THE EFFEECT OF THE CHINESE SYSTEM OF INVESTMENT ON AFRICAN DEVELOPMENT: CASE STUDY OF ZAMBIA.

BY

NAME: GILBERT MUSONDA

COMPUTER NUMBER: 7200000193

SUPERVISOR: DR. KAKUPA

A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT OF THE AWARD OF MASTER OF SCIENCE IN PEACE LEADERSHIP AND CONFLICT RESOLUTION.

THE UNIVERSITY OF ZAMBIA/ZIMBABWE OPEN UNIVERSITY (UNZAZOU)

2023

DECLARATION

I hereby declare that this research work represents my own work and that to the best of my knowledge, no other similar research work has been previously submitted for any award at the University of Zambia or from any other University. Any information that I used from other researchers has been acknowledged and credited in my research work.

Name: GILBERT MUSONDA

Student Number: 7200000193

Signature: _____

Date: _____/_____/_____

APPROVAL

This is to certify that this dissertation on "The effect of the Chinese system of investment on african development, case study of Zambia" was submitted for examination under my supervision and approval.

Name: Dr. P. Kakupa

Signature:_____

Date: _____/_____/_____

DEDICATION

I dedicate my dissertation to my family and friends.

A special feeling of gratitude to my loving wife Zowa Ngwira Musonda whose words of encouragement and push for tenacity ring in my ears.

My MSPL class mates of 2020 your coordination during the time of me being your class rep was enough for me to reach this far.

I also dedicate this to my special friend Clement Kaponda, surely your word of encouragements helped me not to give up.

Above all, I want to Thank God for enabling me to achieve and reach for my dreams, without him, I am nothing. "

ACKNOWLEDGEMENT

I would like to acknowledge and give the warmest thanks to my supervisor Dr Paul Kakupa, who made this work possible. His Continual guidance and advice carried me through all the stages of writing my dissertation. His expertise and experience was of great inspiration to me.

I would like to thank the committee who were selected to review my dissertation for the guidance rendered.

Finally, I would like to thank the University of Zambia, Zambia Public Procurements Authority, Zambia National Broadcasting Corporation, the Ministry of Mines, owned Chinese businesses, and the non-owned Chinese businesses for giving me the much needed information for my study.

TABLE OF CONTENTS

DECLARATION ..... **i**

APPROVAL ..... **ii**

DEDICATION ..... **iii**

ACKNOWLEDGEMENT ..... **iv**

TABLE OF CONTENTS ..... **v**

LIST OF TABLES ..... **viii**

LIST OF FIGURES ..... **ix**

LIST OF APPENDICES ..... **x**

ACRONYMS AND ABBREVIATIONS ..... **xi**

ABSTRACT ..... **xii**

CHAPTER ONE: INTRODUCTION AND BACKGROUND **1**

1.0 Introduction 1

1.2 Background 1

1.2 Problem Statement 3

1.3 Objectives of the Study 4

1.3.1 General Objective 4

1.3.2 Specific Objective 4

1.4 Research Questions 4

1.5 Scope of the study 5

1.6 Significance of the study 5

1.7 Organization of the Thesis 5

CHAPTER TWO: LITERATURE REVIEW **6**

2.0 Introduction 6

2.1 Empirical Review 6
2.1.1 China-Africa Investment relations 6
2.1.2 The Challenges of China – Zambia Foreign Direct Investment 11
2.1.3 Foreign Resource Inflows 12
2.2 Theoretical Framework 18
2.2.1 Overview of the Knowledge Spillover Theory of Entrepreneurship 18
2.2.2 Cultural Relativism 19
2.2.3 Structural Realism 20
CHAPTER THREE: RESEARCH METHODOLOGY 21
3.0 Introduction 21
3.1 Research Design 21
3.2 Study Population 21
3.3 Site of the study 21
3.4 Sample Size 21
3.5 Sampling techniques 22
3.6 Data Collection Tools 22
3.7 Reliability and Validity 23
3.8 Data Analysis 23
3.9 Ethical Consideration 23
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION 24
4.0 Introduction 24
4.1.1 Gender of the Respondents 24
4.1 Response rate 24
4.1.2 Age of Respondents 25

4.1.3 Level of Education 25

4.1.4 Length of Service 26

4.2 Sectors that Chinese businesses are operating in within Lusaka and Copperbelt Province 27

4.3 The sector mostly operated by a Chinese owned company or firm.....28

Table 3: Sector are you operating in.....29

4.4 Contributions that the Chinese businesses made to the economy 30

4.5 Effects of Chinese investment on the local industry in Lusaka and Copperbelt provinces .32

4.6 Employees are assisted financially to pursue further studies by Chinese firms.....33

Figure 7: The company supports the employees financially for studies 33

CHAPTER FIVE: DISCUSSION OF THE FINDINGS.....34

5.0 Introduction 34

5.1 Discussion of the findings.....34

5.1.1 Background of the respondents.....34

5.1.2 Sectors that Chinese businesses are operating 34

5.1.3 Contributions of Chinese businesses to the economy of Zambia 35

5.1.4 Effects of Chinese investment on the local Industry.....36

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS 39

6.0 Introduction 39

6.1 Conclusion.....39

6.2 Recommendations.....40

REFERENCES.....41

APPENDICES.....47

LIST OF TABLES

Table 1: Sample size 22
Table 2: Distribution of Respondents by Age 25
Table 3: Sector are you operating in 29

LIST OF FIGURES

Figure 1: Percent Distribution of Respondents by Gender.....24
Figure 2: Response rate.....25
Figure 3: Percent distribution of respondents by level of education 26
Figure 4: Respondents' years of sevice.....27
Figure 5: Use of local raw materials/products.....29
Figure 6: Chinese contributes to the Economy.....30
Figure 7: The company supports the employees financially for studies.....33

LIST OF APPENDICES

Appendix I: Questionnaire 47

Appendix II: Interview Guide 50

Appendix III: Letter Approval 51

ACRONYMS AND ABBREVIATIONS

BOZ	Bank of Zambia
CSO	Central Statistics Office
FDI	Foreign Direct Investment
KSTE	Knowledge Spillover Theory of Entrepreneurship
M&A	Mergers and acquisitions (M&As)
MNC	Multinational Companies
SSA	Sub-Saharan Africa
UNZA	University of Zambia
ZDA	Zambia Development Agency

ABSTRACT

The effect of the Chinese system of investment in Africa, specifically in Zambia, is a complex issue that has elicited various opinions and perspectives. Hence, the purpose of the study is to assess the Chinese system of investment in African Development and gain a better understanding of the dynamics of Chinese investment particularly in Lusaka and Copperbelt provinces of Zambia.

The study used used a mixed method approach thus involving the use of both quantitative and qualitative data in the study. Fifty (50) participants from the Chinese businesses and non-owned Chinese businesses, the University of Zambia, the Zambia Public Procurements Authority, and the Ministry of Mines were targeted in this study. Data was collected through the use of semi-structured questionnairs and interview guides. Qunatitative data was analysised using Statistical Package for Social Sciences (SPSS) version 22 while qualitative data was analysed thematically.

The study reveled that Chinese investment in local industries has proved to have a positive and negative effects to the economy. It was discoveered that the Chineses business created jobs for local people which has lead to economic growth and poverty reduction, substantial diversification into financial services, construction, agriculture and manufacturing, technology transfer, infrastructure development as and export opportunities. On the other hand the Chinese investment has brought competitive threat to the infant but growing local firms in Zambia. The study also revealed that Chinese businesses have engaged in unfair trade practices and that majority (92%) of the Chinese businesses do not invest much in the local human resource, a few (8%) of the businesses assist financially in the further studies of their employees mostly the Chinese busineses do involve local communities in their operations.

In conclusion, the Chinese system of investment in Zambia requires a collaborative approach between Chinese businesses, the Zambian government, and local communities to ensure that the benefits of Chinese investments are shared equitably and that negative impacts are minimized. Such an approach would help to create a win-win situation for both China and Zambia, fostering a positive and sustainable relationship between the two countries.

CHAPTER ONE

INTRODUCTION AND BACKGROUND

1.0 Introduction

This chapter presents the background of the study, objectives, research questions, problem statement, significance, and the scope of the study as well as the organization of the study.

1.2 Background

China has risen to become the world's second-largest economy, with a massive industrial complex and manufacturing base, in just four decades, lifting more than 700 million people out of poverty and establishing itself as one of the most influential countries in global affairs. As a result, China's economic rise can be considered a "global public good" that has had a huge positive impact on the economies of many countries throughout the world, including Africa (Oqubay & Yifu Lin, 2019).

China's growing investment in the African continent is leaving no one unnoticed. It is using foreign direct investment as a mechanism to channel investments (FDI). China has used this technique to boost economic growth in Africa and improve the continent's environment. China appears unconcerned about the continent's uncertainty, whereas Western nations are less eager to invest as much money there (Smith, 2019).

Both industrialized and developing nations are having difficulty dealing with China's growing prominence in the global economy. From the conflict in trade between China and the US to the scrutiny of Chinese investment in Africa. China has become a force to be reckoned with. In fact, it is often said, “when China sneezes, the world catches a cold”, (Smith, 2019). This expression demonstrates how embedded China is in the global economy and how integral it is to its performance, including Zambia’s economy. Following China’s agreement to the World Trade Organization and its rapid growth, it is becoming more powerful in the world economy, including in Africa, such as its presence in Zambia. As Alden (2003) puts it, “at a time when the world seems preoccupied with events in the middle east and the ‘global war on terror’, China’s growing engagement in Africa has gone little noticed in the west” (Alden ,2003:147.). Yet in a span of less

than a decade, trade between the regions has increased from US$10 billion in 2000 to US$28 billion in 2005 and close to US$100 billion in 2009. Alden (2003) emphasized the Chinese concern in Africa as "China consumed significant resources in foreign assistance towards African states, has started negotiations towards a regional economic free trade with the Southern African Customs Union, and has embarked on an unprecedented peacekeeping mission in Liberia".

China has had about 10% annual growth over the past 20 years, largely due to the growth of its modern, industrial export-oriented sector. An additional middle-sized industrial economy is added to the global economy each year as a result of the approximately 20 million Chinese workers who migrate from rural underemployment to the modern sector each year (Eichengreen et al., 2004). Between 200 million and 300 million Chinese laborers relocated from rural underemployment, because this process would last for at least a decade, rather than being a one-time shock, it had ramifications for the global economy in general and African nations in particular (Eichengreen et al., 2004).

The quantity and size of China's investments in Africa indicate that they intend to remain there for as long as feasible. The frequency with which high-level Sino-Africa meetings have been held between the two to demonstrate how dedicated the Chinese government is to this and the lengths they are ready to go to guarantee that the status quo remains as is, can serve as confirmation of this. The nature of Chinese investments in Africa and their specific results, however, remain a contentious issue that continues to spark debate in academic and journalistic conversations. The capital investments made by Chinese state-owned businesses have been the subject of intense discussion among many academics (Thiam, 2007). Even though this aspect of Chinese investments in Africa has been given very little attention, SMEs constitute up to 90% of African enterprises and employ up to 50 % of the labour force on average. As such, any developments taking place in this sector are bound to have a significant impact on the overall economic structure of the continent and affect its developmental process in either a positive or negative way (Thiam, 2007).

All countries on the African continent have a relationship of some kind with China, whether economically through loans or trade, diplomatically by recognizing China, or as a member of the Forum on China Africa Cooperation, which was created to discuss major goals between China and Africa as a political and diplomatic entity. The Forum is just one example of China's influence in the region. While China engages with the African continent, it is unclear how these engagements enhance

the economic and social development of the countries. The relationships between China and African countries are complex and differ drastically from country to country (ibid).

