

**CONTRIBUTIONS OF FOREIGN DIRECT INVESTMENT ON POVERTY
ALLEVIATION IN TANZANIA: A CASE STUDY OF MTWARA DISTRICT**

EDWIN VICTOR

**DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF HUMANITARIAN
ACTION COOPERATION AND DEVELOPMENT (MHACD)
DEPARTMENT OF POLITICAL AND PUBLIC ADMINISTRATION
OF THE OPEN UNIVERSITY OF TANZANIA**

2024

CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by The Open University of Tanzania a dissertation titled: “*Contributions of Foreign Direct Investment on Poverty Alleviation in Tanzania: Case Study of Mtwara District*” in fulfillment of the requirements for the Degree of Master of Humanitarian Action Cooperation and Development (MHACD).

.....

Dr. Theresa Mugobi
(Supervisor)

.....

Date

.....

Dr. Jacob Lisakafu
(Supervisor)

.....

Date

COPYRIGHT

No part of this dissertation may be reproduced, stored in any retrieval system, or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the author or The Open University of Tanzania on that behalf.

DECLARATION

I, **Edwin Victor**, declare that; the work presented in this dissertation is original. It has never been given to any other University or Institution. Where other people's works have been used, references have been provided. It is in this regard that I declare this work as originally mine. It is now presented in partial fulfillment of the requirement for the Master's Degree in Humanitarian Action Cooperation and Development.

.....
Signature

.....
Date

DEDICATION

I dedicate this Dissertation to my beloved parents, Mr. Victor Kisiri and Mrs. Monica Makire. Their love and guidance made it possible for me to get this far.

ACKNOWLEDGEMENT

I take this opportunity to express my sincere gratitude to Almighty God who gave me life and helped me throughout this study. I am also thankful to the Open University of Tanzania for giving me a precious opportunity to complete my Master's degree.

I also want to acknowledge my supervisor, Dr. Thereza I Mugobi for her support and guidance during my stay at the Open University of Tanzania and my research work. She has never been tired of helping me, and God bless her abundantly.

I am thankful to my lecturers who did their best to equip me with skills that helped me carry out this study.

Many thanks to my family, especially my lovely father, Victor Kisiri, my sweet brothers, Jonathan Kisiri, FanuelKisiri and Fabian Kisiri. Also, I would also like to thank my fiancée, Elda Yohana, for her support and encouragement, especially during hard times.

Last but not least, I want to acknowledge my friends Mohamed Ngarama; and Moh'd Rashid and my Boss, Mr. Charles Obado, who made my life awesome and supported my studies whenever needed. I want to thank my classmates from MHACD for their critical discussions that shaped my work.

ABSTRACT

The study examined the contributions of foreign direct investment on poverty alleviation in Tanzania concerning the Mtwara District. Specifically, the study aimed to explore the contribution of technology, labor surplus, and natural resource to poverty alleviation in Tanzania. The study used an explanatory research design and a quantitative approach. The study applied a systematic sampling technique to select a sample size of 449 respondents from a population of 1700 employees. This research used a Likert scale questionnaire with a closed-ended questions technique to gather information. The study used descriptive and inferential analysis to examine the contributions of foreign direct investment on poverty alleviation. Findings showed that technology, labor surplus, and natural resources contributions were positive and statistically significant. Therefore, the study concludes that technology, labor surplus, and natural resources substantially contributed to poverty alleviation. Further, the study concludes that the government of Tanzania and policy-makers should provide incentives for technology-intensive industries, foster collaborations between local and foreign firms, and establish technology parks or special economic zones. It also has comprehensive strategy for managing natural resources and minimizing environmental degradation and social impacts.

Keywords: *Foreign Direct Investment, Poverty Alleviation, technological, labor surplus, natural resource*

TABLE OF CONTENTS

CERTIFICATION	ii
COPYRIGHT	iii
DECLARATION.....	iv
DEDICATION.....	v
ACKNOWLEDGEMENT	vi
ABSTRACT	vii
TABLE OF CONTENTS.....	viii
LIST OF TABLES	xii
LIST OF FIGURES	xiii
ABBREVIATIONS	xiv
CHAPTER ONE	1
INTRODUCTION.....	1
1.0 Chapter Overview	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem.....	4
1.3 Objective	6
1.3.1 General Objective.....	6
1.3.2 Specific Objectives.....	6
1.4 Research Hypothesis	7
1.5 Significance of the study	7
1.6 Organization of the Study	8
CHAPTER TWO	9

LITERATURE REVIEW.....	9
2.0 Chapter Overview	9
2.1 Definitions of key terms.....	9
2.2.1 Foreign Direct Investment (FDI)	9
2.2.2 Poverty Alleviation	9
2.2.3 Technology.....	10
2.2.4 Availability of Labor Surplus.....	10
2.2.5 Natural Resource	10
2.2 Literature Review	11
2.2.1 The Eclectic Theory (OLI Theory)	11
2.3 Empirical Literature Review	13
2.4 Conceptual Framework	16
2.5 Research Gap	18
CHAPTER THREE	20
RESEARCH METHODOLOGY	20
3.0 Chapter Overview	20
3.1 Research Design.....	20
3.2 Research Approach	21
3.3 Study Area.....	21
3.4 Population of the Study.....	21
3.5 Sampling Design and Procedure	22
3.6 Sample Size.....	22
3.7 Variable and Measurement Procedure	23

3.8	Data Collection Methods.....	24
3.8.1	Secondary Data	24
3.8.2	Primary Data	24
3.9	Data Analysis	24
3.9.1	Descriptive Analysis	24
3.9.2	Inferential Analysis	25
3.10	Reliability and Validity	27
3.10.1	Reliability.....	27
3.10.2	Validity.....	28
3.10.3	Ethical Considerations	28
	CHAPTER FOUR.....	29
	DATA ANALYSIS AND PRESENTATION OF FINDINGS.....	29
4.0	Chapter Overview	29
4.1	Demographic Information of the Respondents	29
4.2	Technological Contribution on Poverty Alleviation in Tanzania (n=449).....	31
4.3	Labor Surplus Contribution on Poverty Alleviation in Tanzania (N=449).....	35
4.4	The Natural Resource Contribution on Poverty Alleviation in Tanzania(N=449)	38
4.5	Inferential Analysis	41
4.5.1	Diagnostic Test.....	42
4.5.1.1	Normality Test	42

4.5.1.2	Multi-Collinearity Test.....	43
4.5.1.3	Homoscedasticity Test	43
4.5.2	Correlation Analysis.....	44
4.5.3	Multiple Regression Results	45
4.5.4	Summary of the Findings	49
CHAPTER FIVE.....		50
DISCUSSION OF FINDINGS		50
5.0	Introduction	50
5.1	Technological Contribution on Poverty Alleviation in Tanzania	50
5.2	Labor Surplus Contribution on Poverty Alleviation in Tanzania	54
5.3	Natural Resources Contribution to Poverty Alleviation in Tanzania.....	57
CHAPTER SIX		60
CONCLUSION AND RECOMMENDATIONS		60
6.0	Introduction	60
6.1	Conclusion	60
6.2	Recommendations	61
6.3	Recommendations for Further Researches	63
REFERENCE		64
APPENDICES		68

LIST OF TABLES

Table 3.1: Reliability Statistics	27
Table 4.1: Demographic Information of the Respondents (n=449)	30
Table 4.2: Collinearity Diagnosis	43
Table 4.3: Correlation Matrix	45
Table 4.4: Model Summary.....	46
Table 4.5: ANOVA	47
Table 4.6: Coefficients	49
Table 4.7: Summary of the Hypothesis Tested	49

LIST OF FIGURES

Figure 2.1: Conceptual Framework.....	18
Figure 4.1: Technological Contribution on Poverty Alleviation	32
Figure 4.2: Labor Surplus Contribution on Poverty Alleviation.....	35
Figure 4.3: The Natural Resource Contribution on Poverty Alleviation	39
Figure 4.4: Normal Q - Q Plot of Regression Standardized Residual	42
Figure 4.5: Homoscedasticity Test.....	44

ABBREVIATIONS

FDI	Foreign Direct Investment
BOT	Bank of Tanzania
TIC	Tanzania Investment Centre
GDP	Gross Domestic Product
HDI	Human Development Index
HCE	Human Consumption Expenditure
MNCs	Multinational Corporations

CHAPTER ONE

INTRODUCTION

1.0 Chapter Overview

This chapter consists of background information on the study, a statement of the problem, research objectives, research hypothesis, and the significance of the study.

1.1 Background of the Study

Foreign direct investment (FDI) has been the largest source of external finance for many third-world countries more significant than remittances, portfolio equity, private debts, and even official development assistance (UNCTAD, 2019). Foreign direct investment is considered to have a substantial part in poverty alleviation. This can be visible from various angles, including; economic growth leading to the improved living standards and reduced numbers of people living below the poverty line (Ganic, 2019). Among the major contributions to FDI inflow in developing countries have been the technology and innovation of both investing FDI company and host country, the presence of labor force, and the abundance of natural resources in the host country (Kallon, 2020).

Technology and innovation are the efficiency-seeking contributions of FDI as foreign firms are expected to search for technologically endowed locations due to the increase in complexity and technology intensity, which affect the production process (Popoviciet. al., 2021). Moreover, the adoption of technology and the host country's innovation capacity are associated with increased competitiveness, which further entails a new flow of FDI. Due to these reasons, technology-related factors are

essential for attracting FDI in both developed and developing countries (Popovici et al, 2021).

It is well known that developing countries see FDI as an engine that facilitates technological transfer from developed countries and reduces the technological gap. For example, the technology brought by foreign direct investment in Vietnam has led to the diffusion of ideas and technology transfer stemming from the interaction of foreign firms with the local economy (Nguyen 2020; Tocar, 2018). FDI enterprise in Vietnam have brought a spillover effect as workers hired by FDI enterprises return to their home towns and localities. Eventually, they set up their businesses, bringing technological knowledge and skills from FDI enterprise to the local economy increasing local people's income, and contributing to poverty alleviation (DO Quynh Anh et al, 2021).

The labor force is among the contributions that make developing countries more attractive as an endpoint for FDI, developing countries have a large labor surplus. Hence, the number of employments created by FDI becomes very important as it will lead to the demand for unskilled workers, which will not only offer a salary for formally unemployed workers but also increase the wage of unskilled workers compared to that of skilled workers in developing countries (DO Quynh Anh et al, 2021). FDI relieves poverty due to investment, creating more job opportunities and inducing higher wages, which increase household consumption in Cameroon (Nguea et al,2020). A skilled and educated labor force is necessary, especially for absorbing technology; and addressing innovation growth. This is to say, the quality of the labor market is a key factor that impacts a country's development. Unemployment

contributes to the high poverty level in South Africa as the mismatch between skill and job requirements prevents unskilled workers from participating in the economy (Popovici et al., 2021; Matekenya & Moyo, 2023).

FDI inflows generate good higher-wage jobs at the firm level compared to local firms. For example, FDI is perceived as beneficial to economic development and a positive contributor to the well-being of employees working at a foreign firm in Colombia, (World Bank Group 2020, Aguilar, 2018).

Natural resources in developing nations are one of the reasons for FDI and play a more significant role in attracting FDI; Nigeria is endowed with plenty of natural resources and attracts more FDI in oil and gas, mineral deposits, and good vegetation. However, Nigeria has been facing the challenge of natural resource management as individuals and corporate bodies have stolen vast amount of money from natural resources and corporate bodies to the detriment of national development (Kallon, 2020; Ugoani, 2020).

In Kenya, after discovering a large deposit of titanium in the coastal area, the extraction of such minerals had clear social-economic benefits such as jobs creation and urbanization, but faced several challenges, including radioactive emissions from the mining operation, the people settling in the region experienced limited water, energy, and land resource (Kingori et al., 2020)

Tanzania has been attracting Multinational Corporations (MNCs) by creating a conducive environment. So far, the country has been improving its policies to attract more FDIs, such as export processing zones, free zones, industrial support policies,

and privatization of state-owned enterprises (Musakwa& Odhiambo, 2020). Despite all the efforts made by Tanzania to boost FDI inflow, it still faces some challenges including; inadequate technology, weak governance, corruption, poor participation in natural resource access, weak legal contracts with investors, policy and legal framework failure, and insufficient training, research, and dissemination of research findings (Mkonda,2017).

While researchers such as (Kallon 2020, Kallohowa&Adjas2018, Wakyereza, 2017; and Huang et al., 2010) discuss foreign direct investment and its impact on poverty reduction in general, some of them have focused on foreign direct investment contributions inflows only (Mfinanga, 2018). This study focused on FDI contributions to poverty alleviation in Tanzania. Therefore, this study contributed understanding how FDI contributions have significance on poverty alleviation in Tanzania and the existing literature in this regard.

