



# The Evaluation of Aspects of International Law that Would be Feasible to Attract Zambian Companies to Invest Abroad

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## Abstract

A number of companies intending to invest in foreign markets including Zambian companies may be subjected to various regulations in the countries they intend to invest. Some of the regulations may work to the advantage of the investing company in foreign markets and some of the regulations may work to the disadvantage of these companies. The title of this article is “The evaluation of aspects of international law that would be feasible to attract Zambian companies to invest abroad”.

The details in this article are entirely collected through secondary research due to the specialized nature of the title of this paper. Information is specifically obtained from scholarly articles in finance, management and legal studies, various text books in finance, management and legal studies and journals from professional bodies.

**Keywords:** Regulations on foreign trade, Taxation Policy, Social welfare policies, Monopolies legislation and Fair Competition Regulations, Product safety, Regulations on Health and Safety, Employment law

## Introduction

This article discusses the aspects of international law that would be feasible to attract Zambian companies to invest abroad. The article specifically details how the disparities in the local rules and regulations and the rules and regulations in the country where a Zambian investor intends to invest may work to the advantage of the Zambian investor.

### Aspects of international law that would be feasible to attract Zambian companies to invest abroad

The following are the aspects of international law that would be feasible to attract Zambian companies to invest abroad.

## **Regulations on foreign trade**

Regulations on foreign trade are one aspect of international law would be feasible to attract Zambian companies to invest abroad. This is dependent on the attitude the elected officials portray towards international trade. If for instance the focus of the government in power in the country in which the company intends to invest is to attract foreign direct investment at the expense of strengthening their local industry, then this may provide conducive environment for the company to invest in such a country.

## **Taxation Policy**

Taxation Policy is the other aspect of international law would be feasible to attract Zambian companies to invest abroad. For instance due to lack of capacity for certain commodities some governments may employ flexible tax policies for products to meet the consumer demand in those countries by reducing tax on such products, other may even offer tax concessions. This may particularly applicable to essential commodities such as medicines, food staffs and etc. This may provide an opportunity for a Zambian company to invest in such countries.

## **Social welfare policies**

Regulations enacted on Social welfare is another aspect of international law would be feasible to attract Zambian companies to invest abroad the minimum wage is a good example.

## ***Monopolies legislation and Fair Competition Regulations***

According to research a monopoly is a term that is used to describe the company that either totally controls or nearly controls the entire market for a sector or industry i.e. when the company and its products dominates a sector or industry.

Absence in restriction or restraints from extreme free-market capitalism is a contributing factor to the emergence of monopolies. This is a situation where a single entity is large enough to either own the all market or nearly the all market for a particular type of product or service. Government-enforced barriers to entry or regulations that limit competition can also sustain monopolies. Monopolies will thrive when there are high barriers to entry and the absence of competition.

To curb the adverse effects of monopolies a number of governments have enacted the fair completion regulations. In Zambia for instance the National Assembly of Zambia enacted the Competition and Fair Trading Act to encourage competition in the economy by prohibiting anti-competitive trade practices; to regulate monopolies and concentrations of economic power; to protect consumer welfare; to strengthen the efficiency of production and distribution of goods and services; to secure the best possible conditions for the freedom of trade; to expand the base of entrepreneurship; and to provide for matters connected with or incidental to the foregoing. This is in accordance with the publication by the parliament of Zambia.

If for instance fair competition acts are enacted in countries where Zambian companies intend to invest this is one aspect of international law would be feasible to attract Zambian companies to

invest abroad. This is due to the fact that such a company will to suffer from the adverse effect of monopolies and will be exposed to fair competition with other entities in the sector or industry they will be operating in.

### ***Product safety***

Assessing the safety of consumer by applying standards, ensuring that the product complies with a designated standard is essential; to ensure consumer products are safe. This is known as a presumption of conformity. For instance in Zambia the Zambia Bureau of Standards (ZABS) is one of the statutory bodies under the Ministry of Commerce Trade and Industry that offers product and systems certification to industry as well as training in various management systems “[www.zabs.org.zm](http://www.zabs.org.zm)”.

For instance a Zambian company that manufactures high quality products that are perhaps even certified by ZABS entering a foreign market with relaxed regulation and policies on product safety can gain competitive advantage over its competitors. Therefore regulations or policies on product safety are one aspect of international law would be feasible to attract Zambian companies to invest abroad.

### ***Regulations on Health and Safety***

Regulation on Health and Safety in an organization covers practices, procedures and resources for developing and implementing, reviewing and maintaining the occupational safety and health policy, planning process for accident and ill health prevention and ensuring a health and safety work environment in an entity.

A number of governments have strict health and safety regulation, especially in industries such as the mining industry. This has made a lot of companies to invest heavily in safety and safety infrastructure and facilities. In Zambia for instance several mining firms have made huge investments in safety and safety infrastructure and facilities to abide by health and safety regulations in the country.

A Zambian company with huge amounts of cash flows to invest in safety and safety infrastructure and facilities can gain competitive advantage over companies with insufficient cash flows to invest in safety and safety infrastructure and facilities in countries where they intend to invest with strict health and safety regulations. Therefore regulations or policies on health and safety are one aspect of international law that would be feasible to attract Zambian companies to invest abroad.

### ***Employment law***

Research defines employment law as the collection of laws and rules that regulate relationships between employers and employees. Employment laws states that an employer can hire employees to work for them in return an employer must pay the employee for their work. The law creates equity for the employers and employees.

Certain governments may have poor human rights records that may also affect employees in those countries even though the country may have labour laws. In the event where the countries where a Zambian company intends to invest enforces labour laws, the company can gain competitive advantage over its competitors in sourcing for quality Human resource personnel, especially where the company employs corporate governance in managing the company and has respect for workers generally. Corporate governance is the system by which companies are directed and controlled. “BPP Learning Media, Page 4”. Governance is about ensuring that the company is managed properly and all institutions need good governance “F.K. Musweu and Dr Maimbolwa SepoImasiku, Page 1, 2021”. According to research respect for employees is one of the essential attributes an organisation that employs good corporate governance in its operations.

## **Conclusion**

Before commencing the formulation of strategies through a formal system of strategic planning and management, managers must scan the external and internal environment. Legal factors are among the external environment and accordingly they are part of the PESTESL framework. Furthermore the legal factors may be part of the external environment of the country where a Zambian company intends to invest which may either create opportunities or threats for the company. Although the focus of this article is on the opportunities that the Zambian company investing abroad may gain from aspects of international law and these have been the focus of this article.

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