



PRODUCTIVITY STATISTICS

OCTOBER 2022

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.

7. OUR VALUE PROPOSITION

To Productivity SA provides productivity and competitiveness improvement solutions to enhance the productive capacity and operational efficiency of enterprises throughout the business lifecycle to accelerate the creation of decent work, wealth and income growth and job retention.

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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productivitysa
Inspiring a Competitive South Africa

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1. EXECUTIVE SUMMARY

The current year's Productivity Statistics reflect a recovery in the economy post the onset of the Covid 19 pandemic. The recovery was underpinned by the ongoing outcomes of the government led fiscal support to the business community and the public, improved demand from consumers for face-to-face services as well as the recovery in local markets, such as the goods and services, labour and financial assets markets. However, the global geopolitical instability and domestic social unrest represent emerging risks for the economy in the medium term. Consequently, Labour productivity and Multifactor productivity accelerated in 2021 following a significant decline in growth during 2020 while Capital productivity recorded a deceleration in growth during 2021 after it increased substantially during 2020.

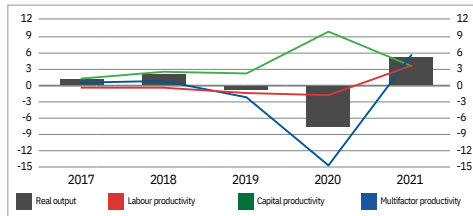
2. TECHNICAL NOTES

Productivity SA collects data from the 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, 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). (OECD) Manual: Measuring Productivity (2017).

“Labour productivity and Multifactor productivity accelerated in 2021 following a significant decline in growth during 2020 while Capital productivity recorded a deceleration in growth during same period.”

3. PRODUCTIVITY INDICATORS

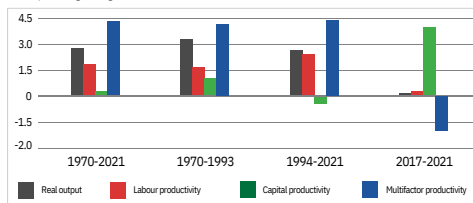
Figure 1 Trends of productivity indicators 2017-2021
Annual percentage change



Real output recoded a significant positive growth in 2021. The indicator realised positive growth between 2017 and 2021 saving the decline in growth during 2020.

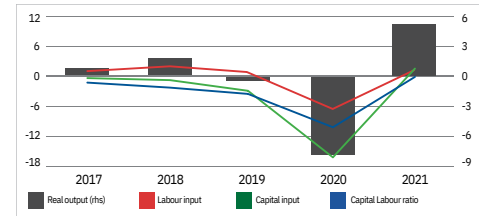
The three consecutive years of positive growth between 2017 and 2019 were followed by a relatively significant negative growth in 2020. Labour productivity registered positive growth in 2021. The indicator realised negative growth between 2017 and 2020. A relatively significant positive growth in the indicator was recorded in 2021 while the opposite is true in 2020. Capital productivity decelerated in 2021. The indicator generally registered positive growth between 2017 and 2021. Multifactor productivity posted a significant positive growth in 2021. The indicator realised negative growth in 2018 and 2019 while it posted negligible growth in 2017 and 2018.

Figure 2 Average productivity indicators 1970-2021
Annual percentage change



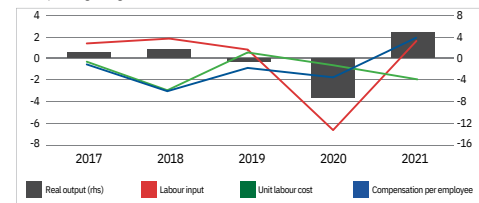
Real output, Labour productivity, Capital productivity and Multifactor productivity recorded positive growth between 1970 and 2021 where Capital productivity realised a negligible acceleration in growth during the same period. Labour productivity recorded a slightly weak growth between 1970 and 1993 compared to between 1994 and 2021. The indicator realised an insignificant positive growth between 2017 and 2021. Capital productivity posted a slightly weak positive growth between 1970 and 1993 compared to between 1994 and 2021. The indicator recorded a relatively strong positive growth between 2017 and 2021. Multifactor productivity registered a considerably significant positive growth between 1970 and 1993 as well as between 1994 and 2021. The indicator realised a decline in growth between 2017 and 2021.

Figure 3 Production Input indicators 2017-2021
Annual percentage change



Labour input recorded a relatively insignificant positive growth in 2021. The indicator previously recorded three consecutive years of positive growth between 2017 and 2019 and a significant negative growth in 2020. A relatively significant positive growth in the indicator was registered between 2017 and 2019 while the opposite is true in 2020. Capital input accelerated somewhat in 2020. The indicator generally registered negative growth between 2017 and 2020. A relatively significant negative growth in the indicator was registered between 2020 while the opposite is true in 2021. Consequently, Capital labour ratio registered an insignificant positive growth in 2021. The indicator generally recorded negative growth between 2017 and 2020. A significant negative growth in the indicator was registered in 2020 while the opposite is true in 2021.

Figure 4 Labour market indicators 2017-2021
Annual percentage change



Labour input accelerated somewhat in 2021. The indicator previously realised three consecutive years of positive growth between 2017 and 2019 followed by a significant negative growth in 2020. A relatively significant positive in the indicator was recorded in 2018 and 2021 while the opposite is true in 2020. Compensation per employee recorded positive growth in 2021. The indicator previously registered four successive years of decline in growth between 2017 and 2020. A relatively significant negative growth in the indicator was recorded in 2018 while the opposite is true in 2021. As a result, Unit labour cost realised a decline in growth during 2021. The indicator previously registered negative growth in 2017 and 2018 as well as in 2020. A relatively significant negative growth in the indicator was recorded in 2018 while the opposite is true in 2021.