ROLE OF FOREIGN DIRECT INVESTMENTS ON REDUCING UNEMPLOYMENT RATE IN TANZANIA: A CASE OF ALLIANCE ONE MOROGORO TOBACCO PROCESSING COMPANY

BY

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A DISSERTATION SUBMITTED IN FULFILLMENT OF THE REQUIREMENTS FOR AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA) OF MZUMBE UNIVERSITY

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **Role of Foreign Direct Investments on Reducing Unemployment Rate in Tanzania: A Case Of Alliance One Morogoro Tobacco Processing Company**, in fulfillment of the requirements for award of the degree of Master of Business Administration of Mzumbe University.

Signature

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Major Supervisor

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DECLARATION

I, **Peter Mwita Munanka**, declare that this Dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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DEDICATION

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ABBREVIATIONS

FDI -Foreign Direct Investment

AOTTL-Alliance One Tobacco Tanzania Ltd

AOI- Alliance One International

TLTC- Tanzania Leaf Tobacco Ltd

PATL- Premium Active Tobacco Ltd

STANCOM- Standard Commercial Corporation

SPSS- Statistical Package for Social Science

BMI- Business Monitor International

ILO-International Labour Organization

MNE-Multi-National Enterprises

ABSTRACT

This study aimed at finding the role of FDI on reducing unemployment rate in Tanzanian. The interest to conduct the study was prompted by the recognition that most important factor of shifting poor people out of poverty is access to employment being it formal (employed by an organization) or informal (self-employed).

The study was conducted at Alliance One Tobacco Tanzania Limited, specifically to find out people's awareness towards organizations under FDI, to determine people's perception towards being employed under FDI firms, to find out the kind of training package provided by organizations under FDI, and to determine the level of employee's turnover within organization under FDI.

The sample size was 60 respondents who are currently employed by Alliance One Tobacco Tanzania Limited (AOTTL) and 10 respondents who were formally employed by AOTTL. Structured questionnaires were used to interview employees of AOTTL together with those who were formally employed by AOTTL. Check-list was also utilized to collect information form key informants. The data was analyzed statistically by using Statistical Package for Social Science (SPSS) computer program to obtain frequency distribution and percentages.

It was discovered that FDIs' contributes in reducing unemployment rate in Tanzania although is of a diminutive percentage compared to the present population. It has as well been discovered that FDIs' including AOTTL are facing different challenges like employment turnover which is caused by factors like ; new posts, management style, job environment, employment security and salary to mention few. It was also been discovered that most of people have no or very little knowledge about FDI. It has been therefore advised that, the government should encourage more foreign investments so as to increase the government fund and to reduce the unemployment rate in Tanzania. Knowledge on FDI should as well be disseminated to the community. The existing FDIs should improve the employment security to their workers, management style should be personalized, job environment should be tailored and salary should be related to the employees' level of knowledge and positions they hold in the company to reduce the rate of employment turnover.

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CHAPTER ONE

INTRODUCTION

1.1 Background Information

Foreign direct investment (FDI) is one of the most important indicators of economic development in the developing countries. The inflow of foreign direct investment is not only the transfer of money from host countries to recipient countries but it is also a combination of marketing skills, managerial and entrepreneurial capabilities and financial assets all of which are in short supply in recipient countries. FDI is the amount invested by citizens of a country in a foreign enterprise on which they have effective control (Atif et al, 2012). Countries lacking capital accumulation and technological progress usually grow much slower than countries with high investment rate and huge expenditures on research and development. Multinational corporations can provide capital and new technology to countries through foreign direct investment (Ibid).

During the past few decades, the world has witnessed increased flows of private capital particularly to emerging markets and developing countries. The least developed countries, including Tanzania, have also benefited from private capital flows. These flows have increasingly enlarged domestic savings, and a substantial part of the capital flows have been in the form of private FDI (URT, 2001). As FDI is one of the most effective means of transferring technology and knowledge from host country to the recipient country.

Tanzania has become the best choice for Foreign Direct Investment (FDI) in East African countries. The quarter 4/2012 report written by Business Monitor International (BMI) stated that Tanzania has emerged as one of sub-Saharan Africa's top foreign investment destinations, pulling in an average of US$627 million a year in recent years – which places the country firmly in the continent's top level of foreign direct investment (FDI) performers. FDIs are important in the sense that they bring in investments, increase employment opportunities, bring in new technologies, and increase socio-economic activities and people’s incomes (Chiwango, 2012)

Furthermore, employment creation is arguably one of the main challenges for Tanzanian government. Improvements in human welfare that have a broad basis are difficult to achieve without a substantial increase in modern sector of employment. Without such employment creation opportunities, people will continue to seek an insufficient existence in agriculture or other informal sectors. For the past two decades Tanzania has been conceiving several efforts to attract foreign direct investment (FDI). It was hoped that among other factors, FDI would create more jobs and thus alleviate poverty and eventually promote economic growth (Mpanju, 2012).

Unemployment in Tanzania appears large and its connected consequences are alarmingly daring, especially as youths are the worst hit. Government of Tanzania has continued to strive to contain the contagious effect of youth unemployment by providing youth development and empowerment programs. The future and prosperity of Tanzania depends on the number of persons in employment and how productive they are at work. To confront the consequences of unemployment, the fourth phase government, under the leadership of President Jakaya Mrisho Kikwete since 2005, has placed employment creation at the centre of their national economic and social recovery policies. A decent work country profile for Tanzania mainland that was conducted by ILO in the year 2010 indicated that the share of the working-age population in employment has grown slightly between 2000/01 and 2006 and unemployment fell marginally (Ibid). However, there are minimum documentations on how FDI has been effective in creating employment. In that case, the aim of this study was to explore the impact of FDI on reducing unemployment rate in Tanzania.

1.2 Problem Statement

The contribution of FDI to development is widely recognized especially to developing countries and economies in transition. It is argued that, the flows of FDI could bridge the gap between desired investment and domestically mobilized saving (Todaro and Smith, 2003). It is as well increase employment opportunities, government revenues, transfer of technologies, capital formations, introduction of advanced managerial and organizational skills and advanced state of the art technologies (Ngowi, 2001). Interestingly, many of literatures have shown only the contribution of FDI to sustainable development and poverty reduction. However, no studies have been done on assessing the role of FDI on reducing unemployment rate in Tanzania. This study therefore, aimed at exploring the role of FDI on employment generation in Tanzania.

1.3 Rationale of the Study

Employment creation is an essential ingredient in the process of developing Tanzanian economy. An assessment of the role of FDI on reducing unemployment rate in Tanzania particularly in Morogoro region is very important as it will give awareness on whether it (FDI) has helped in increasing employment opportunities which in turn helps to improve human welfare and Tanzanian economy at large. Limited studies have been done to test this assumption under Morogoro condition. Therefore, result to be provided by this study will be useful to investors in regulating their employment system. They will also help government programs and policy makers to design relevant programs and policies which will help to increase the level of employments within the county hence contribute to the economic growth.

1.4 General Objective

The general objective of this study was to assess the role of foreign direct investment on reducing unemployment rate in Tanzania.

1.4.1 Specific Objectives

The specific objectives of this study were:

- To find out individual's awareness towards organizations under FDI.
- To determine individuals' perception towards being employed under FDI firms.

- To find out the kind of training package provided by organizations under FDI.
- To determine the factors for employees turnover within organization under FDI.

1.4.2 Research Questions

The research questions of this study were:

- Are people aware of the organizations under FDI?
- What are people's perceptions towards being employed under FDI firms?
- What kinds of training packages are provided by organizations under FDI?
- What are the factors for employee's turnover within organization under FDI?

