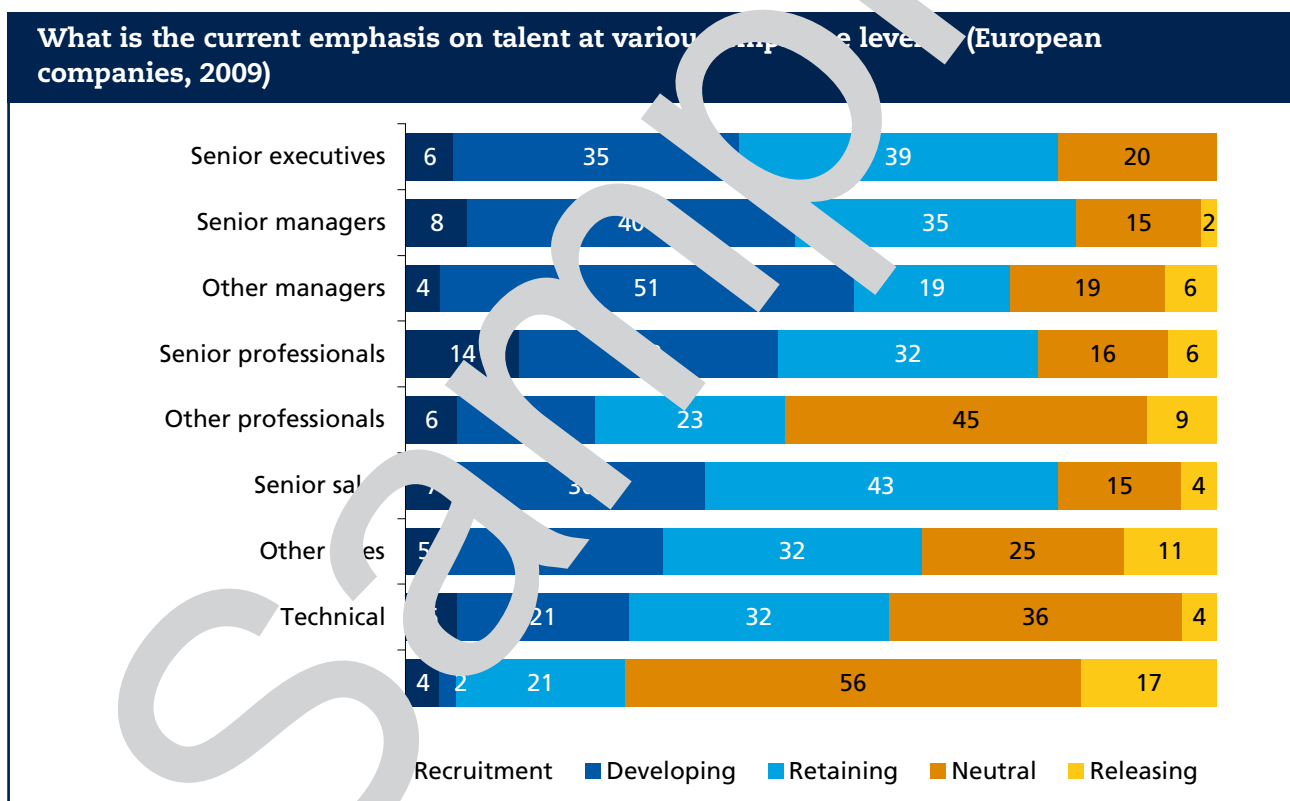


With this context in mind, we also wanted to examine the nature of the emphasis on talent at different levels – that is, recruiting, developing, retaining and releasing.

Consistent with HR priorities, the survey indicates that companies were placing significant emphasis on developing and retaining staff, these factors being most important at the top, with diminishing importance at lower levels. At management levels, retention appears to be more important than development. These factors reverse at lower levels of the business. Management development is a key emphasis for over half the companies surveyed.

Retention also seems to be a major emphasis for lower positions, again more so for senior positions.



Talent strategy: Build or buy?

Our 2008 research indicated that companies, while placing slight emphasis on buying talent over building their own, were anticipating a need to shift to models that required more buying of talent. This is typical of companies anticipating business growth that exceeds the speed with which internal talent can be grown to meet these needs. But this was before the economic crisis was apparent.

