

## **Immediate Release**

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## **Hiring expectations continue to decline in all markets for Quarter Two (Q2) 2009** *Employers implementing initiatives to cut HR-related costs*

**HONG KONG – 2 April 2009** – Hudson (NASDAQ: HHGP), a leading provider of permanent recruitment, contract professionals and talent management services worldwide, today released findings of its comprehensive quarterly *The Hudson Report* for Asia. With a reputation as a key socio-economic indicator in the current marketplace since its Asia launch in 1998, the survey on employers' expectations of an increase or decrease in staffing levels represents a significant indication of their optimism in the growth of their organisation and their industry as a whole. Nearly 3,000 key employment decision makers were surveyed in February this year from multinational organisations of all sizes in all major industry sectors. The four locations surveyed were China (Beijing and Shanghai), Japan, Hong Kong and Singapore.

Key findings in *The Hudson Report – Asia Q2 2009* are:

### **HIRING EXPECTATIONS**

- China again reports the highest expectations, with 30% forecasting headcount growth this quarter but the proportion of respondents expecting to cut staff has risen from 8% in Q1 2009 to 21%;
- Hong Kong expectations to hire are lowest since *The Hudson Report* began in Q4 1998, to just 14% this quarter;
- Japan shows the steepest decline in hiring expectations compared to the previous quarter; 22% expect to increase hiring, down from 31% in Q1 2009;
- Singapore expectations are falling less sharply than in recent quarters: 20% will grow headcount in Q2 2009 compared with 23% the previous quarter.

### **OTHER KEY FINDINGS**

- Around half of the employers surveyed in all four markets have cut HR-related costs in the last six months;
- Reducing headcount is the most widely implemented cost-cutting initiative, followed by lower bonus payments;
- Employers continue to use a range of channels to recruit the staff they want; recruitment consultancies are consistently widely used across all markets;
- Companies in all markets are taking measures to maintain staff morale in challenging economic conditions, with open communication between managers and staff and reinforcement messages from the CEO or senior management being the most popular.

## DETAILED FINDINGS

### Hiring expectations fall further in all markets

Respondents in all four markets report a further drop in hiring expectations this quarter, though the rate of decline is not as steep as in Q1 2009. As in the last three quarters, China has the highest expectations and Hong Kong the lowest. Expectations are falling fastest in Japan.

Expectations in China have fallen for the third consecutive quarter: 30% of respondents plan to increase hiring, compared with 34% in Q1 2009. The proportion expecting to cut headcount has risen from 8% to 21% within the same period. The Consumer sector is the most optimistic, with 41% saying they will hire more staff.

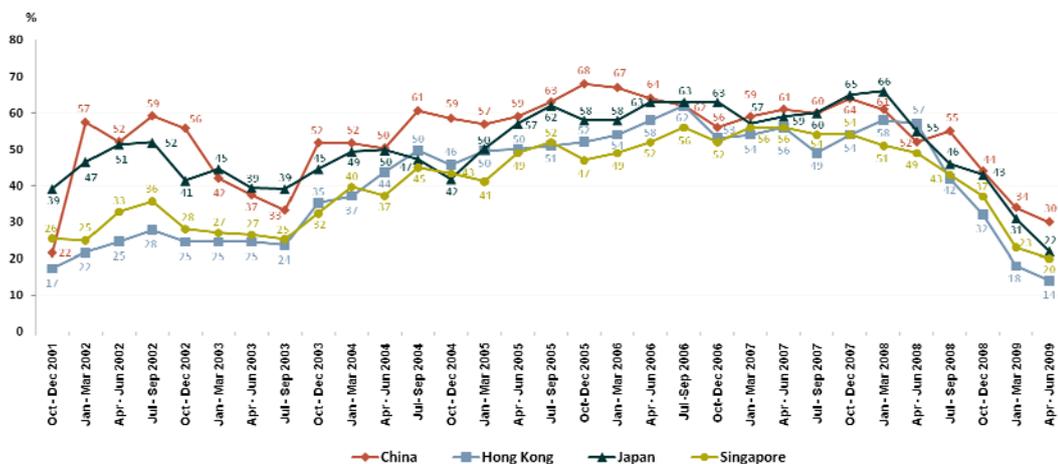
Hong Kong reports the lowest expectations since *The Hudson Report* started tracking the market in Q4 1998. Fourteen percent of respondents expect to hire more staff, a much lower figure than the 22% who plan to cut headcount. The global downturn is having a dramatic effect on Banking & Financial Services: just 12% plan to grow headcount this quarter, while twice as many (24%) will cut staff.

