

## OVERVIEW

The Quarterly Review of the Eastern Cape Labour Market (QRELM) is a statistical release compiled by the Eastern Cape Socio Economic Consultative Council (ECSECC). The aim of the publication is to analyse the latest developments in the Eastern Cape labour market. The analysis is extended to include employment and unemployment dynamics for the two metropolitan cities in the province. The data used in the report is drawn from Statistics South Africa's Quarterly Labour Force Survey (QLFS). This issue covers the second quarter of 2021 (2021Q2).

## HIGHLIGHTS

The Eastern Cape unemployment rate **INCREASED** to

**47.1%**

The number of employed people **DECREASED** by

**5.1%**

to 1.2 MILLION



Employment **DECLINED** in the agricultural sector by

**18.4%**

The EC youth (15-34) unemployment rate reached

**61.9%**

The labour force has a large share of people who have not completed secondary education

**45.5%**

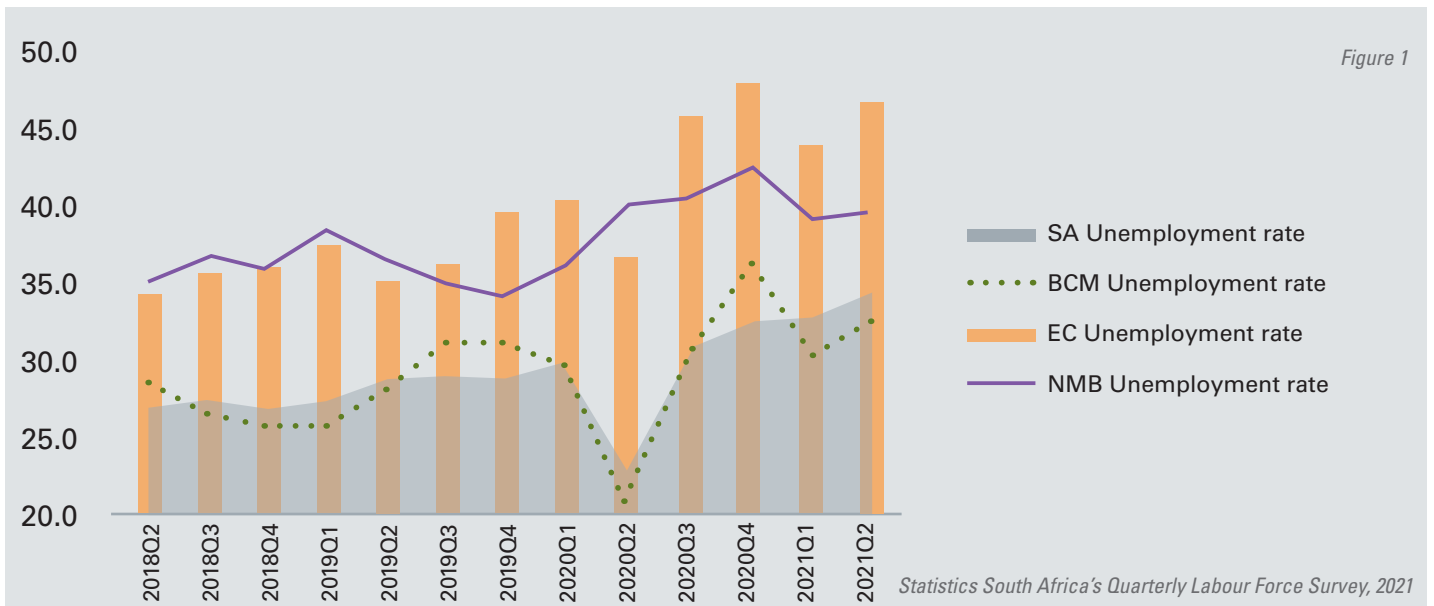
In 2021Q2, the **FEMALE** unemployment rate was

