

OVERVIEW

The Quarterly Review of the Eastern Cape Labour Market (ORELM) 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 first quarter of 2023 (2023Q1).

HIGHLIGHTS 2023Q1

The Eastern Cape unemployment rate **DECLINED** by **2.1 PERCENTAGE POINTS** to

40.0%

The number of employed people **INCREASED** by

3.0%

The **FEMALE** unemployment rate was higher

40.3%

than that of **MALES**

39.6%

The Eastern Cape youth unemployment rate (aged 15 - 34 years) **DECLINED** to

51.4%

Within the not economically active persons,

56.6%

in the province have secondary not completed.

Employment **INCREASED** in the formal (non-agricultural) sector by

5.1%

But it decreased significantly in the private households' sector by

19.5%



MAJOR MACROECONOMIC ISSUES

The International Labour Organisation (ILO) predicts that low-income countries in Africa and the Arab States are unlikely to recover to pre-pandemic levels of unemployment in 2023 (ILO:2023).

South Africa's real GDP growth is projected at 0.1 percent in 2023. When the economy is not growing, job creation becomes stagnate, having a spillover effect on the labour market.

The South African Reserve Bank (SARB) has proactively raised interest rates in order to bring down inflation within the target range (3-6%).

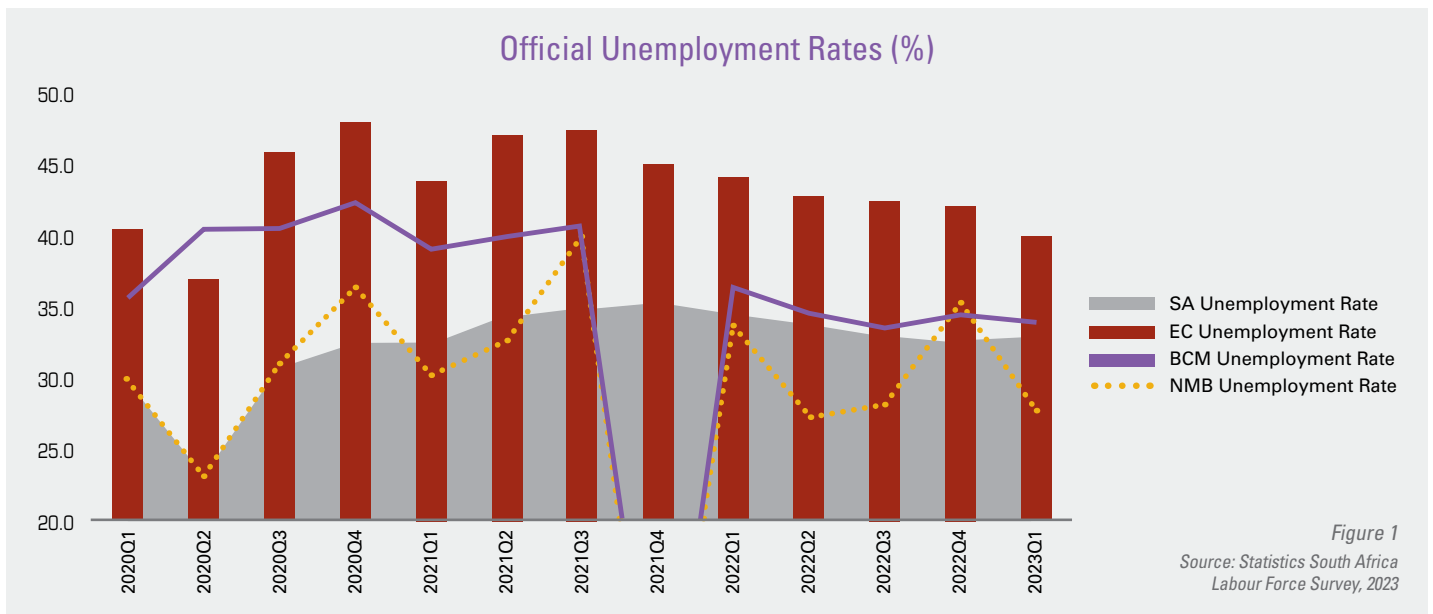
In May 2023, SARB announced the 10th consecutive interest rate hike since November 2021, bringing the repo rate to 8.25%. The insignificant increases in workers' wages and salaries put severe financial pressure on the working class.

