

THE AFRICA LIST BUSINESS BAROMETER 2020

Defining the future of business leadership in Africa



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Defining the future of business leadership in Africa



Nieros Oyegun
Head of Network,
The Africa List

Welcome to The Africa List Business Barometer 2020. This report shares perspectives on business confidence and leadership from more than 390 executives working in some of Africa's most dynamic markets – the DRC, Ethiopia, Ghana, Tanzania, Uganda and Zambia.

It goes without saying that a huge amount has changed in the 12 months since the first edition of the Barometer was published. What remains the same, however, is the depth and quality of insights provided by members of The Africa List, a community of exceptional business leaders founded in 2014 by CDC Group, the UK's development finance institution.

We are grateful to our members for sharing their perspectives on the business landscape in these markets, which are rarely covered in as much depth, and are proud to have partnered with Africa Foresight Group in the development of this year's Barometer. We hope this report improves understanding of doing business in these countries, and adds value for analysis and decision making by investors and business leaders alike.



Yasmin Kumi
CEO & Founder,
Africa Foresight
Group

This year has underscored the need for effective leadership in all spheres, and especially in business. The Africa List and Africa Foresight Group (AFG) share a deep commitment to the development of leadership and the business landscape on the continent, which is why this report represents a valuable intersection of our interests.

We are honoured to have co-written the Barometer to provide insights on what it takes to thrive as a business leader on the continent. It has been insightful to engage with members of The Africa List, to understand the perspectives of leading executives on the context, characteristics and business case for effective private sector leadership.

At AFG, we deeply believe that it is time to build global brands out of Africa in order to start a new age of economic development and scaled job creation. Finding and supporting bold leaders committed to this vision is key, which is why we are so excited about this partnership with The Africa List.

Introductory remarks

Fred Swaniker on leadership in post-Covid-19 Africa



Fred Swaniker
Founder and
CEO, The African
Leadership Group

As Founder and CEO of the African Leadership Group, Fred Swaniker is a global authority on African private sector leadership and has been instrumental in sparking debate on the need for impactful leadership to unlock Africa's potential. Talking to The Africa List, he reflects on the challenges that leaders on the continent face in these unprecedented times. He outlines why he believes they are also uniquely placed to capitalise on the opportunities presented by this period of adversity and uncertainty.

Reflecting on the current conditions for private sector leaders in Africa, Mr Swaniker is upfront about the diverse challenges they face, even before discussing the pandemic: "We have Infrastructure challenges, foreign exchange controls and macroeconomic instability. We have less purchasing power because our consumers are typically not wealthy, and we are operating on the poorest continent in the world." These challenges mean leaders are working with fewer resources, both financial and human, and must find creative solutions to unlock potential and overcome setbacks.

Resilience and creativity

In many respects, however, some of these challenges are not new to business leaders on the continent. Many have experienced these from the start of their careers. To operate and grow in such challenging circumstances, Africa's leaders have needed to demonstrate more resilience and creativity: "I think that we need to give credit to those leaders who dare to roll up their sleeves and say 'I'm going to build a business in the toughest part of the world'. It takes an immense amount of courage, imagination, and resilience." For Mr Swaniker, this ability to operate in volatile environments is what sets leaders in Africa apart. Business leaders on the continent, he says, are required to be more resilient by their very nature, demonstrating they are 'more capable' and 'tougher' than those in other parts of the world.

Mr Swaniker also credits the versatility of the entrepreneurs who have successfully navigated the unique demands of setting up a business in Africa: "For example, when you are opening up a bakery in most other countries you only have to worry about the bakery business. In Africa, you have to find alternative sources of power because you don't have enough power supply to run your business

effectively. You might have to find a way to create your water supply because the facilities are simply not there.” Founders working in Africa must be prepared to juggle obstacles outside of their immediate field of expertise, sometimes on multiple fronts, to achieve their ambitions – whether it’s at the market entry or the sustainable growth stage.

The importance of emotional intelligence

Looking back at 2020, he notes that business leaders all around the world have been put under the spotlight more than ever. Alongside the more obvious need to safeguard the financial future of their companies, leaders have also had to demonstrate ‘softer’ skills such as empathy, communication and understanding more than ever. Reflecting on the skills required of leaders in times of uncertainty where there is high anxiety, Mr Swaniker says: “You have got to be able to really empathise with people, listen and be seen as a leader who actually cares about their people. Emotional intelligence is extremely critical at the moment.” Honing this wide range of ‘soft-skills’ means leaders need to be open to embracing change. Mr Swaniker calls for people facing these challenges to “reinvent themselves as a business leader and learn new skills very quickly to adapt to this new world.”

The Covid-19 pandemic has also required leaders to act decisively to adapt and embrace digital solutions. According to Mr Swaniker, “This moment of Covid is putting a particular premium on those that can move much faster.” Although there have been signs of a trajectory towards rapid digitisation, 2020 has only accelerated it. Those who do not evolve fast enough will get left behind.

Looking ahead

Despite the challenges of the here and now, Mr Swaniker also urges business leaders to look ahead, to take steps to future-proof their businesses and position themselves and take advantage of the opportunities that digitisation brings. Long term, he says, keeping pace with the speed of technological innovation will become more business-critical than the impact of Covid-19. Mr Swaniker predicts that the coming years will open up opportunities for Africa’s businesses to offer world-class services and goods to a global audience at a fraction of the cost. To capitalise, he says, business leaders on the continent must: “Be able to look beyond and imagine what the world will look like in one to two years from now and reposition their businesses strategically to be ready for what that world will look like post-Covid-19.”

Whilst conditions this year have added to the existing challenges of doing business in Africa, Mr Swaniker sees now as a time of opportunity and innovation: “At the African Leadership Group we live by the mantra ‘constraint drives innovation’”, he says. “They often say ‘don’t waste a good crisis’. But it requires business leaders not to go back to the old way of doing things. Now is a time to use what’s going on with the pandemic to reinvent your business.” If Africa’s business leaders decide to embrace change – even if it appears to be the more difficult path to travel – they will be in a better place to capitalise on the opportunity to reposition their businesses and be ready for the new post-Covid-19 world. He says: “African leaders are experienced at solving complex problems in creative ways with limited resources. That is the story of Africa. And if you can succeed in Africa you truly are one of a kind”.

The Africa List

Established within CDC Group (the UK's development finance institution) in 2014, The Africa List is a unique membership organisation of CEOs and business leaders in some of Africa's most exciting growth markets: the Democratic Republic of the Congo (DRC), Ethiopia, Ghana, Tanzania, Uganda and Zambia.

The Africa List works outside of the established regional hubs of Kenya, Nigeria and South Africa, and aims to build a generation of business leaders who are well equipped to navigate the opportunities and challenges ahead.



THE AFRICA LIST AT A GLANCE



Founded

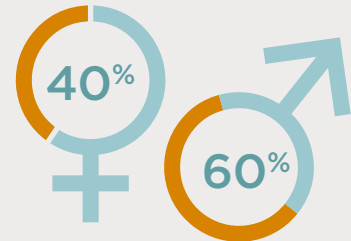
Members in

DRC, Ethiopia,
Ghana, Tanzania,
Uganda, Zambia



Investment works

Powered by CDC Group



Gender distribution

60% male, 40% female

Mission statement

To connect and equip emerging leaders in Africa for the challenges and opportunities ahead

A rich network of leaders across different industries, age groups and job levels

793

Members

35-45

Age range

38

Average
age

20%

of members
are CEO level
or higher

24

industries

MODEL

IDENTIFY

Identify the future business leaders of Africa's next growth economies

CONNECT

Bring these high-performers together at regular gatherings and build a community

EQUIP

Partner with leading business schools and seasoned experts to further develop the core management and leadership skills required of the continent next leaders

Figure 1: About The Africa List



Introducing The Africa List Business Barometer 2020

This is the second edition of The Africa List Business Barometer. It offers on-the-ground insights to investors and business people around the world, from leading executives across Africa.

Last year, The Africa List published its first Business Barometer. The inaugural edition included insights from 357 members of The Africa List working across five countries: DRC, Ethiopia, Tanzania, Uganda and Zambia.

Following The Africa List's expansion into Ghana, this year's report covers six countries, reflecting the opinions, thoughts, concerns and ambitions of 394 business leaders in the DRC, Ethiopia, Ghana, Tanzania, Uganda and Zambia.



Figure 2: The Africa List Business Barometer 2019 vs. 2020



Our ambition

While The Africa List Business Barometer 2020 will compare this year's insights with the results of last year's findings, setting them side-by-side to show how—and by how much—each country has changed, this year's report also has a goal of its own: to define what effective business leadership means on the continent of Africa.

The 2020 Barometer exists in a very different world to 2019's: the Covid-19 pandemic has created an unprecedented business landscape, requiring private sector leaders to instantly develop new skills and strategies.

Research on effective business leadership in Africa is scarce, and doing business on the continent is complex. The Barometer, the largest survey of its kind, gives rare insights into the key qualities business leaders must have in order to thrive in their chosen markets (which have thus far been underreported) and offers a first-hand look at the contexts successful business leaders operate in. It also examines the characteristics of exceptional private sector leaders in these markets, and the impact that these leadership traits have on businesses.

The best way to understand any business environment is to speak to the people who have experience of it, which is why the Barometer prioritises on-the-ground insights from a variety of business leaders across Africa.

This report is for three different groups of people interested in doing business on the continent:

- **Investors:** to give them a deeper understanding of some of the continent's underreported markets, helping them to make decisions.
- **Current business leaders:** to guide how they grow talent and develop new leaders.
- **Aspiring leaders:** to guide how they develop, both personally and professionally.

Methodology of the study

To understand the idiosyncrasies around effective business leadership on the continent, The Africa List used input from focus group discussions within its network to design a research model to extract insights from existing members.

The research and analysis for the 2020 Barometer rests on three crucial pillars that work together to define the future of effective African business leadership (Figure 3).

- **Pillar 1 – Context:** describes the contexts African businesses operate in. It examines which contexts support business on the continent, and which ones hinder it, through the lens of business leaders in their respective countries.
- **Pillar 2 – Characteristics:** explores the characteristics of leaders that are most effective within Africa's unique business climate, as well as the characteristics that leaders need to navigate the Covid-19 pandemic.
- **Pillar 3 – Business Case:** focuses on which business goals are most important in light of the pandemic and guides

business leaders to solutions to the problems it has created.

In short, The Africa List designed the pillars to produce insights to help business leaders in Africa face their unique challenges and navigate their business landscape.

The 2020 Barometer uses a triangular research approach:

- **Secondary research** on key business and economic trends in Africa to identify opportunities, challenges and insights for business leaders.
- **Multiple-choice surveys** from 394 leading executives working in Africa to create a contemporary view of perspectives and ways to succeed for businesses on the continent. In this year's survey, we included some questions from the 2019 Barometer to track how perceptions have (or have not) changed over time.
- **One-on-one interviews** with nine business leaders who contributed detailed information on their experiences of doing business in Africa.

