ANALYSIS OF UNDEREMPLOYMENT IN THE SOUTH AFRICAN LABOUR MARKET
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ABSTRACT

Global unemployment is increasing while employment is shrinking, if not becoming casual and temporal. Due to socioeconomic hardships, people are forced to take any form of employment to survive, including working lesser hours out of choice. This is underemployment, a subject of this study. This research aims to analyse trends of underemployment over a period of five years in South Africa, to establish if the number of underemployed people is increasing or not, if patterns differ across gender, industries and occupations.

The quarterly labour force surveys were analysed to answer the questions above, specifically quarter three of all the years. These surveys are conducted by Statistics South Africa in 30 000 households. Microsoft Excel was used for analysis and the findings were that employment had increased generally in South Africa, with underemployment also rising, mostly in Private households, trade and community and social services industries, and for elementary and domestic work occupations. Women participation in underemployment dominated that of men and this makes it salient that policy development should be more focused on productive employment to address underemployment.
# TABLE OF CONTENTS

1: INTRODUCTION 5

2: LITERATURE REVIEW 8
   2.1. Definitions of underemployment 9
      2.1.1. Categories of underemployment 10
      2.1.2. Legal framework of underemployment 11
      2.2. The effects of underemployment 13
      2.3. Conclusions 13

3: RESEARCH METHODOLOGY 14
   3.1. Descriptive study 14
   3.2. Sample and data collection 14
   3.3. Data analysis and interpretation 15
   3.4. Conclusions 15

4: FINDINGS AND ANALYSIS 16
   4.1. Employment levels 16
   4.2. Employment by industry 16
   4.3. Underemployment 19
      4.3.1. Underemployment and total employment 21
      4.3.2. Underemployment by gender 22
      4.3.3. Underemployment by industry 23
      4.3.4. Underemployment by occupation 25
   4.4. Employment by hours worked per week 27
      4.4.1. Working hours for men and women 28
   4.5. Conclusions 30

5: CONCLUSIONS 31

6: LIST OF REFERENCES 32

7: LIST OF TABLES
   Table 1: Employment in non-agricultural sector by industry 19
   Table 2: Detailed industrial codes for community services and trade 23
   Table 3: Employed by gender and usual hours of work per week 28

8: LIST OF FIGURES
   Figure 1: Total non-agricultural employment 17
   Figure 2: Employment by industry 18
   Figure 3: Underemployment 20
   Figure 4: Underemployment as a percentage of employment 22
   Figure 5: Underemployment by gender 23
   Figure 6: Underemployment by industry 25
   Figure 7: Underemployment by occupation 26
   Figure 8: Usual hours of work per week in 2013 and 2014 29
   Figure 9: Usual hours of work per week in 2011 and 2012 30
INTRODUCTION
1. INTRODUCTION

The world today is faced with a high level of unemployment, with 202 million people reported to be unemployed globally (ILO, 2014). In the contrary, employment created, is becoming less and less productive, with people increasingly pushed into different forms of nonstandard employment such as casual and part-time employment conditions. Regardless of these trends, unemployment remains to be the most reported indicator amongst the key labour market indicators, such that when it is reported to be low, it is considered as a sign of a good labour market and good economic growth. However, employment is a significant indicator as it measures the ability of the economic performance of a country, especially on its utilisation of labour. In addition, quality employment in a country determines the ability of a society to eradicate poverty because productive employment can have important indirect effects in terms of developing new markets and increased aggregate demand, thus paving the way for new investment opportunities and further job creation.

The biggest challenge is the global change in employment forms which recently seems to be on the rise. These changes are necessitated by various factors in the economy, amongst others, business structural changes associated with globalization, offshoring as well as high levels of labour participation of people who previously were not entering the labour market. While high labour participation is good, economies benefit most from the participation of skilled labour, however, participation is mostly constituted by the lowly-skilled individuals in many countries and this result in labour surplus coupled with unintended low wages and nonstandard employment relationships.

The above may have negative effects on economic growth as the majority of working people would not be able to earn enough to stimulate demand for goods and services. However most economies are not getting more jobs regardless of growth posing a dilemma of whether economic growth results in job creation or whether job creation result in economic growth. Every economy that is growing is therefore doing so because there are people who are working and earning adequately to buy and enable the wheel of production to move. The ILO (2012) argues, for example, that an important dimension of a society’s capability to achieve sustained economic development, resides with human resources, meaning the latter is more true.

It can be concluded from this argument that while economic growth is very important, it should not be seen as a prerequisite for job creation, but rather as an outcome because without human resources the growth of the economy could be muted. “Viewing human resources as a creator of growth through productive employment and decent work, rather than productive employment as an outcome of growth” (ILO, 2012: 3). We need human resources to grow the economy even though other resources are needed as well, that means that job creation should be a priority without compromise so that workers’ wellbeing and their standard of living do not get sacrificed. With decent sustainable jobs vulnerable workers will not remain in poverty, ill health and a vicious cycle of poverty transferred to the next generation.