Whilst the workforce is being highly affected by increasing cost of living, low growth prospects and other socio-economic issues, business confidence in the country has declined significantly over the years.

Having no sustainable energy has negatively impacted our economy, as a result small business have been pushed to closed. Loadshedding has reduced productivity in the markets. In the short run, businesses are also cutting costs. With reduced productivity, the number of working hours in industries like trade are expected to be lower than usual. This is leading to even lower salaries and wages while the working class is facing high costs of living. The risk of the economy entering a recession remains sizeable.

According to the "Info Quest Consumer Survey" in May 2023, the top five most cancelled expenditure items by households included: gym membership (28%), Dstv (18%), home insurance (10%), medical aid (9%) and funeral policies (9%). This raises a red flag that in the long-run, public goods and services will be highly demanded. Government along with private sectors needs to implement aggressive economic strategies that will attract investment, reduce unemployment and poverty.

PROVINCIAL UNEMPLOYMENT RATE DECREASED IN 2023Q1



In 2023Q1, the official unemployment rate for South Africa increased by 0.2 of a percentage point to 32.9. However, this unemployment rate is lower than the 34.7% forecasted by the International Monetary Fund for 2023, indicating that South Africa is performing better than previously predicted.

In 2023Q1, the provincial unemployment rate declined by 2.1 percentage points from 42.1% in 2022Q4 to 40.0% in 2023Q1. However, the provincial unemployment rate (40.0%) is 7.1 percentage points above the national rate (32.9%). At the sub-provincial level, the

unemployment rate declined drastically in the BCM (down by 7.4 percentage points) from 35.2% in 2022Q4 to 27.8% in 2023Q1. But for NMB, it declined only by 0.5 of a percentage point from 34.5% in 2022Q4 to 33.9% in 2023Q1

Due to the change in methodology to Computer Assisted Telephone Interviewing (CATI) to adapt to Covid-19 lockdown restrictions has had its limitations to the data collected. Low response rates were observed with national rates declining from an average of 76.9% in 2020Q2 to a low of 44.6% in 2021Q4. Metro-level data is not available for the fourth quarter of 2021.

UNEMPLOYMENT RATE

The unemployment rate in the Eastern Cape remains the highest in the country

In 2023Q1, there were 7.9 million unemployed persons in South Africa. The not economically active persons reached 13.2 million and discouraged work-seekers decreased to 3.3 million during the same quarter. This yielded a net decrease of 296 000 in the not economically active population.

During the first quarter of 2023, on a QoQ basis, the unemployment rate decreased in four out of nine provinces, namely: Eastern Cape (down by 2.1 percentage points to 40.0%), Western Cape (down by 0.9 of a percentage point to 21.6%), KwaZulu-Natal (down by 0.5 of a percentage point to 30.9%), and Free State (down by 0.2 of a percentage point to 34.4%). The unemployment rate increased significantly in Northern Cape (up by 4.5 percentage points) to 26.6% in 2023Q1 from 22.1% in 2022Q4.

On a year-on-year basis, the South African unemployment rate remained at the same level. At provincial levels, the largest decline in the unemployment rate were recorded in Western Cape (down by 2.9 percentage points), Eastern Cape (down by 5.0 percentage points), and North West (down by 1.0 percentage point). The unemployment rate increased by a significant large portion on a YoY basis in Mpumalanga, up by 3.4 percentage points from 35.1% in 2022Q1.

