



Province of KwaZulu-Natal

Provincial Treasury

IMES Unit

THE KWAZULU NATAL LABOUR MARKET – A PERFORMANCE AND TREND ANALYSIS¹

UPDATE 16

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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 – 4th 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 6,360,000 in Q4:2011 to 6,739,000 in Q4:2015, i.e. by **379,000** or by 5.96% over the period. The labour force, on the other hand, increased from 3,047,000 in Q4:2011 to 3,181,000 in Q4:2015, i.e. by **134,000** or by 3.4% over the period. The number of people who are not economically active therefore increased from 3,313,000 in Q4:2011 to 3,558,000 in Q4:2015, i.e. by **248,000** or by 7.49%. 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

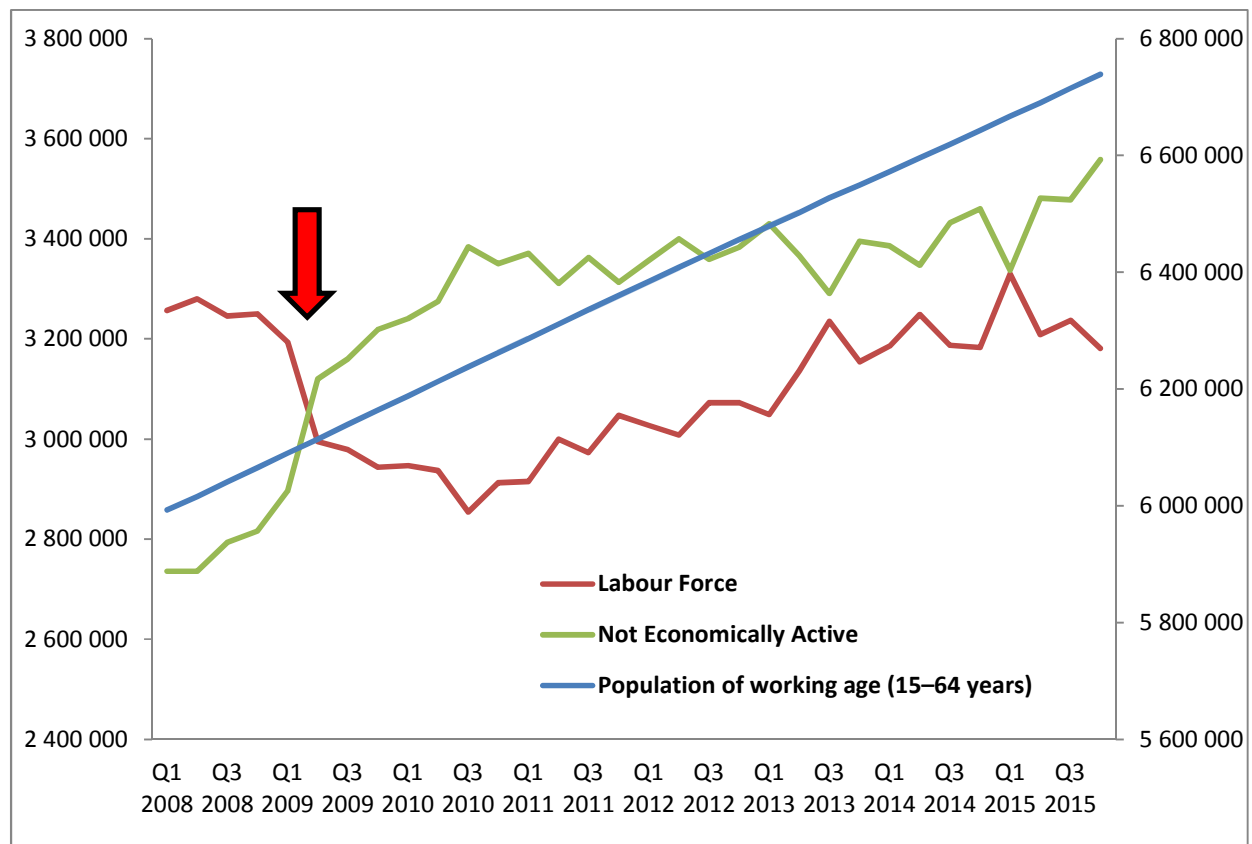
'000	Population of working age (15–64 years)	Labour Force	Not Economically Active
Q4 2011	6,360,000	3,047,000	3 313 000
Q1 2012	6,384,000	3,027,000	3 357 000
Q2 2012	6,408,000	3,009,000	3 400 000
Q3 2012	6,432,000	3,074,000	3 359 000
Q4 2012	6,456,000	3,073,000	3 383 000
Q1 2013	6,479,000	3,049,000	3 430 000
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
Q4 2015	6,739,000	3,181,000	3,558,000
	=	+	+
Overall	379,000	134,000	248,000

(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. Employed people in the province decreased by **44,000** during 4th quarter of 2015.

