The opportunity of inequality: African entrepreneurship and inequality.

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Abstract

Inequality is a given, but can be structurally enhanced. Political power is often manipulated to enhance inequalities, to reshape inequalities or to shift inequalities. The history of inequality on different levels of business activity in Africa, tells a story of the emergence of African business in the twentieth century; managing inequality and creating opportunity. Martin (2012) in *The Political Construction of Business Interests* explains business institutions' development in the USA. The historical construction of the business reality explored in this book, offers a tool to analyse the reality of inequality and opportunity of the context of business development in Africa. This analysis presents the theoretical framework to explore the historical functionality of institutions, political and social, that makes African business in the twentieth century. The ever present role of the state in Africa had a dual impact, playing an inhibiting as well as facilitating role in institutional development of the context in which African business emerged. The state operated in different political contexts – of colonialism, of minority polity and after decolonisation, as majority polity. As such the state was instrumental in forging and changing institutions, which inhibited or enhanced the development of African business. This paper investigated the history of business development in Africa, using a number of case studies from different parts of Africa to explain the institutions which presented opportunities and constraints to business development in Africa. It is argued that inequality was institutionalised and as such contributed to the emergence of opportunities for business in Africa.

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Inequality is given as a phenomenon of humanity. This existential inequality can be entrenched by social, political and economic constructions. "Although men cannot become absolutely equal unless they are entirely free, … but equality can be pushed to its furthest extent with freedom" (De Tocqueville, 1835). Freedom and equality have become the subject of intense debate, especially in the context of historical investigation into the development of the economic growth, wealth creation and poverty in the developing world. Lipset (1961) categorically linked wealth to democracy, stating that "…most countries which lack an enduring tradition of political democracy lie in the underdeveloped section of the world" (Lipset, 1961:28). In Africa the powerful domination by Islamic invader traders, ethnic kingdoms, colonial powers and minority governments all contributed to social and economic stratification and inequality. Different forms of institutional discrimination since the late nineteenth century entrenched inequality. Despite discriminating and oppressive socio-political systems entrepreneurial individuals identified opportunities to challenge the limitations and built a future of opportunity and success.

This paper presents histories of entrepreneurial initiatives in Africa, succeeding from contexts of varying degrees of openness in markets, political freedoms and civil liberties. Entrepreneurs negotiated contexts of unfree political systems, gross state intervention and a lack of security of property rights. The first part of the paper considers the context of entrepreneurship in Africa. The second part explores the rise of African entrepreneurs in South Africa under policies of racial segregation. The third part explores the growth, expansion and development of entrepreneurship in Africa under market restrictions after the Second World War up to the early 1990s. In the final part the changing business landscape of Africa is explored.

Enabling context?

The World Bank expressed its satisfaction at the beginning of the 2000s with socio-political developments in Africa, referring to "…democratic governance... a more open system of governance…Most African economies are growing again. Africans are assuming leadership of the development agenda" (World Bank, 2000:46). The debate about the relationship between democracy and economic growth, has though not delivered a conclusive outcome (Sirowy and Inkles, 1990; Booth and Seligson, 2006), because the conflict perspective disputes the ability of growth oriented policies receiving support from conflicting and over ambitious social rival groups unwilling to make the savings and consumption sacrifices needed for investment in growth policies (Kuznets, 1955; Huntington, 1987; Huntington & Nelson, 1979; Hewlett, 1979). This justification of authoritarian rule is disputed by the compatibility perspective, which argues that the weaknesses of centralised control (distortions, corruption) undermine the prerequisite for economic growth, i.e. freedom to accrue and dispense. The protection of civil liberties and basic freedoms generate the security of expectations vital to a growing economy. Such freedoms will undermine privileges and vested interests and inspire economic activity (Claude, 1976; Godin, 1979; Goodell and Powelson, 1982). Recently Romero and Errico (2015) found a positive correlation between the protection of legal rights and entrepreneurial activity, but an inconclusive correlation a long standing historical disparity between wealthy people and the poor, and entrepreneurial activity. These findings suggest that a society where there is a historical long-standing high ratio of privileged wealthy people in relation to poor people, plays itself out in low levels of the poor participating in entrepreneurial activity, although they accede that there is still no consensus on the extent to which initial conditions can affect development.

Entrepreneurs in Africa have always operated under conditions of 'inequality'. Powerful African empires exchanged and bartered within geographically specific trading networks, such as the West African shores, East African trade with Indian traders across the Indian Ocean, or the trade networks around North Africa and the Mediterranean after the Roman conquest of Egypt in 30 B C. The Arab invasions of the tenth century challenged trade monopolies of the African empires as Islamic settlements spread across the continent and linked Africa to the Arab world, through trade networks exchanging goods and slaves (Madison, 2003:193). Autonomous African traders engaged in this trade and it also spread to the Atlantic and Indian Ocean coasts. The European penetration commenced with the Christian Spaniards and Portuguese, resulting in the settlements on the East African coast and the Dutch settlement at the Cape in the seventeenth century (Wickins, 1980; Fage and Tordoff, 2002; Miyan-Guyon and Triaud, 2013). European penetration backed by metropolitan mercantilist policies, by means of chartered companies, entered the trade networks on the continent, introducing the 'firm' and sophisticated technology (arms and ammunition, ships, wagons, money), which could favour those foreigners in the exchange relationship. Trade occurred under conditions of recognition of the authority and sovereignty of the African rulers by paying for the privilege of trading, but the Berlin Conference of 1884/1885 brought an end to this system by introducing effective colonisation. The 'Scramble for Africa' (Hopkins, 1993; Packenham, 1992) brought trade, business and all forms of exchange in Africa finally into the world economy (Oliver & Atmore, 1972; Robinson & Gallagher, 1981; Austen, 1987; Wickins, 1980). Throughout the colonial period

African business remained small and largely limited to market exchanges of primary products. Foreign trade was monopolised by the colonial powers. It was only in the aftermath of the Second World War that Britain and France commenced with policies to develop invest in the development of the colonial economies, that African entrepreneurial activity emerged across a wider scope of business enterprise.

The institutions of traditional authority determined the parameters of exchange. Individuals did not trade for their own benefit, but engaged in the communal activity. Equality only existed in the traditional stratum predetermined by ethnic traditional custom. Subjugation to Islamic empires introduced further inequality, entrenched in the religion. Only towards the 1920s, as a growing urban population converged in spaces outside the communal domain of traditional authority, did the opportunities of the capitalist market encourage and inspire African entrepreneurs to take advantage of the market. Colonial markets were dominated by foreign companies from the mother country, often protected by charters and licences, and therefore the entrepreneurial opportunity for African entrepreneurs had to be found amidst institutionally entrenched inequality.

The entrepreneur and entrepreneurial activity emerged as a nuanced phenomenon - the person and the institution (Amatori, 2006, 2011; Casson et al, 2008; Manson and Harvey, 2013; Parker, 2009). At first the entrepreneur was seen by Cantillon (2001) as an arbitrageur or speculator, conducting exchanges and bearing all the risk of buying at certain prices and selling at uncertain prices. The Cantillon entrepreneur was not an innovator, but an intelligent, perceptive person willing to take risks (Casson et al, 2008; Parker, 2009) and described by Say (2007) as the controller of the factors of production (Manson and Harvey, 2013). Say sees the entrepreneur as the middle man, the co-ordinator of factors of production. Such a person has personal characteristics such as judgement, perseverance and experience, all of which are combined in one person to be a resourceful, knowledgeable person equipped with the understanding and experience to overcome unexpected problems and who can exploit (use) existing knowledge (Parker, 2009:34).

These early interpretations emerged from the context of agricultural production and apply aptly to the African 'entrepreneurs' of the trading networks. Frank Knight's (1921) distinction between risk and uncertainty (risk is insurable, but uncertainty is not) explained the entrepreneur's profit as the reward for bearing the uninsurable risk. To the Austrian the entrepreneur was arbitrageur or middleman, a person 'discovering' price in a market economy and being alert to profitable opportunities. The ‘alert’ entrepreneur exercises judgement in decision-making (Casson, 1982, 1991), applying judgement about expected/anticipated future prices. This form of entrepreneurship which operates between markets and factors of production, is positioned, according to Casson et al (2008:3) at the ‘low-level’ of the phenomenon. The early African trading entrepreneurs of the period prior to colonisation were middleman, arbitrageurs and business men who ‘discovered’ the price in the market by being alert to profitable opportunities. Trade between African tribes or empires and with the Arab traders on the East African Coast, occurred on the basis of power, which was only disrupted when colonial powers granted charters to trading companies (Collier & Lal, 1986; 25-26; July 1998:54-56).