The influence of China and India's supremacy has likely been felt most strongly on the African continent through the global commodity markets, which have emerged over the decade as major net importers of commodities from Africa (Eichengreen et al., 2010). This is generally accompanied by Chinese investment in the continent, and Zambia is not an exception to this impact. The last decade witnessed unprecedented growth in China-Zambia relationship. For instance, surprisingly, we could see the dependency on foreign investors as we see them allowed to build some permanent structures like the Confucius institutes on the highest learning institutions like the University of Zambia and this does not only happen in Zambia but on all African countries highest learning institutions like in Uganda at Kampala University. In the last seven years, China became an important trading partner for Zambia, accounting for about 25% of its trade which there was none before 2015 and with Efficiency-seeking FDI aims at boosting business productivity by lowering costs or taking advantage of economies of scale in global production networks (Bezuidenhout, & Kleynhans, 2018, p. 288). Thus, this research is important as it examines the Chinese system of investment on African development, in particular, Lusaka and Copperbelt Provinces, Zambia.

1.2 Problem Statement

In Africa, citizens believe in foreign products, and its ideology system has an authentic economic drive and achievements. It is apparent from the foregoing background that the relationship between China and Zambia is as old as the nation of Zambia itself. The foundation was long established and ratified to ensure that the key areas of cooperation would yield benefits for the two nations post Zambia’s independence. There is clear evidence of Chinese presence and investment not only in Africa but in Zambia equally. There have been mixed reactions to Chinese investment in Zambia. Recent reports noted the dominance of Chinese businesses in sectors that should be led by Zambian nationals and the rampant abuse of Zambian employees working for Chinese businesses.

The system in our nation supports a foreign investment policy with many benefits of open market price control, which has drawn Chinese investments in a number of local economic sectors, including mining, farming, and agriculture, among others. Because of this, Chinese people are investing more money that they do not need to, even in things like tomatoes and chicken laying

that the locals can do. The gap between how to manage and monitor the flow of income from foreign investments has grown due to a lack of market regulation by government policy on diverse assets. As a result, the gross domestic product has not been able to increase to support our national treasuries. Forcing the government to continue resorting to borrowing, thereby suppressing the already suppressed economy.

The effect of Chinese investment on Zambian businesses and communities has not been studied extensively, and there is a need to contextualize such studies so as to avoid generalization that may mislead policymakers and the citizenry at large. It is against this background that this study was undertaken to unravel the effect of the Chinese system of investment on African development particularly in Lusaka and Copperbelt province of Zambia.

1.3 Objectives of the Study

1.3.1 General Objective

To examine the effect of the Chinese system of investment in African development, particularly in Lusaka and Copperbelt provinces of Zambia.

1.3.2 Specific Objective

1. To establish the sectors that Chinese businesses are operating in within Lusaka and Copperbelt
2. To determine the contribution that Chinese businesses have made to the economy of Lusaka and Copperbelt
3. To assess the effect of Chinese investment on the local industry in Lusaka and Copperbelt provinces.
4. To recommend the strategies and measures needed to address the challenges of Chinese investment in the local industry in Lusaka and Copperbelt provinces.

1.4 Research Questions

1. What sectors of the Lusaka and Copperbelt economy are Chinese businesses operating in Lusaka and Copperbelt provinces?

2. What contribution have Chinese businesses made to the economy of Lusaka and Copperbelt provinces?
3. What are the effects of Chinese investment on the local industry in Lusaka and Copperbelt provinces?
4. What strategies and measures are needed to address the challenges of Chinese investment in the local industry in Lusaka and Copperbelt provinces?

1.5 Scope of the study

The study focuses on examining effect of the Chinese system of investment in Africa, particularly in Lusaka and the Copperbelt provinces of Zambia.

1.6 Significance of the study

This study is expected to make the following contributions:

- Contribute to the growing body of literature on the Chinese investment in the Zambian economy and, indeed, across Africa
- Establish a platform for further inquiry and debate surrounding Chinese investment in Zambia and Africa at large
- Help policymakers to change policies to ensure that issues related to Chinese investment are reduced, and advantages are increased. Information that will support the creation and adjustment of investment, immigration, and economic policies will be made available.

1.7 Organization of the Thesis

This research study is organised into the following chapters:

Chapter 1: This chapter covers the background of the study, the statement of the problem, the purpose of the study, the research objective, the research questions, the specific objectives, significance, and the scope of the study.

Chapter 2: This chapter provides the literature review of the studies in the research.

Chapter 3: This presents the research methodology of the research study.

Chapter 4: This presents the presentation and interpretation of the research findings

Chapter 5: This chapter presents the discussion of the findings.

Chapter 6: This includes the conclusions, suggestions, and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the literature from other scholars. The literature review includes both the theoretical and empirical review of the research study.

2.1 Empirical Review

2.1.1 China-Africa Investment relations

In recent years, Africa has become increasingly important in the diplomacy strategy of major powers (Cornelissen, 2004). The increasing dominance of China in the global economy over the years has become a phenomenon that both developed and developing countries are struggling with. As the second largest economy in the world, China, has a significant interest in Africa. However, China's role in Africa has attracted huge attention and concern in the world. Concerns regarding the so-called "Chinese colonialism in Africa" have always accompanied China’s developing influence in Africa (Bai & Li, 2008).

In recent years, many countries in the region have benefited from an increasingly favorable external environment, high commodity prices, and an especially strong demand for natural resources by emerging economies, particularly China. Despite increased efficiency and rising domestic production, rapid urbanization and heavy industrialization continue to spur robust Chinese demand for coal, oil, and natural gas. China’s banks, notably the People’s Bank of China, the China Development Bank, and the Export-Import Bank of China (Exim Bank of China), have supported large-scale investments in African infrastructure. More than 2,200 Chinese enterprises are currently operating in SSA, most of them private firms. Diplomatic contacts and bilateral aid and cooperation initiatives have greatly expanded (UNCTAD 2014; Shen, 2014).

During and after the global financial crisis, Chinese FDI in Africa increased and has since diversified. Investment from China to Sub-Saharan Africa increased from almost nothing a decade ago to US$3.1 billion in 2013 or 7% of all FDI worldwide that went to SSA. In addition to its

expanding trade participation, China has established itself as a major investor in Africa. Between 2004 and 2013, China's FDI stock in SSA increased by about US$24 billion, or a growth rate of 50% each year. (MOFCOM 2003-2014, Maret-Rakotondrazaka, and Sy, 2014).

The commencement of a significant expansion in China's engagement with SSA, both in scope and scale, coincided with the global economic crisis of 2008–2009. When some foreign investors left Africa, Chinese businesses that were already doing well at home and supported by the Chinese government expanded their international activities. The number of mergers and acquisitions (M&As) increased, and new records were set in commercial loans and other types of finance. Chinese FDI has recently experienced a substantial diversification into financial services, construction, and manufacturing. However, oil and other extractive industries continue to be of the highest interest to Chinese investors (at 30% of overall investment). Geographically, Chinese FDI is still concentrated in South Africa, Sudan, Zambia, and Nigeria, but it is increasingly spread throughout the entire continent. Chinese manufacturing firms have invested in countries as diverse as Ethiopia, Nigeria, and Tanzania. Overall, SSA has benefitted from China's increasing demand for SSA's exports of oil, minerals, and metals (Roache 2012; Broadman, 2007).

However, there is evidence that imports from China have had a negative effect on SSA's exports within the African regional market, and local producers and traders have faced serious competition from Chinese imports throughout SSA. In a recent paper, Guillaumont Jeanneney and Hua (2014) show that although Africa's exports to China have contributed to SSA's economic growth, China's strong import penetration has negatively affected the manufacturing sector and may prevent Africa from diversifying its own industry. African countries were handicapped in competing against China's manufactured goods.

A study of South African manufacturing industries during 1992–2010, (Edwards and Jenkins, 2014) showed that labor- intensive industries were particularly badly affected by Chinese imports, and the negative impact on employment was more than proportional to the output displacement. Moreover, exports of manufacturers to China did not add significantly to industrial growth in South Africa. But Edwards and Jenkins also find evidence that Chinese imports contributed toward lower producer price inflation in South Africa, which in turn contributed to a moderation in consumer price increases. There is no question that low prices for imported Chinese goods have benefitted

African consumers, as well as producers who rely on imported inputs and capital goods. The comparison reveals a considerable price gap between China's and SSA's products of about 50 percent (Edwards and Jenkins, 2014).

More concerningly, African businesses do not seem to be integrating into Chinese value chains; as a result, trading with China is not having much of an impact on export diversification and economic change. In many Asian nations, especially China, imports of raw materials and parts for processing and assembly have been a significant avenue for the transfer of technology. According to the conventional model, a company from a developed nation would send components or inputs to a less developed nation with lower wage rates, where a local subsidiary would use those inputs to produce a finished good for export to one or more third-country markets or even back to the first developed nation. For many countries, this pattern of trade has had highly positive economic impacts by facilitating technology transfer and catalyzing the development of dynamic comparative advantage. Input exports from China to SSA for processing and subsequent re-export to the U.S. consumer market have increased in recent years but remain extremely small as a share of total trade (Pigato and Gourdon, 2014).

Consequently, there is very little evidence that China is using Africa as a platform for its global exports or integrating African firms into its international value chains (UNCTAD 2014). Becoming increasingly diversified, the scope of Chinese investment in SSA is extensive. Chinese FDI reaches almost all African countries, even those that do not have a formal diplomatic relationship with China (São Tomé and Príncipe). However, the bulk of Chinese investment is focused on a few resource-rich countries. South Africa is the top destination, followed by Zambia, Nigeria, Angola, and Zimbabwe (MOFCOM 2014).

During the 2008 global financial crisis China reacted vigorously to the crisis, launching a set of policy measures designed to boost demand and stimulate the economy. The benchmark lending rate was repeatedly lowered, and the government initiated a large-scale investment program. Important tax reforms were also introduced, including a significant move toward a value-added tax system. As demand in Western economies stagnated, Chinese exporters looked to alternative markets, particularly in Africa. The Chinese government supported this shift by further easing requirements and decentralizing regulatory procedures for FDI, and broadening financing channels for firms to operate overseas (Rosen and Hanemann 2009).

Anecdotal evidence suggests that while many Western private investors were withdrawing from Africa, Chinese state-owned enterprises with access to subsidized credit from their policy banks, including the Exim Bank of China and the China Development Bank, were able to expand their operations not only in SSA but worldwide, as evidenced by a surge in acquisitions, (Bloomberg 2009). Ultimately, the global financial crisis accelerated a process of outbound investment liberalization that China had initiated in the early 2000s. This was also reflected in the surge in Chinese financing for overseas infrastructure projects, as Chinese infrastructure financing commitments rose from US$3.5 billion in 2007 to US$5.1 billion in 2009 (Chen 2013). An analysis of Chinese M&As during the crisis confirms the conclusion that many Chinese firms viewed the financial crisis as an opportunity to increase their presence in global markets. The traditional focus of government-led FDI in Africa has been on natural resources and related infrastructure, with Chinese companies building the pipelines, power stations, roads, railways, and seaports necessary for the extraction and transportation of oil, minerals, and other natural resources (Wenzhou, 2009).

China developed its domestic manufacturing industry by concentrating its cheap labor and abundant capital in SEZs and industrial parks. Within these zones, land and infrastructure bottlenecks were relieved, and a competitive business environment was established. This approach to industrialization has been so successful that variations on the model have been adopted in other countries, such as Cambodia, Mauritius, and Vietnam (Dinh et al. 2012). However, China's growth rate is slowing as the economy transforms, "rebalancing" from an intensive focus on production and exports to a more service-oriented, consumption-based model. Meanwhile, the government continues to pursue important structural reforms to give a greater role to the private sector, improve efficiency, and spur innovation (Dollar, 2014). As this process of rebalancing continues, it will entail positive and negative effects for China's trade and investment partners in SSA.

On the one hand, lower Chinese growth rates will decrease the global demand for oil, minerals, and other natural resources and reduce international prices for these commodities, which are among the chief exports of many countries in SSA. Given that China has accounted for almost the entire increase in global demand for minerals and metals (e.g., copper, iron, lead, nickel, tin, and zinc) over the past 20 years, slowing growth in China will have a major impact on world commodity markets (Dinh et al. 2012).

However, China's rebalancing also presents new export opportunities in the agricultural and manufacturing sectors. Countries in SSA with sound investment frameworks, stable governance, and a healthy investment climate will be well-positioned to leverage these opportunities.

