
Private Sector Investment in Tanzania: A Viewpoint in the Creation of Employment Opportunities

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Private Sector Investment in Tanzania: A Viewpoint in the Creation of Employment Opportunities

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Private Sector Investment in Tanzania: A Viewpoint in the Creation of Employment Opportunities

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Abstract

This study assessed private sector investment and the creation of employment opportunities in Tanzania .The study employed a cross sectional research design .The questionnaire was completed by 181 people ,and the semi-structured interview was conducted by 16 people .The objective one ,which assessed the level of private sector investment in the creation of employment opportunities ,was analysed descriptively .With the aid of SPSS version 21 , responses on the level of private sector investment in the creation of employment opportunities were captured using a five point Likert scale . Objectives two on the challenges facing the private sector's investment and three on the best actions to be taken to improve the private sector's investment towards the creation of employment opportunities were analysed through content analysis .The study found that there was evidence that private sector investment in the study area resulted in job creation .However ,private sector investment is hampered by difficulties that hinder Tanzania's efforts to create the required job opportunities .Hence ,policymakers and the government should improve the operating environment for private sector investment and improve the communication mechanisms to capture private sector potential in employment creation in Tanzania .

Keywords: Private Sector , Investment, Employment Opportunities , Tanzania

1.0 Introduction

Employment opportunities as a development aspect depend principally on government's efforts and the private sector's investment, which make efficient and effective use of their resources (Allen, et al., 2020). It is widely recognized that public investment is not enough to address sustainable economic growth generally and employment challenges in particular in developing countries. Thus, private investment is required (Combey, 2006). This is on the premise that the behaviour of private investment and the chances to create employment opportunities have been identified as factors for assessing the reform outcomes. The public sector under the reformation programs in most developing countries is no longer the major employer Karim & Khoo (2015). As noted by private sector investment is the result and cause of employment opportunities. In particular, Guloba, et al(2021) assert that there is a need to raise private sector investment as it is important in both economic development and the creation of employment opportunities. Ellis, Mcmillan, & Silver (2017) equally assert that the private sector plays a vital role in development in many countries, including but not limited to public-private partnership (PPP) and investment in which employment is created.

The rate of private sector investment is one of the key factors that differentiates developed countries from developing countries (Wang & Cakmak, 2021). Investment is high in high-growth countries, but low in low-growth countries like Tanzania. Capital, strategic planning, technology, and human resources are all factors that influence the growth and stability of private sector

investment in developed and developing countries. For instance, in developed countries, technology, which is advanced in comparison to developing countries, enhances employment creation as skills are prepared to match with the available technology.

It is from that context that Aduke & Taiwo (2017) assert that when the private sector invests in new technologies, it destroys jobs in some countries, especially among the low-skilled countries, while creating jobs in different industries that require high skills. This implies that the process of inventing new technology has led to net job creation as new industries replace old technology and the new skills of workers adapt to changing and expanding demand. The new technology, in some aspects, is associated with unemployment and social distress. However, technology has an economic-wide employment impact. The mechanisms for translating technology into jobs in developing countries have not been strong based on the deficiencies in training and innovation systems due to rigidities in production, low labour capacity, finance, and the market (Fagge & Zubairu, 2014).

In development perspectives, employment opportunities are observed as instruments for socio-economic development (Guloba, 2021). In respect of the major reforms in the developing countries, nations have been supporting private sector investment in order to improve their productivity, their human capital, their social services, trade, and industrial activities. This has been possible based on the fact that private sector investment has been playing a central role in the economy and the state's role

has remained mainly with control and facilitation (Aduke & Taiwo, 2017). In turn, the significant increase of private sector investment is the source of the economic growth as from the investment the private sector is expected to create employment opportunities. Bernard & Nwakoby (2016) posit that private sector investment has been the engine of employment and income generation, the provision of infrastructure as well as social services.

Since the major reforms, as in other parts of the world, Tanzania has embarked on reforms and policies that aim to support the role of private sector investment, thus emphasizing the need to create a conducive environment for the private sector to operate (URT, 2011, 2014). In the concern of the current reforms, policymakers have been alarmed about facilitating private sector investment, which is expected to generate activities for economic growth (Wang & Cakmak, 2021). The primary goal of this paper was to evaluate private investment and its determination to the creation of job opportunities in Tanzanian businesses. Tanzania's economy was primarily in the hands of the public sector in the early post-independence eras, with the private sector running only a few sectors. The successful mobilization of private sector investment is, therefore, increasingly important for creating employment opportunities, raising economic growth, and finally reducing poverty (URT, 2013). Many developing countries are focusing on horizontal and neutral policies that facilitate economic spheres by improving infrastructure, ensuring property rights, creating a favourable investment climate, business environment, and reducing tax or financial

incentives (Adegboye & Alimi, 2017). In this regard, profitable private sector investment is facilitated by many facets whereby government support for the ability of the private sector leads to the possibilities of productive investment where employment opportunities are expected. In the course of these processes, jobs are created and economic growth is enhanced through both domestic and foreign investment (Wang & Cakmak, 2021).

