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Bureau of Statistics

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Performance of the Manufacturing Sector in Lesotho
Third Quarter 2023

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Mission: To coordinate the National Statistical System (NSS) and produce accurate, timely and reliable culturally relevant and internationally comparable statistical data for evidence-based planning, decision making, research, policy, program formulation and monitoring and evaluation to satisfy the needs of users and producers.

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1. Introduction

Bureau of Statistics has embarked on a programme of quarterly economic or enterprise surveys on medium and large-scale enterprises, namely: Wholesale and Retail Trade, and Survey of Performance of Manufacturing Sector. The latter's report focuses on the following topics: type of establishment; legal form; type of ownership; employment; sex of employees; industry; and remuneration (wages and salaries).

The quarterly survey provides estimates on various variables of interest in the medium and large manufacturing activities. Employment in manufacturing sector in Lesotho has mainly been dominated (about 80 percent) by "Textiles and Clothing" industry throughout the years. "Leather and Footwear", "Food and Beverages" and "Other Manufacturing" are also playing a notable role in the manufacturing sector however, they still have a very low constant absorptive capacity.

2. Methodology

Information on manufacturing is collected through Industrial Survey, which covers establishments engaged in the manufacturing and transformation of semi-finished products. The survey is undertaken on a quarterly basis. The distribution and collection of self-administered questionnaires to and from individual establishments is done through emails or hand delivered. The exercise (data collection; distribution and collection) is done within the first two weeks of the start of following quarter. Follow-ups are made, usually through telephone calls and emails.

2.1 Scope and Coverage

The industrial survey covers medium and large-scale establishments engaged in the manufacturing activity on quarterly basis, in all districts. The medium and large manufacturing establishments are classified using the following: employed person's numbers, ranging from 10 to 49 and 50 or more respectively. In addition, such establishments must have been in operation continuously for at least six months. However, due to the size threshold (medium and above) on the sample, data is only collected in six districts namely: Botha-Bothe; Leribe; Berea; Maseru; Mafeteng; and Mohale's Hoek.

All the establishments engaged in production, packaging and transforming of goods are grouped (classified) in accordance with International Standard Industrial Classification of All Economic Activities, Revision 4 (ISIC, Rev 4).

3. Findings

The findings of the study shed light on various aspects of the surveyed establishments. By examining the type of establishment; legal form; type of ownership; employment; sex of employees; industry; and remuneration (wages and salaries), the study aims to capture a holistic understanding of the economic landscape. In addition, there is analysis on commodity export destinations. As stated by Statistical Act of 2001, confidentiality and anonymity are paramount to data dissemination, so the report has classified the industries into four categories: "Food & Beverages", "Textiles & Clothing", "Leather & Footwear" and "Other Manufacturing". "Other Manufacturing" is a composition of the following economic activities; manufacturing of cook stoves, cement blocks, clay bricks, plastic products, corrugated boxes, furniture, low voltage electric breakers, printing works, petroleum products (e.g. petroleum jelly, candles, etc.), and assembling and transformation of aluminum inputs into aluminum products (windows and doors).

3.1 Type of Establishments

According to Table1, about 9 in every ten establishments in Lesotho were Single Enterprises (90.5 percent) in the third quarter of 2023.

Table 1: Percentage Distribution of Establishments by Type of Establishment – 2023 Third Quarter

Establishment Type	%
Single Enterprise	90.5
Division (Branch)	9.5
Total	**100**

3.2 Legal Form of the Establishment Status

The legal form of a company is the legal designation used to identify the establishment according to the local, regional, or international laws governing it. This is normally denoted by abbreviations at the end of the official name, such as PTY (LTD) and LTD (Proprietary Limited, and Limited respectively), which is referred to as the status of company's liability. The results show that the majority of manufacturing businesses in Lesotho were categorised as "Private Limited" companies, accounting for 93.2 percent. Additionally, "Public Limited" and statutory bodies companies constituted 2.7 percent.

Table 2: Percentage Distribution of Establishments by Legal Form – 2023 Third Quarter

Legal form of Establishment	Percent
Individual Proprietorship	0.0
Partnership	1.4
Private Limited Company	93.2
Public Limited Company	2.7
Statutory/board/Parastatal	2.7
Total	**100.0**

3.3 Ownership Status

Ownership of the establishments is vital policy formulation and planning, especially in determining the origin of the product. In the manufacturing sector, the majority of establishments were fully foreign-owned, accounting for 54.1 percent, as presented in Table 3. Meanwhile, establishments categorised as "Fully National Private" constituted 28.4 percent. Additionally, establishments with ownership exceeding 50% national accounted for 9.5 percent.

