

For immediate release

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China reports highest hiring expectations among Asian markets, The Hudson Report reveals

Large majority of employers in all markets pay discretionary bonus in 2011

HONG KONG – 17 JANUARY 2012 – A survey across key business sectors in China, Hong Kong and Singapore shows that hiring expectations are rising slightly in China and Singapore in Quarter One (Q1) 2012, while in Hong Kong they remain unchanged from the previous quarter.

Hudson (NASDAQ: HHGP), a leading provider of permanent recruitment, contract professionals and talent management services worldwide, today released 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. Nearly 1,800 key employment decision makers were surveyed in December 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 Q1 2012* are:

HIRING EXPECTATIONS

- **China** again reports the highest expectations: 66 percent of respondents plan to increase hiring this quarter, up from 64 percent in Q4 2011;
- **Hong Kong** has the lowest expectations, with 38 percent anticipating headcount growth in Q1;
- The 44 percent of respondents in **Singapore** who expect to hire more staff compares with 42 percent the previous quarter.

OTHER KEY FINDINGS

- A large majority of employers in all three markets plan to pay discretionary bonuses for year-end 2011;
- Bonus payments are likely to be larger than last year in Hong Kong and relatively unchanged in China and Singapore;
- Employers in China are prepared to pay larger salary rises to attract new managerial hires than those in Hong Kong and Singapore;
- Keeping up with the competition, retaining talented staff and attracting candidates in skill-short areas are key factors affecting salaries for new managers;

- Respondents in all three markets see money as the most effective tool for retention and motivation.

DETAILED FINDINGS

More positive outlook this quarter

No markets report a further decline in hiring expectations this quarter. Expectations remain unchanged in Hong Kong and show a small rise in both China and Singapore.

Expectations in **China** are much higher than in Hong Kong and Singapore: 66 percent of respondents across all sectors forecast headcount grow in Q1, up from Q4's 64 percent. The proportion of respondents expecting to reduce staff numbers has risen from 1 percent to 5 percent. The IT&T sector again reports the highest expectations, with 85 percent planning to hire more staff.

At 38 percent, hiring expectations in **Hong Kong** are unchanged from Q4 2011. However, there has been a steep rise in the proportion of respondents planning to reduce hiring, from 8 percent to 13 percent. This suggests that the uncertainty in financial markets is having a severe impact in some sectors.

After falling for three consecutive quarters, hiring expectations in **Singapore** show a small increase in Q1 2012. Across all sectors, 44 percent of respondents anticipate headcount growth, compared with 42 percent in Q4 2011.

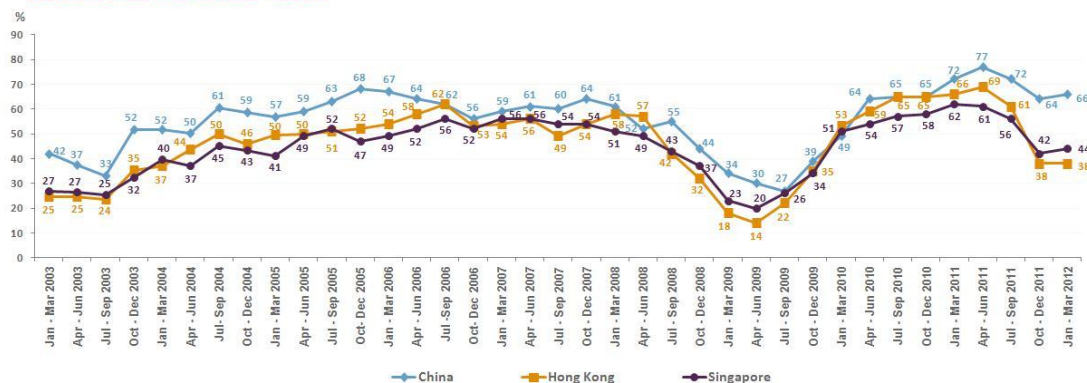
Mark Steyn, CEO, Asia Pacific, Hudson comments, *“Asia’s employment outlook represents a significant change from the falling expectations seen in recent quarters. In the midst of continuing economic turmoil in markets around the world, the rising expectations reported by China and Singapore are a positive sign.*

However, we are seeing employers in most sectors approach hiring with a degree of caution. Before going ahead with new hiring plans, they assess the likely effect of external economic and political factors and carefully review the strength of their existing talent pool.

