

Developing strategic international human resource capabilities in Sub-Saharan Africa

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Introduction

Liberalization, deregulation, globalisation and technological developments have made the global business environment more fluid in terms of changes, innovations, new product developments, emerging markets opportunities, challenges and competitive pressures (Calkins & Berman, 2004). Technology has connected the world, increased accessibility, visibility and transparency and business activities have become international and global (Ulrich, Brockbank, Johnson & Younger, 2009; Shen, 2011). Employees are increasingly from diverse backgrounds, with constantly changing expectations as they gain more experience, skills and education.

In many contexts, organisations competitive emphasis have morphed from market oriented to being more resourced oriented (Saá-Pérez & García-Falcón, 2002). This is based on the erosion of the mind-set that competitive advantage in these contexts is gained and sustained primarily from state ownership and support, or entry into key geographical or product markets. The eroding of regulatory protection from both domestic and foreign competition, have forced firms to reorient their competitive strategies to developing key organisational resources and capabilities.

As a result, organisations now find themselves under heightened pressure to tap into their internal resources and align them effectively with the dynamics within the external environment in order to make sense of the driving forces and trends and strategically adapt to ensure survival and achieve competitive advantage (Caligiuri, 2006). Moreover, internal complexity of an organisation has to mirror its external environment through innovation and coordination of resources (Dickmann & Müller-Camen, 2006). This is in line with the resource based-view and recognition among strategic management researchers and practitioners that sustained competitive advantage emanates more from a firm's bundle of tangible and intangible internal resources (Wernerfelt, 1984; Barney, 1991; Grant, 1991).

Scholars of strategic human resource management view people as one of the vital internal resources that can contribute to a firm's competitive advantage (Adeleye, 2011). The established view in this body of scholarship is that people constitute the most important asset of a firm. The effective deployment human resource can offer firms a distinctive and non-imitable competitive advantage (Chew and Horwitz, 2004; Ghebregiorgis and Karsten, 2007; Guest, 2002). Arguably, while technology, plant and equipment are some of the strategic organisational resources, the human resource enables organisations to combine these resources effectively and add value in their productive process. An increasing body of scholarly work on strategic human resource management predominantly underscores this view. Moreover these studies examine the conditions under which human resource systems or practices would generate a sustained competitive advantage (Wright, McMahan & McWilliams, 1994; Lado & Wilson, 1994).

Drawing on the resource-based view, the human capital theory, and the resource – capability theory, these studies provide that when this strategic human resource is effectively deployed within human resource (HR) systems or practices, it can lead to the development and sustenance of competitive advantage (Gurbuz & Mert, 2011; Kamoche, 1996). For instance, Lado and Wilson (1994) provided a conceptual framework with propositions of how HR systems can facilitate the development and destruction of organisational competencies. Furthermore, the potential of an HR system to facilitate or inhibit the development and utilization of organizational capabilities has also examined and acknowledged (Lado and Wilson, 1994; Saá-Pérez & García-Falcón, 2002). The findings in these studies have to a degree entrenched in management theory and practice that human resource is a source for developing capabilities and sustainable competitive advantage.

Notwithstanding, there is ambiguity as to how human resource is different from capabilities and what kind of organisational capabilities are developed from the deployment of human resource. This leaves us less knowledgeable as to what human resources capabilities are and exactly how they contribute to a firm's competitive advantage. Secondly, the complexity of the international business environment requires firms to develop unique, rare, un-substitutable and inimitable capabilities as solutions to enable them gain and maintain competitive advantage. Yet, studies on firms' international human resources as strategic within the context of international activities of the firm are comparatively low with predominance of these studies

based on developed and Western countries and cultures (Kamoche, 1996b).

In this chapter, we seek to capture and bring together empirical and conceptual scholarly work on the types of organisational capabilities that can be developed mainly from the deployment of human resources both in the national and international business environment. Furthermore, we discuss the potential moderating effects of the HR systems and practices on the deployment of firm's human resource in the development of organisational capabilities. In other words the study maps out those capabilities that are largely dependent on firms' human resources in domestic and in the international environments. Admittedly, HR is not the only organisational resource that can facilitate the development of organisational capabilities, but focusing on only the HR related capabilities will refine our understanding of how HR should be deployed and how it contributes to gaining and sustaining competitive advantage.

