

# FACULTY OF SOCIAL SCIENCES DEPARTMENT OF LOCAL GOVERNANCE STUDIES

# ESTABLISHING SPECIAL ECONOMIC ZONES IN LOCAL AUTHORITIES CHALLENGES AND PROSPECTS:

A

CASE OF NORTON TOWN COUNCIL

 $\mathbf{BY}$ 

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R121140T

A dissertation submitted to the Midlands State University in partial fulfillment of the requirements of the BSC Honours Degree in Local Governance Studies.

#### APPROVAL FORM

#### **Midlands State University**



The undersigned strongly certify that they have read and made recommendations to the Midlands State University for acceptance of a research project entitled: **Establishing Special Economic Zones in Local Authorities: Challenges and Prospects.** The dissertation was submitted in partial fulfilment of the requirements of the Bachelor of Science Honours degree in Local Governance studies.

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### **DECLARATION**

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#### **DEDICATION**

This project is dedicated to God the Almighty for the gift of life. I also dedicate this work to: my mom and my late father who always believed and instilled in me the great idea of personal responsibility, my lovely sister Trish, my brothers, Auntie Rudo and her husband Archiford Kondo who inspired me to pull through. I also devote this project to my supportive folks Samantha Takudzwa Kanyuchi, Nyasha Kapesi, Tashinga Matsika, Munyaradzi Matsveru, Wimbai G Chiunya, Dorothy Masvosva and all my dear friends and colleagues at College. I developed valour and focus through their steadfast affection and allegiance they showed me.

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#### **EXECUTIVE SUMMARY**

Establishing Special Economic Zones (SEZs) brings positive attributes to the community. Amongst the prospects of establishing SEZs include enticing Foreign Direct Investment which would spur employment in the revived firms which would eradicate poverty and improve the standards of living of the community. Establishing SEZs also improves Council's revenue inflows due to the fact that residents would be employed in the revamped firms, therefore they would be able to pay their financial obligations to Council. Furthermore, the revived industries would also be paying rates and taxes to Council thereby contributing to the rise of Council's revenue base. Using the case of Norton Town Council for the period December 2015 to January 2018, the researcher conducted survey research on a purposive sample of forty seven respondents who were asked to give their views on a number of questions contained in the survey instrument. The study's proposition is that Norton residents are failing to pay their financial arrears to Council because they are unemployed due to heavy deindustrialization in the town. Results were analyzed using the Statistical Package for Social Sciences. In light of the study's findings it is quite evident that establishing SEZ in Norton would spur employment and improve the living standards of the populace. The research made a number of recommendations to Norton Town Council as a way to improve the living standards of the populace, alleviate poverty and create employment such that residents would be able to pay rates to Council. The research will also appeal to other researchers who are exploring the challenges and prospects associated with establishing SEZs as a way to spearhead the implementation of the National Blue Print, Zim-Asset strategy for economic recovery for the period (2013-2018).

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#### **CHAPTER 1**

#### INTRODUCTION

#### 1.0 Introduction

This chapter covers the underlying motivations for conducting the study. It presents the background of the study, statement of the problem, research objectives, research questions, research proposition, justification of the study, assumptions of the study, scope of the study, limitations and definition of terms.

#### 1.1 Background to the study

#### 1.1.1 Background of Norton Town Council

Norton is located in Mashonaland West Province about 40 Kilometres west of the Capital City of Harare and along the highway road to Bulawayo. Norton was developed in the 1960's as a planned industrial Township. The area was named after a nearby farm owned by Joseph Norton who with his family was murdered in the First Chimurenga which broke out in March 24 1896. Before establishment as a Town, Norton was a cross centre of the Nyamweda/Chivero people who had shrines in Nharira Hills and the Zvimba/Gushungo people. In 1994 it was established as Norton Town Council. Adjacent to the Town's industrial zone is Chibero College of Agriculture and to the North lies the Darwendale Dam, Lake Chivero and Recreational Parks. The surrounding farmlands produce tobacco, maize, wheat, beef, pork and dairy products. The Town had a population of 67 591 in accordance to 2012 census, but it is expanding rapidly as a dormitory town of Harare.

#### 1.1.2 Background of establishing Special Economic Zones (SEZ's)

Zimbabwe experienced a dire economic and social meltdown since the year 2000 due to illegal economic sanctions which were imposed by the Western countries. This has resulted in suboptimal industrial utilization which led to unemployment and low

standards of living of the community. In 2009, there was an introduction of multicurrency in Zimbabwe which sought to stabilize the economy and improving the standards of living of the populace. Expectations were high that the use of the multicurrency could resuscitate the ailing industrial sector and create employment. Expectations were also high that there could be a surge in improved living standards of the community and poverty eradication. Unfortunately, the situation on the ground has not been as good as expected. The situation has been characterised by poverty, poor standards of living of the community and high rates of unemployment which was exacerbated by heavy de-industrialisation. It is against this background that the researcher feels compelled to undertake a detailed study to unearth the prospects of establishing SEZ's in local authorities as a way to encourage economic activities and restoring productivity in the ailing industrial sector. This could be achieved through partnering with Foreign Investors who would come and invest in the Country such that jobs would be created, alleviate poverty and improving the standards of living of the community. The research will also delve into the challenges associated with the establishing of SEZ's.

#### **1.2 Statement of the problem**

Zimbabwe experienced a macro-economic downturn since 2000 due to illegal economic sanctions. This has resulted in suboptimal industrial utilization which led to unemployment and poverty. Due to unemployment, residents were now failing to pay their financial obligations to council and this in turn compromised effective and efficient service delivery to the community. The researcher feels compelled to undertake a detailed study to unearth the prospects of establishing SEZ's in local authorities as a way to encourage economic activities and restoring productivity in the ailing industrial sector. This could spur employment; alleviate poverty and improving the standards of living of the community. Residents would also be able to pay their financial obligations to Council and that would increase Council's revenue inflows, hence, effective and efficient service delivery would be proffered to the community.

#### 1.3 Research objectives

#### 1.3.1 Main objective

The overall objective of the research is to establish SEZs in Norton from the period January 2016 to December 2018 as a way to spur employment to the community and improve the standards of living of the populace.

#### 1.3.2 Sub-objectives

- **1.3.2.1** To examine the challenges associated with establishing SEZs in Norton Town Council.
- **1.3.2.2** To unearth the prospects of establishing SEZs.
- **1.3.2.3** To analyse the role of ZIM-ASSET in resuscitating the closed industries.
- **1.3.2.4** To analyse the role of the Constitution of Zimbabwe in ensuring empowerment and employment creation through establishing SEZ's.
- **1.3.2.5** To evaluate the importance of FDI in employment creation.

#### 1.4 Research questions

#### 1.4.1 Main Research Question

Main research question is why establishing SEZs in local authorities?

- **1.4.1.2** What are the challenges of establishing SEZs to Norton Town Council and to the community?
- **1.4.1.3** What are the prospects of establishing SEZs to Norton Town Council and to the community?
- **1.4.1.4** Does the aim of the National Blue Print, Zim-Asset (2013-2018) of resuscitating the closed industries enhance employment creation in Norton?

**1.4.1.5** What challenges are being faced by Norton Town Council in ensuring empowerment and employment creation as enshrined in the Chapter 2 of the Constitution Amendment [20] Section 14(1)?

**1.4.1.6** Does the establishing of SEZs helps to accelerate the economy of Norton out of dire stagnation and improve living standards of the populace?

#### 1.5 Research proposition

The study's proposition is:

Norton residents are failing to pay their financial arrears to Council because they are unemployed due to heavy de-industrialisation in the town.

#### 1.6 Justification of the study

#### To Norton Town Council

The research is envisioned to provide recommendations that will hopefully benefit Norton Town Council in enhancing its industrial utilization through the establishing of SEZs. The research has the propensity of building up the economic capacity of Norton and improving its economic future through resuscitating the closed industries and creating jobs in the revived industries. Through the revamping of the industrial sector, Norton Town Council could increase its revenue inflows due to rates and taxes from the revived firms. Furthermore, residents would also be employed in the revived firms therefore they would be able to pay their financial obligations to Council and as a consequence, council would provide effective and efficient services to the community.

#### To Midlands State University

Findings of the research study will proffer literature for reference and review by other researchers.

#### To the researcher

To devise measures and recommends to council ways that could be adopted to entice investments and spur employment in Norton.

#### To the community

Findings of the research study seek to spearhead employment creation to the community through FDI.

#### 1.7 Assumptions of the study

The researcher assumes that he will have access to modern data analysis package like the Statistical Package for Social Scientists (SPSS) and the respondents/informants will be cooperative and honest in their responses. The researcher also assumes that the establishing of SEZ's in Norton Town Council could create employment through the opening up of the closed industries, improve the living standards of the community and alleviate poverty. The researcher also anticipates that council's revenue base would increase due to revamped firms which could be paying rates to council and as such effective and efficient services would be provided to the community since funds would be available to improve service delivery.

#### 1.8 Scope of the study

In terms of geographical setting, the research is confined to the establishing of Special Economic Zones, Challenges and Prospects in Norton Town Council.

#### 1.9 Limitations

The researcher although managed to get some inside information from Norton Town Council, the information gathered was not enough as information deemed to be very crucial pertaining to the establishing of SEZs was not revealed. Therefore the researcher did not manage to have all the information on challenges and prospects associated with establishing SEZs in Norton.

