THE CONTRIBUTION OF FOREIGN DIRECT INVESTMENTS THROUGH MULTIPLIER EFFECTS TO THE LIVES OF TANZANIANS: A CASE OF TANZANIA INVESTMENT CENTRE HEAD OFFICE, DAR ES SALAAM

By
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A Dissertation Submitted in Partial Fulfilment of the Requirements for Award of the Degree of Master of Business Administration in Corporate Management of Mzumbe University

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: The Contribution of Foreign Direct Investments through Multiplier effects to the lives of Tanzanians: A case of Tanzania Investment Centre, in partial/fulfilment of the requirements for the degree of Maser of Business Administration of Mzumbe University.

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I, Aristides I. Mali, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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Lastly but equally important, I would like to express my sincere thanks to my family, my beloved wife Victoria and my daughter Melisa, all friends and members of the public (normal citizens) whose assistances deserve a mention because of their contribution in one way or another made this report a success.

Having mentioned all those support and advice which made this report a success, I would like to exempt all mentioned above from any errors in this report and I declare that, in case of any an unanticipated deficiencies, the whole liability and responsibility remain solely mine; Aristides Mali.
DEDICATION

I would like to dedicate this report to my family, my wife Victoria and my daughter Melisa for their understanding and sacrifice which encouraged me to push through and pursued to this destination. Also equally important, I would like to dedicate my research report to my beloved parents Mr. Ignas Mkwe and Mrs. Angelista Mkwe for their moral and spiritual support which gave me strength to push through and thereby deserving special complements.
### ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
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<tr>
<td>ATIA</td>
<td>African Trade Insurance Agency</td>
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<td>BIT</td>
<td>Bilateral Investment Treaties</td>
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<td>BOT</td>
<td>Bank of Tanzania</td>
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<td>CMSA</td>
<td>Capital Markets and Securities Authority</td>
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<td>CSR</td>
<td>Corporate Social Responsibilities</td>
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<td>DTT</td>
<td>Double Taxation Treaties</td>
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<td>FDI</td>
<td>Foreign Direct Investments</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency</td>
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<tr>
<td>MNCs</td>
<td>Multi-National Corporations</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>SOEs</td>
<td>State Owned Enterprises</td>
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<td>TIC</td>
<td>Tanzania Investment Centre</td>
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<td>TNCs</td>
<td>Trans National Companies</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>URT</td>
<td>United Republic of Tanzania</td>
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ABSTRACT

The report has derived its roots from the private investments which are triggered by the government policy to encourage investments from both domestic and foreign investments. Since domestic investments are founded by Tanzanians, then their contributions to the lives of Tanzanians were not very much the issue of concern. The presence of foreign investments calls for rationalization and equitable distribution of the profits gained in Tanzania to Tanzanians.

The report has established the contributions which are currently gained and related them to the perceptions of Tanzanians about what they think should have been gained. This seemed to bring a gap in such a way that some Tanzanians do not believe to obtain any benefits from FDIs and others are dissatisfied by the amount of contributions given currently.

The report has tried to analyse whether the contributions from FDIs are adequate in the eyes of common Tanzanians. In nutshell, the report shows that there is a gap between what is currently contributed and what is thought to be the rightful contributions to the nation and its people.

The researcher has selected a methodology which captured data from three dimensions, that is, from the facilitators (TIC), from the foreign investors’ employees (Airtel Tanzania) and from normal citizens. The idea was to get the mix of ideas which can provide the accurate prevailing situation.

The data has been analysed to provide the summary of ideas of respondents and the discussion of findings was focused to finding out the contributions of FDIs to Tanzanians through multiplier effects and evaluated its adequacy to the lives of Tanzanians based on value for money.

The researcher has concluded and recommended on the best practises and policies which can be changed and laws enacted to administer foreign investments in such a way that the gap in perceptions about “should be contributions of FDIs” between the foreign investors, the government and general public is bridged.
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CHAPTER ONE

PROBLEM SETTING

1.1 Introduction
Foreign Direct Investment (FDI) in Tanzania and worldwide is believed to have a positive impact to the economy and to the lives of people. The contributions of FDIs range from microeconomic to macroeconomic levels. The benefits derived can be directly or indirectly acquired. The levels of poverty and policies in place can be among the issues of discussion when linking the contribution of FDIs to the lives of Tanzanians through multiplier effects. This research work in its all chapters has taken us step by step to finding out the contributions of FDIs derived from multiplier effects.

1.1.1 Background Information
Tanzania like many other Sub-Saharan African countries achieved its independence with a severely underdeveloped economy, with lowest levels of availability and accessibility of social amenities and extremely limited social and physical infrastructures. However, immediately after independence, Tanzania made concerted efforts to improve its economy, raise living standards of its people and created conducive environment for private sector development and investment. Since then, Tanzania passed through different economic systems since its independence, 1961. Immediately after its independence, Tanzania adopted the economic system of capitalism which was practiced by the British. In this economic system, the major means of production were owned by the private sector. Early intentions of the government to attract FDIs were shown just after independence and in the year 1963 its initiatives started. Foreign Investment Act was passed in order to persuade FDIs in the newly independent Tanganyika (the then name of mainland Tanzania before the 1964 union with the island of Zanzibar). Such efforts were unsuccessful therefore the government opted for a socialist path of economic development in the year 1967, following the Arusha Declaration.
The introduction of Socialism and Self reliance in the year 1967 intended to confiscate all major means of production from privately owned to be owned the state and Tanzania intent was to provide all basic needs free to its citizens and maintain equal lives among Tanzanians. The government owned and controlled the economy. There were minimal FDIs activities taking place in Tanzania between years between 1970 and 1985. The majority of the investments were made by the State directly or indirectly. By 1980 there were about 400 public owned corporations and companies in form of State Owned Enterprises (SOEs). The majority of these were owned by the Tanzanian government with 100 per cent shares.

In the year 1985, during the reign of Hon. Ally Hassan Mwinyi, the second President of United Republic of Tanzania, the economic system changed and the major means of production were liberalized. From 1985, the government has been supporting and implementing strategies of encouraging competitive free markets and started attracting FDIs. Since 1986, Tanzania embarked into various economic reforms which aimed to transform the economy from centrally planned public owned economy into market driven private sector led economy. The government ensured favourable policies in place, conducive investment environment for investments, promotion of institutional changes conducive to the development of the private sector, stimulating investor’s confidence through transparent, effective and efficient administrative processes in government institutions and to put in place an appropriate legal and regulatory framework. Deliberate economic liberalization policies were initiated and implemented.

In the year 1995, during the third term of President Benjamin William Mkapa, the government encouraged privatization of State Owned Enterprises (SOEs). In 1996 the government of Tanzania reviewed the investment policy of 1990 and in 1997 a new investment law replaced the previous investment law of 1990 in order to restructure investment incentives and make the Tanzania Investment Centre a “one-stop-centre” for investment facilitation and promotion. Reforms in financial institutions, public sector, civil service and other areas were made. A law was passed in 1997 (National Investment Act 1997) in order to promote local and foreign
investments in the country here is where Tanzania Investment Centre, TIC was born. In response to these efforts, Tanzania achieved significant progress in attracting investment especially FDIs. But the question is whether the level of investment attained is adequate to achieve the national development goals and what kind of investment is most beneficial and what the most cost-effective and what most socially harmonious ways to stimulate investment are.

In years of late 1990s and early 2000s, Tanzania has been undertaking several measures to attract Foreign Direct Investment (FDI) to reflect the forces of globalization process. Reforms were made specifically on trade, exchange rate and monetary policies. Also there were concerted efforts made in promoting private investment, good governance, improved infrastructure and social services so as to set a favourable investment environment in the country. The rapid growth of FDI has generated a number of policy issues regarding benefits and costs to the economies of both home and host countries. At the macroeconomic level, FDIs are believed to bring new capital, contribute to balance of payments, adding to future economic growth, raising exports and integrating into global economic networks. At the microeconomic level, the benefits are higher productivity through new investment, increased employment, enhanced management and the transfer of technology, growth of supply and distribution chains, trading and outsourcing of goods and services.

Despite the increasing figure of foreign investment yet Tanzania face a number of challenges towards the adequacy of the contributions from FDI inflows. These challenges are triggered by the perceptions of whether we have achieved what we aimed to reap from the FDIs the same as we preliminarily planned or not. The perception of most citizens is that; by the coming of foreign investors, there will be higher standards of living and a better life than before their arrival. This can be very true, but this has got four major issues derived from the peoples’ perception: (a) a perception on what should be contributed by FDIs to the community or directly to individuals; (b) a perception on how (the means) the higher living standards will be brought about by the presence of FDIs; (c) a perception on how sooner (when) will the better living standards come from the FDI; and (d) what should be the ratios
between what is taken by foreign investors versa vie what they contribute to our nation and its people.

Politicians and activists have been linking the poverty of people with the coming of foreign investors. The main gap between what is actually done by the foreign investors and what is expected from them creates a wide platform for discussion. It becomes difficult to quantify with certainty the contributions which are brought by the foreign investors. Also it becomes more difficult to link the contributions brought by foreign investors to each individual because normal citizens expected to benefit directly from foreign investors. The researcher found interest in this and wanted to find out the indirect contributions which are brought by Foreign Direct Investment through multiplier effects. Through multiplier effects the researcher has focused in finding out the contributions of FDIs to Tanzanians indirectly. The general concept is that, if there is any increase in the amount of investment spending, the impact made by this activity will generate a positive impact on the general economy which is greater than if there is no investment expenditure. Therefore the researcher has linked indirect contributions of FDIs through multiplier effects to the lives normal citizens.

1.1.2 About the Organization
Tanzania Investment Centre was established by Act of Parliament no. 26 of 1997. Section 4 (1) and Section 4 (2) of the Act stipulates that, there shall be established a body known as the Tanzania Investment Centre which will be an agency of the government and will be under the general supervision of the Minister. Tanzania Investment Centre (TIC) is the primary agency of government to coordinate, encourage, promote and facilitate investment in Tanzania and to advise the government on investment related matters. TIC is the focal point for investors both domestic and foreign investors. It is the first point of contact for potential investors, that is to say, TIC acts as a “one stop facilitative centre for all investors”.

TIC’s Vision
TIC’s Vision is to become a world Class Investment Promotion Agency portraying Tanzania as Africa’s premier investment destination.
**TIC’s Mission**

TIC’s Mission is to promote and facilitate investment for national economic growth by enhancing an environment conducive for business and entrepreneurship growth.

**TIC’s Core Values**

The Tanzania Investment Centre will achieve its vision through a positive corporate culture underpinned by team spirit, professionalism, integrity, creativity, customer care and dedication to excellence.

**TIC coverage (Zonal Offices)**

Tanzania Investment Centre has established Zonal offices in Kilimanjaro, Mwanza and Mbeya regions in order to assist Investors who are based in nearby regions to access TIC services without necessarily travelling to Dar es Salaam. The Zonal offices are responsible in assisting investors to obtain all relevant permits, approvals and licenses they require in order to set up their business.

**TIC’s Responsibilities and/or Commitments**

As a primary agency of the Government in all investment matters, TIC is charged with the following functions:

a. Assist in establishing enterprise, incorporation and registration of enterprises
b. Obtain necessary licenses, work permits, visas, approvals, facilities or services
c. Sort out administrative barriers confronting both local and foreign investments
d. Promote both foreign and local investment activities
e. Secure investment sites and assist investors to establish EPZ projects
f. Grant Certificates of Incentives, investment guarantees and register technology agreement for all investments, which are over and above US$ 300,000 and US$ 100,000 for foreign and local investments respectively
g. Provide and disseminate up to date information on existing investment opportunities, benefits or incentives available to investors
h. Assist all investors whether or not registered by TIC
1.2 Statement of the Problem

After liberalization of the economy, foreign investors came to establish businesses in Tanzania. Significant measures were taken to encourage foreign and domestic private investments. Most Tanzanians expected a relief after the introduction of the liberal economy because they expected goods and services would be more available, more accessible and more affordable. Liberalization created income gaps whereas, not all citizens could afford their basic needs. Most of the basic goods and services were not available and those available were not easily accessible and those accessible were not affordable. Here is where the problem or controversy arose because these problems were connected to the coming of foreign investors. Politicians, activists, economists and other civilians have been arguing whether there are any benefits Tanzanians are getting from FDIs. The argument has been that, foreign investors come to Tanzania to drain our resources and they do not contribute anything to the nation rather that benefiting their nations and their people. The argument has been easily spread and grasped because the welfares of common citizens have been going down day by day, their living standards have been decreasing and their life expectancy keeping on diminishing.

The expectation gap of Tanzanians about developments which should be brought by FDIs geared this belief to root its ideology to most citizens. Nowadays it becomes easy to link between the poverty of Tanzanians with the exhaustion of our resources by foreign investors. Among the current issues of debate is the benefits that host economies can benefit from FDIs therefore the researcher is interested to find out what are the contributions that Tanzanians have been getting from FDIs indirectly, that is through multiplier effects. The researcher will follow trail on multiplier effects from one person’s spending which becomes someone else’s income and the second person’s income being spent and becoming the income of a third person and so on but the researcher will go up to second generation/level of benefits, that is, up to the income of a person benefiting from a person who is benefiting from FDI directly.
1.3 Objectives of the Study

1.3.1 General Objective
To find out what are the contributions of Foreign Direct Investments through multiplier effects to the lives of Tanzanians.

1.3.2 Specific Objectives
i. To identify the contributions brought by Foreign Direct Investments through multiplier effects to the lives of Tanzania both economically and socially.
ii. To identify what are the benefits/ contributions of Foreign Direct Investments to Tanzanians directly and indirectly.
iii. To analyse the initiatives which done by responsible authorities to harmonize and ensure foreign investments are beneficial to Tanzanians.
iv. To establish areas where there are gaps between perceptions of Tanzanians and perceptions of foreign investors against the government on the benefits which should be derived from Foreign Direct Investments.

1.4 Research Questions

1.4.1 General Research Question
What are the contributions of Foreign Direct Investments through multiplier effects to the lives of Tanzanians

1.4.2 Specific Research Questions
i. What are the benefits of Foreign Direct Investment economically and socially through multiplier effects to the lives of Tanzanians
ii. What are the benefits/ contributions of Foreign Direct Investments to Tanzanians directly and indirectly
iii. What are the initiatives done by responsible authorities to harmonize and ensure foreign investments are beneficial to Tanzanians
iv. Where is the gap in perceptions arising between normal citizens against foreign investors and government on “the should be” benefits of Foreign Direct Investment
1.5 Significance of the Study

a) To the public (Tanzanians)

My research work has ultimately given Tanzanians a real picture about what it takes to transform the Tanzanian economy through some of the identified Foreign Direct Investment opportunities. Also this research has made part of greatest contribution to the Foreign Direct Investment efforts in poverty reduction in general and for policy and decision makers in particular. The study has also stimulated further investigation on the areas mentioned by the researcher which need an extra eye as far as the contributions of foreign direct investments is concerned while giving recommendation on the field report. Also it has helped the public especially the government in implementation of proper and effective investment policies which are mostly applicable to other developing nations. Also the recommendations that are given are suitable by the private sectors especially the ones investing in joint venture on the contributions that are mostly desired by Tanzanians.

b) To the researcher

Apart from the fact that this research is a compulsory requirement for the fulfilment of degree of Masters of Business Administration in Corporate Management, the research work has facilitated the researcher to be equipped with necessary skills and exposure to all aspects of foreign direct investments and its effects derived from multiplier effects. The researcher has also increased networking with all stakeholders to whom information was requested. Also this research work has brought to the researcher creativity and ability to analyze and solve problems individually and through team work from the experience obtained during this research work. On top of that, the researcher has learnt about the contributions brought about by foreign investments and the disconnection between the people’s mindset and what is actually done to help Tanzanians from FDIs. Lastly but not least, the researcher has been able to come up with recommendations on what are the possible solutions to ensure that Tanzanians benefit and are satisfied with the involvement FDIs and can harmonize resources successfully to the development of the nation.
c) To the organizations involved

The report has given out self contribution to the organizations and has made organizations aware of what expectations which Tanzanians have over FDIs while closing the gaps in perceptions of what should be the contributions of FDIs in Tanzania. Aside from the proper policies which are enforced in this sector, the organization is provided with new challenges which need to be incorporated in the existing policies to make these policies more appropriate and applicable to the current global investment challenges. In the same manner, foreign investors have a comprehensive insight on the expectations of Tanzanians about their involvement in our country. The excavation of viable resources from this research and from previous scholars have given the foreign investment organization a very important reference to areas of ineffective and inefficient policies on Corporate Social Responsibilities which are done by these organizations. The research work revealed measures which need to be revised or upgraded to eliminate the gap in citizens’ perceptions.

