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Media Contact:

Petra Mates, mag. pol.  
Recruitment Consultant for Permanent Placement  
ManpowerGroup Croatia  
petra.mates@manpower.hr



**CROATIA IS FACED WITH PESSIMISTIC HIRING INTENTIONS FOR THE LAST QUARTER OF 2020**

*ManpowerGroup Employment Outlook Survey: Croatian Net Employment Outlook for the forthcoming quarter stands at -6%*

- **In Croatia, employers report pessimistic hiring intentions for the coming quarter with a Net Employment Outlook<sup>1</sup> of -6%, declining by 8 and 13 percentage points from 3Q 2020 and 4Q 2019, respectively.**
- **While employers in four of seven industry sectors expect to trim payrolls, modest job gains are forecast for the Construction sector (+9%) and the Finance & Business Services sector (+7%). However, Restaurants & Hotels sector employers (-31%) report bleak hiring prospects.**
- **Employers in Central Croatia report the only positive regional Outlook, standing at +4%.**

**Zagreb, 8<sup>th</sup> of September 2020** – The ManpowerGroup Employment Outlook Survey reveals that Croatian employers report decline in hiring activities by 8 and 13 percentage points from 3Q 2020 and 4Q 2019. This labor market slump reveals the weakest results since the survey began in 2Q 2018. Employers in four of Croatia's seven industry sectors expect to trim payrolls during the forthcoming quarter, while job gains are anticipated in three. Hiring prospects weaken in five sectors when compared with the previous quarter and decline in all seven in comparison with this time one year ago.

In comparison the period before the global pandemic, 19% of employers included in the survey expect their companies to return to pre COVID-19 hiring levels, in the next 12 months. For 8% of them it will take more than a year to reach hiring levels from 2019 and the beginning of 2020. On the other hand, 25% of employers expect that in the next six months their total workforce will be made up of the same amount of full-time workers since in Croatia the practice of part-time workers, contractors/consultants, and temporary workers is not so common.

<sup>1</sup> The Net Employment Outlook is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting a decrease in hiring activity.

*“Since Croatia is strongly connected to the thriving of the tourism sector, it was expected that all restrictions due to COVID-19 outbreak will influence present and future hiring plans. This is also presented in the Outlook of -31% for Restaurant & Hotels sector employers who forecast a dismal hiring climate in the coming quarter. Overall Croatian employers report muted hiring plans for the final quarter of 2020, only with Construction sector with strongest hiring pace standing at +9% but declining by 6 and 19 percentage points from 3Q 2020 and 4Q2019, respectively.”* comments **Nuno Gameiro, Regional Managing Director for South Eastern Europe.** *“We are witnessing local and global impact of COVID-19 outbreak on every aspect of our life and are obligated to do whatever possible to resize negative consequences on long term.”* **concludes Gameiro.**

It is important to emphasize that the interviewing was carried out during the exceptional circumstances of the COVID-19 outbreak. The survey findings for the fourth quarter of 2020 are likely to reflect the impact of the global health emergency and may be notably different from previous quarters. The survey also highlights some of the long-lasting transformative effects that the pandemic has had on the workforce, as it asks employers how it expects their ways of working will change. Over a third (39%) of employers globally plan to offer remote work and flexible hours in the post-pandemic workplace, with one fifth (20%) planning to offer 100% remote work to employees. In Croatia, these numbers are more moderate, with 17% of employers willing to offer remote work and flexible hours, and with only 2% open to the idea of 100% remote work.

Looking at the **industry-specific data**, hiring intentions in five of Croatia's seven industry sectors are the weakest reported since the survey began in 2018 – the Construction sector, the Other Production sector, the Other Services sector, the Restaurants & Hotels sector and the Wholesale & Retail Trade sector.

Employers in three of seven industry sectors expect to add to payrolls during the next three months. The strongest labor market is anticipated by Construction sector employers with a Net Employment Outlook of +9%, and modest job gains are expected both in the Finance & Business Services sector and the Other Production sector, with Outlooks standing at +7% and +5%, respectively. However, employers in the remaining four sectors expect to trim payrolls, including the Restaurants & Hotels sector, where bleak hiring prospects are reflected in an Outlook of -31%. Wholesale & Retail Trade sector employers report gloomy hiring plans with an Outlook of -15%, while Outlooks of -9% and -5% are reported in the Manufacturing sector and the Other Services sector, respectively.

Hiring intentions weaken in five of the seven industry sectors when compared with the previous quarter, most notably the Restaurants & Hotels sector with a steep decline of 38 percentage points. The Outlook for the Wholesale & Retail Trade sector decreases by 18 percentage points and declines of 6 percentage points are reported in both the Construction sector and the Other Services sector. Meanwhile, Outlooks improve in two sectors, most notably by 15 percentage points in the Finance & Business Services sector.

<sup>1</sup> The Net Employment Outlook is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting a decrease in hiring activity.

