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ManpowerGroup Employment Outlook Survey Q2 2019

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South African employers report conservative hiring plans for the second quarter of 2019

Opportunities for job seekers are expected to be strongest in the Agriculture, Hunting, Forestry & Fishing sector and weakest within the Restaurants & Hotels sector.

Provincially, employers in the Western Cape, Gauteng and Free State report the strongest hiring intentions for the second quarter of the year, while employers in the Eastern Cape report the weakest hiring intentions.

Johannesburg, 12 March 2019 – **South African employers report conservative hiring plans for the second quarter of 2019. With 12% of employers expecting to increase payrolls, 6% forecasting a decrease and 80% anticipating no change, once the data is adjusted to allow for seasonal variation the Outlook stands at +5%.**

Hiring prospects remain relatively stable when compared with the previous quarter, but decline by 3 percentage points in comparison with this time one year ago.

Lyndy van den Barselaar, Managing Director of ManpowerGroup SA, provides insights into why South African employers are reporting conservative hiring intentions for the April to June time frame: “While there has been some positive news in terms of a slightly decreased unemployment rate and an expected acceleration in economic growth, businesses are still needing to be cautious around hiring and spending in the short to medium term. This is evident in the results, with the large majority of employers reporting no change to their hiring schemes in the coming quarter,” she explains.

Regional Comparisons

Employers in four of the five regions expect to add to payrolls in the upcoming quarter. Moderate hiring activity is forecast for three regions with Net Employment Outlooks of +7%: Free State, Gauteng and Western Cape. Elsewhere, Kwazulu Natal employers anticipate some workforce gains with an



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Outlook of +5%, but Eastern Cape employers report uncertain hiring plans with an Outlook of -1%.

“It was reported by Statistics SA at the end of 2018 that the largest employment increases were recorded in Gauteng, Free State and the Western Cape – and the latest Manpower Employment Outlook Survey statistics would predict that this trend is set to continue,” says van den Barselaar. “Third quarter data for 2018 showed that employment in the City of Cape Town grew by 3.9% year on year, while fourth quarter data revealed that the city of Johannesburg has created 110 000 jobs year-on-year.”

“As the Free State relies on its agriculture sector as a key factor in its development, the expected growth in the region may be tied to the expected gains in the Agriculture, Hunting, Forestry & Fishing sector,” she says.

Hiring intentions improve by 8 percentage points in Free State when compared with the previous quarter, while Kwazulu Natal employers report an increase of 4 percentage points. However, the Eastern Cape Outlook declines by 10 percentage points. Elsewhere, hiring plans remain relatively stable in Western Cape and are unchanged in Gauteng.

In a year-over-year comparison, Outlooks weaken in four of the five regions. The most notable decreases of 5 percentage points are reported in both Eastern Cape and Kwazulu Natal, while Outlooks are 4 and 3 percentage points weaker in Gauteng and Western Cape, respectively. Meanwhile, Free State employers report an improvement of 6 percentage points.

Sector Comparisons

Employers in nine of the 10 industry sectors expect to increase payrolls during the April-June period. Agriculture, Hunting, Forestry & Fishing sector employers report the strongest hiring intentions with a hopeful Net Employment Outlook of +17%. Elsewhere, respectable job gains are forecast for the Finance, Insurance, Real Estate & Business Services sector where the Outlook is +11%, while Wholesale & Retail Trade sector employers report an Outlook of +10%. Modest workforce growth is anticipated in the Transport, Storage & Communications sector, where the Outlook is +7%, and in the Mining & Quarrying sector with an Outlook of +6%. However, Restaurants & Hotels sector employers expect to trim payrolls, reporting an Outlook of -4%.

“Statistics SA reported that in 2018, South Africa’s agricultural exports grew by 7% year-on-year underpinned by increased exports of oranges, grapes, wine, maize, apples, wool, lemons, mandarins and pears. Potential expansion in agricultural production in South Africa would mainly be on export-oriented



products, which could boost the potential for job creation in the sector,” says van den Barselaar.

It has also been reported that by 2020 there will be an even higher demand for skilled people in the agricultural sector, with top careers including technologists, hydrologists, food scientists, agricultural communicators and precision agriculture technologists – which could spur job creation in the long-term.

Hiring prospects strengthen in five of the 10 industry sectors when compared with the previous quarter. The most notable improvements of 6 percentage points are reported in the Agriculture, Hunting, Forestry & Fishing sector, the Finance, Insurance, Real Estate & Business Services sector and the Manufacturing sector. Meanwhile, Outlooks weaken in four sectors, including the Restaurants & Hotels sector with a decrease of 8 percentage points. Elsewhere, hiring plans decline by 3 percentage points in two sectors – the Transport, Storage & Communications sector and the Wholesale & Retail Trade sector.

