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Giving Up Job Search During a Recession: The Impact of the Global Financial Crisis on the South African Labour Market

by Sher Verick
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Abstract:

The global financial crisis deeply impacted the South African labour market resulting in the shedding of almost 1 million jobs over 2009 and 2010. Reflecting longer term structural problems, this employment loss translated into a much larger rise in the number of discouraged individuals rather than those defined as 'narrowly' unemployed. Drawing on estimates using the micro-data, this paper shows that this state of non-searching unemployment or discouragement has increased more during the recent crisis for uneducated African males. Moreover, individuals who have given up job search during the recession are statistically different than those who continue searching. At the same time, searching is a transitory state for some of the jobless with considerable movements between the two categories of unemployment. These findings from the first post-Apartheid recession underscore the importance in the South African context of analysing a broad measure of unemployment, which includes discouraged workers. In response to these labour market challenges, the government should further reduce barriers to job search through such measures as training for the low-skilled and transport subsidies, along with other interventions that boost demand and job creation in rural areas.

Text: See [Discussion Paper No. 6116](#)



[Back](#)