

## 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.

## 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).

## 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.

## 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 is compiled by Productivity SA staff at the time of publication. Every effort is made to ensure timeliness, accuracy and completeness.

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# PRODUCTIVITY STATISTICS

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Inspiring a Competitive South Africa

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## EXECUTIVE SUMMARY

Real output, excluding General government services as well as Community and personal services, registered a mild negative growth in 2019 following a moderate increase in the indicator in the previous year. The latest deceleration in Gross domestic product continued a downward trend in the indicator since 2013. 2019 witnessed two consecutive quarters of economic decline signalling recessionary economic conditions in the country. The Official unemployment rate increased the last quarter of 2019 while the Expanded unemployment rate accelerated in the same period. The economy generally continues to show a significant weakness and is currently recording Gross domestic product growth rates that are not sustainable to counteract the high and accelerating unemployment rate.

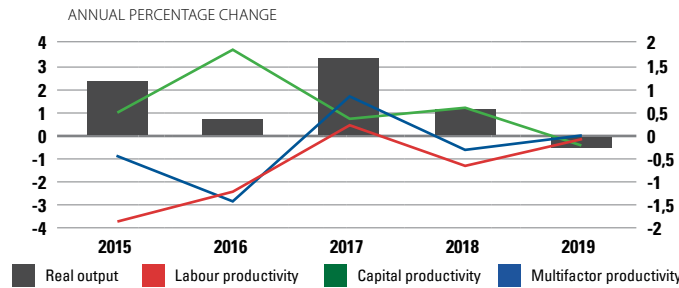
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*“Labour productivity and Capital productivity recorded registered mild decline in growth in 2019 while Multifactor productivity recorded no growth in the same period.”*

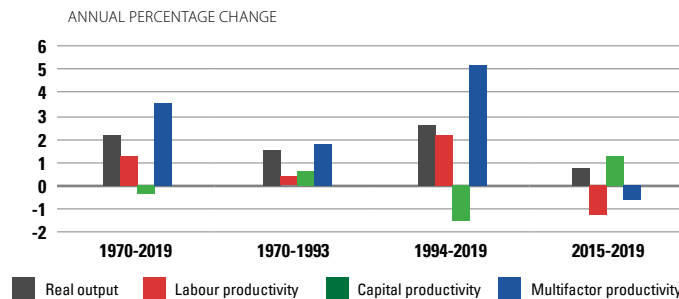
## PRODUCTIVITY INDICATORS

FIGURE 1: TRENDS OF PRODUCTIVITY INDICATORS 2015-2019



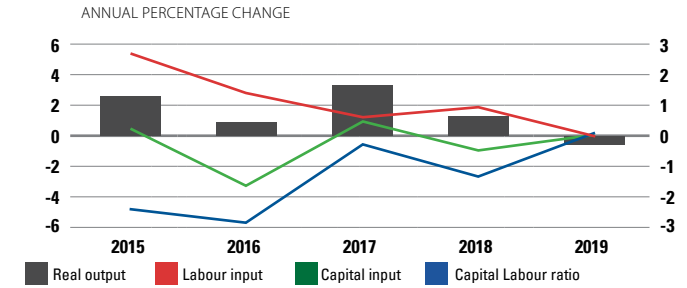
Real output growth recorded a mild negative growth in 2019. The indicator previously realised 4 successive positive growth between 2015. Labour productivity recorded registered a mild decline in growth in 2019. The indicator generally recorded a negative growth between 2015 and 2019 saving the mild positive growth in 2017. Capital productivity registered a mild decline in growth in 2019. The indicator generally realised 4 consecutive years of positive growth between 2015 and 2018. Multifactor productivity recorded no growth in 2019. The indicator generally recorded a negative growth between 2015 and 2019 saving the positive growth in 2017.

FIGURE 2: AVERAGE PRODUCTIVITY INDICATORS 1970-2019



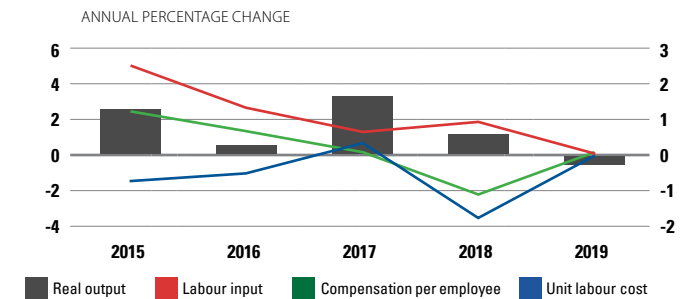
Real output, Labour productivity and Multifactor productivity recorded positive growth between 1970 and 2019 while Capital productivity realised a decline in growth the same period. In particular, Real output growth registered a relatively significant positive growth between 1994 and 2019 compared to between 1970 and 1993. Capital productivity registered positive growth between 1994 and 2019 compared to the negative growth between 1970 and 1993. Labour productivity recorded a relatively weak positive growth between 1994 and 2019 compared to the strong positive growth between 1970 and 1993. Multifactor productivity recorded a significant positive growth between 1994 and 2019 compared to the relatively weak positive growth between 1970 and 1993.

FIGURE 3: PRODUCTION INPUT INDICATORS 2015-2019



Capital input realised an increase in growth in 2019. The indicator generally registered volatile growth between 2015 and 2019. A relatively significant positive growth in the indicator was recorded in 2017 while the opposite is true in 2016. Labour input registered a mild decline in growth in 2019. The indicator previously registered 4 consecutive years of positive years of positive growth between 2015 and 2018. A relatively significant positive growth in the indicator was recorded in 2015 while the opposite is true in 2019. As a result, Capital labour ratio recorded a positive growth in 2019. The indicator previously realised 4 successive years of positive growth between 2015 and 2018. A relatively significant positive growth in the indicator was recorded in 2019 while a notable negative growth was recorded in 2016.

FIGURE 4: LABOUR INPUT INDICATORS 2015-2019



Labour input registered a mild decline in growth in 2019. The indicator previously registered 4 successive years of positive years of positive growth between 2015 and 2018. Compensation per employee realised no growth in 2019. The indicator previously recorded negative growth between 2015 and 2018 saving the mild increase in growth registered in 2017. A relatively significant positive growth in the indicator was recorded in 2017 while a notable decline was realised in 2018. Unit labour cost recorded a mild positive growth in 2019. The indicator previously recorded negative growth in 2018 while it realised positive growth between 2015 and 2017. Significant positive growth in the indicator was recorded in 2015 while the opposite is true in 2018.