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Australian hiring intentions reach six-year high

Large organisations drive strong employment Outlook

ManpowerGroup Employment Outlook Survey: Quarter 4 2018

AUSTRALIA (11 September 2018) – Australian fourth quarter hiring intentions have hit a six year high powered in large part by employer sentiment in large and medium-sized organisations that continue to report increased demand for labour. However, the positive national Outlook obscures significant differences across key sectors and states with micro and small organisations reporting more subdued hiring intentions.

These are the results from the *ManpowerGroup Employment Outlook Survey* for the fourth quarter of 2018, which records a national Net Employment Outlook (NEO)¹ of +13% for Australia, signalling that more employers expect to increase staffing levels than not in the final three months of 2018. The survey collects data from over 59,000 employers in 43 countries, including 1,500 in Australia.

INSERT GRAPH OF AUSTRALIAN NEO FROM 1Q12 (LINE GRAPH)

The strong national result is an increase of three percentage points when compared to the same time last year and returns. An increase in staffing levels is anticipated across all seven industry sectors and seven of eight regions during Q4 2018.

The data reveals that employers in Australia's large firms of 250+ employees are reporting the more optimistic hiring intentions than at any time since 2011 with a Net Employment Outlook of +27%, while medium-sized organisations, those that employ 50 – 249 employees, report their most optimistic Outlook since 2012 at +18%. This is in stark contrast to the employment expectations reported by Australia's smallest organisations. Micro-sized firms of ten employees or less report a flat Net Employment Outlook of just +2% for the upcoming quarter, while small organisations (10 – 49 employees) report a softer Outlook of +9%. This divergence between Australia's largest and smallest firms continues a now-established trend in which employment growth is being fuelled by large organisations. In fact, a recent data analysis² of the annual Household, Income and Labour Dynamics in Australia (HILDA) Survey suggested the number of small business owners confident enough to hire is falling.

¹ The Net Employment Outlook is calculated by subtracting the percentage of employers anticipating a decrease in hiring activity from the percentage of employers anticipating an increase in employment. Seasonal adjustment is then applied to the data.

² Wooden, Mark (2018, July 31). *Small business: not the jobs engine we think*. Retrieved from: <https://pursuit.unimelb.edu.au/articles/small-business-not-the-jobs-engine-we-think>

INSERT HIRING INTENTIONS BY ORGANISATION SIZE LINE GRAPH

In addition to Australia's largest firms, heightened optimism can also be seen in the Transportation & Utilities sector which reported the strongest employment Outlook of +23% for the final three months of 2018. This is a considerable increase of twelve percentage points quarter-on-quarter and ten percentage points year-on-year. Following close behind are the Finance, Insurance & Real Estate and Mining & Construction sectors, both reporting a solid Net Employment Outlook of +21%. The Services and Manufacturing sectors have remained relatively stable quarter-over-quarter, reporting positive employment Outlooks of +13% and +10%, respectively. Although the Wholesale & Retail Trade sector reported the weakest hiring intentions for the upcoming quarter with an NEO of +8%, this is a slight increase of four percentage points both quarter-on-quarter and when compared to this same time last year. .

INSERT SECTOR COMPARISON GRAPH OF NEO – BAR GRAPH

Regionally, Victoria has reported the strongest employment Outlook of +17% for the upcoming quarter, followed closely by New South Wales at +16% and Queensland at +14%. The smaller states of Western Australia, South Australia and Tasmania reported year-on-year declines but all remain in positive territory. After reporting subdued hiring expectations in Q3 2018, the Australian Capital Territory (ACT) is now more upbeat with an NEO of +13%. The Northern Territory continues to report the weakest hiring intentions of all states and territories with a slumping employment Outlook of -4%.

INSERT STATE COMPARISON GRAPH OF NEO

ManpowerGroup Australia & New Zealand Managing Director Richard Fischer believes this latest data affirms the strength of Australia's labour market and suggests large businesses are the driving force.

"Australia's employment outlook has reached a six-year high and is showing no signs of slowing down as large organisations continue to report a steady rebound in employment expectations," said Mr Fischer. "It is also notable that we are seeing a growing gap between the hiring optimism of Australia's largest and smallest firms, an ongoing trend since 2015."

Mr Fischer also notes the added pressure this puts on large employers to ensure they are listening and responding to today's worker preferences for flexibility and ongoing training in order to maintain this increase in hiring optimism.

"The demand by today's workers for ongoing training and schedule flexibility is undoubtedly growing, and larger organisations have the scale and resources to accommodate these needs."

“If Australia’s large employers are to continue this resurgence in hiring expectations, they must ensure that training, career development and schedule flexibility are at the forefront of their attraction and retention strategy.”

Elsewhere, the strongest Outlooks are reported in Japan (+26%), Taiwan (+21%), Hong Kong (+17%) and New Zealand (+15%). Employers in China expect some opportunities for job seekers in the next three months, but report a more conservative forecast of +6%.

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About ManpowerGroup

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