Job Opportunities and Unemployment in the South African Labour Market

April 2009 - March 2010
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Introduction

The South African economy has not fully recovered but emerged from the recession in quarter three of 2009 when the GDP published by Statistics South Africa (Stats SA) recorded a positive growth of 0.9 percentage points quarter-on-quarter after three consecutive quarters of negative growth since quarter four of 2008. The positive growth rate trend has continued until quarter one of 2010 when the GDP recorded a growth of 4.6 percentage points quarter-on-quarter. Again, the growth has been disappointing since it has not translated into jobs being created. The first quarter labour force survey results show that employment contracted by 171 000 (1.3%) between quarter four of 2009 and quarter one of 2010. Of the 171 000 jobs lost between quarter four of 2009 and quarter one of 2010, 126 000 jobs were lost in finance, followed by construction (64 000). This trend has been reported to be a worrying factor not only in the South African economy but globally.

The big question is how long does it take for employment to recover after a recession ends? The International Monetary Fund (IMF) Staff Calculations 1 show that it typically takes about six quarters for employment to recover from a recession associated with financial crises. In addition to the IMF findings, Dirk Van Dijk 2 mentions that in the last two downturns, job losses continued long after the recession was officially over. The last (2001) recession officially lasted eight months, but employment fell for 22 months after the recession. He further mentions that the 1990 recession was similar but not as extreme, it also officially lasted eight months and employment fell for 19 months after the recession was over.

According to Youn Woo-jin 3, although there are signs of global economic recovery, worries have increased about a jobless recovery. Looking at Korea’s employment indicators, it shows that the country’s employment and unemployment rates have simultaneously dropped since the second half of 2009, this shows that job creation in Korea has remained fragile. The drop in the employment rate, despite a decrease in the unemployment rate is closely related to the fact that the economic activity rate has further decreased as a result of an increase in the economic inactive population as more and more people have given up searching for jobs.

Youn’s findings concur with the findings by the IMF and Van Dijk regarding the trend of jobless growth after a recession. Using an example of the United States, he said that the US experienced jobless economic recoveries in the economic recessions of 1991 and 2001.

- During the early 1990s, the slow and gradual decrease in the job loss rate resulted in delaying the recovery of employment
- On the other hand, during the early 2000s, there was already a lack of jobs being created, a situation which was made even worse as the impact of the economic recession was felt.

Within the South African labour market, the GDP has recently picked up, but the unemployment rate remains very high (25.2%). South Africa’s high unemployment rate could be associated with several factors such as:

(i) Rapid growth of unskilled labour supply, together with a structural shift in labour demand towards skilled labour.
(ii) Long distances between places of residence and places of work, which raise the cost of job search.
(iii) Growth in the number of discouraged job-seekers.

Furthermore, unemployment is inequitably distributed and certain groups are more likely to be unemployed than others. This is associated to skills mismatch in the country where a high proportion of labour market participants are unskilled and best equipped to work in the now declining primary sectors than in the service sectors.

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1 IMF World Economic Outlook, April 2010, Re-balancing growth
2 How long before jobs recover in the U.S.?, by Dirk Van Dijk, June 5, 2009
3 Dynamism of enterprises and job creation, February 18, 2010, e-Kiet Industrial Economic Information, Vol 473
This report focuses on the trends in employment and unemployment looking at both surveys and administrative data. It explores the behaviour of the South African labour market during this economic recovery. In addition, the report also uses the job advertisements recorded by the Labour Market Information Statistics (LMIS) Directorate to identify occupational groups that are in demand, and industries that are creating employment opportunities. The reference period for this report is April 2009 to March 2010.