For the first time in Japan, more respondents expect to reduce staff levels than increase them. Twenty-five percent of respondents will cut headcount, while 22% say they will expand – down from 31% in Q1 2009. IT&T firms report the highest expectations, with 31% forecasting increased hiring. Much of the demand is in the areas of mobile telecoms, infrastructure and enterprise software.

Expectations are still falling in Singapore but more slowly than in recent quarters. Across all sectors, 20% of respondents plan to increase hiring, compared with 23% in Q1 2009. However, the proportion saying they will reduce headcount has risen from 12% to 19% within the same period. Healthcare & Life Sciences companies have the highest expectations by a substantial margin: 38% forecast headcount growth, unchanged from the previous quarter. Just 3% plan to cut headcount.

Mike Game, CEO, Hudson Asia, comments, *“Hiring expectations continue to fall in all the countries surveyed but less steeply than in the previous quarter. Many employers are implementing initiatives to cut HR-related costs.”*

**Regional permanent increased hiring expectations over time**



Source: The Hudson Report, Asia - Q2 2009

## **Employers in all markets are cutting HR-related costs**

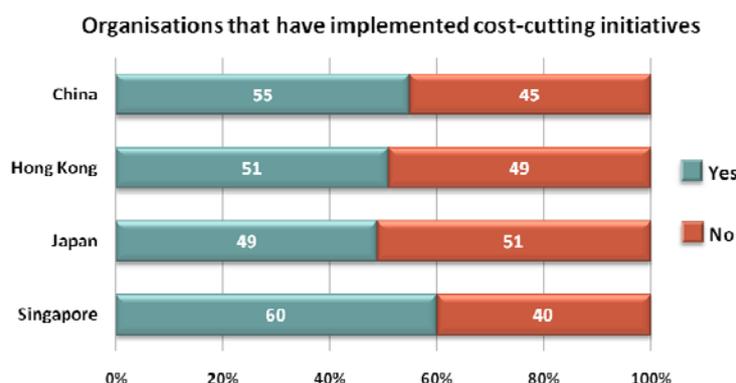
Respondents were asked if their organisation had implemented HR-related cost-cutting initiatives in the last six months. Singapore has the highest proportion who have done so; Japan the lowest.

Across all sectors, 55% of respondents in China say their organisation has cut HR-related costs in the last six months. Manufacturing companies are the most likely to have taken this initiative - 68% of respondents.

The response in Hong Kong is evenly divided: 51% say their organisation has reduced HR-related costs, against 49% who have taken no action. In the Banking & Financial Services sector, 58% give a positive response.

Although 49% of all respondents in Japan report that their organisation has cut HR-related costs, there are wide variations between the sectors. Just 30% of respondents in the Consumer sector have taken this action, while the corresponding figure among Media/PR/Advertising firms is 67%.

At 60%, Singapore has the highest proportion of respondents whose organisations have already cut HR-related costs. This approach is particularly prevalent in the Banking & Financial Services sector, where 68% have implemented cost-cutting measures.



Source: The Hudson Report, Asia - Q2 2009

## **Headcount reduction is the principal cost-cutting initiative**

Among companies that have already taken steps to cut HR-related costs, reducing headcount is the most widely adopted measure in all the markets surveyed.

In China, 39% of respondents say their company has reduced headcount in the last six months, while 35% have cut bonus payments. The latter is the highest figure for the markets surveyed in Asia.

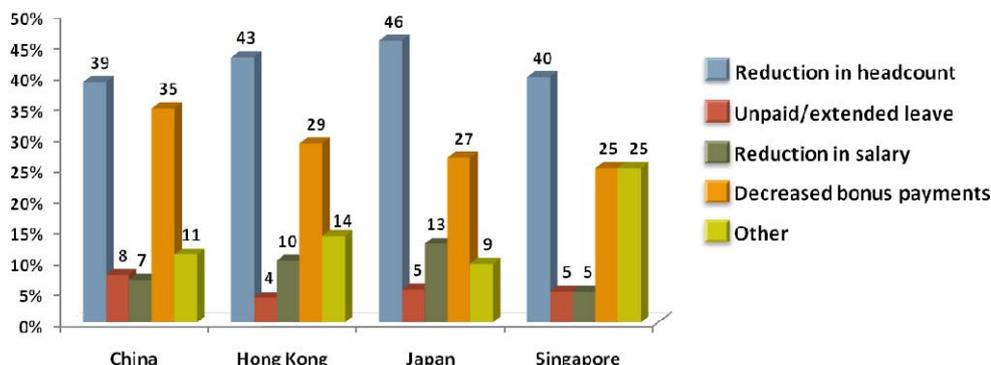
In Hong Kong, 43% report that their company has made staff cuts and 29% have made lower bonus payments. IT&T companies are the most likely to have cut headcount - 65% of respondents.

