

# The 5<sup>th</sup> South African Employment report

The effect of education and skills and self  
employment on employment.



# The 5<sup>th</sup> South African Employment Report

- Bragging a little
- SAER Salary and employment trends.
- Self Employment in South Africa – a growing trend.
- Working for Someone else – muddling along.
- Education and employment – a overview.



# Now StatsSA use UIF and PAYE administrative figures too:

Guess what they increased their own numbers and its not over yet.

	<b>Old QES</b>	<b>New QES</b>	<b>Difference</b>
Q1est	7,238,000	8,006,617	768,617
Q2actual	7,285,000	8,059,000	774,000
Q3actual	7,337,000	8,124,000	787,000
Q4est	7,460,731	8,261,000	800,269



# The estimated GDP factor cost effect.

Now for the GDP adjustment.

	Old QES total earnings	New QES total earnings	Difference
Q1	163,864,000	191,899,675	28,035,675
Q2	164,746,000	190,850,000	26,104,000
Q3	173,302,000	199,761,000	26,459,000
Q4	190,805,502	220,583,000	29,777,498
2006 year	692,717,502	803,093,675	110,376,173

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# How salaries grew in 2006.

- The average big firm in South Africa saw a 8,1% salary increase to R12 544 per month.
- However government employees only got a salary adjustment of 5,5% while we estimate that smaller firms got a salary adjustment of around 7,5%.
  - We are still not certain about small firms.
- Salary growth is expected to pick up in 2007 to around 7,5% on average.



