Africa is open for business- what kind of business, where and by whom?

An exploration of the Business History of Africa.

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Introduction

Business History is not taught as a discipline at any university in Africa and the accredited business schools rely on the so-called' case studies' of recent business operations. The study of business in Africa is therefore deprived of a systematic theoretical enquiry from a Business History perspective into the development of enterprise, the role of markets and institutions and the state as entrepreneur. In some universities aspects of Business History is taught in Departments of History, but those are often deprived of the theoretical and disciplinary discourses. The wider Business History literature has not taken much notice of business in Africa. The Business History compilations surveying the progress and achievements in Business history across the world, such as Amatori & Jones (2003), Jones & Zeitlin (2008) and Amatori & Colli (2011) offered reviews of the development of the discipline in the different countries of the world where Business History was taught, researched and generally included in the curricula of business schools. Lately Scranton & Fridenson (2013) in an inverse of a historiographical analysis, called for the 'Reimagining [of] business history' in order to sketch a 'prospective historiography' (Scranton & Fridenson, 2013:9). This literature has limited mention of Africa, or African Business history. At a recent EBHA conference in Paris, a leading business historian noted in a plenary session 'there is no business history of Africa' apart form a few articles by one scholar in the UK. The occupation with the 'firm' and 'big enterprise' has directed the focus since the 1920s at the home of big business and multi-national enterprise typically operational in the western world. There is an admission of this when the question is asked: "how to deal with globalization and business, insofar as we move away from neoclassical economics and from presuming that centrality of great firms" (Scranton & Fridenson, 2013:7). Galambos (2003) lamented the 'isolation' of the sub-discipline of Business History (Galambos, 2003:13) and in 1976 A G Hopkins noted that business history had virtually no following in African Studies, because attention had only turned to African Studies in the post-war era of decolonization after around 1950 (Hopkins, 1976a:29). Despite a growing body of studies on business in Africa the study of business in certain geographical areas, such as Africa, little attention was afforded these developments in the international literature on the development of Business history, its debates and progress. In 2003 the Amatori & Jones *Business History around the world* makes no mention of 'Africa' – neither in the index, nor in the table of contents. Five years later the *Oxford Handbook on Business History* (Jones & Zeitlin, 2008) only includes Africa in noting some recent programmes in business schools in South African, Ghana and Nigeria (Jones & Zeitlin, 2008:588, 596) and general references to the risks involved for multinational companies operating in the continent, 'uncertainties of property rights and enforcement of contracts'(p.152), with skepticism about the benefits to the host economies following unprocessed raw material exports (p.157). The *Oxford Handbook* apologizes for not including a chapter on China (p.5), but mentions only one review article on 'the limited research undertaken as yet on the business history of Africa (p.5).

Also in the *Oxford Handbook of Entrepreneurship* (Casson et al 2006) only three references are made to Africa. General comments on barriers to market entrance in Africa (p.254), expected easier access to resources by male than female-led enterprises (p.620) and the prevalence of Hindu entrepreneurs in East Africa (p.605) reflects the limited focus on Africa. The study of globalization and its impact on business was also from the perspective of the first world home economies of the multi-national enterprises (See eg Galambos & Sewell, 1975; Abo, 1994; Jones, 2005; Rugman & Brewer, 2001; Wilkins (eds) 1991). Only in 2010 was a chapter on South African business groups included in the *Oxford Handbook of Business Groups* (Colpan, Hikino & Lincoln, 2010).

A great deal more business history on Africa was undertaken and published than had been acknowledged by the Business History scholarly community. A conscious decision had even been taken not to include South Africa in the consideration of business history developments in Africa (Hopkins, 1976a:30; 1987:121). This decision might be informed by the political opposition against the domestic political policies of racial segregation in South Africa, which led to a simplistic equation of all whites in South Africa to the political system. The legitimate presence of Africa-born white people is ignored and at the same time all business activity undertaken by them, is equated with 'imperial business' and therefore not considered 'African business'. This seems to suggest that Africa is only the home to black African people, while the history of the continent is testimony to the centuries-long permanent presence of Africa-born Arabs, Indians and new ethnic entities of European descent, such as former colonial settlers who gave birth to new cultures, such as the Afrikaner in South Africa. This marginalization also loses account of the fact that people of colour and white Africans collaborated in business and jointly developed a new form of business organization and strategy suited to their context. Jones (2000) acknowledged that the Chandlerian model does not apply in all contexts, especially when studying the operations of multi-national companies in Africa. The question is not 'whose business history' in Africa, but the business history of all the African people in its extraordinary diversity. It is not possible simply to attempt to impress the Chandlerian model of analysis and subsequent theoretical variations onto business developments in Africa, because, as Kobrak and Schneider noted, '…the quest for universal history, is neither new nor confined to business history', but has also failed to deliver single integrated framework (Kobrak & Schneider, 2011:405). In each of the phases of 'business' development in Africa complexity - the political, social, technological and economic context- adds a dimension which positioned it to a greater of lesser degree as 'African' in the framework of international business history.

Africa into the world economy.

Two thousand years ago, when the people living on the African continent were living off the goodness of nature, annual floods, harsh dry landscape and seasonal savanna grasslands, their business was subsistence and survival. Since the Roman conquest of Egypt in 30 B.C. the continent was drawn into the expanding world of exchange and economic domination. The Arab expansion of the early Middle Ages had a profound long-term effect on North Africa and further repercussions on sub-Saharan Africa. From the tenth century Islamic invaders settled systematically from the north of Africa, through the Maghreb, West Africa and gradually also down the East African shores (Wickins, 1980; Fage & Tordoff, ; Miyan-Guyon & Triaud,2013). Muslim state formation and economic establishment facilitated the extensive trade routes across the continent and linking Africa to the Arab world. It is not clear how widespread slavery was before the contact with Muslims, but the institution was reinforced by Muslim traders, who accumulated a substantial income from the export of slaves across Africa (Madison, 2003:193). The following foreign penetration came from Europeans, led by Christian Spaniards and Portuguese, who drove the Muslims across the Mediterranean into Morocco at the beginning of the fifteenth century. Technological innovation in navigation and naval architecture gave the Europeans the commercial initiative in their relationship with Africa and that initiative was retained throughout the contact between Europe and Africa. As soon as the Portuguese navigated the sea rout around the

Cape of Good Hope trade off the East African coast in goods and people developed. Despite Portuguese attempts to assert exclusive national rights to Africa, traders from England and France soon developed trading activities on the West African coast as early as 1520. Soon the Dutch joined in and by the end of the seventeenth century the Dutch had established a presence at the Cape of Good Hope. Trade exchanges occurred in raw materials, especially gold, but by the expansion into the islands of the West Indies stimulated the demand for labour (Oliver & Atmore,2001). The next two centuries the external trade of Africa south of the Sahara was dominated by the slave trade. This development coincided with mercantilist policies in Europe, leading to an ear of far-reaching regulation commerce.

Chartered trading companies were granted monopolies by national governments to engage in trade with the people of Africa (Jones,2002). There remained vast scope despite such mercantilist intervention, for private traders, but the competition among European traders was aggressive, because the perception was that the volume of international trade was fixed and the loss of trading opportunities amounted to the gain by another. Most of the European trade from European settlements on the African coast, where trading posts were built. The authority and sovereign rights of the African rulers were respected. Traders paid for the privilege of trading, but by the beginning of the nineteenth century, after the abolition of slave trade and subsequently, slavery, the proceeds of ordinary trade hardly justified European interest in the continent. Other considerations added to the desire to secure control over certain parts of the continent: religion, humanitarian considerations, technological considerations and off course, the possibility of growing wealth. European rivalry posed a serious threat to potential gain from an African presence. The Berlin Conference of 1884-1885 brought an end to open competition: fifteen European nations, including the United States, agreed on terms of the right to annexation of property and the establishment of control. The African people were not consulted. Since the last decade of the nineteenth century Africa was subjected to European nations establishing ‘effective control’ over parts of the continent. Business, trade and all forms of exchange in Africa was finally inextricably integrated into the metropolitan economy (Oliver & Atmore, 1972; Robinson & Gallagher,1981; Austen, 1987; Wickins, 1980). This is when the ‘Scramble for Africa’ commenced (Hopkins, 1993; Pakenham, 1992). Colonial control was established gradually and by the end of the Second World War in 1945 the mood was clear: decolonization was inevitable. From the early 1950s colonial powers decolonized the territories under their control until the last colony became independent in

1980. South Africa was 'decolonised' in 1910, but a minority white government retained control until 1994, when a universal democratic election put the black majority in power.

