

AFRICAN BUSINESSES

THE EMERGING REGIONAL AND GLOBAL PLAYERS



Chapter from Africa 2025: Prospects and Challenges
Handbook by the HSE University Center for African Studies
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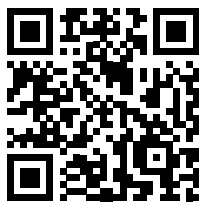
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The chapter **African businesses – the emerging regional and global players** considers African business and its connection with the growth trajectory and development of the continent's countries. The authors offer a description of the current situation in African business as a phenomenon with unique specificity, and also analyse factors affecting the ability of companies to transform their business model from a locally oriented one towards building connections that allow them to compete at the regional and, in some cases, global levels. This analysis helps to classify the African business landscape and, moreover, it calls into question the Western narrative about economic liberalization as a priority factor that provides businesses with the opportunities. The chapter also shows how the growing transnationalisation of business processes in Africa is creating new opportunities for local companies. The chapter serves as an integral part of the handbook *Africa 2025: Prospects and Challenges* prepared by the HSE University Center for African Studies.

Africa 2025: Prospects and Challenges is to serve as a handbook on Africa's development, challenges and prospects. Its target audience is government officials, businessmen, scholars and experts. The handbook aims to provide alternative positive vision on some issues that Africa faces, among them being the fight for food and energy sovereignty, debt crisis, digital transformation, rapid urbanisation and population growth.

The book was prepared by the team of experts and scholars coordinated by HSE University Center for African Studies (Moscow, Russia).

Digital version
of the Handbook
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African businesses – the emerging regional and global players

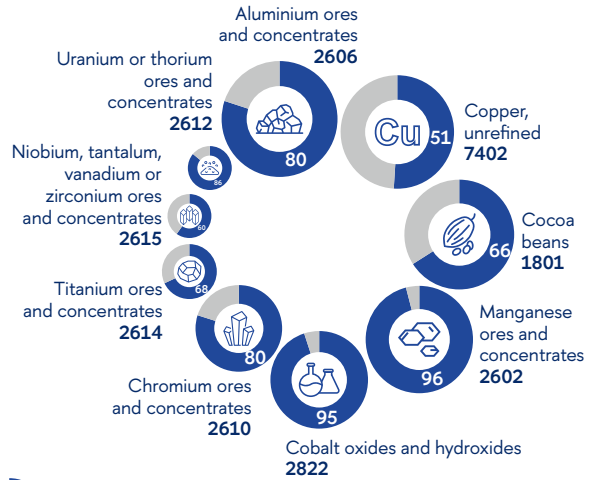
African business: prospects and challenges

Africa's future imprint in the global economy will largely be determined by its ability to localise, if partially, industrial production and place its resources in service to its own markets. As of today, there are only individual success stories, such as Botswana, a country that has localised the processing of De Beers diamonds to create an entirely new industry. However, scaling these successes across the vast geographies of the continent remains challenging, and this is not only because of the opposition from the dominant multinational corporations (MNCs) and foreign investors. At the same time, government policy measures, some of which were explored in previous chapters, will hardly be sufficient on their own.

African businesses have the potential to emerge as the key driver of localisation and sub-regionalisation in Africa

They are able to contribute to the development of domestic markets, especially when they enjoy the support from African governments through regulatory measures. Integration in the global value chains, while still an important indicator, cannot be the primary

Markets where the role of African exporters is most prominent, 2023



25 Africa's share in world exports, %, 2023

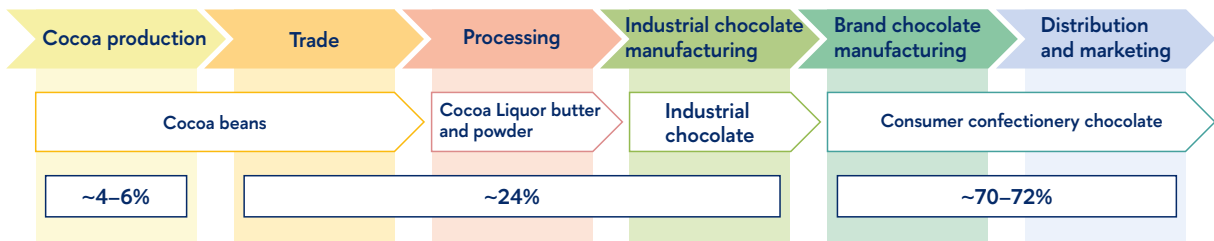
1001 HS code

Commodity categories with exports exceeding USD 1 billion and representing more than 50% of the global market were considered.

Source: prepared by the HSE University Center for African Studies based on ITC Trade Map data.

measure of success for economies. Moreover, the current model of globalisation, as demonstrated earlier with the cases of the energy and food sectors, contributes to the formation of isolated industries that are export-oriented and disconnected from the mechanics of the national economy.

Distribution of value in cocoa-chocolate production chain



Source: prepared by the HSE University Center for African Studies based on Abdulsamad A. et al. 2015. Pro-Poor Development and Power. Asymmetries in Global Value Chains Ajmal Abdulsamad. Technical Report.

African companies are gradually integrating into global value chains. The World Bank¹ suggests the most successful integration has been in the production of food products (e.g. cocoa and coffee), clothing (associated with the gradual relocation of the textile industry from Asia) and automotive components (associated with global car manufacturers setting up plants in Northern and Southern Africa). However, this integration has largely been marginal given Africa's relatively low level of participation in global value chains with an average of 8% of GDP. Besides, these 8% boil down most often to Africa being a source of raw materials (hydrocarbons and other minerals). By contrast, the continent's share in global trade of intermediate goods is only 3%. Additionally, production centres in Africa are highly specialised and excessively dependent on the fluctuations of external markets.

Africa's integration in the value chains mostly ends at the beginning of these chains, with the supplier role, a process essentially driven by the growing demand from advanced economies for the raw materials needed to power their technologies. The discourse of critical resources and their accessibility has placed quite a spotlight on Africa's role in 'fuelling' their development with its cobalt reserves (55% of the world's deposits), manganese (35%), graphite (24%), nickel (5.6%) or lithium (around 5%), PGMs (90%) and chromium (36%)². Given that prospecting and exploration in Africa have seen a 38% increase in the past seven years and that the trend will likely continue, these proportions will shift even more in Africa's favour³.

African business is set to play a greater role in tapping into the potential of this expanding market. In some countries, there has been a drive to reduce the reliance on foreign investors, replacing it with locally driven efforts to explore and develop the critical resources. For instance, South Africa's African Rainbow Minerals that operates in the country's Northern Cape with minimal foreign ownership and management has been able to produce some 116,000 tonnes of ferromanganese annually. A success story for the national economy and a top 10 producer on a global scale, the company expanded its footprint with its participation in a joint venture to develop manganese in Malaysia, where it is a major shareholder (with a 54% stake, while another 27% is owned by Japan's Sumitomo Corp., and 19% by China Steel Corp.)⁴.

Another factor is the rising global demand for "daily" crops, such as coffee or cacao, which Africa can produce with its comparative advantages and economic efficiencies. Africa's unique climate as well as the continent's emerging (and therefore relatively cheap) labour markets add to the competitiveness of African produce. Among coffee connoisseurs, African varieties are well-known for a balance of acidity and a rich flavour palette, while cacao from the continent's top producers, Côte d'Ivoire, Ghana, Nigeria and Cameroon, has dominated the world's markets for years. In 2023, cacao exports from Africa stood at USD 10.9 billion, or 41% of the global figure. Back in 2002, this proportion was closer to 47%, but the market has grown 3.7 times since then, despite dollar inflation and the crises that affected the local producers⁵.

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- 1 World Bank. World Development Report 2020: Trading for Development in the Age of Global Value Chains. URL: <https://www.worldbank.org/en/publication/wdr2020>
 - 2 U.S. Geological Survey. Mineral Commodity Summaries 2024. URL: <https://doi.org/10.3133/mcs2024>
 - 3 African Mining. The future of mineral exploration – contributions from Africa. URL: <https://www.africanmining.co.za/2024/08/26/the-future-of-mineral-exploration-contributions-from-africa/>
 - 4 ARM. ARM Ferrous. URL: <https://arm.co.za/arm-ferrous/>
 - 5 UNCTAD. TradeMatrix. URL: <https://unctadstat.unctad.org/datacentre/dataviewer/US.TradeMatrix>.

The largest players on the national market remain foreign, though. America's SACO, France's CEMOI-CI and Switzerland's Barry Callebaut are the dominant forces in Côte d'Ivoire's cocoa market. While their procurement mostly comes from local farmers, Ivorian businesses are largely excluded from the field, and the farmers receive a mere 4-6% of the final product's value⁶. This has arguably exacerbated the harvest crisis of 2024 for most of the farmers, who now have less produce to sell at more volatile prices that fail to reflect the full value of the crop⁷.

