

# REVISED STRATEGIC PLAN

2014/15 – 2019/20



labour

Department:  
Labour  
REPUBLIC OF SOUTH AFRICA

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# 1. ACRONYMS


AGSA	Auditor General of South Africa
APP	Annual Performance Plan
ALMP	Active Labour Market Policies
BBBEE	Broad Based Black Economic Empowerment
CCMA	Commission for Conciliation, Mediation and Arbitration
DoL	Department of Labour
the dti	Department of Trade and Industry
ETD	Education Training and Development
GDP	Gross Domestic Product
ILO	International Labour Organisation
IMD	Institute of Management Development
IPAP	Industrial Policy Action Plan
JICA	Japan International Cooperation Agency
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEDLAC	National Economic and Development Labour Advisory Council
PES	Public Employment Services
POS	Productivity Organisational Solutions
SANACO	South African National Cooperatives
SEFA	Small Enterprise Finance Agency
SEZ	Special Economic Zone
SDF	Skills Development Facilitator
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprise
TAS	Turnaround Solutions
The Act	Employment Services Act, No. 4 of 2014
UIF	Unemployment Insurance Fund
WEF	World Economic Forum
WPC	Workplace Challenge

## 2. OFFICIAL SIGN-OFF

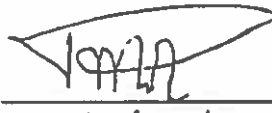
It is hereby certified that this Strategic Plan:

- Was developed by the management of Productivity SA under the guidance of the Board of Directors;
- Takes into account all the relevant policies, legislation and other mandates for which Productivity SA is responsible for;
- Accurately reflects the strategic outcome oriented goals and objectives which Productivity SA will endeavour to achieve over the five-year period 2018/19 to 2022/23.

**[Sibusiso Sabela]**  
Chief Financial Officer

Signature:   
16/02/2018

**[Mothunye Mothiba]**  
Chief Executive Officer

Signature:   
16/02/2018

**[Mthunzi Mdwaba]**  
Chairman of the Board

Signature:   
16/02/2018

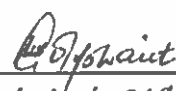
**[Thobile Lamati]**  
Director-General: Labour

Signature:   
16/02/2018

**[Phathekile Holomisa]**  
Deputy Minister: Labour

Signature:   
27/02/2018

Approved by:  
**MN Oliphant, MP**  
Executive Authority

Signature:   
16/02/2018

### 3. FOREWORD BY THE CHAIRMAN OF THE BOARD

Productivity SA 2018/19 Annual Performance Plan (APP) is based on the Strategic Plan 2014/15 – 2018/19, which was revised and approved by the Honorable Minister of Labour in February 2017, and reflects how the Entity will implement its legislative mandate as outlined in the Employment Services Act, No. 4 of 2014 (the Act).

This APP marks the final year of the MTSF 2014/15 – 2018/19 as well as the last year of the first 5 years since adoption of the National Development Plan - 2030 by the country in 2014. The NDP will guide us as we take on the task of transforming South Africa's socio-economic and industry landscape over the next 13 years. Therefore, this APP afforded us an opportunity to reflect on progress made in the past four years since 2014, identify the gaps and to put in place plans and programmes to accelerate service delivery as we come to the end of the MTSF 2014 – 2019 in March 2019.

As we were reflecting on the past four years, it became clear that despite the progressive policies and programmes which were developed and implemented since the dawn of our democracy and promulgation of the Employment Services Act, No. 4 of 2014, it is a difficult task to transform the South African socio-economic and industry landscape. Over twenty years into democracy, South Africa remains a highly unequal society where too many people live in poverty and too few work. The majority of over 6 million unemployed South Africans are Black and Africans in particular, youth and women.

Further challenges facing the country include, but are not limited to: a sluggish economy with a Gross Domestic Product (GDP) growth forecast to 0.6% from 0.8% (WEF); a low overall competitiveness with a rating at 53 out of 63 countries according to IMD World Competitiveness Year Book (2017) and 61 out of 137 countries according to the WEF Annual Global Competitiveness Index (GCI) report 2017/2018; and the disruptive effects of the Fourth Industrial Revolution, which is characterized by rapid globalisation, disruptive technologies, the growth of the digital economy and the changing worker attitudes and values, which are radically reshaping the world and the future of work. However, despite these challenges, what gives us hope is that the NDP provides us a long-term vision through to 2030 which is given expression in the Industrial Policy Action Plan (IPAP).

In our endeavour to contribute to the NDP, we take cue from global evidence presented through studies across the world, particularly in the most competitive economies which support the view that improving the levels of national productivity is the most efficient way to realise the average GDP growth rate, employment growth and reduce costs of doing business. We have noted the overwhelming global evidence to support the link between a country's investment in research and development (R&D) and its social and economic development and prosperity.

Furthermore, there is empirical evidence which suggests that, it is arithmetically impossible for a country to create and sustain wealth if wages do not grow significantly faster than inflation, and that these cannot happen unless productivity grows at the same rate. Therefore, it is impossible to discuss productivity without considering the contribution of labor as it is a major driver of productivity. It is worth appreciating that, behind productivity growth is the worker, a strong work culture, and the worker working smarter.

In the coming years, the dialogue should also focus on the contribution of the workforce to the productivity and competitiveness of the workplace, and in general of the economy. Therefore,

there is a compelling reason for both capital and labor to work hard at this partnership. Then, whatever productivity gains are realized **MUST** be shared.

Armed with the lessons learned in other countries which have and are still experiencing growth despite the global economic challenges, the challenges ahead for South Africa lie in collectively working towards a productivity driven agenda for sustainable and inclusive growth and development, with the objective to improve South Africa's competitiveness, with a focus on economic performance – employment growth and business efficiency measures (IMD).

In this APP, an attempt is made to instill an orientation and culture shift which will require of South Africa to make important adjustments and improvements in the labor market which is characterized by structural mismatches resulting from historical patterns of production in the economy on one hand, and education and skills development on the other.

Further to the above, with high unemployment especially among the youth, it is important that the education and training system (supply side) should be transformed to meet the needs of industry and the economy (the demand side). It is time that productivity education must permeate every part of the education system, from foundation level right to the end, in all its facets.

The policy response must include improving access to and the relevance and quality of job entry training, expanding lifelong learning opportunities and using active labour market policies to combat inequality. It is imperative to improve coordination between prospective employers and education and training providers (public and private employment services), increase the quantity of public training provision and encourage workplace training (use of SETAs) to develop core competencies of employees so as to enhance their level of productivity and business efficiency.

We however remain confident that, South Africa have in Productivity SA a unique State Owned Entity with authority to lead a productivity driven agenda for growth and development which is inclusive and sustainable. Our Enterprise Support Programmes whose core objective is to improve productivity and competitiveness of enterprises within the IPAP priority sectors to promote employment growth and job retention or minimise the retrenchment of workers will have to be streamlined and comprehensive to achieve the NDP Goals. The Programmes should focus on achieving a productive high-income economy which is globally competitive, targeted at the productive sectors of the economy which have a potential for labour absorption.

The culture of embracing productivity requires of the acceptance that, productivity is the effective and efficient use of resources to achieve desired outcomes, and this culture should be instilled in our society if we want to see change.

It is for these reasons that all the role players in the South African economy, both in industry and society in general should be mobilized to join forces and focus on the productivity revolution. For a revolution of this kind and magnitude, we require productivity appreciation, productivity revolutionaries, and productivity ambassadors.