1.2 Statement of the Problem

Besides the increase of FDI inflows in Tanzania and the initiative to attract more FDI, the country suffers from massive poverty as families continue to suffer from a large number of dependents, lower access to essential services, lack of employment opportunities, and low productivity in agriculture (World Bank, 2019). Poverty in Tanzania has remained stagnant at 49% between 2011/2012 and 2018; 27.6 million are considered poor along this line (World Bank, 2019). The consistency of these statistics over a multi-year span suggests that more efforts to combat poverty may have been needed to achieve meaningful improvements in the living conditions for

these individuals. This situation calls for targeted interventions and policies to reduce poverty and improve economic opportunities for the affected populations.

Besides being peaceful and politically stable, Tanzania is endowed with plenty of investment opportunities, including investment in the agriculture sector, mining, tourism industry, wildlife, and fisheries (Mkonda, 2017). FDI in Tanzania is mainly drawn to the mining sector, oil and gas industry, and the primary agricultural product sector (coffee, cashew nuts, and tobacco) (T.I.C, 2019).

Despite known facts about the potentials brought by FDI, only some studies related to FDI contributions to poverty alleviation were conducted within Tanzania. They include the study by (Mfinaga, 2018), who examined “Contributions of FDI inflows in Tanzania.” The study only examined the FDI inflows in Tanzania regardless of their significance on poverty alleviation; (Kabipi and Mramba, 2022), examined “Contributions for Foreign Direct Investment in the financial sector in Tanzania” the study focused only on macroeconomic contributions like exchange rate, inflation rate, economic growth, and interest rate as determinant an of FDI inflows in the financial sector in Tanzania.

There is still a debate about whether FDI contributes to poverty alleviation, as scholars differ. While some researchers have shown a positive relationship between FDI and poverty alleviation. Others have shown mixed results (Ganic 2019), indicating that FDI has a significant contribution to poverty alleviation in the western Balkan region, while it is insignificant and negative in central Europe (Musakwa and Odhiambo, 2018). The results varied from one domain to another depending on the

time frame and poverty proxy used, i.e., household consumption expenditure and life expectancy.

The unidirectional had a casual relationship between FDI and poverty alleviation, while infant the mortality rate did not show the unidirectional relationship in the long run. Kallon, 2020, indicated that FDI inflows in ECOWAS were considered a significant factor associated with economic growth and poverty alleviation. This inconsistency among scholars on FDI contributions and poverty alleviation is engineered for further studies. Therefore, this study bridged the gap by examining the contributions of FDI to poverty alleviation in Tanzania.

1.3 Objective

1.3.1 General Objective

The general objective is to examine the contributions of foreign direct investment to poverty alleviation in Tanzania.

1.3.2 Specific Objectives

- i. To examine the technological contribution to poverty alleviation in Tanzania;
- ii. To examine the labor surplus contribution to poverty alleviation in Tanzania; and
- iii. To explore the natural resource contribution to poverty alleviation in Tanzania;

1.4 Research Hypothesis

- (i) H₀: Technology have no significant contribution to poverty alleviation in Tanzania
 - i. H₁: Technology have a significant contribution to poverty alleviation in Tanzania
- (ii) H₀: Labor surplus have no significant contribution to poverty alleviation in Tanzania
 - ii. H₁: Labor surplus have a significant contribution to poverty alleviation in Tanzania
- (iii) H₀: Natural resources have no significant contribution to poverty alleviation in Tanzania
 - iii. H₁: Natural resources have a significant contribution to poverty alleviation in Tanzania

1.5 Significance of the study

This study's findings can significantly contribute to knowledge for readers and policymakers as it examines foreign direct investment contributions to poverty alleviation in Tanzania. If FDI has significance in poverty alleviation, policy makers can be encouraged to formulate relevant and effective policies to attract FDI into strategic industries that benefit the communities. The policies can also help both foreign and local investors, as well as communities. Local investors can benefit from entrepreneurial development arising from FDI spill-over effects such as technology

transfer and new skills which can facilitate the establishment of new projects. It can also help foreign investors when they want to make their investment decisions.

1.6 Organization of the Study

This research is organized into six chapters. Chapter One illustrates the research background, problem statement, objectives, research questions, significance, scope, and study organization. Also, Chapter Two covers a literature review that contains theoretical and empirical reviews, research gaps, conceptual framework, and hypotheses while Chapter Three covers research methodology. Chapter Four includes data analysis and findings presentation, Chapter Five is the discussion of findings, and Chapter Six consist of conclusion, recommendations, and areas for further study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Chapter Overview

This chapter presents a review of both theoretical and empirical aspects. The aim of the review was to report in detail about a specific range of previous studies related to the current topic of study. Consequently, specific areas addressed included the definition of basic concepts, theories, supporting the study, theoretical literature review empirical review and conceptual frame work.

2.1 Definitions of key terms

2.2.1 Foreign Direct Investment (FDI)

FDI is defined as an investment made to acquire lasting interest in enterprises operating outside of the economy of the investor or is a lasting interest investment made by nonresident enterprise in one economy (direct investor) in an enterprise (direct investment enterprise) that is a resident in an economy other than that of direct investor (UNCTAD 2009), This study defined FDI as a process whereby a resident of one country own an asset to control the production ,distribution and other activities of the firm in another country (the host country).

2.2.2 Poverty Alleviation

Poverty alleviation includes improved access to food, results from higher nutritional and health levels, improved access to education, and enhanced employment opportunities, (Engle & Bohorquez, 2019). This study borrows definition from Oviasuyi, (2020), and defines poverty alleviation as all method adopted by

government, non-government organizations, or wealthy individuals to reduce or eradicate poverty from a population.

2.2.3 Technology

As intangible asset of a firm that is not easily transferred from one firm to another because technological learning process is needed to assimilate and internalize the transferred knowledge (wahab et al, 2012). This study defines technology as theoretical and practical knowledge, skill and artifacts that is used to develop products, services as well as their production and delivery system.

2.2.4 Availability of Labor Surplus

Is the sum of the number of persons in organization or a country who are able to work including employed and unemployed ones (ILO 2013). This study defines labor force or labors surplus as total number of people who are currently employed and the number of people who are unemployed and seeking for employment but does not include unemployed people who are not looking for employment, such as students and retirees.

2.2.5 Natural Resource

Include land, forest, energy sources and minerals existing naturally in a place where can be used by humans, in general, natural resources are categorized as renewable resource like land, water, fish and forestry or nonrenewable resource like minerals, metal, oil and gas (Collins dictionary 2023, WTO, 2010). This study defines natural resource as any biological, minerals or aesthetic asset afforded by nature without human intervention that can be used for some form of benefit weather economic

material or immaterial. Example of asset that can be considered as natural resource including forest, surface water and ground water, soil and minerals as well as energy resource such as natural gas and petroleum, Encyclopedia Britannica, (2023)

2.2 Literature Review

2.2.1 The Eclectic Theory (OLI Theory)

Dunning (1977) first introduced eclectic theory as an eclectic paradigm to explain FDI. The theory argued that combination of various economic phenomena could explain FDI, hence the name 'eclectic theory. The theory encompasses three factors: Ownership, Location, and Internalization (OLI Theory).

Ownership advantage means firm-specific advantages such as managerial effectiveness, organization structure, technology, resource, and asset that enable a firm to outperform local firms, (Kallon, 2020).

Location advantage includes natural and created resource endowments, market, labor, and communication costs, artificial barriers, for instance, import control to trading in goods and services and infrastructure provision, communication and transport, and cross-country ideological, language ,cultural, business and political differences, also country's specific advantages include the political environment which provide for regulatory frame work, taxation, fiscal policy, political privileges enable firms to operate efficiently (Wakyereza,2017).Internalization advantages include avoiding search and negotiation costs, moral and adverse selection costs, protecting the reputation of the internalizing firms, avoiding cost related to unfulfilled contracts and litigation, capturing, compensating for absence of future

markets, and avoiding or exploiting government intervention. Internalization gains make the firm more profitable to carry out transactions within the firm than to rely on external markets. It should be noted that such gains result from avoiding market imperfection, i.e., uncertainty economies of scale, the problem of control, undesirability to provide complete information to a third party and so on (Kallou,2020).

The significant contribution of Dunning's eclectic paradigm to the existing literature on FDI was to combine several theories and identify a set of factors that influence the activities of multinational corporations; for this reason, the theory gained wider acceptance than others (Nayak &Choudhury, 2014). The ownership advantages include patents, technical knowledge, management skills, access to raw materials, superior technology, brand name, and marketing skills; location advantages may be in the form of access to a protected market, favorable tax treatment, lower production, and transportation cost cheap input for production ,lower risk and cultural environment, where internalization can maximize profit and reduce time lags, ensure quality of product and reduce unnecessary cost (Nayak &Choudhury, 2014).

The eclectic paradigm has been applied in international business especially by multinational enterprises in their operations. Further, governments have been using eclectic theory to attract investments. For example, Ganic, (2019) examined contribution of FDI to poverty reduction in the western Balkan and Central Europe. With the guide of eclectic theory, his findings revealed that FDI has more

significance on poverty alleviation in poorer countries, i.e., the western Balkan region, compared to wealthier countries of central Europe.

Kalllon (2020) examined FDI and poverty in the ECOWAS region, using eclectic theory. His findings revealed that natural resources are key determinants of FDI inflow within the ECOWAS region and should be well managed to benefit of all citizen and poverty alleviation.

The OLI theory is connected to this study as a firm with ownership advantages (technology) in the home country would internalize by opening a subsidiary or acquiring existing firm in the host country with location advantages (natural resource) to maximize profit, the internalization of production can best undertake both ownership and location advantages via direct investment in the foreign country, (Zhang et al, 2020). This is to say ownership is concerned with what an investing firm possesses, such as technology, while location advantage is concerned with what a host country possesses to attract FDI such as natural resource, internalization is concerned with the mode of entry of foreign firms in the host country may be in the form of Greenfield or merger and acquisition. If there is no advantage in internalization, a foreign firm may decide to license a local firm to produce; hence, in this context, FDI cannot take place.

2.3 Empirical Literature Review

Kallon; (2020) studied on FDI and poverty in the ECOWAS region. By using regression model, fixed and random model, and generalized method of moment (OLS, FE, RE, and GMM), from the period between 1990up to 2018, the result from

mixed method quantitative approach, i.e., secondary and primary data and four estimation technique is that FDI plays a significant role in sub-Saharan countries development through the transfer of modern technology and rising of skills hence poverty alleviation. Therefore, FDI plays a significant role in a country's development effort including the transfer of modern technology and increasing abilities of local supplies. The study suggests that future research should include various variables that were not used in this study.

Koine and Osano; (2016) studied on the role of foreign direct investment on technology transfer and economic growth in Kenya, focusing on a period between 2001 and 2014 using multiple regression analysis. He found correlation between technological diffusion, economic development, and poverty alleviation in Kenya. Furthermore, the research suggests that FDI also offers necessary managerial skills and technology, contributing to country's development and poverty alleviation.

DO Quynh Anh et al. (2021) conducted a study titled spatial impact of FDI on poverty reduction in Vietnam. The study used regression analysis panel data from 63 provinces throughout 2010-2016. The results show that labor surplus has significantly effects on poverty in Vietnam as FDI companies are concentrated in the manufacturing industry which requires both low-skilled and educated labor. The study found the following main results. First, research has shown that FDI positively effects poverty alleviation through job creation for unskilled laborers and knowledge spillover effect; second, provinces with high labor capital and an increase in trained labor will help to alleviate poverty. The paper provides a suggestion that the development of human capital has a significant effect to reducing poverty, which

implies that improving the overall quality of human resources will benefit everyone and has a positive impact on poverty alleviation

Ganic (2019) studied the contribution of foreign direct investment to poverty alleviation in central Europe and western Balkan states and twelve European countries between 2000 and 2005, using panel data analysis to show the relationship between FDI and poverty reduction. The study indicated that the labor force has positively affects poverty alleviation in the western Balkan region while having an insignificant and negative effect in central-eastern Europe. The study also suggests that poverty alleviation is more determined by FDI in poorer countries than in wealthier countries.

