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Hudson Report shows best employment expectations in over three years

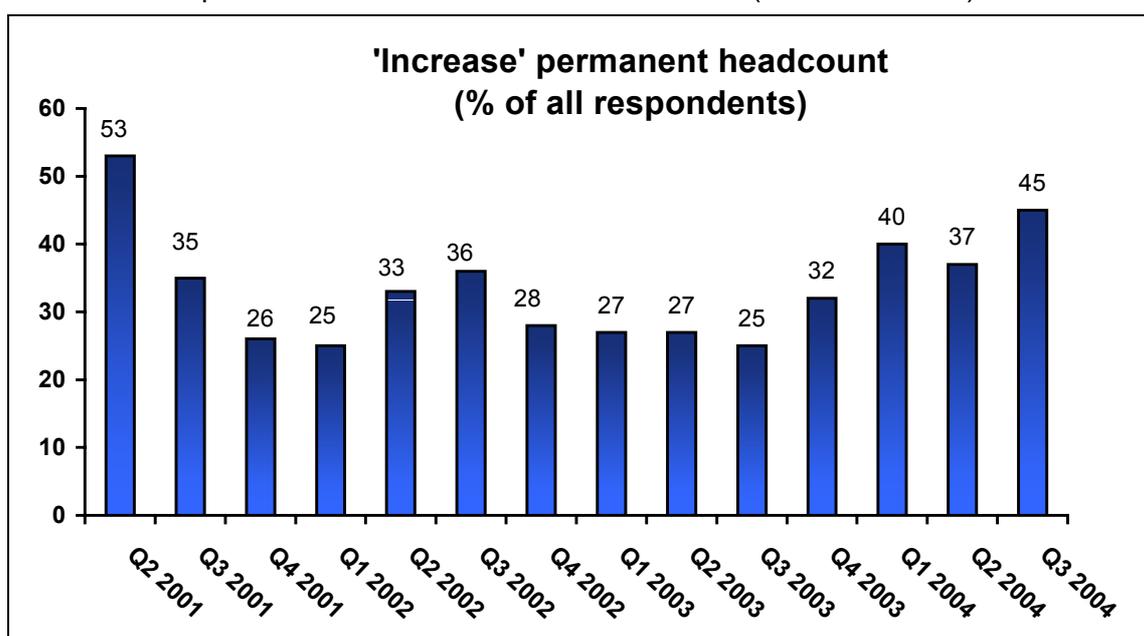
45% of more than 600 respondents in Singapore intend to add headcount in quarter 3

SINGAPORE, 30 June 2004 – 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), today released findings of its Hudson Report for quarter two 2004. Hudson Global Resources recruitment professionals personally surveyed all respondents. In Asia, more than 2,000 respondents overall were surveyed in Singapore, Hong Kong, China and Japan in May 2004. Employment decision-makers in four industry sectors were surveyed: Consumer; Engineering / Operations / Technical; Finance and IT and Telecoms.

Significant findings in the Hudson Report for Q3 are:

- 45% of all respondents anticipate headcount increases for their organisations – the best result in three years
- 81% of respondents anticipate their company’s performance in the second half of this year will be either ‘good’ or ‘excellent’. Only 2 respondents expect ‘poor’ company performance.
- 72% of respondents expect salaries to increase in the next 12 months. None anticipate salary reductions with the remaining 28% anticipating no salary adjustment.
- With the current improvement in business confidence, 24% of respondents say they anticipate hiring foreign talent. Of those that indicated a need to hire expatriates, 51% said they will be paid local terms.
- 45% of all respondents have evaluated using contractors instead of permanent employees

The most significant result of the Hudson Report for Q3 is that the proportion of companies intending to increase permanent headcount is the highest for more than three years. 45% of more than 600 respondents intend to add headcount in Q3. (see table below)



“The high anticipated headcount increase figure we see for quarter three rides on the back of the positive results seen in the first half of this year. With the best result in seen in more than three years, it shows that the Singapore job market has gradually rebounded,” said Stefanie Cross-Wilson, General Manager, Hudson Global Resources.