1.6 Limitations to the Study

a) Time constraint

The research topic is comprehensive and it needed the researcher to derive the benefits of Foreign Direct Investment up to the second level or degree of benefits. In the same note, the researcher needed to combine different fields of knowledge and combine different populations so as to come up with a combination which justifies the contribution of FDI to Tanzanians versa vie Tanzanians perceptions on the “should be” benefits of FDIs. Time which was given for research study was so limited that it could not suffice the needs of collecting all relevant data for the study. The study was carried out while the researcher was also responsible to the employer where the researcher is currently working hence for an excellent report more time was recommended. Normal citizens out of Dar es Salaam were not visited for data collection hence limited the view to Dar es Salaam only. Under these circumstances time constraint led the researcher to draw conclusion leaving behind some of suitable data uncollected which could have impacted the conclusion and recommendations.
b) Shortage of enough funds

Foreign Direct Investments do not have regional boundaries. Investments are sparsely distributed everywhere in Tanzania but the researcher was limited to Dar es Salaam only and could not select many FDIs. The delimitation has considered the accessibility and availability of information. This is because the target offices and people are more accessible in Dar es Salaam. In the same note, this research topic is complex and its collection of data involved different people in different fields of knowledge hence it required to collect information from sparsely populated sample of normal citizens. This required lots of follow ups which are expensive to the researcher. In general shortage of funds is a crisis that strikes in every least developing country like Tanzania. There were problems of enough funds for the study because the researcher was planning to visit some different Foreign Direct Investments but funds and time limited hence only one FDI was used to represent others hence data was not collected from other FDIs because of lack of funds.

c) Cooperation from organization and respondents

Full cooperation from the organization is a minority point of concern. This is in regard to the legal grounds of employment stipulated in employment contract that not all required information can be given to the public. The organization does not consider research students as employees and hence the researcher was prevented from accessing some of the important facts. Other types of information are regarded confidential for security and competitive reasons. Also some respondents were reluctant to cooperate and provide required information in the questionnaires and interviews. Also getting a timely response from respondents was also a point of concern. Some respondents showed cooperation but not adequate in terms of timely responses and the quality/relevance of the information which they were willing to share with the researcher.

1.7 Scope of the Study

This study covered the contributions brought by FDIs indirectly to the lives of Tanzanians. In doing so, the study carried out an analysis of multiplier effects from FDIs to economic and social development of citizens. The study focused on Tanzania
investment Centre, Airtel Tanzania (as one of FDIs) and normal citizens who covered Dar es Salaam region only. In getting the real contributions of FDIs, one FDI was selected from FDIs available in Dar es Salaam region and normal Tanzanians were also selected from Dar es Salaam. Since there are lots of data which can be collected related to this topic, the researcher has focused of the data up to the past five years, that is, up to 2008.

1.8 Organization of the Study
This report contains six main sections. The first section has introduced the research topic and has provided the information backing up the research paper. The statement of the problem also made content of the first section, where the problem was identified and explained what this research topic is selected. Also the first section has elaborated the rationale of the study, research hypotheses, significance of the study, the scope of the research work and the limitations of the study. Section two of this report contains the literature review which includes concepts, theories, conceptual and empirical studies. This section showed in nutshell a number of relevant references passed through by the researcher during the study of this research. Some of the previous findings from preceding scholars are studied and summarized. The third section contains the methodology with which the research used for the purpose of collection information sorting organising and analysing the data. It points out the tools and techniques which employed to tabulate the data into more simplified and in a more user friendly manner. The fourth section contained the presentation of all materials collected from the field either through questionnaires, interview, observations and documentary studies. The data are presented in tabular form to easy understanding. The fifth section contained the discussion of data presented in the fourth section. The discussion is backed up by graphs which provided easy picture of what is discussed. The information is interpreted in the context of the research hypotheses and the discussion linked the data presented to the conclusion expected. The last section represents the summary, conclusion and recommendation. All the ideas which are presented in first section are now proved their validity and the researcher recommends of the best practises. Also there are areas of further study which are believed that if explored can provide broader insight about the topic.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
Literature review is a text written to consider the critical points of current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. Literature reviews are also secondary sources of data and as such do not report any new or original experimental work. Also a literature review can be interpreted as a review of an abstract accomplishment. Most often literature review is associated with academic-oriented literature such as a thesis (or dissertation, a document submitted in support of candidature for an academic degree). A literature review usually precedes a research proposal and results section. Its main goals are to situate the current study within the body of literature and to provide context for the particular reader. In the context of this research work, the literature review has focused on finding out the knowledge and the understanding of the current status of the issues related to the subject topic and establishing the gaps which need to be filled at the end of this research work.

2.2 Definition of Terms
The term “foreign” is an adjective which has several meanings. Foreign means pertaining to or derived from another country or nation, not native, pertaining to contact or dealings with other countries, connected with foreign affairs, external to one's own country or nation, carried on abroad or with other countries or belonging to or coming from another countries.

The term “direct” has three meanings depending on whether the word is used as adjective, adverb or verb. As an adjective, “direct” means extending or moving from one place to another by the shortest way without changing direction or stopping. As an adverb, “direct” means with no one or nothing in between while as a verb “direct” means control the operations of; manage or govern people or things.
According to Parker J. (2010), the term “investment” means something different to economists than it does to most of the rest of the world. Economists define the term investment as transactions that increase the magnitude of real aggregate wealth in the economy. This includes mainly the purchase (or production) of new real durable assets such as factories and machines. There are three categories of investments as follows: (a) Business fixed investment which is the purchase of new structures and equipment by business firms for production purposes. (b) Inventory investment which consists of increases in stocks of unsold goods or unused input materials. (c) Residential investment which consists of purchases of new housing units, whether by firms or households.

According to Bjorvatn (2000), “Foreign Direct Investment” is defined as an investment made to acquire a lasting interest in a foreign enterprise with the purpose of having an effective voice in its management. Therefore in other words, foreign direct investment is known as the investment acquired to meet a lasting management interest in an enterprise operating in an economy other than that of the investor. Regardless of the source, it is the sum of equity capital, reinvestment of earnings, other long-term capital and short-term capital owned by a non resident individual as shown in the balance sheet. The FDI is any investment which is established and carried out in the country other the country of the investors. For the purpose of this research, FDI is based on nationality of the person who had the entrepreneurship idea and invested regardless of where is the source of the funding.

According to Keynesian economic theory, the term “multiplier” connotes a factor that quantifies the change in total income compared to the injection of capital or investments which fuelled growth. It is usually used as a measurement of the effects of government spending on income and it can be calculated as one divided by the marginal propensity to save. Therefore multiplier is an effect in economics in which an increase in spending produces an increase in national income and consumption greater than the initial amount spent. For example, if a corporation builds a factory, it will employ construction workers and their suppliers as well as those who work in
the factory. Indirectly, the new factory will stimulate employment in laundries, restaurants and service industries in the factory's vicinity.

The term “investment multiplier” refers to the concept that any increase in public or private investment spending has a more than proportionate positive impact on aggregate income and the general economy. The multiplier attempts to quantify the additional effects of a policy beyond those that are immediately measurable. It tries to determine the financial impact for a public or private project. For instance, extra government spending on roads can increase the incomes of construction workers as well as that of the suppliers of the materials necessary for the project. These people may in turn spend some of their extra income in the retail sector, thereby boosting incomes of workers there as well.

According to Macmillan Dictionary, the term “contribution” means the part played by a person, persons or thing(s) in bringing about a result or helping something to advance or a gift or payment to a common fund or collection. It also means something that people do that helps to achieve something or to make it successful. Contribution may also connote an amount of money or something else of value that person(s) give in order to achieve something or to help make it successful.

The word “Tanzanian” has been defined in the Tanzania Citizenship Act of 1995. Section 4 (10, (2) and (3) of the Act stipulates as follows:

a. Subsection (1) Every person who, having been born in Mainland Tanzania Citizen of or in Zanzibar before Union Day, was immediately before Union Day a citizen of the Republic of Tanganyika or of the People's Republic of Zanzibar shall be deemed to have become, on Union Day, and, with effect from Union Day, subject to section 30, to have continued, and after the commencement of this Act shall continue, to be a citizen by birth of the United Republic.

b. Subsection (2) Every person who, having been born outside either Mainland Tanzania or Zanzibar before Union Day was, immediately before Union Day a citizen by registration or naturalisation of the Republic of Tanganyika or of the People's Republic of Zanzibar shall be deemed to have become, on Union
Day and, with effect from Union Day, subject to section 30 to have continued to be, a citizen by registration or, as the case may be, by naturalisation of the United Republic, and after the commencement of this Act shall become and continue to be a citizen by naturalisation of the United Republic.

c. Subsection (3) Every person who, having been born outside both Mainland Tanzania and Zanzibar before Union Day, was immediately before Union Day a citizen by descent of the Republic of Tanganyika or of the People's Republic of Zanzibar shall be deemed to have become, on Union Day and, with effect from Union Day, subject to section 30, have continued, and after the commencement of this Act shall continue, to be a citizen by descent of the United Republic.

2.3 Theories and Concepts

2.3.1 The Multiplier Concept

The multiplier is the marginal effect of a change of one economic variable upon another economic variable of which the first variable is a component, for instance, the marginal effect of the change in primary employment upon total employment or of change in investment upon national income. In the recent years multipliers of various kinds have been applied as tools of analysis in a number of fields of economic enquiry such as the theory of employment, national income determination and foreign trade. The multiplier is one of the main tools for establishing a relationship between income, investment, consumption and employment as developed by Keynes in his General Theory. Since its very first appearance, the attitude of economists towards the multiplier has been ambiguous. One group of economists state that the Keynesian multiplier is a new paradigm in economic theory (Blaug 1993). But at the same time, there were economists who indicated doubt regarding the multiplier (Robertson); another group of economists posed serious suspicion regarding to the multiplier's validity (Stoddard 2010). There are authors who considered multiplier as a dynamic process (Hansen 2006) claims that Keynes’s multiplier has two views: equilibrium and dynamic. Many arguments were raised against it, such as: the multiplier is severely static, unrealistic and characterized by instability, and so forth. Keynes’s followers have been attempting to "improve" the
multiplier theory and one of central arguments, often used by them, is that the multiplier has rests on a solid mathematical foundation. Moreover, two additional multipliers also considered: government purchases (spending) and taxes. Furthermore, it is necessary to stress that Keynes himself claimed that in the theory of the multiplier, you write here as though this was a matter on which you had only dogmatized and not discussed. But not only have you given a long chapter expressly to this subject, but about half the book is really about it’ (Keynes, 1973, p.57)

2.3.2 Keynesian Theory and Keynesian Multiplier

Keynes instituted the relationship between Investment (Saving) as Determinate and Fixed Capital (Investment) as Determinant. In doing so, Keynes derives the theory of general equilibrium between national income and national product. One of the main conditions of general equilibrium is the balance between the national income (in prices of services (primary factors)) and the national product (in prices of commodities). In establishing this scenario, Keynes came with the equation below:

\[ \sum_{j=1}^{n} \pi_j D_j + \sum_{j=1}^{n+s} \pi_j D_{j'} + \sum_{k=1}^{k} P_k D_k = \sum_{i=1}^{m} P_i O_i + \sum_{j=1}^{n+s+1} \pi_j D_{j'} \]  

- Equation 1

Where:
- \( P_i \) is equilibrium price of service \( i \) (land, fixed capital, and labour);
- \( O_i \) is equilibrium employed quantity of service \( i \) and \( O_i \leq Q_0 \) (available quantity);
- \( O_{j'} \) is equilibrium employed quantity of circulation capital goods \( j \), and \( O_{j'} \leq Q_0 \) (available quantity; included row materials \( S \), for which \( O_s = Q_0 \); and money for circulation).
- \( \pi_j \) is equilibrium price of commodity \( j \);
- \( \pi_{j'} \) is equilibrium price of circulation capital good \( j \);
- \( D_k \) is equilibrium quantities of new capital goods (investment).
- \( D_j \) is equilibrium quantities of commodity \( j \) for consumption; and new capital goods (investment).
- \( D_{j'} \) is equilibrium quantities of circulation capital goods \( j \); and raw materials for circulation.
The left side expression of Equation (1) is the National Product (used income) $Y_\pi$ in commodities prices and in the close economy it is generally divided into two components: commodities for consumption ($C^d$) (individual and publish) and investment ($I$). The right side expression is National Income (produced income) $Y_\rho$ in factors’ (services’) prices $Y_\rho$ and it is also divided into two components: spending for consumption ($C^d$) and saving ($S$). Therefore, by the employment of the existence services the national income is created (produced), which is spending on the commodities for consumption and investment. So, in the equilibrium:

$$Y_\rho = \sum_{i=1}^nP_iO_i = C^d + S, \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots$$ \textit{Equation 2}

$$Y_\pi = \sum_{j=1}^n\pi_jD_j = C^d + I, \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots$$ \textit{Equation 3}

$Y_\rho = Y_\pi$ and $C^d + S = C^d + I$, therefore $S = I, \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots \quad \ldots$ \textit{Equation 4}

Equation (2) indicates that in the presence of equilibrium saving is equal to investment. However, individuals who save differ from those individuals who invest, and hence saving may differ from investment. Therefore, in order to establish equilibrium, saving must be equalized to investment; a task to be accomplished by the manipulation of interest rate. This means that, for the period in question, the investment is yielded from the national income, as it produced by the basis of existing services, included fixed capital.

It must be emphasized that Keynes’s conditions (equations) of equilibrium is incomplete and even incorrect (Keynes, 1936); however, despite of this, let us assume that these equations are correct for the establishment of equilibrium state; an assumption which would allow us to discuss Keynes’s multiplier. In addition, must be also emphasized that the Classical approach and Keynes’s approach, in equilibrium state there might be unemployed services, where in Walras’s case it’s called voluntary unemployment and in Keynes’s case it’s called involuntary unemployment. Despite of that Keynes’s macro model did not enable to treatment at not only involuntary unemployment but also unemployment at all.
One of the central statements of Keynes’s General Theory is that ‘Thus the traditional analysis is faulty because it has failed to isolate correctly the independent variables of the system. Saving and Investment are the ‘determinates’ of the system not the ‘determinants’. They are twin results of the system’s determinants namely, the propensity to consume, the schedule of the marginal efficiency of capital and the rate of interest’ (Keynes, 1936, pp.183-4). This is a very important statement, but Keynes undermines it in the multiplier theory, where investment becomes a determinant in the same phase of the whole process of investment.