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The important role that investment, both foreign and domestic plays in the economy of the country is usually taken for granted. In recent times, the importance of Foreign Direct Investment (FDI) has been taken for granted. As a consequence, the debate amongst academics and policymakers has shifted from whether or not countries should attract FDI to how countries can attract and reap the full benefits that come with FDI. However, most authors indicate that when it comes to Foreign Direct Investment in Africa, what comes to mind is investment in natural resources, mainly investment in minerals and oils. This assumption means that FDI is basically determined by an uncontrollable factor and that poor countries with deficient natural resources will attract very little or no FDI regardless of the policies that the country pursues unlike countries which has been blessed with natural resources like Tanzania.

2.1 Meaning of FDI

Foreign Direct Investment is viewed as a major stimulus to economic growth in developing countries. It is perceived as an ability to deal with major obstacles such shortages of financial resources, technology, and skills. This has made it the center of attention for policy makers in developing countries such as Africa. FDI refers to investment made to acquire a lasting management interest (usually at least 10 % of voting stock) and acquiring at least 10% of equity share in an enterprise operating in a country other than the home country of the investor (Mwilima, 2003). FDI can take the form of either "Greenfield" investment (also called "mortar and brick" investment) or merger and acquisition (M&A), depending on whether the investment involves mainly newly created assets or just a transfer from local to foreign firms (Ibid). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. FDI may be undertaken by individuals as well as business entities (OECD, 2002)

2.2 Investment Motives

According to Dunning; (1999), there are three common investment motives which are analyzed as follows:

2.2.1 Resource seeking

Availability of natural resources, cheap unskilled or semi-skilled labor, creative assets and physical infrastructure promotes resource-seeking activities. Historically, the most important host country determinant of FDI has been the availability of natural resources, e.g. minerals, raw materials and agricultural products. Even when it was prominent as an FDI determinant, the presence of natural resources by itself was not sufficient for FDI to take place. Comparative advantage in natural resources usually gave rise to trade rather than to FDI. Investment took place when resource-abundant countries either lacked the large amounts of capital typically required for resource-extraction or did not have the technical skills needed to extract or sell raw materials to the rest of the world. In addition, infrastructure facilities for getting the raw materials out of the host country and to its final destination had to be in place or needed to be created (UNCTAD, 1998).

2.2.2 Market seeking

Market-seeking investment is attracted by factors like host country‟ market size, per capita income and market growth. For firms, new markets provide a chance to stay competitive and grow within the industry as well as achieve scale and scope economies. Traditionally, market size and growth as FDI determinants related to national markets for manufacturing products sheltered from international competition by high tariffs or quotas that triggered "tariff-jumping" FDI (UNCTAD, 1998: 107). Apart from market size and trade restrictions, MNEs might be prompted to engage in market-seeking investment, when their main suppliers or customers have set up foreign producing facilities and in order to retain their business they need to follow them overseas (Dunning, 1993: 58).

1.2.3 Motive of efficiency seeking

The motivation of efficiency seeking FDI is to rationalize the structure of established resource based or market-seeking investment in such a way that the investing company can gain from the common governance of geographically dispersed activities. The intention of the efficiency seeking MNE is to take advantage of different factor endowments, cultures, institutional arrangements, economic systems and policies, and market structures by concentrating production in a limited number of locations to supply multiple markets (Dunning, 1993:59). In order for efficiency seeking foreign production to take place, cross-border markets must be both well developed and open, therefore it often flourishes in regionally integrated markets (Dunning, 1993:59).

2.3 FDI's and Job Creation

The most important factor of shifting poor people out of poverty is access to employment. Insufficient job opportunities are the result of inadequate levels of investment both foreign and local (Jenkins *et al*, 2000). A key developmental spillover of FDI is local job creation. Given appropriate policies and basic levels of development, FDI can trigger benefits. Tanzania for example, has managed to attract FDI, which has brought along local job creation. For instance, when a foreign firm invests in a country, it obviously employs the local people. In this way the Government is being successfully in creating employment to its citizens. However, there is also concern that while FDI does succeed in creating employment, income inequality in the country may become more skewed. This would be the case where employment and training is given to more educated, typically wealthy elites. This situation may worsen the inequality between groups. On the other hand, Foreign firms may adopt capital-intensive modes of production using technologies developed abroad thus not needing to employ any local people. In this way then there will be no jobs for the local people and this becomes the disadvantage to the host country (Kazembe and Namizinga, 2007)

Looking primarily at the effects of FDI on the level of employment, it is possible to identify circumstances under which it has a significant positive impact. Where such investment supplements domestic investment and involves the creation of new "greenfield" plants, demand for labour will tend to increase. If this FDI is concentrated in labour-intensive industries, this increase will be substantial. FDI can also lead to increased employment amongst local firms as a result of backward or forward linkages so that the direct employment by foreign affiliates may underestimate the total impact. There may also be spillovers to domestic firms as a result of training by foreign investors or technology transfer. Foreign firms that are subject to pressures in their home countries may also bring with them higher labour standards and wages than the norm for the host economy. Where a firm makes a long-term commitment, it can provide stable employment (Jenkins, 2004).

2.3.1 Wage paid by FDIs

A large number of empirical studies find that foreign affiliates pay higher wages relative to domestic firms in both developed and developing countries. The wage differential between domestically and foreign-owned firms ranges from about 10 to 70 percent depending on the country considered (Fredrik *et al*, 2007). However, it has been postulated that as a result of knowledge brought by foreign investors to the host country, marginal productivity of workers in foreign affiliates should be higher than in domestic firms. If this productivity advantage is significant, equilibrium wages should rise in response to increases in FDI. In other words, an overall shift in the aggregate labor demand curve could lead to upward pressure on wages faced by both domestic and foreign firms. This would be a pecuniary spillover. Alternatively, there could be spillovers due to human capital accumulation. Entry of multinationals brings new knowledge which is then absorbed by domestic workers, increasing the domestic stock of human capital and making the local labor force permanently more productive. While there is evidence of wage spillovers from domestic to foreign firms in the United States, in Mexico and Venezuela FDI is associated with higher wages only in foreign affiliates. There is no evidence of wage spillovers leading to higher wages for domestic firms in these countries (Brian, Harrison and Lispey, 1996)

2.3.2 Job stability through knowledge creation

Conceptually, one can distinguish two types of externalities associated with FDI. The most important type from the host country’s perspective are knowledge spillovers, which take place when knowledge created by a multinational enterprise is used by an indigenous firm and the indigenous firm does not (fully) compensate the multinational enterprise. Typically, it happens through the demonstration effect (indigenous firms obtain knowledge about new products, technologies, marketing and management strategies or business opportunities in foreign markets by observing actions of foreign affiliates), movement of labor (indigenous firms hire workers trained by multinationals) or through transfer of knowledge from foreign affiliates to their suppliers or customers (provided affiliates are not compensated for the transfer). The second type of externalities comprises pecuniary externalities, which take place through firm-to-firm interactions and occur through prices in a properly functioning market. For instance, if entry of foreign affiliates into downstream sectors creates an increased demand for inputs it may create incentives for indigenous firms to invest in product upgrading, cost saving technologies or increased capacity, all of which may lead to a better performance. Entry of foreign affiliates may also change the market structure and increase the level of competition in a manner similar, for instance, to trade liberalization leading to competitive externalities (Bernard and Jensen, 2007).

2.4 The factors for employee’s turnover within organizations under FDI

Employee’s turnover is viewed as the rate at which an employer gains and losses employees. Simple ways to describe it are "how long employees tend to stay" or "the rate of traffic through the revolving door." Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average residence than those of other companies in the same industry (Young, 2005). The level of employee’s turnover may be attributed by the prospect of getting higher pay elsewhere, management practice, demographic specifics and personal factors.

