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ORGANIZATION LEADERSHIP & DEVELOPMENT QUARTERLY

Centre for Organization Leadership & Development

2019

Acquisition Strategy

Entrepreneurship Culture

Director Development Programmes

Environmental Sustainability & SDGs

Sustainable Market Entry Mode

Human Resource Management

The Organization Leadership & Development Quarterly (OLDQ) provides existing and emerging leaders an opportunity to hone and advance their technical and soft skills through informed knowledge exchange that has direct impact on personal and professional development.

-Timothy Chizuzu

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ORGANIZATION LEADERSHIP AND DEVELOPMENT QUARTERLY

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EDITOR'S NOTE

The *Organization Leadership and Development Quarterly (OLDQ)* has successfully published two *Issues* under the Volume 1 publications. The publications have been presented to training and development organizations and Universities in UAE, Uzbekistan, and Zimbabwe. Though the OLDQ is fairly new, we are proud of the strides that our publications have made in facilitating transformation space to individuals, work groups, and organizations. Through our focus on the science, theory, practices, and values of organization leadership and development we have ignited and inspired conversations, collaborations, and new ventures at different levels.

We appreciate our growing pool of contributors for their focus on not mere publications record but their full commitment to implement their research output. The focus on scholarly and applied engagement in all articles that we published confirms our commitment to OLDQ Editorial Purpose. Besides receiving articles from our learners and members, we are proud to be receiving articles from institutions of higher education in different countries.

The current Edition covers *'The Peter Principle in directorship'*. This article seeks to encourage the shirking of competence status quo among corporate leaders in face of the VUCA operating environment. The case study based article on *'Acquisitions'* argues that global brands should embrace this approach as a sustainable market entry mode. The article on *'Environmental Sustainability'* elaborates the significance of ensuring embedded sustainability as part of corporate and economic objective. The author delved deep into the Sustainable Development Goals. There is need to nurture entrepreneurial proclivity as a strategy for achieving sustainable development in developing economies. This is covered in an article on *'Nurturing a culture of entrepreneurship'*. Tabani Ndebele provided an introductory article on *"the role of HRM in OD"*.

The views raised in all the articles of this *OLDQ Edition* are not broad prescriptions for individuals and organizations to adopt but are intended to open up discussions and debates that will enhance systematic progression in academics and the corporate sector.

Thank you so much for taking time to read this *Edition*. We welcome your feedback and OD success stories as we advance the field of Organization Leadership and Development.

Managing Editor

Dr. Justine Chinoperekweyi

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Our mission is to share and ignite insightful conversations that enhance knowledge, skills, and application; and strengthen synergies among OD professionals and organizations.

Editorial Contributions:

The views expressed in OLDQ are those of the authors and do not necessarily represent those of COLD.

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Acquisition: Sustainable Market Entry Strategy for Global Brands

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Abstract

Today's business environment is volatile, uncertain, and complex. The need for thoughtfulness and care (due diligence) before executing business strategy is more important now than ever. An error in business growth or expansion strategy has the capability of ending the life-cycle of any brand regardless of how efficient it's business model. Successful firms, particularly global brands, have consistently employed sustainable methods especially in the area of market entry when market leadership is the main objective. This research studies acquisition market entry mode by global brands with regards to recent mergers and acquisition. The article submits that acquisition is a sustainable business model for global brands above other market entry modes. Acquisitions such as the Amazon-Souq and Uber-Careem transactions were reviewed using various secondary sources in order to understand the sustainable nature behind contemporary large-scale acquisitions. Being recent transactions, the research was unable to get statistical data to measure immediate effect of such business strategy on economies involved but potential abounds that research at later time, will reveal financial and social trends in the region. The article concludes that acquisition is a sustainable approach strategy for global brands to gain market entry as it enhances efficiency, market power, diversification, and provides accounting and tax benefits.

Keywords: *sustainability, market, strategy, brand, acquisition, business, merger, synergy*

1. Introduction

The contemporary business operating environment is highly dynamic and complex. The myriad factors affecting business success can be categorized as political, economic, social, technological, ecological, and legal (PESTEL). The sensitivity of the ever-changing business operating environment requires strategies to survive and sustain, hence the more important the development and implementation of well-developed strategies in modern day businesses. This is corroborated by an article on Forbes.com titled *"In Today's Business World, Confronting Information Avoidance Is a Must"* authored by Karima Mariama-Arthur (2017), which concluded that "the upside of acquiring new information is that it can make you smarter and more agile. It can also enhance your ability to make better decisions and contribute to important projects and collaborations at a high level." Organizations around the world are always looking for innovative ways to successfully influence culture by creating a greater sense of shared purpose. Any business venture that wants to grow and thrive must continually organize and strategize.

Global brands are brands that are recognized across the world. Global branding is a result of global consumer culture, a practice recognized by Akaka *et al.,* (2010) as a collection of common signs and symbols that are understood by significant number of consumers around the world. Organizations with intention to build global brands; 1) identifies the relative attractiveness of each market for their brand, and 2) conduct attitude and usage studies in each country in which they consider entering while endeavoring to identify the sequence of brand launch by country/region of the world. Through market immersion and granular understanding of each country/region, they know the category and brand indices in each country in which their brand operates and plan to establish a branding scorecard that can be applied country-by-country. Those in strategic leadership role, within global organizations, collaborate and agree on which decisions are made centrally and which ones are made locally. Through leveraging on research, they heavily invest in understanding, if there are any parts of the brand's identity that won't work in a given geographic market.

This article reviews the role of acquisition as a sustainable market entry strategy for global brand. According to Brundtland Commission of the World Commission on Environment and Development (WCED), sustainable market is the development in a market that meets the needs of the present without compromising the ability of future generations to meet their own needs. Literally, global brands meet the demand of today's market, survive risks threatening its existence and still maintain the capability to meet the need/demands of tomorrow's customers. An unsustainable market is one that cannot continue at its current rate.

The present research takes the form of qualitative review of recent acquisition transactions, particularly in the Middle East. This location is considered ideal and representative of other markets because of the market advancement in recent times. Empirical research indicates that Dubai, Singapore and Japan economies have seen tremendous infrastructural development as a result of the economic boom in these countries. This has resulted in most global brands wanting to enter these markets and enhance their brand image and global dominance.

Review of Context: Acquisition, Global Brands, and Sustainability

Acquisition is a common term used across industries at different times yet its effects has come to affect every industry. It involves a series of activities and methodologies of taking control of a target company in order to achieve specific objectives, mainly generating value for the acquiring firm. Such activities, which vary in steps and priority, sometimes prevent an entity from acquiring businesses for which there is no clear path to achieving a profitable outcome. Under this trend, it is not always about growth; an acquirer must understand exactly how its acquisition generates sustainable value, meeting the needs of today and at least continue to exist as an entity to still be able to meet the needs of tomorrow. And as a result of the complexity of today's business world, value for which an entity is acquired can be any or a combination of the following:

- ✓ Customers Tailing – involves going where the customer is located in order to enhance customer experience and build brand loyalty (Suleyman, 2010).
- ✓ Leverage Technologies – technology has brought significant benefits to businesses (Puranam *et al.,* 2007).
- ✓ Consolidation – this involves benefiting from economies of scale, economies of scope, and cost reduction (Bharti Retail and Future Retail, 2015).
- ✓ Customer Base – encompasses increasing the organization's customer portfolio (Reddy *et al.,* 2018).
- ✓ Talent Value – for the sake of talents in the company to be acquired (Galpin *et al.,* 2019)
- ✓ Competitive up hand – involves taking over a company minimize competition by reinforcing market dominance (King *et al.,* 2016).

These determinants of value creation through acquisition can be summarized through the balanced scorecard (BSC). The BSC is a framework which comprises performance measures used to monitor strategies and objectives of the company. The balanced scorecard is composed of four different perspectives: financial, customer, internal business process, and innovation and learning perspectives. These perspectives are essential in determining value derived through acquisition (Armstrong, 2001).

Piesse *et al.,* (2005) identified the following eight broad reasons for acquisitions (takeover): 1) Efficiency Theory, 2) Agency Theory, 3) Free Cash Flow Hypothesis, 4) Market Power Hypothesis, 5) Diversification Hypothesis, 6) Information Hypothesis, 7) Bankruptcy Avoidance Hypothesis, and 8) Accounting and Tax Effects. *Efficiency Theories* encompasses differential efficiency theory and inefficiency management theory. Acquisitions are a device to improve the efficiency problem of the target firm. The *Agency Theory* focuses on the separation of interests between owners and managers (Jensen and Meckling, 1976). The *Free Cash Flow Hypothesis* deals with the surplus funds required to fund projects with a positive net present value. *Market power* is the extent to which a firm controls the market, giving it a dominant position. *Diversification Hypothesis* deals with conglomerate takeovers, while the *Information Hypothesis* emphasizes the signaling function of firm-specific policies and announcements. *Bankruptcy Avoidance* focuses on a firm's capital structure to avoid unhealthy financial position. Distressed firms consider acquisitions as a survival mechanism (Gilson, 1989). The *Accounting and Tax Effects* deals with financial performance, position, and tax considerations.

In simple terms, acquisition is a form of inorganic growth strategy which involves an organization taking-over another entity as a means to meet its own objectives. Invariably, the acquired company doesn't always have to give up its own objectives. It is oftentimes a win-win situation. Depending on the type of takeover, jobs doesn't have to be lost except changing a few job descriptions or expanding work scope. As indicated above, the reasons behind acquisitions are varied as the number of successful acquisition transactions. An acquirer may see an opportunity to use one of its competitive strengths to takeover another firm. This approach may work if the competitive strength gives the company a major advantage. A company may choose to diversify away from its core business in order to offset the risks inherent in its own industry (Sehleanu, 2014). An acquirer may also have a relatively limited line of products or services, and wants to reposition to be a full-service provider *(diversification hypothesis)*. In some instances, a business may have gradually built up an excellent business within a certain geographic area, and wants to roll out its concept into a new region (Msuedu, 2019). Some companies attempt an industry roll-up strategy, where they buy up a number of smaller businesses with small market share to achieve a consolidated business with significant market share (Shoham *et al.,* 2012).

In many industries, there is one company that has rapidly built market share through the unwavering pursuit of the low-cost strategy by offering a baseline or mid-range product that sells in large volumes, and for which the company can use best production practices to drive down the cost of manufacturing. In most cases an acquirer will be looking for businesses that already have significant market share, and products that can be easily adapted to its low-cost production strategy. A company may see a window of opportunity opening up in the market for a particular product or service. It may evaluate its own ability to launch a product within the time during which the window will be open, and conclude that it is not capable of doing so (Shoham *et al.,* 2012). An acquirer sometimes wants to supplement its product line with the similar products of another company. One of the most likely reasons why a business acquires is to achieve greater growth than it could manufacture through organic growth (Thomas, 2019). One of the more successful acquisition strategies is to examine other businesses to see if there are costs that can be stripped out or revenue advantages to be gained by combining the companies. A company may want to have complete control over every aspect of its supply chain.

A sustainable market can be loosely defined as one that contributes to stronger livelihoods and more sustainable social, economic, and ecological environments (Svensson, 2011). The study of sustainable market has shown the true cost of a business profit is much more than finance-related resource as associated with tradition perception and business practice (Lucio, 2019), though some agree to disagree and vice versa, the concept of sustainability abound. Literally, sustainable business refers to business that can take care of itself over a period of time. Its strategies to make profit and the said profit are enough to meets its short-term and long-term expenses without losing sight of its objectives. An article titled "The Comprehensive Business *Case for Sustainability"* by Tensie Whelan Carly Fink on Havard Business Review (2016) reveals that "Today's executives are dealing with a complex and unprecedented brew of social, environmental, market, and technological trends." As a result, a business is termed sustainable if it cares for its environment as much as it cares for itself. The Corporate Social Responsibility (CSR) concept emphasizes on the need for businesses to pursue economic, ethical, philanthropic, and legal responsibilities.

A market is a group of related business vying to serve a specified group of customers. As a result of market competition, every business implements strategies to out-compete others and thrive. While some leverage logistics management to boost profit maximization, other focuses on increasing revenue in order to gain higher market share. When a market is profitable, it is a direct invitation for other/more players to the same market. Such players could be new players or co-existing players in related, similar or absolutely different field (Tripodo, 1995).

Market entry is better understood from the framework of Porter's five Forces tool. A market without a boarder eventually loses value as market players' entry is easy and endless. With time, the market share is split in bits and pieces. Various industries have seen such market devaluation in recent times. This means a highly competitive market in terms of the number of competing players. Firms in such highly competitive markets mainly depend on innovation to find new ways of creating product of value for customers. Porter's Five Forces is a tool for understanding industry competitiveness and identifying potential profitability in a specific industry. The model was created by Harvard Business School Professor Michael Porter in 1979 and has become one of the most popular and highly regarded business strategy tools. It recognizes that organizations should watch closely, its rivals and encourages entities to look beyond the actions of competitors and examine other factors that could impact the business environment. It identified five forces that make up the competitive environment, and which can erode an entity's profitability: bargaining power of buyers, bargaining power of suppliers, threat of new entrants, threat of substitutes, and competitive rivalry (Norin, 2016).

This article mainly focuses on *threat of new entrants and competitive rivalry*. In conducting industry analysis, it is important to consider the following: How easy is it to get a foothold in an industry or a market, how much would it cost, and ultimately, how tightly is the industry regulated? If it takes little money and effort to enter a market and compete effectively, or if a market has little protection for key technologies, then rivals can quickly enter that market and weaken an entity's position. Alternatively, when a market has strong barriers to entry, a position as key player is preserved to some extent, hence the reason, why existing players, make it difficult for new players to enter their industry. Entry is not outrightly impossible, this is where strategic management comes into play, bearing in mind that whatever entry strategy is relied upon, sustainability of business in achieving its goal is key.

Recent acquisitions have seen large businesses takeover other businesses across continents. With the help of globalization and liberalization policies in most economies, western block firms are breaking international boundaries to enter into previously untapped markets. The form of acquisition strategy takes the form of exporting, licensing, franchising, partnership. And joint ventures (Jaideep, 2016). *Exporting* refers to the process of selling or distributing products and/or services directly is selling directly into the market you have chosen using in the first instance you own resources. *Licensing* is a relatively sophisticated arrangement where a firm transfers the rights to the use of a product or service to another firm. *Franchising* is very common in North American and rapidly expanding to the rest of the world. It works well for unique business model or at least partly unique business model where an external entity is licensed to offer product or services on behalf of the franchiser. Works well for repeatable business model. *Partnering* refers to a form of market entry where organization shares resources and outputs. *Joint Venture* is a 1+1=3 or synergistic process. It involves two companies agree to work together in a particular market, either geographic or product, and create a third company to undertake this. *Piggybacking* refers to approaching a larger company who is already in a market to see if your product or service can be included in their inventory for distribution or/and sales.

