

Total Factor Productivity in South African Manufacturing

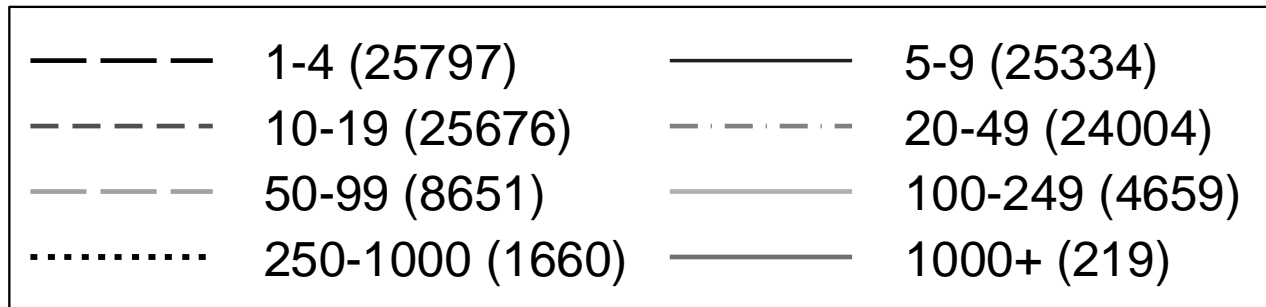
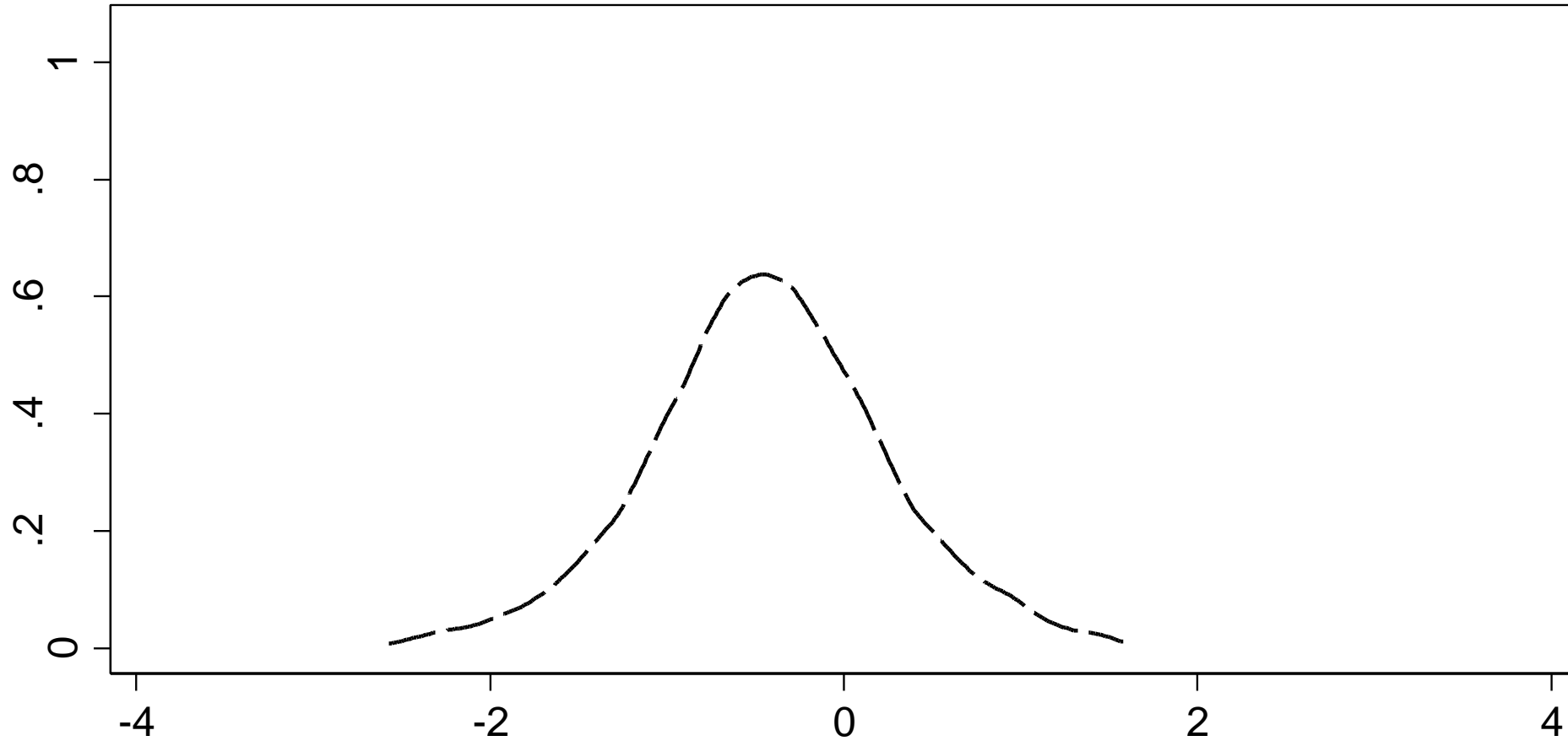
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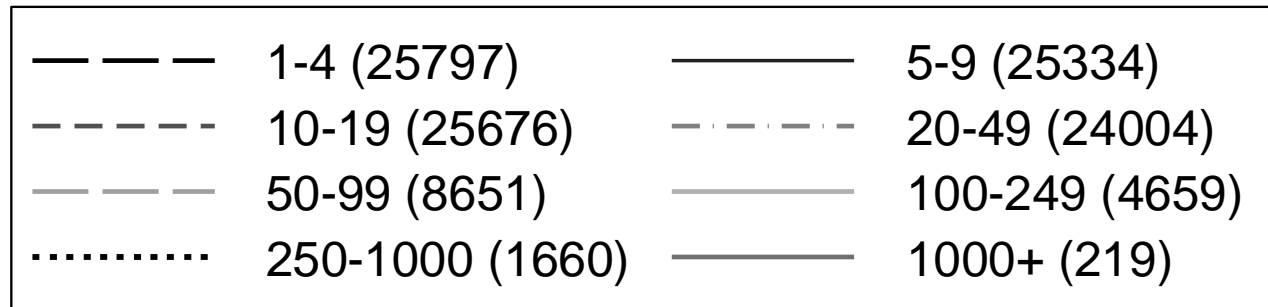
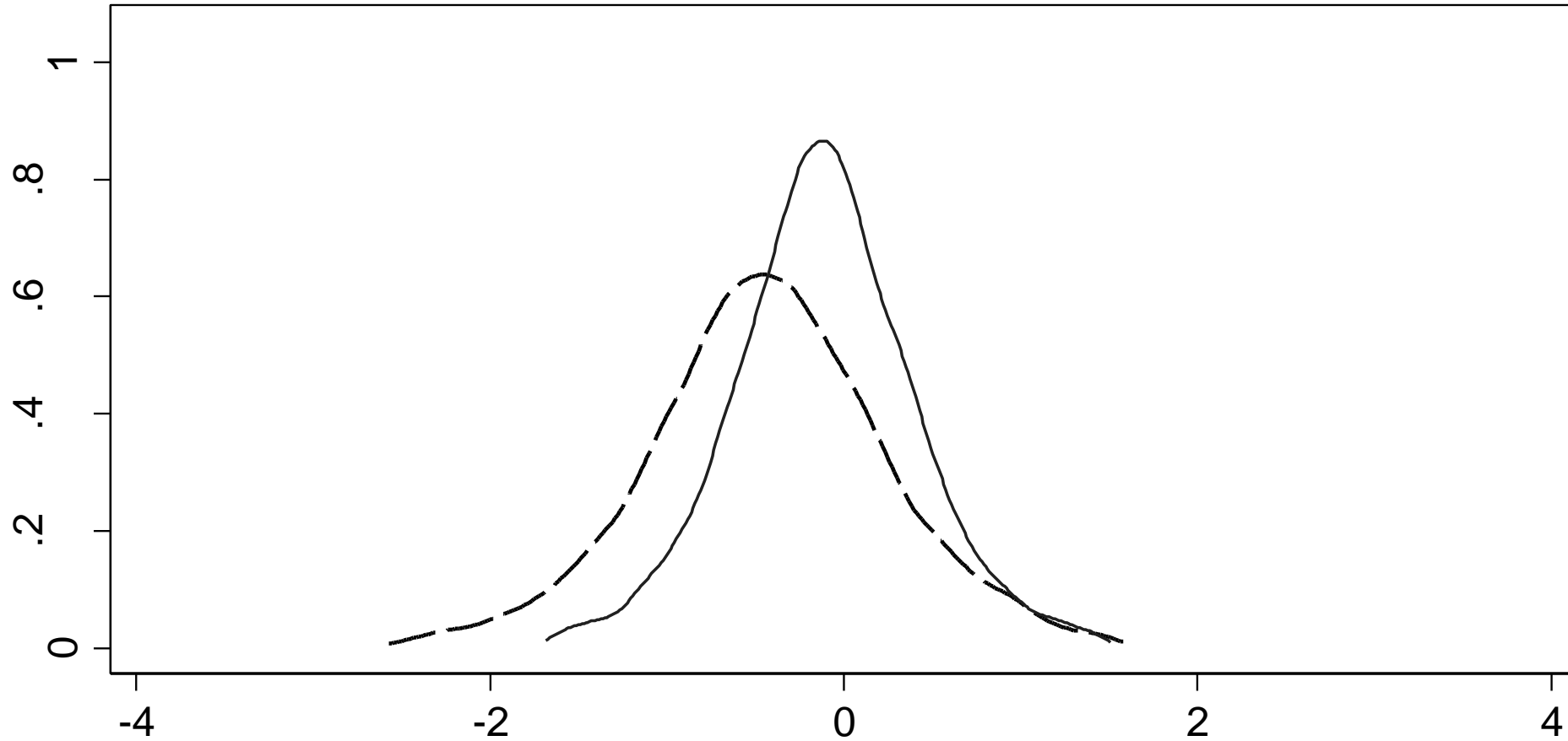
Total Factor Productivity in Manufacturing

- Manufacturing is a key sector.
- Little is known on the distribution and determinants of productivity within firms in South Africa.
- Productivity here is defined as total factor productivity (TFP).
 - The portion of output (value added) not explained by the inputs.
