



Kingdom of Lesotho



**Statistical Report
No 07: 2019**

**Performance of the Manufacturing Sector in Lesotho
Fourth Quarter 2018**



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1. Introduction

Bureau of Statistics has embarked on a programme of quarterly 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: financial year; type of establishment; legal form; type of ownership; employment; sex of employees; industry; and remuneration (wages and salaries).

The quarterly survey provides estimates of variables of interest in the medium and large manufacturing activities. Employment in manufacturing sector in Lesotho has mainly been dominated by industries of "Textiles and Clothing" for all the years. "Leather and Footwear", "Food and Beverages" and "Other Manufacturing" also play a role in the manufacturing sector with almost constant absorptive capacity.

2. Methodology

Information on manufacturing is collected through Industrial Survey which covers a sample of establishments engaged in the manufacturing activity. The survey is undertaken on a quarterly basis. The self-administered questionnaires are distributed to and collected from individual establishments through hand delivery and by email. The exercise (data collection; distribution and collection) is done within two weeks of submission at the beginning of the following quarter. Follow-ups are made through telephone calls and emails.

2.1 Scope and Coverage

The industrial survey covers a sample of establishments engaged in the manufacturing activity on quarterly basis, both on medium and large scale in all districts. The medium and large manufacturing establishments are classified as follows: with employed persons in the ranges 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 cut-off imposed on the sample, data is only collected in five districts namely; Botha Bothe, Leribe, Berea, Maseru and Mafeteng.

A two stage cluster sample design was employed. All the establishments engaged in production and transforming of goods were stratified in accordance with International Standard Industrial Classification of All Economic Activities Revision 4 (ISIC Rev4) and then simple systematic random sampling was used independently within clusters. Hence, the number of establishments varied depending on the size of designated clusters.

2.2 Limitations

It would have been ideal to reflect production volume indices (which are calculated for individual product at an establishment levels on the basis of their production quantities for successive quarters); however, this methodology is still under review hence these indices will not be reflected in this report.

3. Findings

The results of this survey focused on the following topics; type of establishment; legal form; type of ownership; employment; sex of employees; industry; remuneration (wages and salaries); and financial year (entity's accounting period). In addition, analysis on the commodity export destination and the estimated value received while exporting the goods abroad is carried out. The report has classified the industries into four categories; "Food & Beverages", "Textile & Clothing", "Leather & Footwear" and "Other Manufacturing". "Other Manufacturing" was a composition of the following economic activities; manufacturing of cook stove, cement blocks, clay bricks, plastic products, corrugated boxes, furniture, low voltage electric breakers, printing works, petroleum products (e.g. petroleum jelly) and aluminum products (windows and doors).

3.1 Type of Establishments

According to Table 1, most of the establishments in Lesotho were Single Enterprise (89.7) percent in the fourth quarter of 2018. This pattern is observed from the first quarter until the last quarter of 2018 (86.2, 86.7, 82.5, 89.7) percent respectively.

Table 1: Percentage Distribution of Establishments by Type of Establishment – 2018 Fourth Quarter

| Establishment Type | % |
|---------------------------|------------|
| Single Enterprise | 89.7 |
| Division | 10.3 |
| Total | 100 |

3.2 Legal Form of the Establishment statue

The legal form of a company is the legal designation used to identify the establishment according to the local, regional, national or international law governing it. This is normally denoted by abbreviations at the end of the official name, such as PTY and LTD. The results show that few of the manufacturing businesses were public Limited Company and Partnership, both at 3.2 percent.

Table 2: Percentage Distribution of Establishments by Legal Form – 2018 Fourth Quarter

| Legal Form of Establishment | % |
|------------------------------------|------------|
| Private Limited Company | 93.5 |
| Public Limited Company | 3.2 |
| Statutory Body/Board/ Parastatal | 0.0 |
| Co-operative | 0.0 |
| Individual (Sole) Proprietorship | 0.0 |
| Partnership | 3.2 |
| Other | 0.0 |
| Total | 100 |

3.3 Ownership Status

Ownership of the establishments is vital for purposes of policy formulation and strategic planning, especially in determining the territorial origin of the product. The establishments engaged in manufacturing of goods were mostly foreign-owned (55.1 percent) as presented in Table 3. However, it is worth noting that 22.2 percent were Fully National Private and More than 50% National (14.6%) and have ventured together into the manufacturing sector. Establishments whose ownership were public and fully national, and those that had more than 50% of foreign ownership, had an equal share of 3.2 percent each.

