

FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

FOURTH QUARTER
2023

TABLE OF CONTENTS

1.1 Economic growth outlook in South Africa	5
1.2 South Africa’s Labour Market Overview	6
1.3 Cross-Provincial Labour Market Performance	7
1.3.1. <i>Employment Levels</i>	7
1.3.2. <i>Unemployment Rate</i>	8
1.4 Decomposition of the Free State Labour Market	9
1.4.1. <i>Employment in the Free State Province</i>	10
1.4.2. <i>Unemployment in the Free State Province</i>	12
1.4.3. <i>Not in Education, Employment or Training (NEET)</i>	13
1.4.4. <i>Not Economically Active (NEA) in the Free State Province</i>	14
1.5 Concluding Remarks and Policy Recommendation.	14

LIST OF TABLES

Table 1: South Africa's labour market at a glance	6
Table 2: Employment by province	7
Table 3: Unemployment rates by province	8
Table 4: Free State labour force characteristics	9
Table 5: Free State employment by industry	10
Table 6: Free State characteristics of the unemployed	12
Table 7: Free State official unemployment rate by age group	12
Table 8: Free State highest level of education of the unemployed	13
Table 9: Free State profile of economically active group not in education and not in employment (NEET)	14
Table 10: Free State characteristics of the not economically active (NEA) population	14

LIST OF FIGURES

Figure 1: Free State employment by occupation and gender	11
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APPENDIX

Diagram 1: Summary of Free State’s Labour Market – 2023:Q4	17
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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 the entity for which they work is in the formal or informal sector. Persons in informal employment, 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 unemployed persons.
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 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 worked during the reference period was below 35 hours per week.
13. **Underutilized labour** comprises three groups that are defined as follows: under-employed, 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 where 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

- South Africa's unemployment rate increased from 31.9% to 32.1% in 2023:Q4, up by 0.2 of a percentage point, as the number of unemployed persons increased by 46 000 to 7.9 million. Many people moved from the "employed" category to the "unemployed" category between the recent two quarters. Employment fell by 22 000 to 16.7 million, after rising by eight straight quarters, while the labor force rose by 25 000 to 24.6 million. Year-on-year, national unemployment rate was about 0.6 of a percentage point lower than the previous year.
- At the national level (i.e., South Africa), informal and private households' sectors created jobs 123 000 and 18 000 respectively in the fourth quarter of 2023 compared to the previous quarter. Jobs were shed in the formal sector (128 000) and agricultural sector (36 000).
- The number of employed persons decreased in most provinces, between 2023:Q3 and 2023:Q4, with the largest employment declines recorded in Eastern Cape (111 000), followed by Limpopo (41 000) and North West (30 000). The largest employment growth was recorded in KwaZulu-Natal (62 000), Mpumalanga (48 000) and Western Cape (23 000). Free State province created about 15 000 jobs.
- The Free State's official unemployment rate decreased by 1.5 percentage points from 38.5% in 2023:Q3 to 37% in 2023:Q4. The rate of unemployment amongst women dropped by 1.3 percentage points (from 43.1% to 41.8%), while the unemployment rate among men fell by 1.6 percentage points (from 34.8% to 33.2%) over the same period.
- Total employment in the Free State increased by 2.0% between 2023:Q3 and 2023:Q4. All sectors created jobs, except for informal sector. The formal, agricultural and private household sectors created about 17 000, 9 000 and 2 000 jobs, respectively. However, the informal shed about 13 000 jobs.
- Eight of the ten industries in the Free State province recorded employment growth, on a quarter-to-quarter basis. In this case, finance (12 000), agriculture (9 000) and community and social services (8 000) created the most jobs in the province, however, trade was the only industry that shed jobs (24 000) in 2023:Q4, jobs in the manufacturing industry remained stable.
- In terms of employment by gender and industry in the Free State, more men (439 000) were employed relative to women (302 000). In 2023:Q4, female employment decreased by 2 000, while male employment increased by 17 000, compared to the previous quarter. Based on a year-on-year analysis, the number of women in employment decreased by 30 000, whereas the number of employed men decreased by about 22 000.
- The youth aged 15 to 34 years continued to be the most vulnerable group with a high level of unemployment in the provincial labour market given an official unemployment rate of 53.0% in 2023:Q4, which is 16 percentage points above the provincial rate (37.0%).

1.1 Economic growth outlook in South Africa

The global economy is resiliently recovering from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living. Global inflation is falling faster than expected from its 2022 peak, with a smaller than expected toll on employment and activity, reflecting favourable supply-side developments and tightening by central banks, which has kept inflation expectations anchored (IMF, 2024). However, despite this positive sentiment, it appears as though many countries around the world are being confronted with a worsening set of societal challenges at the start of 2024. Global growth is estimated at 3.1% in 2023, and projected to remain at 3.1% in 2024 before rising modestly to 3.2% in 2025.