Aguilar (2018) conducted a study on the spatial effect of FDI on poverty reduction in Columbia, from 1990 up to 2016, using SPSS in data analysis. In this study, labor surplus was significant in poverty as most of employees agreed that FDI had improved their well-being, especially in these five dimensions: education, health, childhood and youth, employment; and housing conditions, and public utilities. Moreover, most employees feel that FDI is beneficial to the economic development and poverty alleviation in Colombia (60.9%), but 20.3% report the opposite opinion, 10.4% of participants had a neutral opinion, and 8.4% thought that FDI is both beneficial and not beneficial to the economic development, the study suggests that future research studies on FDI should measure the extent that FDI has contributed to employees' wellbeing on each of the specific dimensions over time. The study concluded that the great majority of foreign firm employees perceive the relationship between their work and their personal well-being to be positive in terms of the

following dimensions; education, health, childhood and youth, employment, housing conditions, and public utilities.

Boga (2019) studied the contributions of foreign direct investment in sub-Saharan countries. The study used panel data analysis and annual data from 23 countries from 1975 to 2017. The results showed that natural resources were a determinant of FDI inflow in sub-Saharan Africa in the long term. The study suggests that in sub-Saharan Africa should improve the environment that eases access to natural resources.

Shobande (2022) researched “Does FDI promote the resource curse in Nigeria?” using Vector Error correction and Granger causality test. The result found a correlation between natural resource and increased a gross domestic product, hence poverty alleviation in Nigeria. The study recommends an urgent need for effective and efficient management of the county’s natural resources and generates growth that can contribute meaningfully to the welfare of the citizens.

2.4 Conceptual Framework

The conceptual model in figure 2.1 represent six hypotheses that are tested in this study which has been constituted by independent and dependent variables. Independent variable includes foreign direct investment contributions (FDI) variables, namely, technological contributions, labor surplus contributions, and natural resource contributions. Dependent variables include poverty alleviation which is measured by real per capital gross domestic product (GDP), human development index (HDI), and human consumption expenditure (HCE).

It is conceptualized that technology brought by multinational corporations is seen by developing countries as an engine that facilitates technological transfer from developed countries to developing ones, as it is expected to bring new technologies that increase productivity, improve infrastructure and affect domestic investors, (Kubik,2023). Technology brought by foreign direct investment (FDI) brings diffusion of ideas and skills to the local area hence contributes to poverty alleviation,

It is also conceptualized that the presence of a labor force contributes to the attraction of FDI companies in a host country and poverty is reduced by FDI through economic growth, a reduced number of people living below the poverty line, an increased level of employment, human capital development and greater demand for labor force, (Ganic,2019).

It is also conceptualized that natural resources in a developing nation play a greater role in attracting FDI and are one of the reasons for FDI inflow; however, there is an argument as to whether natural resources contribute to poverty alleviation due to what we call the natural resources curse (Kallon,2020). Natural resource extraction has social-economic benefits such as job creation but has several challenges, including radioactive emissions from mining operations and the residents around mineral areas experience limited water, energy, and land resources (Kingori et al., 2020)

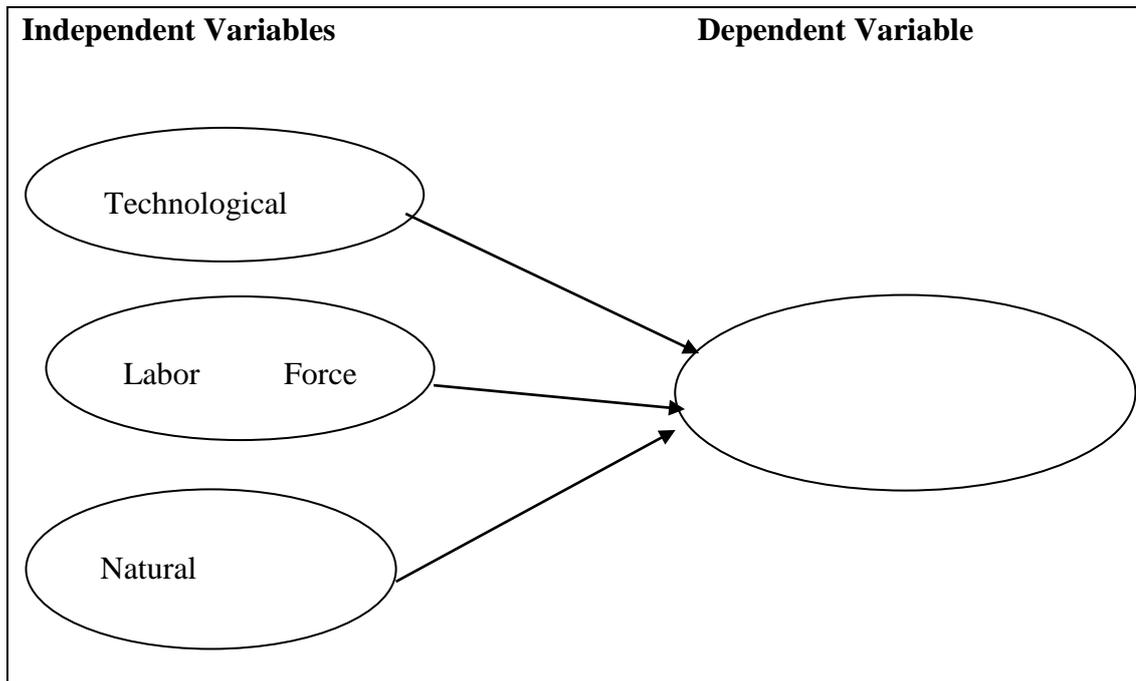


Figure 2.1: Conceptual Framework

Source: Adopted from Reviewed Literatures and Re-Developed by current Researcher's

2.5 Research Gap

As shown earlier in the problem statement and empirical review, most of the studies related to FDI contributions were conducted outside of Tanzania. Some studies in Tanzania only covered FDI contributions without relating them to poverty alleviation. For example, Mfinaga, (2018) examined “Contributions of FDI inflows in Tanzania” and Kabipi and Mramba, (2022) examined “Contributions for Foreign Direct Investment in the financial sector in Tanzania”. This study only focused on macro-economic variables about the financial sector). This study filled the contextual gap by studying the contributions of FDI to poverty alleviation in Tanzania, as most of the studies related to FDI contributions to poverty alleviation were conducted outside of Tanzania

There was also a gap in variable choice for studying FDI contributions as many researchers chose the market size, trade openness, political instability, and infrastructure as variables for testing FDI contributions; this covered the gap by selecting variables that are not often chosen including technology, labor force and natural resource as a variable for testing contributions of FDI on poverty alleviation as few previous researchers chose those variables for testing.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Chapter Overview

This chapter describes the research methodology used to examine the contributions of FDI to poverty alleviation in Tanzania. It discusses the research philosophy, research design, survey population, sampling design and procedures, variables and measurement procedures, and data collection method.

3.1 Research Design

The study used an explanatory research design; according to Apuke (2017), an explanatory research design is used to identify causal relationships between the variables that relate to the research problem. The study has two variables; FDI contributions as the independent variable and poverty alleviation as a dependent variable. It is from these variables that the study predicted a causal relationship between FDI contributions, which were represented by technology, labour force, and natural resources, and poverty alleviation, which can be measured by real per capita Gross domestic product, household consumption, and human development index. Therefore, explanatory research design is valuable for uncovering causal relationships and understanding phenomena. It allows researchers to clarify complexities, identify underlying factors, and provide insights into why specific outcomes occur. This approach, enable researchers to generate hypotheses, enhance theoretical frameworks, and inform practical applications, ultimately contributing to more effective decision-making and policy development (Apuke, 2017).

3.2 Research Approach

With regards to research approach deductive approach was followed in this study. In this approach data collected was used to explain casual relationship between variables and concepts. Accordingly, Bhattacharjee (2012), deductive is a typical approach to positivist philosophy and it employs empirical data. A researcher was able to use standardized tools to test hypotheses on FDI contributions and their relationship with poverty alleviation.

3.3 Study Area

The study was conducted at Mtwara District in Mtwara Region which is within the southern part of Tanzania and is bordered by Mozambique in the south, the Tandahimba district in the west, the Indian Ocean in the east, and the Lindi region in the north. The district was selected purposely due to the presence of natural resources, labor surplus, and presence of an FDI company, in fact, one of the biggest FDI companies in Tanzania (Dangote Cement Company and Limited) is located in this District, yet the majority of people live in massive poverty and Mtwara region is among of the poor Regions in Tanzania. Therefore, the study's interest was to find out if there was a relationship between FDI's companies and poverty alleviation.

3.4 Population of the Study

According to Kothari (2004), study population as the entire collection of cases or units about which a researcher wishes to make conclusions. The population of interest for this study was the FDI companies in the Mtwara District, the study population under this study comprised 9700 employees from FDI's companies in

Mtwara, Tanzania. Kothari (2004) argues that a population needs to have common characteristics.

3.5 Sampling Design and Procedure

According to (Kothari, 2004), a sample is identified as a part of the target population and a researcher should be careful in selecting a sample that represent the population under investigation. The probability sampling was applied for all FDI's companies in Mtwara district, the study employed systematic sampling technique, a researcher assumed that a probability sampling procedure would allow the systematic selection of the respondents to serve the study. In a systematic sampling questionnaire were distributed to respondents basing on systematic random sampling methodology

3.6 Sample Size

sample size of this study was systematic selected from the entire sample frame of 1700 employees of Dangote Cement Company Limited and Yalin cashew nuts company Therefore the sample size for the 2study covered four hundred and forty-nine (449) respondents aged 18 and above selected using systematic sampling approach one of the probability sampling techniques. The study used the Yamane formula to determine the study sample size as shown below:

$$n = \frac{N}{1+N(\epsilon)^2}$$

Were

N = Total population,

n = sample size,

e is margin error, and the level of confidence is 95% or 0.95

Since, Dangote cement company population = 1500,

Therefore;

$$1500 / 1 + (1500(0.05)^2) = 315.7$$

The sample size of Dangote Cement Company limited = 316

Yalin cashew nuts company study population is 200, therefore; $200 / 1 + (200(0.05)^2) = 133.3$

The sample size of Yalin cashew nuts company is 133

Therefore, the sample is 449

3.7 Variable and Measurement Procedure

Variables were measured using a five-point Likert Scale 5 = strongly agree; 4 = Agree; 3 = neutral; 2 = disagree, and 1 = strongly disagree. This implies that both ordinal and nominal scales were used

The variables used in this study included poverty alleviation, which is the dependent variable, and were measured by the Human Development Index (HDI); this measurement scale was adopted from (World Bank data, 2020, United Nations Development Program, 2023) and included education, health, and standard of living. FDI contributions are the independent variables, which include technology, labor force, and natural resources borrowed from (United Nations Conference on Trade and Development, 2021; World Bank data, 2020).

3.8 Data Collection Methods

3.8.1 Secondary Data

Secondary data were searched from various source to help in writing the literature review and establishing the research gap. For example, most research article were extracted from Google scholar, JSTOR database, free full pdf, key word that were used to search from this site were, FDI, OLI theory, poverty alleviation. The articles were subjected to content analysis and the information was summarized and tabulated.

3.8.2 Primary Data

The study used structured questionnaires to collect data from the field. According to Kothari (2004), structured questionnaires were selected because they are simple to administer and relatively inexpensive to analyze. The study distributed 449 questionnaires to the respondents to gather information. The questionnaire is divided into two parts: part A involves demographic information, while part B involves information for each specific objective.

3.9 Data Analysis

The data was first entered into SPSS, cleaned, and coded. Quantitative analysis both descriptive and inferential analysis were used in the analysis of data.

3.9.1 Descriptive Analysis

The descriptive data analysis involved the presentation of results in tables and graphs where frequencies and percentages were used to indicate the level of responses from the respondents.

3.9.2 Inferential Analysis

The inferential analysis and multiple regression analysis were used. The theoretical model of regression analysis as indicated by Searle and Gruber (2016) is given by;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where;

Y = Dependent variable

β_0 = Constant

β_1, β_2 and β_3 = Coefficients of independent variables

X_1, X_2, X_3 , and X_4 = Independent variables

e = Error term

The multiple regression model of this study is given by;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where; Y = Dependent variable (Poverty Alleviation), e = Error term, β_0 = Constant, β_1 , β_2 and β_3 = Coefficient of Technological Contribution, Labor Surplus Contribution, and Natural Resources Contribution respectively.

Therefore, the estimated model is given by;

$$\begin{aligned} \text{iv. Poverty Alleviation} &= -0.122 + 0.503 (\text{Technological Contribution}) \\ &+ 0.321 (\text{Labor Contribution}) + 0.307 (\text{Natural Resources} \\ &\text{Contribution}) \end{aligned}$$

Moreover, the study applied econometric tests i.e., Diagnostic tests based on four assumptions of multiple regression. These diagnostic tests included normality test, multi-collinearity test, homoscedasticity of variance, and autocorrelation terms.