Private sector investment trends in Tanzania have not generally been impressive. This is due to impediments such as inadequate regulatory frameworks for investment and a lack of coordination on investment policy within the civil service. The existing investment frameworks are to some extent out of date (TPSF, 2016). Since the 1996 Investment Promotion Policy and the Promotion Tanzania Investment Act of 1997, there has been an attempt by the government to review them to accommodate the current demand for investment. In addition, the government has given emphasis on public-private sector partnership (PPP), which recognizes the role of the private sector in bringing about socio-economic development through investment, which provides important instruments of finance and maintenance of goods and services in the country (PMO, 2009). This indicates that the Tanzania investment climate has not been smart enough to bring about the desired result for private sector investments. These challenges have been repeatedly noted by the government bodies and the private sector agencies, including the ministry of labour, agriculture, and mining; the Tanzania Private Sector Foundation (TPSF); and the Tanzania National Business Council (TNBC) (OECD, 2013). The above factors hamper the

effectiveness of facilitating public-private sector dialogue and impact investment policy. The lack of adequate facilities for private sector investment discourages investment and ultimately reduces the ability to create employment opportunities in Tanzania.

However, the government has been adopting policies without much focus on the determinant of private sector investment in the creation of employment opportunities (Linde, 2014). Private sector investment forms a part of the basic economic activity in which the creation of employment opportunities is expected. The investment of the sector in the development environment of the country is expected to determine the future of the nation by affecting the wellbeing of its population in the context of this study, the realization of employment opportunities. Tanzania, as one of the developing countries, has a shortage of employment opportunities despite of investment sectors such as cooperative manufacturing, services, and construction.

This paper, therefore, is in the position to assess the private sector's investment in selected business firms and how they determine the creation of employment opportunities in Tanzania. Specifically, the study will assess the level of private sector investment, determine the challenges facing private sector investment, propose ways to improve the private sector's investment in the creation of employment opportunities. The expectation of the study on the private sector investment and the specific economic activity includes among others, creation of employment opportunities in Tanzania, and to help the government to redesign its strategic plan for the interaction and

cooperation approach with other sector for economic development. In the same vein, it is the submission of this paper to shape the current reformation trend to accomplish the country's policy directions specifically on the employment creation efforts.

2.0 Review of Literature

Private sector investment is the crucial driver for employment (Abdul Karim & YinYin, 2015). The private sector, both foreign and domestic investment, provides employment opportunities to local people in the recipient countries. Moreover, through their roles, jobs are created and new technologies are introduced, especially through international trade and investment linkages. In the work of Ali & Kamran (2016), private sector investment plays an important role in the economic growth of the country as it raises the productive capacity of the economy, affects the employment level, and promotes national income through industrialization. Employment opportunities created by private sector investment generate income and improve people's standard of living and quality of life (Aduke & Taiwo, 2017). Thus, in developing countries; private sector investment and job creation are expected to compensate for the rapidly growing labour force.

Other studies focused on the challenges and the general success of private sector investment, with little focus on the specific aspects like employment opportunities (TPSF, 2016). Specifically, the operating environment for private sector investment in developing countries has not been conducive

enough to attain the needed potential. This is the slow pace of addressing the increase in demand for employment opportunities. In light of the above, however, private sector investment (local and foreign) contributes to economic growth in both developing and developed nations (Sosa, 2011; Cray *et al.*, 2011; WB Group, 2016). Employment has been created from the investment-related activities invested in by the private sector. Thus, the increase in employment opportunities also increases the purchasing power of goods and services and hence stimulates the production of output in the economy (Grant *et al.*, 2011).

In studies conducted on the impact of the private sector on investment, it has been observed that private sector investment has a much larger impact on economic growth than public sector investment. Aduke & Taiwo (2017) observed that private sector investment is crucial in the development agenda because it provides income and job opportunities. This is in the sense that private sector investment is linked with long-run profits. Therefore, the main approaches to private sector growth need an implementation step. That is, meeting macro-economic steadiness and refining the available institutions are far-reaching procedures, but sustainability along the process is likely to bring the desired results through the increase of private sector investment, thus high employment opportunities.

Private sector investment is assumed to continue to play a significant role in Tanzania's economy. Ellis, Mcmillan, & Silver (2017) observed that the success of economic development will depend very much on the willingness and capacity of the private sector to invest in the economy. This implies that domestic

private sector investment fell short due to the nature of more informal employment, characterized by low capital formation. It is more so when one takes into consideration the extent of informal employment in Tanzania, which is more in the private sector.

