PwC’s 27th Annual Global CEO Survey
West Africa report

Thriving in an age of continuous reinvention

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pwc

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Foreword

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Regional Senior Partner
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Continuous reinvention is vital for West African CEOs to thrive in today's business landscape. This year's survey reveals they recognise urgent transformation is critical to navigate challenges like economic growth, AI, business viability, and sustainability. Anticipating even greater pressure in the coming years, CEOs are already taking some steps towards business model reinvention.

In contrast to their global peers, CEOs in West Africa are optimistic about global economic growth (60% vs. 45% globally). They believe global economic growth will improve in the next 12 months. However, there are still concerns about the economy. 67% of CEOs in West Africa consider inflation the biggest primary threat over the next twelve months—a significant majority compared to their global counterparts at 24%.

West Africa's CEOs are cautiously optimistic about AI. While 60% believe generative AI can boost efficiency within a year, nearly half (49%) haven't implemented it yet. Despite this hesitancy, a majority (51%) acknowledge its potential to significantly transform value creation within three years. This suggests a gap between perception and action, highlighting a need for upskilling and risk mitigation strategies to bridge this gap and unlock AI's potential for businesses.

In addition, 56% express confidence in the long-term viability of their business model and 51% agree that generative AI will significantly transform their companies' value creation processes in the next three years. If the general prediction is that AI will be a tipping point in industry growth, why are CEOs hesitant to integrate AI into their business process?

West African CEOs expect AI to transform their organisations. While 67% anticipate heightened cybersecurity risks from generative AI (GenAI) within a year, 51% also worry about its potential for misinformation. These concerns are valid, but responsible AI management can mitigate risks and unlock benefits. For instance, AI can improve stakeholder trust by enhancing reporting on commitments, while misuse can lead to misinformation. CEOs must weigh the costs, risks, and rewards of AI integration. We recommend moving fast, but responsibly, with AI.

Globally, sustainability is gaining more recognition and CEOs in West Africa recognize that sustainable practices can drive long term resilience and business growth. However, when it comes to implementing these initiatives, the CEOs highlight difficulties like regulatory frameworks that may be at odds with sustainability objectives and lack of demand from stakeholders. In response to these difficulties, business leaders should explore opportunities for nature-positive business that strengthen financial returns and benefits society.

We hope that this report spurs you to have important conversations with your leadership team about your business' readiness to face economic, technological, and environmental challenges. It should help CEOs identify opportunities to reshape their organisations and themselves to thrive on disruption and transform aspirations into realities.

In brief

- CEOs in West Africa are notably optimistic about global economic growth in the next 12 months.
- West African CEOs are more optimistic about the global economic outlook than their local economies. While 51% anticipate a decline in their local economy over the next year, 60% expect the global economy to improve.
- Inflation remains a major concern for CEOs in the region, followed by macroeconomic volatility and geopolitical conflict.
- Of notable concern are 45% of West Africa's CEOs who believe their companies business models will not remain economically viable for more than a decade at their current trajectory, signalling a need for transformation.
- CEOs are particularly concerned about the impact of the regulatory environment (42%) and limited financial resources (37%) on how their companies create and deliver value.
- Although generative AI has not been widely adopted yet, CEOs in West Africa understand the positive impact this technology can have in how they deliver value to stakeholders.
- Over half (56%) anticipate that generative AI will intensify competition within their industries, while 53% foresee the need for their workforce to acquire new skills.
- Moreover, 56% of these CEOs believe that the adoption of generative AI will boost their company's profitability by 5% or more.
- West African CEOs point to a lack of demand from external stakeholders (23%) as a major factor inhibiting their company's ability to decarbonise its business model.