This article therefore recognizes that acquisition seems to top the chat both in occurrence and capacity as the sustainable market entry mode for global brands.

2. Literature Review

Agarwal and Ramaswami (1992) reviewed today's business environment in relation to firms with objective of servicing foreign markets as they face a difficult decision with regards to the available choice of either exporting, licensing, joint venture or sole venture. The study's objective was to examine the independent and joint influences of ownership advantages of a firm, location advantages of a market, and internalization advantages of integrating transactions on the choice of an entry mode. The study reviewed Normative decision theory suggesting that the choice of a foreign market entry mode should be based on trade-offs between risks and returns and that a firm is expected to choose the entry mode that offers the highest risk-adjusted return on investment versus behavioral evidence indicating that a firm's choices could be determined by resource availability and need for control (Agarwal and Ramaswami, 1992). Furthermore, entry mode choices are often a compromise among four main attributes: *exporting, licensing, joint venture or sole venture*. The exporting mode is a low resource (investment) and consequently low risk/return alternative. Second mode is the sole venture mode, a high investment and consequently high risk/return alternative that also provides a high degree of control to the investing firm. Thirdly, joint venture mode refers to relatively lower investment and hence provides risk, return, and control commensurate to the extent of equity participation of the investing firm; and the licensing mode is a low investment, low risk/return alternative which provides least control to the licensing firm.

Employing the U.S. equipment leasing industry with a population of 1196 firms in the year 1986 was chosen for this study to focus on the independent and joint influences of these factors on the choice of an entry mode. Using the Multinomial logistic regression model to test the hypothesized effects. The findings of this study imply that though firms would like to establish market presence in foreign countries through direct investment, their ability to do so is constrained by their size and multinational experience. The results support the general belief that firms use investment modes only in high potential markets; suggest that some firms particularly large multinationals may invest in relatively lower potential markets if their strategic objectives necessitate it.

Henry *et al.,* (2001) critically examined issues for firms considering conducting business overseas in the choice of market entry mode. The study examined two most widely used market entry modes: exporting and foreign direct investment (FDIs). The study aimed to study international business experience, immigrant effect, service requirements, and market size as factors on choice of FDI mode. FDI is defined as 'an investment in the form of a controlling ownership in a business in one country by an entity based in another country'. This study clarifies the number of factors which have been suggested by scholars as important determinants of the choice between Exporting and Foreign Direct Investment Modes) by employing a logistic regression analysis method to examine the market entry mode decisions of 124 New Zealand firms operating in a single foreign market (Taiwan). Significant factors identified included product type and proxy experience (firms' experience with Japan), and an "immigrant effect" which impacted on the choice of FDI mode. As an implication, the most significant finding of the study is the "immigrants' effect" on the choice of market entry modes largely because due to their familiarity with the market, firms established by immigrants originating from the host market tend to choose an FDI entry mode. Henry *et al.,* (2001) further concurs that service providers in larger economies such as the United States, due to the nature of their products, service providers from a small economy should consider choosing FDI entry modes even when entering a country which is culturally different from their home country and also confirmed that when direct experience with the host market is absent, firms may use their proxy experience when making the market entry mode decision.

3. Data Collection Method

This article takes the view that acquisition is the sustainable market entry approach for global brands. The article therefore conducts a case study review of two common and recent acquisitions. The entities and global brands are selected because of their financial capacity and intercontinental reach or coverage. Trends has seen acquisition from continent A to continent B – two distinctive economic and business units operating in different business environment yet driven by the profit maximization. Unlike times past where the reason for such moves being survival of the acquired entity or mere opportunity, this market entry mode is a quest for business success in a new market with prospects. This study takes the form of empirical approach supported by other scholastic perspective on the matter with data sourced from various internet sources with credibility on the subject matter.

4. Case Study Reviews

Scenario 1: Amazon - United States Vs. Souq – United Arab Emirates

Amazon

Amazon, owners of Amazon.com, is the world's largest online retailer dominating the e-commerce industry. Originally, Amazon had the theme for distribution of e-books but quickly expanded to sell consumer and digital goods and other services. The entity was founded by Jeff Bezos as Cadabra in 1994 but rebranded to Amazon in 1995. Amazon is headquartered in Seattle, Washington, with software development centers, customer service centers and fulfillment centers around the world. It commands a net worth of over $134.5 billion, managed by the Amazon founder and CEO himself - Jeff Bezos.

As of 2017, Amazon's market share in U.S. was 37 percent, and with exponential increase projected come 2021. A 50% of the entire e-commerce retail market's gross merchandise volume (GMV) is anticipated. Europe, Germany and the UK accounts for over 17% of its total sales 2018 with distribution across 50+ cities and fulfillment by Amazon (FBA) eligible in twenty-six (26) countries. Both countries generated more than $23 billion in revenue 2018 alone. Amazon recently announced a $550 million investment in Italy with integrated plans to open 1,300 new warehouses in the region.

Souq

Souq is the Middle East largest e-commerce platform. Originally, Souq was an auction site linked to internet portal Maktoob. In 2011 Souq.com changed its model e-commerce platform just like Amazon.com. In 2014, Souq raised $75 million courtesy of South Africa-based Naspers, bringing the investment total of Souq.com to $150 million as of 2014 relatively becoming the largest amount raised by any e-commerce business in the Middle East or Arab region. Souq is headquartered in Dubai, the United Arab Emirates, its scope of delivery spreads across the United Arab Emirates, Saudi Arabia, Kuwait, Egypt, Bahrain, Oman, and Qatar. In 2017, Souq produced localized operations in Saudi Arabia, United Arab Emirates and Egypt, with employed staff estimated around 2,500 employees across various technical and operational departments.

The Acquisition

On March 28th, 2017, Amazon.com Inc. confirmed acquisition plans on Souq.com for an unknown value. Wall Street Journal estimated the deal to be worth around $700 million. According to Financial Times, the deal was "understood to be worth more than $650m." while BBC quoted about $650 million. Amazon and Souq announced the launch of Amazon.ae in 2019, which outrightly replaced Souq.com in the United Arab Emirate nearly two years after the US giant's million dollars acquisition of the e-commerce platform.

Discussion of the transaction

Souq is credited for not only proving the viability of e-commerce in the Middle East region, but also in developing best practices in conversion rate optimization. Souq sells a range of goods to neighboring Middle Eastern countries like Bahrain, Oman, Kuwait and Egypt. For Amazon, a global company want to break into the Middle East market, a market already monopolized by souq.com, acquiring customers takes time, effort, investment, patience and an incremental mindset to adapt strategies is the sustainable strategy for its market entry breakthrough in this region. It gives Amazon access to Souq.com's 75,000 merchants, who sell two million products across thirty (30) categories which is key to demand and supply side of its business model.

In addition, Amazon gains access to a successful and refined fulfillment operation, an area Amazon prides itself in, because of its overall strategy of leveraging logistics management for its profit maximization (Goll and Zwiers, 2019). This solves is risk of uncertain if it decided to apply trial and error if it was to begin operation on its own in the Middle East.

The financial benefit is also evident as Amazon inherited the payment gateway, customized to the needs and facilities in the region. If they are to compete with key players, they need a platform that customers are already familiar with and accept cards from financial institutions with ease. This is by leveraging already existing technology in the region, one that would have taken time and further investment to set up from ground zero. This is corroborated by HH Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum said "Amazon's entry into the region reflects the visionary foresight of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President, Prime Minister and Ruler of Dubai, who launched Dubai Internet City in 1999 and adopted the e-commerce and online business legislation of 2002."

Scenario 2: Uber – United States Vs. Careem – United Arab Emirates

Uber

Uber Technologies Inc., (UTI) owners of Uber a multinational transportation network company providing services peer-to-peer ridesharing and ride service hailing. A San Francisco based entity with operations in 785 metropolitan areas globally. UTI was founded in 2009 as Uber Cab by Garrett Camp, the co-founder of StumbleUpon, Travis Kalanick, and Red Swoosh, a startup which is sold for a whopping sum of $19 million in 2007. According to Vox.com, Uber's latest valuation is estimated at $72 billion. Uber is available in major cities around the world operating 24 hours a day, 7 days a week. According to the brand itself, Uber is available in over 600 cities, spread across 65 countries. It has a customer base of an estimated 75 million Uber passengers, served by a total of 3.9 million drivers. Its biggest market is the US amount to approximately 41.8 million users as of March 2018.

Careem

Careem is a UAE transportation network company in Dubai, with operations in over

100 cities, and 14 countries in the Middle East, Africa, and South Asia. Valued at over $2 billion (2018) even though, operation started 2012 as a website-based service for corporate car bookings, rebranded as a transportation network company with car hire for individual everyday use. Careem raised funding estimated at $421.7 million to date with seed investment of $1.7 million led by STC Ventures in 2013 and $10 million in 2014 as Series B round led by Al Tayyar Travel Group & STC Ventures. Series C in 2015 investment estimated at $60 million led by The Abraaj Group. In 2016, $350 million in Series D round based on its $1 billion valuation. Saudi Telecom acquired 10% stake while $200 million was sourced from investors in 2018.

The Acquisition

On March 2019, Uber announced its intent to acquire Careem for $3.1 billion, with a combination payment of $1.4 billion cash + $1.7 billion, convertible notes. Both entities reached an agreement for Uber's acquisition of Careem's mobility, delivery, and payments businesses across the greater Middle East region, ranging from Morocco, Pakistan, Egypt, Jordan, Pakistan, Saudi Arabia, and United Arab Emirates.

Discussion of the transaction

In an article published by Reuters.com titled "*Uber buys rival Careem in $3.1 billion deal to dominate ride-hailing in Middle East*" (2019), David Chao, co-founder and general partner at venture firm DCM and a Careem investor, said it was the "first unicorn exit" in the Middle East, referring to start-ups valued at $1 billion or more, and representative of things to come. The motive behind Uber acquisition is in theory the same with Amazon Souq version of acquisition. Again, we see a global brand from western bloc of the world crossing continent to acquire an Arab start up in a bid to gain market entry. In 2018, Uber refer to the Middle East as an aggressive investment in disclosures to investors and cited it as a reason for escalating losses. As an entity, they incurred a net loss of $891 million in the Q2 of 2018 and Q3 saw the number increased to $1.1 billion. Careem being the dominating player in the region kept its CEO/Co-founder Mudassir Sheikha to spear head Careem and Uber operating as independent brands.

Uber's consolidated its advantage in the region of some 400 million people plus Careem's major markets include Egypt, Jordan, Pakistan, Saudi Arabia, and the United Arab Emirates - as well as in the home of market of the its biggest investor, the SPIF - Saudi Public Investment Fund. It invested $3.5 billion in 2016 just as they are the primary financier of Softbank's Vision Fund, another key Uber investor.

5. Conclusion

In line with Deng (2009), this research tends to support the concept of acquisition as a sustainable strategy for market entry for global brand by reviewing recent cases of global grand acquisition across international boundaries. The acquisition approach as employed by brands like Amazon and Uber is evidence that such model is business sustainable. It eliminates the cost and investment implication of starting afresh amidst complex business terrain. It also speeds up the time requirement for market entry. While this research does not outrightly eliminate other strategies of market entry as discussed in earlier section, it further explains the optimum approach with regards to time, finance and operational requirement of market entry, specifically for global brand. Based on the reviewed case studies, the research affirms that acquisition is a sustainable market entry mode for global brands due to a multiplicity of reasons some of which are: customer trailing, efficiency theory, diversification hypothesis, market power, and accounting and tax effects. These benefits enable a business to organize and strategize in the highly volatile and uncertain business environment. The reviewed case studies show that acquisition requires huge capital investment and due diligence. This calls for well-informed capital budgeting decisions in order to derive the aforementioned benefits.

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The Peter Principle – Reality check for Director Development Programmes

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Abstract

Corporations encounter technical and adaptive challenges that require new knowledge and new skills. However, systematic organizational progression is hindered by the skills stagnation dilemma among corporate directors. Director selection and performance measurement is a topical issue in corporate governance. Organizational members in a hierarchical organization climb the corporate ladder until they reach their level of incompetence (Pluchino *et al.,* 2010). This research article adopts a decision-theoretic perspective to understanding the competence status quo bias on directors - leading to the Peter Principle. According to other scholars, the paradox is that a member who does not meet the prescribed director skills and competencies can perform better at board level. Having the right directors and managers helps in mapping a firm's ultimate destination and examine complex organizational issues. Directors provide important counsel during strategy formulation, rollout, and ongoing adaptation to the changing business environment. Strategic thinking and strategic leadership require that directors question the status quo of not only the organization but their psychological and skills development as well (Schoemaker *et al.,* 2013). To build a leadership alliance, directors should challenge their own and others' assumptions and encourage divergent points of view. This article identified 10 philosophies that should guide director development programmes.

Keywords: *Peter Principle, director, corporate governance, competence*

1. Introduction

Identifying, recruiting and orienting board members are some of the key responsibilities of directors in both private and public organizations. Investing the thought and time needed to determine the desired characteristics and criteria, and then following a process for identifying, recruiting and orienting board members will help ensure that the individuals best suited for the board are appointed. The effectiveness of the corporate governance function depends on acute strategic thinking and strategic leadership by those who assume the governance role. These qualities help corporate leaders to anticipate, challenge, interpret, decide, align, and learn (Schoemaker *et al.,* 2013). There have been increased reports of corporate governance failures in different jurisdictions, and the causes of such failures have been diverse. Could corporate directors have averted these corporate failures? This article submits that having the 'right leadership alliance' is essential to systematic progression in organizations. The 'right leadership alliance' in this context encompasses having a competent or exceptional board that closely collaborates on all matters. This demands an investment in customized, effective and holistic director development programmes. Continuous director development is the *sine qua non* for effective corporate governance because it ensures a reality check on the level of competence among directors in view of the changing business environment.

