Towards improving investment promotion strategies of Zimbabwean local authorities: A case study of the city of Victoria falls

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Abstract

This study was located within an interpretive paradigm and it adopted a mixed method approach which utilized both quantitative and qualitative approaches. In the study, the researchers examined the effectiveness of investment promotion strategies of local authorities in Zimbabwe using the City of Victoria Falls (CVF) as case study. The study focused on all investors who have invested in Victoria Falls and potential investors as per 2021 Victoria Falls Business Forum register. These added up to 150 from which a sample of thirty-five (35) individuals was selected using stratified random sampling. The study also included a sample from the municipality senior managers and councillors referred to in the study as CVF executives as respondents. The non-probability sampling technique of purposive sampling was applied to select twenty (20) respondents from CVF managers and councillors. The main instruments used to collect data was a quantitative questionnaire supplemented by a qualitative interview guide. Data collected was analyzed using interpretive skills and descriptive statistics. The study found that the absence of a municipality specific Investment Promotion Agency (IPA) was one of the major factors affecting investment promotion activities of CVF. It also emerged that the investment policies, procedures, bylaws and regulation of CVF were not supportive to investment promotion. In the end the study recommended that due to existences of unique niche opportunities in local authorities these should consider establishing local authority specific IPAs instead of relying on the national IPA the Zimbabwe Investment and Development Agency (ZIDA).

Keywords: local authority, investment, investment promotion, investor, foreign direct investment

1. Introduction

Local authorities since their inception in Zimbabwe in the 1890s have been and are still involved in the process of community development which ultimately translates to national development. The idea and practice of localizing government is a universal and age-old phenomenon. The philosophy of localizing governance in modern day settings as most scholars argue is anchored on the need to bring government closer to the communities (Ola, 2007) [28]. Service delivery to local communities is the crux of localizing governance. Any local authority may be deemed effective as long as it is able to deliver services to its ratepayers (Makinde, Hassan and Olaiya 2016) [20].

Thus local authorities contribute to the national development of a country by providing stable local governance, clear policy direction, and delivery of the needed local infrastructure, support services and investment promotion activities. Also included in these activities is the facilitation of economic research and striving to reduce the administrative burden of doing business in their areas of jurisdiction. They also have the responsibility for delivery of a wide range of services in their local areas with the ultimate aim of making local areas, villages, districts, towns and cities attractive places to live, work and invest in.

Local authorities as constituted today world over are critical agents and players in supporting and promoting local economic and enterprise development. Klink (2001) [16] appropriately recognizes that there is a growing appreciation of the role of local authorities as articulators, enablers and actors within a multi-stakeholders environment. Consequently the past two or so decades, has seen local authorities the world over being actively involved in promoting their local areas to attract scarce new private capital and associated ground breaking technology.

The challenges faced by most local authorities all over the world are sustaining their local economies in order to uplift their communities, to protect their environments, to eradicate poverty and provide local social safety and security. Thus most modern local authorities are now actively involved in promoting their localities to attract scarce new private capital and associated new technologies. Klink (2001) [16] correctly observes that local authorities have transformed themselves from being mere implementing agents into promoters and enablers of sustainable local investment and development.

The investment promotion policies and strategies followed by local authorities are considered critical and complementary to national economic growth and developmental goals. Today there is a general and greater realization that the intervention by a local government, and its local community and local private sector partners can assist in creating an environment conducive to investment, and provide seed funding. Local governments play a variety of roles to meet up with the challenges of both local and national developmental objectives which critical include investment promotion among others. The implementation of local economic development initiatives by local authorities is not optional, voluntary or unconditional. It is not through their choices, or by favour intended to benefit their local communities that they have to promote local economic development and investment attraction and promotion, but it is in terms of legislative obligation with which they need to comply with (Jonga, 2014) [15].

Abugu (2014) [3] argues elegantly and persuasively that local authorities belong to a third tier of government with adequate statutory power designed to transmit the pulse and activities of other arms of government to the people at grassroots and at the same time transmit the quest and aspirations of local people to the other arms of government. The transmission of this pulse also include investment attraction and promotion to their local areas. In this regard the role of local governments is to transform and/or economically develop their local areas which also have a clear positive impact at national level.

Local governments are the closest and locally accountable and accessible public institutions. The specific mandate of local authorities is to represent local interests and deliver local relevant services to meet local people expectations, welfare and needs and facilitating local economic development. Meeting local people expectations, welfare needs and facilitating locally directed economic development are essential mandates of local governments which are critical important to national development. It is against this background that it is correctly observed that the major mandate of local authorities is to ensure that appropriately and relevant services are delivered to communities in their local spaces.

Local governments using enabling legislations and other laws are mandated to meet up with the challenges of both local community and national development which include among many other activities promoting and attracting investment to their areas of administration in the process accelerating greater economic growth and development. According to Ozour (2002) the *raison detre* for establishing local authorities' world over is to bring the pulse and activities of government closer to the people.

The mandates of local authorities in promoting local investment, local economic growth, local job creation and alleviation of poverty has been aptly expressed in an array of policy frameworks in many jurisprudences. Thus it can be argued that local authorities are clearly positioned as uncontested local and national developmental promoters and enablers both in form, shape and content. The system of local government currently (2023) obtaining in Zimbabwe is defined by the national constitution at chapter 14 as read with both the Urban Councils Act (Chapter 29:13) and Rural District Councils Act (Chapter 29:15).

