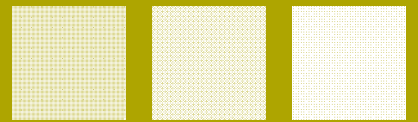




October - December 2009

# Hudson



# The Hudson Report

Hiring and HR Trends  
SINGAPORE

# Introduction



*The Hudson Report* is a quarterly survey of forward-looking employer hiring expectations. The report in Asia covers China (Beijing and Shanghai), Hong Kong and Singapore and combines the expectations of nearly 2,000 key employment decision-makers in these three markets.

Participants in this survey are primarily executives at multinational firms and were personally surveyed in August this year by Hudson consultants.

*The Hudson Report* receives extensive media coverage and acknowledgment from politicians, commentators and business leaders. In the years since its release in Asia in 1998, *The Hudson Report* has established a reputation as a key business and economic indicator, based on the premise that the expectation to increase or decrease staffing levels reflects employers' optimism about their markets.

## HUDSON

Hudson (NASDAQ: HHGP) 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 organisational performance by assessing, recruiting, developing and engaging the best and brightest people for their businesses. The company employs nearly 2,500 professionals serving clients and candidates in more than 20 countries. More information is available at [hudson.com](http://hudson.com).

# Key findings



*“EMPLOYERS REPORT A SIGNIFICANT JUMP IN HIRING EXPECTATIONS THIS QUARTER AND MOST SECTORS ARE INCREASINGLY OPTIMISTIC ABOUT JOB PROSPECTS. TALENT DEVELOPMENT AND STAFF RETENTION ARE SEEN AS KEY HR PRIORITIES FOR THE COMING YEAR.”*

**GINA MCLELLAN, COUNTRY MANAGER, SINGAPORE**

Hiring expectations are rising sharply this quarter. In this survey of over 600 executives across key business sectors, 34% expect to grow headcount in Quarter Four (Q4) 2009, up from 26% in Q3 2009.

## KEY FINDINGS

- Forecasts of reduced headcount are sharply down compared with the previous quarter;

- Respondents in all sectors see talent development and improving retention as the top HR priorities for 2010;
- 50% of respondents are prepared to hire candidates who have been out of work for an extended period of time – a far higher proportion than for any other market surveyed in Asia;
- Experience and specialist skills are the principal reasons for employing candidates who have not worked for a long time;
- In all sectors, the more senior the level, the harder it is to find local talent to fill vacancies; this issue is particularly acute in the Banking & Financial Services and Media/PR/Advertising sectors.

# Permanent hiring expectations



## SHARP INCREASE IN HIRING EXPECTATIONS

Hiring expectations are rising rapidly this quarter. Across all sectors, 34% of respondents plan to hire more staff in Q4 2009, up from 26% the previous quarter. Expectations are up in every segment except Consumer, where there is a very slight decline. The proportion of respondents expecting to reduce headcount has fallen in every sector. Overall, just 5% say they will shed staff this quarter, compared with 14% in Q3. These figures confirm the strong upward trend in Singapore's employment market.

### Healthcare & Life Sciences

The highest expectations are again reported by the Healthcare & Life Sciences sector: 44% forecast headcount growth, up from 38% the previous quarter. Just 4% expect to reduce headcount.

### Banking & Financial Services

The Banking & Financial Services sector reports a substantial rise in expectations for the second consecutive quarter, with 43% planning to hire more staff. This compares with 32% in Q3. Banks are responding to the fast-improving market environment by lifting headcount freezes and recruiting staff at all levels and in all areas from infrastructure to front office.

### IT & T

Hiring expectations are also rising rapidly in the IT&T sector, from 25% in Q3 to 36% this quarter. Respondents in this sector also report a sharp fall in plans to reduce headcount: just 4% say they will do so, down from 20% in Q3. Many global IT companies are expanding their Asian operations,

both to support existing clients and to capture new business. Strong demand from public sector clients is also driving headcount growth in this industry.

### Manufacturing & Industrial

Manufacturing companies are increasingly optimistic about hiring, with 32% saying they will recruit more staff this quarter, up from 21%. The proportion of respondents forecasting a reduction is falling sharply, from 16% to 4% this quarter. There is less uncertainty over the economy, and major projects are going ahead, boosting demand for specialist staff.

