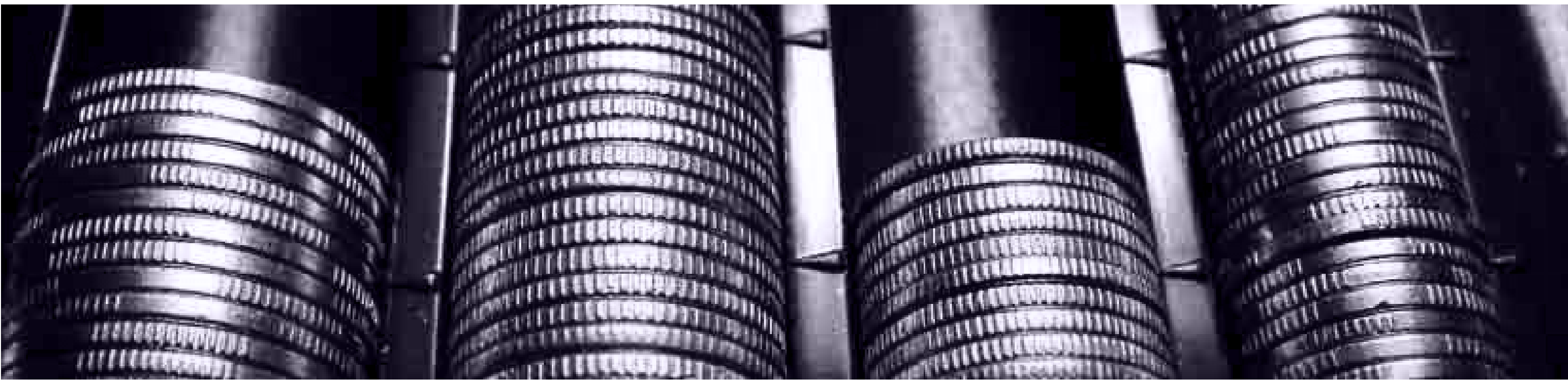
Annual Labour Market Bulletin

April 2009 - March 2010

Labour Market Information & Statistics | Labour Market Policy



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labour

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Acronyms used

ALMP	- Active Labour Market Policies
BCEA	- Basic Conditions of Employment Act
CCMA	- Commission for Conciliation, Mediation and Arbitration
GDP	- Gross Domestic Product
ILO	- International Labour Organisation
PES	- Public Employment Services
QES	- Quarterly Employment Statistics
QLFS	- Quarterly Labour Force Survey
SARB	- South African Reserve Bank
Stats SA	- Statistics South Africa
UIA	- Unemployment Insurance Act
UIF	- Unemployment Insurance Fund

Introduction

The Annual Labour Market Bulletin offers a national level analysis of the South African labour market. The report details trends in the South African economy and labour market over the financial year 2009/10. Several factors and information relating to the economic output, composition and functioning of the labour market during the transition period from the effects of global financial crisis to economic recovery period are covered in this report. The sources of data used in this report include (but is not limited to) the information released by such institutions as Statistics South Africa (Stats SA), South African Reserve Bank (SARB), Banking Institutions and the information generated by the Department of Labour on its day-to-day administrative work.

Prior to this analysis, it is important to note that unemployment is the biggest challenge in South Africa as it has an influence on several other social aspects of the citizens of the country. This unemployment challenge could partly be attributed to the fact that employers are more and more choosing capital-intensive over labour-intensive methods of production.

It could be argued that if production becomes more capital-intensive, people in the labour force need to be adequately skilled if not highly skilled. However, this is not the case in South Africa where skills shortage has become the talk of the day both in the public and private sectors.

The report is structured in three main sections. **Section One** of the report looks at the performance of the South African economy with the purpose of providing an overview of those economic indicators that affect or are affected by the changes in the labour market. In this case, the focus will firstly be on the Gross Domestic Product (GDP) in reviewing the value added by each industry in the overall GDP on a quarterly and annual basis and the sustainability of the contribution thereof. Secondly, the role of the currency exchange rate between the US Dollar and the South African Rand will be reviewed over the year's period to see how the local currency performed against the US Dollar as this also plays a crucial role in stimulating both the economy and the labour market.

Section Two of the report presents the labour market trends over the financial year. It is perceived as critical in this report since it is closely related to the Department's strategic objective of contribution to employment in the country. Thus, this section explores changes that occurred in various indicators such as the distribution of the working-age population, economically active population, employment growth, unemployment and other related characteristics to these labour market indicators (educational levels of the employed, industries, occupational groups and the sectors at which these employed people are in).

This report will also give a snapshot of workers that are registered as work-seekers and those who managed to get employed through being matched with potential employer's opportunities over the reference period. In addition, the section looks at the number of unemployment insurance beneficiaries who submitted claims and benefited from the Unemployment Insurance Fund (UIF) short-term financial payment because of being dismissed or retrenched. The trend in the number of vacancies advertised and occupational groups that had the most vacancies over the period is also presented here.

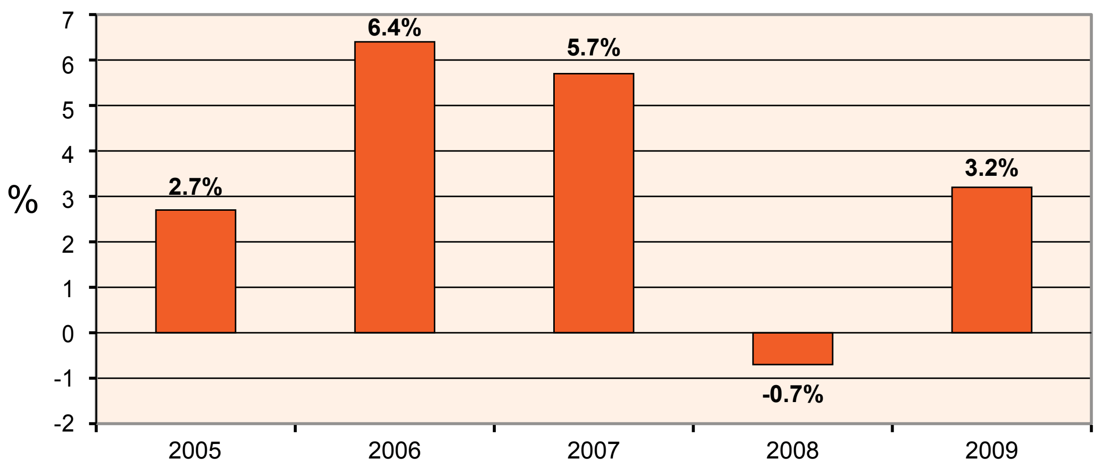
Section Three of the report will specifically focus on industrial relations. The aim of this section is to give an overview analysis of the industrial actions that took place during the reference period, discussing the rational behind those industrial actions, the number of workers and working days lost over strikes and disputes. In depth analysis of dispute resolutions taken to lay off industrial actions and disputes, conciliations and arbitrations will be provided by province and industry.

Section One: Performance of the South African economy

This section underscores the most important economic indicators that might have a direct impact on the labour market. Since the pace at which the economy grows has subsequent effect on the ability of the country to generate employment and eradicate poverty, it is therefore imperative to keep a closer look at the key economic indicators to monitor signals that will need to be nurtured to support economic growth and improve the labour market. This section introduces a snapshot of the Gross Domestic Product, the Rand/Dollar exchange, the Exports-Imports and the National Current Account, thereby preparing us to comprehend Section Two on the labour market trends within the country.

1.1. Gross Domestic Product (GDP)

Figure 1: Real annual percentage change in GDP at constant 2000 prices



Source: Statistics South Africa, Gross Domestic Product, 4th quarter 2009

- **Figure 1** shows a decrease in the real annual gross domestic product between 2007 and 2008. The growth in real gross domestic product (GDP) slowed to -0.7% in 2008, which was notably lower than the annual growth rates that varied between 6.4% and 5.7% from 2006 to 2007

- The economic growth recovered from a negative growth in 2009 to a 3.2% growth primarily driven by a rebound in the manufacturing sector. Some economists predicted that the recovery is expected to maintain momentum over the first two quarters of 2010 because of the injection from the FIFA World Cup, reasonable increase in global demand and continued recovery in domestic demand

- In **Table 1** the quarterly value added by industry to the GDP is presented. It shows that the GDP grew by 4.6% in the first quarter of 2010. Year-on-year, the GDP grew by 1.6% in the first quarter of 2010 recording the first positive year on year growth since the fourth quarter of 2008. Economists would argue that the 4.6% GDP growth was really good at a time when the world economic recovery, and especially in Europe, was facing challenges

- Most industries recorded faster growth in the first quarter of 2010, with the exception of the agriculture, wholesale and retail trade, catering and accommodation and the finance industry. However, the manufacturing industry continued to drive the economic recovery, helped by stronger export demand, but an impressive acceleration in mining production boosted by strong growth in mining of coal and other metal ores. Both the mining and manufacturing industries continued to benefit from the upturn in the world economy

- Overall, South Africa relatively survived the global financial crisis as compared to other developing countries. The impact seems to be more prominent on the trade than the financial sector. The fall in world trade led to a sharp decline in production, bankruptcies of firms and layoff of workers in export-linked sectors, particularly in highly integrated sectors characterised by global supply chains.[1]

[1] International Labour Organisation, Recovery and growth with decent work, Report of the Director-General, 99th Session 2010

