

Effects of Foreign Direct Investment on Socio-Economic Conditions of Local Community: The Case of Dangote Cement Factory in Ethiopia

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Abstract

Albeit foreign direct investment (FDI) plays a pivotal role to boost the socio-economic development of one country, there is debate among scholars on whether FDI has positive or negative effects on the local communities. The main objective of this research is to describe the socio-economic effects of FDI on the local community in Dangote cement factory in Ethiopia focusing on two themes—labors and landholders. The study used a mixed approach—both qualitative and quantitative methods to conduct this research. Further, descriptive case study research design was used for detail description of the factory on the local community. Moreover, the sample of 190 participants was selected from landholders and labors by using systematic random sampling technique. The finding of this study revealed that FDI has both positive and negative effects on local labors. The positive effects are a creation of job opportunity; an increment of real wage; transfer of knowledge and technology. In contrast, the negative effects are wage difference between skilled labors, and absence of standardized rules and regulations to employ local labors. On the other hands, FDI has negative effects on landholders—an inadequacy of compensation; absence of enough precondition to resettle the landholders; expropriation of landholders from their lands; loss of diversified mode of income and become dependent on only paid compensation; and addiction of youths to chat and alcohol. The researcher concluded that although FDI, Dangote cement factory, has both positive and negative effects on labors, it has negative effects on landholders. The researcher recommended that the landholders should be organized into a small and micro-enterprise and invest their capital on investment which can regenerate their income and open job opportunity for themselves rather than use the money alone. The researcher further recommended that labors should be employed only by Dangote cement factory directly to avoid wage difference among skilled labors and its agency should be cleared from the factory.

Keywords: *FDI, Landholders, Local Community, Economic Effect, Social Effect*

1. Introduction

Foreign direct investment (FDI hereafter) is not a recent phenomenon albeit it has been expanded massively with the expansion of globalization. A

prominent feature of the global economic landscape in the past few decades has been significantly increased in the international flow of FDI. The movement of FDI across the world has significantly

increased from 54 billion USD in 1980 to 1.7 trillion USD in 2015 (Girum Abebe, et al., 2016). Due to the merits relate to FDI, developing countries have liberalized their mode of investment to attract FDI. The ambition of developing countries is to boost their economic growth in particular and achieve development in general. FDI benefits host countries in terms of technology spillovers, human capital formation support, enhancement of a competitive business environment, a contribution to international trade integration and improvement of enterprise development and social conditions (Kurtishi-Kastrati, 2013). On the other hands, it is presumed that FDI has often been accused of taking unfair advantage of low wages and weak labor standards in developing countries. Further, FDIs also have been accused of violating human and labor rights in countries where governments fail to enforce such rights effectively (OECD, 2008).

In 2013, 778 USD billion of the total global FDI flow went to developing countries. Africa saw a 4+ percent increase in FDI inflow although developing Asian countries continued to be the region with the highest FDI inflow. In East Africa, FDI increased by 15 percent to 6.2 billion USD because of rising flows to Ethiopia and Kenya (Selamawit Berhe, 2016).

FDI introduced into Ethiopia during Emperor Haile Selassie at the mid of 20th century. To attract and benefit foreign investors, new policy was designed and the following incentives were included in

the new policy: tax exemption, remittance of foreign exchange, import and export duty reliefs, tax exemption on dividends and the provision of finance through the Ethiopian Investment Corporation and the Development Bank of Ethiopia (Wubne Mulates, 1991). The Derg government invited the foreigners in economy albeit failed to attract more since joint venture and misguided national policy measures were taken and the economic system of Derg government was socialism. Further, proclamation No. 76/1975 limits the private investor to 500,000 Birr and advised Ethiopians to invest in enterprises larger than cottage industries (Teshome Adugna, 2010).

