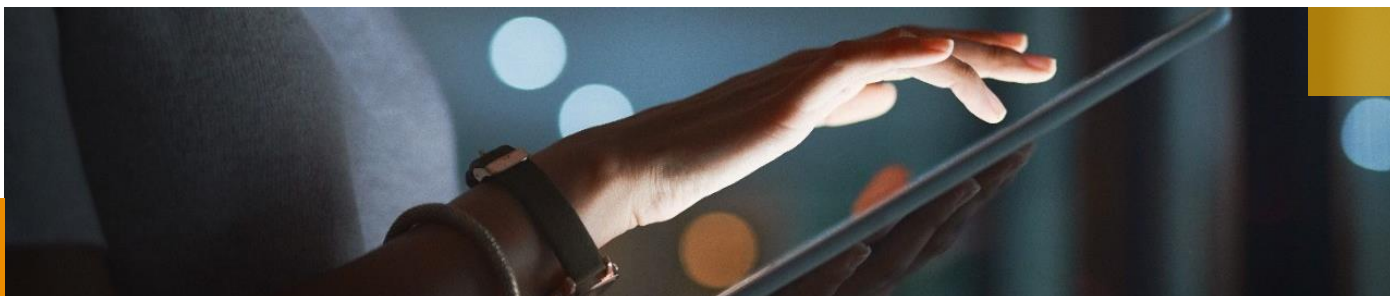


# Winning today's race while running tomorrow's.

**PwC's 26th Annual Global CEO  
Survey - Tanzania**

“Winning today’s race while running tomorrow’s” was the theme of [PwC’s 26th Annual Global CEO Survey](#)<sup>1</sup>, which polled 4,410 CEOs in 105 countries and territories in October and November 2022 (“Global CEOs”), including 71 respondents from Tanzania (“TZ CEOs”).



## In Brief

- TZ CEOs are optimistic of the future, foreseeing good economic growth in both the short and medium term for the region, but do recognise that there are threats to the region's economic growth, with inflation and macroeconomic volatility ranking higher in the short term.
- Although climate change is seen as a key risk, particularly in the medium term, in the short term the majority of TZ CEOs see its impact as limited across their businesses.
- Countries within the East African Community (“EAC”) and Southern African Development Community (“SADC”) are seen as very important for immediate revenue growth prospects.
- Recognising the potential for future disruption, 37% of TZ CEOs think their company will no longer be economically viable a decade from now - a result similar to Global CEOs (39%).

## Growth prospects - Global and Tanzania

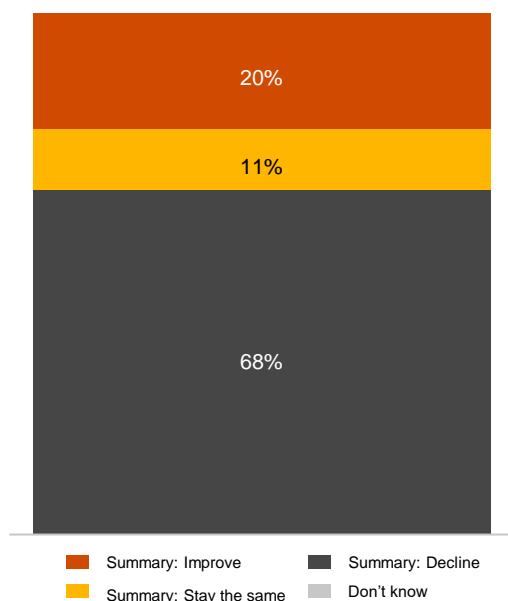
TZ CEOs (68%) share the pessimism of Global CEOs (73%) that the global economy will decline over the next 12 months. However, the same percentage of TZ CEOs (68%) are optimistic about the prospects of domestic economic growth expecting Tanzania’s economy (i.e, GDP) to grow in the next 12 months; albeit not as optimistic as in the prior year survey (78%). Mirroring this, TZ CEOs are very confident of their respective company’s prospects for revenue growth both in the next 12 months (54%) and the next three years (63%). This optimism is mirrored in a recent IMF press release<sup>2</sup> which states that *“the economy is benefitting from improvements in the business environment, but also expected to continue facing spillovers of the war in Ukraine in the near term”*, and that *“economic growth is projected at 5.2 percent in 2023”*<sup>3</sup>. It also states that *“contingent on the implementation of the authorities’ structural reform agenda, including the business environment and governance, real GDP growth is projected to rebound to about 7 percent over the medium term, inflation is expected to return to the BoT’s target, and the current account deficit to moderate over the medium term as the global shocks subside and the authorities’ reforms start to pay off”*.

