KPMG 2021 CEO Outlook

Plugged-in, people-focused, purpose-led

South African Edition

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BUSINESS LEADERSHIP SOUTH AFRICA

Foreword

Positive shift in business confidence

The launch of the KPMG Global CEO Outlook Pulse Survey earlier this year under the theme of "Preparing for a new reality" noted CEOs were planning what a return to 'normal' would look like, mindful that their workforces' potential lack of access to a COVID-19 vaccine could force them to rethink their strategies. By June 2021, data from the South African Chamber of Commerce and Industry (SACCI) showed business confidence climbed to its highest level in three years. We have seen a continued increase in South Africans getting vaccinated, but as we near the local government elections one of the key challenges that government has identified is to close the gap to the 70% stated immunisation target.

The annual Global CEO survey was recently launched and it is noteworthy how much has changed. If one word could be used to summarise it, it would be optimism — a remarkable and reassuring shift.

"CEOs are incredibly confident in the growth prospects of their company and the global economy in general. Leaders expect aggressive growth and are looking to expand their business and organizations in any way that they can. They are hiring, exploring tie-ups and feel a strong connection to their organization's purpose."
Bill Thomas, Global Chairman and CEO, KPMG International

In this South African edition, 50 CEOs participated in the qualitative research conducted by Forbes[1], as part of the overall annual global process. A majority of the participants were male, with 74% representing public listed organisations. Despite various risks, there is a clear road to renewal theme emerging this year and no doubt, South African CEOs are optimistic about growth and are placing a specific emphasis on leading with purpose and digitally transforming their businesses while upskilling an agile workforce. 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. The pandemic is still central to management, while leadership navigates their adjusted growth strategies.

The ESG[2] agenda has become fundamental in most business plans and sustainability measures are being put in place to illustrate organisational commitment.

We have partnered with Business Leadership South Africa (BLSA) for this local edition to fully reflect the viewpoints of the South African business community. The opportunity to build a stronger, more trusted organisation exists only if we work together towards a common goal.
Finally, I would like to thank all the CEOs who took the time to participate in this survey. Thank you and keep safe.

Ignatius Sehoole
CEO
KPMG South Africa

Foreword

Challenges are formidable but we're on the right path

From a South African perspective, it's heartening to note that global CEOs are incredibly positive about the future. They are confident about their company's growth prospects while also playing an increasing role in addressing global challenges, ranging from income inequality to climate change.

Tackling such serious threats to the wellbeing of all citizens and societies is in the best interests of all countries. I am convinced that, with strong and effective collaboration between businesses and governments, we can overcome these threats. To address global challenges, we must work together as a community of nations.

The CEOs' confidence in business prospects is also positive for us, even if not many business leaders here share the confidence. It reinforces the prospects of a sustained global economic recovery, which will directly benefit SA's economic growth. We certainly need the solid foundation that a growing global economy will provide as we attempt to address the challenges facing our economy and in our society.

We need to do this while also doing all we can to alleviate the plight of those most harshly affected by COVID-19 as well as by the unrest and looting that affected parts of Gauteng and KwaZulu-Natal in July. Asked which risks posed the greatest threat to their organisation's growth, 24% of South African CEOs selected supply chain risk against 18% for the CEOs of benchmark countries. Similarly, 16% of South African CEOs cited operational risk, with the benchmark countries at only 8%. That reflects the extent of the trauma that recent events have inflicted on our economy. Both because of Covid and unrests, many businesses had to shut their operations for certain periods and far too many were unable to reopen. South Africa's socioeconomic challenges are formidable by global standards. But while the terrain ahead is difficult, we have already charted a path for a future economy that is more resilient and has potential for sustainable growth. The Economic Reconstruction and Recovery Plan, approved by all social partners at Nedlac and adopted by Cabinet, is integral to this.

