Johannesburg CEO Roundtable

5th of November, 2024

🌍 Macroeconomic Challenges and Opportunities

The formation of the new Government of National Unity (GNU) in June 2024, after the May elections, has been greeted positively in South Africa, and this optimism is seen within the business community and in the population at large.

For the first time in many years, business and government seem to be in alignment. Infrastructural and supply chain impediments are now receiving attention; examples include the availability of reliable energy and port decongestion. Resolving these impediments will support higher economic growth projections.

However, this sense of optimism in the air has not yet translated into tangible opportunities for most businesses. The common view is that it will take at least 6-12 months to foster a comfortable level of certainty that there is a sustainable path towards economic growth. The issue of jobless growth must be resolved.

📈 Scaling for Growth and Embracing New Segments

Certain sectors and industries are undergoing transformation. There is a discernible de-industrialisation of the South African economy, away from heavy manufacturing, mining and traditional automotive.

This move is ushering a shift towards service sectors such as healthcare, non-governmental education, digital infrastructure, and inclusive financial services, creating new and more lucrative market segments.

Businesses companies that are embracing this shift need to strategize on ways to leverage technology, including Artificial Intelligence, and the impact on jobs.Capital allocators such as DFIs and Pension Funds (through their social impact thesis) are assisting in reshaping the direction of investment and are deliberately investing in projects which create jobs.

The deployment of institutional capital is underrepresented, and this presents an opportunity.

There needs to be a focus on long-term inclusive investments, and a move away from short-termism.

🌟 Developing and Retaining Leadership Talent

The leadership talent deficit in South Africa is an ongoing problem. The distinction needs to be made between talent that is available and talent that is ready – there is a clear skills gap, with a high demand for business-ready leaders who can effectively leverage new technologies.

As a result, there is a need to augment local talent by importing people with the requisite skills. Fortunately, the South African visa regime has been revised to remove some of the obstacles. There is also a worldwide talent pool of highly-experienced diaspora South Africans, who can be persuaded to return if offered the right opportunity.These observations point to talent development as a critical cog in addressing the skills gap. Companies need to implement talent development strategies, while understanding and accepting that they will lose some of their carefully-nurtured talent along the way.

It is also important to consider and refine retention strategies beyond financial reward. Retention improvements can be driven by positive culture-shaping and job enrichment, and through role rotations in-country or in different geographies.

🌍 Leadership, Diversity & Inclusion

There is a need to benchmark leaders against global peers, and agree on what great South African leadership looks like. Diversity & Inclusion still requires a concerted effort both at Board and C-suite levels, in particular when it comes to promoting women to senior management level.