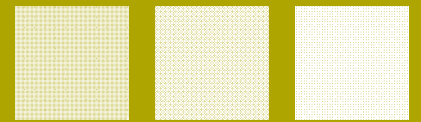




April – June 2009

Hudson



The Hudson Report

Hiring and HR Trends
SINGAPORE

Introduction



The Hudson Report is a quarterly survey of forward-looking employer hiring expectations. The report in Asia covers China (Beijing and Shanghai), Japan, Hong Kong and Singapore and now combines the expectations of nearly 3,000 key employment decision-makers in these four markets.

Participants in this survey are primarily executives at multinational firms and were personally surveyed in February this year by Hudson consultants.

The Hudson Report receives extensive media coverage and acknowledgment from politicians, commentators and business leaders. In the years since its release in Asia in 1998, *The Hudson Report* has established a reputation as a key business and economic indicator, based on the premise that the expectation to increase or decrease staffing levels reflects employers' optimism about their markets.

HUDSON

Hudson (NASDAQ: HHGP) is a leading provider of permanent recruitment, contract professionals and talent management services worldwide. From single placements to total outsourced solutions, Hudson helps clients achieve greater organisational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses. The company employs more than 3,000 professionals serving clients and candidates in more than 20 countries. More information is available at www.hudson.com.

Key Findings



“ALTHOUGH EXPECTATIONS TO HIRE HAVE FALLEN AGAIN THIS QUARTER, THE RATE OF DECLINE IS LEVELLING OFF. A MAJORITY OF OVER 60% OF EMPLOYERS SAY HEADCOUNT WILL REMAIN STEADY, CONFIRMING THE RELATIVE STABILITY OF THE SINGAPORE JOB MARKET.”

GINA MCLELLAN, COUNTRY MANAGER, SINGAPORE

Hiring expectations are still falling but less steeply than before. In this survey of 752 executives across key business sectors, 20% plan to increase hiring in Quarter Two (Q2) 2009, compared with 23% in Q1 2009.

- 61% say headcount will remain steady, while 19% expect to reduce headcount;

- Overall, 60% of respondents say their organisation has cut HR-related costs in the last six months, the highest figure for the markets surveyed in Asia;
- Reducing headcount and cutting bonus payments are the most widely adopted cost-cutting initiatives;
- Employers continue to use a range of recruitment channels, with recruitment consultancies and employee referrals being the most frequently used;
- Open communication and reinforcement messages from the CEO are regarded as the best means of maintaining staff morale in a tough economic environment.

Permanent hiring expectations



EXPECTATIONS STILL FALLING

Hiring expectations continue to fall but the decline reported this quarter is much less steep than in Q1 2009. Across all sectors, 20% of respondents plan to hire more staff this quarter, compared with 23% in Q1 2009. The proportion of respondents forecasting a reduction in headcount is 19%, up from 12% last quarter. By far the greatest proportion – 61% – say they will keep headcount steady.

Healthcare & Life Sciences

The Healthcare & Life Sciences sector has the highest hiring expectations by a substantial margin: 38% expect to increase headcount, the same figure as for Q1 2009. Only 3% anticipate a reduction, a much lower figure than for any other sector. After a period of restructuring, many major companies now aim to keep headcount steady.

IT & T

Expectations to hire in the IT&T sector have risen very slightly, from 21% in Q1 2009 to 22% this quarter. However, 22% of respondents also say they will reduce headcount, a sharp rise from 10%. Singapore is still seen as a strategic location or IT hub to many companies and some major projects are still underway. However, fewer new projects are being initiated.

Banking & Financial Services

The Banking & Financial Services sector reports the largest fall in expectations: 19% forecast headcount growth, compared with 25% in Q1 2009. More respondents say they will shed staff – 22%. 59% expect to keep the headcount steady and this is likely due to Singapore being less costly

than some other global financial centres and a number of banks are still transferring functions and staff from the UK and the US to the island-state.

