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"Putting a Face to Globalization: Investor Origin and Public Perception of FDI in Zambia"

Abstract

The literature on individual attitudes toward globalization falls into two camps: those that attribute individual support to material gains as the economy opens up and those that find cosmopolitanism and general acceptance toward "out groups" to be the dominant explanation. These cultural "out groups," however, are rarely clearly defined. This paper exploits the heterogeneity of "out groups" and variation in cultural distances by focusing on investor origin. Using data from original household surveys conducted in Lusaka and the Copperbelt province in 2013, we find a deficit in public support for investments from China relative to other countries. We find that this "country of origin effect" stems primarily from investors' sociocultural practices. Perceived communication barrier predicts individuals' decisions to not support FDI from China, controlling for the material benefits investors generate. This paper extends the now sizable literature on individual preferences on globalization by investigating a relatively understudied dimension, FDI. We chose Zambia as our case as it is home to diverse foreign investors within the same sector, but our findings are not unique to Zambia. Anecdotes on public resistance to Chinese FDI have been widely reported, and ours is the first attempt to systematically examine the mechanisms behind this China support deficit.