

Manpower Employment Outlook Survey Q2 2016

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South African Employers Report Conservative Hiring Intentions for Q2 2016

Opportunities for job seekers are expected to be strongest in the ELECTRICITY, GAS & WATER SUPPLY and FINANCE, INSURANCE, REAL ESTATE & BUSINESS SERVICES sectors; and weakest within the AGRICULTURE, HUNTING, FORESTRY & FISHING and WHOLESALE & RETAIL TRADE sectors. Provincially, employers in KwaZulu-Natal report the strongest hiring intentions for the second quarter of the year, while employers within the Free State report the weakest hiring intentions.

Johannesburg, 9 March 2016 – South African employers report conservative hiring plans for the April-June time frame. With 13% of employers forecasting an increase in staffing levels, 8% expecting a decrease and 77% anticipating no change. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +5%. Hiring prospects are unchanged when compared with 1Q 2016, but decline by 6 percentage points year-over-year.

Lyndy van den Barselaar, Managing Director of Manpower SA, provides insights into why South African employers are reporting conservative intentions for the April to June time frame, “The weak global position of the Rand has had a negative impact on many South African businesses, across sectors. Increased operating and import costs, paired with the rising costs of necessities and the falling price of commodities, means that many businesses do not have the budget to hire new talent in the coming quarter. This trend is seen globally for the second quarter of 2016.”

Regional Comparisons

Staffing levels are forecast to grow in all five regions during 2Q 2016. Employers in KwaZulu Natal report the strongest hiring prospects with a Net Employment Outlook of +9%. Some payroll gains are anticipated in both Eastern Cape and Gauteng, where Outlooks stand at +6% and +5%, respectively. Western Cape employers expect a modest hiring pace, reporting an Outlook of +4%, while the Outlook for Free State stands at +1%.

“KwaZulu-Natal is South Africa’s second largest economy, and is home to two of the country’s largest and busiest ports. The current increase in the number of imports into South Africa is contributing to the growth in the province,” explains van den Barselaar.

When compared with the previous quarter, employers report weaker hiring prospects in three of the five regions, with the most noteworthy declines of 4 and 2 percentage points reported for Free State and Gauteng, respectively. Meanwhile, the Outlook for Eastern Cape strengthens by 6 percentage points.

Year-over-year, hiring plans weaken in all five regions. A considerable decline of 9 percentage points is reported in Western Cape, while Outlooks are 6 and 4 percentage points weaker in Gauteng and Kwazulu Natal, respectively. In both Eastern Cape and Free State, employers report decreases of 3 percentage points.

Sector Comparisons



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Workforce gains are anticipated in eight of the 10 industry sectors during the next three months. The strongest labor market is expected by Electricity, Gas & Water Supply sector employers who report a Net Employment Outlook of +13%. Elsewhere, employers report cautiously optimistic hiring plans in the Finance, Insurance, Real Estate & Business Services sector and the Restaurants & Hotels sector, with Outlooks standing at +10% and +9%, respectively. Some hiring opportunities are also forecast in the Construction sector, with an Outlook of +8%, and in the Mining & Quarrying sector, where employers report an Outlook of +6%. Meanwhile, flat labor markets are expected in both the Agriculture, Hunting, Forestry & Fishing sector and the Wholesale & Retail Trade sector, with Outlooks of 0%.

“Owing to the continuing droughts, water shortages and rising cost of electricity, South African citizens continue to look into alternate sources of electricity and ways in which to conserve water. This is most definitely a contributing factor to the growth in the utilities sector, as businesses within the sector continue to work on and develop new and innovative products and ideas and expand into new areas of the country,” says van den Barselaar.

“The continuously rising cost of doing business and living, paired with the falling Rand and commodity prices mean that more businesses and individuals are seeking the assistance and advice of those businesses operating in the Finance, Insurance, Real Estate & Business Services sector.”

When compared with the previous quarter, hiring intentions weaken in six of the 10 industry sectors. Agriculture, Hunting, Forestry & Fishing sector employers report the most noteworthy decline of 8 percentage points, while Outlooks are 6 and 5 percentage points weaker in the Transport, Storage & Communication sector and the Public & Social sector, respectively. However, Outlooks also strengthen in four sectors. A considerable increase of 17 percentage points is reported by Construction sector employers, while the Outlook for the Mining & Quarrying sector is 10 percentage points stronger.

Year-over-year, Outlooks also decline in six of the 10 industry sectors. The most notable declines of 17 and 14 percentage points are reported by employers in the Agriculture, Hunting, Forestry & Fishing sector and the Transport, Storage & Communication sector, respectively. Considerably weaker hiring prospects are also reported by employers in the Manufacturing sector, with a decline of 13 percentage points, and in the Wholesale & Retail Trade sector, where the Outlook is 11 percentage points weaker. Elsewhere, hiring prospects improve in three sectors. A considerable improvement of 12 percentage points is reported for the Mining & Quarrying sector while the Restaurants & Hotels sector Outlook is 5 percentage points stronger.

