

Manpower Employment Outlook Survey Q4 2016

Under Embargo until 00:01 GMT, 13 September 2016

South African Employers Report Cautiously Optimistic Hiring Intentions for Q4 2016

Opportunities for job seekers are expected to be strongest in the WHOLESALE & RETAIL TRADE and TRANSPORT, STORAGE & COMMUNICATION sectors; and weakest within the MINING & QUARRYING and MANUFACTURING sectors. Provincially, employers in the Western Cape report the strongest hiring intentions for the last quarter of the year, while employers within the Eastern Cape report the weakest hiring intentions.

Johannesburg, 13 September 2016 – South African employers report cautiously optimistic hiring intentions for the next three months. Of the 755 employers surveyed, 15% expect to increase staffing levels, 6% forecast a decrease and 78% anticipating no change. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +9%. Hiring plans are 2 percentage points stronger when compared with the previous quarter and improve by 3 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 October to December time frame, “As we move into the last quarter, certain industries experience an expected spike in business associated with the holiday and festive season, possibly allowing for increased employment. This, of course, is dependant on many factors, including the state of the economy and the strength of the Rand.”

Regional Comparisons

Payrolls are forecast to grow in all five regions during the October-December period. The strongest hiring prospects are reported in Western Cape, where the Net Employment Outlook stands at +18%. Employers report encouraging signs for job seekers in Kwazulu Natal and Gauteng, with Outlooks of +10% and +8%, respectively, while the Outlook for Free State is +5%. The most cautious Outlook of +3% is reported by employers in Eastern Cape.

“The Western Capes economy is dominated by the City of Cape Town, which is a hub for non-agricultural economic activity. The city remains attractive to foreign business investors and multinational companies looking to enter Africa, as well as locally based companies looking to expand, which often creates employment opportunities within the region,” explains van den Barselaar. “The region is also an extremely popular tourist destination for local and international holiday makers, especially during the festive season. Employers may be anticipating that this influx of travellers will bode well for businesses in their region.”

When compared with the previous quarter, hiring intentions improve in four of the five regions, most notably by 9 percentage points in Western Cape. Elsewhere, Outlooks are 4 and 2 percentage points stronger in Kwazulu Natal and Free State, respectively. However, employers in Eastern Cape report a decline of 4 percentage points.

Year-over-year, Western Cape employers report a considerable improvement of 9 percentage points. Hiring prospects are 5 percentage points stronger in Kwazulu Natal, while the Outlook for Free State increases by 2 percentage points. Gauteng employers report relatively stable hiring plans, but Eastern Cape employers report a decline of 4 percentage points.

Sector Comparisons



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Staffing levels are forecast to increase in all 10 industry sectors during the coming quarter. Wholesale & Retail Trade sector employers report the strongest hiring prospects with a Net Employment Outlook of +20%. Elsewhere, steady hiring activity is anticipated in the Transport, Storage & Communication sector, with an Outlook of +16%, and in both the Electricity, Gas & Water Supply sector and the Finance, Insurance, Real Estate & Business Services sector, where Outlooks stand at +14%. Public & Social sector employers report cautiously optimistic hiring intentions with an Outlook of +10%, while some payroll gains are expected in the Agriculture, Hunting, Forestry & Fishing sector, where the Outlook is +5%. Meanwhile, the most cautious hiring intentions are reported for the Mining & Quarrying sector, with an Outlook of +1%.

“The expected hiring gains in the Wholesale & Retail Trade sector are usually expected towards the end of the year, as retail trade increases during the festive season. This may tie into the expected gains in the Transport, Storage & Communication sector, as the inflow of imported products increases, to ensure stock levels are adequate for the increase in retail trade,” says van den Barselaar.

When compared with the previous quarter, Outlooks improve in seven of the 10 industry sectors. The most noteworthy increases of 9 and 8 percentage points are reported in the Mining & Quarrying sector and the Transport, Storage & Communication sector, respectively, while Outlooks are 7 percentage points stronger in both the Construction sector and the Wholesale & Retail Trade sector. However, weaker hiring prospects are reported in two sectors, including the Public & Social sector where the Outlook declines by 3 percentage points.

Year-over-year, employers in six of the 10 industry sectors anticipate stronger hiring activity. The Outlook for the Finance, Insurance, Real Estate & Business Services sector improves by a considerable margin of 12 percentage points, while increases of 10 and 7 percentage points are reported in the Transport, Storage & Communication sector and the Wholesale & Retail Trade sector, respectively. Meanwhile, Outlooks decline in four sectors. Agriculture, Hunting, Forestry & Fishing sector employers report the most noteworthy decrease of 6 percentage points while the Outlook for the Construction sector is 5 percentage points weaker.

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.

Job gains are anticipated in all four organisation size categories during the coming quarter. Large employers report healthy hiring prospects with a Net Employment Outlook of +24%. Elsewhere, Outlooks of +7% are reported by Medium- and Small-size employers, while the Outlook for Micro employers is +4%.

Quarter-over-quarter, hiring prospects improve by 10 percentage points for Large employers, while the Outlook for Small firms is 2 percentage points stronger. Elsewhere, hiring intentions remain relatively stable.

Year-over-year, Large employers report an improvement of 5 percentage points, and Outlooks are 4 and 2 percentage points stronger for Small- and Micro-size employers, respectively. Meanwhile, Medium employers report no year-over-year change.

Across the globe, fourth quarter hiring confidence is strongest in India, Japan, Taiwan and the United States, while employers in Brazil, Belgium, Finland, Italy and Switzerland report the weakest hiring plans.

Staffing levels are expected to grow by varying degrees in 42 of 43 countries and territories through the end of the year. Only employers in Brazil expect payrolls to decline in the October-December time frame. Uncertainty associated with the slowdown of the global



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economy, the Brexit referendum and continued financial market volatility appears to have had little impact on employer hiring confidence. Slightly more than half of the forecasts strengthen by varying margins when compared to results reported three months ago, with hiring plans improving in 23 of 43 countries and territories, remaining unchanged in nine, and declining in 11.

* Commentary is based on seasonally adjusted data where available. Finland's data is seasonally adjusted for the first time in the Quarter 4 2016 report. Data for Portugal is not seasonally adjusted, but will be once 17 quarters of Portuguese data are accumulated. Portugal joined the survey in Quarter 3 2016 and has no year-over-year trend data to compare at this point.

ENDS

The next Manpower Employment Outlook Survey will be released on 13 December 2016 to report hiring expectations for the first quarter of 2017. The Manpower 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 Manpower Employment Outlook Survey

The Manpower 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 Manpower 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 59,000 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 4Q 2016 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 December 2016 as compared to the current quarter?"

Methodology

The Manpower 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.



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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.