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## ManpowerGroup Employment Outlook Survey: **German companies still exercising caution in hiring new staff**

- **Employment Outlook rises minimally following setback in previous quarter**
- **Large companies in particular forecast workforce gains**
- **Public & social sector employers most optimistic in eight years**
- **Clear signs of the slowdown in the global economy**

**Frankfurt, 10 September 2019** – Following a considerable setback in the third quarter of 2019, German employers remain cautious in their hiring plans for the last three months of the year, reporting a seasonally adjusted Net Employment Outlook\* of +6%. This is 1 percentage point higher compared to the third quarter of 2018, but a decline of three percentage points compared to this time last year.

“In the second quarter, the German economy shrunk slightly and international trade conflicts are harming the economy. This is evident in the cautious hiring plans of German companies. Many employers are currently exercising more caution and are keeping their staff levels stable. This means letting fewer workers go, but also a higher level of caution in terms of new hires,” says Frits Scholte, CEO of ManpowerGroup Germany. “The Employment Outlook Survey also shows that the public sector and social institutions plan to continue hiring care staff and pre-school teachers. The construction industry is even planning to hire more staff for the winter.”

A total of 1,001 German employers were surveyed for the latest ManpowerGroup Employment Outlook Survey, with 11% planning to hire new staff in the fourth quarter, 3% planning to cut staff, and 85% expecting no change to employment levels.

+++ You can find the results of the study in a compact format as infographics [here](#) +++

“The continuing caution in recruiting is due to economic uncertainty. The signs of an imminent economic downturn are intensifying: The trade conflicts between the USA and China, but also with Europe, are leaving their mark. Experts at the International Monetary Fund have already lowered their growth forecasts for the global economy three times this year, and Germany’s economic performance dropped slightly in the second quarter. The German Federal Government still expects 0.5% growth for the overall year – following a rise of 1.4% in the gross domestic product last year. The Ifo Business Climate Index fell strongly in the third quarter and the ZEW Indicator of Economic Sentiment of the Leibniz Centre for European Economic Research in Mannheim experienced a downright collapse in August. Global economic circumstances will first be felt by the corporations that are internationally active,” says Frits Scholte.

## **Large employers report the most optimistic outlook – but to a lesser extent than before**

Large size organizations report a strong Net Employment Outlook of +21%, with 29% planning to hire new staff, 3% planning to reduce their labor force and 68% planning no changes. However, this is the weakest outlook in more than two years, and an 8 percentage points decrease compared to the third quarter and a 20 percentage points decline compared to the fourth quarter of the previous year. Small (+10%) and medium-sized (+18%) companies report stable employment forecasts compared to the previous quarter, but decrease by 2 and 7 percentage points, respectively, compared to last year at this time.

## **Transport, storage and communications sector with weakest employment outlook**

The weakest of the nine sector forecasts is reported in the Transport, Storage & Communications sector with an Outlook of -1%. This is a significant decline compared to this period last year when the Outlook was +11% and earlier this year when employers in the sector reported an Outlook of +15% in Q2 2019, which had been the strongest forecast in eight years.

“When the number of orders declines, many companies first save on service providers and suppliers. This is reflected in the development of the industry. Logistics and communications companies in particular are looking for fewer employees in the fourth quarter of this year. Seven percent are even planning with fewer employees – more than in any other industry. Investments are being made in logistics, but the digital transformation is changing the demand for staff. Employers are finding it difficult to find qualified workers. There is a shortage of skilled workers, for example in IT,” says Scholte.

After enjoying upbeat outlooks the last four quarters, employers in the Electricity, Gas & Water sector are forecasting an Outlook of only +2%, with only 5% planning to hire new staff. This represents a decrease of 9 percentage points compared to the previous quarter, the largest decline of all nine industries surveyed.

## **Industry under pressure**

With an Outlook of +7%, the Manufacturing sector reports relatively stable hiring intentions, with a decline of 2 percentage points compared to the previous quarter and a 1 percentage point decrease compared to the same period of the previous year. Only eight percent of the companies are planning to hire new staff, compared to ten percent in the previous quarter; the vast majority are planning to keep their labor force stable between October and December.

“Germany's export-dependent industry has been particularly hard hit by the weak global economy,” says Scholte. “Recently, production fell further than it has in a decade. The automotive industry sees tough times ahead. Slumps in global sales are forcing manufacturers

to implement savings measures and are also affecting their suppliers. The result is staff cuts and short-term work. The threat of auto tariffs from the USA are also increasing levels of uncertainty.”

In comparison to the previous quarter, the construction industry is seeing a modest improvement with an Outlook of +11%, a 5 percentage point increase over Q3 2019 and stable with Q4 2018 forecasts. A total of 18% of construction companies are planning to hire new workers – more than in any other industry.

The Wholesale, Retail, Restaurant & Hotels sector remains relatively stable at +1% – unchanged from the previous quarter and a decline of 4 percentage points compared to the previous year. Only 6% of the companies intend to hire between October and December.

“Currently, retail companies are hesitant to plan for a upbeat Christmas period as most indicators forecast otherwise - the consumer climate has deteriorated and the Business Climate Index recently reported its lowest level since 2017,” says ManpowerGroup Germany CEO Scholte.

