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 first quarter of 2021 (2021Q1).

HIGHLIGHTS

The Eastern Cape unemployment rate **DECREASED** to **43.8%**. However, it remains the **HIGHEST** in the country.

The number of employed people **INCREASED** by **5.3%** to **1.3 MILLION**.

Employment **INCREASED** significantly by **7.8%** in the non-agricultural informal sector.

The EC youth (15-34) unemployment rate reached an **ALL-TIME HIGH** of **46.0%**.

The labour force has a large share of people who have not completed secondary education **45.8%**.

In 2021Q1, the **FEMALE** unemployment rate was **45.1%**.

In 2021Q1, the **MALE** unemployment rate was **42.6%**.
The official unemployment rate for South Africa increased by 0.1 of a percentage point in the first quarter to 32.6%. According to Stats SA, this rate has been the highest since the quarterly labour market survey started in 2008. This rate is however higher the 29.7% unemployment rate forecasted by the International Monetary Fund\(^1\). On a year-on-year basis, the national unemployment rate increased by 2.5 percentage points from 30.1% in 2020Q1. The number of employed persons decreased by 28 000 to 15.0 million in the first quarter of 2021, and the number of unemployed persons also increased by 8 000 to 7.2 million, resulting in a decrease in the number (20 000) of people in the labour force.

In 2021Q1, the provincial unemployment rate (43.8%) is above the national level of 32.6% in 2021Q1. At the sub-provincial level, the unemployment rate declined in both metros: On QoQ basis, unemployment rate in the BCM decreased to 30.3% (down by 6.0 percentage points). In NMB, unemployment rate lowered to 39.2% (down by 3.1 percentage points). On a YoY basis, the unemployment rate in BCM increased by 0.5 of a percentage point whilst in NMB the rate increased largely by 3.4 percentage points.

\(^1\)World Economic Outlook (April 2021), The International Monetary Fund.
It is evident in the labour market trends that the global pandemic has had severe impact on the employment and labour market status of individuals. The labour force participation rate declined starkly by 14.4 percentage points to 51.8% in 2020Q2. Thereafter, as the Covid-19 lockdown restrictions were eased, the labour force participation increased to 60.4% in 2020Q4 and slightly declined again to 59.4% in 2021Q1. The absorption rate dropped by 1.0 of a percentage point in 2021Q4 to 59.4%. On a YoY basis, the labour absorption rate decreased by 6.8 percentage points from 66.2% in 2020Q1.

The Eastern Cape youth unemployment rate (aged 15 - 34 years) moved from 51.3% (QoQ) in 2020Q4 to 47.0% (below the 50% mark) in 2021Q1. On a YoY basis, youth unemployment increased by 3.0 percentage points, from 44.0% in 2020Q1. Following the same trend, the youth, adult, female and male unemployment rates declined in the first quarter of 2021. Females remained at a disadvantage in the labour market, with high unemployment rate (45.1%) for female and 42.6% for male.

Youth unemployment remains one of the macroeconomic problems of South Africa and the province. Since 2018Q4, it stagnated above the 40% mark. Meanwhile, the unemployment rate among adults (aged 35–64 years) was 39.8% in 2021Q1.

Compared with other metropolitan cities in the country, NMB had the highest unemployment rate (39.2%) in 2021Q1, followed by the City of Tshwane (36.7%) and Mangaung (24.6%). The BCM had the third lowest unemployment rate (30.3%) and eThekwini had the lowest (20.6%).

It is evident in the labour market trends that the global pandemic has had severe impact on the employment and labour market status of individuals. The labour force participation rate declined starkly by 14.4 percentage points to 51.8% in 2020Q2. Thereafter, as the Covid-19 lockdown restrictions were eased, the labour force participation increased to 60.4% in 2020Q4 and slightly declined again to 59.4% in 2021Q1. The absorption rate dropped by 1.0 of a percentage point in 2021Q4 to 59.4%. On a YoY basis, the labour absorption rate decreased by 6.8 percentage points from 66.2% in 2020Q1.