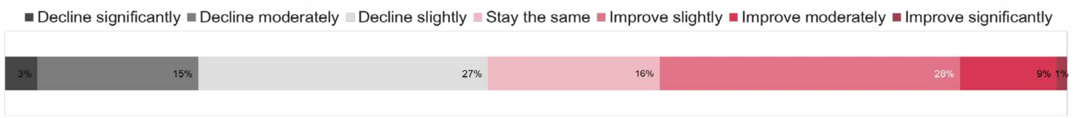
Economic growth sentiment

The IMF forecasts global economic growth to reach a moderate 3.1% in 2024 and 3.2% in 2025. Advanced economies are expected to see a decline of 1.5% in 2024, while developing economies are anticipated to maintain a growth rate of 4.1%. In contrast, West African CEOs are notably optimistic about the global economy, with 60% indicating that it will improve in the next 12 months. This contrasts with the belief of 45% of global CEOs, who anticipate a decline in the global economy over the same period. The IMF also projects that the West African economic region will grow by 4.1% in 2024 from 3.3% in 2023. It forecast that all West African countries except for Guinea and Togo will record an increase in GDP in 2024. The increase in growth of GDP is likely to be driven by high prices for West Africa's supplies of hydrocarbons, mining sector output, and agricultural produce.

How do you believe economic growth (i.e., gross domestic product) will change, if at all over the next 12 months in the global economy?

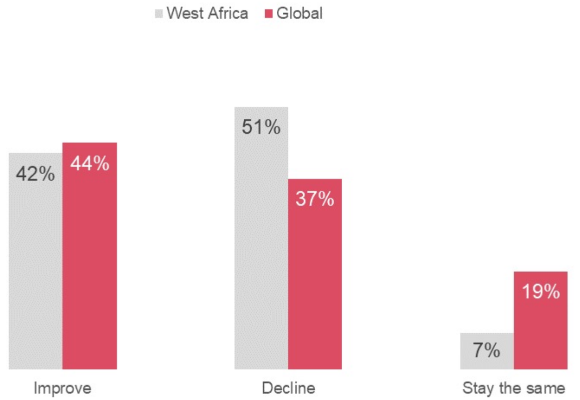
West Africa:

Global:



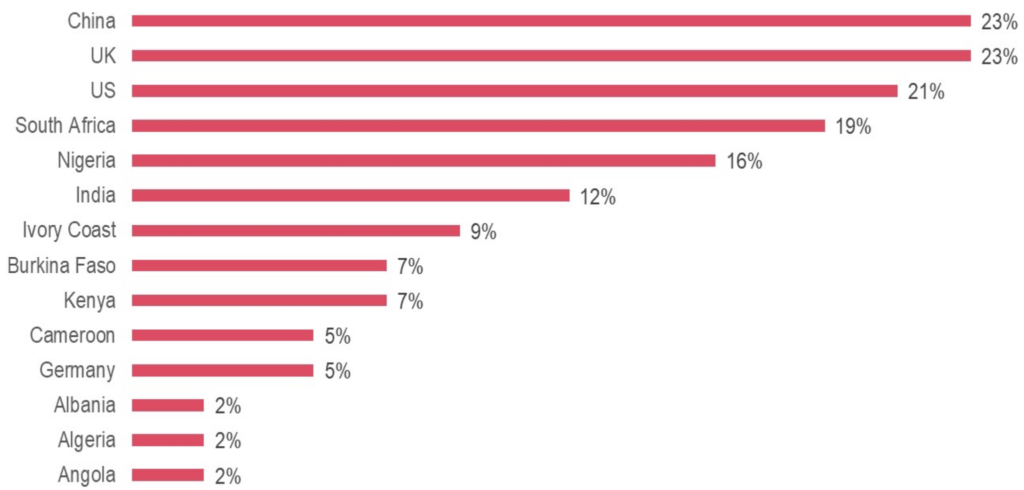
According to the African Development Bank, West Africa's average GDP decelerated to 3.8% in 2022 from 4.4% in 2021, indicating a significant slowdown in growth. This decline was attributed to various factors, including the resurgence of Covid-19 in China, which is a major trade partner for the region. Additionally, inflationary pressures and tightening monetary policies in advanced economies contributed to the slowdown. This year's survey revealed that despite their positive outlook on the global economy, West African CEOs have a more pessimistic view of West Africa's Economy. Fifty-one percent of the CEOs surveyed in the region believe that their territory's economy will decline in the next 12 months, likely influenced by the double-digit inflationary pressures.

How do you believe economic growth (i.e., gross domestic product) will change, if at all over the next 12 months in your territory?



