

## Immediate release

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## Hiring expectations continue to rise in all Asian markets

*Employers willing to counter offer to retain top talent*

**HONG KONG – 4 MAY 2010** – 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 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 1,600 key employment decision makers were surveyed in March from multinational organisations of all sizes in all major industry sectors. The locations surveyed were China (Beijing and Shanghai), Hong Kong and Singapore.

Key findings in *The Hudson Report – Asia Q2 2010* are:

### HIRING EXPECTATIONS

- Almost two-thirds of all respondents in **China** (64 percent) expect to grow headcount this quarter, a steep rise from 49 percent in Q1;
- This is the fourth consecutive quarter of rising expectations in **Hong Kong**, where 59 percent of respondents plan to hire more staff;
- Expectations in **Singapore** are nearly three times as high as they were a year ago and 54 percent of respondents forecast headcount growth this quarter;

### OTHER KEY FINDINGS

- Leadership development programmes are widely seen as the most effective way of preparing internal local talent for senior management roles;
- A majority of respondents in all three markets are willing to make counter offers when employees resign to join other companies in order to retain them;
- Respondents regard increasing base salaries as the most effective counter offer measure;
- Employee morale in China and Hong Kong has improved since economic recovery began;
- Recruitment consultancies are the most popular hiring method in Hong Kong and Singapore, while employers in China favour direct recruitment and employee referrals.

## DETAILED FINDINGS

### Expectations up in all markets

The growth in hiring expectations seen in recent quarters is continuing and respondents in all three markets surveyed report higher expectations than in Q1. In contrast to the previous quarter, China has both the greatest rise and the highest expectations in Q2.

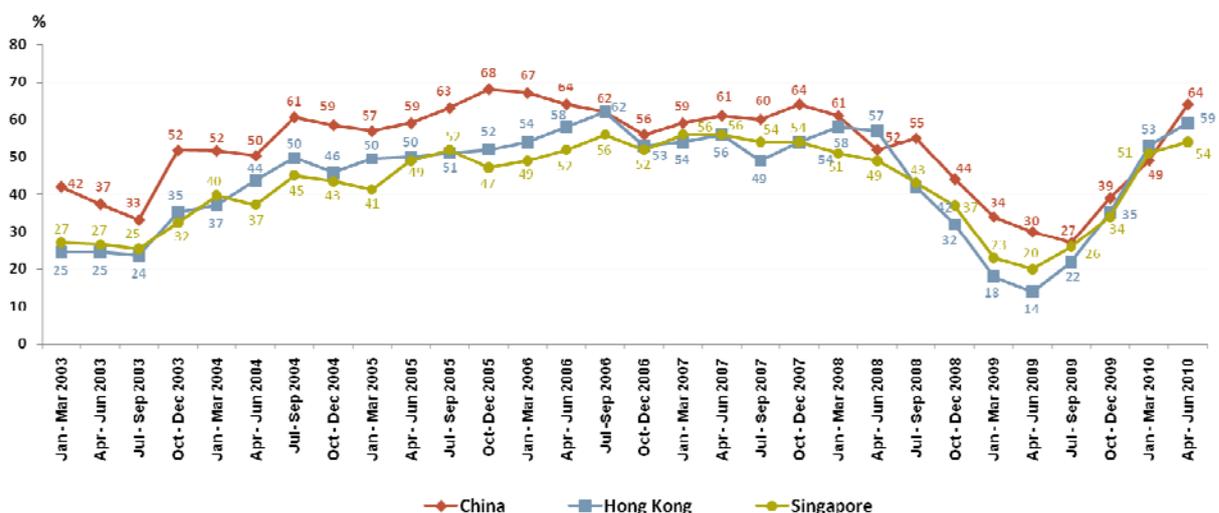
Almost two-thirds of all respondents in **China** (64 percent) plan to grow headcount this quarter, a steep rise from 49 percent in Q1. At 69 percent, the Banking & Financial Services sector again has the highest hiring expectations, up from 58 percent the previous quarter. Demand for candidates in all banking functions is growing fast, particularly as overseas banks open new branches in cities around the country.

This is the fourth consecutive quarter in which respondents in **Hong Kong** expect to increase staff levels. Across all sectors, 59 percent say they will do so, up from 53 percent in Q1. The highest expectations are again seen in the Banking & Financial Services sector, where nearly three-quarters of respondents (73 percent) predict an increase in headcount. There is a growing feeling that the industry is now returning to normality, with a strong demand for staff in most areas.

