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Understanding Large Businesses in Africa: An Overview of Trends and Strategies

Anisa Muzaffar[1]

Abstract

Large businesses play a pivotal role in driving structural change within economies. By making substantial investments to enhance their productive capabilities, they can scale up operations and expand the scope of their business. However, their significant size often leads to concentrated power, granting them substantial control over their industries. Understanding the strategies of these large enterprises is crucial for developing effective policy measures that align with their roles as agents in political settlements. This overview paper identifies large businesses in Africa, exploring their characteristics and strategies while highlighting their impact on the continent's structural change. It also connects the challenges of structural change in Africa, such as premature deindustrialisation and limited product diversification, to the difficulties faced by these enterprises. Notably, many large businesses in Africa struggle with inadequate long-term investments while simultaneously maintaining higher dividend payouts compared to their global counterparts. These complex challenges confronting large enterprises will be further examined in the forthcoming working paper series within the Business Models research stream of CSST, to understand how these large businesses can play a more effective role in driving structural change in Africa.

Keywords: Large businesses, business models, investment strategies, production capabilities, capital expenditure, structural change, Africa

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1. Introduction

Large enterprises are central to the process of industrial development. They are able to mobilise investments to build production capabilities in a co-evolving process which enables their continuous growth in scale and scope. With such significant size, they are able to create employment opportunities, mobilise suppliers, and expand their presence through regionalisation and internationalisation. Market-based theories that view businesses as arrangements to minimise transaction costs or as competitive small firms in a perfectly competitive market, abstracts the centrality of production in the organisation of businesses. It is this production capabilities of large businesses that drive structural change towards higher productivity in industrial development.

This paper provides an overview of the large businesses in Africa in terms of identifying who they are and the observable changes over the past 15 years. Such understanding of the characteristics of these large enterprises will provide critical knowledge to further explore and understand the business models or the strategies that these enterprises adopt and their impact on structural change. The size of these enterprises however gives them considerable power and control, and as such conceptualising them as agents in political settlements would strengthen the understanding of the business models they adopt. Without clear understanding of the strategies of these large businesses, policy levers to influence the direction of structural change may not be effective.

This overview paper serves as a foundation for identifying large enterprises in Africa and the critical issues surrounding their existence. It sets the stage for a series of working papers focused on business models in Africa. With challenges like premature deindustrialisation and lack of product diversification, understanding the strategies of large enterprises is essential for progress. The findings in this paper are at an aggregate level, with some references to specific enterprises. Subsequent papers will explore in depth the strategies of selected firms.

The paper is organised as follows: Section 2 discusses business models in the context of structural change, contrasting this with views from business and management schools and the neoclassical school. Section 3 outlines the methodology. Section 4 examines who these large businesses are, including their size, sectoral and geographical shifts, expansion strategies, and foreign participation. Section 5 focuses on investment strategies, covering capital expenditure, retained earnings, and dividend payouts to understand the impact of corporate financialisation. Section 6 explores production capabilities in a technologically advanced environment. Section 7 summarises the findings relating to Africa's future outlook. Finally, Section 8 outlines upcoming working papers and their linkages to this introductory paper.

2. Conceptualising Business Models

Business models in this stream of research refers to the complex strategies that firms employ towards building their productive capabilities to exploit the full potential of new and existing technologies. To achieve this, businesses need to strategise on growing their investments in physical and human capital, which is organised through the effective management of these corporations. This then leads to a seamless flow of production and distribution that continuously enables the advancements of new technologies and their commercialisation.

For technological advancements to happen, substantial research and development are required to enhance a corporation's production capabilities while ensuring that new technologies can be successfully commercialised. This requires capital-intensive investments, which are not able to be undertaken by small or informal firms. Only large corporations have the ability to mobilise large scale

investments needed for the productive organisation and development of resources. Given their size, large enterprises have been found to be able to make large investments and commit to long-term learning and research (Lazonick, 2010; Mondliwa & Roberts, 2021; Roberts, 2020). Chandler et al. (1997) points out that this is often through the use of their retained earnings particularly in making the initial investments. Figure 1 provides a broad overview of the complex strategies employed by large businesses within the context of their relationship with the state.

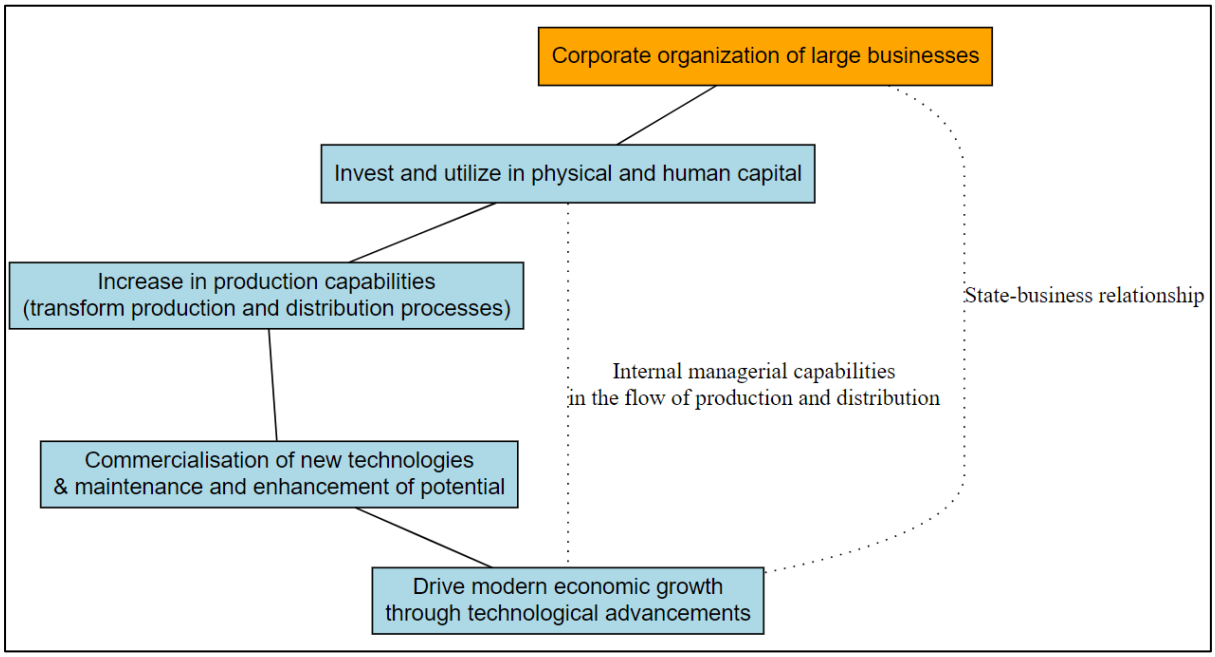

Figure 1: Strategies of Large Businesses in Driving Economic Growth

Source: Author's illustration

Contextualising the business models within a narrow and static allocative efficiency perspective does not take into account these complex interactions of businesses within their internal structure and external environment. Instead businesses are seen as a set of arrangements to minimise transaction costs. The neoclassical approach to businesses is to have them organised within a perfectly competitive market structure with small firms competing to produce at the cheapest cost to maximise their profits. Business models within the business and management schools also take on a narrow perspective. For instance, recent findings of business models are placed within the discourse of business architecture or tools for generating value creation, delivery, and capture, highlighting the need for businesses to evolve in response to their external environment and technological advancements (Aagaard, 2024). Similarly, business-to-business (B2B) platforms and their game-changing impact to revenue, transactions, and participation by firms are analysed against their use as a tool for firms to connect, collaborate, and transact among each other for future business growth (Ritala & Jovanovic, 2024) and not in relation to their use in growing the business' productive capabilities.

More recent literature have attempted to establish a clearer definition of business models. These similarly do not take into account the strategies of businesses in making large capital intensive investment and in building production capabilities for technological advancements and commercialisation. These recent deliberations have instead identified business models as a strategic

tool which is critical for firms to generate value and build their competitive edge (Aagaard, 2024; Wirtz et al., 2016; Zott, et al., 2011). Within the strategic management literature, Teece (Teece, 2010, p.191) describes business model as the "architecture of the value creation, delivery, and capture mechanisms a firm utilises." Foss and Saebi (2017) further show how these components are not distinct, but rather interconnected as part of a firm's existence. Doz and Kosonen (2010) bring in the relationship between business models and their adaptability to the external environment. Foss and Saebi (2017) identify three streams of research on business models - (1) business models as classification of business, (2) business models as antecedent of businesses performance, and (3) business models as a unit of innovation. In relation to business models as a unit of innovation, Johnson et. al. (2008) also identify business models as a basis for transformation and change.

2.1. Business Models of Large Enterprises in Driving Structural Change

There is a complex interaction of strategies that large firms employ in order to efficiently produce and distribute at scale through new and existing technologies. Yet these strategies are not independent to the firm. Instead, they are influenced by many internal and external factors, that co-exist in a two-way relationship. With the large sizes of these enterprises they in turn have significant power to influence the decisions that impact the operations and decisions of their large enterprises. Andreoni and Sial (2020) point out that even within the same political environment, there could be very different development trajectories of diversified business groups (DBGs).

In underlining the complex business models of large enterprises, Andreoni and Sial (2020) in a first comprehensive study of DBGs in Tanzania highlight their inter-linked market-based activities which ranges from leveraging financial resources, utilising internal profits, developing upstream and downstream activities across different value chains, all in a complementary and organised manner in the context of the overall operation of the business group. They reaffirm that yet these strategies are contingent on a variety of contextual factors such as the political economy context of the country. At the same time these complexities also interact with the historical context that led to the emergence of these large businesses influencing the decisions they make in the present environment. Chandler et. al. (1997) gave examples of the first industrial revolution on the emergence of enterprises in Britain and how these established enterprises then had different responses arising from the second industrial revolution, which likewise impacted new enterprises in Germany and United States differently than in Britain. Schneider (2009) points out that the responsiveness of DBGs to state policies in turn depends on the role of the state in the establishment of these DBGs in the first place.

In understanding the complexities of these large businesses, the perfect competition market structure fails to provide a meaningful understanding of how firms operate. The resource-based theories instead looks more deeply into how businesses organise their production and build capabilities over time. Penrose's (2009) theory of the firm focuses on firms' productive resources and builds on the idea that firms' production capabilities are heterogenous and evolve in relation to their use. Chandler (1990) also brings in the important dimension of firms' dynamic organisational capabilities as the source of firms' competitiveness. Firms' development is taken as dependent on its ability to continuously innovate and develop new products.

The role of large enterprises is important in understanding the economic development trajectories of countries including their middle income trap, low levels of investment and premature deindustrialisation (Andreoni & Tregenna, 2020, 2021). Large enterprises have the capacity to develop new technologies, establish access to markets which in turn shapes the development pathways and structure of the economy (Mondliwa & Roberts, 2021). The centrality of large enterprises has been

linked to the success of industrialisation in East Asian economies, and earlier in the now developed economies (Amsden, 1989). But with large businesses there is concentration of power, ability to govern over value chains, and influence over policies (Mondliwa & Roberts, 2021). Therefore to influence structural change necessitates an understanding of how these power dynamics impact on these large enterprises' decisions to build their production capabilities.

2.2. Business Models of Large Enterprises and Structural Change in Africa

The business model landscape in Africa is diverse and rapidly evolving, characterised by a combination of innovation, adaptability, and local context. With a youthful population and increasing access to technology, African entrepreneurs are harnessing mobile connectivity and digital platforms to create solutions tailored to local challenges, such as financial inclusion through mobile money services like M-Pesa, and e-commerce platforms addressing gaps in traditional retail. Additionally, the emphasis on sustainability and social impact is shaping new business models, as companies integrate environmental considerations and community needs into their strategies. From agribusiness ventures utilising tech to improve food security to renewable energy startups expanding access to electricity in off-grid areas, the continent is witnessing a shift from traditional resource-based economies to more dynamic, service-oriented, and knowledge-driven models. This transformation not only enhances economic resilience but also attracts investment and fosters innovation across various sectors, positioning Africa as a vibrant hub for entrepreneurial growth and structural change.

Despite the significant potential of various business models in Africa to drive structural change, there remains a notable gap in understanding how these models have specifically influenced economic transformation across the continent and their distinct characteristics. Unlike the well-documented experiences of East Asian economies, where the evolution of business models, such as the role of Chaebols in South Korea (A. Amsden, 1989, 1997), Keiretsu in Japan (Abe, 1997; Morikawa, 1997) and diversified business groups in Taiwan (A. H. Amsden, 1979; A. H. Amsden & Chu, 2003), have been extensively studied, African business models have not received the same level of analytical focus. In East Asia, the strategic development of these large conglomerates has been linked to robust industrial policies, government support, and a clear trajectory of structural change, while exemplifying distinct differences in their organisational structure and state relationships reflecting the unique socio-economic contexts of their respective countries.

In contrast, African economies often lack comprehensive documentation and analysis of the role that large enterprises and evolving business models play in fostering innovation, competition, and investment. More recent literature are increasingly analysing various dimensions of large businesses in Africa to identify their distinct characteristics. Andreoni and Sial (2020) look at the role of DBGs in economic growth through their state-business relationships in instrumentalising rents towards productive or unproductive activities. Behuria (2019, 2022) brings in the importance of understanding the role of domestic African capitalists in the processes of capital accumulation for structural change. Business-focused studies on Africa large businesses points towards challenges and opportunities on how business models can take on a more central role in driving structural change in Africa. Some of the challenges include the lack of large businesses in driving sectoral diversification. Woetzel et.al. (2018) finds that emerging economies with consistently high growth rates have twice as many large companies compared to other economies. Since 2015, Africa has had a decline of 7 percent in businesses with revenue more than USD 1billion (Kuyoro et al., 2023). This is in contrast to an increase of 31 percent in Latin America, 52 percent in China, and 30 percent in India of large firms within the same time period (Kuyoro et al., 2023). Africa is also made up of more small scale enterprises which

are not productive organisations in terms of mobilising resources, creating employment, and in seizing investments for productive opportunities that can enable them to attain appropriate scale and scope.

Foreign companies are also found to have a large presence in Africa generally, making up about one-third of large businesses in Africa and about one-third of total corporate revenues (Kuyoro et al., 2023). These firms are particularly dominant in sectors such as oil and gas, mining, telecommunications, and consumer goods, where substantial capital investments, advanced technologies, and global market access are critical. Their activities often serve as a conduit for FDI, bringing in essential resources, expertise, and infrastructure that can catalyse growth in local economies. However, their presence also raises concerns about profit repatriation, resource exploitation, and limited integration with local value chains. While foreign firms play a key role in advancing certain industries, there is an ongoing debate about their net impact on African development, particularly regarding their ability to foster local capacity building and inclusive economic transformation.

The recent African Transformation Index Report (The African Center for Economic Transformation (ACET), 2023) in their analysis over the period 2000 to 2020 finds that African economies have become less diversified with a large variation across the 30 African countries that comprise the ATI. The competitiveness of their exports has been declining over the last two decades, and in terms of the technology content of Africa's exports and production, while there is slow and sustained improvements, overall Africa lags behind the newly industrialised economies. Kruse et. al. (2021) find that several African countries have been experiencing a renaissance in industrialisation, while a few others are beginning to industrialise. Burkina Faso, Cameroon, Lesotho and Mozambique are found to be experiencing industrialisation that exceed the global average. Ghana and Nigeria which have both experienced a peak in industrialisation in the 1970s and 1980s are now seeing a resurgence in manufacturing. Industrialisation in these countries appear to be dominated by employment expansion in unregistered firms to meet local demand for basic manufacturing.

Diao et.al (2021) similarly see a dichotomy in the manufacturing experience of large and small firms in Tanzania and Ethiopia. The larger firms appear to record higher productivity but against lower employment expansion. This is the opposite for smaller firms that see stronger absorption of labour but against low productivity growth. This phenomenon is linked to technological developments at the global level that sees low employment expansion of capital intensive large firms (Diao et al., 2021). Focusing on South Africa, Andreoni et. al. (2021) find that over recent years, South Africa has encountered significant challenges in consistently transforming its economic structure specifically in shifting from industries characterized by low productivity toward sectors that offer greater complexity and higher productivity. Instead of achieving a gradual, steady transition to more sophisticated, value-added activities, the transformation process has been uneven and fragmented. They find that the persistent trend of premature deindustrialisation has undermined the economy's long-term performance and potential.

3. Methodology

3.1. Source of data

The list of the top 100 large businesses by revenue is sourced from Jeune Afrique, a leading pan-African news magazine that covers political, economic, and business developments across the continent. Founded in 1960, Jeune Afrique provides in-depth analysis, reports, and rankings on Africa's largest companies, industries, and economic trends. Its annual rankings of top businesses are widely recognised as a key reference for understanding corporate performance in Africa. For this study, Jeune

Afrique's rankings from 2024 (Jeune Afrique, 2024) and 2009 (Jeune Afrique, 2009) are used to analyse changes in the size, sectoral and geographical composition, expansion strategies and foreign ownership.

The list of the top 50 companies by market capitalization is sourced from Eikon, a financial data and analytics platform developed by Refinitiv. Eikon provides real-time and historical market data, financial news, company fundamentals, and analytical tools used by investors, analysts, and financial professionals. It aggregates data from global stock exchanges, offering insights into publicly traded companies' performance. For this study, Eikon is used to track and compare market capitalization numbers across different years, ensuring consistency and reliability in the analysis of large enterprises.

The cross-comparisons of selected financial indicators of large businesses in East, South and Southeast Asia and Latin America are sourced from Eikon given the readily available information on a comparable basis.

3.2. Selection of Businesses

Based on revenue, the top 100 large businesses make up 60 percent of total revenue in Jeune Afrique's 2024 listing of Top 500 businesses in Africa. The categorisation of firms based on revenue is preferred as it includes private and state owned companies. With public listing it is only limited to listed companies and may not capture large entities that can utilise investments to build scale and scope towards shifting the structure of the economy. Using revenue also brings in enterprises that are critical to higher value added activities as opposed to those in the financial sector which are among the largest if based on market capitalisation. The finance sector do not perform the role of strategic enterprises that this research stream aims to analyse.

