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ManpowerGroup Employment Outlook Survey Q1 2016

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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 ELECTRICITY, GAS & WATER SUPPLY and RESTAURANTS & HOTELS sectors; and weakest within the CONSTRUCTION sector. Provincially, employers in the Western Cape report the strongest hiring intentions for the first quarter of the year, while employers within Gauteng and KwaZulu Natal report the weakest hiring intentions.

Johannesburg, 13 December 2016 – South African employers report cautiously optimistic hiring intentions for the next three months, with 13% of employers forecasting an increase in staffing levels, 5% expecting a decrease, and 80% anticipating no change. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +7%. Hiring prospects remain relatively stable when compared with 4Q 2016 and are 2 percentage points stronger 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 January to March time frame: “Q1 often remains a high tourist season for the local market off the back of the spike in Q4, which explains why the hiring prospects have remained relatively stable when compared to the Q4 results. Certain industries experience a spike in business associated with the annual South African holiday season, which could result in increased employment, carrying through into Q1 of 2017.”

Regional Comparisons

Staffing levels are forecast to increase in all five regions during 1Q 2017. Employers in Western Cape report the strongest hiring plans with a Net Employment Outlook of +13%. Elsewhere, modest payroll gains are anticipated in Free State and Eastern Cape, with Outlooks of +6% and +5%, respectively, while Outlooks of +4% are reported in both Gauteng and Kwazulu Natal.

“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, especially during the summer months. Employers may be anticipating that this influx of travellers will bode well for businesses in their region, and that’s likely to translate into an upbeat hiring environment for job seekers.”

When compared with the previous quarter, Outlooks weaken in three of the five regions, declining by 5 percentage points in both Kwazulu Natal and Western Cape and by 4 percentage points in Gauteng. Meanwhile, Eastern Cape employers report an improvement of 3 percentage points.

Year-over-year, employers report noteworthy improvements of 8 and 5 percentage points in Western Cape and Eastern Cape, respectively. However, hiring prospects weaken in two regions, with employers reporting declines of 5 percentage points in Kwazulu Natal and 3 percentage points in Gauteng.



Sector Comparisons

Employers in nine of the 10 industry sectors expect to grow staffing levels during 1Q 2017. The strongest labor markets are forecast for the Electricity, Gas & Water Supply sector and the Restaurants & Hotels sector, where Net Employment Outlooks stand at +16% and +14%, respectively. Elsewhere, employers anticipate steady job gains in the Manufacturing sector, where the Outlook is +11%, and some hiring opportunities in the Agriculture, Hunting, Forestry & Fishing sector, with an Outlook of +9%. Moderate hiring activity is also forecast for the Finance, Insurance, Real Estate & Business Services sector and the Wholesale & Retail Trade sector, with Outlooks of +8% and +6%, respectively. However, Construction sector employers expect employment levels to decline, reporting an Outlook of -4%.

“Owing to the current drought being experienced in South Africa, measures are being taken in the Electricity, Gas & Water Supply sector to decrease the amount of water used by households and businesses alike. This is believed to be a large contributing factor to the expected growth within this industry, as more individuals become educated on the drought, and look to put in place measures to reduce their water usage. Those individuals and businesses that operate within this gambit will more than likely be experiencing growth, and looking to expand within Q1 to keep up with demand,” explains van den Barselaar.

“Meanwhile, the growth in the Restaurants & Hotels sector is related to the amount of local and international tourists and holiday makers making use of local facilities in order to take advantage of the South Africa summer.”

When compared with 4Q 2016, hiring intentions strengthen in five of the 10 industry sectors. The most notable increase of 9 percentage points is reported in the Restaurants & Hotels sector, while Manufacturing sector employers report an improvement of 6 percentage points. Meanwhile, Outlooks also weaken in five sectors, including the Wholesale & Retail Trade sector, where employers report a considerable decline of 11 percentage points. Hiring prospects are 7 percentage points weaker in both the Construction sector and the Transport, Storage & Communication sector and decline by 6 percentage points in both the Finance, Insurance, Real Estate & Business Services sector and the Public & Social sector.

Year-over-year, Outlooks improve in six of the 10 industry sectors, most notably by 10 percentage points in the Mining & Quarrying sector. Elsewhere, increases of 7 percentage points are reported in the Electricity, Gas & Water Supply sector and the Restaurants & Hotels sector, while Outlooks are 5 percentage points stronger in the Construction sector and the Manufacturing sector. However, employers in three sectors report weaker hiring plans. The Outlook for the Public & Social sector declines by 8 percentage points while Transport, Storage & Communication sector employers report a decrease of 7 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.

Payroll gains are forecast in three of the four organization size categories in the coming quarter. Large employers anticipate an upbeat hiring pace, reporting a Net Employment Outlook of +18%, while some job gains are expected in Small- and Medium-size firms, with Outlooks standing at +7%. However, Micro employers forecast a flat labor market with an Outlook of 0%.

When compared with the previous quarter, hiring intentions are 7 percentage points weaker for Large employers and decline by 4 percentage points for Micro employers. Meanwhile, Outlooks are unchanged in the Small- and Medium-size employer categories.



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Year-over-year, Outlooks improve by 2 percentage points in both the Small- and Large-size employer categories, but Micro employers report a decline of 2 percentage points. Medium sized employers report relatively stable hiring prospects.

Globally, forecasts are mixed in comparison to the Quarter 4 2016 and Quarter 1 2016 surveys. Hiring plans improve in 19 of 43 countries and territories when compared quarter-over-quarter, decline in 17, and are unchanged in seven. Outlooks strengthen in 20 countries and territories year-over-year, weaken in 18, and are unchanged in four. First-quarter hiring confidence is strongest in Taiwan, India, Japan, Hungary and Slovenia. The weakest forecasts are reported in Brazil, Switzerland and Italy.

ENDS

The next ManpowerGroup Employment Outlook Survey will be released on 14 March 2017 to report hiring expectations for the second 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 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 1Q 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 March 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



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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.