

**For immediate release**

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***The Hudson Report reveals hiring expectations remain at historically high levels***

*The buoyant market is forcing employers to cope with a rapid rise in staff turnover*

**HONG KONG – 27 OCTOBER 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. Over 1,500 key employment decision makers were surveyed in August 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 Q4 2010* are:

**HIRING EXPECTATIONS**

- Sixty-five percent of respondents in **China** expect to grow headcount, the same figure as in Q3 2010 and the highest since Q1 2006;
- Expectations remain at the highest level ever recorded by *The Hudson Report* in **Hong Kong**, where 65 percent forecast increased hiring, the same proportion as in the previous quarter;
- Expectations are rising in **Singapore**: 58 percent predict headcount growth, the highest level since Q1 2001.

**OTHER KEY FINDINGS**

- Employers in China are the most likely to regard reference checking as important, while those in Singapore regard it as less vital;
- Hong Kong has the lowest proportion of employers who have encountered candidates being dishonest in their resumes;
- Candidates who are dishonest in their resumes are most likely to exaggerate their job responsibilities and remuneration packages;
- In China and Hong Kong, nearly a third of respondents say the staff turnover rate is more than 10 percent;
- Respondents in all three markets are more optimistic about future performance than they were in Q1 2010.

## DETAILED FINDINGS

### Hiring expectations remain high in all three markets

Although the growth in hiring expectations appears to be levelling off, they still remain at a very high level in all three markets. Singapore is the only market to report an increase this quarter, while China and Hong Kong remain at the same level as Q3 2010.

In **China**, 65 percent of respondents expect to grow headcount in Q4, the same level as the previous quarter and the highest since Q1 2006. The IT&T sector has the highest expectations: 88 percent plan to hire more staff, a substantial increase from 71 percent in Q3. Many global IT companies are making significant investments in recruitment for their operations in China.

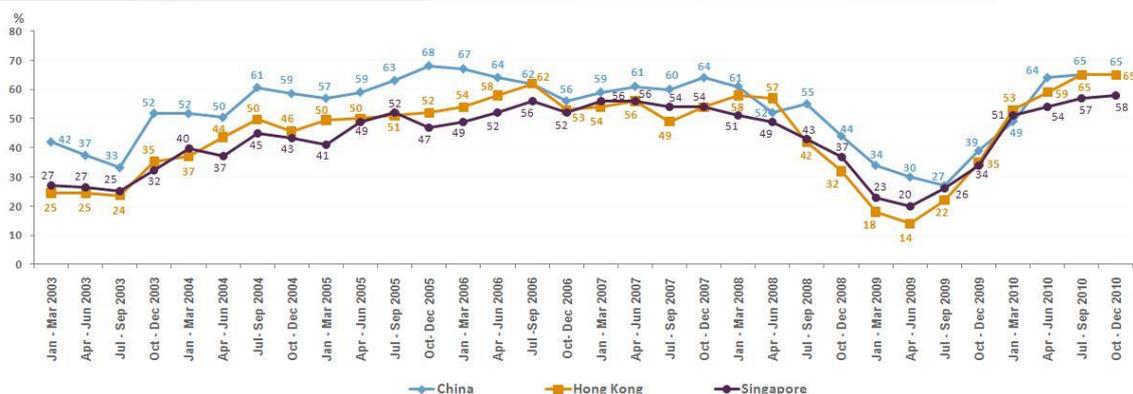
Expectations remain at the highest level ever recorded by *The Hudson Report* in **Hong Kong**: 65 percent of respondents across all sectors forecast headcount growth, the same figure as for Q3. The IT&T sector has the highest expectations this quarter, with 70 percent of respondents saying they will recruit more staff, up from 64 percent. The high level of expectations reflects the continuing recovery in the financial sector, which is creating strong demand for IT specialists.

Across all sectors in **Singapore**, the proportion of respondents expecting to hire more staff this quarter has risen from 57 percent to 58 percent. This means that expectations remain at their highest level since Q1 2001. The Media/PR/Advertising sector has the highest expectations this quarter, with 71 percent expecting to grow headcount. After a cautious start, momentum has built up this year and there is strong demand for candidates for both in-house and agency roles.

