

Immediate Release

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HR has learned the lessons of past recessions, says Hudson

*Businesses are taking a nuanced approach to talent management in a downturn;
Asia HR functions becoming a strategic business partner.*

Hong Kong – June 12 2009 - Businesses are handling the HR challenges of the current recession with unprecedented care, according to a new HR study 'Tackling The Economic Crisis – Has HR Learned From The Past?' from global recruitment and talent management consultancy Hudson. The survey was conducted with 500 HR and business leaders in 30 countries to explore changes in HR priorities and during the global economic downturn.

KEY FINDINGS:

- 'Right-sizing' – or headcount reduction – is the top HR priority for organisations globally. However hiring of newly available key talent and talent development programmes are also in strong focus in all markets.
- Between 2008 and 2009, there has been a clear shift in HR priorities from talent attraction to talent engagement, organisation development and people development.
- Organisations are using complex approaches to tackle the downturn by combining cost cutting with talent development and engagement. This approach sends a nuanced signal in a gloomy environment.

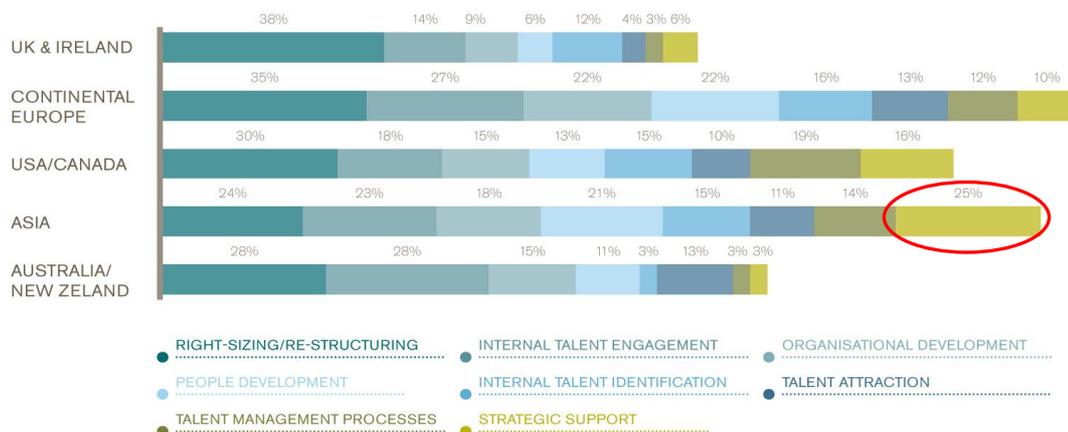
ASIA HR FUNCTION BECOMING A STRATEGIC PARTNER

In the last 12 months the priorities of HR professionals have changed significantly. Unsurprisingly right-sizing is a top priority however talent retention and engagement also feature as priorities. This is a positive sign of growing HR maturity as the instinct to restructure and downsize is being balanced by retention and engagement initiatives.

In Asia, senior executives are demanding the human resources function engage as a strategic partner in contrast to the traditional role of transaction support activities such as payroll and hiring. Twenty-five percent of Asia respondents highlighted 'strategic support' as a priority.

According to Mike Game, CEO, Hudson Asia, "HR leaders in Asia have the twin challenges of responding to the immediate right-sizing requirements of the organisation and re-positioning the HR function as a strategic function."

Highest HR Priorities in 2009



Notes:

TM processes: Includes job design, competency profiling, job grading and performance management.

Percentages are higher than 100% as respondents were asked to rate their highest priorities and many rated more than one.

INTERNAL TALENT IDENTIFICATION AND STRATEGIC HIRING ALSO KEY PRIORITIES

Organisations across all regions are decreasing staffing levels. In Asia the figure has risen from 22% in 2008 to 78% this year. Initial tactics such as ending contracts and freezing recruitment, have been followed by comprehensive cost-cutting initiatives including redundancy programmes. Nevertheless, respondents in all regions *still plan to recruit staff* – in fact, 84% of organisations in Asia are planning some *strategic hiring of newly available key talent*.

