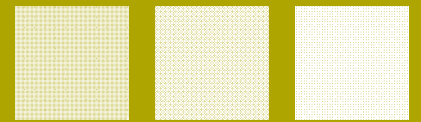




July – September 2009

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), Hong Kong and Singapore and combines the expectations of nearly 2,000 key employment decision-makers in these three markets.

Participants in this survey are primarily executives at multinational firms and were personally surveyed in May 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 nearly 3,000 professionals serving clients and candidates in more than 20 countries. More information is available at hudson.com.

Key findings



“HIRING EXPECTATIONS IN SINGAPORE ARE SIGNIFICANTLY HIGHER THIS QUARTER, IMPROVING FOR THE FIRST TIME SINCE Q1 2007. EMPLOYERS IN ALL SECTORS ARE INCREASINGLY OPTIMISTIC ABOUT BUSINESS PROSPECTS.”

GINA MCLELLAN, COUNTRY MANAGER, SINGAPORE

Hiring expectations are rising again after a lengthy period of uncertainty. In this survey of nearly 700 executives across key business sectors, 26% forecast increased hiring in Quarter Three (Q3) 2009, up from 20% in Q2 2009.

KEY FINDINGS

- Expectations to hire are up in almost all the sectors surveyed since the previous quarter;

- 77% respondents expect Asia's economy to start recovering by the end of 2010;
- Employee motivation & retention and career development are seen as the most critical people-related issues to be addressed in the next twelve months;
- Overall, 38% say that the current economic climate means they can negotiate lower salaries for new managerial hires, a higher proportion than in the other markets surveyed;
- Reductions in starting salaries are still limited, and just 16% are achieving savings of more than 10%.

Permanent hiring expectations



HIRING EXPECTATIONS RISING AGAIN

Hiring expectations are rising this quarter, for the first time since Q1 2007. Across all sectors, 26% of respondents expect to hire more staff in Q3 2009, compared with 20% the previous quarter. The proportion of respondents planning to reduce headcount has fallen from 19% to 14% during the same period. Expectations to hire are rising in every segment except Media/PR/Advertising, which reports a very slight decline. These figures suggest that business sentiment is becoming more positive.

Healthcare & Life Sciences

The Healthcare & Life Sciences sector reports the highest hiring expectations, with 38% saying they will grow headcount this quarter. There are no dramatic changes in this sector: the 38% planning to hire more is the same figure as for Q1 and Q2 2009. Just 5% plan to shed staff this quarter, fewer than in any other sector.

Banking & Financial Services

After a period of falling expectations, the Banking & Financial Services sector reports the largest rise, from 19% forecasting headcount growth in Q2 2009, to 32% this quarter. The proportion anticipating a reduction has more than halved, from 22% to 10% in the same period. Hiring plans that were delayed from Q4 2008 onwards are now being implemented as the volume of deals appears to be sustainable. This indicates a much more positive outlook both for the financial sector and for the economy as a whole.

IT & T

Hiring expectations in the IT&T sector are up again, from 22% in Q2 2009 to 25% this quarter. This industry has been

resilient with most companies holding the headcount position in their Singapore operations steady, despite global cutbacks. Cuts, if any, are primarily from support functions that are cost headcount. A solid pipeline of revenue-generating projects has been built up in the first half of 2009. Several companies report winning fewer but larger deals.

Consumer

Expectations are rising in the Consumer sector, where 22% of respondents expect to hire more staff in Q3 2009, substantially more than the 13% who gave this response in the previous quarter. This industry traditionally sees hiring rise in the second half, as companies prepare for increased levels of activity at year-end. In addition, the opening of the Integrated Resort and a number of mega malls is driving demand for staff and boosting overall consumer sentiment.

