

# APPROVAL FORM

Midlands State University



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The undersigned certify that they have read and made recommendations to the Midlands State University for acceptance of a research project entitled: **Rural Local Authorities and investment attraction. The case of UMzingwane Rural District Council.** The project was submitted in partial fulfilment of the requirements of the Bachelor of Science Honours Degree in Local Governance Studies.

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## RELEASEFORM

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## **DECLARATION**

I KhulaniDube declare that this research is my original work that has not been submitted to any other University. The sources I used have been acknowledged.

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## **DEDICATIONS**

I dedicate this research to my aunt Mrs P Bhebhe and my mother Mrs P Dube.

## ACKNOWLEDGEMENTS

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Lastly to the Almighty who was my source of strength and inspiration. If it wasn't for him I would have not made it.

## **ABSTRACT**

The research topic came after realisation that UMzingwane Rural District Council was failing to attract investment despite having vast natural resources, a tarred main road and a railway line. In order to carry out the intended purpose the research objectives and research questions were outlined to guide the research on the topic: Rural Local Authorities and investment attraction. The case of UMzingwane Rural District Council. Relevant Literature was used to explore the views of other scholars pertaining to rural investment attraction. The definition of investment and the types of investment were discussed in the literature review. This section also evaluates the factors influencing investment, the types of industries that can invest in rural local authorities. Lastly strategies that can be used to attract rural investment were discussed. The researcher used an exploratory research design. The research study was mostly qualitative in nature with some quantitative elements. The case study technique was adopted. The case study technique was adopted to avoid generalising the findings of the research. Convenience sampling was used to sample the population for this research. Those respondents who were accessible were questionaired and interviewed. Questionnaires, interviews and observations were used to solicit data. The major findings of this research are that UMzingwane Rural District Council has not created enough policies to attract investment; the council has vast resources that include gold, fish, water and tourist attracting sites.

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## **CHAPTER ONE**

### **1.0. INTRODUCTION**

This chapter reviews the background of the study that led to the carrying out of the research study. It also consists of the statement of the problem, research objectives, the significance of the study, the research questions and definition of the terms.

Rural Local Authorities are extremely blessed with natural resources; they are the hub of the raw-materials needed by the manufacturing industries to boost their production. Some of them have the infrastructure that is required by the investors to setup businesses in their areas of jurisdiction. From the preliminary interviews conducted at UMzingwane Rural District Council it is disheartening to note that the availability of these vast resources such as gold, water, alluvial soils and pastures: have not been instrumental in attracting investment. People have continued to languish in unemployment and economic distress. The only remedy to this meiotic situation is for rural local authorities to design strategies that will help them to attract industries in their areas. This research is an investigation into Rural Local Authorities and investment attraction with special reference to UMzingwane Rural District Council.

#### **1.1. Background to the study**

Rural investment began in the 1920s and it was pioneered by the United States of America. Rural investment attraction in the United States of America was viewed as the key to unlock economic prosperity and to amicably deal with the twenty first century problems of rural unemployment, poverty and economic distress. Stamber (2001:52) observed that rural investment in America came as a response to the increasing rural to urban migration of the people in search of employment. The government of America then decided to create policies that were aimed at attracting companies to establish their firms in rural areas in order to avert



the problem of unemployment and rural to urban migration. Stamber (2001:58) elaborated that the government policy led to the development of rural areas in America: it drastically reduced poverty, unemployment and rural to urban migration.

The World Health Organisation (W.H.O). (2007:1) states that rural areas in Europe as well as in developing countries have high poverty levels as compared to urban areas yet they have the resources to transform the people’s lives. The table below reveals poverty levels between rural and urban areas in selected countries in Europe.

**Fig 1: Percentage of people living below the national poverty line in selected European**

Countries

COUNTRY	YEAR OF DATA	RURAL	URBAN
Albania	2005	24.2	11.2
Bosnia	2002	19.9	13.8
Latvia	2004	12.7	00
Turkey	2003	34.5	22
Macedonia	2003	22.3	00
Tajikistan	2007	55.0	00
Ukraine	2003	28.4	00

Source: W.H.O (2007:3)

The statistics above reveal that rural areas have high poverty levels as compared to urban areas in the European countries. Cotula et al (2009: 38) states that rural resources are exploited for the benefit of urban areas leaving them underdeveloped. The W.H.O (2007:5) observed that increased investment in infrastructure and utilities is the only solution in reducing poverty levels in rural areas.

From the statistics shown in fig 1, one may deduce that rural areas are poor because their resources are exploited for the benefit of the people in urban areas. Companies attracted by rural local authorities only extract the raw-materials and do not establish the manufacturing plants that can transform people's livelihoods.

When Zimbabwe got its independence in 1980 rural investment attraction was the first priority of the government and it was expected to improve the lives of the people. Miller et al (1982:144) observed that soon after independence the government of Zimbabwe regarded investment attraction in rural areas as an absolute priority and a key point to economic policy. However since independence rural local authorities in Zimbabwe have failed to attract real investors. Rural areas have remained poor and their people have continued to suffer unemployment and poverty. Gasper (1988:14) explained that most firms have invested in urban areas leaving the small growth points with no industrial investment. This has captured the research to investigate more on Rural Local Authorities and investment attraction using UMzingwane Rural District Council as a case study.

UMzingwane Rural District council is mandated to provide services, to plan and promote development of its areas of jurisdiction as stipulated in the Rural District Councils Act Chapter 29:13 Section 74, which states that a council has power and authority to formulate long-term and short term policies for the development of its area. Attracting investment is another way of promoting development in a rural local authority hence the council has a mandate of creating policies to attract investment in order to promote development. This research will investigate the policies that have been put in place by UMzingwane Rural District Council to attract investment. The mission statement of UMzingwane Rural District Council is to create a conducive environment for community participation and sustainable economic development and improve the quality of education and health delivery by 2014, whilst its vision is a socio-economic and environmentally self-sustainable District with sound

industrial base, ample health facilities, sufficient education infrastructure and an empowered community.

The local authority has six departments which include the Human Resources and Administration Department, Finance Department, Engineering Department, the Health and Social Services Department, Audit Department and Natural Resources and Environment Department. It is very important for local authorities to establish a department of economic development for planning and implementing their Local Economic Development strategies. UMzingwane Rural District Council does not have a department that focuses on Local Economic Development hence this might be the source of its incapability to attract investment.

According to the Parliament research department Report (2011:2) UMzingwane Constituency has a total population of 58 569 and 75% of that population consists of the economically active (youths). These youths have suffered from unemployment hence there is a need for the local authority to design strategies that will attract real investors who will setup manufacturing industries and create employment for the youths. The local authority has four chiefs namely Sigola, Mabhena, Mathe and Gwebu. Traditional leaders are very important because they have information that might be required in this research.

UMzingwane Rural District Council is vastly blessed with natural resources such as gold, abundant water supply from UMzingwane dam, Upper Ncema and Lower Ncema dams, land for ranching and agriculture at Crocodile valley, Fernhill and Drakelea, the Matobo World Heritage site and the Matobo National Park. The local authority has abundant natural resources that can transform the livelihoods of its people. Manyanhire et al (2009) in Mabika (2013:4) observed that the natural resources are used as the raw materials to trigger industrial activities that will promote employment creation in rural areas. This research seeks to

investigate how the UMzingwane Rural District Council can use the available natural resources to attract investment.

The central government policy of Indigenization and Economic Empowerment which was introduced in 2008 is another factor that needs to be considered in this research. The Indigenization and Economic Empowerment Act Chapter 14:33 of 2008 Section 3 (1) (a) states that 51% of the shares of every public company and any other business shall be owned by indigenous Zimbabweans. Stanlake's (2000:262) elaborated that central government policies can contribute negatively or positively to private sector investment. This research will look at the effects of this policy on the efforts made by UMzingwane Rural District Council to attract investment.

To conclude the availability of natural resources such as gold, fish, land for agriculture and water from the dams can compel anyone to conclude that UMzingwane Rural District Council has the resource base to attract investment. The existence of the main tarred road that connects the local authority to other cities and the railway line has not helped the council to attract investment. However it is disappointing to note that with such resources and infrastructure companies have continued to shun investing at UMzingwane District. This has led to unemployment, economic upheaval and migration of the economically active in search of employment opportunities in other countries. This has captured one's interest to dig deeper into the issue in order to unearth the challenges bedevilling the rural local authority in attracting investors. The research also seeks to identify what UMzingwane Rural District Council is doing to attract investment.

## **1.2 Statement of the problem**

UMzingwane Rural District Council is failing to attract investment despite having abundant natural resources, a railway line and a good tarred road. Rural people at UMzingwane District

are stricken by economic misery and unemployment yet their area has abundant resources. The council has the resources and the infrastructure which are mainly the pre-requisite for luring investment; but the local authority has failed to attract real investors. The research seeks to investigate the reasons behind the failure by UMzingwane Rural District Council to attract investment.

### **1.3. Objectives of the study**

This research study aims to fulfil the following objectives:

- 1) To determine the available resources to attract investment at UMzingwane Rural District Council.
- 2) To determine the state of the infrastructure at UMzingwane Rural District Council that is the council roads, water supply, electricity supplies and banks.
- 3) To determine the types of industries that have been attracted by UMzingwane Rural District Council and the policies put in place by the council to attract investment
- 4) To investigate the challenges faced by UMzingwane Rural District Council in attracting investment.
- 5) To determine the effects of the central government policy of Indigenization and Economic Empowerment to the efforts made by UMzingwane Rural District Council to attract investment.

### **1.4. Research Questions**

1. What are the resources available at UMzingwane District to attract investment?
2. What is the state of roads, water supply, electricity and the banking infrastructure at UMzingwane District?

3. Whattypes of industries have been attracted by UMzingwane Rural District Council?
4. What are the challenges faced by UMzingwane Rural District Council in attracting investment?
5. What are the effects of the central government policy of indigenization and Economic Empowerment on the efforts made by UMzingwane Rural District Council to attract investment?

### **1.5. Significance of the study**

The research will benefit UMzingwane Rural District Council by making the council aware of the fact that they have the potential to attract real investors possibly through the recommendations that will be made after carrying out the study.

This research will also benefit other rural local authorities who are not aware that the available companies have not added value addition to their economies. The existing companies have only extracted raw-materials from rural local authorities such as UMzingwane Rural District Council and they have not established the manufacturing industries that will create employment opportunities to the rural populace; which is a great setback to rural local economic development.

This study will also help UMzingwane Rural District Council to be aware of the fact that investment in primary production by industries have not added enough value addition to their people hence they will be compelled to craft policies and design strategies that will ensure that they attract real investors who will not only extract raw-materials but also establish the manufacturing plant.

The research will also benefit other scholars who may want to explore on related topics in the field of investment attraction.

## **1.6. Assumptions**

1. Investment attraction can create employment and improve the livelihoods of the people at UMzingwane District.
2. The reason behind the failure by UMzingwane Rural District Council to attract investment is the fact that the local authority has not done enough to market its resources and the infrastructure.
3. Traditional leaders are the permanent residents of UMzingwane district hence they have the information required for this study
4. Investment will benefit the local people and the council as a whole
5. Respondents will be ready to give honest and unbiased opinions

## **1.7. Delimitation of the study**

The research will be carried out with particular reference to UMzingwane Rural District Council. The local authority is located at Esigodini in Matabeleland South Province and it consists of six departments which include the Human Resources Department, Finance Department, Engineering Department, Auditing department, Natural Resources and Environment Department and the Health and Social Services Department. The study will also be undertaken at Tshamathe in Ward 1 under chief Sigola, Esikhoveni in ward 3 under chief Gwebu and the surrounding areas at UMzingwane Rural District Council since investment will benefit the locals more than the office workers

## **1.8. Limitations to the study**

The research faced poor cooperation from the respondents since they were committed to their personal and office duties. To solve this problem the importance of the research was clarified

to the respondents. Local Authority employees sign the Secrecy Act which restricts them from divulging certain information about the organisation; hence this posed to be a challenge in acquiring information. The respondents were assure that employees that the information given will only be used for academic purposes.

A research of such magnitude require adequate finances hence financial constraint is another challenge that was faced during this research; however with proper planning and budgeting this was dealt with amicably.

### **1.9. Definition of terms**

#### ***Investment***

Dzombak (2013:2) defined investment as the transfer of assets with the rational expectation of receiving a return in the future. Investment can be domestic investment or foreign investment.

#### ***Domestic investment***

Mohamed (2012:1) defined domestic investment as the commitment of finances, assets and other materials by the local people/companies with a view of getting a profit at a specific period of time.

#### ***Foreign investment***

Mohamed (2012:1) defined foreign investment as a long term investment in a foreign land/country in the form of equity capital, re-invested earnings and intra-company loans.

#### ***Investors***

Collins (2013) defined an investor as a person or organisation that buys stocks/ shares or pays money into a bank in order to receive a profit.



### ***Hard Infrastructure***

Casey (2005:7) defined hard infrastructure as the infrastructure that is focussed on provision of basic utilities such as water, gas, electricity and transport (roads, rail and air) that provides the framework in which a community transacts economic, social and environmental activity.

### ***Soft infrastructure***

Casey (2005:8) defined soft infrastructure as responses that enhance both an individual's health and community well-being through development of individual skills, knowledge and abilities.

### ***Natural resources***

The US Environmental Protection Agency (2005) defined natural resources as the materials from the earth that can be extracted, processed and used to support life and meet people's needs. These include trees, minerals such as gold, water, land and animals.

### ***Place marketing***

Kotler et al (2002:183) defined place marketing as a process of designing a place to satisfy the needs of its target markets that succeeds when citizens and businesses are pleased with their community and the expectations of visitors and investors are met.

## **1.10. Summary**

The main aim of this chapter is to introduce the reader to the major concepts of the study that include background of the study, statement of the problem, purpose of the study, research questions, significance of the study, assumptions, delimitation of the study, limitations and definition of terms.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0. INTRODUCTION**

This chapter reviews concepts, developments and the theory on issues pertaining to Rural Local Authorities and investment. This chapter will explore the definitions of investment, types of investment, the factors influencing investment, types of industries that can invest in rural areas, the constraints in rural investment and the strategies that can be used by rural local authorities to attract investment.

#### **2.1. Definition of investment**

Dzombak (2013:2) defined investment as the transfer of assets with the rational expectation of receiving a return in the future. Dzombak (2013:2) mentioned the fact that for investment to take place there must be a tangible item that is committed in order to earn a profit in the future. The Financial Industry and Regulatory Authority(FINRA) (2010:3) agrees with Dzombak (2013:2) by stating that investment is when you buy something that you expect will grow in value and provide a profit either in the short term or over an extended period.

For investment to take place there must be an aspect of sacrifice and commitment of capital resources on the part of the investor. Knight (2013:1) explained that investment is the commitment of money or capital to purchase financial instruments or other assets in order to gain profitable returns in the form of interest, income or appreciation of the value of the instrument. Khatri (2011:1) refutes that investment is just about a mere transfer or buying of assets by introducing an element of sacrifice in the definition. Khatri (2011:1) argued that investment is sacrificing some money in the present with the expectation of making gain in

the future. However it is critical to note that all the scholars above recognise the fact that in investment the investor expects to earn something in future.

Furthermore investment is also risky since the expected returns might not be experienced. Khatri (2011:2) observed that the future is uncertain hence it induces the risk factor in investment. Franzen (2010:1) agreed with Khatri (2011:1) that investment is the process of taking a risk with high reward. Gitman and Zutter (2012:387) added that investment is risky hence investors must take time and energy trying to understand the risks associated with their capital investment projects.

The definitions above gave a general meaning of investment by stating that for investment to take place there must be an individual or institution that takes a risk of committing its capital resources to setup an intervention that will generate a profit over a stipulated period of time. This research seeks to identify whether UMzingwane Rural District Council officials have an understanding of investment/ not.

