Spatial trends of unemployment: policy implications for South Africa

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inequalities and justice:

influences, effects, intersections and evidence

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Overview

- Background about unemployment

- Methods used to measure inequality

- Selected findings

- Policy implications

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Background (1)

- Income inequality (Gini coefficient) increased over time
  - 1995 ▶▶ 0.64
  - 2005 ▶▶ 0.69
  - 2008 ▶▶ 0.70
- Unemployment rate widely used as economic and social indicator
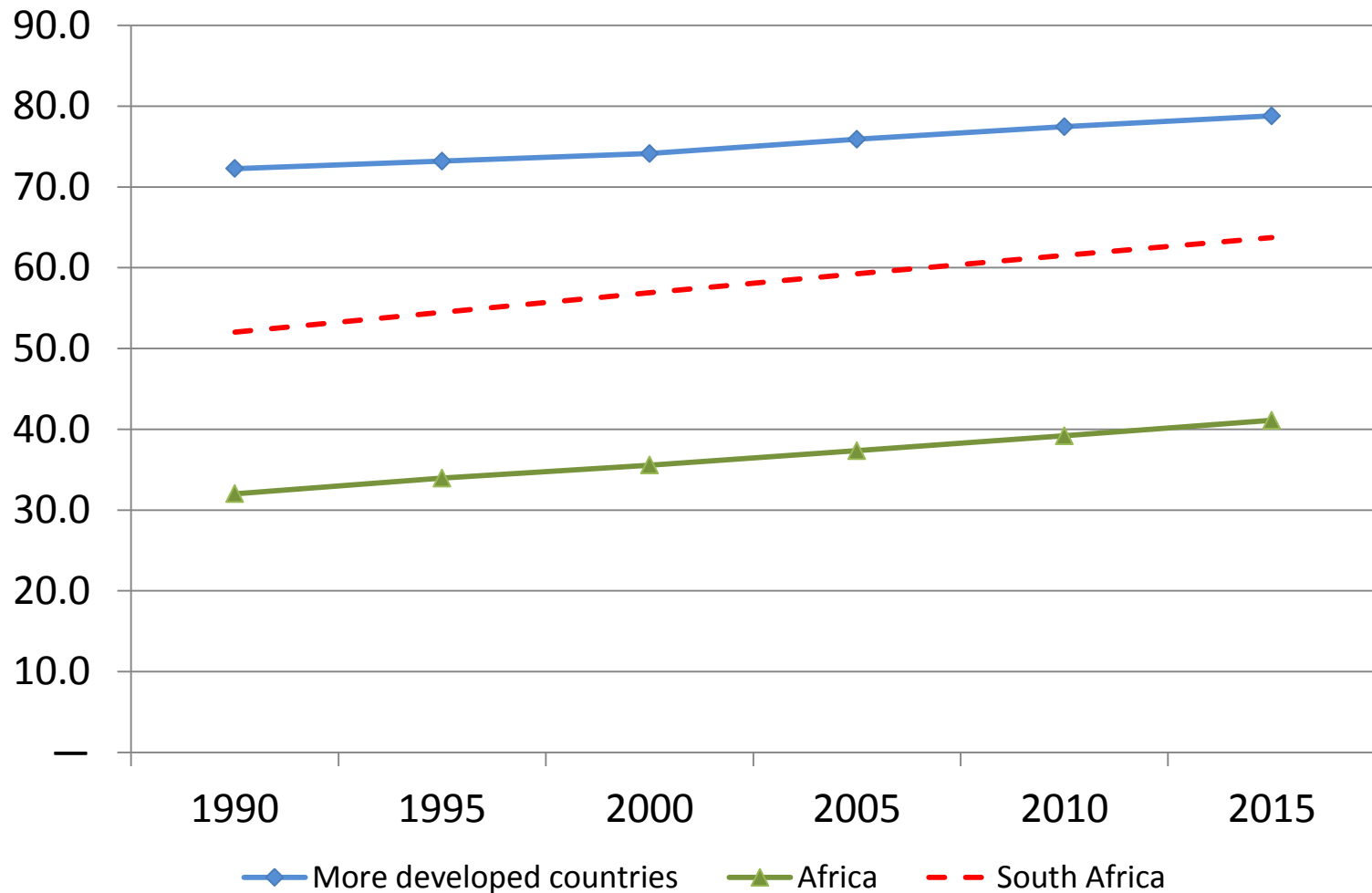- Limited research on geographical understanding of unemployment

