

# Employment trends

*Has the economy created jobs since Gear?*

**B**horat has found that contrary to conventional wisdom the economy (including both formal and informal sectors) did create jobs between 1995 and 1999 but these were not sufficient to accommodate the demand for jobs by new entrants to the labour market. As a result, there has not been jobless growth in the economy but rather a situation of poor employment growth. The data also revealed that various groupings of workers benefited more than others from this growth. It was clear that skilled and semi-skilled workers benefited at the expense of unskilled workers.

These findings emerged from a study Bhorat did as part of an analysis of both demand and supply trends in the South African labour market. In doing so, the study focused on determining employment trends relative to growth rates in the local labour force. Out of this emerged the result that the economy had not been experiencing jobless growth, as initially predicted.

Between 1995 and 1999, employment increased by about 1,1 million workers. This represents a 12% increase over the five-year period. Table 1 provides an overview of employment shifts during this period. The table presents total employment shifts in the economy according to sector and occupation.

The data reveals that the notion of aggregate 'jobless growth' in the South

*In a country such as South Africa, which is characterised by high levels of unemployment, researchers continue to focus on where or how jobs are being lost or created. Haroon Bhorat found in a recent study that more than 1,1 million jobs were created between 1995 and 1999. A key factor determining employment shifts has been the downsizing of the public sector.*

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African economy is erroneous. The economy, in the aggregate, has been creating jobs rather than shedding them. It is important however, to put this expansion of employment into context. Specifically, it is necessary to assess the number of jobs that have been created, relative to the new entrants into the labour market.

The data indicates that between 1995 and 1999, the number of new entrants increased by about 3,1 million individuals. Over the same period, 1,1 additional jobs were created. This has meant therefore,

that about 2 million individuals, some of whom were first-time entrants into the labour market, have remained jobless since 1995.

Therefore, while the economy did not experience jobless growth, it was faced with 'poor employment growth' during the five years under review. Put differently, while employment grew at 12% over the period, if all the new entrants were to have been placed into employment since 1995, employment would have needed to have grown by 33,4% over the period. In other words, in order to maintain unemployment at its 1995 levels, employment should have risen by close to three times the existing rate.

Ultimately, while employment expansion was recorded over the five-year period, it was far from adequate.

### Employment shifts

Having recorded employment growth, it is important to determine the distribution of these employment gains at the sectoral and occupational level so as to evaluate the winners and losers from these overall employment changes.

The detailed employment shifts

indicate that the national employment expansion, had a differential impact at a sectoral level. Hence, we find that the largest increase in employment was reported for the financial and business services sector, where employment grew by 61% over the five-year period. It is worth noting that this growth rate is double the 33,4% 'target' employment growth rate mentioned above. The second and third fastest growing sectors were construction (31%) and internal trade (28%).

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These high employment numbers reveal the continued expansion of the services sector, in keeping with global trends. This includes in part, the construction industry, which does have a fairly significant services component. Furthermore, the construction data also