**48.2%**

In 2021Q2, the **MALE** unemployment rate was

**46.1%**

# UNEMPLOYMENT RATES ARE AT NEW RECORD HIGH LEVELS



The labour market conditions worsened in South Africa as the official unemployment rate increased by 1.8 percentage points, from 32.6% in 2021Q1 to 34.4% in 2021Q2. According to Stats SA, this rate has been the highest since the quarterly labour market survey started in 2008. This rate is higher than the 29.7% unemployment rate forecasted by the International Monetary Fund<sup>1</sup>. On a year-on-year basis, the national unemployment rate increased by 11.1 percentage points from 23.3% in 2020Q2. The number of employed persons decreased by 54 000 to 14.9 million in 2021Q2, while the number of unemployed persons increased by 584 000 to 7.8 million compared to 2021Q1, resulting in an increase of 530 000 (up by 2.4%) in the number of people in the labour force.

As reported by Stats SA, the official unemployment rate for the Eastern Cape province increased by 3.3 percentage points to 47.1% in the second quarter of 2021. At the sub-provincial level, the unemployment rate increased in both metros: BCM unemployment rate increased to 32.6% (up by 6.0 percentage points) and NMB unemployment rate increased to 39.8% (up by 0.7 of a percentage point) on a quarter-on-quarter basis. On a YoY basis, the unemployment rate in BCM increased by 9.5 percentage points whilst in NMB the rate declined by 0.6 of a percentage point.

<sup>1</sup> World Economic Outlook (April 2021), The International Monetary Fund.

