



MEDIA RELEASE

KPMG 2024 CEO Outlook: Inaugural Africa edition – African CEOs emulate business confidence and clear growth trajectory into 2025.

Key findings:

- CEOs identify technology and generative AI, talent, ESG, and geopolitics, as the top four risks facing their organization’s growth prospects.
- Ethically implementing emerging technologies is a paramount priority for CEOs across Africa.
- 77 percent of African CEOs highlight ethical dilemmas as a big challenge within their enterprises.
- CEOs across Africa agree that key investment priorities include governance models and transparency protocols, addressing environmental challenges, with a focus on diversity, equity, and inclusion.

KPMG 2024 CEO Outlook Survey – Africa Edition

While CEOs remain confident in the future of the global economy, there is a significant consideration for escalating uncertainty and rising global crises - which has forced a reset in strategic thinking, a consolidation of talent, a renewed focus on collaborative approaches as well as an eye on upcoming technology and geopolitics. This is according to KPMG’s 2024 CEO Outlook Survey – Africa, the inaugural edition focusing on the African continent.

This annual report, the first of its kind to be launched in Africa by KPMG, draws on the perspectives of more than 130 CEOs from Southern, East, and West Africa regions. This follows on the back of the Global KPMG CEO Outlook Survey which celebrates its 10th edition and was conducted among 1,325 CEOs across 11 markets which examined how CEOs are looking to tackle this complex set of emerging and converging challenges.

According to Ignatius Sehoole, Chairman and CEO, KPMG in Africa: “It is an exciting time in the history of the African continent to release these results that collectively look at how we, as African colleagues, can together address the key impacts of the global and local economies to gear our businesses for growth. The whole is very much the sum of the parts and so reviewing CEO outlooks from a continental perspective is critical as we tackle global challenges and economic impacts on local African soil, with African-based solutions.”

Economic Outlook

Despite a backdrop of global economic uncertainties, and varying economic landscapes across the three regions, CEOs remain confident in the growth aspects of their organizations. In East Africa, the projections indicate a 5.1% expansion in 2024 with CEOs likely to take a more cautious approach when pursuing M&A, due to prevailing factors such as economic volatility and currency risk. Only 26% of CEOs expect growth through M&A because of the existing economic conditions.

West Africa's economic outlook in 2024 reflects cautious optimism among CEOs, with 60% confident in their country's economic growth down from 73% last year. Key risks include trade regulation, operational issues, and rising cybercrime. CEOs are focusing on agility, resilience, and embracing technology, especially generative AI, to navigate challenges. Improving customer experience and hedging against inflation are top priorities, along with talent retention.

Similarly in the Southern Africa region, CEOs have expressed confidence in business growth in several areas. The CEOs are most concerned about the impact of economic decoupling between countries which may lead to pricing pressures over the next three years, followed by cyber security and emerging or disruptive technologies. "This confidence and prospects for business is refreshing, especially considering that local CEO confidence in the global economy has waned in 2024, reflecting the growing complexities of the environment they face – down to 52 percent compared to 2023's 70% confidence levels," says Frank Blackmore, Lead Economist, KPMG in Southern Africa.

Geopolitics - Navigating global shifts in the Boardroom

Geopolitical competition remains broadly inflationary with the ability to disrupt supply chains and trade investments because it shifts the focus of investment from efficiency to resilience.

"Geopolitical tensions have caused global economic volatility, disrupted trade and energy markets and driven major supply chain headaches for CEOs putting pressure on inflation, food, and energy insecurity across the world. In addition, it has also increased regulatory uncertainty making it complex, costly, and inconsistent, and leaving room for significant hurdles for firms," says, Stefano Moritsch, KPMG's Global Geopolitics Lead.

The current situation, "is not all negative as shifting geopolitics offer opportunities for those who can stay ahead of the geopolitical game and leverage it to foster significant growth. Proactively adopting new corporate approaches to understand and manage the complex interplay of geopolitics, operational issues, cybersecurity, and supply chain risks will be key to leveraging such opportunities and addressing the challenges posed by geopolitical tensions. In doing so, CEOs can build more resilient and adaptive organizations capable of thriving in an uncertain world. This necessitates proactive measures to maintain operational resilience and continuity," Moritsch further states.

It is evident that growth is a key priority all around the world and buffering businesses from any impact to growth ambitions is where the focus should lie. This will align with a conservative but intentional strategic drive to sustainable growth.

Accelerating innovation and navigating technology and generative AI

In 2024, the prominence of generative AI is positioned and geared as one of the top priorities to get right as a cutting-edge investment by CEOs. For many CEOs across Africa, ensuring AI is implemented ethically is a priority, with 77% of the CEOs highlighting ethical dilemmas as some of the toughest challenges in adopting AI within their organisations.

