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OECD Employment Outlook 2014

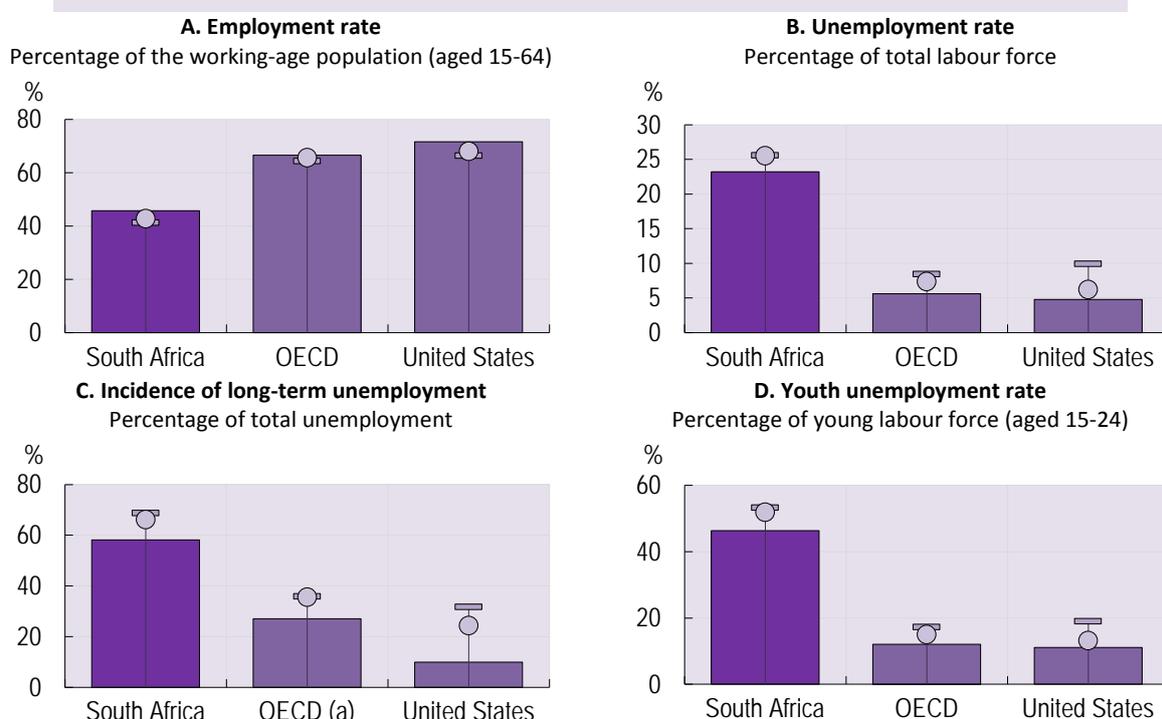
The 2014 edition of the OECD Employment Outlook reviews recent labour market trends and short-term prospects in OECD and key emerging economies. It zooms in on how the crisis has affected earnings, provides country comparisons of job quality, examines the causes and consequences of non-regular employment, and estimates the impact of qualifications and skills on labour market outcomes.

For further information: www.oecd.org/employment/outlook

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Labour market situation in South Africa

■ Start of the crisis (Q4 2007) — Country-specific trough ○ Current value (Q2 2014 or latest)



a) OECD is the weighted average of 33 OECD countries excluding Chile.

Source: OECD calculations based on quarterly national Labour Force Surveys and *OECD Short-Term Labour Market Statistics* (database) (<http://dx.doi.org/10.1787/data-00046-en>).

South Africa's labour market continues to under-perform

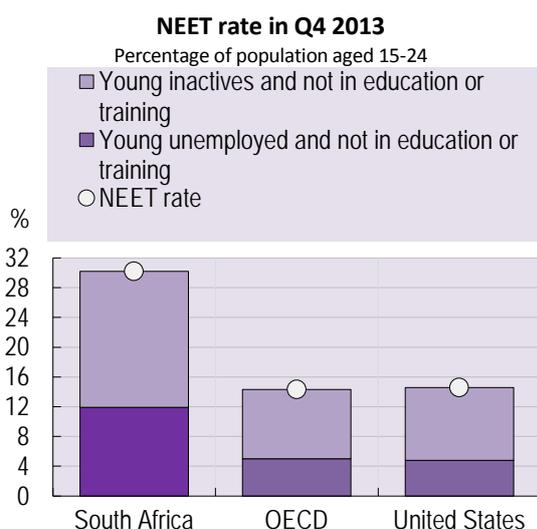
The South African labour market continues to perform poorly compared to OECD and other G20 countries, and the global financial crisis appears to have worsened the situation. First, South Africa continues to be characterised by a very low rate of employment (42.7% in Q2 2014), only two-thirds of the OECD average (65.6%). Second, unemployment remains very high (25.5% of the labour force in Q2 2014), still close to the highest levels reached since

the beginning of the crisis. Of particular concern, long-term unemployment now affects two-thirds of all unemployed workers, compared to 55% in 2007. This is almost twice the OECD average. As argued in the 2014 *Employment Outlook*, long-term unemployment not only results in substantial human and social cost, but also rising structural unemployment as the individuals concerned suffer from skill depreciation and a loss of motivation to seek work.

High youth unemployment needs to be tackled urgently

As in many countries, improving the labour market situation of youth in South Africa is a major challenge that needs to be tackled urgently. The unemployment rate of workers aged 15 to 24 was 51.8% in Q2 2014, up from a pre-crisis level of 45.6%. This amounts to over three times the OECD average.

The incidence of inactive youth who are not in education or training is very high



Note: OECD is the weighted average of 31 countries (excluding Chile, Israel and Korea).

Source: OECD calculations based on quarterly national Labour Force Surveys.

High rates of youth unemployment are particularly alarming when considering that the share of young workers who are inactive and not in education or training (NEET) is also high, at more than twice the OECD average. This may reflect that some youth have become discouraged from seeking productive job opportunities in the formal sector. This high NEET rate is a source of major social concern but it is also a waste of human capital and productive potential.

Improving the skills of youth is crucial

As shown in the 2014 *Employment Outlook*, education and skills are crucial for improving employment outcomes of youth. The South African government has announced a number of ambitious plans to strengthen access to basic education and training as well as post-school education (as part of its Human Resource Development Strategy and the National Skills Development Strategy III).

A high incidence of informal and precarious jobs also needs to be tackled

Improving job quality is another challenge facing South Africa that is also a major issue for advanced and emerging economies. The 2014 *Employment Outlook* puts forward a new framework for measuring job quality along three dimensions: earnings quality (level of earnings and degree of inequality); labour market security (risk of job loss and income support available); and quality of the working environment (work demands and conditions, and resources and support available to cope with work demands).

In South Africa, reducing the incidence of informal and precarious work could contribute substantially to improving job quality. In Q2 2014, 18% of employment (excluding the agricultural sector and private households) was in the informal sector, and 15% of all employed had a contract of limited duration and for a further 22% the duration of their contract or agreement was unspecified.

OECD Employment Outlook 2014 is available to journalists on the **password-protected** website or on request from the Media Relations Division. For further comment on South Africa, journalists are invited to contact Mark Keese (+33 1 45 24 87 94; mark.keese@oecd.org) or Paolo Falco (+33 1 45 24 88 39; paolo.falco@oecd.org) from the OECD Employment Analysis and Policy Division.