



WORKFORCE COST EFFECTS ON PRODUCTIVITY, QUALITY AND SATISFACTION IN ORGANISATIONS

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***Abstract.** Retaining employees definitely saves an organisation money, and workforce planning could assist in retention of employees. Global pressure on organisations to stay competitive necessitates change while stakeholders demand quality and cost effective products. On the other hand competitors around the world are demanding level playing fields across cultures. Productivity, quality and customer satisfaction have also contributed to a rethinking of the shape and the nature of organisations. A culturally diverse workforce has been a reality in New Zealand for decades. The empirical research reported on in 2010 in this paper sought to discover informed industry direction from HR practitioners as to what their profile ought to be in 2020 and what organisations should do in this regard to be sensitive to a diverse workforce and to be prepared for the future .*

1. Introduction

In any country the anticipated changes in the business environment are of great concern for managers and business owners. The role of human resource (HR) departments in organisational development and the management of cultural changes in order to stay globally competitive is the reason for the undertaking of this empirical research (Du Plessis, 2012). There is also a shift in countries globally, including in small countries such as New Zealand, by management to integrate all resources and forces into an appropriate strategy. Social benefits in a country where unemployment is low are not abused because people are working

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and not looking to the State for support. To keep unemployment figures low, organisations have to look at retaining their workforce and keep their labour turnover as low as possible. Some solutions are identified and presented in this article (Du Plessis, Paine, Botha, 2012).

The central figures in organisational change are managers. As change agents they have a proactive role in anticipating and shaping the environment for change. Line managers must also be experienced in more than one field. Respondents supported this important role of managers as change agents by implementing HR programmes for organisational development, cultural as well as organisational changes. An enormous increase of 21% for 2020 in the importance of line management's role is anticipated by the respondents compared to 5% in 2000 and 26% in 2010.

The traditional roles of managers and the roles and responsibilities of human resources managers must change in the future. As change agents and leaders they will have to implement all the programmes and practices for these changes to stay globally competitive (Du Plessis, 2012). The empirical research reported on in this paper sought to discover the direction of informed industry from HR practitioners as to what the profile of the HR practitioner ought to be in 2020 and what organisations should do in this regard to be sensitive to culture diversity in New Zealand.

2. Theoretical background

2.1. Workforce Planning

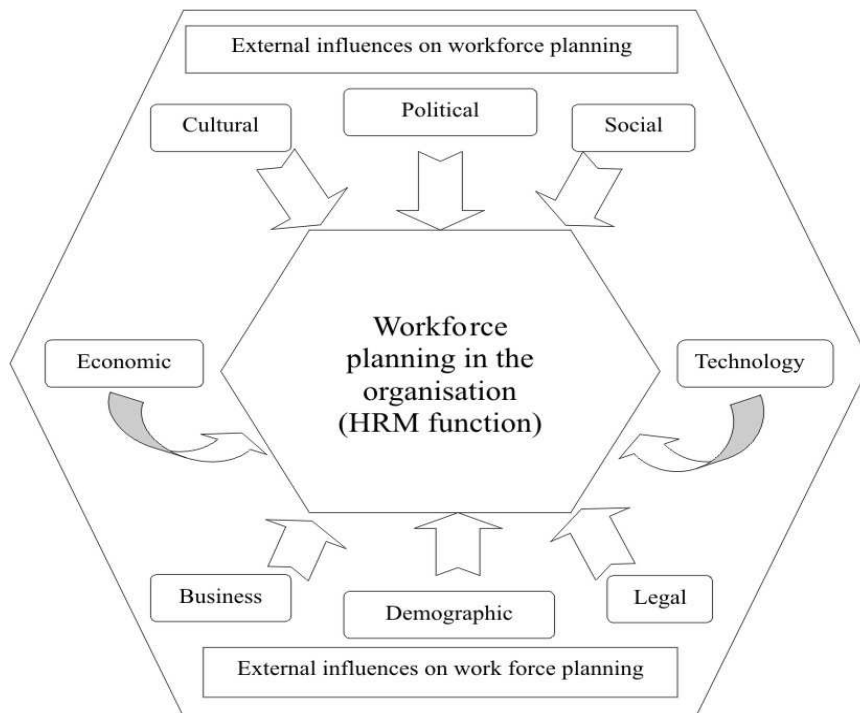
Workforce planning is one of the most important issues in which human resource (HR) professionals/ practitioners are involved. It is getting more complex and difficult for managers to plan their workforces. It is estimated that in 2030 there will be another 1.5 billion people on our planet and that the populations will, on average, be much older. These population changes, along with other factors, will determine the future growth of the world economy in which countries such as Romania and New Zealand take part (Härtel & Fujimoto, 2010). The task of actually implementing workforce planning is daunting because it is so difficult to define. It is also known as employment planning or HR planning. This type of planning is at the operational level where it is concerned with detailed forecasts of employee supply and demand.