Drummund and Liu (2014) indicate that China's rebalancing has the potential to bring great benefits to countries throughout SSA, but it also comes with considerable challenges. During the past two decades, China's growth has driven most of the global increases in the demand for commodities such as oil, aluminum, copper, and iron ore. As China moves toward a more consumption-driven growth model, the demand for and price of these commodities is expected to be significantly lower than in the past. This will have a direct, negative impact on the commodity producers in Africa, but it will also offer new opportunities to restructure and transform African economies.

Countries that have become excessively reliant on natural resource exports will need to step up efforts to diversify their industrial and agricultural sectors, while a decline in fiscal revenues from the resource sector may force difficult choices in public spending. Policy measures to help raise the competitiveness of sectors that are suffering from import competition from China may also help SSA to respond well to the expected changes. The window of opportunity created by China's rebalancing will not remain open indefinitely, but a rational reform agenda to increase productivity in the tradable sector and enhance cooperation with the Chinese public and private sectors could greatly accelerate growth and enhance livelihoods in countries throughout SSA. This will require a clear shift in policy and institutions toward a pro-growth environment. The specific reforms may not be those that China undertook, but they should be comprehensive enough to demonstrate commitment to a pro-growth strategy. Despite political changes and exogenous shocks, Africa can become more competitive (Drummund and Liu, 2014).

The recent rise in labor costs and appreciation of the renminbi will reduce China's export competitiveness, at least in the near term, and benefit low-cost developing countries. African countries have a unique opportunity to attract strategic, job-creating investments from foreign investors, including China. For this to happen, countries in SSA need to develop a supportive policy framework to (a) lower transport costs, (b) eliminate formal and informal barriers that undermine investments in regional processing activity, (c) increase the flexibility of labor markets, and (d) ensure effective competition policies. There is a need to build on successful experiences,

and through that, many African governments are building effective partnerships with China Brautigam (2010).

Brautigam (2010) said that most people think of foreign aid as money given by one government to another to promote economic and social development, with military aid a separate adjunct of this government-to-government policy. Yet huge amounts of money flow for other reasons. A lot of Chinese activities in Africa are essentially business transactions. Some were bids by Chinese enterprises in response to contract tenders. Others involved the formation of business joint ventures between African and Chinese enterprises. Some were the creation of new or expanded Chinese-owned businesses in Africa. Others were Chinese purchases of stocks or bonds in African companies Some were Chinese enterprises that were invited to manage African public sector facilities such as power stations, railroads or communication systems. All of these business ventures had political or social dimensions, but they remained essentially that - business ventures.

Africa had well-known infrastructure deficiencies, but in recent years' infrastructure financing has expanded and helped many African countries begin to rectify these deficiencies. However, Chinese financing of infrastructure has also enabled Chinese construction companies to gain a firm foothold on the continent. Evidence suggests that Chinese companies has become highly competitive, crowding out African construction companies. This was an area where a tradeoff seemed to exist between, on the one hand, getting projects completed quickly and cheaply and, on the other, facilitating the long-term development of a local construction industry (Thornton, 2016).

2.1.2 The Challenges of China – Zambia Foreign Direct Investment

The surge in Chinese involvement was relatively recent, so one simple objective is to marshal evidence about the scale of China's trade, investment, and migration. Beyond that was the question of whether China's involvement in Zambia was helpful to the other economic partners (Thornton, 2016).

In 2000, an initial and preliminary effort to determine the magnitude, source, direction, and stability of foreign private capital flows and investor perceptions was undertaken in Zambia. Subsequently, a more widespread effort to monitor foreign private capital flows and investor perceptions was jointly undertaken in 2002 by the Bank of Zambia (BOZ), the Central Statistics

Office (CSO), and the Zambia Development (ZDA), covering the calendar year 2001. This was followed by a subsequent survey in 2008.

The problems facing Chinese investors in Zambia are not only limited to MNCs, but small-scale investors also encounter significant obstacles. While Chinese investment in Zambia's mining, textile, and manufacturing sectors has undoubtedly facilitated the development of the Zambian economy, investments made in areas such as large-scale farming, construction and trade have curtailed the success of local businessmen. For example, the Kamwala market in Lusaka has been leased to Chinese management for 65 years, bringing local traders into direct competition with their Chinese counterparts.

Mwenya (2018) discovered that some possible reasons for the Chinese firms' reluctance to engage in joint ventures with Zambian firms may include concerns about the quality of local partners, a lack of trust, differences in business practices and cultures, and the perceived difficulty of navigating the local regulatory environment.

Another critical issue involves Chinese investment in the Zambian agricultural sector. There are several Chinese-owned farms in Zambia which have generated large sums of money during the last several years. However, according to Professor Obed Lungu of the University of Zambia, 'what Zambian people need are not Chinese farms, but the transfer of technology, especially suitable to the small-scale farms, which account for 70% of Zambia's farms' (Pengtao, 2010).

On the one hand, the creation of Special Economic Zones (SEZs) in Africa from 2006, such as the Zambia-China Economic and Trade Cooperation Zone, reportedly attracted over US$600 million and 'created employment opportunities for more than 6,000 Africans in the mining, engineering, and construction sectors. However, as is often the case, jobs paid minimum wage (or less) with poor working conditions (Hanauer and Morris, 2014: 39).

2.1.3 Foreign Resource Inflows

Foreign direct investments in terms of stock, the total foreign private capital stock stood at US $8,549.7 million in 2007 from US $6,344.5 million recorded in 2006, of which FDI accounted for 88.9 percent, followed by private borrowing from non-affiliates (9.9 percent) and portfolio investment (1.2 percent). Foreign Direct Investment inflows in 2007 were largely in the form of reinvested earnings which accounted for 58.6 percent of total FDI inflows. The major sources of

FDI inflows in 2007 were Australia, Canada, India, Switzerland, the United Kingdom (UK), South Africa, and Bermuda.

A sectoral analysis showed that FDI inflows in Zambia were largely concentrated in the mining sector, accounting for 59.0 %, followed by the bank and non-bank financial institutions, manufacturing, wholesale and retail trade, and transport and communication sectors. Foreign Direct Investment inflows in the mining sector largely emanated from Australia, Canada, Switzerland, India, and the Netherlands. On a sectoral basis, inflows into the bank and non-bank financial institutions were mainly from the United Kingdom, the manufacturing sector from the Republic of South Africa and France, wholesale and retail trade from Switzerland and Mauritius, and transport and communication from the Republic of South Africa, Saudi Arabia, and Isle of Man (Brautigam, 2010).

The Forum on China-Africa Cooperation (FOCAC) created new opportunities and challenges in the country's development effort. The opportunity was tapping into China's experience in acquiring technology and financial resources, which were needed to measure up the country's developmental effort and how the country was rapidly moving towards the achievement of the Millennium Development Goals. The challenge lay in how to regulate Chinese interests in the country to the mutual benefit of both China and Zambia, without endangering the country's social-cultural heritage and environment. However, there was great concern that Zambia may fold its arms, sit back and watch this opportunity slide away.

According to Brautigam (2010), the increasing Chinese FDI in Africa could enhance the attainment of Africa's development agenda, but there are potential risks which ought to be guarded against. China's incessant demand for raw materials may undo Africa's efforts at economic diversification, leaving African countries as enclaves for raw materials, facing limited opportunities for sustained development. The problem of Chinese enterprises in Africa importing labor from their homeland, and limited linkages with local firms, may pose negative effects on the local economy.

In cases where local sources of labor are utilized, it had been observed that this tended to be only at a limited scale. There was little capacity development and hardly any opportunities for technology transfer or skills transfer. However, Chinese investment provided an additional source of investment capital at a time when aid alone was unable to address unemployment, poverty

alleviation and generate a significant multiplier effect through the local economy by way of sourcing and provision of local management expertise and technology transfer. China provided both. It offered training to many African professionals under its commitment to training Africa's emergent workforce. Machinery, electronic equipment, and high-tech products have been exported to Africa (Brautigam, 2010).

It is argued that Chinese FDI may be received at the expense of civil liberties as they tended to deal directly with Governments, irrespective of their democratic credentials, and had, in the worst cases, been accused of supporting the dictatorial government's administration. Brautigam gently pointed out that most of the sins of omission and commission in Africa were committed by African governments themselves. If China – and others – were accused of propping up tyrants and encouraging corruption, it must be admitted that there were all too many tyrants and plenty of native corruption to go around. The worst that could be said was that corruption was so virulent in China itself that one must feel that the great bulk of deals between Africans and Chinese would be badly bent in some way. Further, it has been argued that Chinese firms often disregarded local labor and environmental considerations (Brautigam, 2010).

There were many Chinese workers in Africa; the total was disproportionately high when compared to the amount of financing that China had provided and compared to migrants from other continents. This was a tentative conclusion because the data on this issue are particularly weak. But estimates of Chinese migrants in Africa exceeded one million. Many migrants initially moved to Africa as workers on Chinese projects in infrastructure and mining and then, perceiving good economic opportunities, stayed on. Similar to the dilemma confronting the continent's construction industry, African countries faced a tradeoff here: Chinese workers bring skills and entrepreneurship, but their large numbers limit African workers' opportunities for jobs and training. The popular notion that Chinese companies only employ Chinese workers was not accurate, but the overall number of Chinese workers in Africa was large, and it was not clear that all of these workers were on the continent legally (Thornton, 2016).

The lack of transparency in Chinese investment/economic co-operation packages fueled suspicion. Commenting on a $9 billion loan package, a Congolese opposition leader observed, "It was incoherent and unbalanced, forcing us to sell off our national heritage to the detriment of several generations. It could not, be accepted in its current state without being entirely reviewed and

submitted to international consultants". The muddiness of Chinese deals raised concern over bidding processes, environmental impacts, overall debt, and fiscal policy effects on African countries. The playing field in regard to other FDIs was not at the same level, as Chinese companies enjoyed political and financial backing from Beijing (plus cheap labour and technology).

Brautigam (2010) identified many Chinese enterprises by name. They may be called "companies" or "corporations" or "groups", but in fact, they were mostly state-owned and/or controlled enterprises under the direct and demanding control of the Chinese government and Chinese Communist Party. There were possible risks for sustainable development (resource exploration and environmental impact), due to low Chinese standards and local poorly imposed investment laws and regulations.

Naidu and Davies (2006) critically examined China's acquisition and investment in Africa's natural resource sector and the short to medium-term political, economic, social, and environmental implications. The main findings were that China's engagement with Africa was full of contradictions. For example, African producers have been marginalized and displaced from the market because of the influx of Chinese goods. At the same time, as consumers, these same individuals have gained because of the affordability of Chinese goods. However, as China entrenched itself in the production of high-tech goods, these same consumers would not be able to afford to purchase such goods as their livelihoods would be eroded by Chinese goods.

Through China's investment in Africa and the acquisition of key energy and commodity assets, it sought to leverage its investment to extract itself from international commodity market pricing. China's long-term strategy was to secure commodity assets at source, thus bypassing international market pricing. It even considered establishing its own commodity exchanges. Thus, the price that China paid for specific commodities would be negotiated at the source with recipient governments rather than the price determined by the "market". This was the underlying factor of China's strategic engagement with African commodity and energy-endowed economies (Naidu and Davies, 2008).

China's foray into Africa's natural resource sector would continue to expand in the medium term. Since China was strategically excluded from the Middle East region for its energy needs, Africa was rapidly becoming China's commercial sphere of influence. The US invasion of Iraq may also

have pushed the Chinese government to accelerate its acquisition of African energy assets. China now obtained roughly a third of its energy imports from the African continent (Naidu and Davies, 2008).

Chinese state-owned enterprises, which were answerable to political stakeholders rather than private shareholders, enjoyed a comparative advantage over foreign multinationals when investing in African economies because of the strong no-strings-attached, political relations fostered by their government. In order to achieve sustained high economic growth, poverty reduction, and the achievement of the Millennium Development Goals, the Zambian authorities identified priority sectors, which were a target for attracting foreign investment (Xinhua, 2010). Priority areas differed with some overlaps, depending on which government agency you were looking at. The Ministry of Finance and National Development, in the Fifth National Development Plan, identified the following sectors as a priority: Agriculture, Manufacturing, Infrastructure, Education, Health, Water and Sanitation, and Public Order and Safety. On the other hand, the Zambia Development Agency identified priority sectors as Agriculture, Manufacturing, Electricity, and Education, while the Immigration Department identified the priority sectors as Agriculture, Mining, Manufacturing, Infrastructure, and Tourism (Xinhua, 2010).