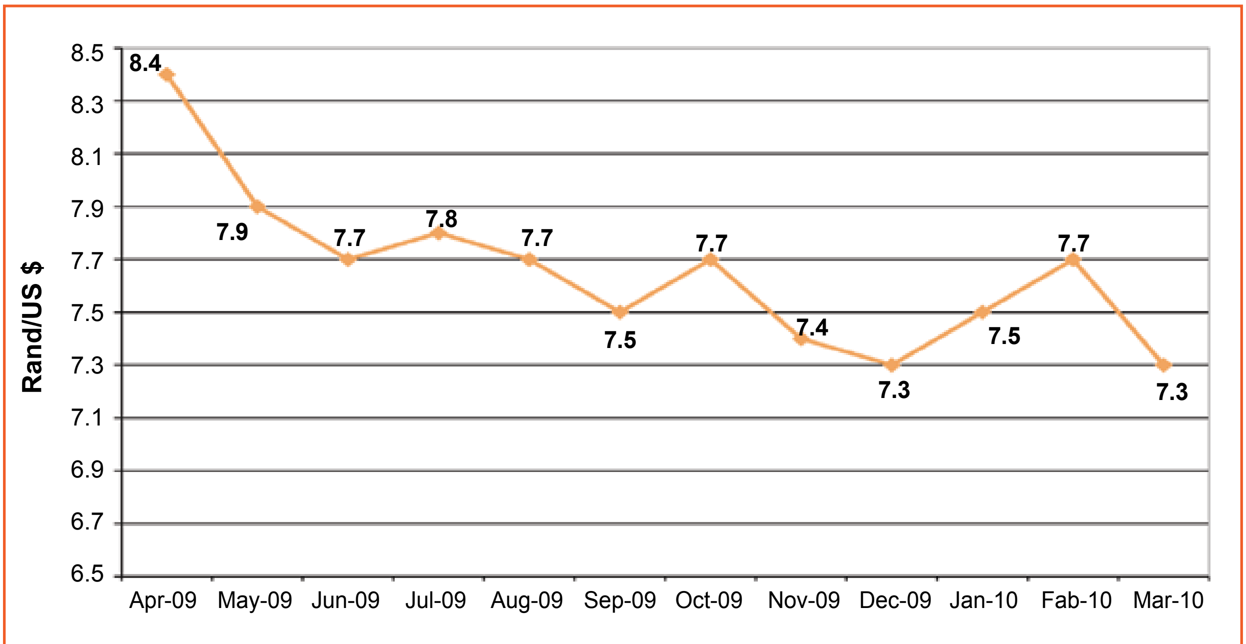
Table 1: Value added by industry to the GDP at constant 2005 prices (R million)									Contribution to the seasonally adjusted annualised changes in real GDP
Industry	Apr-Jun 2009	%	Jul-Sep 2009	%	Oct-Dec 2009	%	Jan-Mar 2010	%	
Agriculture, forestry, hunting and fishing	13 216	-4.8	11 511	-3.6	6 510	2.1	7 980	-0.9	0.1%
Mining and quarrying	23 483	-7.4	23 275	-6.7	23 719	-5.9	23 432	6.5	0.8%
Manufacturing	64 333	-15.2	68 507	-11.5	69 542	-5.4	65 198	3.1	1.3%
Electricity, gas and water	8 748	-1.0	9 218	-0.8	9 115	0.9	8 638	2.9	0.1%
Construction	14 260	8.4	14 490	8.4	14 862	6.9	14 447	5.0	0.1%
Wholesale and retail trade, catering and accommodation	50 433	-3.8	52 023	-2.1	60 131	-3.1	50 495	-0.9	0.4%
Transport, storage and communication	39 771	0.4	41 407	0.0	42 054	0.0	39 979	1.1	0.2%
Finance, real-estate and business services	94 874	2.2	94 334	0.4	94 851	-2.4	97 480	-0.2	0.5%
General government services	60 304	4.4	61 146	4.2	62 063	4.1	61 776	4.1	0.4%
Personal services	26 310	1.6	26 299	1.9	25 920	5.4	26 776	3.0	0.1%
Taxes less subsidies on products	4 6437	-5.1	46 396	-1.9	47 130	-3.9	45 998	-0.9	0.7%
GDP at market prices	442 169	-2.7	448 606	-2.2	455 897	-1.4	442 199	1.6	4.6

Source: Statistics South Africa, First quarter 2009, release P0441
* Note: the contribution is calculated by multiplying the percentage change of each industry (on taxes less subsidies on products) by its share of GDP in the previous quarter (i.e. its relative size).

1.2. Average value of the South African Rand against the US Dollar

The volatility of the Rand (**Figure 2**) in the South African economy is becoming a major concern amongst economists since it is associated with the South African competitiveness in the international market. Although there is no consensus, there is a general perception that the Rand currency is too strong. It is believed that unemployment has deepened because of the growth reflected in the exchange rate over time. One study has suggested significant loss of trade competitiveness during 2003 and needed a nominal depreciation to correct the imbalances.[2]

Figure 2: Average monthly Rand/Dollar exchange rates



Source: Absa Bank website; March 2010

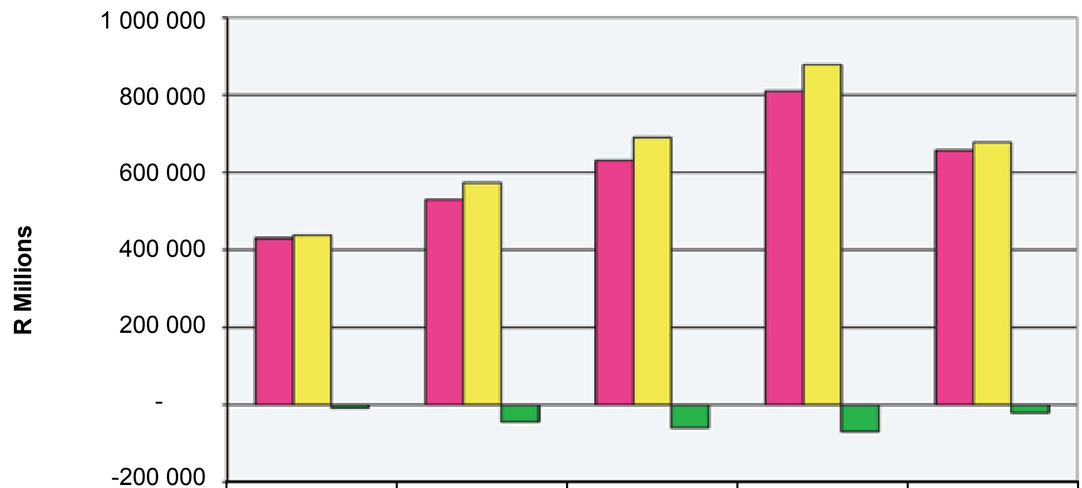
- The weighted average exchange rate of the Rand increased during the fourth quarter of 2009. The appreciation in the exchange value of the Rand was supported by a persistent rise in international commodity prices, an improved external trade position and a positive sentiment towards the country in anticipation of the hosting of the 2010 FIFA World Cup tournament

- On a monthly basis, the exchange of the Rand remained volatile, the exchange rate of the Rand decreased in November and December 2009 and increased in January to February 2010, as shown in **Figure 2**. The strengthening of the US Dollar at the beginning of 2010 to the end of February 2010 caused the nominal effective exchange value of the Rand to decline in March 2010.

[2] Mtonga, E (2006), The real exchange rate of the Rand and competitiveness of South Africa's trade, http://www.ideas.repec.org

1.2.1. Exports-Imports and the National Current Account

Figure 3: Imports and exports of goods and services from 2005 to 2009



	2005	2006	2007	2008	2009
Export	430 169	530 333	630 902	809 645	657 113
Import	437 559	573 589	690 062	878 536	677 740
Exports less Imports	-7 390	-43 256	-59 160	-68 891	-20 627

Source: South African Reserve Bank Quarterly Bulletin; March 2009

- The impact of the fall in world GDP on world trade growth was severe in 2009. Triggered by a retrenchment in import demand in major developed countries and also impeded by tightening trade financing, trade flows fell by more than 12% in 2009. Since the second quarter of 2009, these trade flows have been recovering but this has partly been driven by moderation in inventory reduction, with import demand from consumption and business investment remaining weak[3]

- South Africa's economic growth continued to slow down in 2009 because of the global economic crisis. In spite of the fall in world commodity prices, primary commodity exports continue to be the major driver of economic growth in South Africa. **Figure 3** shows that the aggregate export declined faster than import due to the drop in the prices of oil and minerals.

[3] Economic report on Africa 2010; promoting high-level sustainable growth to reduce unemployment in Africa.

Section Two: Labour market trends

In theory, economics textbooks provide the framework that shows how employment and wage levels are adjusted by the interaction of labour supply and labour demand. Full employment arises at a wage rate whereby the amount of labour supplied is equal to the amount of labour demand. But in reality, the labour market is mostly imperfect. There are various supply and demand factors that influence the level of employment and unemployment. This is also the case in the South African labour market. While, workers sell (supply) their labour and firms purchase (demand) labour for production, it is important to consider policies that stimulate economic growth and the structural changes in the South African economy.

On the one hand, it is reported that sustained output is an important source of employment opportunities. To a large extent, South Africa's unemployment problem reflects inadequate economic growth. Policies that stimulate economic growth are a crucial component of the policy package required to reduce unemployment.[4] On the other hand, Bhorat (2008:2)[5] argued that the growing number of discouraged workers in the South African labour market provides a powerful indicator of the deeply structural nature of South Africa's unemployment problem. Structural unemployment in this sense refers to the fact that many of the unemployed are unemployable and lack skills and experience necessary to compete for any jobs that might be available.

Noting this background, South Africa has been hit hard by the global economic crisis since the fourth quarter of 2008 due to its strong links with the global economy. The crisis had an impact on the performance of the South African labour market. The impact of the global financial crisis is shown on the economic slowdown, the sectoral collapse in labour demand and the effectiveness of existing labour market institutions.

This section reviews changes to labour force (employment and unemployment), labour force absorption rate, unemployment insurance claims and the number of advertised job vacancies since the onset of the economic crisis. Ultimately, a sharp drop in economic activity leads to dismissals, plant closures, low absorption rate, and hiring freezes which all contribute to rising unemployment.

Even before the economic crisis, South Africa faced the harsh reality of a high level of unemployment and the lack of job opportunities in the formal economy. The situation has been severe for the youth, the less skilled and women who face major barriers to finding jobs in the formal economy.[6] In other words, one can argue that investment in human capital through formal education should be regarded as essential for competing and taking opportunities that are opened in the labour market. As reported, in 1990, Colombia substantially reduced the cost of dismissing workers, which increased turnover for formal sector workers but also reduced the length of unemployment spells, particularly for young and more educated workers.[7]

[4] Southern Africa Labour and Development Research Unit, Investigation into the merits of using wage subsidies as a policy instrument to promote employment in South Africa, Final project report, University of Cape Town, July 2009, p.9
[5] Bhorat (2008), Unemployment in South Africa: Descriptors and determinants, Mimeo, cited, op cit, p.9
[6] Banerjee et al. (2006) and OECD (2008), an overview of issues in the South African labour market.
[7] World Bank (2006), World Development Report 2007: Development and the next generation, New York: Oxford University Press.

2.1. Economically Active Population (EAP) by province

Table 2: Economically Active Population by province ('000)

Province	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Jan-Mar 2010
Eastern Cape	1 877	1 718	1 732	1 771
Free State	1 059	1 061	1 059	1 055
Gauteng	5 141	5 013	5 046	5 081
KwaZulu-Natal	3 043	3 024	2 983	2 998
Limpopo	1 206	1 207	1 245	1 174
Mpumalanga	1 221	1 185	1 200	1 205
North West	1 174	1 094	1 076	1 054
Northern Cape	385	365	386	371
Western Cape	2 388	2 409	2 413	2 404
South Africa	**17 494**	**17 076**	**17 131**	**17 113**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- **Table 2** shows the distribution of the economically active population (15-64 years) across provinces in South Africa. It comprises those who are employed and unemployed. Looking at **Table 2**, the number of economically active population had been fluctuating on a quarterly basis from quarter two of 2009 to quarter one of 2010. This could be associated with the considerable structural changes experienced in the country which translates to the decline of South Africa's primary sectors and an increase in the service sectors

- Provincially, Gauteng recorded the highest number of economically active population, followed by KwaZulu-Natal, Western Cape and Eastern Cape in quarter one of 2010. This might indicate that the distribution of the EAP in the country has a degree of geographical bias to it. The implication is that this trend would also be reflected when employment and unemployment characteristics are analysed in great detail

- An increase in the labour force associated with weak employment growth resulted in the unemployment rate rising to 25.2% in the first quarter of 2010.

