

**For immediate release**

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## **Q1 hiring expectations on the rise**

*Eighty-four percent of companies forecast good or excellent performance  
in first half of 2006*

**SINGAPORE – 12 JANUARY 2006** – Hudson, one of the world's leading professional staffing, outsourcing and human capital solution providers and a division of Hudson Highland Group, Inc. (NASDAQ: HHGP), has released findings of its Hudson Report for Quarter 1 (Q1) 2006. With a reputation as a key socio-economic indicator in the current marketplace since its Asian launch in December 1998, the survey has been built on the premise that employers' expectations of an increase or decrease in staffing levels represent a significant indication of their optimism in the growth of their organisation and their industry as a whole.

In Asia, over 2,400 key employment decision makers from multinational organisations of all sizes in all major industry sectors were surveyed in China, Hong Kong, Japan and Singapore. Six hundred and ninety-eight executives are based in Singapore. The seven industry sectors surveyed are Banking and Professional Services, Consumer, IT & Telecommunications, Manufacturing and Media/PR/Advertising, Logistics and Transportation and Healthcare and Life Sciences.

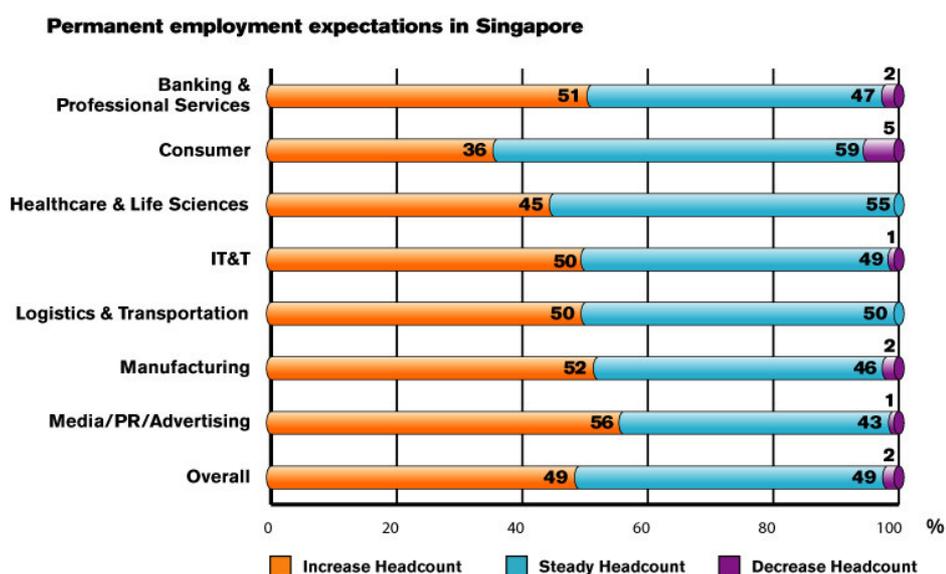
Significant findings in the **Q1 2006 Hudson Report** are:

- As compared to a year ago, hiring expectations have substantially increased – 49% of respondents in Q1 2006 forecast headcount growth, up from 41% in Q1 2005;
- Overall, Q1 hiring expectations remain strong - 49% expect to hire more staff in Q1 2006, up from 47% the previous quarter (Q4 2005);
- Media/PR/advertising firms have the highest expectations, with 56% forecasting increased hiring – a sharp rise from 44% the previous quarter;
- Companies in all industries are very confident about the next six months, with 84% forecasting that their company performance will be excellent or good;
- 92% of respondents expect to pay more for new managerial hires, more than in any other Asian market surveyed;
- Bonuses are also increasing, with 42% of respondents saying they will pay more than 10%, up from 26% a year earlier;
- Companies appear well prepared in the event of a major crisis, with 70% saying they have a crisis management plan in place;
- IT systems and HR records backups are seen as the priority areas for crisis planning.

## The latest employment trends

The companies forecasting headcount growth have increased from 41% in Q1 2005 to 49% this quarter; and slightly up from 47% in Q4 2005.

In Q1 2006, a further 49% of professionals surveyed anticipate that employment will remain steady and only a nominal 2% forecast a decline in headcount. Apart from Q3 2005, this is the highest figure for hiring expectations since Q2 2001.