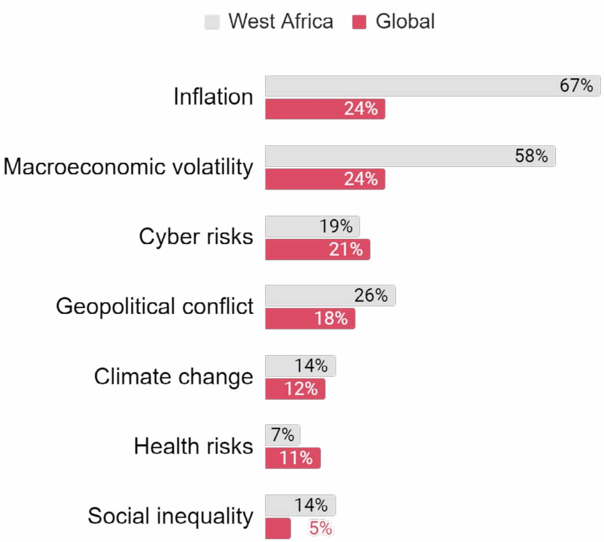
West African CEOs identify regions outside of Africa as significant territories for their company's revenue growth prospects in the short term, notably China (23%), the UK (23%), and the US (21%). China's involvement in West Africa, particularly in countries like Ghana and Senegal, revolves around investments in infrastructure and technology, contributing to economic development in the region. Post-Brexit, the UK has recalibrated its approach towards African nations, leveraging newfound flexibility to engage in new trade agreements and adopt a more diplomatic stance with West Africa. While the US maintains a diplomatic presence in the region, it is also the largest foreign investor in Nigeria, West Africa's largest economy, further solidifying its importance in the territory's economic landscape.

Which three countries/territories, excluding the country/territory in which you are based, do you consider most important for your company's prospects for revenue growth over the next 12 months?



West Africa boasts the highest GDP on the continent, with Nigeria emerging as the largest economy in the region. Together, Nigeria, Ghana, and Cote d'Ivoire account for 81% of the regional GDP, making them pivotal players whose macroeconomic changes significantly affect West Africa. In terms of threat exposure, West African CEOs express notable concerns about inflation, macroeconomic volatility, and geopolitical conflict. Inflation is the primary worry, with 67% of CEOs citing it as their major concern, a significant majority compared to their global counterparts at 24%. The African Development Bank projects inflation in the region to remain higher than the continental average in 2024, driven primarily by escalating food and energy prices. Additionally, 58% of CEOs express concerns about macroeconomic volatility in West Africa.

How exposed do you believe your company will be to the following key threats in the next 12 months?



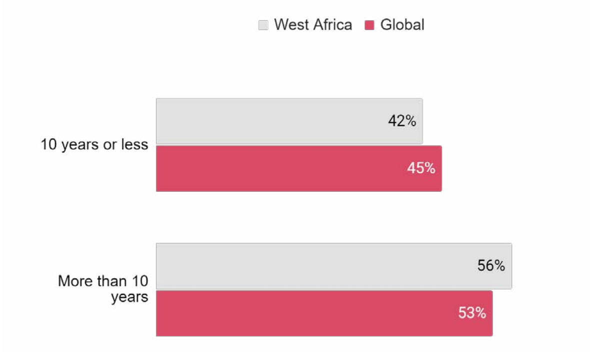
Despite a positive outlook on global growth, regional economic challenges like rising inflation (especially in Nigeria), pressure on exchange rate, debt sustainability and increasing vulnerability to external macroeconomic and geopolitical pressures present both hurdles and opportunities. This underscores the need for continuous reinvention. CEOs are entrusted with leading this transformation in an era of disruption, reshaping their organisations and themselves for resilience and growth. Research shows companies embracing reinvention capture significant performance premiums, with both profit margins and revenue growth improving (adjusted for industry).

Olusegun Zaccheaus
Partner and West Africa Lead
Strategy&

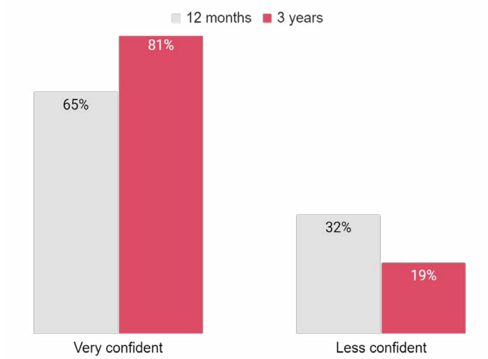
Business model viability

West African CEOs demonstrate a notable level of confidence in the long-term viability of their business models, with 56% expressing confidence that their models will remain viable for more than 10 years. This sentiment is further reinforced by CEOs' high level of confidence in their companies' growth prospects over the next 12 months. CEOs are even more optimistic about their companies' growth prospects in the next 3 years, with 81% indicating their confidence.