2.2. Labour force absorption rates

Table 3: Labour force absorption rates*, April 2009 to March 2010

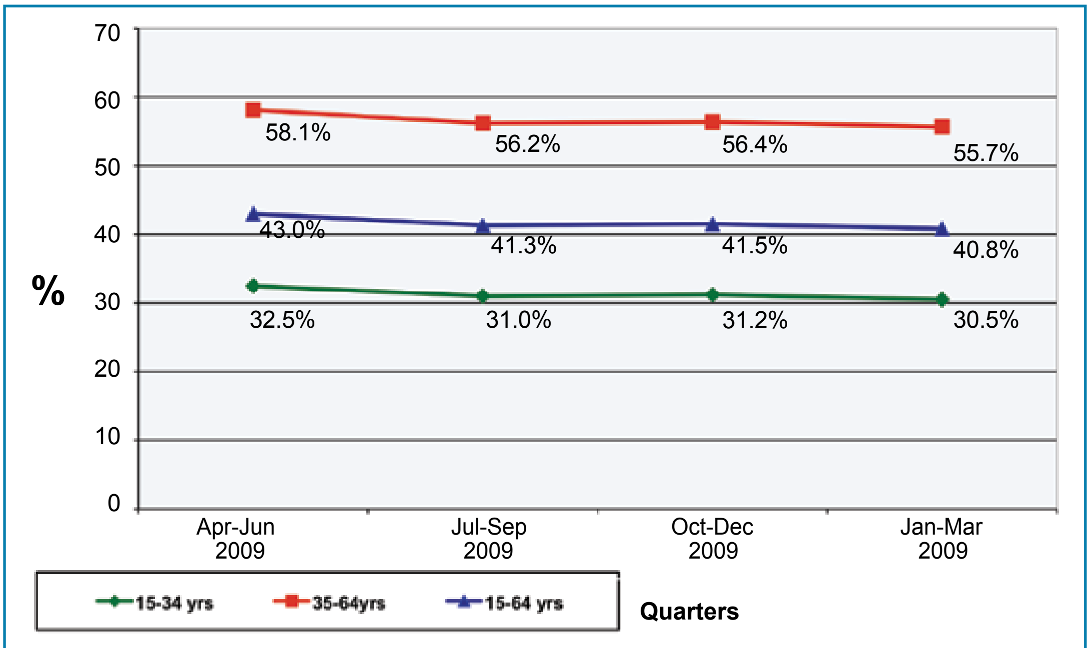
Province	Apr-Jun 2009	Jul-Sep 2009	Oct-Dec 2009	Jan-Mar 2010
Eastern Cape	33.8	31.4	31.4	30.8
Free State	41.4	40.6	42.2	41.0
Gauteng	55.3	51.9	52.2	51.4
KwaZulu-Natal	38.6	38.5	37.6	37.6
Limpopo	29.1	28.8	29.0	27.2
Mpumalanga	40.6	39.7	39.6	38.2
North West	38.9	36.1	35.9	35.4
Northern Cape	40.0	36.0	40.9	37.7
Western Cape	54.3	53.3	53.9	54.3
South Africa	**43.0**	**41.3**	**41.5**	**40.8**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211
*Note: The rate is the percentage of all people aged between 15-64 years who are employed.

- **Table 3** shows the labour force absorption rate for the different provinces and the rest of the country. It provides an alternative indication to the unemployment rate regarding the lack of job opportunities in the labour market

- According to **Table 3,** the Free State, Gauteng and Western Cape provinces have shown a relatively high absorption rate as compared to the average rate in the country of 40.8% in quarter one of 2010. Western Cape and Gauteng appeared to be the provinces with the best labour performance over the period under review. As a result the provincial economic growth recorded in these two provinces cannot attract the high number of unemployed in the country.

Figure 4: Labour absorption rates by age group



Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- **Figure 4** illustrates that the labour absorption rate among the youth (15-34) declined from 32.5% in quarter two of 2009 to 30.5% in quarter one of March 2010. While the adult labour absorption rate (35-64) exceeds the youth absorption rate over the same period

- **Figure 4** confirms that youth employment is a major concern for the South African government. While much has been done, it appears that youth are still hampered by a lack of information on what their options are to secure decent work. The Department developed and introduced the Public Employment Services to respond and assist with this challenge in order to integrate young people with limited skills into the labour market. The employment system itself is available as an on-line database which matches work-seekers to job opportunities for effective placement in the formal sector. At the same time, councillors can also provide and guide work-seekers to various options in the labour market

- Overall, the trends in **Figure 4** illustrates that during times of recession, the rise in youth unemployment tends to be larger than does the coexisting increase in adult unemployment. It has been estimated that a 1% increase in adult unemployment will be matched by a 2% rise in unemployment among young people. These results suggest that during a recession many employers view youth as more dispensable if lay-offs and downsizing become a necessity.

2.3. Employment

South Africa has experienced far-reaching structural changes in the economy since it is strongly linked to the global economy. With the goal of becoming a competitive advantage both locally and internationally, the South African economy has shifted from primary to service sectors. As a result, the changes in the labour force have become pronounced.

Currently, South Africa is beginning to emerge from the recession, but the recovery is slow and uneven, with job creation lagging the return to growth and many households continuing to face hardships. The government faces the challenge of transforming the promising economic recovery within the growth path framework so that more people can be able to find jobs and improve their livelihoods.

Following this, the most critical objective of South Africa's government is job creation and employment growth. This is associated with the Department's objective of the decent employment through inclusive economic growth.[8] Central to human dignity, sustainable economic development is employment. Thus, job creation will contribute to poverty reduction and income redistribution in the economy.

[8] Outcome four of the Minister of Labour's Performance Agreement with the South African President, 2009/10

Table 4: Employment by province ('000)

Province	Apr-Jun 2009	Q2-Q3 change	Jul-Sep 2009	Q3-Q4 change	Oct-Dec 2009	Q4-Q1 change	Jan-Mar 2010
Eastern Cape	1 353	-95	1 258	5	1 263	-20	1 243
Free State	773	-15	758	32	790	-22	768
Gauteng	3 953	-234	3 719	30	3 749	-46	3 703
KwaZulu-Natal	2 457	1	2 458	-49	2 409	9	2 418
Limpopo	906	-7	899	11	910	-51	859
Mpumalanga	897	-16	881	0	881	-29	852
North West	283	-28	255	35	290	-22	268
Northern Cape	849	-60	789	-3	786	-9	777
Western Cape	1 898	-30	1 868	26	1 894	21	1 915
South Africa	**13 369**	484	**12 885**	87	**12 972**	-169	**12 803**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- As discussed above, South African employment also has a degree of geographical bias to it. In particular, urban provinces are expected to attract a larger number of job-seekers than rural provinces because of the size of the provincial economy and the high level of network distribution and infrastructure in place. **Table 4** presents the number of employed by province. There has been a decrease in the number of employed individuals in almost all provinces with an exception of the Western Cape and KwaZulu-Natal provinces (which gained 21 000 and 9 000 jobs respectively) in quarter one of 2010 as compared to quarter four of 2009. This might be due to the improvement in the performance of industries dominating in these provinces, like tourism, agriculture and manufacturing.

Table 5: Employment by Industry ('000)

Province	Apr-Jun 2009	Q2-Q3 change	Jul-Sep 2009	Q3-Q4 change	Oct-Dec 2009	Q4-Q1 change	Jan-Mar 2010
Agriculture	710	-57	653	-38	615	35	650
Mining	319	-20	299	-3	296	0	296
Manufacturing	1 873	-150	1 723	19	1 742	-33	1 709
Utilities	93	-12	81	17	98	-28	70
Construction	1 117	-60	1 057	28	1 085	-64	1 021
Trade	2 962	-110	2 852	21	2 873	-48	2 825
Transport	727	10	737	2	739	28	767
Finance	1 710	-28	1 682	77	1 759	-126	1 633
Community	2 664	-37	2 627	1	2 628	29	2 657
South Africa	**13 369**	-492	**12 877**	93	**12 970**	-173	**12 797**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

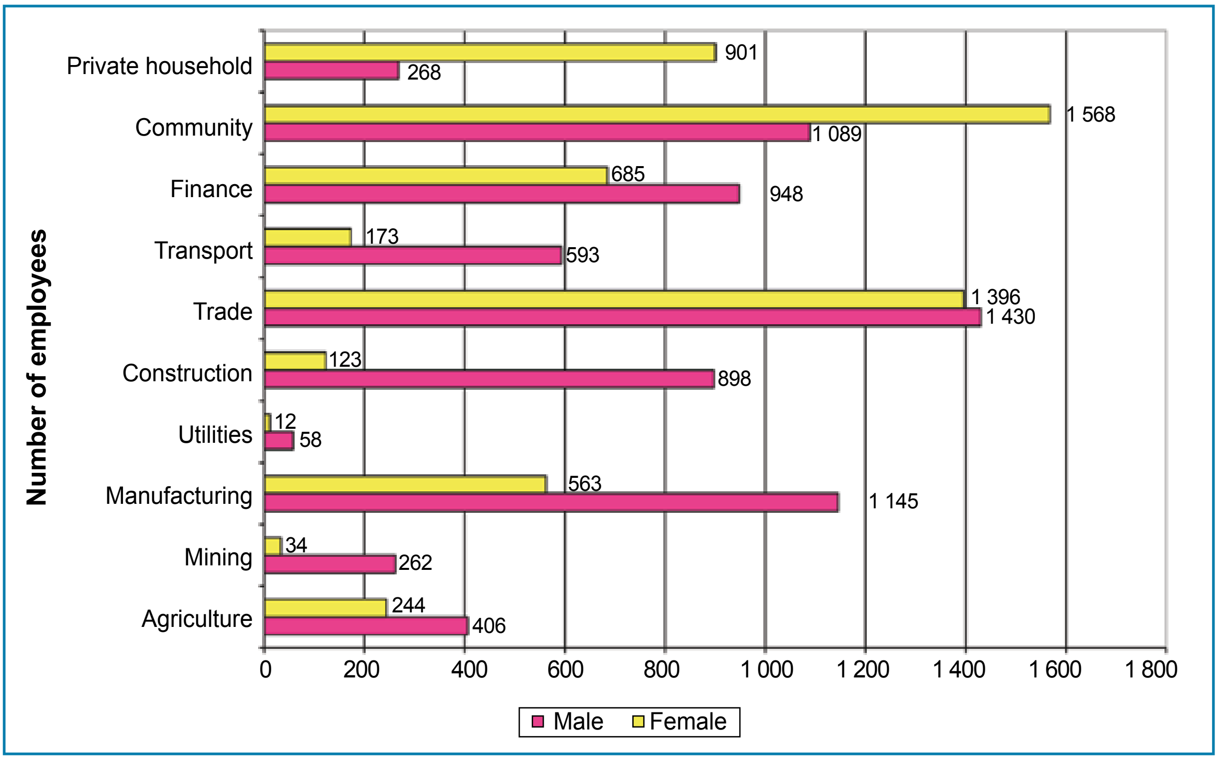
- Despite growth in employment in some industries (Community, private households, agriculture and transport), unemployment continued to rise in March 2010. **Table 5** shows little employment creation in some industries and job losses in others. In other words, the formal sector is not expanding faster to absorb the growing number in the labour force, e.g. new entrants. This trend is explained also by the fact that the South African economy has become increasingly skills-intensive, with employers placing a premium on previous work experience when hiring workers

- **Table 5** also reveals that the decline in employment during the January to March 2010 quarter completely wiped out employment gains reported in the October to December 2009 quarter. Baartje et al. (2007) argues that the South African mining sector, a traditional employer of lower-skilled workers will likely see a continued decline in the percentage of economy-wide employment. This means employment is more likely to expand where there is growth in labour absorbing activities. Thus, a policy recommendation is the promotion of export oriented manufacturing sectors which might lift a large number of structurally unemployed individuals into the formal economy.

On the other hand, a historical perspective in the South African labour market indicates that the post-apartheid period 1995 to 1999 has seen a continued feminisation of the labour force. In the fourth quarter of 2009, 45.6% of all females between the ages of 15 and 64 were economically active in South Africa; by the first quarter of 2010, this remained stable at 45.8%.