No local company, aside from the few local craft producers of chocolate, has engaged in processing beans or producing industrial chocolate for export (these activities account for 24% of the final product's value), nor has a potential to market its produce as a global brand (some 70% of the value!)⁸. Besides, no African nation tops the list of the world's largest producers of cocoa powder (these are the Netherlands, Malaysia, Germany, Indonesia and Spain), even though the raw base could often be of African origin⁹.

In this context, Africa faces the challenge of shifting from a commodity-based model to the domestic value-added strategy. The key area is the development of domestic cocoa processing, involving the creation and modernization of production facilities for semi-finished products (cocoa paste, butter, powder) and finished products (chocolate). To stimulate this process, fiscal measures can be used: tax exemptions, subsidies, increased export duties on unprocessed raw materials, institutional support for private investment etc.

Still, the share of non-African businesses in the GDP of African countries is somewhat declining, and African companies have acquired more visibility in recent years, especially on domestic consumer markets.

Banking and finance, telecom, construction, transport, food and beverages, oil products trading and retail markets are booming with local businesses leading the way

This achievement was made possible through a combination of government support measures for local producers and companies' consistent investment policy.

In Nigeria, more than 60% of the cement market is now controlled by the Nigerian company **Dangote Cement**¹⁰. In Tanzania, more than 60% of the local LPG market is now taken over by local companies (**Taifa, Manjisi, Oilcom, Lake Gas** and others)¹¹ investing in regional transport, storage and distribution infrastructure.

In Algeria, two state-controlled companies (**Mobilis**¹² and **Djezzy**¹³) managed to consolidate more than 70% of the local telecom market. In the meantime, the share of African air

6 ResearchGate. Pro-Poor Development and Power Asymmetries in Global Value Chains. URL: https://www.researchgate.net/publication/308606263_Pro-Poor_Development_and_Power_Asymmetries_in_Global_Value_Chains

7 Al Jazeera Media Network. Chocolate prices to keep rising as West Africa's cocoa crisis deepens. URL: <https://www.aljazeera.com/gallery/2024/3/30/chocolate-prices-to-keep-rising-as-west-africas-cocoa-crisis-deepens>

8 ResearchGate. Pro-Poor Development and Power Asymmetries in Global Value Chains. URL: https://www.researchgate.net/publication/308606263_Pro-Poor_Development_and_Power_Asymmetries_in_Global_Value_Chains

9 WITS. Cocoa paste, not defatted exports by country in 2022. URL: <https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2022/tradeflow/Exports/partner/WLD/product/180310>

10 Dangote Cement Plc. "The Dangote Way" Operational Pillar. URL: <https://cement.dangote.com/wp-content/uploads/2021/04/Operational-Pillar.pdf>

11 Energy and Water Utilities Regulatory Authority. The Mid and Downstream Petroleum Subsector Performance Review Report for the Year 2022/23. URL: <https://www.ewura.go.tz/wp-content/uploads/2024/06/PetroleumReport.pdf>

12 Energy and Water Utilities Regulatory Authority. The Mid and Downstream Petroleum Subsector Performance Review Report for the Year 2022/23. URL: <https://www.ewura.go.tz/wp-content/uploads/2024/06/PetroleumReport.pdf>

13 Ecofin Agency. Algeria's Djezzy Revenue Surges 9.4% in H1 2024 Amid Continued Growth. URL: <https://www.ecofinagency.com/telecom/2308-45802-algeria-s-djezzy-revenue-surges-9-4-in-h1-2024-amid-continued-growth>

carriers on intercontinental routes increased from 30%¹⁴ in 2019 to 40%¹⁵ in 2023.

Corporate landscape is evolving not only on the level of consumer markets but also among big players. Research¹⁶ conducted by the authors indicates that there are – at least – 206 companies with main

operations in Africa whose capitalisation exceeds USD 1 billion. They represent 31 countries. 36,4% of these companies are South African, 12,6% Egyptian, 7,8% Moroccan, 4,9% each operate in Nigeria and Algeria, 4,4% are Tunisian, 2,9% each are Ghanaian, and 2,4% each are Kenyan and Senegalian. The other 22 countries take up the remaining 21,4%.

Africa's share in the global aviation market is about 2% – a figure that has remained mostly static for the past 20 years. However, a reverse trend seems to be emerging. Three major national airlines operate on the continent: **Ethiopian Airlines**, **Kenya Airways** and **South African Airways**. These regional leaders have global ambitions as Ethiopian Airlines may well be on track to increase passenger numbers by 30% and revenue by 20% by 2025. Meanwhile, Kenya Airways posted a profit for the first time in seven years, reflecting positive momentum and increased demand for air travel on its routes. In March, 2024 the airline announced additional flights to New York and Paris, as well as new routes to Accra, Freetown and Lagos, which showcases the company's leadership aspirations both in Africa and beyond. South African Airways is recovering, as it has resumed some of its intercontinental routes, such as the direct air link from Johannesburg to Perth in Western Australia¹⁷.

Smaller African airlines, such as Nigeria's **Air Peace**, are also expanding. In March 2023, Air Peace launched a connection between Lagos and London, one of the first new intercontinental routes operated by a Nigerian airline in decades. Increased demand for air travel to West Africa – destinations like Ghana, Senegal, Côte d'Ivoire and Nigeria – has local impact, too.

The trend for business expansion in the airline industry is not limited to South Africa, Ethiopia, Kenya and Nigeria. Other countries across the continent are following suit. **EgyptAir**, Libya's **Afriqiyah Airways** and **Air Mauritius** have all placed orders for the Airbus A350 aircraft, suitable for competing on long intercontinental routes. In 2023, **Air Côte d'Ivoire** launched its first non-stop flight to the United States. The airline has also introduced several long-haul flights, including a ten-hour route to Johannesburg¹⁸. Meanwhile, Ghana's Civil Aviation Authority (GCAA) plans to issue an operator's license to **GhanaAirlines**, marking the start of a new airline in West Africa.

The trend towards the development of regional aviation hubs, which has so far been most noticeable in Eastern Africa, where the past decade was marked by investments in the expansion of airports in Addis Ababa, Dar es Salaam, Kampala, Kigali, etc. and significant support of flag carriers such as **Rwanda Air** and **Uganda Airlines**, is likely to spread to other regions (primarily Western Africa) in this decade. The development of regional airways is important not only as a driver of airline business development in Africa, but also for the formation of subregional markets (getting from Lagos to Dakar, for example, should be easier than getting from Lagos or Dakar to Paris).

14 CAPA. Africa Aviation Outlook 2020: Performance lags, pending integration. URL: <https://centreforaviation.com/analysis/airline-leader/africa-aviation-outlook-2020-performance-lags-pending-integration-504774>

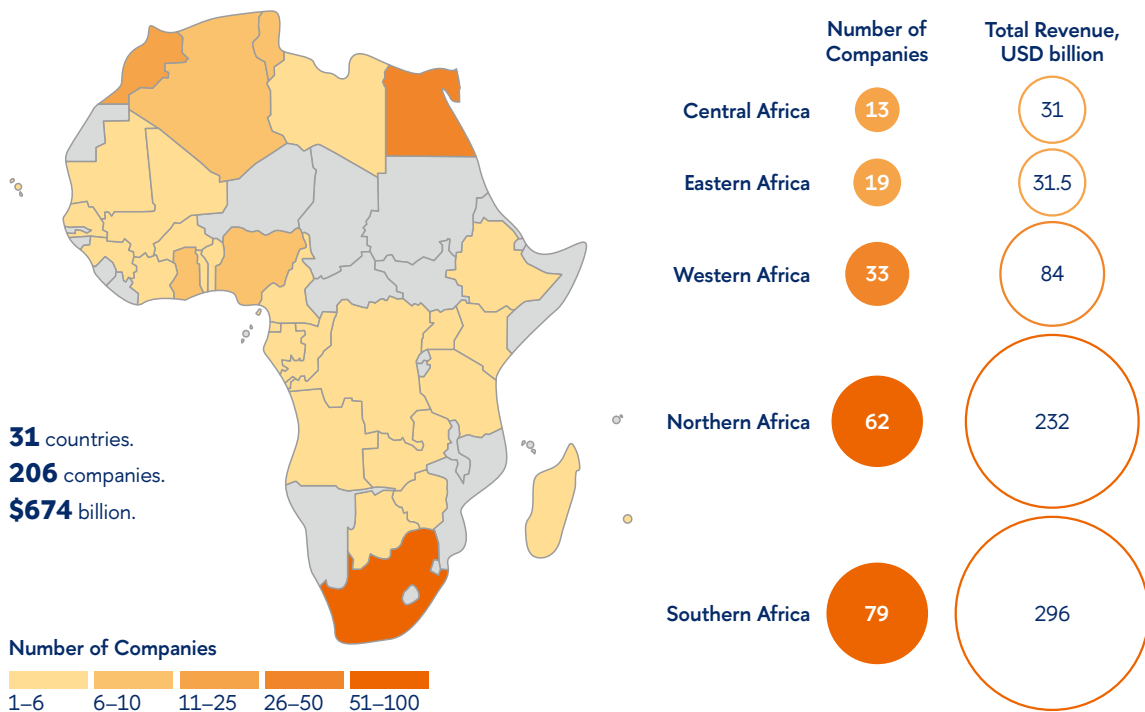
15 African Airline Association. African airlines' performance updates by AFRAA for June 2024. URL: <https://www.afraa.org/african-airlines-performance-updates-by-afraa-for-june-2024/>

16 Compiled by the authors based on calculations from open sources, including Jeune Afrique's 500 champions africains.

17 African Business. Takeoff! Africa's airlines show signs of revival but turbulence ahead. URL: <https://african.business/2024/07/trade-investment/takeoff-africas-airlines-show-signs-of-revival-but-turbulence-ahead>

18 The Business Year. West African Air Travel in 2024. URL: <https://thebusinessyear.com/article/west-african-air-travel-in-2024/>

African companies with annual revenue over USD 1 billion: sub-regions and countries



The compilation excludes companies in the banking sector as well as branches or subsidiaries of transnational corporations. Data for revenue is an aggregated estimation which does not represent any particular year.