The financial sector is cautiously optimistic with a Net Employment Outlook of +7%, unchanged from the previous quarter.. However, this is a decline of 6 percentage points compared to the previous year.

## **Public & social sector employers most optimistic in eight years**

Public and social sector employers anticipate the most optimistic outlook of all sectors in the fourth quarter of 2019 with a Net Employment Outlook of +12%, the strongest forecast in the sector in eight years. This is an increase of 4 percentage points over the previous quarter and 3 percentage point improvement compared to the fourth quarter of 2018.

“The healthcare and nursing sectors are now desperately seeking skilled workers. Pre-school teachers for the expansion of kindergartens are also in demand. In these areas, employers are in competition for qualified employees,” says Scholte.

## **Regional comparison: Strong labor market in the South but weak hiring pace in Munich**

After the most optimistic outlook of all the regions at the beginning of 2019, the Bavarian state capital of Munich reports a slightly pessimistic outlook of -1% for Q4,, the weakest and first negative forecast in more than nine years. It stands 13 percentage points below both the previous quarter and the previous year's outlook. The south of Germany, on the other hand, is not affected by the downward trend in Munich and has the strongest result of all regions., with an Outlook of +12%, 6 percentage points higher than in the previous quarter and 4 percentage points higher than in the previous year.

“With its strong medium-sized companies, the South is splitting from the economy of the Bavarian state capital, for which several global corporations are of great importance,” says Scholte. “Furthermore, employers in Munich are confronted with another reality that sometimes puts the dampers on their personnel planning: skilled workers are often not found or do not wish to move to Munich because the cost of living is high and apartments are virtually unaffordable.”

In Germany's banking metropolis Frankfurt am Main, the moderate Net Employment Outlook of +4% is a four percentage points lower than the previous quarter and a 7 percentage point decline compared to the same period last year. Following losses in the previous quarter, Berlin is once again demonstrating a fairly stable outlook at +9%, an increase of 2 percentage points compared to the third quarter of 2019. A total of 17% of Berlin-based companies are planning to hire new employees – more than in any other region.

The Ruhr Valley region gained one percentage point compared to the third quarter of 2019 and stands at +7% for Q4, despite losing 5 percentage points compared to the same quarter of the previous year. The North is down 4 percentage points on the previous quarter and has an Net Employment Outlook of +1%, the weakest region in the Employment Outlook Survey. The East regional Outlook increased slightly compared to the previous quarter and now stands at +7%, and employers in the West see greater improvements with an Outlook of +9%, a 7 percentage point increase over last quarter.

## **Global Outlook**

Globally, employers' hiring plans remain largely positive with employers in 43 out of 44 countries and territories expecting to increase their workforces in the fourth quarter of 2019.

The Outlook for the coming quarter has declined compared to the previous quarter in 23 countries and territories, increased in 15 and remains unchanged in 6. Employers in Japan, Taiwan, the USA, India and Greece have the strongest plans to recruit in the fourth quarter of 2019, while employers in Spain, the Czech Republic, Argentina, Costa Rica and Switzerland have the weakest plans to hire new workers.

Job seekers in 25 of the 26 EMEA (Europe, the Middle East and Africa) countries surveyed can expect to benefit from positive hiring opportunities during the upcoming quarter, according to employers in the region. When compared with 3Q 2019, hiring plans improve in 10 countries but weaken in 10. In a year-over-year comparison, Outlooks improve in eight countries, but decline in 14. The strongest hiring prospects in the region are reported by employers in Greece and Slovenia, while the weakest hiring pace is expected in Spain, the Czech Republic and Switzerland.

# Press Release



With an Outlook of +5%, employers in the United Kingdom remain cautiously optimistic despite uncertainties caused by Brexit.. This is an increase of 2 percentage points over the previous quarter. Since the beginning of 2013, the Outlook for the United Kingdom has been in the range of +4% to +7% without any major fluctuations.

You can find more detailed results from the ManpowerGroup Employment Outlook Survey for all participating countries including infographics here:

<https://www.manpowergroup.de/neuigkeiten/studien-und-research/arbeitsmarktbarometer/>

## Background information

The ManpowerGroup Employment Outlook Survey is the longest-running, most extensive, forward-looking employment survey in the world, commencing in 1962 and now polling nearly 59.000 employers in 44 countries and territories to measure their intentions to increase or decrease the number of employees in their workforce during the next quarter. The survey serves as a bellwether of labor 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 the health of labor markets.

You can find more information about the Manpower Employment Outlook Survey at <https://www.manpowergroup.de/neuigkeiten/studien-und-research/arbeitsmarktbarometer/>.

## 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, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup is powering the future of work: <http://www.manpowergroup.de>.

# Press Release



\* The Net Employment Outlook is derived by taking the percentage of employers anticipating total employment to increase and subtracting from this the percentage expecting to see a decrease in employment at their location in the next quarter. The result of this calculation is the Net Employment Outlook

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## **Press Contact**

Faktenkontor GmbH

Clemens Hoh / Christine Probst

Wiesenhüttenplatz 26

60329 Frankfurt am Main

Tel.: +49 69 2474980-20

E-mail: [manpower@faktenkontor.de](mailto:manpower@faktenkontor.de)