## **2.1.0. TYPES OF INVESTMENT**

### **1) Autonomous investment**

It is also called government investment. According to Katyani (2011:2) autonomous investment refers to the investment made on houses, roads, public buildings and other parts of infrastructure by the government. This type of investment can be done by both the central government and local government. Casey (2005:7) further explained that government investment in infrastructure is essential to promote economic and social activities in a community. However Hong (2001:4) argued that in many developing countries infrastructural development is mainly done by foreign government. The purpose of this study

is to identify whether the government of Zimbabwe has invested in developing the infrastructure at UMzingwane District.

## **2) Financial investment**

The Management Study Guide (2008:1) defined financial investment as depositing a fixed amount of money with the hope of making a gain over a certain period of time. Types of financial investment include bonds, stock, equities and mutual funds, gold and silver. The FINRA (2010:18) states that financial investment is possible where there are financial institutions and corporations in which loans will be exchanged for interest payments over a specific term. This research will also determine whether UMzingwane Rural District Council has the financial institutions to enable financial investment.

## **3) Real investment**

Katyani (2011:2) defined real investment as investment made in new plant and equipment, construction of public utilities like schools, roads and railway. Real investment also involves buying capital goods such as machinery, factory building and other equipment. The study seeks to investigate whether UMzingwane Rural District Council has experienced real investment/not.

### **2.1.1. FACTORS INFLUENCING INVESTMENT.**

#### ***i. The rate of interest***

Stanlakes (2000:262) states that a decrease in the rate of interests will lead to an increase in investment levels. The diagram below shows the relationship between investment and the rate of interest.

**Fig 2:** relationship between investment and interest rates

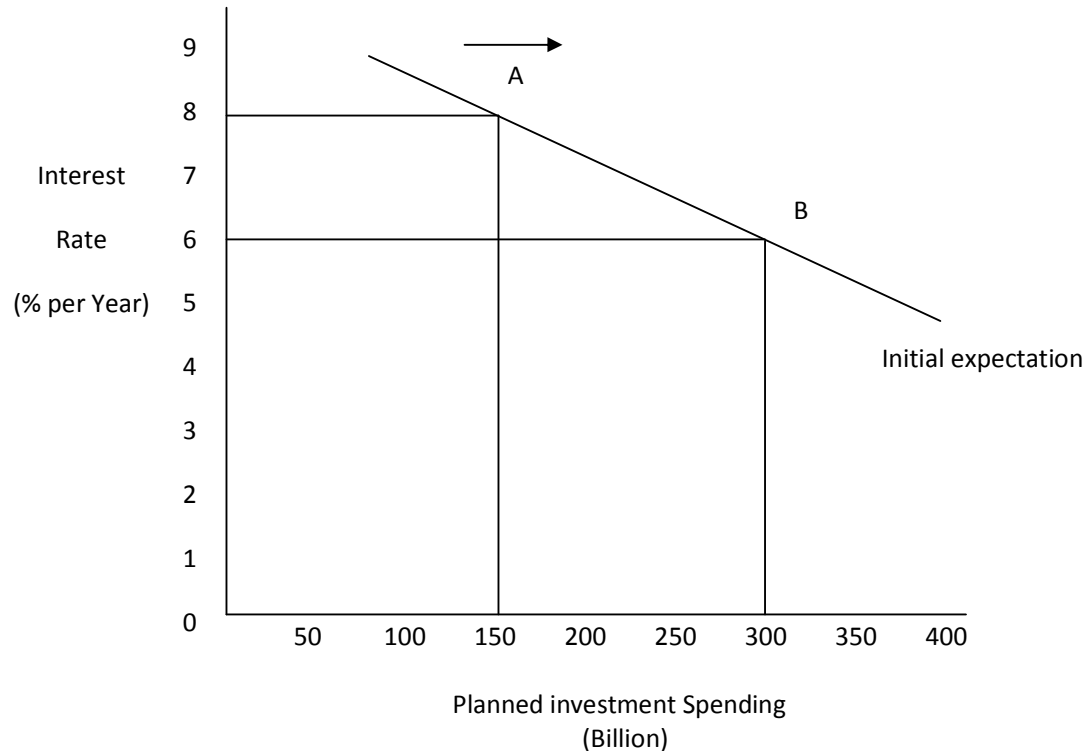


Fig 2 shows that when the interest rates are high there is low planned investment spending; as reflected that when the interest rate was at 8 planned investment spending was at 150 billion which is very low as compared to the other part in which when investment was at 6 investment was at 300 billion which is high. Schiller (2006: 190) agreed that the higher the rate of interest the higher the cost of investment. Griffiths and Wall (1995:322) further explained that high rates of interests can cause a drop in investment. Wakeford (2006) in the Organisation for Economic Co-operation and Development (OECD) Report (2006:7) is of the view that as long as the rural areas offer viable and attractive locations for businesses investors will be attracted hence disagreeing with Stanlakes (2000:262) and Griffins and Wall (1995:322) who believe that high interest rates will scare away investors. The research will determine the interest rates at UMzingwane District in attracting investment.

## ***ii. Changes in technology***

Schiller (2006:190) observed that in recent years technological advances have stimulated an increase in investment. The World Bank (2003:67) alluded to that innovation in technology has led to the increase in telecommunication investment in Honduras. Greenwood (1997:113) argued that although technological change has increased investment levels in some countries; technology has relatively contributed less to the long term growth.

## ***iii. Decrease in the cost of capital***

Capital refers to the resources that are invested by an organisation in order to make a profit. Shapiro et al (2007:116) observed that a decrease in capital cost increases investment demand. Stanlakes (2000:262) added that if capital assets such as machinery, buildings and other equipment becomes cheaper investors tend to invest more. An increase in the prices of capital goods will generally lead to a decline in investment.

## ***iv. Positive Investor expectations***

Positive Investor expectations are when investors are optimistic that their investment will yield good results. Mauboussin (2005:25) argued that if investors have positive perceptions about the future returns of the investment they tend to invest more. Bailey (2001) in Schiller (2006:191) stated that the National Federation of Independent Businesses, a small business group in Washington DC carried out a survey during the September 11 World Trade Centre and Pentagon attacks in the United States of America. Bailey (2001) further elaborated that capital spending was at its lowest level during this period. He added that the lower sales expectations led business owners to lower hiring workers and investing in capital goods. Bailey (2001) attributed this to the attacks of the Pentagon and the World Trade Centre which led to investors to expect lower sales in the future since there was both political and social

instability. Schiller (2006:191) concluded that business investment is based more on expected future sales than on current sales and income. Schiller (2006:190) further explained that when expectations for future sales diminish, investment spending on plant, equipment and inventory drops. This research will evaluate the effects of the political environment in attracting investment at UMzingwane District.

**v. Lower corporation tax**

Corporation tax is the amount of money charged by the central/local government on companies operating in its areas of jurisdiction. Mankiw (2010:525) states that government taxation policy has an effect on investment decisions. Djankov et al (2009:12) elaborated that lower corporation tax attracts both domestic and foreign investment. This research will evaluate the corporation taxation policy at UMzingwane District and its impact in attracting investment.

**vi. Government Policy**

The Growth with Equity Policy of Zimbabwe was the icebreaker and a leeway of rural development policies in the country. It was the brain child of the liberated government that had suffered colonial oppression and service delivery that was based on race. Zhou and Zvoushe (2012:3) explained that the Growth with Equity Policy was meant to direct, government spending towards the social sectors with emphasis on the expansion of rural infrastructure. Zhou and Zvoushe (2012:3) further elaborated that this policy constituted as the basis for national planning and it produced positive results especially in education and health sectors. Auret (1990:152) observed that for the Growth with Equity Policy to be more effective; the government needed to provide the necessary infrastructure to attract primary industries in rural areas; in order to reduce pressure on land and create employment for the rural people. Auret (1990:153) also argued that the government of Zimbabwe must not allow

foreign aid since it is a tool that is used by the Western nations to seek to maintain control over the newly independent nations. She recommended the new Zimbabwean government for embarking on the Growth with Equity Policy and also cited that the government must focus more on developing the infrastructure in rural areas to attract investors. The Growth with Equity Policy was the key policy in attracting investment in the 1980s in Zimbabwe.

Smith (1992:12) observed that government must create clear, unambiguous and credible policies that will provide a stable and profitable business environment. This means that the government must induce some incentives in order to attract investors. Mwanza (2001:46) states that government policy must be a source of attracting investment.

In 2008 Zimbabwe embarked on the Indigenization and Economic Empowerment as a Government Policy. According to the Indigenization and Economic Empowerment Act (2008) chapter 14:33 section 3(a) 51% of the shares of every public or private company shall be owned by indigenous Zimbabweans. Zhou and Zvoushe (2012:7) observed that the condition of surrendering 51% to locals makes the whole indigenisation process a disempowerment of the investor which may scare away the potential investors. This policy may hinder the attraction of foreign direct investment in Zimbabwe since foreign investors usually want to have total control of their companies. Kasukuwere (2010:10) refuted this statement by assuring investors that the indigenization policy is not intended to stifle foreign direct investment but to guarantee security of investment through indigenous participation. However this research seeks to determine the effects of the Indigenisation and Economic Empowerment Policy of Zimbabwe in investment attraction at UMzingwane Rural District Council.



## **2.1.2. TYPES OF INDUSTRIES THAT CAN INVEST IN RURAL LOCAL AUTHORITIES**

### **a) Investment in industries with readily available raw-materials**

Wekwete (1988:6) observed that investors must invest in industries that have the existing raw-materials in rural areas. These industries include seed grading and packaging industry, fruit and vegetable processing industry, processing of oil seeds, rural abattoirs' and associated industries as well as the rural milling and associated products. Wekwete (1988:7) stated that these types of industries will be viable in rural areas because the raw materials are readily available. Gasper (1988:4) agreed with Wekwete (1988:7) by stating that the main categories of industry in rural areas must be those industries using local resources. Schreck (2012:33) is of the view that developing countries must promote agricultural investment in rural areas through formalising the land tenure to farmers since land is a readily available resource for economic development. Veldwisch et al (2013:10) observed that in the case of Chokwe (a rural area in Mozambique) investors have established industries that support the agricultural sector such as the fertiliser and seed producing industries. The above discussion reflects that these scholars came to an agreement that investment in industries with readily available raw-materials is the only way forward in rural industrial growth. This research seeks to evaluate the resources available at UMzingwane Rural District Council to attract investment.

### **b) Investment in rural tourism and manufacturing industries**

The Organization for Economic Co-operation and Development (OECD) Report (2006:2) argued that agriculture is no longer the backbone of most rural economies hence there is a need to invest in tourism, manufacturing and energy production. Mudede (1985:3) added that rural areas can also invest in small scale industries that will then attract big industries. However Meller (1990:70) refuted the introduction of the manufacturing industries in rural areas by stating that rural areas have an economy that is dominated by agriculture,

therefore industrial and service oriented industries must be left for urban areas. The research seeks to identify the types of industries that have been attracted by UMzingwane Rural District Council.

### **c) Investing in rural creative industries**

Florida (2009:31) defined creative industries as those industries that originate from individual creativity, skill and talent which have a potential for job and wealthcreation through the generation and exploitation of intellectual property. Stamber (2001:56) states that governments should encourage investment in home grown entrepreneurship. These industries may include architecture, art, crafts, fashion design, music and publishing.

According to Florida (2009:31) creative industries contributed 57, 3 billion pounds to the United Kingdom economy in 2006 hence she suggested that rural local authorities must consider investing in creative industries. Florida (2009:31) also stated that creative industries also grow faster as compared to other types of industries. The OECD Report (2006:8) further elaborated that the future of rural industry is mainly determined by the creative industries. This research will determine whether UMzingwane Rural District Council has attracted any creative industries/ not.

## **2.1.3. BENEFITS OF RURAL INVESTMENT**

### **BENEFITS TO THE RURAL COMMUNITY**

#### **Creation of employment**

The OECD (2006:6) states that in Miyama, a rural area in Japan investment was a source of creating new employment and income opportunities. Miller (1982:144) observed that when

Zimbabwe gained its independence in 1980 rural investment was viewed as a solution to address unemployment in rural areas. This research will determine the people's views about investment attraction and the creation of employment at UMzingwane District.

### **Alleviation of extreme poverty**

The W.H.O (2007:5) observed that increased investment in infrastructure and utilities will reduce the poverty levels in rural areas. Kelly and Norwood (2010:13) added that investment is a remedy of dealing with poverty. This research will determine the views of the people of UMzingwane Rural District Council concerning to investment as a solution to address poverty.

### **Development of community infrastructure**

Hong (2001:4) observed that investment has been a stable source for local industrial and infrastructure development. When investment takes place in rural areas people expect to see the development of infrastructure such as schools, hospitals, dams and roads. Kasukuwere(2010:2) is of the view that investment presents an opportunity for Zimbabwe to develop its infrastructure.

### **Reduces rural to urban migration**

Ncube and Gomez (2011:13) carried out a study in Tsholotsho in which they discovered that three quarters of the households in the study area had a member who had migrated to South Africa in search of employment.Ncube and Gomez (2011:23) elaboratedthat investment in Small and Medium Enterprises is the only solution in averting migration of the people of Tsholotsho from their home area to South Africa. Stamber (2001:58) observed that rural investment is the solution to rural to urban migration. He further elaborated that government must encourage immigration to rural communities to increase human capital. The OECD

Report (2006:6) agrees that investment reduces rural to urban migration. The OECD Report (2006:6) further elaborated that in Guerrero (a rural area in Mexico), rural investment slowed down out migration of the economically active to the urban areas and abroad. The purpose of this research is to determine the people's perceptions about the changes that might be brought by investment attraction in addressing migration of the youths from UMzingwane District to Bulawayo, Gwanda and to other countries like Botswana.

### **Uplifts rural standards of living**

Aikaeli (2010:10) observed that investment in water and electricity infrastructure, education and training in rural areas can improve the people's livelihoods. Rural people usually face acute shortages of cleanwater and food hence investment may bring an end to these perennial problems.

### **Technological advancement**

The OECD Report (2006:6) states that in Extremadura (a rural area in Spain) 383 local authorities were connected to the internet services which led to efficiency and effectiveness of these councils. Eigel (1985:2) added that investment may lead to the introduction of technologies in rural areas. Kandilov and Renkow (2009:2) further explained that the coming in of broadband in rural areas will help every rural business to have access to the regional, national and international markets through advertising their products using the internet.

The purpose of this study is to identify what the people of UMzingwane district think they will benefit if the local authority manages to attract investment. The study will also seek to unveil what people have benefited from any form of investment that might have occurred at UMzingwane Rural District Council.

## **BENEFITS TO THE INVESTOR**

### **Rural land is readily available and affordable**

Stamber (2001:158) observed that rural areas offer affordable land in order to create a competitive advantage over the urban areas. Most rural local authorities offer free land to the investors as a policy to attract investment. Land is also cheaper and available in rural areas as compared to the urban areas where land is scarce and unaffordable. Cotula et al (2009:9) agreed that land is available in rural areas especially for agricultural investment. This research seeks to evaluate the availability and the cost of land for investment at UMzingwane Rural District Council.

### **Affordable rates**

Smith (1992:12) stated that most rural local authorities do not charge much for the use of water and electricity by the local business people. Rates in rural areas are usually cheaper as compared to urban areas where the cost of supplying water and electricity is high which has prompted urban local authorities to charge exorbitant rates.

### **Wider market for the products**

Mudede (1985:3) states that small scale industries may prosper in rural areas since they have an already existing market. To further explain most of the companies that operate in urban areas do not have access to the rural market. Investment in rural local authorities will ensure that the investors will penetrate to the lucrative rural market which can bring about an increase in the rate of their product turnover. Wekwete (1982:6) added that rural areas offer a wider market for the industries.

## **Readily available raw-materials**

Rural areas have the resources needed by the industries to promote their productivity. Potter et al (2008:446) states that rural areas have the raw-materials needed by the industries to commence production. He further added that rural areas have the minerals and the land required to enhance the manufacturing industries. This research will evaluate the availability of raw-materials at UMzingwane Rural District Council.