Source: prepared by the HSE University Center for African Studies based on open sources.

Some 30% of these companies are subsidiaries of foreign (mostly, Western) transnationals or have major foreign shareholders. Most such companies are located in Southern Africa (28%) as well as in Western (25%) and Northern (24%) Africa.

Some 44% of all these companies are state-owned or operated with a strong government involvement.

Most of these companies are in energy (38%) and mining (15%), as well as telecommunications, utilities and manufacturing (7,58% each).

38% of all these companies are located in the countries of Southern Africa, while 30,1% are from Northern Africa, 16% are from Western Africa, with Eastern and Central Africa taking up 9,2% and 6,3% respectively.

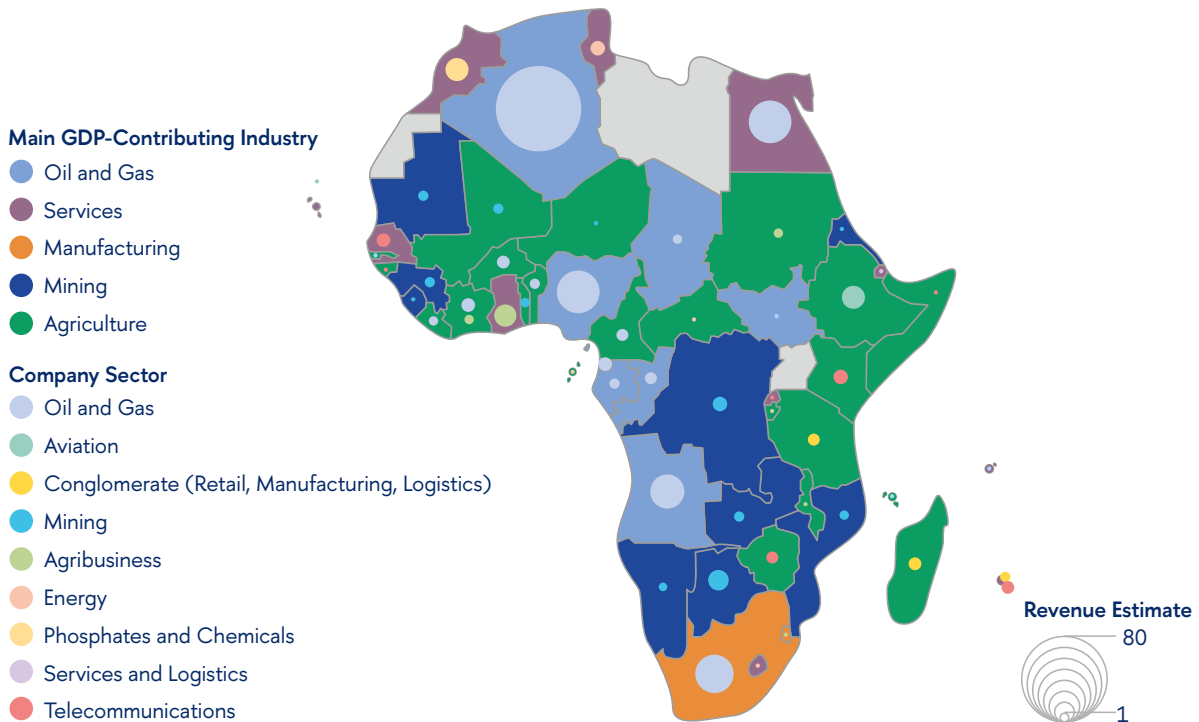
Most of the combined turnover of these companies comes from South African companies (42,6%), followed by Algerian companies (14%), Egyptian and

Nigerian companies (10,4% and 7,1% respectively), Moroccan companies (4,9%).

Average company revenue is highest in the countries of Southern and Northern Africa where it is estimated to be around USD 3.7 billion, followed by the countries of Western Africa (USD 2.55 billion) and Central Africa (USD 2.4 billion). The latter is due to the discrepancy between companies from Angola and companies from the other countries of the subregion. An average for Eastern African companies stands at USD 1.65 billion.

Traditional sectors dominate the list, comprising of the oil and gas sector (with an almost equal geographical distribution of companies across Northern, Central and Western Africa and only a marginal presence in Southern Africa), followed by mining (half of companies are based in Southern Africa) and telecommunications (most are located in the countries of Western and Southern Africa). Others

African companies with annual revenue over USD 1 billion by sector



The compilation excludes companies in the banking sector as well as branches or subsidiaries of transnational corporations. Data for revenue is an aggregated estimation which does not represent any particular year.

Source: prepared by the HSE University Center for African Studies based on open sources.

are retailers and conglomerates. Conglomerates combine different sectors (e.g. agriculture and industry, automotive and real estate, food processing and retail, retail and logistics etc.).

A more robust role of African businesses and banking groups is complemented by gradual changes in Africa's corporate landscape. On the one hand, the enactment of more stringent regulatory, tax and technical oversight is helping to reduce operating margins in some subregions as it is becoming increasingly difficult for foreign companies to bypass these requirements. In practice, this could lead to instances such as the nationalisation of Orano's assets in Niger¹⁹ or Shell's exit from onshore operations in Nigeria²⁰, to give but a few examples from a Western African context. On the other hand, amidst global shifts,

transnational corporations (TNCs) and foreign investors are likely to shift focus to their own jurisdictions. Consequently, African businesses will be there to "fill the void", and they are expected to play an increasingly systemic role in both the economies and politics of African countries.

African business is changing, and the role it plays is evolving. Most commonly, literature²¹ attributes this to "improved economic reforms and political governance" as the necessary precursor to this "major transformation". This narrative is quite popular in the Western line of thinking, and for good reason. However, this is a narrative that believes that European experience could just as well be relevant in a radically different social environment.

19 Orano. Update on the situation of the Imouraren mining project. URL: <https://www.orano.group/en/news/news-group/2024/june/update-on-the-situation-of-the-imouraren-mining-project-in-niger>

20 Reuters. Nigeria rejects Shell's \$1.3 billion oil asset sale. URL: <https://www.reuters.com/markets/deals/nigeria-rejects-shells-13-billion-oil-asset-sale-thisday-reports-2024-10-16/#:~:text=Shell%20on%20Jan.%2016%20announced,more%20lucrative%20deep%20offshore%20fields.>

21 UCT Graduate School of Business. Political Economy of Doing Business in Africa. URL: https://globalnetwork.io/sites/default/files/2020-11/Cape%20Town_0.pdf

One example is the withdrawal of the French Société Générale bank from African markets, which began in 2023 when Société Générale announced the sale of its subsidiaries in the Republic of Congo and Equatorial Guinea to the pan-African bank **Vista** (whose parent company, Liliun Capital is owned by Simon Tiemtoré, a Burkinabe entrepreneur), and the sale of its subsidiaries in Mauritania and Chad to the pan-African **Coris Bank** (fully owned by the family of its founder Idrissa Nassa ALSO from Burkina Faso)²². In 2024, the French bank went on to announce the sale of its Moroccan subsidiary, Société Générale Maroc, to the Moroccan company **Saham**, owned by local entrepreneur Moulay Hafid Elalamy, for USD 811 million²³.

To illustrate the point, the evolution of the cashew processing industry in Mozambique is quite relevant. This has been a traditional sector in the country, and the government encouraged domestic processing by imposing export bans and high export taxes from 1987 to 1995. In the 1990s, the World Bank demanded the liberalisation of the cashew sector as a condition for loans, urging the end of industry protection and rather focusing on raw cashew exports. The World Bank argued that Mozambique's processing industry was unsustainable and that exporting raw cashews for processing elsewhere would be more efficient²⁴. Before this intervention, Mozambique processed around 50,000 tonnes of cashews annually, but the figures dropped to a mere 8,000 tonnes and unable to compete internationally, major processing plants had to be closed. By 1999, Mozambique reintroduced protective measures, including an export tax on raw cashews. In 2023, a new law increased the tax from 18% to 22%²⁵. By the 2020s processing capacities achieved 60,000 tonnes annually. **Condor Anacardium**²⁶ is just one of the local companies that benefited from a change in policy. Commencing cashew processing in 2004, the company sources raw material from 50,000 individual farmers. Annual exports of around 5,000 tonnes arguably make the company a Local African Exporter (LAE, see below).

