

**ASSESSMENT OF THE ROLES OF ECONOMIC DIPLOMACY IN PROMOTING THE GROWTH
OF TANZANIA'S ECONOMY: A CASE OF DODOMA CITY, TANZANIA.**

KHALFAN MOHAMED SAID

**A Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the
Masters of Art in Peace and Security Studies (MA-PSS) at Institute of Accountancy Arusha.**

November, 2022

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November, 2022

DECLARATION

I, **Khalfan Mohamed Said**, declare that this dissertation is my original work and that it has not been presented and will not be presented to any other University/In for similar or any other degree award.

Signature

Date

CERTIFICATION

I, the undersigned certify that I have read and hereby recommend for acceptance by the Institute of Accountancy Arusha the dissertation titled “**An assessment of the role of the Economic Diplomacy in promoting the growth of Tanzania’s economy. A Case of Dodoma National Capital**”, in partial fulfilment of the requirements for the award of Masters of Art in Peace and Security Studies (MA-PSS) at Institute of Accountancy Arusha..

.....

Dr. Hellen Meshack

(Supervisor’s Signature)

Date:

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ABSTRACT

The study assessed the contribution of economic diplomacy in promoting growth of Tanzania economy. Specifically the study aimed at examining the significance of economic diplomacy in promoting Foreign Direct Investment (FDI), economic integration and in promoting tourism. The study used mixed research approach and adopted parallel convergent design. Purposive sampling and simple random technique were applied to select 25 respondents whereby 5 were Ministry Directors and 20 were Ministry Heads of Departments from Ministries involved in economic Diplomacy. Instruments of data collection were questionnaires and interview guide. Quantitative data were analysed using descriptive statistics and presented in form of tables. Qualitative data were subjected to thematic analysis and presented in form of tables and paraphrasing. Findings revealed that, economic diplomacy is promoting Foreign Direct Investment mainly through; promoting the available transport and infrastructure, ensuring exchange rate stability, ensuring global market access and calm political environment. The economic diplomacy department promotes economic integration by promoting common physical and institutional infrastructures, ensuring harmonization of safety regulations and promoting market expansion, technology sharing, and cross-border investment. The major roles played by economic diplomacy in promoting tourism include; tapping into creating destination videos that appeal to the right tourists, sharing what's new ventures in tourism sector, preparing destination catalogues and Influencing upon Airlines on introducing direct flights to Tanzania. The study concluded that, economic diplomacy play a crucial role in making progress toward the growth of Tanzania economy and attainment of sustainable development goals. The study recommended the Government to ensure the effective and meaningful engagement of Tanzania in regional economic integration through economic diplomac

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LIST OF ABBREVIATIONS

BOP	Balance of Payment
CF	Conceptual Framework
EC	Economic Diplomacy
ECD	Economic Commercial Diplomacy
EL	Empirical Literature
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IAA	Institute of Accountancy Arusha
IMF	International Monetary Fund
LT	Liberalism Theory
MFAEAC	Ministry for Foreign Affairs and East African Cooperation
MNRT	Ministry for Natural Resources and Tourism
MFP	Ministry for Finance and Planning
MIT	Ministry for Investment, Industry and Trade
MNC's	Multinational Corporation
NBS	National Bureau of Statistics
NGO	Non- Government Organization
OECD	Organization for Economic Co-Operation Development
RT	Realism Theory
SME's	Small and Medium Enterprises
TBS	Tanzania Bureau of Standards
TRA	Tanzania Revenue Authority
UNCTAD	United Nations Conference on Trade and Development

URT	United Republic Of Tanzania
US	United States
USSR	Union of Soviet Socialist Republic
VAT	Value Added Tax
WWII	World War II

CHAPTER ONE

INTRODUCTION

1.1. Introduction

This chapter introduces the problem under the study, which concerns assessment of the role of the economic diplomacy in promoting the growth of Tanzania economy, taking the case of Dodoma National Capital city. The chapter explains the Background to the problem, Statement of the problem, Research objectives and Research questions, Significance of the study, Limitations of the study, Delimitation of the study, and the Conceptual framework.

1.2. Background to the Study

Global politics underwent a paradigm shift after the end of World War II. As the world community witnessed increasing incompetence of state-centric economic models, economic prosperity through the participation of the private sector, international agreements and linkages gained widespread admiration (Booth, 2018).

The rapid turn of events in the social, political and economic dimension led to a significant intellectual shift, away from the conventional approach to foreign policy. As a result, economic diplomacy came to the forefront in the late 1990s (Lee & Hocking, 2010), which is the most important and popular aspect of conducting international relations in the 21st century. Although economic diplomacy involves the use of economic resources and cooperation between states for mutual benefit, the US-China trade war, today is the biggest geopolitical schism (Zirovcic 2016).

Economic interdependence has become a double-edged sword where “conflict of logic in the commerce of grammar”, as American political scientist Edward Luttwak described, resulted in no winners (Kapustina, Lipková, Silin, & Drevalov, 2020). Nonetheless, even when political relations

between the two countries become acrimonious, economic diplomacy can play a significant role in neutralizing the situation (Zirovcic 2016). Economic diplomacy allowed states to achieve its economic interests “tactfully, politely, carefully, cleverly and cunningly” (Heijmans, 2011). It stimulated the state’s economic interests, creates a viable and profitable environment for economic cooperation among different actors, and expands its sphere of influence. It not only involves trade and investment but also entails mobilizing international assistance to resolve conflicts.

Yakop and van Bergeijk (2011) show that in many African countries diplomatic representations are even more relevant as they contribute more significantly in enhancing South-South trade than North-North trade. In a meta-analysis study, Moons and van Bergeijk (2016) find that the impact of diplomatic exchange is conditional on the level of development of the trading partners. For example, they state that the effect of diplomatic exchange is more significant for South-South, North-South and South-North trade compared to North-North trade.

Moons and van Bergeijk’s (2016) finding may be theoretically plausible since possible market and coordination failures resulting from information asymmetry may be more severe for developing countries compared to developed countries. However, their claim about the importance of diplomatic representations for South-South trade has not been put to an empirical test in a large cross-country analysis for developing countries, especially for Africa.

This is important because previous studies that have analyzed the trade facilitation roles of diplomatic exchange focus exclusively on trade between North-South, South-North and North-North partners. For example, Afman and Maurel (2010) limit their sample to cover only OECD countries, Head and Ries (2010) only focus on Canada as an exporter; and similarly, Rose (2017) restricts its sample to only cover exports from advanced countries.

In Tanzania after the attainment of independence and later the unification between Tanganyika and Zanzibar to form the United Republic of Tanzania in 1964, the government adopted various strategies to ensure the economic growth (URT, 2010). Diplomacy was among the key strategies used by the government in ensuring the promotion of development in a country through the establishment of diplomatic relations with other countries together with regional and international organizations. In the early years after its independence, the execution of foreign affairs was based on principles and ideas of equality, Freedom, Non-alignment, Pan - Africanism, respect for human rights and dignity.

Tanzania's Foreign Policy during that time was highly influenced by the political desire of self-determination of African countries, and that is the reason why Tanzania participated fully in supporting liberation struggles in many African countries such as South Africa, Mozambique, Namibia, Angola, Zambia and Zimbabwe from the hands of colonial rule (URT, 1969). Tanzania views diplomatic relations as an important instrument towards the achievement of better quality of life of citizens and economic growth which can be achieved through interactions and cooperation with the international community (Wige, 2020)

After the achievement of Independence in most of the African countries by the mid of 1990s, Tanzania went through political and economic development transformations such as the shift from centrally planned economy towards market-led economy; and adoption of a multiparty system. All these changes made Tanzania reduce its focus on the liberation struggle and hence put more emphasis on the pursuits of national interest to promote a country's development

In addition, the downfall of USSR and the rapid growth of "globalization accompanied by the development of information & communication technology and economic integration together with

political and economic changes that took place within the country, called for the adaptation of new Foreign Policy which placed emphasis on the protection of national interest and promotion of national development particularly social and economic development. Hence Tanzania adopted new Foreign Policy of 2001 which aimed at promoting and protecting social, political, cultural and economic interest through the execution of sustainable economic diplomacy (Mutunzi, 2021).

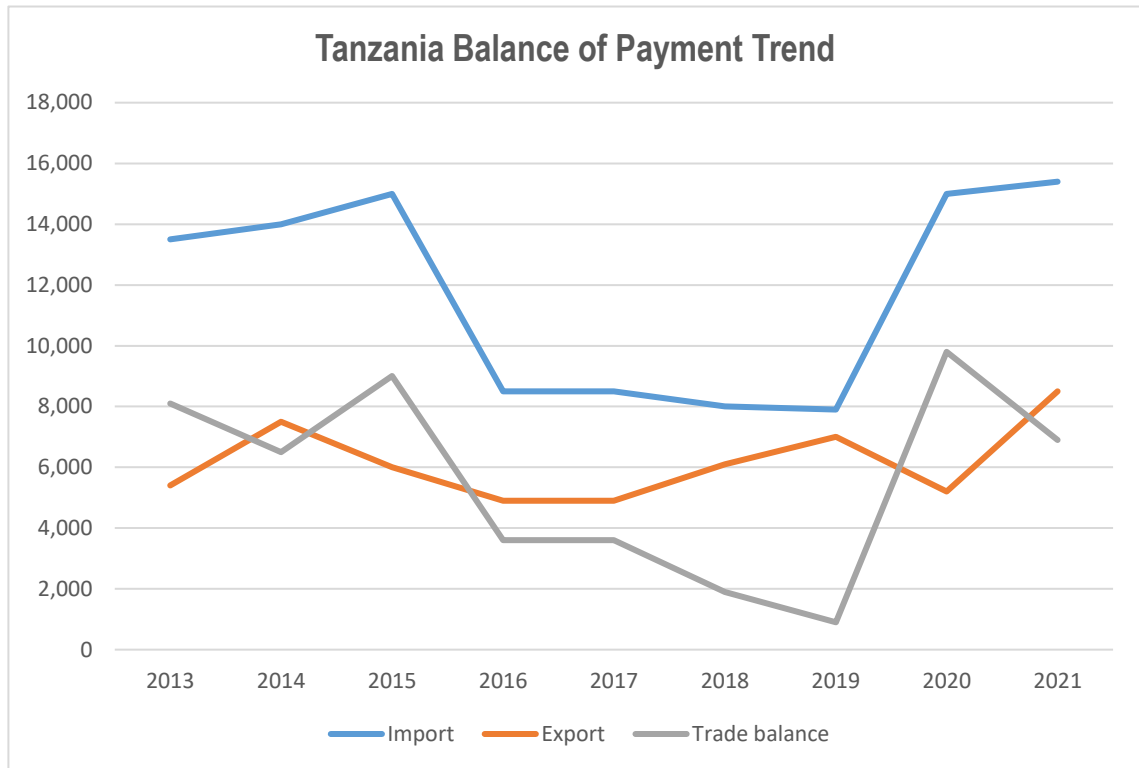
1.3. Statement of the Problem

Through the effective participation and better implementation of the current foreign policy 2001, Tanzania has benefited in various social and economic sectors, some of these achievements includes expansion of trade activities, increase of FDI, growth of tourism sector and the development of other economic sectors through external assistance and support from development partners. The key players and actors in the implementation of Tanzania's Foreign Policy includes: the President, MFAEC, Ministries, MDAs, Judiciary, Parliament, Diaspora, Media, Private sector, and Community members.

The Ministry of Foreign Affairs and East Africa Cooperation is the overall coordinator of the country's engagements in foreign relations and the leading instrument in the formulation and implementation of the Foreign policy (MFAEC, 2017)

Regardless of the government effort in promoting economic diplomacy between Tanzania and the rest of the world, the economic expectation from promotion of economic diplomacy are still low as compared to other neighboring countries such as Kenya, South Africa, Democratic Republic Congo and Rwanda (Mutunzi, 2021).