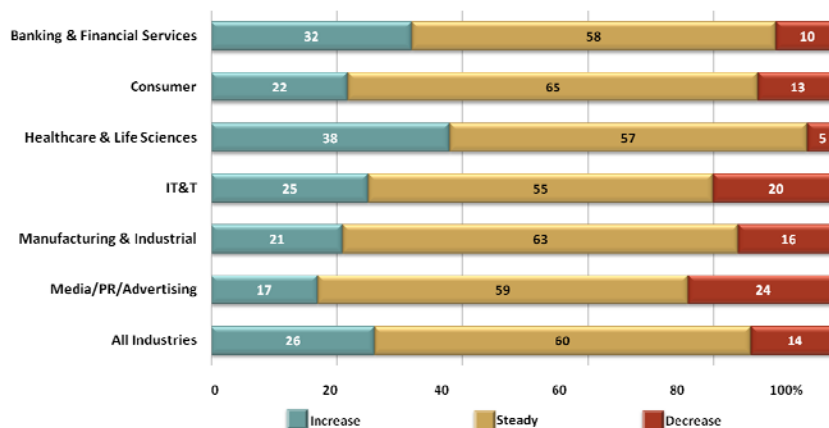
Manufacturing & Industrial

Manufacturing & Industrial companies are also increasingly positive. In Q2 2009, 21% and 16% of respondents said they expected to reduce and grow headcount respectively. This quarter the figures are exactly reversed. Whilst manufacturing output is still declining, the decline is not as steep as in the previous quarter. The Government's stimulus package has enabled companies to hold back on headcount reduction plans.

Media/PR/Advertising

Media/PR/Advertising is the only sector with lower expectations this quarter but the decline is very small; 17% expect to boost recruitment, compared with 18% in Q2 2009. The proportion planning to shed staff has risen from 15% to 24% this quarter. Many clients are still cautious and some permanent roles for advertising professionals have been put on a contract basis.

Permanent hiring expectations in Singapore



Source: The Hudson Report, Singapore - Q3 2009

Permanent hiring expectations over time



STEEP FALL OVER PAST YEAR DUE TO CHANGES IN GLOBAL ECONOMY

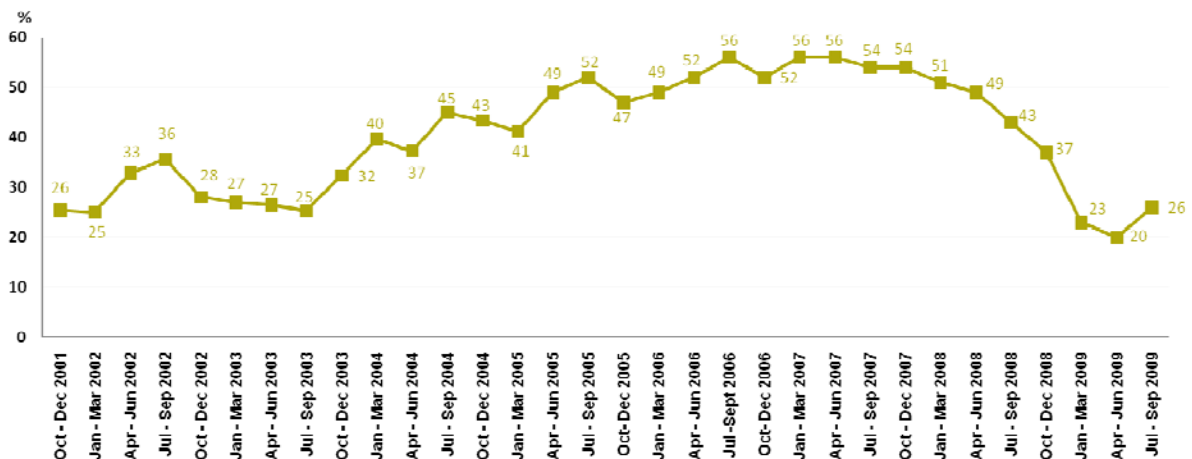
Although hiring expectations in Q3 2009 are more positive than in the previous quarter, they remain much lower than in the same quarter a year ago. However, this is unsurprising in the light of the changes in the global and Singapore economy. A look at the year-on-year movement in expectations puts the current figures in perspective. Overall, the 26% of respondents who expect to increase hiring this quarter compares with 43% in Q3 2008.

The Media/PR/Advertising sector has seen the steepest decline in hiring expectations over the past year: 51% forecasted headcount growth a year ago, compared with just 17% now. This industry typically lags behind other sectors and employers tend to be conservative about hiring.