#### 1.10 Definition of terms

**Foreign Direct Investment** – This implies the supervision and directing of a business enterprise in one country by a firm based in another country.

**Gross Domestic Product** – This denotes the financial worth of all the finished products produced within a country's boundaries in a specific period of time.

**Local Authority** – This is defined as a decentralized or lower tier of National Government with the general and specific powers entrusted upon it and delegated to it by central or regional government in order to manage its areas of jurisdiction autonomously.

**Special Economic Zones** – These are substantially selected areas of a country agreed for specifically targeted economic undertakings, buttressed through relaxation of laws and the systems sustaining Special Economic Zones are often diverse from those that apply in the rest of the country.

**Zim-Asset** – This is a Zimbabwean National Policy which was designed to achieve sustainable growth and social impartiality affixed on indigenisation, empowerment and employment creation which could be largely impelled by the cautious utilization of the country's plentiful human and natural resources.

#### 1.10 Chapter Summary

The chapter delved into the background of the study with the background of Norton Town Council and the background of establishing SEZs, statement of the problem which spells out why the researcher was compelled to undertake the study, objectives of the study, research questions, research proposition, justification of the study to Norton Town Council, to Midlands State University, to the community and to the researcher, limitations, scope of the study such as confinement of the research study to Norton Town Council was also elucidated and the definitions of key terms.

#### **CHAPTER 2**

#### LITERATURE REVIEW

#### 2.0 INTRODUCTION

In this chapter, the student would be scrutinizing other educational repositories, dissertations, journals, magazines, books, periodicals, newspapers, as well as thesis written by other academics and sources from electronic resources in order to give awareness and a profound understanding of Special Economic Zones. In addition, the facts provided in this section has been found from both published and unpublished sources, therefore in this regard; this chapter would help any user of the manuscript to comprehend the meaning of Special Economic Zones (SEZ's), reasons for establishing SEZ's, its challenges and prospects. The chapter will conclude with the empirical case studies of countries that engaged in SEZ's and this would strengthen the soundness and reliability of the research.

#### 2.1 Literature review

Literature review is an essential part of the research study that is intended to discover what is already known about the topic of interest. Brink (2004:72) defined literature review as a process that involves findings, readings, understandings and forming conclusions about the research and theory on a particular topic. The basic reason for carrying out literature review was to review some previous work done which is related to the study. The researcher did not limit review of previous work done, therefore this chapter reviews literature related to the establishing of Special Economic Zones, challenges and prospects from other literature.

#### 2.1.1 Conceptual framework of Special Economic Zones (SEZ's)

According to Ndlovu (2013), the proposed establishment of Special Economic Zones (SEZ's) in Zimbabwe is a crucially important step in the implementation of the

Zimbabwe Agenda for Sustainable Socio Economic Transformation (Zim-Asset) strategy for economic recovery. Ndlovu (2013) asserted that the SEZ's would be set up in line with the global practice, designating specified geographical regions to produce goods for export and provide employment with exemption from laws regarding taxes, quotas, Foreign Direct Investment (FDI) restrictions, labour laws and various other restrictions.

According to the Zimbabwean National Press, The Herald of 16 October 2014, Political Analyst Michael Chimombe asserted that the proposed Norton Special Economic Zone (NSEZ) will provide investors with opportunities to establish world class facilities, manufacturing high quality products for export to the global market. Mutara (2014) has it that NSEZ would attract firms with modern technology, global standards and the necessary capital. Mutara (2014) also postulated that the Country would provide Zimbabwean labour force, land for SEZs, water, electricity, good road networks and other infrastructure and this would lead NSEZ concept to thrive.

Political Analyst Michael Chimombe has been quoted in the Zimbabwean National Press, The Herald of 16 October 2014 expressing that those local producers of raw materials will be given the opportunity to transport produce into the NSEZ for value addition before exportation. In this regard, this would spur employment and improve the standards of living of the community. Mutara (2014) has it that those operating in the NSEZ will be free to import raw materials from anywhere in the World (be it locally, regionally or abroad) to ensure competitive production and the creation of a first node for a new Zimbabwean industrial strategy. According to Mutara (2014) this therefore means NSEZ will showcase Zimbabwe's ability to mobilize local and foreign investments through Zim-Asset for the revival and expansion of the new economy.

#### 2.1.2 History of SEZ's in Zimbabwe

According to the Zimbabwean National Press, The Herald of 16 April 2015, it is asserted that the introduction of SEZ's by the Zimbabwean Government is not the first time in the country. Mandaza (2013) asserted that SEZs were once established as a means to entice investment into the country, reviving low industrial utilization,

creating employment and accelerating the dire economy out of stagnation. Ndlovu (2013) has it that SEZ's were first established under the Income Tax Act and by then they were called Export Processing Zones (EPZ's). Mandaza (2013) also asserted that exporters who operated within those zones were given tax exemptions. Ndlovu (2013) postulated that this could attract more investors into the zone since there was relaxation of taxes.

Mandaza (2013) asserted that the EPZ's did encourage economic development through employment conception and improvement in living standards of the populace. Therefore for that motive, Ndlovu (2013) asserted that the Zimbabwean Government is pursuing to reinstate the economic development zones through establishing Special Economic Zones (SEZ's).

#### 2.1.3 Definitions of SEZ's

According to Ronald (2006), SEZ's are districts of the country that have economic regulations which are more relaxed than those of a country's typical economic laws. Lenskold (2010) has it that SEZs are meant to upsurge FDI, spur employment, improving the standards of living of the populace and developing the infrastructure. Pankaj (2007) has it that SEZ is a trade aptitude development instrument with the aim to stimulate economic growth through using tax and business incentives to entice investors and spur employment. Therefore in light of this, Bhaskar (2007) has it that SEZ's are identified geographical areas that entice businesses with modern technology that produces goods and services for export.

#### 2.1.4 Challenges of establishing SEZ's

#### **Pollution**

Monika (2005) postulated that establishing SEZ's would lead to water, air and environmental pollution. Lenskold (2010) asserted that in the manufacturing sector, the emissions of gases and smoke from industries could cause air pollution for example Shenzhen in China has been the worst affected among SEZ's in China where

the sky was grey for most part of the day as a result of the pollution from industries. Lenskold (2010) asserted that there was also the effluent from industries in China that led to water pollution and ended up killing aquatic life animals. Monika (2005) asserted that the establishing of SEZ's would lead to environmental pollution for instance, Norton Town Council's Health and Environmental Management Committee minutes of 21 June 2014 states that the Town does not have a proper landfill and the garbage is being dumped everywhere, therefore with the opening up of industries, waste from industries would also be dumped everywhere since there are undeveloped dumpsites, hence environmental pollution which would end up leading to sporadic outbreak of diseases such as cholera.

#### Legislation

According to the Zimbabwean National Press, Newsday of 16 October 2014, Political Analyst Michael Chimombe asserted that the current indigenisation law stands as an impediment to FDI as the laws of 49 to 51% do not attract the investors. In this respect, Political Analyst Michael Chimombe emphasises that there is need to amend the indigenisation laws such that investors would be attracted through the establishing of SEZ's in Zimbabwean Local Authorities. Ndlovu (2013) asserted that the coming in of investors in Zimbabwe would revamp the ailing industrial sector and that would spur employment opportunities for the local community. Mutara (2014) also has it that poverty could be alleviated through opening up the closed industries thereby combating Millennium Development Goal (MDG) number 3 which seeks to alleviate extreme poverty and hunger and this is in line with the Sustainable Development Goal number 1 which seeks to eradicate extreme poverty for all people everywhere by the year 2030.

#### Dilapidated infrastructure and poor communication facilities

Lenskold (2010) has it that investors would shun an area which suffers from power cuts, non-existent of excellent infrastructure which is characterised by dilapidated

buildings and poor road networks, erratic supply of water and poor communication facilities. In this respect, Mutara (2014) asserted that if the zone experiences the aforementioned challenges, it would be difficult to establish SEZ's within that area since the investors would not be lured by such conditions. In line with this, Mutara (2014) asserted that the zones should attract investors by adapting to good infrastructural developments which are in line with the National Blue Print, Zim-Asset under Infrastructure and Utilities cluster such as good communication.

#### Suboptimal of agricultural production

Pankaj (2007) postulated that SEZ's in China resulted in countryside farmers being evicted from their farms by industrialists. Pankaj (2007) has it that the farmers were driven out from their farms due to the encroaching of industrial and commercial undertakings which were aligned to SEZ's towards the countryside because of lack of space within the towns. Bhaskar (2007) has it that the eviction of farmers led to the downscaling of agricultural production and that led to food shortages and poverty in China. Bhaskar (2007) also asserted that the utmost problem that seemed to be incipient with the establishing of SEZ's in China was that arable land was being used for non-agricultural purposes which could lead to food crisis and loss of selfsustenance in future. In light of this, Mutara (2014) asserted that establishing SEZ's in Zimbabwe would result in a decrease in agricultural activities and that will lead to hunger and poverty. In respect of Mutara's view (2014), one can argue that the Sustainable Development Goal number 2 of ending hunger, achieving food security and promoting sustainable agriculture by 2030 will not be achieved since there would be a decrease in agricultural activities due to encroachment of industrial activities towards the agricultural areas.