Change in HR Strategy in 2009
 "Has your company's HR Strategy changed to include any of the following initiatives in 2009?"

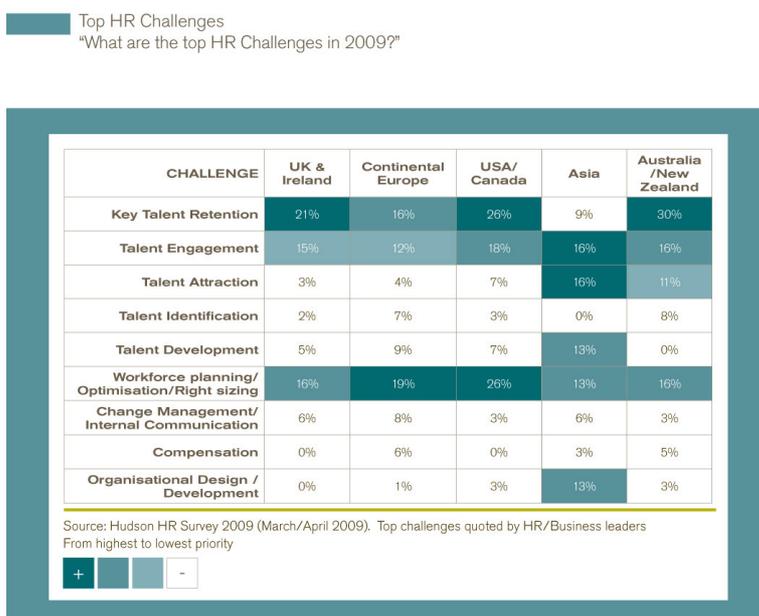
	UK & Ireland		Continental Europe		USA/Canada		Asia		Australia/New Zealand	
	2009	Δ	2009	Δ	2009	Δ	2009	Δ	2009	Δ
Headcount freezes	75%	50	78%	55	80%	59	78%	56	81%	62
New headcount approval procedures	69%	38	68%	38	59%	35	85%	70	81%	62
Downsizing	76%	51	83%	66	79%	56	60%	20	76%	53
Outplacement/career management	74%	48	81%	62	68%	32	50%	0	71%	43
Strategic hiring of newly available key talent	70%	39	59%	19	78%	53	84%	68	67%	33
International talent sourcing	52%	4	47%	-6	65%	24	36%	-27	27%	-45
Increased focus on talent development programmes	72%	44	64%	27	75%	50	89%	78	78%	56
Assessment programmes to identify talent	68%	36	59%	18	52%	0	79%	57	73%	45
Brand position strengthening	70%	41	55%	11	65%	31	79%	57	70%	40
New work/life balance initiatives	50%	-	54%	8	62%	15	58%	17	69%	38
Focus on corporate social responsibility	44%	-11	53%	6	83%	67	63%	25	60%	20

Δ represents change from 2008 to 2009.
 Source: Hudson HR Survey 2009 (March/April 2009)

THE HR CHALLENGE – (1) HOW TO ENGAGE AND RETAIN WHILE RIGHT-SIZING AND (2) UPGRADE COMPETENCY SKILLS

Organisations have undertaken aggressive right-sizing programmes to maintain the organisation through the downturn. HR has been driving right-sizing programmes and supporting the organisation's requirements for talent development and engagement.

In Asia upgrading the competency skills of employed people are key concerns due to the ongoing structural lack of specialist skills in the region. Asian organisations also remain focused on future needs given the medium and long term growth prospects remain strong.



The survey affirms we are learning from past crises; organisations now realise talent engagement is important and retention of their key people is vital. Right-sizing priorities must not overwhelm ongoing talent engagement and key talent retention.

Our experience suggests many organisations focus on retaining talent as their first challenge, before activities to engage all staff. In our view this process should be reversed. If organisations invest in engaging their talent, performance will increase and retention will be a natural consequence. Engagement should always be a top priority for HR – but in difficult economic times, talent engagement becomes crucial for short and long term success.

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