In cases, such as with **South African Breweries (SAB)**, knowing how to leverage uncertainty could be a game-changer. The company was founded in 1895, but it achieved local success at the height of international sanctions pressure against the apartheid, although that naturally restricted the company's scope of operations. By the time the multinational AB InBev acquired SAB in 2016 for USD 107 billion, it was the world's second largest brewery by revenue with a truly global presence in some 80 markets. The company's expansion drive was mostly focused on country with a business environment resembling South Africa, where informal networking and uncertainty are two dominant factors. This was SAB's essential competitive edge in other parts of Africa, Eastern Europe, Southeast Asia and Latin America. Achieving success in these markets helped the company gain enough experience to establish its presence in the US in 2002 through an M&A with Miller Brewing Company, which led to a re-branding to SABMiller. Even after that, the company has retained its unique business model with a specific focus on developing markets.²⁷

- 22 Économie. Les banques françaises se replient du continent africain. URL: <https://www.lefigaro.fr/flash-eco/societe-generale-annonce-ceder-ses-filiales-au-congo-guinee-equatoriale-mauritanie-et-tchad-20230608>
- 23 Challenges. Pourquoi la Société générale se désengage du continent africain URL: https://www.challenges.fr/economie/pourquoi-la-societe-generale-se-desengage-du-continent-africain_892271
- 24 TechnoServe. The Mozambican cashew industry. URL: <https://www.technoserve.org/mozambique/the-mozambican-cashew-industry/>
- 25 AIM. New Cashew Law Reverses World Bank's Destructive Policies. URL: <https://aimnews.org/2023/05/05/new-cashew-law-reverses-world-banks-destructive-policies/>
- 26 Condor Anacardium. URL: <https://condoranacardium.com/pt/>
- 27 Wiley. Institutional Complementarity and Substitution as an Internationalization Strategy: The Emergence of an African Multinational Giant. URL: <https://doi.org/10.1002/gsj.1143>

When praising “the wave of economic liberalisation” in Africa, it typically underscores opportunities for international firms to grow, which also prompts the question: does this transformation provide more opportunities for local business to have a greater impact on the national economy, or does it mostly favour non-African MNCs, offering them an easy framework to navigate in?

Another aspect is that this narrative leaves no room for the inherent competitive advantages of African businesses: namely, the ability to operate and thrive in uncertain environments, which MNCs tend to avoid unless

they have a risk-sharing agreement with a local partner. Moreover, local firms easily take advantage of opportunities in the informal sector, which remains an integral (and even growing) part of most African economies.

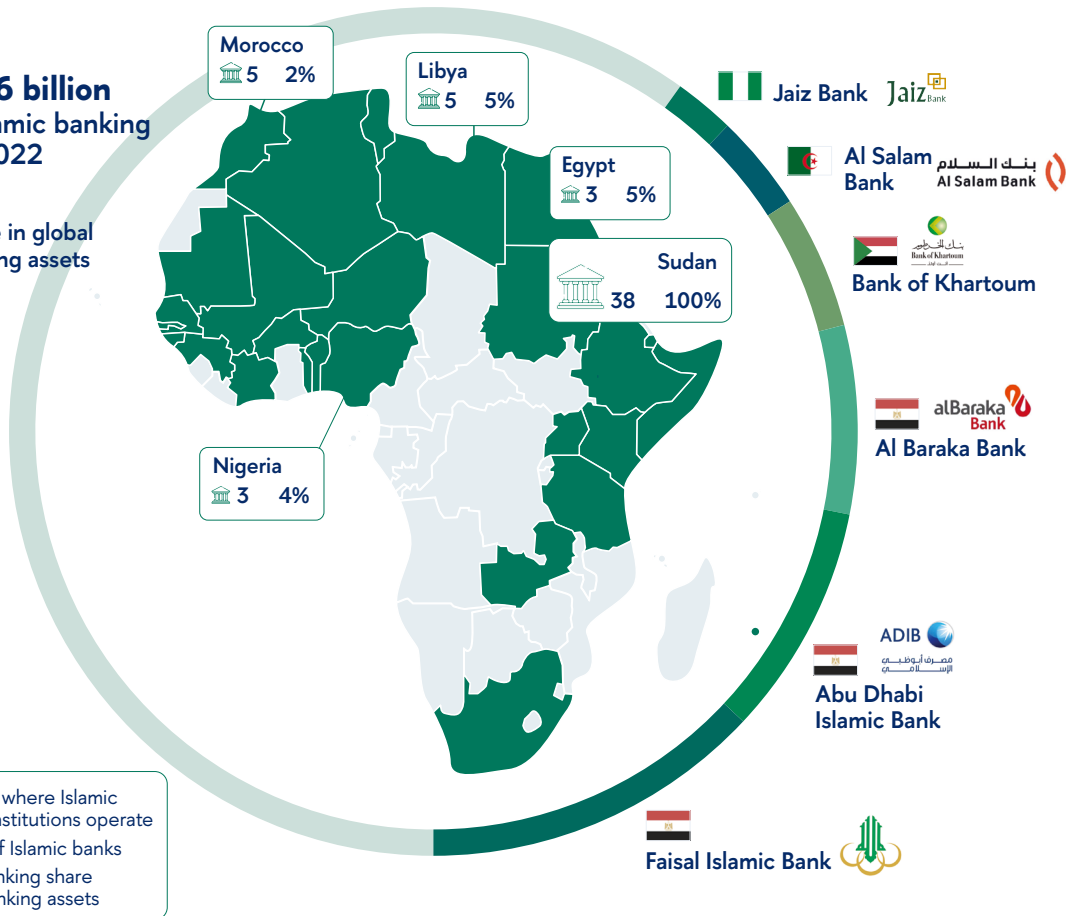
Where foreign business fails to find rationality, local businesses build on kinship and informal networks to deliver the result

These are all unique perspectives that may be relevant even beyond the African context, especially in other developing markets where business uncertainty is the norm²⁸.

Islamic banking in Africa

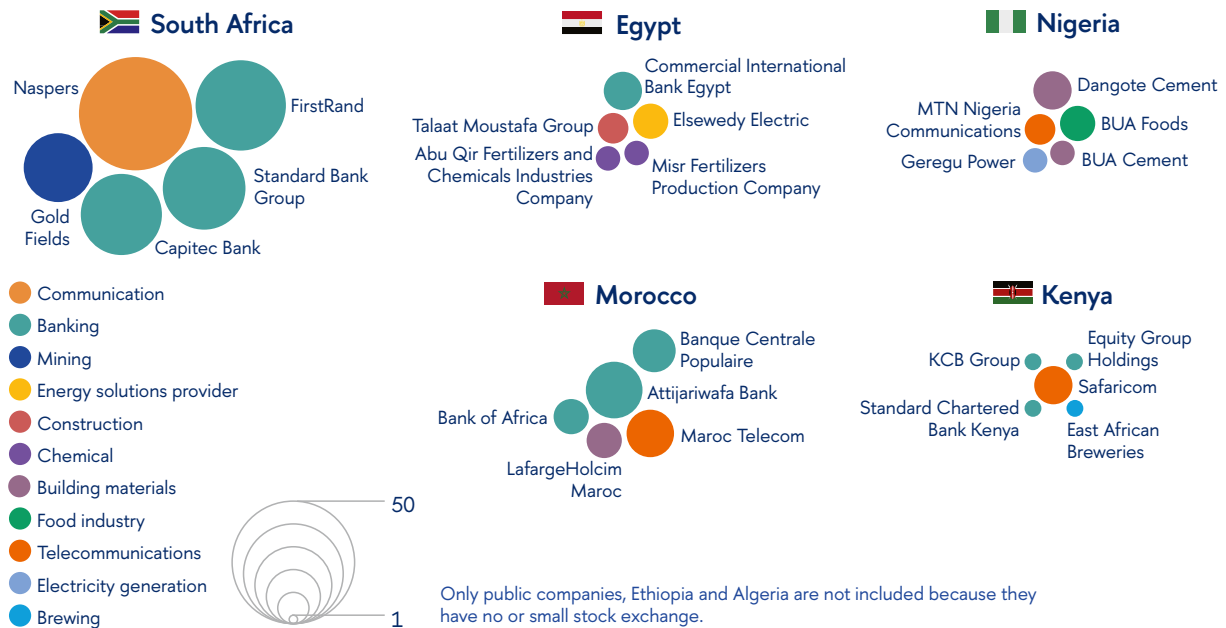
USD 49.6 billion
Africa’s Islamic banking assets in 2022

2.2%
Africa’s share in global Islamic banking assets



Source: prepared by the HSE University Center for African Studies based on SESRIC, IFSB and TABInsights data.

Top 5 companies by market capitalisation in top 5 countries by GDP



Source: prepared by the HSE University Center for African Studies based on calculations from open sources, including Simply Wall Street.

