

## ManpowerGroup Employment Outlook Survey

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### South African Employers Report Limited Hiring Intentions for Q2 2020

- **Opportunities for job seekers are expected to be strongest in the Manufacturing sector and weakest within the Construction sector.**
- **Provincially, employers in KwaZulu Natal report the strongest hiring intentions for the second quarter of the year, while employers in the Eastern Cape report the weakest hiring intentions.**

**Johannesburg, 10 March 2020** – According to the latest ManpowerGroup Employment Outlook Survey, South African employers report limited hiring intentions for the second quarter of 2020.\* While 8% of employers forecast an increase in payrolls, 5% anticipate a decrease and 85% expect to make no changes. Once the data is adjusted to allow for seasonal variation, the overall Outlook for South Africa stands at +2%, unchanged from the previous quarter. Hiring plans remain relatively stable when compared with the previous quarter, but decline by 3 percentage points in comparison with the same period last year.

“As we enter into the second quarter of 2020, the South African economy continues to be affected by subdued economic growth and a sluggish growth outlook. Local businesses remain concerned about policy uncertainty, high unemployment rates, and continued load shedding. These factors are causing employers to proceed cautiously when it comes to their spending and hiring strategies,” says Lyndy van den Barselaar, Managing Director of ManpowerGroup SA.

\*The survey was conducted between January 6 and January 28 before the global escalation of Covid-19

#### Regional Comparisons

Employers in three of the five regions expect to add to payrolls in the second quarter of 2020. The strongest labour market is anticipated by KwaZulu Natal employers, who report a Net Employment Outlook (NEO) of +7%. Limited job gains are also forecast in the Western Cape and Gauteng, with Outlooks of +4% and +3%, respectively. However, Free State employers report downbeat hiring prospects with an Outlook of -4%, while the Eastern Cape Outlook stands at -3%.

“Local and international tourism is expected to have a significant impact on hiring practices in the KwaZulu Natal region. The province has emerged as South Africa’s fastest-growing wealth market, which naturally spurs economic growth and therefore



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employment. Seasonally, the second quarter of each year often marks an influx of tourists, which could also positively affect employment in KwaZulu Natal and other tourism-oriented regions. A considerable proportion of expected growth can be attributed to both national and international tourism, increased cargo movements, and investments into large-scale construction and infrastructure development projects.” says van den Barselaar.

Free State employers report a slight decline of 2 percentage points when compared with the previous quarter, while the Outlook strengthens by 5 and 2 percentage points in KwaZulu Natal and the Eastern Cape, respectively. Elsewhere, hiring prospects remain relatively stable in Gauteng and Western Cape.

In a comparison with this time one year ago, Free State employers report a significant decline of 10 percentage points. Hiring plans also weaken by 4 percentage points in Gauteng, by 3 percentage points in the Western Cape, and 2 percentage points in Eastern Cape. Meanwhile, the Outlook for KwaZulu Natal improves by 2 percentage points.

### **Sector Comparisons**

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

The strongest hiring pace is forecast in the Manufacturing sector, where the NEO stands at +7%. Other Production and Other Services anticipate modest growth, with an Outlook of +5% in both sectors, with Restaurants & Hotels' Outlook at +3% and Wholesale & Retail Trade at +2%. Meanwhile, employers in the Construction sector and Finance & Business Services sector expect to trim payrolls, with Outlooks of -10% and -3%, respectively.

“With considerable international investment into production plants in, among others, the automotive and electronics industries, Manufacturing is expected to be a key growth driver in employment opportunities. A number of seasonal industries within Other Production and Other Services, such as fishing and tourism, will also affect short-term hiring during this quarter. Alternative power generation has also been pushed to the forefront in South Africa, as a result of continued load shedding. This, alongside several large infrastructure investments that have been made or are in the pipeline, is expected to stimulate considerable economic investment, in turn growing employment in these areas,” explains van den Barselaar.



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Hiring sentiment weakens in four of the seven industry sectors in a comparison with the first quarter of 2020. Finance & Business Services sector employers report the most noteworthy decline of 11 percentage points, while Outlooks are 5 and 2 percentage points weaker in the Wholesale & Retail Trade sector and the Construction sector, respectively. In the remaining three sectors, Outlooks strengthen, with the Other Services sector and Manufacturing sector expecting an Outlook increase of 7 percentage points and 4 percentage points, respectively.

Compared with this time one year ago, Outlooks decline in four of the seven industry sectors. Considerably weaker hiring plans are reported in the Finance & Business Services sector, with a decrease in Outlook of 14 percentage points, while the Construction sector and Wholesale & Retail Trade sector Outlooks both decline by 8 percentage points. Meanwhile, Outlooks improve by 6 percentage points in the Manufacturing sector and by 5 percentage points in the Restaurants & Hotels sector.

### **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.

Large employers expect a healthy increase in payrolls during the coming quarter, reporting a Net Employment Outlook of +22%. However, uncertain Outlooks of -3% are reported by both Small- and Micro-size employers, while the Outlook for the Medium size category remains flat at 0%.

When compared with the previous quarter, hiring prospects improve by 2 percentage points for Large employers, while declining by 2 percentage points for Micro employers. Small firms report relatively stable hiring plans, while the Outlook for Medium employers is unchanged.

Employers in both the Small- and Micro-size categories report weaker hiring intentions when compared with this time one year ago, declining by 7 and 4 percentage points, respectively. Elsewhere, Medium employers' hiring plans remain stable, while the Outlook for Large employers is unchanged.

### **Global Results**

In the ManpowerGroup research for the second quarter of 2020, employers in 42 of 43 countries and territories surveyed expect to grow payrolls in the period from April to June 2020. The strongest labour markets are anticipated in Greece, Japan, Taiwan, the U.S. and Romania, while the weakest hiring activity is expected in Panama, Hong Kong, and South Africa.



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When compared with the previous quarter, hiring plans strengthen in 23 of the 43 countries and territories, while employers in 11 report weaker hiring prospects, with no change reported in 9. In a comparison with last year at this time, employers in 15 countries and territories report stronger hiring sentiments, while hiring intentions weaken in 21 and are unchanged in seven.

The next ManpowerGroup Employment Outlook Survey will be released on 9 June 2020 to report hiring expectations for the third quarter of the year. Full results can be found at the following link: [www.manpowergroup.com/meos](http://www.manpowergroup.com/meos)

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#### 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 80 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.

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