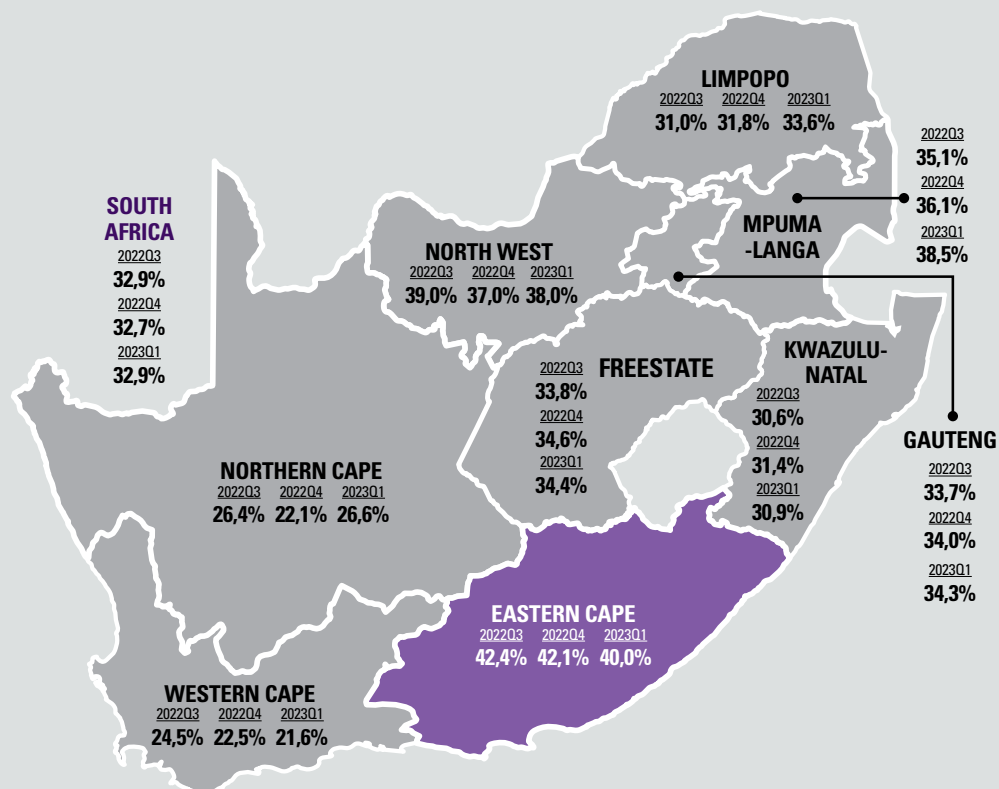


Figure 2
Source: Statistics South Africa Labour Force Survey, 2023

CHANGES IN THE EASTERN CAPE LABOUR MARKET

QoQ% changes, 2023Q1

Emerging from the figure above are salient changes in the Eastern Cape labour market. Between 2022Q4 and 2023Q1:

- The working age population (15 – 64 years) increased by 0.3% to 4.5 million.
- The labour force decreased by 0.7% to 2.4 million.
- The not economically active population increased by 1.5% to 2.2 million.
- The number of employed people increased by 3.0% to 1.4 million.
- The number of unemployed people decreased by 5.8% to 945 864.
- The number of discouraged work-seekers decreased by 17.8% to 142 474.
- Employment decreased significantly in the private households' sector by 19.5% and increased by 5.1% in the informal sector (non-agricultural).