We urge everyone to accept that productivity and competitiveness has to be a priority - we cannot continue to ignore this very critical bedrock for growth. Productivity, as Phelps puts it, is generally defined as output per unit of input and is an essential indicator of using resources efficiently. In the long-term, it also is a signal of underlying economic growth potential. Myers also makes the point that it reflects the efficiency of the labour market which interacts with the changes in production and output. Furthermore, a fall in GDP growth will unavoidably have an incidental impact on productivity growth.

It is on this spirit that I invite all South Africans from all walks of life, in particular the employers and workers of this country to join the Productivity Movement.

I would like to relay my thanks to the Portfolio Committee on Labour and the Ministry of Labour for their oversight role and continued support.

I thank all the departments that provide funding for the entity, namely, the DoL, the dti and the UIF.



MM Mdwaba

## 4. PART A: STRATEGIC OVERVIEW

### 4.1 VISION:

To lead and inspire a productive and competitive South Africa.

### 4.2 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.

### 4.3 VALUES

- Service excellence through the implementation of relevant solutions
- Market leadership through creative and innovative solutions
- Working together as a team to achieve common goals
- Partner with stakeholders pursuing solutions to South Africa's productivity challenge
- Honesty, integrity and professionalism are the cornerstone of all our relations

## 5. LEGISLATIVE AND OTHER MANDATES

### 5.1 Constitutional Mandate

Productivity SA's strategic goals and programmes are, as is the case with the Department of Labour operates within the confines of the South African Labour Legislative framework and Active Labour Market Policies and Programmes that are informed by the South African Constitution, Chapter 2, and Bill of Rights, with a focus on amongst others the following:

- Section 9, to ensure equal access to opportunities;
- Section 10, promotion of labour standards and fundamental rights at work;
- Section 24, to ensure an environment that is not harmful to the health and wellbeing of those in the workplace; and
- Section 27, to provide adequate social security nets to protect vulnerable workers;

### 5.2 Other Legislative Mandates

#### 5.2.1 The Employment Services Act, No. 4 of 2014

Productivity South Africa is established in terms of section 31 of the Employment Services Act, No. 4 of 2014 as a juristic person, with the mandate to promote employment growth and productivity, thereby contributing to South Africa's socio-economic development and competitiveness.



## **5.2.2 Public Finance Management Act, Act No.1 of 1999, as amended**

The objective of this Act is to regulate financial management in the National Government and Provincial Governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; and to provide for the responsibilities of persons entrusted with financial management in those governments and to provide for matters connected therewith.

## **5.2.3 The Preferential Procurement Policy Framework Act, 2000 (Act No.5 of 2000), as amended**

In this Act, unless the context indicates otherwise-"acceptable tender" means any tender which, in all respects, complies with the specifications and conditions of tender as set out in the tender document

## **5.2.4 Broad-Based Black Economic Empowerment Act, 2003 and the Codes of Good Practice**

This Act establishes a legislative framework for the promotions of Broad Based Black Economic Empowerment. It furthermore empowers the Minister to issue codes of good Practice, to publish transformation charters, to establish the Black Economic Empowerment Advisory Council and to provide for matters connected therewith.

## **5.2.5 Health and Safety Act, Act 85 of 1993, as amended**

The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety persons in connection with the activities of persons at work and to establish an advisory council for occupational health and safety. This is also a requirement for licensing of gambling operations.

## **5.2.6 The Unemployment Insurance Act, 30 of 2001, as amended (UIA)**

The Act provides for financing of Employment Services, with section 5 (d) relating to financing of the retention of contributors in employment and the re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers.

## **5.3 Other Policy Mandates**

### **5.3.1 Productivity South Africa is an entity of the Department of Labour, whose mandate is: To regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at amongst others the following:**

- improved economic efficiency and productivity;
- creation of decent employment;

- eliminating inequality and discrimination in the workplace;
- enhancing occupational health and safety awareness and compliance in the workplace and
- give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment.

The Entity is Governed by a Tripartite Board appointed in terms of section 33 of the Act, consisting of 7 Members - Chairperson and six members (4 drawn from NEDLAC - 2 representing Organised Labour and 2 Organised Business), and 2 members representing the Government.

### **5.3.2 The National Development Plan, South Africa's Vision 2030 (The NDP)**

The NDP provides a long-term vision through to 2030 towards dealing with the challenges of unemployment, inequality and creating a more inclusive society. Central to meeting the vision enshrined in the NDP is the implementation of the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the National Infrastructure Plan

The Plan advances government's key developmental objectives of industrialisation, skills development, job creation, localisation and supplier development to create and develop black industrialists and entrepreneurs.

Three Priorities stands out in the Plan, namely:

- Raising employment through faster economic growth, including introducing in the short term, Active Labour Market Policies and incentives to grow employment, particularly for young people and in sectors employing relatively low-skilled people;
- Improving the quality of education, skills development and innovation; and
- Building the capability of the state to play a developmental and transformative role.

The NDP also recognizes the importance of improving the quality of economic management for the purposes of both sustainability and impact on inclusion.

### **5.3.3 The Industrial Policy Action Plan (IPAP)**

The plan requires the country to pursue an industrial development path that is characterized by increased participation of previously marginalized citizens and regions of our country.

Central to IPAP is competitiveness enhancement in productive sectors of the economy, with a focus on supporting agriculture and mining, the local procurement drive and other programmes,

Government seeks to strengthen the competitiveness, productivity and trade performance of the core productive sectors of the economy. New opportunities in the green economy, the ocean economy and exports of goods and services to growing African markets will be promoted. Research and technology development will continue to be supported through tax incentives and partnerships between our science councils and the business sector.

Obstacles to the use of our mineral products in manufacturing will be addressed and options to support beneficiation through mining licences will be explored. The Department of Mineral Resources will provide increased support for exploration, development and production in mining in ways that lay the basis for sustained growth in output going forward.

### **5.3.4 The Medium Term Strategic Framework 2014 - 2019**

Productivity SA's Strategic plan is being reviewed to ensure alignment of its strategic objectives and programmes to the National Agenda as articulated in the NDP; the National Development Plan (NDP), Vision 2030; the Industrial Policy Action Plan; and the Medium Term Strategic Framework 2014 – 2019, in particular the following Service Delivery Outcomes:

- **Outcome 4:** Decent employment through inclusive growth;
- **Outcome 5:** A skilled and capable workforce to support an inclusive growth path;
- **Outcome 12:** An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship

## **5.4 The Core functions and services rendered by Productivity SA**

Section 32 of the Act read together with sections 2 (1) (e) and (f); and 7 of the Act; as well as section 5 (d) of the UI Amendment Act enjoins Productivity SA to amongst others, develop relevant productivity competencies and competitiveness in workplaces, with a focus on the following key functions:

- i. To promote employment and income growth, and workplace productivity.

This include enhancing the productive and operational efficiency of emerging and existing enterprises (big and small) to be competitive and achieve sustained levels of inclusive economic growth and decent employment creation.

- ii. To improve the employment and re-employment prospects of employees facing retrenchments and retrenched workers.

This include enhancing the productive and operational efficiency of enterprises in economic distress (financial or operational difficulties) to be financially viable and competitive, through developing and implementing Turn-around Strategies, Training Lay-offs Schemes or alternative employment opportunities.

- iii. To provide productivity measures and evaluate productivity improvement and competitiveness in workplaces.

This include developing and maintaining a data-base of productivity and competitiveness System and Tools, Measures and evaluating efficacy thereof in the workplace;

- iv. To conduct research on productivity and competitiveness related matters, and collection and supply of information.

- v. To promote social dialogue and inculcate a culture of productivity and competitiveness mind-set in the workplace and all spheres of the nation's economic and community life. These include sustained communication and dissemination of productivity related information, which drives improved competitiveness and ultimately results in improved prosperity for all.