## **Expansion of the company**

Investment in rural areas can promote the growth of the company from being just localised in urban areas. The costs of transport may also be dealt with especially if the company is located close to its raw-materials hence this may reduce costs that can be incurred in transport and increase earnings.

The purpose of this research is to determine what the people think are the benefits that would be enjoyed by investors after plunging their capital resources to the council area.

### **2.1.4. RURAL INVESTMENT REGULATIONS**

Laws are there to guide behaviour and conduct of both foreign and domestic investors. They are the right ethical infrastructure to control the activities of the investors. If the investors are not regulated investment may become a curse to the rural people that are in dire need of employment and protection from the high detriments of poverty. Puvimanasinghe (2007:1) gave us a case study of India in which negligence and carelessness of the Union Carbide a transnational company that had invested in Bhopal (an area in India) led to 40 tonnes of methyl-isocyanine gas leaking from the pesticide plant in December 1984. Puvimanasinghe (2007:1) stated that 5000 people died from this disaster, injured over 500000 people, caused severe birth defects to over one hundred thousand, massive environmental damage and severe

human misery. Puvimanasinghe (2007:10) argued that this disaster led to the formation of foreign direct investment laws in India and right across the Asian continent. He further elaborated that governments must ensure that foreign direct investment benefit the people of the host nation

Shubber (2009:181) narrated that in Iraq the government also introduced the investment law which states that investment must ensure local economic development, create job opportunities for Iraqis and support the establishment of investment projects in Iraq. Voss (2010:18) added that treaties must be signed between the hosting government and the foreign investor in which the foreign company must agree to develop the local infrastructure such as schools and hospitals as well as enlarge and diversify the revenue of the hosting government. In Zimbabwe the Indigenization and Economic Empowerment Act Chapter 14:33 of 2008 regulate the way in which foreign investors must conduct their activities. One may reiterate that rural local authorities must also create their own by-laws that will ensure that investment attraction benefits the local people and to protect the environment. This research will investigate on the by-laws that have been put in place by UMzingwane Rural District Council to ensure that the community benefits from foreign and domestic investment.

#### **2.1.5. CONSTRAINTS IN RURAL INVESTMENT**

##### **Rural investors lack professional services**

Scuggs (2010) in Kelly and Norwood (2010:10) observed that rural investors lack professional services as well as they have a difficulty in attracting executive and technical talent. Most of the people who are educated migrate to urban areas to look for employment leaving their home areas. Rural investors usually lack resources to higher skilled labour force which has also compromised the quality of products that are produced. Stamber (2001:58) added that people migrate from rural areas to urban areas in search of employment. He

further recommended that government must encourage immigration to rural areas in order to increase the rural human capital.

### **Lack of entrepreneurial culture**

Helmsing (1986:14) argued that rural industries are generally small, poorly capitalised and there is a lack of entrepreneurial skills in the industrial field. Stamber (2000: 56) rural people lack courage to create businesses. Stamber (2000:56) recommended that the government must encourage rural entrepreneurship. The above scholars agree that rural people lack an entrepreneurship culture.

### **An uncertain political environment**

Salam and Kulsum (2000:5) embarked on a study in India which revealed that rural investment was very low in this country at the beginning of the year in 1999. Salam and Kulsum (2000:5) attributed this to the Kargil War and the election of 1999 which led to the increase in government expenditure and a decrease in investment. Their study also revealed that during these hard times in India people spent most of their income in consumption and little was left for savings; as a result the savings rate was low. Griffiths and Wall (1995:322) states that an uncertain political environment can hinder efforts made to attract investment. This study seeks to determine how the political environment in Zimbabwe has contributed to the failure/ success of UMzingwane Rural District Council to attract investment.

### ***Low income levels***

According to Helmsing (1986:14) the other constraint for rural investment is the general low income levels prevailing in communal areas. Helmsing (1986:14) added that rural market does not economically justify the setting up of new industries. Low income levels generally lead to the low turnover of the available products which reduces the net profits of a company.



Investors do not foresee a bright future in investing in rural local authorities due to the low income levels that are experienced in most communal areas.

### **Rural roads are usually poor**

Aikaeli (2010:10) carried out a study in Tanzania. The study was termed: Tanzania rural investment and climate survey. The study was carried out at Kilimanjaro, Morogong, Mtwara, Tabora, Kigoma and Kagera. The research collected information about ownership of rural non-farming activities, factors hindering investment and the state of the infrastructure in these regions. Aikaeli (2010:10) discovered that more than 40% of the respondents cited lack of transport infrastructure as a severe constraint in attracting rural investment in Tanzania. Aikaeli (2010:10) observed that about 70% of the rural roads in Tanzania were muddy during the rainy season, 20% were gravel and 10% had other surfaces. As a result most non-farm rural enterprises sold their products locally and had little access to outside markets. The UNDP (2011:61) explained that roads are a number one priority in attracting rural investment. This research will evaluate the state of the roads at UMzingwane Rural District Council and their impacts in attracting investment.

### **Lack of access to financial services**

Chaves et al (2001:10) argued that the degree of access to financial services by rural economic agents is very limited. Chaves (2001:10) elaborated that this may hinder the ability of the entrepreneurs to take advantage of the investment opportunities available in rural areas. Montiel (2009:36) explained that domestic investors must be given access to external funds because this provides them with the means to sustain a higher level of investment and economic growth than they could achieve solely of their own national saving. Deninger and Ali (2007) in Schreck (2012:33) added that access to credit facilities is the only instrument necessary for creating agricultural investment. Matunhu and Mago (2013:5) bemoaned that

the government of Zimbabwe is failing to establish banks in rural areas that will help the rural people to have access to the financial services. The above scholars agree that lack of access to financial services is a challenge bedevilling rural investment. This study will review whether there are any financial institutions at UMzingwane District to give financial services to the potential investors.

### **Poor government policies and intervention**

Chaves et al (2001:10) states that government should assist in increasing the availability of credit facilities by improving policies in financial market, legal and regulatory framework. Most rural local authorities have failed to craft policies that entice investors. In the case of Zimbabwe the current indigenisation and economic empowerment law of 2008 (chapter 14:33 section 3) states that 51% of the companies' shares must be owned by indigenous people. Zhou and Zvoushe (2012:7) observed that the indigenization policy has made Zimbabwe an undesirable investment destination. To counter contend the above assertion; Kasukuwere (2010:10) argued that indigenization and empowerment laws are meant to create partnerships between local and foreign investors not to stifle foreign direct investment in Zimbabwe. This study will evaluate the effects of this law in investment attraction at UMzingwane Rural District Council.

### **Rural investment suffer competition from the urban areas**

Helmsing (1986:14) observed that "rural local authorities are looking for potential investors from the already established urban centres which calls for incentives and which is highly competitive". Helmsing (1986:14) argued that if towns the size of Chitungwiza which are located a few kilometres from Harare fail to attract industries to relocate to their areas then rural areas have no chances at all. Gasper (1988:14) concurred with Helmsing (1986:14) that most firms have invested in Harare leaving growth points and other small areas without

industrial growth. The purpose of this study is to examine whether Bulawayo has a competitive advantage in attracting investment as compared to UMzingwane Rural District Council.

### **Rural areas are usually neglected**

Chambers (1983:7) observed that'' in third world countries as elsewhere academics, bureaucrats, foreigners and journalists are all drawn to towns; all are victims though usually willing victims of the urban trap''. Lynch (2005:9) also added that quality services are usually provided in urban areas. He further elaborated that private and public services that are normally associated with urban areas must be brought to rural areas. To agree with the above scholars Chazovachii (2012:14) bemoaned that rural areas lack capital inputs, transport facilities and markets for their produce as compared to urban areas that have all these facilities. However Mangiza (1999:6) is of the view that rural areas are not neglected but urban and rural areas support each other in development. This study seeks to determine whether Bulawayo and UMzingwane Rural District Council support each other in attracting investment.

### **Corruption in rural service provision.**

Visser and Mamonova (2011:6) carried out a study about land investment in rural Ukraine. The study revealed that in 2000 land investment in rural areas of Ukraine became profitable. Visser and Mamonova (2011:6) further explained that the demand for land in Ukraine led to corruption by both the government officials and investors themselves. According to Boltrik, Krush and Faydor (2011) in Visser and Mamonova (2011:6) 65% of the Ukrainian population stressed in a survey conducted stated that officials were the perpetrators of land scandals in Ukraine, and 23% said that land investors were also involved in the land scandals. Visser and Mamonova (2011:7) reiterated that investors often made informal agreements with authorities

in order to acquire land and some federal laws were crafted due to the petitions of the powerful agro-businessmen. This led to most potential real investors failing to get the land hence land investment in Ukraine did not produce the expected results due to corruption. Mashamba (2011:12) elaborated that corruption is becoming a norm in most organisations in Zimbabwe. This study will also enquire on the strategies put in place by UMzingwane Rural District Council to avert corruption in providing operation licenses and permits to investors.

### **2.1.6. PARTICIPATION OF RURAL PEOPLE IN INVESTMENT**

Rural people are usually viewed as the receivers of development initiatives yet they also have the abilities to transform their lives. Rural people are the domestic investors that can be also attracted by the rural local authorities to invest. Teshome et al (2013:7) carried out a study in Ethiopia named Patterns and determinants of farm Households investment in Rural Ethiopia. The study was conducted in East Hararghe. Teshome et al (2013:7) discovered that rural households in Ethiopia participate in investment despite the fact that they have low income. Teshome et al (2013:7) further elaborated that the rural poor people can invest but there must be institutions that support and promote investment in the rural areas; by creating a good investment environment providing skills training and facilitating credit facilities for the rural people. Hilson (2013:12) added that rural people are willing to partake in investment and development of their economies and some of them are informally involved in this endeavour.

Hilson (2013:12) further argued that the bureaucratic regulations and government policies are the source of destructing the rural people from fully participating in investment and development of their economies. The above scholars agree that rural people can fully participate in investment but they also raised the fact that the responsible authorities must create a conducive environment for the people to fully take part in this venture. This study

seeks to determine whether the people of UMzingwane District participate in investment and the challenges they are facing in embarking on investment.

## **2.2. STRATEGIES THAT CAN BE USED TO ATTRACT RURAL INVESTMENT**

### **2.2.1. Offering appropriate facilities**

Wong (2001:4) carried out a study in rural England in which she was looking at the factors that have promoted inward investment in the rural England. In her study she concluded that high environmental quality and convenient local amenities are essential in attracting investment. In the issues of the environment Wong (2001:4) added that the rural local authorities in England had lower levels of both water and air pollution hence many industries from the urban locations re-located their firms to these areas. She also alluded to the fact that rural local authorities in England had good quality of life in terms of provision of water, electricity and other crucial amenities hence investors were attracted to the general standard of living in rural England. The OECD Report (2006:6) added that in Umbria (a rural area in Italy) government embarked on a deliberate policy to provide good services such as health care, good quality of water, electricity and other services. The OECD Report (2006:6) observed that this policy led to more companies coming in to invest in Umbria, which led to the creation of employment and reduction of rural to urban migration.

To further support Wong (2001:4) and the OECD Report (2006:6); Gasper (1988:11) added that there is a need for improvement in water, electricity supplies, sewage reticulation, garbage collection, provision of new market stands and other services in rural growth points in order to receive greater investment. To further support Wong (2001:4)'s aspect of providing an environment that is free from pollution to attract investment in rural

England. Axelrod (2005:154) explained that governments must not lessen their environmental standards and laws to attract investment since this may have a negative impact in the long run.

It is rare in Africa to get investors who will want to consider levels of pollution in an area before investing. Investors usually want to exploit the available resources in order to make a profit. This research will find out whether UMzingwane Rural District Council has provided the amenities such as water and electricity to attract investment.

### **2.2.2. Providing a stable political and economic environment**

According to Salam and Kalsum (2000:6) statistics revealed by the Finance Minister of India on 28 February 2000 displayed that investment levels increased from 32% in 1999 to 62% in 2000 in the rural areas of India. Salam and Kalsum (2000:6) further explained that the drastic increase in rural investment in India was due to the political and economic stability that existed in the country after the 1999 elections. Blanchard (2010:336) further explained that the political and economic environment has a direct impact on investor expectations and decision making. Blanchard (2010:336) elaborated that investors require a stable political environment as an assurance of the safety of their capital resources to be plunged in an area. A good political and economic environment can also boost investor confidence. The purpose of this research is to identify the effects of the political and economic environment in Zimbabwe on investment attraction at UMzingwane Rural District Council.

### **2.2.3. Place marketing rural areas**

Kotler et al (2002:183) observed that place marketing helps to ensure that the area and its resources are known by the public. Loveridge (1996:6) added that place marketing is a strategy that seeks to warrant that the resources and infrastructure of an area are published

through the use of both electronic and print media. Dorr (2007) in Kandilov and Renkow (2009:2) explained that the use of broadband internet services will reduce the barriers of distance and level the playing field between rural and urban areas in marketing their products. However Chambers (1983:7) is of the view that journalists are drawn to towns and live in them hence rural areas are neglected by both the print and electronic media. Some rural local authorities in Zimbabwe such as UMguza Rural District Council hold their agricultural shows and book stands at the Zimbabwe International Trade Fair; where they exhibit their resources and market themselves. This research seeks to determine whether UMzingwane Rural District Council has considered employing place marketing through the use of the print and electronic media as a strategy of attracting investors.

#### **2.2.4. Central government investment on rural roads**

The UNDP (2011:61) carried out a study in Nepal after realisation of the fact that the Dolakha and Makwanpur Districts in rural Nepal were increasingly becoming one of the fastest economic growing rural areas in the world. The UNDP (2011:61) concluded that economic growth in Dolakha and Makwanpur Districts was due to the deliberate policy by the government of Nepal to invest intensively on rural roads which in-turn attracted many investors in these Districts. This also created employment opportunities for the local people especially during the construction of the Mude-Melung road in Dolakha where an estimated 4000 local people were employed.

Blimpo et al (2012:6) further elaborates that the rural citizens that have little influence over political outcomes in most developing countries have poor roads which have subdued their efforts to attract investment and improve their local economies. The UNDP (2011:61) recommended that governments all over the world must rehabilitate rural roads like in Nepal in order to attract investment and promote rural economic development. Ma Xiaohe (2006) in

the OECD Report (2006:6) stressed out the importance of prioritising roads in order to attract investment. He observed that in China the first priority is rural roads, the second is rural roads and the third is rural roads. In this Ma Xiaohe (2006) expressed the point that China has done well in attracting rural investment due to the ability of the central government to prioritise investing in rural roads. The Whitsun Foundation (1980:60) observed that improvement of the road infrastructure is the key to more rural investment. The above scholars agree that good roads play a pivotal role in attracting investment. The purpose of this study is to determine the state of the road network at UMzingwane Rural District Council and how it has affected investment attraction.

### **2.2.5. Privatisation, stripping government monopoly and dominance**

The World Bank (2003:69) carried out a study in Honduras entitled Opportunities and priorities for private investment in the telecommunications sector. The World Bank (2003:69) found out that the government of Honduras made a strategic decision that the telecommunications sector should be developed by the private sector companies using their private capital; after realising that the monopoly and dominance by the HONDUTEL Company which was owned by the state was making the sector to be inefficient. In its findings the World Bank (2003:69) reported that in 2002 when the government opened up to the private sector to venture in telecommunications; six investors came into board in the telecommunication sector. These investors included Pan American Cellular Systems, Hughes Network Systems, Worldwide Cellular Telecommunications, CELTEL, Millicom International Cellular and Conatel. The World Bank (2003:69) recommended that the governments must Open its markets to the Private sector and avoid monopoly of service provision by the state companies in order to increase their investment levels which will then create employment.



Pettinger (2011:1) is of the view that government is there to provide the services that are neglected by the private sector. He further argued that the government must provide essential services that cannot be provided by the private sector since they are not profitable. The W.H.O (2011:5) also stated that the provision of health services cannot be left to the private sector since this service must be offered at an affordable price. One may also sight that if state owned companies such as ZESA are privatised the electricity rates will be increased since the private sector is profit oriented which may scare away potential investors. The above scholars have clashing views about privatisation and stripping off government monopoly and dominance to attract investment. This research seeks to enquire the views of the managers on the issue of privatisation of state owned companies to attract investment at UMzingwane Rural District Council.

