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ManpowerGroup Employment Outlook Survey Q3 2017

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South African Employers Report Limited Hiring Prospects for Q3 2017

Opportunities for job seekers are expected to be strongest in Electricity, Gas & Water Supply and the Finance, Insurance, Real Estate & Business Services sectors; and weakest within the Agriculture, Forestry & Fishing and the Mining & Quarrying sectors. Provincially, employers in KwaZulu-Natal report the strongest hiring intentions for the third quarter of the year, while employers within the Eastern Cape and Free State report the weakest hiring intentions.

Johannesburg, 13 June 2017 – South African employers report limited hiring prospects for the third quarter of 2017. Of the 750 employers who participated in the survey, 9% anticipate an increase in staffing levels, 7% expect a decrease and 83% forecast no change. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +4%. Hiring prospects decline by 3 percentage points when compared with the previous quarter and are 4 percentage points weaker year-on-year.

Lyndy van den Barselaar, Managing Director of the ManpowerGroup SA, provides insights into why South African employers are reporting limited hiring intentions for the July to September time frame: “As both global and local economic uncertainty continues, many businesses remain cautious about increasing staffing levels. South Africa faced two economic downgrades in recent months, which further demonstrates market uncertainty, and which has resulted in businesses being more cautious in their spending and hiring activity. This is reflected in the fact that the majority of local employers said they anticipated no change in staffing levels for the upcoming quarter,” she says.

Regional Comparisons

Employers in all five regions anticipate an increase in staffing levels during 3Q 2017. KwaZulu-Natal employers report the strongest hiring prospects with a Net Employment Outlook of +7%. Elsewhere, Outlooks of +6% and +5% are reported in the Western Cape and Gauteng, respectively. Meanwhile, employers in both the Eastern Cape and the Free State report cautious hiring intentions with Outlooks of +1%.

“KwaZulu-Natal remains a promising region for business development, with many local and international businesses looking to the region for expansion, especially those making use of its ports. A good example is Nestlé’s launch of its newly-renovated coffee production facility in Estcourt, which has reportedly created 490 indirect and permanent jobs,” explains van den Barselaar.

When compared with the previous quarter, hiring plans weaken in four of the five regions. The Outlook for the Western Cape declines by 7 percentage points, while employers in the Free State report a decrease of 6 percentage points. Outlooks are 5 and 2 percentage points weaker in the Eastern Cape and KwaZulu-Natal, respectively, but employers in Gauteng report relatively stable hiring prospects.

Year-on-year, Outlooks also decline in four of the five regions. The most notable decrease of 7 percentage points is reported in the Eastern Cape, while Outlooks are 5 and 4 percentage points weaker in the Western Cape and the Free State, respectively. Meanwhile, employers in KwaZulu-Natal report no change.

Sector Comparisons



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Employers in eight of the 10 industry sectors expect to increase staffing levels during the coming quarter. The strongest labour markets are anticipated in the Electricity, Gas & Water Supply sector and the Finance, Insurance, Real Estate & Business Services sector, with employers in both sectors reporting Net Employment Outlooks of +10%. A moderate hiring pace is forecast for the Wholesale & Retail Trade sector, with an Outlook of +7%, while the Outlook for the Construction sector is +5%. However, employers in two sectors report uncertain hiring intentions, with Outlooks of -1% reported in both the Agriculture, Hunting, Forestry & Fishing sector and the Mining & Quarrying sector.

“As water shortages continue to plague parts of the country, individuals and businesses are investing in systems and technologies that enable them to save water, and lessen their environmental impact. This means that those individuals and organisations who are creating, installing, and maintaining these kinds of systems and technologies are more than likely experiencing an increase in demand, and are therefore looking to hire,” explains van den Barselaar.

When compared with the previous quarter, hiring plans weaken in six of the 10 industry sectors. Considerable declines of 11 and 10 percentage points are reported in the Transport, Storage & Communication sector and the Agriculture, Forestry & Fishing sector, respectively. Elsewhere, Outlooks are 4 percentage points weaker in both the Restaurants & Hotels sector and the Wholesale & Retail Trade sector. Meanwhile, hiring prospects improve in three sectors, most notably by 5 percentage points in the Manufacturing sector.

Employers in seven of the 10 industry sectors report weaker hiring intentions when compared with this time one year ago. The most noteworthy decline of 13 percentage points is reported in the Public & Social sector, while Outlooks are 6 percentage points weaker in three sectors – the Agriculture, Forestry & Fishing sector, the Transport, Storage & Communication sector and the Wholesale & Retail Trade sector. However, Outlooks strengthen in two sectors, with Construction sector employers reporting an increase of 10 percentage points and an improvement of 7 percentage points reported by Mining & Quarrying sector employers.

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.

Staffing levels are expected to increase in three of the four organisation size categories during 3Q 2017. Large employers report upbeat hiring prospects with a Net Employment Outlook of +20%, while Outlooks stand at +6% and +2% for Micro- and Medium-size employers, respectively. Meanwhile, Small employers anticipate a flat labour market, reporting an Outlook of 0%.

Quarter-on-quarter, Outlooks decline by 6 and 3 percentage points for Medium- and Small-size employers, respectively. However, Large employers report an improvement of 2 percentage points, while the Outlook for Micro employers is unchanged.

When compared with this time one year ago, Small- and Medium-size employers both report declines of 7 percentage points, but the Outlook for Large employers is 4 percentage points stronger. Meanwhile, Micro employers report relatively stable hiring plans.

Globally, the strongest hiring plans are reported by employers in Japan, Taiwan, Hungary, the US, Hong Kong and Turkey. Meanwhile, employers report the weakest hiring prospects in Italy, the Czech Republic and Finland.

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The next ManpowerGroup Employment Outlook Survey will be released on 12 September 2017 to report hiring expectations for the last 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:

The ManpowerGroup Employment Outlook Survey for the third quarter 2017 was conducted by interviewing a representative sample of 750 employers in South Africa. All survey participants were asked, "How do you anticipate total employment at your location to change in the three months to the end of September 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 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.

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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.