



Statistics on Informal Employment in South Africa

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This fact sheet summarizes statistics on employment – and, in particular, on urban informal employment – in South Africa. The statistics are based on analysis of the Quarterly Labour Force Survey (QLFS) conducted in the second quarter of 2010 by Statistics South Africa.

The Size and Shape of Employment

The survey estimates the total population of South Africa at 49.3 million people, of whom 33.8 million (69 per cent) are aged 15 years or older. This is the age group considered to be of working age. Because women tend to live longer than men, the percentage of females who are 15 years and older is higher (70 per cent) than for males (67 per cent). Women account for 53 per cent of the working age population.

Nearly two-thirds (65 per cent) of the working age population live in urban areas. More than a third (38 per cent) of the working age population lives in the six metropolitan (metro) areas. The percentage living in metro areas is lower for women (36 per cent) than for men (40 per cent). The three Gauteng metros account for 20 per cent of the total working age population, Cape Town and eThekwinini each account for 8 per cent, and Nelson Mandela accounts for 3 per cent.

More than four in every ten (45 per cent) working age men but less than a third (32 per cent) of women are employed, i.e. doing work that is counted when calculating the gross domestic product (GDP). A further 19 per cent of men and 18 per cent of women are unemployed. This includes women and men who are “discouraged” workers, meaning they have given up actively looking for work. The remaining 36 per cent of men and 50 per cent of women are “not economically active.” This category includes, among others, those who are homemakers, people too old to work, and those studying full-time.



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Employment rates are higher in metros than in non-metro areas. Thus 56 per cent of working age men and 39 per cent of women in metro areas are employed.

In addition to differences in employment rates, there are differences in the type of work that women and men do. A large majority (83 per cent for men and 85 per cent for women) of employed people work as employees. However, 8 per cent of men are employers compared to only 2 per cent of women, while a further 8 per cent of men are own-account workers who do not have any regular employees, compared to 11 per cent of women. This leaves 1 per cent of both women and men who work as unpaid family workers.

About 5 per cent of all employed people are recorded by the QLFS as working in agriculture. This percentage probably does not include all people who work in agriculture, as the QLFS does not capture subsistence work. The patterns in the type of work for women and men change very little if we exclude agriculture.

If we look only at metro areas, 88 per cent of employed women and 83 per cent of employed men are employees, and 8 per cent of both women and men are own-account workers. The differences in the percentages of women and men who are employees are balanced by the percentages who are employers – 3 per cent of women and 8 per cent of men. Less than 1 per cent of employed people in metro areas work in agriculture, so again the patterns do not change if we exclude agriculture.

Informal Work

Statistics South Africa's definition of informal employment includes all workers in the informal sector. Employers, own-account workers and unpaid family workers are defined as being in the informal sector if the business for which they work is not registered for value added tax (VAT) or income tax. Employees are defined as being in the informal sector if their employer does not deduct income tax from their pay and if the business in which they work has fewer than five employees.

Informal employment also includes employees in the formal sector and private households whose employers do not contribute to their pension or medical insurance, and who also do not have a written contract of employment. Statistics South Africa's guide to the QLFS says that these rules are applied to all employees. However, the dataset has all domestic workers (see below) classified as informal workers, even though some have employers who contribute to their pension or medical insurance or have written contracts of employment.

A third (33 per cent) of all employed people are informal workers – 39 per cent of employed women and 29 per cent of employed men. Two-thirds (67 per cent) of the informal workers are employees, 25 per cent are own-account workers, 5 per cent are employers, and 3 per cent are unpaid family workers.

Informal work is less common in metro than in other areas. In metro areas, about one quarter (26 per cent) of employed people are informal workers – 29 per cent of employed women and 23 per cent of employed men. In both metro areas and the country as a whole, women are thus more likely than men to be informal workers. Similar to the pattern for the country as a whole, in metro areas two-thirds (66 per cent) of the informal workers are employees, 24 per cent are own-account workers, 6 per cent are employers, and 3 per cent are unpaid family workers.