The report is structured in three sections. **Section One** gives an overview of the South African labour market trends, drawn from the Quarterly Labour Force Survey (QLFS). The Unemployment Insurance Fund (UIF) data, as generated by the Department of Labour, particularly the number of applications for unemployment benefits that were processed from April 2009 to March 2010 is also discussed. **Section Two** shows quarterly analysis of job vacancies advertised in 11 newspapers from all nine provinces in South Africa. The job vacancy analysis provides an indication in the variation of supply and demand for labour in the South African labour market. By categorising vacancies into occupational categories, one might be able to study changes for the labour market conditions for a range of occupations against the skills needed over time. **Section Three** concludes with the findings of the labour market trends in South Africa.
Section One: Overview of the labour force trends in South Africa

Economists argue that the South African government’s goal to halve unemployment and poverty by 2014 might not materialise since the effects of the economic recession are still felt in the labour market. The Quarterly Labour Force Survey (QLFS) data shows that the unemployment rate jumped to 25.2% in quarter one of 2010 from 24.3% in quarter four of 2009. This shows an increase of 0.9 percentage points in the unemployment rate despite a growth of 4.6% quarter-on-quarter in the GDP during the same period. This has left more than 4.3 million South Africans in poverty.

The number of the economically inactive people increased from 13 585 000 in quarter two of 2009 to 14 237 000 in quarter one of 2010. Following this, the number of discouraged work-seekers increased by 21% from 1 517 000 in quarter two of 2009 to 1 839 000 in quarter one of 2010. This shows that like the global economies of e.g. Korea, more and more South Africans are giving up searching for jobs. In addition to the huge threat in terms of the loss of human resources, economists believe that in the fast-moving economic environment, new skills are not learned by these potential workers and that makes them unemployable in future as they lack the skills required in the modern economy.

At the international level, the number of jobless worldwide reached nearly 212 million in 2009 following an unprecedented increase of 34 million compared to 2007 on the eve of the global crisis. Thus, it is reported that this jobless recovery should be regarded as the political priority of today. There is a need of the same policy decisiveness that saved banks to be applied in order to save and create jobs and improve the livelihoods of people. This can be done through strong convergence of public policies and private investment.

1.1. Labour market information based on survey data

As mentioned above, the latest Quarterly Labour Force Survey (QLFS) data published by Stats SA shows that although South Africa came out of the recession in the third quarter of 2009, the growth was jobless. This compares well with the global employment trends.

Figure 1: Total number of employed people, 2009/10

Source: Stats S.A, Quarterly Labour Force Survey (QLFS), own calculations

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4 The number of people employed in the formal sector declined by 1% or 79 000 workers during the first quarter of this year, compared with the fourth quarter of 2009, Stats SA (Quarterly Employment Statistics June 2010)
5 Global Employment Trends, ILO, January 2010
6 Juan Somavia (ILO Director-General), World of Work, no. 68, April 2010
Figure 1 shows that the number of the employed decreased by 566 000 between quarter two of 2009 and quarter one of 2010. The biggest drop was between quarter two of 2009 and quarter three of 2009. This comes as no surprise since the country was still in recession at that time. On the recovery path, the first quarter labour force survey results show that employment contracted by 171 000 (1.3%) between quarter four of 2009 and quarter one of 2010.

Of the 171 000 jobs lost between quarter four of 2009 and quarter one of 2010, 126 000 jobs were lost in finance, followed by construction (64 000). The year-on-year picture shows that the biggest losses were observed in trade (196 000), followed by manufacturing (173 000), private households (130 000) and construction (105 000). Employment decreased in all the sectors except agriculture that has shown an increase of 35 000 (5.7%) after seven successive quarters of job losses. Almost all provinces lost jobs except for Western Cape and KwaZulu-Natal that have gained 21 000 and 9 000 jobs respectively. The highest job loss was recorded in Limpopo (51 000), followed by Gauteng with 46 000 jobs.

Figure 2: Total number of unemployed people, 2009/10

The number of the unemployed increased between quarter four of 2009 and quarter one of 2010 as shown in Figure 2. Unemployment decreased between quarter three and quarter four of 2009 and increased drastically in quarter one of 2010. In percentage terms, the unemployment rate went up by 0.9 percentage points to 25.2% as compared to 24.3% in quarter 4 of 2009. According to Stats SA and some economists, most jobs that were created in the fourth quarter of 2009 were seasonal jobs and most of these people were laid off after the holidays. The same trend can be seen between quarter four of 2008 and quarter one of 2009 where the number of the unemployed decreased to 3 873 000 and increased to 4 184 000.