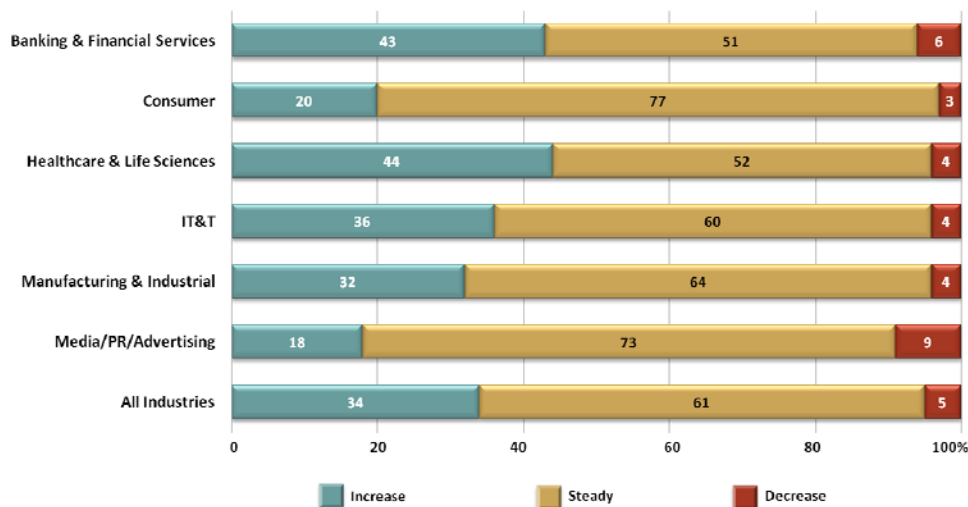
### Consumer

Consumer is the only sector with lower expectations this quarter but the decline is small: 20% of respondents plan to hire more staff, changed slightly from 22% in Q3. By contrast the proportion forecasting a reduction in headcount is sharply down, from 13% in Q3 to just 3% this quarter. The latter figure is lower than for any other sector surveyed. Most companies in this sector have completed their restructuring plans and consumer confidence is returning. However, spending has not yet returned to pre-crash levels.

### Media/PR/Advertising

Among Media/PR/Advertising firms, 18% of respondents expect to boost recruitment this quarter, a slight rise from 17% in Q3. The proportion planning to shed staff shows a significant fall, from 24% to 9%. This business tends to lag behind other sectors in the economic cycle but these figures suggest that recovery is now underway. Demand is growing in the areas of digital media, marketing, media sales and corporate communications for the financial sector.

Permanent hiring expectations in Singapore



Source: The Hudson Report, Singapore - Q4 2009

# Permanent hiring expectations over time



## SMALL DECLINE IN EXPECTATIONS YEAR-ON-YEAR

Despite the sharp rise since Q3, hiring expectations are still lower than they were a year ago. The 34% of respondents across all sectors who forecast increased hiring this quarter compares with 37% in Q4 2008. It should be noted that the survey for Q4 2008 was completed before the Lehman Brothers collapse and the results for that quarter therefore reflect a high level of business confidence. Although expectations have not yet returned to their pre-crash level, they are clearly moving rapidly in the right direction.

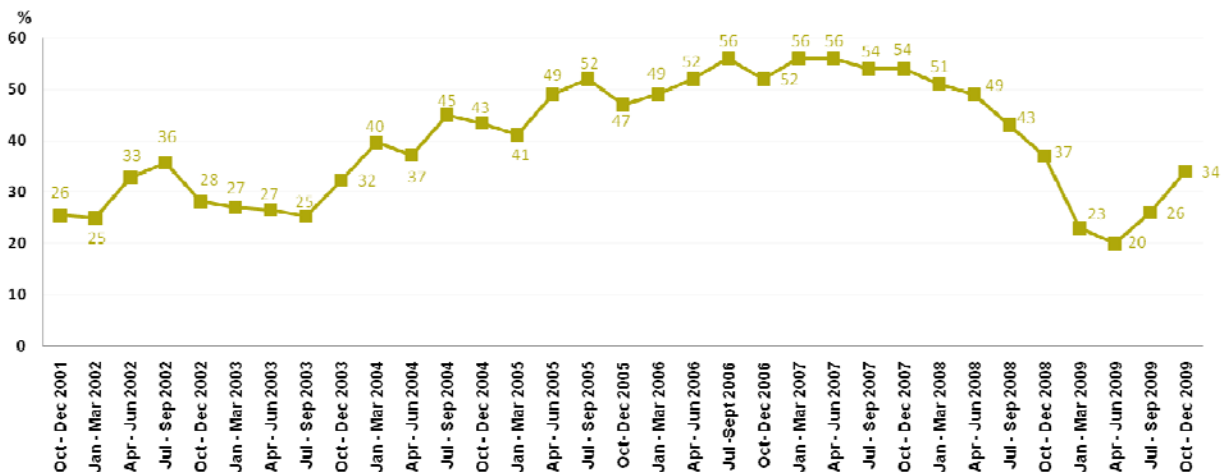
The Banking & Financial Services sector reports the largest rise in expectations year-on-year: 43% say they will grow headcount, up from 34% a year ago. As noted, banks have

lifted headcount freezes and are actively recruiting across the board.