Despite the expected rapid increase in the global population, the war for talent is intensifying globally every year to enable organisations to remain competitive and thus sustainable. Every organisation must be able to attract a sufficient number of job candidates who have the abilities and aptitudes needed to add value to the company. Recruitment supplies a pool of suitable applicants who can enter the selection process. Recruiting activities occur when the decision was made in the organisation what kind of employees are needed and how many. If proactive planning has taken place, filling vacant positions is not a daunting task.

According to Stone (2008), workforce planning (HR planning) is a process that systematically identifies the needs that will guarantee workforce availability. Nel, Werner, Du Plessis, Fazey, Erwee, Pillay, MacKinnon, Millet and Wordsworth (2012) have the same view on this. Workforce planning is therefore an integrated and holistic resourcing planning process that ensures the right people are being employed in the right roles to meet the current organisational profit plan. Workforce planning thus involves the joint synchronization of the vision, mission, goals, and objectives by the organisation's senior HR managers and line executives. The aligned HR and organisational strategies should then be implemented in the organisation (Rudman, 2010).

It is of the utmost importance to take note of the external influences on workforce planning in an organisation. Workforce planning is a critical HRM function that needs to take issues such as political, legal (new legislation) economic situations (recession) technology (IT and other e-media) and so on into consideration(Gómez-Mejia, Balkin, & Cardy, 2007 ; Nel et al 2011) Figure 1 below explains the most important factors to take into consideration.

Figure 1: External influences on workforce planning



Source: Du Plessis as cited in Nel et al (2011: 163)

By planning ahead, the HR function can provide managers with the right number of people with the right skills in the right place and at the right time. **Workforce planning** might more accurately be called talent planning, because it integrates the forecasting elements of all of the functions that relate to talent – recruiting, retention, redeployment, and leadership and employee development.

2.2. Retention of talented employees

The term talent refers to the attraction and selection of high potential employees. Talent inventory is one of the first steps in workforce planning as discussed above. Talent management refers to the strategic management of the flow of talent through the organisation; the purpose is to ensure the availability of an adequate supply of talent to align the right people with the right skills, knowledge and experience with the right job at the right time based on the strategic business and HR objectives. Talent management is the key challenge for the next decade (Lawler 2008; Nel et al, 2011). Human resource practitioners need to operate within the business cycle if they wish to become strategic business partners. It is crucial that the ‘talent inventory’ (skilled employees), is maintained at the right levels, in order to comply with the requirements of hiring and retention issues. Human capital and intellectual property is closely related to talent and results in competitive advantage achievement. Talent forecasting needs to be done and it is a process for predicting changes in the demand for and the supply of talent. Forecasts are broken down into the following areas:

- a. Estimated increases or decreases in company growth, output, and revenue
- b. Estimated changes in talent needs that result from organisational growth
- c. Projections of future vacancies
- d. Estimates of the internal and external availability of the talent needed to meet forecasts.

Demand forecasting is the estimation of the quantity and quality of employees needed to successfully achieve the organization's objectives and goals (Härtel & Futjimoto, 2010). Companies should tailor retention approaches to the motivations and mind-sets of specific employees (as well as to the express nature of the changes involved) because one-size-fits-all retention packages are usually unsuccessful in persuading a diverse group of key employees to stay (Guthridge, Komm, & Lawson, 2008).