The broad scope of economic development of Africa displays its long history, but not very strong growth. Madison estimated that per capita African income by 1820 had not differed meaningfully from the levels of 1500, or from what it was 1 000 years before that. During the colonial period between 1820 and 1960 per capital income rose 2.5-fold, which was significantly less than the six-fold increase in Western Europe, or 4.5-fold in Latin America. The African levels, were higher than Asian per capital income, even up to 1960 (Madison, 2007:228). An important feature of Africa's development was the high population growth in sub-Saharan Africa, despite slavery, and the absence of property rights and universal illiteracy pre-Muslim contact (Madison, 2003:193, 196; Madison, 2007:234-235)[1]. The reliability of the data on African GDP led Morten Jerven to describe them as 'best guesses of aggregate production' (Jerven, 2013a:12). Despite the fundamental shortcomings in national data for Africa, the general picture is the following: total population of Africa rose from 74.2 million in 1820 to 853.4 million in 2005. Africa's GDP rose from G-K $31.1 million in 1820 to G-K $1322 million in 2003, and per capita GDP rose from G-K $420 in 1820 to G-K $1,549 in 2003 (Madison, 2007:229). The position of South Africa was always presented as an exception: in 1870 there were no railway line services in South Africa, compared to 70 kilometres railway line services in Algeria per one million population, and 168 kilometres in Egypt, but by 1913 South Africa had the longest railway line services on the continent with 2 3000 kilometres railway line services per one million population – compared to 632 kilometres in Algeria, 359 in Egypt and 1 105 in Tunisia (Madison, 2007:228). The European population in South Africa represented the largest European settlement in Africa – approximately 25 000 by 1870, which rose to 1.3 million by 1913 and about a quarter of the total population by 1950. The South African population was 44.4 million in 2003, with a G-K $191.742 million GDP and per capital income of G-K $4.311 (second highest only to Tunisia at G-K $4.968 in 2003) (Madison, 2007:229).

The economic development of Africa under colonial control served the interest of the colonial powers, but also introduced an institutional basis to bridge the economic barriers between Africa and the international economy. Colonial powers economic policies were laisses-faire liberalism during the 1920s, then followed neo-mercantilist interventionism during the 1930s

1 The statistics presented by Madison are based on 1990 international Geary-Khamis Dollars – Madison, 2007:298..

and 1940s, but after the war neo-liberal disengagement was implemented since the mid-1950s. By the 1920s the most disruptive effects of the imposition of colonial rule had been overcome and production fed into exports, although African colonial exports did generally not constitute a decisive share of world markets. The production in the colonies was not on such a scale that it could supplement continental demand during the slump years of the Depression. Colonial powers resorted to protectionism at the Ottowa Agreement in 1932 by introducing a system of imperial preference, followed by the Portuguese French and Belgium governments. The strong war time demand for African produced commodities, pushed prices of export goods such as cocoa, coffee, rubber and sisal up sharply, resulting in substantial increases in metropolitan development investments in Africa. Historians refer to the introduction of the 'developmental state' in Africa by the passing of the British *colonial Development and Welfare Act,* 1940, 1945 and 1950 which led to massive capital investment in development projects in Africa after the war. AS the world economy recovered by the 1950 and 1960s, the prices of African commodities entered a period of steady decline. The African economy was relatively stable by the early 1950s, but African nationalist demands for independence led to a period of political instability (Jerven, 2013a:32-36; Austen, 1982: 97-223; Jerven, 2013b: 421-413; Madison, 2007:231-237). Decolonisation followed systematically since the independence of Egypt in 1952 and spread across the continent in varying degrees of order and stability until 1980. African economies experienced high growth towards the end of the colonial period, but this trend was reversed by the slump and recession in the world economy following the oil crises of the 1970s. African economies then fell into unprecedented levels of debt (which was the heaviest relative to per capita income (Madison, 2007:235) in the world), led the World Bank to introduce structural adjustment programmes in the later 1980s(Husain, 994:153-155, 157). These reforms aimed at liberalising markets, reducing the role of the state and freeing trade (Van der Geest,1994). Growth in African economies only returned towards the 1990s. GDP growth in Africa declined from4.7% between 1965-1973, to 1.2% between 1981 and 1985, and even then improved to 2.5% between 1986 and 1990, slumping again to 1.7% in 1991. As the twenty-first century dawned upon Africa, sustained strong growth returned in market oriented economic contexts.

The context of Africa presents a complex business environment. At first the continent is home to 56 states[2], with a plethora of ethnic indigenous peoples. When colonial powers established

2 There are 55 states in Africa, and one, Somaliland – which is not officially recognized – giving a total of 56 states. Only 54 are members of the African Union.

the borders of the colonies under their control, the borders cut across ethnic identities and therefore most African states after decolonization and independence, include numerous indigenous peoples. On the continent there are some 1000 different languages, divided into about 100 language groups. In a small country such as Sierra Leone, which is smaller than Scotland, ha sixteen indigenous languages, Nigeria 395, but in central and southern Africa the language diversity is less with Swahili spoken across ethnic divisions. Colonial control introduced English, French and Portuguese, which are European languages spoken in various countries in Africa. The people of Africa are also divided on the basis of religion. Traditional 'religions' with ancestral cults, magic and other cultural elements co-exist with Islam and Christianity (Binns et al, 2012: 57-59;Waller, 2013:94-113). The north of Africa is Islam dominated, but Islam has a strong presence also in western and eastern and southern Africa, while Christianity is strongest in eastern and southern Africa. Colonialism contributed to the development of a state nationalism, which towards the late 1940s correlated with resistance against colonial control and the demand for independence. New 'Africa nationalism' developed, but this was actually only politically expedient mobilisation of opposition to colonial oppression (Rotberg, 1965; Hargreaves,1991; Crowder,1978). African unity was displayed with wide publication after the formation of the Organisation of African Unity (OAU) in May 196, but the euphoria was immediately marred by cross-border and intra-state ethnic conflict. Some of the armed conflicts continued for more than twenty years[3] and were not even resolved by the formation of the African Union in 2001. The history of business in Africa plays itself out in the complexities of ethnicity, culture, religion and colonial control.

Business in Africa – before and during colonial control.

Since Islam and European penetration of Africa, business activities were organised in small owner-managed exchange operations. Indigenous peoples produced for subsistence, but occasional surpluses were exchanged in the trading complex that developed among African societies and kingdoms. The indigenous authority, either a king, or chief controlled trade and the position of authority inherited to his/her descendants. Between the ninth and sixteenth centuries a 'golden age' of commercial exchange developed on the trans-Saharan trade routes. Local and regional trading exchanges ultimately found their way to cross-continental trade after the Islamic invasions. Caravans belonging to merchants such as Dyula, the Arabo-Berber merchants, positioned agents on the trade routes to check competition, follow market

3 In Algeria conflicts lasted for 24 years, in Somalia for 21 years, in Chad for29 years, in Uganda for 32 years – Binns et al, 2013: 243.

trends and control the goods flows. Commodities traded included salt, gold, copper and foodstuffs. Once the Islam traders enter the trading routes two major commodities of the trans-Sahara trade were slaves, horses, salt, perfumes and glass ornaments. Business organisation was elementary exchange between owner-rulers and occurred either at meeting points or in the great cities of the Sudan – Walatja, Kumbi, Saleh, Goa, Kano and Timbuktu. Relative peaceful exchange relations existed up to the eighteenth century, when successive Islamic *jihads* reconfigured power and economic relations in the Sudan and sub-Saharan Africa. The Muslim traders brought the benefits of Arabic socio-commercial institutions and transplanted them into an urban merchant society. The system of commercial organization developed into a cultural and legal system, which supported long-distance trade through the keeping of detailed written accounts of transactions, the formation of partnerships (Afro-European and Afro-Muslim partnerships) and the formalization of banking and credit systems. The most successful trading enterprises maintained informal bookkeeping and extended family forms of property rights, rather than the organizational and legal structure of European businesses. African kingdoms relied on the networks of kinship to structure commercial activities and retain centralized control. The trading firms associated with Indian Ocean trade displayed common features to the Muslim organizational structures of West and North Africa, but were more stable and efficient, because of more permanent settlement of trading points into the interior beyond the earlier coastal frontier. These locations were more permanent than the caravans of the Sudanic and Saharan regions. (Oliver and Atmore, 2001:46-49, 73-77; July, 2004: 55-50.188-208).

European penetration commenced with Portuguese explorers who landed on the western shores of Africa since the fifteenth century and moved to meet Indian traders on the eastern shores of the continent soon afterwards. On the East African coast Portuguese and Omani traders failed to dominate local commercial activities, although power remained balanced until nineteenth century full colonization. African kingdoms entered into exchange relations with east and west without entering the oceans to explore trading opportunities on other continents. Africa was a passive global trader, but was integrated more systematically since the abolition of slavery in the nineteenth century when commercial enterprise became an extension of state prestige and power. As the Portuguese position was challenged by Holland, England, France and other European nations, private business was authorised by state or monarchical charter to conduct business in Africa.