- Here, we focus on: two aspects of productivity
 - TFP by Firm Size
 - TFP in Selected Industries

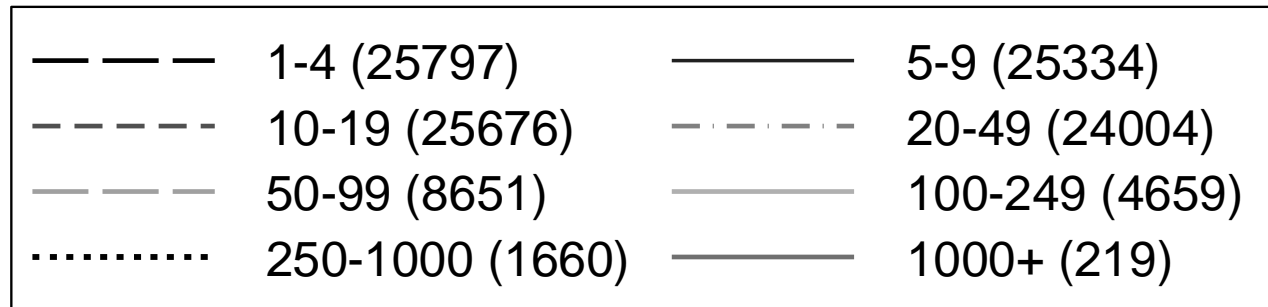
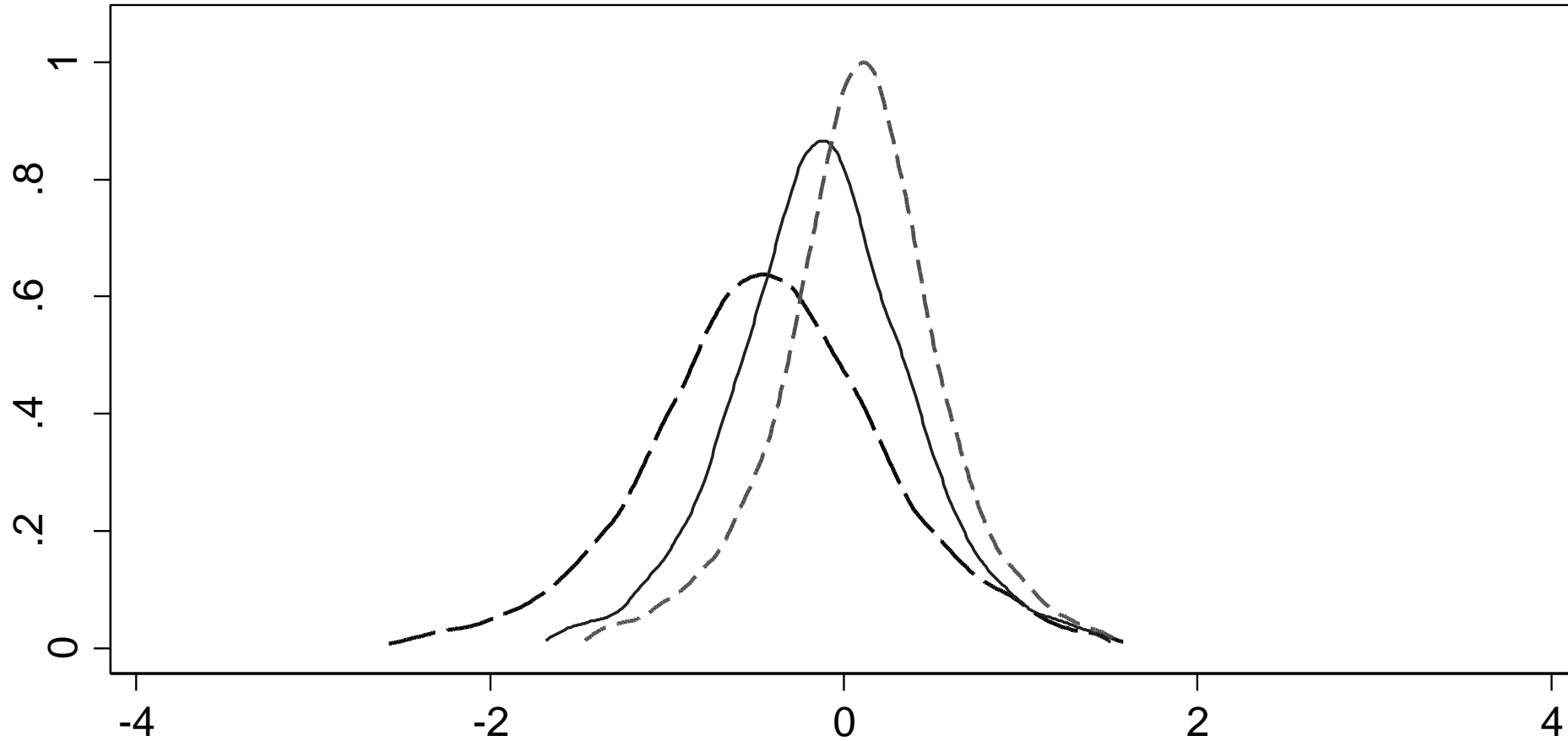
Relative TFP by Firm Size



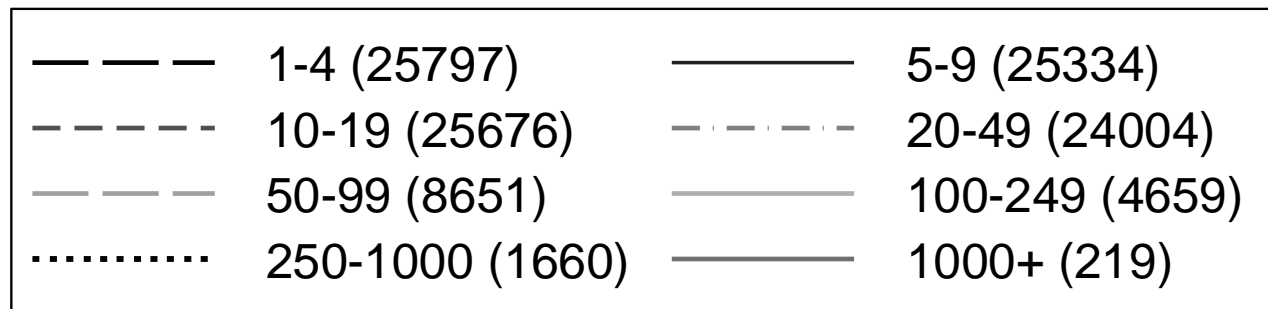