1. <https://www.pwc.com/gx/en/issues/c-suite-insights/ceo-survey-2023.html>

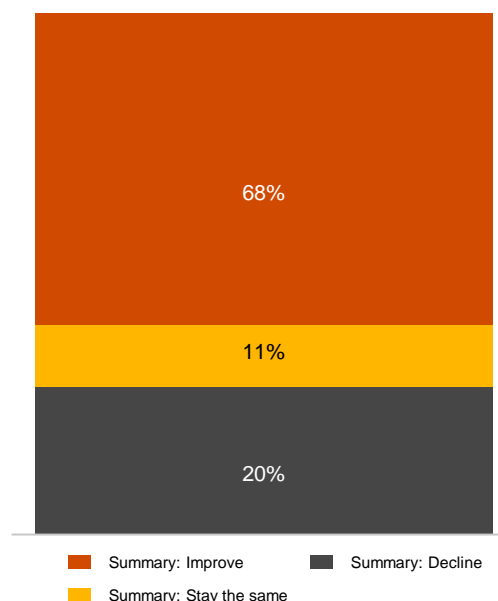
2. Press release of 23 February 2023 - IMF Reaches Staff-Level Agreement on the First Review of the Extended Credit Facility and Conducts the 2023 Article IV Consultation with Tanzania

3. The Bank of Tanzania’s (BoT) Mid-Year Review of the 2022/23 Monetary Policy Statement (issued 8 February 2023) has a marginally higher projection of 5.3%.

## Global economic growth

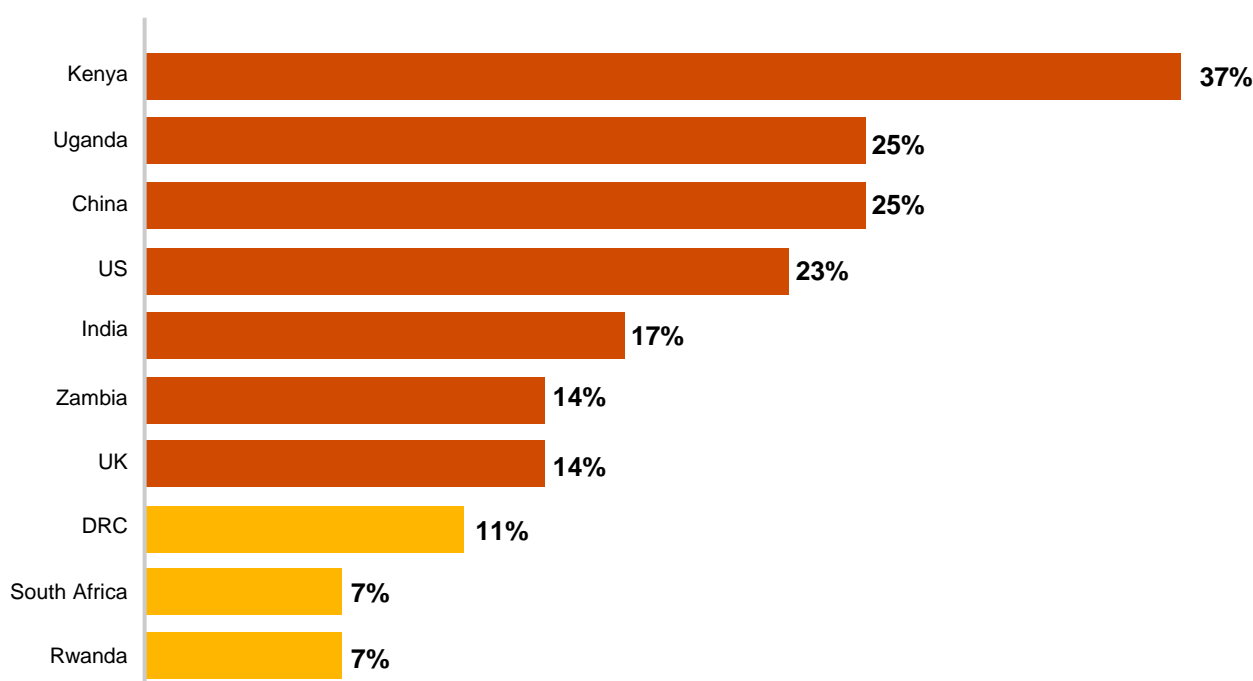


## Territory economic growth



TZ CEOs cited the following overseas markets as most important for their company's prospects for revenue growth over the next 12 months (with results from prior year survey in brackets): Kenya 37% (36%), China 25% (17%), Uganda 25% (11%), US 23% (28%), India 17% (17%), Zambia 14% (8%), UK 14% (17%), DRC 11% (11%), Rwanda 7% (6%), South Africa 7% (14%). These responses do indicate the importance of the immediate sub-region (EAC and SADC) for revenue growth prospects.

