in the rest of the economy over the period.

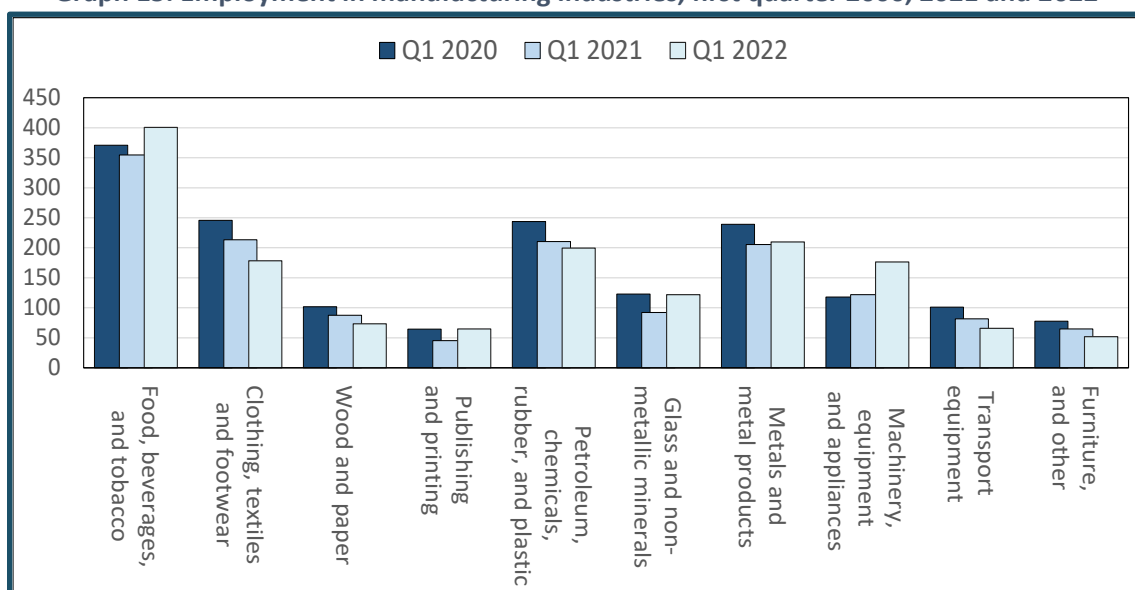
Graph 14. First-quarter employment in agriculture, manufacturing, utilities, construction and the rest of the economy, 2008 to 2022



Source: Calculated from Statistics South Africa. QLFS Trends 2008-2022Q1. Excel spreadsheet.

By industry, the QLFS finds a sharp jump in employment in food and machinery in the first quarter of 2022 compared to a year earlier, but a long-term decline in employment in most other manufacturing. (Graph 15). Again, these findings should be treated with caution as in-person interviews have only just resumed and response rates remain low.

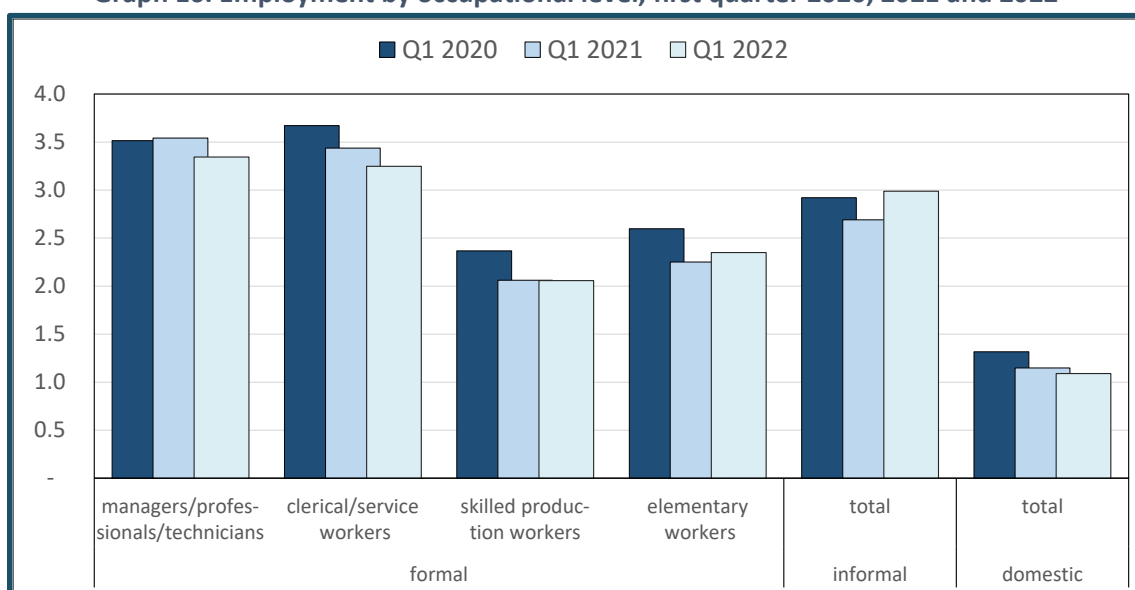
Graph 15. Employment in manufacturing industries, first quarter 2000, 2021 and 2022



Source: Calculated from Statistics South Africa. QLFS for relevant quarters. Electronic databases.

The QLFS data underscore that less skilled formal workers bore the brunt of the job losses, especially in the real economy. In contrast, managers and professionals saw relatively little impact on employment levels, despite a drop in the year to March 2022. Informal employment reportedly recovered fully from the pandemic in the first quarter of 2022, but domestic employment continued to shrink.

