



Province of KwaZulu-Natal

Provincial Treasury

IMES Unit

THE KWAZULU NATAL LABOUR MARKET – A PERFORMANCE AND TREND ANALYSIS¹

UPDATE 10

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LABOUR MARKET DEFINITIONS

The following definitions are of relevance and significance to the labour market.

Employed

Are persons aged between 15-64 years, during the reference week; did any work for at least one hour, or had a job or a business but were not at work (temporarily absent).

Labour force

Comprises all persons who are employed plus all persons who are unemployed.

Labour force participation rate

The labour force participation rate is the percentage of working-age persons in an economy who:

- Are employed
- Are unemployed but looking for a job

Not economically active population

Persons aged 15-64 years who are neither employed nor unemployed in the reference week.

Unemployment rate

It is the proportion of the labour force that is unemployed.

Long term unemployment

Persons in long-term unemployment are those individuals among the unemployed who are without work and trying to find a job or start a business for one year or more.

Underutilised labour

Comprises three groups as follows: persons who are underemployed, people who are unemployed, and people who are discouraged.

Underemployment

Are employed persons who were willing and available to work additional hours, whose total number of hours actually worked during the reference period was below 35 hours per week.

Population of working age

Comprises all persons aged between 15-64

Unemployed

Persons aged 15-64 years who

- Were not employed in the reference week and;
- Actively looked for work or tried to start a business in the four weeks preceding the survey interview and;
- Were available for work, i.e. would have been able to start work or business in the reference week or;
- Had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and were available.

Not Economically Active Population

The not economically active population refers to persons aged 15-64 years who are neither employed nor unemployed in the reference week. People are not economically active for different reasons, such as; they are students, homemakers, suffering from illness/disability, too old/young to work, discouraged or for other reasons.

Discouraged work seeker

A person who was not employed during the reference period, wanted work, was available to work/ to start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work. Discouraged work seekers are either too young or too old, they have lost hope of finding a job, and they are no longer searching for work.

OVERVIEW OF KZN LABOUR MARKET

The population of working age is the sum of the labour force plus the not economically active population or the total number of residents between the age of 15 and 64 at any particular date or period.

The table below (table 1) shows that the population of working age increased from 6,213,000 in Q2:2010 to 6,596,000 in Q2:2014, i.e. by **383,000** or 6.16% over the period. The labour force, on the other hand, increased from 2,937,000 in Q2:2010 to 3,249,000 in Q2:2014, i.e. by **312,000** or by 10.6% over the period. The number of people who are not economically active therefore increased from 3,275,000 in Q2:2010 to 3,347,000 in Q2:2014, i.e. by **72,000** or by 2.2%. The total increase in the number of not economically active people is equal to the increase in the population of working age minus the increase in the labour force.

Table 1 Relationship between the population of working age, the labour force and the not economically active population in KZN