However, empirical studies by Abdul Karim & YinYin, 2015; Byiers et al., 2015; Nongo, 2015; Wang & Cakmak, 2021) showed that, basically, foreign investment is powerful in comparison to domestic investment. Foreign investments are strongly promoted due to insufficient domestic investments. Although the above studies confirm that foreign investments are the complement to domestic investments in terms of increasing levels of output, the capacity of foreign investment is higher in comparison to domestic private sector investment. This is due to the fact that the favourable overall performance of domestic private sector investment still marks wide disparities in investment performance in developing countries. For instance, high and steady investment rates in sub-Saharan Africa are a marked contrast to the low and falling investment rates in the world (Combey, 2016). The low rate of private sector investment in developing countries is mostly affected by many factors, most of which are grouped into policies, incentives, and institutional factors. However, in general, it will define property rights, a sound judicial and contracting system, the reasonable level of public policies, and stable financial institutions, good physical and social infrastructure and educated individuals are some of the indicators of sound investment. The assumption of high rate of private sector investment in developing countries, is the creation

of employment opportunities from the activities of the sector.

2.1 Conceptual Framework

From the above literature, private sector investment activities are seen as important generally to economic growth and, in particular, the generation of employment opportunities. The outcomes of the employment generated to improve living standards almost certainly contribute to economic growth. This encourages nations to facilitate and encourage private sector investment through their policies, which has the potential for employment creation. Based on the past literature, the illustration of the manipulation of private sector investment in the creation of employment opportunities is shown in figure 1.

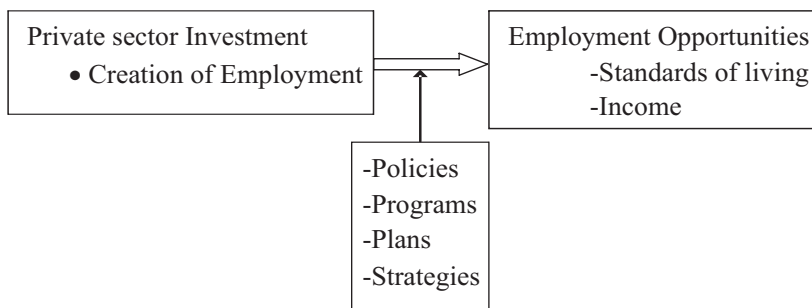


Figure 1: The conceptual model for the determination of the private sector investment towards the creation of employment opportunities

2.2 Theoretical Underpinning the Study

To build a connection between the private sector's observable investment metrics and employment creation, it is necessary to study theories that explain the potential of the private sector in

this area. To what extent, what are the difficulties, and what steps may be taken by the private sector to increase employment possibilities in Tanzania through its investment, are some key concerns that need to be addressed. In response to these worries, the New Public Management Theory (NPMT) has been reviewed in order to establish a link between private sector investment and the development of employment prospects in Tanzania.

Several theoretical stances, including Public Choice Theory, management, and classical ideas, have helped to pinpoint the beginnings of the New Public Management Theory (NPMT) (Alam et al., 2012; Gruening, 2001). These ideas presuppose that current public administration procedures need to change. The new intervention aims to reform the public sector by adding management skills to the administration's market-focused agenda in order to provide private sector desires more options. Under British Prime Minister Margaret Thatcher in the 1970s and late 1980s, a change in state ideology led to the emergence of the NPMT. Its founding mission was to advance capitalism in a neoliberal environment. The ideology of the state has been impacted by the traits of the private sector and how they have been used to socioeconomic growth. The NPMT introduces governing paradigms in which distinctions between and within the public and private sectors are hazy. In this context, Atreya & Armstrong (2002) point out that NPMT has grown in significance in study as a result of changing societal needs, especially those related to employment. In the context of this study, where the private sector and the generation of employment possibilities are linked, the NPMT is thus about achieving

efficiency in outcomes.

According to the New Public Management Theory, taking into account the private sector's investment share has some bearing on some employment sectors for effective development in this area. Increased competition, defining performance standards and metrics, output control rather than input control, involving important stakeholders, efficiency and effectiveness in resource allocation, and shifting away from traditional methods (top-down strategies) in favour of more collaborative management and functioning styles are a few of these factors (Gruening, 2001).

The NPMT is pertinent to this study due to the private sector's acknowledged larger relevance, major role, and features (investment) in the generation of employment possibilities. The ability of business firms to secure the rights to generate sufficient employment opportunities through their investments increases as does their effectiveness, efficiency, and competitiveness.

According to the New Public Management Theory, effective development is necessary. According to the argument, the current lack of employment appears to be caused by the inadequate acknowledgment of private sector investment in the employment sector. It is challenging to invest and create appropriate employment possibilities in a timely and efficient manner due to complex institutional systems, such as excessive procedures, rules, and laws. Therefore, the adaptability of private sector investment is necessary for the establishment of employment possibilities. This relates to a statement made by Ewalt (2001) that reads, "At the moment, the provision of work possibilities

involves a variety of business firms that present competition when they invest in resource mobilization, employment training, job retention, and rehabilitation.