## Important territories to the company's prospects for revenue growth





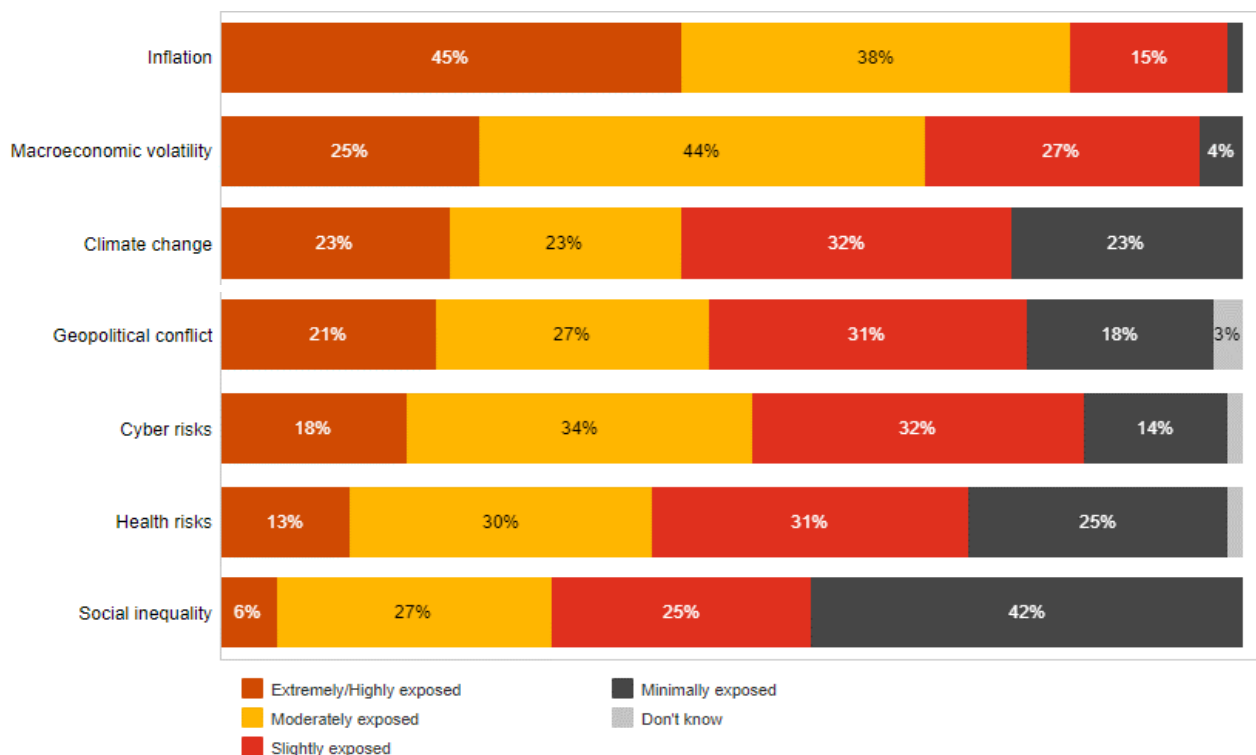


## Threat exposure

In the short term, inflation tops the list of threats for TZ CEOs - 45% highly exposed and a further 38% moderately exposed; in addition, more than half the TZ CEOs rank macroeconomic volatility as well as cyber risks as either highly exposed or moderately exposed. In the medium term, inflation and macroeconomic volatility continue to be seen as a continuing significant threat, and the perception of threat arising from climate change and cyber risks is seen to increase.

The challenge of rising inflation and macroeconomic volatility is mentioned in the recent IMF press release<sup>4</sup>, which notes that “inflation is expected to surpass the BoT’s<sup>5</sup> target and reach about 5.3 percent by the end of the current fiscal year” and that “the current account deficit is projected to remain elevated in 2023 amid the uncertain global environment”.

