PRODUCTIVITY SA

Productivity SA is established in terms of section 31 of the Employment Services Act, No. 4 of 2014 as a juristic person and an Entity of the Department of Employment and Labour. Our mandate is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

The organisation offers Productivity and Competitiveness Improvement Solutions to accelerate wealth and decent employment creation and assist businesses to stabilise and become more profitable. This is through a suite of Business Process Improvement tools and techniques which systematically help businesses of different sizes, including all their subsidiaries, to optimise all aspects of underlying processes in the business to achieve efficiencies, financial stability, sustainability, wealth creation and job retention. Productivity SA's value proposition is carried out through three key programmes, namely: The Workplace Challenge (WPC), the Productivity Organisational Solutions (POS), and the Turnaround Solutions (TAS).

Productivity SA's programmes are aimed at enhancing the productive capacity and operational efficiency of enterprises throughout the business lifecycle to accelerate wealth and decent employment creation. The interventions include: developing relevant productivity competencies and competitiveness in workplaces; promoting and inculcating a productivity and competitiveness culture and mind-set and generating and disseminating productivity and competitiveness related research and information.

PRODUCTIVITY STATISTICS REPORT

As part of our interventions, 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.

HOW IS THE REPORT FORMULATED?

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).

DISCLAIMER

The Productivity Statistics report is currently in publication process hence this booklet contains advance results that may be amended at the time the full report becomes available. The analysis appearing in the Productivity Statistics report are compiled by Productivity SA staff at the time of publication. Every effort is made to ensure their timeliness, accuracy, and completeness.

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PRODUCTIVITY STATISTICS

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productivity sa
Inspiring a Competitive South Africa

EXECUTIVE SUMMARY

Gross domestic product decelerated in 2018 following a mild acceleration in 2017. The Official unemployment rate increased to 27.1 percent in the last quarter of 2018 from 26.7 percent in the last quarter of 2017 while the Expanded unemployment rate accelerated to 36.3 percent from 37.0 percent in the same period. The continued deceleration in economic growth in recent years was realised as a result of numerous constraints in the economy. These factors have undermined the sustainability of the public finances and narrowed the scope for economic transformation. Global risks continued to be elevated, in particular, the intensified the adoption of protectionist trade policies.

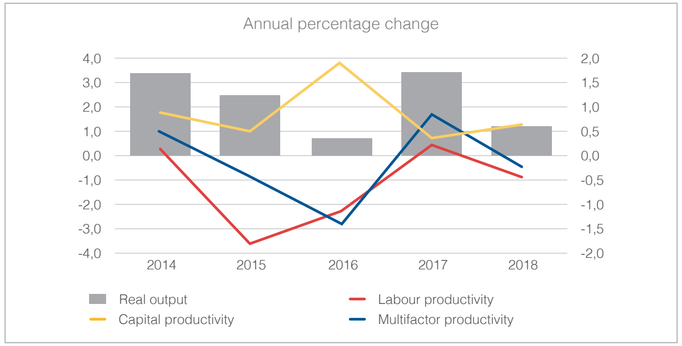
TECHNICAL NOTES

Productivity SA collects data from official sources, namely, Statistics South Africa and the South African Reserve Bank. The productivity indices are then calculated using 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).

"Capital productivity recorded a positive growth in 2018 while Labour productivity and Multifactor productivity registered a decline in growth in the same period."