Implementation of some elements has begun while others are still in planning or policymaking stage. Numerous difficulties face the successful implementation of all elements, not least of which is opposition from some political quarters and those with vested interests. Progress has certainly been too slow but there have been important breakthroughs, particularly in reforming the energy market. It was a bold move to lift the cap on self-generation electricity licence exemptions to 100MW when business was hoping for 50MW and 10MW was initially tabled. The change increased business and investor confidence in the government's reform agenda. We need more bold moves like that to ensure each of the plan's elements are speedily and successfully implemented.

Another important element of KPMG's findings is the importance – globally – placed on income inequality, with 70% of South African CEOs and 66% of benchmark country CEOs "strongly agreeing" or "agreeing" that this is a threat to their company's long-term growth and value. South Africa, of course, suffers the world's worst score on the Gini coefficient, which measures inequality in income distribution.

That factor remains integral to the structural economic reforms that BLSA along with other business organisations have pushed so hard to be adopted. Only once they're implemented will our economy be able to grow at a much healthier rate. As businesses flourish and expand, they hire more employees, so addressing unemployment but also generating more tax revenue to relieve pressure on the fiscus, enabling the government to implement effective social welfare programmes. Growth is the only way we can sustainably address our deep social challenges. It will come with the implementation of reforms which will open opportunities for business and ensure our domestic confidence rises to that we are seeing in the rest of the world.

Busi Mavuso
CEO
Business Leadership South Africa

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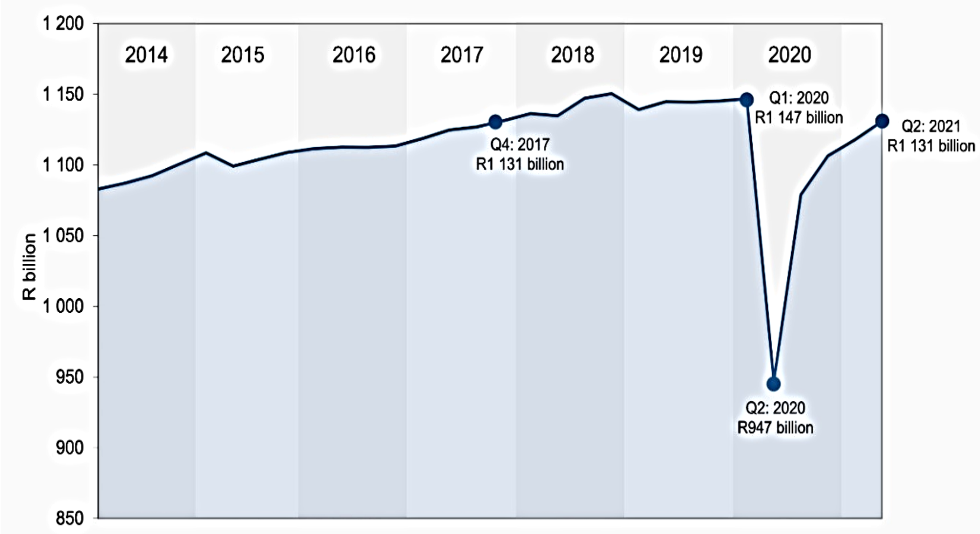
As per Frank Blackmore, Chief Economist, KPMG SA commentary, the global economic recovery from the COVID-19 pandemic continues in a divergent manner depending on the degree of access countries have to vaccines. Those countries who have access to vaccines continued with greater momentum towards normalization, while those with limited access to vaccines face resurgent infections, deaths and continued restriction on economic activity.

