

SA CEOs expect aggressive growth

The confidence levels of global and local CEOs have returned to levels not seen since the start of the pandemic, with 70% of leaders confident about the local economy's growth prospects over the next three years.



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The local economy is forecast as modest to two percent in 2022 and, with the prospect of a stronger global economy, CEOs are looking to invest in expansion and business transformation.

However, they say higher economic growth will only be achieved if a specific growth mandate is pursued.

This is according to KPMG South Africa's *2021 CEO Outlook*, in partnership with Business Leadership South Africa (BLSA), an extension of the 2021 Global survey that draws on the perspectives of 50 CEOs across 10 industries.

Aggressive growth

The survey reveals that 62% of senior executives are identifying inorganic methods (e.g. joint ventures, M&As and strategic alliances) as their organisation's main strategy to support their growth.

A majority (88%) of local leaders stated that they expect aggressive growth and are looking to make acquisitions in the next three years to facilitate this and transform their businesses, closely aligned to the global average of 87%.

Key risks

Since 2020 however, two key risks have moved up the agenda including supply chain risk with a 10% increase year on year, and tax risks where 75% of CEOs believe that the pressure on public finances has increased the urgency for multilateral cooperation on the global tax system.

“Despite the risks, there is a clear road to renewal theme emerging this year and no doubt, South African CEOs are both optimistic about growth and are placing a specific emphasis on leading with purpose and digitally transforming their businesses while upskilling an agile workforce,” says Ignatius Sehoole, CEO at KPMG South Africa.

More than half (55%) of CEOs surveyed, have indicated that organisational purpose will have a profound impact on business – driving performance, shareholder returns and strengthening employee engagement.

“However, while we drive growth, we also face a tough task – leading companies in a time of continued uncertainty where markets and forecasts are dynamic in nature.

“The main threats to business identified in the survey not surprisingly then, include supply chain, operational concerns and cyber security; followed by climate change, regulatory and emerging/disruptive technology risks,” says Busi Mavuso, CEO at BLSA.

Digital agility

Despite the risk, research shows that CEOs are embracing the need to push the boundaries of their business with quicker shifts in digital transformation strategies and investments a priority.

Seventy-four percent (74%) have indicated that technological disruption is more of an opportunity than a threat.

Not only are 58% well prepared for future cyber-attacks, but many (54%) are shifting toward a cloud-first mindset and aiming to partner with a third-party cloud technology partner in the next 3 years.

Similarly, 70% are placing more capital investment into buying new technologies in pursuit of their growth objectives.

“We are seeing a major shift in digital agility, where CEOs are strengthening their organisations’ digital advantage by building a more flexible workforce and no doubt, this shift will positively impact not only the business, but certainly the workforces of the future,” continues Sehoole.

“In fact, 58% of CEOs believe that the top key success factor to ensuring employees are engaged, motivated and productive in the hybrid work model is investing in digital training, development and upskilling them to be future-ready and so no doubt technology agility and development remains key,” states Sehoole.