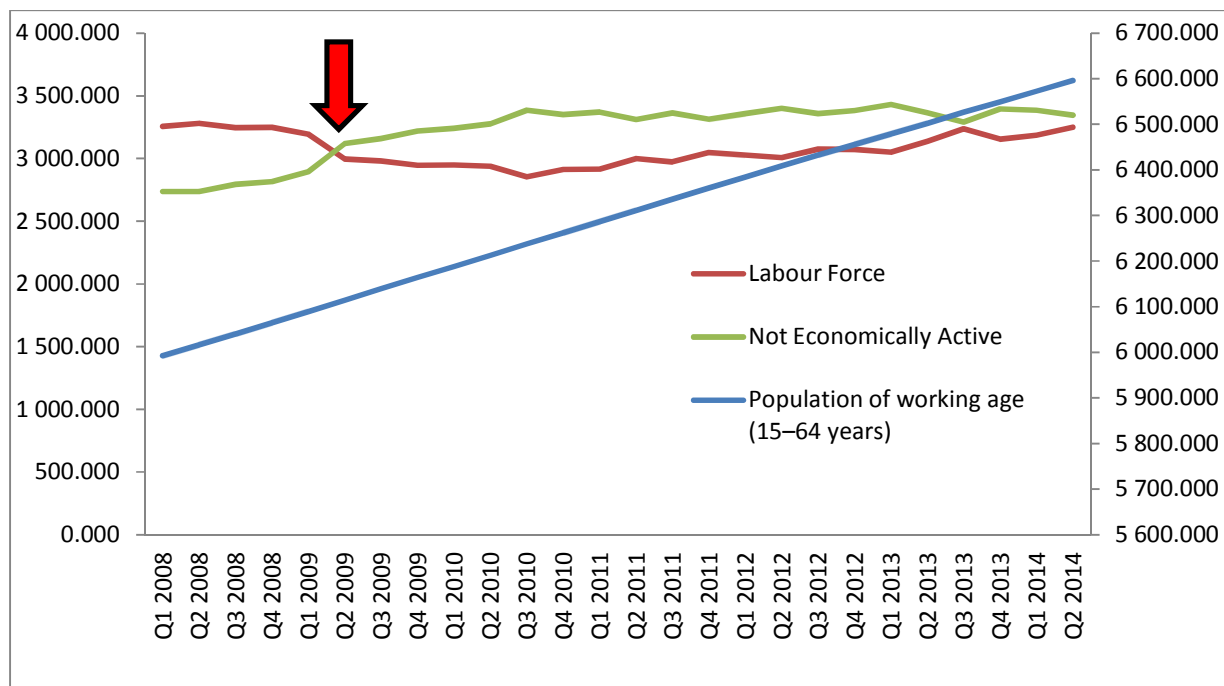
	Population of working age (15–64 years)	Labour Force	Not Economically Active
Q2 2010	6,213,000	2,937,000	3,275,000
Q3 2010	6,238,000	2,853,000	3,384,000
Q4 2010	6,262,000	2,913,000	3,350,000
Q1 2011	6,286,000	2,915,000	3,371,000
Q2 2011	6,311,000	3,000,000	3,311,000
Q3 2011	6,336,000	2,973,000	3,363,000
Q4 2011	6,360,000	3,047,000	3,313,000
Q1 2012	6,384,000	3,027,000	3,357,000
Q2 2012	6,408,000	3,009,000	3,400,000
Q3 2012	6,432,000	3,074,000	3,359,000
Q4 2012	6,456,000	3,073,000	3,383,000
Q1 2013	6,479,000	3,049,000	3,430,000
Q2 2013	6,502,000	3,136,000	3,366,000
Q3 2013	6,527,000	3,235,000	3,291,000
Q4 2013	6,549,000	3,154,000	3,395,000
Q1 2014	6,572,000	3,186,000	3,386,000
Q2 2014	6,596,000	3,249,000	3,347,000
	=	+	+
Overall	383,000	312,000	72,000

(Source: Statistics South Africa)

The table (table 1) indicates or suggests that there's been an increase in the number of people who are ready, able and willing to work over the period in the province.

This below graph (graph 1) is a graphical depiction of table 1, i.e. the population of working age, the labour force and the not economically active population. The red arrow highlights the point where the number of not economically active people started exceeding the number of employed and unemployed people. This implies a structure break within the KZN labour market occurred during the 2009 recession in that post 2009 there has been more people not wanting to work than people wanting to work. However, it does seem that the gap between the not wanting to work people (not economic active people) and the wanting to work people (labour force) has slowly decreased since 2009.

Graph 1: Population of working age Dynamics in KZN



The table below indicates that the labour force is the sum of the employed and the unemployed. The table also indicates the growing number of discouraged work seekers in the province. The number of employed people in the province decreased by **47 000** people during the 2nd quarter of 2014. However, the total increase in the number of employed people for the entire period is **148 000**. The number of unemployed people

increased over the period, from **605,000** in Q2:2010 to **769,000** in Q2:2014, i.e. by **164,000** or by 27.11%. On the other hand, the number of discouraged work seekers increased from 478,000 in Q2:2010 to 615,000 in Q2:2014, i.e. by **137,000** or by 28.66% over the period.

The increase in the number of unemployed people in the province is due to the decrease in discouraged work seekers, while very few jobs opportunities were created to absorb the increasing population of working age.