South Africa continues to roll out vaccinations to its adult population and its economy is emerging from the Covid-related lockdowns that have been in place since the onset of the pandemic. The economy grew by 4.5% in Q2 2021 over Q1 2021 and by 19.3% over the low of Q2 2020 with growth for 2021 expected at over 5% following the pandemic-induced contraction of 6.4% in 2020. Growth has also been uneven across sectors with those sectors dependent upon economic growth such as construction, or social interaction including entertainment and tourism, experiencing greater contraction and slower recovery. Growth is forecast to be more modest in 2022 at around 2% as the economy converges back to its long-term level. Higher levels of economic growth are required to reduce the persistent unemployment problem facing the country, with 34.4% or 7.8 million people measured as unemployed by the narrow definition in the most recent survey. However, higher economic growth will only be achieved if a specific growth mandate is pursued that would lead to increased levels of domestic and foreign investment in to the economy.

Although recent monthly consumer inflation figures have shown an increasing trend, those figures have still been well within the central bank's inflation targeting range of 3% to 6% and are to average around 4.3% for 2021 and around the midpoint of the range at 4.5% for 2022. With inflation expected to remain within range for the foreseeable future, interest rates are also expected to continue at current low levels for 2021 and into 2022.

COVID-19: The economy in Q2: 2021 was the same size as what it was in Q4: 2017

The economy is 1,4% smaller than what it was before the pandemic. Real GDP (constant 2015 prices, seasonally adjusted)



Source: Gross domestic product (GDP), 2nd quarter 2021

South African Economic Outlook[3]

The pandemic has also meant that public sector borrowing has been extended in order to pay for the additional cost of managing the pandemic and supporting the economy. There has been a general upward trend in total loan debt from 38.2% of GDP in 2008 until 62.2% of GDP in 2019. The additional borrowing required to deal with the Covid-19 pandemic in 2020 resulted in a budget deficit of 10.6% of GDP and pushed total loan debt to 77.1% of GDP. National Treasury forecasts that debt to GDP will continue to increase through 2023 with debt service costs making up an increasing proportion, and currently the fastest growing component, of public expenditure. International rating agencies will continue to follow the growth and management of national debt as they contemplate future ratings adjustments.

Commodity price strength starting in 2020 and continuing into 2021, as well as the decrease in import demand, has resulted in an improvement in South Africa's terms of trade and has led to a surplus on its current account from the first quarter of 2020. As a result, the exchange rate has strengthened from the lows of above 19.00.ZAR to the USD in April 2020 to current levels of around 15.00. This process is expected to gradually unwind itself over the coming year with the current account returning to negative balance and the exchange rate depreciating to the major currencies once more.

[3] Country economic analysis to further contextualise the insights from this survey.

Key Findings

The KPMG CEO Outlook series offers a unique lens on the ongoing implications of the COVID-19 pandemic and the prospects for economic recovery. Across the trajectory of the pandemic, we've connected regularly with the world's business leaders, reporting on some of the insights through our pulse surveys in July/August 2020 and January/February 2021. As an extension of the 2021 Global CEO Outlook, this South Africa edition draws on the perspectives for the future of 50 CEOs across 10 industries.

Key insights are focused on how today's connected CEOs are plugged-in, people-first and purpose-led to grow their organizations and emerge stronger:

CEOs are optimistic, confident and expect aggressive growth through acquisitions and other inorganic methods. They continue to put an emphasis on leading with purpose and a focus on digitally transforming their organisations while upskilling an agile workforce in the new world of work.

With increased stakeholder pressure to build back better, organizations are supercharged to increase investment into environmental, social and governance (ESG) priorities and stay true to their purpose.

With people returning to places of work, and society increasingly looking for business to lead a return to normal, CEOs are shying away from making wholesale changes to the future of work — but they recognise employee demand for continued flexibility.

Key Findings

Overall, three key themes emerged from this year's survey.

The Road to Renewal

82% confident

- **Rebounding growth**

  82 percent of CEOs are confident about growth prospects for the country. Overall, CEO confidence has returned to pre-pandemic levels of early 2020

- **Leading with purpose**

  As the public looks to leaders to drive progress on major societal challenges, 64 percent say that their organization's defining objective is to embed purpose into everything they do — creating long-term value for all stakeholders

- **Accelerating growth**

  With 90 percent of CEOs confident in their own company's growth prospects (compared to Global 87%), 38% (Global 31%), see organic growth (such as innovation and R&D) as their most important route to growth. While 28% (Global 24%) will primarily use inorganic tactics (M&A) to strategically grow the business.

