MONITORING THE PERFORMANCE OF THE SOUTH AFRICAN LABOUR MARKET

AN OVERVIEW OF THE WHOLESALE AND RETAIL INDUSTRY FROM QUARTER 1 2008 TO QUARTER 1 2013

FACTSHEET 12

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EMPLOYMENT PROMOTION PROGRAMME

Wholesale and Retail Industry Overview

The continued structural change experienced by the South African economy impacts on the mix of labour demanded by firms. Combined with technological change, demand for workers has increased most rapidly amongst those that are highly educated and highly skilled. At the same time, rising capital intensity of production has displaced less skilled workers and represents one of the many pressures on employment in the primary and secondary sectors in particular. One aspect of the structural change is the growth in the contribution of the tertiary (services) sector, in terms of both output and employment. The contribution of the tertiary sector to gross value added (GVA) has increased by more than six percentage points to 69.5 percent between 1994 and 2012, while its share of employment has increased from 60.0 percent to 70.6 percent between 1995 and 2013.

One of the key industries within the tertiary sector is wholesale and retail. Although it has accounted for around 20 percent of GVA in the tertiary sector since 1994, its share of the total GVA across all sectors expanded from 12.8 percent in 1994 to 14.0 percent in 2012. Real GVA in this industry increased at an average annual rate of 3.8 percent over this period, compared to the average real GDP growth of 3.3 percent per annum (own calculations, South African Reserve Bank 2013). Employment in wholesale and retail trade is estimated to have nearly doubled from 1 670 000 in 1995 to 3 210 000 in 2008Q3, equivalent to an average annual rate of expansion of 5.2 percent (as opposed to 2.9 percent for total employment).

The wholesale and retail trade industry consists of four subsectors: (1) wholesale and commission trade, except of motor vehicles and motor; (2) retail trade, except of motor vehicles and motor cycles; repair of personal and household goods; (3) sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel; (4) hotels and restaurants. The industry therefore includes subsectors that are central to the consumer-led growth experienced over the past decade, as well as the rapidly growing tourism industry.

This factsheet aims to analyse employment trends in wholesale and retail trade, the demographic characteristics of the employed, as well as aspects related to the nature of employment in the industry. The analysis is based on the first quarter rounds of the Quarterly Labour Force Surveys (QLFS), with the particular focus on trends being the period between 2008Q1 and 2013Q1.

