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Unlocking Investment Potential: Strategic Opportunities for Driving Investment in Tanzania's Local Government Authorities

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ABSTRACT

Developing countries are on the verge of attracting investors locally and internationally, and Tanzania is no exception. Both central and local authorities in Tanzania are developing various strategies to attract investors to establish industries. The study examines the strategic opportunities available in Tanzania's local government authorities (LGAs) to attract investors to industrial development and the impact of government policies. It employs a mixed-methods design with a multistage sampling technique to select regions and Local Government Areas (LGAs). The unit of analysis was senior officials of the local governments (LGAs), and a sample of 67 respondents was selected. Reliability and validity tests were performed, while multiple linear regression was used to test the hypotheses. Content analysis was employed to analyse qualitative data, complementing the quantitative data. Results revealed that access to raw materials (β = 2.179, p = 0.038), skilled human resources (β = 2.409, p = 0.050), and investment policies (β = 5.26, p = 0.003) significantly influence investor attraction.

In contrast, access to capital, infrastructure, and technology exhibited no significant effect. Overall, the model accounts for 46.9% of the variance in investor attraction, underscoring the significance of government policies and skilled labour in industrial development. The study concluded that raw materials, government investment policies, and skilled human resources significantly influence investor attraction in Tanzania's local government areas (LGAs). It recommends strengthening government investment policies, enhancing skilled labour, and ensuring the availability of raw materials to promote industrial development.

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INTRODUCTION

The establishment of an industrial economy is intrinsically linked to the ability to attract both domestic and foreign investors. A report by the IMF (2023) shows that Africa provides the quintessential endowment of natural resources. Both labour- and resource-abundant countries contribute to a relatively high marginal product of capital in Africa and thus should make the continent a particularly attractive destination for international capital flows. In recent years, developing nations, including Tanzania, have intensified their efforts to create an environment conducive to attracting investment inflows (Du & Jiao, 2023; Ndanshau, 2023). For instance, catalysts for attracting investors, as noted in the 2023 TIC Report, focus not only on raw material-based opportunities but also on developing basic infrastructure to ease and fast-track the implementation of private investment projects. Masanja (2018) states that deliberate efforts to improve policies and implement strategic measures to attract investors to the industrial economy hold a higher potential for growth and trickle-down effects, particularly in major economic sectors. It could range from access to human capital (Tien, 2019) to consideration of capital resources (Asongu, 2018) as the most significant investment strategy for developing countries like Tanzania.

Local government authorities (LGAs) in Tanzania face significant challenges in attracting substantial investment, which hinders the achievement of industrialisation goals. A key aspect of addressing this issue is understanding the strategic opportunities available to LGAs and how government policies can effectively influence investor attraction. Currently, the primary challenge lies in the inconsistent identification and utilisation of investment attraction indicators by Local government Areas (LGAs). While some LGAs have made notable progress, the overall situation remains problematic. Some areas have made progress in implementing incentives, such as streamlined regulatory processes and infrastructure improvements (Mugo & Macharia, 2021; Kithu, 2024). However, others struggle due to inefficiencies, bureaucratic obstacles, and limited stakeholder collaboration. This disparity highlights the need for a systematic approach to identify and capitalise on strategic opportunities for industrial development. The primary argument for industrialisation remains the comparative production advantage of the manufacturing sector over others, along with the greater external benefits generated by manufacturing growth (Masaki, 2018).