Operations of the urban local authorities are guided by the Urban Councils Act (Chapter 29:13) while operations of rural local authorities is directed by the Rural District Councils Act. The Urban Councils Act (Chapter29:13) and Rural District Councils Act (Chapter 29:15 are currently (2022) under the administration of the Ministry of Local Government, Public Works and National Housing. The allocation of the administration of various Acts of Parliament in the country is the prerogative of the Executive as headed by the President which makes it a political directed process. Jonga (2014) [15] observes that Zimbabwe was a British colony and its local government systems naturally reflect the English colonial legacy.

The aim of this paper was to examine the effectiveness of investment promotion strategies of local authorities with this interpretive study located at the City of Victoria Falls (CVF). The study is divided into four main parts. Drawing from literature the first section unpacks the concept of investment promotion. The second section focuses on the theoretical frameworks. The third part gives an overview of the study methodology while the fourth part presents the results and discussions.

2. Research Questions

This interpretive study whose main objective was to explore the effectiveness of investment promotion strategies of local authorities with specific reference to the City of Victoria Falls and had the following research questions:

1. What are the factors that affect the investment promotion strategies of the City of Victoria Falls?
2. How attractive are investment incentives offered by the City of Victoria Falls?
3. Are there specific factors which make the City of Victoria Falls a good investment destination?
4. Are there identifiable investment incentives offered by the city in attracting investment?
5. Is there a relationship between those promotional practices of the City of Victoria Falls and those offered at national level?

3. Theoretical Framework

3.1 Definition of investment and investment promotion

Sullivan and Sliffrin (2003 [36] identify investment as a process which entails all commitments of financial and or capital assets by a party in order to gain profitable returns in the form of interest, income, or appreciation of value of the instrument. Viewed differently it will appear an investor commits assets and thus is expecting returns on assets committed. In short an investor is carefully before committing his or her assets in a project. This means due diligence and analysis is done before committing these assets to ensure that possibilities of losses are minimized or completely avoided. This means that the investor carefully chooses where his or her assets could be committed. A closer analysis and examination of this definition shows that an investor could either be domestic or foreign based as the definition does not specify the domicile of whoever is committing his or her assets.

On the other hand Wells and Wint (2000) [37] define investment promotion as activities through which domestic governments aim to attract foreign direct investment (FDI) inflows. In their well-reasoned definition Wells and Wint (2000) [37] underscore that these investment promotion activities include in the main advertising, investment seminars and missions, participation in trade shows and exhibitions, distribution of literature, one on one direct marketing efforts, facilitating visits to prospective investors, matching prospective investors with local partners, helping them with obtaining permits and approvals, preparing project proposals, conducting feasibility studies and servicing investments whose projects have already become operational. There is no doubt that this definition aptly captures most activities associated with investment promotion but expressly excludes granting investment incentives to **investors**, screening potential investment projects and negotiations with investors, even though some investment promotion agencies (IPAs) may also be engaged in such activities.

On the other hand Kuni (2008) [19] identify investment promotion as sourcing, promoting, communicating with, and attracting potential investors in an attempt to influencing them towards investing in your location, and to facilitate and maintain new and existing investors' relations to influence the establishment of new investment and the retention and expansion of existing business. This definition by Kuni (2008) [19] is very broad as it captures a number of activities undertaken in investment promotion some of which could not have been well articulated in the earlier examined definition by Wells and Wint (2000) [37].

Viewed from another angle, Kuni's (2008)'s definition of investment promotion attempts to capture granting incentives, screening potential investors' projects and negotiating with foreign investors. These are critical activities which are not clearly captured in the definition by Wells and Wint (2000) [37]. It is important to note that these definitions in their perceived differences are not necessarily opposing each other but are in fact complementing each other.

A closer analysis and examination of the two approaches to defining investment promotion reveal that there is somebody somewhere who is willing to commit his or her assets for a return but does not have adequate information on where this could be done profitably and safely. Thus the holder of these assets needs to be influenced in order to choose the right and safe locality to commit his or her assets for profitable returns. To again the attention of this asset holder in a particular locality or country there has to exist a statutory authority, body or department to provide the investor with this critical information.

On the same subject Harding and Javorcik (2009) define investment promotion as an effort on the part of governments (local, provincial, state or national) to eliminate the problems associated with the lack of information. Clearly to a discerning eye these definitions/approaches to investment promotion are not different but do complement each other. It would appear to the researchers that all the above approaches to investment promotion are not limited to new investments but also include encouraging those who have already invested to expand their existing businesses. In addition these definitions/approaches maintain the concept of commitment of assets by the investing party. Last but not least they also capture the concept that investment promotion is not always about or directed at foreign direct investment but equally to domestic investors.

The Organisation for Economic Cooperation and Development (2010) agree with Kuni (2008) [19] and Harding and Javorcik (2009) as it identifies investment promotion as an effective process that highlights local investment opportunities and promoting a positive image of the locality as the best place to invest. All the above definitions/approaches to investment promotion depict investment promotion as being utilized to attract new investment to a local space or national as well as retaining existing ones.

3.2 Investment promotion agencies

Successful investment promotion by both central and local governments is usual conducted through a specially established vehicle or statutory authority referred to as an investment promotion agency (IPA) which leads and facilitates inward investment. The role of an IPA is promoting a country or local authority's positive image, providing objective information about the country or local authority's economic capabilities.

Scott (2001) [35] appropriately observes that almost every country has set up a dedicated statutory investment promotion agency (IPA) to promote and facilitate inward investment into a country. A view supported by Whyte and Griffins (2014) who correctly observe that the rise in FDI flow and liberalization of the world economy more than three decades ago led to the establishment of organizations called investment promotion agencies which are directly responsible for investment promotion. IPAs are defined by Scott (2001) [35] as public sector bodies created by legislation involved with investment promotion and facilitation.