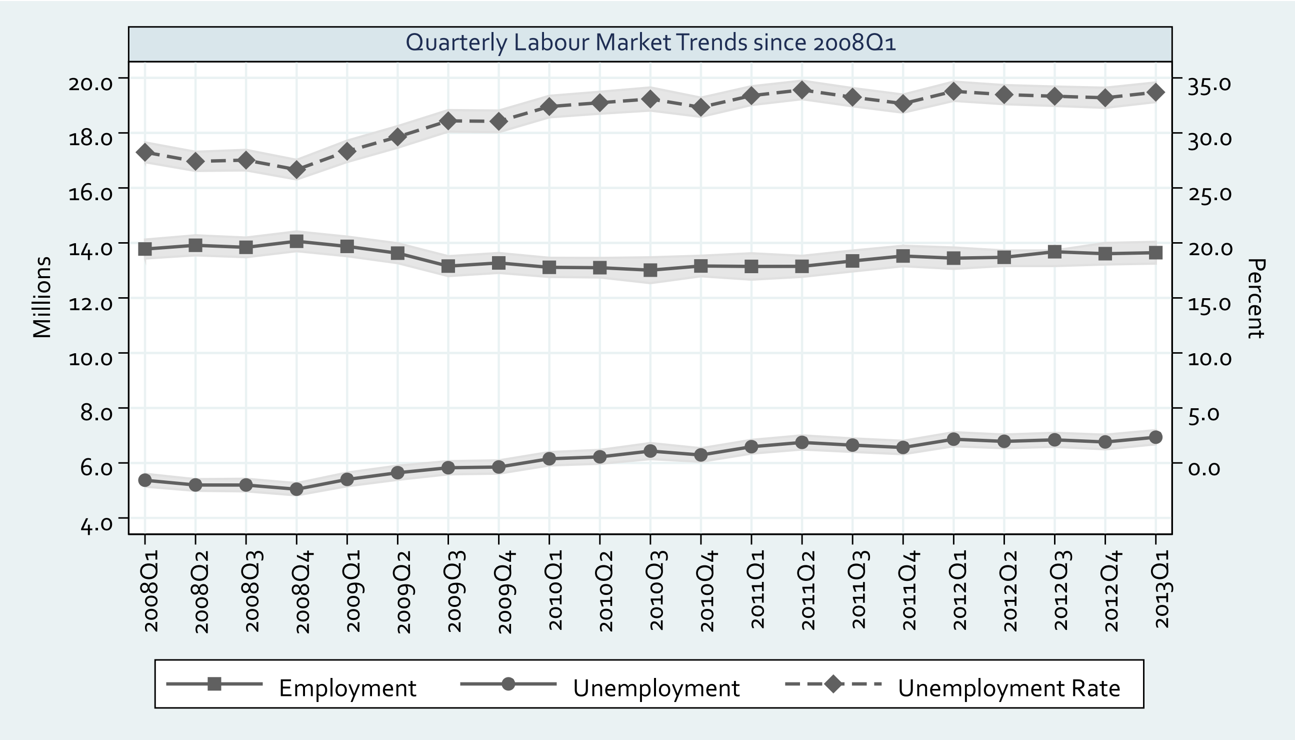
Recent Labour Market Trends

Economic growth in South African has only exceeded four percent per annum three times since the economic recession of 2009, namely in 2010Q1, 2010Q4 and 2011Q1. In fact, the growth rate was below four percent in seven consecutive quarters since 2011Q2. In 2013Q1, growth was just 0.9 percent – the lowest since the recession.

Weak economic growth has been reflected in the labour market, as employment has only gradually recovered. Estimates from the QLFS show that employment fell precipitously in the wake of the recession, with more than one million jobs lost between 2008Q4 and 2010Q3 (Figure 1). Since then, employment has remained under pressure, with little progress made in terms of returning to pre-recession employment levels. In the more than three years since 2010Q3, employment is estimated to have risen by just over 600 000, still roughly 400 000 jobs below the level recorded in 2008Q4. By 2013Q1, employment is estimated at 13.6 million, a figure that is not statistically different from a year earlier.

Both the level and rate of unemployment has increased significantly since 2008Q4. Expanded unemployment, which includes the non-searching unemployed (also known as discouraged workseekers), is estimated at 7.2 million in 2013Q1. Although the change in unemployment between 2012Q1 and 2013Q1 is statistically insignificant, unemployment in the latter quarter is at record levels. Of the 7.2 million unemployed, 2.3 million are not actively seeking employment. Furthermore, in 2013Q1, the unemployed represent 34.6 percent of the expanded labour force, which is close to its previous peak of 34.8 percent (2011Q2).

Figure 1: Quarterly Estimates of Labour Market Aggregates



Source: *Own calculations, Statistics South Africa (various years).*
Notes: *1. The expanded definition of unemployment is utilised here.*
2. Shaded bands represent the 95 percent confidence intervals around the estimates.

A BRIEF MARKET OVERVIEW

The working age population grew at an average annual growth rate of 1.6 percent between 2008Q1 and 2013Q1 (Table 1). Between 2008Q1 and 2010Q1, 660 000 jobs were lost. Despite rising to 13.6 million in 2013Q1, employment remains lower than five years earlier (13.8 million in 2008Q1). This decline, though, is marginal and represents just 0.2 percent of 2008 employment.

Both the narrow and broad labour force increased between 2008Q1 and 2013Q1, but only the latter increase, of 1.4 percent per annum, is statistically significant. The increase in unemployment was statistically significant in both narrow terms (1.7 percent per annum) and expanded terms (5.1 percent per annum). The most rapid growth has taken place amongst discouraged workseekers, whose numbers nearly doubled from 1.2 million to 2.3 million over the period, equivalent to an average rate of increase of 14.6 percent per annum. The latter finding, which is statistically significant, suggests a deterioration in perceptions of labour market conditions, as the unemployed choose not to actively seek work.

The narrow labour force participation rate (LFPR), despite being very stable at around 54.5 percent since 2010Q1, decreased by a statistically significant 3.6 percentage points between 2008Q1 and 2013Q1. In contrast, the expanded LFPR decreased marginally by 0.5 percentage points during the same period. In other words, the period saw a change in the composition of the unemployed as they increasingly did not actively seek employment. Furthermore, the combination of declining employment and labour force growth between 2008Q1 and 2013Q1, as discussed above, forced unemployment rates higher under both the narrow and broad definitions (by 1.8 and 5.5 percentage points respectively). The rise in the unemployment rate was statistically significant, irrespective of the definition used. To conclude, the results in Table 1 suggest a gloomy picture of the South African labour market in the past five years, with a decline in employment being accompanied by an even greater increase of unemployment, in particular due to the rapid rise of discouraged workseekers.

