SHRAM KO NAMAN SPECIAL SERIES…

UNDERSTANDING THE UNEMPLOYMENT SCENARIO ACROSS EMERGING ECONOMIES:

REFLECTIONS FROM CHINA, TURKEY, SOUTH AFRICA

InfoSphere

A Centre for New Economics Studies Initiative
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INTRODUCTION

In a previous InfoSphere Issue, we tried to understand the structural composition of the rising unemployment scenario in context to India.

In this Issue, we expand our line of inquiry to the unemployment scenarios in three of the major emerging nations in different regions of the global economic landscape: China, South Africa, and Turkey.

In our analysis here, we focus on the following broader points: in context to each identified nation:

1) The Nature of the Employment Landscape- Sector Wise Distribution of Workforce
2) The Gendered Context of Unemployment (Female-Male Classification)
3) Employability Concerns- Gaps Between “Education” and “Employability” in Population
CHINA
68% of China’s workforce is in the informal sector, sans job security.

Most of the workers in the informal sector are migrant workers and not registered to work in cities.

32% of employment in China is regular wage employment, ensuring relatively high job security.

However, as China’s population is now growing at a decreasing rate, labour will not be available as easily. Thus, they may need a change in their employment landscape.
There has been a steady increase in the workforce involved in the services sector over the last decade, with a decline seen in those engaged in agriculture.

In 2008, 33.2% of the workforce was involved in services, 27.2% in industry and 39.6% in agriculture.

In 2018, 46.3% was involved in services, 27.6% in industry and 26.1% in agriculture.
The annual unemployment rate in China is fluctuating between 4.4% and 4.7%.

However, according to The National Bureau of Economic Research (2015), China's real unemployment rate is much higher than the official rate and, when correctly measured, is much closer to that in other nations at similar levels of development.

The Bureau estimates, from 2002-09, the actual unemployment rate averaged around 11%, but the reported figures are half than this.

The rising unemployment in China’s organized workforce has been created by massive layoffs during major changes in the structure of its labor market (shift towards services).
China’s total employment levels (rural + urban) are broadly consistent in the 2009-19 period, with a slight increase in 2016-17.

However, while urban employment levels have increased over the years, rural employment has decreased by almost the same amount.

This also reflects a graduating shift in work preferences within the Chinese population to work in urban areas (and migrate out of rural areas).
GENDERED SEGREGATION
(FEMALE-MALE)

While a greater number of men have been employed as compared to women from 2010-2016, we observe how the number of women employed has risen after this period (since 2015-16), and number of employed men has declined. The causable reason for this trend wasn’t clear on research.

Still, both, the male and female labor force participation rates have dropped by 3-4% over the last 10 years, and, the male labour force participation rates are over 10% higher than that to female-labor force participation rate.

NUMBER OF PEOPLE EMPLOYED- CHINA

Source: Census and Economic Information Center
Middle and High school students face higher incidence (or probability of unemployment) than those who have only studied till elementary school.

There is little difference in employability if one chooses to get a high school degree (as compared to only studying up to middle school). This means that those who have completed a high school degree get the same jobs as those who haven’t, resulting in more people feeling like a high school degree is not worth it.

However, junior college education or a bachelor’s degree increases employability.

This seems to be a persistent (structural) problem as the industrial demand for work doesn’t seem to be compatible with the attainment of higher degrees of education, signaling a gap between education and employability.
TURKEY
19.3% of the workforce is employed in agriculture, 19.5% in industry, 5.5% in construction and 55.7% in services.

The labour force participation rate is 50.7%.

The institutional framework of employment and social protection in Turkey has been weak, although a job security law and an unemployment insurance scheme have recently been introduced.
Turkey has been facing higher rates of unemployment since the Financial Crisis of 2007-08 and the Eurozone Debt Crisis of 2008-09.

The rise in the active working population has not been matched by an equivalent rise in the demand for work.