Since the early 1990s, Ethiopia has taken significant steps towards liberalization of the economy and private investment (Selamawit Berhe, 2015). Hence, Ethiopian Privatization Agency (EPA) was established in 1994 to liberalize the economy and encourage private sectors in the economy (Tadesse Demissie, 2011). Besides, investment proclamations such as No. 84/2003 and No. 146/2008 reforms were made to improve and widen the degree of privatization and attract FDI more (Teshome Adugna, 2010). Indeed, the country sees FDI as an important source of capital to fill the resource gap between domestic investment and saving which remains wide due to low levels of income and domestic saving (Selamawit Berhe, 2015). By the same token, investment guarantees and protection which encourage foreign investors were

launched by the Ethiopian government to attract foreign investor currently (Ethiopian Investment Commission, 2014).

Currently, the major sources of FDI into Ethiopia are from China, India, Sudan, Germany, Italy, Turkey, Saudi Arabia, Yemen, UK, Israel, Canada and USA (Amanuel Mekonnen, 2014). Though the Asian states—China, Turkey, and India—play a dominant role in Ethiopian manufacturing sectors (UNCTAD, 2014), currently the African billionaire, Aliko Dangote, has opened cement factory in 2013 in Ethiopia, Oromia region, West Shewa Zone, Adea Berga Woreda, Mugher district, 87Km away from capital city, Addis Ababa which has entered into full production on June 2015 with 2.5 Mta production capacity (Ethiopian Investment Commission, 2014). Dangote cement has been able to expand its cement production business across several countries, which completed building cement production in some countries and in the process of building in some countries. These countries are Cameroon, Ethiopia, Republic of Congo, Liberia, Senegal, South Africa, Tanzania, Kenya, Zambia, Ivory Coast, and Ghana. The company has the intention to build in Zimbabwe, perhaps in 2019, with 1.5 Mta production capacity (Akinyoade and Uche, 2016).

Little is known about the local effects of FDI (Girum Abebe et al., 2016). Consequently, this research is aimed to address this gap—whether FDI has positive or negative effects on local

communities. Further, currently, Ethiopia is becoming major FDI inflow destinations from least developing countries in Africa” (Biruhe Eshete & Thomas Gebre, 2012). Hence, the researcher is eager to describe the effect of FDI on socio-economic conditions of the local community due to Dangote cement factory in Ethiopia. These are reasons that initiated the researcher to conduct the research around this area. Generally, this research is designed to describe the effects of FDI on socio-economic conditions of local communities in general and on labors and landholders in particular in Dangote cement factory in Ethiopia.

2. Methodology of the Research

To conduct this research, the researcher employed a mixed approach: both qualitative and quantitative methods. Further, descriptive case study research design was used for detail description of the factory on the local community. The qualitative method was applied to gather information through semi-structured interview and focus group discussion from Adea Berga Woreda Land and Environmental Protection Bureau, and Investment Bureau administrators; manager and directors of human resources of Dangote cement factory; and local elders (“*Abbaa Gadaa*” and locally respected and well known elders) who were selected purposively to elicit their views on the effect of FDI, Dangote cement factory, on socio-economic conditions of local communities.

Furthermore, a quantitative method was also used to describe income of labor, to know the total number of labor in the factory, to describe the wage differences of labor in the factory, and to examine the adequacy of paid compensation and income of landholders by using the simple statistical method, frequency distribution. The target populations of this study are labors and landholders. Due to the heterogeneous population of participants, study participants were classified into two clusters: cluster one consists of labors participants whereas cluster two consists of landholders. The sample size of the two clusters was determined through systematic random sample technique by using Yemene (1967) formula i.e., $n = \frac{N}{1+N(e)^2}$ where: N = total number of a target population, n = sample size and e = level of precision = 0.1. According to Dangote cement factory internal report, 1662 labors are working in the factory, and according to Adea Berga Woreda land and environmental protection bureau, 2370 landholders were displaced from their lands. Accordingly, the sample size of labors is: $n = \frac{1662}{1+1662(0.1)^2} = 94$ participants, and sample size of landholders is: $n = \frac{2370}{1+2370(0.1)^2} = 96$ participants. Hence, the total number of 190 participants was selected from labors cluster and landholders cluster.

