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FREE STATE PROVINCE

# FREE STATE PROVINCE QUARTERLY LABOUR MARKET REVIEW (QLMR)

**2<sup>nd</sup> Quarter 2021**

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The QLMR is an online quarterly publication authored by officials within the Economic Analysis Directorate of the Free State Provincial Treasury. It provides an analysis of the Quarterly Labour Force Survey (QLFS) conducted by Statistics South Africa (StatsSA) with special focus on the Free State province.

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## Definitions of Labour Market Terms and Indicators

1. **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.
2. **Economic activities** are those that contribute to the production of goods and services in the country. There are two types of economic activities, namely: (1) Market production activities (work done for others and usually associated with pay or profit); and (2) Non-market production activities (work done for the benefit of the household, e.g. subsistence farming).
3. **Employed persons** are those aged 15–64 years who, during the reference week, did any work for at least one hour, or had a job or business but were not at work (temporarily absent).
4. Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.
5. **Informal employment** identifies persons who are in precarious employment situations irrespective of whether or not the entity for which they work is in the formal or informal sector. Persons in informal employment therefore comprise all persons in the informal sector, employees in the formal sector, and persons working in private households who are not entitled to basic benefits such as pension or medical aid contributions from their employer, and who do not have a written contract of employment.
6. **Informal sector** has two components, namely:
  - a) Employees working in establishments that employ fewer than five employees, who do not deduct income tax from their salaries/wages; and
  - b) Employers, own-account workers and persons who are helping and getting unpaid in their household business and are not registered for either income tax or value-added tax.
7. The **labour force** comprises all persons who are employed plus all persons who are unemployed.
8. Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.
9. **Long-term unemployment** refers to persons among the unemployed who were without work and trying to find a job or start a business for one year or more.
10. **Not in education and not in employment (NEET)** comprises of persons who are not in any form of education or training and not in employment.
11. **Not economically active** refers to persons aged 15–64 years who are neither employed nor unemployed in the reference week.
12. **Underemployment** (time-related) includes employed persons who were willing and available to work additional hours, whose total number of hours actually worked during the reference period were below 35 hours per week.
13. **Underutilized labour** comprises three groups that are defined as follows: persons who are underemployed, persons who are unemployed, and persons who are discouraged.
14. **Unemployed persons** are those (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.
15. **Unemployment rate** is the proportion of the labour force that is unemployed.
  - a) **Official unemployment rate** includes only the unemployed who are actively searching for work, thus excluding the discouraged.
  - b) **Expanded unemployment rate** includes the unemployed who are actively searching for work and those who are not actively searching.
16. The **working-age population** comprises all persons aged 15–64 years.

**Source: Statistics South Africa**

## Quick Hard facts

- Unemployment rate in South Africa has risen to another record high, increasing from 32.6% in 2021:Q1 to 34.4% in 2021:Q2, reaching an all-time high since the inception of the Quarterly Labour Force Survey in 2008:Q1. The combination of COVID-19 pandemic and unstable economy has had a significant effect on labor market across the country. Year on year, unemployment rate is about 11.1 percentage points higher than the previous year. The expanded unemployment rate, which includes the discouraged work seekers and those who did not search for work due to other reasons, increased from 42.0% to 44.4% over the same period.
- Employment in South Africa decreased by 53 000 (or -0.4%) in 2021:Q2, as a result of 374 000 jobs shed in the formal sector only. Other sectors across the country gained new number of jobs, with the informal sector leading with about 184 000 new jobs, agriculture with about 70 000 jobs and private households with 67 000 jobs.
- The number of employed persons decreased in four provinces between 2021:Q1 and 2021:Q2. The largest employment decreases were recorded in Eastern Cape (66 000), Northern Cape (57 000) and Western Cape (53 000). Free State province managed to created more 20 000 jobs in these difficult conditions together with North West (46 000), Mpumalanga (33 000), Gauteng (22 000) and Limpopo (9 000).
- The Free State official unemployment rate increased by 0.9 percentage points from 35.6% in 2021:Q1 to 36.5% in 2021:Q2. The rate of unemployment amongst women also increased by 4.2 percentage points, from 33.8% in 2021:Q1 to 38.0% in 2021:Q2, while unemployment rate among men decreased from 37.3% to 35.2%, which represent a 2.1 percentage point decrease.
- Total employment in the Free State expanded by 2.8% between 2021:Q1 and 2021:Q2. This expansion was due to the 19 000 jobs created in the formal sector and another 19 000 jobs created in the agricultural sector. Private households and informal sectors shed jobs during this quarter.
- Five of the ten industries in the Free State reported employment increase on quarter-to-quarter. Agriculture (19 000), transport (14 000), community and social services (5 000), construction (4 000) and mining (3 000) created jobs, while private households (-9 000), finance (-7 000), trade (-4 000) and manufacturing (-3 000) shed jobs in 2021:Q2. Jobs in the utilities remained unchanged at 5 000.
- On employment by industry and gender in the Free State, more men (401 000) were employed relative to women (322 000) across major sectors. In 2021:Q2, female employment decreased by 23 000, while male employment increased by 43 000, compared to the previous quarter. Year-on-year, the number of women in employment increased by 11 000, whereas the number of men in employment increased by 74 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 52.9% in 2021:Q2, which is 16.4 percentage points above the provincial rate (36.5%). The unemployment rate increased across age categories of 15 to 24 years, 35 to 44 years and 45 to 54 years age cohorts, while the other categories decline. The biggest increase was recorded among the 45 to 54 years age category with 4.9 percentage points.

