

# Western Cape employers plan most hiring intentions in second quarter

The ManpowerGroup Employment Outlook Survey, released yesterday 14 March 2017, indicates that while South African employers report cautiously optimistic hiring intentions for Q2 2017, Gauteng is the least optimistic and Western Cape the most.



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Opportunities for job seekers are expected to be strongest in the transport, storage and communications sector and weakest within the mining and quarrying sector. Of the 751 employers who participated in the survey, 12% expect to increase staffing levels, 5% forecast a decrease and 81% anticipate no change. Once the data has been seasonally adjusted, the resulting net employment outlook is +7%. Hiring prospects are unchanged quarter-over-quarter and improve by 2% year-over-year.

Lyndy van den Barselaar, MD of Manpower SA, provides insights, “As global economic uncertainty continues, many businesses will be more cautious about increasing staffing levels. The majority of local employers said they anticipated no change in their staffing levels for the upcoming quarter, which is a reflection of this economic uncertainty translating into

the local employment market.”

## Regional comparisons

Workforce gains are anticipated in all five regions during 2Q 2017. The strongest labour market is forecast in Western Cape, where employers report a net employment outlook of +14%. Elsewhere, employers report cautiously optimistic outlooks of +9% in both Free State and KwaZulu-Natal, while outlooks stand at +6% and +4% in Eastern Cape and Gauteng, respectively.

“The Western Capes economy is dominated by the City of Cape Town, which is a popular tourist destination for local and international holiday makers. There is a strong push for development in the tourism sector. This is seen in government’s R100-million investment in the Plettenberg Bay Airport road, the proposed completion of the N1 into Cape Town, the R832 million expansion at the Cape Town International Convention Centre, the building of the new Zeiss Museum of Contemporary Arts Africa at the V&A Waterfront and expansion and refurbishments of various new hotels in the city. The tourism sector is the largest employer in the region, employing more than 4 000 people, with the prospects of more jobs created as the sector continues to grow. This could definitely be a contributing factor to the positive employment outlook in the region.

“While Gauteng remains the economic hub of South Africa, employers in the province have registered a conservative outlook of +4% for the second consecutive quarter. Initiatives around economic transformation by the Gauteng provincial government are aimed at stimulating key aspects of the market, which will create opportunities for further employment in the province in the coming quarters. These initiatives are focused on encouraging local manufacturing of goods, support for black-owned firms and unlocking employment opportunities for all people across the province; as reported in the State of the Province address last month.”

Quarter-over-quarter, hiring intentions are 4% stronger in KwaZulu-Natal and improve by 2% in Free State. Elsewhere, hiring prospects remain relatively stable in Eastern Cape and Western Cape, while Gauteng employers report no change.

Hiring plans improve by 9% in Free State and Western Cape when compared with the second quarter of 2016, while a

slight increase of 2% is reported in KwaZulu-Natal. However, Gauteng employers report a year-over-year decline of 2%.

## **Sector comparisons see transport, storage, communication increase**

Employers in all 10 industry sectors forecast an increase in payrolls during the upcoming quarter. Transport, storage and communication sector employers report the strongest hiring intentions with a net employment outlook of +15%, while outlooks stand at +11% in both the agriculture, hunting, forestry and fishing sector and the finance, insurance, real estate and business services sector. Employers in the wholesale and retail trade sector report cautiously optimistic hiring plans with an outlook of +10%, while outlooks of +9% are reported in both the electricity, gas and water supply sector and the restaurants and hotels sector. Meanwhile, the most cautious outlook of +1% is reported by mining and quarrying sector employers.

“The current push for investment into improving existing and the building of new infrastructure, especially roads, is a contributing factor to the expected growth in hiring in the transport, storage and communication sector. Another possible contributing factor is the increase in service providers providing last mile fibre to the home (FTTH) and fibre to the business (FTTB), to support the growth of South Africa’s digital transformation and economy at large,” concludes van den Barselaar.



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Hiring prospects improve in six of the 10 industry sectors when compared with the previous quarter. Transport, storage and communication sector employers report the most noteworthy increase of 10%, while outlooks are 6 and 5% stronger for the construction sector and the wholesale and retail trade sector, respectively. However, hiring plans weaken in four sectors, including the restaurants and hotels sector with a decrease of 5% and the electricity, gas and water supply sector, where employers report a decline of 4%.

Year-over-year, outlooks strengthen in five of the 10 industry sectors, most notably by 13% in the agriculture, hunting, forestry and fishing sector. Elsewhere, increases of 12 and 9% are reported in the transport, storage and communication sector and the wholesale and retail trade sector, respectively. Meanwhile, hiring prospects weaken in three sectors, including the construction sector and the mining and quarrying sector, where employers report decreases of 4%.

## **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.

Staffing levels are expected to grow in all four organisation size categories during 2Q 2017. Large employers report upbeat

hiring prospects with a net employment outlook of +18%, while outlooks stand at +8% and +6% for medium- and micro-size employers, respectively. The most cautious outlook of +3% is reported by small employers.

Quarter-over-quarter, micro employers report an improvement of 5%, but the outlook for small firms is 3% weaker. Elsewhere, large employers report no change and the outlook for medium employers remains relatively stable.

When compared with this time a year ago, outlooks improve by 6% for micro employers and by 5% for large employers, while medium employers report an increase of 2%. Meanwhile, small employers report relatively stable hiring plans.

## **Global results**

Globally, second-quarter hiring confidence is strongest in Taiwan, Japan, Slovenia and India. The weakest forecasts are reported in Brazil, Italy, Belgium and Switzerland. Hiring plans improve in 17 of 43 countries and territories when compared quarter-over-quarter, decline in 15 and are unchanged in 11. The year-over-year trend reveals a more pronounced uptick with outlooks strengthening in 25 countries and territories, weakening in 14, and remaining unchanged in three.

The next ManpowerGroup Employment Outlook Survey will be released on 13 June 2017 to report hiring expectations for the third quarter of 2017. For more information, go to [www.manpowergroup.com/investors/alerts.cfm](http://www.manpowergroup.com/investors/alerts.cfm).

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