The implementation of Special Economic Zones for economic development: The Case of Zimbabwe

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ABSTRACT

This research paper pursued the study of the implementation of Special Economic Zones for economic development in the context of Harare, Zimbabwe. This study was both quantitative and qualitative; of which it was premised on the pragmatic philosophy. Data for the study was collected using questionnaires and in-depth interviews. Population was sampled using purposive and quota sampling. The research results indicated that economic fundamentals such modern transport infrastructure, reliable power infrastructure, well-organised financing mechanisms were lacking not only to fully support the present SEZ businesses but also to lure new SEZ investors. With the current hyper-inflationary, liquidity crisis and high cost of production in Zimbabwe, most of the SEZ firms were failing to competitively export their products to global markets as compared to their global rivals. The researchers recommended to the government the need to develop robust infrastructure before opening up for investment in the pre-planned SEZs. Transport networks need to be seriously overhauled while utilities such as power, telecommunications, employees' accommodation, water and sewer reticulation must be part of the requisite infrastructure. The researchers propose a future study on Special Economic Zones studying the level of their development across the entire country of Zimbabwe and also developing a SEZs model that is tailor made to this country in a bid to maximise contributions brought about by SEZs in the context of Zimbabwe as a whole.

Key words: special economic zone, financing mechanisms, development, infrastructure.

LIST OF ACRONYMS

EPZ:	Export Processing Zone
FTZ:	Free Trade Zone
IE:	Industrial Estates
SEZs:	Special Economic Zones
TSP:	Transitional Stabilisation Programme
UEZs:	Urban Enterprise Zones
ZIMASSET:	Zimbabwe Agenda for Sustainable Socio-economic Transformation.
ZIMSEZA:	Zimbabwe Special Economic Zones Authority

1.1 Introduction and background to the study

Zimbabwe's economy has since the late 1990s been going down leaving its citizens poorer and poorer with most leaving the country for greener pastures. In a bid to stem the economic downward spiral, the government has introduced a plethora of economic blueprints albeit with no success in sight. This has forced some uprising by the citizenry in demand for better living conditions. The downwards movement

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of the economy has thus far been a thorn hard for conjecture. Zimbabwe at independence in 1980 inherited an economy which was designed to cater widely for the needs of the then colonial government and its minority white citizens. The economy then was motivated to maintain the white supremacy as their guiding philosophy. The result as averred by Shier (2003) and supported by Mhone (2008) and Munyoro et al (2017) created a dual enclave economy. It was a tale of two sides of the same coin where the white minority had been enjoying a large advantage from the economy through preferential employment over their black citizens. In all spheres, whites enjoyed high salaries, professional and skilled positions with the use of sophisticated technological machinery. Blacks were subjected to the opposite such as being reserved for inferior posts that demanded manual labour, low salaries and unemployment. The new black majority government at 1980 had the arduous task to decolonise and liberalise the economy during the process aimed at addressing the inequalities that were skewed in favour of the white minority population as inherited from the Rhodesian era. As alluded earlier in this discourse, Munyoro et al (2017) posited that the economy had been ravaged by long years of war, economic sanctions coupled with the unilateral behaviour of the outgoing regime of Rhodesia. According to Muzondiwa (2009), the post independent state of Zimbabwe faced political and economic challenges of restructuring the state and the nation such as the post-war reconstruction, restructuring the inherited colonial and political economy aimed at redressing its radicalized imbalances. The government embarked on some programme to recapitalise and reintegrate the economy into the world economy, broadening the economy and making it more inclusive by integrating blacks through deliberate black economic empowerment.

The Zimbabwe government's quest to promote economic development from early on to this day has been presaged and articulated by its various economic blueprints albeit in a seemingly losing expedition. From the early 1980s, Zimbabwe government formulated a plethora of policy documents which among them consisted of the Economic Structural Adjustment Programme (ESAP), National Economic Development Priority Programme, and Ten Point Plan, Zimbabwe Agenda for Sustainable Socioeconomic Transformation (ZIMASSET) with the determined objective of realising a prosperous and empowered upper middle income society. It is however being posited that the Zimbabwean environment has not been conducive as well as not yet ready to embrace foreign investments as remnants of the previously enacted indigenous policy are hindering the entry of investments through cases of Zisco Steel, Lancashire Steel, National Railways of Zimbabwe (NRZ), the Telecel and mine ownerships narratives coming to the fore. All the above ventures have been stalling due to a number of factors beyond comprehension while negatively affecting the much needed economic growth. The new administration has lately been advancing the same mantra of creating a middle income economy as espoused by the (Zimbabwe Transitional Stabilisation Programme, (2018) (TSP) which has accordingly dominated the agenda of Zimbabwe economic policy formulation and action (The Business Herald, 2019, pp B1). The Business Herald (2019) reports that the government has listed among the objectives of the TSP blueprint the need to attract foreign direct investment (FDI) through easy of doing business, introduction of and institutionalising policy reforms to have a private sector headed economy, Infrastructural rehabilitation and development, improved foreign currency inflows, improved growth domestic product (GDP).

The Financial Gazette (2018), reported that in addition to the above policy documents, the government has gone up to set Special economic zones (SEZs) and has set up areas where such zones would be located. All these exertions are aimed at accelerating economic transformation for a society that has undergone socio-economic and political crisis characterised by hyper-inflation, cash and food shortages, moribund currency and infrastructure decay, negative international outlook and ranked high risky to invest. Mlambo and Raftopoulous (2008) noted that Zimbabwe experienced unprecedented crisis or which was generally known as the crisis in Zimbabwe which Raftopoulous (2008) argues was characterised by an upheaval political and economic decline. More interestingly Raftopoulous (2009; 201) locates this economic and political decline from what he described as, "long term structural economic and political legacies of colonial rule as well as political legacies of African nationalist politics." From 1998 to 2008 the economic crisis in Zimbabwe had reached its peak and the economy is almost comatose. Going continentally and globally Zimbabwe and Africa at large have been not developing economically. Africa is experiencing exceptionally low levels of intra-Africa trade. This low level is restricting the potential development of the African continent. Currently, Africa's entire share of world trade is less than 3%. This situation is attributed to Africa's narrow range of exports and over-dependence on primary products. However, governments in Africa are beginning to realise the need for industrial policies that will help them bring the economies to the forum with the major aim being to diversify and expand the potential of economies. One such policy that has been implemented is the development of Special economic zones in (SEZs) in countries like Zimbabwe, South Africa, China and Ghana to mention a few. The rationale of establishing SEZs are diverse, but the key motivations include promoting foreign direct investment, job creation and increased exports from the country. They are also meant to promote the development and modernisation of local industry so that they become competitive globally. Historically the economic policies implementation in Zimbabwe has been the major affecting part where issues of policy inconsistence have been active. According to world bank (2014) Zimbabwe's economic past, which was underpinned by historically solid underlying economic fundamentals such as a large, educated workforce, a strong propensity to save, and a relatively diversified economic base suggests that its current economic challenges need not preclude a positive future.

1.2 Research Objectives

The objectives of this research paper are to:

- assess the state of the current business environment with regards to the successful implementation of Special Economic Zones in Zimbabwe.
- Evaluate whether SEZs in Zimbabwe are structured in a way that creates and strengthen linkages, value chains and systems between local small, medium and micro sized enterprises and multi-national corporations operating in SEZs.
- Assess the contributions brought about by SEZ to the country's economic development.
- Recommend key framework model that Zimbabwe needs to adopt in the successful implementation of SEZs.

1.3 Research Questions

The research question for this paper are:

- Was the current business environment ready for the successful implementation of SEZs in Zimbabwe?
- Does the policy and institutional environment within and outside SEZs support their successful implementation?
- Was there supportive infrastructure for business development?
- Was there policy complementarily synergy and consistency among policies created?
- Were SEZs going to contribute to the country's economic development
- What remedies or policy interventions could Zimbabwe adopt to ensure successful implementation of SEZs?

2. Interim, literature Review

Definition of Key Concepts

The major concepts encapsulated in this study include Special Economic Zones (SEZs) and Economic development.

Economic Development

The U.S. Economic Development Administration (n.d.) defines Economic Development as expansion of capacities that contribute to the advancement of society through the realization of individual, firm and community potential. According to the United Nations (2000), the process of economic development is, in essence, a continuous series of structural changes by which human resources are adapted and equipped for a greater degree of specialization of function and effort, industries are made more productive, manpower is moved to more productive assignments, particularly in industry, and provision is made for the appropriate infrastructure for a more diversified economy. In the context of the current study, the idea of setting up SEZs dovetails with the underlying purpose of achieving economic development and growth.