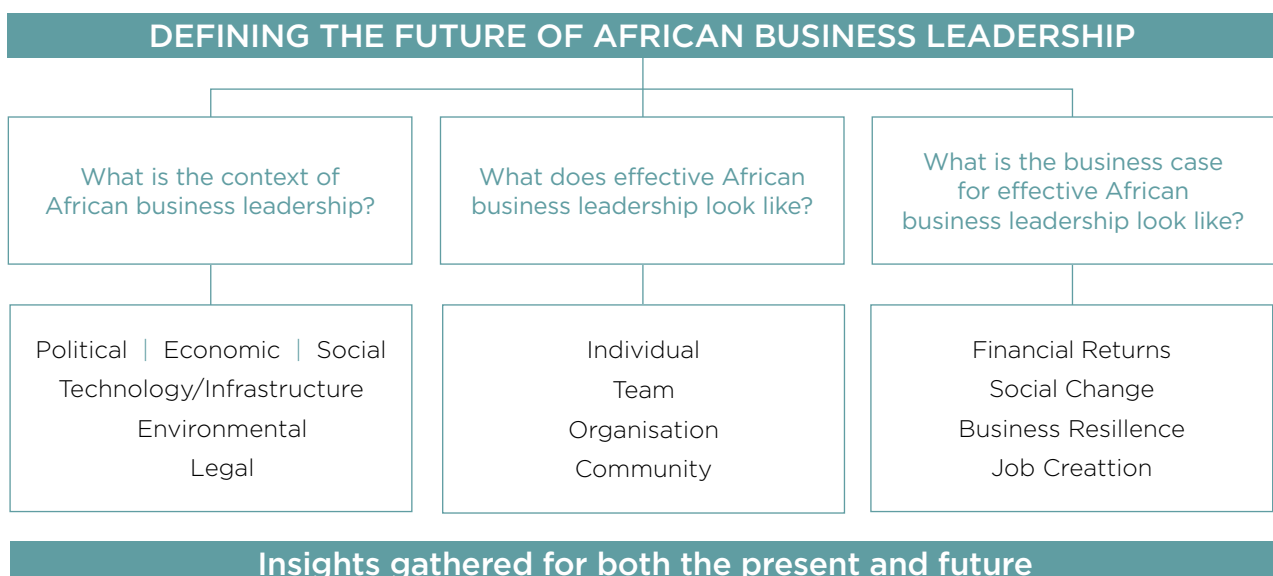


Figure 3: Framework for defining effective business leadership in Africa

1 ■

The context of business leadership in Africa

The business climates within each country are the context every business operates in. In this chapter, The Africa List explores each climate to create a picture of the overall context in Africa. This includes specific elements that may help or hinder private sector leaders in each of the six countries: DRC, Ethiopia, Ghana, Tanzania, Uganda and Zambia.



1.1 Framework for identifying business contexts

The context business leaders operate in significantly impacts how easy it is to do business and how much commercial success those leaders can achieve. Using the PESTLE framework (Figure 4), the Barometer evaluates six contextual elements, including the political, economic, social, technological, legal and environmental climates in each country. The result is a comprehensive picture of the leadership context in each country, and what executives and investors can expect when entering specific markets across the continent.

Leaders must understand these elements of the context they operate in, to be able to tailor strategies that can effectively respond to opportunities and challenges.

By examining key factors such as revenue growth projections, staff expansion plans, and access to credit, this report illustrates how positive executives feel about their country's business context.

The 2020 Barometer looks at these six elements of context to evaluate the leadership environment in each country

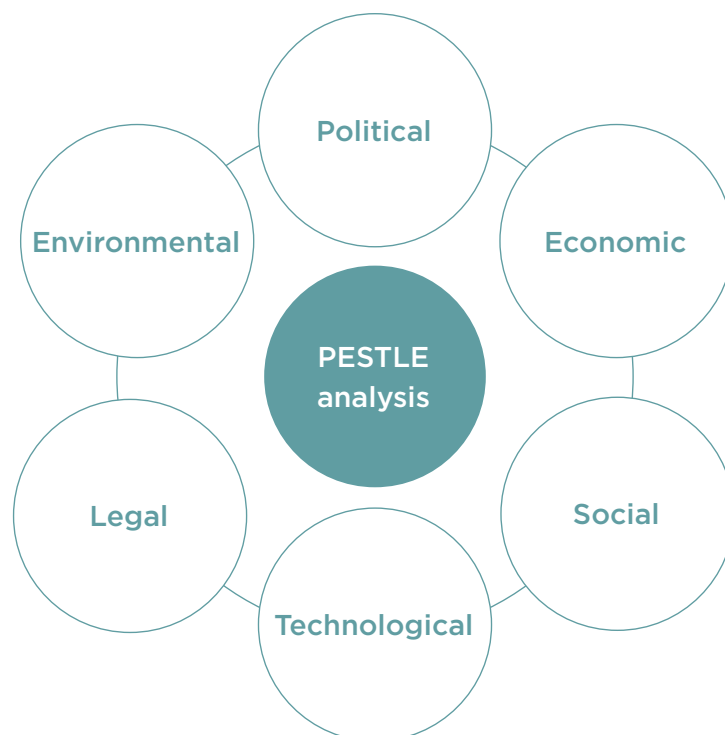


Figure 4: PESTLE Framework

What's happening in the six countries studied?

Confidence remains robust despite new challenges

The majority of business leaders in countries surveyed remain positive about their current business situation and expect continued business growth despite Covid-19.

This growth will likely be facilitated by normal access to credit in most countries (according to 56 per cent of respondents) but is predicted to be slower than 2019 growth rates, given the constraints the pandemic has placed on revenue growth, staff expansion and investment capacities.



POLITICAL CLIMATE

According to respondents, the DRC and Ethiopia are the most politically unstable. In both countries, respondents expect turbulence in the period leading up to the next elections in 2021. Ethnic tensions are fueling anxiety about the political situation. Surveyed business leaders expect the political climate to become better for business in the next five years, an expectation that rests mainly on their hopes for peaceful transitions of power.

ECONOMIC CLIMATE

Interest rates, exchange rates, and inflation rates are perceived as key pain points in the economic climate for business leaders. This is particularly true in the DRC, Ethiopia, and Zambia. Respondents see the situation persisting through 2021 but expect it to improve in the next five years.

SOCIAL CLIMATE

Most respondents are positive about the social climate they operate in, especially around the average age of the population in their country, and its growth rate. Given that 60 per cent of Africa's population are under age 25, business leaders are excited about an active and productive labour force they can tap into in the future.



TECHNOLOGY AND INFRASTRUCTURE CLIMATE

Business leaders want a stronger research and development culture, a more stable supply of electricity and better incentives to adopt technology. Private sector leaders must plan to invest in these areas for their own businesses and customers, given that governments in the six countries have not encouraged growth in this area.

LEGAL CLIMATE

Survey respondents have high confidence in their domestic legal climates, citing the enforcement of both government and private contracts, as well as investor protection, as areas where their countries are performing particularly well. They expect continued improvements in the years ahead.

ENVIRONMENTAL CLIMATE

Except for in the DRC, business leaders generally see the environmental situation in their countries as being conducive to doing business. However, waste management is a major problem in most countries, with little change expected over the next five years. Businesses with an environmental focus could view this as an opportunity to develop commercial waste management solutions.

1.2 Confidence is strong despite new challenges

Despite the widespread impact of Covid-19 on businesses in Africa, about 76 per cent of business leaders surveyed for this report describe their overall business situation as either satisfactory or good. The majority of respondents also indicate that they expect their business situation to improve next year, although Zambia is an exception here, with the majority of survey respondents predicting that the business situation will remain the same in 2021. This broad optimism echoes the findings from a 2020 United Nations Economic Commission for Africa (UNECA) survey, where two-thirds of surveyed companies had found new ways to respond to the ongoing health crisis.¹

In last year's Barometer 81 per cent of respondents felt positive about the business climate in their respective countries, so confidence has diminished slightly, with a 5 per cent drop. However, overall confidence remains high. This suggests that, despite the difficult economic climate business leaders in Africa face, they are resilient and remain optimistic. Some respondents actually said that the Covid-19 pandemic has helped certain business sectors by forcing them to change how they operate.

Looking more closely at the fundamental elements of business performance, the size of revenue growth projections made this year has decreased when compared with 2019. The average forecasted revenue growth rate among business leaders for the 2020 financial year was 15.3 per cent, down nearly six per cent from the 2019 figure of 21.2 per cent. This drop is however much

smaller than the UNECA survey findings, which estimated company revenues would drop by about 18 per cent in 2020 due to Covid-19. This smaller drop predicted by survey respondents could be due to the fact that many of the companies included in The Africa List network are market leaders.

Predictions for revenue growth were most optimistic in Ghana, Uganda and Ethiopia, where respondents forecasted 26 per cent, 24 per cent, and 24 per cent for 2020 revenue growth, respectively. The picture is very different in the DRC, Tanzania and Zambia where forecasted rates were all under 10 per cent.

In the DRC specifically, the current unstable political climate and ethnic tensions are behind the negative growth predictions. However, this may improve as the country gains more political stability.

To understand business performance, The Africa List also looked at access to credit and planned investments. The majority (56 per cent) of respondents describe access to credit as normal in their country, up 14 percentage points from last year. Despite this positive view, a smaller number of business leaders (41 per cent as compared to 62 per cent in 2019) plan to increase their investments in the next 12 months in comparison to 2019. This is a possible effect of the Covid-19 pandemic as business leaders do their best to keep costs to a minimum.

¹ https://www.uneca.org/sites/default/files/PublicationFiles/Covid-19_africa_impact_survey_july_2020-en-final.pdf

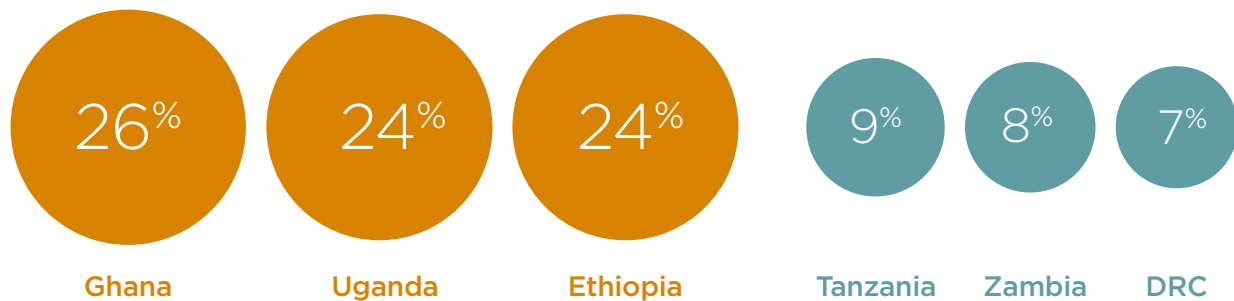


Figure 5: Revenue growth expectations by country

Because leaders are not optimistic that revenue will grow, one third of them have reduced their staff over the last 12 months. This is concerning: the unemployment rate in Sub-Saharan Africa currently stands at 6.2 per cent² for 2020. With an average population growth rate of three per cent across the six countries in the Barometer, leaders need to create jobs, especially for the burgeoning youth population set to enter the labour market in the coming years. Unfortunately, in 2021, less than 40 per cent of respondents plan to increase headcount at their companies. This number also reflects a 10-point drop from 2019 projections, where about half of survey respondents planned to increase staff size.

Gladness Deogratias is a member of the Africa List in Tanzania and Head of Global Markets at NMB Bank (Tanzania). She says that the change in companies' employment plans is largely due to:

- **Covid-19 strategies:** the global pandemic has limited person-to-person contact, so it makes more sense for companies to invest in automated solutions instead of staff.

- **Increased technology:** businesses need fewer people to interact with consumers and clients as technology improves.
- **Lowering costs:** companies are reluctant to increase staff at a time when revenue is set to decrease, as staff cost money.

Ms Deogratias also suggests that banks no longer need traditional 'brick and mortar' buildings. This is because the 'agency model' (where different financial institutions share a single building to do face to face business) reduces costs, but still makes interacting with clients possible when necessary.

Findings suggest that the impact of the global pandemic on revenue growth has led most business leaders to plan to cut costs in the short term to strengthen their businesses in the long term. So, while the outlook of businesses remains positive overall (despite the unforeseen impacts of Covid-19), business leaders are using survival strategies, such as minimising staff costs and investments, to ensure their companies survive the coming year.

² <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=ZG>

1.3 Doing business remains challenging despite perceived climate stability

Despite the overall business climate being reported as fairly stable, even in light of the pandemic, doing business in the countries studied remains challenging on certain contextual levels. This is underlined by the fact that only 21 per cent of respondents describe their present business situation as entirely good.

Table 1 provides an overview of how our respondents view the stability of seven key areas of the business climate, as well as the challenges and opportunities, in countries studied. On average, there is relative stability across all business climate areas in the study. But, when you look at each area on its own, certain trends become clear.