Imperial power changed the openness of African markets. After the abolition of slave trade and slavery, the advances of industrialization – new technological abilities in medicine, transport and weapons – provided the required means of extending exploration into Africa. As colonial control took on a more permanent shape towards the end of the nineteenth century, capitalist enterprises became a regular feature of commercial activity in Africa. Business in Africa entered the capitalist metropolitan context and by the twentieth century the centralized commercial networks of the African kingdoms and Afro-Muslim traders were systematically challenged by European capitalist enterprise. These enterprises were privately owned companies with shareholders in the mother country and an undisputed profit motive. Hopkins referred to these companies as 'expatriate firms' (Hopkins, 1976a). Business in Africa developed a dual character: the capitalist enterprise, incorporated and managed by shareholders in the mother country, and local communally owned business. These capitalist enterprises benefited from colonial protection, since they often conducted their businesses as proto-governments, but early penetration was not a one-sided affair.

Rivalry between European colonial powers eventually mandated more permanent establishments in order to protect geographies of interest. Commercial rivalry also only shifted in favour of the metropolitan powers when *de facto* colonization occurred. The solution to protect the sphere of influence of colonial powers often lay in collaboration with private enterprise. In exchange for exclusive rights to exploit resources and access routes, private companies were authorized to erect infrastructure and basic modernization necessary to conduct exclusive commercial activities. Such companies either received a charter form their Colonial Governments to sanction exclusive commercial rights, or were issued concession to operate in specified regions. The British Colonial Government issued Royal charters, e.g. to the Royal Niger Company of George Goldie in Northern Nigeria, or William McKinnon's Imperial British East African Company, or Cecil John Rhodes' British South African Company. The Portuguese Government gave concession s to Paivo de Andrada in Mozambique etc. The most oppressive and exploitative concessionary regime was the privately owned Congo Independent State of King Leopold ll of Belgium. The French Government issued concessions to French companies in French Equatorial Africa. Where at the time of colonial partition of Africa, business organization on the continent was competitive and inclined towards open markets, new companies entering the colonies expected colonial administrations to eliminate the monopolistic commercial networks of the former African trading network. Disillusionment followed rapidly: the costs of effective competition with existing local commercial networks resulted in the failure of many new entrants. Soon markets closed as the colonial state intervened to secure privileged access to trade routes, to resources and markets.

These protected private enterprises seldom succeeded in raising sufficient capital to construct the required administration and infrastructure to sustain their businesses. The outcome of the protection offered to such enterprises was market distortion and marginalization of established African commercial networks. Where colonial administration gradually established a more permanent presence, African commercial engagements were increasingly reduced to the supply of agricultural production, while a new generation expatriate European firm entered the African economy. Expatriate firms established themselves in export production (of mining and agricultural production), in trade, primarily directed at importing and exporting, and in services (shipping and banking). These businesses were owned by settlers or businessmen from the mother country – often these companies were registered or listed in London, Paris or Berlin. The primary location of operation was from the colonial territories in Africa, but excluded African shareholding or control. African trading networks of the pre-colonial era were gradually side-lined and exchange between the African commercial networks and the new expatriate firms, reduced to a supply chain relationship. Two commodities were in demand – resources and labour. It was though not only the traditional African competitors who were marginalised from successful competition, but also creolized African merchants. By the 1920s large European conglomerates dominated markets across Africa and brought an end to the former trading rivalries.

The theoretical framework of business histories exploring these exchanges was that of the two continents, two markets and the perception from the colonizing power assuming delivery of development and progress, facilitating international trade and economic development (Amsden,1971; Hopkins,1976a; 1976b; Hopkins, 1987; Jones,2000). This literature departed from the imperial perspective from the European powers, Britain, or the French companies operating in British and French colonial locations (Hopkins, 1987) and the assumption that European firms made substantial profits, reinvested in expanding industrial enterprises. All the general histories of Africa described the trade relationships, but few historians pursued the history of the companies.

The first the literature focused on the African slave trade, debated the Williams thesis (Williams, 1944) on the profitability of the slave trade for British trading companies (Davies, 1960; Anstey,1968;1975a; 1975b; Engermann,1972; Fogel & Engerman,1974; Thomas & Bean,1974;Inikori,1979; 1981). The debate was about how much profit was made, not about the nature of the business operations, the management of the company or the business strategies of slave trading companies. It has come to be accepted that a large number of companies of different sizes participated in the slave trade, some posting greater profits than others. A gradual shift occurred in the post-decolonisation period (after the 1950s) to a study of 'economic imperialism' (Austen, 1975; 1987) where the focus was on the escalation of African-European commerce based on new transport and medical technology and the resource needs of the industries in Europe (Cain & Hopkins, 1980; O'Brien, 1982; Austen, 1987). These histories on aspects of business in Africa appeared in the *Economic History Review* and in general history journals such as the *Journal of African History*, *Journal of Modern African Studies, Journal of Imperial and Commonwealth Studies and the , African Affairs*. The focus was on the nature and impact of imperialism from a political economy perspective. The attention was not directed at the enterprise and the entrepreneur, but at the expatriate imperial enterprises operating in colonies, serving the interest of their foreign shareholders. Studies on expatriate companies offered detailed accounts of their business operations, aspects of the interactions with the colonial state and the later newly independent African state. Many of these studies explore the activities of the mining companies from the perspective of the owners and shareholders and the opportunities for expansion and development of the mining and related industries in African countries – Malcolm, (*The British South Africa Company, 1889-1939, 1939*) dealt with the chartered company of CJ Rhodes, established in 1888 in an area north of the southern African British possessions, to administer the territory on behalf of the British monarch. The study by Flint & Williams (*Perspectives of Empire,1973)*, and Crown and Charter (*The early years of the British South Africa Company, 1974*) described the predecessor to the larger mining interests of the Anglo-American Corporation and the De Beers diamond company (Gregory, 1962: *Ernest Oppenheimer and the Economic Development of South Africa* and Hocking,1973: *Oppenheimer and Son*). The mining companies operating in the Northern Rhodesian copper industry included Chester Beatty's Rhodesian Selection Trust, a London listed diversified mining company operating in various African mining locations. Selection Trust soon linked up with the American Metal Company (AMCO) through the exchange of shares. AMCO later merged with other American mining interests to form the American Metal Climax Inc., which acquired full control of the Selection Trust Group of companies in the 1970s. Prain studies this business history (Prain, 1975: *Copper: the anatomy of an industry*) and in West Africa

Greenhalgh's business history (Greenhalgh,1974: *An economic history of the Ghana Diamond Mining Industry,1919-1973*) framed his analysis in the imperial perspective of neo-liberal market relations. Apart from AMCO and its successor company, the other European businesses in the mining industry were 'free standing' companies and not yet multi-national enterprises.

In a similar fashion the company histories on mining concerns in Katanga, the private possessions of King Leopold and later the Belgian Congo (Slade,1962: *Leopold's Congo; Anstey,*1966: *King Leopold's legacy: the Congo under Belgian rule, 1908-1960*; Cornet, 1950: *Terre katanaise: annniversaire du Comité Spécial du Katanga, 1900-1950*; Y'dewalle,1960*: L'Union Miniere du Haut-Katanga*) were constructed within the 'imperial' paradigm. On West Africa Hopkins (1976a) noted that very little was written about the Ashanti Goldfields Corporation (only a booklet by Eaton [1947] *Short history: Ashanti Goldfields Corporation Ltd, 1897-1947*) and was only recently updated by a PhD thesis by Taylor (2006) *An economic history of the Ashanti Goldfields Corporation, 1895-2004:Land, Labour, Capital and Enterprise,* completed at the LSE. The mining industry attracted metropolitan capital to Africa and subsequently led to a diversification in trading and shipping and other commercial interests.

These mining companies serve as an example of modern western business corporation, organized initially in the centralized U-form of organization, but gradually adjusted to the M-form of organization as operations became diversified. Early forms of collusion occurred in the South African mining industry, since high technical costs in extracting very deep-level gold ore necessitated the strategic implementation of all possible cost saving mechanisms. One such mechanism was the so-called 'group system' among local mining companies, whereby they collaborated in labour matters, in financing arrangements and general engagements with the Governments. The managers of the mining companies were also referred to as the 'Randlords', depicting their social and financial status and control over business in the region. Much later towards the middle of the twentieth century, diversified conglomerates, or 'business groups' (Colpan, Hikino and Lincoln, 2010) emerged from the initial mining conglomerates. These were European business concerns and excluded any African participation in shareholding or management. Expatriate companies were targeted by newly independent African Governments and were often nationalized at independence, as had happened to the BSAC copper interests in Zambia in 1964.