#### **Political influence**

Kotler (2006) has it that tax incentives given to businesses might be difficult to remove, mostly if the investors have political impetus. According to Kotler (2006); it

is asserted that tax incentives are given to companies as a way to lure investors such that they would come and invest in the zones. Bhaskar (2007), postulated that the firms in SEZ's may continue to enjoy those incentives long after they have become established. Mutara (2014) has it that the tax incentives given to companies would be difficult to withdraw due to political influence therefore that would lead to shrinking revenue base of local authorities and as such, effective and efficient service delivery to the community would be compromised due to Council's shrinking revenue base.

#### Lack of skilled expertise

Prowling (2007) has it that lack of skilled expertise stands as an impediment to the successful implementation of SEZs. Prowling (2007) asserted that employees and the SEZ Steering Committee that would be engaged in the SEZ daily activities could be lacking knowledge on how to execute the duties as well as lacking of experience, therefore that would hamper the fruition of SEZ's to thrive.

#### Low industrial utilisation in local industries

According to the Zimbabwean National Press, The Sunday Mail of 28 July 2015, Minister of Industry and Commerce, Mike Bimba, expressed that it would be difficult to set up SEZ's in areas that had been assigned by the Government to be SEZ's in Zimbabwe. The Minister of Industry and Commerce cited that the bottlenecks that may barricade the coming in of FDI should be first detached. Mike Bimba also expressed that if the local investors were not investing in the country, FDIs would also become low, therefore FDIs should come to supplement local investments. In this regard, Mike Bimba was expressing that the local industries should be functional in order for foreign investors to come and invest.

#### Site of SEZ's

According to the Zimbabwean National Press, Newsday of 29 October 2014, ZANU PF Provincial Chairman for Bulawayo, Callistus Ndlovu has been quoted expressing that, "...in realistic, where special economic zones have been successfully implemented has been on coastal cities...". This therefore implies that, SEZ's successfully thrive on coastal areas like China and India. Mutara (2014) asserted that in Countries like Zimbabwe the ideal of establishing SEZ's would not flourish since the Country is landlocked. Mutara (2014) has it that the transportation costs of raw materials and finished products to and from the market would be expensive because air transport would be used instead of using sea transport. Hence high transport costs would be incurred since air transport is expensive than sea transport.

#### 2.1.5 Prospects of establishing SEZ's

Bhaskar (2007) has it that SEZ's offer many advantages to the investors and to the zones and amongst the advantages include:-

- ♣ Industrial development which would spur employment opportunities to the community.
- ♣ Increased FDI which would bring in foreign currency.
- **♣** Relaxed procurement and labour laws.
- Infrastructural development.
- Reduced bureaucratic interference.
- Relaxed tax and tariff policies.
- **♣** Duty free import of raw materials for production.

#### 2.1.5.1 Increased exports that would bring in foreign currency

Bhaskar (2007) asserted that the increased exports of goods and services through the goods that could be produced in the SEZ's would bring in foreign currency and leading to economic growth. Monika (2005) has it that establishing SEZs enables

Public Private Partnership and this could ultimately results in the manufacturing of products that are in line with the goods produced in the international standards.

#### 2.1.5.2 Employment creation

Christine (2006) has it that SEZ's create immense employment opportunities. Kotler (2006) asserted that the establishing of SEZ's creates employment in terms of labour that would be required in the industries and firms that would be operating in the SEZ. Mutara (2014) postulated that the Zimbabwean situation prior to 2009, majority of the populace has resorted to vending due to industrial failure and vending surged abruptly as a result of company closures. Mutara (2014) asserted that with the establishing of SEZ's in Zimbabwean local authorities, there would be employment creation since the industries would be revived through the involvement of the FDI and those who could have been involved in vending would be working in the industries. In this regard, one can be tempted to argue that there would be improved living standards of the populace since the community would be employed in the resuscitated industries.

#### 2.1.5.3 Circulation of money that would lead to economic growth

Christine (2006) also postulated that SEZ's are towns of their own since there will be shopping malls, restaurants and parks that could be established to attract people in the zones. Bhaskar (2007) argues that there would be the circulation of money in that area where SEZ's could be established since the community could be buying their products from the shopping malls and restaurants. Bhaskar (2007) argues that these shopping malls and restaurants would lead to economic growth of the zones since money would be circulating in those zones.

#### Improved revenue inflows

According to Prowling (2007) SEZ's improves the country's exports of goods and services and that would improve the revenue inflows and drives to economic growth.

Bhaskar (2007) has it that through the increased FDI, local manufacturers get to tie up with the expatriate firms and export their products which would now carry a better brand value, therefore helping in creating a greater demand for the goods of local manufacturers at international level. Mutara (2014) also asserted that establishing SEZs in Zimbabwe would increase council's revenue inflows due to the opening up of closed industries therefore, the industries would be paying rates and taxes to council hence effective and efficient service delivery would be proffered by a local authority since it could be financially capacitated with the funds from revamped firms.

#### Infrastructural development

According to Clarke (2007) FDI promotes infrastructural development in areas they operate in. Clarke (2007) argues that the expatriates could construct and maintain roads for easy transportation of goods and services to and from the market. Mutara (2014) postulated that infrastructural development would address the National Blue Print for economic recovery, ZIM-ASSET under cluster of Infrastructure and Utilities which emphasizes on infrastructural development.

#### **Promotion of Community Share Ownership Schemes**

According to Ndlovu (2013), establishing SEZ's in local authorities would help to initiate governments' objective of fostering Community Share Ownership Trust. Ndlovu (2013) asserted that there would be a balance between money generated by industries and the wealth that leaves to the community. In this regard, Mutara (2014) postulated that the wealth that leaves to the community would help to promote developmental projects in those areas where expatriates are operating in, hence, a benefit to the community.

# 2.2 The role of the Constitution of Zimbabwe in ensuring Empowerment and Employment Creation

According to the Constitution of Zimbabwe Amendment (No 20), Chapter 2 Section 14(1), it is asserted that the State and all institutions and agencies of government at every level must endeavour to facilitate and take measures to empower through appropriate, transparent, fair and just affirmative action, all marginalised persons, groups and communities in Zimbabwe. In this respect, Ndlovu (2013) has it that SEZ's seek for investors who create employment to the community as enunciated in the Constitution of Zimbabwe Amendment (No 20), Chapter 2 Section 14(1). According to Mutara (2014), employment would be created for the locals through reviving the closed industries and in this regard, the community would benefit from their resources and thus a replica of empowerment which is also enshrined in the Constitution of Zimbabwe Amendment (No 20) Chapter 2 Section 14(1).

#### 2.2.1 The role of ZIM-ASSET in resuscitating the closed industries

According to the National Blue Print, Zimbabwe Agenda for Sustainable Socio Economic Transformation, Zim-Asset (2013-2018), the Government aims to revive the distressed and closed firms with a view of increasing capacity utilization to optimum levels, generating employment and substituting imports as well as building a sustainable basis for export led growth. In this regard Zim-Asset seeks to create employment for the locals through revamping the closed industries. Ndlovu (2013) has also the view that establishing SEZ's in Local Authorities would achieve the National government's commitment of resuscitating the closed industries. Ndlovu (2013) argues that revived industries would substitute imports of goods and services since the local industries would be operational. Mutara (2014) has it that employment would be created in the industries, hence, alleviating poverty and improving the standards of living of the populace. One can argue that the view of Mutara (2014) of alleviating poverty is in line with the Sustainable Development Goal number 1 which seeks to eradicate extreme poverty for all people everywhere by 2030, hence, establishing SEZs would address the International Objective of ending poverty through job creation in the revived firms.

#### 2.2.2 The role of ZIM-ASSET on Value Addition and Beneficiation

According to the Zimbabwean National Press, The Herald of 22 October 2014, Political Analyst Bothwell Zimbudzana asserted that Local producers of raw materials will be given the opportunity to transport their produce into the SEZ's for value addition and beneficiation before exportation. Mutara (2014) asserted that the value addition process would foster employment creation to the community and that would alleviate poverty. For instance, eradication of poverty is also spelled out by United Nations Development Goal number 1 also known as Millennium Development Goal (MDG 1) which seeks to alleviate extreme poverty and hunger and this is also in line with what is enunciated in the Sustainable Development Goal Number 1 which seeks to end poverty in all its forms everywhere by 2030. According to Norton Council, 165<sup>th</sup> Council Minutes, Norton is surrounded by two dams which are Lake Chivero and Darwendale dam making fisheries the main source of employment in the informal sector. Therefore, 165th Council Minutes spells out that if the industrial sector in Norton is resuscitated, there could be possibly a company which manufactures tins for canning fish before exportation to other countries and in this case value addition and beneficiation could be noted since all activities would be done in one zone before the product is exported. 165th Council Minutes asserted that those who would be providing labour by canning fish would be employed in that firm, hence, a replica of empowerment and employment creation. One can be tempted to argue that value addition and beneficiation on SEZs would be addressing the ideals of National Blue Print ZIM-ASSET strategy for economic recovery in empowerment and employment creation.