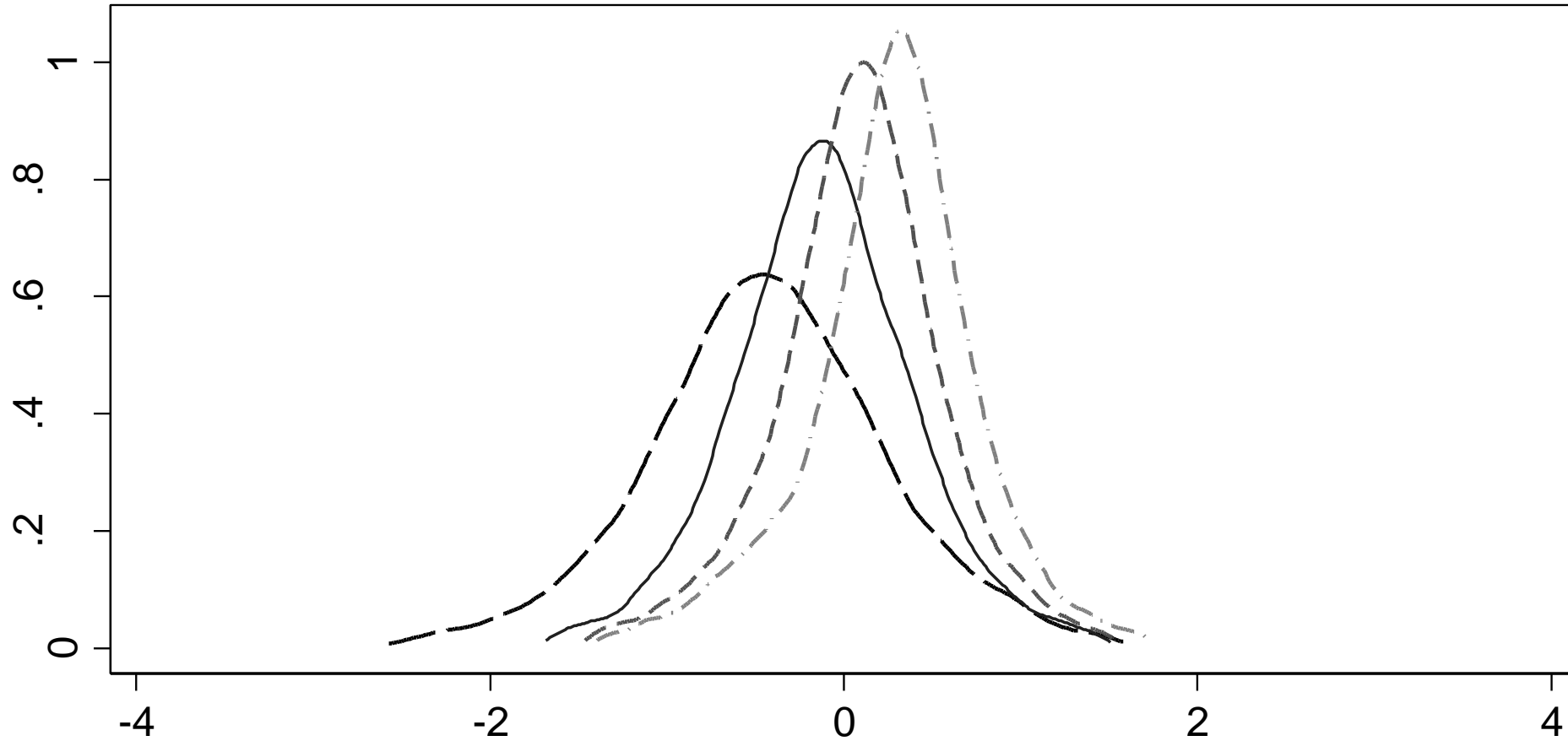
Relative TFP by Firm Size



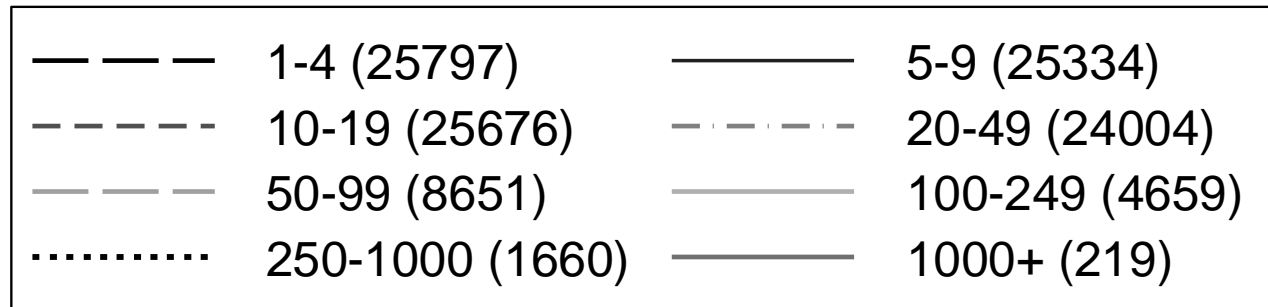
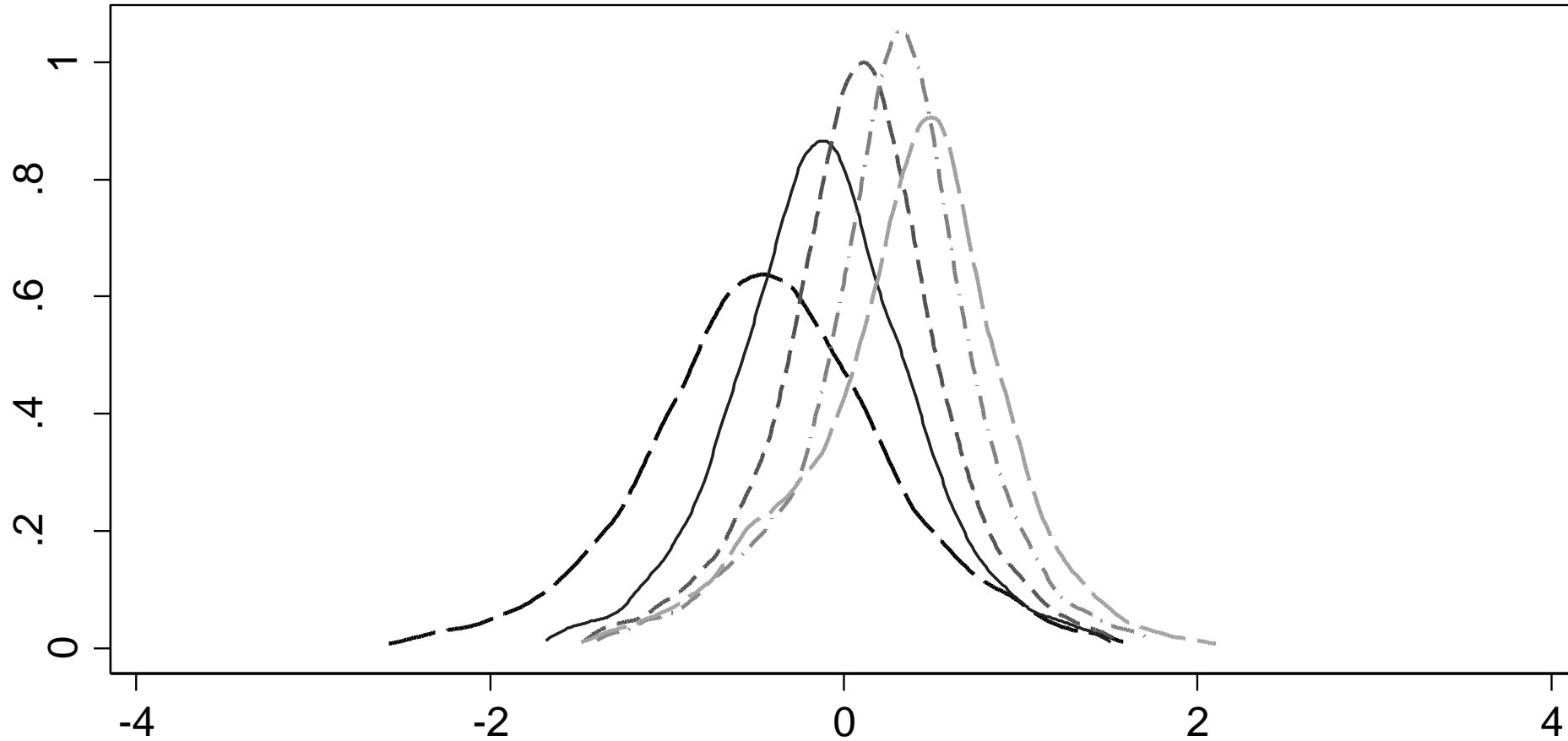
Relative TFP by Firm Size



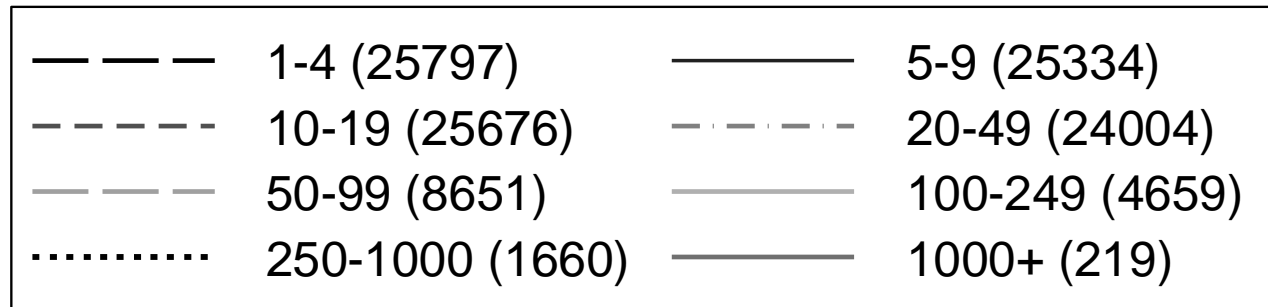
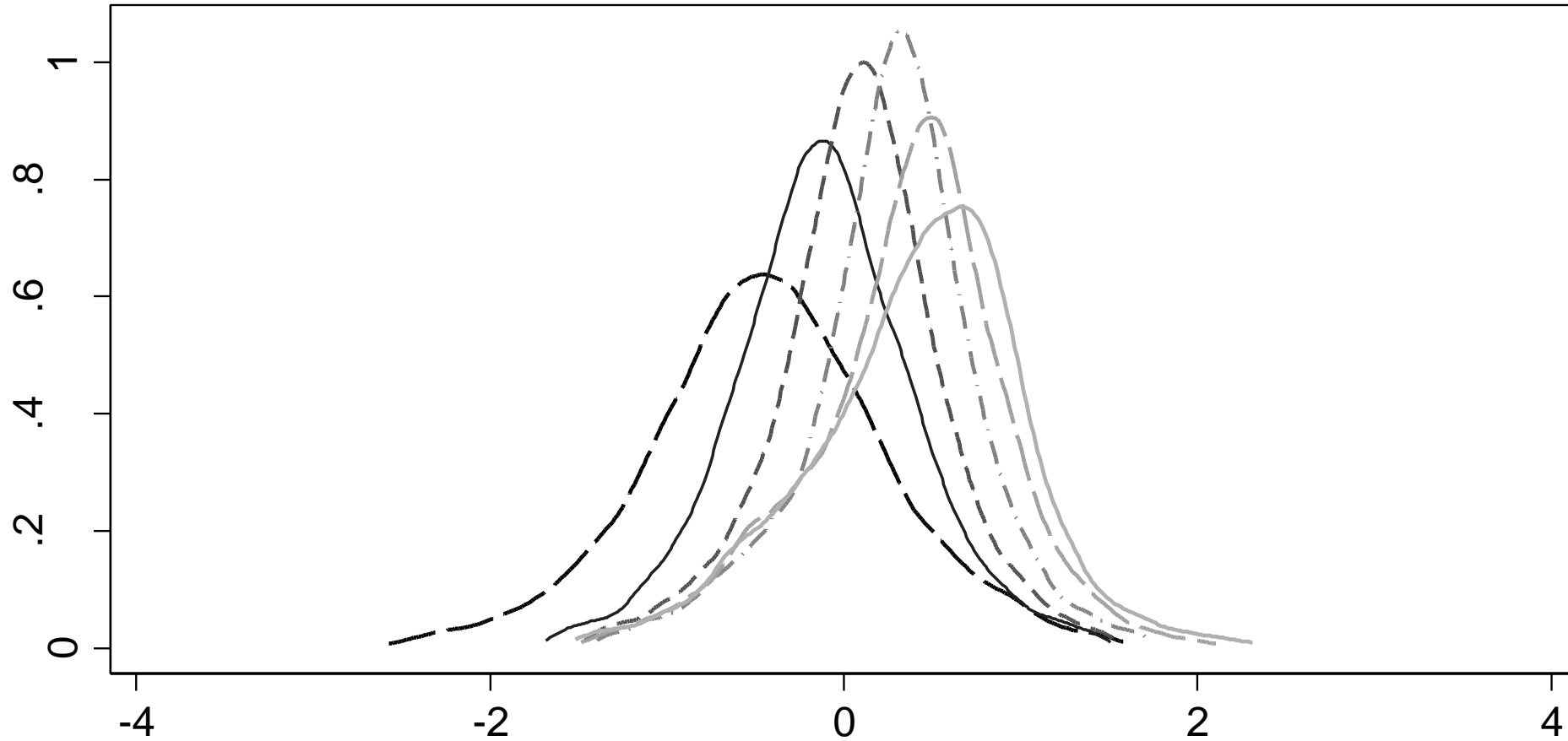
