

Employment, unemployment, skills and economic growth

An exploration of household survey evidence on skills
development and unemployment between 1994 and 2014

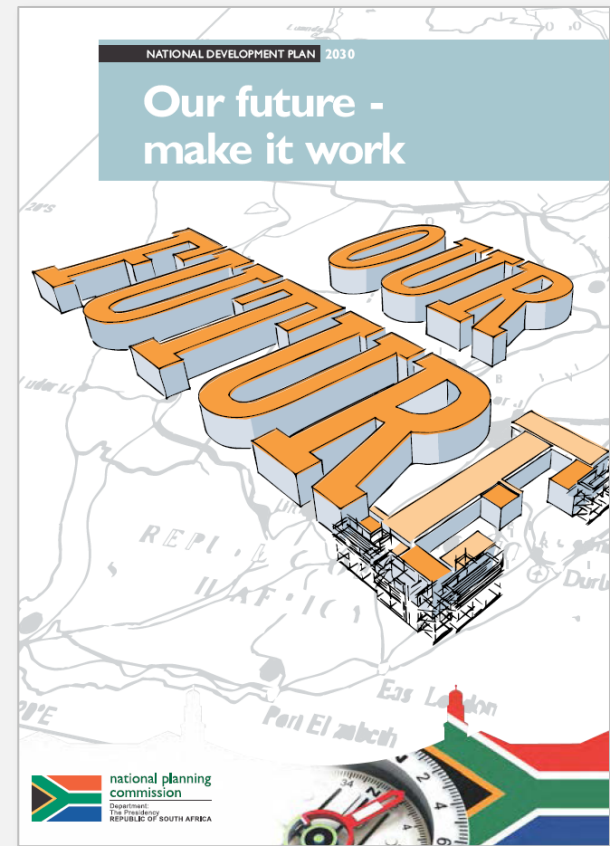
Statistics South Africa

Overview

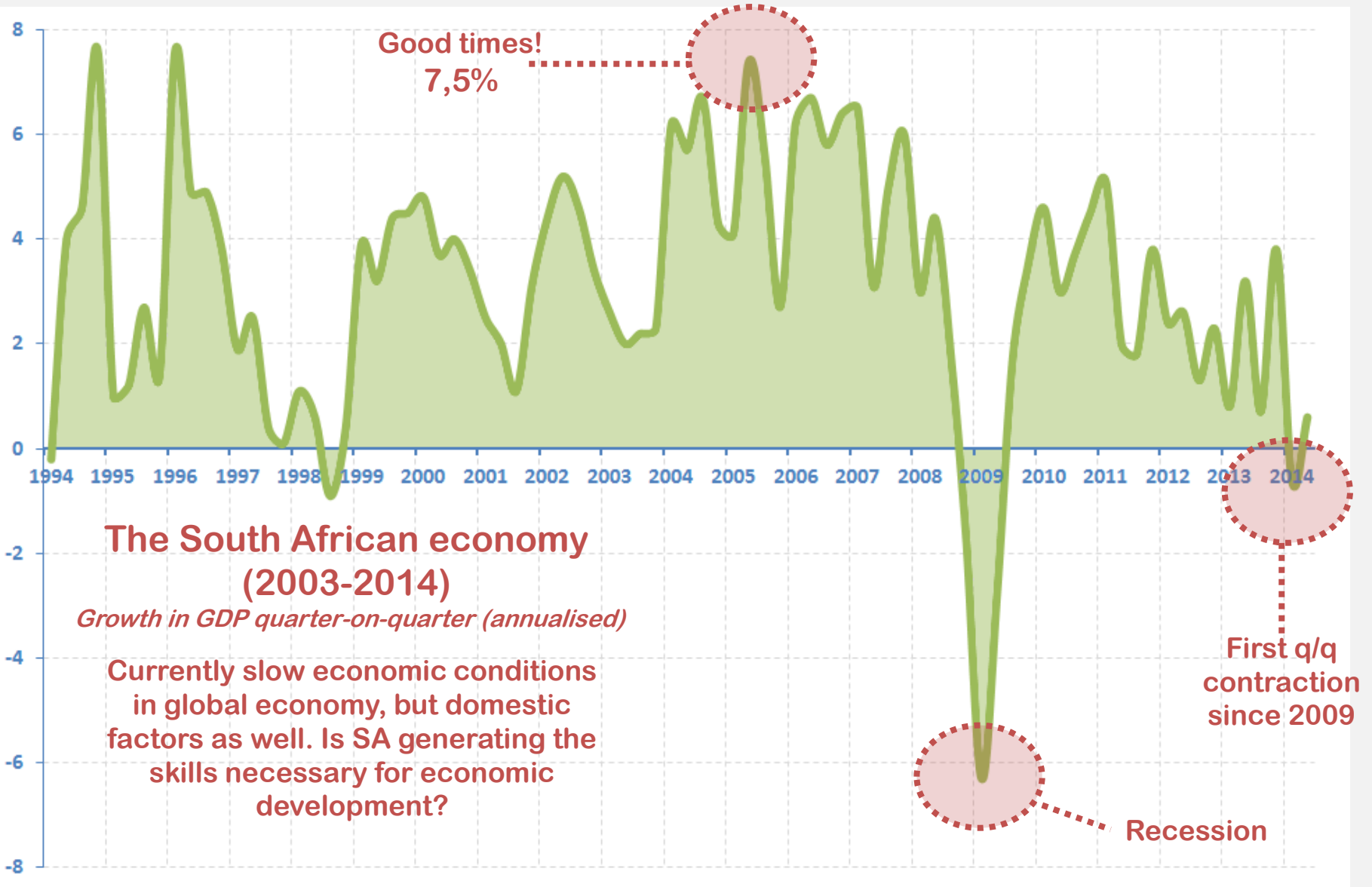
- Exploration of skills within the South African workforce over the last 20 years, using data from:
 - 1994: October Household Survey
 - 2014: Quarterly Labour Force Survey
- Exploration of skills trends in terms of:
 - Race
 - Age

*“The single most important investment
any country can make
is in its people.”*

National Development Plan

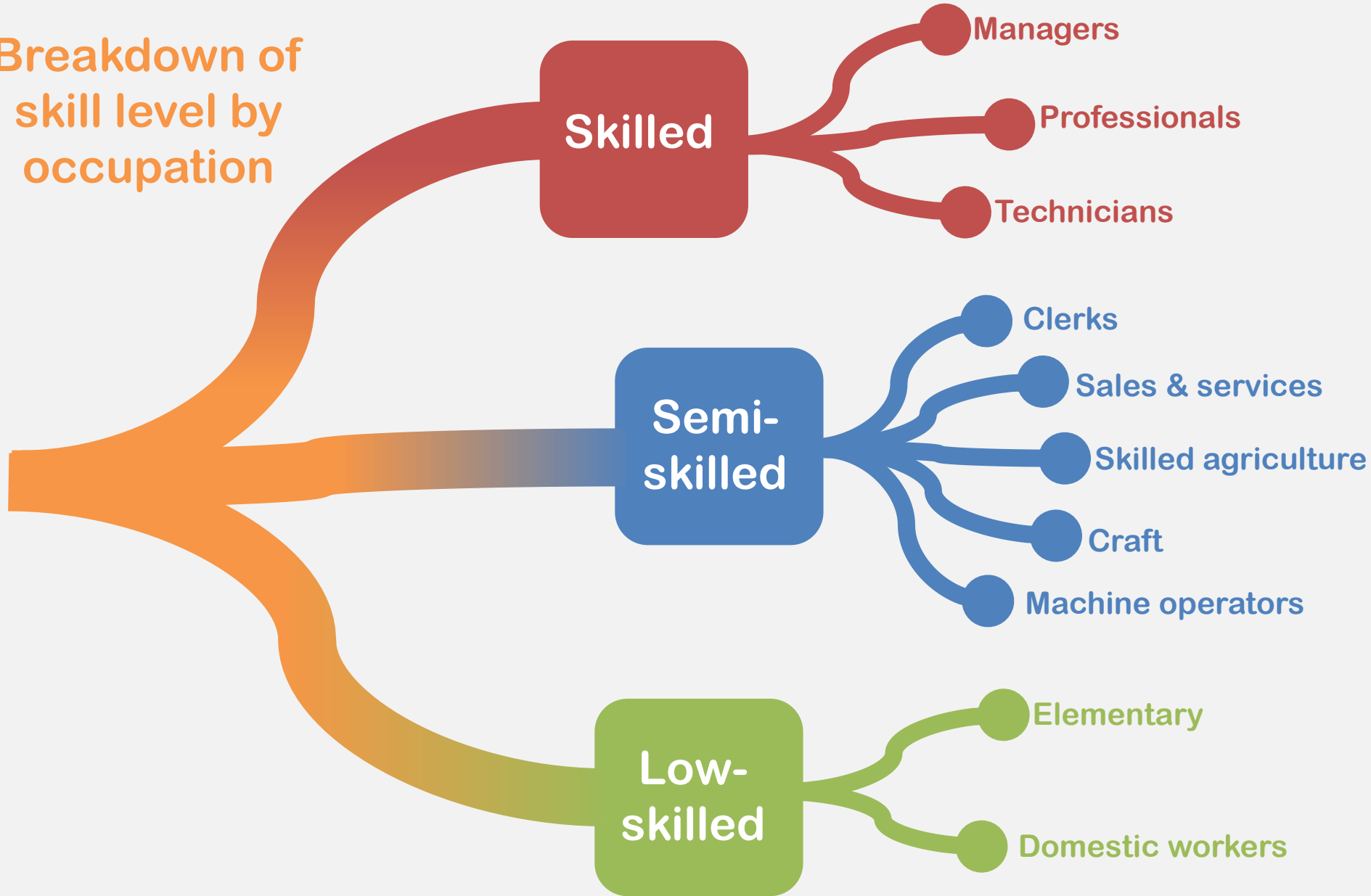


Economic growth



Occupational composition of the three skill levels

Breakdown of skill level by occupation



How has the South African workforce shifted in terms of these skill levels since 1994?

Number of workers by skill level

1994



1,8 million

Skilled



4,2 million

Semi-skilled



2,9 million

Low-skilled

Total
8,9 million

Number of workers by skill level

2014



3,8 million

↑ 108%

Skilled The number of skilled workers increased from 1,8 to 3,8 million since 1994.