### 1.1 Economic growth outlook in South Africa

International Monetary Fund (2021) anticipate the global economy to recover to 6.0% in 2021, its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies, amid highly unequal vaccine access and rollout. China and India are each expected to contribute over one-quarter of global growth in 2021. Vaccination progress is a key determinant of near-term forecast revisions. The recovery is envisioned to continue into 2022, with global growth moderating to 4.9%.

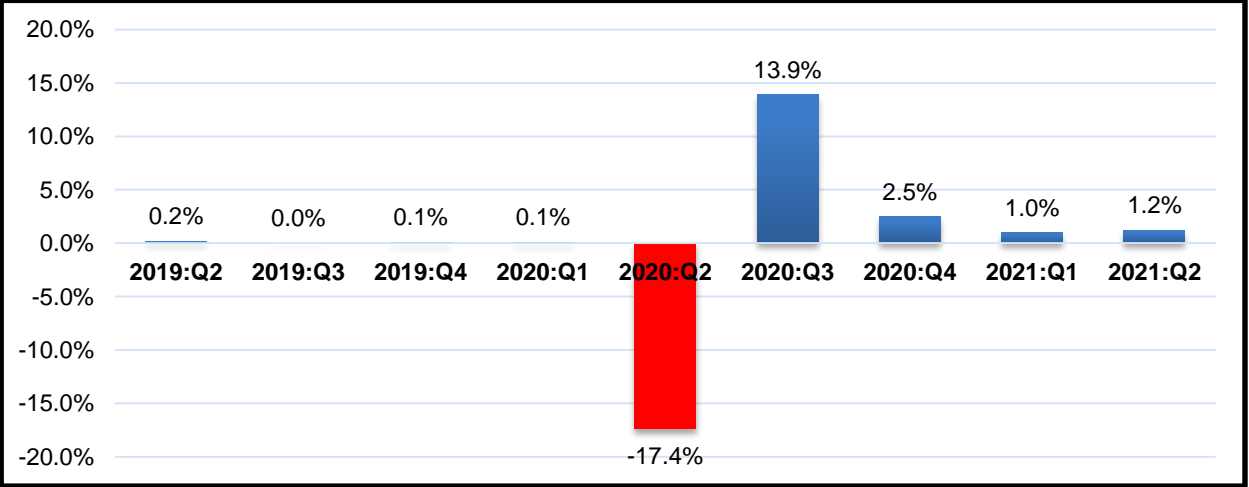
In advanced economies, the rebound in economic growth is expected to accelerate in the second half of 2021 as a broader set of economies pursue widespread vaccination and gradually reopening their economic activities, with growth forecast to reach 5.6% in 2021, its fastest pace in nearly five decades. Growth is projected to moderate to 4.4% in 2022, partly as fiscal support in the United States begins to recede due to absent additional legislation.

In many emerging market and developing economies (EMDEs), elevated COVID-19 caseloads, obstacles to vaccination, and a partial withdrawal of macroeconomic support are offsetting some of the benefits of strengthening external demand and elevated commodity prices. Growth is forecasted to reach 6.3% in 2021 and collapsed to 5.2% in 2022.

Economic growth in Sub-Saharan Africa (SSA) collapsed by an estimated 1.8% in 2020 as a result of the COVID-19 pandemic. This was the region’s first economic contraction in a generation and the deepest recession since the 1960s. Growth is expected to expand to a modest 3.4% in 2021, and 4.1% in 2022. Positive spillovers from strengthening global activity, better international control of COVID-19, and strong domestic activity in agricultural commodity exporters are expected to gradually help lift economic growth. Nonetheless, the recovery is envisioned to remain fragile, given the legacies of the pandemic (new mutations) and the slow pace of vaccinations in the region. For South Africa, National Treasury estimated real GDP to grow at 3.3% in 2021 and contract to 2.2% in 2022.

Statistics South Africa released its new and improved GDP data in July 2021, which showed that at current prices the economy has improved more in 2020 than previously estimated. The GDP’s data was revised based on new data sources and by using 2015 as its new base year. The previous base year was 2010.

Figure 1: SA Gross Domestic Product (constant 2015 prices, seasonally adjusted and annualized)



Source: Statistics South Africa, Gross Domestic Product, 2021:Q2

Real GDP increased by 1.2% in the second quarter of 2021, following an increase of 1.0% in the first quarter of 2021. The largest positive contributors to growth in GDP in the second quarter were the transport, personal services and trade industries. The transport industry increased by 6.9% and contributed 0.5 of a percentage point to GDP growth. The personal services industry increased by 2.5% and contributed 0.4 of a percentage point to GDP growth. The trade industry increased by 2.2% and contributed 0.3 of a percentage point to GDP growth. On contrary, manufacturing, finance and government services contributed negative growth of 0.1 percentage points, respectively.

## 1.2 South Africa's Labour Market Overview

A new World Bank economic analysis for South Africa finds that young entrepreneurs are one of the country's best hopes of solving the jobs crisis, which has been worsened by the COVID-19 global pandemic in an environment of weakened economic growth. It argues that if South Africa were to match the self-employment rates of its peers, it could potentially half its unemployment rates. In South Africa self-employment represents only 10% of all jobs, compared to 30% in most upper middle-income countries such as Turkey, Mexico and Brazil (World Bank, 2021).

