



Kingdom of Lesotho



## Statistical Report No.11: 2021

### Performance of the Manufacturing Sector in Lesotho Fourth Quarter 2020



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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 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 Buthe, 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 vary depending on the size of designated clusters.

## **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 commodity export destination and the estimated value received while exporting the goods abroad is also done. 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 aluminum products (windows and doors).

### 3.1 Type of Establishments

According to Table 1, most of the establishments in Lesotho were Single Enterprises (89.5 percent) in the fourth quarter of 2020.

**Table 1: Percentage Distribution of Establishments by Type of Establishment – 2020 Fourth Quarter**

<b>Establishment Type</b>	<b>%</b>
Single Enterprise	89.5
Division (Branch)	10.5
<b>Total</b>	<b>100</b>

### 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, national or international law 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 most of the manufacturing businesses were Private Limited Company with 94.7 percent.

**Table 2: Percentage Distribution of Establishments by Legal Form – 2020 Fourth Quarter**

<b>Legal Form of Establishment</b>	<b>%</b>
Private Limited Company	94.7
Public Limited Company	2.6
Statutory Body/Board/ Parastatal	0.0
Co-operative	0.0
Individual (Sole) Proprietorship	0.0
Partnership	2.7
Other	00.0
<b>Total</b>	<b>100</b>

### 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 fully foreign-owned (50.0 percent) as presented in Table 3. Then, establishments that were “Fully National Private”, and “More than 50% National”, constituted 28.9 percent and 13.2 percent of the establishments respectively. The findings further reveal that 5.3 percent of the establishments were “More than 50% Foreign”.

**Table 3: Percentage Distribution of Establishments by Ownership Status– 2020 Fourth Quarter**

<b>Ownership Status</b>	<b>Percent</b>
Fully National, Private	28.9
Fully National, Public	2.6
Fully Foreign	50.0
More than 50% National	13.2
More than 50% Foreign	5.3
50% National and Foreign	0.0
<b>Total</b>	<b>100</b>

Table 4 depicts percentage distribution of establishments engaged in only “Textiles and Clothing” by ownership status. About three quarters of all establishments (75.0 percent) engaged in the textiles and clothing were “Fully Foreign”, while 25.0 percent had a joint venture with majority shareholding remaining with locals.

**Table 4: Percentage Distribution of Establishments in Textile and Clothing by Ownership Status – 2020 Fourth Quarter**

<b>Ownership Status</b>	<b>Percent</b>
Fully National Private	0.0
Fully National Public	0.0
Fully Foreign	75.0
More Than 50% National	25.0
More Than 50% Foreign	0.0
50% National & Foreign	0.0
<b>Total</b>	<b>100</b>

### 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 even having the employment contract by/with the establishment, as 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 2019 up to the corresponding quarter of 2020. There was an overall decrease of 15.3 percent to the total number of persons employed in fourth quarter of 2020 over previous quarter. “Textiles & Clothing” and “Food & Beverages” experienced a 16.5 and 3.9 percent decline respectively in employment over the previous quarter. Although there was an overall decrease in employment, “Other Manufacturing” showed an increase of 11.1 percent from previous quarter, while “Leather & Footwear” remained the same.

On annual basis, total number of employees in manufacturing decreased by 13.0 percent in the fourth quarter of 2020 over the same quarter of 2019. The major contributors to the decline being “Food & Beverages” and “Textiles & Clothing” with 24.6 and 13.3 percent respectively. The significant drop in employment during this period marks the effect of the national lockdown that was imposed due to the advent of COVID-19.