Exceptional boards and high-performing organizations prioritize the fact that corporate governance, particularly director development, should be informed by the performance and the conformance dimensions. They value an enterprise-wide governance model that embraces shared value and embedded sustainability. Corporate directors are one of the critical assets of any business; hence those who assume the directorship roles and responsibilities should be informed, engaged and effective. It is worth noting that the appointment of directors based on past performance or fulfilling the broad board skills as prescribed in corporate governance codes does not mean that they will be exceptional directors.

The appointment of directors and the continual director development effort of an organization should holistically focus on corporate efficiency and effectiveness. The circular focus on the competencies of directors is essential in driving the performance and conformance dimensions of corporate governance in both private and public institutions. Directorship requires a unique set of skills and values, yet the required skills are not normative but cyclic. Therefore, it is imperative that organizations pay particular attention to these sets of skills and values when appointing and developing leaders. To guard against the negative effects of the Peter Principle among directors, the appointment and director development effort of an organization should be informed by the corporate perspective on the future governance model viz-a-vis the corporate vision and mission. The introduction of purpose in organizations also challenges directors. For a long time, the "vision" was regarded as the main strategic element. It describes the ideal condition of a company in a far-away future and is mostly performance and profit-oriented. The purpose, on the other hand, questions the "why" in the here and now and reveals a clearly more emotional and engaging bond. If the leadership alliance is connected to common purpose, a larger whole is created that is more powerful than the sum of its parts.

This demands discovery and prediction techniques rather than a reliance on broad pedantic rules on director skills and competencies. This process requires openness to cultural change, a particular demand of the current generation of employees, customers, and other stakeholders.

In assessing and developing a director development framework for the 21st

century organization, this article adopts the Peter Hypothesis which states that the competence of a promoted organizational member at the new level could be uncorrelated to that at the previous one (Pluchino *et al.,* 2010). *Could this be the major reason for the increasing corporate governance deficiencies in the modern corporation?* The business environment is regarded to be volatile, uncertain, complex, and ambiguous; hence the necessity of robust director development programmes.

This article seeks to explore the Peter Principle at director level and determine alternative strategies to ensure board exceptionality and drive sustainable organizational effectiveness. As illustrated by the cartoon in Figure 1 below, this is based on the agreement that transmission of competence between organizational levels is not correlated.

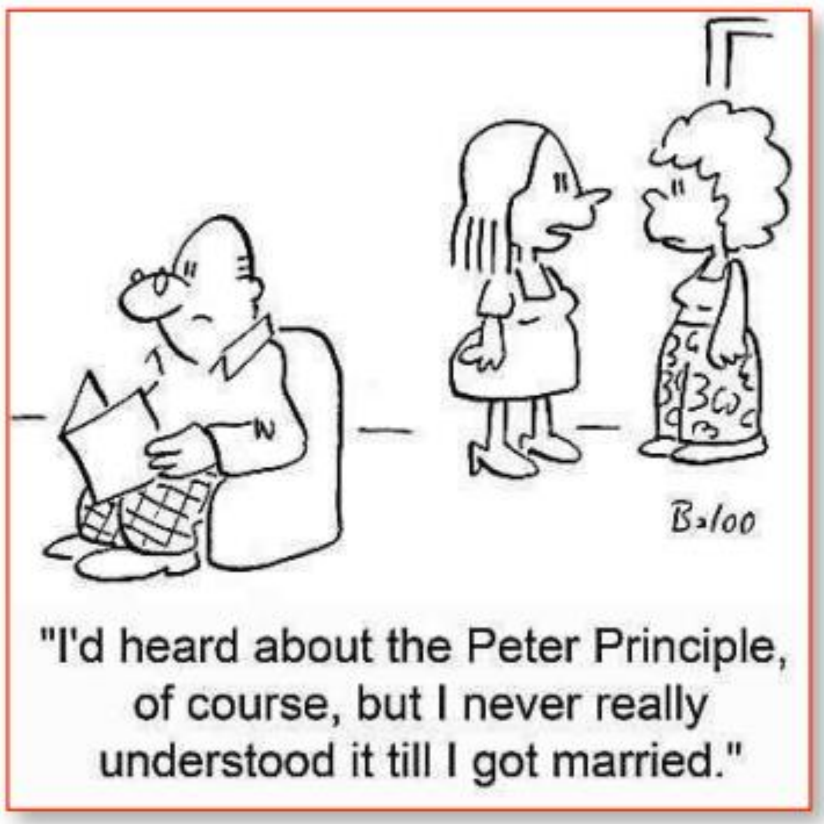

Figure 1: Peter Principles Cartoon

Source: *Anonymous*

2. Article Objectives

This research-based article is informed by the concept of status and personal-standing induced bias among corporate directors as guardians of good governance and stewards of the enterprise (Renjen, 2012). In line with the Peter Principle and psychological and social constraints like self-legitimization pressures in light of ambiguous operating environment and corporate performance, corporate directors are likely to favor the strategic status quo, i.e. not to step in to force a change in the established strategy. Hence, the main objective of this article is to review the Peter Principle in relation to the appointment and development of corporate directors and facilitate systematic progression in organizations. The two main specific objectives of this article are:

- To critically explore the Peter Principle in relation to addressing the current and future governance challenges and the director competence status quo trap; and
- To determine the varying philosophical elements of director development framework that continually enhances the level of competence among corporate directors.

3. Literature Review – Research and Practice Perspectives

Corporate governance refers to the manner in which the affairs of an organization are directed and managed to achieve sustainable value to all stakeholders (Strine, 2010). The outcome of effective corporate governance is a healthy and thriving corporate culture which leads to a high-performance organization. Effective boards build sustainable organizations by supporting managers and other organizational members examine the triggers that might propel the organization and its marketplace beyond the new normal. Directors are also essential in developing business models and exploring promising adjacencies to their current business. The ability to perform these and other board roles require fresh skills that are in sync with the ensuing business environment. This assertion is in line with the Socio-technical Theory, Actor-Network Theory, and Critical Management Studies (CMS). Directors with the right skills have an ability to drive an organization on a path of enduring good. It is imperative to acknowledge that in the absence of proper director development programmes boards become narcissistic, reactive and most likely the Peter Hypothesis takes effect and the organization suffers.

Organizations assess the performance of directors using a number of metrics. The assessment of executives and managers leads to their eventual appointment to directorship or even chairmanship. Directors are responsible for directing the overall progress and success of an organization. The leadership alliance is expected to immensely contribute to the effectiveness of an organization through exploiting their skills, expertise, and knowledge about the industry in which the company operates (Cadbury Report, 1992). Organizations should adopt a rigorous director assessment and development process in order to ensure the firm establishes a strong market position. However, there is the possibility of The Peter Principle Effect after assessing and allocating responsibilities to certain directors. The principle manifests itself in the form of competence status-quo trap and stunted organizational growth.

Competence Status Quo

The status quo trap on directors' professional development leads directors to reach their level of incompetence. The ambiguous nature of the operating environment and firm performance seems to necessitate directors and managers to have an initial preference for the status quo. Ritov and Baron (1990) corroborated this initial preference view for the status quo by suggesting that decision makers tend to prefer *harms of omission* over *harms of commission*, i.e. they prefer to forgo an opportunity over failing in a realization attempt. The initial preference for status quo is robust even when the harms of not acting are significantly greater than the harms of acting. This effect can be further explained by the tendency of decision makers to attend more strongly to risks inherent in change than to the risk of failing to adapt to changes. If perpetuated, the initial preference for the status quo is closely related to the Peter Principle in that it leads directors to seek to maintain their knowledge, skills, and expertise and eventually reach their level of incompetence.

Directors also reach their level of incompetence due to accumulation of specialized executive roles and education. When directors accumulate in-depth knowledge in certain functional track, there is an increased tendency to also develop "skills and competencies specific to that discipline, as well as expertise in the methods and analytical frameworks unique to it" (Geletkanyz *et al.,* 2001). However, Powell and DiMaggio (1991) had earlier pointed out that functional specialization influences the actions and cognitions of decision makers in that they tend to rely on practices and assumptions typical to this discipline to the point where "there may develop over time increasing rigidities in one´s problem solving activities". Beyer *et al.*, (1997) reported in this context that information - although attention is not exclusively restricted to the functional area of the executive, is interpreted narrowly in line with the decision maker's functional specialization. The recognition that corporate governance is a multidisciplinary concept (Li and Nair, 2009) should therefore inform director assessment and development effort of an organization. However, extant director development programmes seem to exclusively focus on the mere cultivation of capacity and efficiency among those at the higher echelons of an organization.

A Run-The-Business (RTB) mindset among the leadership alliance also leads to the directors reaching their minimum level of competence. The RTB mindset focuses on the status quo and lacks innovation capabilities (Chinoperekweyi, 2018). Director Development programmes should take a holistic approach that integrates the Run-The-Business, Grow-The-Business, and Transform-The-Business mindsets.

The Board Skills Matrix

Organizations make use of the board skills matrix as a guide to the skills, personal attributes, knowledge, and experience for the appointment of directors. These skills include governance skills (e.g strategy, risk, policy, finance, IT, international); industry skills (client engagement, technology innovation); and personal attributes (integrity, listening, commitment, critical thinking, leadership). However, as the organizations evolve it is inevitable that the skills, knowledge, and experience required of directors will change. The board roles are extremely complex to rely on a set of predefined skills. Continuous development of directors is a necessity because boards should help managers prospect for new white spaces where green shoots can take root and change the course of the organization (Renjen, 2010).

The skills of directors need to be continuously developed in order to enhance their ability to move the organization to the far more assertive posture of *initiating and driving*. Those directors or managers who reach their level of incompetence tend to be more reactive rather than be able to look beyond the horizon and anticipate emerging threats and opportunities. Renjen (2012) aptly wrote that boards that scan the horizon or 'imagine the unimaginable' can better recognize emerging issues and the potential risks and rewards they carry.

The Peter Principle

The Peter Principle is an **apparently paradoxical principle** advanced based on the Peter Hypothesis. The principle can be summarized as follows:

> *"Every new member in a hierarchical organization climbs the hierarchy until he/she reaches his/her level of incompetence."*

In the absence of continuous personal and professional development, employees reach a certain level of incompetence, and successful work can only be accomplished by those employees who will not have reached their level of incompetence. This research-based article applies the Peter Principle to corporate boards based on the understanding that the business operating environment is constantly changing and there is increasing corporate complexity that demands new competencies. The article focused on directors given the significance of strategic thinking and strategic leadership in driving sustainable growth. Much of the extant literature on board skills specifies the key skills that directors should possess and prescribes that the 'most competent' members be appointed to board roles. An understanding of the meaning of competency makes a huge difference to the manner in which competency standards are used. Defined narrowly, competence involve possessing a series of desirable attributes including knowledge of appropriate sorts, skills and abilities such as problem-solving, analysis, communication, pattern recognition, and attitudes of appropriate kinds. The integrated conception of competence encompasses knowledge, abilities, skills and attitudes displayed in the context of a carefully chosen set of realistic professional tasks which are of appropriate level of generality (Gonczi *et al.,* 1990). The main attributes under the integrated conception of competence are cognitive skills (knowledge, critical thinking, problem-solving), interpersonal skills, affective attributes, and psychomotor/technical skills. Integrated competence situates attributes in the kins of contexts in which they are employed in the practice of an occupation (Hager and Gonczi, 1996).

To be effective, directors should not maintain their competence level (integrated competence) but should randomly develop new competencies in line with the changing organizational needs. This is supported by the circular vision skills of leaders. Corporate governance shortcomings are inevitable when all or some directors maintain their competence level on a linear trajectory. There should be a leadership alliance in order to ensure sustainable organizational effectiveness.

Appointing the best director *(in line with prescribed board skills)* without measures to address the Peter Hypothesis will lead to significant corporate governance deficiencies. This is supported by the study conducted by Pluchino *et al.,* (2010) as summarized in Figure 2 below.

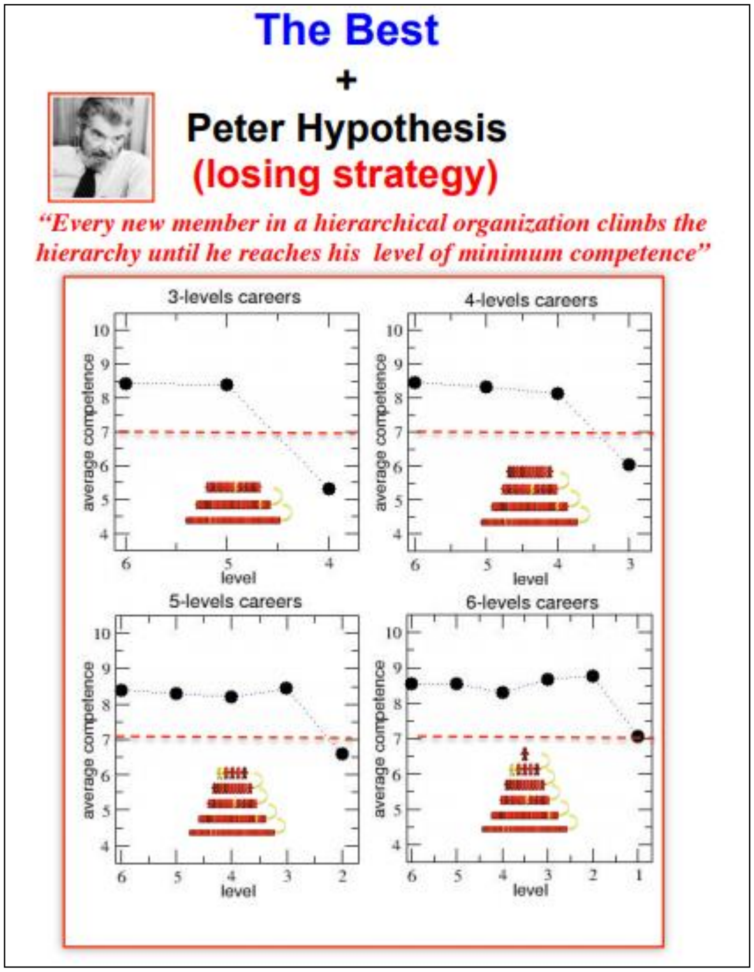

Figure 2: The Peter Strategy (Losing Strategy)

The losing strategy can be equated to the Run-The-Business strategy that dwells on the status quo. The authors indicated that appointing the best plus common sense will lead to a winning strategy as diagrammatically depicted in Figure 3 below.

