
Attracting and Retaining Executive Talent in Africa

2015 Survey Findings

EXECUTIVE SUMMARY



Businesses operating in Kenya, Nigeria and South Africa face a growing executive talent gap and are confronted with a gap in traditional management skills such as team building and change management among leadership talent.



The African diaspora is an important source of talent but historically has been hard to tap into. As the economy expands, this diaspora is becoming easier to recruit in Kenya and Nigeria. In South Africa, however, there is a wide gap between the importance of diaspora and the perceived willingness to return, which is decidedly lower than in the other countries surveyed.



In an environment of rising talent shortages, the ability to attract and retain senior talent is becoming increasingly important, requiring more than just attractive compensation packages. Talent is also looking for empowering organizations with rapid career advancement opportunities.



To address these challenges early on, companies should invest in building their own talent pipeline, develop leaders in-house and encourage greater mobility among staff. To pool talent and achieve scale, companies should consider forming partnerships for leadership development.



Companies that understand where members of the region's diaspora currently reside and what will motivate them to return will be more effective in tapping into the growing pool of returning diaspora.

ACKNOWLEDGMENTS

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Attracting and Retaining Executive Talent in Africa 2015 Survey

The continent of Africa has seen significant economic growth in recent years: Over the past decade, six of the 10 fastest-growing economies have been in Africa,¹ which is now one of the most swiftly developing regions in the world. Simultaneously, the cost of doing business in Africa has been falling, and the continent's middle class has begun to grow rapidly. And the future looks bright: sub-Saharan Africa is projected to grow by more than 5 percent per annum over the next five years.²

GROWTH LEADS TO A TALENT GAP

Not surprisingly, the dynamic business environment in some parts of Africa is attracting a rapidly rising number of multinational corporations (MNC). Yet it also presents an important challenge for these companies, as the rapid growth of African economies has created a gap between demand and supply of senior leadership talent. This shortage of talent has already become a common reality for both multinational and local organizations and is only expected to widen over the next 10 to 15 years as economies continue to grow and more companies move into the region. Samsung, for example, has just established its regional headquarters in Nairobi, now serving East and Central Africa from Kenya instead of Dubai. At the same time, local businesses are growing rapidly and coming to rival MNCs in scale and in their ability to attract talent.

RUSSELL REYNOLDS ASSOCIATES' TALENT SURVEY

To help companies better understand the dynamics of the region's executive talent market, Russell Reynolds Associates took a close look at the executive talent market in Kenya, Nigeria and South Africa, surveying more than 230 senior executives and sitting down to discuss the findings with many of them.

In doing so, we attempted to shed light on the following questions:

- What is the nature of demand and supply for senior leadership in these three markets?
- How important is the diaspora of executives who have left their home country for work or education, and what is their willingness to return?
- What are the primary challenges companies face in attracting and retaining leadership talent?
- What are the preferred means of career development in the region?

We chose to focus on Kenya, Nigeria and South Africa as a result of their economic market conditions. Both Kenya and Nigeria have fast-growing economies with significant upside potential. South Africa, though currently suffering from an economic slump, is the most developed economy on the continent. While this survey focused on just three countries, other markets in the region face similar challenges or are expected to face them soon.

METHODOLOGY

From October 2014 to March 2015, Russell Reynolds Associates conducted a survey to understand the perceptions of senior executives in Kenya, Nigeria and South Africa about the market for leadership talent in Africa. The survey yielded more than 230 responses from CEOs, general managers, country heads and functional leads in Kenya (34 percent), Nigeria (25 percent) and South Africa (41 percent).