Table 3: Percentage Distribution of Establishments by Ownership Status– 2023 Third Quarter

Ownership Status	Percent
Fully National, Private	28.4
Fully National, Public	0.0
Fully Foreign	54.1
More than 50% National	9.5
More than 50% Foreign	5.4
50% National and Foreign	2.7
Total	**100**

Table 4 depicts percentage distribution of establishments engaged in only "Textiles and Clothing" by ownership status. More than seven in every ten establishments (71.8 percent) engaged in the textiles and clothing were "Fully Foreign", while 17.9 percent were owned by Basotho nationals.

Table 4: **Percentage Distribution of Establishments in Textile and Clothing by Ownership Status – 2023 Third Quarter**

Ownership Status	Percent
Fully National Private	17.9
Fully National Public	0.0
Fully Foreign	71.8
More Than 50% National	7.7
More Than 50% Foreign	0.0
50% National & Foreign	2.6
Total	**100**

3.4 Employment in the Manufacturing Sector

This section focuses on employment in the manufacturing sector. Employment refers to the total number of persons engaged or having an employment contract by/with the establishment, as at the last day of the quarter (or monthly). In this instance, the individuals classified as employees must have satisfied the following: a) permanently employed person and temporary wage earner; b) working members of a co-operative; and c) working proprietors and unpaid family workers.

Table 5 presents an overview of the total number of persons engaged in the manufacturing sector from the third quarter of 2022 up to the corresponding quarter of 2023. It shows a 12.7 percent decline in the total number of employees in the third quarter of 2023 over the previous quarter. Notably, the industries most severely impacted were "Textiles & Clothing" and "Leather & Footwear", which experienced a loss of 16.4 percent and 3.7 percent of their employees, respectively.

On an annual basis, total number of employees in the manufacturing sector dropped by 16.5 percent in the third quarter of 2023 compared to the same quarter in 2022. At the industry level, the "Textile & Clothing" industry had the largest decline in employment, marking it as the worst performer with 18.8 percent decrease in employment in 2023. Following at a considerable distance was "Other Manufacturing" with a descent of 5.2 percent. On the other hand, the "Food & Beverages" industry experienced a notable increase of 28 percent in employment.

Table 5: Employment by Year, Quarter and Industry (2022:3– 2023:3)

		Industries				
Year	**Quarter**	**Food & Beverages**	**Textiles & Clothing**	**Leather & Footwear**	**Other Manufacturing**	**Total**
2023	3	1041	29,911	1,420	2,228	34,600
	2	734	35,797	1,475	1,633	39,639
	1	753	38,648	1,399	2,706	43,506
2022	4	740	40,615	1,357	2,261	45,021
	3	813	36,822	1,464	2,350	41,449
Quarterly (%)		**41.8**	**-16.4**	**-3.7**	**36.4**	**-12.7**
Annually (%)		**28.0**	**-18.8**	**-3.0**	**-5.2**	**-16.5**

2022:3 refers to 3rd quarter of 2022 and 2023:3 refers to 3rd quarter of 2023

Figure 1 depicts the employment figures in the "Textiles & Clothing" industry over a span of time. It demonstrates an increasing trend in the number of persons engaged in this industry on a quarterly basis, particularly from the third quarter of 2022 to the fourth quarter of the same year. However, following this upward trajectory, a continuous decrease is observed between the fourth quarter of 2022 up to the third quarter of 2023. The terrifying deterioration of the textiles employees recently was driven by industries closing down and resorting to short-time employment engagements for their employees.

Figure 1: Number of Persons Employed in "Textiles and Clothing" by Year and Quarter (2022:3 - 2023:3)

3.4.1 Share of Industrial Employment

In this subsection, the focus is the share of industries to total employment within the manufacturing sector. The share of each industry is determined by dividing total number of persons employed in that industry by the total number of persons employed in the entire manufacturing sector.

Table 6 presents percentage shares of industries to total employment by quarter, covering the period from the third quarter of 2022 to the same quarter of 2023. According to table 6, the "Textiles & Clothing" industry constituted the highest share of total employment, accounting for 86.4 percent in the third quarter of 2023. This industry has consistently maintained the highest share over the recent years. On the other hand, the category "Food and Beverages" had the lowest share, although it showed a slight increase of 1.1 percentage points between the second and third quarters of 2023.

