

Labour demand and wage distribution: the case of South African manufacturing exporters



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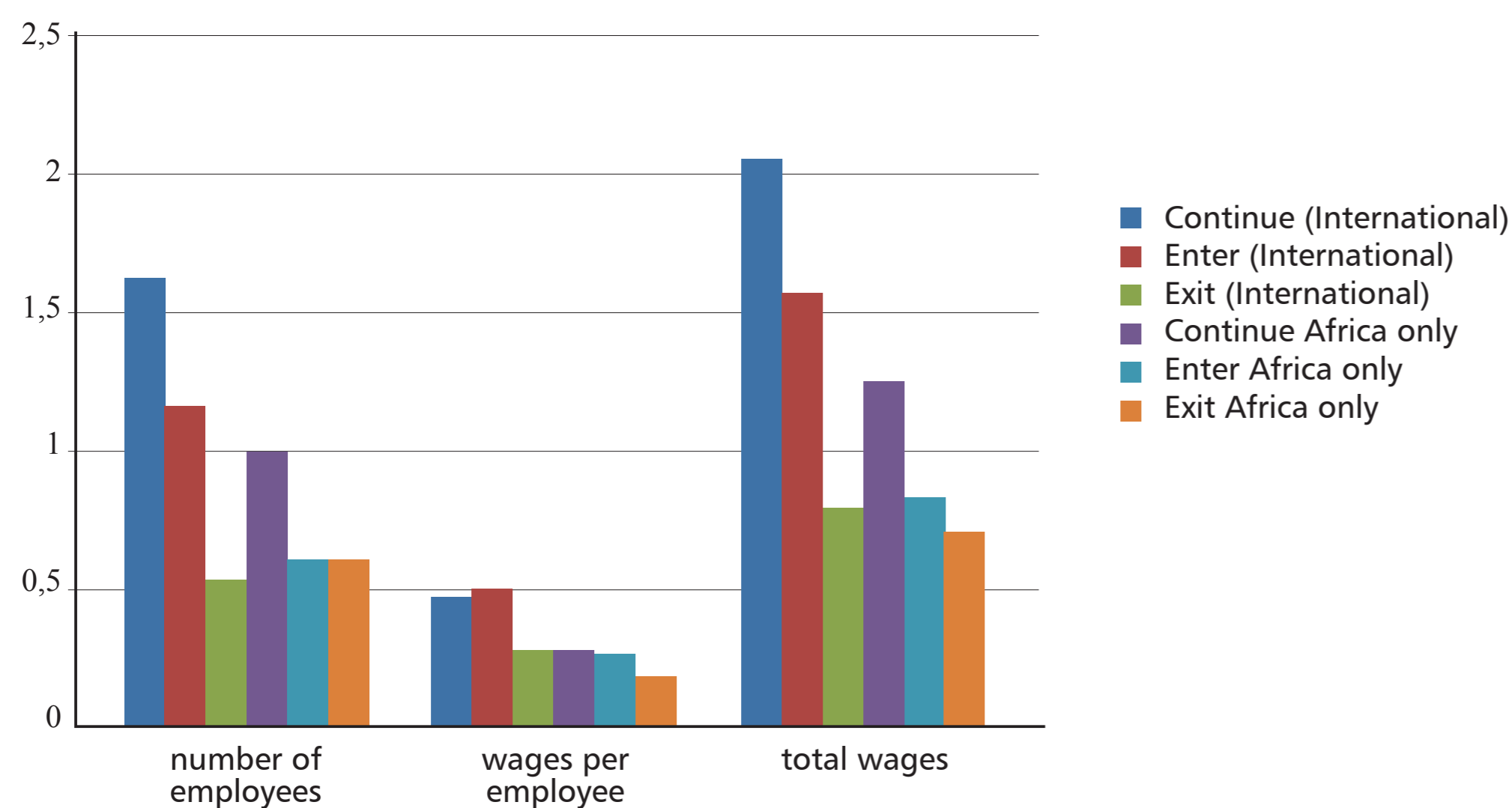
"Growth and development policy - new data, new approaches, and new evidence", 30 November – 1 December 2016, Pretoria, South Africa.

1. SARS data

Company income tax records (ITR and ITR14), employer-employee data (IRP5 or PAYE) and customs data.

2. Labour demand and wages

Figure 1: Labour demand and wages: non-exporters versus exporters (within and outside Africa)



Source: Authors' own calculations
Note: Premium relative to non-exporters

South African manufacturing exporters employ more workers and pay higher wages than non-exporters.