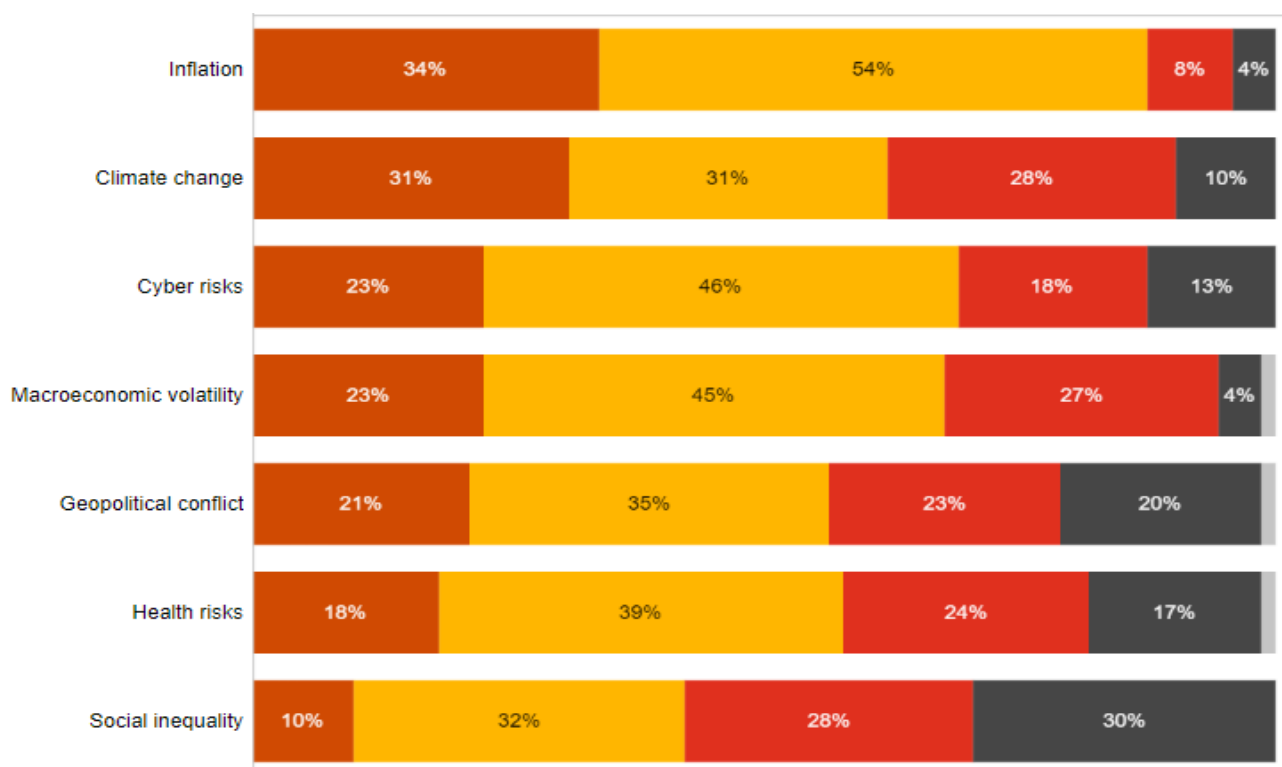
### Threat exposure in 12 months



4. Press release of 23 February 2023 - IMF Reaches Staff-Level Agreement on the First Review of the Extended Credit Facility and Conducts the 2023 Article IV Consultation with Tanzania