The continued feminisation of the labour force is associated particularly with an increase in female unemployment and are employed in female dominated occupations like clerks. This reflects an increasing number of women who are "pushed" into the labour market, to erode the traditional forms of depending on (male) income support.

Figure 5: Employed by industry and gender ('000)



Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211, Quarter 1, 2010

- Employment by industry and gender are two measures that allow us to gauge conditions of decent and productive employment and the progress made in particular by women in the world of work. **Figure 5** illustrates that women were predominantly employed in private households (901 000) and community services (1 568 000), while a large number of males were employed in other industries by March 2010

- This trend is explained by the following two main theoretical arguments. While the first argument considers the preferences and choices women make, which may be influenced by social pressures, the second explanation emphasises the issue related to gender discrimination in the labour market, which occurs when men and women with equal qualifications are treated differently. This is true and still persistent in the South African labour market despite all interventions from the South African Government. As a result, it imposes significant socio-economic distress in particular for female headed households.

Table 6: Age categories of the employed by gender

Age groups	April-June 2009				July-Sept 2009				Oct-Dec 2009				Jan-March 2010			
	Male		Female		Male		Female		Male		Female		Male		Female	
	N ('000)	%	N ('000)	%	N ('000)	%	N ('000)	%	N ('000)	%	N ('000)	%	N ('000)	%	N ('000)	%
15-24 yrs	869	11.7	620	10.4	799	11.3	575	9.9	824	11.5	575	9.9	800	11%	537	9%
25-34 yrs	2 568	34.7	1 912	32.0	2 473	34.8	1 849	32.0	2 486	34.6	1 858	32.1	2 451	35%	1 842	32%
35-44 yrs	1 943	26.3	1 731	29.0	1 890	26.6	1 704	29.5	1 890	26.3	1 705	29.5	1 897	27%	1 691	30%
45-54 yrs	1 363	18.4	1 223	20.5	1 309	18.4	1 195	20.7	1 358	18.9	1 183	20.5	1 334	19%	1 172	21%
55-64 yrs	653	8.8	487	8.2	631	8.9	459	7.9	631	8.8	463	8.0	619	9%	461	8%
Total	**7 396**	100.	**5 973**	100.	**7 102**	100.	**5 782**	100.	**7 189**	100.	**5 784**	100.	**7 101**	100%	**5 703**	100%

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- **Table 6** shows the different age groups of the employed by gender between April 2009 and March 2010. As expected, there were more males (15-64 years) employed than females in all quarters of the financial year 2009/10

- Youth employment (15-34 years) is very much linked to the overall employment situation. It has its own dimensions and limitations however, which require specific responses. Youth unemployment is largely associated with formal educational skills completed, previous experience and vocational training received. In most cases, youth lacks these skills but a large number of lower skilled workers can be absorbed into the public works programme.

Table 7: Educational level of the employed by gender ('000)

Level of education	Apr-Jun 2009		Jul-Sep 2009		Oct-Dec 2009		Jan-Mar 2010	
	Male	Female	Male	Female	Male	Female	Male	Female
No schooling	255	235	225	229	234	204	220	200
Less than primary completed	736	519	679	484	678	496	615	491
Primary completed	409	295	366	280	385	280	340	269
Secondary not completed	2 550	1 905	2 389	1 790	2 402	1 829	2 395	1 791
Secondary completed	2 135	1 736	2 108	1 713	2 194	1 738	2 213	1 703
Tertiary	1 225	1 241	1 221	1 234	1 189	1 199	1 200	1 199
Other	87	41	116	52	106	39	117	51
Total	**7 397**	**5 972**	**7 104**	**5 782**	**7 188**	**5 785**	**7 100**	**5 704**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- **Table 7** shows the level of education of workers by gender. Generally, the quality of education plays an important role to explain why employers have a limited choice to employ young new entrants in the labour market. Educational achievement assists also in occupying a top managerial occupation in the company. The less educated individuals are the less likely to be employed (mostly in elementary occupation) and more likely to be unemployed, discouraged and inactive

- Most striking is the situation for females with less than primary education completed who have lower chances of finding decent employment than those with secondary completed and tertiary education. However, a multivariate analysis conducted by Oostuizen (2005) suggests that a matric qualification no longer raises an individual's employment prospects over and above that of someone without matric [9]

- Generally, the results show that the number of employed with tertiary education is relatively stubborn between quarter four of 2009 and quarter one of 2010. This limits the competition of improving the livelihoods of most of the workers in the country.

[9] Oostuzen, M. (2005), The Post–Apartheid labour market: 1995-2004, Development Policy Research Unit, University of Cape Town

Table 8: Employed by occupation and gender ('000)

Occupations	Apr-Jun 2009		Jul-Sep 2009		Oct-Dec 2009		Jan-Mar 2010	
	Male	Female	Male	Female	Male	Female	Male	Female
Manager	697	325	691	303	694	287	694	283
Professional	358	296	377	326	352	294	362	317
Technician	727	824	691	802	681	840	671	817
Clerk	421	1 019	422	1 009	433	1 029	436	1 007
Sales and services	909	895	910	882	985	859	956	852
Skilled agriculture	67	17	57	15	60	23	69	19
Craft and related trade	1 540	239	1 374	194	1 357	211	1 373	202
Plant and machine operator	1 006	180	924	173	908	176	904	144
Elementary	1 642	1 247	1 627	1 185	1 689	1 199	1 606	1 200
Domestic	32	931	30	894	31	866	27	861
Total	**7 399**	**5 973**	**7 103**	**5 783**	**7 190**	**5 784**	**7 098**	**5 702**

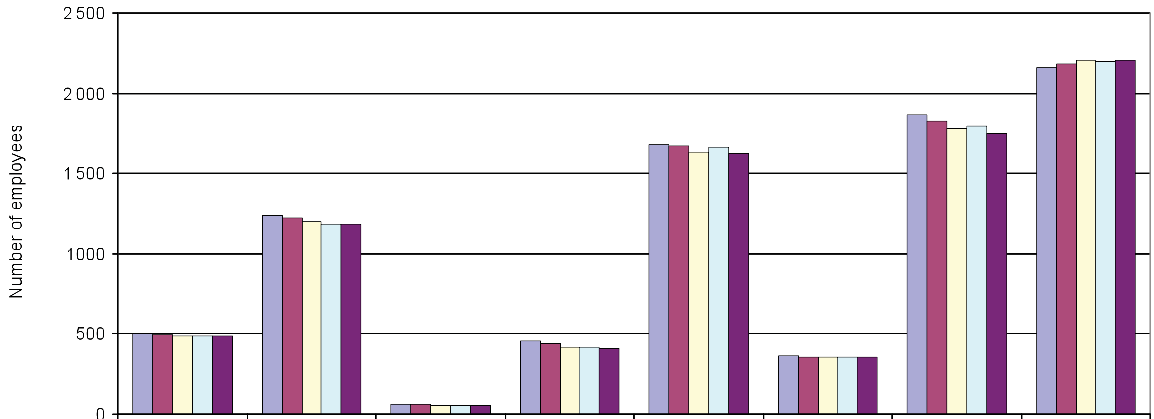
Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211

- **Table 8** shows the number of employed people by occupation and gender. Although young women are increasingly choosing typically 'male' professions, they remain over-represented in traditionally female jobs, such as clerks, technicians and domestic occupations, and under-represented in top occupational categories (managerial and professional occupations)

- In the service sector too, there is an imbalance in the representation of men and women. An instance is Information Communication Technology where, despite their rapid growth, women generally occupy positions towards the bottom of the hierarchy. And even in female dominated sectors like health, women work as nurses, but a large majority of hospital directors and department heads are male

- Overall, most of the job losses were in elementary (82 000), sales and services (36 000) and plant and machine operator (35 000) occupations.

Figure 6: Employment in the formal non-agricultural sector (‘000)



	Mining	Manufacturing	Electricity	Construction	Wholesale	Transport	Finance	Community
Mar-09	500	1 239	60	458	1 681	362	1 863	2 163
Jun-09	492	1 220	59	441	1 672	353	1 824	2 180
Sep-09	487	1 202	58	416	1 633	357	1 784	2 206
Dec-09	488	1 185	56	415	1 665	359	1 796	2 199
Mar-10	491	1 188	56	408	1 625	358	1 753	2 205

Source: Statistics South Africa, QES December 2009.

- **Figure 6** illustrates that the employment creation capacity of the formal non- agricultural sector of the South African economy was weak between quarter ended December 2009 and quarter ended March 2010. Overall, the number of people employed in the formal non-agricultural business sector decreased by 79 000 people from 8 163 000 in December 2009 to 8 084 000 in March 2010. This reflects a 1% decrease over the same period

- The contraction in the global economic activity associated with the decline in international trade volumes negatively affected the performance of the industries in South Africa. This impact is still persistent in the South African labour market.

Table 9: Hours worked by the employed and gender (‘000)

Hours of work (per week)	Apr-Jun 2009		Jul-Sep 2009		Oct-Dec 2009		Jan-Mar 2010	
	Male	Female	Male	Female	Male	Female	Male	Female
< 15 hrs	102	182	108	164	87	171	96	148
15-29 hrs	277	566	269	543	258	555	246	521
30-39 hrs	343	629	356	615	338	590	347	611
40-45 hrs	4 077	3 110	3 855	3 009	3 842	2 985	3 933	2 992
> 45 hrs	2 598	1 485	2 515	1 485	2 665	1 483	2 478	1 431
Total	**7 397**	**5 972**	**7 103**	**5 816**	**7 190**	**5 784**	**7 100**	**5 703**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- In general, employers would prefer to adjust hours worked more rapidly than the number of workers in time of booming or recession. As reported, working hours in South Africa appear not to have been adjusted downwards by any considerable margin: total hours usually worked have fallen only from an average of 43.8 hours in quarter two of 2008 to 42.8 hours in quarter three of 2009 (a decrease of 2.3% in comparison to the fall in employment of 6.1%) [10]

- **Table 9** indicates the usual hours of work as indicated for the employed for both females and males. More male workers work for more than 45 hours per week as compared to their female counterparts, while more female workers work less than 15 hours per week compared to male workers

- The results in **Table 9** further shows that the total number of working hours had been decreasing for female workers, while the number of working hours for male workers increased in quarter four of 2009.

2.4. Unemployment

There is no doubt that the financial crisis distracted employment numbers across the globe. According to the Standard Bank economist, many industrialised countries have seen strong growth in their unemployment rates, for example, the unemployment rate in Spain has recently reached 20%. Furthermore, it is globally estimated that about 51 million people will have joined the ranks of the unemployed since the start of economic crisis.

Even before the global recession, South Africa had been experiencing structural unemployment due to changes in the economy that were driven by globalisation and the rapid development of technology. In spite of the real GDP growth in quarter one of 2010 (4.6%), the unemployment rate in the South African economy is, however, unlikely to improve dramatically. It remained higher on the average of 25.2% in March 2010. Verick (2010) stressed that the impact of the global financial crisis on the labour market depend on a range of factors including not only the magnitude of the economic contraction but also the sectoral composition of the collapse in aggregate demand, the role of existing labour market institutions and the nature of the policy response. [11]

Some of these variables are clearly associated with the poor performance of the South African labour market. For example, high real wages are regarded by most economists as one explanation of why unemployment has been slow to fall in South Africa. Real wages remained relatively stable before and after the global crisis.