Table 1: Labour Market Overview, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1	2010 Quarter 1	2012 Quarter 1	2013 Quarter 1	Change ('08-13) Absolute	Relative	
Labour Market Aggregates (Thousands)							
Working Age Population	30 963	32 039	33 000	33 474	2 511	1.6	*
Employment	13 778	13 112	13 447	13 644	-134	-0.2	
Narrow Unemployment	4 222	4 396	4 526	4 604	382	1.7	+
Narrow Labour Force	18 000	17 509	17 973	18 248	248	0.3	
Expanded Unemployment	5 400	6 267	6 862	6 934	1 534	5.1	*
Expanded Labour Force	19 178	19 379	20 308	20 579	1 400	1.4	*
Discouraged Workseekers	1 179	1 871	2 335	2 330	1 152	14.6	*
Labour Force Participation Rate (Percent)							
Narrow LFPR	58.1	54.6	54.5	54.5	-3.6	-1.3	*
Expanded LFPR	61.9	60.5	61.5	61.5	-0.5	-0.2	
Unemployment Rate (Percent)							
Narrow Unemployment Rate	23.5	25.1	25.2	25.2	1.8	1.5	*
Expanded Unemployment Rate	28.2	32.3	33.8	33.7	5.5	3.7	*

Source: *Own calculations, Statistics South Africa (2008, 2010, 2012, 2013).*
Notes: *1. An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.*
2. The working age population includes all individuals aged between 15 years and 65 years inclusive.

EMPLOYMENT TRENDS BY INDUSTRY

Overall, employment is dominated by the tertiary sector. Table 2 shows that more than 9 million individuals were employed in the tertiary sector in all surveys under study, representing 68.1 percent in 2008Q1 and 70.6 percent in 2013Q1. The primary sector only accounts for 8.1 percent of total employment in 2013Q1, while 21.2 percent of the employed are located in the secondary sector. Both the primary and secondary sectors experienced weakness in employment over the five-year period, with employment in the latter sector contracting at a statistically significant 2.3 percent per annum respectively. Job losses in these two sectors were driven by retrenchment in agriculture (68 000 jobs), manufacturing (258 000 jobs) and construction (117 000 jobs) in particular. Employment in the tertiary sector was only marginally up over the period.

Table 2: Employment Trends by Industry, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1 ('000s)	2010 Quarter 1 ('000s)	2012 Quarter 1 ('000s)	2013 Quarter 1 ('000s)	Change ('08-'13) Absolute ('000s)	Relative (Percent)	
Overall Employment	***13 778***	***13 112***	***13 447***	***13 644***	***-134***	***-0.2***	
Agriculture, forestry and fishing	809	659	656	741	-68	-1.7	
Mining and quarrying	333	303	336	365	33	1.9	
Primary Sector	1 142	962	992	1 106	-36	-0.6	
Manufacturing	2 016	1 763	1 722	1 758	-258	-2.7	*
Electricity, gas and water	98	72	92	117	18	3.5	
Construction	1 140	1 062	987	1 023	-117	-2.1	
Secondary Sector	3 254	2 898	2 802	2 898	-356	-2.3	*
Wholesale and retail trade	3 188	2 888	3 065	2 857	-331	-2.2	*
Transport, storage and communication	767	799	785	813	46	1.2	
Financial and business services	1 701	1 688	1 745	1 783	82	0.9	
Community, social and personal (CSP) services	2 584	2 703	2 896	3 078	494	3.6	*
Private households	1 142	1 169	1 155	1 108	-35	-0.6	
Tertiary Sector	9 382	9 247	9 645	9 638	256	0.5	

Source: *Own calculations, Statistics South Africa (2008, 2010, 2012, 2013).*
Notes: *1.An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.*

Employment in the community, social and personal (CSP) services industry increased by almost half a million jobs, which outweighed the loss of around 330 000 jobs in wholesale and retail. Both changes are statistically significant. As indicated earlier, 660 000 jobs were lost between 2008Q1 and 2010Q1, and Table 2 shows that wholesale and retail trade was the industry worst affected, accounting for 300 000 (or 45.5 percent) of net job losses during this period.

In 2008Q1, wholesale and retail was the largest industry in terms of employment (23.1 percent), followed by CSP services (18.8 percent). However, five years later, CSP services had overtaken wholesale and retail trade; the two sectors now account for 22.6 percent and 20.9 percent of overall employment respectively. The decline in employment in wholesale and retail trade was primarily driven by job losses in its largest subsector, "Retail trade, except of motor vehicles and motor cycles; repair of personal and household goods", where employment declined by a statistically significant 2.9 percent per annum over the period.

