

**For immediate release**

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## **Expectations to hire remain high in all markets**

*Employers facing large pay increases, higher bonus payments and higher turnover except in Japan*

**HONG KONG – 17 JANUARY 2008** – Expectations to hire for the first quarter (Q1) of 2008 continue to remain high in all markets surveyed. Japan has the highest expectations at 66% and is at the highest level in over six years. In Hong Kong, expectations have risen to 58% in Q1 and in China and Singapore expectations have fallen slightly.

Employers in every country except Japan are faced with steep salary rises and higher bonus payments, yet turnover has been increasing. Respondents in China report the highest salary increases and the highest turnover, and Japan continues a trend of low salary increases and turnover.

Hudson (NASDAQ: HHGP), a leading provider of permanent recruitment, contract professionals and talent management services worldwide, today release findings of its comprehensive quarterly *Hudson Report* for Asia. With a reputation as a key socio-economic indicator in the current marketplace since its Asia launch in 1998, the survey on employers' expectations of an increase or decrease in staffing levels represent a significant indication of their optimism in the growth of their organisation and their industry as a whole. The Hudson Report surveys the expectations of over 2,500 key employment decision makers from multinational organisations of all sizes in all major industry sectors. The four locations surveyed were China, Hong Kong, Singapore and Japan.

Significant findings in the **Q1 2008 Hudson Report** are:

- Japan reports the highest expectations: 66% expect recruitment to increase, up from 65% in Q4;
- In China, 61% of respondents forecast headcount growth in Q1, a fall from 64% the previous quarter;
- Expectations have also risen in Hong Kong, where 58% plan to hire more staff;
- Expectations have fallen slightly in Singapore, with 51% planning to increase headcount;
- China reports the highest pay rises, with 32% expecting to increase starting salaries by more than 20%;
- 30% of employers in Hong Kong propose to pay bonuses of over 20%;
- China continues to have the highest turnover rates with 47% reporting rates of over 10%;
- Across all the markets surveyed, respondents expect the current credit crunch to have a low impact on their hiring plans.

## Expectations to hire remain at high levels

China has the second highest level of expectations with 61% of respondents planning to increase headcount, a slight decline from 64% in the previous quarter.

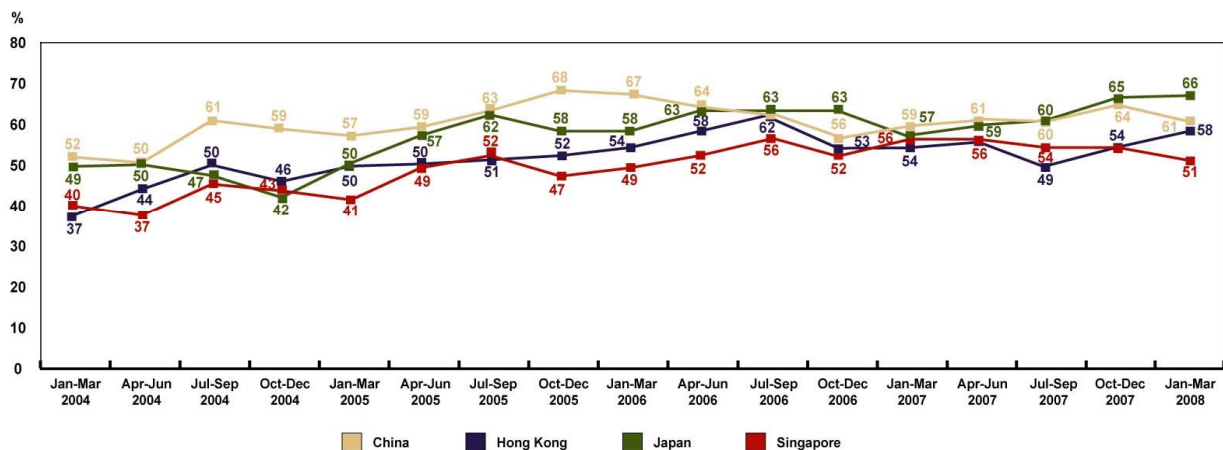
In Hong Kong, hiring expectations have risen, with 58% of the respondents anticipating increased hiring this quarter. This compares to 54% in Q4.