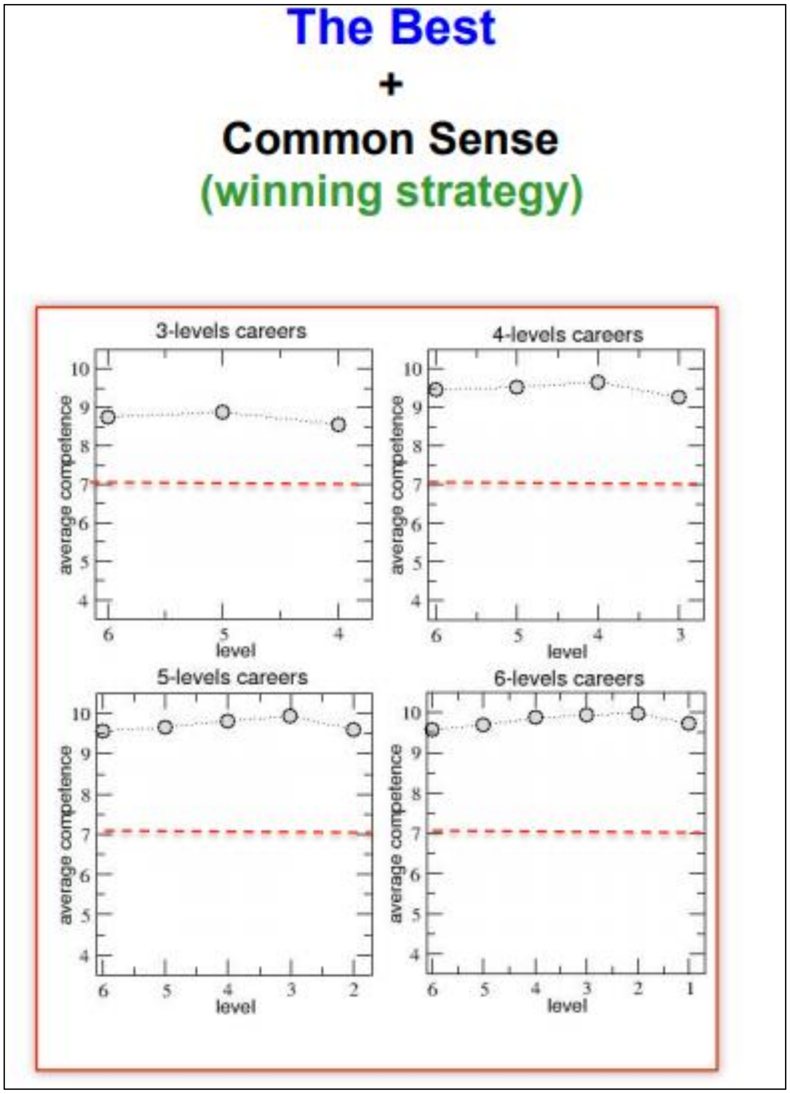

Figure 3: The Peter Strategy (Winning Strategy)

The other winning strategies involves Random plus Peter Hypothesis; Random plus Common Sense; and The Worst plus Peter Hypothesis. The results from Pluchino *et al.,* (2010) therefore show that directors can be appointed randomly and produce favourable results. The random promotions should focus on attitude, dedication, and results. The incorporation of Grow-The-Business (GTB) and Transform-The-Business (TTB) strategies and/or mindsets essential in addressing the shortcomings of reaching the minimum level of incompetence.

4. Director Development Framework

Exceptional corporate boards can be developed by attending to individual directors' leadership skills and capabilities and building a strong leadership alliance. This demands that organizations revisit the conception of an organization from a hierarchical perspective to a circular social structure. To guard organizations against the corrosive effects of directors reaching their level of incompetence, this article advocates for informed and relevant director development models. Director development programmes should primarily focus on altering the perspectives of directors towards continual and sustainable change. This requires understanding the nature of directorship and leadership, core qualities and characteristics of directors, and the fundamental roles and skills of directors. There is need to holistically tap into the form and essence of directorship and ensure these are communicated and embraced by each member of the leadership alliance. Effective governance and quality leadership are crucial factors for the success of any organization. In order to address the problems resulting from the Peter Principle, director development programmes should prioritize developing the multidisciplinary skills of directors. Renjen (2012) identified eight board roles: stewards of the enterprise, model of values and core beliefs, guardian of strong governance, strategist, risk and scenario planner, public face and market maker, custodian of capital markets, and global advocate.

Director development should take a wider view of corporate leadership. Those in leadership positions should enhance their ability to create a shared sense of responsibility for the outcome: to inspire other members and/or followers to make tomorrow better than today and to refuse to accept anything that's barely adequate (Sullenberger, 2012). Sullenberger (2012) further pointed out that genuine leadership encompasses having a clear set of values, intense preparation, lifelong learning, making your actions match your words, creating a culture of trust, and caring for followers.

Corporations encounter technical and adaptive challenges that require new knowledge and new skills. However, systematic organizational progression is hindered by the skills stagnation dilemma among corporate directors. Literature pointed out that one of the main reasons for the director skills stagnation dilemma is overconfidence with the current skills and experience, and positive illusions, i.e misinterpreted perceptions of sensory experience. In context of the Peter Principle and Director Development, overconfidence refers to a tendency to overestimate one's own abilities and outcomes on a given situation. This is also referred to as the *better-than-average effect* (Langer, 1975). The dominance of the overconfidence predisposition among directors facilitates biased perceptions which "may lead to lower perception of risk because individuals who feel certain about decision inputs that are erroneous may not realize the potential for large losses associated with a choice" (Houghton *et al.,* 2000).

Overconfidence among corporate directors also leads to the *illusion of control*. Langer (1975) aptly pointed out that this natural outcome of overconfidence involves an overestimation of the extent to which the decision-maker believes that he can enhance chances of success with his skills. Illusion of control among the leadership alliance is associated with shared positive illusions regarding the current and future performance estimates. This positively influences the evaluation of the chances of success, because directors subject to this bias "…tend not to think of the factors beyond their control that might lead to failure because they have concentrated on aspects of the plan they can control…" (Duhaime and Schwenk, 1985). According to Duaime and Schwenk (1985), the main sources of overconfidence among members of the leadership alliance are psychological effects of high recent firm performance, strong publicity, and high relative compensation. The director development framework should therefore focus on addressing the tendency for overconfidence among corporate directors. This requires raising awareness that this success delusion is a trap and makes it extra hard for leaders to change. It also requires raising the accountability standard and nurturing the spirit of inquiry and continuous improvement among members of the leadership alliance.

5. Method Statement

This research article adopts a decision-theoretic perspective to understanding the status quo bias on the members of corporate leadership alliance. The research is predominantly informed by the Peter Hypothesis and as such seeks to determine the main causes of status quo bias among directors and facilitate conversations on the continuous director development framework for the 21st century organization. The author relied on theoretical and empirical literature in order to understand the main variables of this article. Based on the author's experience in Organization Development, perspectives from the applied domain have also been incorporated in the development of this article. The study focused, not on merely seeking absolute explanations, but in-depth exploration and description of the status quo dilemma or Peter Principle Effect among corporate directors. A qualitative design was adopted in developing this article because it provides opportunities to further investigate the multidimensional issue and gaining deeper understanding on the subject. A deductive approach has been adopted and the author relied on the interpretivist epistemology and the subjectivist ontological position. The approaches adopted by the author in this article are explanatory, exploratory, and descriptive in order to make valid recommendations.

6. Insights, Recommendations and Conclusion

Directors are key players in modern organizations and as such should engage in intentional change efforts that lead to purposeful enactment. Explained below are the fundamental aspects for effective director development effort targeted at enhancing directors' intentional change effort and purposeful enactment.

Promotion of Diversity

One essential key to avoiding the effects of the Peter Principle is for organizations to promote diversity and inclusion. This is one of the much discussed concept or principle of corporate governance, yet it seems organizations are not tapping into the benefits that come with its adoption. In the current context, the justification for promoting diversity among directors is based on the claim that inclusion and diversity policies create better decision-making processes in the organization, greater creativity and innovation, and increased business competitiveness (Cox, 1991).

Psychological Development

According to Russel N. Cassel in an article *'A description of certain psychological dimensions in leadership development'*, there are five main dimensions to leadership development. This first dimension is *leadership image*. Most directors suffer from the impression management dilemma that clouds out their authentic abilities. To correct this draining and disturbing dilemma, director development programs should prioritize the following six major attributes in leadership: personal integrity, consideration of others, good mental health, technical information, decision making, teaching and communications. The second dimension is the *leadership decision pattern*. It is essential to enhance the directors' understanding of their decision pattern and emphasize the need for flexibility. This entails autocratic aggressive, autocratic submissive, democratic cooperative, laissez-faire. The third dimension is that of *critical thinking and creative problem solving*. This entails the ability to separate *'chaff from the wheat'*. Directors should be able to discern the critical, develop hypotheses, and test reality. The fourth dimension to leadership development is that of understanding the *art of leadership*. This includes a very dynamic and elusive personality variable that varies from situation to situation, and from time to time. The fourth dimension requires group cohesion, engendering cooperation, delegation of authority and responsibility, and technical mastery. The fifth dimension is that of unconscious motivation and personal feelings. In this dimension sentiments produce action, sentiments subordinate perceptions, secrets distress feelings, and self-imagery and appeal are important.

Directors encounter new situations and as such require measures and decisions never explored before. This demands creativity as determined through sensitivity to problems, fluency of ideas, flexibility, originality, redefining and rearranging, analysis and ability to abstract, synthesis and closure, and coherence of organization. Directors also need social insight that is obtained through getting along with others and followers.

Nurture Entrepreneurial Proclivity

The growth and development of the modern organization relies predominantly on its appetite for innovation, risk taking, and agility. These dimensions of organizational success require nurturing entrepreneurial proclivity among members of the leadership alliance and all other corporate members. The concept of entrepreneurial proclivity has been borrowed from a research by Matsuno, Mentzer, and Ozsomer (2002). The authors defined this concept as "the organization's predisposition to accept entrepreneurial processes, practices, and decision making, characterized by its preference for innovativeness, risk-taking, and proactiveness". Promoting entrepreneurial proclivity rather than the status quo trap among directors facilitates organizational renewal and the disruption of the existing equilibrium. Directors need to rise above the fear of challenging the existing equilibrium and actually engage in entrepreneurial endeavors. Nurturing entrepreneurial proclivity facilitate organizational members' willingness and ability to engage in learning activities, recognize the need to reduce undue uncertainty, and take calculated risk.

Foster Market Orientation

Market orientation should be a top priority in director development programmes. Market orientation relates to organizational behaviours and processes related to the external market environment. Market oriented firms are well positioned to anticipate and respond to the emerging needs of the market and have a capacity to successfully innovate. This view is in line with the Fitness Landscape Theory and helps directors in assessing strategic direction and monitoring performance. Market orientation facilitates the discovery of new insights and understanding of the operating environment.

Action Research and Action Methods in Directorship

Directors need to embrace action research and action methods in conducting their roles and responsibilities. The elements of action research and action methods are summarized in the Figure below.

Action research*	Action methods†
Critical; evaluative	Investigative; focus on discriminating analysis and informed body-mind cognition
Participatory; collaborative	Each person is treated as a creative genius; psychodrama was devised as a group method
Empowering; emancipatory	Expands psychological and social functioning; focuses on creativity and spontaneity
Active	Involves dramatic techniques, interventions, and group members taking initiative
Systematic; cyclic	Practice informed by theory; involves phases of production, investigation, and intervention
Reflective	Use of sharing and mirror techniques; theory and knowledge informed by practice

*Summarised from Melrose (2001), Reason & Bradbury (2001) and Zuber-Skerritt (1996).

†Summarised from Clayton (1992, 1993, 1994) and Moreno (1946, 1953).

Adapted from: Carter (2002)

The adoption of action research and action methods leads to learning organizations. These approaches also support effective change and development. Organizations become aware of their internal and external environments. The components, techniques and perspectives of action research and action methods require that directors radically shift from problem-orientation to possibility seeking mindsets.

Coaching

Nicole Heimann pointed out that even successful coaches need a coach – or better said "want" a coach. Like a surgeon cannot operate on himself, a coach cannot coach himself either. We are all human beings and no-one can see their own blindspots. Directors should not merely focus on providing coaching activities or succession planning, but should be open for coaching from other members. This helps in gaining new insights, altering perspectives, allows leadership growth individually and as an alliance. In addition, through leading by example, it creates a coaching culture in the organization.

Improving leadership efficiency by coaching should be a top priority for the leadership alliance. It creates a powerful synergy with a common focus on continually improving their competencies, producing results and it influences the corporate culture in an empowering way.

The Proposed Director Development Programme

Based on the review above, this article proposes the following eight philosophies to guide director development programmes.

- *Fundamentals of Corporate Governance and Corporate Strategy* – the continuing professional development programme for directors should incorporate the basics of corporate governance and corporate management from both the conformance and performance dimensions. The adoption of the enterprise governance perspective is fundamental to help directors evaluate the pedantic rules-based approach and the principles-based approach. To address the Peter Principle dilemma the basics of corporate strategy should be incorporated since it forms the main outcome to be derived through strategic thinking and strategic leadership.

- *Environmental Scanning and Action Learning Methodologies* – it is imperative that directors appreciate that failure to understand the business operating environment leads to corporate failure. The business environment is surely volatile, uncertain, complex, and ambiguous and as such environmental scanning methodologies should be implemented. The environmental scanning methodologies should be supported by action learning in order to alter perspectives and facilitate directors' continual competence development. Critical Management Studies (CMS) should also inform this discipline. CMS supports continual director development through its three key elements: *denaturalization, reflexivity, and (non)-performative element.*

- *Strategic Foresight* - strategic foresight methodologies are essential to the success of directorship today. Directors need to leverage on such foresight tools as scenario planning and Natural Foresight in order to keep abreast of the changing business environment. As stated by Salvatico and Spencer (2019), the power of strategic foresight lies not primarily in its tools and methods but in its ability to alter perspectives. Strategic foresight therefore addresses the Peter Hypothesis dilemma through reframing the organizational processes. This can be achieved through Career Development element in order to facilitate Career Foresight among directors.

- *Sustaining Continuity* – the sustaining continuity discipline or philosophy helps to deal with the overconfidence dilemma, particularly the illusion of controllability among the leadership alliance. Wishful thinking, denial and other forms of avoiding reality are deeply embedded in most organizational cultures. Sustaining Continuity should be supported with the continual planning process of Natural Foresight *(Discover, Explore, Map, and Create)* (Salvatico and Spencer, 2019) and Appreciative Inquiry. This philosophy should incorporate bio-empathy and shared value perspectives.
- *Decision Support Systems and Business Intelligence* – directors are involved in relentless decision making activities. In order to keep pace with change, the adoption of nascent decision making technologies is fundamental to any director development programme.