Trusted Purpose

90% agreement

- **CEOs playing an increasing role in addressing global challenges, from income inequality to climate change**

  90 percent (Global 71%) of CEO's agree that they will increasingly be held personally responsible for driving progress in addressing social issues.

- **Collaborating to power sustainability**

  Making progress on climate change will likely require action from both businesses and government, with 54 percent (Global 30%) of CEOs planning to invest more than 10 percent of their revenues in becoming more sustainable.

- **Connecting ESG strategy with financial performance**

  36 percent of CEOs believe that their ESG programs improve financial performance, while 46 percent (Global 23%) believe that this reduces their financial performance.

Digital Agility

88% shifting investment

- **Digital Transformation Strategies**

  88 percent of CEOs (Globally 78%) agree they need to be quicker to shift investment to digital opportunities and divest businesses that face digital obsolescence

- **Investment being prioritised**

  CEOs are looking to get on the front foot when it comes to disruption and innovation, with 70 percent placing more capital investment in buying new technology

- **Digital Risks and resilience**

  While 58 percent of CEOs say that they are well prepared for future cyber attacks.

  56 percent (Globally 40%) of CEOs believe that the key step to take in building digital resilience is to invest in cloud based technology infrastructure over the next 3 years

The Road to Renewal

“The overall positive tone of South African CEOs and the major strides in key areas to grow both their own businesses, as well as the local economy, is refreshing. They are not only ready to shift to new ways of working and empowering their employees, such as focusing on culture and policies for a better work/life balance (70%) but, are addressing key risks and leveraging digital and ESG opportunities to move business forward”

Busi Mavuso,
CEO Business Leadership South Africa

The pandemic was a test of leadership for CEOs: the true leaders protected the health and well-being of their employees, made big decisions amid uncertainty and adapted their leadership approach in a virtual environment. Today, CEOs are facing new challenges as their organisations manage the ongoing impact of the pandemic.
They're balancing the potential to **drive growth and transform** their business with uncertainty around the potential of an uneven industry recovery and the impacts of new virus variants and vaccine rollout plans.

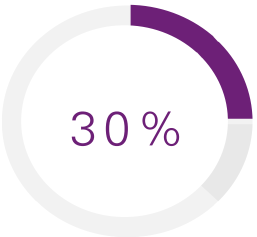
CEOs need to have a **people-first** mindset — not only investing in new technologies, but also human capability. **Purpose-led** CEOs follow through and deliver on previous commitments and statements with clear strategies on rebuilding stakeholder trust and restoring equitable and sustainable business confidence. Sustained growth is about connecting these three priorities.

Rebounding growth

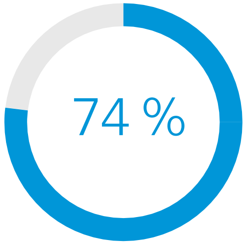
Despite the continued uncertainty of the COVID-19 pandemic, the survey shows that the perspectives and confidence of CEOs have shifted. CEOs are more optimistic about growth: for the first time since January/February 2020, prior to the pandemic, 68 percent of local CEOs are confident about the growth prospects of the global economy over the next 3 years.

Overall, CEO confidence levels have returned to the levels of early 2020, despite the Delta variant slowing down the return to normal. But to deliver this growth, organisations will need to make sure they have the right talent with the right skills to bring their growth plans to life. The research found that 82 percent plan to increase headcount over the next 3 years, with 32 percent planning increase of more than 6 percent.

