



Province of KwaZulu-Natal

Provincial Treasury

IMES Unit

THE KWAZULU NATAL LABOUR MARKET – A PERFORMANCE AND TREND ANALYSIS¹

UPDATE 15

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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 – 3rd QUARTER 2015

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 6,286,000 in Q1:2011 to 6,715,000 in Q3:2015, i.e. by **429,000** or by 6.82% over the period. The labour force, on the other hand, increased from 2,915,000 in Q1:2011 to 3,237,000 in Q3:2015, i.e. by **322,000** or by 11.05% over the period. The number of people who are not economically active therefore increased from 3,371,000 in Q1:2011 to 3,478,000 in Q3:2015, i.e. by **107,000** or by 3.17%. 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

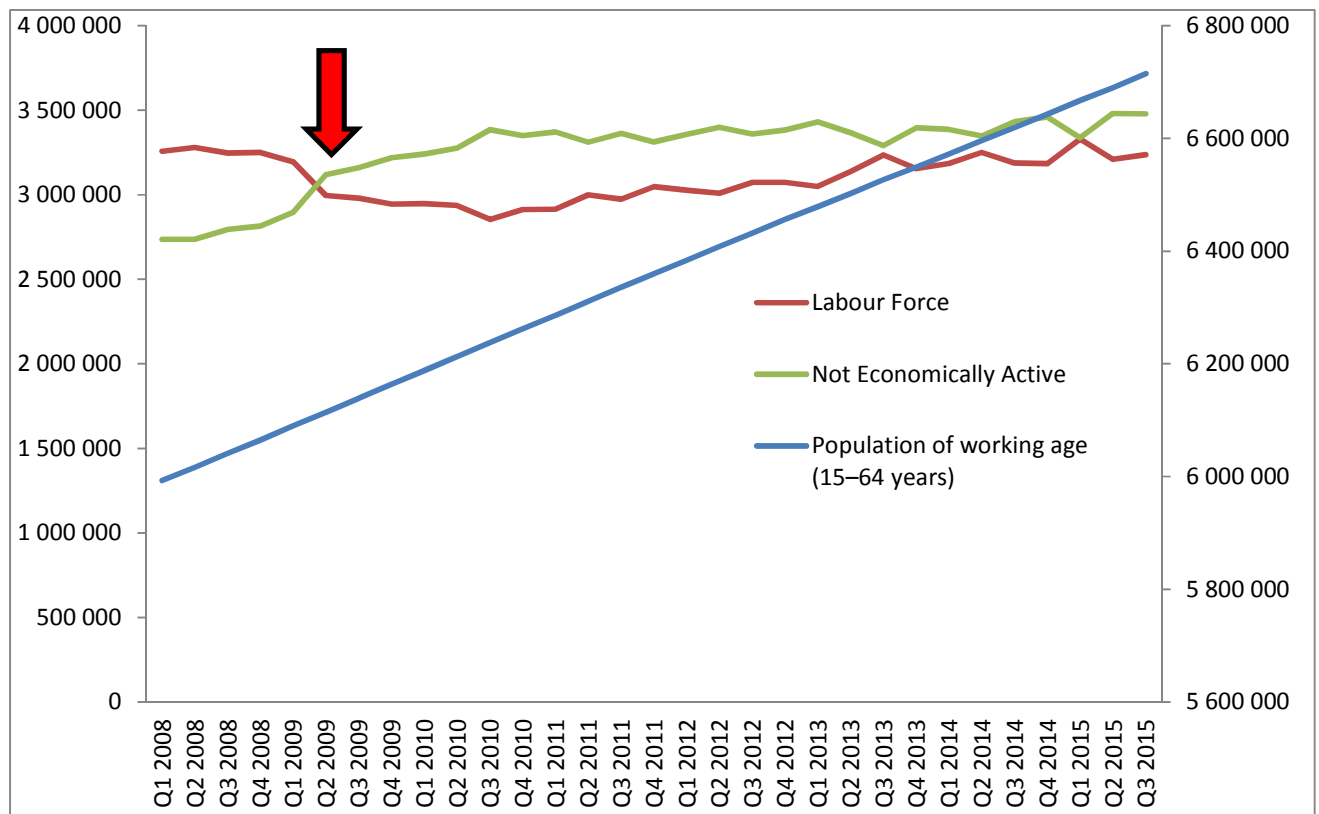
| '000 | Population of working age (15–64 years) | Labour Force | Not Economically Active |
|----------------|--|----------------|-------------------------|
| Q2 2011 | 6,311,000 | 3,000,000 | 3 311 000 |
| Q3 2011 | 6,336,000 | 2,973,000 | 3 363 000 |
| Q4 2011 | 6,360,000 | 3,047,000 | 3 313 000 |
| 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 |
| Q3 2014 | 6,619,000 | 3,187,000 | 3 432 000 |
| Q4 2014 | 6,643,000 | 3,183,000 | 3 460 000 |
| Q1 2015 | 6,667,000 | 3,330,000 | 3 337 000 |
| Q2 2015 | 6,690,000 | 3,209,000 | 3 481 000 |
| Q3 2015 | 6,715,000 | 3,237,000 | 3,478,000 |
| | = | + | + |
| Overall | 429,000 | 322,000 | 107,000 |

