ISSUES INFLUENCING THE MANAGEMENT OF EXPORT PROCESSING ZONES (EPZs) IN TANZANIA

By

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A Dissertation Submitted to Mzumbe University, Dar es Salaam Campus College in Partial Fulfilment of the Requirements for the Award of Master of Public Administration of Mzumbe University

2019
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University a dissertation entitled ‘ISSUES INFLUENCING THE MANAGEMENT OF EXPORT PROCESSING ZONES (EPZs) IN TANZANIA’ in partial fulfillment of the requirements for award of degree of Masters of Public Administration of Mzumbe University.

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DEDICATION

This dissertation is dedicated to my dearest wife and children for their contribution and assistance during the study. They encouraged me and I really appreciate them.
ACKNOWLEDGEMENT

First and foremost my thanks go to the Almighty God for giving me strength and courage to pursue my studies and conducting this research. My appreciation goes to my employer for providing me time and financial assistance during the study.

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ABSTRACT

This study was on the issues influencing the development of EPZs in Tanzania. During the study 100 respondents who were purposively and randomly selected participated. The general objective was to investigate management issues which influences the management of EPZs in Tanzania and specific objectives were: To determine employees/public perceptions on the performance of EPZs in Tanzania, to identify challenges which are faced by EPZA on course of managing EPZs and to assess the extent EPZA have been striving to solve challenges which they have been facing on course of managing EPZA. Survey research design was used during the study and both qualitative and quantitative research approaches were also employed. Data collection methods used were interviews, observation and documentary review and data collection instruments used were: interview questions, questionnaires, observation schedule and documentary review schedule. Analysis of data was done according to the research objectives as follows. It was revealed from the study that people have positive perceptions on the establishment of EPZs and that EPZs were important in socio economic development of the communities and the country. Challenges which are faced by EPZA on course of managing EPZs included: Attraction of new investment/ Availability/processing of local raw materials, Creation of employment, Sources of funds, Human resource and Skills and technology transfer to the local economy control system. The Extent EPZA have been Striving to Solve Challenges which they have been Facing on Course of Managing EPZs included: Provision of incentives to new investors/enough local materials, improvements of infrastructure where EPZs are located, creation of job vacancies, increase of sources of funds, recruitment/training of competent human resources and adoption of new technology for adding values to the processed goods for export. It is concluded that EPZs have been improving the socio-economic status of people and the country and that challenges faced EPZs/EPZA are manageable. Recommendations include increase of financing and frequent capacity building to EPZS/EPZA stakeholders.
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CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE PROBLEM

1.0 Introduction
Developing countries (Tanzania inclusive) for centuries have been facing socio-economic constraints which stand as huddles for development (Kunty, 2009). Poverty stricken facing these countries has been the outcomes of colonialism which ruined the wealth of these countries. According to Rodney (1983), colonialist used to exploits natural resources and all materials they thought beneficial to them and at the end of colonialism (after these countries gained independence) these countries continued to seek economic support from those who colonized them.

One of the major efforts to pave way the economic problems facing these countries supported by developed countries is underpinned by industrialization process under the export processing zones scheme. In this regard, export processing zones (EPZs) are areas within developing countries that offer incentives and a barrier-free environment to promote economic growth by attracting foreign investment for export-oriented production.

Export processing zones (EPZs) are also viewed as areas within developing countries that offer incentives and a barrier-free environment to promote economic growth by attracting foreign investment for export-oriented production. According to Cartles (2000), developing countries have been providing a certain period to foreign investors to run the business without paying taxes.

The best examples are in countries such as Tunisia, Congo, Brazil and Tanzania whereby investors in mining industries are given free grace periods for businesses stabilization. They are exempted from importing tools and equipment’s and this is regarded as incentive for attracting investors under EPZ modalities. This is challenged by Koinange (2009) that such incentive has used by a number of investors to evade taxes after completion of grace production period.
According to the World Business Magazine (2010) about 45% of tax in developing countries in Asia is lost every year through tax avoidance. About 45% of tax is also lost every year and the rate in low in fast developing countries such as Singapore which between the year 2012 and 2016, the average of 15% was lost. This signifies a general problem concerning the implementation and management of such type of incentive globally despite the fact that the main advantages of export-processing zones include tax incentives, lower land rentals, exemption of import, export and value-added taxes and reduced regulatory oversight in administrative and customs procedures (Norman, 2010).

In this regard, each developing country has been developing policies to support the development and implementations of EPZs. The number of zones internationally, countries hosting EPZs, and firms operating in them, and the business volume they handle, are all growing linearly, suggesting their importance.

It is also reported that EPZs have been extensively used as a loophole for both foreign and local people to acquire land illegally. The UNCT (2013) land monitoring, evaluation and Utilization Company contends that through EPZs land policies in many countries have been violated. The company provides example of Congo Republic whereby 15% of fertile land acquired for EPZs activities are used by big farmers for big farming. Similar scenario is experienced in South Sudan whereby a number of people their houses were demolished for establishments of EPZs.

The Hashim (2004) establishes that EPZ investors forced the government to provide them lands within cities and houses. According to Hashim (ibid), the demolition of residential houses apart from being in line with 10 years town/city plans, it was against with the government policy –the Industrialization policy No. 2 of 2012 which stipulates the introduction of small and big industries outside cities and improvements of rural areas including residential settings.

Apart from the above global discussed issues, the impetus of EPZ is indulged on traditional manufacturing for export. In this regard, traditional export processing
zones are fenced-in industrial premises intending to manufacture goods from local materials for exports. In Ghana, EPZs is conceived as measure to promote the development of cocoa which is greatly used to manufacture various products for both internal consumptions and exports.

Okosso (2016) highlights that between the year 2005 and 2010, cocoa production through EPZs contributed the average of 12.4% of the national budget and this rose up to the average of 20.3% in the year 2015. According to Okosso (ibid) the contribution with regard to percentage could have been higher than 20.3% but EPZ management problems negatively influenced the increase of rates.

Despite of the above, the EPZs new approach is insisting on modern production. The modern ones have more flexible rules which include providing wide opportunities on domestic sales. In light of this, they provide a free-trade and dynamic conducive environments for the investors involved. It is contended that most of these narrations are theoretical not practical because of bureaucracies entailed in the governments in respective developing countries. This has been reported in developing countries such as Turkey, Brazil, Tanzania, Tobago and Ethiopia (Farouque, 2016) to mention a few.

In light of the above, there are converged primary aims of EPZ which include providing foreign exchange earnings by promoting non-traditional exports, to provide jobs and create income, and to attract foreign direct investment and attendant technology transfer and knowledge spillover. Since many developing countries have failing to accomplish most of these objectives, this have been major challenges which hinder the growth/development of EPZ in developing countries. In light to all of what is narrated above, empirical research on EPZs issues is virtually very-inexistent, leading to poor seeking of EPZ solutions for EPZ growth and development.
1.1 Statement of the Problem

Based on the general aims of export processing zones which include: Providing a country with foreign exchange earnings by promoting traditional/nontraditional exports, creating jobs, generating income and allowing duty-free imports of raw and intermediate inputs and capital goods for export production: The government of Tanzania adopted the EPZ under the institution named Export Processing Zone Authority (EPZA).

The effectiveness of EPZA is underpinned by the amendments in the Act of 2006 which provides powers to EPZA to undertake the following tasks: To acquire land in its name and erect thereon industrial and commercial buildings and lease such buildings to investors for undertaking thereon the EPZ licensed businesses, provision of basic infrastructure for purposes of operations in the EPZs, provision within the EPZs utilities and sewerage and drainage systems for removal of refuse and waste for the benefit of EPZs and other users, preparation of national and international programmers for appropriate promotion of EPZs.

EPZs, provision of commercial information for the benefit of investors in the EPZs and provision of any other public utility as may be necessary for the betterment of operators and investors within the EPZs or consumers of products and/or services from the EPZs (URT, 2006). The implementation of the above objectives has been explained to be shadowed with the number of anomalies which have been negatively affecting the effectiveness of EPZA. It is reported that the acquired of land have been covered by corruptions which resulted into a number of complaints from the public and the loss of public funds budget for compositions.

The recent scenario in Kibaha district council provides the evidence. In this case, the President of Tanzania Dr. Joseph Pombe Magufuli through the Minister of Land and Housing nullified title deed for a plot acquired for EPZ after discovering a number of anomalies (Minister for Land and Housing, 2019). In light of this, there were complaints from residents concerning the amount of money they were paid as composition of their properties when EPZA acquired land for building Benjamini
Mkapa complex in dare s salaam city. Jef (2003) reports that EPZA has been facing problem during the process of acquiring land because of resistance from those who hold the land and the process of the president to revoke has been taking long time. The outcome of this is the number of investors is discouraged and use the money planned for EPZ for other businesses.

It is also reported that the provision of basic infrastructure for purposes of operations in the EPZs for the past ten years have not been effective. According to Domician (2009), among 15 surveyed EPZs in Tanzania, only 6(40%) consisted good basic infrastructures for effective operations of EPZAs.

During the impetus of EPZ, the government anticipated the increase of job creation among different cadres of youth and that intended to minimize the number of people in jobless condition. According to government answered (URT, 2007), between years 2006 and 2015 the government expected EPZs to created 45% opportunities for jobs. This is contrary to the studies done by Domician (ibid) and Kashaga (2016) which indicate that only 15% jobs were created up to the year 2010 and 20.3% jobs vacancies were created at the year of 2015 respectively.

According to Kshaga (ibid), the government have been observing turbulence of income through exports and that have been influenced by bureaucracies on allowing duty-free imports of raw and intermediate inputs. These stipulated issues are generally underpinned by the management aspects and hence the need to undertake the study to unfold the causes and provide solutions.

1.2 Research Objectives
The study was based on the following general and specific objectives.

1.2.1 General Objective
The general objective was to investigate management issues which influences the management of EPZs in Tanzania
1.2.2 Specific Objectives
The following were specific objectives

i. To determine employees/public perceptions on the performance of EPZs in Tanzania

ii. To identify challenges which are faced by EPZA on course of managing EPZs?

iii. To assess the extent EPZA have been striving to solve challenges which they have been facing on course of managing EPZA.

1.3 Research Questions
The following were research questions

i. What are employees/public perceptions on the performance of EPZs in Tanzania?

ii. What are challenges which are faced by EPZA on course of managing EPZs?

iii. To what extent EPZA have been striving to solve challenges which they have been facing on course of managing EPZA?

1.4 Significance of the Study
This study is significance in the following regard: First, policy makers may use study findings, conclusion and recommendations to effect amendments on EPZA acts to make them more effective. The EPZA management may use findings from the study to improve their management styles and techniques. This may in-turn facilitate the growth/development of EPZs and hence the creation of many job vacancies.

