

AN ANALYSIS OF REGIONAL EMPLOYMENT DYNAMICS IN SOUTH AFRICA

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ABSTRACT

This study analyses the change in regional employment in South Africa, a country with high regional employment disparity. It identifies factors contributing to the employment change and studies heterogeneous trends by gender and industry. The study uses a dynamic shift-share decomposition approach to analyse 234 municipalities using population census data between 1996 and 2011. The census data shows that municipalities vary considerably in terms of employment. The main finding of the study is that national growth and industry-mix effects are major contributors to the change in regional employment. Although the study has found that the industry-mix effect was a disadvantage across municipalities, the significant influence of the component suggest that with a favourable composition of industries, regions are likely to grow faster than that the national average. The regional competitive effect played a limited role in employment growth. These findings were consistent in the analysis of male and female employment. However, the national effect was more dominant in male employment while the industry-mix effect was more significant in female employment. Furthermore, the study found that finance, wholesale and construction industries were the main drivers of national and regional employment growth.

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