### **2.2.6.Embarking on land based investment**

Cotula et al(2009:38) made a survey in Ethiopia, Madagascar and Mali. In the survey, Cotula et al (2009:38) observed that from 2004 there has been a rise in land based investment in Africa; 452 hectares have been given for biofuel project in Madagascar, 150 000 hectares for livestock project in Ethiopia and 100 000 hectares of land has been allocated for irrigation in Mali. Cotula et al (2009) added that the dominance of the foreign investors is also playing a major role in land acquisitions which have led to the host countries benefiting from employment creation and infrastructure development. Gasper (1988; 18) argued that agriculture is the only industry that can prosper in rural areas. Mellor (1990:70) agree with Gasper (1988:18) that rural areas are usually dominated by an agricultural economy. This study seek to unravel whether UMzingwane Rural District Council has the land that can be set aside for agricultural investment /not.

The strategies mentioned above are a true reflection of the fact that rural local authorities can attract investment. The above strategies play a pivotal role in identifying the research gaps and guiding the research process as a whole.

### **2.3. SUMMARY**

The literature review chapter explored the definitions of investment by various scholars, the types of investment, the factors that influence investment, constraints in rural investment, the types of industries that can be attracted to invest in rural areas, participation of rural people in investment and the strategies that can be used to attract rural investment. The gaps identified in the literature review formed the base to bring direction to the research and to identify the research gaps that were left by other scholars.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter will highlight the methodology that will be used to obtain the required information. Firstly, the research design is explained. Secondly, the case study technique is highlighted. Thirdly, the sampling procedure is presented. The chapter then provides data collection instruments that would be used in this research. Lastly, the chapter ends with a summary.

#### **3.2. Research design**

Punch (2003:142) defined a research design as the overall plan for the research which include the strategy, the conceptual framework, the question of who/what will be studied and the tools to be used for collecting and analysing empirical data. Hawkins (1993:52) classified research design as exploratory, descriptive and casual. The exploratory research is concerned with the nature of the problem and the variables in the problem model. This study will use an exploratory research design. Marshall (2005) elaborated that the main purpose of the exploratory research design is to gain familiarity with a phenomenon and to acquire new knowledge and insight into a study area in order to formulate a more precise problem and develop a hypothesis. The research used an exploratory research design. The research design allow the research to acquire or gather the much needed information and helped to understand what UMzingwane Rural District Council has done to attract investment.

This research study is mostly qualitative in nature with some quantitative elements. Creswell (2007:37) defined qualitative research as a situated activity that starts with the assumptions, a world view, the possible use of theoretical lens and the study of research problems inquiring

into the meaning individuals or groups ascribe to a social human problem. Qualitative research enabled the research to get an insight into attitudes, beliefs and motives as well as behaviour of targeted population (Scates, 2005). Gall *et al* (2005:35) purports that qualitative research is concerned with finding the answer to questions which begin with why, how, when and what. This enabled the research to unearth the motives on why UMzingwane Rural District council may want to attract investment and to understand the challenges being encountered by the local authority in attracting investors.

King and Horrock (2012:7) defined quantitative research as a process that is concerned with measurement, precisely and accurately capturing aspects of the social world that are then expressed in percentages, numbers, value and ratios. Punch (2003:4) added that quantitative research is empirical research where the data are in the form of numbers. Quantitative research enhanced the research to find out the number of industries that have been attracted by UMzingwane Rural District Council.

### **3.3. Research methodology**

King and Horrock (2012:6) defined a methodology as a process by which the design of the research and choice of particular methods and their justification in relation to the research project are made evident. King and Horrock (2012:6) explained that a research methodology is a technique or procedure used to collect and analyse data.

### **3.4 The case study technique**

The research adopted the case study technique. Creswell (2009:13) defined a case study research as a strategy of inquiry in which the researcher explores in depth a program, event, activity, process or more individuals. Creswell (2009:13) added that case study technique avoids generalization in research. According to Reardon (2006: 63) “The case study

technique is potentially the most valuable method of research known for obtaining a comprehensive picture of individuality”. Thomas (2011:4) purports that a case study is an analysis of a person, events, decision, projects, institutions, policies or other systems that are studied holistically by one or more methods. A case study involves an in-depth, longitudinal examination of a single instance or event or case (Thomas, 2011:6). A case study improves the understanding of complex issues and increase knowledge on specific challenges faced in a particular context and locality. The research used a case study technique. The case study made the research to focus on a small sample size and have a full understanding and appreciation of investment attraction at UMzingwane Rural District Council. It is difficult to generalise the findings hence this is the reason why the research used a case study technique. Rural local authorities have varied resources to attract investment. They also differ in the state of their infrastructure; some have very poor infrastructure whilst others are fairly developed in terms of the hard infrastructure. This means that we cannot assume that the results obtained at UMzingwane District represent all the rural local authorities in Zimbabwe hence this justifies the use of the case study technique in this research.

### **3.5 Sampling**

Bryman (2012:11) defined sampling as a principle used to search for a sample that can represent and act as a microcosm of a wider population. Sampling is the process of selecting units from the population of interest to represent the whole population. Chambers (2001:26) elaborated that researchers rarely survey entire population because the cost of a census is too high. The three main advantages of sampling are that the cost is lower, data collection is faster and since the data set is smaller, it is possible to ensure similarity and to improve the accuracy and quality of the data. It is not practical and inefficient to involve all members of the population in the research project. Sample representatives provide the image or characteristics of the whole population.

### 3.5.1 Sampling frame

A sampling frame can be simply defined as a list of direction that defines the target population. It is the total population under study. Levy and Lemeshow (2008:12) defined a population as a group of individuals in which a sample is drawn. The total population for this study is 58 569. These include members of staff at UMzingwane Rural District, local business people, officials of other government departments and residents.

### 3.5.2 Sampling size

According to Bryman (2012:425) a sample size is the number of people that would be interviewed, questioned or observed. A sample is a subject of the population on which observations would be made. A sample of 80 respondents was chosen in this research. A sample is chosen because it is difficult to carry out a research on each and every subject of the population. A sample of interviews will also be conducted on one on one basis where by the interviewer will ask questions and the interviewee answer the questions.

**Fig 3: Sample Population**

CATEGORY	POPULATION	SAMPLE	FREQUENCY
Council Officials	25	20	80%
Business people	15	30	50%
Government Department Officials	20	15	75%
Residents	58 569	15	0,03%
TOTAL	58 629	80	0,1%

### **3.5.3. Sampling technique**

The research used convenience sampling. Bryman (2012:710) defined a convenience sample as a sample that is selected because of its availability to the person conducting a research. It is one that is simply available to the one conducting a research by virtue of its accessibility. The target population for this research included UMzingwane Rural District Council officials, officials from other government departments, councillors, the chiefs, the residents of UMzingwane District and the local business people at UMzingwane District. These are chosen on the understanding that they are the ones who plan and initiate investment attraction at UMzingwane Rural District Council and they have the information for this study research. Only those respondents that were available and accessed for the research were interviewed and given questionnaires to answer.

### **3.5.4. Justification of the sampling technique**

Inconvenience sampling there are high chances that the research will receive almost all the questionnaires back so that there will be a good response rate. Council officials are usually busy; not all of them will love to participate in things that will not offer them any rewards therefore the research focussed on those respondents that were accessible to respond to the research.

When the research was conducted at UMzingwane Rural District Council offices on 23 September 2013 most of the Heads of Departments at the council had travelled to Harare for the Minister of Local Government and Public Works meeting with various stakeholders within the governance fraternity. Since convenience sampling stresses the point that the

research must interrogate those respondents who are reachable the conducting this study was not problematic hence the research was carried out smoothly and with expediency.

### **3.6. Data collection instruments**

The research used both primary and secondary data sources so as to ensure the validity of the information to be collected. The primary data was collected through the use of questionnaires, interviews and observations. Council minutes and other documents were also consulted in order to get the requisite data for the research. The equipment that was used in this research includes pen, paper and cameras.

#### **3.6.1. Primary data**

Primary data is the first hand information or the data that is collected for the first time. Primary data was collected in the field using interviews and questionnaires. Questionnaires were helpful in acquiring data to those who did not have time for interviews.

#### **3.6.2. Secondary data**

Bushel *et al* (2006: 106) defined secondary data as “data that was collected and interpreted at least once for some specific situation other than the one under study”. This is information that is already in existence. Council monthly and annual reports and their minutes of the meetings held were consulted to get more information about the research topic.

#### **3.6.3. Questionnaires**

Walliman (2011:190) defined a questionnaire as a method of collecting data that consists of a series of questions or statements to which individuals are asked to respond in order to get information from a large number of people. A questionnaire allows the one conducting a research to measure what the respondents know, like, dislike, attitudes and beliefs. Powell (1996:74) states that a questionnaire has some advantages over other research instruments



because it is relatively cheap and often has standardized answers that make it simple to compile data”.

### **Advantages**

A questionnaire allows for the collection of large quantities of data over a short space of time. Questionnaires also give privacy to the respondents especially when dealing with the sensitive issues. Furthermore the results of the questionnaires can usually be quickly and easily quantified. Lastly a questionnaire can be analyzed more scientifically and objectively than other forms of research.

### **Disadvantages**

The main disadvantage of a questionnaire is that some of the respondents may leave the questions unanswered. Distortion of information is also high since questionnaires use many people. The other disadvantage is that the respondents might give false information since there is no way to check their truthfulness.

### **3.6.4. Interviews**

Walliman (2011:192) defined an interview as a face to face / telephone conversation between the interviewer and the interviewee. Lacobbucci (2005:127) added that an interview is “a verbal technique for obtaining data”. The major purpose of this technique is to get a full understanding of the respondent’s action and discover more fundamental reasons underlying the respondent’s attitude. The research also used interviews to solicit data about investment attraction at UMzingwane Rural District Council.

### **Advantages**

Interviews are a flexible way of collecting data hence they are capable of yielding a very wide range of valuable data. During an interview one can probe into casual factors, deduce attitudes, discover the background of the problem, involve the interviewee in the analysis of the problem and secure the cooperation of the interviewee in analysis. One can also observe non-verbal responses during the interview

### **Disadvantages**

Some respondents may exaggerate or not tell the truth so as to please the interviewer or if they feel that the research will be invading their privacy. Interviews can also be affected by the respondents who may give biased information.

### **3.7. Observations**

Clough and Nutbrown (2006:46) defined an observation as simply looking critically/ openly in order to get evidence and information. Cohen et al (2000:305) added that observations afford the research the opportunity to gather live data from live situations. He also elaborated that observations enable the one who is conducting the research to see things that might be unconsciously missed, to discover things that participants might not freely talk about in interview situations to move perception based data and to access personal knowledge.

### **3.8. Administration of research instruments**

In order to carry out the research effectively, there was communication with management verbally and in writing. Permission to carry out the study was also asked from the Chief Executive Officer at UMzingwane Rural District Council and the District Administrator of UMzingwane District. This enabled the research to be carried out without conflicting with the responsible authorities.

### **3.8.1. Method of administering the questionnaire**

All questionnaires were administered to the Human Resources and Administrative Officer at UMzingwane Rural District Council. The Human Resources and Administrative Officer was chosen because the office is accessible to everyone; all council officials pass by this office every morning to sign the cloak book.

### **3.8.2. Interview schedule**

The interview schedules were distributed in advance to allow respondents to be prepared for interviews. Appointments were made with the interviewees in order to ensure the smooth running of the whole process.

### **3.9. Data Presentation and Analysis Procedures**

Tables, bar graphs and narrative descriptions were used to present and analyse the data that was gathered during the study. Narrative descriptions were used to explain given scenarios and relationships whilst bar graphs, pie charts and tables were used to interpret the data collected

### **3.10. Summary**

This chapter presented a research design which was exploratory research design, and the study is qualitative and quantitative in nature. The chapter also covered the sampling frame and size. The sampling technique which is convenience sampling is also reflected. Data collection instruments such as questionnaires and interviews are also shown. The chapter also covered the method of administering the research instruments.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND DISCUSSION**

#### **4.1. INTRODUCTION**

This chapter presents the findings gathered during the research study. The data gathered mainly focussed on the resources available at UMzingwane District to attract investment, the infrastructure at UMzingwane Rural District Council and the investment opportunities available at the council area. The data was gathered using questionnaires, observations and interviews. Data was presented using pie charts, bar graphs and tables to show statistical data such as numbers and percentages of specific respondents.

#### **4.2. Data Presentation**

The completed questionnaires and interview responses were put together to form the data base. Bar graphs, pie charts and tables were used to present the findings statistically. The response rate on questionnaires and interviews is also shown below.

#### **4.3. Response rate on questionnaires**

The research generally managed to meet the targeted population. 90% of the council officials responded to the questionnaire, whilst 100% of the business people answered the questionnaire, 80% of government departments responded to the questionnaire, 100% of the residents selected responded to the questionnaire. The overall response rate on the questionnaires is 92%. Booth (1998:45) states that a response of less than 33% is unacceptable no matter who says what; whilst 75% and above is reasonable and acceptable. This means that the response rate above is generally acceptable. Although some of the

council officials had gone to Harare for the Minister's meeting with the stakeholders in the governance fraternity; the research managed to obtain the requisite information.

#### **4.4. Response rate for interviews**

The interviews were mainly targeting the council officials at UMzingwane Rural District Council and the Heads of government departments that were believed had information on issues to do with investment attraction at UMzingwane District. The targeted interviewees were selected on the basis that they obtained information that is valid for the research since they were directly involved in investment attraction of the council. 90% of the council officials were interviewed.

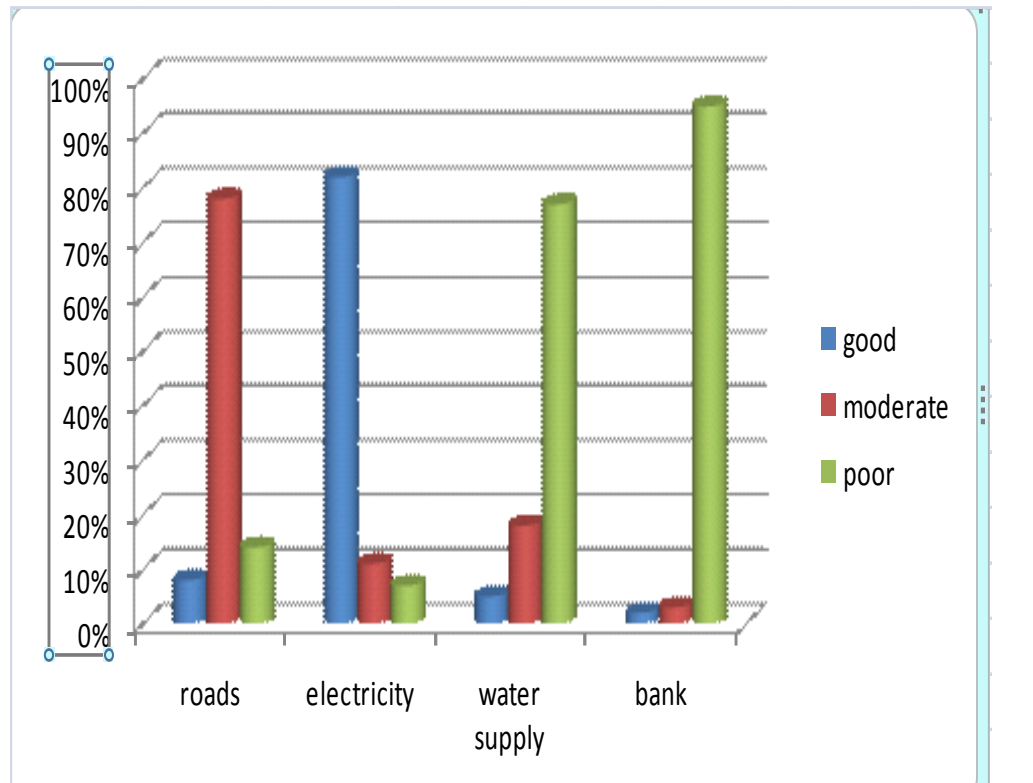
#### **4.5. FINDINGS FROM COUNCIL OFFICIALS**

##### **4.5.1. Perceptions and understanding of investment attraction**

The officials at UMzingwane Rural District Council were asked to give their views about investment attraction. The 100% of the council officials who responded reflected that they understand what investment attraction is roughly about. The responses obtained revealed that the 100% of the respondents view investment attraction as inviting companies into the area to establish their plant and equipment using different strategies that are crafted by the local authority. The 100% of the council officials expressed the point that UMzingwane Rural District Council can only attract real investors if the local authority designs strategies that will ensure that the council becomes more attractive as compared to its neighbouring local authorities such as Bulawayo City Council and Gwanda Municipality. The findings concurs with Katyani (2011:2) who stated that real investment in new plant and equipment, roads and other public utilities adds value addition to the economy.