7 million

↑ 66%

Semi-skilled



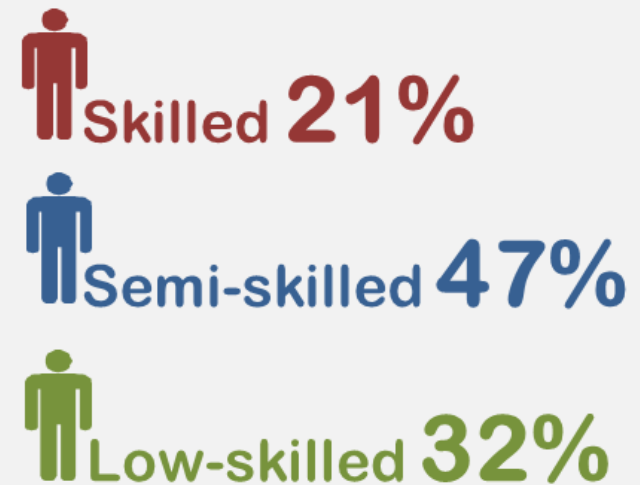
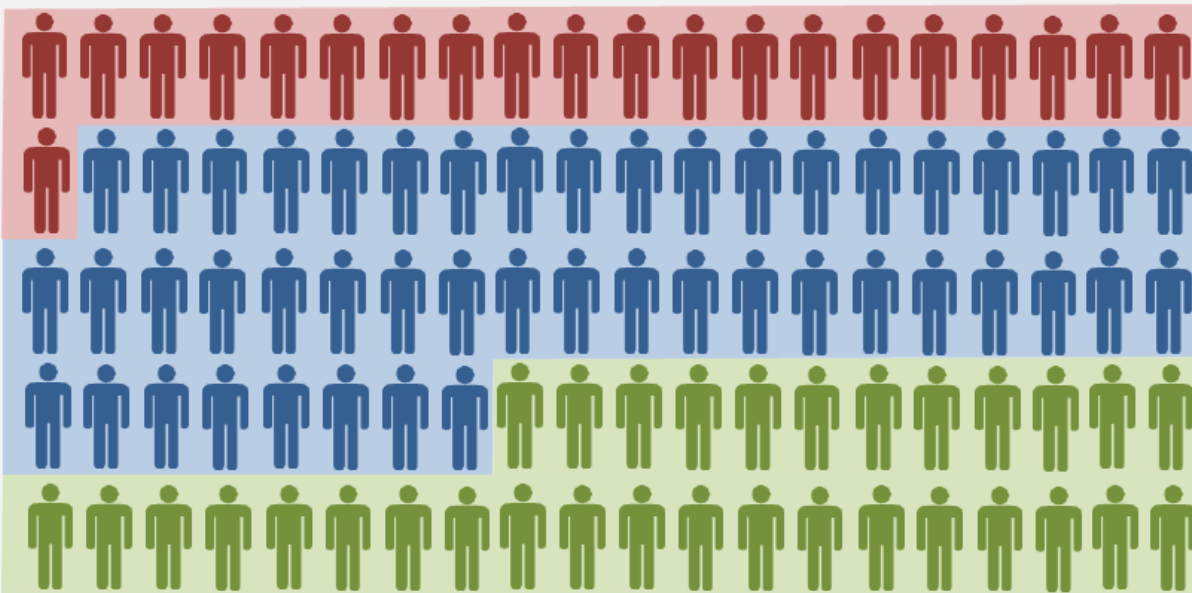
4,3 million

↑ 49%

Low-skilled

Total
15 million

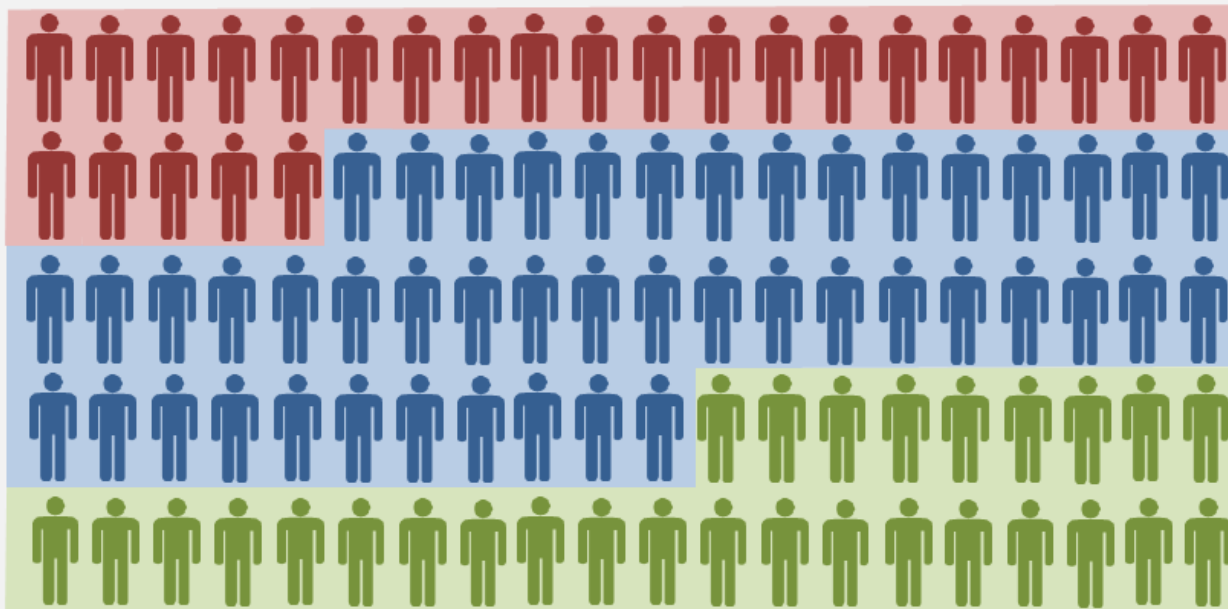
Breakdown of the South African workforce by skill level 1994



In 1994, 21 out of 100 workers in South Africa were skilled. Almost half were semi-skilled and 32 out of 100 worked in lower-skilled occupations.

How has this changed since 1994?

Breakdown of the South African workforce by skill level 2014



Skilled **↑** by 4 percentage points to **25%**

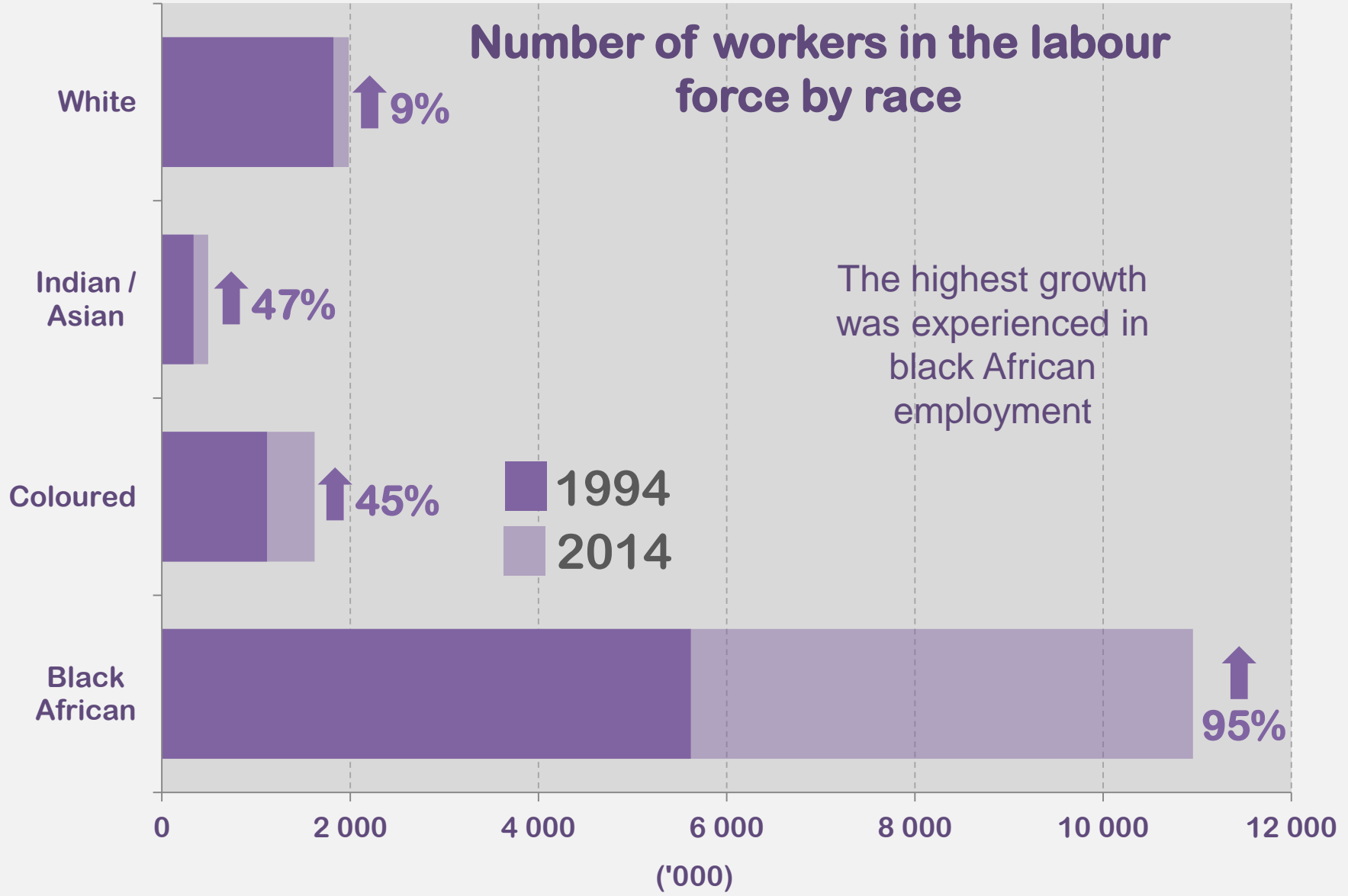
Semi-skilled **↓** by 1 percentage point to **46%**