## 6. Updated Situational Analysis

The National Development Plan, Vision 2030 (NDP) articulates that, for South Africa to stay competitive and to move up the value chain, three interventions are necessary: (i) labour-market reforms aimed at promoting employment, particularly of young people; (ii) action to promote productivity gains and new entry by firms; and (iii) research and development for innovation. Coupled with this, Government has, through the promulgation of the Employment Services Act, No. 4 of 2014 (the Act) changed the legal form and expanded the mandate of Productivity SA, which is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

This mandate is aligned and fits well within the mandate of the Department of Labour (DoL), which is to regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at, amongst others, "Improved economic efficiency and productivity."

Furthermore, the Portfolio Committee on Labour, which is required by Section 5 of the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009 to annually assess the performance of the Department of Labour and its Entities and to hold them accountable for delivery and attainment of their strategic goals and contribute to service delivery as well as financial accountability, acknowledge the work done by Productivity SA. To this end, the Committee has recommended in its Budgetary Review and Recommendation Report (BRRR), dated 27 October 2016 that, the Minister of Labour should ensure that Productivity SA is appropriately capitalised to be able to extend its services to areas where they are currently not operating and to ensure the entity is rendered more visible.

As a result, Productivity SA has, after consultation with the DoL and relevant strategic partners reviewed its Strategic Plan 2014/15 – 2018/19 and the Business Model in 2016 to ensure alignment of its programmes and objectives to the NDP, IPAP, the MTSF and the mandate of the Department to demonstrate relevance. Part of this process included repositioning the Entity to lead the national agenda for a productivity driven inclusive and sustainable growth and development.

It is without doubt that, the Strategic Plan 2014/15 – 2018/19 (amended) and the related Annual Performance Plans are being implemented in an environment where South Africa is still facing major challenges of poverty, unemployment and inequality including economic exclusion. The GDP growth forecast is at only 1.0% in 2017 and 1.2% for 2018, the unemployment rate is at its highest at 27% (Q1: 2017) with over 6.2 million people unemployed, most of whom are Black and Africans in particular, youth and women. Over 30.4 million South Africans are living in poverty, with most of the households dependent on the social grants.

Not only are we as a country faced with the inclusive and sustainable growth and development challenges, but the country's overall competitiveness is low, with the competitiveness rating at 53 out of 63 countries according to IMD World Competitiveness Year Book (2017). According to the WEF Annual Global Competitiveness Index (GCI) report 2017/2018, South Africa has dropped 14 places and now sit at 61 out of 137 countries and that we have declined steeply in economic productivity, with the economy nearly at a standstill and the GDP growth at below 0%.

Further to the above, our economy and its enterprises are feeling the effects of the Fourth Industrial Revolution, which is characterized by rapid globalisation, disruptive technologies, the growth of the digital economy and the changing worker attitudes and values, which are radically reshaping the world and the future of work. The growth of the digital economy is disrupting almost every industry in every country and these together with the drastic changes in the organisation of work are transforming how, when, where and what type of work is done, how people communicate, collaborate and work.

Of great concern is that, most job losses experienced in 2016 and the first half of 2017 were in the productive (primary and secondary) sectors of the economy, which carry with them significant knock-on effects for the economy in general, thus further adversely affecting, our competitiveness, sustainable growth and development.

The above scenario suggests that South Africa is unlikely to meet its NDP Goals of sustainable and inclusive growth and development to eliminate poverty, reduce unemployment and inequality unless something drastic is done.

To mitigate these challenges will require redoubling our effort to achieve a productive high-income economy which is globally competitive, creative and innovative, with a focus on the productive sectors of the economy, which has a potential for labour absorption.

We took note of the evidence presented through studies across the world, particularly in the most competitive economies that improving the levels of national productivity is the most efficient way to realise the average GDP growth rate, employment growth and reduced costs of doing business. Having noted the interventions in other countries which have and are still experiencing growth despite the global economic challenges, the challenges ahead for South Africa lie in collectively working towards a productivity driven agenda for sustainable and inclusive growth and development, with the objective to improve South Africa's economic performance and business efficiency. This requires redoubling our effort to achieve a productive high-income economy which is globally competitive, creative and innovative, with a focus on the productive sectors of the economy, which have a potential for labour absorption.

Upon scrutiny of the NDP, it is imperative that we put in place plans which will make it possible to achieve the NDP Goals by 2030, for South Africa to create at least 24000 jobs or reduce unemployment to at least 6% and, through productivity growth, the GDP growth consistently at 6% (best case scenario) or 3.9% (worst case scenario) yearly in the next 12 years, and the earnings of working people.

We acknowledge that Productivity SA has a major role to play in improving the productive capacity and competitiveness of the South African economy through interventions that promote economic performance with a focus on growth with rising employment creation and income growth; and business efficiency with a focus on improving productivity and efficiency, improving management practices, attitudes and values, and employment relations.

To respond to the NDP and the MTSF, Productivity SA will focus mainly on the following:

Service Delivery Outcome	Link to the NDP
<p><b>Outcome 4:</b> Decent employment through inclusive economic growth</p> <ul style="list-style-type: none"> <li>• Improve performance of the core productive sectors including manufacturing, agriculture and mining, local procurement and other programmes</li> <li>• Promote growth and employment from new opportunities such as green economy, etc.</li> <li>• Increase growth of the small business sector</li> </ul>	<p><b>Chapter 3 of the NDP:</b> Target programmes that contribute to sustainable and inclusive growth and development</p> <ul style="list-style-type: none"> <li>• Growth with rising employment creation and income growth</li> <li>• Increase economic opportunities for historically excluded</li> </ul>
<p><b>Outcome 5:</b> A skilled and capable workforce to support an inclusive growth path</p>	<p><b>Chapter 9 of the NDP</b></p> <ul style="list-style-type: none"> <li>• Improve the linkage between SETAs and employers as the basis for improving responsiveness and quality in training</li> <li>• Research, Development, and Innovation partnerships between government and the private sector strengthened</li> </ul>
<p><b>Outcome 12:</b> An efficient and development oriented public service</p>	<p><b>Chapter 13 of the NDP.</b></p> <ul style="list-style-type: none"> <li>• Improve the quality of administration of many government activities</li> <li>• Implement programmes that improves efficiency and effectiveness of government</li> </ul>

To address the issues raised above, we reviewed the Strategic Plan 2014/15 – 2018/18 and the Business Model to give effect to the provisions of s32 of the Act which requires of Productivity SA to develop and enhance relevant productivity competencies and business efficiency in the workplace, with a focus the following Key Functions (Core Business):

- To promote employment growth and workplace productivity; and
- To provide support to enterprises facing economic distress and initiatives or schemes aimed at preventing job losses or minimising the retrenchment of employees.

Our Enterprise Support Programmes whose core objective is to improve productivity and competitiveness of enterprises within the IPAP priority sectors to promote employment growth and job retention or minimise the retrenchment of workers will have to be streamlined and comprehensive to achieve the NDP Goals. The Programmes should focus on achieving a productive high-income economy which is globally competitive, targeted at the productive sectors of the economy which have a potential for labour absorption.

It is without doubt that Productivity SA's response to the challenges facing the country must be integrated and comprehensive, involving all stakeholders from the public and private sectors to academia and civil society.

## 6.1 Performance Environment

The expanded mandate requires of Productivity SA to develop and provide support services in the form of Integrated Productivity Improvement Solutions and Techniques, productivity-related research and a suite of Business Processes Improvement Tools and Techniques which systematically help enterprises of different sizes to optimise operational efficiency, thereby creating wealth for its shareholders and decent jobs as well as job retention.