Employers are also keenly aware of the costs of hiring. Even in current market conditions, the size of discretionary bonus payments shows no sign of shrinking and salaries for new hires continue to rise. These costs make it vital for employers to have rigorous processes to ensure they select the very best people for their businesses.”

REGIONAL PERMANENT INCREASED HIRING EXPECTATIONS OVER TIME

Source: The Hudson Report, Asia - Q1 2012



Large majority paying year-end bonuses

The great majority of respondents in every market say that their organisation will pay discretionary year-end bonuses for 2011.

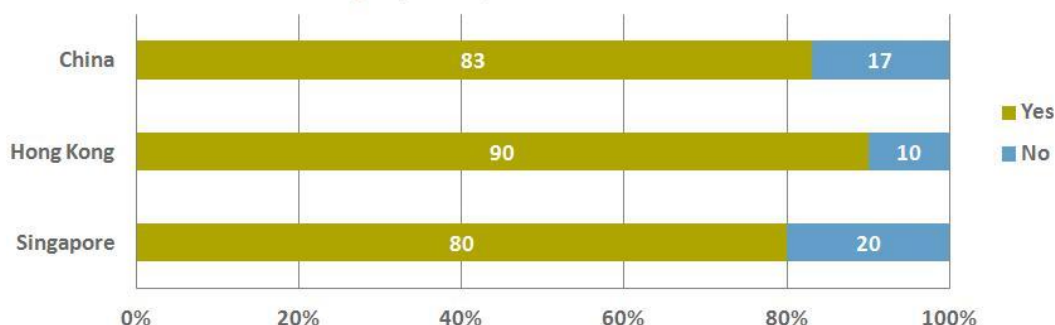
Overall, 83 percent of respondents in **China** say that their organisation will pay discretionary year-end bonuses this year, a lower figure than the 92 percent who gave this response in Q1 2011. Employers in the Consumer sector are the most likely to make bonus payments, with a very high 95 percent saying they will do so.

Hong Kong has the highest proportion of respondents whose organisation will pay discretionary year-end bonuses for 2011 – 90 percent. This represents a substantial rise from 82 percent a year earlier and is higher than the corresponding figures for China and Singapore. Employers in the Banking & Financial Services sector are the most likely to pay bonuses this year, with 95 percent saying they will do so.

Eighty percent of respondents in **Singapore** say that their organisation will pay discretionary year-end bonuses for 2011, a lower figure than the 87 percent reported in Q1 2011.

ORGANISATIONS PAYING DISCRETIONARY YEAR-END BONUS IN 2011

Source: The Hudson Report, Asia - Q1 2012



Larger bonuses in Hong Kong

Respondents whose organisation will pay discretionary bonuses for 2011 were also asked about the range in which payments will be made. Bonuses are likely to be significantly larger in Hong Kong, while the level of payments is relatively unchanged in China and Singapore.