Table 2: The relationship between the labour force, the employed, the unemployed and the discouraged work seekers

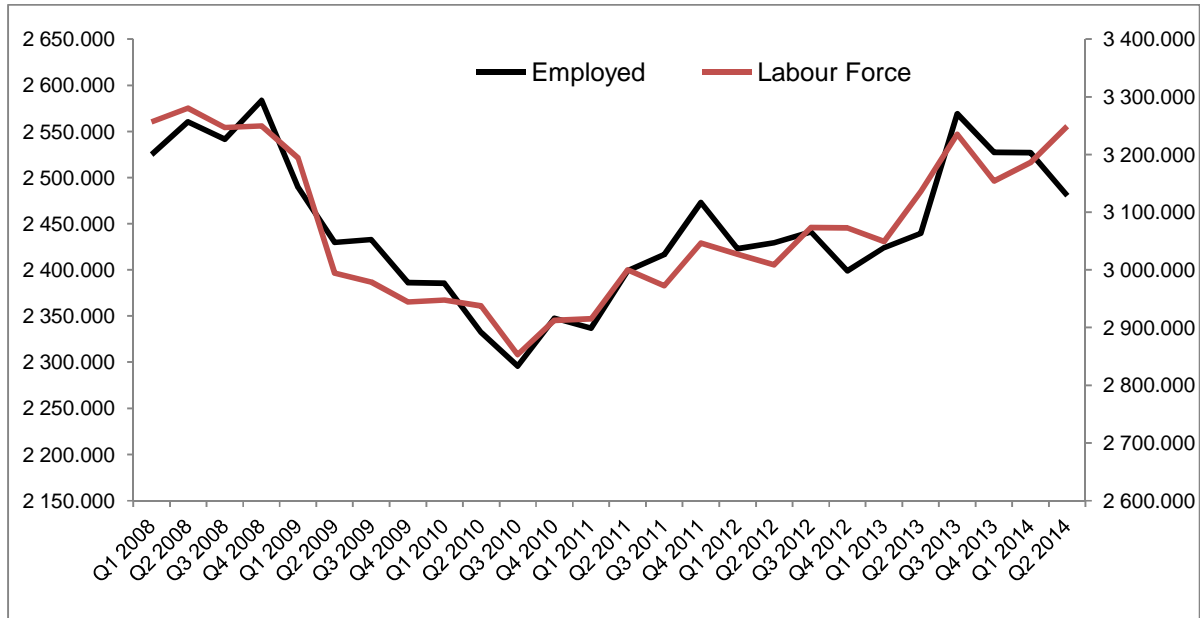
	<u>Labour Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Discouraged Work Seekers</u>
Q2 2010	2,937,000	2,332,000	605,000	478,000
Q3 2010	2,853,000	2,296,000	558,000	527,000
Q4 2010	2,913,000	2,348,000	565,000	499,000
Q1 2011	2,915,000	2,337,000	578,000	548,000
Q2 2011	3,000,000	2,399,000	601,000	555,000
Q3 2011	2,973,000	2,417,000	556,000	508,000
Q4 2011	3,047,000	2,473,000	574,000	504,000
Q1 2012	3,027,000	2,423,000	604,000	548,000
Q2 2012	3,009,000	2,429,000	579,000	556,000
Q3 2012	3,074,000	2,441,000	632,000	534,000
Q4 2012	3,073,000	2,399,000	674,000	553,000
Q1 2013	3,049,000	2,424,000	625,000	544,000
Q2 2013	3,136,000	2,440,000	696,000	573,000
Q3 2013	3,235,000	2,569,000	666,000	541,000
Q4 2013	3,154,000	2,527,000	627,000	573,000
Q1 2014	3,186,000	2,527,000	659,000	620,000
Q2 2014	3,249,000	2,480,000	769,000	615,000
2 nd quarter 2014 Δ	63,000	-47,000	110,000	-5,000

(Source: Statistics South Africa)