Despite the inclusive and sustainable growth and development challenges, South Africa's overall competitiveness rating remains a challenge, with our rating having dropped a notch from 52 to 53 out of 63 countries (IMD World Competitiveness Year Book: 2017). For a comparison, we also looked at the recently released World Economic Forum Annual Global Competitiveness Index (GCI) report 2017/2018 which has seen us drop 14 places and now sit at 61 out of 137 countries. The WEF Report shows that we have declined steeply in economic productivity, with the economy nearly at a standstill and the GDP growth forecast at only 1.0% in 2017 and 1.2% for 2018. According to the report, "an economy's level of productivity sets the level of potential prosperity for that economy. The productivity level also determines the rates of return obtained by investments in an economy, which are essentially the fundamental drivers of growth rates. (A more competitive economy is one that is likely to grow faster over time.)".

The picture painted in the two reports is testimony that we cannot continue doing the same things and expect a different outcome. This situation presents Productivity SA with an opportunity to lead a productivity driven inclusive and sustainable growth and development.

In the 2016/17 Financial Year we refocused our Enterprise Support Programmes towards targeted interventions in the strategic economic sectors of the economy as identified in the IPAP, with a focus on Mining (Platinum Group Metals); Manufacturing (Metal Fabrication) Agriculture (Agro-processing and Agri-business) and in the future the green and energy sectors. These were done with a view to ensuring that the critical and strategic role of Productivity SA in the economy be understood by the country as a whole and to integrate the culture of productivity and competitiveness in everything we do. Productivity and competitiveness should be the driver of our sustainable and inclusive growth and development as espoused in the NDP.

These interventions are beginning to bear fruit as evidenced by an improvement in organisational performance to 68% in the 2016/17 Financial Year compared to an average of 49% in the past two years which was completely unacceptable for a productivity entity, as we must lead by example.

The Workplace Challenge Programme (a world-class or Best Operating Practice Programme aimed at supporting enterprises in the manufacturing sector to improve productivity and become competitive) funded by the dti and the Turnaround Solutions Programme (providing support to enterprises facing economic distress and initiatives or schemes aimed at minimising the retrenchment of employees or preventing job losses, funded by the UIF remain two of Productivity SA's flagship programmes. The highlights of our achievements in these programmes include, but are not limited to the following:

- 1178 companies (230 in implementation, 573 completed kaizen projects and 375 in After Care) participated in the programme. These companies sustained 49 222 Jobs and this intervention enabled us to open up economic opportunities within the productive sectors of the economy for ordinary South Africans – as citizens, workers, entrepreneurs and as business leaders.
- With the reduced funding received (R24m instead of R97m) from the UIF we were able to support 49 companies against a target of 33; and were able to save 4760 jobs against a target of 1650.

Through the Turnaround programme we were also able to establish 53 Enterprise-Based Productivity Forums (Future Forums) in the enterprises facing economic distress to

promote dialogue on Productivity Improvement Issues and Strategies, 316 employees were trained in Productivity Capacitation and 121 trained as Productivity Champions.

More effort will in the future be placed on enhancing our relationship with the UIF to ensure effective support to companies facing economic distress through Turnaround Strategies and schemes to minimise the retrenchment of employees.

- Through the Productivity Organisational Solutions Programme funded through an appropriation by Parliament, we were able to train 316 employees in Productivity capacitation and 1002 employees as Productivity Champions.

The challenges ahead include, but are not limited to:

- (i) enhancing our resources and capabilities including the competencies of our employees to deliver on our mandate and generate revenue to sustain the Entity;
- (ii) establishing and maintaining a network of strategic partners including the dti and UIF who will enhance our service delivery capability and to address our funding requirements; and
- (iii) enhancing the capacity of our Regional Offices and network of service delivery points to effectively provide services to the nine (9) provinces country-wide;
- (iv) continuous review and Innovation of our Business Model, particularly our value proposition and business infrastructure to ensure that we provide cutting-edge research and innovative solutions to enterprises throughout the business lifecycle to be productive and competitive; and
- (v) putting more emphasis on the generation and dissemination of productivity and competitiveness related information and knowledge.

Productivity SA in support of the NDP objectives has in its arsenal, programmes to improve the competitiveness of the economy, improve business efficiency of firms (promoting them to world class through the workplace challenge programme). Operational efficiencies are also improved through the enterprise and supplier development programme to support SMMEs in developing their productive competencies and enhancing the quality of their products and improving their production capacity.

Productivity SA is also involved in the Competitive Supplier Development Programme which helps government achieve broad based industrialisation as espoused by Industrial Policy Action Plan (IPAP). The programmes entails procuring in such a way as to increase the competitiveness, capacity and capability of the local supply base, where there are comparative advantages and potential competitive advantages of local supply.

## 6.2 Organisational Environment

Productivity SA, is South Africa's institution with a responsibility to improve productivity and operational efficiency in all economic sectors. However, it has not yet optimally exerted its Authority and means to influence the efficiency and productivity of sectors that are vital to the competitiveness of our economy. The urgency exists, more than ever before, to reposition Productivity SA to become a Centre of Excellence and Authority to Lead the Agenda for a productivity driven growth and development.



The Entity has positioned itself to support the NDP objectives and has in its arsenal, programmes to improve the competitiveness of the economy, improve business efficiency of firms (promoting them to world class through the workplace challenge programme).

To deliver on its mandate of promoting employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness, the Entity only has a staff complement of 107. This falls short if we have to deliver services to enterprises and industry clusters in the economy, particularly the productive sectors of our economy and equitably across the nine Provinces.

Productivity SA's activities will have to be expanded to cover productivity improvement in areas beyond industry with the participation of labour and management, academic experts and bureaucrats.

These will include measures to improve the quality of Public Employment Services towards implementation of Active Labour Market Policies (ALMPs) and deliver on Active Labour Activation Programmes and incentives to grow employment, particularly for young people and in sectors employing relatively low-skilled people, as well as measures to support enterprise development and self-employment programmes.