The report suggests that an emerging start-up sector in South Africa could help close this gap, and that simultaneously implementing policies that preserve macroeconomic stability, revitalize the jobs market and improve the investment climate to build a more inclusive economy after the pandemic.

The report finds that job losses in COVID-19 times are disproportionately concentrated among low income earners, worsening already severe inequalities despite the government's decisive and pro-poor response with transfer programs that partially cushioned the negative impacts of the pandemic. Low-wage workers suffered almost four times more job losses than high-wage earners.

Table 1: South Africa labour market at a glance

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Population 15-64 yrs</b>	<b>39 021</b>	<b>39 455</b>	<b>39 599</b>	<b>144</b>	<b>578</b>	<b>0.4</b>	<b>1.5</b>
<b>Labour Force</b>	<b>18 443</b>	<b>22 237</b>	<b>22 768</b>	<b>531</b>	<b>4 325</b>	<b>2.4</b>	<b>23.5</b>
<b>Employed</b>	<b>14 148</b>	<b>14 995</b>	<b>14 942</b>	<b>-53</b>	<b>794</b>	<b>-0.4</b>	<b>5.6</b>
Formal sector (Non-agricultural)	10 064	10 574	10 200	-374	136	-3.5	1.4
Informal sector (Non-agricultural)	2 280	2 502	2 686	184	406	7.4	17.8
Agriculture	799	792	862	70	63	8.8	7.9
Private households	1 005	1 127	1 194	67	189	5.9	18.8
<b>Unemployed</b>	<b>4 295</b>	<b>7 242</b>	<b>7 826</b>	<b>584</b>	<b>3 531</b>	<b>8.1</b>	<b>82.2</b>
<b>Not economically active</b>	<b>20 578</b>	<b>17 218</b>	<b>16 832</b>	<b>-386</b>	<b>-3 746</b>	<b>-2.2</b>	<b>-18.2</b>
Discouraged work-seekers	2 471	3 131	3 317	186	846	5.9	34.2
Other(not economically active)	18 107	14 086	13 515	-571	-4 592	-4.1	-25.4
<b>Rates (%)</b>							
Unemployment rate	23.3	32.6	34.4	1.8	11.1		
Employed / population ratio (Absorption)	36.3	38.0	37.7	-0.3	1.4		
Labour force participation rate	47.3	56.4	57.5	1.1	10.2		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

On the other hand, the report from Statistics SA pronounced that, South Africa's unemployment rate increased by 1.8 percentage points from 32.6% in 2021:Q1 to 34.4% in 2021:Q2. The country continues to break the record of all time highest rate since quarterly data became available in 2008:Q1.

As shown in Table 1, the working-age population increased by 144 000 (or 0.4%) in 2021:Q1 compared to 2021:Q2. The number of employed persons decreased by 53 000 (or -0.4%), while the number of unemployed persons increased by 584 000 (or 8.1%), resulting in the increase of 531 000 (2.4%) in the number of people in the labour force during the period under review. This led to both the unemployment rate and labour force participation rate to increase by 1.8, and 1.1 percentage points, respectively, while the employment (absorption) rate decline by 0.3 percentage point.

### 1.3 Cross-Provincial Labour Market Performance

The COVID-19 pandemic crisis has exposed South Africa's biggest challenge - its job market. Even in the best of times, the labour market has been marked by high levels of unemployment and inactivity. Out of a working age population of almost 40 million people, only 15 million South Africans are employed, which includes three million jobs in the public sector.

To generate employment, South Africa would have to address three chronic labour market challenges: extremely high rates of inactivity, high rates of unemployment, and low levels of self-employment (World Bank, 2021). The report suggest that by improving the business climate, the entrepreneurship ecosystem and access to financing, as well as investing in skills, the government can encourage self-employment and support the growth of micro-and small enterprises.

#### 1.3.1. Employment Levels

Between 2021:Q1 and 2021:Q2, employment decreased in four provinces. South Africa shed a total number of about 53 000 jobs in this quarter. The highest employment declines were recorded in Eastern Cape (-66 000), Northern Cape (-57 000) and Western Cape (-53000). Whilst, North West (46 000), Mpumalanga (33 000) and Gauteng (22 000) created most jobs in the country. Free State province also managed to create additional 20 000 new jobs amid this pandemic in the second quarter of 2021.

Table 2: Employment by province

Province	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>South Africa</b>	<b>14 148</b>	<b>14 995</b>	<b>14 942</b>	<b>-53</b>	<b>794</b>	<b>-0.4</b>	<b>5.6</b>
Western Cape	2 179	2 309	2 256	-53	77	-2.3	3.5
Eastern Cape	1 169	1 301	1 235	-66	66	-5.1	5.6
Northern Cape	255	313	256	-57	1	-18.2	0.4
<b>Free State</b>	<b>638</b>	<b>703</b>	<b>723</b>	<b>20</b>	<b>85</b>	<b>2.8</b>	<b>13.3</b>
KwaZulu-Natal	2 297	2 429	2 421	-8	124	-0.3	5.4
North West	874	933	979	46	105	4.9	12.0
Gauteng	4 473	4 626	4 648	22	175	0.5	3.9
Mpumalanga	1 112	1 133	1 166	33	54	2.9	4.9
Limpopo	1 151	1 248	1 257	9	106	0.7	9.2

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

As compared to 2020:Q2, employment increased in all nine provinces to a total of 794 000 new jobs opportunities. The highest employment increases were recorded in Gauteng (175 000), KwaZulu-Natal (124 000) and Limpopo (106 000). During this period, Free State created about 85 000 jobs.