Low-skilled **↓** by 3 percentage points to **29%**

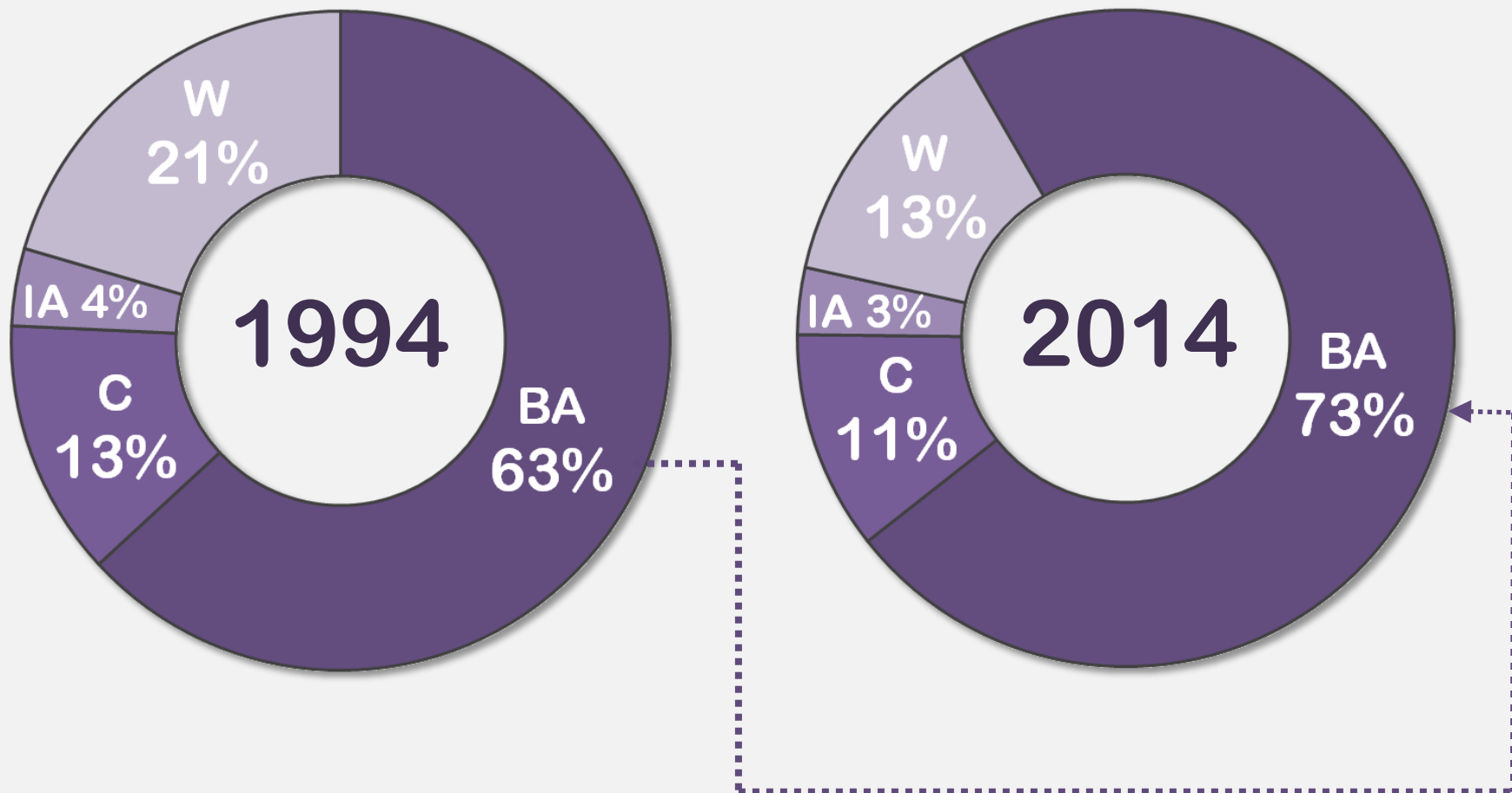
Since 1994 there has been a shift to skilled employment.

Trends in terms of race

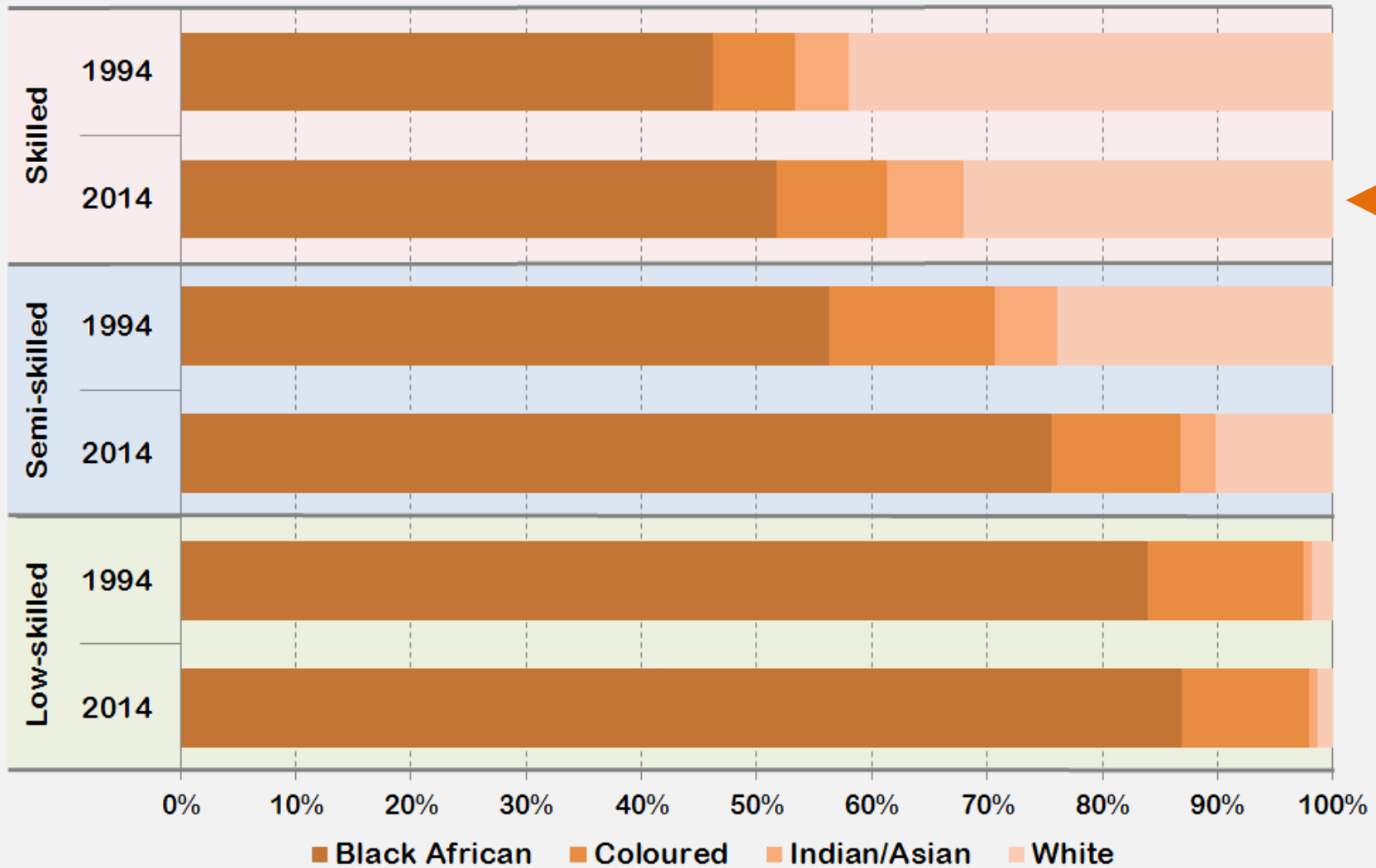
Number of workers in the labour force by race



The proportion of black African workers in the labour force has also increased since 1994



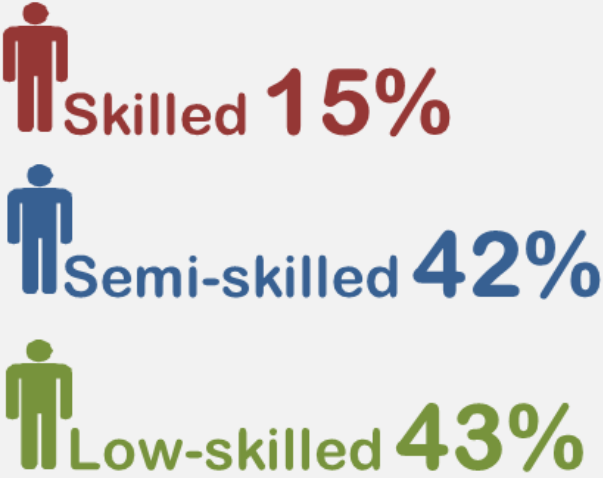
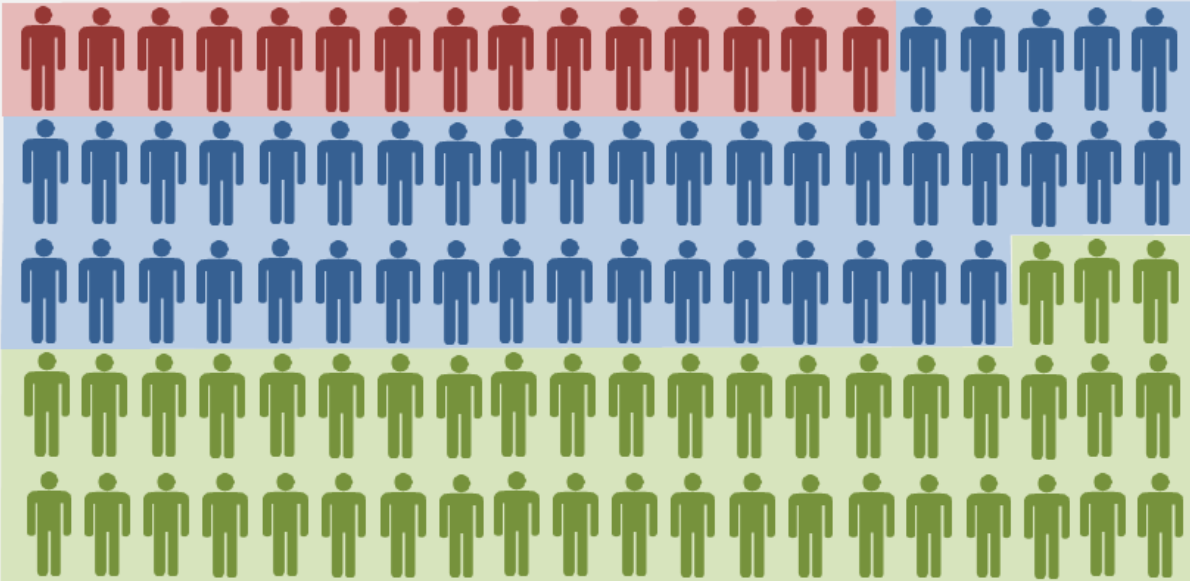
How has the racial composition of each skill level changed?



Within the skilled workforce, the proportions of all non-white race groups increased.

However, to see a more complete picture of transformation, trends **within** race groups need to be explored

