

Press Release

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Labour market absorption rate slips – IRR

In its *South Africa Survey 2016*, released this month, the IRR identified that South Africa's labour market absorption rate has fallen since 2001.

The labour force absorption rate measures what proportion of the working age population has a job. According to the IRR it is a more accurate indicator of the health of the labour market than the unemployment rate.

Based on Statistics South Africa data, the IRR shows that the rate has fallen from 45.8% in 2001 to 43.5% in 2015.

According to IRR employment analyst Gabriela Mackay, "rates in the 40 or 50 percentiles are very low by international norms. That the rate has stagnated in the 40 percentiles shows that there is little life in South Africa's labour market".

The IRR *Survey* also showed that South Africa's unemployment rate was unusually high compared to a range of emerging markets.

The unemployment crisis was most severe among black South Africans.

Mackay said: "The crisis of labour market absorption is also centred around black-African South Africans with our analysis finding that only 4 in 10 black-African people of working age have a job. Much higher levels of investment-driven economic growth, together with labour market reforms, will be necessary to raise overall levels of labour market participation."

The IRR has long maintained that raising levels of labour market participation is the only sustainable means of further improving living standards in poor communities.

Ends.