### 1.3.2. Unemployment Rate

The reality is, the number of jobs lost due to the lockdown will not bounce back as robustly as desired, as South Africa's economy is still sluggish; low business confidence is persisting; and the government's main objectives plans for 2021 to implement pro-growth structural reforms still has to take effect. The quarterly increase in the official unemployment rate were observed in all provinces. The highest increase was experienced in Northern Cape, Eastern Cape and North West, increasing by 4.7, 3.3 and 3.0 percentage points, respectively. The unemployment rate in the Free State has increased by a minute 0.9 percentage point, (from 35.6% to 36.5%).

In comparison to the same period last year, the national official unemployment rate increased by 11.1 percentage point. During this period, the official unemployment rate rose again in all provinces. Official unemployment rate of Mpumalanga increased the most over this period, by 21.9 percentage points, followed by KwaZulu-Natal and North West with 13.6 percentage points, respectively. Free State recorded an increase of 11.2 percentage points. Eastern Cape recorded the highest unemployment rate in the country (47.1%), followed by Free State (36.5%) and Gauteng (35.4%).

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
<b>South Africa</b>	<b>23.3</b>	<b>32.6</b>	<b>34.4</b>	<b>1.8</b>	<b>11.1</b>	<b>42.0</b>	<b>43.2</b>	<b>44.4</b>	<b>1.2</b>	<b>2.4</b>
Western Cape	16.6	23.7	25.8	2.1	9.2	27.3	27.9	29.1	1.2	1.8
Eastern Cape	39.6	43.8	47.1	3.3	7.5	52.8	49.6	53.0	3.4	0.2
Northern Cape	25.1	23.4	28.1	4.7	3.0	45.1	42.2	50.3	8.1	5.2
<b>Free State</b>	<b>25.3</b>	<b>35.6</b>	<b>36.5</b>	<b>0.9</b>	<b>11.2</b>	<b>41.2</b>	<b>43.4</b>	<b>45.2</b>	<b>1.8</b>	<b>4.0</b>
KwaZulu-Natal	18.9	30.5	32.5	2.0	13.6	46.2	46.4	47.1	0.7	0.9
North West	21.6	32.2	35.2	3.0	13.6	46.3	47.2	46.9	-0.3	0.6
Gauteng	26.4	34.4	35.4	1.0	9.0	38.7	41.6	42.7	1.1	4.0
Mpumalanga	13.3	33.5	35.2	1.7	21.9	45.4	47.6	46.5	-1.1	1.1
Limpopo	21.9	29.4	30.4	1.0	8.5	46.5	49.5	49.9	0.4	3.4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

The national expanded unemployment rate increased by 1.2 percentage point from 43.2% to 44.4% between 2021:Q1 and 2021:Q2. During the same period, the expanded unemployment rate increased in seven provinces, except for Mpumalanga and North West provinces. The largest increase of 8.1 percentage points was recorded in Northern Cape, followed by Eastern Cape (3.4 percentage points) and Free State (1.8 percentage points). On a year-on-year basis, the expanded unemployment rate surged nationally by 2.4 percentage points, due to the persistent rise in unemployment rates recorded in all provinces.

## 1.4 Decomposition of the Free State Labour Market

Free State has managed to create employment despite the COVID-19 pandemic aftermaths of disrupted widespread shock to labour market. State imposed lockdowns have had a little impact in the province, as it created or regained 20 000 jobs in the second quarter of 2021.

The Free State labour force is currently at 1.1 million, representing an increase of 47 000 people between 2021:Q1 and 2021:Q2. Within the labour force, the number of the unemployed increased by 27 000 people (from 388 000 to 415 000), whilst the number of the employed increased by 20 000 (from 703 000 to 723 000) in 2021:Q2. This translates into an official unemployment rate of 36.5%, 37.7% employment rate (absorption rate) and 59.3% labour force participation rate for the Free State.

As illustrated in Table 4, the inactive population in Free State decreased by 5.4% in 2021:Q2, which translates to 45 000 less inactive population in the province.