EPZA is mainly intended to be located in the rural areas. In this case, findings from this study will help in halting rural-urban immigration among youth. EPZA employees will benefit from study they will be aware of the issues influencing the growth/development of EPZA. This will enable them to gain competencies and that will in-turn result into effectiveness of EPZ and EPZA. The government will benefit from this study since the development of EPZ will result into the increase of income through increase in production for export.
1.5 Scope of the Study
The study was confined on management issues which influences the management of EPZs in Tanzania. Specific confinement was on: employees/public perceptions on the performance of EPZs in Tanzania, challenges which are faced by EPZA on course of managing EPZs and solutions for EPZA challenges.

1.6 Limitations of the Study and Delimitations of the Study
Limitations entail problems which the researcher faced which were not within researcher’s control. Problems faced included: First, Passiveness among EPZA/Business people during the study. In this case, some employees hastate to provide information they thought confidential. In line to this, business people some of them politicians hastate to participate in this study fearing the information they will provide may affect their positions in the public specifically 2019 local government elections and 2020 general elections. The problem was solved by the researcher assuring them that their identities will not be revealed to anybody and that information required from them will be merely for academic purposes and not otherwise.

The researcher also faced time constraint. In this case, the researcher as per employer-employee agreements, has to start accomplishing employee’ tasks in the morning and then after working hours do the research work.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter provides both theoretical and empirical literature. The theoretical literature concerns with similar information on the research topics which have been written by different authors in different books. The empirical literature entails similar studies to this study which have been done by different researchers globally. The chapter also provides explanations on the research gap and the conceptual framework.

2.2 Theoretical Literature

2.2.1 Conceptual Meaning of Export and Processing Zones (EPZs)
The Export Processing Zones (EPZs) primarily viewed as zones where a more favorable fiscal regime is applied to exporting enterprises. In light of this, export zones are conceived as progressively broadened to designate a range of concessions to the regulatory environment (above all with regard to taxes). These are granted to exporting institutions located inside respective a country.

Hirsch (1993) and Jauch and Keet, (1996) pinpoint that an EPZ is a region within a country designed to encourage the development of labor-intensive exports that use a high proportion of imported inputs, hence the term 'export processing' as most of the activity in EPZs involve the use of labor who 'process' imported inputs to then be exported. Many firms that locate in EPZs are either multinational corporations themselves or have some affiliation with one. In general, policies are of the free trade and free labor market type.

The World Bank defines Free Trade Zones as fenced-in industrial estates specializing in manufacturing for export and offering their resident firms free-trade conditions and a liberal regulatory environment (World Bank, 1992). According to the International Labor Organization, Free Trade Zones denotes to industrial zones with
special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being re-exported (ILO, 1998).

The World Watch Institute define EPZ as a small closely defined area which possesses favorable trading and investment conditions created by a government to attract export-orientated industries. Have loosened tax and labor restrictions and their primary purpose is to generate export revenues in poor developing countries (State of the World 2004). Meru (2007) defines Export Processing Zone as a declared area of land, which is provided with special business environment to promote export oriented manufacturing and processing operations.

2.2.2 The Impetus of Export Processing Zones

Export Processing Zones are not a new concept, in accordance to International Labour Organization (ILO), Zones existed as back as 1929 in some cities of Spain. Also in most developing countries like the Carribean, Latin America, Asia as well as Africa to a smaller extent.

The major shared feature of EPZ/SEZs is the granting of exceptional and attractive fiscal and procedural incentives to fascinate (mostly FDIs) investment), for export led economic development. The incentive Package include, exemption from payment of duties on capital goods, deemed capital goods and raw materials, special relief on VAT to utilities services such as electricity, water etc. Exemptions on Pre Verification of conformity to standards and destination inspection requirements, an initial automatic immigration quota of up to 5 foreign employees. Incentives covers also on the simplified procedures for EPZ/SEZ investors on customs and port clearance of their consignment, provision of all investment services and One Stop Service Centre whereby investors do not necessarily need to go to different department or authorities to seek investment services, eg immigration services, labour for work permits, customs services for clearance of their goods as well as environment and land department.
According to the recent World Investment Report, it indicates that SEZs and or EPZs continue to proliferate and diversify. In most countries, the transition from pure export processing zones to value added zones continues, and new types of zones are still emerging (UNCTAD, 2018).

Other countries are creating free trade zones, bonded warehouses and free ports to achieve similar results to an EPZ. In the light of these developments, the ILO now uses the term EPZ to cover any situation whereby investors are offered an incentive, and the product is primarily for export.

Previously, it was observed that EPZs had created a significant number of jobs. This might be the case in some countries, but a closer examination reveals that jobs created through EPZs are often not cost-effective and of poor quality. Export Processing Zones/Special Economic Zones host countries incur two types of cost factors. Firstly, the direct costs for establishing EPZ infrastructure and subsidized services. Secondly, the indirect costs in the form of foregone government revenue and national income as a result of exemption from taxes, import and export duties etc. The Kenyan government, for example, spent 40 billion shilling on establishing EPZs but only 2000 new jobs have been created. It has been argued that many more jobs could have been created if this money had rather been spent on job creation in the small scale manufacturing sector or other large job creation programmes in the broader economy (ZCTU 1994).

Many EPZ companies try to compete in a globalizing market on the basis of cheap prices. They try to improve their performance by intensifying work, thus putting more pressure on workers to reach higher production targets. Although EPZ wages are sometimes higher than comparable wages outside the zones, this is often achieved through piece-rates and production incentive schemes that increase the take-home pay at the expense of longer hours and more intensive work. Due to the generally low wage levels, workers are amenable to working extra hours - just to make ends meet. In Nicaragua, for example, women workers in the EPZ garment industry work 12 - 14 hours per day to earn US $ 140 per month (ILO 1998).
2.2.3 Evolution of Export Processing Zone

The identification of specific area for promoting external business is not new. The examples range from the Greek island of Delos in 300 BC, free ports established in a number of European cities in the 17th Century, through to the first industrial park set up in 1896 in Manchester, England (Jean-Pierre Cling and Gaëlle Letilly (2001).

A crude generalization of the evolution of export oriented zones is categorized into three broad generations of models. Prior to the 1970s a mixture of free trade ports and industrial parks in operation were in operation but most frequently in isolation from one another. On the one hand free business harbours simply provide duty free zones outside the customs area of the host country, mainly for the purpose of facilitating merchant trade. Industrial estates, on the other hand have been viewed as areas specifically planned for industrial occupations. In this case, relevant productions and other utility services are provided. These are frequently found in specific locations and are separated from people’ habitant (Peter Gibson et al, 2008).

From the 1950s to the 1970s, a small number of countries established economic zones combining aspects of both the free trade port and the industrial estate (Shannon Free Zone set up in 1959 in Ireland), often with the explicit objective of promoting export-processing industries. In generic terms these formed the basis for the conventional or traditional notion of an EPZ that can be defined as “an industrial estate” that specializes in manufacturing for export. It offers firms free trade conditions and a liberal regulatory environment, (World Bank, 1992).

The traditional EPZ thus combines fiscal incentives attractive to exporters of manufactured goods (duty free imports of inputs) with operating conditions that are more conducive than those available to firms in the host economy. Taking these early examples as a model, the use of such zones expanded rapidly from the late 1970s, both within and across countries ((Peter Gibson, et al, 2008).

In India for instance, in early 1965 the first zone was built in Kandla, thereafter another export processing zone was set up at Santacruz which it came into full
operations in 1973. Things didn’t end there, government decided to set another five export processing zones in the late of 1980’s. The five new export processing zones which were built by the government were at different areas such as Cochin (Kerala), Falta (West Bengal), Noida (Uttar Pradesh), Visakhapatnam and (Andhra Pradesh) Chennai (Tamil Nadu) and in the middle of 1998 they all came into full operation.

Apart from that in the year of 2000 EXIM Policy Launched a new scheme for Special Economic Zones and under the new launched scheme the following Export Processing Zones located at Kandla, Santa Cruz, Cochin and Surat were transformed to Special Economic Zones (SEZs). Apart from that in 2003 there were four (4) other Export Processing Zones (EPZs) namely Falta, Noida, Vizag and Chennai were converted into Special Economic Zones. Therefore currently India is promoting the EPZ programme much more strongly than in the early phases of their evolution. A large amount of public fund (resources) are directed in these zones and it indicate a huge significance to the economy. This warrants an in-depth analysis of the performance of EPZs and their contribution not only to the country’s export performance but their effect to social and economic development (Biju, 2010).

Many developing countries, including SSA countries, attempted to promote the development of a domestic manufacturing sector and achieve economic development through import-substituting industrialization between World War II and the 1970s. The manufacturing firms that emerged were however often unable to compete in the world market, as the costs of production were often considerably higher than for similar goods elsewhere.

The failure of the policies was often a cause of the many obstacles to industrialization and trade for developing countries. Policies to protect and develop domestic industry for this reason have not enabled most developing countries to catch up with developed countries as predicted by economic theory. The limited success of import substitution policies resulted in a change in policies, and several countries’ trade policies became increasingly liberalized from the mid-1980s (Krugman et al., 2012).
The last decade has seen significant economic growth in a number of African countries, with sub-Saharan Africa (SSA) one of the fastest-growing developing regions especially from 2011. Most SSA economies have struggled to generate structural transformations of their economies, changing their export structure from a heavy reliance on natural resources and increasing higher-value production. SSA also needs to generate large-scale employment, especially to absorb the expected growth in the labour force (United Conference on Trade and Development (UNCTAD, 2012a).

2.2.4 EPZs in Tanzania Perspectives
Given the positive role that EPZs has played and continue to play elsewhere in the world, in 2002 the Government of Tanzania established EPZ scheme under the EPZ Act No.11 and the effective implementation started in March 2003 (URT, 2006). The Export Processing Zone Authority (EPZA) operates under the Ministry of Industry and Trade (MIT) and coordinates two investment promotional schemes, the Export Processing Zones (EPZs) and the Special Economic Zones (SEZs) scheme which was established under the SEZ Act of 2006 and aims at fast-tracking economic growth and poverty reduction. It also allows sales to the local market (www.epza.go.tz).

There are several objectives for establishment of EPZs in Tanzania: to attract and promote investment for export-led industrialization with a view to diversify and facilitate Tanzania’s exports and promote international competitiveness, to create and expand foreign exchange earnings, to create and increase employment and development of skilled labour, to encourage transfer of new technology, to foster linkages of the local economy to the international market and promote processing of local raw materials for export (TIF, 2006). Other functions of EPZA include development of infrastructure, issuance of EPZ business licenses and provision of business facilitation services to EPZ investors. (www.epza.go.tz).