#### 2.2.3 Business development as a SEZ Strategy

Clarke (2007) has it that local authorities should create an enabling environment for the investor. In light of this, Motsi (2011) has the view that local authorities should provide incentives for companies to expand and there should be a market for that investor such that the businesses would thrive. For example, if the firm manufactures shoes like Bata Shoe Company in Gweru, there should be a market for the investor such that the investor could be able to retain the money invested through realizing the

profits by selling the finished products to the local market. In this regard, local community should provide a market for the investor.

#### 2.2.4 The role of value addition and beneficiation on employment creation

According to the Zimbabwean National Press, The Herald of 29 April 2015, Political Analyst Mr Chimombe has been quoted expressing that Zimbabwe's manufacturing sector should start prioritising value addition and beneficiation on raw materials before exportation. In this regard, Chimombe has the view that the Government should strongly discourage local firms from exporting unrefined primary products. Political Analyst Mr Chimombe argues that the embargo to export raw materials will promote local processing of a Country's resources into higher value goods before exportation. Mutara (2014) asserted that the operational of local firms would spur employment for the community, henceforth spearheading the objective of Zim-Asset which emphasizes on employment creation and alleviating poverty. Ndlovu (2013) has it that eradication of extreme poverty and hunger would be in line with the MDG number 3 which also spells out the eradication of extreme poverty and hunger by 2015.

#### 2.3 Promotion of Local Economic Development

World Bank (2010) defines Local Economic Development (LED) as an approach aimed at accomplishing competitiveness, job creation, economic growth and poverty mitigation. In this respect, the establishing of SEZ's in local authorities would promote LED through creating jobs, poverty alleviation and economic growth and that would result in better living standards of the community.

Swinburn (2006) asserted that LED encompasses the business community, private sectors who work collectively to create better conditions for economic growth and employment creation. Swinburn (2006) has it that the public community consists of people who manage their own resources. In this context, that would be a replica of empowerment in Zimbabwe.

According to Clarke (2007) LED identifies people and firms in their area that are best able to streamline economic conditions that will stimulate growth that is required to create jobs, increase the standards of living of the populace and eventually reduce poverty. Clarke (2007) argues that by adapting to LED, people in the locality can work out ways of attracting investment in their local area. In this regard, Mutara (2014) has the view that the establishing of SEZ's in local authorities grows the local economy and start businesses that will retain income in their area through opening up the closed industries.

#### 2.3.1 Actors in LED

- ♣ National Government
- ♣ Local Governments
- **Businesses**
- Communities
- **4** Industries
- Private Sectors

#### **National Government and Local Governments**

According to Clarke (2007) it is asserted that various actors of LED play focal roles in promoting LED. Clarke (2007) has it that the National Government and Local Governments have the role to offer legal policy framework which provides an investor friendly environment for business development. For example, both National Government and Local Governments provide effective and efficient service delivery to the community like infrastructural development, road maintenance and providing clean water to the community. In light of this, Ndlovu (2013) argues that these services would help to entice the investors to come and invest in the zone. Ndlovu (2013) asserted that investors usually shun an area where there is poor service delivery and dilapidated infrastructure.

#### **Private Sectors**

Swinburn (2006) asserted that Private Sectors bring in investment through Public Private Partnerships (PPP). In this regard, Swinburn (2006) asserted PPP spur employment through opening up the closed firms. Ndlovu (2013) postulated that private sectors help in resuscitating the ailing industries and restore productivity in the industrial sector such that the community could get employment.

#### The public community

According to Clarke (2007) it is asserted that the public community provides market for manufactured goods in industries and providing labour by working in the industries. Clarke (2007) has it that the goods that could be manufactured in the industries need a market such that the investor would realize his or her profit and usually the targeted market could be the local community. Clarke (2007) argues that the community plays a pivotal role by purchasing the manufactured commodities in the industries and firms as well as providing labour by working in the expatriate firms. Clarke (2007) has it that there could be improved standards of living and poverty eradication since the local community could be employed in the expatriate firms.

#### **Industries**

Swinburn (2006) also asserted that industries provide employment for the community and they pay taxes to local authorities thereby increasing the revenue inflow of a local authority. In light of this, Swinburn (2006) argues that the employment opportunities given to the local community by the expatriate firms will help to eradicate poverty and improving the standards of living of the populace. Ndlovu (2013) has the same view and it is asserted that poverty alleviation is in line with Millennium Development Goal (MDG) number 3 which seeks to eradicate extreme poverty and hunger and one can note that this is a replica of the National Blue Print (ZIM-ASSET) second cluster which spells out about Social Services and Poverty Eradication.

#### 2.3.2 Characteristics of LED

According to World Bank (2010) LED aims at creating sustainable economic growth and it has the following characteristics:-

- ♣ It aims at building up the economic capacity of a local area and to improve its economic future. In this respect, the economic capacity of a local area can be achieved through resuscitating the closed industries such that there would be a circulation of money in that area and the economic future can be achieved through goods that would be manufactured from the local industry and exported from the Country.
- ♣ To enhance employment creation and this can be achieved through resuscitating the ailing industries.
- ♣ To improve local ownership, community ownership and joined decision making and to capitalise on the use of economic resources and skills and maximises opportunities for development. LED also seeks to empower local participants to effectively utilise business enterprise, labour, capital and other resources to achieve local priorities and this is a replica of indigenisation and black economic empowerment.

One can note that the characteristics of LED results in employment creation for the local community, empowerment, improved standards of living and poverty alleviation, hence, the characteristics of LED are a replica to the prospects of establishing SEZ's in local authorities.

#### 2.3.3 Reasons for LED

Clarke (2007) argued that LED came into spotlight due to the inability of National Government to respond to the communities in a way that directed growth to developing cities. Swinburn (2006) asserted that LED came into existence due to the drying up of Central government's funds and the shifting of various responsibilities

from National Governments to local governments for example providing services to the community like maintaining of roads and infrastructural development which has shifted from National Governments to local governments. Motsi (2011) asserted that since the responsibilities have shifted from the Central Government to Local Government, the local government should therefore develop their own economic blueprints or developmental plans to suit their needs. In this context, local authorities should adapt to SEZ's in order to increase FDI, spur employment through resuscitating the distressed industries, infrastructural development and economic growth of zones where SEZ's could have been established. Clarke (2007) asserted that LED was promoted as a possible local solution to local problems through bottom up development for achieving economic development.

#### 2.3.4 Benefits of LED

Clarke (2007) asserted that LED proffers many benefits and amongst them include:-

- > The economy is locally driven and people in the local area can work out ways of attracting investors and start business that will retain income in their area.
- ➤ It promotes democracy since it is participatory orientation where it allows all levels of society to participate in decision making hence, decentralised mechanism.
- ➤ It allows local, provincial and regional governments and their communities to shape their local areas and ensure that industry and infrastructure work well for investors.
- ➤ It embraces Small to Medium Enterprises (SME's) by accommodating the informal sector.
- ➤ It promotes local ownership, local leadership and joined decision making.

➤ It allows black economic empowerment that would create business opportunities and households can improve their livelihoods.

#### 2.3.5 Regulatory framework for LED

The regulatory framework of the country gives local authorities in Zimbabwe the responsibility for LED in their areas. According to the Rural District Councils (RDC) Act Chapter 29:13, Section 74(1) states that a Council shall have power and authority to promote development of the council area, formulate policies and prepare annual development plans and other plans for the council area. Mutara (2014) argues that Local Authorities should come up with their Blue-Prints or Developmental Plans that would foster development in Local Authority's area of jurisdiction like adapting to the establishing of SEZ's which would create employment through resuscitating the closed industries by partnering with FDI, poverty alleviation and improvement in standards of living of the community.

#### 2.3.6 The Economic Base Theory of LED

Clarke (2007) argued that the Economic base theory is based on the assumption that the local economy is divided into two general sectors which are the basic sector or non-local sector and non-basic or local sector.

#### 2.3.6.1 The basic sector/non local sector

According to (http://www.economist.com) the economic base theory is the means of strengthening and growing the local economy by developing and enhancing the basic sector. Clarke (2007) has it that the basic sector is identified as the engine of the local economy also called the economic base of the local economy. Swinburn (2006) argues that the basic sector is made up of local businesses that are entirely dependent upon external factors or local resource oriented firms for example the manufacturing sector is considered to be the basic sector since their fortunes depends largely upon non local factors and they usually export their goods and services. Clarke (2007) asserted that the remarkable economic development of Countries such as Singapore

and Japan are attributed to their success in exporting goods and services and this is precisely the same concept underpinning the economic base theory. Clarke (2007) argues that by exporting goods out of the region, monetary payment flow into the region which leads to increased demand for locally produced goods and services. World Bank (2010) has it that those industries that exports goods and services beyond their boundaries are therefore referred to as basic sectors.

#### 2.3.6.2 Non basic sector/local sector

According to (http://www.economist.com) non basic sectors are composed of firms that depend upon local business conditions for example local grocery shops, vendors and all informal traders who sell their goods to the local households. Non basic sector would lead to the promotion of Small to Medium Enterprises (SME's) and allows the circulation of money (www.glencoe.com). Clarke (2007) has it that the circulation of money in an area would result in poverty eradication and improved living standards of the community.