The above-mentioned claim enables us to make clear whether new capital goods (investment), as produced in a certain period (year), are transformed into services (fixed capital) either in the year question or the next year. Convenitely, it is assumed that new capital goods which are produced during a certain year turns into services for the next year. One of the central assumptions of Keynes’ analysis is ‘the existing quality and quantity of available equipment, the existing technique,’ (Keynes, 1936, p.245). This means that new capital goods are not involved in the creation (production) of the national income in the year of their production. So in this case there is no direct connection between investment and the creation of national income. There is a connection between them in such a way as to produce new capital goods (invest), which, in turn, create an analogous national income. This is the first phase of the whole process of investment, i.e. when investment is created; therefore, in this phase, investment (saving) is determinate; and therefore, the causal relation here moves from income to investment. This is when the increment in income causes an increment in investment. While the inverse relation means that in order to increase investment an analogous increment of income is required.

In the second phase, investment is transformed into fixed capital and produces income in combination with other services (labour, land, money) and technology. So, in this phase, fixed capital (investment) is the determinant; and thus, the causal relation here moves from fixed capital to income. An increase of fixed capital causes an increment of income; while the inverse relation is equal to the next requirement: in order to increase income an increment of fixed capital is required. It must be
emphasized that the process is characterized by the cumulative process. This is the case because: first, the new investment (fixed capital) functions during several years; second, in each year new additional income is also used for additional consumption and investment. If we take into account these assumptions, we can conclude that the investment process, according to Keynes’s approach, relates only to the first phase.

2.3.3 Sources of Investment Multiplier/augmentation

The character of the process of investment depends on the type of the source of its increment. The founders of the concept of multiplier (Kahn and Keynes) considered two sources of investment increasing namely: (a) endogenous and exogenous sources (b) domestic and foreign sources, but modern economists especially the school of new Keynesian also consider a third source namely printing of money. Keynes wrote (Keynes, 1936, p.64) ‘Assuming that the decisions to invest become effective, they must in doing so either curtail consumption or expand income. Thus the act of investment in itself cannot help causing the residual or margin, which we call saving, to increase by a corresponding amount’ (Keynes, 1936, p.64). This in mind, and on the basis of careful analysis we can conclude that there are three possibilities for investment increasing: (1) when the value of consumption is decreased and income does not change; (2) value of the consumption is constant (no change) and investment increase by the increase income; (3) both, consumption and investment are increased by increasing income, either they are increased with variable marginal (average) propensity to consume (Keynes, 1936, p.114) or they are increased by constant marginal (average) propensity to consume.

This is to say, an increment of either consumption or investment or the increment of both stipulates an increment in national (produced) income of the same magnitude, and vice versa. In other words, the increment in investment or consumption must be financed by an equivalent increment in national income (increment by the additional employed services). In addition, the increment in investment must be equal to the increment in terms of saving. The relationship between consumption and investment (marginal-average propensity to consume) does not influence on this conclusion.
Investments influence only the magnitude of the increase in income. It can be concluded that in all cases where the increment in investment (income) is a result of endogenous sources, the magnitude of the increment of national product (used income) is equal to the magnitude of national income (Negishi, 1979, p.182). In other words, when the source of the increment of the investment is an endogenous, then the new investment is not involved in the process of producing additional income; it will be involved only in the production of the next year income, when it is transformed into fixed capital.

The second source for increasing investment - exogenous - means that the increment is obtained by means of borrowing from either domestic sources (banks and other similar institutions) or foreign sources (governments and banks), or from both of them together. In the case of exogenous increment of investment, the calculation of the national income, which is created by the additional investment is generally divided into two stages: (1) first, when it is still identified with the endogenous source; (2) second, because of this, i.e., because the source of incrementing the investment is exogenous in the specific year of the investment, additional national income is produced in the industries in which the capital products were initially produced; and the value of income created is equal to the value of investment minus the intermediate input of goods for the production of investment goods. Accordingly, the additional produced income has not been used to finance consumption and investment in the question year as in the previous case; and when it is “free”, it might be used for the new additional purchase of commodities for consumption and investment. Thus, this additional income is divided between consumption and investment in accordance with the marginal (average) propensity to consume (save), on the one hand, and the production of additional income from the next year, on the one other hand.

There is one additional attribute, namely, the question of the efficiency of borrowing and the problem of loan repayment; i.e., in order to calculate the total value of additional income by means of the new investment by the exogenous source, it is necessary to reduce the value of the investment (calculated according to time of
return) from the produced income in question. Regarding the issue of money printing as the source of investment increasing, it should be noted, time and again, that it was absolutely rejected by the founders of the concept of multiplier: ‘There was no reason why additional expenditure on public works needed to be financed by the creation of additional money as against borrowing from the public. The increase of employment was not the result of an increasing quantity of money. (Kahn, 1984, pp 104)

2.3.4 Theories and concepts from other scholars
According to Blomström and Kokko, (2003) the contributions of FDI to the development of a country are widely recognized as filling the gap between desired investment and domestically mobilized saving, increasing tax revenues and improving management and technology as well as labour skills in host countries. These could help the country to fight its way out of poverty (Borenzstein, De Gregorio and Lee 1998). According to neoclassical theory, FDI influences income growth by increasing the amount of capital per person. It spurs long-run growth through such variables as research and development and human capital. Through technology transfer to their affiliates and technological spillovers to unaffiliated firms in the host economy, MNCs can speed up the development of new intermediate product varieties, raise product quality, facilitate international collaboration on R&D, and introduce new forms of human capital (Ikara, 2003). Empirical studies suggest that FDI is very important because it provides a source of capital and complements domestic private investment. Many studies (Blomström and Kokko, 2003) conclude that FDI contributes to total factor productivity and income growth in host economies, over and above what domestic investment would trigger. These studies find further that, the policies that promote indigenous technological capability such as education, technical training and R&D, increase the aggregate rate of technology transfer from FDI and that export promoting trade regimes are also important prerequisites for positive FDI impact.

For instance, a study by Borenzstein, De Gregorio and Lee (1998) using data on FDI received by developing countries tested the effect of FDI on economic growth in a
cross-country regression framework. They found some indications that FDI has a positive effect on economic growth but this impact was dependent on the human capital stock in the host economy. The increased productivity by FDI holds only when the host country has a minimum threshold stock of human capital. Similarly, in Chen and Démurger (2002) study also found evidence of a generally higher level of productivity growth of foreign-funded firms in China compared to domestic firms. Most of these studies use data across different sectors. It is assumed that the results and implications hold true also for agricultural firms.

However, there is growing empirical evidence suggesting that the impact of FDI on economic growth is not automatic. For example, Borenzstein, De Gregorio and Lee (1998) show that for FDI to contribute to economic growth, the host country must have achieved a minimum threshold level of development in education, technology, infrastructure, financial markets and health. Thus FDI contributes to economic growth only when the host country has reached a developmental level capable of absorbing the advanced technology that it brings. This suggests that most of the effect of FDI on economic growth likely derives from efficiency gains rather than an overall higher induced level of investment. In a similar perspective the positive and significant spill-over appears only in industries which are mainly labour-intensive and have a low to moderate technology gaps firms. Therefore based on this and the fact that agriculture production in developing countries is mainly labour-intensive.

2.4 Empirical Studies

2.4.1 Local Cases
According to Mpanju (2012) in his research on “The Impact of Foreign Direct Investment on Employment Creation in Tanzania”, the current problem of youth unemployment in Tanzania can be addressed by establishing production facilities which will engage these youths in the value creation process. Multinational firms which use labour intensive production techniques can absorb many of the youths that lie idle. This may take place as a result of being employed by foreign firms directly or indirectly by other suppliers to these foreign firms. The study adopted a case study design with a quantitative research approach. Case studies can be exploratory,
explanatory, and descriptive. The type used in the research was descriptive. The study was based on six pairs’ observations of FDI inflows from developed and emerging economies, employment generation, unemployment rate and GDP growth over a period 1990 to 2008. For this study secondary data from public sources were used. For FDI inflows data were obtained from the World Investment Reports of UNCTAD, EAC official publications and reports, Bank of Tanzania (BOT) and National Bureau of Statistics (NBS) publications for the period 1990-2008. Gathered data were analyzed with quantitative techniques. The quantitative component entails collecting and analyzing data from relevant research reports and data bases such as World Bank indicators, annual World Investment Reports and data bases by UNCTAD, ILO and IMF. Additional information was gathered from government and other sources. Regression methods were used for empirical work. In this study one method was used, namely the ordinary least squares.

According to Msuya (2007) in his research on “The Impact of Foreign Direct Investment on Agricultural Productivity and Poverty Reduction in Tanzania”, Tanzanian agriculture is dominated by smallholder farmers cultivating an average of 0.5 ha to 2 ha. Smallholders with strong links to FDIs are more efficient than their counterparts. Likewise, the qualitative impact of FDI on the Tanzania economy has become noticeable especially in the industries in which FDI is concentrated. Msuya recommends that, in order to transform the agricultural sector into one with high productivity and high quality output, effort is needed to understand and eliminate the barriers to smallholders that inhibit the growth of productivity. The structural problems facing smallholders (such as limited access to information, to input and output and financial markets) need rethinking and a different institutional arrangement is needed which will attract more FDI to the sector. Also integrated producer schemes on the other hand are designed to develop the capacities of smallholders through extensive provision of extension services and close monitoring of production and quality control. He suggests that, in the short and medium term, efforts to foster integration and creation of strong bonds between smallholders and investors through integrated producer schemes can increase FDI to the sector and thus increase productivity while in the long run more FDI can be attained by
developing strong institutions in all sectors. The challenge that remains is how to set up these institutions (integrated producer schemes) in other crop sub-sectors which might have different processing requirements. The author recommends further empirical studies in this area for a better understanding of the mechanism through which FDI addresses the productivity of smallholders and poverty reduction.

According to Mnali (2012) in the research on “The Contribution of Foreign Direct Investment to Local Economy in Tanzania” it showed that in Tanzania more than 25% of the registered projects were owned by foreign affiliates/companies which have operations in Tanzania. Its impact to the local economy has been in terms of job creation, government revenue, transfer of technology and skills, capital invested and foreign exchange earnings.

Specifically, the telecommunication sector has contributed significantly to the employment creation of both direct and indirect jobs. The indirect jobs includes Tanzanians selling cell-phones, airtime, cell phone battery charging services, providing calls services, money transfer and so forth. The industry has improved the communication services compared to the previous situation prevailed 20 years ago. It is this industry which has enabled rapid mobile technology penetration to the villages, mobile telephone banking services across Tanzania. Moreover the telecommunication sector has contributed significantly to the government tax revenues. According to Mnali (2012), despite the increasing figures of FDI inflows, Tanzania faces a number of challenges that requires deliberate measures in order to attract and retain more investors. Some of the challenges are lack of adequate and reliable power, poor infrastructure especially feeder roads, lack of designated areas for investment projects (such as farming land, industrial plots) where investors may acquire for investment purposes and negative image of Africa propagated by western media about the continent. Mnali recommended that Tanzania needs to abandon the fragmented approach hence adopt working together attitude for the national interest. Policy need to address issues related to employment, transfer of skills and technology, repatriation of capital, foreign exchange, business linkages and capital injection of FDI inflow to Tanzania so that its contribution to the economy can be viable.
2.4.2 Abroad Cases

According to Mojekwu (2012) in the research on “Foreign Direct Investment and the Challenges of Sustainable Development in Nigeria” the author enlighten that, Nigeria as a country, given her natural resource base and large market size, qualifies to be a major recipient of FDI in Africa and indeed is one of the top three leading African countries that consistently received FDI in the past decade. However, the level of FDI attracted by Nigeria is ordinary compared with the resource base and potential need. The methodology of the author was based on collecting secondary data. To achieve the stated objectives of the study, annual time series data of the variables were used. The data were sourced from the Central Bank of Nigeria’s Statistical Bulletin, the International Monetary Fund’s International Financial Statistics and the World Bank’s World Development Indicators 2009. Multiple Regression Model (Least Squares Model) was used to analyse data and tabulation ready for interpretation. On the discussion of findings, Mojekwu found that, with respect to the level of series regression, the results show that the infrastructural development is positively and significantly related to GDP while the degree of openness of the economy and political risk impact negatively and significantly on GDP. The author concluded that there is lack of consensus in the literature of financial economics with respect to the nature and degree of relationship between foreign direct investment and sustainable development. Though, many works have looked the correlation between foreign direct investment and economic growth. The estimated regression shows the relationship between Gross Domestic Product as the dependent variable and the Gross Capital formation, inflation rate, foreign Direct Investment, Degree of openness, infrastructural Development, Government size, political risk and human capital as the independent variables. The results showed that Inflation Rate, Infrastructural Development, Human Capital had the expected relations with GDP in the while only Gross Capital Formation and Foreign Direct Investment had the expected relations with GDP, therefore when the Nigerian economy is opening up to the rest of the world it will lead to sustainable growth and development.

According to Ogunleye (2011) in the research on “Measuring the Impact of Foreign Direct Investment on Economic Growth in Nigeria”, urges that there is a critical need
for the integration of the nation’s human resources through improved education and training to enable them contribute significantly into the growth process especially by competing with their foreign counter-parts that invest in home country. The main objective of his study was to examine the relationship between FDI inflows and economic growth in Nigeria by testing the validity of the two contending hypothesis (modernization and depending) hypothesis in Nigeria. While the modernization hypothesis conceives that FDI could be growth promoting, the depending hypothesis proclaim that FDI could have deleterious long term impact on growth. The study considered more scope (between 1970 and 2008) as well as tried to ascertain the long-run sustainability of the FDI-induced growth process in the country. This study made use of time series data sourced from statistical Bulletin, Economic and Financial Review and Annual Reports and Statement of Accounts of the Central Bank of Nigeria and the Federal Office of Statistics. The macroeconomic data cover gross domestic product and Foreign Direct Investment between 1970 and 2008. The model for this study uses Granger causality test to ascertain the direction of causality between GDP and external debt in Nigeria between 1970 and 2008. Other econometric tests such as unit root test, co integration test and error correction mechanism were also performed to determine the stationarity of the data and the long run relationship between the variables. In conclusion, the findings of the study supported the modernization hypothesis and this indicated that FDI contributes positively to Nigeria’s economic growth despite the structural change in the flow of FDI to the economy. However, there is a strong need for the improvement in the nation’s business environment in order to attract more foreign investors, by consciously curbing corruption through intensified and improved efforts.