In emphasizing the importance of the creation of local authority specific IPAs Abromavicious (2015) contends that the city or local authority specific IPA knows and understands better the available unique competitive advantages found in that city or local authority area than a national IPA. This approach to investment promotion recognizes that there are likely to be niche opportunities in a specific local authority or municipality for inward investment in each sector, which are outside the core focus of a national IPA. In these circumstances a municipality, city or local town specific IPA is in a better position to promote these opportunities to inward investors.

Morriset and Andrews (2004) correctly recognise that investment promotion agencies play a role of promoting a city or country's positive image, providing objective information about its economic capabilities as well as analytical, legal and organizational support to potential investors. Thus IPAs' activities should be mainly directed into investors' support and investment generation. In short IPAs are directly and solely responsible for the realization of the aforementioned competences and activities.

3.3 History of investment promotion in Zimbabwe and Victoria Falls

Zimbabwe has a long history of promoting foreign direct investment which can be traced to years before the country gained independence from Britain in 1980. Thus UNCTAD (1999) correctly observes that between 1970 and 1996 FDI had contributed to Zimbabwe's capital formation and job creation, which impacted positively on the national economy. According to the African Development Bank Group (2011) prior to 1990, Zimbabwe experienced periods of strong and weak economic, performance. Real growth rates averaged nearly 4.5% per annum over the period 1960-1980, reflecting deliberate policies that promoted large scale investment in domestic manufacturing and agriculture.

These policies in the main were necessitated by a need to achieve self-sufficiency in consumer goods, following many years of international sanctions imposed against Unilateral Declaration of Independence (UDI) by the then white only led government. After independence in 1980, Zimbabwe's performance on the investment front has been mixed reflecting policy lapses, policy inconsistencies and adverse weather conditions which impacted heavily on agriculture output. On the other hand FDI over the years has also produced negative impacts in the economy as some domestic companies operating in same industries have found that their opportunities and ability to compete have diminished, with the overall effect of being crowded out of the market (African Development Bank Group 2011).

The researchers are alive to the fact that prior to 1989, there was no national IPA in Zimbabwe as, the Zimbabwe Investment Centre (ZIC) was only established to act as a clearing house for FDI in the year 1989. The setting up of ZIC marked a turning point in the push to promote Zimbabwe as good and secure destination for investment. The establishment of ZIC meant that all investment proposals with a foreign shareholding are submitted to ZIC for approval and registration (African Development Bank Group 2011).

The history of investment promotion in Zimbabwe can best be summarized in four (4) broad episodes which is an approach adopted by the African Development Bank Group (2011).According to the African Development Bank Group (2011) episode I covered the years from 1960-1970. During this period gross domestic product (GDP) increased at an average of 4.5 percent per annum reflecting interventionist and protectionist policies designed to propel the manufacturing sector. The main objective of these policies was to promote domestic manufacturing and self-sufficiency in consumer goods, while investment increased significantly as reflected in the steady growth in gross capital formation throughout this period.

Episode 2 is identified by the African Development Bank Group (2011) as the years from 1970-79 during which period growth slowed reflecting the war of independence and economic sanctions against the UDI government of Rhodesia during this period. The years were dominated by very low investment. The African Development Bank describe episode 3 as the period from 1980-1990. During this period independence brought resurgence in economic activity with the GDP growth averaging 5.5%. Independence and removal of international sanctions brought with it renewed foreign direct investment interests in the country.

Episode 4 is popularly referred to as the lost decade it covers the years 2000-2008. This period was marked by a broad based decline in economic activity and FDI. The decline can be attributed on the main to a combination of various factors, including economic mismanagement, poor governance largely arising from weaknesses in the rule of law as a result of the government's fast-tracked land reform program, capital flight and low investment (African Development Bank Group 2011)

3.4 Importance of investment promotion to a city/country

In general the pursuit for FDI by central governments, and their local governments is informed by the accepted reality that FDI can contribute to faster economic growth. Evidence from available investment promotion literature shows that FDI in many countries is credited to have contributed to fast economic growth by bringing in additional capital, creating jobs, and transferring new technologies and know-how across international borders. Wells and Wint (2000) appropriately observe that recent empirical evidence also suggests that FDI may lead to positive productivity spillovers to local firms, particularly in the supply industries. A position which is also acknowledged and supported by Gono (2009) and Harding and Javorick (2009).

Gono (2009) appropriately states that good performance of any given economy heavily depends upon direct foreign investment in the various sectors of that economy. On the same vein Harding and Javorcik (2009) argue elegantly and persuasively that countries and local authorities around the globe compete fiercely to attract foreign direct investment. These observations and averments as articulated by the above mentioned authorities are primarily true and relevant in developing countries, such as Zimbabwe, where investment opportunities are mainly found in primary industries, particularly in the extractive industry in particular mining and agriculture.

According to Wells and Wint (2000) research also shows that, in some industries, especially the manufacturing sector one (1) FDI job creates three (3) indirect jobs in the host country economy. World Bank studies also show that; 10% increase in an investment promotion budget leads to 2.5% increase in FDI. According to the World Bank studies the net present value of proactive investment promotion is almost US$4 for every US$1 expended (Harding and Javorcik 2009). As a result FDI can make a strong impactful contribution to a host country's economy. Loewendah (2001) argues elegantly and persuasively that research has shown that a dollar spent on investment promotion leads to 189 dollars of FDI inflows. Put in other words, bringing a dollar of FDI inflows costs half a cent in investment promotion expenditures.