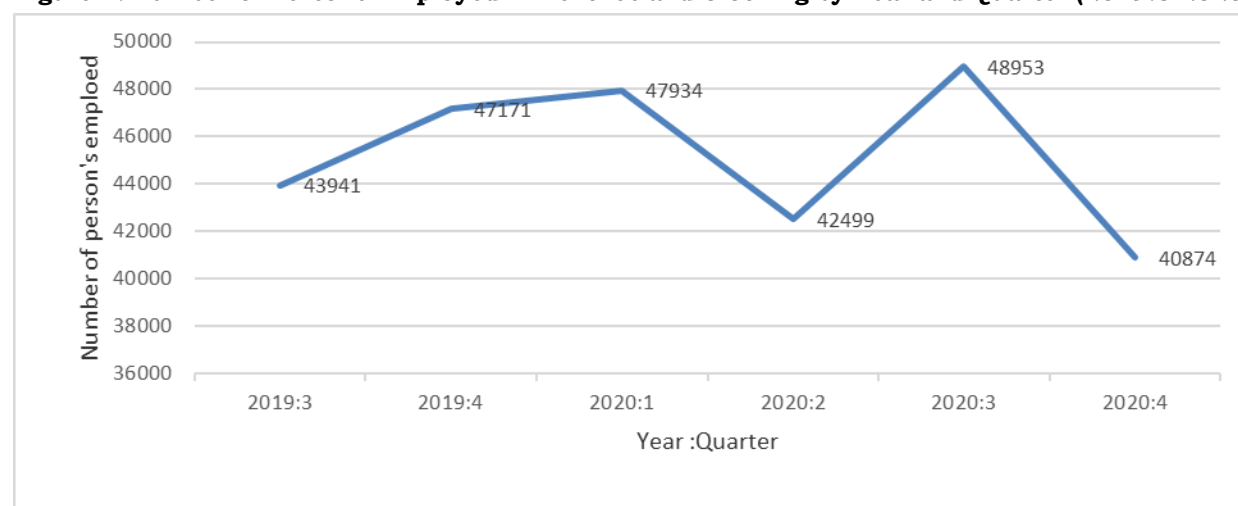
**Table 5: Employment by Year, Quarter and Industry (2019:4 – 2020:4)**

Year	Quarter	Industries				Total
		Food & Beverages	Textiles & Clothing	Leather & Footwear	Other Manufacturing	
2020	4	779	40,874	935	1,585	44,173
	3	811	48,953	935	1,427	52,146
	2	838	42,499	788	1,417	45,542
	1	1,020	47,934	884	1,672	51,510
2019	4	1,033	47,171	884	1,674	50,762
Quarterly (%)		-3.9	-16.5	0.0	11.1	-15.3
Annually (%)		-24.6	-13.3	5.8	-5.3	-13.0

2019:4 refers to 4<sup>th</sup> quarter of 2019 and 2020:4 refers to 4<sup>th</sup> quarter of 2020

Figure 1 depicts number of persons employed in “Textiles & Clothing” industry. The number of persons engaged in the “Textiles & Clothing” industry declined in second quarter of 2020 over the previous quarter, further declining in the fourth over the third quarter of 2020. Employment for this industry has been showing an increasing trend on quarterly basis from the third quarter of 2019 up to the first quarter of 2020, however there was a notable increase in the third quarter of 2020 from the second quarter, accumulating 6,454 employees.

**Figure 1: Number of Persons Employed in Textiles and Clothing by Year and Quarter (2019:3-2020:4)**





### 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 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 2019 to fourth quarter of 2020. “Textiles & Clothing” constituted the highest share to the total employment (92.5 percent), maintaining the same pattern since 2019. There was a fluctuating trend in “Food & Beverages” from the second quarter of 2020, up to the fourth quarter of 2020. Hence, this industry was further observed to depict a relative diminishing share to overall employment.

**Table 6: Percentage Share of Industries to Total Employment by Industry and Quarter (2019:4-2020:4)**

Industries	2019:4	2020:1	2020:2	2020:3	2020:4
Food & Beverages	2.1	2.0	1.8	0.9	1.8
Textiles & Clothing	92.5	93.1	93.3	94.5	92.5
Leather & Footwear	1.8	1.7	1.7	1.8	2.1
Other Manufacturing	3.5	3.2	3.1	2.7	3.6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### 3.4.2 Employment by Sex

This Section presents employment in the manufacturing sector by sex and employee type. The employee types were categorised as follows: Managers; Other Employees (professionals, technicians and elementary occupations, etc.); and “Part Time” employees. Table 7 illustrates that in the fourth quarter of 2020, there were more females than males in the manufacturing sector at 80.6 to 20.2 percent respectively, however, more males (65.6 percent) held managerial positions than their female counterparts did. On the other hand, the majority of females (80.6 percent) occupied “Other” positions other than managerial, and 76.5 percent of those were engaged on a part time basis.