According to Riddervold (2011) in the research on “The Effects of Foreign Direct Investment on the Ugandan Economy” points out that, natural resources in Uganda are substantial and largely unexploited including arable land, adequate rainfall, mineral deposits and fresh water including Lake Victoria that is significant for fishing. Although the country is land-locked, there are numerous opportunities for both domestic and foreign investment. The author aimed to investigate to what extent foreign capital inflows affect employment in Uganda, through direct employment
and indirect through linkages/spillovers to domestically owned firms. In attaining this objective, the author used structured questionnaires with questions aiming at establishing the number of employees in the companies sampled as well as the nature of employment. The questionnaires were distributed through company websites, email as well LinkedIn, which is a networking tool that allows individual communication with trusted contacts. Also document reviews was used which included foreign trade programs, documents obtained from the Uganda Revenue Authority as well as the key foreign investors in the Ugandan market. Uganda Investment Authority’s archives and newspaper articles were also used. The target population of this study is the foreign companies operating in the Ugandan market. From the findings, the author found that there has been an increasing trend of FDI in Uganda since 1990, for instance year 2008 had a marked rise of FDI to 799 million USD, which has continued to grow steadily reaching as high as 1.67 billion USD in the year 2010. This study established that labour force participation in Uganda is slightly more than 80%. Women participation is relatively high. The study revealed that the greater percentage of participation is higher among the illiterate than among the educated especially in the manufacturing sector. People with post secondary education were less in the workforce than lower grades. Riddervold S. (2011) recommended that the government should offer incentives focusing on encouraging rural development. FDIs are currently concentrated on major towns especially in manufacturing which employs majority of the workforce. Rural infrastructure also needs to be developed to attract foreign investors. This will minimize rural-urban migration which is hampering provision of basic services in Uganda’s towns. Moreover, creation of employment in the rural areas would spread the spill-over effects all over the economy leading to balanced economic growth.

### 2.5 Conceptual Framework

The contribution of Foreign Direct Investments has got a direct effect to the lives of Tanzanians. In this research, the contribution of Foreign Direct Investments stands as an independent variable while the lives of Tanzanians represent the dependent variable. The developments and better lives to Tanzanians are derived from the contribution of FDIs. The success of the FDIs has got a lot to do the betterment of
the lives of Tanzanians hence lives of Tanzanians are driven by the FDIs perpetrated by the multiplier effects. The contribution of Foreign Direct Investments as a means of achieving the Millennium Development Goals requires more rapid and broad-based economic growth. According to IFAD 2002, an estimated rate of gross domestic product growth of 7% a year is needed to achieve the millennium poverty target. By achieving these goals we can easily see the contributions of Foreign Direct Investments to the lives of Tanzanians. Below is the relationship between the contributions derived from FDIs against the living standards of Tanzanians which shows the direct proportionality.

**Figure 2.1 The relationship between the contributions from FDIs against living standards of Tanzanians**

The impact of increase in contributions from FDIs against the people's living standards

<table>
<thead>
<tr>
<th>Contributions from FDIs</th>
<th>Increase in living standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qty 1</td>
<td>0%</td>
</tr>
<tr>
<td>Qty 2</td>
<td>10%</td>
</tr>
<tr>
<td>Qty 3</td>
<td>20%</td>
</tr>
<tr>
<td>Qty 4</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

In low-income countries like Tanzania, given the importance of the agricultural sector in employment and output, the best way to raise the overall rate of economic growth and promote broad-based and sustainable development is through more rapid agricultural development. Foreign Direct Investments which are focusing of
developing agricultural sectors can play an important role through increasing efficiency and productivity and thereby improving the lives of Tanzanians. However economic growth in itself is not a sufficient condition for poverty alleviation which contributes to the lives of Tanzanians. There is evidence that higher incomes in developing countries benefit the poor segments of the population proportionately (Ikara, 2003). The contributions of FDIs are key element in generating growth and thus it is an important ingredient for poverty reduction through contributing to the lives of Tanzanians. Dollar and Kraay (2000) indicate that on average the poor benefits from growth, as an increase in the rate of GDP per capita leads to a one for one increase in the average income of the poorest. The contributions of FDIs are thought to contribute to economic development (and therefore poverty reduction) through initial macroeconomic stimulus and by raising total factor productivity and efficiency of resource use in the recipient economy.

Some of the analyses have been presented to conceptualize the way in which the contributions of FDIs can contribute to better lives of Tanzanians and poverty reduction. Ikara (2003) shows that, the contributions of FDIs contribute to poverty reduction by raising total factor productivity and efficiency of resource use. This leads to economic growth and ultimately poverty reduction which connotes better living standards. The transmission mechanism between the contributions of FDIs and poverty reduction is through direct technology transfer, technological spillover, human capital formulation, international trade integration and competitive business environment. Much of the contributions of FDIs to better living standards are through access to employment especially productive employment. In many developing countries insufficient job opportunities are the result of inadequate levels of investment both domestic and foreign and that low investment makes other forms of poverty alleviation more difficult because lower rates of economic growth than the rate of population growth means that each year more people are added to the ranks of the poor. In developing countries where domestic savings are very small, the contributions of FDIs are potential source for capital formation.
The ultimate contributions of FDIs on economic growth leading to better living standards depends not only on the performance of foreign firms, but also on the diffusion of new technologies, innovations, knowledge, new best practices and other intangible assets from FDI throughout the economy of the host countries. From this conceptual framework, we establish that, there is a direct relationship between the contributions of FDIs and the better living standards of the lives of Tanzanians. This is to say that, rate of increase in the living standards of Tanzanians are direct proportional to the rate of increase in the contributions from FDIs. The researcher expects these variables to behave directly proportionate during the time of presentation findings and analysis of data. The multiplier effect has been identified as semi variable which drives the main variable which is the contribution of FDIs.

2.5.1 Relevant Sketches from Literature Review

2.5.1.1 Countries invested most in Tanzania

Most of the foreign investments originate from the United Kingdom due to the historical background. Tanzania was a British colony that is why it is well known by investors from UK than other parts of the world. According to TIC (2011), 23% of registered projects originate from United Kingdom, 15% from India, 15% Kenya, Netherlands 10%, China 10%, USA 10%, South Africa 7%, Canada 5%, Germany 3% and Oman 2%. Note that the rankings have been made depending on the number of foreign investments to Tanzania and not on the value of investment inflows to Tanzania.
2.5.1.2 Ownership of Investment Projects in Tanzania

Tanzania Investment Act provides three types of project ownership as follows. An investment project may be whole owned by Tanzanians or by foreign nationals or the project may be jointly owned by Tanzanians and Foreigners (Joint Venture). According to the TIC registered projects for the period 2005 to 2011 Tanzanians have been playing a leading role in terms of establishing investment projects followed by Joint Venture projects and lastly foreign nationals.
2.5.1.3 Sectoral Distribution of FDI in Tanzania
The largest sector for FDI is believed to be the manufacturing sector with about 33.5 percent of total FDI stock while the second largest sector for FDI is believed to be mining with about 28 percent of total FDI stock. Much of the FDI in the manufacturing sector went to food and beverages while in the mining sector, the largest single sub-sector in terms of FDI has been the gold mining industry. Tanzania’s ability to attract mineral explorations and investment has been highly dependent on the country’s abundance of mineral resources. There has been a dramatic growth in the mining sector since the 1990s. In 1998, Tanzania was the leading country in Africa in terms of the number of exploration activities above traditional mining countries of South Africa and Ghana. While there is a high concentration of FDI into the manufacturing and mining sector it should be noted that agriculture is the backbone of the Tanzania’s economy contributing about 50 percent of Gross Domestic Product (GDP). However, the sector contributes only about 6.7 percent of the total FDI stock. This is a challenge for the government to attract foreign investors who may have competitive advantage in the sector.
2.5.1.4 Regional Distribution of FDIs in Tanzania

The presentation below shows that FDI stock is concentrated in the Dar es Salaam region with about 49.5 percent of FDI stock. Most of foreign investments are located in Dar es Salaam simply because it is the country’s business and financial hub, and has a relatively well-developed infrastructure that supports a wide range of economic activities. Mwanza and Shinyanga regions are also among top recipients of FDI mainly because they are endowed with abundant natural resources, especially minerals. In addition, Mwanza has the biggest fishing industries and resources which have attracted foreign investors. Arusha has also attracted substantial amount of FDI flows due to its commercial and tourist activities. The region’s favourable weather has created an added advantage for a wide variety of agricultural activities. However, with this kind of distribution, a very small section of the country has benefited directly from the improved performance of FDI inflows. There is need for the government to earmark potential areas of investment and improve social and economic infrastructure in the regions with less FDI inflows.
Figure 2.5 Regional distribution of FDI flows in Tanzania

![Regional Distribution of FDI Flows in Tanzania](image)

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dar es Salaam</td>
<td>49.5%</td>
</tr>
<tr>
<td>Mwanza</td>
<td>14.2%</td>
</tr>
<tr>
<td>Shinyanga</td>
<td>12.7%</td>
</tr>
<tr>
<td>Zanzibar</td>
<td>4.6%</td>
</tr>
<tr>
<td>Morogoro</td>
<td>4.5%</td>
</tr>
<tr>
<td>Arusha</td>
<td>9.4%</td>
</tr>
<tr>
<td>Other regions</td>
<td>3.4%</td>
</tr>
<tr>
<td>Iringa</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Source: Tanzania Investment Centre.

2.6 Further literature on FDIs in Tanzania

2.6.1 Laws Governing Investments in Tanzania

Below are some of the selected laws applicable in United Republic and which have direct impact on investments and especially foreign investments:

a. Tanzania Investment Act, 1997 (No. 26 of 1997). This is an act to guide investment activities in Tanzania. The act does not apply to investment in mining and oil exploration.

b. The village land Act, 1999 (No. 5 of 1999). Provides for the management and administration of land in villages and for related matters.

c. The land Act, 1999 (No. 4 of 1999). Provides for basic law in relation to land other than village land, the management of land settlement of disputes and related matters.

d. Banking and financial institution act 1991 (No. 12 of 1991). An act is intended to harmonise the operations of all financial institutions in Tanzania. To regulate credit operations and to provide for other related matters.
e. Mining Act, 1998 (No. 5 of 1998). Provides for legal related matters on mineral mining (extraction), mineral trading (internal or exporting) and any other mining relevant matters.

f. Capital markets and Securities Act, 1994 (No. 5 of 1995). This act provides for establishment of capital markets and Securities authority (CMSA) for the purpose of promoting and facilitating the development of capital markets and securities in Tanzania.

g. Export Processing Zones Act 2002. Manufacturing for exports which can be single factory unit (stand alone) and which export at least 80% of the products manufactured.

h. Special Economic Zones Act 2005. Involves investments in other sectors other than manufacturing for both export and local markets


j. Petroleum (Exploration and Production) Act 1981. This legislation governs investment in the petroleum exploration and production sector.

k. Public Private Partnership Act, 2010. This legislation is for investment in the Public Private Partnership projects such as investment in the infrastructure sector.


m. Immigration Act, 1995. To control immigration in Tanzania and for matters related to immigration.

2.6.2 Investment Opportunities in Tanzania
Tanzania is a developing country with a lot of resources unutilised and some of them underutilised. There have been vast opportunities for Tanzanians and foreign nationals to come and invest in Tanzania. The country continues to make headway in attracting foreign investment and opportunities exist in many sectors including agriculture, tourism and manufacturing, for investors to put money into ensuring a bright future for the Tanzanian economy. In realising the opportunities available, the
government has established Tanzania Investment Centre to facilitate all procedures to make it easy for persons/companies who/which are willing to their establish investments/businesses in the country.

2.6.3 Investment Challenges in Tanzania
Investing in developing countries like Tanzania in particular is a challenge embedded with issues on policies, laws and regulations governing investment in these countries. Also the level of poverty in these countries is severe hence the challenges become more glooming compared to investing in developed countries. Below are some of the challenges which foreign investors face while trying to establish a multinational. Despite of attracting more FDI than our neighbours in the region, we still have some few challenges which we are working on in order to attract and retain more investors. Some of the challenges are such as:

a. Lack of adequate power supply
b. Poor infrastructure especially (feeder roads)
c. Lack of designated areas for investment (such as farming land, industrial plots), where potential investors may acquire for investment
d. Negative image of African continent by western Media

2.6.4 Efforts to address the challenges
Most countries have seen potential in attracting foreign investment in their countries. In meeting the desire to attract foreign investors, countries come with different policies and incentives to attract investments. Some policies and tax incentives are introduced to keep foreign investment the best deal in their countries. The following are some of the efforts done by some authorities in most developing countries to attract investment Tanzania in particular.

a. Attracting investors in the Energy sector is among the priorities of the government plan
b. Effort to establish a land bank is ongoing. TIC is working with other stakeholders in this area
c. A new PPP legislation is in place. This legislation is helping to attract investors in the infrastructure sector such as road construction for instance toll road

d. Awareness creation is on going through our Embassies abroad and also through other organizations such as Tanzania Investment Centre, Tanzania Tourism Board, TANTRADE, Board of External Trade, Export Processing Zone Authority and others.

2.6.5 Tanzania’s efforts to promote FDI for economic development

According to Velde (2002), there are ten policy challenges which offer sufficient or even necessary guidelines for Sub-Saharan African countries wanting to attract FDI. Rather, it is a checklist for those countries in need of appropriate policies to make FDI work for the national development. The reference is taken from a study which reflects on these ten policy challenges for the case of Tanzania. The ten policy challenges to make FDI work for development include the following:

i. Establish whether and how FDI fits in with development objectives. For instance how FDI in Tanzania fits in our Millennium Development Goals, Vision 2025 and other medium and long term plans.

ii. Thinking in terms of quality, not quantity. Whenever investors show the willingness to invest in the country, what is important is what are they bringing to our economic development and that is quality.

iii. Preparedness and well informed people. Countries need to prepare their people, resources, laws, policies, procedures and all needed to make both parties successful without anyone’s fault.

iv. Reduce conflict and corruption at implementation and operation. There should be clear lines on how things are organized and abidance to the memorandum of understanding is the best technique to reduce conflict.

v. Provide appropriate infrastructure and appropriate skills. Investors prefer to go to countries where human resources are available at affordable prices and infrastructure is reliable.
vi. Implement FDI policies consistently and actively. There should be sound and consistent policies in place which are active and enforceable to assure investors about security of their capital assets.

vii. Understand the pros and cons of international investment agreements. Responsible authorities should understand the implication of the contracts they sign on our behalf of Tanzanians and make things open.

viii. Facilitate trade and terms of trade. The perpetration of domestic and international trade should be a focal point especially in ensuring that balance of payments is leveraged and our currency is flourishing.

ix. Provide a transparent and appropriate incentive and regulatory framework. In Tanzania for instance, TIC should set favourable climate politically, legally and economically for investors to invest in Tanzania.

x. Promote linkages within available means. Countries in Sub Saharan Africa should promote the opportunities available, incentives given, legal framework and eliminate bureaucracy as a way to attract more investors.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes the type of the research design which is preferred and which has been used by the researcher. It discusses the type of data which is collected, population study involved, the area of study, data collection instruments, sampling procedures and sample size as well as the method of data analysis.

3.2 Research design
According to Kothari (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. A research design is a systematic research procedures and techniques which help the researcher to conduct the study and avoid self deception. It is the plan that provides the direction of the study and guides the researcher on how data should be collected, organized, analyzed and interpreted. In other words it is a procedural framework within which the research is conducted. It is a plan of action for collecting and analysing data in an economic, efficient and relevant manner while a research methodology is the means or the method in which data is collected.

The research design which was deployed was descriptive research design. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. Descriptive research tries to answer “what” and here the researcher wants to know what the contributions of FDIs through multiplier effects to Tanzanians. Case study research excels at bringing an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. Therefore the research method taken by the researcher was case study whereas Tanzania Investment Centre (TIC) was regarded as a case of investigation. The case study method is a form of qualitative analysis and involves a careful and
complete observation of a social unit, be that unit a person, a family, an institution, a cultural group or even the entire community. The researcher decided to use this design because was confident that sufficient and reliable information would be collected keeping in mind the limited time available. Time constraint would limit the researcher but with case study the researcher was able to weigh up sufficient data to draw desirable conclusion. The researcher also decided to use case study because it focuses on specific unit or single social unit and it is a complete study in itself in the sense that, the subject would be studied and observed in more detailed scope.

