Press Release

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ManpowerGroup Employment Outlook Survey:

Spring outlook: German employers plan to keep hiring

- **Employment Outlook relatively stable**
- **16 percent of logistics companies plan to hire new staff in the second quarter**
- **Confidence is falling among employers in cities**

Eschborn, xx February 2019 – Hiring plans among employers in Germany remain strong. In the latest ManpowerGroup Employment Outlook Survey, more than one in ten employers say they plan to recruit new staff between April and June 2019. The seasonally adjusted Net Employment Outlook for the second quarter of 2019 is relatively stable at +9 percent. Compared to the first quarter of 2019, hiring confidence has risen by one percentage point, while the result remains unchanged from the second quarter of the previous year. "It is true that the economic climate in Europe is worsening, with Brexit and trade disputes causing uncertainty among employers," says Frits Scholte, CEO of ManpowerGroup Germany. "However, this has not affected the labor market, as unemployment levels fell again and salaries are increasing. Many companies were not able to implement their ambitious hiring plans in the last few quarters. This is why our Employment Outlook Survey remains positive." The logistics sector and manufacturing industries, in particular, plan to hire new staff. The construction industry has already reached its peak, however. Similarly, employers' growth plans in large cities like Munich and Frankfurt am Main are reaching their limits. These are some of the results and interpretations of the Manpower Employment Outlook Survey for the second quarter of 2019, for which 1,000 employers in Germany were surveyed.

+++ You can find the results of the study in a compact format as infographics here +++

The outlook is good for warehouse staff, logistics workers and communications experts. Employers from the transport, warehousing and communications industry plan to recruit even more staff in the second quarter of 2019. With a level of **+15 percent**, this sector has recorded the strongest seasonally adjusted Net Employment Outlook of all surveyed industries. At the same time, it is the best forecast for eight years – the logistics sector only achieved this kind of Employment Outlook in Q2 2011. Compared to the first quarter, this level represents an increase of six percentage points, and compared to the second quarter of the previous year it has risen by seven percentage points. 16 11 percent of employers plan to hire new staff between April and June 2019, and 1 percent plans to make reductions. 82 85 percent expect the staffing levels to remain stable, while two percent are undecided. The logistics sector is regarded as a consistent growth driver in Germany, with Germany taking first place among 160 countries in the World Bank's 2018 "Logistics Performance Index".

"The main reason for this high level of demand for staff in the logistics sector is the digitization process," says Frits Scholte. "Growing numbers of consumers are ordering goods online which, in turn, need to be stored and delivered. This is combined with ever more technical support in the shape of warehouse and delivery robots, self-driving vehicles and software – all of which makes this sector more efficient. Instead of replacing human labor, even more skilled workers are needed." This is also the result of the latest ManpowerGroup report "Skills Revolution 4.0". The share of employers worldwide who plan to maintain or increase their headcount as a result of automation has risen over the last three years from 83 percent to 87 percent. In sales, a job growth of eight percent is anticipated, while the IT sector expects 23 percent.

Digitization strengthens staff needs in logistics and industry

This development also affects the manufacturing industries. Machines are being digitized and qualified staff who can operate them are in great demand. This means that hiring plans remain consistently strong in the manufacturing industries, despite a slight decline in orders. According to the ManpowerGroup Employment Outlook Survey, the +14 percent recorded by the manufacturing industries represents the second highest Employment Outlook among all industries for the second quarter. This corresponds to an increase of one percentage point compared to the previous quarter and year respectively.

As in the previous quarters, the finance and services sector is one of the winners with an Employment Outlook of an optimistic +13 percent in the second quarter of 2019, which represents a slight increase of one percentage point compared to the previous quarter and of five percentage points on the previous year. The electricity, gas and water suppliers remain unchanged with a positive +10 percent. The public and social sectors have recorded a moderate +8 percent, representing a slight increase of two percentage points compared to the previous quarter and unchanged on the previous year. Agriculture has an Employment Outlook of +2 percent, thereby making a gain of nine percentage points compared to the first quarter and one percentage point on the second quarter of 2018.

The contstruction, wholesale, retail, and hospitality sectors have seen declines in hiring intentions compared to the prior quarter and prior year. The Employment Outlook in the building trade stands at +6 percent, after +10 percent in the previous quarter and +17 percent in the previous year. "The construction sector saw growth throughout most of 2018, but the upward trend is now reaching its limits in Q4 2018," says Scholte. "Employers are complaining about delivery shortages for sand and gravel. The shortage of skilled workers is also a serious impediment."

The outlook for trade stands at +2 percent, which is a decrease of three percentage points compared to the previous quarter and of six percentage points on the previous year. Online trade is booming, although the purely offline retail business is facing difficulties. Foreign trade, meanwhile, is suffering as a result of trade obstacles and Brexit strategies.

The mining industry is the only sector with a negative Employment Outlook: -1 percent is a fall of three percentage points compared to the previous quarter and of nine percentage points on the previous year.

Regions: large cities lose out, while the North gains

The frontrunner among German cities is Munich with a seasonally adjusted Net Employment Outlook of +17 percent in the second quarter. This represents an increase of five percentage points compared to the previous year, but a loss of three percentage points on the first quarter. “Space is at a premium in the cities and rents are increasing. Some employers have decided to leave Munich or put an end to their growth plans. Demand for staff is therefore stagnating or even declining. We can see this development in many large cities”, says Scholte. The previous frontrunner Berlin has suffered even greater losses. The capital has lost ten percentage points compared to the previous quarter and 13 percentage points on the previous year, and now has an Employment Outlook of a cautious +6 percent. Similarly, Frankfurt am Main dropped four percentage points compared to the first quarter and eight percentage points on the previous year to stand at +8 percent now.