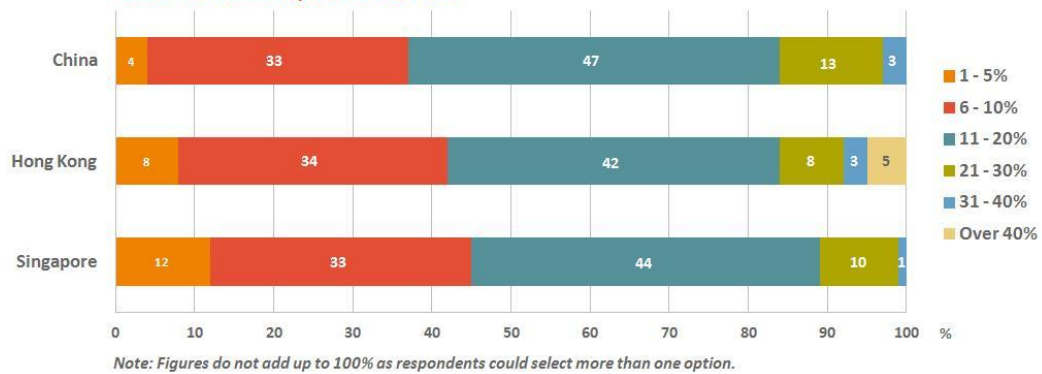
Across all sectors in **China**, 37 percent of respondents plan to pay bonuses of 10 percent or less, 47 percent will pay 11-20 percent and 16 percent will pay more than 20 percent. These figures are similar to the 42 percent, 38 percent and 20 percent reported in Q1 2011.

The average size of bonuses in **Hong Kong** is likely to be considerably larger than in Q1 2011. Overall, 58 percent of respondents plan to pay more than 10 percent, up from 45 percent. Just 8 percent say they will pay 5 percent or less, a sharp decline from 18 percent a year ago.

Across all sectors in **Singapore**, 12 percent of respondents plan to pay 5 percent or less, 33 percent will pay 6-10 percent, 44 percent will pay 11-20 percent and 11 percent will pay more than 20 percent. The comparable figures for Q1 2011 were 10 percent, 33 percent, 42 percent and 15 percent respectively.

RANGE OF DISCRETIONARY YEAR-END BONUS IN 2011

Source: The Hudson Report, Asia - Q1 2012



Large rises for new hires

Employers in China are generally prepared to pay larger rises to attract new managerial hires than their counterparts in Hong Kong and Singapore.

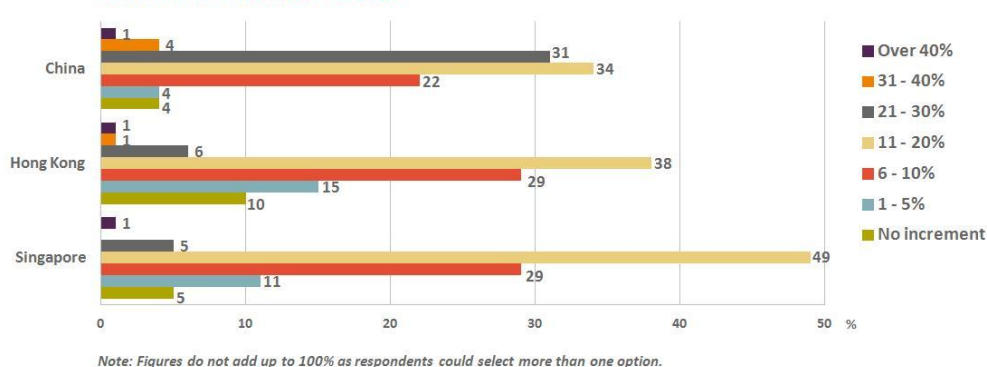
Most companies in **China** are willing to pay substantial salary increases when recruiting new managerial hires. More than four times as many respondents are prepared to offer increases of more than 20 percent compared to either Hong Kong or Singapore. In addition, 34 percent expect to pay 11-20 percent.

Ten percent of respondents across all sectors in **Hong Kong** say they do not expect to have to pay any increment to new hires, while 46 percent say they will pay rises of more than 10 percent. The highest increases are being offered in the Banking & Financial Services sector, where 48 percent expect to pay rises in the 11-20 percent range and a further 14 percent will offer more than 20 percent.

Nearly half (49 percent) of all respondents in **Singapore** say they will offer rises in the 11-20 percent range to attract new managerial hires, while 6 percent anticipate having to offer more than 20 percent. Just 5 percent of respondents do not expect to have to pay any increase above currently salary levels.