Unfortunately these employment changes matter most because they determine the quality of employment generated by the economy and the ability of such employment to fulfill the workers’ needs for productive employment. Only productive employment can serve as a vehicle to improve the living standards of workers. Because of a lack of decent employment economic and social pressures are pushing people to take any type of employment in order to survive, including offers for working fewer hours than what people would ideally take.

This study therefore focuses on the analysis of underemployment in order to understand the dynamics within this category of employment. It is hypothesized that with the rise and intensity of globalization and other factors affecting businesses and enterprises facing stiff competition, that they are forced to maximise their usage of limited resources to have higher and competitive products and services. In doing this they get innovative with human resources, using more of nonstandard forms of employment and this is resulting in increased underemployment and it is assumed that this is affecting mostly the low skilled and vulnerable workers. Because of that, this research proposes to investigate the trends of underemployment in the Republic of South Africa over a period of five years (2010 -2014).

Specifically the study aims to:

- Establish whether the number of people in underemployment are increasing or not
- Establish if hours of work are becoming less
- Establish if patterns of underemployment differ by gender, industry and occupations
- Identify sectors and occupations that are vulnerable or prominent in underemployment
- Establish if there are other factors associated with trends of underemployment in the country.
The research on underemployment is important as it will help to identify the level of distress experienced by those in these undervalued forms of employment, it will further uncover the number of people affected, their demographics and contribute towards decisions needed for policy intervention. The researcher noted the dearth of knowledge on underemployment and hope that through this research it may trigger further studies to be conducted in order to close the knowledge gap and additionally to lead discussions on underemployment in an effort to make this significant indicator a subject of concern for policy making.

Just as employment is important, underemployment is crucial to study as well so that countries initiate policies that will ensure the creation of productive and sustainable jobs to improve living standards of workers. Most people are affected by underemployment because of poverty as they engage in any type of employment to survive, however policies aimed at fighting poverty acknowledge that the fight can be won greatly through job creation rather than through handouts of food parcel and other goods that need state revenue as these are not sustainable and cannot be guaranteed in the long run.

The International Labour Organization’s aim is for its member states to develop employment policies that will ensure full, productive and freely chosen employment for all (ILO, 2012). “There should be work for all who are available for and seeking work; such work should be as productive as possible; and there should be freedom of choice of employment and the fullest possible opportunity for each worker to qualify for, and to use his skills and endowments in a job for which he is well suited, irrespective of race, colour, sex, religion, political opinion, national extraction or social origin” (ILO, 2012, 16).

This assertion by the ILO is aligned to the need for economies to have decent and productive jobs that will fulfill the workers in terms of their skills and the assertion is also relevant in pushing the Millennium Development Goal number one on poverty alleviation. The overall aim of ensuring full productive and decent employment is to prevent states from having the working poor. According to Eyraud and Saget (2005): 100, a worker is considered poor if he or she lives in a household whose total income is below the poverty level.

This level is determined by the dollar rate that a household should have in order to meet the minimal needs to survive and if the worker is not adequately employed and not earning such living wage, we can go on and boost the high number of employment while disregarding the living conditions of those workers, which is not helpful for any country.

The first section of the research report will focus on reviewing the literature available on underemployment in order to understand the concept and its role and meaning to employment policies. The second section will focus on the methodology of this study, specifically looking at the secondary data used for the analysis, how it was collected and how it is analysed, interpreted and presented in this report. The third section will focus on the findings of the analysis of the quarterly labour force surveys spanning from 2010 to 2014, presenting and interpreting the findings of the analysis on underemployment in South Africa. The last section of the report will present conclusions of the research study.
2. LITERATURE REVIEW

The labour market is considered to be a market in which workers can sell their labour in exchange of wages for their livelihood, however, this market is becoming more and more dichotomised into primary and secondary labour markets. According to Leschke (2009) the primary labour market segment offers high wages, good working conditions, employment stability, advancement possibilities and greater equity, the secondary labour market segment on the other hand is characterized by low wages, low fringe benefits, poor working conditions, high labour turnover, low upward mobility and generally unstable employment.

Leschke is painting a picture of two markets that exist next to each other, a market where those in secondary segment are either underemployed or unemployed; they are often the poorest in society who find themselves fluctuating between the two dichotomies because of job scarcity. To eradicate these, there is a need for employment creation, which is therefore a pillar of sustainable economic growth as well as a vehicle to eradicate poverty for the majority of people who have labour as their only form of commodity. Unfortunately less and less jobs are created even where economic growth had been outstanding. Whereas employment creation is important, employment policies should advocate for better jobs because it is not helpful to celebrate the reduction of unemployment while workers are in underemployment.

Sengenberger (2011) is of the view that workers who are available for work should do so for better remuneration if they are to be considered employed, otherwise it would even suit them better to be counted as unemployed because it is useless to be employed and yet fail to provide for your family. Specifically, Sengenberger (2011:10) states that, “would we want to hail without qualification a lower rate of joblessness if it came at the expense of an increased rate of low pay or working poverty and if these cause more workers to put in excessively long hours of work? Is it desirable to have workers drop out of the labour force, thereby disappearing from the unemployment roster, because the wage of the jobs they are offered is less than the statutory minimum and insufficient for their family’s subsistence?”