Table 4: Free State labour force characteristics

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Population 15-64 yrs</b>	<b>1 913</b>	<b>1 918</b>	<b>1 920</b>	<b>2</b>	<b>7</b>	<b>0.1</b>	<b>0.4</b>
<b>Labour Force</b>	<b>853</b>	<b>1 091</b>	<b>1 138</b>	<b>47</b>	<b>285</b>	<b>4.3</b>	<b>33.4</b>
<b>Employed</b>	<b>638</b>	<b>703</b>	<b>723</b>	<b>20</b>	<b>85</b>	<b>2.8</b>	<b>13.3</b>
Formal sector (Non-agricultural)	411	438	457	19	46	4.3	11.2
Informal sector (Non-agricultural)	105	116	108	-8	3	-6.9	2.9
Agriculture	57	55	74	19	17	34.5	29.8
Private households	65	93	84	-9	19	-9.7	29.2
<b>Unemployed</b>	<b>215</b>	<b>388</b>	<b>415</b>	<b>27</b>	<b>200</b>	<b>7.0</b>	<b>93.0</b>
<b>Not economically active</b>	<b>1 060</b>	<b>827</b>	<b>782</b>	<b>-45</b>	<b>-278</b>	<b>-5.4</b>	<b>-26.2</b>
Discouraged work-seekers	90	104	145	41	55	39.4	61.1
Other(not economically active)	970	723	636	-87	-334	-12.0	-34.4
<b>Rates (%)</b>							
Unemployment rate	25.3	35.6	36.5	0.9	11.2		
Employed / population ratio (Absorption)	33.3	36.6	37.7	1.1	4.4		
Labour force participation rate	44.6	56.9	59.3	2.4	14.7		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

As compared to 2020:Q2, the provincial labour force in 2021:Q2 increased by about 285 000 economically active population. At the same time, the province's employment level increased by 85 000 (or 13.3%), while the number of the unemployed also increased by 200 000 workers (or 93.0%).

### 1.4.1. Employment in the Free State Province

Free State Province had about 723 000 people employed in 2021:Q2, of which 63.2% (457 000) of the jobs were in the formal sector, 14.9% (108 000) were in the informal sector, 11.6% (84 000) were in the private households and 10.2% (74 000) in the agricultural sector. In the period under review,

jobs were created in the formal sector and the agricultural sector, while the informal sector and private households shed jobs. On year-on-year basis, roughly 85 000 jobs were gained in the Free State, across all sectors. The biggest contributor to job gains were the formal sector (46 000), followed by private households with 19 000 more jobs.

Meanwhile, the biggest employer in the province in the second quarter of 2021 was the community and social services with about 195 000 jobs, followed by trade industry (155 000) as well as private households (84 000). The utilities (water, gas and electricity) industry remained the smallest employer with about 5 000 people in the province, followed by mining with 18 000 and construction with 34 000 workers.

Based on a quarter to quarter analysis, the largest gains in employment were recorded in agriculture (19 000), transport (14 000) as well as community and social services (5 000). Conversely, private households shed about 9 000 jobs, followed by finance (-7 000) and trade (-4 000). Looking at year-on-year, the highest employment gains were recorded in trade with 20 000 more workers, community and social services (20 000) and private households with 19 000. Only four industries (manufacturing, finance, construction and utilities) had shed jobs.

Table 5: Free State employment by industry/sector

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Industry</b>	<b>638</b>	<b>703</b>	<b>723</b>	<b>20</b>	<b>85</b>	<b>2.9</b>	<b>13.4</b>
Agriculture	57	55	74	19	17	34.0	29.4
Mining	18	16	18	3	1	16.8	3.8
Manufacturing	54	48	45	-3	-10	-6.6	-17.7
Utilities	8	5	5	0	-3	-4.4	-37.1
Construction	40	30	34	4	-5	14.2	-13.6
Trade	115	159	155	-4	40	-2.6	34.7
Transport	33	35	49	14	15	41.2	46.3
Finance	73	72	65	-7	-8	-10.2	-11.3
Community and social services	175	190	195	5	20	2.4	11.4
Private households	65	93	84	-9	19	-9.8	28.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

Figure 2 presents employment by gender and occupation in 2021:Q2. Women are dominant in four occupations (professional, technical, clerical, and domestic), while men lead in six occupations, namely; management, skilled agriculture, sales & services, craft & related trade, plant & machine operator and elementary in the province.

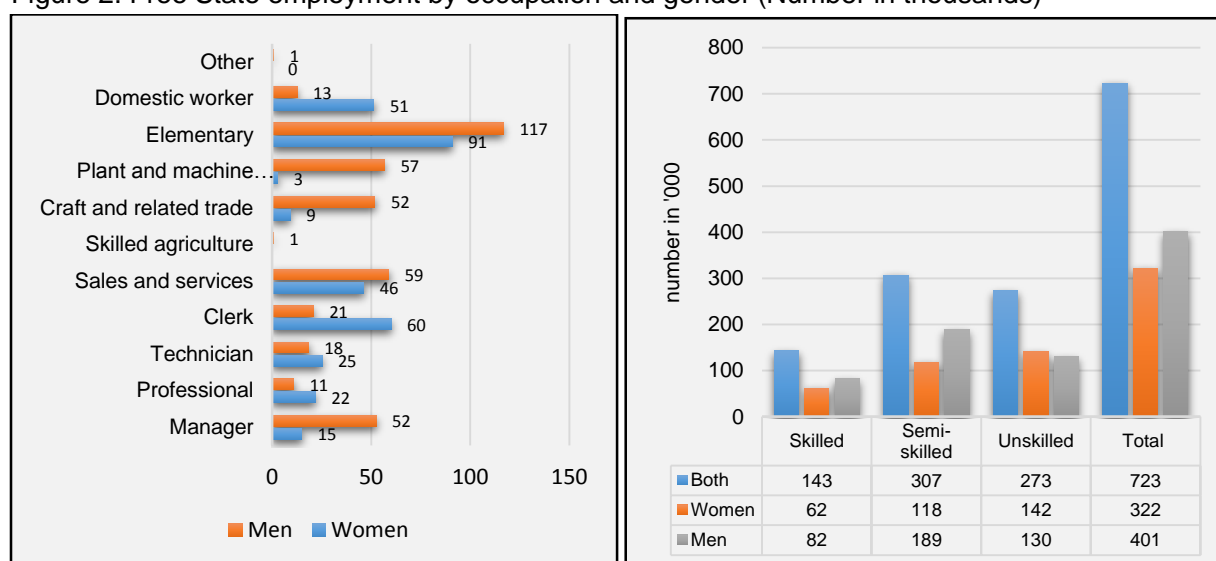
According to Statistics South Africa, manager, professional and technician are considered skilled; clerk, sales and services, skilled agriculture, craft and related trade, and plant and machine operator are considered semi-skilled; while elementary and domestic worker considered low skilled.

