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Third-Quarter Manpower Employment Outlook Survey Reveals:

**Chinese employers' hiring intentions grow slightly more conservative in 3Q  
2016**

As a result of industrial restructuring and the pressure of economic slowdown, Chinese employers' hiring confidence declines slightly.

- *Chinese employers hiring plans show some limited signs of expected payroll growth during July-September period, with 3% of employers expecting to increase staffing levels, and 1% forecasting a decrease. Once the data is adjusted to remove seasonal variations, Mainland China's Net Employment Outlook stands at +2%, Hiring prospects dip by 2 and 12 percentage points from 2Q 2016 and 3Q 2015, respectively.*
- *Only the Finance, Insurance & Real Estate industry outlook points to a slumping hiring pace in the third quarter. Staffing levels are expected to grow by slightly varying amounts in other five industry sectors and all nine regions during 3Q 2016. Employers in the Services sector report the most respectable hiring intentions, the resulting Net Employment Outlook stands at +4%.*
- *Employers in Guangzhou report the most positive regional hiring intentions with an Outlook of +4% for 3Q 2016.*
- *Employers in China's Large-size organizations forecast the strongest labor market in the forthcoming quarter, with an Outlook of +7%, while the Outlook for Micro-size organizations is the most conservative for fourth consecutive quarter.*
- *Employers in India, Japan, Taiwan, Guatemala, Romania and the United States report the most optimistic third-quarter hiring plans internationally.*

**14 June 2016 [Shanghai, China]**

The third quarter 2016 Manpower Employment Outlook Survey report released by ManpowerGroup, the world leader in innovative workforce solutions, reveals the overall hiring mood across China is cautious but still positive; some job gains are predicted in five of six industry sectors and all nine regions during the forthcoming quarter, but the employers' hiring confidences report the weakest forecast since the survey started in 2Q 2005. China's Net Employment Outlook<sup>2</sup> of +2% (seasonally adjusted<sup>1</sup>) is 2 percentage points weaker quarter-over-quarter, and 12 percentage points weaker year-over-year.

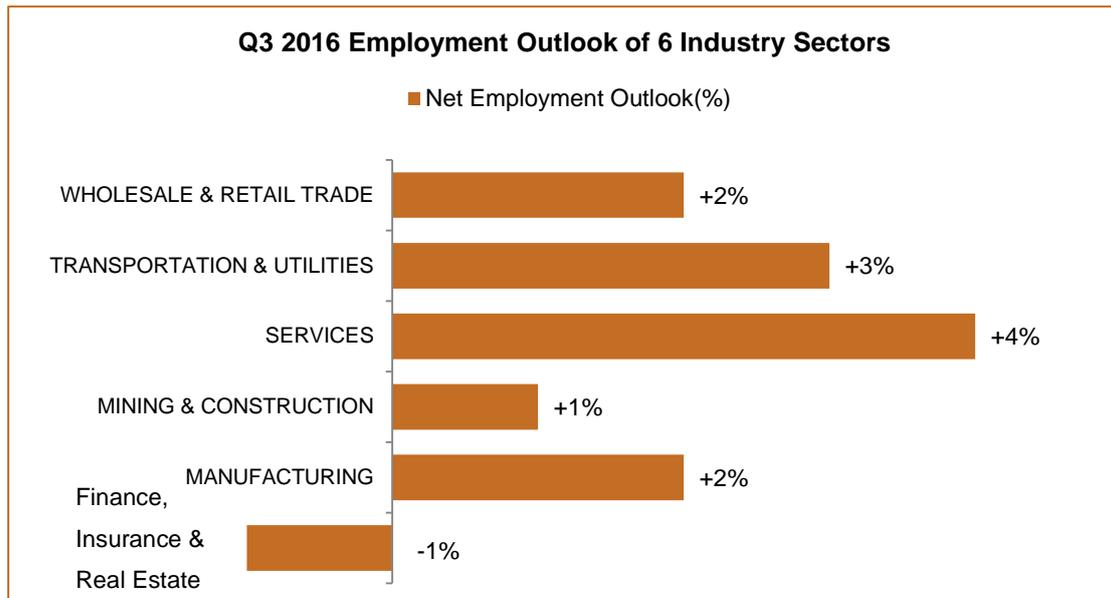
“The third-quarter results indicate that hiring confidence among Chinese employers is slightly weaker quarter-over-quarter,” said Mr. Zhang Jinrong, Vice President, ManpowerGroup Greater China and President of ManpowerGroup China. “The Chinese labor market has been seriously influenced by increasing economic downward pressure and continuous industrial restructuring, at the same time, the government is implementing policies to scale back production in industries that are at overcapacity, and this is expected to create a rise in the unemployment rate. In regard to announcement by the NPC & CPPCC Annual Sessions 2016, the Chinese government is committed to accelerate environmental improvements between 2016 and 2020, which is expected to have some beneficial effects on the unemployment rate, and help optimize the reorganization of human resources.”