Ironically jobs are created, but they are found mostly to be deficient of being productive employment and falling into the secondary markets as argued by Leschke (2009) above. Most of the jobs created in South Africa in the past two decades are found to be wanting of decent employment, leaving those without land and capital as forms of income generation to be getting trapped into underemployment if not unemployed. Underemployment defines them better in that they work harder and longer to acquire what those in the primary sector acquire with ease.

2.1 Definitions of underemployment

The ILO (1998) defines underemployment as an employment situation that reflects underutilisation of the productive capacity of the employed population, adding that this will include those situations which arise from a deficient national or local economic system. People in underemployment are those who are willing and available to work more hours over the hours they are currently working.

This definition acknowledges underemployment as employment, but the problem is with the quality of employment referred to is that it is not productive enough to keep the person occupied adequately to his/her capacity such that the person is at the same time willing to take an alternative or additional employment. This is the type or status of employment that cannot contribute towards poverty alleviation and most importantly such jobs leave workers with no employment security and they do not know if they will be employed the next day or not. Because of these factors workers are denied the opportunity to contribute to sustainable economy and reasonable workers’ living standards.

According to Sengenberger (2011) the 1966 International Conference of Labour Statisticians resolution maintained that underemployment exists when a person’s employment is inadequate in relation to specified norms or alternative employment while considering the person’s occupational skill (training and working experience). In this case the norm would refer to standard national working hours which are determined based on specific country circumstances.
South Africa for example sets a standard 40-hour work week, therefore anyone who works less than 40 hours is not adequately employed. Specifically, Statistics South Africa (2014) has set 35 hours of work per week as a formal threshold for underemployment in South Africa, meaning employment that occupies someone for less than 35 hours is classified as unproductive even though 35 hours work week could be deemed to be high in other countries’ standard working hours per week. The ILO’s definition of underemployment stipulated consideration of national specifics in setting cut-off hours for underemployment, meaning countries will not have same hours of work per week as guided by their unique national circumstances.

2.1.1 Categories of underemployment

Underemployment is classified into two categories: open underemployment and disguised underemployment.

- **Open underemployment**, also referred to as visible underemployment (ILO, 2012) refers to those people working less than full-time, but who would like to work more hours, and whose income is insufficient to permit an escape from poverty. This form of underemployment is open or visible because it does not need any interpretation to notice that someone is experiencing an insufficiency in the volume of employment due to their limited number of hours worked. This means that visible underemployment is a subcategory of employment and there are three criteria for identifying those who are visibly underemployed from those employed: Specifically, the visible underemployed are found to be:
  - Working less than normal duration
  - Doing so on an involuntary basis
  - Seeking or being available for additional work during the reference period (ILO, 2012).

Any person who satisfies all the above mentioned criteria is defined as underemployed, however, the first criteria talks about working less hours than normal duration which the (ILO, 2012) defines as “normal hours of work as the hours of work fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards. Where not fixed by or in pursuance of laws or regulations, collective agreements or arbitral awards, normal hours of work should be taken as meaning the number of hours per day or week in excess of which any time worked is remunerated at overtime rates or forms an exception to the rules or custom of the establishment relating to the classes of workers concerned”.

- **Disguised underemployment** on the other hand refers to those working full-time but at a low intensity, within an institutional framework that permits both work-sharing and income-sharing (ILO, 2012). This form of underemployment is also known as invisible underemployment and it is characterised by low income, underutilisation of skill, low productivity and other factors. Disguised underemployment is not obviously seen without extrapolation like the former, one has to know that workers are earning low income, if they are less productive or doing jobs inadequate to their skills but these are not easy to see without being told.

2.1.2 Legal framework of underemployment

According to Sengenberger (2011) underemployment has its foundation within the ILO’s many employment standard instruments, with the Employment Policy Convention (No. 122) and Recommendations (Nos. 122 and 169) being the most instrumental in advocating for the importance of people to work meaningfully. Sengenberger (2011) further states that with the standards above, the ILO is calling on its member states to pursue “active policies to promote full, productive and freely chosen employment”.

There should be work for all who are available for and seeking work”. This call is indeed for countries to strive towards providing a fertile environment for decent work to their people. While underemployment is classified in two types defined above, the focus of this study will be placed on time-related underemployment in this research. In explaining time related underemployment, the ILO (1998) states that among time-related underemployed persons, countries should identify separately the following two groups:

- Persons who usually work part-time schedules and want to work additional hours
- Persons who during the reference period worked less than their normal hours of work.

Underemployment is like other labour market indicators that should be measured and be monitored, however, its growing trend makes it imperative to understand the trends, composite and characteristics of those experiencing it in order to provide proper intervention.
2.2 The effects of underemployment

The ILO (2012) states that lack of productive employment is seen in people who are employed and those who are classified as the working poor. With more than 4 million unemployed people in South Africa and a 24% unemployment rate (Statistics South Africa, 2014) it becomes apparent that underemployment is not desirable in any country, developed and underdeveloped. Every economy needs good labour force absorption, with productive and decent employment being created as the deficits of productive employment result in labour underutilisation and robs the economy of potential revenue and other labour related benefits.