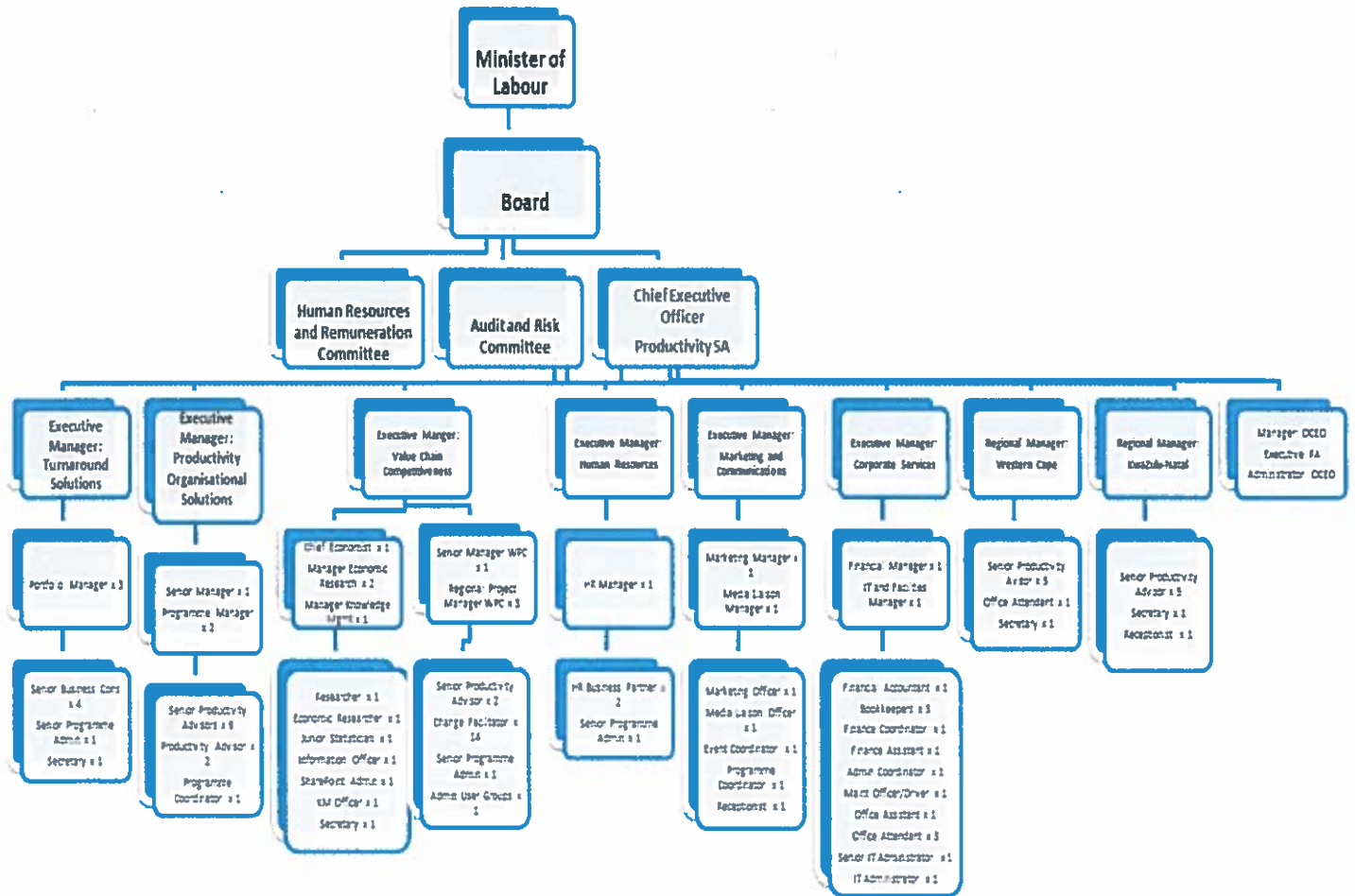
Furthermore, Productivity SA's challenges lie in addressing its operational and financial obligations, which gave rise to the review of the current Business Model to ensure growth and financial sustainability of the organisation, whilst demonstrating the impact of its mandate to the South African economy in general and to the Labour Market in particular.

To mitigate the above challenges, we reviewed our Business Model with the objective to improve the sustainability of the organisation, with a focus on (i) Financial Sustainability - Conduct Financial Reserve and Contingency Planning, (ii) Organisational Identity and Strategic Sustainability - Ensure Realistic Vision, mission, values and Goals; (iii) Product and Program Sustainability - Ensure High-Quality Products, Services and Programs; and (iv) Personnel Sustainability - Ensure Personnel Can Effectively and Reliably Perform as well as Organizational Culture. This process provided us with a clear definition of how the Entity will in the future continue innovating in order to create and deliver value to its customers, and in instances where they have to pay for such, a rationale will be provided on why they should appreciate the value derived and pay for such, and our ability to convert those payments to our financial viability and business continuity.

Notwithstanding its financial difficulties, Productivity SA has received an 'Unqualified Audit Opinion' in the 2016/2017 Financial Year, upon which we should build our performance on Corporate Governance and Compliance in the future.

To make all the initiatives happen, Productivity SA will invest financial resources to enhance our Infrastructure Management Capabilities which include resources and capabilities (infrastructure and equipment, people's competencies), our Key Activities and Processes, and Partners or Strategic Alliances as well as our delivery channels, which are the drivers for revenue generation and financial viability.

## 6.2.1 Organisational Structure



PROGRAMME	CURRENT HEADCOUNT	POSITIONS VACANT AS AT OCT 2017	TOTAL HEADCOUNT
<b>PROGRAMMES FUNDED IN TERMS OF SECTION 40A OF THE EMPLOYMENT SERVICES ACT:</b>			
OFFICE OF THE CEO	3	0	4
CORPORATE SERVICES	13	2	17
HUMAN RESOURCES	4	1	5
MARKETING	8	0	8
PRODUCTIVITY ORGANISATIONAL SOLUTIONS	11	0	12
VALUE CHAIN COMPETITIVENESS (RESEARCH & KM)	11	0	12
CAPE TOWN	7	1	8
KWAZULU NATAL	6	2	7
<b>TOTAL:</b>	<b>63</b>	<b>6</b>	<b>73</b>
<b>PROGRAMMES FUNDED IN TERMS OF SECTION 40B OF THE EMPLOYMENT SERVICES ACT:</b>			
VALUE CHAIN COMPETITIVENESS (WORKPLACE CHALLENGE)	20	4	22
TURNAROUND SOLUTIONS	10	3	12
<b>TOTAL:</b>	<b>30</b>	<b>7</b>	<b>34</b>
<b>GRAND TOTAL</b>	<b>93</b>	<b>13</b>	<b>107</b>

PROGRAMME	CURRENT HEADCOUNT	POSITIONS VACANT	TOTAL HEADCOUNT
<b>PROGRAMMES FUNDED IN TERMS OF SECTION 40A OF THE EMPLOYMENT SERVICES ACT:</b>			
OFFICE OF THE CEO	3	1	4
CORPORATE SERVICES	13	4	17
HUMAN RESOURCES	4	1	5
MARKETING	8	0	8
PRODUCTIVITY ORGANISATIONAL SOLUTIONS	11	1	12
VALUE CHAIN COMPETITIVENESS (RESEARCH & KM)	11	1	12
CAPE TOWN	7	1	8
KWAZULU NATAL	6	1	7

<b>TOTAL:</b>	<b>63</b>	<b>10</b>	<b>73</b>
<b>PROGRAMMES FUNDED IN TERMS OF SECTION 40B OF THE EMPLOYMENT SERVICES ACT:</b>			
<b>VALUE CHAIN COMPETITIVENESS (WORKPLACE CHALLENGE)</b>	<b>20</b>	<b>2</b>	<b>22</b>
<b>TURNAROUND SOLUTIONS</b>	<b>10</b>	<b>2</b>	<b>12</b>
<b>TOTAL:</b>	<b>30</b>	<b>4</b>	<b>34</b>
<b>GRAND TOTAL</b>	<b>93</b>	<b>14</b>	<b>107</b>

## 6.2.2 Internal Environment SWOT Analysis

As part of a company's strategic planning process where it connects its objectives and strategies to actionable tactics, a SWOT analysis was conducted with a special focus on the internal environment. The purpose of this exercise was to ascertain Productivity SA's position regarding to the four SWOT quadrants.

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Association and skill transfer with APO</li> <li>• Key expertise</li> <li>• Positive media coverage</li> <li>• Ability to increase brand awareness, i.e. Continental presence</li> <li>• Dedicated, passionate team players</li> <li>• Government Grants</li> <li>• Well established financial and Governance policies (PFMA, PPPFA, TR)</li> <li>• Competitive service offering in terms of price and product</li> </ul>	<ul style="list-style-type: none"> <li>• Silo mentality across departments</li> <li>• Inability to optimally leverage off sister entities</li> <li>• Budgetary constraints</li> <li>• Productivity remains an abstract concept to some markets</li> <li>• Full appreciation of the brand value chain</li> <li>• Resource constraints and versatility</li> <li>• Rigidity of certain Policies</li> <li>• Inadequate financial reporting systems e.g. Dashboards, analytics etc.</li> <li>• Poor Revenue-To-Cash conversion rate</li> <li>• Lack of a customer relationship management tool</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Solicit sponsorship</li> <li>• Embark on producing more researched paper, workshops etc.</li> <li>• Integrative marketing approach with sister entities</li> <li>• Increased presence in priority sectors, i.e. Mining, Agriculture, Manufacturing</li> <li>• Improve brand awareness</li> <li>• Improved involvement in consulting projects</li> <li>• Enhance the efficiency and effectiveness of public service employees within the organisation by monitoring performance and developing a high performance culture</li> <li>• Embrace technology through enhancing blended training and development approach, including e-learning</li> <li>• Revising Policies to be more flexible</li> </ul>	<ul style="list-style-type: none"> <li>• Brand damage due to inconsistent delivery, i.e. Statistics Report</li> <li>• Limited footprint in all the provinces</li> <li>• Weak distribution channels of the Leader Magazine</li> <li>• Diminishing financial position of the organisation</li> <li>• Staff turnover</li> <li>• Outdated technology infrastructure i.e. IT Servers</li> <li>• Risk of fraud due to lack of segregation of duties</li> <li>• Loss of key resources</li> </ul>

In summarizing the pointers highlighted in the analysis, there are three strategic elements that are addressed.