# Real individual income tax grow:

3 month moving average adjusted for CPI

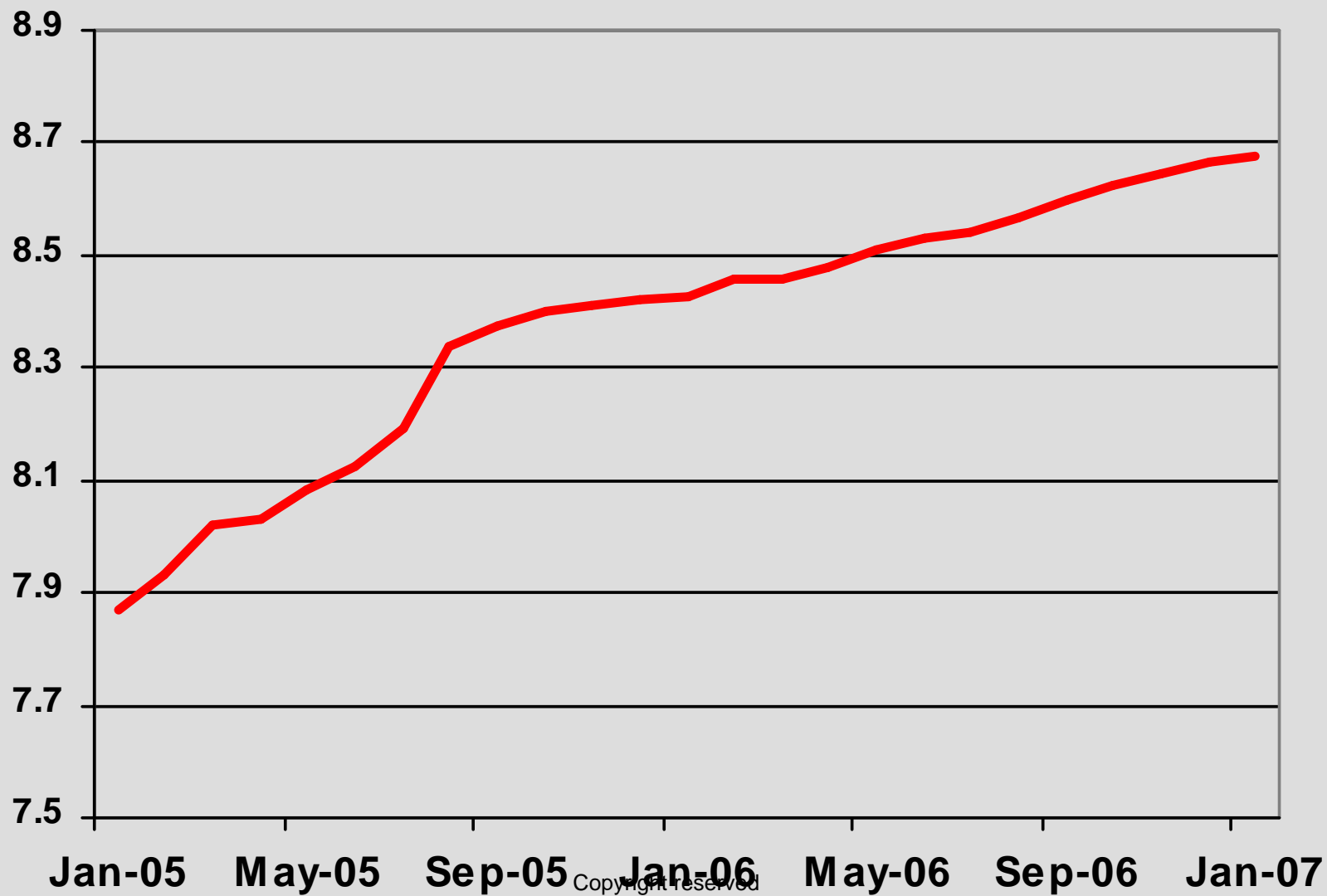


# 2006 Employment growth.

- The SAER estimates that employment grew with 2,9% or around 240 000 new formal sector jobs.
- We estimate that total formal sector jobs excluding agriculture at 8,663 million.
  - We still use UIF and SARS published data.
  - We supplement this with our own survey data from published annual reports.