The country’s unemployment rate was 12.6% in January 2020.
In Turkey, the level of unemployment is higher for males as seen for females. Causal reason not clear from research.

The rate of female employment in the city of Istanbul is higher than the rate of female employment in urban areas in Turkey and the rate of female unemployment is lower than the general rate of non-agricultural female unemployment.

Also, the nature of employment created in Istanbul is qualitatively better than in other parts of Turkey: almost 90% of women in employment are wageworkers.

(Source: International Labour Institute (ILOSTAT))
GENDER RATIOS IN SECTORS IN TURKEY

Source: International Labour Organization (2016)
While access to education causes a high jump in the employment rate, getting a high school degree increases employability by 6% and a university degree causes an increase in employability by 11%.

Source: International Labour Institute (ILOSTAT)
SOUTH AFRICA
8% of workers in South Africa are employed in the Primary sector, 21% in the Secondary sector and 71% in Tertiary.

The primary sector consists of agriculture and mining industries.

The industries in the secondary sector are manufacturing, utilities and construction.

The tertiary sector consists of trade, transport, finances, CSPS (community, social and personal services) and private households.

Source: Quarterly Labour Force Survey, Statistics South Africa
Total employment went up in six of the ten industries in 2019, with the largest increases recorded in community and social services, followed by finance and transport. Declines were recorded in the trade, manufacturing and utilities sectors, as a result of severe power cuts.

Source: Quarterly Labour Force Survey, Statistics South Africa
South Africa's unemployment rate held steady at 29.1% in the fourth quarter of 2019, unchanged from the previous month's 11-year high, as the number of unemployed people dropped to 6.7 million.

Employment increased by 45 thousand to 16.42 million from 16.38 million in the prior period.

There is a very high rate of youth unemployment and over 62.4% of 15-24 year olds in the workforce are unemployed.
South Africa has one of the largest rates of unemployment in the developing world.


Furthermore, the labour market position of women hasn’t changed much over the last decade; in fact, it has deteriorated in some respects. The rate of unemployment for women was 29.5% in the second quarter of 2018 compared to 25.3% for men.

Source: Census and Economic Information Center
**EDUCATION AND (UN)EMPLOYMENT**

**Employment prospects are stagnant or, if anything, slightly decreasing in primary and secondary education:**

67.9% of people who never enter education become employed whereas 63.6% of people who complete Grade 12 become employed.

The probability of employment only rises significantly on completion of a certificate (72.4%), diploma (84.8%), bachelor’s degree (88.8%), honour’s degree (92.7%) or master’s or doctor’s degree (96.9%).

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>% of Employed People</th>
</tr>
</thead>
<tbody>
<tr>
<td>No schooling</td>
<td>3.70%</td>
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<tr>
<td>Some primary schooling</td>
<td>11.20%</td>
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<tr>
<td>Completed primary school</td>
<td>5.90%</td>
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<tr>
<td>Some secondary schooling</td>
<td>31.80%</td>
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<tr>
<td>Completed secondary school</td>
<td>30.70%</td>
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<tr>
<td>Tertiary</td>
<td>15.90%</td>
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<tr>
<td>Higher</td>
<td></td>
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</tbody>
</table>

(Source: Quarterly Labour Force Survey, Statistics South Africa)
CONCLUSION

Through our analysis we have seen that the unemployment rate is highest in South Africa (29.1%), followed by Turkey (11.9%) and then China (4.3%).

The labor markets and industrial demand for regularly-paid jobs in the organized sectors of China, South Africa are more favourable towards men.

According to an ILO survey conducted in 2016, in Turkey the rate of informal employment is higher for females.

All three countries are facing a problem of employability: higher levels of education are not increasing job prospects as one would expect and are therefore could disincentivize people from investing in higher levels of education. More causal research on exploring the gaps between higher education and (un)employability is required for each of the nations.
For any inputs, comments or clarifications please contact The Centre for New Economics Studies at cnes@jgu.edu.in.

Thank you!