African Journal of Hospitality, Tourism and Leisure, Volume 8 (4) - (2019) ISSN: 2223-814X

Human capital development (HCD) risks in the African hospitality industry

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Abstract

This study was inspired by an interest in understanding how African hospitality managers view human capital development (HCD) or training risk, which, as an emerging field, is worthy of investigation. Human capital risks may result from management actions or inactions and may cause financial or reputational damage, loss of talent and dynamic capabilities. Examples of HCD inactions may be failure to transfer training, lack of agreement between line managers and HCD practitioners' priorities, or lack of insight into the organisation's strategic direction. A sample of 32 managers in 12 hospitality organisations in Namibia and South Africa was interviewed to explore their perceptions of HCD risk. It was found that little knowledge exists about HCD risks. Similar risks were found to be prevalent in the hospitality industries in the two countries, which were high employee turnover, low levels of employee and management commitment, which resulted in poor performance. Theoretically, this article contributes to the body of knowledge on HCD in the unique African context. Its practical contribution is that it creates awareness about HCD risk and the benefits of managing it.

Keywords: Human capital development, hospitality industry, South Africa, Namibia, risk.

Introduction

Formal education and training, historically initiated in the East and West and adopted in Africa (Iseke, 2011), manifest in the form of difficulties and risks in human capital development or HCD. HCD interventions, their evaluation and their effectiveness in African organisations are mostly under-researched perhaps due to the leapfrog effect of rapid initiatives in developing human resources, including technology, versus the limited researcher capacity on the continent (African Development Bank, 2014). In the absence of measures controlling the appropriateness of training, there is great risk that existing HCD interventions do not result in performance improvement. In fact, training figures are reported to simply meet targets, which may jeopardise the accurate calculation of the return on HCD investment and costs, better known as the ROI ratio (Davids & Esau, 2012). This is merely one example of the unique African HCD context that requires further understanding through empirical research studies. Other unique economic challenges Africa faces are related to poverty, joblessness due to a lack of education and skills, as well as the persistent unequal distribution of wealth, despite efforts at rapid economic transformation. In the SADC region, the South African constitution and policies promote job creation, transformation, productivity and innovation yet its villages and cities suffer from underdevelopment (Mine, 2019). In Botswana and Namibia, transformation in the hotel, motor, automotive industries have yet to be translated in gender parity (Galguera, 2018). Zimbabwe, for example, advocates for socially just economic and land reform policies for women, yet women remain the most marginalised (Tekwa & Adesina, 2018).

As relative newcomers to the global field, the South African and Namibian hospitality industries post the apartheid era, have become diversified in keeping with international demand (Rogerson, 2013). Since the 1990's, innovative hotels have developed from limited service hotels, such as the Formula One Hotel, or large luxury hotels such as the One-and-Only Hotel. Service levels in the different hotels is expected to vary with their star rating, meaning that a 5-star hotel is expected to offer better furnishings, features, quality standards, as well as well-trained professional and friendly employees (Tourism Grading Council, 2016). Due to the labour-intensive service required in the hotel industry, regardless of the star grading, the perceptions of middle managers in such hotels is of importance and their efforts in developing their human capital are worthy of investigation, as they face the challenges of competing in a global tourism market (Zwane, Du Plessis & Slabbert, 2014).

The motivation for this article is that HCD risks in the South African and Namibian hospitality industry is largely unexplored, under-researched and deserves attention, given its impact on national GDP annually (Zwane et al., 2014; Tourism Grading Council, 2016; Jasson & Govender, 2017). According to the World Travel and Tourism Council Report, the total contribution of South African travel and tourism was R402.2 billion in 2016, accounting for 9.3% of GDP. This is forecast to rise to R624.2 billion by 2027, at 11.5% of GDP (Spenceley, 2019). Furthermore, managing human resource risk is a required capability for HR professionals (Meyer, Roodt & Robbins, 2011). The research question guiding this study is: What HCD risks exist in the South African and Namibian hospitality industry? The research objectives were to understand how South African and Namibian managers defined HCD risks, explore how they ranked HCD hospitality industry risks, and explore how HCD risks are managed in South African and Namibian organisations.

