

For immediate release

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Hiring expectations in China and Hong Kong at all-time high

Employers find it harder to recruit top talent, The Hudson Report reveals

HONG KONG – 28 APRIL 2011 – The hiring expectations of multi-national corporations across major Asian markets continue to rise, according to a just-released quarterly study. 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 of employers' expectations of an increase or decrease in staffing levels represents a significant indication of their optimism about the growth of both their organisation and their industry. Over 1,650 key employment decision makers were surveyed in March 2011 from multinational organisations of all sizes in all major industry sectors. The decision makers surveyed were located in China (Beijing and Shanghai), Hong Kong and Singapore.

Key findings in *The Hudson Report – Asia Q2 2011* are:

HIRING EXPECTATIONS

- Seventy-seven percent of respondents in **China** plan to grow headcount this quarter, a further steep rise from Q1's 72 percent;
- Expectations have reached a new peak in **Hong Kong**, with 69 percent of respondents saying they will hire more staff;
- Expectations are almost unchanged in **Singapore**, where 61 percent of respondents forecast headcount growth this quarter.

OTHER KEY FINDINGS

- The greatest demand in all three markets is for sales professionals;
- Employers in all three markets say that finding top talent is more difficult than it was a year ago;
- Employers in **China** are experiencing the greatest difficulty in finding the talent they need;
- Skill shortages are seen as the most important single cause of recruitment problems;
- Respondents in **China** and **Hong Kong** say that hiring staff who fit the job requirements is their most critical HR challenge over the next six months;
- Retaining top talent is regarded as a greater challenge in **Singapore**.

DETAILED FINDINGS

Hiring expectations still rising in China and Hong Kong

Hiring expectations continue to rise in China and Hong Kong while they are levelling off in Singapore. As was the case last quarter, expectations in China and Hong Kong are at their highest level since *The Hudson Report* was launched in Q4 1998.

The fastest growing expectations are reported by **China**, where 77 percent of respondents across all sectors forecast headcount growth this quarter, compared with 72 percent in Q1. The Manufacturing & Industrial sector has both the largest increase and the highest expectations: 86 percent plan to hire more staff, up from 74 percent. Companies in the energy, automotive, railway and marine segments are hiring particularly aggressively.

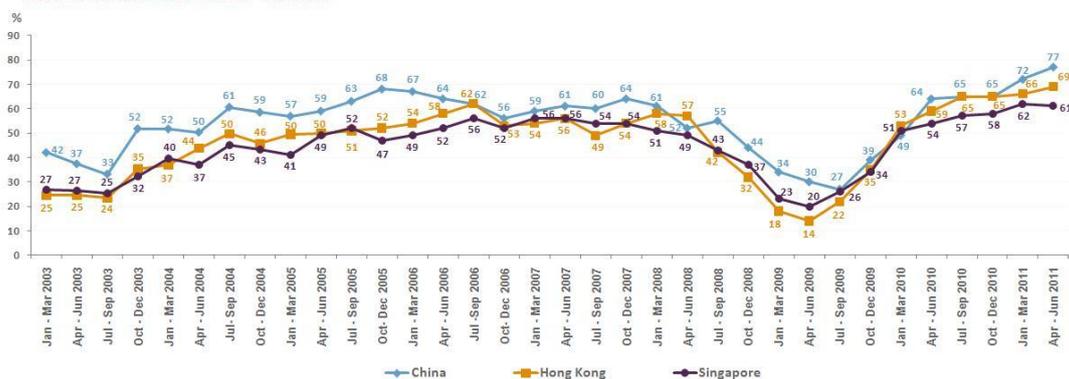
Overall 69 percent of respondents in **Hong Kong** expect to increase hiring in Q2, up from 66 percent the previous quarter. Legal firms have the highest expectations, with 88 percent of respondents forecasting headcount growth. Demand for lawyers with five years' post qualification experience is strong and Chinese language skills are sought after.

Expectations are almost unchanged in **Singapore**, suggesting that the market is stabilising at a high level. Across all the sectors surveyed, 61 percent of respondents plan to grow headcount in Q2, compared with 62 percent in Q1. The Healthcare & Life Sciences sector reports both the highest expectations and the greatest increase: 67 percent of respondents say they will hire more staff, up from just 38 percent in Q1.

Mike Game, CEO, Hudson Asia, comments, *"Hiring expectations in China and Hong Kong are at all-time highs and they remain at a high level in Singapore. It comes as no surprise that employers in all three markets are finding it harder to recruit top talent than this time last year."*

REGIONAL PERMANENT INCREASED HIRING EXPECTATIONS OVER TIME

Source: The Hudson Report, Asia - Q2 2011



Sales staff in greatest demand

Respondents were asked about the areas in which they expect to increase headcount in the next six months. In all three markets sales professionals are in the greatest demand.