The emerging African entrepreneurs of the 1920s, were middlemen, arbitrageurs who sought opportunities to enter the newly emerging capitalist market and exercised entrepreneurial judgement in assessing risk and opportunity. The context of entrepreneurial activity was compromised and unequal: urbanised African merchants and craftsmen had to compete with foreign trading firms, which imported cheap commodities and thereby eliminated the demand for locally produced goods. African merchants’ competitive advantage was thus eroded. They lacked education and training to offer effective competition, they had limited or no access to capital and credit and their movement was often contained by colonial legislation (urban segregation). African entrepreneurs then often saw opportunity in trading in the informal sector (Austen, 1987:134; July 1998:130, 1701-171,279-283). The success stories are those of entrepreneurs who persevered. The survival of independent African entrepreneurs in the agricultural sector was soon subjected to colonial market distortion (Austen, 1987; Collier and Lal, 1986) as well as by independent African rent-seeking states seeking to ‘modernise’ their economies by import substitution industrialisation. These policies perpetuated market distortion to the detriment of independent agriculture and peasantry (Bates, 1981).

African entrepreneurs in the urban informal or ‘petty’ trade could maintained some ‘independence’, since African merchants could not compete with the capital-intensive nature of the colonial economy. This ‘inequality’ left only one context for commercial survival – the urban market space outside the traditional communal ‘home’ and authority of the traditional leader. Those who resorted to the option of petty trade were mostly from the former slave communities without the means to commence with such trade, such as the Igbo of Nigeria or the Bamileke of Cameroon. These groups were only successful to establish themselves as prominent commercial groups towards the late colonial period. Then the newly urbanised people had to compete with other experienced immigrants, such as Levantines (Lebanese), Greeks (primarily in the western parts of Africa), and South Asians from India on the eastern coast of Africa (Sutton et al, 2010, 2012a, 2012b, 2013, 2014; Austen 1987). These immigrant communities established themselves as permanent African communities and can no longer ne described as 'non-Africans'. They were fully integrated into the African society. The commercial activity of these early businessmen was primarily trade,a nd almost without exception organised as family firms. In most African economies the largest conglomerate enterprises currently engaged in business, commenced their operations as trading companies, which diversified into manufacturing and other services.

An example of such an early trading business that ultimately emerged as a diversified conglomerate, is the Mohan Kothari Group in Ethiopia. The group was established three generations ago during the early twentieth century importing steel to Ethiopia and has developed into a diversified industrial conglomerate. In a similar way the Ibrahim brothers established themselves as general merchants in the 1920s and later expanded operations to become a major importer of electronic, household appliances and furniture into Ethiopia (Sutton, 2010). Kanji Jeraj Manek from Gujerat in India set up a trading company consisting of family members in Tanzania in the 1880s and soon expanded across Tanzania. So did Subhash M. Patel, who was born in Tanzania in Lugoba in Tanzania. The largest aluminium producer in Tanzania, began operations shortly after arriving from India in 1916, as the merchant business of Manu Chandaria. In Kenya P K Shah established a trading company and soon expanded the business into Tanzania during the 1940s and eventually expanded operations into a plastics, pharmaceutical and consumer goods group, as the Sumaria Group, under family control, in modern day Tanzania (Sutton, 2012).

In West Africa a similar trend could be observed. In Ghana a family business started by Milad Millet in the early 1950s to manufacture towels for the Ghanaian market, but when cheap imports were introduced in the late 1980s, the family company restructured operations into food production and distribution. The Millet family still manages the company and has expanded operations into extensive exports across West Africa (Sutton, 2012a). In Zambia Munir Zaveri immigrated from India in 1895 and settles in Zambia to farm with cotton. This family firm traded textiles and garments since 1904 and in 1935 established the first cotton ginnery in Kenya. Ajesh Patel's Indian grandparents settled in Livingstone, Zambia in 1927 and manufactured sweets from sesame seeds and traded second hand clothing, but as the copper industry suffered from low prices, the business diversified into food, beverages and confectionary. Eventually the family firm was incorporated as Invesco, one of the first beverage companies in Central Africa, later also engaging in packaging and bolting operations (Sutton, 2013).

In Uganda the Madhavi family settled from India when two brothers Vithaldas and Haridas Madhvani, settled from India at the trading town Iganga in eastern Uganda. In 1919 Muljibhai Madhavi commenced coffee production on a small plot of land acquired from the British colonial authority. As sugar prices 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 ascendancy to power by Idi Amin in 1971 caused a massive disruption in commercial activities, as all persons of Indian descent were expelled from Uganda. The Madhvani Groups assets were confiscated, but when Amin was detained in 1979, the Madhvani family returned to the country and commenced a slow reconstruction process (www.madhvani.org).

Small trading firms scattered the commercial environment in Africa under colonial rule. Few of them were started by indigenous Africans. European firms dominated the technologically advanced mining, linked small engineering manufacturing, shipping and food processing sectors. When the colonial policies of the 1940s put new emphasis on the development of industrial capacity in the colonies, such enterprises were generally under European management and control, such as the establishment of Chilanga Cement in 1949 by the Government of Northern Rhodesia and the Colonial Development Corporation/Commonwealth Development Corporation. Production expanded into two additional plants, but shortly after the independence of Zambia, the company was 'commissioned' or nationalised and only privatised in 1994 (Sutton, 2013:123-124).

Under colonial rule African entrepreneurs occupied only marginalised market spaces, but that was not because of any statutory restrictions as were in place in South Africa, but because they were marginalised by superior European competitors - they lacked the capabilities to compete with European firms – capital, expertise, experience and colonial protection. The Indian trading companies and the Africa petty market traders operated on the 'lower end' of entrepreneurship, as Casson noted. It was envisaged that decolonisation and independence would alter that.

African entrepreneurs in South Africa – marginalised but enabled.

Southern African societies shared the communal tradition of other communities on the continent. Communal land ownership excluded individual ownership of the proceeds of any cultivation (Guy, 1982; Bundy, 1979; Beinart, 1979; Bonner, 1978). Following the *Mfecane*[1] large numbers of displaced Africans settled in locations outside the authority of traditional chiefs and as a new independent peasantry, produced food for own consumption. Bundy found that African peasants responded favourably to the market opportunities to sell surplus production. Barter activities between African people and European settlers were supplemented by trade (Bundy, 1979), as had been the case in other parts of Africa after the end of slave trade (Austen, 1988:92, 102). Trading activities were dominated by European trading or merchant companies in the Eastern Cape towns such as Graaf Reinet, Graham's Town or Port Elizabeth (Webb, 1992) during the nineteenth century. By the late nineteenth century the deterioration of the paper currency in the Boer Republics[2] also led to barter in kind (Solomon, 1982:133-134).With the mineral discoveries (diamonds and gold) towards the end of the nineteenth century, Africans entered urban areas as wage labourers, earning monetary income.

The monetisation of exchange in the African communities paved the way for African businesses entering the market economy. While in parts of Africa the monetisation of exchange sometimes preceded colonisation (Austen, 1988:134), in South Africa the growth of markets coincided with the mineral discoveries and introduced proto-industrialisation. Before the mineral discoveries Africans traded voluntarily, but colonial taxation, the first of which was introduced in the Cape Colony in 1894 (the so-called Glen Grey Act), taxed freehold land ownership. Subsequent taxation during the 1890s was interpreted as a means to extract wage labour (Shillington, 1982, 104-109; Beinart, 1982:42-69). This period in the history of South Africa ushered in 'Smithian growth', defined by Austin and Sughiara (2013) as the growth of the market, accompanied by proto-industrialisation and commercialisation of

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[1]The Mfecane was a period of war, starting in 1817among the African communities of the south-eastern parts of Africa in which the Zulu people attacked and pushed other smaller traditional communities towards the northern parts of the sub-continent, wiping out smaller tribes and leaving large numbers of Xhosa people seeking protection in the Cape Colony by the end of the 1820s (Davenport & Saunders, 2000):13-20.

[2]The two Boer Republic were recognised as independent sovereign state by Britain in 1852 and 1854 respectively. In 1852 the Zand River Convention established the Zuid-AfrikaanscheRepubliek (ZAR) and in 1854 the OranjeVrijstaatRepubliek (OVS) was acknowledged by Britain. Britain defeated the two republics in the South African War of 1899 – 1902, after which they became British colonies – the Transvaal Colony and the Orange River Colony. By 1902 the colonies of southern Africa were all under British control.

agriculture (Austin and Sughiara, 2013:6). The growth of markets opened opportunities for 'creative' and 'adaptive' responses by entrepreneurs to engage with such markets. (Wadhwani & Jones, 2014:192). Colonial governments controlled the context within which African entrepreneurs entered the new market economies - control over market access and distribution channels, prices and commodities, transactions in export goods and internal markets. Peasant producers supplied growing urban markets and colonial export requirements. Colonial regulation included the introduction of taxation as a mechanism of market control (Austen, 1988:136-142). In the southern African colonies trade in agricultural commodities occurred in the internal market, as well as some exports to Britain (Greyling and Verhoef, 2015). The exchange in cultivated crop surpluses constituted the 'business' of trade between African communities and the settler communities during the nineteenth century (De Kock, 1924: 134; Houghton, 1978:2-3; Feinstein, 2005:18-20).