Normality test; This research applied Q-Q plots technique to determine whether the data was distributed or not. If the points in Q-Q plots are located near the diagonal line indicating that the residual is normally distributed, and the assumption will be accepted.

Multi-Collinearity Test: Excessive multi-collinearity can make the coefficient estimate's variance. The Inflation Factor (VIF) and Tolerance (1/VIF) data were used to diagnose a tremendous multi-collinearity problem. When the VIF is greater than ten and the tolerance value is less than 0.10, the issue of multi-collinearity is considered present.

Autocorrelation Terms: refer to the degree of correlation between the same variables over two subsequent periods. Durbin-Watson's test was used to test autocorrelation. Durbin-Watson values must lie between 1.5 and 2.5 for the autocorrelation to be absent (Bence, 1995).

Homoscedasticity of Variance: It is the presumption that variation in the examined group are equivalent or similar. This is a crucial presumption because parametric statistical tests are sensitive to any differences. The most straight forward technique to determine homoscedasticity is to plot the residuals against the dependent variable in a scatterplot. A model displays heteroscedasticity if it contradicts homoscedasticity.

3.10 Reliability and Validity

3.10.1 Reliability

Cronbach's Alpha Coefficient was used to test the study's instrument's capacity to provide the expected results. Cronbach's alpha was used to determine how closely the Likert scale items reflected the same underlying trait (Pallant & Lae, 2002). The Cronbach coefficient's Alpha was examined using Likert scales. The recommended coefficient standard is 0.7, indicating that the scale is amount is related to similar situations and things. This means that the scale is considered reliable at 0.7 and higher (Mallery, 2003). Findings of the reliability are indicated in Table 3.1.

Table 3.1: Reliability Statistics

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Technological Contribution	0.729	0.791	4
Labor Surplus Contribution	0.717	0.766	4
Natural Resources Contribution	0.715	0.730	4
Poverty Alleviation	0.807	0.866	4

Source: Field data, 2023

Table 3.1 shows that Cronbach's Alpha for Technological Contribution, Labor Surplus Contribution, Natural Resources Contribution, and Poverty Alleviation were 0.729, 0.717, 0.715, and 0.807 respectively. The Technological Contribution, Labor Surplus Contribution, Natural Resources Contribution, and Poverty Alleviation items were acceptable because Cronbach's Alpha Coefficient is more significant than 0.7.

3.10.2 Validity

To ensure external validity the research instruments were pre-tested. Before field activity, the same research instruments were piloted on a different but homogeneous sample of 15 respondents. The pre-test produced content, structural, and scale validity comments to be incorporated into data collection instruments.

3.10.3 Ethical Considerations

Ethical approval relating to data collection for this study was received from the Open University of Tanzania (OUT) through the ethical guidance form. To ensure ethical standards, the researcher observed the principles as proposed by (Cohen et al (2007): voluntary participation and harmlessness, informed consent, anonymity, and confidentiality. An introduction letter from the University's Postgraduate Office of the Open University of Tanzania (OUT) allowed the researcher access to collect data. The purpose of the study was disclosed to the respondents to give them the freedom to participate with informed consent. Lastly, fabrication or falsification of data was not entertained throughout the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.0 Chapter Overview

This chapter presents the results per the objectives. The general objective of the research was to examine the contributions of foreign direct investment on poverty alleviation in Tanzania. Specifically, the study aimed to explore the technological contribution to poverty alleviation in Tanzania; examine the labor surplus contribution to poverty alleviation in Tanzania; and explore the natural resource contribution to poverty alleviation in Tanzania. Moreover, this chapter presents background information on the respondents, such as gender, education, and working experience. Data analysis was divided into two parts, descriptive and inferential. In descriptive analysis, the study applied tables; and charts, while in inferential analysis; the study applied multiple regression analysis.

4.1 Demographic Information of the Respondents

This section indicates the demographic characteristics of the respondents. The researcher asked the respondents to provide personal information, such as gender, age, education level, and working experience, and the results are shown in Table 4.1.

Table 4.1: Demographic Information of the Respondents (n=449)

Demographic	Category	Frequency	Percentages (%)
Gender	Male	304	67.7
	Female	145	32.3
	Total	449	100
Age	18-29 years	30	6.7
	30-39 years	242	53.9
	40-49 years	171	38.1
	50 years and above	6	1.3
	Total	449	100
Education Level	Diploma	32	7.1
	Bachelor	230	51.2
	Masters	187	41.6
	PhD	-	-
	Total	449	100
Working Experience	<1year	53	11.8
	1-5 years	111	24.7
	6-10 years	126	28.1
	More than 10 years	159	35.4
	Total	449	100

Source: Field Data, 2023

The study examined the respondents' gender. The gender attribute helped us understand the gender distribution in the target population. Results in Table 4.1 show that most respondents 304 (67.7%) were males and 145(32.3%) were females. Results showed that there were more males than females. These findings implied that more males than females dominated the study. These findings may also suggest that males were more likely than females to participate in companies' activities in the research area.

Further, Table 4.1 indicates the respondents' age. Results revealed that most respondents fall in the age category between 30-39 years with 242 (53.9%), followed by 40-49 years with 171 (38.1%), 18-29 years with 30 (6.7%), and 50 years and above with 6 (1.3%). These findings imply that the Q study was dominated by

respondents between 30-39 years; and 40-49 years.

Moreover, Table 4.1 shows the respondents' education level. Results revealed that most respondents fall in the bachelor's education level with (230 (51.2%)), followed by Master's Education level with (187 (41.6%)), and diploma with (32 (7.1%)). As a result, individuals with bachelor's and master's education levels predominated in the survey. The respondents' education level was crucial in ensuring the study acquired correct responses from them.

Moreover, the results in Table 4.1 show the working experience. Results indicated that 159 (35.4%) of the respondents claimed that they had working experience of more than 10 years, 126 (28.1%) of the respondents stated that they had working experience between 6-10 years, and 111 (24.7%) of the respondents claimed that they had working experience of between 1-5 years, and 53 (11.8%) of the respondents had working experience of less than 1 year. Results revealed that the majority of the respondents in the study had working experience of more than ten years. These findings imply that the most respondents had at least some working experience, which assisted in getting accurate responses from them.

4.2 Technological Contribution on Poverty Alleviation in Tanzania (n=449)

The study examined the technological contribution to poverty alleviation in Tanzania. The respondents were asked to indicate whether technology spill over and diffusion had increased knowledge among individuals in Tanzania, whether FDI's technology contributed to the increase in GDP in Tanzania, whether FDI's technology had a positive significance on household consumption, and FDI's

technology had contributed to the rise in individual income. The results are summarized in Figure 4.1.

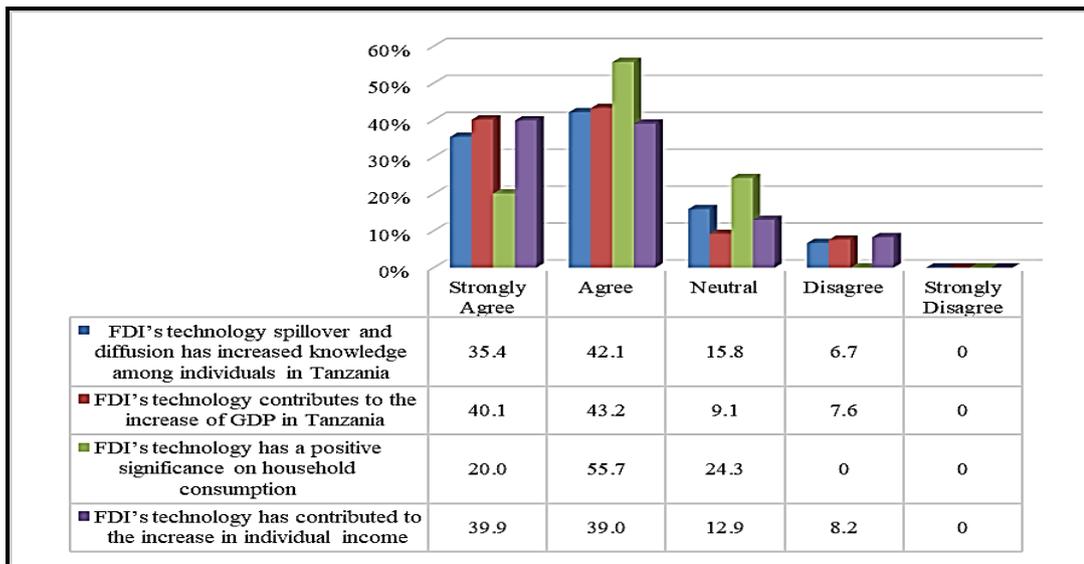


Figure 4.1: Technological Contribution on Poverty Alleviation

Source: Field Data, 2023

The study examined whether FDI's technology spillover and diffusion had increased knowledge among individuals in Tanzania. Results in Figure 4.1 show that 42.1% (189) of respondents agreed, 159 (35.4%) of the respondents strongly agreed, 71 (15.8%) neither agreed nor disagreed, and 30 (6.7%) disagreed that FDI's technology spillover and diffusion had increased knowledge among individuals in Tanzania. Therefore, results revealed that most respondents indicated that technology spillover and diffusion had increased knowledge among individuals in Tanzania. Foreign companies often introduce new technologies, production processes, and managerial practices that are more advanced than those currently used in the local market.

Through FDI, these technologies can be transferred to local firms and workers, leading to the acquisition of new knowledge and skills. Also, FDI generates positive externalities by promoting knowledge spillovers within the host country. Foreign firms operating in Tanzania, can interact with local suppliers, and customers. These interactions facilitate the exchange of knowledge, ideas, and best practices, benefiting local firms and individuals.

Also, the study aimed to examine whether FDI's technology had contributed to the increase of GDP in Tanzania. Results showed that 194 (43.2%) respondents agreed, 180 (40.1%) of the respondents strongly agreed, 41 (9.1%) neither agreed nor disagreed, and 34 (7.6%) disagreed that FDI's technology contributed to the increase in GDP in Tanzania. Therefore, results revealed that most respondents indicated that FDI technology contributes to the rise of GDP in Tanzania. These results showed that advanced technologies brought in by foreign investors could enhance productivity in various sectors of the economy. For example, introducing of modern machinery and equipment in manufacturing industries could lead to higher output levels and improved efficiency. This increased productivity could contribute to the overall growth of the economy and boost GDP. Also, foreign investors often establish export-oriented industries in the host country. These industries can leverage advanced technologies and global market networks to produce goods and services for international markets. By increasing exports, FDI generates foreign exchange earnings, stimulate economic growth, and contributes to GDP expansion.

Moreover, the study examined whether FDI technology positively impacts household consumption. Results show that 250 (55.7%) of respondents agreed, 109 (24.3%)

neither agreed nor disagreed, and 90 (20%) of the respondents strongly agreed that FDI's technology had a positive significance on household consumption. Therefore, most respondents agreed that FDI's technology positively impacted household consumption. FDI often leads to the establishing or expanding of businesses in the host country, which creates job opportunities for the local population. This, in turn, increases household income and purchasing power, leading to higher consumption levels. When foreign companies invest in the host country, local firms often benefit from backward and forward linkages. Local suppliers, manufacturers, and service providers may gain access to new markets, technology, and knowledge by associating with foreign investors. This can stimulate the growth of domestic industries, create additional employment, and contribute to increased household consumption.

Furthermore, the study examined whether technology contributed to increase in individual income. Results show that 179 (39.9%) of respondents strongly agreed, 175 (39%) of the respondents agreed, 58 (12.9%) neither agreed nor disagreed, and 37 (8.2%) disagreed that technology had contributed to the increase in individual income. Therefore, results revealed that most respondents indicated that FDI's technology had contributed to the rise in personal income. FDI often leads to the establishing or expanding of businesses, which creates job opportunities for the local population. Technologically advanced industries require skilled labour, which can lead to higher-paying jobs. As a result, individuals have access to better employment opportunities, leading to increased income levels. Also, FDI's technological contributions can stimulate economic growth in host countries. Increased investment,

improved productivity, and enhanced competitiveness could lead to higher GDP growth rates. When economies grow, it often creates more opportunities for businesses and individuals to prosper, increasing income levels.

4.3 Labor Surplus Contribution on Poverty Alleviation in Tanzania (N=449)

The study examined the contribution of labor surplus to poverty alleviation in Tanzania. The respondents were asked to indicate whether the employment of labour by an FDI company had increased the income of employees; the labour force working in an FDI’s company had increased the GDP of the Tanzania government; FDI’s company training and diffusion of ideas had brought usable knowledge to the employees; and FDI’s company had contributed to employees’ household spending. The results are indicated in Figure 4.2.