At 60 percent, **China** has by far the largest proportion of respondents planning to recruit sales staff, suggesting that companies in all sectors are preparing to cope with continuing high levels of demand for their products and services. Engineering / operations / technical staff and marketing specialists are

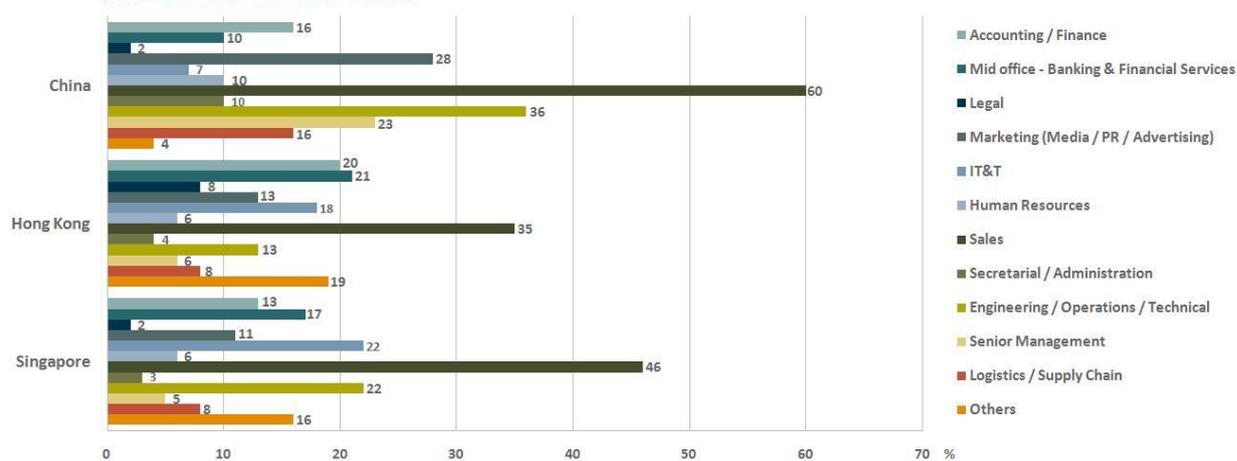
also sought after: 36 percent and 28 percent respectively say they plan to increase headcount in these areas.

In **Hong Kong**, 35 percent of respondents across all sectors say they will hire more sales staff, a lower figure than for the other markets surveyed. Other areas which will see a high level of recruitment activity include mid-office – banking and financial services, accounting / finance and IT&T, mentioned by 21 percent, 20 percent and 18 percent respectively. The Consumer sector has the highest proportion of respondents planning to recruit more sales professionals – 59 percent.

Nearly half (46 percent) of respondents in **Singapore** will increase recruitment of sales professionals this quarter. This is more than double the figure for any other role. This suggests that companies in all sectors are confident about the strength of the economy and certain that demand from their customers will remain high. Engineering / operations / technical staff and IT&T professionals are also sought after, with both areas being mentioned by 22 percent of respondents.

AREAS OF HEADCOUNT INCREASE IN THE NEXT 6 MONTHS

Source: The Hudson Report, Asia - Q2 2011



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

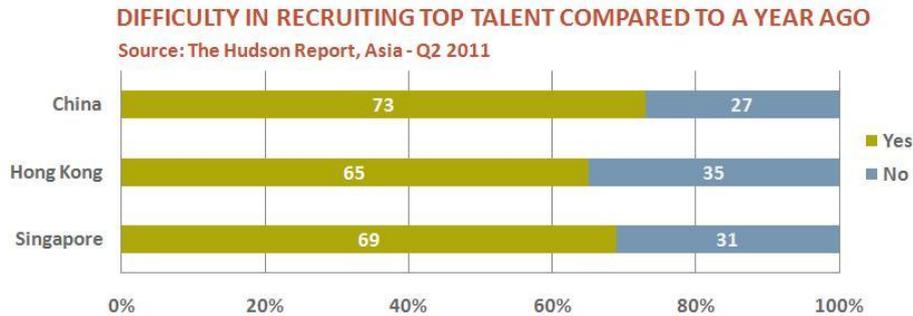
Top talent is harder to find

A majority of respondents in all three markets say that they are finding it more difficult to recruit top talent than a year ago. China has the largest proportion experiencing difficulties, followed by Singapore.

Nearly three-quarters (73 percent) of respondents in **China** are finding it harder to recruit top talent. Respondents in the Banking & Financial Services sector are experiencing the greatest difficulty in finding talented candidates, with 85 percent saying it is harder than a year ago. The pool of candidates with the necessary experience and product knowledge is too small to meet banks' requirements as they continue to expand their operations throughout the country.