Expectations have also risen over the past year in the IT&T sector, where 36% expect to hire more staff. This compares with 34% in Q4 2008. Asian markets are seen as having high potential, which helps to create jobs. Many technology companies are reporting healthy revenues as technology is still regarded as a competitive advantage and clients are maintaining spending in this area.

The Media/PR/Advertising sector has experienced the steepest year-on-year fall in hiring expectations. In Q4 2008, 41% of respondents gave a positive response, compared with 18% this quarter. Clients in all sectors have implemented severe cuts in their marketing and PR budgets in response to the economic downturn.

Expectations to hire over time - Singapore



Source: The Hudson Report, Singapore - Q4 2009

# HR priorities for 2010



## TALENT DEVELOPMENT AND RETENTION ARE TOP PRIORITIES

Respondents were asked about their organisation's HR priorities for 2010. Across all sectors, talent development and improving staff retention are seen as the top priorities, with 22% and 18% respectively mentioning these issues. This response suggests that many organisations are focusing on using their available talent as effectively as possible. Organisation development and employee engagement are also seen as important priorities, being cited by 15% and 14% respondents respectively.

The Healthcare & Life Sciences sector has the highest proportion of respondents whose top HR priorities are talent development (26%) and review of compensation, benefits and rewards (16%). This sector has been relatively resilient to the economic downturn and demand for experienced professionals remains high. Companies recognise that they must be competitive in terms of career opportunities and remuneration.

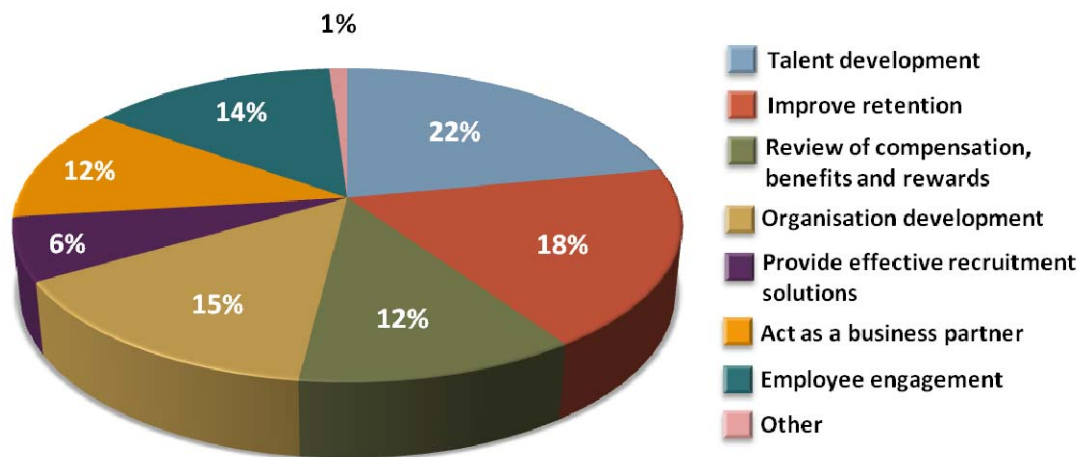
Respondents in the IT&T sector see both improving retention

and talent development as key priorities: they are mentioned by 24% and 23% respectively. The figure for improving retention is higher than for any other sector. Hiring expectations are rising rapidly, creating attractive opportunities for strong candidates. Companies are making strenuous efforts to retain key staff in a sector where there is stiff competition for talent when the economic environment is favourable.

In the Media/PR/Advertising sector, 18% of respondents say that organisation development is a key HR priority, a higher proportion than in any other sector. Firms in this sector have been hit hard by the downturn and are now focusing on redesigning their organisations to prepare for recovery.

At 12%, Singapore has a higher proportion of respondents than the other markets surveyed who say that making HR an effective partner for other departments should be a priority. This strategy is particularly important in the Consumer and Media/PR/Advertising sectors, being mentioned by 15% in both.