## 2.4 Lessons that can be learnt from Countries that engaged successfully in SEZ's such as China

According to Chitambara (2003) SEZ's in China flourished due to Public Private Partnership (PPP). Chitambara (2003) has it that the private sector provided certain level of support through infrastructural development and soft loans as a way to spearhead the implementation of SEZ's in the zones. Bhaskar (2007) asserted that SEZ's in China were greatly successful and they have transformed the economy of the host country through creating sufficient attractive business environments which could spur employment for locals, regionally and internationally. According to Prowling (2005), it is asserted that the economic growth rate rose and there was improvement in the living standards of the populace. Bhaskar (2007) asserted that there was poverty eradication since majority of the people was now employed.

According to Joanna (2007) it is asserted that the first SEZ's in China were created in 1980 in the south eastern coastal of China and consisted of the small cities of Zhuhai,

Guangdong and Fujian province. Joanna (2007) has it that in these established zones, local governments were mandated to develop infrastructure in their areas of jurisdiction, offer tax incentives to foreign investors without the approval of the Central Government as a way to entice investment into the zones.

Prowling (2005) asserted that the Central Government in China played an important role by providing clear and transparent legal policy, upholding the rule of law, offering incentives and regulatory frameworks that could boost business expansion rather than deterring it and as such, the establishing of SEZ's in China flourished.

According to Christine (2006), it is asserted that there were no restrictions for a business entering a SEZ in China and as such, competition was intensified and that contributed to the growth of the economy.

Bhaskar (2007) has it that there were challenges in the establishing of SEZ's in China and these include rampant exploitation of workers due to long working hours and poor wages in return, forfeiture of government's revenue. Prowling (2005) also asserted that the establishing of SEZ's has also been criticised for the negative socioeconomic bearings particularly in relation to the exploitation of women due to suppression of labour rights including being banned to engage in trade unionisation.

#### 2.5 SUMMARY

This chapter reviewed related literature by other researchers, scholars and authors pertaining to the history of SEZ's in Zimbabwe, challenges and prospects of establishing SEZ's in local authorities. The chapter also unearthed the prospects of SEZ's as enshrined in the National Blue Print strategy for economic recovery Zim-Asset (2013-2018), the role of FDI in creating employment and how it could lead to economic growth, lessons that could be learnt from countries that engaged successfully in SEZ's such as China and Turkey. The next chapter will delve into the research methodology that will be used to gather information from the field.

#### **CHAPTER 3**

#### RESEARCH METHODOLOGY

#### 3.0 INTRODUCTION

This chapter deals with issues relating to data collection methods that were used during research. This section also shows how the research was designed, sampling procedures, population, data collection, analysis and presentation, ethical considerations and the relevant instruments used.

Saunders (2007:45) has it that research requires a systematic approach to finding answers to research problems. Greenwood and Mayor (2010:26) also described research as an inquiry undertaken with and of standardized procedure in order to obtain information. The procedure involved in data collection must be orderly, systematic and repeatable to verify the information.

This chapter includes an explanation of the research design used by the researcher and also the target population which consist of all the people from which data was collected. Justifications are provided for research designs and sampling techniques and procedures selected for this study.

#### 3.1 Research Design

According to Ghosh (2004:27) a research design is a plan of the proposed work that provides guidelines to help a researcher to keep along in the right direction. It is a plan for collecting and utilizing data so that desired information can be obtained with sufficient precision. Also according to Kimmer and Taylor (2005:183) a research design is a master plan that specifies the methods and procedures for collecting and analysing needed information. In other words it is a plan which depicts the nature of the research done. A research design is a plan, of what to gather, from whom, how and when to collect the data.

The research design showed a set of methods that was chosen to obtain data from the target population and the sampling procedures followed. Kruger *et al* (2006:156) adds that a research specifies the details of the procedures necessary for obtaining information needed to structure and solve the problem. In this study, a descriptive survey design was used with structured questionnaire and interviews as the main research tools for collecting data from respondents.

### 3.2 Population

Target population is a group of people a researcher wants to study, also called universe (<a href="www.glencoe.com">www.glencoe.com</a>). In other words a target population consists of all people or objects from which data is to be collected.

Population is defined as a group of individuals or items that share one or more characteristics from which data can be gathered and analysed. The population for an is the of all elements under enquiry totality investigation (www.investorwords.com/3738/population). Brink and Woods (2004:96), Burns and Groove (2003:68), Polit and Hungler (2005:90), Roberts and Burk (2009:38) defined population as the entire group of persons or objects that is of interest to the researcher or in other words that meets the criteria the researcher is interested in studying. Hence in this regard, the target population is Norton Town Council employees, Workers Committee members, councillors and residents of Norton. The population was drawn from the five departments of the council and these are the Central Administration, Health, Engineering, Finance, Housing and Community Services and the Norton Community. The table below shows the populations and sample sizes by departments and Norton residents.

**Table 1: Population and Sample size** 

DEPARTMENT	POPULATION	SAMPLE
CENTRAL ADMINISTRATION	80	6
ENGINEERING	66	5
HEALTH	72	6
FINANCE	27	7
HOUSING AND COMMUNITY SERVICES	32	5
COUNCILORS	13	3
WORKERS COMMITTEE	10	5
TARGETED NORTON RESIDENTS	67 291	10
TOTAL	67 591	47

Source: Primary data

### 3.3 Sampling

According to Best and Khan (2009:32), a sample is a part of the fraction of the whole, or a subset of the larger set selected by the researcher to participate in a research project. Neuman (2003:45) asserted that sampling is a subset of the total population which is considered to be representative of the characteristics of a population. Out of the population of sixty seven thousand five hundred and ninety one, forty seven was considered as the sample for the purpose of this research which is focussing on challenges and prospects of establishing SEZ's in Norton.

### 3.3.1 Sample size

The researcher made use of 47 respondents as the study sample. Wegner (*ibid*) recommends sample sizes which are:  $n \ge 30$  therefore, this sample size is adequate.

### 3.3.2 Sample procedure/Technique

The researcher made use of purposive and stratified random sampling methods. The heads of department were encompassed in the sample of their corresponding departments due to their noble and dexterity ideas of knowing better than any other employees, and this type of sampling is known as purposive sampling. According to Maxwell (2002; 77) it is asserted that "...purposive sampling is standard based selection, it is a strategy in which specific settings, persons or events are nominated purposefully in order to provide imperative information that cannot be acquired from other selections" The stratus was obtained from the Council employees and residents of NTC, therefore stratified random sampling. The researcher engaged the Administration Officer in order to get the names of the employees in each department. The researcher read the employees names and the fifth employee became part of the sample until the number that was needed was reached. The heads of departments were incorporated automatically as key informants. Residents were interviewed randomly basing on whether they were employed or not. The researcher assumed that those who are employed could provide better information pertaining to the research unlike the unemployed.

### 3.4 Research instruments

There are various approaches for conducting research like personal interviews, observations, mail surveys, focus group discussions, projective techniques and telephone interviews. In this particular study the researcher made use of interviews and questionnaires.

#### 3.4.1 Interviews

This is a face -to- face conversation which aims at obtaining data that is one on one, in which an interviewer asks the questions and the response coming from the interviewee.

An interview was defined by Fielding (2003:29) as, "...a planned conversation during which questions are asked and answered." It is the collection of primary research data

by questioning the respondents to obtain their responses. Kotler (2000:109) highlights that surveys like personal interviews are best suited for descriptive research and help companies to learn about people's knowledge, beliefs, preferences and satisfaction and to measure these magnitudes in the general population. Personal interviews have the following advantages:

- ➤ The target population could be controlled, that is the researcher chose the respondents basing on a certain criterion, for example the residents who were interviewed are employed. The researcher assumed that those who are employed could provide better information pertaining to the challenges and prospects associated with establishing Special Economic Zone in Norton unlike those who are unemployed.
- ➤ Instant feedback was obtained from the respondents pertaining to the challenges and prospects of Establishing Special Economic Zone in Norton.
- The researcher had a room for clarification from the informants on challenges and prospects associated with establishing Special Economic Zone in Norton.
- There was room to read body language, therefore the researcher could easily depict that the respondent was not aware of the question asked pertaining to the challenges and prospects associated with establishing Special Economic Zone.

### Disadvantage of personal interview

This technique has the weakness that the respondents gave information that they assumed the researcher wanted to hear pertaining to the challenges and prospects associated with establishing Special Economic Zone in Norton. However, the researcher tried to go around this problem by explaining the purpose of the research and ensuring confidentiality of the information that was being provided.

### 3.4.2 Questionnaires

A questionnaire consists of a set of questions presented to respondents for answers. Because of its flexibility, the questionnaire is by far the common instrument used to collect primary data. Questionnaires need to be fully developed, tested and debugged before they are administered on a large scale. In this particular study the researcher had to use questionnaires comprising both closed-end questions and open-end questions. Closed-ended questions provide answers that are easier to interpret and tabulate. Open-ended questions often reveal more because they do not constrain respondents' answers. Questionnaires ensure anonymity of respondents thereby promoting honest responses.

The researcher tried as much as possible to make questions flow in a logical manner. A lot of care was taken in wording and sequencing questions. The questionnaire used simple, direct, unbiased wording and was pretested with the sample of respondents before it was used. The lead question was structured in a way that created interest, difficult questions and personal questions were asked towards the end so that respondents do not become defensive early.

### 3.5 Validity and reliability

Reliability is a matter of whether a particular technique, applied repeatedly to the same project would yield the same result each time, Leedy (2004). Golofshani, (2003) states that the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable.

Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are (Golofshani, 2003). Within the positivist terminology, validity resided amongst and was the result and culmination of other empirical conceptions: universal laws, evidence, objectivity, truth, actuality, deduction, reason, fact and mathematical data to name just a few (Winter, 2000). The researcher ensured that all data collecting instruments branded the respondent organization by name so that respondents could provide information pertaining to the

organization and not general perceptions. Data collected was cross referenced to already existing primary and secondary data.

The researcher used triangulation as a typically testing strategy for improving the validity and reliability of research or evaluation of findings. This helped the control of bias and establishment of valid propositions. Patton (2002) advises that triangulation strengthens a study by combining methods. The researcher used questionnaires and interviews as research instruments.

### 3.6 Data presentation and analysis

This is an illustrate method to the information collected during the study. The data collected from questionnaires and interviews was first organized before being analysed. Tables and pie charts were used to present collected data. Collected data from the participants was organised and analysed to enable the researcher to summarise and evaluate the findings. Analysis was also made using graphs and pie charts and also by making reference to literature cited in chapter 2. The findings were interpreted, communicated in accordance with responses to questionnaires. Comparison with previous research results was done and suggestions and recommendations were done.

### 3.7 Ethical considerations

The researcher ensured that ethical principles were observed. The respondents were briefed on the objectives of the study before participating. Participating in the study was voluntary and identification of participants remained anonymous. It was also important for the researcher to ensure that participants were comfortable and free from physical or psychological harm. Confidentiality was assured to all respondents. More caution was exercised as on respect and non-coercion to the participants since non respect and coercion would result in the false responses or low participation turnout.

### 3.8 Summary

The chapter described the research design used by the researcher, population under study, sample and research instrument used to gather information. Data collection procedures, data presentation, data analysis were spelt out. Ethical considerations were also highlighted. The next chapter focuses on data presentation and analysis.

### **CHAPTER 4**

### DATA PRESENTATION AND ANALYSIS

### 4.0 INTRODUCTION

This chapter presents the research findings and discussion of them. The principal aim of data analysis is to extract all the relevant data which are hidden in the mass of collected raw information. Before proper analysis commences, that data has to be prepared by three operations; editing, coding and data capturing. Editing comprises the scrutiny of questionnaires for a number of criteria; adherence to sample requirements, relevance, completeness, legibility, comprehensibility, consistency and uniformity. The next step is the process of coding whereby data is categorized and identified by assigning a code. Codes can be assigned to the various answers before the questionnaire is filled in (pre-coding) or afterwards (post-coding). Data capturing, that is key- punching and verifying, can be done from coding sheets or edge-coded questionnaires or by means of direct punching, mark-sensed entries, respondent mark sensed entries or direct computer entries. After data preparation has been completed, the masses of raw data are grouped together to facilitate interpretation. Groupings can be one-way or univariate frequency distributions, measures of central tendency, measures of dispersion, and /or cross-tabulations.

### 4.1. GENERAL FINDINGS AND VALIDATION OF RESEARCH PROPOSITION

General findings relate to the research proposition and key research objective as identified in Chapter One. In terms of the main research proposition, Norton residents were failing to pay their financial arrears to Council due to unemployment which was exacerbated by heavy de-industrialisation in the town. The research proposition is therefore validated. With specific reference to the main research objective which is to establish SEZs in Norton from the period January 2016 to December 2018 as a way to spur employment to the community and improve the standards of living of the populace, the research findings confirm that this research objective has been met as

the specific research findings detail out the prospects of establishing SEZs as a way to entice investment in Norton such that jobs would be created.

### 4.2 QUESTIONNAIRE RESPONSE RATE

**Table 4.1** Total and disaggregated response rates

<b>Description of Respondents</b>	Questionnaires Sent	Questionnaires Completed	Response Rate as a percentage
Norton Council Staff	37	29	78%
Norton Residents	10	7	70%
TOTAL	47	36	77%

The data presented above reflects the number of people who participated in the study and deemed representative of the whole population. The response rate was 77% which is quite high because most respondents completed the questionnaires whilst the researcher was awaiting therefore the chance of non-return was minimal.

### 4.3 ESTABLISHING SPECIAL ECONOMIC ZONE IN NORTON

To understand the conceptual framework relating to establishing SEZ in Norton, the questionnaire asked a number of questions based on the prospects associated with establishing SEZ in Norton and the results are given below.

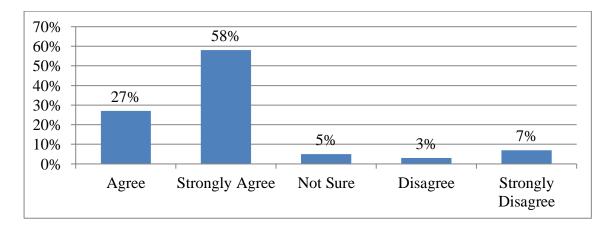


Figure 4.2 Prospects of establishing SEZ in Norton

The survey results reveal that 85% of the respondents do concur that establishing SEZ in Norton would spur employment to the community. In light of this, the informants argued that employment creation would be realized through the revived firms which could spur jobs to the community. In regard to this, employment generation in the revived firms would be in line with the ideals of the Constitution of Zimbabwe Amendment [No 20] Chapter 2 Section 14(1) which enunciate about employment creation to the populace. Hence, literature review supporting employment generation is validated. Employment creation in the revamped industries would also address the objective of the National Blue Print, Zim-Asset (2013 to 2018) of creating employment to the populace. As depicted in **Figure 4.3**, 10% disagree that establishing SEZ create employment to the community and 5% of the respondents are not sure.

## 4.3.1 Establishing of SEZ in Norton helps to improve the standards of living of the populace

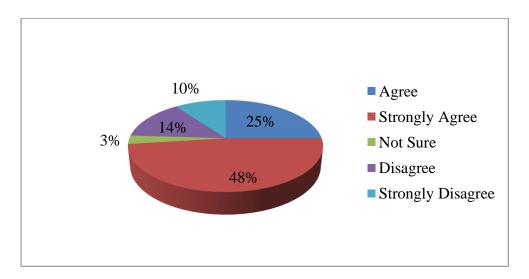
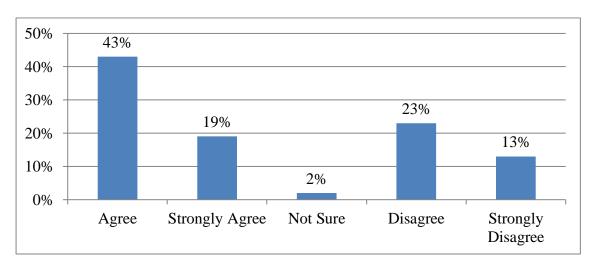


Figure 4.3

The study findings indicate that 73% of the respondents do concur that establishing SEZ in Norton would improve the standards of living of the populace whilst only 24% of the respondents disagreed. In light of this, one has to note that the respondents expressed that establishing SEZ improves the living standards of the populace through job creation in the revived firms. Job creation in the revived firms would be in line with the view of Christine (2006) who asserted that establishing SEZ create immense

employment opportunities and improves the standards of living of the populace. However, 3% of the respondents were not sure of the sentiment as shown in **Figure 4.3.** 

## 4.3.2 Aim of Zim-Asset (2013-2018) of resuscitating the closed industries and enhancing employment creation



**Figure 4.4** Aim of Zim-Asset in resuscitating the closed industries and promote employment creation

The findings from the diagram above show that 62% of the respondents do concur that the aim of the National Blue Print, Zim-Asset (2013-2018) of resuscitating the closed industries enhances employment creation. In this regard, the informants expressed that job creation would be realised due to the fact that industries would be revived, therefore the community would be employed in those revamped firms. The objective of Zim-Asset of revamping the closed firms and creating employment as enunciated in Chapter 2 of the Literature Review is therefore validated. Survey results indicate that 36% of the respondents are not in notion with the sentiment that the aim of Zim-Asset of resuscitating the closed industries enhances employment creation. Respondents highlighted that Zim-Asset has not materialised any tangibles so far since it was put in place, therefore the informants argued that it would be impossible to create employment for the locals since the Country's economy is on its knees to fund Zim-Asset such that it would yield positive results. **Figure 4.4** shows that 2% of

the population is not sure whether the aim of Zim-Asset of resuscitating the ailing industrial sector could spur employment.

### 4.3.3 SEZ in accelerating the growth of the economy out of dire stagnation

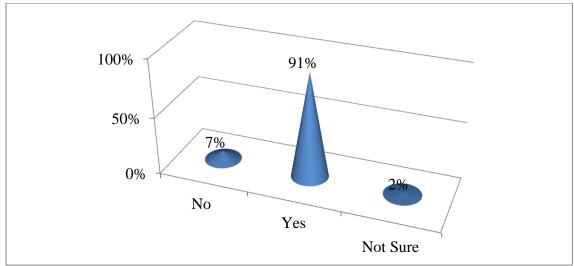


Figure 4.5

According to research results as shown in **Figure 4.5**, 91% do concur that establishing SEZ in Norton would help to accelerate the growth of the economy out of dire stagnation. From the information obtained from the respondents, it was highlighted that the growth of the economy could be realised through the functional of local industries and the respondents expressed that products that could be manufactured in Norton would be exported to other countries thereby injecting income to the locals and that would subsequently lead to a rise in Gross Domestic Product (GDP) and Gross National Product (GNP) per capita. The functional of local industries salvage the economy out of dire stagnation and this is in line with the views of Mutara (2014) who reiterates on Buy Zimbabwe Principle in order to boost the economy of Zimbabwe through promoting the functional of local industries. Arising from **Figure 4.5**, 7% of the respondents do not concur that establishing SEZ will foster production in the ailing industrial sector in Norton and 2% is not sure.

