

# THE UNCERTAINTY IN THE SOUTH AFRICAN AGRICULTURAL LABOUR FORCE: WHAT CAN BE DONE?

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Matume **Maila**, Thulani **Ningi**, Walter **Shiba**, Lwazi **Dladla**, Thandeka **Ntshangase**, Corné **Dempers**, and Moses **Lubinga**

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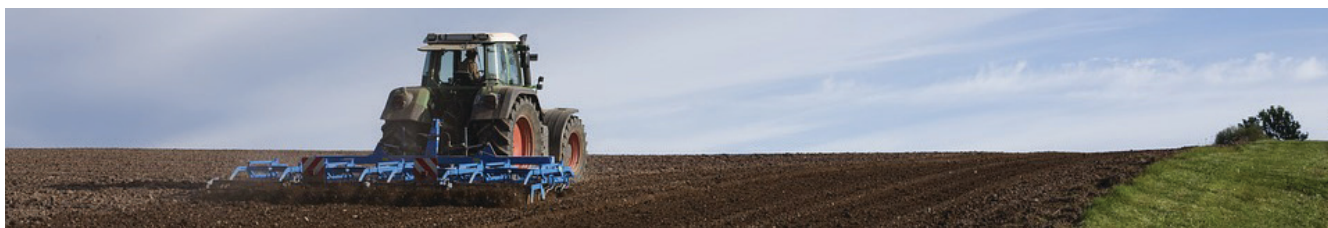
## EXECUTIVE SUMMARY

The agricultural production is seasonal in nature throughout history. The level of mechanisation also varies between the three sub-sectors of field crops, horticultural products and livestock products. This leads to various levels of dependency on manual labour, permanent and/or seasonal. Various factors influence the agricultural production such as rising input prices, climate change, mechanization, policy reforms and rural-urban migration and this also indirectly affect employment patterns.

Mechanisation increased historically, particularly in grain-producing areas, which has implications for farm policy and the broader Southern African economy. These trends highlight the complex dynamics of the agricultural labour force in South Africa and the ongoing challenges in balancing skills development, worker representation, and sector competitiveness.

Studies highlight a strong correlation between short-term employment and agricultural production, reflecting the seasonal nature of the industry. This instability creates uncertainty for farm workers, leading to inconsistent income and variable demand for labour. The 4.8% decline in employment during the second quarter of 2024 underscores the structural challenges facing the sector.

This policy brief addresses the question: What are the drivers of employment uncertainty in the agricultural sector. To answer this question, this brief draws on insights from the macroeconomics digest: Labour report published in August 2024. It showcases labour trends in the agriculture sector. This policy brief recommended amongst others that the strategic interventions to support agricultural workers during low-employment periods.



## Introduction

The South African agricultural sector has encountered notable challenges in recent years, with one of the most pressing issues being labour force uncertainty. While commercial farmers have maintained better levels of productivity, they have also faced increasing labour costs and a move from permanent to temporary employment, putting farm workers and their families at risk. Smallholder farmers, who account for most of the food production in the country, have faced several challenges that have hampered their productivity, including difficulties in acquiring labour, loans, and funding during economic and climatic shocks.

The COVID-19 pandemic exacerbated the existing issues in the South African agricultural sector. Literature indicates that a significant proportion of smallholder farmers in South Africa faced difficulties in accessing the supplies, transportation and the labour needed to maintain their operations during the early stages of the pandemic Mhlapuli, (2023). This led in the closure of numerous smallholder farms, endangering the country's food security. COVID-19 had a wide-ranging impact on the agricultural industry, depending on the local context and farmers' available resources.

## What is the problem?

The agricultural labour force has experienced a long-term decline in the number of black farm workers (Klerck & Naidoo, 2019), while there is a rising demand for high-level agricultural skills across various occupations and sectors (Earle & Paterson, 2007). Historically, there has been an increasing substitution of labour for capital in commercial agriculture, particularly in grain-producing areas, which has implications for farm policy and the broader Southern African economy (Zyl et al., 1987). These trends highlight the complex dynamics of the agricultural labour force in South Africa and the ongoing challenges in balancing skills development, worker representation, and sector competitiveness.