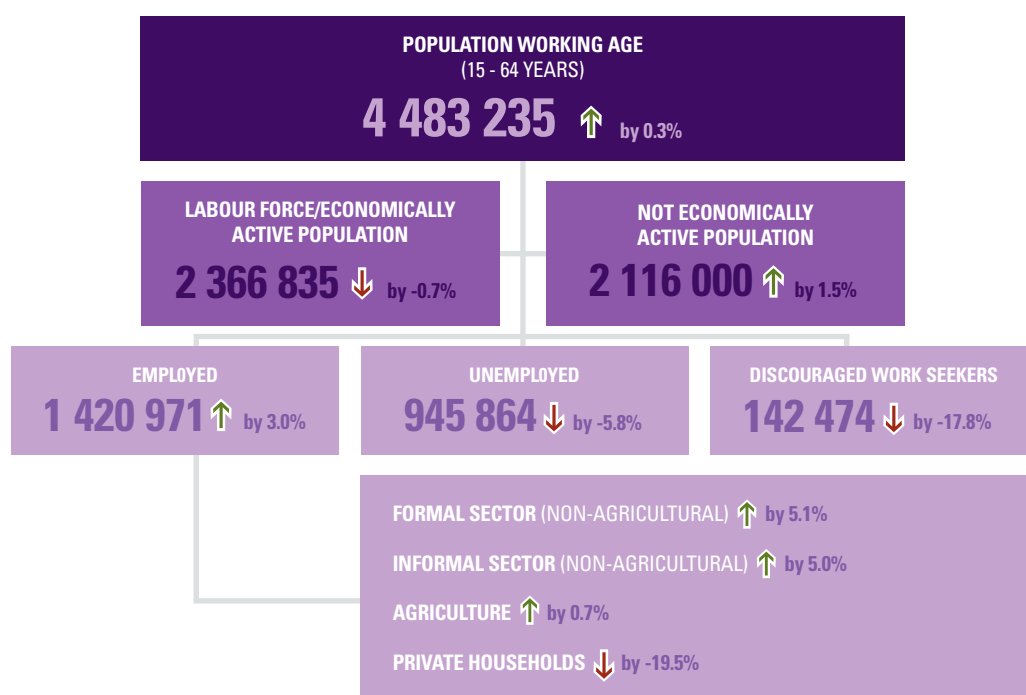


Figure 3
Source: Stats SA (QLFS, 2023), ECSECC (2023) own calculations

PERFORMANCE AND PROMINENT TRENDS

in the Eastern Cape Labour Market (%)