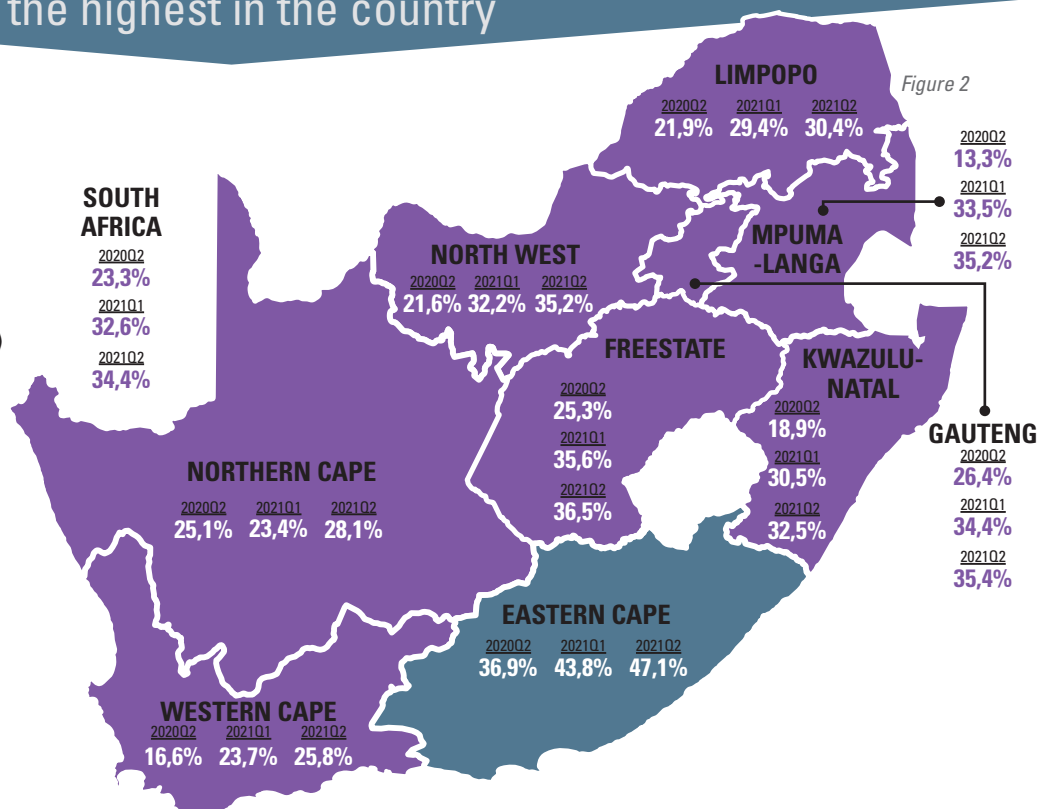
# UNEMPLOYMENT RATE

Unemployment rate in the Eastern Cape remains the highest in the country

In 2021Q2 the South African unemployment rate increased by 1.8 percentage points to 34.4%, compared to 2021Q1. In the second quarter of 2021, the unemployment rate increased in all nine provinces. The Eastern Cape province recorded the highest unemployment rate of 47.1%. Four out of nine provinces had unemployment rates below the national level (34.4%) in 2021Q2, namely: Western Cape (25.8%), Northern Cape (28.1%), Limpopo (30.4%) and KwaZulu-Natal (32.5%).

On a year-on-year basis, the South African unemployment rate increased by 11.1 percentage points. On provincial levels, large increases in the unemployment rate were recorded in Mpumalanga (up by 21.9 percentage points), followed by North West (up by 13.6 percentage points), KwaZulu-Natal (up by 13.6 percentage points) and Free State (up by 11.2 percentage points).

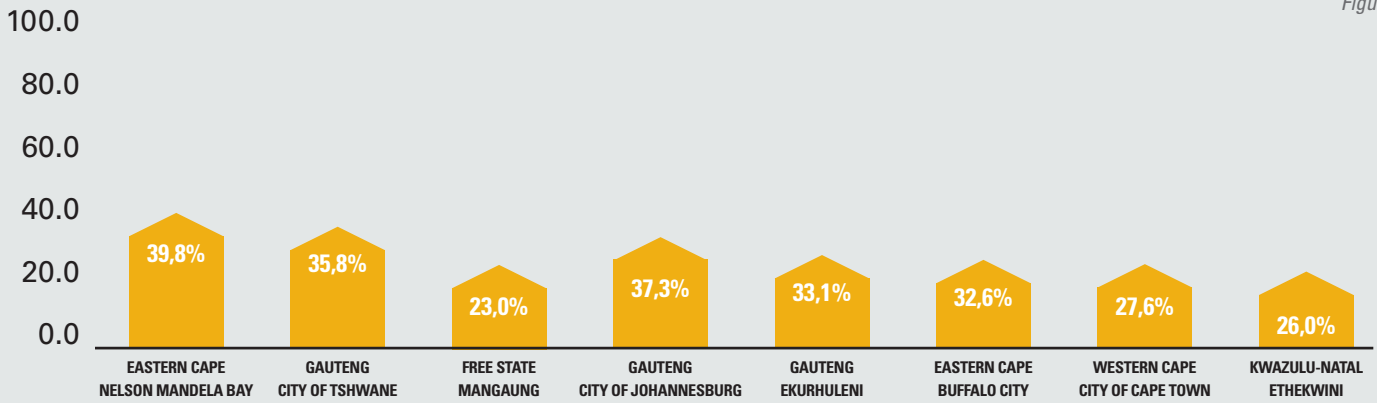
Even though the Eastern Cape recorded the highest unemployment rate (47.1%) in the country in 2021Q2, the provincial unemployment rate increase of 10.2 percentage points on a YoY basis from 36.9% in 2020Q2 was not amongst the largest increases.