The most of the time, though, NPMT has proved challenging to use. The lack of academic discussion on the opposition to fundamental changes in the socio-political environment of the government, including norms, values, and structures to enable flexibility, result orientation, and decentralization in investment and the employment sector, as well as the entire employment creation process (Polidano, 2001). The NPMT demands of public organizations and departments the greatest administrative authority and accountability in absorbing shocks and realities (Smith, 1998). The NPMT is also criticized for being overly westernized and for having a hazy application in developing nations like Tanzania because of poor management and unstable economic conditions. Unfortunately, due of the poor capacity, applying the NPMT is challenging in underdeveloped nations like Tanzania.

The NPMT demands of public organizations and departments the greatest administrative authority and accountability in absorbing shocks and realities (Smith, 1998). The NPMT is also criticized for being overly westernized and for having a hazy application in developing nations like Tanzania because of poor management and unstable economic conditions. Yet, because of limited resources and a lack of political will, the NPMT's application is challenging in developing nations like Tanzania.

The idea is still applicable to the current investigation despite the aforementioned flaws. By enabling efforts from actors

outside of the government to operate, NPMT is a global phenomenon that is modernizing the investment and employment sectors. The New Public Management Theory, according to Osborne et al. (2013), "offers an original contribution to the idea of new public governance that insists on the investment of other players aside from the public sector. It is assumed that Tanzania's use of private sector investment efforts, including decentralization¹, flexibility, and competition in socio-economic activities like job creation, will have an impact.

3.0 Materials and Methods

This study was conducted at three business firms in Dar es Salaam, Tanzania. The three business firms were chosen because they have similar private sector characteristics: SBC Tanzania, Clouds Media, and Skol Building Contractors (Shakir, 2002). A few officials from Tanzania Private Sector Foundation (TPSF), as an apex for the business firms, were approached to balance the information collected from the selected business firms. Since Dar es Salaam is the headquarters of the private sector, and the criteria was on whether the business firms were employing some strategies to invest and create employment opportunities, then it is appropriate that the area of the study be justifiable. In addition, the city is comprised of many business firms whose headquarters

¹. Decentralization in this study refers to the movement of control, authority, and responsibilities from the central to local governments and the private sector, which are recognized as important means of improving employment creation initiatives.

are situated in the area. Dar es Salaam employs a bigger population of about 40%, but has a higher unemployment rate of 32.2 % (Awinia, 2014; UNDP & URT, 2015).

The paper adopted a cross-section research design, whereas data was collected at one single point in time. The design was suitable because of its strength in covering a wider area in a short period of time (De Vaus, 2001). It was also chosen to reflect the nature of the objectives and the relatively large number of respondents at a particular time (Kothari, 2004). The sample size was 181 respondents, obtained through Yamane (1967) under the level of confidence of 95% and level of precision of 0.05%. The proportionate sample in the three business firms was as follows: SBC Tanzania had 103, whereas Cloud Media had 40, and Skol Building Contractors had 33. This was done using the proportionate formula ($nh = Nh/N(n)$). For the key informants, who were used for qualitative information, 7 directors, 3 heads of department, 3 heads of sections, and 3 experienced employees were purposively selected. This made a total of 16 key informants who were interviewed. The key issues collected from the respondents were to have an understanding of and their views on the study about: the level of private sector investment, the challenges; and the possible actions to be taken to improve private sector investment in the creation of employment opportunities. Secondary sources of data limited to private sector investment were employed to enrich primary data collected through the questionnaire and from the key informants through the semi-structured interview. Secondary data were gathered from 1996 investment promotion policies, the 1997 Investment

Act, and journals and books on the subject. Data for this study were collected from January 2022-May2022.

From the field, both qualitative and quantitative data were gathered. Content analysis was employed for qualitative data following steps by White and Marsh (2014) were by the study gathered data, captured meaning of the themes, generated text, compare data with research question, coded the themes and made documentation and writings. For quantitative, data were processed and analysed descriptively with the aid of SPSS version 21. The level of the private sector's investment towards the creation of employment opportunities was measured by the use of a Likert scale under which every statement was assigned points (1 = strongly disagree 2 = disagree 3 = neutral, 4 = agree, 5 = strongly agree. Thereafter, these points were transformed from the 5 level Likert scale to 3 levels labelled 1 = agree, 2 = neutral, and 3 = disagree based on the conditions of this kind of data manipulation. In order to get the total scores on the level of the private sector investment in the creation of employment opportunities, points were summed up and dragged into excel for addition, whereby the total score was obtained (Pallant, 2007).

This was followed by analyzing the total score so as to get the mean, minimum, and maximum scores. It was at this stage that the data were segregated to the level of private sector as 1 = high, 2 = moderate, and 3 = low. The contribution of various factors to building respondents' perceptions on the influence of private sector on the employment creation were presented in form of frequency and tables for analysis.

