

4. PRODUCTIVITY STATISTICS REPORT

Productivity SA generates the Productivity Statistics Report, which is an annual statistical publication of productivity trends and is designed as a reference document for everyone interested in the economic sector and industry productivity trends. The annual productivity measurement initiative is in accordance with the strategic objectives of its key stakeholders, which include: Government, Business and Labour. The detailed productivity measurement report also highlights the overall impact of productivity changes on sustainability and competitiveness of companies within all the economic sectors of South Africa.

5. PRODUCTIVITY STATISTICS METHODOLOGY

Productivity SA collects data from official sources, namely, Statistics South Africa and the South African Reserve Bank. The productivity indices are then calculated using the data. These indices comprise Capital labour ratio, Labour productivity, Capital productivity, Multifactor productivity, Compensation per employee as well as Unit labour cost. The indices are calculated for the total economy, the 3 main sectors of the economy, the 10 main industries as well as the 8 selected manufacturing sub sectors organised according to the Statistics South Africa's Standard Industrial Classification (SIC) of all Economic Activities (2013). The methodology used in the calculation of the indices is in line with that recommended by the Organisation for Economic Cooperation and Development's (OECD) Manual: Measuring Productivity (2017).

6. PRODUCTIVITY SA

Productivity SA is established in terms of section 31 of the Employment Services Act, No. 4 of 2014 as a public entity of the Department of Employment and Labour. As a schedule 3A Public Entity, Productivity SA carries the responsibility to fulfil an economic or social mandate of government, which is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Vision: to lead and inspire a productive and competitive South Africa.

Mission: to improve productivity by diagnosing, advising, implementing, monitoring and evaluating solutions aimed at improving South Africa's sustainable growth, development and employment through increased competitiveness.

Overall Goal: to contribute to South Africa's achievement of a productive high-income economy which is globally competitive, with sustainable growth, full and productive employment and decent work for all.

DISCLAIMER

Productivity SA collects data from two official sources, namely Statistics South Africa and the South African Reserve Bank. The collected data is then used to calculate the Productivity indices that include Capital labour ratio, Capital productivity, Labour productivity, Multifactor productivity, Compensation per employee as well as Unit labour cost. The analysis contained in the Productivity Statistics report is compiled by Productivity SA staff at the time of publication. Every effort is made to ensure timeliness, accuracy and completeness of the statistics.

CONTACT INFORMATION

HEAD OFFICE

Physical Address International Business Gateway,
Cnr New Road and Sixth Road, Midrand
Contact Tel: +27 11 848 5300, Fax: +27 11 848 5555,
info@productivitysa.co.za

CAPE TOWN

Physical Address Bloomhof Building,
Cnr Bloomhof Street and Edward Street, Belville
Contact Tel: +27 21 910 1591, Fax: +27 21 910 1574
Info_cape@productivitysa.co.za

DURBAN

Physical Address Cowey Office Park,
Cnr Cowey Road and Marriot Road, Essenwood
Contact Tel: +27 31 268 9770, Fax: +27 31 268 9777
Info_durban@productivitysa.co.za

Any comments and queries regarding this document should be addressed to:

Productivity SA

Private bag 235, Midrand, 1685
Email: Info@productivitysa.co.za
Tel: 011 848 5300, Fax: 011 848 5555

Prepared by:

Juliet Mashabela

Productivity Statistics

October 2024

Copyright © 2018 Productivity SA. All rights reserved. This document or any portion thereof may not be reproduced or used in any manner whatsoever without the express written permission of the publisher.



1. EXECUTIVE SUMMARY

Developments in Productivity Statistics have become more and more uncertain, as several shocks including the Covid-19 shocks, the energy crisis and geopolitical tensions hit the economy with potential long-term effects. At the same time digitalisation, Artificial Intelligence and the transition to a green economy offer opportunities to revive productivity growth. Consequently, Labour and Capital productivity remained unchanged with a negative growth rate while Multifactor productivity decelerated somewhat in 2023. The recent movements in productivity since the pandemic suggest this underlying weakness in South Africa's productivity growth remains.

2. TECHNICAL NOTES

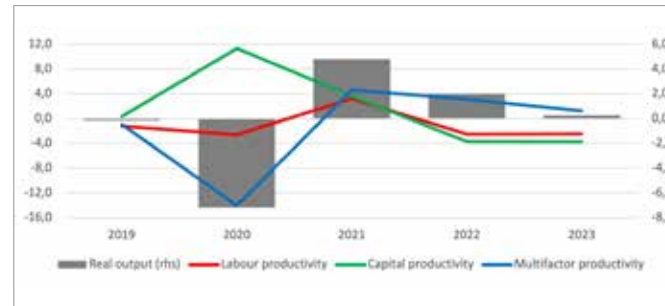
Productivity SA collects data from official sources, namely, Statistics South Africa and the South African Reserve Bank. The productivity indices are then calculated using this data. These indices comprise Capital labour ratio, Labour productivity, Capital productivity, Multifactor productivity, Compensation per employee as well as Unit labour cost. The indices are calculated for the total economy, the 3 main sectors of the economy and the 10 main industries organised according to Statistics South Africa's Standard Industrial Classification (SIC) of all Economic Activities (2013). The methodology used in the calculation of the indices is in line with that recommended by the Organisation for Economic Cooperation and Development's (OECD) Manual: Measuring Productivity (2017).