Table 6: Percentage Share of Industries to Total Employment by Industry and Quarter (2022:3 – 2023:3)

Industries	**2022:3**	**2022:4**	**2023:1**	**2023:2**	**2023:3**
Food & Beverages	2.0	1.7	1.7	1.9	3.0
Textiles & Clothing	88.8	90.3	88.8	90.3	86.4
Leather & Footwear	3.5	3.0	3.2	3.7	34.1
Other Manufacturing	5.7	5.0	6.2	4.1	6.2
Total	**100**	**100**	**100**	**100**	**100**

3.4.2 Employment by Sex

This Section presents the distribution of employment in the manufacturing sector by sex and employee type. The employee types are categorised as follows: Managers; Other Employees (including professionals, technicians and elementary occupations, etc.); and "Part Time" employees (casual).

According to table 7, in the third quarter of 2023, the manufacturing sector saw a higher representation of females (76.4 percent) compared to males (22.4 percent). Likewise, on the managerial positions, there were still relatively more females (50.4 percent) compared to males (49.6 percent). Furthermore, the majority of part-time employees were females, accounting for 66.5 percent of this workforce segment.

Table 7: Percentage Distribution of Employee by Type and Sex - 2023 Third Quarter

Employee Type	Males	Females	Total
Managers	49.6	50.4	100
Other Employees	21.9	78.1	100
Part Time Employees (Casual)	33.5	66.5	100
Total	**22.4**	**76.4**	**100**

Figure 2 shows the distribution of managers based on industry and sex, presenting the percentages for each category. Across all industries, female managers outnumbered their male counterparts, constituting 53.0 percent of the total. However, in the Textile and Clothing sector, a distinct scenario unfolded, with female managers surpassing their male counterparts by approximately 16.8 percentage points.

Figure 2: Percentage Distribution of Managers by Industry and Sex -2023 Third Quarter

3.5 Wages and Salaries in the Manufacturing Sector

This section deals with wages and salaries of employees in the Manufacturing Sector, payable generally on monthly basis. These are payments or rewards given to employees as remuneration from the services they have rendered.

Table 8 presents wages and salaries by year, quarter, and industry, highlighting the changes in the third quarter of 2023 compared to the second quarter of the same year. According to Table 8, there was an overall decrease of 15.1 percent in wages and salaries in the third quarter compared to the second quarter of 2023. This decrease was evident in nearly all industries, with the exception of the "Food & Beverages" industry, which demonstrated a notable increase of 44 percent.

On yearly basis, there was a 17.4 percent decline in wages and salaries, primarily driven by the “Textiles & Clothing” industry, accounting for 22 percent, followed by the “Other Manufacturing” industry with 21.5 percent. However, the “Food & Beverages” as well as “Leather & Footwear” industries showed an increase in wages and salaries in this third quarter as compared to the same period in 2022.

Table 8: Wages and Salaries ('000 Maloti) by Year, Quarter and Industry (2022:3-2023:3)

		Industries				
Year	**Quarter**	**Food & Beverages**	**Textile & Clothing**	**Leather & Footwear**	**Other Manufacturing**	**Total**
2023	3	29,804	235,156	19,590	15,218	299,769
	2	20,699	292,035	20,136	20,074	352,946
	1	29,302	278,029	16,074	22,212	345,618
2022	4	29,463	351,118	17,618	19,316	417,516
	3	18,613	309,528	15,535	19,395	363,073
Quarterly (%)		**44.0**	**-19.5**	**-2.7**	**-24.2**	**-15.1**
Annually (%)		**60.1**	**-24.0**	**26.1**	**-21.5**	**-17.4**

3.6 Average Monthly Wages and Salaries

This section focuses on the average monthly wages and salaries of employees in the manufacturing sector. Average monthly wages have been derived by dividing the total quarterly wages/salaries by three (“three months” constituting the quarter) and then divided with the total number of employees.