The survey aimed to provide a cross-sectoral assessment, with 37 percent of responses from industrial companies, 25 percent from financial services and 10 percent from consumer companies.³

¹ The six fastest-growing economies in Africa include Ethiopia, Angola, Rwanda, Zambia, Ghana and Mozambique; based on average gross domestic product growth rate between 2005 and 2014 of countries with a population of greater than 10 million, excluding Afghanistan and Myanmar, World Bank, 2015

² Regional Economic Outlook: sub-Saharan Africa, International Monetary Fund, April 2014

³ Other sectors covered by the survey are materials, healthcare and information technology

Key findings

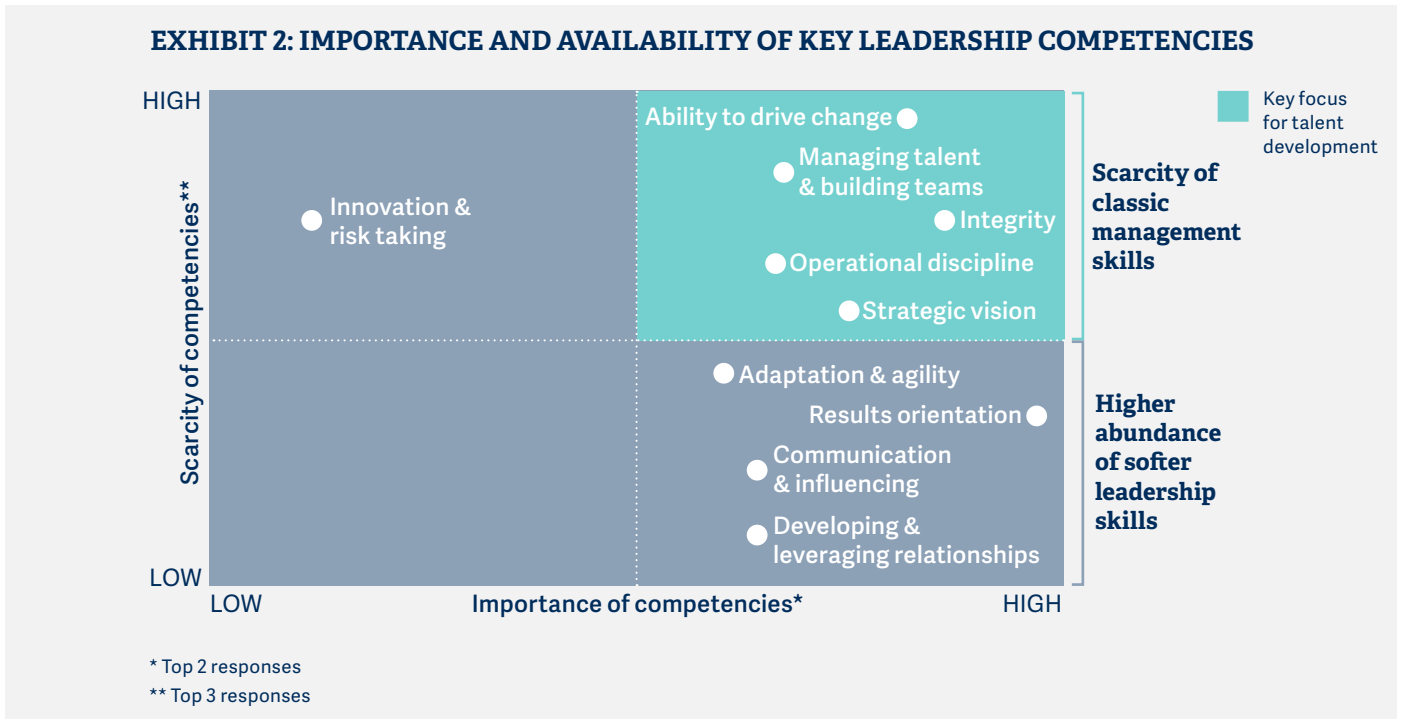
THE GROWING TALENT GAP

Our findings confirmed the existence of a growing executive talent gap. As one human resources (HR) director in telecommunications told us, “Scarcity of talent is very much on the mind of all corporations.” This is true in all three countries surveyed, although we find that Nigerian companies tend to struggle more than those in Kenya and South Africa to attract the leadership talent required to achieve their companies’ business objectives (Exhibit 1).

For MNCs attempting to gain a foothold in Africa, in fact, talent is sometimes proving to be “make or break.” We found that traditional management skills, such as the capability to manage talent and build teams and the ability to drive change, are scarce in all three countries. While senior leaders view both these classic



management skills and softer leadership skills—such as communication and relationship development—as important, traditional management skills are perceived to be more difficult to secure (Exhibit 2). Interestingly, innovation and risk taking are perceived to be significantly less important than other leadership skills in all countries.