### 4.4 Providing incentives to the business community as a way to entice investors

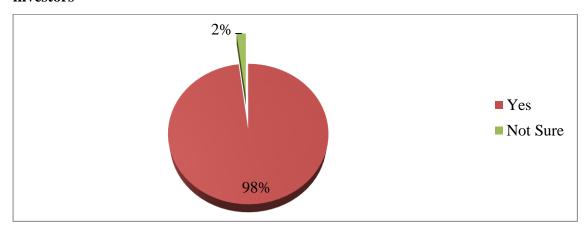


Figure 4.6

In terms of the results highlighted in **Figure 4.6**, 98% of the respondents agree that Norton Town Council provide incentives to the Business Community as a way to entice investment into the Town. The informants expressed that there is issuance of cheap land for business development and the rates are low to the businesses premises compared to other Town Councils, this is so because Norton Town Council seeks to entice investment into the Town. This is in line with Clarke (2007) who argues that both National Governments and Local Authorities should provide an investor friendly environment for business development, hence, attracting investors. 2% of the informants are not sure that whether Norton Town Council provides incentives to the Business Community.

# 4.5 Challenges facing Norton Town Council in ensuring empowerment and employment creation as enshrined in Chapter 2 of the Constitution Amendment [No 20] Section 14(1)

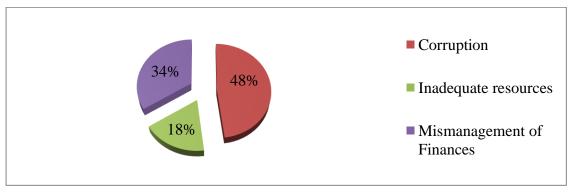


Figure 4.7

Survey results indicate that 48% of the respondents expressed that the chief barricade in ensuring empowerment and employment creation in Norton Town Council as encapsulated in the Constitution of Zimbabwe Amendment [No 20] is corruption. In this regard, informants argued that corruption is the flavour of the moment therefore the resources which could be meant for empowerment could end up being personalised, and as such that will impede empowerment and employment creation to the locals. 34% of the respondents argued that mismanagement of finances are hampering the flourishing of empowerment and employment creation in Norton. 18% of the informants felt that inadequate resources are acting as a barrier to empowerment and employment creation for the community in Norton.

### 4.6 CHALLENGES ASSOCIATED WITH ESTABLISHING SEZ IN NORTON

The establishing of SEZ in Norton is associated with many challenges which hamper the SEZ concept to thrive. The research sought to investigate by asking respondents views on the challenges associated with establishing SEZ and the results are captured in **Figure 4.8.** 

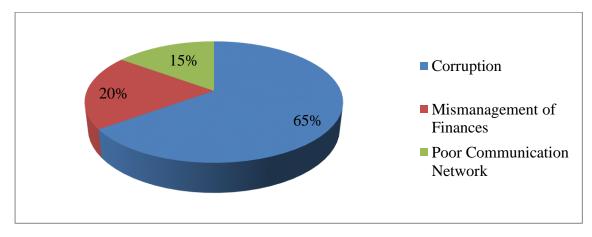


Figure 4.8.

The findings from the above diagram denote that 65% of the respondents argued that corruption would hamper the establishing of SEZ in Norton. In light of this, the respondents expressed that those who would be spearheading the implementation of SEZ could be corrupt thereby ending up diverting the resources which were meant to

develop the zones to their personal use. 20% of the respondents expressed that mismanagement of finances could act as a barricade to implement SEZ in Norton. According to survey results given in **Figure 4.8**, 15% of the respondents argued that poor communication facilities could be a challenge to implement SEZ in Norton. 15% of the respondents expressed that the main roads in Norton are potholed and the rest are dust roads, furthermore, Norton has not adapted to the use of Information and Communication Technology (ICT) therefore, it would be difficult to hold business conversations (meetings) via Video Conferencing with the foreign investors who would be in their expatriate Countries.

20% of the respondents also highlighted that establishing industrial SEZ in Norton would lead to water, environmental and air pollution. Furthermore, some informants suggested that there would be resistance to the establishing of SEZ in Norton. In this regard, informants expressed that currently, Norton does not have enough land for business development, henceforth, with the establishing of SEZ, NTC would be encroaching towards nearby farms. Therefore, farmers would resist this concept of establishing SEZ because they would be afraid to be evicted from their farms.

### 4.7 PROSPECTS OF ESTABLISHING SEZ IN NORTON

The research sought to unearth the prospects of establishing SEZ in Norton.

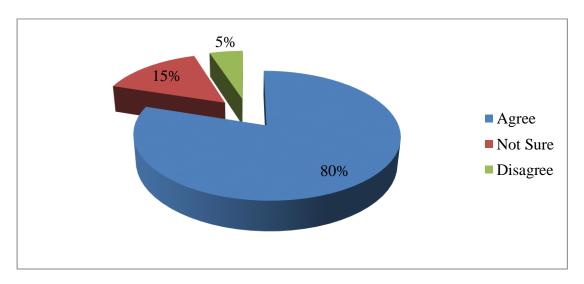


Figure 4.9

In terms of the research findings, 80% of the informants do concur that establishing SEZ in Norton would spur employment for the locals. In this retrospect, employment creation could be realised through opening up the closed firms and re-opening up of the revived industries through partnering with FDI. 15% of the respondents are not sure. **Figure 4.9** denotes that 15% of the respondents do not agree the notion that establishing SEZ in Norton would spur employment for the locals. Some informants argued that due to economic crisis characterised by the use of multicurrency system some firms are closing down as a result of the economy which is stagnant.

### 4.8 Measures devised by Council to enhance employment creation and improving the standards of living of the populace

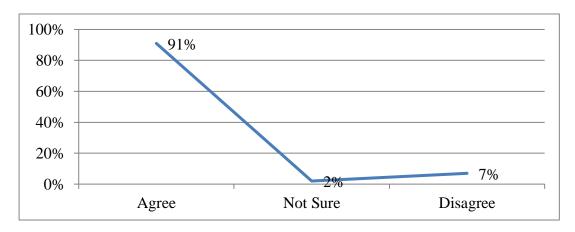


Figure 4.10

In terms of the results highlighted in **Figure 4.10**, 91% of the respondents do concur that Norton Town Council enhances employment creation to the locals through promoting the informal sectors which are Small to Medium Enterprises (SMEs). In this regard, the informants argued that promotion of informal sectors improves the living standards of the community and it also allows the circulation of money within an area which could end up eradicating poverty. In light of this, the sentiment by Swinburn (2006) in Chapter 2 of the Literature Review which purports that establishing SEZs enhances circulation of money within the zones which could reduce poverty and improves the standards of living of the populace is therefore validated. 2% of the respondents are not sure. 7% of the respondents do not agree that Norton Town Council promotes SMEs as a way to improve the standards of living of the populace.

### **4.9 Chapter Summary**

This chapter has presented and analysed data which was collected through pie charts, graphs and tables. This chapter has brought to light the challenges and prospects associated with establishing SEZ in Norton and ways that can be devised by Council to enhance employment creation and improve the standards of living of the populace.

### **CHAPTER 5**

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### 5.0 INTRODUCTION

The main purpose of the research was to critically examine the challenges and prospects of establishing Special Economic Zones in Local Authorities using a case of Norton Town Council. The chapter deliberates a brief summary of the research from the first chapter to the last chapter. It also covers the major conclusions that are derived from the findings of the study and the researcher's recommendations.

### 5.1 SUMMARY

The major objective of the research was to establish SEZs in Norton Town Council as a way to spur employment for the community, improve the standards of living of the populace and to castigate poverty from the period January 2016 to December 2018.

The first chapter of this study covered the underlying motivations for conducting the study which were reasons behind establishing SEZ in Norton Town Council, Challenges and Prospects, background of NTC, statement of the problem, research objectives, research questions, research proposition, research assumptions, scope of study, significance of the study and limitations.

Chapter two covered the conceptual framework of establishing Special Economic Zones in Norton Town Council. The theoretical framework covered areas such as the purpose and the reasons behind the establishing SEZs, challenges and prospects. The chapter also traced back the history of SEZs in Zimbabwe which were once

established as Export Processing Zones. The role of the Constitution of Zimbabwe Amendment [No 20] in ensuring empowerment and employment creation was elucidated. The chapter also delved on the role of Zim-Asset in resuscitating the closed industries as a way to spur employment and the role of SEZ in promoting LED was also discussed. The chapter clinches by discussing Countries that engaged successfully in implementing SEZs such as China.

Chapter three deliberates about the research methodology used by the researcher when conducting research. The research design showed a set of methods that was chosen to obtain data from the target population and the sampling procedures used. Population was the group of people the researcher wanted to study and in this case the target population was sixty seven thousand five hundred and ninety one.