# Non farm formal sector in SA.

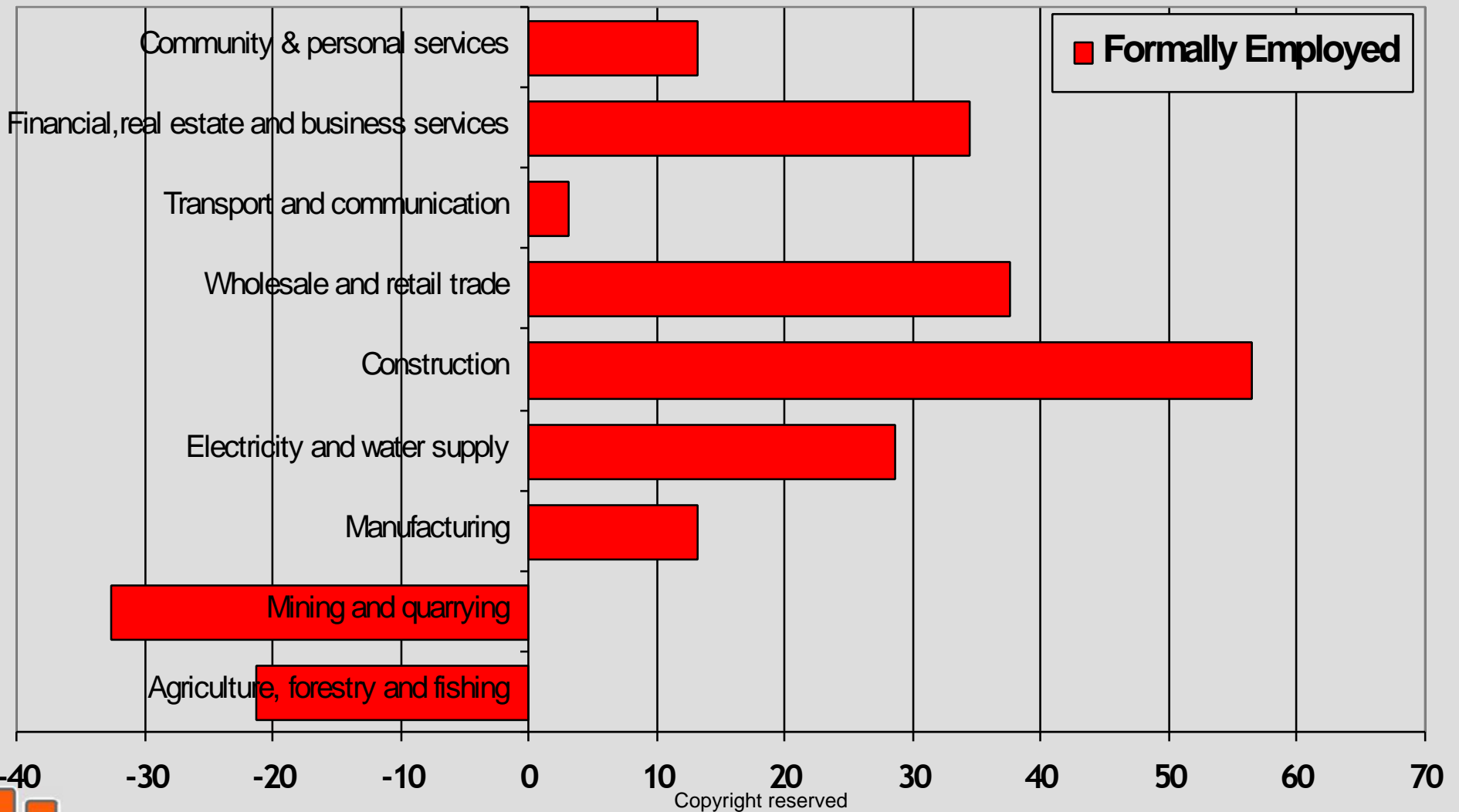




A review of where people work, and the self employed.