The paper contributes to both theory and practice. On a theoretical level the paper adds to the body of knowledge on HCD risk management in the South African and Namibian hospitality industry. On a practical level the paper adds to management awareness and knowledge on how identifying, quantifying and controlling risks in HCD interventions can contribute to high ROI and organisational effectiveness. The paper consists of an introduction, literature review, research method, findings and discussion, and conclusion.

Literature review

The literature trends are presented under these subheadings: HCD risks; HCD in the African hospitality industry; high HCD risk areas; and managing HCD risks in African organisations.

HCD Risks

While enterprise risk refers to uncertainty in the absence of perfect information, which may result in the organisation not meeting its objectives (Howes, 2013), HCD risk refers to an investment in the enhancement of the human capital of an organisation, which does not achieve the intended outcome (Koerselman & Uusitalo, 2014). Organisations may be taking a risk when investing in training and a reduction in this investment may in fact enhance profitability and eliminate the risk to an extent (Hamel, 2013). In addition, there are increasing calls for accountability, an accurate evaluation of interventions and the established contribution of training and development to business results and organisational success (Roberts, 2017).

Labour productivity is expected to increase as employees are trained more effectively, resulting in individuals who perform better on the job and the organisation becomes more productive (Kucherov & Manokhina, 2017). However, when trainees attend development or improvement programmes, changes may happen in the individual, but not automatically in their organisation. Furthermore, the changed employee is sent back to an unchanged workplace. The changed employee may have a limited effect on transforming the workplace on his or her own especially if it is a junior employee and if the culture of the organisation does not easily embrace new ideas or change. Hence, the risk element involved when managing the HCD of both the employee and the organisation is a key focus area of this study. While enterprise risk refers to uncertainty in the absence of perfect information, which may result in the organisation not meeting its objectives, risk in the context of HCD may occur when outcomes are either not defined nor met (Spitzer 2007; Howes, 2013).

Little knowledge exists in organisations to manage such risks as previously found by Spitzer (2007) and Roberts (2017). The lack of such knowledge may imply that these risks are not taken seriously, measured or ignored completely. Spitzer (2007:12) asserts that “organisations need to perform excellently consistently”. If HCD and training performance are not well measured this leads to ineffective management of an organisation and contributes to not achieving organizational objectives (Spitzer, 2007). Furthermore, literature by Griffen (2013), Kirkpatrick and Kirkpatrick (2012), and Koerselman and Uusitalo (2014) found that risk could result from not measuring or evaluating the effect of HCD on all levels of the Kirkpatrick-Phillips model. Along the same lines, Govender (2018) refers to a variety of risks related to talent management such as not proactively managing talent, no talent engagement strategy and failure to proactively manage talent retention. The Kirkpatrick-Phillips model combines seminal works of Donald Kirkpatrick and Jack Phillips, and is a five-level model that measures and evaluates training outcomes at each of five levels. Since the model was developed in 1959 and improved in the early 70s, it has attracted attention and criticism from subsequent authors (Brinkerhoff, 2006; Iqbal, 2013). These authors criticized the model and offered alternative solutions, however the Kirkpatrick-Phillips model remains the most preferred model until today (Michels, 2017; Griffen, 2013).

Managers appear to be unaware of the total, perhaps hidden costs, and hence risks, of losing a trained millennial worker as opposed to the benefits of retaining them. These hidden costs and benefits were researched by Andriotis (2017) and Forbes.com (2018), revealing that hidden benefits of retaining an employee include increased loyalty and goodwill, productivity and knowledge resources that contribute to the organisation’s dynamic capabilities and a subsequent ability to attract talented, technology astute millennial workers (Andriotis, 2017; Pisano, 2017; Tidd & Bessant, 2014). The hidden costs could inter alia include the time the employee received a salary yet was not producing any output due to receiving training (Trainingmag.com, 2014; Forbes.com, 2018).