Even the Healthcare & Life Sciences sector, which reports relatively high expectations, has seen a substantial drop - from 53% in Q3 2008 to 38% this quarter. The proportion forecasting headcount reductions has risen from zero to 5%. This industry has seen a number of major mergers, leading to a decline in hiring expectations as companies restructure and integrate their operations.

The Consumer sector shows the smallest year-on-year fall in expectations to hire. The 22% saying they will grow headcount now compares with 32% a year earlier. Companies in this business have already seen far-reaching reductions in their hiring plans and are unlikely to make significant further cuts. They now stand to benefit from the opening of new retail and leisure venues.

Expectations to hire over time - Singapore



Source: The Hudson Report, Singapore - Q3 2009

Expectations for Asia's economic recovery



RECOVERY ANTICIPATED IN 2010

Given the current market climate, respondents were asked when they expect Asia's economic recovery to begin. Across all sectors, 12% of respondents forecast that signs of recovery will start this year. Almost two-thirds - 65% - expect recovery during 2010, while 23% say they are unsure.

At 15%, the Consumer and Media/PR/Advertising sectors have the highest proportion of respondents expecting recovery to begin by the end of 2009. Both sectors have experienced steep declines in hiring expectations in recent quarters, as consumers have cut back on spending, but some companies in both areas are now poised to benefit from new retail and leisure developments.

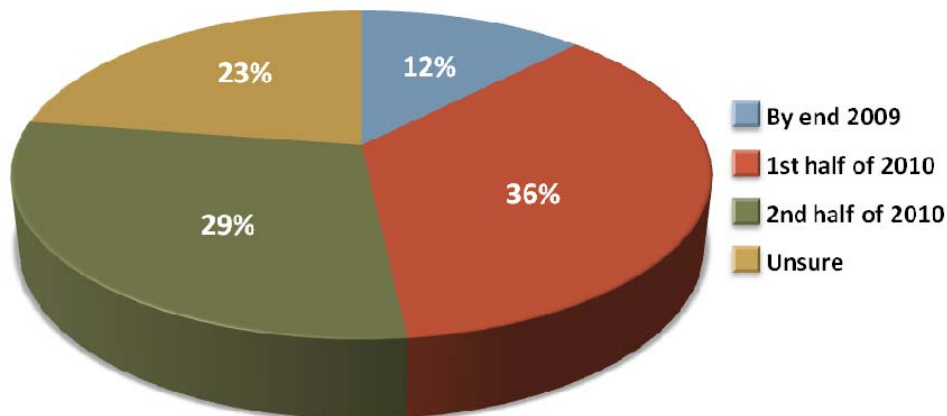
In the IT&T sector, 42% anticipate recovery in the first half of next year, more than in any other sector. This industry

consistently demonstrates an ability to reinvent itself and adapt to challenging market conditions. Technology is also widely seen as a major competitive advantage which means that while IT budgets are reduced, they are still very much in place and companies continue to buy technology software, hardware and services.

Within the Healthcare & Life Sciences sector, 77% believe that recovery will start sometime during 2010. The consolidation currently underway in this sector after a series of mergers will be complete and companies will be in a strong position to take advantage of any economic upturn.

Manufacturing & Industrial companies are the most uncertain about prospects for recovery. At 11%, this sector has a low proportion of respondents forecasting recovery this year and the highest proportion who say they are unsure about when recovery will begin: 25% respondents give this response.

Recovery of Asia's economy



Source: The Hudson Report, Singapore - Q3 2009

Critical people-related issues



MOTIVATION & RETENTION SEEN AS MOST IMPORTANT ISSUES

Employee motivation & retention are regarded as the most important people-related issues to be addressed in the next twelve months. Overall, 23% of respondents mention these issues, more than in the other markets surveyed in Asia. Employers recognise that they may struggle to retain key staff when the economy starts to recover.

Career development is seen as the next most important issue, being mentioned by 17% of respondents. Enhancing technical competencies is also given high priority in Singapore: this factor is cited by 11%, a higher figure than for the other markets surveyed. By contrast, just 3% see headcount reduction as critical, suggesting that most companies are no longer devoting much attention to this issue. Remuneration is also a low priority, being raised by only 5% of respondents.

