



# Work/Jobs

## Trends in employment

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## Trends in employment

Although estimates vary, the job prospects in the Current Path forecast for Africa are not good.

Between 2000 and 2014, **formal employment** in Africa expanded by less than 1.8% per year, while the labour force expanded by 2.6%. Even at the robust average annual economic growth rate of 4.8% during this period, it could not create enough formal-sector jobs. According to the **African Development Bank**, 10–12 million youths, many of them educated, enter the African workforce annually, yet only 3 million formal jobs are created each year. The International Monetary Fund (IMF)[1] calculates that sub-Saharan Africa has to create 20 million formal jobs per year for the next two decades, instead of the average of 9 million jobs added annually since 2000. The Africa Growth Initiative at the Brookings Institution estimates that Africa needs to create 12–15 million jobs annually to absorb **youth** entering the labour market.

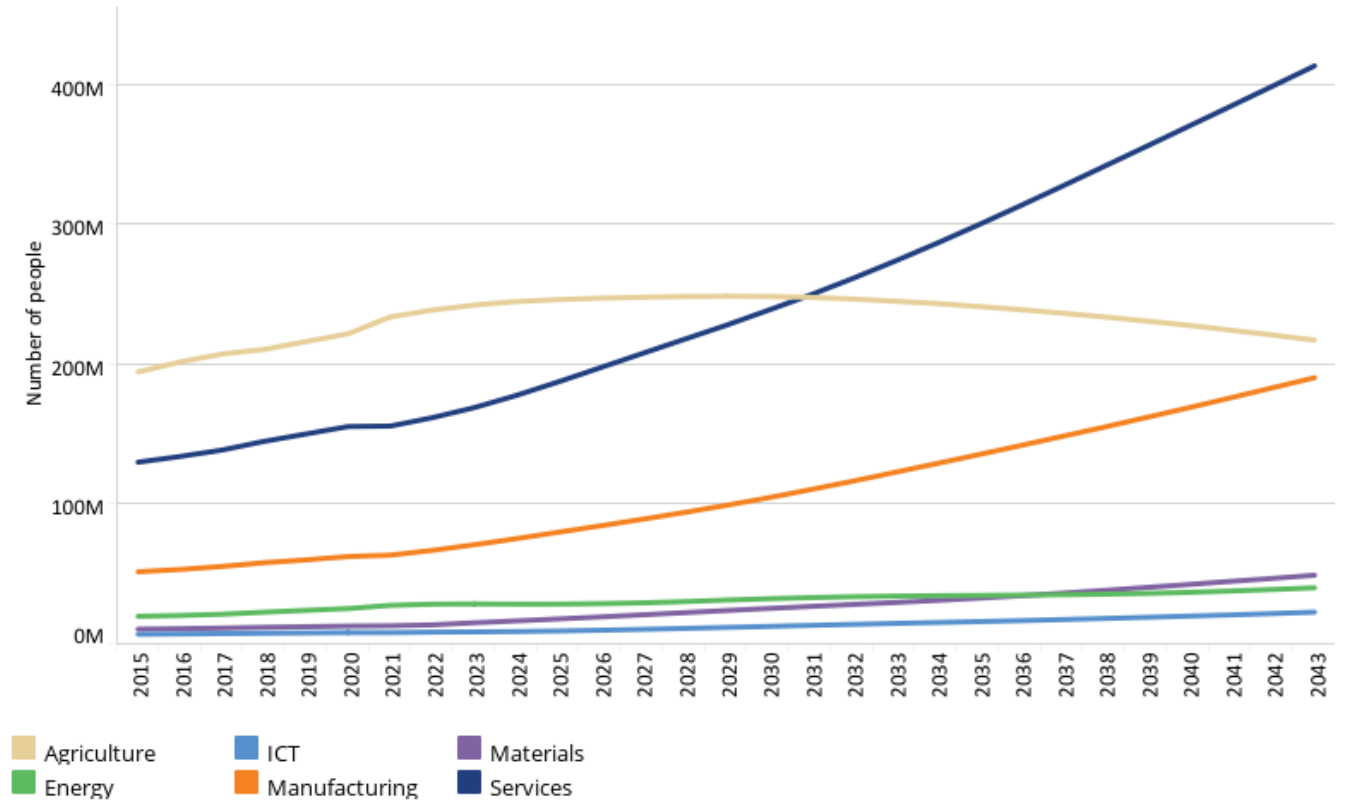
Across all country income groups, the share of employment in services (the largest economic sector in most countries) is growing and the share of employment in both agriculture and manufacturing is declining. This applies as much to Africa as to the rest of the world.