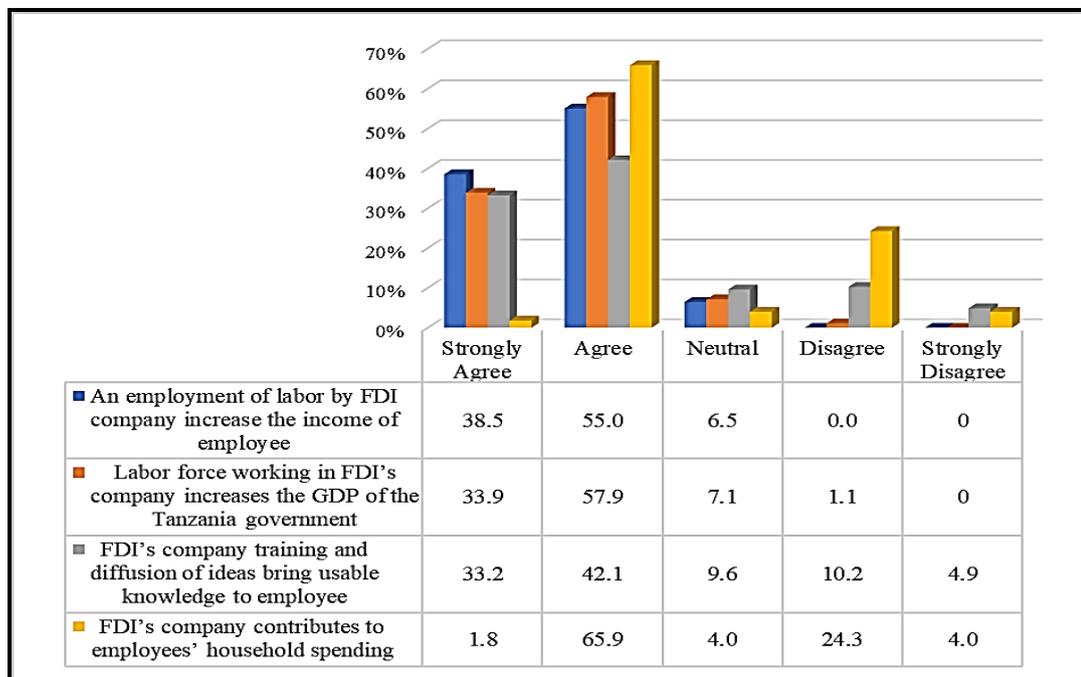


Figure 4.2: Labor Surplus Contribution on Poverty Alleviation

Source: Field Data, 2023

The study examined whether the employment of labour by FDI companies had increased the employee's income. Results in Figure 4.2 showed that 247 (55%) respondents agreed, 173 (38.5%) of the respondents strongly agreed, and 29 (6.5%) neither agreed nor disagreed that employment of labour by an FDI company increases employee income. Therefore, results revealed that most respondents indicated that employment of labour by FDI companies increased the income of employee. These findings implied that when foreign companies invest in a country, they often establish new businesses or expand existing ones. This leads to the creation of new job opportunities for local workers. Increased employment opportunities can reduce unemployment rates and create competition for skilled labor, increasing wages.

Also, the study aimed to examine whether the labour force working in an FDI's company had increased the GDP of the Tanzania government. Results showed that 260 (57.9%) of respondents agreed, 152(33.9%) of the respondents strongly agreed, 32 (7.1%) neither agreed nor disagreed, and 5 (1.1%) disagreed that the labour force working in FDI's company had increased the GDP of the Tanzania government.

Therefore, results revealed that most respondents indicated that the labour force working in an FDI company increases the GDP of the Tanzania government. These findings implied that FDI often involved setting up new factories, or plants, which led to increased production. With more workers employed, the output of goods and services in Tanzania increased, contributing to GDP growth. Also, FDI boost a country's export capacity by increasing production and improving product quality. Foreign companies may use Tanzania as a base for manufacturing goods that are then

exported to international markets. This expanding of export-oriented industries can generate foreign exchange earnings, positively impacting the country's GDP.

Moreover, the study aimed to examine whether company training and diffusion of ideas had brought usable knowledge to employees. Results showed that 189 (42.1%) of respondents agreed, 149 (33.2%) of the respondents strongly agreed, 46 (10.2%) disagreed, 43 (9.6%) neither agreed nor disagreed, and 22 (4.9%) strongly disagreed that FDI's company training and diffusion of ideas had brought usable knowledge to employee. Therefore, results revealed that most respondents indicated that FDI's company training and diffusion of ideas had brought usable knowledge to employees.

These findings implied that FDI often involved the transfer of advanced technologies and technical knowledge from the investing company to the local firm. This transfer can occur through various means, such as licensing agreements, joint ventures, or direct investments. As employees are exposed to these new technologies, they can acquire valuable skills and knowledge related to their implementation and use. Also, foreign investors often invest in training programs to enhance local workforce's skills. These programs may include technical training, managerial skills development, and other capacity-building initiatives. Employees can benefit from these training opportunities, improving their capabilities, productivity, and employability.

Furthermore, the study examined whether FDI's company contributes to employees' household spending. Results show that 296 (65.9%) of respondents agreed, 76

(16.9%) of the respondents strongly agreed, 41 (9.6%) disagreed, 21(4.7%) strongly disagreed, and 15 (3.3%) neither agreed nor disagreed that FDI company contributes to employees' household spending. Therefore, results revealed that most respondents indicated that FDI's company had contributed to employees' household spending. These findings implied that FDI often involved setting up new businesses or expanding existing ones, which leads to job creation. When employees have a stable source of income, they are more likely to spend money on various goods and services, thereby contributing to household spending. Also, foreign companies often offer higher wages and better working conditions better than local firms. This can increase employees' disposable income, allowing them to spend more on their households.

4.4 The Natural Resource Contribution on Poverty Alleviation in Tanzania(N=449)

The study explored the contribution of natural resource to poverty alleviation in Tanzania. The respondents were asked to indicate whether FDI through natural resources increases government revenue; whether FDI inflows in the natural resource sector have created more income opportunities among individuals in Tanzania, whether FDI companies in the natural resource sector had improved the health; and education sector in Tanzania; and whether FDI inflow in natural resource have created more employment opportunity. The results are indicated in Figure 4.3.

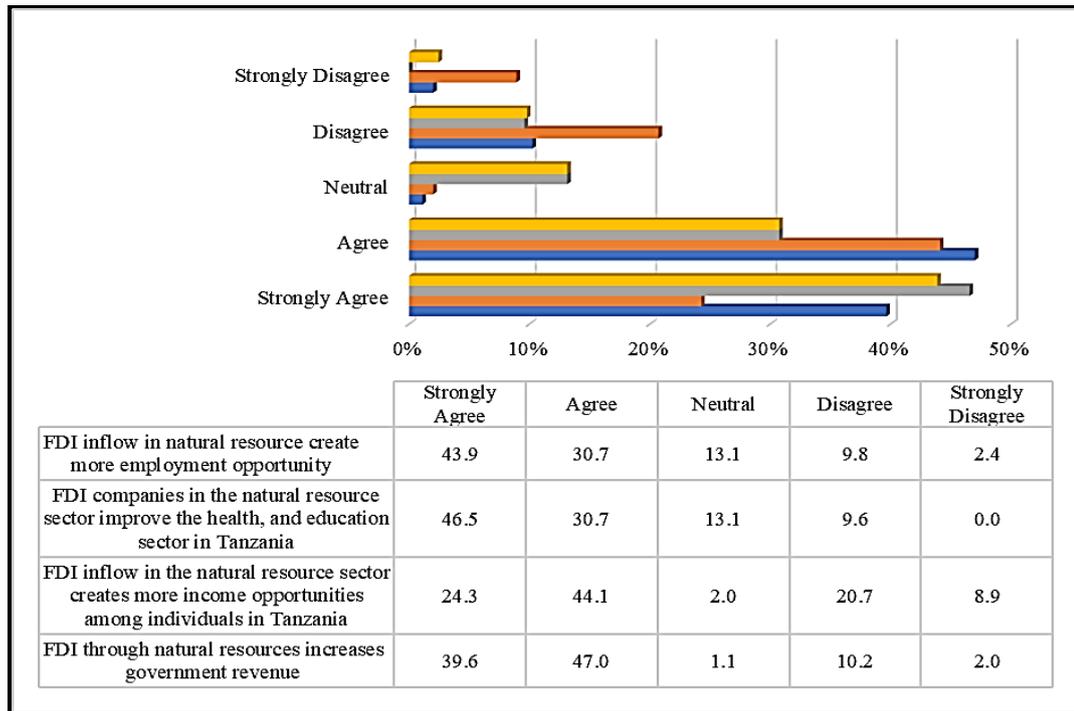


Figure 4.3: The Natural Resource Contribution on Poverty Alleviation

Source: Field Data, 2023

The study examined whether FDI through natural resources had increased government revenue. Results in Table 4.3 showed that 211 (47%) respondents agreed, 178 (36.9%) of the respondents strongly agreed, 46 (10.2%) disagreed, 02 (9%) strongly disagreed, and 05 (1.1%) neither agreed nor disagreed that FDI through natural resources increased government revenue. Therefore, results revealed that most respondents indicated that FDI through natural resources had increased government revenue. Foreign companies operating in the natural resource sector usually pay royalties to the government for accessing and extracting resources. Also, they are subject to various taxes, such as corporate income tax, value-added tax (VAT), or customs duties. These revenue streams contribute to government coffers.

Also, the study examined whether FDI inflow in the natural resource sector creates more income opportunities among individuals in Tanzania. Results show that 44.1% (198) of respondents agreed, 24.3% (109) of the respondents strongly agreed, 20.7% (93) disagreed, 8.9% (40) strongly disagreed, and 2% (9) neither agreed nor disagreed that FDI inflow in the natural resource sector created more income opportunities among individuals in Tanzania. Therefore, results revealed that most respondents indicated that FDI inflow in the natural resource sector had created more income opportunities among individuals in Tanzania.

These findings showed that FDI in the natural resource sector often leads to the establishment or expansion of mining, oil, and gas operations, and agricultural projects. These activities require a significant workforce, which creates job opportunities for local individuals. Direct employment in these sectors can range from skilled labour, such as engineers and geologists, to unskilled labour, such as miners or agricultural workers. Also, FDI in the natural resource sector generates indirect employment opportunities. Supporting industries, such as logistics, transportation, construction, and services, emerge to cater to the sector's needs. This expansion creates additional jobs in related sectors, benefiting individuals in the local economy.

Moreover, they examined whether FDI companies in the natural resource sector improved the health and education sector in Tanzania. Results showed that 209 (46.5%) of respondents agreed, 138 (30.7%) of the respondents strongly agreed, 59 (13.1%) neither agreed nor disagreed, and 43 (9.6%) disagreed that companies in the natural resource sector had improved the health, and education sector in Tanzania.

Therefore, results revealed that most respondents indicated that FDI companies in the natural resource sector enhance the health, and education sector in Tanzania.

Furthermore, the study examined whether FDI inflow in natural resource had created more employment opportunities. Results show that 197 (43.9%) of respondents strongly agreed, 138 (30.7%) of the respondents agreed, 59 (13.1%) neither agreed nor disagreed, 44 (9.8%) disagreed, 11 (2.4%) strongly disagreed, that FDI inflow in natural resources creates more employment opportunities. Therefore, most respondents indicated that FDI inflow in natural resources had created more employment opportunities. These findings implied that FDI could have had spill over effects on the broader economy, resulting in indirect employment creation. Increased economic activity in the natural resource sector can generate demand for goods and services in other sectors, leading to employment growth in retail, hospitality, and transportation. Moreover, FDI has contributed to human capital development by providing training and skills transfer to the local workforce. This can enhance the employability of local workers and create a more skilled labour force in the long run.

4.5 Inferential Analysis

The study performed multiple regression analysis to study the contributions of foreign direct investment on poverty alleviation in Tanzania. Before doing the multiple regression analysis, the researchers ran basic diagnostic tests such as normality, multi-collinearity, and autocorrelation to ensure that the data was fit. Furthermore, a Pearson correlation was used to identify the extent of the relationship between variables.

4.5.1 Diagnostic Test

4.5.1.1 Normality Test

Regression is a parametric test that assumes data are typically distributed. As a result, a normality test was employed in this study to determine if the data distribution was normally distributed or not. Figure 4.4 shows that dots are located closer to the diagonal line. The closer the dots are to the diagonal line, the more regularly distributed the residuals are. As a result, the dotted line trend indicates that the data are regularly distributed, and the normality assumption is accepted.