Mike Game, CEO, Hudson Asia, comments, *“Hiring expectations in all three markets remain at historically high levels and respondents are very optimistic about the future. However the buoyant job market is providing attractive opportunities for talented candidates, forcing employers to cope with a rapid rise in staff turnover.”*

### REGIONAL PERMANENT INCREASED HIRING EXPECTATIONS OVER TIME

Source: The Hudson Report, Asia - Q4 2010



### Reference checking is important for most employers

The great majority of employers in every market surveyed report that reference checking is important or very important. However, there are some differences between the markets. Employers in China are more likely to regard reference checking as very important or important, while those in Singapore are less likely to do so.

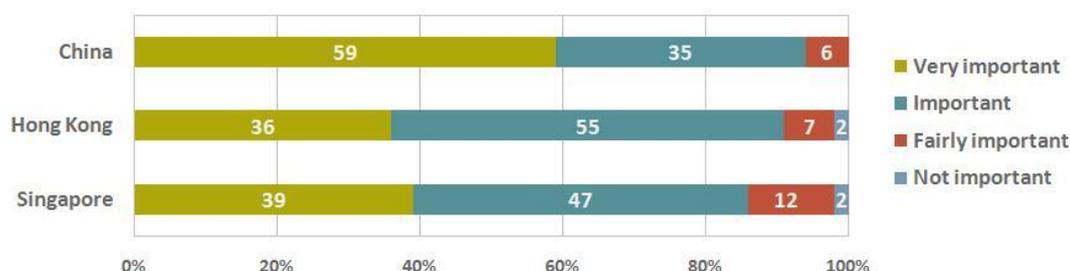
Across all sectors in **China**, 59 percent of respondents see reference checking as very important and a further 35 percent say it is important. This is the only market surveyed in which no respondents believe that reference checking is unimportant. This issue is given the greatest emphasis in the Consumer sector, where 77 percent say that it is very important and a further 18 percent say that it is important. Companies in this sector generally have high standards for candidates' integrity, reputation and business ethics, so valid references are a key part of the recruitment process.

In **Hong Kong**, 36 percent of respondents regard checking references as a very important part of the recruitment process and a further 55 percent see it as important. Employers in the Legal sector give the highest priority to reference checking (71 percent say it is very important – almost twice as many as in any of the other sectors) because they regard honesty and integrity as vital aspects of their profession.

Reference checking is seen as a very important part of the recruitment process by 39 percent of respondents in **Singapore** and a further 47 percent see it as important. This means that 14 percent regard reference checking as only fairly important or not important – a higher figure than for China and Hong Kong. In the Banking & Financial Services sector, 44 percent say reference checking is very important, while a further 47 percent say it is important.

## IMPORTANCE OF REFERENCE CHECKS IN OVERALL RECRUITMENT PROCESS

Source: The Hudson Report, Asia - Q4 2010



## Many employers encounter dishonesty in resumes

Respondents were asked if they have ever encountered candidates being dishonest about their background or experience in their resumes. Employers in China are the most likely to have encountered dishonesty, while those in Hong Kong are the least likely to have had this experience.

In **China**, 68 percent of respondents across all sectors have encountered candidates being dishonest about their background or experience in their resumes, a much higher proportion than in the other markets surveyed. Respondents in the Media/PR/Advertising sector are the most likely to have experience of candidates exaggerating or falsifying information, with 91 percent giving this response.

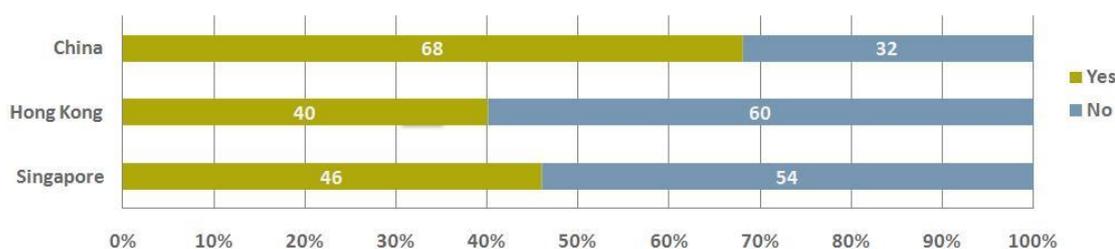
Just 40 percent of respondents in **Hong Kong** say they have encountered candidates falsifying the information in their resumes, the lowest figure for the three markets surveyed. Respondents in the Banking & Financial Services sector are the most likely to have experienced this problem: 46 percent say they have done so.