Statistics South Africa's Quarterly Labour Force Survey, 2021

# UNEMPLOYMENT RATE IN SOUTH AFRICAN METROPOLITAN MUNICIPALITIES

Figure 3

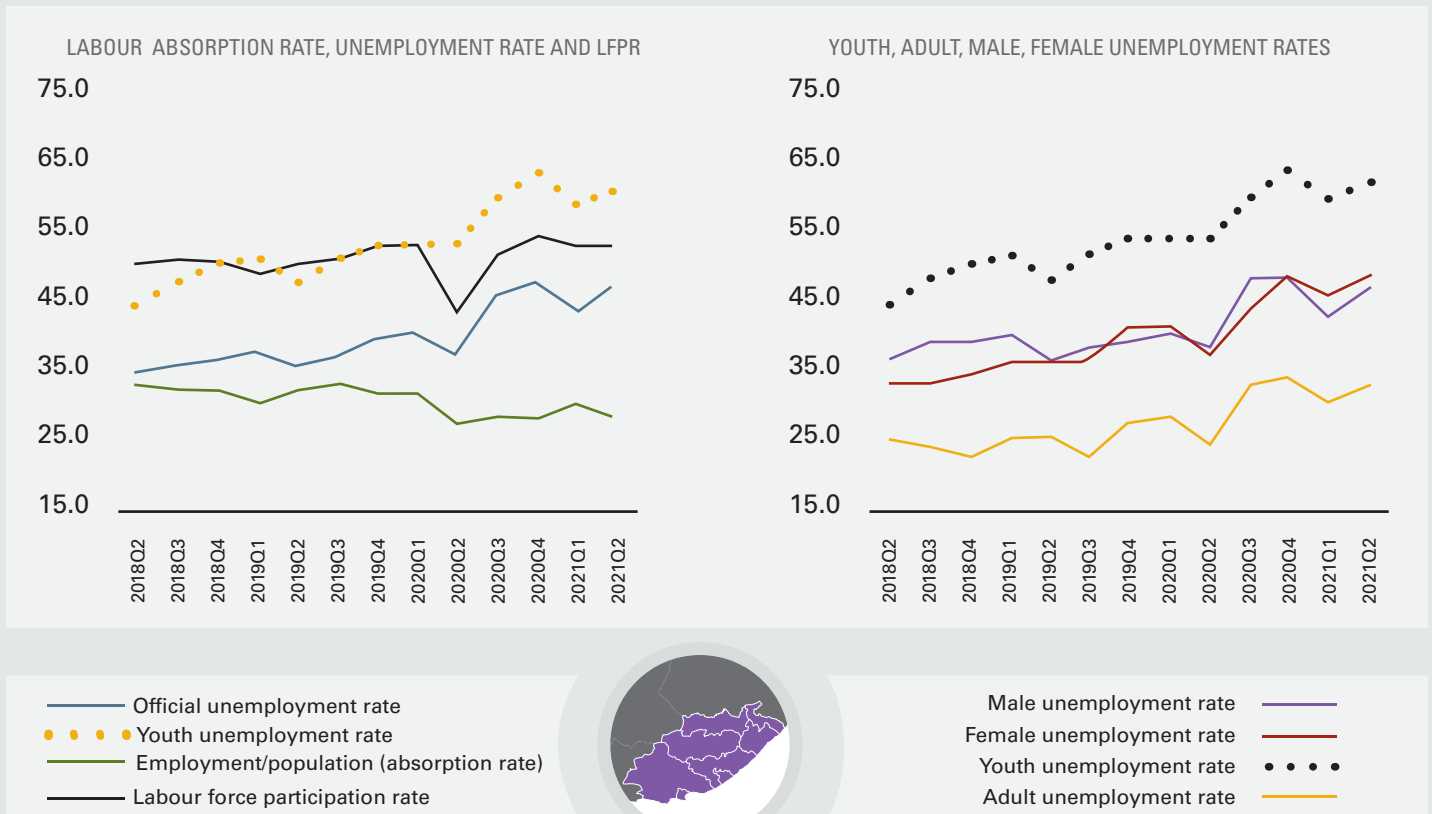


Compared with other metropolitan cities in the country, NMB had the highest unemployment rate (39.8%) in 2021Q2, followed by the City of Tshwane (35.8%) and Mangaung (23.0%). The BCM had the third lowest unemployment rate (32.6%), and Mangaung had the lowest (23.0%).

## PERFORMANCE AND PROMINENT TRENDS

### in the Eastern Cape Labour Market (%)

Figure 4



It remains evident in the labour market trends that the global pandemic has had a severe impact on the employment and labour market status of individuals remains evident in the labour market trend. South Africa and the Eastern Province struggle to retain the unemployment rates from increasing. Moreover, the labour force participation rate was slightly higher in 2021Q2 as compared to 2021Q1, increasing by 0.4 of a percentage point to 53.3%. The absorption rate showed a decreasing trend from 2021Q1 after increasing from 2020Q2. On a QoQ basis, the absorption rate decreased by 1.6 percentage points to 28.2% in 2021Q2.

