Chapter 5
Business in Independent Africa

Abstract Entrepreneurial resilience in spite of the state. Verhoef outlines business activity during the post-independence period in Africa as having to negotiate new market distortion in the form of authoritarian regimes, where political favouritism and different forms of discrimination characterised newly independent states. Formerly, unknown cases of business resilience under conditions of socialist macro-economic policies and a dominant position for state-owned enterprises in the leading economic sectors of the new states are discussed, whereby the state-business relationship since the 1960s emerges. Verhoef describes the Botswana exception as a case of business-state inclusivity, as opposed to statutory ethnic marginalisation and nationalisation that destroyed opportunity and undermined growth in independent states. Verhoef illustrates the inhibiting impact of state power on the development of small entrepreneurs and managerial capabilities in the private sector, as SOE management failed the states.

Independence in Africa promised a better life for all Africans. In January and February 1960, the British Prime Minister, Harold Macmillan, visited African countries; visibly impressed by 'African nationalism', he said in an address before the South African Parliament that 'the winds of change had swept over Africa' and that those winds were irresistible. The new African leadership entered a political order in which they owed no limiting responsibility to the former colonial powers. They also inherited an economic landscape resembling the colonial order of business and enterprise. Political independence brought independent political decision-making, but economic and ownership relations were more complex to change. The post-independence economies displayed continuities with the colonial period. The new political leaders faced the choice between stability and delivering on decolonisation promises of a better life after independence. The colonial economies were characterised by a dominant role performed by the colonial state, a weak role performed by local or indigenous entrepreneurs and local organised labour and a persistent dependence on foreign markets and capital resources (Austen 1987: 224). The development of African business networks and independent entrepreneurial initiatives done by Africa's decolonisation does not yet represent significant African control over business and the economy. The transition to a 'modern Africa' only

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entered the colonial powers' imagination in the post-war era, when 'modern' phenomena, such as the urban centre, the workplace and the office of government as distinct from the land and village, entered the realm of ordinary inhabitants of the colonies. The vision of independence included the modern state, the modern society with the modern quality of life (Cooper 2002: 82–85). How the newly independent nations were to interpret the hopes of their people would be decided by political rhetoric and economic reality. When the decolonisation process commenced towards the late 1950s, only seven African states (Egypt 1922; Libya 1951; Tunisia 1956; Morocco 1956; Sudan 1956; Gold Coast 1957; Guinea 1958) were independent. In the next 5 years, all the French colonies were liberated, and Britain, hoping to secure the transition to responsible new leaders capable of ruling a modern state, granted independence in a protracted fashion, to its colonies, until 1976. Portuguese colonies became independent after the 1974 coup d'état in Portugal and Zimbabwe in 1980 after negotiations for the transfer of power to a black majority government.

The uppermost importance of political independence for Africans was epitomised by Kwame Nkrumah, who propagated 'first the political kingdom and all things will be added unto you' (Tignor 2006: 173). Economic development could only be achieved through dedicated planning and a mobilisation of all resources and economic policies reverted to what Austen called 'neo-mercantilism' (Austen 1987: 214), since no change occurred in the relationship between the state and the private sector after decolonisation. Industrial development was a priority, and yet the necessary structural change did not occur. By the mid-1960s, agriculture contributed 41% to Africa's GDP (excluding South Africa), and more than 80% of the working population worked in agriculture (World Bank 1991: 209). Manufacturing as a proportion of Africa's GNP in 1960 never exceeded 15% (Ajayi and Crowder 1985: Map 71). Manufacturing or industrial development, except in South Africa, was limited, and subsequently the contribution of manufacturing contracted to 0.6% by 1973 (Van Walraven 1999: 35–39). African economies remained dependent on international price movements through the marketing of crops on world markets.

The new elite and the rulers of independent Africa believed that control over governance structures and resource allocation had to be in the hands of the indigenous elites. They as the new rulers were the custodians of the new economic prosperity, which they were to construct from the centre of power to eliminate poverty and deprivation. Two broad models of economic development were applied in the post-independence era: state capitalism or state socialism. State capitalism entailed a central role for the free market mechanism, an expansion of export production to finance importation of capital goods and the pursuit of policies aimed at catching up with other capitalist countries primarily though industrialisation. Most independent African states went the state capitalism route, since almost all the newly independent states suffered from a lack of national savings to fund the transition of development. Capital had to be imported and the state was the agent of the market economy. The *statism* model was central to independent Africa. The state engaged in central planning, managing public enterprises and devising policies of transferring ownership of assets to indigenous Africans. This state had a chequered reputation of being unhelpful, inefficient or, at worst, predatory in its relationships with local and foreign business (Austin 2016).

State socialism was the explicit policy of choice of only a few independent states; the most well known is Guinea and Tanzania. Some other independent African states referred to themselves as 'people's republics', such as Guinea, Benin and Congo-Brazzaville. The state in this context was strongly centralised, but the operations were not always worthwhile. In some cases the risks of vulnerability of overdependence outweighed the benefits of participation in the central state (Azarya and Chazan 1987). To President Nyerere, the leader of the Tanganyika African National Union (TANU), the development based on 'money' failed, and therefore Africans had to build a solidarity and co-operation based on 'fundamental African values and community solidarity'. In the 'Arusha Declaration' of 1967, the fundamental principle of 'socialism and self-reliance' constituted the essence of *ujamaa*, that is, African socialism. The forceful implementation of *ujamaa* in Tanzania did not bolster mass support or success. In 1990 Nyerere announced the termination both of the one party state he enforced and *ujamaa*. The new market-oriented policy had to reverse the economic decline since 1967. This coincided with the rest of Africa's grappling with endemic debt and structural adjustment. Entrepreneurs and the private business sector had to operate in the context of the interventionist-dominant state as the only context of business development and entrepreneurial opportunity after independence.

The state as active participant in economic reconstruction was not novel to Africa. The colonies experienced the interventionist colonial state since the late nineteenth century as colonial authorities sought to direct economic activities to generate revenue to pay for the colonial administration. After the Second World War, the British and French states engaged as developmental states in Africa planning and overseeing the implementation of infrastructure projects. The rising new educated leadership in the colonies witnessed the power of the state. In post-war Europe and the United Kingdom public enterprises operated across the entire economy. The state operated actively in various sectors of the economy—in the petroleum sector, in railways, in other utilities and in the armaments industry. The worldwide Depression of the 1930s gave further impetus to state intervention, and after the Beveridge Report of 1942 in Britain and Jean Monnet's *Plan de Modernisation* in France, governments in Europe were economically active seeking to remove sectoral imbalances, thereby aiming at sustaining development and secure full employment (Amatori 2015). Different motives existed for the nationalisation of private enterprises and the conversion into public ownership and control, but in post-independence Africa, the new leadership considered state intervention the only strategy to secure modernisation and a better life as promised to the voters.

5.1 Ideology, Policy and Business

The colonial powers did not develop local entrepreneurship or any form of independent indigenous business class. African merchants and entrepreneurs experienced colonial policy as biased towards the European businesses and metropolitan

trading networks. In colonies with a substantial settler population, such as Kenya and Southern Rhodesia, economic policies rendered support to the European enterprises and plantation agriculture. The focus on the European commercial and agricultural sectors effectively marginalised indigenous entrepreneurs. Post-independence policies were expected to promote indigenous entrepreneurs, but the state apparatus was often used to benefit those in power through state-owned enterprises. The post-independence institutional arrangements failed to constrain the state, but rather aided the ruling elites with opportunities to abuse power, engage in corrupt self-enrichment and direct state-owned enterprises at their own personal benefit instead of developing an industrial base. Mbaku declares, 'State intervention in the African economies encouraged corruption and rent-seeking...' (Mbaku 2002: 225). An asymmetry developed between state and local entrepreneurs as institutional instability perpetuated uncertainty, a condition disincentivising business. The debate in the 1970s was dominated by the political economy of the dependency theorists Walter Rodney (1972), Evelyn Rich and Immanuel Wallerstein (1972) and Samir Amin (1978). The dependency literature impacted extensively on the interpretation of African economic history (Fahnbulleh 2006; Tignor 2006). The focus was not on the unimpressive performance of newly independent African states, but argued the case for structural 'underdevelopment'. The literature did not address the agency problem in Africa—neither the agency of the rulers nor that of individuals. 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). As the state was the vehicle to protect the public interest, individuals or ordinary citizens were overlooked and subjected to the state. Redistribution of wealth was the dominant slogan of post-independence Africa and not the creation of wealth. Security of property rights, individual freedoms, freedom of access to foreign exchange and markets and the freedom to decide what to produce were subject to state planning. Stable macro-economic conditions did not exist, high inflation undermined business confidence, and finally Africa turned to the international community for debt relief by the late 1980s.

In the post-independence era, expatriate European firms dominated the economies in which they operated. Hopkins (1976a, b) and Tignor (2006) surveyed the literature on foreign firms operating in Africa, noting that those enterprises dominated commerce and mining. Independent African entrepreneurs were predominantly engaged in trading and not manufacturing or mining. The roots of entrepreneurial activity in the indigenous African societies and the Indian communities ran deep, but few had sufficient capital or managerial capabilities to challenge the hegemony of the big expatriate firms. Few African merchants developed their enterprises beyond a 'middleman' role of purchasing raw materials/cash crops and selling to industrial concerns. Indigenous African entrepreneurs did not venture into industrial development before the end of colonial control. At the end of the colonial era, Nigeria had the largest industrial sector in tropical Africa, based on total industrial production. That was ascribed to the large Nigerian population that

offered the market for such goods, but the industrial sectors as a proportion of GDP was higher in the Belgian Congo, Senegal, Kenya and Southern Rhodesia—primarily as a result of the large European settler communities with their savings, skills, entrepreneurship and ability to secure colonial government protection. Indigenous private enterprise did not enter the industrial sector. Sometimes ethnic minorities, such as the Syrians or Lebanese families who had arrived in the region by the 1920s, established themselves through hard work and dedication in industrial production, transport and the motor industry (Kennedy 1988: 32–33; Wickins 1980: 221–222). In the post-independence rhetoric, the state targeted industrial development aiming to build economies able to compete internationally and bring about improved standards of living. The first strategy to secure African ownership and control of business was nationalisation of assets. The next step was Africanisation or indigenisation programmes. Both strategies involved an authoritarian state, or the state as primary vehicle for social transformation, integration and consolidation (Azarya and Chazan 1987: 106).

