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PRESS RELEASE

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ManpowerGroup Employment Outlook Survey Q3 2019

South African employers report cautious hiring plans for the third quarter of 2019

Opportunities for job seekers are expected to be strongest in the Finance, Insurance, Real Estate & Business Services sector and weakest within the Construction sector

Provincially, employers in Gauteng and the Western Cape report the strongest hiring intentions for the third quarter of the year, while employers in the Eastern Cape report the weakest hiring intentions

Johannesburg, 11 June 2019 – According to the most recent ManpowerGroup Employment Outlook Survey, South African employers report cautious hiring plans for the third quarter of 2019. With 8% of employers anticipating an increase in payrolls, 6% forecasting a decrease and 85% expecting no change, the resulting Net Employment Outlook is +2%. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +4%.

Hiring prospects remain relatively stable when compared with the previous quarter, but decline by 2 percentage points in comparison with this time one year ago.

Lyndy van den Barselaar, Managing Director of ManpowerGroup SA, provides insights into why South African employers are reporting cautious hiring intentions for the July to September time frame. “The trend of businesses remaining cautious around hiring activity continues into the third quarter of the year, with a large majority of respondents planning no changes to their hiring strategies and plans. The recently reported increased unemployment rate and turbulent economic environment further cement this sentiment, and will more than likely mean the trend is set to continue for the medium-term,” she explains.

Regional Comparisons

Employers in three of the five regions expect to add to payrolls during the next three months. The strongest hiring prospects are reported in Gauteng and Western Cape, with Net Employment Outlooks standing at +7%, while



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Kwazulu Natal employers report an Outlook of +5%.

Meanwhile, Free State employers forecast flat hiring activity, reporting an Outlook of 0%, and the Outlook of -1% in Eastern Cape reflects uncertain hiring intentions.

“The results of the ManpowerGroup Employment Outlook Survey for the third quarter of the year sees the continuation of the trend seen in the results from the second quarter, with Gauteng and the Western Cape remaining on top in terms of expected job creation provincially. These provinces continue to act as economic hubs for the country, which allows for the creation of employment opportunities across their main contributing sectors. For example, according to Statistics SA, the sector showing the most growth nationally was the finance and business services sector, which added 109,000 new jobs between the third and fourth quarters of 2018 – and is expected to continue to create employment opportunities in Q3 of this year, according to the latest ManpowerGroup research,” explains van den Barselaar.

When compared with the second quarter of 2019, Free State employers report a moderate decline of 6 percentage points. Elsewhere, the Outlook for Kwazulu Natal remains relatively stable and hiring prospects are unchanged in Eastern Cape, Gauteng and Western Cape.

In a comparison with this time one year ago, hiring plans weaken in three of the five regions. Free State employers report a considerable decrease of 9 percentage points, while Outlooks are 7 and 6 percentage points weaker in Eastern Cape and Kwazulu Natal, respectively. However, Outlooks strengthen by 4 percentage points in both Gauteng and Western Cape for the same period.

Sector Comparisons

Payroll gains are forecast for nine of the 10 industry sectors during the coming quarter. Finance, Insurance, Real Estate & Business Services sector employers report the strongest hiring intentions with a Net Employment Outlook of +11%, while Restaurants & Hotels sector employers report a cautiously optimistic Outlook of +10%. Some hiring opportunities are forecast for two sectors with Outlooks of +7% in the Agriculture, Hunting, Forestry & Fishing sector and the Public & Social sector, while Outlooks of +4% are reported in both the Mining & Quarrying sector and the Transport, Storage & Communications sector. However, Construction sector employers expect to trim payrolls, reporting an Outlook of -8%.



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“Besides the recent increase in employment reported around the local financial sector, other research by PwC recently reported that there has been a more positive response to digital transformation in South Africa’s insurance sector, with more businesses within the sector looking to add new value for their clients through technological innovation. This reflects our insights on the market and could be a contributing factor to creating employment in the sector, as the addition of new products, services and technologies often translates to the acquisition of the necessary skills to ensure these are implemented successfully,” explains van den Barselaar.

“In terms of the expected growth in the Restaurants & Hotels sector, the JLL 2019 SA Hotel Investment Outlook Report claims it is expected that R1.9bn will be invested into new hotels in South Africa in 2019, and around R6.9bn in total over the next three years. This would translate into 3900 new rooms across the country. We are seeing similar trends and expect to see further increases in employment in this sector.”

When compared with the previous quarter, hiring plans weaken in five of the 10 industry sectors. The most notable declines of by 9 percentage points are reported in both the Agriculture, Hunting, Forestry & Fishing sector and the Construction sector, while Wholesale & Retail Trade sector employers also report decrease of 6 percentage points. Meanwhile, the Restaurants & Hotels sector Outlook improves by a considerable margin of 14 percentage points.