Unemployment rate over time
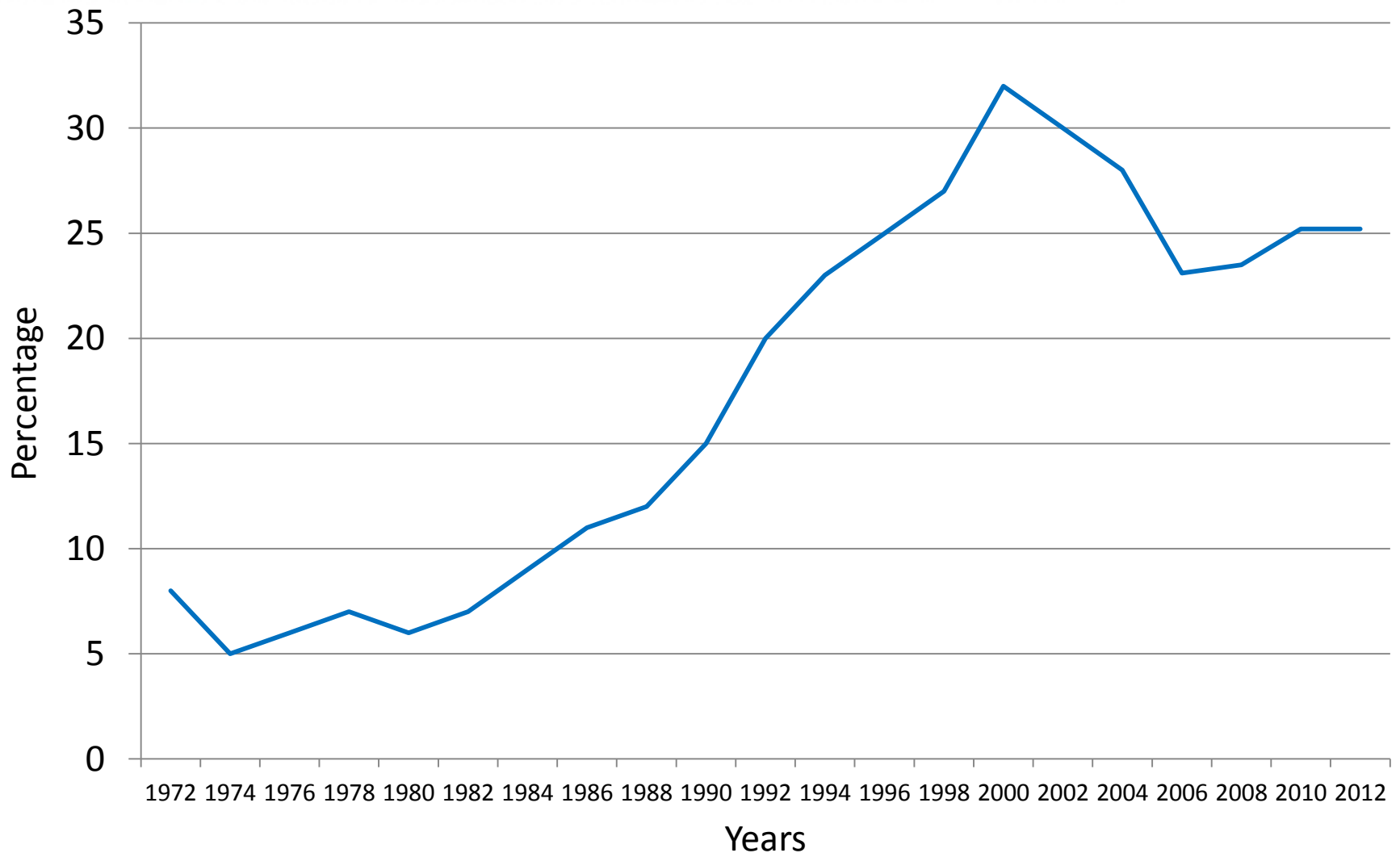
Background (2)

- Unemployment used as an indication of segregation

- Trends of increased urban population
  - 2010 ▶▶ 61.5%
  - 2020 ▶▶ 65.9%
  - Intensified segregation

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Proportion urban dwellers

Background (2)

- Objectives of this paper
  - Determine whether segregation increased between the unemployed and employed since 1991.
  - Identify structural breaks in municipal economies through changes in the industry composition.
  - Identify the relationship between unemployment and urban/rural populations

Methodology (1)