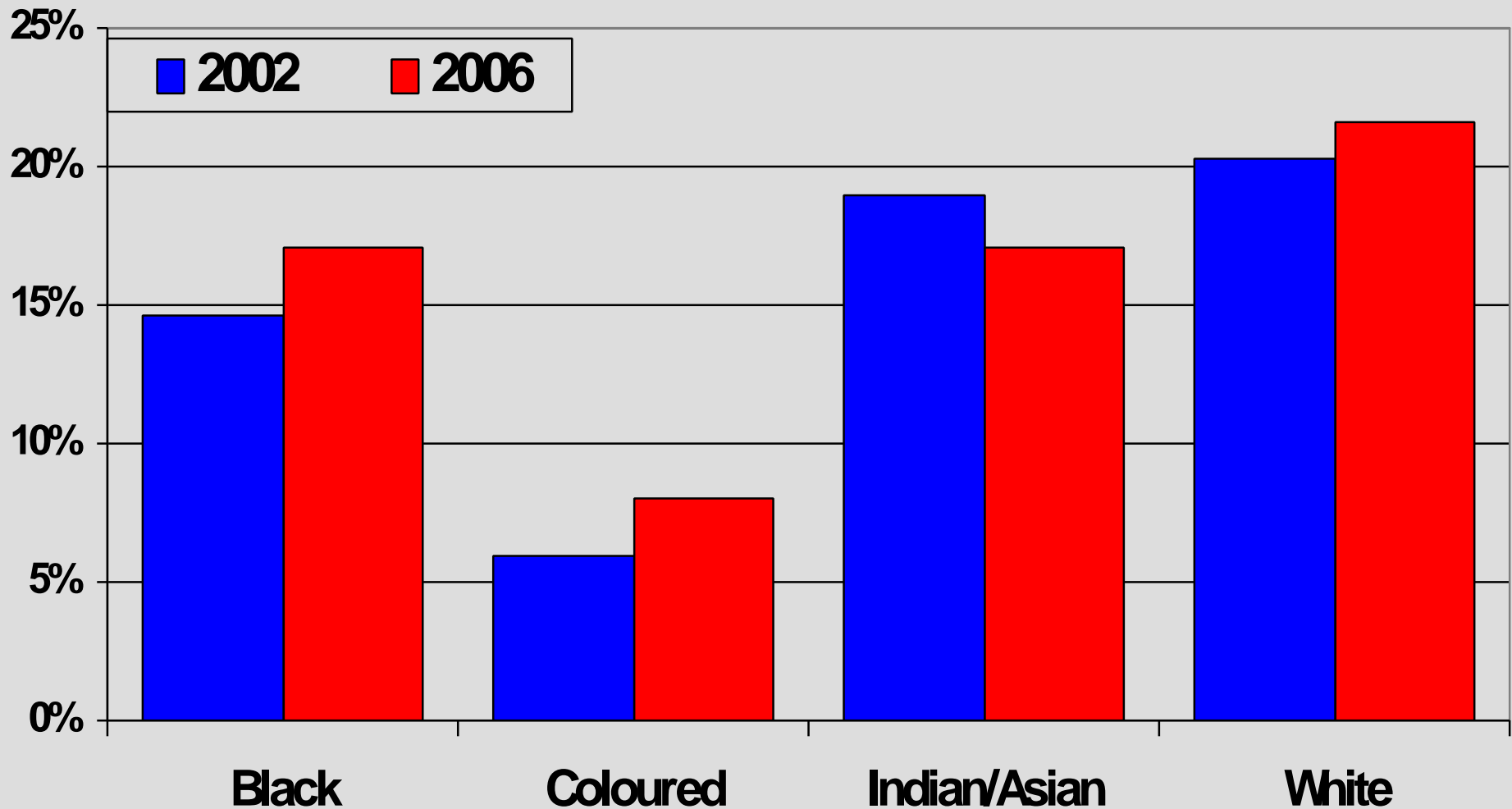


# Formal sector employment growth (Decline) 2002 to 2006



# The % people self employed.

Percentage of actual workforce by population group.



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# The self employed.

- In September 2002 nearly one out of every seven South Africans working were self employed.
- This increased to one out of every 6 people by September 2006.
- Self employment and the growth of companies is a major trend in the South African employment environment.



# Percentage of people in population group who are self employed.

<b>Population/sex</b>	<b>All</b>	<b>Male</b>	<b>Female</b>
<b>Black</b>	<b>17.1%</b>	<b>14.9%</b>	<b>20.1%</b>
<b>Coloured</b>	<b>8.0%</b>	<b>10.1%</b>	<b>5.5%</b>
<b>Indian/Asian</b>	<b>17.1%</b>	<b>22.0%</b>	<b>8.3%</b>
<b>White</b>	<b>21.6%</b>	<b>25.4%</b>	<b>16.6%</b>
<b>Total</b>	<b>16.8%</b>	<b>16.3%</b>	<b>17.4%</b>



# The self employed.

- The number of overall self employed has grown with 28,8% since September 2002.
  - This compares to 7% adult population growth.
- Around one in four white males work for themselves or create employment for others.
- 86,8% of all black self employed create income for themselves in the informal sector.
  - Of the rest of the populations groups 29% work in the informal sector and 71% in the formal sector.



# The self employed between 2002 and 2006.

- Today more females (as percentage of the female actively employed numbers) are self employed than males.
  - The biggest growth has been in male self-employment in the informal sector which increased with 43.4%.
  - The second biggest and perhaps more important growth has been in formal sector female self employment with 33,8% .



# More on the entrepreneurs.

- The average formal sector entrepreneur employs 14 people,
- While the informal entrepreneur employs less than half a person other than themselves.
- Since 2002 there was a 17,7% growth in formal entrepreneurs but the firm size decline slightly.
- Since 2002 informally self employed increased with 34,4% but the firm size declined slightly.





# Self-employment to grow.

- Both CIPRO, SARS and LFS figures show that the number of entrepreneurs is growing the fact is that in the service economy of today one expects this to continue.
- However the bigger challenge will be to formalise the informal sector over time as this is where the biggest growth can be had.