Empirical excerpts on this issue are taken form organisations in the sub-Sahara African context. Africa is a multicultural, multilingual, multi-ethnic and multi-regional in nature with multi-historical experiences in many of its countries. The continent's diversity spans its 56 countries in terms of geographical, cultural, historical, economic and socio-political contexts. It is home to indigenous Africans, Arabs, Indians and all nationalities in the world from the east, west, central and the south, and has over 2,000 languages and ethnic groups (Kamoche, 2011; Adeleye, 2011). Thus, the continent's diversity reflects its colonisation legacy; the level of social, political

and economic development; the state of institutions; the cultural and ethnic groupings; and religious affiliations (Adeleye, 2011).

The continent therefore exemplifies the global business environment in terms of the vast and widespread diversity. This diversity poses a complex challenge to firms as to how to effectively deploy their diverse human resource strategically across different cultural and regulatory environments in order to gain and sustain competitive advantage. Moreover, the diversity and complexity impact the kind of HR practices employed by organizations. Existing literature has not improved our understanding adequately on perspectives that relate to human resource capabilities in sub-Saharan Africa (SSA). Using the views of managers in a number of organisations operating in Africa, we present some of the HR capabilities developed in these organisations from the deployment of their human resource.

Human resources and capabilities

The main tenet of the resource based-view is that organisations' internal resources and capabilities constitute the driving determinants of a firm's strategy and competitive success (Wernerfelt, 1984; Mahoney, 1995). However, the question not always clearly answered is what these resources and capabilities are. Some scholars have referred to resources as the tangible and intangible stock of factors available, owned and controlled by the firm (Amit and Schoemaker, 1993). Grant (1991) also suggests that resources include all those inputs an organisation uses in its production process. Amit and Schoemaker (1993:35) further point out that "Resources are con-

verted into final products or services by using a wide range of the firm's other assets and bonding mechanisms, such as technology, management information systems, incentive systems, trust between management and labour and so on". Barney (1991) thus categorized these resources into physical, human and organisational resources. This categorization reinforces the centrality of people in organisations as a source of competitive success.

Kamoche (1996a) therefore clarifies that the human resource element includes the accumulated stock of knowledge, skills, and abilities that individuals possess within the organisation which the firm has built up over time into an identifiable expertise. In this paper, we define human resource in line with other scholars as the pool of human capital under the firm's control in a direct employment relationship which confers uniqueness on each firm in their effort to gain and sustain competitive advantage (Wright, McMahan and McWilliams, 1994; Kamoche, 1996a).

Scholars in this area acknowledge that the human resource satisfies the four conditions necessary to achieve sustainable competitive advantage (Tyson, 1997; Gurbuz & Mert, 2011). Specifically, human resource meets the criteria of a valuable, rare, inimitable and non-substitutable resource and thus constitutes a source of competitive advantage (Wright et al., 1994). The traditional sources of competitive advantage such as natural resources, technology, economies of scale, are increasingly easy to imitate in the contemporary business environment although they still create value (Saá-Pérez & García-Falcón, 2002). Furthermore, Khatri (2000) argues that competi-

tors can easily duplicate competitive advantage obtained through better technology and products, but acknowledged the difficulty of a firm's ability to duplicate competitive advantage gained through better management of people.

The difficulty of replicating people's knowledge, abilities, experience and behaviour, coupled with the high transaction cost of people acquisition or mobility contribute to the inimitability of human resource (Saá-Pérez & García-Falcón, 2002). Also, personnel who are able to create value in one company may not be able to strategically adapt and create value in others (Wright et al., 1994). Moreover, the heterogeneity in the labour market makes it difficult to find highly motivated and guaranteed high level performance people in all organisations, underscoring the view that human resource is rare.

Notwithstanding, some strategic human resource scholars use the terms (resources and capabilities) interchangeably (Hall, 1993; Prahalad and Hamel, 1990). Ray, Barney and Muhanna (2004) for instance referred to both resources and capabilities as the tangible and intangible assets of firms employed to develop and implement their strategies. Some labelled resources and capabilities together as distinctive competence (Fiol, 1991), firm-specific competencies (Pavitt, 1991), and core competence (Prahalad & Hamel, 1990). However, Amit and Schoemaker (1993) distinguished between the two by suggesting that capabilities include the ability of a firm to effectively deploy its resources, while Grant (1991) simply refers to capabilities as what the firm can do with the resources. Capabilities may also

arise from a firm's network ties with its internal and external stakeholders such as employees, suppliers and customers.