CEOs have also narrowed the gap between their digital transformation objectives and investing in a digitally enabled workforce. While more CEOs are prioritising technology investment when pursuing growth, the 30 percent who are putting more emphasis on people investments is notably lower than their global counterparts at 40 percent.



are putting more emphasis on people investments



say, "the accelerated pace of digital transformation through the pandemic will not be sustainable without first addressing burnout among workforce"

As CEOs look to drive growth, they also face the significant task of leading companies in a time of great uncertainty, where assumptions and forecasts are subject to constant change. For Global CEOs, the threats to growth were: supply chain risk, cyber security risk and climate change risk closely followed by disruptive technology, regulatory and operational risks. For South African CEOs, however, the stand out risk was seen as Supply Chain risk which is understandable given the challenges faced in the country following the wide spread looting that took place in Gauteng and KwaZulu-Natal earlier in the year.

Most significant risks to growth for CEOs in South Africa:

24%	16%	14%
Supply Chain	Operational	Cyber Security

"KPMG published its global environmental, social and governance (ESG) plan in January this year. Our Impact Plan brings together new and existing ESG commitments under one umbrella, focusing on four important categories: Planet, People, Prosperity and Governance. CEOs acknowledge the importance of ESG goals for all stakeholders"

Makgotso Letsitsi,
Head of People, Transformation and Citizenship,
KPMG South Africa

Leading with Purpose

The convergence of issues ranging from climate change to social tensions has not just created widespread uncertainty: it has called into question the role that institutions play in the world today. In this context, stakeholder expectations of businesses have risen, and the actions of organizations and their leaders are under increasing scrutiny.

Today, CEOs aim to deliver the shareholder returns investors expect and help build a better future for society.

The research shows that CEOs are embracing this dual challenge:

- 54 percent say that "as confidence and trust in governments decline, the public is looking to businesses to fill the void on societal challenges, such as gender inequality or climate change".
- 80 percent recognise "large corporations have the resources — both financial and people — to help governments find solutions to pressing global challenges".

CEOs playing an increasing role in addressing global challenges, from income inequality to climate change:

54%

Public expectation for business to address societal challenges

80%

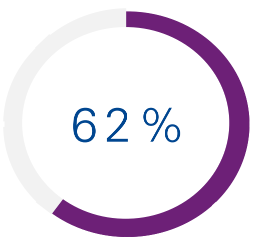
Resources to assist government

Corporate purpose is key to meeting those goals. Now, more than ever, people care about what the companies they buy from stand for. Purpose is connected to a company's role in society, its impact on the environment, how it sustains long-term value and how it operates within its community. It answers the question: "Why is our company in business — and how will it stay relevant?"

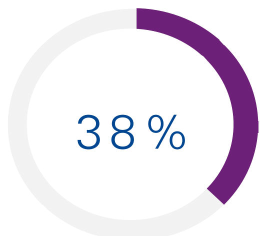
CEOs are also focused on driving hard value from purpose and embedding it in their business and operating models to drive tangible value and growth. We found that 90 percent of CEOs said that purpose plays an important role in driving financial performance.

Accelerating Growth

Optimism is high, with 90 percent of CEOs confident in their own company's growth prospects, and inorganic strategies will be key to achieving this ambition:



say they will primarily use *inorganic* tactics, including strategic alliances with third parties (the focus for 24 percent), M&A (28 percent), joint ventures (6 percent) and outsourcing (4 percent).



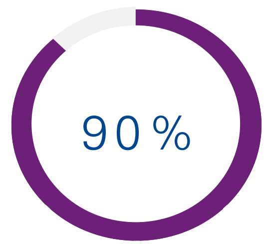
make *organic* growth — such as innovation and R&D — their most important route to growth.

M&A will likely be key to quickly building new capabilities and capitalizing on growth opportunities. Globally, 88 percent of CEOs say they're looking to make deals in the next 3 years. Among that number, 46 percent characterise their M&A appetite as 'moderate', with CEOs looking to make acquisitions that will have moderate impact on their organisation.