(Source: Statistics South Africa)

The table (table 1) indicates or suggests that there's been a significant 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 structural 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 increased by **17,000** during the 3rd quarter of 2015.

The number of unemployed people increased over the period, from 556,000 in Q3:2011 to 664,000 in Q3:2015, i.e. by **108,000** or by 19.42%. On the other hand, the number of discouraged work seekers increased from 508,000 in Q3:2010 to 567,000 in Q3:2015, i.e. by **59,000** or by 11.61% over the period.

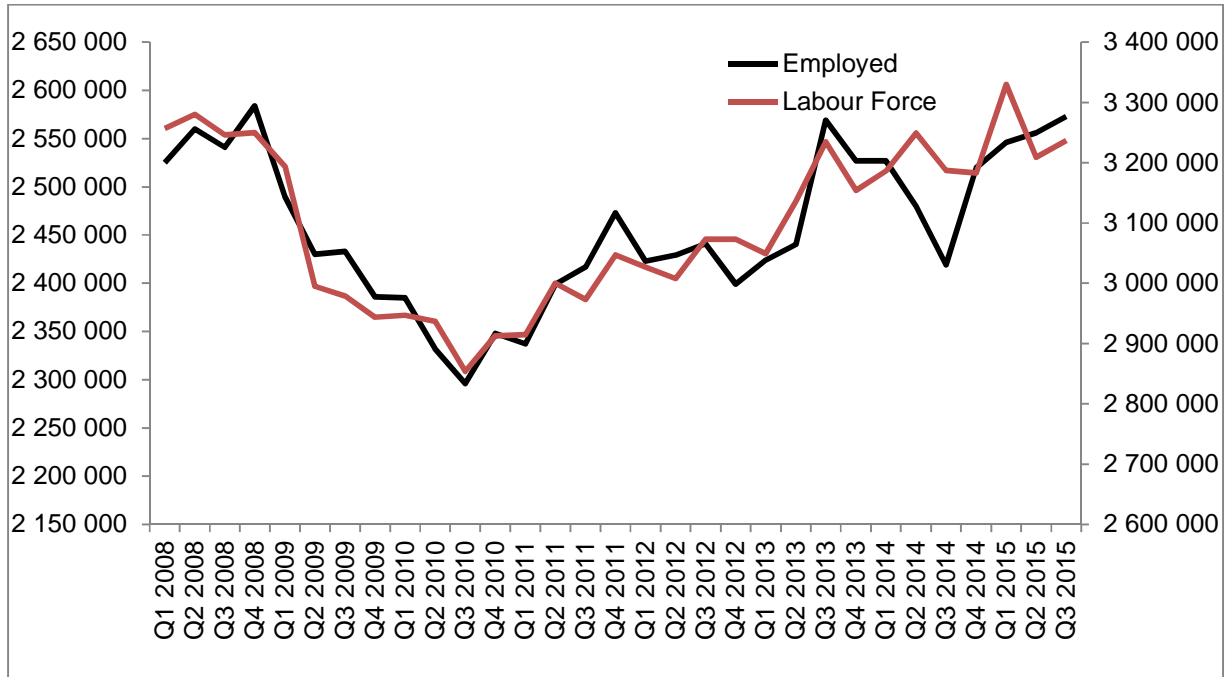
The increase in the number of unemployed people in the province is due to the decrease in discouraged work seekers, while very few jobs opportunities were created to absorb the increasing population of working age.