These include:

The issue of the **People**, in relation to adequately capacitating existing revenue generating and support employees to deliver on the mandate reliably, accurately and timeously. Furthermore, taking into cognisance the expanded mandate and the need to expand the footprint nationwide, it has become clear that the current staff complement is unable to make a meaningful impact. The organisational redesign exercise that is currently underway is already suggesting that the complement needs to be beefed up from 107 to 136.

The **Infrastructure**, highlighting the risk of old, slow and outdated IT servers that have not been upgraded due to financial constraints as well as risks associated with reliance on Spreadsheets. But more so, the expansion and modernisation of our infrastructure as a platform to do our business faster and better. This modernisation is in response to the reality of the rapid changes in the ICT space dictating the way of doing business.

The concern raised around our **Financial Sustainability**, stems from the poor financial performance the organisation suffered in the past five years. This is further exacerbated by the Insolvency and Going Concern challenges the organisation is facing. Some of the identified interventions that are aimed at turning around the organisation include, but not limited to, refining our products and services to become best practice and customer-centric, expanding the network of strategic partners and reworking the service costing structure to enable correct billing when work is delivered.

To give effect to the above, a Business Model and more detailed service delivery improvement plan has been put together. The improvement plan is designed in an action plan format highlighting responsible persons and timelines.

### 6.3 Description of Productivity SA Strategic Planning Process

STEP	TIME FRAME	ACTIVITY
Step 1	Early June	Planning at Programme Level
Step 2	End June	<b>Extended Exco/Ops Committee and SAPTU strategic workshop</b> (present what was agreed at programme planning sessions [step1])
		2.1 Plans for 2017/18
		2.2 Performance information (indicators and targets)
Step 3	Early July	2.3 Detailed programme budgets
		<b>Exco Strategic workshop:</b> (prioritise based on step 2)
		3.1 Macro and micro environment
Step 4	End July	3.2 Strategic objectives and alignment with MTSF
		3.3 Budget
Step 4	End July	<b>Exco and Board Strategic workshop to input into 1<sup>st</sup> draft APP:</b>
		4.1 Providing a roadmap of the Productivity SA strategy design and refinement process
		4.2 Presenting the current status of alignment between Productivity SA programmes and Government objectives

		4.3 Providing insight into how the Strategic intent is being translated into the organization, as well as feedback on action plans put in place
		4.4 Engaging in conversations to collaboratively explore the way forward in achieving Strategic milestones
	August	Submit 1 <sup>st</sup> draft Strategic Plan and Annual Performance Plan( APP)
<b>Step 5</b>	September	Present programme budget to Audit and Risk Committee
<b>Step 6</b>	October	Exco's Review of 1 <sup>st</sup> draft informed by inputs from DoL and Treasury Review of semester 1 performance
		Expenditure of National Estimate (ENE) Inputs <i>[as per allocation letter]</i>
		Budget Adjustment and reallocation in line with reprioritised targets and indicators
<b>Step 7</b>	October	Resource and capability analysis
	November	Submit (ENE)
<b>Step 8</b>	November	Submit 2 <sup>nd</sup> draft of the Strategic Plan and APP to DoL
	Jan/Early	<b>Programmes Planning Sessions:</b>
<b>Step 9</b>	February	Reprioritization
		Operationalize the Strategic Plan
<b>Step 10</b>	February	Board's/Chairperson sign off of the Strategic Plan and APP
	February	Minister's approval of Strategic Plan and APP and table in parliament
<b>Step 11</b>	February	Approval of SLAs with funders
<b>Step 12</b>	March	Staff briefing on Strategic Plan and APP
<b>Step 13</b>	End March	APP cascaded into performance agreements between CEO and Exco
<b>Step 14</b>	April	Presentation of budget , Strategic Plan and APP to Portfolio Committee on Labour

## 7. STRATEGIC OUTCOME ORIENTED GOALS

Productivity SA embraces the National Development Plan, Vision 2030, The Industrial Policy Action Plan and the Medium Term Strategic Framework 2014–2019 – as reflected in the following Key Outcomes:

- **Outcome 4:** Decent employment through inclusive growth
- **Outcome 5:** A skilled and capable workforce to support an inclusive growth path
- **Outcome 12:** An efficient, effective and development orientated public service and an empowered and inclusive citizenship

### 7.1 Government Service Delivery Outcomes and Productivity SA's Strategic Goals

To implement these outcomes, Productivity SA was mandated to implements the following strategic goals:

<b>Strategic outcome oriented goal 1: (OUTCOME 4)</b>	<b>Decent employment through inclusive growth</b>
<b>Strategic goals.</b>	<ul style="list-style-type: none"> <li>• Creation of opportunities for inclusive and sustainable growth and development with more and better decent jobs and income growth for all.</li> <li>• Small and Medium Enterprises participating in SOEs and Private Sector / Multinational (Equity Equivalent) Enterprise and Supplier Development Programmes are productive and competitive to create more employment opportunities and wealth creation.</li> </ul>
<b>Strategic outcome oriented goal 2: (OUTCOME 5)</b>	<b>A skilled and capable workforce to support an inclusive growth path</b>
<b>Strategic goal</b>	<ul style="list-style-type: none"> <li>• Workers and managers are capacitated and empowered on productivity and competitiveness related concepts and collectively contribute to the creation of more and better decent jobs and income growth/wealth</li> </ul>
<b>Strategic outcome oriented goal 4: (OUTCOME 12)</b>	<b>An efficient, effective and development orientated public service and an empowered and inclusive citizenship</b>
<b>Strategic goal</b>	<ul style="list-style-type: none"> <li>• A culture of productivity and competitiveness is inculcated in the workplace and in all spheres of the nation's economic and community life through dialogue and public awareness programmes</li> </ul>

## 8. PART B: STRATEGIC OBJECTIVES

### 7. The Programmes of Productivity SA

- Programme 1: Corporate Services
- Programme 2: Human Resource Management
- Programme 3: Marketing and Communication
- Programme 4: Productivity Organisational Solutions
- Programme 5: Value Chain Competitiveness
- Programme 6: Turnaround Solutions



## 8.1 Strategic Objectives

Productivity SA revised its strategic objectives in line the Employment Services Act, No. 4 of 2014 and developed the following strategic objectives:

- **Strategic Objective 1:** Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable (**Outcome 12**)
- **Strategic objective 2:** Provide support to programmes aimed at sustainable employment and income growth (**Outcome 5**)
- **Strategic objective 3:** Provide support to companies facing economic distress to retain jobs (**Outcome 4**)
- **Strategic objective 4:** Contribute to employment and income growth through research, information generation and dissemination (**Outcome 4**)
- **Strategic objective 5:** Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life (**Outcome 12**)