When analysing based on market capitalisation, the top 50 large business are referred to given that they make up 60 percent of total market capitalisation in Africa. This is found to be sufficient as a representative sample given that the purpose of this research stream is to identify who these large businesses are and their centrality to structural change. A general pattern of trends can then be observed drawing on from the financials of these top 50 businesses. It is also because these top 50 businesses have large scope and scale and they have cross-ownership across other businesses. Targeting small sized businesses or those that do not contribute to high value added activities will not contribute towards understanding the role of businesses in driving structural change. In this situation, the study will not lead to any further insights on understanding the deindustrialisation and slow industrial development in Africa.

It is also important to identify these large enterprises because it is necessary to have those in the sector that can have strong forward linkages with high value adding downstream economic activities for continuous economic growth.

Number of Large Businesses	Percentage of Market Capitalisation
Top 10	28 percent
Top 20	40 percent
Top 50	60 percent
Top 70	67 percent

Top 100	73 percent

Table 1: Number of Large Businesses based on Market Capitalisation

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

4. The Large Businesses in Africa

This section identifies the large businesses in Africa by revenue for the years 2009 and 2024.

4.1. Overview

The list of the top 100 companies in 2009 and 2024 are extracted from Jeune Afrique (Jeune Afrique, 2009, 2024). The ten of the 100 largest companies are reproduced in tables 2 and 3 as illustration.

Rank	Company	Headquarters	Sector	Ownership	Revenue (USD billion)
1	Sonatrach	Algeria	Oil and Gas	State-owned	67.63
2	Sonangol	Angola	Oil and Gas	State-owned	17.00
3	Sasol	South Africa	Chemicals	Public-listed	14.53
4	The Bidvest Group	South Africa	Commerce	Public-listed	14.19
5	MTN Group	South Africa	Telecommunications	Public-listed	10.83
6	Imperial Holdings	South Africa	Diversified Group	Public-listed	9.80
7	Telkom	South Africa	Telecommunications	Public-listed (partially state-owned)	8.33
8	Sanlam	South Africa	Financial Services	Public-listed	7.77
9	Vodacom Group	South Africa	Telecommunications	Public-listed	7.13
10	Pick' N Pay Stores Holdings	South Africa	Commerce	Public-listed	7.03

Table 2: List of Top 100 Companies in Africa by Revenue (2009)

Source: Jeune Afrique (2024)

Rank	Company	Headquarters	Sector	Ownership	Revenue (USD billion)
1	Sonatrach	Algeria	Oil and gas	State-owned	77.013
2	Eskom	South Africa	Electric utility	State-owned	13.941
3	Sasol	South Africa	Chemistry	Public-listed	12.989
4	MTN Group	South Africa	Telecommunications	Public-listed	12.238
5	Shoprite Holdings	South Africa	Retail	Public-listed	10.802
6	Nigeria National Petroleum	Nigeria	Oil and gas	State-owned	9.706
7	Steinhoff International	South Africa	Retail	Public-listed	9.704
8	Anglo American Platinum	South Africa	Mining	Public-listed	9.402
9	Sibanye Gold	South Africa	Mining	Public-listed	8.692
10	Spar Group	South Africa	Retail	Public-listed	8.479

Table 3: List of Top 100 Companies in Africa by Revenue (2024)

Source: Jeune Afrique (2009)

When looked from the perspective of structural change, the evolution of the companies from 2009 to 2024 indicate that large businesses have contributed to structural change in Africa through their increasing growth in scale and scope. This is evident through their diversification and regional and international expansion. The emergence of consumer goods, technology, and private sector growth reflects the adaptability of African companies in response to changing market conditions. The diversification of the telecommunications sector has been crucial for facilitating digital connectivity and economic integration across Africa. With the rapid adoption of mobile technology, telecom companies have enabled millions of people to access information, communicate, and conduct business. This has supported various sectors, including e-commerce, education, and healthcare, fostering innovation and driving economic growth. The expansion of internet services and mobile applications has further empowered entrepreneurs and small businesses, providing them with the tools to reach wider markets and improve their operational efficiency. This ongoing evolution not only reshapes corporate strategies but also contributes to structural change across the continent, positioning Africa for long-term sustainable development.

In 2009, the corporate landscape was heavily dominated by mining and resource companies such as Anglo Platinum, De Beers, and national oil companies like Sonatrach and Sonangol. This reliance on extractive industries characterised the economy, given their substantial contribution to national

revenues and exports. In 2024, there was a notable decline in the number of mining companies in the top rankings, with a growing focus on diversification into sectors that align with the changing needs of consumers and the global economy.

The list in 2024 shows that consumer goods and retail companies have gained prominence, reflecting the rise of the middle class and shifting consumer preferences across the continent. Firms like Shoprite, Pick n Pay, and RCL Foods have become key players, indicating a broader shift toward consumer-driven industries. Additionally, the telecommunications sector has emerged as a critical component of the corporate landscape. Initially represented by a few major players such as MTN and Vodacom, the sector has seen substantial growth. For instance, Airtel Nigeria, a subsidiary of Bharti Airtel, entered the market and became one of the leading telecom operators in Nigeria, contributing significantly to mobile penetration in one of Africa's largest economies. Similarly, companies like Safaricom in Kenya transformed the telecommunications landscape by pioneering mobile money services with M-Pesa, which has since become a model for financial inclusion across the region.

The changing dynamics of regional representation have also highlighted a shift in economic power centers. While South Africa maintained a strong corporate presence in the past, the corporate landscape is becoming more balanced, with significant contributions from Nigerian companies like Dangote Cement and Nigerian National Petroleum, as well as Moroccan firms like OCP Group and Maroc Telecom. This diversification reflects a broader trend of increased regional integration and the emergence of African multinationals capable of competing on the global stage.

Moreover, the initial landscape, which had limited technology representation, has transformed dramatically as innovation and technology have taken center stage. The rise of technology-driven firms and digital services indicates a significant shift towards digital transformation, enabling companies to leverage technology for operational efficiency and enhanced customer engagement. This evolution showcases the adaptability of African businesses as they respond to global trends, including sustainability and environmental responsibility.

4.2. Size of Large Businesses

The first main consideration when discussing large businesses is their size. Should large businesses that can drive industrial development be of a certain size? Should this size be relative to the of the economy they are in? Cassis (1997) discusses the size of big businesses by considering different ways to measure them, recognising that size is relative and depends on the criteria used. This includes the various firm-level financial indicators, historical context, comparison across regions, and by market power and influence.

In the case of Africa, the largest public-listed company, Naspers is USD 40 billion, which is the smallest among the largest public-listed companies in East Asia, South Asia, Southeast Asia and Latin America (Figure 2). This is an area that will be explored further in the upcoming working paper series linking these large enterprises to structural change. That is, whether how large an enterprise is can have a differential impact on the structural change of an economy.

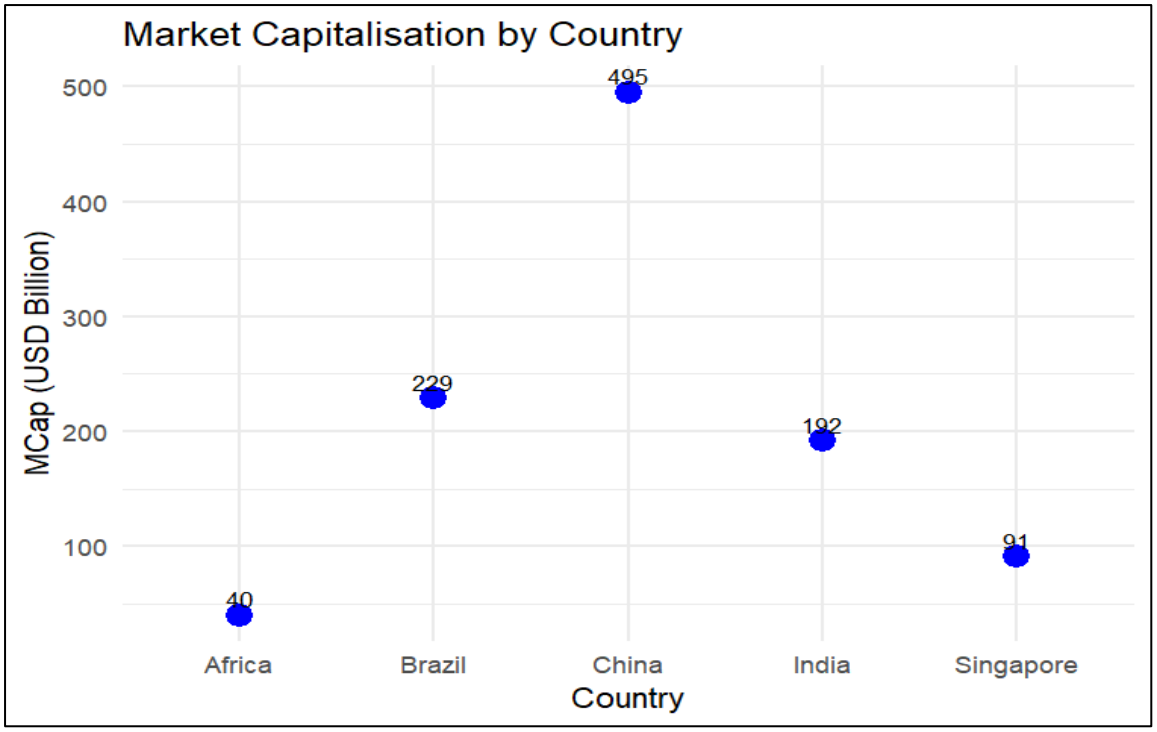

Figure 2: Market Capitalisation of Largest Company in Various Countries in 2024

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

These enterprises' large size could also be determined by their cross-ownership of other companies. This cross-ownership indicates that they have successfully established subsidiaries and expanded their production capacity and capabilities across both related and unrelated sectors. There are positive as well as negative implications from cross-ownerships. While cross-ownership can lead to coordinated strategies in resource utilisation, investments, and market expansion, companies with cross-ownership may exert significant control over market dynamics, potentially affecting competition. Figure 3 provides a brief snapshot of the cross-ownerships that are known among the top 100 companies in Africa. The complexity of corporate structures and frequent changes in ownership mean that cross-ownership can vary, and companies may enter into alliances, joint ventures, or partnerships that are not easily captured. For more detailed and accurate information on cross-ownership financial reports of specific companies will need to be consulted.

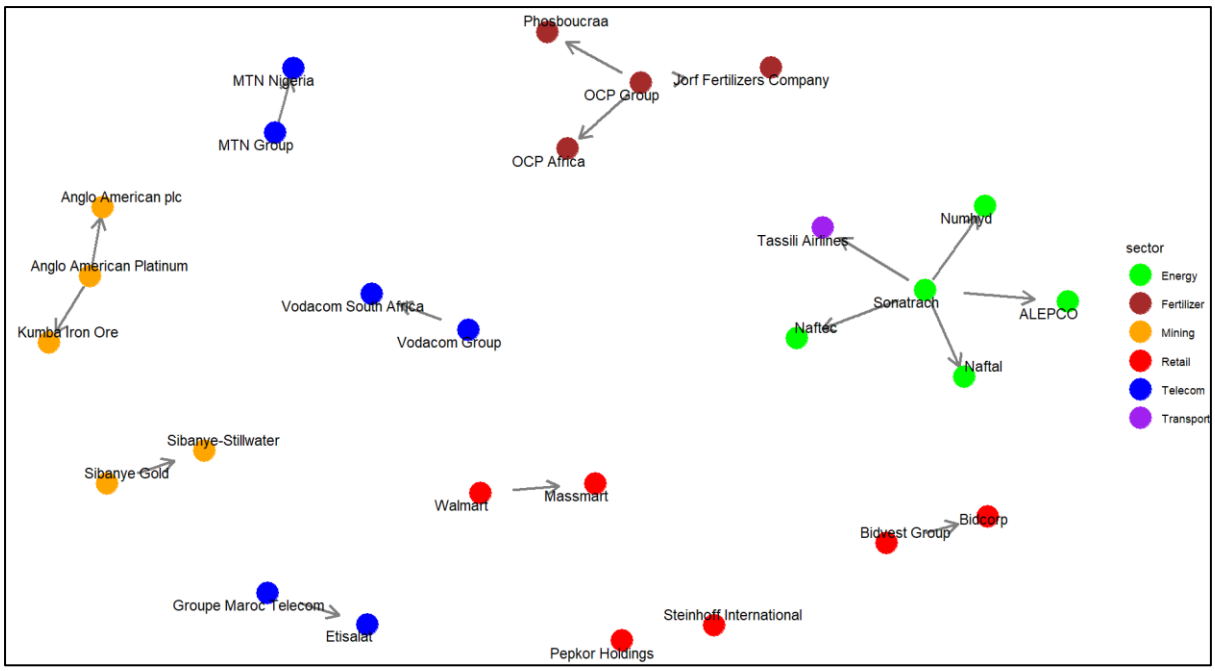

Figure 3: Cross-Ownership of Selected Companies in Africa

Source: Author's illustration

The top two largest enterprises in Africa have remained state-owned enterprises (SoE). Sonatrach is dominant in this top 100 list with its revenue more than five times the second largest enterprise in 2024, that is Eskom, also a SoE. By leveraging Algeria's vast hydrocarbon reserves, Sonatrach has invested heavily in upstream exploration, downstream refining, and petrochemical production, as well as international partnerships to enhance its technological expertise and market reach. By integrating operations across the value chain, from exploration, production, refining, distribution, to marketing, Sonatrach has optimised its processes and supported the growth of new industries. These industries include sectors such as engineering services, construction, logistics, equipment manufacturing, and technology providers, all of which support the oil and gas value chain. Additionally, Sonatrach's investments in petrochemicals have led to the emergence of downstream industries, such as plastics, fertilisers, and chemical production, which diversify Algeria's industrial base and reduce its dependence on raw hydrocarbon exports. The company's focus on local content policies has further encouraged the participation of domestic firms in its projects, enhancing their capabilities and competitiveness. Domestic companies such as ENSP (Entreprise Nationale des Services aux Puits), which specializes in well services, and ENAFOR (Entreprise Nationale de Forage), focused on drilling operations, have expanded their capabilities to support Sonatrach's upstream activities. In the construction and engineering sector, GENOR, a subsidiary of Sonatrach, plays a key role in building oil and gas infrastructure, while SAPTA, another subsidiary, handles pipeline construction and maintenance. To enhance its technological expertise and expand its market reach, Sonatrach has pursued international partnerships and joint ventures, such as collaborations with TotalEnergies and ENI. Sonatrach has also begun investing in solar energy initiatives through its subsidiary Sonatrach Renewable Energy.

Sonatrach provides an example of how investment by a large enterprise can lead to growth of new sectors, over time contributing to the changing structure and diversification of the economy, particularly in emerging sectors like technology, renewable energy, and e-commerce. Other examples

within the top 100 companies supports this findings. For instance, major telecommunications companies like MTN Group and Vodacom have expanded their services beyond traditional voice and messaging to include mobile financial services and digital content platforms. This diversification has led to the creation of subsidiaries such as MTN Mobile Money and Vodacom's M-Pesa, both of which have seen exponential growth in user adoption and transaction volumes. These subsidiaries have significantly contributed to financial inclusion across the region, facilitating access to financial services previously unbanked individuals.

In the consumer goods sector, companies like Shoprite Holdings and Pick n Pay have established new subsidiaries to capture the growing demand for online shopping and food delivery services. Shoprite launched ShopriteX, an innovation hub that focuses on e-commerce and technology solutions, while Pick n Pay introduced P&P Online to enhance their online presence. These strategic moves towards e-commerce have allowed them to adapt to changing consumer behaviour, especially during and after the COVID-19 pandemic, resulting in substantial growth in online sales and the creation of new jobs in logistics and distribution.

In the energy and resources sector, Sasol has established Sasol New Energy, which is dedicated to exploring and investing in renewable energy projects. This aligns with suggestions that green hydrogen is necessary for Sasol's de-carbonisation transition (Andreoni & Roberts, 2024). Additionally, companies in the logistics and supply chain sector have also expanded their reach through subsidiaries. Imperial Logistics, for instance, has created several subsidiaries like Imperial Cold Logistics and Imperial Health Sciences.

4.3. Ownership Distribution

In terms of ownership distribution among the 100 top African companies (Figure 4), in 2009, SoEs dominated strategic sectors such as oil and gas, energy, and transport, with examples like Sonatrach (Algeria), Eskom (South Africa), and Suez Canal Authority (Egypt). Publicly listed companies were also prominent, particularly in telecommunications (such as MTN Group, Vodacom), retail (such as Shoprite Holdings), and mining (such as Anglo Platinum). There were only a few private companies like Groupe Ona (Morocco) and Cevital (Algeria) making an impact. By 2024, while SoEs remain significant in sectors like oil and gas (such as Nigeria National Petroleum, Sonangol Group) and transport (such as Ethiopian Airlines, Transnet), there has been a noticeable rise in privately owned and publicly listed companies. This shift highlights a trend toward privatisation, with private companies emerging strongly in construction, energy, and mining.

The sector-specific and regional changes further illustrate this evolution. In telecommunications, publicly listed companies like MTN Group and Safaricom continue to dominate, while private firms such as Airtel Nigeria have gained traction. Retail remains dominated by publicly listed companies like Shoprite Holdings and Spar Group, but private players like Flour Mills of Nigeria have also grown. Mining has seen a mix of publicly listed enterprises (such as Sibanye Gold, AngloGold Ashanti) and private entrants (such as Kansanshi Mining, Kibali Gold Mine). Regionally, North Africa retains a strong state-owned presence in Egypt and Morocco, while Sub-Saharan Africa, particularly South Africa and Nigeria, shows a more diversified ownership structure with a mix of SoEs, publicly listed, and private companies.