For Advanced Economies, growth is projected to decline slightly from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025. An upward revision of 0.1 of a percentage point for 2024 reflects stronger-than-expected US growth, partly offset by weaker-than-expected growth in the euro area. In the US, the lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets are slowing aggregate demand. Whereas, in the Euro area, stronger household consumption as the effects of the shock to energy prices subside and inflation falls, supporting real income growth, is expected to drive the recovery.

Similarly, in the Emerging Market and Developing Economies, growth is expected to remain at 4.1% in 2024 and to rise slightly to 4.2% in 2025. The forecast is attributable to Russia's economy. Growth in Russia is projected to improve, reflecting carryover from stronger-than-expected growth in 2023 on account of high military spending and private consumption, supported by wage growth in a tight labour market. The attribution is also based on temporarily lower oil production in 2024, including unilateral cuts and cuts in line with an agreement through OPEC+ (the Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters), whereas non-oil growth is expected to remain robust (IMF, 2024).

On the other hand, growth outlook in the Sub-Saharan Africa (SSA) region is expected to rise from an estimated 3.3% in 2023 to 3.8% in 2024 and 4.1% in 2025, as the negative effects of earlier weather shocks subside and supply issues gradually improve. The downward revision for 2024 of 0.2 of a percentage point from October 2023 mainly reflects a weaker projection for South Africa on account of increasing logistical constraints, including those in the transportation sector, hampering economic activity.

According to the IMF (2024), growth in South Africa is expected to surge to about 1.0% in 2024 (from 0.6% in 2023), followed by a slight increase to 1.3% in 2025. Growth in South Africa weakened further in 2023 (from 1.9% in 2022), reflecting the effects of structural constraints, especially on the energy crisis and transport bottlenecks, and weaker demand in a context of weak job creation, high prices and monetary policy tightening. Power outages hit record highs in 2023, holding back manufacturing and mining production. On the other hand, headline inflation has receded from its peak, and averaged to 6.0% in 2023, 0.9 of a percentage point lower as compared to the 2022 average of 6.9%.

According to Statistics South Africa, real GDP decreased by 0.2% in 2023:Q3, following an increase of 0.5% in 2023:Q2 during which five industries had negative growth. The agriculture industry decreased by 9.6% and contributed -0.3 of a percentage point to the negative GDP growth. This was primarily due to decreased economic activities reported for field crops, animal products and

horticulture products. The manufacturing industry decreased by 1.3% and contributed -0.1 of a percentage point. Eight of the ten manufacturing divisions reported negative growth rates in the third quarter. The food, beverages and tobacco division made the largest contribution to the decrease in the third quarter. The petroleum, chemical products, rubber and plastic products division and the basic iron and steel, non-ferrous metal products, metal products and machinery division also made significant contributions to the contraction in this industry. The construction industry decreased by 2.8% and contributed -0.1 of a percentage point. Decreases were reported for residential buildings, non-residential buildings and construction works (StatsSA, 2023).

1.2 South African Labour Market Overview

South Africa is facing a rough year ahead, a mixture of macroeconomic difficulties which are high unemployment level, high inflation, and slow economic growth. Despite increasing evidence of easing inflation, and in turn possible lower interest rates, the future is looking gloomy and depressing. The sluggish economic growth projections as well as the high level of unemployment among youth, place a great uncertainty for the year 2024. However, several factors, including the growing unpredictability surrounding the nation's upcoming national elections, the severity of Eskom blackouts, and Transnet congestion, will contribute significantly to the difficulties the nation faces.

Recently, Statistics South Africa (2023) reported that South Africa's official unemployment rate rose from 31.9% in 2023:Q3 to 32.1% in 2023:Q4. Using the expanded definition (which includes discouraged job-seekers), the national unemployment rate fell by 0.1 percentage points from 41.2% to 41.1%, as the number of discouraged work-seekers declined significantly.