But will services-led growth provide sufficient jobs?

Historically, **technology-driven shifts** in employment – for example, following the introduction of the personal computer – have created more jobs than they have destroyed. In this future, the demand for skilled and semi-skilled workers is steadily increasing and that for unskilled labour (of which Africa has a large supply) will decrease. In the themes on agriculture and manufacturing, we note that in much of Africa workers are moving out of subsistence agriculture in rural areas and into low-end services in the informal sector in urban areas. Working conditions are generally worse in the service sector than in the manufacturing sector and only marginally better than in the subsistence agriculture sector.

Currently, most Africans are employed in the agricultural sector, which accounts for roughly a third more employment than the size of the labour force employed in the service sector, although the contribution of the service sector to GDP is substantially larger than the agricultural sector. Services, in turn, employ more than double the number of Africans employed in the manufacturing sector. Other sectors, such as energy, materials and ICT, employ significantly fewer people. Much of Africa's agriculture consists of subsistence farming and most services are low-end services in informal settlements in urban areas, characteristics that translate into low levels of productivity. It is therefore no surprise that Africa grows slowly (Chart 10).

Chart 10: Labour employment in Africa by sector, 2015–2043

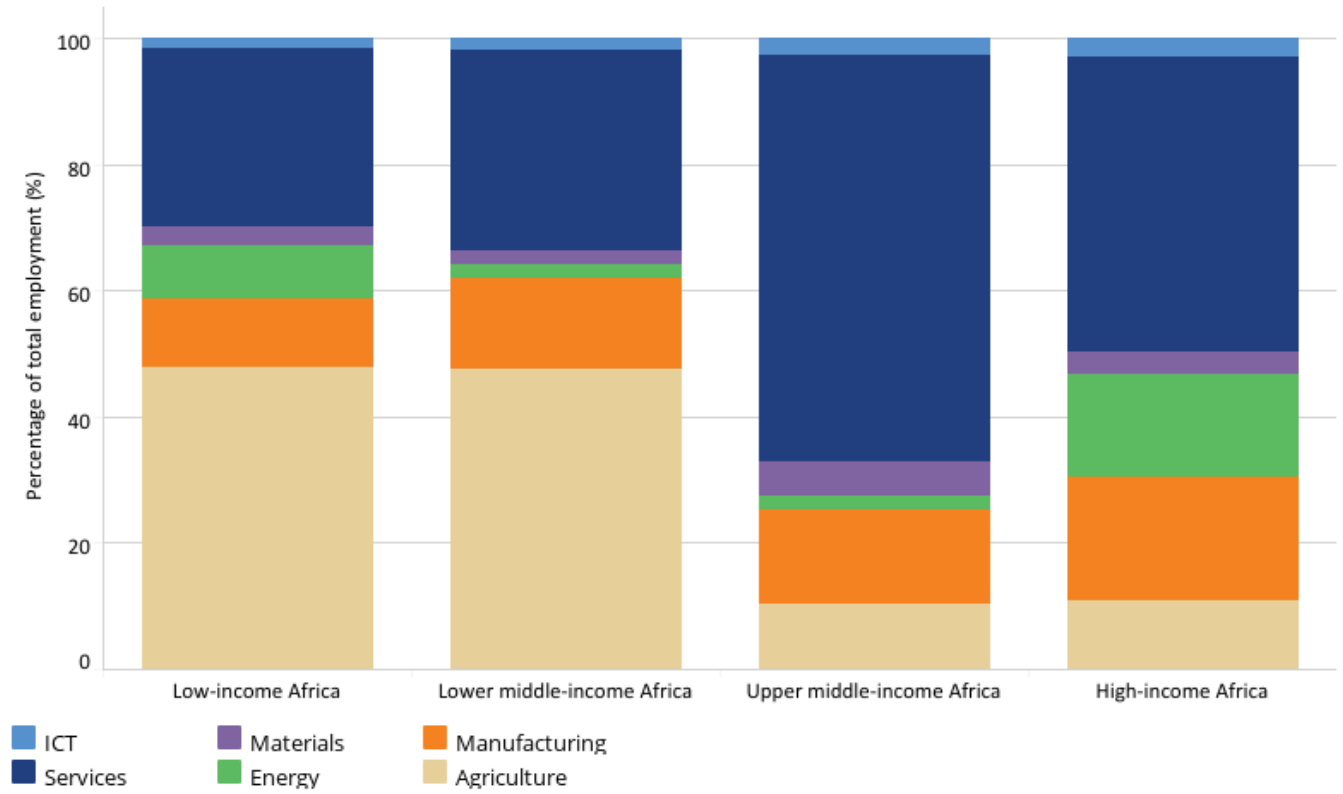


Source: IFs 7.63 initialised from International Labour Organization data

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Employment by sector varies significantly between countries and income groups, as shown in Chart 11. This is followed by a representation of the contribution of each of these sectors to GDP in Chart 12.

