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ManpowerGroup Employment Outlook Survey

Under Embargo until 00:01 GMT, 10 September 2019

South African Employers Report Reserved Hiring Intentions for Q4 2019

- **Opportunities for job seekers are expected to be strongest in the Finance, Insurance, Real Estate & Business Services sector and weakest within the Transport, Storage & Communications sector.**
- **Provincially, employers in the Eastern Cape report the strongest hiring intentions for the third quarter of the year, while employers within Gauteng report the weakest hiring intentions.**

Johannesburg, 10 September 2019 – According to the latest ManpowerGroup Employment Outlook Survey, South African employers report soft hiring intentions for the last quarter of the year. While 10% of employers anticipate an increase in payrolls, 6% expect a decrease and 82% forecast no change. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +4%. Hiring prospects are unchanged when compared with the previous quarter but decline by 2 percentage points in comparison with this time one year ago.

“As we move into the last quarter of 2019, South Africa’s economy continues to be weighed down by factors such as slow economic growth, policy uncertainty and a high unemployment rate. This can translate into businesses exercising caution around hiring and spending-related activity, which is reflected in 82% of responding companies expecting to make no change in their hiring strategies during the October to December timeframe,” says Lyndy van den Barselaar, Managing Director of ManpowerGroup SA.

Regional Comparisons

Employers expect to add to payrolls in all five regions during the upcoming quarter. Eastern Cape employers forecast the strongest labour market, reporting a Net Employment Outlook of +7%, while Outlooks of +6% and +5% are reported in Kwazulu Natal and Free State, respectively. Elsewhere, employers expect limited job gains, reporting Outlooks of +3% in Western Cape and +2% in Gauteng.

“There are currently initiatives taking place in the Eastern Cape that are focused on development of the region and that are well placed to create employment. For example, the Coega Development Corporation, operator of the Coega Special Economic Zone in Nelson Mandela Bay, recently announced that it had secured an additional 18 investors during the 2018/19 financial year. The funds are aimed at development in the region, looking at several projects including an aquaculture



development zone, a copper smelting plant, and a heavy engineering plant for the railway sector. Initiatives such as these could be positive for job creation in the region, in both the short and long term,” explains van den Barselaar.

Moderately stronger hiring intentions are reported for Eastern Cape and Free State when compared with the previous quarter, with Outlooks improving by 7 and 6 percentage points, respectively. However, Gauteng employers report a decline of 4 percentage points and the Western Cape Outlook is 3 percentage points weaker.

In comparison with the final quarter of 2018, hiring prospects weaken in three of the five regions. Decreases of 7 percentage points are reported in both Gauteng and Kwazulu Natal, while the Western Cape Outlook declines by 6 percentage points. However, Eastern Cape employers report a considerable improvement of 14 percentage points and the Free State Outlook is 6 percentage points stronger.

Sector Comparisons

Employers expect workforce gains in seven of the 10 industry sectors during the final quarter of 2019. Finance, Insurance, Real Estate & Business Services sector employers expect the strongest hiring pace, reporting a Net Employment Outlook of +12%. Elsewhere, moderate job gains are forecast in the Public & Social sector and the Restaurants & Hotels sector, with Outlooks of +8% and +7%, respectively, while Outlooks of +5% are reported in both the Agriculture, Hunting, Forestry & Fishing sector and the Manufacturing sector. However, employers in three sectors expect to trim payrolls, most notably the Construction sector and the Transport, Storage & Communications sector where Outlooks stand at -3%.

“In the midst of slow economic growth and uncertainty, individuals and businesses will often look to the financial, insurance and business sectors for solutions on how best to invest and manage their money and their assets – which could be positive for growth in these sectors,” notes van den Barselaar.

Hiring intentions weaken in five of the 10 industry sectors when compared with the previous quarter. Transport, Storage & Communications sector employers report the most noteworthy decline of 7 percentage points, while Outlooks decrease by 4 and 3 percentage points in the Electricity, Gas & Water sector and the Mining & Quarrying sector, respectively. Meanwhile, Outlooks improve in four sectors, most notably by 5 percentage points in the Construction sector.

In a comparison with the final quarter of 2018, hiring prospects strengthen in five of the 10 industry sectors, including the Finance, Insurance, Real Estate & Business Services sector with an increase of 6 percentage points. Elsewhere, Outlooks are 4 percentage points stronger in both the Manufacturing sector and the Public & Social sector. However, hiring plans also weaken in five sectors. Employers in both the Transport, Storage & Communications sector and the Wholesale & Retail Trade



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sector report considerable declines of 14 percentage points, while the Agriculture, Hunting, Forestry & Fishing sector Outlook is 12 percentage points weaker.

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.

An increase in payrolls is anticipated for three of the four organisation size categories during the upcoming quarter. Large employers forecast steady job gains, reporting a Net Employment Outlook of +14%, while Outlooks of +4% are reported in both the Micro- and Medium-size categories. Meanwhile, Small employers expect a flat labour market, reporting an Outlook of 0%.

Slightly stronger hiring plans are reported by Micro- and Small-size employers when compared with the previous quarter, increasing by 3 and 2 percentage points, respectively. Elsewhere, Medium employers report relatively stable hiring intentions, but the Outlook for Large firms declines by a considerable margin of 12 percentage points.

In a year-over-year comparison, Large employers report a considerable decrease of 9 percentage points, while Outlooks are 4 and 2 percentage points weaker for Small- and Medium-size employers, respectively. However, hiring plans remain relatively stable in the Micro size category.

Global Results

Globally, the ManpowerGroup research for the final quarter of 2019 reveals that employers expect to grow payrolls in 43 of 44 countries and territories surveyed, with employers in one country forecasting no change to hiring intentions. The strongest hiring prospects are reported in Japan, Taiwan, the U.S., India and Greece; while the weakest hiring activity is expected in Spain, the Czech Republic, Argentina, Costa Rica and Switzerland.

In a comparison with the previous quarter, employers in 15 of 44 countries and territories report stronger hiring intentions, while employers in 23 expect a weaker hiring pace, with no reported change in six. When compared with the fourth quarter of 2018, hiring plans also strengthen in 15 countries and territories, decline in 23 and are unchanged in six.

The next ManpowerGroup Employment Outlook Survey will be released on 10 December 2019 to report hiring expectations for the first quarter of 2020. Full results can be found at the following link: www.manpowergroup.com/meos

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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 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: www.manpowergroup.com

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