However, despite national-level industrialisation policies, such as the Integrated Industrial Development Strategy (IIDS) of 2020–2025, the role of Local government Areas (LGAs) in operationalising these policies and fostering local-level investment opportunities remains insufficiently explored (Rugeiyamu & Kashonda, 2021). Although some studies have highlighted the potential of Local government Areas (LGAs) in promoting economic growth (Bisogno, 2023; Du & Jiao, 2023; Ndanshau, 2023; Yu et al., 2023), there is limited empirical evidence of their capacity to attract and sustain investments for long-term industrial development strategically. This study addresses this gap by examining

the strategic opportunities available to LGAs in Tanzania and the impact of supporting government policies on investor attraction. Specifically, it seeks to establish an index of strategic opportunities for LGAs and analyse the influence of government interventions and policies on investor attraction and retention. The research examines the underlying factors contributing to the varying success rates of Local government Areas (LGAs) in creating investor-friendly environments, providing insights and practical recommendations for improvement. The significance of this research lies in its potential to inform policymakers, LGA officials, and stakeholders about best practices and innovative strategies for industrial development. In this regard, leveraging recent developments and empirical evidence, this study provides a comprehensive analysis that contributes to the existing body of literature. It also emphasises aligning local investment strategies with broader national policies to ensure sustainable economic growth. The paper proceeds with a review of recent literature on investment attraction and the roles of local governments, followed by a presentation of the methodology, an analysis of the findings, and a discussion of the implications for policy and practice. This study integrates up-to-date insights to enhance its relevance and significance.

LITERATURE REVIEW

This section examines prevailing research on investor attraction and industrial development in developing economies, specifically in Tanzania. Empirical studies have highlighted the importance of infrastructure development, government policies, and institutional frameworks in fostering an investor-friendly environment.

The role of LGAs in industrial development

There are several reasons why Local government Authorities (LGAs) are indispensable to economic development, beginning with their traditional roles (Shin & Jhee, 2021). As a public sector, Local government Areas (LGAs) must provide a secure and stable environment where enterprises can flourish (Budds, 2013; Landa, 2017). They are responsible for infrastructures such as water supply, roads, and waste management, which are essential prerequisites for developmental activities (Hill, 2024). LGAs also address people's social and economic needs, such as education, public health, housing, cultural, local transportation services, recreational facilities, child care, and other public goods and services that are essential to nurturing a healthy, skilled, and reliable workforce for industrial development ((Shin & Jhee, 2021; Hill, 2024), in determining the aforesaid development factors at LGAs, the following Survival Based View Theory has been applied in this study.

The survival-based theory

The survival-based theory posits that organisations must continuously adapt to their competitive environment to ensure survival (Alchian, 1950). This theory asserts that organisations react to changing environments and suggests that they can proactively shape their external contexts. In strategic management, the survival-based perspective emphasises the significance of deploying strategies prioritising operational efficiency and rapid responsiveness to

competitive changes (Khairuddin, 2005). The theory elucidates how a dynamic environment influences the availability of opportunities and threats, providing the foundation for the following research hypothesis:

$H_\alpha 1$: *Strategic opportunities positively attract investors to industrial development in Tanzania LGAs.*

However, while the survival-based theory provides valuable insights, additional theoretical perspectives are equally pertinent to this study. The Resource-Based View (RBV) offers a complementary lens by focusing on how organisations can leverage their unique assets and capabilities to create a competitive advantage(Ployhart, 2021; Zahra, 2021). Applied to LGAs, the RBV underscores the importance of developing internal capabilities, such as administrative efficiency, infrastructure, and skilled personnel, to attract and retain investments. This perspective suggests that LGAs with well-developed resources are better positioned to foster an attractive investment climate by utilising their distinct strengths. Furthermore, Institutional Theory provides another critical perspective, emphasising the role of stable, transparent, and well-established regulatory frameworks in creating an enabling environment for investment (Ployhart, 2021). This theory posits that institutions comprising formal rules, norms, and enforcement mechanisms are the foundation for economic stability and investor confidence. For LGAs, adopting institutional mechanisms that promote good governance, accountability, and consistent policy implementation can significantly enhance their appeal to potential investors. By examining these theoretical perspectives, this study integrates survival-based theory, Resource-Based View (RBV), and Institutional Theory insights to construct a robust conceptual framework. Collectively, these theories highlight the interplay between external adaptation, internal capability development, and institutional stability in creating a conducive environment for industrial development. This comprehensive approach not only strengthens the study's theoretical foundation but also ensures the reliability of its findings by situating the research within a broader strategic management discourse.

