

# Search companies look forward to boom



By [Georgina Barrick](#)

20 Sep 2013

Signs of economic upturn among South Africa's major trading partners and the weaker Rand bode well for local business growth. As a result, top executive talent with the right skills to take advantage of expanding opportunities will be at a premium.

The Kagiso purchasing managers index (PMI) released on Monday, 9 September, held some pleasant surprises for South African manufacturers and exporters. Instead of contracting as expected, the PMI increased to 56.5 in August, 4.3 index points higher than predicted - and at its highest level since August 2007, pre-recession.

## A slow return to business

The PMI has now remained above 50 - the index level indicating economic expansion - for five consecutive months, a sign that the global economy might be finally turning the corner. As investor confidence returns and our major trading partners - China, the USA and the EU - begin spending again, South African manufacturers can expect widespread opportunities for growth.

As if to underline the positive implications of the PMI, according to a report on Business Day's BDLive.co.za site, the JSE closed at a record high on Tuesday, 10 September, on the back of higher-than-expected August industrial production figures from China. Tuesday's closing figures for EU and US markets showed them strengthening, too.

These are hopefully some of the indications of a slow return in business confidence worldwide.

Kagiso Asset Management's head of research, Abdul Davids, noted that the business activity and new sales orders indices contributed the most to the overall increase in the PMI, and that both demand and operating conditions within the South African manufacturing sector had improved notably.

In July, the employment index also rose to a level showing expansion, rather than contraction, for the first time since November last year. With key trading partners undergoing the beginning of economic recovery, SA exporters could be facing something of a boom.

## Weaker Rand to boost exports

Through sound regulation and fiscal oversight, South Africa escaped the worst of the sub-prime lending crisis when it imploded in 2008.

Paradoxically, this sound management resulted in the Rand remaining strong, while the purchasing power of our major trading partners collapsed around us. The result was a severe contraction in SA exports.

However, with the Rand now weaker, at around R10 to the dollar, while the USA, EU and China begin to show increased demand, the export market is going to expand rapidly. We're expecting this to have a positive effect on the search industry, as companies seek the best executive talent to manage growth and new opportunities.

Demand for this talent may exceed supply. We're still facing a critical shortage of suitably qualified leadership talent- not just in government, but in business too - leadership that is equipped to cope with the shifting complexities of modern global business.

It takes a certain level of consciousness; a mind-set able to cope with rapid change and seize opportunities quickly. It's not just about your CV and your years of experience anymore; qualities like self-awareness, creativity, openness and trust are just as important in this environment.

You need leaders with the courage, confidence, intuition and instinct to back themselves and their teams, while exploring innovative strategies. Assessing potential candidates, we view these qualities with as much weight as the traditional criteria.

## **Cause for optimism**

While signs of returning growth and increased trade are encouraging, all is not yet rosy. According to the World Bank, SA's GDP growth rate is hovering at just 2.5% at the moment; far short of where it needs to be to maintain a vibrant economy and reduce unemployment. However, apart from the improved economic indicators, there are other reasons for cautious optimism in the short term.

Take the miners' strike this year, we spent two or three months anticipating it, talking about it in the news - and then it arrived and was over in barely three days.

And while 'strike season' hasn't been totally devoid of conflict and violence this year, it has certainly been less disruptive than in many previous years. It looks like management and labour are learning to negotiate in good faith - that's another pebble of optimism to add to the growing pile.

I don't think it's an exaggeration to say we're on the threshold of a brighter business environment. It will require leaders who can think on their feet and respond urgently and with resilience to changing circumstances, but companies prepared to find that talent could soon be taking advantage of phenomenal prospects for growth.

## **ABOUT GEORGINA BARRICK**

I was a creative child; at age seven, I started my own flea circus. I'd bribe the family dog with biltong to be the tour bus.  
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