Additionally, there have been apparent fluctuations in overall employment within the agricultural sector, with a notable decrease observed during the second quarter of 2024. According to the NAMC (2024), the notable decrease in employment within the agricultural sector on a quarter-on-quarter (q/q) basis may be attributed to the dry season, which greatly affected farming activities in rain fed agricultural areas, particularly in Northern Cape, Gauteng and North West. Longer dry spells and depletion of water availability in most parts of the country result in major decreases in crops and livestock productivity, potentially driving away employment.

These changes in the agricultural labour force contribute to the uncertainty in South Africa's agricultural sector and highlight the need for adaptable policies and further research.

## Key players in the South African Agricultural Labour Force

The South African agricultural sector comprises a complex and diverse workforce, with stakeholders playing critical roles in the industry's success and sustainability. At the core of this labour force are the smallholder farmers, who account for a significant portion of employment in rural areas and serve as the primary source of income for many households (Hlatshwayo et al., 2021). However, the industry has various hurdles, such as limited access to technology, institutional difficulties, ineffective regulations, poor infrastructure, and failed market relations, making it challenging for smallholder farmers to get involved in the formal market sector.

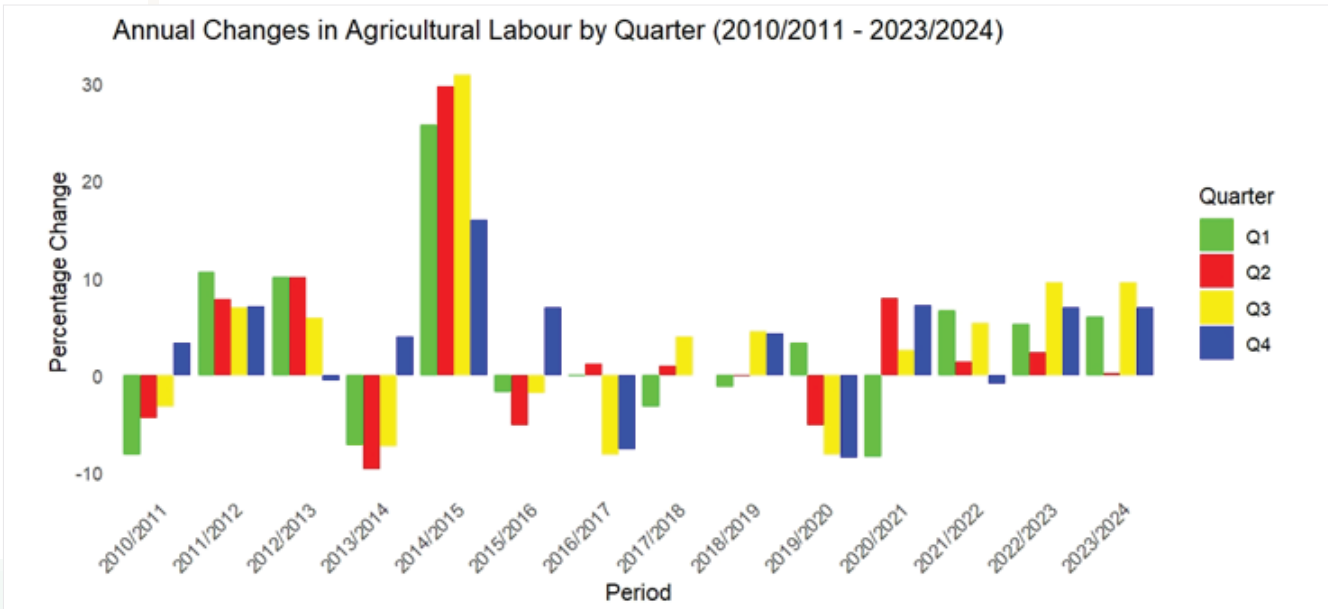
Commercial farmers, particularly in the horticulture sub sector, which is labour intensive, have unique obstacles despite their higher productivity. With labour costs growing faster than inflation, their farms have grown larger and more mechanized, resulting in job losses and a shift from permanent to irregular, seasonal/temporary employment, making farm workers and their families vulnerable and food insecure.