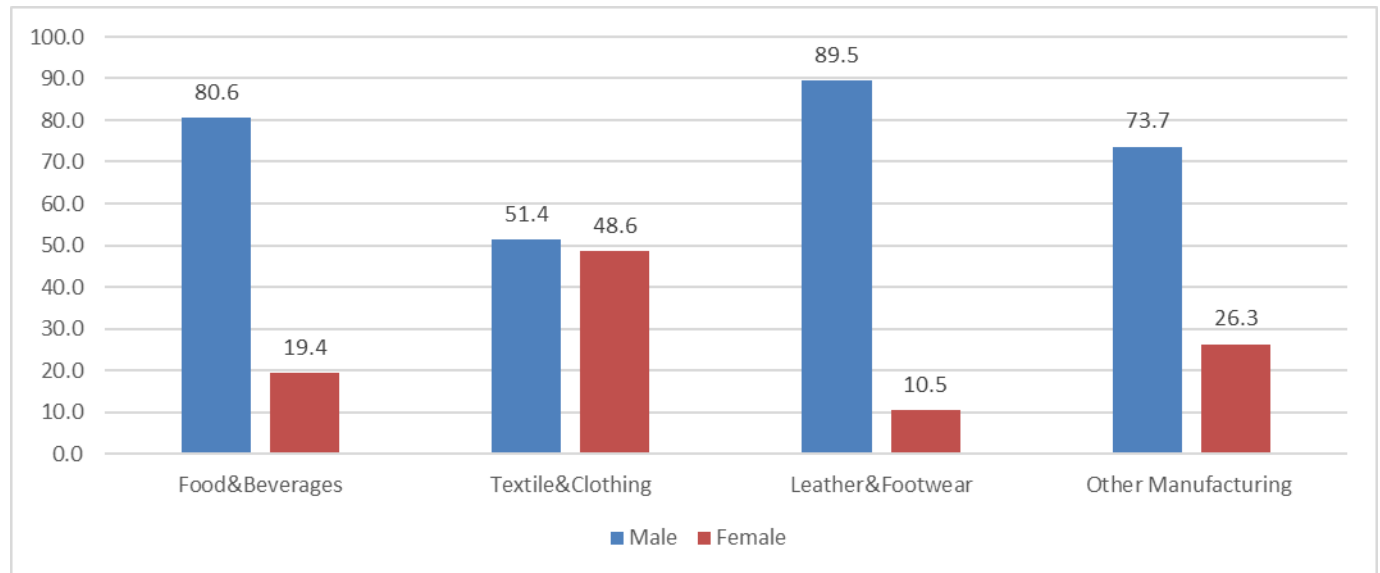
**Table 7: Percentage Distribution of Employee by Type and Sex - 2020 Fourth Quarter**

Employee Type	Males	Females	Total
Managers	65.6	34.4	100
Other Employees	19.4	80.6	100
Part Time Employees	23.5	76.5	100
<b>Total</b>	<b>20.2</b>	<b>79.8</b>	<b>100</b>



Figure 2 presents the percentage distribution of managers by industry and sex. It was observed that there were more male managers in most of the industries ranging from 73.7 to 89.5 percent for all industries, with the exception of “Textiles & Clothing”, where males and females occupied an equal proportion (51.4 and 48.6 percent respectively) of the managerial positions, despite the fact that females constitute 79.8 percent of all employees in the manufacturing sector.

**Figure 2: Percentage distribution of Managers by Industry and Sex-2020 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 decrease of 9.0 percent in wages and salaries paid to employees in the fourth quarter of 2020 compared to the third quarter of 2019. The main contributor to this decrease was the “Food & Beverages” with 43.9 percent, followed distantly by “Textiles & Clothing” with a 6.8 percent drop.

On yearly basis, the wages and salaries have dropped by more than 55 percent for all industries, the lowest bound being 56.3 and 73.7 percent as highest.

**Table 8: Wages and Salaries ('000 Maloti) by Year, Quarter and Industry (2019:4-2020:4)**

Year	Quarter	Industries				Total
		Food & Beverages	Textile & Clothing	Leather & Footwear	Other Manufacturing	
2020	4	6,576	150,340	2330	7,973	167,220
	3	11,731	161,356	2,330	8,432	183,851
	2	18,369	160,557	2,083	9,711	190,720
	1	25,578	323,406	8,122	21,192	378,300
2019	4	25,005	343,823	8,122	21,308	398,260
<b>Quarterly (%)</b>		-43.9	-6.8	0.0	-5.4	-9.0
<b>Annually (%)</b>		-73.7	-56.3	-71.3	-62.6	-58.0

### 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 M1,262 during the fourth quarter of 2020. This indicates an overall increase of 6.7 percent for all the industries. The increase was mostly observed in “Textiles & Clothing”, which contributed 11.6 percent. However, more than 60 percent decline was observed in “Food & Beverages”, followed by “Other Manufacturing”.