Nearly half (46 percent) of respondents in **Singapore** have encountered candidates being dishonest about their background or experience in their resumes. The IT&T and Consumer sectors have the

highest proportion of respondents who have experience of this problem: the figures are 67 percent and 65 percent respectively.

## CANDIDATES BEING DISHONEST ABOUT BACKGROUND/EXPERIENCE DETAILS IN RESUMES

Source: The Hudson Report, Asia - Q4 2010



### Main areas of dishonesty in resumes are job responsibilities and remuneration

Respondents who have encountered candidates being dishonest in their resumes were also asked about the specific areas in which falsification or exaggeration occurs. Overall, job responsibilities/achievements and remuneration package are the areas in which candidates are most likely to distort the facts.

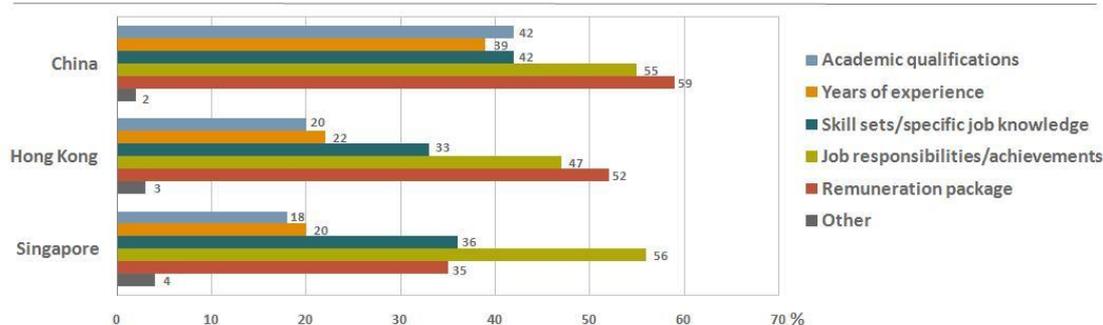
In **China**, remuneration and job responsibilities are mentioned by 59 percent and 55 percent of respondents respectively. Falsifying academic qualifications is more than twice as common in China as in the other markets surveyed: it is cited by 42 percent.

Remuneration packages and job responsibilities/achievements are the issues which candidates are most likely to falsify in **Hong Kong**. They are mentioned by 52 percent and 47 percent of respondents respectively. Respondents in the Banking & Financial Services sector are the most likely to encounter dishonesty about skills and achievements: 58 percent have experienced candidates exaggerating this.

The most common area in which candidates in **Singapore** are dishonest in their resumes is job responsibilities/achievements. Across all sectors, 56 percent of respondents mention this issue. At 57 percent, the Banking & Financial Services sector has a high proportion of candidates who have experienced candidates providing false information about their job responsibilities/achievements.

### AREAS OF DISHONESTY IN RESUMES

Source: The Hudson Report, Asia - Q4 2010



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

### Majority report change in staff turnover rates

A majority of respondents in all three markets say that the staff turnover rate in their company has changed in the past six months. Hong Kong has the highest proportion of respondents reporting a change in turnover rates.

Across all sectors in **China**, 58 percent of respondents have seen a change in the staff turnover rate in their company in the past six months. Most sectors have recovered from the economic downturn and talented candidates can find a wide range of new opportunities. Respondents in the Media/PR/Advertising sector are the most likely to have experienced a change in staff turnover: 67 percent say they have done so.

Seventy percent of respondents in **Hong Kong** have seen a change in the staff turnover rate in the past six months, a much higher figure than for China or Singapore. Retaining key members of staff is becoming a significant challenge for employers in all sectors. At 84 percent, the proportion of respondents in the Consumer sector reporting a change in turnover rates is particularly high.

In **Singapore**, 56 percent of respondents say that the staff turnover rate in their company has changed over the past six months. At 81 percent, the Healthcare & Life Sciences sector has a high proportion of respondents who have seen a change in the staff turnover rate in the past six months. Hiring expectations are currently at a high level in this business sector and a growing number of staff are ready to make a move.

### **Many employers say staff turnover rate is over 10 percent**

Respondents who have seen a change in staff turnover over the past six months were asked about the average turnover rate in their company. In China and Hong Kong nearly one-third are experiencing a rate of more than 10 percent. The figure for Singapore is lower - around one-quarter.