M&A will be important for driving digital innovation and acquiring technology capabilities. Technological enhancements have accelerated during this pandemic reinforcing the digital agility narrative. CEOs are shifting toward a cloud-first mindset, with 60 percent saying that they intend to partner with third-party technology service providers in the next 3 years in pursuit of their growth objectives.

The research shows that CEOs are embracing the need to push the boundaries of their business:

- 74 percent see technological disruption as more of an opportunity than a threat.
- 70 percent say they are placing more capital investment in buying new technology as their growth and transformation objectives.



of CEOs are confident in their growth prospects

Trusted Purpose

"Emerging markets journey towards building long-term value for ESG pillars require clear leadership buy-in; a structured sustainability approach and robust analysis on all environmental and social megaforces. By identifying regional priorities and defining gaps in technical capacity, CEOs can quantify the social infrastructure, innovative finance and measurement of social impact."

Jyoti Vallabh,
Sustainability Services, Associate Director,
KPMG South Africa

CEOs playing an increasing role in addressing global challenges, from income inequality to climate change

Corporate purpose is a business imperative. Key stakeholders — from customers to institutional investors — expect companies to have a positive impact on a range of areas, from driving diversity to helping protect the planet.

CEOs are playing an increasing role in addressing global challenges, from income inequality to climate change. 56 percent of CEOs noted they would invest in developing secure and resilient cloud-based technology infrastructures over the next 3 years as the first step in order to build digital resilience to mitigate digital risks – including cyber threats, service disruptions from tech failures and reputational damage from data privacy issues Linked to such measures, 78 percent take full responsibility to help reskilling, upskilling or placement of new roles to enhance their workforce

In our Global Survey, we see a major focus on the S in ESG, with 81 percent of CEOs saying, "Our response to the pandemic has caused our focus to shift toward the social component of our ESG program."

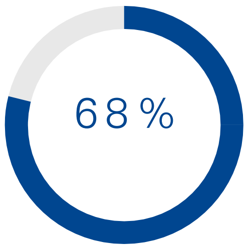
On the one hand, 71 percent of CEOs said they will be increasingly held personally responsible for driving progress in addressing social issues. But on the other hand, over half (56 percent) admitted that with public, investor and government expectations of diversity, equity and inclusion (DEI) rising so fast, they may struggle to meet expectations. In addition, 46 percent of CEOs noted the global pandemic's negative impact on women in the workplace has made it difficult to achieve their gender parity goals at a leadership level.

Driving progress on DEI within organizations will likely require action in two areas. First, CEOs will need to actively listen to employees to understand what aspects of DEI are important to them. Secondly, they will then need to set clear and measurable targets to achieve progress against those priorities.

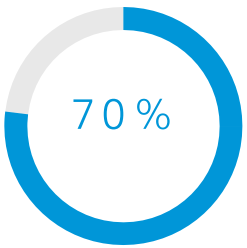
Collaborating to power sustainability

Making progress on addressing sustainability issues, including climate change and the decarbonization of the economy, will require strong collaboration between business and government. CEOs are looking to devote significant capital to becoming more sustainable, with 54 percent planning to invest more than 10 percent of revenues in their efforts.

But at the same time, they also stress that progress on sustainability and climate change requires equally strong government commitment:



say government stimulus is required to turbocharge climate investments being made by the business community.



say, "world leaders at COP26 must inject the necessary urgency in the climate change agenda".

Connecting ESG strategy with financial performance

The public is demanding more ambitious ESG goals — but have CEOs taken the necessary steps to bring them to life? Today's connected CEOs are those that can deliver on a trusted purpose by responding to increased societal expectations while driving sustainable business performance through digital innovation. Neither can be done in a vacuum, as three-quarters (75 percent) of global CEOs say that their digital and ESG investments are inextricably linked.

As CEOs plan to devote significant capital to becoming more sustainable, it's important their digital investments are plugged into their ESG needs.