2.4.1 The Prospect of Getting Higher Pay Elsewhere

The prospect of getting higher pay elsewhere is one of the most obvious contributors to labor turnover. This practice can be regularly observed at all levels of the economic ladder, from executives and generously paid professionals in high-stress positions to entry-level workers in relatively undemanding jobs. However, there is considerable evidence that money is often not the root cause of labor turnover, even when it is a factor in an employee's decision to quit. Rather, some experts believe that high turnover persists in certain jobs and companies because they have an atmosphere in which employees look for reasons to leave (Caplan, 1997).

2.4.2 Management Practice

Most environmental contributors to turnover can be directly traced to management practices. Turnover tends to be higher in environments where employees feel they are taken advantage of, where they feel undervalued or ignored, and where they feel helpless or unimportant. Clearly, if managers are impersonal, arbitrary, and demanding, there is greater risk of alienation and turnover (Breukelen, 2004).

2.4.3 Demographic Specific

Some turnover is demographically specific, particularly for women who are balancing significant work and family duties at the same time. Such women (or men) may choose to leave a company instead of sacrificing their other interests and responsibilities in order to make the job work out. Some women elect to quit their jobs at childbirth, rather than simply taking a maternity leave. Women's perceptions of their career paths might also be tinted by their awareness of the glass ceiling, which may lower their level of commitment to any particular firm, since they believe they're not in contention for top-level jobs. These factors translate into higher turnover rates for women in many companies (CIPD, 2005).

2.4.3 Personal Factors

It includes things such as changes in family situation, a desire to learn a new skill or trade, or an unsolicited job offer. In addition to these personal factors, there are also trait-based or personality features that are associated with turnover. These traits are some of the same characteristics that predict job performance and counterproductive behaviors such as loafing, absenteeism, theft, substance abuse on the job, and sabotage of employer's equipment or production. These traits can be measured and used in employee screening to identify individuals showing lower probability of turnover (CIPD, 2005).

2.5 Training and its importance to the FDI Company

“Training” refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein & Ford 2002). As organizations strive to compete in the global economy, differentiation on the basis of the skills, knowledge, and motivation of their workforce takes on increasing importance.

2.5.1 Importance of training.

Training improves job performance and other positive changes for instance acquisition of new skills. Barber (2004) found that on-the-job training led to a greater innovation and tacit skills. Tacit skills are behaviors acquired through informal learning that are useful for effective performance. Barber also added that training may enable consistency in performance across conditions. Formal schooling and job training, contributes to economic growth through its impact on productivity of workers and firms, and also in complementing the implementation of new technologies (Bartel, 1995). However, participation in training is very low as there is little incentive for employers and employees to participate in training. In addition, the current evidence suggests that participation in training is mostly concentrated on more educated and well informed workers, as opposed to more disadvantaged low skilled and older workers (OECD, 2000). There are several important economic implications from the above such as the widening of wage inequality between the skilled and unskilled and the ability of low skilled workers to sustain their employment in a rapidly changing economic structure. There could also be other impacts such as falling firm-level productivity, labour mobility and the lack of incentive to implement new technologies in the economy (Budria and Pereira, 2004)

2.5.2. Determinants of training participation

Renaud, Lakhdari and Morin (2004) identified seven attributes, namely age, gender, education level, family responsibilities, tenure, hierarchal position and employment status as determinants of training participation. The first four attributes belong to the socio-demographic group, while the last three are employment related. Of the four socio demographic attributes, three of them which are age, gender and level of education, are found to be significant determinants and their likelihood of training participation decreases with age. Older workers are less motivated to learn than younger workers. Employment characteristics, occupational position and tenure are the two key variables which are very significant determinants on training participation. Employees holding high positions and those who have longer tenure are more likely to participate in non-mandatory training.

2.6 Labour mobility

Labour mobility is known as labour turnover or staff wastage is largely unavoidable in an organization; it refers to voluntary resignation or involuntary loss of job. Decisions on labour mobility are usually based on subjective interpretation of a range of factors some of which are external to the workplace (Kirton and Greene, 2009). The external factors usually comprise the social environment, educational experiences, family responsibilities, religious beliefs and changing work values (Izamoje, 2011). Also, internal factors which have traditionally provided a basis for the incidence of labour mobility include job satisfaction, organizational commitment, age and tenure (García-Serrano, 2009). A combination of internal and external factors can provide impetus for adequate understanding of labour mobility in organizations. Labour mobility could be described as a voluntary action, based on the appreciation of some better chances for survival or self-advancement. Thus, in light of labour mobility, workers can calculate rationally their chances and benefits within various sectors of modern organizations. Some workers may decide to change jobs in cities at the expense of the work they might otherwise have pursued within their traditional occupations. Similarly, WAT focuses on issues associated with work including choice of a career, job stability, career progression, employee performance, and job satisfaction (Akinwale, 2010). However, the primary responsibility for successful management of tendency towards labour mobility lies within the socio-economic climate, organizational structure, and employees' ability to combine positive traditional values with emerging modern work values.

2.6.1 Factors that contribute to labour mobility

There are many factors that contribute to labour mobility. Among them are as follows:

2.6.1.1 Salary

The European Foundation for the Improvement of Living and Working Condition (2007) explains that, Job satisfaction includes several dimensions. Enhancing satisfaction for one of the dimensions does not necessarily increase satisfaction with other dimensions: for instance, increased earnings in combination with a higher amount of working hours could lead to different satisfaction outcomes in respect to salary and work–life balance of the individual. The basic rationale would be that when the actual state differs sufficiently from the desired state, this generates job dissatisfaction, which when coupled with available opportunities would in turn trigger a job change. However, the components of job satisfaction can be divided into roughly three dimensions. These dimensions can be termed as ‘satisfaction with objective work arrangements’ (Comprising satisfaction with salary, contract and hours worked), ‘satisfaction with the quality of position’ (comprising satisfaction with training opportunities, career prospects and job content), and ‘satisfaction with combining work and private life’ (including satisfaction with commuting time, colleagues, and work–life balance). However, there is no data on aspirations and the quality of external opportunities cannot be directly judged.

2.6.1.2 Employment security

It has been urged that, stable jobs convey more security than unstable, short-term jobs. However, the correlation between average tenure and the perception of employment security shown below does not support such a view. One could argue that the share of part-time jobs in an economy increases the perception of insecurity but it does in fact correlate positively and not negatively with perceived employment security. It seems that the subjective feeling of employment security is not only determined by the elapsed length of tenure but is also influenced by the general state of the labour market and the economy. For example, security perception correlates quite significantly with the unemployment rate and it seems also that the general state of the economy (in recession or not) has a great impact on subjective feelings (OECD, 2004). A security-in transition framework seems to yield both good results in terms of labour market performance and decent work. For triggering flexibility and security it is essential that looser employment protection is accompanied by sound labour market policies. The tradeoff between employment protection by firms and labour market protection by the state and the social partners requires bargaining on an enlarged agenda that includes both adjustment concerns of firms and security concerns of workers. In any case, globalization will increase, rather than decrease, the need for an insurance against labour market risks and for protected transitions (Agell 1999, Auer *et al*. 2004). Other factors which may contribute to labour mobility are new posts, job environment, management style, healthy reasons and fringes benefits

2.7 Effects of foreign direct investment (FDI)

It is well known that market dealings often involve transactions costs. The more complex a product or a service is, the higher the transactions costs usually are because such products or services need before and/or after-sale services, specialized management, quality control or other specialized services. An exporting firm might find local specialized individuals to carry out these services in the foreign country through licensing or other arms-length market based arrangements. Alternatively, it might prefer investing abroad (FDI) and send its own personnel to provide such services. In this case, the firm chooses to internalize the provision of such services. By doing so, transactions costs are often reduced because opportunistic behavior associated with market transactions is avoided. Trade liberalization is commonly thought to be a major factor driving new FDI. The more important FDI is in economy, the more likely there will be increased demands for these highly specialized workers who provide these transactions services within the firm. Trade liberalization may therefore induce more migration of specialized workers in so far as FDI require these specialized workers (Globerman, 1999).