3.3 Study area
Study area was the unity of enquiry which describes the place where data was collected. The study was conducted at Tanzania Investment Centre (TIC). The researcher needed to identify, evaluate and analyse the contributions of Foreign Direct Investment to the lives of Tanzanians. Therefore the researcher needed to evaluate the intended efforts of the authority to ensure that FDIs are beneficial to Tanzanians. In conducting this, the researcher also investigate one of the FDIs in Dar es Salaam (Airtel Tanzania) and evaluated what are its contribution to Tanzanians versus what are the expectations of Tanzanians about this selected foreign investment. In lining these benefits with multiplier effects the researcher also involved employees benefiting of FDI and evaluated how their income/benefit from FDI has got a multiplier effects to the lives of multiple Tanzanians. Also data was collected from civilians and compare whether they conform to the data already collected in TIC through questionnaires, interviews and observations.

3.4 Study population
Study population is generally a large collection of individuals or objects which forms the main focus of a research. It is for the benefit of the population that researches are done. A study population is also known as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common characteristic or trait. The targeted population under study from which the sample was drawn comprised of the following:
a) Employees of Tanzania Investment Centre specifically dealing with FDI,
   b) Employees of one selected Foreign Direct Investment from Dar es Salaam
   c) Tanzanians from Dar es Salaam and/or Coastal regions

3.5 Sample size
A sample is a set of observations drawn from a population by a defined procedure. It may be drawn without replacement, in which case it is a subset of a population or with replacement, in which case it is a multi-subset. Sample size is the number of observations used for calculating estimates of a given population. In order to get relevant information which enabled the researcher to carry out the research and write a meaningful report, the following was done regarding sample size:
   a) A sample of 10 employees was drawn from the population of employees of Tanzania Investment Centre specifically dealing with FDIs.
   b) A sample of 25 employees was drawn from one of the Foreign Direct Investments available in Dar es Salaam
   c) A sample of 25 citizens was drawn from Tanzanians available in Dar es Salaam and/or Coastal regions
In total 60 respondents were selected for data collection and at least 42 responses were needed back for the researcher to proceed and draw conclusion on the sample selected. This means that from the sample size above, if there were responses equivalent to 70% or more, then the sample would meet the minimum requirement criteria of statistical computations for the researcher of up to 70% of all expected responses.

3.6 Sampling techniques
Sampling techniques are methods used in drawing sample from a population usually in such a manner that the sample facilitates determination of some hypothesis concerning the population. It is the method which is adopted to collect the sample which has large implications on the conclusion to be drawn from that sample. The researcher used both probability and non probability sampling techniques to select sample.
3.6.1 Probability sampling techniques

Probability sampling is a sampling technique where the samples are gathered in a process that gives all the individuals in the population equal chances of being selected. This technique is non biased and every item in the population has equal chance of being selected therefore the researcher cannot influence the results of the sample to be selected.

Simple random sampling

The simple random sampling is the basic sampling method assumed in statistical methods and computations where each unit of the target population has equal chance of being selected. Each unit of the target population is assigned a number and a set of random numbers is then generated and the units having those numbers are included in the sample. This method was used to find the representative sample of employees from departments which were selected at Airtel Tanzania.

Stratified Sampling

A stratified sampling is a sampling technique in which the researcher divides the entire target population into different subgroups or strata and then randomly selects the final subjects proportionally from the different strata. This type of sampling is used when the researcher wants to highlight specific subgroups within the population. This method was of great advantage especially when data was collected from persons benefiting from FDIs. Since there were limited time this method was of great potential. Also the researcher selected departments which from Airtel Tanzania ready for simple random sampling.

3.6.2 Non-probability Sampling Techniques

Non-probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected. This technique is biased and the researcher can have influence certain items in the population and therefore affect the sample.
Purposive or Judgmental sampling
A purposive, or judgmental, sampling is one that is used to select sample based on the knowledge of a population and the purpose of the study. It is a non random sampling method in which the judgment, experience and personal views govern the choice of the sample elements. It is a type in which the researcher selects the samples based on certain purpose. This method helps to ensure that all data required by the researcher are obtained. This was mostly applicable when selecting normal citizens because of its size and complexity. Also it was used to select sample at TIC because of their roles not all staffs could be sample hence went into specific persons.

3.7 Data collection methods
This part explains the method used to obtain data from the respondents and from other sources of information. Both primary and secondary data collection instruments were employed. In the primary sources, observation, interview and questionnaires were used to collect data. In the case of secondary data collection techniques, documentary studies were used to obtain the necessary data for analysis and interpretations.

Observation
The researcher has been observing on day to day basis the activities of FDIs in Tanzania and the arguments in favour and against FDIs in Tanzania. This long time observation and experience gave the author the better view and understanding of the procedures undertaken by the authority to establish sound FDI sector in Tanzania. Being part of the community, the researcher was able to observe and record some of the facts, events and behaviours and activities which occurred in the past and others as they occurred.

Interview Guide
The researcher included in the interview both structured and unstructured interviews in order to set free the respondents. This method helped the researcher to collect adequate information which enabled him to achieve the desired objectives. For instance, interviews from the general public were unstructured so as to give room for
afreedom of expression and because some of the persons who were interviewed were not elite enough. Also persons benefiting indirectly from FDIs, that is, normal citizens were interviewed. This is because the researcher wanted to get quick responses because of time constraints and some respondents did not have enough knowledge to fill questionnaires. Of all, this method was effective in controlling the audience as well as getting quick responses from the interviewees.

**Questionnaires**
The researcher was expecting to prepare and send structured and unstructured questionnaires to selected sample. These questionnaires were distributed to selected staffs of Tanzania Investment Centre, selected staffs from FDI available in Dar es Salaam and to normal citizens benefiting from FDIs indirectly. In order to avoid the possibilities of non responses from the sample, the researcher conducted personal administration to make sure that all questionnaires sent are duly filled and returned on time. As a result of this, mailed questionnaires were not used. Also personal administration enhanced accuracy of data collected and this provided opportunity for clarification and explanation of some aspects where as editing and compilation of data was achieved at the same time of data collection.

**Documentary studies**
Documentary studies were done from various sources from hardcopies to softcopies available from libraries, internet and archives. These documentary sources were obtained from Tanzania Investment Centre, its website, annual reports and trends, previous paper presentations, laws governing investments, TIC establishment Act which established the centre, the contractual agreements with foreign investors as well as the reports from the investments carried out in PPP (public private partnership) which were used as secondary sources of data and information for the study. Also the data was read and collected from annual FDI data with observations from past years but most results focused on the last 10 years due to limits on data availability for institutional/qualitative variables.
3.8 Data analysis
The research topic is a comprehensive one and the researcher desired to prepare the best report based on data collected therefore the researcher assumed to use both qualitative and quantitative methods (method triangulation) of data analysis to analyse the data which was collected so as to come out with the sound analytical procedures which provided clarity to the study. All of the collected data was correctly and carefully verified accurately and the most useful data was selected, coded, edited and recorded for analysis. The analysis of data focused mostly on low and middle income earners because majority of Tanzanians are poor and therefore their responses needed to be analysed separately to get the weight of their responses and have comparison with response from middle class income earners. This could reveal a different picture because benefits/contributions of FDIs to Tanzanians are more meaningful to poor citizens than middle and high income earners. Data on FDI inflows to citizens was broken down into primary, secondary and tertiary inflows from FDIs to Tanzanian citizens. Both dependent and independent variables were derived from both qualitative and quantitative methods of data analysis and assisted the researcher to tabulate the data for easy of interpretation.

a) Quantitative analysis
The data which could be quantified was analyzed using quantitative method since they could be expressed in numerical terms. This made use of mathematical techniques to analyze data into percentages, ratios, graphs and charts. Tables were used to express some relationships because maximum comparability can be achieved by using tabular form. While analysing the data both dependent and independent variables were established and tabulated. Tabulation included segregation of data into meaningful variables which can easy the work for interpretation. These variables were segregated on low and middle income earners, primary, secondary and tertiary inflows of benefits to citizens, direct and indirect data collected (i.e. primary and secondary data) and based on the targeted population.
b) **Qualitative analysis**

The researcher also used qualitative data analysis techniques to get the favourable mix of information in place for correct conclusion and recommendations. For the data which wasn’t easily quantified (those which couldn’t be expressed in numerical terms) such as respondent’s demeanour, respondents’ views and behaviours; the researcher used qualitative method of data analysis. Various factual and logical statements were made to analyse the gathered data qualitatively. These statements included phrases from personal observations and from field respondents. Lastly, institutional and qualitative indicators which are mainly derived from the documentary studies on past investment report produced by various development institutions were analysed qualitatively and indicators and/or variables therein were identified in relation to the study and analysed for interpretations.
CHAPTER FOUR

PRESENTATION OF FINDINGS AND ANALYSIS

4.1 Introduction
In this chapter the data collected from the research questionnaires, interviews, observations and from documentary studies are presented here. The chapter contains the summary of responses from respondents and the results are tabulated to give picture of the overall responses. The researcher has presented the facts which are revealed during the study but in a raw manner and simplified them ready for interpretation and discussion. The interpretation and discussion of findings in the coming chapter is linked with the data collected and presented in this chapter. The data is edited and coded for the purpose of arriving at the completeness and accuracy and are classified into meaningful relationships to indicate what it means in the context of the research report in the coming chapter. The research is basically carried out in the limits of the research questions; therefore, within this chapter the analysis and presentation of data are interpreted with respect to research questions/hypotheses developed to guide the research.

Chapter four is the summary which collects all raw data and presents them in a readable format which provides meaningful information ready for interpretation. In this chapter, the answers to the research questions/hypotheses start to show up. This chapter gives an overview of the general observation based on what was observed by the researcher in the field and on the responses and provides an indicator of what might be the conclusion of the report. Beyond this scope, chapter four presents the statistical gathering of the data on the basis of the research questions developed to guide the study. The results presented in this chapter should be viewed in consideration of the scope and limitations of the study pointed out in the early chapters. At the end of this chapter the discussion and interpretation of data is made possible which makes a way to conclusion in the coming chapters.
The research data is categorised into three groups which are regarded as the source of information for the research. These are employees of Tanzania Investment Centre, employees of one Foreign Direct Investment for this matter, Airtel Tanzania Limited and normal Tanzania citizens.

4.2 Responses from Employees of Tanzania Investment Centre

The researcher here was interested to find out professional information about the topic. The data collected from this group is meant to be used as back up information for other groups and the data is also used to straighten the respondents from the other two groups which certainly lacked some critical knowledge of the FDIs in Tanzania. All critical and specific questions were asked to this group. Since the information requested from this group was a bit specific, then most of the responses were indistinguishable from other responses in this group. In this regard, few questionnaires were distributed and interviews were mostly used to the same persons who were given questionnaires, in order to find out more data from explanations which could not be put in the questionnaires.

Methodology used for Group One – Tanzania Investment Centre

Methodology used to obtain sample and the sampling technique used to obtain the sample into questionnaires and interviews for Group One is as below:

<table>
<thead>
<tr>
<th>Table 4.1 Group One, Tanzania Investment Centre</th>
<th>Expected responses</th>
<th>Actual responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group One - Tanzania Investment Centre</td>
<td>Interview and observation</td>
<td></td>
</tr>
<tr>
<td>Sampling method</td>
<td>Purposive sampling</td>
<td></td>
</tr>
<tr>
<td>Total members of group selected</td>
<td>10 employees selected</td>
<td>10 employees responded</td>
</tr>
<tr>
<td>Composition of group</td>
<td>5 interviews</td>
<td>5 interviews</td>
</tr>
<tr>
<td></td>
<td>5 questionnaires</td>
<td>5 questionnaires</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

From the above table 4.1, ten employees were selected whereas five questionnaires were distributed to specific persons from whom information was requested. These specific persons were selected purposively depending on their positions and
functions they carry at TIC. Other employees who are not related to Investment Projects such as administrations staffs were not selected for this purpose. The researcher noted also that there were crucial information which was enclosed with these respondents hence conducted interview to the same persons for the following purposes; (a) to understand more on the data which has already been filled in the questionnaires, (b) to gather more information from these people because they have got more experience in the Investment Projects (c) to hear a second opinion on the matters related to Foreign Investment in Tanzania. The information sought was framed to a period of up to five years back, that is, up to the year 2008.

4.2.1 Results from respondents of Group One - Tanzania Investment Centre
Below are the findings from Group One, that is, from employees of Tanzania Investment Centre. The table below represents registered projects by Tanzania Investment Centre from 2008 to 2012 in terms of the number of new projects and rehabilitated projects.

Table 4.2 Registered Projects from 2008 to 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Projects</th>
<th>New Projects</th>
<th>Expanded or Rehabilitated Projects</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>871 (24%)</td>
<td>621 (22%)</td>
<td>250 (32%)</td>
<td>1492 (24%)</td>
</tr>
<tr>
<td>2009</td>
<td>572 (16%)</td>
<td>407 (14%)</td>
<td>165 (21%)</td>
<td>979 (16%)</td>
</tr>
<tr>
<td>2010</td>
<td>509 (14%)</td>
<td>438 (15%)</td>
<td>71 (9%)</td>
<td>947 (14%)</td>
</tr>
<tr>
<td>2011</td>
<td>826 (23%)</td>
<td>689 (24%)</td>
<td>136 (18%)</td>
<td>1515 (23%)</td>
</tr>
<tr>
<td>2012</td>
<td>869 (24%)</td>
<td>718 (25%)</td>
<td>151 (20%)</td>
<td>1587 (24%)</td>
</tr>
<tr>
<td>Total</td>
<td>3,647 (100%)</td>
<td>2,873 (100%)</td>
<td>773 (100%)</td>
<td>6,521 (100%)</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

The data in table 4.2 above represents the projects which were registered by Tanzania Investment Centre regardless of whether they are sourced from Foreign Direct Investment or not. The categories provided above show the projects registered depending on whether the projects were new or they were the development or rehabilitation of the existing projects. From this information we find that Tanzania
has been registering investment projects which are an indicator of the favourable climate for investments and availability of investment opportunities. Also this is an indication of the best policies favourable to the investors but the question is that are the same policies favourable to Tanzanians. The table 4.3 below shows data in ownership basis.