Special Economic Zones (SEZs)

Special Economic Zones according to according to Tambudzai and Chikuta (2018), used to refer to a geographical region or a legal space that has liberal and special economic laws, policies, and regulations which are different and more laissez-faire than those of the other areas of a particular country. These embody in the likes of Free Trade Zones (FTZ), Export Processing Zones (EPZ), Free Zones (FZ) and Industrial Estates Industrial Parks/ Industrial Estates (IE), Free Ports, Bonded Logistics Parks (BLP), and Urban Enterprise Zones. In the same vein, Special Economic Zones (SEZs) refer to a geographically designated territory within an economy or region guided by unique rules of doing business different from the rest outside this demarcated zone as highlighted by Dobrogonov and Farole (2012). According to Cole (2011) SEZs are exclusively bequeathed with a more relaxed yet effective business environment different from anywhere else in the rest of the country or region. Special fiscal and business laws guiding the implementation and operations of SEZs are enacted from a political, economic, regulatory and administrative standpoint within a country or region as postulated by Farole and (Akinci, 2011). SEZs' rules are set to be more liberal from a government policy standpoint and more effective to enable running of business operations from an administrative standpoint. These special privileges are not enjoyed by the rest of the local economy.

Baissac (2011) advanced that application of special and unique rules in designated zones normally pertain to trade and investment conditions, taxation, labour regulations, international trade, customs and quotas. SEZs as advanced by Bush (2009) seek to promote business growth by encouraging businesses to set up in the designated areas where favorable fiscal and business laws are sanctioned. Adams (2012) highlighted that most of the incentives are in the form of tax holidays (granting of lower taxation to investors); purpose-built production facilities, relaxed foreign exchange policies, relaxed labor regulations, modern infrastructure, streamlined custom procedures, and export-duty exemptions and other duty-free benefits. According to the Ibid (n.d), the prominence of SEZs is premised on the idea that they are useful in attracting Foreign Direct Investment (FDI), stimulating export-oriented growth, and creating jobs. These special incentives are meant to improve the competiveness of the SEZ firms by lowering their entry and operating costs, thus empowering them to compete in the global marketplace.

2.2 Importance of Special Economic Zones SEZs

Existing literature is replete with a number of benefits derived from the implementation of SEZs in an economy. These SEZs' benefits include creation of employment opportunities, export growth and diversification as highlighted by More (2015); growing Foreign Direct Investment as advanced by Donnelly and Jackson (2013), improvement of infrastructural facilities as argued by Farole (2011), growth of foreign exchange earnings, knowledge and technology transfer from foreign investors through upstream and downstream linkages as found by Mukherjee (2012), international exposure and ultimately economic growth in terms of a country's GDP and government revenue as noted by Zeng (2012). Yin and Chung (2010) group the SEZs benefits into static economic benefits and dynamic benefits. According to Yin and Chung (2010); static economic benefits comprise, creation of jobs, export growth, government revenues and foreign currency generation. Dynamic economic benefits include skills upgrading, technology transfer and innovation, economic diversification and productivity enhancement of local firms.

2.2.1 Skills and Technology transfer

Balsamic (2016) found out that SEZs are catalysts for attracting huge investments from multinational companies resulting to skills and technology transfer to the local economy. Aggarwal (2012) examined the economic effect of SEZs to the Indian economy. Results revealed that though SEZ were found to be transforming India's economy into a technology and skills driven economy – as shift from a resource-led economy. SEZs were also empowering the Indian economy to transform from a low value-added economic activity to high value-added economic activities; from under-producing industries to high-producing industries; and from disorganized to well-organized industries as highlighted by Aggarwal (2012). Similarly, SEZs in Panama were also found to be an asset for skills transfer into Panama through the skills that come in through foreign companies investing into Panama's SEZs as indicated by Hausmann, Obach, and Santos (2016). In order to fully seize the dynamic benefits of SEZs, Hausmann, et al. (2016) recommended that Panama needs to formulate policies aimed at maximizing spillovers, easing the flow of productive knowledge between SEZs and the rest of the economy. Similarities in terms of skills transfer in two different economies as a result of foreign SEZ investments could be noted as found in India and Panama by Aggarwal (2012) and Haussmann, et al. (2016) respectively.

However, a study conducted by UNDP (2015) in three different countries (Zambia, Ethiopia and Nigeria observed that skills and technology transfer to the local economies is only achievable if SEZs framework and policies are designed to ensure that the spillover effects of skills and technology transfer are realized. That study conducted by the UNDP indicated that SEZs in Zambia and Ethiopia were established within a framework which obligated foreign investors to prove that their business activities and processes were designed in way that promotes skills and technology transfer to local organisations and communities. In the case of Ethiopia, SEZs' investors were actually obligated to replace expatriate human resources with Ethiopian personnel through transference of the required knowledge and skills to the local citizens. It is thus paramount to study how the SEZs are structured in Zimbabwe vis-à-vis the aspect of knowledge and technology transfer.

2.2.2 Creation of business linkages and access to value chains

SEZs also help to raise the capacity of local firms to a level of production for export markets in which they would privileged to have access to local, regional and global linkages and value chains as underscored by UNIDO (2009). A study conducted by Gregory and Johnston (2013) indicated that other countries such as Malaysia, and Singapore have since migrated to collaborative hybrid export processing zones which comprise a trading area integrated with a special exporting zone. Another study undertake by Zeng (2012) conducted in Bangladesh pointed out that export growth and economic diversification could be attained by leveraging global supply chain investments and linkages brought about by SEZs. In Mexico, SEZs were taken as strategic economic activities enabling growth of towns and communities through integration of the SEZs into the entire economy by means of productive supply chains (Ouyang and Fu, 2012).

It could be noted that the researches carried out by Gregory and Johnston (2013) and Zeng (2012) in the context of Asia (Malaysia, Singapore and China) and another in Mexico were agreeing that their SEZs were structured in a way that promoted creation of linkages and access to international and local value chains. Thus, it could be observed that business linkages and access to value chains is feature that should exist in well-developed SEZs regardless of the continent or region that are set up in. It is these linkages and connection to existing value chains that enhances the competiveness of the SEZ enterprises. This was consistent with Bassaic (2011) who found out that the overall competitiveness of a country or region is enhanced as SEZ firms participate on the global market through exports.

In the context of Africa, a study conducted by the UNDP (2015) in Zambia, Ethiopia and Nigeria revealed that SEZs in these African Countries were forming linkages and synergies with their domestic economies through domestic suppliers and labour markets. A previous study by Stein (2008) observed that most African countries were failing to leverage forward and backward linkages amongst businesses within SEZs and those outside SEZs. These discrepancies in findings of studies by Stein (2008) and UNDP (2015) with respect to SEZs in Africa indicates that SEZs Africa were at different level of development. In that vein, a study evaluating how SEZs were structured in terms of business linkages access to value chains could still be conducted in Zimbabwe. Among other objectives in this current study, the researcher pursued to examine whether the SEZs in Zimbabwe were structured in a way that promotes creation of linkages and access to value chains of other important stakeholders, both local and abroad.

2.2.3 Employment creation

In a study by Madanni (2013) export processing zones were documented to have contributed at least 15 million jobs in developing economies and at least 10 million in developing countries for the 1970-2000 time frame. The study by Warr and Menon (2015) in Cambodia revealed that for the period stretching from 2005 to 2015, SEZs generated 68 000 employment opportunities with better remuneration and welfare for the Cambodian people. Another study carried out in India by Aggarwal (2012) pointed out SEZs led to job creation as one of the benefits accrued from establishing SEZ in India. Similarly, Zeng (2012) intimated that additional jobs were generated in Bangladesh through establishment of SEZ enterprises in labour intensive manufacturing and service industries. All these authors submitted concurring results on creation of employment from development of SEZs in Africa, India, China and Cambodia. However, a research probing job creation in Zimbabwe's SEZs was not undertaken. This study among other its objectives assessed the significance of SEZs of the Zimbabwean economy, of which the aspect of employment creation was examined.