CHAPTER THREE

METHODOLOGY

This chapter describes the methodology which was used in this study. It includes the description of the study area, research design, population, sample size, instrumentation, data collection, data processing and analysis.

3.1 Description of the Study Area

Morogoro Municipality is found in Morogoro Region. It is located 195 kilometers west of Dar es Salaam City. It lies on the foot of the Uluguru Mountains with a total area of 260 square kilometers. According to the 2002 population census, Morogoro Municipality has a total population of 228,863, with almost the same proportion of females (50.4%) and males (49.6%) with a population growth rate of 4.6% per annum. The Municipality is divided into 19 administrative Wards and 275 sub Wards.

Alliance One Tobacco Tanzania Ltd (AOTTL) where the research was conducted is the subsidiary company of Alliance One International (AOI) of USA, with its headquarters in North Carolina. It’s one of three tobacco buying companies in Tanzania others being Premium Active Tobacco Ltd (PATL) and Tanzania Leaf Tobacco Ltd (TLTC). AOTTL came into being and started operating in Tanzania in 2005 following the World wide merger of Dimon Incorporated and Standard Comercial Corporation (STANCOM) both of the USA and the birth of Alliance One International. Prior to the merger, AOTTL predecessors were operating in Tanzania. STANCOM started operating in Tanzania in the early sixties while DIMON came to Tanzania in 1995.

AOTTL has its headquarters in Morogoro municipality at Kingolwira area along the Dar-Es-Salaam/Morogoro road about 200 Kilometers West of Dar-Es-Salaam, the commercial city of Tanzania. The offices and processing plant are located about 15 Kilometers east of the Morogoro town center about 250 meters off Dar-Es-Salaam/Morogoro road.

3.2 Research design

The cross-sectional research design was used in this study. A cross-sectional study consists of asking questions to a representative sample of the population at a single point in time, where instruments like questionnaire and interview schedule can be used among others (Babbie, 1990). The design is most appropriate for descriptive purposes as well as for determination of relationship between variables. This method is considered to be useful because of time limitations and resources.

3.3 Population size and Sample size

Purposive sampling was employed to find skilled labour and unskilled labour within the company whereby there are 270 permanent employees of which 150 are skilled labour and 120 are unskilled labour. Then simple random sampling was used to find 30 respondents from each group (skilled labour and unskilled labour). The table of random number was used to randomly select individuals for the sample of which every 5th skilled employee and 4th unskilled employee was picked out of the list that was supplied by the company human resource department. Snowball technique was used to get 10 employees who were formally employed within Alliance One Tanzania Tobacco Processing Company but they left the company for different reasons. This made the study sample/population to be 70 respondents who were interviewed in the study. Key informants (knowledgeable individuals who were in a position to provide relevant information on employment and foreign direct investments) were as well obtained via snowball technique.

3.4 Data collection methods

Data were collected via personal interviews through questionnaire in which both closed and open ended questions were used to interview the people who are currently employed by Alliance One Tobacco Tanzania Ltd and those who were once employed but they have left the company for different reasons. Check-list (guiding questions that are used to collect data in research) was also employed to collect data from key informants. Literature was obtained from Mzumbe University library.

3.5 Data analysis methods

The data collected using check list was summarized manually to single sheet of paper. During this process, great care was taken to ensure that the data are accurately reflecting the original meaning of the statement made. Numerical data was also summarized using descriptive statistics.

Data collected using questionnaires was coded and analyzed using the Statistical Package for Social Science (SPSS) computer program. In this statistical package, descriptive statistics such as frequencies, percentages and means was computed.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the results and discussion of the data obtained from the study area. The data were gathered using a questionnaire and an interview guide that were prepared and administered according to the research objectives. Secondary data were also gathered from comprehensive reading of relevant documents. The findings are based on the four objectives of the study. The objectives were:

- To find out people's awareness towards organizations under FDI.
- To determine people's perception towards being employed under FDI firms.
- To find out the kind of training provided by organizations under FDI.
- To determine the factors of employees turnover within organization under FDI.

4.2 Respondents' socio-economic characteristics

This section discusses the socio-economic characteristics of the respondents who are the workers at Alliance One Tobacco Tanzania Limited. The socio-economic characteristics examined were age and educational level. These were chosen to find out the role of foreign direct investments on reducing unemployment rate in Tanzania and it was done specifically at Alliance One Tobacco Tanzania Limited.

4.2.1 Age of the respondents

Naegele and Walker (2006) states that, a work force with a balance of youth and maturity (and diversity in other characteristics such as gender and ethnicity) is regarded as being able to respond to the rapidly changing circumstances associated with globalization. This has been seen in Alliance One Tobacco Tanzania Ltd where by the respondents age ranged between 18 to 70 years as shown in the table 1. Most respondents (46.3%) were in a group with the age range of 31 - 40. 29.3% were at the age range of 41 – 50 , 12.2% were in the age range of 18 – 30, 9.8% were in the age range of 51 – 60 and 2.4% which was the least one had the age range of 61 – 70.

This shows that the company has balanced the employees by mixing the youth and the maturity which has been regarded as the best to be able to manage the changing situation associated with globalization. Not only that but also this is a productive age as it has also been supported by Mandara, (1998) as cited by Makauki (1999) that in Tanzania the economically productive class ranges between the age of 15 to 65 years.

Table 1: Distribution of the respondents by age in years

Age Category (Years)	Frequency	Percentage
18-30	9	12.2
31-40	32	46.3
41-50	20	29.3
51-60	7	9.8
61-70	2	2.4
Total	**70**	**100**

4.2.2 Education level of the respondents

Education is always valued as a means of liberating oneself from ignorance, and enables one to perform non tradition roles (Kasanga, 2005). The result in table 2 shows that 2.4% of the respondents had primary education level, 19.5% of the respondents had secondary education level and 78% had post-secondary education level that includes certificates, diploma and post graduates. This shows that employment depends on the specialization of an individual. However; skilled, semi-skilled and unskilled labour are also needed to many companies including Alliance One Tobacco Tanzania Limited due to different activities which are performed in the company. The said fact was as well supported by Makauki, (1999) who found that knowing how to read and write is enough in adoption of technologies whose dissemination entails simple leaflets, pamphlets, newspapers or other simple written materials. Therefore, the availability of skilled, semi skilled and unskilled employees in the company shows that the rate of unemployment has been reduced though is of undersized percentage compared to the population in our community. Nevertheless, the government has to allow many foreign companies to invest in our country so as to reduce unemployment rate in our community. Not only that but also education should be emphasized particularly to the young generation to enable them to compete in the labour market and secure the positions they acquire.

Table 2: Distribution of the respondents by level of Education

Level of Education	Frequency	Percentage
Primary Education	2	2.4
Secondary Education	14	19.5
Post-Secondary Education	54	78
Total	**70**	**100**

4.3 Awareness towards the organization

The awareness of people towards organization was measured by asking the respondents whether they understand the meaning of foreign direct investment and to provide the source or where the knowledge was obtained.

4.3.1 Understanding the meaning of foreign direct investment (FDI)

Foreign direct investment (FDI) is defined as an investment which involve a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (OECD, 2002). FDI implies that the investor exerts a significant degree of influence on the management of the enterprise resident in the other economy. Such investment involves both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates, both incorporated and unincorporated. FDI may be undertaken by individuals as well as business entities (Ibid). Table 3 revealed that 48.8% of the respondents knew the meaning of FDI and the remaining percentage which is 51.2% of the respondents said that they do not understand the meaning of FDI. This implies that most of the employees do not have any idea of what FDI means. However, most of those who said that they knew the meaning of FDI were hesitating when answering the question this means that they were not sure of what they were answering. Thus, education on FDI should be given to the community.