The early concentration on mining companies soon led to studies on other merchant companies trading in other resources such as timber, rubber, cash crops such as cocoa, palm oil and coffee (Hopkins, 1976a) In the paradigm of imperial expatriate business attention was devoted also to the plantation economies of the Cote d'Ivore (coffee: Frehou (1955) *'Les plantaions européennes en Cote d'Ivoire'*) and Edwards (1955: *Cadbury on the Gold Coast*); Kenya (coffee: Hill (19556) *Planters' Progress: the story of coffee in Kenya*) and Southern Rhodesia (tobacco: Clements & Harben (1962 *Leaf of Gold: the story of Rhodesian tobacco;* and Haviland (1954) 'The economic development of the tobacco industry in Northern Rhodesia' *South African Journal of Economics,*22(3):375-384*)*. Several state-chartered companies played an influential role in the development of commercial agriculture in West Africa. The *Royal Niger Company (1886)* was explored by Flint (1960: *Sir George Goldie and the making of Nigeria)* and Wilson (1954) captured aspects of the history of the *United Africa Company (UAC)* as the predecessor to *Unilever*. In 1994 D K Fieldhouse published the first comprehensive business history on the UAC- *Merchant capital and economic decolonization: the United Africa Company 1929-1987*. In 1979 Fieldhouse revisited Unilever, but then as a 'multinational' company (*Unilever overseas: anatomy of a multinational)*, of which the paradigm was revisited by Geoffrey Jones (2002;2005) in his new analysis of Unilever operations in managerial and global transformation contexts. Histories of state-associated merchant companies in East and West Africa describe their operation as preparing for formal empire, similar the operations of the BSAC in Rhodesia. Galbraith is critical of the operations of the Imperial British East Africa Company, which he displayed as inadequate and a commercial failure (Galbraith 1972: *Mackinnon and East Africa, 1878-1895)*, while other companies such as the British East Africa Corporation (established in 1906) developed successful manufacturing, engineering and servicing operations which spread across East Africa, and the Africa & Eastern Trade Corporation linked its successful operations with the UAC (Hopkins, 1976a). On the two French trading companies C.F.A.O and S.C.O.A. Catherine Coquery-Vidrovitch (1972; 1975) published a history of the business operations of these companies, and assessed their efficiencies by the time of withdrawal during the 1960s.

Bank expansion was closely associated with imperial expansion and business in the colonies developed a reciprocal need for the management of capital and savings. The Histories of European banks and other financial institutions were also covered fairly extensively as part of the imperial history paradigm. Banking as a financial service was introduced under imperial control – both under British as well as French colonial rule. The banks serviced primarily colonial administrations and expatriate business enterprise, such as the functioning of a currency board (Hopkins, 1970) and demanded by a more sophisticated system of financial institutions in the British colonies of southern Africa (Arndt, 1928). Banking developments in the context of the empire as explored by Newlyn & Rowan (1956: *Money and banking in British Colonial Africa*), Fry (1976: *Banking in West Africa*), Henry (1962:*100 Years of the Standard Bank*), Crossley & Blandford (1975:*The DCO Story)*, which depicts the expanding network of Barclays Bank's operations across the empire, were supplemented by histories of the *Banque de l'Afrique, the Banque du Sénégal and the Banque du Congo* in the French and Belgian colonial spheres. General admiration for the prudent banking practice by the 'imperial banks' were expressed in South Africa (Jones,1996;Webb,1992), but also collusion and uncompetitive behavior (Jones, 1993; Jones, 1996; Austin & Uche,2007). The result of such 'prudent' banking supported credit extension to the existing client base, but also inhibited non-clients from raising capital 'through impersonal channels (Austin & Uche, 2007:25). In South Africa this marginalization led to the establishment of local banks and other financial services institutions since the 1920s, which assisted local non-British clients (South African Afrikaners) in accessing credit for business development (Verhoef, 1992a, 1992b; 2010).The dominance and uncompetitive conduct of banks made them a target of nationalistic opposition under decolonization.

These studies in the imperial paradigm of the expansion of European capital, the extension of the 'engine of growth' by metropolitan business expansion, the development of mining, banking and trading enterprises, often family-owned, or carefully managed by shareholders in the metropolis, represent studies on business in Africa, not 'African' businesses. Many of these were what Mira Wilkins called 'free standing' companies (Wilkins, 1988), since the investment came from Europe, especially Britain and France, with the bulk of the business operations conducted in the colonies. Hopkins (1976a) was not very optimistic about the depth of the 'business histories' mentioned in the imperial paradigm, since few were actually 'company' histories with the focus on the enterprise, the entrepreneur, risk taking and, market structure, the institutional context or organisational and managerial dimensions of the enterprise. The imperial context facilitated relative stable operating conditions, except for natural disasters and international price fluctuations. The 'glorious' descriptions soon changed as decolonization led to independence.

When the decade of the sixties failed to realise the hopes of the new elite and African political leaders, the political economy of market relations, ownership and control were challenged. The vast majority of Africans remained impoverished, with low life expectancy and per capita incomes amongst the lowest in the world. The imperial business models and the capitalist system questioned and in a growing socialist community of the non-aligned movement, expatriate business had to adapt or depart.

The dilemma of expectations is characteristic of post-independence Africa. For a few years after independence many African governments persisted with capitalist economic policies and market relations inherited from the colonial period, but the 'structures' of colonial control were left intact (Austen 1987:196). Frederick Cooper argued that despite the break with the past (with the colonial state) through independence, there remained numerous elements of continuity – such as the 'developmental state', which he argues commenced in Africa with the British promulgation of the Colonial Development and Welfare Act in 1940 (and subsequent amendments) (Cooper,2002) and therefore the modern history of Africa starts not in 1960, but in 1940. The gist of this argument aligns with the ideas of Frankel (1952) and Boeke 1953), who argued that certain characteristics of the African society were not aligned with the capitalist system. Frankel noted very different understandings of the concepts of income and wealth in the diverse African cultures. Boeke argued that the important social system of capitalism required its own 'philosophy or attitude of life', which is a prerequisite for the successful conduct of people under capitalism. These traits were not inherently part of the African culture(s) and needed to change to secure successful economic transformation along the beneficial principles of capitalism. Conversion to such traits would eventually overcome the slow performance of the capitalist economies in Africa and deliver on prosperity promised.

These views were not universally accepted among African leaders or the poor people within the borders of the new states. The stable economic growth that occurred during colonialism is widely acknowledged, but the negative legacy was the notable division between European owned business and the small primarily primary production small enterprises owned and operated by the African population. Mining and the limited manufacturing enterprises were capital-intensive and dependent of expensive new technology. This originated from the mother country. African entrepreneurs in business at the dawn of independence were excluded from participation in these sectors by the barriers to entry. African entrepreneurs were active in small retail or 'petty' trade in urban areas, where locally produced consumables, food, clothing and basic necessities were sold on local markets. Entrepreneurial opportunities to local entrepreneurs were thus firmly constrained. As noted by Casson (1982; 2010) and Shane and Eckhart, 2003), entrepreneurial opportunities involve a context offering conditions conducive to successful future operations, which are as important as understanding individual and firm-level cognition and behaviour. But as Schumpeter (1947) in his emphasis on innovative entrepreneurship emphasized, entrepreneurship also involves constructive change, which involves the redirection and restructuring in the make-up and operation of markets – "Entrepreneurship changes social and economic situations for good" (Schumpeter, 1947:150). Context, time and change are embedded constructs of entrepreneurship. These constructs were compromised in the colonial economies in favour of non-African entrepreneurs. Political change was the prerequisite.

Independent Africa – the state and business.

As the western world entered post-war restructuring and by the 1950s and 1960s unprecedented growth, most African countries were experiencing weak economic performance, limited access to markets and political instability. The structure of African economies did not change with independence. They remained primary producing economies, with small local enterprises and foreign-owned business engaged in trade. In the period since the later 1960s of African decolonization and independence, the new African economies resembled some of the characteristics of the 'European model' that developed between the two world wars in Europe (Amatori & Colli, 2011:112-122). African states were suddenly integrated in the world political system (the United Nations), but their economies resembled those at the beginning of a process of industrial modernization, not yet encompassing the technological innovations of the Second Industrial Revolution. Expatriate firms operated within colonial boundaries and across nationally across regions, such as West or East or Southern Africa, but African entrepreneurs were not part of such enterprises.

The prevailing ideology of the post-colonial political economy was extensive public sector involvement.. Colonial regimes, especially after 1945, had engaged in extensive public investment to support economic development. This investment created and ran economic planning agencies, agricultural marketing and stabilization boards, and industrial and infrastructure parastatal enterprises. They had instituted wage and price controls, and generally intervened in a large number of economic activities. Thus, most of the African leaders that came to power in the 1960s reverted to economic intervention by the government through planning.

The new generation African leaders were ideologically predisposed to government control of the economy's "commanding heights." They associated liberal capitalism and with colonialism - 'agents of capitalism' (Hopkins, 1987:131) - and imperialism. The prevailing intellectual climate where the new political elite was groomed, at home and abroad, was leftist and statist; social democratic at least, and often more overtly "scientific" socialist. Africans who spent time in Europe, following World War II, associated leftist politics with opposition to colonialism. African academics of the 1950s and 1960s espoused planning and a high degree of public intervention in markets to protect the public interest. The communal organization of economic activity and the collectivist and community oriented elements in their cultural heritage, delivered an affinity for socialism as more appropriate to African social circumstances. These ideas influenced the thinking of a number of African intellectuals from Sekou Toure (Guinea) and Leopold Senghor (Senegal) in West Africa, to Kenneth Kaunda (Zambia) and Julius Nyerere (Tanzania) in East Africa. To them state planning and socialism were superior to unfettered markets, which they blamed for Africa's widespread poverty, ignorance and disease. State planning resulted in successive 'development plans' under the leadership of SOEs (Afigbo et al, 1992: 67-72; Leys,2004:32-36).