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

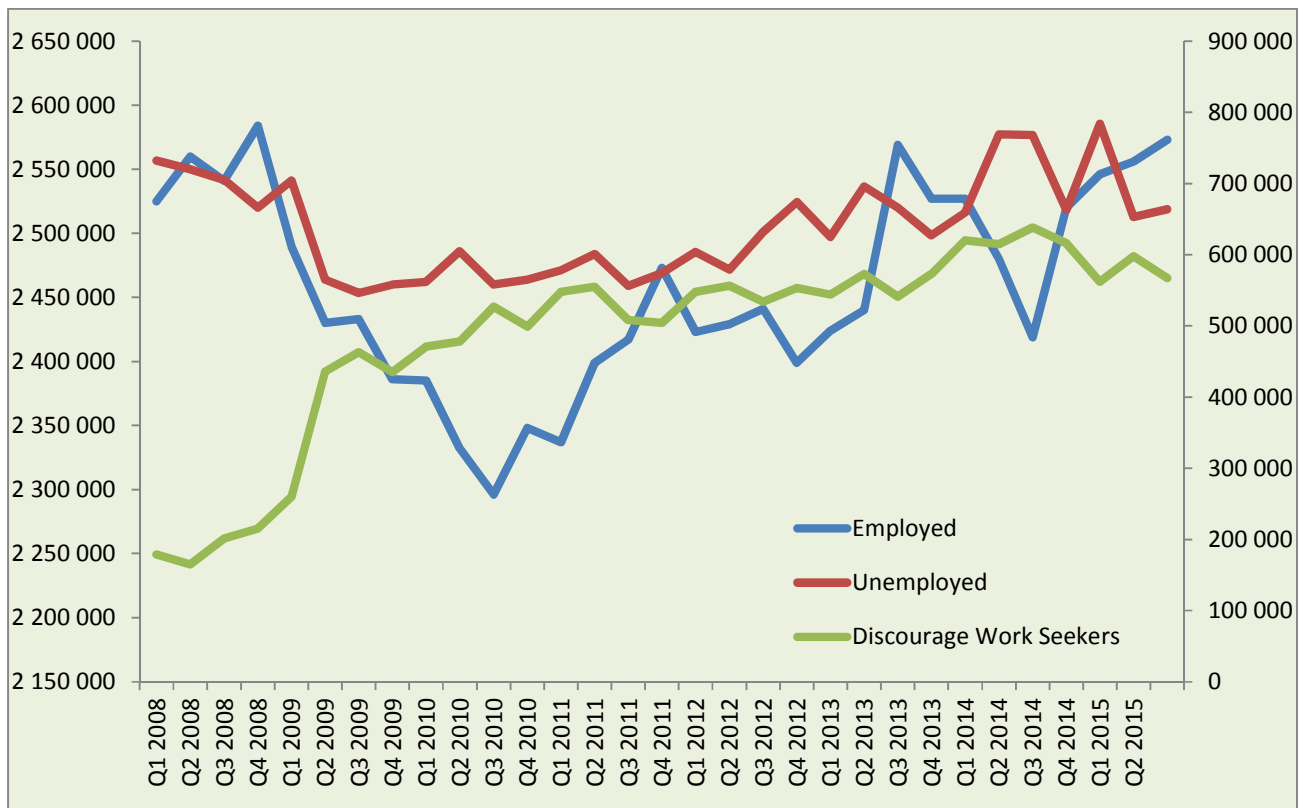
| | <u>Labour Force</u> | <u>Employed</u> | <u>Unemployed</u> | <u>Discouraged Work Seekers</u> |
|--------------------------------|---------------------|-----------------|-------------------|---------------------------------|
| Q1 2011 | 2,915,000 | 2,337,000 | 578,000 | 548,000 |
| Q2 2011 | 3,000,000 | 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 |
| Q3 2014 | 3,187,000 | 2,419,000 | 768,000 | 638,000 |
| Q4 2014 | 3,183,000 | 2,520,000 | 663,000 | 616,000 |
| Q1 2015 | 3,330,000 | 2,546,000 | 784,000 | 562,000 |
| Q2 2015 | 3,209,000 | 2,556,000 | 653,000 | 598,000 |
| Q3 2015 | 3,237,000 | 2,573,000 | 664,000 | 567,000 |
| 3 rd quarter 2015 Δ | 28,000 | 17,000 | 11,000 | -31,000 |