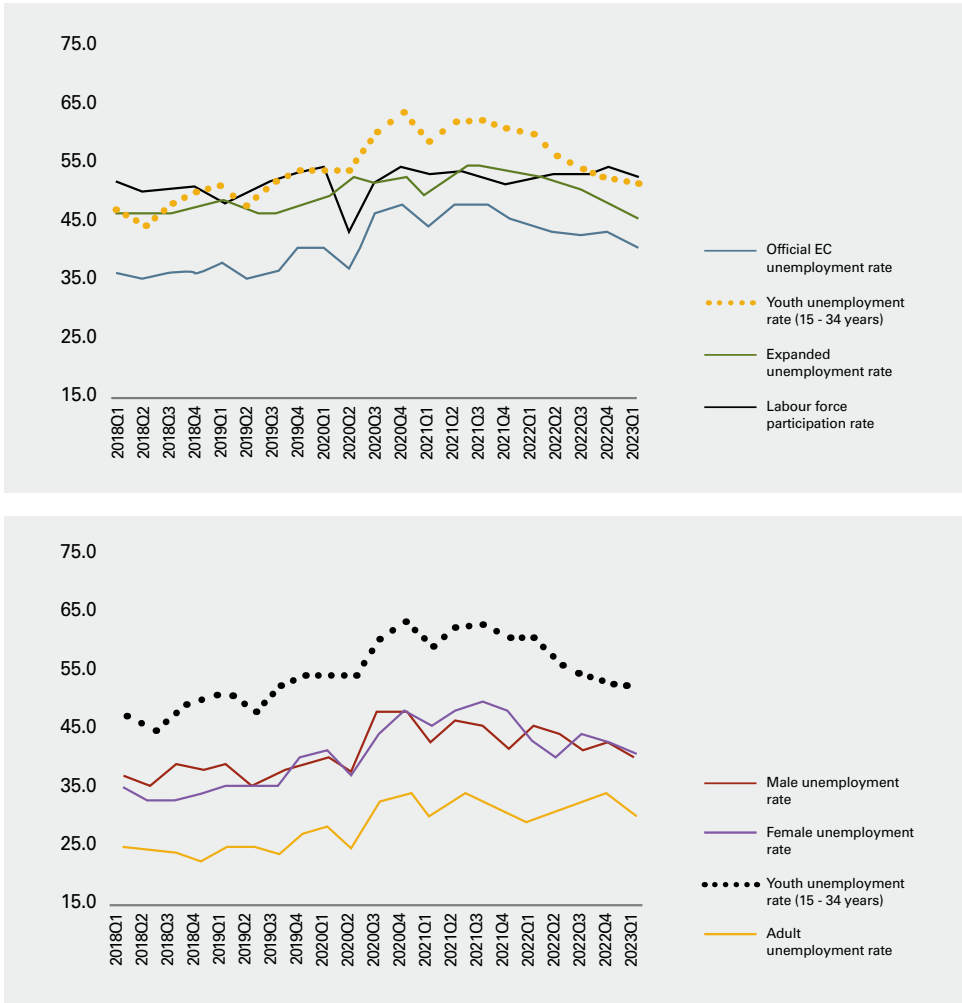


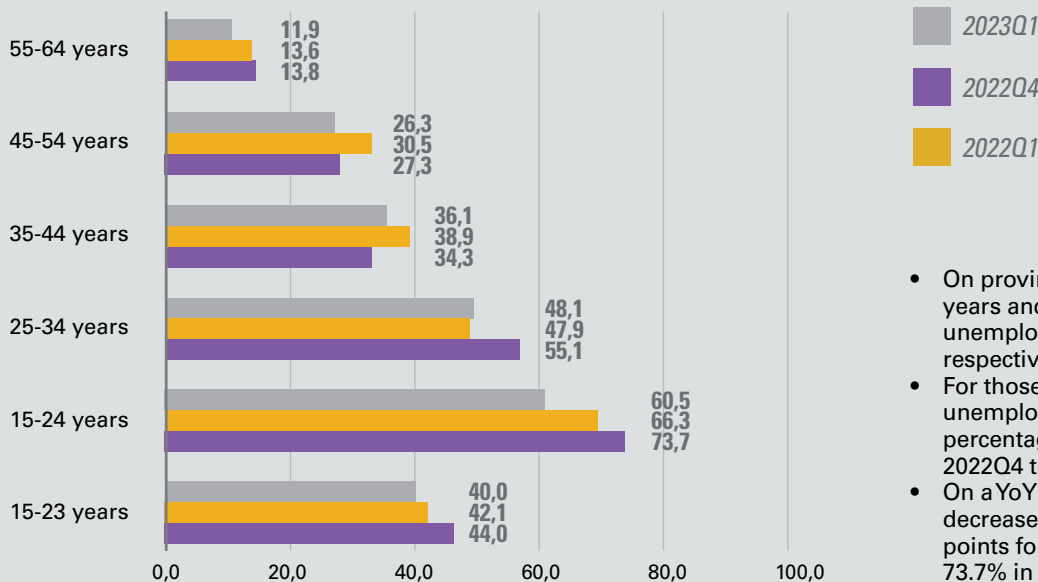
Figure 4 presents the performance and trends of the Eastern Cape labour market from 2018Q1 to 2023Q1. The youth (aged 15 – 34 years) unemployment rate declined by 1.2 percentage points on a QoQ basis and by 8.9 percentage points on a YoY basis. In the first quarter of 2023, adult unemployment rate lowered to 29.6% QoQ (down by 3.3 percentage points). However, compared with the previous year, adult unemployment increased by 0.5 of a percentage point, from 29.1% in 2022Q1.