The Tanzanian EPZs currently include a number of sectors namely, textile and garments, agro-processing (food stuff, beverages, etc.), leather and leather products,
lapidary, electrical and electrical appliances, warehousing construction, business logistics services and lastly but not the least, the Information and Communication Technology (ICT) industries (www.epza.go.tz). Since the establishment of EPZ activities, Tanzania started to experience growth in terms of exports with expansion of manufactured products. Tanzania’s primary export commodities include gold, coffee, cashew nuts, dried fruits and textile products. The country’s exports emanating from EPZ and SEZ schemes up to mid-2018 were worth $2.3 billion (www.epza.go.tz).

2.2.5 EPZs Praises and Performance in Selected Countries

Kenya

Kenya establish her Export Processing Zones program in 1990 as part of the Export Development Program (EDP) being undertaken by the Government to transform the economy from import substitution to a path of export led growth (ZCTU 1994).

EPZs are designed to further integrate Kenya into the global supply chain and attract export-oriented investments in the zones, thus achieving its economic objectives of job creation, diversification and expansion of exports, increase in productive investments, technology transfer and creation of backward linkages between the zones and the domestic economy. The program has contributed significantly to achieving these objectives with over 40 zones in place, close to 40,000 workers employed and contribution of 10.7 % of national exports. Over 70% of EPZ output is exported to the USA under AGOA (ZCTU 1994).

EPZs continue to provide investors with a predictable, attractive and efficient modus operandi for tackling regional and global markets for goods and services. Attractive tax incentives, a facilitating operating environment, good physical infrastructure and day-to-day support by EPZA staff have all resulted in over 80 firms from all over the world deciding to make the Kenya EPZs their home. Many of these have made additional investments and expanded their operations, as a manifestation of their initial success.
Mauritius

In Mauritius the first Export Processing Zone was introduced in 1970 with the purpose to motivate investments for manufacturing industries targeting the export market. There is no officially designated zone, and Export Processing Zone companies were located all over the island. Statistics shows that 80% of the EPZ Companies that export their products are from textiles and apparel, however there has been some variation in manufacturing of electronic products such as watches, electronic measuring instruments and other products like leather goods, toys and optical goods. Currently the government is focusing on promoting information technology, high precision plastics, printing and publishing, electronics, pharmaceutical and light engineering.

An informatics park was established several years ago and a number of firms are currently engaged in typesetting and other pre-press operations, data processing, CD-ROM publishing, image processing and related activities. The park provides ISDN and other high bandwidth services. EPZ companies are exempt from import duties and Value Added Tax on machinery, equipment, and spare parts, and from tax on dividends. They are liable to a 15% corporate tax.

In Mauritius the EPZ Certificate is granted to export-oriented enterprises and entails the following incentives: Complete Import Duty and VAT exemption on productive machinery equipment and spare parts, complete exemption from Import and Excise Duties and VAT on raw materials and components used in the manufacturing process and exemption from payment of half the normal registration fee on land and buildings acquired by new industrial enterprises. Other include: issue of residence and work permits to promoters and key expatriate staff. Expatriate staffs are entitled to a 50% rebate on personal income tax and electricity at preferential rates.

Tanzania Experience

The Tanzania Government started to think over EPZs more than two decade ago, but it was not until 2002 that it formally legislated for the establishment of such schemes under an autonomous organ. In that regard, the Export Processing Zones Authority
(EPZA) was set up under parliamentary Act No 11 of 2002 that came into force in July 2003. Before that, implementation of the EPZ programme had been entrusted to the National Development Corporation (NDC).

The Export Processing Zones (EPZs) Act and the Special Economic Zones (SEZs) Act provides for various incentive packages for prospective investors, including the exemption of corporate tax and withholding taxes on rent, dividends and interest over a ten-year period. Other advantages are the remission of Customs Duty, Value-Added Tax (VAT) and other taxes on raw materials and goods of capital nature, as well as the exemption from VAT on utilities, wharfage charges as well as all levies and taxes that are normally charged by the Local Government Authorities.

In addition to the above list of investment reliefs, investors are not subject to pre-shipment inspection, even as goods destined for EPZs are treated as transit cargo. They are also accorded unconditional transfer of profits and/or dividends, guarantees under the export credit scheme and an allowance of 20 per cent of their products for the domestic market.

Tanzania is particularly interested in using EPZs as an instrument for export development, in light of the apparently successful experience of Kenya and especially the latter’s success in utilizing EPZs to take advantage of the African Growth and Opportunity Act (AGOA) in the United States.

2.3 Empirical Literature
Warr (1990) evaluated the economic performance of an economy with EPZs and the hypothetical performance of the economy without EPZs under the assumption that EPZs are entrenched within each host country, and that there is a transfer of funds and resources between these entrenched EPZs and the economy of the host country. It was revealed from the study that the net estimated benefits include the net gain to the host country with respect to employment generation, foreign exchange earnings, greater utilization of local materials, additional capital equipment and additional tax revenues collected.
Domician (2009) did a study on evaluation of Tanzania’s EPZ Programme—Challenges and Prospects include administrative and maintenance costs of the EPZs, and the required additional physical and administrative infrastructure. Jocoive (2001) from the study of prospects of EPZ in Philippines identified that the infrastructure costs were a major determinant of outcomes in EPZs. It was further revealed from the study that the Philippines government decided to isolate the area which was required for operations all the way from the ground level to full construction of buildings and provision of utilities as a result government incurred huge amount of money at Bataan EPZ, compared to Masan (Korea) and Penang (Malaysia) which the cost was low because they decided to use existing infrastructures and select locations that were near pre-existing industrial areas. According to the findings, employment creation was large as well as foreign exchange earnings steadily increased.

In terms of employment, ILO (2003) findings revealed that there has been a systematic progression of the (absolute) numbers of employees in EPZs from around 50,000 in 1970 to about 41.9 million in 2003 worldwide. It was also revealed from the study that EPZs accounted for substantial shares of industrial and total employment in some countries: more than 75 percent of industrial employment in Macao; 20 percent of total employment in Mauritius in 1970; 10 percent of employment in Mexico and in Guatemala, it was revealed from the study that the number of EPZ employees rose from 6,500 in 1986 to 70,000 in 1992

Matambalya (2007) studied the rate of women and men employments in EPZs scheme and revealed that more women than men have been employed in the EPZs. It was revealed from the study that the major difference in employment was influenced by the production activities which were recognized to be traditionally done by women.
2.4 Research Gap
A number of studies have been conducted on the issue of Export Processing Zones (SEZs) schemes mostly with focus to their role as a tool for attracting Foreign Direct Investments (FDIs) and with purpose for increasing exports threshold of the country. However, very little studies and literatures have been touching deeply on the contributions of EPZs on social and economic development of the economies. Therefore, findings from this study, conclusion and recommendations covered the gap.

2.5. Conceptual framework
The study treats the issues which influence the management of export processing zones is conceived as important variable in arriving at increase in production and goods for export and hence business effectiveness. Therefore, the modified Katz and Khan (1978) Open System Model (Figure 2.1) was used in this study. The modified model provides a broad framework in which all issues influencing the implementation/effectiveness of export processing zones (EPZ) and export Processing Zones Authority (EPZA) which are within and outside will be identified, analyzes and assessed.
Figure 2.1: Modified Open System Model

Source: Adapted from Katz and Khan (1978)

During the study the researcher viewed variables in figure 2.1 as being highly interdependent with their environment. In this study, all variables in the input are conceived as dependent variables while variables in the processing side are conceived by researcher as intermediate variables. Furthermore, variables in the output (figure 2.1) are conceived by the researcher as dependent variables.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter provides explanations on research methodology employed in this research. The explanation is on the following: Area where the study was done, research design and research approaches employed during the study, population, sample and sampling procedures, data collection methods and instruments, validation of research instruments as well as data analysis procedure.

3.2 Study Area
The study area was at Benjamini Mkapa EPZ and EPZA all of them are located in the same area near Mabibo Hostels –Ubungo area. Benjamin William Mkapa is studied because of having a number of institutions under the EPZ scheme. There are number/types of products which are produced/ manufactured for export. In this case, there good number of investors who are competent and have good experiences on EPZ and hence, the researcher expects to collect valid and reliable data from them. EPZA is studied because it the sole institution charged with management and implementation of EPZs in Tanzania. Therefore, the researcher collected qualitative and quantitative data from this institution.

3.3 Research Design
During the study survey research design was used. According to Franklin (1998), survey research design is a type of design which deals with analysis and interpretation of a number of cases in the environment (Franklin, 1998). This type of research design was used because: First, it enables the researcher to deeply study the issues and reveal reasons/causes that underpins those issues.

In this study, issues that influence the management of EPZ/EPZA were deeply explored. Second, survey research design enables the researcher to employ different types of data collection methods which in research term is termed triangulation. Therefore, during this study the researcher used interviews, observations and
documentary review methods which were facilitated by data collection instruments such as interview questions, questionnaires, documentary review schedule and observation schedules which enable him to collect both qualitative and quantitative data from the field and documents respectively.

3.4 Research Approaches
According to Bell (1993), there is no research which is purely qualitative or quantitative. During the study, qualitative and quantitative research approaches were employed. In this case, qualitative research approach is the approach which involves an interpretive and deep gathering of information in order to achieve the objective of the study (Kamuzora et al, 2008). In light of this, qualitative approach puts much emphasis on the qualities of entities, processes and meanings that cannot be experimentally examined or measured in terms of quality, amount intensity or frequency (Denzin and Lincoln, 1994).

Qualitative approach was used because provides opportunity with regard to the analysis of collected data analysis techniques such open- coding and content analysis can be used interchangeably during data analysis. The use of qualitative approach facilitates socialization among the researcher, respondents and the entire community because of frequent interactions among them. This motivates the latter to provide quality a reliable data. The justification for the use of quantitative approach in the intended research is that the approach does not consume time a situation which results into collection of much information from the field.

3.5 Population
The population was all EPZA employees and Business people at Benjamini Mkapa EPZ Complex.

3.6 The Sample and Sampling Procedures
A sample is a unit which is derived from the population. During the study, the sample was obtained from the population and consisted 100 respondents who were randomly and purposively selected.
3.7 Data Collection Methods and Instruments

Interview was data collection method used during the study. Interviews were administered to 20 respondents and freedom was provided to respondents to decide on how to be interviewed and the place to be interviewed. Furthermore, interview arrangement were done to meet respondents’ demands and this was effected through designating an interview schedule to ensure that all identified respondents are interviewed (Heitcher, 2006). In light of this, this provided good mutual relationship to all research participants.

An interview question was data collection instruments used to facilitated interviews. Both closed and open ended questions were used to collect quality and quantity data. Closed ended questions contained objective questions and responded will be required to provide pre-determined answers. Open ended questions consisted questions which enabled the respondents to provide extensive responses. Data collected from interviews constituted primary data.