The number of unemployed people increased over the period, from 574,000 in Q4:2011 to 652,000 in Q4:2015, i.e. by **78,000** or by 13.59%. On the other hand, the number of discouraged work seekers increased from 504,000 in Q4:2011 to 608,000 in Q4:2015, i.e. by **104,000** or by 20.63% over the period.

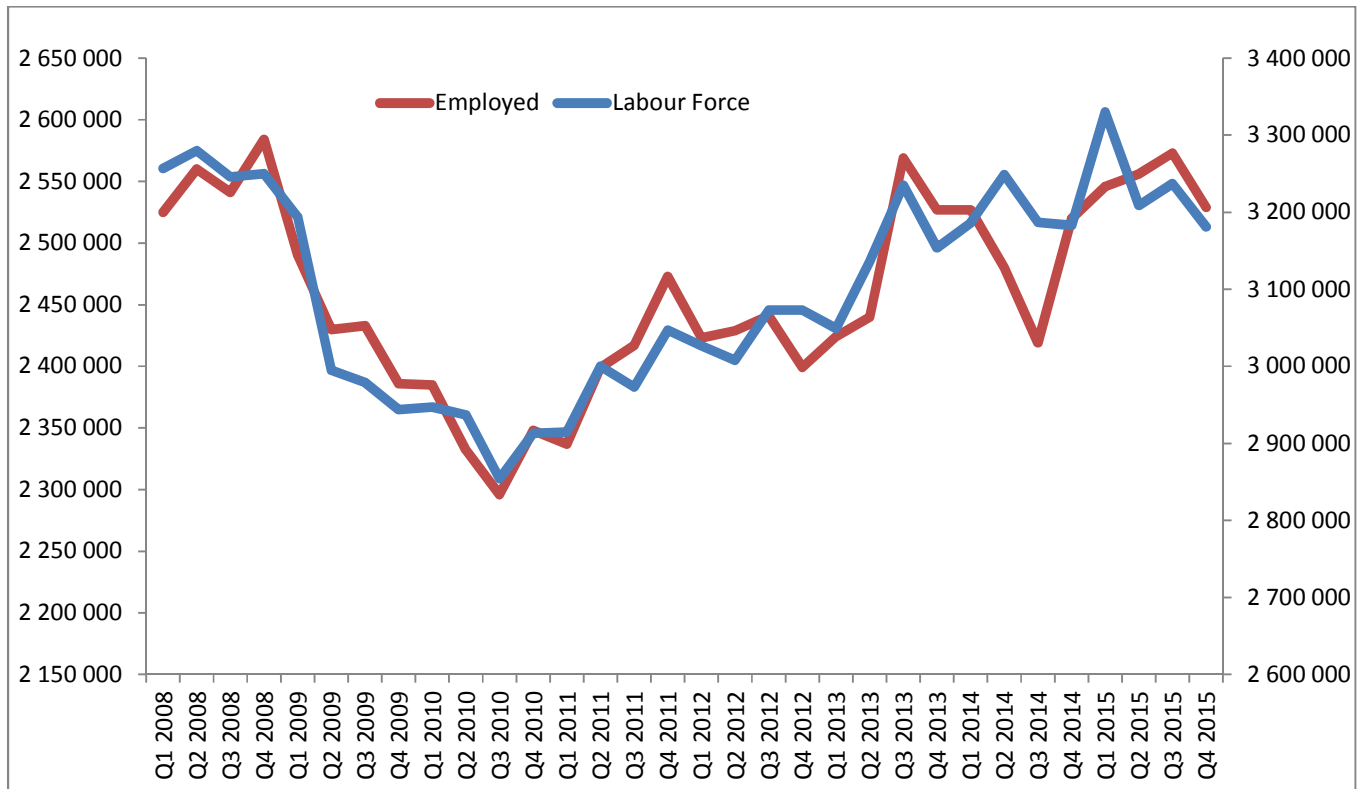
The decrease in the number of unemployed people in the province is due to the increase in the number of discouraged work seekers, while very few jobs opportunities were created to absorb the increasing population of working age.