Furthermore, the narrative discounts the fact that many African nations now have stronger and more integrated national economies with a focus on growing local capabilities and certain restrictions on FDI. Ghana could be a notable example, as the country both reinforced its national economy, providing more space for local businesses to grow, and retained a reputation as one of Africa's top investment destinations. Ghana's investment code prohibits foreign investors from such sectors as petty trading, taxi services with fewer than 25 vehicles, lotteries, beauty salons, scratch card printing for telecommunications, office stationery (i.e. notebooks), retail of pharmaceutical products and the production and sale of bottled water in sealed packages. In addition, the code limits FDI in sectors like telecommunications, banking, fishing, mining, oil and real estate. For instance, the Ghanaian government receives a 10% equity stake in all extractive licenses in the mining industry through 'free carried interest', requiring no financial contribution from the state. The minister of mines

can also demand the issuance of 'special shares' for the president, granting the right to attend and speak at shareholder meetings without voting or profit-sharing privileges²⁹. These measures aim to maintain some control over foreign-driven business operations. Besides, the nation utilises its well-developed network of internal trade, supported by a relatively advanced infrastructure. The ports of Takoradi and Tema play a crucial role in facilitating trade with the neighbouring landlocked countries of Burkina Faso, Mali and Niger. Ghana's livestock trade, with the dominant presence of small- and medium-sized companies like Otuo Farms Ltd., fosters connectivity between the northern, eastern and southern regions, as well as with the country's immediate neighbours.

The role of African businesses, some of which demonstrate the ability to combine the best corporate practices with the more context-specific traditional informal practices, will have greater impact on African economies.

29 UNCTAD. Act 865 Ghana Investment Promotion Centre Act. URL: <https://investmentpolicy.unctad.org/investment-laws/laws/196/ghana-investment-promotion-act->

What is an African business?

African businesses (AB) are a diverse landscape. Companies with African roots could be arguably grouped into five categories depending on their ownership, market reach, operational scope and other criteria³⁰:

1. Local African Businesses (LABs) are companies that operate locally, within a single African country or even within one of its regions. Their consumers are local, and such companies do not really have any partners from abroad and do not export their goods and services to other markets. Such companies do not have a well-elaborated business strategy, and they rely heavily on the informal sector, taking advantage of the local 'rules of the game'. These are insignificant taxpayers for the government, although LABs represent the greatest number of businesses on the continent. **MTI Corp.**, a distributor operating in Egypt, is just one example. With no foreign ownership and public trading on the Egyptian Exchange, the company's business model allows it to cover 90% of the national territory through 40,000 retail outlets³¹.
2. Local African Exporters (LAEs) are companies that derive most of their revenue from exports (either within or beyond Africa), although their production capacities and business thinking are still local. Quite often, such companies could be integrated into global markets through trading intermediaries or with a certain support from government structures, formally or informally. In most cases, such companies are especially present in industries that first became a country's traditional basis of export during the colonial era. This is why some of these companies could be quite significant taxpayers for the government and build on its support. **Condor Anacardium** is a Mozambican company with a processing capacity of 5,000 tonnes of cashew nuts annually, the majority of which are exported.

The exact export routes are not well-documented, but the traditional routes will presumably include the United States, Portugal and South Africa³².

3. Multi-African Businesses (MABs) are companies that could ramp up their operations beyond their home country, spanning trans-border or subregional markets. Such companies are more "visible" on the list of the country's companies, and their source of revenue is distributed between home country and other markets. However, these companies do not have any presence beyond Africa. The retailer **Prosuma Group**, which is based in Cote-d'Ivoire with no foreign ownership, has operations in a number of French-speaking countries of the subregion, including Benin, Burkina Faso, the Republic of Congo, Gabon, Guinea, Mali, the DRC, Cameroon, Niger, Senegal and Togo³³.
4. Multi-African Exporters (MAEs) are companies that combine the most important features of MABs and LAEs. While their consumer base could be mostly outside of Africa, the operational core (i.e. production, labour force) would be distributed between the home country and other African markets. Quite often, these markets will be countries that are part of the same subregional integration or have a similar structure of the economy. Some MAEs could be state-owned. One example is **Marine Biotechnology Products**, a private Mauritian company that produces fishmeal and fish oils from by-products. The company's production facilities are located in Mauritius and in Cote-d'Ivoire, while the products are exported to geographies as different as the United States, Russia, South Africa and the EU³⁴.
5. International African Businesses (IABs) are companies that have been the most successful in socialisation, transnationalisation and internationalisation (see below for definitions). Most of their revenue is generated outside of Africa, which is why such companies have a broad

30 Methodology is based on Deloitte. Latin America Rising". URL: <https://www2.deloitte.com/tw/en/pages/strategy/articles/latin-america-rising.html>

31 MTI. Who we are. URL: <https://mti-mmgroup.com/who-we-are/#2>

32 Condor Anacardium. URL: <https://condoranacardium.com/pt/>

33 Prosuma. URL: <https://groupeprosuma.com/>

34 Marine Biotechnology Products. Home. URL: <https://mbp.mu/>

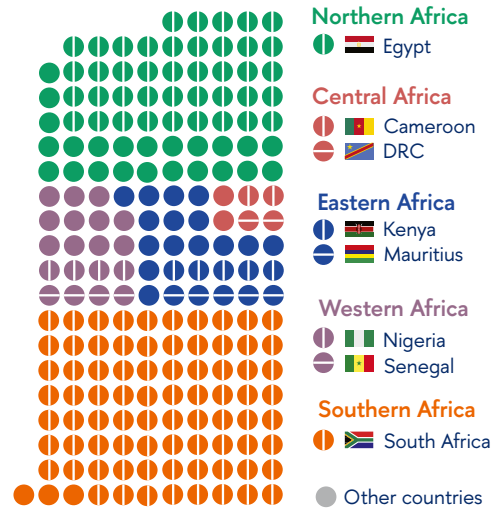
network of international partners, and they are also often systemic players for the national economy. Some IABs dominate the field in their subregion or even across the whole continent. IABs could be both state-owned and private. **OCP Group**, a Moroccan 95% state-controlled phosphate mining and fertiliser company, falls into this group. Operating in 16 geographies, primarily in Western and Eastern Africa, the company has also established a solid presence in the U.S., China, Brazil, India, Singapore and some European countries³⁵. Another IAB is **Oceana Group**, a South African fishing company with only 10% of foreign ownership. Conducting operations in Southern Africa and the U.S., the company's strategy focuses on markets in Southern and Central Africa (52% of revenue) as well as in Europe (17%) and Northern America (15%)³⁶. The state-owned **Ethiopian Airlines** is another example. The company operates secondary hubs in Togo and Malawi, offering flights (i.e. exporting services) to 90+ countries across all continents except for Australia and Antarctica³⁷.

Although businesses in Africa share many operational features with companies in other developing markets, they arguably have several characteristics that make them quite distinct.

African business operates on a model that maximises the advantages of the formal and informal sectors of the economy. The role of the informal sector cannot be disregarded when it comes to doing business in Africa as the sector accounts for 85% of all employment opportunities³⁸, contributing to an estimated average of 62% GDP in countries of Sub-Saharan Africa³⁹.

Seen from a traditional perspective, the informal sector has a number of drawbacks, such as no legal protection for workers formalised through labour laws in the form of minimum wage, paid leave, health insurance or pension contributions.

African companies with annual revenue around USD 1 billion by region



Source: prepared by the HSE University Center for African Studies based on open sources.

For governments, there could be challenges with collecting tax in the informal sector as well as with reflecting the sector's role in the national GDP. Still, 85% of Africans highly depend on the informal sector since it is the most common entry point into the labour market for many. In most countries on the continent, the formal economy is not large or fast-growing enough to provide sufficient jobs. However, there is also a specific social dimension to the businesses in the informal sector of economies. Like in many other African countries, Kenya's informal sector is dominated by micro-enterprises working across various market segments (typically wholesale and/or retail trade in local markets). The average lifespan of such businesses is estimated around seven years, and they are commonly the sole source of income for both owners and employees. Some 55% of these micro-enterprises are owned by women, and another 54% are run by young people, which are the two social groups that face the greatest difficulty finding employment in the formal sector (to illustrate

35 OCP. OCP Integrated report 2023. URL: <https://ocpsiteprodsa.blob.core.windows.net/media/2024-04/Rapport%20Financier%20Annuel%202023.pdf>

36 Oceana Group. Oceana Group Integrated report 2023. URL: https://www.oceana.co.za/_files/ugd/4b88cd_c3200311340743d4ae03438b1ea67190.pdf

37 Ethiopian Airlines. Ethiopian Airlines International Destinations URL: <https://www.ethiopianairlines.com/ru/book/%D1%81%D0%B5%D1%82%D1%8C-%D0%BC%D0%B0%D1%80%D1%88%D1%80%D1%83%D1%82%D0%BE%D0%B2/international>

38 ILO. More than 60 per cent of the world's employed population are in the informal economy. URL: <https://www.ilo.org/resource/news/more-60-cent-worlds-employed-population-are-informal-economy>

39 Princeton University. Formalizing Africa's Informal Sector Through the AfCFTA: An Opportunity for Economic Transformation. URL: <https://jpiia.princeton.edu/news/formalizing-africas-informal-sector-through-afcfta-opportunity-economic-transformation>

the point: an estimated 67% of people under the age of 35 are officially unemployed in Kenya, whereas the overall unemployment rate in the country stands at 12.7%)⁴⁰.