Relative TFP by Firm Size



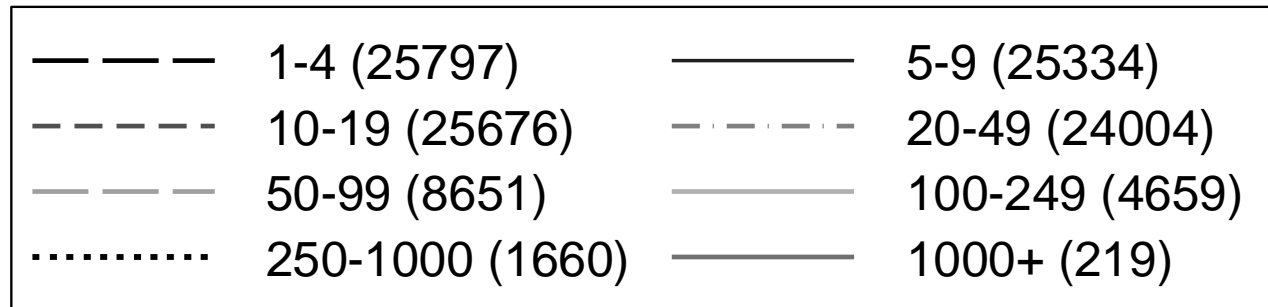
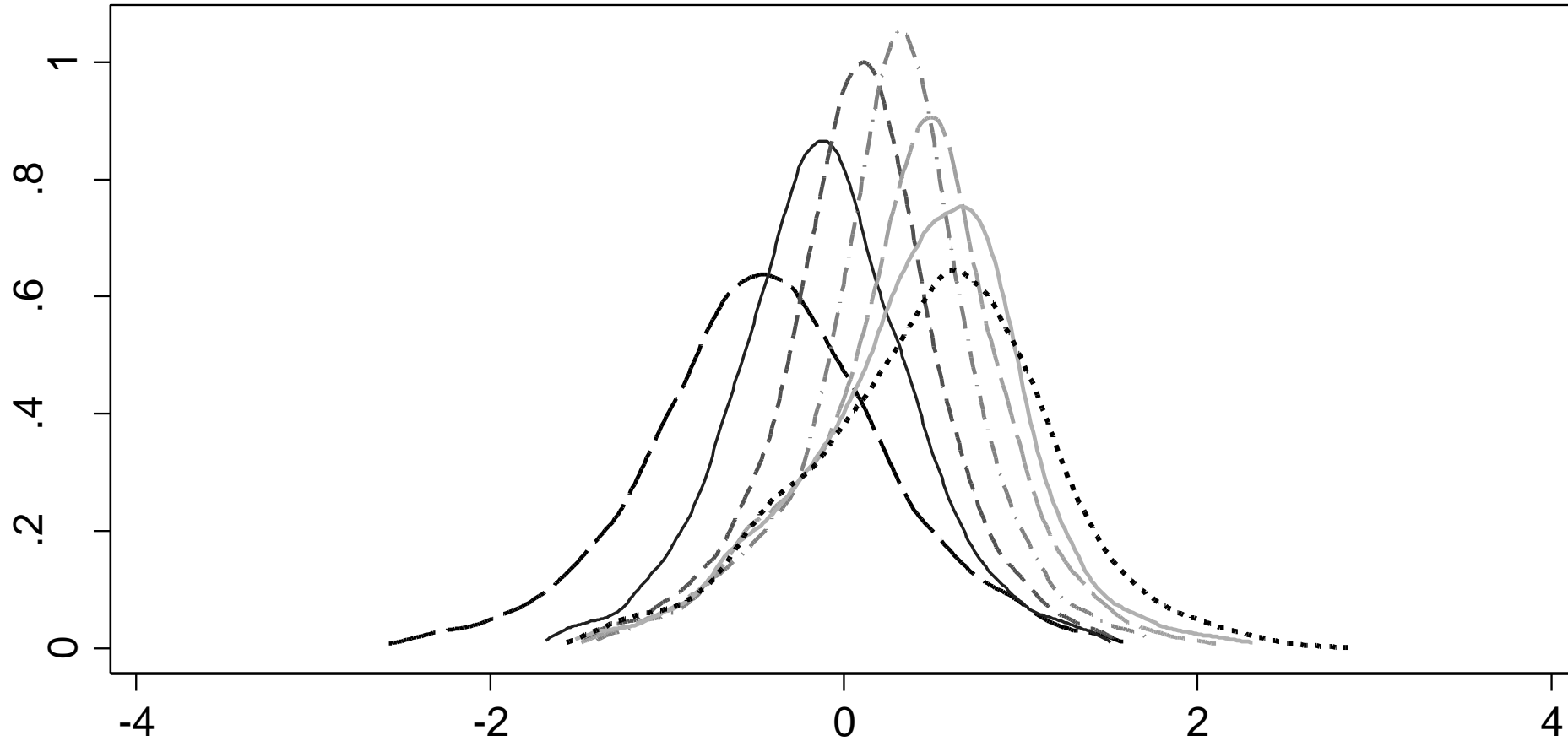
Relative TFP by Firm Size



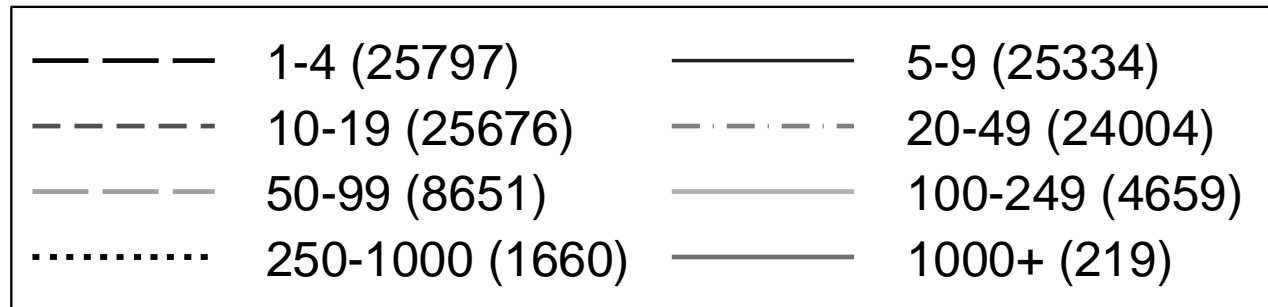
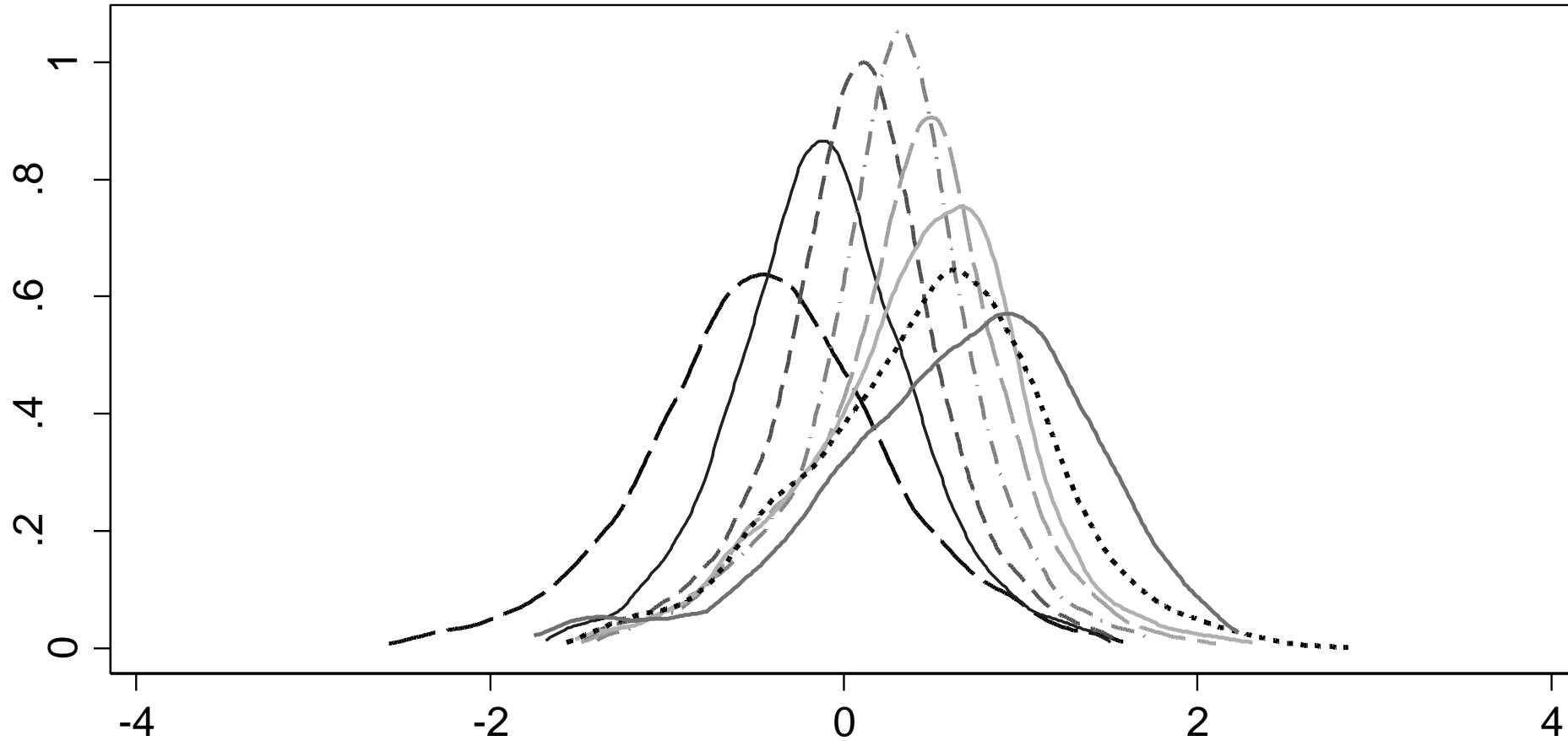
Relative TFP by Firm Size



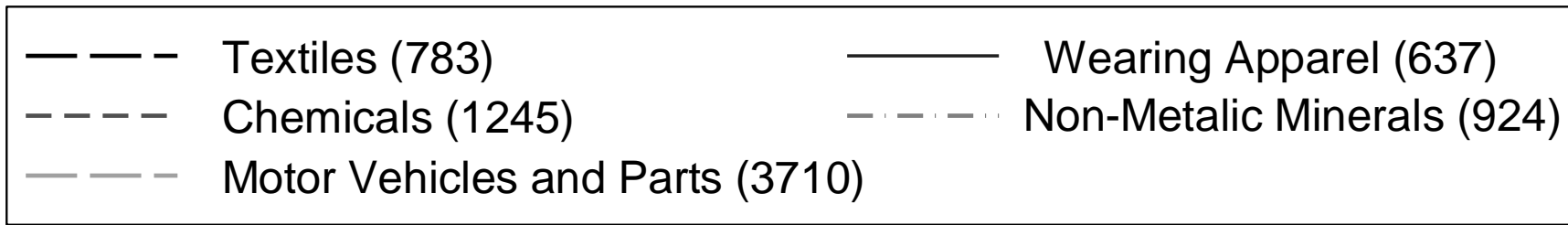