4.0 Results and Discussion

This study assessed the private sector's investment in selected business firms and how they determine the creation of employment opportunities in Tanzania. Specifically, the study assessed the level of private sector investment, determined the challenges facing private sector investment proposed ways to improve the private sector's investment in the creation of employment opportunities. From the qualitative and quantitative data which were collected through questionnaire, interview and documentary review as well as the analysis, the following is the presentation, analysis and discussion following the three objectives of the study.

4.1 Private Sector Investment and the Creation of Employment Opportunities

Private sector investment was assessed in order to understand the level to which it realizes the desired objectives in the creation of employment opportunities. When the respondents were asked about the investment of the private sector and its potential for employment creation, they reported that the private sector invests in different areas mainly for profit. However, its operations create employment opportunities.

Results from Table 1 indicate that 49.7%, 28.7%, and 21.5% of respondents reported moderate, high, and low levels of private sector investment for the creation of employment opportunities, respectively. According to the respondents, private sector investment is the crucial in the creation of employment opportunities, although it has not attained the number of

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employments that fulfils the needs of the labour market. This finding suggests that the private sector is growing in terms of investments but is still at a moderate level to reach the demand of the country in development and specifically the creation of adequate employment opportunities. These findings are also supported by Aduke & Taiwo (2017) who reports that although private sector investment has been encouraged by reducing the barriers for investment such as infrastructure, roads, and services, these factors limit private sector investment's ability to play the expected role in employment creation.

Table 1: The Private Sector Investment to Employment Creation (n=181)

	Business firms						Total Frequency	Total Percentage
	Clouds MediaGroup		SBC Tanzania Ltd		Skol Building Contractor			
	Frequency	Percent	Frequency	Percent	Frequency	Percent		
Low magnitude	9	20	20	19.4	10	30.3	39	21.5
Moderate magnitude	27	46.6	57	55.3	12	36.3	90	49.7
High magnitude	15	33.3	26	25.2	11	33.3	52	28.7
Total	45	100	103	100	33	100	181	100

Source: Survey Data, 2022

While there is evidence that creation of employment opportunities is a key contribution of the private sector investment, there is lack of systematic knowledge of what kind of investment activities are most likely to have the largest returns in terms of employment creation. For this, information from the key informants revealed that not all private enterprises in all environments generate adequate employment opportunities.

This is in the fact that some private sector business firms have more of impact than others in creation of employment opportunities in Tanzania. The kind of investment and the motive in terms of labour and technological intensives differ. The study finding shows that when the environment for investments is stable the private sector opens up spaces for the people to have employment. Therefore, the private sector investment to have a tangible impact on employment creation requires desire, directives and facilities. It is noted that by supporting the private sector to invest on the most employment generated sectors including among others services, manufacturing, and trade legal frameworks of the country such as policies, rules and regulations need to be adequate. The findings are relevant to one of the objectives of the National Employment Policy (2008) which, states that the government should facilitate the private sector to invest in sectors with higher employment multipliers. The role of the private sector in employment creation to this context is needed to feature out clearly and investments in productive enterprises that will provide increased employment and generate incomes must be a priority (URT, 2008)

4.2 The Private Sector Invests in Its Resources to Create Employment Opportunities

In order to determine the level in which private sector invests to create employment opportunities in Tanzania, respondents were asked to reveal which kind of resources are employed and if they had relationship with employment opportunities. They revealed that private sectors use human, technological, and financial

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resources in their investments. As reported to be a crucial element on the issue of employment creation, resources are needed and determined the employment and the means to be used to verify the contribution of the resources invested for employment creation. The ways resources are crucial to private sector investment are also for the creation of employment opportunities. The perception of private sector employees could determine whether the private sector invests in its resources to create employment opportunities. The findings from Table 2 indicate that the private sector invests its resources and finally creates employment opportunities. From responses, 64% of the respondents indicated that the private sector invests in its resources to create employment opportunities, while only 36% show that private investment is for other benefits.

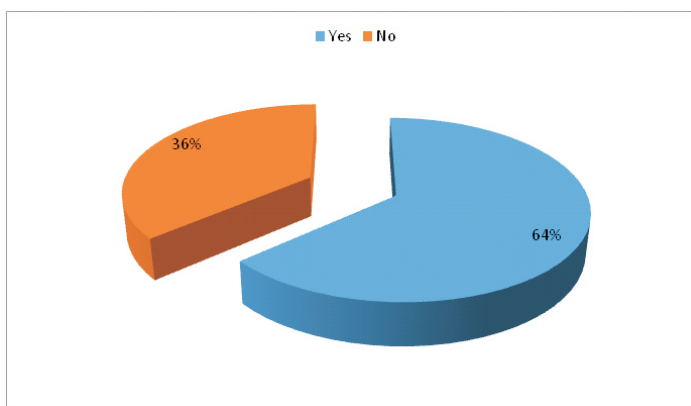


Figure 3: The Private Sector invests on its Resources to create Employment Opportunities