Not all private enterprises were expropriated or nationalised, but the small-scale and limited capital of the local private sector and the predominantly non-African nature of that sector were put forward by the new independent states as justification for adopting a socialist policy framework. Expropriation occurred 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% of African economies' GDP, compared to an international average of 10% and 5% in OECD countries. African SOEs accounted for 25% of total formal sector employment and more than 18% of all non-agricultural employment; SOEs accounted for more than 20% of gross domestic investment, compared to 4% in OECD countries, 15% in Asia and 5.5% in Latin America, and 34% of domestic credit. In 15 out of 22 Francophone African countries, SOEs ranked first in sales.

The problem was that SOEs failed to meet the expectations of their creators and their funders. 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 is 0.2%. 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% of surveyed SOEs posted net losses, and 36% were in a state of negative worth (Bovet 1985). African SOEs suffered from the following shortcomings: poor investment decisions, inadequate capitalisation, below cost pricing, collection deficiencies, poor reporting systems, and deficient Boards of Directors.

5.2 Power, Business and the People: Ghana

The new political elite did not consider indigenous African entrepreneurs the solution to economic empowerment. In Ghana, the first West African British colony to become independent in 1957, the political economy of Nkrumah ruled out the development of African entrepreneurs. When the later Nobel laureate Sir Arthur Lewis advised Nkrumah on development strategies for Ghana, his advice was met with a political response, that ' . . .I have told you on many occasions, that I cannot always follow this advice as I am a politician and must gamble on the future' (Tignor 2006: 173). Lewis advised Nkrumah to promote agricultural productivity as a source of surplus production to fund industrial development, not by means of state subsidies but by the release of surplus labour from agriculture to the industrial sector. Such policies Lewis proposed should have been the responsibility of the Department of Agriculture, but Nkrumah wanted the marketing boards to control surplus allocation, since it offered rewards downstream to political loyalists. Lewis' advice on market-driven industrial production was brushed aside as Nkrumah distrusted foreign investors and doubted the ability of the Ghanaian entrepreneurial class to achieve industrial development in Ghana (Dawson 1991: 174). Lewis ultimately left Ghana disillusioned that the new political leadership in West Africa was not going to stimulate economic development through market incentives, but engendering development through the state. In his *Politics in West Africa* (1965), Lewis expressed grave disillusionment with the 'power hungry demagogues' (Lewis 1965: 35) who systematically crushed opposition portrayed as 'weakening the efficiency of the state' and who perceived an elite political party 'the supreme instrument of society' (Tignor 2006: 172). Between 1962 and 1966, Nkrumah systematically increased the role of the state in industrial production. The state established vast state rubber, cotton and sugar plantations and poultry farms. Twenty-two import substitution industries were established across cities and towns—all part of a major 10-year development plan (Ball 1997; Anin 2003: 20; Woode 2012: 13–14; Austin 2016: 14–17). State-owned enterprise production rose by 70% making up around 33% of total manufacturing production. The state invested in high-capital-intensive industries, which were often new industries not relating to Ghana's own resource endowments. A quarter of that production was a net foreign exchange loss (Steel 1972). Nkrumah expelled large numbers of foreigners from the country and reserved small-scale enterprises such as trading, bakeries and printing for indigenous Ghanaians. Industrial output soon shrank in both the large-scale state sector and small-scale industries (Killick 1978; Ball 1997). Ghana subsequently suffered perpetual political instability (several military coups and government changes) and total economic collapse. Ghana had to register for the World Bank's Economic Recovery Programme in 1983. Independent Ghana did not foster private entrepreneurial development. Nkrumah aligned Ghana with non-aligned countries, especially China, and invited their capital, skills and technology to Ghana. He also established strong ties with Japan. The open door to foreigners, especially with technical skills, brought many Lebanese immigrants to

Ghana. These Lebanese ultimately became Ghanaian citizens and established themselves in key industries, albeit in small-scale enterprises. It was only under General Busia in 1972 that specified employment opportunities were reserved for indigenous Ghanaians (Adom and Zogbator 2016: 349–351).

The entrepreneurs who survived the state were building on the earlier legacy of merchants/traders of the precolonial and colonial period. These entrepreneurs had the competitive advantage of entrepreneurial capabilities developed through the trading companies; they understood the local market, culture and tradition (Sutton 2012: 11–12; Garlick 1971). As the demise of the state industrial sector towards the 1970s, informal small-scale enterprises emerged, especially, as noted by Dawson, in the metalworking and light engineering sectors—these include vehicle repairs and manufacturing of small agricultural tools by blacksmiths or manufacturers of charcoal stoves (Dawson 1991: 178–181). The failure of Nkrumah to develop Ghanaian industrial sector led to the successor military regime's introduction of free industrial zones, where foreign and local entrepreneurs were incentivised to establish industries. Some new industries entered the zones, but business operations remained small. Entrepreneurs failed to compete with the state industrial sector. A number of businessmen did establish themselves in the Nkrumah era and developed managerial capacity, but remained small businessmen. The management in state-owned enterprises was dismal.

The bulk of private business of Ghanaians was petty trading of agricultural crops and crafts. Industrial production was small and by the twenty-first century comprised only 16.8% of Ghanaian exports originated from industrial production (Sutton and Kpentey 2012). In agriculture the cocoa processing industry is the biggest, but was controlled by foreign capital at independence. The West African Mills Company was established in 1947 by Gill and Dufus, but was nationalised by the state and run by the Ghana Cocoa Board after 1960. Cadbury operated in Ghana since 1908, but was registered as Cadbury Ghana in 1968, allowing for incorporation in Ghana. The Ghanaian peasant cocoa producers were well organised, but did not control processing or export trade. The private salt production company Panbros Salt Industries Ltd. was established by two Greek brothers, Panagiotopolous, in the early 1950s but acquired by the Ghanaian entrepreneur Christian Appenteng. Foreign firms controlled the processing of palm oil, but in 1975 the Ghanaian Government established the Ghanaian Oil Palm Development Corporation (GOPDC) and in 1977 Twifo Oil Palm Plantation (TOPP). The state-controlled oil processing through GOPDC and TOPP. In 1967 two Lebanese brothers, Anthony and Edmund Irani, established the first wheat flour mill for the bread industry in Ghana, and the family firm was sustained since 1970. The first fish processing plant was established in 1972 by Ghanaian Robert Ocran, as Mankoadze Fisheries in a free zone. The company was later renamed as Pioneer Foods Cannery and in 1994 acquired by a German concern. In the beer and beverage industry, a number of Ghanaian concerns entered on a commercial scale in the 1950s, but they were all absorbed by the state and later by large international companies. In the wood and wood product industry, a Ghanaian of Lebanese origin, John Rashid Bitar, formed a logging and sawmill in 1961, in 1968 acquired the milling plant of R

T Briscoe and sustained a family business to the present day. Other Lebanese families also established enterprises in the metals and engineering industry. In 1965 Elias Azar established the Wire Weaving Industries and in 1968 the Azar Chemical Industries, which manufactures a variety of paints. The company distributes its paint locally and exports into West Africa. The company is currently under third-generation management. A second company was established by a Ghanaian of Lebanese origin, Boutros BouChedid, in 1964. The company, BBC Industrial Company, also operates in the paint industry. In 1970 a Lebanese national, Saied Fakhry, who was a general trader in Ghana, set up Interplast Limited. Interplast manufactures plastic pipe systems and fittings and distributes across West Africa. In 1973 Robert Hitti established a small plastic company, Greenplastica Limited, to manufacture packaging and household plastics. These operations expanded into the production of between 6540 and 7800 metric tonnes of plastic products per annum. In the building construction industry, Italian and Dutch families established enterprises in Ghana. The Dutch Schoekbeton HBG company was a shipbuilding concern that in 1956 began the manufacturing of precast concrete. It was acquired by Ghanaian nationals under indigenisation and is still engaged in the construction industry as African Concrete Products Ltd. The Italian entrepreneur Giovanni De Simone established De Simone Ltd., a building and civil engineering company, which is currently under third-generation De Simone management. In civil engineering Micheletti and Company is the leading Ghanaian company. E. Micheletti immigrated to Ghana in 1955 and identified the market opportunity to deliver quality and timeously on civil engineering contracts. The Ghanaian state-controlled cement production since the first plant was established in 1967, which meant that private enterprise could not operate in the market until the late 1990s (Sutton and Kpentey 2012).

The Darko Farms and Company Limited was established in 1967 by Kwabena Darko, an indigenous Ghanaian, who as a young child assisted his stepfather on a poultry farm. Kwabena Darko pursued studies in poultry science in Israel during the last half of the 1950s. He worked for the Ghana State Farms Corporation after returning to Ghana, but after 6 months joined his stepfather's poultry farm. He expanded operations and registered Darko Farms and Company Ltd. in 1967. He is the chief executive officer since 1969. The company maintained limited operations during the Nkrumah era and the subsequent economic collapse up to the late 1970s. The expansion occurred after the 1990s when the state privatised many state-owned enterprises; Darko expanded operations based on acquired business capabilities, market knowledge and economies of scale, but this occurred only after the 1990s.