Figure 1.1: Tanzania BOP from 2013-2021



Source: NBS, 2020

As shown in figure 1.1, Tanzania imports have been growing as compared to exports resulting to negative balance of payment (BOP). It was growing at decreasing rate but grew spontaneously at increasing rate during Covid-19 pandemic of late 2019 due to trade restrictions and barriers, therefore the study is going to assess the role of economic diplomacy in promoting Tanzania economic growth.

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this study was to assess the contribution of economic diplomacy in promoting growth of Tanzania economy.

1.4.2. Specific Objectives

- (1) To examine the significance of economic diplomacy in promoting Foreign Direct Investment (FDI)
- (2) To assess the contribution of economic diplomacy in promoting economic integration
- (3) To find out the role of economic diplomacy in promoting tourism.

1.5. Research Questions

The study was guided by the following key questions.

- (1) What is the significance of economic diplomacy in promoting Foreign Direct Investment?
- (2) What is the contribution of economic diplomacy to Tanzania's Economic Integration?
- (3) How does the role of economic diplomacy promote Tourism in Tanzania?

1.6. Scope of the Study

This study focused on assessing the roles of the Tanzania government in promoting role of economic diplomacy in contributing to Tanzania's economic growth. In particular, the study intended to find out the significance of economic diplomacy in promoting Foreign Direct Investment, the contribution of economic diplomacy to Tanzania's economic integration and the role of economic diplomacy promote tourism in Tanzania. The study was conducted at the government offices specifically at the Ministry of Natural Resources and Tourism (MNRT), Ministry for Foreign Affairs and East African Cooperation (MFAEAC), Ministry of Industry, Trade and Investment (MIT) and Ministry for Finance and Planning (MFP).

1.7. Significance of the Study

The study findings are significant in many aspects including organizational/institutional aspects, individual aspects and academic aspects.

1.7.1. Policy Makers

Policy Makers specifically those concerned with formulation of foreign policies (economic policies) like the Bank of Tanzania (BOT), Ministry of Finance and Planning, other individual and other stakeholders might benefit from the study findings in a way that study findings give a clear picture on how well economic diplomacy has performed in promoting economic growth in Tanzania and provide a clear structure on the formulation of Tanzania foreign policies.

1.7.2. Academicians

Given that time resources and financial resources are limited, the researcher covered few selected variables that have a direct link with the contribution of economic diplomacy in promoting Tanzania's economic growth and provide a clear picture of the study. Through the study, further researchers might find gaps and better start to bring more findings pertaining the issue of economic diplomacy and economic growth.

1.8. Limitation of the Study

First, the shortage of time was a challenging factor to the study because the researcher is working with tight schedules where he utilized his day time at work. However, the researcher utilized his nighttime and weekends to accomplish the study. Second, financial constraints might have affected the study since the researcher has other obligations including paying rent and food.

1.9. Organization of the Study

This study comprised of five chapters. Chapter one contained the introduction where the background of the problem, objectives and questions of the study are clearly stated. Chapter two covered the discussion of the key concepts, review of theories related to the study and various literatures concerning similar studies done in the past in relation to this study. Chapter three consisted of the research methodology which includes research approach, research design, area of study, target population, sampling techniques, data collection techniques and procedures, validity and reliability, data analysis and research ethics. However, chapter four covered the presentation of research data and discussion of findings, where by Questionnaire return rate, demographic information of respondents and presentation of research findings based on research objectives formed the major portion of the chapter. Chapter five drawn out conclusions, listed policy implications, gives recommendations and lastly it provided critical evaluation of the entire study.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter reviews the previous studies relating to the problem under study. The consulted literature explores the relationship between foreign policies, FDI, foreign integration, Tanzania exportation and Tanzania economic diplomacy. Therefore, the chapter explores in detail how the role of economic diplomacy determines Tanzania's economic performance in foreign policies, FDI, foreign integration and exportation aspects.

2.2. Definition of Key Concepts

2.2.1. Diplomacy

Diplomacy is the art of obtaining agreement between countries who need to cooperate to produce results in which each has an interest (Brown, 2011). Diplomacy also is the established method of influencing the decisions and behavior of foreign governments and peoples through dialogue, negotiation, and other measures short of development.

Oxford dictionary (2022) defines diplomacy as the profession, activity, or skill of managing international relations, typically by a country's representatives abroad. Diplomacy as defined as the conduct through representation organs and by peaceful means of the external relations of a given subject of international law (Barston, 2019).

Barela (2019) sees diplomacy as a means of peace where two parties have come to a deadlock. Therefore diplomacy is employed in situations where states or non-state actors are in disagreement. From the definition, it is important to understand that the "Diplomacy" always seeks to promote the economic, commercial and cultural links of the nation with other nations.

2.2.2. Economic Diplomacy

Yakop, & Bergeijk (2011) defined Economic Diplomacy as the diplomacy that is used to acquire goals through trade and commerce. It focuses on trade relations as opposed to political or cultural relations. States send out economic diplomats to focus on economic matters in receiving countries and to realize their countries' economic goals through engaging in trade relations. In this case the states are not the only actors in this form of diplomacy as it involves non-state actors like NGO's, MNCs and Trade organizations. These diplomats are tasked with ways of promoting trade and investments in their country.

Bayne (2017) define Economic Diplomacy as a decision making and negotiation process in international economic relations. It is carried out by various actors all geared towards economic development. In earlier diplomatic practice, Ministries of Foreign Affairs and East Africa cooperation, Ministry of Investment and Trade and Ministry of Finance and Planning conducted economic diplomacy but in recent time other institutions are also involved including and not limited to Multi - National Corporations, Non - Governmental Organizations, and Sub - Central Government Departments. With the changing global patterns, economic and trade related issues have become important hence the growing nature of economic diplomacy. In today's multi polar world system the state has ceased being the core actor in international relations hence the need for more parties involved in trade negotiations.

2.2.3. Foreign Policy

Frazier (2019), state's foreign policy consists of the strategies it uses to protect its international and domestic interests and determines the way it interacts with other state and non-state actors. The

primary purpose of foreign policy is to defend a nation's national interests, which can be in nonviolent or violent ways.

Obama (2016) defined foreign policy as general objectives that guide the activities and relationships of one state in its interactions with other states. The development of foreign policy is influenced by domestic considerations, the policies or behaviour of other states, or plans to advance specific geopolitical designs.

Leopold von Ranke (2011) emphasized the primacy of geography and external threats in shaping foreign policy, but later writers emphasized domestic factors. Diplomacy is the tool of foreign policy, and war, alliances, and international trade may all be manifestations of it.

2.2.4. Foreign Direct Investment (FDI)

Foreign Direct Investment is defined as an investment involving a long-term relationship and reflecting a lasting interest and control by a resident entity in one economy. It is also defined as investment made to acquire lasting interest in the enterprises operating outside of the Economy of the Investor (Ashis, 2016).

Foreign Direct Investment (FDI) is the name given to the process where a firm from a country provides capital to an existing or newly created firm in another country (Jonathan, 2014). Foreign Direct Investment (FDI) refers to long-term participation by country A into country B. It involves participation in management, joint venture, transfer of technology and expertise (Shim & Siegel, 2015)

2.2.5. Tanzania Economic Growth

Economic growth as measured by Gross Domestic Product (GDP) growth measures market value of goods and services produced in a country by both foreigners and domestic individual. It captures

only market value of total produced goods and services and it doesn't account for social or economic wellbeing of the people (Chadstone, 2017).

Following two decades of sustained growth, Tanzania reached an important milestone in July 2020, when it formally graduated from low-income country to lower-middle-income country status. Tanzania's achievement reflects sustained macroeconomic stability that has supported growth, in addition to the country's rich natural endowments and strategic geographic position. After many countries were hit by Covid-19 pandemic that saw many economic activities cease to operate like tourism sector in Tanzania where number of tourists were limited, the economy gradually recovering in the third quarter of 2021, with the surge mainly driven by the hospitality, mining, and electricity sectors. Leading indicators such as cement production, electricity generation, private-sector credit, goods and services exports, nonfuel goods imports, telecommunications, mobility, and tourist arrivals all improved in 2021, though activity in most sectors remains below pre-pandemic levels (World Bank, 2022).

2.3. Theoretical Literature Review

2.3.1. Realism Theory (RT)

Realism is believed to be one of the most influential theories and dominant paradigms in the field of International Relations. The basic core assumptions that explain the basis of the realist perspectives such as statism, survival, and self-help are very relevant and highly applicable in most of the situation in global politics (Dunne & Schmidt, 2001).

Under these realistic perspectives, State is believed to be the main actor in the execution of all affairs of the country; that is to say the state is the major instrument towards the implementation of economic diplomacy.

However, a lot of criticism has been directed to the realistic scholars for ignoring the important contributions of the international institutions in today's world political system. In this world of globalization and international integration, economic diplomacy is considered as the best strategy towards the pursuit of national interest to achieve the desire for the economic growth of any state. According to the realism school of thoughts, the behavior of the states is determined or influenced by the need to achieve the national interest (Russett & Starr, 1989).

However, other realist scholars view WWII as the clear justification of the relevance of the theory. "All in all, since realism theory advocates for the state as a main actor in the international politics or execution of economic diplomacy of a particular country, therefore this school of thought is very relevant to this study due to the fact in Tanzania, the state is the main actor in the implementation of diplomacy. "The state actors such as the President, Ministry of Foreign Affairs, Ministries, Departments and Agencies are responsible for the implementation of Tanzania's diplomacy to ensure the pursuits of Tanzania's social and economic interest.

The Economic Diplomacy designed in any form in a realistic approach of the economic agenda which can be distinguished from the political agenda even though its reality remains in a political and traditional perspective whose origins are two facets of the same coin, the other meaning being "one thing with two different faces". In other words, the role of government officials in diplomacy and international relations is still fundamental to establishing and developing relations between two or more countries that seek economic cooperation. (Russett & Starr, 1989; Gay & Airasian, 2013)

2.3.2. Liberalism Theory

Liberalism perspectives do not view states as the only actor in international affairs. Instead they also acknowledge the significant role of the international organizations and institutions in dealing

with international spheres or in influencing geo politics. (Grecio, 1990) maintained that, in the liberal perspective, normally states don't regard each other as enemies, but instead they see each other as a development partner or potential stakeholders that can play an essential role in securing their national interests. Many criticisms from liberal activists were directed to the realist scholars for ignoring the role of international organizations in the international systems.

Furthermore, liberals believe in economic, social and cultural interdependence among the states as a way to ensure the pursuit of the national interest of states and promote peace and stability among nations since interdependence among the states reduces the possibilities of the countries to engage in conflicts. Unlike realism, under liberalism, states are not only concerned with maximizing their power but states have different interests with different strategies or approaches in pursuing those interests. Promoting peace, stability and cooperation are among the key strategies used by the states to pursue their national interest (Grecio, 1990).

According to Keohane & Nye (1989), International regimes can increase probability of cooperation by providing information about the behavior of others through monitoring the behavior of members and reporting on compliance this ensures that some states are not exploited by other members of the regime and minimizes the chances for conflict.

Keohane & Nye (1989) refer to this as complex interdependence theory whereby there is an increasing complex transnational connection and interdependence between states and societies while the use of military force is decreasing.

Despite the existing logical differences between the two theories with regards to their views and perception on the position of the state in the global affairs, both realist and liberalist scholars share basic core assumptions. For example (Stein, 1993) claims that, both realist and liberals agree on

the absence of global state over and above all other individual states accepted as a legitimate authority to enforce the law or punish the aggressive behaviors done by the state.

Stein (1993) further argued that both realists and liberal perspectives see the states as an important instrument in international systems. The only difference is that, although realists view the state as only an actor in the international system, but on the other hand liberal scholars regards both state and non-state actors such as international organizations or institutions as a key instrument in the conduct of global affairs or diplomacy.

Based on the contributions of both state and non-state actors in the implementation of global affairs of the states as emphasized by liberalist scholars, this theory is relevant in this study because in Tanzania, apart from the government, the non-state actors such as NGOs, Diaspora, private sector, development partners, community member and media, are among the critical actors and have a significant role in the execution of economic diplomacy for the betterment of social and economic development of Tanzania.