<b>Strategic Objective 1</b>	Strengthen the Institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable
Objective Statement	To ensure that Productivity SA delivers on this mandate and generate funds to be financially viable.
Baseline	Revised/approved Business Model 68% achieve APP targets R10 119 million self-generated revenue  Unqualified audit opinion 2016/17 HR Policies in place
Justification	Adequately resource with finance, infrastructure and human capital necessary for efficient service delivery
Links	Outcome 12 An efficient, effective and development orientated public service and an empowered and inclusive citizenship
Five year target	A sustainable and well- resourced productivity Centre of Excellence

<b>Strategic Objective 2</b>	Provide support to government programmes aimed at sustainable employment and income growth
Objective Statement	To provide access to productivity concepts and skills transfer to South Africa work force in order to improve productivity in the workplace
Baseline	✓ 5527 SMME Trained ✓ 273 Educators trained ✓ 1002 Workers trained ✓ 122 SDFs trained ✓ 610 enterprises on WPC (Implementation and aftercare)
Justification	Enhance the productive and operational efficiency of emerging and existing enterprises, including the informal sector big and small to be competitive and achieve sustained



	levels of inclusive economic growth and decent employment creation.
Links	Outcome 5 – contributing to decent employment creation and national development plan (NDP) chapter 3
Five year target	<ul style="list-style-type: none"> <li>✓ Productive and competitive workforce in South Africa</li> <li>✓ Improved competitiveness in enterprises</li> </ul>

<b>Strategic Objective 3</b>	Provide support to companies facing economic distress to retain jobs
Objective Statement	Enterprises facing economic distress retain jobs and prevent retrenchments of employees
Baseline	<ul style="list-style-type: none"> <li>✓ 4760 jobs saved</li> <li>✓ 53 Future forums established</li> </ul>
Justification	Contribute to the reduction of unemployment and poverty
Links	Outcome 5 – A skilled and capable workforce to support an inclusive growth path
Five Year Target	Jobs impacted through turnaround strategies and collaboration

<b>Strategic Objective 4</b>	Contribute to employment and income growth through research, information generation and dissemination
Objective Statement	To conduct research and disseminate information to contribute to economic performance and business efficiency
Baseline	<ul style="list-style-type: none"> <li>✓ 2017 IMD Competitiveness Yearbook</li> <li>✓ Draft Report on public sector performance and service delivery</li> </ul>
Justification	<ul style="list-style-type: none"> <li>✓ Provide productivity and competitiveness research information to influence policy and decision making</li> <li>✓ Building on a comprehensive knowledge repository, tools, techniques, tacit knowledge process etc.</li> </ul>
Links	Outcome 4 - Contributing to decent employment creation
Five Year Plan	An economy based on productivity and competitiveness pillars thereby leading to wealth and an employment creation

<b>Strategic Objective 5</b>	Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life
Objective Statement	To promote social dialogue and a culture of productivity and competitiveness in the workplace and all spheres of the nation's economic and community life
Baseline	<ul style="list-style-type: none"> <li>✓ 8 Productivity Awards</li> <li>✓ 4 Magazines</li> <li>✓ 9 partnerships</li> <li>✓ 55 Productivity Workshops and seminars</li> </ul>
Justification	Create awareness on productivity and competitiveness concepts in the economy
Links	Outcome 4 and 12 (contributing to decent employment creation and an efficient, effective and development oriented public service
Five Year Plan	Productivity and competitiveness is high and embraced in South Africa

## 8.2 Risk Management /Register

Risk No.	Risk Identified	Planned action/ Audit approach
1	Inability to influence policy and strategic interventions / decisions	Active partnerships to strengthen the Productivity Movement in Africa
2.	Financial sustainability	<ul style="list-style-type: none"> <li>✓ Develop a resource requirements model</li> <li>✓ Develop a resource mix framework to meet the financial targets</li> <li>✓ Develop a project calculator to standardise the costing model and include all costs</li> <li>✓ Strengthening of Governance Structures with the funders</li> </ul>
3.	Lack of consistency in business engagements (way things are done)	Develop the Standard operating procedures per activity (as per process map)
4.	Lack of responsiveness to Regulatory and policy changes	Detailed substantive testing to ensure recognition criteria in terms of accounting standards were complied with
5.	Non-institutionalisation of knowledge and information	Implement Knowledge Management
6.	Lack of key impact indicators	Development of the indicators

## 8.3 Resource Considerations

Table A.2 Productivity South Africa

	Audited Outcome		Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2014/15	2015/16				2016/17	2017/18	2018/19		
R thousand										
Administration	43,661	42,170	40,665	-1.8%	36.9%	47,560	50,145	53,258	8.8%	17.5%
Productivity organisational solution	8,594	8,980	8,663	9.3%	8.1%	11,848	12,511	13,197	5.6%	4.5%
Value chain competitiveness	19,936	22,710	9,286	-20.1%	14.2%	11,102	11,722	12,366	6.7%	4.2%
Workplace challenge	11,664	10,105	17,852	17.0%	12.4%	20,936	22,104	23,320	7.7%	7.8%
Turnaround solutions	19,438	13,969	32,561	59.4%	27.9%	196,200	238,300	315,400	58.8%	66.0%
Transnet	747	1,325	-	-100.0%	0.5%	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<b>Total expense</b>	<b>104,040</b>	<b>99,259</b>	<b>109,027</b>	<b>15.5%</b>	<b>100.0%</b>	<b>287,646</b>	<b>334,782</b>	<b>417,541</b>	<b>37.6%</b>	<b>100.0%</b>

Table A.3 Productivity South Africa

Statement of financial performance	2014/15		2015/16		2016/17		2017/18		2014/15-2017/18		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Revised estimate	Average growth rate (%)	Average growth rate (%)	2018/19	2019/20	2020/21		
	R thousand														
<b>Revenue</b>															
Tax revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-tax revenue	3,306	26,769	27,680	30,535	37,088	9,213	39,107	21,767	-6.7%	20.4%	28,367	29,890	31,906	13.6%	10.0%
Sale of goods and services other than capital assets of which:	2,895	25,763	27,258	30,350	36,909	8,958	38,917	21,101	-6.4%	20.0%	27,663	29,147	31,122	13.8%	9.7%
Administrative fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales by market establishment	2,895	25,763	27,258	30,350	36,909	8,958	38,917	21,101	-6.4%	20.0%	27,663	29,147	31,122	13.8%	9.7%
Other sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-tax revenue	411	1,006	422	185	179	255	190	666	-12.8%	0.5%	704	743	784	5.6%	0.3%
Transfers received	110,289	71,947	84,845	66,234	154,574	87,693	138,310	138,360	24.4%	79.6%	259,279	304,892	385,635	40.7%	90.0%
<b>Total revenue</b>	113,595	98,716	112,525	96,769	191,662	96,906	177,417	160,127	17.5%	100.0%	287,646	334,782	417,541	37.6%	100.0%
<b>Expenses</b>															
Current expenses	113,595	104,040	112,525	99,259	191,662	109,027	177,418	160,127	15.5%	100.0%	287,646	334,782	417,541	37.6%	100.0%
Compensation of employees	52,378	54,741	58,566	57,974	59,857	61,470	67,315	67,415	7.2%	52.4%	77,825	82,338	87,045	8.9%	28.6%
Goods and services	60,639	48,574	53,223	40,293	130,768	46,728	109,046	91,920	23.7%	46.9%	209,028	251,652	329,693	53.1%	71.1%
Depreciation	578	696	736	846	892	642	946	681	-0.7%	0.6%	720	760	802	5.6%	0.3%
Interest, dividends and rent on land	-	29	-	146	145	187	111	111	56.4%	0.1%	73	32	1	-79.2%	0.0%
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenses</b>	113,595	104,040	112,525	99,259	191,662	109,027	177,418	160,127	15.5%	100.0%	287,646	334,782	417,541	37.6%	100.0%
<b>Surplus/(Deficit)</b>	-	(5,324)	-	(2,490)	-	(12,121)	-	-	-100.0%	-	-	-	-	-	-