5.3 Power, Business and the People: Nigeria

Nigeria became independent in October 1960, with agricultural production of cocoa, groundnuts and cotton constituting the bulk of its exports. The President Nnamdi Azikiwe and the Prime Minster Sir Tafawa Balewa were less radical

political leaders than Nkrumah. Nigeria's ethnic and religious diversity and federal political structure was responsible for a very long period of political instability. Balewa was the most powerful politician, representing the most populous northern state, seat of the Hausa and Fulani peoples, who were predominantly Muslim. The better educated people were in the Igbo of the Eastern State and the Yoruba of the Western State. There was a constant fear by the northern peoples that the state would be captured by the better-educated eastern and western states, especially since the centre of economic power swung to those states as oil was discovered in the south of the country at Oloibiri in the Niger Delta (eastern state) in 1956. In 1958 Nigeria started producing oil. Onshore and offshore oil exploration was opened to foreign companies after 1960. In January 1966 General Ironsi toppled Balewa in a military coup. Ironsi was an Igbo, vowing to restore competence and regularity to government. Ironsi was deposed and assassinated in July 1966, General Gowon succeeded him, but the anti-Igbo eastern state declared itself independent in 1967. The devastating Biafra civil lasted until 1971. Gowon restructured Nigeria into 12 states to break the colonial ethnic legacy. Oil revenues paid for the remapping of Nigeria, the 12 new governments, 12 new capitals, 12 new universities, etc. The construction industry boomed, absorbing labour resources, to the detriment of the cocoa industry. The state nationalised the entire oil and gas industry in May 1970—the industry contributed 20% to GDP and 95% of foreign exchange revenue (Ake 1985). Nigeria experienced numerous military coups and in 1993 attempted a return to civilian rule by democratic elections, but General Sani Abacha captured power again in 1993. During the rollercoaster ride between military leaders and attempted democracy, Nigeria became notorious for its corrupt political environment. The excesses of oil revenue financed state expenditure. The state did not seek to diversify the economy, but to extract from oil. The oil crises of the early 1970s gave greater urgency to structural diversification and subsequently to privatisation.

After independence the debate about outright nationalisation of businesses or indigenisation met with stiff government opposition to blank nationalisation. In the Second National Development Plan of 1972, the National Enterprises Promotion Decree (NEPD/72) was decreed. A systematic policy of indigenisation or 'Nigerianisation' in the NEPD categorised Nigerian businesses into two categories (schedule 1 and schedule 2). Businesses under schedule 1 were reserved for exclusive Nigerian ownership, and schedule 2 excluded foreign shareholding under certain conditions, such as the size of the operation and the level of indigenous share participation. Nigerians had to have at least 40% equity participation in schedule 2 enterprises. Schedule 1 contained 22 enterprises reserved for ownership exclusively for Nigerian citizens or associations. In schedule 2 a further 33 businesses were reserved for Nigerian control, although exemption was granted to large import substitution enterprises. It was anticipated that it would bring Nigerian shareholding to a minimum of 40% and increase employment of Nigerians in general staff categories as well as management. The categorising of enterprises in schedule 2 was based on the lack of indigenous expertise. By the deadline of 30 June 1975, only 75% of enterprises in schedule 1 had complied with the

NEPD (Asobie 1988; Nafziger 1977: 123–124, 234–238; Nnoli 1982; Ogbuagu 1982; Sanda 1982; Biersteker 1987: 52–96). Compliance was problematic, because Nigerian entrepreneurs did not have sufficient capital, managerial or technical skills, or experience to take control. The state provided capital through the banks, but successful management was needed to run the enterprises profitably in order to service loans. In 1975 General Gowon acquired power though another military coup and declared the NEPD a failure. The new NEPD of 1977 comprised of three categories of enterprises. All category 1 and 2 enterprise had to be in Nigerian control, but in category 3 foreigners could own up to 40% of Nigerian equity. This category included 39 enterprise categories, which included a broad range of manufacturing industries specifically designated as requiring joint indigenous and foreign participation and ownership. Amongst these were engineering industries, manufacturing of basic industrial chemicals and major export industries (Biersteker 1987: 159–198). The implications of these changes were that the very large capital-intensive industries were placed under schedule 3 which allowed 60% foreign shareholding, but required 40% Nigerian participation. The scarcity of techno-managerial capabilities and skills required for initiating, implementing and managing industrial projects could not be sourced in Nigeria. By amending the NEPD, the state responded to the realities of human capital shortages by inviting foreign capital back (Chete et al. 2013). All commercial ventures, except single non-renewable projects, were fully indigenised. The state acquired a 40% stake in all banks and commanded the acquisition of 14 foreign-owned insurance companies by state governments. As Nigeria suffered from political instability and the global economic recession, OPEC gave permission to Nigeria to lower its oil price below the OPEC price level to sustain oil revenues. Nigeria also exported natural gas in liquid form, which aided the recovery of the Nigerian economy. No private entrepreneurs operated in the oil sector—it was all state controlled.

In the 1980 the government published *Nigerian Industrial Policy and Strategy: Guidelines to Investors*; the emphasis shifted from the transfer of control to Nigerians to an overall ‘nurturing (of) the private sector of the economy’. The Federal Government declared: ‘the watch-word in national industrial planning and strategy is the full recognition of private enterprise and initiative as the full responsibility of the state...’ while privatisation was thus promoted government invited and encouraged private companies into sectors of the economy previously reserved for the state, inter alia into the airline industry (Federal Government of Nigeria 1980). In 1981 the Nigerian Enterprises Promotion Order was issued to allow for the transfer of businesses from category 1 to 2 and from 2 to 3. This was to bring foreign investment back, which indeed occurred. Nigerian indigenisation measures succeeded in transferring more ownership and control of enterprises to indigenous Nigerians, but, as Forrest observed, the advancement of Nigerian enterprises depended on the nature of the Nigerian political economy (Forrest 1994). Business advancement and success depended on good relations with the state, with people in power and with the bureaucracy. Entrepreneurs able to negotiate that state-business nexus displayed entrepreneurial insight and the ability to identify opportunity. It was only after the implementation of the SAP (structural

adjustment programme) in 1986 that market liberalisation occurred and state-owned enterprises gradually privatised. Only since the 1990s did private enterprise really get the opportunity to compete and enhance operational efficiency—capacity permitting.

When Nigeria became independent in 1960, local entrepreneurs operated in the petty trade, in small-scale services and manufacturing (brick making, vehicle servicing, tyre re-treading, bread baking, clothing manufacturing and so forth), and import substitution manufacturing (soaps, metal containers, cosmetics, cement, paints, furniture, etc.). This was similar to other African countries. In Nigeria the undemocratic nature of successive governments since 1966 established a state-business nexus which distorted the market and led to compromised ethical business relationships. The most prominent example in Nigeria is the growth of the business empire of Aliko Dangote. He was born in a tradition-rich Hausa merchant family. He studied in Egypt after completing basic education in private schools in Nigeria. He returned to his uncle's trading business, but soon rented the first one and later more tankers to start a transport enterprise. In 1977 at the age of 23 he borrowed US $3000 from his uncle to set up his own enterprise and soon thereafter established an import business. He traded in agricultural commodities, such as sugar, rice, salt, pasta, cotton, vegetable oil, cocoa and textiles. He imported rice from Thailand and sugar from Brazil. He established contacts with international suppliers early on and distributed imported goods to his village. This business was by no means innovatively entrepreneurial, because that was the general business of the Hausa for centuries and the trade of his family for generations. The business strategy that ultimately made Dangote the wealthiest black man in the world was his position close the government and politicians. His rice and sugar import business, for which he received the import licence from the government, afforded him significant price mark-up opportunities. He could net a daily profit of US$10,000 regularly (Cassell 2015). With recurring high profit levels, he repaid the loan from his uncle and sustained his privileged position through securing the exclusive import rights in sugar, rice and later cement. The Dangote enterprise imported large volumes of these foodstuffs, resulting in price undercutting of competitors. By the first decade in the twenty-first century, the Nigerian Government introduced import tariffs or outright bans on imports of certain commodities which directly favoured the Dangote business—including the importation of wheat flour, cement textiles, sugar and pasta (https://wikileaks.org/plusd/cables/05LAGOS362_a.html). Despite Aliko's claim in an interview that the key to building a successful enterprise is to sell quality at affordable prices, because that builds customer loyalty, his business acted to the contrary. He also claimed that an entrepreneur should not 'kill the competition... competition is healthy for business. It keeps you, the entrepreneur on your toes' (http://www.mytopbusinessideas.com/success-secrets-aliko-dangote/). By flooding a market or by holding exclusive import licences in fact kills competition. Dangote happily obliged when asked in 1996 by President Abacha to 'flood the nation's markets with rice'. Dangote imported large volumes of rice, flooded the market, pushed the price down around 80% and killed all other competition (http://newsrescue.com/the-truth-behind-dangotes-wealth-the-cabal-tokunbo-ban-and-

impoverishing-nigerians;html). Since the rebuilding of Nigeria after the civil war, the demand for cement outstripped supply. Dangote used his import licence to build a business conglomerate, of which cement bagging and distribution became the core. This was a schedule 2 enterprise reserved by the second NEPD for Nigerian nationals. He controlled 46% of the cement distribution business in Nigeria by 1990. After sponsoring General Obasanjo to power in 1996 (Iliffe 2011: 168), Dangote decided to enter cement production in Nigeria, opportunistically utilising the risk averse international cement producers' reluctance to enter the politically unstable Nigeria. Dangote's rise to the position of the wealthiest black man in Africa resulted from his entrepreneurial insight into the context of business in Nigeria as well as hard work to realise his ambitions as businessman.