2.4. Empirical Literature Review

2.4.1. Economic Diplomacy and FDI

Lema and Dimoso (2011) observed the existence of independence between FDI and economic diplomacy in the sense that neither FDI inflows nor economic diplomacy cause one another. This is because Tanzania's economic diplomacy have led to FDI inflows and similarly Tanzania's economic diplomacy has been attracting GDP growth. However, Moses, Joseph and Yao Shen (2013) cited in Arabi (2014) findings on the causality test on the relationship between Tanzania's economic diplomacy, FDI, GDP growth rate and exports of Tanzania using the annual data

spanning from 1980 to 2012 the integration found that there is a long-run association between Tanzania's economic diplomacy, FDI and economic growth.

Nevertheless, Njau, Obeid, and Patrick (2015) indicated that economic diplomacy have boosted economic growth and FDI inflows in Tanzania. Studies by Odhiambo (2012) results of Granger Causality test suggest a unidirectional causal flow from investment to economic growth although there is a feedback short-run causal flow from economic growth to investments. Therefore, the literature on the relationship between economic diplomacy and FDI in Tanzania is mixed due to variations of the findings across studies.

2.4.2. Economic Diplomacy and Economic Integration

Haji and Jianguo (2014), Tanzania economic diplomacy has improved in the 21st century and that has promoted the creation of many opportunities that attracts investors from various parts of the world. The increased population in Tanzania has also provided a good number of consumers and has boosted investors' morale in investing in the country. Many businesses have been initiated by citizens from many states and this has been a result of good economic integration between Tanzania and those countries like East African community integration, the Southern African Development Community (SADC) and the African Union (AU).

Okumu (2019), African countries had been in pursuit of development and this pushed them to initiate integration for the promotion of economic development in the region. Since the acquisition of independence, Tanzania has been forefront in promoting regional integration as a key pillar in championing investment in the country (Mtengwa, 2014). Economic diplomacy has been viewed as important in opening wider markets, increasing as well as transfer of the technology

2.4.3. Economic Diplomacy and Tourism

In collaboration with the government of Japan, the Government constructed tarmac road between Makuyuni and Ngorongoro gate, to attract more tourists to the northern circuit. In the case of air transport, there is an improvement in international air accessibility. Currently KLM is flying daily in and out of Tanzania. British Airways has introduced a direct flight from Dar es Salaam International Airport to London Heathrow Airport, which flies three times a week in the country. This has increased the number of tourist in the country, who needed the diversified products. The success has been contributed by Tanzania diplomatic relationship with British and Japan. Tanzania officially requested Japan Grant Aid for New Bagamoyo Road Widening Project, from 2-lane to 4-lane (plus 2-lane island) for 35-km road section from Morocco Intersection to Mpiji, the boarder of Dar es Salaam City (URT,2018).

The government of Tanzania considered private investment both foreign and local as engine for economic growth. Steps were taken towards macro-economic framework and an enabling environment for private investors in taking a milestone towards country's economic growth. Tourism Confederation of Tanzania (TCT), a private sector body that is intended to be the representative, voice of the tourism private sector interests was established to assist the private sector development in promoting tourism in Tanzania. The success came as Tanzania relation with many Eastern and Western European countries. Tanzania bilateral relationship with such countries brought in tourism awareness to many tourists as large number of tourists come from such regions as well as USA (Kweka, 2013).

2.4.4. Foreign Policy and Economic Diplomacy in the National Economy

Despite enthusiastic privatization during the 1990s, and annual GDP growth of between 5 and 7%, the Tanzanian economy remains weak (REPOA, 2012). Mkapa's Government saw through a vigorous programs of economic reform, in line with IMF guidelines. Tough measures have included tight control of public spending, privatization of parastatals, reform of the Investment Code, the taxation system and land ownership, steps to improve revenue collection, expenditure control and civil service retrenchment. (Kweka, 2013).

In this globalized and interconnected world, economics has become more important than ever as a determining element in international affairs. It has moved to center stage in diplomacy and now extends beyond 'commercial diplomacy' (Mtengwa, 2014). Apart from foreign trade, it includes external investments, financial flows, aid, bilateral and multilateral economic negotiations and technology exchanges. Tanzania too has for years now followed the tide of global changes in the economy, politics and security by adopting economic diplomacy as a cornerstone of its foreign policy. Whether we have succeeded or not in pursuing economic diplomacy but it is as a tool for achieving sustainable development (The Guardian Newspaper, 2021). Economic benefits in the form of an increase in exports was studied by Mtengwa, (2014), who stated that exports shape the “public perception of the competitiveness of a nation and determine the level of imports that a country can afford”. Foreign direct investments in Tanzania have been increasing since 1992 when an investment promotion policy was adopted and implemented. Currently, more than half of all approved new investments in Tanzania are foreign owned (World Bank, 2022). Foreign direct investment in Tanzania cut across a wide range of sectors, but heavy investments have recently been directed to industrial holdings, tourism, mining, financial sector and agriculture (ibid.)

2.5. Research Gap

The gap of this study is justified by the main three variables of the study (figure 2.1); few studies examined the relationship of the four economic diplomacy factors in Tanzania simultaneously across studies. Mtengwa (2014) explained that there are variations of results over economic diplomacy defined by foreign policy, FDI, Tourism and economic integration on Tanzania economic diplomacy. However, there are limited studies on the relationship between economic diplomacy and foreign policies in Tanzania especially when primary data are used. Lastly, government efforts to improve the performance of the economic diplomacy that result in positive economic growth over have produced little progress. Thus, the gap justifies the need for the study.

2.6. Conceptual Framework

This study has been conceptualized by assessing the role of economic diplomacy in promoting the growth of Tanzania's economy it describes the key variables determining the economic growth in Tanzania influenced by economic diplomacy. These factors are Foreign Policy, FDI, Tourism and Economic Integration.

2.6.1. Foreign Direct Investments

FDI is a result of encouraging investments in various sectors of the economy. For FDI to perform several factors are involved; infrastructure, political ideology, exchange rate, and taxes. The existing political ideology influences the formulation of viable policies for macroeconomics policy on economic growth (Khan, 2016).

2.6.2. Foreign Policy

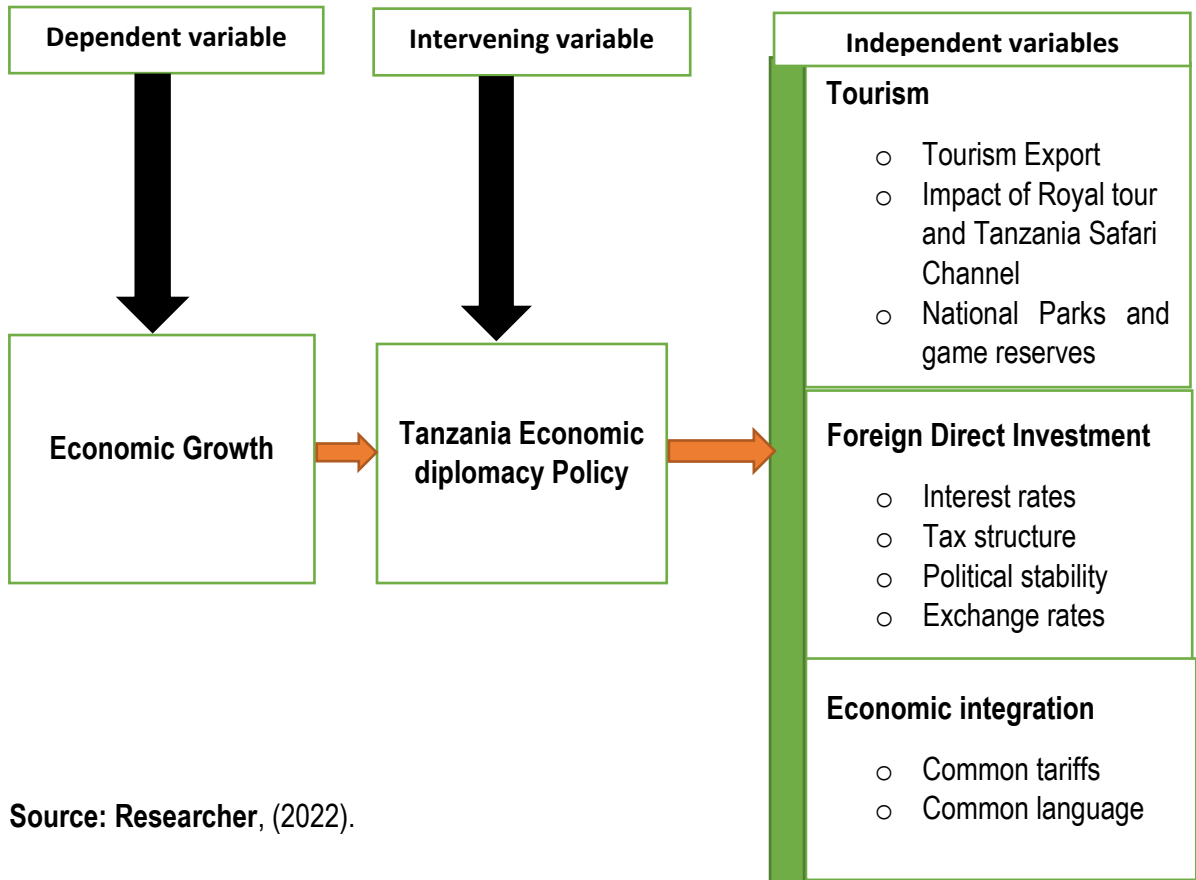
Leopold von Ranke (2011) emphasized the primacy of geography and external threats in shaping foreign policy, but later writers emphasized domestic factors. Diplomacy is the tool of foreign policy,

and war, alliances, and international trade may all be manifestations of it. The United Republic of Tanzania adopted a Foreign Policy focusing on economic diplomacy to secure the core national interest as a sovereign state. The Policy manifest itself in active international engagement, which is basically leveraged upon the pursuit of economic objectives, while at the same time preserving the gains of the past and consolidating the fundamental principles of Tanzania's traditional foreign policy (URT,2001).

2.6.3. Economic Integration

Regional integration helps countries overcome divisions that impede the flow of goods, services, capital, people and ideas. These divisions are a constraint to economic growth, especially in developing countries. The World Bank Group helps its client countries to promote regional integration through common physical and institutional infrastructure (World Bank, 2017). It measures on how often components of economic integration like common tariffs, common language and common currency support economic growth.

Figure 2.1: Conceptual Framework for the Study



Source: Researcher, (2022).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents research methodology and specifies the design that was used in collection of data. It is organized under the following parts; study area, research design, research approach, target population, sampling procedure and size, research instruments, validity and reliability of research instruments, data collection procedure, data analysis procedure and ethical considerations.

3.2. Study Area

The study was conducted at Dodoma city, the Tanzania capital city. The study included Tanzania Ministries responsible for maintaining the country external economic relation with the rest of the world. These Ministries that were; Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning, Ministry of Natural Resources and Tourism.

3.3. Research Design

Creswell & Creswell (2018) define research design as a program that guides a researcher in collecting, analyzing, and interpreting research data. Research design is a master plan specifying the methods and procedures for collecting and analyzing the required data. The choice of research design depends on the objectives that the researchers want to achieve.

This study used Parallel convergent design in gathering data related to this study. Parallel convergent design is recommended for studies that involve collection of qualitative and quantitative data from respondents, then merging the results during the analysis (Kombo & Tromp, 2006). The design also adopts quick tools for fast data collection such as questionnaires and structured interviews (Rubin, 2010).

3.4. Research Approach

According to Kothari, (2011) a research approach is the theory on how a research question must be analysed. The current study employed a Mixed research approach in order to collect information related to the study. According to Kothari, (2011) the use of both Quantitative and Qualitative approaches provides even better understanding of research study. Qualitative research approach considers collecting information from the participants in order to understand the phenomenon under the study from the perspectives of those involved in the research. Quantitative research approach on the other hand contemplates numerical information from the participants to establish descriptions that enable researcher to have better understand research problem in terms of numerical primary data.

