

Hudson



October – December 2008

The Hudson Report

Hiring and HR Trends

Singapore

From great people to great performance[®]

Introduction



The Hudson Report is a quarterly survey of forward-looking employer hiring expectations. The Report in Asia covers Japan, Hong Kong, Shanghai and Singapore and now combines the expectations of over 3,000 key employment decision-makers in these four markets.

Participants in this survey are primarily executives at multi-national firms and were personally surveyed by Hudson consultants familiar with them and their industry sectors.

The Hudson Report receives extensive media coverage and acknowledgment from politicians, commentators and business leaders. In the years since its first 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.

This survey was conducted before the most recent events in the global financial markets. Hence the findings may have been affected, especially in the Banking & Financial Services sector.

Key Findings

“New hiring expectations continue to fall in response to the global economic slowdown but a reduction in headcount does not seem to be widely anticipated by employers.”

Gina McLellan, Singapore Country Manager,
Hudson

Hiring expectations continue to fall. In this survey of 800 executives in key business sectors, 37% forecast headcount growth in Quarter Four (Q4) 2008, compared with 43% in Q3.

- Hiring expectations have been declining steadily for over a year;
- Hiring expectations are at 37% in Q4, which is the second lowest in Asia;
- However, just 4% expect to reduce headcount;
- Overall, 48% of respondents say that work-related stress has risen over the past year, compared with 52% when this question was asked in Q2 2007;
- Most respondents are optimistic about their company's performance, with 64% saying it will be good in 2009 – a higher figure than for any other market surveyed in Asia.

Permanent hiring expectations

Employers Are Cautious

New hiring expectations continue to fall for over a year. Across all sectors, 37% of respondents plan to hire more staff in Q4 2008, compared with 43% the previous quarter. But only 4% expect to reduce hiring, the same figure as for Q3, while 59% say it will remain steady.

Manufacturing

Manufacturing is the only sector to report a rise in hiring expectations: 46% of respondents forecast headcount growth, up from 44% in Q3. Some companies are hiring after committing to significant investments in new plants.

Healthcare & Life Sciences

The Healthcare & Life Sciences sector also reports that 46% plan to grow headcount this quarter, compared with 53% in Q3. Singapore continues to develop as a regional hub for the industry and much of the recruitment this quarter is likely to be for new pharmaceutical manufacturing plants.

Media/PR/Advertising

Expectations are falling among Media/PR/Advertising firms: 41% of respondents forecast increased recruitment, down from 51% in Q3. However, no respondents anticipate cutting staff numbers. Expectations in this sector tend to fall as companies in other areas cut back on marketing expenditure.

Banking & Financial Services

In this sector, 34% of respondents plan to increase hiring, compared with 43% in Q3. Some banks are putting additional headcount on hold in response to the global credit crunch and market volatility; however we still see increased headcount in pockets of the bank. Q4 is traditionally a slow hiring period, as budgets are being finalised and most people do not change jobs until bonuses have been paid in Q1. As such a decline in hiring expectations compared to Q3 is expected.