Media/PR/Advertising

Expectations among Media/PR/Advertising firms are almost unchanged since Q1 2009. The proportion of respondents planning to boost recruitment remains unchanged at 18%, while the figure for those forecasting a reduction is slightly down, from 16% in the previous quarter to 15% in Q2 2009. This is very positive as it suggests that companies in other sectors are still prepared to spend on marketing and promotional campaigns.

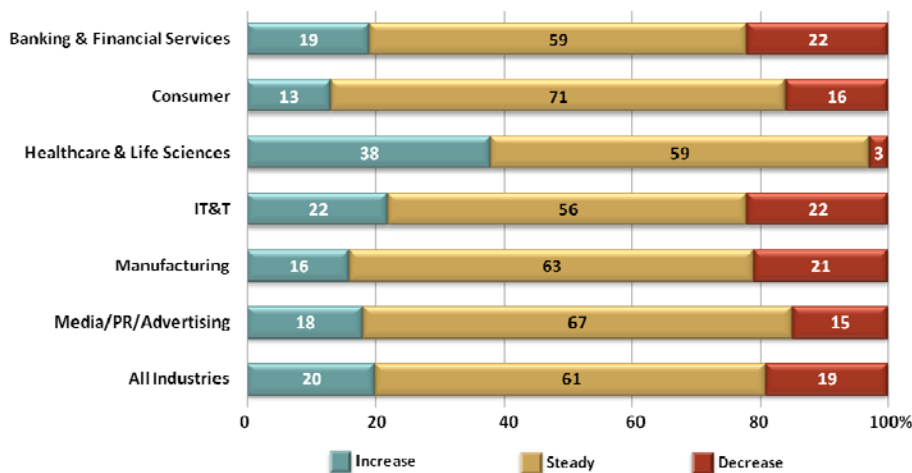
Manufacturing

Manufacturing companies report a further decline in expectations. The 16% expecting to hire in Q2 2009 compares with 21% in the previous quarter. The proportion of respondents forecasting a reduction in headcount is rising faster than in any other sector – from 6% last quarter to 21% now. Singapore's open economy and export-driven approach make its manufacturing industry highly susceptible to fluctuations in global demand. Many companies have been hard hit by the downturn.

Consumer

In the Consumer sector, just 13% of respondents expect to hire more staff this quarter. However, 71% say that headcount will remain steady, more than in any other sector surveyed. Consumers are being very cautious and their spending patterns are changing so companies are taking a 'wait and see' approach.

Permanent hiring expectations in Singapore



Source: The Hudson Report, Singapore - Q2 2009

Permanent hiring expectations over time



SUBSTANTIAL YEAR-ON-YEAR FALL

Hiring expectations show a steep decline since Q2 2008. The 20% of respondents in all sectors who plan to grow headcount this quarter is down from 49% a year ago. The proportion of employers forecasting reduced hiring has risen sharply from 2% to 19% in the course of the year.