Observation was other data collection methods used during the study. The researcher intends to use non-participatory observations and the instrument used during observations was observation guide which was designed prior the study to ensure that all things/incidences observed were observed systematically. Data collected through observations constituted primary data.

Documentary analysis was another data collection method used during the study. Documentary review involves reading of documents specifically which are related to this study. During the study this method was used to collect quantifiable data and documentary review guide (data collection instrument) was designed to ensure that all documents reviewed were reviewed systematically and effectively.

Questionnaires were used to collect information which were either partially collected or not completely collected from respondents. Questionnaires were distributed to 80 respondents. Those questionnaires were both closed and open ended.
3.8 Validation of Research Instruments
Prior the actual study, the researcher did an informal visit to the study areas for familiarization exercise and that was a time for identifying respondents. This was followed by the try-out exercise which enabled the researcher to make corrections to the instruments in order to make them effective during the actual research.

3.9 Data Analysis Procedure
Data analysis is an important step towards finding solution of a problem understudy. With regard to intended study, the open-coding procedure was used during analysis of qualitative data. In this case, the first step was to transcribe and code data. Data analysis begun with individual responses and responses from different respondents was sorted and grouped in order to tally with research objectives. Comparison of data was done to identify those data which was related. Quantitative data was analyzed through tabulation and computation into percentages.

3.10 Ethical Considerations
All social researchers share a number of ethical concerns, also research designs and procedures that fail to meet standards by not treating subjects with respect are likely cause misleading results which are not conclusive and may sometimes be found biased. The ethical research issues are discussed as follows;

Research clearance; before going to the field, a research Clarence letter from the office of principal was obtained to introduce the researcher to all places where data was collected. With these documents the researcher was ready to go to the field and commence data collection.

Informed consent; after reach the research field, the researcher must introduce himself to the participants informing them about the purpose of the study. This study seeks opinions and experiences from interviewees, the researcher informed the respondents that they are free to decide to or not. The researcher also told the respondent that they were free to respond or not to some of the questions.
Anonymity: The respondents were assured that all the sessions shall be carried out confidentially and there was no need to introduce themselves by their names, and the information they are going to provide will be kept confidential for the purpose of this study. The researcher thought that confidentiality for the study since early marriage is among the very sensitive issues in which governments and non-governmental organization pay their attention. The researcher was able to soften participants’ emotions by using good communication skills to persuade them to provide responses on their own free will. Lastly the researcher acknowledged all the scholarly works that was be used during the research process.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

In this chapter collected data is presented, analyzed and discussed based on research objectives (specific) which were as follows: To determine employees/public perceptions on the performance of EPZs in Tanzania, to identify challenges which are faced by EPZA on course of managing EPZs and to assess the extent EPZA have been striving to solve challenges which they have been facing on course of managing EPZA.

4.2 Response Rate

In research work the response rate entails explanations on the extent respondents participated in the study. The response rate is entirely expressed numerically and supported by few words of expressions (Keesly, 2010). Table 4.1 below indicates the response rate.

Table 4.1: Responses Rate

<table>
<thead>
<tr>
<th></th>
<th>Interviews</th>
<th></th>
<th>Questionnaires</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Respondents Registered for interview</td>
<td>Percent</td>
<td>Number of Respondents Participated</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Questionnaires</td>
<td>Number of Questionnaires distributed</td>
<td>Percent</td>
<td>Number Questionnaires collected dully filled</td>
<td>Percent</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>60</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>


Data in Table 4.1 indicates that respondents who registered for interviews were 20(20%) and those appeared for interviews were 20(20%). This shows that there were good responses towards interview sessions. Table 4.1 also indicates that questionnaires were distributed to 80 which was equal 80(60%) of total respondents.
(N=100) and questionnaires collected by the researcher were 80(100%). This also in research work indicates good response rate.

4.3 Characteristics of Respondents

During the study, the profile of respondents was analyzed and included age, gender, education level and work experience. The following were results.

4.3.1 Respondents’ Age

During the study, the age of respondents was investigated and table 4.2 indicates results.

Table 4.2: Respondents’ Age

<table>
<thead>
<tr>
<th>Interval of years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 26 years</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>27 - 35 years</td>
<td>35</td>
<td>35</td>
<td>50</td>
</tr>
<tr>
<td>36 - 44 years</td>
<td>20</td>
<td>20</td>
<td>70</td>
</tr>
<tr>
<td>45 - 53 years</td>
<td>20</td>
<td>20</td>
<td>90</td>
</tr>
<tr>
<td>54 - 60 years</td>
<td>10</td>
<td>10</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>175</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher Data, 2019*

Table 4.2 indicates that respondents 15(15%) aged between 18 and 26 years and respondents 35(35%) aged between 27 and 35 years. Furthermore, Table 4.2 also indicates that respondents 20(20%) aged between 36 and 44 years, respondents 20(20%) aged between 45 and 53 years. It was also revealed from the study that respondents 10(10%) aged between 54 and 62 years.

It was revealed from the study that all respondents were adults (aged 18 years and above) and that were able to provide quantitative which researcher considered valid and reliable. This resulted into the researcher to be confident on data collected. It was also revealed from the study that respondents with age 27 to 35 years (Table 4.2) dominated. This age group consisted mainly members from groups of students and young lecturers and support staff who actively engage into store keeping.
Through questionnaires were able to provide extensive responses on different issues during the study. The age group (36 years-44 years) also included supervisors/section leaders. This age group was also important since it consisted of respondents who are actively engaged in the implementation of EPZ objectives, and accumulation of mission and vision. The age group of 56 years to 60 years was also important to the researcher because consisted respondents with the rank of managers, directors and board members who are key players in the interpretation of EPZA rules and regulations and hence the overall development of the EPZ.

4.3.2 Gender of Respondents

During the study, gender of respondents was also investigated and Figure 4.3 indicates the results

**Table 4.3: Gender of Respondents**

<table>
<thead>
<tr>
<th>Type of sex</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Female</td>
<td>55</td>
<td>55</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Researcher Data, 2019

Table 4.3 indicates that 45 respondents (45%) were male and 55 respondents (55%) were female. This study indicates that many female participated in this study than male. However, the review from document indicated that EPZA consisted many male (80.1%) than female (9.9%) This automatically justify the gender difference with regard to the number of respondents during the study. It is concluded that, gender difference was not a barrier toward the collection of valid and reliable data. This is because; a researcher used triangulation technique during data collection.

4.3.3 Respondents’ Education level

The education level of respondents was also investigated and Table 4.4 indicates findings.

---

27
Table 4.4: Respondents’ Education Levels

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 4 and Form six</td>
<td>7</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Certificate</td>
<td>20</td>
<td>20%</td>
<td>27%</td>
</tr>
<tr>
<td>Diploma</td>
<td>35</td>
<td>35%</td>
<td>62%</td>
</tr>
<tr>
<td>Bachelors degree</td>
<td>30</td>
<td>30%</td>
<td>92%</td>
</tr>
<tr>
<td>Masters degree</td>
<td>8</td>
<td>8%</td>
<td>100%</td>
</tr>
<tr>
<td>PhD</td>
<td>0</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>


Table 4.4 indicates that 7 respondents (7%) their education levels were Form four and Form six, 20 respondents (20%) had Certificates, 35 respondents (35%) had Diploma and 30 respondents (30%) had Bachelor degrees. Table 4.4 also indicated that 8 respondents (8%) possessed Master degrees.

It is conceived that, all respondents had enough education which qualify them to participate effectively in this study. Congruent to this the researcher utilized respondents’ competencies on issues under study and that enabled him to collect valid and reliable data.

4.3.4 Working Experience

Respondents work experience was also investigated and figure 4.5 indicates findings.

Table 4.5 Respondents Work experience

<table>
<thead>
<tr>
<th>Years of Working Experience</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 10 Years of working experience</td>
<td>40</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>11 - 20 years of working experience</td>
<td>30</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>21 - 30 years of working experience</td>
<td>26</td>
<td>26%</td>
<td>96%</td>
</tr>
<tr>
<td>More than 30 years of working experience</td>
<td>4</td>
<td>4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Researcher data, 2019
Table 4.5 indicates that 40 respondents (40%) their work experience was between 1 to 10 years, 30 respondents (30%) their work experience was between 11 and 20 years, 26 respondents (26%) their work experience was between 21 and 30 years. Table 4.5 also indicates that 4 respondents (4%) they have more than 30 years work experience.

Findings revealed that for those respondents with work experience between 1 and 10 years, only 12 respondents (26.7%) had work experience between 1 year and 4 years. Conclusively, respondents 88(73.3%) had enough work experience which enabled them to provide valid and reliable data during data collection.

4.4 Employees Perceptions on the Performance of EPZs in Tanzania

The objective intended to determine the perceptions of employees on performance of EPZ and respondents (N=100) participated by providing responses through interviews and questionnaires. In the first instance, respondents were asked to provide responses on the question which required them to tell if EPZ was in good performance or not. Table 4.6 indicates responses.

Table 4.6: Respondents Responses on the Performance of EPZs

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>90</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>10</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher data, 2019

Table 4.6 indicates that respondents 80(80%) said ‘yes’ indicating that EPZ had good performance and 10 respondents (90%) said ‘no’ meaning that EPZ was performing badly. Those respondents who said ‘yes’ explained that the establishment of EPZA was of socio-economic importance to Tanzanians and the country/government as a whole. According to 67 respondents (67%), EPZ provided the motivation to people to engage in economic activity collectively.
One respondent (1%) cited the example of Benjamini William Mkapa EPZ centre where there are almost 120 collective production centres whereby production of different products are processed mainly for export. The respondent continued to highlight that ‘……… different products are processes by many business people who are gathered together at one place’. According to the respondent, the gathering of many people at the same place to accomplish a given task resulted into socialization. The researcher passively conceived this response because socialization entails knowledge and skill learning from each other and according to Epsil (2013) socialization results into economic gain and hence personal and community development.

Twenty respondents (20%) from the group who said ‘yes’ (Table 4.6) explained that the establishment of EPZs was a joy-full to them because it enabled them to gain competencies on different aspects of business including gaining of kills and that they were able to perform different occupations during processing goods.

It was revealed from 17 respondents (17%) that the size of investment which was 15% in the year 2006, have risen up to 62.7% in the year 2018. On this, one respondent (1%) argued that ‘……… the government through the Ministry of trade and industries has been doing deliberate efforts to ensure that EPZA is effectively financed and had competent staff and good administration’. The increase in budgetary finance was confirmed by the researcher from the review of documents as indicated in Table 4.7 below, EPZA Budget 52.6% of total.