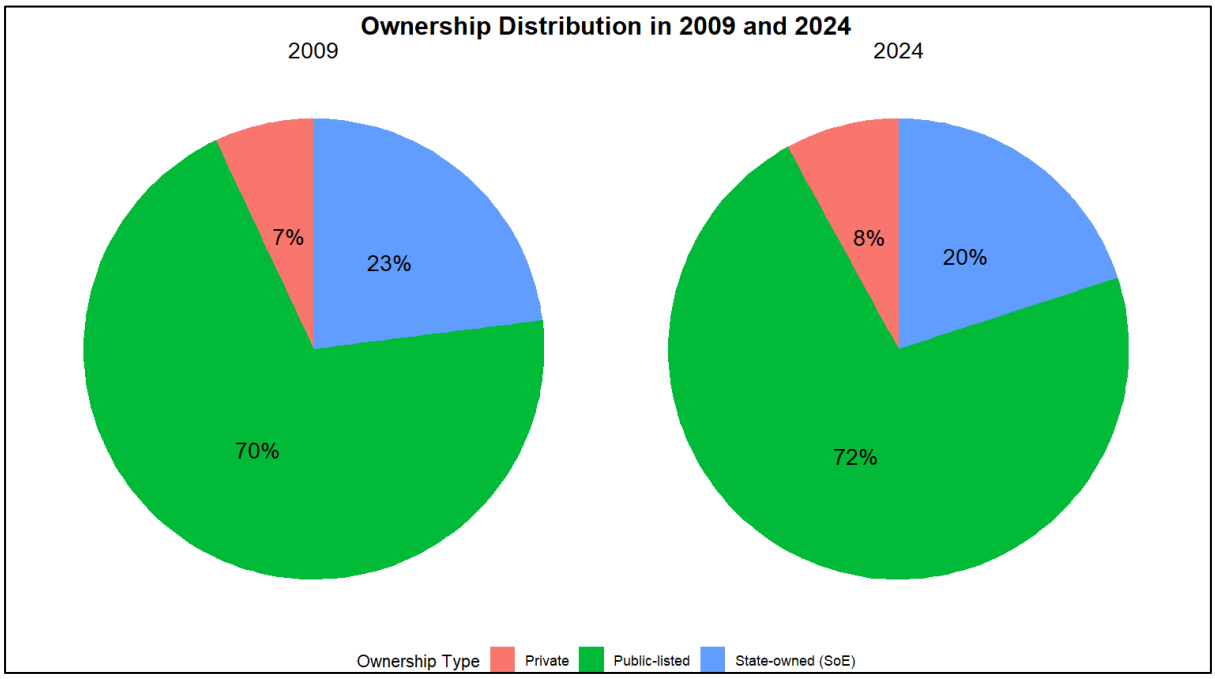

Figure 4: Ownership Distribution between 2009 and 2024 (%)

Source: Author's illustration based on list of top 100 companies

Focusing on SoEs in Figure 5, there has been notable changes, particularly in the oil and gas, energy, and transport sectors. In 2009, Nigeria had no significant state-owned companies, but by 2024, it emerged as a major player with Nigeria National Petroleum Corporation (NNPC), Nigeria Liquefied Natural Gas (NLNG), and Nigerian Petroleum Development Company (NPDC) dominating the oil and gas sector. Algeria, which already had Sonatrach and Entreprise Nationale de Distribution des Produits Pétroliers (NAFTAL) in 2009, further strengthened its presence by 2024 with the addition of Naftal in oil and gas. Egypt expanded its state-owned portfolio by 2024, adding Middle East Oil Refineries to its existing entities like Suez Canal Authority. Ethiopia, which had no significant SOEs in 2009, entered the scene by 2024 with Ethiopian Airlines, becoming a key player in the transport sector. Meanwhile, South Africa retained its reliance on Eskom (energy) and Transnet (transport) from 2009 to 2024, with no significant new additions. Morocco and Tunisia saw stability in their energy sectors, with Office National d'Électricité (ONE) and Société Tunisienne des Industries de Raffinage (STIR) continuing to play pivotal roles in both 2009 and 2024. However, Cameroon, which had Société Nationale Des Hydrocarbures (SNH) and Société Nationale De Raffinage (SONARA) in 2009, experienced a decline by 2024, with no state-owned companies listed, indicating potential privatisation or restructuring. Overall, the growth in oil and gas SOEs in Nigeria and Algeria, alongside the emergence of Ethiopia in transport, highlights a shift toward strategic sectors, while other countries like South Africa and Morocco maintained their existing SOE frameworks.

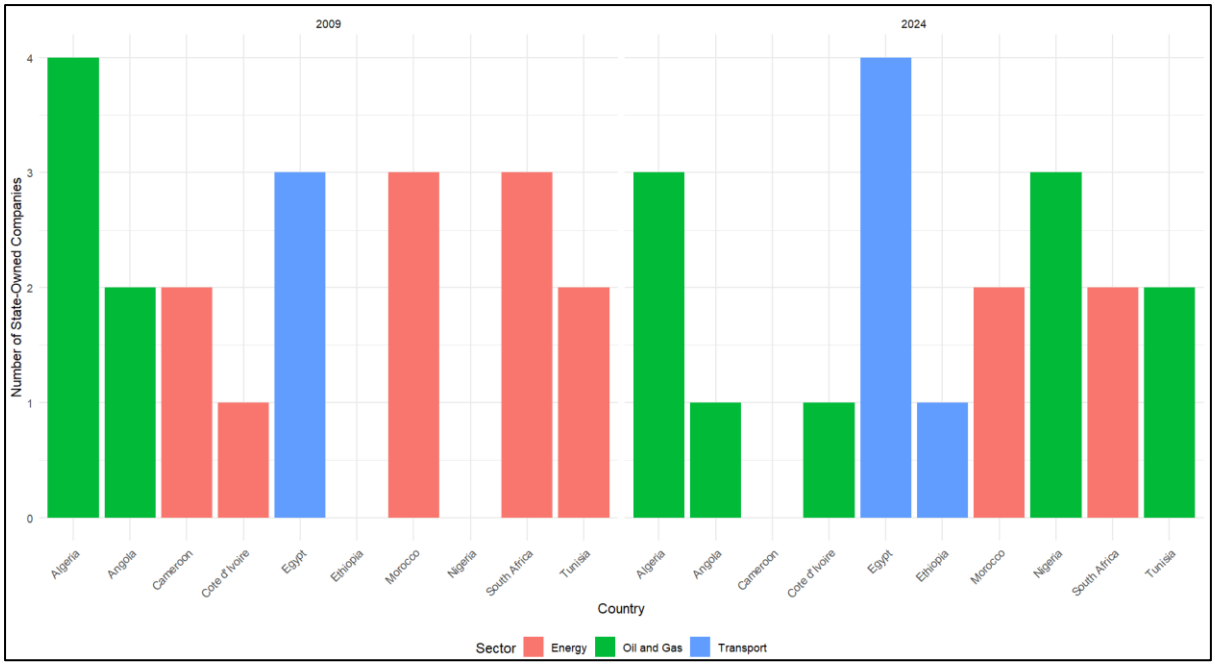

Figure 5: Changes in SoEs by Country and Sector between 2009 and 2024

Source: Author's illustration based on list of top 100 companies

Between 2009 and 2024, the ownership structure of conglomerates in Africa (Figure 6) remained largely stable, with publicly listed companies dominating the sector. In 2009, key conglomerates like The Bidvest Group, Imperial Holdings, Barloworld, Aveng, and Remgro (all from South Africa) were publicly listed, reflecting a trend toward market participation and shareholder ownership. The only notable privately held conglomerate was Groupe Ona (Morocco). By 2024, the landscape saw little change, with The Bidvest Group, Bidcorp (spun off from Bidvest), Barloworld Limited, Imperial Logistics, and Remgro remaining publicly listed. However, the emergence of Qalaa Holdings (Egypt) as a significant privately held conglomerate highlighted a growing trend toward private sector investment. South Africa continued to be the hub for conglomerates, while Egypt's Qalaa Holdings signaled regional diversification. The absence of state-owned conglomerates in both years underscored the sector's reliance on market-driven ownership structures, with gradual growth in private sector participation reflecting Africa's evolving economic landscape.

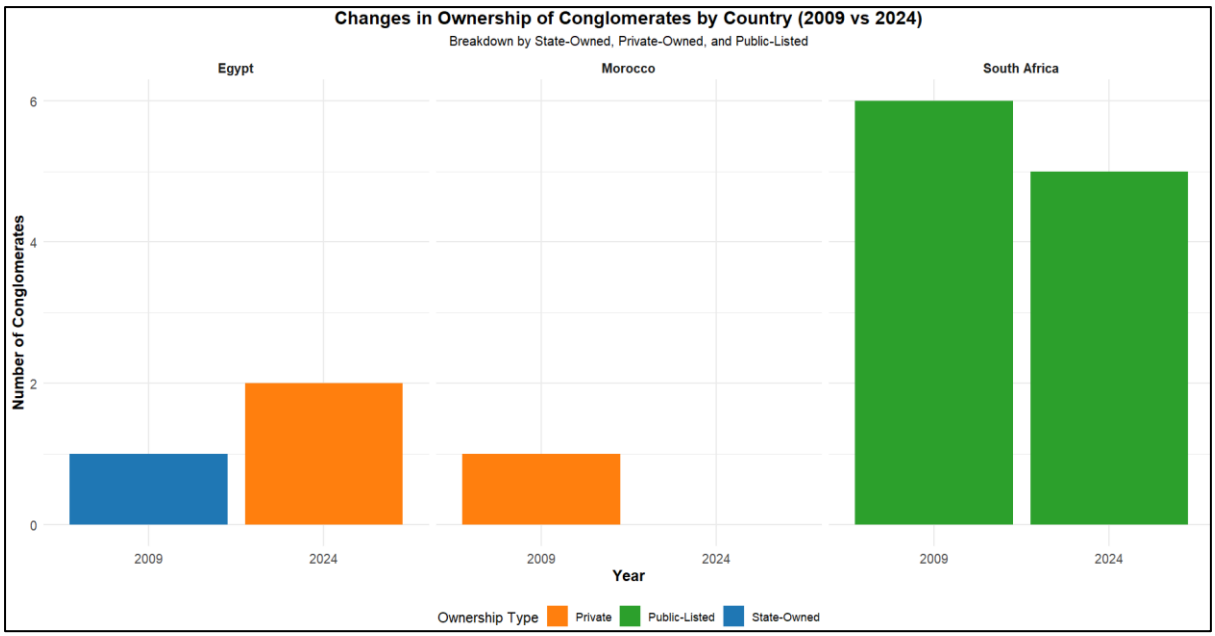

Figure 6: Changes in Ownership Distribution of Conglomerates by Country

Source: Author's illustration based on list of top 100 companies

4.4. Sectoral Shifts

Figures 7 and 8 highlight the shift to a more diversified economy in 2024, with an increasing emphasis on telecommunications, retail, healthcare, and construction, alongside the sustained importance of mining and oil and gas. Between 2009 and 2024, the composition of Africa's leading companies has evolved significantly, reflecting economic diversification, and the rising importance of new sectors. Natural resource-based industries, including energy, mining, and oil & gas, remain key pillars, but their relative dominance has shifted. In 2009, energy (19 companies), mining (11), and oil & gas (2) were major contributors. By 2024, mining has expanded to 14 companies, and oil & gas to 12, indicating continued resource dependency, while energy has declined to just 4, suggesting a shift away from traditional power generation models.

One of the most significant changes is the rapid growth of telecommunications, increasing from 14 companies in 2009 to 17 in 2024. This reflects Africa's digital transformation, increasing mobile penetration, and growing investment in connectivity. The retail sector has also expanded significantly, from 10 companies in 2009 to 12 in 2024, as rising consumer demand, urbanisation, and e-commerce have fuelled retail growth. The automotive sector has seen a notable increase from 1 to 3 companies, signalling rising industrial capabilities and manufacturing activities. Additionally, construction has more than doubled from 3 to 7, reflecting infrastructure expansion across the continent.

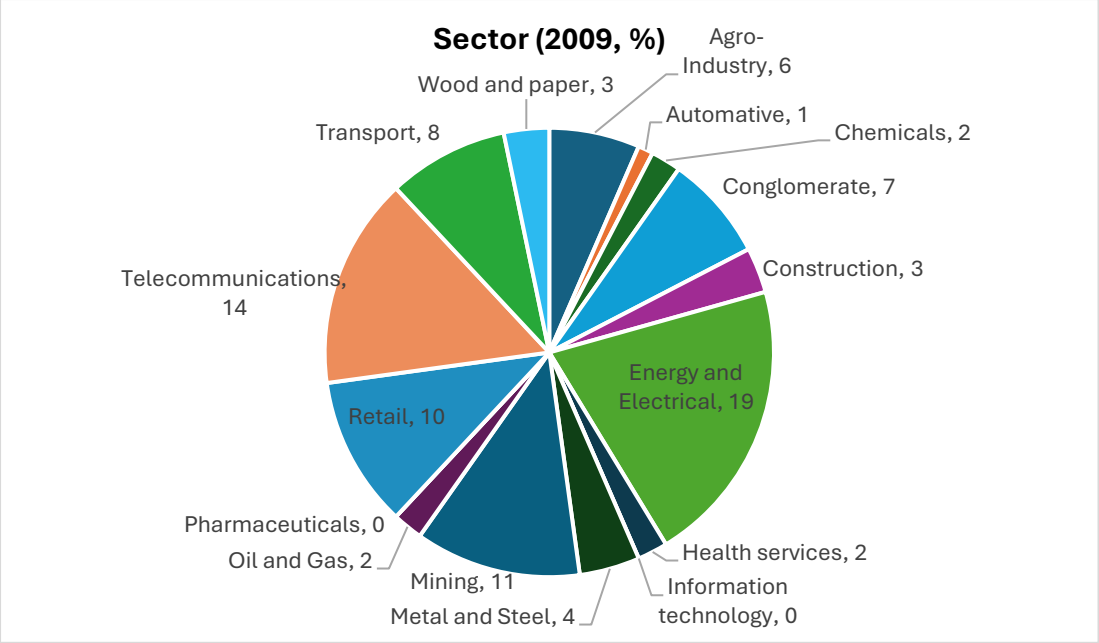

Figure 7: Sectoral distribution of top 100 companies in 2009 (%)

Source: Author's illustration based on list of top 100 companies

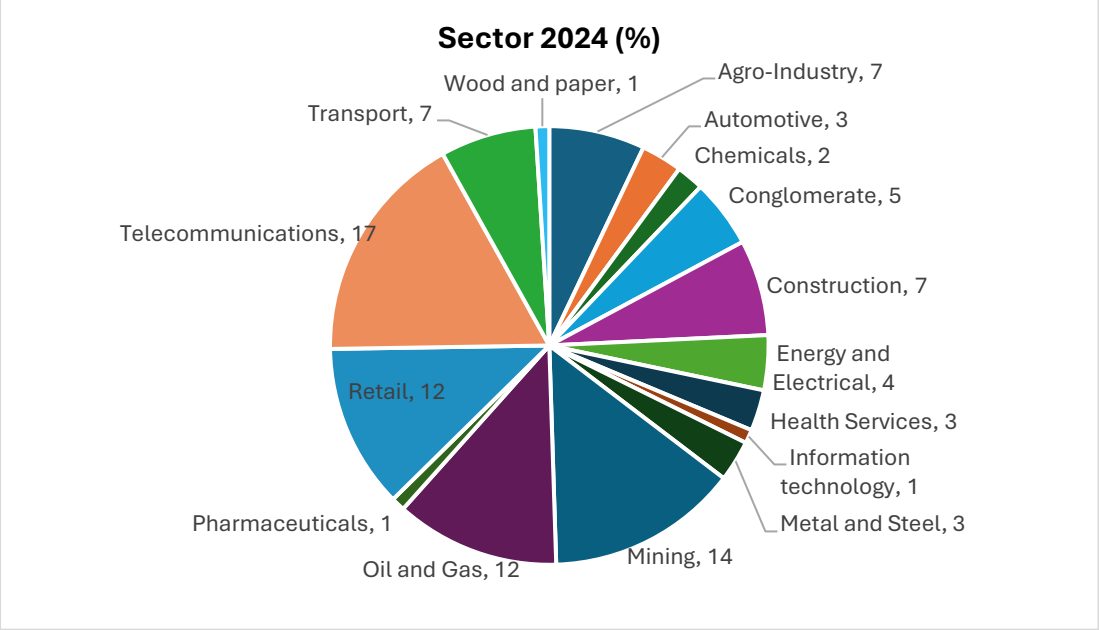

Figure 8: Sectoral distribution of top 100 companies in 2024 (%)

Source: Author's illustration based on list of top 100 companies

The sectoral growth changes between 2009 and 2024 (Figure 9) highlight significant shifts in Africa's economic landscape. Retail emerged as the fastest-growing sector, with a 40 percent increase, driven by rising consumer demand and the expansion of retail chains across the continent. Telecommunications also saw robust growth at 33 percent, reflecting the rapid adoption of mobile

and internet technologies. Mining grew by 30 percent, underscoring increased investment in resource extraction and mineral development. Agriculture experienced moderate growth at 20 percent, indicating heightened focus on agroindustry and food security. In contrast, manufacturing remained stagnant, showing no growth, which may reflect challenges in industrial expansion. Oil and gas declined by 20 percent, likely due to global energy transitions and reduced investment in fossil fuels. Similarly, conglomerates saw a 12 percent decline, possibly due to a shift toward more specialised business models. These trends illustrate Africa's evolving economic priorities, with retail, telecommunications, and mining leading the way, while traditional sectors like oil and gas face challenges.