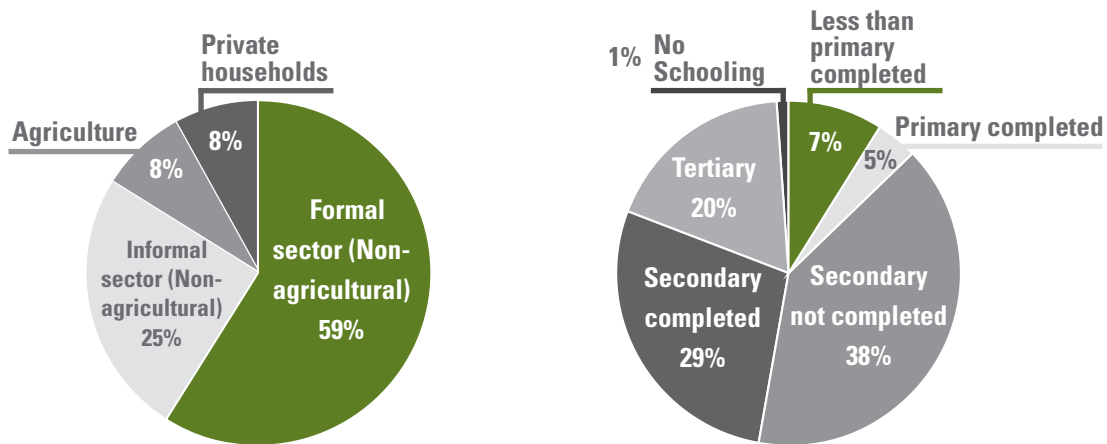
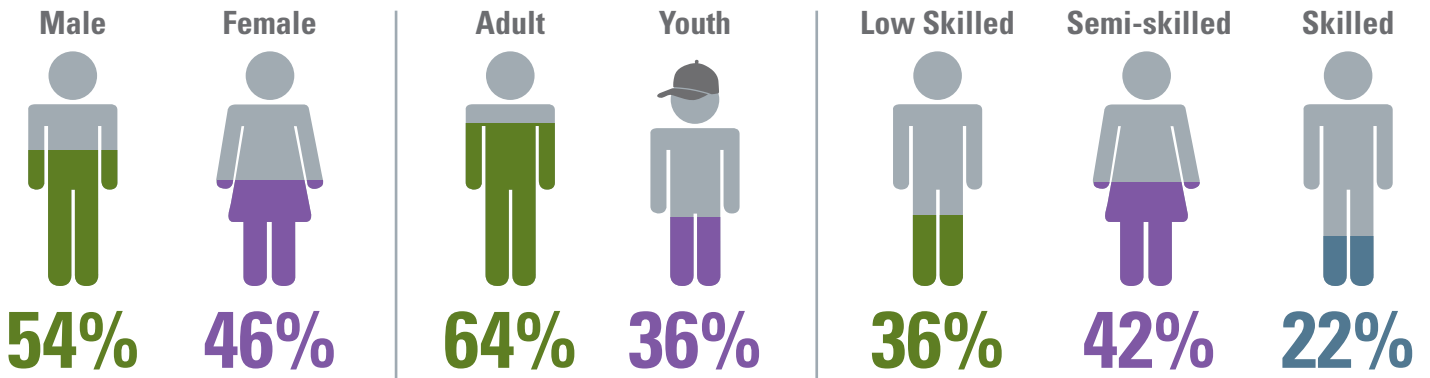
Youth (aged 15 - 34 years) unemployment remains one of the macroeconomic problems of South Africa and the province. Since 2018Q4, it stagnated above the 40% mark and was recorded above the 60% mark (61.9%) in 2021Q2. Meanwhile, the unemployment rate among adults (aged 35–64 years) was 32.7% in 2021Q2. On a YoY basis, youth unemployment increased by 8.6 percentage points, from 53.3% in 2020Q2. Compared with 2020Q3, youth unemployment rate decreased by 1.7 percentage points. Following the same trend, adult, female and male unemployment rates increased in the second quarter of 2021. Females remained at a disadvantage in the labour market, with a higher unemployment rate (48.2%) than males (46.1%).