Table 4.7: EPZs Government Budget Increase for 2010 - 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget (%)</td>
<td>16.7</td>
<td>28.6</td>
<td>30</td>
<td>32.7</td>
<td>45</td>
<td>48.6</td>
<td>52.6</td>
<td>60</td>
<td>69.5</td>
</tr>
<tr>
<td>Increase (%)</td>
<td>11.9</td>
<td>1.4</td>
<td>2.7</td>
<td>12.3</td>
<td>3.6</td>
<td>4</td>
<td>7.4</td>
<td>9.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: EPZA, 2019

Table 4.7 indicates that for the year 2010, the budget was 16.7% of total Ministry of Trade and Industries budget which rose up to 28.6% in the year 2011 and marked the increase by 11.9%. For the year 2012 the budget was 30% and that marked the
increase by 1.4%. Table 4.7 also indicates that for the year 2013, the EPZA budget was 32.7% and that indicates the increase by 2.7% compared to the 2012 budget. According to the data in table 4.6, for the year 2015, the budget was 48.6% and that indicates the increase by 3.6% compared to the year 2014 budget.

The table also indicates that for the year 2016, the budget was 52.6% and that indicates the increase by 4% and for the year 2017, the budget was 60% and that indicates the increase by 7.4% compared to the 2016 budget. Table 4.7 also indicates that for the year 2018, the budget was 69.5% and that indicated the increase by 9.5%.

Further analysis of 2010 to 2018 EPZA budget indicates that with exception of years 2011, 2012, 2012 and 2013 whereby the budget was not linear, the followed years that is 2015 to 2018 budget increase was linear. The researcher perceived this data to be among indicators to positive respondents’ perceptions on EPZA as indicated by joint responses that the establishment of EPZA was a government move to eradicate poverty among Tanzanians.

It was revealed from respondents 45(45%) that the establishments of EPZ have been resulting into promotion and increase of exports. According to the respondents, the EPZA have been designing different programmes and advertisements on different products available in different EPZ zones. One respondent (1%) highlighted that ‘……….. these programme and an advertisements are done inside and outside the country ……….. Many business people outside the country have been pressing orders’.

It was revealed from the study programmes provided covered business strategies and ethics, business management, branding and packaging for exports as well as production techniques. It was further revealed from the study that these training programmes were provided consecutively to ensure that those beneficiaries gain competencies in different occupations. Three respondents (3%) explained these programmes apart from being effective resulted into high promotion of different products produced in EPZ zone and this in-turn resulted into increase in exports.
The increase in exports was confirmed by the researcher from the review of documents which revealed that for the period of 2010/2011, the increase in export from EPZ was 19% which increased up to 21.6% in the period of 2011/2012. The period of 2012/2013 marked the increase of exports by 26.3% and for the period of 2013/14, export increased up to 30.1%. It was also revealed from the study that for the period of 2014/2015 the export increased up to 33.5% and for the period of 2015/2016 the export increased up to 37.7%.

Findings indicate further that for the period of 2016/2017 the export increase was 36.8% and 45.9% for the period of 2017/2018 (Ministry of Trade and Industry, 2018). Analysis of the above data indicates direct relationship between promotion of EPZs products and increase of exports through training programmes and advertisements. The researcher conceived this contention to result into positive perceptions among EPZs stakeholders.

This is also in line with EPZA that promoting exports, the programme has until now 2018 registered adequate successes since its effective inception in 2006 and this entails the fact that the economic contribution of the EPZ programme remains significant in terms of economic development of the country.

The respondents who said ‘yes’ also explained that the inception of EPZ resulted into the increase in size of investments. According to the respondents, the number of foreign investors registered by Tanzania Investment Centre (TIC) between years 2010 and 2015 increased by 32% and up to the year 2017, investors increased up to 63.7% (TIC, 2018). Consequently, this resulted into increase in value and volume of exports and hence the signification of positive perception on the value of EPZs among respondents.

Twenty respondents (20%) from this group explained that the EPZ resulted into creation of jobs. It was revealed from the study that the establishment of EPZ zone in different parts in the country specifically in rural areas halted rural urban migration among youths and adults. According to the respondents 34(34%), youth/adults
gained employments in EPZ located in rural areas and this reduced the number of unemployed people in towns.

Two respondents (2%) from a group of respondents in EPZA management cited an example at Benjamini William Mkapa EPZ that jobs were created at high rate following the increase in number of investors. The response was justified by the researcher from the review of document as indicated in Table 4.8 below.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYMENT (%)</td>
<td>12</td>
<td>19.5</td>
<td>22.6</td>
<td>26.2</td>
<td>28.7</td>
<td>30</td>
<td>30.9</td>
<td>34</td>
<td>36.7</td>
</tr>
<tr>
<td>INCREASE (%)</td>
<td>3.9</td>
<td>7.5</td>
<td>3.6</td>
<td>3.2</td>
<td>1.5</td>
<td>1.3</td>
<td>0.9</td>
<td>3.1</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: EPZA, 2019

Data in the table 4.8 indicates that for the period of 2010 and 2018 there were tremendous increase of the employment rate among people in the areas where EPZs were established. Analysis of the data in the table indicates that the employment rate with regard to increase is not constant since there is rise and fall of the rate. For the example, for the year 2010 the employment rate increase EPZs was 3.9% while for the year 20111 the increase rate was 7.5%.

This indicates the difference rate within these two years to be 3.5%. Similarly for the year 2012 while the increase rate was 3.6%, the year 2013 marked the increase rate of 3.2% indicating the aggregate rate concerning the difference to be 0.4%. For the year 2014, the increase rate was marked to be 1% while for the year 2015; the increase rate was marked 0.9% indicating the aggregate defended between these two years to be 0.4%.

This implies that the employment rate was constant for years 2013, 2014 and 2015. But for years the aggregate rate with regard to difference was 1.2%. Despite these differences, the researcher contends that the employment percentage increase was significant to the national development. This is due to the fact that the government has been striving to create jobs in order to provide employments to youth who are
jobless despite have enough education. It is from this contention that the researcher views the respondents on this issue to have positive perceptions on the establishment of EPZ.

For respondents 10(10%) who said ‘no’ (Table 4.6) jointly explained that the establishment of EPZs was a burden to the government which have no enough funds to finance EPZs. Five respondents (5%) narrated that the government have been providing little funds to the mother ministry which are not enough to meeting all EPZs requirements and needs. One respondent 91%) from this group explained further that ‘......... many EPZs have poor infrastructure and investors always face problem on course of getting raw material for export production’.

The respondent continued to explain that the rigidity of the government for registration and provision of areas for investing resulted into few responses from businesspeople (foreigner and local) to export their products through EPZs. The researcher probed further to establish the validity of the response and discovered that to some extent the response was valid because for the period of 2014 -2017 the government through EPZA projected to have 2523 foreigner investors but 1745(69.2%) foreigners investors were registered in EPZs. However, the number and was not low because in-terms of percentage the 69.2% being above 50% signifies that the government was not far from her target. Based on this argument, the respondent responses lack total validity in this regard.

Four respondents (4%) from this group argued that the EPZ have failed to solve the employment problem specifically among youth and dismissed the fact that EPZ have big contribution on the government struggle to alleviate poverty among people including youth. The respondent (1%) argued further that ‘....... look the government promised us that job vacancies will be created by EPZA but a lot of youth are in streets’. According to the respondent, existence of many youths in streets was total failure of EPZ. However, the researcher did not honor the response based on the factual data indicated in table 4.8 above. In a nut shell, negative perceptions on EPZ indicated by respondents 10(10%) was not significant.
In line to the findings the review of documents indicated that total investments in the Tanzanian EPZs were valued at US$150.0 million in 2008. On the same scenario, the EPZs recorded US$35 million in exports in the year 2007, thus accounting for 1.84% of total exports and 11.3% of manufactured exports. In 2017 EPZs recorded US$46 million in exports and that accounted for 14.6% of total exports and also marked 39.8% of total manufactured exports (World Bank, 2008).

The researcher also contends that the findings is also in line with Gondwe (2015) that apart from tremendous EPZs improvements, the level of export performance is consistent with a key target of the Tanzania National Trade Policy (URT, 2003) that which intends to raise annual absolute merchandise exports to US$ 3.6 billion by year 2018. Therefore, basing on the findings, it is imperative to contend that the impetus of EPZ is a forward move towards enrichment of the people and development. This conclusively entails positive perceptions with regard to EPZs.

4.5 Challenges which are faced by EPZA on Course of Managing EPZs

The objective intended to investigate challenges which faced EPZ management. All respondents (N= 100) participated and provided responses through interviews and questionnaires. In the first instance, respondents were asked to tell if EPZs faced challenges or not and Table 4.9 indicates responses.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are many challenges</td>
<td>82</td>
<td>82.0</td>
</tr>
<tr>
<td>There are few challenges</td>
<td>16</td>
<td>16.0</td>
</tr>
<tr>
<td>There are very few challenges</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>No response</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Table 4.9 indicates that 82 respondents (82%) there were many challenges which EPZ faces on course of accomplishing their functions. They jointly explained that
those challenges acted as a stumbling block towards effective development of EPZs. Data in the also indicates that 16 respondents (16%) said there were few challenges which influenced the development and functioning of EPZ.

They narrated that those challenges apart from being few they were manageable. One respondent (1%) from this group highlighted that ‘…….. look we have established another Epps despite of few problems EPZA is facing …….. we are doing well in soon these few problems will be combated’. Furthermore data in table 4.9 also indicates that 2 respondents (2%) said that there were no challenges which influenced the development of EPZ. They explained that those challenges were viewed from the objectives and functions of EPZs which are not accomplished within the planned time.

Respondents explained further that challenges which are facing EPZs are highly not manageable because are underpinned by the socio-economic as well as geographical context of the country. The researcher probed further types of challenges which EPZs are facing on course of accomplishing their objectives and functions and Table 4.10 indicates findings.

**Table 4.10: Types of Challenges EPZs are facing on Course of Accomplishing their Functions and Objectives**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attraction of new investment/ Availability/processing of local raw materials</td>
<td>22</td>
<td>22.0</td>
<td>22.0</td>
</tr>
<tr>
<td>Location of EPZs</td>
<td>10</td>
<td>10.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Creation of employment</td>
<td>40</td>
<td>40.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Creation of employment</td>
<td>40</td>
<td>40.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Creation of employment</td>
<td>40</td>
<td>40.0</td>
<td>72.0</td>
</tr>
<tr>
<td>Sources of funds</td>
<td>18</td>
<td>18.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Human resource</td>
<td>6</td>
<td>6.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Skills and technology transfer to the local economy</td>
<td>4</td>
<td>4.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Researcher Data. 2019.
Table 4.10 indicates that 22 respondents (22%) mentioned attraction of new investments/processing of raw materials to be among types of challenges which EPZ faced. Respondents explained that many areas in Tanzania are very remote and most of EPZs are located in those areas. It was revealed from the study that many investors are keen to invest in EPZs which are located in towns and cities where there are plenty of economic-social services attractions.