Beyond its benefits and economic gains experienced by the host countries as a source of external finance or in terms of direct employment generation, FDI is increasingly being recognised for its contribution to national and regional competitiveness (Cantwell and Piscitello 2000; Hausmann and Fernandez-Arias 2000; Narula and Zanfei 2004). The core emphasis being the contention that FDI enables domestic countries to better access foreign knowledge and markets, as well as to integrate more advantageously in the growing of their international divisions. In short FDI helps a domestic country to get new international markets for its products, in the process increasing its sources of foreign currency and market share.

Denisia (2010) correctly recognises that based on the conclusions reached after several empirical studies on the relationship between FDI and economic development the results are that the effect of FDI are complex. Denisia (2010) furthermore correctly argues that from a macro perspective, FDIs are regarded as generators of employment, high productivity, competitiveness and technology spillovers. In addition he elegantly and persuasively contends that FDI for least developed countries means high expansion, access to international currencies being an important source of financing thereby substituting bank loans. Borrowing from arguments put forward by Denisia (2010) it can be further observed that FDI promotes competitiveness of local firms and in addition local firms benefit from spillovers of supplying foreign customers. In this regard the researchers are convinced that the majority of authorities concur that FDI comes with many benefits to the host country.

According to Aaron (1999) FDI results in large employment generation and huge growth by providing additional capital to a host country. In other words FDI assists to create new employment opportunities resulting in higher economic growth in an area, local authority, city, state or country. Thus the researchers strongly believe it also has capacity to increase employment indirectly, through increased linkages with domestic companies which supply inputs to the investing firms.

FDI generally leads to the establishment of domestic companies that provide inputs to it thereby increasing demand for labour in the economy. In this regard Morrisset (2000) recognises that openness to FDI enhances international trade thereby contributing to the integration of the host country into the world economy. On the same subject Harrison (1996) observes that FDI raises the skills of local manpower thereby increasing their productivity level. In addition Harrison (1996) argues elegantly and persuasively that there exists empirical evidence suggesting that workers in foreign owned enterprises are more productive that those in domestic owned enterprises.

Onyeiwu and Shrestla (2004) contend that FDI gives developing countries direct and cheap access to new technologies and skills thereby, enhancing local technological capabilities and ability to compete on world markets. Borrowing from the above authorities it can be argued that foreign companies on the main contribute to significant investments in research and development. As in most cases they tend to have superior and latest technology if compared to domestic companies.

The direct contribution of FDI to the domestic city or country can be summed up as follows. FDI in most cases tend to lead to increased productivity, technology transfer, managerial skills transfer, knowledge, international production networks, reduced unemployment and access to markets in other countries. Above all FDI leads to increase tax revenues for the host city, province or country.

3.5 Legislative frameworks guiding investment promotion in Zimbabwe

Investment promotion and retention in Zimbabwe is guided by a number of legislative frameworks, statutes and regulations. These include the Zimbabwe Investment and Development Agency Act, Indigenization and Economic Empowerment Act, Special Economic Zones Act to mention but a few of them. The Zimbabwe Investment and Development Agency Act, (The ZIDA Act) is the major enabling legislation for foreign direct investment. According to the ZIDA Act a foreigner wishing to establish operations in Zimbabwe is advised to obtain an investment licence from the Agency. However, an investment licence is not a compulsory prerequisite for investment in terms of the Act. In respect of FDI the most important aspect is obtaining a seal of approval from ZIDA.

Obtaining a ZIDA licence critically assists the investor to get protection of the laws and statutes of Zimbabwe and also to ensure the investor enjoys appropriate incentives. The investment incentives in terms of the ZIDA Act can only be granted to licenced investors. The ZIDA Act clearly provides that for the purposes of income taxation, export and exchange controls and import tariff dispensation, it is highly recommended that any foreign investor obtain this approval and be in possession of a valid licence. Other critical legislations investor should be familiar with include Special Economic Zones Act, companies Act, Taxation Act, foreign exchange regulations and competition Act.

3.5.1. Protection of investments

Gono (2009) argues elegantly and persuasively that one of the major drivers of investment is sound and clear policy on property rights. Thus the respect of property rights attracts and promotes domestic private sector and direct foreign investment. Domestic private sector and direct foreign investment is the engine of economic growth in a host country. As a result both domestic and foreign investors find comfort in the international acclaimed property rights doctrine. In making investment decisions, investors seek confirmation that they would be rewarded for investing in a particular asset, and also want guarantee of security over their investment.

On the same subject, Matiza and Olabanji (2013) recognise that legal protection on investment is guaranteed in the constitution of Zimbabwe which expressly guarantees the right to property and prohibits expropriation of private property without adequate compensation. Granted the constitutional provisions may not be enough guarantee especially with the background of country’s experience with the land reform where land belonging to white commercial farmers was violently expropriated without adequate compensation. To reinforce constitutional protection of the right to property, Gono (2009), contends that the country is a signatory to various international treaties and conventions which are applicable and useful in ensuring protection of investments.

Zimbabwe is a signatory to the Multilateral Investment Guarantee Agreement (MIGA), the Overseas Private Investment Corporation (OPIC), International Convention of Settlement of Disputes (ICSID), the New York Convention on Enforcement of Foreign Arbitral Awards (CEFAA) and United Nations Convention of International Trade Law (UNCITRAL). All these treaties, agreements and conventions are applicable and are useful in ensuring protection of investments in the country (Gono 2009; The African Development Bank Group 2013-2015 and Manokore Attorneys 2015).