Looking at the anticipated hiring figures by sectors, optimism in the IT and Telecommunications sector is growing steadily with 48% looking to add headcount in Q3 [39% in Q2].

“On the whole, the IT and Telecommunications sector has improved in the first half of the year. As the market improves, this trend is set to continue. Besides companies committing more resources to technology, key contributors to the hiring upsurge in IT and Telecoms are large scale investment within the banking and finance sector for global IT services based in Singapore. On top of that, large IT project initiatives in fast moving consumer goods, logistics and manufacturing also add to the demand for IT professionals here,” said Caleb Baker, Divisional Manager, IT and Telecommunications Division.

The Engineering, Operations and Scientific sector also recorded high anticipated headcount increase with 45% of companies saying more staff is expected [37% in Q2]. The corresponding figure in the Financial Services sector also improved from 33% in Q2 to 39% in Q3. In the banks, demand has risen across the back, middle and front office with emphasis on consumer banking and wealth management roles.

Second half 2004 performance expectations

81% of all respondents surveyed expect ‘Excellent’ or ‘Good’ performances as compared to 73% when a similar question was asked in Q2. Quarter-on-quarter, those responding with ‘good’ grew 7% while those that said ‘excellent’ rose by 2%.

Expected salary growth in the next 12 months

Slightly over half of respondents surveyed (51%) expect salaries to increase by less than 5% in the coming 12 months. 20% of respondents expect that companies will be more generous, giving increments of 5% to 15%. To underpin the good outlook, no companies expected salary reductions. The remaining 28% do not expect any change in salaries in Singapore in the next 12 months.

“These results are directly related to the strong hiring sentiment in Singapore and expected company performance. Overall, it bodes well for jobseekers and current employees alike,” said Ms. Cross-Wilson.

Do you anticipate hiring foreign talent with the current improvement in business confidence?

Some three-quarters [76%] of companies said ‘no’ this question. The 24% that said ‘yes’ would hire foreign talent when there is a compelling need to due to the shortage of locals for vacant positions. Generally, expatriates are hired as they possess experience and skills in niche areas such as aerospace, big civil engineering projects, cutting-edge R&D projects and sectors in their infancy in Singapore - oil and gas exploration and biotechnology.

Where foreign talent is needed, 36% of all the roles would be in the Engineering, Operations and Technical sector. IT companies also face a shortage of local talent, especially in the outsourcing area. 22% of companies also seek foreigners with management skills in which locals have less or little related experience.

On compensation, half [51%] of foreigners that would be hired would draw local compensation. 32% receive partial expatriate compensation with only 17% given full expatriate compensation. In the latter select group, full expatriate packages and benefits are usually reserved for high-level personnel who are either internally transferred or assume roles with hard-to-find expertise in Singapore, thus necessitating the need for full expatriate packages to attract them to work here.

Contract staff instead of permanent staff in light of a resurgent economy

45% of companies are open to hiring contract staff for open positions. The main reasons for contract hires are that such professionals add immediate value in their respective roles, a company is able to maintain headcount at optimum levels based on business need, contractors are armed with the requisite skills and hence companies reduce the risk of hiring mistakes.

The most popular use of contractors is to fill IT roles. Within the IT sector itself, there is particular demand from the vendor's side for contractors who are experienced in skills such as risk management, application development and enterprise resource planning project initiatives. Other in-demand professionals are those armed with high value skills such as SAP, enterprise application integration and customer relationship management.

Even in the banking sector, IT systems integration contractors are in demand, as well as those fulfilling project management roles.

"While contractors are more in demand within the IT and Banking sectors, we observe that more companies are more receptive to hiring contractors in other industries. Besides imparting new skills to current employees, another important advantage contractors lend is flexibility when it comes to headcount issues where companies can add or trim the workforce quickly depending on current need," said Ms. Cross-Wilson.

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