However, for countries to achieve full and productive employment, which is a Millennium Development Goal Target, requires the elimination of this deficit such as underemployment. Failure to eradicate underemployment would lead countries to fight a losing battle in fighting poverty and it is therefore necessary to understand underemployment well so that strategies can be developed to eradicate it.

2.3 Conclusions

The literature reviewed shows that underemployment is a critical indicator for gauging the labour market performance as it involves the utilisation of the labour force. In most countries underemployment is not well reported if reported at all and as such its trend and impact go unnoticed. The review is basically on the definitions and it shows that underemployment is a condition classified in the employment category as it cannot happen to people who are unemployed. It is found to involve people who are employed but those who would want to work for more hours if they get another job.

Underemployment is further found to be visible and invisible. Visible underemployment is defined as open because it is measured through time (time-related underemployment), the invisible underemployment is said to be not open as it involves the underutilisation of people’ skills and also the low wages that people get while they were supposed to be earning more. As such the two types of underemployed are discussed and explored in details to understand the concept and measure it properly. However, in most countries time-related underemployment is the one that is measured because it is not as complicated as the invisible underemployment.
3. RESEARCH METHODOLOGY

3.1 Descriptive study
The research on the analysis of underemployment in South Africa is a descriptive study that is focusing only on what the subject of study is all about; descriptive study does not strive to find out why or how the subject of study happened. According to Bailey (1987) in a descriptive study the researcher does not often have hypothesis but mainly have an interest on finding out “what is happening?” and then start to gather information to describe in detail the phenomenon studied in order to answer this question. In this study the phenomenon to be described is the underemployment in South Africa over the period of five years (2010 to 2014), trying to understand who are the people affected, what is their gender, age, occupations, industries, etc. However, these questions are answered not through a primary survey conducted by the researcher but rather through secondary data analysis.

3.2 Sample and data collection
The analysis of underemployment in South Africa is a study based on secondary data, the Quarterly Labour Force Survey (QLFS), which is conducted by Statistics South Africa four times in a year through surveys of a 30 000 sampled households. While QLFS is conducted four times every year in South Africa, the scope of this research will be limited to the 2010 to 2014 QLFS, focusing only on the 3rd quarter of each of these years. Because the data was primarily collected by Statistics South Africa, this study is therefore based on secondary data that is drawn from QLFS and analysed through Microsoft Excel to draw Conclusions on trends and patterns of underemployment.

Bailey (1987: 295) defines secondary data analysis as “the analysis of a document or data gathered or authored by another person”. Bailey further states that the research goal of the secondary data researcher is usually different from that of the researcher who started the process of collecting the data that is to be utilised.

The major advantages of using secondary data according to Bailey are that it saves time and money as one does not go out to collect original data and that comparative analyses can be done with ease, especially on trends over time.

According to Leedy and Ormrod (2005) such data that is not observed first hand by the researcher lies between the realm of the mind of the researcher and the realm of the truth, the distance between these two realms is considered to be longer by these authors. Often such truth has an impenetrable barrier that does not allow all the truth to penetrate through the sources, but the QLFS does not have that limitation. The usage of the QLFS data literally means that the researcher will not go out to collect data for this study but rather use the data that had been collected and processed by a statistical institution, in this case, Statistics South Africa.

3.3 Data analysis and interpretation
In order to analyse the QLFS data to understand trends of underemployment, there were predetermined variables identified as relevant to thread out trends of underemployment in South Africa, these include variables such as total employment by industry, occupation and gender; employment by hours worked per week; underemployment by industry, occupation and gender, to mention a few. The data was processed through excel to draw tables and graphs on these variables and cross tabulations were made for interpretation of the findings on how the variables relate to each other in interpreting underemployment in the labour market.

3.4 Conclusions
The purpose of the study on analysing underemployment in South Africa falls within descriptive research which does not endeavor to find causes and course of underemployment. As a descriptive study, this research further utilises existing data from the Quarterly Labour Force Survey (QLFS). These data was used as secondary data for analysis and interpretation of the findings of underemployment and its related variable. The analysis was done using Microsoft Excel to generate tables and graphs for ease of comparison and interpretation. While this data is not solely collected for this study, the primary collection process was based on random samples of at least 30 000 households in South Africa over the reference period of this research.
4 FINDINGS AND ANALYSIS
4. FINDINGS AND ANALYSIS

Underemployment is a reality of unemployment as those who are underemployed would be available to take another job if available to them. This chapter discusses the analysis of data from the QLFS spanning from 2010 to 2014, focusing on the characteristics of those found to be underemployed during the period of the research. Since the underemployed are actually employed, the first section of the research analysis will preview levels of employment in South Africa from 2010 to 2014 with the aim of drilling down into employment figures to extract those who are employed but actually think that they need another employment because of the inadequacy of their current employment.