Table 1: South Africa's labour market at a glance

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Population 15-64 yrs	40 462	40 886	41 022	136	560	0,3	1,4
Labour Force	23 688	24 594	24 619	25	931	0,1	3,9
Employed	15 934	16 745	16 723	-22	789	-0,1	5,0
Formal sector (Non-agricultural)	10 977	11 616	11 488	-128	511	-1,1	4,7
Informal sector (Non-agricultural)	2 955	3 058	3 181	123	226	4,0	7,6
Agriculture	860	956	920	-36	60	-3,8	7,0
Private households	1 142	1 116	1 134	18	-8	1,6	-0,7
Unemployed	7 753	7 849	7 895	46	142	0,6	1,8
Not Economically Active	16 774	16 292	16 403	111	-371	0,7	-2,2
Discouraged work-seekers	3 363	3 156	3 049	-107	-314	-3,4	-9,3
Other (not economically active)	13 412	13 136	13 354	218	-58	1,7	-0,4
Rates (%)							
Unemployment rate	32,7	31,9	32,1	0,2	-0,6		
Employed / population ratio (Absorption)	39,4	41,0	40,8	-0,2	1,4		
Labour force participation rate	58,5	60,2	60,0	-0,2	1,5		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

As shown in Table 1, the working-age population increased by 136 000 (or 0.3%) in 2023:Q4 compared to 2023:Q3. Many people moved from the “employed” category to the “unemployed” category between the two quarters. The number of the economically active population increased by 25 000 (or 0.1%), while the employed decreased by 22 000 (or -0.1%). On the contrary, the number of the not economically active population increased by 111 000 (or 0.7%) while the unemployed increased by 46 000 (or 0.6%), resulting in a decrease of 107 000 (-3.4%) in the number of discouraged work-seekers during the period under review.

Meanwhile, both the absorption rate and the labour force participation rate decreased by 0.2 percentage points, respectively, while the unemployment rate increased by 0.2 percentage points.

1.3 Cross-Provincial Labour Market Performance

South African labour market prospects are highly unequal, not only across provinces but also within age groups, gender, and race. Most provinces have been slowly returning to the levels of employment seen at the end of 2019, before the outbreak of COVID-19, and some are yet to recover. Thus, in 2023:Q4, employment in South Africa was 16.7 million compared to 16.4 million in 2019:Q4, prior to the pandemic outbreak and the hard lockdown.

1.3.1. Employment Levels

Considering the labour data displayed in Table 2, employment decreased in four provinces, between 2023:Q3 and 2023:Q4, with about 22 000 jobs shed nationwide. The largest employment shed was recorded by the Eastern Cape (111 000), followed by Limpopo (41 000) and North-West (30 000). The largest employment growth was recorded by KwaZulu-Natal (62 000), Mpumalanga (48 000) and Western Cape (23 000). On the other hand, Free State created about 15 000 jobs.

Table 2: Employment by Province

Province	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
South Africa	15 934	16 745	16 723	-22	789	-0,1	5,0
Western Cape	2 596	2 734	2 757	23	161	0,8	6,2
Eastern Cape	1 380	1 459	1 348	-111	-32	-7,6	-2,3
Northern Cape	336	328	327	-1	-9	-0,3	-2,7
Free State	794	727	742	15	-52	2,1	-6,5
KwaZulu-Natal	2 541	2 794	2 856	62	315	2,2	12,4
North West	881	942	912	-30	31	-3,2	3,5
Gauteng	4 905	5 019	5 034	15	129	0,3	2,6
Mpumalanga	1 186	1 202	1 250	48	64	4,0	5,4
Limpopo	1 317	1 539	1 498	-41	181	-2,7	13,7

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

Comparing 2023:Q4 to 2022:Q4, approximately 789 000 more jobs were created in the fourth quarter of 2023, with the largest employment growth increase recorded in provinces such as KwaZulu-Natal

(315 000), Limpopo (181 000) and Western Cape (161 000). During this period, the Free State province shed a significant number of jobs (52 000).

1.3.2. Unemployment Rate

In the fourth quarter of 2023, South Africa had 7.8 million persons who are without work, looking for work and available to work, of which about 6 million are facing long-term unemployment and 1.8 million experiencing short-term unemployment. Findings from Statistics SA, show that long-term unemployment has almost doubled since 2013:Q4, while short-term unemployment has increased by 188 000 people.

Considering the unemployment rates presented in Table 3, South Africa's official unemployment rate expanded by 0.2 of a percentage point, and the quarterly increase in the official unemployment rate was observed in six provinces. The official unemployment rate of Eastern Cape increased the most by 3.1 percentage points, followed by Northern Cape (0.6 of a percentage point) and North West (0.4 of a percentage point). On the contrary, Free State, Mpumalanga and Limpopo provinces recorded a decrease of 1.5 percentage points, 0.6 of percentage point and 0.5 of a percentage point, respectively, over the reference period.