African urbanisation gained momentum as wage labourers, women and non-wage labourers converged in designated urban locations. Urban African communities evolved in a new landscape of informal settlements on the fringes of towns and mining developments. Survival strategies soon included the formation of small businesses, such as trading in basic consumer goods, food, beer brewing, transport by horse-drawn carts, domestic services, sewing and elementary blacksmith work as well as the selling of handcrafts, such as bead work, baskets or woodwork (Verhoef, 2001:92-93; Coplan, 1982: 359-3363; Mayer, 1961). Trade and business in the capitalist market economy developed in a similar fashion as in the markets of West and East Africa (Austin, 2013:206-213; Cooper, 2002:118-124; Iliffe, 1983). Urbanisation was intensified during the 1920s and 1930s, when droughts and the adverse effects of the depression on primary product prices pushed many Africans off the land into urban centres where they had to develop alternative means of subsistence by earning a 'cash' income to supplement rural subsistence (Sansom, 1974: 163-165; Mayer, 197: 234; Bozzoli, 1991:4, 129). It was in these townships that African entrepreneurs took advantage of opportunities to establish the earliest African businesses.

One aspect of the 'opportunity' was the divorce of African women from the customary control by the husband and the family of the husband in the traditional household sector, from which they were liberated in the urban environment (Verhoef, 2002:92). African women engaged in independent businesses (See Hellman, 1948; Kuper and Kaplan, 1944; Hellman, 1950). In urban areas African people who had acquired a western education from missionaries, had taken favourably to a western lifestyle and accepted the Christian faith (referred to as *kholwa*).The new African 'elite' could read, write, count and communicate in the language of the authorities and were therefore more eligible for employment. This elite engaged in trade and commerce which made them a stable and self-perpetuating core of African people in the urban areas (Bartlett, 1972; Cobley, 1990:61, 225-228; Trapido,1980: 259). African community leaders such as Mweli Skota, John X Mdhluli and D Dhlomo called for the 'Radical Uplift', referring to the American Garveyist empowerment ideal (Cobley1990:151).

The African population in South Africa was subjected to statutory segregation, which limited market access to African entrepreneurs. The Native Land and Trust Act, No 27 of 1913 restricted land ownership of Africans to the reserves, which broadly coincided with their traditional place of origin and settlement (Giliomee, 2005: 309-312; Feinstein, 2005: 43). Africans could not own land in so-called 'white' urban areas. White municipal authorities established residential locations for Africans in terms of the Natives (Urban Areas) Act, No 21 of and issued trade licences valid only for trading in designated African townships. After the Second World War, in 1945, the Natives (Urban Areas) Consolidation Act of 1945 confined African trade to separate trading areas (Cobley, 143; Report on Native Traders,1939). Licences were awarded for specific business activities – such as trade in fresh produce-, but not to trade in fresh meat, which forced inhabitants of the township to purchase meat from businesses in white-owned businesses (UG22/1932: Economic Commission, 1930-1932: A80:17). African entrepreneurs voiced their frustration at the restrictions on trading activities with the Location Advisory Board (LABC- SAIRR B4/2: Urban Affairs) and called for open trading rights, arguing that "trading of Natives in locations is one of the most important steps of economic development which goes hand in hand with the government scheme of Native development…" (SAIRR B4/2: LABC Memorandum 1930).

African entrepreneurs were not deterred - by 1936/37 the LABC recorded 761 African-owned retail businesses and one wholesaler (SAIRR B4/2: Urban Affairs). The 'opportunity' of inequality was that African businesses were 'protected' from competition with other ethnic groups, such as Indian traders, and developed their own trading enterprises in the confined African market. African traders consistently opposed the institutional restrictions through trade associations. In 1927 Mweli Skota formed the *African and Indian Trading Association Ltd* (SAIRR B4/2 Skota papers; Cobley, 1990:154).The mission educated Africans in the locations called for economic self-help as of superior significance to political power. Similar trade associations followed: In 1932 the *Bantu Business League* was formed in Natal, with

Reverend John Dube as President and N Luthuli as Secretary. In 1938 Selope Thema established the *African Business League (ABL*) as a wholesale co-operative. The ABL encouraged Africans '…to develop trades and industries in their own reserves, locations and townships…' and it openly criticised the long delays in granting licences to African traders as 'grossly unfair and contrary to the declared Native policy of the Union' (The Forum,24/5/41). As South Africa benefitted from war demand for industrial goods during the Second World War, general employment levels and African wages rose consistently. Market expansion reflected in the rapid increase in the number of African businesses – in Johannesburg alone the number of African businesses rose from 192 in 1938 to 820 by the mid-1950s – an average growth of 19% per annum (Cobley,1990: 169). More trade associations were formed, of which the *Orlando Traders' Association (OTA),* established in 1945, was the most prominent. The OTA leaders were Jeremiah Mofokeng, (President), S J J Lesolang (Chairman) and J Mophiring (Secretary-general). The OTA made repeated representations to the local authorities to improve the trading conditions in the township, such as more and larger trading facilities and the issuing of trading licences (Keeble, 1981: 8; Huss, 1977: 375; Walshe, 1971:145-147; Phillis, 1938: 296-300).

African businesses were small, engaged in 'petty trade' in basic consumer goods and services to address daily needs of the people. The difference between these enterprises and those in other African countries, was the protection they enjoyed by the restriction of trading rights to other ethnic groups. These market restrictions nurtured early African entrepreneurs, but also prevented them from growing in competition with other businesses. In each location and township there was a general dealer selling basic groceries and foodstuff, taxi services, shoe repairs/cobblers, dry cleaners and bicycle repairs. Each location also had several undertakers, since burials were of exceptional traditional significance in African culture (Verhoef, 2002:96-97). The businesses were small, cash based, funded by accumulated savings of the entrepreneur and initially without access to bank accounts (Interview Z Kunene,27/8/2014). As wages rose during the war years and employment levels rose, turnover rose rapidly in the proliferating small enterprises. Since the market of African enterprises remained restricted to Africans in the locations and townships, entrepreneurial risk was limited to stocks being either depleted or perished. The traders were at the end of the distribution channel, dependent on wholesalers (usually European wholesalers) to supply stock, which could be late, damaged/perished and not the best quality. In this respect the African traders differed from the Indian traders (in South Africa and other parts of Africa) in not sourcing supplies through import networks from outside the continent. The taxi, bicycle and undertaker enterprises could suffer from mechanical failure, time delays or personal incapacity, which were non-market related risks. The early African businesses were small and owner-managed and community based. By the end of the Second World War the structure of African business in South Africa resembled small African owned businesses in emerging urban locations in the colonies on the continent.

Growth, expansion and market restrictions: African business 1945-1990.

The post-war era presented contradictory contexts for African business in Africa and South Africa. On the one hand international economic recovery stimulated local growth, especially in the industrial sector, and agricultural expansion increased the demand for industrial production and business services and *vice versa* – resembling 'Smithian growth'. In Africa decolonisation brought massive euphoria but also instability. Ghana became independent in 1957, followed by Nigeria and most Francophone colonies, Tanzania in 1961, followed by Kenya in 1963, Malawi in 1963 and Zambia in 1964. The Portuguese colonies only became independent in the latter half of the 1970s and Zimbabwe in 1980. Nationalistic governments often implemented radical socialist economic policies after independence, which curtailed individual African enterprise development and boosted the state as entrepreneur. Oligopolistic European business withdrew from local trade or were nationalised. Political independence and sometimes democracy, did not foster open markets. Social and economic inequality widened. In Ghana, Mali Guinea, the Congo and Tanzania outright socialist regimes assumed power and '…have all been economic failures' (Austen, 1987:235), while in more capitalist oriented governments in Kenya, the Ivory Coast, Uganda and Cameroon, the state maintained prominent role. Many African states were subjected to successive military coups, such as in Nigeria and Uganda, which undermined private property rights and business activity. Portuguese colonies remained under foreign control and Southern Rhodesia and South Africa were still under minority white rule. Weak overall economic performance and an overbearing state sector was not an enabling business context (Alexia et al, 1992; Savvides, 1995).

Ironically in South Africa sustained growth until the early 1960s resulted in a six-fold rise in industrial output between 1930 and 1961, but between 1961 and the late 1980s Gross Domestic Product (GDP) growth slowed down, but nevertheless still increased by 215% and per capita GDP by 75%. Price levels rose eleven-fold and the population also increased rapidly, thereby contributing to the slowing down in the growth rate. It was ironic that this economic performance eventually undermined the political stability. By the end of the 1980s South Africa was in the throes of international sanctions, domestic political turmoil, double digit inflation and unimpressive economic growth (Jones and Muller, 1992:167, 228-233: Feinstein, 2005: 200-203).