The role of government policies on investment

Empirically, investing in strategies for investment opportunities could attract a wide range of investors. As a result, public organisations, such as Local government Areas (LGAs), rely on government policies to determine how these policies enhance socially productive investment or mitigate the inefficient attraction of investors to significant investments and their potential impacts on investment behaviour (Sutherland et al., 2011; Mwangi & Karanja, 2019). Rodrik (2006) highlights that periods of economic growth are often associated with an increasing role for manufacturing in the economy. Szirmaia and Verspagen (2015) studied the importance of manufacturing as a driver of economic growth. They established a positive economic impact fueled by industrial development, using data from 88 countries (21 developed and 67 developing countries) from 1950 to 2005. Newman et al. (2016) compared the reasons for the weak development of manufacturing industries in Africa to the successful cases in East Asia. They revealed that policies played a crucial role in amplifying the different forms detected in the two groups of countries.

Rodrik (2004) studied the role of policies in industry promotions and emphasised the significance of strategic collaboration between the private and public sectors. Aghion et al. (2011) ascertain that policies in different economic sectors may nurture the growth and productivity of the economy when the most competitive sectors are targeted. According to Lin (2012) and Langarita et al. (2021), developed countries should follow a development path based on exploiting and identifying current comparative advantages. Despite the central role assigned to government policies on investments, a review of various studies from developed and developing countries on industrial development and the manufacturing sector, encompassing both private and public sectors, reveals minimal progress. Studies on strategic factors influencing the attraction of investors for industry development have been limited, and Tanzania's Local government Authorities have conducted no study. The findings of this study will shed new light and provide direction for the literature as it seeks to bridge that gap. Therefore, the government policy on attracting investors is linked to the second research hypothesis, which states that:

$H_\alpha 2$: *government policies on investment are positively associated with attracting investors for industrial development.*

METHODOLOGY

The research philosophy of this study was pragmatism, which integrated elements of both positivism and interpretivism, with a significant emphasis on the deductive approach from theoretical perspectives. Moreover, a mixed-method approach with an explanatory sequential design was employed. A large part of the data is quantitative, supplemented by a small part of qualitative data. The study employed a multistage sampling technique: the first stage involved selecting three regions from a list of ten regions with a higher concentration of industries, and the second stage involved selecting five Local government Areas (LGAs) from the compiled list of fifteen LGAs using the same criteria. At the final stage, participants from each district were randomly chosen, and data were collected.

Table 1: Sample Size and Sampling Distribution

S/N	Stratum (LGA)	Target Population	Sample Size (68%)	Returned questionnaires	Per cent within LGA
1	Singida Municipal Council	25	17	14	82.4
2	Morogoro Municipal Council	25	17	10	59
3	Kibaha District Council	25	17	10	59
4	Mkuranga District Council	25	17	17	100
5	Bagamoyo District Council	25	17	16	94.1
	Total	125	85	67	

Participants

The study includes members of council management teams, investment committees, and senior officials from the selected local governments (LGAs). The five sampled Local government Areas (LGAs) out of 10 target LGAs formed the target population of this study, from which a sample of 85 respondents was selected, representing 68% of the target population (Creswell, 2015; Kothari & Garg, 2014). We selected the three regions and five districts (LGAs) due to their high involvement and presence of industrial activities in Tanzania. Moreover, the formula Cochran (1977) developed for determining the proportionate sample size of a large finite population with fewer than 10,000 elements was used to establish the sample. A total sample size of 85 employees working in the headquarters of the five local government areas (LGAs) was expected. However, only 67 respondents returned questionnaires, translating to a response rate of 78.8%. It represents a higher response rate than previous studies, such as Genc (2017) and Abok (2013), which reported 18.6% and 55% response rates, respectively, from their target populations. Gibson (2017) supports a sufficient response rate of 50% and above.