In post-decolonisation Africa with the nationalisation of foreign corporations, oligopolistic European trading firms pulled out from the retail markets, opening up opportunities for local merchants. The small trading enterprises (or the 'petty bourgeoisie' as Leys refer to the owners of small amounts of agricultural capital, such as small manufacturers, contractors, traders,, the richer peasants, white collar workers, generally and mainly in the employment of the state Leys, 2004:32) engaged in urban markets opposed the full scale introduction of socialism, but their opposition was unable to reverse the ideological trend, also supported by the USSR and China. The 'petty bourgeoisie' were also the beneficiaries of state planning and development plans, since they operated on the bottom end of the market. Between 1960 and 1980 at least 16 Sub-Saharan African states adopted the socialist economic model. Not all private enterprises were expropriated and nationalized, but the small scale and limited capital of the local private sector, and the predominantly non-African nature of private enterprise, was put forward by the new independent states as justification for adopting a socialist policy framework. Expropriation was applied in the key sectors of the economies in the most socialist committed states – Zambia, Ethiopia, Sudan and Tanzania. By the 1970s public enterprises or State Owned Enterprises (SOE) accounted for over 17 percent of African economies' GDP, compared to an international average of 10 percent, and 5 percent in OECD countries. African SOEs accounted for 25 percent of total formal sector employment and more than 18 percent of all non-agricultural employment; SOEs accounted for more than 20 percent of gross domestic investment, compared to 4 percent in OECD countries, 15 percent in Asia and 5.5 percent in Latin America; and 34 percent of domestic credit. In 15 out of 22 Francophone African countries SOEs ranked first in sales (Bouri et al, 2010; Nellis, 2005).

The problem was that SOEs failed to meet the expectations of delivering economic development and diversification to Africa. This was not universally the case, but the failures outnumbered the success stories by far. Moderately successful SOEs include Ethiopian Airlines, the Kenya tea Development Authority and Sierra Leone's Guma Valley Water Company. To illustrate the dismal performance of some SOEs, consider the case of Kenya. In 1982 the Kenyan Government estimated that the annual average rate of return on the US$1.4 billion invested in SOEs since independence in 1963, to be 0.2 percent. Most of the crop marketing boards in the Kenyan agricultural sector (on which the bulk of the population was dependent for their livelihood) persistently ran large losses and delivered limited social benefits, such as employment, improved income distribution, contributions to regional equality, technological transfer or management training. In West African countries 62 percent of surveyed SOEs posted net losses and 36 percent were in a state of negative worth (Bovet, 1985).

In South Africa SOEs were also established during the period of industrial protection and the beginning of industrial diversification. the 1920s the Iron and Steel Corporation (ISCOR) was established, followed by the Electricity Supply Commission (Escom) in the 1930s and the Industrial Development Corporation (IDC) in the early 1940s, to support, advise and give financial backing to new private enterprise, In 1951 the South African Oil and Gas Corporation (Sasol) was established. Sasol was privatized in 1979 Verhoef, 2003a; 2010b) and so was Iscor in 1985 (Jones and Muller, 1990). In spite of the success stories of SOEs in Africa, the majority of the African SOEs suffered from the following shortcomings: poor investment decisions; inadequate capitalization; below cost pricing; collection deficiencies; poor reporting systems; deficient Boards of Directors. The history of SOEs in Africa, their management and development strategies, their performance presents an area of the history of business in Africa open for careful and systematic investigation.

Another strategy to secure African control of their economies (economic nationalism) targeted African ownership of business still owned and managed by non-Africans (expatriate companies) through statutorily sanctioned ownership transfers, not nationalisation. Different economic nationalist indigenization/Africanisation programmes were introduced in several African countries whereby local ownership was mandated by law. In Nigeria, Kenya, Uganda and Zimbabwe such programmes were introduced at different stages of post-independence economic reforms. Few of these schemes were successful, because limitations pertaining to capital, managerial expertise and adequate infrastructural backing by local Governments hampered the successful implementation of indigenization. In Nigeria it occurred repeatedly that the state eventually stepped in to rescue ailing newly acquired Nigerian enterprises. Indigenization failures also opened the door to MNC entries or privatization of SOEs (Verhoef, 2004; Decker, 2010).

The extent of SOE failures caused macro-fiscal constraints on economies in distress. Between 1979 and 1989 the International Bank for Reconstruction and development (World Bank) approved 51 Structural Adjustment Programmes (SAPs) and 47 sectoral adjustment operations (Nellis, 1989; Van der Geest et al, 1994; Van der Hoven at al, 1994). Frustration with SOE reform and rehabilitation measures and rising donor enthusiasm for privatization took off towards the last decade of the twentieth century. Global market liberalization after the demise of the USSR, prepared the context for the return of the entrepreneur. African Governments did not embrace the liberal market economic model enthusiastically, but the private sector was allowed to play a more prominent role in restoring economic growth in Africa. As expatriate companies' role in African economies contracted after 1960, multinational corporations MNCs) were gradually invited back after the early 1990s. MNCs were not welcomed in the immediate post-independence period, because they were perceived to be the agents of 'late capitalism' engaged on an agenda to perpetuate neo-colonialism and underdevelopment. In some countries such as the Ivory Coast and Kenya MNCs- always performed business, especially in the manufacturing sector. After independence MNCs employed more local citizens in lower and middle managerial position, but ownership and control remained in the international head office.

When analyzing the Business History on post-war decolonized Africa, since the 1950s, the main focus remained the business conducted by the big foreign firms. The independent African economies resembled some of the characteristics of the 'European model' that developed between the two world wars in Europe –small markets, with protectionist, corporatist and increasing interventionist policies (Amatori & Colli, 2011:112-122). African states were suddenly integrated in the world system (the United Nations), but their economies resembled those at the beginning of a process of industrial modernization, not yet encompassing the technological innovations of the Second Industrial Revolution. While post-war reconstruction occupied the attention of the first world, the non-aligned movement emerged in the bi-polar cold war era. Africa was caught up in the 'dependency' theory debates and until the fall of the Soviet Union the debates were dominated by the political economy of exploitation, underdevelopment and socialism. 'Radical' Marxist approaches to African history since the 1970s discouraged any business history, since it was argued that the economy and politics is indivisible and they adhered to a deterministic explanatory model not suited to Business History (Hopkins, 1987:125). In Africa newly elected African nationalist governments were very anti-capitalist, developing an environment barely conducive to the study of capitalist enterprises. In Africa the economic history literature was dominated by studies on colonial exploitation, underdevelopment and nationalization of former privately owned enterprises (Leys, 1975; Kirkpatrick & Nixson, 1981; Austen, 1987:211-259;McCarthy, 1982).

Less attention was directed in Africa at the operations of firms, but rather at models of economic transformation. This occurred in the environment where the state emerged as an 'entrepreneur' and planner, while the form and structure of firms changed, multidivisional groups emerged in Japan and Europe and multinational firms spread operations across the globe (Amatori & Colli, 2011:161-206). On Africa the business history studies explored expatriate firms. Some included Jones (1983: *The United Africa Company and the Gold Coast/Ghana, 1920-1965*), Greenhlagh (1985: *West African diamonds, 1919-1983*), Phimister (1978) on meat monopolies in Southern Rhodesia, Munro (1981) on speculation in the British West African rubber industry, McCormack (1976; 1979) on airways and specifically the establishment of the South African Airways., Davies (1978: *Sir Alfred Jones: shipping entrepreneur per excellence)*, Jones (1986:*Two centuries of overseas trading: The origins and growth of the Inchape Group*), Porter (1986: *Victorian Shipping Business and imperial policy: Sir Donald Currie, the Castle Line and Southern Africa)*. In the cold war and with a socialist government in France, a renewed interest arose in the role of the 'colonial state' in promoting capitalism, or as 'agent of capitalism', especially in the French-speaking colonies (Hopkins, 1987:129), while some studies explored similar connections in West Africa (Milburn, 1977: *British Business and Ghanain independence).* Many foreign trading companies continued their operations in Africa, but these were not incorporated in Africa nor had any significant (if any) African ownership (Jones, 2002).