Unemployment as discussed in this section refers to the “official definition” of unemployment as measured by Statistics South Africa. It refers to those individuals who (a) did not work during the seven days prior to the interview, (b) want to work and are available to start work within a week of the interview, and (c) have taken active steps to look for work or to start some form of self-employment in the four weeks prior to the interview. Discouraged work-seekers are not included in this narrow definition since criteria (c) does not apply to them. However, this is interesting in the sense that the increase in the number of discouraged work-seekers is also associated with the impact of the global financial crisis.

[10] Verick, S. (2010), Unravelling the Impact of the Global Financial Crisis on the South African labour market, ILO-EMP analysis
[11] Verick (2010), Op cit, p.2

Table 10: Unemployment by province ('000)

Province	Apr-Jun 2009	Q2-Q3 change	Jul-Sep 2009	Q3-Q4 change	Oct-Dec 2009	Q4-Q1 change	Jan-Mar 2010
Eastern Cape	524	-64	460	8	468	60	528
Free State	285	19	304	-36	268	19	287
Gauteng	1 188	106	1 294	3	1 297	81	1 378
KwaZulu-Natal	586	-20	566	8	574	6	580
Limpopo	300	8	308	27	335	-20	315
Mpumalanga	324	-20	304	15	319	34	353
North West	102	7	109	-13	96	7	103
Northern Cape	325	-19	306	-16	290	-13	277
Western Cape	490	52	542	-24	518	-29	489
South Africa	**4 124**	69	**4 193**	-28	4 165	145	**4 310**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- **Table 10** presents the number of unemployed people by province. There has been a decrease in the number of unemployed in some provinces and a slight increase in others from April 2009 to March 2010. As noted earlier, this is correct because provinces do not display the same economic characteristics and potential to absorb internal and external shocks

- Overall, the number of unemployed people increased by 145 000 between quarter four of 2009 and quarter one of 2010. In March 2010, about 4.3 million people reported to be unemployed. This translates to 13% of the total working age population (15-64 years) in the country in March 2010

- It is also interesting to note that about 1 785 000 (41.4%) of the total unemployed in the country reported to be new entrants in the South African labour market in March 2010. In December 2009, it was about 40.5% of the total unemployed of 4 165 000.

Table 11: Unemployment rates by province

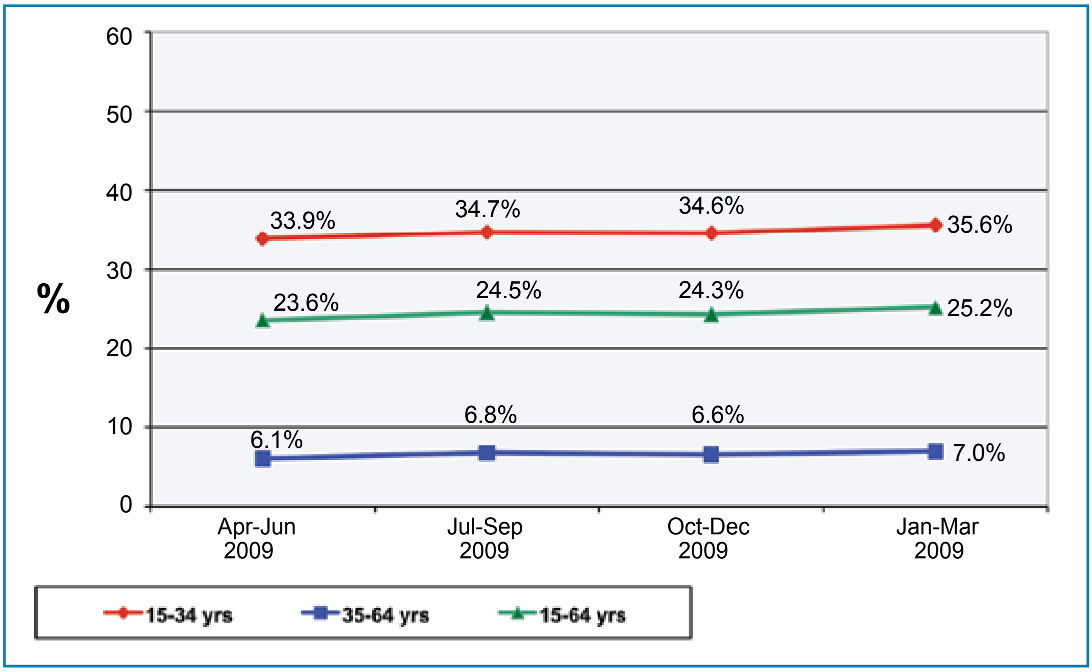
Province	Apr-Jun	Q2-Q3 change	Jul-Sep 2009	Q3-Q4 change	Oct-Dec 2009	Q4-Q1 change	Jan-Mar 2010
Eastern Cape	27.9%	-0.5%	26.8%	-1.1%	27.0%	0.2%	29.8
Free State	26.9%	1.5%	28.6%	1.7%	25.3%	-3.3%	27.2
Gauteng	23.1%	1.4%	25.8%	2.7%	25.7%	-0.1%	27.1
KwaZulu-Natal	19.3%	-3.3%	18.7%	-0.6%	19.2%	0.5%	19.3
Limpopo	24.9%	-3.2%	25.5%	0.6%	26.9%	1.4%	26.8
Mpumalanga	26.5%	1.8%	25.7%	-0.8%	26.6%	0.9%	29.3
North West	26.5%	-0.9%	29.9%	3.4%	24.9%	-5.0%	27.8
Northern Cape	27.7%	0.8%	27.9%	0.2%	27.0%	-0.9%	26.3
Western Cape	20.5%	2.1%	22.5%	2.0%	21.5%	-1.0%	20.3
South Africa	**23.6%**	**0.1%**	**24.5%**	**0.9%**	**24.3%**	**-0.2%**	**25.2**

Source: Statistics South Africa, QLFS Stats release P0211

- **Table 11** shows the unemployment rates for the various provinces and the rest of the country in the 2009/10 financial year. Unemployment rates had been increasing nationally from April 2009 to March 2010 although it decreased in the October to December 2009 quarter

- Provincially, unemployment rates had been fluctuating in all provinces from April 2009 to March 2010, with almost all provinces recording the unemployment rate higher than the national unemployment rate. On the other hand KwaZulu-Natal and Western Cape recorded the unemployment rate lower than the national unemployment rate for the same reasons as discussed above.

Figure 7: Unemployment rates by age



Source: Statistics South Africa, QLFS Stats release P0211

- **Figure 7** depicts the unemployment rates for the youth (15-34 years), adults (35-64 years) and the rest of the people in the labour force (15-65 years)

- Youth unemployment remains a serious challenge in the South African labour market as shown in **Figure 7**. The unemployment rate for people in the 15-34 age group increased by 1.7% between the April to June 2009 quarter and the January to March 2010 quarter

- On the other hand, the unemployment rate for people in the 35-64 age group did not show any significant increase as it increased by 0.9 percentage points between the April to June 2009 quarter and the January to March 2009 quarter.

As noted earlier, the high unemployment rate amongst the youth (15-34 years) can be explained because most of them cannot carry on with their formal education. They enter the labour market with low skills and limited experience because of social and financial problems. Thus, despite the country's improved economic performance in the first quarter of 2010, low skilled or inexperienced people will always face a high level of competition to enter the labour market.

Table 12: Educational level of the unemployed by gender ('000)

Level of education	Apr-Jun 2009		Jul-Sep 2009		Oct-Dec 2009		Jan-Mar 2010	
	Male	Female	Male	Female	Male	Female	Male	Female
No schooling	49	44	42	47	45	49	44	36
Less than primary completed	237	145	239	131	220	132	209	139
Primary completed	116	88	135	90	113	80	121	96
Secondary not completed	926	937	967	952	1 000	905	1006	964
Secondary completed	633	709	610	712	649	715	661	740
Tertiary	87	126	100	139	86	138	100	156
Other	12	15	19	9	19	15	24	15
Total	**2 060**	**2 064**	**2 112**	**2 080**	**2 132**	**2 034**	**2 165**	**2 146**

Source: Statistics South Africa, Quarterly Labour Force Survey, Stats release P0211 (own calculations)

- **Table 12** shows the highest level of education of the unemployed by gender. Looking at quarter one of 2010, unemployed women tend to have a higher educational attainment than unemployed men in terms of secondary education and post-matric qualifications completed. This might be due to the fact that the bulk of women's activities take place at home or in the informal sector as non-market activities

- **Table 12** also indicates that the majority of unemployed people have achieved a low level of education which might not probably be in demand in the competitive environment of the South African labour market. These skills however become usable in elementary work. The results show that in quarter one of 2010 almost three in every six unemployed had educational skills below secondary (matric) school. With the rapid increase in the labour supply, it is important to notice the seriousness of this gap against the level of economic growth in the country. That is why the number of discouraged work-seekers is continuously increasing because people are loosing hope to take active steps to look for a job. Jobs are very limited and only skilled people can compete and sustain employment in the service sector labour market environment.

2.5. Trends in labour market using Unemployment Insurance Fund statistics

Turning to administrative data as generated by the Department, unemployment levels can also be measured by looking at changes reported by the number of unemployed claimants on the Unemployed Insurance Fund (UIF) database.

Administrative data, if collected in a way that conforms with international standards could be most valuable because it gives real time information in more frequent intervals than surveys which take a long time to collect and to process, especially if the sample for the survey is quite considerable. Nevertheless, the two types of data can complement each other in informing decision makers to intervene and develop policy that will improve the economy and the labour market.

This section provides the analysis of data generated through administrative processes to shed some light in the number of people who applied for UIF benefits as a result of loosing their jobs due to an employment contract ending, business closing and other legally accepted reasons. Trends in employers registering new employees for contributing to the UIF is also presented, which could be used to indicate the level of employment created over the period under review.