Table 3: Percentage Distribution of Establishments by Ownership Status– 2018 Fourth Quarter

| Ownership Status | Percent |
|--------------------------|----------------|
| Fully National, Private | 22.2 |
| Fully National, Public | 3.2 |
| Fully Foreign | 55.1 |
| More than 50% National | 14.6 |
| More than 50% Foreign | 3.2 |
| 50% National and Foreign | 1.6 |
| Total | 100 |

Table 4 depicts percentage distribution of enterprises engaged in textiles and clothing industry by ownership status. About seven in every ten establishments (69.2percent) engaged in the textiles and clothing were foreign owned, while 23.1 percent of the textiles and clothing manufacturers had a joint venture with majority shareholding remaining with locals.

Table 4: Percentage Distribution of Establishments in Textile and Clothing by Ownership Status – 2018 Fourth Quarter

| Ownership Status | Percent |
|-------------------------|----------------|
| Fully National Private | 7.7 |
| Fully National Public | 0.0 |
| Fully Foreign | 69.2 |
| More Than 50% National | 23.1 |
| More Than 50% Foreign | 0.0 |
| 50% National & Foreign | 0.0 |
| 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 by the establishment on the last day of the quarter. In this instance, the individuals classified as employees must have satisfied the following: a) permanently employed and temporary wage earner; b) working members of a co-operative; and c) working proprietors and unpaid family workers.

Table 5 presents the total number of persons engaged in the manufacturing sector during the fourth quarter of 2017 up to the corresponding quarter of 2018. The total number of persons employed decreased by 12.3 percent in fourth quarter over previous quarter. The decrease was realized in the majority of manufacturing sub-sectors, namely: Food & Beverages (-5.7%); Textile & Clothing (-12.7%); and “Other Manufacturing” (11.6%). Employment in Leather and Footwear on the other hand remained constant.

On annual basis, total number of employees in manufacturing drop by 11.9 percent in the fourth quarter of 2018 over the same quarter of 2017. The major contributors to the decline were “Leather & Footwear” and “Textiles & Clothing” with 12.5 and 12.2 percent respectively.

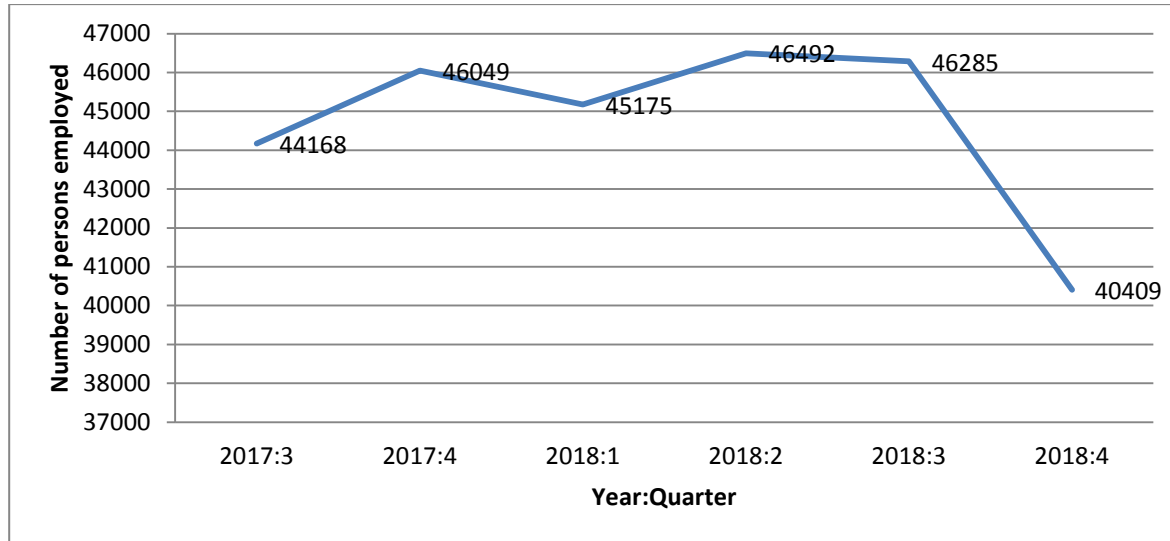
Table 5: Employment by Year, Quarter and Industry (2017:4 – 2018:4)