An illustration of the legacy of trading families in the history of entrepreneurs in Africa is also found in the Ibru Organisation. The founder of the Ibru Organisation in Nigeria is Michael Ibru. He was born in 1930, completed school in 1951 at the famous Igbobi College, Lagos. He entered employment with the UAC—but only for a short period. Michael acquired valuable managerial training at UAC. He belonged to the Urhobo tribe in Igboland, where his mother was a long-distance trader herself, being the last child of Chief Osadjere of Olomu, an influential trader of the Urhobo region. Michael Ibru left the UAC, established a general trading company, Laibru, in 1957 at the age of 24. He soon identified a unique market opportunity in frozen fish. The entrepreneurial opportunity lay in supplying frozen fish to remote areas of the country. Ibru therefore erected cold storage facilities in different regions of Nigeria. He partnered with a Taiwanese company, Osadjere Fishing Company, to access trawlers and other cold storage equipment to expand operations across Nigeria and later to other West African countries. By the late 1960s, he diversified his enterprise to take advantage of the indigenisation incentives for Nigerian business. The core export of frozen fish and sea foods expanded to a point where the Ibru Organisation (Michael and his brothers who had subsequently joined the business) controlled 60% of the frozen fish market from Nigeria. From a one-man enterprise, the business employed more than 9000 people in the 1990s and had a US$375m turnover. The Ibru Organisation branched out into several other sectors of the Nigerian economy: the tourism industry, beer brewing, transport and motoring, finance and insurance, poultry farming and timber trade. The organisation of the company was owner managed, but soon included family members, without relinquishing family control. As the business expanded, multiple divisions were organised to deal with subfields of operation. Central control was never relinquished. The multidivisional corporate organisation resembled the western multidivisional corporates, but family control was not relinquished. In Africa personal control and ownership remain common with business owners (Wariboko 2002: 257–259; www.thisdaylive.com/index.php/2016/09/07/michael-ibrubusiness-colossus-takes final-bow).

The Ibru case represents a prototype of African business development after independence. From a well-educated background, an individual identifies a market opportunity, usually through general trading, which has a strong footprint throughout Africa. From general trading more specialised commercial activities develop

(such as with the trading of frozen fish). The domestic indigenisation policies opened opportunities for diversification. Ultimately, a family conglomerate takes shape across the entire economic spectrum. This enhances family business penetration, managed directly by family or kin. These business conglomerates fail to develop focus, specialisation or professional management distributed over a multidivisional organisation. Such diversified conglomerates display an acquisition ambition and an adversity to relinquish power, which is the reason why few similar conglomerates list on local bourses. The family acquires status in society and becomes a benevolent socially responsible citizen and national idol. The founding entrepreneur benefits from a legacy of family trade or commercial activity, but outperforms all earlier family business achievements through the scale and scope of business operations. Contextual factors facilitate the rise to business prominence—state policies of market manipulation, indigenisation and an alignment to power, vested in the state and political agents.

5.4 Power and Business: French West Africa

Entrepreneurs in French-speaking colonies of West and Central Africa operated primarily on the small-scale end of the market as petty traders and farmers. After independence in 1962, the state assumed a central role. This tendency was influenced by the socialist tradition of the French colonial state. Post-independence former French colonies' states opted for different ideological positions on economic policy and the role of the state. In Senegal the local business class was not well developed, because of France's policy of indirect rule, thereby managing her colonies as an integral part of the mother country, as an extension of the French market. As in Algeria, French entrepreneurs entered the market for locally sources raw materials and exported agricultural commodities to the metropolitan market. In Senegal peasant farmers produced export crops, such as groundnuts, while merchants made profits from intermediation between peasant producers and the metropolitan markets. The merchants constituted the economic base for the emerging ruling elite after decolonisation. Boone explained the failure of the post-independence Senegalese state to develop a capitalist system or to sustain the existing capitalist sector of the Senegalese economy, specifically the textile industry, as the ruling elite's preoccupation with power. After independence the state centralised control of all agricultural production under the *Office de la Commercialization Agricole (OCA)* (Boone 1994: 172). The consolidation of power and the promotion of economic growth, Boone argued, 'proved to be contradictory imperatives' (Boone 1992: 4). The textile industry was central to the Senegalese economy. As the ruling elite sought to entrench power, it consolidated power to govern. Thus protection was afforded to local textile mills, eventually forcing foreign textile mills to close their business. When local droughts contracted local production expansion, foreign exporters supplied the local market with staple textile goods and the state failed to prevent such actions, since members of the political elite

participated in the 'parallel market development'. The system of protective measures and quotas that had protected the domestic textile industry broke down. The cumulative effect by the early 1980s was the collapse of the Dakar textile industry as well as associated light industries which suffered fatally. Boone argues that the failure to develop local entrepreneurship, or local capitalists, came down to the state being an archetypical counterfactual. The state deliberately promoted power and privilege, clientelism and 'divisible gains' rather than economic growth, as argued by Bates (1981). Whereas Southeast Asian states acted as entrepreneurial states, states in sub-Saharan Africa lacked the autonomy, institutional coherence and capacity to promote sustained capitalist development (Boone 1992: 252). As in other African states, the state's use of licencing developed into a mechanism of rentierism, corruption and a parallel trading system also in the groundnut industry, resulting in the weakening of the domestic farmers (Boone 1994: 176–181). The relationship between the state and business in Senegal therefore inhibited the development of a strong entrepreneurial class.

This was the exact opposite strategy of the Ivory Coast under President Houphouet Boigny. In the Ivory Coast, a local peasant class developed during colonial times—wealthy peasants producing cocoa and coffee. The indigenous Ivoirians had established themselves as farmers, later plantation owners and subsequently as urban business owners. During the development of the plantation economy under colonial rule, people from the Ivory Coast as well as migrants from the north of the colony joined as plantation workers. Migrants settled in the Ivory Coast, and by the time the local population opposed French colonial rule, people from different ethnic origins joined forces. A class of wealthy indigenous plantation owners and later urban businessmen succeeded in taking control of the newly independent Ivory Coast in 1962. After independence Houphouet Boigny encouraged French and other foreign investments in the Ivory Coast, realising the contribution foreign capital can make to the development of the new state. The new state kept the expertise of expatriate managers and technicians in the parastatal companies. The state economic policy was export oriented, no intent on developing an industrial economy but directing all resources towards optimal economic growth. A substantial independent local business entity gradually acquired control of plantations, small and larger businesses, and by the early 1980s, two-thirds of new large firms in the Ivory Coast were established by local capital and majority owned by Ivoirians (Rapley 1994: 45). A close network of wealthy families in agriculture and business were also aligned to the new political elite. Houphouet Boigny was a member of the *Syndicat Agricole Africain* (SAA) as well as a member of the French National Assembly. He succeeded in abolishing forced labour in the colony, an achievement that rallied the entire population of the Ivory Coast behind him. The national unity in the Ivory Coast leading up to and after independence secured the new rulers' broad support on economic policy. A strong entrepreneurial class thus developed seamlessly from agriculture to small enterprises to big business, without alienating policies driving foreign investment out. Foreign capital, technology and management experience were used to build the economy of the Ivory Coast, resulting in a 'record of sustained economic growth [is] second to none

in Black Sub-Saharan Africa' (Kennedy 1988: 67). By the late 1980s, a list of 51 indigenous families were active across all sectors of the economy and forged family networks of professional and kinship linkages. These capitalists showed little regard to ethnicity (in the Ivory Coast there are around 60 ethnic groups). These families were involved in agribusiness, retail and wholesale trade, shipping, banking, manufacturing, transport, heavy vehicle manufacturing, real estate, clothing manufacturing, packaging, plantations, import and export trade and engineering works. State policy was indeed import substitution industrialisation, and two agencies were established in the early 1960s to assist the development of local enterprises. A strong entrepreneurial inclination directed the conduct of business in the Ivory Coast. Business interests were organised in the Chamber of Commerce and Chamber of Industry, while smaller organisation was formed to promote the interests of small and medium local business. A network of industry-specific organisations negotiate between industry, business and government. These organised business interests maintained international and continent-wide business contacts whereby the Ivorian business community fostered business interests with and in the country (Rapley 1994: 52–57).

5.5 Statism and Business: East Africa

In East Africa the post-independence period witnessed the introduction of African socialism as well as state capitalism. In Kenya the state emerged as a powerful player in a capitalist economy, while encouraging private enterprise. As in West Africa, the new political elite considered the state an indispensable player in the modernisation of the Kenyan economy. Kenya became independent in 1963 and immediately proceeded with a policy of *Kenyanisation* and modernisation (industrialisation) within a capitalist framework. African smallholders replaced white settlers on the White Highlands, and in administration, business and education, Africans replaced non-Kenyans. Despite the fact that the Kenyan Government described its political and economic strategy at independence as 'African socialism', it was actually a capitalist strategy. The key characteristics of the post-independence economy were strong visible state intervention in a 'managed capitalist' system, a growing public sector as well as private ownership as preferable mode of production—in agriculture, in commerce, in services and in manufacturing. Redistribution of wealth was to be achieved through growth and not dispossession or nationalisation, but indigenisation policies effectively coerced business transfers. The state controlled the 'commanding heights' of the Kenyan economy—the power industry, the Kenya Commercial Bank, the Industrial Development Bank, the East African Oil Refinery and the East African Portland Cement Company. By means of the ICDC and the Treasury directly, the Kenyan state secured participation in all major industries in the country (Berman and Leys 1994).