Statistics South Africa's Quarterly Labour Force Survey, ECSECC calculations 2021

# CHARACTERISTICS OF EMPLOYMENT IN THE EASTERN CAPE

2021Q2 (%)

Figure 5



Statistics South Africa's Quarterly Labour Force Survey, ECSECC calculations 2021

## Community services, trade, and finance sectors employ more than half of workers in the province



Statistics South Africa's Quarterly Labour Force Survey, 2021

In 2021Q2, the Eastern Cape had a total of 1 234 848 employed workers. Community services (government) was the largest employer in the province, hiring 35.0% of total employed workers. This was followed by trade (20.4%) and finance (9.5%). Together these three industries employed 60.4% of the Eastern Cape's employees.

On a QoQ basis, the largest job gains were recorded in the following industries: Community services sector (11 568), trade (7 441), and manufacturing (6 610). The finance industry lost 39 155 jobs.

# CHANGES IN THE EASTERN CAPE LABOUR MARKET

QoQ % changes, 2021Q2

Emerging from the Figure on the right are salient changes in the Eastern Cape Labour Market.

Between 2021Q1 and 2021Q2:

- The working age population (15 – 64 years) increased by 0.3% to 4.4 million.
- The labour force grew by 0.9% to 2.3 million.
- The not economically active population decreased by 0.4% to 2.0 million.
- The number of employed people decreased by 5.1% to 1.2 million.
- The number of unemployed people increased by 8.5% to 1.1 million.
- The number of discouraged work-seekers increased by 22.1% to 219 300.
- Employment declined significantly in the agricultural sector by 18.4% and the private households sector by 5.7%.