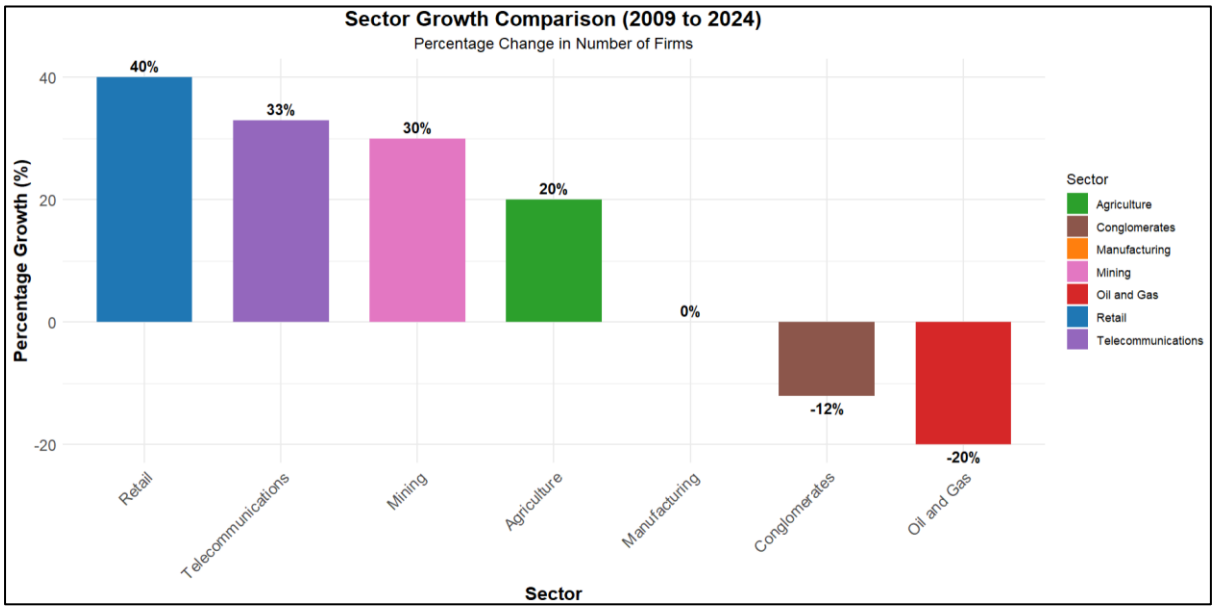

Figure 9: Sector Growth Comparison (%)

Source: Author's illustration based on list of top 100 companies

Within the manufacturing sector (Figure 10), traditional sectors such as metal and steel, represented by companies like Mittal Steel and Al Ezz Steel, continued to dominate. The agro-industry maintained a strong presence with established brands like Tiger Brands and Pioneer Foods Group, while new entrants such as RCL Foods and Bidcorp highlighted a growing emphasis on food production. The introduction of the automotive sector marked a significant evolution, with companies like Ghabbour Auto and Motus emerging as key contributors, showcasing the sector's adaptation to changing consumer preferences and technological advancements. Additionally, the emergence of pharmaceuticals, led by Aspen Pharmacare, indicates an expansion into health-related manufacturing, reflecting broader societal trends. Overall, the landscape in 2024 demonstrates a more varied and innovative manufacturing sector, characterised by both continuity and transformation in response to market demands.

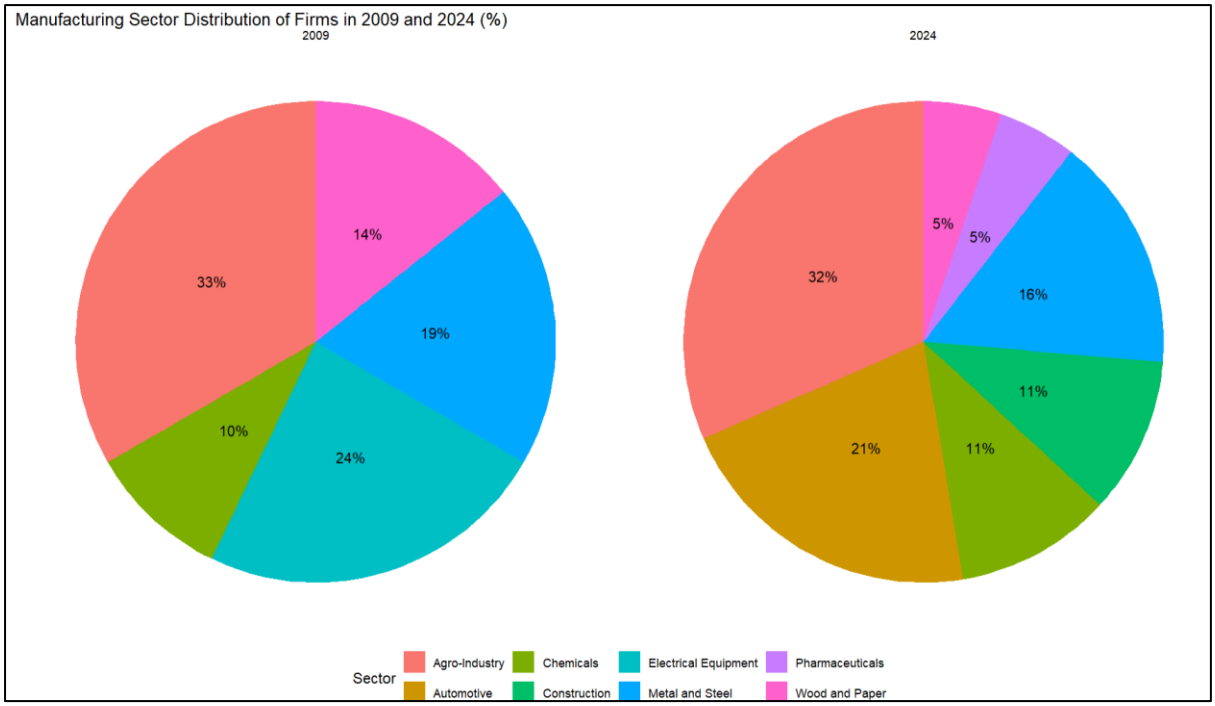

Figure 10: Distribution of companies in the manufacturing sector (%)

Source: Author's illustration based on list of top 100 companies

4.5. Geographical Location

Between 2009 and 2024, the distribution of Africa's top 100 companies has undergone notable changes as reflected in figures 11 and 12. South Africa remains the dominant business hub, with a slight decline from 60 companies in 2009 to 58 in 2024, indicating continued corporate strength but increasing competition from other regions.

One of the most significant changes is the rise of Egypt, which expanded from 11 companies in 2009 to 15 in 2024, making it the second-largest corporate hub in Africa. This growth reflects Egypt's economic diversification, infrastructure expansion, and increased role in sectors such as construction, energy, and telecommunications. Similarly, Nigeria's representation has grown significantly, from 3 to 8 companies, highlighting the country's increasing industrialisation, financial market expansion, and leadership in sectors like oil & gas, telecom, and consumer goods.

Conversely, Algeria and Angola have seen declines, with Algeria dropping from 7 to 3 companies and Angola from 2 to 1. This suggests a relative stagnation or lack of private sector dynamism in these economies, likely due to continued reliance on state-owned enterprises and limited diversification beyond oil and gas. Morocco has also slightly declined from 8 to 6 companies, reflecting shifting investment patterns but maintaining strong representation in telecoms, finance, and energy.

A notable trend is the emergence of new markets. In 2009, there were no major companies from DR Congo, Ethiopia, Ghana, Kenya, Senegal, or Zambia in the top 100, but by 2024, each of these countries has at least one company represented. This suggests increasing economic activity in diverse areas such as mining, infrastructure, and telecommunications.

The overall trend indicates a broadening of Africa's corporate landscape, with traditional powerhouses like South Africa, Egypt, and Nigeria consolidating their positions, while emerging markets such as Ethiopia, Ghana, and Kenya are beginning to carve out spaces in the top tier. This geographic diversification supports greater regional economic integration and reduced dependency on a few dominant economies, paving the way for a more balanced and competitive African corporate sector.

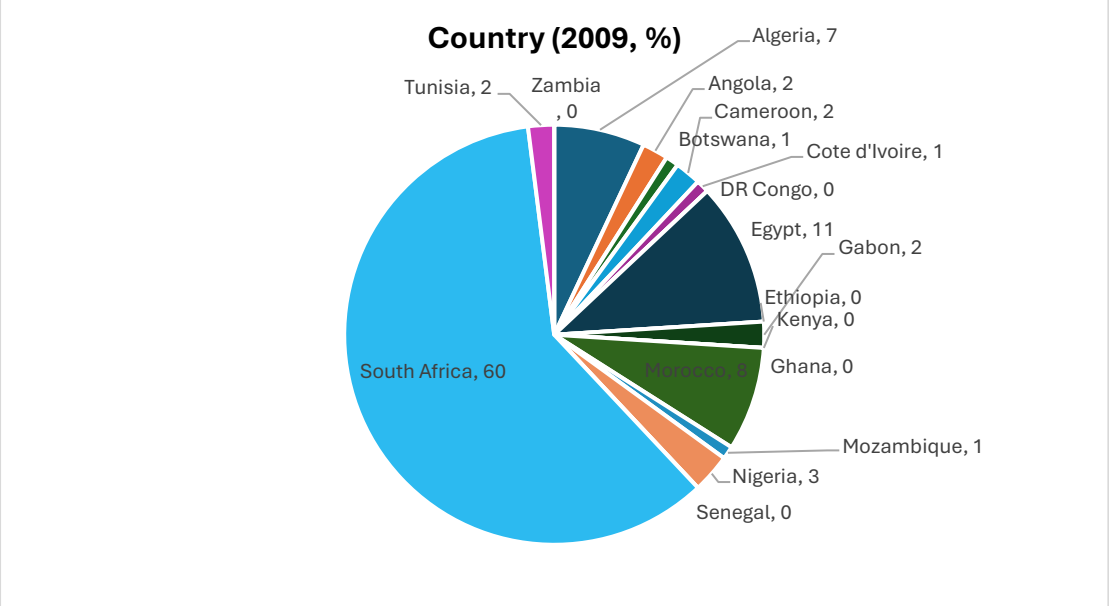

Figure 11:Geographical distribution of top 100 companies in 2009 (%)

Source: Author's illustration based on list of top 100 companies

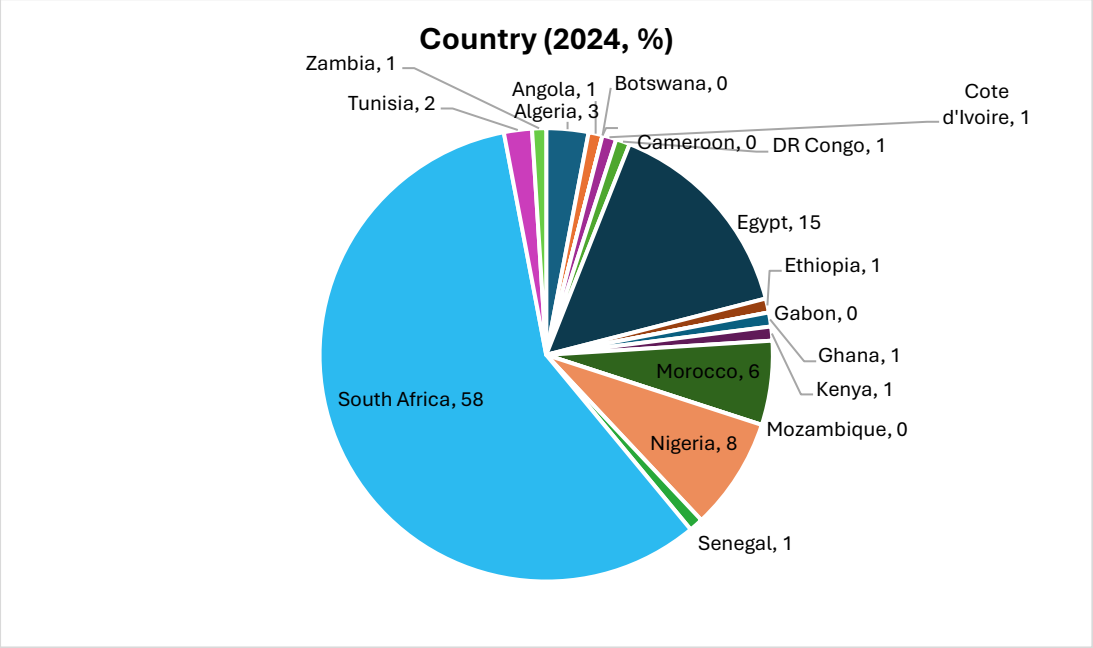

Figure 12: Geographical distribution of top 100 companies in 2024 (%)

Source: Author's illustration based on list of top 100 companies

Figure 13 captures the geographical shifts specific to the manufacturing sector. In South Africa, the manufacturing sector remained stable in terms of the number of companies, with 13 firms present in both 2009 and 2024. However, there was significant diversification within the sectors represented. While traditional companies such as Sasol and AECI continued to lead in the chemicals sector, new entrants like Motus and Kap Industrial Holding emerged in the automotive sector, reflecting a shift towards specialized manufacturing activities. Additionally, the agro-industry saw growth with firms such as RCL Foods and Bidcorp, indicating a broader focus on food production and processing. This diversification demonstrates South Africa's effort to adapt to changing market demands and enhance its industrial capabilities.

Egypt experienced growth in its manufacturing landscape, particularly in the steel sector, with Ezz Steel and Al-Ezz Dekheila Steel Co. solidifying their presence. By 2024, the country also diversified into the automotive sector with the addition of Ghabbour Auto, indicating a broader industrial base. In contrast, Mozambique's manufacturing landscape remained static with only Mozal operating in the metal and steel sector. Similarly, Algeria and Morocco maintained limited manufacturing representations, with Cevital in agro-industry and Altadis Maroc focusing on agricultural products. Meanwhile, Nigeria witnessed a rise in its manufacturing companies, with firms like Flour Mills of Nigeria in agro-industry and Dangote Cement in construction emerging. This growth reflects Nigeria's focus on enhancing local manufacturing capabilities to meet domestic demands and drive economic development. Overall, these changes highlight the evolving dynamics of the manufacturing sectors across different countries in Africa.

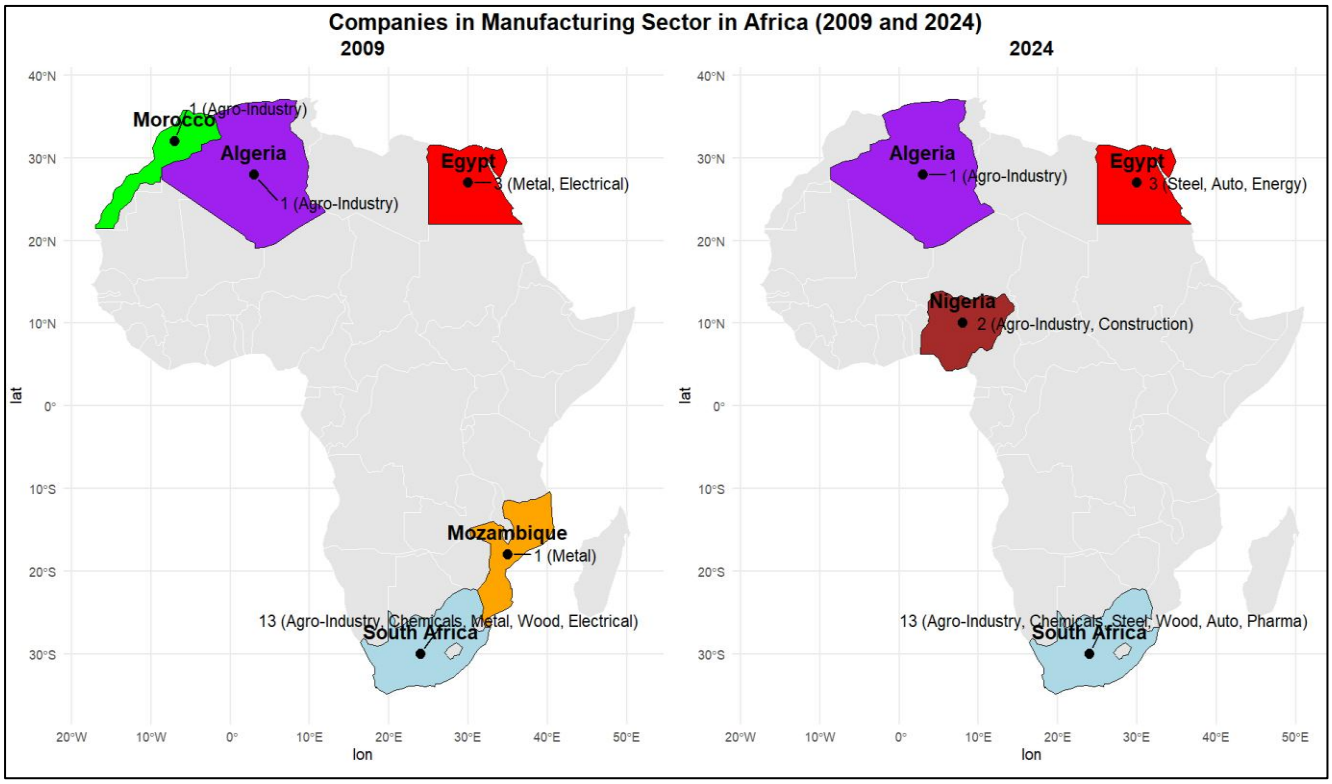

Figure 13: Companies in Manufacturing Sector in 2009 and 2024

Source: Author's illustration based on list of top 100 companies

4.6. Expansion Strategies

There have been several pathways through which the top 100 African companies have employed their expansion strategies to enhance their market presence and increase competitiveness. This includes leveraging on opportunities from the changing external environment.

4.6.1. Vertical Integration and New Sectors

Many companies have adopted vertical integration strategies to capture more of the value chain. Sonatrach, for example, has invested heavily in the entire hydrocarbon value chain, from exploration and production to refining and distribution, enabling the company to enhance operational efficiency and exert greater control over market dynamics. Similarly, Sasol has focused on integrating its chemical and energy production processes, allowing for streamlined operations and improved profitability across its various business units.

Dangote Cement, for instance, has pursued a highly focused growth strategy by vertically integrating within the cement industry. Initially dominant in Nigeria, Dangote expanded by acquiring cement plants in Tanzania, Senegal, and Ethiopia. These acquisitions allowed the company to control more of the supply chain, from raw material extraction to final distribution. This strategy led to greater cost efficiency and cement price stability across the continent. By maintaining its focus on cement production, Dangote Cement has solidified its dominance in Africa's infrastructure and construction industry, contributing to broader economic development.

Similarly, MTN Group has stayed within its telecommunications core while evolving into digital and financial services. The company initially expanded its network reach across Africa and the Middle East but later diversified within telecoms by launching MTN Mobile Money (MoMo). This move has significantly increased financial inclusion, especially in countries where traditional banking is underdeveloped. By leveraging its existing mobile network infrastructure, MTN has created an entirely new revenue stream through fintech, reducing dependence on voice and data services while opening up growth in digital banking and remittances.

The Expansion of Product and Service Offerings has also been a vital strategy in responding to evolving consumer demands. Woolworths has introduced a broader range of organic and health-conscious products, catering to the increasing consumer preference for healthier options. Pick n Pay has expanded its product lines to include fresh produce and ready-made meals, ensuring it meets the diverse needs of its customer base as lifestyle changes influence shopping behaviours.