3.5. Sampling Design

The sample design provides information on the target and final sample sizes, strata definitions and the sample selection methodology (Crossman, 2020). According to Kothari, (2011) sampling design generally refers to the technique used to select sample units for measurement. This part brings together the population and target population, sample frame, sampling procedures and the sample size.

3.5.1. Population and Target Population

Kothari, (2011) identifies population as a collection of individuals who share at least one common or organizing characteristic. Target population is a total number of people or object under the study (Creswell & Creswell, 2018). This study population were Directors and Heads of Departments in Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. Conversely, the target population for this study will be 5 Ministry Directors and 20 Ministry Heads of Departments. Such target population is chosen because the researcher believes they have rich data to explicate

the phenomenon about the contribution of economic diplomacy in promoting growth of Tanzania's economy, a concept that is being assessed by the current study.

3.5.2. Sample Frame

A sample frame is a list of all the items in your population and it encompass a complete list of everyone or everything you want to study (Creswell & Creswell, 2018). This study sample frame will be exclusively 25 Heads of departments including Directors and Heads of Departments in Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. The sample frame is presented in table 3.1.

Table 3. 1: Sample Frame for the Study

Ministry	Directors	Departments	Heads of Department
Ministry of Foreign Affairs and East Africa Cooperation	2	Economic Diplomacy	5
		Trade Investment and Productive Sector	
		Policy Defense and Security	
		Economic Infrastructure and Social Services	
		Policy and Planning	
Ministry for Investment, Industry and Trade	1	Business Integration	5
		Small Industries and Small Businesses	
		Business Development	
		Industrial Development	
		Policies and Plans	
Ministry of Finance and Planning	1	Economic Management	5
		Monitoring & Evaluation	
		Policy Development	
		Macro - economic Policy	
		Chief Internal Auditor	
Ministry of Natural Resources and Tourism	1	Licensing and Quality Control (LQC)	5
		Tourism Development (TD)	
		Research, Training and Statistics (RTS).	

Source: Field Survey, 2022

3.5.3. Sampling Techniques

A sample is a small portion of a target population, while sampling means selecting a given number of subjects from a defined population as representative of that population (Kombo & Tromp, 2006). In this study, simple random sampling technique was used to select Heads of departments, and the Ministry Directors were selected purposely. With such wide coverage of the population of interest, there is also a reduced risk of missing potential insights from members that are not included.

3.5.4. Sample Size

Table 3.2 summarizes the expected sample size for the study. According to Creswell & Creswell (2018) sample size of 10% to 30% of a given population is enough for the study. Since there are 18 Directors in the four selected Ministries, 5 out of 18 makes a sample for Directors being 27.8%. For Ministry Heads of Departments, 20 out of 47 makes a sample being 42.5%. Therefore, the sample size for this study included 5 Ministry Directors and 20 Ministry Heads of Departments.

Thus, the formula used to get the percentage of sample is therefore:

$$\text{Percent of Sample (\%)} = \frac{\text{Sample Size } (n)}{\text{Population size } (N)} \times 100\%$$

Therefore, Percentage of sample for Ministry Directors

$$\text{Percentage of Ministry Directors (\%)} = \frac{5}{18} \times 100\% = 27.8\%$$

Percentage of sample for Ministry Heads of Departments

$$\text{Percentage of Ministry Heads of Departments (\%)} = \frac{20}{47} \times 100\% = 42.5\%$$

Table 3. 2: Sample Size for the Study

No.	Respondent	Population	Number of respondents	Percentage (%)
1.	Ministry Directors (MD)	18	05	27.8
2.	Ministry Heads of Departments (MHODs)	47	20	42.5
Total Sample size			25	

Source: Field Survey, 2022

3.6. Data Collection Methods

Data collection is the systematic approach for gathering and measuring information from variety of sources to get a complete and accurate picture of an area of interest (Creswell & Creswell, 2018).

To legally collect data, researcher obtained a letter from the Institute of Accountancy Arusha addressed to Responsible Ministries asking permission to collect data in the from the directors and heads of departments. Having accepted by the government authorities and got permission to collect data, the researcher visited the sampled respondents and make prior arrangements with them for data collection.

3.6.1. Selection of Ministry Heads of Departments (MHODs)

Names of departments from all selected Ministries will be written in small pieces of papers, folded and assigned numbers. Then the researcher mixed them thoroughly in bucket. The researcher then picked randomly but with replacement, the numbers from departments bucket up to 5 in each ministry and note down the names of department selected. In each Ministry the selected departments, the heads of department were chosen as a respondents' for the current study. This

procedure was applied to select 5 Ministry Heads of Departments in each Ministry and 20 Ministry Heads of Departments in 5 selected ministries.

3.6.2. Ministry Directors (MD)

The selection of Ministry directors followed a purposive model. One (1) director was selected from each ministry for the Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. Two (2) Ministry directors selected were selected from Ministry of Foreign Affairs and East Africa Cooperation due to the consideration that this ministry has a special department concerned with Economic Diplomacy.

3.7. Data Collection Instruments

This study used two (2) research instruments namely; questionnaires and interview guide. The researcher used this combination of methods for data collection because the use of more than one instrument helps to obtain adequate and relevant information for the study (Kothari, 2011)

3.7.1. Questionnaire

Questionnaire is the collection of items of which respondent is expected to react usually in writing (Creswell & Creswell, 2018). In this study, questionnaires were used to gather data from respondents. Questionnaires will be distributed to Ministry Heads of Departments (MHODs). In order to collect data from this group of respondents, researchers' self-constructed questionnaires were distributed to 20 Ministry Heads of Departments (MHODs). The questionnaire for Ministry Heads of Departments (MHODs) included both closed-ended questions and open-ended questions. In this case, the respondent were asked to select an answer from among a list provided by the researcher. The closed-ended questions were used because they provide a greater uniformity of responses and are more easily processed. In open-ended questions, the respondent were asked to provide their own answer to the question. During the data collection, each respondent was given

a copy of the questionnaire to fill-in. Researcher prefer to use questionnaires because it can be administered to a large group of individuals at the same time and respondents are free to express their views without being intimidated by the researcher.

3.7.2. Structured Interview Guide for Ministry Directors (MD)

Interview is the method of data collection whereby there is a verbal communication as one person asks a question, and one or more individuals responding (Omari, 2011). Face to face, interview was used to gather data from Ministry Directors (MD) about their opinions, experience, and situations regarding the research questions. The researcher used semi-structured interview to gather data. This type of interview is suitable because “it provided accurate and complete information from respondents in the study” (Kothari, 2011). Interviews allowed the researcher to probe further questions apart from those prepared before the interview depending on respondent’s responses.

3.8. Data Analysis Procedures

Data analysis is critical examination of the assembled and grouped data for studying the characteristics of the object under study and for determining the patterns and relationship among the relating variables (Creswell & Creswell, 2018). In this study, quantitative data from questionnaire guide were analyzed using descriptive statistics for frequency, percentage, mean and standard deviation. The coding was done with the aid of SPSS program by assigning numerical codes to pattern the relevant information according to research questions and the results were presented in form of tables. Qualitative data obtained were subjected to thematic analysis and the results were presented in form of tables and paraphrasing.

3.9. Validity and Reliability of Research Instruments

3.9.1. Validity of the Instruments

Validity refers to the degree to which an instrument accurately measures what it intended to measure (Creswell & Creswell, 2018). Thus, for the purpose of quality, the study instruments was refined through the comments from research experts from Institute of Accountancy Arusha, researchers' supervisor(s) and fellow students. The expert opinions was used to make necessary correction on the instruments to ensure its validity. The purpose is to make the instruments focus on capturing required information from respondents that answered the research questions.

3.9.2. Reliability of Instruments

According to Omari, (2011) reliability refers to the degree to which an instrument yields consistent results and lesser the variation produced by an instrument on subsequent trials the more reliable it is. To check for the reliability of quantitative research instruments, the researcher conducted a pilot study for two consecutive weeks for 2 Ministry directors and 10 Ministry heads of departments, who were not included for the actual study. The data obtained were analyzed using SPSS program. The reliability test was done through split half method to obtain reliability correlation coefficient (r). According to Creswell (2013), if the reliability coefficient falls on $r \leq 0.5$, the researcher will make a review of the items in the data collection tools, and if $r \geq 0.5$ then the tools are reliable enough to be used for the study.

After pilot study, it was found that the overall reliability statistic for Ministry Heads of Departments (MHODs) questionnaire items was 0.85 hence the instruments were reliable enough and thus, the researcher used them for field data collection.

3.10. Ethical Considerations

According to Creswell, (2013), during the process of writing research, the researcher is needed to consider ethical issues during the study. Researcher whose subjects are people or animals must consider the conduct of their research and give attention to the ethical issues associated with carrying out their research.

Research permit is important during research and has ethical implication for any research study (Karen, 2012). In this study, data collection followed proper channels and procedures. The researcher obtained an introduction letter from the Directorate for Postgraduate Studies of Institute of Accountancy Arusha, and the letter was presented to the responsible Ministry officials to request the research permission to allow data collection from the respondents. After being authorized to collect data, the researcher requested permission from heads of departments and Directors in selected ministries before embarking on data collection process.

Jenn (2016) asserts that, confidentiality is an extension of privacy but relates specifically to the agreements made between the researcher and participants about what can and cannot be done with information collected over a course of a project. In this study, the researcher considered ethical issues such as confidentiality, openness, honest, and voluntary participation of participants. In the process of collecting data, the researcher ensured confidentiality of data given by the respondents and such data were used for the research purpose only. Additionally, the researcher reported the findings gathered in this study objectively and honestly.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1. Introduction

This study assessed the contribution of economic diplomacy in promoting growth of Tanzania's economy. This chapter presents analyses of data obtained through interviews and questionnaires from the field. The chapter is organized into three sections. Section one presents the Questionnaire return rate. Section two highlights on the demographic characteristics of the respondents. Section three presents findings based on research objectives namely; to examine the significance of economic diplomacy in promoting Foreign Direct Investment (FDI), to assess the contribution of the economic diplomacy in promoting economic integration and to find out the role of economic diplomacy in promoting tourism.

4.2. Questionnaire Return Rate

The study targeted twenty (20) Ministry Heads of departments (MHODs) respondents who responded to the questionnaires and five (5) Ministry Directors (MD) who were interviewed. A total of 20 questionnaires were dully filled and returned. No questionnaires from Ministry Heads of departments which was not returned. Thus, the questionnaire return rate was 100%, which was adequate to work with.

4.3. Demographic Information of Respondents

The current study involved Ministry Heads of departments (MHODs) and Ministry Directors (MD) who responded to questionnaires and interviews respectively. Their demographic data are presented as follows.

4.3.1. Demographic Information of Ministry Heads of Departments (MHODs) Respondents

This study involved the Ministry Heads of departments (MHODs) as potential respondents for collecting data. The Heads of departments were from various departments and sections at Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. Their demographic characteristics are presented in table 4.1.

Table 4. 1: Demographic Information of Ministry Heads of Departments (MHODs)

Variable	Option	F	%
Gender	Male	11	55.0%
	Female	9	45.0%
	Total	20	100.0%
Age in Years	20 – 30	0	0.0%
	31 – 40	5	25.0%
	41 – 50	11	55.0%
	Above 50	4	20.0%
	Total	20	100.0%
Ministry	Ministry of Foreign Affairs and East Africa Cooperation	5	25.0%
	Ministry for Investment, Industry and Trade	5	25.0%
	Ministry of Finance and Planning	5	25.0%
	Ministry of Natural Resources and Tourism	5	25.0%
	Total	20	100.0%
Education level	Postgraduate	16	80.0%
	Degree	4	20.0%
	Diploma	0	0.0%
	Certificate	0	0.0%
	Total	20	100.0%

Source: Field Data, 2022.

As presented in Table 4.1, findings show that, based on gender majority 11 (55.0%) of Heads of Departments were male while 09 (45.0%) were female. This imply that majority of participants of this study were male.