Table 3: Distribution of the respondents by understand the meaning of FDI

Understand the meaning of FDI	Frequency	Percentage
Yes	34	48.8
No	36	51.2
Total	**70**	**100**

Moreover, when the respondents asked to define FDI, most of them responded by giving the long form of FDI i.e. FOREIGN DIRECT INVESTMENT and not the meaning or definition of it. In other words, they did not know exactly what does FDI meant. Table 4 shows that the 53.7% of respondents failed to give the meaning of FDI. 46.3% of the respondents at least managed to define FDI. This shows that despite the fact that most of the respondents were working in foreign investment, most of them had no idea of what FDI meant. According to Mwilima (2003), FDI refers to investment made to acquire a lasting management interest (usually at least 10 % of voting stock) and acquiring at least 10% of equity share in an enterprise operating in a country other than the home country of the investor. The community therefore has to be educated on what FDI is all about, i.e. the meaning, pros and cons in relation to development process.

Table 4: Distribution of the respondents by defining FDI

Meaning of FDI	Frequency	Percentage
Doesn't know	38	53.7
Investment from foreign country to the host country	32	46.3
Total	**70**	**100**

4.3.2 Origin of FDI knowledge to the Respondents

Table 5 shows the information which was gathered by asking the respondents on how did they came to understand the meaning and the whole knowledge concerning FDI. The results show that, 48.8% of the respondents could not be able to explain where they get to know about FDI while 36.6% of the respondents said that they learned form seminars and workshops. Moreover, 12.2% of the respondents explained that they learned through mass media and 2.4% responded that they learned through other sources like internet. Although some of them responded and came closer to the meaning but they were not sure as they started by saying " *I think is……..*" the hesitation shows that a person is not sure of what he/she is doing or is about to do. The government therefore, has to make deliberately effort to educate the society about FDI through mass media, seminars, workshops and the like. This will help the community to know the meaning and importance of FDI and how it contributes to development of the country. Also the society has to be imparted the behavior of reading different documents including FDI papers. This will help the community to understand the crucial things which will help to bring development to the community taking into consideration that many of the new knowledge is in writings including new technology.

Table 5: Distribution of the respondents by origin of FDI knowledge

How did you come to know FDI	Frequency	Percentage
Through Mass Media	9	12.2
Through seminars/workshops	25	36.6
Others	2	2.4
Don’t know	34	48.8
Total	**70**	**100**

4.4 Perception of people towards organization

When it comes to foreign direct investment (FDI) in Sub-Saharan Africa (SSA), the common perception is that FDI is largely driven by natural resources and market size (Asiedu, 2006). To gather the information concerning the perception of people towards organization, the respondents were asked different questions like the length of them being working at Alliance One Tobacco Tanzania Limited, whether they are happy to be employed by Alliance one tobacco processing company, whether they think that Alliance one tobacco processing is better than other companies and if the government should allow other companies to invest in Tanzania.

4.4.1 Duration of employment at Alliance One Tobacco Tanzania Limited

The respondents were asked the duration of them being working at Alliance One Tobacco Tanzania Limited. According to the results in table 6 the majority of the respondents have been working in a period of 1 to 5 years which is 48.8%. Another group is that of those who have been working from 6 to 10 years which is 26.8%, 14.6% of the respondents said that they have been working for more than 11 years and only 9.8% of the respondents have worked for less than a year. Looking at these findings, there are people who worked for a long time due to many reasons, for instance one of the respondent said that, “*according to my level of education I can not be able to find another work somewhere else, I have to be here, I have suffered a lot to get this work, though I am not paid well but I can support my family*”. Another one said that “*jobs* *are hard to find so if you get one you have to preserve it*." But there were other respondents who were very positive in their arguments for instance, one said that he is comfortable with the life at Alliance One Tobacco Tanzania Limited and he gave the reasons by saying that "*because of this company I have a good car, a good house, I am able to pay my children's schools fees and give them their necessities so I am comfortable here*." This means that there are employees who are working at Alliance One Tobacco Tanzania Limited simply because they do not have some where else to go and also they do not have other means of living and those who are comfortable working at Alliance One Tobacco Tanzania Limited. Therefore, being contented with work and vise versa is the main reasons of having differences in the length of working at Alliance One Tobacco Tanzania Limited among others. Another reason is salary difference which is caused by different position in the company, career different, time of being employed and the level of education within the employees.

Table 6: Distribution of the respondents by length of employment

Length of employment	Frequency	Percentage
Less than a year	7	9.8
1-5 Years	34	48.8
6-10 Years	19	26.8
11 Years and above	10	14.6
Total	**70**	**100**

4.4.2 Individuals happiness by being employed at Alliance One Tobacco Tanzania Limited

Respondents were asked whether they are happy to be employed at Alliance One Tobacco Tanzania Limited; 82.9% of the respondents said yes. Every respondent had to give the reason for their answers. One of them said that she is happy because at lest she can be able to get basic needs. Another one said that, "*I am happy because now I am paid better than the former company whom I was working with*." Others were more concerning with their career; for instance, one of the respondents said that he is happy because he is practicing what he has been studying for the whole period of his university life so he feels like his career is developing. However, 17.1% of the responded said that they are not happy to be employed by AOTTL, they also gave different reasons one being low salary compared to the kind of works they are performing, working extra hours without payment and bad working environment. So the company has to look at these shortcomings and work for them to make sure that every employee is comfortable to work with AOTTL.

Table 7: Whether an individual is Happy to be Employed By Alliance One

Happy to be employed by Alliance One	Frequency	Percentage
Yes	58	82.9
No	12	17.1
Total	**70**	**100**

4.4.3 Whether Alliance One is better than other organizations

The respondents were asked whether Alliance one is better organization than other organizations. Table 8 shows that, 53% of the respondents agreed that Alliance One Tobacco Tanzania Limited is better than other organizations and they gave reasons for their answers. One of the respondents said that, "*I am happy to be employed here because I learn many things including working with people from different countries with different culture, I can as well raise my child through this work."* Another one said that "*this is a place where my career can be developed so I am here to stay."* On the other hand, 46.3% of the respondents said that they are not happy to be employed by Alliance One Tobacco Tanzania Limited because they are working too much but the payment is low. They also complained of many working hours without payment. Although foreign investment is contributing to the development but more efforts have to be made to ensure that there is fairness in everything i.e. governance, salary and other necessities. Working environment should be conducive to each employee and also every company should employ people whom they can pay accordingly.

Table 8: Is Alliance One better than other organizations

Alliance One is better than other organization	Frequency	Percentage
Yes	38	53.7
No	32	46.3
Total	**70**	**100**

4.4.4 Should other FDI companies being allowed to invest in Tanzania

During the discussion that was conducted at Alliance One Tobacco Tanzania Limited, respondents were asked whether the government should allow other companies to invest in Tanzania. 97.6 % of the respondents said yes and when they were asked why do they think so they said that foreign companies are reducing the rate of unemployment specifically in the developing countries like Tanzania. Others said that foreign investment increases the government income, bring new technology and also increase social capital. On the other hand 2.4% of the respondents said no and the reason in general was that allowing foreign direct companies will keep our country in danger of being colonized. For the resources to be exploited foreign direct companies are needed because the country like Tanzania does not have enough technology to exploit those resources however, the government should strength their policies so as to make sure that the citizens are also benefiting through their resources by being employed by the invested companies, being provided with social service through corporate social responsibility and the like. OECD (2002) explain that, given the appropriate host-country policies and a basic level of development, a predominance of studies shows that FDI triggers technology spillovers, assists human capital formation, contributes to international trade integration, helps create a more competitive business environment and enhances enterprise development. All of these contribute to higher economic growth, which is the most potent tool for alleviating poverty in developing countries. Moreover, beyond the strictly economic benefits, FDI may help to improve environmental and social conditions in the host country by, for example, transferring modern technologies. Although some of the respondents managed to give the reasons on why should the government allow other companies to invest in Tanzania but still education on foreign direct investment should be provided to the community for them to understand the importance of it.