2.2.4 Growing Foreign Direct Investment (FDI)

When Warr and Menon (2015) analyzed the role of SEZs in Cambodia's trade policy, they found that Cambodia's SEZs managed to attract foreign direct investments for the country. This was also found to be in sync with a previous study by Zeng (2010) which indicated that China managed to attract foreign direct investment into its established SEZs amounting to 46% of the total foreign direct investment at national level. Tao (2016) also conducted a study which revealed that Shenzhen had initially attracted foreign direct investment amounting to US$5.5 million in 1979 and this rose to US$5.3 billion in 2012. It was important to SEZs played a significant role in growing China's level of Foreign Direct Investment. In related results, SEZs grew FDI into Poland's as found by Jarosiński, Grzegorz and Maśloch (2016); the same with Havana as revealed by a past study conducted by Singh (2013). SEZs should thus be setup in a way that benefits local economies in terms of growing FDIs. Thus the SEZs framework and policies should be aligned towards luring foreign investors with huge capacity to bring in considerable amounts of investments into the local economy. This present study also assessed whether the institutional and legal framework guiding Zimbabwe's SEZs is crafted in a way that benefits the local economy through FDI among benefits.

2.2.5 Growth of Exports and Foreign Currency generation

A research conducted by Bluestone and Harrison (2011) indicated that 53% of foreign earnings for the 1960-2000 period were generated though SEZs in Developing countries. For the same period, SEZs yielded over 10 million dollars in developed economies as found by Bluestone and Harrison (2011).

Khalate and Pimple (2014) carried out a study in India and found out that India's SEZs have significantly improved exports for India and that generated foreign currency for Indian economy. Another Asian study conducted by Tao et al (2016) revealed that Shenzhen as a Chinese SEZ had imports and exports amounting to US$537.36 billion by 2016, translating into 15% increase compared to 2012 as highlighted. These two studies by Khalate and Pimple (2014) and Tao et al (2016) in China similarly revealed the important role played by SEZs in generating increased foreign currency through growth of exports. Tao (2016) categorically highlighted that countries are deliberately setting up SEZs premised on the idea of growing exports generating employment opportunities and ultimately to boosting and accelerate economic development.

In a study conducted by Farole (2011) indicated a law by the East African Community (EAC) that obligated EAC's Export Processing Zone firms to sell only 20% of their production output within EAC region. Otherwise the major chunk was supposed to be exported beyond the EAC borders. It is critical to note that the study carried out by Tao (2016) was contextualized to China – a country whose economy adopted SEZs in 1956 which was far earlier than Zimbabwe. The level of economic development and the institutional environment within which SEZs were developing in China and India were far above as compared to the Zimbabwean scenario. As such it was critical to understand how SEZs have been implemented in Zimbabwe's context.

2.2.6 General economic development

Jensen and Winiarczyk (2014) conducted a research in Poland to study SEZs using panel data from 1995-2011. Finding of that study indicated that SEZs successfully brought about creation of new businesses and growth of FDI into Poland. However, in that study, contribution of SEZs towards employment creation was low and insignificant Jensen and Winiarczyk (2014) highlighted that establishment of SEZs require policymakers to put in place plans and measures to continuously and consistently follow up implemented polices to ensure longer term competitiveness and sustainability of the implemented initiatives. The World Bank (2013) highlighted that SEZs can incentivize businesses to overcome economic obstacles that hinder economic growth and development.

A past study by Domician (2009) highlighted other SEZs benefits: increasing competition and improving full employment of underutilized resources such as land and human resources. Additional benefits of SEZs highlighted by past studies include improvement of trade efficiency, integration into global value chains, export diversification, urban and regional development as underscored by Alder et al. (2013). It is however critical to highlight that the extent to which a country attains economic development through leveraging SEZs is dependent on how the SEZs' structures and systems are integrated with other key stakeholders in the local and international business community. According to Munyoro, Nczomani and Mhere-Chigunhah (2017) SEZs in Zimbabwe failed to generate jobs; attract foreign direct investment; and promoting economic development in Zimbabwe and these results were consistent with results proffered by the National Association of Special Economic Zones, (2012). The current Ministry of Finance and Economic development (2018) in Zimbabwe pronounced that they had reactivated implementation of SEZs. In that view, it was imperative to undertake a research that provides information on how the SEZs were being operationalized in Zimbabwe's reinvigoration SEZs.

2.3 Types of Special Economic Zones

Six SEZs have been documented in existing literature and these include Free Trade Zones, Export Processing Zones, Enterprise Zones, Single Factories, Free Ports and Specialized Zones (Wang, 2014; Farole, 2011)

2.3.1 Free Trading Zones (Foreign Trade Zones) (FTZs)

Free Trading Zones refer to designated commercial free zones or areas where products are landed and handled, processed, warehoused and re-exported without the interference of customs authorities' Johnson (2011). FTZs are strategically located near seaports, road ports, international airports and national frontier places with many location advantages Farole (2011). These designated areas strategically necessitate trade-related activities such as product re-configurations, storage, warehousing, processing, distribution, packaging, sorting, sales, re-exports and exhibitions Johnson (2011). Region of countries can come together and introduce FTZs to minimize or eliminate trade barriers, streamline inter-trade transactions thus enhancing regional and international trade. Relaxed laws that can be implemented in FTZs include duty and tax free imports of pre-selected goods and products. Since Zimbabwe is landlocked, it can only institutionalize FTZs around international road ports and airports. FTZs around seaports can only be implemented in partnership with countries that have seaports.

2.3.2 Export Processing Zones (EPZs)

Export Processing Zones (EPZs) are implemented as an export-oriented growth strategy for the overall development of an economy as highlighted by Rubin and Wilder (2009). These SEZs seek to promote industrialization in developing economies, thus the emphasis of EPZs is on high valued industrial and consumer goods Robson (2012). The underlying idea of setting up EPZs is manufacturing for export. EPZs usually provide industrial facilities with required infrastructure accompanied with duty-free imports and streamlined administrative procedures on business operations as intimated by Farole (2011). These incentives are provided to attract investors into the designated zones with an underlying motive of applying value addition and beneficiation to raw goods extracted in an economy. This then helps the local country to export value-added products and translate into higher export earnings. In addition, as SEZ firms process products for export, spillover effects such as employment creation are achieved thus benefiting the local economy with increased incomes.

Recently, as highlighted by Sullivan (2013), replacement of labor-intensive industries with technology-based industries has led to the decrease in EPZs among the different countries. In the context of Zimbabwe, EPZs can be practically implemented since industries can have designated zones set up for processing of industrial and consumer goods entirely earmarked for growing exports. Since Zimbabwe is endowed with natural resources in areas of wildlife, mining, and agriculture, EPZs can be located within these sectors. However, it is the framework guiding SEZs operations that defines the success or failure of these EPZs. This study analyses how SEZs are institutionalized ion the context of the Zimbabwean economy.

2.3.3 Enterprise Zones (EZs)

Enterprise Zones (EZs) are also called manufacturing zones and they are set-up by a central government or administration of a local community to necessitate better quality of living for its local people and also to improve the competitiveness of the local community or country as advanced by Barthel (2008). They are usually set-up to develop small town or cities, rural communities and peri-urban areas into productive and self-reliant communities Mann (2009). EZs could also be set-u p in relation to product or service lines Peterson (2011). EZs can also be practically set up in Zimbabwe based on the comparative advantages provided by the various districts and provinces in Zimbabwe. Zimbabwean communities are endowed with different natural resources and geographical advantages. As such, SEZs can be built with these natural characteristics in mind to enable development of the various Zimbabwean communities. Nevertheless, the success of the EZs is dependent on the prescriptions of the central government in terms of the policies guiding formation of EZs.

2.5.4 Single Factory and Industrial Parks

These are established for individual enterprises and are accompanied with incentives and benefits without having to be located within a designated territory. These facilitate development of competitive capabilities in high-tech industries, create centers of excellence allowing the enterprises to compete globally with foreign companies within the same industry Jones (2015). Industrial parks as SEZs drive industrial development Yin (2012). Industrial Parks as SEZs are developed with good infrastructure. SEZs in the form of industrial parks require a lot of funding towards development of infrastructure around or in connection with the industrial park. Currently, Zimbabwe has been experiencing challenges around infrastructural development outside SEZs. The challenges are even exacerbated by the prevailing hyperinflationary pressures, liquidity challenges and foreign currency shortages. In that regard, though these kinds of SEZs could be implemented in Zimbabwe, their implementation must be assessed in view of the availability of infrastructure to support these SEZs. Among other objectives, this study also seek to establish the adequacy of infrastructure in support of businesses including SEZs.