Ten respondents (10%) explained that a number of EPZs are located in areas where there is no enough electricity and this negatively affected the processing of raw materials. One respondent (1%) from this group argued ‘……….. My business is concerned with exportation of processed ground nuts in Egypt and Arab Emirates……….. Last year there needed 1.4 processed tones but I supplied them only 0.7 tones because of the problem of infrequent availability of electricity at our EPZ’.

The respondents explained further that Tanzania Electric Company (TANESCO) the sole provider of electricity services in the country was not serious in solving the electricity problem. The respondent provided the example of day to day cut off of electricity with no scientific justification from TANESCO. On this another respondent (1%) commented that without stable and effective electricity supply, the objective of EPZA cannot be accomplished (EPZ, 2006).

The researcher positively conceived the response because through observations discovered that about 95% of facilities and equipment which are used in processing raw materials and packing use electricity. In this regard, without electricity the production automatically fails. Conclusively, lack of effective electricity may be a factor to limit investors in EPZs.

The infrastructure was also mentions to limit investors in EPZs located in remote areas. According to 13 respondents (13%) from this group, some EPZs are located in areas which are difficult to pass during the rainy season. The respondents explained that they used to get difficulties in transportation of raw materials for processing and packing purposes. Based on this the respondent (1%) argued that ‘……….. During
the rainy season the production falls because of difficulties in transportation......
roads are destroyed by rain’. It was revealed from the study that most of foreign
investors are passive in investing in these areas.

The researcher observed the under utilization of that EPZ whereby only 45% of the
available facilities/equipment where on use. The findings is also in line with the
response provided by 10(10%) respondents (Table 4.10) concerning the location of
EPZ that investors are not interested in investing in EPZs which are located in
remote areas, It was from the above scenarios, the researcher agreed with 5
respondents (5%) that the processing of raw materials was among challenges which
EPZs faced. As explained above lack of effective supply of electricity from
TANESCO and poor infrastructure negatively affect the quality and quantity with
regard to production of goods for exports: eventually this negatively influence the
number of investors in EPZs with such characteristics.

Table 4.10 also indicates that creation of employment was another challenge EPZ
faced. Findings from 40 respondents (40%) revealed that since the impetus of EPZ
and thereafter EPZA the objective of creating enough employment to Tanzanians
was never fulfilled. Forty respondents (40%) jointly explained that there many
jobless people and EPZ have not done enough efforts to ensure that all available jobs
are covered. Three respondents (3%) explained further that many investors are not
able to employ the required number of people because of financial constraints. The
cited an example of fall in production due to unavoidable issuers and failure of their
goods to get market abroad

Researcher’s review of EPZA documents confirmed the responses. In this case, from
the year 2006 to 2012, only 26.7% of the number of job vacancies was created by
EPZ. Apart from the above created job vacancies, only 20.5% were covered
indicating that 6.2% were not covered. Similarly, between years 2013 and 2018 EPZ
created 59.6% job vacancies and only 32.4% of jobs were covered indicating that
27.2% were not covered. Analysis of this finding revealed that the EPZA have failed
to meet the target concerning creating enough jobs and employment of people in EPZs.

Table 4.10 also indicates that sources of funds were another challenge faced by EPZs and consequently EPZA. According to 18 respondents (18%), EPZs and EPZA lacks enough sources of funds to enable them to effectively accomplish their objectives, functions, mission and vision. It was revealed from the study that EPZs depended entirely on the government as a source of finance. Respondents explained that EPZA provides budget to the government through the Ministry of Trade and Industries indicating the amount of funds required in year.

It was revealed from the study that most of respondent were aware on the importance of the budget for EPZs and EPZA and that was revealed by respondents 6(6%) out of 100 respondents. The importance of budget was further conceived by the researcher to be important to EPZS and EPZA because the majority were able to provide their views and suggestion during budget preparations. According to the research findings, most of those found to know the importance of budget to EPZS/EPZA were respondents from the managerial positions and support staff who constituted large group of EPZS/EPZA community. The importance of this group is also underpinned by the fact they are main implementers of the budget and that and they are at good position of participating in assessment needs which is initial stage during budget preparation.

Responses provided by respondents 8(8%) that budget was a financial plan of a given period of time signified the highest level of understanding of term budget. The researcher positively conceived this response because within the plans, there are directions and duration which should be followed and accomplished. The researcher agrees with collected data from respondents that direction which is provided in a budget is associated with development plans for effective management of EPZs/EPZA.
The researcher also observes that budget is a management tool which used by the EPZs/EPZA managements to accomplish objectives which are stipulated in their plans. This is congruent to what is narrated by Daniel (2015) that the budget compels management to think about the future with regard to finance expenditure, which is literary, the most important feature of a budgetary planning and control system. In light of this, the researcher contends that awareness on budget put managers in a good position to future forecast the survival of the institutes.

It was from these responses the researcher believes that all development projects observed during the study were achieved because EPZA prepares budget annually and it was participatory involving all departments. The researcher further probed the response to establish the extent the government under budget the EPZA/EPZs and table 4.11 indicates findings.

Table 4.11: EPZA budget for EPZs vs Funds from the Government

<table>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount provided by the government (%)</td>
<td>59.6</td>
<td>67.7</td>
<td>83.8</td>
<td>76.9</td>
<td>83.9</td>
<td>78.3</td>
<td>69.9</td>
<td>89.4</td>
<td>83.6</td>
</tr>
<tr>
<td>Difference (%)</td>
<td>40.4</td>
<td>32.3</td>
<td>17.2</td>
<td>23.1</td>
<td>16.1</td>
<td>21.7</td>
<td>30.1</td>
<td>10.6</td>
<td>16.4</td>
</tr>
</tbody>
</table>

**Source:** EPZA, 2019

Data in the table indicates that for the year 2010 EPZA received only 59.6% indicating the deficit of 40.9% and for the year 2011 amount received was 67.7% indicating a deficit of 32.3%. For the year 2012, the amount received by EPZA was 83.8% indicating the deficit of 16.1% and for the year 2014 amount received by EPZA from the government was 78.3% and the deficit was 21.6%.

Table 4.11 also indicates that for the year 2015 amount of finance received by EPZA for financing EPZs/EPZA was 78.3% indicating a deficit of 21.7% and for the year 2016 EPZA received 69.9% of funds and that was less by 30.1% compared to what was budget in that financial year. Table 4.11 also indicates that for the year 2017 EPZA received 89.4% of finds from the government and that was 10.6% less than
what was budgeted and for the year 2018 EPZA received 83.6% for financing EPZA/EPZs and that was less by 16.4% of total budget. The researcher conceived these data to be of great importance in influencing the development of EPZs/EPZA because without enough funds the general and specific objectives of EPZA/EPZ such as fast-tracking economic growth, to increase foreign exchange earnings and to attract and encourage transfer of new technologies cannot be attained (EPZA, 2006).

On the issue of the budget, the researcher contends that by allowing EPZS/EPZA members at all levels to fully participated in the preparation of the budget was a democratization move towards enabling EPZs/EPZA members to perceive themselves as part and parcel in the budget implementation and hence, commitment on valuing the sources of finance which contribute to budget and hence the development of EPZs/EPZA.

This is also observed by Foibe (2012) who discovered that engagement of employees in decision making with regard to budget plan and implementation results team work which is important in the development of organizations in this case EPZs/EPZA inclusive. On this the researcher contends that employees participatory in budget reparation, implementation and control provided a room to EPZA make a follow up of development stages of EPZs including amount of funds spent and challenges faced as well as determining solutions.

The finding is in line with what is stipulated by Gandye (2008) that different departments/sections in the organization during budgetary process, they come together for the purpose of seeking funds from a single basket. He explains further that all perform the needs assessments based on the tasks which are performed by different departments/sections. The outcomes from the exercise of need assessments task is transformed in the language of finance for budgeting purposes.

It was revealed from the study that 5 respondents (5%) explained that although the process and formulation of budget was participatory and based on the outcomes of EPZs and EPZA needs assessments, the government has been dictating on the
amount of funds to be remitted. Three respondents (3%) mentioned budget ceiling conditions imposed by the government to be among problems which faced EPZS and EPZA budget control.

It was revealed from the study that ceiling was a barrier towards implementation of different projects since resulted into provision of insufficient funds contrary to what stipulated in a budget. One respondent (1%) narrated that ‘……….. We depend on the government as source of finance ……. we prepare budget based on the directives from the government with regard to the highest amount of money to be included in the budget’. The respondent explained further that they were forced to cut off the important activities in order to abide the directives from the government. This was explained to affect the development of EPZs/EPZA.

Table 4.11 also indicates that 6 respondents (6%) mentioned the issue of human resources to be among challenges which influence the development of EPZ. It was revealed from the study that many EPZs and EPZA have few human resources and that have been resulting into several occupations not to be accomplished. One respondent (1%) narrated that ‘……….at this processing unit we are surpassed to be 4 but we are only one ……….. This influences the processing rate’. The respondent further argued that the employer was passive towards our demands of employing two more people to meet the demands of the machine which many tasks are done manually.

It was revealed from the study that the passiveness of the employer to employ 2 more employees was underpinned by the financial constraints as he argued ‘………. I know this problem is affecting the production rate and dwindling my income …… this is resulting into failure get many to employ good number of people as required’. The researcher probed further the validity of the response and discovered that the production for this firm for the past four years was 34.6% below the projected ones and on this the researcher agrees with the response provided by the employer.
On the issue of human resources as a challenge to EPZs, it was further revealed form the study that there were difficulties for EPZs to get competent people to undertake tasks in the processing units. One respondent argued that ‘……there are modern machines …… many of us do not have enough knowledge and skills to operate then’. The researcher further explained that they were operating them without training but the running of machines was based on the experiences.

The researcher conceived this finding to be a big problem because training of employees to gain competencies at work place is a necessary employer task. It is imperative that on job training results into acquiring of knowledge and skills among employees. The researcher contends that it is from training (long/short courses) employees gains competencies essential for undertaking tasks which are within the given occupation.

It is from this contention the researcher though the responses provided by 4 respondents (4%) that skills and transfer of technology was among challenges faced EPZ/EPZA. The researcher also remarks that failure of employer to provide training to employees apart from creating easy transfer of technology also negatively influences production and hence, the income of the organization (Crest, 2015).

4.6 The Extent EPZA have been Striving to Solve Challenges which they have been facing on Course of Managing EPZs

The objective intended to assess the extent the EPZA management have been striving to solve challenges which are faced by EPZs which were found to be: Attraction of new investment/ Availability/processing of local raw materials, Creation of employment, Sources of funds, Human resource and Skills and technology transfer to the local economy. In the first instance, respondents (N=100) were asked to tell if EPZA have been doing any efforts to solve challenges and Table 4.12 indicates findings.
Table 4.12: Responses on If EPZA have been doing efforts to Solve Challenges facing EPZs.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>100</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Research Data, 2019

Table 4.12 indicates that all respondents agreed that EPZA have been doing deliberate effort to solve challenges which faced the development and performance of EPZs. The extent EPZA solved the challenges were probed and Table 4.12 indicates findings.