Ma & Trigo, (2008) outlined three key reasons to invest in developing talent:

- a. enabling those organisations that are resource constrained or have had to reduce headcount in the face of increasing demand to do-more-with less,

- b. preventing the talent drain when economic conditions improve, and
- c. investing in leadership to avoid the high costs of staff turnover because the number one reason that employees give for leaving an organisation is dissatisfaction with their immediate superior.

2.3. Management and executive talent development and training

Labour shortage and dynamic and complex leadership capability requirements can influence the practise of succession management. Organisations should use a system that enables talented individuals to develop a successful career in their organisations. Talent development could be regarded as the systematic attraction, identification, development, engagement, retention, and deployment of those individuals with high potential who are of great value to their organisation (Garrow & Hirsh, 2008; Lawler 2007; Dijk 2008). Management and executive talent development is a recent trend in organisations. The increasing tight labour markets make succession management a business imperative and encourage organisations to identify and accelerate the development of future leaders from within. Development and career progression can ensure the job satisfaction in future leaders that is a prerequisite for retention.

Bingham (2008) includes the acquisition of employees, career planning, assessment, retention, succession planning, organisation development, performance management, and team and individual development in the components of executive talent management. A holistic view of the individual is to be taken to effectively identify and select the manager to be nominated for development programmes.

Executive talent management is about creating accelerated development and training paths for employees with the highest potential and consciously moving them around the organisation in different roles to give them the necessary breadth of experience (Dessler, 2011). Organizations must also encompass career development, which has been difficult to position in organisations since individuals have generally been left to manage their own careers (Garrow & Hirsh, 2008). The focus is therefore on the accelerated development of high-potential employees for future leadership deployment on new assignments.

2.4. Management of labour costs

It's easy to overspend on rewards and to target labour when costs must be cut. The challenge for managers is to craft and maintain a rewards framework for effective spending. To do this the manager must understand the total cost of rewards and of each component relative to the basic business parameters and the

competitive market place to ensure that costs remain manageable relative to business performance expectations (Du Plessis, 2012).

To manage and control the demand for labour, the HR manager must know how many people will leave the organisation by doing an accurate forecasting of the organisation's labour as described above. Labour turnover is due to retirement, disability, death, illness, resignation, retrenchment or termination. Employees may also quit because of dissatisfaction with their working conditions, pay and benefits, training and development, promotional opportunities and so on. Replacement of these employees is very expensive due to several factors such as recruiting, training and so forth; hence the HR manager must control the labour costs. Nel et al (2011) support the cost control of labour very strongly.

2.5. High productivity, quality and customer satisfaction

An important factor for the 21st century organisation is organisational performance. Dramatic changes are taking place in the workplace, societies, and the economic environment. We are still in the most severe recession in history. Global influences on workplaces, organisations, unions and productivity of the domestic workforce are researched to determine the quality of products and the satisfaction of the customers (Brewster, Dowling, Grobler, Holland & Warnich 2008; Dessler 2011; Rudman 2010).

The primary focus for HRM is the added knowledge and responsibilities required due to foreign operations. These include language, the local and national regulations and legislation governing business operations within a foreign country; currency exchange rates, career development, company benefits and incentives, ensuring workplace safety through dealing with drugs and drug problems, employee assistance, ergonomics, spirituality and diversity, and the ethics and etiquette expectations of foreign business contacts. HRM must understand these issues clearly to keep product quality at a level where customers are satisfied with the products and so prevent embarrassing situations and unintentional 'affronts' from occurring. Various researchers (Du Plessis 2007; 2009; Gómez-Mejía, et al 2009; Jackson, 2002) have identified certain factors that impact upon HRM in their organisations in order to keep productivity high and quality at an acceptable level. These factors include diverse cultures, educational levels, economic level, political interference or stability, and legal issues.

