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Press Release

Corona crisis impact drastically Romanian employer's hiring confidence, it's the weakest since the survey began 12 years ago. Most Romanian Employers expect to return to pre-COVID hiring level by April next year

ManpowerGroup Employment Outlook Survey 3Q 2020

- The national Net Employment Outlook for July- September period falls to 14% and it's the weakest since the survey began in Romania in 2008;
- Globally, employers in 35 of the 43 countries and territories surveyed expect to trim payrolls during the next three months, including 24 of the 26 EMEA countries;
- 63% of the employers expect to return to pre-COVID-19 hiring levels by April next year.

Bucharest, June 9th, 2020 – The hiring activity in Romania is collapsing due to corona crisis for the third quarter of 2020, according to the latest ManpowerGroup Employment Outlook Survey conducted by over 426 Romanian employers, part of a panel of over 34,000 employers in 43 countries and territories. Interviewing was carried out during the exceptional circumstances of the COVID-19 outbreak. The survey findings for the third quarter of 2020 are likely to reflect the impact of the global health emergency, and the subsequent economic shutdown in many countries.

Romanian job seekers can expect a gloomy hiring climate in the upcoming quarter, according to employers who report a Net Employment Outlook of -14% - the weakest since the survey began 12 years ago, dipping by 34 and 26 percentage points from 2Q 2020 and 3Q 2019, respectively.

Employers were also asked when they expect to return to pre-COVID-19 hiring levels, and the results revealing that most of the Romanian employers (63%) predicting to return by April 2021.

Regional Comparisons

Employers in seven of Romania's eight regions, forecast a decline in staffing levels during the coming quarter. Hiring plans weaken in all eight regions when compared with the previous quarter and dip in seven regions in a comparison with last year at this time. Outlooks in three regions – Bucharest & Ilfov, the South and the South-East – are the weakest since the survey began.

The strongest labor market is anticipated in the South-West region (+10%), declining by 8 percentage points quarter-over-quarter, but improving by 3 percentage points year-over-year.

The weakest regional Outlooks of -26% are reported in two regions. In Bucharest & Ilfov, employers report a collapse in hiring sentiment with steep declines of 46 and 45 percentage points from 2Q 2020



and 3Q 2019, respectively. In the South, the Outlook decreases sharply by 42 percentage points when compared with the previous quarter and by 40 percentage points in comparison with 3Q 2019.

Sector Comparisons

Payrolls are expected to decline in five of the seven Romanian industry sectors during the forthcoming quarter, weakening in all seven in comparison with both the prior quarter and last year at this time. In four of the seven sectors, hiring prospects are the weakest reported since the survey began – the Finance & Business Services sector, the Other Services sector, the Restaurants & Hotels sector and the Wholesale & Retail Trade sector.

Payrolls are expected to increase in one sector during the next three months, with Manufacturing sector employers reporting an Outlook of +4%. However, hiring prospects in the sector decline by 16 and 22 percentage points from 2Q 2020 and 3Q 2019, respectively.

With an Outlook of 0%, Construction sector employers forecast flat hiring activity during the third quarter of 2020, reflecting decreases of 24 and 19 percentage points quarter-over-quarter and year-over-year, respectively.

The steepest decline is reported in the Restaurants & Hotels sector, where employers anticipate a bleak hiring climate with an Outlook of -51%. Hiring sentiment in the sector collapses by 75 and 64 percentage points from 2Q 2020 and 3Q 2019, respectively.

Wholesale & Retail Trade sector employers also report a collapse in hiring sentiment – the sector Outlook of -26% declines by 48 percentage points quarter-over-quarter and by 54 percentage points year-over-year.

“In the past 3 months we have witnessed the most significant workforce shift, unprecedented levels of business disruption, some industrial activities have been severely affected the COVID-19 epidemic, with different degrees of impact. As expected, the labor market has been impacted very hard by the lockdown measures. The Net Employment Outlook has fallen to its lowest level since the survey was first launched in Romania, in 2008, more than 12 years ago. The results for Romania are reflective of the impact of Covid-19 crisis on the economy. The Hotel and Restaurants sector record the biggest slump reporting an Outlook of -51%, the lowest we have seen recorded for any sector. Furthermore, we see employers in Manufacturing sector that needs essential roles in order to keep factories running and the positive hiring intentions reported for this sector also illustrate this fact, with the employers reporting an Outlook of +4% for the July-September timeframe. However, all sectors are facing great challenges, but now we must prepare for a safe return at the workplace”, says Nuno Gameiro, ManpowerGroup South East Europe Regional Managing Director.

Nuno Gameiro continues: “In Romania 63% of the employers expect to return to pre-COVID-19 hiring levels by April next year. Employers know that this return will be gradual, the impact lasting and are planning accordingly – and this will be crucial to economic recovery. In the long term - we hope from this crisis will emerge a future of work that is more flexible, more virtual, more trusting and allows people to better blend work and home. Also, we see a trend of companies seeking flexible staffing services and job seekers should be prepared for job opportunities and upskill and re-skills as it would be essential for them to gain experience, train and acquire new skills and now this is more important than ever in order to ensure their employability”

Organization Size Comparisons

Employers in all four organization size categories anticipate a decline in payrolls during the coming quarter. The weakest hiring pace is expected by Medium firms reporting an Outlook of -17%, while Large

firms report the most resilient Outlook of -8%. Micro and Small- size employers also anticipate a decline in their hiring activity, reporting Outlooks of -10% and -9%, respectively.

International comparison

In the ManpowerGroup research for the third quarter of 2020, employers in 35 of 43 countries and territories surveyed expect to reduce payrolls in the period up to the end of September 2020, while payroll gains are expected in seven countries and a flat labor market is anticipated in one.