Acknowledgement of the early emergence of African capitalism' at the fringes of traditional communal subsistence economies, opened the door to the small African farmer and trader seeking incorporation into the market economy. In Iliffe *The Emergence of African capitalism* (1983) Iliffe noted that African businessmen of the post-independence era, came from different backgrounds. In West Africa businessmen emerged from the traditional artisan sector, specifically the metal=-working trades, furniture making and allied industries. In East and Southern Africa the artisan sector had been dominated by foreigners and was not generally the source of African entrepreneurs. The businessmen from these regions worked in foreign-owned firms in the same trade (Iliffe, 1983:64-67; Bundy.1979). The larger African firm of the later 1960s was not owned by persons of technical experience. It is interesting to note that large numbers of such small businessmen or traders, were the children of former businessmen (Iliffe, 1983:75). These studies are not business histories, but a description of capitalist market engagement of small enterprises. An entire conference was devoted to African enterprises and entrepreneurs in Paris in 1981, resulting in a two volume publication *Entreprises et entrepreneurs en Afrique (XIXet XX siècles)*(Coquery-Vidrovitch & Forest (1983). The publication devoted four parts to indigenous entrepreneurship; another with expatriate business; the third with the relationship between the firm and the colonial government; and the last part with indigenous and foreign enterprises (Hopkins, 1987:120). These studies brought a highlighted the nature of African entrepreneurs, the agency of indigenous people, their adaptation to capitalist market relations and joint business activities taking shape in the independent states after the end of colonial control. Local business developed in the case of South Africa (Jones, 1988;1992 Verhoef,1995;1999;2003; 2005; 2006a; 2006b; 2008;2009a; 2009b; 2009c), depicting the establishment and growth of businesses outside the imperial context. These businesses were locally owned, driven by a desire to establish local ownership of commerce and industry and display the 'independence' from British or foreign capital. It is in these studies that the wisdom of the Hopkins warning that 'colonial capitalism ought not to be regarded simply as an extension abroad of the interests of metropolitan industry' (Hopkins,1987:133) is worth considering.

Business History on independent Africa's enterprises is limited. Studies on business enterprises and entrepreneurial activity can be grouped in three categories: multinational corporations, state-owned enterprises and private enterprise owned by the indigenous population. Some of the work on multi-national business in the post-decolonization period was framed in the 'neo-colonialism' analytical model, pointing towards new forms of domination of African markets by foreign capital (Nkrumah, 1965). Slowly a body of African scholars entered the field of study, but not from a Business History enquiry, but rather from the political economy of the dependency theorists Walter Rodney (1972), Immanuel Wallerstein (1972) and Samir Amin(1976). The dependency literature has had an extended influence on African economic history (Fahnbulleh, 2006; Tignor, 2007). This literature explain the unimpressive performance of newly independent African state economies from the political economy theoretical framework, arguing structural 'underdevelopment', rather than addressing the agency problem of African political leadership. Amartya Sen argued in his book *Development as Freedom* (1999) that the agency of the individual to act freely is the cornerstone of development. The only test for development is whether the integrative processes to enhance people's substantive freedoms improved their lives (Sen, 1999:8). Since the focus was placed on the state as agent to protect the public interest, individuals or ordinary citizens were overlooked.

When Tignor surveyed the history of business firms in Africa in 2007 he identified only three contributions in three Business History journals (*Business History Review, Business History* and *Enterprise and Society)* among more than 90 that had used the word 'Africa' in the text, that actually explored the history of a firm using primary sources on that business. These contributions were not by black Africans, but by Europeans, and were written in the 1980s. (These were the Alford & Harvey (1980) *Copperbelt merger: the formation of the Rhokana Corporation, 1930-1932;* Newbury (1987) *Technology, capital and consolidation: the performance of De Beers mining Corporation, 1880-1889;* and Dumett (1988) *Sources for mining company history in Africa: the history and records of the Ashanti Gold Fields Corporation (Ghana) Ltd).* These were not histories of African business in the independent state, but completed after independence reinterpreting the operations of expatriate companies in colonial Africa. This literature shows a growing perspective that perhaps after decolonization there was no "*decolonization*" of African economies, but attempts to collaborate with African commercial interests to secure access by foreign business interests into the market (Harneit-Sievers, 1996; Swainson, 1980). Butler (2007) captured the intricacies of negotiating 'decolonization', eg in the mining industry, by reflecting on the role of an individual businessman in the Central African Federation prior to independence (Butler, 2007). He underlines business operations through 'free- standing companies' and the role of businessmen in negotiating sustained market access in the wake of an increasingly intrusive state, challenging the notion of ‘gentlemanly capitalism’ of Cain & Hopkins. Tignor also noted the publication of literature related to aspects of business development in Africa and on aspects of African economic history in more general history journals, but none/few on business firms. In the *Journal of Imperial and Commonwealth History* Butler (2007) and Cohen 2008) point to the strategies sought by business (primarily British in origin) to resort to ‘pragmatism’ to protect business interests in that country. Similarly Tignor (1990) studied the Ford Motor Company of Egypt around the Egyptian independence in 1951, showing the rise of the agency of local interests (Egyptian business family) and how the multinational had to negotiate its future position to prevent nationalization, taking into account local business interests.

The Business History historiography has not engaged with SOEs in Africa. SOEs in South Africa have played a substantial role in the development of the economy and business enterprise., but no business history of either has been undertaken.

Africa is turning.

Africa embarked on the so-called ‘African Renaissance’ at the beginning of the twenty-first century and privatization became a regular feature of commercial reform, renewed global investment interest was awakened in Africa. Growth prospects of African economies improved substantially. At the beginning of the century bleak economic prospects made *The Economist* refer to Africa as ‘the hopeless continent’ in 2001. Economic growth was elusive: polities were either military regimes or autocratic personal autocracies, foreign investment flows were limited; two fifths of African nations were at war, AIDS had lowered life expectancy to as young as 40 years and investment was discouraged by a lack of collateral. In 2004 Robert Guest published *The Shackled Continent* in which he explored the dark continent ‘…with intrepid adventures, carrying not the Bible but *The Economist* to assure the benighted tribesmen that they can be saved by putting their faith in free-market global capitalism, which will rid them of their local superstitions and bring them a new era of prosperity’. Global market liberalization and the democratization of governments following the demise of the USSR, brought about a fundamental change in Africa (Babarinde, 2009). In March 2013 *The Economist* had to admit to the fundamental change in Africa - ‘Africa Rising’. In November 2012, TIME described Africa as the ‘world’s next economic powerhouse’. Growth has returned to Africa (Jerven, 2013:428).

The positive outlook on African economic, political and social progress and sustained development was echoed in numerous research publications of the International Monetary Fund and the World Bank since the mid-2000s. In 2008 a report by the World Bank announced that four out of the top ten reforming nations in the world, were in Africa – Egypt, Botswana, Burkino Faso and Senegal. Overall African countries reduced the time to start new businesses, reformed labour and tax policies and streamlined registration processes for property. By 2007 UNCTAD noted that the return on FDI in Africa was the highest in the world. African bourses increased in number (from 5 in at the beginning of the 1990s to 18 by 2007) and rivalry, since African companies were permitted to list on stock exchanges across frontiers. Overall deregulation of financial services and improved factor mobility enhanced business prospects for new African enterprises. Many African states accepted privatisation/PPI. PPI became a model for similar business collaboration in Africa, especially in infrastructure development.

The twenty-first century African business environment is characterized by the strong role of the state in the economy, but since the beginning of the 1990s, increasingly in the PPI framework and less as sole owner, manager or planner. The second characteristic is the emergence of private business, from small to medium sized private enterprise to large conglomerates. A 2005 study showed that the majority of African businesses were small, since only 2 percent employed more than 10 persons. Among these small and micro enterprises many were unregistered and operated in the informal sector, including the services sector (such as hairdressing, commercial transportation, auto repairs etc). The informal sector contributed an estimated 20-40 percent to African GDP (McDade and Spring, 2005). Registered micro- to small scale enterprises in the formal sector operated in formal municipal markets and were taxed. Many African women operate in this market segment by selling almost anything in urban markets – from water to curtain fabric, to manufactured footwear, or they were owners of private clinics, hotels, supermarkets and tourism operations. There is a sustained growth in medium-scale businesses. The so-called ‘missing middle’, which seemed to be obscured during the early 1990s, emerge as a growing business segment in the new African economy. A study of six African economies (Botswana, Cote d’Ivoire, Ghana, Kenya, Malawi and Tanzania) exposed large numbers of formally registered middle sized privately owned enterprises. As an example, in Tanzania more than 5000 formally registered road transport companies were identified, in Ghana more than 2000 businesses applied for business loans from financial institution, with the average investment project funded was

US$1.5 million (Marsden,1990). The emerging new African enterprises soon re-established commercial networks. In 1998 West African entrepreneurs established the West African Enterprise Network (WAEN), followed by similar networks in East Africa and Southern Africa (EAEN and SAEN). A study of network members revealed that 95 percent of the sample group was owners of their enterprises, 85 percent acquired their businesses themselves, 72 percent owned a single enterprise, but 28 percent were multiple business owners (McDade and Spring, 2005).