From the forgoing, it can be gleaned that human resource capabilities are classified as processes, practices, systems, and outcomes of the processes and systems. The human resource capability-based view is thus seen to be concerned with actions, processes and related behavioural efforts to attain a competitive advantage (Kamoche, 1996a). These capabilities are firm specific tangible or intangible information-based processes, practices or systems that are developed over time through complex interactions among the firm's resources and exchanging of information within its human capital (Amit and Schoemaker, 1993). Saá-Pérez & García-Falcón (2002) further emphasise that capabilities are developed from the deployment of human resources and capabilities. Kamoche (1996a) also reveals that HR capabilities are difficult to identify but depend on the firm's capacity to secure, nurture, retain and deploy human resources through HR practices and policies.

Two studies pointed out four main specific organisational capabilities that firms can develop from the deployment of their human and other tangible and intangible resources. These include managerial capabilities, input-based capabilities, transformational capabilities, and output-based capabilities (Lado & Wilson, 1994; Saá-Pérez, & García-Falcón, 2002). Accordingly, the managerial capabilities refer to the degree of commitment and involvement of the human resource, and the relevance of human resource issues in strategic decisions making in the organisation (Lado & Wilson, 1994). The input-

based capabilities include training, incentives and motivation of firm specific human capital, while encouraging creative and innovative ability in the employees constitute the transformational capabilities (Saá-Pérez, & García-Falcón, 2002).

Table 1: Functional and organisational capabilities from human resource deployment

Resource	Functional Area capabilities	Resulting overall organisational capabilities
Human Resource	Purchasing capabilitiesRetailing and Distri-	 Output-based capabilities Good relationship with clients, suppliers, public institutions, etc.
Tuman Resource	bution capabilities	 Good corporate image
Human Resource	•	
systems	 Effective Branding capabilities 	Managerial capabilitiesDegree of commitment
Human resource practices	• Research and Development capabilities	and involvement of personnelImportance of HR aspects in strategic decisions
	Net Working capabilities	Input-based capabilitiesTraining of firm-specific human capital
	 Marketing, Sales, Promotion and Customer Relations 	 Incentives and motivation of specific human capital
		Transformational capabili-
	 Corporate culture and accountability capabilities 	 Encouraging creative and innovative ability in the employees

Source: Saá-Pérez & García-Falcón (2002) and views from managers.

Finally, good corporate image and strong relationship with relevant stakeholders such as clients, customers, suppliers and public institutions constitute the output-based capabilities (Lado & Wilson, 1994; Saá-Pérez, & García-Falcón, 2002). Views from managers in organisations in SSA further reveal that the deployment of human resources also contributes to the development of capabilities in functional areas of an organisation. See Figure 1 above.

International HR capabilities

The organisation life cycle (OLC) approach suggests that global firms usually go through four main stages: domestic, international and global (Milliman et al., 1991). At each stage competition increases and requires specific capabilities to succeed. Moreover, as the firm moves from one stage to the next, the complexity increases requiring enhanced strategic capabilities to withstand the competitive pressures. Arguably, different human resource capabilities may be required at each stage. Developing human resource capabilities in international or global companies to address some of the complex issues in the diverse global business context is however a challenge (Calkins and Berman, 2004; Singer, 2002). The international human resource management strategy has to be matched with the prevailing international business imperatives as defined by the product-market realities, cultural and institutional requirements and diversity issue.

Notwithstanding the international human resource management scholarship focuses mainly on expatriates career management and the complexities of managing across borders (Kamoche, 1996b). The scope for assessing and capturing the strategic value and capabilities developed from the deployment of diverse human resource

has not been adequately discussed in the literature. However, one of the most critical human resource capabilities for multinational or global companies is the development of global leadership skills. Global leaders, defined as executives who are in jobs with some international scope (Spreitzer, McCAll, and Mahoney, 1997), need to develop and implement strategic goals that create sustainable value while responding to key stakeholders (Thompson, 2010).

