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ManpowerGroup Employment Outlook Survey for the Fourth Quarter of 2015

Employer confidence in Israel remains upbeat: Net Employment Outlook of +10% indicates fourth-quarter hiring pace will remain steady

- ✓ 80% plan no changes to headcount in their organization
 - ✓ 13% of employers report intentions to increase headcount
 - ✓ 5% of employers intend to reduce payrolls
 - ✓ 2% don't know
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- ✓ **Employers in the Construction Sector expect to cut back, while those in the Wholesale & Retail Trade Sector and the Electricity, Gas & Water Supply Sector expect increased hiring**
 - ✓ **In the South: hiring plans weaken**
 - ✓ **Employers in large corporations expect the strongest fourth-quarter hiring pace, while the hiring intentions improve in small and micro businesses when compared to last year at this time**

Globally

- ✓ **Strongest fourth-quarter hiring plans reported in India and Taiwan**
- ✓ **Employer confidence in the US and Japan is the strongest in years**
- ✓ **Negative fourth-quarter outlooks have been recorded in Brazil, Italy, Greece, France and Finland**



Manpower Israel CEO, Michal Dan-Harel:

- ✓ **"Stability is the name of the game. Employers in Israel are demonstrating optimism and confidence in the strength of the economy and are continuing to hire."**
- ✓ **"The second half of the year sees a strengthening in hiring intentions compared to the first six months of the year."**

** The "Net Employment Outlook" is derived by taking the percentage of employers anticipating an increase in hiring activity and subtracting from this the percentage of employers expecting a decrease in hiring activity in their organization in the next quarter.

Israel's hiring pace is likely to remain steady through the last three months of the year according to the Manpower Employment Outlook Survey, released today by ManpowerGroup. Of the 752 employers who participated in the survey, 13% indicated they would add to their payrolls in the fourth quarter while only 5% indicated they planned workforce reductions. Once seasonal variations are removed from the data, Israel's Employment Outlook stands at +10%.

Israel's Manpower Employment Outlook Survey has now been conducted for over four years. With the accumulation of 17 quarters of data, we can now present the survey findings with seasonal variations removed from the survey data. Seasonal adjustment is a statistical process that allows us to present the survey data without the effect of fluctuations that normally occur throughout the year, such as changes in weather, public holidays, harvests and school schedules. These seasonal adjustments make it easier to observe cyclical, underlying trends and other nonseasonal factors in data collected over time.



According to **Michal Dan Harel, CEO Manpower Israel**, employers in Israel are demonstrating optimism and confidence in the strength of the Israeli business environment. "Employers are continuing to hire in all sectors apart from Construction, where a decline is expected in the number of recruitments in the coming quarter.

The survey has identified strengthening of hiring intentions in the second half of the year compared with the first six months of the year; evidently a period of recovery was required following the war last summer. More than ever, employers in this quarter intend to maintain their headcount, with 80% of employers reporting no intention of making changes in the size of their organization's workforce. This is further testimony to their confidence in stability of the business climate. Stability is the name of the game, which we believe will pave the way for opportunities for job seekers in the coming quarters.

"The survey also identifies a resurgence in hiring among small and micro businesses in the second half of the year. This trend, too, can be attributed to a general recovery and growing employer confidence in the Israel economy, and to the emergence from a period where things came to a standstill during and after the war.

"That said, the biggest employers are still clearly the biggest recruiters. The sectors in which the survey, and we in our work, identify greater hiring in the next quarter are the Wholesale & Retail Trade Sector, and the Electricity, Gas & Water Supply Sector, where hiring focused on activity in this field may be initiated. And although the Outlook in the Transport, Storage and Communications sector remains relatively modest, the forecast has climbed steadily for three consecutive quarters and indicates job seekers will have some opportunities in this sector, as well. Conversely, we see major weakening in employer confidence in the Construction Sector, where layoffs outpace hiring, and the data are negative."

Regional Comparisons

Staffing levels are forecast to grow in all six regions during 4Q 2015. The strongest labor markets are anticipated by employers in the North and Tel Aviv who report Net Employment Outlooks of +15% and +14%, respectively. Employers in the Center expect steady payroll gains, reporting an Outlook of +11%, while cautiously optimistic Outlooks of +9% are reported in both Jerusalem and Haifa. The weakest of the regional Outlooks stands at +7% in the South.

When compared with the previous quarter, hiring prospects decline in four of the six regions, including Haifa and the South where employers report decreases of 2 percentage points. Meanwhile, hiring prospects improve in two regions, most notably by 5 percentage points in the North.

Year-over-year, Outlooks strengthen in five of the six regions. Employers in the North report the most noteworthy increase of 7 percentage points while Outlooks are 3 percentage points stronger in both Haifa and Tel Aviv. However, employers in the South report a decline of 4 percentage points.