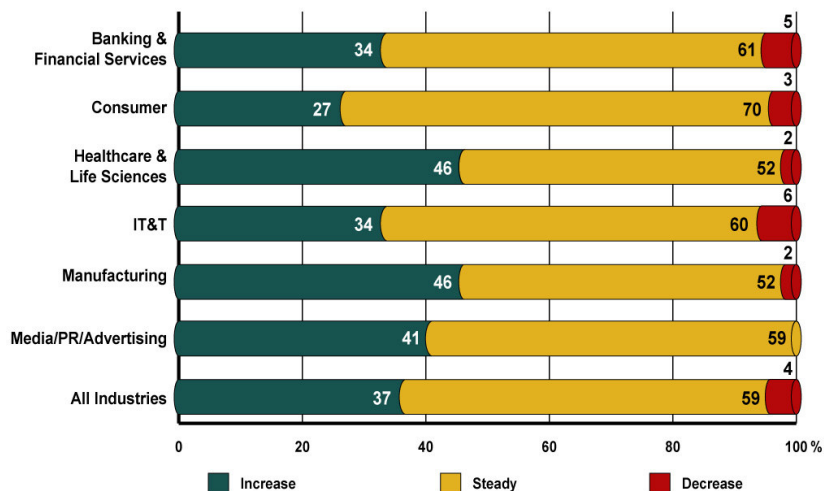
IT & T

Expectations are also lower in the IT&T sector, where 34% of respondents plan to increase recruitment. The figure for Q3 was 42%. Q4 is a time for many companies to wrap up their first half results or close off their financial year. As such, the business focus is on increasing the productivity and revenue rather than hiring alone. Hiring will continue especially in revenue-carrying roles to align headcount with revenue objectives in 2009.

Consumer

In the Consumer sector, 27% of respondents expect to hire more staff, while 70% report hiring will remain steady. A decline in consumer confidence means that expectations are down in the retail segment, though recruitment continues for major tourism and hospitality ventures, such as the Integrated Resort and F1 race.

Permanent hiring expectations in Singapore



Permanent hiring expectations over time

Continuing Decline Year-on-Year

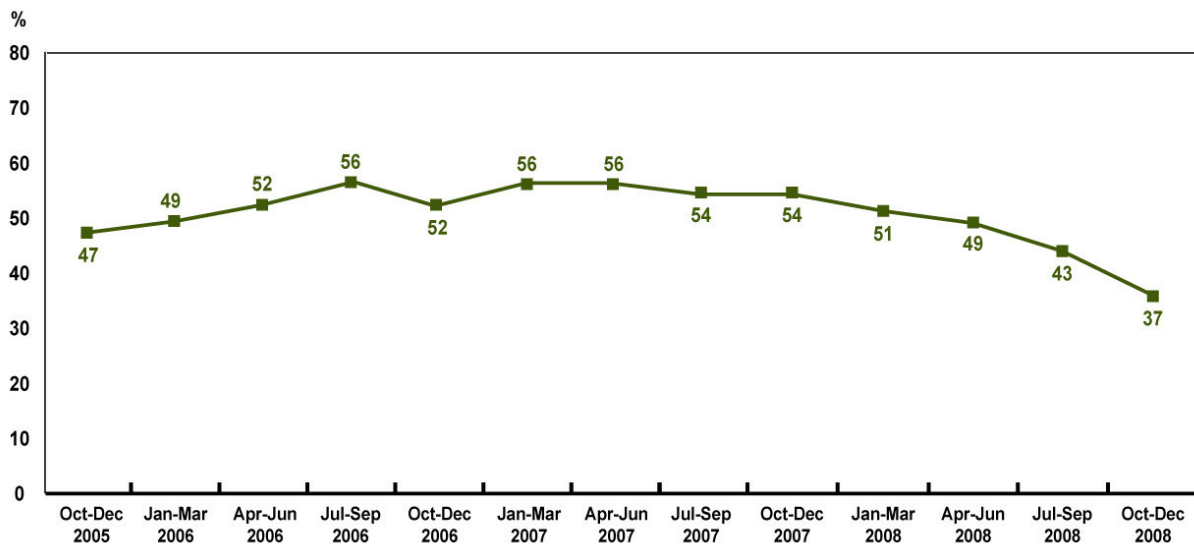
Expectations have fallen fairly steadily over the past year, with little of the volatility in hiring patterns apparent in some other Asian markets. Overall, the 37% of respondents expecting to grow headcount this quarter compares with 54% in Q4 2007. This is a reflection of the worsening economic situation but it is emphasised that a high 59% of respondents say that hiring will remain steady.

The Healthcare & Life Sciences sector reports the smallest year-on-year fall in expectations: 46% say they will increase hiring, compared with 50% a year ago. As noted, Singapore's continuing expansion as a regional hub continues to support hiring growth.

In the Banking & Financial Services sector, the proportion of respondents forecasting headcount growth has fallen from 58% in Q4 2007 to 34% this quarter. Although this is partly due to the effect of the credit crunch, it also suggests that the industry is now consolidating and stabilising after a long period of exceptionally active recruitment.