2.3.5 Free Ports

These have been documented as the most expensive SEZs to establish and they are primarily set-up to facilitate trade of goods and services as highlighted by Ghauri et al (2015). These SEZs usually target business activities in retails sales, travel, tourism, and on-site accommodation. Special zones in free ports are allowed to enjoy tariff exemptions. Large transport systems such as ports and airports are usually incorporated in Freeport Zones as noted by Farole (2011). Free ports contributed USD7 billion of cross border investments for the 2012-2014 period as documented by UNCTAD (2014). Farole (2011). Inherently Free Ports inherently bring together economic regions and populations with an overlap of political and administrative units. Free ports bring together countries which naturally have ports and those without ports. Countries with ports then benefits through business services (for instance transport and accommodation services) offered to enterprises operating within their Free Ports. In the context of Zimbabwe’s geographical location and economy, Zimbabwe does not have busy ports such as seaports. Zimbabwe as a landlocked country must collaborate and partner with other countries which have big seaports. This will help in having integrated regional SEZs that bring together countries (both landlocked and non-landlocked) for promoting regional and international trade through the Free ports.

2.3.6 Specialized Zones

According to Yin (2009) this type of SEZs has been the most prominent in the Asian countries such as China, Malaysia and Singapore. These zones are developed for a specific purpose around a product line, distribution line or service line, and or around economic specialization in selected priority areas as postulated by Gledistsch (2013). According to Beck (2011), examples of specialized zones include science and technology parks, petrochemical zones, logistics and warehousing park, airport-based economies, tourist and recreational zones and reconstruction opportunity zone. Specialized Zones help revive and save economies from stagnation and economic recessions Otero (2011). These can be implemented in Zimbabwe especially in respect to tourist and recreational zones. Again, it all comes down to the issue of the policies and framework guiding establishment of SEZs in Zimbabwe.

3.Research Methodology

3.2 Research Design

This study adopted a mixed methods research design (both quantitative and qualitative research designs). The qualitative research dimension as highlighted by Marvasti (2009) proffers research techniques which enable the researchers to provide elaborate interpretations of phenomena based on non-numerical measurements but rather on detailed description and analysis of meanings ascribed to a social human problem by individual or groups. The mixed methods research was preferred in this study since it involved use of both quantitative and qualitative researches; of which collaboration of the two is valued so that the overall strength of this study is greater than use of either qualitative or quantitative research as underscored by Cresswell and Plano (2007). Thus, this mixed methods research offset the weaknesses inherent to using only one research design.

The qualitative component of this mixed methods research enabled extraction of inner meanings and new insights based on quality of the human experiences pertaining to implementation of SEZs in Zimbabwe. Extraction of quality on the personal experiences, perceptions, opinions and facts about implementation of SEZs in Zimbabwe necessitated a deeper understanding of the policy and institutional environment within which the SEZs, gathering inner insights pertaining to infrastructure issues within the SEZs and outside SEZ; structure of the SEZs with regards to business linkages and value chains; and whether the SEZs were yielding any contributions towards Zimbabwe's economic development. In tandem, the quantitative research component brought about rigor through descriptive statistical analysis, quantitative measurement of the research variables as well as their relationships. By and large, triangulation of quantitative and qualitative research approaches allowed the researcher to gain a comprehensive understanding of the implementation of SEZs in Zimbabwe.

In light of the qualitative research aspect of the study, a case study strategy was applied. A case study involved an in-depth empirical enquiry of a particular individual, group, object, environment, or phenomenon within its real-life context as highlighted by Greener (2008). In this study, an empirical enquiry of the implementation of SEZs for economic development in the context of Harare as the case was conducted. The primary advantage of the case study is that the entire entity (Harare) pertaining to SEZs is investigated in-depth with meticulous attention to detail. In view of the quantitative component of this study, the survey method was employed.

Research philosophy

the selected research philosophy has a significant impact on the stance assumed by the researchers in a research undertaking and provides a viewpoint of how to understand the phenomenon under investigation. The pragmatic research philosophy resonates with the design adopted in this study - since this philosophy applies to mixed methods research in which the researcher draws liberally from both quantitative and qualitative assumptions in undertaking this study as propounded by Morgan (2007).

Population and Sample

The target population for this study was 93. Twelve (12) of the subjects who were part of the population of this study were drawn from Zimbabwe Special Economic Zones Authority (ZIMSEZA) in Harare – the statutory body set up in terms of the Zimbabwe's Special Economic Zones Act (Chapter 14:34) to designate, attract, administer, control and regulate SEZs in Zimbabwe. These constitutes ZIMSEZA's 12 board members and 8 employees. The population also included departments and employees from Zimbabwe Revenue Authority and Ministry of Finance and Economic Development which directly worked with ZIMSESA. Members of the Portfolio Committee that superintend the Ministry of Finance and Economic Development and its arms also formed part of the study population. According to a senior manager from ZIMSESA, employees and members that were actively involved with ZIMSESA from these various departments sum up to 25. The population also include the currently documented 38 active investors within the following Special Economic Zones: Manufacturing, Transport Infrastructure, Transport Infrastructure, Hospitality Services, Farming, Quarry Stone Mining, Solid Waste Management, Water Utility Management and Construction. In calculating the sample size, the researcher used an electronic online calculator called Raosoft (www.raosft.com) using the following parameters: population

(93) margin of error (5%), confidence error (95%) and response distribution (50%); the calculator retained 76 as the sample size.

Purposive sampling, quota sampling and convenience sampling are some of the key types of non-probability sampling. Unlike probability sampling which is more appropriate in situations where large sample size are used, non-probability sampling techniques were more suitable to use in this study since the targeted sample size was relatively small. Convenience and purposive sampling techniques were applied in this study.

Convenience Sampling

Survey participants in this study were selected based on convenience sampling method. Convenience sampling is a sampling technique in which the subjects are selected because of their easy their convenient accessibility and proximity to the researcher as postulated by Saunders et al. (2015). Purposive sampling is the other sampling technique which was adopted in this study to specifically select key informants that participated in the in-depth interviews conducted in this study. Since not everyone was well-versed with Special Economic Zones in Zimbabwe, purposive sampling was more appropriate since it necessitated collection of data directly from respondents that were actively involved and high knowledgeable about implementation and operationalization of SEZs in Zimbabwe. In this study, the researchers extracted data from subjects that were directly involved in the development and implementation of Special Economic Zones (SEZs) in Zimbabwe.

Data collection instruments

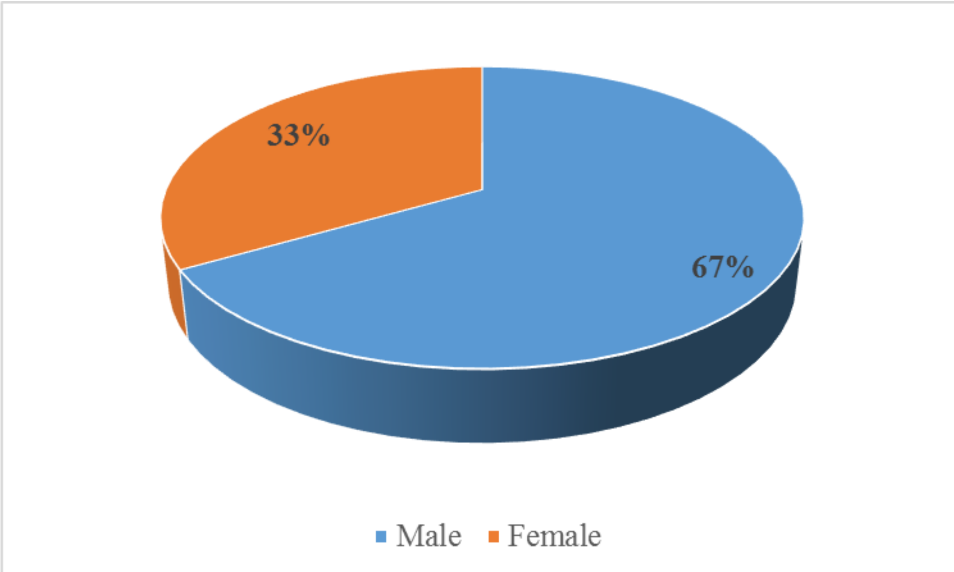
Data for the study was collected using the questionnaires and interviews. The respondents were selected by judgmental sampling in which the key informants were sampled and then interviewed. As for the other respondents, were issued with questionnaires in which they answered the questionnaires.

4. Presentation of findings

4.2.1 Gender of Respondents

The pie chart below (Figure 4.1) summarises the proportion of respondents who participated in the research survey in terms of gender.