The Eastern Cape youth unemployment rate (aged 15 - 34 years) moved from 51.3% (QoQ) in 2020Q4 to 47.0% (below the 50% mark) in 2021Q1. On a YoY basis, youth unemployment increased by 3.0 percentage points, from 44.0% in 2020Q1. Following the same trend, the youth, adult, female and male unemployment rates declined in the first quarter of 2021. Females remained at a disadvantage in the labour market, with high unemployment rate (45.1%) for female and 42.6% for male.

Youth unemployment remains one of the macroeconomic problems of South Africa and the province. Since 2018Q4, it stagnated above the 40% mark. Meanwhile, the unemployment rate among adults (aged 35–64 years) was 39.8% in 2021Q1.
In 2021Q1, the Eastern Cape had a total of 1,300,847 employed workers. Community services (government) was the largest employer in the province, hiring 28.0% of total employed workers. This was followed by trade (18.8%) and finance (12.1%). Together these three industries employed more than half (58.9%) of the Eastern Cape's employees.

On a QoQ basis, the largest job gains were recorded in the following industries: finance (31,756), trade (13,483), and construction (5,248). Whilst the transport industry lost 1,002 jobs.
The occupation that gained most jobs during the first quarter of 2021 was the “Craft and related trade workers” category, followed by “Service workers and shop and market sales workers”. Workers in the “Craft and related trade workers” category increased by 26,416, from 102,421 in 2020Q4 to 128,837 in 2021Q1. There was a significant decline in the number of workers in the domestic workers occupation, where 5,429 jobs were shed during the first 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.
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.

<table>
<thead>
<tr>
<th>EDUCATION STATUS</th>
<th>Working population (age 15+)</th>
<th>Labour force / economically active</th>
<th>Employed</th>
<th>Unemployed</th>
<th>Not economically active</th>
<th>Discouraged job seeker</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO SCHOOLING</td>
<td>1.4%</td>
<td>0.9%</td>
<td>1.0%</td>
<td>0.6%</td>
<td>2.0%</td>
<td>0.4%</td>
</tr>
<tr>
<td>LESS THAN PRIMARY COMPLETED</td>
<td>8.5%</td>
<td>6.9%</td>
<td>6.1%</td>
<td>7.8%</td>
<td>10.3%</td>
<td>9.9%</td>
</tr>
<tr>
<td>PRIMARY COMPLETED</td>
<td>5.6%</td>
<td>4.7%</td>
<td>4.0%</td>
<td>5.6%</td>
<td>6.6%</td>
<td>78%</td>
</tr>
<tr>
<td>SECONDARY NOT COMPLETED</td>
<td>53.3%</td>
<td>45.8%</td>
<td>39.3%</td>
<td>54.1%</td>
<td>61.7%</td>
<td>57.5%</td>
</tr>
<tr>
<td>SECONDARY COMPLETED</td>
<td>23.1%</td>
<td>29.0%</td>
<td>31.3%</td>
<td>26.1%</td>
<td>16.4%</td>
<td>23.4%</td>
</tr>
<tr>
<td>TERTIARY</td>
<td>7.9%</td>
<td>12.9%</td>
<td>18.3%</td>
<td>5.8%</td>
<td>2.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>OTHER</td>
<td>0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>99.8%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Statistics South Africa Labour Force Survey, ECSECC calculations 2021

The table above shows that in 2021Q1, the majority (53.3%) of the working age population have not completed secondary schooling. However, of the 1 013 280 unemployed people in the province, 54.1% have secondary not completed, whilst only 5.8% have tertiary education. Overall, the labour force has a large share of people who have not completed secondary education (45.8%), followed by those who completed secondary education (29.0%). Only 1.4% of the labour force had no schooling in 2021Q1.

Vacancies in the provinces can be found on the following websites

- https://www.pnet.co.za/jobs/Eastern-Cape.html
- https://www.careerjunction.co.za/jobs/eastern-cape

DEFINITIONS

- **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) 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.