

In a fragile recovery, firms are reluctant to hire full-time staff, writes Sanchia Temkin

# Job market to stay under pressure

**S**A's job market is stabilising and preparing for recovery as employers gradually regain their confidence on more positive economic news, say analysts in the recruitment sector.

"Companies are gearing up for growth in the early part of 2010 and are hunting for the right calibre of skills," says Lars Forseth, director for Europe, the Middle East and Africa of Manpower, an international recruitment company.

"South African employers expect hiring activity to improve considerably for the first quarter of the year," says Forseth, who was in SA this week.

According to Statistics SA, the number of people in the labour force decreased by 418 000, from 17,5-million in the second quarter to 17,1-million in the third quarter of last year.

SA's economy may be on the road to recovery after it shrank for two successive quarters.

Manpower recently released a study which compared the optimism of local companies to that of businesses globally.

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Forseth says as the economy emerges from the recession, many organisations' first instinct

**SA JOB MARKET SET TO GAIN MOMENTUM**

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- SA's net employment outlook now stands at an upbeat 13% following two consecutive quarters of relatively stagnant hiring patterns
- The mining, infrastructure, transport and manufacturing sectors are all seeing an upturn in the market
- Salary increases for employees are expected to be small and only at junior level



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is to be cautious about hiring permanent talent. Instead they will look toward contingent workers as a means for filling the gap.

Forseth says there will be no big job losses on the same scale as last year.

"We are starting to see some expatriates from the UK and US coming back to SA."

Forseth says the government needs to think of innovative ways to hire and attract skilled people back to SA. One of these could be

the introduction of an incentive tax for relocating expatriates back to SA, he suggests.

Loane Sharp, workforce optimisation analyst at Quest Staffing Solutions, says employment will remain under pressure

for a further 12 months, due to significant spare capacity in the manufacturing sector, a cyclical peak in big electrification and other construction projects, and adverse business conditions in the financial services and telecommunications sectors.

Sharp says: "Head count freezes, in place for most of 2009, will gradually be lifted toward the end of 2010, but these will not be sufficient to stem the adverse trading conditions in labour-intensive sectors."

"Temporary and contract employment will emerge from the recession far more quickly than traditional permanent jobs. Union activism around wage settlements, combined with concerns over the pace and sustainability of the current economic turnaround, will likely favour the temp workforce in organisations' tentative recruitment plans."

Sandra Burmeister, CEO of executive search firm Landelahni Business Leaders, says the mining, infrastructure, transport and manufacturing sectors are all seeing an upturn. "There is also a demand for financial professionals, technical components, and those in governance and risk," Burmeister says.

But salary increases are expected to be small and only at junior level, she says.

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