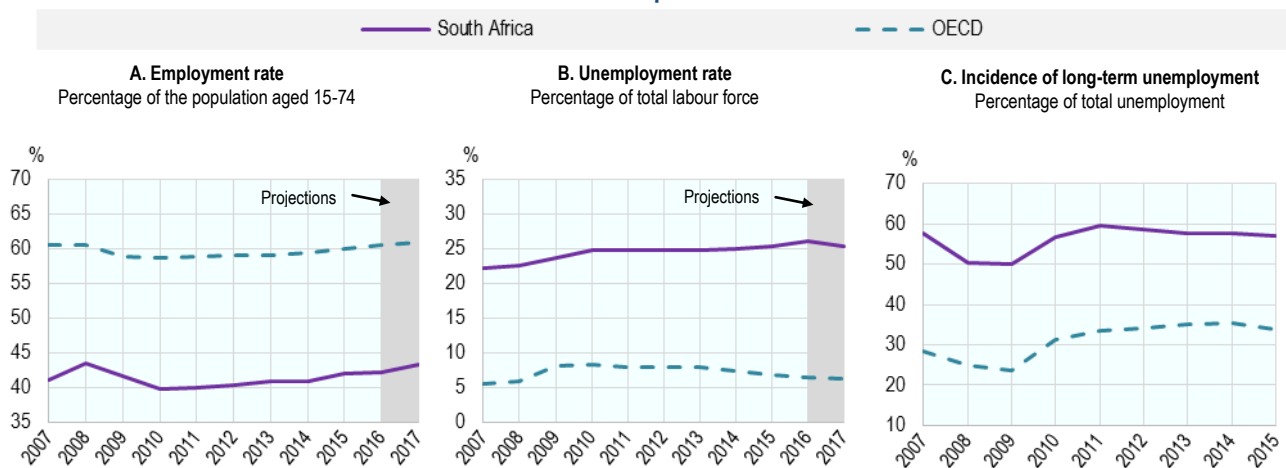


The 2016 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects, with a focus on vulnerable youth. It also contains chapters on: skills use at work; the short-term effects of structural reforms; and gender labour market gaps in emerging economies.

[DOI: 10.1787/empl_outlook-2016-en](https://doi.org/10.1787/empl_outlook-2016-en)

Labour market developments in South Africa



Note: OECD weighted average.

Source: OECD Economic Outlook No 99, June 2016, <http://dx.doi.org/10.1787/9572784d-en>; OECD Employment database (www.oecd.org/employment/database); OECD calculations based on quarterly national accounts.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

OECD labour market conditions continue to improve and the OECD average employment rate is projected to return to its pre-crisis level in 2017, nearly ten years after the global financial crisis erupted. The recovery remains very uneven across both countries and different groups within the workforce. Real wage growth has also been relatively slow since 2007 raising concerns about a prolonged period of wage stagnation.

- Growth in South Africa remains subdued but is projected to pick up modestly in 2017. This is expected to lead to some improvement in both the employment and unemployment figures.
- Despite this, labour market conditions in South Africa remain very challenging. In 2015, the employment rate (total employment as a share of the population aged 15-74) was around 42% (well below the OECD average of 60.0%). In Q1 2016, unemployment affected 26.5% of the labour force (well above the OECD average of 6.4%).

- The high unemployment rate and the lack of job opportunities has led to very long unemployment spells: in 2015, 57% of the unemployed in South Africa had been out of a job for a year or more, compared with the OECD average of 33.8%.

VULNERABLE YOUTH ARE OF PARTICULAR CONCERN

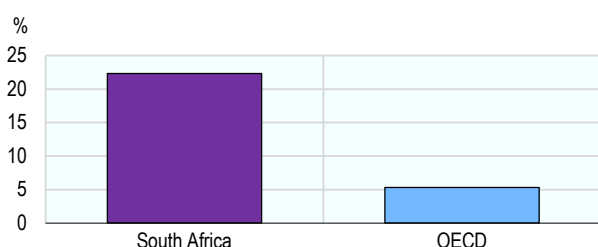
Young people who are neither employed nor in education or training ("NEETs") risk being left permanently behind in the labour market. This risk is especially high for the relatively large share of low-skilled NEETs (i.e. those who have not finished upper secondary schooling). Many in this group live in households without any employed adults, suggesting that they are also at risk of poverty. Effective policies are needed to reconnect members of this group with the labour market and improve their career prospects.

