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ManpowerGroup Employment Outlook Survey Q1 2018

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South African Employers Report Conservative Hiring Intentions for Q1 2018

Opportunities for job seekers are expected to be strongest in the Restaurants & Hotels and the Agriculture, Hunting, Forestry & Fishing sectors; and weakest within the Manufacturing sector. Provincially, employers in the Western Cape report the strongest hiring intentions for the first quarter of the year, while employers within the Free State report the weakest hiring intentions.

Johannesburg, 12 December 2017 – South African employers report conservative hiring intentions for the January-March time frame. With 15% of employers expecting to increase staffing levels, 8% forecasting a decrease and 75% anticipating no change, the Net Employment Outlook is +6% once the data is adjusted to allow for seasonal variation. Hiring prospects remain relatively stable when compared with the previous quarter, and are unchanged when compared with the first quarter of 2017.

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 local economy continues to struggle under economic and political uncertainty, low business and consumer confidence and a fluctuating currency. Therefore, it comes as no surprise that employers remain conservative in their spending and hiring patterns. That being said, the beginning of the year is often the time where businesses revisit their staffing strategies, and take on new hires – which could account for the small increase of 1% in the seasonally adjusted Net Employment Outlook,” she says.

Regional Comparisons

Payrolls are forecast to grow in four of the five regions during 1Q 2018. Western Cape employers report the strongest hiring intentions with a Net Employment Outlook of +10%, while some hiring opportunities are anticipated in Kwazulu Natal, with an Outlook of +6%. Elsewhere, employers report modest hiring plans with Outlooks of +5% in both Eastern Cape and Gauteng. However, Free State employers forecast flat hiring activity, reporting an Outlook of 0%.

When compared with the final quarter of 2017, hiring plans improve by 6 percentage points in Eastern Cape, and are 2 percentage points stronger in Western Cape. However, the Free State Outlook declines by 4 percentage



points. Elsewhere, hiring plans remain relatively stable in both Gauteng and Kwazulu Natal.

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Employers report weaker hiring prospects in two regions when compared with this time one year ago. Free State employers report a moderate decline of 7 percentage points, while the Outlook for Western Cape is 2 percentage points weaker. In Eastern Cape, Gauteng and Kwazulu Natal, employers report relatively stable hiring intentions.

“The Western Cape continues to attract visitors and tourists in the first few months of the year, as the South African summer reaches its peak. This could continue to have a positive effect on hiring intentions among the province’s employers,” explains van den Barselaar.

“Employers in the province continue to focus on job creation. For example, it was recently reported that the Cape Town International Convention Centre (CTICC) generated R216m in revenue during the financial year ended June 30 2017 - up from R209 million the previous year, and that due to the centre’s operations, 7 824 jobs were sustained in Cape Town and South Africa. The CTICC has already secured 58 major international events up until 2022, which could also be assisting with job creation in the coming months,” explains van den Barselaar.

Sector Comparisons

Employers in eight of the 10 industry sectors expect to increase staffing levels during 1Q 2018. The strongest hiring pace is forecast in two sectors with Net Employment Outlooks standing at +12% – the Agriculture, Hunting, Forestry & Fishing sector and the Restaurants & Hotels sector. Finance, Insurance, Real Estate & Business Services sector employers report cautiously optimistic hiring plans, with an Outlook of +9%, while Outlooks stand at +8% and +7% in the Public & Social sector and the Transport, Storage & Communication sector, respectively. However, employers in two sectors expect payrolls to decline. Manufacturing sector employers report a sluggish Outlook of -9%, while the Construction sector Outlook is -2%.

“The need for further education and training, investment and development in the South African agriculture, forestry and fishing sectors has been gaining traction in recent months. The Department of Agriculture, Forestry and Fisheries just reported that 316 small-scale fishing communities have recently been registered along the South African coast. The plan is that in between December 2017 and March 2018 co-operatives will be established, registered and allocated rights in the Western Cape and Eastern Cape; and KwaZulu-Natal will follow in March 2018,” explains van den Barselaar.

Hiring plans improve in six of the 10 industry sectors when compared with the previous quarter. Agriculture, Hunting, Forestry & Fishing sector employers report the most notable increase of 13 percentage points, while Outlooks are 5 percentage points stronger in both the Mining & Quarrying sector and the Public & Social sector. Meanwhile, hiring prospects weaken in four sectors,



including the Manufacturing sector, with a considerable decline of 16 percentage points. The Construction sector Outlook is 6 percentage points weaker, while Electricity, Gas & Water Supply sector employers report a decline of 5 percentage points.

When compared with 1Q 2017, Outlooks decline in five of the 10 industry sectors. Considerable decreases of 20 and 13 percentage points are reported in the Manufacturing sector and the Electricity, Gas & Water Supply sector, respectively. However, employers in four sectors report stronger hiring intentions, most notably in the Public & Social sector, with an increase of 6 percentage points, and in the Agriculture, Hunting, Forestry & Fishing sector, where the Outlook is 5 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 a healthy Net Employment Outlook of +23%, while Outlooks stand at +6% and +2% for Medium- and Small-size employers, respectively. However, Micro employers anticipate a decline in staffing levels, reporting an Outlook of -2%.

When compared with 4Q 2017, hiring intentions remain relatively stable for Micro-, Small- and Large-size employers, while Medium employers report no change.

In a comparison with this time one year ago, hiring prospects decline by 3 percentage points for Micro- and Small-size employers, but improve by 5 percentage points for Large employers. Meanwhile, Medium employers report relatively stable hiring plans.

Globally, workforce gains of varying margins are forecast by employers in 41 of 43 countries and territories during the January-March time frame. And for the second consecutive quarter since the global financial crisis in 2009, employers report no negative Outlooks among the 43 countries and territories. Additionally, employers in a number of countries, including Australia, Japan, Norway, Poland, Romania and the United States, report their strongest hiring plans in five years or more. There are also signs that the volatility recently observed in some countries—most notably in Brazil, China and India—is declining.



The strongest hiring intentions for the January to March timeframe are reported by employers in Taiwan and Japan, while the weakest hiring intentions are reported by employers in Austria and Italy.

ENDS

The next ManpowerGroup Employment Outlook Survey will be released on 13 March 2018 to report hiring expectations for the second quarter of 2018. 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>.

About the ManpowerGroup Employment Outlook Survey

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 59,000 public and private employers across 43 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:

The ManpowerGroup Employment Outlook Survey for the first quarter 2018 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 2018 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 +/- 3.9%. South Africa's margin of error is +/-3.6%.

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 Portugal. ManpowerGroup intends to add seasonal adjustments to the Portuguese data 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 over 400,000 clients and connect 3+ million people to meaningful, sustainable work 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 nearly 70 years. In 2017, ManpowerGroup was named one of the World's Most Ethical Companies for the seventh consecutive year and one of Fortune's Most Admired Companies, 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