If your company continues running on its current path, for how long do you think your business will be economically viable?



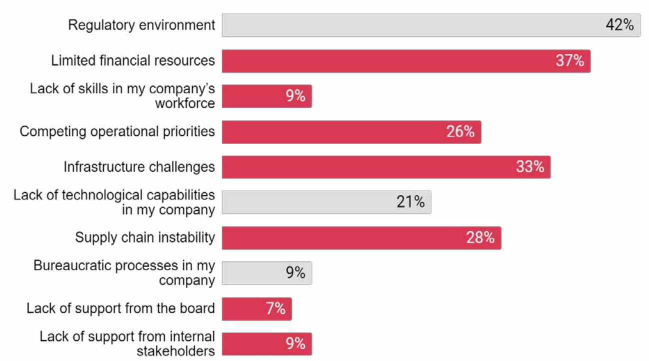
How confident are you about your company's prospects for revenue growth over the next 12 months/ next three years?



When asked how their companies' profitability compared to the industry average, a substantial 33% of respondents reported a moderately better profitability, indicating a performance surpassing industry norms by 16 to 25%. Additionally, 12% of CEOs noted a significantly better outcome, exceeding the industry average by more than 25%. These findings reflect the resilience and competitive edge of West African companies, showcasing their ability to outperform market expectations and solidify their positions as leaders in their respective sectors.

A significant 42% of West African CEOs consider the regulatory environment as a major hindrance to their company's ability to innovate in value creation. This sentiment aligns with the longstanding challenges of doing business in Africa, as highlighted by the 2011 African Development Bank Report, which ranked the continent's regulatory framework as one of the least business-friendly globally. The low ease of doing business in Africa underscores the importance of addressing regulatory issues, with concerns including excessive regulations, complex permit procedures, and unclear tax rules. Additionally, limited financial resources (37%) and infrastructure challenges (33%) further compound these obstacles, indicating the multifaceted nature of barriers faced by companies striving to adapt and thrive in the market.

To what extent, if at all, are the following factors inhibiting your company from changing the way it creates, delivers and captures value?



In the medium-term, CEOs in our markets expect technology change, government regulation, changing consumer preferences, and intensified competition to be the main drivers presenting risks to business model viability.

Many expect to respond to the pressure by adapting their business models. The gains from adaptation will be short lived.

Our experience is that companies that excel in their industries continuously reinvent their business models rather than adapt them to changed circumstances.

Reinvention helps them to proactively capture opportunities and fend off threats more effectively. Many of the barriers to reinvention are within CEOs' realm of influence: competing operational priorities, financial constraints, lack of skills, limited tech capabilities, and internal red tape.

These must all be on CEOs' to-do or fix-it lists if they are going to successfully reinvent their business models for long-term viability.

Vish Ashiagbor
Country Senior Partner
PwC Ghana

Positioning for change

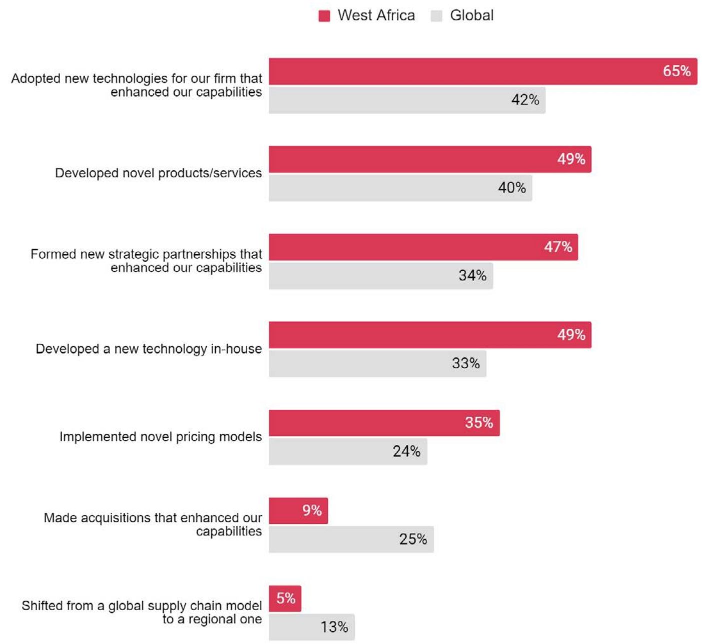
Sixty-five percent of West African CEOs have noted the significant impact of adopting new technologies on their businesses' ability to create, deliver, and capture value over the past five years. This reflects a notable trend towards technological advancement in the region, particularly in response to the post-Covid-19 landscape. Businesses across West Africa are increasingly transitioning to cashless transactions, with a growing demand for cloud infrastructure to support digital operations.