Source: Survey Data, 2022

The findings verify that more than half of the respondents had the perception that the private sector invests in its resources to create employment, although some argued that it invests in other benefits. For instance, it was noted that SBC Tanzania invests in the manufacturing of soft drinks where it employs more than 800 employees in its Dar es Salaam plant. The company has invested in human capital by employing trainable graduates who, after the orientation, get employment in the company or elsewhere in the country. Likewise, Skol Building Constructors Limited invests in stone crushers and the sales of its products. Companies allow field practicum and internships for graduates who are interested in investing, ultimately simplifying the process for them to be employable. This finding is consistent with Adegboye & Alimi(2017) who reported that from investment the private sector creates jobs, introduces creativity and innovative solutions, and fosters skills development and training.

It is also supported by other earlier literature and the New Public Management Theory in particular that the private sector all over the world utilizes their resources to change them into usable conditions, including, among others investment where productivity is raised for workers to create firms and through which it increases demand for jobs (Grant *et al.*, 2011). The findings imply that although the private sector is profit-oriented, in its investment it creates employment opportunities.

4.3 Kind of Investment by the Private Sector.

The private sector may invest in human resources and technology. The determination of either of the two is based on the

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kind of activities and the ability of the private sector to invest. In the current paper, the kind of investment has been considered in three aspects: human labour, technology, and the combination of the two. The findings show that a majority of respondents supported private sector business firms' investment in both human and technology altogether (Table 3). While 69.6% suggested that private sector invest on both human and technology 17% and 12.7% indicated on technology and human capital respectively.

Table 3: The Investment preferred by the Private Sector in Performing its Activities (n=181)

	Organization name						Total Frequency	Total Percentage
	Clouds Media Group		SBC Tanzania Ltd		Skol Building Contractors			
	Frequency	Percent	Frequency	Percent	Frequency	Percent		
Labour intensive	2	4.4	17	16.5	4	12.1	23	12.7
Capital intensive	11	24.4	16	15.5	5	15.1	32	17.6
Both	32	71.1	70	67.9	24	72.7	126	69.6
Total	45	100	103	100	33	100	181	100

Source: Survey: Data, 2022

The findings suggest that the use of both technology and human labour in carrying out activities in business firms is commonly used. Although the private sector may use two kinds of labour, the determinant for this depends on the ability and the kind of the activities, as some require more manual work than the application of technology. However, high use of technology reduces human labour. This was clearly quoted in the semi-

structured interview with key informants in business firms, as one of the respondents in Skol Building Constructors Limited was found saying that:

We invest in technology and human resources. When we invest in technology like machines, we either need new people with the required skills to operate them, or we orient the labour we have. We need security at the site where we prefer to work with the machines, so we are again required to employ [May 2022].

It was also revealed from Seven-UP Bottling Company Tanzania that when the private sector invests on both human and technology capitals, the investment on technology including among others machines, are innovative, they support the company productivity and employment creation because they need people with such skills to operate them.

The findings are similar to those of Billing *et al.* (2012), who commented that the private sector contributes to the creation of employment opportunities through the action of making driving innovations and skills. This is substantiated also by Adegboye & Alimi (2017) who argues that technology in some countries is associated with unemployment and social distress. This indicates that in some places, technology may replace the labour force and hence reduce the working opportunities for people.

4.5 Challenges Facing Private Sector Investment

In the processes of investment and the realization of employment

opportunities, the private sector faces several challenges. The environment, government, or the private sector itself may pose challenges. When the respondents were asked about the challenges facing private sector investments to create employment opportunities, the responses of the interviewees and open-ended questions revealed that the following themes were more highly mentioned than others: interaction between government and the private sector; operating physical environment; lack of enough capita and politics and bureaucracy. These responses are analysed, discussed, and interpreted below.

4.5.1 The interaction between the Government and the Private Sector

Normally, private sector investment contacts public agencies and the government at large. This occurs when the private sector pays taxes, registration, collaboration, and for social services. The close relationship between the government and the private sector in this regard has yet to be realized. This was backed up by one of the key informants at SKOL Building Contractors Limited, who was overheard saying:

The electricity facilities in the country are not stable and the alternative sources of energy that are generated are expensive to run. In addition, our products use water for about 80% of the beverage. From the experience we have, the water we use in the company, as it is in any other part of the country, is not reliable. [July 2022]

The findings show that the cooperation between the government and the private sector has not been strong enough. This may be influenced by several factors, including, among others, conflicts of interest, lack of common understanding and delays. The findings contradict those of Staab (2003), who argues that public investment in infrastructure such as transport, water and electricity facilities, and communications directly supports and enhances the productivity of private sector investment.