| Year | Quarter | Industries | | | | Total |
|----------------------|---------|------------------|--------------------|--------------------|---------------------|-----------|
| | | Food & Beverages | Textile & Clothing | Leather & Footwear | Other Manufacturing | |
| 2017 | 4 | 1,166.00 | 46,049.00 | 1,006.00 | 1,579.00 | 49,800.00 |
| 2018 | 1 | 1,191.00 | 45,175.00 | 1,016.00 | 759.00 | 48,141.00 |
| | 2 | 1,167.00 | 46,492.00 | 940.00 | 791.00 | 49,390.00 |
| | 3 | 1,221.00 | 46,285.00 | 880.00 | 1,646.00 | 50,032.00 |
| | 4 | 1,151.00 | 40,409.00 | 880.00 | 1,455.00 | 43,895.00 |
| Quarterly (%) | | -5.7 | -12.7 | 0.0 | -11.6 | -12.3 |
| Annually (%) | | -1.3 | -12.2 | -12.5 | -7.9 | -11.9 |

2017:4 refers to 4th quarter of 2017 and 2018:4 refers to 4th quarter of 2018

Figure 1 depicts number of persons employed in “Textiles & Clothing” industry. The number of persons engaged in the “Textile & Clothing” industry decreased by 12.7 percent in the fourth quarter of 2018 over the third quarter, which was reflected in table 5. Employment for this industry has been showing a fluctuating trend on quarterly basis, however a slight upward pattern was observed from third quarter of 2017 to the fourth quarter of the same year. Then, a drop in second quarter of 2018 was observed, followed by a sharp decline from the third to the fourth quarter of 2018.

Figure 1: Number of Persons Employed in Textile and Clothing by Year and Quarter (2017:4-2018:4)



3.4.1 Share of Industrial Employment

This subsection focuses on the share of industries to the total employment by industries, which refers to the contribution of each industry with respect to total employment in the whole of manufacturing sector. It is obtained by dividing total number of persons employed in an industry by the total number of persons employed in the manufacturing sector.

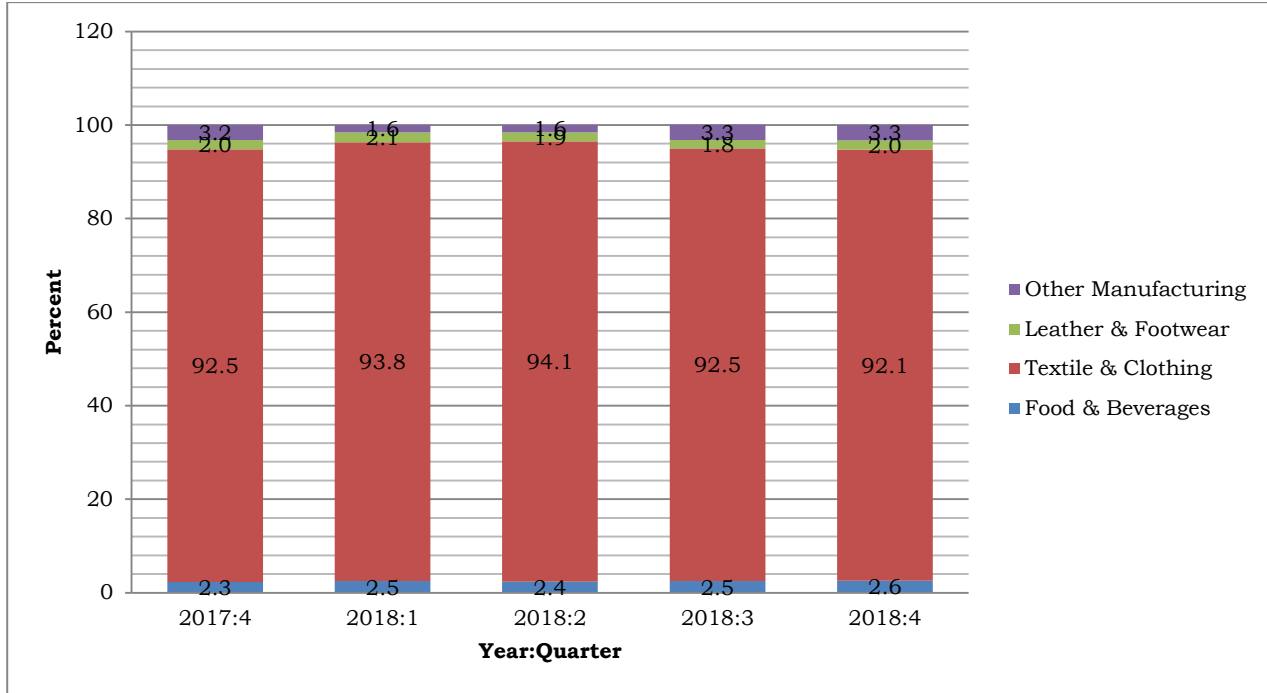
Table 6 presents the percentage shares of industries to total employment by quarter from the fourth quarter of 2017 to fourth quarter of 2018. “Textile & Clothing” had the highest share to the total employment (more than 90 percent) in all the quarters and for all industries in 2017 and 2018. The lowest share (2.0 percent) was observed in “Leather & Footwear” in the fourth quarter of 2018, a constant growth as compared to the corresponding quarter of 2017.