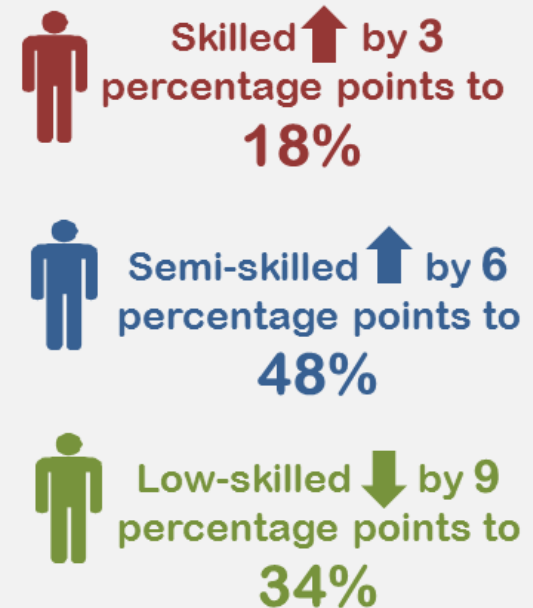
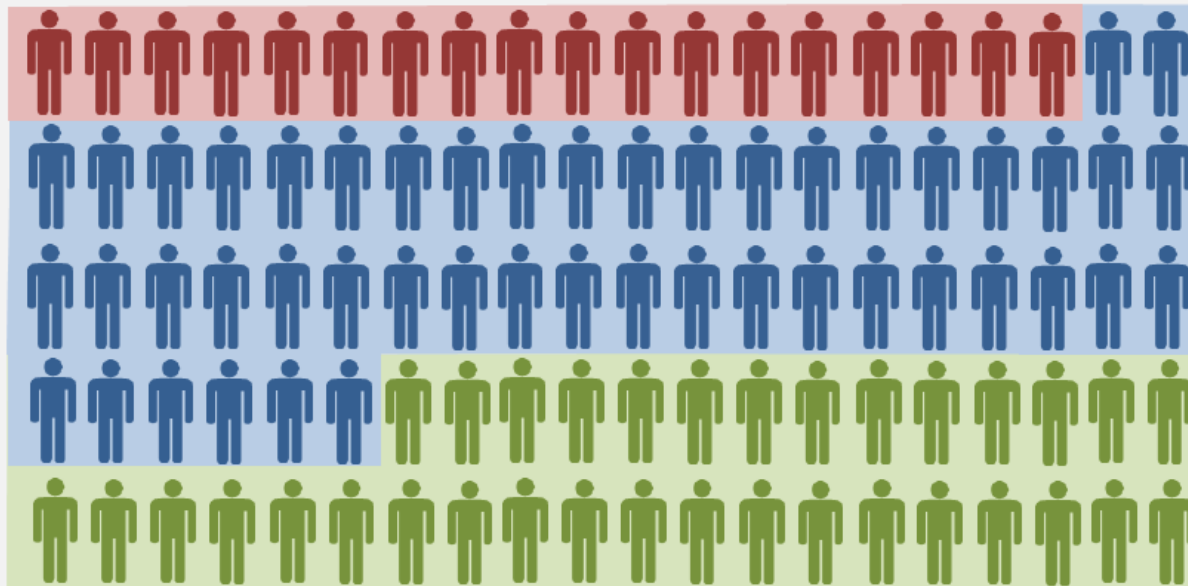
Breakdown of the black African workforce by skill level 1994



In 1994, 15 out of 100 black African workers in South Africa were skilled.

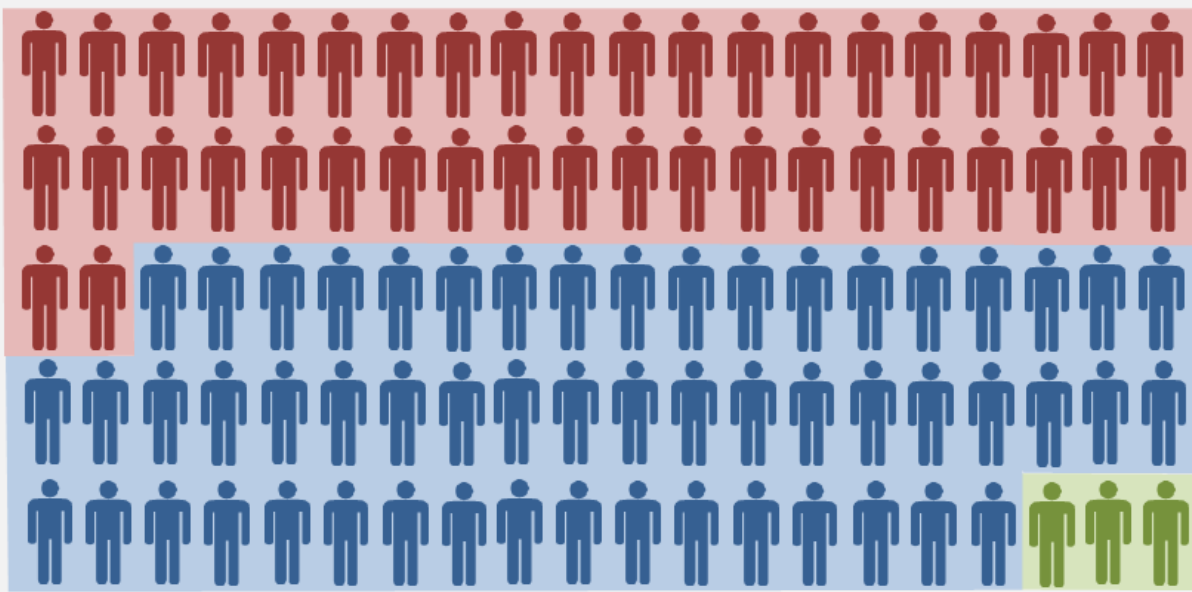
How has this changed since 1994?




Breakdown of the black African workforce by skill level 2014



Since 1994, there has been a small shift in the black African workforce towards more skilled and semi-skilled employment.

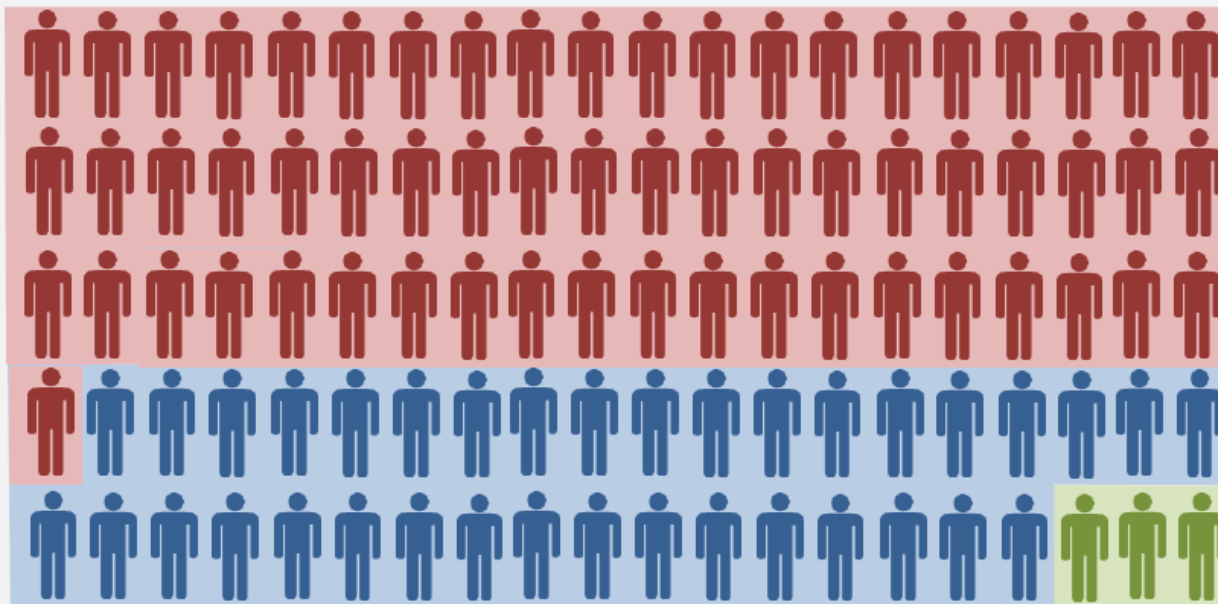
Breakdown of the white workforce by skill level 1994



 Skilled **42%**
 Semi-skilled **55%**
 Low-skilled **3%**

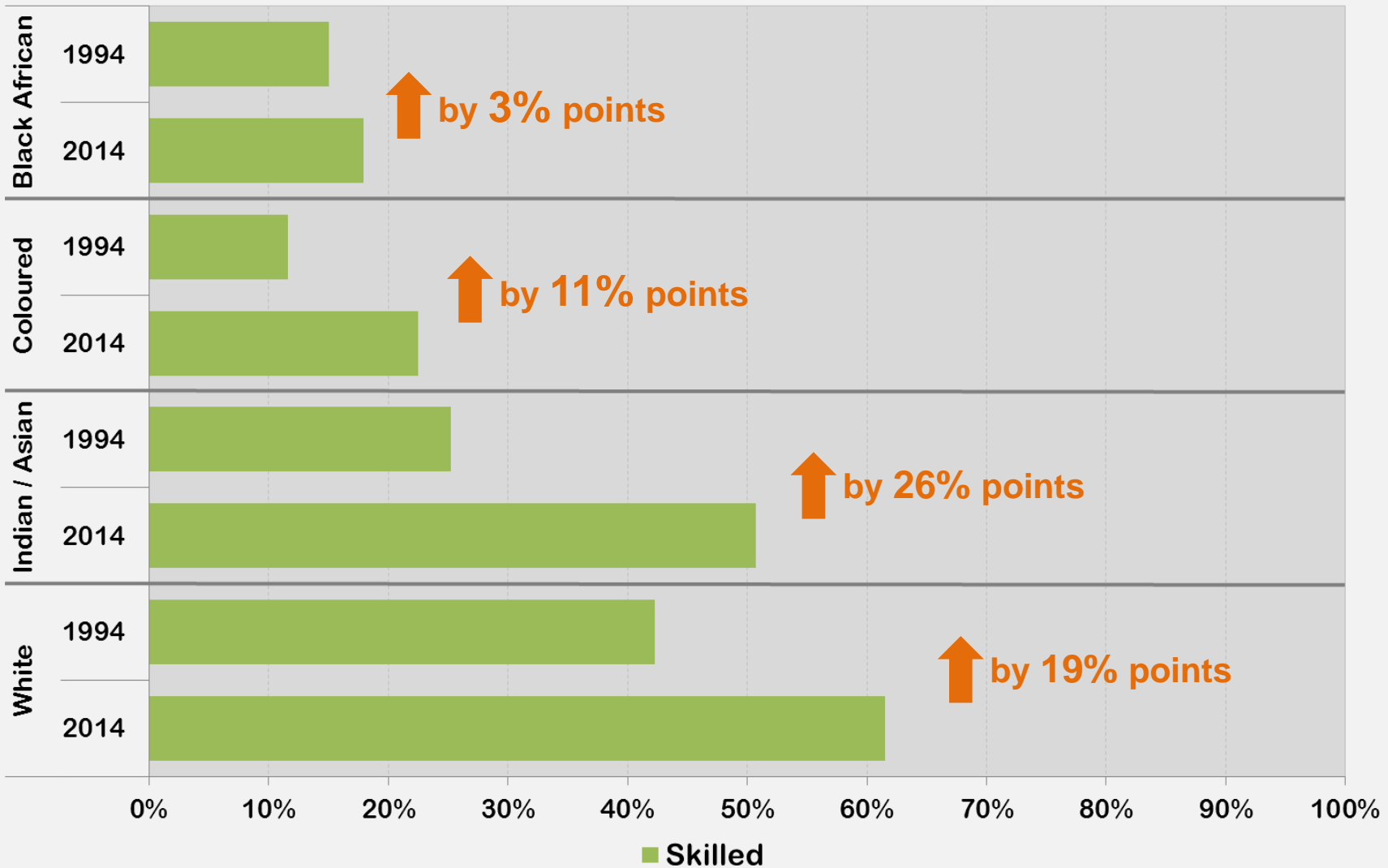
How has this changed since 1994?