HCD in the South African and Namibian hospitality industry

While human capital development and its impact on customer satisfaction is important in any industry, it appears to be crucially important in the highly competitive hospitality industry, where for several years, human resources issues such as attraction, retention, development and self-esteem are most concerning for managers (Enz, 2009). Research on human resource management in the hotel industry, especially in the South African and Namibian hospitality industry, is slow and scholars have neglected research on HCD in particular (Zwane et al., 2014). Based on a study by the World Bank (2012) official data and research about the South African and Namibian hospitality industry is sparse and this lack of comprehensive data is a weakness for the industry, compared to most emerging economies and even some African nations. Yet, many locally owned hotels continue to spend large amounts on improvement projects and international groups are entering the markets of South Africa and Namibia (Smith, Makhudu & Dutrieux, 2016; Zwane et al., 2014). For example, Marriott International is planning to open a hotel at Melrose Arch in Johannesburg while the Tsogo Sun Group have committed to the establishment of three new hotels in Cape Town, South Africa (Smith et al., 2016). Additionally, Hilton International has decided to develop a new hotel in Windhoek, Namibia aimed at catering for the mid-hotel market (Smith et al., 2016). This increased investment and focus on the industry necessitates a bigger focus on the role of human resources and its development (World Bank, 2012).

In South African and Namibian universities that offer tertiary qualifications in hospitality and tourism management, students are expected to spend a certain time period as an intern in a hotel and this time period may present the student with positive or negative experiences, which may influence their decision to join the industry (Ezeuduji, Chibe & Nyathela, 2017). Referred to as work-integrated-learning (WIL) the purpose of these internships is to prepare students for the workplace (Spowart, 2011). A mismatch results between industry expectations and tertiary education organisations' offering when students are taught technical, theoretical and practical skills, while industry requires work ready students with higher order cognitive abilities, such as communication, critical thinking, taking initiative, solving problems, flexibility and adaptability (Ezeuduji et al., 2017).

For many students, hospitality and tourism was not their first career choice, and they do not believe that such a career will provide them with work-life-balance and intellectual challenges (Richardson & Butler, 2012). The period they are expected to perform WIL will equip them with practical experience and in some cases, an invitation to take up employment in the industry (Ezeuduji et al., 2017). To many, the industry opportunities, such as free accommodation, food and beverages and the opportunity to work abroad appear appealing, and this may perhaps explain the high employee mobility in this sector. Yet, they lose sight of the perils of this industry, such as long hours and irregular shifts, which negatively impact their work and family balance (Richardson & Butler, 2012).

High HCD risk areas

Since not much attention has been paid to HCD risk, either by scholars or in enterprise, managing risks in HCD is a novel field in enterprise risk management, worthy of investigation (Kwon, 2014; Tessier, 2013). The task of managing HCD risks presents new challenges and uncertainties, which makes the field of HCD risks management in and of itself a high risk aspect (The Conference Board, 2011). Other typical high risks as identified for HCD investments may be financial losses due to erroneous management support, lack of effective and efficient communication and cooperation, varying levels of motivation, will and buy-in among strategy formulators and implementers, resulting in an agency or advocacy problem. The agency problem could emerge through opportunistic management behavior, unaligned goals and priorities on the part of management as agents and to the peril of the shareholders as principals (Brink, 2014; Bosse & Phillips, 2016).

The agency problem can introduce possible financial loss when management decisions are made that serve the purposes of the individual, and not the organisation (Brink, 2014; Bosse & Phillips, 2016). This poses a risk for the hotel industry in that the opportunity to develop, retain and enhance the skills of good professionals would be lost or under-utilised. Furthermore, if these risks cannot be quantified or qualified, the risks of HCD interventions could become insurmountable. Barnes (2013) and Lyons and Oppler (2004) have found that risk can be mitigated through relationship building in organisations, and through mentoring and coaching in particular, the risks of limited learning transfer may be mitigated. Managers, especially functional managers who communicate up and down the organisational hierarchy, can optimise information, resources and support, forge relationships and build social capital, which can benefit the entire organisation (Ahearne, Lam & Kraus, 2013). Alternatively, the opportunity to transfer knowledge, build optimal relationships and capacitate new recruits would be lost without continuous mentoring, coaching, knowledge transfer and social capital efforts (Claver-Cortés, Zaragoza-Sáez, Molina-Manchón & Úbeda-García, 2015). An especially high HCD risk area is that of miscalculation of HCD costs and benefits. Research indicates that the benefits of training transfer is impossible to quantify and efforts to estimate it are at best hypothetical (Noor & Dola, 2012). Therefore, there is risk present when training is not transferred, or its effectiveness is not quantified or qualified (Claver-Cortés *et al*., 2015).