Finally, the collected data were analyzed by the multi-stage method, qualitative and quantitative, data

analysis. The qualitative data were analyzed by the content and theme analyzing method whereas the quantitative data were analyzed by SPSS version 20. Then, information obtained from the quantitative method was triangulated with information obtained through qualitative methods.

3. Findings and Discussion

3.1. Effects of FDI on Local Labors

The FDI, Dangote cement factory, has two dimension effects: positive effect and negative effect on local labor.

3.1.1. Positive Effects of FDI on Local Labor

FDI has positive effects on local labors in terms of job creation, increments of productivity; raises of wages and transfer of knowledge, skills, experience, and technology.

Job Opportunity

Dangote cement factory has created a job opportunity for local labors directly and indirectly. Directly, the factory employed both casual and permanent local labors who are working in the factory currently. Indirectly, many local labors were organized and are supplying raw materials for the factory. Accordingly, more than 250 labors were organized and entered into work in East Shewa zone to mine the raw materials which are necessary for the factory.

As indicated in Table 1, below, most of the labors who are working in the Dangote cement factory are local labors. The total percentage of local labors in the

factory is 98.02% (the sum of permanent and casual labors). Out of 1662 total labors, the local labors account of 1629.

This shows that the Dangote cement factory (FDI) plays a vital role in job creation for local labors.

Table 1. Total Number of Employed Labor in the Factory (Source: Dangote cement factory internal report, 2017)

No.	Type of labor	Quantity	Percentage (%)
1	Permanent	1597	96.09
2	Casual	32	1.93%
3	Expatriate	33	1.99%
	Total	1662	100%

Raises of Real Wage

Further, when we compare a domestic investment with FDI, the wage of labors that the FDI pays for its labors is higher than the domestic investment. The finding of this research revealed that Dangote cement factory pays 8000.00 ETB monthly wage for the beginner labors who have first degree with no experience. This means the experienced labors are paid more than 8000.00 ETB according to their experience.

As indicated in table 2, the mean monthly income of labors of Dangote

cement factory is 7819.78 ETB. Further, the median monthly income of the labors is 7,500 ETB. This indicates that both the mean and median monthly income of labors of Dangote cement factory is nearest to 8000 ETB which is high and hence, the factory affords the real wage to its labors. Hale and Xu (2016) asserted that FDI leads to higher real wage. By the same token, the finding of this research revealed that FDI, Dangote cement factory, increases the real wage of local labors who are working in the factory currently.

Table 2. Labor's Income of the Dangote Cement Factory (ETB)

Mean	7819.78
Median	7500.00
Mode	3000.00
Std. Deviation	4758.18

Transfers of Knowledge, Technology, Skills, and Experience

In addition to job opportunities and raises of real wage, the FDI also plays a pivotal role in transfers of knowledge, technology, skills, and experience. In

Dangote cement factory, there are a number of foreigners who came from China, India, and Nigeria and working in the factory albeit the majority of labors in the factory are local labors. Alongside with those foreigners, there are many

local labors who are working in one office. While they are working in one office, they grasped knowledge, experience, know-how, and skills from those foreigners. Initially, the technical operation was dominated by foreigners in the factory. But gradually, local labors began to replace the foreigner in some operations. The labors focus group discussant recognized that “Unless we learned and shared experience from the foreigners, we could not survive in this factory”. Moreover, local labors who grasped the foreigner knowledge and experience, and developed their skills are working in others Dangote cement factory, which exist outside of Ethiopia. Consequently, foreigners who came from different countries and have different experiences and skills are transferring their skills, know-how, and expertise to local labors.

Increment of Productivity

Productivity is one of the factors that enable one factory to produce goods at higher rates. In Dangote cement factory, many local labors learned the new system of production, the new technology, and new system of operation and hence, they would increase their skills, know-how, and experience since the diffusion of technology and ideas are spillover from more technologically advanced countries to developing countries like our country, Ethiopia. Hence, the spillover of the technology and ideas increased the skills of local labors, broaden the root of their knowledge and leads them to higher productivity.