Strategic Partnerships and Alliances have enabled companies to enhance their capabilities and reach. Safaricom has forged a successful partnership with Vodafone to develop mobile payment solutions like M-Pesa, significantly improving financial inclusion in Kenya and demonstrating the potential of collaboration in addressing market gaps. Similarly, Ethiopian Airlines has established alliances with various international airlines, enhancing its network and improving connectivity across Africa and beyond.

While some companies have strengthened their market position by staying within their core strengths, others have moved into new industries, sometimes successfully opening up new sectoral opportunities. Naspers, originally a South African print media and broadcasting company, shifted dramatically into global tech investments. The company's early investment in Tencent (WeChat's parent company) transformed it into one of Africa's largest technology investors. This move allowed Naspers to move beyond declining traditional media revenue streams and capture high-growth opportunities in e-

commerce, online classifieds, and fintech. However, the transition also meant that much of Naspers' profits came from global markets rather than Africa, leading to criticism that its economic impact on the continent was less significant.

Aspen Pharmacare, originally a pharmaceutical manufacturer, diversified into consumer healthcare and nutritional products. While this move allowed Aspen to tap into the growing demand for over-the-counter healthcare solutions, it also stretched its focus beyond its core expertise in pharmaceutical production. The expansion opened new opportunities in Africa's healthcare sector but also led to operational difficulties in managing both pharmaceutical and consumer health divisions.

4.6.2. Mergers and Acquisitions

Mergers and Acquisitions (M&A) within Africa (for discussion on expansion strategies outside Africa refer to section 4.5.3.) have also played a pivotal role in growth strategies. This profit-driven approach contrasts with more integrated models seen in companies such as Dangote Cement, where M&A has been a deliberate tool for vertical integration and cost efficiency, underscoring that motivations behind M&A activities in Africa can vary widely depending on the industry and the nature of the investors involved.

Dangote Cement (Figure 14) has followed a deliberate acquisition strategy to build a more vertically integrated operation, particularly by securing control over key stages of the production and distribution process. In 2015, the company made a significant move by acquiring a cement plant in Tanzania—an investment reportedly in the amount of USD200 million. This acquisition was strategic in securing access to local raw materials and refining logistics operations, thereby reducing reliance on external suppliers. Later, in 2018, Dangote Cement expanded further into West Africa by acquiring assets in Senegal, which further consolidated its supply chain and production capacity across the region. By integrating raw material procurement, manufacturing, and distribution, Dangote Cement has managed to lower operational costs and maintain consistent product quality, reinforcing its position as the continent's leading cement producer.

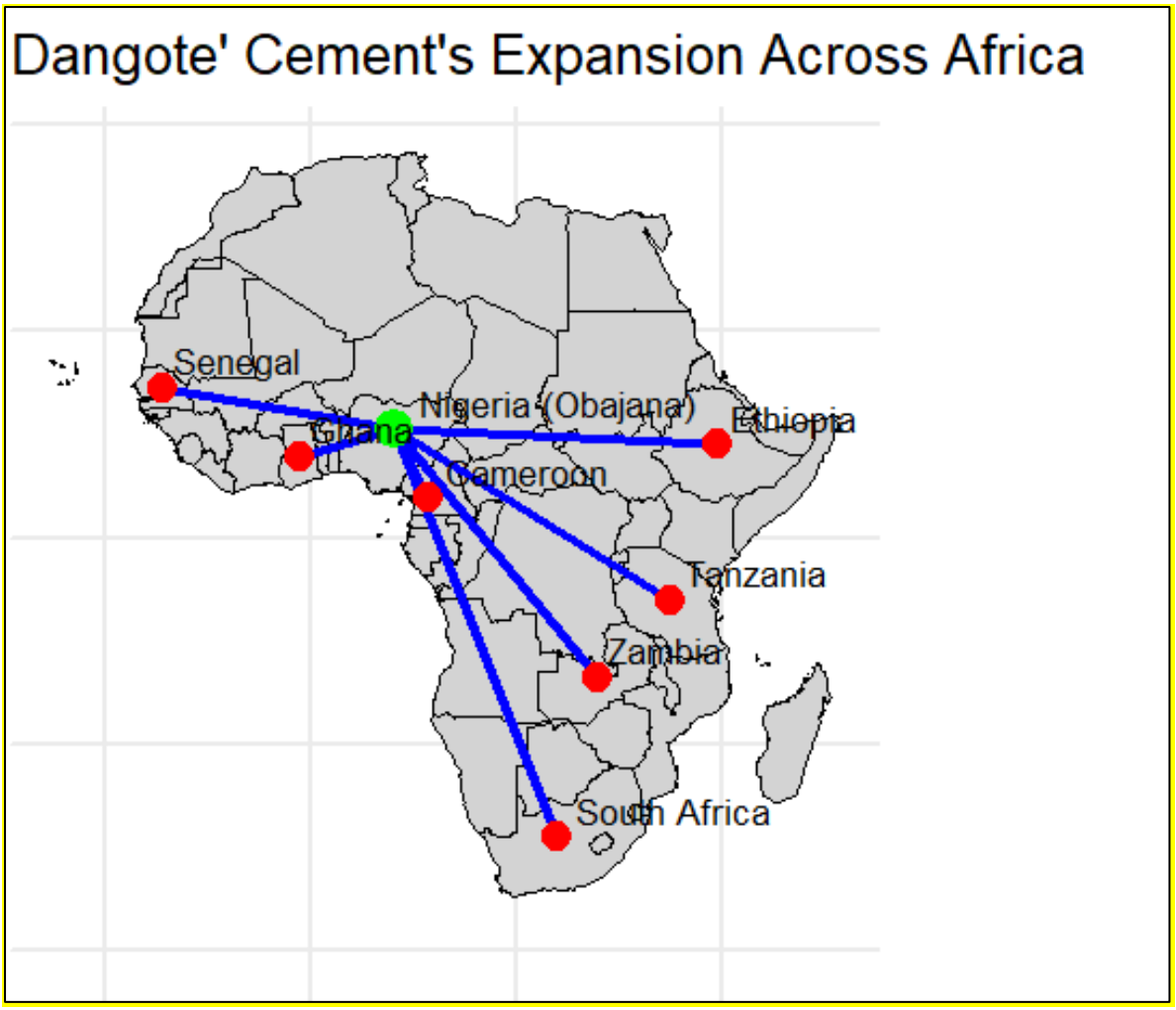

Figure 14: Dangote's Expansion Across Africa

Source: Author's Illustration

Shoprite Holdings (Figure 15) has strategically utilized M&As to expand its market presence, particularly in South Africa. A key example is its 1997 acquisition of OK Bazaars from South African Breweries for a nominal R1. This deal added 157 supermarkets and 146 liquor stores to Shoprite's portfolio (Mail & Guardian, 1997), strengthening its retail dominance and improving supply chain efficiencies. In 2005, Shoprite further diversified its operations by acquiring Computicket (Shoprite Holdings, 2005), a leading ticketing service, allowing the retailer to leverage its existing infrastructure for event ticket sales. Beyond acquisitions, Shoprite expanded into new African markets through organic growth. In 2005, it entered Nigeria by establishing its own stores, growing to over 20 outlets by 2016. However, in 2021, the company sold its Nigerian operations to Ketron Investment Limited, marking a strategic exit from the country. Andreoni et. al. (Andreoni et al., 2023) point out that Shoprite's expansion is capital intensive as it is reliant on large investments in retail infrastructure.

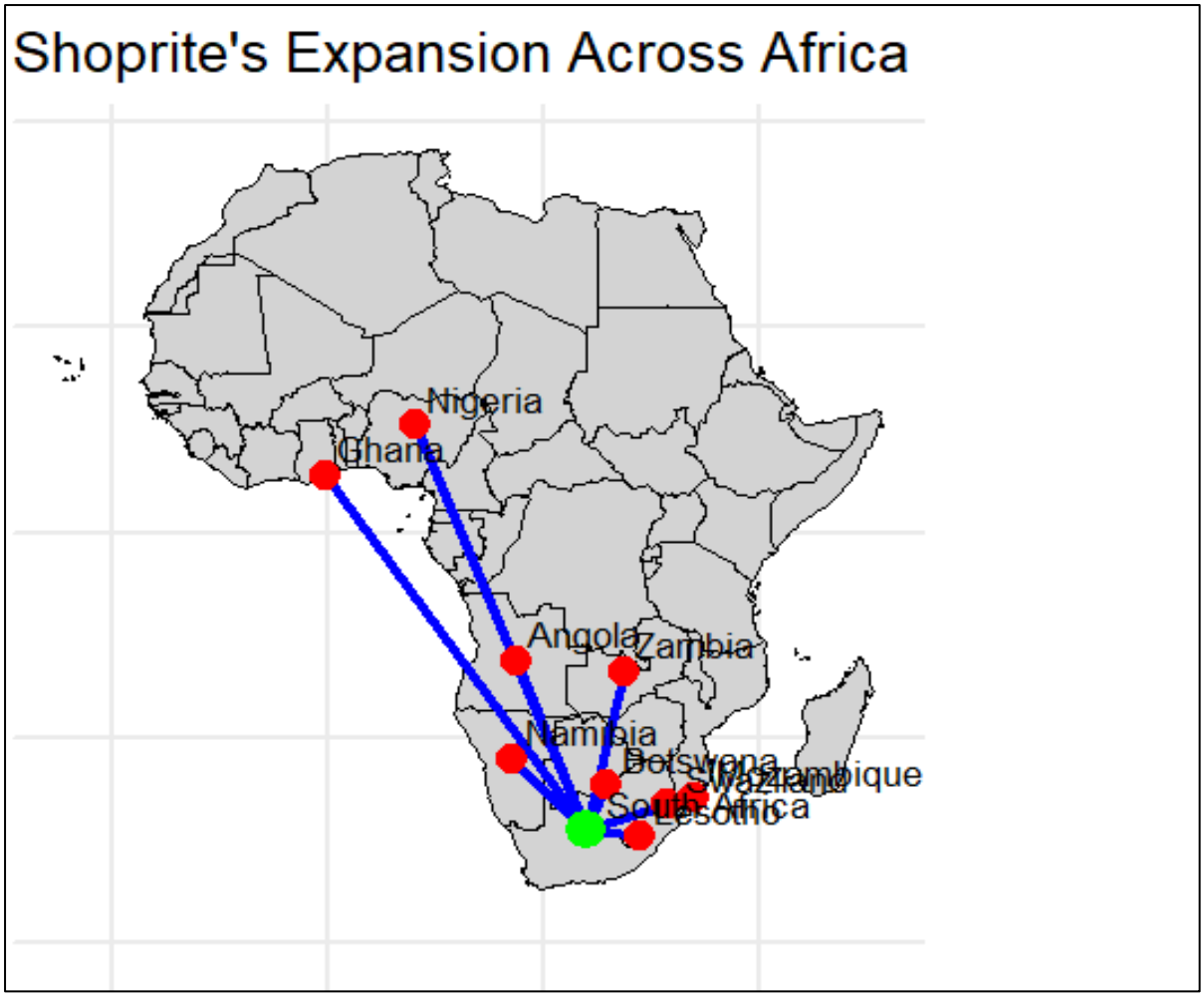

Figure 15: Shoprite's Expansion Across Africa

Source: Author's Illustration

Some M&A transactions in Africa appear to be driven primarily by profit motives rather than by efforts to streamline production or integrate value chains. In certain sectors, particularly in natural resources and mining, acquisitions are sometimes pursued on the basis of short-term financial returns and asset revaluations rather than long-term operational restructuring. For instance, during periods of high commodity prices, some mining deals have been executed quickly by financial investors and private equity firms aiming to capitalize on market volatility, with less emphasis on creating efficiencies in production. Similarly, in sectors like telecommunications and retail, while there are examples of strategic integrations that improve operational performance, there are also deals where the main objective is market share consolidation or rapid asset flipping to achieve attractive exit valuations. Naspers' Partial Sell-Off of Tencent Stake (2018 & 2022) is a clear example. While Naspers is a South African company, its investment in Tencent (China's leading tech company) was one of the most lucrative in history. Over the years, Naspers has sold portions of its stake for tens of billions of dollars, with no direct reinvestment into African operations. These sales were profit-driven rather than aimed at expanding or improving production efficiency in Africa, despite Naspers being one of the continent's largest tech investors.

4.6.3. Regionalisation and Internationalisation

Business strategies relating to regionalisation and internationalisation can build scale and scope. But little is currently known on the businesses' regionalisation and internationalisation strategies and the outcomes that these lead to in the shifting of economic structures. A significant number of enterprises have presence outside Africa. These large enterprises are also being cross-listed, with significant portions of revenue being earned outside of Africa (Bosiu et al., 2017)

Further understanding is also needed on the reasons African enterprises go abroad as it could mean lack of opportunities to raise financing domestically and domestic enterprises seeking higher returns from opportunities outside. With the move outside of Africa, there are also issues on governance over global value chains with the lead firms capturing significant power and control over the production process. Various literature discusses governance and upgrading process of value chain (Bair, 2005; Gereffi et al., 2005) which are not further elaborated here. Zingales (2017) highlights that market power and the lobbying to maintain and grow this power shifts businesses away from innovation. Such control over global profits is in itself a motivation for global concentration (Hymer, 1976). Additionally, international expansion may alter a company's ownership structure, introducing new shareholders or foreign stakeholders. These shifts can, in turn, impact strategic business decisions, including investment priorities and operational autonomy.

The top 100 African companies have expanded beyond their domestic markets through regionalisation and internationalisation, driven by the need for market diversification, economies of scale, and enhanced production capabilities. Many companies initially focused on expanding into neighbouring countries before venturing into international markets. For example, MTN Group, originally a South African telecom company, first expanded into Nigeria, Ghana, and Uganda, before moving into the Middle East and Asia, securing a presence in Iran and Afghanistan. This stepwise approach allowed MTN to consolidate its operations regionally, adapting to different regulatory and economic environments before tackling more complex global markets.

A similar pattern is evident in the retail sector, where companies such as Shoprite Holdings and Pick n Pay have systematically expanded their footprints across Southern, East, and West Africa. Shoprite started with South Africa as its base but later extended operations to Angola, Zambia, and Nigeria, responding to rising consumer demand in those markets. Although it later exited Nigeria due to operational challenges, Shoprite has continued expanding in Namibia, Eswatini, and Mozambique. This expansion strategy reflects a combination of market-seeking and efficiency-seeking investments, leveraging South Africa's strong retail supply chains to dominate new markets.

In digital technologies, Naspers exemplifies internationalisation beyond Africa. Initially a media company in South Africa, Naspers strategically invested in global technology firms, most notably China's Tencent, which became one of the world's largest tech giants. The company later expanded its digital portfolio with investments in Prosus, a global consumer internet group, and PayU, an online payments provider operating in emerging markets across Latin America, India, and Eastern Europe. This internationalisation strategy has positioned Naspers as a key player in global tech investments, even though it retains its African identity.

Mining and energy companies have also followed distinct internationalisation paths. AngloGold Ashanti, one of Africa's largest gold mining firms, expanded beyond its South African base into Ghana, Tanzania, Mali, and Guinea, diversifying its resource base and reducing reliance on any single country's mining policies. Similarly, Sonatrach (Figure 16), Algeria's state-owned oil and gas company, extended its operations into Spain, Italy, and Latin America, securing international supply agreements and

reinforcing its role in global energy markets. This has not only increased its revenue base but also ensured greater integration into global energy value chains, allowing Algeria to play a strategic role in European energy security.

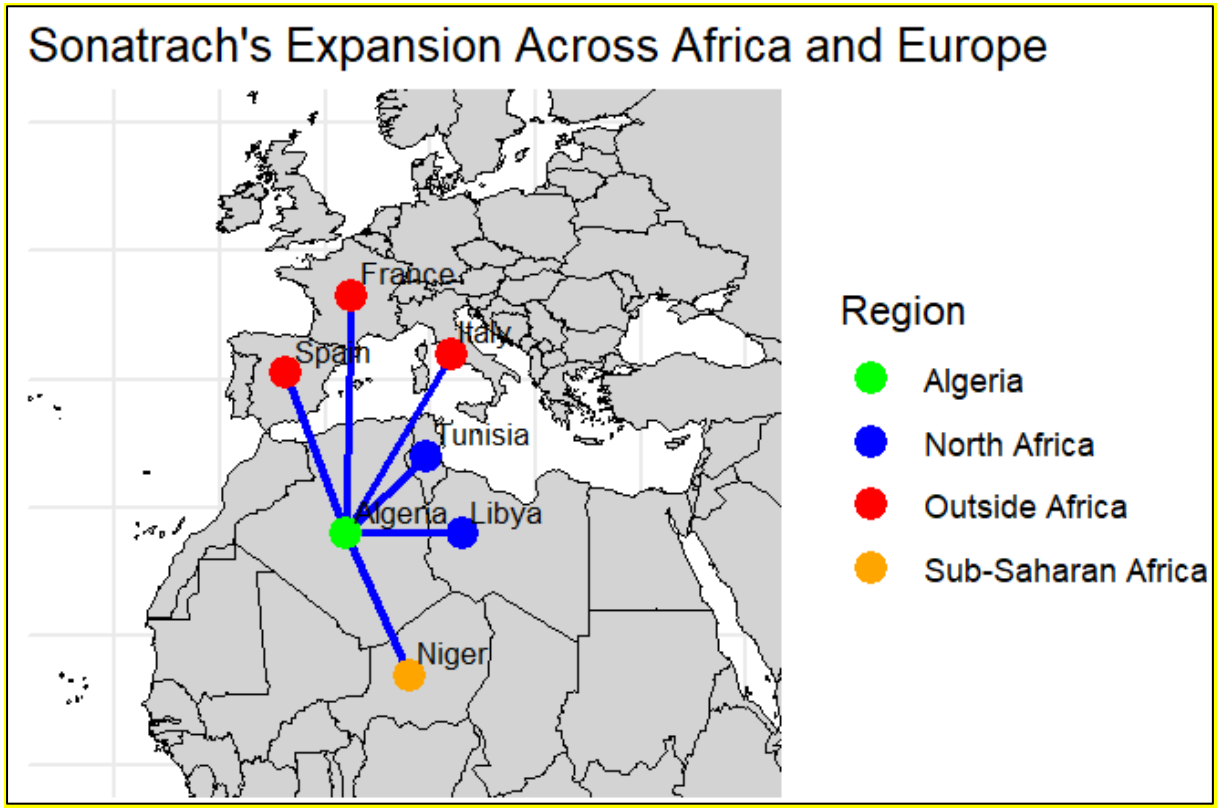

Figure 16: Sonatrach's Expansion within and out of Africa

Source: Author's illustration

The construction and infrastructure sector has also seen major cross-border expansion. Elsewedy Electric, an Egyptian conglomerate specialising in energy solutions, has expanded across Africa, the Middle East, and Europe, supplying electrical cables, transformers, and industrial automation solutions. Its regionalisation strategy involved establishing manufacturing plants in Algeria, Ghana, and Ethiopia, ensuring it could localise production while still benefiting from global supply chains. Orascom Construction, another Egyptian multinational, has also leveraged regional contracts to expand into the UAE, Saudi Arabia, and the United States, winning major infrastructure projects and securing long-term government contracts.