5. Bank of Tanzania

## Threats exposure in 5 years



## Planned mitigating actions:

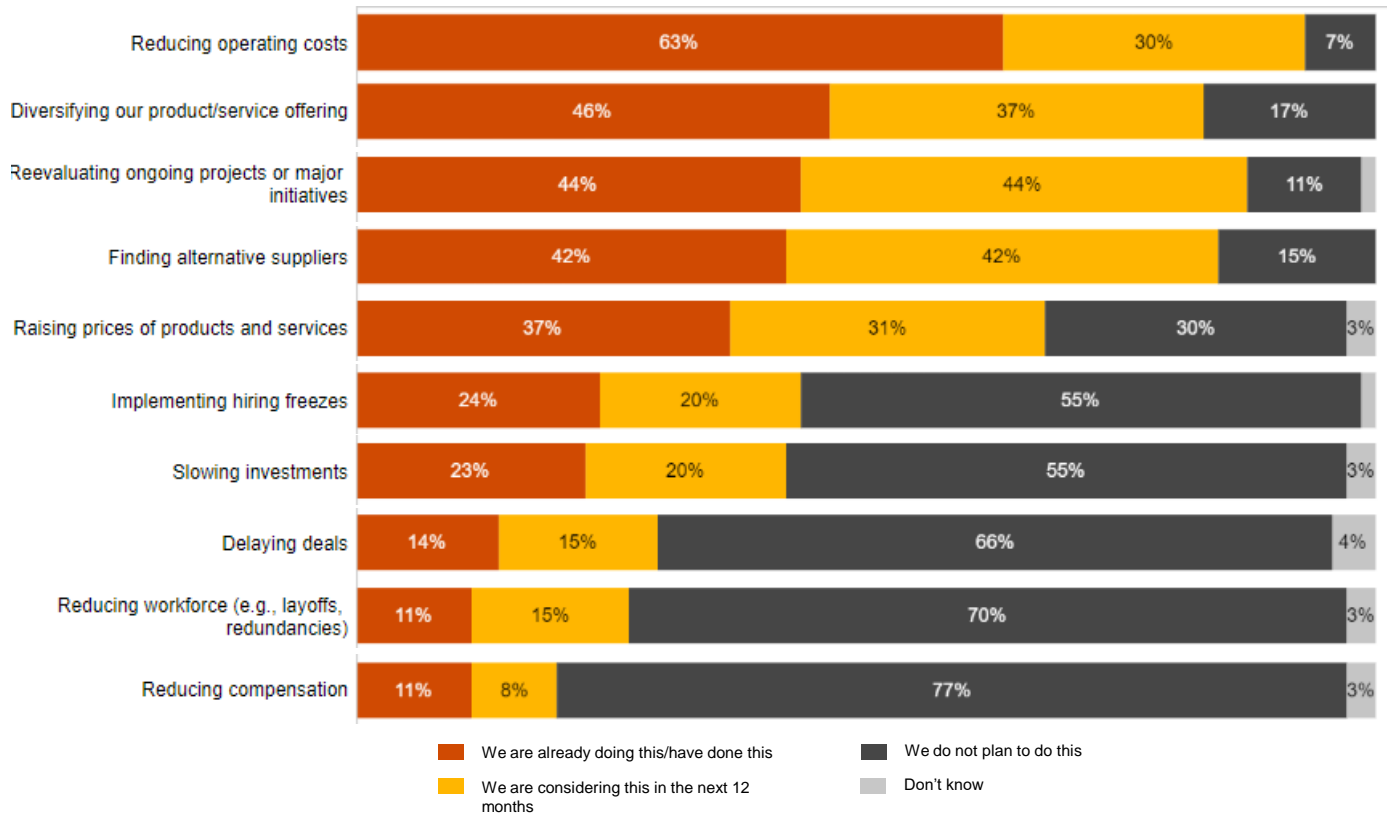
### Economic challenges and volatility:

The top three mitigation responses of TZ CEOs to potential economic challenges and volatility are to (i) reduce operating costs for the next 12 months (63%), (ii) diversify product or service offerings (46%), and (iii) reevaluate ongoing projects or major initiatives for their businesses (44%).

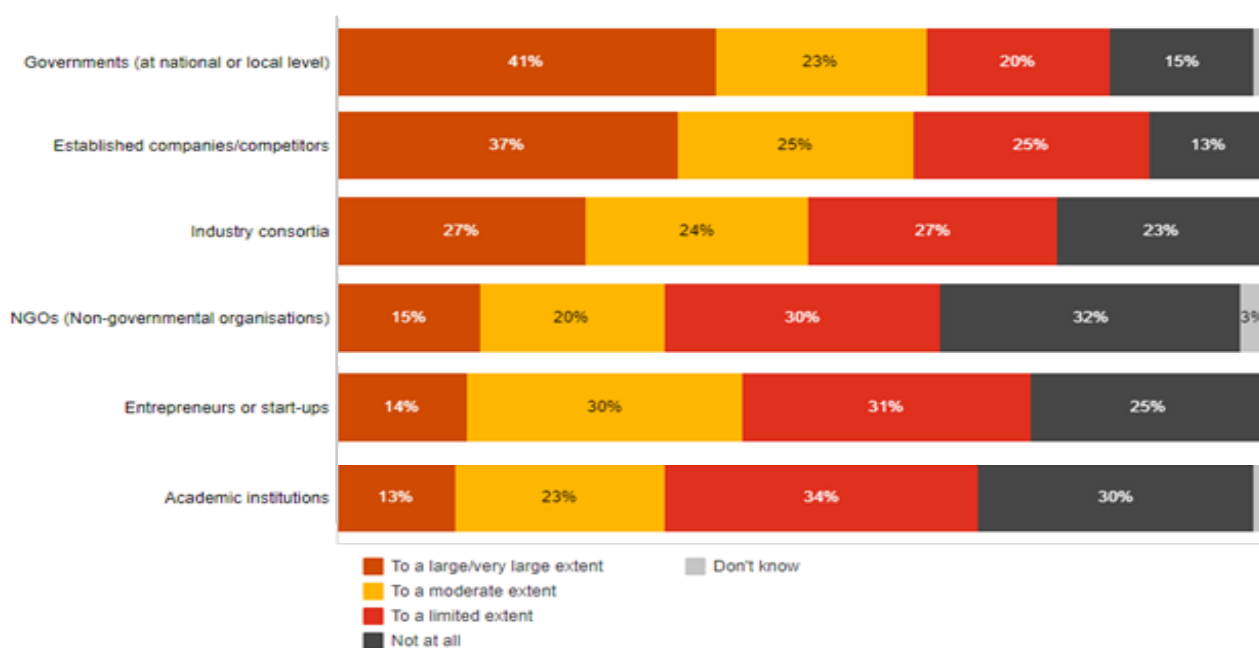
In addition, the majority of CEOs are collaborating with the government at national or local level to create new sources of value as a method to mitigate against economic volatility. Moreover, 37% of the CEOs are in collaboration with other established companies/ competitors and 27% of them are collaborating with industry consortia.