# Working for someone else.

While the self employed have certainly shown some very positive trends there are some interestingly different trends for people working for someone else.



# The make up of the South African worker by population group

<b>2006</b>	<b>all</b>	<b>males</b>	<b>females</b>
Total	100	57.5	42.9
Black	69.6	40.0	29.6
Coloured	11.1	6.1	5.0
Indian/Asian	3.6	2.2	1.3
White	15.8	9.0	6.8

<b>2002</b>	<b>all</b>	<b>males</b>	<b>females</b>
Total	100	54.6	45.4
Black	65.7	35.2	30.5
Coloured	11.1	5.9	5.2
Indian/Asian	4.4	2.7	1.7
White	18.6	10.6	8.0



# The make up of worker in South Africa.

- Black males make up the largest single group of workers and also added the most to their percentage share of all the groups compared.
  - The only other group whose numbers has increased as a percentage of the worker numbers is coloured males.
- All other population and sex groups have seen their number decline over the last five years.
  - The biggest decline for workers was white males which declined with 1,6% of the percentage of workers in South Africa.



# Growth in Worker numbers 2002 to 2006.

Population/sex	All	Male	Female
Black	12.7	21.1	1.6
Coloured	7.4	9.7	4.9
Indian/Asian	-8.8	-6.6	-11.1
White	-8.7	-8.3	-9.2
Total	6.8	13.5	-0.2



# Worker growth 2002 to 2006

- Worker growth and population growth are actually equal over the time period.
  - Black men had the highest growth of 21% as workers as overall male workers increased with 13,5%.
  - Female worker actually declined by 0,2% over the time period.
  - The biggest declines were for Indian and White females employee numbers.



Some conclusions on the self employed and those working for others.



# South Africa on the road to self employment?

- People working for themselves increased with over 28% or four times the adult population growth rate.
- People working for others increased at the same rate as the population growth rate.
- While in total the whole labour force grew with 13,3% for the five year period the fact is that self employment rather than .....
  - While the actual numbers of workers is six times more than the self employed a third of the actual increase in total labour force numbers was made up by the increase in self employed.