While these expansions have led to greater economic integration across Africa, they have also raised concerns about market concentration and dominance. Companies with early-mover advantages, such as MTN, Safaricom, and Shoprite, often set industry standards and control large portions of market share, limiting space for smaller competitors. Additionally, firms like Naspers and Vodacom, with their access to digital data and consumer analytics, have increased their influence over consumer trends, raising questions about data control and market power.

4.7. Foreign Participation

The 2024 list of Africa's top 100 companies highlights the growing influence of foreign ownership across key industries, particularly in mining, energy, telecommunications, and retail. Countries such as China, the United States, the United Kingdom, France, India, and the Middle East nations have deepened their economic presence, often through state-backed enterprises and multinational corporations. This expansion has led to industrial growth and infrastructure development but has also raised concerns over profit repatriation, resource dependency, and limited value addition.

One of the most significant trends in the 2024 rankings is the continued dominance of foreign-owned firms in resource extraction. Companies such as Anglo American Platinum (UK/South Africa) and ArcelorMittal South Africa (India/Luxembourg) maintain significant control over Africa's mining and steel sectors. Similarly, Nigeria Liquefied Natural Gas (NLNG), despite being a Nigerian company, has foreign stakeholders including Shell (UK) and TotalEnergies (France), reducing Nigeria's direct control over its gas exports. These foreign investments have ensured steady production and global market access, but they also mean that much of Africa's wealth is extracted and processed abroad rather than contributing towards local industrialisation.

In the energy sector, foreign ownership is evident in Total Nigeria (France) and Engen Petroleum (South Africa, owned by Malaysia's Petronas). These companies dominate Africa's petroleum sector, reinforcing the region's dependence on foreign-controlled refining and distribution networks. Many African nations remain exporters of crude oil while importing refined petroleum, a structural weakness that foreign dominance has perpetuated. Some governments have attempted to counteract this by investing in local refining capacity, such as Dangote Refinery in Nigeria, but foreign interests still play a major role in determining production and pricing structures.

Telecommunications is another industry where foreign ownership is highly visible. Vodacom (South Africa), despite being headquartered in Africa, is majority-owned by Vodafone (UK), giving a European company substantial influence over Africa's mobile and internet networks. Similarly, Airtel Nigeria is controlled by Bharti Airtel (India), while Telecom Egypt relies on foreign technology firms, particularly Huawei (China), for infrastructure expansion. The impact of this foreign ownership has been mixed—while it has expanded digital access across the continent, it has also meant that data infrastructure and profits are largely controlled by non-African entities.

Foreign ownership has also transformed the retail sector, with global corporations acquiring major African chains. Massmart, one of South Africa's largest retail groups, is now owned by Walmart (USA), which has reshaped supply chains and pricing models to align with American retail practices. Similarly, Pick 'n Pay (South Africa) has substantial foreign shareholders from the UK and US, reflecting international investor interest in Africa's growing consumer markets. While these investments have created jobs and improved product availability, they have also introduced competition that challenges locally owned businesses with profits flowing outside the continent.

The impact of foreign ownership extends beyond corporate control. It also affects Africa's structural economic changes and production capabilities. While foreign investment have enabled the growth of industries such as cement manufacturing, steel production, and renewable energy, the continent remains largely dependent on raw material exports rather than value-added manufacturing. For example, OCP Group (Morocco), one of the world's largest phosphate producers, exports large quantities of raw phosphate, much of which is processed in foreign markets rather than within Africa itself. Similarly, Gold Fields Ghana (South Africa-owned but with substantial foreign investor influence)

mines gold domestically but refines most of it abroad, reinforcing Africa's limited role in global production chains.

Another major issue is employment and skills development. While foreign-owned firms have created millions of jobs, they often import skilled labour from their home countries, limiting opportunities for African professionals. This is particularly evident in Chinese-led infrastructure projects, where many engineering and management roles are filled by Chinese nationals rather than local workers. Countries like Ethiopia and Nigeria have introduced policies requiring foreign firms to train and employ more local professionals, but enforcement remains inconsistent. Without a stronger emphasis on skills transfer, Africa risks remaining dependent on foreign expertise rather than developing its own industrial capabilities.

Financial flows are another area where foreign ownership has major consequences. While multinational companies bring much-needed capital into Africa, a significant portion of their earnings is repatriated to their home countries rather than reinvested locally. This is particularly evident in industries such as oil and gas, where companies like Shell and TotalEnergies extract billions in revenue but send a large share of their profits back to Europe. Even in sectors such as retail and telecommunications, Walmart's ownership of Massmart and Vodafone's control of Vodacom ensure that a percentage of Africa's consumer spending ultimately benefits foreign shareholders rather than local economies.

5. Investment Strategies and Corporate Financialisaton

Investments, in the context of structural change and industrial development, refer to transactions that increase the real net worth of an economy (Bosiu et al., 2017). This primarily includes the purchase of capital assets to enhance production, rather than financial assets, which are limited to credit relationships within the financial sector. Various investment models have been developed to analyse investment patterns, but those within the traditional schools of thought often overlook strategies for productive investments in real assets. For instance, they rarely consider how firms might use retained earnings for investment when faced with high capital costs (Bosiu et al., 2017). Investment strategies could also be used for power and control. In the case of Remgro, Mondliwa et. al. (2017) highlight that their largest investments are in firms with entrenched positions of market power and extensive vertical integration.

Large firms invest not only to scale up but also to expand their scope and enhance production capabilities. Understanding firms' investment decisions is crucial, particularly in how they respond to policies that either incentivise or discourage productive investment. Policy interventions can shape investment patterns, guiding enterprises to allocate capital towards targeted industries and new business ventures that drive broader economic development. While market capitalisation among Africa's largest businesses is growing, it is essential to assess where their investments are directed. Are they reinvesting in real assets to build productive capacity, or are they extracting higher rents from entrenched positions and prioritising shareholder payouts? The answers to these questions are critical for designing effective industrial policies.

In Africa, accessing external capital can be costly, making it even more important for large firms to efficiently utilise available funds to expand their businesses. Initial findings suggest that, compared to other regions, Africa has the lowest market capitalisation, capital expenditure, and retained earnings. Moreover, the gap between capital expenditure and gross profits is the smallest, while the continent records the highest dividend payout ratio. While these findings require deeper investigation, they indicate structural imbalances among Africa's top 50 companies. The high dividend payouts could be a

response to investor concerns over risks in African markets or a strategy to attract further capital. However, whatever the motivation, prioritising shareholder returns over capital investment raises concerns about the ability of these enterprises to develop production capabilities essential for long-term industrial growth.

5.1. Market Capitalisation

The market capitalisation of the top 50 businesses in Figure 17 show that there is high concentration among a few firms. This suggests that a limited number of companies have substantial economic influence in Africa. This raises questions about market competition, sectoral diversity, and the ability of smaller enterprises to scale up. The disparity in market capitalisation between the largest and smallest firms on the list is significant. Naspers (USD 39.52 billion) is 15 times larger than MCB Group (USD 2.51 billion), which is at the bottom of the rankings. The bottom ten firms average around USD 3 billion in market capitalisation, far below the top-tier companies. The top five companies collectively account for over USD 113 billion in market capitalisation, representing a significant share of the total value of the top 50 firms. This dominance highlights the concentration of market value within a few major players, reinforcing the idea that a small number of large corporations have considerable economic influence. Importantly there is low market capitalisation in key growth sectors with Africa's manufacturing sector underrepresented compared to banking, mining, and telecoms.

There is also significant variation in market capitalisation between countries as in Figure 18. Africa's market capitalisation has steadily declined from USD 603 billion in 2010 to USD 350 billion in 2024, representing a 42% drop over 14 years. This decline stands in stark contrast to the trends in most other regions, where market capitalization has either grown or remained stable. The sharpest drop occurred between 2010 and 2015, when Africa's market capitalisation fell by 21%, followed by a continued decline in 2020 (-9%) and 2024 (-19%). This downward trajectory suggests persistent structural challenges, including weak investor confidence, limited new listings, and capital flight as firms seek better growth opportunities outside the continent. While Latin America has also seen a decline, its market capitalization remains nearly three times higher than Africa's. In contrast, India and East Asia have witnessed rapid growth, while SEA has shown resilience and steady expansion. Without stronger capital markets, African firms may struggle to compete on a global scale, hindering industrialisation and economic transformation.

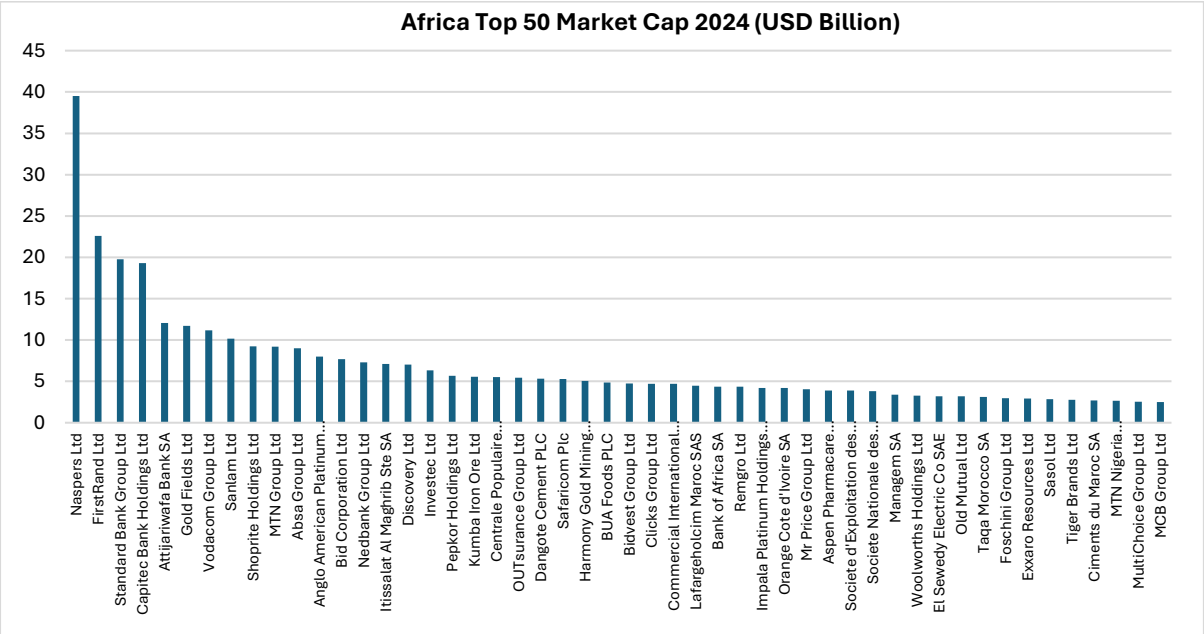

Figure 17: Africa's Top 50 Market Capitalisation in 2024 (USD Billion)

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

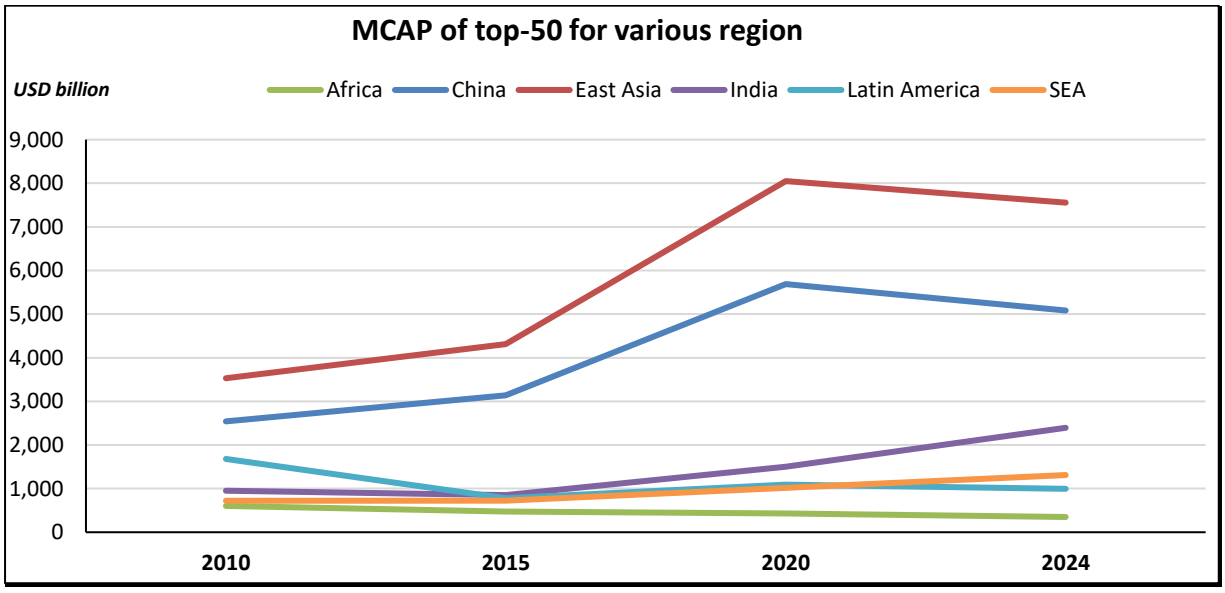

Figure 18: Market Capitalisation of Top 50 Country in Various Regions

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

5.2. Capital Expenditure

Despite generating substantial gross profits, many of Africa's top 50 companies spend relatively less on capital expenditure (CapEx) as in Figure 19. Several factors contribute to this trend, including high

operational costs, economic uncertainty, regulatory barriers, limited infrastructure, and shareholder priorities. These constraints impact businesses' ability to reinvest in long-term growth, resulting in lower CapEx compared to global peers.

One major factor is the high operational costs and volatile macroeconomic conditions across African markets. Companies like MTN Group and Vodacom have faced severe currency devaluations and inflation in countries like Nigeria, Ghana, and South Africa, which raise the cost of importing equipment and developing new infrastructure. Similarly, Eskom and Transnet in South Africa, which are heavily burdened by debt and mismanagement, divert significant revenue toward servicing loans and operational inefficiencies instead of focusing on expansion.

Another challenge is Africa's weak infrastructure and unstable energy supply, which could result in companies having to prioritise maintaining operations over new investments. For instance, Shoprite Holdings and Pick n Pay have had to invest heavily in backup generators and alternative power sources due to South Africa's ongoing energy crisis, rather than expanding their retail footprint (Maleke, 2023; Rajgopaul, 2024). In the manufacturing and mining sectors, firms such as Anglo American Platinum and Sibanye Gold struggle with unreliable transportation networks and high logistical costs, limiting their ability to scale production efficiently.

Regulatory uncertainty also plays a significant role in discouraging capital investments. In oil and gas, firms like Sonatrach (Algeria) and Nigeria National Petroleum Corporation (NNPC) have reduced their CapEx in response to shifting government policies, contract renegotiations, and local content regulations. Similarly, mining companies such as AngloGold Ashanti and Kumba Iron Ore face government-imposed royalties, taxation changes, and environmental regulations, making long-term investment planning more complex.

Many African companies also prioritise shareholder returns over reinvestment in expansion. Large holding groups such as Naspers, Remgro, and Bidvest Group focus on profit maximization across their subsidiaries rather than making substantial capital-intensive investments. Instead of investing heavily in new production facilities, these companies tend to distribute profits as dividends or engage in stock buybacks, which enhances short-term shareholder value but slows long-term structural growth.

A significant constraint is the limited access to long-term financing for expansion. Unlike multinational corporations in developed markets, African firms often face high interest rates and underdeveloped capital markets, making it difficult to secure affordable long-term credit. This challenge is particularly evident in industries like construction and industrial manufacturing, where companies such as Orascom Construction and Elsewedy Electric operate in capital-intensive sectors but struggle to obtain financing for large-scale projects.

Industry-specific challenges and market saturation further discourage CapEx. In telecoms, companies like MTN Nigeria and Vodacom South Africa have already built extensive networks in their primary markets, leading them to focus on digital services and financial technology (fintech) offerings rather than expanding physical infrastructure. Likewise, Shoprite and Woolworths have slowed the expansion of physical stores, opting to invest more in e-commerce and supply chain improvements.