The President of independent Kenya encouraged the integration of the Kenyan economy into the world capitalist system. The state encouraged foreign investment,

resulting in foreign control of Kenyan industrial sector. Foreign investors were allowed to transfer dividends and profits out of the country. By the early 1970s, this policy had generated sufficient confidence in the Kenyan market that new capital inflow exceeded dividend outflow (Stewart 1981: 77). As mentioned in the previous chapter, the British colonial administration in East Africa did not prohibit African entrepreneurship, but restricted the issue of licences to African businesses as a means of protecting settler commerce (Swainson 1980: 176–177). After independence the Kenyan Government encouraged African entrepreneurship. The colonial Industrial Development Corporation of East Africa became the Industrial and Commerce Development Corporation (ICDC) in Kenya in 1964. The ICDC granted credit guarantees and loans to small Kenyan entrepreneurs. The upper limit of loans during the colonial period was increased from £200 to £500 after 1964, and by 1966 the corporation had issues on loans to a total value of £90,000 and credit guarantees of £10,000 (Marris and Somerset 1971: 10). A policy of import substitution encouraged local production, but Kenyans did not have the technology, capital or experience to deliver on that industrial front. The state promoted technology import by foreign firms, which allowed them to dominate industry until local capacity could catch up. Kenyan industrialists gradually accumulated capital, technological capacity and managerial capabilities to acquire control of local industries (Swainson 1980). The Kenyan state did not nationalise assets, but invested in education and skill development to help Africans moving into positions of ownership and management.

The primary sources of capital accumulation after independence were real estate, farming, transport and commerce. Kikuyu peasants were capitalists, interested in freehold, producing surpluses for the market, but were undercut during colonial times by the British Government's land consolidation and agricultural improvement programmes. After independence Kikuyu peasants advanced into further land consolidation, and between 1973 and 1977, Africans had acquired 57% of Kenya's foreign-owned coffee plantations (Swainson 1980: 186; Illiffe 1983: 39–43; Killick 1981). As Kenyan citizens set up their own businesses at a rapid rate after independence, a highly competitive trading market developed. The Kikuyu used their political power to legislate Kenyanisation in business, whereby at first the wholesale distribution business was reserved for 'indigenous' Kenyans. The Licences Act of 1967 excluded non-citizens from trading in rural and non-central urban areas. The act also specified goods reserved to citizens for trading. The Kenya National Trading Corporation (KNTC) managed the list of reservations, and by the mid-1970s, only citizen wholesalers were allowed to trade sugar, rice, maize, salt, soap, shampoo, sweets, matches, insecticides, hardware, wire and tools (Swainson 1980: 187). The KNTC developed into the vehicle to enforce Africanisation of the economy. The first was wholesale distribution, of which the distribution of cement was by 1974 limited to 'citizens'. The small traders used the Chamber of Commerce to express their demands for protection and exclusivity. The small traders wanted to participate in the distribution of foreign firms' goods, such as the distribution of British American Tobacco (BAT), Cadbury, Schweppes and Bata, but some Kenyan businessmen were already

the sole agents for those products. It finally came down to the personal intervention of President Kenyatta. The Trade Licences Act was amended to mandate the distribution of foreign firms' goods in Kenya by KNTC appointed agents—a decision that ensured the reservation of those rights for African Kenyans. The next step was to force non-citizens out of the market. This strategy was specifically targeting Asian businesses, although many Asian were Kenyan citizens. In 1975 the Ministry of Commerce and Industry notified 463 non-citizen enterprises in Nairobi to close their businesses. These targeted enterprises included large supermarket chains involved in food importation and distribution. The dilemma to the Kenyan Government was that Asian citizens of Kenya owned 69 of those enterprises. Negotiations followed by means whereof existing Kenyan business interests secured control over the designated enterprise through a consortium of the KNTC, ICDC Investment Company and the Kenyan Wine Agencies, managed by the Italian Standa Group. The Kenyanisation Bureau enforced a policy of employment contracts in salaried positions and management since 1870. This forced some European and Asian inhabitants to take up Kenyan citizenship, or depart. The Chandaria businessmen were British citizens and remained so, but the P K Jani was a Kenyan citizen. In the early 1970s, Jack Block, a British citizen and inhabitant with his family in Kenya since 1918, changed citizenship to Kenyan (Swainson 1980: 202).

The strong entrepreneurial tendencies amongst Kenyans, especially the Kikuyu people, are shown by the participation in the formation of joint-stock companies. By 1946 Africans established 24 joint-stock companies. These included the Ukamba Fuel and Charcoal Supply Company, the African Growers and Production Company, the Luo Thrift and Trading Company and the Kenya Fuel and Bark Company. The small traders, farmers and teachers established these companies. The latter two companies were formed by the Luo and people of Western and Central Kenya, led by the nationalist politician Oginga Odinga and Johnstone Muigai, respectively. The proliferation of businesses after independence is reflected in the growth of the number of private companies registered in Kenya between 1946 and 1973. Companies owned by Europeans made up 15% of the total number of registered companies in 1973 (compared to 445 in 1946), the share of Asian companies was 24% in 1973 (from 40% in 1946), and African companies comprised 46% of registered companies (compared to15% in 1946). Companies owned by members of mixed racial origin made up 15% of the registered concerns in 1973 compared to 1% in 1946. The Kenyanisation programme succeeded in transferring business ownership to a growing number of Kenyans, both African and Asian. By 1973 Africans owned 24% of registered companies in Kenya, Asians 40%, Europeans 20% and owners of mixed racial origins, 13% (Himbara 1994: 79–80; Swainson 1980: 194–195).

The development of independent African business was slow despite the initiative of the British colonial authorities' support mechanisms. The colonial Ministry of Commerce and Industry assisted African Kenyans in establishing chambers of commerce, especially since the Ministry had experienced serious reservations about the running of African businesses. In a report in 1950, the Registrar of Companies in colonial Kenya stated that he could 'honestly not describe any as

satisfactory' (quoted in Himbara 1994: 80). One such a chamber was the Kiambu African Chamber of Commerce, established by D W Waruhiu and James Njenga Karume (Wesangula and Some 2014). After independence the Kenyanisation-Africanisation programmes failed to deliver on the expectations. This was acknowledged in an official report in the early 1990s (Himbara 1994: 82). The personal relationship between President Kenyatta and prominent Kikuyu dignitaries and ministers (Duncan Ndegwa [Governor of the Central Bank of Kenya], Matau Wamae [Executive Director of ICDC], Mwai Kibaki [Minister of Finance], Juluis Kiano [Minister of Commerce and Industry], John Muchuki [Executive Chairman of Kenya Commercial Bank], Margaret Kenyatta [Mayor of Nairobi] and Njenge Karume [a nominated member of parliament]) kept an influential business organisation Gikuyu, Embu, and Meru Association (GEMA) afloat. After Kenyatta's death GEMA collapsed and several businessmen, including Karume, led a campaign to change the Kenyan Constitution. The campaign sought to prevent a non-Kikuyu person from becoming the President of Kenya. Daniel Arap Moi was the Vice-President of Kenya, poised to succeed Kenyatta (www.standardmedia.co.ke/article/2000105827/the-empire-that-took-l=james-njenga=karume-a-lifetime-to-build). The bid failed and Karume kept a low political profile until after Kenyatta's death. The special relationship with the post-independence state was primarily the reason for the success of many a Kenyan businessman after 1963. James Njenga Karume was perhaps the best known. Karume built up a multibillion shilling business empire in Kenya—commencing with small trading operations in charcoal, stationary and timber and a wholesale enterprise under colonial administration in Nairobi. His great break in business came when he benefitted from the Kenyan state's Kenyanisation policies diverting distribution business to indigenous Kenyans. Karume established the Nararashi Distributors, handling the distribution of Kenya Breweries and late Castle Breweries, Kenya. This business laid the foundation for the development of a diversified conglomerate of companies under the management of three holding companies engaged in the hospitality industry, real estate and agriculture. Karume played politics: in 1991 he moved to remove Article 2A from the Constitution which enabled multiparty politics in Kenya again; he was a member of KANU up to 1991, and he organised a new political party, the Democratic Party, and in 2002 returned to KANU. Karume epitomised the rise of big African businessmen in the post-independence statist era, heavily dependent on the state-capitalist elite nexus (See Kennedy 1988: 73–79; Wesangula and Some 2014).

The European businesses in Kenya after independence were primarily engaged in investment and finance, engineering and import and export trade. Asian firms remained the dominant actors in retail and wholesale sectors, while African firms, with the support of the state, operated in the commercial sector and only to a limited degree in manufacturing. The Kenyan Government never expelled Asians from the country, but though statutory means 'forced' them to relinquish certain business interests and grow not by new company formation, but by acquisitions and concentration. Ultimately, the widely acknowledged animosity towards Asian businesses was fuelled by their success, access to independent capital resources and tendency to social exclusivity (Marris and Somerset 1971: 94–96, 252; Himbara

1994; King 1996: 5, 201–202). As pointed out by Swainson, the African business elite was actually a small portion of the Kenyan society and strengthened their position through interlinked directorships and ownership of big business, linked to state agencies. Serious ethical concerns arose as politicians, civil servants and teachers engaged in 'straddling'. This was the practice of holding public office while also engaging in private business activities (Cowen and Kinyanjui 1977).