Organisations' HR priorities in 2010



Source: The Hudson Report, Singapore - Q4 2009

# Hiring the long-term unemployed



## HIGH PROPORTION WILL HIRE LONG-TERM UNEMPLOYED

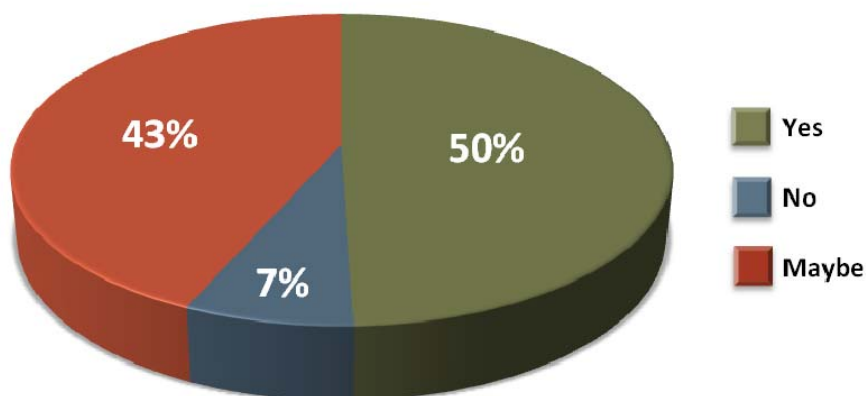
Overall, 50% of respondents say they would be willing to employ candidates who have been out of work for over a year or an extended period of time. This figure is far higher than for the other markets surveyed in Asia. Just 7% say they would not hire such candidates.

These figures suggest that employers in Singapore are fairly flexible in their approach to recruitment and will consider the specific circumstances of individual candidates. Achieving an effective work-life balance has been a major issue in Singapore in recent years and some professionals have decided to spend time away from employment.

Respondents in the IT&T sector are the most open to hiring candidates after a prolonged period of unemployment, with 60% saying they would do so and just 5% saying they would not. Relevant experience, specific skill sets and credible references are still widely seen as the most important criteria. Also, hiring expectations are rising quickly and employers do not wish to lose a potential source of new hires.

At 20%, the Media/PR/Advertising sector has the highest proportion of respondents who would not employ someone who has been out of work for a long time. The skill sets required in this industry are changing rapidly as the digital media business grows and firms are seeking candidates with recent experience.

Willingness to employ a candidate who has been out of work for a year/extended period of time



Source: The Hudson Report, Singapore - Q4 2009

# Reasons for hiring long-term unemployed



## EXPERIENCE AND SPECIALIST SKILLS ARE KEY REASONS

Those respondents prepared to hire candidates who have been out of work for an extended period have a variety of reasons for doing so. Across all sectors, the most likely reasons are the candidate's previous experience & track record and the candidate possessing specialist or niche skills. These reasons are given by 34% and 33% respectively.

The Healthcare & Life Sciences sector has the highest proportion of respondents in both categories: previous experience is mentioned by 39% and specialist skills by 38%. This sector has expanded fast in recent years, as companies have established regional hubs in Singapore, creating strong demand for experienced and talented candidates.

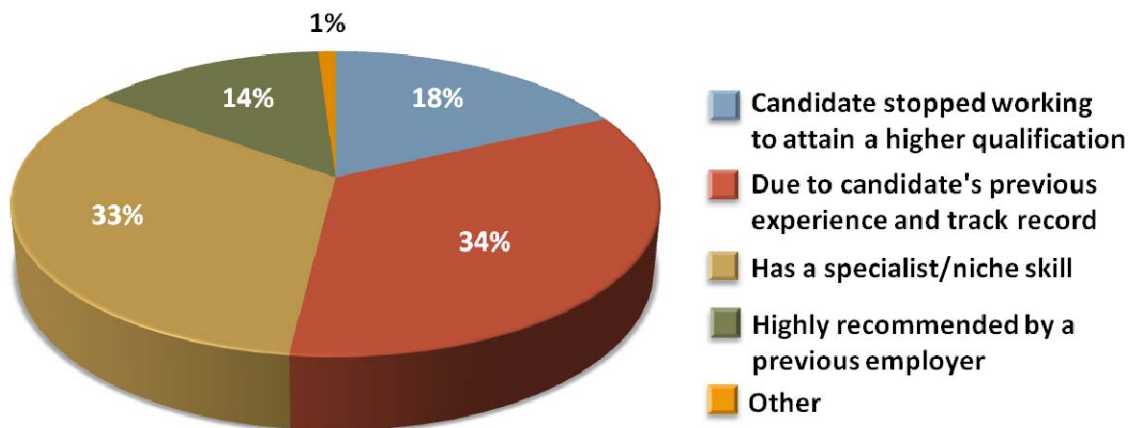
Respondents in the Manufacturing & Industrial sector also

emphasise the importance of candidates' experience & track record, with 38% mentioning this reason. Demand for candidates with experience in specialist, high value industries, such as oil and gas, is particularly strong and employers are prepared to overlook long periods of unemployment to obtain such talent.