Breakdown of the white workforce by skill level 2014



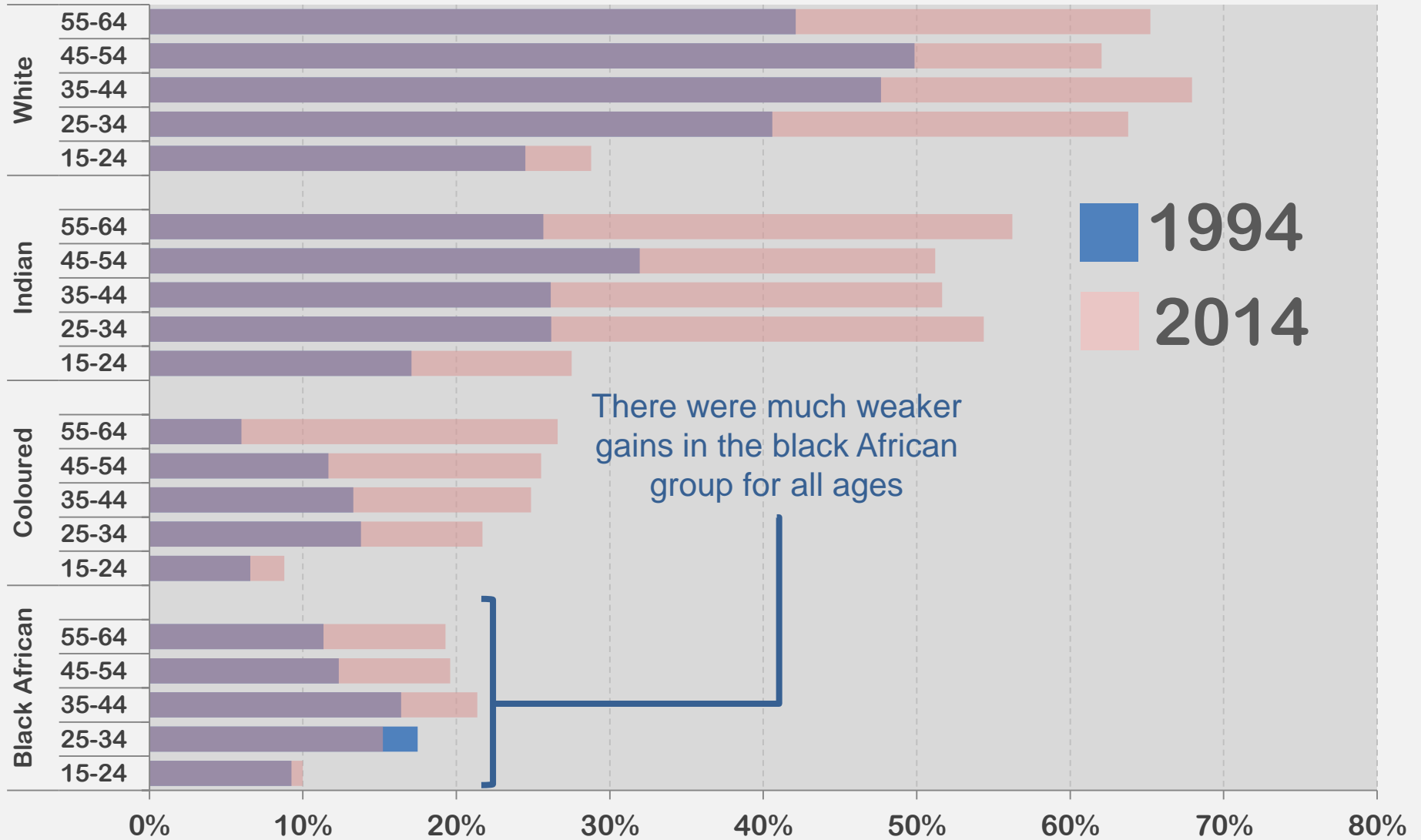
Since 1994, there has been a significant shift in the white workforce towards skilled work.

Percentage of workers within each race group who are skilled (managers, professionals, technicians)

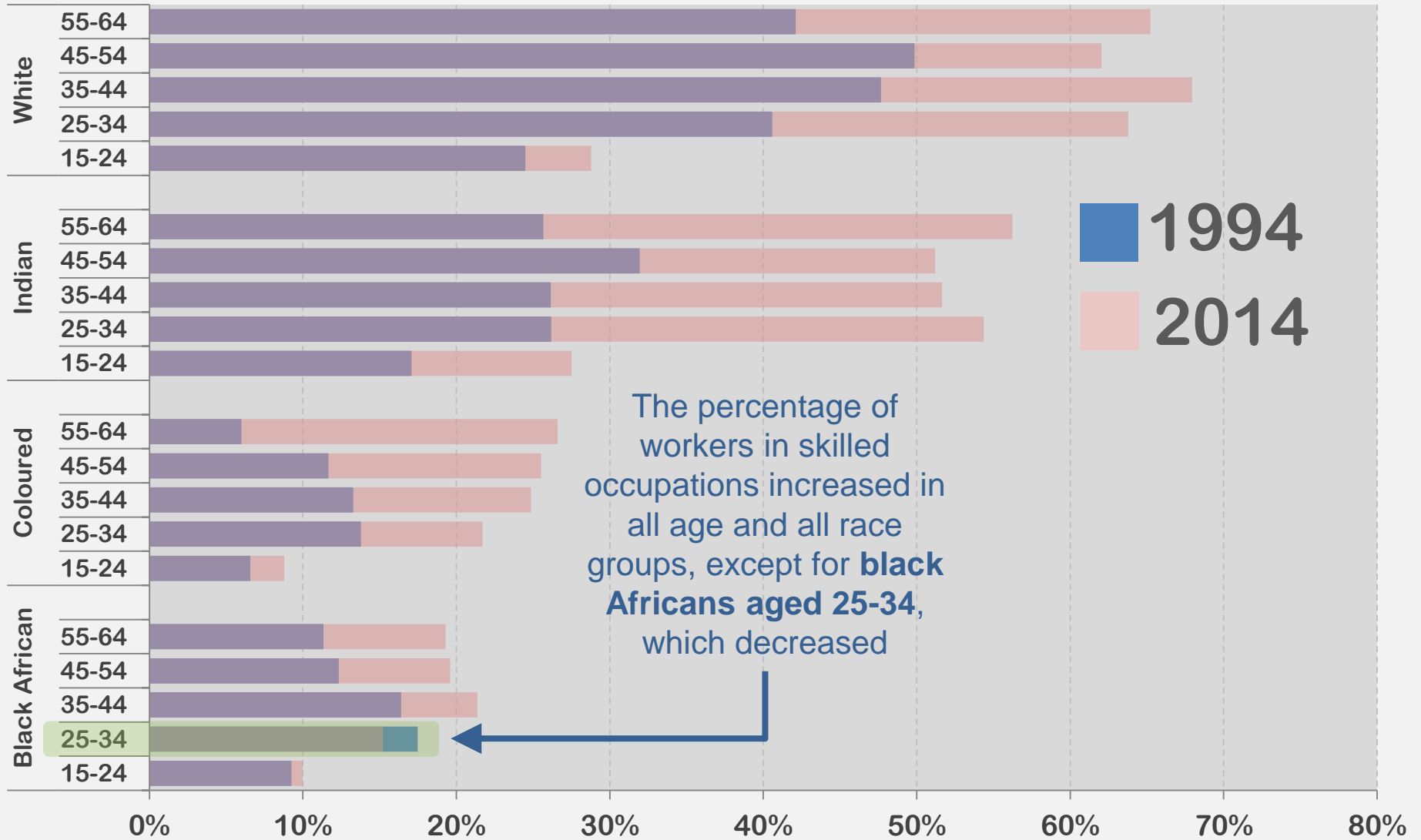


Trends in terms of age

Percentage of workers in each age group who are skilled (managers, professionals, technicians)



Percentage of workers in each age group who are skilled (managers, professionals, technicians)



What the data show in terms of skills

- Gains in skilled employment from 1994 to 2014
- Gains in black African employment from 1994 to 2014
- **Across** population groups, the proportion of black African, coloured, and Indian/Asian workers within the skilled workforce increased
- However, there was uneven distribution of progress **within** population groups. Within black African employment the growth in skills, as a proportion, was much lower than in the other population groups
- Within the black African 25-34 age group, the skilled proportion of employment decreased