At provincial level, on a QoQ basis, the labour force participation rate decreased by 0.5 of a percentage point to 52.8% in 2023Q1, from 52.9% 2022Q4. However, on a YoY basis the same rate grew by 0.7 of a percentage point. There was a high number within the working age population who were active in the economy compared to a year ago. The unemployment rate (using the expanded definition which includes discourage work seekers who are not actively looking for jobs) declined by 1.8 percentage points in 2023Q1 to 45.3%. On a YoY basis it declined largely by 7.3 percentage points while the cost of living continued to rise.

In terms of gender, on a QoQ basis, females recorded an unemployment rate of 40.2%, down by 2.0 percentage points from 42.4% in 2022Q4. This unemployment rate for Female (40.2%) was slightly lower than the unemployment rate for males (40.3%).

Figure 4
Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

EC UNEMPLOYMENT RATE (%) BY AGE GROUP



- On provincial level, youth aged 15-24 years and 25-34 years recorded the highest unemployment rates of 60.5% and 48.1% respectively in 2023Q1.
- For those within ages 45-54 years, unemployment rate decreased by 4.2 percentage points QoQ, from 30.5% in 2022Q4 to 26.3% in 2023Q1.
- On a YoY basis, unemployment rate decreased significantly by 13.2 percentage points for age group 15-24 years, from 73.7% in 2022Q1 to 60.5% in 2023Q1.

Figure 5
Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

CHARACTERISTICS OF THE EMPLOYED AND EMPLOYMENT IN EASTERN CAPE 2023Q1 (%)

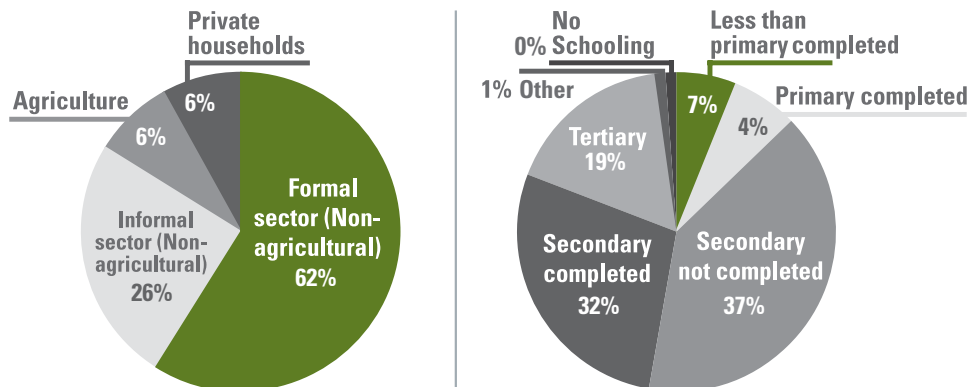


Figure 6

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

COMMUNITY SERVICES, TRADE, & MANUFACTURING SECTORS THE COMMUNITY SERVICES INDUSTRY RECORDED THE HIGHEST INCREASE IN EMPLOYMENT DURING THE FIRST QUARTER OF 2022.