With the exception of the DRC, most respondents view their business climate as fairly stable

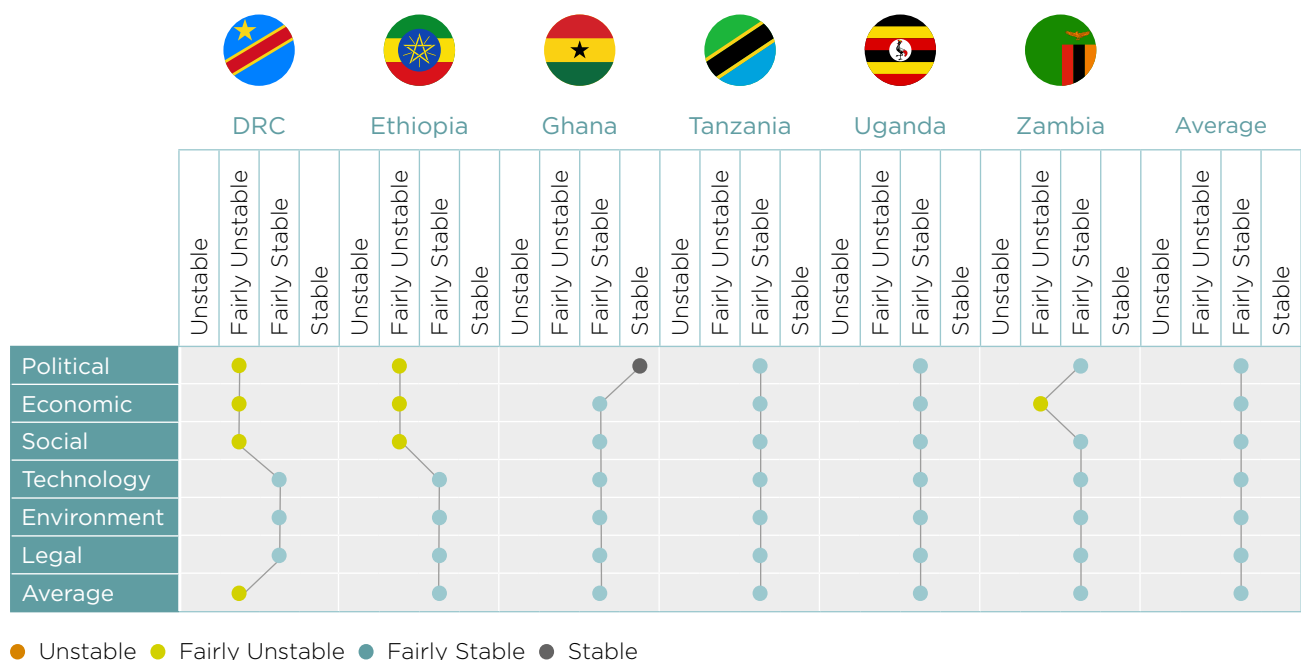


Table 1: PESTLE assessment by country







1.3.1 Political climate

Respondents rated seven distinct subcategories of the political climate in each country. These were domestic political stability, global political standing, tax policy, labour policy, tariffs and subsidies, environmental policy and the African Continental Free Trade Area (AfCFTA). The findings reflect how conducive (or unconducive) our respondents feel the current activity in each of these subcategories is to doing business in each country.

The study revealed the following trends

In order for the private sector to thrive on the African continent, governments need to create a political climate that is more conducive to doing business. In particular, findings show that business leaders would like governments to improve domestic tax, labour, and environmental policies in at least some, if not all of the countries. Furthermore, respondents from all countries want tariffs and subsidies to be improved for international business transactions.


Overview of the political climate in countries surveyed

							
	DRC	Ethiopia	Ghana	Tanzania	Uganda	Zambia	Average
Domestic political stability	Fairly unconducive	Fairly unconducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive
Global political standing	Fairly unconducive	Fairly conducive	Fairly conducive	Fairly unconducive	Fairly conducive	Fairly unconducive	Fairly conducive
Tax policy	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive
Labour policy	Fairly unconducive	Fairly conducive	Fairly conducive	Fairly unconducive	Fairly conducive	Fairly unconducive	Fairly conducive
Tariffs and subsidies	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive
Environmental policy	Fairly unconducive	Fairly conducive	Fairly unconducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive
AfCFTA	Fairly unconducive	Fairly conducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive

Legend: conduciveness to doing business

□ Do not Know ■ Not conducive ■ Fairly unconducive ■ Fairly conducive ■ Conducive

Table 2: Heat map of the political climate in studied countries



“The current Government has been quite efficient in terms of the way in which the institution operates, removing a lot of bureaucracy and corruption that were apparent a number of years ago.”

Gladness Deogratias
Head of Global Markets at NMB Bank,
Tanzania

Political stability

According to our survey respondents, Ghana is the most politically stable of the countries studied: 83 per cent of them see the political climate as positive, despite the upcoming elections. This view of stability carries through to all other countries, except the DRC and Ethiopia, with the majority of respondents describing domestic political stability (53 per cent of respondents) and global political standing (57 per cent of respondents) as being at least fairly conducive to doing business.

Most notably, 80 per cent of respondents from the DRC and Ethiopia find their countries to be either fairly or completely unstable on a political level.

In Ethiopia, 51 per cent of respondents are unsatisfied with their current tax policies, while domestic political stability and tariffs and subsidies are also seen as some of the biggest hindrances to establishing effective business transactions in the country.

The biggest political blocks to business

Respondents from the DRC highlight unconducive labour, tax, and environmental policies as the biggest hindrances to establishing effective business conditions inside the country. When it comes to international business transactions, 84 per cent of respondents in the DRC are unsatisfied with the current tariff and subsidy levels. All the countries echo this sentiment but to a lesser extent, with 53 per cent of respondents feeling that tariffs and subsidies are unconducive for doing business internationally.

It is interesting that 55 per cent of survey respondents from all countries who experience political instability say that political processes and policymaking are major problem areas for doing business.

The African Continental Free Trade Area (AfCFTA)

Having come into force in May 2019 and become operational in July 2020, the African Continental Free Trade Area

(AfCFTA) promises to further expand the market opportunity and build business resilience in Africa by creating the world's largest common market, currently worth \$3.3 trillion. This common market is projected to reach \$6.7 trillion by 2030,³ creating unprecedented opportunities for entrepreneurs and investors across the globe, especially those on the continent. Beyond simply creating a larger market, the AfCFTA will ease doing business by harmonising trade regulations across the continent or regions within it.

While the AfCFTA could have been a solution to the problems with trade barriers on the continent, only about half of survey respondents feel the agreement is fulfilling its purpose. Interestingly, one in five business leaders in the studied countries, and 34 per cent of respondents in Zambia, say they do not know how the AfCFTA would impact the business climate.

On the other hand, when looking at countries that have already ratified the AfCFTA, 70 per cent of business leaders in Ghana and 68 per cent of respondents from Ethiopia believe that the agreement is at least fairly conducive for doing business and are benefitting from it. However, only the slight majority (52 per cent) of respondents from Uganda see the agreement as a positive addition to their political climate.

While survey respondents in the DRC are largely apprehensive about doing business with neighbouring countries, one respondent notes that signing the AfCFTA “could only benefit [the DRC]. I think it will open the door of the Congo [...] to trade with its neighbouring countries. It will teach the DRC how to do it and it will only improve the economy of the Congo in general [...] and] open the DRC to a better economic management system.”



³ <https://www.linkedin.com/pulse/african-continental-free-trade-area-propelled-culture-richard-zurba/>

Short-lived stability

Unfortunately, the current political stability in the majority of countries studied is predicted to be short lived. Almost six in ten (59 per cent) of business leaders (with 45 per cent from the DRC, 54 per cent from Uganda and 79 per cent from Zambia) expect the political climate to become more unstable over the next twelve months. This is especially true in Zambia, where the upcoming elections are creating uncertainty.

“We’re going into an election in 2021 and so the fear is that the same government policy inconsistency could continue, even if the same ruling party wins the election in 2021.”

Kudzi Zhou

Managing Director of Richmond Finance Limited, Zambia

Longer-term projections are equally dismal, with around a third of leaders in the DRC (35 per cent) and Uganda (32 per cent) maintaining a negative outlook on the political situation over the next five years.

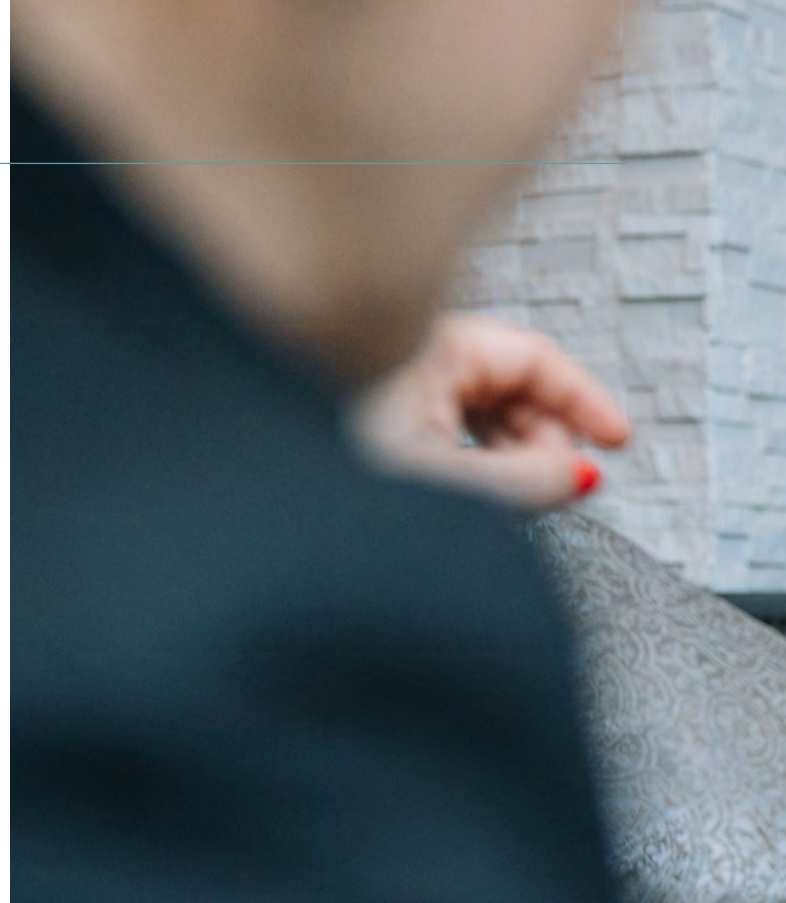
In the next five years, only business leaders in Zambia expect the political situation to improve.

“Ghana has an election coming up and even though we have had peaceful elections every four years, I don’t think people take it for granted that it could easily change.

“When you look at what’s happening around the world, a lot can change in a short space of time.”

Dr Elikem Tamaklo

Managing Director of the Nyaho Medical Centre, Ghana











1.3.2 Economic climate

The Africa List examined the economic climate in each country through four subcategories: interest rates, exchange rates, inflation rates and GDP growth rates. By looking at the perceived conduciveness to doing business within each of these subcategories, we can see where business leaders face the greatest economic challenges within each country.

The study revealed the following trends

Most business leaders do not believe that the economic climate in their country is conducive to doing business. While this condition is expected to persist into 2021, respondents strongly believe that the economic climate will become more stable in the next five years.

Overview of the economic climate in countries surveyed

							
	DRC	Ethiopia	Ghana	Tanzania	Uganda	Zambia	Average
Interest rates	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Exchange rates	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly conducive	Fairly unconductive	Not conducive	Fairly unconductive
Inflation rate	Not conducive	Fairly unconductive	Fairly unconductive	Fairly conducive	Fairly conducive	Fairly unconductive	Fairly unconductive
GDP growth rates	Fairly unconductive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly unconductive	Fairly unconductive	Fairly conducive

Legend: conduciveness to doing business

□ Do not Know ■ Not conducive ■ Fairly unconductive ■ Fairly conducive ■ Conductive

Table 3: Heat map of the economic climate in studied countries

Reasons for optimism

Respondents in Ghana, Tanzania and Uganda are most positive about the economic situation in their countries, although for different reasons.

“Tanzania has recently been added to middle income countries. We are very proud of this.”

Gladness Deogratias

Head of Global Markets at NMB Bank, Tanzania

Interestingly, respondents from Tanzania hold a uniquely positive view on exchange rates, with over 60 per cent of them viewing their foreign exchange rates as favourable or fairly favourable. This could be due to the fact that, amongst the surveyed countries, respondents from Tanzania predict a favourably low increase in exchange rates (to the US dollar) between 2019 and 2020 (Table 4), possibly leading to an expected improved net trade balance.