3. Employment growth- types of jobs

Table 1: Employment growth: Exporters within and outside Africa

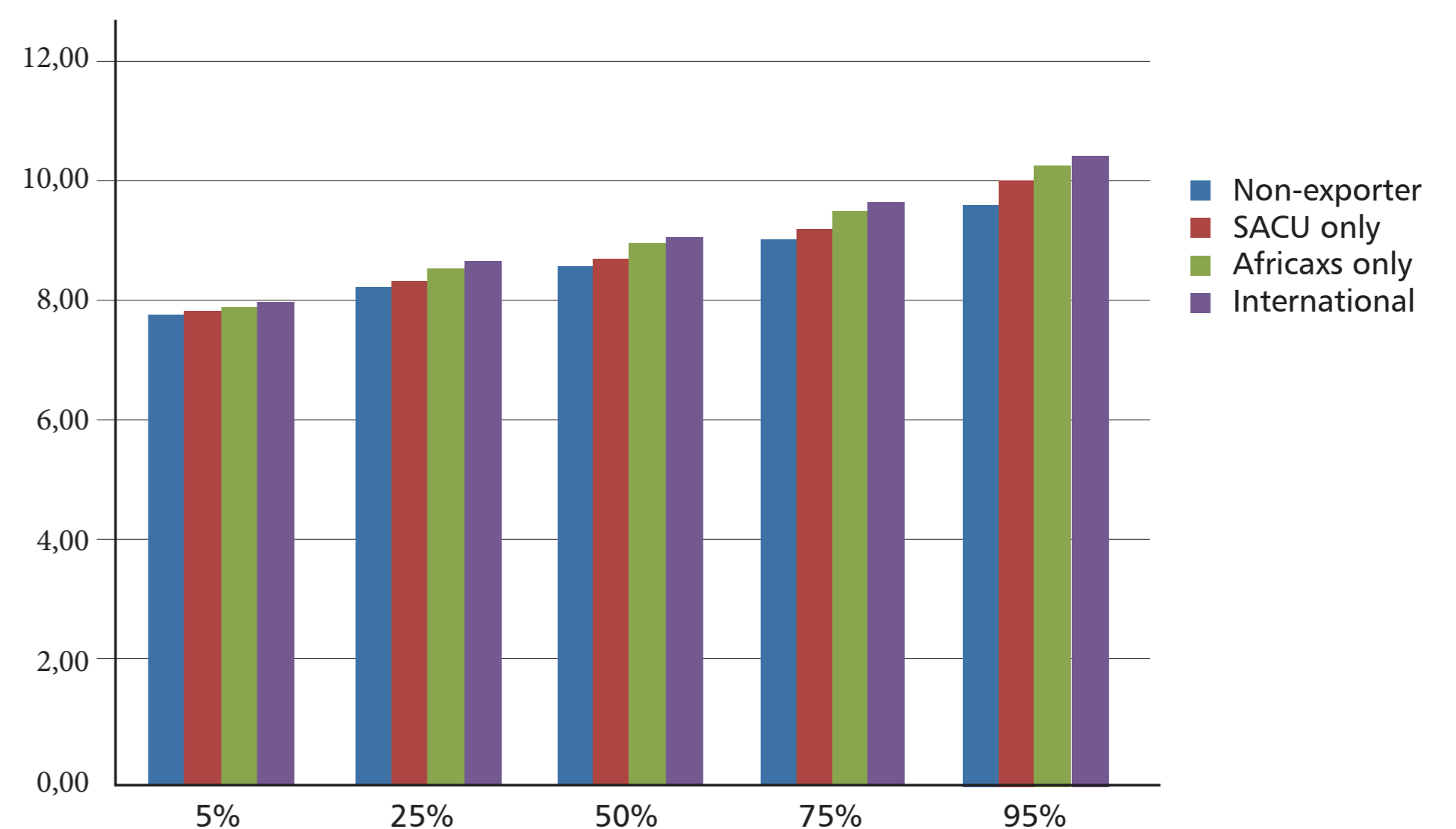
	Δ No of employees (1)	Δ below age of 30 (2)	Δ above age of 30 (3)	Δ below R6500 pm (4)	Δ above R6500 pm (5)
Export dummy	0.212*** (0.0301)	0.157*** (0.0288)	0.251*** (0.0297)	0.0583* (0.0322)	0.408*** (0.0265)
Africa only	0.069*** (0.0312)	0.041*** (0.0298)	0.086*** (0.0308)	0.0143 (0.0334)	0.212*** (0.0275)
Δ lkl	0.150*** (0.00111)	0.102*** (0.00106)	0.143*** (0.00109)	0.136*** (0.00119)	0.0958*** (0.000974)
No. dest & prod control	Yes	Yes	Yes	Yes	Yes
Industry controls	Yes	Yes	Yes	Yes	Yes
Observations	31 961	31 961	31 961	31 961	31 961

Source: Authors' own calculations
Notes: ***p<0.01 **p<0.05 *p<0.1 (Is significant at the 1% level, 5% level and 10% level respectively)

Exporters grow employment of more experienced (older), better paid workers.