Among IT&T firms, 35% see specialist skills as a valid reason for hiring, more than for any other factor. Niche skills are vital in this sector and can be hard to find. A high proportion of respondents – 22% – also mention candidates obtaining higher qualifications as a reason for hiring.

At 17%, the Banking & Financial Services sector has the highest proportion of respondents citing recommendations from a previous employer. Moving between employers is a frequent occurrence in this sector.

**Reason(s) to employ a candidate who has been out of work for a year/extended period of time**



Source: The Hudson Report, Singapore - Q4 2009

# Ability to find local talent



## MUCH HARDER TO FIND TALENT AT SENIOR LEVELS

Respondents were asked how confident they feel about finding local talent to fill vacancies in five different categories: C-Level, Senior Management, Middle Management, Junior Professional and Support Staff. The responses clearly show that the higher the level, the harder it is for employers to find local candidates with the skills and experience they need.

Across all the sectors surveyed, just 35% of respondents are very confident or confident about finding local talent to fill C-Level vacancies, while 31% are fairly confident or not confident. At the other end of the scale, 84% are very confident or confident about filling Support Staff vacancies with local talent. Only 2% say they are fairly confident or not confident.

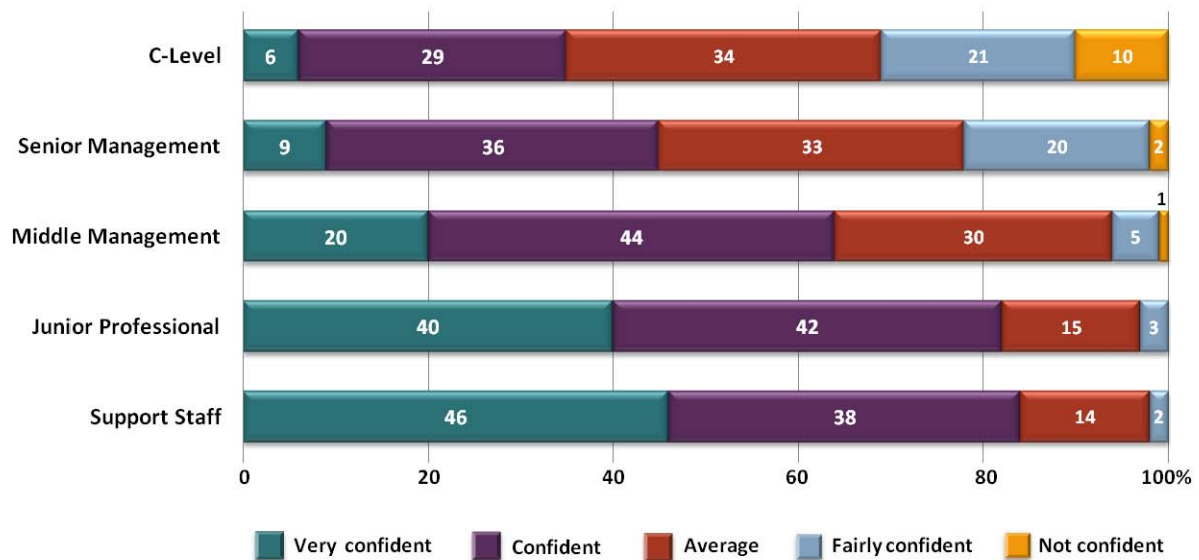
In both the C-Level and Senior Management categories, the Banking & Financial Services and Media/PR/Advertising sectors have the lowest proportion of respondents who are very confident or confident about finding the talent they need

locally: 20% and 32% (for C-Level roles) and 29% and 35% (for Senior Management roles) respectively. The banking sector has expanded very fast in Singapore, making it difficult to find locally developed talent for senior positions, while the media and marketing business has a relatively small talent pool from which to recruit.

Respondents in the Healthcare & Life Sciences sector are generally optimistic about filling vacancies with local talent, even at a senior level. For C-Level vacancies, 59% are very confident or confident, while 67% give this response for Senior Management positions. Both figures are much higher than for the other sectors surveyed. Singapore has developed as an Asian hub for this industry, creating a large and experienced talent pool.

Consumer companies are the most confident about hiring local talent for Middle Management and Junior Professional positions: 85% and 84% respectively say they are very confident or confident. Expansion in the FMCG and hospitality sectors has helped to develop talent at this level.

### Confidence in finding local talent at various levels



Source: The Hudson Report, Singapore - Q4 2009

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