Table 3: Unemployment Rates by Province

Province	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change
	Percent			Percentage points		Percent			Percentage points	
South Africa	32,7	31,9	32,1	0,2	-0,6	42,6	41,2	41,1	-0,1	-1,5
Western Cape	22,5	20,2	20,3	0,1	-2,2	26,8	25,6	25,6	0,0	-1,2
Eastern Cape	42,1	38,8	41,9	3,1	-0,2	47,1	43,9	47,1	3,2	0,0
Northern Cape	22,1	26,3	26,9	0,6	4,8	44,0	42,0	42,9	0,9	-1,1
Free State	34,6	38,5	37,0	-1,5	2,4	39,6	44,7	43,9	-0,8	4,3
KwaZulu-Natal	31,4	29,4	29,5	0,1	-1,9	47,9	44,7	43,4	-1,3	-4,5
North-West	37,0	38,6	39,0	0,4	2,0	52,3	51,2	52,2	1,0	-0,1
Gauteng	34,0	33,7	33,8	0,1	-0,2	39,4	39,4	38,4	-1,0	-1,0
Mpumalanga	36,1	35,5	34,9	-0,6	-1,2	48,2	46,7	45,8	-0,9	-2,4
Limpopo	31,8	30,8	30,3	-0,5	-1,5	49,6	45,1	46,7	1,6	-2,9

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

In comparison to the same period last year, the national official unemployment rate contracted by 0.6 of a percentage point. The official unemployment rate declined in six provinces, with the largest decrease recorded in the Western Cape (-2.2 percentage points), followed by KwaZulu-Natal (-1.9 percentage points) and Limpopo (-1.5 percentage points). On the other hand, the Northern Cape experienced an unemployment rate increase of 4.8 percentage points, whereas the unemployment rate in the Free State increased by 2.4 percentage points, while the North-West rate grew by 2.0 percentage points. Meanwhile, Eastern Cape province continued to record the highest unemployment rate in the country (41.9%), followed by North-West (39%) and Free State (37%).

Furthermore, the national expanded unemployment rate fell by 0.1 of a percentage point from 41.2% to 41.1% between 2023:Q3 and 2023:Q4. During the same period, the expanded unemployment rate decreased in four provinces, with the largest decrease of 1.3 percentage points recorded in the KwaZulu-Natal, followed by Gauteng (1.0 percentage point) and Mpumalanga (0.9 of a percentage point).

On a year-on-year basis, the expanded unemployment rate declined by 1.5 percentage points, due to the declines recorded in seven provinces. KwaZulu-Natal recorded the highest decline of 4.5 percentage points, followed by Limpopo (2.2 percentage points) while Mpumalanga declined by 2.4 percentage points. Free State recorded an increase of 4.3 percentage points, while the Eastern Cape rate remained unchanged at 47.1%.

1.4 Decomposition of the Free State Labour Market

The Free State labour force decreased from 1 183 000 to 1 178 000 persons, representing a decrease of 6 000 economically active population between 2023:Q3 and 2023:Q4. Within the provincial labour force, the number of unemployed decreased by 20 000 people (from 456 000 to 436 000), while the number of employed increased by 15 000 (from 727 000 to 742 000) in 2023:Q4. These changes translated into an official unemployment rate of 37%, along with an employment rate (or absorption rate) of 38.3% and a labour force participation rate of 60.8% for the Free State.

Table 4: Free State Labour Force Characteristics

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 years	1 931	1 935	1 937	1	6	0,1	0,3
Labour Force	1 214	1 183	1 178	-6	-36	-0,5	-3,0
Employed	794	727	742	15	-52	2,0	-6,6
Formal sector (Non-agricultural)	471	440	457	17	-14	3,9	-2,9
Informal sector (Non-agricultural)	160	157	145	-13	-15	-8,0	-9,4
Agriculture	90	65	73	9	-17	13,5	-18,5
Private households	74	65	67	2	-7	1,8	-9,6
Unemployed	419	456	436	-20	16	-4,5	3,9
Not Economically Active	717	752	759	7	42	0,9	5,8
Discouraged work-seekers	69	110	117	7	48	6,1	69,8
Other (not economically active)	648	642	642	0	-6	0,0	-0,9
	Rates (%)						
Unemployment rate	34,6	38,5	37,0	-1,5	2,4		
Employed / population ratio (Absorption)	41,1	37,6	38,3	0,7	-2,8		
Labour force participation rate	62,9	61,1	60,8	-0,3	-2,1		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

Table 4 illustrate, the inactive population in Free State, which increased by 0.9% in 2023:Q4, which translates to 7 000 more inactive population in the province.

Compared to 2022:Q4, the provincial labour force in 2023:Q4 contracted by about 36 000 economically active population whereby, the number of employed decreased significantly by 52 000 workers (or -6.6%), while the province's unemployment level increased by 16 000 (or 3.9%).