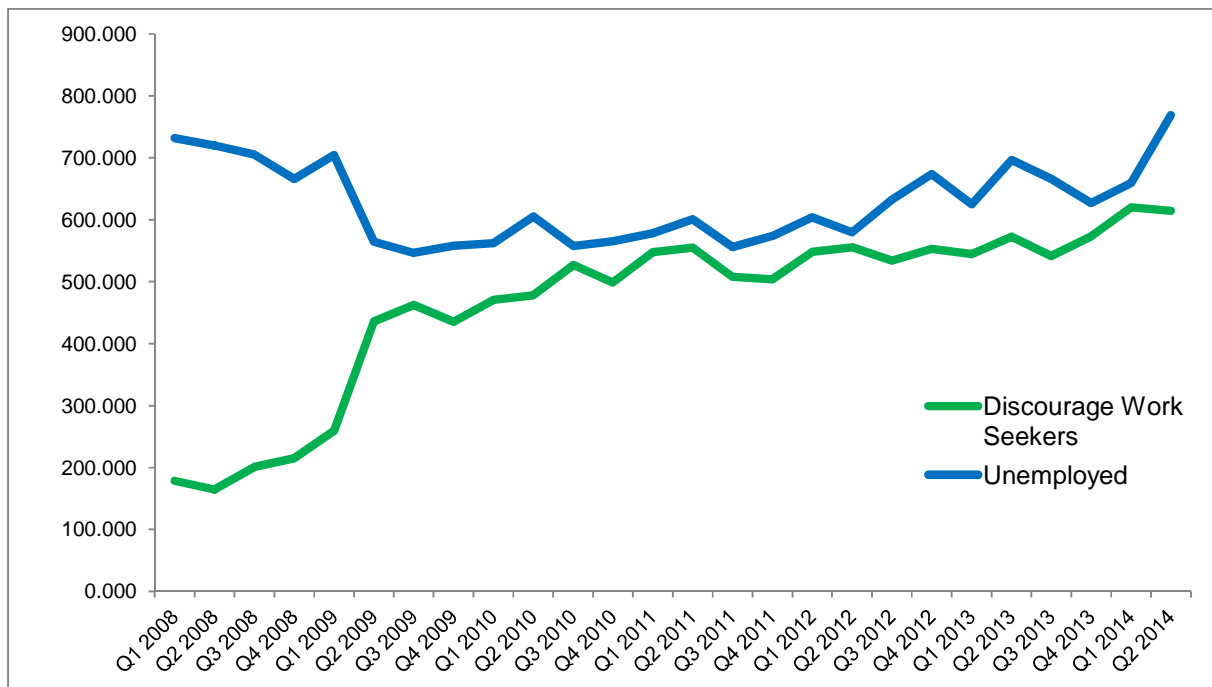
The below graph (graph 2) display some very important and relevant characteristics of the KZN labour force. The graph indicates that the labour force and the number of people employed in the province follows very similar trends over the period. Graph 2.2 indicates that the gap between the number of people unemployed and discouraged

have narrowed over the period. More people are also leaving the labour force and becoming economically inactive.

Graph 2.1: Labour Force Dynamics in KZN



Graph 2.2: Labour Force Dynamics in KZN



THE CHARACTERISTICS OF THE NOT ECONOMIC ACTIVE POPULATION FOR KZN

The characteristics of the number of people not economically active in the province are not supplied by Stats SA and thus it needs to be derived or estimated. To derive or estimate the number of people not economically active in KZN the following equation is used.

$$\frac{\text{KZN Not economic active population}(t)}{\text{SA Not economic active population}(t)} = \text{ratio}t$$

This ratio will then be applied to the national characteristics to derive or estimate the KZN characteristics. The characteristics of the not economically active KZN population for the 2nd quarter of 2014 are derived or estimated as follows:

- **Students** are estimated at **1,368,400**
- **Homemakers** are estimated at **623,510**
- **Illness/disability** are estimated at **364,800**
- **Too old/young to work** are estimated at **268,710**
- **Discouraged for** are estimated at **536,750**
- **Other** are estimated at **184,830**

The characteristics of the not economically active KZN population for the 2nd quarter of 2014 are also displayed in the following table.