Another reason might be that there are graduates that have entered the labour market in January 2010. The data shows that the number of new entrants increased by 98 000 from 1 687 000 in quarter four of 2009 to 1 785 000 in quarter one of 2010. As a result, unemployment in the South African labour market is inequitably distributed and certain groups are more likely to be unemployed than others. For example, youth unemployment in the South African labour market is considerable. More than 3 million young people (15-35 years) do not work. Young people tend to stay unemployed for a long time before finding a job. It could be argued that reductions in unemployment will depend probably on growth induced increases in labour demand and on the supply of a well educated labour force with the necessary skills to fill the jobs that are created in particular in service sectors.

The QLFS data further shows that between quarter four of 2009 and quarter one of 2010, the number of the unemployed increased by 145 000 of which 113 000 were women and 33 000 were men. The number of the not economically active men increased by 106 000 between the same quarters whereas the number of the women remained virtually unchanged. So one of the reasons why the number of men who are unemployed has increased marginally compared to the women might be because some of them have given up looking for jobs.
Of the 153 000 discouraged work-seekers recorded in March 2010, about 65% (or 99 000) people who reported to be discouraged, were men.

**Table 1: Employment by occupation ('000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
<td>1 022</td>
<td>994</td>
<td>981</td>
<td>977</td>
</tr>
<tr>
<td>Professionals</td>
<td>654</td>
<td>703</td>
<td>647</td>
<td>679</td>
</tr>
<tr>
<td>Technicians</td>
<td>1 550</td>
<td>1 493</td>
<td>1 521</td>
<td>1 488</td>
</tr>
<tr>
<td>Clerks</td>
<td>1 440</td>
<td>1 431</td>
<td>1 462</td>
<td>1 443</td>
</tr>
<tr>
<td>Sales and services</td>
<td>1 804</td>
<td>1 792</td>
<td>1 844</td>
<td>1 808</td>
</tr>
<tr>
<td>Skilled agriculture</td>
<td>83</td>
<td>72</td>
<td>83</td>
<td>88</td>
</tr>
<tr>
<td>Craft and related trade workers</td>
<td>1 779</td>
<td>1 568</td>
<td>1 568</td>
<td>1 576</td>
</tr>
<tr>
<td>Plant and machine operators</td>
<td>1 186</td>
<td>1 097</td>
<td>1 083</td>
<td>1 048</td>
</tr>
<tr>
<td>Elementary occupations</td>
<td>2 889</td>
<td>2 812</td>
<td>2 888</td>
<td>2 806</td>
</tr>
<tr>
<td>Domestic workers</td>
<td>963</td>
<td>924</td>
<td>898</td>
<td>888</td>
</tr>
<tr>
<td>Total</td>
<td>13 369</td>
<td>12 885</td>
<td>12 974</td>
<td>12 803</td>
</tr>
</tbody>
</table>

*Source: Stats S.A, Quarterly Labour Force Survey (QLFS), own calculations*

Employment has decreased in most occupations as shown in Table 1. The highest decrease was recorded between quarter two and three of 2009 where 484 000 jobs were lost. The same trends in employment reduction were recorded between quarter four of 2009 and quarter one of 2010. There has been a decrease in the demand for most occupations with the highest negative demand recorded for elementary occupations (82 000), followed by sales and services, plant and machine operators and technicians.

This decrease in labour demand correlates with the analysis by the economic industry where employment reduction in some sectors such as finance, trade, manufacturing and construction, is translated into a decrease in labour demand for certain skilled, unskilled and semi-skilled categories. In this regard, skilled agriculture occupations experienced the lowest increase in labour demand, coupled with an increase in the demand for professional occupations by March 2010. Thus, the nature of labour demand in turn not only increased unemployment levels for those unskilled workers, but also ensured that new entrants in the labour market without basic skills and qualifications would find it increasingly difficult to secure sustainable employment.

Fedderke et al (2002) has also demonstrated that the change in the structure of the South African economy has impacted on the composition of employment creation by reducing the demand for lower-end occupational categories such as elementary occupations, clerks and domestic workers.