Furthermore, there has been a significant uptick in partnerships between the public and private sectors, particularly in initiatives related to big data analytics and business intelligence. These collaborative efforts aim to leverage data insights and advanced analytics tools to drive informed decision-making and enhance overall business performance.

Additionally, almost half of the CEOs (49%) identified the development of innovative products and services as a key driver of value creation in their businesses. This emphasis on innovation underscores the importance of staying ahead of market trends and meeting evolving consumer demands.

Similarly, 47% of CEOs highlighted the impact of forming new partnerships on value creation over the past five years. These partnerships provide opportunities to access additional resources and expertise, facilitating market expansion and growth opportunities.

To what extent have the following actions impacted the way your company creates, delivers and captures value over the last five years?



Leveraging technology is crucial for business model reinvention. Strategic technology adoption goes beyond simply acquiring new tools or implementing digital transformation. It requires a shift in mindset and a commitment to building a culture of continuous learning and innovation. There are several ways West African CEOs can leverage technology to position their companies for sustainable growth in the ever-evolving and competitive business landscape:

- Benchmark against tech CEOs investing to build their workforce, capitalising on new opportunities from generative AI, which is a sharp contrast to how their peers view it.
- Embrace scalable, cost-effective cloud infrastructure to ensure agility and enable remote work.
- Prioritise mobile wallets and digital payments to streamline transactions and expand customer reach.
- Partner with public entities through public-private partnerships (PPPs) to harness big data for smarter decision-making.
- Leverage AI and machine learning for automation, improved efficiency, and new product development, fostering innovation.
- As technology adoption increases, so will cybersecurity threats. CEOs must also prioritise robust cybersecurity measures to mitigate cyber risks.