Table 3: Characteristics of the not economically active KZN population

2 nd Quarter 2014	Not economically active
Students	1,368,400
Homemakers	623,510
Illness/disability	364,800
Too old/young to work	268,710
Discouraged	536,750
Other	184,830
Total	3,347,000

(Stats SA, Own calculations)

The statistics indicated that more than 41% of the people that were not economically active in KZN during the 2nd quarter of 2014 were students. Homemakers accounted for about 18.6% and discouraged work seekers for about 16.0%.

CHARACTERISTICS OF THE NUMBER OF UNEMPLOYED PEOPLE IN KZN

Methodology

The characteristics of the number of people unemployed in the province are not supplied by Stats SA and thus it needs to be derived or estimated. To derive or estimate the number of people unemployed in KZN the following equation is used.

$$\frac{KZN\ Unemployed\ (t)}{SA\ Unemployed\ (t)} = \text{ratio } t$$

This ratio will then be applied to the national characteristics to derive or estimate the KZN characteristics. The characteristics of the unemployed KZN population for the 2nd quarter of 2014 are derived or estimated as follows:

Job losers are unemployed people who had been working during the 5 years prior to becoming unemployed and: they had lost their job; or they have been laid off; or the business where they previously worked had been sold or closed down. The number of people that have lost their jobs in KZN for the period is estimated to be **245 140**.

Job leavers are those amongst the unemployed who had been working during the 5 years prior to becoming unemployed and had stopped working at their last job for any of the following:

- Caring for own children/relatives;
- Pregnancy;
- Other family/ community responsibilities;
- Going to school;
- Changed residence;
- Retired or;
- Other reasons

The number of people that have left their jobs in KZN for the period is estimated to be **47 150**.

New entrants refer to those people who were unemployed during the reference period that had never worked before. New entrants for KZN for the period are estimated to be **297 810**.

Re-entrants to the labour force are unemployed people who worked before whose main activity before looking for work was either managing a home or going to school. For KZN, re-entrants for the period are estimated at **37 750**.

Other refers to those people who were not included in Job losers, Job leavers, new entrants, or Re entrants. For KZN, the population that falls under the category of other for the period is estimated at **141 000**.

The characteristics of the not economically active KZN population for the 4th quarter of 2013 are also displayed in the following table.

Table 4: Characteristics of the Number of Unemployed People in KZN

2nd Quarter 2014	Number Of Unemployed People
Job losers	245 140
Job leavers	47 150.
New entrants	297 810
Re-entrants	37 750
Other	141 000
Total	768 850

(Stats SA, Own calculations)

The statistics indicate that 38.73% of the people that were unemployed in KZN during the 2nd Quarter of 2014 were new entrants. Job losers accounted for 31.88% and other for about 18.34%.

The long-term unemployment (longer than 1 year) for KZN is estimated at **505 650** during the 2nd Quarter of 2014, whilst the short-term unemployment (less than 1 year)

for KZN is estimated at **263 340** during the 2nd Quarter of 2014. The majority of people unemployed in the province seem to be unemployed for longer than 1 year making them structurally or permanently unemployed.

Table 5 indicates the occupations where the job losses occurred. Table 5 indicates that the majority of job losses occurred in the elementary, craft and related trade occupation whilst the skilled agriculture occupation shed the least amount of jobs.

Table 5: Characteristics of those who have worked in the past five years for KZN

2nd Quarter 2014	Number of those who have worked in the past five years
Manager	7,609
Professional	7,012
Technician	20,292
Clerk	36,850
Sales and services	52,222
Skilled agriculture	2,984
Craft and related trade	52,072
Plant and machine operator	29,244
Elementary	96,088
Domestic worker	25,514

(Stats SA, Own calculations)

Table 6 displays the industries where the job losses occurred. The trade industry shed the most jobs, whilst the Utility industry shed the least amount of job

Table 6: Characteristics of the unemployed in different industries for KZN

2nd Quarter of 2014	Number of job losses per industry
Agriculture	20,440
Mining	4,476
Manufacturing	40,430
Utilities	2,536
Construction	44,910

Transport	75,647
Trade	18,500
Finance	45,507
Community and social services	41,628
Private households	35,958

(Stats SA, Own calculations)