“Scarcity of talent is very much on the mind of all corporations.” — Telecoms HR Director, Africa

FILLING THE TALENT GAP

The scarcity of skilled talent can be attributed not only to the region's rapid economic growth but to a variety of additional factors, including underinvestment in education, an insufficient number of business schools in sub-Saharan Africa⁴ and the slow emergence of companies in the region that can be considered "talent academies"—large corporations that invest in growing and developing their entry—and mid-level talent.

Many Western companies, therefore, have recognized the need to help bridge the gap by investing in local talent development. Organizations such as Coca-Cola, Diageo and Heineken all have implemented in-house leadership programs to develop management and technical skills in the region. In Nigeria, Schneider Electric trains electricians in partnership with the National Power Training Institute of Nigeria. And McKinsey & Company has launched a two-year Young Leadership Program in Kenya to develop local talent early; the most successful students receive an offer to join McKinsey at the end of the program.

It may not be easy for regional MNC operations to implement such programs, given the challenges of scale and cost effectiveness. However, companies are exploring a variety of approaches, including executive leadership programs offered in partnership with universities, often structured as online programs. For example, the Kenyan mobile telecommunications provider Safaricom is partnering with Strathmore University to further educate its employees in this way.

In addition, transferability of talent among African markets seems to become increasingly important to many respondents. One executive we interviewed commented that the company has established an "arbitrage model": Develop talent in countries where more talent is available, such as Kenya, and then employ this talent in other African markets where finding skilled locals is more difficult. Several HR directors we interviewed agreed that "there is an emerging trend toward Pan-African leaders" who are able to work across cultures.

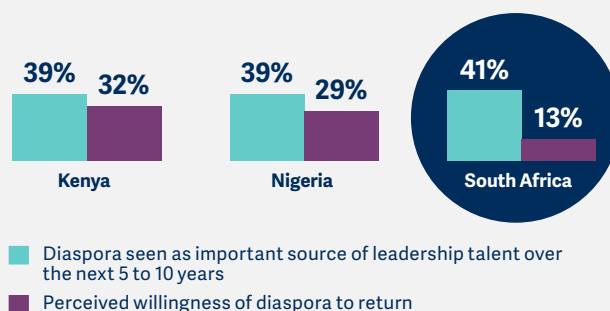
"There is an emerging trend toward Pan-African leaders. It is still rare but slowly emerging." — HR Executive, East Africa

TAPPING INTO THE DIASPORA

As a more immediate remedy to the talent shortage, many companies hope to attract those executives who have left the region in pursuit of work or further education. According to a 2013 report by the United Nations, one out of every nine Africans with a university education lived in an OECD⁵ country in 2010/2011. Perhaps not surprisingly, executives who have left their home country for professional or academic reasons are seen as an important source of potential talent for all three countries surveyed (Exhibit 3).

EXHIBIT 3: IMPORTANCE OF THE DIASPORA AND THEIR WILLINGNESS TO RETURN

Share of respondents who perceive the diaspora to be important and willing to return



"There is a sentiment of a new dawn approaching in Kenya and Nigeria."
 — Regional HR Director, Consumer Products Company

⁴ Only one African university is in the top 100 M.B.A. programs globally (*Financial Times* 2015 ranking) and in the top 200 universities globally (*Times Higher Education* 2013/2014 ranking)

⁵ Organisation for Economic Co-operation and Development, <http://www.oecd.org/els/mig/World-Migration-in-Figures.pdf>