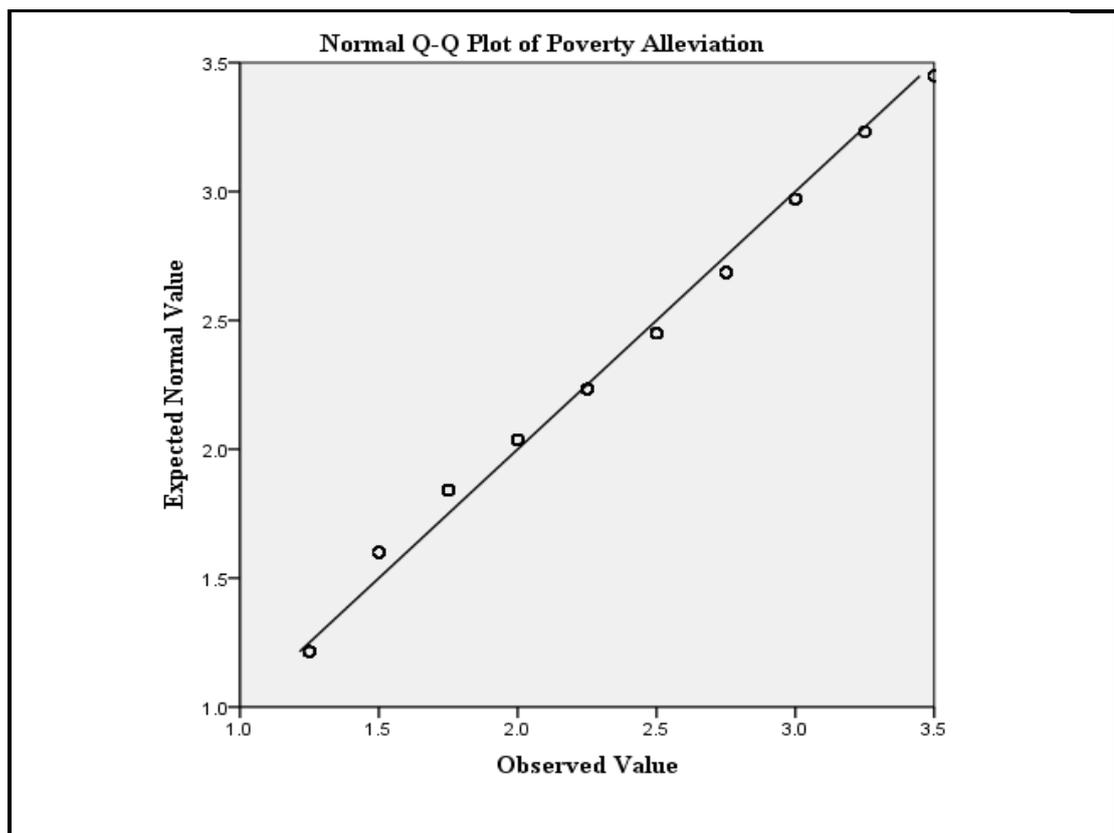


Figure 4.4: Normal Q - Q Plot of Regression Standardized Residual

Source: Field data, 2023

4.5.1.2 Multi-Collinearity Test

The problem of high multi-collinearity increases the variance of parameter estimation, and the estimation results are susceptible to small changes in the model, which needs to be robust and more accessible to explain. The high multicollinearity problem was diagnosed, and the results are shown in Table 4.2, which includes the Tolerance values (1/VIF) and Values of the Inflation Factor (VIF). When 1/VIF is less than 0.10 and the VIF is greater than 10, there is a problem of multicollinearity. The results in Table 4.2 shows that there was no significant correlation between the explanatory variables, that is, there is no multicollinearity problem, because VIF is less than ten and 1/VIF is higher than 0.10.

Table 4.2: Collinearity Diagnosis

Model	Collinearity Statistics	
	Tolerance (1/VIF)	VIF
Technology Contribution	.921	1.085
Labor Surplus Contribution	.890	1.123
Natural Resource Contribution	.901	1.110

Dependent Variable: Poverty Alleviation

Source: Field data, 2023

4.5.1.3 Homoscedasticity Test

The residuals should have a constant variance to meet the regression assumptions and the result to be trusted. Since the points in Figure 4.5 are scattered the data have homoscedasticity condition.

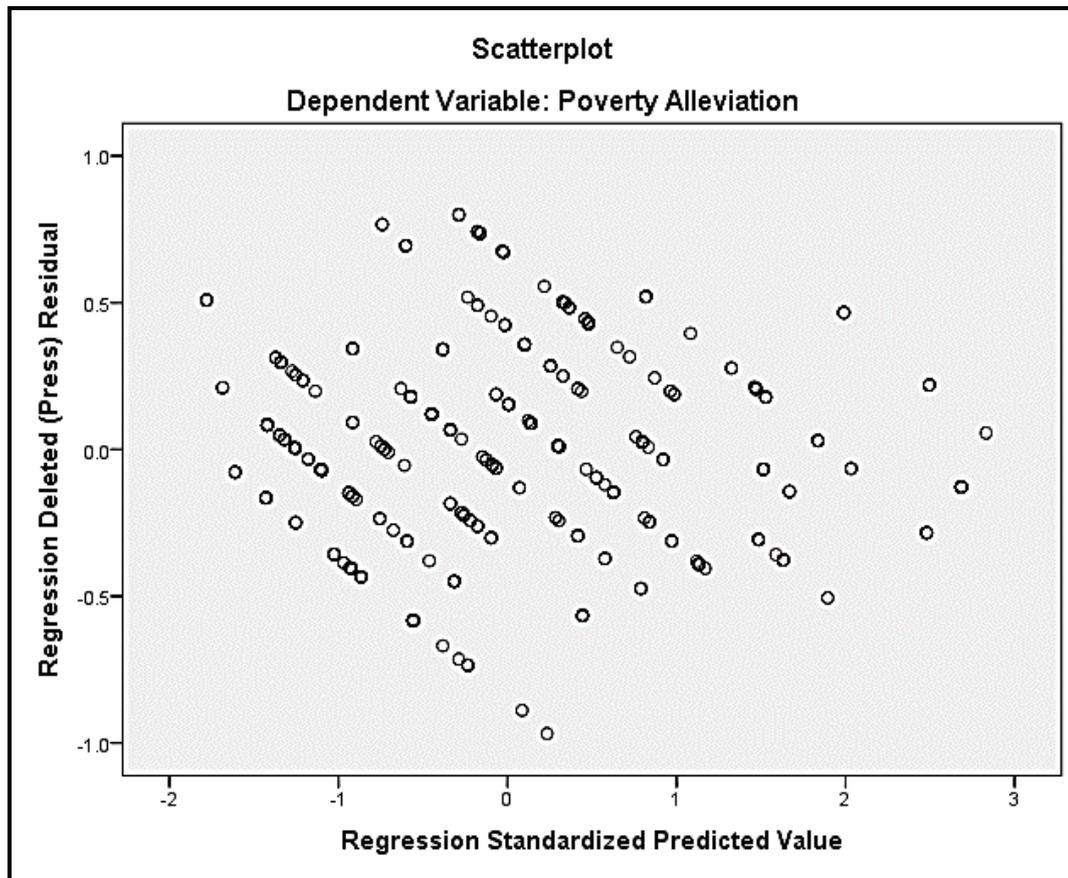


Figure 4.5: Homoscedasticity Test

Source: Field data, 2023

4.5.2 Correlation Analysis

The correlation test was applied to determine the extent of the relationship and statistically significant between the independent and dependent variable. Results in Table 4.3 showed that Technological Contribution is statistically significant at p-value = 0.000 with $R = 0.655$; Labor Contributions statistically significant at p-value = 0.000 with $R = 0.494$; and Natural Resources Contribution is statistically significant at p-value = 0.000 with $R = 0.541$. Results revealed that Technological Contribution had a strong positive correlation ($R = 0.655$) with Poverty Alleviation followed by Natural Resources Contribution ($R = 0.541$) which had a moderate

correlation with Poverty Alleviation, and Labor Contribution ($R= 0.494$), which had a weak correlation with poverty alleviation. This also revealed that technology had a greater contribution to poverty than the rest of the factor factors.

Table 4.3: Correlation Matrix

	Technological Contribution	Labor Contribution	Natural Resources Contribution	Poverty Alleviation
Technological Contribution	1			
Pearson Correlation				
Sig. (2-tailed)				
N	449			
Labor Contribution	.236**	1		
Pearson Correlation				
Sig. (2-tailed)	.000			
N	449	449		
Natural Resources Contribution	.211**	.277**	1	
Pearson Correlation				
Sig. (2-tailed)	.000	.000		
N	449	449	449	
Poverty Alleviation	.655**	.494**	.541**	1
Pearson Correlation				
Sig. (2-tailed)	.000	.000	.000	
N	449	449	449	449

****.** Correlation is significant at the 0.01 level (2-tailed).

Source: Field data, 2023

4.5.3 Multiple Regression Results

Multiple regression analysis was used to examine the contributions of foreign direct investment to poverty alleviation in Tanzania. Results in Table 4.4 indicated an overall Pearson correlation coefficient (R) of 0.816 for all independent variables. This level of R indicates that the independent and dependent variable had a strong positive relationship.

Moreover, the results in Table 4.4 depicted the R-square or determination coefficient where Natural Resources Contribution, Technological Contribution, and Labor Contribution explained about 0.666(66.6%) of the proportional change (variation) in the Poverty Alleviation. The rest of the variation, 0.334 (33.4%) explained other factors not studied in this research. The R-squared percentage indicated that the model effectively explained fluctuations in the dependent variable caused by fluctuations in the independent variables.

In addition, the Durbin-Watson test was used to see if there was any autocorrelation in Table 4.4. The observation residuals should be independent, one of the regression assumptions. When observations are made over some time, they are very likely connected. Durbin-Watson statistics should be between 1.5 and 2.5 when there is autocorrelation (related to subsequent observations). Because the statistic value of the Durbin-Watson test (i.e., 1.602) from Table 4.4 is within the specified range, it indicates autocorrelation, so the data was fit.

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.816 ^a	.666	.663	.33907	1.602

Source: field data, 2023

- i. Predictors: (Constant), Natural Resources Contribution, Technological Contribution, Labor Contribution

ii. Poverty Alleviation

Furthermore, the goodness of the model was tested by using ANOVA as shown in the Table 4.5. Since p-value (0.000) was less than 0.05, then; the null hypothesis i.e., there is no goodness of fit is rejected. Hence, results reveal that the goodness of fit was significant at (F= 295.253, $P < 0.05$, $n=449$). Statistically, the results revealed that the model was good to examine the contributions of foreign direct investment on poverty alleviation in Tanzania.

Table 4.5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	101.832	3	33.944	295.253	.000 ^b
Residual	51.160	445	.115		
Total	152.992	448			

a. Dependent Variable: Poverty Alleviation

b. Predictors: (Constant), Natural Resources Contribution, Technological Contribution, Labor Contribution

Source: Field data, 2023

Results in Table 4.6 pointed that Technological Contribution, Labor Surplus Contribution, and Natural Resources Contribution were statistically significant on Poverty Alleviation at ($t=18.032$, $p < 0.05$, $n=449$), ($t=9.438$, $p < 0.05$, $n=449$), and ($t=12.342$, $p < 0.05$, $n=449$) respectively. These findings highlight the interconnectedness of various factors in combating poverty. The significant contribution of technology suggests that enhancing access to technological advancements can empower marginalized communities, potentially leading to

improved employment opportunities and increased productivity. Meanwhile, the labor surplus contribution indicates that utilizing the existing labor force effectively can stimulate economic growth and, thus, function as a critical lever in reducing poverty levels. Finally, the role of natural resources emphasizes the need for sustainable and equitable resource management to ensure that the benefits from these assets reach the impoverished segments of society. Altogether, these insights advocate for a multi-faceted approach that integrates technological advancement, labor optimization, and resource management to create a more robust framework for sustainable poverty alleviation.