#### 4.5.2. Rating the state of the infrastructure that is crucial in attracting investment at UMzingwane Rural District Council.

**Fig 4: State of Infrastructure.**



Respondents were asked to rate the infrastructure at UMzingwane Rural District. 8% of the respondents specified that roads are good at UMzingwane District, 78% said that roads are moderate whilst 14% believe that roads are poor at UMzingwane District. The above statistics in Fig 3 reveal that the majority of the respondents are of the view that roads are moderate at UMzingwane District. The statistics are in contrary to Aikaeli (2010:10) who stated that rural roads are usually poor. This also means that UMzingwane Rural District Council can improve its roads in order to make them good to attract investment.

#### 4.5.3. A road that connect to the industrial sites and Upper Ncema Dam at UMzingwane District

**Fig 5: State of the Council Roads at UMzingwane District**



*SOURCE: field research by KhulaniDube*

Fig 4 shows that roads are not poor at UMzingwane District but they are moderate. If such roads are tarred UMzingwane Rural District Council will have a competitive advantage in attracting investment. The UNDP (2011:61) states that governments must improve the roads in order to attract investment; hence such roads as the one reflected in fig 4 can be developed to attract investment.

Fig 3 shows that 82% of the respondents said that electricity supplies are good at UMzingwane District, 11% stated that they are moderate whilst 7% observed that electricity supplies are poor. The majority of the respondents stated that electricity supplies are good at

UMzingwane District. Wong (2001: 4) observed that the availability of electricity is crucial in attracting investment. However the availability of electricity at UMzingwane District has not proved to be attracting investment hence contradicting with Wong (2001:4)'s observation.

Fig 3 shows that 5% of the respondents stated that there are good water supplies at UMzingwane District, 18 % stated that there are moderate water supplies at UMzingwane District and 77% specified that there is poor water supplies at UMzingwane District. This means that there are poor water supplies at UMzingwane District. These findings reflect the statement by Gasper (1988:11) who elaborated that rural areas needs to improve their water supplies in order to attract investment.

Fig 3 also demonstrates that 2% of the respondents stated that there are good banks at UMzingwane District, 3% believe that there are moderate banking facilities at UMzingwane District whilst 95% are of the view that the state of banks at UMzingwane Rural District Council is poor. Judging from the statistics in fig 3 there are poor banking facilities at UMzingwane District. Matunhu and Mago (2013:5) explained that the government of Zimbabwe is failing to establish banks in rural areas that will help the rural people to have access to the financial services. The statistics are in support of the statement that government has failed to build banks in rural areas by Matunhu and Mago (2013:5). Lack of banks has a negative impact on investment attraction since people have no access to loans to borrow from banks in order to invest at UMzingwane District.

#### **4.5.4. Strategies implemented by UMzingwane Rural District Council to attract investment.**



The council officials gave a list of the strategies that have been put in place by UMzingwane Rural District Council to attract investment. The 70% of the respondents explained that the council has created the terms of payment for business stands where a one-off payment is not demanded, 20% stated that UMzingwane Rural District Council is offering affordable rates to the investors. However 10% of the respondents stated that UMzingwane District has not crafted any strategies that are specifically for attracting investment.

#### 4.5.5. Place Marketing as a strategy to attract investment

**Fig 6: Place Marketing at UMzingwane Rural District Council**

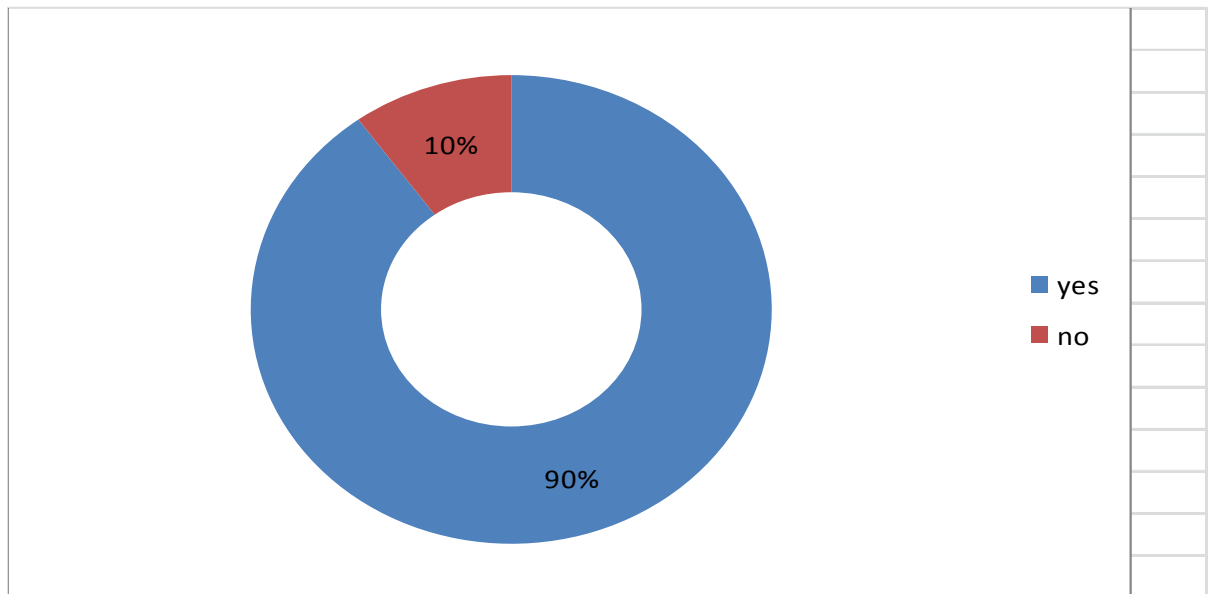


Fig 5 shows that 90% of the council officials at UMzingwane Rural District Council stated that the council has never used place marketing as a strategy to attract investment whilst 10% of the respondents believe that UMzingwane Rural District Council has used place marketing as a strategy to attract investment. The statistics above reflect that the majority of the council officials at UMzingwane Rural District Council are of the view that the council has not used place marketing as a strategy to attract investment. During interviews the council officials stated that UMzingwane Rural District Council does not have a website and is not doing any agricultural shows to market its resources and policies in order to attract investment. Dorr

(2007) in Kandilov and Renkow (2009:2) observed that the use of broadband internet services will level the playing field between rural and urban areas in marketing their resources to attract investment. This means that UMzingwane Rural District Council will never compete with the urban local authorities since the council has failed to place market itself using the electronic and print media.

#### **4.5.6.Resources available at UMzingwane District to attract investment.**

The natural resources are the most valuable asset for each and every rural local authority to attract investment. The natural resources are the essential raw material needed by the industries to resume production. They are the most critical element that will convince any industrialist to make a concrete decision to invest in any rural local authority. Council officials at UMzingwane Rural District Council were asked to give a list of the natural resources available at UMzingwane District. A total of 100% respondents answered by stating that the natural resources available at UMzingwane District are: gold, fish, water, pit sand and river sand, the wild life, land for livestock ranching and agriculture. The findings concurs with Manyanire et al (2009) in Mabika (2013:4) who stated that rural areas have the physical resources to sustain and facilitate industrial development. During the interview sessions 100% of the interviewees stated that there are three mines at UMzingwane District namely How Mine, Redrose Mine and Esikhoveni Mine. Respondents also alluded that the local authority also owns the major water bodies in Matabeleland South Province namely UMzingwane Dam, Upper and Lower Ncema Dams and Inyankuni Dam. The council also boasts of owning the Matopos National Park which has a number of species as well as the Matopos World Heritage site for tourism. The findings are in line with Wekwete (1988:7)'s perspective that rural local authorities have the natural resources that can attract investment. The general opinion of the respondents was that UMzingwane District has abundant natural resources to attract investment.

#### 4.5.7. Cost of land to attract investment at UMzingwane District.

**Fig 6: Cost of Land**

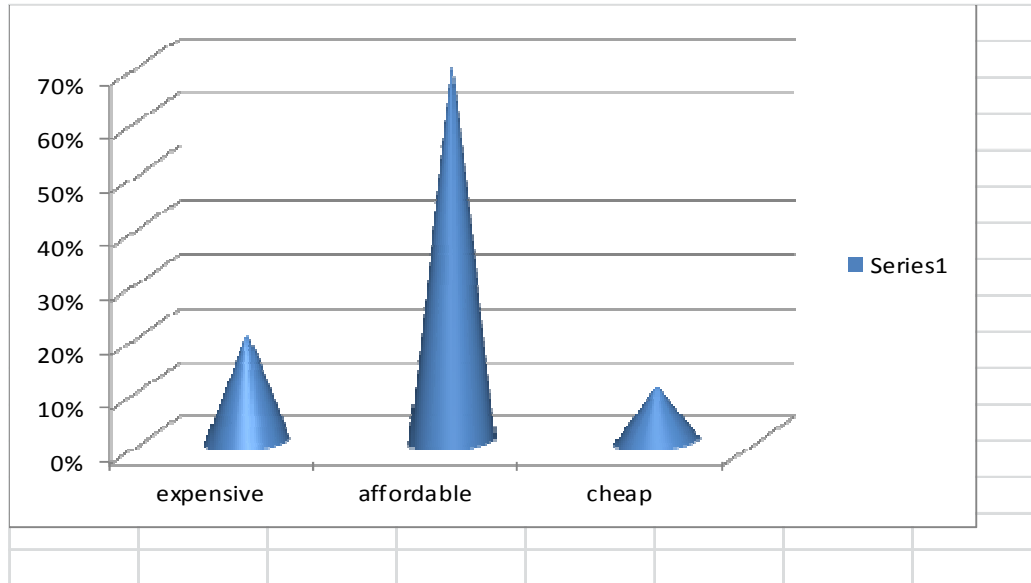


Fig 6 shows that 20% of the respondents stated that land is expensive to attract investment at UMzingwane Rural District Council. This means that the land is not expensive at UMzingwane District since 20% response rate is not convincing enough in favour of the part in which land is viewed as expensive at UMzingwane District

The 70% of the respondents cited in Fig 6 stated that land is affordable at UMzingwane District. The findings above concur with Stamber (2001:158) who stated that rural areas offer affordable land in order to create a competitive advantage over the urban areas.

Fig 6 reflects that 10% of the respondents are of the view that the land is cheap at UMzingwane District. The findings reveal that the 10% is the lowest in Fig 6 meaning that we cannot conclude that land is cheap at UMzingwane District

#### 4.5.8. Effects of the Indigenisation and Economic Empowerment Policy in attracting investment.

The respondents were asked to state whether the Indigenisation and Economic Empowerment Policy has a positive or negative effect on the efforts made by UMzingwane Rural District Council to attract both domestic and foreign investment. The results are shown below.

**Fig 8: Effects of the Policy in attracting investment at UMzingwane District**

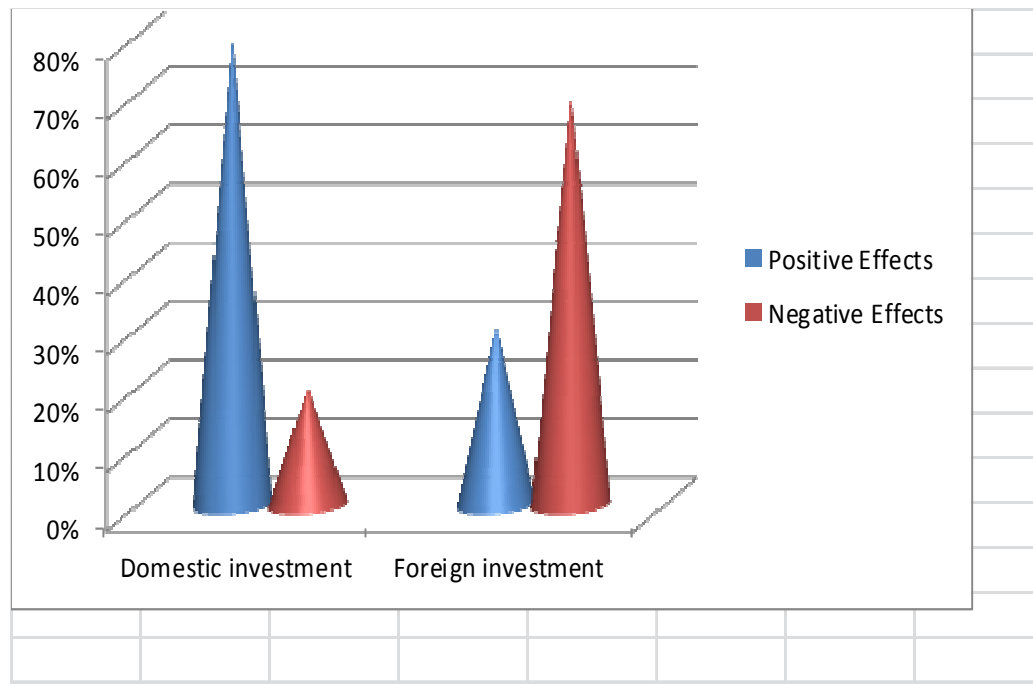


Fig 7 illustrates that 80% of the respondents mentioned that the Indigenisation and Economic Empowerment Policy has a positive effect on the efforts made by UMzingwane Rural District Council to attract domestic investment whilst 20% of the respondents indicated that the policy has negative effects on the efforts of the council to attract investment. The findings in Fig 7 reflect that the Indigenisation and Economic Empowerment Policy promotes domestic investment since 80% of the respondents are of the view that the Policy is vital in attracting

domestic investors. The findings correspond with Kasukuwere (2010:10) who observed that the Indigenisation and Economic Empowerment Policy was meant to ensure the participation of the local people in investment through partnering them with the foreign investors.

Fig 7 also display that 30% of the respondents cited that the Indigenization and Economic Empowerment policy has a positive effect on the efforts made by UMzingwane Rural District Council to attract foreign investment. However the 70% of the respondents mentioned that the policy has negatively affected the efforts made by the council to attract foreign investment. The findings in fig 7 concur with the observations made by Zhou and Zvoushe (2012:7) who witnessed that the condition of surrendering 51% to the locals may scare away potential foreign investors.