## The aim of the policy brief

To provide insights into the drivers of employment uncertainty in the agricultural sector and suggest solutions.

## Empirical Findings

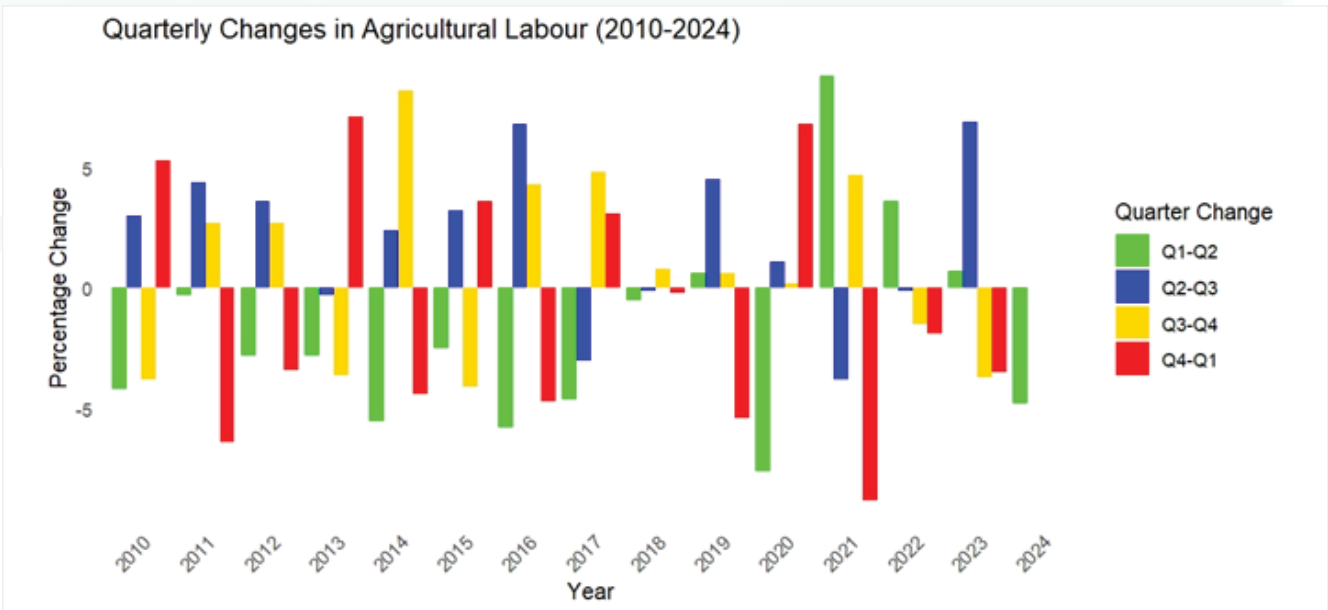
Figure 1 illustrates the annual changes in agricultural employment in South Africa from 2010 to 2024. The Quarterly labour force survey (QLFS) data from Statistics South Africa (Stats SA), reveals significant employment declines in the agricultural sector in the first (January-March) and second quarters (April-June). For instance, between 2010 and 2011, employment fell by 8.2% in Q1, 4.4% in Q2 and 3.2% in Q3. In the 2013-2014 period, Q1 saw a drop of 7.2%, Q2 by 9.7%, and Q3 by 7.3%. The most notable declines occurred during the 2019-2020 period, where Q2 experienced a 5.1% drop, Q3 saw an 8.2% decrease and Q4 fell by 8.5%. When comparing agricultural employment trends between 2020 and 2021, the largest decline was observed in Q1, with a drop of 8.4%. These trends highlight the seasonal dependency affecting worker stability and underscore vulnerabilities to external shocks, such as the COVID-19 pandemic, climate variability and economic downturns. During the COVID-19 pandemic, employment uncertainty increased, with different surveys showing varying estimates due to methodological differences (Daniels et al., 2022).