Since the post-war period of economic expansion statutory racial segregation was systematically enforced. Restrictions were placed on African workers – certain employment categories were reserved for people with technical apprenticeship qualifications[3] (which many Africans did not have), African trade unions were forbidden[4], freedom of movement to urban areas was restricted by influx control and residence was confined to locations.[5] African entrepreneurs required permission from the Minister of Native Affairs to conduct business outside African reserves or urban locations and townships. The political policies of racial segregation confined African enterprise to African consumers in urban townships, locations and reserves.[6] Only towards the end of the 1970s were restrictions on the establishment of African trade unions lifted, Africans granted the ‘right of 99 year leasehold’ to own land in urban African townships in 1978 (African Business, April 1979:11-13), job reservations scrapped altogether by 1982 and influx control abolished in 1986. In 1988 all the regulations requiring annual licences, prohibition of land acquisition and operating a second business within a certain radius of his spouse’s business, were repealed. These regulations restricted access to the market, but indirectly protected African businesses from competition by white enterprise in areas reserved for African business (African Business, December/January 1988/1989:23).

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[3]The Apprenticeship Act of 1922 effectively excluded non-qualified persons form certain jobs- most Africans were not qualified, and Section 77 of the Industrial Conciliation Act of 1956 gave powers to the Minister of Labour to reserve certain categories of work for certain race groups in certain geographical locations.

[4]The Industrial Conciliation Act of 1956 forbade African trade unions.

[5]Section 55 of the Native (Urban) Areas Amendment Act of 1955 permitted only persons born in urban locations and who had worked for one employer for ten years, permission to reside in such area.

[6]The Physical Planning Act of 1967 allowed white industrialists to establish industries in the border areas of African reserves, whereby employment opportunities were created for Africans in their reserves. The Bantu Investment Corporation granted funding and support to Africans who established industries in their reserves. Whites were not allowed to conduct businesses in African locations, townships or reserves.

The exact situation pertained to Indian business activities. Indian traders extended their businesses from the Natal Colony into the interior of the Boer Republics, but after 1914 were also restricted to certain geographical locations. The nature of their businesses resembled the early trading enterprises of Indian traders on the east African coast since Indian traders' imported goods from India and other parts of south Asia (Hiralal, 2000; Vahed, 2005, 1999; Padayachee and More, 1991; Ngwenya, 2011).

African and Indian business in South Africa displayed the following characteristics: they were small owner-managed, geographically confined to statutory prescribed locations, undiversified, generally limited to food distribution and the services sector (limited manufacturing), weak capital base - operating on a cash basis, limited access to banking services, especially credit and little attention to succession planning. These entrepreneurs were middlemen and arbitrageurs who operated in limited markets with limited risks arising from price determination and supply. To sustain their livelihood, these entrepreneurs followed a dual strategy. First they extended the network of trading associations for mutual support to the African business fraternity. Secondly they worked within the structural limitations of racial segregation, albeit consistently opposing the system and calling for the lifting of segregation. S J J Lesolang, a leading African businessman in Johannesburg, acknowledged that the decentralisation policy of Government met with opposition, but had '… created employment facilities for thousands of our people…" (African Trader, January/March 1967). Trade associations spread across the country and in April 1964. The National African Chamber of Commerce (NAFCOC) was formed to co-ordinate the activities of its member associations in promoting African business development. The first President was Richard Maponya, a prominent businessman from Soweto. As the African buying power strengthened from R487m in 1969, to rise to R7, 5 billion by the end of the twentieth century (Motsuenyane, 2011:55-58; NAFCOC Milestones, 1994:2), the organisation emerged as a champion of African opposition to racial segregation (African Business, August 1980:31-33; Mathebe, 1994:45-46). NAFCOC campaigned to speed up the 'radical upliftment' of Africans through the 'buy-at-home' campaign. This campaign encouraged African consumers not to take trains and other transport to buy from white-owned businesses in urban business districts, but to buy from their local enterprises (NAFCOC Milestones, 1994:4). African consumers were urged to buy from African businesses (African Trader, April/June 1967:2, 16; African Business, March 1980:13-19), thereby utilising the policies of racial segregation to foster African business.

The contradiction of these distorted markets was that as the number of African enterprises in Johannesburg alone rose from1 137 in 1959 to 11 460 in 1969 (Mogotsi, 1977:10), NAFCOC opposed free access by white and Indian traders to African townships, because these smaller and less experienced traders with limited capital, could not compete on an equal basis (African Business, December 1979:5). On the other hand the Department of Bantu Administration (DBA) supported NAFCOC, since the 'closing' of the market granted opportunities to African traders to grow and develop themselves in ethnically separated areas (Bantu Education Journal, September 1959: 384). From radically different ideological positions the African business community and the Government pragmatically agreed to limit free trade. This type of 'protection' was not afforded African traders competing with Indian traders in other parts of the continent.

Successful African entrepreneurs emerged in South Africa and black business enterprise matured from small beginnings to medium sized and big business. A few examples illustrate the entrepreneurial orientation of some African businessmen in South Africa. The multi-millionaire Richard Maponya qualified as a teacher in the late 1950s, but at the age of 22 took up employment as a stock taker at a clothing manufacturer. His good work brought him and his white manager, Mr Bolton, promotion. To thank Maponya for his dedicated work, Bolton sold him soiled clothes and fabric off-cuts, which Maponya then resold in the township. Maponya developed the clothing business to the point where he established a tailor and sold clothing on credit, He did not have a licence to sell clothing in the township and was therefore closed down. Maponya used his savings to start a milk distribution enterprise in Soweto. He and his wife, Marina, operated a milk distribution enterprise Dube Hygiene Dairy. Milk was distributed on a daily basis using 100 bicycle delivery boys. He soon opened a general dealer shop, but had difficulties obtaining a licence to sell soap on a Sunday. The accumulated savings from the milk trade enabled the expansion into the usual township enterprises: general dealership, butchery, fuel filling station and soon an automobile dealership. By the 1970s he had established a 'personal conglomerate' by adding more businesses such as a bottle store, a 'Native eating housekeeper' (a restaurant), and a bus transport service. Maponya is most probably the best-known African millionaire in South Africa.

Ephraim Tshabalala started in business in the township also as a general dealer. He diversified his operations by opening up a dry cleaner, a butchery and an 'eating house'. In 1956 he opened a fuel station, which by December 1977 was the top fuel seller in South

Africa (African Business, December 1979:6). By 1970 he had established himself as a property owner in South Africa as well as in Swaziland. "I wanted to show that in South Africa, we are not slaves," he said. "When you are hard at work, you can make millions. The sky is the limit if you work." (New York Times, 3/12/83). The common thread in the success stories of African entrepreneurs is ambition, small beginnings and gradual growth. All the nominees for the NAFCOC Businessman of the Year in 1979 were engaged in similar business venture – Mr Motsepe owned a beer-hall, general dealer, liquor store and then he also manufactured bricks and farmed with cattle. Mr Leeuw owned a general dealer, a green grocer, household hardware store and clothing stores. Mr Vokwana ran a large supermarket, restaurant and service station in Gugulethu in Cape Town. Mr Gumede owned a bottle store, and general dealer in Empangeni, Zululand and Mr Ramushu owned an appliance business, he dealt in gas and electrical appliances and supplied liquid gas and acetylene for welding. Mr Mduli owned a general dealer, a butchery and a restaurant, while Mr Molosioa was the owner of a cash and carry enterprise. Two nominees were hotel owners - Mr Baduza and Mr Mohala. (African Business, January 1979:7-9) These entrepreneurs expanded operations by opening up enterprises aligned to the ones they had success with, usually in close proximity of the original location, in order to exercise control.

The scope of enterprises expanded as the entrepreneur expanded geographically. Mr S J J Lesolang was a teacher (1928 to 1945), but in 1945 he used his savings of £200 to register a coal distribution company in Soweto. The next year Lesolang opened a grocery store, and started a transport enterprise. In 1955 the Orlando township required experience a housing crisis, which put pressure on the Johannesburg City Council to build many new houses. Lesolang expanded his fleet to 11 trucks to transport the building materials, but in 1961 his licence was withdrawn. Then he opened a service station selling fuel and later also automobiles, but the most impressive initiative was the establishment of *Blackchain*, a supermarket wholesaler in Soweto in 1980. This mega store (2000 square metres) was revolutionising retailing in African townships, because it was the first wholesale store selling everything from groceries, to stationary, beauty products to hardware goods, clothing and footwear. It comprised an entire shopping centre, the largest developed and controlled by Africans in South Africa at the time. The shopping centre housed the *Blackchain* supermarket, a cash and carry wholesale business, 17 speciality stores, 6 medical suites and offices, plus parking for 420 vehicles (African Business, Marc 1980:5-6; April 1980: 6-7; July 1980:34). Lesolang’s business operations were later extended to one of the Black homelands Bophuthatswana and in 1980 he was the winner of the NAFCOC Black Businessman of the Year award in the category of R500 000.00 turnover or more (African Business, March 1980:4).