Demographic Employment trends within wholesale and retail industry

In terms of the key demographic covariates of workers in wholesale and retail industry, Table 3 shows that Africans appear to have borne the brunt of job losses, losing just over 200 000 jobs – 61.6 percent of the total employment loss in the industry. Both men and women saw a net decline in employment, although the decline is more rapid (209 000 jobs lost, or -2.8 percent per annum) and statistically significant in the case of females. Jobs losses are most concentrated amongst young workers: 15 to 24 year olds saw employment decline by 182 000 (-8.2 percent per annum), while employment amongst 25 to 34 year olds fell by 134 000 (-2.3 percent per annum). These two changes are statistically significant. Interestingly, employment in the industry increased over the five-year period for 35 to 44 year olds only. In terms of education, job losses were concentrated amongst those without post-secondary qualifications, with the decrease statistically significant for those with no formal education (54 000 jobs lost, or -13.8 percent per annum) and those with only primary education (181 000 jobs lost, or -9.5 percent per annum).

Table 3: Employment in Wholesale and Retail by Demographics, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1 *('000s)*	2010 Quarter 1 *('000s)*	2012 Quarter 1 *('000s)*	2013 Quarter 1 *('000s)*	Change ('08-'13) Absolute *('000s)*	Relative *(Percent)*	
Overall Employment	***3 188***	***2 888***	***3 065***	***2 857***	***-331***	***-2.2***	*
By Race							
African	2 294	2 084	2 181	2 089	-204	-1.8	+
Coloured	310	298	314	278	-32	-2.2	
Asian	149	150	169	151	2	0.3	
White	435	355	401	338	-97	-4.9	
By Gender							
Male	1 608	1 484	1 610	1 486	-122	-1.6	
Female	1 580	1 404	1 455	1 371	-209	-2.8	*
By Age Group							
15 to 24 year olds	526	419	452	343	-182	-8.2	*
25 to 34 year olds	1 207	1 093	1 129	1 073	-134	-2.3	+
35 to 44 year olds	741	725	834	787	46	1.2	
45 to 54 year olds	491	467	455	445	-45	-1.9	
55 to 65 year olds	223	185	194	208	-15	-1.4	
By Educational Attainment							
No education	103	75	76	49	-54	-13.8	*
Grades 0 – 7	462	360	331	281	-181	-9.5	*
Grades 8 – 11	1 164	1 046	1 152	1 107	-57	-1.0	
Grade 12	1 125	1 081	1 130	1 061	-64	-1.2	
Diploma/Certificate	217	232	253	238	21	1.9	
Degree	75	56	88	88	13	3.3	

Source: Own calculations, Statistics South Africa (2008, 2010, 2012, 2013).

Notes: 1.An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.

Employment in wholesale and retail differs significantly in terms of demographic composition from employment within the greater non-agricultural economy, as shown in Table 4. First, Whites account for a significantly smaller proportion of the workforce in wholesale and retail than in the broader non-agricultural economy in both 2008Q1 and 2013Q1. Conversely, the share of Africans in employment is larger in wholesale and retail, although this result is only statistically significant in 2008Q1.

Employment in wholesale and retail is only slightly dominated by males: men account for around 52 percent of the workforce, compared to a much higher share within the non-agricultural economy (close to 60 percent in both periods). Given that this is a service industry, it is not surprising that women account for a relatively large proportion of employment.

Workers in wholesale and retail are relatively young when compared with the broader non-agricultural economy. The proportion of 15 to 24 year olds in wholesale and retail, at 12.0 percent in 2013Q1, is significantly higher than that within the non-agricultural economy, while the opposite is true amongst 45-54 year olds and 55-65 year olds. In fact, close to half of all jobs in wholesale and retail trade are held by individuals under the age of 35 years, compared to just under 43 percent in the non-agricultural sectors.

Finally, workers in the wholesale and retail industry are clustered within secondary education: 38.8 percent had some secondary education, while 37.1 percent had Grade 12 in 2013Q1, but these shares were respectively only 31.0 percent in 33.4 percent in the non-agricultural economy. In contrast, a smaller share of wholesale and retail workers have post-Matric qualifications (11.4 percent in this industry, compared with 24.3 percent within non-agricultural economy). These differences are statistically significant in both surveys. This points to relatively low skills requirements (in terms of educational attainment) within wholesale and retail trade, which implies that jobseekers' bargaining power may be limited as they compete with a large number of similarly (or better) qualified applicants.