The biggest sectors of informal work in metropolitan areas are trade and private households. Each of these sectors accounts for 29 per cent of all workers. The percentage of informal workers in trade is similar for women (27 per cent) and men (31 per cent). However, only 10 per cent of men informal workers in the metros are in private households compared to 50 per cent of women informal workers – 27 per cent of women and 31 per cent of men. The gender pattern is reversed for the third biggest sector, which is construction. About 12 per cent of all informal workers are in construction, but the percentage is 21 per cent for men and only 2 per cent for women. Manufacturing (8 per cent) and services other than private households (7 per cent) are the fourth and fifth biggest sectors of metropolitan informal employment.

If we compare metros in the different provinces, there are only small differences in the industry sectoral profile of informal workers. Cape Town has a higher proportion of informal workers in construction (17 per cent), manufacturing (11 per cent) and non-household services (10 per cent) than the other metros, and the lowest proportion (25 per cent) in trade. EThekweni has the highest proportion in agriculture (3 per cent), and Nelson Mandela has the highest proportion in transport (11 per cent).



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Domestic Workers, Home-based Workers, Street Traders, and Waste Pickers

WIEGO and the organizations with which it works are especially interested in four groups of informal workers: domestic workers, home-based workers, street traders, and waste pickers. These categories of workers are often not captured well in surveys. One reason is that some of these workers are not recorded at all. For example, household respondents may not give information on domestic workers who work for them, and waste pickers may be living on the street rather than in dwellings visited during the survey. And the work that home workers do may not be considered “proper” work by the reporting household member.

We classify as domestic workers all those with occupation code 9131. This is a narrow definition of domestic workers that includes only those classified as unskilled general domestic workers. It excludes, for example, about 72,000 housekeepers and childcare workers employed by private households, most of whom are informal workers.

Even with the narrow definition, the QLFS records more than 900,000 domestic workers. As noted above, Statistics South Africa’s dataset categorizes all these workers as informal workers. Analysis of the dataset shows that 22 per cent of these domestic workers should be classified as formal workers if the definitional rules are followed because their employer contributes to medical insurance or pension or they have a written contract. Almost all (96 per cent) the domestic workers are women.

Domestic workers account for 20 per cent of all informal workers in non-metropolitan areas and 23 per cent of all informal workers in the metros. Domestic workers account for nearly a third (31 per cent) of all informal workers in Nelson Mandela. In contrast, in Cape Town they account for 18 per cent of all informal workers.

We classify informal workers as street traders if they give their occupation as street vendors of food or non-food products (occupation codes 9111 and 9112 respectively). More than 530,000 street traders are recorded in the QLFS, of whom 70 per cent are women. Only a third (33 per cent) of these workers are in metro areas. Almost all (97 per cent) the street traders are informal workers.

The QLFS does not include a question about where people work. This makes it impossible to distinguish home-based workers.

Statistics South Africa has an occupation code – 9161 – for garbage collectors. However, the QLFS conducted in the second quarter of 2010 does not record any workers as having this occupation code. Even if there were workers with this classification, we could not simply define them as waste pickers. We would need to restrict our definition further, for example by including only those who were self-employed, in order to exclude workers such as garbage collectors employed by municipalities. As noted above, one reason for non-recording of waste pickers may be that the survey is household-based, and many waste pickers may not live in the type of dwelling that is visited in the survey. This does not explain why the QLFS did not capture municipal garbage collectors. Perhaps they did not provide detailed descriptions of their job.

Earnings

When Statistics South Africa introduced the QLFS in 2008, they dropped the questions on earnings that were in the previous Labour Force Survey. Statistics South Africa reintroduced the earnings questions in 2009, but has not yet released the earnings data to the public.



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About WIEGO: Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO draws its membership from membership-based organizations of informal workers, researchers and statisticians working on the informal economy. For more information see www.wiego.org.

About Inclusive Cities: Launched in 2008, the Inclusive Cities project aims to strengthen membership-based organizations (MBOs) of the working poor in the areas of organizing, policy analysis and advocacy, in order to ensure that urban informal workers have the tools necessary to make themselves heard within urban planning processes. Inclusive Cities is a collaboration between MBOs of the working poor, international alliances of MBOs and those supporting the work of MBOs. For more information see www.inclusivecities.org.