- Youth represent a particularly vulnerable group in South Africa, with one of the highest youth unemployment rates among OECD and G20 countries, and nearly 1 in 3 young people (aged 15-29) who are NEET.

- While South Africa has achieved rapid progress in educational attainment, poor skills continue to hinder the school-to-work transition. High-school drop-out rates remain high, the quality of education low, and educational attainment is still highly polarised.
- More than 1 in 5 young people (aged 15-29) in South Africa are low-skilled NEETs – compared to around 1 in 20 in OECD countries. More support is needed for these young people, including second-chance programmes, as well as more learnerships and apprenticeships that are better aligned with labour market needs.

Low-skilled NEETs are a particularly vulnerable group

Percentage of youth population aged 15-29, 2015



Note: Low-skilled NEETs are youth neither in employment nor in education or training who have not finished upper secondary schooling.

Source: OECD Employment Outlook 2016, Chapter 1.

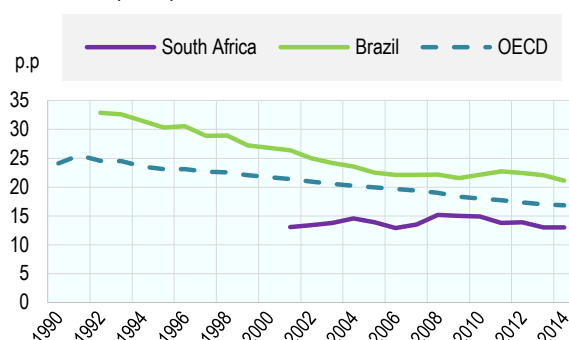
CLOSING GENDER GAPS IN EMERGING ECONOMIES

Despite considerable progress, gender gaps in the labour market persist throughout the world and are especially marked in emerging economies. While more women are working, they continue to have worse jobs than men. Across emerging economies, a woman earns 19% less than a man on average for every hour of work she does, whereas the OECD gender pay gap is 15%. An effective strategy to curb gender gaps needs to encompass a number of policy domains, including measures to help reconcile work with family responsibilities.

- At 13 percentage points, the gender gap in labour force participation gap is small in South Africa, not just in comparison with other emerging economies (around 26 percentage points on average in 2014), but also in comparison with OECD countries (17 percentage points on average).
- In general, in most OECD countries and other emerging economies, a significantly higher share of young women than young men is NEETs. This is not the case in South Africa, where this gap is quite small.

Participation gap in South Africa

Percentage-point difference in the working-age labour force participation rates between men and women

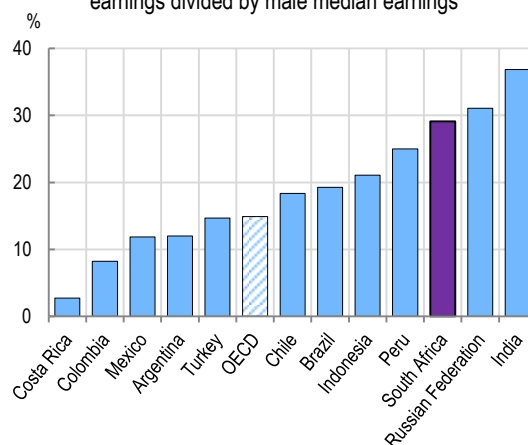


Source: OECD Employment Outlook 2016, Chapter 4.

- By contrast, the gender pay gap in South Africa is high in comparison with both OECD countries and other emerging economies. On average, median earnings of women in South Africa are 29% lower than those of men.

Gender pay gaps vary widely

Difference between male and female median earnings divided by male median earnings



Source: OECD Employment Outlook 2016, Chapter 4.