

30-YEAR MACROECONOMIC OVERVIEW OF SOUTH AFRICA

Issue 3: Unemployment

Inclusive growth and job creation is one of the three strategic priorities of South Africa's newly established Government of National Unity. South Africa is one of the few countries in the world with an unemployment rate exceeding 20%. This review puts into context how much work needs to be done.

Figure 1: Change in real GDP and total employment

YEAR-ON-YEAR PERCENTAGE CHANGE

Source: Stats SA; BER (*forecast)

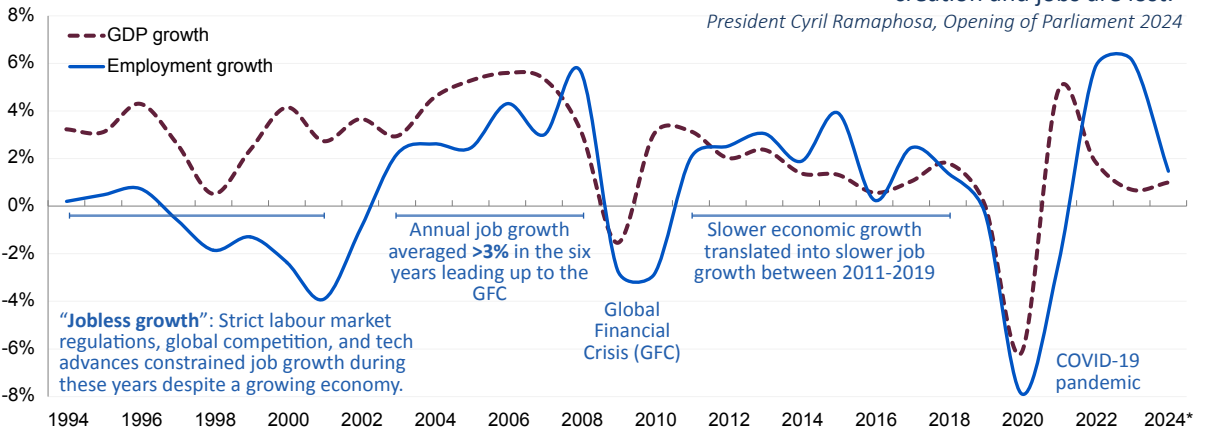
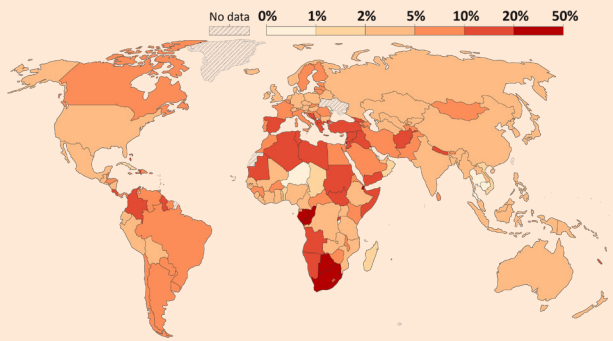


Figure 2: Unemployment rate (2022)

Source: Multiple sources compiled by World Bank (2024) – processed by Our World in Data



The map shows the ILO's (International Labour Organisation) modelled estimates of unemployment based on nationally reported observations and imputed data. There is a high degree of uncertainty around these estimates for countries with limited labour market information, which is often the case for countries in Sub-Saharan Africa.

Figure 3: South Africa's 30-year unemployment trend

UNEMPLOYMENT RATES

Source: Stats SA Quarterly Labour Force Survey (QLFS)