According to the respondents' views, private sector projects or any investment contact government agencies for registration, taxes, collaboration, and social services support. The investment by the private sector in any part of the country, which needs to have a closer relationship with the government agencies in order to make the operations smooth, yet to be realized. One of the respondents from Skol Building Constructors Limited was found to be saying that:

Sometimes, when we invest in a project like road construction, we encounter challenges of poor cooperation with public agencies. Water pipes, telephone and electrical wires and their poles are under the control of government agencies; there is no quick action on these infrastructures when they need repair, removal, or adjustment to allow commencement of the project or investment. [May 2022]

The above findings indicate that the cooperation between government agencies has not been very strong. The situation

could be the result of a conflict of interest or a lack of common understanding between the government and the private sector prior to investing in a specific area. The delays of the government agencies to take action on the issues at stake discourage private sector investments because some projects lack the time frame. The study also found that the relationship between the government and the private sector, as in licensing and taxes imposed by the government, disturbs the expected cooperation. In licensing, the challenge happens when the private sector wants to pay any fee to TBS, TPDF, or any other fee concerning health. In a fast place, the fees have been contrary to the profit gained by the private sector. It sometimes changes excessively and disturbs the employment status. Regarding this finding, it was noted that tax evaluation has been too high compared to reality. It has been revealed that the tax imposed by the government on the private sector cut down on profit. When the profit of the private sector is reduced by any means, there is a possibility of reducing workers.

Furthermore, such treatment of the private sector discourages investment and the intention of creating job opportunities. The finding contradicts with that of Aduke & Taiwo (2017) who points out the ways the government and the private sector should behave on the issue of taxation. He argues that business-friendly governments generally do not tax business enterprises excessively when alternative and more efficient ways to raise revenue exist. In this case, the situation of taxation for the business firms is determined by the specific environment of the country in which the business firms operate.

4.5.2 Physical Operating Environment

The operating infrastructures such as roads, electricity and water in some areas have not been adequate to facilitate the desired private sector investment. The findings are relevant to the Tanzania Private Sector Foundation (2016), which shows that Tanzania still lacks adequate enabling infrastructure for the private sector to actively participate in investment. This shows that the available infrastructure is limited and sometimes does not encourage private sector investment based on its quality. It was revealed that the electricity facilities in the country are not stable and the alternative sources of energy that are generated are expensive to run. In addition, the product in investments and their products for example, use water for about 80% of the beverage and construction plants. From the experience, the water used in the private companies, as it is in any other part of the country, is not reliable. The findings reveal the operating environment for the private sector investment is inadequate. The situation, therefore, contravenes the investments by the private sector which in turn slow down the efforts in creation of employment opportunities.

4.5.3 Inadequate Capital

The private sector needs sound capital to run its investments. Based on the nature of the private sector in developing countries, where Tanzania is no exception, respondents pointed out that the private sector is in the early stages of growth. The capital to run the investment has been limited. The failure of investment by the private sector is the cause of the reduction in employment

creation. The situation has limited most of the private sector's ability to invest in business as well as the projects given by the government on a contractual basis (TPSF, 2016). The lack of investment incentives for the private sector to enable investment and create the needed employment opportunities precipitates the inability of the private sector to invest. Similarly, literature indicates that insufficient capital on the part of the private sector as potential job creators is an impediment to creating employment that matches the number of job seekers (URT, 2008).

4.5.4 Politics and Administration

Politics and administration were also mentioned by the respondents as the challenges to private sector investment. As private sector operates in certain political domains, it may be supported or discouraged depending on the level of investment consciousness. Increasing bureaucracy creates unnecessary delays and may lead to corruption. Thus, the good intentions of the private sector and the expected outcome of employment creation do not mature as expected. One of the respondents from Clouds Media Group commented that:

"Politics wins the organization's plans and objectives"[June, 2022].

Another respondent added that:

"The government should reduce politics in doing things to avoid unnecessary bureaucracies that lead to delays in the private sector's plans and

development"[June, 2022].

It is possible that the above responses may be caused by a limited understanding of the contribution of the private sector in the creation of employment opportunities. Sometimes, the investment by the private sector may be blocked if it is of no interest to the existing politics. This situation has made the private sector fail to invest on time and, in some instances, decline the opportunities completely. Thus, the good intention of the private sector to invest and generate employment opportunities does not materialize. The bureaucracy in public institutions when the private sector shares the laws, rules, and regulations for starting up a business or investment, limits the intention of the private sector and the realization of government policies' objectives the National Employment Policy includes, among other things, the creation of employment opportunities. Some of the rules, laws, and regulations fit with the intensions of the private sector, but some contradict its investment activities. With these findings, the Investment Policy Review (2002) opines that most of the investment frameworks, laws and regulations from the time of the centrally planned economy should be replaced by the current ones to meet the requirements of market orientation worldwide and particularly in Tanzania. Thus, those that contradict with the private sector particular with the hands of politics, limit the sector's investments and, hence, the creation of employment opportunities does not happen as expected.

