THE SECTORAL EMPLOYMENT INTENSITY OF GROWTH IN SOUTH AFRICA

NJABULO MKHIZE

School of Economic Sciences, University of South Africa, P.O. Box 392, Pretoria 0003, SOUTH AFRICA.
E-mail: mkhizni@unisa.ac.za

Abstract - Concerns have been expressed recently about the inability of the South African economy to provide adequate employment for the increasing number of job seekers. This paper investigate how sectoral employment intensity of output growth in the eight non-agricultural sectors of the South African economy has evolved in the period 2000:01-2012:04, with a view to identifying key growth sectors that are employment intensive. Empirical findings of the study suggest that total non-agricultural employment and GDP do not move together in the long run, implying that jobless growth occurred in South Africa during the period under review. This supports the view that South Africa has become less labour-intensive and more capital-intensive. Results of a sectoral division confirm a long-run relationship between employment and growth in the finance and business services, manufacturing, transport and utilities sectors. In particular, the results suggest that sectors within the tertiary sector are the best performing sectors in terms of employment intensity of output growth, reflecting the changing structure of the economy and the nature of employment shifting away from primary towards the tertiary sector. Investment in the tertiary sector is necessary to foster new employment opportunities and can assist in improving overall employment intensity in South Africa.

Keywords: Sectoral Output Growth, Employment, Employment Intensity, JEL Classification: E24, J21, J23, O17, O55