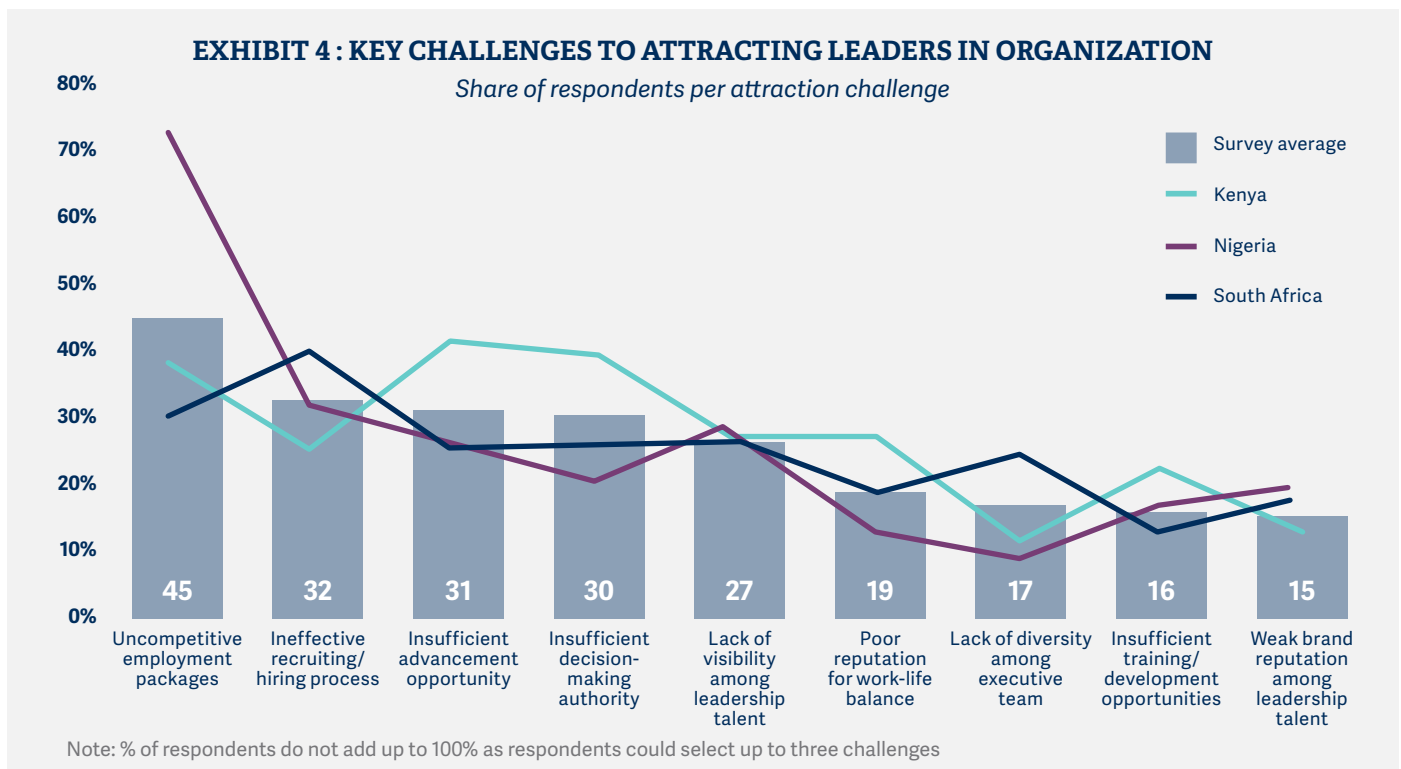
Promisingly, business leaders to whom we spoke said it is easier to recruit the diaspora today than it was 10 to 15 years ago. The Kenyan and Nigerian economies are growing, and our conversations with business leaders in these countries indicated a general sentiment of a new dawn approaching. As one executive told us, “The Kenyan economy is growing at a fast pace, increasingly constituting a ‘pull’ factor for diaspora talent.” As a result, members of the diaspora are gradually returning from abroad to take advantage of opportunities in the region. In addition, some HR directors stated that many in the diaspora no longer perceive returning to their home country as a “confession of failure” but more and more as an opportunity for career progression.

Nonetheless, the perceived willingness of diaspora members to return to their home country varies decidedly (Exhibit 3). Business leaders in Kenya and

Nigeria are significantly more optimistic than executives in South Africa, where the gap between the importance of the diaspora and their perceived willingness to return is particularly wide. As some executives noted, this, at least in part, is due to economic and political factors in South Africa.