4.6 Actions to improve private sector investment in the creation of employment opportunities.

There are several actions to be taken to improve private sector investment in order to achieve the desired employment creation. It is in this context that respondents gave their opinions on the measures to be taken to improve the situation. Actions pointed to improving private sector investment in the creation of employment opportunities are discussed below:

4.6.1 Collaboration between the public and private sector

The link between the government and the private sector in employment creation is important. This link enhances the adherence to the laws, rules, and regulations for investment and the outcome of creation, that is, creation of employment. It was observed that the sound relationship between the government and the private sector is the basic instrument for better and more successful investment. In this regard, the study revealed that the private sector benefits from the link with the government in its investments, although it has not been smart enough. The issues that bring the private sector and the government together are likely to be inadequate because of the limited communication and the focus of the government on the private sector umbrellas, including, among others, Tanzania Private Sector Foundation (TPSF), CTI (Confederation of Tanzania Industries), and Tanzania Chamber of Commerce, Industries and Agriculture (TCCIA).

It is from this notion that when the private sector and the government work together, the rules and regulations for

investment can be followed. There was a sense that the good relationship between the private sector and the government is the tool for better investments and the creation of employment opportunities. The respondents' feelings were based on the opinion that through the good relationship between the government and the private sector, investment could grow and, from this growth, employment opportunities may also increase. It is to be made clear that the needs for the relationship between the government and the private sector are not only the issues of investment; other activities of development such as policies and employment are shared with the government. From the cooperation, the sharing between the government and the private sector in rules, regulations, and activities strengthens the investment climate, which promotes investment, which finally stimulates employment opportunities (Aduke& Taiwo, 2017).

4.6.2 Increasing Investment

In practice, most of the private sector's investment concentrates in urban areas. This has limited opportunities for investments in rural areas and the required employment opportunities. The reason may be a lack of facilities and the ability of the private sector to invest in areas where facilities are few. Thus, private sector investments should be facilitated by better social services by the government. This may enhance the smooth operation of the private sector in terms of investment even in areas in which is remote. It was observed that there is a need for more investments throughout the country for effective investments by the private sector to increase employment opportunities. The expansion so

far depends on the suitability of the environment for the private sector to operate. It is from that notion that the key informant in Skol Building Constructors Limited stated that:

"For effective investments by the private sector to increase employment opportunities, there is a need for more expansion of investments throughout the country"[May 2022].

The findings show that some areas are neglected by the private sector because they are not attractive for investment and because the private sector lacks the necessary infrastructure such as roads, water, electricity, and a market for them to operate. The findings contradict the evidence of the investment policy of 1996, which gives emphasis that there must be a balance of investment in parts of the country (rural and urban) areas, which enhances the balance of employment created. This indicates that the country has a chance of expanding settlements and business centres in new towns. It is evident that the country still has a bigger area for settlement and business. Therefore, it is presumed that a conducive environment in both urban and rural areas encourages private sector investment for the market, shops, service organizations, education, and health in which employment is created. The findings imply that the private sector's investments are too limited in developed towns and cities. The investment by the private sector is narrow in Tanzania as it operates in few areas while neglecting other areas. The rural areas are the most neglected. The respondents were of the opinion that private sector need to be made aware and be encouraged by the

government that, the investments to achieve the expected results in employment creation should be distributed in all parts of Tanzania. From the findings, respondents suggested that the private sector broaden its investments across the country in order to reap greater benefits in terms of job creation. It is in this ground that the private sector investment is required to improve the efforts of the government in employment sector.

5.0 Conclusion and Recommendations

This paper's primary goal was to assess the private sector's investments and its contribution to the development of employment possibilities in Tanzania. Overall, the results demonstrated that private sector investment is a crucial tool for job development. The vast number of people looking for work in Tanzania would be significantly decreased by focusing on this prospective area (the private sector's investment). Since the data used in this study were ordinal, it was necessary to conduct both quantitative (descriptive) and qualitative (content) analysis to determine the extent to which each variable in relation to private sector investment influences the generation of employment opportunities. The results however, revealed that the private sector investment is currently constrained by a number of factors in developing nations, including, among others, capital, relationships with the government, politics and administration, and the physical environment, which limits its ability to create the necessary employment opportunities. Likewise, findings suggested that in order to increase private sector investment, efforts should concentrate on making it easier for the sector to

produce the required outcomes. Additionally, governments may foster an environment that encourages private sector investment to support, among other things, employment growth and economic development. Therefore, it is advised that, if actively backed by the government, more comprehensive and robust private sector investment will generate significant jobs. Employment will increase as soon as the government creates a favorable climate for the private sector to invest in.

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