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

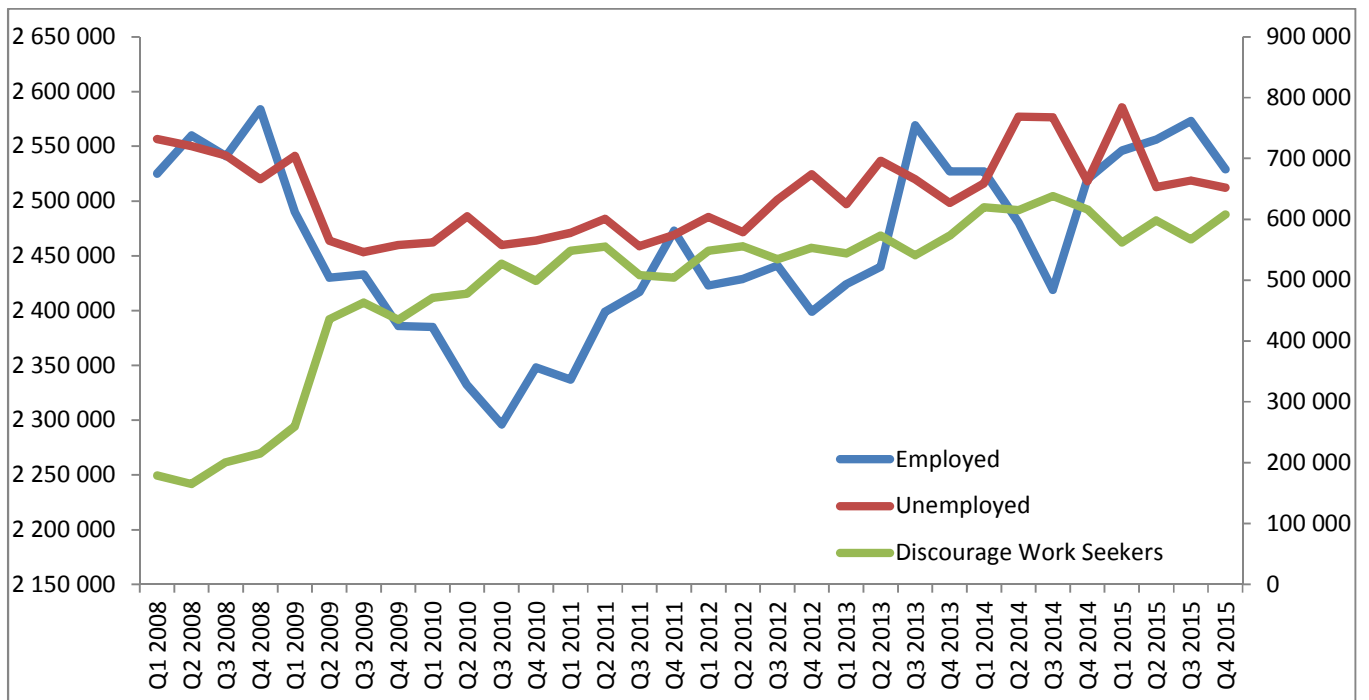
	<u>Labour Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Discouraged Work Seekers</u>
Q4 2011	3,047,000	2,473,000	574,000	504,000
Q1 2012	3,027,000	2,423,000	604,000	548,000
Q2 2012	3,009,000	2,429,000	579,000	556,000
Q3 2012	3,074,000	2,441,000	632,000	534,000
Q4 2012	3,073,000	2,399,000	674,000	553,000
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
Q4 2015	3,181,000	2,529,000	652,000	608,000
4 th quarter 2015 Δ	-56,000	-44,000	-12,000	41,000

(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 4th quarter of 2015 are derived or estimated as follows:

- **Students** are estimated at **1 502 000**
- **Homemakers** are estimated at **613 000**
- **Illness/disability** are estimated **406 000**
- **Too old/young to work** are estimated at **309 000**
- **Discouraged for** are estimated at **538 000**
- **Other** are estimated at **190 000**

The characteristics of the not economically active KZN population for the 4th quarter of 2015 are also displayed in the following table.

Table 3: Characteristics of the not economically active KZN population

4th Quarter 2015	Not economically active
Students	1 502 000
Homemakers	613 000
Illness/disability	406 000
Too old/young to work	309 000
Discouraged	538 000
Other	190 000
Total	3 558 000

(Stats SA, Own calculations)

The statistics indicated that more than **42.2%** of the people that were not economically active in KZN during the 4th quarter of 2015 were students. Homemakers accounted for about **17.2%** and discouraged work seekers for about **15.1%**.

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 4th 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 **209 000**.

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 **38 000**.

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 **267 000**.

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 **28 000**.

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 **111 000**.

The characteristics of the not economically active KZN population for the 4th quarter of 2015 are also displayed in the following table.

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

4th Quarter 2015	Number Of Unemployed People
Job losers	209 000
Job leavers	38 000
New entrants	267 000
Re-entrants	28 000
Other	111 000
Total	652 000

(Stats SA, Own calculations)

The statistics indicate that **41.0%** of the people that were unemployed in KZN during the 4th Quarter of 2015 were new entrants. Job losers accounted for **32.1%** and other for about **17.0%**.

The long-term unemployment (longer than 1 year) for KZN is estimated at **436 000** during the 4th Quarter of 2015, whilst the short-term unemployment (less than 1 year) for KZN is estimated at **216 000** during the 4th 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

4th Quarter 2015	Number of those who have worked in the past five years
Manager	5 000
Professional	6 000
Technician	15 000
Clerk	32 000

Sales and services	43 000
Skilled agriculture	2 000
Craft and related trade	48 000
Plant and machine operator	21 000
Elementary	82 000
Domestic worker	20 000

(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

4 th Quarter of 2015	Number of job losses per industry
Agriculture	15 000
Mining	5 000
Manufacturing	32 000
Utilities	2 000
Construction	45 000
Transport	65 000
Trade	12 000
Finance	33 000
Community and social services	38 000
Private households	27 000

(Stats SA, Own calculations)