In comparison with the same period last year, hiring plans weaken in all seven industry sectors. A sharp decline of 22 percentage points is reported in the Wholesale & Retail Trade sector, while Restaurants & Hotels sector employers report a decrease of 20 percentage points. Elsewhere, outlooks decline by 19 and 17 percentage points in the Construction sector and the Other Services sector, respectively, and Manufacturing sector employers report a decrease of 11 percentage points.

Hiring intentions in two of the four Croatian **regions** – the East and the West - are the weakest reported since the survey began more than two years ago. Employers in three of the four regions expect to trim payrolls during the upcoming quarter, with the weakest labor market anticipated in the West where the Net Employment Outlook is -19%. Elsewhere, Outlooks of -7% and -4% are reported in the South and the East, respectively, but limited job gains are expected in the Central region where the Outlook stands at +4%.

In comparison with the prior quarter, employers in the West report a steep decline of 31 percentage points, and the Outlook for the East decreases by 9 percentage points. Meanwhile, hiring plans are unchanged in the South, while the Outlook for Central Croatia improves by 2 percentage points.

Hiring prospects weaken in three of the four regions when compared with this time one year ago. A sharp decrease of 24 percentage points is reported in the West, while Outlooks are 14 and 9 percentage points weaker in the East and Central regions, respectively. However, the Outlook for the South remains relatively stable.

Employers in all four **organization size** categories expect to trim payrolls during the final quarter of 2020. The weakest labor market is anticipated by Micro employers with a Net Employment Outlook of -9%. Elsewhere, Small employers report a sluggish Outlook of -8%, and Outlooks stand at -6% and -3% in the Medium- and Large-size categories, respectively.

## **THE GLOBAL OVERVIEW**

A total of 38,073 employers were surveyed by ManpowerGroup in 43 countries and territories, to measure employer hiring intentions for October to December 2020. Interviewing was carried out during the exceptional circumstances of the COVID-19 outbreak. The survey findings for the fourth quarter of 2020 are likely to reflect the impact of the global health emergency, and the subsequent economic shutdown in many countries.

Based on seasonally adjusted analysis, employers in 22 of the 43 countries and territories surveyed expect to increase payrolls during the next three months, while employers expect to trim payrolls in 16 (with flat hiring activity forecast in five).

The strongest hiring intentions are reported in Taiwan, the U.S., Turkey, Japan, and Greece. The weakest hiring prospects are reported in Panama, Costa Rica, South Africa, Colombia, and the UK.

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In comparison with the prior quarter, employers in 37 of the 43 countries and territories report stronger hiring plans, while Outlooks weaken in five countries and are unchanged in one.

When compared with the same period in 2019, hiring sentiment weakens in 41 countries and territories, improves in one and is unchanged in one.

In the **Americas region**, workforce gains are anticipated in four of the 10 countries, while employers expect to reduce payrolls in six. In a comparison with 3Q 2020, Outlooks strengthen in nine countries, while declining in one. When compared with this time one year ago, hiring plans weaken in all 10 countries. U.S. employers report the strongest Americas region Outlook for the twelfth consecutive quarter, while employers in Panama and Costa Rica anticipate the weakest labor markets.

Employers in five **Asia Pacific** countries and territories expect to add to payrolls during the upcoming quarter, while staffing levels are expected to decline in two. In a quarter-over-quarter comparison, Outlooks weaken in three countries and territories but strengthen in four. When compared with last year at this time, hiring prospects weaken in six countries and territories while remaining unchanged in the seventh. The strongest regional Outlook is reported in Taiwan, while the weakest and only negative hiring climates are expected in Singapore and Hong Kong.

In 13 of the 26 Europe, **Middle East, and Africa (EMEA) region countries**, employers expect to grow payrolls during 4Q 2020, while payrolls are expected to decline in eight (with flat labor markets forecast in five). Hiring plans strengthen in 24 of the 26 EMEA countries when compared with the previous quarter but weaken in 25 in a comparison with this time one year ago. EMEA's strongest labor markets are forecast for Turkey, Greece, and Poland, while the weakest are expected in South Africa, the UK and Croatia.

--- The End ---

To view complete results for the ManpowerGroup Employment Outlook Survey, visit: [www.manpowergroup.com/meos](http://www.manpowergroup.com/meos). The next survey will be released 8 December 2020 and will report hiring expectations for Q1 2021. To receive the latest survey results each quarter, sign up here.

#### **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 hundreds of thousands of organizations every year, providing them with skilled talent while finding meaningful, sustainable employment for millions of people across a wide range of industries and skills. Our expert family of brands – Manpower, Experis and Talent Solutions – creates substantial value for candidates and clients across more than 75 countries and territories and has done so for over 70 years. We are recognized consistently for our diversity - as a best place to work for Women, Inclusion, Equality and Disability and in 2020 ManpowerGroup was named one of the World's Most Ethical Companies for the eleventh year - all confirming our position as the brand of choice for in-demand talent.

<sup>1</sup> The Net Employment Outlook is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting a decrease in hiring activity.