# Conclusion part two.

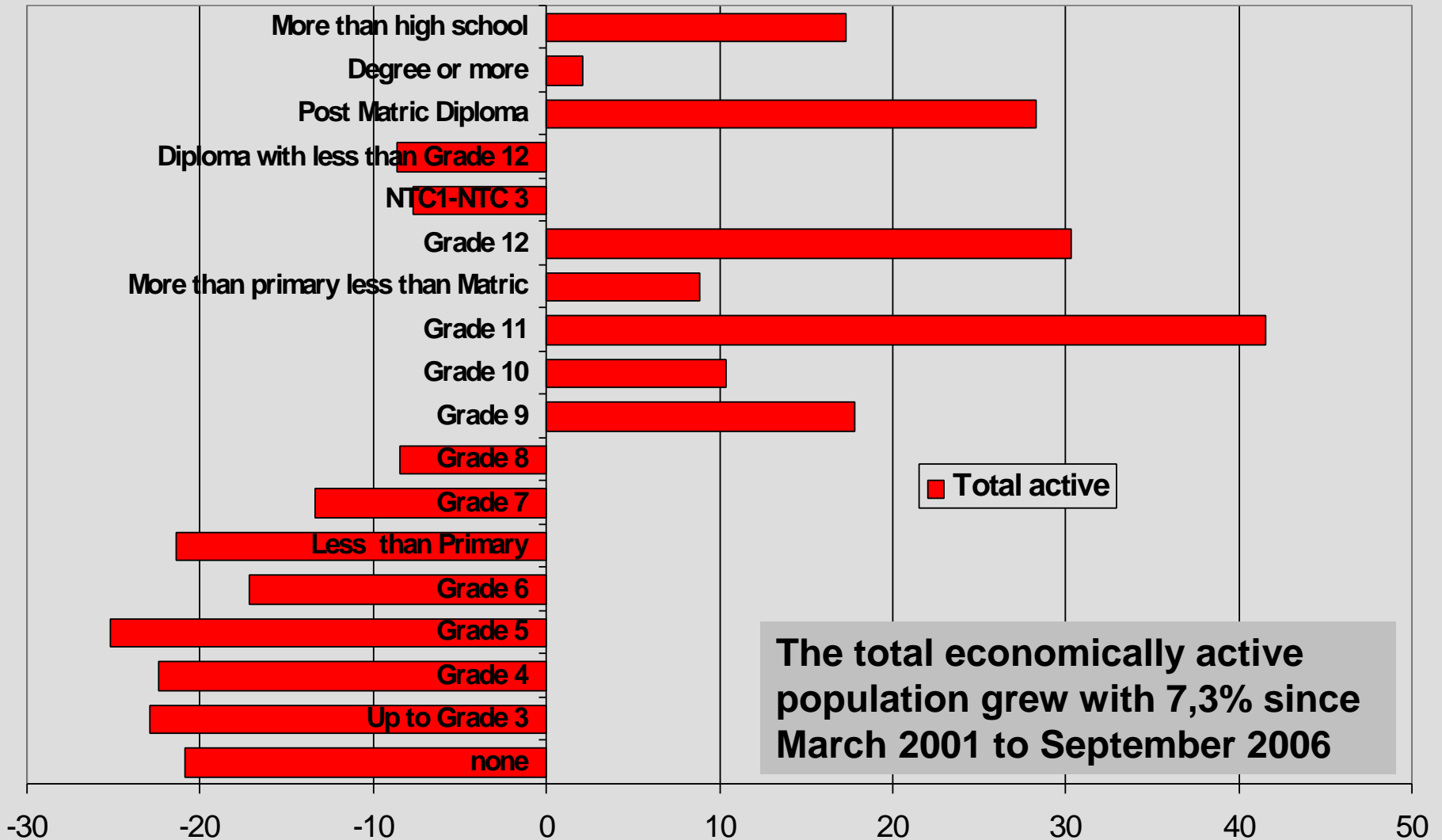
- 70% of overall self-employed are in the informal sector and are often scrapping a living together.
- 30% of the self-employed are in the formal sector but many are still very small.
- Formal sector workers make up 93,4% of all workers while the informal sector only contribute 7,6%.
  - The Informal economy is still struggling to grow jobs other than for the self employed.
  - However the informal sector showed a 33% growth rate in workers.