- *Mentorship, Coaching, and Facilitating Change Interventions* – an article by Moeti and Amora (2019) identified the leadership competencies for the 21st century. These competencies include agility, emotional intelligence, integrity, team building, and awareness of the global environment. Quoting Trilling and Fadel (2009), the authors further pointed out that emerging leaders should display information processing, project management, and business and political acumen. The contemporary leader should be consistent and authentic, show incredible drive, and produce positive business results. The demonstration of innovation, creativity and critical thinking is essential among emerging professionals or leaders.

- *Social Networking* – social networking philosophy is fundamental to solidifying individual and group efficacy. The leadership alliance should be guided by collaborative working with a focus on discovering new insights and any promising adjacencies. Directors should leverage on internet-based social media sites such as Facebook, Instagram, Twitter, LinkedIn to grow their businesses.

- *Structured and Integrative Risk Governance* – risk management is a core function of modern organizations. Directors need to enhance their capability to identify and comprehensively manage risks. This cannot be done when one reaches their level of incompetence. The director development programme should therefore be informed by the understanding that directors play an essential role in reviewing and guiding corporate policy and ensuring the implementation of an appropriate risk management and governance system. The risk governance systems should prioritize the ex ante identification of risk so as to avoid the overconfidence dilemma. This should be supported by the Fitness Landscape Theory in order to discover and predict new insights, understanding, and relationships. In ensuring effective and structured risk governance, directors should focus their efforts beyond the four main categories of business objectives: strategic, operations, reporting, and compliance. A structured, holistic and integrative risk management approach based on Systems Thinking and Appreciative Inquiry should be adopted at all times in order to effectively identify and manage adaptations and interactions of risks. Risk convergence is essential in enhancing the risk management process and managing complexity risk in dynamic systems. This is a process of integrating different risk functions to streamline risk management.

- *Management Innovation* – In the OLDQ Vol. 1, Issue 1; I wrote that "management innovation is a strategic and operational imperative to support disruptive business models and revolutionize the entire business environment. Management innovation exhibits management's propensity to enhance business growth and sustainability through the adoption of proactive rather than reactive methodologies to resolving the complex organizational issues. The adoption of the proactive methodologies should be supported by a constant monitoring of the implementation process to ensure highest levels of distinctiveness-towards revolutionizing operations and as such leading transformation, growth and development". Director development programmes should incorporate management innovation in order to promulgate sustainable growth in organizations.
- *Organizational Reengineering and Transformation* – directors need to recognize that relying on tradition or the familiar is not feasible in a VUCA environment. R&D should be a top priority in any director development programme in order to nurture and sustain innovativeness. Reengineering mindset helps to ensure strategic alignment and the attainment of business results. Reengineering destroys comfort zones because it challenges all aspects of how business is done. The punishment of status quo mentality in business can be seen through increased costs, customer complaints, increased waste, loss of market share and so on. Therefore, facilitating organizational reengineering and transformation

is fundamental to sustainable growth.

Conclusions

"In a world of wrenching change, the most valuable human capabilities are precisely those that are least manageable: nerve, artistry, elan, originality, grit, non-conformity, valor, daring-to do. These qualities create value." Organizations should be capable of spontaneous renewal by ensuring the electric current of innovation pulses through every activity. This research article focused on exploring the Peter Principle in directorship. The article has been informed by the understanding that the strategic thinking and strategic leadership roles of directors cannot be executed effectively when directors perpetuate the status quo (Schoemaker *et al.,* 2013). Corporate directors need to constantly challenge their own and others' assumptions and encourage divergent points of view. The director appointment and promotion activities in modern organizations should be informed by a structured director development programme that addresses the technical and adaptive challenges in organizations. Directors should therefore be informed by the Run-The-Business (RTB), Grow-The-Business (GTB), and Transform-The Business (TTB) service investments. To drive effectiveness, directors should prioritize psychological development, nurture entrepreneurial proclivity, facilitate market orientation, and adopt action research and action methods in directorship. This article therefore proposes a ten (10) discipline, or rather philosophies that should guide director development programmes. These philosophies should support the enterprise governance dimensions of conformance and performance.

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Harnessing Environmental Sustainability and Sustainable Development Goals (SDGs) to drive Economic Transformation: An Empirical Review

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Abstract

The environmental sustainability issue has assumed the status of global concern, thereby mobilizing civil society organizations, media sectors and governments around the world to find sustainable solutions. The global community has many challenges to be addressed with respect to the environmental issue in a world characterized by high modernity, risky society and the context of global environmental changes. The Sustainable Development Goals (SDGs) complement the economic sustainability efforts towards driving economic transformation. The key aspect to global environmental concerns is to empower organisations, governments, local authorities and all prospective stakeholders to embrace environmental sustainability and harness Sustainable Development Goals (SDGs) considering them as strategic solutions to curb current global trend of rapid growth of population, poverty, urbanization, industrialization and several related factors that contribute to poor economic performance. This article seeks to advocate for the practical adoption of Environmental Sustainability and Sustainable Development Goals (SDGs) by all stakeholders and the call for embedding SDGs in policy formulation and implementation at all societal levels. Once, a government, local authority or any stakeholder is enlightened to harness the concept of Environmental Sustainability and Sustainable Development Goals (SDGs) – the main result will be socio-economic transformation. The article reviews the importance of harnessing environmental sustainability and SDGs and to present a *"walk-the-talk"* paradigm to policy making and implementation.

Keywords: *environmental sustainability, sustainable development goals, economic transformation*

1. Introduction

A country's environmental problems are related to the level of its economic development, the availability of natural resources and the culture of its population.[1] Environmental problems have become serious in many parts of the world, and hence cannot be ignored. *Flora and Fauna* management issues continually change over time in response to co-evolving social, political, technological, economic and ecological systems. Under these rapidly changing conditions adaptive approach, or 'learning by doing', offers an opportunity for more proactive and collaborative approaches to resolving environmental problems.[2] However, because environmental issues are generally characterized by conflicting socio-economic perceptions, it is often difficult to ensure adequate stakeholder participation in initiating action that ensures subsequent change 'on-the-ground'. It is against this background that this article seeks to highlight environmental sustainability agenda and SDGs as universal solutions that can be shared and personalized by policy makers to drive socio-economic transformation. This article is an effort to encourage mutual collaboration in promoting environmental sustainability.

This article recognizes the significance of upholding bio-empathy as a key value in organizational performance and economic transformation. There is great need for individuals and organizations to appreciate environmental sustainability and to recognize it as a high priority agenda in international socio-economic forums and policy formulation. The word harness is derived from a combination of two Anglo-French words *herr* (army) + *nest* (provisions) this word *'hernest'* was first used in the 14th century to define the act of using something for a particular purpose. In the present context, the ability to adopt environmental sustainability and SDGs is essential for socio-economic transformation. The environment refers to the complex physical, chemical, and biotic factors (such as climate, soil, and living things) that act upon an organism or an ecological community and ultimately determine its form and survival. It is the aggregate of social, cultural and economic conditions that influence the life of an individual or community.[3] Environmental sustainability is concerned with whether environmental resources will be protected and maintained for future generations.[4]

Sustainable Development Goals (SDGs) are a collection of 17 global goals *(refer to Table 1 below)* set by the United Nations General Assembly in 2015 for the year 2030. The SDGs are part of Resolution 70/1 of the United Nations General Assembly, the 2030 Agenda. The 2030 Agenda for Sustainable Development provides a shared blueprint for peace and prosperity of people and the planet, now and into the future. The 17 Sustainable Development Goals (SDGs) are an urgent call for action by all countries - developed and developing - in a global partnership.[5] Most countries recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve oceans and forests. Sustainable Development Goals are a stratagem to resolving environmental issues, poverty alleviation resulting in enhanced economic performance.

Our planet is plagued by environmental problems that deplete natural resources and strain livelihoods, many of which are exacerbated by poor industrial and/or organizational practices. If left unchecked, environmental problems negatively impact businesses both directly, as in supply chain disruptions; and indirectly, as in health hazards that lead to loss of man-hours and efficiency. Based on SDGs, this article elaborates on a set of solutions that policy makers and businesses need to adopt in order to achieve embedded sustainability and long-term financial viability.

Environmental sustainability is mainly concerned with the issues illustrated in Figure 1 below.

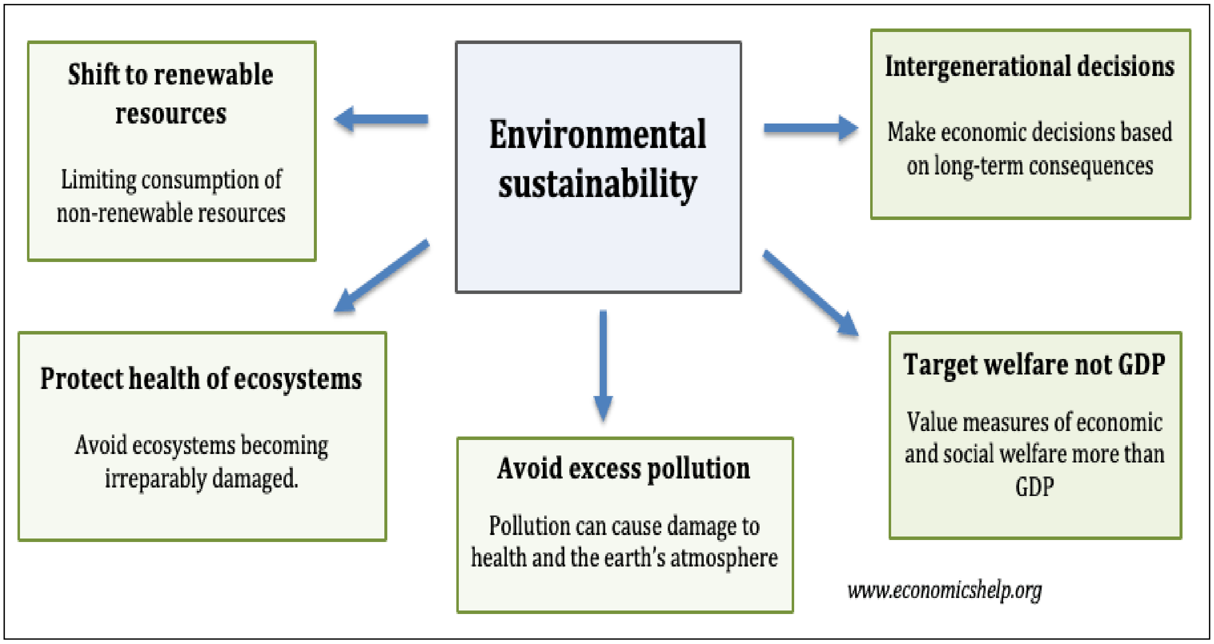

Figure 1: Environmental Sustainability Issues

The issue of **long-term health of ecosystems** encompasses protecting the long-term productivity and health of natural resources to meet future economic and social needs, e.g. protecting food supplies, farmland and fishing stocks. **Intergenerational decision making** emphasizes the need for individuals, organizations, and societies to make decisions that are informed by the implications on current and future generations. For example, burning coal gives a short-term benefit of cheaper energy, but the extra pollution imposes significant fiscal and social costs on future generations. The shift to **renewable resources** involves diversifying into energy sources that do not rely on non-renewable resources, e.g. solar and wind power. This will in-turn present an opportunity for entrepreneurs and business organisations to exploit for and gain humongous profits and increase GDP for their respective countries. It is also important to ensure **protection of species diversity and ecological structure.** For instance, this is in appreciation of the fact that plants are a pharmaceutical raw material. If some species go extinct, it limits future pharmaceutical innovation. All economic players should also **recognize intrinsic rights and value of environmental resources.**[6]

This article also discusses Sustainable Development Goals as well as provides inspiration to individuals, businesses and governments to purposefully harness Sustainable Development Goals in order to promote a sustainable environment to drive socio-economic transformation. The adoption of SDGs will eradicate poverty - resulting in significant social and economic benefits for organizations and societies.

At organizational level, SDGs adoption improves general health of workers and boosts moral at the workplace – resulting in high performance and increased productivity. The SDGs present favorable opportunities to enhance innovation and creativity. Sustainable Development Goals encourage the emergence of opportunities in alternative energy, recycling, construction, agriculture and food processing, research institutions, educational institutions, just to mention a few. If businesses tap into the vast wealth deeply embedded in SDGs implementation, the benefits include high profits and exponential growth (growth in terms of expansion, development, and change management).

The Emergence of Sustainable Development Goals (SDGs)

Literature from the United Nations indicates that a cumulative global environmental threat led to the emergence of **Sustainable Development Goals** (**SDGs**). The Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA) provides substantive support and capacity-building for the SDGs and related thematic issues, including water, energy, climate, oceans, urbanization, transport, science and technology. DSDG plays a key role in the evaluation of UN system-wide implementation of the 2030 Agenda and on advocacy and outreach activities relating to the SDGs. In order to make the 2030 Agenda a reality, broad ownership of the SDGs must translate into a strong commitment by all stakeholders to implement the global goals.

Most UN General Assembly member states have embraced the SDG paradigm and are creating policies and initiatives that advocate for socio-economic transformation. A localized approach has been proposed to increase efficiency in the implementation and achievement of SDGs.[7]

To clarify the plight of environmental sustainability, Table 1 summarizes 17 Sustainable Development Goals.

Table 1: Sustainable Development Goals (SDGs)

	Sustainable Development Goals	**Explanation**
1.	No poverty	End poverty in all its forms everywhere.
2.	Zero Hunger	End hunger, achieve food security and improved

		nutrition and promote sustainable agriculture.
3.	Good Health and well-being for all at all ages.	Ensure healthy lives and promote well-being for al at all ages.
4.	Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5.	Gender Equality	Achieve gender equality and empower all women and girls.
6.	Clean Water and Sanitation	Ensure availability and sustainable management of water and sanitation for all.
7.	Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all.
8.	Decent Work and Economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9.	Industry, Innovation Hunger and Infrastructure	Build a resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.
10.	Reduce inequality	Reduce inequality within and amongst countries.
11.	Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient and sustainable.
12.	Responsible consumption and production	Ensure sustainable consumption and production patterns.
13.	Climate Action	Take urgent action to combat climate change and its impacts.
14.	Life below water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15.	Life on Land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16.	Peace, Justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build

		effective, accountable and inclusive institutions at all levels.
17.	Partnerships for the goals	Strengthen the means of implementation and revitalize the global partnership for sustainable development.