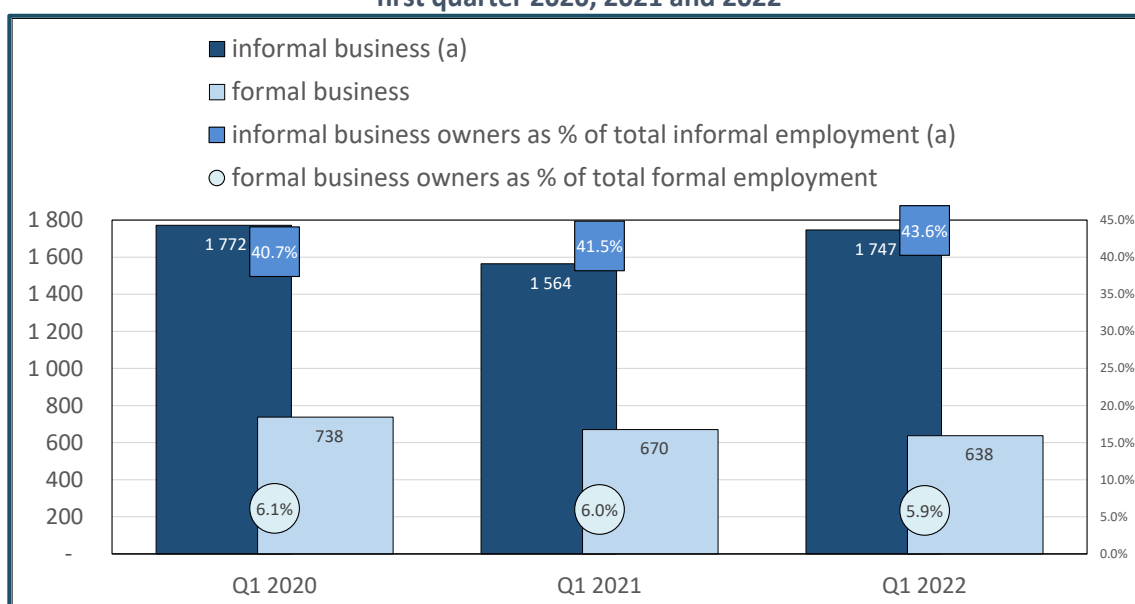
Graph 16. Employment by occupational level, first quarter 2020, 2021 and 2022



Source: Calculated from Statistics South Africa. QLFS for relevant quarters. Electronic databases.

The QLFS data help to understand the impact of the pandemic on small formal business. The number of employers and self-employed people fell steadily from 740 000 in the formal sector in the first quarter of 2020 to 640 000 two years later. In contrast, after an initial sharp decline in numbers, informal businesses have almost entirely recovered, presumably because participants have virtually no other option.

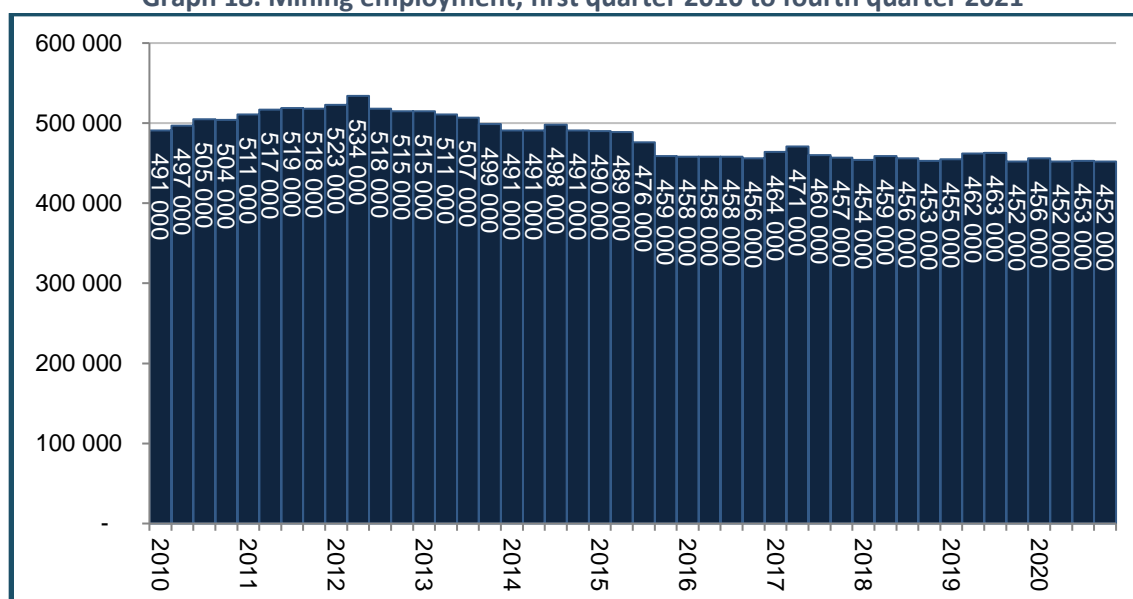
Graph 17. Business owners in the formal and informal (a) sectors, first quarter 2020, 2021 and 2022



Note: (a) Includes domestic work. Source: Calculated from Statistics South Africa. QLFS for relevant quarters. Electronic databases.

Mining employment has been essentially flat since 2020. The data are collected from the companies, separately from the main employment surveys.

Graph 18. Mining employment, first quarter 2010 to fourth quarter 2021



Source: Statistics South Africa. Quarterly Employment Statistics. Detailed breakdown. First quarter 2022. Excel spreadsheet.