

SA CEOs optimistic despite challenges

By  Danette Breitenbach

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Skills, technology and trust are the three key areas of concern for South African CEOs according to PwC's latest CEO Survey, the 20th Annual Global CEO Survey.

Launched at the World Economic Forum in Davos, and then in South Africa, the Survey features 1379 interviews in 79 countries. This is the 8th South African edition of the Survey with 36 local CEOs interviewed. All interviews are either online or face-to-face and comprise of core questions supplemented by others to probe new trends.

Globally CEOs remain cautious about the global economy in the short term (or next 12 months), with South African CEOs even less optimistic. Local CEOs are also less optimistic than their global counterparts when it comes to the revenue growth of their companies in the short term.



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Despite this, the percentage of optimistic CEOs is still over 80% and up this year on last year, from 82% to 85%. This is also significantly up on 2014, when only 73% of South African CEOs were optimistic. "Above 80% is not low and CEOs are confident that revenues will grow and not regress. There is more certainty in the country than last year when we were in the peak of political uncertainty so it is encouraging that the South African CEO is optimistic," says Dion Shango, CEO for PwC Southern Africa.

Both global and local CEOs were slightly more confident about medium term growth (or three years). “Local CEOs are still stubbornly optimistic in the face of a persistent threat of a ratings downgrade and continued high unemployment,” comments Shango.

With this confidence comes the desire to grow through a rise in head count. “We are seeing less appetite for Mergers and Acquisitions (M&A) with organic growth more favoured. CEOs are working hard to drive growth and profitability, with cost reduction also key focus of CEOs,” says Shango.

However, it is key skills that are still the most significant business threat for South African CEOs. While CEOs are looking to increase the number of people working in their companies, there is a sting in the tail, as they are looking for very particular skills, not just any skills, explains Shango.

These skills include emotional intelligence (EI), adaptability, problem solving, leadership collaboration and creativity and innovation. “These are all skills that are difficult to teach. Companies are taking a dynamic approach to recruiting, developing and retaining talent,” adds Shango.

With this both globally and locally we are seeing a change in their people strategy to reflect skills and employment structures needed for the future. “As a result, companies are promoting diversity and inclusiveness, rethinking their HR function, moving talent to where it is needed, and seeking out best talent regardless of demographics and geography, which includes a reliance on contractors and freelancers and outsourcing more,” he says.

Linked to the people is technology innovation and how it is impacting business and how companies manage their talent, but South Africa is behind in using data analytics to find people, and develop and keep them. “We are also not yet using technology as much as their global counterparts to improve their people's wellbeing, and the benefits of using machines and humans together. “It is about the type of life you want your employees to lead, and the matching of home and work life.”

The third issue is trust and this has become more and more pertinent overseas. Global CEOs believe that trust is more important than ever, as the trust between people and organisations continue to erode.

The global economy is characterised by slow growth in the global economy, with developed economies improving slowly, and continued low oil and commodity prices. “A key characteristic is the rising populism in western countries which was seen by Brexit and the United States (US) Presidential elections,” says Shango.

A stagnant GDP growth, high unemployment, drought and food inflation, political and policy uncertainty, and the results of municipal elections characterise the local landscape. “We have seen significant changes in the political discourse of our country through the local elections, but it remains to be seen what impact this will have on the local and country's economy,” comments Shango.

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