Japan has the highest level of expectations among all markets this quarter. Also, the country's hiring expectations are now higher than at any time since *The Hudson Report* was first published in Q4 2001. Overall, 66% of the respondents predict an increase in recruitment, a rise from 65% in Q4.

Expectations have fallen in Singapore, with 51% of the respondents planning to increase headcount in Q1.

Gina McLellan, Hong Kong country manager, Hudson, comments, *"Hiring expectations remain at a high level in all the markets surveyed and the outlook is positive. But employers are caught between sharply rising salaries and bonuses on one hand and high staff turnover rates on the other. This is most marked in China."*

**Regional permanent increased hiring expectations over time**



Source: The Hudson Report – Asia, Q1 2008

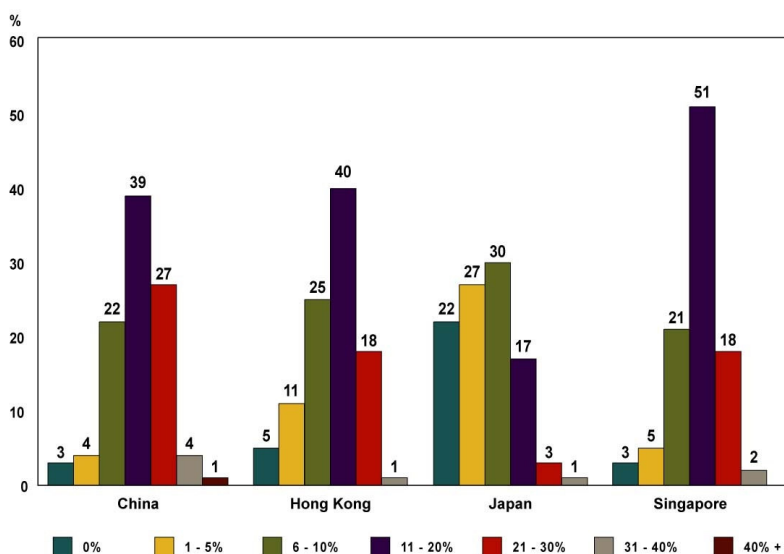
## Big salary rises in most markets

Across all sectors, 32% of respondents in China expect to increase managerial starting salaries by over 20% to attract the candidates. This is the highest figure in Asia. Salaries for new hires are also rising sharply in Hong Kong: 59% expect to pay raises of more than 10% and 19% expect to pay over 20%.

Respondents in Japan anticipate paying lower increases. Across all sectors, 21% forecast rises of more than 10% and just 4% expect to pay over 20%.

Employers in Singapore are having to offer substantial rises to hire new managers. Overall, 71% expect to offer more than 10%, and 20% more than 20%.

## Pay increases to attract new managerial staff



Source: The Hudson Report – Asia, Q1 2008

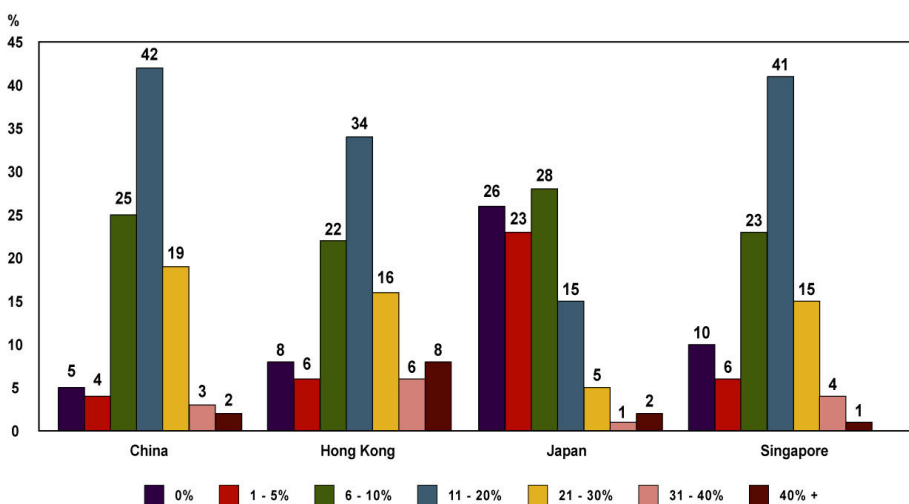
## Bonus payments rising sharply in most markets

Across all sectors in China, 66% of respondents say they plan to pay discretionary bonuses of more than 10%.