The SDGs are the *'somum – bonum'* of sustainable development while simultaneously ensuring enhancement of organisational performance and fueling socio-economic development. It is extremely appropriate that the SDGs and their respective 169 targets must be adopted at all levels - *Global, National and Subnational levels*.[8] In the pursuit of environmental sustainability agenda and overall economic transformation, SDGs need to be adopted as strategic benchmarks of performance. If SDGs are adopted, the answer to all environmental challenges will be satisfied and the economy prospers. There is need to illuminate an applicable approach that can be adopted in order to accelerate progressive achievement of SDGs on a global scale.

Localization of SDGs

"Localizing" is the process of taking into account sub-national contexts in the achievement of the 2030 Agenda, from the setting of goals and targets, to determining the means of implementation and using indicators to measure and monitor progress. Localization relates both to how the SDGs can provide a framework for local development policy and to how local and regional governments can support the achievement of the SDGs through action from the bottom-up. Localization fosters the implementation of tailor-made solutions to resolve any environmental challenges and thereby promoting a sustainable environment in any specified locale. For example, SDG 11 on sustainable cities and human settlements is the lynchpin of the localizing process. It is reported that its inclusion in the 2030 Agenda is the fruition of the advocacy work of the broad urban community (particularly local and regional government associations) and is also a result of the growing international recognition of the importance of the sub-national dimension of development [Stephenson, 2013]. [9]

It is interesting to note that since the UN Conference on Environment and Development in Rio de Janeiro, Brazil, in June 1992, local governments and civil society have gained a wealth of experience on how to translate the Agenda of Rio de Janeiro into practice at local level. The achievement of the SDGs depends, more than ever, on the ability of local and regional governments to promote integrated, inclusive and sustainable territorial development. As stressed in the Synthesis Report of the UN Secretary General, "many of the investments to achieve the sustainable development goals will take place at the sub-national level and be led by local authorities." Sub-national governments are policy makers, catalysts of change and the level of government best-placed to link the global goals with local communities."[10]

Building a national consensus

All levels of government should work to build a national consensus that places the SDGs at the epicenter of national, regional and local development. Sub-national governments should be **proactive in resisting top-down approaches** that reduce their role to implementing priorities decided unilaterally by their central governments. Local and regional governments should seek to ensure that the process is bottom-up, and that local needs, priorities, and expectations to frame national strategies. Local and regional governments will be more influential if national governments all over the world are launching SDG-based national development strategies or aligning their existing plans with the SDGs.

It is important that an enabling environment be built to facilitate the localization process, thereby achieve socio-economic transformation. The review of literature indicates that an enabling environment for the localization of SDGs includes:

- *A legal and political framework* that guarantees democracy and respect for human rights.
- *A legislative body and level of decentralization* that recognizes local and regional governments as an autonomous level of government with legal powers, financial autonomy, clearly defined roles and responsibilities and the capacity to defend the voice of citizens before national authorities.
- *Multi-level governance* mechanisms and multi-stakeholder partnerships.
- *Recognition of the need to make financial transfers* from the central government to local and regional governments in order to correct imbalances between the tasks assigned to them and their limited resources.
- *Capacity building* of local and regional governments in relation to the SDGs, empowering them to maximize their contributions, even in the face of limited competencies.
- *Measures to monitor and assess the performance* of local and regional governments, as well as to support them to improve over time.[11]

There are five key elements to the process of localizing SDGs which individuals, organizations, and societies need to embrace.

1. **Awareness-raising**: getting to know the SGDs at a sub-national level

SDG awareness-raising is the *'sine qua non'* for SDG implementation and socio-economic transformation. The role of local and regional governments in increasing citizen understanding and ownership of the SDGs cannot be overemphasized. National and sub-national governments, civil society organizations, the private sector, academia and individual citizens should all be involved in the implementation and monitoring of the SDGs. Awareness-raising campaigns should be carried out at both national and sub-national levels, mobilizing and building partnerships with different local stakeholders, bringing together all sectors of society, boosting their participation and ensuring that diversity is embraced (drawing knowledge, legitimacy, participation and enhanced effectiveness from local people of all cultures, genders and origins). At local levels, elected leaders, in particular, have a democratic mandate to lead local development and should be held accountable by citizens if they fail to do so. Such democratic accountability is a powerful tool to drive the achievement of the SDGs at local level. Awareness-raising is also about empowering local citizens to participate in the achievement of the SDGs in their daily lives. Municipal and regional governments should contrive mechanisms that enable citizen participation and institutional accountability.

2. **Advocacy**: including a sub-national perspective in national SDG strategies

Local and regional governments participate in the definition of national SDG strategies. It is important to advocate for national strategies to reflect the needs and concerns of local and regional governments and the stakeholders and citizens in their territories. Some of the activities to support the advocacy role include: a) gathering evidence from different stakeholders to support the advocacy messages of local and regional governments; b) call for an enabling environment at national level based on decentralization and good governance; c) promote multi-level and multi-stakeholder partnerships for better cooperation; d) channel local priorities in the definition of national strategies and institutional frameworks provide a voice for local and regional governments in national dialogues, calling for an enabling environment for the localization of the SDGs; and e) continue advocacy for a voice and representation for local governments in the international arena.

3. **Implementation**: taking the SDGs paradigm to local initiatives

Local and regional governments need to establish priorities relating to the 17 SDGs based on local contexts, needs and resources. The aspect also requires the identification of needs by analyzing existing plans and programs and setting priorities through multi-level and multi-stakeholder mechanisms; placing particular emphasis on inter-regional, inter-municipal and municipal-regional cooperation in order to involve as many actors as possible Identify and build on synergies and links with national SDG strategies. There is also need to identify the actions and resources needed to implement priority areas of the SDGs and to draft an ad-hoc SDG-based plan for their territory or align existing plans with the SDGs.

4. **Monitoring:** keeping the progress in check

This involves the continual process of evaluating and learning from our experiences and making necessary adjustments and improvements.

5. **Where do we go from here?** - working with the future in mind

Going forward, it is essential that the awareness-raising, advocacy, implementation and monitoring of the

SDGs at local level be a continual and evolving practice. A system that ensures continuity of drawn strategies will guarantee consistent growth and sustainable development.

Examples of initiatives that have been undertaken to promote SDGs

The Belarus Express

The UN70 Belarus Express for the Sustainable Development Goals was organized by the **Government of Belarus** in October 2015. This was a creative approach to raising SDGs awareness using a train decorated with 17 SDGs. During the journey, the train attracted thousands of visitors and offered a rich program of activities to bring the UN and the SDGs to the people at each of its stops. On-board and on-site events included guided tours, lectures, workshops, debates, movie screenings, concerts, dance performances, talk shows, flash mobs, culinary fests and activities for children and adults. In addition, the Executive Committee Chairman of each region along the way signed a Declaration of Commitment to the Sustainable Development Goals.[12]

The Global Goals Municipal Campaign in the Netherlands

About half of the municipalities in the Netherlands participated in the campaign: they communicated and raised awareness about the SDGs, facilitated the participation of local stakeholders, examined their own policies to align them with the SDGs and exchanged practices with other municipalities both within and outside of the Netherlands. The international cooperation agency of the Association of Netherlands Municipalities (VNG International) drew up a 'Menu of Inspiration', which provided ideas to municipalities on the actions they can take for each of the SDGs. Through a 'Time Capsule', which is traveling around the country, mayors and their populations, schools, municipal councils and other stakeholders, express a wish for 2030 and thus engage in a dialogue on what the municipality needs to do to achieve a sustainable future.

South Africa

The South African National Ministry for Human Settlements launched a review of the entire regulatory framework relating to integrated human settlements in view of SDG 11 on sustainable cities and human settlements. The country's local government association, SALGA, participated in a series of consultations with municipalities to inform them about the new policy and accompanying laws. SALGA has also contributed to Africa's position on the policies and priorities of Habitat III. SALGA also works with the Ministry for Cooperative Governance and other key ministries on finalizing the Integrated Urban Development Framework to unlock the potential of South African cities. National associations of local and regional governments have an important task in facilitating the participation of local and regional governments in the development of national strategies so that they reflect and respond to local circumstances, needs and priorities. If local and regional governments have a sense of ownership of the SDGs and a role in determining their roles and responsibilities, their involvement in implementation will be greater.[13]

Colombia: Multilevel Dialogue for the SDGs

In 2015, the Government of Colombia created the High-level Inter-Institutional Commission for the Preparation and Effective Implementation of the Post-2015 Development Agenda and the SDGs. The Commission comprised representatives of the ministries of foreign affairs, finance, and environment, and the departments of the presidency, planning, statistics and social prosperity. Colombia aligned SDG initiatives with the President's Office in order to ensure commitment at the highest level. Local and regional governments, as well as ministries, civil society organizations, academia and the private sector participate in the Technical Committees and Work Groups of the Commission. All these institutions contributed to the readiness, ownership and commitment to implement SDGs.

Ecuador's multilevel governance approach

Ecuador has promoted the establishment of integrated local development systems which allow the national government and the decentralized autonomous governments (DAGs) to coordinate initiatives on issues such as the transformation of modes of production, the effective localization of public policies and investments, and the appropriate management of international development cooperation initiatives. [14]

Strengthening Capacities to mobilize resources in Elmina (Ghana)

The city of Elmina piloted a project that aims to improve the local government's capacities in taxation. The toolkit, developed by VNG International, includes activities to strengthen capacities in finance and investment, perform local legal and organizational assessments, commit to high management and transparency standards, and hold information campaigns to involve local stakeholders and explain what they are paying taxes for. The pilot project in Elmina had very positive results: comparing the local tax results, the amount of properties assessed and taxed nearly doubled, the taxable value increased by 11 times, and the total amount collected grew twentyfold.

Decentralized cooperation in Maputo (Mozambique) to achieve SDG 8 on decent work and economic growth

In 2012, in the framework of the localization of the decent work agenda, the ILO, UCLG and the city of Maputo organized a learning exchange in the Mozambican capital about the informal economy, particularly the conditions of informal vendors. The main guests were the cities of Durban, Belo Horizonte and Porto Alegre, who had the opportunity to share their extensive experience in the field. Other Mozambican cities, international organizations, NGOs and the private sector were also invited. The learning exchange resulted in the adoption of a roadmap on South-South and Triangular Cooperation for local governments and was followed by a series of technical visits and training sessions in

2013. Durban transferred its experience to informal vendors and municipal officers, while Belo Horizonte shared its expertise on the support of local economy and urbanization. The exchange demonstrated the strategic importance of food markets for local economic development, poverty reduction and cultural diversity, as well as the need for a local government South-South cooperation program. Since then, further peer-learning projects have been held in Barcelona, Lleida, Chefchaouen, Pasto and Borgou.[15]

The reviewed case studies confirm that a sustainable environment is a prerequisite for socio-economic development. For example, the viability of agriculture depends on the condition of its ecological foundation, including healthy off-farm and on-farm biodiversity. Fish harvests are similarly underpinned by an ecological basis including healthy coral reefs and delta ecosystems which provide vital habitat for fish and their associated food web.[16]Nature also provides basic inputs to the economy such as water, building materials, energy and fuels, textiles, productive soils, navigation routes for our trade, and offers livelihoods in forestry, fisheries, and agriculture all these inputs are a clear indication of opportunities that need an emerging regime of entrepreneurs that are conscious about environmental impact of such enterprises. There is great need for high performing enterprises that increase respective national GDP yet maintaining environmental sanity.

Human health and wellbeing also hinge on good environmental quality. Conversely, the absence of good environmental quality in the form of contaminated water or polluted air endangers our health and wellbeing and such a compromise poses a threat to employee performance in the workplace hence, affecting organisational productivity and subsequently economic transformation.[17]

Conclusions

The benefits of environmental sanity are vast, it is a collection of natural resources and vital "ecosystem services", underpinned by biodiversity, that sustain the existence of humanity. Environmental changes and policies deeply influence economic transformation. However, the relationship between economic transformation and environmental sanity has not been favourable up to now since the payment for a higher standard of living has been the steady depletion of natural resources and increasing environmental impact. A key challenge to the SDGs is how to "decouple" socio-economic development from the overuse of resources and growing environmental degradation.

An important principle for selecting goals and targets is that they should add up to a set of objectives that reinforce and complement each other. They should as a whole cover the minimum objectives of the environmental, social and economic aspects of sustainable development. In goal setting, policy makers should focus more on driving forces leading to positive outcomes rather than the positive outcomes themselves. Focusing on driving forces rather than outcomes leads to a more direct pathway to solving a problem or achieving a goal. There is great need to focus more on ways to achieve SDG implementation in policy making, organisational goal setting as a way of promoting economic transformation to improve living standards and encourage innovative application of the wisdom SDGs advocate for.

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Nurturing a culture of entrepreneurship – the key to sustainable development in Africa

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Abstract

Entrepreneurship is one of the most discussed and researched themes in developing countries. A consideration of entrepreneurship as a philosophy for sustainable development is essential in addressing the seemingly mere 'copy-paste or copy-edit' approaches to entrepreneurship prevalent in most economies. Sustainable development is perhaps the most important issue of our time, and entrepreneurship can have a positive impact on this issue. Entrepreneurship therefore helps economies both sustain and develop (Hisrich *et al.,* 2013). For sustainable development to take place in many of the struggling economies in Africa there is need to emphasize and nurture a true culture of entrepreneurial proclivity. Entrepreneurism is a route to upward socio-economic progress thus a way for average people to build wealth. This article posits that a greater percentage of the current African entrepreneurs are *'necessity driven entrepreneurs'*. However, in order to have sustainable socio-economic development and growth there is also need for nurturing *'innovative and opportunity driven entrepreneurs'* who have the enthusiasm to invest in high growth sectors such as agriculture or construction. Most universities and business colleges teach entrepreneurship as a module to the students in the faculty of business and leadership. It is worrisome to note that most entrepreneurship graduates are failing to capitalize on the significance of entrepreneurship and the resultant change and systematic progression from upholding an entrepreneurial lifestyle. This article recognizes the need to nurture a culture of innovative and possibility driven entrepreneurship at grassroots level in African countries. The article concludes that entrepreneurship skills should be imparted to everyone thus entrepreneurship should be a public priority.