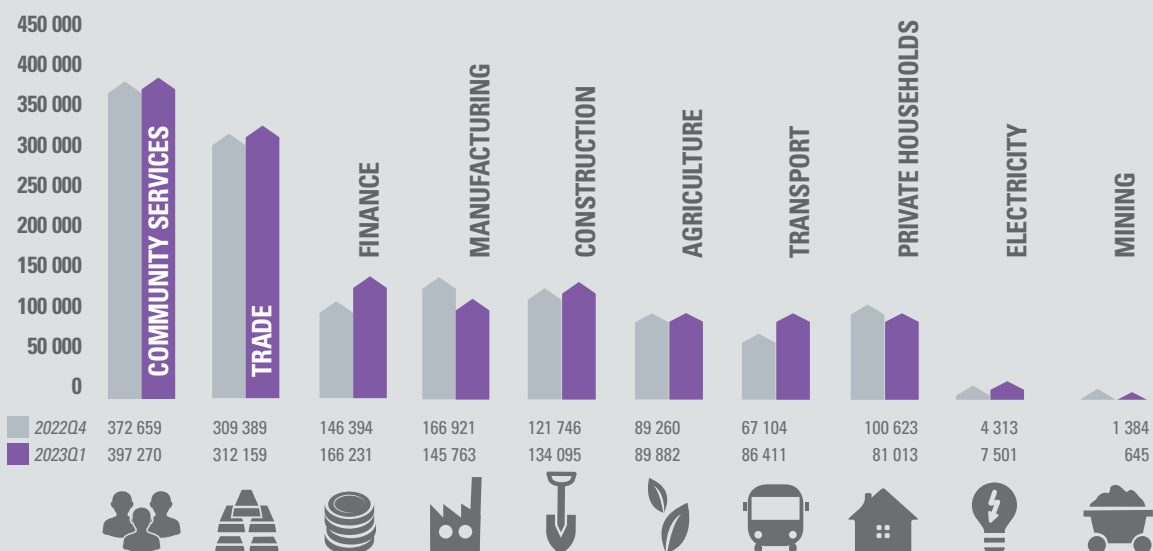


Figure 7

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

In 2023Q1, the Eastern Cape had a total of 1 420 971 employed persons. Community services (government) remained the largest employer in the province, hiring 29.2% of total employed persons. This was followed by trade (23.0%) and manufacturing (10.7%). Together these three industries employed 64% of the Eastern Cape's employees.

On a QoQ basis, a total of 41 179 jobs were created in the province. The largest job gains were recorded in the following industries: community services (24 612), finance (19 837) and construction (12 349). However, other industries did not perform well. The following sectors shed jobs in the first quarter of 2023: manufacturing (21 157), private households (19 609) and mining (738).