Hong Kong has a higher proportion of respondents expecting to pay bonuses of more than 20% than the other markets surveyed - 30% across all sectors.

Respondents in Japan expect to pay much lower bonuses than those in the other markets surveyed, and 26% do not plan to pay any bonus at all. The level of bonuses is also rising in Singapore. Across all sectors, 61% of respondents plan to pay more than 10%, up from 53% a year earlier, and 20% expect to pay more than 20%.

## 2007 discretionary year-end bonus



Source: The Hudson Report – Asia, Q1 2008

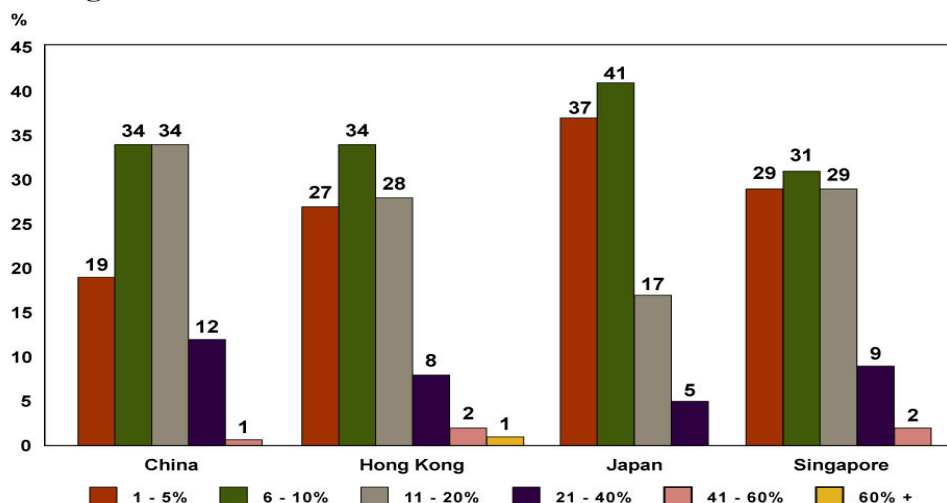
## Higher salary increases failing to reduce staff turnover

Turnover rates are much higher in China than a year ago. Across all sectors 47% say turnover is over 10%, and 13% more than 20%. The corresponding figures in Q1 2007 were much lower – 33% and 9% respectively.

Every sector in Hong Kong reports that turnover rates are higher than last year or the same level, even though salaries and bonuses have risen significantly. Overall, 39% of respondents say that turnover is more than 10%, and 11% are experiencing rates of more than 20%.

Japan has much lower levels of turnover than the other markets surveyed. Across all sectors, 37% say that turnover was 5% or less. Companies in Singapore are also finding that large pay rises are not helping to reduce staff turnover, with 40% experiencing rates of more than 10%, and 11% more than 20%.

**Average staff turnover in the last 12 months**



Source: The Hudson Report – Asia, Q1 2008

## Credit crunch expected to have little impact on hiring plans

Respondents were asked if they expected their Q1 hiring plans to be affected by the current credit crunch. Across all sectors in China, just 4% anticipate any impact on hiring, the lowest figure for all the markets surveyed.

Hong Kong has the highest proportion of respondents who expect to be affected by the credit crunch – 16% across all sectors. In the IT&T and Banking & Financial Services sectors, 31% and 23% respectively say the credit crunch will have an impact on their hiring plans.

In Japan, 12% of respondents believe that their hiring plans will be affected. This is the second highest figure for the markets surveyed, though it is still low. Respondents in Singapore also appear unconcerned about the effects of the credit crunch – just 8% across all sectors believe there will be an impact.

## **Hudson**

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