African entrepreneurs were not confined to the urban areas. The first NAFCOC Businessman of the year in 1973 Agripa Mayaba was the owner of Mount Frere bakery in the Transkei (a region on the south eastern coast of the country), a business he acquired after securing a loan from the Transkei Development Corporation (TDC). Mayaba was employed by the TDC, where he acquired experience and training in management and accounting. In 1971 he obtained a loan for R23 000.00 from the TDC, bought the bakery and subsequently expanded his business empire to three hotels, a garage and the bakery – furnishing him with annual turnover in excess of R20m by the mid-1980s (African Business, April 1983:5-6). In a similar fashion Mr Habakuk Shikwane established himself as a manufacturer of cane furniture in his backyard in Dube, Soweto in 1959, after which he secured a loan from the Bantu Investment Corporation[7] to move to more suitable premises in Hammanskraal, in the Bophuthatswana homeland. In 1977 he moved his manufacturing plant to Lebowagomo, 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). Matome Maponya started as a conductor to an African owned bus company, but after performing various clerical jobs, he opened a butchery in Lenyenye township in the Lebowa homeland. He was awarded several contracts to supply meat to the schools and hospitals under homeland government control and by the mid-1980s he diversified his meat business into farming with cash crops and poultry. His entire business developed and expanded in the homeland areas (African Business, November 1985:3-4). During the late 1980s the King Korn Food Corporation, established in the 1920s, to produce sorghum-based foods in the African reserves and later homelands, had become a multi-million Rand food manufacturing enterprise and distribution network in all the homelands (African Business, April 1986:28-31).

In many independent African countries private business faced serious difficulties, failure or nationalisation. As disillusionment with the performance under state-ownership rose, numerous small enterprises were acquired by entrepreneurs from foreign origin - Lebanese,

[7]The Bantu Investment Corporation was a state financed corporation for the financing and management support of African business development in designated African areas.

Greek or Italian origin – or by local citizens who originated from European countries and acquired citizenship in the African states. In Ethiopia the Georgalis family established Moplaco Trading Company PLC, a coffee export and processing company. A Dutch entrepreneur established the Metehara Sugar Factory in Ethiopia in 1959, but it was nationalised in 1974. The Italian Anbessa Shoe Company, established by an Italian national in 1939 was nationalised in 1975 (Sutton, 2013). Similar enterprise developments in countries such as Tanzania, Zambia and Ethiopia were exercised by foreign entrepreneurs, but later nationalised. This prevented indigenous enterprise development. Most African enterprises remained in the small to medium sized trading sectors, while, as in Ghana, industrial manufacturing, engineering and construction were dominated by foreign immigrants.

In Ghana several entrepreneurs of Lebanese origin entered business after the passing of the Companies Code At (no 179) of 1963, which encouraged the establishment of businesses by offering establishment incentives and liability exemptions. Many business owned by Lebanese nationals entered the Ghanaian market – and have developed into industry leaders. The Irani brothers emigrated from Lebanon and established a wheat flour mill in 1967 – Irani Brothers& Others Ltd. The John Bitar & Co Ltd logging and sawmilling company was established in 1961 by a Ghanaian of Lebanese origin, John Rachid Bitar and this family business has grown into a leading company in the Ghanaian wood industry. Another Lebanese immigrant to Ghana established the paint manufacturing company in Ghana, which later was registered as BBC Industrial Company (Ghana) Ltd. The Wire Weaving Industries (Ghana) Ltd, was also established by Lebanese entrepreneurs in 1965 and the Azar Chemical Industries Ltd was established by the Lebanese family of Elias Azar in 1968. In the civil engineering and construction industry an Italian citizen Giovanni De Simone established a building construction company in 1964 in Ghana. This firm is in the third generation of family ownership. In a similar vein entrepreneur F Micheletti, also an Italian engineer, established a building construction firm just outside Accra. In 1970 a Lebanese national who immigrated to Ghana, Saied Fakhry to establish a company to manufacture pipes and later plastic pipes and fittings and this remains a family enterprise (Sutton, 2012a).

At a time when the business in many countries in Africa was between socialism and state-managed ‘capitalism’, African business in South Africa displayed a degree of diversification and positive response to the gradual relaxation of racial segregation since the end of the 1970s. New business ventures were entered into. The first registered African-owned estate agents entered the housing market (African Business, September 1984:9), African medical practitioners and businessmen joined forces with professionals of all race groups to establish he first private clinic in Soweto – the Lesedi Clinic in Diepkloof (African Business, March 1985:23), Stanly Nkosi opened the first black music recording business, Soul Brothers Records (African Business, December 1985:9-20), 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, and 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 for people to acquire the skills in applying the materials to new buildings (African Business, January 1989:27).

An example of the growth and diversification of a small African trading business is that of the Kunene brothers. The Kunene enterprise is a family business. The eldest son of a family of five brothers, qualified as a lawyer and he assisted a widow in the township Vosloorus to sub-let her trading licence for selling milk and fruit juice. Once the legal formalities were completed, the widow sub-let h to Fortune, the father of the Kunene family. After retirement from teaching, Fortune, already in his seventies, 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 and built a lucrative enterprise in Vosloorus. In 1981 as African business 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[8] 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 brother did not have nor could secure at a financial institution. A friend of the

[8] Previously the DBA was the only authority permitted to sell liquor in the townships.

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 was employed with IBM. By the mid-1980s they purchased a hotel in the white town of Springs, from where they ran a liquor wholesale business. The deteriorating security conditions by the late 980s made their business the target of criminal activities and the brothers decided to shift the focus of their business out of liquor to 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.

The Kunene business expansion represented the fundamental shift in African business development in the late 1980s and early 1990s. The gradual demise of statutory restriction on African mobility, residence in urban areas and growing collaboration between white and African business (in the case of the Lesedi Clinic, African Business March 1985: 23; African Business May 1985:11; African Business, September 1986:26-28;African Business February 1987:5), paved the way for the emergence of big business owned by African entrepreneurs. Political changes after 1990 introduced an empowerment dimension to African business, which changed the nature and size of African business in South Africa.

Changing business landscape: market liberalisation and enterprise.

In many African countries few former small African entrepreneurs in small scale 'retail' or petty trading in urban areas developed into second tier medium sized enterprises or sustained secondary industrial sectors. Entrepreneurial opportunities to local entrepreneurs were firmly constrained. As noted by Casson (1982; 2010) and Eckhart and Shane, 2003), entrepreneurial opportunities were dependent on a context offering conditions conducive to successful future operations, which are as important as understanding individual and firm-level cognition and behaviour. State-owned enterprises in Africa prevented the development of such conducive conditions. Induced ‘entrepreneurship’ through indigenisation programmes also failed, because those programmes also implied market distortion (Verhoef, 2004: Decker, 2010) Constructive change, involving the redirection and restructuring in the make-up and operation of markets for entrepreneurial activity was needed. “Entrepreneurship changes social and economic situations for good” (Schumpeter, 1947:150), but African governments only commenced with market friendly reforms by the 1990s. Context, time and change are embedded constructs of entrepreneurship. These constructs were compromised in the post-independence era. Serious general underperformance by the SOEs in Africa caused macro-fiscal distress, which resulted in extensive intervention by the International Bank for Reconstruction and Development (World Bank) (Nellis, 1989; Van der Geest et al, 1994; Van der Hoven at al, 1994). The structural adjustment programmes met with widespread opposition in Africa, but reform measures coincided with rising enthusiasm for privatisation as the twentieth century closed. Global market liberalisation after the end of communism soon dawned upon Africa as well.