“As South Africa’s Mining & Quarrying sector continues to focus on more sustainable and responsible methods, this creates opportunities for new employment within the sector, especially for those consultants who specialise in sustainability and environmental conservation,” notes van den Barselaar.

Organisation-Size Comparisons

Participating employers are categorized into one of four organization sizes: Micro businesses have less than 10 employees; Small businesses have 10-49 employees; Medium businesses have 50-249 employees; and Large businesses have 250 or more employees.

Payroll gains are expected by employers in three of the four organization size categories during 2Q 2016. Large employers forecast the strongest hiring pace with a Net Employment Outlook of +13%, while Outlooks stand at +7% and +4% in the Medium- and Small-size categories, respectively. Meanwhile, Micro employers anticipate flat hiring activity with an Outlook of 0%.



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Quarter-over-quarter, Large employers report a decline of 5 percentage points, while hiring prospects for Medium- and Small-size employers remain relatively stable. Micro employers report no quarter-over-quarter change.

When compared with 2Q 2015, hiring prospects weaken in all four organization size categories. Large employers report a considerable decrease of 11 percentage points while the Outlook for Medium employers is 7 percentage points weaker. Elsewhere, Outlooks decline by 6 and 2 percentage points for Micro- and Small-size employers, respectively.

“The continuously evolving modern business environment calls for organisations across all sectors to have strong plans and policies in place, in order to ensure success even in difficult economic conditions. It remains important that national and provincial government continues to work alongside the public and private sectors, to ensure that effective policies are put into place to ensure that jobs are being created and current employees are continuously being upskilled and adequately trained for operating in the evolving business landscape,” she concludes.

Across the globe, second-quarter hiring confidence is strongest in India, Japan, Taiwan, Colombia and Guatemala, while the weakest hiring prospects are reported in Brazil, France and Italy.

Survey research reveals that job gains are expected in 39 of 42 countries and territories during the April-June time frame. However, despite little indication of labor market contraction, hiring intentions in most countries and territories continue to remain modest. In fact, some key labor markets, such as Germany, France and Italy, are clearly struggling to gain traction amid the current economic uncertainty. Faced with the slowdown in China and ongoing turmoil in commodity markets, most employers across the globe appear to be taking the measured approach of adding staff only when needed.

ENDS

The next Manpower Employment Outlook Survey will be released on 14 June 2016 to report hiring expectations for the third quarter of 2016. The Manpower Employment Outlook Survey is available free of charge to the public through local Manpower representatives in participating countries. To receive e-mail notification when the survey is available each quarter, please complete an online subscription form at: <http://www.manpowergroup.com/investors/alerts.cfm>.

About the Survey

The Manpower Employment Outlook Survey for the second quarter 2016 was conducted by interviewing a representative sample of 752 employers in South Africa. All survey participants were asked, *“How do you anticipate total employment at your location to change in the three months to the end of June 2016 as compared to the current quarter?”*

Unlike other surveys, which operate in hindsight and analyse the previous quarter of the year, the Manpower Employment Outlook Survey is unique in that it forecasts the future shape of the employment industry for the next quarter.

The global leader in innovative workforce solutions, ManpowerGroup releases the Manpower Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next quarter. It is the longest-running, most extensive, forward-looking employment survey in the world, polling nearly 59,000 employers in 42 countries and territories. The survey serves as a bellwether of labour market trends and activities and is regularly used to inform the Bank of England's Inflation Reports, as well as a regular data source for the European Commission, informing its EU Employment Situation and Social Outlook report, the Monthly Monitor.

ManpowerGroup's independent survey data is also sourced by financial analysts and economists around the world to help determine where labour markets are headed.



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Note to Editors:

Commentary is based on seasonally adjusted data where available. Full survey results for each of the 42 countries and territories included in this quarter's survey, plus regional and global comparisons, can be found in the ManpowerGroup Press Room at www.manpowergroup.com/meos.

In addition, all tables and graphs from the full report are available to be downloaded for use in publication or broadcast from the ManpowerGroup Website at:

<http://www.manpowergroup.com/press/meos.cfm>. ManpowerGroup has also released its Manpower Employment Outlook Survey Explorer tool, a new interactive way to examine and compare its data. The tool can be viewed at

<http://www.manpowergroupsolutions.com/DataExplorer/>

About ManpowerGroup

ManpowerGroup™ (NYSE: MAN) has been the world's workforce expert, creating innovative workforce solutions, for nearly 70 years. As workforce experts, we connect more than 600,000 men and women to meaningful work across a wide range of skills and industries every day. Through our ManpowerGroup family of brands — Manpower®, Experis™, Right Management® and ManpowerGroup™ Solutions— we help more than 400,000 clients in 80 countries and territories address their critical talent needs, providing comprehensive solutions to resource, manage and develop talent. In 2016, ManpowerGroup was named one of the World's Most Ethical Companies for the sixth consecutive year and one of Fortune's Most Admired Companies, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup makes powering the world of work humanly possible: www.manpowergroup.com.