Table 6: Percentage Share of Industries to Total Employment by Industry and Quarter (2017:4-2018:4)

| Industries | 2017:4 | 2018:1 | 2018:2 | 2018:3 | 2018: 4 |
|---------------------|------------|------------|------------|------------|---------|
| Food & Beverages | 2.3 | 2.5 | 2.4 | 2.5 | 2.6 |
| Textile & Clothing | 92.5 | 93.8 | 94.1 | 92.8 | 92.1 |
| Leather & Footwear | 2.0 | 2.1 | 1.9 | 1.8 | 2.0 |
| Other Manufacturing | 3.2 | 1.6 | 1.6 | 3.3 | 3.3 |
| Total | 100 | 100 | 100 | 100 | 100 |

Figure 2 depicts the share of industries to total employment as explained in this section.

Figure 2: Percentage Share of Industries to Total Employment by Industry and Quarter (2017:4-2018:4)



3.4.2 Employment by Sex

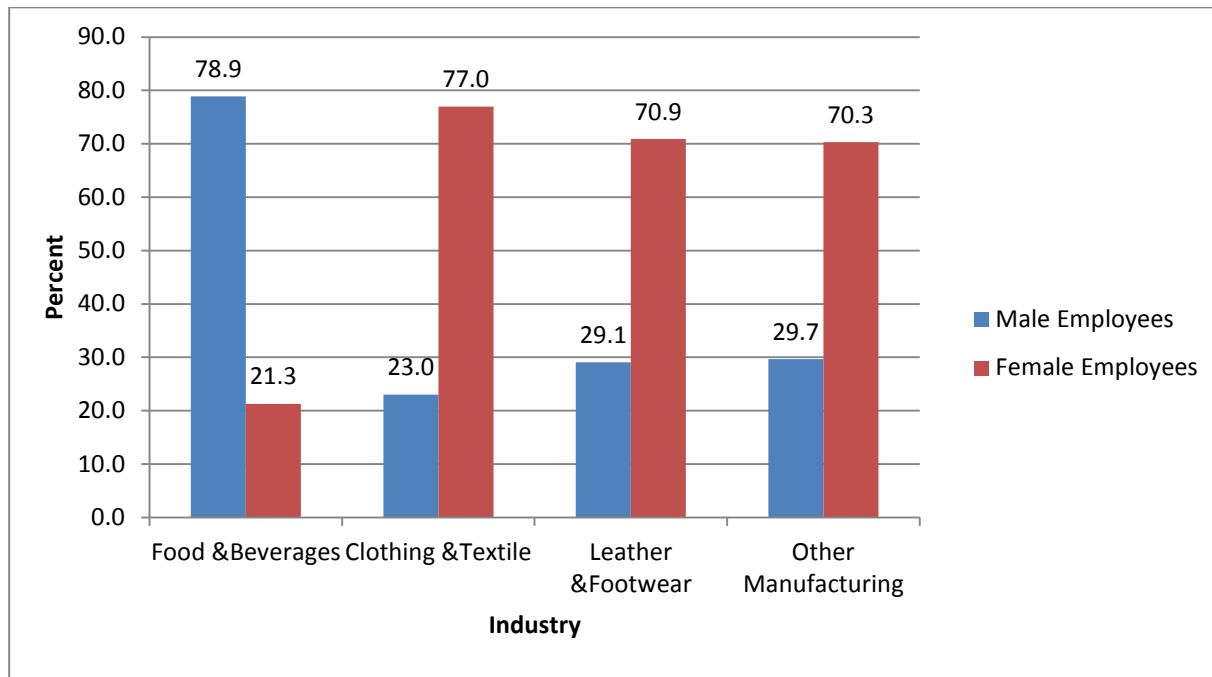
This Section presents employment in the manufacturing sector by sex and employee type. Three categories of employee types were grouped as follows: Managers; Other Employees (professionals, technicians and elementary occupations, etc.); and “Part Time” employees. Table 7 illustrates that in the fourth quarter of 2018, more females (50.7 percent) held managerial positions contrary to the third quarter where there were more males in the same positions. The same pattern was observed for part time and other employees, confirming that female employees dominated the total manufacturing industry at 75.2 percent while males accounted for 24.8 percent.