The largest portion of Kenyans in business was those in the informal sector (House 1981). The informal sector expanded since the early 1950s. Under colonial rule a fund was established to assist African shopkeepers in developing their enterprises and the IDC assisted in funding and advice. More funding was raised from the USAID, and after independence the ICDC became involved in planning programmes to assist the micro- and small African informal enterprises. Large numbers of small entrepreneurs worked independently as tailors; shoemakers and repairers; furniture makers; metalworkers making household implements, stoves and miscellaneous hardware instruments; vehicle repairers; barbers; restaurant owners; butcheries; retailers; charcoal distributors; or other services. The businessmen from Mahinga, studied by Marris and Somerset (1971), also engaged in building contracting and transport services. These small businessmen struggled to obtain premises; find and keep skilled workers; establish markets; obtain licences; access technical knowledge; find tools, funding, raw materials and access to electricity; and experienced harassment from 'Askaris'. The most important observation of research into the informal sector in Nairobi was the long-term involvement of such entrepreneurs with their enterprises—40% of the interviewees were in their businesses for longer than 5 years and 20% for longer than 10 years (House 1984: 360). This sector of business activity mushroomed after independence when access to the market opened up for Africans, but remained small and marginalised.

Corporate capitalism involved those near the seat of political power. Kenyan state-owned enterprises controlled utilities, but also industrial manufacturing. The Tiger Shoe Company was initially set up by private Kenyan businessmen, but it soon asked for state assistance and finally collapsed and was taken over by the ICDC, thus becoming a state-owned shoe manufacturer. East African Fine Spinners, Uplands Bacon Factory and Kenya Taitex Mills were amongst the companies owned by the state, served by Kenyan businessmen as directors. The Kenyan state remained a principal player through the following state-owned institutions: the ICDC, the Industrial Development Corporation, the Industrial Development Bank, the National Cereals and Produce Board, the Agricultural Finance Corporation, the Coffee Board of Kenya and the Kenya Tea Development Agency (Himbara 1994: 76–79).

In 1972 the International Labour Organisation employment mission conducted an extensive survey of the informal sector in Kenya. Earlier research conducted in the late 1960s by Marris and Somerset (1971) showed the entrepreneurial ingenuity of these small and micro-entrepreneurs, but they lacked infrastructure, credit and technical support. The ILO mission's report brought the Kenyan Government to implement policies and programmes to assist the small businessmen, craftsmen and proto-engineers to develop their enterprises. Since employment creation by the

modern economic sector in Kenya failed to create sufficient jobs, the empowerment of the informal sector was the logical strategy to alleviate unemployment and foster self-reliance through business (House 1981; Stewart 1981: 92; King 1996; Killick 1981). In 1986 the Kenyan Government published the policy document 'Economic Management for Renewed Growth' (1986). This was the beginning of a systematic state initiative for the facilitation of micro- and small businesses from the informal sector—the so-called *Jua Kali* programme. *Jua Kali* literally means 'hot sun', pointing to the operations of these micro- and small businessmen in the open hot sun, without sheds, infrastructure, amenities, insufficient credit, access to technological support and training of workers to assist in growing the enterprises (King 1996; Himbara 1994: 83–84). The phenomenon of entrepreneurship in the informal sector is an African-wide phenomenon. In Kenya the government eventually addressed the matter systematically—albeit only in the late 1980s.

The Kenyan decision to follow the capitalist economic strategy was indeed still through substantial state intervention. By the late 1970s, Kenya had accumulated massive debt—through inefficient state-owned enterprises, public utilities, non-payment of government loans and a near total collapse of capacity in the civil service. Kenya withdrew in 1977 from the East African supranational state agencies and common market. The Ministry of Finance and Economic Development was at a point of 'near breakdown of its capacity to collect duty, sales and income tax' (Himbara 1994: 73). Kenya requested World Bank and IMF assistance early in the 1990s. Business development in East Africa followed a similar pattern, except for Tanzania.

In Uganda the newly independent state also introduced development plans and indigenisation policies. Asians set up small enterprises, similar to those in Kenya, but in 1971 were expelled from the country by the President Idi Amin, after taking power in a military coup in 1971. In Uganda the Madhvani family, led by two brothers Vithaldas and Haridas Madhvani, settled from India at the trading town Iganga in eastern Uganda in the 1980s. In 1919 Muljibhai Madhvani commenced coffee production on a small plot of land acquired from the British colonial authority. As the international coffee price plummeted after the First World War, the family company ventured into sugar on land at Kakira. From primary production the group diversified into industrial manufacturing (matches, glass works) and later services. The state policies effectively prevented the development of any local business enterprises after independence as the private interests of the elite in power captured control of the business sector. Under President Obote the state promised assistance to African traders. The state offered loan facilities. The National Trading Corporation and the state marketing boards issued licences to local entrepreneurs to ensure that the import-export trade and domestic retail and wholesale trade remain in the hands of indigenous Ugandans. In reality officials of the state in the ruling party and state departments were the beneficiaries of licences. As in Kenya, those near the political fire benefitted from the licencing schemes, thereby marginalising the indigenous entrepreneur. The Trade Licence Act of 1969 limited licences to non-citizens' business with 'valid permits'. Those were available to Asians, who were not regarded as citizens, only if their business turnover exceeded a very large amount. That in reality excluded all the small family-based Asian businesses, but

Obote planned to grant some 30,000 Asian Ugandan citizenship. That never happened as he was deposed in the coup (Mamdani 1976).

The 1971 expulsion caused a massive disruption in commercial activities. The Madhvani Group's assets were confiscated, but returned after Amin was deposed in 1979. The Madhvani family returned to the country and commenced a slow reconstruction process. The Madhvani family diversified the primary production of sugar, coffee and tea into agro-processing of sugar and coffee and the manufacturing of sweets and confectionary, paint, packaging and steel rolling. The group also commenced with floriculture of roses for the export market. From primary production the group expanded operations into the services sector in Uganda, such as insurance, hotels and tourism, information technology, media and communication and the distribution of industrial and consumer goods (www.madhvani.org).

The resilience of the Madhvani Group is an example of entrepreneurial survival, which manifested in a number of African economies after Africa turned to a more democratic political order and the opportunities of the market towards the end of the twentieth century. Many trading companies, established before or during the colonial period, survived the post-independence era. They often proceeded to commence manufacturing of the goods they imported. Sutton and his collaborators reported on such companies in the compilation of enterprise maps of African countries. These family trading enterprises operated across Africa. In Tanzania small family enterprises owned by Asians sustained their operations on a small scale throughout the socialist era and finally emerged to take advantage of market opportunities towards the end of the century. The Sumaria Group was established by K P Shah in Kenya in the 1940s and later expanded and diversified operations into Tanzania. The Mac Group started as a trading company in the 1880s when Kanji Jeraj Manek immigrated from Gujarat in India. The trading business developed into a diversity of manufacturing enterprises in the twenty-first century. Subrash M Patel was born in Logoba, on the Tanzanian coast. He started trading vehicle spares in the 1960s, but branched out into steel and engineering enterprises (Sutton and Olomi 2012). These enterprises could not develop into larger specialised operations under a cloud of nationalisation, but sustained capital accumulation and education of the siblings positioned them to take advantage of privatisation and expansion opportunities.

Ethiopia was an agricultural economy, where large landowners controlled the vast majority of land, until the revolution of 1974, when peasants secured state support for land redistribution. Just south of Tanzania, the Ethiopian state also resorted to socialist economic policies, which resulted in nationalisation of enterprises. Early trading entrepreneurs sustained operations until the political and economic climate permitted private enterprise. The Mohan Group was established as a trading company in the early 1900s by the Kothari family, but has developed into a diversified engineering group. The Mohan family sustained limited trading operations throughout the socialist era, but could take advantage of privatisation to acquire former state-owned operations in the engineering industry. The development of a capitalist business sector only came into its own towards the late twentieth century.

5.6 The State, Power and Business: Central Africa

In the only former Belgian colony after independence, Zaire, the development of indigenous business experienced a similar development path as in the former British or French colonies. Before independence the presence of nonindigenous Zairians, namely, people of Greek and Asian origin, dominated business. After independence the political elite took advantage of the Zairianisation programmes to secure the enterprises of former expatriates, but to disastrous consequences. The state took over the big agro-industries, commercial agricultural enterprises, around 2000 small- and medium-sized wholesale and retail businesses, small factories, plantations and farms belonging to foreigners. These were handed to Zairians, and the 'consequences for the economy were disastrous: few of the new owners had serious business intentions, aptitude, managerial skills or experience' (MacGaffey 1987: 46). The beneficiaries of Zairianisation entered retail enterprises, wholesale trading, light manufacturing and plantation agriculture. A frequent combination was trading and transport, but reliance on family labour was not as prevalent as in, for example, Nigeria. The new businessmen encountered similar difficulties as elsewhere in Africa—access to loan capital, skills, insufficient infrastructure and foreign competition—but also massive corruption ('the second economy', smuggling) (MacGaffey 1987: 91–142; MacGaffey 1994). The sheer extent of bureaucratic and political corruption ('parasites' as MacGaffey termed the phenomenon) undermined business development.