2.5.1. Ordinary unemployment claims

Table 13: Ordinary unemployment claims created and approved between April 2009 to March 2010

Province	Created		Approved	
	Apr-Sept 2009	Oct-Mar 2010	Apr-Sept 2009	Oct-Mar 2010
Eastern Cape	31,619	26, 866	31,446	26, 752
Free State	15,971	13, 437	15,905	13, 389
Gauteng	93144	81, 983	92,297	81, 529
KwaZulu-Natal	62,167	53, 615	61,483	53, 105
Limpopo	20,078	19,786	18,523	18, 448
Mpumalanga	25,108	26, 609	23,475	24, 715
North West	16,996	13, 662	16,829	13, 535
Northern Cape	9,922	7,290	9,687	7, 234
Western Cape	62,353	45, 560	60,381	44, 504
Total	**337,358**	**288, 808**	**330,026**	**283, 211**

Source: UIF data, 2009/10

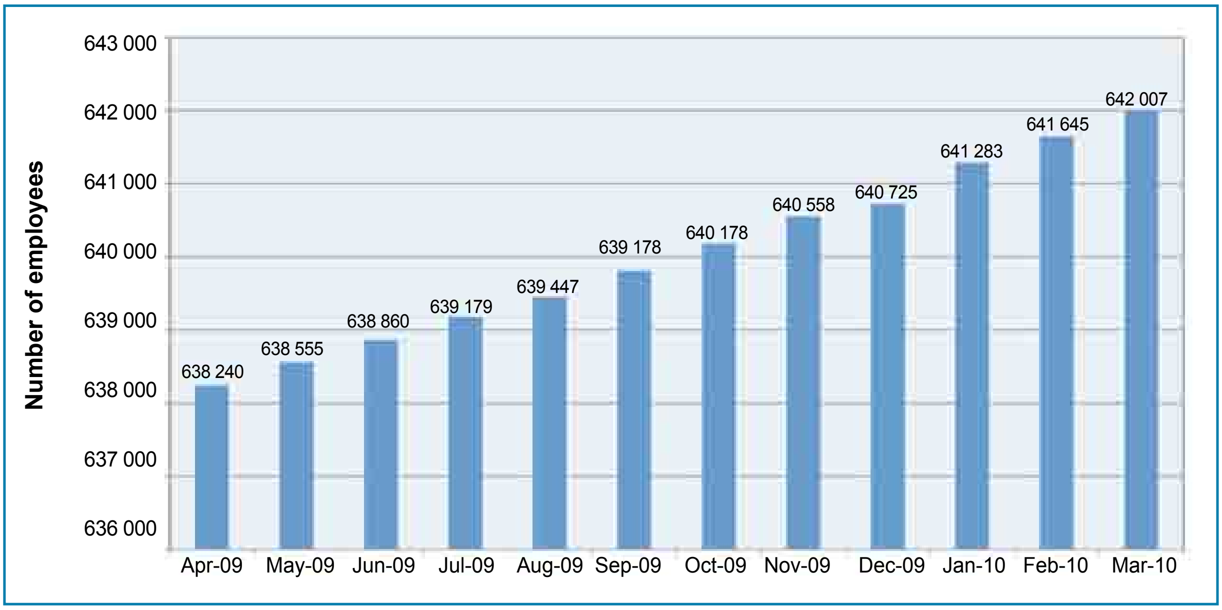
- **Table 13** shows the number of Unemployment Insurance Fund claims created as well as approved in the 2009/10 financial year. A total of 337 358 claims were created in the first semester of the financial year and 330 026 claims were approved, while 288 808 claims were created and 283 211 claims were approved in the second semester of the financial year 2009/10

- Gauteng has the highest number of claims created and approved followed by KwaZulu-Natal, the Western Cape and Eastern Cape in both the first and second semester. Northern Cape had the lowest number of claims created and approved. This trend might be due to the fact that these provinces are dominated by industries that are prone to any crises

- Comparing with the previous financial year, an increase of 25.4% has been recorded in terms of claims approved in March 2010. This implies thet more funds have been released to sustain those who have contributed to the Fund but they have lost their jobs

- The UIF paid benefits to 746 352 beneficiaries to a total amount of R5.3 billion – which is a 71% increase in unemployment benefit payments compared to the previous year. This is a clear indication of the impact of the current economic crisis and the job losses of the past year as indicated earlier.

Figure 8: Growth in the number of domestic workers



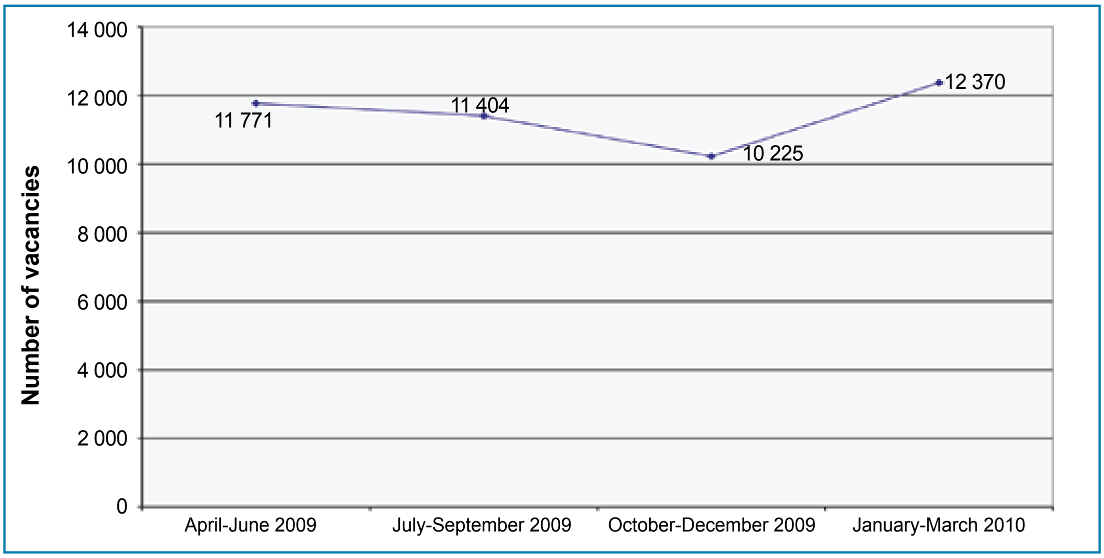
Source: UIF data, 2009/10

- **Figure 8** shows a trend in the number of active domestic workers from April 2009 to March 2010. The number of active domestic workers registered with the UIF constantly increased from 638 240 in April 2009 to 642 007 in March 2010. This industry is dominated by female workers who were excluded from social protection and faced the worst forms of exploitation in the work place. The increase in the number of registered domestic workers might be due to the fact that a large number of employers are now complying with the Unemployment Insurance Act. Also, the benefit of effective implementation of the sectoral determination for domestic workers is acknowledged here.

2.6. Job advertisements

Vacancy statistics provide important information about the demand for labour. They can give an early indication of what is happening in the labour market as the advertisement of a vacancy is one of the first tangible signs of an employer intending to recruit new employees.

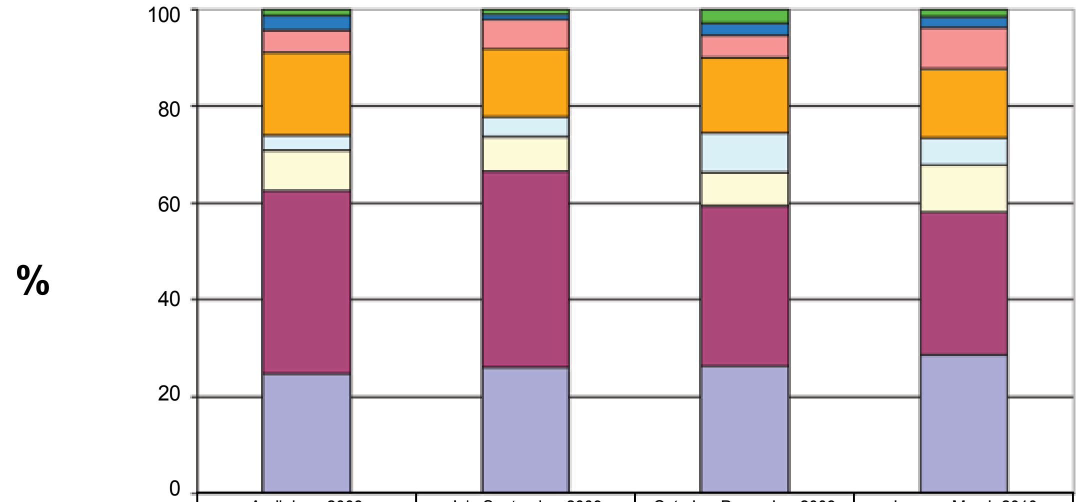
Figure 9: Trends in the number of job vacancies 2009/10



Source: Department of Labour, Job Opportunity Index, 2009/10

- **Figure 9** shows the number of job vacancies advertised as processed in the Department in the 2009/10 financial year. Overall, the Department recorded about 45 770 vacancies using the Sunday Times newspaper complemented by various provincial newspapers. Provincial vacancies distribution is provided in another annual report produced by the Department.[12]

Figure 10: Advertised vacancies by occupational category



	April-June 2009	July-September 2009	Octerber-December 2009	January-March 2010
Elementary workers	143	126	299	201
Machenery operators and drivers	354	115	261	264
Sales workers	554	687	465	1 040
Clerical and administrative workers	2 015	1 592	1 583	1 762
Community and personal sevice workers	383	467	831	703
Technical and trade workers	974	822	716	1 196
Professionals	4 465	4 625	3 385	3 668
Managers	2 903	2 970	2 685	3 536

Source: Department of Labour, Job Opportunity Index, 2009/10

- As estimated, about 62% of job vacancies recorded in the financial year 2009/10 were for professional and managerial occupational categories, as shown in Figure 10. These occupations required a minimum of three years or more experience and a skilled track record over time. Noting the current skills trends in the South African labour market, it appears that the scale of discouraged work-seekers might not be dramatically reduced in the short-run. In turn, the increase in the number of unemployed and discouraged work-seekers will limit the labour force participation rate and subsequently the capacity of the economy to grow faster.

2.7. Job-seeker registration in the Department

Many countries in the world have established and strengthened the Public Employment Services (PES) to deal with job-matching services. This is regarded as part of the Active Labour Market Policies (ALMPs) to respond to the business cycle as it affects the labour market in general.

In South Africa, job-seekers through Public Employment Services (PES) present themselves to the Department's offices for possible work opportunities, career guidance and vocational training. The Department's PES then matches the job-seekers against available opportunities based on the required characteristics. Those meeting the required criteria are presented to the prospective employers for

[12] Department of Labour, Job Opportunities and Unemployment in the South African labour market, 2010

selection and possible placement. The low level of skills among the unemployed compounded by the present economic climate makes this task almost impossible but every effort is made to place job-seekers with available job opportunities.

Table 14: Job-seekers registered and placement in formal employment by provincial offices

Provincial offices*	Job-seekers registered	%	Job opportunities registered	Job-seekers placed in formal employment	Job-seekers placed in permanent formal employment (%)
Eastern Cape	44 720	7%	8 905	1 243	14%
Free State	40 336	6%	9 712	2 929	30%
Gauteng North	65 493	10%	5 243	230	4%
Gauteng South	187 028	29%	6 160	739	12%
KwaZulu-Natal	49 245	8%	5 844	2 217	38%
Limpopo	52 215	8%	1 342	833	62%
Mpumalanga	64 518	10%	1 587	715	45%
Northern Cape	11 872	2%	1 203	295	25%
North West	25 369	4%	164	61	37%
Western Cape	95 344	15%	981	376	5%
Total	**636 140**	100%	**47 141**	9 638	20%

Source: Department of Labour, Service Delivery Branch Quarterly Monitoring Report, Quarter 4
*Note: For Department's monitoring purpose, Gauteng province is divided in two: North and South

- According to the Department's records, there were more than half a million job-seekers (636 140) registered with the Department during the current financial year 2009/10, with just more than a third of those in the Gauteng Province, as shown in **Table 14**. Another 15% job-seekers were registered in the Western Cape, 10% in Mpumalanga and 8% in KwaZulu-Natal and Limpopo Provinces respectively

- The registration of job-seekers has not been commensurate with the massive unemployment figures reported in the country (4.3 million). This indicates that those unemployed are not fully utilising the free services offered by the Department so that they can be assisted either to re-enter the labour market or receive guidance on training for specific vocations. Thus, it is recommended that this PES free service be adequately marketed to afford for the maximum utilisation thereof

- There were about 47 141 job opportunities registered with the Department (**Table 14**). Only, 20% of job-seekers managed to be placed in permanent formal employment. The biggest share of this placement occurred in the Limpopo and Mpumalanga Provinces, which are traditionally regarded as rural with few employment opportunities present. This might be attributed to the FIFA Soccer World Cup related project, which by now have reached conclusion. This is commendable in the light of the present economic climate, where companies have been struggling to survive thus forced to retrench workers in large numbers

- On the other hand, plans are afoot in the Department for companies to register all available work opportunities with the Department on the Employment Services for South Africa System for easy matching and possible placement.