A further high-risk area in HCD is management and employee misalignment with regards to support after training (Ahearne et al., 2013). Managers often respond with a lack of cooperation, little effort to motivate and mentor employee after training, and sometimes hinder opportunities to practice newly learned behaviour, knowledge and skills (Bosse & Phillips, 2016). Manager risks have a cascade effect on individual and team efforts, creating performance and trust issues, which may lead to risky situations. Ketly (2014) and Hoekstra (2003) found in their research that the ability to learn and absorb knowledge may be linked to personal characteristics such as motivation, drive and perseverance, and a lack of these characteristics may be responsible for this short-term outlook present among managers.

Managing HCD risks in African organisations

Senior managers have limited understanding of human capital risk as a strategic management issue, which, according to The Conference Board (2011), ranks among the most severe and prevalent enterprise risks. Senior managers were found to lack insight into HCD as an enterprise risk (Tessier, 2013; Jacobs, 2013). Managing these risks is in itself a risky business especially in the African context, because managers are not anticipating or considering HCD risk, and are therefore not equipped to deal with eventualities (Shastri & Shastri, 2014; Noor & Dola, 2012).

Jacobs (2013) and the Conference Board (2011) identified liability and insurance risk, intellectual property risk and succession planning risks on western risk registers, however, thus far there is no evidence of such risks recorded on South African or Namibian risk registers. The question is whether these risks are managed and mitigated to improve the ROI on HCD spending in African organisations. The risk of loss due to uninformed training decisions is managed by conducting a skills gap analysis and setting pre-determined objectives. Chang (2010) and Matson (2005) found that change in behaviour before and after an HCD intervention are important means of ensuring optimal benefit from all investment in training.

Managing succession may contribute to a higher employee retention rate and reduce the risk of high employee turnover, especially after successful HCD interventions (Jacobs, 2013; Conference Board, 2011). This practice builds social capital for HCD practitioners and is vital in speeding up the rate of retraining success and getting the buy-in from both managers and employees who may resist retraining. This finding supports previous findings by Israelsen and Yonker (2017), Cheng, Song and Li, (2017) and Ahearne et al. (2013).

Carefully selecting the participants who are due to receive training or retraining, incorporating feedback from training recipients and other stakeholders, and selecting only the relevant outcomes for retraining may be the answer to managing HCD risks in general. It requires that all HCD and training interventions be executed with better insight and consideration, which requires more planning, but saves time and financial resources (Ahearne et al., 2013; Cheng et al., 2017).

Research methodology

This study was inspired by the shortage of literature the resultant gap in knowledge about HCD in African organisations and in particular in the hospitality industry. As an exploratory study, the researcher (PhD student and first author), was interested in investigating how South African and Namibian managers in hospitality defined HCD risks, if and how they managed said risk and if they rank these risks in any order of severity of their likely impact.

The primary objective of this study was therefore to investigate the risks present in human capital development in the Namibian and South African hospitality industry. To address this objective, a number of secondary objectives were formulated and can be stated as follows:

- To understand how hospitality managers in Namibia and South Africa define risk.
- To explore how hospitality HCD risks are ranked.
- To explore how HCD risks are managed in Namibian and South African hospitality organisations.

This study followed an interpretivist ontology to determine the realities about risk in HCD through the eyes of the participants. Using their realities, the researchers set out to co-create new knowledge (Babbie & Mouton, 2011). The epistemic stance of the researchers is therefore that new knowledge is co-created by the researcher and participants. A certain element of subjectivity will naturally be present in this setting, however, according to Hood, (2016), a certain closeness and involvement between the researcher and the study should be encouraged. An interpretation of such multiple realities is also describe as qualitative research, such scholars being interested in understanding human perspectives in a real social setting (Mukhopadhyay and Gupta, 2014).

A sample of 32 senior, middle and junior managers was selected in 12 hotels in Gauteng South Africa, and in the Namibian capital, Windhoek, from a total of 1383 hotels operating in these two countries (Marketline, 2015). Interviews were conducted in line with the epistemic stance of the study, which is to create knowledge from the perceptions of the participating managers.