Demographic data in Table 4.1 on the Heads of Departments age revealed that, majority 11 (55.0%) of Heads of departments were aged between 41-50 years, 5 (25.0%) between 31-40 years and 4 (20.0%) were aged above 50 years. There were no participant in this group of respondents who was aged between 20-30 years. This means most of participants of the current study were aged above 30 years, which imply that they were matured enough to give relevant data for the study.

Conversely, based on Ministries of Heads of Departments, findings in table 4.1 show that, the representation was of equivalent (5, 25.0%) number from Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. These findings demonstrate equal participation of Ministries Heads of Departments to the current study hence provision of relevant information required by the study.

Based on education level, table 4.1 show that, majority 16 (80.0%) of Ministries heads of departments were educated up to Postgraduate and few, 4 (20.0%) had Bachelor degrees. There were no participant with a Diploma or a Certificate. These findings means that all participants of the current study were educated enough hence it was possible for them to give a well thought responses for the study.

4.3.2. Demographic Information of Ministry Directors (MD)

The study also involved Ministry Directors (MD) for collecting data that supplemented findings from Heads of Departments' respondents. The Ministry Directors (MD) were from at Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. Their demographic characteristics are presented in table 4.2.

Table 4. 2: Demographic Information of Ministry Directors (MD)

Variable	Option	F	%
Gender	Male	4	80.0%
	Female	1	20.0%
	Total	5	100.0%
Age in Years	20 – 30	0	0.0%
	31 – 40	0	0.0%
	41 – 50	3	60.0%
	Above 50	2	40.0%
	Total	5	100.0%
Ministry	Ministry of Foreign Affairs and East Africa Cooperation	2	40.0%
	Ministry for Investment, Industry and Trade	1	20.0%
	Ministry of Finance and Planning	1	20.0%
	Ministry of Natural Resources and Tourism	1	20.0%
	Total	5	100.0%
Education level	Postgraduate	5	100.0%
	Degree	0	0.0%
	Diploma	0	0.0%
	Certificate	0	0.0%
	Total	5	100.0%

Source: Field Data, 2022.

As presented in Table 4.2 Ministry Directors (MD) were five (5), 4 (80.0%) being a male in gender while 1 (20.0%) were female in gender, which depict that the appointment for Ministry Directors (MD) position was of no gender sensitive. Moreover, 3 (60.0%) of Ministry Directors (MD) involved in the study were aged between 41- 50 years and 2 (40.0%) were aged above 50 years. There were no Ministry Directors aged between 20 – 30 years or 30 – 40 years. This imply that Ministry Directors were both matured personnel to provide relevant data for the study.

Based on Ministry, one (1, 25.0%) represented each ministry from Ministry of Foreign Affairs and East Africa Cooperation, Ministry for Investment, Industry and Trade, Ministry of Finance and Planning and Ministry of Natural Resources and Tourism. These findings demonstrate equal participation of Ministry Directors to the current study. Based on education level, both Ministry Directors (MD) educated up to Postgraduate degree, which imply that they are all qualified for their post in management unit and can provide relevant information for the study.

4.4. Findings based on Research Objectives

This part presents findings obtained from the field base on research objectives. The subsections are arranged such that, each part presents, interpret and discuss findings based on research objectives.

4.4.1. Significance of Economic Diplomacy in Promoting Foreign Direct Investment (FDI)

The first objective of the current study aimed to examine the significance of economic diplomacy in promoting Foreign Direct Investment (FDI). The intention was to justify if economic diplomacy has any significance of in promoting Foreign Direct Investment. To fulfil this objective, Ministry Heads of Departments responded to structured questionnaire in Appendix I while Ministry Directors were interviewed with interview schedule in Appendix II.

In filling out the questionnaires, Ministry Heads of Departments were to put a tick to indicate their responses in one of each item choices. The respondents were to indicate their level of agreement about the significance of economic diplomacy in promoting Foreign Direct Investment. The respondents were to put a tick to indicate their level of agreement on each item. The questionnaires were prepared having five point Likert scale range from strongly agreed (=5) to strongly disagreed (=1). Mean and standard deviation were used to determine the average of respondents' responses. Thus, the agreement of Ministry Heads of Departments responses on the significance of economic diplomacy in promoting Foreign Direct Investment were analyzed based on the responses of the respondents. The Remark was reached upon the mean value, where by a mean value from 1.00 - 3.40 considered disagreed the item while the mean value from 3.41 - 5.00 was considered Agreed response. Data collected from the respondents are presented in Table 4.3.

Table 4. 3: Ministry Heads of Departments (MHODs) Responses on Significance of Economic Diplomacy in Promoting Foreign Direct Investment (FDI)

No	Significance of economic diplomacy in promoting Foreign Direct Investment (FDI)	M	SD	Remark
B1	Tanzania interest rates favours foreign investors	3.73	1.18	Agreed
B2	Exchange rates are reasonable factors to attract FDI	3.54	1.11	Agreed
B3	Some FDI's are attracted by calm political environment	3.85	0.945	Agreed
B4	Labour supply is high enough to attract foreign investors	4.17	0.975	Agreed
B5	Produced goods and services have a situational advantages from domestic market	4.01	0.968	Agreed
B6	Our tax structure is favourable to attract FDI	3.76	1.352	Agreed

Source: Field Data, 2022.

As presented in Table 4.3 respondents in their majority agreed all the items on the significance of economic diplomacy in promoting Foreign Direct Investment. Findings revealed the significance of economic diplomacy in promoting Foreign Direct Investment are such that; Tanzania interest rates favors foreign investors (M=3.73 SD=1.18), exchange rates are reasonable factors to attract FDI (M=3.54 SD=1.11) and some Foreign Direct investors are attracted by calm political environment (M=3.85 SD=0.945).Director's, findings in Table 4.3 show that, Labour supply is high enough to attract foreign investors (M=4.17 SD=0.975), produced goods and services have a situational advantages from domestic market (M=4.01 SD=0.968) and the tax structure is favorable to attract FDI (M=3.76 SD=1.352).

To further explore respondents' opinions on significance of economic diplomacy in promoting Foreign Direct Investment, the study prepared item B6 in the questionnaire guide for Ministry Heads of Departments (Appendix I) and the researcher conducted interview using question 1 for Ministry Directors (MD) interview guide (Appendix II). In both tools the participants provided their opinions about the on significance of economic diplomacy in promoting Foreign Direct Investment. Their responses were thematically analyzed and the findings are presented in table 4.4.

Table 4. 4: Ministry Heads of Departments and Ministry Directors Opinions on Significance of Economic Diplomacy in Promoting Foreign Direct Investment (FDI)

Significance of economic diplomacy in promoting Foreign Direct Investment	Ministry Directors		Heads of Departments		Total	
	X/5	(%)	X/20	(%)	X/20	(%)
Promoting the Available Transport and infrastructure facilities to attract foreign Investors	4	80.0%	19	95.0%	23	92.00%
Ensuring Exchange Rate Stability	4	80.0%	18	90.0%	22	88.00%
Ensuring Global Market Access for products and goods	3	60.0%	16	80.0%	19	76.00%
Assessing and recommend Tax, VAT & other Government Tax at the rate that promote FDI	2	40.0%	15	75.0%	17	68.00%
Promoting the availability of skilled labor for various investors	3	60.0%	14	70.0%	17	68.00%

Source: Field Data, 2022.

Findings in table 4.4 show that, promoting the available transport and infrastructure facilities to attract foreign Investors was commented by 23 (92.0%) participants, while 22 (88.0%) participants opined on ensuring exchange rate stability as the significance of economic diplomacy in promoting Foreign Direct Investment. During the interview, one Heads of Department opined that;

“...As part of our duties, we ensure to promote our country in terms of transportation facilities as well as the available infrastructure to the outside world. This attracts investors especially those interested to invest on business that require transport of goods and products. We also advice the government through the ministry of Finance on the recommended exchange rates that are more FDI attractive...” Interviewee-1, 9th September, 2022).

Furthermore, ensuring Global Market Access for products and goods was commented by 19 (76.0%) participants, while 17 (68.0%) participants opined on assessing and recommending Tax, VAT & other Government Tax at the rate that promote FDI. Promoting the availability of skilled labor for various investors was commented by 17 (0.68) participants as the significance of economic diplomacy in promoting Foreign Direct Investment. One participant insisted that;

“...As economic diplomacy department, we were trusted to bring about foreign investment, which means that we ensure business with other countries has significant in improving our economy. So we ensure that, our country got the opportunity to increase their global market access opportunity so as the export and import volume increases...”
(HOD -11).

4.4.1.1. Discussion of findings on significance of economic diplomacy in promoting Foreign Direct Investment

As depicted in the findings, participants agreed that Tanzania interest rates favors foreign investors and that the tax structure is favorable to attract FDI. These findings are supported by Ashis (2016) who asserted that, the government of Tanzania habitually reduces interest rates and taxes through the Public Finance Act with the aim of attracting investment in certain targeted sectors where by the

government introduced a VAT exemption for the various items in order to encourage Foreign Direct Investment in various sectors.

On contrary the findings disagree with Mtengwa (2014) who contended that, the total value of investment by foreign affiliates is not directly comparable with FDI flows thus the two correspond with one another especially in a country such as Tanzania, where financing of FDI projects from the domestic financial market is unlikely, owing to limited savings and high interest rates. However, what has to be gathered here is that, the government of Tanzania through economic diplomacy department under Ministry of Foreign Affairs and East Africa Cooperation significantly works on reducing interest rates to attract foreign investors. The disparity within findings are explained by the fact that, economic diplomacy department has been established just recently and was attached under Ministry of Foreign Affairs and East Africa Cooperation.

Thus the case of Mtengwa (2014) dated as back as 2014 where the economic diplomacy department wasn't established yet. Large company when they produce big volume of products and doing worldwide business they prefer lower tax facilities and some other government facilities in export, import, VAT and all other fees. That's why developing country like Tanzania offers some attractive features like lower tax, tax exemption for some years and set interest rates that favors foreign investors. Lower tax rate and interest rates bring more investor in host country.

It is shown in Table 4.3 that, among significance of economic diplomacy in promoting Foreign Direct Investment (FDI) is that it promote the exchange rates to be reasonable factors to attract FDI. These findings comply with the findings from Kessy (2021) who asserted that, reasonable exchange rate is an important price and the dominant determinants of FDI inflows in the open international economy. A matter of fact exchange rates are defined as the domestic currency price of a foreign currency, matter both in terms of their levels and their volatility (Hameed and Amen, 2021).

Exchange rates can influence both the total amount of foreign direct investment that takes place and the allocation of this investment spending across a range of countries. Consider what occurs when exchange rates move, economic diplomacy department assess domestic currency price of various foreign country currency, thus advice the ministry of finance on setting up exchange rates that would attract the foreign direct investors.

Findings also revealed that, some foreign direct investors are attracted by calm political environment. These findings concurs with Khan (2021) who asserted that, If the government in power has the ideology of restricted or heavily regulated foreign investments, then the policy will be framed accordingly, therefore, the guidelines are made by the government in power, and the political ideology plays a vital role in the formation of FDI policy. Based on these findings, it can be noted that, foreign direct investment is governed by the policies made by the government in each country. It depends upon these policies whether the regulation of foreign direct investment will be liberal or strict. Therefore, calm political environment and political ideology plays a crucial part in determining the FDI policy. Political unrest can demolish any economy because in political unrest one cannot operate the business properly; one cannot take any proper decision. To operate home country business and to invite Foreign Direct Investment in both cases political stability is very important. If political environment is going well, and it is not in rapid changing mood then it is good for business or society. Economic diplomacy department has obligation to ensure stable political atmosphere that necessitate calm environment for the formulation of FDI policy that will attract foreign investors.