Hiring expectations in **Singapore** are nearly three times as high as they were a year ago: 54 percent of respondents expect to grow headcount this quarter, up from 20 percent in Q2 2009. As with the other markets surveyed, the Banking & Financial Services sector reports the highest level of hiring expectations. Hiring is returning to pre-downturn levels but many banks are raising the bar for new hires and candidates face a tough recruitment process.

Mike Game, CEO, Hudson Asia, comments, *“Expectations are growing in all three markets, confirming the continuing economic recovery. Most employers are ready to make counter offers to retain key staff.”*

**Regional permanent increased hiring expectations over time**



Source: The Hudson Report, Asia - Q2 2010

## Leadership development is most popular approach

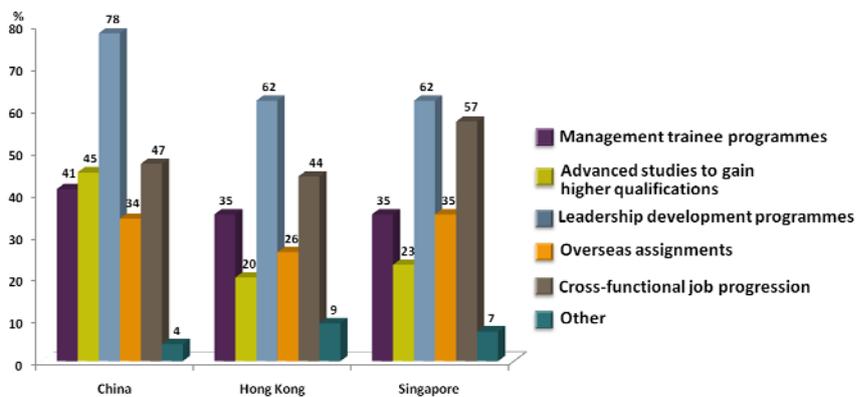
Leadership development programmes are the most popular way of preparing internal local talent for senior management roles. They are used by 78 percent of respondents in China and 62 percent in Hong Kong and Singapore. Other training and development initiatives, including management trainee programmes and advanced studies for higher qualifications are more widely used in China than in the other markets.

In **China**, employers in the Manufacturing & Industrial sector place the strongest emphasis on training initiatives to groom talent for senior positions: 81 percent offer leadership development programmes, while advanced studies for higher qualifications and management trainee programmes are mentioned by 50 percent and 48 percent respectively.

Employers in the IT&T sector in **Hong Kong** are the most likely to offer leadership development and management trainee programmes; they are mentioned by 82 percent and 50 percent respectively. Most staff in this sector are selected for their specialist skills and then trained in management disciplines.

At 57 percent, **Singapore** has the highest proportion of respondents across all countries surveyed offering cross-functional job progression. This measure is seen as particularly effective in the Banking & Financial Services sector, where it is mentioned by nearly two-thirds (63 percent) of respondents. Banking covers a wide range of complex functions and institutions seek to provide potential senior managers with extensive and varied experience.

**Ways to develop internal local talent for senior positions**



Source: The Hudson Report, Asia - Q2 2010

Note: Figures do not add up to 100% as respondents could select more than one option.

## Majority of employers will counter offer

A large majority of respondents in all three markets are willing to make counter offers to employees who resign to join other companies. At 76 percent, China has the highest proportion across all countries saying they will counter offer. The figures for Hong Kong and Singapore are 67 percent and 61 percent respectively.

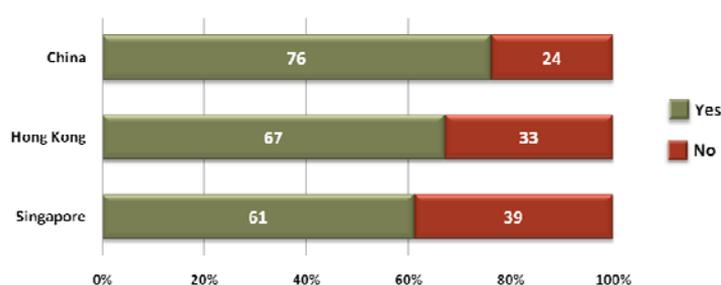
**China** is the only market in which more respondents are willing to make counter offers than when this question was last asked, in Q4 2007. This reflects the rapid recovery in the job market, which means

that employers are keen to avoid having to replace experienced staff. Respondents in the Media/PR/Advertising sector are the most likely to counter offer, with 85 percent saying they will do so.