A further 75 per cent of survey respondents in Tanzania believe that inflation rates are at least fairly conducive for doing business, a sentiment that is not shared by respondents

in other countries. In fact, the DRC and Ethiopia hold a predominantly dismal view regarding inflation rates, with only six per cent and 15 per cent of respondents respectively reporting that these rates are at least fairly conducive to trade.

Economic instability

A total of 65 per cent of survey respondents describe the economic climate in their country as either unstable or fairly unstable. This could be due to the impact the upcoming elections are having on most countries' economic climates.

“We really see that there are not many winners at the moment and a lot of losers in this economy.”

Ron Kawamara

CEO of Jumia, Uganda

Business leaders in the DRC, Ethiopia, and Zambia are particularly pessimistic about their economic climates. Interest rates, exchange rates and inflation rates drive their views. Nearly 70 per cent of survey respondents see all three as being unconducive or fairly unconducive to doing business.







	 DRC	 Ethiopia	 Ghana	 Tanzania	 Uganda	 Zambia
Expected exchange rate, 2020	2174.02	38.27	6.03	2381.57	3761.86	22.76
Actual exchange rate, 2019	1685.15	32.01	5.7	2297.56	3667.89	14.08
Average forecast % change	-29%	-20%	-6%	-4%	-3%	-62%

Table 4: Actual USD exchange rate 2019 vs. 2020 predictions for surveyed countries

Exchange rates

For our respondents, exchange rates are especially problematic. In Zambia and the DRC, 95 per cent and 84 per cent of respondents respectively see exchange rates as a barrier to efficient business. In the DRC and Ethiopia, inflation rates are rated as another major problem.

There are mixed views on GDP growth rates. Over 70 per cent of business leaders in Ethiopia, Ghana and Tanzania hold a positive view, while nearly 90 per cent of leaders in Zambia describe the country's GDP growth rate as too low.

The ongoing pandemic has undoubtedly taken a toll on the outlook of business leaders: at least 50 per cent of them in all six countries expect the economic climate to remain the same or become worse in the next 12 months. However, the five-year economic outlook is very positive with an average of 75 per cent of respondents expecting the economic climate in their country to become more stable over this period.



“Looking at the next 12 months, I believe the economic climate would be less stable as there has been a lot of rapid changes and all at the same time which is taking businesses and the general public a bit longer to adapt to. However, in looking at the next five years, once everyone or majority have adapted to change, there would be more stability in the economy.”

Survey respondent
Ghana







1.3.3 Social climate

To see how the social climate affects business in each of the six countries, The Africa List surveyed respondents on how the age distribution, gender equality levels, ethnic differences, population growth rate, education levels and life expectancy in their home countries helps or hinders them doing business. The results give business leaders insight on how best to navigate the social climate in their respective countries.

The study revealed the following trends

Ethnic tensions are currently the biggest social challenge to doing business in Ethiopia and the DRC. Ethiopia expects a better social climate after elections, while respondents in Zambia are apprehensive ahead of the upcoming elections, which could impact the education and health sectors and turn the current fairly conducive climate to an unconducive climate for doing business.

Overview of the social climate in countries surveyed

							Average
DRC	Ethiopia	Ghana	Tanzania	Uganda	Zambia		
Age distribution							
Gender equality level							
Ethnic differences							
Population growth rate							
Education levels							
Life expectancy							

Legend: conduciveness to doing business

□ Do not Know ■ Not conducive ■ Fairly unconducive ■ Fairly conducive ■ Conducive

Table 5: Heat map of the social climate in studied countries

“From talking to my peers, the fear is that because there is an election, firstly it might make things worst, and secondly, assuming that the incumbents remain in power, it may mean a continuation of the current policy.”

Kudzi Zhou

Managing Director of Richmond Finance Limited, Zambia

Surveyed business leaders generally hold a positive view of how population and society affect their respective countries' business climates. Age distribution, population growth rate, gender equality levels, and life expectancy are conducive to doing business across the six countries, according to our respondents, although they were concerned in Zambia about the upcoming elections. For example, one anonymous respondent said: "If there is no change of regime, we could expect deterioration of the economy and that would impact the education sector and healthcare which would influence talent mortality and general deterioration in the country's security."

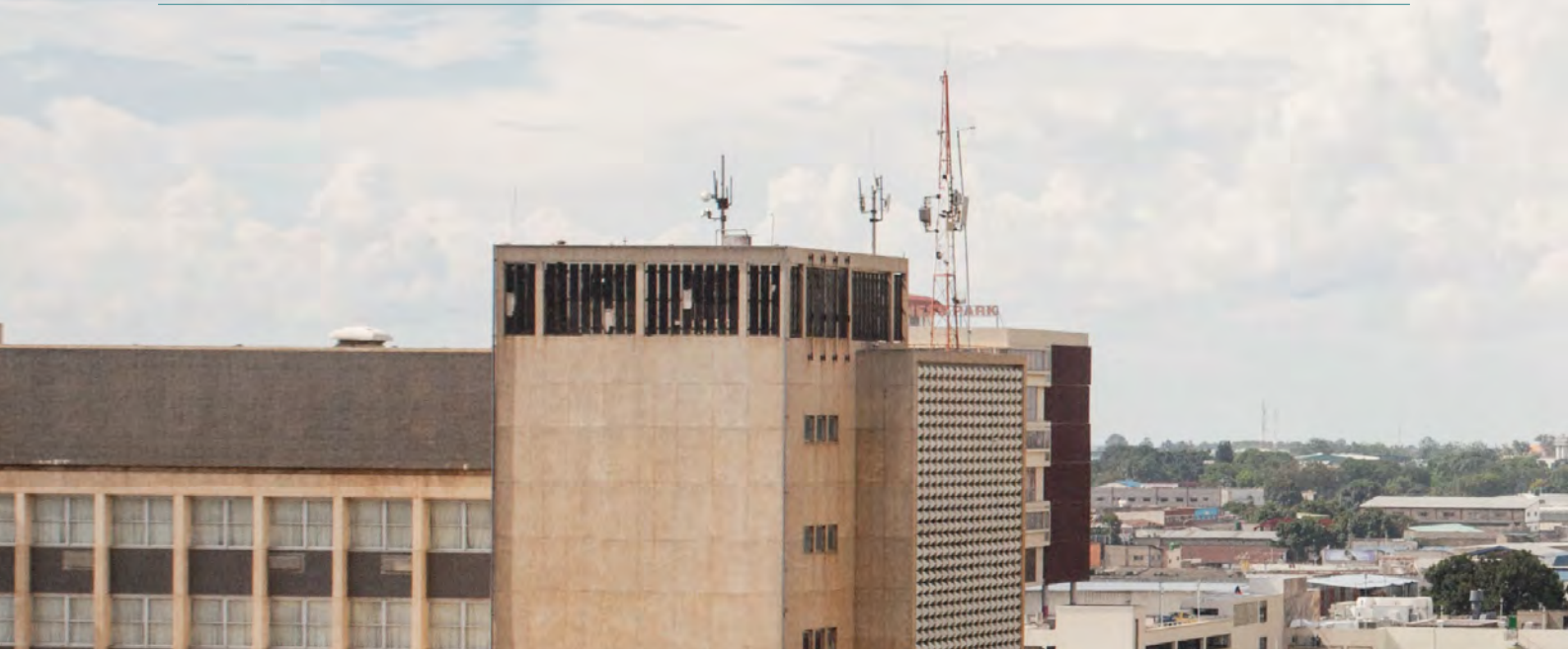
But business leaders are hopeful for the future too. Nearly 80 per cent (79.5 per cent) of respondents point to the population growth rate and age distribution as reasons to be optimistic about the continent's workforce in the years to come.

Africa remains among the largest and fastest growing consumer markets in the world with nearly 1.4 billion people. This is approximately 17 per cent of the total world population. Meanwhile, the continent is home to the world's youngest population (median age in Africa is 19.7 years).⁴ The rapid growth of consumer expenditure further highlights the business opportunity in Africa. It reached \$1.4 trillion in 2015 and is projected to hit \$2.5 trillion by 2030.⁵

⁴ <https://www.worldometers.info/world-population/africa-population/>

⁵ <https://www.brookings.edu/wp-content/uploads/2018/12/Africas-consumer-market-potential.pdf>





Ethnic differences

Interestingly, Ghana, Tanzania, Uganda and Zambia all rate current ethnic differences as being fairly conducive to doing business. Respondents from Ethiopia and the DRC don't share the same positivity, however. 90 per cent and 86 per cent of respondents respectively hold a negative view on the social climate in their countries. Concerns about ethnic tensions underpin these views.

This is especially true in Ethiopia, where 93 per cent of business leaders see ethnic differences as being unconducive to business and where ethnic tensions were on the rise at the time of writing the Barometer.

The majority of survey respondents in Ethiopia expect the ethnic tensions to improve in the next 12 months, although those in the DRC and Zambia (where the results of the upcoming elections are causing apprehension) predict that the social climate in which businesses operate will worsen over the year.

Ethnic tensions in the DRC are rooted in the colonial era. Most of the ethnic violence is between the Hendu and Lema ethnic groups and draws from a history of strained relations. Additionally, the Cooperative for the Development of Congo (CODECO), an armed group drawn from the Lendu ethnic group, is said to be responsible for recent violent attacks in the eastern province of DRC, Ituri.⁶

Gender policies

Although most respondents saw gender policies as being fairly conducive to doing business, women in the DRC seem to be suffering under the social tensions more than men, with one respondent saying "These [are] traumatic situations that mainly women have lived through." The same respondent states that there is also a greater need to "talk about women leadership and to support small business holders. Giving them access to training," including education for young girls, "and talking more about [what] women have achieved" to promote gender equality within the DRC.

⁶ Further information regarding current ethnic clashes in the DRC can be found at: <https://www.cfr.org/global-conflict-tracker/conflict/violence-democratic-republic-congo>



Ethiopia and Tanzania echo the need for better gender policies, with 44 per cent and 31 per cent of respondents respectively saying that this is still an issue in the workplace. Although, given the direct feedback from the DRC, respondents in other countries could be seeing better gender equality where they work because current policies aimed at equality are working, not necessarily because these policies reflect true equality.

Looking ahead

The majority of business leaders in countries with a social climate that is conducive to doing business – Ghana, Tanzania, Uganda – expect the conditions to remain the same over the next year. Looking further ahead, 57 per cent of business leaders expect social conditions to improve over the next five years. This optimism is strongest in Ethiopia, where 77 per cent of survey respondents expect a more stable social climate in the next five years:



“I believe that the instabilities cause by the ethnic differences and political tensions in Ethiopia will improve over the next five years however things will remain as is over the next year.”

Survey respondent
Ethiopia

1.3.4 Technology and infrastructure

The technology and infrastructure climate is examined through six subcategories: research and development (R&D) activity, incentives for technology adoption, electricity access, transportation, water access and internet access. By seeing the extent to which each country is helping or hindering business under each of these subcategories, business leaders in those countries can better navigate the pitfalls and opportunities that technology provides.

The study revealed the following trends







Access to electricity and quality transport infrastructure needs to improve in some countries, despite recent advancements. Businesses also need to strengthen R&D activity and provide stronger incentives for people and businesses to adopt technology.

Technology: a stable picture

Nearly 70 per cent of survey respondents describe technology and infrastructure as either stable or fairly stable across all countries. The aspects that are conducive to doing business are varied, however, with access to internet ranked the highest across all countries.

Despite the lack of stable electricity, access to the internet appears to be improving on the continent. 66 per cent of survey respondents describe their level of access as being conducive or fairly conducive for business. This sentiment is strongest in Ghana, Tanzania and Zambia and weakest in Ethiopia and the DRC.

Overview of the technology and infrastructure climate in countries surveyed

							
	DRC	Ethiopia	Ghana	Tanzania	Uganda	Zambia	Average
R&D activity	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Incentives for technology adoption	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Electricity access	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Transportation	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Water access	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Internet access	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive

Legend: conduciveness to doing business

□ Do not Know ■ Not conducive ■ Fairly unconductive ■ Fairly conducive ■ Conducive

Table 6: Heat map of the technology and infrastructure climate in studied countries

Internet growth rate in Africa over the last five years

- 2015: 20 per cent penetration rate and rising⁷
- 2016: 28.7 per cent penetration rate⁸
- 2017: 29 per cent penetration rate⁹
- 2020: 39.3 per cent penetration rate¹⁰

Innovation needed

But, despite this perceived stable growth rate of technology and infrastructure, almost all business leaders highlight a need to strengthen the R&D culture to drive innovation on the continent. This is especially true in Ethiopia and Tanzania, where respondents indicate that a stronger R&D culture must also be coupled with better incentives to adopt technology. It seems that business leaders in the private sector need to plan to invest in these areas themselves, given that governments are not always providing the right ecosystems.