1.4.1. Employment in the Free State Province

A closer look at the labour data in Table 5, shows that the Free State Province had about 742 000 people employed in 2023:Q4, of which 61.6% (457 000) were in the formal sector, 19.5% (145 000) were in the informal sector, 9.9% (73 000) were in the agricultural sector while 9.0% (67 000) in the private households. During the period under review, jobs were shed only in the informal sector (13 000). On the contrary, the formal, agricultural, and private households' sectors generated about 17 000, 9 000 and 2 000 jobs, respectively.

All sectors shed jobs year-on-year. The formal sector shed about 14 000 jobs, informal sector 15 000 jobs, agricultural sector shed about 17 000 jobs, while private households' shed 7 000 jobs. In terms of sectors, the biggest sector is the formal sector with about 457 000 jobs, while community and social services is the biggest employer in the province in terms of industries accounting for 221 000 jobs. The smallest sector is the private households, whereas the smallest industry is the utilities (water, gas and electricity) industry.

Based on a quarter-to-quarter analysis, total employment increased by 15 000, with most jobs being created in the finance (12 000), agriculture (9 000) and community and social services (8 000) industries. In contrast, employment was only shed in the trade industry (24 000), whilst manufacturing remained unchanged.

Table 5: Free State Employment by Industry/Sector

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Industry	794	727	742	15	-52	2,0	-6,6
Agriculture	90	65	73	9	-17	13,5	-18,5
Mining	26	16	19	3	-7	17,3	-28,7
Manufacturing	67	51	51	0	-16	-0,6	-24,4
Utilities	3	4	8	4	5	104,1	149,5
Construction	47	33	34	1	-13	2,2	-28,0
Trade	174	174	150	-24	-24	-13,8	-13,9
Transport	41	32	34	2	-7	5,5	-17,0
Finance	63	74	85	12	22	15,7	34,7
Community and social services	209	213	221	8	12	3,7	6,0
Private households	74	65	67	2	-7	1,8	-9,6

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

Year-on-year, total employment in the Free State province decreased by 6.6%, and the largest losses were recorded in trade (24 000), agriculture (17 000), and manufacturing industries (16 000). Conversely, jobs were generated in finance (22 000), community and social services (12 000) and utilities (5 000) industries.

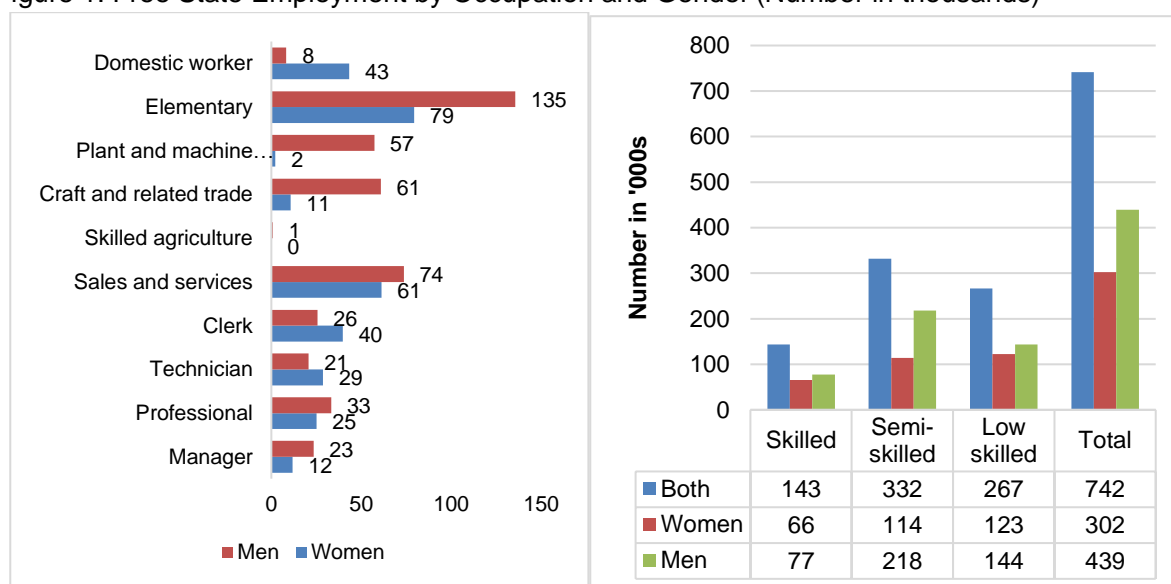
Figure 1 presents employment by gender and occupation in the Free State Province in 2023:Q4. Women are dominant in three occupations (most notably, technician, clerical, and domestic), while men lead in seven occupations, namely, professional, management, sales and services, skilled agriculture, craft and related trade, plant and machine operator and elementary in the province¹.

Notably, few women were employed in the province relative to men. Women accounted for 40.8% of total employment, while men accounted for 59.2% in the fourth quarter of 2023. On the other hand, the Free State Province is dominated by semi-skilled workers who accounted for 44.8% of the total workforce, followed by low-skilled workers (35.9%) and skilled workers (19.3%).