The most critical issues in the Banking & Financial Services sector are employee motivation & retention, career development, communication and attracting talent. These factors are mentioned by 23%, 16%, 12% and 11% respectively. Taken together, these responses suggest that banks are actively preparing for a market upturn by focusing

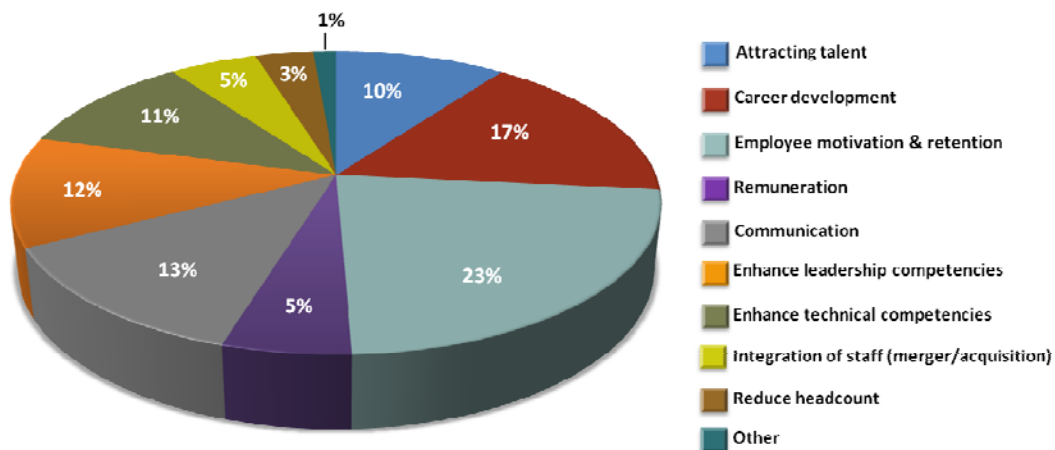
strongly on recruiting, developing and retaining the talent they will need.

In addition to employee motivation & retention and career development (23% and 15% respectively), Healthcare & Life Sciences employers give high priority to enhancing leadership competencies, cited by 15% of respondents. After extensive restructuring in this sector, many companies need managers with strong leadership skills to run newly integrated teams.

Consumer is the only sector in which employee motivation & retention are not seen as the top issues. Career development is given the highest priority, at 22%. Employers in this sector also see communication with staff as critical: mentioned by 18%, more than in any other sector. Consumer companies tend to take a fairly steady approach to their hiring strategy, avoiding the peaks and troughs seen in some other sectors. In part this is achieved by focusing on long term career development and communicating effectively with staff.

At 14%, the Media/PR/Advertising sector has the highest proportion of respondents who see enhancing technical competencies as a critical issue. This is particularly important in the context of the massive shift currently underway to digital and interactive media.

Most important people-related issues in the next 12 months



Source: The Hudson Report, Singapore - Q3 2009

Salaries for new managerial hires



SOME EMPLOYERS ABLE TO NEGOTIATE LOWER STARTING SALARIES

Respondents were asked if the current economic climate means that they are able to negotiate lower salaries for new managerial hires. Overall, 38% say they can do so, the highest figure for the markets surveyed in Asia. This represents a substantial rise from the last time this question was asked, in Q3 2008, when just 10% said they could reduce starting salaries for managers. There are wide variations between the sectors in their responses to this question.

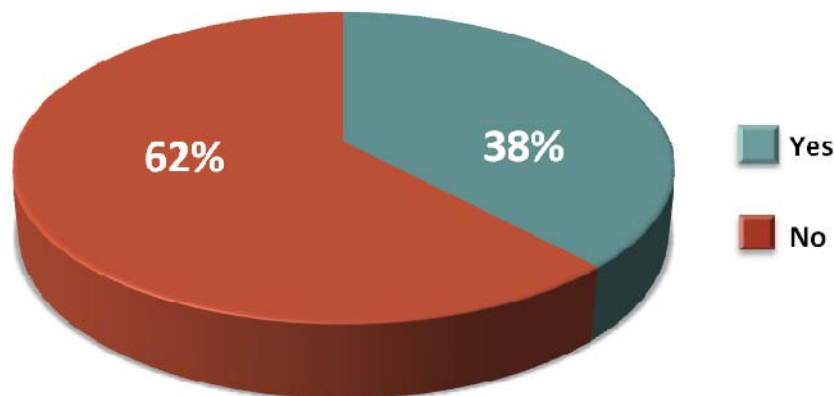
Employers in the Banking & Financial Services sector are in the strongest position to negotiate lower starting salaries. Nearly half - 47% - say they can do so. Most banks are prepared to increase remuneration significantly when there is a shortage of the talent they require and they also respond

quickly to market downturns by reducing pay and benefits.

