



ManpowerGroup™

ManpowerGroup Employment Outlook Survey Q3 2018

Under Embargo until 00:01 GMT, 12 June 2018

South African Employers Report Reserved Hiring Intentions for Q3 2018

Opportunities for job seekers are expected to be strongest in the Transport, Storage & Communication sector and weakest within the Construction sector.

Provincially, employers in the KwaZulu-Natal report the strongest hiring intentions for the third quarter of the year, while employers within Gauteng report the weakest hiring intentions.

Johannesburg, 12 June 2018 – **South African employers report modest hiring intentions for the July-September time frame. While 12% of employers expect to increase staffing levels, 8% anticipate a decrease and 80% forecast no change.**

Once the data is adjusted to allow for seasonal variation, the Outlook stands at +6%, declining by 2 percentage points when compared with the previous quarter, but improving by 2 percentage points in comparison with the third quarter of 2017.

Lyndy van den Barselaar, Managing Director of ManpowerGroup SA, provides insights into why South African employers are reporting reserved hiring intentions for the July to September time frame: “While business and consumer confidence seems to have improved in recent months, the country’s economy is still weighed down by measured growth and some uncertainty around new policies being introduced in the country. This can translate into employers being cautious about hiring and spending-related activity, which is reflected in 80% of responding companies expecting to make no change in their hiring strategies in the upcoming quarter of the year,” she says.

Regional Comparisons

Employers in all five regions expect to grow payrolls during 3Q 2018. The strongest hiring prospects are reported in Kwazulu Natal, where the Net Employment Outlook is +11%. Elsewhere, moderate hiring activity is forecast in Free State, with an Outlook of +7%, and in Eastern Cape, where the



ManpowerGroup™

Outlook is +5%. Employers report cautious hiring plans in Western Cape and Gauteng, with Outlooks of +4% and +3%, respectively.

“The province of KwaZulu-Natal is taking a keen focus on its tourism industry, currently having several key tourism projects that are expected to boost the economy and create employment. These projects include Durban Film City, the four and five star Port Durnford Resort south of Durban, the St Lucia Eco-Hotel and the KwaMbonambi Hotel on the North Coast – these kinds of projects are aimed at driving tourism to the province, which could then create employment across a number of related sectors,” explains van den Barselaar.

It has been reported that in the city of Durban alone, tourism infrastructure projects worth more than R50-billion have been planned. These include major renovations to the Point Waterfront, upgrades to the Warwick precinct, and the Centrum government precinct development, which includes extensions to the Inkosi Albert Luthuli International Convention Centre. “What is surprising, is the fact that further employment from these projects have not been reflected in the forecast for the construction sector, in the coming quarter,” explains van den Barselaar.

When compared with the second quarter of 2018, hiring prospects decline by 7 percentage points in Gauteng, and are 6 percentage points weaker in Western Cape. However, employers report an improvement of 5 percentage points in Free State. Elsewhere, Outlooks remain relatively stable in both Eastern Cape and Kwazulu Natal.

In comparison with this time one year ago, employers in three of the five regions report improved hiring prospects. An increase of 8 percentage points is reported in Free State, while Outlooks are 5 percentage points stronger in both Eastern Cape and Kwazulu Natal. Meanwhile, hiring plans decline by 3 and 2 percentage points in Western Cape and Gauteng, respectively.

Sector Comparisons

Payrolls are expected to increase in nine of the 10 industry sectors during 3Q 2018. The strongest hiring intentions are reported for the Transport, Storage & Communication sector, where the Net Employment Outlook stands at +20%. Steady job gains are forecast for the Electricity, Gas & Water sector, with an Outlook of +14%, while Finance, Insurance, Real Estate & Business Services sector employers expect a fair hiring climate, reporting an Outlook of +9%. Elsewhere, a moderate hiring pace is anticipated for the Restaurants & Hotels sector, with an Outlook of +7%, and in both the Agriculture, Hunting, Forestry & Fishing sector and the Public & Social sector, where Outlooks stand at +5%.



ManpowerGroup™

However, Construction sector employers forecast a struggling labour market, reporting an Outlook of -5%.

“The expected growth in the Transport, Storage and Communication sector could be aligned to many factors, including investor focus on South Africa’s communications and transport infrastructures,” says van den Barselaar.