Richard Ansong
Clients & Markets Leader
PwC Ghana

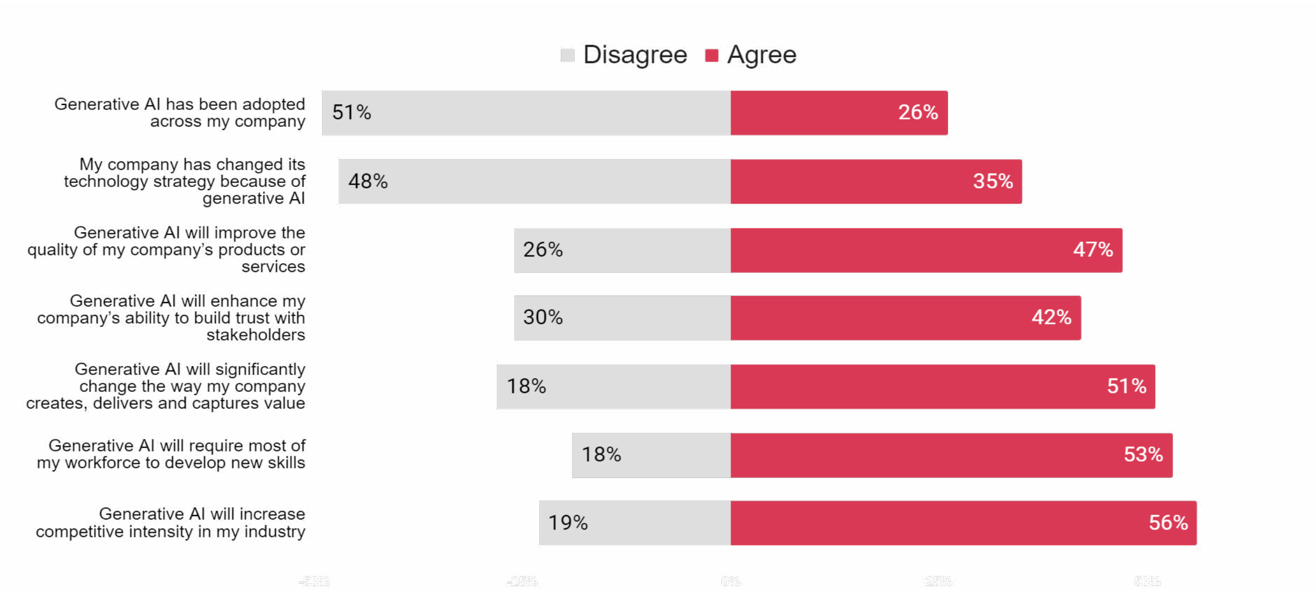
Generative AI

In the past year, just under half of West African CEOs (49%) have refrained from implementing generative AI within their companies. Similarly, 47% of these CEOs reported that their companies have maintained their technological strategies without alteration due to generative AI.

Despite this cautious approach to generative AI in the last 12 months, West African CEOs exhibit a positive outlook for the next year. Nearly half (47%) anticipate that generative AI will enhance the quality of their products and services, while 42% believe it will improve stakeholder trust.

Looking ahead to the next three years, West African CEOs express eagerness to embrace new and innovative technologies. Over half (56%) anticipate that generative AI will intensify competition within their industries, while 53% foresee the need for their workforce to acquire new skills. Additionally, 51% agree that generative AI will significantly transform their companies' value creation processes.

To what extent do you agree or disagree with the following statements about generative AI?



The majority of West African CEOs (72%) anticipate that Generative AI will enhance efficiencies in their own time over the next 12 months, with an additional 60% expecting similar benefits for their employees. Moreover, 56% of these CEOs believe that the adoption of Generative AI will boost their company's profitability by 5% or more within the same period. Additionally, 53% of West African CEOs anticipate an increase in their companies' revenue as a direct result of implementing Generative AI.

AI reached a tipping point in 2023. One type, generative AI (GenAI), is so powerful and easy to use, it's starting to change business models and revolutionise how work gets done. Conventional AI is advancing too, delivering greater productivity and new revenue streams.

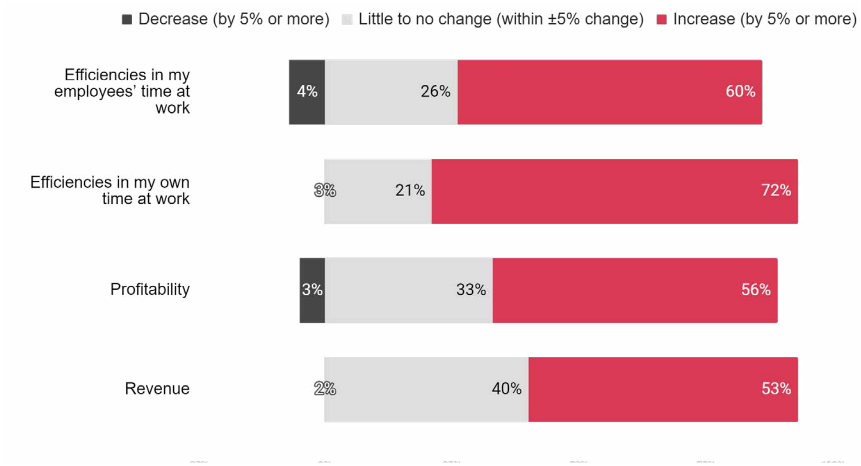
Without a doubt, the era of AI is here. It provides much more than efficiency gains. It offers fundamentally new ways of creating value. West Africa and Africa can therefore not afford to be left behind. AI's potential to improve business and public services is vast, and with careful planning and strategic implementation, it can be harnessed effectively.

However, as with any powerful tool, the key lies in understanding its use, addressing the risks, and guiding its application ethically and responsibly. It's about using AI to create a more efficient, responsive and citizen-centric environment while ensuring privacy, fairness, transparency and accountability.

Stakeholders in Nigeria and indeed across Africa must move fast in developing national AI strategies working collaboratively with both the public and private sectors to ensure we do not play catch up to the rest of the world.