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Table 2: Educational level of the unemployed (‘000)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No schooling</td>
<td>94</td>
<td>90</td>
<td>94</td>
<td>80</td>
</tr>
<tr>
<td>Less than primary completed</td>
<td>383</td>
<td>370</td>
<td>352</td>
<td>347</td>
</tr>
<tr>
<td>Primary completed</td>
<td>203</td>
<td>225</td>
<td>193</td>
<td>219</td>
</tr>
<tr>
<td>Secondary not completed</td>
<td>1 863</td>
<td>1 918</td>
<td>1 905</td>
<td>1 970</td>
</tr>
<tr>
<td>Secondary completed</td>
<td>1 342</td>
<td>1 322</td>
<td>1 364</td>
<td>1 402</td>
</tr>
<tr>
<td>Tertiary</td>
<td>213</td>
<td>239</td>
<td>224</td>
<td>255</td>
</tr>
<tr>
<td>Other</td>
<td>27</td>
<td>29</td>
<td>34</td>
<td>39</td>
</tr>
<tr>
<td>Total</td>
<td>4 125</td>
<td>4 192</td>
<td>4 165</td>
<td>4 310</td>
</tr>
</tbody>
</table>

Source: Stats S.A, Quarterly Labour Force Survey (QLFS), own calculations

Table 2 shows the number of the unemployed by educational level. The data shows that unemployment is high among people with no tertiary qualification and low among people with a tertiary qualification. It has been a trend that people with high levels of education are more likely to find sustainable employment than people with no or little education. However, the 2010 first quarter results indicate that a tertiary education did not necessary protect individuals to be reported as unemployed. Interestingly, the statistics show an increase in the number of people with tertiary qualifications by 31 000 from 224 000 in quarter four of 2009 to 255 000 in quarter one of 2010. This supports the notion that graduates contributed to the increase in the number of the unemployed.

Figure 3: Unemployment level by age group, 2009/10

As noted above, unemployment is high in the youth age group 15-34 years. Unemployment has increased in all the age groups from quarter two of 2009 to quarter one of 2010 except for the age group 15-24 years which decreased slightly by 43 000 between quarter two of 2009 and quarter one of 2010 as shown in Figure 3. Youth unemployment is a problem not only in South Africa but globally. It is reported that preceding the economic crisis, youth were on average 2.8 times more likely to be unemployed than adults at a global level, and this ratio showed little change in 2009. Government needs to increase its efforts to fight the problem of youth unemployment because this problem has persisted despite their efforts to curb it. In other words, is the

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8 Global Employment Trends, January 2010
scale of government support programmes ambitious enough for current labour market situations?

1.2. Labour market information based on administrative data

The Unemployment Insurance Fund (UIF) has remained the main source of income for many South Africans who find themselves laid-off because of the economic downturn. Generally, the Fund provides short-term monetary assistance to individuals that are not currently working because they lost their job, became ill or went on maternity leave. For unemployed applicants, benefits are only paid in the period immediately following the cessation of work and the person must have been contributing to the UIF at the time the event related to the cessation of work occurred.

Notwithstanding this, it should be noted that only a small proportion of unemployed as compared to 4.3 million unemployed in the country will benefit from this short-term financial relief.

Although unemployment insurance benefits broadly include different types of benefits such as adoption, maternity, illness and death, this section will focus mainly on ordinary unemployment claims. The rationale for this decision stems from the fact that this type of unemployment insurance claim comes as a result of loss of employment opportunities by individuals due to reasons stipulated in the UIF Act. Some of the reasons that qualify applicants to their benefits include, among others, employees who had been dismissed, end of contract, businesses closed and retrenchments.

Table 3: Number of ordinary claims created by province 2007/08 to 2009/10

<table>
<thead>
<tr>
<th>Province</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>39 023</td>
<td>45 078</td>
<td>58 485</td>
</tr>
<tr>
<td>Free State</td>
<td>21 474</td>
<td>25 487</td>
<td>29 408</td>
</tr>
<tr>
<td>Gauteng</td>
<td>102 476</td>
<td>120 812</td>
<td>175 127</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>81 455</td>
<td>95 150</td>
<td>115 782</td>
</tr>
<tr>
<td>Limpopo</td>
<td>25 065</td>
<td>31 794</td>
<td>39 864</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>34 408</td>
<td>40 011</td>
<td>51 717</td>
</tr>
<tr>
<td>North West</td>
<td>15 807</td>
<td>23 484</td>
<td>30 658</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>13 303</td>
<td>14 498</td>
<td>17 212</td>
</tr>
<tr>
<td>Western Cape</td>
<td>62 787</td>
<td>70 174</td>
<td>107 913</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>395 798</strong></td>
<td><strong>466 488</strong></td>
<td><strong>626 166</strong></td>
</tr>
</tbody>
</table>