Furthermore, during 2023:Q4, there were 66 000 women employed as skilled workers (21.7%), 114 000 women employed as semi-skilled workers (37.7%) and 123 000 women employed as low-skilled workers (40.6%). In the same period, the employment of women decreased by 2 000, whereas the employment of men increased by about 17 000 persons in comparison to 2023:Q3.

Currently, employment among women stands at 302 000, whereas employment among men stands at 439 000. Overall, the provincial unemployment rate of women decreased by 1.3 percentage points, while the unemployment rate of men fell by 1.6 percentage points.

Figure 1: Free State Employment by Occupation and Gender (Number in thousands)



Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

The current provincial labour force participation rate for women is about 53.2% (54.4% in 2023:Q3), whereas for men it is 68.5% (68.1% in 2023:Q3), indicating that more women relative to men, are economically inactive and have become discouraged to search for employment.

¹ According to Stats SA occupation classification; managers, professionals and technicians are considered skilled; clerks, sales and services, skilled agriculture, craft and related trade, and plant and machine operator are considered semi-skilled; while elementary and domestic work is considered low-skilled.

By and large, the women population remain highly vulnerable in the labour market. Compared to men, women are more likely to remain unemployed for longer periods, which eventually affects their chances of being employed in the future.

1.4.2. Unemployment in the Free State Province

The labour statistics presented in Table 6 reflect the characteristics of the unemployed in the Free State Province. Evidently, the unemployed contracted on a quarter-to-quarter basis by 20 000 (or - 4.5%), mainly driven by job losers and new entrants. Whereas, a year-on-year analysis shows that unemployment has grown by 3.9%, due to job losers and 'other'.

Table 6: Free State Characteristics of the Unemployed

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
Unemployed	419	456	436	-20	16	-4,5	3,9
Job losers	127	164	154	-10	27	-5,9	21,6
Job leavers	17	15	16	1	-1	7,6	-7,9
New entrants	169	176	151	-25	-19	-14,4	-11,0
Re-entrants	8	2	6	4	-3	263,6	-32,1
Other	98	100	110	10	12	9,7	12,0

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

Table 7 depicts the unemployment rate by age group in the Free State Province. Out of the 436 000 unemployed people in the province, 267 000 are under the age of 35 years, which is equivalent to 61.3% of the unemployed population.

The overall official unemployment rate in the province is 37%, with the youth unemployment rate (i.e., 15 to 24 years) being the highest at about 60.2%, followed by 50.6% among the 25 to 34 years age group. Compared to the previous quarter, the official unemployment rate contracted by 1.5 percentage points in the Free State Province. This decrease was due to the unemployment rate of the adults in the age group of 35 to 44 years, which decreased by 6.4 percentage points, and the youth in the age group of 15 to 24 years, which decreased by 4.8 percentage points.

Considering a year-on-year analysis, the unemployment rate increased by 2.4 percentage points, possibly owing to an increase in all age cohorts, except for the 55 to 64 years age group which declined by 8.2 percentage points.

Table 7: Free State official unemployment rate by age group

Age Category	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change
15-64 years	34,6	38,5	37,0	-1,5	2,4
15-24 years	56,0	65,0	60,2	-4,8	4,2
25-34 years	44,3	50,4	50,6	0,2	6,3
35-44 years	28,4	35,6	29,2	-6,4	0,8
45-54 years	23,1	22,8	25,0	2,2	1,9
55-64 years	18,0	7,6	9,8	2,2	-8,2

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

Data displayed in Table 8 reveals that out of 436 000 unemployed population in 2023:Q4, with about 1 000 being with *no schooling*, 17 000 had *less than primary completed*, 18 000 had *primary completed*, and 184 000 had *secondary not completed*. Those with post-secondary (*tertiary education*) amounted to 35 000 in 2023:Q4. About 50.5% of the unemployed in the province have pre-secondary education, while about 49.5% have post-secondary education.

Table 8: The Highest level of Education of the Unemployed

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Highest level of Education of the Unemployed	419	456	436	-20	16	-4,5	3,9
No schooling	1	0	1	0	-1	217,8	-43,4
Less than primary completed	25	8	17	9	-8	107,2	-32,3
Primary completed	10	19	18	-1	8	-7,3	83,2
Secondary not completed	175	180	184	5	9	2,7	5,1
Secondary completed	179	208	181	-27	2	-12,9	1,0
Tertiary	27	40	33	-7	6	-17,5	21,0
Other	1	1	2	1	0	0,0	0,0

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

The level of education plays a vital role in the employability of unemployed people in the labour market. As the job market becomes increasingly competitive, the importance of education in securing employment has become even more pronounced. The more education you have, the better your chances of getting a job. Education not only helps you build a strong foundation of knowledge and skills, but also provides you with the resources and experience needed to stand out in the job market.