Keywords: *entrepreneurship, innovation, sustainable development, Africa*

1. Introduction

Entrepreneurship is the art of creating or developing a business through innovation, creativity, progressive imagination and risk taking initiative. Professor Howard Stevenson defines entrepreneurship as "the pursuit of opportunity beyond resources controlled". A consideration of the resource abundance viz-a-viz the state of economic development in Africa points out that Africans should have a mindset that is driven by perception of opportunities regardless of the resources at hand. Embracing a culture of entrepreneurship means that members of a certain community are motivated to innovate, create and take risk (Matsuno *et* *al.,* 2002). This article recognizes that it is essential to probe on the roles of individual members and organizations in nurturing a culture on innovative entrepreneurship. A review of the factors favoring necessity driven entrepreneurship rather than opportunity seeking entrepreneurship is essential in developing insights towards promulgating a sustainable solution to the entrepreneurship dilemma.

In the context of governance and leadership, this article further submits that African governments need to develop holistic strategies to cultivate entrepreneurial culture and provide entrepreneurs with support. The researcher noted that most African governments recognize the essence of entrepreneurship through the establishment of governmental departments targeting entrepreneurs or small and medium enterprises. The 'soil' for entrepreneurship development in Africa is quite fertile; therefore, governments should establish and institute policies that encourage entrepreneurship (African Economic Outlook, 2017). To complement government effort in spearheading a culture of entrepreneurship, education systems should continue to teach innovative and creative entrepreneurship. This article further submits that corporate entrepreneurship should be encouraged to all existing organizations in order to facilitate systematic progression premised on institution building fundamentals. Programs that encourage entrepreneurship should identify and then invest in exceptional human resources who can go on to solve economic problems.

The thesis of this article is that, if entrepreneurship becomes a culture then African economies can develop and experience sustainable economic growth. African governments must capitalize on the dynamism of entrepreneurship to accelerate industrialization and improve living standards. Sustainable economic development is premised on the current efforts to develop the youth with the future in mind. This is the supported by the concept of generational thinking as developed by *The Iroquois Society*.

The youths should be equipped with entrepreneurial skills, they should be creative problem solvers and they should be innovative. Coaching and mentorship programs should be organized so as to program the mindset of the youths to be job creators and to be creators of value. This is against the recognition that most individuals are practicing entrepreneurship but no development is taking place because they engage in seemingly entrepreneurial activities to merely escape the problem of unemployment yet entrepreneurship should be practiced to solve practical problems and with the aim of creating a lasting legacy. Most enterprises have failed to celebrate their 'second birthday' in operation, hence the need to adopt institution building concepts premised on entrepreneurial proclivity.

2. Nurturing a culture of Innovative Entrepreneurship

Culture refers to the beliefs, values and practices of the people in a society (McDermott and Odell, 2001). Arowomole (2000) defined culture as people's beliefs, practices, attitude and values. Therefore, culture deals with beliefs, practices, attitudes and values of people in a given society. It is essential for African societies to use cultural influences to develop entrepreneurial proclivity.

The spirit of entrepreneurship needs to be laid as a foundation for every young child in the African countries. Entrepreneurial proclivity should be part of Africans' identity and self-image. Elementary education curriculum should be developed with an emphasis on developing job creators and not job seekers. Programs that target to instill the software of making a difference through entrepreneurship should start at lower levels of education rather than being taught only in universities and business colleges. At elementary or primary education level a few subjects are done and this should be taken as an opportunity to start incorporating entrepreneurial projects with learners. By doing this, exceptional students are identified at an early age and action should be taken so that the seed inside those kids will not die before germinating (before results that transform the nation). This enables them to grow with the mindset of taking calculative risks. Since every child aspires to be successful when they grow up, the programs should therefore aim at programming a mindset that prioritizes innovation and creative entrepreneurship as preconditions to success. It is worth recognizing that investments in education through entrepreneurial projects strengthen the skills base for Africa.

The researcher noted that programs that target youth's entrepreneurship are already in place in most African countries. For example, in Ethiopia they have Young Entrepreneur program. Almost every African country has the youth entrepreneurship program. It is however worrisome to note that that the smaller percentage of youths in towns/cities are the only ones joining these programs. This article submits that entrepreneurial privileges should also be presented to the youths in the rural or marginalized areas. If the spirit of entrepreneurship reaches those students marginalized, they become motivated to start sustainably practicing say subsistence farming if the regions are good for farming. Communities should be entrepreneurial friendly which means the culture should value innovation, independence, diversity and wealth creation (Walzer, 2007).

In Zimbabwe, the researcher records the introduction of the Rural Entrepreneurship Centres by Strive Masiyiwa. These centres are aimed at attracting entrepreneurs and innovators of all kinds and the initiative is supported by the $100 million Masiyiwa Rural Challenge Fund.

Most entrepreneurship programs have installed energy, passion, commitment and intelligence in young entrepreneurs but there is a lack of cumulative know-how (how to do entrepreneurship). It seems most African youths know more about celebrities and social media news and less about successful entrepreneurship and its value it socio-economic transformation. Progressive steps should be taken to communicate more about the positive impact that other successful entrepreneurs like Abdelmadjid Kerrar of Algeria, Aliko Dangote of Nigeria, and Strive Masiyiwa of Zimbabwe are bringing to African societies and those beyond the African borders. For example, according to

Mfonobong (2018), Abdelmadjid Kerrar's employs more than 1500 people in Algeria.

There is a lot of potential that needs to be unleashed in all the youths in Africa. The youths need to have a mentality of taking risks and to be willing to try out new things. Empirical literature suggests that most Africans are not risk takers and few individuals are willing to invest the few dollars they have. If entrepreneurship programs target individuals even in the rural areas, there will be balanced regional development because entrepreneurs who will be setting up new businesses and industries will locate in areas which are less developed and backward. Growth of these firms will lead to development of infrastructure such road networks, schools, hospitals, shopping malls and so on.

Without adequate entrepreneurship education and business support, Africa faces a very uncertain future (Adegboye, 2018). A study by Adegboye in 2018 shows that Africa's youth population is growing at such an alarming rate that trumps any existing initiatives to adequately cater for them and entrepreneurship is the only sustainable option. This study clearly shows that the solutions to Africa's problems come within the continent and the nurturing of entrepreneurial spirit is the fundamental cornerstone to sustainable socio-economic development. The education systems in Africa should prepare graduates for a lifetime of problem solving and various initiatives should be in place so as to help groom and support Africa's next generation of innovators.

African governments should reserve financial resources to promote young entrepreneurship. When issuing government tenders, the youths should also be considered as a means to motivate indigenous entrepreneurs. It is reported that African governments are causing a hostile business climate plagued by corruption, nepotism and bureaucracy. Most individuals in Africa are in areas of limited opportunities so there is need for a fund to be set aside to encourage entrepreneurship in all the places around the continent. The entrepreneurship-centred grants should be given to all potential individuals and mentorship has to be offered. The funds should also be used in the facilitation of incubation centers; for example, the government of Botswana can provide the Botswana innovation hub with financial support and entrepreneurs like Abdul Satar Dada should be used to install motivation of innovation in young people of Botswana.

Successful entrepreneurs will impart entrepreneurial skills that enable young people to see opportunities in every obstacle. In Zimbabwe, initiatives such as the Steward Bank Incubation Pod and the SME Financial Solution should be publicized and supported. Other example of influence aimed at unlocking youth entrepreneurship is the Youth Entrepreneurship fireside chat and Townhall Discussions by Strive Masiyiwa. Furthermore, opportunity seeking is fundamental to entrepreneurship. For instance, if a forecast for water supply shortage is predicted, this should be seen as an opportunity for investment but rather than being ridden with problem orientation. A culture of entrepreneurship creates individuals who see order in the economy when it looks like there is disorder.

Wickham (2006) entrepreneurs are always on the lookout for opportunities' hence they scan the business landscape (environmental analysis) looking for new ways of creating value. Opportunities are the raw materials out of which entrepreneurs create an entire new world. Africa needs individuals who see white-spaces or blue oceans in the markets or who see the possibility of doing something differently; and the individuals should be innovative which means that they should provide a means of filling market gaps with creative ideas. It seems most Africans are blind when it comes to identifying the opportunities therefore there is need for developing individuals who take control of the opportunities which are all over Africa. Because of increasing uncertainties in African economies, few individuals are prepared to take risks; though they might identify the opportunity but most of them are afraid to take action. It is important to recognize that entrepreneurs are attuned to new opportunities and are motivated to pursue them.

Reports and empirical literature confirms that African women are hardworking and dedicated. In view of this recognition, women entrepreneurial development needs special attention and consideration in Africa. Most African countries have already started to offer online courses for entrepreneurship to women and programs that empower women entrepreneurship are in place. There is now need to support, value and motivate women to start their own businesses and significantly contribute to socio-economic development. Africa needs to break gender stereotyping and give women full power to innovate and create and the views of African women need to be considered to effectively nurture a true culture of entrepreneurship. In view of the economic challenges in Africa women have realized that the only way to get to the top is to start a small project therefore African governments should properly organize and harness the energy of women so as to positively drive sustainable development. According to Kariv (2011) many women choose entrepreneurship as a path to escape unemployment…"

In appreciation of the Steward Bank SME Financial Solution in Zimbabwe, this researcher recognizes that small and medium businesses need financial support in both equity and debt arenas. To motivate more startups there should be rewards for the emerging entrepreneurs; for example, Cash prizes should be given during such events as Trade Fairs and favorable conditions of sale should be provided to farmers. In United States of America, they have Small Business Investment companies which is a program licensed to support small firms. Small firms provide a greater percentage of employment in the economy therefore governments should continue bringing programs that support and protect small firms. Though support is being given to small firms there is need to motivate more entrepreneurs to see gaps in the economy that can sustainably generate income. Entrepreneurship is all about opportunity (Bygrave and Zacharakis, 2011) therefore, Africa needs a generation that is obsessed with finding opportunities and bringing solutions to end unemployment and improve productivity. There is need for creative thinking in the small to medium enterprises in Africa which means breaking down and restructuring knowledge about something in order to gain deep insight into its nature.

Small firms in Africa are not succeeding because the owners venture into business with the primary motive of making money yet problem-solving is the hallmark of entrepreneurship. When nurturing the small business owners in Africa they need to know that making money from the investments should become second nature and a rewarding consequence of your quest to address a problem. This is in contradiction to the Shareholder Theory or Theory of the Firm, and an agreement with the Stakeholder Theory. A culture of establishing a business to address the economic problems should be encouraged among entrepreneurs in African. When Strive Masiyiwa started Econet, most Africans didn't have an idea of a cellphone. This is what drove Strive Masiyiwa to venture into telecoms business. Before venturing into an industry Africans need to take closer studies on the evolving consumer needs and the future challenges that a society might face.

By strongly supporting small firms, jobs are definitely going to be created. In simple translation when one individual startup the organization this means that there is one less job seeker in the economy and that one person will create job opportunities for many people. India has a program called Star-Up India to encourage starting of new firms in the country. Strategic policies of the government should aim to encourage more individuals to identify opportunities in the economy and exploit those opportunities. South Africa has developed through its industrialization and employment generation strategy which was good for promoting entrepreneurship in the country.

The third OECD Entrepreneurship and Small and Medium Enterprise Outlook (2005) opens with a confident assertion that SMEs and entrepreneurship are now recognized worldwide to be a key source of dynamism, innovation and flexibility in advanced industrialized countries, as well as in emerging and developing economies. They are responsible for net job creation in OECD countries and make important contributions on innovation, productivity and economic growth. Undoubtedly, small firms matter and policy makers in Africa needs to recognize and internalize this aphorism.

Most established organizations in Africa desire organic growth but a few of them have built a framework to support innovative entrepreneurship which leads to sustainable business growth. This article suggests that corporate entrepreneurship may help in solving the issue. Corporate entrepreneurship is a process used to develop new businesses, products, and services inside of an existing organization to create value and generate new revenue growth through entrepreneurial thought and action. A culture that promotes strong corporate entrepreneurship will lead to higher levels of productivity, innovation, growth and favorable Return on Investments (ROI) to businesses. Corporate leaders must possess a core set of action-oriented competencies and behaviors that facilitate entrepreneurial proclivity. The organizational processes and systems should be in a position of supporting entrepreneurial thinking and action and there is need to establish an environment that is conducive for entrepreneurship, learning and growth.

Corporate Entrepreneurship

Business leaders need to create a culture that identifies and embraces shared values, perspectives and ways that characterize the goals of the organization. In Africa there is need for business leaders who work hard to nurture a more organizational entrepreneurial culture which means building an environment with competitive and creative employees. According to an article published by British Gas there are five ways that facilitate creating a culture of entrepreneurship within organizations:

1. **Bring aspiring entrepreneurs on board**

There are a number of employees who aspire to become entrepreneurs. However, in most cases organizational policies are a hindrance to these creative and opportunity-seeking employees. Since these individuals aspire to be entrepreneurs, a step should be taken to identify the individuals and incorporate them as part of the organization strategic planning and organization development. These people are supposed to be in the organization and there is need for the superiors in the organization to empower them to flex their entrepreneurial skills within the company's business. Therefore, the process of building a culture of entrepreneurship starts with *Identification, Discovery, and Incorporation* of aspiring employees.

2. **Encourage and Accept small failures**

Organizational leaders should strive to create an environment in which the employees understand that mistakes can happen in pursuit of bigger success. This brings an element of taking risks within the organization and this will ultimately allow the firm to grow fast and smart.
The managers need to prove to their aspiring entrepreneurs that making small mistakes is okay so that they are motivated to try new things. By trying new things, better and improved ways of operating are introduced into the organization. The nurturing of entrepreneurship can therefore be sustained through *Inspiring others* to act and *Acceptance of failures* as the stepping stone to success.

3. **Your company is their company**

Most business leaders in Africa are failing to motivate the workers to feel like they are business partners. Leaders need to make the employees feel like they are part of the business and bring a sense of viewing your company as their company. Employees must feel a sense of belongingness to the organization so that they protect and immerse themselves to the organization. This increases the opportunity of innovation from the employees as they seek ways on how to improve the services of the organization and even come up with new ways to improve the business products. Corporate leaders should therefore nurture entrepreneurial proclivity the *Creating a sense of Ownership* and *encouraging Immersion* of employees into the details of the organization's operations. This contradicts the traditional Ivory Tower Planning approach to corporate management.