A growing number of the African enterprises are large conglomerates, which expand into global markets as emerging market conglomerates. The structure of big private business in Africa resembles similar global conglomerates. A vast array of examples can be mentioned. Based on market capitalization in 2014 the largest African company is BHP Billiton, a mining and metals company, with a market capitalisation of US$ 76,3 billion. In the second position is SAB Miller with a market capitalization of US$50 billion, both companies listed in South Africa. The next is Sasol the South Africa oil and gas and chemicals conglomerate with a market capitalization of US$37,6 billion, followed by Naspers, the media conglomerate with a market capitalization of US$34,8 billion. Under the top ten African companies by market capitalization nine companies are South African and one Nigerian. The top non-South African conglomerate is the Dangote cement group of Nigeria, with a market capitalization of US$22,7 billion (www.africanbusinessmagazine.com/sector-reports/africa-top-250-companies). These are the private conglomerates, but the largest company on the continent, are still SOE's. Ranked by turnover Sonatrach of Algeria, a petroleum company, is the largest, followed by Sonangol, an Angolan petroleum SOE. In terms of turnover the third largest company in Africa is Sasol, the South African oil and gas company, and in fourth place MTN, the South African telecoms company. Sasol and MTN are private companies (www.theafricareport.com/top-500-companies-in-africa-2013) The distribution of sectors in which the top fifty conglomerates are active, is as follows: banking, finance and insurance – 26 percent; consumer goods and retailing – 22 percent; mining -14 percent; media and telecoms – 12 percent; diversified conglomerates, health care, construction respectively – each 1 percent; and 3percent in manufacturing.

Africa has emerged as the fastest growing region in the world – even outperforming greater Asia. This resulted in the return of the world's best known MNCs to the African market – from automobile manufacturers and distributors (Nissan, Toyota, Rover Daimler, Mercedes Benz), consumer goods Nestlé, Cadbury, Unilever, Michelin), global mining conglomerates

(Lonhro, Rio Tinto, and health care manufacturers (Proctor & Gamble, Colgate Palmolive) to telecoms (AT&T, Nipon Telecoms) and IT (Hewlett-Packard, Microsoft). At the same time a growing interest by private equity investors was displayed in African businesses. Private equity investment flows into all sectors of the African economies, despite the risks inherent in the market, such as corruption, conflict, disease. Private equity investors become involved in the actual operations of the businesses in which they invest. Management of African businesses is by the owner, but local entrepreneurs have become increasingly susceptible to the value that could be added by private equity investors as investment returns are enhanced by the transfer of managerial and operational experience from investor to owner/manager businesses. Where much of the early investment of private equity investors were directed to businesses based on fixed assets, such as mobile phone masts, the rising consumer and retail demand among the rising middle class and super rich in Africa, led to growing interest in investments in restaurants, retailers, packaging, and payment systems[4] (Economist, 24/1/15).

The scholarly explorations into these recent developments in African business have been limited. The discourse in Business History journals hardly ever engage with the issues of firm structure, agency of entrepreneurs and managers, organizational structure and change, or business strategies in African business. While studies into MNCs operating across the globe do address operations also in Africa, is the field of systematic investigation into the history of the post-liberalisation African enterprise or conglomerate notably absent. After the adverse experiences by African countries of the World Bank structural adjustment programmes, partly because of the focus on the state as the legacy of the dependency theory and the centrally planned paradigm (Pedersen & McCormick,1999) and the initiatives to revive Africa's economic growth through NEPAD (Luiz, 2007), African seemed to 'open up for business'. Olufemi Babarinde (2009) wrote," Beginning in earnest in the early 1990, there was a noticeable dramatic shift in the management of the economy, polity, and society across the African continent, which, in the end, has improved the African business environment, and could be attributed to a confluence of several factors… the end of the cold war, rise of pluralist democracy, regional integration agreements and economic reforms". These changes led to a shift in the focus on private enterprise as the driver of growth opportunities in Africa,

4 *The Economist*, 24/1/2015: To illustrate the point: in 2012 ECP invested in Nairobi Java House, a Kenyan coffee chain. ECP has since assisted Nairobi Java House to diversify into a new enterprise, Planet Yogurt, a group of frozen yogurt outlets. In similar fashion, Helios purchased in 2013 1 600 franchised Shell petrol stations across Sub-Saharan Africa. This strategy was not only to participate in the fuel business, but also to develop the convenience stores at the petrol stations

rather than the state. Gradually more studies shifted towards the development of business enterprise in Africa.

In the context of the 'renaissance'-perspective on Africa, new studies were conducted on aspects of indigenous business operations and organizations. Wariboko (1998) revisited the canoe house system (*wari*) in the Niger delta prior to the slave trade and found the operation of a rational system of governance by indigenous traders, responding to transaction-specific investments in the interest of long-distance trade (p.169). Forrest (1994) published a comprehensive outline of private enterprise in Nigeria showing indigenous business development gaining gradual momentum since the 1960s, but this is not business history analyzing the nature of the firm, the management and structure of the enterprise, performance in the market or strategies of development and expansion. Forrest rather gives an overview of the political economy of indigenization, business and the relations with the state. Indigenous Sierra Leonians' role in the transport business in Freetown was explored by Jalloh (1998), pointing to the family-structure of ownership and operations. The ethnic Fula from Sierra Leone as well as from neigbouring Guinea, emerged as the entrepreneurs, who established themselves successfully in the motor industry. Family business histories have gradually entered the journals (Verhoef 2010b; Thorius &Maritz, 2010; Bawa, 2006), with the focus on the entrepreneur, the colonial heritage of some firms already in the fourth generation. The context of African family businesses is sometimes complicated by traditional succession systems where the 'chief' maintains an inherited position, not compliant with the risk model of private business in the free market context (Osnes (2011). Most of the histories on business were undertaken by non-Africans, depicting the pre-occupation with the 'colonial conscience' of the legacy of imperialism.

The nuanced business history on an old client, the Ashanti Goldfields Corporation (1895-2004) [AGC] is perhaps the first business history on an African firm this century. Ayowa Taylor revisited the AGC in thesis at LSE in 2006. His work is based on the AGC company records to analyze the evolution of the AGC as a stand-alone British company through the colonial period to the point of emerging as a multinational corporation in the twenty-first century. Throughout the study the focus is on profitability, efficiency as a firm and the social responsibility in society. Taylor acknowledges the political economy context of the post-independence era as only one phase of 'uncertainty' the company had to negotiate. Addressing all the theoretical paradigms applied to African economic history, he refutes the dependency theorists, agrees with Cain & Hopkins' 'gentlemanly capitalism' for a period of

AGC's history and then notes the opening up of the market after the Ghanain state embarked on free market policies in 1983. The critical success factors were all management related: he puts the longevity of the company to technical expertise, continuity of persons responsible for management, and executive conservatism (pp.295-296).

The sidelining of South Africa has had a negative influence on the engagement of business historians with the business history of South Africa. On the development of the financial services industry (banking, building societies, investment banking, central banking and community banking as well as informal savings organizations [ROSCAS] in South Africa) an extensive literature was published since the mid-1980s.[5] This literature explores the financial structure underlying the development of a sophisticated modern economy, portraying successful management strategies as well as collusive practices, as observed in other parts of Africa. In South Africa foreign control over the largest part of the financial sector was prevalent until the late 1980s, when British banks disinvested in response to statutory requirements of domestic ownership. This development can be compared to the 'first indigenization' policies of independent African states, but in South Africa it was observed as repressive, because the country was still under white minority rule. In practice it implied the development of a highly concentrated financial services sector, with interlinking ownership between local insurance companies and banks, resulting in the country's ability to sustain access to finance for domestic development in spite of international sanctions (Verhoef, 2010a). Following international financial deregulation, the local financial services industry was also deregulated, but was not absorbed by globalizing international banks (Singleton & Verhoef, 2010). Key industries were developed under state control, and in some cases privatized (for example Sasol, as discussed above). As protectionist policies were introduced since the early 1920s to promote the development of the local industrial sector, local entrepreneurship in a wide variety of enterprise development developed and expanded into strong local business. Various studies were published on agri-business (Van Zyl, 1974, 1975,1993; Aucamp,1987,1989), shipping companies operating on the east coast of South Africa (Dickinson, 1988), the development of a local motor industry under protectionism (Duncan, 1992; Dix,1995; Kaggwa et al, 2007), Afrikaans mining enterprise challenging the dominant English mining industry (Verhoef, 1995), local engineering businesses (Verhoef,

5 The list is an extensive one: See http://home.intekom.com/joni/VOL1-24.HTML for the full table of contents of the *South African Journal of Economic History*, of which the name changed in 2010 to **The Economic History of Developing Regions (EHDR)**, published by Taylor & Francis.