The challenge for managers in the twenty-first century demands the overriding requirement that they are capable of leading and operating in an increasingly complex, interdependent and dynamic global business environment. The role necessitates leadership skills that allow managers to analyse each business environment critically to develop and implement appropriate strategies and operating styles (Deresky 2014). Viceri and Fulmer (1997) contend that strategic leadership development is a critical ingredient required for the strengthening of organisation's strategic competitive position. Caligiuri (2006) further underscore that successful global leaders are a source of competitive advantage. The effectiveness of multinational enterprises (MNEs) depends on the development of cross-cultural competences (Stroh and Caligiuri, 1998; Deresky, 2014). Contingency theories of leadership also argue that effective leadership is context specific (Vroom, 1993; Hersey, Blanchard and Johnson, 1996). In the next section we examine global leadership in the context of SSA and challenges of developing this human resource capability.

Culture and Institutional Influences on Global Leadership

Jackson (2011) observed that within the context of international management and organisation studies, particularly within developing regions such as SSA, there is the need to clarify what is considered 'cultural' and 'institutional'. Institutional theory suggests that institutions consist of formal and informal constraints. The formal constraints include laws, contracts and constitutions whilst the informal constraints include certain behaviours, norms, conventions and selfimposed codes of conduct. Arguably, the informal constraints are 'cultural' in nature and these vary across geographical locations. These constraints and their enforcement characteristics regulate economic activities (North, 1990; Scott, 1995). Consequently, institutions are fundamental in the political, legal and socio-cultural environment and determine levels of transparency and corruption. Institutions establish the rules of engagement in the economic and operational activities of firms (North, 1990). Institutions can therefore be capable of easing and/or restraining the performance of firms (Malik & Kotabe, 2009; Ricart et al., 2004).

This understanding of the institutional framework agrees with Sorge (2004) who believes that the 'culturist' and 'institutionalists' approaches should be complementary in international management. In the global context, therefore, global leaders must develop the skills that enable them to deal with local as well as global cultural and institutional dimensions in response to the increasingly diverse and complex diverse business environment. The need to incorporate varying business practices and expectations of multiple and yet

unique stakeholders, with particular emphasis on local managers, in strategy formulation and implementation is crucial for success. HR is expected to fashion out what best practices in areas such as recruitment and selection, human resource planning, training and development, performance appraisal and industrial relations would help achieve strategic goals. These HR functions are affected by the institutional and cultural factors. Some of these are discussed in Table 1.

International HRM in Africa

A vital component of implementing global strategy is international human resource management (IHRM). Mendenhall, Black, Jensen, and Gregerson (2003) observed that the major challenges that the human resource (HR) function faces in the globalised business environment include; enhancing global business strategy, aligning HR issues with business strategy, designing and leading change, building global corporate cultures, and staffing organisations with global leaders. The IHRM function covers recruitment and selection, preparation and training, and setting up appropriate pay and remuneration and performance management programmes. Since it is not practicable to harmonise IHRM practices, Deresky (2014) suggested that international managers need to deal with complex local government laws and regulations, varying cultural norms and practices, as well as the local business practices. The dynamics of the HR function becomes compounded in a SSA context where cultural and institution-

al dimensions play an active role. Table 1 introduces elements of these in the SSA context. The information in Table 1 is based on interviews held in July 2014. Respondents are made up of 4 HRM practitioners in 4 different MNEs, 2 local HR Consultants and 1 Trade union representative in Ghana.

Table 2: Institutional and Cultural Influences on HRM practices

Local Laws	Effect of Culture on	How to reduce the im-
and Practices	IHRM Function	pact on the organisation
	Recruitment & Selection	
Qualifications	Although qualifications are	This means that the best peo-
vs Nepotism	required the selection process is	ple may not be hired. Headquar-
	mired by predominant nepotism	ters (HQ) HR could have some
	and corruptive practices be-	oversight into local hiring prac-
	cause HRM roles are often un-	tices. Expatriates not from the
	dertaken my local employees.	host country can also be involved
		in the process. This could serve
		as a deterrent to potential deliber-
		ate recruitment and selection ex-
		ploitation and malpractices.
Equal Opportu-	Masculinity predominates at	The influence of masculinity
nities vs Women's	the higher levels. Hiring wom-	and nepotism would adversely af-
Roles	en, particularly at the lower	fect the development of skilled
	level, can often be influenced	workforce because capability and
	by unfair and unethical practic-	performance does not adequately
	es. Hiring practices can also be	influence recruitment, human re-
	influenced by tribal or political	source and career development.
	influences. Overt hiring from a	HQ oversight and expatriate in-
	particular tribe or kinsmen is	volvement in recruitment and
	possible. Masculinity and nepo-	performance management be-