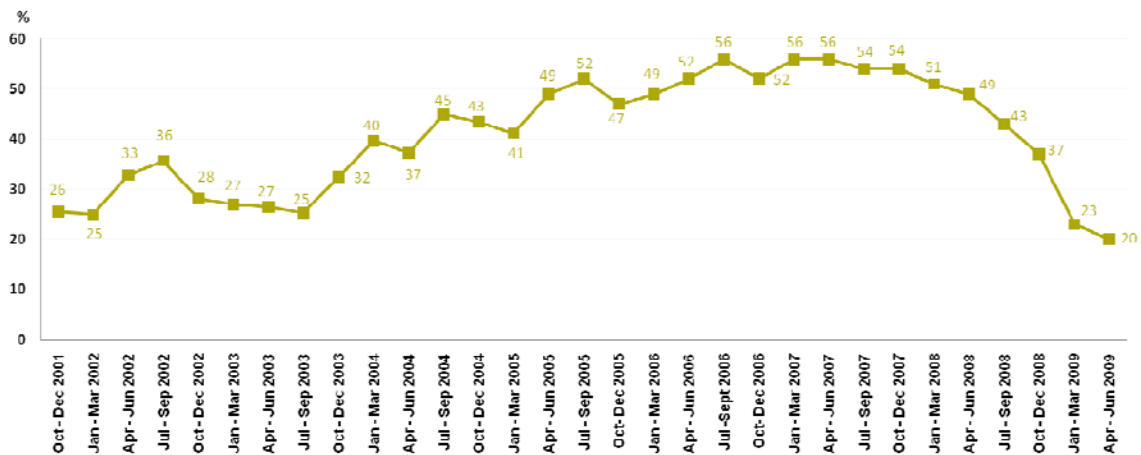
The Consumer sector reports the greatest year-on-year fall in expectations, from 49% in Q2 2008 to just 13% now. Consumer sentiment was still very positive in the first half of 2008 and spending was buoyant. The development of new shopping malls and the Integrated Resort has not been affected but consumer spending is falling.

The fall in hiring expectations in the Banking & Financial Services sector is also substantial: 19% of respondents expect

to hire more staff this quarter, down from 53% in Q2 2008. Banks typically react rapidly to volatile market conditions and the quickest way of cutting costs is to reduce headcount. Employers in this sector, however, are also quick to hire again as soon as there is an upturn.

The Healthcare & Life Sciences sector reports a much smaller year-on-year fall in expectations than the other sectors surveyed: 38% say they will grow headcount, a slight decline from 41% in Q2 2008. Only 3% plan to reduce hiring this quarter, compared with 2% a year earlier. Demand for pharmaceuticals remains fairly steady regardless of economic conditions so companies in this sector are less severely affected by the downturn.

Expectations to hire over time - Singapore



Source: The Hudson Report, Singapore - Q2 2009

Cost-cutting initiatives



MAJORITY OF COMPANIES ARE CUTTING COSTS

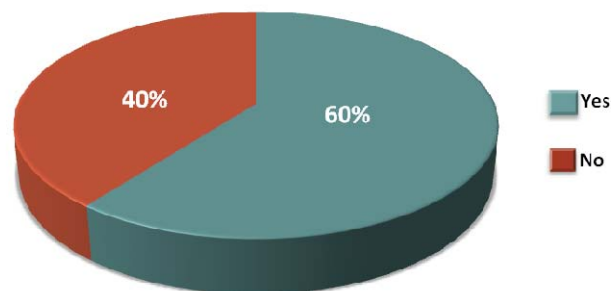
Across all sectors, 60% of respondents say that their organisation has implemented initiatives to cut HR-related costs in the last six months. This is a higher figure than in any other market surveyed in Asia. There are substantial differences among the sectors, however, in terms of how many employers have moved to cut HR costs.

More than two-thirds of respondents – 68% – in the Banking & Financial Services sector report that their organisation has implemented cost-cutting measures. This is more than in the other sectors. This was the first sector to be severely affected by the global downturn and many banks responded quickly by cutting costs.

Employers in the Manufacturing and Media/PR/Advertising sectors are also more likely than the average to have cut HR-related costs in the last six months. In both sectors, 63% say that their organisation has done so. Manufacturing companies have been hit by the rapid decline in international trade, while media and advertising firms are very susceptible to falling demand from other sectors. Both need to contain costs effectively.

Healthcare & Life Sciences companies are the least likely to have implemented a strategy to reduce HR-related costs. Just 33% say their organisation has done so. This is a heavily regulated industry and many companies were already run in a lean and cost-effective manner.