At the same time, not only private companies, but also large state players are increasingly working with the informal sector. For example, instruments to integrate the informal sector are being actively introduced in the mining sector: initiatives to buy gold from artisanal miners are in place in Senegal, DR Congo, Zimbabwe and other countries. There is a growing demand for solutions in the field of digital traceability systems of goods, anti-counterfeiting, and combatting the abuse of subsidy systems (when subsidised goods are illegally exported to neighbouring countries to be sold at market prices).

Business may become one of the drivers of informal sector 'recognition', consumer demand assessment and bridging information gaps,

which is the problem emphasised in almost every chapter of this handbook.

African business typically relies on a network of informal partnerships. Business is driven not only by the rational pursuit of profit, but also by culturally defined 'obligations' that balance corporate gain with community expectations. Obviously, business models could hardly exist in isolation from societies, and they are shaped by socio-cultural contexts, which is essentially why different forms of capitalism have emerged around the world.

Despite the certain encouragement of individual entrepreneurship in African cultures, these are exactly the cultures where kinship, mutual support and collective responsibility are emphasised

As a result, doing business in Africa is inextricable from traditional communal and collective values, while entrepreneurship, defined as an individualistic and profit-driven activity, is secondary⁴¹.

For example, the mission of **Afriland First Bank**, a Cameroonian bank founded in 1987 with branches in Equatorial Guinea, the DRC, South Sudan, Liberia, Côte d'Ivoire, Guinea and Zambia, is to promote African entrepreneurship and treat employees as family members. The company delivers on the promise through collective decision-making and practices, such as employees attending the funerals of their colleagues' relatives to show support. However, the most common form of mutual aid occurs in the informal sector, where relatives or friends could step in to replace sick employees⁴². As was mentioned, informal partnerships play an important role, too. In Egypt, strong personal relationships are crucial for business deals, and they could often bear more significance than

written agreement. Egyptians tend to do business only with those they know and trust or those who did business with their friends and relations, which is why they would often view a particular person representing the company as the true partner rather than the company itself. In business cultures like that in Egypt, contracts are more of a formality and a reminder rather than a strict obligation⁴³.

This partly explains why companies built on Western and Chinese operational models may not align well with local norms and values, leading to challenges in motivating employees and a poor understanding of the context where the company operates. While such organisations may be profitable, this might not be sustained in a longer term as they fail to meet cultural expectations⁴⁴.

40 BRINK. Early Insights about the Informal Economy in Kenya. URL: <https://www.hellobrink.co/post/early-insights-about-the-informal-economy-in-kenya>

41 ScienceDirect. Untangling African indigenous management: Multiple influences on the success of SMEs in Kenya. URL: <https://www.sciencedirect.com/science/article/pii/S1090951608000047?via%3Dihub#aep-section-id35>

42 Ibid.

43 Lothar Kat. Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World. URL: <https://www.leadershipcrossroads.com/mat/cou/Egypt.pdf>

44 ScienceDirect. Untangling African indigenous management: Multiple influences on the success of SMEs in Kenya. URL: <https://www.sciencedirect.com/science/article/pii/S1090951608000047?via%3Dihub#aep-section-id35>

The textile industry in Egypt is a traditional and highly competitive sector, with no dominant players in the field. Major companies are Egyptian, and **Oriental Weavers**, a carpet manufacturing company founded in 1979, is just one example. Most of the company's shares (some 54%) are owned by the family of its founder, Mohamed Farid Khamis. The largest foreign investor has been the Saudi Fitaihi Holding Group, which owns a 12% stake (other foreign shareholders collectively own 6.4% of the shares). In 2023, Oriental Weavers ranked first globally in the production of machine-made carpets and rugs, emerging as one of the largest exporters with the market reach of 130 countries. Notably, the main export destinations lie outside of the African continent (these are the U.S., Europe and the Gulf states), but this is also true for supplies of raw materials that originate both from local producers (incl. small-scale businesses) and from Saudi Arabia, New Zealand and the United Kingdom. The company has branches in Egypt and in the U.S., formally employing 18,700 people. Oriental Weavers, a true International African Business (IAB), invests in talented students who will then become the basis of its workforce. Through the Farid Khamis for Development Foundation, the company sponsored the Top 100 Students programme in collaboration with the national ministry of education. The company also collaborates with universities, such as Ain Shams University and Zagazig University, offering internships for students⁴⁵.

Oriental Weavers is also a company that generates a certain 'employment circle', a concept explored above. For instance, the local Arabya Company for Transportation and Domestic Flights signed a distribution agreement with Oriental Weavers in 2021⁴⁶. In 2024, as part of its environmental initiatives, Oriental Weavers signed an agreement with the Innovative Renewable Solutions Company, a local green energy business, to design and install a PV power plant with a capacity of 2.5 MWP⁴⁷. Other local companies benefitting from the circle are the various construction firms (that may well take advantage of the informal sector in their operations) and businesses that manage the company's local retail outlets (with potential links to the informal sector, too).

African business will often thrive in sectors with a limited presence of Western, Chinese and other multinational corporations. In sectors dominated by large foreign companies, such as mining and oil & gas, where French and British banks have held sway since colonial times, African companies struggle to compete and build their own reputational brands. Instead, African companies easily occupy market niches neglected by global competitors.

In some cases, such hyper-localisation can lead to the development of unique products

and foster economic growth for the respective community. Besides, a company's small size does not necessarily mean that it is not innovative⁴⁸.

Moreover, in traditional sectors African businesses will most often be centres of the 'employment circle' generated by bigger companies through a reliance on local subcontractors for the outsourcing of certain services.

45 Oriental Weavers. Investor Relations. URL: <https://orientalweavers.com/presentation-publication/>

46 The Arabya Company for Transportation and Domestic Flights. Contracting with the largest group in the Middle East, Oriental Weavers Group. URL: <https://alarabya-transport.com/en/contracting-with-the-largest-group-in-the-middle-east-oriental-weavers-group/>

47 Daily News Egypt. IRSC Signs Contract with Oriental Weavers to Install 2.5 MWP Solar Power Plant at 10th of Ramadan Factories. URL: <https://www.dailynewsegypt.com/2024/09/11/irsc-signs-contract-with-oriental-weavers-to-install-2-5-mwp-solar-power-plant-at-10th-of-ramadan-factories/>

48 MIT Press Direct. Digital Entrepreneurship in Africa: How a Continent Is Escaping Silicon Valley's Long Shadow. URL: <https://direct.mit.edu/books/oa-monograph/4850/Digital-Entrepreneurship-in-AfricaHow-a-Continent>

Ethiopian Airlines, the largest African airline, is a good example. The state-owned company has a strong social media presence that encompasses Facebook, YouTube, X, Instagram, Telegram, LinkedIn and Weibo, with each platform having its own target audience. For instance, on China's Weibo⁴⁹, the company posts daily in Mandarin, offering relevant deals that help establish the airline as a convenient way to travel to Africa and many destinations beyond it with minimal travel time. On Instagram⁵⁰, the company mostly targets a pan-African audience, putting a premium on flights that connect the continent's main hubs.

Nigeria's **Paystack**, a fintech company, illustrates the point. It was founded in 2015 in Lagos, modelling its payment processing solution for the SMEs on the world's leader Stripe and aspiring for a global role. The company soon attracted investment from the U.S. and China (this balancing act is quite notable given the growing rift between Western and non-Western technology ecosystems), leaving some investment shares in the local hands, Nigeria's Singularity Investments⁵¹. The magnitude of success was such that Stripe and Tencent acquired investment shares worth USD 8 million in 2018⁵², which was one of the factors that allowed for Paystack's expansion into Ghana that same year, South Africa in 2021 and Kenya in 2023 (all are the key financial hubs in their respective subregions). However, the last two expansions happened under Stripe's control of Paystack as it acquired the company for USD 200 million in 2020 in a bid to leverage its market development in Africa (rather than exploring 'unknown' markets on its own from scratch) and, most likely, arrest the rise of a strong competitor⁵³.

Going beyond local markets and thinking

African companies have grown enough to contribute much more to the local economies and explore regional and international markets. This leads to a **socialisation** and **internationalisation** of the African business. For the purposes of this chapter, 'socialisation of business' refers to a complex process whereby companies move beyond local thinking in their branding, marketing and communication strategies. African companies are on a learning curve by copying or adapting business models and management solutions from foreign companies operating in Africa.

