In the early 2000s, South Africa’s annual GDP growth rates rose steadily, but then fell progressively in the decade following the 2008 global financial crisis. During this period of declining growth, the country’s business sector faced major pressures, from intermittent load shedding, rising global commodity prices, and the advent of disruptive technologies and business models. Exacerbated by the sudden arrival of a global pandemic in 2020, businesses encountered tough choices to reorient to new conditions that included accelerating digitalisation and geopolitical uncertainty. Drawing from South Africa’s innovation data for the industry and services sectors, this fact sheet answers key questions about innovation trends across four survey periods (2002-2004, 2005-2007, 2014-2016 and 2019-2021).*
South African GDP growth, 2002 to 2021

Between 2002 and 2021, there were two major global shocks that severely impacted South African economic growth: the global financial crisis and the Covid-19 pandemic.

Rates of innovation activity

**Q:** What proportion of South African businesses engaged in innovation activities?

**A:** The majority of businesses engaged in innovation activities in each survey period. The share of businesses with innovation activities increased from 2002 to 2016, and then decreased during the 2019 to 2021 period, which coincided with the Covid-19 pandemic.

Top innovation activity types

**Q:** What innovation activities were most popular?

**A:** Training, in-house R&D, and purchases of tech, machinery and equipment were among the top four innovation activities that businesses engaged in during each survey period.
**Types of innovation in industry and services**

**Q:** What types of innovation did businesses implement?

**A:** In general, a greater share of businesses had both *product and process* innovations as opposed to only product innovations or only process innovations, in both the industry and services sectors.

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**Innovation and the bottom line**

**Q:** Did innovations generate a meaningful bottom line impact for South African businesses?

**A:** The share of business turnover from new-to-the-market product innovations increased for the services sector but declined for industrial sector businesses. By far the largest proportion of turnover, in the 2002 to 2016 reference periods, was from non-innovative products. In the 2019 to 2021 reference period, the share of business turnover from product innovations increased markedly in the services sector.
Data for this fact sheet are drawn from the South African Business Innovation Survey (BIS), with the exception of GDP data, which were sourced from Statistics South Africa. The BIS is conducted by the Centre for Science, Technology and Innovation Indicators (CeSTII) at South Africa’s Human Sciences Research Council, on behalf of the Department of Science and Innovation. R&D and innovation statistics are collected in terms of the Statistics Act (No. 6 of 1999), and are quality assured by Statistics South Africa. Data collected through the surveys, and their historic data series, inform decision-makers on investment planning, policy-making, advocacy, and research in South Africa. Data streams also add to benchmarking and performance comparisons with South Africa’s international counterparts.

Access previous R&D and innovation survey reports: https://hsrc.ac.za/divisions/centre-for-science-technology-and-innovation-indicators/

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