## Actions to mitigate economic challenges and volatility



## Collaboration to create new sources of value



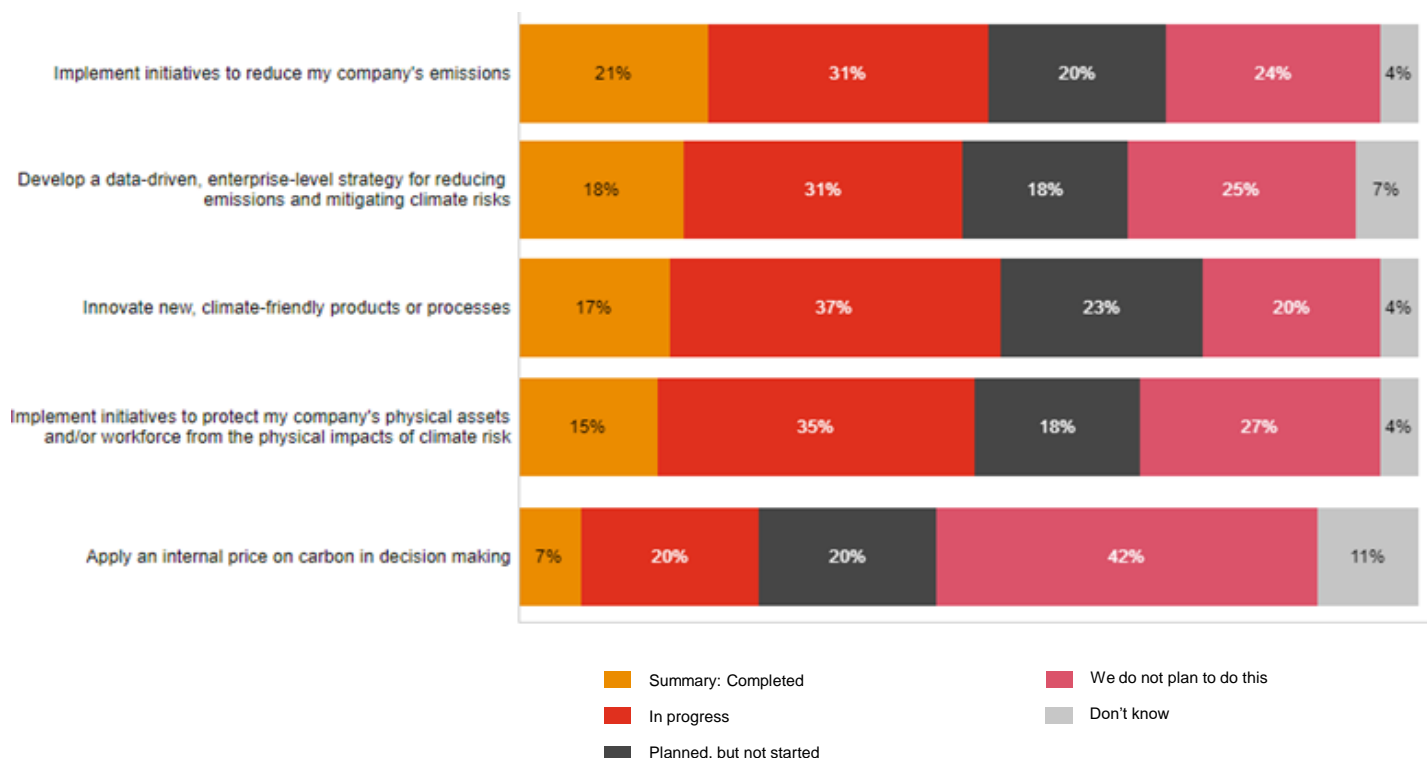
## Workforce management:

Two thirds (66%) of TZ CEOs believe that the employee resignation/retirement rate will not change in their companies in the next 12 months. In addition, more than two thirds of TZ CEOs are neither looking to reduce compensation for their workforce (77%) nor reduce their workforce in the short term (70%), and a majority (55%) do not plan to implement hiring freezes either.