The development of new big business in Africa is discussed first and then the trend in South Africa is explained. In Africa much of the growth followed a fundamental shift in macro-economic policies. African market liberalisation since the 1990s gave rise to a new African enterprise, often controlled by former immigrant family business owners. Formerly nationalised enterprises were acquired and restructured and soon conglomerates emerged. Close political ties to the ruling party was often valuable. A growing small and medium sized enterprise sector found their way to the market. African entrepreneurs were rising to the occasion. By 2005 the majority of African businesses were still small, since only 2 percent employed more than 10 persons. The informal sector is still dominant and contributed an estimated 20-40 percent to African GDP (McDade and Spring, 2005). Registered micro- to small scale enterprises in the formal sector operated in more formal municipal markets and are taxed. The most impressive observation was the steady growth in medium-scale businesses. There is a growing presence of enterprises in the so-called ‘missing middle’. These are enterprises that have grown beyond the informal sector and small enterprise paradigm. A study of six African economies (Botswana, Cote d’Ivoire, Ghana, Kenya, Malawi and Tanzania) exposed large numbers of formally registered middle sized privately owned enterprises. As an example, in Tanzania more than 5000 formally registered road transport companies were identified, in Ghana more than 2000 businesses applied for business loans from financial institution, with the average investment project funded was

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

In this market several entrepreneurs diversified into aligned sectors. New large conglomerates rose to compete in the wider African continental context and slowly into the global market. Former trading enterprises branched out into other business ventures to emerge as conglomerates in the twenty-first century. An example of entrepreneurial agency is the Ibru Group of companies in Nigeria. In the immediate post-independence era Michael Ibru, who had been employed at the United African Trading Company, resigned his position and entered into a partnership with an expatriate Nigerian, Jimmy Large – Laibru was the name of the partnership. Laibru entered into general trading, but was not very successful. Michael Ibru then observed that there was a need in the market for frozen fish, but competition was tough, since many expatriate businessmen were active in that market. Michael Ibru started an import company to trade in seafood. He built and rented storage facilities across the country and by the end of the 1960s went into partnership with a Taiwanese company Osadjere Fishing Company, to provide trawlers and technical equipment required for the trading of fresh and frozen seafood. The initial seafood trade led to Ibru establishing a transport company (Rutam) and invested in palm oil production, tourism, beer brewing, timber and poultry (www.ibrufoundation.org). The profile of the Ibru Group of companies has become the norm for most of the new African conglomerates: from trading to diversification into aligned enterprises in the primary and services sectors and consolidation of power in a diversified family-owned conglomerate group.

In Uganda the Madhvani Group restructured their businesses after allowed to return to Uganda after Idi Amin was exiled in 1979. 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 the production side 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. The total turnover of this family enterprise exceeded US500million in 2014 and employs more than 10 000 people (www.madhvanifoundation.com).

In the past two decades African entrepreneurs in other countries have risen to the opportunities of the deregulated market and privatisation of SOEs. Some 'inequalities' of the past (marginalisation to small trading activities) provided the basis from which basic trading was escalated into more advanced capital intensive operations, enhanced diversification and cross-border expansion. In Ethiopia the trading firm of Mohan Kothari matured from trading to the Mohan Group being a diversified industrial firm specialising in the manufacturing of plastics (Ethylene-Vinyl-Acetate [EVA] and PVC compounds), packaging, footwear and plastics based industrial construction. The Group benefits from the entrepreneurial capabilities of the third generation Kothari, Mansur Kothari. Ownership remains in the family (www.mohanplc.com). In Ghana the industrial sector is relatively small and dominated by firms owned by former foreign immigrants, often in the second or third generation of owners by this time full Ghanaian citizens. A new Ghanaian entrepreneur was Kwame Ofosu Bamfo, formerly a trader, who worked in the family business Bamfo and Sons. In 1980 the business started the importation of paint for automobiles, since it was awarded the agency of the Government Industrial Holding Company (GIHC). Soon the Bamfo enterprise expanded its paint business to become the leading Ghanaian pint distributor. The entrepreneur used the opportunity handed to him through government intervention in the market to gain a foothold in the paint industry and expanded it to become the leading supplier (Sutton, 2012a).

In Zambia no dominant single conglomerate has emerged since market liberalisation, but existing Indian owned firms have expanded their businesses, such as the Unity Garment Group. The group operated in the garment trade, specialising in mining clothing, but suffered from the downturn in copper mining industry since the 1970s. The group sustained the business by diversifying into general clothing sales and when the mining industry was privatised and operations took off again in the 1990s, the company regained market share in the supply of specialised mining and industrial clothing. In the poultry business a Kenyan family acquired control of the Hybrid Poultry Farm (Zambia) Ltd, thereby illustrating the growing inter-Africa business networks expanding across the continent as market opened up. In the cotton industry a former SOE Dunavant Zambia, was privatised in 1995 and in 2012 the South African agricultural co-operative *Noordwes Koöperasie* acquired a 60% interest in the company. Similarly in 1995 the African owned African Resource Group of South Africa acquired a controlling interest in the then privatised asbestos product manufacturer TAP Zambia Ltd. (Sutton, 2012b).

The former entrepreneurs of the Said Salim Bakhresa Group of companies started small trading operations (shoes, ice cream, bakery) in newly independent Tanzania, but once privatisation started in the late 1980, they acquired the National Milling Corporation from the government. The firm then diversified into bottled water, packaging, wheat and maize milling and food production. The Sumaria Group, which started as a trading company in the 1940s in Kenya, expanded the family enterprise into Tanzania in 1957 and with the onset of privatisation diversified into plastics, pharmaceuticals, clearing and forwarding, food processing, edible moils, soap, cement, wheat flour and confectionery and an joint venture with the South African firm DPI Plastics (Pty) Ltd, to manufacture plastic pipes. Earlier trading firms in Tanzania were not nationalised under President Nyerere, but could not enter large scale agriculture or industrial manufacturing. After the end of the Nyerere era, companies such as Motisun Holdings Ltd and the Mac Group took advantage of the open markets and diversified into various business activities. In some instances the family-owned company was nationalised, as had happened to the aluminium manufacturer, ALAF Ltd. This business was started in the 1950s by the Indian born Dr Manu Chandaria, who ran a merchant store in Kenya and finally started buying and manufacturing aluminium in Tanzania. The company was nationalised in 1973, but held a management contract until 1988, when the company was placed under control of the National Development Corporation. After privatisation in 1997 Chandaria returned and expanded operations to make ALAF the largest aluminium producer in Tanzania and Mauritius (Sutton, 2013).

The phenomenon of family-owned trading companies branching out into diversified conglomerates has become the norm of personal wealth creation and the construction of business empires on the continent. The MeTL Group (Mohammed Enterprise Limited) in Tanzania, also started as a general trading company, established by Mohammed Dewji, in Tanzania during the 1970s, selling beverages, soap, edible oils and textiles. After privatisation the company expanded operations into energy and petroleum, financial services, mobile telephone services, infrastructure, real estate and logistics. The most successful enterprises are the loss-making manufacturing and textile SOEs Dewji acquired form the Tanzanian Government. The MeTL Group imports extensively and exports to countries in Africa, but also Europe, the Middle East, USA and South Asia (www.forbes.com/profile/mohammed-dewji/).

In Egypt a Cambridge educated Egyptian, Loutfy Mansour, resigned from a senior government position to start a cotton exporting business in 1952. The business expanded rapidly to become the second largest cotton exporting enterprise in Egypt. The entire business was nationalised when President Nasser nationalised the Egyptian cotton industry in 1964. Loutfy Mansour was offered a position by the President of the Sudan in 1968 to establish and develop the Sudanese cotton industry and grow its exports. The entrepreneurial spirit then moved Loutfy to Geneva, Switzerland where he started a cotton brokerage firm, but the Mansour family assets were returned to the family by President Sadat in 1973. Loutfy Mansour returned to Egypt, where he then opened an automotive dealership in partnership with General Motors, which was later managed by his son Mohammed Mansour. After the passing away of Loutfy, his sons took control of the businesses in Egypt and Switzerland. Currently the Mansour Group is the largest distributor of General Motors Internationally. The Mansour Group was diversified by the second generation Mansour siblings to include the dealership of Caterpillar in Egypt, North Africa, Iran and Russia. The Group also branched out into investment management, food distribution and retailing and is listed on the Egyptian Stock Exchange, but eh family retains control in shareholding and management (www.mansourgroup.com)

The wealthiest man in Africa, is Aliko Dangote, a Nigerian national, who started his business as a transporter of cement (using a truck he borrowed from his uncle) at a time during the post-civil war era of the 1970s when the Nigerian Government imported vast quantities of cement to supply in the local demand. Dangote's family maintained 'close relationships' with the Government (Fayemiwo and Neal, 2013: 209) and during the indigenization policies of the time, new enterprises could not be owned by foreign investors. Once the indigenization policies were relaxed and licenses for the importation of essential goods, such as cement, rice, flour and sugar were issued by the Nigerian Government under General Shagari, the Dangote family secured such licences. The weakening of the Nigerian economy towards the mid-1980s led to SAP programmes and the Privatization and Commercialization Decree, No 25 of 1988. Privatization was not effectively implemented before 1993, but during this period Dangote built his wealth on the importation of licensed commodities and bagging and distributing the imported cement. Once General Obasanjo rose to power in1999, *inter alia* with Dangote as a major financial sponsor, Dangote commenced with the manufacturing of cement. This business he expanded to the vast cement empire of Africa, distributing cement to the entire continent. The Dangote group is currently the largest diversified conglomerate in West Africa with interests in flour milling, cement, sugar, salt, pasta, beverages and real estate with new projects underway in the oil and gas, telecommunications, fertiliser and steel sectors of the economy (www.celebritynetworth.com). The Groups annual turnover exceeds US3 billion (www.dangote.com; www.abiyamo.com).

