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Press Release

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ManpowerGroup Employment Outlook Survey: Cautiously optimistic first-quarter forecast for Austria's labor market

Vienna, 11 December 2018: Austria's employers report cautiously optimistic hiring intentions for the first quarter of 2019. According to the latest ManpowerGroup Employment Outlook Survey, for which approx. 750 employers in Austria were surveyed, the Net Employment Outlook for January to March 2019 stands at +5 percent. Hiring plans have risen moderately by 5 percentage points compared to last year and remain relatively stable in comparison to the previous quarter. To a certain extent, the shortage of skilled workers has slowed down the prospects for growth. 9 percent of employers are planning to hire new staff in the first three months of the year, 83 percent plan to maintain the same staffing levels, 7 percent expect to make redundancies, while 1 percent are undecided.

"Austria's economy is strong, as consumer spending and investment remain positive, while unemployment is decreasing. The transport and communications sector, in particular, is benefitting from the boom in online retail and the country's powerful large enterprises. Logistics companies and corporate groups will need more skilled workers by the beginning of 2019," says Erich Pichorner, CEO of ManpowerGroup Austria. "Digitization, in particular, has energized the country's IT and electronics firms, providers of digital payment transaction solutions and logistics companies that deliver packages ordered from online stores. Carinthia and Tyrol have benefitted most from this development. However, the outlook in the manufacturing industry is somewhat gloomier. Employers are reacting skeptically to international trade conflicts, the problems in the European automotive sector and slightly pessimistic economic forecasts."

A comparison of economic sectors: logistics companies hiring new staff

The forecasts for Austria's labor market are optimistic, however. The Employment Outlook is positive in seven out of ten surveyed industries. The finance and services sector is in the strongest position with an Employment Outlook of a respectable +14 percentage points. This represents an increase of 6 percentage points compared to the fourth quarter of 2018 and a 13 percentage point improvement compared to last year. Employers surveyed from 15 percent of banks, insurance companies and service providers plan to hire new staff, 82 percent will maintain the same staffing levels, while 1 percent plan to make redundancies.



“Partly as a result of Brexit, large international finance companies are investing more heavily in Austria as a popular business location. For this reason, experts in banking regulation, controlling and payment transactions are being sought,” explains Pichorner. “Besides the established firms, there are now also more recently founded fintech companies providing new solutions in the fields of blockchain and digitization. Skilled workers are widely sought after here.”

A negative Employment Outlook has only been recorded in the sectors of agriculture/forestry (-2%), energy supplies (-1%) as well as the hotel trade and gastronomy(-1%). The electricity, gas and water suppliers, in particular, suffered a decrease of 4 percentage points compared to last year. The outlook for the manufacturing industry stands at +3 percent, which is a reduction of 11 percentage points compared to the previous quarter and is 6 percentage points down on last year. Only 6 percent of employers in this sector plan to hire new staff, after 17 percent in the previous quarter.

The Employment Outlook for the public and social services sector is +10 percent, corresponding to an increase of 6 percentage points compared to the previous quarter and 12 percentage points compared to the previous year. This represents the sector’s highest level for five years. Austria’s budget deficit continues to decrease, with the EU Commission expecting a settled balance as early as 2019 and a slight surplus for 2020. For this reason, the public sector is also considering hiring new staff at the beginning of the year.

The construction industry has recorded an Employment Outlook of a moderate +8 percent, which is a decrease compared to the fourth quarter of 2018, but an increase of 6 percentage points compared to the previous year. The retail sector (+3%) has lost 2 percentage points on the previous quarter and gained 5 percentage points compared to last year.

The transport and communications sector stands out on its own when comparing all the industries. The logistics sector is the biggest winner for the first quarter of 2019. Although it only comes in second place with +12 percent, it has recorded an increase of 4 percentage points compared to the previous quarter and 17 percentage points compared to the previous year. 12 percent of employers in this sector plan to hire new staff, 87 percent will maintain the same staffing levels, and none will make redundancies. “Austria’s logistics sector is constantly growing thanks to the boom in internet retail. There is an urgent need for skilled workers such as truck drivers and pilots. Jobs will also be available in the industry for electronics and telecommunications in 2019,” says Pichorner.