	tism also influence career de-	comes vital
	velopment and promotion	
Laws with re-	Where such laws exist, HR	Such laws are hardly enforced
spect to hiring local	would need to prove that requi-	and pervading corruption means
employees	site skills are not available lo-	that foreign firms can flout such
	cally to recruit foreign workers	laws. This means that, where it is
		in the interest of firms to hire lo-
		cals, they would always do so.
	Training & Development	
	(T&D)	
Skills levels,	A disconnect between what	Most education and training
certification re-	organisations need and what	institutions produce cost effective
quirements	the education and training insti-	human capital according to de-
	tutions produce exists across all	mand from potential students
	levels of the educational sys-	with no corresponding match to
	tems. The disconnect means	the needs of firms and the local
	that the human capital with lo-	economy. HR function may use
	cal knowledge together with an	internships and other collabora-
	innovative and global mindset	tive arrangements to help develop
	is often missing. Certification	requisite human capital
	outside formal education is of-	
	ten not adequately reliable	
HQ vs Local	Disconnect discussed above	HQ and subsidiary support
Training	means HQ and their subsidiar-	and deliberate policies need to
	ies should be actively be in-	continuously identify and devel-
	volved in the training and de-	op host country employees who
	velopment of human resource.	have both local and global
		knowledge as part of the man-
		agement cadre. Most foreign
		firms also poach good candidates
		from local or other foreign firms
		with better conditions of service.
Education vs	The HR function would	HR needs to identify good
Apprenticeship	need to support curriculum de-	candidates during internship or

	velopment and internship pro-	collaborative programmes to en-
	grammes in order to identify	sure that key skills required are
	the right talent	passed on prior to employment.
Government	There hardly exist such	Generally firms that invest in
pressure on firms to	pressures. Firms use their ini-	training and development would
offer employee	tiative if the investment in	need HR to design systems that
training	training can improve their per-	can ensure employee retension.
	formance.	
	Performance Management	
Achievement vs	Local HRM practitioners	Source of power/status im-
Connection	are often influenced by nepo-	portant and here again HQ and
	tism. Political influence is more	expatriate oversight and in-
	prevalent in the public sector	volvement can sanitise the pro-
	than private sector.	cess.
	Industrial Relations	
Trade Unions	Trade unions have more ef-	HRM functions in the majori-
	fects on public sector employ-	ty MNEs, particularly subsidiar-
	ees than private sector employ-	ies of western firms from devel-
	ees. Most Multinationals, with	oped countries, often serve as
	the exception of those of Chi-	benchmarks for other firms. Chi-
	nese origin, already pay well	nese firms may need to also learn
	above the minimum wage. Un-	from western MNEs in this re-
	ions in most MNEs usually	gard.
	have good relationships with	
	management. Chinese firms do	
	not encourage unionisation be-	
	cause the purpose of trade un-	
	ions varies across cultures.	
The Power and	Unions are often effective	The HRM function could pub-
Structure of Unions	with respect to collective bar-	licise good practice as a social re-
	gaining in the public sector.	sponsibility that could encourage
	Most private sector local firm	good practice across the work-
	employees do not also form un-	forces in the host country. This
	ions because being employed	could also make them the em-

can sometimes be viewed as a	ployer of choice
privilege	

Source: Constructed from authors' field notes in a related study in 2014

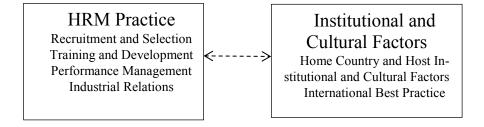
Some of the findings in Table 1 emphasise the diversity of HRM theory and practice and how culture and institutional issues play a role in highly complex and variable societies (Jackson, 2004; Kamoche, Debra, Howitz & Muuka, 2004). It also gives an indication about the way the HR function needs to adapt to find ways of reducing possible negative impacts on firm performance. It is also becoming evident that HR practice in Africa may need to incorporate needs to go beyond home country practices to explore various forms of hybridisation of home and host country practices, particularly in the African context (Azolukwam & Perkins, 2009; Jackson, Amaeshi & Yavuz, 2008).