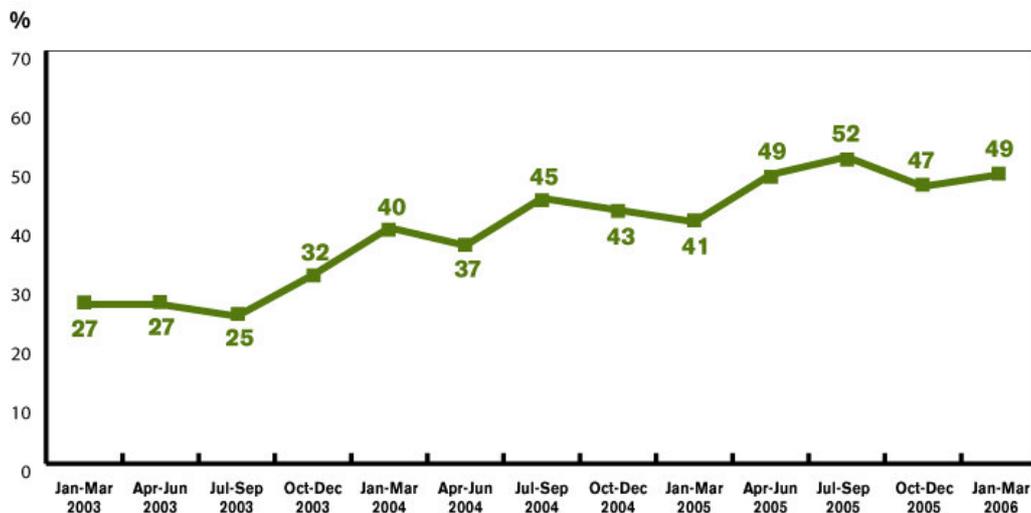
Source: The Hudson Report – Singapore, Q1 2006

Caleb Baker, country manager, Hudson Singapore, says, “Hiring expectations continue to be high, with 49% of our respondents forecasting increased headcount in Q1 2006. Over the past three years, hiring expectations have steadily increased in Q1 year on year – from 40% in Q1 2004 to 41% in Q1 last year to 49% this quarter.

In order to attract and retain the talent they need, employers know they have to increase both salaries and bonuses. They are responding to the candidate-short market by increasing salaries for new managerial hires. Furthermore, bonuses are generally higher, following the strong emphasis on talent retention.”

The media/PR/advertising sector is particularly buoyant, with 56% of executives predicting headcount growth – the highest proportion of any industry and a substantial increase from 44% in Q4 2005. Manufacturing companies also have high hiring expectations, with 52% anticipating a headcount increase.

## Permanent hiring expectations over time in Singapore



Source: The Hudson Report – Singapore, Q1 2006

### The hottest jobs in Singapore

As in previous quarters, the highest level of demand is for sales staff across all industry sectors, which accounts for 23% of all anticipated new hiring. Engineering/operations/technical positions continue to take up a significant share of projected new hiring at 18%. There is also continued strong demand for IT professionals, which account for 12% of anticipated new hires.

### Anticipated company performance

Companies across all industry sectors have a high level of confidence about their likely company performance in the next six months. Eighty-four percent anticipate their company performance will be excellent or good. Only 1% believes their company performance for the first half of 2006 to be poor. The most buoyant sectors are the logistics and transportation, banking and professional services and media/advertising/PR sectors, with 92%, 91% and 91% respectively expecting their company performance to be excellent or good.

### Salaries for managerial hires on the rise

Ninety-two percent of respondents expect to pay more for new managerial hires, more than in any other market surveyed in Asia. Seventy-five percent of companies across all sectors expect to pay more than five percent to attract new managers, while over a third – 37% – say they will have to pay more than 10%.

### Higher year-end bonuses for most sectors

Across all the industries surveyed, 71% of respondents are planning to pay bonuses of more than five percent, compared with 54% in Q1 2005. Forty-two percent say they will pay more than 10%, up from 26% a year earlier. The banking and professional services sectors expect to pay the highest bonuses, with 93% say they will pay more than five percent and 71% say they will pay more than 10%.

## **Crisis management planning**

Overall, 70% of companies across all sectors say they have a crisis management plan in place. However, there are significant differences between the various sectors in terms of their preparation for major crises. Eighty-three percent of banking and professional services respondents have a crisis management plan, higher than for any other sector. Manufacturing companies are also well prepared: 78% have developed a crisis management plan. On the other hand, media/PR/advertising firms are generally much less well prepared. This is the only sector where fewer than half of the companies surveyed – 49% – have a crisis management plan.

## **Specific crisis management measures in place**

In all sectors surveyed, the external backup of IT systems is the highest priority, with 87% of respondents saying their company has taken this measure. HR records backup is also seen as very important: 78% of companies have this in place.

## **Hudson**

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