Table 9 presents average monthly wages and salaries categorised by year, quarter, and industry, highlighting the changes observed in the third quarter of 2023 in comparison to the previous year. According to this table, the average monthly wages and salaries in the manufacturing sector were estimated at M2,888 during the third quarter of 2023, reflecting an overall decrease of 2.7 percent driven by two industries in this quarter. Notably, the “Other Manufacturing” and “Textile & Clothing” industries witnessed reductions in wages and salaries, with decreases of 17.1 percent and 3.6 percent, respectively. This can be attributed to the engagement of short-time employees and retrenchment of personnel.

On year-to-year basis, there was a general downturn of 1.1 percent in average monthly wages and salaries in the third quarter of 2023 compared to same quarter in 2022 for all the industries.

Table 9: Average Monthly Wages and Salaries (current Maloti) by Year, Quarter and Industry (2022:3-2023:3)

Year	Quarter	Industries				
		Food & Beverages	Textiles & Clothing	Leather & Footwear	Other Manufacturing	Total
2023	3	9,544	2,621	4,599	2,277	2,888
	2	9,188	2,719	4,551	4,058	2,968
	1	12,685	2,423	3,830	2,747	2,672
2022	4	13,272	2,882	4,328	2,848	3,091
	3	7,631	2,802	3,537	2,751	2,919
Quarterly (%)		**3.9**	**-3.6**	**1.1**	**-17.1**	**-2.7**
Annually (%)		**25.1**	**-6.5**	**30.0**	**-20.8**	**-1.1**

Note: Average monthly wages have been derived by dividing the total quarterly wage bill by three, and then dividing by the total number of employees. Variations in monthly wages reflect variations in wage rates as well as variations in hours worked.

3.6.1 Wages and Salaries by Months

This subsection delves into the analysis of wages and salaries by month in order to assess the progressive improvement in the manufacturing sector, potentially indicating a recovery from the worldwide COVID-19 pandemic. Table 10 presents the percentage distribution of wages and salaries by industry and months.

According to Table 10, there was a slight fluctuation in the percentage of remunerations from the first month (July) to last month (September) of the third quarter. This consistent trend indicates instability in employee remuneration within the manufacturing sector during this particular period.

Table 10: Percentage Distribution of Wages and Salaries (In Maloti) by Industry and Months

Industries	July	August	September	Total
Food and Beverages	31.7	31.0	37.3	100
Textile and Clothing	33.5	32.6	33.9	100
Leather and Footwear	29.0	35.6	35.3	100
Other Manufacturing	32.4	33.8	33.8	100
All Industries	**33.0**	**32.7**	**34.3**	**100**

3.7 Export Destination

This subsection discusses the export destination of Lesotho's manufacturing sector products. Lesotho has taken advantage of preferential trade agreements, such as the African

Growth and Opportunity Act (AGOA, to become a significant exporter of garments and other commodities to different countries. Exporting helps grow national economies and participating in the global market. The more a country exports, the more domestic economic activity is occurring, in turn increasing production, job creation and revenue generation.

Table 11 indicates percentage distribution of exports by country of destination in the third Second quarter of 2023. The results show that in the third quarter of 2023, the Republic of South Africa was the main export destination, accounting for 74.7 percent of the total exports. The United States of America followed at a considerable distance with 15.7 percent. Other countries combined constituted a smaller share of 9.6 percent.

Table 11: Percentage Distribution of Exports by Country of Destination – 2023 Third Quarter

Export Destination	2022:Q3	2022:Q4	2023:Q1	2023:Q2	2023:Q3
USA	18.2	17.4	18.5	20.4	15.7
RSA	76.5	77.1	79.2	77.0	74.7
USA & RSA	0.0	0.0	0.0	0.0	0.0
Others Countries	5.5	5.5	2.3	2.7	9.6
Total	**100**	**100**	**100**	**100**	**100**

4. Summary

The third quarter of 2023 Performance of the Manufacturing Sector survey revealed 12.7 percent decrease in total employment compared to the previous quarter. The decline was primarily observed in the "Textile & Clothing" industry, which experienced a 16.4 percent decrease, while the "Leather & Footwear" sector displayed a decrease of 3.7 in total employment.

In terms of wages and salaries paid to employees, there was a 15.1 percent decline in the third quarter of 2023 compared to the second quarter of the same year. The average monthly wages and salaries in the manufacturing sector were estimated at M2,888 for the third quarter of 2023.

On year-to-year basis, wages and salaries also demonstrated an average decrease of 1.1 percent in the third quarter of 2023 compared to the previous year. "Other Manufacturing" industry witnessed the most substantial decline, with a 20.8 percent drop in wages and salaries.