#### **4.5.9. The effects of Bulawayo on UMzingwane Rural District Council's efforts to attract investment**

**Fig 9: UMzingwane Rural District Council and Bulawayo in attracting investment**

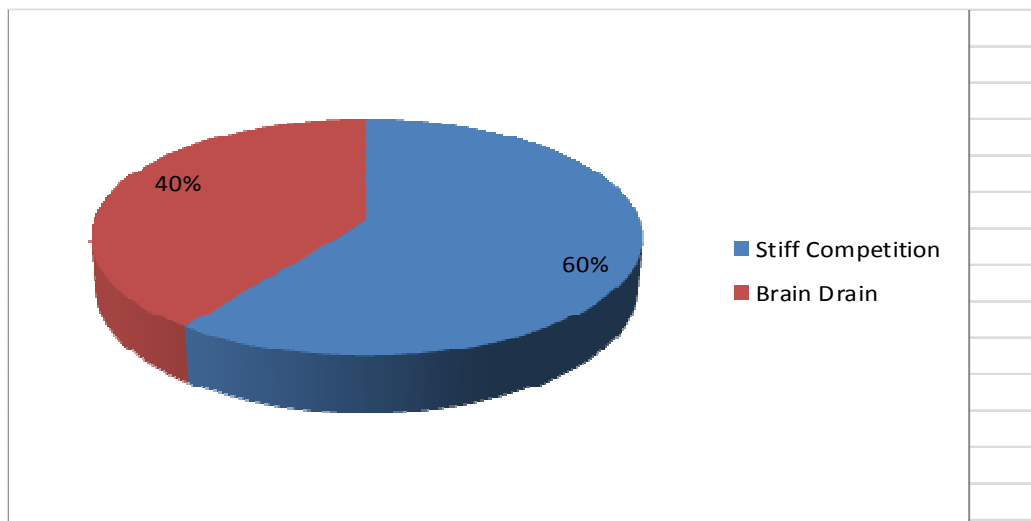


Fig 8 shows that 60% of the respondents stated that UMzingwane Rural District Council is facing stiff competition from the Bulawayo in attracting investment. The 60% of the

respondents interviewed elaborated that the Bulawayo has good infrastructure and is well marketed as compared to UMzingwane Rural District Council in attracting investment. The findings are in harmony with Helmsing (1986:14) who argued that rural local authorities are facing stiff competition from the urban centres in attracting investment.

Fig 8 shows that 40% of the respondents mentioned that UMzingwane Rural District is facing brain drain of its skilled personnel to Bulawayo. The 40% of the respondents also added that most of the skilled people at UMzingwane District prefer to work in Bulawayo. This leaves the District without the skilled human resources to attract investment. The findings are in agreement with Stamber (2001:58) who stated that rural areas lack skilled human capital needed by investors due to migration of the economically active to the urban areas.

#### 4.5.10. Does the Bulawayo City Council assist UMzingwane Rural District Council to attract investment?

**Fig 10: Assisting Rural Local Authorities to attract investment**

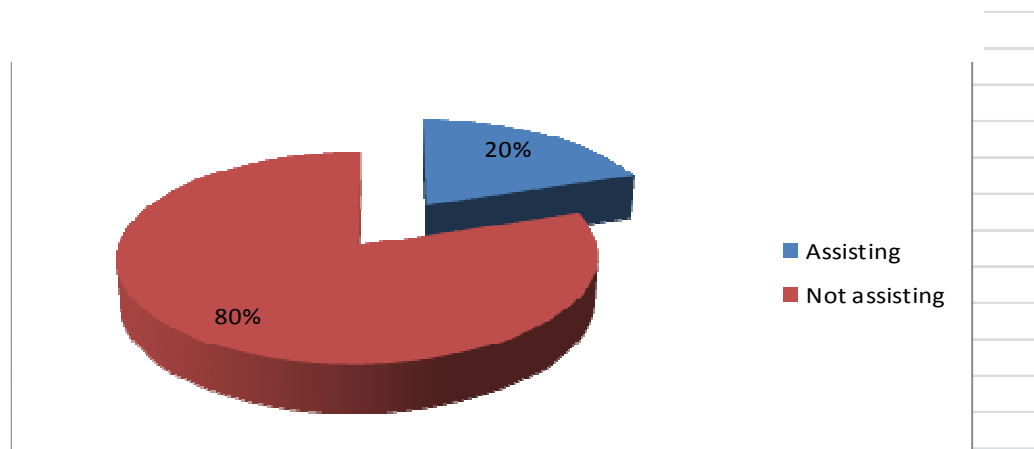


Fig 8 illustrates that 80% of the council officials at UMzingwane Rural District Council stated that the Bulawayo City Council is not assisting UMzingwane Rural District Council to attract investment. The 80% council officials interviewed mentioned that the Bulawayo City Council is the one getting water from UMzingwane District and it has done nothing to help the rural local authority to attract investment. Judging from the findings shown in fig 8 “urban areas are inherently exploitative of the rural areas”, Anderson (2010:16). The results in fig 8 differ with Mangiza (1999:6) who stated that rural and urban areas support each other in promoting development. The results clearly reflect that UMzingwane Rural District Council is yet to get any assistance from the Bulawayo City Council to attract investment.

Fig 8 also reflects that 20% of the council officials at UMzingwane Rural District Council stated that the council has been getting assistance from the Bulawayo city council to attract investment. The 20% of the respondents stated that the rural local authority has been given technical assistance from the Bulawayo city council on how they can improve their water supplies. However, the findings shown in fig 8 clearly give us a reflection that the kind of help given by the Bulawayo city council to UMzingwane Rural District Council is not specifically to attract investment.

#### **4.5.11. Is privatisation of State owned Companies/ Parastatals solution in attracting investment at UMzingwane Rural District Council?**

Council officials were also asked to give their views patterning to privatisation of companies that are owned by the state to attract investment. The findings are presented below.

#### **Fig 11: Privatisation and investment attraction**

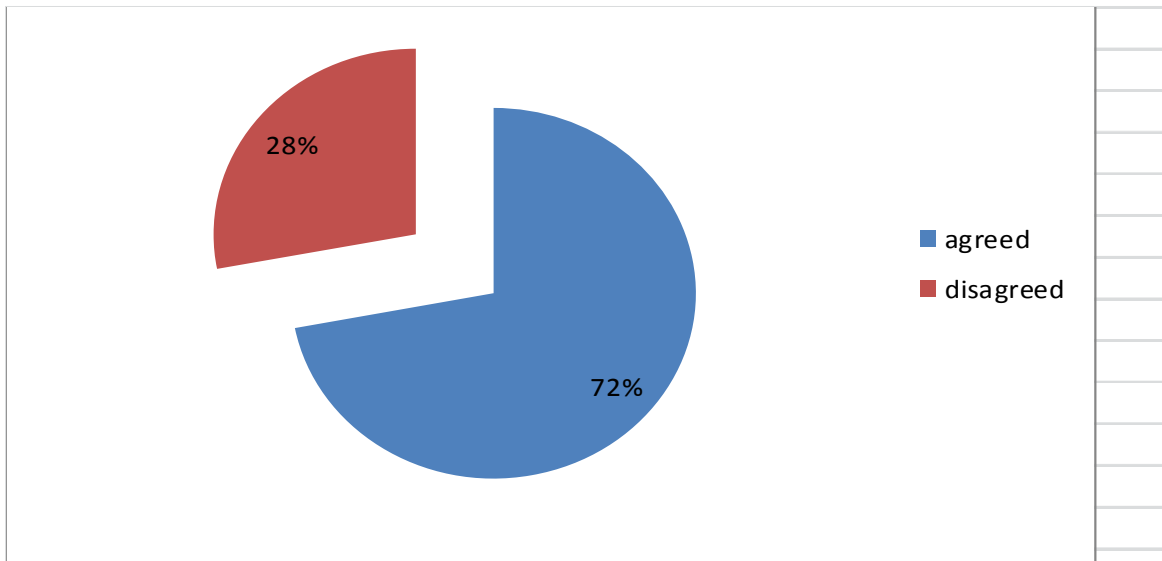


Fig 9 shows that a total of 72% of the respondents at UMzingwane District agreed that privatisation of the central government owned companies will enhance UMzingwane Rural District Council to attract investors. The results are in accord with the W.H.O (2003:6) which stated that privatisation of state owned companies will enhance governments to attract investment.

However 28% of the respondents disagreed that privatisation of state owned companies will promote the attraction of investment at UMzingwane District.

**4.5.12. Impact of the Economic and Political environment in attracting investment at UMzingwane Rural District Council.**

UMzingwane Rural District Council officials were asked to give their perceptions on the contribution of the existing political and economic environment to the current position of UMzingwane Rural District Council in attracting investment. The findings are presented below.

**Fig 12: Politics, Economy and investment attraction.**



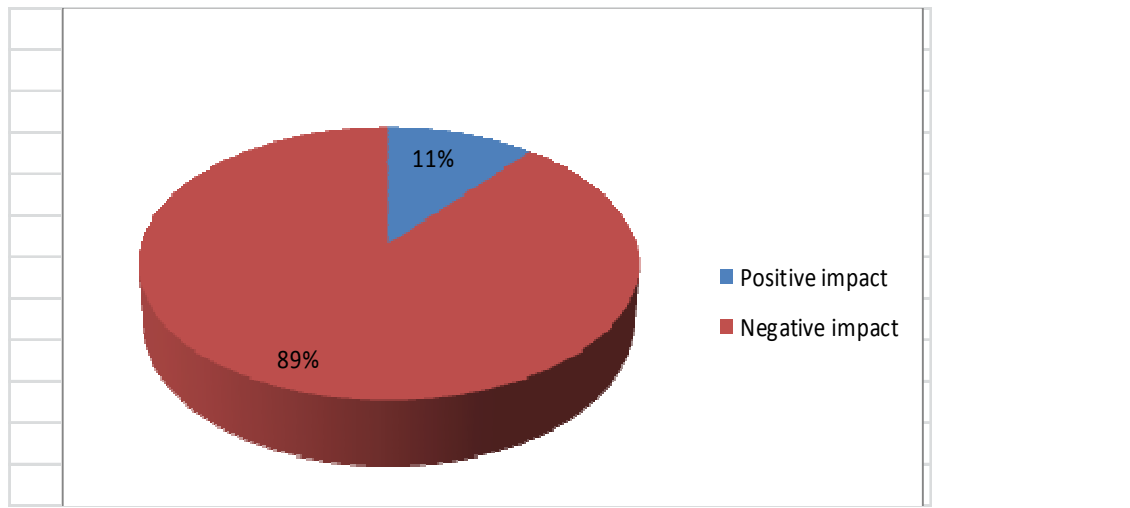


Fig 10 shows that 89% of the respondents at UMzingwane District believe that the existing political and economic environment has a negative impact on the efforts made by UMzingwane Rural District Council to attract investment. They added that the current political and economic environment is inconsistent on the part of the investor. However 11% of the respondents stated that the economic and political environment of Zimbabwe has a positive impact on the efforts made by UMzingwane Rural District Council to attract investment. The findings are in accord with Salam and Kalsum (2000:5) who stated that an uncertain political and economic environment has a negative impact on investment attraction.

**4.5.13. Challenges faced by UMzingwane Rural District Council in attracting investment.**

The 60% of the respondents cited failure by the council to craft policies that attract investment as the main challenge that has hindered UMzingwane Rural District Council to attract investment. The 60% respondents who were interviewed also mentioned that the council has not crafted enough policies and designed relevant strategies to attract investment.

There are no by-laws that are specifically set for attracting investment by UMzingwane Rural District Council hence this has been viewed as a major setback in attracting investment by the council. The findings correspond with Chaves et al (2001:10) who stated that failure by the central and local government to improve policies in financial market and regulatory framework hinders investment.

The 15% of the respondents revealed that poor water supplies are other reasons that have posed to be a challenge faced by UMzingwane Rural District Council in attracting investment. The respondents added that water is essential in any industrial production hence the erratic water supplies that are experienced at UMzingwane Rural District Council are a great set back in attracting investment.

The other 15% of the council officials bemoaned failure by the local authority to market its resources as a great set back in attracting investment. The respondents cited that UMzingwane Rural District Council has not managed to publicise its resources. The 15% of the respondents expressed the point that investors are not aware of the resources and raw materials that can be offered by UMzingwane District to boost their production.

Lastly 10% of the respondents are of the view that UMzingwane District has a shortage of developed infrastructure such as factory shells to attract investment. The 10% of the respondents expressed that the fact that lack of developed infrastructure makes the local authority less attractive to the investors since the cost of setting up industrial infrastructure are very expensive.

#### 4.6. FINDINGS FROM THE LOCAL BUSINESS PEOPLE AT UMZINGWANE DISTRICT.

##### 4.6.1. Types of businesses that have been attracted by UMzingwane Rural District Council.

To find out the types of industries that has been attracted by UMzingwane Rural District Council; the respondents were asked to name the kind of businesses they were operating. These were then categorized into extraction industries, manufacturing industries and retailers. The results are shown below.

**Fig 13: Categories of industries attracted by UMzingwane Rural District Council**

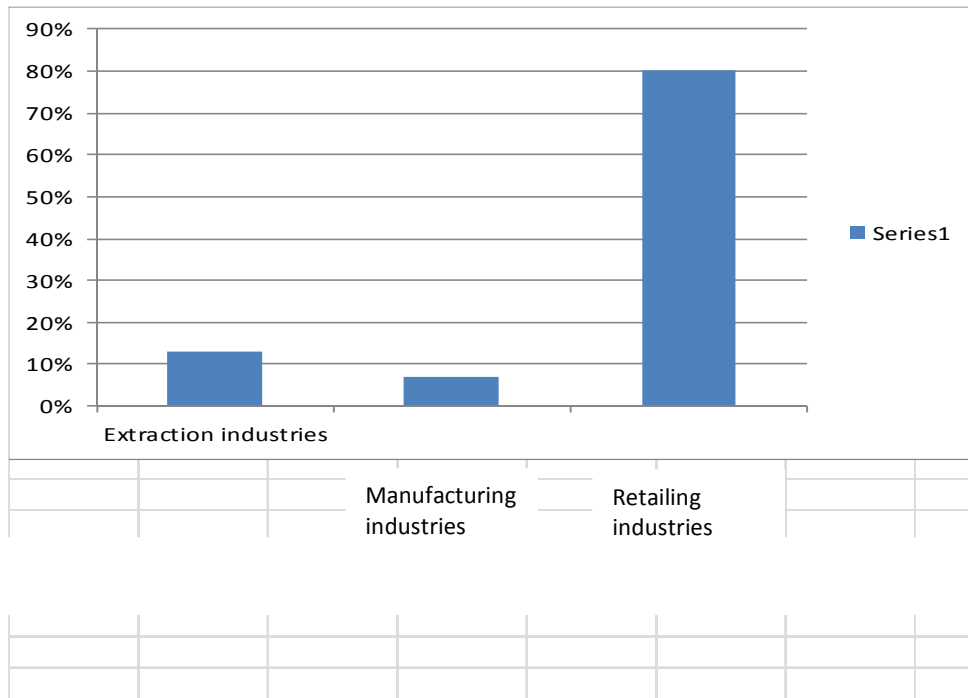


Fig 11 displays that 13% of the companies that have been attracted by UMzingwane Rural District Council are in the category of extraction industries whilst 7% are manufacturing industries.

Fig 11 demonstrates that 80% of the industries that exist at UMzingwane RDC are in the retailing sector. The findings show that the majority of the companies that have been attracted by UMzingwane Rural District Council are retailers. The findings concur with Hong (2001:4) who observed that governments are failing to attract real investors who will construct manufacturing plants and add value addition to their economies. Fig 12 represents the dominant sector of industries that have been attracted by UMzingwane Rural District Council.

#### **4.6.2. The picture shows one of the flea markets at UMzingwane District.**

**Fig 14: the dominant industry at UMzingwane Rural District Council**



***SOURCE: field research by Khulani Dube***

Fig 12 shows Habane flea market at UMzingwane District. The majority of the businesses that have been attracted by UMzingwane Rural District Council are retailers. The majority

products that are sold in these flea markets are imported from other countries hence this doesnot addvalue addition to the economy of the District.

**4.6.3. The reasons why the companies were attracted to invest in UMzingwane District**Business people at UMzingwane District were asked to give reasons why they located their businesses at UMzingwane District. The results are shown below.