Source: Department of Labour, UIF, own calculations

Table 3 shows the number of ordinary claims created by province. The number of ordinary claims has shown an increasing trend from 2007/08 to 2009/10. The growth between 2007/08 and 2008/09 was 17.8% and the growth between 2008/09 and 2009/10 was 34.2% (almost double). This data confirms that the economic downturn had a major impact in the South African labour market which can reduce the South African government’s hope to halve unemployment by 2014. Unfortunately, this is not new; the trend has been persistent in the South African labour market.

As a result, the number of claims increased in all the provinces between 2008/09 and 2009/10. Gauteng recorded the highest number of claims throughout the three years, followed by KwaZulu-Natal and Western Cape. Following that, the number of claims increased the most in Gauteng (54 315), followed by Western Cape (37 739) and KwaZulu-Natal (20 632). On the contrary, the Western Cape showed the highest

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Part of the explanation lies in the fact that slightly more than half (55%) of the unemployed report that they have never worked (Stats SA, 2007) and thus have not had the opportunity to have contributed to the UIF. Furthermore, of those unemployed that have previous work experience, 44% have been unemployed for more than a year and would have exhausted their benefits if they were ever eligible for them.
percentage increase (53.8%) between 2008/09 and 2009/10, followed by Gauteng (45.0%) and North West (30.5%).

Looking at the QLFS results, Gauteng recorded the highest number of decrease in employment (327 000), followed by North-West (108 000), KwaZulu-Natal (96 000) and Mpumalanga (84 000), whereas the percentage changes shows that the highest decrease was recorded in North West (12.2%), followed by Mpumalanga (9.0%) and Gauteng (8.1%). This shows that the same trend that is observed in the UIF data is also observed in the QLFS data and hence the high number of claims in the provinces with a high number of lay-offs.

Figure 4: Ordinary unemployment claimants by age group, 2009/10

The first quarter QLFS data shows employment decreased in all the age groups between quarter one of 2009 and quarter one of 2010. The highest decrease was observed in the age groups 15-34 years (480 000), followed by the age group 45-54 years (157 000) and 35-44 years (108 000).

The same youth trend is observed in the UIF data as shown in Figure 4. The highest percentage of ordinary claimants was recorded in the age group 15-34 years (47%), followed by the age group 35-44 years (25%) and 45-54 years (16%). The age group 55 years and above recorded the lowest percentage of ordinary claims when compared to the other age groups.

The analysis above shows that the 2009/10 UIF data follows the same trend with the QLFS data where we saw the youth being the most affected by the economic downturn. Globally, youth unemployment rose by 1.6 percentage points to reach 13.4% in 2009 relative to 2007. This represents the largest increase since at least 1991, the earliest year for which global estimates are available 10.

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10 International Labour Organisation, World of Work no. 68, April 2010, p. 28
Figure 5: Educational level of ordinary unemployment claimants: April 2009 to March 2010

Source: Department of Labour, UIF data, own calculations, excluding unspecified

Figure 5 illustrates the distribution of ordinary unemployment claimants by educational level. The highest percentage of ordinary unemployment claimants was amongst those who have grade 10-11 (31%), followed by those who have grade 12 (29%) and those who had grade 8-9 (21%). The people with above grade 12 recorded the lowest percentage of claims (3%). This confirms that education is key in securing decent and sustainable employment because workers with post grade 12 qualifications are more likely to be re-employed compared to workers with a high school education. These educated workers also have a shorter duration of unemployment periods after losing their jobs.