**Table 1: Employment shifts by sector and occupation, 1995-1999**

Occupation	Sectors	unspecified	agric.	mining	manufac.	utilities	construction	trade	transport	financial	comm.serv.	total
Unspecified	change	18468	2928	2508	28808	2216 00	1334	4461	4636	5500	-13077	57982
	%change	24 33	377 81	74 73	472 03	163 50	128 37	87 21	173 08	302 38	-44 30	45 45
Managers	change	1223	24301	6143	37656	4231 00	20427	-9794	9993	55519	-41090	190789
	%change	10 48	369 63	53 80	50 43	215 43	88 58	-4 42	15 16	113 38	103 48	37 81
Profess.	change	2387	1744	5018	20531	207 00	-476	10577	4858	71116	118773	234735
	%change	155 91	237 61	103 93	152 05	7 32	-9 89	129 68	103 32	145 58	50 82	72 53
Technicians	change	-323	899	177	30320	-5654 00	-9486 00	26925	-13243	50879	-77525	2969
	%change	-7 96	24 93	1 35	38 12	-52 55	-64 28	54 37	-24 58	41 29	-11 09	0 28
Clerks	change	-7655	-1045	-16380	-9656	-1035 00	832 00	13175	6167	23319	-58370	-50648
	%change	-31 02	-8 63	-42 57	-7 31	-9 48	5 52	4 60	6 90	10 60	-19 32	-4 49
Sales	change	2400	9414	-8904	4224	1858 00	3358 00	142780	11486	85583	-71565	180634
	%change	50 20	109 01	-33 90	12 61	48 20	164 69	29 70	86 24	116 34	-17 12	16 97
Crafts	change	-933	14259	13087	78309	-4612 00	106151 00	52468	-2036	6351	12269	275313
	%change	-14 86	97 64	8 22	25 58	-17 14	39 96	27 28	-4 14	33 66	22 03	25 13
Operators	change	-18007	3469	79296	-79689	-5224 00	-4792 00	-17719	53430	9826	-9156	11434
	%change	-71 30	2 69	83 36	-16 03	-36 92	-19 39	-21 09	39 04	97 26	-12 88	1 03
Elementary	change	-23646	-95366	-35682	-16003	2454	18649 00	235998 00	-1398	49519	93914	228439
	%change	-72 76	-9 45	-43 94	-5 73	21 69	22 62	73 18	-2 63	132 26	8 48	7 58
Total	change	-26086	-39397	45263	94500	-5559	136197 00	458871 00	73893	357612	36353	1131647
	%change	-33 98	-3 33	10 46	6 65	-6 61	31 42	27 81	15 75	61 35	1 23	12 04

(OHS, 1995 and 1999)

suggests that short-term, albeit modest, gross domestic product (GDP) growth resulted in employment gains for a sector that is very pro-cyclical in nature.

Indeed, the growth in the services sector and the consequent positive impact on employment in these sectors is a trend that is likely to intensify and continue over the medium- to long-run in South Africa. An interesting result is that while all the service sectors reported healthy

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employment growth rates, community, social and personal services was the only service sector to yield a poor employment performance over the period.

The sectors that reported a decline in employment levels since 1995 were utilities (6,6%) and agriculture (3,3%) and the unspecified category (-14,0%). The largest employment drop therefore, was found in the latter, followed very closely by utilities. This shorter term data analysis

did not reveal the patterns observed in the long-run labour demand analysis, namely that both primary sectors were in secular - decline.

Instead, while agriculture continued to shed jobs, the mining industry gained some 45 000 new workers over this period. Although the overall increase in mining was not skills-neutral, it is important to note that one of the economy's key primary sectors is creating jobs. Noticeably, the economy's largest contributor to GDP, manufacturing, has seen its employment levels rise by about 7% since 1995. While clearly a positive trend, this is half the national growth rate, and five times below the target employment growth rate of 33,4% over the same period.

Countering the above notion of an expansion in mining employment however, and indeed in some of the other sectors such as manufacturing and community services, is to examine the changes in the shares of total employment by sector between 1995 and 1999.

Table 2 presents this evidence. It is clear that despite the growth in mining employment as a share of total employment, the mining work force has declined. Therefore, in 1995, mining accounted for 4,61% of total employment,

while in 1999 this had fallen marginally, to 4,54%. Similarly, manufacturing share of employment fell by 0,73 percentage points, while the poor community services performance is reflected in the largest employment share reduction of -3,03 percentage points.

In contrast, increases in the share of employment was reported for construction, internal trade, transport and

**Table 2: Share of employment by sector, 1995 and 1999**

Sector	1995	1999	Change in share
Unspecified	1.99	1.52	-0.46
Agriculture	12.6	110.88	-1.73
Mining	4.61	4.54	-0.07
Manufacturing	15.12	14.39	-0.73
Utilities	0.89	0.75	-0.15
construction	4.61	5.41	0.80
Trade	17.56	20.03	2.47
transport	4.99	5.16	0.17
financial	6.20	8.93	2.73
Services	31.42	28.39	-3.03