Unemployment

The official
unemployment rate for
South Africa increased

from

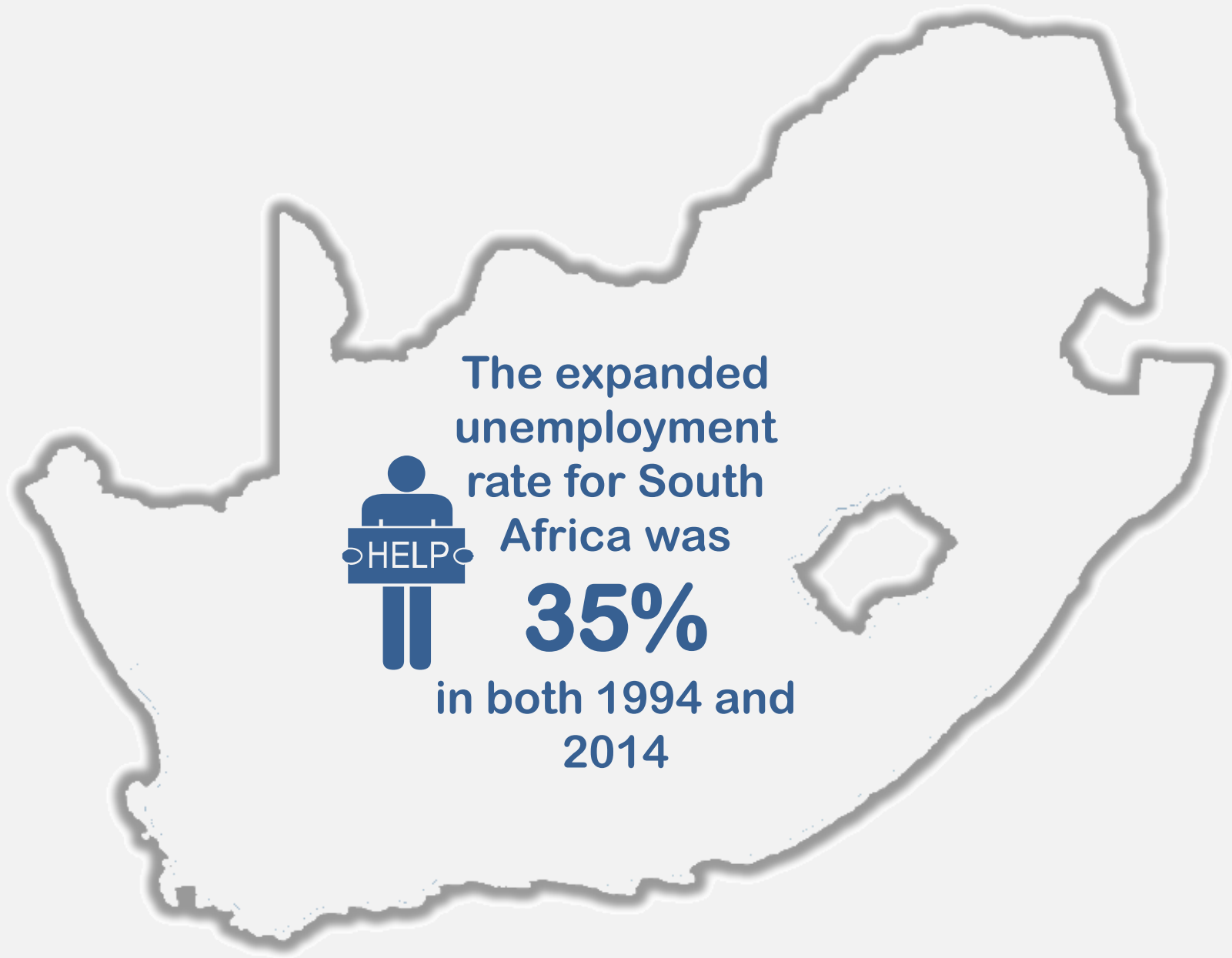
22%

in 1994 to

25%

in 2014





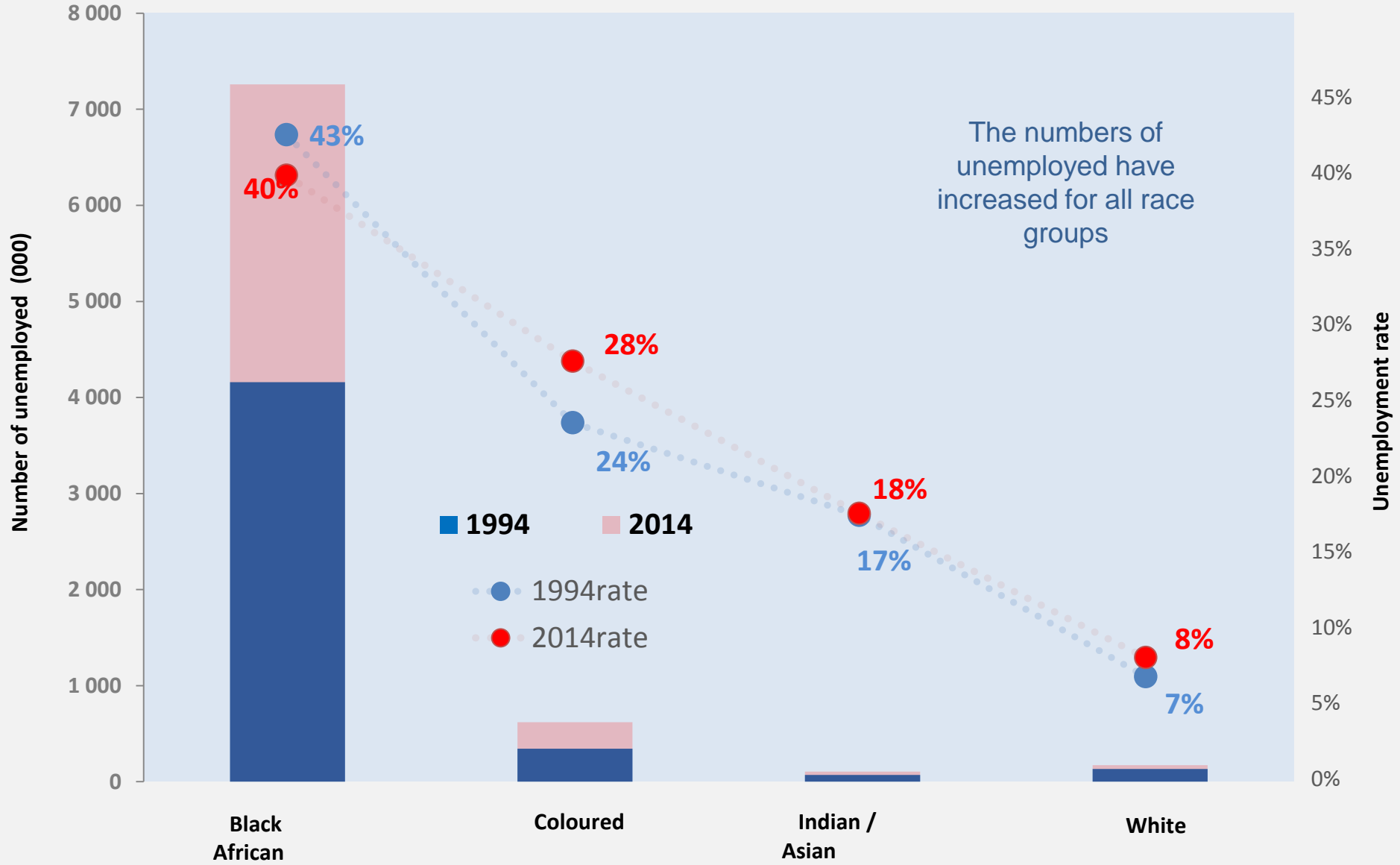
Labour market dynamics (1994 vs 2014)

Number of individuals

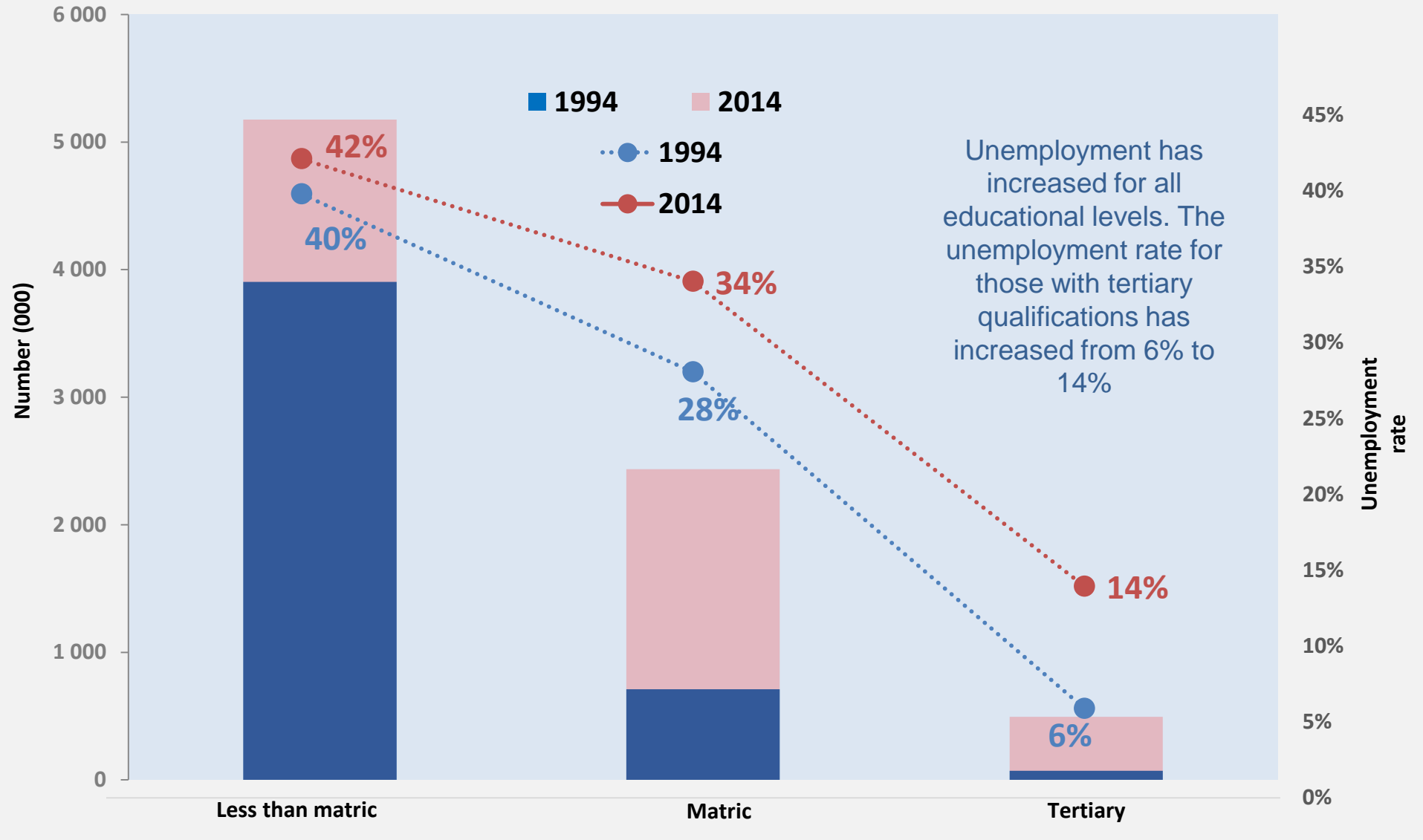
	1994	2014	Change	Change (%)
Strict				
Employed (000)	8 896	15 055	6 159	69,2
Unemployed (000)	2 489	5 067	2 578	103,4
Labour force (000)	11 386	20 122	8 736	76,7
Unemployment rate	22%	25%	+3,3 % points	-
Expanded				
Unemployed (000)	4 707	8 157	3 450	73,3
Labour force (000)	13 603	23 212	9 609	70,6
Unemployment rate	35%	35%	unchanged	-

The number of employed has increased by 6,1 million since 1994. The number of unemployed (expanded definition) has increased by 3,4 million. The percentage growth of the unemployed (73,3%), however, has been higher than the growth of the employed (69,2%).

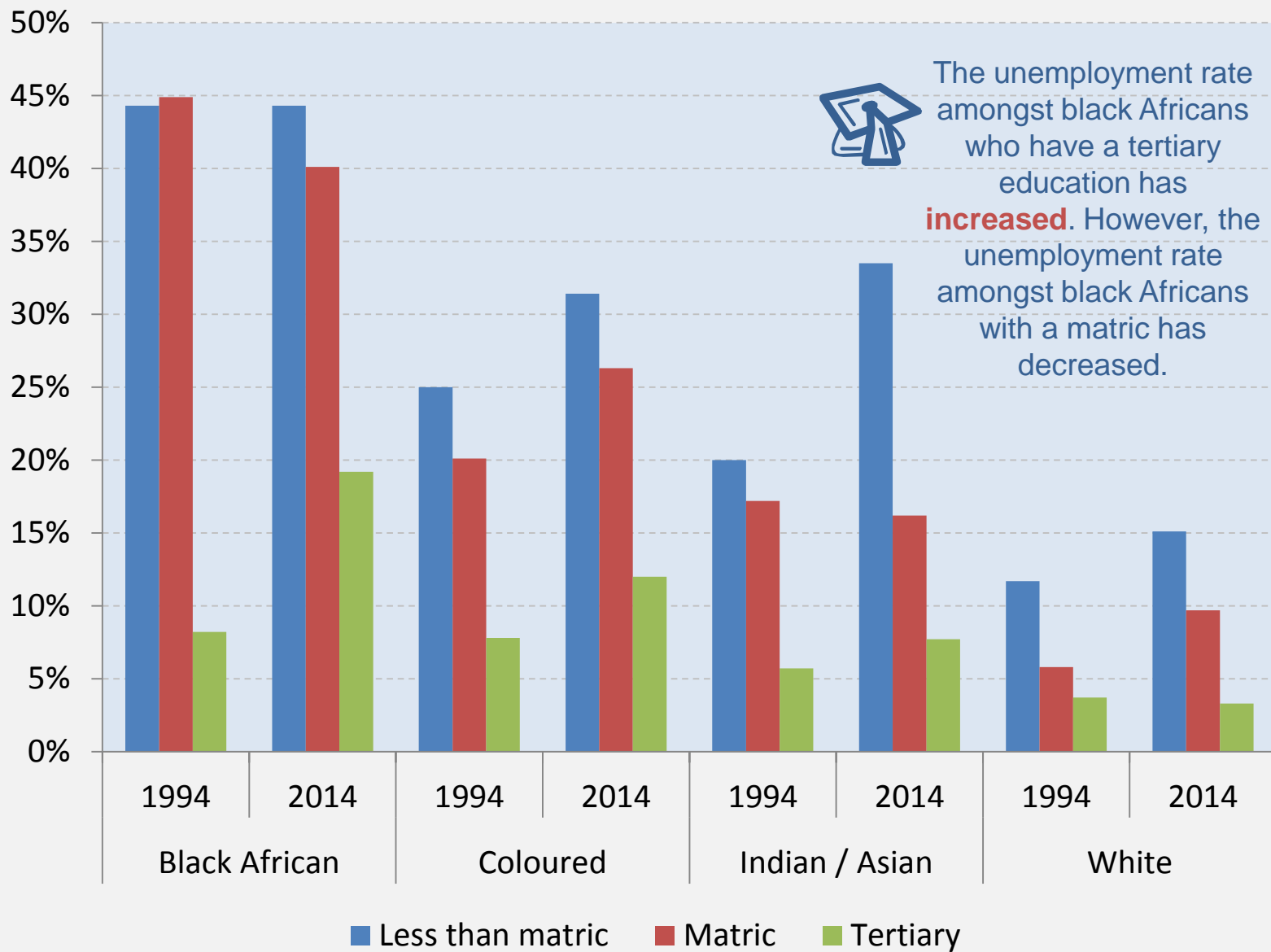
Number of unemployed and unemployment rates by race (1994 vs 2014)