Table 9: Should the government allow other companies to invest in Tanzania

Government Allow other FDI to invest in Tanzania	Frequency	Percentage
Yes	68	97.6
No	2	2.4
Total	**70**	**100**

4.5 Training provided by the company

Training for the sake of training, is an approach that focuses on developmental ideals and supportive organizational environments, is not aligned with today's business realities, including compressed career progression pathways, budgetary cuts and constraints, highly competitive environments, and market-driven economic philosophies (McGuire et al, 2005).

4.5.1 Source of knowledge concerning the kind of job performed

According to Sivananda (2004), there are four sources of knowledge: instinct, reason, intuition, and direct knowledge of Brahman (God) or Brahma-Jnana (knowledge of God). Reason is among four types of knowledge which are found to the human being. It is higher than instinct. It collects facts, generalizes, reasons out from cause to effect, from effect to cause, from premises to conclusions, from propositions to proofs. It concludes, decides and comes to final judgment. It takes you safely to the door of intuition and leaves you there. The discussion with the respondents revealed different sources of knowledge with regard to the kind of job they are performing keeping in mind that there is skilled, semi skilled and unskilled labor at Alliance One Tobacco Tanzania Limited. Some of them said that they got knowledge through on job training; others said that they got the knowledge through college and seminars and others said that they got knowledge through magazine and internet. The company is employing people not only by using certificates but also by using personal knowledge that an individual is having depending on the kind of activity that some one is performing. However, training is very crucial to an employee because it help him/her to be more conversant to what she/he is doing. The company therefore, has to make sure that the employees are being provided with knowledge through on job training, workshop and seminars in order to enable them to be more competent not only for the company but also to their everyday life.

4.5.2 Whether an individual has ever being in any kind of training

"Training" refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein & Ford 2002). Table 10 shows the respondents who were interviewed on whether they have ever been in any training. The results explain that; 73.2% of the respondents said that they have been in training several times, 26.8% of the respondents said that they had never been in any training. The large percentage of the respondents shows that the company is doing its best in providing the employees with training. However, more effort is needed to make sure that every worker is being trained from time to time due to the technological change. Training is very essential to every employee as it helps in career development, higher productivity which leads to high profit and also it increase competition in terms of labour. So the company should make sure that they train their employees as much as they can to make sure that they capture all the mentioned benefits.

Table 10: Whether an individual has ever been in any training

Ever been in any training	Frequency	Percentage
Yes	51	73.2
No	19	26.8
Total	**70**	**100**

4.5.3 Benefits achieved by employees at Alliance One Tobacco Tanzania Limited

Stephens (2010), analyzed the benefits of being employed at the company, among them are; being able to learn a lot of things i.e. you can see what is good and what is bad you can get very good ideas and others which are not so good, you get to know a lot of clever people. Many smart people stay at large businesses because they enjoy what they do, they have families/responsibilities and cannot take the risk of leaving, this help you to learn from them, You also learn the art of politics i.e. in a large company is where you realize that it is not just about technology. A large company provides lots of opportunities to acquire diplomacy and political skills. Table 11 shows that 92.7% of the respondents said that they learn a lot of things at the company like different behavior of people, hard working skills, new technology and how to work with different people form different places with different culture and background. On the other hand 7.3% of the respondents said that they have not achieved any benefit from the company the reason given was that they have been employed recently for instance, one of the respondents said that, "*I have just being employed so I have nothing to say yet.*" This gives the impression that most of employee have benefited from the company in one way or another.

Table 11: Whether there are benefits achieved from this company

Benefits achieved	Frequency	Percentage
Learning new things	65	92.7
None	5	7.3
Total	**70**	**100**

4.5.4 Challenges faced by employees of Alliance One Tobacco Tanzania Limited

Kurland and Bailey (1999) analyzed many challenges of working at the company among others are; Performance monitoring, Performance measurement, Managerial control, Jealous colleagues, Informal interaction, Organization culture, Work coordination , Social isolation, Professional isolation, Work/family balance , informal interaction, Focusing on work Longer hours and Access to resources. The study found out the presence of some of the mentioned challenges at Alliance One Tobacco Tanzania Limited. Table 12 shows that.61% of the respondents said that the challenge which they are facing is working with people from different background, 26.9% of the respondents said that they are not facing any challenges, 9.8% said that their challenge is delay in receiving inputs from other people and only 2.4% of the respondents said that their challenge is frequent change of technology. When they were asked on how they overcome those challenges, they gave different answers for instance one of the respondents said that, "*every person has got his/her own characteristics so, I always try to understand every individual's attitudes, individuals' behavior, the likes and dislikes. Through this I manage to work with every one*". Others said that by controlling their temper and work hard, they have managed to work with different people and meet deadlines. When working in any organization every individual faces different challenges but every one has its own way of overcoming those challenges.

Table 12: Challenges facing employees of Alliance One Tobacco Tanzania Limited

Challenges	Frequency	Percentage
Delays in receiving inputs from other people	7	9.8
Frequent change of technology	2	2.4
No Challenges	19	26.9
Work with people from different background	42	61
Total	**70**	**100**

4.6 Determinants of the factors of employee's turnover within organization under FDI

Employee turnover may be understood as the employee leaving the organization or profession voluntarily. It has been observed that voluntary turnover is an interdisciplinary and multidimensional construct. The problem of voluntary turnover stretches beyond the gamut of employee and organization. The concept of voluntary turnover can be explicated only when it is accepted as a combination of social, economic, and psychological processes (Udechukwu et al., 2007).

4.6.1 Experience of labor mobility

Mobley et al. (1979) observed that the intention to quit is influenced by a sequence of factors namely organizational factors, individual employee characteristics, job-related and labour-market expectations, and individual values. The intention to quit then ultimately influences the actual quitting behavior. The respondents were asked if the organization experience labor mobility. Table 13 shows that 90% of the respondents agreed that there is a presence of labor mobility by saying yes to the question and the major reason given was that the employees tend to find green pastures somewhere else. Moreover, bad working environment was also mentioned as another cause of labor mobility. Turnover has an impact over the organization's costs relating to recruitment and selection, personnel process and induction, training of new personnel and above all, loss of knowledge gained by the employee while on job. Additionally, it results in understaffing which in turn lead to decreased effectiveness and productivity of the remaining staff. Turnover may have a negative impact on the employee as well. The individual may loose non-vested benefits and may be a victim of the "grass looks greener" phenomenon (Rosen, 1981). Most often, turnover intention is significant to actual quitting behavior. The company is advised to work on the reasons which cause labour mobility so as to maintain the status of the company and also to increase its productivity.