4. **Give employees a voice**

Employees within the organization need to be given the power to give their recommendations and share their opinions. Since employees are involved most in the production of the products the leaders must ask the employees on how to improve the production methods and operating processes. Asking employees views or recommendations will enable businesses to craft a business culture of thinking beyond contemporary procedures. Leah Neaderthal was quoted saying "asking employees for their recommendations is the first step towards creating entrepreneurs". Therefore, a culture of entrepreneurship can be built and sustained through *promoting insightful conversations* among all organizational members and encouraging *Independent Thinking*.

5. **Allow employees to take ownership**

Some of the mangers coach the employees about leadership but they fail to make the workers feel trusted, valued and as impactful part of the organization. Therefore, the employees accumulate knowledge and skills but cannot apply these skills to answer questions or solve problems in organizations and society. Africa lacks business leaders who create a mentality of ownership in the employees. Organizations around Africa need to give the employees the authority to make decisions. Employees should be given the room to do the side projects which they think may increase a company's sales. Corporate leaders should listen and implement the ideas of the employees so as to instill motivation to bring up new ideas. A culture of entrepreneurship demands *systems thinking, continuous improvement, and creative problem-solving* among all organizational members.

> *"If the business leaders around Africa make an effort to make their employees feel like an integral part of the company, they will naturally step up to the plate and emerge as leaders".*

3. Data Collection Methods

This article has been developed based on content data analysis and review of successful entrepreneurs in Africa. The researcher relied on existing secondary sources in the field of entrepreneurship. The article is considered a part of cumulative insight on the subject of innovative entrepreneurship.

4. Discussion & Conclusions

Africa as a continent has potential of developing and achieving economic growth through harnessing its reach human capital. A true culture of entrepreneurship should be established around African societies. Empirical research pointed out that the youths around the African continent has a lot of ideas but they are buried inside them. Promoting entrepreneurial culture will allow those ideas to emerge and facilitate socio-economic transformation. This demands the adoption of the 5As model to Organization Development when developing the young entrepreneurs. The 5As framework identified the following roles and responsibilities in organization development: author, advocate, agent, arbiter, and ambassadors (Chinoperekweyi, 2019).

African governments and organizations should ensure conducive business environments and enforcing flexible local policies that promote private entrepreneurship. The governments should strive at building confidence even to investors so that more investments take place. The congresses that are held with African countries should emphasize creating entrepreneurship culture. The existing firms should be pushed to diversify and the individuals should be risk takers.

To nurture a culture of entrepreneurship in Africa and other developing economies, there is need to revisit training, development, and education systems and incorporate innovative entrepreneurship. The training, development, and education systems should focus on training people how to think and solve real problems. Organizations should also design holistic reward systems rather than merely rewarding external competencies. A holistic view of employee compensation helps to capture the underlying dynamics supporting sustainable peak performance; thereby encouraging entrepreneurship. Organizations should encourage immersion or granular understanding by employees of the business processes. Without knowing what's in a business plan, how are employees supposed to understand the strategic underpinnings of goals, serve cross-functional customer needs and innovate new products and services? Organizations should therefore teach employees about business because smart, funny, engaged, and responsive employees can do wonders for a company's brand.

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The Role of Human Resource Management in Organization Development (OD)

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Abstract

There seem to be a lot of confusion regarding the relationship between Human Resource Management (HRM) and Organization Development (OD). This article seeks to elaborate on the role of HRM in Organization Development. The article submits that human resources are central to the success of any organization development interventions. The discussions in the present article provide insights into the relationship between these two disciplines. Based on empirical review, the article explores the different HRM functions and how they relate to the OD interventions and outcomes. There is positive correlation between effective human resource management and attainment of organization development outcomes. This article therefore confirms the convergence of HRM and OD.

Keywords: *Human resource management, Organization Development*

Introduction

The current business environment acknowledges and appreciates that human being is the most important factor for any organizational development, success and growth. Almost every existing company across the globe is investing substantial money in recruiting and hiring the best brains in labour market so as to maintain good business image and goodwill in the future. Human Resources Management (HRM) is at the heart of organization development and is widely regarded as a strategic tool in attaining firm's objectives and goals. One essential aspect of HRM and OD is performance management. Performance Management is helpful in improving employee and organizational productivity and sustaining organization development outcomes. There is positive correlation between human resource management and organizational development.

According to Susan (2012), human Resource Management is the function within an organization that focuses on recruitment of, management of, and providing direction for the people who work in the organization. It is a strategic and comprehensive approach of managing people, the workplace culture and entire internal business environment (Susan, 2012). Effective Human Resource Management enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives (Susan, 2012). Organizations should prioritize human resource development because it makes sure that manpower planning in an organization is not static but an ongoing process. Human resource development focuses on raising productivity through improved quality, efficiency, cost reduction and enabling customers to concentrate on their core business activities.

The 21st century business environment is full of uncertainty and the understanding of labour contribution or human resources development is vital for today's leadership especially in areas of boosting organizational productivity as well profitability. There is no doubt that no industry, firm, organization, business enterprise or nation can boost its political, economic and social stability, quality product and profitability without adequate human resources and effective human resource management in place.

Effective Human resource management enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goal and objectives (Susan, 2012). The human resources of any organization hold the key to its survival, profitability and growth which entails prosperity, future economic and social development. The success of any OD interventions hinges on an organization's human resources.

Traditional HRM Functions

It is critical to recognize that having capable human resources in an organization is not an easy task for the organization. In recognition of the complexity of human resource management and in view of the pursuit for the achievement of effective human resource management objective, most reputable firms have a separate department known as Human resource Department (HRD). According to Armstrong (2001) the main objective of HRD is to perform four vital functions such as Training and Development (T&D), Recruitment and Selection (RS), Performance Management (PM), and Reward management (RM). This department also plays an important role in facilitating organizational culture change among individual members, work groups and the entire organization. The HRD functions encompass coaching, consulting, and facilitating human resource activities with the organization's goals and mission in mind.

Recruitment and Selection

Bratton and Gold (2001) define recruitment and selection as the process of hiring a suitable person for a particular role. According to Armstrong (2001), recruitment and selection process is conducted by firms to get the best talented candidates for a particular role by spending minimum cost on it. The major objective of recruitment and selection is to hire the best possible persons for the roles that are arises in the firm so that the productivity of the firm can increase.

Training and development

Training is the process of transitioning knowledge, skills and approaches through an individual or a group of people to another individual or group to bring changes in cognitive, approach and skill structures (Sadri, 2004). Training of human resources is considered as a profitable investment which outcomes have a crucial role in development and expansion of the organization as well as elaboration of public culture in society. Employees who exude creativity, innovation, knowledge and skills as well as improvement in mission help the organization to achieve its goals.

There is a thin line between training and development hence the need not to misconception the two. Training is the systematic and formal change in the behavior of an individual due to learning, instructions and planned experiences (Armstrong, 2001). Anthony, Perrewe & Kacmar, (1996) defined development as the use of knowledge, skills and abilities by employees for the performance of tasks today and in future.

From the above definitions it is clear that training is the provision of education, instructions and knowledge to employees so that they can achieve their own targets and contribute to the achievement of the goals and objectives of the organization. On the other hand, development is the ability of the employees, that is, how they apply the knowledge, skills, instructions and education, which they have gained during different training sessions.

Reward Management

Reward Management is the process which results in the provision of rewards to all the efficient and effective employees (Stredwick, 2000). According to the Armstrong (2001), rewards system is the practice and policies of an organization, which enables an employee to get rewards based upon his skills, contribution, market worth and competence. The current business environment links rewards with employee and organizational performance. However, firms are paying incentives to workers as a way of motivating them to give their best performance in turn higher productivity for the organisation.

Performance Management

Performance Management is related with the comparison of predetermined goals and objectives with the actual output of the employees. If a company is able to achieve the desired results it shows that employees are achieving their objectives optimally otherwise there is the possibility of some underperformed employees, which are not able to achieve their targets (Stredwick, 2000). According to Armstrong and Baron (1998), performance management is a strategic and integrated approach towards the performance of individuals and teams who are delivering their best for the success of the organization. Performance appraisal is the continuous process of monitoring that the organizational goals are achieved in an efficient and effective manner. Performance Management is a vital factor for the success of an organization because in the contemporary business environment human resources are considering to be one of the essential factors of an organization.

Human Resource Planning

Human Resource Planning is defined as classic Human resource administrative functions and the evaluation and identification of human resources requirement for meeting organizational goals. Human resource planning enables an assessment of the availability of the resources that will be needed. Further, human resource planning is one way to help a company develop strategic and predict company's needs in order to keep their competitive edge. The chief objective of human resource planning is to bring about an intelligible and realistic understanding in the minds of management that the organization adapts to technological, social, political, economic and environmental changes more rapidly and effectively according to the needs of time and situation.

The HR function has evolved to include the following roles: Strategic Positioner, Credible Activist, Capacity Builder, HR Innovator and Integrator, Change Champion, and Technology Proponent (Ulrich *et al.,* 2012).

Organization Development (OD)

Organization development is a whole organization system philosophy. There are numerous definitions of organization development due to the field's sundry nature of practice and multi-theoretical perspectives (Gohil and Deshpande, 2014). The commonly used definition is that OD is "an effort planned organization wide and managed from the top, to increase organizational effectiveness and health through planned interventions in the organizations' processes using behavioral science knowledge" (Beckhard, 1969). Another definition is that "OD…is a long term effort, led and supported by top management, to improve an organization's visioning, empowerment, learning, and problem solving processes, through an ongoing, collaborative management of organization culture with special emphasis on the culture of intact work teams and other team configurations - utilizing the consultant-facilitator role and the theory and technology of applied behavioral science including action research" (French and Bell, 1999).

The functions of OD include enhancing organizational congruence, developing creative organizational solutions, and enhancing an organization's capacity to self-renew (Beer, 1980). Chinoperekweyi (2019) pointed out that the ability to embrace the OD values in every fabric of the organization has tectonic impact on building sustainable organization. In another article, Chinoperekweyi (2019) identified seven reasons why organizations should embed OD theory and practice in their strategic and operational roadmaps: 1) ensure fact based decision making and the development of essential leadership traits, 2) enhance capacity to deal with increasing digital complexities, 3) aligning the organization to the operating environment, 4) facilitate organizational resilience to emergent issues, 5) ensure organizational congruence, 6) unify all stakeholders, and 7) increase organizational members' strategic awareness.

OD "pursues organization effectiveness by working on all parts of the socio-technical system that makes up any organization" (Jamieson and Rothwell, 2015). These authors further reiterated that it encompasses the focus on the human element and all the other system elements including environmental interfaces, strategy, structure, culture, systems and processes, relationships and human dynamics within and across groups. This led to the following more recent definition of OD:

OD is a process of planned intervention(s) utilizing behavioral and organizational science principles to change a system and improve its effectiveness, conducted under values of humanism, participation, choice and development so the organization and its members learn and develop (Jamieson, 2014).

The Link between HRM and Organization Development

Effective human resource management brings about significant benefits which supports organization development initiatives. An effective HRM strategy facilitates *innovation* in the workplace, such as a high degree of creative behaviour, long-term focus among all employees, increased cross-team cooperation, high concern for excellence, and a high tolerance for ambiguity. These roles are supported by such HRM practices as job design that prioritizes close cooperation and constellations of strengths, performance appraisals that reflect the long-term view of the work group or organization, and holistic compensation practices.

Effective HRM aids organization development initiatives through facilitating *cost-reduction* strategy. Human resource professionals strive to model behaviors that foster cost reduction at work group and organizational levels. Some of the roles to the successful implementation of a cost reduction strategy include: "rather repetitive and predictable behaviors; a short-term focus, primarily individual-based job designs; modest concern for quality; high concern for quantity and results; low risk-taking and high degree of comfort with stability". There are a number of talent management practices that support this function. Some of these practices are designing fixed and stable role descriptions, result-oriented short-term performance appraisals, training and development, and market-based compensation.

Strategic HRM also facilitates *quality-enhancement* strategy through modelling repetitive and predictable behaviours, high concern for quality, and greater commitment to the organization. This is fundamental to driving organization development outcomes (Jiang *et al.,* 2012).

Strategic human resource management supports organization development through its focus on the global environment, the organizational environment, stakeholders, and the HRM System. These elements of environmental analysis drive organizational effectiveness. Some of the new roles of HRM that support organization development include: 1) understanding behavioural imperatives, 2) understanding and partnering with multiple stakeholders, 3) gathering, interpreting and using data, and 4) balancing concerns of multiple stakeholders (Schuler and Jackson, 2014). Jamieson and Rothwell (2015) identified the "yin" of HRM as its focus on compliance and collective bargaining agreements, and the "yang" as the focus on maximizing productivity, human performance, creativity, and innovation. The "yin" aspect of HRM is considered defensive while the "yang" is more offensive. OD is considered to be more aligned to the "yang" aspect of HRM. OD creates and sustains organizational cultures in which the human spirit can flourish, creative and innovative thought can be maximized, and human productivity can be enhanced (Jamieson and Rothwell, 2015).

According to Hanna (2010), HRM and OD should not be housed together could be a force against the change that OD is mandated to realize. In clarifying the haziness between HRM and OD, Gohil and Deshpande (2014) proposed the following:

> *"1) While HR knows what is to be done, OD knows how it is to be done. This also provides guideline for the difference in competency of HR and OD professionals, 2) OD should not be a sub-function of HD but a field of practice housed separately from HR, 3) OD should directly report to the top management in order to effectively plan, drive and institutionalize change and transformation, and 4) OD and HR are distinct but interdependent."*

Conclusion

The article concludes that HRM plays a central role to Organization Development. This article sought out to extinguish ambiguities in understanding the roles of HRM in Organization Development. The review of literature above shows the complementary roles between HRM and Organization Development. The human resource and OD functions share common goals with respect to coaching, consulting, and facilitation of activities that ensure systematic organizational progression. This is corroborated by Ulrich *et al.,* 2012, who stated that human resource management plays the role of change agent within organizations. On the other hand, OD has as one of its fundamental values "to bring mindset, theories, methods, and skills to change planning and execution" (Jamieson and Rothwell, 2015).

Human Resource Management and OD brings the talent perspective and well-being of the human resources into planning and decision making and humanistic values into balance with financial, technical and managerial values (Jamieson and Rothwell, 2015). Despite the focus on the human element, there are significant similarities and differences between Human Resource Management and OD. This article therefore confirms the convergence of HRM and OD.

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