Employing qualitative analysis, data was recorded on Atlas.ti Version 8, and using words instead of numbers, was analysed through qualitative content analysis using coding (Saldaňa, 2016). The coding process followed four distinct steps with the intention of (i) labelling the data, (ii) developing code groups, (iii) selecting the most significant and prevalent codes emerging and (iv) developing a theory or concept (Hahn, 2008).

The researchers have taken reasonable steps to ensure research rigour as follows: To address validity, researchers reported findings only from the perspectives of the participants interviewed. The self-developed research instrument was designed simplistically and subsequent researchers may use it with ease. Although samples in qualitative research are smaller than in quantitative research, trustworthiness is increased by using thick, rich descriptions of analysed data and verifying data with participants through member checking. The researchers ensured credibility by continuing to conduct interviews until saturation was achieved (Venter & Van Zyl, 2017). Data collected and analysed is discussed under the headings of (i) demographic data and (ii) codes and themes.

Demographic data collected

Thirty-two managers were interviewed, who held positions on varied hierarchical levels in hotels and hotel schools in the two countries under study. Eleven senior managers, 14 middle managers and seven junior managers were included in the sample. Fifteen managers were directly involved in HCD, in the roles of training managers, HR managers, skills development facilitators or trainers. The sample consisted of 21 females and 11 males, mostly between 26 and 35 years old, who possessed work experience ranging from five to 15 years and held a certificate or diploma in hotel management. The sample therefore consisted of a young group of participants, with limited work experience.

Codes and themes

Four overall code groups were identified, which were as follows:

- African context
- HCD
- Risk priorities
- Risk mitigation

These codes were chosen for the frequency of their appearance in the analysed data. From the code groups, two primary themes were identified, which were as follows:

- HCD Risk in the African context
- HCD Risk, risk management/mitigation

The participant top five significant responses to the question of how risk was perceived, is graphically illustrated as in Figure 1:

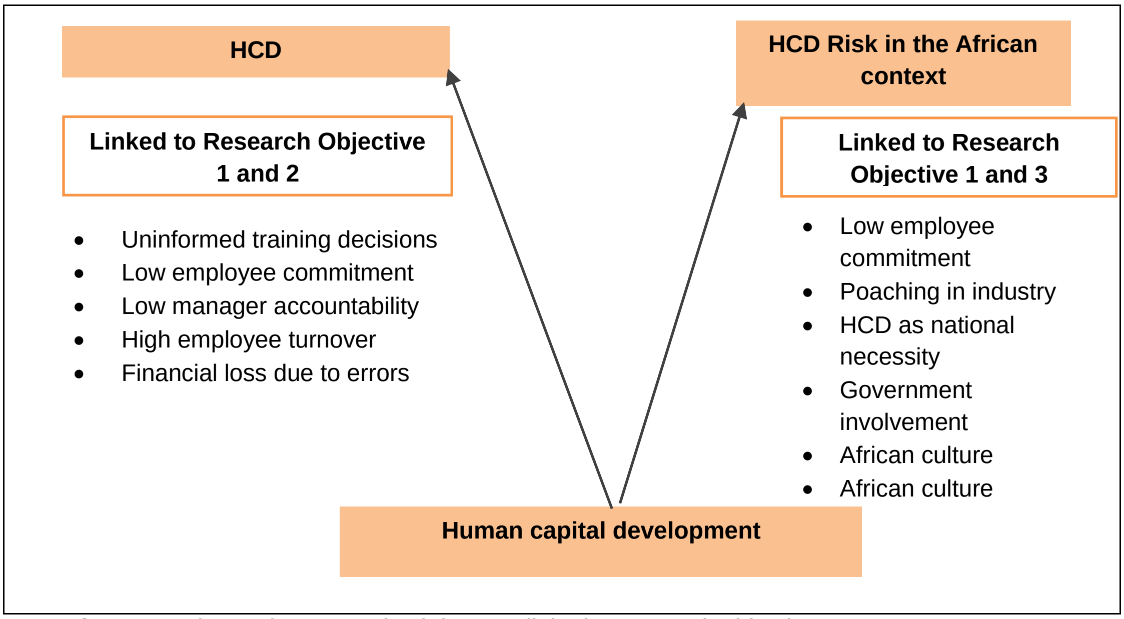

Figure 1. Primary themes and subthemes, linked to research objectives
Source: Author compilation

Figure 1 illustrates the two primary themes and its sub-themes, being (i) HCD risk management and risk mitigation and (ii) HCD risk in the African context, as well as its links to the research objectives. These themes were chosen for their abilities to address the research questions best and are illustrated below as the verbatim responses of participants. In the interest of brevity, only a few verbatim responses are cited here.