## Climate change and sustainability:

In the next 12 months, TZ CEOs do not see climate risk having a significant impact on their businesses with the majority believing that climate risk will have limited impact on their cost profile, physical assets and their supply chain. Almost half (47%) are not planning on applying an internal price on carbon in decision making. However, other initiatives have more traction; for example, in terms of actions in progress more than a third say they are in the process of innovating new, climate friendly products and processes (37%) and making progress in implementing initiatives to protect their company's physical assets and workforce from physical impacts of climate change (35%).

### Preparations for climate change risk



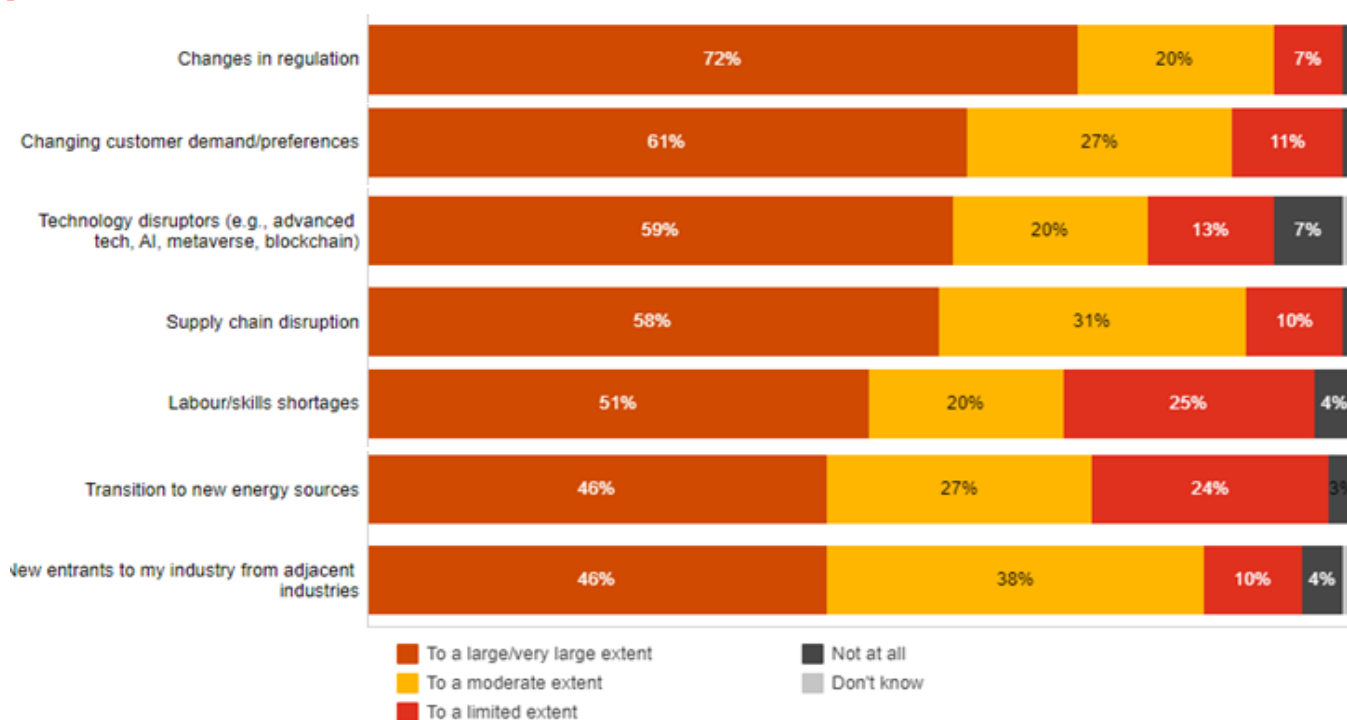
## Potential disruptors to profitability in their industries over the next 10 years.