Gorgen et al. (2009) described that FDI increases in working standard if foreign investors employ local labor. Besides, the finding of this research also indicated that FDI increases the productivity of local labors since they shared knowledge, experience, skills, and know-how from foreigners. Labor focus group discussants explained that “By using the knowledge, skills, and experience we have acquired from the foreigners in this factory, now we become more productive.” Generally, Dangote cement factory has created job opportunity for a number of local labors, raised the real wage of local labors, introduced and transferred new technology, skills, experience, and know-how which help local labors to increase their productive capacity and ability, and these all play a significant role in changing the life of local labors and make them competent both at regional and international levels.

3.1.2. Negative Effects of FDI on Local Labor

The finding of this research also showed the negative effects of FDI on local labors. According to the collected data from the participants, the negative effects of FDI on local labors are wage difference among skilled labors; absence of standardized rules and regulation to hire local labors; and exclusion of local labors.

Wage Difference among Skilled Labors

Albeit Dangote cement factory has created job opportunity for many local labors and raised their real wage, it, according to the finding of this research, created wage difference between skilled labors who were employed by the Dangote and labors who were employed by its agency. In the factory, most of the labors were hired by agency though some are hired by Dangote directly. Albeit the labors who were employed by agency and Dangote have the same qualification, experience and work the same hour, the

agency is paying a lesser wage for the labors who were recruited by it. Hence, there are two payrolls which are maintained by the factory: one for the direct recruits and other for agency recruits. Similarly, the quantitative finding of this study revealed that there is more than 7000 ETB monthly mean wage difference and more than 6000 ETB monthly median wage difference between labors who were employed by Dangote and labors who were employed by the agency.

Table 3. Wage Difference between Skilled Labors (ETB)

Stat. description	Dangote's labor	Agency's labor	Wage Difference
Mean	15116.67	7803.20	7313.47
Median	14255.00	8000.00	6255.00
Mode	13000.00	8000.00	5000.00
Std. Deviation	3593.78	1048.73	2545.05

As indicated in Table 3, above, there is 7313.47 ETB mean wage difference and 6255.00 ETB median wage difference between labors who were employed by Dangote and labors who were employed by its agency nevertheless, their qualification and experience are the same. But, note that the above wage comparison did not include the wage of top managers and expatriates because they were unwilling to participate in the research. Without including the wage of top managerial personnel and expatriates, which could be greater than the maximum wage expressed in Table 3, there is wide wage difference among the local labors.

FDI increase wage inequality due to an increase in the skill premium which is the difference between the wages of the skilled and unskilled labor force" (Hale & Xu, 2016). Unlike the Hale & Xu (2016) finding, the result of this research indicated that there is wage difference between skilled labors because the labors who were employed by an agency are subjected to pay commission for an agency which is deducted from their monthly income.

The Absence of Standardized Rules and Regulations

Rules and regulations are the principles that govern certain conduct,

work, and activities. They play a pivotal role to work diligently and raise productivity. If rules and regulations are violated, there will be the prescription of punishment by respective body and/or organization otherwise it will cause dispute and conflict. The local community had the reverse attitude toward Dangote cement factory on employment. They believed that those who were removed from their lands and their children should be employed in the factory without any requirement. In fact, this is a dream and impossible since every work requires respective experience and qualification. On the other hand, all children of those local communities could not get the job in the factory albeit they wish that all of their children had employed in the factory. Furthermore, they did not identify the qualification and specialization fields of their children. For example, the one who graduated in sports science could not be employed in the Dangote cement factory although local communities assumed it. Besides, the absence of standardized rule and regulation on what numbers of local communities' labor have to get a job in the factory is making the things more difficult and worse. To avoid such ambivalent ideas, there should be standardized rule and regulation which express about to what extent, qualification and degree the local labors are employed in the Dangote cement factory.