The nature of product or service together with the primary strategic orientation and stage of internationalisation determine the staffing modes. Most authors have referred to ethnocentric, polycentric, regiocentric and global approaches. Whilst this is important the approaches taken by MNEs also depend on the availability of the required human capital. The pertinent questions relates to where the organisation sees the benefits of recruiting locals but are faced with the absence of the quantity, quality and variety of skills. The issues faced by most multinationals relate more to the skills gaps and the choice between building local capacity and using expatriates from

home or third countries. Consequently, Figure 1 suggests that HRM practice in Africa must operate, as far as possible and practicable, within the context of institutional and cultural frameworks that are compatible with both local and global frameworks.

Having one inflexible perspective which is purely based on home country policies and practices on one hand or adopting unadulterated host country perspectives could be counterproductive and inimical to firm performance. The cross fertilisation of home and host country practices could enhance learning for both the parent and subsidiary with the potential of transferring similar practices to similar environments. It was noted by Gomes, Angwin, Peter and Mellahi (2012) that HRM issues need to attach enormous significance to regional differences in culture. What is paramount here is that HRM policies and practices should at least be molded to suit context, with the possibility that any innovations that accrue are likely to impact on the wider practice in the host country (Wood, Mazouz, Yin, and Cheah, 2014). More importantly, lessons learnt can be extended into markets with similar cultural and institutional environments.

Figure 1: HRM Practice and Institutional and Cultural Factors



Skills Gaps and Capacity Development in Africa

The dearth of requisite talent in a globalised business world has become one of the principal HR concerns for MNEs (Capelli, 2008). Human capital, with the skillset to incorporate global perspectives and integration with local adaptation, in an environment of continuous international learning and innovation is an urgent requirement (Kang, Morris, and Snell, 2007; Lepak and Snell, 1999). Jackson (2004) highlights how Western management styles with respect to how MNEs manage their human resources can sometimes contrast or contradict African managerial values and practices. Asiedu (2004) observed that MNEs operating in Africa often encountered challenges that encompass lack of talent (quality, variety and quantity), effective work practices, institutional and cultural differences. A vibrant HRM or IHRM is required to navigate these challenges.

One of the greatest challenges for MNEs operating in Africa is the shortage of skills and the need to develop, recruit and retain requisite skills. Mellahi and Collings (2010) suggest that one approach to developing local talent would be to tap into global knowledge and talent stock from subsidiary networks. However, it appears the existing body of knowledge has failed to evaluate the development of African talent to feed into the stock of global knowledge. Skills gaps at all levels have been a problem for many MNEs operating in Africa. The HR function needs to identify local talent to develop as global leaders whilst at the same time ensuring that the skills gaps at all

levels are also addressed. The skills gaps require a framework that is able to match demand and supply within the local and global context. The HR function can begin to evaluate how the lower and middle level human resource can be developed and retained for the day to day running of their business. In addition, it is important that attempts are made to develop managers who can operate beyond their home country first at the regional level and then at a more global level. The challenge of achieving this has not been given adequate attention by researchers and practitioners and more attention is needed particularly in the SSA context.

Conclusion

The chapter has discussed the development of human resource capabilities and organisational human capital development from a global perspective but with SSA contextual inferences. With an acknowledgement that the existing literature on strategic HRM requires the examination of contextual human resource systems and practices, the chapter throws light on the diversity and complexity of managing in SSA. With empirical excerpts, the challenges firms in the region face with respect to HRM policies and practices are expounded. One of the issues of pertinent importance is the existing skills gaps at lower, middle and higher levels of operational and managerial activities have been considered. The nuances introduced by the complex cross-cultural and institutional arrangements require that successful HRM practice in the region requires the in-depth awareness and understanding of these issues.

Although the empirical data used is limited, in its nature and scope, there appears to be a suggestion that some level of HQ oversight and expatriate involvement in HR policy and practice could advance the role of HR in dealing with ethical issues within organisations as well as enhance the selection and development of the human resource for superior performance. It is also worth emphasising the suggested HQ oversight and expatriate involvement should not lead to the total exclusion of host country HR practitioners whose understanding of prevailing cultural and institutional dynamics are indispensable. HR's role or involvement in the training and development of potential employees even before they are employed is an issue worth exploring. In addition, the need to invest in the development of African global management cadre for the region and beyond should be the responsibility of HR directors and managers to engender African global leadership talent.

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