“Changes in regulation” is ranked by TZ CEOs as the highest potential disruptor to profitability of their industries with 72% rating this as impacting profitability to a large or very large extent. By contrast, whilst this is also a top risk for Global CEOs, it is a much smaller percentage (53%) that cite it as such. As such the regulatory risk is seen as comparatively much higher by TZ CEOs than their global peers.

### Other significant disruptors listed by TZ CEOs include:

- **Changing customer demands/ preferences** (61%): a result of many factors like urbanisation, the growth of the middle class and ICT adoption. In addition, the pandemic has accelerated digital adoption and transformation both for consumers and companies in Africa which has a direct impact on demand and supply.
- **Technology disruptors** (59%): A result of the accelerated adoption of technology. Indeed, 37% of TZ CEOs believe that their companies will not be economically viable more than 10 years from now!

### Disruptors to industry profitability

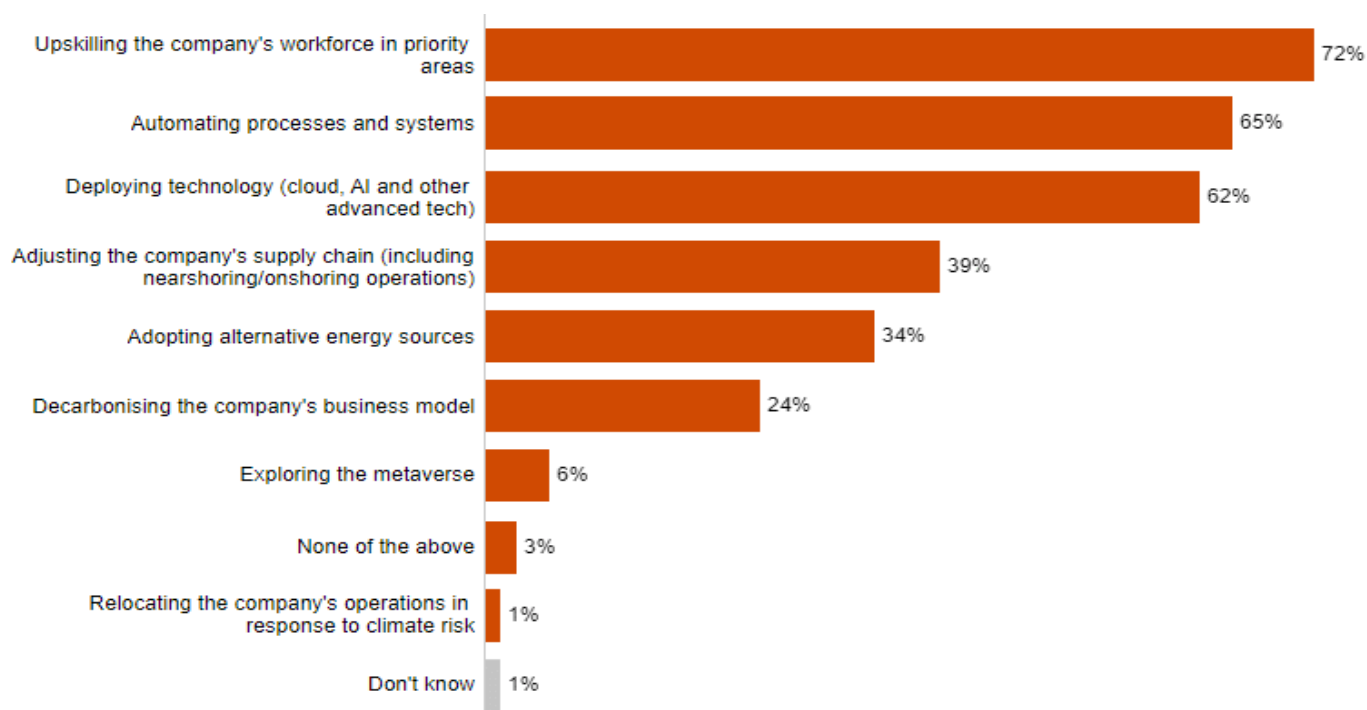




## Types of investments CEOs will be making in the next 12 months

TZ CEOs highlighted the upskilling of the company's workforce (72%) as a top priority investment area for them in the next 12 months. Additionally, the other investment they will be making in the same timeframe will be towards automating processes and systems (65%) and deploying technology (62%). Across all the highlighted investment areas or types of investments the CEOs will be making, the majority of them indicated that they will be allocating the bulk of the investments to reinventing their businesses for the future.

### Potential investment areas

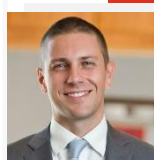


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