Mangoma (2009); Deloite and Touche (2013) and Grant Thornton (2014) in their defence of existence of adequate investment protection instruments and statutes in the country correctly recognise that Zimbabwe has entered into a number of enforceable Bilateral Investment Promotion Protection Agreements (BIPPAs). The country has ratified enforceable agreements with Denmark, China, South Africa, Netherlands, and Switzerland. All these BIPPAs contain critical and standard clauses which provide a legal grounds for affected investors to enforce property rights in Zimbabwean courts and other international forums.

3.6 Challenges faced by Zimbabwe in investment promotion

Globalization has brought with it an increase in challenges and competition for FDI among developing countries in the process exerting a lot of pressure to African countries to attract new investments and technology inflows and seeking global markets for their products. Attracting investment is a great challenge for Africa as the continent is also regarded as a high risk investment environment. Thus investors under normal circumstances are reluctant to make new investments in the continent. Bhattachrya, *et al* (1997) observes that Africa is regarded as a high risk investment area due to corruption, weak governance, high protectionism and high degree of barriers of trade. In support of Bhattachrya *et al* (1997), Matiza and Olabanji (2013) correctly observe that negative or weak nation images are a particular obstacle in investment promotion for most African nations.

Aaron (1999); Basu and Srinivasan (2002);Onyeiwu and Shrestla (2004) and Dupasquier and Osakwe (2005) contend that factors such as political, macro-economic instability, low growth, weak infrastructure, poor governance, inhospitable regulatory environments and ill-conceived investment promotion strategies are challenges responsible for poor or discouraging FDI to any country or region.

On the same subject Moss, Ramachandran and Shah (2004) appropriately argue that the reluctance especially by African leaders to fully embrace FDI as an essential driver of economic development as another huge challenge in investment promotion in the continent. It would appear this reluctance generally has its genesis from the usual unfounded fears by these leaders that FDI could lead to the loss of the political sovereignty, push domestic companies into bankruptcy due to increased competition. This unfounded fear is even more pronounced in situations where entry is predominantly in the natural resource sector which could accelerate the pace of environmental degradation.

In addition Onyeiwu and Shrestla (2004) correctly identify domestic investment policies especially with regard to profit repatriation as well as restricted entry into some sectors of the economy as barriers to FDI. There is no doubt in the researchers' minds that high protectionism and high degree of barriers to trade and foreign investment prevalent in many African countries are by nature constraints to boosting FDI in the continent. On the other hand Basu and Srinivan (2002) appropriately observe that low growth rates of real per capita output and small domestic markets also make it difficult for foreign companies to exploit economies of scale. Economic growth is a major determinant of FDI inflows to a locality or country.

On the other hand Basu and Srinivasan (2002) are of the view that the absence of adequate supporting infrastructure discourages investment. The critical infrastructure required for investment include telecommunications, transport, power supply and skilled labour as it is critical for ease of doing business. Moss *et al* (2004) also contend that in most cases the modern African leaders skepticism towards FDI is rooted in history, ideology and the politics of the post-independence period.

3.7 The role of towns and cities in investment promotion

Towns and cities (local authorities/governments) enjoy a range of powers and functions at their disposal. The powers and functions of Zimbabwean local authorities/governments are derived from the national constitution at chapter 14 as read with both the Urban Councils Act (Chapter 29:13) and Rural District councils Act (Chapter 29:15). In terms of to the Urban Councils Act (Chapter 29:13) urban local authorities have functions which are important for the promotion of economic development in their local areas; such functions include among others physical planning, urban infrastructure provision and investment attraction to make local boards, towns, municipalities and cities very attractive places to live, work and invest in.

Shah and Shah (2006) appropriately submit that local governments are handmaidens of higher governmental order and are there to push a locally focused and driven developmental agenda. It can't be doubted that the locally focused and driven developmental agenda of local authorities include essential promoting and attracting investment to their jurisdictional areas. Furthermore it cannot be doubted that the powers and functions of local governments must be executed in such a way that it results in maximum impact on social development of their spaces.

Similarly, Maserumule (2008) argues elegantly and persuasively that local government and the right of self-government is the cornerstone of any democracy. Put differently this means that local authorities are the closest and most accessible forms of government to the people in their local communities. Above all local governments have responsibilities of delivering a wide range of services including investment promotion and attraction to their areas of jurisdiction. Koma (2012) correctly contends that the top objective of local authorities in promoting and attracting investment in their local spaces is to make villages, growth points, towns and cities attractive places to live, work and invest in.

Shah and Shah (2006) state that local authorities have responsibilities as constitutional empowered facilitators of local development that create public value. According to the enabling statutes Zimbabwean local authorities have a wide range of powers and functions at their disposal. Local authorities and municipalities support on the ground is critical to the success of many initiatives which drive development of local communities. Some of these initiatives include among others attracting and promoting investment.

Zhou and Chilunjika (2013) strongly argue that a vibrant local authority system constitutes the bedrock for sound public administration and promotion of bottom up socio-economic development. As a result it should also be noted that for almost all local authorities attracting domestic investment can be equally if not more important than attracting foreign direct investment. However, the principles, tenets and techniques of attracting foreign investment can be applied in attracting domestic investment as well.

In agreement with other authorities, Humilde and Bitonio (2014) appropriately observe that a local authority can contribute to economic growth by providing stable governance, clear policy direction and delivery of infrastructure, support services, investment promotion, facilitation, economic research and striving to reduce the administrative burden of doing business. On the other hand

Zhou and Chilunjika (2013) contend that a vibrant local authority system constitutes the bedrock for sound public administration and promotion of bottom-up socio-economic development.