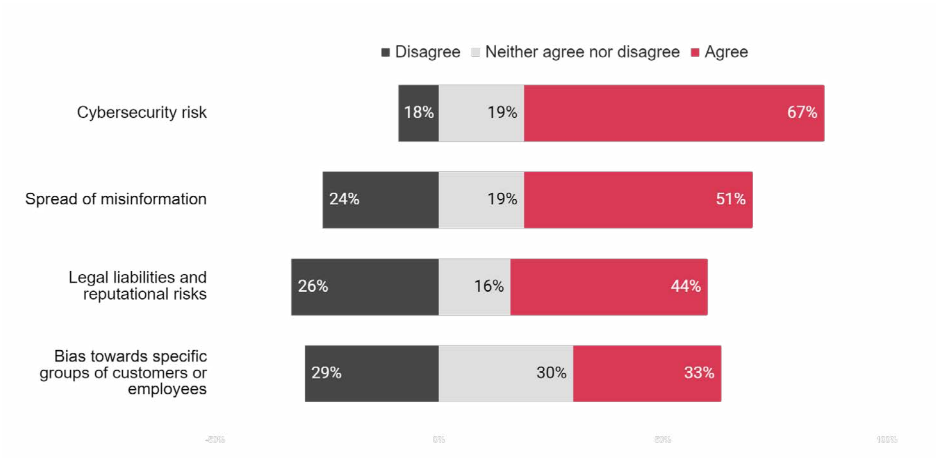
Olufemi Osinubi
Technology Transformation Leader
PwC West Africa

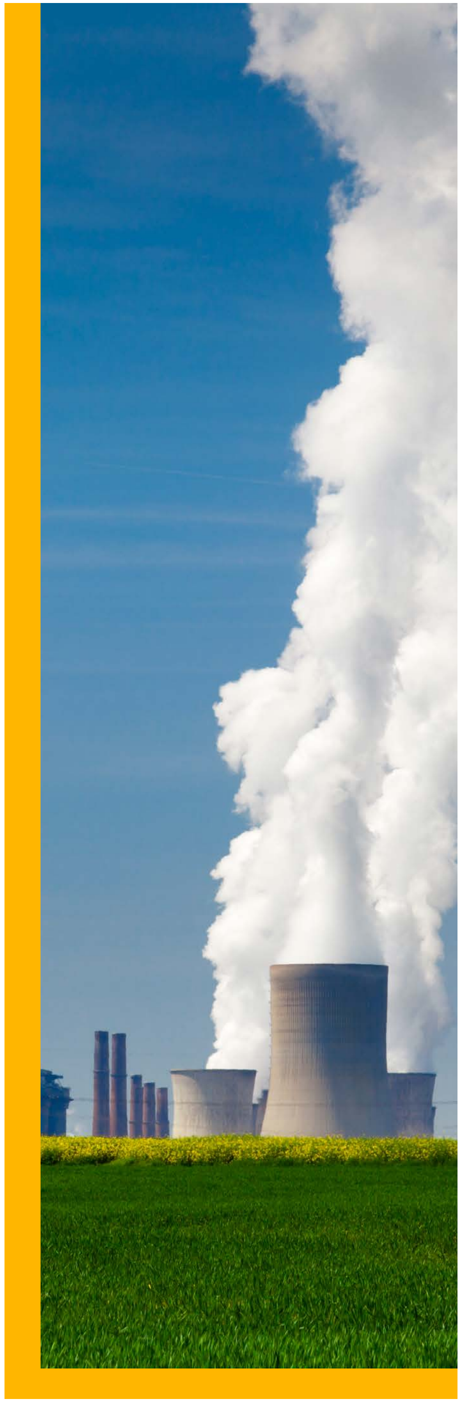
Gen AI operational consequence: To what extent will generative AI increase or decrease the following in your company in the next 12 months?



Over the next 12 months, a significant majority of West African CEOs (67%) acknowledge that Generative AI is likely to heighten their exposure to cybersecurity risks. Additionally, 51% of these CEOs express concern about the potential for Generative AI to amplify the spread of misinformation. Furthermore, 44% of West African CEOs agree that there is a likelihood of legal liabilities and reputational risks increasing in the near future due to Generative AI. Interestingly, CEOs are almost evenly split on whether AI may lead to bias towards specific groups of customers.