Table 4.3 Registered projects in terms of ownership since 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Local Projects</th>
<th>Foreign Projects</th>
<th>Joint Venture Projects</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>450</td>
<td>208</td>
<td>213</td>
<td>871</td>
</tr>
<tr>
<td>2009</td>
<td>284</td>
<td>149</td>
<td>139</td>
<td>572</td>
</tr>
<tr>
<td>2010</td>
<td>242</td>
<td>160</td>
<td>107</td>
<td>509</td>
</tr>
<tr>
<td>2011</td>
<td>462</td>
<td>173</td>
<td>191</td>
<td>826</td>
</tr>
<tr>
<td>2012</td>
<td>469</td>
<td>205</td>
<td>195</td>
<td>869</td>
</tr>
<tr>
<td>Total</td>
<td>1,907</td>
<td>895</td>
<td>845</td>
<td>3,647</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

The information tabulated in table 4.3 above represents the category of registered projects in the period of five years in terms of their ownership. Projects are categorized into locally owned, foreign owned and those owned in joint venture with local nationals. These projects have generated employments and the cause inflows to the country in terms of the capital invested. From the information tabulated in table 4.3 above we find that local registered investment projects are more than twice compared to the projects registered for joint venture and foreign projects. Also in years 2009 and 2010, investment projects registered were few main reasons being world economic crisis in 2009 and 2010 and general elections in 2010. The table below shows these benefits.
Table 4.4 Jobs generated and inflows to Tanzania

<table>
<thead>
<tr>
<th>Year</th>
<th>Jobs Generated</th>
<th>Project's value in USD '00,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>109,521</td>
<td>66,800</td>
</tr>
<tr>
<td>2009</td>
<td>56,615</td>
<td>22,850</td>
</tr>
<tr>
<td>2010</td>
<td>43,640</td>
<td>50,660</td>
</tr>
<tr>
<td>2011</td>
<td>79,101</td>
<td>71,770</td>
</tr>
<tr>
<td>2012</td>
<td>174,412</td>
<td>196,600</td>
</tr>
<tr>
<td>Total</td>
<td>463,289</td>
<td>408,680</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

The Table 4.4 above exemplify the two benefits recorded by TIC which are job creation and capital inflows to Tanzania since 2008 to 2012. Jobs created are approximate figures (planned) and are in continuous basis whereas the number mentioned can be achieved at the peak of the projects as planned. The values of inflows are determined by the capital expected to be injected in the projects. These can be in phases but ultimately, accomplished projects will fetch stated capital and values are in million of U$ dollar. These information shows that there are less jobs created in 2009 and 2010 likewise to the value of capital inflows to the country. The reason is derived from the global economic recession in 2009 which went on healing in 2010 but with the political rallies for general elections in 2010 made some investors reluctant to invest hence low results in 2009 and 2010.

4.3 Employees of a Foreign Direct Investment – Airtel Tanzania Limited

The second group from which data is collected is from employees of a foreign direct investment and for this matter, Airtel Tanzania Limited. Preliminarily, the researcher wanted to select five foreign direct investments and sample their employees but time couldn’t allow, nevertheless, the sample has not been compromised. Employees of Airtel Tanzania Limited were grouped into departments (Strata) and sample was selected randomly from each stratum using simple random sampling. Departments selected randomly from the rest of the departments were Finance, Sales and Networks. A sample of 25 was selected randomly where as 10 employees were
selected from Finance, 10 employees from Sales and 5 employees were selected from Network department.

**Methodology used for Group Two – Employees from Airtel Tanzania Limited**

Methodology used for Group Two to select sample and the composition of sample into questionnaires and interviews is as follows below:

**Table 4.5 Group Two, Airtel Tanzania Limited**

<table>
<thead>
<tr>
<th>Group Two - Airtel Tanzania Limited</th>
<th>Expected responses</th>
<th>Actual responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data collection method</td>
<td>Questionnaire, interview and observation</td>
<td></td>
</tr>
<tr>
<td>Sampling method</td>
<td>Stratified and Simple random sampling</td>
<td></td>
</tr>
<tr>
<td>Total members of group selected</td>
<td>25 employees selected</td>
<td>19 employees responded</td>
</tr>
<tr>
<td>Composition of group</td>
<td>10 interviews</td>
<td>8 interview</td>
</tr>
<tr>
<td>Composition of group per Stratum</td>
<td>15 questionnaires</td>
<td>11 questionnaires</td>
</tr>
<tr>
<td>10 Finance</td>
<td>9 Finance</td>
<td></td>
</tr>
<tr>
<td>10 Sales</td>
<td>6 Sales</td>
<td></td>
</tr>
<tr>
<td>5 Network</td>
<td>4 Network</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Research Field Data, 2013**

Table 4.5 above represents the modality in which the second group was dealt with in order to collect data. The researcher did not want to involve the whole organization so that it can be easy to collect data and to make it easy to perform follow ups hence the researcher segregated the population of Airtel Tanzania Limited randomly into Strata (departments). Thereafter, a simple random sampling was used to these three departments of Finance, Sales and Networks which were selected. From these departments, simple random sampling was used to obtain the list of respondents.

**4.3.1 Results from respondents of Group Two - Employees of Airtel Tanzania Limited (the FDI)**

This group was tasked with specific questions which aimed at finding out indirect contributions of foreign direct investments which they have gotten from the FDI and
which they have caused in one way or another to other people in their communities. Below are the results from this group.

Table 4.6 Ratio of employees’ income from FDI against their other sources

<table>
<thead>
<tr>
<th>Responses</th>
<th>0% to 30%</th>
<th>31% to 60%</th>
<th>61% to 80%</th>
<th>81% to 100%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximately in percentage, how much the FDI brings to your monthly/annual income</td>
<td>4</td>
<td>7</td>
<td>5</td>
<td>3</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

From table 4.6 above, respondents showed how much they depend on FDI for their living. The table also shows how much FDI employees have been enabled by FDI to establish other businesses through the level of dependency to the FDI for their income. The table shows that more than half of the respondents do not depend much on FDI for their income whereby the salaries and emoluments from the FDI makes less than 50% of their gross incomes. This is an indicator that there are other sources of incomes to these employees of FDI. The matter of interest here is whether the FDI has got anything to do with the other sources of income of these employees in terms of the capital used to establish these businesses.

Table 4.7 Dependency of other parties to people employed in FDIs

<table>
<thead>
<tr>
<th>Responses</th>
<th>None</th>
<th>1 - 2</th>
<th>3 - 4</th>
<th>5 - 10</th>
<th>More than 10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many people in number depend on you directly</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>How many people in number depend on you indirectly</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>12</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

The table 4.7 above shows how many people depend directly and indirectly to the people employed in the FDI. This is regardless of whether the employee has a separate investment/business or not. It’s obvious that persons who have established businesses or investments have employed more than those who have not, hence the
interest here is the dependency linked with foreign direct investment. The data in the tables portrays that there are no employees who do not have indirect dependants which means they have a multiplier effect to the community. Also indirect dependants are more than direct dependants from the same respondents indicating that there are multiplier effects causing this indirect beneficiary trend.

Table 4.8 Ratio of dependant person’s income coming from employees of FDIs

<table>
<thead>
<tr>
<th>Responses</th>
<th>No idea</th>
<th>0% to 30%</th>
<th>31% to 60%</th>
<th>61% to 80%</th>
<th>81% to 100%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approximately, what is the percentage of income of the</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>19</td>
</tr>
<tr>
<td>persons who depend on you directly comes from you</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source: Research Field Data, 2013**

The table 4.8 above shows, in percentage, how much portion of income is earned by the dependant persons from the employees employed in FDIs. This is to say, how much income of a person employed in foreign direct investment contribute to the income of a person depending on the latter in percentage. These results means that more than half of the respondents showed that showed that more than 60% of the salaries of their dependants comes from them. This means that the income from FDI contribute significantly to the income of these dependants which is again and indicator of the multiplier effects.

Table 4.9 Investments by employees in FDIs and sources on their capital

<table>
<thead>
<tr>
<th>Responses</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have investments/sources of income other than emoluments from the Foreign Direct Investment you are employed in</td>
<td>16</td>
<td>3</td>
</tr>
</tbody>
</table>

**From "Yes" answers above**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the Foreign Direct Investment (FDI) the cause/source of your capital to the other business/investment</td>
<td>14</td>
<td>2</td>
</tr>
</tbody>
</table>

**Source: Research Field Data, 2013**
The first section of table 4.9 above shows the number of employees who have managed to establish businesses or investments regardless of where is the source of the capital for their projects. These results are evidence that there are other sources of income to the employees of Airtel Tanzania whereas 87% respondent employees have established businesses. Section two of table 4.9 shows the sources of capital of these businesses or investments, that is, whether they have a link with FDI or not. The link with FDI can be in terms of either direct capital or guaranteed loans. These results conclusively mean that, 84% respondent employees who have businesses have derived their capital from the FDI hence it’s the multiplier effects of the FDI itself.

### Table 4.10 Persons employed in businesses owned by employees from FDIs

<table>
<thead>
<tr>
<th>Responses</th>
<th>None</th>
<th>1 - 4</th>
<th>5 - 9</th>
<th>10 - 15</th>
<th>More than 15</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>How many people are employed in your other business/investment</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>16</td>
</tr>
</tbody>
</table>

**Source: Research Field Data, 2013**

Table 4.10 above shows the number of persons who are employed in the businesses established by the persons employed in the FDI and whose sources of their capital had a source or link with the foreign direct investment. From the tabulation above, we find that none responded that has not employed anyone and all responded to show that they have employed other persons but the types of investment owned are either small or medium businesses depending on the number of employees employed in these businesses. It can be analysed that the types of investments established by these employees are either small or medium businesses which employ small number of employees and require medium capital.

### 4.4 Normal Tanzania citizens

The final group from which data was collected is from the normal citizens. The group of normal citizen was selected judgmentally because of the size and
complexity of the population which could not be sampled easily. The population of Tanzanians could neither be accessed nor be sampled hence judgemental sampling was used. The means to achieve the sample selected was based on the professional blending whereas the researcher mixed the sample to get a mixture of respondents from different groups based on ethnicity, age, sex, education, social status and political view. A sample of 25 citizens was selected in these criteria. Out of these some were interviewed and some were sent with questionnaires. Presented below are the techniques for sampling and data collection method.

Methodology used for Group Three – Normal Citizens
Methodology used for Group Three to select sample and the composition of sample into questionnaires and interviews is as follows below

<table>
<thead>
<tr>
<th>Table 4.11 Group Three, Normal Citizens</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Three - Normal Citizens</td>
</tr>
<tr>
<td>Data collection method</td>
</tr>
<tr>
<td>Sampling method</td>
</tr>
<tr>
<td>Total members of group selected</td>
</tr>
<tr>
<td>Composition of group</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

From Table 4.11 above, twenty five respondents were selected and out of these, fifteen were furnished with questionnaires while the rest were interviewed. The interview decision was done based on those to whom the researcher noted that filling the questionnaire could be the problem hence the questionnaires were used as a guide to interview these respondents. From the actual responses gathered from questionnaires and interview, sixteen out of twenty five responded making sixty four percent of responses from this group.
4.4.1 Results from respondents of Group Three - Normal Citizens

The normal citizens were furnished with questions which were intended to bring up their understanding of the contributions by foreign investors, their critiques if any and their expectations of the benefits which are, according to them, supposed to be given by the foreign investors. This group is very important because it brings in unbiased responses keeping in mind that they are not directly linked with the FDI hence their responses revealed a true picture of how FDIs are received by the community of Tanzanians. Note that the questionnaires were in Kiswahili for easy understanding of questions by respondents of this group and to easy response from respondents.

1) Benefits which normal citizens have gotten and which are still getting either directly or indirectly correlated with the foreign direct investments are summarized below.

### Table 4.12 Benefits mentioned by group three respondents (normal citizens)

<table>
<thead>
<tr>
<th>Sn No.</th>
<th>Benefits mentioned by respondents which are derived from the coming of foreign investors</th>
<th>Number of respondents who mentioned this benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employment creation</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Availability of goods and services from their investments</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>Help the government in terms of bringing up the economy</td>
<td>6</td>
</tr>
<tr>
<td>4</td>
<td>Availability of loans through foreign banks</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>They pay taxes to increase national income</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>They bring technology which we don’t have</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Education for those who built schools and colleges</td>
<td>6</td>
</tr>
</tbody>
</table>

**Source:** Research Field Data, 2013

From the table above it seems that the benefits mentioned are repeated by most respondents and this shows a common understanding of benefits currently given. Others have mentioned very few contributions showing their limited knowledge of the benefits derived from foreign direct investments. All of the respondents mentioned few contributions from FDIs and this means that they are not involved in
deciding the contributions which should be given to them. No respondent mentioned any benefits derived from multiplier effects which mean that they are not aware of indirect benefits from FDIs through multiplier effects. In two instances, respondents responded that there are no benefits which come from foreign direct investments.

2) Disadvantages (if any) which normal citizens have got and keep on getting because of the coming of foreign investors.

| Table 4.13 Advantages or disadvantages of foreign investors by normal citizens |
|---------------------------------|---------------------------------|
| Responses on “there are disadvantages” | Responses on “there are no disadvantages” |
| 14                               | 2                               |

Source: Research Field Data, 2013

From this table 4.13 above the results shows that almost all have responded that there are disadvantages from Foreign Direct Investments. Despite the fact that respondents have responded in table 4.12 that there are benefits derived from FDI and mentioned few benefits they get from foreign direct investments, but still they have soundly declared to have disadvantages which are derived from the coming of foreign inventors. This is a signal that there are dissatisfactions of the citizens on the benefits currently given. This indication calls for restructuring of the policies or laws we currently have which are responsible for managing foreign investments.

3) Some of the disadvantages mentioned by normal citizens that they are derived from the foreign investors are summarized below.
Table 4.14 Disadvantages mentioned by normal citizens

<table>
<thead>
<tr>
<th>Sn. No.</th>
<th>Disadvantages mentioned by respondents which are derived from the coming of foreign investors</th>
<th>Number of respondents who mentioned this disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>They are grabbing Tanzanians land</td>
<td>12</td>
</tr>
<tr>
<td>2</td>
<td>There is no 1+1 benefits, they take more</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>They invest in areas which Tanzanians could invest</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>They have accumulated wealth for themselves</td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>Tax evasion and avoidance (they don’t pay legal taxes)</td>
<td>14</td>
</tr>
<tr>
<td>6</td>
<td>Deterioration of our moral values due to imitations</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Confiscation of our natural resources like minerals</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>Killing our local industries from their competitions</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>Employing foreigners in works which Tanzanians can do</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>They push for tax holidays and go leaving no taxes</td>
<td>14</td>
</tr>
<tr>
<td>11</td>
<td>They cause conflicts between citizens and government</td>
<td>14</td>
</tr>
<tr>
<td>12</td>
<td>They cause people to be relocated and make life tough</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>The leave behind derelict land, unfit for human activities</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

From table 4.14 above, normal citizens have responded showing few disadvantages which are derived from the coming of foreign investors. Their responses seem to be repeated indicating that they have a common thinking or knowledge about the disadvantages of FDIs. Interesting enough was that during interviews some respondents could not elaborate how these disadvantages are caused by foreign investors. Some explained about the things they hear from activists and politicians but they can’t elaborate and explain how these are caused. This is an indication that there are fed with some information which they cannot support. Others responded to show hatred they have to the foreign investors and in finding out why they have hatred, it was seen that these respondents have been affected negatively in one way or another. Some lost lands because of foreign investments and others said their close relatives were affected by FDIs.