Table 4: Number of terminated workers by industry, 2007/08 to 2009/10

<table>
<thead>
<tr>
<th>Industry</th>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commercial</td>
<td>Domestic</td>
<td>Commercial</td>
</tr>
<tr>
<td>Agriculture</td>
<td>27 491</td>
<td>-</td>
<td>40 984</td>
</tr>
<tr>
<td>Mining</td>
<td>4 591</td>
<td>-</td>
<td>8 555</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>35 166</td>
<td>-</td>
<td>55 282</td>
</tr>
<tr>
<td>Construction</td>
<td>17 820</td>
<td>-</td>
<td>24 031</td>
</tr>
<tr>
<td>Trade</td>
<td>62 285</td>
<td>-</td>
<td>105 123</td>
</tr>
<tr>
<td>Transport</td>
<td>11 052</td>
<td>-</td>
<td>14 314</td>
</tr>
<tr>
<td>Finance</td>
<td>12 174</td>
<td>-</td>
<td>35 815</td>
</tr>
<tr>
<td>Community</td>
<td>67 891</td>
<td>-</td>
<td>73 760</td>
</tr>
<tr>
<td>Private household</td>
<td>-</td>
<td>4 074</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>238 470</td>
<td>4 074</td>
<td>359 968</td>
</tr>
</tbody>
</table>

Source: Department of Labour, UIF data, own calculations.

The number of terminated workers in the commercial sector has decreased by 42 265 from 359 968 in 2008/09 to 317 703 in 2009/10, whereas the number of terminated workers in the domestic sector has increased slightly by 1 987 from 4 384 in 2008/09 to 6 371 in 2009/10 as shown Table 4.

The trade industry recorded the highest number of terminations (90 363) in 2009/10, followed by the community industry (70 211), and manufacturing and agriculture with 44 460 and 40 629 respectively. These are the same trends as in the QLFS data which has shown that trade and manufacturing were the hardest hit industries by the economic downturn. This again follows the same trend as in the developed countries because of the global financial crisis.
The UIF data illustrates in Figure 6 that most unemployment insurance ordinary claimants reported that the end of contract (126 582) was the main reason of employment terminations in 2009/10. However, it shows a decrease of 13 285 from 139 867 which was recorded in 2008/09. The data confirms that casualisation is still persistent in the South African labour market.

This has become a feature in all sectors of the South African economy where many of the previously permanent and full time jobs have been converted into part-time employment. In other words, this trend may be explained by the fact that part-time labour generally comprises of workers with lower levels of education.

Furthermore, the data on liquidations and insolvencies published by Stats SA for February and March 2010 shows that there is a slow-down in the number of liquidations and insolvencies and this is confirmed by the UIF data which shows a decrease in the number of terminations due to business closures. According to economists at Investec 11, the slowdown in liquidations and insolvencies also indicates that the rate of job losses is slowing. The South African economy is also expected to only start creating jobs in the latter part of the year in 2010.

Source: Department of Labour, UIF data, own calculations
Figure 7: Growth in the number of commercial employees: April 2009 to March 2010

Source: Department of Labour, UIF data 2007/08, own calculations.

Figure 7 shows that the number of registered commercial employees has shown an upward trend between April 2009 and March 2010. Registered commercial workers increased sharply between April 2009 and October 2009 and then started increasing steadily from November 2009 till March 2010. About 7 109 463 registered commercial employees plus 642 007 domestic workers were recorded at the end of March 2010. From Statistics South Africa, the March 2010 Quarterly Employment Survey results indicate that the number of people employed in the formal non-agricultural business sector of the South African economy decreased by about 79 000 people (-1.0%) from December 2009 (an estimated 8 163 000 employees) to March 2010 (an estimated 8 084 000 employees). The quarterly decrease, for the same period last year was 2.2%.

Figure 8: Growth in the number of domestic workers: April 2009 to March 2010

Source: Department of Labour, UIF data, own calculations

In contrast with the number of registered commercial employees, the number of registered domestic workers increased steadily from April 2009 until October 2009 and then started increasing sharply from November 2009 until March 2010. Overall, domestic and commercial worker’s registration at the Fund shows an increase in the number of employees over time. This trend has been consistent within the Department of Labour but it is not moving in the same direction as the survey data.
A Promising and Exciting Career Awaits You....