ATTRACTING AND RETAINING EXECUTIVES

As competition for senior talent increases, the ability to attract and retain such talent will only grow in importance, requiring more than just attractive compensation packages. This is true for leadership talent in all three countries surveyed, and especially in Kenya, as this talent seeks empowering organizations that will allow it to assume significant decision-making authority and responsibilities (Exhibit 4).



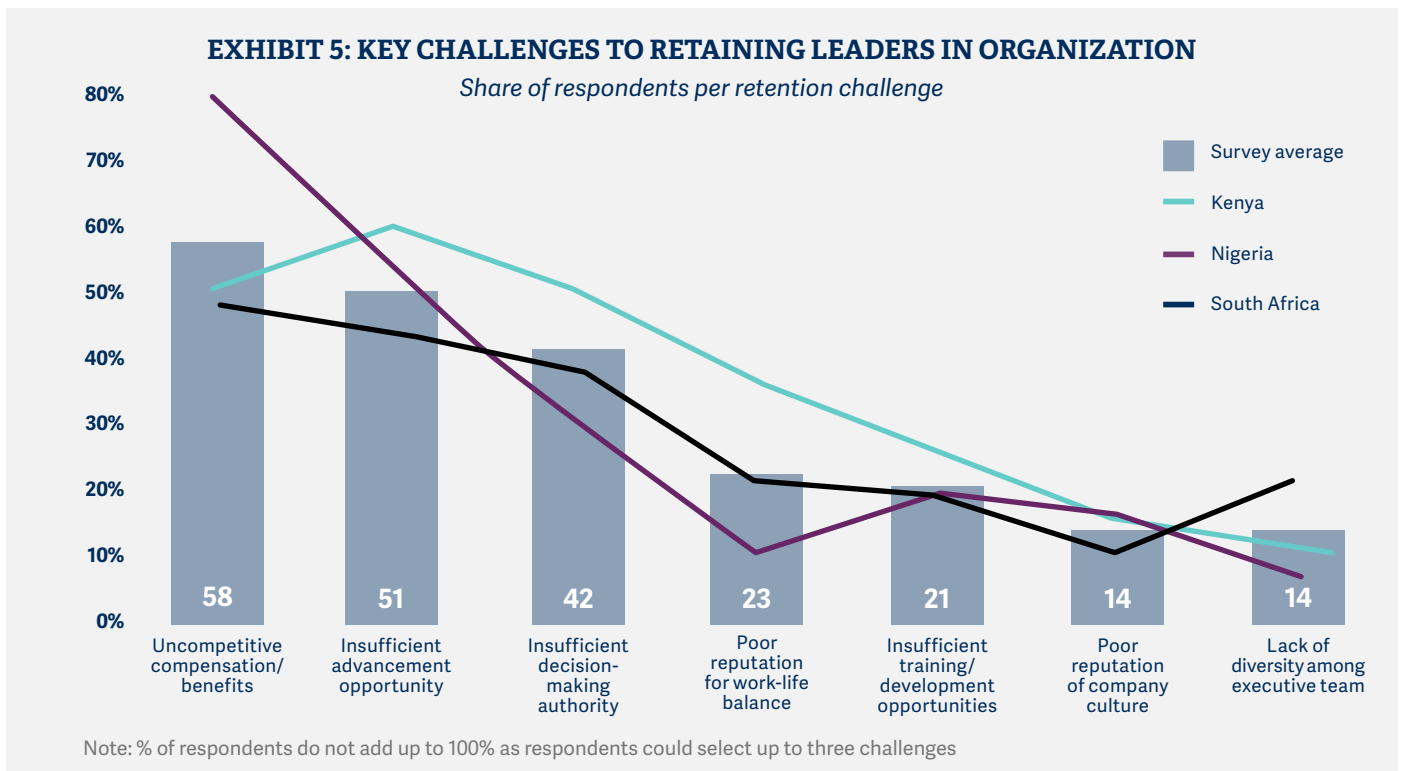
“Our biggest challenge is finding proven senior Kenyans. There is a good pipeline of mid-level Kenyans coming through, but they are all unproven.” — Vice President, African Bank

The desire for rapid career growth is also reflected when one analyzes key challenges to talent retention. Our survey respondents cited the availability of career advancement opportunities and decision-making authority as critical, along with competitive compensation packages (Exhibit 5).