“South Africa’s operating systems need to be improved if the country is to keep up with expected growth of the online space – especially in e-commerce. For example, eshopworld.com’s research shows that South African e-commerce will attract 24.79 million shoppers by 2021.

“In terms of transport, there is an existing focus on the modernising of South Africa’s passenger rail network, which may be expected to create employment in the medium to long term,” she adds.

Employers in seven of the 10 industry sectors report weaker hiring plans when compared with the previous quarter. The most noteworthy decreases of 9 and 8 percentage points are reported in the Manufacturing sector and the Construction sector, respectively, while the Outlook for the Finance, Insurance, Real Estate & Business Services sector is 6 percentage points weaker. Elsewhere, hiring intentions strengthen in three sectors, with considerable improvements reported for two – the Electricity, Gas & Water sector and the Transport, Storage & Communication sector – where Outlooks increase by 17 and 10 percentage points, respectively.

When compared with the third quarter of 2017, Outlooks strengthen in six of the 10 industry sectors. Transport, Storage & Communication sector employers report the most notable increase of 18 percentage points. Elsewhere, Outlooks improve by 6 percentage points in the Agriculture, Hunting, Forestry & Fishing sector, and by 5 percentage points in the Electricity, Gas & Water sector. However, hiring prospects weaken in four sectors, including the Construction sector, where employers report a considerable decline of 11 percentage points, and the Wholesale & Retail Trade sector, with a decrease of 4 percentage points.

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.



ManpowerGroup™

Employers in all four organisation size categories forecast an increase in staffing levels during the next three months.

The strongest hiring pace is anticipated by Large employers who report a Net Employment Outlook of +17%. Elsewhere, Medium employers expect some payroll gains with an Outlook of +5%, while Outlooks of +3% and +2% are reported by Small- and Micro-size employers, respectively.

Medium employers report a moderate decline of 5 percentage points when compared with the previous quarter, and the Outlook for Small firms is 2 percentage points weaker. Meanwhile, hiring prospects remain relatively stable for Micro- and Large-size employers.

In comparison with the third quarter of 2017, Small employers report an improvement of 5 percentage points, and the Outlook for Medium firms is 2 percentage points stronger. However, Large- and Micro-size employers report weaker Outlooks, declining by 3 and 2 percentage points, respectively.

Globally, the strongest third-quarter hiring plans are reported in Japan, Croatia, Taiwan, Hungary and the United States. The weakest forecasts are reported in Italy, Panama and Spain. Third-quarter results indicate that, despite an uncertain geopolitical outlook, employer confidence remains mostly resilient across the globe. Payrolls are expected to grow by varying degrees in all countries and territories with the exception of Italy where the Outlook is negative for the second consecutive quarter. A clear majority of employers polled indicate they will maintain or add to their workforces, and only a fraction plan to reduce payrolls. Examples of notable optimism include Finland where the Outlook is the strongest reported since the country started the survey nearly six years ago, and in China where employers report their most optimistic hiring plans in three years. Conversely, the forecast in Panama is the weakest reported since the survey was launched in 2010. And New Zealand's forecast is the least optimistic reported since 2009.

When compared to the prior quarter's results, forecasts improve in 19 countries and territories, decline in 18 and remain unchanged in seven. A more favourable pattern emerges when forecasts are compared with last year at this time as hiring intentions improve in 24 countries, decline in only 12 and remain unchanged in seven.

ENDS

The next ManpowerGroup Employment Outlook Survey will be released on 11 September 2018 to report hiring expectations for the last quarter of 2018. The ManpowerGroup Employment Outlook Survey is available free of charge to



ManpowerGroup™

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 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 50 years and is one of the most trusted surveys of employment activity in the world. Various factors underpin the success of the Manpower 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 nearly 60,000 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 55 years the survey has derived all of its information from a single question:

For the 3Q 2018 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 2018 as compared to the current quarter?"

Methodology

The ManpowerGroup 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 +/- 3.9%.

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 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 organisations 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 organisations every year, providing them with skilled talent while finding meaningful, sustainable employment for millions of people across a wide range of



ManpowerGroup™

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 70 years. In 2018, ManpowerGroup was named one of the World's Most Ethical Companies for the ninth year and one of Fortune's Most Admired Companies for the sixteenth year, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup is powering the future of work: www.manpowergroup.com