3.8 Investment status of the City of Victoria Falls

It is argued that as an investment destination and a special economic zone designated city, Victoria Falls is strategically located as a border town which is a major gateway to the rest of Africa. As an added competitive advantage, the city is joined to both to the North and to the South of Africa by road and rail and boost a modern airport making the city accessible by air as well. It forms a development focus beyond Zimbabwe and SADC region as it lies within the North South Corridor. Covering a total area of 19 square kilometers is the most populous urban settlement in Matebeland North with a population of 40000 according to the 2022 population census. Due to its strategic location within SADC, COMESA and Africa the CVF in particular has become a preferred international conference destination (Deloite and Touche 2013).

The city is an integral part of Zimbabwe's national tourism attraction strategy enabling those investors who invest in the tourism sector to enjoy incentives which the government has put in place which include tax holidays, duty rebates, concessionary levy fees and lease fees. Victoria Falls has eleven (11) hotels and 38 lodges boosting over 1751 hotel rooms and 3287 beds (ZTA 2021). The City's administration is headed by a highly qualified and experienced Town Clerk as its Chief Executive Officer and led politically by equal a qualified and capable Mayor who is the Political Head of the city. The local authority is driven by a clear and sound commitment to make the city a vibrant world class tourism centre, in order to enhance the quality of life of all people living and visiting the city (CVF Strategic Plan 2017-2023).

To ensure sustainable growth the city has a clear strictly applied objective aimed at investment promotion and retention. CVF contribute to the country's economic growth as of those local authorities which provide stable local governance, clear policy direction, and delivery of good infrastructure, good support services, world class investment promotion, facilitation, retention, economic research and striving to reduce the administrative burden of doing business. Encouraging investment is one of the key features of the city. The investment promotion of the city has in recent years been boosted by the action of the national government to declare the city a special economic zone area (CVF Strategic Plan 20172023).

Opportunities exist in the city of Victoria Falls especial in the tourism sector, with opportunities presenting themselves through partnerships, joint ventures in both brow green field's projects.

4. Research Design and Methodology

This study was located within an interpretive paradigm and it adopted a mixed method approach which utilizes both quantitative and qualitative approaches. This mixed method approach was influenced by the primary objective of the study which was to examined the effectiveness of investment promotion strategies of local authorities in Zimbabwe. This research was basically a case study located within the City of Victoria Falls.

To better understand issues under study a qualitative inquiry was also conducted for both investors and city executives. Qualitative research methods are used to better understand any phenomenon about which little is known yet because they use a naturalistic approach that seeks to understand phenomena in context-specific settings such as the real-world (Patton 2001; Cresswell 2007; Cresswell 2009 and Silverman 2014). The qualitative research design allows for an intensive investigation and deeper understanding that leads to rich interpretations (Pereira, 2012).

The researchers chose to use the mixed method approach as they felt it was the best methodology given the extent of the requirements of the research topic. The primary instrument used to collect data was the self-administered questionnaire, which was supplemented by the structured and unstructured interview guides. The self-administered questionnaire was used to generate primarily quantitative data as it contained closed ended questions only. While both the structured and unstructured interview guides were used to generate exclusively qualitative data as they contained open ended questions. On the qualitative part of the study, the interview technique formed an integral part of the investigation. The researcher's involvement and immersion into the sample discussion and recording information was a crucial activity. For the qualitative study which yielded first hard information. The structured and unstructured interviews were conducted face to face. All interviews were audio recorded.

4.1 Sampling techniques

Adopting both qualitative and quantitative approaches to generate answers to the primary objective, the study used a sample of twenty (20) investors from a population of one hundred and fifty (150) investors as per Victoria Fall Business Forum 2021 register. The sample was selected using stratified random sampling. Stratified random sampling was preferred as investors belonged to different industrial sectors thus were considered to be heterogeneous. They differed according to the type of industry they had invested in and the period they had been in operation in the city.

The non-probability sampling technique of purposive sampling was applied for picking up twenty (20) respondents from CVF senior managers and councilors. CVF senior managers and councilors are referred to in this study as city executives' Purposive sampling was used so that a balanced could be attained ensuring that policy makers (councillors) city managers and females were fairly represented in the sample. Sampling procedures for qualitative research are not rigidly prescribed (Silverman, 2014) as in quantitative studies, thus purposive sampling strategies were used to identify participant for the qualitative part of this study. The non-probability sampling technique of purposive sampling was applied to select respondents for the qualitative enquiry for both investors and city executives. As Patton (2001) shows, purposive samples seeks information-rich cases which can be studied in-depth.

4.2 Data analysis and interpretation procedures

The presentation and analysis of data was unquestionably a complex process especially presentation and analysis of qualitative data. The qualitative analysis of data was based on the interview questions that were responded to by participants from the two groups of participants (investors and city executives). Interview data were transcribed and key themes from each transcript were captured through intensive reading of each transcript which is consistent with the grounded theory and qualitative content analysis (Charmz 2006; Bryant and Charmz 2007; Holton 2010; Creswell 2014).

It involved inductive analysis of data where critical themes were expected to emerge from the data. The analysis of data from structured and unstructured interview guides involved a special set of interpretive practices and narrative techniques. It involved re organizing the data and breaking it into manageable and easy to manipulate units in the process identifying common patterns. This process enabled the researchers to discover important ideas and in the process extracting what to report.

Quantitative data collected through the use of self-administered questionnaire was presented and analyzed through the use of descriptive statistics. Descriptive statistics assisted the researchers to reduce a body of raw data into tables and graphs so that facts would be easily interpreted. Constant comparative analysis of data was used in the analysis of data to establish emerging themes. In the end different data analysis strategies were applied to strengthen the study and improve the validity of the results.