Secondly employment numbers will further be broken down to establish those in underemployment using the total number of hours they reported to have worked per week in these reference periods. The third section will discuss the disaggregation of the underemployed by industry, occupation; gender; amongst other variables in order to better understand people who are mostly affected and where they are.

4.1 Employment levels

The International Labour Organization committed since its birth, to ensure that the world gain from the employment benefits as people sell their labour for wages, however, there is a persistent challenge on the capacity of world economies to create sustainable employment. Since the aftermath of the 2008 global economic crisis, the world had been struggling to regain the economic losses, thereby failing to generate jobs that were lost due to the crisis. South Africa is also experiencing the challenge, with sluggish economic growth that is not accompanied by a matching job creation. Like many other countries, it is observed that atypical forms of employment are compensating standard employment due to this and other contributing factors.

Like many other countries across the globe the Republic of South Africa (RSA) has been slowly increasing the levels of employment, whilst not sufficient, it can be viewed as a positive outcome, however for RSA, the quality of jobs created seem to be deteriorating. This is a worrying fact where more and more jobs are of lower standard and is a concern that needs to be taken into account from a policy perspective in order to realize the Millennium Development Goals (MDGs) and other objective aimed at alleviating poverty.

As Sengenberger (2011: 16) states, “would we want to hail without qualification a lower rate of joblessness if it came at the expense of an increased rate of low pay or working poverty?” The increasing number of employment matters when employment created is decent and most importantly if it helps improve the living standards of the workers. Looking closer at RSA employment figure (Figure 1) there is a positive growing trend on employment from 2010 to 2014 where in employment increased by 16.5% over a period of years.

Figure 1: Total non-agriculture employment 2010-2014 (‘000)
4.2 Employment by industry

The Quarterly Labour Force Survey shows that there are industries that contributed sustainably towards growing employment numbers over the 5-year period; these include Community services, Finance and Trade. These industries outperformed the others in placing people to jobs, however, the question that need to be answered is whether these jobs are sustainable, good and decent ones or not. Sustainable employment should be accompanied by wages that are sufficient for workers to earn a living for their families and these leading industries above will be analysed further to establish if they pay living wages to the workers. In South Africa there are minimum wages in some sectors that are deemed to be vulnerable and it is worthwhile to establish if workers in those sectors are not experiencing underemployment and not earning less than statutory minimum wages.

Figure 2: Employment by industry 2010 -2014 (000)

Table 1 below shows the contribution of each industry to employment levels in the formal non-agricultural sectors. The highest contribution is from Community and social services, followed by Trade. Finance and Manufacturing also had significant contribution in hiring more people. Finance and Social services industries are the only two which experienced employment growth consistently from 2010 to 2014. Manufacturing and Trade on the other hand had high levels of employment but unlike the former, they experienced some turbulence on employment numbers over the time. Specifically, the Manufacturing industry shed 10 000 and 60 000 jobs in 2012 and 2013 respectively while the Trade industry lost almost 100 000 jobs in the same period. These job losses are really a knock down to a country that is experiencing consistently high levels of unemployment and therefore urgently needs to be addressed.

Table 1: Employment in non-agricultural sector by industry (000)

<table>
<thead>
<tr>
<th>INDUSTRY</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>303</td>
<td>324</td>
<td>349</td>
<td>389</td>
<td>441</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1 713</td>
<td>1 737</td>
<td>1 727</td>
<td>1 667</td>
<td>1 741</td>
</tr>
<tr>
<td>Utilities</td>
<td>99</td>
<td>73</td>
<td>105</td>
<td>129</td>
<td>118</td>
</tr>
<tr>
<td>Construction</td>
<td>1 076</td>
<td>1 086</td>
<td>1 046</td>
<td>1 081</td>
<td>1 280</td>
</tr>
<tr>
<td>Trade</td>
<td>2 947</td>
<td>3 012</td>
<td>2 962</td>
<td>3 007</td>
<td>3 197</td>
</tr>
<tr>
<td>Transport</td>
<td>773</td>
<td>756</td>
<td>834</td>
<td>861</td>
<td>933</td>
</tr>
<tr>
<td>Finance</td>
<td>1 625</td>
<td>1 768</td>
<td>1 811</td>
<td>1 910</td>
<td>2 024</td>
</tr>
<tr>
<td>Social Services</td>
<td>2 678</td>
<td>2 836</td>
<td>3 025</td>
<td>3 145</td>
<td>3 514</td>
</tr>
<tr>
<td>Total</td>
<td>11 214</td>
<td>11 596</td>
<td>11 859</td>
<td>12 189</td>
<td>13 250</td>
</tr>
</tbody>
</table>
4.3 Underemployment

According to Hussmanns (1989: 18) underemployment reflects an underutilization of the productive capacity of the employed population. Since underemployment occurs in two forms, time related and wage related, the former is of most interest to this research’s purpose. Hussmanns maintains that time related underemployment exists when hours of work of an employed person are insufficient in relation to an alternative employment situation which the person is willing and available to engage.

