

Better Prepared for the Downturn

Asian employers ready for tough times



EMPLOYERS in Asia Pacific are better prepared for a downturn compared to the United States, according to a forthcoming report by Watson Wyatt Worldwide. More than eight in 10 employers in Asia Pacific (84 percent) and Europe (80 percent) have established contingency plans. More than six in 10 employers in the United States (67 percent) have adopted a contingency plan to be implemented in the event of further economic decline.

"It is interesting to note that while many will acknowledge at most some slowdown in the Asia Pacific region compared to the United States, it is the Asian employers that seemed to have braced themselves for what's ahead," said Rachelle Arcebal,

Watson Wyatt's Director of Strategic Rewards for Asia Pacific.

Compared to U.S. employers who rank layoffs as their top choice for a contingency plan, Asian companies generally ranked organizational restructuring and hiring freeze as their top two choices.

"With attraction and retention challenges in Asia Pacific surpassing every other region covered in the survey, companies will naturally explore other options before letting go of their employees particularly their top performers and

those possessing skills critical to their business," said Arcebal.

"We know from previous recessions and economic slowdowns that those companies that have contingency plans in place will be in a much better position to weather the storm and bounce back when the economy improves," said Laura Sejen, Global Director of Strategic Rewards consulting at Watson Wyatt.

"The economic slowdown is clearly having an effect on companies worldwide. If economic conditions continue to weaken, we would expect to see many companies begin to evaluate their staffing levels, pay programs and overall organizational structures and to implement some of their contingency plans," said Sejen.

The results are based on Watson Wyatt's Global Strategic Rewards Survey to be released later this year. A total of 1,389 employers participated in the survey, including close to 400 Asian employers. **W**

Contingency planning activities

Rank	Percent of U.S. Employers	Percent of Asian Employers
1	Layoffs 52%	Organizational restructuring 61%
2	Organizational restructuring 46%	Hiring freeze 61%
3	Hiring freeze 39%	Slowing rate of salary increase 46%