- Index of dissimilarity
  - Measure of segregation
  - Compares spatial distribution of two sub-groups
  - Common administrative boundary identified
  - Result – how many of unemployed need to move existing location in order to obtain equal spatial distribution with the employed
- Value between 0 and 100
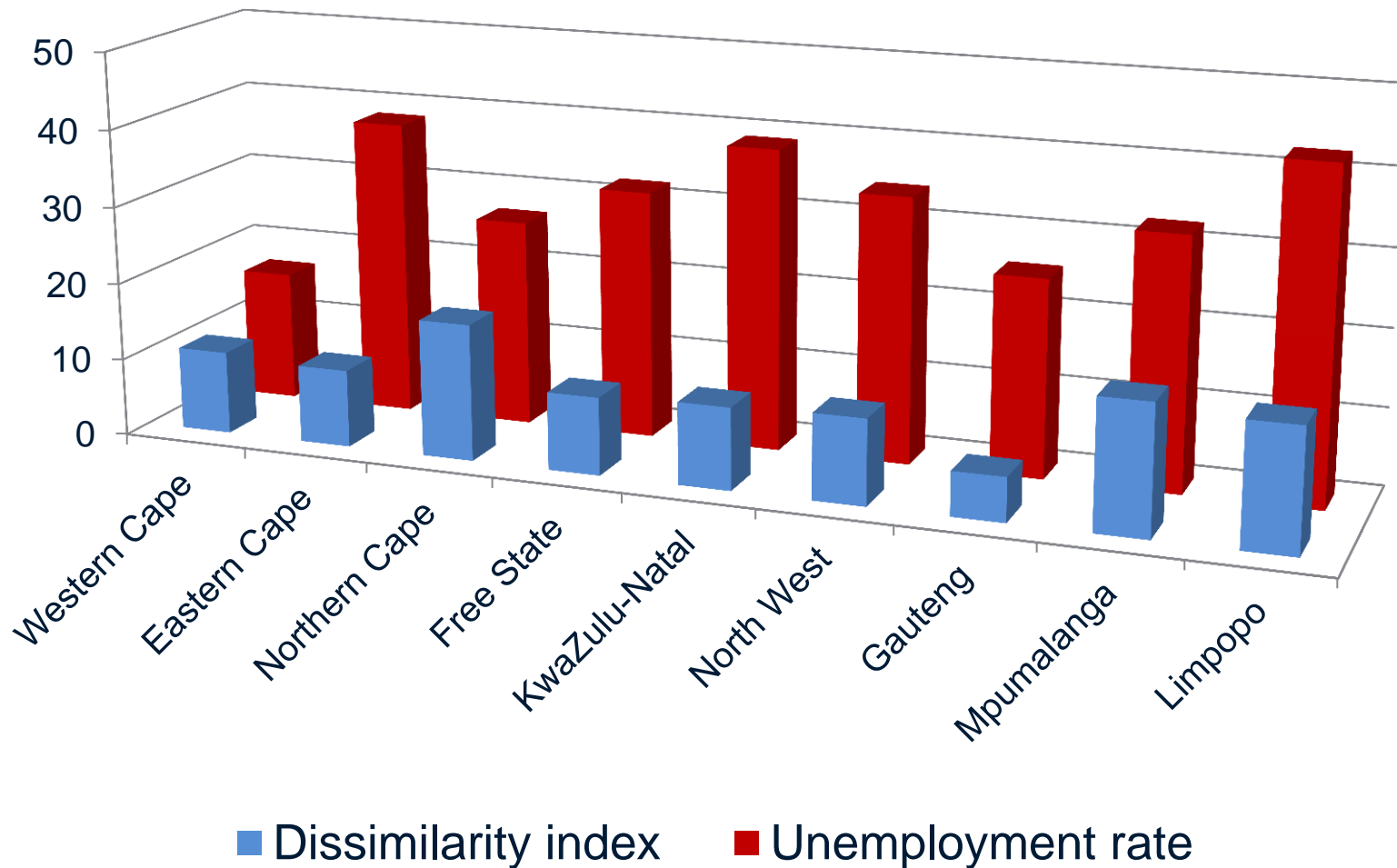- Higher value = the more segregated the sub-group of interest

Methodology (2)

- Industry composition of municipalities
  - Trends in GGP growth
  - People employed per sector
- Urban-rural unemployment
  - Calculate variables per municipality
  - Scatter plot to determine linearity
  - Pearson correlation

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Selected findings (1)

- Dissimilarity between unemployed and employed
  - Increased in metropolitan areas
  - Decreased in some rural areas
  - Provincial differences
- Overall decrease in dissimilarity between the unemployed and employed since 1991

Dissimilarity 2011

Dissimilarity between unemployed and employed

Source: Own calculations

Selected findings (3)

- Industry composition
  - Shifted over time
  - Majority of labour force employed in community services in 2011

- Structural changes in metro economies
  - Johannesburg – increase people employed in finance
  - Cape Town – manufacturing is greatest employer, increase in construction and retail
  - eThekwini/Pretoria – economy remained same