However the determination of hours of work is relative and confined to country context, as such hours of work are considered to be “insufficient” in relation to the country specific standards of normal working hours per week. The Republic of South Africa for example, defined underemployment through Statistics South Africa (2014) as “employed persons who were willing and available to work additional hours, whose total number of hours actually worked during the QLFS’s reference period were below 35 hours per week” Page xxv. Underemployment is a condition that defeats the purpose of the ILO Convention No. 122 of 1964 which calls for ILO member states to pursue “active policies to promote full, productive and freely chosen employment” because it is not full employment.

However, many people are forced into employment that is neither productive nor sustainable, they are paid wages that cannot maintain their families but due to poverty, these people are forced to take any job without choosing freely because that small job will provide at least some food to the table. According to Sengenberger (2011) employment policies should ensure that work is productive and there be fullest possible opportunity for each worker to qualify for.

All the characteristics that define a productive and full employment envisaged by the ILO are deficient and invisible within underemployment. To add on this, the United Nations’ Universal Declaration adopted in 1948 canvased for “right to work” as it aimed for employment that is freely chosen and most importantly employment that will not leave workers at risk of poverty while employed. Regardless of these ambitions a growing number of people are still in non-freely chosen employment, they are in underemployment which is defined as employment that one is willing to work more hours or to take another job offer. Figure 2 presents the number of employed who worked for less than 35 hours in RSA over the 5 year period being reviewed.

Figure 3: Underemployment 2010-2014 (000)

Underemployment increased progressively by 19.5% between 2010 and 2014, accounting for a share of the employment increase reported in section 4.1 and 4.2 above. This is basically the group of people who worked for less than the national standard hours per week (40 hours). This means that out of 15 117 000 people who were employed in 2014 for example, more than 600 000 or 4.1% worked for less hours than they would have liked. The great concern would be on the increasing trend of underemployment as reflected in Table 1 even though 2011 saw a 6.5% decline of underemployment (34 000). This growing trend is a call for concern that warrants further investigation in order to understand the causes and sources of increasing underemployment.
4.3.1 Underemployment and total employment

According to Statistics South Africa, 2014, underemployment rate is calculated as a percentage of the labour force or as a percentage of total employment. In this paper the former calculation of underemployment will be adopted, that is - calculating the rate of underemployment as a percentage of total employment.

The rate of underemployment as a percentage of total employment is crucial as it gives the share of people who are employed but working for less hours and are available to take another job if offered. These people are discerned from the total of people employed for the given period. Figure 4 shows that the rate of underemployment has been hovering around 4.0% within the studied period, with the exception of 2011 where the rate declined from 4.1% to 3.7%. The decline could be appreciated as it implies that fewer people worked less than standard working hours per week in that period.

Figure 4: Underemployment as a % of employment

<table>
<thead>
<tr>
<th>Year</th>
<th>Underemployment as a % of employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4.1</td>
</tr>
<tr>
<td>2011</td>
<td>3.7</td>
</tr>
<tr>
<td>2012</td>
<td>4.0</td>
</tr>
<tr>
<td>2013</td>
<td>4.4</td>
</tr>
<tr>
<td>2014</td>
<td>4.1</td>
</tr>
</tbody>
</table>

4.3.2 Underemployment by gender

The problem of being underemployed is experienced by both men and women, however the data shows that this work experience is biased as it is found to be predominant amongst women than men. Figure 5 shows that more women are in underemployment than men. An annual average of 345 000 women were underemployed from 2010 to 2014 against 215 000. This trend portrays the vulnerability of women in the world of work when they continue to work fewer hours. The trend further shows the desperation that women have to work such that they take any employment regardless of its quality, as long as they can do some work and earn anything to provide the least to their families. Men were generally less than women in the underemployment category, even though both groups showed significant increase each year, except in 2011.

Figure 5: Underemployment by gender ('000)
4.3.3 Underemployment by industry

Industries that show high underemployment consistently from 2010 to 2014 are Private household, Trade and Community and social services. These are the industries that employ mostly people with little or no skills in the South African labour market, especially the first two industries (Private household - because that is where household makers and gardeners are found- and Trade - where mostly shopkeepers and sales persons are employed with very limited skills needed). According to the Central Statistical Services (1993) these industries include the following sectors:

<table>
<thead>
<tr>
<th>TABLE 2: DETAILED INDUSTRIAL CODES FOR COMMUNITY SERVICES AND TRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community services</td>
</tr>
<tr>
<td>Public administration and defense activities</td>
</tr>
<tr>
<td>Regional services council activities</td>
</tr>
<tr>
<td>Central government activities</td>
</tr>
<tr>
<td>Sewage and refuse disposal, sanitation and similar activities</td>
</tr>
<tr>
<td>Activities of trade unions</td>
</tr>
</tbody>
</table>

Table 2 shows some of the sub industries that have most underemployed workers. According to the Central Statistical Services (1993) an industry consists of establishments engaged in the same or a closely related kind of economic activity based mainly on the principal class of goods produced or services rendered and Table 2 portrays some of the economic activities that are mostly done by underemployed workers as revealed by the analysis of the QLFS.