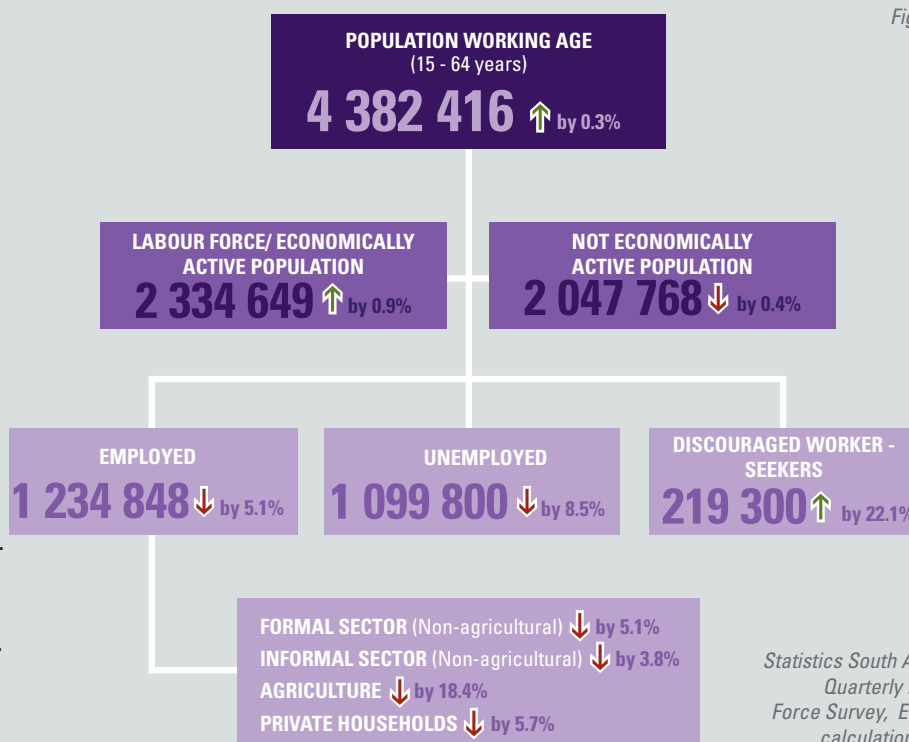


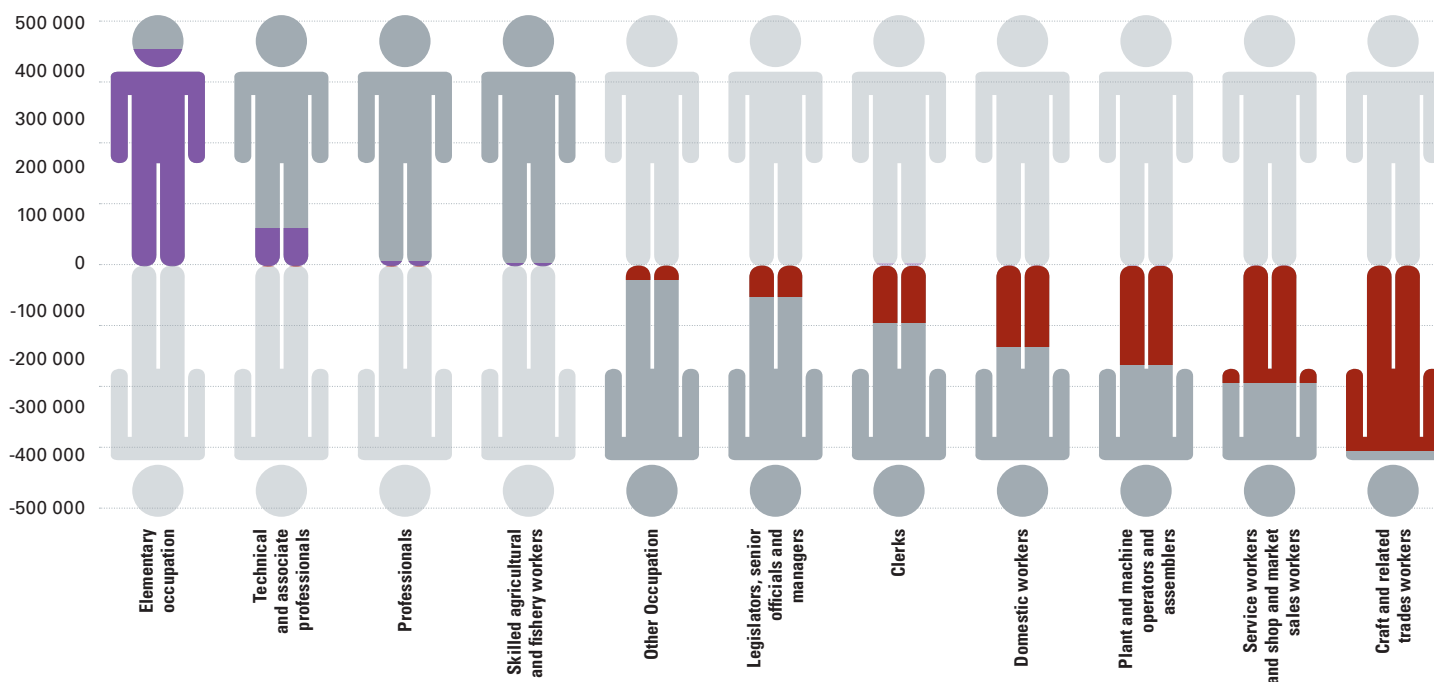
Figure 7

Statistics South Africa's Quarterly Labour Force Survey, ECSECC calculations 2021

## EMPLOYED BY OCCUPATION

QoQ % changes

Figure 8



Statistics South Africa's Quarterly Labour Force Survey, 2021

The occupation that gained most jobs during the second quarter of 2021 was the "Elementary occupation" category, followed by the "Technical and associate professionals" category. Workers in the "Elementary occupation" category increased by 43 602, from 334 405 in 2021Q1 to 378 007 in 2021Q2. There was a significant decline in the number of workers in the "Craft and related trade workers" occupation, where 37 604 jobs were shed during the second quarter of 2021.