1.4.3. Not in Education, Employment or Training (NEET)

Policymakers growing concern about rising youth unemployment has been accompanied by an increasing focus on those, *not in education, employment, or training*.

Using the data provided in Table 9, in the fourth quarter of 2023, the NEET population decreased by 25 000, as about 2 000 women and 23 000 men exited this category. Further, as can be seen, out of 879 000 NEET, there were approximately 442 000 young people aged between 15 and 34 years, in the Free State Province that falls into the NEET group in 2023:Q4, with 138 000 aged 15 to 24 years and 304 000 aged 25 to 34 years. Compared to 2022:Q4, the number of NEETs in the Free State Province increased by 9.2%.

The NEET group consists of about 45.4% of the province's working-age population or specifically 879000 individuals, of which 58.2% are female, 92.8% are African and 50.2% are between the ages of 15 and 34 years.

Based on the above inference, it is crucial for policymakers in the province to implement targeted interventions to help young people in the NEET population, for example, (i) successfully gain access to the provincial market through skill development initiatives, (ii) gain adequate education by enrolling in TVET colleges, higher institutions primary and secondary school, and (iii) attend entrepreneurship trainings.

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

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both Sexes	805	904	879	-25	74	-2,8	9,2
Women	464	514	512	-2	48	-0,3	10,4
Men	341	391	367	-23	26	-5,9	7,6
Age Group	805	904	879	-25	74	-2,8	9,2
15-24 years	134	158	138	-21	4	-13,2	2,8
25-34 years	263	299	304	5	40	1,5	15,4
35-44 years	166	186	169	-17	3	-9,1	1,9
45-54 years	115	134	139	4	23	3,1	20,0
55-64 years	127	126	130	4	3	3,2	2,6
Population Group	805	904	879	-25	74	-2,8	9,2
Black/African	739	848	816	-32	77	-3,8	10,4
Coloured	24	20	31	11	7	56,7	30,2
Indian/Asian	4	3	3	0	-1	0,0	0,0
White	39	34	30	-4	-9	-12,1	-23,0

Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

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

Table 10 displays the NEA population of the Free State, and approximately 39.2% of the working-age population in the province was not economically active in 2023:Q4. More specifically, groups consisting of *students*, *discouraged work seekers* and those who were *ill or disabled*, made up the top three reasons for economic inactivity in the province. During this period, *students* accounted for 41.6% of the inactive population, while the *discouraged work seekers* accounted for 15.4% and those who were *ill or disabled* accounted for 14.3%

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

	Oct-Dec 2022	Jul-Sep 2023	Oct-Dec 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Not Economically Active	717	752	759	7	42	0,9	5,8
Student	325	305	316	11	-10	3,6	-2,9
Home-maker	68	80	85	5	17	6,6	24,9
Illness/disability	115	122	109	-14	-6	-11,1	-5,6
Too old/young to work	72	76	76	0	3	0,3	4,8
Discouraged work seekers	69	110	117	7	48	6,1	69,8
Other	68	60	57	-3	-10	-4,6	-15,3

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q4)

Overall, the NEA population of the province increased by 42 000 (5.8%) between 2022:Q4 and 2023:Q4, owing to the significant increase in homemakers and discouraged work seekers.

1.5 Concluding Remarks and Policy Recommendation.

The unemployment levels are persistently higher post-2016, reaching 7.9 million unemployed people in South Africa, alongside a growing long-term unemployment rate consisting of about 6 million people and those facing short-term unemployment comprises of about 1.8 million in 2023:Q4. Currently, the unemployment rate in South Africa increased slightly to 32.1% in 2023:Q4 compared to the rate of 31.9% noted in the previous quarter.

A comparative provincial analysis shows that Western Cape province recorded the lowest unemployment rate of about 20.3%, followed by the Northern Cape at 26.9% and KwaZulu-Natal at 29.5%. However, the Eastern Cape province had the highest provincial unemployment rate at 41.9%, followed by North-West at 39% and Free State at 37%.

Assessing the labour market performance in the Free State province reveals that the number of unemployed people decreased by 20 000 (i.e., from 456 000 to 436 000) and those that are employed increased by 15 000 (i.e., from 727 000 to 742 000). Consequently, the economically active population in the labour force declined by 6 000. Significant job gains were observed in the formal sector (17 000), whilst the informal sector shed about 13 000 jobs.