Overall, the African business has been diversifying the mix of its foreign partners, indicating a shift from the Europe-oriented thinking. While it may still be easier for Africans to negotiate with European investors and contractors because of a much longer history of interaction, both before, during and after colonialism, that brings more predictability to the deals, the operational paradigm of most European companies has undergone dramatic transformations in the last five to seven years. Considerations of 'eco-friendliness', 'sustainability' and 'inclusiveness' are some examples of what is high on their agenda that they bring to other markets where they do business. Applying these principles on African soil with somewhat of a disregard for core African interests has resulted

49 Weibo. Ethiopian Airlines. URL: <https://weibo.com/ethiopianairlinesCN>

50 Instagram. Ethiopian Airlines. URL: <https://www.instagram.com/fly.ethiopian>

51 Forbes. Nigerian Fintech Startup Paystack Raises \$1.3 Million. URL: <https://www.forbes.com/sites/mfonobongsehe/2016/12/19/nigerian-fintech-startup-paystack-raises-1-3-million/>

52 TechCrunch. Paystack, with ambitions to become the Stripe of Africa, raises \$8M from Visa, Tencent... and Stripe itself. URL: <https://techcrunch.com/2018/08/28/paystack-with-ambitions-to-become-the-stripe-of-africa-raises-8m-from-visa-tencent-and-stripe-itself/>

53 TechCrunch. Stripe acquires Nigeria's Paystack for \$200M+ to expand into the African continent. URL: <https://techcrunch.com/2020/10/15/stripe-acquires-nigerias-paystack-for-200m-to-expand-into-the-african-continent/>

in some contention and a certain alienation. To communicate successfully and drive impact, local African companies would often have to adapt to this conditionality of their agenda, adopting a more European-like model of communication and behaviour.

Besides, there are more European players on the markets. Former colonial powers are still very much present in Africa, seeking to smooth out the tensions and shift their strategies to be more collaborative.

However, businesses from Europe's smaller countries, like Austria, Estonia, Switzerland or Norway, are now more vocal than ever before about their interest in the African markets. For instance, Estonia's Bolt launched its transport and taxi services in South Africa in 2016. With its first African experience proving a success, the company expanded its offerings to Angola, Ghana, Egypt, Kenya and others, with a scope of over 47 million passengers and 900,000 drivers registered on the platform. These are largely new partners for African business, which requires some 'social adaptation' in terms of understanding their motives and interests and finding an optimal mode for mutual collaboration. The same applies to the increasing number of non-European partners, as their geography is truly global and ranges from Iran and Turkey in the Middle East, Brazil and Chile in Latin America, Indonesia and Malaysia in the Asia-Pacific⁵⁴.

Another development is the rising **transnationalisation** and **localisation** of the African business. While these two notions might appear mutually exclusive and contradictory, they are closely interconnected. **Local content** policy has been a game changer in this context. The Black Economic Empowerment (**BEE**) programme which once seemed to be a product of South Africa alone, has taken hold and spread throughout Africa in the form of local content policies. Most African countries have legislated local content policies, such as **Nigerian content** in Nigeria. In almost all countries, localisation is encouraged

by local regulators through a developed system of investment incentives, including exemption from various types of taxes, etc.

For example, the expanding footprint of the world's major MNCs in developing mineral resources across the vast spaces of the African continent has also led to:

- an emergence of more African companies acting as sub-contractors for MNCs;
- an emergence of more local SMEs as a result of CSR projects that often provide infrastructure that stimulates demand and offers business opportunities;
- an adoption of local content legislation with policy-makers willing to consolidate strategic projects under state- or private-owned local companies.

Illustrative of these trends is the local impact created by the British Andrada Mining that owns a 95% share in the Uis lithium, tin, tantalum and rubidium mine in Namibia. While only 5% are owned by the national Sinco Investments Five, Andrada Mining relies on a network of local subcontractors, such as Metal Mill Engineering⁵⁵. The company was founded when the Uis project started in 2017, creating jobs and contributing to the area's economic growth.

Another example is Diageo, a British company that specialises in alcoholic beverages. In Africa, Diageo operates 12 breweries and 3 blending and malting plants located in Kenya, Tanzania, Uganda, South Africa, Ghana, Nigeria, the Seychelles, Cameroon, Ethiopia and Angola. Employing 4,400 people, the company is the main partner for a wide range of suppliers, as 83% of raw materials are sourced from the local small-scale businesses⁵⁶.

While it may be premature to speak of the transnationalisation or internationalisation of the African business in the traditional sense (i.e. when African MNCs

54 Bolt. Our locations. URL: <https://bolt.eu/en/cities/>

55 New Era Namibia. 47 fired from Uis mine contractor. URL: <https://neweralive.na/47-fired-from-uis-mine-contractor/>

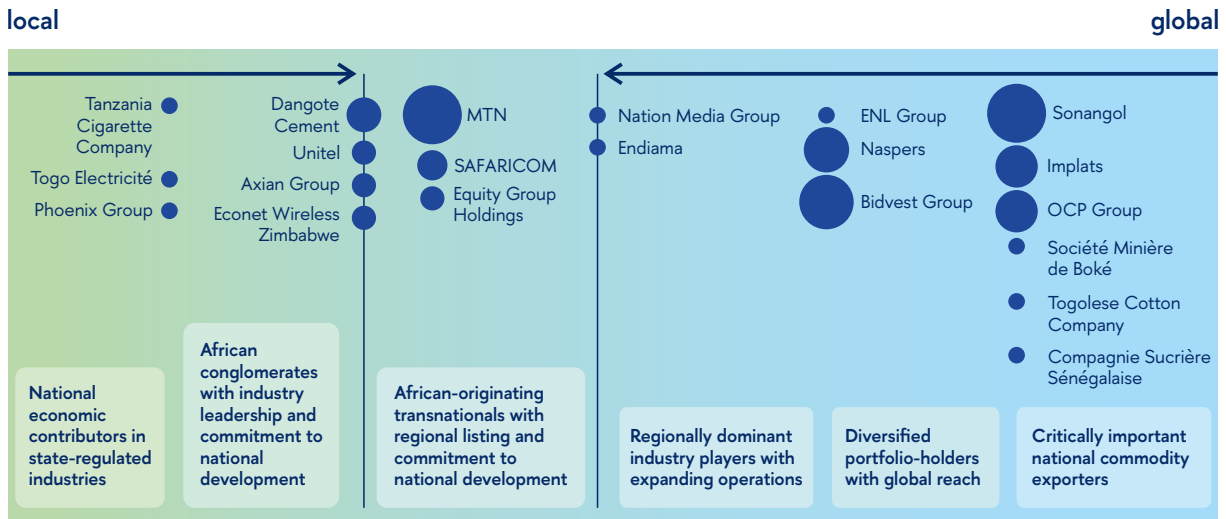
56 Diageo. Africa. URL: <https://www.diageo.com/en/our-business/where-we-operate/africa>

An example of increased regulatory attention to fostering local development and facilitating opportunities for African SMEs is the mining industry in the DRC. The 2018 DRC Mining Code stipulates that companies holding mining and/or exploration licenses must meet their social obligations to support local communities; otherwise, their licenses can be revoked. The minimum financial support for local communities through such agreements is 0.3% of the company's turnover⁵⁷. Official figures show that company expenditures on local community support projects totalled USD 83.7 million in 2020-2021. In August 2023, the DRC Ministry of Mines revoked 29 licenses, citing non-compliance with these requirements⁵⁸. In most cases, the licenses revoked were abandoned, and their redistribution could potentially improve the situation for local communities if acquired by companies that implement effective CSR policies. These are another instrument that facilitates the emergence of more local businesses. For example, the Chinese CMOC company sponsored tuition fees for 89 students in the DRC's provincial universities of Haut-Katanga and Lualaba without pledging their commitment to work for CMOC when they complete the education⁵⁹. That said, students also have the option of starting their own business or joining another local company.

could have global ambitions or already exert some global influence or play an independent and discernible role on global markets), it is still evident that there are some African companies that are preparing for this step. Most of such companies have been building up their skill profiles and expanding into neighbouring markets.

The current phase of increasing internationalisation of the African business could be attributed to several factors. First, amid growing demand and supply fragmentations, Africa continues to be perceived globally as a resource-rich market, particularly in the realm of critical minerals.

African businesses: between local and global



Annual revenue
 12
 1
 Companies were selected at the authors' discretion for illustrative purposes.

Source: prepared by the HSE University Center for African Studies.

57 UNCTAD. Congo, Democratic Republic of the - Adoption of a mining code. URL: <https://investmentpolicy.unctad.org/investment-policy-monitor/measures/3227/adoption-of-a-mining-code>
 58 The Africa Report. DRC: Cancelling operating rights of 29 mining companies stirs controversy. URL: <https://www.theafricareport.com/321309/drc-cancelling-operating-rights-of-29-mining-companies-stirs-controversy/>
 59 CMOC. Wilson Makuya, a TFM Social Fund scholarship beneficiary, obtains his Master's degree with distinction. URL: https://en.cmoc.com/html/2023/Education_0730/49.html

For example, the U.S. Strategy Toward Sub-Saharan Africa (2022) primarily views the continent as a host of vast natural resources, specifically 30% of the world's critical minerals⁶⁰. Similarly, UNCTAD's most recent Economic Development in Africa Report highlights Africa's resource potential⁶¹.

