

# Modest hiring expectations for Q4 2017, with hospitality leading

The ManpowerGroup Employment Outlook Survey (MEOS) results for Q4 2017, just released, indicate that South African employers have modest hiring intentions for the coming quarter.



© kurhan – [123RF.com](https://www.123RF.com)

Opportunities for job seekers are expected to be strongest in the restaurants & hotels and the transport, storage & communication sectors; and weakest within the mining & quarrying sector. Provincially, employers in the Western Cape report the strongest hiring intentions for the fourth quarter of the year, while employers within the Eastern Cape report the weakest hiring intentions.

Ten percent of South African employers expect to increase staffing levels, 5% forecast a decrease and 84% anticipate no change. Once the data is adjusted to allow for seasonal variation, the outlook stands at +5%. Hiring prospects remain relatively stable when compared with the previous quarter but decline by 4% when compared with the final quarter of 2016.

Lyndy van den Barselaar, MD of ManpowerGroup SA, provides insights into why South African employers are reporting modest hiring intentions for the October to December period. “As South Africa’s economy continues to struggle under a technical recession, market uncertainty perseveres and business and consumer confidence remains low, resulting in many businesses remaining cautious in their spending and hiring activity.

“South Africa’s holiday season often results in an uptake in business across many key industries, predominantly in hospitality and transportation services, which could account for the small increase (up a single percentage point compared to Q3 2017) in the number of employers looking to increase their staffing levels. This is supported by the finding that employers in the Western Cape, a primary destination for local and international tourists over the December-February period, are reporting the strongest hiring intentions.”

## Regional comparisons

Employers in all five regions expect to increase staffing levels during the next three months. The strongest labour market is anticipated in Western Cape, where employers report a net employment outlook of +7%. Modest payroll gains are expected in Gauteng and KwaZulu-Natal, with outlooks of +5%, while the outlook for Free State stands at +4%. Meanwhile, Eastern Cape employers report the most cautious outlook of +1%.

“The Western Cape, specifically Cape Town and the surrounding winelands, continues to be one of the world’s most popular tourist destinations, for both local and international visitors. The City of Cape Town has recently agreed to extend Cape Town Tourism’s service level agreement for another year. The expansion of the partnership, which has already led to extensive collaborative projects within the areas of responsible tourism, visitor safety and counteracting seasonality, is expected to produce tangible benefits for the local tourism industry and the city alike – especially prevalent ahead of the holiday season. The expected influx of tourists means that many businesses will be in preparation mode, which may include planning to hire more staff.

“Although the province shows the strongest net employment outlook, there is a notable year-on-year decrease of 11% for the Western Cape, when compared to Q4 of 2016. This decrease could be attributed to the decrease of 9% within the agriculture, hunting, forestry & fishing sector as a result of the current drought in the region, as well as the 13% decrease in the wholesale & retail trade sector.”

Quarter-over-quarter, hiring prospects improve by 3% in Free State, but decline by 2% in KwaZulu-Natal. Elsewhere, employers report no change in both Eastern Cape and Gauteng, while the outlook for Western Cape remains relatively stable.

When compared with this time last year, Western Cape employers report a considerable decline of 11%, while outlooks are 4 and 2% weaker in KwaZulu Natal and the Eastern Cape, respectively.

## **Sector comparisons**

Employers in eight of the 10 industry sectors expect to grow staffing levels during the next three months. The strongest labour markets are anticipated in two sectors with net employment outlooks of +11% – the restaurants & hotels sector and the transport, storage & communication sector. Elsewhere, electricity, gas & water supply sector employers report cautiously optimistic hiring intentions with an outlook of +10%, while some payroll gains are expected in the finance, insurance, real estate & business services sector and the manufacturing sector, where employers report outlooks of +8% and +7%, respectively. However, employment levels are forecast to decline in two sectors, most notably by mining & quarrying sector employers who report an outlook of -4%.

“The expected gains in the restaurants & hotels sector and the transport, storage & communication sector make sense ahead of the upcoming holiday season, where restaurants, hotels and transport systems will welcome many guests from South Africa and abroad,” explains van den Barselaar.

When compared with the previous quarter, hiring intentions strengthen in six of the 10 industry sectors. Transport, storage & communication sector employers report a noteworthy improvement of 8%, while the outlook for the restaurants & hotels sector is 7% stronger. Meanwhile, hiring prospects weaken in three sectors, including the mining & quarrying sector, where employers report a decrease of 3%.

Year-over-year, outlooks decline in seven of the 10 industry sectors. A considerable decrease of 13% is reported in the wholesale & retail trade sector, while agriculture, hunting, forestry & fishing sector employers report a decline of 9%. Hiring plans are 6% weaker in four sectors – the electricity, gas & water supply sector, the finance, insurance, real estate & business services sector, the mining & quarrying sector and the public & social sector. However, employers in three sectors report improved hiring plans, including the restaurants & hotels sector with an increase of 7%.

## 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.

Employers expect to grow staffing levels in three of the four organisation size categories during 4Q 2017. Large employers report healthy hiring prospects with a net employment outlook of +24%, while the outlook for medium employers stands at +6%. Meanwhile, small employers anticipate limited job gains with an outlook of +1%, while micro employers report uncertain hiring plans with an outlook of -1%.

When compared with the previous quarter, hiring intentions improve by 4% in both the large- and medium-size employer categories, while the outlook for small employers remains relatively stable. However, micro employers report a moderate decline of 6%.

Hiring prospects are 6% weaker for micro- and small-size employers when compared with this time one year ago. Medium employers also report a slight decline of 2%, but the outlook for large employers is unchanged.

Globally, employers in Japan, Taiwan, Costa Rica, India and Hungary report the strongest hiring intentions for the fourth quarter of the year. Meanwhile, employers report the weakest hiring prospects in Switzerland, Brazil and the Czech Republic.

The next ManpowerGroup Employment outlook Survey will be released on 12 December 2017 to report hiring expectations for the first quarter of 2018. To receive e-mail notification, go to [www.manpowergroup.com/investors/alerts.cfm](http://www.manpowergroup.com/investors/alerts.cfm).

For more, visit: <https://www.bizcommunity.com>