Table 13: Organization labour mobility

Organization labour mobility	Frequency	Percentage
Yes	63	90.2
No	7	9.8
Total	**70**	**100**

4.6.2 Factors contributing to labour mobility in Alliance One Tobacco Tanzania Limited

Labour mobility may be defined as labour turnover; it refers to voluntary resignation or involuntary loss of job (Izamoje, 2011). The decisions on labour mobility are usually based on subjective interpretation of a range of factors some of which are external to the workplace. Examples of these factors are working experience, income and inadequate opportunity for career development, low income and inadequate motivation, lack of motivation and changing of work value just to mention few (Kirton and Greene, 2009). This study has examined the following factors which may results into labour mobility as discussed below:

4.6.2.1 Salary as a contributing factor to labour mobility

Workers have a judgment of a fair wage. If they are treated fairly, they offer a high productivity (or low fluctuation) in exchange. If the wage falls short of the fair wage, workers respond with a low productivity (or high fluctuation). Efficiency wage theory asserts that the productivity of workers in firms is positively correlated with the wages they receive. This may be because workers perceive wage cuts as exceptionally unfair, whereas they perceive wage increment as the norm and quickly get used to the new wage level. Therefore workers might react to wage cuts with a permanent reduction of effort, while they react to wage increment only with temporary increases of effort. Alternatively, wage cuts may destroy workers' allegiance with their employer and cause them to quit once the economy improves (Bewley, 1999) in (Cornelben and Olaf, 2005). Table 15 show that, 42% of the respondents said that salary is a very significant factor which contributes to labour mobility at AOTTL. On the other hand, 30% of the respondents said that salary is a significant factor which contributes to labour mobility. Moreover, 20% of the respondents said that salary does not contribute much to labour mobility at AOTTL and 7.5% of the respondents said that salary as a factor of labour mobility does not contribute to labour mobility at all. The results show that the majority of the respondents noticed salary as a major contributing factor to labour mobility at AOTTL. In this company there is a salary variation which is happening because of differences in level of education and the position owned by employees in the company. When some one find another job with more payment either because of career development or because of experience, he/ she looks at the salary if it is higher he/she leaves the company. Therefore the observation shows that salary is among the factors that course labour mobility at AOTTL. However, there are those who does not see salary as a factor which contribute to labour mobility, this is because they are paid enough i.e. what they do relates to the payment they receive. The company therefore, has to make sure that they pay their workers/employees accordingly so as to avoid labour mobility and to increase profit.

Table 14: Salary as a contributing factor to labor mobility

Salary	Frequency	Percentage
Very significant	29	42.5
Significant	20	30
Not Much	14	20
Not at all	7	7.5
Total	**70**	**100**

4.6.2.2 Employment security as a factor that contribute to labour mobility at Alliance One Tobacco Tanzania Limited

A good balance between labour market flexibility and employment security is acceptable to both parties involved employers and workers. This is achieved when labour input can be easily and quickly adjusted to the needs of labour demand by assuring at the same time, a reasonable level of protection for workers. This balance is obtained not only through an appropriate legal framework, but also more importantly through sound social dialogue and well-functioning labour market institutions, as well as through the development of effective labour market policies. Such policies should be aimed at improving employability of workers and assisting in their re-employment in either regular or subsidized jobs and assuring a decent income to workers and households in periods of joblessness and earnings loss on one hand and provide labour with the desired skills and adaptability on the other (De Gobbi and Nesporova, 2010). The result in table 16 shows that, 29.3% of the respondents said that employment security is not a contributing factor to labour mobility at AOTTL, 24.4% of the respondents said that employment security is a significant factor which contributes to labour mobility at AOTTL. On the other hand, 22% of the respondents said that employment security does not contribute much to labour mobility at AOTTL while 14.6% of the respondents said that employment security is a very significant factor which contributes to labour mobility at AOTTL. The remaining percentage which is 9.7% of the respondent said that they do not know whether employment security contribute to labour mobility at AOTTL or not. Looking at these results we see that employment security is one of the factors which contribute to labour mobility at AOTTL. However, when this question was being asked, most of the respondents seemed not to have the knowledge or did not understand what employment security means; this is because of the hesitation when answering this question. Therefore there is a need of this topic to be included in the related topics at colleges and universities. This will help to understand the employees' rights for those who will be employed to different organizations. Furthermore, for those who will be employers will as well learn how to care for their employees so as to meet their organization objectives for instance, the employers can increase their employees' morale to work by either promotion, gifts or providing seminars and workshops to improve employees' knowledge. In order to avoid labour mobility therefore, AOTTL should improve employment security to its employees to avoid labour mobility.

Table 15: Employment security as a contributing factor to labour mobility

Employment Security	Frequency	Percentage
Very significant	10	14.6
Significant	17	24.4
Not Much	15	22
Not at all	20	29.3
Can't tell	8	9.7
Total	**70**	**100**

4.6.2.3 New posts as a contributing factor of labour mobility at Alliance One Tobacco Tanzania Limited

People moves from relatively depressed sectors and regions to sectors and regions that fare relatively well. Most of the time individuals move if they expect a positive return on their investment. They have a tendency of foregoing expected future opportunities in their present situation, spend time and money in the move itself and hope to recover these costs from an improved position in the destination of their choice. The standard neo-classical theory predicts mobility if expected discounted benefits are positive (Hartog and Nick, 1990). Table 17 shows that 43.9% of the respondents said that new post is a significant factor that cause labour mobility at AOTTL. Moreover, 19.5% of the respondents said that new post does not contribute much to labour mobility at AOTTL while 17.1% of the respondents said that new post is a very significant factor that contributes to labour mobility at AOTTL. Also, 12.2% of the respondents said that they do not understand whether new post is a contributing factor to labour mobility at AOTTL and only 7.3% of the respondents said that new post is not a contributing factor to labour mobility at AOTTL. The result shows that most of the respondent see new post as a factor that contributes to labour mobility at AOTTL for instance when answering this question one of the respondents said that, "*when people go to school and acquire knowledge, they find another job somewhere else and leave.*" When he was asked why they are leaving the company, he said that "*they are getting good jobs in which they will earn more than they are getting at AOTTL.*" Thus, the company has to promote the employees specifically when they amplify their knowledge. This will also increase the morale of the employee towards work which will result into elevated production.

Table 16: New post

New Post	Frequency	Percentage
Very significant	12	17.1
Significant	31	43.9
Not Much	14	19.5
Not at all	5	7.3
Can't tell	8	12.2
Total	**70**	**100**

4.6.2.4 Working environment as a factor that contribute of labour mobility

According to Mohr and Zoghi (2006), employees' psychological and social needs can be satisfied through job enrichment practices such as variety, autonomy, job rotation, information sharing, team work, responsibility, recognition and rewards. These are termed as the originator of good job environment. The results in table 18 shows that 34.1% of the respondents said that working environment does not contribute much to labour mobility at AOTTL, 24.4% of the respondents said that job environment is a significant factor which contribute to labour mobility at AOTTL, 24.4% of the respondents said that job environment is a very significant factor that contribute to labour mobility at AOTTL, 14.6% of the respondents could not tell whether job environment could be among the factors which contribute to labour mobility at AOTTL and 2.4% of the respondents said that job environment is not a factor that contribute to the labour mobility at AOTTL. Looking at this result more than 50% of the respondents agreed that job environment is a factor which contributes to labour mobility at AOTTL. If working environment is not good then every employee will either loose the morale of working or making an effort of find another work which is more comfortable to him or her. During the study one of the respondents commented that, "*even if you are paid a lot of money but if working environment is unsatisfactory, you will still look for other opportunities"*. This being the fact then, the company has to create good job environment to the workers so as to raise their love towards work which will lead to high production that will result into a handsome profit.