Table 7: Percentage Distribution of Employee by Type and Sex - 2018 Fourth Quarter

| Employee Type | Males | Females | Total |
|---------------------|-------------|-------------|------------|
| Managers | 49.3 | 50.7 | 100 |
| Other Employees | 24.8 | 75.2 | 100 |
| Part Time Employees | 34.0 | 66.0 | 100 |
| Total | 24.8 | 75.2 | 100 |

Figure 3 portrays the distribution of managers by industry and sex. It was observed that there were more female managers in most of the industries with an average of about 70 percent. The exception was in food and beverages, where females occupied only 21.3 percent, compared to 78.9 percent registered by males.

Figure 3 Figure 4: Percentage distribution of Managers by Industry and Sex-2018 Fourth Quarter



3.5 Wages and Salaries in the Manufacturing Sector

This section deals with the 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, in cash or in-kind.

Table 8 presents wages and salaries by year, quarter and industry. The table shows an overall increase of 83.3 percent in wages and salaries paid to employees in the fourth quarter of 2018 over the third quarter of the same year. All industries showed an increase in wages in the period under review, with the exception of “Other Manufacturing” which indicated a decline of 14.2 percent.

Table 8: Wages and Salaries ('000 Maloti) by Year, Quarter and Industry (2017:4-2018:4)

| Year | Quarter | Industries | | | | Total |
|------|---------|------------------|--------------------|--------------------|---------------------|---------|
| | | Food & Beverages | Textile & Clothing | Leather & Footwear | Other Manufacturing | |
| 2017 | 4 | 28,675 | 218,335 | 8,259 | 14,874 | 259,410 |
| 2018 | 1 | 25,200 | 218,856 | 7,306 | 8,047 | 259,410 |
| | 2 | 27,940 | 205,655 | 5,407 | 7,880 | 246,882 |
| | 3 | 28,393 | 186,412 | 6,424 | 14,985 | 236,214 |

| | | | | | | |
|----------------------|---|--------|---------|-------|--------|---------|
| | 4 | 34,991 | 377,886 | 7,166 | 12,854 | 432,897 |
| Quarterly (%) | - | 23.2 | 102.7 | 11.6 | -14.2 | 83.3 |

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 wage/salary bill by three (“three months” constituting the quarter) and then divided with the total number of employees.

Table 9 presents average monthly wages and salaries by year, quarter and industry. On average, the monthly wages and salaries in the manufacturing sector were estimated at M3,238 during the 2018 fourth quarter. The average monthly wages and salaries paid to employees in the fourth quarter of 2018 over the previous quarter have shown an overall increase of 105.7 percent for all the industries. The increase was as result of rise in wages and salaries mostly in Textile & Clothing and Food & Beverages with 132.3 and 30.7 percent respectively.

On year-to-year basis, the general increase of 79.1 percent average monthly wages and salaries was observed in the fourth quarter of 2018 compared to same quarter in 2017. The textiles and clothing industry largely contributed to the increase with an estimated 97.3 percent, followed by food and beverages at 23.6 percent, while the rest of the industries showed a decline.

Table 9: Average Monthly Wages and Salaries (current Maloti) by Year, Quarter and Industry (2017:4-2018:4)

| Year | Quarter | Industries | | | | Total |
|----------------------|---------|------------------|--------------------|--------------------|---------------------|-------|
| | | Food & Beverages | Textile & Clothing | Leather & Footwear | Other Manufacturing | |
| 2017 | 4 | 8,198 | 1,580 | 2,737 | 3,140 | 1,808 |
| 2018 | 1 | 7,053 | 1,615 | 2,397 | 3,534 | 1,796 |
| | 2 | 7,981 | 1,474 | 1,917 | 3,321 | 1,666 |
| | 3 | 7,751 | 1,342 | 2,433 | 3,035 | 1,574 |
| | 4 | 10,133 | 3,117 | 2,710 | 2,944 | 3,238 |
| Quarterly (%) | | 30.7 | 132.3 | 11.4 | -3.0 | 105.7 |
| Annually (%) | - | 23.6 | 97.3 | -1.0 | -6.2 | 79.1 |

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

3.7 Export Destination

Lesotho has taken advantage of the preferential trade agreements/Free Trade Agreements (FTA) through African Growth and Opportunity Act (AGOA) to become one of the largest exporters of garments to the USA in the Sub Saharan African countries.