Moreover, results in Table 4.6 likewise express Unstandardized Coefficients where Technological Contribution showed higher positive contribution on Poverty Alleviation at $B = 0.503$ followed by Labor Contribution at $B = 0.321$, and natural Resources Contribution at $B = 0.307$. These results revealed that every change (increase) of one unit's in Technological Contribution, Labor Contribution, and Natural Resources Contribution resulted in a change or increase in Poverty Alleviation by 0.503, 0.321, and 0.307, respectively. Also, results showed that Natural Resources Contribution had less contribution to Poverty Alleviation compared to Technological Contribution, and Labour Contribution. By applying Unstandardized Coefficients from Table 4.7, the model becomes;

$$\text{Poverty Alleviation} = -0.122 + 0.503 (\text{Technological Contribution}) + 0.321 (\text{Labor Contribution}) + 0.307 (\text{Natural Resources Contribution})$$

Table 4.6: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-.122	.079		-1.541	.124
Technological Contribution	.503	.028	.515	18.032	.000
Labour Contribution	.321	.034	.274	9.438	.000
Natural Resources Contribution	.307	.025	.356	12.342	.000

a. Dependent Variable: Poverty Alleviation

Source: Field data, 2023

4.5.4 Summary of the Findings

The study examined the contributions of foreign direct investment to poverty alleviation in Tanzania for each of the following alternative hypotheses.

Table 4.7: Summary of the Hypothesis Tested

Alternative Hypothesis	Comparison	Decision
H ₁ : Technology have no significant contribution to poverty alleviation in Tanzania	P-value (0.000) < 0.05	Null hypothesis is Rejected
H ₂ : Technology have a significant contribution to poverty alleviation in Tanzania		
H ₃ : Labor Surplus have no significant contribution to poverty alleviation in Tanzania	P-value (0.000) < 0.05	Null hypothesis is Rejected
H ₄ : Labor Surplus have a significant contribution to poverty alleviation in Tanzania		
H ₅ : Natural resources have no significant contribution to poverty alleviation in Tanzania	P-value (0.000) < 0.05	Null hypothesis is Rejected
H ₆ : Natural resources have a significant contribution to poverty alleviation in Tanzania		

Source: Researcher data (2023)

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

This study examined the contributions of foreign direct investment to poverty alleviation in Tanzania. This section discusses the findings of the study analyzed in chapter four, and the discussion is based on specific objectives.

5.1 Technological Contribution on Poverty Alleviation in Tanzania

Results showed that Technological Contribution was positive and statistically significant. These results showed that technology had a positive considerable contribution to poverty alleviation. The results of this study were supported by Kallon, (2020) who revealed that FDI's technology spill over and diffusion had increased knowledge among individuals. Thus, the findings by Kallon, (2020) showed that foreign companies often introduced new technologies, production processes, and managerial practices that were more advanced than those currently used in the local market. Therefore, through FDI, these technologies can be transferred to local firms and workers, leading to the acquisition of new knowledge and skills.

Also, the study's findings aligned with Aguilar (2018), who indicated that FDI technology contributed to the increase in GDP. These results showed that advanced technologies brought in by foreign investors can enhance productivity in various sectors of the economy. FDI often leads to establishing or expanding of businesses in the host country, which creates job opportunities for the local population. This, in

turn, increases household income and purchasing power, leading to higher consumption level.

Moreover, study findings are supported by Lechman and Popowska (2022); those who indicated that one of the most significant contributions of FDI is its technological impact, which has proven to be a potent force in alleviating poverty. One of the primary ways FDI aids in poverty alleviation is by transferring of advanced technologies from developed countries to the host nation. Multinational corporations, seeking to expand their market presence; often bring cutting-edge technologies and production techniques. This technological transfer empowers local industries, enhancing their productivity and competitiveness in the global market.

Furthermore, study's findings align with Kallon (2020), who showed that FDI plays a significant role in a country's development effort, including the transfer of modern technology and rising skills of local supplies. Furthermore, FDI fosters knowledge spillovers, where host country firms and workers gain exposure to new skills, processes, and management techniques. This influx of knowledge and expertise not only improves the quality of products and services but also boosts the overall economy's overall productivity. As a result, industries become more efficient, creating a conducive environment for sustainable economic growth.

Also, through joint ventures, technology licensing, and knowledge-sharing agreements, FDI accelerates the diffusion of advanced production techniques, automation, and quality control measures. This infusion of modern technology

empowers local industries to enhance their productivity, increase their competitive edge, and align themselves with international standards.

FDI undeniably plays a pivotal role in a country's development efforts. The infusion of modern technology and the elevation of local skills are two interlinked mechanisms through which FDI exerts its transformative influence. By facilitating the transfer of advanced technologies and fostering the human capital growth, FDI paves the way for sustained economic progress, competitiveness, and prosperity.

Also, the study's finding aligns with Koine and Osano, (2016), who found a correlation between technological diffusion, economic growth and poverty alleviation in Kenya. Moreover, technological advancements have empowered businesses to streamline their operations, reduce costs, and expand their market reach. Automation, artificial intelligence, and data analytics have transformed industries from manufacturing to healthcare, enhancing their capacity to produce goods and services efficiently. This fosters growth and generates new employment opportunities; as workers transition into roles requiring more specialized skills.

Moreover, study's findings align with Dunning's Eclectic theory (1977), which showed that FDI significantly contributed to poverty alleviation through various channels. Firstly, FDI brings capital inflows, which can increase employment opportunities and wages. This is particularly relevant in developing countries with high unemployment and low wages. FDI often introduces new technologies, managerial expertise, and production techniques, increasing productivity and competitiveness in local industries.

Secondly, FDI stimulates economic growth by enhancing domestic investment and export capacities. Increased production and exports can generate higher tax revenues for the government, which can be utilized for social development programs, infrastructure improvements, and poverty reduction initiatives. Thirdly, FDI can contribute to poverty alleviation by providing access to global markets. Multinational corporations often have established distribution networks and marketing channels, enabling local producers to access international markets. This integration into global value chains can lead to increased exports, income generation, and poverty reduction (Mowery et al., (2015)). This supports the findings by indicating that one of the critical ways, technology transfer has contributed to an increase in individual income by introducing of new and modernized production methods. Multinational corporations bring with them advanced technologies and know-how that are not available in the host country. These technologies help firms to improve their manufacturing processes and produce goods at a lower cost and more efficiently. As a result, firms can increase production, reduce costs, and ultimately increase their profits. This, in turn, leads to higher wages for workers and an increase in their income.

The technology transfer also enables local firms to produce higher-quality goods that meet international standards. As local firms adopt advanced technologies, they improve products' quality, making which makes them more competitive in global markets. This, in turn, leads to an increase in exports and a rise in foreign exchange earnings. When foreign exchange earnings increase, countries have more resources to invest in education, healthcare, infrastructure, and other critical areas that allow individuals to improve their living standards and increase their incomes.

5.2 Labor Surplus Contribution on Poverty Alleviation in Tanzania

Results showed that Labor Surplus contributed a positive statistically contribution to Poverty Alleviation. The positive contribution of Labor Surplus revealed that as more Labor Surplus increases, Poverty Alleviation also increases.

The study's results align Shobande, (2022), who indicated that the employment of labour by FDI companies increases employees' income. These results showed that the labour force working in FDI's companies increased the GDP of the Tanzania government. FDI often involves setting up new factories, plants, or service centres, which leads to increased production. With more workers employed the output of goods and services in Tanzania increases, contributing to GDP growth.

When a foreign company invests in the country, it usually creates job opportunities for local. As a result, the labour force, companies employ, contributes producing goods and services in the country. This, in turn, leads to an increase in the country's GDP. FDI often brings advanced technologies, new production methods and management techniques, which can lead to increased efficiency and productivity in the economy.

The study's findings align with DO Quynh Anh et al, (2021) who indicated that labor surplus has a significant impact on poverty alleviation in Vietnam as FDI companies are concentrated on the manufacturing industry that requires both low skilled laborers and educated laborers as study found the following main results. FDI positively affected poverty alleviation through job creation for unskilled laborers and knowledge spillover effect.

Labor surplus increases competition for jobs, which puts pressure on employers to raise wages and offer better working conditions to retain workers. This can positively impact on poverty reduction, as workers can to earn a living wage, which means they can afford necessities such as food, shelter and healthcare. As a result, the level of poverty in the region can decrease. Also, with a large workforce, investors are attracted to the area as they can find cheap labor leading to a lower production cost of goods and services. This also positively impacts poverty reduction, as new jobs are created and workers can earn a living wage.

Also, study's findings align with Boga, (2019), who indicated that FDI's training and diffusion of the company's ideas results in practical knowledge for employees. These findings implied that FDI often involves the transfer of advanced technologies and technical expertise from the investing company to the local firm. By training and sharing ideas with employees, FDI can also promote a culture of innovation and creativity within the company, leading to new ideas and solutions being developed.

Additionally, as Shobande, (2022), supported, employees who receive training and knowledge-sharing opportunities may feel more valued and engaged in their work, leading to increased job satisfaction and retention. Overall, investing in-company training and diffusion of ideas can be an effective way for FDI to develop its workforce and improve its performance.

The findings of this study are also in line with Ganic; (2019), who indicated that the labor force has a positive effect on poverty alleviation in the western Balkan region. When employed, individuals earn wages or salaries, which increase their income.

This, in turn, helps them meet their basic needs, such as food, shelter, and healthcare, thus reducing poverty. Having a job allows individuals to be self-reliant. They are less dependent on social welfare programs or the support of others, which can be crucial in breaking the cycle of poverty.

Most respondents in this study indicated that FDI's company contributed to employees' household spending. This is because FDI's company provides stable employment opportunities, competitive salaries, and benefits, such as healthcare and retirement plans. As supported by Aguilar (2018), these factors enable employees to earn a steady income, which they can use to support their families and meet their basic needs. Additionally, FDI may offer training and development programs, to help employees; acquire new skills and improve their earning potential. As a result, FDI companies can significantly impacts the local economy; by increasing household income and promoting consumer spending.

Furthermore, Dunning (1977), supports this study's findings in the Eclectic theory. The Eclectic theory provides a framework to understand the potential positive effects of FDI and the labor force working in FDI companies on GDP. FDI companies can generate employment opportunities for the local labor force. When multinational corporations invest in Tanzania, they may hire local workers, which can reduce unemployment rates and increase income levels. A more significant labor force engaged in productive activities can contribute to GDP growth by increasing overall economic output.

FDI companies often bring advanced technologies, management practices, and knowledge to the host country. The presence of multinational corporations can facilitate the transfer of skills and expertise to the local labor force, enhancing their productivity and human capital. This, in turn, can lead to increased output and economic growth. FDI companies may introduce new technologies and production techniques that can spill over to other sectors of the economy. This can improve productivity and efficiency, benefiting FDI and domestic firms. As the overall productivity of the labor force increases, it can contribute to higher GDP growth.

5.3 Natural Resources Contribution to Poverty Alleviation in Tanzania

Results showed that Natural Resources Contribution was positive statistically and significant. These results showed that Natural Resources had a positive, important contribution to poverty reduction. The positive contribution of Natural Resources to Poverty Reduction revealed that as the Natural Resources Contribution increases, Poverty Reduction also increases. These findings imply that companies involved in extracting, processing, and trading natural resources contribute to economic growth, which is fundamental to poverty reduction.

The results support the idea that, the exploitation of natural resources creates job opportunities, both directly and indirectly, in sectors such as mining, agriculture, forestry, and energy. This helps to reduce unemployment rates, increase household incomes, and stimulate local economies. By fostering economic growth, companies contribute to poverty alleviation through improved livelihoods and access to basic amenities.

According to Venables (2016) the authors, the extraction and utilization of natural resources often require substantial investments in infrastructure development. Companies involved in mining, oil and gas, and renewable energy projects, for instance, build roads, bridges, power plants, and water supply systems. These infrastructural developments have a multiplier effect on poverty alleviation. They improve transportation networks, enhance access to markets, and promote trade, enabling economic activities, creating employment opportunities, and reducing poverty rates in surrounding communities.

The study's findings align with Boga (2019), who showed that natural resources were a determinant of FDI inflow in sub-Saharan Africa in the long term. The region is rich in natural resources, such as oil in Nigeria and Angola, minerals in South Africa and the Democratic Republic of the Congo, and agricultural land in many countries. These resources create opportunities for investment in sectors like mining, energy, and agriculture. Sub-Saharan Africa's natural resources are often exported to other countries, providing valuable export opportunities. This export-oriented approach attracts FDI from companies interested in securing access to these resources and establishing supply chains to export them. Natural resources offer significant economic potential for both domestic and foreign investors. Exploiting these resources can lead to substantial profits, mainly when high commodity prices, attract FDI into the region.

Also, study's findings align with Shobande (2022), who found a correlation between natural resources and increased GDP, hence poverty alleviation in Nigeria. Natural resources encompass many assets, including minerals, oil, gas, forests, arable land,

water, and renewable energy sources. These resources serve as inputs for various sectors, such as agriculture, mining, energy, manufacturing, and tourism, driving economic growth. Nations with abundant natural resources often have the potential to harness these assets to fuel their economies.