At 46%, Japan has the highest proportion of respondents whose organisations have reduced headcount in the last six months. This approach has been most widely adopted in the Media/PR/Advertising sector, where 62% report staff cuts.

In Singapore, 40% of respondents report that their organisation has made staff cuts and 25% mention

that bonus payments have been reduced. Both figures are higher in the Banking & Financial Services sector: 50% and 30% respectively.

## Cost-cutting initiatives implemented by organisations



Source: The Hudson Report, Asia - Q2 2009

## Employers using a wide range of recruitment channels

Respondents were asked which recruitment methods they had used most frequently in the last six months.

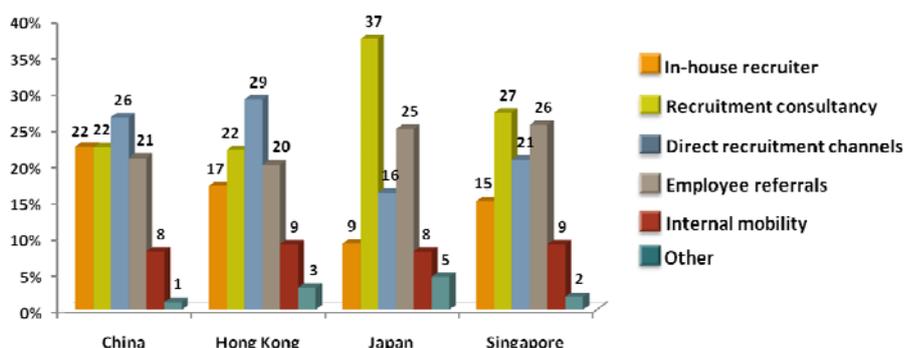
Direct recruitment is the most frequently used channel in China, where it is mentioned by 26% of respondents. It is particularly important in the Manufacturing sector, where 31% give this response.

At 29%, Hong Kong has the highest proportion of respondents whose organisations have used direct recruitment in the last six months. This method is widely used in the Manufacturing and Consumers sectors – 46% and 32% respectively.

Japan has the highest proportion reporting that recruitment consultancies are the most frequently used channel – 37%. At just 16%, the number using direct recruitment is lower than in the other markets.

Recruitment consultancies and employee referrals are the most frequently used channels in Singapore – 27% and 26% of respondents respectively.

## Most frequently used methods for recruiting new staff



Source: The Hudson Report, Asia - Q2 2009

## **Open communication and CEO messages are key morale boosters**

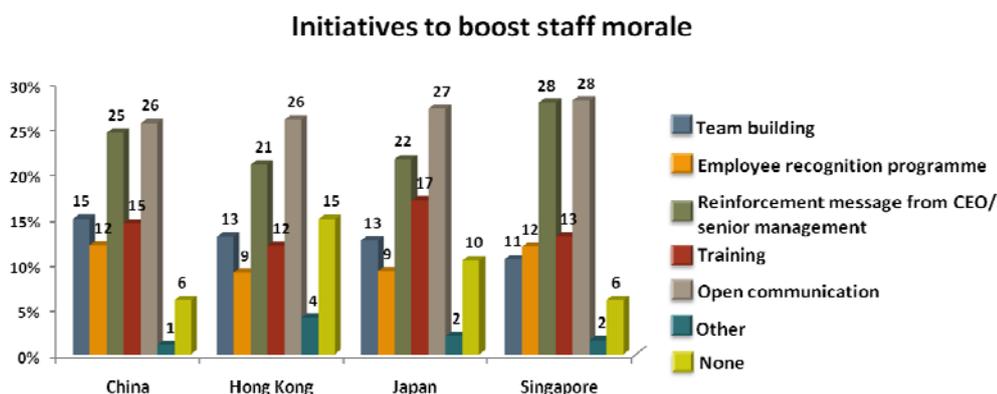
When asked what companies are doing to maintain staff morale in today's tough economic climate, respondents in all four markets cited open communication between managers and staff and reinforcement messages from the CEO and senior management as the most important initiatives.

In China, 26% and 25% respectively mention open communication and CEO messages. Open communication is most highly valued in the Media/PR/Advertising sector, where it is cited by 33%.

At 15%, Hong Kong has the highest proportion of respondents whose organisations have not taken any steps to maintain staff morale. The Consumer, Media/PR/Advertising and Manufacturing sectors are the least likely to have implemented any morale-boosting measures.

Open communication is the single most important response in Japan, where it is mentioned by 27% across all sectors. In the Media/PR/Advertising and Consumer sectors, this figure rises to 31% and 30% respectively.

At 28% each, Singapore reports the highest proportion of respondents mentioning open communication and CEO reinforcement messages. These are the most widely used methods in every sector surveyed.



Source: The Hudson Report, Asia - Q2 2009

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