Women accounted for 44.6% of total employment, while men accounted for 55.4% in the second quarter of 2021. Free State is dominated by semi-skilled workers who accounted 42.5% of total workers, followed by low skilled workers (37.8%) and skilled workers (19.8%).

Despite education status, women remain more likely to be employed in low skilled occupations. This difference is driven by the large proportion of women working as domestic workers. In other words, the women with high educational levels can take on the jobs requiring lower educational levels. During 2021:Q2, there were 62 000 women employed as skilled workers (43.4%), 118 000 women employed as semi-skilled workers (38.4%) and 142 000 women employed as low skilled workers (52.0%). Notably, less women are employed in the province than men.

In 2021:Q2, the employment of women decreased by 23 000, while employment of men increased by about 43 000 people in comparison to 2021:Q1. Currently, employment amongst women stands at 322 000, whereas employment amongst men is at 401 000. The provincial unemployment rate of women had increased by 4.2 percentage points, while the unemployment rate of men has declined by 2.1 percentage points.

Figure 2: Free State employment by occupation and gender (Number in thousands)



Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

The current provincial labour force participation rate for women is about 51.8%, whereas the same indicator for men is 67.5%. This shows that more women were not economically active and also discouraged to look for employment than men.

#### 1.4.2. Unemployment in the Free State Province

Table 6 presents the characteristics of the unemployed in the Free State province. The number of the unemployed in Free State increased on a quarter-to-quarter basis by 27 000 (or 6.9%), which was mainly driven by job losers. Year-on-year, job losers and new entrants drove unemployment to increase by 200 000 (92.6%) due to the COVID-19 pandemic.

Table 6: Free State characteristics of the unemployed

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Unemployed</b>	<b>215</b>	<b>388</b>	<b>415</b>	<b>27</b>	<b>200</b>	<b>6.9</b>	<b>92.6</b>
Job losers	60	136	163	28	104	20.3	174.1
Job leavers	14	23	14	-9	0	-39.8	1.2
New entrants	102	162	166	4	64	2.6	63.3
Re-entrants	16	9	7	-2	-9	-20.3	-55.7
Other	24	58	64	6	40	10.3	167.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

Table 7 depicts the *unemployment rate by age group* in the Free State. Out of the 415 000 unemployed people in the province, 254 000 are under the age of 35 years, which is equivalent to 61.2% of the unemployed population. To curb this dilemma, youth should take advantage of technology and be creative and innovative in creating employment for themselves as some of them have access to smart phones and laptops.

While the overall unemployment rate in the province is 33.4%, the rate among the youth, 15-24 years remain the highest at about 62.4%. This is followed by 45.2% of population in the 25 to 34 years age category who are unemployed. Adolescence (10-19 years) is a critical period of transition and development, including for socio-emotional or economic skills occurring during that time can have long-lasting consequences. Many types of market or government failures could potentially constrain these transitions. Examples include labour market rigidities that lengthen the school-to-work transition, inadequate information on the risks of certain choices, and lack of access to finance for pursuing higher education or starting a business.

Compared to the previous quarter, official unemployment rate increased by 0.9 percentage points in the Free State province. Unemployment increased among adults of 35 to 44 years and 45 to 54 years age cohorts and among youth of 15 to 24 years. The largest increase was observed in the age cohort 45 to 54 years, which recorded 4.9 percentage points in 2021:Q2. Year-on-year, the rate increased by 11.2 percentage point across all age categories.

Table 7: Free State official unemployment rate by age group

Age categories	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
<b>15-64 years</b>	<b>25.3</b>	<b>35.6</b>	<b>36.5</b>	<b>0.9</b>	<b>11.2</b>
15-24 years	60.5	65.5	67.3	1.8	6.8
25-34 years	28.4	51.0	48.8	-2.2	20.4
35-44 years	24.2	28.7	30.3	1.6	6.1
45-54 years	14.6	18.5	23.4	4.9	8.8
55-64 years	9.7	9.3	7.0	-2.3	-2.7

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

Education has a substantial impact on employment prospects. Out of 415 000 unemployed population in 2021:Q2, about 1 000 had *no schooling*, 13 000 had *less than primary completed*, 8 000 had *primary completed*, and 205 000 had *secondary not completed*. Those with post-secondary (*tertiary education*) amounted to 40 000 in 2021:Q2. It will be great for the employer to provide educational opportunities to employees as part of a company's benefit package, to increase knowledge and technical skills of the employees. The main reason in this is that continued education makes the employee to be updated on latest programmes, feel appreciated, valued, and increases overall happiness in the workplace. Human capital may directly increase productivity making individuals with greater human capital more valuable. An employer, therefore, would rather hire someone with more, than less, education. About 54.7% of the unemployed in the province have pre-secondary education, while about 45.3% have post-secondary education.