The MeTL group in Tanzania resembles the diversification of the Madhdhvani Group in Uganda. MeTL is still family owned and managed and is gradually expanding operations across the border into neighbouring countries In Egypt the Mansour Group and in Nigeria the Dangote Group are listed on their national stock exchanges, but control in the Mansour Group remains with the family. One important aspect of the large conglomerates in Africa is that they have all established foundations to engage in social responsibility projects, such as disaster relief, education bursaries, development work in remote areas or sponsorship towards various community causes. Each of these groups have expanded operations extensively since market liberalisation policies in their respective countries, but have not diversified operations into multi-divisional subsidiary structures in other countries., as had developed in the case of South African multi-national conglomerates expanding their business operations into the rest of the world and Africa.

In South Africa African business since the early 1990s moved to large corporations, just as had been observed in the rest of the continent. ‘Inequality’ was replaced by empowerment. Statutory Black Economic Empowerment (BEE) policies were introduced and enforced, whereby African people were enabled to acquire ownership of companies through special equity schemes, as well as managerial positions in company management or on the Boards of Directors (Sidiripoupos, 1993: Cargill, 1999: 3; Kruger, 1998:11-16). The Department of Trade and Industry developed a scorecard to track progress with BEE as prerequisite for companies qualifying for government tenders (DTI, 2003). Empowerment policies was again a market distortion, but was supported as the ‘politically correct’ strategy to follow. These policies facilitated access to capital and transformed the corporate sector to display an increasing multi-racial character. The black entrepreneur expanded existing operations assisted by BEE policies. Some entrepreneurial voices among African businessmen insisted that the empowerment drive should ‘grow from the people’. As an example of this mindset, XB Brokers, a financial and insurance broking firm, was established by Moss Nxumalo in 1991 (African Business, September 1991:6). Africans were encouraged to invest in shares and when the National Sorghum Breweries (NSB) listed on the JSE in May 1991, XB Brokers assisted the placing of shares with new African shareholders. NSB was established on 30 June 1990 when the government transferred its control over the brewing of sorghum beer in the townships to African private ownership (African Business, May 1991:8; June 1992:8; September 1993:12).

The development of black business in the empowerment context has two distinct features: on the one hand individual entrepreneurs thrived in the open capital, labour and distribution markets. These entrepreneurs can be described as the 'self-made' entrepreneurs – businessmen who relied on their own entrepreneurial capabilities to build and sustain their companies. The scale and scope of their enterprises extended well beyond the limited scope of the former African township enterprises. The second category comprised of the growing number of black people, often qualified professionals such as lawyers, accountants or holders of MBA degrees, appointed to senior managerial positions in formerly white businesses and who developed influential networks of directorships, ownership and management positions in companies with BEE credentials or entering into BEE transactions. These enterprises were part of the corporate environment of the South African economy.

In the first category of self-made black entrepreneurs three prominent business conglomerates are interesting. The Kunene business interests expanded without statutory or political intervention. Soon after the acquisition of Nigel Bottling Industries, the Kunene brothers visited the USA to apply for the sole distribution licence for South Africa, since by October 1994 they were the largest independent distributor of Coca Cola in South Africa. The mission was successful and the Kunene brothers also acquired 51% shares in Coca Cola Bottling Mpumalanga (Pty) Ltd (CCBM) from Coca Cola USA. Once CCBM was under Kunene control, the business was consolidated in Kunene Brothers Holdings (Pty) Ltd (KBH) in August 1994. Coca Cola disposed of its 13% interest in CCBM to KBH and left KBH with a 64% controlling interest. KBH then expanded into other business ventures. Business expansion required access to capital, which was then facilitated through Kunene Finance Company (KFC), a dedicated company to provide short and medium term finance for the group. Up to that point no external funding had been acquired for the business development of the group, but sole reliance was on personal savings. KFC remained unlisted, but institutional investors held 49% of the shares and KBH 51%. KFC was used as the vehicle to establish Kunene Industrial Holdings (KIH), which acquired the controlling interest in the McCarthy Motor Holdings (Pty) Ltd, motor dealerships in Witbank and Sandton. All the Coca Cola investments were grouped into Fortune Investment Holdings (FIH), an unlisted holding company, but in 1998 a listed entity Kilimanjaro Investments Ltd acquired the bottling rights of a new East-London bottling plant. Soon Kilimanjaro took over CCBM and the Kunene Brothers changed the name of the holding company to Fortune Beverages Ltd (FBL) in 1999. The family nexus was perpetuated further in 2002 when FBL merged its bottling operations with other local bottling interests to create Coca Cola's South African bottling company (SABCO). Soon the name was changed to reflect the founder of the business group - Coca-Cola Fortune. FBL held a 19,5% interest, but was delisted in August 2002. The group diversified investments by acquiring a strategic defence technology interest in Grintek Electronics in 1995 and in 1997 a controlling stake in Grinaker Holdings (Grintek – the holding company). All these interests were restructured in Kunene Technologies, in 2000 and the latter was delisted in March 2000. In 2002 the Kunene Investment Trust was created as the vehicle for a stake investment in the investment bank Genrand MIB (Interview Keith Kunene, 27/08/2014; D Kunene, 24/2/2013). The funding model of this transaction was through the subscription for redeemable preference shares in Glenrand – an alternative model to the SPVs, and testimony to the Kunene Brothers' philosophy on empowerment. The stake in Glenrand was funded by KBHs own resources. The Kunene brothers kept the managerial structure 'flat' and firmly under family control, because 'empowerment through active ownership' was their philosophy (www.kunene.co.za; Interview K Kunene, 27/08/2014).

The Kunene model of empowerment resembled the growth path of African business before deregulation, i.e. the accumulation of own resources through savings and active operational involvement. As business expansion extended beyond own resources, credit could be secured from financial institutions with which relationships of trust had been developing since the inception of the business. The expansion of the Maponya business conglomerate also occurred through organic business growth – from milk distribution, to general dealership, etc. until the system of racial segregation opened up through deregulation and he expanded his enterprises beyond Soweto. Maponya nevertheless admitted that he conducted his business within the restrictive parameters of racial segregation. He recalled,'…I was making the statement that, given a chance, a black man could become as successful as a white man' (http://theafricanmillionaire.blogspot.com/2009/04/african-millionaire-of-week-become-rich.html). One such opportunity came in 2007. Maponya secured funding for a consortium to erect the Maponya Mall, a multi-million Rand shopping mall in Soweto, bringing the most modern shopping experience to the people of Soweto.

The original Maponya enterprises matured into a group of companies, Maponya Africa Group, which is a diversified conglomerate of companies engaged in property development, energy solutions, business information technologies, E-learning, logistics and corporate transport. The group proclaims to be committed to a BEE strategy, which includes 'skills development and the promotion of SMMEs through affirmative procurement and capacity building' (www.maponyaafrica.co.za). The founder Richard Maponya, has displayed entrepreneurial agency in diversifying his early humble beginnings into a group of sophisticated companies engaged in the services, IT and knowledge industries, which are business enterprises that have moved beyond the 'low-level' of the phenomenon of entrepreneurship into Schumpeterian innovation. The development of energy solutions using solar power, the development of education opportunities through the development of E-learning products, and the innovation in IT solutions to enterprises in especially the black SMME environment are testimony of the vital role of entrepreneurial agency exercised by the founder and the next generation of his family.