The data that was collected by the researcher was presented using tables, pie charts, bar charts and it was analysed. The researcher found that NTC made efforts in advancing empowerment and employment creation through the promotion of SMEs. The research findings indicate that industries in Norton need to be revamped as a way to create employment to the community and improve the standards of living of the populace. The respondents expressed that SEZ should be established in Norton such that jobs would be created. The informants argued that employment creation would improve the living standards of the populace and alleviate poverty. Sampling is a subset of the larger set selected by the researcher to participate in a research project, in this case the sample was forty seven therefore, the sample size was adequate since Wegner (*ibid*) asserted that sample sizes should be: n≥30.

Research instruments which were used by the researcher are questionnaires and personal interviews. Interviews were advantageous in that instant feedback was obtained and there was room for clarifications, however, the drawback was that the respondents were giving information that they assumed the researcher wanted to hear.

Chapter four delves on the research findings and discussions. The chapter presents the information collected during the study, and the gathered information was presented in the form of tables, graphs and pie charts.

The study's proposition is that Norton residents were failing to pay their financial arrears to Council due to unemployment which was exacerbated by heavy deindustrialisation in the town. In light of the study's findings it is quite evident that there is need to establish SEZs as a way to create employment to the community.

### 5.2 SUMMARY OF FINDINGS

From the research findings, one can concise that establishing Special Economic Zone in Norton would help to spur employment to the community through revamping the closed industries.

Resuscitating the industrial sector in Norton would improve the standards of living of the populace and eradicate poverty since people would be employed and poverty eradication through resuscitating the closed firms would be in line with the Sustainable Development Goal Number 1 which seeks to end poverty and all its forms by 2030.

Norton Town Council should practise good ethical behaviour, shun corruption, improve its infrastructure, communication networks, and align these communication networks with the objectives of the National Blue Print, Zim-Asset (2013-2018) in order to attract investors into the Town.

Norton Town Council should devise and embrace employment creation to the community through promoting the informal sectors by injecting finance to Small and Medium Enterprises and upholding the Indigenisation and Economic Empowerment Policy.

#### 5.3 CONCLUSIONS

From the research findings, it can be concluded that:-

The SEZ should be established in local authorities as a way to entice investment and spur employment in the revived industries.

Establishing SEZs would help to increase the revenue inflows of local authorities since residents would be now paying their financial obligations to Council due to employment spurred in the revived firms and the industries and firms could also be paying rates to the Council, hence, effective and efficient service delivery would be proffered to the community since the council could be financially capacitated.

Establishing SEZ helps in accelerating the growth of the economy out of dire stagnation due to the fact that exportation of finished products will help in bringing in foreign currency and this will also lead to an increase in GDP and GNP per capita.

Establishing SEZ in Norton helps in improving the standards of living of the community since the locals would be employed in the revamped firms.

Establishing SEZ has drawbacks and amongst the challenges includes corruption, lack of resources, pollution, poor communication networks and power cuts.

### 5.3 RECOMMENDATIONS

Against a background of unfavourable findings Norton Town Council needs to consider the following recommendations seriously in order to increase its revenue inflows, improve the standards of living of the populace, castigate poverty and spur employment.

From the informants' responses, the researcher noted the measures or recommendations that can be put in place to enhance employment creation, castigate poverty and improve the standards of living of the populace in Norton. Amongst the measures include:-

Promotion of Small and Medium Enterprises (SMEs) as a way to castigate poverty and improve the standards of living of the populace.

NTC should inject finance to SMEs as a way to boost the economy of the populace in Norton.

NTC should rehabilitate the infrastructure as a way to entice the investors.

NTC should practise good ethical behaviour so as to shun corruption such that developmental plans would thrive.

#### **APENDENDICES**

### Appendix 1 Questionnaire for Council Staff

### RESEARCH INSTRUMENT

### Questionnaire

Mukabeta Tinotenda Victor is my name, an undergraduate student at Midlands State University conducting a research on the topic entitled: **Establishing Special Economic Zones in Local Authorities, Challenges and Prospects: A case of Norton Town Council.**The Research is done in partial fulfilment of the BSc Honours Degree in Local Governance Studies.

I kindly request your response to the questions contained in this questionnaire. Your answers will be treated confidentially and only used for the furtherance of this research without any prejudice whatsoever to the respondent. Thank you in advance.

### **INSTRUCTIONS**

1. **Sex** 

- *i)* Tick [  $\checkmark$  ] the correct response unless stated otherwise.
- *ii)* Write your answers on the spaces provided below.
- iii) Do not write any names on the questionnaire

### **SECTION A: DEMOGRAPHIC VARIABLES**

Tick [  $\checkmark$  ] the appropriate response.

[ ]	[ ]
Male	Female

	[ ]	[ ]	[ ]	[ ]	[ ]
	18-24 years	25-29 years	30-34 year	rs 35-39 year	S Over 40 years
CE	CTION D				
	CCTION B	ecial Economic Zone	es in Norton To	wn Council	
Ŀs	monsting spe	ciui Economic Zone	s in Ivolion 10	wn Councu.	
Tic	ck[ 🗸] where	e necessary and write	e your responses	s on questions belo	DW.
2	D 4	. 11:1:		7 (057)	N
3.			ial Economic	Zone (SEZ) in	Norton help to spur
	employment?	:			
	[ ]	[ ]	[ ]	[ ]	[ ]
					Strongly Disagree
	Explain you	r answer			
4.	Door the acts	phliching of Special I	Economic Zono	(SEZ) in Norton	halps to accalarate the
4.		e economy out of dire		(SEZ) III NOITOII	helps to accelerate the
	510 Will OI tile	conomy out of the	sugnation:		
	[ ]	[ ]	[ ]	[ ]	[ ]
	Agree	Strongly Agree		Disagree	Strongly Disagree

2. **Age** 

Explain your	answer			
				8) of resuscitating the
ciosed mausti	ries enhance employ	ment creation i	ii Nottoii?	
[ ]			[ ]	[ ]
Agree	Strongly Agree	Not sure	Disagree	Strongly Disagree
Explain your	answer			
Does the esta	blishing of Special	Economic Zon	e (SEZ) heln to f	oster production in the
	al sector in Norton?		· (>==)	93001 p200001011 111 011
[ ]	[ ]	[ ]	[ ]	[ ]
Agree	Strongly Agree	Not sure	Disagree	Strongly Disagree
Explain your	answer			
	• • • • • • • • • • • • • • • • • • • •			

7.		blishing of Special iving of the communication		(SEZ) in Norton	helps in improving the
	[ ]	_	[ ]	[ ] Disagree	[ ] Strongly Disagree
	Explain your	answer			
SE	CCTION C				
	forts that have ctor.	been made by Nor	ton Town Cour	icil in resuscitatii	ng the ailing industrial
8.		have been made isation in the Town	-		revamping suboptimal
9.		Town Council proment into the Town?		to the business c	ommunity as a way to
	Yes [ ]	No [ ]			

Explain your answer		
0. What challenges are be	ing faced by Norton Town Counci	I in ensuring empowerment and
	as enshrined in Chapter 2 of the	
	mbabwe Amendment [No 20]) Sec	
	l Act [Chapter 29:13 Section 7-	
	ower and authority to formulate the Council area, therefore, does	
own developmental plan	n?	
Yes [ ]	No [ ]	Not sure [ ]
If yes, how is it import	ant to NTC?	

If no, why d	o they not have a de	evelopmental p	lan?		
SECTION D					
	Prospects of establi	ishino SEZ's ii	n Norton		
chancinges and	rospecis of establi	siing SLE s ii	i ivoiton		
12. What do you	think are the challe	enges associated	l with establishing	ng SEZ's in Nor	ton?
13. What do you	think are the prospe	ects associated	with establishin	g SEZ's in Nort	on?

14. What is the Special Economic Zone mainly for (industrial or agricultural)?	
What problems will it face?	
What are its prospects of success?	
What are the strong factors for the implementation of the Special Economic Zone?	,
	•••••
SECTION E	
Measures that can be devised to enhance employment creation in Norton.	
15. What measures can you devise to enhance employment creation and improves standards of living of the populace?	ing the
	,

THANK YOU FOR YOUR COOPERATION

### Appendix II:

### Interview Guide for the Norton Community:

### {Norton Business Community and the Norton Residents Association}

Mukabeta Tinotenda Victor is my name, an undergraduate student at Midlands State University conducting a research on the topic entitled: **Establishing Special Economic Zones in Local Authorities, Challenges and Prospects: A Case of Norton Town Council.**The Research is done in partial fulfilment of the BSc Honours Degree in Local Governance Studies.

I kindly request your response to the questions. The information you provide is for academic purposes only and it will be treated with high confidentiality.

- 1. Do you think the establishing of SEZ's is a noble idea in local authorities?
- 2. What do you think can be done by Norton Town Council to entice investment into the Town?
- 3. Does the establishing of SEZ's helps to foster production in the industrial sector?
- 4. Does the establishing of SEZ in Norton helps to accelerate the growth of the economy out of dire stagnation?
- 5. Does the establishing of SEZ's helps to create employment for the locals?
- 6. What do you think the SEZs should be established?
- 7. Does the establishing of SEZs in Norton improve the standards of living of the community?
- 8. What do you think are the challenges associated with establishing SEZ's?
- 9. What do you think are the prospects of establishing SEZ's in Norton?

### THANK YOU FOR YOUR COOPERATION

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