Table 17: Working environment as a factor which contribute to labour mobility

Job Environment	Frequency	Percentage
Very significant	17	24.4
Significant	17	24.4
Not Much	24	34.1
Not at all	2	2.4
Can't tell	10	14.6
Total	**70**	**100**

4.6.2.5 Management style as a factor that contribute to labour mobility

Attracting and retaining the best employees have long been noted by scholars in human resource management as fundamental to the effective functioning of any institution (Kleiman, 2001). As an important asset, careful selection, development and deployment of human resources lead to a competitive advantage. The organization has to know that every individual employee has needs and aspirations/expectations which could engineer him to change his employer in order to achieve his needs. The decision to either remain with the current employer, or find another one depends on the extent to which the employee could achieve his needs (Mboya, 2009). The result in table 19 shows that 31.7 % of the respondents said that management style is a significant factor that contributes to labour mobility at Alliance One Tobacco Tanzania Limited, 19.5% of the respondents said that management style does not contribute much to labour mobility at Alliance One Tobacco Tanzania Limited, 17.1% of the respondents said that management style is a very significant factor which contribute to labour mobility at Alliance One Tobacco Tanzania limited and again 21.9% of the respondents said that they do not know if management style is a factor that contribute to labour mobility at Alliance One Tobacco Tanzania Limited. Always management is like an engine of any organization in other words it is a heart of any organization as it is the one to decide what should be done, how should it be done, when should it be done and who will do it. It is also dealing with motivation be it negative or positive. Every manager needs to know that "failure of the management is the failure of the company". Therefore the company has to make sure that, the management is fair to every employee by doing what is right so as to achieve its objectives.

Table 18: Management style

Management Style	Frequency	Percentage
Very significant	12	17.1
Significant	22	31.7
Not Much	14	19.5
Not at all	7	9.8
Can't tell	15	21.9
Total	**70**	**100**

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The study on the role of foreign direct investment in reducing unemployment rate in Tanzania has been conducted in Morogoro at Alliance One Tanzania Tobacco Processing Limited. Generally, the study discovered that FDIs' contributes in reducing unemployment rate in Tanzania. The government of Tanzania is encouraging FDIs so as to reduce the rate of unemployment in the country by utilizing the present resources and also to increase the government fund through taxation. The study has as well discovered that the concept of FDI is not well understood by most of people including those who are employed in those investments.

The study also discovered that the employees at Alliance One Tobacco Processing Limited are facing different challenges among them being coping with the new technology, meeting deadlines, low salaries compared to what the do and bad management/governance. These challenges are almost similar to most of FDIs in Tanzania even though there are few employees who are paid well in the same investments.

The study has as well discovered that Alliance One Tanzania Tobacco Processing limited is experiencing the employment turnover which is also been the same to other companies. It has been discovered that some of the reasons that contribute to the employment turnover are; new posts, management style, job environment, employment security and salary to mention few. However, most of the respondents were encouraging the government to give more room for FDIs so as to increase income to the government and reduce unemployment rate in Tanzania and also to ensure development to the community.

The company however is ensuring the good performance of its employees by engaging them to different trainings. The training increases the individual skills in performing his job inside the company and definitely outside the company specifically in everyday life. This has been done at Alliance One Tobacco Tanzania Limited.

5.2 Recommendations

According to what has been discovered, the following are suggestions on what should be done to rescue the situation:

Education on what FDI is has to be provided to the community, i.e. the meaning, pros and cons in relation to development process. This will help people to understand and also be able to know the contribution of FDIs to the community that is inside the company and outside the company specifically what do they do to bring development to the surrounding environment through corporate social responsibility (CSR).

Conducive environment is essential to ensure good profit to any company because if the working environment is good then there will be no labour mobility and the employees' morale will be elevated hence high profit. Therefore, working environment should be conducive to each employee so as to meet the mentioned objectives. Every company as well should employ people whom they can pay accordingly.

In order to avoid labour mobility the company is advised to make sure that every employee is secured (improve job security to the employees), salary should be paid according to the job performed and also the company should unsure that the payment to the extra hours is done. The management style should be in the favor of the employees. The managers should think on motivating their employees when due so as to intensify the morale at work and good performance as well.

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APPENDICES

Appendix 1: Questionnaire

A: SOCIO-ECONOMIC CHARACTERISTICS

1. Age…………..
2. Sex

   i. Male……..

   ii. Female……

3. Marital status

   i. Single……….

   ii. Married……..

   iii. Divorce…….

   iv. Widowed…….

4. Level of education by year of attendance

   i. None………….

   ii. Adult literacy………..

   iii. Primary education……………

   iv. Secondary education…………..

   v. Post-secondary education………………

   vi. Others (specify)……………………….

B: PEOPLES AWARENESS TOWARDS ORGANIZATION

5. Do you understand the meaning of FDI?

a. Yes

b. No

6. If yes, what does it mean…………………………..

7. Where did you get to know about FDI?

a) Through mass media

b) Through seminars/workshops

c) Others (specify)

C: PERCEPTION OF PEOPLE TOWARDS ORGANIZATION

8. For how long have you being employed by Alliance One Tobacco Tanzania Limited?

a) Less than a year

b) 1 to 5 years

c) 6 to 10 years

d) 11 years and above

9. Are you happy to be employed by Alliance One Tobacco Tanzania Limited?

a) Yes

b) No

If yes why…………….. if no why………………………

10. Do you think this Alliance One Tobacco Tanzania Limited is better than other organizations?

a) Yes

b) No

If yes why………………….. And if no …………………..

11. Should the government allow other companies like this to invest in Tanzania?

    a) Yes

    b) No

If yes why………… if no why……………………………

D: TRAINING PROVIDED BY THE COMPANY

12. What kind of work are you performing in this organization? ………………………..

13. Where did you get the knowledge with regards to the job you're doing?

a) On Job training

b) Through college

c) Through seminars

d) Others (specify)……………………………………………………

14. Have you ever been in any kind of training since being employed by this organization?

a) Yes

b) No

If yes how many times..................... and what was it about?

15. What are the benefits that you have achieved from this company?

16. What are the challenges that you are facing as an employee in this company?

17. How do you overcome those challenges?

18. Do you wish to resign some how?

a) Yes

b) No

Explain if yes or no……………………………………………

E: Determinants of employee's turnover within organization under FDI

19. Does the organization experience labor mobility? Yes ….. No …….

If YES, please explain……………………………………………………..

20. On percentage average, how much do permanent employees leave the organization per year?

Less than 10% ….. 10% - 30% …… 30%- 50%...... 50% - 75%..... Above 75%....... I don't know……..

21. Which do you think is the leading division/department/section in labour turnover? ....

Operation……. Sales……. Human Resource……. Finance……. Factory……

Why do you think so? Please explain……………………………………………

22. How would you describe tobacco processing industry labour market? High……. Medium…… Low…………

Other (Specify): ………………………………………………………………

23. Who are the main labour competitors in tobacco processing industry?

a) Individual organization…………………

b) Private companies……………………….

c) Government parastatals……………………

Other (Specify): ………………………………………………………………

24. What do you think are the major contributing factors of labour mobility in Alliance One Tobacco Tanzania Limited (Please rank using the following key for your selection of answers)

5 - Very significant, 4 - Significant, 3 - Not much, 2 - Not at all 1 - Can't tell

a) Salary………………

b) Fringes benefits………………..

c) Development opportunity………………………

d) Social work (House, Transport, etc)……………………

e) Employment security………………….

f) New post…………………………

g) Job environment………………….

h) Management style…………………..

i) Poor relationship with co-workers………………….

j) Health reasons………………………

k) Redundancy……………………

l) Termination and retirement's………………………..

m) Other (Specify): …………………………………………………………

Appendix 2: A check-list for assessing role of foreign direct investment (FDI) on reducing unemployment rate in Tanzania

Question	Answer
1. What is your perception towards organization under foreign direct investment?	
2. Should organizations under foreign direct investment being allowed to invest in Tanzania?	
3. What benefits that can be achieved by employees that are working on organizations under foreign direct investments?	
4. What are the determinants of employee's turnover within organizations under foreign direct investment?	