4) Benefits which respondents mentioned that they expected to be given by the foreign investors so as to bridge the gap are summarized below.
Table 4.15 Contributions expected by respondents in group three (normal citizens)

<table>
<thead>
<tr>
<th>Sn. No.</th>
<th>Contributions mentioned by respondents which are expected to be derived from the coming of foreign investors</th>
<th>Number of respondents who mentioned this contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>They should pay all taxes due to them</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>They should reinvest their profits in Tanzania</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>They should train Tanzanians in areas of expertise</td>
<td>11</td>
</tr>
<tr>
<td>4</td>
<td>They should bring in technology to help citizens</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>They should employ Tanzanians in managerial positions</td>
<td>12</td>
</tr>
<tr>
<td>6</td>
<td>They should train Tanzanians on entrepreneurial skills</td>
<td>9</td>
</tr>
<tr>
<td>7</td>
<td>They should supply workings tools to help others to invest</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>They should invest in education to eradicate poverty</td>
<td>12</td>
</tr>
<tr>
<td>9</td>
<td>They should build manufacturing and processing industries</td>
<td>14</td>
</tr>
<tr>
<td>10</td>
<td>They should benefit those areas around the investments</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>They should build social and physical infrastructures</td>
<td>13</td>
</tr>
<tr>
<td>12</td>
<td>They taxes from investors should be accounted separately</td>
<td>9</td>
</tr>
<tr>
<td>13</td>
<td>They should reclaim or rehabilitate land after they use it</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Research Field Data, 2013

The table 4.15 above shows the responses from normal citizens showing their expectations of the benefits which they expect from foreign investors. In most cases respondents have shown benefits which are already given by investors and this shows that they don’t have a full understanding of the benefits which are given by the foreign direct investments currently. This also indicates that they are not satisfied with the way these benefits are given. Also respondents have provided responses which are common to almost all. The researcher has also noted through interview which was held that, normal citizens need same benefits but in a different way and in a different magnitude. This is in terms of quality, areas covered, frequency of doing and more community involvement. This is a signal that citizens are not involved in identifying essential areas which they need assistance from FDIs.
CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter represents the interpretation and discussion of findings which have come from the responses summarised in the previous chapter. In this chapter, the data collected from the research questionnaires, interviews and observations as well as documentary studies are discussed to provide the meaning in the context of the research topic. In the interpretations and discussions the answers to the research hypotheses are answered. Also the objectives of the research which are set forth in chapter one are presented and elucidated in this chapter. The researcher has presented summarized facts which are found during the study and which have enabled the conclusion to be drawn in the coming chapter. The discussion of findings has depended entirely on the data collected which are edited and coded for the purpose of arriving into meaningful relationships to enable the discussion. The discussion on chapter five gives an overview of the general observation based on what was collected and summarised in chapter four and shows also what might be the conclusion of the report. At the end of this chapter the possible conclusion and recommendations should feature out for the coming chapter.

The basis of discussion is founded sequentially just the same way as the data is presented. In this manner, the data is discussed in three groups depending on responses summarised from Tanzania Investment Centre, Airtel Tanzania Limited (FDI selected) and from normal citizens. Below is the discussion of findings from each group of respondents.

5.2 Discussion of findings from Tanzania Investment Centre

Tanzania continued to be attractive for investment projects in Africa. From the data in table 4.2, we observe the projects which were registered by TIC regardless of whether they are sourced from FDI or not for the period of five years since 2008. The categories provided shows the projects registered depending on whether the projects
were new or they were the development/rehabilitation of the existing projects. The Figure 5.1 below represents the trend in past five years.

**Figure 5.1 Trend of registered projects since 2008**

![Trend of Registered Projects](image)

**Source: Research Field Data, 2013**

From figure 5.1 above the trend shows that Tanzania has been registering new projects since 2008 but there was a significant drop in 2009 and 2010 where as the trend started growing again to 2011 and 2012 keeping the 2008 trend positive. The main reason for the declining trend in 2009 is the global financial crisis whereas most of the undergoing pilot studies by investors back then were stopped and fewer projects were registered and others fewer projects rehabilitated. The crisis had mostly affected the foreign investments but also domestic as well because most finances by local investors had links with foreign nations.

In the year 2010 Tanzania still faced the world economic recession but despite that the world started to recover from the recession, still there were few projects registered in Tanzania. The drop in 2010 was triggered also by the general elections in 2010. Investors’ behaviour showed that in the years of elections most investors wait until when all political rallies and elections are over before they keep on with
investment decisions. In the year 2011 and 2012 the trend has come back to its normal trend and more investment projects are expected especially after the discovery of oil and gas, Tanzania Investment Centre is expecting to register more projects from foreign dominations.

Figure 5.2 Registered projects in terms of ownership

![Registered Projects in terms of Ownership](image)

Source: Research Field Data, 2013

From figure 5.2 above, the trend shows that in the year 2008 registered projects were more compared to those registered in the years of 2009 and 2010. In the year 2011 and 2012 the trend regained its positive gradient from the year 2008. The reasons for the down turn in 2009 and 2010 are the world’s greatest economic recession. Many projects were cancelled because of lack of funds from the nations which were interested to invest in Tanzania. Also in 2010 Tanzania had general elections which have one way caused some risk-averse investors dormant to keep on investing until when elections were over. The projects for local investors, foreign investors and joint venture were all affected in the years of 2009 and 2010 because of the common behaviour of investors to avoid high risk areas for investment. The trend shows that in 2010 the drop was much higher because there were two more reasons one being elections and another the economic crisis.
The projects registered above for the period of five years generated employments and caused inflows to the country as well. The projects offered employment to Tanzanians and to foreigners as well depending on specialization. Also the capital to be invested in the projects caused inflows to the country as well thereby keeping our balance of payments favourable. The inflows are the multiplier to the economy. Below is the bar graph presentation which shows five years trend of employments created and inflows generated from projects registered.

Figure 5.3 Jobs created and projects value for five years

![Employment Created and Projects' Value Records](image)

Source: Research Field Data, 2013

From figure 5.3 above, the trend shows that there are correlations between the number of projects registered and the number of jobs created although in many cases a project may create more job than the other depending on the type of investment. From the figure 5.3 above, the years of 2008 to 2010 contained a trend which is similar to the number of projects registered but in the years of 2011 and 2012 the correlation is different. In year 2011 there are more investment projects than in 2008 but the number of employment created and the value of investment projects is lower than in 2008. This is because that the value of projects in 2008 is much higher than in 2011 and hence creates more employments than in 2011. In the year 2012 rate of
increase in the number of projects is lower than the rate of increase in the number of jobs created and the rate of increase in the value of investments. There is one great reason for this behaviour in 2012. This is the result of the registration of big projects with the association with the discovery of natural gas in Lindi and Mtwara hence projects like gas processing plants, power plants and factories like cement factory (Dangote Cement Factory which alone will created 5000 employments) were registered. The southern corridor had more high valued projects in 2012 which is the direct impact of discovery natural gas in the southern zone. There is also a direct relationship between the value of projects registered and the number of employment generated. This is to say, the higher the value of projects, the more the numbers of employment are created. This has been seen in the year 2012 where as number of employment created increased significantly tantamount to the increase in the value of projects registered in the same year.

5.3 Discussion of findings from employees of Airtel Tanzania (the FDI)
The key group who were pioneered through questionnaires, interviews and observations to provide responses which are conclusive in themselves is the group of employees from FDI and for this case, employees of Airtel Tanzania Limited. The interest of the researcher was vested in finding out the contributions of FDIs through multiplier effects to the lives of Tanzanians; hence employees of Airtel Tanzania were the ones to drive the multiplier effects in the context of the sample selected and provided responses which could show whether there are any multiplier effects or not.
Source: Research Field Data, 2013

The question on the contribution of FDI to personal income was asked from respondents to show how much they depend on the FDI for their living. The question was, what is the percentage of their income comes directly from FDI in terms of salaries and other emoluments. From figure 5.4 above, it shows that employees of Airtel Tanzania have got separate activities which give them income apart from the salaries and emoluments they get from this FDI. About 21 percent of respondents showed that salaries and emoluments from FDI makes up to only 30 percent of what they earn in total. This means they have investments other than the employment. The issue here is whether these other sources of income have something to do with the FDI’s presence. In total 58 percent, which more than half, confirmed to have sources of income contributing to their gross income for up to 40 percent, while only 16 percent seems to depend entirely on the FDI directly for their income. The rest 26 percent seems to have small businesses which contribute less than 40 percent their
total income. From figure 5.4 we can conclude that more than half of the employees of FDI had sources of income other than the salaries and emoluments. The other sources of income to these employees can cause the multiplier effect we are looking at if they have their source from the FDI itself.

After establishing that other employees have separate businesses which generate income to them, below chart shows how many people depend on these FDI employees. The interest here is to find out whether there is any dependency which can start perpetrating the multiplier effects. The interest grows more if the indirect dependency is higher because there are more multiplier effects in those peoples’ income. The higher the number of people depending on employees of FDI, the higher the multiplier effects resulting from the FDI.

**Figure 5.5 Dependency of other people to employees in FDIs**

![Dependency to employees in FDIs](chart.png)

**Source: Research Field Data, 2013**

Figure 5.5 above shows that there a lots of people who derive their income from employees who are employed in Airtel Tanzania. The first instance is from the people who derive their income directly from employees of Airtel Tanzania. These are the ones employed directly by the persons who are employed in Airtel Tanzania.
and hence derive their salaries from here. The other ones are those who benefit indirectly from the persons employed in Airtel Tanzania, now the interest grows more for those depending indirectly to Airtel Tanzania. This is because there is a multiplier effect and that’s why these dependants do not derive their benefits directly from these employees in FDI.

The responses on the number of persons who depend indirectly to Airtel employees’ showed that, many people responded to have more than ten persons depending on them indirectly. This is also an indicator that these persons are benefiting indirectly because of the multiplier effects caused by the Airtel employee. Regarding the respondents (about 37%) who responded that less than ten persons depend of them, they could not specify these persons when asked verbally hence some of them ended up saying they are many hence they could not name the number. Their comment shows that, almost all respondent agreed to have many persons who depend on them indirectly and their number could not be established reliably. This is also another indicator that the multiplier effects of the income they receive from Airtel is higher and cannot be traced easily.

The pie chart below shows how much is the percentage of income of persons who depend directly on employees of FDI to their total income. The question was a challenge because many respondents had to guess depending on how they knew their dependants.
From figure 5.6 above, the 63% responded that their dependants derive more than 61% of their income from employees of Airtel. This is to say that, their income has got a dependency on the income gained from FDI. Out of 19 respondents 21% responded to have no idea of the proportion of income their dependents get from them. This was the challenge to the question and most of the respondents guessed because it was difficult to provide an accurate percentage of the income of their dependants. The question aimed at the significance of the income derived by dependants from employees of Airtel. From the chart above we can generalise that the proportion of income of the dependants is significant and the dependants derive large portion of their income from Airtel employees.

The chart below shows the number of Airtel staffs who had other sources of income apart from the salaries from employment. The question was intended to find out if there are any linkages of their total income to the FDI. The response was that, they do not entirely depend on the FDI for their income. The researcher was also interested to find out if these businesses derived their capital from the FDI. Below are the results presented in bar graph.
From the above bar graph, we find out that employees of the FDI selected do not depend entirely on the FDI for their income. This is to say that they own businesses or private investments and that is why it is shown in the previous graphs that they have employed people and they also have dependants who depend on them indirectly. From the above graph, 84% of the respondents said to have private businesses and still they are at Airtel. From the interview held with some of these respondents it was found more interesting. Two respondents admitted that, what they earn from their private business is far more than what they earn at Airtel. Their main reason as to why they are still working/employed is that they consider their employment as a backup in case of anything and they value it because it helped them getting trust from banks for borrowing and from creditors who supply goods or services on credit. On the other side of the graph, it shows that 88% of the respondents agreed that Airtel Tanzania (the FDI) has something to do with how they got the capital for the other businesses. With a further interview it was confirmed that some of these respondents got loans from banks guaranteed by the company and others accumulated their surplus from salaries and emoluments and established the business. Their response on the level of assistance was in different degrees, that is to say, some got 100% assistance in their capital from Airtel while others had some
other sources unlinked with Airtel but in total there was Airtel assistance to raise their capital.

The graph below shows the number of employees who are employed in the businesses of Airtel employees who have other sources of income other than salaries and emoluments. The respondents responded selecting the groups of number of people they are employed in their businesses from zero to more than ten persons. The researcher here is interested to find out the size of the businesses established by these Airtel employees. The size of the business signifies the extent of the multiplier effects which can be derived.

Figure 5.8 Number of employees employed in businesses owned by FDI employees

Source: Research Field Data, 2013

From figure 5.8 above, in the bar graph we find out that 84% of Airtel Tanzania employees who said to have businesses in the previous figure 5.7, have all employed other persons. This is to mean that their businesses are up and running. Also the results show that their businesses are small and others are medium because of the number of employees they have employed. From further interview held it was also found that only one has employed more than 20 employees (he owns a school), the rest have groceries, retail shops, bars/pubs, salons (for men and women), car wash, pay-points (for M-pesa, Tigo-pesa, Airtel money, Max-Malipo and Selcom), taxi,
Bajaj and guest house which have employed few persons and hence grouped as small and medium businesses. It should be noted that the results of employing these people is the product of the multiplier effects of the FDI and therefore even these persons employed in these businesses can also keep on creating the multiplier effects to their related communities, and all is the result of the Foreign Direct Investment.

5.4 Discussion of findings from Normal Citizens

The discussion and interpretation of the results from this group helped the researcher to wrap up on the general understanding of the normal citizens about the benefits we derive from the foreign direct investments and whether they have any concerns about the current contributions from FDIs and their views about what should be contributions from foreign investors. Interviews were necessary and assistances were more given to fill the questionnaires compared to other groups. The questions were bestowed in Swahili to help them familiarise and respond easily. Below follows the discussion of the findings from normal citizens.

- Regarding benefits which normal citizens got and are still getting either directly or indirectly from foreign direct investments, the table 4.12 shows repetitive responses by most of the respondents and this shows a common understanding of the contributions which are derived for FDIs. Others have mentioned very few contributions showing their limited knowledge of the benefits derived from foreign investors. In two instances, respondents said that there are no benefits at all we can say they come from foreign investors. These two respondents were also interviewed to find out what drove them to give this response and the researcher found that these respondents were affected negatively by foreign investors. One respondent notified that one of his relatives lost his farm because that part of land was given to an investor. Another respondent was working in foreign company and said that he was too much exploited in such a way that he could not even value the salary he was earning. From the two respondents it was noted that they knew about the contributions of foreign direct investments but because of the instances which affected them, they responded negatively about the contributions of foreign direct investments.
Regarding if there are any disadvantages which normal citizens got and keep on getting from the foreign direct investments, the respondents from this group commented that there are disadvantages they are getting as shown below:

**Table 4.13 Advantages or disadvantages of foreign investors by normal citizens**

<table>
<thead>
<tr>
<th>Responses on “there are disadvantages”</th>
<th>Responses on “there are no disadvantages”</th>
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</thead>
<tbody>
<tr>
<td>14</td>
<td>2</td>
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</table>

*Source: Research Field Data, 2013*

From table 4.13 above, despite the fact that respondents have responded in table 4.12 mentioning the contributions of foreign direct investments, still they have affirmed to have disadvantages which are derived from the foreign direct investments. This shows that they are benefiting but they are not satisfied with either of the following: (i) type of contribution, (ii) quality of contribution, (iii) frequency of contribution, (iv) areas covered by contribution and (v) other related dissatisfactions. This is an indication that citizens are not satisfied with the current laws and policies governing foreign direct investments in Tanzania. This calls for restructuring of the current policies or laws which are endorsed to administering foreign direct investments. Also these responses showed that Tanzanians still need foreign direct investment but they do not concur with the way foreign investment is conducted.