The most significant participant perceptions on risk in HCD were high employee turnover, low employee commitment and manager accountability. Twenty-five of 32 managers reported this to be the most significant risk. Fifteen participants reported that employees persistently underperform, despite training and retraining, and this is perceived to be a significant HCD risk. The underperformance may have resulted from a deliberate management decision to train only those employees displaying a willingness to learn, and when training was withheld, those employees underperform. Employees who felt marginalized as a result, may resign when they cannot meet the job demands (Koerselman & Uusitalo, 2014). Seven participants stated that line managers are not held accountable for the performance of their team and as such do not value an investment into their teams in the form of HCD.

In the words of Participant 14:

> "There is always a risk if we lose some of our best trained chefs to another restaurant. I do not think we are prepared for that because we are hoping for the best, that is, that either the chefs will not leave or we will have enough well-trained staff to take over. But the chefs' reputation and good name is sometimes what attracts."

Participant 4 added:

> "There are managers that believe that all employees should be at the work environment, training is a waste of money."

Participant 19 observed:

> "Staff leaving, or not getting buy in from management, those are risks. We need to be diplomatic when you suggest a manager or his staff need training, that it is not because he is lacking as a manager, it is because things are always changing in the industry. Also, spending money and not getting results, that's a risk."

Under the participant perceptions of HCD risk measurement and management, the most significant participant perceptions are that training governance and compliance should be introduced, either by the risk manager or internal auditor. Nine of the 11 senior managers reported as such. The second most significant perception was that expense control is required, as agreed by eight participants. The third most significant perception is that manager buy-in needs to be obtained and six participants reported this.

Participant 21 commented as follows:

> "We have a diverse group here, ranging from managers who are 35 and older, and very young subordinates, who want to be managed differently. We cannot force managers to support the need to learn among these millennial workers, so we followed the psychological route of empowering the managers first, but we convinced them that knowledge is power so now they are okay to share it."

Participant 15 had the following to say:

> "Otherwise, if the person says, you know what, I'm bored. I'm actually at this bar now for three years, I need a new challenge. Then you say let's sit, let's discuss it, because then that means he doesn't want to leave. He's just leaving because he wants a new challenge. So, let's look at something else, let's start challenging him with something else."

Participant 32 responded:

> "Our strategies moved substantially in the last five years. I would say we have moved very much away from the classroom-based, 5 to 7 day programmes,

> because that takes people out of the business and it is expensive. If you have outlying people, then they have to fly in and it's transport and accommodation. And we have moved towards blended learning, where we use various tools, including Skype calls. I would say our current strategies are much more effective and cost effective."

The implication of these findings for managers is that little knowledge exists in hospitality organisations to manage the risks emerging from this study and thus they need to enhance their knowledge in order to mitigate risk. It is possible that these risks were ignored or not taken seriously in the past. This could result in financial losses, loss of talent and of dynamic capabilities, escalating recruitment costs and an agency problem due to manager agendas being unaligned with workplace agendas. Ultimately, organizational sustainability is threatened.

The most significant participant perceptions on risk in the African context were reported under primary theme 2: HCD risk in the African context. These were reported to be industry poaching, low employee commitment and HCD as a national requisite. Fifteen participants reported that poaching was the most significant risk, while twelve commented that African employees lack competencies, passion and commitment for their jobs. Ten participants reported that employee mobility is good for the African situation, where corporate efforts are required to build human capital for the entire nation.

Participant 8 commented as follows:

> "There's and attitude in Africa, there's a misconception. People think because there's such a high rate of unemployment, people would be happy to get a job. I can lose my job tomorrow, I don't care because my family will support me other and it's not like I'm destitute. If there's one person working, he will support the whole unit until another finds a job."