Participants of the current study agreed that labor supply is high enough to attract foreign investors and therefore this is the significance of economic diplomacy in promoting Foreign Direct Investment. Njau, Obeid, and Patrick (2015) availability of skilled labor is also important to attract the FDI because skilled labor means quality production and more profitable business. This therefore imply

that, FDI much rely on Trade, where by trade has a modest impact on total employment which depends upon skilled labor supply, macroeconomic factors and labor policies as well as upon the structure of labor markets (and the ways labor policies influence these structures). Economic diplomacy department therefore has to be upfront in assessing the macroeconomic factors and labor policies of the country, then it propose proper and convenient policy to enable attractive environment for foreign investors to solicit skilled labors from within the country in order to promote the development of national economy.

Findings of the current study also show that produced goods and services have a situational advantages from domestic market. These findings finds its way similar to Odhiambo (2012) arguments, who asserted that, due to domestic market saturation, more competition, excessive capacity and other reasons in domestic market; produced goods and services also have lots of advantage of trading in international marketplaces hence attract more foreign investors. The implication from these findings are that, produced goods and services both from within the country or from other countries can complement the weakness and improve domestic market. Findings have proved that, it was significant that economic diplomacy department ensured produced goods and services from foreign investors benefit the domestic market and thus improve the economy of the country.

4.4.2. Contribution of the Economic Diplomacy in Promoting Economic Integration

This second objective for the current study aimed to assess the contribution of the economic diplomacy in promoting economic integration. Heads of Departments responded to items C1 – C5 in questionnaire guide in appendix I, while Ministry Directors responded to Question Q2 in interview guide in Appendix II that was conducted face to face with the researcher.

In filling out the questionnaires Heads of Departments were to put a tick to indicate their level of agreement in one of each item about the contribution of the economic diplomacy in promoting economic integration. The questionnaires items prepared for this objective had five point Likert scale ranging from strongly agree (=5) to strongly disagree (=1). Mean and standard deviation were used to determine the average of respondents' responses. Within the five point ranges, two bisecting scores were used to make the analysis clear as suggested by Gay and Airasian (2013); these scores were (1.00 – 3.00) and (3.01 – 5.00). Thus the contribution of the economic diplomacy in promoting economic integration were analyzed based on the mean of participants' responses. The remark was reached upon the mean value, where by a mean value between 1.00 and ≤ 3.00 were considered Agreed and from 3.01 to ≥ 5.00 was considered Disagreed. Findings from Heads of Departments are presented in table 4.5.

Table 4. 5: Ministry Heads of Departments (MHODs) Responses on Contribution of the Economic Diplomacy in Promoting Economic Integration

No	Contribution of the Economic Diplomacy in Promoting Economic Integration	M	SD	Remark
B1	Spread of Swahili language in East and Central Africa has contributed to the economic growth of the country	3.41	1.197	Agreed
B2	Presence of common market place help to improve Economic Integration through business and trade	3.89	1.233	Agreed
B3	Tanzania multi-economic integration in Africa like EAC and SADC has led to open of new trade opportunities	3.87	0.894	Agreed
B4	Presence of EAC has reduced trade barriers which results in smooth trade activities between Tanzania and other East African countries	4.03	0.937	Agreed
B5	One stop border promotes trade liberalization and easier movement of goods and services across borders	4.62	1.24	Agreed

Source: Field Data, 2022.

Findings from Table 4.5 show that, respondents are in agreement for all items regarding the contribution of the economic diplomacy in promoting economic integration. Findings show that majority of respondents have agreed that Spread of Swahili language in East and Central Africa has contributed to the economic growth of the country (M=3.41 SD=1.197) while the presence of common market place help to improve Economic Integration through business and trade (M=3.89 SD=1.233). Furthermore, findings show that, Tanzania multi-economic integration in Africa like EAC and SADC has led to open of new trade opportunities (M=3.87 SD=0.894). Conversely, participants agreed that, the presence of EAC has reduced trade barriers which results in smooth trade activities between Tanzania and other East African countries (M=4.03 SD=0.937), while agreeing that one stop border promotes trade liberalization and easier movement of goods and services across borders (M=4.62 SD=1.24).

In exploring more about the second objective, the study conducted interview with Ministry Directors on the contribution of the economic diplomacy in promoting economic integration. Ministry Directors responded to Question 2 in the interview guide for Ministry Directors in appendix II through face-to-face interview while Ministry Heads of Departments filled the questionnaire item C6. In both questionnaire and interview guide, the item provide room for participants to express their opinions contribution of the economic diplomacy in promoting economic integration. Participants opinions were thematically analyzed as in Appendix VI and the summary of the analysis are presented in Table 4.6.

Table 4. 6: Ministry Directors Opinions on Contribution of the Economic Diplomacy in Promoting Economic Integration

Contribution of the Economic Diplomacy in Promoting Economic Integration	Ministry Directors		Heads of Departments		Total	
	X/5	(%)	X/20	(%)	X/20	(%)
Promoting common physical and institutional infrastructures	4	80.0%	19	95.0%	23	92.00%
Assessing Trade, investment and domestic regulation among EAC and SADC.	4	80.0%	18	90.0%	22	88.00%
Ensuring harmonization of safety regulations in maintaining peace and security	3	60.0%	16	80.0%	19	76.00%
Promoting market expansion, technology sharing, and cross-border investment	2	40.0%	15	75.0%	17	68.00%

Source: Field Data, 2022.

Findings in table 4.6 indicates that majority 23 (92.0%) of participants commented that, economic diplomacy department is promoting common physical and institutional infrastructures, while 22 (88%) of participants opined that the department is assessing trade, investment and domestic regulation among EAC and SADC. One participant during the interview insisted that:

“...We use variety of strategies to promote Economic Integration. The first is that, we make sure foreign Investors are aware of our capable common physical and institutional infrastructure among the regional countries such as roads, railway and presence of reliable air transports across the region. ... to add more, we assess trade, investment and domestic regulation among regions such as EAC and SADC to ensure we offer the most benefit for

FDI to slope for our country so that investors would prefer Tanzania in expense of other regional countries...

Furthermore, findings in Table 4.6 indicated that 19 (76.0%) of Ministry Directors explained that, the economic diplomacy department is ensuring harmonization of safety regulations in maintaining peace and security while 17 (68.0%) opined that the department is promoting market expansion, technology sharing, and cross-border investment. During the interview, Interviewee 5 explained that:

...Our team normally plays an important role in conflict prevention, using diplomacy and mediation from diplomats and ensure that, safety regulations agreed along the regions are adhered for improving our national peace and security... We also promote market expansion along the region, and encourage sharing of technology with other regional countries for example the availability of M-Pesa services for some countries in East Africa and we encourage cross-border investment ... we do a lot of staffs as you can see. We are not alone actually, we cooperate with other Ministries and various department to make it easier for investors ...

4.4.2.1. Discussion of Findings on the Contribution of the Economic Diplomacy in Promoting Economic Integration

Main findings show that, Economic Diplomacy Department has played an important role in promoting Economic Integration in various ways. It was shown that, the spread of Swahili language in East and Central Africa has contributed to the economic growth of the country. These finding agree with Bayne (2017) who argued that, the use Kiswahili as a common language has accelerated and enhanced regional integration and sustainable development in the East African Community

(EAC) agenda. A matter of fact, if you don't have a common language, it's difficult to do business. Therefore it is important that economic diplomacy to ensure the spread of Swahili language even beyond East African countries in promoting economic integration between Tanzania and other Swahili speaking countries.

Furthermore, main findings of the current study show that, Economic diplomacy department promote economic integration by promoting common physical and institutional infrastructures, assessing trade, investment and domestic regulation among EAC and SADC. These findings agree with Ashis (2016) who asserted that, regional integration helps countries overcome divisions that impede the flow of goods, services, capital, people and ideas. Therefore, through collaboration with relevant agencies and private sector, economic diplomacy department can carefully identify priority common physical and institutional infrastructures to enhance common international marketplace. This means the divisions between countries created by geography, poor infrastructure and inefficient policies are an impediment to economic growth. Economic diplomacy department can enhance economic integration through International Cooperation and promote regional integration through common physical and institutional infrastructure.

It was also established that Tanzania multi-economic integration in Africa like EAC and SADC has led to open of new trade opportunities and the presence of EAC has reduced trade barriers which resulted in smooth trade activities between Tanzania and other East African countries. These findings portray the importance of economic diplomacy department in promoting economic integration via circuit members in EAC and SADC. As posited by Odhiambo (2012), products from EAC countries can access various markets within the community and in the developed world through a system of preferences which offers preferential treatment to a wide range of products and

qualify for preferential tariffs on exports to member countries. This means economic diplomacy department has significant contribution on promoting economic integration for EAC and SADC.

Findings also show that, in promoting economic integration, economic diplomacy department promote the available transport and infrastructure facilities. These findings join hand with those of Kessy (2021) who established that, Infrastructure such as electricity, aviation, telecommunications, transport and water, is crucial for the efficiency, competitiveness and growth of an economy through assurance of service delivery, transport of products and communication within and outside the country. It can be ascertained that, it might be strategic importance for countries like Tanzania to make sure, its investment in preparing necessary infrastructures such Stigler's Gauge Railway, Tarmac roads, Improvement of Aviation sector, water and other transportation infrastructure be well known to investors to attract FDI.

4.4.3. The Role of Economic Diplomacy in Promoting Tourism

This part deals with the presentation of the data gathered from respondents on the third research objective which aimed to find out the role of economic diplomacy in promoting Tourism. Ministry Heads of Departments filled items D1 – D5 in questionnaire guide in appendix one (I), while Ministry Directors responded to Question 3 in interview guide in Appendix two (II) that was conducted face to face with the researcher. In filling out the questionnaires Ministry Heads of Departments were to put a tick to indicate their level of agreement in one of each item (D1 –D5) representing the role of economic diplomacy in promoting tourism.

Ministry Heads of Departments were prepared with five point Likert scale ranging from strongly agreed (=5) to strongly disagreed (=1). Mean and standard deviation were used to determine the average of respondents' responses. Within the five point ranges of the Likert scale score for the

means, two bisecting scores were used to make the analysis clear as suggested by Crossman (2020); these scores were the mean range of (1.00 – 3.00) and mean range of (3.01 – 5.00). Thus, the role of economic diplomacy in promoting tourism were analyzed based on the mean score responses of the respondents. The remark was reached upon the mean value, where by a mean value between 1.00 and 3.00 were considered Disagreed and from 3.01 to 5.00 was considered Agreed. Findings from Ministry Heads of Departments for the third objective are presented in Table 4.7.

Table 4. 7: Ministry Heads of Departments (MHODs) Responses on the Role of Economic Diplomacy in Promoting Tourism

No	The role of economic diplomacy in promoting tourism	M	SD	Remark
D1	Economic Diplomacy help in viewing tourism through interrelated economic activities	3.93	0.981	Agreed
D2	Accommodation of other factors like culture, identity, religion, history and geography in economic diplomacy help in tourism development	4.11	1.214	Agreed
D3	Increased commercial diplomatic activities improves tourism	3.95	0.965	Agreed
D4	Diplomatic networks provide tourism marketing	4.09	0.895	Agreed
D5	Tourism promotion is enhanced through economic diplomacy	3.91	1.168	Agreed

Source: Field Data, 2022.

It can be seen from Table 4.7, that item D1 was agreed by respondents that Economic Diplomacy help in viewing tourism through interrelated economic activities (M=3.93, SD = 0.981). Regarding item D2, findings show that respondents agreed that accommodation of other factors like culture, identity, religion, history and geography in economic diplomacy help in tourism development (M = 4.11, SD = 1.214). Similarly, respondents agreed items D3 and D4 that, Increased commercial diplomatic activities improves tourism (M = 3.95, SD = 0.965) and diplomatic networks provide tourism marketing (M = 4.09, SD = 0.895). Furthermore, findings show that respondents agreed items D5 that, Tourism promotion is enhanced through economic diplomacy (M = 3.91, SD = 1.168). The study also prepared item D6 in the questionnaire guide for Ministry Heads of Departments (appendix I), which was an open-end question item, whereby respondents were required to give their opinions on the role of economic diplomacy in promoting tourism. Similarly, Ministry Directors through question 3 in interview guide (appendix II) were required to give their opinions and explain the role of economic diplomacy in promoting tourism. Qualitative data obtained from both respondents were thematically analyzed and the findings are presented in Table 4.8.