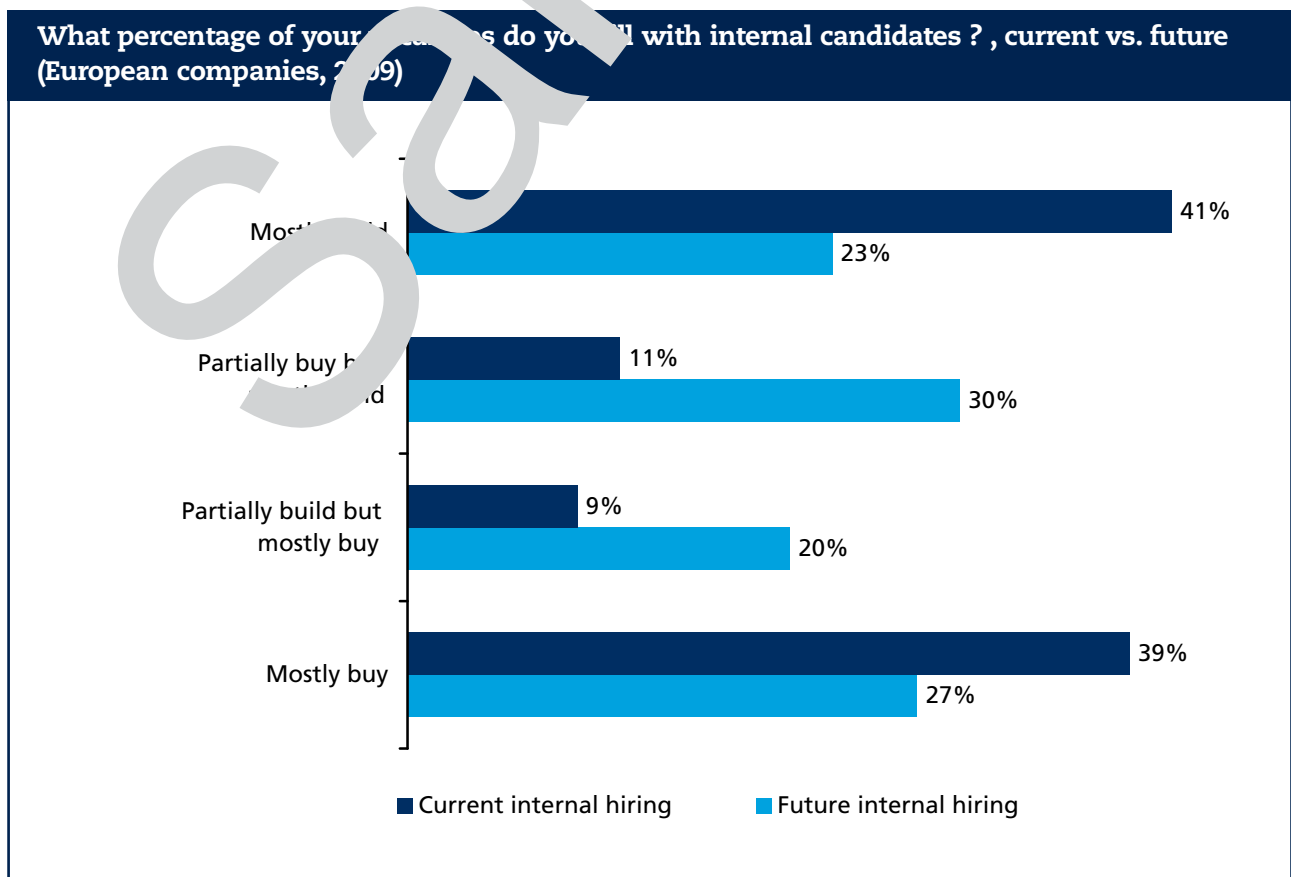
Generally, a company's buy/build decision depends on its business strategy, and then the talent needs required to implement the strategy along with an assessment of the available internal talent pool. Both approaches have their pros and cons. Building talent can be an effective attraction and retention strategy, and can also reduce hiring costs and risks. But buying talent represents a more immediate solution and also introduces fresh talent.