On year-to-year basis, the general decrease of 51.7 percent of average monthly wages and salaries was observed in the fourth quarter of 2020 compared to same quarter in 2019. “Leather & Footwear” contributed largely to the decrease by 72.9 percent, and nonetheless, all the industries had a huge impact to the decline of salaries and wages.

**Table 9: Average Monthly Wages and Salaries (current Maloti) by Year, Quarter and Industry (2019:4-2020:4)**

Year	Quarter	Industries				Total
		Food & Beverages	Textile & Clothing	Leather & Footwear	Other Manufacturing	
2020	4	2,814	1,226	831	1,677	1,262
	3	8,268	1,099	831	1,978	1,183
	2	7,307	1,259	881	2,284	1,396
	1	8,359	2,249	3,063	4,225	2,448
2019	4	8,069	2,430	3,063	4,243	2,615
<b>Quarterly (%)</b>		-66.0	11.6	0.0	-15.2	6.7
<b>Annually (%)</b>		-65.1	-49.5	-72.9	-60.5	-51.7

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.

### 3.6.1 Wage and Salaries by Months

It is worth delimiting wages and salaries also by month, in order to establish the months that were mostly affected by the world-wide pandemic of COVID-19. Table 10 presents the percentage distribution of wages and salaries by industry and months. An apparent plunge in remunerations was observed from the very first month of the quarter, increasing progressively towards December. “Textiles & Clothing” was mostly affected in October, while the impact on Leather & Footwear was much visible in November.

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

<b>Industries</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Total</b>
Food and Beverages	31.3	31.6	37.1	100
Textile and Clothing	23.2	30.7	46.2	100
Leather and Footwear	25.9	23.3	50.8	100
Other Manufacturing	24.3	35.5	40.2	100
<b>All Industries</b>	<b>24.0</b>	<b>31.0</b>	<b>45.0</b>	<b>100</b>

### 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. 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. The results show that in the fourth quarter of 2020, the establishments exported their products to only two countries, the Republic of South Africa (RSA) and the United States of America, where 51.1 percent went to RSA and USA received 48.9 of exports.

**Table 11: Percentage Distribution of Exports by Country of Destination – 2020 Fourth Quarter**

<b>Export Destination</b>	<b>Percent</b>		
	<b>2020:Q2</b>	<b>2020:Q3</b>	<b>2020:Q4</b>
USA	48.5	57.0	51.1
RSA	46.5	36.7	48.9
USA & RSA	3.2	5.8	0
Others Countries	1.7	1.0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Table 12 shows percentage distribution of exported products by export destination and industry. Notably, all manufactured products were exported to only two destinations, USA and RSA. The table further highlights that all manufactured products from “Food & Beverages” as well as “Leather & Footwear” were exported to RSA in fourth quarter of 2020. The majority of “Textiles & Clothing” products were exclusively exported to USA (69.5 percent), those exported exclusively to RSA accounted for 30.5 percent, while on the other hand, majority (84.2 percent) of the exports from “Other Manufacturing” went to RSA.

**Table 12: Percentage distribution of exported products by export destination and Industry-2020 Fourth Quarter**

<b>Export Destination</b>	<b>Industry</b>			
	<b>Food &amp; Beverages</b>	<b>Textile &amp; Clothing</b>	<b>Leather &amp; Footwear</b>	<b>Other Manufacturing</b>
USA	0.0	69.5	0.0	15.8
RSA	100	30.5	100	84.2
<b>Total</b>	100	100	100	100

#### **4. Summary**

The fourth quarter of 2020 Performance of the Manufacturing Sector survey revealed that there was a decrease of 15.3 percent in total employment as compared to the previous quarter. However, “Textiles & Clothing” was faced with huge decline as compared to other industries with 16.5 percent.

There was an overall decrease of 9.0 percent in wages and salaries paid to employees in the fourth quarter of 2020 over the third quarter of 2020. The main contributor to the decrease was “Food & Beverages”. On average, the monthly wages and salaries in the manufacturing sector were estimated at M1,262 for the fourth quarter of 2020, which depicted a 6.7 percent increase.

On year-to-year basis, a decrease of 51.7 percent for average monthly wages and salaries was observed, and all the industries contributed to this huge drop, ranging between 49.5 to 72.9 percent. This highlights government imposed lockdown restrictions as a result of COVID-19, since companies closed temporarily.