Overall, two-thirds (67 percent) of respondents in **Hong Kong** are ready to make counter offers, compared with 72 percent who said they would do so in Q4 2007. Employers in the Banking & Financial Services sector are the most likely to make counter offers: 78 percent say they do so.

The proportion of respondents ready to make counter offers has also fallen in **Singapore**. Just over three-fifths (61 percent) across all sectors give a positive response to this question, down from 71 percent in Q4 2007. Although hiring expectations show consistent growth, the economy is still in recovery mode and many employers are confident about finding candidates to fill vacant positions.

**Willingness to counter offer when an employee resigns**



Source: The Hudson Report, Asia - Q2 2010

## **Higher salary is key measure**

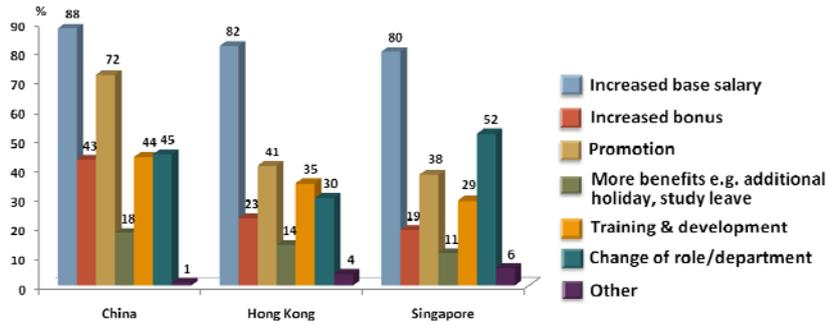
Respondents who said they were prepared to make counter offers were also asked what they offer to dissuade staff from resigning. An increase in base salary is seen as the most effective counter offer tactic, by a substantial margin. It is also the most widely used measure in every sector in each market.

A high 88 percent of respondents in **China** say they offer salary increases when counter offering. At 72 percent, promotion is the second most popular measure and is much more widely used than in the other markets. This suggests that employees give high priority to responsibility and status as well as to financial rewards.

In **Hong Kong**, 82 percent of respondents across all sectors include salary increases in counter offers. The next most effective tactics are promotion and training & development, cited by 41 percent and 35 percent respectively. Of these three, training is the only measure that has become significantly more popular since this question was last asked, in Q4 2007.

Increasing base salary is also the most popular counter offer in **Singapore**, where it is mentioned by 80 percent of respondents. Providing a change of role or department is the second most widely used measure: 52 percent say they offer this, a higher proportion than in the other markets. The other four counter offer tactics are used less in Singapore than in China and Hong Kong.

## Counter offers used to retain employees



Source: The Hudson Report, Asia - Q2 2010

Note: Figures do not add up to 100% as respondents could select more than one option.

## Employee morale up in China and Hong Kong

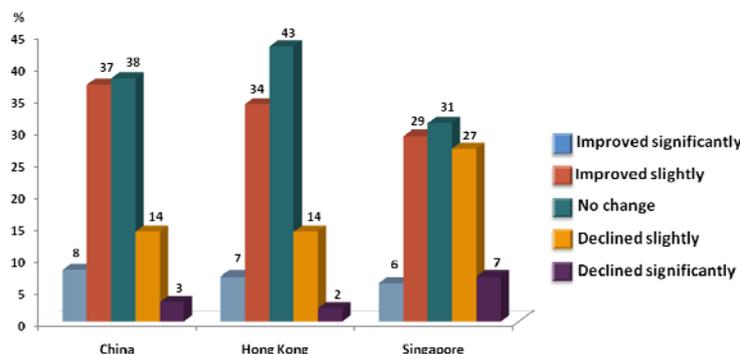
Respondents were asked if employee morale has changed since the end of the economic downturn. Overall, more respondents in China and Hong Kong report an improvement than a decline. The response in Singapore is generally less positive.

Across all sectors, 45 percent of respondents in **China** say that morale has improved slightly or significantly, compared with just 17 percent who say that it has declined. The morale of Media/PR/Advertising staff has risen sharply: 22 percent of respondents say it has improved significantly and a further 28 percent say it is slightly up.