Number of unemployed and unemployment rates by highest level of education (1994 vs 2014)

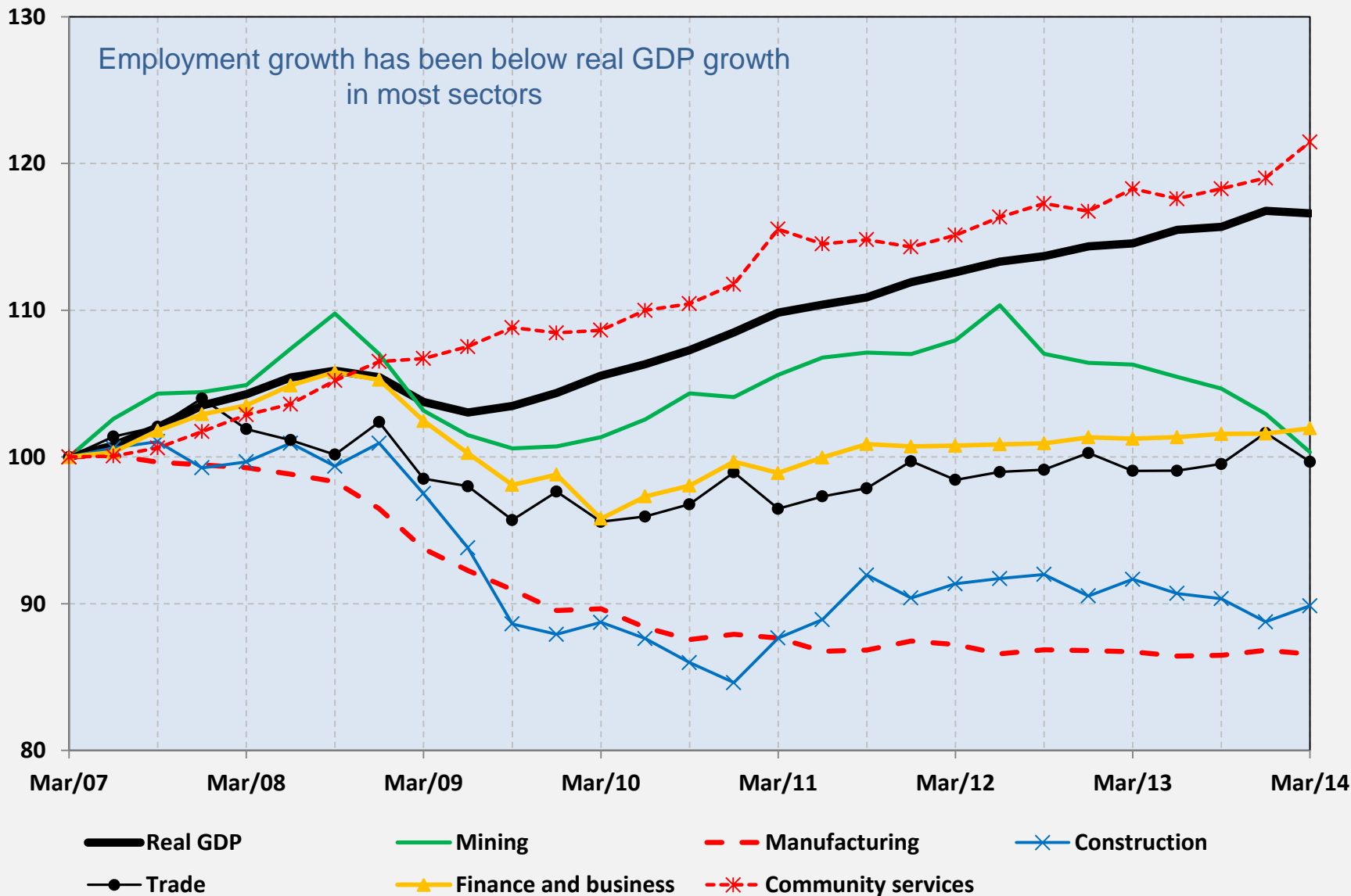


Unemployment rates for individuals by highest education level and race



 The unemployment rate amongst black Africans who have a tertiary education has **increased**. However, the unemployment rate amongst black Africans with a matric has decreased.

Index, Q1 2007 = 100; employment indices based on Quarterly Employment Statistics

