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ManpowerGroup Employment Outlook Survey Q4 2017

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South African Employers Report Modest Hiring Intentions for Q4 2017

Opportunities for job seekers are expected to be strongest in the Restaurants & Hotels and the Transport, Storage & Communication sectors; and weakest within the Mining & Quarrying sector. Provincially, employers in the Western Cape report the strongest hiring intentions for the fourth quarter of the year, while employers within the Eastern Cape report the weakest hiring intentions.

Johannesburg, 12 September 2017 – South African employers report modest hiring intentions for the upcoming quarter of the year, with 10% of employers expecting to increase staffing levels, 5% forecasting a decrease and 84% anticipating no change. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +5%. Hiring prospects remain relatively stable when compared with the previous quarter, but decline by 4 percentage points when compared with the final quarter of 2016.

Lyndy van den Barselaar, Managing Director of ManpowerGroup SA, provides insights into why South African employers are reporting modest hiring intentions for the October to December time frame: “As South Africa’s economy continues to struggle under a technical recession, market uncertainty perseveres and business and consumer confidence remains low, resulting in many businesses remaining cautious in their spending and hiring activity. South Africa’s holiday season often results in an uptake in business across many key industries, predominantly in hospitality and transportation services, which could account for the small increase (up a single percentage point compared to Q3 2017) in the number of employers looking to increase their staffing levels. This is supported by the finding that employers in the Western Cape, a primary destination for local and international tourists over the December – February period, are reporting the strongest hiring intentions,” she says.

Regional Comparisons

Employers in all five regions expect to increase staffing levels during the next three months. The strongest labour market is anticipated in Western Cape, where employers report a Net Employment Outlook of +7%. Modest payroll gains are expected in both Gauteng and KwaZulu Natal, with Outlooks of +5%, while the Outlook for Free State stands at +4%. Meanwhile, Eastern Cape employers report the most cautious Outlook of +1%.

“The Western Cape, specifically Cape Town and the surrounding winelands, continues to be one of the world’s most popular tourist destinations, for both local and international visitors. The City of Cape Town has recently agreed to extend Cape Town Tourism’s service level agreement for another year. The expansion of the partnership, which has already led to extensive collaborative projects within the areas of responsible tourism, visitor safety, and counteracting seasonality, is expected to produce tangible benefits for the local tourism industry and the city alike – especially prevalent ahead of the holiday season. The expected influx of tourists means that many businesses will be in preparation mode, which may include planning to hire more staff,” explains van den Barselaar.

Quarter-over-quarter, hiring prospects improve by 3 percentage points in Free State, but decline by 2 percentage points in KwaZulu Natal. Elsewhere, employers report no change in both Eastern Cape and Gauteng, while the Outlook for Western Cape remains relatively stable.



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When compared with this time last year, Western Cape employers report a considerable decline of 11 percentage points, while Outlooks are 4 and 2 percentage points weaker in KwaZulu Natal and the Eastern Cape, respectively.

Sector Comparisons

Employers in eight of the 10 industry sectors expect to grow staffing levels during the next three months. The strongest labour markets are anticipated in two sectors with Net Employment Outlooks of +11% – the Restaurants & Hotels sector and the Transport, Storage & Communication sector. Elsewhere, Electricity, Gas & Water Supply sector employers report cautiously optimistic hiring intentions with an Outlook of +10%, while some payroll gains are expected in the Finance, Insurance, Real Estate & Business Services sector and the Manufacturing sector, where employers report Outlooks of +8% and +7%, respectively. However, employment levels are forecast to decline in two sectors, most notably by Mining & Quarrying sector employers who report an Outlook of -4%.

“The expected gains in the Restaurants & Hotels sector and the Transport, Storage & Communication sector make sense ahead of the upcoming holiday season, where restaurants, hotels and transport systems will welcome many guests from South Africa and abroad,” explains van den Barselaar.

When compared with the previous quarter, hiring intentions strengthen in six of the 10 industry sectors. Transport, Storage & Communication sector employers report a noteworthy improvement of 8 percentage points, while the Outlook for the Restaurants & Hotels sector is 7 percentage points stronger. Meanwhile, hiring prospects weaken in three sectors, including the Mining & Quarrying sector, where employers report a decrease of 3 percentage points.

Year-over-year, Outlooks decline in seven of the 10 industry sectors. A considerable decrease of 13 percentage points is reported in the Wholesale & Retail Trade sector, while Agriculture, Hunting, Forestry & Fishing sector employers report a decline of 9 percentage points. Hiring plans are 6 percentage points weaker in four sectors – the Electricity, Gas & Water Supply sector, the Finance, Insurance, Real Estate & Business Services sector, the Mining & Quarrying sector and the Public & Social sector. However, employers in three sectors report improved hiring plans, including the Restaurants & Hotels sector with an increase of 7 percentage points.

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.

Employers expect to grow staffing levels in three of the four organisation size categories during 4Q 2017. Large employers report healthy hiring prospects with a Net Employment Outlook of +24%, while the Outlook for Medium employers stands at +6%. Meanwhile, Small employers anticipate limited job gains with an Outlook of +1%, while Micro employers report uncertain hiring plans with an Outlook of -1%.

When compared with the previous quarter, hiring intentions improve by 4 percentage points in both the Large- and Medium-size employer categories, while the Outlook for Small employers remains relatively stable. However, Micro employers report a moderate decline of 6 percentage points.



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Hiring prospects are 6 percentage points weaker for Micro- and Small-size employers when compared with this time one year ago. Medium employers also report a slight decline of 2 percentage points, but the Outlook for Large employers is unchanged.

Globally, the strongest hiring intentions for the fourth quarter of the year are reported by employers in Japan, Taiwan, Costa Rica, India, and Hungary. Meanwhile, employers report the weakest hiring prospects in Switzerland, Brazil, and the Czech Republic.

ENDS

The next ManpowerGroup Employment Outlook Survey will be released on 12 December 2017 to report hiring expectations for the first quarter of 2018. 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 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:

The ManpowerGroup Employment Outlook Survey for the fourth 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 December 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%. South Africa's margin of error is +/-3.6%.

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), the leading global workforce solutions company, helps organizations 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 over 400,000 clients and connect 3+ million people to meaningful, sustainable work 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 nearly 70 years. In 2017, ManpowerGroup was named one of the World's Most Ethical Companies for the seventh 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 is powering the future of work: www.manpowergroup.com