EMPLOYED BY OCCUPATION

QoQ% changes 2023Q1

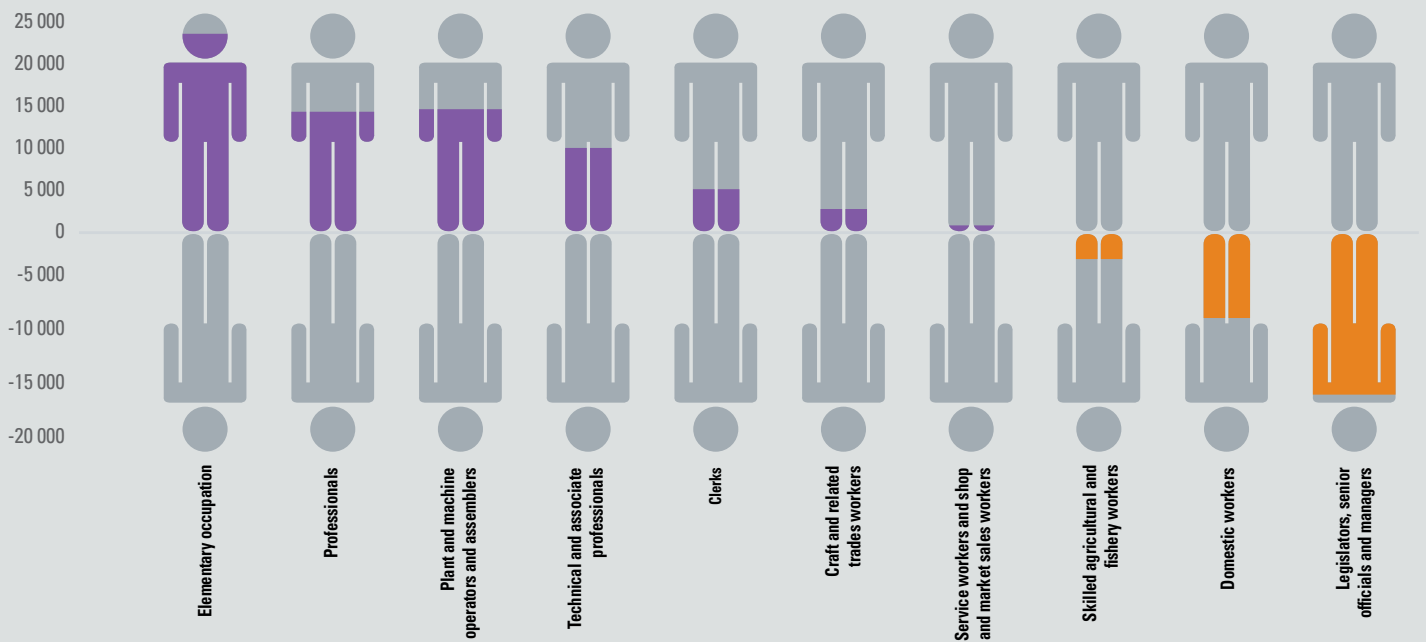


Figure 8

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

The occupation that gained most jobs during the first quarter of 2023 was the “Elementary Occupation” category, followed by the “Professionals” category. Workers in the “Elementary Occupation” category increased by 23 130 (6.0%), from 383 613 in 2022Q4 to 406 743 in 2023Q1. There was a significant decline in the number of workers in the “Legislators, senior officials and managers” occupation where 16 233 jobs were shed during the first quarter of 2023.

In terms of skills levels and their contributions to total employment, in 2023Q1, the semi-skilled category accounts for 46.0% of the total employment in the province, followed by low-skilled (33.8%) and skilled workers (20.3%).

Looking at new jobs created by skill levels categories, on a QoQ basis, 7 153 jobs were gained for skilled workers. Semi-skilled and low skilled workers category shed 13 607 jobs and 20 420 jobs respectively.

EC LABOUR MARKET EDUCATION STATUS 2023Q1

EDUCATION STATUS	Working population (age 15+)	Labour force / economically active	Employed	Unemployed	Not economically active	Discouraged job seeker
NO SCHOOLING	2,0%	0,8%	0,6%	1,1%	3,3%	0,7%
LESSTHAN PRIMARY COMPLETED	9,3%	7,5%	6,9%	8,4%	11,3%	16,4%
PRIMARY COMPLETED	6,3%	4,8%	4,0%	6,1%	7,9%	10,1%
SECONDARY NOT COMPLETED	49,2%	42,6%	36,7%	51,5%	56,6%	52,7%
SECONDARY COMPLETED	23,5%	29,9%	32,1%	26,5%	16,3%	18,3%
TERTIARY	8,8%	13,8%	18,9%	6,0%	3,4%	1,8%
OTHER	0,8%	0,6%	0,7%	0,0%	1,1%	0,0%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Table 1

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2023

Table 1 above shows that in 2023Q1, the majority (56.6%) of the not economically active population have not completed secondary schooling. Of the 945 864 unemployed people in the province, 51.5% have secondary not completed, whilst only 6.0% have tertiary education, which is an indicating that education still plays a role in determining the position one will be in the competitive labour market. Overall, the labour force has a small share of people who have no schooling (0.8%), followed by those who completed less than primary education (8.4%). Only 1.8% of the discouraged job seekers have completed tertiary education in 2023Q1.

DEFINITIONS

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

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

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

The **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.

A **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.

Unemployed persons (aged 15–64 years) are those 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 a 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 where available.

Unemployment and not in employment, education, or training (NEET): Those young people (15-24 years) who are categorised as NEET are disengaged from both work and education.

Expanded unemployment is the unemployment rate that includes discouraged work-seekers.

VACANCIES

IN THE PROVINCES CAN BE FOUND ON THE FOLLOWING WEBSITES



the dpsa

Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

<http://www.dpsa.gov.za/dpsa2g/vacancies.asp>



employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

<https://www.labour.gov.za/vacancies>

PNET

<https://www.pnet.co.za/jobs/Eastern-Cape.html>

Career Junction
co.za
Better jobs. More often.

<https://www.careerjunction.co.za/jobs/eastern-cape>

careers24

<https://www.careers24.com/jobs/lc-eastern-cape/>



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