Table 8: Highest level of education of the unemployed

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
<b>Highest level of education of the unemployed</b>	<b>215</b>	<b>388</b>	<b>415</b>	<b>27</b>	<b>200</b>	<b>6.9</b>	<b>92.6</b>
No schooling	1	1	1	0	0	48.3	-4.1
Less than primary completed	11	16	13	-3	2	-20.2	20.2
Primary completed	10	12	8	-3	-2	-29.4	-19.8
Secondary not completed	103	188	205	17	102	9.1	99.1
Secondary completed	72	136	148	12	76	9.1	105.9
Tertiary	17	36	40	3	22	8.8	130.4
Other	1	0	0	0	-1	0.0	0.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

Higher levels of education increase the chance an unemployed person will emerge with a comparable wage and reduce the time required to find new employment. The amount and type of schooling may signal a future employee's capacity to learn and can be used to predict how quickly an individual will acquire skills on the job, how productive the individual will be after training, the individual's work ethic and his or her commitment to the job.

#### 1.4.3. Not in Education and not in Employment (NEET)

The coronavirus outbreak is causing major disruptions for everyone around the world. While many have managed to turn to online learning and working from home, those not in education and in employment or training (NEETs) are even more excluded from support schemes. It is more important than ever to provide them with the skills they need to be an active part of society.

There were approximately 443 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2021:Q2, with 161 000 aged 15 to 24 years and 283 000 aged 25 to 34 years. In comparison to 2021:Q2, the number of people "*not in employment or education and training*" (NEET) in the Free State decreased by 5 000 (from 862 000 to 857 000) in 2021:Q2. The 857 000 of the NEET cohort constituted 44.6% of the province's working age population, of which 57.4% of them were female, 94.4% were African and 51.8% were between the ages of 15 and 34 years.

Table 9: Free State profile of economically active group not in education and not in employment (NEET)

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Both sexes</b>	<b>931</b>	<b>862</b>	<b>857</b>	<b>-5</b>	<b>-75</b>	<b>-0.6</b>	<b>-8.0</b>
Women	508	489	492	3	-16	0.5	-3.2
Men	423	372	365	-7	-59	-2.0	-13.8
<b>Age group</b>	<b>931</b>	<b>862</b>	<b>857</b>	<b>-5</b>	<b>-75</b>	<b>-0.6</b>	<b>-8.0</b>
15-24 years	173	148	161	13	-12	8.5	-6.8
25-34 years	277	302	283	-20	6	-6.6	2.1
35-44 years	214	167	191	24	-23	14.4	-10.9
45-54 years	129	115	116	1	-13	1.0	-10.3
55-64 years	138	129	106	-23	-32	-17.7	-23.4
<b>Population groups</b>	<b>931</b>	<b>862</b>	<b>857</b>	<b>-5</b>	<b>-75</b>	<b>-0.6</b>	<b>-8.0</b>
Black/African	861	809	808	0	-53	0.0	-6.1
Coloured	37	30	26	-3	-11	-10.7	-28.8
Indian/Asian	0	0	4	4	4	0.0	0.0
White	33	23	17	-6	-16	-24.5	-47.3

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

#### 1.4.4. Not Economically Active (NEA) in the Free State Province

Approximately 40.7% of the working age population in the province were economically inactive in 2021:Q2. *Students*, those who were *ill or disabled* and the *discouraged work seekers* made up the top three reasons for economic inactivity in the province. In 2021:Q2, *students* accounted for 43.7% of the inactive population, while the *discouraged work seekers* accounted for 18.6% and those who were *ill or disabled* accounted for 11.5%.

Table 10: Free State characteristics of the not economically active (NEA) population

	Apr-Jun 2020	Jan-Mar 2021	Apr-Jun 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Not economically active</b>	<b>1 060</b>	<b>827</b>	<b>782</b>	<b>-45</b>	<b>-278</b>	<b>-5.5</b>	<b>-26.3</b>
Student	344	362	342	-20	-2	-5.6	-0.6
Home-maker	68	82	77	-5	9	-6.7	12.9
Illness/disability	70	106	90	-16	21	-14.7	29.5
Too old/young to work	85	79	77	-2	-9	-2.5	-10.1
Discouraged work seekers	90	104	145	41	55	39.3	60.8
Other	403	94	51	-43	-352	-46.1	-87.4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2

The NEA population of the province decreased by 278 000 (-26.3%) between 2020:Q2 and 2021:Q2, due to the decrease in high number of “other” and those who were *ill or disabled*.

## 1.5 Concluding Remarks

The COVID-19 pandemic has impacted labour market and economic sectors disparately replace disparately with another word as its meaning is confusing. South Africa has lost the largest number of jobs since March 2020. The recovery is envisioned to remain fragile, however, expected to grow moderately in the coming years.

Quarter to quarter analysis shows that a large number of persons moved from the “*not economically active*” category to “*economically active*” category. About 584 000 more people were unemployed and about 53 000 less employees were employed in South Africa.