4. Wage distribution and inequality

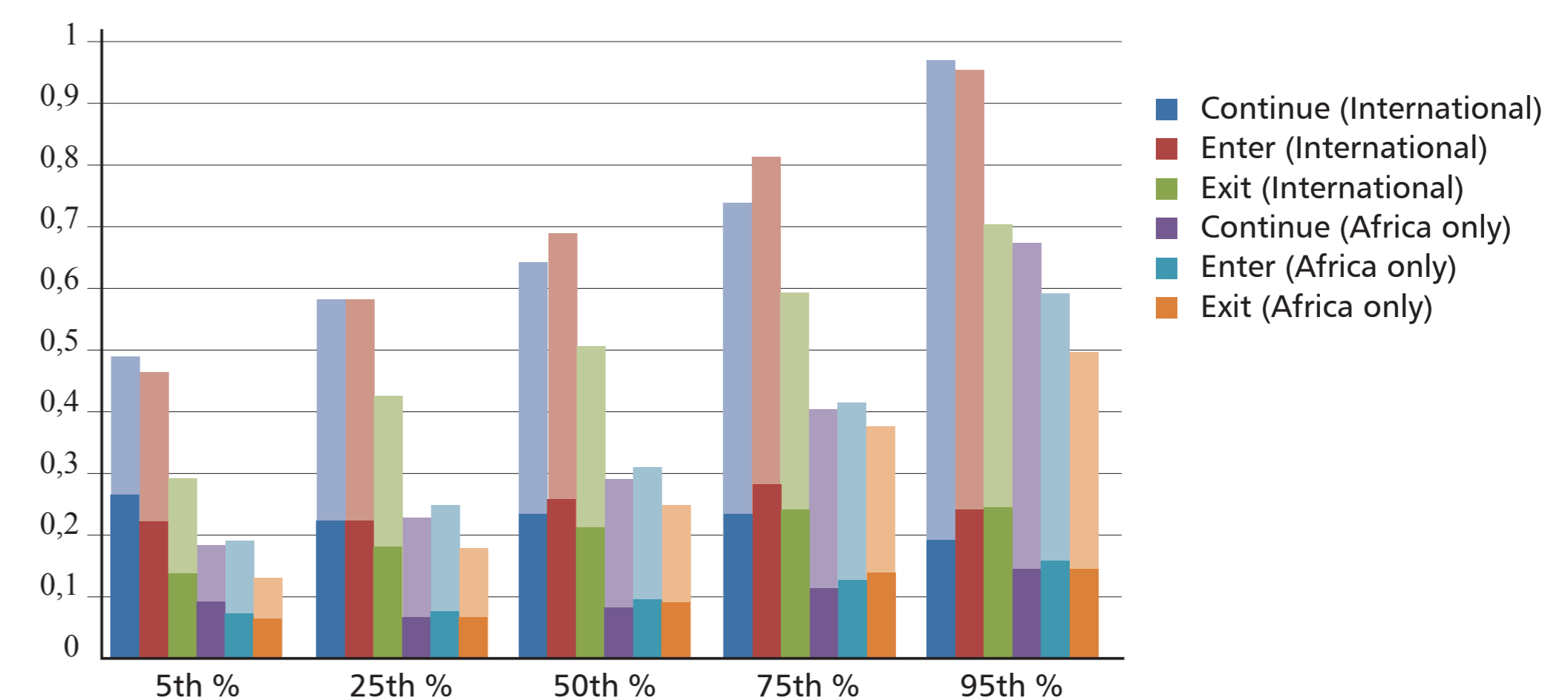
Figure 2: Within firm wage distribution and inequality



Source: Authors' own calculations
Note: Premium relative to non-exporters

The 5th to 95th percentiles increase as an exporter exports further away. The hierarchy appears to be across all parts of the distribution and is larger at the top end.

Figure 3: The wage distribution with and without firm controls



Source: Authors' own calculations
Note: Premium relative to non-exporters: The lower end of each bar is the premium controlling for firm characteristics, the upper end is the additional premium without controlling.

- An export premium exists across the wage distribution. The wage distribution increases in magnitude towards the top end. But, when controlling for firm characteristics it disappears.
- Essentially this shows that inequality is mostly due to firm characteristics (different types of firms export internationally compared to regionally).
- Heterogeneity within different types of exporters.

5. Policy conclusions

Our results suggest that South African manufacturing exporters employ more workers and pay higher wages than non-exporters. Exporters grow employment of more experienced (older), better paid workers. The inequality observed in exporters relative to non-exporters is mostly due to firm characteristics.