Only the North of the country was able to gain seven percentage points compared to the previous year and quarter, and is now well represented among the regions with a respectable Employment Outlook of +10 percent. At +8 percent, the South is slightly behind, but has gained three percentage points compared to the previous quarter and lost three on the previous year.

Western Germany stands at +9 percent, thereby gaining five percentage points compared to the previous quarter but losing two percentage points on the previous year. Eastern Germany is almost at the same level with an Employment Outlook of +8 percent, although it has lost two percentage points on the previous quarter. The Ruhr Valley stands at a moderate +3 percent, a drop of five percentage points compared to the previous quarter and one percentage point on the previous year.

Large companies more cautious with hiring plans

When comparing company sizes, one specific trend looks set to continue: the highly positive Net Employment Outlook continues among the large companies and corporate groups at +29 percent. 31 percent of these employers are planning to hire new staff, while four percent seek to make reductions and 59 percent want to maintain the same staffing levels. However, this figure represents a decrease of ten percentage points compared to the first quarter and of eight percentage points on the previous year. Medium-sized companies have also recorded losses of three percentage points compared to the previous quarter and eleven percentage points on the previous year, although they are still well positioned at +19 percent, while some 24 percent of these companies plan to hire new staff.

There is no decline among the small businesses, however. They have an Employment Outlook of an optimistic +14 percent, which means a slight increase of one percentage point compared to both the previous quarter and year. 17 percent of employers plan to hire new staff, while just one percent plan reductions. Micro-firms are relatively stable at +3 percent, which corresponds to a growth of one percentage point compared to the previous quarter and a decrease of one percentage point on the previous year.

Employers around the world also plan to recruit new staff

From a global perspective, hiring plans among employers remain mostly positive. For the second quarter of 2019, the ManpowerGroup report shows an anticipated employment growth in 40 of 44 surveyed countries and territories in the period up to the end of June.

Hiring expectations in 15 of 44 countries and territories for the upcoming quarter are stronger than for the previous quarter, weaker in 18 regions and unchanged in 11. Compared to the same quarter of the previous year, hiring plans have increased in 13 regions, decreased in 27 countries and territories, and remained unchanged in 4. The hiring plans in the second quarter of 2019 are strongest in Croatia, Japan, Greece, Hong Kong and the U.S.

In Europe, the Middle East and Africa (EMEA), the Employment Outlook for the second quarter of 2019 is not negative in any of the 24 countries. However, three countries (Hungary, Spain, Turkey) have an Employment Outlook of +/-0 percent, while a decrease compared to the first quarter is forecast for eight countries. There is a particularly sharp fall of minus 15 percentage points for Hungary, with the country losing 18 percentage points on the previous year. The outlook for Slovenia decreased by seven percentage points compared to the previous quarter and now stands at +10 percent.

Austria has lost one percentage point compared to the first quarter and two percentage points on the previous year, and now has an Employment Outlook of +4 percent.

The strongest include Greece (+21 percent, 3 compared to the previous quarter, 6 on the previous year), Ireland (+11 percent, also 3 compared to the previous quarter and 6 on the previous year), Switzerland (+4 percent, an increase of 2 percentage points compared to the previous quarter and 3 on the previous year), and Sweden (+9 percent, 3 compared to the previous quarter, 7 on the previous year).

It is remarkable that the UK has remained relatively stable, despite the Brexit chaos. The Employment Outlook there for the second quarter of 2019 stands at +4 percent. This represents a slight decrease of one percentage point compared to the previous quarter and two percentage points on the second quarter in the previous year. The figure has almost constantly remained in the region of +4 to +7 percent since the begining of 2013, without any major anomalies.

You can find more detailed results from the Manpower Employment Outlook Survey for all participating countries including infographics here: https://www.manpowergroup.de/neuigkeiten/studien-und-research/arbeitsmarktbarometer/

Background information

The ManpowerGroup Employment Outlook Survey is the longest-running, most extensive, forward-looking employment survey in the world, commencing in 1962 and now polling nearly 59.000 employers in 44 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.

You can find more information about the Manpower Employment Outlook Survey at https://www.manpowergroup.de/neuigkeiten/studien-und-research/arbeitsmarktbarometer/.

About ManpowerGroup

ManpowerGroup™ (NYSE: MAN) has been the world's workforce expert, creating innovative workforce solutions, for nearly 70 years. As workforce experts, we connect more than 600,000 men and women to meaningful work across a wide range of skills and industries every day. Through our ManpowerGroup family of brands — Manpower®, Experis™, Right Management ® and ManpowerGroup™ Solutions— we help more than 400,000 clients in 80 countries and territories address their critical talent needs, providing comprehensive solutions to resource, manage and develop talent. In 2019, ManpowerGroup was named one of Fortune's Most Admired Companies for the seventeenth year and one of the World's Most Ethical Companies for the ninth year in 2018, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup makes powering the world of work humanly possible.

More information is available at http://www.manpowergroup.de.

Press Release

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