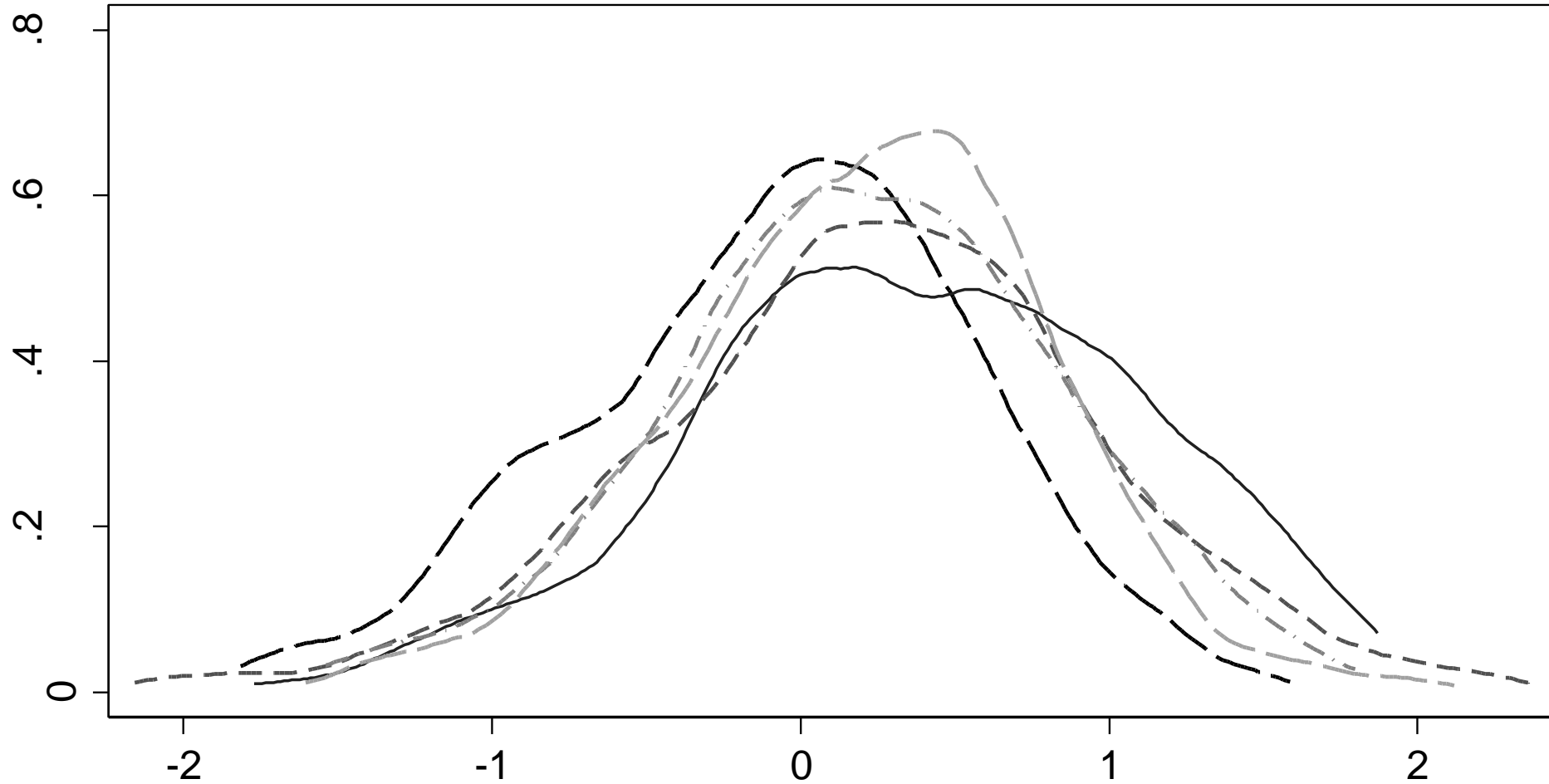
Relative TFP by Firm Size



Relative TFP by Firm Size



TFP Comparison for Selected Industries



Implications

- We can now start looking at the within and between sector determinants of Firm level Total Factor Productivity.
- This will allow us to identify those characteristics that more productive firms share in order to better inform policy makers.
 - The size of the firms may be correlated with market power, so that mark-ups may be driving the observed difference in productivity. This means that we may need to better account for industry mark-ups when informing policies.
 - Productivity may be related to export status across size.
- We can further analyse the impact of tax incentives on the productivity of firms.