2001), local entrepreneurs and the development of manufacturing in South Africa (Schirmer, 2008), international linkages in the development of technological capabilities in the chemical industry, with reference to Sasol (Bromfield and Barnard, 2009) as well as the operation of foreign multinationals in South Africa – Fieldhouse on Unilever, Barker on Pilkington, Kilvington on British textile manufacturers and Newbury on the international diamond trade and De Beers (SAJEH 1995). These business developments were not acknowledged in the discourse on African business, since they were South African and South Africa was isolated from the international community. These studies nevertheless offer a useful basis for comparison with the emerging enterprises in other African countries after the 1990s. These businesses challenged foreign enterprise to promote local ownership and enterprise, which is a process currently emerging forcefully in African business.

The sophisticated banking system contributed, as in other parts of the world, to the growth of big business conglomerates, which were able to take advantage of the opening up of the international markets for South Africa after 1994. There is now a dynamic and fascinating history to be told of the globalization of South African conglomerates (Verhoef, 2011; Goldstein, 2012). This development is increasingly occurring in collaboration with African business partners, eg South African banks are partnering with African institutions to develop joint ventures in insurance, banking, finance and electronic payment systems. These developments are current and could benefit from a systematic revision of the primary documents of parties currently involved in these developments, seeking out the roots of collaboration and mutual trust that had been ignored because it did not suit the imperial paradigm of exploitation and suppression. Recently a doctoral study on the policy-holder profile of a leading South African insurance company revealed the marketing of policies to all race groups in South Africa since its establishment in 1918, the employment of people of colour since the beginning and its growing black, Indian and Coloured people policy-holder base since 1918 (Halleen, 2013). In the more than quarter of a century existence of the SAJEH more than 70 articles were published on company histories, private enterprise in agriculture and manufacturing, banking and business as well as the development of industries, with two special issues devoted to business imperialism in South Africa and entrepreneurship. These now need integration into the African-wide examination of emerging African business – irrespective of the race of the owner/entrepreneur.

The nature of African entrepreneurship has been the focus of a wide range of studies (Marsden, 1990; McDade & Malecki, 1997; Fick, 2002; McDade & Spring, 2005), with specific attention awarded to the establishment of networks of business people for support, information, access to finance and a stronger voice in the public arena. As explained above, large conglomerate African business entered the market. Unfortunately little scholarly investigation into the development of these companies have been done. These are big conglomerates operating across regions in and outside Africa, have different ownership structures and employ different growth strategies. Examples of such groups are the **Dagote** group in Nigeria, a listed cement manufacturer; the **soleRebels Group** of Ethiopia, the only global footwear company to emerge from a developing nation; the **mPedigree** electronic system allowing the purchaser of medicine to establish the authenticity of the medication prior to use, in order to protect users from counterfeit medicine (mPedigree operates in 6 African and 2 Asian countries facilitated by 22 telephone companies); **Etisalat** is a long term African investor in telecommunication services in sub-Saharan Africa, with its West African networks linked to GSM networks; **Buchanan Renewables** is a Liberian integrated renewable energy and sustainable biomass supply company (African Business, 2011). These enterprises offer an outlook on the African business enterprise hitherto unexplored in Business History scholarship.

A new phenomenon in African business, is the 'African billionaire' – the super-wealthy African entrepreneur and businessman. Many exponents of African business justify attention. Consider Koos Bekker of Naspers (the largest emerging market conglomerate) (www.naspers.com); Paul Orajiaka, a 37 year old Nigerian entrepreneur, founder of Auldon Limited, the Nigerian toy company (www.auldontoyworld.com); Nassef Sawiris, successor to the founder of Orascom Construction, an Egyptian construction company (www.orascom.com); Michael Ibru founder of the Ibru group of companies (in oil, construction, aviation, marketing, banking, agriculture etc – starting off as an amployee of the United Africa Trading Company in the 1950s) (http://en.wikipedia.org/wiki/ibru Organization); Ashish J Thakkar, CEO of the Mara Group, a pan-African computer trading company (http://arabiabusiness.com) ; Aliko Dangote, the Nigerian cement tycoon (http://www.dongote.com) ; Jonathan Somen, founder and CEO of Access kanya, a family-owned internet business (http://www.accesskenya.com); Issad Rebrab, founder of Cevital, Algeria's family-owned largest conglomerate (food, processing industry, automotive and services, and industry and distribution) (http://www.cevital.com); Mohammed Dewji, who turned the trading house established by his father into an industrial conglomerate, the Mohammed Enterprises Tanzania Ltd (MeTL) Group (http://www.metl.net); the Madhvani

Family group of companies, started by two Indian brothers in East Africa, trading and producing sugar and eventually diversifying into other industries such as glass, textiles, pipes, safety matches, packaging etc (http://www.madhvani-misa.com); Mohamed Mansour, founder and CEO of the Mancapital Group, a diversified business enterprise starting in textiles and branching out into automobiles (http://www.mansurgroup.com). These are only some of the entrepreneurs who have made massive strides in establishing and developing business in Africa, but scholarly investigation into the strategy, structure, organization and impact of their enterprises as representatives of the new African businessman remain wanting.

A growing body of literature is being published in the *African Journal of Business and Economic Research* ***(AJBER).*** This journal is not confined to the study of business history, but explains the role of culture in African management practices and how this impacts on the operations of African business in the global context or in their interaction with international business entering the African market (Kuada, 2006). It also considers the intricacies of collaboration between firms from developed and developing countries (Narteh,2007); the relationship between MMCs and local firms to which operations are outsourced have had detrimental results for small local enterprises, but favourable outcomes for others (Kuada, 2008). This interaction between global and local business in Africa has a long history, but much more research is needed into the development of competitiveness of globalizing African firms. This literature also considers that in market-oriented economies post-1990 small business enterprises have applied strategic management practices in different ways and had different outcomes, a phenomenon African scholars have been grappling with (Osuagwu, 2009). These questions are the subjects of investigation in African Business Schools, but the business historian can make an invaluable contribution by exploring these developments over time and context.

Quid novi in Africa?

The *Varieties of Capitalism* literature underlines the moulding of markets in the specific context of the particular location (Hall & Soskice, 2001). Business historians are called upon to redirect the search for a new dominant paradigm to the embracing of the diversity of perspectives and opportunities which arise from other disciplines considering business as institutions, as located in local cultures or as agents of political and social change in a wide scope of contexts. In Africa the challenge is a dual one: one the one hand businessmen in

Africa have emerged as part of the global world of business, risk, markets, profit and global expansion. On the other hand they also embrace the so-called 'African Renaissance'. Just as European nations joined the European Union, but still harbour national interests, African business has national roots, but a growing global reach. By redirecting the conceptual foci away from the first world, the USA and the UK and the EU, business historians will find a synergy of a different culture of work, business and society, a closer state-business relationship and the liberal capitalist market, as a result of the post-colonial legacy of state-owned enterprises (Scranton Fridenson, 2013:34, 48-49). What is new in African business? A closer coexistence exists between the state and business, through regulation and policy-making (Luiz, 2007), which means that business historians need to establish a better understanding of the state-business relationship, or as it is often referred to the 'PPP' – public private partnership. A deep understanding of the embeddedness of colonial-era practices and perceptions is vital to unpack post-colonial developments. As Amatori & Colli phrased it- there are different strategies for 'catch-up' (Amatori & Colli, 2011), which has important implications for the study of business history in Africa.

Furthermore the renegotiated relationship between MNCs and local business facilitated by state policies of indigenization, contributes to conditions to market access. Following from this phenomenon, the development of local enterprise and entrepreneurship in competition to powerful and dominant imperial or foreign business, framed local business. Here attention needs to be directed at sources of finance, the role of the state, persistent policies of protection despite international trends to the contrary and the influence of trade unions on market relations. Furthermore the nature, structure, strategies and institutional contextualization of the new emerging African global conglomerates and their entrepreneurs and managers seem very similar to those of the entrepreneurs of the early MNCs, but this assumption has not been explored through systematic comparison. In the last instance, the strategies of global expansion of the late-comer African emerging market conglomerates were rapid, often without ownership, location of internalization advantages. This points to the ability of such conglomerates to learn, link and leverage off global markets (Matthews, 2002, 2006), an experience with globalization comparable to the internationalization of South East Asian conglomerates. This matter though, still needs careful study.

Hopkins (1987) and Tignor (2007) have both made suggestions about the way forward for Business history in Africa. Both referred to the use of primary business archival collections, which is off course dependent on the availability of such collections and permission by the corporate community to facilitate access. From a different position it could be argued that a determined effort to write about African business, will put pressure on the business community to collaborate, since the benefit of enhanced understanding of strategy, managerial capabilities and potential successes might have the desired outcome for business. The growing research output from business schools in Africa, which is not historical in nature, point towards the novelty of the enterprise. The conduct of Business History in Africa will manifest in a different environment than the 'Harvard Business School' model, but even that model has taken on another life. I suggest there is no single 'model' for the pursuit of the Business History endeavor in Africa. There are valuable lessons to be learnt from the vast literature on Business history in the established community of scholars. Considering that Africa is a vast continent, with a diverse population and economies on different development trajectories, business history of Africa depends on the acknowledgment of that diversity as well as the recognition of the converging tendencies of globalization.

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