**Figure 1:** Annual changes in agricultural employment  
 Source: Own calculations based on data from Stats SA, 2024

Figure 2 illustrates the quarterly fluctuations in agricultural employment from 2010 to 2024. The data reveal significant changes in employment levels. Notably, in 2010, agricultural employment dropped by 4.2% between Q1 and Q2 and by 3.8% between Q3 and Q4. Major decreases during this period were particularly pronounced between Q1 and Q4, with employment declines of 6.4% in 2011, 3.4% in 2012, and 4.4% in 2014 respectively. The most recent declines were recorded in 2021, 2022, and 2023, at 8.8%, 1.9%, and 3.5%, respectively. For the Q1 and Q2 period, significant decreases were observed from 2010 (4.2%) until 2018 (0.5%). In 2019, however, agricultural employment showed a slight recovery with a 0.65% increase, which fluctuated before experiencing a later

decline of 4.8% in the Q1 and Q2 period. This pattern highlights the volatility in agricultural employment and suggests a need for further investigation into the underlying factors contributing to these fluctuations. Recent declines on employment within the agricultural sector may be attributed to the dry season, which greatly affected farming activities in rain fed agricultural areas, particularly in Northern Cape, Gauteng and North West. Longer dry spells and depletion of water availability in most parts of the country result in major decreases in crops and livestock productivity, potentially driving away employment (Stats SA, 2024).



**Figure 2:** Annual changes in agricultural employment  
 Source: Own calculations based on data from Stats SA, 2024

## Factors affecting declines in the horticulture sector

Fluctuations in agricultural labour employment stem from several factors, including rising input prices, climate change, mechanization, policy reforms and rural-urban migration (Habanabakize and Zerihu, 2024). A recent study by Ramakgasha et al. (2024) found a strong correlation between short-term employment and agricultural production, highlighting the industry's seasonal nature, which creates uncertainty for farm workers, inconsistent income, and variable employment demand (Piek et al., 2023). Also, unpredictable weather patterns, floods, droughts and climate change directly impact agricultural productivity, reducing labour demand and leading to job losses (Gray et al., 2023).

This contributes to food insecurity, particularly among farm workers, with the highest prevalence during winter and the lowest during summer harvests (Devereux and Tavener-Smith, 2019). Drought-related job losses have been reported in areas such as the Western Cape (Orimoloye et al., 2022). Climate change also affects low-skilled labour availability, potentially narrowing wage gaps between skill levels but reducing overall economic output (Shayegh et al., 2021). Meanwhile, mechanization and technological advances in large-scale farming reduce the need for physical labour, putting unskilled workers in rural areas at risk despite production increases (Sandrey et al., 2011; Shayegh et al., 2021).

## Conclusion

In conclusion, the South African agricultural sector is grappling with significant challenges, particularly in terms of labour force instability and rising operational costs. The shift from permanent to temporary employment, combined with increasing labour expenses, has had a profound impact on farm workers, especially those dependent on commercial agriculture. Smallholder farmers, who play a crucial role in food production and rural employment, face additional hurdles, including limited access to resources, capital, and labour. These challenges have been exacerbated by economic and environmental shocks, most notably the COVID-19 pandemic.

## Policy recommendations

Despite concerns in employment uncertainty in the agricultural sector, the current situation offers an opportunity to reshape the sector in ways that stabilize employment and foster long-term growth and resilience. Strategic intervention is essential to support agricultural workers during low-employment periods. Addressing these challenges requires a multifaceted approach, including the implementation of climate-smart agricultural practices. Adopting drought-resistant crops, improving water management systems, and offering

targeted government subsidies can help the sector adapt to unpredictable weather patterns, ensuring more stable labour demand and reducing the impact of extreme weather events.

While mechanization is necessary for modernizing agriculture, it must be managed prudently to avoid large-scale job losses. Promoting labour-intensive practices among smallholder farmers and providing financial incentives can strike a balance between technological advancement and job preservation. Upskilling agricultural workers through training programs will help them transition into higher-value roles, ensuring their relevance and employability as the sector evolves. Additionally, clear land reform policies, secure property rights, and strengthened value chains will encourage investment, create jobs, and drive rural development, positioning South Africa's agricultural sector for greater global competitiveness.

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