The formula is given as follows:

$$n_o = \frac{z^2 \mathrm{pq}}{e^2}$$

It is valid where n is the sample size, Z is the desired 95% confidence level, e is the desired level of precision, p is the estimated proportion of an attribute present in the population, and q is 1-p. The value of Z is found in statistical tables, which contain the area under the normal curve (the standard value is 1.96). Therefore, this study considered p = 0.5 (maximum variability), with a desired confidence level and precision of 95% (the standard level is 1.96).
This study established the sample size based on a target population of 125 respondents, ensuring representativeness whilst maintaining statistical validity. Using the formula, an initial sample size was calculated, and adjustments were made to account for the finite population correction, resulting in a final sample size of 85 respondents.

Instruments and measurements

We developed the Strategic Opportunities for the Attraction of Investors on Industrial Development Survey (SOAIIDS) based on Salum, Gakure, and Othiambo (2018) to assess respondents' perceptions of the extent to which external opportunities influence the attraction of investors to industrial development. The questionnaire was administered to the respondents through the drop-and-pick method. In all variables, the measurement employed an interval scale. The blueprint utilised a 5-point Likert scale for the metric variables, while categorical questions employed a nominal scale and were non-metric.

The SOAIIDS comprises two main parts: first, demographic characteristics (gender, education, and experience), and second, opportunities based on the literature review. Moreover, a face-to-face interview was conducted with six key informants, including the heads of departments and the chair of investment committees in selected districts. The interview questions reflected the study's research question, and respondents were assured confidentiality. The survey questionnaires and the interview guide were pre-tested to ensure they were relevant, controllable, and effective. A pilot study was conducted in one council, specifically the Morogoro District Council, among the selected regions. Ten respondents were conveniently selected to test the data collection instruments. However, the council was not included in the significant study. Minor adjustments to the language were made in response to the feedback. The Spearman-Brown split-half Cronbach's alpha of the instrument was found to be 0.702, considered reliable (Hair et al., 2010).

Data Processing and Analysis

Quantitative data were analysed using descriptive and inferential statistics via SPSS version 26. First, the reliability of the variables and their inter-item reliability were assessed, then the Exploratory Factor Analysis (EFA) testing construct validity revealed Kaiser-Meyer-Olkin (KMO: .692) and Bartlett's Test of Sphericity (BTS; $\chi 2=299.739$; df=66, p=0.00), proving sampling adequacy and suitability for factor analysis. Second, descriptive analysis was conducted using means, percentages, and standard deviations to determine the understanding of which external opportunities and variables influence investor attraction. Thirdly, one-way ANOVA was employed to check the significance of the means. Post hoc analysis was performed through Duncan's Multiple Range Test to determine the mean separation. Moreover, a multiple linear regression model helped establish how independent variables (opportunities and strengths) influence the attraction of investors for industrial development in LGAs. Before conducting multiple linear regression, diagnostic tests for normality (histogram with a normal distribution curve), multicollinearity (VIF of 1.728), and heteroscedasticity (scatter plot - dots do not form a clear pattern) were performed. Following the aforementioned explanation, the study used the following multiple regression model as indicated below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mathcal{E}$$

Whereby,

X = Strategic opportunities and strengths

Y = attraction of investors for industrial development in LGAs

Content analysis was used to deductively analyse qualitative data collected concerning themes surrounding the independent variables of this study. The analysis was supported by MAXQDA 2020, which established a coding scheme and visualisation of the presentation.

RESULTS

This section presents and analyses results from demographic perspectives, descriptive statistics of the research variables, and multiple linear regression (MLR). The presentation and analysis are organised under the study's overarching objective. Table 2 presents the analysis of the demographic data of the participants.