While CEOs believe that social and environmental priorities are key, they're less convinced about making the connection between ESG programs and hard results.

CEOs may perceive their current ESG programs to be more about compliance and risk management and that there's still much more that needs to be done before they're convinced their ESG programs are reshaping the business and driving new growth. Secondly, CEOs feel their organizations are struggling to report on and communicate ESG performance in a way that matters to key stakeholders, such as investors. When we asked CEOs to identify the one critical challenge that was undermining their ability to communicate ESG performance to key stakeholders, the standout challenge (selected by 38 percent of respondents, compared to 42 percent globally) was that they "struggle to tell a compelling ESG story".

Getting this right is critical, as investor scrutiny of companies' ESG performance is intensifying with 58 percent of CEOs seeing increased demands from stakeholders — such as investors, regulators and customers — for increased reporting and transparency on ESG issues.

70%

of CEOs seeing demand from stakeholders – such as investors, regulators and customers – for increased reporting and transparency on Environmental, Social and Governance (ESG) issues today

Digital Agility

"The pandemic places cyber security at the forefront of everyday business considerations. The evolving threat, landscape and sophistication of attacks in this technology-driven environment exposes all businesses to cyber security risks. Coupled with increasing legislative, corporate and regulatory requirements to protect and manage data appropriately, organisations need to be on the forefront of their cyber security goals."

Marcelo Vieira,
Cyber Security, Director,
KPMG South Africa

Digital Transformation Strategies

With people returning to the office, and governments looking to the private sector to inform the return-to-office roadmap, CEOs are focusing on greater flexibility for their workforce:

70%

of CEOs will focus on a culture and policies that foster a better work-life balance for their employees

Investment being prioritised

Organisations in every sector see technology as a key enabler of transformation – from internal processes and customer engagement through to entirely disrupting established industry norms.

CEOs recognise that digital lies at the heart of how companies can create new sources of value. Building a culture of transformation, embracing the cloud, failing fast and rethinking budgets will all contribute to more successful change. This more agile approach helps drive continuous improvements in pace with new technology, industry evolution and customer demand, setting organisations up to remain relevant and competitive in today's disruptive world.

Research shows that CEOs are embracing the need to push the boundaries of their business. When we asked them what actions they planned to take in their digital transformation strategy, the top two aspects were divesting in digital obsolescence and new partnerships. And rather than waiting to be disrupted by competitors, CEOs are actively disrupting the sector in which they operate.

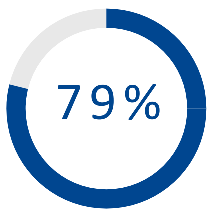
> Digitalisation has a profound effect on business and technology transformation required to create a secure, sustainable and resilient Supply Chain. Leading organisations are developing approaches to deal with disruption arising from the need for digital transformation.

Johan Smith,
Digital Consulting, Director,
KPMG South Africa

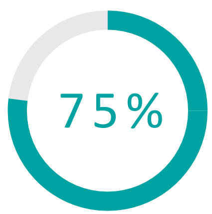
Digital Risks and Resilience

Rapid digital transformation is going to be critical for airports and the air sector to be more competitive. We have got to offer more certainty and more predictability to both travelers and carriers so that they operate more efficiently at a time where margins are going to be more precious than ever."

Companies across the world are operating as part of digital ecosystems — collaborating with partners, suppliers and even competitors to drive operational performance, identify new digital revenue streams and create compelling digital customer experiences that deliver on an organization's purpose. CEOs recognize the importance of collaboration and a fluid approach, with 70 percent saying, "new partnerships will be critical to continuing our pace of digital transformation".
But as they digitally connect their systems and share data with partners, they need to make sure systems and data — especially customer data — are secure. Cyber security threats limit growth and create boundaries to digital development and inclusion. Purpose-led, sustainable cyber security practices help digital ecosystems thrive, bounce back from attacks and instill confidence that a business is well governed. The research shows that CEOs recognize the importance of building cyber security into collaborations and ecosystems:



say, "protecting our partner ecosystem and supply chain is just as important as building our own organization's cyber defenses."



say "a strong cyber strategy is critical to engender trust with our key stakeholders".