Contrary to the 2008 research, our 2009 survey indicates that a more balanced approach was being adopted to buying or building talent – that is, a stronger emphasis was being placed on building talent than previously. This suggests that participants were already scaling back their growth expectations (and the related talent needs). This would be consistent with their assessment of market and business growth (above) and the priority being placed on retention and development of key talent over recruitment.

In this survey, buying (39%) or building (41%) seem to be equally common current approaches, with the remaining 20% of companies adopting a hybrid approach.

The expected sourcing model appears to shift towards a more balanced mix of build and buy policies, with half the companies anticipating adopting a hybrid approach (with an emphasis on building talent).

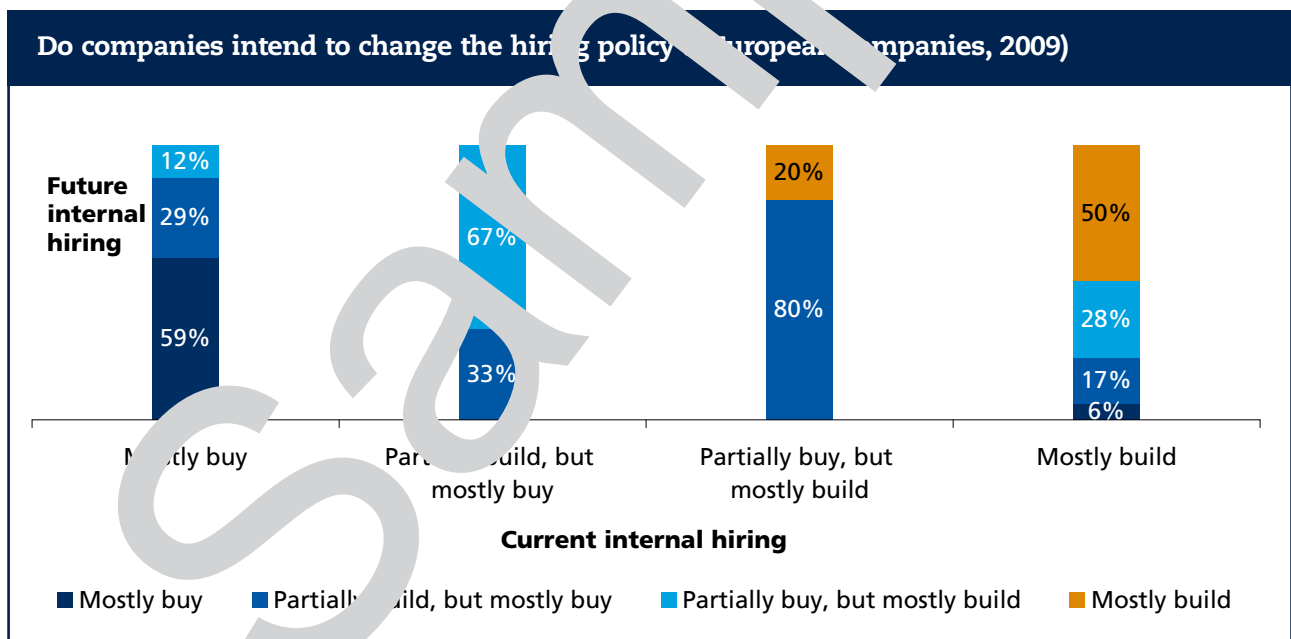
Data indicates that the percentage of companies that anticipated focusing largely on building their talent declined by almost half, while the number of companies that intended to rely only on buying talent also decreased. Again, this is consistent with growth expectations and talent priorities.



We also wanted to evaluate the direction of change from and to each of the sourcing models.

The graph below presents the distribution of future hiring policies against current hiring policies of companies, indicating that:

- Where companies predominantly bought, nearly 60% anticipated continuing to do so, nearly one-third were anticipating mostly buying and 12% were anticipating a switch to a mostly build approach.
- Where companies mostly bought, only one-third anticipated continuing doing so, with two-thirds anticipating a shift to a mostly buy model.
- Where companies mostly built, then most (80%) anticipated continuing to do so.
- Where companies predominantly built, half anticipated continuing to do so and 28% will mostly rely on building talent; 17% are anticipated a switch to mostly buying and 6% to predominantly buying.



In summary, the future trend seems to be towards a more mixed approach, in favour of building talent. Employers therefore need to consider their reward strategies in this context.