Therefore, it is no surprise that respondents from Kenya and South Africa appear to prefer working for local organizations, which are more likely to provide a quicker route to the top than Western corporations (Exhibit 6). In Kenya in particular, a new generation of local companies has been emerging that is attractive to local talent. In

contrast, a more vibrant entrepreneurial landscape has only recently been emerging in Nigeria, which, at least partially, could explain the survey respondents' preference for working for multinationals there.

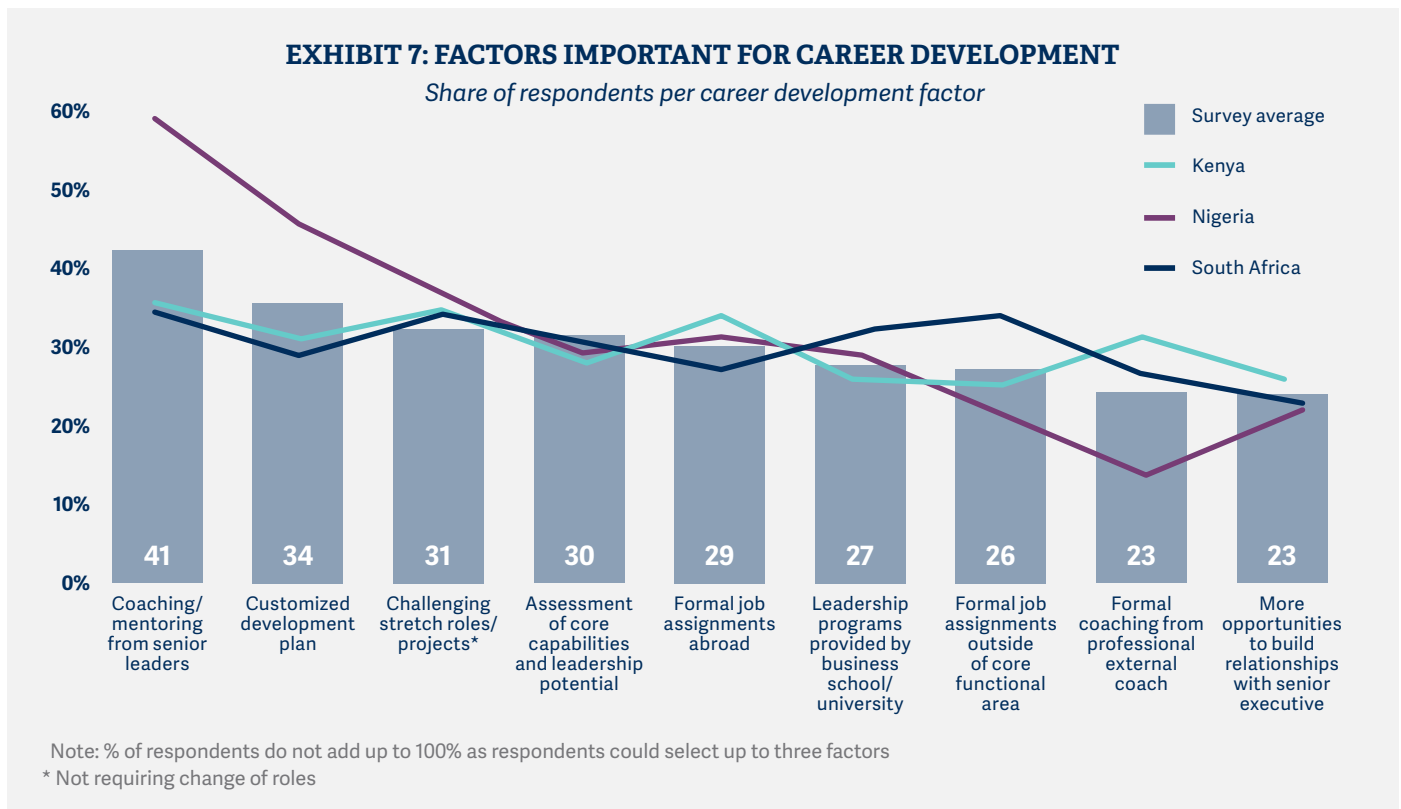
Nonetheless, MNCs still remain attractive to many local executives. As the South Africa HR Director of an international consumer products company told us, "While financial rewards might be larger at local companies, local talent attracted to MNCs are drawn by their high professional standards and strong company brands, among other things."