2.6. Workforce production and quality output

Hill, Jones, Galvin and Haidar (2007) postulate that the most important resource of successful organisations is their people. If the organisation gives its HRM practices the priority they deserve, it can have a profound impact on production

and quality output. The following are essential when selecting employees for employment:

- a. Technical ability: the ability to do the job is of course a prerequisite
- b. Managerial skills: those skills which are associated with being an effective manager are important
- c. Diplomatic skills: an ability to deal with others, negotiate, and to represent the organisation; this may even involve interaction with politicians and government officials
- d. Personal motives: a positive reason for wanting to maintain quality outputs
- e. Emotional stability and maturity: This involves having the power and emotional maturity to maintain equilibrium in difficult environments as well as being non-judgmental in relationships with others.

Based on the above required competencies, the focus of HRM policies is directed towards the areas of workforce planning, recruitment, selection and retention, development and training, remuneration, performance management, and labour relations. According to Du Plessis (2012), dealing with language differences in an organisation makes the production scene more complex. Language differences could build a boundary that impedes the productivity and quality output of employees and therefore the competitive advantage. Remuneration is one of the emergent HRM issues for the future HR manager aggravated by the poor economy and higher inflation rates. HR managers should set up strategies and procedures to reduce dissatisfaction of employees in order to reduce the complexity of HRM and to enhance competitive advantage.

3. Problem statement

The anticipated changes in workforce planning, the business environment, the recession and even globalisation are of great concern for managers and business owners. The role of HR practitioners in the recruitment and retention of employees, management of diverse workforces and labour costs, the development and training of executive employees and quality production to stay globally competitive, are the reasons for undertaking this empirical research. Some solutions are identified and presented in this paper.

4. Goal and objectives of this paper

Changes in the broader business environment are affecting nearly every aspect of how businesses manage themselves and must take into account in their outsourcing of HR functions the world of diversity in which they operate. Conflicting pressures in the labour market have brought the role of HR to the fore. Current worldwide need for skills has started the so-called war for talent (Net et al 2012).

Looking forward, demographers predict a long-term tightening of labour skills for the advanced economies of the world but the reverse seems to remain the case for third world countries. Mergers and acquisitions are increasingly frequent, creating huge HR and management challenges as well. Empirical research was executed in New Zealand (in 2000), to identify future changes (of 2010) of HR in businesses, and this research was repeated in 2010 with a forecast to 2020. Reporting on the changes and comparisons of this longitudinal study is the main objective of this paper. For New Zealand businesses, managers and HR practitioners it is vital to know about workforce planning, retention and labour costs as well as productivity, quality and satisfaction of their employees and customers in order to remain globally competitive.

This article endeavours to use the research that was executed in New Zealand organisations to confirm that workforce planning, retention of employees, the minimising of labour costs and high or increased productivity are all necessary functions that should be carried out globally in any organisation.

5. Methodology

5.1. Background

A very comprehensive HRM questionnaire covering 358 items to identify HRM and management trends was jointly compiled in New Zealand and Australia in 1994: (IPMNZ, 1994). The same questionnaire was used with permission for a survey to identify the future competencies and roles of HR in those countries for the year 2000 by the Human Resource Institute of New Zealand). The same questionnaire was modified and refined and used again in 2000 by Burchell (2001) in association with the Human Resource Institute of New Zealand (HRINZ) to determine a future perspective on human resources in 2010 in New Zealand. The final section of the said questionnaire sought to obtain demographic information from respondents. The same questionnaire was used with permission after minor editorial modifications for an identical survey in South Africa in the last quarter of 2002. The topics covered in the questionnaire included human resource goals,

roles and activities, and so forth. The final section of the questionnaire sought to obtain demographic information from respondents. Due to the magnitude of the survey, only a small section is analysed and reported upon in this paper.

The quantitative methodology adopted was an e-survey; a questionnaire containing structured closed questions. This involved the selection of a sample of people from the HR practitioner population in NZ to ascertain how factors differ, and to make inferences from sample population. Representativeness of this study was seen as acceptable (15.4% responded) as previous leading HRM studies conducted in NZ were successful with a response rate of 41 %, 11% and 34 % respectively.

5.2. Sample selection

The study focused on HR practitioners in NZ organisations who are registered as members of the Human Resources Institute of New Zealand (HRINZ). They are involved in the management and development of HR in private and public sector organisations throughout NZ. The target population was limited to HRINZ members that had registered to participate in HR research requests that HRINZ provided links to. The total number of HRINZ members in this category was 635. A total of 119 members responded but 98 questionnaires were fully completed and usable resulting in a 15.4% response rate.