Exclusion of Local Labors

Local labors are always eager to be employed in the Dangote cement factory since they believed that the owner of the factory is a foreigner and hence, pays much more than domestic factory; their family left their lands for the factory, and they believed that no one who comes from other areas could employ before them. Contrary to this, many local labors were excluded by the agency. People who work in the agency came from other areas—from Tigray regional state nevertheless, the factory was built in Oromia regional state. They did not understand the local norms, values, taboos, tradition, culture, and language. Initially, most of the local labors were excluded even though rhetoric is there now after the confrontation and revolt of local communities. Furthermore, the manager of the factory is a foreigner—Indian. Like agency, he lacks sufficient awareness on the ways of life, values, language, norms, custom, belief, culture and taboos of the local community and 'thus, unable to reconcile the local labors perception and the interest of the factory. These all contributed to the exclusion of local labor and gradually cause tension and then conflict in Dangote cement factory.

3.2. Effect of FDI on Landholders

Even though Dangote cement factory effects local labors both positively and negatively, it affects the landholders negatively because of lowness of paid compensation, food insecurity of landholders; low level of saving habit of the landholders; absence of continuous

training and awareness on saving habit; absence of preconditions to resettle them; and joblessness of landholders and their children. The details of the collected data are discussed below by focusing on compensation, income, and livelihood, rights to land, social conflict and culture.

3.2.1. Compensation Method

The interviewed administrators of land and environmental protection, and investment bureaus of Adea Berga woreda explained that the paid compensation for landholders was varied based on the farmlands, grazing lands, irrigable lands, and non-irrigable lands. The period of compensation was calculated for ten years though the lands will not be returned back to the owners of land after ten years. And hence, the paid compensation is inadequate.

The data gathered from landholders through FGD, and from woreda land and environmental protection through interview disclosed that the compensation was paid for all landholders in cash. The compensation paid for farmland is different from grazing land. For instance, around 350,000ETB was paid per hectare for farmland. On the other hand, for grazing land, around 300,000ETB was paid per hectare. Further, the method of payment was based on the market prices of crops during the compensation was paid and hence, it did not take into account the future inflation of the market.

At that time, the payment for farmland was based on the costs of grain per kilogram of that time i.e. if 100kg Teff =1600 ETB, the total payment was based on the capacity of the land it produces in kilogram per year by taking the average of five years. If one hectare has the capacity to produce 2000kgs (40 sacks) per year for five years averagely, the total payment was $(2000\text{kgs} \times 1600 \text{ birr} \times 10 \text{ years}) / 100\text{kgs} = 320,000\text{ETB}$ per ha.

By the same token, the grazing land is also calculated by the same process—based on the cost of the grass during the compensation was paid. But now the cost of 100kgs of Teff is nearly 2500 birr. It might be doubled in the coming year since the rate of inflation is high in Ethiopia when compared with the costs of crops or Teff when they evicted from their lands. Furthermore, the landholder FGD participants explained that they could plow their land for more than ten years or throughout their life, but the compensation was paid by estimation of only ten years.

As indicated in Table 4, 16.67% of participants scored above 3 on the measure of the adequacy of compensation. On the other hands, 78.13% of participants scored below 3 on the measure of the adequacy of compensation. This indicates that the majority of participants agreed that the paid compensation is inadequate.

Table 4. Adequacy of Paid Compensation

Compensation status	Frequency	Percentage (%)
<i>Adequate (>3)</i>	16	16.67
<i>Neutral (=3)</i>	5	5.21
<i>Inadequate (<3)</i>	75	78.13
<i>Total</i>	96	100%

3.2.2. Income and Livelihood

The landholders had diversified mode of income, before they were evicted from their land by FDI, Dangote cement factory. Majority of them used to cultivate crops, herd animals like cattle, sheep, goats, horses, and donkeys. They could sale them during the time of emergency. Moreover, they used to produce fruits and vegetables by using irrigation since some of their lands were nearest to the river. Contrary to this, the current income of the farmers is depending on only one time paid compensation. Those who are educated and have experience in saving money, bought houses and generate income by renting them. Some became traders. Others bought Sino trucks and were generating the income from them. But, most of them who left the lands have no experience to save the cash. Further, no training was given for the landholders on how to use the money. Now, they buy all things from the market and hence, the paid compensation is incapable of to feed their families.