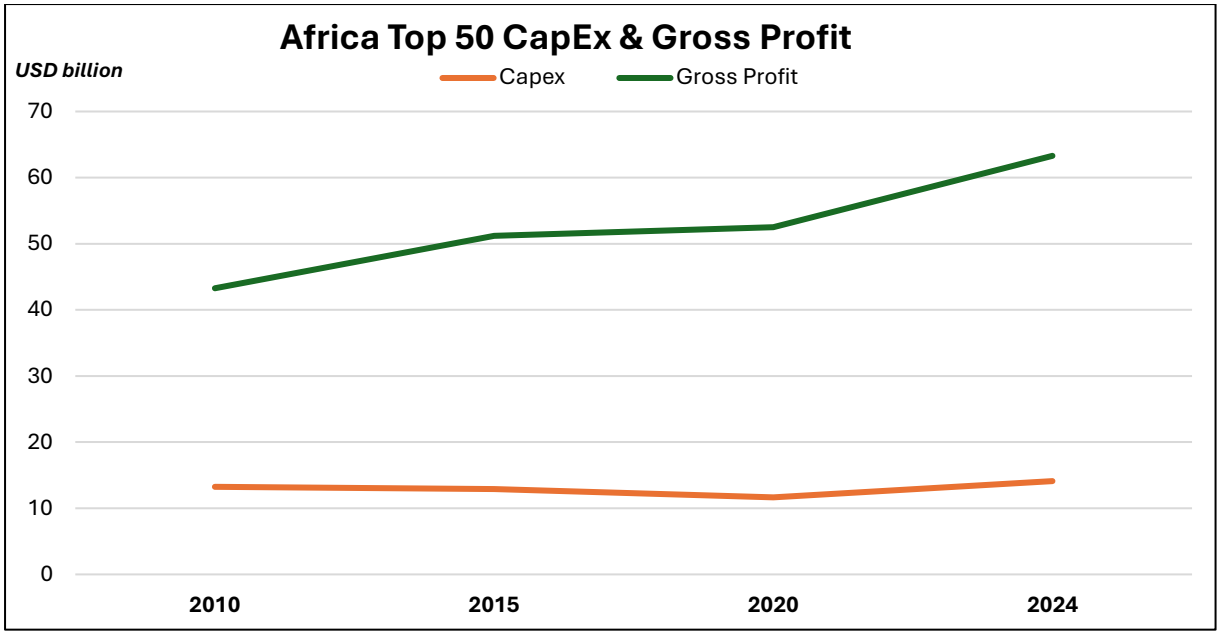

Figure 19: Africa's Top 50 Companies' CapEx and Gross Profit

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

Africa's capital expenditure (CapEx) relative to gross profit remains significantly lower compared to other regions as in Figure 20. The total Capex for the top 50 African firms is USD14.1 billion, with a gross profit of USD63.3 billion. This results in a Capex-to-Profit ratio of approximately 22%, indicating a relatively low reinvestment rate in productive assets.

In contrast, China and East Asia exhibit much higher Capex levels, with China's top firms investing USD180 billion in Capex against USD416.7 billion in gross profit (a Capex-to-Profit ratio of 43%), while East Asia leads with $284.6 billion in Capex for USD699.1 billion in gross profit (41% ratio). These numbers suggest that firms in these regions allocate a much larger portion of their profits toward expansion, technological upgrades, and capacity building—key drivers of structural transformation and long-term industrial growth.

India and Latin America also significantly outpace Africa in Capex investments. Indian firms report USD58.9 billion in Capex against USD267.6 billion in gross profit (22% ratio), and Latin American firms show USD58.9 billion in Capex for USD260.9 billion in gross profit (23% ratio). Even Southeast Asia (SEA), which has smaller economies compared to China and East Asia, records USD25.1 billion in Capex against USD92.3 billion in gross profit (27% ratio), surpassing Africa's reinvestment levels.

These numbers reinforce a key concern: African large firms are not investing enough in productive capacities and technological capabilities to drive industrial growth. A lower Capex-to-Profit ratio suggests that profits are either being distributed as dividends or allocated to non-productive uses rather than being reinvested into business expansion and industrial transformation. This trend limits Africa's ability to compete with other emerging regions, where firms actively channel profits into growth and innovation.

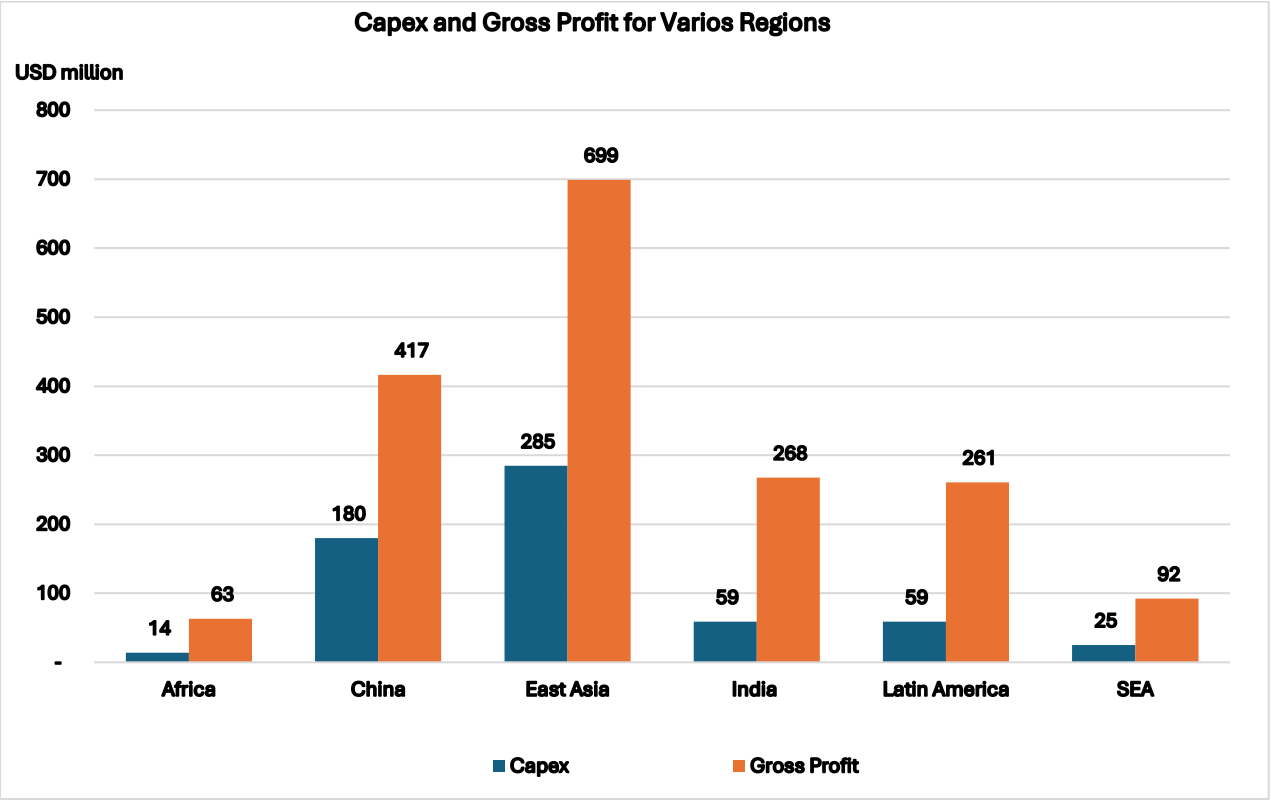

Figure 20: CapEx and Gross Profits for Various Regions in 2024

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

5.3. Retained Earnings

The large enterprises in Africa appear to be mainly retaining their profits as opposed to reinvesting them as in Figure 21. Bosiu et.al. (2017) point out that while there have been increased profits for large African firms, they are largely being retained within the organisation as reserves and that even when investments are undertaken they are largely spent on replacement capital and M&As as opposed to expansionary expenditure. While retained profits could potentially be used to build production capabilities, it appears that companies prioritise financial stability over expansion due to external risks and sector-specific constraints.

One possible reason for earnings retention is economic and currency volatility across African markets. Companies such as MTN Group, Vodacom, and Shoprite Holdings operate in multiple countries where currency depreciation and inflation significantly impact business operations. For instance, in Nigeria and Ghana, rapid currency fluctuations erode the value of reinvested capital, making firms hesitant to deploy profits into new projects. Instead, companies hold onto earnings as a financial buffer to absorb potential currency shocks.

Additionally, infrastructure challenges and unreliable energy supply limit the feasibility of reinvesting profits into expansion. Mining and manufacturing companies, including AngloGold Ashanti, Sibanye Gold, and Kumba Iron Ore, face logistics bottlenecks, unreliable rail networks, and frequent power outages. Given the high cost of self-sustaining infrastructure—such as backup energy generation—

many firms choose to retain earnings rather than commit to capital-intensive projects that might not yield efficient returns due to these structural barriers.

Regulatory uncertainty and policy shifts also discourage reinvestment. In industries like oil and gas, firms such as Sonatrach, Nigeria National Petroleum Corporation (NNPC), and Engen Petroleum must navigate frequent changes in government policies, local content requirements, and contract renegotiations. Rather than committing to long-term investments in exploration or refinery expansion, these firms prefer to retain earnings in case of sudden regulatory shifts that could impact profitability. Similarly, banks and financial service providers often hoard capital to comply with changing reserve requirements and regulatory frameworks.

Another major factor is high debt obligations and limited access to affordable long-term financing. Companies such as Eskom and Transnet in South Africa are heavily burdened by debt forcing them to use profits to service loans rather than reinvesting in infrastructure or expanding capacity (Reuters, 2024a, 2024b). Even relatively healthy companies like Naspers and Bidvest Group prefer maintaining strong cash reserves over aggressive capital expenditure, especially given the higher borrowing costs in African markets compared to developed economies

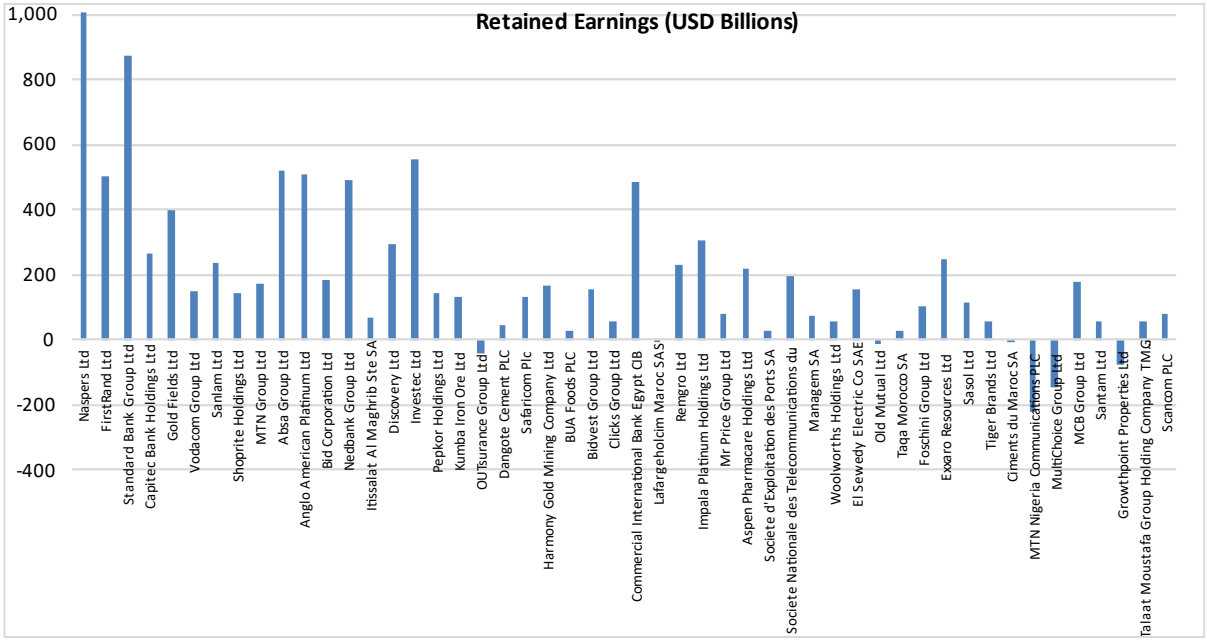

Figure 21:Africa's Top 50 Retained Earnings for 2024

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

Africa's top 50 companies have retained earnings totalling USD 13 billion, which is significantly lower than those of other regions as in Figure 22. In comparison, China has retained earnings of USD266 billion, while East Asia has USD 300 billion. These numbers illustrate a substantial disparity in the financial capacity of companies across these regions. The vast reserves in China and East Asia indicate their strong ability to reinvest in growth opportunities, supporting advancements in various sectors such as industrial expansion, infrastructure development, and technological innovation.

India, with retained earnings of USD 56,435 billion, also demonstrates a growing economic landscape with considerable investment potential. The significant retained earnings in India highlight opportunities for reinvestment, particularly in technology and infrastructure, which are vital for sustaining economic growth. Meanwhile, Latin America and Southeast Asia (SEA), with retained earnings of USD 43 billion and USD 26 billion respectively, exhibit moderate capacities for investment. These regions face their own economic challenges, which may hinder their overall growth potential.

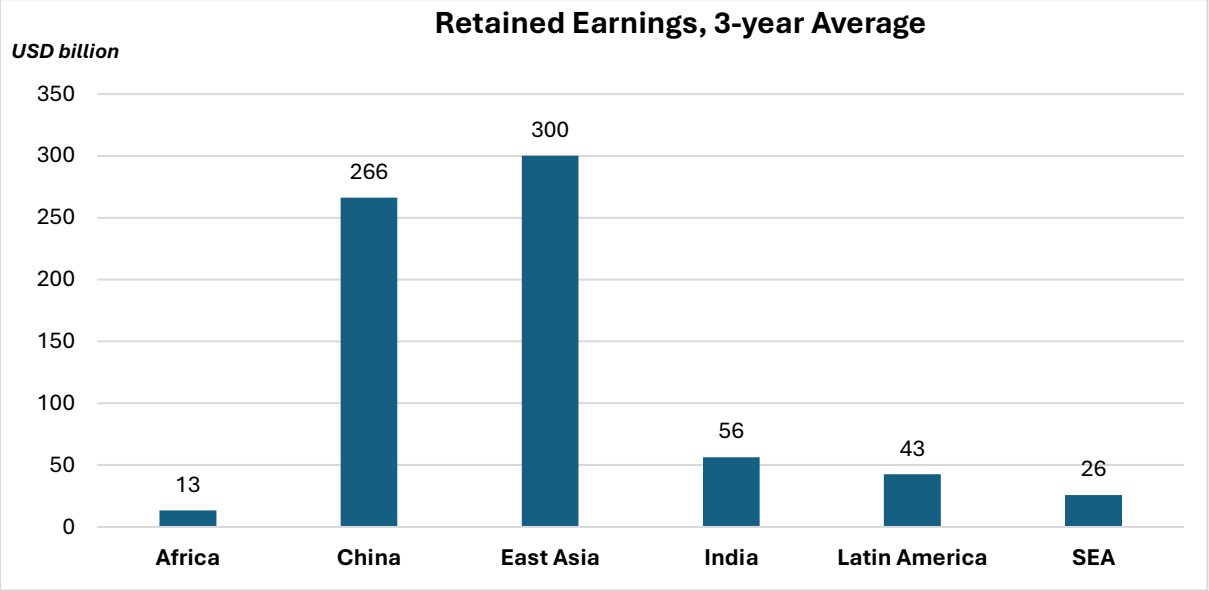

Figure 22: Retained Earnings for 3-Year Average for Various Regions

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

5.4. Dividend Payout

Financialisation in developing countries presents a unique and complex dynamic, particularly regarding its impact on economic development and structural transformation. Financialisation often seen as the increasing role of financial markets, financial motives and financial institutions in the economy (Epstein, 2005) is also discussed in more complex dynamics within the context of developing economies (Bonizzi, 2013). Financialisation in developing countries is found to be highly variable and different from developed countries particularly in relation to the conduct of non-financial enterprises, banks, and households (Lapavitsas & Soydan, 2022). Lazonick's (2012) findings emphasises the importance of understanding how the financialisation process affects firms' strategies and performance, arguing that the focus on shareholder value often undermines long-term investments in innovation and productive capabilities. Lazonick (2012) highlights that in many cases, the pursuit of short-term financial returns can lead to the erosion of a firm's productive capacity, which is critical for sustainable economic growth. Lapavitsas & Soydan (2022) further acknowledges the lack of research linking financialisation to globalisation of production as well as the role of the state.

Unlike in many advanced economies, where financialisation often follows a prolonged period of industrialisation, in developing countries, these processes could occur simultaneously. This simultaneous progression reflects distinct economic trajectories shaped by globalization, technological advancements, and policy choices. Moreover, financialisation in these contexts can sometimes exacerbate the phenomenon of "premature de-industrialisation". As a result, instead of fostering

industrial growth and technological innovation, financialisation may undermine these goals, creating a reliance on volatile financial markets and perpetuating structural weaknesses in the economy. Understanding this interplay is crucial for developing strategies that balance financial sector growth with sustainable industrial and economic development

New and further dimensions exploring the impact of financialisation have been increasingly explored in recent times. Tulum et. al. (2022) discusses the tension between innovation and financialisation with the findings showing that the decline in asset buybacks have enabled the pharmaceutical companies in their study to refocus capabilities on product innovation. Andreoni et. al. (2023) find highly differentiated sources and processes of financialisation when analysed at the micro, meso and macro levels among selected firms in South Africa. Davila-Fernandez and Punzo (2020) in analysing the financial content per unit of output produced finds that there is no increase in the financial content of production in Brazil, although agreeing on the highly heterogenous nature of sectors which requires a more disaggregated analysis. The weakening link between profits and investment arising from the competing claims on profits by shareholders and stakeholders are also being explored given the significant proportion of capital investment being sourced from retained earnings (Durand & Gueuder, 2018; United Nations, 2016, 2017)

Several companies in Africa demonstrate notably high dividend payout ratios as in Figure 23, which raises concerns about their ability to reinvest profits into capital projects. For instance, Itissalat Al Maghrib Ste SA has a payout ratio of 366%, indicating that it is distributing more in dividends than it earns. Similarly, Remgro Ltd follows with a payout ratio of 903%, suggesting an unsustainable approach to dividends, where the company might be borrowing or using reserves to fund these distributions.

Other companies with high payout ratios include Pepkor Holdings Ltd at 85%, Woolworths Holdings Ltd at 92%, and Dangote Cement PLC at 148%. These numbers imply a significant commitment to returning cash to shareholders, which may constrain their capacity to fund essential capital investments. For instance, a payout ratio of 75% by Vodacom Group Ltd and 66% by OUTsurance Group Ltd also reflects a trend where companies prioritise shareholder returns over reinvestment in growth. The pressure to maintain high dividend payouts can create a short-term focus among corporate management.