5.3. Data collection

The data was collected via the e-survey, which was a repeat of previous studies and therefore a very important longitudinal study. The invitation to participate went to 635 members of HRINZ.

5.4. Questionnaire

The questionnaire consisted of questions designed to explore each of the HR themes researched in this study. All the questions in the questionnaire were closed questions. Only five closely related themes are covered in this paper but due to the size of the study and length limitation for this paper not all the information could be discussed. The Tables reflect the research questions used in this paper, and the rationale for using the five specific themes is discussed later.

6. Results

The completed questionnaires received from respondents were subjected to verification for accuracy before responses were collated and treated statistically

using the SPSS program. The statistical analysis was used to obtain responses in terms of the various questions vis-a-vis organisation size, occupation of respondent and so on. Furthermore a comparison of response of the respondents for current (that being 2010) and future (that being 2020) was also recorded.

Results were recorded to reflect the percentage of all respondents selecting a particular alternative for a particular organisation size or occupation in a particular occupation. Note must be taken that only the aforementioned possibilities are given in this paper due to the huge research that was done and the rest are reported on in other papers and articles. The responses were compared in terms of the 2000 result and the envisaged importance in 2010, then the 2010 result and the envisaged result importance for 2020.

The profile of the respondents is spread over a wide spectrum and each respondent has some relation to HR and qualifies to give his/her view as per the questionnaire questions. The fact that 75.1% of the respondents are active HR practitioners and a further 8.2% are in tertiary education and lecture HR related subjects makes their opinions for the future role of HR very reliable and valuable.

More than a half of the respondents are from larger organisations (500 or more employees) and almost a quarter is from organisations between 200 and 499 employees. The importance of this information is that most large companies in New Zealand have a human resource department. More than three quarters of the respondents in this study are therefore HR practitioners that make their responses very valuable and useable to predict their future role in any changes in organisations.

7. Analysis of the results

The results are presented in terms of the selected categories. The changes anticipated by the respondents for 2020 as opposed to the current situation in 2010, is reflected in this paper. The results reflect the responsibility for HR to be shared by the HR function and line management with regard to specific responsibilities and roles of workforce planning, retention of talented employees, management and executive talent development and training, management of labour costs and high productivity, quality and customer satisfaction. Therefore, the results also reflect the respondents' views on the 2000 study with predictions for 2010 and the current study of 2010 and their predictions for 2020.

7.1. Workforce planning

A strategy that can be divided into sub-strategies for the different departments or functions such as production, finance and HR should be common in New

Zealand businesses. Globally, management tends to neglect HR as a sub-strategy. It should be included in all strategic planning, especially workforce planning. There is a shift towards this view in New Zealand by management recently, to integrate all resources and forces into an appropriate strategy. The respondents support this statement when the question was asked whether their workforce planning includes flexibility and deployment. A mere 1% of the respondents regarded it as satisfactory in 2000 with an enormous increase of 48% in 2010 to 49%.

In the 2010 study 20% of the respondents regarded it important now (being 2010) and 44% predicted that it would be important on 2020. It can further be deduced that HR practitioners want more flexibility in the diverse workforce. It can therefore be said that the consistence of HR strategies is important for the success of an organisation. Top management has a difficult time organising the varied activities, as mentioned above, such as finance, marketing and so forth. Nel et al (2011) support this view that it is important for the success of the organisation.

7.2. Retention of talented employees

The induction and retention of employees is neglected by many organisations in New Zealand. The process of recruitment is only the start of organisations' biggest challenge, namely to protect the investment made in new employees by retaining them. It has been recognised that the retaining of staff has become a priority in many organisations around the globe, and human resources researchers and practitioners alike are paying high level attention to it (Dijk, 2008; Lawler, 2008). Retention is redesigning a range of HR activities to provide increased job satisfaction and, as a result, improved employee commitment and satisfaction as explained below in another section.