This narrative seems to be pervasive in each discussion and policy document on and around Africa and the continent's development trajectory. For their part, African governments and contractor businesses tend to make use of this narrative by focusing on extractive sectors, as this allows for more foreign investment, faster profits and easier revenue. Shifting this paradigm would require considerable time, effort and financial resources because this ultimately boils down to a restructuring of the economies with the emergence of impactful business in non-traditional fields – i.e. not oriented towards extraction, production of raw materials or export.

Second, the internationalisation of the African business still goes well with the interests of national development, aligning with governmental policies. A case in point is Sibanye-Stillwater, a mining company with operations in South Africa. Its major shareholders include the state-owned Public Investment Corporation Ltd. (South Africa, 16.1%), Allan Gray Ltd. (South

Africa, 5.7%), Lingotto Investment Management LLP (UK, 7.5%) and JPMorgan Chase & Co. (US, 6.3%). Foreign shareholders are estimated to control about 40% of the company's stakes. Listed on the Johannesburg Stock Exchange, Sibanye-Stillwater offered employment for 60,800 people in South Africa in 2023, with an additional of 19,300 contractors (the concept of 'employment circle' applies here, too)⁶². The company is another example of an International African Business (IAB) that drives local impact. Partnering with African Infrastructure Investment Managers, Sibanye-Stillwater sponsors the construction of the Umsinde Emoyeni Wind Power Station (140 MW), which is scheduled to be completed by 2026⁶³. A powerful player in South Africa's mining sector, Sibanye-Stillwater is also a company that has mines and processing facilities in the U.S., a nickel plant in France as well as stakes in PGM projects in Canada, lithium projects in the U.S., Argentina, and Finland, and a zinc project in Australia. The company has a broad network of partners, selling the PGM mined in South Africa to domestic companies and undisclosed buyers in the U.S., the EU and the UK, and Japan. The gold it extracts is sold to local and international banks, while Australian zinc is directed to smelters in Australia, Korea and China, and the nickel processed in France is sold to another commodity trading company⁶⁴. However, here the risks of excessive capital outflow via such 'global' investments should be considered as well.

In African economies, there is little demand for critical minerals such as cobalt, lithium, manganese and others, due to the lack of necessary technologies and manufacturing capabilities. Consequently, companies operating in Africa, both foreign and local, typically extract and (minimally) process these metals to sell them outside the continent, primarily to China. A similar pattern exists in the coffee market, where Africa accounts for 11% of global production. Ethiopia and Uganda are the main producers, contributing approximately 70% of Africa's coffee output. However, the culture of coffee consumption is not very developed in African countries (except for Ethiopia), as people generally prefer tea. In 2023, coffee consumption in African countries accounted for only about 7% of global consumption, with Ethiopia alone representing 29% of Africa's coffee consumption⁶⁵.

60 The White House. U.S. Strategy Toward Sub-Saharan Africa. URL: <https://www.whitehouse.gov/wp-content/uploads/2022/08/U.S.-Strategy-Toward-Sub-Saharan-Africa-FINAL.pdf>

61 UNCTAD. Critical minerals: Africa holds key to sustainable energy future. URL: <https://unctad.org/news/critical-minerals-africa-holds-key-sustainable-energy-future>

62 Sibanye-Stillwater. Integrated report 2023: Empowering our workforce. URL: <https://reports.sibanyestillwater.com/2023/downloads/ssw-IR23-performance-workforce.pdf>

63 Sibanye-Stillwater. Integrated report 2023: Socioeconomic development. URL: <https://reports.sibanyestillwater.com/2023/downloads/ssw-IR23-performance-socioeconomic-development.pdf>

64 Sibanye-Stillwater. Integrated report 2023. URL: <https://reports.sibanyestillwater.com/2023/downloads/ssw-IR23.pdf>

65 International Coffee Organization. Coffee Report and Outlook 2023. URL: https://icocoffee.org/documents/cy2023-24/Coffee_Report_and_Outlook_December_2023_ICO.pdf

Third, demand for some of the products is just so low within the African continent, either due to market saturation or limited purchasing power, that African companies naturally have to turn to overseas markets. The aforementioned Egyptian carpet manufacturer Oriental Weavers derives a mere 1% of its revenue from African markets, if Egypt (35%) is not considered. The nearly exclusive focus on Northern America and Europe can be explained by the higher purchasing power in these regions and by the fact that the textile industry in Africa remains highly competitive, particularly in Northern Africa, where carpet production is well-established due to widespread cotton cultivation⁶⁶.

Fourth, traditional business drivers may not play as important a role in Africa as in the West or even in other regions of the developing world. This arguably refers to companies seeking new markets to expand their operations, turning to other geographic regions in a bid to cut production costs via cheaper labour or raw materials or attain a higher profile and international visibility to attract investment or access markets of cheaper capital.

The transition from a local to an international business depends on 1.) market development, 2.) company revenue growth, 3.) certain government support and 4.) favourable conditions in global markets, all provided that the company has the necessary talent and sufficient capital.

Nigerian Dangote Group founded in 1977, initially specialised in importing and trading wholesale consumer goods and cement. In the 1990s, the company expanded into textile production and consumer goods like sugar and flour. In 2000, Dangote acquired Benue Cement Company from the federal government, subsequently increasing the cement plant's annual capacity from 0.9 million tonnes to 2.8 million tonnes. Switching gears, Dangote entered Nigeria's cement market, which soon became its core focus. In 2002, the company purchased the government-owned Obajana Cement Plc., which began operations in 2007 with a capacity of 5 million tonnes annually, making it the largest cement plant in Sub-Saharan Africa. In 2010, Benue Cement and Obajana Cement merged into Dangote Cement Plc., a step that testified to the company's new role in the national economy and that allowed it to go public on the Nigerian Stock Exchange. By 2011, Dangote Cement Plc. established a presence on the subregional market, with first exports of cement to Ghana and another capacity expansion in the Obajana and Ibese plants⁶⁷.

As one of the world's top CEOs⁶⁸, the company's founder Aliko Dangote is a proponent of pan-African economic development, often expressing his vision of utilising Africa's raw materials for processing and sale within the continent⁶⁹.

By making strategic choices, the company managed to secure a dominant position in Nigeria's cement market. Achieving strategic importance for the economy allowed the company to receive certain support from the government⁷⁰ and expand even more. With that, Dangote Cement Plc. has established itself as one of Africa's largest producers with cost-effective and high-quality production and embarked on a broader African expansion, moving from a subregional presence to a pan-African footprint. In 2014, the company opened two cement plants in South Africa, a plant in Senegal, and continued its expansion drive with investments in Cameroon, Ethiopia, Zambia, Tanzania, Sierra Leone and the Republic of Congo⁷¹.

66 Oriental Weavers. Investor Relations. URL: <https://orientalweavers.com/presentation-publication/>

67 Dangote Cement Plc. Our History. URL: <https://cement.dangote.com/our-history/>

68 CEO Today Magazine. The Top 50 CEOs in The World. URL: <https://www.ceotodaymagazine.com/top-50-ceos/>

69 Jeune Afrique. Aliko Dangote: « Mon rêve, c'est d'utiliser les matières premières d'Afrique, de les raffiner et de les vendre sur notre propre marché ». URL: <https://www.jeuneafrique.com/1570808/economie-entreprises/aliko-dangote-mon-reve-cest-dutiliser-les-matieres-premieres-dafrique-de-les-raffiner-et-de-les-vendre-sur-notre-propre-marche/>

70 Reuters. Nigeria's Jonathan adds Dangote to economic team. URL: <https://www.reuters.com/article/ozatp-nigeria-economy-20110819-idAFJ0E77I0NW20110819/>

71 Dangote Cement Plc. Our History. URL: <https://cement.dangote.com/our-history/>

Outlook for the future

In the coming years, the trend for a broader socialisation and internationalisation of African businesses will likely continue. Coupled with government policies to stimulate local production and development of local communities, this will arguably create more space for the emergence of more Multi-African Businesses (MABs) and International African Businesses (IABs). In turn, their operations will boost opportunities for small-scale local enterprises, as part of their 'employment circle'. Such companies will drive their growth with a reliance on the informal sector, occupying niches that bigger companies tend to overlook due to the high entry cost or inherent risks with a rather low strategic return. This may well broaden the scope of opportunities for local entrepreneurs who can leverage their knowledge, experience and understanding of the local context to develop solutions unique to Africa.

However, with local problems and local solutions come limitations to company growth. The size of national markets essentially restricts the scalability of companies, particularly in smaller countries. Since many of the solutions offered and developed by African businesses cater to markets that are relatively small, with limited purchasing power and underdeveloped infrastructure, the prospect of more companies getting to the level of an MAB or an IAB will likely be limited to the continent's biggest economies.

This prospect does not imply the failure of African businesses, who may be strong in their diversity. Whether innovative or not, small- and medium-scale but consistently profitable companies are a certain mark of success. One potential pathway for scaling companies to a (sub)regional level may be addressing the problems and leveraging the opportunities that are common across the continent but remain relatively unfamiliar to foreign multinationals.



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