Table 2: Demographic characteristics of sample CMT & Senior Staff

Characteristics		F	%
Gender	Female	28	41.8
	Male	39	58.2
Education	Diploma	8	11.9
	Graduate	38	56.7
	Postgraduate	21	31.3
Experience	Below 5 years	28	41.8
	6-10 years	21	31.3
	11-15 years	9	13.4
	16-20 years	6	9.0
	Over 20 years	3	4.5

***Note**: n=67*

Table 3 presents the means and standard deviations of the strategic external factors examined in this study. This descriptive analysis provides an overview of the strategic opportunity factors most readily available in LGAs for attracting investors to industrial development. Most surveyed LGA senior officials identify skilled human resources as the most significant external opportunity available in LGAs, compared to the others (M = 4.31; SD = 0.68). However, access to capital resources was least mentioned as an opportunity, with a mean score of 3.68 (SD, 0.76).

Table 3: Means and standard deviation of the Strategic Opportunities

Strategic Opportunities	M	SD
Access to capital resources	3.68^{c}	0.76
Access to raw materials	3.92^{bc}	0.78
Infrastructure & utilities	4.06^{ab}	0.95
Skilled human resources	4.31^{a}	0.68

Notes: M = Mean with different superscripts in the same column for each variable are significantly different at P < 0.05

However, the results from interview data revealed that the availability of peace and security, availability of good weather/climatic conditions, availability of communication networks, availability of reliable power sources, good and committed leadership, and suitable public-private partnership (PPP) development were suggested to be included among the available external opportunities and strengths within the selected LGAs. This is supported by Dung and Quan (2014), who argue that high-quality industrial human resources, supportive tax policies, and tax incentives significantly impact the attraction of investors to industrial development in any country. This was further confirmed by the participant quotes, which are presented in Table 4 below.

Table 4: Theme, sub-themes and quotes based on research questions

Themes	Sub-themes generated	Quotes of the respondents
Access to capital resources	Provision of loans to vulnerable groups.	*Areas are designated for different categories of investments, such as hotels, wind energy, industries, and other predicted businesses or investments, including large-scale agriculture, as seen in the Singida Municipal Council* (SMC).
	Availability of land.	*Providing loans to groups of women and youth who agree to abide by the rules and regulations is mandatory.* (SMC)
	Availability of a one-stop centre.	*With the mode of paying taxes in Tanzania, it is now not easy to see businesses being closed due to low tax payments or failure to pay taxes at once; the big emphasis is that the issue is not about the government getting taxes only; we also care for the citizens while getting their income on an instalment basis* (SMC).
	Flexibility in paying taxes.	*Some highly skilled graduates may become skilled labourers. Still, most do not qualify for projects initiated due to a lack of experience* (Mkuranga District Council).
Access to raw materials	Presence of cereal products.	*Also, the district, a source of raw materials such as fruits and cassava, has attracted many investors to the processing industry* (Mkuranga DC).
	Availability of suitable climatic conditions for cultivating	
	Price fluctuation of the commodities.	

Infrastructure availability	Availability of communication networks. Availability of a reliable power source.	*Our district is located along the highway near Dar es Salaam Port, facilitating investors' shipping of products to the external market or transport within the country* (Kibaha District Council).
Skilled-human resources	Good and committed leadership. The presence of graduates in the labour market	*Neither skilled nor cheap labour is a problem; the issue is rarely experienced in managing investments, especially for skilled ones* (Kibaha DC).

Inferential analysis was performed to test the study hypothesis and to draw conclusions by considering the relationships of the variables in this study. Statistical significance between predictors (access to capital resources, access to raw materials, infrastructure, technology, and skilled human resources) and the dependent variable (attraction of investors for industrial development in LGAs) was established using linear regression analysis, which is a process of estimating the relationships between variables (Sounders et al., 2012; Gibson, 2017).