Figure 4.1 Gender of Respondents ***N=72***



Source: Research Findings, 2021

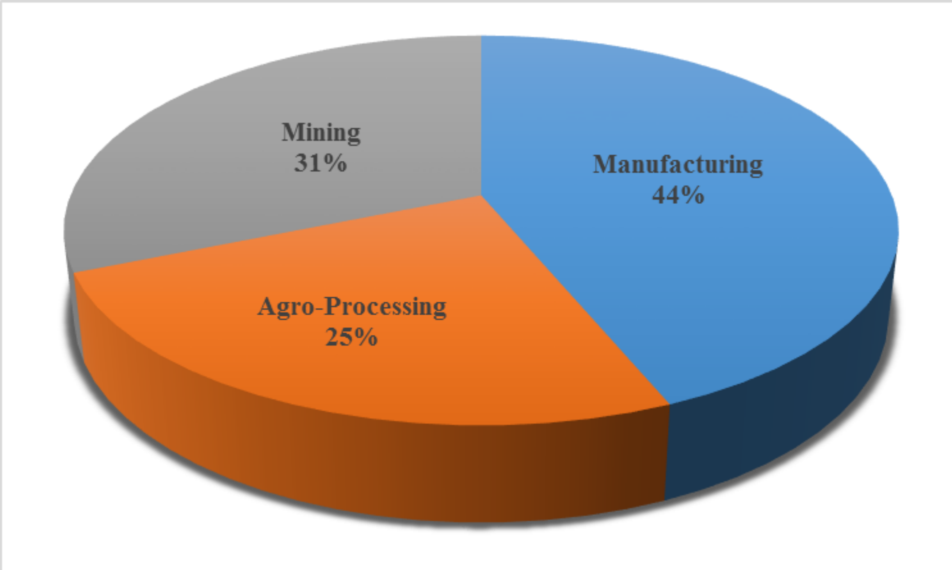
As indicated in Figure 4.1 above, sixty-seven of the survey respondents were males and thirty-three were females. The distribution of gender shown in the results indicated that Special Economic Zones are dominated by players of the male gender as compared to the number of females. Most of the Special Economic Zones such as granite stone and quarry stone mining infrastructure are industries that are naturally dominated by men as compared to women. Additionally, in practice, majority of the foreign investors who move from country to country for investments are men as compared to women thus indicating the freedom and latitude the men have of leaving their families to work in other countries. Women on the other hand are mostly comfortable to play the motherly role and are as such not much inclined to leave their families hence the distribution of gender of the respondents was significantly tilted towards males. In addition, the population of working women in Zimbabwe is skewed in favour of their male counterparts which is also the reason respondents are mostly male dominated.

The education levels of the surveyed respondents do indicate that the education levels of the survey respondents were as follows: Diploma level, 14%; Undergraduate degree-26% and Postgraduate level is 60%. These results shows that Zimbabwe is a country with highly educated people. It was interesting to note that eighty-six percent of the respondent had at least a degree qualification. This was beneficial to the study which is a special field to which knowledge and experience of respondents is key and the same are better positioned in terms of understanding and articulating the key aspects relating to the phenomenon being studied.

SEZs Investors by Category

The distribution of the survey respondents according to the Special Economic Zones they invested in was analyzed and the results are summarised in Figure 4.2 below.

Figure 4.2 SEZ Investors by category ***N=16***



Source: Research Findings, 2021

Results in Figure 4.2 above indicates that forty-four percent of the respondents were drawn from the manufacturing sector. This could be attributable to the low capital outlay needed to set up a manufacturing firm and hence most investors were finding it easier to get into this category. The higher percentage could point to the few or not so cumbersome requirements to register as an investor. Products being manufactured in these zones include but not limited to beverages, washing powder and detergents and these are presumed not to demand huge capital investment.

Mining sector had thirty-one percent of respondents since mining by its very nature though lucrative require a huge capital injection coupled with stringent pre-operation regulations such as local authorities' by-laws, environmental impact assessment certificates and approval from communities that include traditional leadership. The obvious bureaucracy pointed out here is over and above other state entities requirements such as vetting of investors which complicates the registration of mining firms hence the low percentage. Mining activities so far taking place include stone quarry and granite mining, chrome smelting and diamond polishing all these being centrally administered from Harare by ZIMSEZA. Zimbabwe is a country richly endowed with vast mineral resources, a factor that could also attract investment into it as shown by significant respondents at thirty-one percent.

Agro-processing has the least number of investors at twenty-five percent which the research associates to the land reform programme that displaced a lot of then white commercial farmers. Against this unpleasant history, there are fewer takers in the agro-processing industry due to the uncertainties of ownership and control.

Value addition has been one of the major reasons why SEZs were set up in Zimbabwe in-line with Zimbabwe Agenda for Sustainable Socio Economic Transformation (ZIMASSET, 2013). The major clusters in the ZIMASSET blueprint is value addition and beneficiation which is the government's thrust. Normally, SEZs are setup in by countries to grow exports of value-added products with a view to generate foreign currency. This assertion justifies the sizeable 25% level of investments in the agro-processing SEZ.

Departments from which respondents were drawn in relation to SEZs in Zimbabwe

The distribution of respondents by SEZ category is summarised in Table 4.1 below.

Table 4.1 Respondents by SEZ category ***N=72***

Zimbabwe Special Economic Zones Authority (ZIMSEZA)	11%
Ministry of Finance & Departments	50%
Zimbabwe Revenue Authority (ZIMRA)	14%
Members of the Parliamentary Portfolio Committee that superintend the Ministry of Finance and Economic Development	3%
Special Economic Zones investor	22%
Total	100%

Source: Research Findings, 2021

Table 4.1 above indicates that majority of the respondents (50%) were drawn from the Ministry of Finance and other departments which include the Reserve Bank of Zimbabwe (RBZ) and they directly work with the Zimbabwe Special Economic Zones Authority (ZIMSEZA). Out of the 72 survey participants, 22% were SEZs investors, 11% were drawn from ZIMSEZA, 14% from ZIMRA and 3% were members of the Parliamentary Portfolio Committee that superintend the Ministry of Finance and Economic Development. It was interesting to note that from the sample of respondents, the researcher was able to extract rich views from a diverse of respondents from various departments working within or directly with ZIMSEZA. This would ensure that the policy and institutional framework within which the SEZ were implemented in Zimbabwe could be well understood based on diverse views provided by these various departments and respondents.

Policy and institutional environment within which SEZ are implemented in Zimbabwe

The policy and institutional environment within which SEZ were implemented in Zimbabwe was assessed in this study. The results are as presented in Table 4.2 below.

Table 4.2 Policy and Institutional environment within which SEZ are implemented in Zimbabwe

N=72	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
SEZs are integrated in the country's economic reform agenda at national level		22%	21%	57%	-	100%
Smooth coordination of inter-ministerial and government departments	17%	53%	22%	8%	-	100%
SEZ are privately developed	19%	74%	7%	-	-	100%
Streamlined processes in registering SEZs	60%	24%	6%	11%	-	100%
Well-organized financing mechanisms for the SEZs firms	68%	23%	-	9%	-	100%
Freedom for investors in terms of earnings and ownership	56%	25%	13%	7%	-	100%
Liberal labour laws	42%	36%	22%	-	-	100%
Tax Incentives	-	-	11%	65%	24%	100%

4.3.1 Are SEZs integrated in the country's reform agenda at national level?

Results in Table 4.2 above indicates that there is a fair level of integration of SEZs in Zimbabwe's national economic reform agenda, The Transitional Stabilisation Programme (TSP) as underlined by fifty-seven percent of the respondents. These results were consistent with the economic transformation blueprints developed by the Zimbabwean Government when it launched the Transitional Stabilisation Programme (TSP) in 2018 – a blueprint that enunciate structural and fiscal reforms pursuing to bring back Zimbabwe on an economic recovery path.

This TSP blueprint is a progression from Zimbabwe Agenda for Sustainable Socio-Economic Transformation (ZIMASSET) – another economic transformation framework that anchored introduction of SEZs in Zimbabwe. In-line with these economic transformation blueprints, SEZs were setup with the target to grow the country's exports for foreign currency generation, improving national production output and employment creation among other positive economic ripple effects. Thus, SEZs in Zimbabwe were to a reasonable extent part of the national economic reform agenda. Twenty one percent of the respondents neither agreed nor disagreed and this could be to a lack of understanding of the SEZs since it is a new economic order while twenty two percent were in disagreement that SEZ were embedded in Zimbabwe's national economic agenda. Interview findings helped to explain their contention where a key Informant said,

> *The central government has not put the key economic fundamentals in place to support SEZs. Zimbabwe's transport infrastructure is poor as compared to other countries, there is a serious shortage of power, fuel, running water and financing mechanisms which support SEZs. The government should be seen implementing economic fundamentals that support SEZs – that is when we can confidently say that the SEZs are dovetailing with Zimbabwe's national economic reform agenda.*

Is there smooth coordination of inter- ministerial and government departments

Seventy percent of the respondents disagreed that there is smooth coordination of inter-ministerial and government departments in support of SEZs objectives. One of the key informants highlighted that department and ministries who are expected to support SEZs were widely scattered. The interview findings highlighted that all government departments' representatives supporting SEZs must be housed under one roof to facilitate smooth collaboration of effort towards SEZs activities. To this end the high number of respondents who are in disagreement justify that their sentiments could be a result the fact that the numerous department involved in SEZs are very far from each other with some duplicating functions of some actors in the bureaucratic chain.