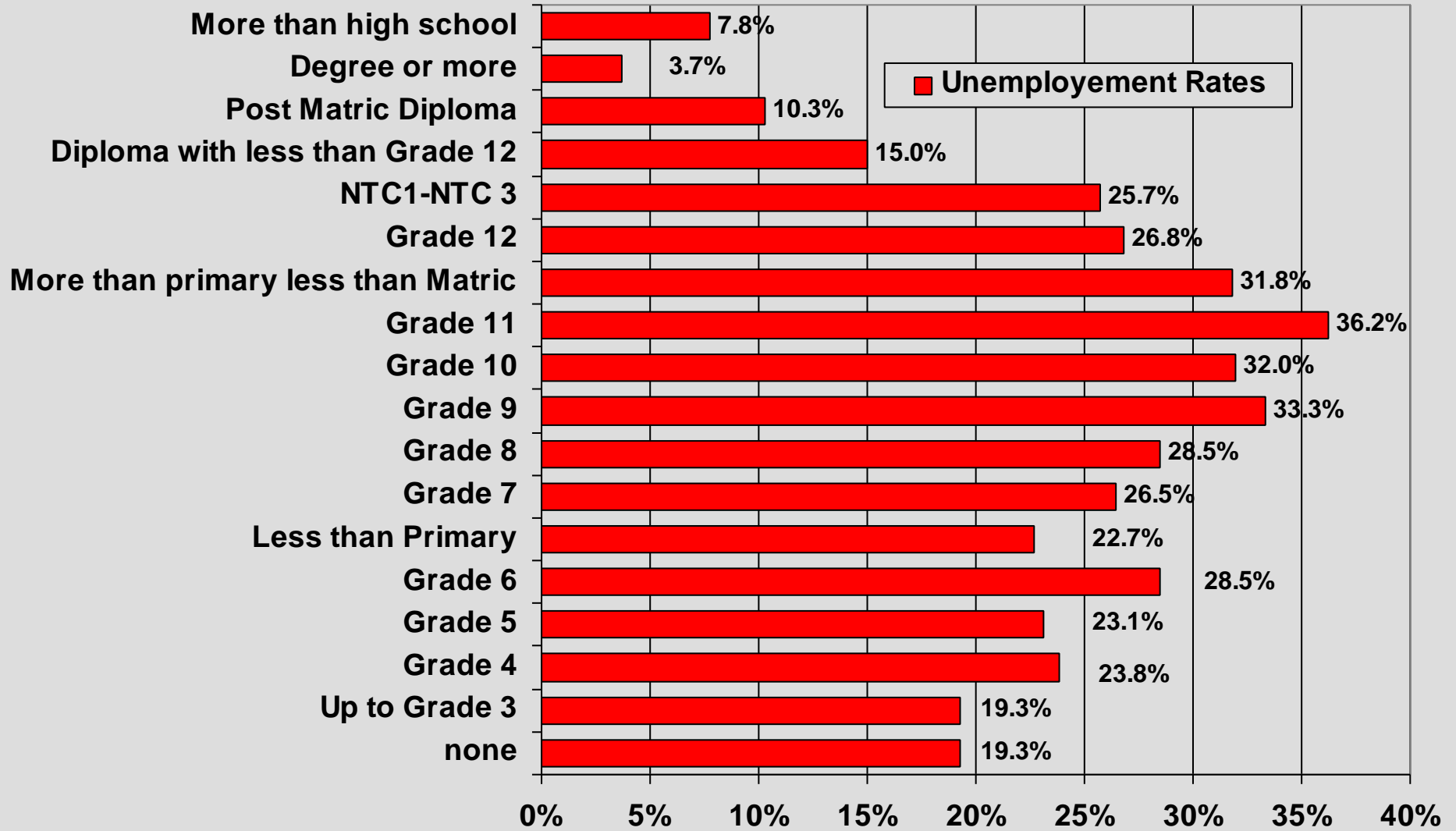
# Education and occupation and employment rates



# Growth in Economically active population by education.



# Unemployment rates by education.



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# Education and employment

- The number of people with a degree who are not working is 3,7% while the total number of people with more than matric without work is at 7,8%.
  - The actual numbers of people with a post matric qualification looking for a job has declined from 254 000 to just less than 200 000 from September 2002 to September 2006.