Table 4: Demographic Composition of Employment in Wholesale and Retail, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1			2013 Quarter 1		
	Wholesale & Retail Trade	Non-Agricultural Economy		Wholesale & Retail Trade	Non-Agricultural Economy	
Total Employment (Thousands)	***3 188***	***11 827***		***2 857***	***11 796***	
By Race						
African	71.2	67.5	*	73.1	69.0	
Coloured	10.2	11.0	*	9.7	10.9	
Asian	5.5	3.9	*	5.3	4.4	
White	13.1	17.6	*	11.8	15.7	*
By Gender						
Male	52.5	59.6	*	52.0	58.8	*
Female	47.5	40.4	*	48.0	41.2	*
By Age Group						
15 to 24 year olds	14.7	12.4	+	12.0	9.1	*
25 to 34 year olds	36.8	34.8		37.6	33.7	+
35 to 44 year olds	27.2	26.5	*	27.6	29.9	
45 to 54 year olds	14.8	18.1	*	15.6	18.5	*
55 to 65 year olds	6.3	8.2	*	7.3	8.7	+
By Educational Attainment						
No education	2.5	2.6		1.7	1.3	
Grades 0 – 7	10.8	12.8	+	9.8	9.0	
Grades 8 – 11	37.6	31.2	*	38.8	31.0	*
Grade 12	36.9	31.6	*	37.1	33.4	+
Diploma/Certificate	8.3	13.3	*	8.3	14.3	*
Degree	2.9	7.2	*	3.1	10.0	*

Source: *Own calculations, Statistics South Africa (2008, 2013).*

Notes: *1.An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.*

Formality and Informality

In South Africa, employment is dominated by the formal sector: excluding agriculture, the formal sector accounted for roughly four out of every five jobs in both 2008Q1 and 2013Q1 (see Table 5). In wholesale and retail trade, however, the informal sector is bigger, accounting for approximately one-third of employment. The differences in these shares between wholesale and retail and non-agricultural economy are statistically significant in both surveys. The relatively large informal sector revealed by the data aligns with the observation in reality of the many street vendors in South Africa's urban areas and informal retail operations prevalent in the country's towns.

The abovementioned formal-informal sector classification is derived using an establishment-based definition. In other words, it is the characteristics of the enterprise or establishment at which the individual is employed that determines (in)formality. However, considering the nature of the employment relationship, it is possible to classify workers as formally or informally employed, with the latter being those in precarious employment. All employees in the informal sector are considered to be informally employed by

Statistics South Africa.

Table 5: Formality of Employment in Wholesale and Retail, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1			2013 Quarter 1		
	Wholesale & Retail Trade	Non-Agricultural Economy		Wholesale & Retail Trade	Non-Agricultural Economy	
Total Employment (Thousands)	***3 188***	***11 827***		***2 857***	***11 796***	
Firm-based definition						
Formal Sector	66.2	80.1	*	66.3	81.4	*
Informal Sector	33.8	19.9	*	33.7	18.6	*
Worker-based definition (formal sector)						
Formally Employed	-	-		55.2	71.1	*
Informally Employed	-	-		39.1	23.8	*
Employers and own-account workers	-	-		5.6	5.1	

Source: *Own calculations, Statistics South Africa (2008, 2013).*
Notes: *1.An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.*

Within non-agricultural formal sector employment, 71.1 percent of workers are formally employed in 2013Q1 (unfortunately, this data is not available in 2008Q1). However, this proportion is significantly smaller when it comes to wholesale and retail (55.2 percent). In wholesale and retail trade, therefore, while 33.7 percent of employment is in the informal sector, 39.1 percent are informally employed. Informal employment relationships are, therefore, significantly more common in the formal sector of the wholesale and retail trade industry, with the implication of a greater degree of insecurity in employment, than is the case in the non-agricultural economy.

OCCUPATIONAL EMPLOYMENT TRENDS

The majority of non-agricultural employment is accounted for by skilled occupations (Table 6). In both 2008Q1 and 2013Q1, approximately two-thirds of those employed in the non-agricultural economy were employed in skilled occupations. Around 19 percent were employed in low skilled, elementary occupations.

Table 6: Occupational Composition of Employment in Wholesale and Retail, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1			2013 Quarter 1		
	Wholesale & Retail Trade	Non-Agricultural Economy		Wholesale & Retail Trade	Non-Agricultural Economy	
Total Employment (Thousands)	***3 188***	***11 827***		***2 857***	***11 796***	
Managers	9.3	8.0		11.1	9.3	
Professionals	1.0	6.3	*	2.0	7.4	*
High Skilled	*10.4*	*14.4*	*	*13.1*	*16.6*	+
Technicians	4.6	12.2	*	3.4	12.7	*
Clerks	14.9	12.5	*	15.0	12.1	*
Service and sales workers	26.0	15.3	*	27.0	16.4	*
Skilled agricultural workers	0.4	0.3		0.0	0.1	
Craft and related trades	12.3	16.7	*	11.6	13.3	
Operators and assemblers	4.1	9.4	*	2.8	9.9	*
Skilled	*62.3*	*66.5*		*59.8*	*64.4*	
Elementary occupations	27.3	19.1	*	27.1	18.9	*
Low Skilled	*27.3*	*19.1*	*	*27.1*	*18.9*	*

