

The Cultural Implication of Foreign Direct Investment: Perspectives from different stakeholders
in urban Zambia

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Abstract

The benefits of the flow of foreign direct investment (FDI) into less industrialized countries include but not limited to access to technology, creation of jobs, and overall growth of the economy in the short-run and long-run respectively. Upon ascertaining the benefits (size of the economy and its growth potential), risk (political, economic, and legal), and cost (corruption, lack of infrastructure, and legal costs) factors, profit-seeking foreign corporations bring with them capital into the countries to fuel economic development. The incentives provided by the host countries include well specified and enforced property rights and profit repatriation in exchange for access to capital and technology using joint ventures; creating opportunities for locals to eventually become self-sustaining independent players. Corporations introduce workflows and prescription of pertinent codes of conduct in the workplace, indirectly importing into the host country practices that contradict the values of the local culture. To avoid the erosion of the local culture the concessions consummated between foreign corporations and host government should be preceded by a cultural impact assessment (CIA). This paper examines the community perspectives on the cultural implication of FDI in Africa. Qualitative data were gathered by interviewing members of the general public and employees of one large foreign corporation in urban Lusaka, Zambia.

Key words: Africa, foreign direct investment, host communities, host countries, cultural impact assessment, stakeholder perspective, Zambia, Zambian culture