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ManpowerGroup Employment Outlook Survey Q1 2019

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South African Employers Report Conservative Hiring Intentions for Q1 2019

Opportunities for job seekers are expected to be strongest in the Wholesale & Retail Trade sector and weakest within the Manufacturing sector.

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

Johannesburg, 11 December 2018 – South African employers report conservative hiring intentions for the next three months. With 11% of employers expecting to increase payrolls, 6% anticipating a decrease and 81% forecasting no change. Once the data is adjusted to allow for seasonal variation, the resulting Net Employment Outlook is **+45%**.

Once the data is adjusted to allow for seasonal variation, the Outlook stands at +4%. Despite the first quarter forecast declining slightly in both quarter-over-quarter and year-over-year comparisons, South African employers are anticipating some job gains in the months ahead. Hiring prospects decline by 2 percentage points when compared with the previous quarter and are also 2 percentage points weaker 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 January to March time frame: “The country’s economic growth continues to be slower-than-expected in the short- to medium-term. This means businesses have to be cautious when it comes to spending and hiring activity, which could explain the 81% of employers reporting no change to their hiring strategies in the coming quarter,” she explains.

Regional Comparisons

Employers in four of the five regions expect to increase payrolls during the upcoming quarter. The strongest labour market is anticipated in Eastern Cape,



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where the Net Employment Outlook stands at +8%. Moderate hiring activity is also forecast for Gauteng and Western Cape, with Outlooks of +7% and +6%, respectively, while the Outlook for Kwazulu Natal is +1%. However, Free State employers expect to trim payrolls, reporting an Outlook of -2%.

“The Department of Economic Development, Environmental Affairs and Tourism indicated in a report in October that there had been steady growth in the Eastern Cape, in sectors such as agro-processing, energy, general manufacturing and pharmaceutical products. The report also found that the automotive sector remains the Eastern Cape’s leading exporter. This positive growth could mean that businesses will need to take on additional employees in the coming quarter,” explains van den Barselaar.

When compared with the previous quarter, Kwazulu Natal employers report a considerable decrease of 12 percentage points, and Outlooks decline by 2 percentage points in two regions □ Free State and Gauteng. Meanwhile, Eastern Cape employers report a considerable improvement of 14 percentage points.

In a year-over-year comparison, Kwazulu Natal employers report a decrease of 6 percentage points, and Outlooks are 4 and 3 percentage points weaker in the Western Cape and the Free State, respectively. However, Eastern Cape employers report a slight improvement of 4 percentage points.

Sector Comparisons

Workforce gains are anticipated in seven of the 10 industry sectors during the next three months. The strongest labour markets are forecast for the Wholesale & Retail Trade sector and the Transport, Storage & Communications sector, with Net Employment Outlooks of +14% and +12%, respectively. Elsewhere, moderate hiring prospects are reflected in Outlooks of +9% for two sectors □ the Agriculture, Hunting, Forestry & Fishing sector and the Mining & Quarrying sector □ while Restaurants & Hotels sector employers report an Outlook of +5%. Meanwhile, payrolls are forecast to decline in two sectors, including the Manufacturing sector where the Outlook stands at -6%.

“The Wholesale & Retail Trade sector often continues to experience uptake in Q1 as the holiday season comes to an end, as consumers make their last holiday purchases and take advantage of post-Christmas sales; which could explain the positive hiring intentions of employers operating in this sector,” says van den Barselaar.



Hiring prospects weaken in seven of the 10 industry sectors when compared with the previous quarter. Agriculture, Hunting, Forestry & Fishing sector employers report a decline of 8 percentage points, while the Manufacturing sector Outlook is 7 percentage points weaker. Employers in two sectors – the Electricity, Gas & Water sector and the Public & Social sector – report decreases of 3 percentage points. Elsewhere, Outlooks strengthen in three sectors, most notably by 6 percentage points in the Construction sector.

In a comparison with 1Q 2018, hiring plans also weaken in seven of the 10 industry sectors. Noteworthy declines of 8 percentage points are reported for both the Public & Social sector and the Restaurants & Hotels sector, while Outlooks are 6 and 4 percentage points weaker in the Finance, Insurance, Real Estate & Business Services sector and the Agriculture, Hunting, Forestry & Fishing sector, respectively. However, Wholesale & Retail Trade sector employers report a considerable improvement of 11 percentage points, and the Mining & Quarrying sector Outlook is 6 percentage points stronger.

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.

Payrolls are forecast to increase in three of the four organisation size categories during the coming quarter. Large employers report favourable hiring prospects, with a Net Employment Outlook of +16%, while Outlooks of +7% and +3% are reported by Medium- and Small-size employers, respectively. However, Micro employers anticipate an uncertain hiring climate, reporting an Outlook of -1%.

When compared with the previous quarter, hiring plans decline by 3 percentage points in both the Large- and Micro-size categories. Meanwhile, Outlooks are unchanged for Small- and Medium-size employers.

In a year-over-year comparison, Large employers report a moderate decrease of 6 percentage points, while Outlooks remain relatively stable for Micro-, Small- and Medium-size firms.

Globally, First-quarter hiring confidence is strongest in Japan, Taiwan, the U.S., Slovenia, Greece and Hong Kong, while employers report the weakest hiring intentions in Argentina, Switzerland, Italy, Panama and Spain. Hiring intentions for the coming quarter are stronger in 16 of 44 countries and



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territories when compared with the prior quarter, weakened in 23 and are unchanged in five. In a comparison with this time one year ago, Outlooks improve in 21 countries and territories, decline in 20, and are unchanged in two**.

** Only 43 countries and territories eligible for year-over-year comparison; Croatia has no year-over-year data at this point.

ENDS

The ManpowerGroup Employment Outlook Survey for the first quarter 2019 was conducted by interviewing a representative sample of 752 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 March 2019 as compared to the current quarter?”

The next ManpowerGroup Employment Outlook Survey will be released on 12 March 2019 to report hiring expectations for the second 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.

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 60,000 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 1Q 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 March 2019 as compared to the current quarter?”



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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 +/- 3.9%.

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

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®, Right Management® and ManpowerGroup® Solutions – creates substantially more value for candidates and clients across 80 countries and territories and has done so for 70 years. In 2018, ManpowerGroup was named one of the World's Most Ethical Companies for the ninth year and one of Fortune's Most Admired Companies for the sixteenth year, confirming our position as the most trusted and admired brand in the industry. See how ManpowerGroup is powering the future of work: www.manpowergroup.com