Access to electricity

Despite relatively high GDP and population growth rates, access to electricity remains a major challenge. Only 54 per cent of respondents in all countries studied have stable electricity, leading to business leaders across the board reiterating the need for a more reliable supply of electricity. The DRC, Ethiopia, and Zambia suffer the most with an average of only 51 per cent access to electricity in these three countries.

⁷ <https://www.forbes.com/sites/tobyshapshak/2015/09/02/african-internet-capacity-growth-continues-to-outstrip-the-world-2/#3270fd63568e>

⁸ http://www.connectingafrica.com/document.asp?doc_id=729244

⁹ <https://wearesocial.com/special-reports/digital-in-2017-global-overview>

¹⁰ <https://www.internetworldstats.com/stats1.htm>

“Investments in infrastructure, for example, hydro power, solar and “Smart Zambia” may result in a better technology and infrastructure climate”

Survey respondent
Zambia



Infrastructure

Beyond technology infrastructure, the majority (56 per cent) of business leaders in the six countries view their physical infrastructure, such as transportation and water distribution, positively. However, looking more closely at each individual country reveals why this is such a slim majority. Over 60 per cent of respondents in the DRC and Ghana are dissatisfied with the condition of the transportation infrastructure, and over 50 per cent of the respondents in the DRC and Ethiopia are dissatisfied with access to water.

Although the technology and infrastructure climate may be a problem for business leaders in the countries surveyed, the majority predict that this will improve in both the short and long term. This expectation is reasonable: the African Development Bank has said that investment in infrastructure accounts for over half of the recent improvement in economic growth in Africa.¹¹

“Technology in our business is very important from two perspectives. The first is it enables us to lower the cost of offering the service, so you know what you’re trying to bring a client on. The second one is by broadening the outreach for your products and services.”

Kudzi Zhou

Managing Director of Richmond Finance Limited, Zambia

“Overall, companies that have had an online presence have fared much better. Consumers were quite concerned about Covid-19 and many of them opted to use automated ways of obtaining goods and services.”

Ron Kawamara
CEO of Jumia, Uganda

“The upcoming privatisation of telecoms will open up the technology space and opportunity for technology-based solutions.”

Berhane Demissie
Co-Founder and Managing Partner at Cepheus Growth Capital, Ethiopia

¹¹ <https://www.afdb.org/en/knowledge/publications/tracking-africa%E2%80%99s-progress-in-figures/infrastructure-development#:~:text=Infrastructure%20development%20is%20a%20key,productivity%20and%20sustainable%20economic%20growth.&text=Investment%20in%20infrastructure%20accounts%20for,potential%20to%20achieve%20even%20more>



1.3.5 Legal climate

The legal climate in each country was measured through six subcategories: enforcement of government contracts, enforcement of private contracts, protection of investors, resolving insolvency, adequacy and enforcement of competition law, and adequacy and enforcement of consumer protection. Respondents told The Africa List how conditions under each of these aspects of the legal climate in their country helped or hindered them to do business.

As a result, business leaders in all six countries can be better able to see the challenges around and ahead of them in the legal climate.







The study revealed the following trends

Respondents experience the legal climate in countries studied as relatively stable. Key areas of improvement include competition and consumer protection laws.

Reasons for optimism

Over 70 per cent of business leaders in Ghana, Uganda, and Zambia describe the legal climate as either stable or fairly stable. Confidence in the legal enforcement of private contracts, as well as the level of protection that investors receive underpins this positive view.

Overview of the legal climate in the countries surveyed

							
	DRC	Ethiopia	Ghana	Tanzania	Uganda	Zambia	Average
Enforcement of government contracts	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly conducive	Fairly conducive	Fairly unconductive
Enforcement of private contracts	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive
Protection of investors	Fairly unconductive	Fairly unconductive	Fairly conducive	Fairly unconductive	Fairly conducive	Fairly conducive	Fairly conducive
Resolving insolvency	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive
Adequacy and enforcement of competition law	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly conducive	Fairly unconductive
Adequacy and enforcement of consumer protection	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly unconductive	Fairly conducive	Fairly unconductive

Legend: conduciveness to doing business

□ Do not Know ■ Not conducive ■ Fairly unconductive ■ Fairly conducive ■ Conducive

Table 7: Heat map of the legal climate in studied countries

Reasons for pessimism

This positive view is less pronounced in the DRC, Ethiopia, and Tanzania, with the DRC representing the least conducive climate for enforcing government and private contracts, as well as protecting investors.

Legal clarity seems to be the leading cause for concern in these areas, as Berhane Demissie, Co-Founder and Managing Partner at Cepheus Growth Capital (Ethiopia), states, “When people get into legal contracts in this country, especially supply or service contracts, contracts are not usually detailed enough for even the courts to decide clearly what was agreed and what happened.”

“I’ve seen that, for example, when you sign an agreement or contract with another partner and you get into a dispute, when you get to court to obtain your rights, the system means that the judge can be approached and receive a sum in an envelope. The amount in the envelope decides your judgement.”

Survey respondent
DRC

Competition law and consumer protection

Unfortunately, enforcement of competition law and consumer protection remains problematic in five out of the six countries. Zambia stands out as the best performer in this area, with respondents vouching for the quality of competition law (71 per cent) and consumer protection (77 per cent).

In the short term, the majority of business leaders in the studied countries do not predict any significant changes in the legal climate. However, over the next five years, business leaders in the DRC and Ethiopia have strong expectations for a better legal climate.

“I expect the legal climate to improve over the next five years because the endeavours that are being made to make the judiciary more independent and effective will, in my view, start to bear fruit in five years’ time.”

Survey respondent
Ethiopia

1.3.6 Environmental context

Looking at respondents' views of how the change of weather patterns, availability of natural resources, air pollution levels and quality of waste management in their countries affects doing business, the present, and possible future environmental problem areas in those regions are brought to light.

The study revealed the following trends

Business leaders generally hold a positive view of the state of the environment in their countries, apart from the quality of waste management, where 75 per cent of survey respondents are not happy. In both the short and medium terms, the majority of business leaders expect the current condition to remain the same.







Reasons for optimism

Business leaders in The Africa List countries, with the exception of the DRC, hold a generally positive perception of the environmental considerations around their businesses, with 65 per cent of survey respondents rating the environmental context as conducive or fairly conducive to doing business. The optimism around the environmental context in these countries is driven by positive perceptions of weather patterns, the levels of available natural resources, and low air pollution levels.

Environmental factors negatively impacting business success

As previously mentioned, the quality of waste management remains a key issue in all the studied countries, with 75 per cent of survey respondents describing this as being unconducive or fairly unconducive for doing business. Air pollution has also become a growing concern for respondents in Ghana, Uganda and the DRC.

Overview of the environmental context in in countries surveyed

							Average
Change of weather patterns	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive
Availability of natural resources	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive	Fairly conducive
Air pollution level	Fairly unconducive	Fairly conducive	Fairly unconducive	Fairly conducive	Fairly unconducive	Fairly conducive	Fairly conducive
Quality of waste management	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive	Fairly unconducive

Legend: conduciveness to doing business

□ Do not Know ■ Not conducive ■ Fairly unconducive ■ Fairly conducive ■ Conducive

Table 8: Heat map of the environmental climate in studied countries

“The cities become more and more polluted in spite of the initiatives in favour of ecology and environment. Also, the mineral extractive companies are polluting. We also notice a progressive deforestation, etc.”

Survey respondent
DRC

The vast majority of respondents from the DRC hold a strongly negative view of their country's performance on all the environmental factors in the study. 87 per cent of respondents describe waste management as being unfavourable for doing business. 57 per cent share negative sentiments around natural resource availability, 68 per cent are dissatisfied with air pollution levels, and 64 per cent say changes in weather patterns are uncondusive for doing business.

Future outlook

Over the next year, the majority of business leaders across the six countries expect the state of these environmental factors to stay the same, except in Ethiopia, where most leaders expect improvements in the short term. Generally, respondents expect this trend to continue over the next five years, although about 17 per cent of respondents are predicting that things will get worse during this time. Business leaders in Ethiopia remain the most optimistic, with 61 per cent of respondents in the country predicting a more stable environmental context.

“Ethiopia is showing commendable leadership and progress in addressing these issues, most notably in land degradation and forestry management.”

Survey respondent
Ethiopia



2 ■ Characteristics of the most effective business leaders in Africa

Effective leadership in this report means the ability to successfully navigate the complex African business context. It includes leading yourself, your team, your organisation, and the entire community towards achieving social and commercial goals.





Effective leadership is especially important in light of the ongoing Covid-19 pandemic. Nearly 80 per cent of business leaders who responded to the Barometer survey this year indicate that Covid-19 has changed the definition of effective business leadership in their country. As a result, the characteristics of an effective business leader have also changed. The leadership qualities mentioned here are therefore split into two parts, those that were important before the pandemic and those that will be most important as African businesses navigate and emerge from the pandemic.

To understand the existing leadership best practices in the countries studied, and the changes triggered by the pandemic, this section of the report takes an empirical approach to defining 'effective business leadership'. Although the insights mainly reflect the thoughts and opinions of business leaders who participated in the survey, they constitute an excellent starting point for developing leadership strategies that increase chances of business success on the continent, while safeguarding positive impacts on socioeconomic growth.

Overall, the results demonstrate differences in the definition of effective business leadership from one country to another, and even across neighbouring countries. This is perhaps understandable given the difference in views about countries' business climates covered in the previous chapter. However, it is an important finding, particularly for businesses considering how they scale from one African country to another. The definition of effective business leadership also varies depending on each company's specific business goals. This point is also addressed in the next chapter.

2.1 Framework for identifying effective leadership characteristics

To understand what it means to be an effective leader in the focus countries, The Africa List developed a framework that assesses effective leadership characteristics on four levels.¹²

The framework (Figure 6) enabled the research team to identify the key characteristics and traits that investors and business owners must prioritise when selecting a CEO or executive in a certain country.

Framework employed: Four levels of reach as a leader

COMMUNITY

Characteristics an effective leader displays in taking responsibility for the well being and improvement of local communities and going beyond the organisation's own boundaries.

ORGANISATION

Characteristics an effective leader displays when working to improve the business or organisation.

TEAM

Characteristics an effective leader displays when working with or motivating others.

SELF

Characteristics an effective leader display in their own work.

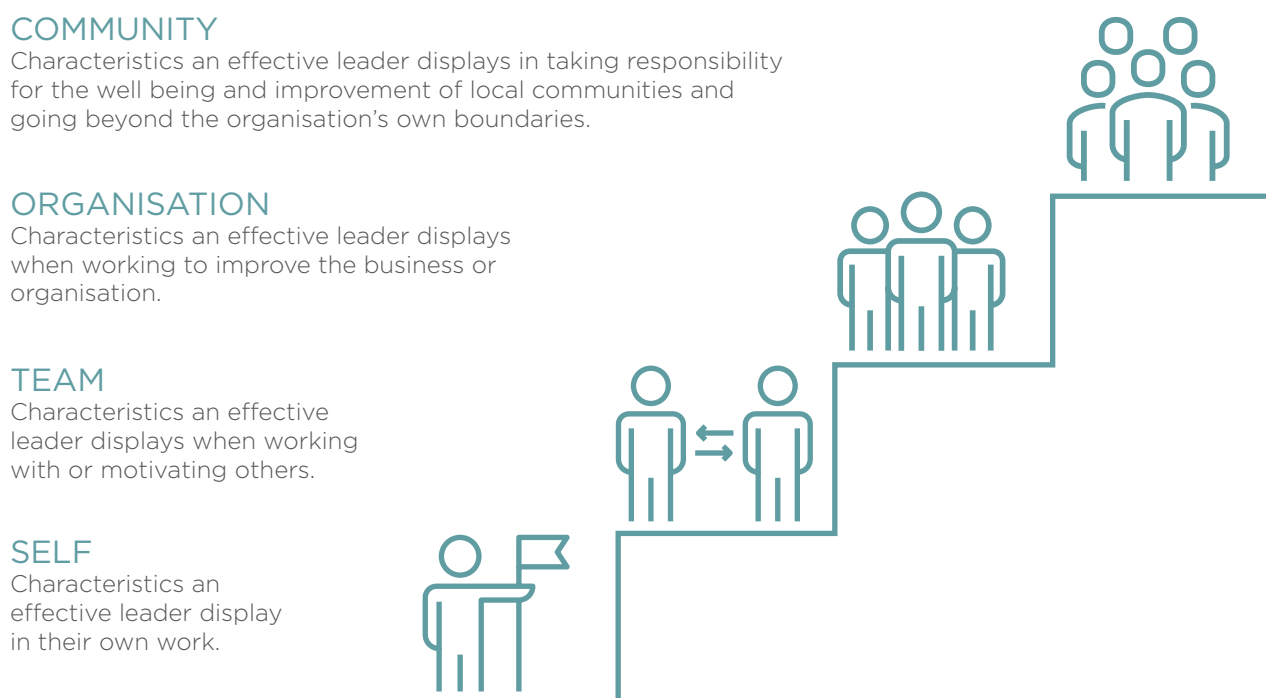


Figure 6: Defining effective business leadership in Africa: the four levels of reach

¹² 'The 40 characteristics used in the surveys were shortlisted from an original compilation by Brené Brown, author of Dare to Lead, using an online corpus to determine the most frequently used words.'