When compared with this time one year ago, employers report weaker hiring intentions in six of the 10 industry sectors. A considerable decline of 16 percentage points is reported for the Restaurants & Hotels sector, while Outlooks are 10 and 6 percentage points weaker in the Manufacturing sector and the Transport, Storage & Communications sector, respectively. However, hiring prospects improve in three sectors, most notably by 14 percentage points in the Agriculture, Hunting, Forestry & Fishing sector and by 5 percentage points in the Electricity, Gas & Water 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.

Workforce gains are anticipated in all four organisation size categories during 2Q 2019. Large employers anticipate an active hiring pace, reporting a Net Employment Outlook of +24%, while some job gains are expected in the Small employer category, with an Outlook of +5%. Meanwhile, Micro- and Medium-size employers report cautious hiring plans with Outlooks of +1%.

In a quarter-over-quarter comparison, Large employers report an improvement of 6 percentage points, and Outlooks are 2 percentage points



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stronger for Small- and Micro-size firms. However, the Medium employer Outlook declines by 6 percentage points.

Medium employers report a considerable decrease of 10 percentage points when compared with this time one year ago, and the Outlook for Micro employers is 2 percentage points weaker. Elsewhere, Large employers report an improvement of 6 percentage points, while the Outlook for Small employers is unchanged.

Globally, research for the second quarter of 2019 reveals employers expect to add to payrolls in 40 of 44 countries and territories in the period up to the end of June. Croatian, Japanese and Greek employers report the strongest hiring prospects for the coming quarter, while the weakest labour markets are forecast for Hungary, Spain, Argentina, Panama and Turkey.

Employers in 15 of 44 countries and territories surveyed report stronger hiring plans when compared with the prior quarter, while weaker hiring intentions are reported in 18 and no change is expected in 11. When compared with the second quarter of 2018, Outlooks improve in 13 countries and territories, but decline in 27 and are unchanged in four.

ENDS

The ManpowerGroup Employment Outlook Survey for the second quarter 2019 was conducted by interviewing a representative sample of 751 employers in South Africa. All survey participants were asked, “How do you anticipate total employment at your location to change in the three months to the end of June 2019 as compared to the current quarter?”.

The next ManpowerGroup Employment Outlook Survey will be released on 11 June 2019 to report hiring expectations for the third quarter of 2019. The ManpowerGroup Employment Outlook Survey is available free of charge to the public through local Manpower representatives in participating countries. To receive e-mail notification when the survey is available each quarter, please complete an online subscription form at:
<http://www.manpowergroup.com/investors/alerts.cfm>.

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 50 years and is one of the most trusted surveys of employment activity in the world. Various factors underpin the success of the ManpowerGroup Employment Outlook Survey:

Unique: It is unparalleled in its size, scope, longevity and area of focus.



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Projective: The ManpowerGroup Employment Outlook Survey is the most extensive, forward-looking employment survey in the world, asking employers to forecast employment over the next quarter. In contrast, other surveys and studies focus on retrospective data to report on what occurred in the past.

Independent: The survey is conducted with a representative sample of employers from throughout the countries and territories in which it is conducted. The survey participants are not derived from ManpowerGroup's customer base.

Robust: The survey is based on interviews with over 59,000 public and private employers across 44 countries and territories to measure anticipated employment trends each quarter. This sample allows for analysis to be performed across specific sectors and regions to provide more detailed information.

Focused: For more than five decades the survey has derived all of its information from a single question:

For the 2Q 2019 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 June 2019 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. The margin of error for all national, regional and global data is not greater than +/- 4.1%.

Net Employment Outlook

Throughout this report, we use the term "Net Employment Outlook." This figure is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting to see a decrease in employment at their location in the next quarter. The result of this calculation is the Net Employment Outlook. Net Employment Outlooks for countries and territories that have accumulated at least 17 quarters of data are reported in a seasonally adjusted format unless otherwise stated.

Seasonal adjustments have been applied to the data for all participating countries except Croatia and Portugal. ManpowerGroup intends to add seasonal adjustments to the data for other countries in the future, as more historical data is compiled. Note that in Quarter 2 2008, ManpowerGroup adopted the TRAMO-SEATS method of seasonal adjustment for data.

About ManpowerGroup

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