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Media Release

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DISGRUNTLED EMPLOYEES A TICKING TIMEBOMB AS COMPANIES REMAIN BLIND TO THEIR WORKFORCES' WOES

Auckland, New Zealand – Wednesday 26 August 2009 – The global financial crisis has had a severe and divisive impact on the sentiment of the workforce in New Zealand and Australia according to extensive research released today by Hudson, a leading provider of specialist recruitment, talent management and managed services.

The research findings, part of the Hudson 20:20 Series report *Talent Tightrope: Managing the Workplace through the Downturn*, reveal that employers consistently think their employees' sentiment is twice as good as it is in reality.

"In every aspect of current workplace sentiment, whether job satisfaction, motivation, morale, perceived stress levels or job security employers are clearly unaware of their employees' frame of mind," said Marc Burrage, Executive General Manager, Hudson NZ. "For example, nearly half (44%) of the 2,394 employees surveyed indicated that worker morale has plummeted. In contrast, only 26% of the 247 employers interviewed acknowledge that workplace morale has dropped.

"New Zealand companies have been faced with the double-whammy of a prolonged local recession and the impacts of the global crisis, so the initial response to this has understandably focused on rapid crisis management, including slashing workforce-related costs through restructures and redundancies," he said. The results show that over half of the companies surveyed (51%) say revenue has declined, 41% have downgraded their profits outlooks, 37% have undergone or faced a restructure and over a third (35%) have made roles redundant.

"While most employees are not blind to commercial realities and the need of their employers to cut costs and implement rapid change, discontent is brewing," said Burrage. In fact, over a third of all employees (35%) report increasing concern about the impact of the downturn on their personal circumstances. The report looks in detail at the three generations in the workforce (X, Y and Baby Boomers) and found that Baby Boomers have been the most severely distressed with almost half (42%) registering heightened concern about their future.

Productivity is now firmly on the government's agenda, and improving productivity for the long term is seen as critical to New Zealand's future success. "While employers are reporting increased productivity now, employees are in fact responding that they are definitely working harder and longer hours, but motivated by fear for their jobs and this is only driving morale down further. It's vital that employers recognise that the long term effects of this will be a decline in real productivity."

Insecurity abounds, with almost a third (32%) of employees genuinely concerned about losing their jobs. "This is very different scenario to only a year ago," said Burrage. "Nearly half (42%) said that they feel their job is less secure than the same time last year, but even though they now fear more for their jobs, it doesn't necessarily mean they want to stay with their current employer."

While workplace stress levels have soared due to increased job insecurity, this is compounded by additional pressure to perform and increasing work loads. 54% of employees say that the workplace has become far more stressful since the downturn. Auckland employees acknowledged the highest stress levels at 64%, with Wellington lower at 50%. A third of employees say their workload has increased, while one in four are working longer hours.

This simmering resentment is highlighted by a third of employees (32%) who agreed with the statement 'management thinks it doesn't have to reward and recognise our work anymore because we should feel lucky to have a job right now'.

"Communication is breaking down within businesses and managers are finding themselves under huge pressure. Now is the time to upskill frontline managers and provide leadership coaching so they are better able to lead the company through the downturn. Where cost restrictions make it harder to reward staff, ensuring that the best performers are recognised will help retain top talent," continued Burrage.

Employees' feelings of disaffection are already playing out in the market more employees are now seeking new roles compared to before the downturn. Almost half of the workforce is seeking a new role (47%) and 56% say they would consider roles they previously would not have looked at. "If employees are disgruntled or unhappy with their current roles, the moment a better opportunity presents itself they will leave. It is this danger, of a mass exodus, that employers must be aware of and take urgent steps to avoid."

Interestingly, and contrary to popular conjecture, it is the youngest generation that is displaying the greatest loyalty to employers. One in four Generation Ys, often cited as chronic job hoppers, say they are now more loyal to their company.

Another crucial finding of the report is that employees, in particular Generation Y, are now focused on long-term security and career development over instant, salary-related reward. In the 2008 Hudson 20:20 Series report *Candidate Buying Behaviour* the main triggers for leaving one's job were salary related, with 63% giving this as their top reason. In 2009, this percentage has dropped to 45% and career development considerations have moved to the top slot at 58%.

"Employees' priorities and expectations have changed," said Burrage. "It is crucial that organisations understand the impact that this has on recruitment practices. Recruitment is

ever more a consultative province and the quality of an organisation's employee value proposition is crucial to attract and retain the best people."

"People are the heart of a business," he said. "A motivated and engaged workforce is key and it is vital that a talent management strategy focuses on the specific drivers needed to create and maintain this motivation and engagement in each and every individual employee."

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Editor Note

A summary of the key findings of the report is attached with this release.

Please contact us for more information and print ready graphs.

The Hudson 20:20 Series

The Hudson 20:20 Series addresses timely, relevant topics and issues surrounding talent management and workplace performance. Published periodically, these papers are intended to help organisations evaluate and address these issues and their potential consequences.

Hudson commissioned Sweeney Research, one of Australia's largest market research consultancies, to conduct comprehensive and independent research into the affects of the downturn on different generations in the workforce.

About Hudson

Hudson 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, engaging and retaining the best and brightest people for their businesses. The company employs nearly 3,000 professionals serving clients and candidates in more than 20 countries. More information is available at www.hudson.com

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