With only 58 percent of organizations saying they're well prepared for a cyber attack, CEOs are focused on ensuring cyber security extends beyond the four walls of the enterprise, while 82 percent of CEOs would rather focus on divesting if these were damaging their reputation

Being future ready

There are three action areas that today's connected CEOs can focus on as they look to grow and manage the ongoing impact of the pandemic.

Growth and resilience

As business confidence improves, resilience will be key to economic recovery. Along with specific interventions — from managing supply chain risk to building cyber defenses — CEOs will need to surround themselves with resilient people.

There are two priorities:

1. Ensuring employees have the digital tools, data and skills they need to collaborate across the organisation, giving them the ability to respond quickly to emerging threats.

2. Resilience is also about having a team of motivated and engaged employees who are determined in the face of crises. This means energising them behind a compelling purpose.

ESG and financial value

Research shows there's still a significant number of CEOs who remain unconvinced about the positive financial impact of ESG programs. 46 percent have indicated that ESG programs reduce financial performance. This illustrates how ESG programs serve many goals. For example, they can ensure the organisation is compliant with regulatory standards. Or they can play an increasing role in addressing challenges including climate change.

To help ensure ESG also drives financial growth, 74 percent CEOs outline how their compensation should be based on performance against ESG goals and targets in addition to traditional financial performance goals.

The future of work

CEOs recognise that the future of work is about more than where people are based. High-performing organisations are those that can flex their technology muscles and their ability to upskill their people. This means having a motivated and highly skilled digital workforce who operate with speed and agility.

1. Leaders are keen to see their people return but many employees are still anxious to hang on to the work-from-home approach. Active listening and a commitment to finding the right balance in the long-term will be key.

2. CEOs should invest in digital skills as well as technology modernisation. This is to help foster a digital-first culture where people naturally look to integrate technology into their work.

"CEO's in South Africa are not standing back from global peers. Tough leadership challenges also provide opportunity for growth as we embrace opportunity for post COVID-19. In many cases the survey suggests we can lead the global way."

Ron Stuart ,
Head, Clients & Markets, Executive Director
KPMG South Africa

Summary

CEOs optimism and confidence levels have improved back to pre-pandemic trends and survey results reflect how business leaders acknowledge the need to be connected— being plugged-in, people-first and purpose-led — embracing the challenges of building a resilient organisation.

Greater ESG transparency and reporting is in significant demand by institutional investors and regulators to assist organisations in building back better. CEOs continue focusing on stabilising business operations with their top talent and diverse workforce, through digital transformation strategies.

Delivering on their purpose and strategic goals remains a key mandate over the next three years, with workforce management being integral to sustainability.

Methodology and acknowledgements

The KPMG 2021 CEO Outlook provides an in-depth 3-year outlook from 1,325 global chief executives of major organizations on enterprise and economic growth.

This latest research is part of the KPMG CEO Outlook series, which offers a unique perspective on the mindset shift of global CEOs over the lifetime of the COVID-19 pandemic and looking forward to post-pandemic recovery.
As well as this survey, which took place in July and early August, we also conducted a CEO Outlook pulse survey of 500 chief executives in January and February of this year. This allows us to examine how CEO thinking has evolved over the course of 2021.

For this local edition, CEOs are drawn from companies with annual revenue over US$500 million and 20 percent of the companies surveyed have more than US$10 billion in annual revenue, with no responses from companies under US$500 million.
The July/August 2021 survey also included country specific insights from 11 key industry sectors (asset management, automotive, banking, consumer and retail, energy, infrastructure, insurance, life sciences, manufacturing, technology and telecommunications).

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