Although the figure is lower than for China and Singapore, almost two-thirds (65 percent) of respondents in **Hong Kong** are experiencing greater difficulty in recruiting top talent. Media / Advertising / PR firms are having the greatest difficulty, with 88 percent saying it is harder than this time last year. Demand for candidates with experience in digital media and CRM (Customer Relationship Management) is growing fast and a lack of available talent is creating problems for recruiters.

In **Singapore**, 69 percent of respondents across all sectors are experiencing greater difficulty in recruiting top talent compared to a year ago. The strong recovery from the downturn in most business sectors made it very likely that recruiting attractive candidates would become increasingly problematic. Respondents in the IT&T sector are having the most severe difficulties, with 83 percent giving this response.



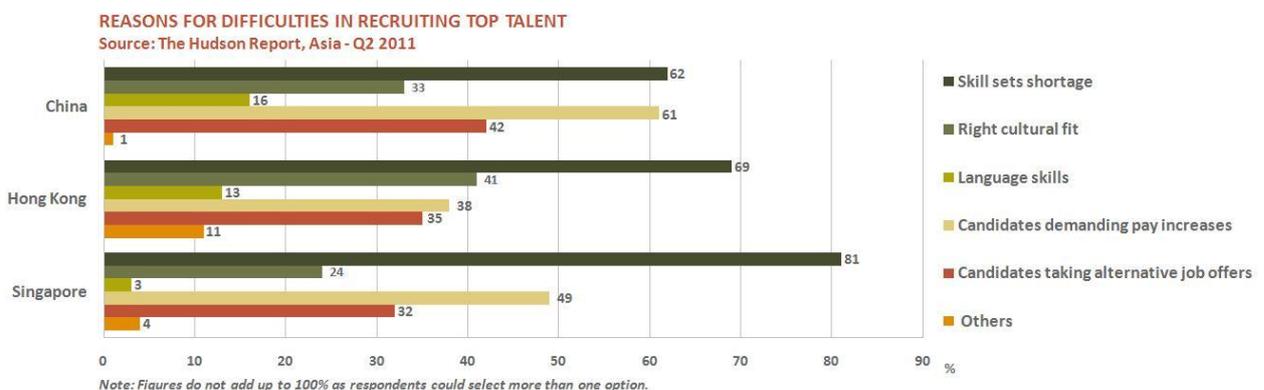
Skill shortages are causing problems

Respondents who are finding it more difficult to recruit top talent were also asked about the reasons for these problems. In all three markets, a shortage of the required skills is seen as the greatest single cause of recruitment difficulties.

Skill shortages and candidates' demands for substantial pay increases are seen as the principal causes of recruitment difficulties in **China**. Overall, these two factors are mentioned by 62 percent and 61 percent of respondents respectively, much higher figures than for the other possible causes.

In **Hong Kong**, 69 percent of respondents see skill shortages as a cause of recruitment difficulties, while 41 percent mention achieving the right cultural fit. This is substantially more than for either China or Singapore. Many Hong Kong employers are keen to recruit staff with experience in a multicultural environment.

A shortage of the required skills is regarded as by far the most significant cause of hiring problems in **Singapore**, where it is mentioned by 81 percent of respondents, a much higher proportion than in China or Hong Kong. Nearly half (49 percent) say that candidates' pay demands are causing difficulties.



Recruitment and retention are key challenges

Respondents were asked what they see as the most critical HR challenge for their company in the next six months. The continuing war for talent is clearly a major issue in all three markets, with hiring

staff who fit the job requirements and retaining top talent being given as the two most significant challenges.

In **China**, 37 percent of respondents across all sectors say that hiring the right staff is their biggest challenge and 26 percent mention retaining top talent. Salary inflation is also regarded as a greater challenge than in the other markets.

Across all sectors in **Hong Kong**, 39 percent of respondents say that hiring staff that fit the job requirements is their most critical HR challenge. This is a higher proportion than for either China or Singapore. More than half (53 percent) of respondents in the IT&T sector say that hiring staff who fit the job requirements is the toughest challenge, significantly more than for any other sector.

Retaining top talent is regarded as the most critical challenge in **Singapore**. Overall, this factor is mentioned by 52 percent of respondents, a much higher figure than for China and Hong Kong. Retention is a particularly critical issue in the Manufacturing & Industrial sector, where 62 percent give this response.

CRITICAL HR CHALLENGE IN THE NEXT SIX MONTHS

Source: The Hudson Report, Asia - Q2 2011



Hudson

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