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ManpowerGroup Employment Outlook Survey Q2 2017

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South African Employers Report Cautiously Optimistic Hiring Intentions for Q1 2017

Opportunities for job seekers are expected to be strongest in the TRANSPORT, STORAGE & COMMUNICATIONS sector; and weakest within the MINING & QUARRYING sector. Provincially, employers in the Western Cape report the strongest hiring intentions for the second quarter of the year, while employers within Gauteng report the weakest hiring intentions.

Johannesburg, 14 March 2017 – South African employers report conservative hiring intentions for the coming quarter. Of the 751 employers who participated in the survey, 12% expect to increase staffing levels, 5% forecast a decrease and 81% anticipate no change. Once the data has been seasonally adjusted, the resulting Net Employment Outlook is +7%. Hiring prospects are unchanged quarter-over-quarter and improve by 2 percentage points year-over-year.

Lyndy van den Barselaar, Managing Director of Manpower SA, provides insights into why South African employers are reporting cautiously optimistic hiring intentions for the April to June time frame: “As global economic uncertainty continues, many businesses will be more cautious about increasing staffing levels. The majority of local employers said they anticipated no change in their staffing levels for the upcoming quarter, which is a reflection of this economic uncertainty translating into the local employment market,” she says.

Regional Comparisons

Workforce gains are anticipated in all five regions during 2Q 2017. The strongest labour market is forecast in Western Cape, where employers report a Net Employment Outlook of +14%. Elsewhere, employers report cautiously optimistic Outlooks of +9% in both Free State and KwaZulu Natal, while Outlooks stand at +6% and +4% in Eastern Cape and Gauteng, respectively.

“The Western Capes economy is dominated by the City of Cape Town, which is an extremely popular tourist destination for local and international holiday makers. There is a strong push for development in the tourism sector, as was seen by government’s R100-million investment into building the Plettenberg Bay Airport road, the proposed completion of the N1 road coming into Cape Town, the R832 million expansion currently underway at the Cape Town International Convention Centre, the building of the new Zeiss Museum of Contemporary Arts Africa at the V&A Waterfront, as well as the expansion and refurbishments of various new hotels in the city. The tourism sector is the largest employer in the region, employing more than 4000 people with the prospects of more jobs created as the sector continues to grow. This could definitely be a contributing factor to the positive employment outlook in the region,” explains van den Barselaar.

“While Gauteng remains the economic hub of South Africa, employers in the province have registered a conservative outlook of +4% for the second consecutive quarter. Initiatives around economic transformation by the Gauteng provincial government are aimed at stimulating key aspects of the market, which will create opportunities for further employment in the province in the coming quarters. These initiatives are focused on encouraging local manufacturing of goods, support for black-owned firms, and unlocking employment opportunities for all people across the province; as reported in the State of the Province address last month.”



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Quarter-over-quarter, hiring intentions are 4 percentage points stronger in KwaZulu Natal and improve by 2 percentage points in Free State.

Elsewhere, hiring prospects remain relatively stable in Eastern Cape and Western Cape, while Gauteng employers report no change.

Hiring plans improve by 9 percentage points in Free State and Western Cape when compared with the second quarter of 2016, while a slight increase of 2 percentage points is reported in KwaZulu Natal. However, Gauteng employers report a year-over-year decline of 2 percentage points.

Sector Comparisons

Employers in all 10 industry sectors forecast an increase in payrolls during the upcoming quarter. Transport, Storage & Communication sector employers report the strongest hiring intentions with a Net Employment Outlook of +15%, while Outlooks stand at +11% in both the Agriculture, Hunting, Forestry & Fishing sector and the Finance, Insurance, Real Estate & Business Services sector. Employers in the Wholesale & Retail Trade sector report cautiously optimistic hiring plans with an Outlook of +10%, while Outlooks of +9% are reported in both the Electricity, Gas & Water Supply sector and the Restaurants & Hotels sector. Meanwhile, the most cautious Outlook of +1% is reported by Mining & Quarrying sector employers.

“The current push for investment into improving existing and also building new infrastructure, especially that of roads, is a contributing factor to the expected growth in hiring in the Transport, Storage & Communication sector. Another possible contributing factor is the increase in service providers providing last mile Fibre to the Home (FTTH) and Fibre to the Business (FTTB), to support the growth of South Africa’s digital transformation and economy at large,” explains van den Barselaar.

Hiring prospects improve in six of the 10 industry sectors when compared with the previous quarter. The most noteworthy increase of 10 percentage points is reported by Transport, Storage & Communication sector employers, while Outlooks are 6 and 5 percentage points stronger for the Construction sector and the Wholesale & Retail Trade sector, respectively. However, hiring plans weaken in four sectors, including the Restaurants & Hotels sector with a decrease of 5 percentage points and the Electricity, Gas & Water Supply sector, where employers report a decline of 4 percentage points.

Year-over-year, Outlooks strengthen in five of the 10 industry sectors, most notably by 13 percentage points in the Agriculture, Hunting, Forestry & Fishing sector. Elsewhere, increases of 12 and 9 percentage points are reported in the Transport, Storage & Communication sector and the Wholesale & Retail Trade sector, respectively. Meanwhile, hiring prospects weaken in three sectors, including the Construction sector and the Mining & Quarrying sector, where employers report decreases of 4 percentage points.

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.

Staffing levels are expected to grow in all four organization size categories during 2Q 2017. Large employers report upbeat hiring prospects with a Net Employment Outlook of +18%, while Outlooks stand at +8% and +6% for Medium- and Micro-size employers, respectively. The most cautious Outlook of +3% is reported by Small employers.

Quarter-over-quarter, Micro employers report an improvement of 5 percentage points, but the Outlook for Small firms is 3 percentage points weaker. Elsewhere, Large employers report no change and the Outlook for Medium employers remains relatively stable.



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When compared with this time a year ago, Outlooks improve by 6 percentage points for Micro employers and by 5 percentage points for Large employers, while Medium employers report an increase of 2 percentage points. Meanwhile, Small employers report relatively stable hiring plans.

Globally, second-quarter hiring confidence is strongest in Taiwan, Japan, Slovenia and India. The weakest forecasts are reported in Brazil, Italy, Belgium and Switzerland. Hiring plans improve in 17 of 43 countries and territories when compared quarter-over-quarter, decline in 15, and are unchanged in 11. The year-over-year trend reveals a more pronounced uptick with Outlooks strengthening in 25 countries and territories, weakening in 14, and remaining unchanged in three.

ENDS

The next ManpowerGroup Employment Outlook Survey will be released on 13 June 2017 to report hiring expectations for the third quarter of 2017. 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>.

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 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 58,000 public and private employers across 43 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 2Q 2017 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 June 2017 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



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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 Portuguese data 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) is the world's workforce expert, creating innovative workforce solutions for nearly 70 years. As workforce experts, we connect more than 600,000 people 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.