

For Immediate Release

Healthy job market expected to sustain in Q1 2005

80% of employers in Singapore forecast good company performance

SINGAPORE, 26 JANUARY 2005 – 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), has released findings of its Hudson Report for Quarter 1 (Q1) 2005.

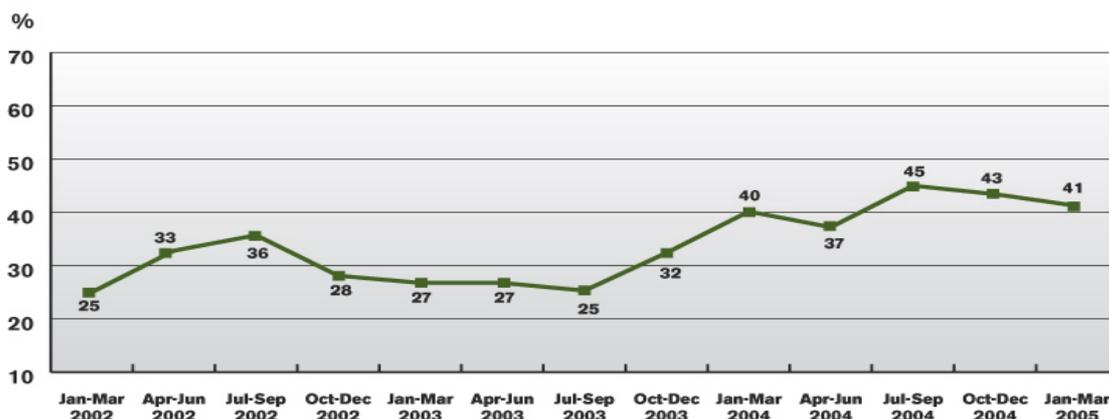
Hudson recruitment professionals surveyed close to 700 respondents in Singapore. In Asia, nearly 2,500 respondents were surveyed in China, Hong Kong, Japan and Singapore during November 2004. Employment decision-makers in seven industry sectors were surveyed: Banking & Professional Services, Consumer, Healthcare & Pharmaceuticals, IT & Telecommunications, Legal, Manufacturing and Media/PR/Advertising.

Significant findings in the Q1 2005 Hudson Report are:

- 41% of companies anticipate increased headcount – slightly down from 43% in Q4 2004;
- By industry segments, the Legal and Media/Advertising/PR sectors see the highest employment prospects – 50% of companies expect increased hiring in Q1;
- Almost 90% of employers expect to pay increased salaries to attract new hires in managerial positions. This is higher than in any other Asian market surveyed;
- 86% of companies are planning to pay a year-end bonus with the highest bonuses being paid in the Banking & Professional Services sector;
- Sales professionals remain the most sought after, accounting for 28% of all new hiring, and the demand for Marketing/PR and IT staff is also relatively high;
- Almost 80% of companies forecast excellent or good company performance in the first half of 2005; and
- Companies look to different ways to motivate and retain key performers with an increasing emphasis on performance-based compensation.

The following chart shows, 41% of all executives surveyed said they intended to add headcount in Q1, compared to just 27% two years ago, indicating a marginal drop from the 43% recorded for last quarter of 2004 which could be due to seasonal factors.

Permanent Increased Hiring Expectations Over Time in Singapore



Permanent employment growth is highest in the Legal and Media/PR/Advertising sectors – with 50% of respondents expecting to hire more staff in Q1. Employment expectations in these sectors are bolstered by a high level of demand for legal services and an increased level of business activity respectively.

The Banking & Professional Services sector registered the lowest headcount growth forecast among all the sectors covered, with 34% of respondents expecting to increase headcount in Q1.

While there is expected increased hiring in all sectors, the demand for sales professionals remain the highest at 28% of all expected new hiring, suggesting that companies are looking to hire more revenue-generating staff to take advantage of the improving economic outlook.

Marketing and PR positions account for 14% of anticipated new hires, indicating that companies are reacting to an improved business climate by boosting their marketing budgets.

“Optimism in the Singapore employment market has been strong in the past year and this trend is continuing in early 2005. More aggressive hiring has led to candidate shortages and salary inflation for key positions. We have also seen the return of healthy year-end bonuses. Going forward, more employers expect to have to pay higher salaries to attract new managers than in any other market surveyed in Asia,” said Stefanie Cross-Wilson, Country Manager, Hudson Global Resources Singapore.

The respondents were also asked a series of four questions relating to their company plans to motivate and reward staff in light of the increasingly competitive employment market:

Singaporean companies are optimistic about their company performance

There is growing confidence and optimism in the market – this is reflected in nearly 80% of employers surveyed anticipating excellent or good company performance in the first half of 2005.

Respondents anticipating excellent performance have also more than doubled, from 5% in the same quarter last year to 12%. The number of respondents indicating a good company outlook has also increased from 63% to 67%.

Measures to retain key staff

Financial rewards including performance-based compensation are the most direct and popular staff retention method used. The Legal and Banking & Professional Services sectors use financial rewards such as performance-based schemes as a key area of focus. Other sectors prioritised different staff retention strategies to motivate and retain high performers. Manufacturing and Healthcare & Pharmaceuticals focus more on employee communication and training & development.

“Retaining staff remains a key issue for companies, especially when faced with candidate-shortages in key certain sectors. Besides offering performance-based bonuses, many companies are also putting in place programmes to train and develop their staff,” noted Cross-Wilson.

Nearly 90% of Singaporean companies anticipate paying more for new managers – higher than other countries surveyed

One significant finding is that nearly 90% of employers expect to pay more for new hires in managerial positions, which is at a higher level than in any of the other Asian markets surveyed.

In an increasingly candidate-short market, almost one third of Singapore companies are prepared to pay 6-10% more to attract new managerial hires; 35% of respondents expect to pay increases of 11% or more to hire the key manager they need.

Bonuses on the rise

There is a clear trend towards increased bonus payments, though large bonuses are not being paid to all staff in all sectors. Only 14% of companies do not intend to pay a year-end bonus.

Overall, favourable employment expectations and anticipated good company performance are being translated into larger bonuses. The highest bonus payments are likely to be in the Banking & Professional Services sector.

However, despite optimistic employment intentions, the Media/Advertising/PR sector is least expected to pay large bonuses. Nearly one third expect not to pay any bonus while more than half of the respondents expected to pay just a 1-5% bonus.

Other sectors with a high proportion of employers expecting to pay no or low bonus are Healthcare & Pharmaceuticals and IT & Telecommunications.

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