Table 5: Regression analysis

	Attracting investors			
Strategic factors	β	ρ	T	VIF
Access to capital resources	.986	.436^{ns}	.786	.710
Access to raw materials	2.179	.038*	2.154	.628
Infrastructure and technology	1.893	.116^{ns}	1.607	.780
Skilled human resources	2.409	.050*	1.991	.695
Investment policies	5.26	.003**	3.13	1.0

Notes: R=.685[a]; R^2=.469; R^2adj=.413; DW=1.744; SE=5.27; ns=non-significant; *ρ<0.05; **ρ≤0.01

In Table 5, four strategic external opportunities were included in the regression model. These factors explain 46.9% of the variations in attracting investors in LGAs when controlled for investment policies, which means 53.1% is contributed by other variables not considered in this study. Moreover, access to raw materials, government investment policies, and skilled human resources are statistically significant predictors (p-values shown here) of investor attraction for industrial development. Furthermore, the correlation between the strategic external factors studied and the attraction of investors for industrial development is strongly positive (R=0.68). It implies that increased skilled human resources, investment policies, and raw materials increase the attraction of investor initiatives in LGAs. It further entails that any unit change in attracting investors in LGAs is positively affected by 2.409, 5.26, and 2.179,

respectively. The study did not establish the significant influence of access to capital, infrastructure, and technology on the attraction of investors for industrial development.

DISCUSSION

The study examines strategic opportunities for attracting investors to local government areas (LGAs) for industrial development. Quantitative and qualitative results suggest that skilled human resources and raw materials are highly present in LGAs due to the availability of graduates and suitable climatic conditions. Some respondents reported that large industries rarely require experienced, skilled labour, particularly local government areas (LGAs), where investors are often compelled to source employees from other regions within or outside the country. This implies that Local government Areas (LGAs) should pay more attention to the availability of raw materials and the presence of highly skilled human resources if they wish to attract investors for industrial development in Tanzania. This aligns with Tien's (2019) study, which emphasised the degree of skill intensity as an opportunity and a crucial component for industrial development.

The results further indicate a significant positive beta coefficient associated with access to raw materials, suggesting that the presence of raw materials in LGAs increases the likelihood of attracting investors for industrial development. Numerous research studies have been conducted (Wodarski et al., 2018; Ndanshau, 2023), providing evidence that the presence of raw materials positively impacts socio-economic development in various nations. Moreover, when interviewed, almost all participants mentioned that national investment policy affects the attraction of investors in LGAs. Similarly, the multiple linear regression results indicate that government policies have a significant positive beta coefficient in attracting investors for industrial development. This indicates that the presence of government investment policies in LGAs largely facilitates decisions to attract investors and promote industrial development. These results contradict the studies of Aghion, Boulanger, and Cohen (2014), who contended that the recent financial crisis, climate change, and Chinese dominance of the world market triggered the need to revisit how industrial policy is developed. The results were similar to those of Mazzucato and Rodrik (2023), who suggest that government policies can positively or negatively impact industrial development and investment behaviour. Thus, it aimed to foster a more competitive attraction of domestic industries.

CONCLUSION

The study concluded that individual external opportunities, including those related to raw materials, government investment policies, and skilled human resources, positively influence the attraction of investors in LGAs. All predictors (access to capital resources, raw materials, infrastructure, technology, skilled human resources, and

investment policy) are strongly and positively correlated with the attraction of investors. They contribute approximately half of the total initiative to attract investors for industrial development in Tanzania's LGAs. Generally, raw materials, government investment policies, and skilled human resources can be recognised as essential components for attracting investors for industrial development. The study recommends crucial investment in enhancing government investment policies in LGAs, accompanied by skilled human resources and ensuring appropriate raw materials. The study considered only the positive external factor in the SWOT matrix, moderating it with government policies aimed at attracting investors for industrial development. Other negative external and internal factors were not considered in the SWOT analysis. Ultimately, the practical implications of this study suggest that external opportunities, such as access to raw materials and skilled human resources, are crucial for attracting investors to industrial development. Therefore, external opportunities and supportive government policies are crucial for attracting investors for industrial development while other factors remain constant.