To what extent do you agree or disagree that generative AI is likely to increase the following in your company in the next 12 months?





Decarbonisation

CEOs in West Africa are navigating a rapidly evolving landscape shaped by both global trends and regional dynamics. As the world increasingly shifts towards sustainable practices, there's growing pressure on businesses to reduce their carbon footprint and embrace environmentally friendly strategies. In this context, West African CEOs face unique challenges, including regulatory frameworks that may not always align with sustainability objectives and a lack of readily available technologies tailored to their specific industry needs. Moreover, the region's diverse economic landscape, spanning sectors such as agriculture, manufacturing, and services, further complicates efforts to decarbonise business models uniformly across industries.

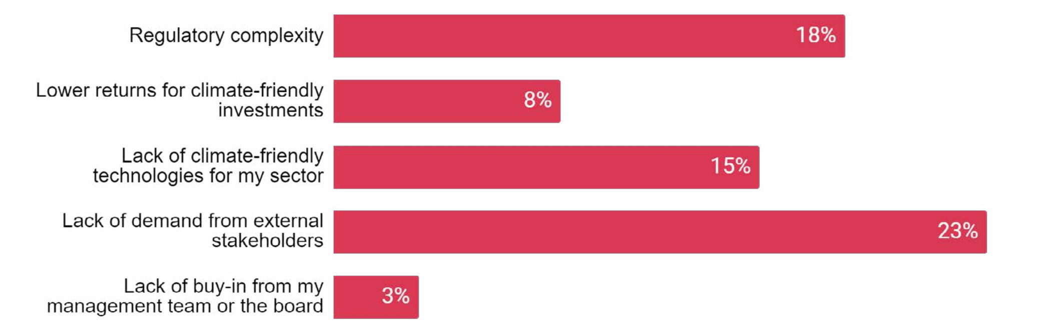
Despite these challenges, there's a recognition among West African CEOs of the importance of embracing sustainability, not only as a means of addressing environmental concerns but also as a driver of long-term business resilience and growth in a rapidly changing global market.

"Dealing with the risk of climate change is a strategic imperative. With climate change expected to impact the way companies create, deliver, and capture value in the short and long term, it is also a disruptor and catalyst for innovation. Business leaders who understand this reality will be best positioned to thrive. Proactive businesses will seize the initiative and not wait for stakeholders to demand ESG adoption. Embracing sustainability addresses environmental concerns, strengthens long-term business resilience, and fuels growth in a rapidly changing global market. Organisations need a roadmap to unlock the opportunities presented by the climate transition. A well-defined ESG strategy is vital to navigate the regulatory complexities and the scarcity of climate-friendly technologies.

Africa contributes the least to global carbon emissions and is the least industrialised continent. Statista (2021) ranks Nigeria fourth and Ghana ninth in Africa for carbon emissions, suggesting factors beyond population size are at play, likely industrialisation and resource extraction. As West African countries industrialise, by embracing decarbonisation they can avoid replicating the high-emission paths of developed nations. This focus on green development can mitigate climate risks for the region and unlock sustainable development for their economies."

Marilyn Obaisa-Osula
Head of ESG, Sustainability and Climate Change
PwC Nigeria

To what extent, if at all, are the following factors inhibiting your company's ability to decarbonise its business model?



Methodology

PwC surveyed 4,702 CEOs in 105 countries and territories from 2 October through 10 November 2023, with a total of 43 in West Africa. The global and West African figures in this report are weighted proportionally to the country's nominal GDP to ensure that CEOs' views are representative across all major regions. All quantitative interviews were conducted on a confidential basis.

Among the CEOs who participated in the global survey:

- 3% lead organisations with revenues of US$25 billion or more
- 4% lead organisations with revenues between US$10 billion and US$25 billion
- 20% lead organisations with revenues between US$1 billion and US$10 billion
- 38% lead organisations with revenues between US$100 million and US$1 billion
- 31% lead organisations with revenues of up to US$100 million
- 68% lead organisations that are privately owned.

Notes: Not all percentages in charts add up to 100% - a result of rounding percentages; multi-selection answer options; and the decision in certain cases to exclude the display of certain responses, including other, none of the above and don't know. The research was undertaken by PwC research, our global centre of excellence for primary research and evidence-based consulting services.

More information about PwC's 27th Annual CEO Survey is available here.

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