RANGE OF SALARY INCREMENT FOR ATTRACTING NEW MANAGERIAL TALENT IN 2012

Source: The Hudson Report, Asia - Q1 2012



Various factors determine salaries

Respondents were asked about the key performance criteria that affect base salaries for managerial hires. Overall, employers in China see an ability to help the company keep up with the competition as the most important factor, while those in Hong Kong and Singapore focus more on retaining talented staff and attracting candidates in areas with skills shortages.

Overall, helping the company keep up with the competition is mentioned by 63 percent of respondents in **China**, compared with 53 percent and 52 percent for retaining talented staff and attracting candidates in areas with skills shortages. Each of these factors is seen as more important in the Consumer sector than in any other area.

The ability to retain talented staff is seen as the single most important factor in **Hong Kong**, being mentioned by 58 percent of respondents. Attracting candidates in areas with skill shortages and keeping up with the competition are also seen as key criteria, with 51 percent and 49 percent respectively giving these responses.

Attracting candidates in areas with skill shortages and retaining talented staff are seen as the most important factors in every sector in **Singapore**, in most cases by a large margin. Overall, these factors are mentioned by 64 percent and 59 percent respectively. Both figures are higher than for China and Hong Kong.



Monetary incentives are most important in all markets

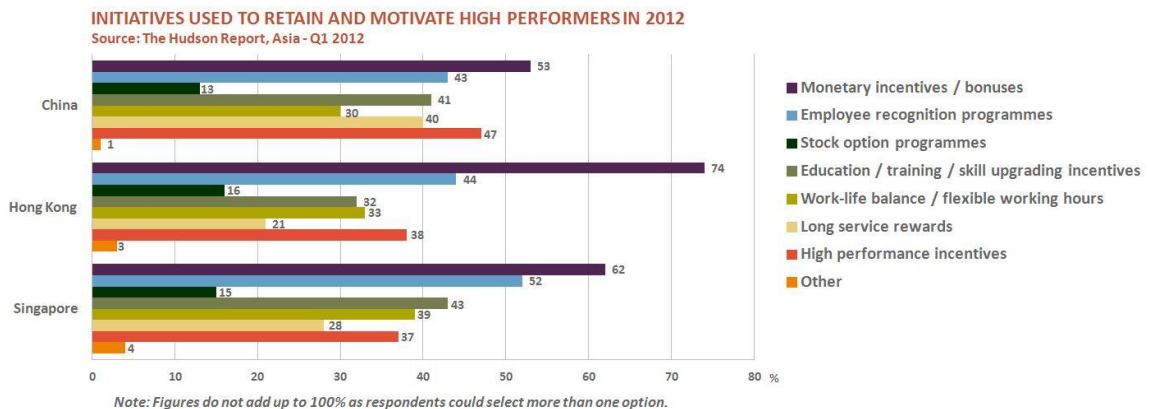
Most respondents see money as the most effective motivational tool. Monetary incentives and bonuses are mentioned by the highest percentage of respondents in all three markets when asked about the initiatives their organisation will use in 2012 to retain and motivate high performers.

In **China**, 53 percent of respondents across all sectors say they will use monetary incentives and bonuses. High performance incentives and employee recognition programmes are also seen as valuable, being mentioned by 47 percent and 43 percent respectively.

At 74 percent across all sectors, **Hong Kong** has the highest proportion of respondents who say that their organisation will use monetary incentives and bonuses as a retention and motivation tool in 2012. Unsurprisingly, financial initiatives are most highly valued in the Banking & Financial Services sector,

where 85 percent say they will offer monetary incentives in 2012 and 24 percent mention stock option programmes.

The proportion of respondents in **Singapore** who say that monetary incentives and bonuses are the most effective motivational tool is 62 percent across all sectors. The next most popular initiatives are employee recognition programmes and education and training incentives, cited by 52 percent and 43 percent respectively.



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