**Fig 15: Business People and investment attraction**

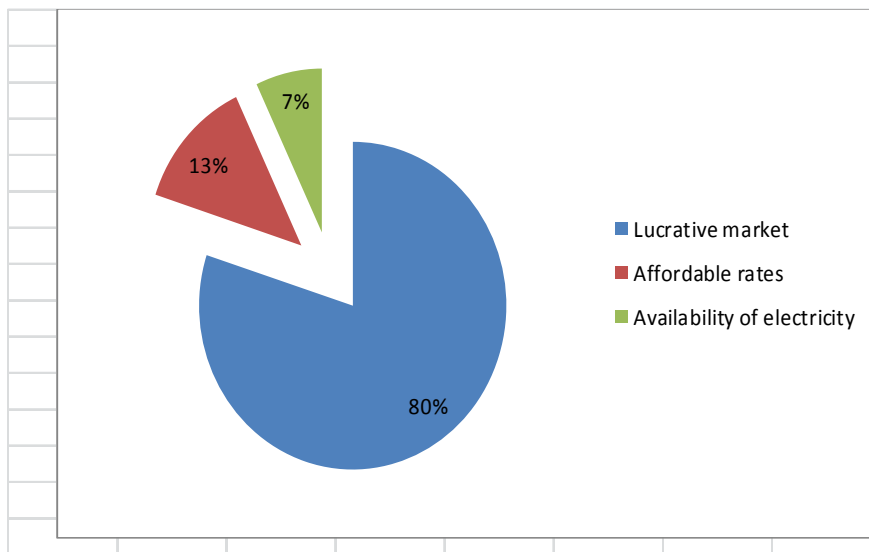


Fig 12 shows that 80% of the respondents mentioned the availability of a lucrative market for their products as the main reason why they established their businesses at UMzingwane District. The 80% of the business people also stated that most of their customers are the illegal gold panners and the local people. The findings confirm the assertion by Mudede (1985:3) that rural areas have an already existing market for the industrial produce.

Fig 12 also indicates that 13% of the respondents mentioned the affordable rates as the key element that attracted them to invest at UMzingwane District. These results concur with Smith (1992:12) who observed that rural local authorities usually offer affordable rates to the local business people.

Fig 12 illustrates that 7% of the respondents identified that the availability of electricity is the reason why they invested at UMzingwane District. The 7% of the respondents alluded that their businesses require electricity to operate hence the availability of electricity is the vital element that made them to make a decision of investing at UMzingwane District.

#### 4.7. FINDINGS FROM THE RESIDENTS

##### 4.7.1. Participation of the people of UMzingwane District in investment.

Rural people can also be attracted to invest in their areas. The strategies that are put in place by the local authority play a critical role in facilitating the participation of the rural people in investment. The rural people at UMzingwane District were asked to state whether they have ever invested/ started their own businesses at UMzingwane District. The results are represented below.

**Fig 15: Rural people and investment**

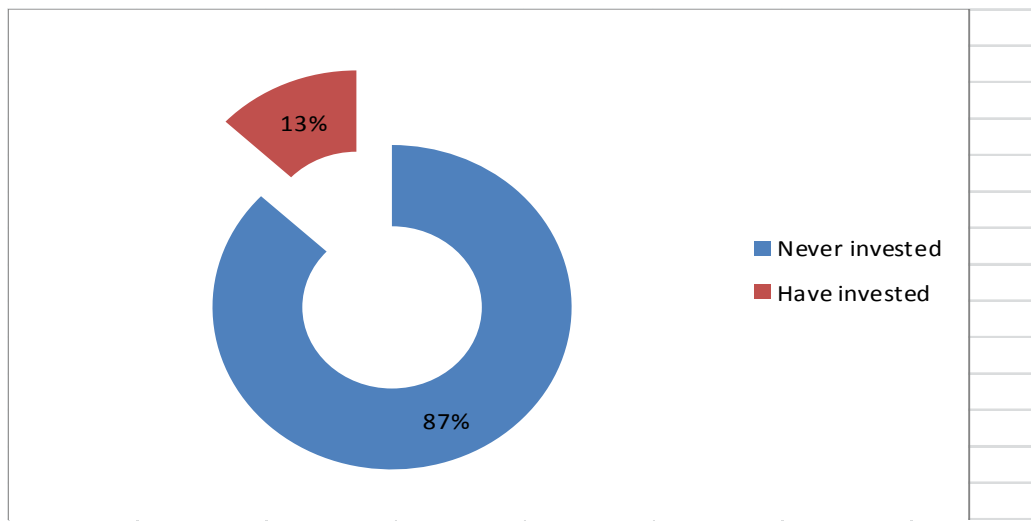


Fig 13 shows that a total of 87% respondents stated that they have never invested at UMzingwane District; whilst 13% cited that they have invested at UMzingwane District.

The statistics in fig 13 are a true reflection of the fact that UMzingwane Rural District Council has failed to attract the local people to invest in their home area. The findings in fig 13 do not concur with Teshome et al (2013:7) who stated that rural people can invest although having low income.

#### **4.8. FINDINGS FROM GOVERNMENT DEPARTMENTS**

##### **4.8.1. The involvement of Central Government Departments in aiding UMzingwane Rural District Council to attract investment**

The role of attracting investment cannot be solely mandated to the local authorities only. Government departments must also partake in this endeavour. Government officials from different departments were asked if they know the role that should be played by their departments in assisting UMzingwane Rural District Council to attract investment. The findings are presented below.

**Fig 16: Government Departments and their roles in attracting investment**

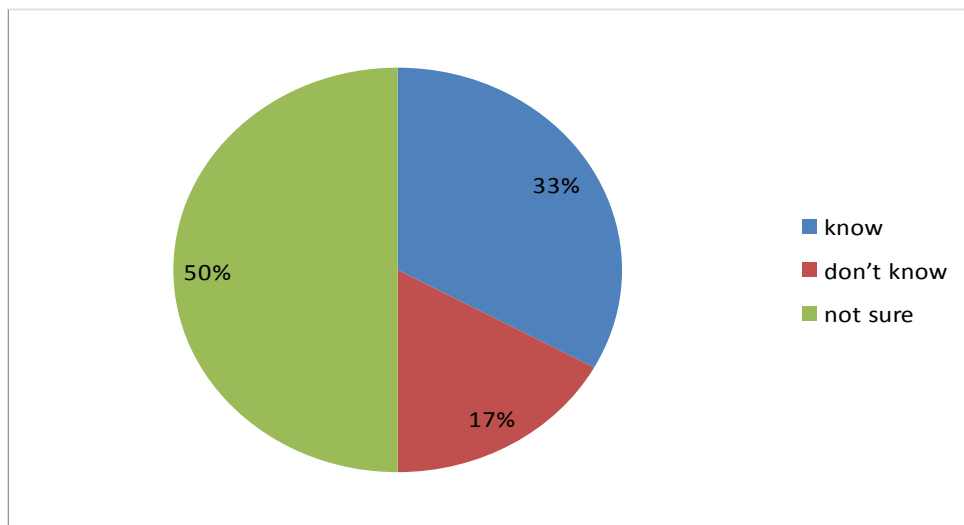


Fig 14 shows that 50% of the respondents stated that they are not sure of what they should do to help UMzingwane Rural District Council to attract investors, 33% stated that they know

what they should do to help UMzingwane Rural District Council to attract investment whilst 17% demonstrated that they don't know what they should do to assist UMzingwane Rural District Council to attract investment. The findings are in agreement with Mwanza (2001:46) who stated that the local and central government must fully partake in attracting investment.

#### **4.9. SUMMARY**

This chapter gave us the findings that were identified on the field. It reflected the state of the infrastructure at UMzingwane Rural District Council, the effects of the central government policy on efforts made by the council to attract investors, the effects of the political and economic environment on the efforts made by UMzingwane Rural District Council to attract investment and the types of industries that have been attracted by UMzingwane Rural District Council. The next chapter will give us the summary of the research, the conclusion and the recommendations made in the research.



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1. INTRODUCTION**

This chapter is a summary of the research study on issues to do with investment attraction at UMzingwane Rural District Council. It covers the summary of chapter one which highlights the introduction and background of the research study as well as the objectives of the study. A summary of literature review on what other authors say about rural local authorities and investment attraction is also reflected. A summary of research instruments used to gather data and the findings obtained is also covered in this chapter. The chapter also goes on to discuss the conclusions drawn from the research study as well as the recommendations that need to be considered by UMzingwane Rural District Council to attract investment.

#### **5.2. SUMMARY**

The research topic came after realisation that UMzingwane Rural District Council was failing to attract investment despite having the vast natural resources, a tarred main road and a railway line. The problem that led to the research is that the people of UMzingwane District suffer unemployment and economic distress despite having abundant natural resources. In order to carry out the intended purpose the research objectives and research questions were outlined to guide the research on the topic: Rural Local Authorities and investment attraction. The case of UMzingwane Rural District Council. The primary objectives of the study were to determine what UMzingwane Rural District Council has done to attract investment, to investigate the challenges faced by UMzingwane RDC in attracting investment

and to determine the effects of the central government policy of Indigenisation and Economic Empowerment in attracting investment.

Relevant Literature was used to explore the views of other scholars pertaining to rural investment attraction. The definition of investment and the types of investment were discussed in the literature review. This section also evaluated the factors influencing investment, the types of industries that can invest in rural local authorities which included investment in industries with readily available raw-materials and investing in creative industries. The benefits of investing in rural local authorities were also discussed. The constraints on rural investment were also analysed. Lastly strategies that can be used to attract rural investment were discussed. These strategies include offering appropriate facilities and central government investment on roads.

The research used an exploratory research design. The research study was mostly qualitative in nature with some quantitative elements. The case study technique was adopted. The case study technique was adopted to avoid generalising the findings of the research. Convenience sampling was used to come up with a sample to questionnaire and interview during the research. Those respondents who were accessible were questionnaire and interviewed. Questionnaires, interviews and observations were used to solicit data. The interviewees included the Human Resources and Administrative Officer Mr Sibanda and the Head Of Department in the Environmental and Natural Resources Department Mrs Hlatshwayo only to mention a few. Council officials, residents and local business people at UMzingwane District responded to the questionnaires.

The major findings of the research included that UMzingwane Rural District Council has moderate roads, poor water supplies, good electricity supplies and poor banking facilities. UMzingwane Rural District Council has not created enough policies to attract investment; the

council has vast resources that include gold, fish, water and tourist attracting sites. The Indigenization and Economic Empowerment Policy has negatively affected the efforts made by UMzingwane Rural District Council efforts to attract investment. Lastly, Bulawayo has been identified as providing stiff competition to UMzingwane Rural District Council in attracting investment.

### **SUMMARY OF THE FINDINGS**

The research unearthed that UMzingwane Rural District Council has poor water supplies despite boasting of owning the major water bodies in Matabeleland. Water supplies are very important in attracting investment since industries require the precious liquid for their production. The failure by the council to provide adequate water may be another source of its failure to attract investment.

The research also discovered that UMzingwane Rural District Council has failed to market its resources to attract investment. The local authority has not considered place marketing through the media and holding agricultural shows to advertise its resources. UMzingwane Rural District Council does not have a website to market the available resources in order to attract investment.

From the research it was found out that the Indigenisation and Economic Empowerment Policy has a positive effect in attracting domestic investment and a negative effect in attracting foreign investors. The policy was identified as a key element in attracting domestic investment as well as a threat in attracting foreign investment.

The research also revealed that UMzingwane Rural District Council is facing stiff competition from Bulawayo in attracting investment. The availability of good infrastructure

and marketing outclasses UMzingwane Rural District Council hence investors are more exposed to Bulawayo than UMzingwane District.

Furthermore the research unearthed that Bulawayo is not assisting UMzingwane Rural District Council in attracting investment. Actually Bulawayo is the one that is being assisted by UMzingwane Rural District Council through the provision of water from UMzingwane Dam, Upper and Lower Ncema Dams.

The research also discovered that the political and economic environment has negatively affected the efforts made by UMzingwane Rural District Council to attract investment. The political and economic environment has been very inconsistent and unpredictable hence this has not boosted investor confidence to plunge their capital in Zimbabwe.

In the study an observation was made in which the major challenges being faced by UMzingwane Rural District Council in attracting investment is the failure by the local authority to craft policies that will attract investment and failure by the local authority to market its resources and infrastructure.

The research also found out that UMzingwane Rural District Council has managed to attract businesses in the retailing industry. The majority of the companies that operate at UMzingwane District are retailers. There are few manufacturing and extraction industries.

The lucrative market was also discovered in this research as the reason why most investors decided to set up their businesses at UMzingwane District. Most of the buyers of the goods sold by the retail shops were identified to be the illegal gold miners as well as the residents of UMzingwane District.

More over the study unearthed that UMzingwane Rural District Council is failing to attract its local people to invest. This is due to the fact that the local authority has failed to provide the

suitable environment for people to invest. There are no facilities that are provided in order to promote domestic investment like banks and other financial services for people to borrow money to invest.

Lastly the research found out that central government departments are not sure of what they should do to help UMzingwane Rural District Council to attract investment. They view the role of attracting investment as a duty that is designated to the local authority.

### **5.3. CONCLUSION**

The state of the infrastructure has a direct impact on investment attraction. UMzingwane Rural District Council has poor water supplies and banking services hence this is the major setback that has contributed immensely to the failure by the local authority to attract investment. The poor the infrastructure the lower is the opportunity for the local authority to attract investment.

Failure by the rural local authorities to market their resources is the main reason why rural areas have failed to attract investment. UMzingwane Rural District Council has the resources to attract investment but the local authority is failing to market those resources for the benefit of the community. Investors are not aware of the resources available at UMzingwane District thus they continue to shun investing within the District.

The central government policy has a direct effect on investment attraction. The effects might be negative or positive but the main issue is that the policies crafted by the central government have a direct effect on efforts made by the rural local authorities to attract investment. The Indigenisation and Economic Empowerment Policy has an effect on the efforts made by UMzingwane Rural District Council to attract both domestic and foreign investment.

Urban local authorities provide stiff competition to rural local authorities in attracting investment. The existence of Bulawayo has hindered UMzingwane Rural District Council from attracting investment. Bulawayo has a competitive advantage over UMzingwane Rural District Council. The good infrastructure that exists in Bulawayo cannot be compared to the infrastructure that is available at UMzingwane District.

Rural local authorities have the affordable land to attract investment as compared to urban areas. UMzingwane Rural District Council has the affordable cost of land to attract investment. However this has not brought any fruits since the local authority is still finding it problematic to attract investors. Despite of the affordability of the land being offered by the council, potential investors have continued to evade investing at UMzingwane District.

The political and economic environment of a nation has a direct impact in investment attraction. The political and economic environment has negatively affected UMzingwane Rural District Council in attracting investment. However it is evident that the local authority has preferred lamentation instead of becoming creative and innovative in order to attract investment. If the local authority continues this way investment attraction will remain a dream that will never come to reality.

Rural areas are the receivers of the finished products. The majority of the companies that operate at UMzingwane Rural District Council are retailers. There are few extracting industries and very few manufacturing industries. The current industries that have been attracted by UMzingwane Rural District Council would not add value addition to the economy of UMzingwane Rural District Council since they do not employ the majority of jobless youths within the District. The existence of the majority retailing companies has not even improved the existing infrastructure at UMzingwane Rural District Council. They just sell their products, enjoy a lucrative market, pay peanuts to the local authority and develop

their own home areas. It is also clear that the majority of these investors are not from UMzingwane District. The available gold is also exploited by illegal gold miners hence the local authority has not attracted real investors that will improve the people's lives at UMzingwane District.

UMzingwane Rural District Council has not managed to involve other stakeholders in attracting investment. The central government departments and parastatals are not aware of what they should do to help UMzingwane Rural District Council to attract investment. The local authority has not involved other stakeholders in the creation and implementation of policies that are aimed at attracting investment.

## **5.4. RECOMMENDATIONS**

### **a) Prioritising investment attraction**

UMzingwane Rural District Council is not taking investment attraction as the first priority in promoting development in its areas of jurisdiction. This is reflected by the failure by the local authority to craft clear and unambiguous policies to attract investment. There is a need for the local authority to consider revising its policies and putting investment attraction first. The local authority must consider investment attraction as the heart that pumps the life for economic development of UMzingwane District

### **b) Extensive place marketing**

The availability of vast natural resources at UMzingwane Rural District Council will not make any difference if the local authority does not market its available resources. Investors need to be informed about what the local authority is offering to them. The question that the council must ask itself is that; are the strategies we have put in place to attract investment known by the public and other organisations? UMzingwane Rural District Council must engage both the print and electronic media to advertise its investment policies and the resources available. The council must also embark on the agricultural shows in order to market and display what they can offer to the potential investors.