In the case of post-independence Zambia, the United National Independence Part (UNIP) of President Kenneth Kaunda ended the multiparty constitution of the Republic of Zambia in 1973, ending not even a decade of democracy in Zambia. After independence in 1964, UNIP moved systematically to revoke property rights of many of the most successful businessmen in Zambia. State capture led to state monopoly control over the entire mining industry and related limited industrial interests. Disruptive riots in the Copperbelt in 1965/1966 caused by disparity between wages of Zambians and non-Zambians in the mining industry gave UNIP the reason to push hard on Zambianisation policies. A systematic process of dismissing non-Zambians commenced: first senior European civil servants were dismissed and replaced by 'patriotic political assistants'. UNIP failed to Zambianise, but actually 'UNIPanised' by appointing party loyalists to control workers, resulting in sustained workers unrest and an inclination by the state to clamp down on all opposition (Tordoff 1980: 42–45). In the Mulungushi Declaration of April 1968, UNIP announced that the state will acquire majority shareholding in certain industries. The Industrial Development Corporation (INDECO) was established to manage the takeover, and in 1970 the mining interests of Anglo-American Corporation and the Rhodesian Selection Trust were under state control. Despite public assurances, as well as in the Mulungushi Declaration that the state would not nationalise business, the state walked away from the agreements on management and non-nationalisation of the minority shareholding in the mines. The state nationalised all the mines using the Mining Development Corporation

(MINDECO), established the Finance Development Corporation (FINDECO) to nationalise building societies and insurance companies and finally in 1971 consolidated all the state-owned enterprises under the management of ZIMCO—the Zambian Industrial and Mining Corporation. Since Mulungushi private business was subjected to nationalisation (Williams 1973). Non-Zambian-owned businesses were subjected to various restrictions: not allowed to borrow more than the value of their capital invested in Zambia, non-Zambian enterprises excluded from urban areas, non-citizens not eligible for licences—all similar to the clamp down on Indian entrepreneurs in East Africa. What followed was a total collapse of the Zambian economy, accelerated by the collapse of international resource prices for Zambia; the copper price decline meant a systematic implosion of revenue. More than 6000 Indian people, most small businessmen and their families, left Zambia on one-way tickets since 1969. In 1982 Zambia applied for World Bank and IMF balance of payments support (Barton 2016: 59–127). Private business enterprise came to a halt while the state mismanaged nationalised assets.

In Zimbabwe or Southern Rhodesia until the Unilateral Declaration of Independence (UDI) in 1965 and thereafter Rhodesia until independence in 1980, African entrepreneurs could conduct business when in possession of a licence—similar to other African countries and South Africa; policies to support and encourage indigenous African business after independence in 1980 did not succeed in achieving that aim. Both Nicholas (1994) and Ostergaard (1994) cite a lack of state commitment in enforcing measures to limit imports or non-Zimbabwean ownership of textile industries and other manufacturing enterprises. The African business sector in Zimbabwe by the 1970s was small petty traders, peasants, carpenters, builders, millers or brick makers—a total of 17 046 were licenced to engage in such businesses. After independence a lack of capital remained a barrier to entry, and 'for its part the Zimbabwean Government failed to see the importance of nurturing a strong political relationship with the indigenous capitalist classes' (Nicholas 1994: 110).

The Botswana state responded along similar policy lines as the Ivory Coast after independence. As a stable state since independence (The Khama Accession, April 2008: 21), Botswana's main asset was its ethnic diversity. With 31 tribes of the Batswana, the new nation indeed operated as a nation since independence. A major unifying force was the Khama king, who by 1966 at independence acknowledged the transition of political power from the British to Seretse Khama, the son of the chief of the Bangwato tribe, the most influential tribe amongst the Botswana, who was democratically elected the president of the new independent state. Seretse Khama was a Christian, following his father's conversion to Christianity. Broad national coherence was served by the poverty of the country in 1966, since the development plan introduced by the British colonial administration in 1963 targeted long-term outcomes by 1969, and the new independent state's elite realised the importance of adhering to long-term development goals. At independence Botswana was poor. In 1967 diamonds were discovered, and in a 50/50 partnership with De Beers Consolidated Mines, the Government of Botswana commenced the mining of diamonds (Interview Moleele, 27/2/2017: Magang 2008: 437–438).

Diamond exports earned Botswana foreign exchange revenue, which enabled the state to embark on basic economic activities, services and infrastructure development, which were going to be a long-term enterprise, since in 1966 Botswana had about 6 km tarred roads. The marriage of Seretse Khama in 1949 with Ruth Williams, a British lady, caused only a short stir, but in the long run contributed to a moderate and accommodating policy towards foreigners in Botswana. Foreign investors were invited, not expelled, as the De Beers Corporation became a business partner to the Botswana Government of long standing, as opposed to the nationalisation of AAC's mines in Zambia. The state formulated the National Development Plan and used state-owned enterprises to manage public utilities, infrastructure development, the meat industry (the Botswana Meat Commission—BMC) and other industrial enterprises, such as hides' tanneries. Private enterprise was allowed to compete with state-owned enterprises, and this sometimes caused tension amongst politicians and businessmen (see Magang 2008: 321–322; 348–348). The state monopolies in the beef industry via BMC and the textile industry via textile mills indeed marginalised private entrepreneurial initiatives, but in petty trade, peasant agricultural production and small enterprises the state allowed open access (Interview Mmusi, 27/2/2017). A potentially explosive relationship between the state, business (employers) and labour was managed through a forum of collaboration. The Botswana Employers Federation, the private sector counterpart of trade unions, the state and trade unions conferred regularly on matters affecting business. These stakeholders dealt with compromising matters, such as legislation and regulations adversely affecting small enterprises. Towards the late 1980s, the state business relationship in Botswana developed into the engine of growth for the country (Interview, Moleele, 27/2/2017).

Non-racialism is important in the strategy to build the economy of Botswana. The sustained contribution to local business by Botswana citizens irrespective of race characterises the business environment. An example of how the Botswana Government utilised all human capital to build the economy is the Haskins & Sons. This company was started in 1897 when James Haskins migrated from Bristol in England to the Bechuanaland Protectorate. The family naturalised to Botswana and the fourth-generation Haskins currently manages the business. Haskins started off as a general dealer in clothing and blankets, but the competitiveness of that market mandated a strategic diversion. The independent state's drive to build infrastructure and deliver basic services and housing opened up the building supplies and hardware sector. Business diversion paid off. Haskins' business became retailing steel, hardware, tools, machinery and building material supplies to Botswana (Interview Haskins, 8/2/2017; www.haskins.co.bw/). One of the leading construction companies in Botswana is Wharic Construction. The founders are white Botswana citizen engineers, who established the company in 1980 to take advantage of the rapid development of Botswana. A white Zimbabwean, Angus Boxshall-Smith, joined the company as building specialist. Boxshall-Smith's father, a Zimbabwean citizen in building construction, was expelled from Zimbabwe, but set up a vegetable farm in Botswana. His son, Angus, studied building science in South Africa and returned to Botswana (where the family had acquired Botswana citizenship). Wharic, the

all-white Botswana construction company, expanded in Botswana as the government engaged in massive infrastructure development (Interview, 14/2/2017). The inclusive national policy of Botswana forged an environment conducive to entrepreneurial activity. The use of all human capital to foster business in Botswana during the early independence period contributed to indigenous entrepreneurial development later. The role of the state in Botswana stood in stark contrast to the post-independence states in Zambia, Tanzania and Zaire, but aligned more to the Kenyan and Ivory Coast models.

5.7 Outlier South Africa

While South Africa was still under minority rule until 1994, entrepreneurs from all ethnic and race groups engaged in business activities. In the mainstream economy business operations in mining, industry, trade and finance were generally in the hands of Europeans. That did not imply that African, coloured and Indian entrepreneurs were excluded from the market, but they operated in segregated locations and therefore on the fringes of the market. Between 1945 and the 1980s, African, coloured and Indian entrepreneurs established strong and thriving businesses that competed in the open market as soon as the rigidities of racial segregation were relaxed since the mid-1970s. State incentives for enterprise development in designated Africa, coloured and Indian locations succeeded in fostering the business sector. While independent African states implemented policies of indigenisation, the South African state sought to develop entrepreneurial activity in racially separated locations. By the mid-1950s, 2.7% of retail businesses were African-owned, one-man enterprises and unregistered (UG 61/1955). The organisation of African businessmen in Johannesburg in 1927 in the African and Indian Trading Association Ltd., in 1938 the African Business League (ABL), the Orlando Traders' Association (OTA) established in 1945 and the National African Chamber of Commerce (NAFCOC) in 1966 co-ordinated activities of its member associations and promoted African and Indian business development. As in the Ivory Coast, the business association also emerged as the vanguard of African opposition to state policies of racial segregation. NAFCOC operated just short of a political party.