ManpowerGroup interviewed 4,228 employers in mainland China to measure labor market activity from July to September 2016. The survey reveals that 3 percent of Chinese employers expect to increase their staffing levels, as well as 1 percentage decreasing on the number of employees. According to the research indicates that 41 percent of Chinese employers are not expecting changes on the current workforces within next quarter, and which is 2 percentage points weaker than the previous quarter and slightly decreased in comparison.

### **Employers in Services report the strongest hiring intentions in third quarter 2016**

Except in the Finance, Insurance & Real Estate industry sector, staffing levels are expected to grow by varying degrees in other five industry sectors during 3Q 2016, according to employers.

Employers in the Services sector expect the strongest third-quarter hiring pace, with Net Employment outlook stands at +4%. The Outlook in the Services sector is 2 percentage points weaker quarter-over-quarter and considerable decreases 12 percentage points year-over-year. Meanwhile, a moderate hiring intention is reported in the Transportation & Utilities sector. But the forecast in the Transportation & Utilities sector declines 13 percentage points year-over-year. Employers in the Manufacturing sector, the Mining & Construction sector and the Wholesale & Retail Trade sector all anticipate a mild hiring pace, and report Outlooks of +2%, +1% and +2%, respectively. The Outlook in the Finance, Insurance & Real Estate sector stands at -1% and weakens 5 percentage points compared to last quarter.



Source: Manpower Employment Outlook Survey

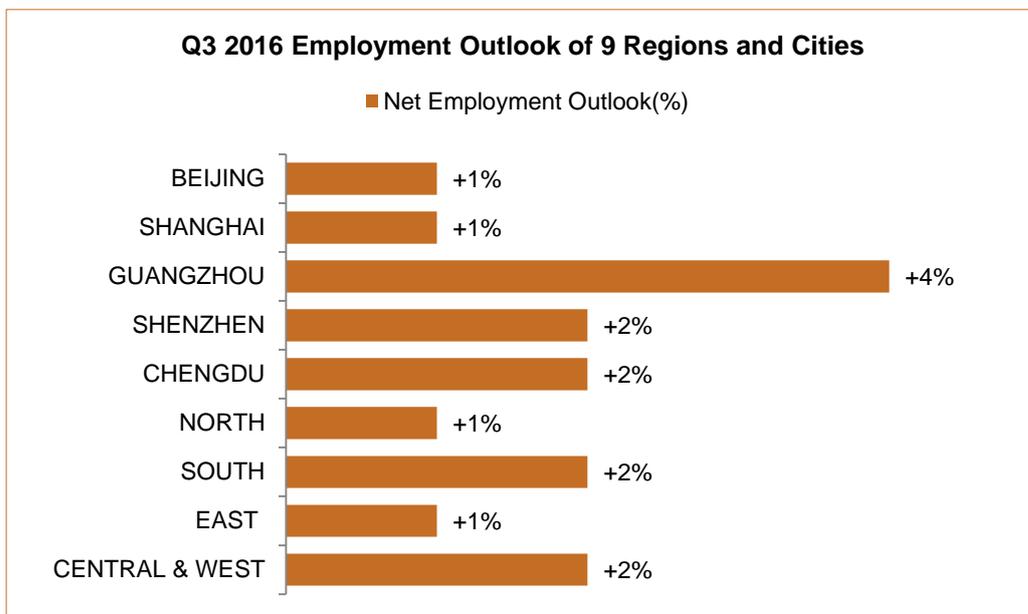
“The hiring pace in five of six industry sectors is relatively modest when compared with the second-quarter,” mentioned Mr. Zhang Jinrong. “The Chinese government encouraged foreign investment through lower entry barriers, simplified procedures for start-up businesses in China and reformed the business tax system to create a fair market environment for foreign investors. According to Ministry data, foreign direct investment in China increased 6.4 percent and accounted for \$126.27 billion year-on-year, also foreign investment in the service industry rose by 17.3 percent, accounting for 61.1 percent of flow. This can help strengthen employer confidence in the services sector as they anticipate the government will further open its manufacturing and service sectors to foreign investors, which is also an optimistic sign for employers in manufacturing industry.”