In the words of participant 10:

> "The training authorities refund us only for training up to NQF Level 5 and only for the skills training they consider as critical".

Participant 26 relayed that:

> "I like the way we are doing things here. They don't just pick you and you go for training. Staff have to apply. They can apply for that training which means management cannot push someone to do something that they don't like. So, one-one can say they were forced to go for training. And the application is only approved if the training is appropriate. So, we don't waste money on for instance sending a receptionist on leadership skills for instance."

These African specific risks are important indicators that management awareness is required about employee mobility. Young employees are being fast-tracked through their careers to overcome the historic imbalances that came about as an aftermath of the Apartheid policy of the South African and Namibian governments. Fast tracking the acquisition of skills, education and knowledge among historically disadvantaged individuals makes them high in demand and consequently will lead to high employee turnover. Government involvement in HCD efforts is required to further upskill employees in both the Namibian and South African hospitality industries.

In summary therefore, this study intended to investigate how HCD risks can be defined, ranked and managed in the hospitality industries of Namibia and South Africa. These objectives were addressed and are summarised in Table 1 below.

Table 1, Reduction of code groups to themes and linked to research objectives

Code groups	Primary theme	Link to secondary research objective
• Risk mitigation	HCD Risk management/ mitigation	To explore how HCD risks are managed in Namibian and South African hospitality organisations.
• African context • HCD risks • Risk priorities	HCD Risk in the African context	To understand how hospitality managers in Namibia and South Africa define risk.
		To explore how hospitality HCD risks are ranked.

Source: author compilation

Limitations and recommendations

Based on empirical investigation conducted in two Southern African countries, namely South Africa and Namibia, this study is situated in the hospitality industries of these two countries and therefore findings may or may not be applicable to other industries beyond these two countries. Even though there are a wide variety of organisations in the hospitality industry in South Africa and Namibia, the sample comprised of hotels and hotel schools.

Conclusion

The aim of this exploratory study was to examine the risks present in human capital development in the South African and Namibian hospitality industry. Other objectives of this study included: developing an understanding of how risk is defined, ranked and managed by hospitality managers and organisations in Namibia and South Africa. The study dealt with the gap in the literature regarding a lack of research in HCD risks and the management thereof in the African hospitality industry. The study also tackled a weakness in the literature in that there is scant data available regarding the South African and Namibian hospitality industry.

The study highlights how important it is that managers in the Namibian and South African hospitality industries become aware of and address HCD risks, manager accountability and employee mobility. HCD risks such as high employee turnover, low employee commitment and a lack of accountability by managers could result in major financial losses for the hospitality industry in these countries if they are continually ignored or not attended to. The hospitality industry in these two countries needs to investigate the reasons why employees, even after being trained and retrained, continue to perform poorly. Managers should also address challenges related to employees in the African hospitality industry such as a lack of commitment and dedication to their work and poor skills levels.

It is essential that line managers in the African hospitality industry, but equally so their global counterparts are held accountable for their team's performance because this could result in them enhancing the value of HCD. Furthermore, an awareness of governance and compliance issues related to HCD should be introduced in the African hospitality industry. HCD risks are very real, such as employee poaching by rivals in the industry who simply buy the combination of skills and credentials possessed by these formerly disadvantaged employees, by offering them better incentives. The need for national governments in Namibia and South Africa to play a more active role in promoting and uplifting HCD in their hospitality industry should be emphasised.

Recommendations

This research proves that more awareness is needed among managers in the Namibian and South African hospitality industry that risks are prevalent in their organisations. To enhance the value HCD efforts are intended to create for all stakeholders, more attention needs to be paid to setting objectives and measuring and evaluating the extent to which the objectives are met. Governance and compliance policies should be addressed to include an HCD risk management aspect. Such awareness will place the Namibian and South African hospitality industries in a leading position regarding HCD risk awareness.

Areas for future research

Further research can be conducted as follows:

- The role of HCD risk in enterprise risk management;
- The ways in which HCD risks can be managed in challenging and uncertain business environments and industries in the African context;
- The ways in which HCD risks can be understood and quantified so as to effectively address HCD interventions; and
- Training programmes regarding governance and compliance in HCD in the African hospitality sector should be developed.

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