5. Results of the Study

5.1 Factors that affect the investment strategies of CVF

The study through the analysis of qualitative and quantitative data established that the absence of a city specific IPA was one of the factors affecting the investment promotion strategies of the City of Victoria Falls. The majority of the participants clearly pointed out that the absence of a standalone department in the city dedicated to promoting and facilitating inward investment was a major factor affecting the investment promotion strategies of the city.

Table 1 below depicts responses from the analysis of quantitative data. It emerged from the analysis of quantitative data that the majority of investors at seventy-seventy percent (77 %) felt that the absence of a city specific IPA was affecting investment promotion strategies of the City of Victoria Falls. In comparison city executives were in agreement with the views as expressed by investors. Sixty-eight percent of the city executives were of the either agreed or strongly agreed that the absence of a city specific IPA was one of the major factor affecting investment strategies of the city. The observations by both investors and city executives regarding the need of a city specific IPA is consistent with views of Abromavicious (2015) who contends that the city or local authority specific IPA knows and understands better the available unique competitive advantages available in that city or local authority than a national IPA. This approach to investment promotion recognizes that there are likely to be niche opportunities in a specific local area or city for inward investment in each sector, which are outside the core focus and mandate of a national IPA. Thus a city or local authority specific IPA is in a better position to promote these opportunities to inward investors.

Table 1: View of investors and city executives on the impact of the absence of a city specific IPA

	Strongly Agree		Agree		Neutral		disagree		Strongly Disagree		Total
Factor	Investors	City execs	investors	City execs	Investors	City execs	investors	City execs	investors	City execs	
Absence of city specific IPA	33	28	44	40	10	7	8	18	5	5	100
Impact of the city policies, procedures, by laws and regulations	5	14	10	39	12	11	43	26	30	10	100

5.2 Impact of the city policies, procedures, by laws and regulation

It emerged from the analysis and interpretation of qualitative and quantitative data that the city executives were divided on the view that city policies, procedures, bylaws and regulations support the city's investment promotion strategies. An analysis of quantitative data showed that a small majority of city executives at fifty three percent (53%) believed that city policies, procedures, by laws and regulations are supportive of the city's investment activities. On the other hand thirty six percent argued that the city policies, procedures, bylaws and regulations were not supportive of the city's investment promotion strategies while eleven percent chose to be neutral on this subject.

This seemingly divided opinion exhibited by city executives is not surprising as it reflects the composition of this group. The study had combined senior managers of the city who are policy implementers and councillors who are policy makers into one group. These results seem to be pointing to conflicting views of the two group policy makers (councillors) who under normal circumstances cannot criticize their own policies and policy implementers (managers) who are possibly opposed to these policies. These divided views on policies and other regulations was further revealed during the face to face interviews where managers were clearly opposed to these with councillors clearly in support.

In comparison investors from both qualitative data analysis and quantitative data results show that these believed the city policies, procedures, by laws and regulations in their current form are not supportive of investment promotion activities of the city, quantitative results are as depicted in table 1. Based on the interpretation of the above results it emerged that the investment policies, procedures, bylaws and regulations currently obtaining in the city are not supportive to investment promotion strategies and activities of the city. As a result they are possibly some of the factors discouraging inward investment to the city.

5.3 Identifiable attractive investment incentives offered by City of Victoria Falls

Table 2

	Strongly agree		Agree		Neutral		Disagree		Strongly disagree		
Factor	**investors**	**City execs**	**Investors**	**City execs**	**Investors**	**City execs**	**Investors**	**City execs**	**investors**	**City execs**	**Total**
Provision of business support units the city	14		17		40		13		16		100
Provision of good corporate governance	9	18	40	68	16	7	33	7	2	0	100
The special economic zone	18	28	14	33	11	18	37	16	20	5	100
Prime tourist resort of the country	24	37	36	25	14	15	24	22	2	1	100
Discounted business stands and rules and other	12	35	8	37	25	11	29	10	26	7	100

5.3.1 Provision of business support units by the city

The analysis and interpretation of quantitative and qualitative data showed that there were mixed views in this area by investors. Results from quantitative data analysis reveal that thirty one percent of investors felt that the city does offer business support units. Twenty-nine percent said the city does provide business support units to investors with forty percent failing to express an opinion. Combining results from quantitative and qualitative responses it will appear the city does offer business support units possible at a limited scale. The results as obtained in the quantitative data analysis are as shown in table 2 above.

5.3.2 Does the city offer good corporate governance and infrastructure?

The Urban Councils Act provides how cities are governed. This is in recognition that a city or local authority which offers good corporate governance and good infrastructure to investors is considered as an incentive which attracts investment. Investors prefer to commit their financial and capital assets in an area where there is good corporate governance and good infrastructure. According to the provisions of the Urban Councils Act the separation of management of city affairs between policy makers and policy implementers is an attempt to ensure good corporate governance and oversight provisions. Analysis of both quantitative and qualitative data seem to suggest that the city does provide good infrastructure and good corporate governance with good checks and balances between policy makers and policy implementers.