Interview findings explained about the twenty two percent who are indifferent and had a neutral view. These respondents that may not be certain about the inter-ministerial coordination role of SEZs activities since the later are still in the early stages of development and operation. The information gathered from ZIMSEZA website and brochure was incomplete on these roles each state actor provides hence the indifference. However, it is prudent to note that the success of SEZ require well-coordination of the inter-ministerial and government departments since their registration and operations constantly need the support of the government. It is intimated that SEZ policy framework should be developed to help in the coordination of the government ministries and departments involved.

Streamlined processes of registering as an SEZ investor

Results on this factor showed that eighty four of the respondents did not agree to the existence streamlined and easy registration of SEZ investors as they cited the location of crucial players in different physical space and that that processes of registering SEZs was not streamlined. It was highlighted that even SEZ investors had to go through the various and numerous qualification requirements. These included the application of land from the local authority, environmental impact assessment of the envisaged operation while the other state actors are involved with assessment and vetting of the funds to

ensure that investment is not being done from dirty money. This process is envisaged to be complete in five days but practically could go beyond several months or years hence the high percentage in disagreement.
Twelve percent were neutral and this could be assumed that they felt their information may not come out well due to the oath of state secrecy they have entered into with their employer. They regard their contribution to be confidential information.

It was established that seven percent of the respondents agreed that the processes in registering SEZs were streamlined and they cited the establishment of ZIMSEZA to oversee the registration process which however is not the sole mandate of the authority. It emerged from the interviews of the key informant that SEZ investors were made to go through numerous processes and departments in order to regularize their business operations. Hence the high percentage of those that complained about the onerous SEZs registration processes which was posited to include the cumbersome process of vetting and evaluating an investor by other state organs.

Are SEZs privately developed?

Ninety three percent of the respondents did not agree that SEZs were privately developed and operated .Interview findings revealed that SEZs in Zimbabwe are developed by the government and it is the role of the government to develop infrastructure and craft polices that support operationalization of SEZs in the country consequently the higher percentage of those disagreeing that SEZs are privately developed. The reason why there is slow off-take in other established SEZs such as Sunway City is lack of funding on the part of government to erect requisite infrastructure. There was seven percent of the respondents who were indifferent and this could be attributed to lack of information on who does what in the SEZs in terms of its development. The small percentage can be coming from respondents who are also new in the sector or the same could just be disinterested in getting correct information in their workplaces. As previously stated, SEZs are still a new phenomenon and the government on its part could be an accomplice in this lack of information by not doing much in raising awareness of SEZs.

Existence of a well organised financing mechanism for SEZs

Results on the above question to ascertain if there is a well organised financing mechanism for SEZs, only a mere nine percent of the survey respondents agreed that there are well-organized financing mechanisms for the SEZs firms in Zimbabwe. The small percentage who are in affirmative with this statement may have seen the few connected investors or are those investors with backing of endowed financiers back in the countries. These could be the reason why there is a small percentage agreeing.

However, ninety one percent of the respondents disagreed on the existence of a well-organized financing mechanisms for the SEZ firms in Zimbabwe. This is a consequence of SEZs which have been declared as such but are taking long to be operational due to lack of funding for local investors and inability to attract investment from the foreign market due to Zimbabwe' low credit rating, while economic embargo from potential investing countries have also contributed to the lack of a well organised financing mechanism. This is supported by interview results from key informant 2 (a Member of Parliament form the portfolio committee on Investment and finance) who said:

Zimbabwe is currently going through an economic and financial crisis. The economy is suffering from a serious liquidity crisis, shortage of foreign currency on the backdrop of hyper-inflationary challenges. As such financial institutions and central government are having challenges putting in place strong and consistent financing mechanisms to support SEZs in the country

Against the above sentiments, it is concluded that there are no funding mechanisms for investors in SEZs which has resulted in low drive towards realising an upper middle economy as visualised by the central government.

Freedom for Investors in terms of earnings and ownership

On the issue of freedom on earnings and ownership by investors in the SEZs, research findings revealed that eighty one percent disagreed with this assertion. There has been some policy inconsistence on repatriation of profits from this country to the investor's home country. Respondents cited that among the incentives which could encourage and attract FDI are enacted through government policy to include free repatriation of profits by foreign investors. Corroborating findings from key-informant interviewees revealed that both local and foreign investors were concerned about the inconsistences shown by the Zimbabwean government in terms of its economic policies. This also included financial policy inconsistencies which affected smooth repatriation of profits by foreign SEZ investors to their home countries. Shortage of foreign currency and the ever falling Zimbabwean currency means investors fail to access their money when they need it.

Sixty eight percent of the investors who sell their products locally indicated that they were obligated to do so in local currency which the central bank was failing to adequately exchange their local earnings into foreign currency for repatriation of their profits. This does not go well with these investors because they reason of investing is to gain some profits and be able to at service their loans back at their country of origin. They are failing to do so a while accumulating more interest. Only two percent showed there was no problem for SEZ investors in terms of freedom of their earnings and ownership and this can be attributed to a sense of not wanting to say bad things about a government policy.

There was a seventeen percent of respondents who were indifferent and it was argued by a key informant that with constant and unpredictable policy inconsistencies in Zimbabwe, some investors were justified to be unsure of their freedom of profits repatriation and ownership of business resources including land. SEZ could be a success if the country could consistently apply the stipulated laws and regulations guiding SEZs' operations with long-term commitment.

Existence of Liberal Labour Laws within SEZs

Seventy eight percent of the respondents disagreed on the existence of liberal labour laws. They were of the view that labour laws in SEZs were not that liberalised for example, they pointed out that the constitution of Zimbabwe is the supreme law of all labour laws. This assertion also emerged from the in-depth interviews where it was forwarded that all companies operating in Zimbabwe both local and foreign were guided by Zimbabwe's Labour Act and there no room to act outside this Act hence the seventy eighty percent disagreeing. The argued that liberalising labour regulations for SEZs would be ultra-vires of the constitution and may lead to some outcry from labour bodies.

On the other hand, twenty percent however were neutral on this aspect as they were not sure about the differences in the labour laws applied within and outside the SEZs in Zimbabwe which can be credited to SEZs being fairly new and information on their operation is still haze. It could therefore be noted from these results that the SEZs in Zimbabwe are not given special treatment when it comes to application of labour laws. Thus, they are expected to provide employees their dues guided by Zimbabwe's Labour Act and tripartite negotiation agreements by labour unions representing workers in the different industries. This entailed, employee leave days, employee benefits, health and conditions of a good working environment, pensions and monthly remunerations among other obligations in line with set standards. However, it was highlighted from the interviews that some of the foreign investors were bringing in cheap labour from their home countries in order to evade the local labour law demands that they consider to be costly paid.

Tax Incentives

There was an overwhelming agreement from the respondents with ninety four percent of them agreeing that there are tax incentives being offered to SEZ investors and they revealed that Zimbabwe was offering Tax incentives to lure more investors into its SEZs in terms of duty free on imports of raw materials used solely for SEZs. Interview findings showed that these tax incentives included duty-free imports on equipment and machinery used directly into the SEZs, free VAT charges on all manufactured products generating foreign currency for the country through exports to foreign markets. Since Zimbabwe is struggling with a negative balance of payment (BOP) and a serious shortage of foreign currency, any tax-incentivized exports are key in lessening the BOP and foreign currency crises. Six percent were indifferent and could neither agree nor disagree which may be as a result of absence of statistical information pertaining to support the assertion with information from tax authorities being highly classified.

Role of SEZs to the country's economic development

SEZ's contributions were ascertained in the context of Zimbabwe's economic development and the results are presented in Table 4.3 below.