The 2000 study reported that it is more important (in 2000) than it would be in 2010 to retain their employees. The figure for 2000 is 61.3% and decreased to 47.2%. There is a dramatic difference in the 2010 study where 66.7% regarded it as very important and critical for success (in 2010) with a huge increase to 81.6% estimation in 2020. It can be deduced that New Zealand businesses realised that training costs are high and that they could save much more during the recession by keeping doing everything possible to keep their current trained and knowledgeable workforce. In other words the turnover is lower due to the recession because positions are not as readily available as it used to be before the shortage of talented employees.

7.3. Management and executive talent development and training

Brewster et al (2008) state that there are various perspectives which would include process, organisational culture, HR planning, competition, development paths and change management depending on the approach followed. The management of executive talent management is a complementary practice to strategic HRM for attracting, engaging, developing and retaining executive talent and leadership talent. Lawler (2008) on the other hand, also claims that talent management is a driver for change in businesses, and that it would contribute to the change process. It therefore provides an opportunity to close the gap between current talent (supply) in an organisation and anticipated talent required (demand) by the organisation in a strategic context (Erasmus, Loedolff, Mda & Nel 2010).

There is an increase of 16.6% from 50.0% in 2010 to an anticipated 66.6% in 2020 according to the respondents in the current (being 2010) study. In comparison to the previous study of 2000 there is a significant difference as the respondents in 2000 regarded management and executive talent development as only 4% important and critical for success and anticipated that only 38% will need development and training in 2010. These figures show a huge swing to the importance of management and talented employees' development and those Executives (CEOs and top management) realise that they are not the "mister-know-it-all" as they might have thought in 2000. It could be that these attitudes have changed due to the influence of globalisation, the recession and the earthquakes in Christchurch with the uncertainty of many organisations involved in the re-building and clean-up of the aftermath. Contemporary approaches to succession management involve the accelerated development of a select group of high-potential individuals for current and future roles that may not be identifiable at present.

7.4. Management of labour costs

The question was asked: whether management is currently managing labour costs satisfactory and if it will be a priority in future (being 2010). The respondents reported a 13% increase (from 3% in 2000 to 16% in 2010). It can be deduced that respondents want better and more efficient managing of labour costs because in most organisations labor costs are the biggest expense. Interestingly, the same trend continued in 2010 and the expected outcome for 2020, although the figures were slightly higher. Half of the respondents (50%) in 2010 regarded management of labour costs as very important to critical for success. This figure increased to only 56.7% for 2020. It is alarming that managers do not realise the importance of labour costs in an organisation.

Labour market conditions affect the availability of staff. If there is a surplus of skills, many applicants will be available; if there is a shortage of skills, few applicants will be available. Hence the human resource department needs to know the latest trends in the labour market. People have perceptions of what they are worth and what they do is worth. Organisations place values on what roles, positions and people are worth. The reward system and pay structures influence the applicant and are fundamental in attracting candidates with suitable credentials (Du Plessis, 2007).

7.5. High productivity, quality and customer satisfaction

Developments in the way organisations do their business, globalisation, the influence of diverse workforces, the aging population and several other issues have impacted on the productivity of organisations. The baby boomers are slowly leaving the workforce in New Zealand and Gen Y is taking over. If there is not a smooth transition, productivity will definitely be affected. The role and functions of HRM have also been changing over time and various authors have researched this phenomenon. The HR function is central within the supply chain and any range of service can be offered to the relevant users or beneficiaries to improve both the quality of their inputs and their outputs in order to assure quality service internally and externally to customers (Nel et al, 2011).

More than half (58.2%) of New Zealand HR practitioners regarded high productivity, quality and customer satisfaction in 2000 as important and critical for success in organisations. This figure increased to almost two thirds (62.1%) that predicted the same in 2010. The results of the 2010 study of 75% increased to 88.3% for 2020. The percentage difference is significant as well as the respondents who regarded it as important and critical in 2010. It can be deduced that New Zealand HR practitioners realise the importance of their customer's demand of quality but on the other hand they should maintain high productivity to ensure survival and completion with the global market.