Hiring intentions also weaken in five of the 10 industry sectors when compared with this time one year ago. A considerable decline of 16 percentage points is reported by Transport, Storage & Communications sector employers, and Outlooks are 9 and 4 percentage points weaker for the Electricity, Gas & Water sector and the Construction sector, respectively. However, stronger hiring plans are reported in four sectors, including the Restaurants & Hotels sector, with an improvement of 4 percentage points, and two sectors where employers report increases of 3 percentage points in the Finance, Insurance, Real Estate & Business Services sector and the Public & Social sector.

Organisation-Size Comparisons

Participating employers are categorised into one of four organisation 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.



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Employers expect payroll gains in three of the four organisation size categories during the coming quarter.

Large employers report healthy hiring plans with a Net Employment Outlook of +24%. Elsewhere, Medium employers forecast a slight increase in staffing levels, reporting an Outlook of +6%, while the Outlook for Micro employers is +1%. However, Small employers expect to trim payrolls, reporting an Outlook of -4%.

Hiring intentions are 9 percentage points weaker for Small firms when compared with the previous quarter, but improve by 4 percentage points in the Medium size category. Meanwhile, Large employers report relatively stable hiring plans and the Outlook for Micro employers is unchanged.

In a year-over-year comparison, large employers report an improvement of 7 percentage points, but the Small employer Outlook declines by 7 percentage points. In both the Micro- and Medium-size categories, hiring prospects remain relatively stable.

Globally, the ManpowerGroup research for the third quarter of 2019 reveals employers expect workforce gains in 43 of 44 countries and territories surveyed in the period up to the end of September. The strongest hiring sentiment is reported in Japan, Croatia, Taiwan, the U.S., Greece and Slovenia, while the weakest hiring prospects are reported for Hungary, Argentina, Italy and Spain.

When compared with the previous quarter, employers in 18 of 44 countries and territories report stronger hiring prospects, while employers in 18 report weaker hiring plans and no change is anticipated in eight. In a comparison with the same period last year, hiring intentions strengthen in 12 countries and territories, but weaken in 26 and are unchanged in six.

ENDS

The next ManpowerGroup Employment Outlook Survey will be released on 10 September 2019 to report hiring expectations for the final quarter of 2019. The ManpowerGroup 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>.



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About the ManpowerGroup Employment Outlook Survey

The ManpowerGroup Employment Outlook Survey is conducted quarterly to measure employers' intentions to increase or decrease the number of employees in their workforces during the next quarter. ManpowerGroup's comprehensive forecast of employer hiring plans has been running for more than 55 years and is one of the most trusted surveys of employment activity in the world. Various factors underpin the success of the ManpowerGroup Employment Outlook Survey:

Unique: It is unparalleled in its size, scope, longevity and area of focus.

Projective: The ManpowerGroup Employment Outlook Survey is the most extensive, forward-looking employment survey in the world, asking employers to forecast employment over the next quarter. In contrast, other surveys and studies focus on retrospective data to report on what occurred in the past.

Independent: The survey is conducted with a representative sample of employers from throughout the countries and territories in which it is conducted. The survey participants are not derived from ManpowerGroup's customer base.

Robust: The survey is based on interviews with over 59,000 public and private employers across 44 countries and territories to measure anticipated employment trends each quarter. This sample allows for analysis to be performed across specific sectors and regions to provide more detailed information.

Focused: For more than five decades the survey has derived all of its information from a single question:

For the 3Q 2019 research, all employers participating in the survey worldwide are asked the same question, "How do you anticipate total employment at your location to change in the three months to the end of September 2019 as compared to the current quarter?"

Methodology

The Manpower Employment Outlook Survey is conducted using a validated methodology, in accordance with the highest standards in market research. The survey has been structured to be representative of each national economy. The margin of error for all national, regional and global data is not greater than +/- 4.0%.

Net Employment Outlook

Throughout this report, we use the term "Net Employment Outlook." This figure is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting to see a decrease in employment at their location in the next quarter. The result of this calculation is the Net Employment Outlook. Net Employment Outlooks for countries and territories that have accumulated at least 17 quarters of data are reported in a seasonally adjusted format unless otherwise stated.

Seasonal adjustments have been applied to the data for all participating countries except Croatia and Portugal. ManpowerGroup intends to add seasonal adjustments to the data for other countries in the future, as more historical data is compiled. Note that in Quarter 2 2008, ManpowerGroup adopted the TRAMO-SEATS method of seasonal adjustment for data.

About ManpowerGroup

ManpowerGroup® (NYSE: MAN), the leading global workforce solutions company, helps organizations transform in a fast-changing world of work by sourcing, assessing, developing and managing the talent that enables them to win. We develop innovative solutions for hundreds of thousands of organizations every year, providing them with skilled talent while finding meaningful, sustainable employment for millions of people across a wide range of industries and skills. Our expert family of brands – Manpower®, Experis®, Right Management® and ManpowerGroup® Solutions – creates substantially more value for candidates and clients across 80 countries and territories and has done so for over 70 years. In 2019, ManpowerGroup was named one of the World's Most Ethical Companies for the tenth year and one of Fortune's Most Admired Companies for the seventeenth year,



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