SPURRING CAREER DEVELOPMENT

In an environment in which there is a scarcity of talent and leadership competencies, career development constitutes a vital part of any successful talent strategy. Our survey reveals that executives in all three markets, and in Nigeria in particular, tend to assign a high value to formalized in-house coaching and mentoring, often in combination with customized career development plans and “stretch” roles (Exhibit 7).

Senior leaders interviewed agreed that coaching is still quite a new concept for the majority of African talent, which has had limited exposure to the career development tools widely deployed in the United States and Europe. As some executives noted, this desire for coaching by local talent often simply refers to “receiving formalized feedback” on their performance. As a result, MNCs are making significant efforts to develop the culture and required skills for sustained, valuable coaching and mentoring.



“Coaching is currently a hot topic in Nigeria. However, coaching today is often nothing more than mere feedback provided by the boss.”— HR Director, Nigeria, Consumer Products Company

The path forward

Attracting and retaining high-performing executives will be at the core of any company's long-term success in the region. While there is no one-size-fits-all approach, there are a number of solutions emerging that companies can use to develop a strong pipeline of local and diaspora talent. Whatever the solutions, we note it will be essential to identify and scale cost-effective models for developing leadership talent, establish innovative partnerships and encourage greater talent mobility, whether within Africa or from other regions.

We recommend that organizations operating in Africa take the following steps:

- Develop a detailed understanding of where members of the diaspora sit and what will motivate them to return to their home country.
- Employ partnerships with other organizations such as regional universities, corporations or other stakeholders to pool talent for development programs and achieve scale.
- Encourage more mobility among talent and think creatively about the transferability of talent across markets.
- Demonstrate a strong commitment to the local community: Local executives want to feel that MNCs make decisions aligned with the regional context, adapt solutions to specific market needs and involve local leaders in setting regional strategies.
- Develop an integrated talent strategy adjusted to local market needs that addresses leadership and career development, talent management and diversity.

The future of Africa has never looked brighter. Companies that address the talent challenge using innovative and cost-effective talent development approaches will be best prepared to capitalize on the region's growing market opportunities.



AUTHORS

SIMON KINGSTON is a Managing Director in the London office.

MAIKE VON HEYMANN is a Global Knowledge Manager based in London.

HENRY SCARLETT is a Researcher based in London.

EUNICE BII is a Knowledge Associate in the New York office.



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AMERICAS

Atlanta

1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

Boston

One Federal Street, 26th Fl.
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

Buenos Aires

Manuela Sáenz 323
7th Floor, Suites 14 & 15
C1107BPA, Buenos Aires
Argentina
Tel: +54-11-4118-8900

Calgary

Suite 750, Ernst & Young Tower
440-2nd Avenue SW
Calgary, Alberta T2P 5E9
Canada
Tel: +1-403-776-4175

Chicago

155 North Wacker Drive
Suite 4100
Chicago, IL 60606-1732
United States of America
Tel: +1-312-993-9696

Dallas

200 Crescent Court, Suite 1000
Dallas, TX 75201-1834
United States of America
Tel: +1-214-220-2033

Houston

600 Travis Street, Suite 2200
Houston, TX 77002-2910
United States of America
Tel: +1-713-754-5995

Los Angeles

11100 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-775-8940

Mexico City

Torre Reforma 115
Paseo de la Reforma 115-1502
Lomas de Chapultepec
11000 México, D.F.
México
Tel: +52-55-5249-5130

Minneapolis/St. Paul

IDS Center
80 South 8th St, Suite 1425
Minneapolis, MN 55402-2100
United States of America
Tel: +1-612-332-6966

Montréal

2000, avenue McGill College
6e étage
Montréal (Québec)
H3A 3H3
Canada
Tel: +1-514-416-3300