Table 4.3 Role of SEZs to the country's economic development

N=72	Strongly Disagree	Disagree	Neutral	Agree	Total
Employment opportunities	-	32%	14%	54%	100%
Increased production output	-	17%	48%	36%	100%
Growth of Foreign Direct Investments	37%	36%	-	26%	100%
Growth of exports and foreign currency generation	34%	54%	-	12%	100%
Skills transfer	-	37%	12%	51%	100%
Technology transfer	-	78%	-	22%	100%
Value addition	-	46%	2%	52%	100%

Employment opportunities

According to fifty four percent of the survey respondents SEZs were creating meaningful employment opportunities for the local people. The percentage may seem very low just marginally above the half mark due to the high unemployment in Zimbabwe but at least they have affirmed that employment is being created .It was further posited by findings from interview with key informant 3 (Member from ZIMSEZA) when he said the following:

> *Though the unemployment rate is high in Zimbabwe and given that SEZs in Zimbabwe are still growing, it is undeniable that every SEZ firm in Zimbabwe is at least absorbing locals as employees in their businesses. Therefore, whether in a small way, the SEZ firms established in the country have managed to employ local people who have been desperately searching for job opportunities. Most of this SEZ firm are into mining and manufacturing, which are labour intensive. Though these companies are still few, nonetheless they employ a big number of Zimbabweans in their labour intensive business processes.*

The employment opportunities have been created in the manufacturing industries such as beverages manufacturing, soaps and detergents and in stone and quarry mining hence the fifty four percent in agreement. However, there was thirty two percent of the respondents disagreeing that SEZs were creating employment and this could be due to the fact that Zimbabwe's high unemployment means the few employment opportunities created are a drop in the ocean and pale in insignificancy to an extent that there seems to be no employment created. These respondents could have anticipated SEZs to solve the employment deficit in a huge way and the small number of opportunities created is not suffice to them hence their disagreement.

It was also established that fourteen percent of the survey respondents were neutral on this aspect. They could have been holding these views because they could be skeptic of job security which is not fully guaranteed since more than seventy three percent were employed as contractual workers and their services can be terminated at any instance. This could be explained further by interview findings from ZIMSEZA that the few foreign Investors from the East had allegedly developed a tendency of bringing “cheap” labour from their countries of origin in contrast to locals whom they alleged are over-paid. However, the research could not establish the issue of payment to SEZs employees as the issue of salaries was classified information. It therefore explains why fourteen percent of respondents were indifferent and under such circumstances, respondents were skeptic that skills transfer would be observed to be happening. Against this negative assertion, the government of Zimbabwe could make it a strong and tight regulation that obligates all SEZs investors to show commitment in employing local labour as well as ensuring skills are imparted with easy to the same as a positive ripple effect of SEZs to the rest of the Zimbabwe economy.

Skills Transfer

These results on this factor seem to dovetail with survey findings above where fifty one percent of the respondents were in agreement that SEZs were contributing to transfer of skills to the local people. Findings showed that seventy nine percent of the SEZs investors were employing a considerable number of the local Zimbabweans where employment of the locals entails working hands on with the machines and in the process acquiring some skills on the job. It was also established that for every investor into the SEZs, a pre-contract is signed with Zimseza where they undertake to ensure transfer of skills and technology to locals. Interview findings highlighted that a good number of the SEZs employ local engineers and technicians to manage and maintain their production plants. They also employed administrative and support staff in their businesses. As the expatriate employees of the SEZs firms work hand-in-hand with the locals, skills are then transferred to the local as positive ripple effects which may be useful for locals when in the future they leverage on these skills in their own new business ventures.

The thirty seven percent of the respondents who did not agree that skills transfer was taking place could have been a result that the SEZs firms have brought in their professional expatriate staff from abroad. They are skeptic that they are imparting knowledge to the locals as it is still early to have statistics of how much skills was transferred to locals. This may the same assumption concluded by the twelve percent of the respondents that are neutral. There is therefore need to regularly report on progress of skills transfer by the SEZs firms in conjunction with ZIMSEZA on this aspect to clear some doubts by locals.

Increased production output

Seventeen percent of the survey respondents disagreed about increased production output generated by the SEZ in Zimbabwe. As earlier alluded in this discourse, production is seen to be taking place on the ground with increased beverages, soaps and detergents on the shop floor. The absence of a measuring mechanism could be the reason why we had seventeen percent of the respondents disagreeing. The seventeen percent are in disagreement because there are times shortages are witnessed on the market which they feel should have been covered by the SEZs investor. It is beyond them that SEZs firms should produce for the foreign market to generate foreign currency that sustains their operations. Forty eighty percent of the respondents were neutral .This indifference could be because most of the companies have not yet been forthcoming with their production output as they consider it a source of competitive

advantage. Additionally, ZIMSEZA has not yet put in place measurement mechanisms as suggested from their reports that have not given statistics on production by SEZs investors.
Thirty six percent stated that SEZs were increasing the production output for the nation. Corroborating evidence from the interviews highlighted that though SEZ firms were still new in Zimbabwe but in their small number, they were playing a key part in increasing the production output for the country. Their products are being sold on the shop in competition to either other beverage makers, soaps, detergents makers while tiles are competitively sold against most imports. There has been a fair advantage as prices of the other competing products have remained low which could not have been possible if production of the same had not been increased hence the thirty six percent.

Increased foreign direct investment

Twenty six percent of the respondents agreed that SEZs were increasing foreign direct investments in Zimbabwe. The small percentage is because of the small number of SEZs investors (less than twenty) that have invested in Zimbabwe from the time when the SEZs were upgraded from export processing zones (EPZ) in 2016. Seventy three percent of the respondents disagreed that SEZs were growing foreign direct investments for the country as previously intimated that less than 20 firms have invested in SEZs. The low investment could be due to the high business risk tag attributed to Zimbabwe. Key informant 4 from ministry of finance indicated that foreign investors were still shunning Zimbabwe for investments given its alleged bad image (especially Zimbabwe's previous central government administration) from a global perspective. Zimbabwe has had a history of land invasion and indigenization policy – a policy that unequivocally demanded and directed that all foreign companies had to cede at least fifty one percent of their shares to local Zimbabweans. It may possibly also be as a result of economic embargo imposed by the West that has isolated the country from a big number of global economic players. It is against this background, that foreign investors are yet to gain confidence in Zimbabwe hence the low number of investors in SEZs and the high number at seventy three percent disagreeing that FDI has been increased by SEZs.

Growth of exports and foreign currency generation

Only twelve percent of the respondents were in agreement that SEZs were generating foreign currency for the country a fact that embodies from scarcity of the foreign currency. The information on how much foreign currency the country was realising from SEZs was again considered as confidential and as such the researcher could not get the actual figures. An official from ZIRA went on to point that there are not yet established mechanism to measure the same including SEZs contribution to Gross Domestic (GDP), Gross National Product (GNP) hence the low number of those in the affirmative that foreign currency is being generated.

On the other hand, eighty eight percent of the respondents were not in agreement that SEZs were generating foreign currency. This is due to the fact that most of the products are being sold locally and from that scenario, foreign currency would not be realised. A Key informant from the manufacturing sector said,

> *There is very low production in the country. SEZs investors operating in the country are actually taking advantage of the low industrialisation. As such they are selling much of their products locally because the local demand is essentially very high. Due to the prevailing economic crisis, most of these SEZ firms are also under producing even to meet the local demand. The current high costs of production also make it difficult for local investors to export competitively on the global market. Government has not set SEZs to principally produce for exports which if had been set up as such, more exports would translate to increased foreign currency into the country.*

In as much as SEZ investors would want to export their products for foreign currency generation, the economic situation is also tough for them. These firms were also struggling with the high fuel costs, high costs of alternative power, and hyper-inflationary costs of buying raw material and meetings other operational costs. Ultimately, they find it difficult to compete on the global market thus low foreign generation.

Value addition

According to fifty two percent of the respondents, SEZs were fairly contributing to value addition and beneficiation. There has been a thrust towards value addition in agro-processing which adds value to agro products where there has been investment in the Agro processing business. Forty six percent stressed that there was no meaningful value addition taking place in these SEZs. This position was supported by key informants that participated in the in-depth interviews. The interviewees highlighted that the most of the mining activities carried out by the SEZs involved very low value addition and beneficiation especially on quarry mining, granite and diamond mining and polishing as well as from chrome smelting. Mining products were being exported in a state close to their raw and original form as a result of lack of proper technologically enabled machinery.

Technological transfer

Findings pointed out that seventy eight percent of the respondents disagreed that there was technological transfer in the SEZs. It is noted that generally technology transfer should take place when the foreign investors have highly committed themselves to implementing high-tech equipment and systems into their local investments. On the ground, of the few SEZ firms that have invested in Zimbabwe most of their raw materials are imported from abroad and there are none being made locally hence absence of modern day and sophisticated machinery for technological transfer hence the high percentage. It is also judicious to note that capital equipment is very expensive and with no financing mechanism in place for firms in SEZs, the expectation of quick technology transfer is next to zero hence the high number in disagreement. There were twenty two percent of the respondents who agreed that technological transfer was taking place in SEZs. Their affirmation might be emanating from the fact that, of the few firms invested in the country, they have brought in machinery for their production which translate to technological transfer though it is on a smaller scale than it could have been had funding been available hence the small percentage.