The IT&T sector also has a high proportion of respondents who can reduce new hire salaries - 46%. The IT industry experiences substantial salary hikes whenever the market is good. One benefit of tougher market conditions is that salary expectations become more realistic, so lower raises are made possible. This returns the market to a more reasonable level, which is essential to maintain Singapore's competitiveness in this industry.

Just 17% of respondents in the Healthcare & Life Sciences sector say they can negotiate lower salaries for new managerial hires, a much lower figure than for any other sector. There is still a shortage of talent in certain areas, notably professional clinical and technical roles, and demand for specialists with the required skills and experience remains strong.

Negotiation of lower salaries for new managerial hires



Source: The Hudson Report, Singapore - Q3 2009

Extent of reduction in new managerial salaries



EXTENT OF REDUCTION STILL LIMITED

Although a high proportion of respondents are able to negotiate lower salaries for new managerial hires, the reductions are relatively limited. Overall, 28% say that they can only reduce starting salaries by 5% or less, while just 16% can achieve savings of more than 10%. The latter figure is lower than for the other markets surveyed in Asia.

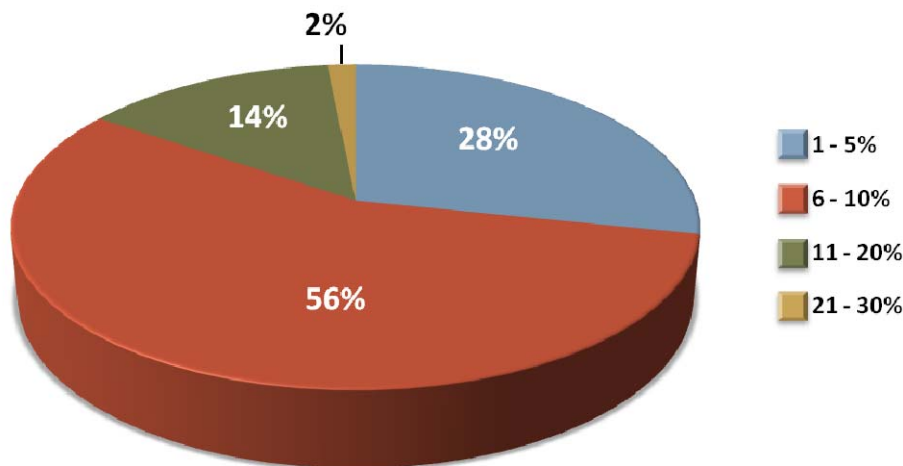
Employers in the Consumer sector are the least likely to achieve substantial reductions in managerial starting salaries. Nearly half - 48% - say they can only cut new hire salaries by 5% or less, a much higher figure than for any other sector. Just 14% can negotiate reductions of more than 10%. Some parts of this business are still talent-short and employers have to be prepared to meet candidates' demands.

As noted earlier, respondents in the Healthcare & Life Sciences sector are the least likely to be able to negotiate lower salaries. However, those who can do so appear able to achieve large reductions: 20% say they can cut new hire salaries by 11-20% and a further 10% can lower salaries by 21% or more.

At 70%, the IT&T sector has by far the highest proportion of respondents who can reduce starting salaries by 6-10%. Remuneration in this industry tends to rise very quickly when market conditions are favourable and employers try to use adverse conditions to apply a corrective.

A large proportion of respondents in the Media/PR/Advertising sector - 40% - are able to achieve starting salary reductions of more than 10%. There is currently a major divide in this business between candidates without digital media skills, who are prepared to accept lower salaries, and those with in-demand integrated skills, who are less ready to compromise.

Gap between salary expectation and offer



Source: The Hudson Report, Singapore - Q3 2009

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