Concerning their livelihood, the entire landholder focus group discussants remarked:

“Initially, we assumed as all of us will be an investor by using the paid compensation. Then we received compensation and began to use it. After one year, many of us finished the money. Before we left our lands and moved to the town, we had plowed lands we owned and could get more than 100 quintals per year. That was sufficient to feed our family even up to two years. Besides, we used to fatten cattle and herd dairy cattle and could get more than 55,000 Birr per year. Furthermore, we and members of our families were busy with the production of potatoes, onion, garlic, cabbages, and maize. As a result, all of us had our own work. We used to live a good life. But now albeit we wished to live a better life than former, we are left as a dreamer. We wish if we re-owned our land and lived the former life. The government should give us another land. Wherever it is, we shall go and ready to plow it” (Landholder FGD participants).

By the same token, the quantitative finding of this research showed that the former income and livelihood of

landholders was better than the current one.

Table 5. Current Betterment of Income and Livelihood of Landholders

Income& livelihood comparison	Frequency	Percentage (%)
Better (>3)	11	11.46
Neutral (=3)	10	10.42
Not better (<3)	75	78.13
Total	96	100

As indicated in Table 5, above, 11.46% of participants scored above 3 on current betterment of income and livelihood of landholders. On the other hands 78.13% of participants scored below 3 on current betterment of income and livelihood of landholders. This indicates that the majority of participants agreed that current income and livelihood of landholders is not better. As a result, the former income and livelihood of landholders is better than the current.

Diallo and Mushinzimana (2009) posited that FDI has negative impacts on local landholders since the situation of displaced farmers is often worse than before with inadequate compensation for their loss of land. By the same token, the finding of this research displayed that the former livelihood of landholders are better than their current livelihood.

3.2.3. Right to Land

The FDRE constitution article 40(4) stated that Ethiopian peasants have the right to obtain land without payment and the protection against eviction from their

possession. Further, the federal Rural Land Administration and Land Use proclamation No. 456/2005 assured the right of landholders. Specifically, article 5 sub article 1 (a) of this proclamation entitled that any citizen of the country who is 18 years of age or above and wants to engage in agriculture for living shall have the right to use rural land. Besides, article 7 (1) also assures about the duration of rural land right use by entitling that the rural land use right of peasant farmers, semi-pastoralists and pastoralists shall have no time limit. This article clearly stated that peasants can use their land and inherit to his/her successors forever.

Moreover, the Oromia regional state Land Use and Administration, the amended proclamation No. 130/2007 article 5 (1) grants the peasants' right as follow: any peasant or pastoralist, or semi pastoralists who have the right to use rural land shall have the right to use and lease on his holdings, transfer it to his family member and dispose property produced there on, and to sell, exchange

and transfer the same without any time bound. On the other hands, both proclamations: federal and Oromia regional state handover the above-mentioned rights of landholders by the name of investment and public use.

The entire FGD participants explained:

“We had identification card which certifies us to own land and use it albeit it did not guarantee us up to the end. We inherited our lands from our families. We supposed that as we inherited the land from our families, our children will also inherit it. We further supposed that we had full right on our lands. But after the Dangote cement factory had come and had evicted us from our lands, we lost the right to use our lands although it is assured and granted by the constitution. Following this, we strongly protested and tried to fight for our rights, but unable since the government took a hostile policy stance” (Landholder FGD participants).

An interview with Adea Berga *woreda* land and environmental protection administrator showed that the Dangote cement factory displaced more than 2370 landholders from their lands without adequate compensation.