While there were overlaps and distinctive differences in the identification of priority areas by the different agencies of government, one would have expected at the very least, harmony in the identification of the sectors as they had implications in the award of incentives and immigration requirements. What was of much significance was that all these priority areas and more were in tandem with the China Africa Policy Paper and, therefore, not contrary to Zambia and Chinese interests.

A person qualified to be an investor by holding an investment permit. The Investment permit fees were increased from US$50,000 to US$250,000 in December 2006. An action that helped to stop the multiplying of petty investors. Immigration regulations required that an investor invested a minimum of US$250,000 and employed a minimum of 200 people, and hold an employment permit or resident permit. Moreover, the investor was entitled to be granted up to at most five work permits for expatriate employees, provided such persons held managerial and technical positions. Chinese investment was welcomed by the previous Zambian government. However, some fears have since emerged in some circles (Chanda, 2020).

The major ones are poor conditions of service accorded to local employees, lack of adherence to safety regulations at places of work, disregard of labor laws/regulations, and lack of environmental considerations. Moreover, concerns were voiced regarding the multiplying of Chinese casual workers and Chinese investors who turned out to be petty traders, thereby displacing Zambians who were active in those areas.

An interview with one of the Chinese investors revealed that while there may be some cases that revealed appalling conditions for local labor, this could not be generalized to all Chinese investments. The Chinese found the salaries demanded by Zambian laborers to be high, and by their experience, some segments of the local labor did not understand work or had a bad attitude towards work. Moreover, they did not find problems with Zambian regulations. On the contrary they found the investment climate in Zambia to be very good and the Zambian people to be very friendly.

The total magnitude of Chinese investment and its contribution to the gross domestic product and employment creation was not yet known. What was a known fact was that the Zambia Investment Centre, (now part of the Zambia Development Agency (ZDA) statistics showed significant investment from China. Foreign Direct Investment (FDI) pledges amounted to US$378 million across all sectors, with manufacturing accounting for 60%. Recent data from ZDA show that in 2007, the total pledged FDI amounted to US$2,702 million, of which China accounted for US$1,270, representing 47%. On the basis of 2007 pledges, Chinese investment was the highest, accounting for 52% of the investment in the manufacturing sector, 55% in the telecommunication sector, and 50% in the mining sector. An examination of the BOZ and ZDA figures showed that about 30% of the pledged investment got realized. Overall, Chinese engagement in Zambia covered the following sectors in line with China Africa Policy Paper: Agriculture, Mining, Manufacturing, Construction Communication and Transport, and Health.

This investment was also in line with China's new policy on Africa and China's expression of solidarity and commercial interests. China supported over 35 projects in Zambia. China's relations with and role in Africa have no doubt come under scrutiny and have been met with scepticism from the traditional world order. It is too soon to tell if there will be negative long-term consequences, which there very well might be – for Africa or the world in general. But at present, China is bringing an alternative approach to the table and the possibility for a shift in the way

external powers engage with economically underdeveloped countries. Indeed, the continent's rich natural resources are coveted by China, as they were by Western imperial powers. Wariness of Chinese resource extraction is expected, as mineral mining in Africa has been the source of egregious human rights violations for decades (Buckley, 2007).

2.2 Theoretical Framework

2.2.1 Overview of the Knowledge Spillover Theory of Entrepreneurship

The theoretical framework of the study hinges on the Knowledge Spillover Theory of Entrepreneurship (KSTE) as advanced by Audretsch (1995) and later developed by a variety of scholars from fields spanning various disciplines of study. Chinese investments are in this study investigated as being potential sources of knowledge spillover that will result in the acquisition of skills and ideas that indigenous Zambians can use to start new ventures.The theory will help us understand if this is the case.

Over the past decade, the KSTE has evolved into a broad field of research that encompasses aspects of economics, entrepreneurship, and management. But in its most basic rendition, the KTSE posits that the creation of a new venture is a response to knowledge generated but not commercially exploited by incumbent firms and research institutions. This line of thought is based on the view that incumbent firms are often unable or unwilling to recognize the potential value of these opportunities because they would rather not implement new products or processes that are not consistent with their core competencies and technological trajectories (Ghio,Guerini, Lehmann and Lamastra, 2014). It is this new knowledge, which is assumed to spill over from the incumbent firms that have not commercialised it, that is then leveraged upon by perspective entrepreneurs to create a new venture.

Prior to the consolidation of the theory, Audretsch argued (1995) that economic growth and technological progress are not only based on the efforts of large and incumbent firms, as proposed by policymakers and the academic mainstream at that time, but also due to SMEs and entrepreneurial ventures. This line of thought which views entrepreneurship as a channel through which new knowledge is commercialized is grounded in the works of Schumpeter (1934) who recognized the importance of the entrepreneur as a contributor to economic development through his or her exploitation of opportunities. Schumpeter, however, ignored the aspect of where

opportunities come from. Romer (1990), whose work has focused on long-term economic growth, recognised the role of knowledge as the primary source of technological and commercial opportunities and, ultimately, of economic growth, but he ignored the entrepreneur.

In essence, therefore, the KSTE is centred on the premise that by saving as a conduit for knowledge spillover, entrepreneurship is the missing link between investments in new knowledge and economic growth. We can put the theory in the context of our study. Given that Chinese investments bring with them new knowledge, which is a result of investments in knowledge back in China, we then assume that this knowledge benefits not only these firms but also creates opportunities for third-party firms. These third-party firms are usually new ventures that capitalise on the knowledge from the incumbent firm. Thus in this case, the creation of new knowledge (in China) leads to new opportunities (in Zambia) through knowledge spillovers. In this way, the KSTE somewhat explains the relationship between entrepreneurship and economic growth because it is through entrepreneurship that these spillovers are commercialized. The sections that follow explain how the KSTE ties in entrepreneurship, business linkages, and absorptive capacity to explain how new knowledge contributes to new venture formation (Romer, 1990).

2.2.2 Cultural Relativism

As the general aim of the thesis was not to judge any approach over another, the notions of cultural relativism served as a point of departure and logical frame throughout the thesis. Furthermore, it would only be referred to actively in a minor degree in the analysis, contrary to the other theoretical concepts.

The concept of cultural relativism was derived from the study of anthropology, where it was a widely accepted term aimed at observing cultures with as neutral a point of view as possible in order for the observed culture to be understood for their own value and not from the observer´s cultural references (Glazer, 1994).

At the heart of the cultural relativism concept is the belief that no cultural approach is superior to another when it comes to morals, politics, or law. Therefore, all cultures are believed to be equally valid, depending on their specific cultural environment. For this reason, it rejects any judgments, as the belief is that there are no values that can be considered true for all the different cultures and by which different cultures can be judged. Morals, aesthetics, beliefs, and other aspects are

culturally dependent. As a result, what is deemed good in one cultural context, might be considered bad in another (Glazer, 1994). To put it differently, “truth is just a product of localized beliefs whose origin should be sought in their cultural context” (Norris,1996).

As the quotation shows, culture is considered relative and can only be judged in its own specific context. There however, there is some criticism towards this idea, with the argument enquiring whether it is possible to understand a culture without making use of one´s own situation.

2.2.3 Structural Realism

At the heart of structural realism is the perception that no authority is above the great powers. In addition, there are no guarantees that one great power will refrain from attacking another. Hence it is in each great power´s interest to be as powerful as possible in order to be able to protect itself from a potential attack. Mearsheimer(2007:72), used the analogy of an iron cage in describing the power relations between great nations as they are forced to fight each other for power in order to survive. Furthermore, structural realists do not consider cultural differences to be of any importance, as states are considered to react the same way as they are driven by the same incentives.

They also consider differences in regime type to be of little importance. In short, they consider states to be “black boxes”, in the sense that they are regarded as similar, except for some minor differences in power status. This aspect made it beneficial in terms of analyzing nations, as they were all perceived to want the same thing and thus reacted the same way.

States are considered to have two kinds of power. The first is concerned with military power and the weapons they possess. Second is a latent kind of power, focused on the socio-economic factors that it takes to establish military power. The latter power takes the size of a state´s population, wealth, technology, resources, etc., into consideration, as they all are factors required to build up a strong military force. The latter approach has the potential to become a military threat to other powers, even when the power is still unrealized. From the above mentioned, it seems clear that there are other ways for a state to obtain power than by military means, which China has proven within the last decades. This is with a special reference to the economic growth and size of its population, as indicated by Mearsheimer.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research methodology that guides the study. It includes; the research design, research approach, study area, target population, sample size, sampling techniques and data collection techniques, data analysis as well as ethical considerations.

3.1 Research Design

Research design is defined as a detailed outline of how the research will be carried out to address the research problem (Yin, 2013). The philosophical notion that supports this study is pragmatism which informs a mixed research method the study was used. Pragmatism offers an opportunity to use both quantitative and qualitative approaches when doing research. It is all-inclusive, problem-specific, and uses mixed approaches to acquire knowledge about the problem (Hall & Greene, 2010).

3.2 Study Population.

The study targeted the following: University of Zambia (UNZA), The Zambia Public Procurements Authority (ZPPA), Zambia National Broadcasting Corporation (ZNBC) and the Ministry of Mines, Chinese-owned businesses (AVIC-International) and non-owned Chinese businesses operating across a wide spectrum of sectors.

3.3 Site of the study

This study was conducted in Lusaka and Copperbelt provinces of Zambia.

3.4 Sample Size

The study's sample size was sixty (60) respondents. These respondents encompass both from owned Chinese businesses (25) and non-owned Chinese businesses (25), The University of Zambia (UNZA) (3), The Zambia Public Procurements Authority (ZPPA) (2), Zambia National Broadcasting Corporation (ZNBC) (3) and the Ministry of Mines (2).

Table 1: Sample size

STUDY UNITS	SAMPLE
Ministry of Mines Staff	**2**
The Zambia Public Procurements Authority (ZPPA)	**2**
The University of Zambia	**3**
Zambia National Broadcasting Corporation (ZNBC	**3**
Owned Chinese businesses	**25**
Non-owned Chinese businesses	**25**
Total	**60**

3.5 Sampling techniques

Kothari, (2011) defines sampling as a selection of a few items or elements from the research population, which becomes the basis for estimating the prevalence of a measured variable in the study. Stratified Random sampling was used to identify Chinese businesses that would take part in the study. The sub-sectors of the Lusaka and Copperbelt's economy was used as strata from which businesses was randomly sampled. These sectors include Construction, Manufacturing, and Retailing.

3.6 Data Collection Tools

The study used semi-structured questionnaires for the purposes of achieving the study objectives. Both primary and secondary sources will be used to collect data. The primary sources of information were interviews, whereas secondary information came largely from archival records, documentation, direct observations, and respondent observation. The research was conducted to acquire key information from owned Chinese businesses and non-owned Chinese businesses, The University of Zambia, The Zambia Public Procurements Authority (ZPPA), Zambia National Broadcasting Corporation (ZNBC), and the Ministry of Mines.

3.7 Reliability and Validity

Reliability in this study guaranteed the following actions: Consultation with the supervisor translating and editing the questionnaire, verifying of complete questionnaires, Interview guilds, pre-testing questionnaire, as well as correcting before the final data collection process is done. Validity was guaranteed through the method of data collection instrument that were developed and appraised in the field.

3.8 Data Analysis

The study will use both qualitative and quantitative data. Qualitative data involved analyzing non-numerical data, such as interviews, to identify themes and patterns in the data (thematically) whilst quantitative data entered and coded in Microsoft Excel 2016 version and later exported to be analysed in Statistical Package for Social Sciences (SPSS) version 22.