In a comparison with the second quarter of 2020, hiring prospects weaken in 42 of the 43 countries and territories, while no change is reported in one. Employers in all 43 countries and territories report weaker hiring sentiment when compared with this time one year ago. The strongest hiring pace is anticipated in Japan, India, the United States, China and Taiwan, while employers in Singapore, Costa Rica, Colombia, Peru and South Africa forecast the weakest labor markets.

In the Europe, Middle East and Africa (EMEA) region, employers plan to add to payrolls in two of the 26 countries during the third quarter of 2020, but job cuts are anticipated in the remaining 24 countries. Hiring intentions weaken in all 26 EMEA countries in comparison with both the prior quarter and last year at this time. The strongest labor markets in the region are expected in Croatia and Germany, while the weakest hiring plans are reported in South Africa, Slovakia, Romania and the U.K.

Note to Editors:

Full survey results for each of the 43 countries and territories included in this quarter's survey, plus regional and global comparisons, can be found at www.manpowergroup.com/meos. The next ManpowerGroup Employment Outlook Survey will be released on 8th September 2020 and will detail expected labor market activity for the final quarter of 2020.

**Note: The Net Employment Outlook is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from it the percentage of employers expecting to see a decrease. Net Employment Outlooks for countries and territories that have accumulated at least 17 quarters of data, including Romania, are reported in a seasonally adjusted format unless otherwise stated.*

** Commentary is based on seasonally adjusted data where available. Data is not seasonally adjusted for Croatia or Portugal.*

About the ManpowerGroup Employment Outlook Survey:

The ManpowerGroup Employment Outlook Survey is the longest-running, most extensive, forward-looking employment survey in the world, commencing in 1962 and now polling over 34,000 employers in 43 countries and territories to measure their intentions to increase or decrease the number of employees in their workforce during the next quarter. The survey serves as a bellwether of labor market trends and activities and is regularly used to inform the Bank of England's Inflation Reports, as well as a regular data source for the European Commission, informing its EU Employment Situation and Social Outlook report the *Monthly Monitor*. ManpowerGroup's independent survey data is also sourced by financial analysts and economists around the world to help determine the health of labor markets. 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 55 years and is one of the most trusted surveys of employment activity in the world.

For the 3Q 2020 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 September 2020 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. In Romania, the 3Q 2020 survey was conducted by InfoCorp Ltd. on a representative sample of 426 employers. The margin of error for all national, regional and global data is not greater than +/- 5.0%.

*From 2Q 2020, the industry sector categories used in EMEA countries have been updated. The total number of sectors has been reduced from 10 to seven. Five of the seven are unchanged (Manufacturing, Construction, Wholesale & Retail Trade, Restaurants & Hotels, Finance & Business Services). Two new sectors have been created. The new Other Production sector includes: Agriculture, Hunting, Forestry & Fishing; Electricity, Gas & Water; Mining & Quarrying. The new Other Services sector includes: Public & Social; Transport, Storage & Communication. Historical trend information continues to be available for all seven sectors, incorporating these changes.

Seven sectors considered:

1. Construction;
2. Finance, Insurance, Real Estate & Business Services;
3. Manufacturing;
4. Other Production (Agriculture, Hunting, Forestry & Fishing; Electricity, Gas & Water; Mining & Quarrying)
5. Other Services (Transport, Storage & Communication; Public & Social)
6. Restaurants & Hotels;
7. Wholesale & Retail Trade.

Eight Romanian regions:

1. Bucharest & Ilfov: Bucuresti, Ilfov;
2. Center: Alba, Brasov, Covasna, Harghita, Mures, Sibiu;
3. North-East: Bacau, Botosani, Neamt, Iasi, Suceava, Vaslui;
4. North-West: Bihor, Bistrita Nasaud, Cluj, Maramures, Satu Mare, Salaj;
5. South: Arges, Calarasi, Dambovita, Giurgiu, Ialomita, Prahova, Teleorman;
6. South-East: Braila, Buzau, Constanta, Galati, Tulcea, Vrancea;
7. South-West: Dolj, Gorj, Mehedinti, Olt, Valcea;
8. West: Arad, Caras-Severin, Hunedoara, Timis.

Organization size:

1. Micro businesses: less than 10 employees;
2. Small businesses: 10 to 49 employees;
3. Medium businesses: 50 to 249 employees;
4. Large businesses: 250 or more employees.

* For 3Q 2020, sample sizes are smaller than in previous quarters, reflecting the impact of the global health emergency. The survey is based on interviews with over 34,000 public and private employers across 43 countries and territories to measure anticipated employment trends each quarter.

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



ManpowerGroup®

ManpowerGroup Romania
Bucharest, 050561, Romania
T: +40 372 046 760

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. See how ManpowerGroup is powering the future of work: www.manpowergroup.com

About *ManpowerGroup Romania*

ManpowerGroup Romania, the national leader in innovative workforce solutions, creates and delivers services that help clients meet their business and workforce objectives while enhancing their competitiveness. The company specializes in permanent, temporary and contract recruitment, payroll, contract administration, outsourcing, consulting, project solutions and end-user services through its brands Manpower, Experis and Proservia. We operate nationally with presence in: Bucharest, Brasov, Cluj-Napoca, Craiova, Ploiesti, Pitesti, Sibiu and Timisoara. More information on ManpowerGroup Romania is available at www.manpower.ro.

For additional information, alternative graphical formats and illustration please contact:

Marketing Department

Sorina Petre, Marketing Manager ManpowerGroup Romania

Mobile: +40 723 370 691, Email: sorina.petre@manpowergroup.ro