Highlights of effective leadership characteristics

Respondents from the six countries value different characteristics. The three most important characteristics per country are:



DRC

Ethical,
accountable
and
compassionate



Ethiopia

Accountable,
ethical
and
strategic



Ghana

Accountable,
strategic
and
inclusive



Tanzania

Accountable,
ethical
and
compassionate



Uganda

Accountable,
ethical
and
strategic



Zambia

Accountable,
strategic and
compassionate/
inclusive



Successful business leaders are ethical and accountable, although the levels of leadership where this is applicable varies.



Effectively resolving issues around COVID-19 requires leaders to be adaptable, resilient, innovative, strategic and proactive.



Embracing digital technologies to transform day to day operations in the light of the COVID-19 pandemic requires innovation, strategic thinking, adaptability and proactivity.

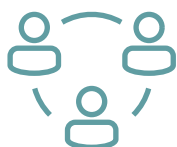


The definition of effective business leadership has to change from being influence-driven to competency driven by:

- Highlighting effective African business leaders
- Mobilising and nurturing young talent through structural change and education



When there is a rise in instability, high levels of certain characteristics can help business leaders to successfully navigate challenges. The characteristics required will depend on the context that has become problematic.



Different levels of leadership, such as self, team, organisation and community, also require different characteristics, regardless of context.

2.2 The diverse nature of effective leadership characteristics

According to the outcomes of the six-country survey, the most effective business leaders in Africa are accountable, ethical, visionary, strategic, and inclusive (Figure 7).



Figure 7: Most commonly mentioned leadership characteristics. The words that appear largest are the most commonly mentioned

Table 9 shows the distribution of characteristics that are most desirable for business leaders across the six countries and the four dimensions of the analysis.

Depending on a company or investor's specific goals, this table makes it easy to focus on the qualities that are most effective for reaching desired or projected targets. For example:

- In order to strengthen company presence or image in the community, the

community leadership column in Table 9 will provide insights into the necessary characteristics.

- To lead and motivate a team towards achieving new milestones, the characteristics in the team leadership column will be most effective.
- To turn around company culture, business leaders will need to implement effective characteristics from the organisational leadership column.

Top 3 characteristics for each type of leadership according to 394 business leaders in Africa

	SELF-LEADERSHIP	TEAM LEADERSHIP	ORGANISATIONAL LEADERSHIP	COMMUNITY LEADERSHIP
 DRC	Accountable	Accountable	Ethical	Ethical
	Disciplined	Compassionate	Analytical	Compassionate
	Ethical	Ethical	Accountable	Authentic
 Ethiopia	Accountable	Accountable	Strategic	Ethical
	Adaptable	Inclusive	Visionary	Compassionate
	Disciplined	Open-minded	Resilient	Authentic
 Ghana	Accountable	Accountable	Strategic	Inclusive
	Visionary	Open-minded	Growth-oriented	Accountable
	Innovative	Compassionate	Ethical	Ethical
 Uganda	Ethical	Accountable	Strategic	Compassionate
	Accountable	Inclusive	Visionary	Ethical
	Strategic	Visionary	Accountable	Accountable
 Tanzania	Accountable	Accountable	Accountable	Compassionate
	Ethical	Visionary	Strategic	Ethical
	Disciplined	Confident	Innovative	Humble
 Zambia	Accountable	Accountable	Strategic	Compassionate
	Innovative	Inclusive	Growth-oriented	Inclusive
	Visionary	Open-minded	Accountable	Ethical
Overall	Accountable	Accountable	Strategic	Compassionate
	Visionary	Inclusive	Visionary	Ethical
	Adaptable	Open-minded	Accountable	Inclusive

Table 9: Top leadership characteristics by country and level of influence

As seen in Table 9, there are many similarities between the six countries, with most effective business leaders in Africa being accountable, strategic, ethical and inclusive visionaries.

But key differences also exist in the definition of effective leadership between countries. For example, although Zambia and Tanzania are neighbouring countries, being inclusive as a leader only appears to be a significant consideration in Zambia. Furthermore, ethical leadership is described as being important for all four levels of business leadership in the DRC, whereas in

neighbouring Zambia, being ethical is only highlighted among the top three qualities for leadership at the community level.

These differences between countries are most likely due to the specific challenges faced in the business context within each country. As seen earlier in the Barometer, certain contextual challenges are more pronounced within certain countries. It is also largely due to cultural differences. As Mizinga Melu, CEO of Absa Bank (Zambia) says, "If you go into new countries and you don't understand the culture, it can impact you as a leader."

As such, if business leaders are looking to broaden their client base across borders with the introduction of AfCFTA, it will do leaders well to take such cultural differences into account and adopt the characteristics that are effective in countries where they are looking to do business. Tanzania is a prime example of this, with one survey respondent saying: “The environment in Tanzania is unlike other countries: you need to be deeply rooted and understand how the market and the people work. The business navigation becomes easier if the above is followed; if you use a one-size fits all approach for multinational companies, it can backfire.”

Effective leadership in the midst of Covid-19

The major challenge that has affected the definition of an effective business leader across the board is the Covid-19 pandemic. The survey also explored the leadership qualities that have been more important while navigating the challenges it has brought.

Respondents highlighted the following leadership qualities (Figure 8):



Figure 8: Most frequently mentioned characteristics required to navigate Covid-19 successfully. The words that appear largest are the most commonly mentioned

Adaptable, innovative, resilient, strategic, and compassionate leaders have been most successful at navigating Covid-19

For businesses that are struggling to cope with Covid-19, and who plan to bring in new leadership to help them navigate the challenges brought about by the pandemic, it will be important to understand whether potential candidates have these qualities.

Adaptability is one of these key characteristics required by business leaders in light of the pandemic. An example of this is the many businesses in Uganda shifting to online operations to overcome strict lockdown measures put in place by the government. As Ron Kawamara, CEO of Jumia, Uganda, explains: “Consumers were quite concerned about Covid-19 and many of them opted to use automated ways of obtaining goods and services. Traders who had no access to their physical shops or market stalls also needed an outlet to be able to sell and continue to make a revenue from home.” Thus, those that adapted to the restrictions caused by the pandemic fared much better than those who couldn’t find a way to work around the limitations.

As the pandemic continues into 2021, survey respondents also believe that the most successful business leaders will be those who use their resilience to embrace strategies and adopt digital technologies for transforming their day-to-day operations. Digital platforms have become an integral part of doing business during the pandemic as they minimise the need for interpersonal contact. This means people who have a high risk of contracting the virus, do not need to expose themselves to potentially dangerous environments in order to continue doing business.

This does, however, present a unique challenge in Africa. Given the level of informality in the African business environment, achieving digitalisation means business leaders need to innovate, think strategically, adapt, and be proactive in order to overcome challenges like access to electricity and the internet.



2.3 Leadership in focus

In each country, we asked respondents to nominate people who best embody the key leadership characteristics that make up the most successful business leaders. In this section, we hear from three of the people respondents say best embody those traits.

Sanjay Rughani: “Every leader must be ethical and value driven”



Sanjay Rughani

CEO of Standard Chartered Bank, Tanzania

No substitute for ethics

As African countries start to compete more in global markets, it's becoming more apparent that there are certain characteristics that African business leaders need to develop and focus on improving in order to reach global industry standards.

According to Mr Rughani, most leadership characteristics can be made up for or supplemented with proper teamwork, but there is no substitute for an ethical approach: “If you're not creative, it's somewhat fine. If you're not courageous, it's ok sometimes. If you do not have compassion, to an extent it's also ok. But you really cannot take ethics out of the equation. Every leader must be ethical and value driven,” he says.

Be a team player

It is clear that Mr Rughani is so well respected in his country not only for his achievements but more because he respects and enables the people he works with. He believes that an effective leader is one who through idealised influence is willing to work as part of a group to mobilise, inspire, impact and empower junior members to become effective and confident leaders themselves.

He tells The Africa List Business Barometer: “for me as a CEO it means I am more a “Chief Enabling Officer”, not only a “Chief Executive Officer”. My role provides me a privilege to make many, many, many leaders successful. The more others are successful, the more my organisation and I become successful.”

Role models required

For Mr Rughani, the critical missing piece of the puzzle is the lack of CEO role models on the continent for younger people to look up to: “At the moment, my kids are studying Steve Jobs, Bill Gates, Elon Musk, Oprah Winfrey and many others – we do not have similar emergence of leadership this in this side of the world, that’s a critical gap.”

He’s calling on more to be done to rapidly upskill and enable many more competent

individuals to reach senior positions and ultimately become local leader role models, although he acknowledges there isn’t an easy solution: “With 1 billion plus people, and the population growing so fast in countries like Tanzania, we have to play a lot of catch up. Those things can only happen through significant purposeful ownership by implementing a strategic collaborative movement between private and public sector. There are no short cuts to this.”

Patrick Mweheire: “You can’t just say, ‘I’m going to be 20 per cent strategic, 20 per cent visionary and 20 per cent ethical’”



Patrick Mweheire

Regional Chief Executive, East Africa, of Stanbic Bank

Embracing ‘chaos’

When reflecting on the upheaval caused by Covid-19, Mr Mweheire comments, “Digitisation worth four years has happened in the last nine months”. This has profoundly challenged leaders, not just in Africa, but globally.

In a time of such economic and social turmoil, the role of a leader is more important than ever to provide stability, maintain vision and be adaptable to changing conditions according to Mr Mweheire: “To improve as leaders, we must move away from that certainty of linear and sequential progress, to understanding that we’re in a period of chaos. We don’t have all the answers, we don’t have all the data, but

you must keep moving. Improving is about understanding the chaos that we’re in, continuing to invest in yourself, making sure you show up with the right frame of mind to make decisions, and being agile, inclusive and empowering of teams.”

Matching skillset to the scenario

Reflecting on the results of the survey, which highlighted being accountable, ethical, visionary, strategic, and inclusive, Mr Mweheire comments that all these skills are important, but the hallmark of a good leader is recognising which to use in each scenario. It is unlikely you will need to use all qualities to the same extent and simultaneously, he tells The Africa List Business Barometer: “It all goes back to that agility in how you lead

up and [...] knowing what to emphasise and what to de-emphasise at what time. There are certain parts of your journey where some qualities are more critical and then they might fall away. They were not always of the same importance at the same time.”

To explain this theory in more detail he says: “You can’t just say, ‘I’m going to be 20 per cent strategic, 20 per cent visionary and 20 per cent ethical’. You have to decide in the moment what is critical, and it might require 80 per cent of one skill.”

Caring for communities

Despite a long history in the industry, Mr Mweheire is focused on the future and how the demands of consumers will shape the banking and financial services industry of tomorrow: “What’s becoming clear is that just making money is just not good enough anymore. You’ve got to be relevant in the communities you serve.”