3.9 Ethical Consideration

Ethical consideration is described as ethics which are codes of conduct in the carrying out of the research in order to produce systematic and verifiable knowledge (Wehmeier, 2011). The study considered several ethical issues that were acknowledged and addressed before the research was implemented. Ethical considerations was taken care of, such as the participants' informed consent, anonymity, confidentiality, and privacy. In addition, written approvals was obtained from the school as well as from different authorities.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

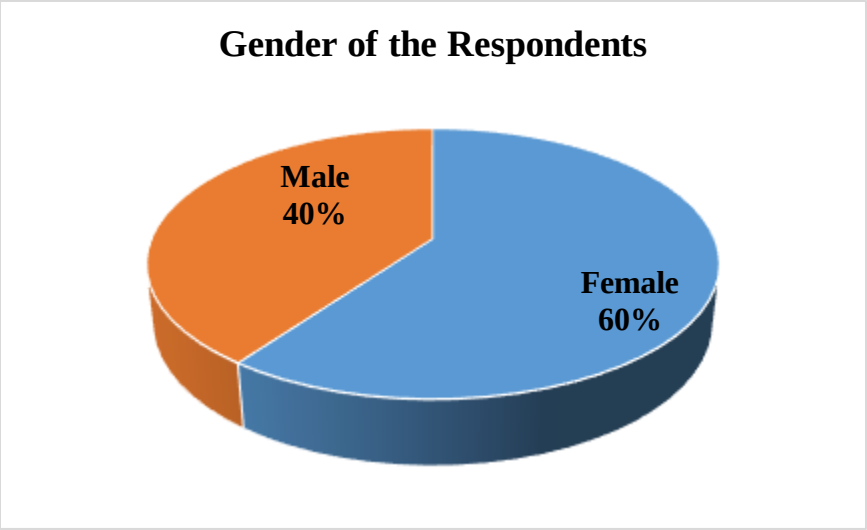
4.0 Introduction

This section presented data, analysis and interpretation of the data collected from the respondents on the Chinese system of investment on the African development, case study of Zambia.

4.1.1 Gender of the Respondents

The results in figure 3 below presents the gender of the respondents. The majority 60% (n=30) of the respondents were females whereas the least 40% (n=20) were male. This implies that the majority were females.

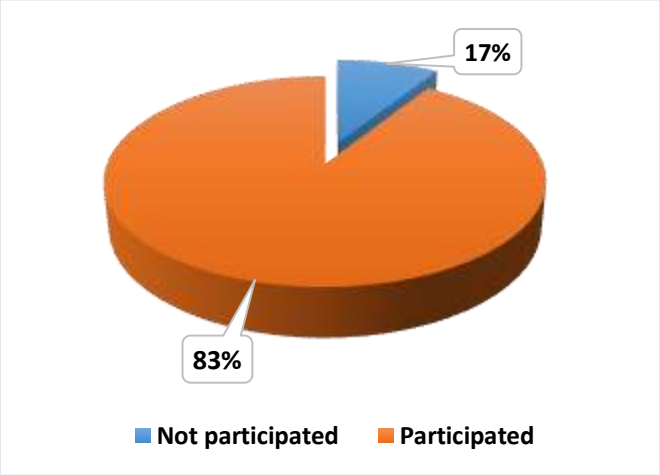
Figure 1: Percent Distribution of Respondents by Gender



4.1 Response rate

The response rate for the study indicated to be 83% (n=50). This entails that of the 60 targeted participants for the study, only 50 respondents participated in this study and the findings were analysed.

Figure 2: Response rate



4.1.2 Age of Respondents

Table 2 shows the respondents' age that were interviewd. The results show that, 50% (n=25) of the respondents were in the age group 20-30, followed by 38% (n=19) of the respondents in age group of 31-40 years. Additionally, 7% (n=4) were in age group 41-50 years old whilst the least 3% (n=2) were in age group above 50. This study entails that most of the respondents were between 20 and 30 years.

Table 2: Distribution of Respondents by Age

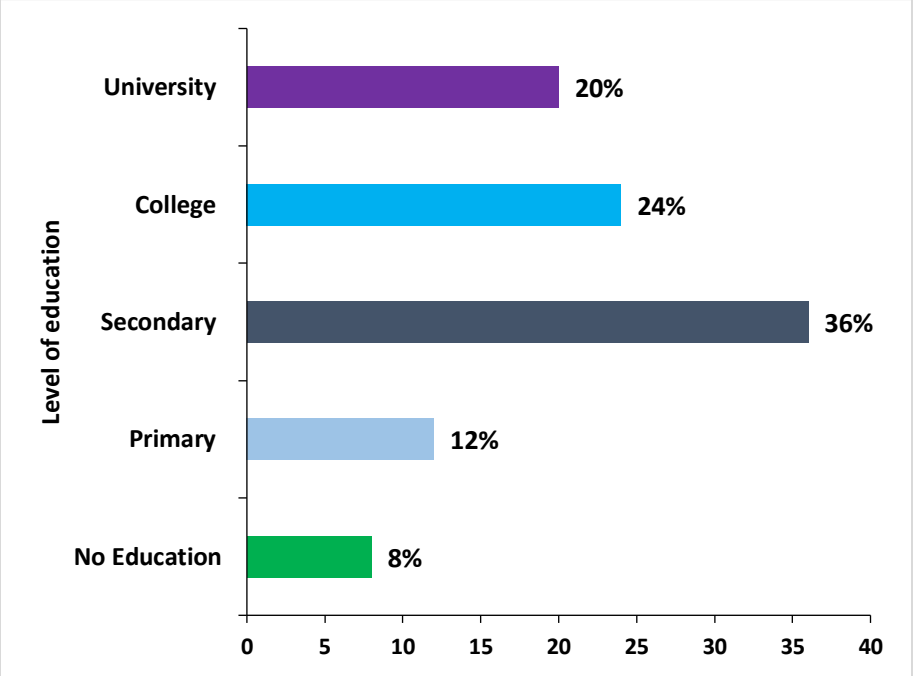
Age (Years)	Frequency	Percent
20-30	25	50
31-40	19	38
41-50	4	7
Above 50	2	3
Total	**50**	**100**

4.1.3 Level of Education

Figure 4 shows the level of education of the respondents. The results show that most of the respondents indicated that 36% (n=18) they had secondary education, followed by 24% (n=12) of

the respondents indicated to have collage education , 20% (n=10) of the respondents had primary education, 12% (n=6) reported to have acquired primary education. Additionally, 8% (n=4) of the respondents indicated to have no education.

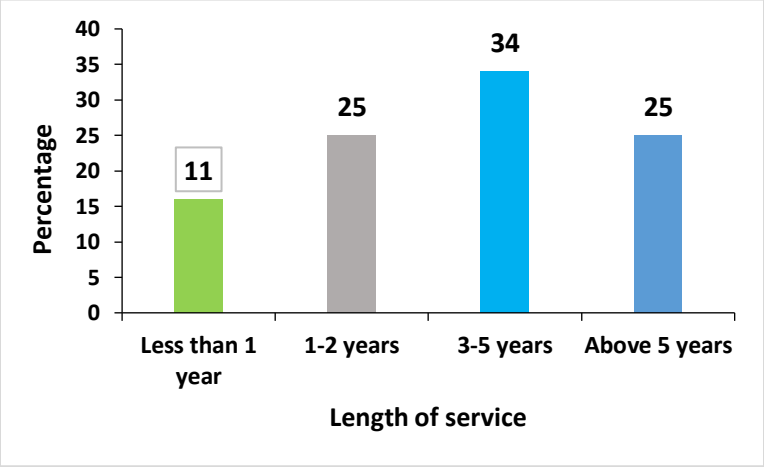
Figure 3: Percent distribution of respondents by level of education



4.1.4 Length of Service

The majority of the respondents were between 3-5years (39%, n=21), followed by those for 1-2years and above 5years in each case (25%, n=13) whereas the least were in service for less than a year (11%, n=6). This implies that the research had respondents from different Chinese businesses and non-owned Chinese businesses, The University of Zambia, The Zambia Public Procurements Authority, and the Ministry of Mines with majority working more that 3 years.

Figure 4: Respondents' years of sevice



4.2 Sectors that Chinese businesses are operating in within Lusaka and Copperbelt Province

Chinese businesses are involved in a wide range of sectors in Lusaka and Copperbelt regions in Zambia, including. However respondents were asked mention the sectors in which the Chinese are venturing into. The following were their responses;

" Oh yeah the Chinese companies have invested heavily in the mining industry in Zambia, particularly in the Copperbelt region. Some of the companies operating in this sector include China Nonferrous Metal Mining Group, China Copper Mines, and Chambishi Metals".

"Manufacturing: Chinese companies have set up manufacturing plants in Zambia, producing a range of products including textiles, plastics, and steel. Some of the companies operating in this sector include Makeni Ecotech, Lusaka Textiles, and Copperbelt Energy Corporation".

"Construction: Chinese companies have been involved in a number of construction projects in Zambia, including building roads, bridges, and public buildings. Some of the companies operating in this sector include China Henan International Cooperation Group, China Civil Engineering Construction Corporation, and Sinohydro Corporation".

Respondentsnts 1, 2, 3, 4 and 5

"Also in Agriculture: Chinese companies have also invested in agriculture in Zambia, particularly in the production of crops such as maize and soya beans. Some of the companies operating in this

sector include China National Complete Plant Import and Export Corporation and China Jiangsu International Economic and Technical Cooperation Corporation".

Respondents 5.

"Retail and wholesale: Chinese companies are involved in retail and wholesale businesses in Zambia, including selling goods such as electronics, clothing, and household goods. Some of the companies operating in this sector include Lucky Seven General Dealers and Grandview International".

Hospitality: Chinese companies have also invested in the hospitality industry in Zambia, including setting up hotels and restaurants. Some of the companies operating in this sector include the Radisson Blu Hotel in Lusaka and the Protea Hotel in Ndola.

Respondentsnts 6 and 9.

Based on the results above from the respondents, it clear to state that Chinese are venturing almost into business thus rnging from Mining, wholesale and retail, construction and more of construction and manufacturing.

4.3 The sector mostly operated by a Chinese owned company or firm

The respondents from the chinese owned companies' area of operations. Most (11, n=44%) of the respondents indicated that the most area of operation by Chinese companies is in constructions, followed by Agriculture (24%, n=5), and manufacturer (20%, n=5). Additionally, the least (3, n=12) respondents indicated that the Chinese are into retail and wholesales. The results depict that Chinese are mostly in many sectors of the economy of Zambia. The majority of them noted that they will continue their activity in Zambia as the environment is conducive for business. Out of all companies indicated to have been dealing with retail and wholesale, more than 50% of retail industry selling ready made goods from china, for instance the good sold in China Malls throughout the country.

Table 3: Sector are you operating in

Retailing and Wholesale	Manufacturing	Construction	Agriculture
3 (12%)	5 (20%)	11 (44%)	6 (24%)

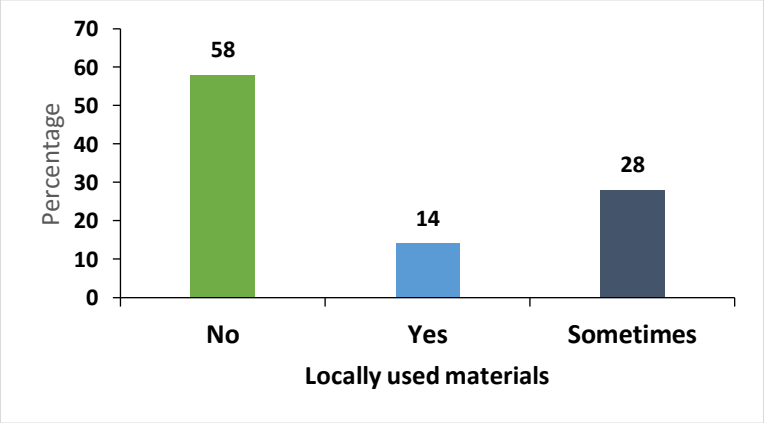
"Despite the Chinese firms wanting to operate in Zambia, it is inquisitive to note that most of the Chinese firms do not prefer to work in a joint venture with Zambian firms, while the majority of the Zambian firms would like to engage with Chinese in joint venture".