It is also important to note that Bulawayo hosts the Zimbabwe International Trade Fair (ZITF) every year in which business people all over the world exhibit their products. UMzingwane Rural District Council must also book a stand at the ZITF to show-case its resources and its policies that are aimed at attracting investment.



UMzingwane Rural District Council must also consider establishing information centres in specific areas to provide information about the local authority and its investment policies.

**c) Improving the council internal- roads**

The availability of the main tarred road that links UMzingwane Rural District Council to Bulawayo and other cities is not enough to attract investment; the local authority must rehabilitate its internal roads. Investors are attracted by a good road network hence the council must prioritise the maintenance of roads as a key element to entice investors. The roads that connect the mining areas at Esikhoveni must be rehabilitated with immediate effect if the council is to experience any investment in the mining sector.

**d) Utilisation of the available water bodies to provide adequate water supplies**

The availability of UMzingwane Dam, Inyankuni Dam, Upper and Lower Ncema Dams has not helped UMzingwane Rural District Council to provide adequate water supplies. UMzingwane Rural District Council is facing acute water challenges in spite of the existence of these water bodies. Whilst it is good for the local authority's water bodies to supply Bulawayo with water, this must not pose to be detrimental to its own people. UMzingwane Rural District Council must fully utilise its available water bodies to provide adequate water to its people and businesses in order to attract investment.

**e) Engaging other stakeholders in attracting investment**

UMzingwane Rural District Council cannot attract investment on its own. The local authority must involve other stakeholders in planning and implementing investment policies; for instance the council can engage ZESA to craft a policy in which all industrial sites will be exempted from power cuts. Other stakeholders such as the

community and the civil society may also give ideas and their opinions on what the local authority must do to attract investment. UMzingwane Rural District Council can also approach banks to establish their branch at UMzingwane District and provide loans to those intending to invest at the council areas of jurisdiction.

**f) Twinning with other local authorities**

From our literature review we learnt that rural local authorities in England and Nepal have gone strides in attracting investment. UMzingwane Rural District Council must consider to twin with such local authorities in order to get ideas and the “blue print” of attracting investment. Twinning might also help in developing the infrastructure in order to attract investment at UMzingwane District. Some developed local authorities might offer to rehabilitate infrastructure for the other local authorities in order to build a mutual relationship.

**g) Encourage domestic investment**

It is very unrealistic and retrogressive for a local authority to sit back and blame the central government policies, the political and economic environment for failing to attract foreign investment. Domestic investors can also plunge their capital to trigger economic development. Development is not only attached to the foreign investors. UMzingwane Rural District Council must turn its attention to the local people; who can invest and turn UMzingwane District into a hub of industrial production. The local authority needs to believe that its own people can do it. This can be done through providing the soft infrastructure in which people are taught how to run companies as well as linking them with other institutions to give them technical and financial support to establish their businesses at UMzingwane District.

#### **h) Creativity and innovation**

Local authorities are known for being rigid, inflexible and lacking novelty in their activities. Its high time UMzingwane Rural District Council considers thinking outside the box and craft policies that will attract investment. Almost each and every local authority knows that if they reduce their rates they might attract investment. UMzingwane Rural District Council needs to encourage creativity and innovation in its endeavours in order to remain relevant and competitive in this dynamic and changing world. Investors want new things to be attracted; for instance creating a website in which the local authority will advertise and sign contracts via the internet. There is no need for a potential investor to travel all the way from Europe to see the investment opportunities available at UMzingwane District when there is internet.

#### **i) Integration of the Indigenisation Policy with policies meant to attract investment.**

The Indigenisation and Economic Empowerment Policy have been enacted into legislation through the Indigenisation and Economic Empowerment Act Chapter 14:33 of 2008. This means that the Policy is here to stay and we shall live with it. However instead of mourning about the negative effects of the Policy on foreign investment attraction; UMzingwane Rural District Council and other local authorities must engage the central government to map the way forward. They must lobby for the integration of the indigenisation policy with their own policies that are meant to attract inward investment. This will help to ensure that both the central government and local authorities speak with one voice on issues to do with investment attraction. This will also promote coherence and boost confidence of the investors to invest at UMzingwane Rural District Council and other local authorities knowing that the voice of the local government is the voice of the central government.

**j) UMzingwane Rural District Council must work towards attaining a good reputation.**

A reputation is generally what the organisation is known for. A good reputation is not just earned on a silver platter. It is attained through hard work, integrity, transparency and accountability as well as observing the principles of good governance by a local authority. It involves adhering to the Results Based Management principle of courtesy, address and access when dealing with rate payers. It involves being ethical and shunning corruption. A good reputation is an instrument that can be used by the UMzingwane Rural District Council to advertise itself in order to attract investment. A good reputation speaks for the local authority. UMzingwane Rural District Council can attain a good reputation through providing services in good quality and quantity; efficiently, effectively and timeously to its customers.

**k) Creating a department of local economic development.**

Investment attracting is a complex, demanding and a strategic activity that needs proper planning and implementation of activities. It cannot be done on a part time basis, as well as it cannot be combined with other activities. There is a need for UMzingwane Rural District Council to create a department of Local Economic Development which will focus on creating and updating the available policies on investment attraction.

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**APPENDIX 1**

**QUESTIONNAIRE: 1**

**TARGET POPULATION: UMZINGWANE RURAL DISTRICT COUNCIL OFFICIALS**

My name is KhulaniDube. I am a student at Midlands State University undertaking BSC LOCAL GOVERNANCE STUDIES HONOURS DEGREE. I am carrying out a research entitled “Rural local authorities and investment attraction. The case of UMzingwane Rural District Council”. I kindly ask you to participate in the research by answering questions with reliable and up to date information. The answers are for academic purposes only. Your contributions will be highly appreciated.

**THANK YOU!!!**

**QUESTIONS**

1. Gender (*tick were appropriate*)      M       F
  
2. Department:.....
  
3. Position in the Department:.....
  
4. How long have you been an employee of UMzingwane Rural District Council?.....
  
5. What do you understand about investment attraction?  
.....  
.....
  
6. a) How would you rate the infrastructure at UMzingwane Rural District Council?  
(*tick were appropriate*)      *GOOD*      *MODERATE*      *POOR*  
b) Roads.....               
c) Water supply.....          
d) Electricity supplies...     
e) Banks.....     
f) Comment?  
.....  
.....

7. What are the strategies implemented by UMzingwane Rural District Council to attract investment?.....  
 .....  
 .....
8. What kind of resources are available at UMzingwane Rural District Council to attract investors?.....  
 .....
9. Do you think the Indigenization and Economic Empowerment Policy has affected the efforts made by UMzingwane Rural District Council to attract investors?  
*(tick where appropriate)* YES  NO

Explain how the policy has affected UMzingwane Rural District Council efforts to attract investment?

.....  
 .....  
 .....

10. What are the investment opportunities at UMzingwane District?  
 .....  
 .....
11. Do you think investment attraction will reduce the migration of the youths from UMzingwane District to Bulawayo and to other countries such as Botswana? *(tick where appropriate)* YES  NO

12. Are there any by-laws that were set by the council to attract investment?.....  
 .....

13. Does Bulawayo have a an effect on UMzingwane's efforts to attract investment?*(tick where appropriate)* YES  NO

Explain?

.....  
 .....  
 .....

14. Do you think privatization of central government owned companies like ZESA will help to attract investment at UMzingwane Rural District Council? (*tick were appropriate*)      YES       NO

15. What is the central government doing to help rural district councils to attract investment?  
.....  
.....  
.....

16. Do you think the existing economic and political environment of Zimbabwe has contributed to the current position of UMzingwane Rural District Council in attracting investment?(*tick were appropriate*)      YES       NO   
If YES, how?

.....  
.....

17. List the challenges faced by UMzingwane Rural District Council in attracting investors?  
.....  
.....  
.....

18. What benefits do you expect from investment at UMzingwane Rural District Council?.....  
.....  
.....

19. Is there a department of local Economic Development at UMzingwane Rural District Council??(*tick were appropriate*)      YES       NO

**APPENDIX II**

**QUESTIONNAIRE 2**

**TARGET POPULATION: CENTRAL GOVERNMENT DEPARTMENTS AT UMZINGWANE DISTRICT**

My name is KhulaniDube. I am a student at Midlands State University undertaking BSC HONOURS DEGREE IN LOCAL GOVERNANCE STUDIES. I am carrying out a research entitled “Rural local authorities and investment attraction. The case of UMzingwane Rural District Council”. I kindly ask you to participate in the research by answering questions with reliable and up to date information. The answers are for academic purposes only. Your contributions will be highly appreciated.

**THANK YOU!!!**

**QUESTIONS**

1. Gender (*tick were appropriate*)      M       F
2. Department.....
3. Position in the department.....
4. What do you understand about investment attraction?  
.....
5. What is your department/ ministry doing to help UMzingwane Rural District Council to attract investment?  
.....  
.....
6. Are you sure of what you should do as a department to help UMzingwane Rural District Council to attract investment?  
.....  
.....
7. a) How would you rate the infrastructure at UMzingwane Rural District Council? (*tick were appropriate*)  

	<i>GOOD</i>	<i>MODERATE</i>	<i>POOR</i>
b) Roads.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Water supply.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Electricity supplies....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Banks.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

f) Comment?

.....  
.....

## QUESTIONNAIRE:2

### TARGET POPULATION: UMZINGWANE RURAL DISTRICT COUNCIL LOCAL BUSINESS PEOPLE

My name is KhulaniDube. I am a student at Midlands State University undertaking BSC HONOURS DEGREE IN LOCAL GOVERNANCE STUDIES. I am carrying out a research entitled "Rural local authorities and investment attraction. The case of UMzingwane Rural District Council". I kindly ask you to participate in the research by answering questions with reliable and up to date information. The answers are for academic purposes only. Your contributions will be highly appreciated.

**THANK YOU!!!**

### QUESTIONS

1. Gender (*tick were appropriate*)      M       F

2. Position in the company?  
.....

3. What kind of a business are you operating at UMzingwane District?  
.....

4. What attracted you to locate your business at UMzingwane District?  
.....  
.....

5. How long have you been operating at UMzingwane District?  
.....

6. How many employees do you have?  
.....

7. a) How would you rate the infrastructure at UMzingwane Rural District Council?  
(*tick were appropriate*)      *GOOD*      *MODERATE*      *POOR*

b) Roads.....            

c) Water supply.....

d) Electricity supplies....

e) Banks.....

f) Comment?

.....  
.....

8. How have you benefited from locating your business at UMzingwane District?

.....  
.....

9. What kind of resources are available at UMzingwane Rural District Council to attract other investors?

.....  
.....

10. Do you think the people of UMzingwane District are benefiting from your business?

(tick were appropriate) YES  NO

If YES How?

.....  
.....  
.....

11. What other issues do you think should be done by UMzingwane Rural District Council to attract investment?

.....  
.....  
.....

12. Do you think investment will reduce the migration of the youths from UMzingwane District to Bulawayo and to other countries such as Botswana? (tick were appropriate )

YES  NO

13. What challenges are you facing as a business person at UMzingwane District?.....

.....  
.....

14. Do you think privatization of central government owned companies like ZESA will help to attract investment at UMzingwane Rural District Council? (tick were

appropriate ) YES  NO

15. Do you think the existing economic and political environment of Zimbabwe has contributed to the position of UMzingwane Rural District Council in attracting

investment?(tick were appropriate ) YES  NO

**APPENDIX I V**

**QUESTIONNAIRE 2**

**TARGET POPULATION: RESIDENTS OF UMZINGWANE DISTRICT**

My name is KhulaniDube. I am a student at Midlands State University undertaking BSC HONOURS DEGREE IN LOCAL GOVERNANCE STUDIES. I am carrying out a research entitled “Rural local authorities and investment attraction. The case of UMzingwane Rural District Council”. I kindly ask you to participate in the research by answering questions with reliable and up to date information. The answers are for academic purposes only. Your contributions will be highly appreciated.

**THANK YOU!!!**

**QUESTIONS**

1. Gender (*tick were appropriate*)      M       F
2. How long have you been staying at UMzingwane District?  
.....
3. Have you ever been employed at UMzingwane District? (*tick were appropriate*)  
YES       NO
- b) If YES which company employed you and for how long?  
.....
4. Have you ever (invested) started your own business at UMzingwane District?(*tick were appropriate*) YES       NO
- b) If YES; what kind of a business?  
.....
5. If your answer is YES; what challenges did you face in running your business?  
.....  
.....  
.....
6. a) How would you rate the infrastructure at UMzingwane Rural District Council? (*tick were appropriate*)      *GOOD*      *MODERATE*      *POOR*
- b) Roads.....
- c) Water supply.....
- d) Electricity supplies....
- e) Banks.....



f) Comment?

.....  
.....

7. What kinds of resources are available at UMzingwane District?

.....  
.....

8. What are the things that can attract investment at UMzingwane District?

.....  
.....  
.....

9. Do you think you have benefited from the resources available at UMzingwane District?

(tick were appropriate)      YES       NO

If YES How?

.....  
.....  
.....

10. Do you think investment is the solution in eradicating poverty at UMzingwane District? (tick were appropriate)      YES      

11. Do you think investment will reduce the migration of the youths from UMzingwane District to Bulawayo and to other countries such as Botswana? (tick were appropriate )

YES       NO

12. What strategies must be put in place by UMzingwane Rural District Council to attract investment?

.....  
.....  
.....

13. Do you think the existing economic and political environment of Zimbabwe has contributed to the current position of UMzingwane Rural District Council in

attracting investment?(tick were appropriate )      YES       NO

## **APPENDIX V**

### **INTERVIEWS GUIDE**

#### **TARGET POPULATION: UMZINGWANE RURAL DISTRICT COUNCIL OFFICIALS ONLY**

My name is KhulaniDube. I am a student at Midlands State University studying a BSC HONOURS DEGREE IN LOCAL GOVERNANCE STUDIES. I am carrying out a research entitled “Rural local authorities and investment attraction. The case of UMzingwane Rural District Council”. I kindly ask you to participate in the research by answering questions with reliable and up to date information. The answers are for academic purposes only. Your contributions will be highly appreciated.

**THANK YOU!!!**

**DATE OF INTERVIEWS.....**

#### **QUESTIONS**

1. How long have you been working at UMzingwane Rural District Council?
2. What do you understand about investment attraction?
3. Are there any industries that have been attracted by UMzingwane Rural District Council?
4. Do you think the people of UMzingwane District have benefited from these companies and how?
5. What kinds of resources are available at UMzingwane District?
6. Can you comment on service provision in terms of water, electricity and roads at UMzingwane District?
7. What do you think is the impact of the indigenization and economic empowerment policy in attracting foreign investors to UMzingwane Rural District Council?
8. Do you think Bulawayo has an effect on UMzingwane’s efforts to attract investment?
9. What challenges are faced by UMzingwane Rural District Council in attracting investors?

10. What strategies have been put in place by UMzingwane Rural District Council to attract investment?
11. What strategies have been put in place by UMzingwane Rural District Council to avert corruption in the provision of licenses and permits to investors?
12. Have you considered place marketing through the print and electronic media as a strategy to attract investment?
13. Do you have a department of local economic development?
14. If you do not have a department of local economic development which department is responsible for planning and promoting economic development at UMzingwane Rural District Council?
15. Do you have any land set aside for agricultural investment?
16. Are there any by-laws that were established by UMzingwane Rural District Council to attract investment?
17. Do you think investment attraction will stop people from migrating from UMzingwane District to other areas in search of employment?
18. Do you think the central government has done enough to help rural district councils to attract investment?