Sector Comparisons

Employers in nine of the 10 industry sectors expect to grow staffing levels during 4Q 2015. The strongest labor market is forecast by Wholesale & Retail Trade sector employers who report a Net Employment

Outlook of +19%, while steady job gains are anticipated in both the Electricity, Gas & Water Supply sector and the Finance, Insurance, Real Estate & Business Services sector, where Outlooks stand at +16% and +14%, respectively. Mining & Quarrying sector employers report respectable hiring plans with an Outlook of +11% while Outlooks of +10% are reported in both the Agriculture, Hunting, Forestry & Fishing sector and the Restaurants & Hotels sector. Meanwhile, Construction sector employers forecast a slight decline in payrolls with an Outlook of -2%.

Quarter-over-quarter, hiring prospects improve in five of the 10 industry sectors. A noteworthy increase of 11 percentage points is reported in the Wholesale & Retail Trade sector while Outlooks improve by 8 and 4 percentage points in the Agriculture, Hunting, Forestry & Fishing sector and the Electricity, Gas & Water Supply sector, respectively. However, employers in four sectors report weaker hiring intentions. The Outlook for the Manufacturing sector declines by 8 percentage points and a 6 percentage point decrease is reported by Construction sector employers.

When compared with 4Q 2014, Outlooks weaken in four of the 10 industry sectors, most notably by 10 and 9 percentage points in the Restaurants & Hotels sector and the Construction sector, respectively. Elsewhere, hiring intentions improve in three sectors. The Outlook for the Wholesale & Retail Trade sector is 12 percentage points stronger while increases of 9 and 6 percentage points are reported by employers in the Electricity, Gas & Water Supply sector and the Agriculture, Hunting, Forestry & Fishing sector, respectively.

Company Size Comparisons

Participating employers are categorized into one of four organization 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.

Staffing levels are forecast to increase in all four organization size categories during the October-December period, with the strongest labor market expected by Large employers who report a Net Employment Outlook of +18%. Small employers report a respectable Outlook of +11%, while Outlooks stand at +8% and +4% for Medium- and Micro-size organizations, respectively.



When compared with the previous quarter, hiring prospects weaken by 5 and 2 percentage points for Micro- and Small-size employers, respectively. Meanwhile, the Outlook for Medium employers remains relatively stable and large employers report no change.

Year-over-year, Medium employers report a 4 percentage point decline but the Outlook for Small firms is 2 percentage points stronger. Elsewhere, the Outlook for Large employers is unchanged and Micro employers report relatively stable hiring plans.

Global Comparison

Employers in 36 of 42 countries and territories intend to add to their payrolls by varying margins during the October-December time frame. However, evidence of definitive fourth-quarter workforce gains remains patchy amid signs that the pace of recovery following the recession continues to be slow and protracted. Many employers continue to exercise caution and are refraining from aggressive hiring until they sense more meaningful indicators of a market upturn.

Employers in India and Taiwan report the strongest hiring plans across the globe, while employer confidence in Japan is growing steadily with job seekers likely to benefit from the most optimistic forecast reported since Quarter 1 2008. Similarly, hiring intentions in the U.S. continue to improve, and the current outlook is the strongest reported since Quarter 4 2007.

Conversely, employer optimism continues to dwindle in Brazil; the fourth-quarter forecast is the weakest among the 42 countries and territories participating in the survey, and sinks to its least optimistic level since the survey was launched. Labor market activity is also slowing in China where employers forecast the weakest hiring environment in more than six years. Meanwhile, the forecast remains negative in Italy, and turn negative again in Greece, France and Finland.

Overall, employer optimism is mixed in comparison to the Quarter 3 2015 and Quarter 4 2014 research. Forecasts improve in a quarter-over-quarter comparison in 15 countries and territories, decline in 20 and are unchanged in seven. When compared year-over-year, forecasts improve in 16 countries, decline in 21, and are unchanged in five.