...industry. Our motor group is looking for qualified and personal skills
Section Two: Trend analysis of job vacancies

2.1. Job vacancies by Organising Framework of Occupation (OFO)

The main source of job vacancies data is the South African local newspapers. Various newspapers from provincial and national level were used to identify where the job vacancies are in abundance in the South African labour market. In this report, caution should be taken because the job vacancies data should not be compared with the previous years. The Quarterly Labour Force Survey (QLFS) and the UIF data address one element of the labour market, i.e. the supply of labour. The two datasets lack crucial information on the demand of labour. Job vacancies are important in measuring the demand of labour. Occupational groups with high job vacancy rates are in stronger demand than occupations with smaller job vacancy rates. According to Harry Frumerman, job vacancy data can contribute to business cycle analysis; they can also help to determine whether the prescription for high unemployment should be more spending (insufficient aggregate demand) or job training and employment counselling (structural unemployment). He further said that job vacancy data can also be used to improve the way in which labour markets function by pinpointing emerging labour shortages.

Figure 9: Total number of job vacancies in the financial year 2009/10

Source: Department of Labour, Job Opportunity Index database 2009/10

The total number of job vacancies declined between quarter one and quarter three of 2009/10 as depicted in Figure 9. The total number of vacancies however started increasing from quarter three to quarter four of 2009/10 and reached the total of 12 370 vacancies in quarter four of 2009/10. In other words, there were almost 35 000 unemployed people for each vacancy recorded nationwide in March 2010. This is based on the ratio of unemployed to job vacancies over the same period. It is important to note that this ratio will differ from one province to another. In this regard, the critical question about which occupations are in demand is addressed in Figure 10.

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12 In order to improve on the coverage, from 2009/10 onwards job vacancies data from the Sunday Times are complemented with various selected provincial newspapers. Previously this report covered only job vacancies data from the Sunday Times newspaper. The newspapers covered in this report are: Sunday Tribune (KwaZulu-Natal), Daily Dispatch (Eastern Cape), Diamond Fields Advertiser (Northern Cape), Workplace supplement of The Star (Gauteng), Pretoria News (Gauteng), Cape Times (Western Cape), Express (Free State), The Mail (North West), Witbank News (Mpumalanga) and Northern Review (Limpopo). The inclusion of the other papers from the provinces might bring duplication of vacancies because some vacancies might be advertised in more than one paper, for example, Sunday Times, Pretoria News and The Star. However, efforts have been made to reduce duplication before analysis.

Figure 10 illustrates the distribution of vacancies by provincial office. The Department of Labour has 10 provincial offices. This is due to the fact that Gauteng is divided into two provinces namely, Gauteng North which covers the northern part of Gauteng and Gauteng South which covers the southern part of Gauteng. The distribution of vacancies helps in identifying where most jobs are advertised and also assess the impact of including data from the provincial newspapers. The other dimension is to assess the effectiveness of the newspapers processed in the provinces.

Of the total 45 770 job vacancies advertised in 2009/10, 23 056 (or 50.4%) of the vacancies advertised were processed at Head Office (Sunday Times). The remaining 22 715 (49.6%) was processed at provinces. Figure 10 shows that the Western Cape recorded the highest number of job vacancies with 1 514 in quarter four followed by the Eastern Cape with 1 483 and Limpopo with 1 194. Free State and North West recorded the lowest number of job vacancies with 79 and 222 job vacancies respectively in quarter four. One of the reasons why Free State has recorded the least number of vacancies is the unreliability of the newspaper as there are some weeks when there are no vacancies advertised. Further research needs to be conducted to investigate if this is the best source of job vacancies or if this paper should be used in conjunction with other sources. The same investigation should be done for the other provinces.

Another reason for the low coverage in the provincial offices that is not related to the previous one is the lack of human resources. When the data manager is not available in a particular week, the data for that particular week is not captured as there is a shortage of staff.