The enterprising character of African business was displayed when, in December 1958, the *Ikageng Finance Corporation Ltd.* was established with a capital of £100,000. This was an African business initiative to provide loans, guarantees, trained personnel, business advice, support to new enterprises and general assistance in the economic development and well-being of the African community. A number of other self-styled credit mechanisms were formed. On the Witwatersrand the *Bantoe Winkeliers se Helpmekaar Vereniging* (Bantu shopkeepers' mutual assistance association) had a membership of 2000. They used the cession of life insurance policies to banks as security for overdrafts to its members. While operating primarily on a cash basis, the African entrepreneurs controlled sophisticated financial instruments to leverage bank credit. The Johannesburg and

District Traders' Association, established in 1959, performed similar credit operation by advancing cash loans to traders. The organisation also represented their members in deliberations with the authorities (Kuper 1965: 266). As a growing number of Africans qualified as lawyers and members of the Bar, the growing business community reverted to them for representation in disputes with the municipal authorities and the Department of Bantu Affairs (WHP, A1618: Mweli Skota). The state actively encouraged the development of African entrepreneurship through the Bantu Investment Corporation (BIC). The BIC operated within the confines of the state policy of racial segregation and had an all-white Board of Directors. The BIC was not planning to support the development of African-owned large industrial enterprises, but smaller venture that '. . .could easily be managed and controlled by the Bantu' (African Trader 1959: 18). The policy of promoting African businesses, in the designated reserves or urban townships, afforded opportunities sometimes well utilised. Mr. Habakuk Shikwane established himself as a manufacturer of cane furniture in his backyard in Dube, Soweto, in 1959. In 1944 he came from Sekhukhuneland in the Limpopo province to Johannesburg, where he started working in a cane factory, owned by a Jewish businessman, Mr. Shule. He was 17 years old and only had completed school. Shikwane was a responsible worker and was promoted to factory foreman between 1948 and 1949. He learnt all the aspects of cane furniture manufacturing, and in 1958, he decided to start his own factory, Habakuk Cane Furniture, in his backyard in Orlando, Soweto. He purchased his own truck with cash and soon supplied furniture stores across the Witwatersrand. He was the first African 'industrialist'. To expand his operations, he secured a loan from the BIC to move to more suitable premises in Hammanskraal, in the Bophuthatswana homeland. In 1977 he moved his manufacturing plant to Lebowakgomo, a homeland in the northern Transvaal. In 1981 Shikwane won the NAFCOC Businessman of the Year award in the category 'best manufacturer', being the largest cane furniture manufacturer in the southern hemisphere, employing more than 750 people (African Business, April 1981: 17). Shikwane diversified into related enterprises. He established a construction company, Kabong Construction (Pty) Ltd., in 1986 to build premises, factories and shops in his homeland. His enterprise Habakuk Cane (Pty) Ltd. is still a going concern (African News, 18/7/2013). Shikwane was an outspoken critic of the South African Government, a member of the banned ANC, and outspoken in his support for sanctions against South Africa. The state did not wish to support the development of a rival industrial sector, but Shikwane's business ingenuity earned him state funding. The segregation policies thus had unforeseen consequences. The state wished to encourage separate African business development in segregated geographical areas. Towards the mid-1980s, segregation disintegrated. Strong African entrepreneurs populated the South African business landscape.

An example of the pre-1990 combination of community networks, specialist community knowledge and the protection that segregation afforded African enterprise is the growth and diversification of the small African trading business of the Kunene Brothers. The Kunene enterprise is a family business. The eldest son of a family of five brothers was qualified as a lawyer and assisted a widow in the

township Vosloorus to sublet her trading licence for selling milk and fruit juice. Once the legal formalities were completed, the widow sublet to Fortune Kunene, the father of the Kunene family. After retirement from teaching, Fortune, already in his 70s, opened a butchery, sold vegetables, rented out motor vehicles and even assisted in the promotion of African music. Fortune Kunene then acquired the milk distribution licence from the widow. He built a lucrative enterprise in Vosloorus. In 1981 as African business operations were gradually deregulated, Kunene acquired the wholesale licence for the distribution of Coca Cola as 'soft drinks' under his milk and fruit juice licence. He passed away in 1981, but his three youngest sons stepped into the business (the eldest two sons were professionals—a lawyer and a medical doctor). In 1983 Africans were granted permission to engage in the liquor trade in the townships, and the Kunenes secured the tender to sell liquor in Vosloorus. To secure the tender an amount of R300,000.00 was payable—an amount the Kunene Brothers did not have nor could secure at a financial institution. A friend of the Kunenes, Mr. Tex Seftsa, secured a bond on is private house, and the Kunene Brothers did the same on their Vosloorus house—a bond they secured on the strengths of the professional standing of the Kunene Brothers (Keith, the lawyer, and Dudu, the medical doctor). Zanosi Kunene was employed with IBM. By the mid-1980s, the Kunene Brothers purchased a hotel in the white town of Springs, from where they ran a liquor wholesale business. The deteriorating security conditions by the late 1980s made their business the target of criminal activities. The brothers decided to shift the focus of their business out of liquor into the distribution of Coca Cola. By 1994 prior to the return of the Coca Cola company of the USA to South Africa, the Kunene Brothers had become the holders of the official bottling licence of the company on the East Rand, namely, Nigel Bottling Industries (Interview Dr. Dudu Kunene, 24/2/2004; http://www.kunene.co.za: Interview Keith Kunene, 27/08/2014). The Kunene Brothers registered various companies for their business initiatives, and by the early 1990s the Kunene Brothers were well positioned for expansion of their business interests.

At a time when the business in many parts of Africa was between socialism and state-managed 'capitalism', African business in South Africa responded positively to market opportunities, diversified and expanded. Africans fully endorsed the opportunities to venture into formerly unchartered business territories. The first registered African-owned estate agents in South Africa entered the housing market (African Business, September 1984: 9). African medical practitioners and businessmen joined forces with a multiracial group of professionals to establish the first private clinic in Soweto—the Lesedi Clinic in Diepkloof (African Business, March 1985: 23). Stanley Nkosi opened the first black music recording business, Soul Brothers Records (African Business, December 1985: 9–200), and Cynthia Ramagaga opened the first nursery in Soweto in June 1988 (African Business, June 1988: 8). The Kunene Brothers secured the Coca Cola bottling licence which made them the largest bottler and distributor of Coca Cola soft drinks in South Africa. Herman Mashaba ventured into the manufacturing of cosmetic

products specifically for the black market (City Press, 16/06/2013, 3/11/2013; The Star, 15/05/2012). African architects, such as Mpho Moikamgo, were in demand to design houses, cinemas, shopping malls and business centres (African Business, March 1988: 13), and the first interior decorating centre opened in Soweto. The Mafube Paint and Interior Decorating Centre opened in White City, in Soweto in January 1989. This enterprise was the initiative of a consortium of African homebuilders (Vukomo, DTZ Construction and Pamodzi Construction) which brought a wide range of paints, carpets, tiles, curtain fabrics and wood finishing to the inhabitants of the township, as well as training to apply the materials to new buildings (African Business, January 1989: 27).

The Indian business community in natal expanded a diversity of enterprises since the 1940s, which positioned many enterprises for expansion as soon as markets opened up with the demise of segregation. The small shopkeepers, primarily in general foods and houseware, both in rural and urban areas, struggled to meet the open competition when geographical restrictions to the movement and business operations of people were removed during the late 1970s. The big Indian businesses, usually family owned and managed, had sufficient capital capabilities and expertise to consolidate market control. The Moolla family first conducted a shipping enterprise, but changed to cinemas and alter clothing. By 1980 the A M Moolla Group (AMMG) was the largest privately owned clothing company in South Africa. Rajen Pillay established the Coastal Group, the largest fashion fabric manufacturer in the country. The clothing shop of Mohamed Lockhat in Durban started as a clothing wholesaler, but systematic expansion saw it emerge as the largest local clothing manufacturer, with factories across the country. The Coastal Group expanded into Botswana to benefit from the preferential treatment Botswana enjoyed under the Lomé Convention, with the European Union—a privilege from which South Africa was excluded. Numerous Indian entrepreneurs in natal ventured into real estate, transport and haulage firms as well as finance. Mr. J N Reddy established the New Republic Bank in 1970 while being engaged in extensive insurance brokering as well. In the Transvaal Sayed H Mia also built a financial service enterprise, which he used to establish the SHM Group of Companies. The SHM Group is an investment group, involved in property development and is known for social responsibility operations amongst underprivileged persons (www.impumelelo.net/company/s-h-m-investment-holdings-cc; Hart and Padayachee 2000). Indian-owned businesses developed a prominent presence across the country. The geographical restrictions imposed by the official policy of racial segregation did not contain Indian-owned enterprises. Entrepreneurs were able to build strong and diversified businesses, displaying an ability to adapt to market constraints. Ultimately there was no difference between entrepreneurs of the African, Indian or European business world in South Africa—or in other African countries. The opportunities of the market were either more or less constrained, thereby posing different barriers to entry.

5.8 Conclusion: African Business at the End of the 1980s

The history of enterprise development in Africa since the Second World War is the history of state formation and power. Entrepreneurs operated in the political economy of decolonisation and in South Africa and Zimbabwe, under governments able to sustain minority control. By 1990 majority rule had spread to the entire continent, save for those countries where authoritarian military dictatorships failed democracy. The adverse economic conditions following the late 1970s oil crises contracted markets even further. In this *statism* of the African political economy, entrepreneurs from all ethnicities, races, languages and religions in Africa established and sustained business. Business organisation and the nature of managerial capabilities remained basic and elementary, except for the large enterprises in southern Africa. Enterprise development under decolonisation occurred in a state of market distortion caused directly by the emerging statehood in Africa. Depending on the choice of macro-economic model, newly independent states interfered in the market from full nationalisation and socialism to adherence to the capitalist market qualified by nationalist policies of indigenisation. In all states, state-owned enterprises performed the public responsibilities of the state, such as the provision of utilities, funding industrial development or delivering infrastructure. SOEs have also crowded out private enterprise in the name of empowering the people of the newly independent state and, in that case, restrained industry development rather than promoting it. Insufficient state support for the development of small entrepreneurs, their businesses and the infrastructure to sustain their difficult development path characterised state policies (Nafziger 1977; Bouri et al. 2010).

On the fringes of the dominant state, private enterprise persisted, but except in South Africa, the size and capacity of business remained constrained. The overwhelming majority of enterprises were small, often operating on the market as petty traders, and general in focus. Specialised, advanced industrial or mining production was too costly to perform and private enterprise too small to compete with either the state or international competitors. African businesses developed within those constraints since decolonisation. By the last decade of the twentieth century when macro-economic structural adjustment was proposed as the long-term solution to the economic recovery of the continent, the role of the entrepreneur, private business and the market entered the debate on Africa's future.

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