“Labour and Capital productivity remained unchanged with a negative growth rate while Multifactor productivity decelerated somewhat in 2023, underlying weakness in South Africa's productivity growth remains.”

3. PRODUCTIVITY INDICATORS

Figure 1 Trends of productivity indicators 2019-2023

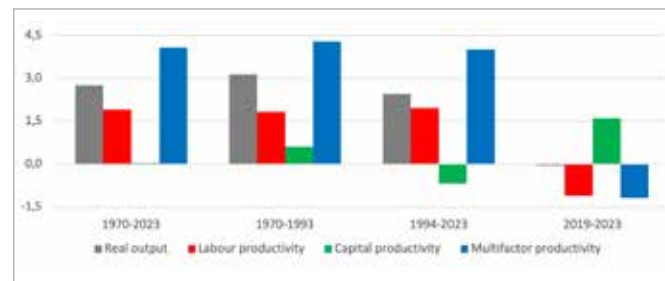
Annual percentage change



Real output decelerated in 2023. The indicator previously recorded a positive growth between 2021 and 2022 and a significant negative growth in 2020. **Labour productivity** remained unchanged in 2023, while it previously recorded negative growth between 2019 and 2020. **Capital productivity** remained unchanged in 2023, following positive growth recorded between 2019 and 2021. Significant positive growth in the indicator was recorded in 2020. **Multifactor productivity** decelerated in 2023, and the indicator recorded positive growth between 2021 and 2023, while it recorded a significant decline in 2020.

Figure 2 Average productivity indicators 1970-2023

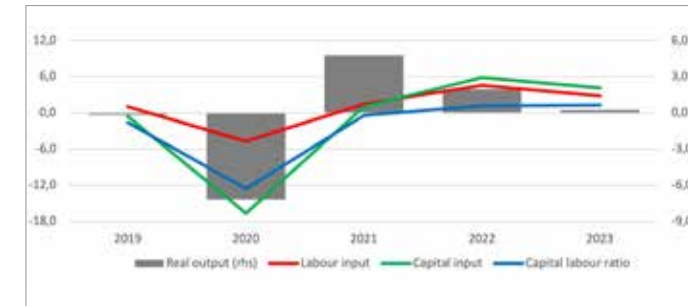
Annual percentage change



Real output, **Labour productivity** and **Multifactor productivity** recorded positive growth between 1970 and 2023 while **Capital productivity** realised a decline in growth during the same period. **Real output** recorded significant positive growth between 1970 and 1993 compared to between 1994 and 2023 while it realised negligible positive growth between 2019 and 2023. **Labour productivity** realised relatively a fairly strong positive growth between 1970 and 1993 compared to between 1994 and 2023 while it realised a negative growth between 2019 and 2023. **Capital productivity** registered positive growth between 1970 and 1993 compared to the negative growth between 1994 and 2023 while recorded significant positive growth between 2019 and 2023. **Multifactor productivity** recorded significant positive growth between 1970 and 1993 as well as between 1994 and 2023 while it realised negative growth between 2019 and 2023.

Figure 3 Production Input indicators 2019-2023

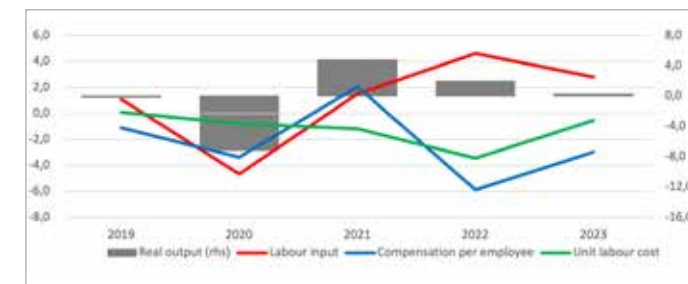
Annual percentage change



Real output decelerated in 2023. The indicator previously recorded positive growth in 2021 and 2022 while it declined significantly in 2020. The indicator recorded positive growth in 2019 and in 2021 and 2022, while it recorded negative growth in 2020. **Labour input** decelerated in 2023. The indicator recorded positive growth in 2019 and in 2021 and 2022, while it recorded a negative growth in 2020. **Capital input** decelerated in 2023. The indicator registered positive growth in 2021 and 2022 while the opposite is true in 2020. Consequently, **Capital labour ratio** accelerated slightly in 2023. The indicator recorded negative growth for three successive years between 2019 and 2021

Figure 4 Labour input indicators 2019-2023

Annual percentage change



Labour input decelerated in 2023, and the indicator previously recorded three successive years of positive growth between 2021 and 2022 while realised a significant negative growth in 2020. **Compensation per employee** recorded a negative growth in 2023. The indicator previously recorded negative growth in 2019 and 2020. **Unit labour cost** accelerated in 2023. The indicator previously recorded negative growth between 2020 and 2023 while it realised an insignificant positive growth in 2019.