

## ***Labour Market Frontiers December 2004 released***

**2 December 2004**

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The South African Reserve Bank released its 6<sup>th</sup> volume of *Labour Market Frontiers* today (2 December 2004). This volume focuses on the movement of people into and out of the labour market, and the declining labour force participation rates.

The publication engages with broader labour markets and social development issues in order to develop a holistic, more integrated knowledge base and policy oversight.

The volume attempts to engage with important issues that need greater research and policy attention to improve the understanding of the relationship between output growth and employment creation. These are supply side issues such as what determines entry into and exit from participation in the labour market and what informs trends in that regard.

The volume explores these labour market issues using two different data sets and methodology. It features a case study based on a panel survey that follows the movement into and exit from the labour market of a sample consisting of the same individuals over time. The second article reflects on the determinants of labour force participation in the labour market using the *Labour Force Survey* results.

Some notable issues that emerge from the analyses coincide with other published reports and research. Firstly, people with low levels of education seem to have a particularly low likelihood of finding work and are most likely to drop out of the labour force completely. The first article highlights specific groups defined by education level, age, gender and spatial location. The analysis covers individuals employed as well as those not economically active during survey reference periods. The paper argues that each identified category of unemployed individuals requires specific kinds of interventions. Furthermore, the article concludes that for the older unemployed with only primary school education targeted public works programmes and social assistance are probably the only answers.

Secondly, recent trends in unemployment and labour market participation rates in South Africa demand a study of the possible underlying factors. The second paper is an explorative analysis of a number of possible factors that are likely to discourage or encourage participation in the labour market. The article probes possible determinants of people's withdrawal from the labour market. Furthermore, the article argues that the role of HIV/Aids and welfare distribution in the withdrawal of previously economically active people, who are still at working age, should form part of an investigation of the barriers and enablers of labour force participation. The conclusion calls for more attention to both the micro and macro level issues including the relevant interlinkages. The major hurdle in this area is limited trend data.

Enquiries:

Ms Lebo Lehutso-Phooko

Research Department

(012)313-4434