Pic: Nigel Dennis

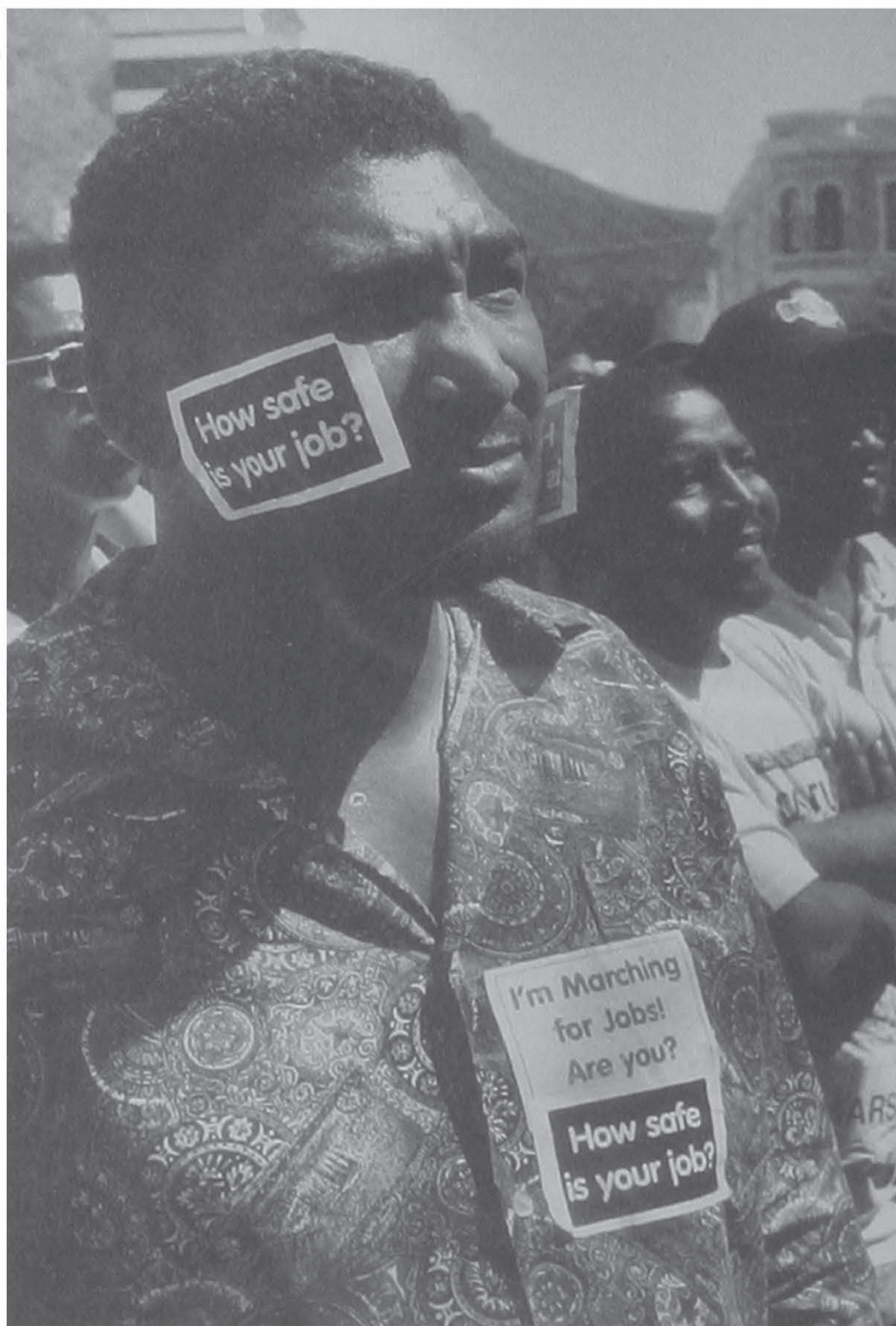
*One of millions of unemployed waiting for a casual job.*

financial and business services. The latter in particular saw the highest percentage point rise in its share of employment. The data correlates with the long-run analysis, indicating that significant job reallocation is taking place from the primary sectors and some secondary sectors, toward parts of the services industry.

The most interesting trend in the data is the decline in the utilities sector employment and the poor employment performance within community, social and personal services. Both these are dominated by the public sector. The community services data requires a slightly more detailed explanation here. It needs to be remembered that the sector includes those individuals employed

within the domestic services sub-sector. The data, not shown above, reveals that employment in this sector grew by about 180 000 employees in the period. If we exclude this figure, we arrive at a more accurate estimation of employment shifts within the public sector per se.

