

Differentials in duration of unemployment in South Africa: empirical evidence from two Labour Force Survey (2007 and 2010)

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Extended abstract

Aims and background to the study

This paper aims to examine the structural changes affecting the duration of unemployment in South Africa. The study made use of quantitative data derived from two Labour Force Surveys 2007 and 2010 respectively by Statistics South Africa (Stats SA). Unemployment is one of the major developmental issues prioritised by the government on the national agenda to alleviate poverty and improve the potential for reaping the benefits of the demographic dividend. Previous studies have measured the level of unemployment at the national level, showing a high rate of unemployment over the past years. However, there is no detailed information on how duration of unemployment is distributed across the different demographic variables such as age, gender and qualifications and also on previous work experience to name but a few. Information is limited regarding the duration of unemployment among these individual demographic characteristics. This study contributes to the existing stock of knowledge by exploring, in an in-depth manner at the micro level the extent to which the duration of unemployment affects the individuals along the line of social-demographic attributes such as age, gender, ethnic group, qualification and the previous job tenure. Going beyond the individual attributes, this study also examined the differentials in the person's reasons why they remain unemployed and poor. The prominent theories of unemployment were used (job search, labour market segmentation and labour market discrimination) to formulate the testable hypotheses.

Methodology

Different demographic statistical methods were used to look at the temporal changes into specific levels of unemployment duration. Relations among demographic variables were explored to investigate how they related to unemployment duration. On the basis of the relations identified, an attempt was made to conduct a predictive analysis of unemployment duration according to these characteristics by the use of a multiple linear regression. For the purpose of this study, correlation study design was implemented. This is consistent with the purpose of the study, which is to determine whether there are significant correlations between or among a given set of variables in terms of determining whether the duration of unemployment is related to various background variables (age, gender, level of education and race). Examining long duration of the unemployment problem is a prevalent practice in developed economies, while it is not so in most of the developing countries. Therefore, this study represents the first attempt to examine this in South Africa, through the provision of a general view of such problem with regards to social-demographic characteristics. The empirical analysis of this study is in twofold. Firstly, it involves carrying out a descriptive analysis of representative data obtained from the Labour Force Survey (2007 and 2010), which were used to verify the differences in the sample mean regarding unemployment duration. Hence, an existence of a significant difference among unemployed individuals,

regarding their average unemployment duration leads to the deployment of an ANOVA and t-test analysis. Secondly, using the same data set, multiple linear regression model of the determinants of unemployment duration were estimated. The results of this study indicated that the unemployment duration is associated with the social-demographic characteristics of the unemployed individuals. SPSS version 16.0 was used to analyze the data.

Results

The results reported in this paper suggest significant difference in the duration of unemployment in relation to the individual socio-demographic characteristics. One of the main findings was that the probability of staying longer in unemployment for women was substantially higher than for men. The study found age to play a tangential role in determining an individual length of stay in unemployment. More specifically, this study revealed that the greatest share percentage of both men and women experiencing long-term unemployment are within the age group 25-34 years, suggesting that young people are the most affected at varying duration of unemployment. This implies that these cohort groups are at a disadvantage in South Africa's rapidly under-restructuring economy in this post-apartheid era. Though post-apartheid policies have brought about equal opportunities in the labour market participation, it seems that discrimination in the labour market still exists. It was clear from the findings that the highly educated an unemployed individual is, the less likely their length of stay in unemployment, meaning unemployed individuals with higher education are more mobile and have a broader range of job search possibilities thus, decreasing their unemployment duration. The study identified a remarkably high percentage share of long-term unemployment duration among the non-whites population groups than among the white population groups. This may be due to apartheid era spatial separation legacy where a substantial part of the Blacks grew up far from the center of businesses and industries, and access to quality education. Another variable this study found to be a very important determinant of individual length of time in unemployment is previous job tenure. It was observed that the longer the duration of unemployment the fewer the number of people with previous experience in the labour market. The greatest percentage shares of individuals experiencing long-term unemployment are found among first job seekers. In conclusion, this study also revealed disparities in the unemployment duration across the provinces, with the most affected province having the longest duration of unemployment being Gauteng, Eastern Cape and North-West provinces.

Recommendations

Drawing from the empirical evidence it is required to improve labour market policies in South Africa to reduce not only unemployment in general, but also long duration of unemployment. It is also imperative in this regard to consider factors affecting long unemployment duration. Particular attention should be given to gender, education and provincial gaps in job opportunities and employability. Groups of individuals who should be targeted for help in this regard include women, first-time job seekers, individuals with low levels of education, those in the younger age groups, disadvantage racial groups especially Blacks and Coloureds, and the provinces with high level of unemployment. First-time job seekers should be supported with counseling and job search strategies. In addition, there is the need to improve on the mobility of job-seekers from deprived communities through investment in low-cost public transport to encourage individuals to travel in search of employment.