“The overall employers’ confidence is cautiously optimistic, yet significant downturns are evident in the finance, insurance & real estate sector where employers report the weakest hiring plans in all six industry sectors,” noted Mr. Zhang Jinrong. “The finance sector has been significantly influenced by uncertain economic environment, and hiring intentions weaken considerably which is partly caused by the employment structure optimization and the development of internet innovation, a number of banking grass-roots employees recently have been replaced by online banking services, while due to the government regulations on the finance sector, most of the financial institutions have reduced their staffing levels.”

### **Employers in Guangzhou reports the strongest regional hiring intentions among Mainland China’s nine regions and cities<sup>3</sup>**

Employers in all nine regions and cities forecast workforce gains during the next three months. Despite employers in all nine regions and cities report slightly weaker hiring intentions in quarter-over-quarter

comparisons. Among the regions, employers in Beijing, Shanghai, the North and the East all anticipate cautious hiring intentions in the next three months, while employers in other regions report moderate hiring intentions quarter-over-quarter. As for cities, the strongest labor market is anticipated in Guangzhou, where Outlooks stand at +4%. Additionally, hiring intentions in Shenzhen, Chengdu, the South and the Central & West are all cautiously optimistic, and employers report Outlooks of +2%.



Source: Manpower Employment Outlook Survey

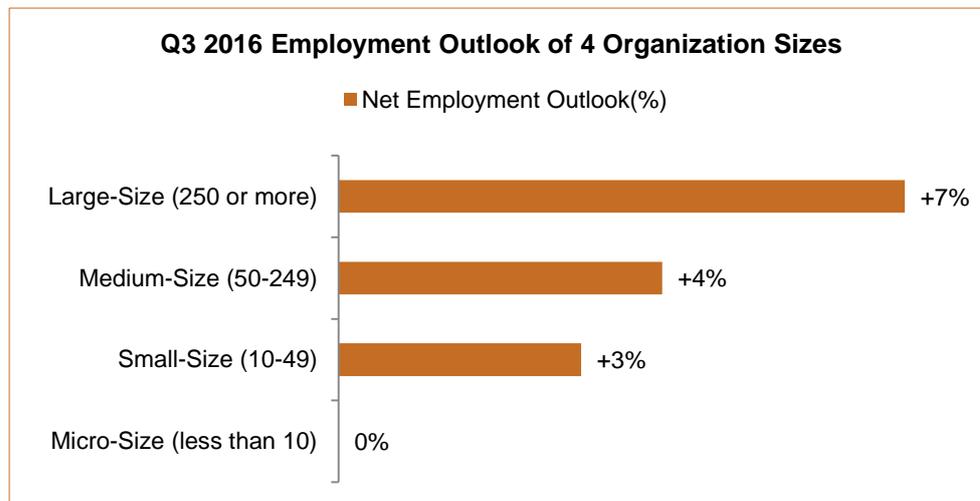
“As the 13<sup>th</sup> Five-plan, the Guangzhou government aims to create an international science and technology innovation hub city by stimulating high-tech enterprises. The effort will encourage startups and other local companies to innovate their businesses, and help build business strategic alliances between domestic enterprises and overseas organizations.” commented Mr. Zhang Jinrong, “In order to balance between swelling population and scarce urban resources, the Guangzhou government is committed to regulate the urban populations through reforming the household registration policies, and the policy is also intended to help senior-level staff and technically skilled talent immigrate into the city.”