Manufacturing companies report a smaller decline in expectations year-on-year but hiring is beginning to normalise in this sector too. In Q4 2007, a high 57% of respondents planned to grow headcount, compared with 46% this quarter. This suggests that companies are taking a prudent approach in response to slower economic growth.

Permanent increased hiring expectations over time in Singapore



Each quarter, apart from asking about hiring expectations, we select survey topics that indicate how businesses expect to cope with their environment. This quarter we asked about company performance expectations and work-related stress.

Anticipated company performance

Some Optimism For 2009

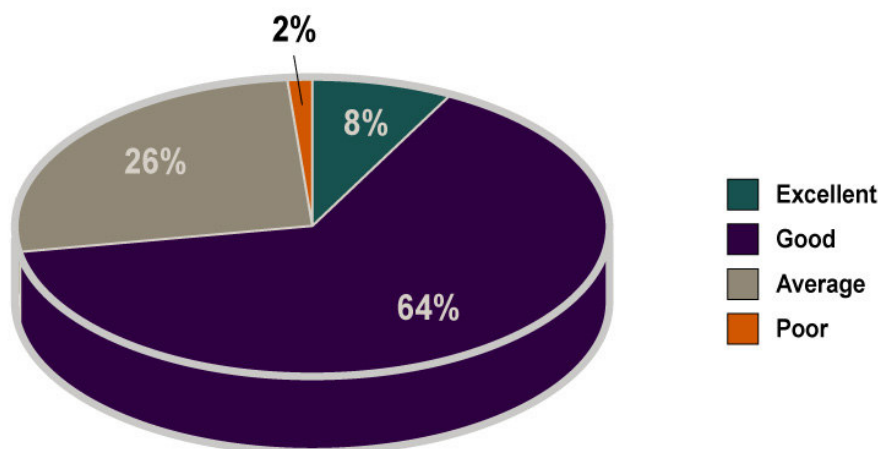
Even though employment expectations are falling, respondents are optimistic about the company's performance in 2009. Overall, 64% expect their company's performance to be good in 2009, a higher figure than for any other market surveyed in Asia. Only 2% anticipate poor performance – the lowest figure for the markets surveyed.

At 87%, the Healthcare sector has the highest proportion of respondents who expect performance to be excellent or good in 2009. This industry is still expanding in Singapore and some companies are now set to reap the benefits of the successful commercialisation of technological products.

Among Media/PR/Advertising firms, 55% forecast good performance and an exceptionally high 24% say it will be excellent. F1 motor racing and the development of the Integrated Resort are likely to create strong demand for marketing and promotion services. In addition, some firms are well-positioned to benefit from the growth of digital media campaigns.

In the IT&T sector, 77% say that their company's performance will be excellent or good. The pessimism in the US and UK markets has had little impact on the Singapore IT&T market, as such, overall sentiments in this sector are still high. Most companies are in turn boosting their investment and headcount in Asia, potentially filling the gap created by the other regions.

Anticipated company performance in 2009



Work-related stress

Stress Levels Are High

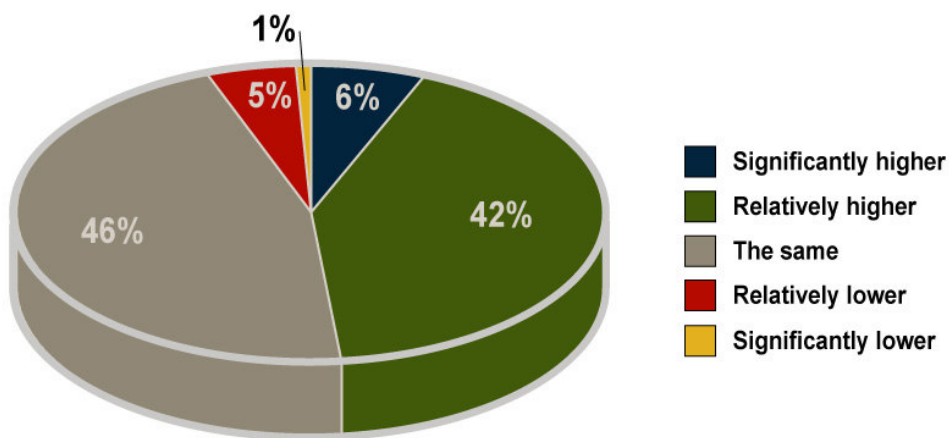
Respondents were asked if they have seen any change in the level of work-related stress among employees in the past year. Overall, 48% say that stress is higher than a year ago. This is a lower figure than the last time this question was asked, in Q2 2007, when 52% reported higher levels of stress. However, Singapore has the second highest proportion of respondents reporting higher stress levels and, at 6%, the lowest proportion who say that stress levels are falling.