Section Three: Industrial relations

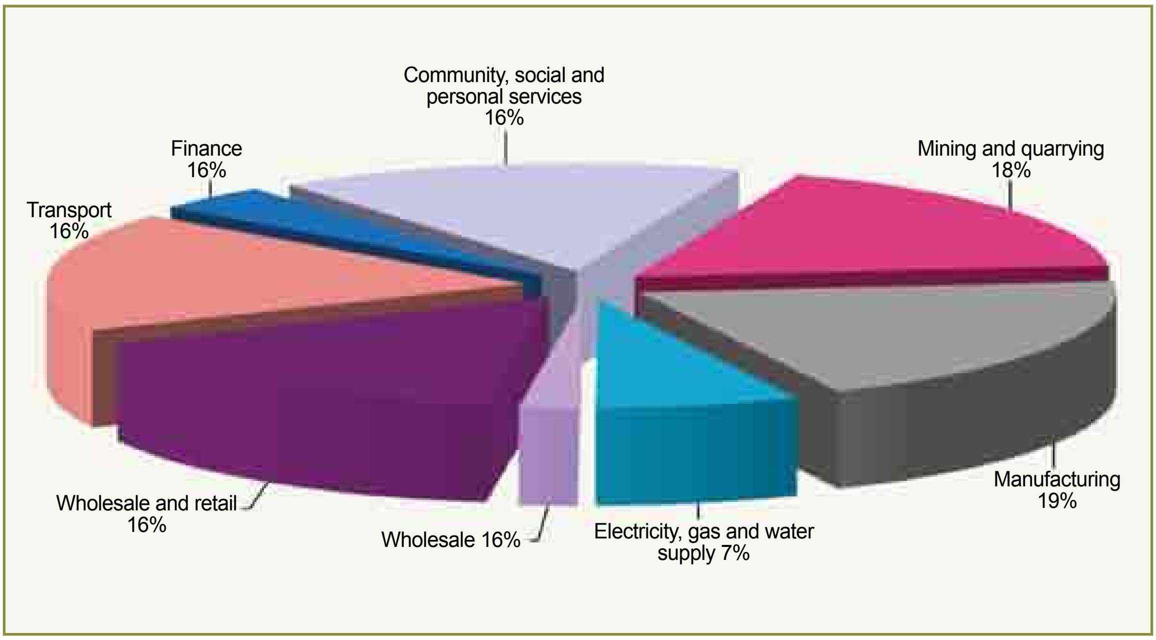
The information analysed below is captured on the strikes monitoring databases within the Department.[13] In South Africa, the employer-employee relationship is largely regulated by the Labour Relations Act, Act No. 66 of 1995. The Act spells out their rights and obligations in certain situations during the course of the employment relationship. Strikes are one such issue in the employment relationship that is regulated by the Act.

3.1. Brief analysis of industrial actions, April 2009 to March 2010

- There were 45 industrial action incidents during the period April 2009 to March 2010 compared to 59 in the preceding financial year 2008/09. These involved 171 919 employees where 1 507 877.4 workdays and 11 269 197.8 working hours were lost

- As illustrated in **Figure 11**, the manufacturing, community, social and personal services industries were mostly affected by strike incidents. One of the common reasons was wage negotiation deadlocks between employers and employees. In this regard, Banerjee et al. (2006) has observed that the role of unions seems to have mostly been preventing real wages from failing.[14]

Figure 11: Percentage distribution of strike incidents by industry



Source: Department of Labour, Strike Statistics, 2009/10

[13] The Departmet monitors as reported in the media through the completion of the LRA 9.2 form. The form is sent to the employers affected by a strike action to complete after the end of the strike action.

[14] Banerjee, A., Galiani, S., Levinsohn, J., McLaren, Z, and Woolard, I.(2007), Why has unemployment risen in the new South Africa, National Bureau of Economic Research, Paper 13167

- **Figure 11** shows strike incidents according to industries. As illustrated most of the strike incidents experienced during the period under review affected the manufacturing (19%), followed by the mining and quarrying industry as well as the transport industry with each affected by 18% of the strike incidents

- The community, social and personal services and the wholesale and retail trade industries were affected by 16% of the strike incidents each. The electricity, gas and water supply, finance and the construction industries were the least affected, whilst the agricultural industry was not affected at all over the same period

Table 15: Strikes duration and employees involved

Industries	Employees involved	Work hours lost	Work days lost
Mining	23 110	2 127 212.5	309 832.5
Manufacturing	29 807	2 443 966.1	306 536.0
Construction	41 164	2 422 206.0	269 134.0
Electricity, gas and water supply	249	758.7	98.4
Wholesale and retail trade	18 372	1 520 087.0	190 011.0
Transport	32 847	2 107 694.5	279 599.0
Finance	185	9 941.0	1 318.0
Community	26 185	637 332.0	151 348.5
Total	**171 919**	**11 269 197.8**	**1 507 877.4**

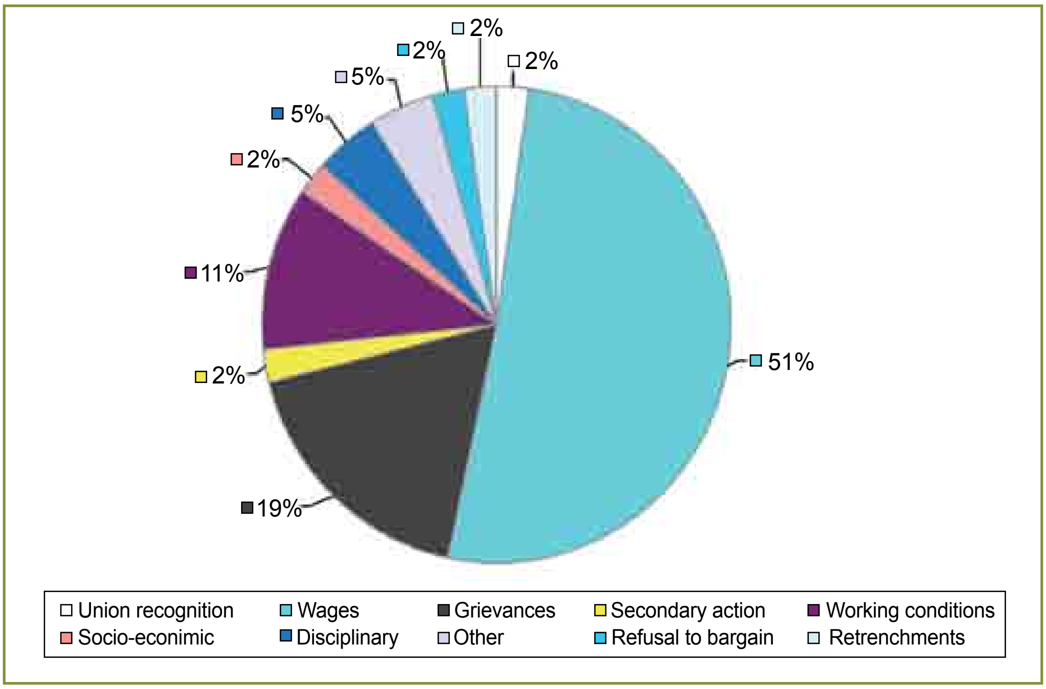
Source: Department of Labour, Strike Statistics, 2009-2010

- **Table 15** shows the duration of strikes and the number of employees involved in them by industry. The number of work days companies lost as a result of strike action increased drastically from 403 543.69 during the 2008/09 financial year to 1 507 877.4 in the current financial year 2009/10. Similarly work-hours lost also rose from 2 978 387.32 to 11 269 197.8 for the same period

- The number of employees involved in such incidents also rose sharply from 110 489 to 171 919. The highest numbers of workers participating were in the transport, storage and communications industry which was largely the postal and the telecommunications workers' strike as well as the bus services run by the local authorities

- This increase corresponds to the widespread strike activity that was experienced in the country especially during the second semester of the financial year.

Figure 12: Reasons for strikes



Source: Department of Labour, Strike Statistics, 2009/10

- **Figure 12** depicts the reasons for the strike incidents which occurred in the country in the financial year 2009/10. As shown, wages accounted for the biggest reasons for employees embarking on strikes. In the presence of the recession and during the recovery period, workers strengthened their muscles and demanded an increase in real wages. The same trend has been apparent in the manufacturing sector which has been badly hit by the downturn

- Unresolved grievances that workers had at the place of employment also accounted for 19% of the strike incidences as well as the working conditions, which were responsible for 11% of the strikes.

3.2. Developments in dispute resolution environment

The economic recession that affected most world economies during the previous year placed an enormous strain on countries, economic and labour institutions. The Commission for Conciliation, Mediation and Arbitration (CCMA)[15] was not spared with many workers retrenched as companies were struggling to survive. The CCMA's caseload increased from 140 366 in the financial year 2008/09 to 153 657 in the financial year 2009/10, which is almost a 10% increase. The CCMA's workload was further strained with the introduction of the government training lay-off scheme. The scheme was introduced to assist in the re-skilling of workers facing retrenchment as a result of the recession. To date four training lay-off agreements covering 2 100 workers have been concluded.[16]

[15] The CCMA was established in terms of the Labour Relations Act, Act No. 66 of 1995 and provides a platform for the prevention and resolution of industrial disputes (including industrial action). This is achieved by delivering high quality, low cost dispute resolution and prevention services.

[16] Labour Minister's Budget Vote Speech 2010.

Table 16: Referral of cases by region

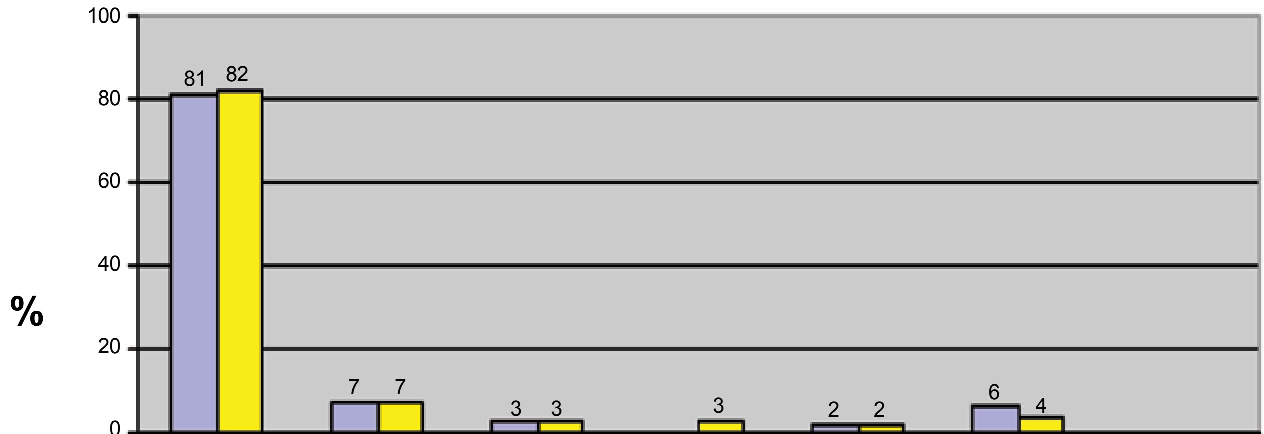
Region	Apr 2008 –Mar 2009	Apr 2009–Mar 2010		% change between 2008/09 and 2009/10
	Count	Count	%	
Eastern Cape	8 448	10 011	7%	19%
Free State	7 459	7 934	5%	6%
Gauteng North	56 337	60 150	39%	7%
Gauteng South	2 326	2 568	2%	10%
KwaZulu-Natal	21 444	22 941	15%	7%
Limpopo	7 640	8 179	5%	7%
Mpumalanga	8 642	9 965	6%	15%
Northern Cape	2 873	3 101	2%	8%
North West	7 076	7 863	5%	11%
Western Cape	18 121	20 945	14%	16%
Total	**140 366**	**153 657**	**100%**	**9%**

Source: CCMA, Review of Operations, 2009/10

- **Table 16** shows the number of cases referred to the CCMA by region. Comparing from the previous financial year 2008/09, about a 10% increase in the number of cases was recorded across the region. The highest cases number we recorded in the Eastern Cape (19%) and the lowest was in the Free State region (6%)

- It is also important to note that the UIF has also allocated a sum of R2 billion to the Independent Development Corporation to enable it to help companies in distress. As of March 2010 the Department had concluded four training layoff agreements covering 2 100 workers in the engineering, auto and mining sectors.