The model of empowerment of Maponya was self-empowerment, direct involvement with his business and growing from own resources. Another experience of economic empowerment through own entrepreneurial endeavours, was the company '*Black Like me'* established in 1986 by Herman Mashaba. Mashaba was brought up by his sister in GaRamotse in Hammanskraal, part of the Boputhatswana homeland. He was a delinquent youth, selling drugs and engaging in unacceptable conduct. He went to university, but his studies were disrupted by the student violence and subsequent state of emergency in the mid-1980s. He dropped out of university and got employment as a salesman with a grocery retailer. Soon he was selling hair care products for the SuperKurl company. He found in a white Afrikaans co-salesman, Johan Kriel, a partner for his new business: Kriel developed a perm lotion that reduced existing production time substantially. In a small factory of 20 people, Mashaba and Kriel manufactured the hair care product '*Black like Me'.* Together with another former employee of SuperKurl, Joseph Molwantwe, Mashaba established the new hair care company '*Black Like Me'* in 1984. Mashaba acquired a loan from a personal friend, Walter Dube for R30 000.00 and started the manufacturing process, which developed into a multi-million Rand enterprise. In 1997 Mashaba sold a stake in the business to Colgate Palmolive, but bought it back in 1999 and expanded distribution into the UK in 2001. Mashaba stepped down as CEO in 2004 and entered the BEE corporate environment, while remaining a major shareholder in the enterprise (African Business, May 1994:10-12; http://blacklikeyou.co.za/profile/; http://www.iol.co.za/the-star/story-of-black-like-me-and-the-man-behind-it-1.1297341; http://www.citypress.co.za/business/how-to-spread-it-banding-together-for-good/)

The development path of Mashaba as an entrepreneur displays an important profile of the new generation black businessman in South Africa. Dislocation in society and a lack of a sustainable career path sparked the Schumpeterian innovation entrepreneurial spirit and led to the innovation of an existing product (African hair care product). With the collaboration of trusted colleagues (Kriel and Molwantwe) a new enterprise was established, developed and expanded into a highly profitable business. The enterprise was of special importance in the South African context, because it was an innovative product manufactured by an African businessman locally. Very little African involvement in manufacturing has been recorded (Empowerdex, 2012)– the majority of African business was in retailing and distribution. The business giants Maponya and the Kunene Brothers, are successful in the services sector, in distribution of food and goods, and in the automobile retail distribution. The BEE regulation resulted in the acquisition of quick investments in lucrative businesses, such as the mining industry (Wu &Moodley, 2009), in financial services[9] (Metropolitan transaction), contributing to ownership of substantial shareholding, but limited exposure to entrepreneurial risk. Mashaba established Leswikeng Minerals & Energy in 2002, which became the investment vehicle for his BEE investments in the mining sectors, in construction, in exhibitions, real estate, security, aviation and information technology. He sold 49,9% of *Black Like Me* in 2005 to Amka Products and keeps himself occupied with two executive chairmanship positions, three non-executive chairmanships, eight non-executive directorships and a number of directorships on the boards of non-profit organisations (http://www.blacklikeyou.co.za).

The statutory BEE regulations have institutionalised the transformation of ownership and control of black business in South Africa. Black business has also entered into joint ventures with non-black business. Black businessmen appear more frequently in positions of management, which might coincide with ownership, but not necessarily. An example of such an enterprise is Mobile Telephone Network – MTN. MTN, the cellular mobile operator, was established in 1994 by Nasionale Pers (Naspers). Naspers is a newspaper company established in 1915 by Afrikaners to publish a newspaper in their own language (Muller, 1990), but the media environment changed drastically towards the end of the twentieth century. Naspers adapted its business model to engage more in the electronic media. In 1985 Naspers started the first pay television service in South Africa, M-Net, which was listed on the JSE in 1990. These strategic changes were followed in 1993 by the splitting of M-Net into two companies: M-Net

[9]The first BEE transaction was performed by SANLAM, the Afrikaner-owned life assurance company, in 1993 when Metropolitan Life was sold to the first BEE consortium (Verhoef, 2003:36-44 ; Verhoef, 2004: 97-98; Kruger, 1998:7-8)

was the pay television company and Multichoice Ltd, was a new entity concerned with subscription management, signal distribution and a cellular telephone services. In 1994 Naspers listed on the JSE and was transformed by its management into a multi-media company. MTN was used as the vehicle to bring black shareholders on board in Naspers. MTN was 72.1% owned by the JSE listed company M-Cell, 23% by Transnet (para-state transport) and 4.9% by black empowerment companies. The only foreign ownership in the company was a 30% stake held by Cable and Wireless, which was subsequently sold to SBC Communications of the US, and then to M-Cell in August 1998. The black empowerment company Johnnic was the majority shareholder in M-Cell and thus gave blacks control of MTN. With an aggressive African expansion strategy, in just eighteen years MTN currently operates as a leading cellular network in 22 countries. This includes South Africa, Cameroon, Swaziland, Uganda, Rwanda, the Ivory Coast, Sudan and Nigeria, as well as the Middle East in Syria and Iran. This has involved the construction of operational stations and fixed investment in cellular networks as well as data provision – which is currently also linked to the provision of mobile banking services in Uganda and Nigeria. It is currently also the largest distributor of mobile music in Nigeria. MTN is holder of one of the two cellular licenses in Cameroon. It is 100% owner of CAMTEL Mobile, a previously owned state telecommunications company. In Uganda, it has more than 80 000 subscribers, while in just over 18 months in Rwanda, Rwanda Cell has achieved a market standing of over 19 000 subscribers. In Nigeria, projected as the best potential market on the continent, MTN was issued one of the four cellular licenses (Financial Mail, 13/08/13).

MTN is currently the largest mobile operator in Africa and the Middle East, largely through its organic growth. There were disagreements on strategic focus between the USA shareholder and the local MTN owners, since the USA partner did not regards expansion into Africa as a responsible growth path. The USA partner sold out and MTN expanded to take on the African market, only to emerge as the leading operator in Africa. By 2013 MTN was the largest locally based stock on the JSE, with a market capitalisation of ZAR338, 135 million (or US$33,8billion = 20% larger than the market capitalisation of Anglo American Corporation) (Singh, 2008; Taka, 2001). This market expansion was driven by exceptional management strategic vision, knowledge of the culturally diverse African market and use of leading technology. The control of the company is in the hands of black South African businessmen, who integrated a loose network of single country operators into a single emerging market cellular phone giant.

Conclusion.

Entrepreneurship is an individual quality, a capability which seeks opportunity to thrive. In Africa with its highly diverse population, complex history and long tradition of inequality and unfree political regimes, entrepreneurs have established businesses under conditions of inequality and oppression. The protracted and compromised penetration of democratic civil liberties delayed the development of a widespread entrepreneurial tradition across the diverse communities of Africa. Subjugation and oppression either by Muslim invasions, traditional kingdoms or subsequent colonial administrations or minority governments, did not prevent entrepreneurs from establishing lucrative business networks and later more complex business groups. The early trading communities established networks which were strengthened by the political control of the traditional kingdoms. Commercial power remained balanced between the indigenous kingdoms' trading and the incumbent Muslim and Asian trading networks, but the colonial powers tipped the commercial balance in favour of the metropolitan commercial interest. These interests were integrated in the international capitalist commercial networks. Since colonial control of the nineteenth century entrepreneurial activity in Africa was subjected by the dominant interests of the metropolitan economies, but did not quell entrepreneurship. Entrepreneurs in Africa responded to the demand in the market for produce and local resources by engaging in the exchange activities characteristic of the 'arbitrageur' entrepreneur.

In South Africa the policies of racial segregation rendered ethnic market distortion that 'protected' black African entrepreneurs from the competition by Indian traders and ensured the growth of African owned enterprises, that later emerged as conglomerates alongside the businesses of the Indian entrepreneurs.

Entrepreneurial innovation of the Schumpeterian type, was virtually absent. The business context created by Government policies under indigenous or colonial control did not encourage innovation, but exchange. Under minority government in South Africa the inequality of racial segregation created a protected context for the establishment and growth of African enterprises, but the opportunity of scale through open market competition, remained contained. Widespread nationalization after decolonisation placed a fundamental limitation on the development of extended business interests in many African countries. The loss of property and the insecurity of property rights put a temporary hold on the development of business in many African countries until after the 1990s. African enterprise in South Africa under racial segregation displayed very similar characteristics to trading activities in the rest of Africa. Entrepreneurial skills developed in the African townships and homelands and once the limitations of racial segregation were removed, diversification occurred in a similar way as in the rest of Africa. The business diversification of the Mansour Group, the Madhvani Group, the Kothari Group in Ethiopia, the South African Maponya Group and the Kunene Group were very similar responses to market liberalisation.

An important characteristic of African entrepreneurship is the strong family foundations across the continent. This remains a key variable, though not any longer in some of the BEE companies expanding operations outside South Africa, such as MTN. In this sense the diversified business conglomerates of Africa have remained largely focussed on the opportunities in the local or regional African markets and countries of Muslim orientation. Full scale globalisation is yet a strategy for the future. At present the distribution of equity ownership among race groups in South Africa cannot be identified with exact precision, because of the listing of the big business groups on the local bourse or international bourses. The BEE policies have nevertheless resulted in substantial black shareholding of highly multinational South African conglomerates, such as Sasol Naspers, SAB Miller, Sappi, Barlows and the mining groups, as well as in the subsidiaries of multinational corporations listed on the Johannesburg Stock Exchange. It is interesting that the large conglomerates in Africa are predominantly controlled by people of Asian or Arab origin, the early immigrant communities. In Nigeria the Dangote group and Ibru family enterprise are the only large conglomerates owned by indigenous African Nigerians. Inequality and domination in Africa both delayed and nurtured African enterprise. Except for South Africa and Nigeria, the largest African corporations are not owned and managed by indigenous Africans.

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