Organisations that have implemented cost-cutting initiatives



Source: The Hudson Report, Singapore - Q2 2009

Key cost-cutting measures



HEADCOUNT REDUCTION IS MOST LIKELY APPROACH

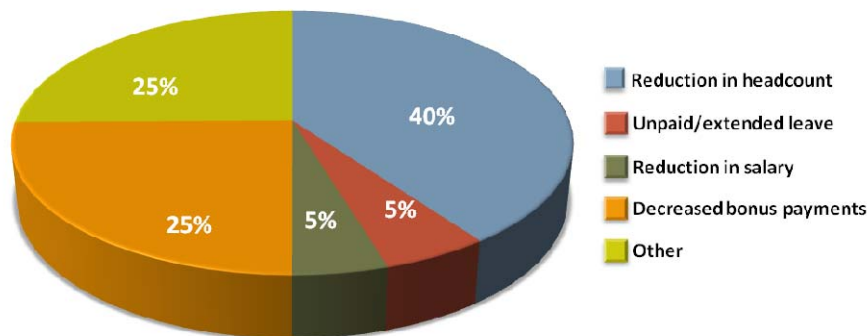
Among companies that have already taken steps to cut HR-related costs, reducing headcount is the most widely adopted measure. Overall, 40% of respondents say their organisation has done so in the last six months. The next most likely step is cutting bonus payments, a strategy followed by 25% of respondents.

Headcount reduction has been widely implemented in the Banking & Financial Services sector, with 50% saying their organisation has done so. In addition, a high proportion of banks – 30% – have cut bonus payments. When deal volumes fall significantly, banks quickly reduce costs to maintain a profitable operating model.

Healthcare & Life Sciences companies are the most reluctant to reduce headcount: just 19% have done so. Respondents say their organisation has implemented 'other' measures, including salary freezes, travel bans, reduced training budgets and the elimination of non-critical support functions. This is the same for the Manufacturing sector. Employers in both sectors are focusing on alternative ways of cutting costs before shedding staff.

Only 5% of respondents across all sectors say that their organisation has cut salaries, a lower figure than for the other markets surveyed. Media/PR/Advertising firms are the most likely to have reduced salaries, with 10% saying they have taken this approach. Salaries already tend to be relatively low in this sector.

Cost-cutting initiatives implemented by organisations



Source: The Hudson Report, Singapore - Q2 2009

Recruitment methods



RECRUITMENT CONSULTANCIES AND EMPLOYEE REFERRALS ARE MOST POPULAR METHODS

Employers are still using a range of methods to recruit new staff. Overall, recruitment consultancies and employee referrals are the most widely used: 27% and 26% of respondents respectively say that they have used these methods most frequently in the last six months.

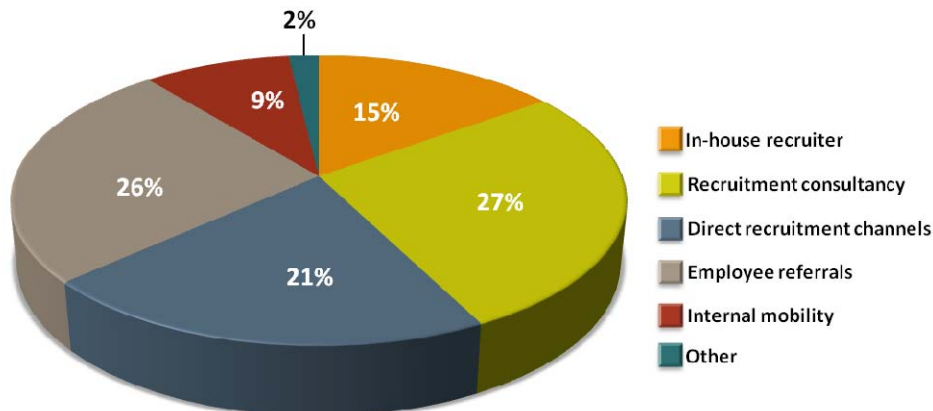
Although there is an increasing number of available candidates, many market segments are still talent-short. Employers can benefit from the fact that the downturn has boosted the availability of talented candidates for key positions. They see recruitment consultancies as an effective means of finding the professionals they need. Consultancies are especially important to employers in the Healthcare & Life Sciences and Consumer sectors: 33% and 31% respectively cite them as a frequently used recruitment channel.