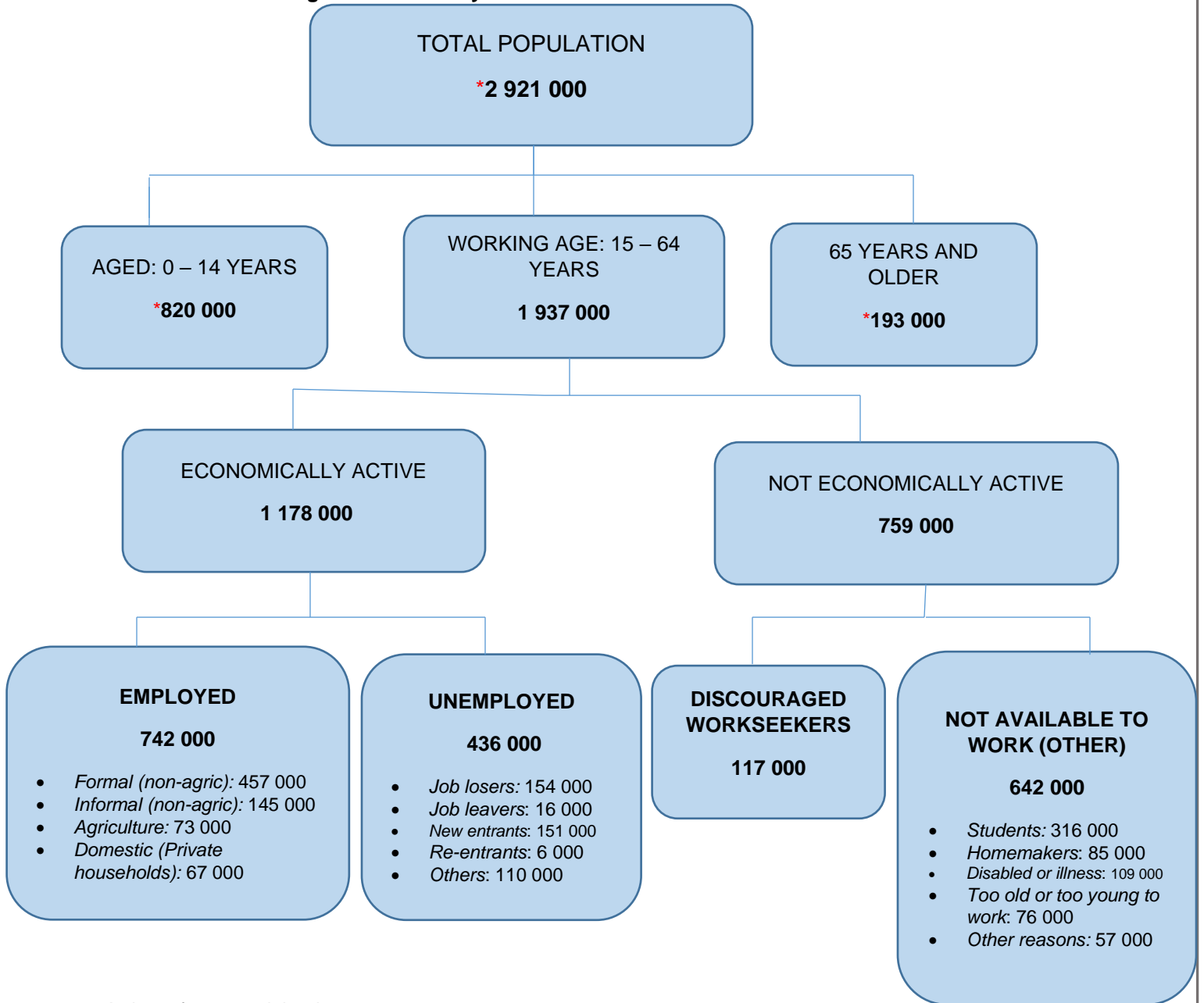
On the policy front, the government should try to partner with educational institutions and private institutions as a way to combat unemployment. By leveraging the unique assets of the education, private and public sectors, can assist in the development of marketable skills, encourage entrepreneurship, and stimulate job creation through skills development learnt at schools (both basic and higher education). The difficulty could lie in establishing partnerships that balance the interests of all parties involved. Educational and private institutions can significantly combat unemployment and foster sustainable economic development with careful planning and execution. On the other hand, to achieve this, the government can introduce a sabbatical system where people in the private sector spend sabbatical time in the public sector and vice-versa. This way, there could be a constant flow of knowledge between the private and the public sector.

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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2023: Q4



Labour force participation rate = 60.8%

Absorption rate = 38.3%

Official unemployment rate = 37.0%

Expanded unemployment rate = 43.9%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023:Q4

Note: () Mid-year population estimates, July 2022 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*