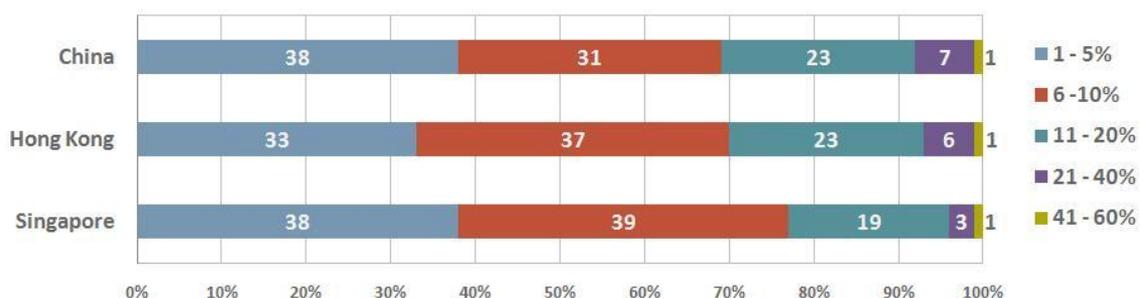
In **China**, 31 percent of respondents report average staff turnover rate of above 10 percent. Of these, 8 percent say the turnover rate exceeds 20 percent. Both figures are higher than for the other markets surveyed. Employers in the Banking & Financial Services sector are reporting the highest turnover rates, with 57 percent reporting turnover of more than 10 percent.

In **Hong Kong**, nearly one-third (30 percent) of respondents have seen turnover rates exceed 10 percent in the last six months. The highest rates are reported by the Consumer sector, where 44 percent say turnover has averaged more than 10 percent.

Nearly one-quarter (23 percent) of respondents in **Singapore** are experiencing turnover rates of more than 10 percent. Of these, 4 percent say that turnover is averaging more than 20 percent. The Banking & Financial Services sector has particularly high staff turnover rates: 22 percent say turnover is in the 11-20 percent range and a further 6 percent say it is 21-40 percent.

### **AVERAGE STAFF TURNOVER RATE IN THE LAST SIX MONTHS**

Source: The Hudson Report, Asia - Q4 2010



## Growing optimism in every market

When asked about their company's performance in the next six months, respondents in each market expressed a much higher level of confidence than when this question was last asked, in Q1 2010.

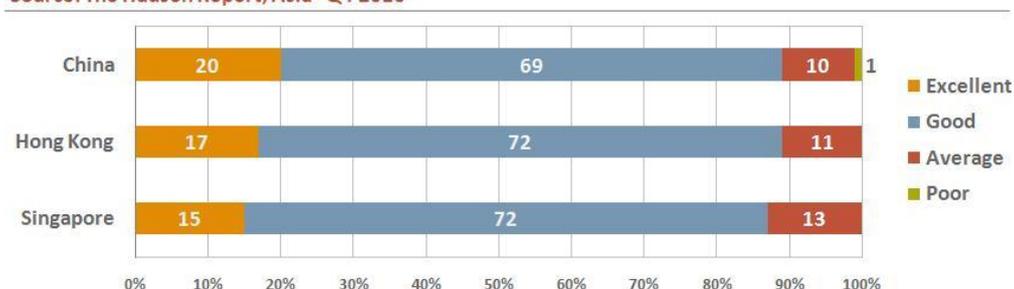
In **China**, 20 percent of respondents forecast excellent performance and a further 69 percent think that performance will be good. The figures for Q1 2010 were 7 percent and 62 percent respectively. None of the respondents anticipate poor performance with the exception of the Consumer sector, where the figure is just 1 percent.

Across all sectors in **Hong Kong**, 89 percent of respondents believe their company's performance will be excellent or good. This compares with 78 percent in Q1 2010. At 26 percent, the IT&T sector has the highest proportion forecasting excellent performance – more than four times as many as the 6 percent who gave this response in the first quarter.

Respondents in every sector in **Singapore** express a high level of optimism. Overall, 87 percent of respondents expect that their company's performance will be excellent or good in the next six months, up from an already high 78 percent in Q1 2010. None of respondents in any sector anticipate that performance will be poor, with the exception of the Manufacturing & Industrial sector, where just 1 percent give this response.

### PROJECTED COMPANY PERFORMANCE IN THE NEXT SIX MONTHS

Source: The Hudson Report, Asia - Q4 2010



## 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 more than 2,000 professionals serving clients and candidates in approximately 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.