3.2.4. Social Conflict

Social conflict can be defined from different angles. But for the purpose of this research, social conflict is the conflict that was struck by the local community against FDI on their benefit. Social conflict has emerged with the coming of Dangote cement factory which

was caused because of inadequacy of compensation; deterioration of livelihood of landholders; lowness of current income; expropriation of landholder from their lands; exclusion of local labor (especially labors whose family were evicted from lands); wage difference between skilled labors; existence of corruption during employing labor which was caused by agency; high commission of agency; and lowness and absence of any precondition to resettle the landholders.

The collected data from different bureaus and participants showed that due to the social conflict, many trucks, the property of the Dangote cement factory, were burnt and broken down. The administrator of *woreda* investment bureau noticed, “Lack of uniformity in implementing policy, programs, and strategies by different organs which found at different levels; leading of investment bureaus by politicians, and politicizing the questions of local community aggravated the conflicts more” (Interview with *woreda* investment bureau administrator).

3.2.5. Cultures

Sociologists defined that culture is a collective of shared values, customs, norms, tradition, knowledge, and language that is practiced among the community for a long period of time. The collected data from landholders through interview and FGD showed that FDI has negative effects on indigenous culture.

Further, the landholders had their own culture in the place where they used to

live - rural area. They had a common language - 'Afaan Oromoo', common values, the traditional way of resolving conflict through 'Jaarsummaa' - the process of solving disagreement and dispute by local elders informally without going to the court, common wedding styles, common eating style and wearing style. Their children used to wear beautiful indigenous clothes. But after they had come into the town, their children began to follow the cultures of western. They totally lost the rural life and tried to act as urban dwellers by imitating the act of western. Further, while they were living in rural area, their children used to stand up when their father and elders entered into the house to welcome them and show respect. But now, they completely lost that good culture. Moreover, they used to eat together there, especially, during holidays. No one ate alone. Even those who conflicted before reconciled at that time. They also used to work together - plowed the land together, mowed together, harvested together, cultivated together, and used to build together.

Generally, the result of this research showed that local community lost their identity; began to learn new language by relinquishing their mother tongue to adapt into new environment; lost the traditional way of celebrating wedding styles and expressing condolence, and obliged to learn the new culture in the new environment; access to media in urban area pursued the children of local community being attracted by western cultural ways of life and began to neglect

indigenous culture such as eating style, respect, hospitality, wearing style, norms, values and tradition; youths are addicted to Chat and alcohol; females began to participate in prostitution activities to generate incomes, and this opened the way for widespread of HIV/AIDS.

4. Conclusion

Foreign direct investment (FDI) plays a significant role in enhancing economic growth and boost development. Albeit the role of FDI in economic development is high in developing countries, it could not totally escape from criticism on its negative sides in host countries. Having this as the departure, this research, which is conducted in Dangote cement factory in Ethiopia, described the effect of FDI in the local community by focusing on two themes - labors and landholders.

The Dangote cement factory in Ethiopia has entered into cement production in 2015 with the capacity of 2.5Mta. It is the biggest cement producer in the horn of Africa in general and in Ethiopia in particular. Hence, the factory has created a job opportunity for many local labors albeit the factory's agency subjugated them to pay money to the agency in the form of commission. Moreover, the agency was discriminating the right to equal pay for equal work of local labors. This caused the wage difference among local labors who have the same skills, qualification, and experience.

On another hand, landholders were evicted from their land without sufficient

preparation to resettle them and with inadequate compensation. Besides, necessary and continuous training was not given for landholders by concerned bodies on how to save cash and reinvest on investment which can regenerate income for them. Further, landholders used to plow their lands and produced grain at least one time per year. Likewise, they had no experience of holding cash and used it forever since most of the properties they had were in kinds such as cattle and lands. These all aggravated the current income and necessary and sufficient preconditions livelihood of the local community in addition to inadequate compensation. To alleviate

these problems, landholder should be avail first before they are expropriated from their lands.

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