Comparing federal states: Carinthia and Tyrol have the best job prospects

Many flourishing companies from the transport and communications sector come from Carinthia. This also includes the electronics and IT industry, and the related service sectors. Carinthia is therefore the winner when all regions are compared, recording an Employment Outlook of +14 percent. This corresponds to an increase of 13 percentage points on the previous quarter and a sharp increase of 20 percentage points on the previous year. 13 percent of employers in Austria’s southernmost state plan to hire new staff, 80 percent will maintain the same staffing levels, and 7 plan to make redundancies. About half of the



employees in this state come from the production sector. Many highly promising companies from the trade and industry sector are headquartered around the state's capital Klagenfurt. The region near to Villach, for example, has attracted the semiconductor manufacturer Infineon and other electronics experts to "Silicon Austria". "Highly qualified workers will continue to be needed in this region in the new year too, and this is shown in our Employment Outlook Survey's figures on hiring plans," adds the CEO of ManpowerGroup Austria Pichorner.

It is not only in Carinthia where job prospects are promising for the spring. Employers in eight of the nine federal states predict employment growth at the beginning of 2019. Tyrol is also benefitting with a level of +10 percent and an increase on the previous quarter of 6 percentage points, as well as a gain of 4 percentage points on last year. 16 percent of employers plan to hire new staff there. Upper Austria, traditionally a strong economic region, is in a good position with +10 percent. This means more hiring confidence than in the previous quarter (plus 5 percentage points), but a reduction compared to last year (minus 3 percentage points). Vorarlberg has an Employment Outlook of +9 percent, which is an increase of 6 percentage points on the previous quarter and of 21 percentage points on last year. Styria (+3%), Lower Austria (+1%) and Burgenland (0%) are in the lower part of the middle range, as hiring plans are modest there at the beginning of 2019.

Looking at the cities, employers in Vienna report a forecast of +7 percent. Although this is a decrease of 2 percentage points on the previous quarter, it is an increase of 17 percentage points on last year. By contrast, Salzburg's -3 percent makes it the only city with employers reporting negative figures, with a drop of 14 percentage points on the previous quarter and 9 percentage points on last year. However, the unemployment rate there is very low. "Employers in the Salzburg region have postponed their hiring plans because they simply cannot find the staff needed to expand production. The city has an acute shortage of skilled workers, particularly in the trade sector," says Pichorner, "Companies only cover the short-term peaks, and even find it difficult to hire qualified helpers for that."

Staff increase among large companies and small businesses, mid-sized sector weaker

Large companies, in particular, have healthy hiring plans for the first three months of the year. The Employment Outlook is at exactly the same level as the previous quarter at +38 percent. Compared to last year, this is an increase of 13 percentage points. Overall, the surveyed employers of all sizes will start the first quarter of 2019 with positive outlooks. Besides the corporate groups, small business – including many fintechs – also plan to hire new staff. The Employment Outlook stands at a respectable +13 percent. This is an increase on last year (plus 5 percentage points) and on the previous quarter (3 percentage points). Medium-sized companies have slightly more cautious hiring plans compared to last year. The level of +15 percent represents a decrease of 4 percentage points on the fourth quarter of 2018 and is therefore unchanged from last year. Micro-firms have an outlook of +1 percent, which is a decrease of 1 percentage point on the previous quarter and of 4 percentage points on last year.



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[0-9 employees: micro-firm, 10-49 employees: small business, 50-249 employees: medium-sized company, over 250 employees: large company]*

Global outlook:

The ManpowerGroup research for the first quarter of 2019 reveals that payroll gains are expected in 43 of 44 countries and territories in the period up to the end of March.

Hiring intentions for the coming quarter are stronger in 16 of 44 countries and territories when compared with the prior quarter, weaken 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**. 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.

Job gains are expected for all 26 Europe, Middle East & Africa (EMEA) region countries in the survey during the first quarter of 2019. In comparison to last quarter, employers in eight countries report stronger hiring prospects, but hiring plans weaken in 15. When compared with the same period last year, forecasts strengthen in 12 countries but decline in 13. The strongest EMEA labor markets in the coming quarter are anticipated in Slovenia and Greece, while Swiss employers report the weakest hiring plans.

Press Contact

Mag. (FH) Renate Kaiser
Manager Marketing & Public Relations
T: 43-1-516 76-2011
E: renate.kaiser@manpowergroup.at

About the survey

The ManpowerGroup Employment Outlook Survey is the longest-running, most extensive, forward-looking employment survey in the world, commencing in 1962 and now polling nearly 60,000 employers in 44 countries and territories to measure their intentions to increase or decrease the number of employees in their workforce during the next quarter. For the ManpowerGroup Employment Outlook on the 1st quarter of 2019, 750 employers in Austria were interviewed by telephone and asked the following question, "In the 1st quarter of 2019, do you expect the number of staff in your company to increase, decrease or remain the same compared to the fourth quarter of 2018?"

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.



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