Figure 13: Referral of cases by issue



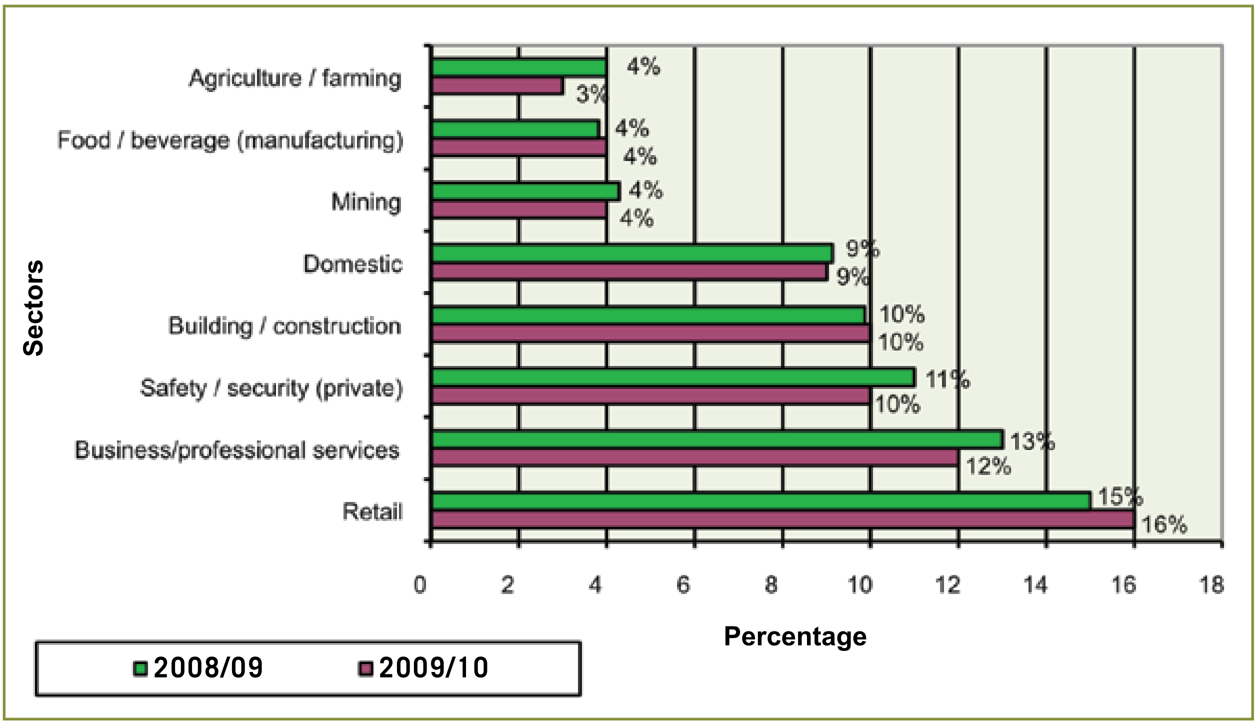
	Unfair dismissal	Unfair labour practice	Mutual interest	Collective bargaining	Severance pay	Otherv	Capacity building
2009/10	81	7	3	0	2	6	0
2008/09	82	7	3	3	2	4	

Source: CCMA, Review of Operations, 2009/10

- **Figure 13** shows cases referred to the CCMA by issue. There was a slight percentage point (1%) decrease in the cases relating to unfair dismissals although these continue to dominate the work handled by CCMA over the periods. A 2% increase was also observed with cases referred to as "other" (which are concerned with other pieces of legislation other than the Labour Relations Act)

- There was no change observed with regards to unfair labour practice, mutual interest, collective bargaining and severance pay as compared to the previous financial year 2008/9.

Figure 14: Referral of cases by economic sector



Source: CCMA, Review of Operations, 2007/08 and 2009-2010

- **Figure 14** shows the economic sectors where the cases were originated. Most of the cases referred to the CCMA were from the retail sector (15%), business/professional services (13%), and private security sectors (11%). The agriculture, mining and food/beverage sectors recorded the least percentage cases with 4% each respectively.

Table 17: Total Conciliations heard and closed by region

Region	Conciliations heard 2008/9	Conciliations heard 2009/10	% change between 2008/9 & 2009/10
Eastern Cape	5 885	7 751	32%
Free State	4 999	5 542	11%
Gauteng North	43 781	48 117	10%
Gauteng South	105	150	43%
KwaZulu-Natal	16 216	17 681	9%
Limpopo	4 494	5 009	11%
Mpumalanga	6 056	7 122	18%
Northern Cape	1 939	2 060	6%
North West	5 210	5 964	14%
Western Cape	13 074	16 626	27%
Total	**101 759**	**116 022**	**14%**

Source: CCMA, Review of Operations, 2007/08 and 2009-2010

- Conciliation involves a third party (usually a Commissioner) meeting with the parties involved in a dispute to explore ways to settle the dispute by agreement. According to **Table 17** there were a total of 116 022 conciliations conducted during the 2009/10 financial year compared to 101 759 for the 2008/09 period. This is a 14% increase between the two periods confirming the high number of caseload, which was experienced by the CCMA.

- There was an increase in the number of conciliations heard across all regions with the biggest increase observed at the Head Office in Pretoria (43%), Eastern Cape (32%) and Western Cape (27%) Provinces.

Table 18: Total arbitrations heard and closed by region

Region	Arbitrations heard	Arbitrations settled	Settlement rate
Eastern Cape	3 109	2 748	88%
Free State	2 859	2 666	93%
Gauteng North	21 105	18 742	89%
Gauteng South	29	24	83%
KwaZulu-Natal	7 803	6 958	89%
Limpopo	2 840	2 583	91%
Mpumalanga	3 184	2 982	94%
Northern Cape	686	657	96%
North West	2 517	2 397	95%
Western Cape	3 837	3 837	100%
Total	**47 969**	**43 594**	**91%**

Source: CCMA, Review of Operations, 2009-2010

- Arbitration takes place when conciliation fails, and either party requesting the CCMA to resolve the dispute by arbitration. The Commissioner then issues an arbitration award, which is legally binding on both parties after hearing both sides of the dispute. As shown in **Table 18** there was a total of 47 969 arbitrations heard and (43 594) were settled during the 2009/10 financial year resulting in an overall 91% settlement rate. The settlement rate is very high ranging from 83% at the CCMA Head Offices to 100% in the Western Cape. This level of efficiency is commendable and represents a high level of commitment among staff to settle disputes between the parties involved.

Table 19: Awards rendered by participant

Region	Awards in favour of				Other	Total awards
	Employee	%	Employer	%		
Eastern Cape	969	63%	550	36%	13	1 532
Free State	942	72%	355	27%	9	1 306
Gauteng North	6 757	54%	5 756	46%	14	12 527
Gauteng South	3	60%	1	20%	1	5
KwaZulu-Natal	2 055	69%	760	26%	149	2 964
Limpopo	872	67%	433	33%	3	1 308
Mpumalanga	801	66%	408	34%	3	1 212
Northern Cape	209	58%	148	41%	4	361
North West	729	61%	471	39%	0	1 200
Western Cape	1 146	49%	1 114	48%	80	2 340
Total	**14 483**	**59%**	**9 996**	**40%**	**276**	**24 755**

Source: CCMA Review of Operations 2009/10

- **Table 19** shows total awards rendered to parties by region. As indicated a total of 24 755 were awarded by the CCMA during the period under review. A total of 14 483 were issued in favour of the employees, which is 59% of the total issued. A decrease of 3% percentage points from the previous financial year 2008/09. The awards issued to employers were 9 996 which decreased by 2 percentage points as compared to the previous financial year 2008/09. The remaining awards of 276 were deemed to be non-jurisdictional.

Section Four: Conclusion

This edition of the Annual Labour Market Bulletin 2009/10 is produced against the transition from recession to recovery in the South African economy. As observed, the global financial crisis has mostly affected the South African trade than financial component of the economy. This led to massive lay-off of employees, in particular in the manufacturing industry. However, the recovery has been moderate where 4.6% output growth has been recorded in March 2010. This was also associated with a slight increase in the unemployment rate by 0.9% (or about 145 000 jobs lost) between quarter four of 2009 and quarter one of 2010.

Overall, it has to be remembered that the most stark reality of the South African labour market is the large pool of unemployed individuals. It stood at 25.2% in March 2010 from 24.3% in December 2009. Year after year we lament the low matric pass rate and worry about dropouts from grades 10 to 12. However, various policies and programmes have been introduced to alleviate this challenge but the results indicate that more is still to be done by the South African Government. On the other hand, the gains reported with the implementation of a sectoral determination for domestic workers need to be applauded but the South African Government need to keep an eye on issues related to the high increase in real wages in the labour market as it is becoming a concern amongst researchers and economists.

On the supply-side for labour, it appears that the introduction of Public Employment Services will bring more benefits in the medium and long-term. The Department needs to put more efforts to fully implement the service and monitor progress regarding the placement of job-seekers with low skills against opportunities reported by employers. This is strongly suggested since it is regarded as effective Active Labour Market Policies (ALMP) across the globe.

On industrial actions, wage negotiations remained a critical instrument associated with the number of strikes that occurred in the country. In most cases, unions are reluctant to settle wages below inflationary pressures but this has also an effect in the labour market. As it is reported, the average monthly earnings (in constant prices) in the formal non-agricultural sector have remained pretty stagnant over the previous years, even prior to the onset of the 2009 crisis.[17]

4.1. Policy implications

The decrease in economic growth will mean reduced revenue and obviously reduced spending in public programmes. The government will need to revise priorities in public spending amidst tight fiscal control, while also mitigating the effects of the recession on particularly the poor and the vulnerable. Retrenched workers will need re-training in new skills to enable them to re-enter the labour market. The training in new skills should involve skills that are needed in the economy to make them more marketable.

Bhorat et al (1999) stressed that it is essential that the demand for labour, through appropriate policies can absorb some of these individuals, particularly those with adequate years of schooling in the medium term into productive employment.[18]

[17] Verick (2010), Op cit, p.6

[18] Bhorat, H. and Hodge, J. (1999), Decomposing shifts in labour demand in South Africa, The South African Journal of Economics, Vol. 67:3 September, p. 380

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