Role and Adequacy of Transport, Energy and Telecommunications Infrastructure

This research objective was addressed using qualitative data collected from SEZ firms through the self-administered questionnaires and interviews involving the board members of ZIMSEZA, management, Investors and key informants from the Ministry of Finance directly working with ZIMSEZA. Additional qualitative data was collected from ZIMSEZA reports. All this qualitative data was analyzed using the deductive thematic analysis approach. This deductive analysis approach included the following six stages: familiarizing with the collected qualitative data generating initial codes, searching for themes, reviewing themes, defining themes and finally the write-up. In the context of this study, three (3) thematic levels (Main Themes, Sub-themes and Codes) were mapped and generated as illustrated in Table 4.4 below.

5.Conclusions and Recommendations

The researchers would like to make the following conclusions below:

Policy and institutional environment within which SEZ were implemented in Zimbabwe

Research findings established that SEZs in Zimbabwe were developed by the government. However the government was failing to develop the required infrastructure before taking in firms into its SEZs. The research findings indicated that SEZs in Zimbabwe were fairly integrated in the country's economic reform agenda at national level in line with the government's new economic blueprint (Transformation Stabilization Programme) and the previous economic transformation framework - ZIMASSET. However, the results indicated that the economic fundamentals such modern transport infrastructure, reliable power infrastructure, well-organised financing mechanisms were lacking not only to fully support the present SEZ businesses but also to lure new SEZ investors. Lack of smooth coordination of inter-ministerial and government departments was also observed. SEZ investors were made to go through numerous processes and departments in order to get the assistance they required for their business operations.

Labour laws were not liberalised for the SEZ firms. The SEZ enterprises were being guided by the dictates of Zimbabwe's Labour Act and labour unions representing the various industries. It could be concluded that the Zimbabwean labour laws were not friendly to the foreign SEZ investors, since they were bringing their own foreign employees to evade the local labour law demands. Guided by the study results, it could also be concluded that tax incentives were extended to SEZ firms operating in Zimbabwe. Free-duty import incentives were provided to SEZ enterprises which were importing equipment and machinery to directly use in their SEZ enterprises. The SEZs were also made to enjoy tax concessions on manufactured and processed products for export – the whole idea being to grow valued-added products for exports and ultimately increasing foreign currency generation. Generally, it could be concluded that the Zimbabwean policy should be improved in terms of liberalising labour laws for SEZ firms, improving the financing mechanisms, streamlining SEZ registration processes and building a team of inter-ministerial and government departments' representatives brought together under one roof in order to streamline processes involved proffering services required by SEZ investors.

The role of SEZs to the country's economic development

The role of SEZs in increasing national production output, creating employment opportunities, skills transfer and improving value addition to the country's goods was confirmed by the results. The SEZs were only re-invigorated by the new Zimbabwean government in 2018, as such SEZ investors were still few in Zimbabwe and were still growing to bring about huge meaningful benefits to the country's total economic development. Though, the SEZs contributions to the economic development of the country was still small, their potential to spur economic growth could not be disputed as highlighted by the research respondents.

It could be inferred from the results that though the SEZs were setup in Zimbabwe to grow exports of value-added products, the economic situation in Zimbabwe has been making it difficult for local SEZ firms to compete with rivals on the global market. This was observed on the backdrop of the prevailing hyper-inflationary pressures, liquidity crisis, and energy crisis driving up costs of production for the SEZ firms. With low level of industrialization locally, SEZs were actually found selling their products on the local market especially those in manufacturing and agro-processing. It could thus be concluded that valuable contributions of SEZ investments could be realized if their operations were premised on a viable economic environment that enables competitive production of products in terms of costs.

The role and adequacy of the transport, energy and telecommunications Infrastructure

The research findings highlighted the importance of telecommunications infrastructure in support of SEZ businesses. This was in terms of enabling online banking transactions, communications with various local and global stakeholders, online data processing and storage. The results indicated that Harare had a broader coverage of telecommunications networks provided by a large pool of telecommunications network providers. However adequate access to these telecommunication networks was hampered by the erratic power supplies, and high bandwidth costs affecting unlimited access to telecommunications networks. It was additionally indicated by the research findings that the energy infrastructure was critical in powering ICT infrastructure and systems, plant and machinery, fuelling the transport fleet of the SEZ firms. It emerged from the findings that operations of the SEZ firms were seriously adversely affected by shortage of power, fuel, and high cost of alternative energy sources in Zimbabwe.

The SEZ investors in Zimbabwe also complained about the poor road infrastructure, inadequate and outdated railway systems. These deficiencies were then negatively affecting the smooth flow of equipment and materials from suppliers as well as transportation of products to customers. This was inherently pushing the costs of transportation up, again on the backdrop of the ever-rising fuel costs in Zimbabwe. It could therefore be concluded that the Zimbabwean government was failing to provide modern, well-organised and cost effective infrastructure to SEZ investors in terms of supportive transport and energy infrastructure. It was then inferred that these infrastructure deficiencies were contributing to the low performance and attraction of FDI into the setup SEZs in Zimbabwe.

The assessment of whether SEZs in Zimbabwe were creating and strengthening business linkages and value chains

The research findings confirmed existence of linkages between SEZs in Zimbabwe and local stakeholders that provide factors of production such as labour and raw materials from local sources. Local linkages with local stakeholders was necessary to enable access to financial services, employment agents, suppliers of raw materials and community leaders. It could be established that at minimum, linkages with the local stakeholders enables these SEZ firms to operate. Good linkages of SEZ firms with local services providers for the provision of critical services such as data networks, power and water among other critical elements were also established. Though the SEZ firms were experiencing intermittent supply challenges of electric power from the national grid, fuel shortages from fuel suppliers and running water from council, they made sure to create linkages with all the government arms responsible with provision of the much needed utilities. However, they had to make sure to have their own alternative backup sources of power and water sources.

It is concluded that the SEZ firm were not entirely relying on the linkages they had with the local power companies and treated water providers (City Council), since their businesses could come to a halt due to erratic power supplies. For business continuity purposes, these SEZ enterprises had to resort to alternative sources of own sponsored power and water but at an additional cost which then pushes up their costs of production. It could also be concluded that SEZ firms in Zimbabwe were lacking linkages to the global value chains due to Zimbabwe's isolation from some of the global economic players especially with the previous central government administration. The whole essence of setting up Special Economic Zones is to grow exports and that could only be realized if Zimbabwean businesses were fully integrated into the global value chains.

5.2 Recommendations

The following recommendations were derived from the conclusion of this research:

a. Government of Zimbabwe

i. There is need to seriously consider stipulation and application of consistent laws and regulations guiding SEZs' operations with long-term government commitment. There is need to normalize our relationships fully on all fronts. This helps in boosting investor confidence in light of growing FDI into the local SEZs

ii. Government departments and inter-ministerial representatives supporting SEZs should be housed under one roof to facilitate smooth collaboration and quick delivery of services to SEZs Investors.

iii. Zimbabwe government should institute a framework which require foreign SEZ investors to prove that their business activities and processes are designed in way that promote skills and technology transfer to local organisations.

iv. Government should ensure that infrastructure is developed before opening up for investment in the pre-planned SEZs. Road and transport network need to be seriously overhauled while Utilities such as power, telecommunications, employees' accommodation, water and sewer reticulation would be party of the requisite infrastructure. This would ensure that more SEZ investors are attracted into the country

b. For the SEZs investors

i. Local SEZs' laws must compel manufacturing SEZ enterprises to export a bigger part of their production output in order grow exports and foreign currency
ii. Value addition and beneficiation should be the hallmark of SEZs investors to derive much value from exports proceeds. A penalty need to be imposed for those failing to comply with this requirement.
iii. SEZs firms to also create their backup in terms of power, water and telecommunication services either by investing into the same as a player or help capacitate the existing service providers
iv. SEZs investor to create value chain by backward and forward integration.

5.4 Areas of Further Study

The researcher proposed a study on Special Economic Zones studying the level of their development across the entire country of Zimbabwe and also developing a SEZs model that is tailor made to this country in a bid to maximise contributions brought about by SEZs in the context of Zimbabwe as a whole.

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