According to Khan et al. (2020), natural resource extraction, processing, and utilization generate economic activities that contribute to GDP growth. Resource-rich countries can leverage their resources to boost critical sectors, increase export revenues, attract foreign direct investment (FDI), and create employment opportunities. For instance, oil-rich nations like Saudi Arabia and Norway have experienced significant GDP growth due to their strategic management of oil resources.

Further, extracting and selling natural resources can generate substantial revenue for governments. When managed effectively, these revenues can be channeled towards public investments in infrastructure, education, healthcare, and social welfare programs. Governments can enhance human development indicators by prioritizing poverty-alleviation initiatives and providing essential services to disadvantaged communities.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

This chapter presents the conclusion; and recommendations based on study's findings.

6.1 Conclusion

The study examined the technological contribution to poverty alleviation in Tanzania. The study concluded that technology had a significant positive contribution to poverty alleviation. FDI involves the transfer of capital, technology, and skills from developed to developing countries. Multinational corporations often possess advanced technologies and expertise that can be shared with host countries. This technology transfer can significantly enhance the productivity and efficiency of local industries, leading to increased employment opportunities and higher wages for the workforce. As a result, poverty-stricken individuals and households can benefit from improved living standards and increased incomes.

Further, the study examined the contribution of labor surplus to poverty alleviation in Tanzania. The study concludes that Labor Surplus had a positive contribution Poverty Alleviation. FDI involves the investment of capital, knowledge, and technology by multinational corporations into foreign countries. One of the critical effects of FDI is its impact on labor markets. FDI inflows often lead to increased job opportunities, higher wages, and improved working conditions. This is primarily because foreign companies bring advanced technology, management expertise, and

access to global markets, creating a labor demand. As a result, FDI can help absorb excess labor supply, reduce unemployment rates, and tackle labor surplus issues in host countries. Also, FDI inflows generate employment opportunities for the local population, especially in labor-intensive sectors such as manufacturing and services. This may lead to increased incomes and reduced dependence on subsistence agriculture or informal employment, typically; associated with high poverty rates.

Furthermore, the study explored the contribution of natural resource to poverty alleviation in Tanzania and concluded that natural resources positively contributed to poverty alleviation. Natural resources companies typically generate substantial revenue for the host country through taxes, royalties, and other fiscal mechanisms. These financial inflows can contribute to government budgets and public expenditures, including investments in healthcare, education, and social welfare programs. When properly managed, these revenues can be channeled towards poverty reduction initiatives, improving social services, and reducing income inequality.

6.2 Recommendations

Based on the results of the study, the study recommends the following;

First, the Government of Tanzania, and policy-makers should actively encourage technology transfer through FDI. This can be done by incentivizing technology-intensive industries, fostering collaborations between local and foreign firms, and establishing technology parks or special economic zones.

Second, FDI technology should be harnessed to promote inclusive growth and reduce inequalities. Governments should implement policies that ensure the benefits of technological advancements are shared across different social groups, including marginalized communities, women, and rural populations.

Third, the Government should create a favorable business environment that attracts FDI and encourages companies to invest in labor-intensive industries. This can be achieved by implementing business-friendly policies, reducing bureaucratic barriers, ensuring regulatory transparency, and providing incentives such as tax breaks or subsidies.

Also, labor market flexibility is crucial for attracting FDI and absorbing surplus labor. Governments should implement labor market reforms that balance protecting workers' rights and creating a flexible environment that encourages investment and job creation. This may include improving labor laws, streamlining employment regulations, and facilitating labor mobility.

Fourth, the Government should develop a comprehensive strategy for managing natural resources effectively and sustainably. This includes establishing clear policies, regulations, and guidelines for resource extraction, environmental protection, and revenue sharing. The strategy should maximize the benefits of FDI in natural resources for poverty alleviation while minimizing environmental degradation and social impacts.

6.3 Recommendations for Further Researches

Other studies should analyze the sectoral distribution of FDI in Tanzania and its implications for poverty alleviation. They should assess which sectors attract the most FDI inflows and examine their impact on employment generation, income distribution, and poverty reduction. They should compare the performance of different sectors to identify the sectors with the highest potential for poverty reduction through FDI.

REFERENCE

- Aguilar, M. Y, (2018). Spatial Effects of Foreign Direct Investment (FDI) on Poverty Reduction in Colombia: A Mixed Methods Approach. [Master's Theses, Western Michigan University].
https://scholarworks.wmich.edu/masters_theses/3434
- BOT, NBS, CGS & TIC (2018). Tanzania Investment Report. Report on the Study of Foreign Private Investment in Tanzania, Foreign Private Investments (FPI).
- Buckley, P. J. & Cason, M. C. (1998). Analyzing foreign market entry strategies: Extending the internalization approach. *Journal of International Business Studies*, 29(3), 539-561.
- Buckley, P. J. & Casson, M. C. (2009). The internalization theory of the multinational enterprise: A review of the progress of a research agenda after 30 years. *Journal of International Business Studies*.
- Do, Quaynh. A. et. al (2021). Spatial impact of foreign direct investment on poverty reduction in Vietnam. *Journal of risk and financial management* 14292
- Dunning, J. & Narula, R. (2002). The investment development path revisited. In J. Dunning (Ed.), *Theories and paradigms of international business activity. The selected essays of John H. Dunning*, 1, 138-172.
- Ganic, M. (2019) Does Foreign Direct Investment (FDI) Contribute to Poverty Reduction? Empirical Evidence from Central European and Western Balkan Countries. *Scientific Annals of Economics and Business*, 66(1), pp.15-27.
- Gohou G., & Soumare I. 2012. "Does Foreign Direct Investment Reduce Poverty in Africa and Are There Regional Differences." *World Development* 40(1):75–95.

- Kallon, (2020)foreign direct investiment and poverty in ECOWAS region : [thesis ,Manchestermetroplitan university]. department of economics and international business
- Kaulihowa, T. and Adjasi, C. (2017) FDI and welfare dynamics in Africa , *Thunderbird International Business review*,60(3), pp.313-328.
- Klein, M., Aaron, C. and Hadjimichael, B. (2001) Foreign direct investment and poverty reduction.Policy Research Working Paper 2613WashingtonDC. The World Bank.
- Kothari, C. R. (2004). *Research Methodology: Methods and Technique*, 2nd Edition, New Delhi: New age international (p) limited publisher.
- Magombeyi, M.T. and Odhiambo, N.M. (2018) FDI inflows and poverty reduction in Botswana: an empirical investigation. *Cogent Economics & Finance*, 6(1), p.1480302.
- Mfinanga, R. (2018) Determinants of foreign direct investment inflow in Tanzania :*Global journal of human social science economics Vol.18*
- Mirza.H, and Giroud. (2003):*Regionalisation , foreign direct investment and poverty reduction. The Case of ASEAN*.Bradford: Bradford University
- Musakwa .M.T, and Odhiambo N.M (2020) Foregn direct investment and poverty reduction nexus in Tanzania .*Journal of applied social science*.14, 223-236.
- Musakwa, M. T. and N. M. Odhiambo. 2019. "FDI and Poverty Reduction in Botswana: A Multivariate Causality Test." *Economics and Sociology* 12(3):54–66.
- Nagou, M. (2017) Foreign Capital and Poverty Reduction in West Africa. *Journal of Economics, Management and Trade*, pp.1-18.

- Nayak, D. and Choudhury, R.N. (2014) A selective review of foreign direct investment theories (No. 143). Artnet Working Paper Series.
- Nguea .S.M, et.al (2020) Does Foreign direct investment contribute to povertyreduction?, an ARDL –bounds testing approach <https://halshs.archives-ouvertes.fr/halshs/02570072>
- Nguyen ,H.C(2020) Impact of foreign direct investment on economic growth in Vietnam, *journal of advance in management and applied economics*, SCIENPRESS,VOL,10(2)
- Ogunniyi, M.B. and Igberi, C.O. (2014) The impact of foreign direct investment on poverty reduction in Nigeria. *Journal of Economics and Sustainable Development*, 5(14), pp.73-89
- Popovic et al , (2020) Trade openness, institution,and economic growth of western Balkan countries, *Montegren journal of economics* , 16,173-184.
- Saunders, M., Lewis, P. & Thornhil, A. (2000). *Research Methods for Business Students*, London: Pitman Publishing.
- Saunders, M.N.K., Lewis, P. & Thornhill, A. (2019) *Research methods for business students*, Eighth edn, Pearson, Boston.
- Shabonde (2022). Does FDI promote the resource curse in Nigeria ?, *Journal of risk and financial management*
- Tanzania Investment Centre, (2012). Report of Foreign Private Investment and Investor, Dar es Salaam, TIC.of development. New York: United Nations.
- Tocar. S, (2018), Determinants of foreign direct investment : *Journal of review of economics and Business studies* ,VOL11,pp 165-196.
- UNCTAD, (2004). World investment report 2004: The shift towards services. New York: United Nations.

- Uswege, A. (2014). The impact of Foreign Direct Investment on economic growth in Tanzania 1975-2013. Unpublished masters dissertation, The Open University of Tanzania, Dar es Salaam, Tanzania.
- WakyerezaR.S,(2017). The Impact of Foreign Direct Investment on Economic Growth,Employment and Poverty Reduction in Uganda , [Thesis Victoria university] college of Business, Finance anf Financial Service Displine, Melbourne Australia.
- Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO
- World Bank (2018). Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle.
- Zangetal,(2020) Natural resource and foreign direct investment: Evidence from Chinnesse firm :*A journal of multidisplinary Digital Publishing Institute (MDPI)*

APPENDICES**APPENDIX I: Questionnaire**

All questions are related to FDI contributions on Poverty alleviation in Tanzania

Dear Participant,

This questionnaire is intended to serve the purpose of collecting data for the dissertation. The main aim of this study is to examine the contributions of foreign direct investment in poverty alleviation in Tanzania

As an important stakeholder (manager, supervisor, technician, operator), I wish to invite you to participate in this research by completing this questionnaire, which is quite easy to fill and less time-consuming.

Would you like to participate in this research?

Yes

No

Questionnaire No.

PART ONE: GENERAL BACKGROUND INFORMATION

Gender: a. Male b. Female

Age: a) 18 to 29 b) 30-39c) 40 – 49 d)50 and above

1) What type of job you perform at the foreign company?

a) Skilled (professionals, technicians and associate professionals, managers, supervisors)

b) Unskilled (common work such as operator, caretaker, charger, assistant, etc.)

c) Other (please specify): _____

2) For how long have you worked in this company?

a) Less than 1-year b) 1-5 years c) 6-10 years d) More than 10 years

Education Level: a) Diploma b) Bachelor Degree c) Master Degree d) PhD e). Others

Please indicate the extent to which you agree or disagree with the following statements by applying a tick (✓) using the following guidelines:

1 – Strongly Disagree 2 – Disagree 3 – Neither Agree nor Disagree 4 – Agree 5 – Strongly Agree

**PART TWO: CONTRIBUTIONS OF FOREIGN DIRECT INVESTMENT ON
POVERTY ALLEVIATION IN TANZANIA: CASE STUDY OF MTWARA
DISTRICT**

SECTION A. FDI's technology and poverty alleviation

NO	STATEMENT	1	2	3	4	5
1	FDI's technology spillover and diffusion has increased knowledge among individuals in Tanzania					
2	FDI's technology contributes to the increase of GDP in Tanzania					
3	FDI's technology has a positive significance on household consumption					
4	FDI's technology has contributed to the increase in individual income					

SECTION B: FDI, Labor surplus, and poverty alleviation

NO	STATEMENTS	1	2	3	4	5
1	The employment of labor by FDI company increase the income of employee					
2	Labor force working in FDI's company increases the GDP of the Tanzania government					
3	FDI's company training and diffusion of ideas bring usable knowledge to employee					
4	FDI's company contributes to employees' household spending					

SECTION C: FDI, Natural Resources and Poverty Alleviation

NO	STATEMENTS	1	2	3	4	5
1	FDI through natural resources increases government revenue					
2	FDI inflow in the natural resource sector creates more income opportunities among individuals in Tanzania					

3	FDI companies in the natural resource sector improve the health, and education sector in Tanzania					
4	FDI inflow in natural resource create more employment opportunity					

SECTION D: Status of Poverty Alleviation in the Community

NO	STATEMENTS	1	2	3	4	5
1	Company's FDI has contributed to improvements in access to basic healthcare services in the communities					
2	Company's FDI has led to an increase in job opportunities in the communities					
3	Company's FDI has helped in the development of infrastructure and basic amenities					
4	Company's FDI has positively influenced the standard of living of impoverished households					