

Doing (local) business in Zambia: Navigating reforms and steering unfriendly territories.

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Abstract:

Africa's business environment has improved markedly over the past decade. A number of 'top performers' are now among the top 100 best performing countries in the world. Meanwhile, African governments are seeking to enhance the participation of the domestic private sector in the economies through institutions of affirmative action. Despite improved 'doing business' indicators and targeted support to local businesses, the domestic private sector faces major challenges to stay afloat in an increasingly competitive environment.

Based on field work in the agri-business sector and among the suppliers to the mines in Zambia this paper argues that the improved business climate in Zambia may have facilitated more foreign direct investment (FDI) in the country, but it has not assisted local companies in managing their institutional environments and thus created sustained growth. Simultaneously, affirmative action institutions have been captured by the local elite. Paradoxically, the result is that neither the initiatives set in motion by the international donor community nor the schemes initiated by the Zambian government have benefitted the local businesses in Zambia. The findings are discussed against different heterodox theoretical perspectives on development with concluding remarks on the contributions to our understanding of State-Business Relations in developing countries, advancement of theoretical perspectives in the field and policy recommendations.