Source: Department of Labour, Job Opportunity Index database 2009/10
* Please note that the fourth quarter job vacancies data for KwaZulu-Natal is missing.
Job-seekers and employers want to know who's hiring and for what field of work. In the line, economists argued that job vacancy counts alone are not a complete picture of labour market demand since larger occupations tend to have higher numbers of vacancies and do not necessarily indicate how difficult it is to fill the vacancies.\textsuperscript{14}

In Figure 11, the total number of vacancies recorded in the financial year 2009/10 is 45,770 of which about 62% are from high-skilled occupational groups (managers and professionals). Figure 11 illustrates that the job vacancies are skewed towards the high-skilled occupation groups in all the four quarters of 2009/10. The requirements of these vacancies are towards people with at least a post grade 12 qualification and some working experience. This shows that the demand for unskilled and semi-skilled workers is diminishing. It is therefore a worrying factor since most of the unemployed in the South African labour market are the less educated with no tertiary education.

Figure 11 further shows that the professionals recorded the highest number of vacancies in all the four quarters of 2009/10, managers recorded the second highest number of vacancies and clerical and administrative workers recorded the third highest.

\begin{figure}
\centering
\includegraphics[width=\textwidth]{figure11.png}
\caption{Quarterly number of vacancies by occupational group}
\end{figure}

\textbf{Source: Department of Labour, Job Opportunity Index database 2009/10}

\textsuperscript{14} Department of Employment and Economic Development, Minnesota Job Vacancy, 2nd quarter, 2009, p.5
Figure 12: Quarterly number of vacancies in managerial occupational group

Source: Department of Labour, Job Opportunity Index database 2009/10

Figure 12 presents the distribution of vacancies within the managers’ occupational group. The number of vacancies advertised in this occupational group increased between quarter three and quarter four of the financial year 2009/10. The senior government and local government contributed the highest number (450) to the increase in job vacancies in March 2010.

While the QLFS indicate about 4 000 jobs lost in the managerial occupations, the Department recorded 3 536 vacancies through newspapers in March 2010. This is an important milestone in terms of coverage of job vacancies against the supply-side of information using survey data. The duration for current job vacancies to be filled constitutes a separate research study in the Department.

Figure 13: Quarterly number of vacancies in managerial occupational group per provincial office
The quarterly number of vacancies in the managerial occupational group is depicted in Figure 13. As expected, the Western Cape recorded the highest number of job vacancies in quarter one and quarter two. The number of vacancies decreased in quarter three and then increased significantly in quarter four. The same trend is observed nationally. On the contrary, the number of job vacancies increased in the Eastern Cape in quarter two and quarter three and decreased in quarter four. Although there is no direct link between the QLFS and the job vacancies data due to the limitation on the coverage as mentioned before, the QLFS data also shows that unemployment decreased slightly by 64 000 in September 2009 and then increased in December 2009 and March 2010 by 8 000 and 114 000 respectively.

Figure 14: Quarterly number of vacancies in professional occupational group

![Chart showing quarterly vacancies in professional occupational group]

Source: Department of Labour, Job Opportunity Index database 2009/10

Figure 14 shows the number of vacancies in the professional occupational group. The professional group show the same trend as the managers. The number of vacancies increased slightly between quarter one and quarter two of the 2009/10 financial year and then declined sharply between quarter two and quarter three. In quarter four of the same reporting period, the number of vacancies increased slightly from 3 385 in quarter three to 3 662 in March 2010. This increase in the number of professional vacancies is seen as insignificant as compared to the number of jobs created over the same period. The QLFS results reflects about 32 000 jobs were created in the professional occupational group in March 2010.
The number of job vacancies advertised in the professional occupational group increased in all provinces except the Eastern Cape as illustrated in Figure 15. The vacancies advertised in the Eastern Cape decreased drastically between quarter one and quarter two from 626 in quarter one to 103 in quarter two. The number of job vacancies advertised again increased significantly to 308 in quarter three and then decreased slightly to 283 in quarter four.

Figure 16: Quarterly number of vacancies in clerical and administrative occupational group

On the contrary, the number of vacancies in the clerical and administrative occupational group declined sharply between quarter one and quarter two of the financial year 2009/10 and remained constant between quarter two and quarter three as depicted in Figure 16. However more jobs in the clerical and administrative group were advertised in quarter four. The number increased to 1 762 in quarter four.