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REGIONAL AND INTERNATIONAL COMPARISONS												
AMERICAS	NET EMPLOYMENT OUTLOOK				Qtr on Qtr Change		NET EMPLOYMENT OUTLOOK		Yr on Yr Change 4Q		Total Interviews 4Q 2015	
	3Q 2015		4Q 2015		3Q 2015 to 4Q 2015		4Q 2014		2014 to 4Q 2015			
	Raw	SA	Raw	SA	Raw	SA	Raw	SA	Raw	SA		
	%	%	%	%	%	%	%	%	%	%		
ARGENTINA	5	5	4	6	-1	1	3	5	1	1	800	
BRAZIL	-6	-6	-14	-10	-8	-4	5	9	-19	-19	850	
CANADA	15	9	2	6	-13	-3	5	9	-3	-3	1,939	
COLOMBIA	13	13	13	14	0	1	20	20	-7	-6	751	
COSTA RICA	10	13	13	12	3	-1	5	4	8	8	620	
GUATEMALA	7	9	13	11	6	2	13	11	0	0	623	
MEXICO	11	11	13	13	2	2	16	16	-3	-3	4,801	
PANAMA	12	12	11	8	-1	-4	21	18	-10	-10	620	
PERU	8	7	7	7	-1	0	11	11	-4	-4	700	
UNITED STATES	20	16	15	18	-5	2	12	15	3	3	11,740	
ASIA PACIFIC	3Q 2015		4Q 2015		Qtr on Qtr Change		4Q 2014		Yr on Yr Change 4Q		Total Interviews 4Q 2015	
	3Q 2015		4Q 2015		3Q 2015 to 4Q 2015		4Q 2014		2014 to 4Q 2015			
	Raw	SA	Raw	SA	Raw	SA	Raw	SA	Raw	SA		
	%	%	%	%	%	%	%	%	%	%		
AUSTRALIA	4	6	7	7	3	1	10	10	-3	-3	1,502	
CHINA	13	13	5	5	-8	-8	9	9	-4	-4	4,243	
HONG KONG	17	16	16	15	-1	-1	16	15	0	0	785	
INDIA	39	37	40	41	1	4	43	45	-3	-4	5,047	
JAPAN	20	22	19	23	-1	1	15	19	4	4	1,201	
NEW ZEALAND	11	12	12	12	1	0	27	27	-15	-15	655	
SINGAPORE	14	13	13	12	-1	-1	17	16	-4	-4	665	
TAIWAN	45	40	35	36	-10	-4	41	41	-6	-5	1,125	
EUROPE, MIDDLE EAST & AFRICA (EMEA)	3Q 2015		4Q 2015		Qtr on Qtr Change		4Q 2014		Yr on Yr Change 4Q		Total Interviews 4Q 2015	
	3Q 2015		4Q 2015		3Q 2015 to 4Q 2015		4Q 2014		2014 to 4Q 2015			
	Raw	SA	Raw	SA	Raw	SA	Raw	SA	Raw	SA		
	%	%	%	%	%	%	%	%	%	%		
AUSTRIA	3	1	1	1	-2	0	5	5	-4	-4	751	
BELGIUM	1	2	2	2	1	0	3	3	-1	-1	750	
BULGARIA	16	10	5	10	-11	0	3	8	2	2	750	
CZECH REPUBLIC	7	4	1	1	-6	-3	-2	-2	3	3	750	
FINLAND	11	*	-1	*	-12	*	-1	*	0	*	620	
FRANCE	5	4	-2	-2	-7	-6	2	2	-4	-4	1,000	
GERMANY	6	5	6	6	0	1	5	5	1	1	1,000	
GREECE	11	3	-13	-2	-24	-5	3	9	-16	-11	750	
HUNGARY	6	5	10	11	4	6	3	4	7	7	750	
IRELAND	8	6	2	4	-6	-2	-3	-2	5	6	620	
ISRAEL	12	11	8	10	-4	-1	8	10	0	0	752	
ITALY	-1	-4	-7	-4	-6	0	-6	-3	-1	-1	1,001	
NETHERLANDS	3	2	1	1	-2	-1	0	0	1	1	751	
NORWAY	5	3	1	2	-4	-1	5	5	-4	-3	756	
POLAND	9	5	6	7	-3	2	5	6	1	1	751	
ROMANIA	14	12	8	16	-6	4	1	8	7	8	626	
SLOVAKIA	12	9	7	8	-5	-1	2	3	5	5	750	
SLOVENIA	11	8	3	8	-8	0	2	7	1	1	620	
SPAIN	5	2	1	3	-4	1	-5	-3	6	6	1,001	
SWEDEN	2	2	5	5	3	3	5	5	0	0	750	
SWITZERLAND	1	2	0	0	-1	-2	3	3	-3	-3	750	
TURKEY	19	14	11	15	-8	1	15	19	-4	-4	1,000	
UK	8	6	4	4	-4	-2	7	7	-3	-3	2,101	
SOUTH AFRICA	6	8	6	7	0	-1	5	6	1	1	753	
SA. Numbers are Net Employment Outlook when adjusted to remove the impact of seasonal variations in hiring activity. Please note that this data is not available for all countries as a minimum of 16 quarters worth of data are required.											TOTAL	58,770



About the Manpower Employment Outlook Survey

The Manpower 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 Manpower Employment Outlook Survey:

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

Projective: The Manpower 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 nearly 59,000 public and private employers across 42 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 4Q 2015 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 December 2015 as compared to the current quarter?"

Methodology

The Manpower 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 Finland. ManpowerGroup intends to add seasonal adjustments to the data for Finland once the requisite amount of historical data has been compiled. Note that in Quarter 2 2008, ManpowerGroup adopted the TRAMO-SEATS method of seasonal adjustment for data.

About ManpowerGroup

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