**Employers in Large-size Businesses<sup>4</sup> forecast the most upbeat hiring intentions in third quarter 2016**

Staffing levels are expected to grow by varying degrees in three organization sizes except micro-size business during 3Q 2016, according to employers.

Large employers report the strongest hiring intentions, with an Outlook of +7%. The Outlook slightly decreases by 4 percentage points quarter-over-quarter but is 20 percentage points weaker year-over-year. Elsewhere, a mild hiring pace is reported in medium and small businesses, with

employers reporting the Outlook of +4% and +3%, respectively. Meanwhile, Micro employers still anticipate a flat labor market in 3Q 2016, reporting an Outlook of 0%.



Source: Manpower Employment Outlook Survey

“Quarter-over-quarter, the strongest hiring plans are reported by employers in large-size organizations. However, the outlooks of all four different sized organizations continue to decline since the measurement was first included in the survey in Q1 2011. This is a trajectory aligned with much of what we observed among China’s Net Employment outlook in general during this same time period,” addressed Mr. Jinrong Zhang,

“Additionally, in order to create a fair market environment, the central government is committed to reform the country’s taxation system. The program will involve at least 10 million companies. Meanwhile, the reform measures will alleviate the tax burden on enterprises by more than RMB 500 billion, and large companies engaged in the enterprise are expected to benefit from the reform. Conversely, small- and medium-size employers are reporting increasingly conservative hiring prospects, consistent with increasing uncertainty in the labor market”, added Mr. Jinrong.

### **Globally, strongest hiring intentions reported in India, Japan, Taiwan, Guatemala, Romania and the United States.**

A total of 58,903 employers in 43 countries and territories surveyed by ManpowerGroup were interviewed to measure employer hiring intentions for the third quarter of 2016. Portugal joins the survey for the first time this Quarter.

Globally, based on seasonally adjusted survey data\*, employers expect to grow staffing levels in 40 of the 43 countries and territories during the July-September period. Quarter-over-quarter, hiring intentions strengthen in 14 of the 42 countries and territories where data is available\*\*. Meanwhile, Outlooks

decline in 21 countries and territories compared with the previous quarter and are unchanged in seven. When compared with 3Q 2015, Outlooks improve in 13 countries and territories but decline in 24 while remain unchanged in five. Employers report the most optimistic hiring intentions in India, Japan, Taiwan, Guatemala, Romania and the US, while the weakest hiring prospects are reported in Brazil, Italy and Switzerland. Significant upturns in overall employer confidence are few, and some declining trajectories reported previously—most notably in Brazil and China—continue unabated. Overall, a number of employers also indicate that overall payroll growth is likely to proceed at a more conservative pace than in the prior quarter or last year at this time.

Employers forecast job gains in all eight Asia Pacific countries and territories during the next three months. However, hiring prospects weaken in five countries/territories when compared with 2Q 2016. Year-over-year, Outlooks also decline in five countries/territories. Indian employers report the strongest regional and global hiring intentions for the fourth consecutive quarter, while the weakest regional labor market is expected in China.

Payrolls are expected to increase in nine of the ten Americas countries during 3Q 2016.

Quarter-over-quarter, the Net Employment Outlook weakens in nine countries and is unchanged in the tenth. When compared with 3Q 2015, hiring prospects improve in two countries but weaken in seven. Employers in Guatemala and the US report the most optimistic hiring prospects in the region, while the weakest and only negative hiring activity is expected in Brazil.