Looking ahead he says: “If you’re thinking ten years down the road, millennials don’t really care that you’ve been a bank for 200 years. They care about your community impact and the impact on the environment.”

Mizinga Melu: “I’ve actually found that I’m a better leader because of Covid-19”



Mizinga Melu

CEO of Absa Bank, Zambia

Understanding culture

Having frequently moved and worked across different global and African markets, Ms Melu is very conscious of the importance of getting under the skin of every culture you work in. It is something she has personal experience of and being forced to adapt to multiple new environments is one of the biggest challenges she has had to overcome in her career, “If you go into new countries and you don’t understand the culture, it can impact you as a leader. The first thing you have to do is attend a course on culture, as basic as it may be. Don’t assume that you know.”

In order to embed oneself in a new culture, Ms Melu believes you have to first listen and learn from those around you, “When you are managing people you have to understand who they are as individuals in terms of what they believe in. When you are managing clients, you’ve got to understand their values and really what drives them.”

Lifting up your team

Ms Melu is passionate about people and this is at the forefront of her leadership style.

In order to improve as a leader, she believes, you have to work alongside your team to reach your collective goals, “Leadership



is a journey that requires one to, not only achieve, but make sure that the team you are working with achieves even more", she says.

Time for reflection and growth

Despite the obvious economic and social challenges, Mizinga has embraced the turbulence of 2020 and tried to use it to her and her team's advantage, "I've actually found that I'm a better leader because of Covid-19. I've been able to grow and I think my team has been able to grow alongside me."

It has forced her to review long-term business strategies and ensure that her firm is serving its customers externally and its staff internally to the best of its ability. "Thinking about our approach long-term, we have considered how we can allow the clients to do business from the comfort of their homes, what type of head office we need and how we can grow leaders."

Crucially she emphasises how it has made her "more human" in the way she leads her team and her business and changed the way she measures success.

2.4 Effective leadership for specific contexts

This report shows that the pandemic has highlighted the need for leaders to be innovative, resilient, adaptable and compassionate. These qualities can help leaders steer their companies through the pandemic and beyond, and help them to digitise their operations. As African businesses are starting to grow into global markets more and more, digitisation will be critical to doing business across borders and time zones. Dr Elikem Tamaklo, Managing Director of the Nyaho Medical Centre, Ghana, notes this when he compares how technology can enable the AfCFTA, “If you take a country whose market is quite small and you start thinking about an expanded area, that becomes a great opportunity for growth. But without technology, that scale will be compromised.”

There isn't a ‘one size fits all’ approach, however. As much as it is important

for leaders to take an approach that suits a certain country, it's important to understand that the nature of individual business environments will influence the characteristics leaders need to adopt.

Figure 9 below lists which leadership characteristics survey respondents regard as most effective in light of certain contextual challenges within their respective countries. For example, respondents from the DRC and Ethiopia, where there is a high level of political instability, regard accountability, discipline and ethical business practices as effective leadership characteristics. Similarly, if a business is facing a contextual challenge they have not faced before they can use this figure to understand which characteristics their leaders need to adopt in order to effectively overcome the challenge.

Leadership qualities best-suited for various business climates

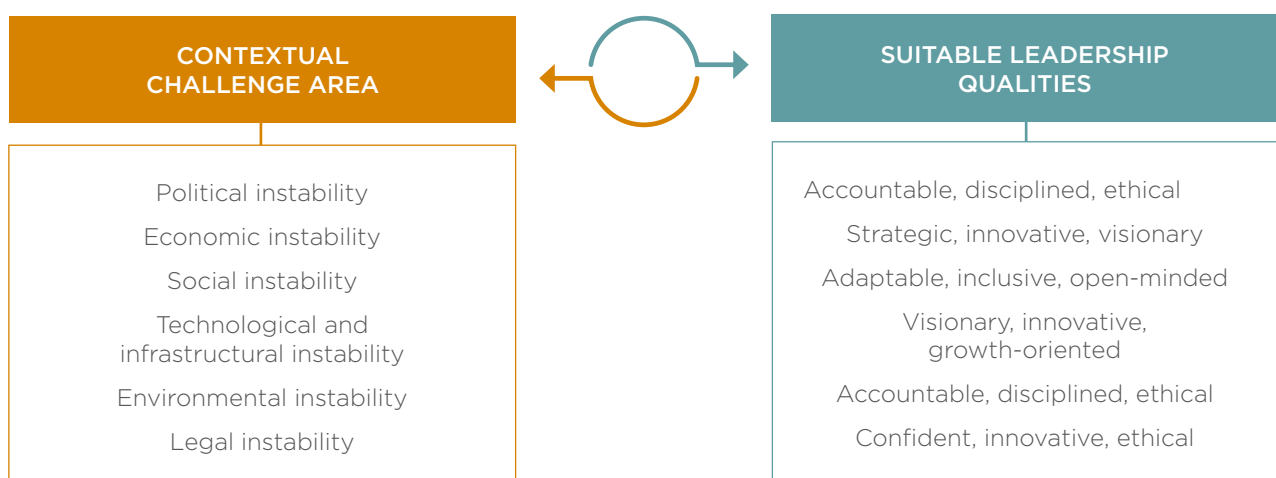


Figure 9: Effective leadership characteristics that can be implemented in the event of unexpected contextual challenges

Leaders should adapt their leadership characteristics according to the contextual business challenge in order to overcome it

The level of leadership also largely determines which characteristic will be effective, regardless of unique context as illustrated by Figure 10:

Most important leadership qualities for each level



Figure 10: Most important leadership characteristics for each level of leadership

The four levels of leadership each require a leader to have certain characteristics, including being accountable, strategic and ethical

As seen in the figure above, accountability is an important characteristic for leaders to embrace on both the level of self-leadership and team leadership. Given the responses from both leaders that took the survey and those that were interviewed, it is clear there is a need for leaders that can be held accountable. In a way, this accountability can also help make a leader more responsible, as they know their actions will have consequences.

On an organisational level, where a leader is responsible for leading their entire organisation, it is important for them to be

strategic. This means that when a leader is looking at ways to improve their business, they need to take all aspects of the business into account and ensure that their decisions will bring about the most benefit for it as a whole.

Lastly, on a community level, business leaders have to be ethical. The vast majority of people in Africa are becoming increasingly aware of good business practices, and if business leaders do not ensure that they are perceived as ethical, they run the risk of losing clients and community standing.

3

Why effective leadership is important

Every business leader sets their company's targets. These goals inform the strategy, structure, and culture of the organisation and, ultimately, enable them to achieve social and commercial gains.

This chapter focuses on why effective leaders are required. To answer this question, we need to understand what the current needs are, and which outcomes businesses would like effective leaders to achieve.



3.1 Framework for identifying outcomes

This research framework considers four main outcomes effective business leaders are valued for. They are either long or short term, and either focused on social or commercial gains:

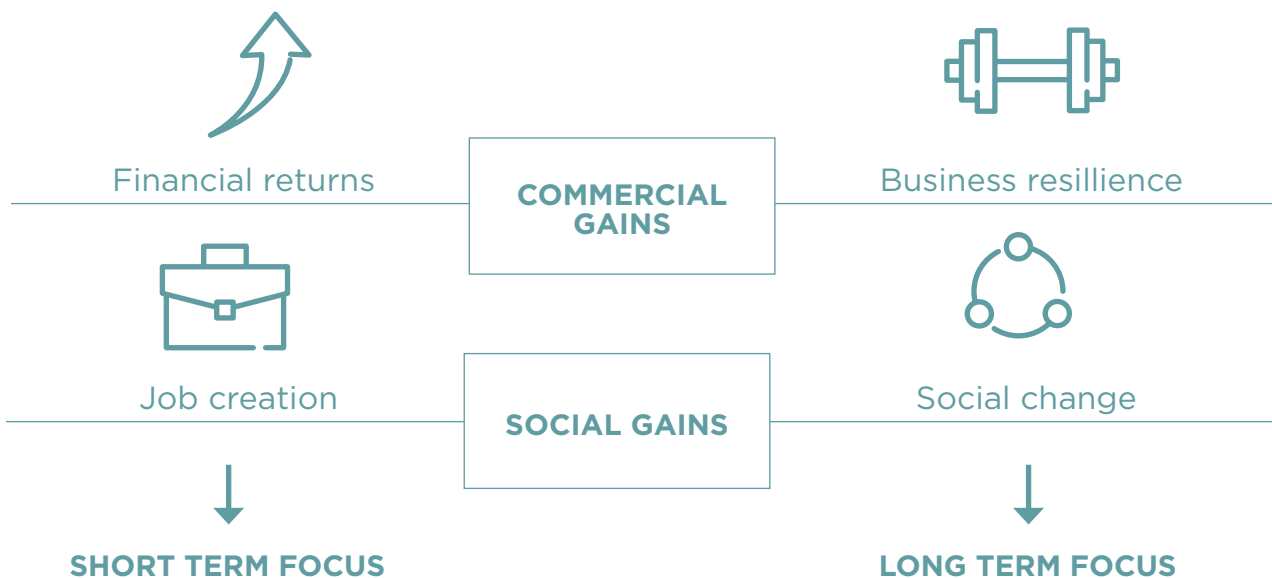


Figure 11: Framework for examining effective business leadership outcomes

Outcomes yielded by effective leadership are either short or long term and commercial or social gains

This report looks at four types of outcomes effective leadership can yield:

- **Job creation:** Job creation is a short-term social gain that increases the standing of a business within the society it operates as it is seen to give back to the community in the short term.
- **Social change:** Effective business leaders can create long-term social gains as they change the way clients interact with the business and with each other.
- **Financial returns:** This is an outcome that yields short-term financial gains and is mostly done through short-term investments that yield quick returns.
- **Business resilience:** Unlike financial returns, business resilience yields rapid adaptability – while safeguarding people and business operations – reaping rewards in the long term.

While all four of these outcomes are important, this report looks to understand which of these is the most relevant to business leaders operating on the continent. Of course, it must be noted that that Covid-19 has led to a shift in priorities and plays a role in assessing this question.

3.2 Covid-19 shifts business strategy to focus on resilience

Effective business leadership pre-Covid-19



Figure 12: Effective leadership outcomes prior to Covid-19

Financial returns were the prioritised outcome before Covid-19

As shown in Figure 12 above, prior to Covid-19, leaders were seen as effective when they could maximise financial returns in order to grow their business. This was largely due to the need for companies to grow quickly within the ever-expanding African business landscape.

However, as with most aspects of business covered in this report, such as effective leadership characteristics, Covid-19 has also changed the outcomes that mark a leader as being effective. The pandemic has triggered a shift from short-term investments to a need for building business resilience (Figure 13) – even if that means leaders need to sacrifice commercial gains:

“The current Covid-19 crisis has put quite a big dampener on economic activity.”

Kudzi Zhou

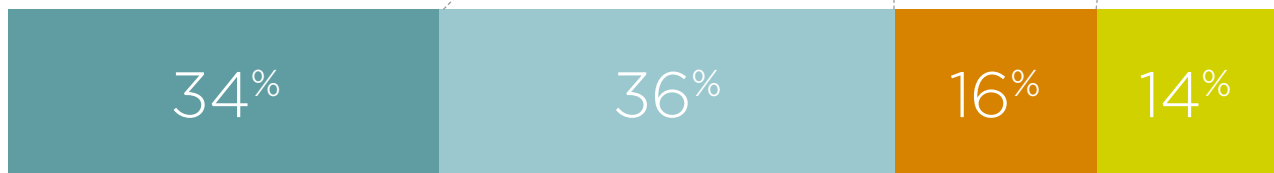
Managing Director of Richmond Finance Limited, Zambia

How has Covid-19 changed the business case for effective leadership?

Pre-COVID-19



Post-COVID-19



■ Maximising financial returns ■ Achieving business resilience
■ Creating stable jobs ■ Attaining social change

Figure 13: Shift in outcomes for effective leadership

Covid-19 has shifted the need for strong leaders who are adept at gaining financial returns to the need for leaders who can make their businesses resilient

As shown in Figure 13, it seems as though effective business leaders are defined as those that can keep their businesses alive by creating long-term business resilience rather than those that are able to increase the financial gains of their business in the short term. It is also interesting to note how perceptions around creating stable jobs and attaining social change have remained largely the same.