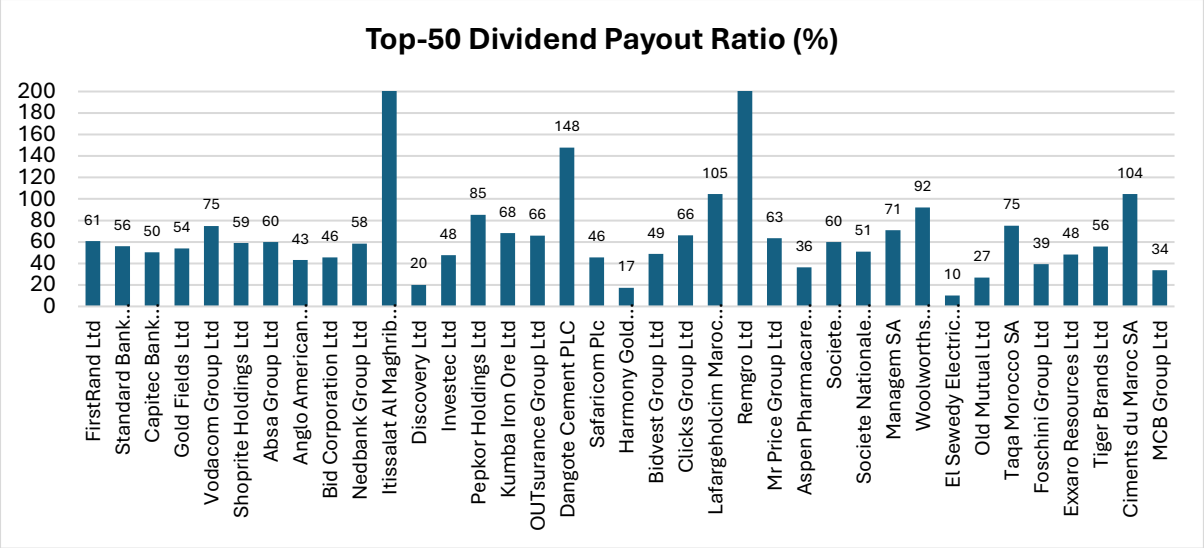

Figure 23: Africa's Top 50 Companies Dividend Payout Ratio in 2024

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

The dividend payout ratios of Africa's top 50 companies in comparison to those in other regions as in Figure 24—such as China, East Asia, India, Latin America, and Southeast Asia (SEA)—reveals significant insights into corporate financial strategies and their implications for growth and investment. In Africa, the average dividend payout ratio among the top 50 companies is 66%, which is notably higher than that of other regions: China at 40%, East Asia at 36%, India at 32%, Latin America at 41%, and Southeast Asia at 33%. These numbers indicate that African companies are returning a larger share of their profits to shareholders compared to their counterparts in other regions, raising questions about the sustainability of such practices, especially regarding long-term growth and investment needs. The higher proportion of dividend payout recorded by Africa could also indicate that African companies may be under pressure from investors to provide regular cash returns. In markets where access to capital may be more challenging, firms might prioritise dividend payouts to attract and retain investors.

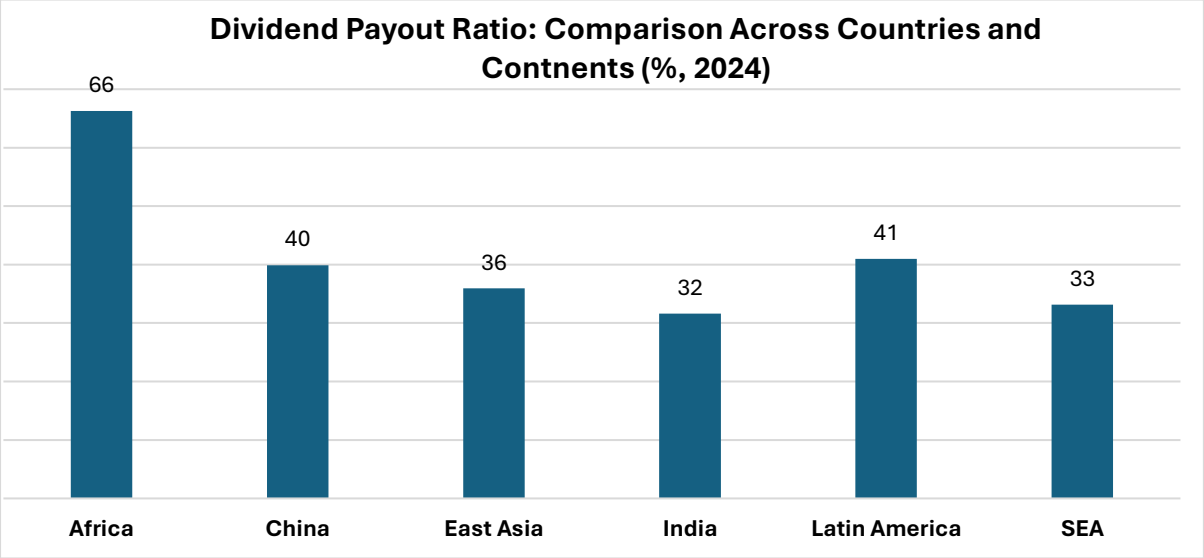

Figure 24: Dividend Payout Ratio for Various Regions in 2024

Source: Author's calculations based on data sourced from Eikon on 28 January 2024

6. Production Capabilities and Digitalisation

Growth in production capabilities is driven by the expansion of collective and cumulative learning in production which is acquired by doing, and building on expertise and practices on a coordinated basis across and within sectors. Amsden (A. Amsden, 1989) had analysed the importance of production capabilities in the successful catch-up of South Korea and Taiwan. Recentring the importance of production capabilities in production is increasingly being emphasised (Andreoni, 2018; Andreoni & Chang, 2017; Chang & Andreoni, 2021). Large businesses are central to this process of production as they are to be able to drive technological upgrading, enable entry into more complex activities; increase local content involving local innovations and design; and master more complex technological tasks within industries (Lall, 1993).

Large businesses that are able to capture across value chains can also benefit from complementarities across multiple stages in the value chain. Such complementarities in production are seen to enhance learning and provide the competitive edge to firms (Andreoni, 2019). Vertically integrated firms are more likely to develop these complementarities in what is referred to as development blocks or industrial ecosystems (Andreoni, 2018). Another important dimension of building production capabilities is the creation of good jobs in higher productivity sectors (Andreoni & Chang, 2017). Employment creation within the context of structural change therefore has to come against good quality jobs established through learning-based industrialisation (Amsden, 2010, 2012). Rodrik and Sabel (Rodrik & Sabel, 2021) see the importance of expanding the capacities of workers for their effective participation in the economy. They call for greater interventions by the state together with the private sector to create more productive employment opportunities, which they refer to as 'building a good jobs economy'.

The rapid expansion of the internationalisation of business has transformed the organisation of production across different countries (Roberts, 2020). The governance structures within value chains

enable companies to coordinate production activities in various geographical locations. Despite these developments, little is known about how collective and cumulative learning occurs within large enterprises in Africa. While there is some understanding of shifts and vertical integration in broader contexts, the specific ways in which African enterprises build their production capabilities remain largely unexplored. Key questions arise regarding how these firms develop linkages both within and across sectors, as well as the challenges they face in this process. Furthermore, it is essential to examine how their decisions regarding production capabilities are influenced by state policies and, conversely, how these enterprises can shape state actions to align with their strategic objectives. Understanding the conditions under which these dynamics succeed or fail is critical for fostering effective production capability development in the region.

6.1. Digitalisation

With advancements in technology and digitalisation, there is much to unpack regarding their impact on production and industry. Recent literature increasingly emphasises that the digitalisation of production, facilitated by various technologies, is disrupting traditional industries through the emergence of new business models, particularly those involving business platforms (Andreoni, Barnes, et al., 2021; Andreoni & Roberts, 2020; Roberts, 2020). These technological developments are reshaping how firms coordinate their economic activities and altering the distribution of returns among stakeholders (United Nations, 2018). The growing transnationalisation of production, driven by digitalization and the use of big data analytics, enables greater centralization across dispersed production sites and logistics chains (Roberts, 2020).

Understanding the mechanisms of intra- and inter-sectoral learning in production amid digitalization is crucial. It is essential to explore how digital platforms create or extract value, as highlighted by O'Reilly (2019). However, the diversity of platforms and the nuances in their functionalities often remain unexamined. Andreoni and Roberts (2020) assert that to enhance local productive capabilities within digital platforms, countries must integrate into global value chains while also reconnecting with local production systems to realize dynamic efficiencies. In the case of South Africa, they argue that the country struggles to formulate a cohesive strategy for governing local digital platforms that aligns competition, regulation, and industrial policies to support value creation and capture in the context of local economic activity.

Emerging literature underscores the significance of sectoral and contextual variations in shaping production capabilities. Drawing on examples from various sectors in South Africa, Andreoni and Roberts (2020) find that enhancing local productive capabilities requires active participation in global value chains, with digital platforms playing a critical role in keeping pace with technological advancements. At the same time, maintaining robust linkages with local production systems is vital for harnessing dynamic efficiencies. They find that this necessitates the establishment of an "entrepreneurial-regulatory state" that proactively engages with the influences and opportunities presented by global digital platforms. To fully understand the pathways through which digital technologies impact production capabilities, more case studies are needed to explore the future opportunities that technological advancements present for businesses. There are regulatory issues surrounding the ownership and control of data (United Nations, 2018). This makes it likely for control and power of firms which are in possession of such data and as such create barriers to entry for smaller firms. The concentration has led to the creation of technological giants, who captures customer data and analyses them to expand on their offering of online platforms. These technological giants have been acquiring smaller innovative firms (Roberts, 2020).

Among Africa's top 100 companies, M&As in the technology sector have played a transformative role, reshaping the competitive landscape while concentrating market power and data control. A prime example is Naspers, an African company founded in South Africa in 1915, which has emerged as one of the continent's most significant technology investors. Its high-profile investment in Tencent in 2001 not only gave Naspers exposure to one of the world's fastest-growing digital giants but also transformed it into a major player on the global technology stage. This strategic move enabled Naspers to leverage vast amounts of user data, which is critical for understanding consumer behaviour, optimizing services, and driving further innovation.

Additionally, Naspers has continued to expand its digital portfolio through acquisitions and investments in e-commerce platforms such as Takealot, reinforcing its integrated digital ecosystem. Meanwhile, telecommunications companies like MTN Group and Vodacom Group have pursued similar strategies by acquiring technology firms to bolster their digital service offerings—especially in mobile financial services, exemplified by platforms like MTN Mobile Money. These expansions allow these companies to control both the technology infrastructure and the critical data generated by their services. However, this consolidation raises concerns regarding the concentration of market power and data, as fewer dominant players can set high barriers to entry, potentially stifling competition and innovation. The overarching effect of these M&A activities is a dual-edged outcome: while they drive growth and efficiency, they also prompt calls for regulatory oversight to ensure that the digital ecosystem remains competitive and that data privacy is maintained.

In the case of Safaricom's mobile money service, M-Pesa, Safaricom invested heavily in building a robust digital infrastructure, including secure mobile networks, advanced data analytics systems, and a widespread agent network. This not only enabled millions of Kenyans to access financial services conveniently but also allowed Safaricom to capture vast amounts of transactional and behavioural data. The concentration of this data has translated into significant competitive advantages. By analysing user data from M-Pesa, Safaricom can tailor financial products, optimise service delivery, and target specific market segments with precision. This control over critical financial data has reinforced its dominant market position in Kenya and other regions where M-Pesa operates, making it difficult for new entrants to compete effectively.

7. Future Outlook

Africa's large enterprises remain concentrated in specific sectors and geographic locations, limiting their broader impact on structural change. Their expansion strategies often require external financing, yet foreign ownership in Africa has shown limitations in contributing to local production capabilities. Compared to other regions, African firms lag significantly in capital expenditure and retained earnings while maintaining high dividend payouts. This trend raises concerns about their long-term ability to drive industrial development, especially when contrasted with the role of large enterprises in East Asia. Figure 25 provides a broad overview of the challenges facing large African enterprises and analyses their impact on structural change.

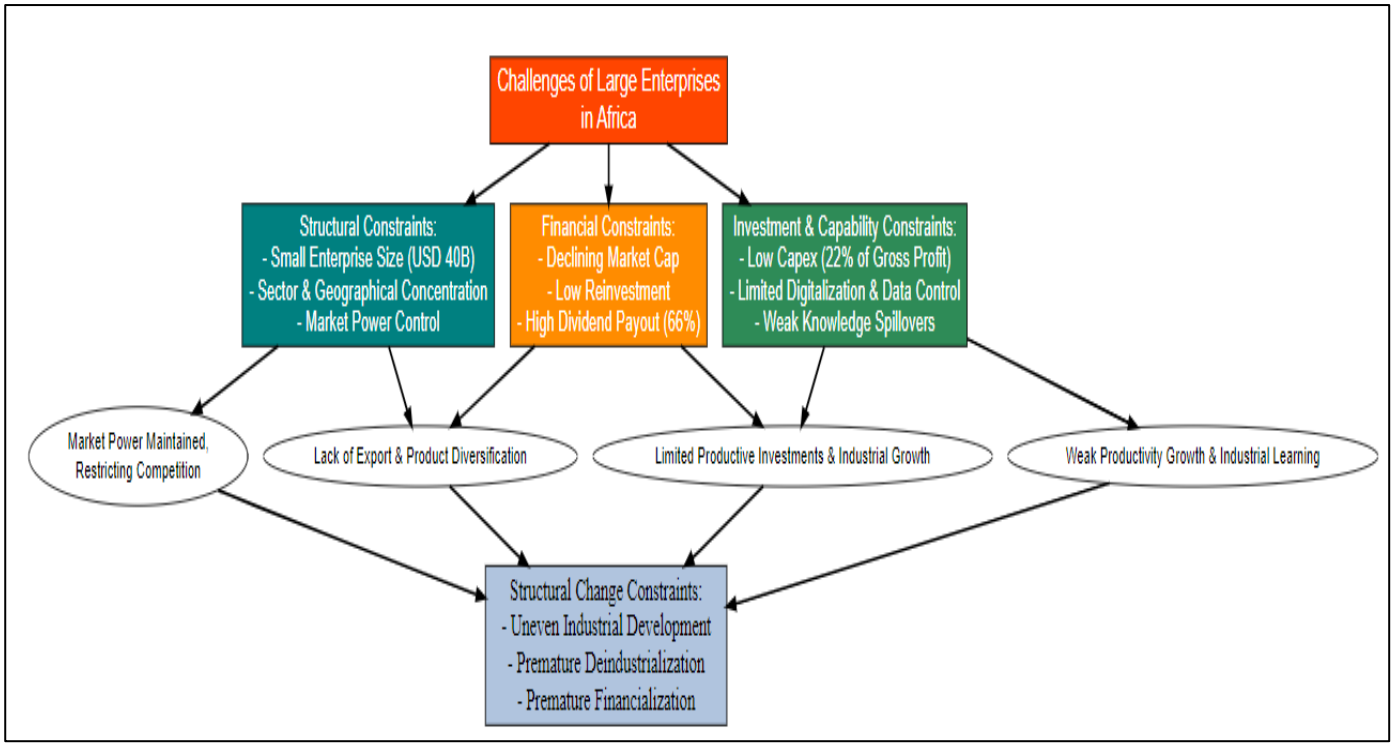

Figure 25: Challenges of Large Enterprises in Africa and Impact on Structural Change

Source: Author's illustration

To address these challenges, a deeper understanding of African firms' investment strategies is essential. Effective policies must align with firm-level decision-making to steer businesses toward strengthening production capabilities to enable these large enterprises to grow in scale and scope. Without insight into how firms respond to state incentives and interventions, policy measures risk being ineffective in driving meaningful structural change. Additionally, large firms must be analysed within the broader context of political settlements. Their economic power and influence shape their responsiveness to policy measures, impacting their willingness to invest in long-term development. Understanding these dynamics is crucial for designing interventions that align business interests with national industrial goals.

8. Conclusion and Linkages with Upcoming Working Papers

This overview paper serves two main purposes. First, it identifies Africa's large enterprises, examines their characteristics, and situates them in a comparative global context. Understanding where African firms stand relative to counterparts in other regions is crucial for assessing their potential role in driving industrial development. Second, the paper highlights key structural and strategic issues that hinder these enterprises from playing a central role in structural change. These issues form the foundation of the upcoming working paper series within this research stream. Figure 26 provides an overview of the linkages with the upcoming working paper series.

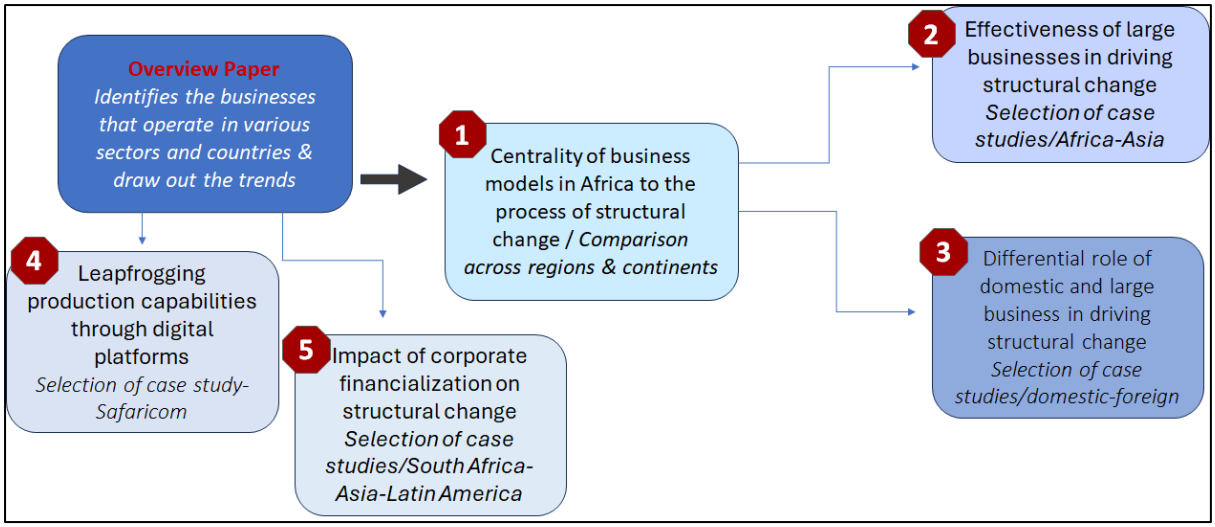

Figure 26: Linkages between Working Paper Series

Source: Author's illustration based on anticipated working papers

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