7.6. Workforce production and quality output

It is also important to point out that certain changes, such as employment legislation (Employment Relations Act of 2000) had an immeasurable influence and effect on employers and employees when the 2000 study was done. Organisational changes had to take place. Reengineering was done in some organisations to implement the changes in labour legislation, which lead, amongst other changes, to cultural changes. The Labour government was in power in New Zealand for nine years which also influenced the labour market and therefore

productivity and in some instances the quality output of employees. In the meantime we are experiencing a recession which is regarded as the worst since the Great Depression; there was a change in government in 2008 and the National Party has made a few changes in the Employment Legislation having an influence again on the labour market. The recession however has the biggest influence as jobs are very scarce and employees know that they have to do their best at all times or they could be sacked for poor performance because there are people out there waiting to take their jobs.

In terms of issues relating to workforce productivity and quality of output only 3% of the respondents regarded it as satisfactory in 2000 and 50% as top priority in 2010. This is 16 times more in 10 years and it can be deduced that with the abovementioned issues of the change in government and legislation and so on during that time, the respondents anticipated these tremendous changes. It also supports the important role and influence that culture (diverse workforces) has on New Zealand businesses. The 2010 study has a response of 58.3% who regarded it as important and critical for success and the prediction for 2020 increased to 80.0%. It can be deduced that the New Zealand HR practitioners realised the importance and that the prediction in 2000 was really close to reality in 2010.

A summary of the longitudinal study is depicted in Table 1 below.

Table 1: Summary of comparisons of longitudinal study in NZ

Related themes	2000 actual	2010 predicted	2010 actual	% difference '10 predicted and '10 actual	2020 predicted
Workforce planning	1.0%	49.0%	33.3%	15.7% less	73.3%
Retention talented employees	61.3%	47.2%	66.7%	19.5% better	81.6%
Mgmt executive talent development and training	4.0%	38.0%	50.0%	12.0% better	66.6%
Management of labour costs	3.0%	16.0%	50.0%	34%% better	56.7%
High prod, quality, customer satisfaction	58.2%	62.1%	75.0%	12.8% better	88.3%
Workforce production and quality output	3.0%	50.0%	58.3%	8.3% better	80.0%

Source: Developed by the authors

8. Conclusions

The results of this study support the fact that NZ businesses are integrating resources as suggested by the literature. Therefore appropriate strategies are established to remain sustainable at present and it augers well for 2020 and beyond. However, managers will have to get themselves conversant with new legislation and employee needs, and they will have to be change agents and leaders with the implementation of all the programmes and practices for these changes. It is not just the role and responsibilities of HR managers that will change in the future but also the traditional roles of managers. The HR managers will have to be strategic partners aligning with business strategies focussing on workforce planning, retention and managing of labour costs. Productivity, quality and customer satisfaction will also be on the priority lists of HR practitioners in New Zealand.

Workforce planning further involves the entry of people into the organisation (acquisition), the development of employees (development), and the exit of employees (departure). It is therefore a systematic, fully integrated organisational process that involves proactively planning ahead to avoid talent surpluses or shortages. It is based on the premise that a company can be staffed more efficiently if it forecasts its talent needs as well as the actual supply of talent that is, or will be available. Talent management is the key challenge for the next decade. Human resource practitioners need to operate within the business cycle if they wish to become strategic business partners.

Management and executive talent development is a recent trend in organisations. Development and career progression can ensure job satisfaction in future leaders. If the organisation gives its HRM practices the priority they deserve, it can have a profound impact on production and quality output. It is important to acknowledge that diversity has become an increasingly important factor in organisations in New Zealand and globally as well as the workforce has become more heterogeneous. New Zealand has a diverse workforce coming from far afield or from “neighbouring countries” such as Australia, Fidji, Pacific Islands and others. New Zealand organisations employ thousands of these citizens from “neighbouring countries” but they are from different cultures, which is different from that of local employees. The 2020 manager, therefore, will have to be ultra sensitive to each and every culture.

During disruptive periods of organisational change, too many companies approach the retention of key employees by throwing financial incentives at star performers. This is not money well spent as many of the recipients would have stayed put anyway; others have concerns that money alone can't address. A new

kind of manager and employee can be expected in successful organisations in future with HR. practitioners playing cartelistic role which cannot be underestimated in terms of their role in organisations

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