The data further shows mixed trends of underemployment throughout the five years analyzed in all industries except Private household as it had an upward trend throughout. Most of the industries are showing a decline from 2010 to 2011 while only Finance and Manufacturing had increased underemployment over this period (2010 to 2011).

Figure 6 portrays that most industries with underemployment are generally fluctuating with only Private household showing a decline in underemployment in 2011, followed by consistent increases until 2014. When analysing underemployment by gender and industry levels it can be concluded that most underemployed people in South Africa are women working in Private household, probably as domestic workers and work for fewer hours than they would like. Construction is another biggest employer of underemployed people after Trade, Social services and Private households and Finance industries also employ more women who are found to be working for hours lower than the standard working hours. Utilities and Mining industries do not have cases of workers working hours less than the norm.

Figure 6: Underemployment by industry (000)

The data within Mining and Utilities were significantly low to calculate.
4.3.4 Underemployment by occupation

By occupation the level of underemployment is higher amongst Domestic and Elementary workers across all the years analyzed. These are some of the occupations that are considered vulnerable in South Africa, especially because most of them are employed in conditions that have decent work deficiency, mostly with no social security, no training opportunity and no job progression in sight.

Even though the scope of this report is on time-related underemployment, it is necessary to highlight briefly wage related underemployment and its relationship with minimum wages and decent working conditions. As Eyraud and Saget (2005) state, minimum wage has a role of protecting the least well paid, and since underemployment is found to be higher in the elementary group and domestic workers, it can be concluded that it is an involuntary and therefore the groups would be not well paid. In South Africa, statistics is showing the increase in underemployment and this phenomenon is observed mostly among women and this therefore emphasises the need for their protection through amongst other measures, minimum wages.

Eyraud and Saget (2005) further show that in Canada, workers who earn minimum wages include the youth (aged 16-24); temporary workers earning low wages and permanently low-paid workers who are characterised by low level of education and productivity. Estonia on the other hand target workers with little education for minimum wages. Elementary and Domestic workers fall within sectors that have statutory minimum wages even though some of these workers still earn below such minimum due to the high level of vulnerability they are in. Elementary workers on the other hand include various sub-occupations, majority of which unfortunately are not decent just like the domestic workers.

Figure 7: Underemployment by industry (‘000)

Elementary workers are dominating the numbers of those classified as underemployed in South Africa with an average of 206 000 per year since 2010. This is followed by Domestic worker in the average of 150 000 workers each year. According to Statistics South Africa (2001) Elementary workers are in a group of occupation “which require knowledge and experience of simple and routine tasks which require the use of hand-held tools and in some cases physical effort. It requires limited personal initiative and judgment. Tasks performed by these workers usually include the selling of goods, cleaning, washing, pressing and performing tasks related to mining, construction, manufacturing and agriculture”

Almost a quarter of a million workers in Elementary group were underemployed in 2014. This was an increase of 9.3% from 2013 and a skyrocket increase of 40% over a period of 5 years, a significant sign of inferior employment generation in the country for the low skilled and unskilled workers. These figures of Elementary underemployed could double if Domestic workers were to be included in the same pool; however Statistics South Africa separated the former to be measured separately. The other occupational groups accounting for high number of underemployment are Craft and Sales services which had an average of 67 000 and 57 000 respectively over the five year period.
4.4 Employment by hours worked per week

Working hours are used to measure the amount of time that people give in doing their work. As the report is focusing on people who are working hours less than the national standard and doing that involuntarily, Table 3 below shows the total number of people employed from 2010 to 2014 according to the number of hours they worked. The groups of workers that are of most concern are those working less than 29 hours per week, most especially those working less than 15 hours per week. Even though the 30-39 hours of work are still under 40 hours of work per week, their situation is much better and closer to 40 hours than for the other two groups.

Table 3 shows that South Africans are increasingly working fewer hours each year as there is a growing trend for these highly disadvantaged groups from 2010 to 2014. The number of people working less than 15 hours per week increased by 50% between 2010 and 2014, on average the number of people working less than 15 hours per week rose by 270 000 annually. The fact that these numbers are growing should be concerning as the other figures show above that most people working as underemployed are in vulnerable occupations and industries. The increasing trends may mean the desperation to move from unemployment and therefore become open to any employment regardless of conditions. The increases in underemployment figures also signal the scarcity of jobs.

| TABLE 3: EMPLOYED BY SEX AND USUAL HOURS OF WORK PER WEEK (000) |
|---------------------------------|-----|-----|-----|-----|-----|
| HOURS OF WORK                  | 2010| 2011| 2012| 2013| 2014|
| Working less than 15 hours     | 230 | 227 | 247 | 305 | 345 |
| Working 15-29 hours            | 745 | 779 | 797 | 883 | 889 |
| Working 30-39 hours            | 964 | 957 | 991 | 1 036| 1 062|
| Working 40-45 hours            | 7 131| 964 | 7 389| 7 713| 8 564|
| Working more than 45 hours     | 3 904| 3 966| 4 155| 4 092| 4 256|
| Total                          | 12 975| 13 318| 13 645| 14 029| 15 117|

4.4.1 Working-hours for men and women

Table 3 shows the hours worked per week for all people reported to be employed between 2010 and 2014, unlike the previous analysis that focused only on the underemployed, this table now display how South African workers faired in hours worked. However, the total employment shows that the usual hours of work are not distributed equally between men and women as more women are generally reported to be working fewer hours than men.