Table 4.13: The Extent EPZ Solved Challenges Faced EPZA

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives to new investors/Enough local materials</td>
<td>20</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Improvements of infrastructure where EPZs are located</td>
<td>10</td>
<td>10.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Creation of job vacancies</td>
<td>30</td>
<td>30.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Increase of Sources of funds</td>
<td>10</td>
<td>10.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Recruitment/Training of competent human resources</td>
<td>15</td>
<td>15.0</td>
<td>95.0</td>
</tr>
<tr>
<td>Adoption of new technology</td>
<td>5</td>
<td>5.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Researcher Data, 2019.

Data in Table 4.13 indicates that 20 respondents (20-%) mentioned incentives to new investors and enough local materials to be among efforts done by EPZA in collaboration with the government to solve challenges which EPZA faced. It was revealed from the study that the government provides incentives to EPZs investors to attract them to invest by processing a number of products for export.
According to 20 respondents (20%) the government provided investors with a grace period of not paying various taxes and the period is explained to be for business stabilization. One respondent (1%) narrated that ‘…………... the government enacted a policy to enable new investors to process goods without paying taxes ……..this period is for two years’. The respondent explained further that after the implementation of the policy the number of investors increased linearly. This response was verified by the researcher through documentary review as indicated in Table 4.14 below.

Table 4.14: EPZs Investors for the Periods of 2011 - 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign investors (%)</td>
<td>12.4</td>
<td>20.6</td>
<td>34.7</td>
<td>37.3</td>
<td>39.2</td>
<td>42.0</td>
<td>55.7</td>
</tr>
<tr>
<td>%ge increase</td>
<td>-</td>
<td>8.2</td>
<td>14.1</td>
<td>2.6</td>
<td>1.9</td>
<td>2.8</td>
<td>13.7</td>
</tr>
<tr>
<td>Local investors (%)</td>
<td>34.5</td>
<td>39.8</td>
<td>45.6</td>
<td>56.7</td>
<td>58.9</td>
<td>62.8</td>
<td>67.9</td>
</tr>
<tr>
<td>%ge increase</td>
<td>-</td>
<td>5.3</td>
<td>5.8</td>
<td>11.1</td>
<td>2.2</td>
<td>3.9</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Source: Research Data, 2019

Data in Table 4.14 indicates that for the year 2011 percentage of investors was 12.4% and for the year 2012, the rate was 20.6 and that indicates the increase by 8.3%. The data in Table 4.14 also indicates that for the year 2013 and 2014, the rates of foreign investors were 34.7%, 37.3% and 39.2% which indicate the increase of 14.1%, 2.6% and 1.9% respectively. Table 4.14 also indicates that for the years 2016 and 2017, rates were 42.0% and 55.7% and the increases in these years were 2.8% and 13.7% respectively.

Table 4.14 also indicates that for the years 2011, 2012 and 2013, rates of local investors were 34.5%, 39.8% and 45.6% respectively and these indicate that the rate increase were 5.3%, 5.8% and 11.1% respectively. For years 2014, 2015, 2016 and 2017, rates of local investors were 2.2%, 3.9% and 5.1% respectively. Analysis of the investor’s rate reveals that the rate of foreign investors was high compared to the rates of local investors in EPZs despite the fact that the rate for local investors was high in the year 2017. With regard to the difference in rates for the period of 2011 and 2017, the same scenario was observed whereby foreign investors dominated.
difference in rate between these two types of investors was explained by 10 respondents (10%) that the investment policy favored highly foreign investors that local investors.

The researcher argues further study on this response. It was further revealed from the study that the government through EPZA has been struggling to ensure the availability of local materials for processing in EPZs. According to 20 respondents (20%) local materials producers have been motivated to engage into large production including farming of all items needed in EPZs.

The respondents explained further that facilities and equipments used to produce local materials for farming were either provided free or at reduced prices. One respondent (1%) provided the example that ‘………. I am cultivating different types of fruits ……. we are provides free fertilizers during cultivation and the EPZA is facilitating us to get EPZs investors to buy our produces’. The respondent explained further that without government facilitations he could only produce only 1/6 of what he was producing when this study was done.

Improvements of infrastructure where EPZs are located was another efforts which was mentioned by respondents 10(10%) to be a solution to combat the challenge faced by EPZs. It was revealed from the study that the governments through EPZA have been building tarmac roads as well as routine maintenance of un-tarmac roads to ensure that all roads toward EPZs and areas where raw materials for processing are available are passable throughout the year.

It was revealed from 7 respondents (7%) explained that the supply of water in EPZs was among EPZs priorities and that the problem of water so far has been solved by 65%. The respondent explained that ‘……. Originally there was a problem of water supply here ….. we used to get water at very expensive rate because water was brought here using vehicles…… this affected production rate’.

The respondent explained further that water was sold at the rate of Tshs 600 per drum of 20 liters and that water consumption was 250 drums per day. It was revealed
from the study that the problem of water supply was underpinned by poor infrastructure and that water pipes were installed 45 years ago. It was also revealed from the study that the pumping machine was of old age and that it needed day to day maintenance. The researcher observed that there was new installment of quality water pipes for effective water supply at EPZ centre and it was noted that the government for the year 2016/2017 budgeted 1.4 billion Tshs to solve water problem.

The researcher was also informed by 4 respondents (4%) that the new pumping machines have been purchased and was on the way to the pumping station and that the pumping machine will be using electricity. The researcher contends that the use of water pump machine will pave away the use of machine which is using diesel. In line of this will be in line with EPZA objective which stipulates the adoption of technology in the processing of products (EPZA, 2006).

The researcher’s contention is in line with the responses provided by respondents 5(5%) that adoption of technology was among efforts done by the government through EPZA to solve challenges which are faced by EPZs. It was further revealed from the study that EPZA have been assisting investors to process products for exports by adding values in order to get big markets. It was revealed by 3 respondents (3%) that using new technology to add values to the processed products resulted into the increase of sales and hence, increase of foreign exchange.

Researcher’s review of documents from the Ministry of Trade and Industries (MTI) as well as Tanzania Investment Centre (TIC) confirmed respondents’ response. According to the documents, the for the years 2012/2013, the increase of sales for exported products after adding values (using new technology) was 23.2% and this increased up to 29.6% for the period of 2014/2015. It was further revealed from the study that foreign exchange increased up to 4.1% for the period of 2012/2013 compared to the previous years and for the period of 2014/2015, foreign exchange increased up to 5.6%. It was further revealed from the study that for the period of 2015/2016, added value processed sales increased up to 35.4% and this marked the
increased in foreign exchange up to 6.7% and for the period of 2017/2018, increase in export for value added processed products was 40.8% and that marked the increased in foreign exchange from these sales up to 8.9% (MTI, 2018 and TIC, 2017).

Table 4.11 also indicates that 10 respondents (10%) mentioned few sources of funds to be a challenge for EPZs and EPZA functioning. It was revealed from the study that the government through EPZA has been struggling hard to ensure the availability of many sources of funds for EPZs/EPZA. Three respondents (3%) from EPZA management explained that the government was on course of innovating the existing policy specifically for diversifying the funding EPZs.

According to the respondents, the new policy the diversification of funding EPZs will pave away EPZs entire dependency on the government. It was revealed from the study the innovations in the policy consists of proposals on the investors to pay a substantial amount of money to EPZA which will subsequently be remitted to EPZs. Other proposals in the policy include EPZA to tax a small percentage of money all EPZs beneficiaries and the money to be further remitted to EPZs for development. The research positively conceded the proposals because it will result into EPZs to have many sources of funds.

Table 4.11 also indicates that 15 respondents (15%) mentioned recruitment/training of competent human resources to be among solution for challenges facing EPZs and EPZA. It was revealed from the study that EPZA have been striving to recruit competent personnel who are possessing knowledge and skills essential in a given occupations during the processing of export products. According to 4 respondents (4%) EPZA employed different recruitment techniques which included internal and external recruitments. Findings revealed that the internal recruitment entailed internal advertisement through the memo for cant posts within EPZA and EPZs and on this one respondent (1%) contended that ‘........ the internal recruitment helps to apart from getting qualified personnel it helps to get experienced people in a particular occupations’.
The respondent explained further that internal recruitment resulted into motivation among employees in EPZA/EPZs because it was a promotion of them from one lower level to high level which is also associated with pay increase. Review of documents revealed that about 45% of total employees at high levels in EPZA have been a result of internal recruitment and this is expected to trigger the development of EPZs because of having skilled and experienced employees in EPZA who are the overseer of EPZs.

Findings revealed further that the external recruitments aimed at getting the qualified personnel to facilitate the development of EPZs. The review of documents revealed that about 65% of total EPZA employees were recruited through external recruitments. The researcher concedes that having a good number of employees recruited externally injected a new life with regard to skills, knowledge and social interactions from different employees from different context. According to Jotes (2014) this interaction results into the development of the organization.

It was also revealed from the study that EPZA have been providing short courses to EPZs stakeholders to enable them to gain competencies in different aspects of processing goods for export. According to 4 respondents (4%) seminers and workshops were provided to them. Review of documents revealed that short courses covered different aspects in the processing process and in a nutshell aimed at building capacities.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
The chapter provides a summary of the entire study that bit covers the important aspects from chapter one to chapter four. The chapter also provides explanations on the conclusion and finally the recommendations which are into two parts that is recommendations for immediate action and recommendation for further research.

5.2 Summary of the Study
This study was on the issues influencing the development of EPZs in Tanzania. During the study 100 respondents who were purposively and randomly selected. The general objective was to investigate management issues which influences the management of EPZs in Tanzania nod specific objectives were: To determine employees/public perceptions on the performance of EPZs in Tanzania, to identify challenges which are faced by EPZA on course of managing EPZs and to assess the extent EPZA have been striving to solve challenges which they have been facing on course of managing EPZA. Research questions were developed from specific objectives.

The study is significance in the following regard: Policy makers may use study findings, conclusion and recommendations to effect amendments on EPZA acts to make them more effective. EPZA management may use findings from the study to improve their management styles and techniques. This may in-turn facilitate the growth/development of EPZs and hence the creation of many job vacancies and findings from this study will help in halting rural-urban immigration among youth.

Furthermore, EPZA employees will benefit from study they will be aware of the issues influencing the growth/development of EPZA. In light of these, the study was confined on management issues which influence the management of EPZs in Tanzania. Specific confinement will be on: employees/public perceptions on the
performance of EPZs in Tanzania, challenges which are faced by EPZA on course of managing EPZs and solutions for EPZA challenges.