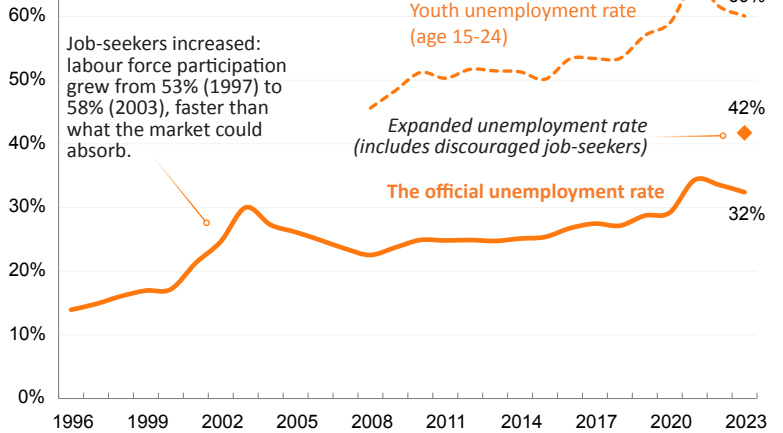


Figure 4: Unpacking the working-age population

MILLIONS OF PEOPLE, AGED 15 TO 64-YEARS OLD

Source: QLFS; Quantec

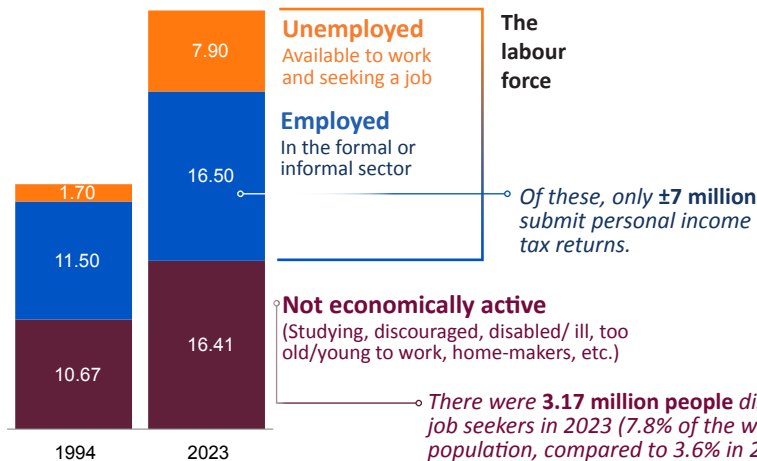
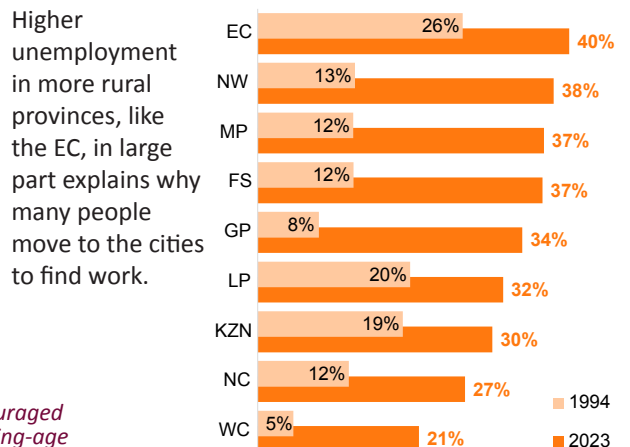


Figure 5: Provincial unemployment rates, 1994 v 2023

UNEMPLOYED PERSONS AS % OF THE LABOUR FORCE

Source: QLFS; Quantec



Employment trends

Figure 6: Employment across the economy, 2023
SHARE OF EMPLOYMENT

Source: QLFS; Quarterly Employment Statistics (QES)

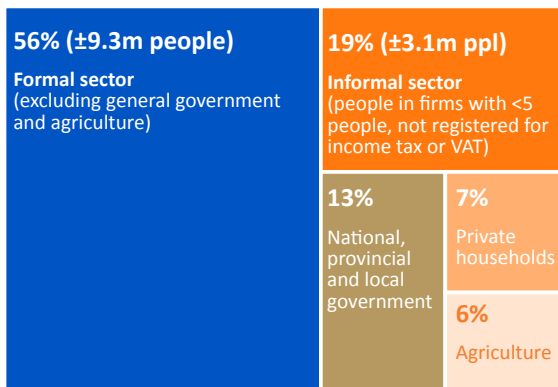


Figure 7: Formal sector jobs added/lost relative to the previous year
THOUSAND JOBS

Source: QES

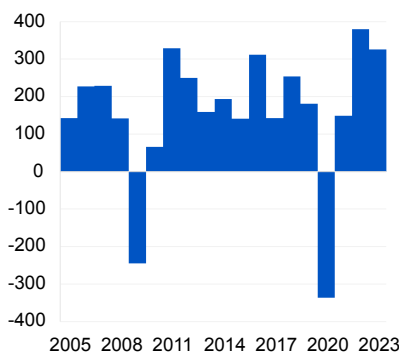
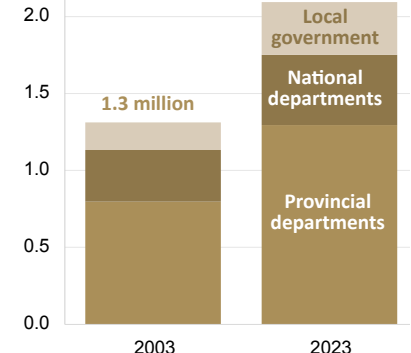


Figure 8: Employment in general government
MILLIONS OF PEOPLE

Source: QES



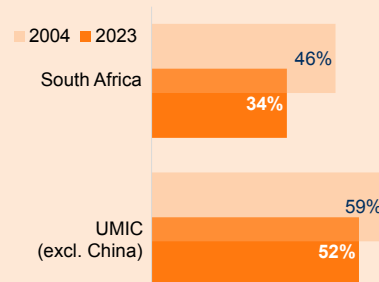
Employment in the informal sector

Growing the informal economy is a target of the Sustainable Development Goals, but South Africa's share of informal employment is low compared to other upper-middle-income countries (UMICs). On average, just over half of jobs in UMICs are in the informal sector (Fig. 9), compared to a third of jobs in South Africa, even when including those employed in private households and agriculture. The fact is that big firms remain the largest source of employment.