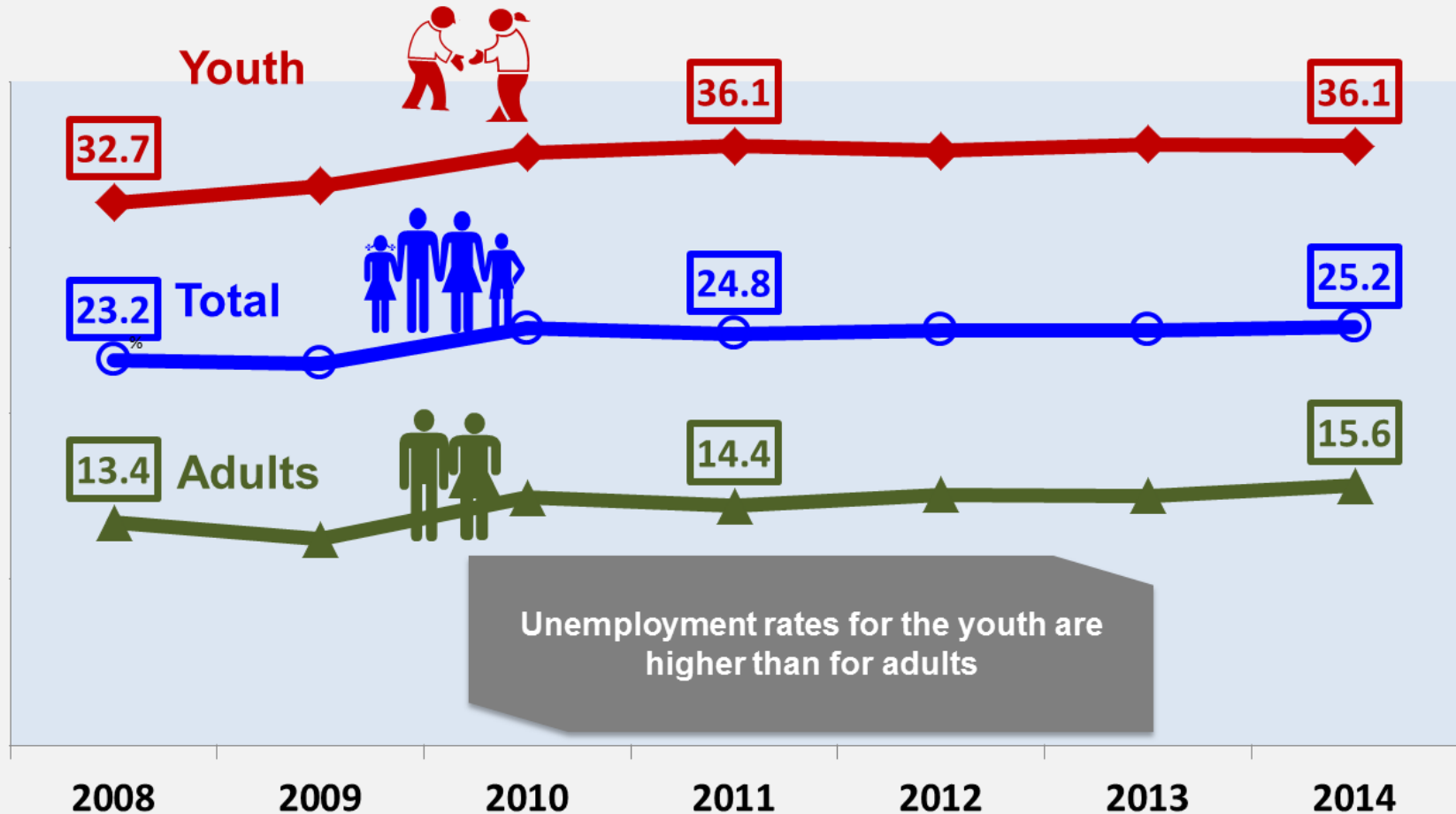


Transition rates

From one quarter to the next quarter, average for 2010 to 2013

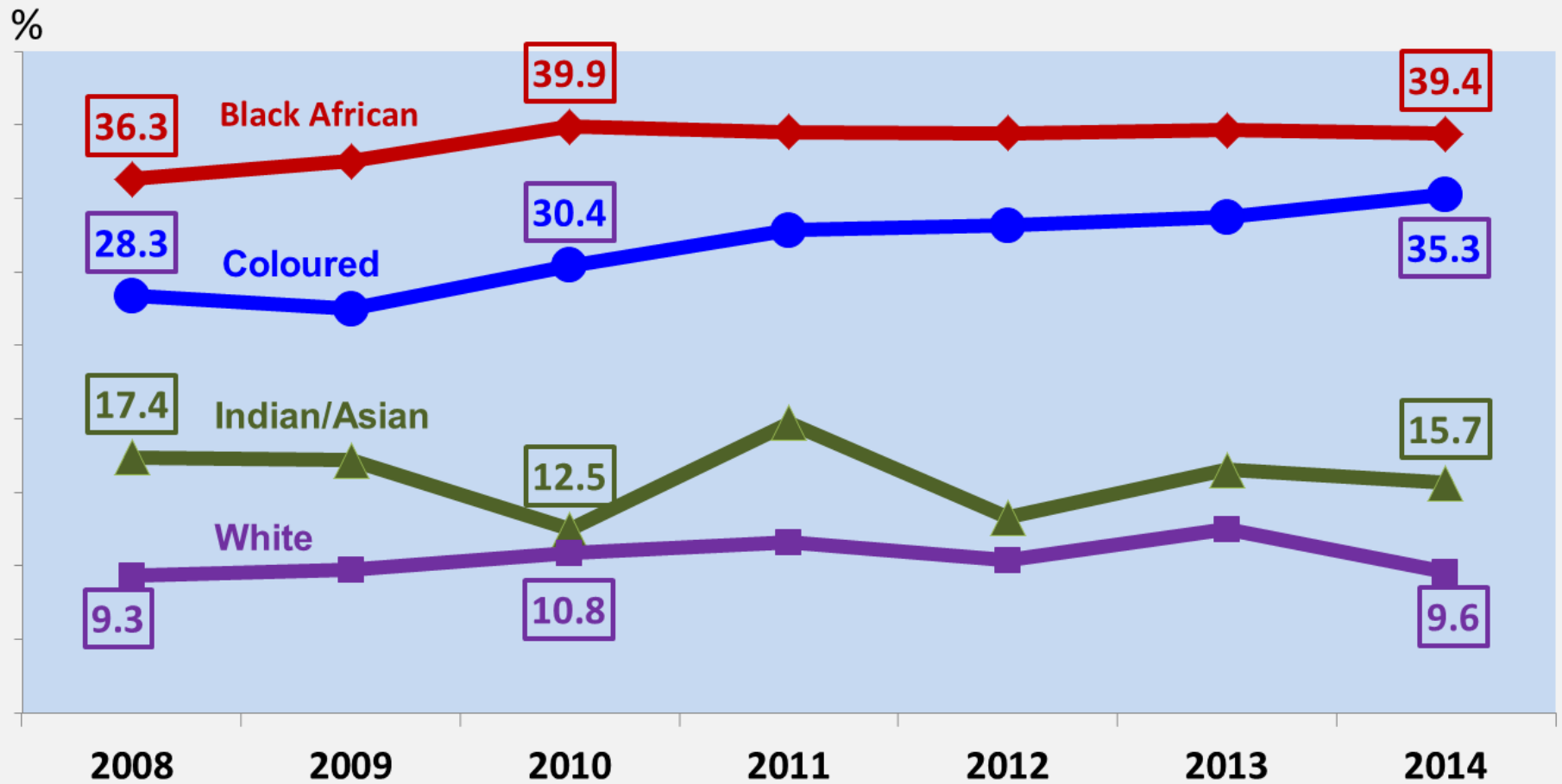
	From unemployed to employed (%)	From employment to unemployed or not economically active (%)
Total	11,2	4,3
By highest education level:		
Primary	14,0	5,7
Secondary not completed	11,1	6,1
Secondary completed	9,9	3,7
Tertiary	12,1	1,2
By age:		
Youth	10,2	6,4
Adult	13,4	2,9

Unemployment rate by age (2008-2014)



Unemployment rate for the youth, by race (2008-2014)

Youth in the black African and coloured groups have the highest rates in the country



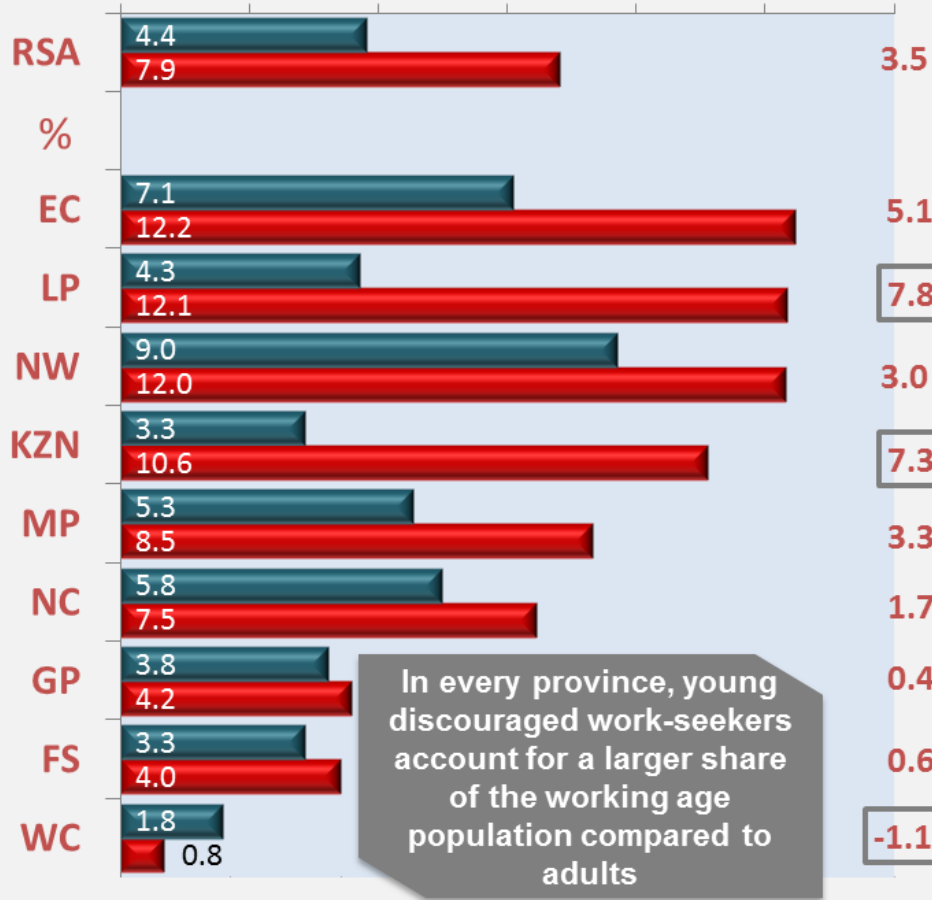
Discouraged work-seekers (percentage of working age) (2008-2014)



Youth

2008

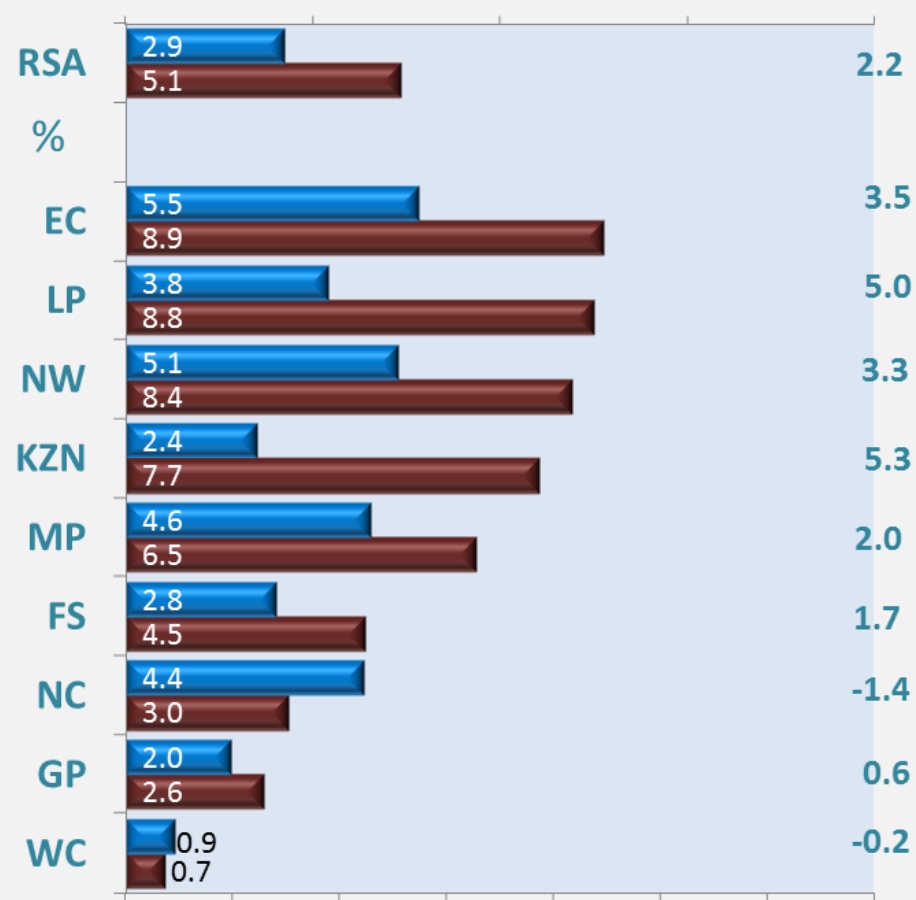
2014



Adults

2008

2014



Final remarks

NDP sees skills development as critical

- “SA has set itself the goals of eradicating poverty, reducing inequality, growing the economy by an average of 5,4%, and cutting the unemployment rate to 6% by 2030. Education, training and innovation are critical to the attainment of these goals” (NDP: 296-7).
- NDP enabling milestone: “ensure that skilled, technical, professional and managerial posts better reflect the country’s racial, gender and disability makeup” (NDP: 34)
- NDP critical action: “an education accountability chain, with lines of responsibility from state to classroom” (NDP: 34)
- “Improving the quality of education outcomes throughout the education system [is] one of the highest priorities over the next 18 years, and beyond” (NDP: 133)

Inadequate education system – findings from the NDP

- NDP chapter 9: Improving education, training and innovation
- SA faces a low growth, middle income trap, characterised by:
 - ❖ Weak competition for goods and services
 - ❖ High unemployment
 - ❖ Low savings
 - ❖ A **POOR SKILLS** profile
- The quality of education for most black children is poor
- By the end of Grade 12, SA has lost HALF of every cohort entering the schooling system ...
- ... which wastes human potential and harms life-chances of our youth

Inadequate education system – findings from the NDP

- The post-school system is not well designed to meet our skills development needs
- The performance of universities is uneven
- Further education and training (FET): too small, poor output, not effective (65% of college students unable to find work experience)
- Problems with sectoral education and training authorities (SETAs):
 - ❖ Poor governance
 - ❖ Inadequate human resources
 - ❖ Poor management
 - ❖ No proper monitoring and evaluation
 - ❖ No accurate records of beneficiaries and impact
 - ❖ No linkages with the post-school sector

Why is our skills development not optimal?

- Apartheid legacy?
- Closure of teacher training colleges?
- Inappropriate merging of educational institutions?
- Outcomes-based education?
- Weak administration (e.g. delivery of school books)?
- Firms not willing to invest in training of employees?
- Other (e.g. role of parents)?

Conclusion

- The QLFS data strongly support the findings of the NDP that the education system is not adequately serving skills development, and is in urgent need of reform
- Weak GDP data since 2008 further support the NDP's findings that a broad programme of reform needs to be implemented, with skills development as one of its key features
- Employment growth between 1994 and 2014 was completely inadequate to reduce unemployment, further raising the level of urgency with which skills development should be treated

Thank you