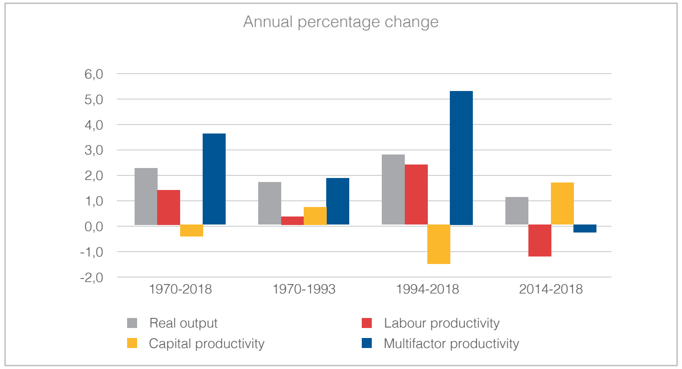
PRODUCTIVITY INDICATORS

Figure 1: Trends of productivity indicators 2009-2018



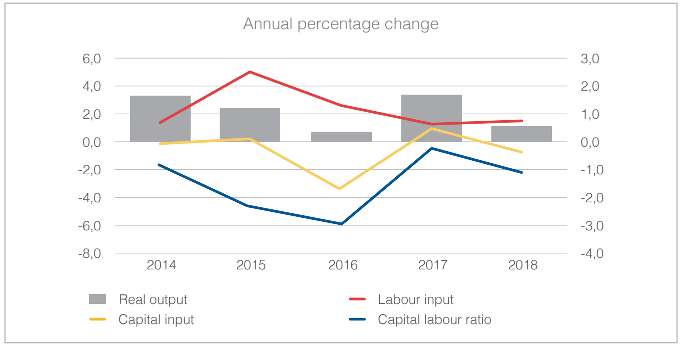
Real output growth decelerated in 2018 and maintained positive growth since 2014. A relatively significant positive growth in the indicator was recorded in 2014 and 2017. Labour productivity recorded negative growth in 2018 following a positive growth in 2017. Significant negative growth in the indicator was recorded in 2015 while a positive growth was registered in 2014 and 2017. Capital productivity recorded positive growth between 2014 and 2018. The indicator registered strong positive growth in 2016 while it recorded weak negative growth in 2013. Multifactor productivity recorded a decline in 2018 following a positive growth in 2017. The indicator previously registered negative growth between 2015 and 2016.

Figure 2: Average productivity indicators 1970-2018



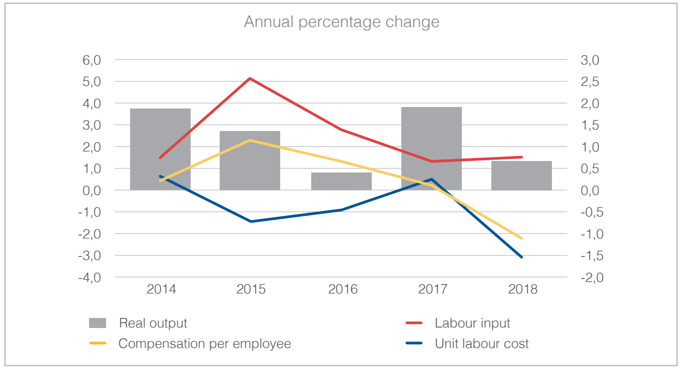
Real output, Labour productivity and Multifactor productivity recorded a positive growth between 1970 and 2018 while Capital productivity realised a decline in growth the same period. In particular, Real output growth registered a weak positive growth between 1970 and 1993 compared to a moderately buoyant growth in the indicator between 1993 and 2018. Labour productivity and Multifactor recorded a relatively weak positive growth between 1970 and 1993 compared to the significant positive growth in the indicator between 1993 and 2018 while Capital productivity realised negative growth in the latter period. Real output and Capital productivity recorded a positive growth between 2014 and 2018 while the opposite is true for Labour productivity and Multifactor productivity.

Figure 3: Production Input indicators 2009-2018



Labour input recorded mild increase in growth in 2018 following a positive growth in 2017. A relatively significant positive growth in the indicator was realised in 2015 while the opposite is true in in 2017 and 2018. Capital input recorded a mild negative growth in 2018 following a positive growth in 2017. The indicator previously realised a decline in growth in 2016 while it barely grew in 2014 and 2015. As a result, Capital labour ratio recorded a decline in growth in 2018 following another negative growth in 2017. The indicator generally realised a decline in growth between 2014 and 2018. A relatively significant negative growth in the indicator was realised in 2015 and 2016 while the decline in growth was mild in 2014 and 2017.

Figure 4: Labour input indicators 2009-2018



Labour input increased somewhat in 2018 following a downward trend in the indicator since 2015. The indicator generally recorded positive growth between 2014 and 2018. Compensation per employee declined sharply in 2018 following a weak positive growth in the indicator in 2017. A positive growth in the indicator was recorded in 2014 and 2016 while a relatively significant negative growth was registered in 2018. Unit labour cost realised a decline in growth in 2018 following a mild positive growth in the indicator in 2017. The indicator generally recorded positive growth for 4 consecutive years between 2014 and 2017. A significant positive growth in the indicator was registered in 2015 while a relatively strong negative growth was realised in 2018.