UNZA lecturer

Overall, Chinese businesses have a significant presence in various sectors in Lusaka and Copperbelt, and their investment and operations have contributed to the economic development of these regions. Respondents were asked if the do use locally produced materials for construction

Overall, producing construction materials locally can have several benefits, including cost savings, job creation, local supply chain development, environmental benefits, and cultural integration. This can help to promote sustainable and inclusive economic development in the countries where Chinese businesses are operating. However, most (58%, n=29) of the respondents indicated that they do not use locally raw materials, others (28%, n=14) indicated to partly/sometimes use the materials produced locally whilst 14% (n=7) of the respondents do use locally available raw materials for their business. All (100%) of the chinese businesses and non-Chinese companies sampled do pay some form of taxes to the Zambian Government.

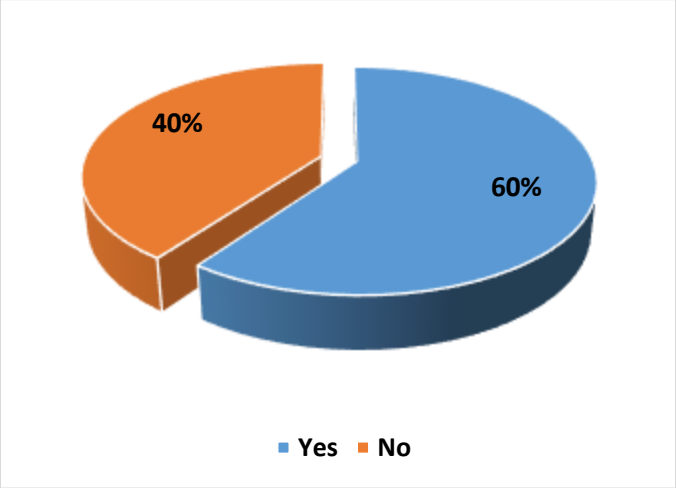
Figure 5: Use of local raw materials/products



4.4 Contributions that the Chinese businesses made to the economy

The majority of these firms also believe that they do contribute in terms of employment creation and technological transfer, as well as skills development. The results show that 60% (n=30) of the respondents belived that the Chinese have trained citizens in technological aspects and have benefited while 40% (n=20) of them indicated that the Chinese have not contributed much to the economy of both Lusaka and Copperbelt province.

Figure 6: Chinese contributes to the Economy



Corporate social responsibility: Chinese businesses have also made significant contributions to the social and environmental development of the communities where they operate. This includes building schools (Such as Confucious at Unza) , hospitals, and community centers, providing access to clean water and sanitation, and supporting environmental conservation initiatives.

Respondents: ZNBC, ZPPA and Ministry of Mines.

" Infact, Chinese businesses have made significant contributions to the economic, social, and environmental development of the countries where they operate, and their investments have helped to stimulate economic growth, reduce poverty, and promote regional integration".

Unza Lecturer

"Economic development: Chinese businesses have invested heavily in the infrastructure, mining, manufacturing, and agriculture sectors in many developing countries, such as Zambia. These

investments have helped to create jobs, stimulate economic growth, and contribute to poverty reduction"

***Respondent:* *Ministry of Mines*.**

Some respondents may have different opinions on the contributions of Chinese businesses in the countries where they operate. Here are some of the reasons why some respondents may feel that Chinese businesses have not contributed much:

Lack of transparency: Some critics argue that Chinese businesses have not been transparent in their operations, particularly in the mining sector, where they have been accused of environmental degradation, human rights abuses, and exploitation of workers. This has led to concerns about the long-term sustainability of Chinese investments and their impact on local communities.

Respondent 8

Unfair trade practices: Some critics argue that Chinese businesses have engaged in unfair trade practices, such as dumping cheap goods, which has had a negative impact on local industries and jobs. This has led to tensions between Chinese businesses and local communities, who feel that they are being marginalized like of that in Kamwala market in Lusaka and also in Kitwe city that has seen an increase in Chinese businesses and investment in recent years .

"Limited local participation:Chinese businesses have not done enough to involve local communities in their operations, which has led to a lack of trust and understanding. This has made it difficult for Chinese businesses to gain social license to operate and has contributed to social unrest in some cases".

Respondent 1, 3 and 4

"Some Chinese businesses have focused on extracting resources and repatriating profits, rather than investing in local communities and promoting sustainable development. This has led to concerns about the long-term impact of Chinese investments on local economies and the environment".

" Chinese companies or firms are not really regulated by the government of the day as they have no say to the people of China as the country borrows huge monies from their country our for economic development. Hence, most of the decisions are being influenced by their republic.

Unza Lecturer.

4.5 Effects of Chinese investment on the local industry in Lusaka and Copperbelt provinces

Chinese investment in local industries can have both positive and negative effects, depending on the specific circumstances and how the investment is managed. The respondents had the following to say on the positive effect:

Job creation: Chinese investment can create jobs for local workers, which can lead to economic growth and poverty reduction.
Chinese FDI has recently experienced a substantial diversification into financial services, construction, and manufacturing among other in the country
Technology transfer: Chinese companies may bring new technologies and expertise that can help to modernize local industries and increase efficiency.
Infrastructure development: Chinese investment can also support the development of infrastructure such as roads, power stations, and telecommunication networks, which can benefit the local economy in the long run.
Export opportunities: Chinese investment may also provide access to new markets for local businesses and increase the country's export capacity.

The respondents had the following to say on the negative effects:

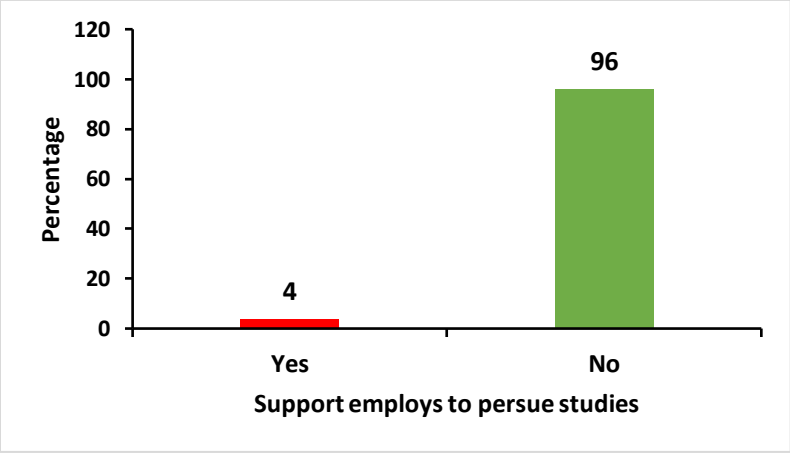
Dependency: Chinese investment can lead to a dependency on Chinese capital, which can undermine the country's economic sovereignty and leave it vulnerable to economic shocks.
Exploitation: Chinese companies may pay low wages and offer poor working conditions to local workers, which can lead to exploitation and human rights violations.
Environmental degradation: Chinese investment can also result in environmental degradation if environmental regulations are not enforced or if Chinese companies are not held accountable for their environmental impact be it Lusaka or Copperbelt.

State-led investment: Chinese investment in Zambia is largely driven by state-owned enterprises (SOEs) and the Chinese government. The Chinese government provides financial and political support for Chinese companies investing in Zambia, and often requires these companies to prioritize certain projects or sectors that align with China's strategic priorities.
Competition: Chinese investment may create competition for local businesses, particularly small and medium-sized enterprises, which may struggle to compete with large Chinese companies.

4.6 Employees are assisted financially to pursue further studies by Chinese firms

Some respondents were asked on whether some employees are provided an opportunity to persue their studies. It was clear from the data collected that majority (92%, n=23) of the Chinese businesses do not invest much in the local human resource a few (8%, n=2) of the businesses assist financially in the further studies of their employees.

Figure 7: The company supports the employees financially for studies



CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.0 Introduction

The discussion of the study is presented in this chapter. The discussion of the study is based on the effect of the Chinese system of investment on the African development, case study of Zambia.

5.1 Discussion of the findings

5.1.1 Background of the respondents

The response rate for the study indicated to be 83% (n=50). It was discovered that the most respondents interviewed were in the age group of 20-30 years, whilst the least 3% (n=2) were in age group above 50 years. It is cardinal to note that alteast majority of the respondents interviewed in this study had some form education with more majority having worked for more than three (3) years and study included respondents from different Chinese businesses and non-owned Chinese businesses, The University of Zambia, The Zambia Public Procurements Authority, and the Ministry of Mines with majority working more that 3 years.

5.1.2 Sectors that Chinese businesses are operating

The study dicovered that Chinese companies have heavily in the mining industry in Zambia, particularly in the Copperbelt region. Some of the companies operating in this sector include China Nonferrous Metal Mining Group, China Copper Mines, and Chambishi Metals". Furthermore, the Chinese have invested much in construction, agriculture and manufacturing where the Chinese have plants in Zambia, producing a range of products including textiles, plastics, and steel. The study also revealed that they have done more in construction. The study is in line with that of Bezuidenhout and Kleynhans (2018) that discovered unprecedented growth in China-Zambia relationship that saw surprisingly, Zambia depends on foreign investors to construct some permanent structures like the Confucius institutes at the University of Zambia, important in the areas of road construction, supply of manufactured goods from China.

Additionally, in line with these studies, Clark (2019) discovered that these Chinese companies have invested heavily in developing and expanding their operations in these two region, which has led to an increase in the production of copper and other minerals in Zambia.

The study further discovered that Chinese companies have also invested in agriculture in Zambia, particularly in the production of crops such as maize and soya beans. Some of the companies operating in this sector include China National Complete Plant Import and Export Corporation and China Jiangsu International Economic and Technical Cooperation Corporation".

It was discovered that despite the Chinese firms wanting to operate in Zambia, most of the Chinese firms do not prefer to work in a joint venture with Zambian firms, while the majority of the Zambian firms would like to engage with Chinese in joint venture. These finding are in line with that of Mwenya (2018) that discovered that some possible reasons for the Chinese firms' reluctance to engage in joint ventures with Zambian firms may include concerns about the quality of local partners, a lack of trust, differences in business practices and cultures, and the perceived difficulty of navigating the local regulatory environment.

5.1.3 Contributions of Chinese businesses to the economy of Zambia

The study revealed that Chinese businesses have also made significant contributions to the social and environmental development of the communities where they operate. This includes building schools (Such as Confucious at Unza) , hospitals, and community centers, providing access to clean water and sanitation, and supporting environmental conservation initiatives. It was discovered that Chinese investments has helped to stimulate economic growth, reduce poverty, and promote regional integration in Zambia. The fndings from Abdelghaffar et al, (2016) similarly showed that Chinese investment was the highest in Zambia recording 52%, where it covered the Agriculture, Mining, Manufacturing, Construction Communication and Transport, and Health sector. This investment also in line with China's new policy on Africa and China's expression of solidarity and commercial interests where China supported over 35 projects in Zambia and has the Chinese investment has facilitated the transfer of technology and skills to the local workforce. Chinese firms have provided training and skills development opportunities to local employees, which has improved their competitiveness in the job market.

Additionally, the study discovered that most (60%) of the respondents belived that the Chinese have trained citizens in technological aspects while 40% (n=20) of them indicated that the Chinese have contributed to the economy of both Lusaka and Copperbelt. This implies that more skills have been transferred especially in construction and manufacturing sector.

The study discovered that while Chinese investment in the mining sector has brought significant economic benefits to Zambia, through a sectoral analysis which showed that FDI inflows in Zambia were largely concentrated in the mining sector, accounting for 59.0 %, (Brautigam, 2010). Addionally, study also revealed that the creation of Special Economic Zones such as the Zambia-China Economic and Trade Cooperation Zone, reportedly attracted over US$600 million and this created employment opportunities for more than 6,000 in the mining, engineering, and construction sectors.

5.1.4 Effects of Chinese investment on the local Industry

The study discovered that both Chinese investment in local industries can have both positive and negative effects, depending on the specific circumstances and how the investment is managed. Among the positives, Chinese investment has created jobs for local workers, which can lead to economic growth and poverty reduction, Chinese FDI has recently experienced a substantial diversification into financial services, construction, and manufacturing, technology transfer, infrastructure development and export opportunities through providing access to new markets for local businesses and increase the country's export capacity. In line with these findings, International Growth Center (IGC, 2019) also discovered that the Chinese investment has contributed to poverty reduction in Zambia by providing jobs, improving infrastructure, and supporting economic growth. Additionally, the IGC discovered that the Chinese investment has contributed to a 0.5% reduction in poverty rates in Zambia.