Across the nine provinces, Western Cape recorded the lowest unemployment rate of about 25.8%, followed by Northern Cape at 28.1% and Limpopo at 30.4%. The Eastern Cape had the highest provincial unemployment rate at 47.1% in 2021:Q2, followed by Free State at 36.5% and Gauteng at 35.4%.

Free State province was the province that observed the smallest increased in official unemployment rate by 0.9 percentage points. The number of the unemployed increased by 27 000 (from 388 000 to 415 000) and the number of the employed in Free State increased by 20 000 (from 703 000 to 723 000) in 2021:Q2. This led to the labour force to increase by 47 000 economically active population. Most jobs were created mostly in the agriculture (19 000), transport (14 000) and community and social services (5 000).

## 1.6 Policy imperatives

South Africa should consider policies that target labour market outcomes and that can make a difference in the pace of employment recovery. It should offer interventions that would support for poorer workers with reforms to increase the size of the labour market:

- Strengthening labour market linkages
- Relaxing constraints to entrepreneurship and self-employment
- Improving the effectiveness of active labour market programs through broader public-private partnerships and system enhancements.

## References

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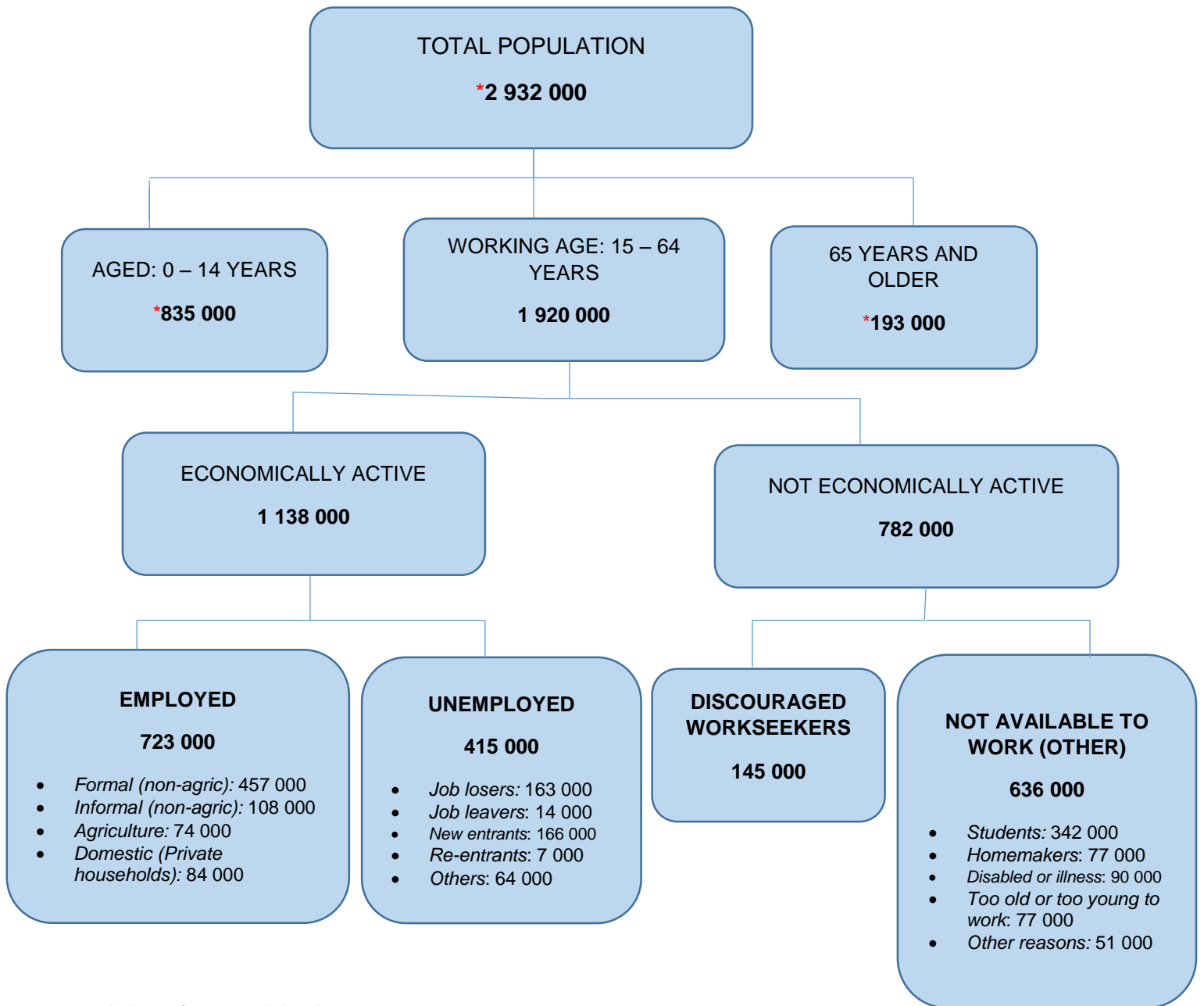
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## APPENDIX

**Diagram 1: Summary of the Free State's labour market - 2021:Q2**



Labour force participation rate = 59.3%

Absorption rate = 37.7%

Official unemployment rate = 36.5%

Expanded unemployment rate = 45.2%

*Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q2*

*Note: (\*) Mid-year population estimates, July 2021 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*