Table 4. 8: Ministry Directors and Heads of Departments Opinions on the Role of Economic Diplomacy in Promoting Tourism

Role of Economic Diplomacy in Promoting Tourism	Ministry Directors		Heads of Departments		Total	
	X/5	(%)	X/20	(%)	X/20	(%)
Tapping into Creating destination videos that appeal to the right tourists	2	40.0%	17	85.0%	19	76.0%
Sharing What's New ventures in tourism sector to FDIs	3	60.0%	11	55.0%	14	56.0%
Preparing destination catalogues and identify investment opportunities attached to each destination	3	60.0%	10	50.0%	13	52.0%
Influencing upon Airlines in countries of accreditation on introducing direct flights to Tanzania	1	20.0%	15	75.0%	16	64.0%

Source: Field Data, 2022.

Findings in Table 4.8 presents Ministry Directors and Heads of Departments opinions on the role of economic diplomacy in promoting Tourism. Findings indicated that, 17 (85.0%) Ministry Heads of Departments and 2 (40.0%) Ministry Directors opined on tapping into Creating destination videos that appeal to attract tourists while 11 (55.0%) Ministry Heads of Departments and 3 (60.0%) Ministry Directors commented on sharing what's new ventures in tourism sector to FDIs. One director commented that:

“...It is evident that, creating destination videos, which show how tourism sector has to offer for the foreign investors was primarily the idea that promoted the tourism sector. ... for example The Royal Tour” documentary, which has involved our President Samia Suluhu Hassan for promoting the country especially in the tourism industry, will further advertise Tanzania and hence attract more foreign investors to our country.”

Furthermore, findings in table 4.6 show that 10 (50.0%) Ministry Heads of Departments and 3 (60.0%) Ministry Directors commented on preparing destination catalogues and identify investment opportunities attached to each destination is also how economic diplomacy promote tourism. Similarly, 15 (75.0%) Ministry Heads of Departments and 1 (20.0%) Ministry Directors commented that, Economic Diplomacy Department engaged in Influencing upon Airlines in countries of accreditation on introducing direct flights to Tanzania. It was insisted by one respondent that:

... as part of their roles for enhancing economic diplomacy, we collaborate with Tanzania embassies in other countries in execution of public diplomacy in the countries they represent and by influencing upon Airlines in countries of accreditation on the possibility of introducing direct flights to Tanzania, organizing mini tourism fairs and presentation tours in their host country, developing closer contacts with tour operators in countries of accreditation and convincing them to attract more tourists, organize tourism package to

Tanzania and embarking on serious marketing promotion aimed at attracting more tourists to visit Tanzania...

4.4.3.1. Discussion of Findings on the Role of Economic Diplomacy in Promoting Tourism

Findings of the current study established that, the Economic Diplomacy Department has various roles and commitments on behalf of the government on achieving economic development through implementation of sustainable diplomacy for playing a key role with regards to the promotion of Tanzania's tourism sector. Findings showed that the economic diplomacy department is tapping into creating destination videos that appeal to the right tourists and is sharing what's new ventures in tourism sector to attract FDIs. These findings concur with Mtengwa, (2014) who asserted that Video marketing such as documentaries and short films is a powerful medium to show to the world the detail of the available ventures in tourism industry as well as opening up to investors on ventures that come with tourism industry. A matter of fact it is straight forward that videos and documentaries such as the royal tour will achieve its objectives of promoting Tanzania in terms of tourist attractions globally and thus help attract tourists and investors to Tanzania therefore boosting trade between Tanzania and other countries and attracting investors to come and invest in our country.

Findings also reveals that, for promoting tourism, economic diplomacy department is preparing destination catalogues and identify investment opportunities attached to each destination and share those catalogue to various foreign investors. It is obvious that, the investment opportunity captured through such catalogue will not only benefit the country in terms of tourism industry but more in other sectors such as agriculture, international trades and other investments. Kessy (2021) argues that, the direct economic impacts of tourism destination catalogues it benefit the country in terms of visitor spending on accommodations, entertainment, attractions, food and beverage, and transportation, for both domestic and international travel.

Therefore, significant indirect and induced impacts in terms of foreign direct investments in tourism sector through these destination catalogues are the result from the recirculation of that spending within local economies, and the jobs created and income generated by companies that supply the tourism industry.

Nevertheless, the current study found that, Economic Diplomacy Department is influencing upon Airlines in countries of accreditation on introducing direct flights to Tanzania as among its ways of promoting tourism. These findings are in line with Hussain and Haque (2021) who asserted that, through various agreements with diplomatic bodies and rising business opportunities in Tanzania targeting, international airlines are looking at best options to fly to various destinations in Tanzania such as Dar es Salaam, Tanzania's commercial capital, and Arusha East Africa's tourist capital. These findings means that tourism is a leading business which has been a magnet to pull global and reputed airlines to fly to Tanzania connecting Tanzania and key other countries.

4.5. Summary of the Key Findings

The study assessed the contribution of economic diplomacy in promoting growth of Tanzania economy. The study specifically examined the significance of economic diplomacy in promoting Foreign Direct Investment (FDI), assessed the contribution of the economic diplomacy in promoting Economic Integration and established the role of economic diplomacy in promoting Tourism.

- i. On the significance of economic diplomacy in promoting Foreign Direct Investment (FDI), findings revealed that economic diplomacy is promoting Foreign Direct Investment mainly through; promoting the available transport and infrastructure facilities to attract foreign investors, ensuring exchange rate stability, ensuring global market access for products and goods, ensuring calm political environment, assessing and recommend Tax, VAT & other

Government Tax at the rate that promote FDI as well as promoting the availability of skilled labor for various investors.

- ii. Findings show that, the contribution of the Economic Diplomacy in Promoting Economic Integration is such that economic diplomacy department is promoting common physical and institutional infrastructures, assessing trade, investment and domestic regulation among EAC and SADC, ensuring harmonization of safety regulations in maintaining peace and security and promoting market expansion, technology sharing, and cross-border investment
- iii. The major roles played by economic diplomacy in promoting Tourism include; tapping into creating destination videos that appeal to the right tourists, sharing what's new ventures in tourism sector to FDIs, preparing destination catalogues and identify investment opportunities attached to each destination and Influencing upon Airlines in countries of accreditation on introducing direct flights to Tanzania.

CHAPTER FIVE

CONCLUSION, RECOMMENDATIONS, POLICY IMPLICATIONS AND CRITICAL EVALUATION OF THE STUDY

5.1. Introduction

This chapter ends the study report that assessed the contribution of economic diplomacy in promoting growth of Tanzania's economy. The chapter starts by drawing out conclusions, gives recommendations, it then list policy implications, and lastly it provides critical evaluation of the entire study. For recapitulation the study had the following objectives.

- (1) To examine the significance of economic diplomacy in promoting Foreign Direct Investment (FDI)
- (2) To assess the contribution of the economic diplomacy in promoting Economic Integration
- (3) To find out the role of economic diplomacy in promoting Tourism.

5.2. Conclusions

It can be concluded that, Foreign Direct Investment (FDI) play a crucial role in making progress toward the growth of Tanzania economy and attainment of sustainable development goals. From the viewpoint of the host country, economic diplomacy can enhance growth and innovation in FDI by promoting the available transport and infrastructure facilities to attract foreign investors, ensuring exchange rate stability, ensuring global market access, ensuring calm political environment, recommend Tax, VAT & other Government Tax at the rate that promote FDI as well as promoting the availability of skilled labor for quality jobs and develop human capital for various investors.

Economic Integration involves arrangement among nations that typically includes the reduction or elimination of trade barriers and the coordination of monetary and fiscal policies. Economic Integration aims to reduce costs for both consumers and producers and to increase trade between

the countries involved in the agreement. The current study conclude that, economic diplomacy enhances Economic Integration by promoting common physical and institutional infrastructures, assessing trade, investment and domestic regulation among region members, ensuring harmonization of safety regulations in maintaining peace and security and promoting market expansion, technology sharing, and cross-border investment.

The conclusion drawn from the major roles played by economic diplomacy in promoting tourism is that, the tourism sector is a key sector with a significant role towards the economic development of Tanzania through creation of employment opportunities and attracting capital for investment in the country because as tourist arrivals increases, the employment opportunities for Tanzanians and investment in various economic sector such as hotels, lodges, recreational facilities, tour operators and transport services also increases. The study argues that, economic diplomacy has potential of promoting Tourism by tapping into creating destination videos that appeal to the right tourists, sharing tourism ventures to FDIs, preparing destination catalogues and Influencing upon Airlines on introducing direct flights to Tanzania.

5.3. Recommendations

The following are recommendations derived from the findings and conclusions of the study. The recommendation included both, Policy recommendations and recommendations for further studies.

5.3.1. Policy Recommendations

This study contributes to understanding the contribution of economic diplomacy in promoting growth of Tanzania economy through FDI, Economic Integration and in promoting Tourism on International Trade and Investment. With the presented findings in mind, the following policy recommendations should be taken into account in order to optimize the deployment of economic diplomacy:

- I. This study has shown that FDI relates to sustainable economic development of the country while the economic diplomacy has potentials to ensure such an economic venture is put reality, yet policy contexts is still not clear. Most of the Economic diplomacy department at the Ministry for Foreign Affairs and East African Cooperation claimed that the department is still on formulation. It would thus be recommended that, the government to prepare a blueprint that would guide the newly forming department of economic diplomacy on how it can organize its task and put guidelines for how the department can regulate its responsibility.
- II. Economic diplomacy can be a useful part of two-sided relations with developing countries and amongst developing countries. It is therefore recommended that, economic diplomacy to contribute in shaping these relations because the study revealed that economic diplomacy offers benefits to both developed and developing countries, thus serves to reduce markets access barriers and enhances trust.
- III. Economic Diplomacy is no more than actions made by states to increase their potential of making business on foreign markets. Being a set of actions, it is impossible to quantify exactly how much of those actions made by economic diplomacy department and diplomatic entities impacted on the increase of numbers of foreign trade, attraction of investment and help given to Tanzanian companies on their attempt to internationalize.

5.3.2. Recommendations for Areas for Further Studies

The current research contributes to raising awareness the contribution of economic diplomacy in promoting growth of Tanzania economy. Despite the fact that this is study's findings and recommendations are intended to contribute to the literature in the field of international economic diplomacy, additional research needs to be undertaken to accumulate more knowledge that can be

used as a means to support efforts for improving the policy practice of the economic diplomacy department. Therefore, further studies is recommended on the following area:

- (a). The effectiveness of strategies used by economic diplomacy in promoting International Business.
- (b). An investigation of the challenges faced by economic diplomacy in promoting Foreign Direct Investment.
- (c). Assessing the impacts of embassies on the effectiveness of economic diplomacy in Tanzania.

5.4. Policy Implications

Between the 1960s and the 1980s Tanzania inspired a host of countries in Africa and the global South with its principled foreign policy centered on liberation diplomacy. This policy was abandoned in the 2001 as Tanzania adopted economic diplomacy which emphasizes on achievement of economic development by ensuring the promotion and protection of national interests through the execution of sustainable economic diplomacy. Due economic and socio-political shift that has occurred in the domestic and international scene, The United Republic of Tanzania adopted a Foreign Policy focusing on economic diplomacy to secure the core national interest as a sovereign state. The Policy manifest itself in active international engagement, which is basically leveraged upon the pursuit of economic objectives, while at the same time preserving the gains of the past and consolidating the fundamental principles of Tanzania's traditional foreign policy.