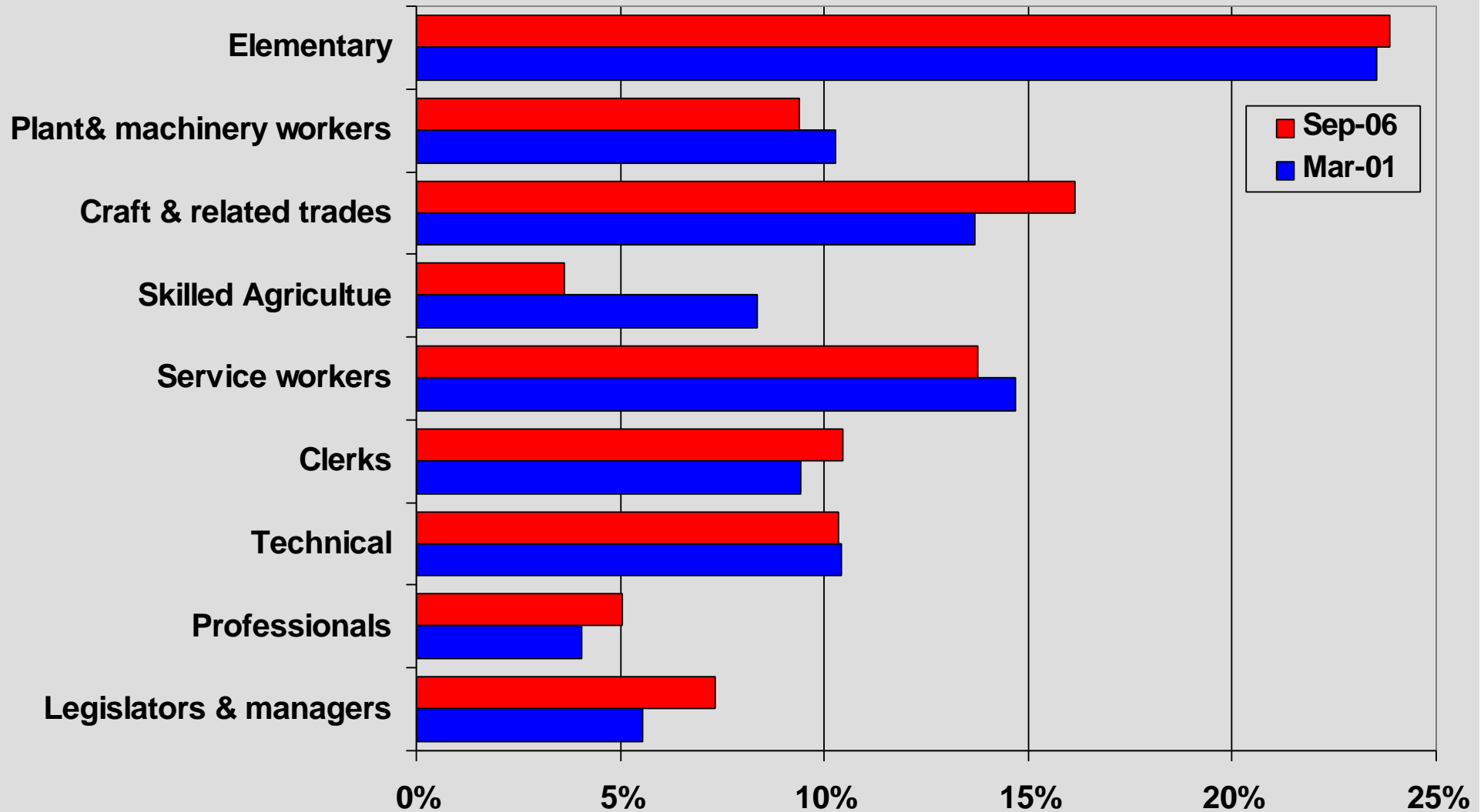
# Education and employment

- The education group that has shown the fastest growth is those with a grade 11, which grew with 41,5% between 2002 and 2006.
  - This was followed with those with a matric which showed a growth rate of 30,3%.
- However the unemployment rate of those with a grade 11 is also the highest at 36,2 and those with a matric are also more likely than average to be unemployed.



# What work do South Africans do

March 2001 and September 2006 compared.



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# Occupations.

- There have been increases in the number of Managers, professionals, clerks, craft and elementary workers in the economy.
- The mix of the South African economy is moving away from technical, plant operators, and service workers although these are the areas where the economy seems to be growing.
- Remember Construction and trade are the fastest growing employment sectors.





# Summary

- The self employed and well educated and specialised are finding or making work for themselves.
- Those with just a matric or incomplete high school are struggling to find work or have to rely on themselves.
- We need to spend more on specialist skills and entrepreneur training than on general education.
- The SETA's and the Education department both need to be made aware that education higher than matric will pay off for the economy as a whole.



Thank You