Dealing with the public sector in this manner, reveals that employment actually fell by some 143 000 workers between 1995 and 1999. This figure more closely reflects the changes that the public sector has been undergoing since 1995. The data reflects a public sector that is in the process of significant restructuring. In addition, the data makes it clear that the job destruction in the public service has been both rapid and particularly large. The



*Workers campaign to save jobs.*

loss in utilities was relatively small, but is representative of a sector that employs under 100 000 workers. Ultimately then, at the sectoral level, the growth data for 1995 to 1999, reveal that the employment losses that occurred were predominantly in the public sector, with all other sectors, barring agriculture, reporting a rise in employment levels.

These results are a manifestation of the new government's intention to reduce inefficiencies within government, reduce

the size of the public sector wage bill and finally to drive its restructuring plan around the notion of outsourcing non-core functions at all tiers of government. The result of this extensive and rapid public sector restructuring programme therefore, has been significant employment losses within the sector.

The important point though is to try and determine which occupations within each of these sectors bore the brunt of the overall employment losses, or as the case may be, gained most from intra-sectoral employment growth.

Table 1 reveals that the demand for all occupational groups increased, with the exception of clerks. The number of clerks fell by just over

50 000 over the same period - representing a 4,5% decline in employment over the period. The second poorest performers were technicians, whose employment essentially remained constant over the period. In terms of increased labour demand, the largest increases were recorded for professionals (73%) and managers (38%), who together accounted for close to 450 000 new jobs created over this period. Interestingly, the third largest increase was recorded for

craft workers, whose employment rose by about 25% since 1995. The employment of sales staff also increased over this period, at an average rate of 17% across all sectors.

Two categories of workers have been omitted from Table 2, namely workers in domestic services and individuals categorised as skilled agricultural workers. The reason is that the numbers presented for these categories are difficult to interpret and deserve special, if not separate, attention. For example, one of the strange things the data reveals is that domestic services gained some 127 000 skilled agricultural employees, while lost close to 770 000 labourers. This is a change that is very hard to explain, and may be purely due to altering definitions of the skilled agricultural worker category from 1995 to 1999.

One of the factors that may have influenced this definitional change could be, for example, the fact that many individuals ostensibly doing domestic work in rural areas, are in fact primarily farmworkers. By the same token, the huge increase in the aggregate demand for this occupation of some 395 000 workers yielding an increase of 344% over the period, is simply too large as to represent a pure employment shift. It may rather be the changing definitions used in the two survey years, combined with the implicitly amorphous nature of the occupation, that has resulted in these numbers.

Given the uncertainty around these figures, it is probably fair to assume that the figures for elementary employees within agriculture, better reflects the changing pattern of farmworker employment. In turn, the change in domestic services employment is probably more accurately reflected by the reduction in employment of elementary employees, rather than the aggregate shift, which reports a rise in domestic service employment.

## Conclusion

The data reveals various trends that have emerged in the post-apartheid period. The notion of 'jobless growth' for the South African economy, is clearly erroneous. The important caveat to this reasoning though, is that the labour force has simultaneously grown at a higher rate.

In net terms then, employment expansion has been relatively poor. In addition, it is evident that across the different sectors, semi-skilled and skilled workers are gaining – a fact contrary to the long-run labour demand analysis, which suggested that it was primarily skilled employees who were gaining. Indeed, some of the sectors, such as wholesale and retail trade, revealed a rise in demand for unskilled workers as well. But the data continues to suggest that skilled workers are still undoubtedly gaining more than those below them in the occupational ladder.

The one result that is directly representative of state policy is the process of public sector restructuring. It is the set of initiatives that have characterised this downsizing of the sector, which have resulted in some 145 000 jobs being shed over the five-year period. It is clear then that the key domestic employment shift since 1995, has been the high rate of attrition amongst public sector employees. This would seem to be the dominant trend in explaining a number of the figures observed above. They reveal a public employer attempting to drastically shrink its workforce.

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*Haroon Bhorat is a director at the Development Policy Research Unit, University of Cape Town. This is a summary of his full research paper entitled 'Labour market challenges in the post-apartheid South Africa: A country profile'.*