Through the effective participation and better implementation of the current Foreign Policy 2001, Tanzania has benefited in various social and economic sectors, some of these achievements includes expansion of trade activities, increase of FDI, growth of Tourism sector and the development of other economic sectors through external assistance and support from development

partners (URT, 2001). The Ministry for Foreign Affairs and East African Cooperation is the overall coordinator of the country's engagements in foreign relations and the leading instrument in the formulation and implementation of the Foreign Policy. Other key players and actors in the implementation of Tanzania's Foreign Policy 2001 includes: the President, other Ministries, Judiciary, Parliament, Diaspora, Media, Private sector, CSOs, individuals, etc. (URT, 2001). However, before 2021, there were no Department within The Ministry for Foreign Affairs and East African Cooperation that specific dealt with issues related to Economic Diplomacy. Thus the current study has assess the contribution of this newly forming Department in promoting growth of Tanzania Economy through FDI, Economic Integration and promotion of Tourism. Thus, to ensure the effective and meaningful engagement of Tanzania in Regional Economic Integration through Economic Diplomacy, it is recommended that the Foreign Policy should specify clearly the national interests and priorities in EAC, SADC, AU and other regional economic communities which Tanzania is a member.

5.5. Critical Evaluation of the Study

The study used Mixed Approach and a Parallel Convergent Design to collect data from Ministry Heads of departments (MHODs) and Ministry Directors (MD) using Questionnaires and Interview guide respectively. It was noted during the study that, the study could even include the more departments unit, as it is a fact that they were all involved and cooperate with the Economic Diplomacy Department in fulfilling their roles.

Moreover, it was difficult to get all the respondents in an expected time especially Ministry Directors who had tight schedules and responsibilities, thus the researcher incurred cost for trips to the Ministry offices to look for such potential respondents for data collection. The data collection was

successful besides the mentioned limitations, the analysis was conducted with help of SPSS programme for quantitative descriptive statics, and qualitative data were thematically analyzed.

Lastly, as the chance arise to re-do this study, there will be changes in the choices of the population to include more departments units from other ministries and community also using qualitative approach and focus group discussion to collect data, using telephone or zoom technology to conduct interview to Ministry Directors apart from visiting them physically in their offices.

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APPENDIXES

Appendix I: Questionnaire for Ministry Heads of Departments

Dear, **Head of Department**

My Name is **Khalfan Mohamed Said**, a student at the Institute of Accountancy Arusha pursuing Masters of Art in Peace and Security Studies (MA-PSS). I request your humble and kind assistance to fill in the questionnaire supplied to you for a while. My research title is “**An assessment of the role of economic diplomacy in promoting the growth of Tanzania’s economy.**” You are kindly requested to respond to the following questions for completing this study. Your identity and information that you will provide to enhance this study will be kept confidential and will be strictly used for academic purpose only

SECTION A: Demographic Information

Please put a tick (√) to the most appropriate answer in the space provided. Please be honest and free to express your views where explanation is necessary or required.

A.1. Gender: a. Male ()

b. Female ()

A.2. Age (years): a. 20 - 30 () b. 41 - 50 ()

c. 31 - 40 () d. Above 50 ()

A.3. Ministry:

Ministry of Foreign Affairs and East Africa Cooperation	a	
Ministry for Investment, Industry and Trade	b	
Ministry of Finance and Planning	c	
Ministry of Natural Resources and Tourism	d	

A.4. Education level: a. Postgraduate () b. Degree ()

c. Diploma () d. Certificate () e. Others ()

SECTION B: Significance of economic diplomacy in promoting Foreign Direct Investment

(FDI)

Please put a tick (√) to Indicate significance of economic diplomacy in promoting Foreign Direct Investment (FDI) whereby: Strongly Agree =5, Agree =4, Not Sure =3, Disagree =2, strongly Disagree = 1

No	Significance of economic diplomacy in promoting Foreign Direct Investment (FDI)	1	2	3	4	5
B1.	Tanzania interest rates favours foreign investors					
B2.	Exchange rates are reasonable factors to attract FDI					
B3.	Some FDI's are attracted by calm political environment					
B4.	Labour supply is high enough to attract foreign investors					
B5.	Produced goods and services have a situational advantages from domestic market					
B6.	Our tax structure is favourable to attract FDI					

B7: Any other Significance of economic diplomacy in promoting Foreign Direct Investment (FDI),

kindly specify

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SECTION C: Contribution of the Economic Diplomacy in Promoting Economic Integration

Please put a tick (√) to the most appropriate answer about Contribution of the Economic Diplomacy in Promoting Economic Integration in the space provided, whereby: Strongly Agree =5, Agree =4, Not Sure =3, Disagree =2, Strongly Disagree = 1

No	Contribution of the Economic Diplomacy in Promoting Economic Integration	1	2	3	4	5
C1.	Spread of Swahili language in East and Central Africa has contributed to the economic growth of the country					
C2.	Lack of common currency in East Africa and other communities in Africa where Tanzania belong to has slowed trade growth					
C3.	Tanzania multi-economic integration in Africa like EAC and SADC has led to open of new trade opportunities					
C4.	Presence of EAC has reduced trade barriers which results in smooth trade activities between Tanzania and other East African countries					
C5.	One stop border promotes trade liberalization and easier movement of goods and services across borders					

C6: Any other contribution of the economic diplomacy in promoting economic integration. Kindly specify.

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SECTION D: Role of Economic Diplomacy in Promoting Tourism

Please put a tick (√) to the most appropriate answer about Role of Economic Diplomacy in

Promoting Tourism, whereby: Strongly Agree =5, Agree =4, Not Sure =3, Disagree =2, strongly

Disagree = 1

No	Role of Economic Diplomacy in Promoting Tourism	1	2	3	4	5
D1.	Economic Diplomacy help in viewing tourism through interrelated economic activities					
D2.	Accommodation of other factors like culture, identity, religion, history and geography in economic diplomacy help in tourism development					
D3.	Increased commercial diplomatic activities improves tourism					
D4.	Diplomatic networks provide tourism marketing					
D5.	Tourism promotion is enhanced through economic diplomacy					

THANK YOU FOR YOUR COOPERATION

Appendix II. Interview Guide for the Ministry Directors

Dear Director

My Name is **Khalfan Mohamed Said**, a student at the Institute of Accountancy Arusha pursuing Masters of Art in Peace and Security Studies (MA-PSS). I request your humble and kind assistance to fill in the questionnaire supplied to you for a while. My research title is “**An assessment of the role of economic diplomacy in promoting the growth of Tanzania’s economy.**” You are kindly requested to respond to the following questions for completing this study. Your identity and information that you will provide to enhance this study will be kept confidential and will be strictly used for academic purpose only

SECTION A: Demographic Information (Filled by the Researcher)

A.1. Gender: a. Male ()

b. Female ()

A.2. Age (years): a. 20 – 30 () b. 41 - 50 ()

c. 31 – 40 () d. Above 50 ()

A.3. Ministry:

Ministry of Foreign Affairs and East Africa Cooperation	a	
Ministry for Investment, Industry and Trade	b	
Ministry of Finance and Planning	c	
Ministry of Natural Resources and Tourism	d	

A.4. Education level: a. Postgraduate () b. Degree ()

c. Diploma () d. Certificate () e. Others ()

SECTION B: Significance of economic diplomacy in promoting Foreign Direct Investment (FDI)

Q1. As A ministry Director, kindly comment on the significance of economic diplomacy in promoting Foreign Direct Investment?

SECTION C: Contribution of the Economic Diplomacy in Promoting Economic Integration

Q2. What do you think is the contribution of economic diplomacy to Tanzania's Economic Integration?

SECTION D: Role of Economic Diplomacy in Promoting Tourism

Q3. Kindly comment on how economic diplomacy promote Tourism in Tanzania?

THANK YOU FOR YOUR COOPERATION

Appendix III: Letter of Introduction



Institute of Accountancy Arusha

P.O. Box 2798, Njiro Hill, Arusha, Tanzania

Telephone: +255 27 2970232 Mobile: +255 763 462109 Telex: 50009 IAA TZ

Fax: +255 27 2970234 Email: iaa@iaa.ac.tz Website: www.iaa.ac.tz

Ref. No.: MA-PSS/0002/2021

4th August 2022

PERMANENT SECRETARY
MINISTRY OF NATURAL RESOURCES AND TOURISM
P.O. BOX 1351
DODOMA

[Handwritten signature and date: 19/08/2022]

Dear Sir/Madam,

RE : REQUEST FOR DATA COLLECTION

The purpose of this letter is to introduce to you Mr. KHALFAN MOHAMED SAID who is our student pursuing Masters of Peace and Security with registration number (MA-PSS/0002/2021). Currently, the aforementioned student is conducting a study on "ASSESSMENT OF THE ROLES OF ECONOMIC DIPLOMACY IN PROMOTING THE GROWTH OF TANZANIA'S ECONOMY: A CASE OF DODOMA CITY, TANZANIA." We would like to highlight here that this study is part of the requirement for the award of the above mentioned programme of study.

We therefore request you to extend to the above-mentioned student of our Institute any help that may facilitate him to achieve study objectives. We further request permission for him to see and talk to the staff of your Institution in connection with his study. The period for this request is granted from August to the end of October 2022.

Thank you for your continuing support.

Yours Sincerely,

INSTITUTE OF ACCOUNTANCY ARUSHA

**MISHAEL ABDUEL
FOR: RECTOR**



All Communications to be addressed to the Rector



Institute of Accountancy Arusha

P.O. Box 2798, Njiro Hill, Arusha, Tanzania

Telephone: +255 27 2970212 Mobile: +255 763 462109 Telex: 50009 IAA

Fax: +255 27 2970211 Email: iaa@iaa.ac.tz Website: www.iaa.ac.tz

Ref. No.: MA-PSS/0002/2021

4th August 2022

PERMANENT SECRETARY
MINISTRY OF FOREIGN AFFAIRS AND CIA
P O BOX 2933
DODOMA

Received - KAFREC
17/08/2022
[Signature]

Dear Sir/Madam,

RE : REQUEST FOR DATA COLLECTION

The purpose of this letter is to introduce to you Mr. KHALFAN MOHAMED SAID who is our student pursuing Masters of Peace and Security with registration number (MA-PSS/0002/2021). Currently, the aforementioned student is conducting a study on "ASSESSMENT OF THE ROLES OF ECONOMIC DIPLOMACY IN PROMOTING THE GROWTH OF TANZANIA'S ECONOMY: A CASE OF DODOMA CITY, TANZANIA." We would like to highlight here that this study is part of the requirement for the award of the above mentioned programme of study.

We therefore request you to extend to the above-mentioned student of our Institute any help that may facilitate him to achieve study objectives. We further request permission for him to see and talk to the staff of your Institution in connection with his study. The period for this request is granted from August to the end of October 2022.

Thank you for your continuing support.

Yours Sincerely,

INSTITUTE OF ACCOUNTANCY ARUSHA

[Signature]
**MISHAEL ABDUEL
FOR: RECTOR**



All Communications to be addressed to the Rector

Appendix III: Research Permit

UNITED REPUBLIC OF TANZANIA
MINISTRY OF INVESTMENT, INDUSTRY AND TRADE

Phone: +255262963470

Fax: +255262963117

Fax Email: ps@mit.go.tz

Website: www.mit.go.tz

(All Official correspondence should
be addressed to the Permanent
Secretary and NOT to individuals)



The Government City,
Mtumba,
P. O. Box 2996,
40478 DODOMA

When replying please specify:

Ref. No: AB. 156/301/01

6th September, 2022

Executive Director,
Tanzania Investment Centre (TIC),
P.O. Box 938,
DAR ES SALAAM.

Ref: REQUEST FOR DATA COLLECTION

Please refer to the heading above.

2. The Ministry has received a request for investment data collection from Mr. Khalfan Mohammed Said who is the Master's student at the Institute of Accountancy Arusha.
3. The student is keen to get the data for Total Investment value from 2010 to 2022 and Investment volume as well as number of FDI's for the mentioned years.
4. Understanding the role of TIC as the primary Government's agency for promotion and facilitation of investment, we are submitting his request for your considerations. Please find an enclosed request letter.
5. For further actions regarding the said request, please contact with Mr. Khalfan via his phone number: 0714 928 633
5. Thanking you for your continued cooperation.

Handwritten signature of C. L. Mwanyingili in black ink.

C. L. Mwanyingili
For: PERMANENT SECRETARY

Copy: Mr. Khalfan Mohammed Said