In **Hong Kong**, 41 percent of respondents report improved morale, while just 16 percent say it has declined. Morale is particularly high in the Legal sector, where 27 percent say it has improved significantly, a much higher figure than for any other sector. A further 30 percent perceive a slight improvement and just 4 percent a decline, the lowest figure for the sectors surveyed.

There appears to be little change in employee morale in **Singapore** since the end of the economic downturn. Across all sectors, 35 percent say that employee morale has improved, 34 percent say that it has declined and 31 percent report no change.

## Change in employee morale since end of economic downturn



Source: The Hudson Report, Asia - Q2 2010

## Range of recruitment methods used

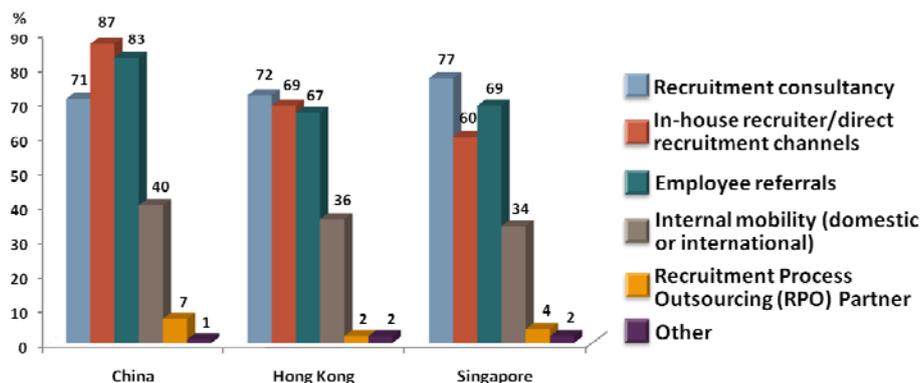
Respondents have used a wide variety of methods for recruiting new staff in the last six months. Recruitment consultancies are the most popular approach in both Hong Kong and Singapore, while employers in China favour in-house recruiter/direct recruitment channels and employee referrals.

Across all sectors in **China**, in-house recruiter/direct recruitment channels and employee referrals are mentioned by 87 percent and 83 percent respectively. Recruitment consultancies are also widely used and growing in popularity: 71 percent of respondents take this approach, a substantial rise from the 53 percent who gave this response in Q2 2009.

Across all sectors in **Hong Kong**, recruitment consultancies are the most popular method, being mentioned by 72 percent. In-house recruiter/direct recruitment channels and employee referrals are also widely used: they are cited by 69 percent and 67 percent respectively.

Employers in **Singapore** are more likely to use recruitment consultancies than those in the other markets surveyed, with more than three-quarters (77 percent) saying they do so. Employee referrals and in-house recruiter/direct recruitment channels are also widely used, being mentioned by 69 percent and 60 percent of respondents respectively.

**Most frequently methods used for recruiting new staff in last six months**



Source: The Hudson Report, Asia - Q2 2010

Note: Figures do not add up to 100% as respondents could select more than one option.

## Hudson

Hudson Highland Group, Inc. 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 organizational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses. The company employs approximately 2,000 professionals serving clients and candidates in more than 20 countries. More information is available at [hudson.com](http://hudson.com).

**Special Note:** This press release contains statements that the company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this press release, including those under the caption "Guidance" and other statements regarding the company's future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "predict," "believe" and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to, the impact of global economic fluctuations including the recent economic downturn; the ability of clients to terminate their relationship with the company at any time; risks in collecting our accounts receivable; implementation of the company's cost reduction initiatives effectively; the company's history of negative cash flows and operating losses may continue; the company's limited borrowing availability under our credit facility, which may negatively impact our liquidity; restrictions on the company's operating flexibility due to the terms of its credit facility; fluctuations in the company's operating results from quarter to quarter; risks relating to the company's international operations, including foreign currency fluctuations; risks related to our investment strategy; risks and financial impact associated with dispositions of underperforming assets; the company's heavy reliance on information systems and the impact of potentially losing or failing to develop technology; competition in the company's markets and the company's dependence on highly skilled professionals; the company's exposure to employment-related claims from both clients and employers and limits on related insurance coverage; the company's dependence on key management personnel; volatility of stock price; the impact of government regulations; financial impact of audits by various taxing authorities; and restrictions imposed by blocking arrangements. Additional information concerning these and other factors is contained in the company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this letter. The company assumes no obligation, and expressly disclaims any obligation, to review or confirm analysts' expectations or estimates or to update any forward-looking statements, whether as a result of new information, future events or otherwise.