An increase in staffing levels is anticipated in 23 of the 25 countries in the EMEA region during 3Q 2016, while employers in two countries forecast flat hiring activity. When compared with the previous quarter, Outlooks improve in 12 of the 24 countries where data is available \*\*, but decline in seven. When compared with 3Q 2015, hiring prospects strengthen in 10 countries but decline in 12. Romanian employers report the strongest hiring intentions, while the weakest Outlooks are reported in Italy and Switzerland. For the first quarter in eight years no EMEA country is reporting a negative Outlook.

\* Data is not seasonally adjusted for Finland and Portugal

\*\* Portugal is new to the survey and has no trend data at this point

The Manpower Employment Outlook Survey is available free of charge to the public through <http://cn.manpowergroup.com/employmentOutlookSurvey.html> In addition, results for all 43 countries can be viewed in the new interactive [Manpower Employment Outlook Survey Explorer tool](#). The next Manpower Employment Outlook Survey will be released on 13 September 2016 to report hiring expectations for the fourth quarter of 2016.

#### **Note To Editor**

1. Seasonally adjusted data is a statistical process that allows us to present the survey data without the effect of fluctuations that normally occur through the course of the year, as a result of seasonal events such as changes in weather, public holidays, etc. Removal of the seasonal effect gives us the ability to observe the current labor market trends more meaningfully. All industry sector data reported above is seasonally adjusted. Regional and city data has not been adjusted to account for seasonal variation.
2. The Net Employment Outlook is derived by taking the percentage of employers anticipating an increase in hiring activity less the percentage of employers who expect to reduce their workforces.
3. Since Q1 2012, the previous 16 cities surveyed in mainland China are collected into 9 regions and cities. The five cities include Beijing, Shanghai, Guangzhou, Shenzhen, and Chengdu. The four regions include North, South, East and Central & West. The North region includes Beijing, Tianjin, Dalian and Chengdu, while the South region includes Guangzhou, Shenzhen, Xiamen and Changsha. The East region includes Shanghai, Nanjing, Suzhou and Hangzhou; and the Central & West region includes Chengdu, Chongqing, Xi'an and Wuhan.
4. Since Q1 2015, Manpower Employment Outlook Survey shows the organization sizes data. 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. Full survey results for each of the 43 countries and territories included in this quarter's survey, plus regional and global comparisons, can be found at <http://www.manpowergroup.com/meos>. In addition, all tables and graphs from the full report are available to be downloaded for use in publication or broadcast from the ManpowerGroup Web site at [http://www.manpowergroup.com/press/meos\\_landing.cfm](http://www.manpowergroup.com/press/meos_landing.cfm)

### **About the Survey**

The global leader in innovative workforce solutions, ManpowerGroup releases the Manpower Employment Outlook Survey quarterly to measure employers' intentions to increase or decrease the number of employees in their workforce during the next quarter. It is the longest running, most extensive, forward-looking employment survey in the world, polling nearly 59,000 employers in 43 countries and territories. 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 where labor markets are headed.

### **About ManpowerGroup China**

As workforce expert, ManpowerGroup has rooted in China for more than 20 years, we provide comprehensive human resource solutions through our local expertise as well as combination of global resources and experience.

ManpowerGroup China boasts over 5,000 multinational and local companies, and increases over 5,000,000 selected middle-to-senior managing talents every year. We provide customized solutions for companies to fit their talent needs and achieve business strategic goals, including recruitment services, employment services, talent management and talent strategy. Also our products and services cover talents career cycle, including job seeking, job consultation, career development, skill advancement and career transition. In 2016, ManpowerGroup China was awarded “Asia-Pacific Human Resources Service Leading Enterprise Award” and “Customer Satisfaction Award for HR Service in Greater China”.

ManpowerGroup provides comprehensive solutions for companies and individuals through ManpowerGroup Solutions, Experis, Manpower, Right Management and two investments in China ReachHR and XAFesco.

ManpowerGroup China, as a socially responsible organization, took the ownership to build and operate Manpower Ningqiang Elementary School in China Wenchuan, the hit area of the 5.12 earthquake.

For more information about ManpowerGroup China, please visit: [www.manpower.com.cn](http://www.manpower.com.cn)