

Labour Market Dynamics in South Africa in the Time of COVID-19: Evidence from Waves 1 and 2 of the NIDS-CRAM Survey

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ABSTRACT

This paper uses Wave 2 of National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) to conduct an evaluation of the state of the South African labour market in the first half of 2020, during which the country went into a national lockdown associated with managing Covid-19. We compare outcomes in June 2020 and April 2020, against a pre-lockdown baseline of February 2020. We note that the major new feature of the South African labour market associated with the lockdown was the introduction of “furloughed workers”, which is when an individual retains an employment relationship with an employer, but receives either less pay or no payment at all, due to the impossibility of working in certain occupations and industries prohibited from trading under lockdown regulations. The findings from Wave 2 of NIDS-CRAM suggest that while some recovery of the South African labour market has taken place between April and June, we are still a long way off from pre-lockdown levels of employment in February. Furthermore, the changes remain inequality-inducing rather than inequality-reducing. These results are somewhat understandable given that Statistics South Africa estimated in September 2020 that GDP in the second quarter of 2020 reduced by approximately 49%. This paper therefore makes a timely contribution to our understanding of the unfolding labour market impacts of the lockdowns as we charter a path towards improving the resilience of the economy.

Keywords: COVID-19, Labour market, Economy, Pre-lockdown

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