(Source: Statistics South Africa)

Graph 2.1: Labour Force Dynamics in KZN



Graph 2.2: Labour Force Dynamics in KZN



The above two graphs (graph 2.1 and 2.2) display some very important and relevant characteristics of the KZN labour force. Graph 2.1 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.

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.

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

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 3rd quarter of 2015 are derived or estimated as follows:

- **Students** are estimated at **1 466 342**
- **Homemakers** are estimated at **615 733**
- **Illness/disability** are estimated **386 704**
- **Too old/young to work** are estimated at **306 697**
- **Discouraged for** are estimated at **520 753**
- **Other** are estimated at **182 006**

The characteristics of the not economically active KZN population for the 3rd quarter of 2015 are also displayed in the following table.

Table 3: Characteristics of the not economically active KZN population

| 3rd Quarter 2015 | Not economically active |
|------------------------------------|--------------------------------|
| Students | 1 466 342 |
| Homemakers | 615 733 |
| Illness/disability | 386 704 |
| Too old/young to work | 306 697 |
| Discouraged | 520 753 |
| Other | 182 006 |
| Total | 3 478 000 |

(Stats SA, Own calculations)

The statistics indicated that more than **42.2%** of the people that were not economically active in KZN during the 3rd quarter of 2015 were students. Homemakers accounted for about **17.7%** and discouraged work seekers for about **15.0%**.

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.

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

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 3rd quarter of 2015 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 **218 252**

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 **44 116**.

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 **263 103**.

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 **30 146**.

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 **108 329**.

The characteristics of the not economically active KZN population for the 3rd quarter of 2015 are also displayed in the following table.

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

| 3rd Quarter 2015 | Number Of Unemployed People |
|------------------------------------|------------------------------------|
| Job losers | 218 252 |
| Job leavers | 44 116 |
| New entrants | 263 103 |
| Re-entrants | 30 146 |
| Other | 108 329 |
| Total | 663 946 |

(Stats SA, Own calculations)

The statistics indicate that **39.6%** of the people that were unemployed in KZN during the 3rd Quarter of 2015 were new entrants. Job losers accounted for **32.9%** and other for about **16.3%**.

The long-term unemployment (longer than 1 year) for KZN is estimated at **440 093** during the 3rd Quarter of 2015, whilst the short-term unemployment (less than 1 year) for KZN is estimated at **223 907** during the 3rd Quarter of 2015. 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

| 3rd Quarter 2015 | Number of those who have worked in the past five years |
|------------------------------------|---|
| Manager | 7 475 |
| Professional | 5 392 |

| | |
|----------------------------|--------|
| Technician | 14 583 |
| Clerk | 30 146 |
| Sales and services | 45 587 |
| Skilled agriculture | 2 083 |
| Craft and related trade | 46 689 |
| Plant and machine operator | 23 896 |
| Elementary | 93 747 |
| Domestic worker | 22 916 |

(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

| 3 rd Quarter of 2015 | Number of job losses per industry |
|---------------------------------|-----------------------------------|
| Agriculture | 16 298 |
| Mining | 6 495 |
| Manufacturing | 36 151 |
| Utilities | 2 573 |
| Construction | 45 832 |
| Transport | 63 110 |
| Trade | 14 093 |
| Finance | 37 376 |
| Community and social services | 40 807 |
| Private households | 29 411 |

(Stats SA, Own calculations)