New York

200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

Palo Alto

260 Homer Avenue, Suite 202
Palo Alto, CA 94301-2777
United States of America
Tel: +1-650-233-2400

San Francisco

101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

São Paulo

Edifício Eldorado Business Tower
Av. Nações Unidas, 8.501 11º
05425-070 São Paulo
Brazil
Tel: +55-11-3566-2400

Stamford

301 Tresser Boulevard
Suite 1210
Stamford, CT 06901-3250
United States of America
Tel: +1-203-905-3341

Toronto

40 King Street West
Scotia Plaza, Suite 3410
Toronto, ON
M5H 3Y2
Canada
Tel: +1-416-364-3355

Washington, D.C.

1700 New York Avenue, NW
Suite 400
Washington, D.C. 20006-5208
United States of America
Tel: +1-202-654-7800

ASIA/PACIFIC

Beijing

Unit 3422 China World Office 1
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6535-1188

Hong Kong

Room 1801, Alexandra House
18 Chater Road Central
Hong Kong, China
Tel: +852-2523-9123

Melbourne

Level 51, Rialto Towers
525 Collins Street
Melbourne, VIC 3000
Australia
Tel: +61-3-9603-1300

Mumbai

63, 3 North Avenue,
Maker Maxity
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
India
Tel: +91-22-6733-2222

New Delhi

One Horizon Center, 14th floor
Golf Course Road, Sector 43
DLF Phase-V, Gurgaon 122 002,
Haryana
India
Tel: +91-11-4603-4600

Seoul

16F West Tower
Mirae Asset Centre 1 Building
26 Eulji-ro 5-gil, Jung-gu
Seoul 100-210
Korea
Tel: +82-2-6030-3200

Shanghai

Room 4504, Jin Mao Tower
88 Century Avenue
Shanghai 200121
China
Tel: +86-21-6163-0888

Singapore

12 Marina View
#18-01 Asia Square Tower 2
Singapore 018961
Tel: +65-6225-1811

Sydney

Level 25
1 Bligh Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

Tokyo

Akasaka Biz Tower 37F
5-3-1 Akasaka
Minato-ku, Tokyo 107-6337
Japan
Tel: +81-3-5114-3700

EMEA

Amsterdam

World Trade Center,
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

Barcelona

Avda. Diagonal, 613 2º A
08028 Barcelona
Spain
Tel: +34-93-494-9400

Brussels

Boulevard Saint-Michel 27
B-1040 Brussels
Belgium
Tel: +32-2-743-12-20

Copenhagen

Kongens Nytorv 3
1050 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Dubai

Burj Daman Offices Tower
Office C610, 6th floor
DIFC, PO Box 507008
Dubai
United Arab Emirates
Tel: +971 50 6574346

Frankfurt

OpfernTurm,
60306 Frankfurt am Main
Germany
Tel: +49-69-75-60-90-0

Hamburg

Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-48-06-61-0

Helsinki

Unioninkatu 22
00130 Helsinki
Finland
Tel: +358-9-6226-7000

Istanbul

Cumhuriyet Cad. No 48
Kat: 4/B Pegasus Evi
Elmadag 34367 Şişli
Istanbul / Türkiye
Tel: +90-212-705-3550

London

Almack House
28 King Street
London SW1Y 6QW
United Kingdom
Tel: +44-20-7839-7788

Madrid

Miguel Angel, 11, 7º
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan

Corso Giacomo Matteotti, 3
20121 Milan
Italy
Tel: +39-02-430-015-1

Munich

Maximilianstraße 12-14
80539 München
Germany
Tel: +49-89-24-89-81-3

Oslo

Haakon VII's Gata 1
NO-0161 Oslo
Norway
Tel: +47-2203-8010

Paris

20 rue de la Paix
75002 Paris
France
Tel: +33-1-49-26-13-00

Stockholm


Hamngatan 27
SE-111 47 Stockholm
Sweden
Tel: +46-8-545-074-40

Warsaw

Belvedere Plaza
ul. Belwederska 23
00-761 Warsaw
Poland
Tel: +48-22-851-68-38

Zürich

Stampfenbachstrasse 5
8001 Zurich
Switzerland
Tel: +41-44-447-30-30



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