Source: *Own calculations, Statistics South Africa (2008, 2013).*
Notes: *1.An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.*

Within wholesale and retail trade, although the share of high skilled workers increased over the period from 10.4 percent to 13.1 percent, these shares are lower than those within the non-agricultural economy (14.4 percent and 16.6 percent respectively). In addition, the five-year period saw a decline in the share of skilled workers in wholesale and retail trade from 62.3 percent to 59.8 percent. Low skilled occupations maintained their share of employment at around 27 percent in both surveys. Broadly speaking, these differences between the wholesale and retail trade and the non-agricultural economy are statistically significant and reconfirm the lower skills-intensity of wholesale and retail trade revealed by the composition of employment by educational attainment.

More detailed occupational disaggregations reveal that more than half of employment in wholesale and retail is located in just two occupational categories: service and sales workers account for 27.0 percent of employment in the industry in 2013Q1 and elementary occupations for 27.1 percent. In addition, a significantly lower proportion of workers in wholesale and retail trade work as professionals, technicians, or operators and assemblers, when compared with the non-agricultural economy.

Employment Characteristics

This section explores some of the characteristics of employment within wholesale and retail trade, relating to issues such as the existence and nature of employment contracts and access to certain benefits. Many of these variables speak to the quality of employment and the protections afforded to workers.

In assessing the precariousness of employment, written contracts are typically viewed as more secure than verbal employment contracts, while permanent positions of more stability than limited period contracts. Table 7 shows that slightly more than two-fifths of workers in wholesale and retail trade are employed on a permanent basis (42.2 percent in 2008Q1 and 43.8 percent in 2013Q1).

However, this proportion exceeds 55 percent of workers in the broader non-agricultural economy in both surveys. In addition, the share of wholesale and retail workers who are self-employed (around 31 percent in both surveys) is nearly double that within the non-agricultural economy (approximately 17 percent).

At first glance, this seems to point to more precarious employment in wholesale and retail trade than in the broader economy and, to the extent that self-employment is far more common in the industry, this is true. Excluding the self-employed and looking at employees only though, the gap between wholesale and retail trade and the non-agricultural economy is narrowed: 63.7 percent of employees in the former have permanent contracts in 2013Q1, compared to 69.4 percent in the latter. Contracts of unspecified duration are, though, considerably more common in wholesale and retail trade. While the exact nature of these contracts is unclear, more than half the contracts of unspecified duration are verbal contracts, both in wholesale and retail trade and in the non-agricultural economy.

Between 2008Q1 and 2013Q1, the proportion of non-agricultural employees with written employment contracts increased from 82.3 percent to 88.4 percent. Although lower, this proportion increased more rapidly in wholesale and retail trade, rising from 75.9 percent to 83.1 percent over the period. In contrast, verbal contracts have become less common both in wholesale and retail and the non-agricultural economy, despite the fact that the share with verbal contracts in wholesale and retail remains significantly higher in both surveys. Importantly, three-quarters of verbal contracts are of unspecified duration in both wholesale and retail trade and the non-agricultural economy and it would seem that the greater prevalence of verbal contracts is a key aspect of employment insecurity in the former industry.

Table 7: Contract Characteristics in Wholesale and Retail, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1			2013 Quarter 1		
	Wholesale & Retail Trade	Non-Agricultural Economy		Wholesale & Retail Trade	Non-Agricultural Economy	
Contract Duration						
Total Employment (Thousands)	***3 188***	***11 827***		***2 857***	***11 796***	
Limited duration	7.8	9.7	*	9.9	11.9	+
Permanent nature	42.2	55.9	*	43.8	57.5	*
Unspecified duration	18.9	17.0		15.0	13.5	
Self-employed	31.1	17.4	*	31.3	17.2	*
Total Employees (Thousands)	***2 198***	***9 767***		***1 962***	***9 772***	
Limited duration	11.3	11.7		14.4	14.4	
Permanent nature	61.2	67.7	*	63.7	69.4	+
Unspecified duration	27.4	20.5	*	21.9	16.3	*
Contract Type						
Total Employees (Thousands)	***2 198***	***9 767***		***1 962***	***9 772***	
Written contract	75.9	82.3	+	83.1	88.4	
Verbal contract	24.1	17.7	*	16.9	11.6	*

Source: *Own calculations, Statistics South Africa (2008, 2013).*

Notes: *1.An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.*

Table 8 compares the employment characteristics of employees in wholesale and retail and within the non-agricultural economy. The first set of variables considered are six work benefits, although paid sick leave and paid maternity questions were not asked in 2008Q1. When looking at the four benefits asked in both surveys, it is clear that access to medical aid, pension contributions and paid leave are significantly lower in wholesale and retail.