Figure 9: Share of informal employment

THIS ESTIMATE INCLUDES JOBS IN THE AGRICULTURE SECTOR

Source: ILO

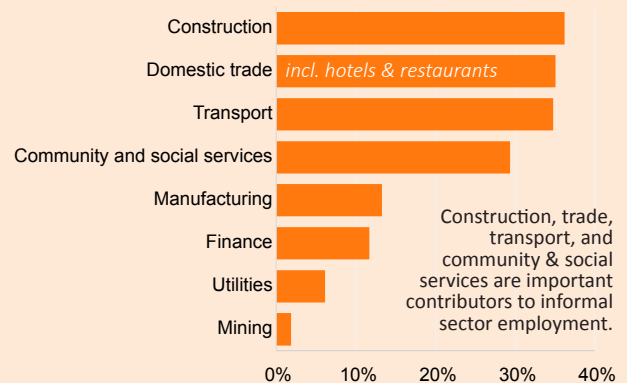


"We are convinced that small businesses and the informal sector hold the greatest potential for inclusive growth and job creation."

President Cyril Ramaphosa, Opening of Parliament 2024

Figure 10: Informal jobs as a share of each industry's employment, 2023

Source: Stats SA QLFS; QES



Construction, trade, transport, and community & social services are important contributors to informal sector employment.

Employment per industry

Figure 11: Industry share of jobs and GDP, 2023

% OF JOBS, % OF GDP (CURRENT PRICES)

Source: Stats SA P0441; QLFS; QES

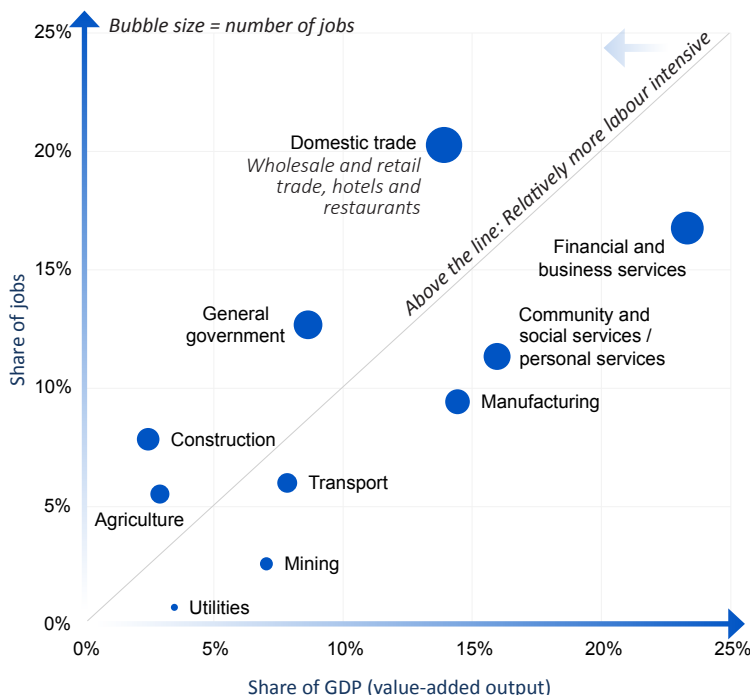
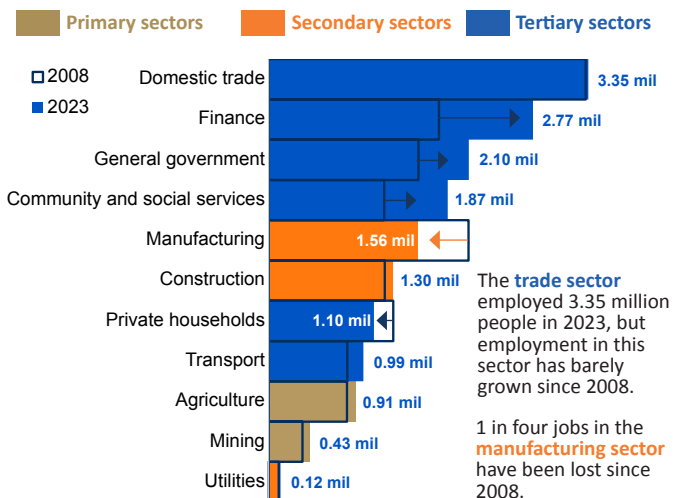


Figure 12: Employment split across industries, 2008 v 2023

MILLIONS OF PEOPLE

Source: QLFS; QES



The trade sector employed 3.35 million people in 2023, but employment in this sector has barely grown since 2008.

1 in four jobs in the manufacturing sector have been lost since 2008.

Tertiary sectors are the largest employers in the economy and are experiencing the fastest employment growth. However, they are unable to absorb South Africa's stock of unskilled and semi-skilled labour, for which demand from the manufacturing and construction sectors has declined. This highlights South Africa's structural unemployment problem.

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