## TECHNICAL INDICATOR DESCRIPTION: STRATEGIC OBJECTIVES

Area	Description
1. Strategic Objective title	Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable
Short definition	Ensure growth and sustainability of the organisation whilst demonstrating the impact of its mandate to the South African economy.
Purpose/importance	<ul style="list-style-type: none"> <li>Promote compliance with relevant Legislations</li> <li>Implement a Business Model that serves as a framework for ensuring alignment of our strategy to the Employment Services Act.</li> <li>Optimally utilise the existing resources and capabilities in order to extract more value from them.</li> </ul>
Source/collection of data	<ul style="list-style-type: none"> <li>Business Model, Individual Development Plans, Skills Matrix, Training Plan, Performance Reviews</li> <li>Internal audits reports and External audit Reports</li> <li>Central Supplier Database and Organisations preferred suppliers</li> </ul>
Method of calculation	Implementation of Training Plan derived from Individual Development Plans based on skills gap identified demonstrating enhanced performance
Data limitations	Financial constraints impeding the implementation of the Training Plan
Type of indicator	Impact of utilising existing resources and capabilities
Calculation type	Cumulative
Reporting cycle	Bi-Annually
New indicator	Yes
Desired performance	Enabling Productivity SA to deliver on its mandate and be financially sustainable 100% compliance with regulatory reporting requirements
Indicator responsibility	CEO, HR, Executive Managers

Area	Description
2. Strategic Objective title	Provide support to Government Programmes aimed at sustainable employment and income growth
Short definition	<ul style="list-style-type: none"> <li>Enhance the productive and operational efficiency of emerging and existing enterprises (big and small) to be competitive and achieve sustained levels of inclusive economic growth and decent employment creation.</li> <li>Enhance the productive capacity and operational efficiency of SMMEs, Cooperatives, Township and Rural Enterprises, within the Informal Sector Support Policy.</li> </ul>
Purpose/importance	<ul style="list-style-type: none"> <li>Encourage entrepreneurship and innovation and to support job creation</li> <li>Facilitate Productive Business Start-ups</li> <li>Transformation of South African economy in line with Government agenda</li> </ul>
Source/collection of data	<ul style="list-style-type: none"> <li>Attendance register</li> <li>Signed contracts</li> </ul>
Method of calculation	Input and Output

Data limitations	<ul style="list-style-type: none"> <li>• Available amount of businesses willing to be trained</li> <li>• An identity number can only be counted once – regardless of amount of contact time and level of effort</li> <li>• Willingness of unions to participate in intervention</li> </ul>
Type of indicator	Output/Impact
Calculation type	Cumulative
Reporting cycle	Quarterly
New indicator	Yes
Desired performance	<ul style="list-style-type: none"> <li>• Available amount of businesses willing to be trained</li> <li>• An identity number can only be counted once – regardless of amount of contact time and level of effort</li> <li>• Willingness of unions to participate in intervention</li> </ul>
Indicator responsibility	Executive Managers: VCC and POS

Area	Description
3. Strategic Objective title	Provide support to companies facing economic distress to retain jobs
Short definition	Provide Turnaround Strategies to enhance the productive and operational efficiency of organisations and companies in economic distress (financial and operational difficulties) to improve their productivity and competitiveness, thereby financial viability and job security.
Purpose/importance	Improve the employment and re-employment prospects of employees facing retrenchments and retrenched workers.
Source/collection of data	The information is collected from the TAS application forms which companies request assistance. The job numbers on the TAS application forms.
Method of calculation	The indicator is calculated on the funds received and the size of companies assisted. The size of companies are on three levels 1) Small (0 to 20 employees) 25%, 2 Medium (21 to 50 employees) 50% and 3 large (51 upwards) 25%
Data limitations	Based on the funding received, if less funding is received. Smaller job numbers will be reported.
Type of indicator	Activity and output
Calculation type	Yearly number of jobs saved
Reporting cycle	Quarterly and yearly
New indicator	Existing
Desired performance	To be measured at year end. 70% achievement on the indicator that should score 100%+
Indicator responsibility	Managers & Acting Executive Manager



<b>Area</b>	<b>Description</b>
4.	<p><b>Strategic Objective title</b> Contribute to employment and income growth through research, information generation and dissemination</p> <p><b>Short definition</b> Generate and disseminate productivity and competitiveness related information and knowledge into the performance of the economy at large, industry sectors and individual businesses in order to identify opportunities for growth and/or performance improvement which will result in improved economic prosperity at the national level, industry sector level and individual business level.</p> <p><b>Purpose/importance</b> Improve the productive and competitive capacity of the national economy through research on socio-economic systems, productivity and economic sectors as well as through the collection and supply of information.</p> <p><b>Source/collection of data</b> Improve the productive and competitive capacity of the national economy through research on socio-economic systems, productivity and economic sectors as well as through the collection and supply of information.</p> <p><b>Method of calculation</b> Primary data (through among others surveys and ethnographic studies); Secondary data (from sources which include: SARB, STATSA, World Bank, and SARS)</p> <p><b>Data limitations</b> One or a combination of methodologies including, tabulations; cross tabulations, regression analysis, value-chain analysis, interpretations as well as statistical systems analysis</p> <p><b>Type of indicator</b> Impact - Tests for validity and reliability of quantitative research is critical, there are ongoing debates about whether terms such as validity, reliability and generalizability are appropriate to evaluate qualitative</p> <p><b>Calculation type</b> Mostly Lagging Strategic Macro-indicators, sometimes Leading Strategic Macro-indicators</p> <p><b>Reporting cycle</b> Quarterly and Annually on Ratios, percentages, and frequencies</p> <p><b>New indicator</b> Yes</p> <p><b>Desired performance</b> Revenue; Employment; Income in employment</p> <p><b>Indicator responsibility</b> Executive Manager VCC</p>

<b>Area</b>	<b>Description</b>
5.	<p><b>Strategic Objective title</b> Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life</p> <p><b>Short definition</b> Promote and inculcate a culture of productivity and competitiveness mind-set.</p> <p><b>Purpose/importance</b></p> <ul style="list-style-type: none"> <li>• Promote social dialogue on productivity and competitive issues</li> <li>• Promote and inculcate a culture of productivity and competitiveness in all spheres of the nation's economic and community life and ultimately results in improved prosperity for all.</li> </ul> <p><b>Source/collection of data</b> Contracts signed on, Testimonials from clients, Productivity Award entrants, Registers/invites for seminars, Concept Papers on topical issues; surveys</p> <p><b>Method of calculation</b> Cumulative</p> <p><b>Data limitations</b></p> <ul style="list-style-type: none"> <li>• Willingness to participate/attend</li> <li>• Access to clients nationally</li> <li>• Willingness to provide testimonials</li> <li>• Willingness to transform culture of workplace into a productive one.</li> </ul> <p><b>Type of indicator</b> Impact: Mixed methods indicator: Quantitative: as numbers are calculated and impact is measured, Qualitative as narratives are collected</p> <p><b>Calculation type</b> Cumulative</p>

Reporting cycle	Quarterly
New indicator	Yes
Desired performance	<ul style="list-style-type: none"> <li>• Higher, stable/healthy workplace environment</li> <li>• Productivity to become a topical issue/household issue</li> <li>• Attendance of the seminars and awards events</li> </ul>
Indicator responsibility	Executive Managers(POSWPC and Marketing)