Looking at new jobs created by skill levels, 21 208 jobs were gained for skilled workers, and 45 953 jobs for semi-skilled workers. However, low-skilled workers lost 2 243 jobs on a QoQ basis.

Table 2

EDUCATION STATUS	Working population (age 15+)	Labour force / economically active	Employed	Unemployed	Not economically active	Discouraged job seeker
NO SCHOOLING	1.7%	0.9%	1.3%	0.5%	2.6%	1.0%
LESS THAN PRIMARY COMPLETED	10.9%	7.8%	7.2%	8.5%	14.3%	13.5%
PRIMARY COMPLETED	6.4%	5.1%	4.9%	5.3%	7.9%	8.7%
<b>SECONDARY NOT COMPLETED</b>	<b>50.2%</b>	<b>45.5%</b>	<b>38.2%</b>	<b>53.8%</b>	<b>55.5%</b>	<b>52.9%</b>
SECONDARY COMPLETED	22.4%	27.9%	28.9%	26.8%	16.2%	21.7%
<b>TERTIARY</b>	<b>8.0%</b>	<b>12.5%</b>	<b>19.4%</b>	<b>4.7%</b>	<b>2.8%</b>	<b>2.1%</b>
OTHER	0.5%	0.3%	0.2%	0.0%	0.7%	0.0%
TOTAL	100.0%	100.0%	100.0%	99.6%	100.0%	100.0%

Statistics South Africa's Quarterly Labour Force Survey, ECSECC calculations 2021

The table above shows that in 2021Q2, the majority (50.2%) of the working age population have not completed secondary schooling. Of the 1 099 800 unemployed people in the province, 53.8% have secondary not completed, whilst only 4.7% have tertiary education. Overall, the labour force has a large share of people who have not completed secondary education (45.5%), followed by those who completed secondary education (27.9%). Only 0.9% of the labour force had no schooling in 2021Q2. This indicates that an increasing number of people have obtained matric and tertiary education to improve their chances of securing employment.

Vacancies in the provinces can be found on the following websites

 <b>the dpsa</b> Department: Public Service and Administration REPUBLIC OF SOUTH AFRICA	<a href="http://www.dpsa.gov.za/dpsa2g/vacancies.asp">http://www.dpsa.gov.za/dpsa2g/vacancies.asp</a>
	<a href="https://www.pnet.co.za/jobs/Eastern-Cape.html">https://www.pnet.co.za/jobs/Eastern-Cape.html</a>
	<a href="https://www.careerjunction.co.za/jobs/eastern-cape">https://www.careerjunction.co.za/jobs/eastern-cape</a>
	<a href="https://www.careers24.com/jobs/lc-eastern-cape/">https://www.careers24.com/jobs/lc-eastern-cape/</a>

## DEFINITIONS

**The labour force** comprises all persons who are employed plus all persons who are unemployed.

**The working-age population** comprises all persons aged 15–64 years.

**Unemployment rate** is the proportion of the labour force that is unemployed.

**Labour force participation rate** is the proportion of the working-age population that is either employed or unemployed

**Employment-to-population ratio (labour absorption rate)** is the proportion of the working-age population that is employed.

**Discouraged work-seeker** is a person who was not employed during the reference period, wanted to work, was available to work/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.

**Unemployment and Not in Employment, Education or Training (NEET)**–Those young people (15-24 years) who are categorised as NEET are considered to be disengaged from both work and education.

**Expanded unemployment** is the unemployment rate which includes the discouraged work seekers.

**Unemployed** persons (aged 15–64 years) who:

- a) Were not employed in the reference week; and
- b) Actively looked for work or tried to start a business in the four weeks preceding the survey interview; and
- c) Were available for work, i.e. would have been able to start work or a business in the reference week; or
- d) 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.