Figure 8 shows that majority of women worked less hours per week than men. A closer look at those working less than 15 hours specifically shows that 52% and 48% more women worked in 2013 and 2014 respectively, almost doubling the number of men working same hours. Unlike in the developed economies where women may choose to work fewer hours as they balance their roles between professions and family, in South Africa women that are reported to be working fewer hours may not have done so because of choice but rather forced by their social-economic circumstances to work like that.
While the same trend replicates itself in other working hours grouping, the data shows that the number of people working becomes higher when the number of hours worked increase across gender even though women continue to outnumbered men in these precarious jobs. In 2011 and 2012 those working less than 40 hours exceeded a million and similarly dominated by women in all categories for working hours. Figure 9 underemployment in 2011 and 2012.

Figure 8: Usual hours of work per week 2013 and 2014 (000)

<table>
<thead>
<tr>
<th></th>
<th>Woman</th>
<th>Men</th>
<th>Woman</th>
<th>Men</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>206</td>
<td>99</td>
<td>233</td>
<td>112</td>
</tr>
<tr>
<td>Working less than 15 hours</td>
<td>594</td>
<td>289</td>
<td>587</td>
<td>302</td>
</tr>
<tr>
<td>Working 15-29 hours</td>
<td>671</td>
<td>365</td>
<td>643</td>
<td>420</td>
</tr>
</tbody>
</table>

Figure 9: Usual hours of work per week 2011 and 2012 (000)

<table>
<thead>
<tr>
<th></th>
<th>Woman</th>
<th>Men</th>
<th>Woman</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>140</td>
<td>87</td>
<td>160</td>
<td>88</td>
</tr>
<tr>
<td>Working less than 15 hours</td>
<td>485</td>
<td>293</td>
<td>528</td>
<td>269</td>
</tr>
<tr>
<td>Working 15-29 hours</td>
<td>586</td>
<td>371</td>
<td>602</td>
<td>389</td>
</tr>
</tbody>
</table>
4.5. Conclusions

The analysis of the data found that there is employment growth in South Africa post global economic crisis. Employment growth was observed from 2011 to 2014 as a slight dip was recorded between 2010 and 2011. The contributing industries include Trade, Community and social services, Finance and Manufacturing to some extent. However, the data shows that employment growth is accompanied by growing underemployment which is defined to be working less hours than provided for by the national labour legislation, underemployment in South Africa is found to be involving people who are working less than 35 hours per week.

Basically the data shows that underemployment was increasing simultaneously with employment, the continuous increase is also observed when underemployment is analyzed as a percentage of total employment. The study also find that underemployment is high and growing in industries such as Private household and Trade specifically, further analysis show that underemployment is experienced mostly by Elementary workers and Domestic workers at the most. These trends signal the need for policy intervention as these are the groups of workers that are vulnerable in most countries. Furthermore it was found that women are dominating underemployment, especially where workers are found to be working less than 15 hours per week.
5

CONCLUSIONS

LABOUR MARKET REVIEW 2014/15
5. CONCLUSIONS

Underemployment is one of the less reported and less discussed labour market indicators which unfortunately plays itself out without being noticed and taken seriously. Every country in the global world is keen to ensure full employment for its people but with the existence of precarious jobs people find themselves trapped in underemployment unnoticed. As such the world’s effort to meet the Millennium Development Goals would be a losing battle if employment continues to be of poor standard. This study therefore sought to trigger the direction of research in underemployment, studying its trends and people who are affected in order to contribute towards evidence based policies to tame underemployment and poverty.

In order to achieve these objectives the study focused on analysing the QLFS spanning from 2010 to 2014. These are surveys conducted by the STATS SA. The survey data was extrapolated, grouped and cross tabulated, especially those variables that can make salient the existence of underemployment.

Therefore the analysis revealed that indeed there is underemployment in South Africa and that it is a growing phenomenon that is prominent in some industries and not on others. Specifically the findings showed that Private household, Trade, Community social services and to some extent manufacturing are some of the industries experiencing underemployment at high levels respectively.

The study also found that there are occupations that are adversely associated with this problem; those include Elementary and Domestic workers. While the data tell its truth it is common knowledge in South Africa that people in these occupations are the most vulnerable. To add on these, the study further revealed that women are the most affected group when it comes to underemployment, calling even more for this matter to be given higher priority so that vulnerable workers are protected by employment policies.
6

LIST OF REFERENCES
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ANALYSIS OF UNDEREMPLOYMENT IN THE SOUTH AFRICAN LABOUR MARKET