First, the proportion of wholesale and retail employees entitled to medical aid benefits decreased from 15.5 percent in 2008Q1 to 13.9 percent in 2013Q1, although access increased within the non-agricultural economy from 33.1 percent to 37.4 percent of employees. Secondly, the proportion of wholesale and retail employees whose employers make pension contributions for them stagnated at just below two-fifths in both surveys, while this proportion was above 50 percent for employees in the non-agricultural economy.

Although the proportion of employees in wholesale and retail trade being entitled to paid leave increased from 53.8 percent to 61.3 percent between 2008Q1 and 2013Q1, it remains significantly lower than in the non-agricultural economy (63.5 percent and 70.5 percent in 2008Q1 and 2013Q1 respectively). Interestingly, a relatively high proportion of employees report their employers making UIF contributions on their behalf. This is particularly true of employees in wholesale and retail, as 74.8 percent of them report contributions in 2013Q1, nearly 10 percentage points more than the non-agricultural economy as a whole.

Table 8: Employment Characteristics in Wholesale and Retail, 2008 Quarter 1 – 2013 Quarter 1

	2008 Quarter 1			2013 Quarter 1		
	Wholesale & Retail Trade	Non-Agricultural Economy		Wholesale & Retail Trade	Non-Agricultural Economy	
Total Employees (Thousands)	***2 198***	***9 767***		***1 962***	***9 772***	
Benefits						
Medical aid	15.5	33.1	*	13.9	37.4	*
UIF contributions	69.0	58.9	*	74.8	65.6	*
Pension contributions	37.1	52.2	*	39.9	55.9	*
Paid leave	53.8	63.5	*	61.3	70.5	*
Paid sick leave	-	-		69.0	75.9	+
Paid maternity leave	-	-		50.5	60.3	*
Hours of work						
1-19 hours	1.9	1.9		1.3	2.1	*
20-39 hours	7.6	8.8		6.0	7.5	+
40-44 hours	24.9	37.1	*	32.3	44.9	*
45-49 hours	29.2	25.9	+	32.1	27.2	*
50+ hours	36.1	26.0	*	28.2	18.2	*
Mean hours worked	47.4	45.7	*	46.5	44.2	*
Other						
Trade union membership	-	-		18.7	34.2	*

Source: *Own calculations, Statistics South Africa (2008, 2013).*

Notes: *1.An asterisk denotes statistically significant differences in the share of employment at the 95 percent confidence interval, while a dagger (†) denotes statistically significant differences in the share of employment at the 90 percent confidence level.*

In fact, this is the only aspect out of the six where wholesale and retail trade employees are in a better position than their counterparts in the non-agricultural economy. Finally, in 2013Q1, a significantly lower proportion of employees in wholesale and retail trade report being entitled to paid sick leave (69.0 percent) and paid maternity leave (50.5 percent), compared with 75.9 percent and 60.3 percent respectively for employees in the non-agricultural economy. Overall, therefore, employees in wholesale and retail trade appear to be at a disadvantage in terms of this set of employment benefits.

The distribution of employees by the number of hours usually worked per week is also reported in Table 8 and the data reveals several statistically significant differences between wholesale and retail trade and the non-agricultural economy. In wholesale and retail trade, a lower proportion of employees work between 40 and 44 hours per week (24.9 percent in 2008Q1 and 32.3 percent in 2013Q1) compared with the non-agricultural economy as a whole (37.1 percent in 2008Q1 and 44.9 percent in 2013Q1). Conversely, larger proportions of wholesale and retail employees are located in the 45 to 49 hours and 50+ hours categories. Although the proportion of employees working at least 50 hours per week decreased in both wholesale and retail (36.1 percent in 2008Q1 and 28.2 percent in 2013Q1) and the non-agricultural economy as a whole (26.0 percent and 18.2 percent in each survey), the difference in this share remains statistically significant in both surveys.

The greater proportions of wholesale and retail employees at the upper end of the distribution of hours of work are reflected in the higher mean hours worked in both periods. Mean usual weekly hours worked in wholesale and retail trade, despite decreasing from 47.4 hours in 2008Q1 to 46.5 hours in 2013Q1, remain statistically significantly higher than in the non-agricultural economy (45.7 hours in 2008Q1 and 44.2 hours in 2013Q1).