Ron Kawamara, CEO of Jumia (Uganda), provides some insight into these findings: “The number one priority for me, and for most businesses, is survive and fight another day. Get through and fight in 2021 because we know it’s going to be tough.”

In the current context, effective leaders need to help businesses cut costs by any means necessary in order to remain afloat. This means reducing staff numbers and even office space to overcome economic challenges, such as the lower GDP growth rate – a direct result of the pandemic. Kudzi Zhou, Managing Director at Richmond Finance Limited (Zambia), underlines this point: “It’s due to the current economic climate. A lot of businesses are basically in survival mode.”

3.3 Aspects of business resilience

With the pandemic bringing the importance of business resilience to the fore, this report explores in more detail what exactly it entails. The survey highlights four main strategies:

- Improving how businesses digitise operations
- Planning business continuity better
- Making operations more agile and cost-effective
- Ensuring company health is more transparent

According to respondents, harnessing digital technologies for transforming day-to-day operations will be the primary way to make businesses more resilient as Africa emerges from the pandemic (Figure 14). This is most pronounced among corporations and start-ups younger than five years, but also includes banks and professional service providers. It is also interesting to observe that the male respondents focused more on digitisation (61 per cent) than female respondents (36 per cent).

Leadership changes over the next 12 months due to Covid-19

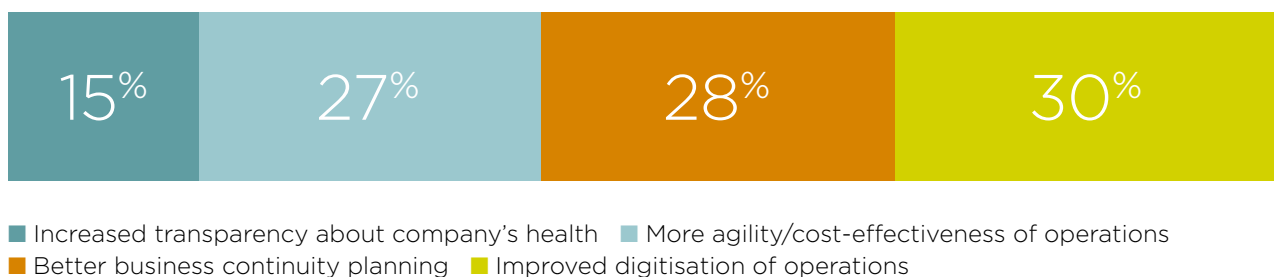


Figure 14: Key changes needed over the next 12 months

Survey respondents strongly highlight the need to digitise operations as we emerge from Covid-19 over the next 12 months

On the other hand, companies in sectors like real estate, transportation and energy feel the need to prioritise the agility and cost-effectiveness of operations over improving the digitisation of operations – although it is possible that the strategies for achieving these goals may include increased use of technology. Again, this has been brought about by the pandemic, as one survey respondent notes: “Static businesses are no more. Companies have to be agile with a rapidly changing environment.”

But it is not only about being agile. Another survey respondent noted that: “We have seen from this Covid-19 disruption that business can change overnight, and those that survive, are the businesses that are steered by leaders who are willing to: a) adapt quickly, b) continuously learn, c) scout for opportunities even in the grimmest circumstances.” In other words, effective leaders are required to help businesses adapt and learn what works and what does not.

Those in the pharmaceutical, healthcare, retail, and food, beverage and tobacco sectors feel the need to prioritise better business continuity planning due to restrictions prohibiting them from obtaining goods outside their country. According to an anonymous leader in the agri-business sector in the DRC, this is especially true, as about 80 per cent of business is comprised of informal SMEs. Where once these business people could obtain goods such as

textiles, appliances and electronics by flying to mainly Asian countries, they are now “not able to travel and they have not been able to place their orders.” This sentiment was echoed by Berhane Demissie, Co-Founder and Managing Partner at Cepheus Growth Capital (Ethiopia), who says that, “Supply chain disruption and an inability to travel have had the most impact on our companies”, even though Ethiopia faced no official lockdown of its own.

Country level analysis of how leadership will change in the next 12 months due to COVID-19

Ethiopia



Ghana



Tanzania



Uganda



Zambia



DRC



■ Increased transparency about company's health ■ More agility/cost-effectiveness of operations
■ Better business continuity planning ■ Improved digitisation of operations

Figure 15: Necessary changes among businesses due to Covid-19

Survey respondents from most of the countries studied feel a need to digitise and create better business continuity planning for 2021

Thus, a leader who understands continuity planning must ensure that businesses in these sectors do not run out of supplies as the pandemic continues. But technology can also form a part of continuity planning. Dr Elikem Tamaklo, Managing Director of the Nyaho Medical Centre (Ghana), notes that even though they “had to pivot. Our plans were to move to a new electronic medical record system and we had to pivot in terms of prioritising more of the Covid-related services such as PCR testing, virtual care clinics and home care... I think we benefited from having started [the technology] conversation a few years before.”

Furthermore, differences emerge when the data is distilled at country level (Figure 15). Respondents in the DRC and Uganda, more than those in other countries, are looking to further digitise their operations. What is most interesting though is that in countries where digitisation is not seen as the first line of defence, it is almost always the second, with only Tanzania breaking this rule.

While none of the respondents from the countries studied are worried about increasing transparency at this stage, this may become something to focus on in the near future. Berhane Demissie, Co-Founder and Managing Partner at Cepheus Growth Capital (Ethiopia) is concerned that, “One of the main things is the environmental, social, and governance aspect of our work because that brings in discipline and transparency within the companies, which we need. Most companies are family-owned, so they never had to have this pressure of being transparent [...] which will become more important.” Thus, transparency will be an important factor to consider after the pandemic.

Business leaders pursue resilience through digitisation

Digitisation has become a major theme throughout this report. Not only is it vital given the high level of informality across African economies, which requires businesses to embrace it both within their internal and external operations, but it is also one of the key strategies businesses want to implement to ensure business resilience beyond the pandemic.

“Being future-ready now as an organisation is really about embracing technology as part of your strategy.”

Sanjay Rughani

CEO of Standard Chartered Bank, Tanzania

Businesses can also reduce costs by doing more business on digital platforms – a key reason to digitise operations for almost every business leader involved in this research. They can also keep in contact with their clients without the need for travel and face-to-face meetings. While some business leaders still value in-person interactions as a means of answering concerns from clients, they regard digitisation as important to lower the cost of business as well as broadening the reach of products and services.

“Overall companies that have had an online presence have fared much better [during the pandemic]”. And, in light of the harsh lockdown measures implemented by Uganda, “During the four or five months of full lockdown, we saw hundreds of online shops open up.”

Ron Kawamara
CEO of Jumia, Uganda

Therefore, due to the importance of digitisation in the current business context, it has become necessary for leaders to understand the technological needs and capabilities of their customer segments and develop solutions to bridge gaps.

As a leader in the banking sector, Gladness Deogratias, head of Global Markets at NMB Bank (Tanzania), has first-hand experience: “Technology is moving very fast and as a result the demands of customers are ever-changing. Today you might come up with this product or service that you think is a

good business idea, but it could become obsolete in a very short span of time in which you might not already have reaped from the investment which you put into it.”

But how do business leaders, especially those in smaller companies, stay on top of their digital game? Mizinga Melu, CEO of Absa Bank (Zambia), who recently introduced a contactless card in her bank, has the following to say about this innovative endeavour, “During the pandemic we realised it was important for us to have solutions that were safe for people as they do business.”

Similarly, Patrick Mweheire, Regional Group Chief Executive of Standard Bank Group for Eastern Africa, states that with digital technologies, “We’ve empowered the clients to do banking 24/7 wherever they are.” Thus, effective leaders who are compassionate and inclusive are required as they will be able to create safer and more convenient options for clients and businesses to interact. These are two key characteristics that aspiring business leaders of smaller firms can adopt in order to ensure that they become effective. If a technology is inclusive, convenient and safe, more people are likely to use it. In the end, the need for effective leadership boils back down to adding value for the consumer where they need it most.

Conclusion and recommendations

The focus of this report is on leaders' perspectives on their current business environment and how they can be more effective in the future.

Positive outlook despite challenges

Reviewing the survey findings, the majority of business leaders remain positive about business conditions in their respective countries. This is largely due to changing demographics on the continent and the hope that social issues will be resolved in the near future. However, there are ongoing challenges associated with doing business on the continent which have been exacerbated by the ongoing Covid-19 pandemic and fears that upcoming elections may trigger significant instability in the political, social and economic contexts.

In order to overcome these challenges effectively, respondents highlight a need for more accountable and ethical leaders: leaders that can be held to their word. In light of the ongoing pandemic, they point to the need for adaptability and strategic thinking as well as an ability to remain focused on long-term goals and business resilience, rather than short-term financial gain.

Focus groups and survey respondents showed that in the context of African leadership, it is important to lead beyond usual model of self, team and organisation, and also include community. To operate effectively, business leaders need to have the buy in of the communities in which they operate, and so it is important for business leaders to manage with integrity, and

contribute to the wellbeing of the social and community contexts in which they operate.

As we move into 2021, business leaders will primarily be judged for their ability to adapt to this period's unique challenges and implement measures which will futureproof their businesses against future shocks.

Technology and resilience

Respondents consistently pointed to the importance of digitisation as a key way to ensure long-term business resilience. However, with contextual challenges such as unreliable access to electricity and the internet, digitising internal and external operations can be challenging. More widely, respondents pointed to better continuity planning, as well as increased agility and cost-effectiveness as effective long-term strategies that yield commercial gains.

This need to operate in 'survival mode' and focus primarily on the health of the business has meant that for respondents, the importance of delivering social outcomes, creating jobs and operating sustainably have unfortunately had to take a back seat in the short term.

Investing in the leaders of tomorrow

Looking further ahead, leaders including Sanjay Rughani, CEO of Standard Chartered Tanzania, pointed to a need for better training and development opportunities for leaders across the continent. As more

African businesses operate internationally following the implementation of AfCFTA, understanding the different leadership values, cultural dynamics and contexts across borders will become an increasingly critical leadership skill. Without proper understanding of the differences between countries, business leaders may forego valuable opportunities to trade and partner with their counterparts internationally.

Adapting to a changing landscape

Looking ahead to the next five years, respondents' outlook for the future is mixed. Whilst most expect political conditions to worsen, most also expect economic conditions to improve. With these inconsistent predictions, leaders need to prepare themselves to adapt to diverse and potentially challenging conditions,

whilst also positioning themselves to seize the opportunities presented by improved technology and infrastructure and a stabilising of political and social climates.

In order to do this, this report highlights the need for leaders to demonstrate agility and adaptability through an awareness of the context they find themselves in and the immediate and longer-term challenges at hand. Operating in different companies, markets and industries and tackling diverse challenges will require a diverse and flexible skillset. Through an understanding of these factors and a willingness to learn and develop professionally, Africa's private sector leaders can adjust their behaviour and responses accordingly to ensure the sustained growth of their business and wellbeing of their employees.

Recommendations

- Business leaders in Africa need to be aware of the ongoing changes in the business contexts in their industry and across different countries and adapt their behaviour and predominant skills accordingly.
- Current and aspiring leaders need to adopt effective traits in order to ensure they meet the needs of their business, especially in light of the pandemic.
- The pandemic has required businesses to shift from focusing on financial gains to focusing on building long-term resilience, which requires business leaders to be adaptable, innovative, resilient, strategic, and compassionate.
- Focusing on digitisation is a good way to ensure the resilience of a business, but increased agility and cost-effectiveness, and better continuity planning also ensure business longevity.
- Business leaders need to focus on teaching young people how to be effective leaders as the market will soon be flooded with a young workforce.

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Appendix

An appendix document is available online. This includes macroeconomic data on the six countries studied, in depth articles from members of The Africa List and all of the questions used in the survey. You can find it at: theafricalist.com/business-barometer-2020-appendix

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Common Barometer acronyms

DRC	The Democratic Republic of Congo
PESTLE	The framework used to study Political, Economic, Social, Technological, Legal and Environmental Climates within the relevant countries
UNECA	United Nations Economic Commission for Africa
AfCFTA	African Continental Free Trade Area
GDP	Gross Domestic Product
R&D	Research and Development
NGO	Non-Governmental Organisations