Nearly two-thirds of respondents in the Healthcare & Life Sciences sector (66%) indicate that work-related

stress has risen over the past year, a higher figure than for any other sector. Some companies are restructuring and consolidating their regional operations in Singapore, adding to the workload for employees.

The Media/PR/Advertising sector reports the greatest increase in perceived stress levels: 63% say that it is higher than a year ago, compared with just 34% when this question was asked in Q2 2007. As client companies reduce their advertising and marketing budgets, agency staff find that they are having to do the same amount of work with reduced resources.

Change in level of work-related stress



Causes of stress

Increased Work Volume Is Main Cause

An increase in the volume of work is seen as the principal cause of work-related stress, by a substantial margin. Across all the sectors surveyed, 42% mention this as a cause of stress, more than three times as many as for any other factor. This is the highest figure for the markets surveyed in Asia.

The problem of increased workload is most severe in the Healthcare & Life Sciences and IT&T sectors, where it is mentioned by 50% and 47% respectively. The former is still growing fast, making it difficult to fill vacancies, while IT professionals are increasingly expected to multi-task, so that projects can be completed without additional headcount.

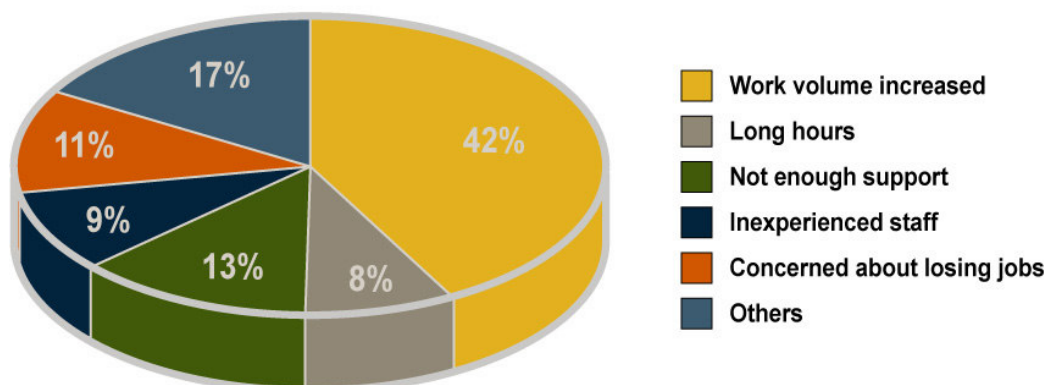
At 11%, Singapore has the highest proportion of respondents saying that concern about job losses is a cause of stress. There has already been some retrenchment in certain areas. This factor is seen as

most significant in the Banking & Financial Services sector, where it is mentioned by 15%. Concern about this issue is likely due to the large-scale staff reductions implemented by banks in the US and Europe.

Inadequate support and long working hours are seen as less important causes of work-related stress in Singapore than in the other markets surveyed in Asia. Overall, these factors are cited by 13% and 8% of respondents respectively, lower figures than for the other markets.

Other causes of stress include sales related challenges with an increasing number of clients demanding to slash prices, difficulties in winning clients/accounts, and higher sales targets. Respondents also cite organisational restructuring/mergers or change in management or bosses as causes of stress.

Causes of work-related stress



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