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ManpowerGroup Employment Outlook Survey

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South African Employers Report Soft Hiring Intentions for Q1 2020

- **Opportunities for job seekers are expected to be strongest in the Finance, Insurance, Real Estate & Business Services sector and weakest within the Construction sector.**
- **Provincially, employers in the Western Cape report the strongest hiring intentions for the first quarter of the year, while employers in the Eastern Cape report the weakest hiring intentions.**

Johannesburg, 10 December 2019 – According to the latest ManpowerGroup Employment Outlook Survey, South African employers report soft hiring intentions for the first quarter of 2020. While 10% of employers forecast an increase in payrolls, 8% anticipate a decrease and 81% expect to make no changes. Once the data is adjusted to allow for seasonal variation, the Outlook stands at +2%, and is the weakest reported in more than five years. 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 move into the new year, the South African economy continues to be affected by subdued economic growth and a sluggish growth outlook. Policy uncertainty and a high unemployment rate remain a deep concern for local businesses who are looking to the new year with caution when it comes to their spending and hiring strategies,” says Lyndy van den Barselaar, Managing Director of ManpowerGroup SA.

Regional Comparisons

Employers in three of the five regions expect to add to payrolls in the first quarter of 2020. The strongest labour market is anticipated by Western Cape employers, who report a Net Employment Outlook of +4%. Limited job gains are also forecast in Gauteng and Kwazulu Natal, with Outlooks of +3% and +2%, respectively. However, Eastern Cape employers report downbeat hiring prospects with an Outlook of -5%, while the Free State Outlook stands at -1%.

“The Western Cape government continues to focus on development in the region through several initiatives, such as one initiative that is focusing on diversifying the province’s energy mix through an uptake in sustainable energy sources. This could create employment for those with skills in developing, installing and maintaining these sustainable energy sources such as solar photovoltaic panels, for example. Another provincial initiative looks to encourage direct engagement between the



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government and the private sector, with sectors such as construction, manufacturing, IT, business process outsourcing and transport participating. These kinds of initiatives look to spur growth and promote job growth, which could contribute to the positive outlook for the province in the coming quarter,” says van den Barselaar.

Eastern Cape employers report a considerable decline of 13 percentage points when compared with the previous quarter, and Outlooks also weaken by 5 and 3 percentage points in Free State and KwaZulu Natal, respectively. Elsewhere, hiring prospects remain relatively stable in Gauteng and Western Cape.

In a comparison with this time one year ago, Eastern Cape employers report a decline of 14 percentage points. Hiring plans also weaken by 4 percentage points in Gauteng and by 3 percentage points in the Western Cape. Meanwhile, the Outlook for KwaZulu Natal remains relatively stable and Free State employers report no change.

Sector Comparisons

Employers in six of the 10 industry sectors expect to increase payrolls during the forthcoming quarter. The strongest hiring pace is forecast in the Finance, Insurance, Real Estate & Business Services sector, where the Net Employment Outlook stands at +9%. Some hiring opportunities are expected in the Wholesale & Retail Trade sector and the Agriculture, Hunting, Forestry & Fishing sector, with Outlooks of +7% and +5%, respectively, while the Restaurants & Hotels sector Outlook is +4%. Meanwhile, employers in three sectors expect to trim payrolls, most notably reflected in Outlooks of -9% for the Construction sector and -6% for the Transport, Storage & Communications sector.

“As businesses in South Africa look to digital transformation to shift the way they see and do business, the country moves toward becoming part of the Fourth Industrial Revolution (4IR). These kinds of changes are spurred by the Business Services sector. Additionally, as businesses and individuals look to make better financial decisions in a challenging economic climate, the Financial Services and Insurance sectors will become more prevalent. It is possible that these factors are contributing to the expected growth in the sector,” explains van den Barselaar.

Hiring sentiment weakens in eight of the 10 industry sectors in a comparison with the final quarter of 2019. Public & Social sector employers report the most noteworthy decline of 6 percentage points, while Outlooks are 5 and 3 percentage points weaker in the Construction sector and the Restaurants & Hotels sector, respectively. Elsewhere, decreases of 2 percentage points are reported in three sectors — the Finance, Insurance, Real Estate & Business Services sector, the Manufacturing sector and the Transport, Storage & Communications sector. However, Wholesale & Retail Trade sector employers report a quarter-over-quarter improvement of 4 percentage points.



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In a comparison with this time one year ago, Outlooks decline in seven of the 10 industry sectors. Considerably weaker hiring plans are reported in the Transport, Storage & Communications sector and the Construction sector, decreasing by 17 and 12 percentage points, respectively. Mining & Quarrying sector employers report a decline of 8 percentage points, and the Agriculture, Hunting, Forestry & Fishing sector Outlook is 7 percentage points weaker. Meanwhile, Outlooks improve by 8 percentage points in the Manufacturing sector and by 4 percentage points in the Finance, Insurance, Real Estate & Business Services 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 steady increase in payrolls during the coming quarter, reporting a Net Employment Outlook of +19%. However, uncertain Outlooks of -2% and -1% are reported by Small- and Micro-size employers, respectively, while the Outlook for the Medium size category stands at 0%.

When compared with the previous quarter, hiring prospects decline by 4 percentage points for both Micro- and Medium-size employers. However, Small firms report relatively stable hiring plans, while the Outlook for Large employers is 8 percentage points stronger.

Employers in both the Medium- and Small-size categories report weaker hiring intentions when compared with this time one year ago, declining by 7 and 4 percentage points, respectively. Elsewhere, Micro employers report relatively stable hiring plans, while the Outlook for Large employers improves by 2 percentage points.

Global Results

In the ManpowerGroup research for the first quarter of 2020, employers in 42 of 43 countries and territories surveyed expect to grow payrolls in the period up to the end of March 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, Argentina, Costa Rica, Italy, and Spain.

When compared with the previous quarter, hiring plans strengthen in 15 of the 43 countries and territories, while employers in 23 report weaker hiring prospects, with no change reported in five. In a comparison with last year at this time, employers in 12 countries and territories report stronger hiring sentiments, while hiring intentions weaken in 26 and are unchanged in five.

The next ManpowerGroup Employment Outlook Survey will be released on 10 March 2020 to report hiring expectations for the second quarter of the year. Full results can be found at the following link: www.manpowergroup.com/meos



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About ManpowerGroup

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