Survey research design was used during the study and both qualitative and quantitative research approaches were also employed. Qualitative approach was used because puts much emphasis on the qualities of entities, processes and meanings that cannot be experimentally examined or measured in terms of quality, amount intensity or frequency and qualitative approach was used because provides opportunity with regard to the analysis of collected data analysis techniques such open- coding and content analysis can be used interchangeably during data analysis.

Data collection methods used were interviews, observation and documentary review and data collection instruments used were: interview questions, questionnaires, observation schedule and documentary review schedule. Analysis of data was done according to the research objectives as follows.

5.2.1 Employees Perceptions on the Performance of EPZs in Tanzania

It was revealed from the study that the majority of EPZ stakeholder has goo perceptions on the importance of socio-economic development of the country and the people. In this regard, Benjamini William Mkapa EPZ centre was provided as an example since it consists of about 120 production centres whereby production of different products are processed mainly for export and that there are many people who are employed to undertake different tasks during processing of goods for export.

Perception of respondents on EPZs was further observed from the respondents who argued that the establishment of EPZ was joy-full to them because it enabled them to gain competencies on different aspects of business including gaining of kills and that they were able to perform different occupations during processing goods. It was revealed from the study that there was a rise of investment from 15% in the year 2006 to 62.7% in the year 2018. The study also revealed that the rise in investment though below was targeted was influenced by the budgetary increase of finance from
the government through the Ministry of Trade and Industries and this resulted into positive perceptions among EPZs stakeholders.

It was revealed from the study that the establishments of EPZ have been resulting into promotion and increase of exports and that the EPZA have been designing different programmes and advertisements on different products available in different EPZ zones. This was explained to result into the increase of export sales among EPZs stakeholders and hence the rise of economic status. It was revealed from the study programmes provided covered business strategies and ethics, business management, branding and packaging for exports as well as production techniques.

It was further revealed from the study that these training programmes were provided consecutively in order to ensure that those beneficiaries gain competencies in different occupations. Thus, those programmes resulted into high promotion of different products produced in EPZ zone and this in-turn resulted into increase in exports.

It was revealed from the study that EPZ resulted into creation of jobs. It was revealed from the study that the establishment of EPZ zone in different parts in the country specifically in rural areas halted rural urban migration among youths and adults and that youth/adults gained employments in EPZ located in rural areas and this reduced the number of unemployed people in towns.

Findings also revealed the negative side with regard to the importance of EPZs that the establishment of EPZs was a burden to the government which have no enough funds to finance EPZs. The finding revealed that the government has been providing little funds to the mother ministry which are not enough to meeting all EPZs requirements and needs. It was further revealed from the study that the rigidity of the government for registration and provision of areas for investing resulted into few responses from businesspeople (foreigner and local) to export their products through EPZs.
However, the researcher established that the number was not low because in-terms of percentage the 69.2% being above 50% signifies that the government was not far from her target. Based on this argument, the respondents’ responses lack total validity in this regard. The responses revealed that EPZs have failed to solve the employment problem specifically among youth and dismissed the fact that EPZ have big contribution on the government struggle to alleviate poverty among people including youth. The response was found not to be valid because of job vacancies created by EPZs. Location of EPZs,

5.2.2 Challenges which are faced by EPZA on Course of Managing EPZs
Findings revealed a number of challenges faced by EPZs/EPZA which included: Attraction of new investment/ Availability/processing of local raw materials, Creation of employment, Sources of funds, Human resource and Skills and technology transfer to the local economy. For attraction of new investments/processing of raw materials it was revealed from the study that many areas in Tanzania were very remote and most of EPZs are located in those areas.

It was revealed from the study that many investors are keen to invest in EPZs which are located in towns and cities where there are plenty of economic-social services attractions. The study further revealed that Tanzania Electric Company (TANESCO) the sole provider of electricity services in the country was not serious in solving the electricity problem. The respondent provided the example of day to day cut off of electricity with no scientific justification from TANESCO. The infrastructure was also mentions to limit investors in EPZs located in remote areas.

On the issue of infrastructure as a challenge, the study revealed some EPZs are located in areas which are difficult to pass during the rainy season and that there were difficulties in transportation of raw materials for processing and packing purposes. The study also revealed the under utilization of that EPZs facilities/equipment whereby only 45% of the available facilities/equipment where on use.
On the case of creation of employment, the study revealed that since the impetus of EPZ and thereafter EPZA the objective of creating enough employment to Tanzanians was never fulfilled and that there many jobless people and EPZ have not done enough efforts to ensure that all available jobs are covered many investors are not able to employ the required number of people because of financial constraints.

Data from EPZA documents indicates that from the year 2006 to 2012, only 26.7% of the number of job vacancies was created by EPZ. Apart from the above created job vacancies, only 20.5% were covered indicating that 6.2% were not covered. Similarly, between years 2013 and 2018 EPZ created 59.6% job vacancies and only 32.4% of jobs were covered indicating that 27.2% were not covered. Analysis of this finding revealed that the EPZA have failed to meet the target concerning creating enough jobs and employment of people in EPZs.

On the case of source of finance as a challenge, it was revealed from the study that EPZs have only one source of finance which is the government ad that the government has been dictating on the amount of funds to be remitted to EPZs through the ministry of Trade and Industries. The study also revealed that EPZs and EPZA lacks enough sources of funds to enable them to effectively accomplish their objectives, functions, mission and vision. It was revealed from the study that EPZs depended entirely on the government as a source of finance and that EPZA provides budget to the government through the Ministry of Trade and Industries indicating the amount of funds required in year.

It was revealed from the study that the budget was a financial plan of a given period of time signified the highest level of understanding of term budget. The researcher positively conceived this response because within the plans, there are directions and duration which should be followed and accomplished. The researcher agrees with collected data from respondents that direction which is provided in a budget is associated with development plans for effective management of EPZs/EPZA.
The researcher also observes that budget was a management tool which used by the EPZs/EPZA managements to accomplish objectives which are stipulated in their plans. This is congruent to what is narrated by Daniel (2015) that the budget compels management to think about the future with regard to finance expenditure, which is literary, the most important feature of a budgetary planning and financial control system. In the organization

5.2.3 The Extent EPZA have been Striving to Solve Challenges which they have been facing on Course of Managing EPZs

Findings revealed that EPZA have been doing deliberate efforts to solve challenges. According to the findings, efforts to solve challenges included: Incentives to new investors/enough local materials, improvements of infrastructure where EPZs are located, Creation of job vacancies, increase of sources of funds, recruitment/training of competent human resources and adoption of new technology.

It was revealed from the study that the government provides incentives to EPZs investors to attract them to invest by processing a number of products for export. According 20 respondents (20%) the government provided in investors grace period of not paying various taxes and the period is explained to be for business stabilization. Findings revealed that after the implementation of the policy the number of investors increased linearly.

Findings also revealed that the government through EPZA has been struggling to ensure the availability of local materials for processing in EPZs. In this regard, local materials producers have been motivated to engage into large production including farming. The farming included all items needed in EPZs and that facilities and equipments used to produce local materials for farming were either provided free or at reduced prices.

On the case of improvement of infrastructure, it was revealed from the study that the governments through EPZA have been building tarmac roads as well as routine
maintenance of un-tarmacked roads to ensure that all roads toward EPZs and areas where raw materials for processing are available are passable throughout the year.

It was also revealed from the study that the supply of water in EPZs was among EPZs priorities and that the problem of water so far has been solved by 65% and that water was sold at the rate of Tshs 600 per drum of 20 liters and that water consumption was 250 drums per day. It was revealed from the study that the problem of water supply was underpinned by poor infrastructure and that water pipes were installed 45 years ago.

It was also revealed from the study that the pumping machine was of old age and that it needed day to day maintenance.

The researcher observed that there was new installment of quality water pipes for effective water supply at EPZ centre and it was noted that the government for the year 2016/20017 budgeted 1.4 billion Tshs to solve water problem. It was also revealed from the study that the new pumping machines have been purchased and was on the way to the pumping station and that the pumping machine will be using electricity. The researcher contends that the use of water pump machine will pave away the use of machine which is using diesel.

The researcher’s contention is in line with the finding from the study that adoption of technology was among efforts done by the government through EPZA to solve challenges which were faced by EPZs. It was further revealed from the study that EPZA have been assisting investors to process products for exports by adding values in order to get big markets.

It was also revealed from the study that the new policy the diversification of funding EPZs will pave away EPZs entire dependency on the government. It was further revealed from the study the innovations in the policy consists of proposals on the investors to pay a substantial amount of money to EPZA which will subsequently be remitted to EPZs. Other proposals in the policy include EPZA to tax a small percentage of money all EPZs beneficiaries and the money to be further remitted to
EPZs for development. The researcher positively conceded the proposals because it will result into EPZs to have many sources of funds.

It was revealed from the study that EPZA have been striving to recruit competent personnel who are possessing knowledge and skills essential in a given occupations during the processing of export products and that EPZA employed different recruitment techniques which included internal and external recruitments. Findings revealed that the internal recruitment entailed internal advertisement through the memo for cant posts within EPZA and EPZs.

The respondent explained further that internal recruitment resulted into motivation among employees in EPZA/EPZs because it was a promotion of them from one lower level to high level which is also associated with pay increase. Review of documents revealed that about 45% of total employees at high levels in EPZA have been a result of internal recruitment and this is expected to trigger the development of EPZs because of having skilled and experienced employees in EPZA who are the overseer of EPZs.

Findings revealed further that the external recruitments aimed at getting the qualified personnel to facilitate the development of EPZs. The review of documents revealed that about 65% of total EPZA employees were recruited through external recruitments. The researcher concedes that having a good number of employees recruited externally injected a new life with regard to skills, knowledge and social interactions from different employees from different context.

5.3 Conclusion

Based on the study findings, it is concluded that positive perceptions which people have on the EPZs facilitate to value the socio-economic contribution of EPZs to their lives and the development of the country. It is also concluded that challenges which are faced by EPZs/EPZA are manageable and that are not big to make people to concede them as huddle towards the development of EPZS. It is also concluded that the government have been doing enough job to solve challenges which face EPZs.
5.4 Recommendations

Based on the research findings, analysis and discussions, the following are recommendations for immediate and further research

5.4.1 Recommendations for Immediate Action

The following are recommendations for immediate action

- The EPZA to ensure that there many sources of financing EPZs in order to pave away government dictation through budget ceiling.
- Training of EPZA and EPZs stakeholders to be among first priorities of the government.

5.4.2 Recommendations for Further Research

Recommendations for further research to include:

- The same research to be done in other EPZs which have different contextual environments and settings. This will enable different researcher on the similar issues to come with the converging conclusion.
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