

## South Africa's young workforce gets a boost from private equity investments

Private equity is emerging as a powerful catalyst for South Africa's economic transformation, unlocking opportunities for young workers, strengthening supply chains, and reshaping leadership teams. Its active ownership model enables meaningful change in sectors where traditional corporate pathways have struggled to advance inclusion.



Source: Supplied. Mbongeni Madonsela, partner at Resolve.

This is according to Mbongeni Madonsela, partner at Resolve, who says private equity is especially well positioned in this regard.

“The structure of private equity creates both the mandate and the mechanisms required to deliver measurable transformation,” he explains.

“Because we work so closely with management teams and play an active role in the oversight and direction of portfolio companies, we are able to influence material change in a way that other financial ownership models often cannot.”

Against this backdrop, Madonsela highlights three areas where private equity can play a catalytic role in

advancing economic transformation — areas through which Resolve currently drives its transformation imperatives:

## 1. Creating opportunities for young job entrants

South Africa's youth unemployment crisis remains one of the most significant structural barriers to growth. Private equity-backed companies, Madonsela suggests, are well positioned to absorb young talent because PE ownership typically helps to unlock a growth trajectory as well as clearer organisational structures.

“At the most junior levels of a business, you should have younger South Africans with less experience coming into the organisation,” he says. “As the business grows, as systems improve, and as reporting capabilities mature, you can create space for entry-level roles that help young people gain their first real exposure to the workplace.”

He notes that youth hiring is often achieved through everyday business evolution rather than disruptive restructuring. This includes filling administrative roles with first-time entrants, using natural attrition to introduce new talent, and designing internal pathways that enable young employees to move through the organisation over time.

“Since 2023, three new graduates joined Resolve's investment team as their first jobs. Each of them has since moved on to positions at FNB, Old Mutual, and Nedbank, respectively.”

## 2. Supply-chain transformation

Madonsela says supply-chain transformation is one of the most under-utilised but high-impact levers available to private equity. Because PE investors sit on boards and influence long-term strategy, they can embed procurement objectives that support emerging suppliers without compromising operational performance.

“By virtue of sitting on the board, we can influence supply-chain choices indirectly or directly,” he explains. “a large portfolio company gives a smaller, black or women-owned supplier even 10-15% of its business, the supplier now has a “guaranteed” market. It can invest in new machinery, build capacity, and hire more people. That is where you see the economic multiplier.”



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He stresses, however, that quality must remain the starting point. “Management teams make the final call. The board sets the KPIs, and if those KPIs are achieved, management can be rewarded. But no business should sacrifice operational excellence. Transformation can be achieved while retaining commercial soundness.”

## 3. Enabling more diverse executive teams

Private equity's influence on executive hiring is often the most direct transformation lever. Madonsela says PE investors have a unique ability to shape leadership teams, not by enforcing quotas, but by ensuring the candidate pools are deliberately diversified.

“Private equity has arguably the best opportunity to help management teams diversify the C-suite,” he says. “If we agree that, for example, the next role must target someone of specific characteristics, then all candidates will be drawn from that population. It becomes a deliberate and structured process.”

Succession planning is central to this, Madonsela adds. “One proven way we can drive change in executive teams is through intentional succession planning. We look at the next layer of executives and ask whether they reflect the demographics of the country. If not, we work with management to plan for that over time.”

This approach is reinforced by global evidence. Madonsela points to McKinsey research showing that companies in the top quartile for gender or ethnic diversity are more likely to outperform financially, and to Boston Consulting Group findings linking diverse teams with stronger innovation revenue.

Locally, he notes steady progress, with Savca's latest PE Industry Survey revealing that 23% of portfolio companies now report more than 50% black management – up from 14% in 2023.

“It is encouraging to see the industry continue to transform by incorporating diversity at a firm level and across portfolio companies. This is an ongoing process that requires regular alignment, deliberate action, and industry-wide accountability,” Madonsela concludes.

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