These finding are in agreement to the studies done by Xinhua (2019) that discovered that Chinese firms in Zambia have created thousands of jobs for the local population. According to a study by the companies operating in Zambia have created over 80,000 jobs as of 2019 and that the Chinese investment in infrastructure projects such as roads, bridges, and power plants has improved the living standards of the people of Zambia. For instance, the construction of the Kafue Gorge Lower

hydropower station in Zambia, which was built by a Chinese firm, has increased the country's electricity supply by 750 MW.

The study on the other hand revealed some respondents felt that Chinese businesses have not contributed much: Some critics argue that Chinese businesses have engaged in unfair trade practices, such as dumping cheap goods, which has had a negative impact on local industries and jobs. This has led to tensions between Chinese businesses and local communities, who feel that they are being marginalized like of that in Kamwala market in Lusaka and also in Kitwe city that has seen an increase in Chinese businesses and investment in recent years. These findings were in disagreement with that of Naidu and Davies (2006) who critically examined China's acquisition and investment in Africa's natural resource sector and the short to medium-term political, economic, social, and environmental implications. The main findings were that China's engagement with Africa was full of contradictions. For example, African producers have been marginalized and displaced from the market because of the influx of Chinese goods. At the same time, as consumers, these same individuals have gained because of the affordability of Chinese goods.

The study equally revealed that majority (92%, n=23) of the Chinese businesses do not invest much in the local human resource, a few (8%, n=2) of the businesses assist financially in the further studies of their employees. This implies that most of the employees would be at the same firm without advancing with their education as most of them affirmed that they are not supported to go and do further studies despite staying at the firm for more than 3 years.

The study further discovered that the Chinese businesses have not done enough to involve local communities in their operations, which has led to a lack of trust and understanding. This has made it difficult for Chinese businesses to gain social license to operate and has contributed to social unrest in some cases. Some Chinese businesses have focused on extracting resources and repatriating profits, rather than investing in local communities and promoting sustainable development. This has led to concerns about the long-term impact of Chinese investments on local economies and the environment. These findings are in line with that of Mwenya (2018) that discovered that some possible reasons for the Chinese firms' reluctance to engage in joint ventures with Zambian firms may include concerns about the quality of local partners, a lack of trust,

differences in business practices and cultures, and the perceived difficulty of navigating the local regulatory environment.

Addionally most of the (58%, n=29) participants in Chineses business indicated that they do not use locally produced raw materials during construction works, others (28%, n=14) indicated to partly/sometimes use the materials produced locally whilst 14% (n=7) of the respondents do use locally available raw materials for their business. This implies that, since producing construction materials locally can have not been emphasised, several benefits, including cost savings, job creation, local supply chain development, environmental benefits are being missed out by the locals.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

The chapter brings out the conclusions of the study as well as the recommendations. The conclusion and the recommendations were purely based on the findings and the recommendations from the respondents in the study.

6.1 Conclusion

The Chinese businesses have contributed immensely to the economy of Lusaka and Copperbelt and indeed Zambia. There are areas that need improvement in order for Zambians to benefit much more than they are currently especially in employment benefits. However, Chinese investment in Zambia has been significant in recent years, with Chinese businesses operating in a wide range of sectors across the country. The study reveled that Chinese investment in local industries have proved to have a positive and negative effects to the economy, depending on the specific circumstances and how the investment is managed. Among the positives that were identified from the study were that Chinese investment has created jobs for local people which has lead to economic growth and poverty reduction, and that the Chinese FDI has recently experienced a substantial diversification into financial services, construction, agriculture and manufacturing, technology transfer, infrastructure development and export opportunities through providing access to new markets for local businesses and increase the country's export capacity.

On the other hand, the negative side relates to Chinese competitive threat to the infant but growing local firms. Chinese engagement in investment may also have a limited impact on investment policy because it has the ability to call upon the political mussel of the Chinese government whenever it needs that from the government of Zambia. Given the strong relation between the Zambian and Chinese government, this is not difficult to bear fruits by making the investment policies and rules to benefit Chinese firms. Chinese businesses have engaged in unfair trade practices, such as dumping cheap goods, which has had a negative impact on local industries and jobs and exploitation of workers.. This has led to tensions between Chinese businesses and local

communities, who feel that they are being marginalized and that the Chinese businesses have not done enough to involve local communities in their operations, which has led to a lack of trust and understanding.

6.2 Recommendations

The following recommendations were drawn from the conclusion:

- The study showed that there were both positive and negative impacts that emanate from Chinese investment in Zambia. This called for an appropriate policy direction and incentive schemes to benefit both countries from these economic relations. This must be regarded as the number one priority in this era of the business age if economic development.
- Government, in support of investment ought to educate the business sector and the general public on why China must be regarded as partners in economic development. This would in turn give stakeholders the confidence they deserve to contribute to the growth of the economy of Zambian.
- The study noted that managerial skill transfer as well as technology transfer is very important for Zambia firms. One way to do that is to engage in joint venture between Chinese and Zambian firms. Our study shows, however, that while the Zambian firms would like to see that, Chinese firms are not enthusiastic about it. This calls for an appropriate incentive scheme by the government that encourages such joint ventures.

REFERENCES

Adisu, K., Sharkey, T., & Okoroafo, S. C. (2010). The impact of Chinese investment in Africa. International Journal of Business and Management, 5(9), 3–9.

Akani, E. C. (2017). The politics of Beijing Consensus in Africa. European Journal of Social Sciences Studies, 2(3), 142–155. https://doi.org/10.5281/ZENODO.581788

Alden, C. (2012). China and Africa: a Distant Mirror of Latin America. Colombia Internacional (75), 19–47. https://doi.org/10.7440/colombint75.2012.02

Alden, C. (2019). Evolving Debates and Outlooks on China–Africa Economic Ties. In Arkebe Oqubay, A. and Yifu Lin, J. (Ed.), China–Africa and an Economic Transformation (pp. 84–97). Oxford University Press.

Alden, C., & Alves, A. C (2009). China and Africa's natural resources: The challenges and implications for development and governance. South African Institute of International Affairs(41).

Baah, A. Y., & Jauch, H. (2009). Chinese investments in Africa: A labour perspective. African Labour Research Network.

Bastholom, A. & Kragelund, P. (2009). State-driven Chinese investments in Zambia: Combining strategic interests and profits. In M. P. van Dijk (Ed.), The new presence of China in Africa (pp. 117–140). Amsterdam Univ. Press.

Begu, L., Vasilescu, M., Stanila, L., & Clodnitchi, R. (2018). China-Angola Investment Model. Sustainability, 10(8), 1–17. https://doi.org/10.3390/su10082936

Berthélemy, J. C. & Démurger, S. (2000). Foreign Direct Investment and Economic Growth: Theory and Application to China. Review of Development Economics, 4(2), 140–155.

Bezuidenhout, H., & Kleynhans, E. P. (2018). Modern trends in Chinese foreign direct investment in Africa: An OLI approach. Managing Global Transitions, 16(3), 279–300.

Blomström, M., Kokko, A., & Zejan, M. (2000). Foreign Direct Investment. Palgrave Macmillan. https://doi.org/10.1057/9780230598614

Borensztein, E., De Gregorio, J., & Lee, J. W. (1998). How does foreign direct investment affect economic growth? Journal of International Economics, 45(1), 115–135.

Brautigam D (2010), The Dragon's Gift: The Real Story of China in Africa, *Journal of the Washington Institute of China Studies, 2010, Vol. 5, No. 1, p65-69*

Bräutigam, D. (2009). The Dragon's Gift: The Real Story of China in Africa. Oxford University Press.

Brautigam, D. (2019). Chinese Loans and African Structural Transformation. In Arkebe Oqubay, A. and Yifu Lin, J. (Ed.), China–Africa and an Economic Transformation (pp. 129–146). Oxford University Press.

Brautigam, D., & Tang, X. (2014, November 1). *Going global in groups*: *China's special economic zones overseas*. World Development, 63, 78-91. http://dx.doi.org/10.1016/j.worlddev.2013.10.010.

Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H [Hinrich], & Zheng, P. (2007). The determinants of Chinese outward foreign direct investment. Journal of International Business Studies, 38(4), 499–518. https://doi.org/10.1057/palgrave.jibs.840027742

Chanda, M. M. (2020). Investigating Chinese Investment In Contributing To The Zambian Economy: A Case Study Of Chinese Investiments In Ndola Zambia. *The International Journal of Multi-Disciplinary Research.* ISSN: 3471-7102, ISBN: 978-9982-70-318-51

Chaponnière, J. R. (2009). Chinese aid to Africa, origins, forms and issues. In M. P. van Dijk (Ed.), The new presence of China in Africa (pp. 55–82). Amsterdam Univ. Press.

Chaudhry, S. (2009). China-Africa Economic Relations in the Post Mao era: Case study of Sudan.

Cornelissen, S. (2004). *Japan-Africa relations: Patterns and prospects.* In I. Taylor & P.

Davies, M., Edinger, H., Tay, N., & Naidu, S. (2008). How China Delivers Development Assistance to Africa. Centre for Chinese Studies.

Emmanuel, V. W. (2009). Chinese investments in Angola. In Baah, A. Y. & Jauch, H. (Ed.),.

Findlay, R. (1978). Relative backwardness, direct foreign investment, and the transfer of technology: a simple dynamic model. The Quarterly Journal of Economics, 92(1), 1–16.

Ford, T. C., Rork, J. C., & & Elmslie, B. T. (2008). Foreign direct investment, economic growth, and the human capital threshold: evidence from US states. Review of International Economics, 16(1), 96–113.

Forte, R., & Moura, R. (2013). The Effects of Foreign Direct Investment on the Host Country's Economic Growth: Theory and Empirical Evidence. The Singapore Economic Review, 58(3), 1–28.

Gimbernat Girgas, E. (2017). China's strategic partnership with Africa. A Case Study of the Sino-South African Relations. Universitat Autònoma de Barcelona.

Guilwe, T., & Mkhonta, S. (2009). Chinese investments in South Africa. In Baah, A. Y. & Jauch, H. (Ed.), Chinese investments in Africa: A labour perspective (300-332). African Labour Research Network.

Guliwe, T. (2009). An introduction to Chinese-African relations. In Baah, A. Y. & Jauch, H. (Ed.), Chinese investments in Africa: A labour perspective (pp. 16–34). African Labour Research Network.

Hanauer, L. and Morris, L. (2014). *Chinese Engagement in Africa: Drivers, Reactions and Implications for U.S Policy*. RAND.

He, W. (2006). Moving forward with the Time: The Evolution of China's African Policy.

John L. Thornton (2016), *China's Engagement with Africa – From Natural Resources to Human, Resources* China Center at Brookings 1(p8,9, 12, 13).

Kamwanga, J., Koyi, G., Funjika, P., & Bwalya, R. (2018). The Impact of China-Africa Investment Relations: The Case of Zambia.

Kurtishi-Kastrati, S. (2013). Impact of FDI on economic growth: An overview of the main theories of FDI and empirical research. European Scientific Journal, 9(7), 56–77.

Le Pere, G., & Shelton, G. (2001). The modernisation of the Chinese economy: New trends in state owned enterprise reform. IGD occasional paper: no. 30. Institute for Global Dialogue.

Mello, L. R. de (1997). Foreign direct investment in developing countries and growth: A selective survey. The Journal of Development Studies, 34(1), 1–34.

Mello, L. R. de (1999). Foreign direct investment-led growth: evidence from time series and panel data. Oxford Economic Papers, 51(1), 133–151.

Mencinger, J. (2003). Does Foreign Direct Investment Always Enhance Economic Growth? Kyklos, 56(4), 491–508.

Monson, J. (2008). Liberating Labour? Constructing Anti-Hegemony on the TAZARA Railway, 1965–1976. In C. Alden, D. Large & R. Soares de Oliveira (Ed.), China Returns to Africa: A Rising Power and a Continent Embrace (pp. 197–219).

Monson, J. (2009). Africa's Freedom Railway. Indiana University Press.