Regarding the disadvantages which are assimilated from the foreign direct investments, normal citizens in table 4.14 responded showing many disadvantages which are derived from the foreign direct investments compared to advantages mentioned in the earlier question. Their responses seem to be repeated indicating that they have a common thinking or knowledge about the disadvantages from foreign direct investments. Some of the disadvantages mentioned could not be elaborated more during interview on how the disadvantages are derived from foreign direct investments. The researcher also found out during interview that respondents could not
elaborate how these disadvantages are caused by foreign direct investments and this is an indication that their view are derived from other sources and not from their own opinion. A few respondents seem to have hatred or anger towards the foreign investors and this seemed to have connections with politics. A number of those interviewed explained about the things they hear from activists and politicians but they can’t elaborate and explain how these are caused by the foreign direct investments.

- Regarding the benefits which respondents mentioned that they expected to be derived from the foreign direct investments, table 4.15 indicate that the responses from normal citizens showed their expectations of the benefits which they expect from foreign investors. In most cases respondents have shown benefits which are already given by investors and this shows that they do not have a full understanding of the benefits which are given by the foreign investors currently. This is an indication that more corporate social responsibilities should go hand in hand with the publicity and community involvement. Also it shows that citizens are aware of the benefits give but are not comfortable with the way benefits are currently given hence they would like to have the benefits they suggest and in their own way. Foreign direct investments should seek opinion from the local communities so that they can meet citizens’ expectations and close the gap on the benefits expected to be derived from FDIs. Also respondents have provided responses which are common to almost all. The researcher has also noted through interview that, normal citizens need same benefits but in a different way and in a different magnitude. This is in terms of quality, areas covered, frequency of doing and more community involvement.
CHAPTER SIX

SUMMARY AND CONCLUSION

6.1 Introduction
The research findings presented and analysed in the discussion of findings are concluded in this chapter. This chapter gives conclusive remarks and recommendations on the best possible approaches or policies which can be espoused to ensure that the contributions from FDIs in Tanzania are maximum and the gaps between perceptions of Tanzanians, foreign investors and the government is closed. The conclusion and recommendations have directly reflected all the aspects of benefits/contributions from Foreign Direct Investments for both foreign owned and joint venture investments in all dimensions of corporate social responsibilities. Since the study was conducted to meet the primary objectives of the researcher, and that is, to find out the contributions of Foreign Direct Investment through multiplier effects to the lives of Tanzanians, the researcher’s remarks have reflected on contributions directly and indirectly and the best alternative ways to increase these contributions and eliminate expectation gaps which are presented and discussed in the findings.

6.2 Summary and Conclusion
The concept that there are contributions of FDIs to the lives of Tanzanians through multiplier effects is not captured well in the minds of many Tanzanians. Although there are contributions which are also confessed by many respondents, still there are gaps between what citizens real want and what is currently contributed to the community. It is also showed that citizens know about what has been brought from FDIs currently but they are not satisfied with what is currently offered either in terms of what is conferred or by the quality and frequency of providing those benefits. Many Tanzanians have also showed almost equal understanding of the contributions of FDIs in Tanzania. In spite of the benefits they mentioned, there are disadvantages mentioned by same respondents. This is an indication of the dissatisfaction of people
on the current contributions and these calls for investors to revise the ways in which they contribute to the community.

Many citizens do not mention indirect contributions derived from multiplier effects as the contributions from FDIs. There are various reasons as to why they do not recognise these indirect contributions as derived from FDIs. Some of the reasons are that, they are not aware of the multiplier effects which are derived from FDIs and others consider indirect contributions as the personal initiatives of Tanzanians. But in broader sense FDIs for instance, foreign banks provide loans from which other citizens can borrow, establish businesses and other Tanzanians get jobs. The initial entrepreneurial spirit started with the foreign investor to establish a bank in Tanzania and the idea of a citizen to borrow and establish business is secondary and a result of the FDI but many Tanzanians consider this as personal initiative of the citizen and not a multiplier effect of the FDI.

The government through Tanzania Investment Centre established “a one stop centre” where as the foreign and domestic investors get directives to pave the way for their investment activities in Tanzania. Despite the efforts done by the authority to facilitate establishment of investments in Tanzania, there are still some deficiencies which hinder its operations to be as successful as Tanzanians would want it to be. There are problems in the laws governing investments in Tanzania, policies and regulations on investments especially foreign investments, involvement of the community in projects, specification of the benefits enforceable by the laws, availability and adequacy of community compensations where eviction is required and the sufficiency of taxes levied to investors especially foreign investors. The government and the authority have long way to go to establish a sound and effective foreign investment sector which is profitable to the country in terms of taxes levied and to the community through Corporate Social Responsibilities.

There are various gaps between citizens, foreign investors and the government on the benefits which should arise from FDIs. The gaps arise from either actual facts or mere perceptions. From actual facts, there are gaps arising from types and amounts of taxes levied, resources shared, type of benefits given, frequency of benefits given,
amount and quality of benefits given, favourability of terms of contracts and enforceability of the laws in case of breach. From mere perceptions, there are perceptions among many citizens that there are tremendous profits generated by the FDIs which are repatriated to the countries of investors. The gap arising here is based on the extent of the profits which are argued to be repatriated to their home countries. Some citizens cannot mention specific figure but they say it’s extremely huge profits repatriated. This is the source of the argument that, foreign investors benefits a lot compared to what are contributed to the community and the nation. With the same reason, the contributions given to the community are not received with much weight as the community considers these as leftovers.

Indirect contributions to community through FDIs have been proved from respondents of the FDI selected and the results revealed that there are magnificent moves which are caused by the direct FDI contribution. Initial benefits are direct and they instigate indirect contributions where as the first beneficiaries who benefit directly from FDIs are the drivers of the multiplier effects from which the indirect benefits are derived. Analysis shows that more than 60% of the employees employed in FDIs have got businesses and out of these 87% have confirmed than the source of their capital is derived from the FDI itself. This is an evidence of the positive indirect effects of the multiplier to the societies. Further to this, these FDI employees have also employed other people in their businesses and thereby creating the multiplier effects to other Tanzanians.

6.3 Recommendations and policy implications

From the presentation and discussion of findings, there are gaps, hindrances, misunderstandings, inefficiencies and conflicts between three parties; Tanzanians, Foreign Investors and the Government, which the researcher recommends that if worked out and implemented in the communities, then there can be different findings if the same research topic is re-done. This means that the opinion of Tanzanians who
responded on this research will change towards the existence of Foreign Direct Investment if the following recommendations are taken care of.

i. Most findings from respondents showed that they have little understanding of the contributions which are derived from FDIs. Most of them expected to have enjoyed the benefits directly while this is not always the case. The researcher recommends that FDIs should publicize their initiatives to meet Corporate Social Responsibilities so that they can bridge the gap between the perceptions of citizens towards FDIs.

ii. There are some comments from citizens that there are no benefits derived from FDIs. This has been attributed by investors bringing up some contributions to the community without involving them. The researcher recommends that investors should meet local nationals in the areas surrounding the investment and seek their opinion on the areas which the citizens perceive as important to be developed first. This will avoid bringing up a contribution which will not be appreciated by Tanzanians surrounding the investment.

iii. There are responses that foreign investors take more than what the leave behind for Tanzanians. This comment is backed up by provision of short term benefits or providing a benefits only once during the life of the investment. The researcher recommends that, FDIs should set aside a budget every year for community development, regardless of the amount or magnitude; the citizens will be observing a continued support from the foreign investors instead of providing a huge sum at once.

iv. There are complaints from some respondents about the tax evasion and avoidance, also comments on the tax holidays. The researcher recommends that the government should perform special audit to foreign companies at least every year and publicize the results on the tax compliance and there by Tanzanians can clear doubts and government can recover taxes which are either avoided or evaded, if any.

v. There are complaints that there are no “a one to one benefit” to Tanzanians, which means that foreign investors get more than what they contribute to the nation and its people. These comments came because apart from taxes, which
are proclaimed not paid well; there are no other benefits in terms of cash flows which comes from foreign investments. The researcher recommends that there should be laws and/or policies enacted to guide foreign investment and specifically mentioning the proportions of the profits which should remain in the country or laws which will force foreign investors to enter into joint venture with the government so that the government can get part of the profits as well and not only taxes.

vi. Most foreign investors employ foreign nationals in areas which are not technical and which even Tanzanians can perform. Also most foreign investors do not employ Tanzanians in the managerial positions. The researcher recommends that the laws governing investments in Tanzania should specify the ratio of employees in the managerial positions and the ratio of Tanzanian experts in technical areas so that foreign investors can assimilate the knowledge to Tanzanians. Also all non technical vacancies in areas which require low skills should be filled by Tanzanians only.

vii. Some respondents mentioned oppression and exploitation as one of the disadvantages from FDIs. This was mostly seen in employees employed in low skilled areas and most of them were at part time jobs and causal labourers. The researcher recommends that, the government should specify in the law that the renewal of part time contacts cannot exceed two times so that they can be employed in permanent jobs. Also the government should make follow ups to foreign investors who give Tanzanians part time jobs and limit them to long working hours with little pay or with no overtime pay. Also the government should perform surprise visits to these foreign companies and assess working conditions and staff welfare issues.

viii. The government should come up with a policy which will give foreign investors an incentive to re-invest the profits derived from investments in Tanzania. This will motivate foreign investors to invest in Tanzania and avoiding repatriating their profits to their home countries. These can be incentives and restrictions. Restrictions can be for instance, all repatriated profits are subject to certain percentage of tax and incentives can be for
instance, if profits are reinvested in Tanzania there can be some tax waivers in the first year of operation.

6.4 Areas of further study

There are areas uncovered by the research but relate to the research topic and if they get explored in the coming researches, they can reveal some interesting facts about the Foreign Direct Investments and the multiplier effects to the lives of Tanzanians which can broaden further this concept. Some of the areas for further research related to FDIIs and multiplier effects in relation to lives of Tanzanians are:

i. The costs-benefits analysis between the benefits derived from Foreign Direct Investments to Tanzanians against the costs which are left to Tanzanians; or rather the benefits foreign investors are getting versus their contributions to Tanzanians (a value for money concept).

ii. The effectiveness of foreign investment policies in facilitating the valuable contributions to the favourable balance of payments and its contributions to increase foreign reserves.

iii. The assessment of the adequacy of taxes levied to foreign investments and the benefits linked to the taxes levied in relation to the utilization of these taxes by the government in bringing the national development.

iv. The evaluation of the effectiveness of strategies used by investment authorities to associate the foreign investors with the local communities while intending at settling investment conflicts during the time of commencement and operations.
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QUESTIONNAIRES

For Tanzania Investment Centre staff only:

In continuation to the front letter attached from Mzumbe University which introduce me, below are questions from which the researcher is requesting your assistance in getting required information. Please fill in the blanks. Your answers will be treated with strict confidence and will be used for academic purposes only.

1. What are the benefits which Foreign Direct Investments (FDIs) have brought to Tanzanians
   a)  
   b)  
   c)  
   d)  
   e)  

2. How many Foreign Direct Investments (FDIs) are registered in Tanzania up to 31 December 2012

3. Out of Foreign Direct Investments (FDIs) registered in question two above:
   How many are owned 100% by Foreigners: 
   How many are owned in Joint Venture with Tanzanians: 

4. How many Investments projects are registered in Tanzania up to 31 December 2012

5. Out of Foreign Direct Investments (FDIs) registered in question four above:
   How many are owned 100% by Foreigners: 
   How many are owned 100% by Tanzanians: 
   How many are owned in Joint Venture with Tanzanians: 

6. (a) How much is the approximate total investment capital (inflow) brought to Tanzania from Foreign Direct Investments (FDIs) registered up to 31 December 2012:
(b) How much is the approximate total investment capital (inflow) brought in Tanzania from Domestic Investments registered up to 31 December 2012: 

7. Approximately how many employees are employed in these Foreign Direct Investments (FDIs) in question two above: 

Are there any resistances which Foreign Direct Investments (FDIs) get from the community during their registration and operations? Yes  

8. If yes, mention few resistances from community against FDI’s: 
   a) 
   b) 
   c) 
   d) 
   e) 

9. What do you suggest to be the contributions of FDI’s to Tanzanians so that three parties involved can be satisfied, that is, the Government, Tanzanian citizens and Investors. 
   a) 
   b) 
   c) 
   d) 
   e)
For Staff employed in Foreign Direct Investments (FDI’s) only:

In continuation to the front letter attached from Mzumbe University which introduce me, below are questions from which the researcher is requesting your assistance in getting required information. Please fill in the blanks. Your answers will be treated with strict confidence and will be used for academic purposes only.

1. What are the benefits of Foreign Direct Investments (FDIs) to you
   a) 
   b) 
   c) 
   d) 
   e) 

2. What are the benefits of Foreign Direct Investments (FDIs) to your related community (close relatives)
   a) 
   b) 
   c) 
   d) 
   e) 

3. Approximately in percentage, how much does this Foreign Direct Investment (FDI) bring to your total monthly/annual earnings

<table>
<thead>
<tr>
<th>Range</th>
<th>No idea</th>
<th>0% to 30%</th>
<th>31% to 60%</th>
<th>61% to 80%</th>
<th>81% to 100%</th>
<th>Total</th>
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4. How many people in number depend on you directly

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<th>Range</th>
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<th>1 - 2</th>
<th>3 - 4</th>
<th>5 - 10</th>
<th>More than 10</th>
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5. How many people in number depend on you indirectly

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<th>Range</th>
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6. Approximately, what is the percentage of income of the persons who depend on you directly comes from you

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<tr>
<th>Range</th>
<th>No idea</th>
<th>0% to 30%</th>
<th>31% to 60%</th>
<th>61% to 80%</th>
<th>81% to 100%</th>
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7. Do you have investments/business/sources of income other than emoluments from this Foreign Direct Investment you are employed in now?
   Yes ☐ No ☐

8. If “Yes” to question seven above, is this Foreign Direct Investment (FDI) the cause/source of your capital to the other business/investment?
   Yes ☐ No ☐

9. If “Yes” to question seven above, how many people are employed in your other business/investment?

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<th>1 - 2</th>
<th>3 - 4</th>
<th>5 - 10</th>
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10. Which benefits do you want to get/earn from Foreign Direct Investments, which are not provided by FDIs currently?
   a) ________________________________________________________________
   b) ________________________________________________________________
   c) ________________________________________________________________
   d) ________________________________________________________________
   e) ________________________________________________________________
Kwa ajili ya wananchi wa kawaida tu:

Kufuatia barua iliyoambatanisha hapa juu kutoka Chuo Kikuu Mzumbe ambayo inanitambilisha, yafuatayo ni maswali ambayo mtafiti anaomba msaada wako katika kupata majibu yake. Tafadhali jaza nafasi zilizoachwa wazi. Majibu yako yatatunzwa kwa uangalifu mkubwa na yatatumika kwa shughuli za utafiti huu tu.

1. Ni manufaa gani unayoyapata au umeshayapa kutokana na uwekezaji kutoka nje ya nchi?
   a)  
   b)  
   c)  
   d)  
   e)  

2. Unadhani kuna hasara zozote zinazotokana na ujio wa wawekezaji kutoka nje ya nchi? Ndio Hapana

3. Kama umejibu “Ndio” kwenye swali la pili juu, taja baadhi ya hasara zinazoletwa na wawekezaji kutoka nje ya nchi:
   a)  
   b)  
   c)  
   d)  
   e)  

4. Ni manufaa gani au ni mambo gani ambayo ungependa kuyapata/kuletewa na wawekezaji wa nje kutokana uwekezaji wao?
   a)  
   b)  
   c)  
   d)  
   e)  

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