The downward trend in the mean usual weekly hours worked could be due to two possible reasons: first, related to the economic slowdown, employers would likely first scale back on work hours before going through retrenchments; secondly, in terms of legislation, it may reflect the continued shift to a shorter work week (40 hours being the Department of Labour's ultimate objective).

The final variable of interest is union membership, which provides an indication of the vulnerability of workers to possible exploitation by employers. This is not a perfect proxy of vulnerability, however, particularly given the various other institutions, such as sectoral determinations, that aim to prevent the exploitation of workers.

Although no data on union membership is available for 2008Q1, the data for 2013Q1 indicates that union membership is significantly less common in wholesale and retail than within the non-agricultural economy. Only 18.7 percent of the former report being members of trade unions, compared to 34.2 percent of employees in the non-agricultural economy.

Overall, therefore, it appears that 'job quality' as proxied by the various variables as discussed throughout this section is poorer in wholesale and retail than in the broader non-agricultural economy, and it is worrying that the gap in the job quality between the two sectors has not shown any real sign of narrowing over this period.

Conclusion

This factsheet has provided an overview of employment in the wholesale and retail trade industry. Despite being the industry with the most rapid rate of employment contraction between 2008Q1 and 2013Q1 with 331 000 jobs being shed, wholesale and retail trade still plays a significant role in the labour market, accounting for more than one-fifth of total employment.

There have been statistically significant changes in the demographic composition of wholesale and retail trade employment between 2008Q1 and 2013Q1. In particular, the declines in employment amongst Africans, females, 15 to 34 year olds, and those without secondary education are significant. Nevertheless, wholesale and retail workers are more likely to be Africans, females, aged below 35 years, and without any form of post-secondary qualifications, than their counterparts in the broader non-agricultural economy.

The informal sector is particularly large in wholesale and retail trade, accounting for about one-third of employment, nearly double the share in the non-agricultural economy. If informality is defined in terms of the employment relationship, the proportion of workers informally employed is nearly 40 percent in wholesale and retail, but it is only about 24 percent in the non-agricultural economy. Although the share of wholesale and retail workers engaged in high skilled and skilled occupations increased between 2008Q1 and 2013Q1, these two shares remain lower when compared with non-agricultural workers.

Employees in wholesale and retail trade typically have less secure employment and access to fewer benefits than is the case in the non-agricultural economy as a whole. Employees in the industry are more likely to be self-employed and less likely to have contracts of permanent duration. Written contracts, despite being vastly more common than verbal contracts, are still less common amongst employees in wholesale and retail trade than in the non-agricultural economy as a whole.

Various indicators of 'job quality' were presented, with mainly inferior results for wholesale and retail trade. In term of six benefits – medical aid contributions, UIF contributions, pension contributions, paid leave, paid sick leave and paid maternity – employees in wholesale and retail are at a disadvantage in all but UIF contributions. Employees in this industry are also more likely to work longer hours, with more than 28 percent of them reporting that they usually work at least 50 hours per week. It is therefore not surprising that, on average, the wholesale and retail employees work nearly two hours longer per week than in the broader non-agricultural economy. Finally, union membership is significantly lower in the wholesale and retail industry.

The results, therefore, suggest poorer quality of employment and a greater level of vulnerability amongst employees in wholesale and retail trade than in the broader non-agricultural economy. Importantly, though, there are no indications that the gap between the two sectors across these covariates has been narrowing.

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Appendix

Table A1: Employment in the four sub-sectors in Wholesale and Retail Trade

	2008 Quarter 1 (’000s)	2010 Quarter 1 (’000s)	2012 Quarter 1 (’000s)	2013 Quarter 1 (’000s)	Change ('08-'13) Absolute (’000s)	Change ('08-'13) Relative (Percent)
Employment in Wholesale and Retail Trade	***3 188***	***2 888***	***3 065***	***2 857***	**-331**	***-2.2***
Wholesale and commission trade, except of motor vehicles and motor	147	177	166	148	0	0.1
Retail trade, except of motor vehicles and motor cycles; repair of personal and household goods	2 066	1 855	1 842	1 787	-279	-2.9
Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel	479	412	501	484	5	0.2
Hotels and restaurants	496	444	556	439	-57	-2.4

Source: *Own calculations, Statistics South Africa (2008, 2010, 2012, 2013).*
Notes: *1.An asterisk denotes statistically significant changes at the 95 percent confidence level, while a dagger (†) denotes statistically significant changes at the 90 percent confidence level.*