

News and Information

For Immediate Release

November 24, 2008

Contacts:

Richard Kantor, +61 2 9101 9027, richard.kantor@hewitt.com

Kristen Melville, +61 405 441 492, kristen.melville@hewitt.com

HEWITT STUDIES REVEAL LOCAL RESPONSES TO THE GLOBAL DOWNTURN

HR consulting firm advises employers to be mindful of local context and be wary of 'one size fits all' solutions

SYDNEY – There are very clear differences in what companies in the US and locally in Australia and New Zealand are doing in response to the economic downturn, according to Richard Kantor, regional practice leader for Hewitt's Talent and Organisational consulting services in Asia Pacific.

Speaking at the *2008 Hewitt CSi Remuneration Symposium* in Sydney last week, Kantor revealed results from Hewitt's global *Survey of Economic Impact 2008-2009*. The survey results indicate significant regional market differences in the actions companies are taking, how they are taking action, and the approaches being taken to critical talent issues.

Kantor said: "There are no 'one size fits all' solutions or approaches. What's effective in an organisation's US operations is likely not strategically sound if duplicated in markets such as Australia or New Zealand. It's critical that organisations plan and execute their decisions to reflect local market realities and practices.

Difference 1: What actions companies are taking differs

"It comes as no surprise that companies in the US are much more likely than companies in Australia and New Zealand to be considering layoffs," Kantor added. In the survey results, 55 percent of US respondents indicated that they are planning or have implemented layoffs.

News and Information

In the Australian market survey, only 32 percent and in New Zealand just 23 percent indicated this as a possible direction.

Other notable examples of differences between US, Australian and New Zealand organisations and what they are doing include:

- The most significant difference between Australia and New Zealand is that none of the New Zealand companies surveyed are planning on freezing salaries versus 12 percent of Australian respondents (15 percent for US companies).
- US companies are more likely to be lengthening the time between salary increases (25 percent in the US versus 15 percent in both Australia and New Zealand).
- More than half of organisations in the US are planning or have implemented a hiring freeze versus 44 percent in Australia and 39 percent in New Zealand.

Difference 2: Why companies are taking action differs locally

Companies in Australia and New Zealand more frequently cite concerns about the economy as a reason for making changes (67 percent in the US vs. 71 percent in Australia and 77 percent in New Zealand).

Companies in Australia and New Zealand are almost four times more likely to be taking actions based on the actions of their competitors (6 percent in US vs. 21 percent in Australia and 23 percent in New Zealand).

Difference 3: How companies are taking action differs between Australia and New Zealand

Survey results show that the most common approaches in response to possible impacts of the economic downturn are being taken at a company-wide level in both the US and in local markets (94 percent in the US and Australia, 92 percent in New Zealand).

News and Information

However, the types of HR measures being undertaken vary between Australia and New Zealand. More than half of New Zealand organisations are considering alternative work arrangements versus just 27 percent of Australian respondents.

Almost a third of Australian respondents (31 percent) are planning to redesign their incentive programs versus just 11 percent of New Zealand organisations.

More than half of New Zealand respondents (56 percent) are looking to improve job skills of existing employees compared with 38 percent of Australian organisations.

Difference 4: Different approaches to two key talent issues

Survey results indicate clear differences in special planning around high performers, as well as paying for performance, by companies represented in each region.

While 67 percent of respondents in the US study indicated they have identified and are treating high performers differently from the rest of employees, over 90 percent of companies in both Australia and New Zealand have taken this position.

Kantor said: “Clearly, when we look at other data in the survey, retaining high performers is a key focus in Australia and New Zealand. This shows up in plans for how pay will be administered and also in how other engagement drivers will be managed.

“How companies are approaching learning and development program planning provides a case in point: 46 percent of companies in Australia and 44 percent in New Zealand say they plan to actually increase spending in this area.

“Hewitt data suggests that this is consistently a good lever to pull to retain and engage top performers. We just have to see whether companies follow through on this intent.”

On ‘paying for performance’, more than two out of three companies (69 percent) in New Zealand expect bonus payouts to be impacted, while more than half (56 percent) in Australia have this expectation (versus 49 percent in the US).

News and Information

In addition, a larger percentage of New Zealand companies (75 percent) are bracing for this decrease in variable pay to be significant (i.e. greater than 10 percent). In comparison, 53 percent of Australian companies are expecting a significant impact versus 66 percent in the US and just 36 percent in Asia Pacific.

About Hewitt's Survey of Economic Impact 2008-2009

A special survey was designed and conducted online with more than 400 companies in the US and over 700 companies in Asia Pacific. The survey questions identified how the economic crisis was affecting company planning and HR programs in both markets, and responses were collected in October 2008.

Asia-Pacific Economic Survey results were obtained from 12 markets including Australia, China, Hong Kong, India, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, and Thailand.

- end -

ABOUT HEWITT ASSOCIATES

For more than 65 years, Hewitt Associates (NYSE: HEW) has provided clients with best-in-class human resources consulting and outsourcing services. Hewitt consults with more than 3,000 large and mid-size companies around the globe to develop and implement HR business strategies covering retirement, financial and health management; compensation and total rewards; and performance, talent, and change management. As a market leader in benefits administration, Hewitt delivers health care and retirement programs to millions of participants and retirees, on behalf of more than 300 organizations worldwide. In addition, more than 30 clients rely on Hewitt to provide a broader range of human resources business process outsourcing services to nearly a million client employees. Located in 33 countries, Hewitt employs approximately 23,000 associates. For more information, please visit www.hewitt.com.