The results from quantitative data analysis are as shown in table 2 above. The picture is the same as painted by an analysis of responses by both investors and city executives. Table 2 reveals that forty-nine percent of investors pointed out the city offered good corporate governance and infrastructure. Thirty-five percent felt that the city was not providing good corporate and good infrastructure with sixteen percent failing to express an opinion. The results while not surprising from the city executives show that an overwhelming majority of eighty-six percent believed the city did offer good corporate governance and infrastructure. The quantitative results from both investors and city executives were collaborated by those from qualitative data analysis and interpretation. These results are consistent with finding in literature where emphasis is put on the need of good infrastructure and good governance if a country or local authority is to attract FDI

5.4.0 Identifiable investment incentives offered by the city

5.4.1 The special economic zone status of the city

It emerged from the analysis of the data from qualitative and quantitative responses that the declaration of the city as one of the four special economic zones in the country was indeed an added investment incentive to the city. The quantitative responses show that sixty one percent of the city executive believed that the designation of the city as a special economic zone has become one of the investment incentives offered by the city. A result collaborated by fifty-eight percent of investors.

5.4.2 CVF as a prime tourist resort of the country

It emerged that prime tourist resort status of the city which is not available to other competing local authorities and cities offered CVF an added investment incentive. Investment laws of the country provide for the tourism specific investment incentives. The majority of responses obtained from the analysis and interpretation of the qualitative data showed that tourism specific incentives added to available investment in the city. The results from quantitative data analysis are depicted in Table 2 above.

A comparison of results obtained from the city executives and investors shows these agree that the city has been able to take advantage of the tourism specific investment incentives and offer these to investors. Table 2 shows that sixty-two percent of the city executives said that the city as a prime tourist resort is able to offer to its investors all incentives offered at national level to the tourism sector. On the same subject matter the results as also presented in Table2 reveal that sixty percent of investors was also offering tourism specific to investors in the city. Overall in the area of investment incentives the analysis and interpretation of both quantitative and qualitative results in addition the fact that the city is the world heritage site and one of the Seven Wonders of the World is within the city's jurisprudence was an added unique attractive investment incentive. This unique incentive coupled with the fact that the city is surrounded by Hwange national park and has been designated a special economic zone provided CVF with a unique competitive advantage (not available to any city or local authority) as a preferred investment destination in the country.

5.4.3 Discounted business stands and rates and other taxes incentive.

Analysis and interpretation of qualitative and quantitative data showed that city executives and investors differed fundamental when it came to offering discounted stands, rates and other taxes incentives. From the qualitative data analysis and interpretation investors completely rejected the availability of discounted stands, rates and other taxes while the city executives overwhelming reported that these were available. Table 2 show a comparison of the results. The table shows that seventy-two percent of the city executives said that the city does offer discounted stands, rates and other taxes incentives to investors. A position completely rejected by the majority of investors reporting at fifty-five- percent that city does not offer discounted stands rates and other taxes to investors. These results seem to suggest that the city has not been able to develop a good investment package for investors.

5.5 Other factors that make the city a good investment destination

The analysis of qualitative data also showed that the city's ability to create networks and culture of collaborating with businesses was one of the unique factors making CVF a good investment destination. Two other factors which also emerged from the analysis and interpretation of qualitative data contributing to making the city a good investment destination were that the city has managed to reduce the red tape and does provide a supportive business environment in the process making doing business with the city easier. These findings were notwithstanding that the city has not been able to develop a good investment package for investors.

5.6 Relationship between those promotional practices of VFM and those offered at national level

It emerged that from analysis and interpretation of relevant qualitative and quantitative data that the city was collaborating with the national investment promotion agency ZIDA and the Zimbabwe Tourism Authority in promoting investment. The study established that the city as one of the four special economic zones in the country it was not collaborating in this area with ZIDA and other developers of Masuwe special economic zone site in the city precincts.

6. Recommendations

In the light of the findings of the study it is recommended that in recognition of the existence of unique opportunities in each local authority the City of Victoria Falls and other local authorities should consider creating local authority specific IPAs instead of relying on the national IPA the Zimbabwe Investment and Development Authority. In the alternative due to costs which may be associated with a city specific IPA local authorities may have to consider set up a department within their administrative structures which will be in charge of investment promotion. The most important thing being that the department be staffed with suitable qualified experts in investment promotion. The local authority specific IPA or dedicated department ordinarily tend to know and understand better available unique competitive advantages available in a specific city or local authority than a national IPA. This recommendation is made notwithstanding possible budgetary constraints local authorities may face in creating city specific IPAs or standalone department responsible for investment promotion. Be as it may researchers strongly believe that benefits of creating city specific IPAs or standalone departments responsible for investment promotion far outweighs costs.

The City of Victoria Falls and other local authorities should develop attractive investment packages to attract both domestic investment and direct foreign investment to their areas of jurisdiction. They are advised to engage international investment experts and consultants in developing these packages. These packages should be the same or better than those offered elsewhere.

7. Conclusions

In summary, it is evident that local authorities play a major role in investment promotion in their areas of jurisdiction as they have added responsibility for delivery of a wide range of services in their jurisdictional areas with an objective of making towns and cities attractive places to live, work and invest in. The findings of this study have shown the absence of a city specific IPA is one of the factors affecting investment promotion of local authorities. The study contended that a local authority specific IPA knows and understand better available unique competitive advantages in that city or authority which are outside the core focus of a national IPA.

It also emerged from the study that the local authorities do not offer attractive investment packages to attract FDI to their areas of jurisdiction. This was due to findings that investment policies, procedures, by laws and regulations currently pursued by local authorities are not supportive to investment promotion activities of local authorities. In the end the study concluded that there is need for local authorities to come up with local authority specific IPAs and develop attractive investment packages FDI to their areas of jurisdiction. The local authorities are advised to engage international investments experts in developing these packages. And these packages should be at par or better than offered by other local authorities in SADC or elsewhere in the world.

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