At 26%, Singapore has a higher proportion of respondents citing employee referrals as a frequently used method of recruitment than the other markets surveyed in Asia. This approach is most likely to be used in the Media/PR/Advertising sector, where it is mentioned by 46%. This is a relatively small industry and it is easy for staff to learn of available roles by word of mouth and common for them to move between different companies and agencies.

Direct recruitment is the method most frequently used by Manufacturing companies, being mentioned by 28%. Companies in this sector tend to place advertisements for general recruiting and use recruitment consultancies for more specialist positions.

The Banking & Financial Services sector has the highest proportion of respondents mentioning internal mobility – 12%. Many financial institutions are trying to retain talented staff and limit headcount reductions by transferring them to other offices.

Most frequently used methods for recruiting new staff



Source: The Hudson Report, Singapore - Q2 2009

Maintaining staff morale



OPEN COMMUNICATION AND CEO MESSAGES ARE BIGGEST MORALE BOOSTERS

Respondents were asked what their company is doing to maintain staff morale in today's tough economic climate. As in the other markets surveyed, encouraging open communication between managers and staff and reinforcement messages from the CEO and senior management are seen as the most effective strategies. Across all sectors, both are mentioned by 28% of respondents, more than in any other market.

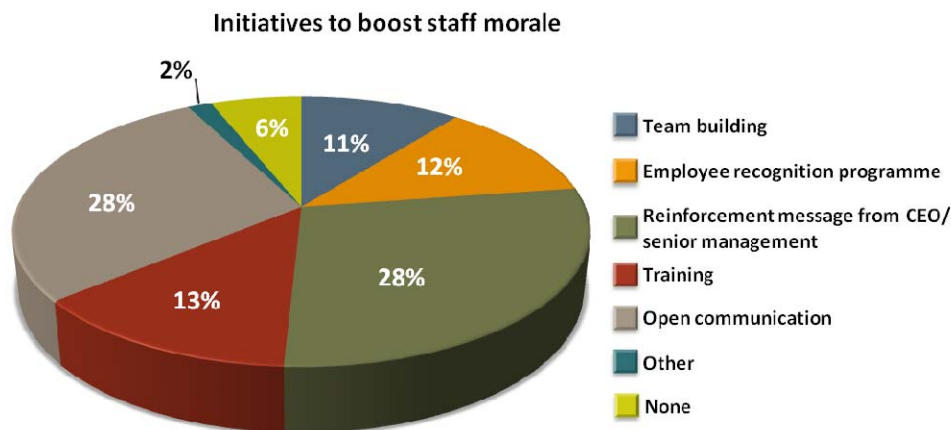
Open communication and reinforcement messages are the two most widely adopted morale boosters in every sector surveyed. However, some sectors are also focusing on other methods of maintaining staff morale.

At 12%, both Singapore and China have a higher proportion of respondents mentioning employee recognition programmes

than the other markets surveyed. Such programmes are widespread in the IT&T sector, where they are mentioned by 20%. Although fewer new IT contracts are being awarded, work is continuing on existing major projects and companies are working hard to keep up the morale of key staff.

Overall, a relatively high 13% of respondents say that their organisation is using training as a morale booster. This is encouraging as training budgets are often seen as easy targets for cuts when companies wish to reduce costs. In the Banking & Financial Services sector, 15% mention training, as banks seek to retain and develop the talented candidates they have recruited in recent years.

Media/PR/Advertising firms are the most likely to implement team building initiatives, with 14% citing this approach. Companies and agencies in this sector are often relatively small and are highly vulnerable in a downturn as client companies cut marketing and advertising budgets. Focusing on teams can be an effective means of maintaining morale.



Source: The Hudson Report, Singapore - Q2 2009

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