

# 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 Borat 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

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*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 Borat 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	1534	4461	4636	5900	-13077	57982	
	%change	24.35	377.81	74.73	472.03	163.30	128.37	87.21	175.08	302.36	-44.30	43.45	
Managers	change	1223	24301	6143	37656	4231.00	20427	-9794	9993	55519	41090	190789	
	%change	70.49	369.63	53.80	30.43	215.47	88.38	-4.42	13.16	113.39	105.48	17.81	
Profess.	change	2387	1744	5018	20531	207.00	-476	10377	4858	71116	118773	234735	
	%change	133.91	257.63	105.93	132.03	7.32	-9.89	179.68	102.32	145.59	30.62	72.55	
Technicians	change	-323	899	177	30120	-5654.00	-9486.00	26925	-13243	50879	-77525	2969	
	%change	-7.86	28.93	1.35	38.12	-52.53	-64.28	54.37	-24.58	41.29	-11.09	0.28	
Clerks	change	-7655	-1045	-16389	-9656	-1035.00	832.00	13175	6167	23319	-58370	-50648	
	%change	-31.02	-8.63	-42.57	-7.37	-9.48	3.32	4.60	6.90	10.60	-19.32	-4.49	
Sales	change	2400	9414	-8904	4234	1858.00	3358.00	142780	11486	85583	-71565	180634	
	%change	30.29	109.01	-33.90	12.61	48.20	164.69	29.79	86.74	116.34	-17.12	16.97	
Crafts	change	-933	14259	13087	78309	-4612.00	106151.00	52468	-2036	6351	13269	275313	
	%change	-14.88	97.64	8.22	25.38	-17.14	39.96	27.28	-4.14	31.66	22.03	23.15	
Operators	change	-18007	3469	79296	-79689	-5234.00	-4792.00	-17719	53430	9826	-9156	11434	
	%change	-71.30	2.69	83.36	-16.03	-34.92	-19.39	-21.69	39.04	97.26	-12.88	1.05	
Elementary	change	-23646	-95366	-35682	-16003	2454	18649.00	235998.00	-1398	49519	93914	228439	
	%change	-72.78	-9.45	-43.94	-5.75	21.69	22.62	73.19	-2.63	132.26	8.49	7.58	
Total	change	-26086	-39397	45263	94500	-5559	136197.00	458831.00	73893	352612	36353	1131647	
	%change	-13.98	-3.33	10.46	6.65	-6.61	31.47	27.81	13.75	81.35	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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*The most interesting trend is the decline in the utilities sector employment and the poor employment performance within community, social and personal services.*

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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