Mwenya, M. (2018). Joint Venture Partnership Strategies in the Chinese Construction Industry in Zambia. Journal of Economics and Sustainable Development, 9(22), 57-68.

Obi, C. (2019). The Changing Dynamics of Chinese Oil and Gas Engagements in Africa. In Arkebe Oqubay, A. and Yifu Lin, J. (Ed.), China–Africa and an Economic Transformation (pp. 173–191). Oxford University Press.

Oqubay, A. and Yifu Lin, J. (Ed.). (2019). China–Africa and an Economic Transformation. Oxford University Press.

Ozturk, I. (2007). Foreign direct investment-growth nexus: a review of the recent literature. International Journal of Applied Econometrics and Quantitative Studies, 4(2), 79–98.

Pengtao L (2010). The Myth and Reality of Chinese Investors: A Case Study of Chinese Investment in Zambia's Copper Industry, African perspectives. South African Institute of International Affairs: Johannesburg.

Pessoa, A. (2007). FDI and host country productivity: a review. FEP Working Papers(251).

Ram, R., & Zhang, K. H. (2002). Foreign direct investment and economic growth: Evidence from cross-country data for the 1990s. Economic Development and Cultural Change, 51(1), 205–215.

Rano, J. C. (2004). The Beijing consensus. Foreign Policy Centre.

Rugman, A. M., & Verbeke, A. (2004). A perspective on regional and global strategies of multinational enterprises. Journal of International Business Studies, 35(1), 3–18.

Sen, H. (1998). Different arguments for and against the role and impact of foreign direct investment on the development potentials of developing countries: an overview. Journal of Economics and Administrative Sciences, 13(1), 181–190.

Shinn, D. H. (2019). China–Africa Ties in Historical Context. In Arkebe Oqubay, A. and Yifu Lin, J. (Ed.), China–Africa and an Economic Transformation (pp. 61–83). Oxford University Press.

Shinn, D. H., & Eisenman, J. (2012). China and Africa: A Century of Engagement. University of Pennsylvania press.

Smith D (2019), *When China Sneezes the world catches a cold*, The Times (09/03/2023), https://www.thetimes.co.uk/article/when-china-sneezes-the-world-catches-a-cold-dv8mzp3x0

Strauss, J. C. (2009). The Past in the Present: Historical and Rhetorical Lineages in China's Relations with Africa. The China Quarterly, 199, 777–795. https://doi.org/10.1017/S0305741009990208

Sylwester, K. (2005). Foreign direct investment, growth and income inequality in less developed countries. International Review of Applied Economics, 19(3), 289–300.

Taylor, I. (1998). China's foreign policy towards Africa in the 1990s. The Journal of Modern African Studies, 36(3), 443–460. https://doi.org/10.1017/S0022278X98002857

Thiam,I. (2007) Unlocking the Potential of SMEs in Western Africa: A Path for Reform and Action Unpublished Master of Business Administration Thesis, Sloan School of Management, Massachusetts Institute of Technology, *Available online http://dspace.mit.edu/handle/1721.1/39534 Accessed 4th March, 2023*

van Dijk, M. P. (Ed.). (2009b). The new presence of China in Africa. Amsterdam Univ. Press.

Vissak, T. & Roolath, T. (2005). The Negative Impact of Foreign Direct Investment on the Estonian Economy. Problems of Economic Transition, 48(2), 43–66.

Voss, H [H.]. (2011). The determinants of Chinese outward direct investment. Edward Elgar Publishing.

Wang, B. (2019). The Impact of Chinese Foreign Investment on Industrialization of Angola. Universidade de Lisboa, Portugal.

Yeung, H. W., & Liu, W. (2008). Globalizing China: The Rise of Mainland Firms in the Global Economy. Eurasian Geography and Economics, 49(1), 57–86. https://doi.org/10.2747/1539-7216.49.1.57

Yuan Sun, I., Jayaram, K., & Kassiri, O. (2017). Dance of the lions and dragons: How are Africa and China engaging, and how will the partnership evolve?

Yueh, L. (2019). China's Economic Emergence and Implications for Africa. In Arkebe Oqubay, A. and Yifu Lin, J. (Ed.), China–Africa and an Economic Transformation (pp. 19–34). Oxford University Press.

Zhang, Y., & Roelfsema, H. (2014). Unravelling the complex motivations behind China's outward FDI. Journal of the Asia Pacific Economy, 19(1), 89–100. https://doi.org/10.1080/13547860.2013.803843

APPENDICES

Appendix I: Questionnaire

QUESTIONNAIRE

Date_____ **QID_____**

Dear respondent,

Gilbert Musonda is my name, a student at the University of Zambia pursuing Master of Science in Peace Leadership and Conflict Resolution. You are humbly requested to participate in the interviews on the Chinese system of investment on the African development, case study of Zambia, particularly in Lusaka and Copperbelt Province. Please be assured that any information provided in this questionnaire will be strictly treated as confidential and for this academic exercise only. Thank you for your cooperation.

INSTRUCTIONS

1. Please answer all the questions and if you are in doubt seek clarification from the interviewer
2. Tick the answer that expresses your view as shown [√]
3. You are required to write your own views on open-ended questions
4. Do not indicate your name on the questionnaire

SECTION A: BACKGROUND INFORMATION

1. What is your Sex?

Male [ ]

Female [ ]

2. What is your age at last birthday?

20-30 years [ ]
31-40 years [ ]
41-50 years [ ]
Above 50 years [ ]

3. What is the highest level of education obtained?

University [ ]

College [ ]

Secondary [ ]

Masters [ ]

No Education [ ]

4. How long have you been engaged in your sector or firm?

Less than 1 year [ ]

1-2 year [ ]

3-5years [ ]

Above 5 years [ ]

SECTION B:

5. What sectors are the Chinese businesses operating on the Lusaka and Copperbelt Province

Sector	**Yes**	**No**
Mining		
Construction		
Manufacturing		
Infrastructure		
Agriculture		
Wholesale		
Retail		
Other		

6. Do you use locally produced materials for construction

Yes [ ] No [ ]

7. Has the Chinese business contributed to the economy of Lusaka and Copperbelt province?

Yes [ ] No [ ]

8. If yes to question 7, what contributions has the Chinese businesses made to the economy?

_____
_____
_____
_____

9. How have you benefited from that?

_____
_____
_____

10. What effects of Chinese investment on the local industry in Lusaka and Copperbelt provinces

11. Has your firm/company sponsored or supported you or your colleague to pursue further studies

Yes [ ] No [ ]

12. What challenges do you face working with your firm/company??

_____
_____
_____

13. What measures needed to address the challenges of Chinese investment in the local industry in Lusaka and Copperbelt provinces.

THANK YOU

Appendix II: Interview Guide

1. What is your Sex?
2. What is your age at last birthday?
3. What is the highest level of education obtained?
4. How long have you been engaged in your sector or firm?
5. What sectors are the Chinese businesses operating?
6. How has Chinese investment affected the Zambian economy, in terms of job creation, GDP growth, and industrial development?
7. What are the social and environmental impacts of Chinese investment in Zambia, and how are they being addressed by Chinese businesses and the Zambian government?
8. How do Chinese businesses operating in Zambia engage with local communities, and what are the implications of their engagement for local development?
9. What are the challenges and opportunities for Zambian businesses to engage with Chinese businesses, and what are the implications for industrial development and diversification in Zambia?
10. How effective are Zambian government policies and regulations in managing Chinese investment, and what are the implications for governance and economic development?

Appendix III: Letter Approval

THE UNIVERSITY OF ZAMBIA
DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

Great East Road Campus | P.O. Box 32379 | Lusaka10101 | Tel: +260-211-290 258/291 777 **Fax:** (+260)-211-290 258/253 952 | **E-mail:** director.drgs@unza.zm | Website: www.unza.zm

APPROVAL OF STUDY

IORG No. 0005376
HSSREC IRB No. 00006464

16th May, 2023

REF NO. HSSREC:-2023- MAY – 016
Mr. Gilbert Musonda
The University of Zambia,
IDE,
P.O. Box 32379,
LUSAKA.

Dear, Mr. Musonda,

RE: " THE EFFECT OF THE CHINESE SYTYEM OF INVESTMENT ON THE AFRICAN DEVELOPMENT: A CASE STUDY OF ZAMBIA"

Reference is made to your submission of the protocol captioned above. The HSSREC resolved to approve this study and your participation as Principal Investigator for a period of one year.

REVIEW TYPE	ORDINARY REVIEW	APPROVAL NO. HSSREC:-2023- MAY – 016
Approval and Expiry Date	Approval Date: 16th May, 2023	Expiry Date: 15th May, 2024
Protocol Version and Date	Version - Nil.	3rd May, 2024
Information Sheet, Consent Forms and Dates	English.	To be provided

Consent form ID and Date	Version - Nil	To be provided
Recruitment Materials	Nil	Nil
Other Study Documents	Questionnaire.	
Number of Participants Approved for Study		

Specific conditions will apply to this approval. As Principal Investigator it is your responsibility to ensure that the contents of this letter are adhered to. If these are not adhered to, the approval may be suspended. Should the study be suspended, study sponsors and other regulatory authorities will be informed.

CONDITIONS OF APPROVAL

- No participant may be involved in any study procedure prior to the study approval or after the expiration date.
- All unanticipated or Serious Adverse Events (SAEs) must be reported to HSSREC within 5 days.
- All protocol modifications must be approved by HSSREC prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address.
- All protocol deviations must be reported to HSSREC within 5 working days.
- All recruitment materials must be approved by HSSREC prior to being used.
- Principal investigators are responsible for initiating Continuing Review proceedings. HSSREC will only approve a study for a period of 12 months.
- It is the responsibility of the PI to renew his/her ethics approval through a renewal application to HSSREC.
- Where the PI desires to extend the study after expiry of the study period, documents for study extension must be received by HSSREC at least 30 days before the expiry date. This is for the purpose of facilitating the review process. Documents received within 30 days after expiry will be labelled "late submissions" and will incur a penalty fee of K500.00. No study shall be renewed whose documents are submitted for renewal 30 days after expiry of the certificate.
- Every 6 (six) months a progress report form supplied by The University of Zambia Humanities and Social Sciences Research Ethics Committee as an IRB must be filled in and submitted to us. There is a penalty of K500.00 for failure to submit the report.
- When closing a project, the PI is responsible for notifying, in writing or using the Research Ethics and Management Online (REMO), both HSSREC and the National Health Research Authority (NHRA) when ethics certification is no longer required for a project.
- In order to close an approved study, a Closing Report must be submitted in writing or through the REMO system. A Closing Report should be filed when data collection has ended and the study team will no longer be using human participants or animals

or secondary data or have any direct or indirect contact with the research participants or animals for the study.

- Filing a closing report (rather than just letting your approval lapse) is important as it assists HSSREC in efficiently tracking and reporting on projects. Note that some funding agencies and sponsors require a notice of closure from the IRB which had approved the study and can only be generated after the Closing Report has been filed.

- A reprint of this letter shall be done at a fee.

- All protocol modifications must be approved by HSSREC by way of an application for an amendment prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address or methodology and methods. Many modifications entail minimal risk adjustments to a protocol and/or consent form and can be made on an Expedited basis (via the IRB Chair). Some examples are: format changes, correcting spelling errors, adding key personnel, minor changes to questionnaires, recruiting and changes, and so forth. Other, more substantive changes, especially those that may alter the risk-benefit ratio, may require Full Board review. In all cases, except where noted above regarding subject safety, any changes to any protocol document or procedure must first be approved by HSSREC before they can be implemented.

Should you have any questions regarding anything indicated in this letter, please do not hesitate to get in touch with us at the above indicated address.

On behalf of HSSREC, we would like to wish you all the success as you carry out your study.

Yours faithfully,

Dr. J.I. Ziwa

DR. J. I. Ziwa

ACTING CHAIRPERSON
THE UNIVERSITY OF ZAMBIA HUMANITIES AND
SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE - IRB

cc: Director, Directorate of Research and Graduate Studies
Assistant Director (Research), Directorate of Research and Graduate Studies
Assistant Registrar (Research), Directorate of Research and Graduate Studies