Export means sending of goods or services produced in one country to another country. Exporting helps grow national economies and expands global market. The more a country exports, the more domestic economic activity is occurring. More exports mean more production, jobs and revenue.

Table 10 indicates percentage distribution of Exports by country of destination. More of the establishments (53.0 percent) were exclusively exporting to the Republic of South Africa (RSA) followed by the United States of America (USA) with 39.1 percent. During the fourth quarter of 2018, a marginal number of the establishments (7.8 percent) exported to other destinations other than RSA & USA alone, (these being: Eswatini and Mauritius).

Table 10: Percentage Distribution of Exports by Country of Destination – 2018 Fourth Quarter

| Export Destination | Percentage |
|---------------------------|-------------------|
| USA | 39.1 |
| RSA | 53.0 |
| USA & RSA & Others | 0.0 |
| Others Countries | 7.8 |
| Total | 100.0 |

Table 11 shows percentage distribution of value of exports by destination and Industry. It highlights that all (100 percent) of manufacturing products from “Food & Beverages”, “Leather & Footwear” and “Other Manufacturing” (bricks, stove etc.) industries were exported to RSA in the fourth quarter of 2018. On the other hand, it was observed that majority of clothing and textile establishments were exclusively exported to USA (55.6 percent), followed distantly by RSA with 33.3 percent.

Table 11: Percentage distribution of value of exports by exports destination and Industry-2018 Fourth Quarter

| Export of Destination | Industry | | | |
|------------------------------|-----------------------------|-------------------------------|------------------------------|----------------------------|
| | Food & Beverages | Textile & Clothing | Leather &Footwear | Other Manufacturing |
| RSA | 100.0 | 33.3 | 100.0 | 100.0 |
| USA | 0.0 | 55.6 | 0.0 | 0.0 |
| USA & RSA &Other | 0.0 | 0.0 | 0.0 | 0.0 |
| Others Countries | 0.0 | 11.1 | 0.0 | 0.0 |
| Total | 100 | 100 | 100 | 100 |

Table 12 presents the percentage distribution of the amount received while exporting goods to different exporting destinations in the fourth quarter of 2018. In December, “Textile & Clothing” realised the highest amount amongst other manufacturing sectors with 63.5 percent. On a different note however, exports of “Other Manufacturing” revealed a decreasing trend from the first month to the last month of the quarter.

Table 12: Percentage distribution of amount received for exported commodities by Industry and month-2018 Fourth Quarter

| Industry | | | | |
|-----------------|-----------------------------|-------------------------------|-------------------------------|----------------------------|
| Month | Food & Beverages | Textile & Clothing | Leather & Footwear | Other Manufacturing |
| October | 25.3 | 17.5 | 34.5 | 43.5 |
| November | 34.9 | 19.0 | 44.9 | 35.1 |
| December | 39.8 | 63.5 | 20.6 | 21.4 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

4. Summary

The fourth quarter of 2018 Performance of the Manufacturing Sector survey revealed that there was a decrease of 12.3 percent in total employment as compared to the previous quarter. The decrease was a result of a drop in three manufacturing categories namely: “Food & Beverages” (5.7%), “Clothing &Textile” (12.7) and “Other Manufacturing” (11.6%). On year-to-year basis (fourth quarter of 2018 over the same quarter of 2017), an overall decrease of 11.9 percent in employment for all industries was recorded. The major contributors were “Clothing & Textile” and “Leather & Foot wear” with 12.2 and 12.5 percent respectively.

There was an overall increase of 105.7 percent in monthly wages and salaries in the fourth quarter of 2018 compared to the previous quarter. Wages and salaries recorded an increase in the majority of the industries, except “Other Manufacturing” which declined by 3.0 percent. On average, the monthly wages and salaries in the manufacturing sector were estimated at M3,238 during the 2018 fourth quarter.

On year-to-year basis, the general increase of 79.1 percent average monthly wages and salaries was observed on fourth quarter compared to same quarter in 2017. “Clothing & Textile” contributed most to the increase with 97.3 percent followed by “Food and Beverages” with 23.6 percent.