Chart 11: Employment by sector according to income groups, 2019

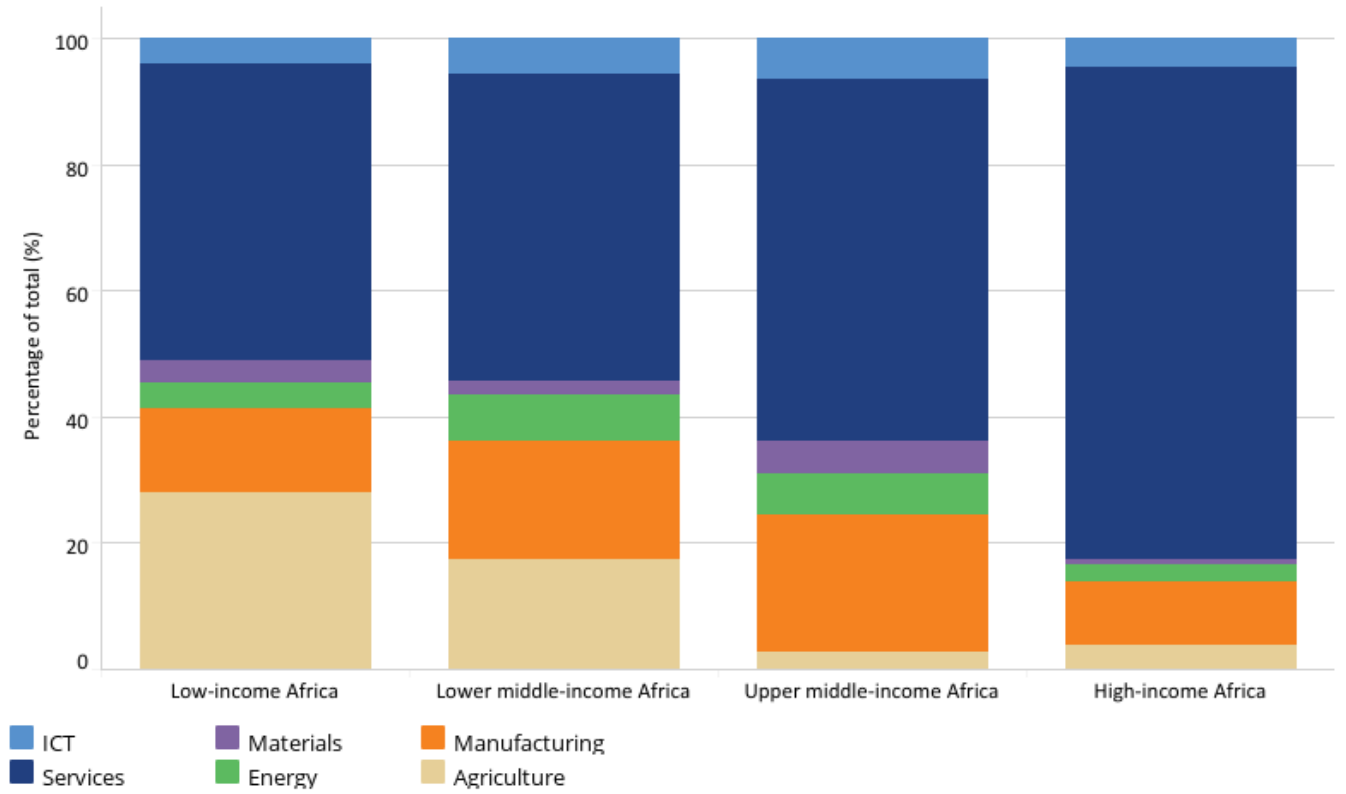


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Chart 12: Contribution of economic sectors to GDP according to income grouping, 2019



Source: IFs 7.63 initialising from International Monetary Fund data

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In summary, employment in the agricultural sector dominates in low- and lower middle-income countries (accounting for 46 of the 54 states in Africa in IFs), but the contribution of agriculture to GDP is quite low. Generally, the service sector dominates in its contribution to GDP for all country income groups, particularly for upper middle- and high-income countries, and employment in this sector is growing.

## Endnotes

1. A Abdychev et al, 2018, The Future of Work in Sub-Saharan Africa, Washington, DC: International Monetary Fund.

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## About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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