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People employed per sector
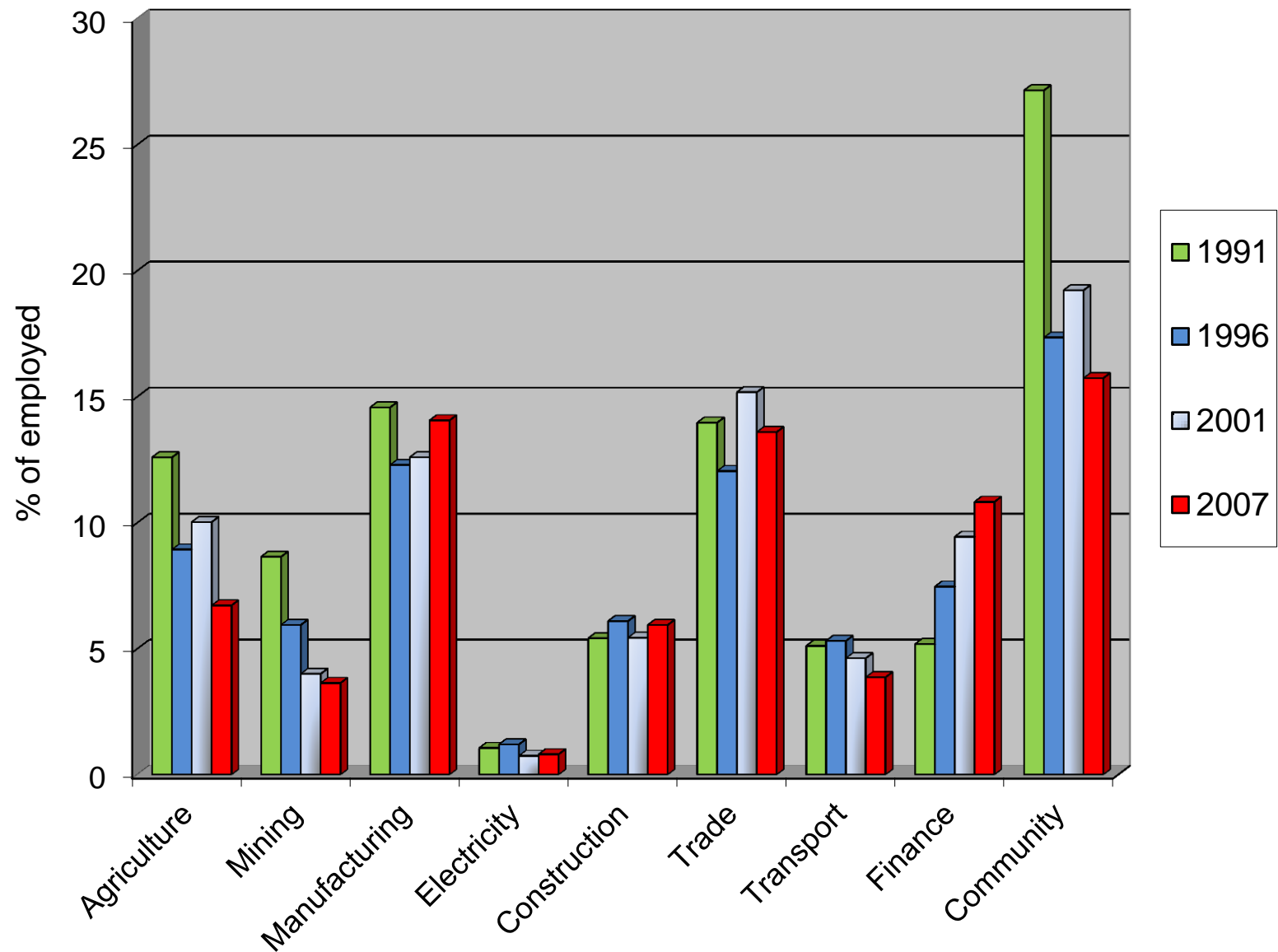
Selected findings (4)

- Positive, linear relationship between unemployment and number of both urban and rural people

- Steeper angle for urban populations

- Increase in rural population
  - Coincide with high percentage employed in agriculture, e.g. rural Eastern Cape and northern Limpopo
  - Pietermaritzburg and Pretoria – increase in rural population

Policy implications (1)

- Overall decrease in dissimilarity (district municipality)
  - Provinces of concern – Northern Cape, Mpumalanga, Limpopo
- Increased dissimilarity
    - Districts with small population and large areas
    - Also Kimberley, Pietermaritzburg, Richard's Bay, south Gauteng
    - Potential conflict, lack of social cohesion

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Policy implications (2)

- Dissimilarity - metropoles and large cities
  - High inequality and unemployment
  - High dissimilarity expected
  - Intervention required

- Counter-cyclical trends in sector dominance
  - Large cities – more people employed in financial sector
  - Reduction in people employed in agriculture, mining and community services
  - Target population to learn new skills

Policy implication (3)

- Increases in rural population
  - Often increase in population employed in agriculture
  - Not enough work opportunities
  - Stimulate economic growth in other sectors
  - Skills development required
- High levels of urbanisation
  - Increased dissimilarity and inequality – esp. metros
  - Re-skilling to work in different sector

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Thank you

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