Policy and Practical Implications

The findings of this study closely align with Tanzania's National Investment Promotion Policy objectives (1996), particularly its emphasis on stimulating private sector participation and creating an attractive environment for domestic and foreign investors (URT, 1996). The study highlights the urgent need to tackle obstacles hindering investment flows, such as bureaucratic delays, inadequate infrastructure, and policy inconsistencies, which directly reflect the policy's emphasis on creating a more facilitative investment climate. Additionally, it underscores the critical importance of enhancing the capacity of local government authorities and promoting value addition in Tanzanian industries, a priority outlined in the policy to optimise domestic resources and human skills to drive sustainable economic growth. The study supports the policy's vision of establishing Tanzania as a competitive and dynamic investment destination by promoting stronger public-private dialogue, streamlined processes, and improved investment facilitation services through institutions like the Tanzania Investment Centre (TIC). Therefore, it underscores the significance of the National Investment Promotion Policy and provides practical insights for its modernisation and effective implementation within the current economic landscape.

Limitations of the Study

Despite presenting valuable insights into attracting investors in Tanzania's Local government Authorities (LGAs), the study has several limitations. Firstly, its cross-sectional design captures data at a single point and does not account for changes and trends in strategic opportunities and investor attraction over time. This approach may overlook how these factors evolve in response to economic shifts, policy changes, or other external influences. A longitudinal study would provide a more comprehensive understanding of these dynamics. Moreover, the study focuses solely on

positive external factors, such as raw material availability and skilled human resources, while neglecting potential negative factors or internal weaknesses, including political instability, corruption, or inadequate infrastructure. This omission may lead to an overly optimistic view of the investment climate.

Areas for Further Study

Future research should broaden the study's geographic and institutional scope to include a more comprehensive array of local government areas (LGAs) from diverse regions, thereby capturing a wider range of strategic opportunities and challenges nationwide. Comparative analyses between urban and rural LGAs would be particularly informative in elucidating the various conditions and factors that influence investor attraction in differing contexts. Moreover, longitudinal studies would be highly valuable. In contrast to the cross-sectional design of the current research, longitudinal studies would enable the observation of the evolution of strategic opportunities and investor attraction over time, providing essential insights into the long-term effects of government policies, economic changes, and other factors on the investment climate within local governments (LGAs). This knowledge would be especially beneficial for policymakers and practitioners aiming to enhance the attractiveness of LGAs to investors.

Additionally, exploring other variables, such as political stability, regulatory frameworks, and economic incentives, would provide a nuanced understanding of investment drivers and barriers. These factors are crucial for investors and policymakers, and expanding the analytical scope could help identify targeted strategies for attracting investors to local governments (LGAs).

Furthermore, future research should evaluate the effects of policy measures, such as tax incentives, infrastructure development, and regulatory reforms, on the success of LGA investments. This would be invaluable for policymakers as they implement evidence-based strategies to address LGA needs and challenges in Tanzania. Investigating these areas would enhance our understanding of strategic opportunities for attracting investors, aiding informed decision-making and policy development.

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Authors' Contribution

Conceptualisations: Venance Shillingi; *Literature Review*: Venance Shillingi and Elizabeth Landa; *Data collection and analysis:* Venance Shillingi and Elizabeth Landa; *Manuscript writing:* Venance Shillingi and Elizabeth Landa

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Appendix

Table 3: Strategic opportunities for driving investments in Tanzania's LGAs by EFA (Principal component analysis -Varimax rotation)

			Components		
Statements.	Access to raw material	Skilled-human resources	Access to Capital resources	Infrastructure and utilities	Cronbach alpha
B1			.499		0.7
B2			.819		
B3			.915		
B4	.839				0.8
B5	.798				
B6	.812				
B7				.916	0.9
B8				.734	
B9				.891	
B10		.848			0.8
B11		.860			
B12		.857			

Notes: B1= availability of financial institutions for capital access B2= capital incentive for new investors B3= multiple sources of capital for investors B4= raw materials in the area for industrial use B5= Raw materials are not far from the investment area B6= Raw materials are cheap for investors B7= The investment area is connected to electricity and water B8= The area is connected to good roads, rail and ports B9=

	access to high ways throughout the year B10= Availability of skilled labour for technical jobs B11= availability of cheap casual labourers B12= Sufficient supply of labour in the area.