Business Statistics and Well-being and Sustainability

Dr Sagaren Pillay
Statistics South Africa

THE SOUTH AFRICA I KNOW, THE HOME I UNDERSTAND
Well-being is important to business in a number of different ways:

- well-being at work;
- the importance of work and workplace in people’s lives;
- social and community responsibility;
- businesses to identify ways of improving well-being and put in place strategies.

There is a need to engage with businesses
Improving / Expanding Classification of Businesses

Focusing on Geographical Location (Enterprise demographics)

Business data and Records (Structure)

Employment as a measure of size
An integrated economic story

The **supply** side of the economy

- Agriculture
- Mining
- Manufacturing
- Utilities
- Construction
- Trade
- Transport
- Finance
- Government
- Personal services

**GDP production**

The **demand** side of the economy

- Household consumption
- Government consumption
- Fixed capital formation
- Change in inventories
- Exports less imports

**Expenditure on GDP**
GDP and Economic well being

*National Accounts* provide a rich source of information on a country’s economic performance

Also contain information on *household income and consumption*, which may provide better measures of citizens’ material living standards

*GDP does not capture everything* that determines society’s wellbeing

Does not capture the *economic well-being* provided by the goods and services households produce for themselves

When a man washes his car, it is not recorded in GDP, but if the man pays someone else to do it, it would be recorded in GDP

The *environment and the skills* of its workers are also important determinants of economic well-being
Economic well being: some measures

- National accounts: GDP (production/exp/income)
- Environmental accounts showing data on the environmental impact of economic activity
- South Africa is one of 5 pilot countries looking at National Capital Accounting and valuation of eco-system services
- Living Conditions Survey (LCS)
- Quarterly Labour Force Survey (QLFS)-decent work
Stats SA collects information about formal sector employment from:

Quarterly Employment Statistics (QES) and the
Quarterly Labour Force Survey (QLFS)
Differences between QES and QLFS

- **QES** collects information from businesses
- **QLFS** collects information from households

- The two surveys yield *different employment estimates* because of coverage, sample size, reference periods, concepts and definitions.

- Alignment of both surveys is a major challenge.
The role of education in improving labour market outcomes

Policy Considerations

To improve skills
To increase demand for skills

For a comprehensive picture of education and labour market linkages
Supply side and demand side needs to complement each other

Supply side analysis
Demand side analysis

Types of jobs created (QES), Wages/productivity analysis, Supply versus demand of skills (QLFS)
The QLFS decent work indicators

- Unemployment rate by level of education
- Adequate earnings and productive work - Low pay rate (below 2/3 of median monthly earning)
- Proportion of employees who are entitled to paid sick leave
- Proportion of employees who are entitled to marternity/parternity leave
- Decent hours
- Rights at work and social dialogue
- Proportion of employees whose employer contribute to a pension/retirement fund for them
- Proportion of employees who are entitled to medical aid benefit from the employer by sex
- Proportions of employees by how annual salary increment is negotiated
Economic Surveys

Private Sector Financial Statistics

Quarterly Financial Statistics Survey (QFS)

Annual Financial Statistics Survey (AFS)
Business Resources

- Tangible Assets (Property, plant and Equipment)
- Intangible Assets (Research & Development, Software, Patents & Trademarks)
- Water and electricity
- Capital Work in Progress
- Other variables: Employment costs, intellectual capital, Depreciation, amortization and impairment
Return on assets ratio from 2008 to 2016

Return on assets (ROA) is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources.

South African businesses have seen a decline in the return on assets ratio from 2008 to 2016 due to decreasing profits.
The level of turnover generated by non-profit organizations increased by 34.0% between 2015 and 2016.
Net profit before tax of all industries decreased by (R60.8 billion) 11.5% between 2015 and 2016.

Trends and levels of net profit before tax and employment costs were similar from 2004 to 2008.

Employment costs continue to grow year on year while profits drop.
Planned improvements for the AFS

Expanding the level questionnaire to include:-

- Further breakdown of the statement of financial position, e.g. foreign and local loans.
- Differentiate between listed and unlisted equity.
- General information on adherence to ISO requirements.
- Investigate the possibility of collecting enterprise segment data by geographical location.
The QES data items

- Estimates of employment by industry
- Gross salaries
- Bonuses
- Average monthly earnings
THANK YOU