With the approach and readiness to implement AI in the workplace, a significant 73% of CEOs think their leadership team understands how generative AI will shake up existing business models providing opportunities for a competitive edge in their organisations. Accordingly, a vast majority of CEOs hold diverse opinions about the readiness for actively deploying generative AI, with 81% of CEOs in Africa believing that generative AI does not pose a major risk for headcount but necessitates upskilling and resource allocation to the workforce.

Furthermore, the next three years offer a clear use of generative AI across the value chain, with 78% of Africa's CEOs recognizing its potential in the ICT function, significantly higher than the global CEOs at 68%.

As generative AI evolves, cybersecurity and preparedness strategies are an additional ongoing concern, which may pose a challenge in the efforts and adoption of generative AI. In fact, 43% of Africa's CEOs believe they have access to adequate cybersecurity talent and solutions to combat AI-specific threats, compared to 50% worldwide.

"Artificial Intelligence models have the potential to transform businesses and everyday life profoundly. The state of readiness in organizations for impending cyberattacks is low which has prompted the act to work together to bridge the skills and cultural gap seen in many of these organizations. Fostering a cybersecurity-centric culture is crucial to how AI is incorporated into these businesses. We need to ensure this technology is applied safely and securely," says Martin Kimani, Associate Director, KPMG in Africa.

Talent and the dynamics of the evolving workforce

In the past three years, the shift to remote working has been a reality, with consistent views from CEOs who hold a strong belief in a full-time return to office post the pandemic. This view has been increasing yearly, with 86% of CEOs in Africa in agreement, something that is mirrored across all three regions. This finding is in line with global CEOs, where the number has increased significantly in the past 12 months from 64 to 83%. Interestingly, flexibility as an employee value proposition is an important factor that cannot be ignored.

Both African and global CEOs are placing more investment in new technology rather than upskilling their workforce. At least, 61% of the African CEOs agree with this, which is notably higher than 59% of the global CEOs.

"With 89% of African CEOs highlighting the impact of an aging workforce, it is critical that the younger talent pool is nurtured and developed to minimize the negative impact this could have on the sustainability of organizations. Despite differing concerns on the impact of the aging workforce, retiring employees is a reality each year, and if unmanaged, will no doubt create an enormous talent risk for any organisation," says Dr Candice Hartley, Head of People, KPMG in Africa.

ESG strategies: The future landscape

At a global level, there is a higher recognition amongst CEOs of the imperative role that Environmental, Social, and Governance (ESG) plays in customer relationships and positive brand association when compared to African CEOs. The African CEOs believe their ESG strategies, misinformation, and reputational risk can adversely affect their business. These views varied across the three regions with the CEOs in East Africa agreeing the most.

According to Pieter Scholtz, KPMG in Africa lead for ESG, the different views of CEOs across Africa are fascinating to note. "The different economic, social, and environmental landscapes in the three regions seem to have a significant impact on how CEOs in these regions think about ESG reporting, the risk of natural disasters on their businesses, and the impact of the social licence to operate on their businesses."

Even though there are many differences in thinking, the one thing that is consistent between all regions in Africa, and across the globe, is that ESG will be one of the biggest value creators for corporates in the coming decade, especially where it is effectively integrated with companies' digital transformations and their communication strategies."

Furthermore, African CEOs are not as convinced in comparison to their global counterparts that their organizations will meet their 2030 Net Zero commitments. The difference is sizable with 51% of the global view whilst, Africa is at 32%, with CEOs citing several barriers including, but not limited to, lack of technology, skills, internal governance, and complexity of decarbonizing supply chains as the highest at 22%

“There is no doubt that CEOs across the continent have a myriad of growth and sustainability considerations as they continue to face universal challenges that have an impact across the continent. However, this is not new to us and as I have said in previous years, African CEOs are resilient, innovative and can navigate these with a solutions-focused mindset. And navigate them we will – backed by sound business advice, strategic decision making, and a clear focus on key priorities that ensure growth over the next three years,” concludes Sehoole.

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About the KPMG CEO Outlook Survey

The 10th edition of the KPMG CEO Outlook, conducted with 1,325 CEOs between 25 July and 29 August 2024, provides unique insight into the mindset, strategies, and planning tactics of CEOs. All respondents have annual revenues over US\$500M and one-third of the companies surveyed have more than US\$10B in annual revenue.

The Africa survey included leaders from 13 markets (Botswana, Ghana, Kenya, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, South Africa, Tanzania, Uganda, Zambia and Zimbabwe) and 11 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, insurance, life sciences, manufacturing, technology and telecommunications).